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Congressional Record

PROCEEDINGS AND DEBATES OF THE 81st CONGRESS, FIRST SESSION

HOUSE OF REPRESENTATIVES

FRIDAY, SEPTEMBER 2, 1949

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore [Mr. Cox].

The Reverend Frank B. Burress, pastor, Fountain Memorial Baptist Church, Washington, D. C., offered the following prayer:

Our Heavenly Father, we bow before Thee today acknowledging our need of Thee. We are creatures of Thy making, yet "all we like sheep have gone astray; we have turned everyone to his own way." Help us to come back to Thy way.

Give, we pray, good health, mental alertness, and divine insight, wisdom, and good judgment to the Members of this Congress as they shape the destiny of this great Nation.

We further pray for the people of this Nation to realize that "righteousness exalteth a nation: but sin is a reproach to any people." May we put into practice in a personal way, as well as in national affairs, the principle taught by our Saviour in the story of the Good Samaritan and be good neighbors. With the pardon of our sins we pray in the Master's name. Amen.

The Journal of the proceedings of Tuesday, August 30, 1949, was read and approved.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2018. An act to authorize advancements to and the reimbursement of certain agencies of the Treasury Department for services performed for other Government agencies, and for other purposes; to the Committee on Expenditures in the Executive Departments.

S. 2072. An act to create a commission to make a study of the administration of overseas activities of the Government, and to make recommendations to Congress with respect thereto; to the Committee on Expenditures in the Executive Departments.

S. 2269. An act to provide for the enlistment of aliens in the Regular Army; to the Committee on Armed Services.

BILLS PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on August 31, 1949, present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 225. An act to repeal section 460 of the act of March 3, 1899 (30 Stat. 1336), as amended, providing for certain license taxes in the Territory of Alaska;

H. R. 632. An act for the relief of John E. Burns;

H. R. 807. An act for the relief of Chattooga County, Ga.;

H. R. 1065. An act for the relief of the estate of James Lander Thomas;

H. R. 1132. An act for the relief of Mabel H. Slocum;

H. R. 1446. An act for the relief of Conrad L. Wirth;

H. R. 1631. An act for the relief of John J. O'Mara;

H. R. 1701. An act for the relief of Mrs. Vesta Meinn and Mrs. Edna Williams;

H. R. 1790. An act to restore certain land in Alaska to the public domain and to authorize its sale to Ford J. Dale, of Fairbanks, Alaska;

H. R. 1792. An act for the relief of Charles E. Ader;

H. R. 1979. An act for the relief of Soo Hoo Yet Tuck;

H. R. 2091. An act for the relief of Jack McCollum;

H. R. 2170. An act authorizing changes in the classification of Crow Indians;

H. R. 2471. An act for the relief of Walt W. Rostow;

H. R. 2475. An act to authorize and direct the Secretary of the Interior to sell to Albert M. Lewis, Jr., certain land in the State of Florida;

H. R. 2594. An act for the relief of Grace L. Elser;

H. R. 2628. An act for the relief of Auldon Albert Aiken;

H. R. 2702. An act to authorize the Secretary of the Army to convey by quitclaim deed certain mineral rights in certain lands situated in the State of Oklahoma to Alfred A. Drummond and Addie G. Drummond;

H. R. 2706. An act authorizing the issuance of a patent in fee to Susie Larvie Dillon;

H. R. 2920. An act authorizing the issuance of a patent in fee to George Swift Horse;

H. R. 3071. An act to authorize the Secretary of the Army to purchase certain property in Morgan County, Ohio;

H. R. 3197. An act relating to the sale of the old Louisville Marine Hospital, Jefferson County, Ky.;

H. R. 3383. An act to provide that extra compensation for night work paid officers and employees of the United States shall be computed on the basis of either standard or daylight-saving time;

H. R. 3478. An act to extend the time for completing the construction of a bridge across the Mississippi River at or near a point between Delmar Boulevard and Cole Street in the city of St. Louis, Mo., and point opposite thereto in the city of East St. Louis, Ill.;

H. R. 3589. An act to convey to the city of Miles City, Mont., certain lands in Custer County, Mont., for use as an industrial site;

H. R. 3637. An act to permit the sending of braille writers to or from the blind at the same rates as provided for their transportation for repair purposes;

H. R. 3665. An act for the relief of Mrs. Josephine Wagnon Walker;

H. R. 3667. An act authorizing the Secretary of the Interior to issue a patent in fee to Lenora Farwell Fritzler;

H. R. 3768. An act for the relief of Mrs. Justa G. Vda. de Guido, Belen de Guido, Mulia de Guido, and Oscar de Guido;

H. R. 3803. An act for the relief of Mrs. Mary L. W. Dawson;

H. R. 3829. An act to provide assistance for local school agencies in providing educational opportunities for children on Federal reservations or in defense areas, and for other purposes;

H. R. 3837. An act for the relief of Annie Balaz;

H. R. 3881. An act to provide for the use of the State course of study in schools operated by the Bureau of Indian Affairs on Indian reservations in South Dakota when requested by a majority vote of the parents of the students enrolled therein;

H. R. 4026. An act relating to the exchange of certain private and Federal properties within the authorized boundaries of Acadia National Park, in the State of Maine, and for other purposes;

H. R. 4073. An act to provide for the conveyance to the State of New York of certain historic property situated within Fort Niagara State Park, and for other purposes;

H. R. 4208. An act to add certain surplus land to Petersburg National Military Park, Va., to define the boundaries thereof, and for other purposes;

H. R. 4254. An act authorizing the Secretary of the Interior to issue a patent in fee to Sidney Blackhair;

H. R. 4688. An act to ratify and confirm Act 4 of the Session Laws of Hawaii, 1949, extending the time within which revenue bonds may be issued and delivered under chapter 118, Revised Laws of Hawaii, 1945;

H. R. 5155. An act for the relief of Francesca Lucareni, a minor;

H. R. 5160. An act for the relief of Mrs. Giustina Schiano Lomoriello;

H. R. 5205. An act to quitclaim certain property in Enid, Okla., to H. B. Bass;

H. R. 5207. An act to amend section 50 of the Organic Act of Puerto Rico;

H. R. 5390. An act to authorize the Secretary of the Interior to exchange certain Navajo tribal Indian land for certain Utah State land;

H. R. 5535. An act to amend the Philippine Rehabilitation Act of 1946;

H. R. 5620. An act permitting the use, for public purposes, of certain land in Hot Springs, N. Mex.;

H. R. 5929. An act to amend the Army and Air Force Vitalization and Retirement Equalization Act of 1948;

H. J. Res. 281. Joint resolution to authorize the President to issue posthumously to the late John Sidney McCain, vice admiral, United States Navy, a commission as admiral, United States Navy, and for other purposes; and

H. J. Res. 338. Joint resolution to authorize the Administrator of Civil Aeronautics to undertake a project under the Federal Airport Act for the development and improvement of Logan International Airport at Boston, Mass., during the fiscal year 1950.

ADJOURNMENT

Mr. SHEPPARD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 2 minutes p. m.), pursuant to House Resolution 345, the House adjourned until Tuesday, September 6, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

896. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated July 6, 1949, submitting a report, together with accompanying papers and an illustration, on a review of reports on Gulf intracoastal waterway to determine whether an alternate side channel via a land cut from Big Lagoon to Pensacola Harbor, or other alternate route to said harbor, is advisable at this time, requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted July 20, 1946 (H. Doc. No. 325); to the Committee on Public Works and ordered to be printed, with an illustration.

897. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated April 29, 1949, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of channel from the deep water in St. Joseph Sound to, and turning basin at, Ozona, Fla., authorized by the River and Harbor Act approved on March 2, 1945 (H. Doc. No. 326); to the Committee on Public Works and ordered to be printed, with illustrations.

898. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated August 1, 1949, submitting an interim report, together with accompanying papers and illustrations, on a review of reports on the Arkansas River and tributaries, with a view to local flood protection at Pueblo, Colo., requested by a resolution of the Committee on Flood Control, House of Representatives, adopted on July 2, 1943 (H. Doc. No. 327); to the Committee on Public Works and ordered to be printed, with illustrations.

899. A letter from the Secretary of the Army, transmitting a report of leases as of June 1, 1949; to the Committee on Armed Services.

900. A letter from the Secretary of the Interior, transmitting a report and findings of the Department of the Interior on a comprehensive plan for development of the water and related resources of the Central Valley of California; to the Committee on Public Lands.

901. A letter from the Secretary of the Army, transmitting a report of claims paid by the Panama Canal; to the Committee on the Judiciary.

902. A letter from the Acting Director, United States Courts, transmitting a draft of a proposed bill entitled "A bill to amend title 28, United States Code, to enable the United States district courts, by rule, to change or abolish divisions of districts and places of holding court"; to the Committee on the Judiciary.

903. A letter from the Secretary of the Army, transmitting a report of claims paid by the Panama Railroad Company; to the Committee of the Judiciary.

904. A letter from the Secretary of Commerce, transmitting a report of all claims paid by the Department of Commerce during fiscal year 1949; to the Committee on the Judiciary.

905. A letter from the Acting Attorney General, transmitting a copy of the order of the Commissioner of the Immigration and Naturalization Service granting the status of permanent residence to one George Szukovathy; to the Committee on the Judiciary.

906. A letter from the Deputy Administrator, Veterans' Administration, transmitting a draft of a proposed bill entitled "A bill to amend the act entitled 'An act to establish a Department of Medicine and Surgery in the Veterans' Administration,' approved January 3, 1946, as amended, to extend the period for which employees may be detailed for training and research, and for other purposes"; to the Committee on Veterans' Affairs.

907. A letter from the Chairman, Commission on Renovation of the Executive Mansion, transmitting a draft of a proposed joint resolution entitled "Joint resolution to authorize the Commission on Renovation of the Executive Mansion to preserve or dispose of material removed from the Executive Mansion during the period of renovation"; to the Committee on Public Works.

908. A letter from the Chairman, Commission on Renovation of the Executive Mansion, transmitting a report on the renovation and modernization of the Executive Mansion; to the Committee on Public Works.

909. A letter from the Secretary of the Navy, transmitting a list of organizations, nonprofit and eligible, which have requested donations of material from the Navy Department; to the Committee on Armed Services.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOBBS:

H. R. 6160. A bill to make it unlawful for any person to be employed in any capacity, in any department or agency of the Government of the United States created by or by virtue of an act of Congress, whose compensation is paid from funds authorized or appropriated by any act of Congress who has engaged in activity subversive of the Government of the United States or is or has been a member of or associated with any organization, any part of the aims or purpose of which is or has been subversive of the Government of the United States; to the Committee on the Judiciary.

By Mr. KENNEDY (by request):

H. R. 6161. A bill to regulate the election of delegates representing the District of Columbia to national political conventions; to the Committee on the District of Columbia.

By Mr. MILES:

H. R. 6162. A bill to provide for the conveyance of certain property in the village of Deming, N. Mex., to such village; to the Committee on Banking and Currency.

By Mr. WHEELER:

H. Res. 354. Resolution to print the prayers offered by the Acting Chaplain, Dr. James P. Wesberry, at the opening of the daily sessions of the House of Representatives of the United States, Eighty-first Congress, from July 27, 1949, to August 26, 1949, inclusive; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. MARTIN of Massachusetts introduced a bill (H. R. 6163) for the relief of Dr. Wei Tcheng Liang, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1472. By Mr. HESELTON: Resolutions of the General Court of Massachusetts, memorializing Congress to issue a stamp commemorating the one hundred and fifty-fifth anniversary of the birth of George Peabody; to the Committee on Post Office and Civil Service.

1473. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, urging the issuance of a stamp commemorating the one hundred and fifty-fifth anniversary of the birth of George Peabody; to the Committee on Post Office and Civil Service.

1474. By the SPEAKER: Petition of V. E. Gifford and others, Jacksonville, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1475. Also, petition of J. P. Jackson and others, Miami, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1476. Also, petition of John S. Rice and others, Orlando, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

SENATE

SATURDAY, SEPTEMBER 3, 1949

The Senate met at 12 o'clock meridian.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The Chief Clerk read the following communication:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., September 3, 1949.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. CARL HAYDEN, a Senator from the State of Arizona, to perform the duties of the Chair during my absence.

KENNETH MCKELLAR,
President pro tempore.

Mr. HAYDEN thereupon took the chair as Acting President pro tempore.

RECESS

The ACTING PRESIDENT pro tempore. Pursuant to the order of Wednesday last, the Senate stands in recess until Wednesday, September 7, 1949, at noon.

Thereupon, at 12 o'clock and 40 seconds p. m., the Senate took a recess, the recess being, under the order previously entered, until Wednesday, September 7, 1949, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

TUESDAY, SEPTEMBER 6, 1949

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore [Mr. COX].

The Chaplain, Rev. James Shera Montgomery, D. D., offered, the following prayer:

Heavenly Father, Thy holy word is with us: Who shall ascend into the hill of the Lord? Or who shall stand in His holy place? He that hath clean hands and a pure heart; who hath not lifted up his soul unto vanity, nor sworn deceitfully. He shall receive the blessing from the Lord, and righteousness from the God of his salvation.

In the name of the Master who taught us as never man taught, we pray Thee to inspire our country to become altogether worthy to pursue life, liberty, and happiness. Glory be to Thy holy name. Amen.

The Journal of the proceedings of Friday, September 2, 1949, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 348. Joint resolution amending an act making temporary appropriations for the fiscal year 1950, as amended, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5856. An act to provide for the amendment of the Fair Labor Standards Act of 1938, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. THOMAS of Utah, Mr. MURRAY, Mr. PEPPER, Mr. TAFT, and Mr. AIKEN to be the conferees on the part of the Senate.

ENROLLED JOINT RESOLUTION SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 348. Joint resolution amending an act making temporary appropriations for the fiscal year 1950, as amended, and for other purposes.

ADJOURNMENT

Mr. SHEPPARD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 3 minutes p. m.), pursuant to House Resolution 345, the House adjourned until Friday, September 9, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

910. A letter from the Comptroller General of the United States, transmitting a report on the audit of Federal Crop Insurance Corporation for the fiscal years ended June 30, 1946, 1947, and 1948 (H. Doc. No. 328); to the Committee on Expenditures in the Executive Departments and ordered to be printed.

911. A letter from the Acting Secretary of the Navy, transmitting a report for the fiscal year 1949 in compliance with Public Law 560, Eightieth Congress, an act to provide for furnishing transportation for certain Government and other personnel, and for other purposes; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEALL:

H. R. 6164. A bill for the relief of Mabel K. Young; to the Committee on the Judiciary.

By Mr. SABATH:

H. R. 6165. A bill for the relief of Karel Klein and Vera Klein; to the Committee on the Judiciary.

SENATE

WEDNESDAY, SEPTEMBER 7, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Robert N. DuBose, D. D., executive secretary, Commission on Christian Higher Education, Association of American Colleges, Washington, D. C., offered the following prayer:

Almighty God, out of these days through which we are passing, may there come to us the conviction that the most needed power is that spiritual power that comes from God. May our lives be undergirded with the righteous will to accomplish Thy will. May we accept power as a trust and use the influence of our great Nation to develop the enormous possibilities for peace. We pray, O Lord, for compassion, human sympathy, and understanding.

Give Thy blessing, we pray, to our daily work and may our efforts contribute to the happiness and welfare of Thine eternity-bound children. All of this we humbly ask through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, August 31, and Saturday, September 3, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On August 31, 1949:

S. 331. An act for the relief of Ghetel Pollak Kahan, Magdalena Linda Kahan (wife), and Susanna Kahan (daughter, 12 years old);

S. 1565. An act for the relief of Dr. Ludovit Ruhmann; and

S. 1859. An act to transfer from the Administrator of Veterans' Affairs to the Attorney General of the United States for the use of the Bureau of Prisons, a certain tract of land located at Chillicothe, Ohio.

On September 1, 1949:

S. 1647. An act to eliminate premium payments in the purchase of Government royalty oil under existing contracts entered into pursuant to the act of July 13, 1946 (60 Stat. 533), and for other purposes; and

S. 2298. An act to authorize the Administrator of Veterans' Affairs to convey certain lands and to lease certain other land to Milwaukee County, Wis.

On September 3, 1949:

S. 1250. An act extending the Institute of Inter-American Affairs.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker pro tempore had affixed his signature to the enrolled joint resolution (H. J. Res. 348) amending an act making temporary appropriations for the fiscal year 1950, as amended, and for other purposes, and it was signed by the Acting President pro tempore.

ORDER FOR RECESS

Mr. LUCAS. Mr. President, I ask unanimous consent that when the Senate concludes its business today it stand in recess until 12 o'clock noon tomorrow.

The ACTING PRESIDENT pro tempore (Mr. HAYDEN). Without objection, it is so ordered.

LEAVES OF ABSENCE

On request of Mr. SPARKMAN, and by unanimous consent, Mr. KERR was excused from attendance at the session of the Senate today.

On request of Mr. WHERRY, and by unanimous consent, Mr. WATKINS was excused from attendance on sessions of the Senate for the remainder of the week.

CALL OF THE ROLL

Mr. LUCAS. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Bricker	Holland	Mundt
Butler	Humphrey	Murray
Capehart	Ives	O'Conor
Connally	Jenner	Pepper
Donnell	Johnston, S. C.	Reed
Douglas	Kem	Robertson
Downey	Kilgore	Russell
Dulles	Knowland	Schoeppel
Ecton	Leahy	Smith, N. J.
Frear	Lucas	Sparkman
George	McCarthy	Thomas, Okla.
Gillette	McFarland	Thomas, Utah
Graham	McMahon	Tydings
Green	Malone	Vandenberg
Gurney	Martin	Wherry
Hayden	Maybank	Withers
Hendrickson	Miller	Young
Hickenlooper	Millikin	

Mr. LUCAS. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Virginia [Mr. BYRD], the Senator from Kentucky [Mr. CHAPMAN], the Senators from Mississippi [Mr. EASTLAND and Mr. STENNIS], the Senators from Louisiana [Mr. ELLENDER and Mr. LONG], the Senators from Arkansas [Mr. FULBRIGHT and Mr. MCCLELLAN], the Senator from North Carolina [Mr. HOEY], the Senator from Alabama [Mr. HILL], the Senator from Texas [Mr. JOHNSON], the Senator from Tennessee [Mr. MCKELLAR], the Senator from Pennsylvania [Mr. MYERS], the Senator from West Virginia [Mr. NEELY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Idaho [Mr. TAYLOR] are absent on public business.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Washington [Mr. MAGNUSON] are absent by leave of the Senate on official business.

The Senator from Colorado [Mr. JOHNSON], the Senator from Oklahoma [Mr. KERR], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate.

Mr. WHERRY. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Washington [Mr. CAIN] are absent by leave of the Senate on official business.

The Senator from Michigan [Mr. FERGUSON], the Senator from Massachusetts [Mr. LODGE], and the Senator from Utah [Mr. WATKINS] are absent by leave of the Senate.

The Senator from Maine [Mr. BREWSTER], the senior Senator from Oregon [Mr. CORDON], the Senator from North Dakota [Mr. LANGER], the junior Senator from Oregon [Mr. MORSE], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Vermont [Mr. FLANDERS], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Maine [Mrs. SMITH], the Senator from Ohio [Mr. TAFT], the Senator from Minnesota [Mr. THYE], and the Senator from Delaware [Mr WILLIAMS] are necessarily absent.

The Senator from Vermont [Mr. AIKEN] is detained on official business.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that Members of the Senate be permitted to incorporate matters in the Appendix of the RECORD, introduce bills and resolutions, and submit petitions and memorials, as though in the morning hour, and without debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

ARLINGTON MEMORIAL AMPHITHEATER COMMISSION—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Interior and Insular Affairs:

To the Congress of the United States of America:

I transmit herewith a recommendation of the Arlington Memorial Amphitheater Commission on the erection of a memorial under Public Law 397, Sixty-sixth Congress, as required by that law.

HARRY S. TRUMAN.

THE WHITE HOUSE, *September 7, 1949.*

(NOTE.—The original recommendation of the Arlington Memorial Amphitheater Commission was transmitted to the House of Representatives.)

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred, as indicated:

REPORT OF TORT CLAIMS PAID BY PANAMA CANAL AND PANAMA RAILROAD COMPANY

Two letters from the Secretary of the Army, transmitting, pursuant to law, reports on tort claims paid during the fiscal year 1949, by the Panama Canal and the Panama Railroad Company (with accompanying reports); to the Committee on the Judiciary.

REPORT ON FURNISHING OF TRANSPORTATION TO CERTAIN GOVERNMENT PERSONNEL

A letter from the Acting Secretary of the Navy, transmitting pursuant to law, a report on transportation facilities to and from their places of employment of certain personnel attached to naval establishments, fiscal year 1949 (with an accompanying report); to the Committee on Armed Services.

REPORT OF TORT CLAIMS PAID BY DEPARTMENT OF COMMERCE

A letter from the Secretary of Commerce, transmitting, pursuant to law, a report, for the fiscal year 1949, of tort claims paid by the United States Coast and Geodetic Survey, the United States Weather Bureau, the National Bureau of Standards, the Civil Aeronautics Administration, and the Inland Waterways Corporation (with an accompanying report); to the Committee on the Judiciary.

AMENDMENT TO UNITED STATES CODE RELATING TO CHANGES IN HOLDING COURT

A letter from the Acting Director, Administrative Office of the United States Courts, Washington, D. C., transmitting a draft of proposed legislation to amend title 28, United States Code, to enable the United States district courts, by rule, to change or abolish divisions of districts and places of holding court (with an accompanying paper); to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore:

A letter in the nature of a petition from the National Association of Employees of Collectors of Internal Revenue, local unit No. 1, Milwaukee, Wis., signed by John L. Grunwald, president, expressing thanks and appreciation for the action taken by the Congress increasing travel allowances to a maximum of $9 per day and 7 cents per mile for the use of privately owned automobiles; to the Committee on Expenditures in the Executive Departments.

Petitions of Mrs. Cora F. Sines, of Tacoma, Wash.; Lillie Miller and Laura Sugden, of Flushing, Long Island, praying for the enactment of House bill 5598, to increase compensation for World War I presumptive service-connected cases, provide minimum ratings for service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and redefine the terms "line of duty" and "willful misconduct"; to the Committee on Finance.

The memorial of Hester Hayhman, of Charleston, W. Wa., remonstrating against the enactment of legislation providing a change in the present calendar; to the Committee on Foreign Relations.

A resolution adopted by the Hawaiian Government Employees' Association, Honolulu, T. H., commending Governor Stainback, of Hawaii, for his fight on communism; to the Committee on Interior and Insular Affairs.

A letter in the nature of a petition signed by Walter W. Van Kirk, and several other citizens, being officials of religious groups, praying for the enactment of legislation to liberalize the present Displaced Persons Act; to the Committee on the Judiciary.

The petition of John J. Cole, of the Marianas Bonins Base Command, Guam, relating to his continued employment under the Veterans' Preference Act of 1948; to the Committee on Post Office and Civil Service.

A letter in the nature of a petition from William Martin Lee, of Kaneohe, Oahu, T. H., relating to his continued employment by the Government; to the Committee on Post Office and Civil Service.

A joint resolution of the Legislature of the State of Washington; to the Committee on Public Works:

"Senate Joint Memorial 4

"To the Honorable Harry S. Truman, President of the United States, and to the Senate and House of Representatives of the United States, in Congress assembled:

"We, your memorialists, the Senate and House of Representatives of the State of Washington, in legislative session assembled, respectfully represent and petition as follows:

"Whereas the Corps of Engineers, Department of the Army, has recommended the construction of a series of four locks and dams to provide slack-water navigation from the mouth of the Snake River to Lewiston, Idaho; and

"Whereas the sites where said dams are to be located are named respectively: Ice Harbor Dam at mile 10.2 above the mouth of the Snake River; lower Monumental Dam at mile 44.7; Little Goose Dam at mile 72.2; and lower Granite Dam at mile 113.1; and

"Whereas said dams will be enduring structures contributing to the welfare and security of the people of the United States; and

"Whereas the names of certain nationally respected early explorers and missionaries are indelibly linked with the history of the development of the Snake River: Now, therefore, be it

"Resolved, That your memorialists pray the Congress of the United States of America to enact legislation establishing the names of said four Snake River dams, respectively, as follows: Whitman Dam at mile 10.2, honoring the work and memory of Dr. Marcus Whitman; Lewis Dam at mile 44.7, honoring the work and memory of Capt. Meriwether Lewis; Clark Dam at mile 72.2, honoring the work and memory of Capt. William Clark; and Spalding Dam at mile 113.1, honoring the work and memory of Rev. Henry Harmon Spalding; and be it further

"Resolved, That copies of this memorial be immediately transmitted to the President of the United States, the Secretary of the Senate of the United States, the Clerk of the House of Representatives of the United States, and each Member of the Washington congressional delegation.

"Passed the senate January 26, 1949.

"VICTOR A. MEYERS,
"President of the Senate.

"Passed the house February 9, 1949.

"CHAS. W. HODDEN,
"Speaker of the House."

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. GRAHAM, from the Committee on Post Office and Civil Service:

S. 1097. A bill for the relief of Phyllis Hertzog; without amendment (Rept. No. 972).

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT—MINORITY VIEWS (PT. 2 OF REPT. NO. 107)

Mr. MILLIKIN submitted the views of the minority of the Committee on

Finance on the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes, which were ordered to be printed.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MILLIKIN:

S. 2524. A bill to extend the term of patent No. 1,877,227 for 8 years; to the Committee on the Judiciary.

By Mr. THOMAS of Oklahoma:

S. 2525. A bill to extend for an indefinite period the reservation to the Osage Indians in Oklahoma of oil, gas, coal, and other minerals, provided in the act of June 28, 1906 (34 Stat. 539); to the Committee on Interior and Insular Affairs.

By Mr. PEPPER:

S. 2526. A bill for the relief of Vera Stein; to the Committee on the Judiciary.

By Mr. McMAHON:

S. 2527. A bill to provide for transfer of a part of the lands comprising the Fort Reno Military Reservation in Canadian County, Okla., to the Attorney General of the United States; to the Committee on Interior and Insular Affairs.

AMENDMENT OF INTERNAL REVENUE CODE—AMENDMENTS

Mr. MARTIN submitted amendments intended to be proposed by him to the bill (H. R. 5268) to amend certain provisions of the Internal Revenue Code, which were ordered to lie on the table and to be printed.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT—AMENDMENTS

Mr. MILLIKIN (for himself, Mr. TAFT, Mr. BUTLER, Mr. BREWSTER, Mr. MARTIN, and Mr. WILLIAMS) submitted amendments intended to be proposed by them, jointly, to the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. McCARTHY submitted an amendment intended to be proposed by him to House bill 1211, supra, which was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

At the end of the bill add a new section as follows:

"SEC. 4. Paragraph 1519 of the Tariff Act of 1930, as amended, is hereby amended by adding at the end thereof a new subparagraph to read as follows:

"'(g) The President shall establish such import quotas or other suitable regulations for the importation of furs and for articles as are determined necessary by the Tariff Commission to prevent serious injury to the domestic fur-producing industry.'"

THE PRESIDENT'S LABOR DAY SPEECH AT PITTSBURGH

[Mr. LUCAS asked and obtained leave to have printed in the RECORD the speech delivered by the President of the United States at Pittsburgh, Pa., on September 5, 1949, which appears in the Appendix.]

THE PRESIDENT'S LABOR DAY SPEECH AT DES MOINES

[Mr. LUCAS asked and obtained leave to have printed in the RECORD the speech delivered by the President of the United States at Des Moines, Iowa, on September 5, 1949, which appears in the Appendix.]

STATEMENT BY SENATOR WHERRY RELATIVE TO THE PRESIDENT'S LABOR DAY SPEECHES AT PITTSBURGH, PA., AND DES MOINES, IOWA

[Mr. WHERRY asked and obtained leave to have printed in the RECORD a statement issued by him relative to the Labor Day speeches delivered by the President of the United States at Pittsburgh, Pa., and Des Moines, Iowa, which appears in the Appendix.]

ADDRESS BY SENATOR DULLES AT WATERTOWN, N. Y.

[Mr. IVES asked and obtained leave to have printed in the RECORD an address delivered by Senator DULLES at the First Presbyterian Church, Watertown, N. Y., on August 28, 1949, which appears in the Appendix.]

PROGRESS OF THE TRANSIT INDUSTRY

[Mr. BUTLER asked and obtained leave to have printed in the RECORD a brief statement prepared by him relative to the progress of the transit industry, together with an article entitled "Transit Companies Completing Their Plans for 'Progress Day'" published in the Passenger Transport for September 2, 1949, which appears in the Appendix.]

THE TAFT-HARTLEY LAW AND PENNSYLVANIA POLITICS

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an article entitled "Old 'Slave Chain' Blather in Special Congress Fight," written by John M. Cummings and published in the Philadelphia Inquirer of September 6, 1949, which appears in the Appendix.]

OIL PRICES—ARTICLE FROM THE LEAGUE REPORTER

[Mr. DOUGLAS asked and obtained leave to have printed in the RECORD an article entitled "Congress Can Push Oil Prices Down by Demanding End of Quota System," published in the August 29, 1949, issue of the League Reporter, which appears in the Appendix.]

TRIBUTE BY SENATOR NEELY TO SENATOR McGRATH ON HIS DEPARTURE FROM THE SENATE

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD the remarks made in the United States Senate by Senator NEELY on the occasion of the departure of Senator McGrath to become Attorney General of the United States, which appear in the Appendix.]

TRIBUTE TO SENATOR NEELY—EDITORIAL FROM THE WHEELING INTELLIGENCER

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "An Eloquent Senator," published in the Wheeling (W. Va.) Intelligencer for September 3, 1949, which appears in the Appendix.]

THE WELFARE STATE—SPEECH BY REPRESENTATIVE ANDREW BIEMILLER, OF WISCONSIN

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD a speech entitled "The Welfare State," by Representative ANDREW J. BIEMILLER, of Wisconsin, which appears in the Appendix.]

PLANNED RIVER DEVELOPMENT—EDITORIAL FROM THE NEW YORK TIMES

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "Planned River Development," published in the New York Times of August 30, 1949, which appears in the Appendix.]

WE MUST AID BRITAIN

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD a statement prepared by him on the current Anglo-American Conference and an article entitled "Britain in the Pillory," appearing in the Economist for August 13, 1949, which appear in the Appendix.]

CIVIL LIBERTIES—EDITORIAL FROM THE NEW YORK TIMES

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "The Mundt Bill," published in the New York Times of August 24, 1949, which appears in the Appendix.]

BUSINESS AND FISCAL POLICY—EDITORIAL FROM THE WASHINGTON EVENING STAR

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "Business and Fiscal Policy," published in the Washington Evening Star of August 29, 1949, which appears in the Appendix.]

PALESTINE AND THE NEAR EAST—EDITORIALS FROM THE WASHINGTON POST AND THE NEW YORK TIMES

[Mr. DOUGLAS asked and obtained leave to have printed in the RECORD an editorial entitled "Palestine Shift," published in the Washington Post for August 27, and an editorial entitled "Mission to the Near East," published in the New York Times for September 3, 1949, which appear in the Appendix.]

FLEXIBLE IMPORT FEES—AMENDMENT

Mr. MALONE. Mr. President, I submit an amendment in the nature of a substitute intended to be proposed by me to the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The substitute is the flexible import fee bill which has previously been introduced in the Senate by the junior Senator from Nevada. I ask unanimous consent that the proposed substitute be printed at this point in the RECORD.

There being no objection, the proposed substitute was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

Be it enacted, etc.—

DECLARATION OF POLICY

SECTION 1. It is declared to be the policy of the Congress—

(a) to facilitate and encourage the importation into the United States of foreign goods and products in quantities sufficient to supply the needs of the United States economy;

(b) to foster and provide for the export of the products of American industry and agriculture in quantites sufficient to pay for the needed imports;

(c) to develop and promote a well-balanced, integrated, and diversified production within the United States so as to maintain a sound and prosperous national economy and a high level of wages and employment in industry and agriculture;

(d) to provide necessary flexibility of import duties thereby making possible appropriate adjustments in response to changing economic conditions;

(e) to assure the accomplishment of these objectives by returning to and maintaining

hereafter in the United States the control over American import duties now subject to international agreements.

RESTATEMENT OF EXISTING IMPORT DUTIES

SEC. 2. Title I, paragraphs 1 to 1559, inclusive, of the Tariff Act of 1930, are hereby amended by repealing the classifications and rates therein contained and substituting therefor the classifications and rates obtaining and in effect on June 30, 1949, by reason of proclamations of the President under section 350 of the Tariff Act of 1930 or otherwise.

FORMATION OF FOREIGN TRADE AUTHORITY

SEC. 3. Title III, part II, section 330, of the Tariff Act of 1930 is hereby amended to read as follows:

"PART II—FOREIGN TRADE AUTHORITY

"SEC. 330. Organization of the Foreign Trade Authority.

"(a) Membership: The United States Tariff Commission shall be reorganized and reconstituted as the Foreign Trade Authority (hereinafter referred to as the 'Authority') to be composed of six directors to be hereafter appointed by the President by and with the advice and consent of the Senate. The original directors of the Authority shall be the same persons now serving as Commissioners of the United States Tariff Commission, each such person to serve as a director of the Authority until the date when his term of office as a Commissioner of the United States Tariff Commission would have expired. Thereafter the term of office of any successor to any such director shall expire 6 years from the date of the expiration of the term for which his predecessor was appointed except that a director appointed to fill a vacancy occurring for any reason other than the expiration of a term as herein provided shall be appointed only for the remainder of the term which his predecessor would otherwise have served. Directors shall be eligible for appointment to succeed themselves if otherwise qualified therefor. No person shall be eligible for appointment as a director unless he is a citizen of the United States, and, in the judgment of the President, is possessed of qualifications requisite for developing expert knowledge of tariff problems and efficiency in administering the provisions of this act. Not more than three of the directors shall be members of the same political party, and in making appointments members of different political parties shall be appointed alternately as nearly as may be practicable.

"(b) Chairman, vice chairman, and salary: The President shall annually designate one of the directors as Chairman and one as Vice Chairman of the Authority. The Vice Chairman shall act as Chairman in case of absence or disability of the Chairman. A majority of the directors in office shall constitute a quorum, but the Authority may function notwithstanding vacancies. Each director shall receive a salary of $12,000 a year. No director shall actively engage in any business, vocation, or employment other than that of serving as a director."

APPOINTMENT OF SECRETARY

SEC. 4. Title III, part II, section 331 (a), of the Tariff Act of 1930 is hereby amended to read as follows:

"(a) Personnel: The Authority shall appoint a secretary who shall receive a salary of $9,000 per year, and the Authority is hereby empowered to employ and fix the compensations of such special experts, examiners, clerks, and other employees of the Authority as it may find necessary for the proper performance of its duties."

ADMINISTRATION OF TRADE AGREEMENTS

SEC. 5. Title III, part II, of the Tariff Act of 1930 is amended by adding at the end of section 331 the following new section:

"SEC. 331A. Administration of Trade Agreements.

"(a) All powers vested in, delegated to, or otherwise properly exercisable by the President or any other officer or agency of the United States in respect to the foreign trade agreements entered into pursuant to section 350 of the Tariff Act of 1930 are hereby transferred to, and shall be exercisable by the Authority, including, but not limited to, the right to invoke the various escape clauses, reservations, and options therein contained, and to exercise on behalf of the United States any rights or privileges therein provided for the protection of the interests of the United States.

"(b) The Authority is hereby authorized and directed—

"(1) to terminate as of the next earliest date therein provided, and in accordance with the terms thereof, all the foreign trade agreements entered into by the United States pursuant to section 350 of the Tariff Act of 1930;

"(2) to prescribe, upon termination of any foreign trade agreement, that the import duties established therein shall remain the same as existed prior to such termination, and such import duties shall not thereafter be increased or reduced except in accordance with the Tariff Act of 1930, as amended, by this act."

PERIODIC ADJUSTMENT OF IMPORT DUTIES

SEC. 6. Title III, part II, section 336, of the Tariff Act of 1930 is hereby amended to read as follows:

"SEC. 336. Periodic Adjustment of Import Duties.

"(a) The Authority is authorized and directed, from time to time, and subject to the limitations hereinafter provided, to prescribe and establish import duties which will, within equitable limits, provide for fair and reasonable competition between domestic articles and like or similar foreign articles in the principal market or markets of the United States. A foreign article shall be considered as providing fair and reasonable competition to United States producers of a like or similar article if the Authority finds as a fact that the landed duty paid price of the foreign article in the principal market or markets in the United States is a fair price, including a reasonable profit to the importers, and is not substantially below the price, including a reasonable profit for the domestic producers, at which the like or similar domestic articles can be offered to consumers of the same class by the domestic industry in the principal market or markets in the United States.

"(b) In determining whether the landed duty paid price of a foreign article, including a fair profit for the importers, is, and may continue to be, a fair price under subdivision (a) of this section, the Authority shall take into consideration, insofar as it finds it practicable—

"(1) The lowest, highest, average, and median landed duty paid price of the article from foreign countries offering substantial competition;

"(2) Any change that may occur or may reasonably be expected in the exchange rates of foreign countries either by reason of devaluation or because of a serious unbalance of international payments;

"(3) The policy of foreign countries designed substantially to increase exports to the United States by selling at unreasonably low and uneconomic prices to secure additional dollar credits;

"(4) Increases or decreases of domestic production and of imports on the basis of both unit volume of articles produced and articles imported, and the respective percentages of each;

"(5) The actual and potential future ratio of volume and value of imports to volume and value of production, respectively;

"(6) The probable extent and duration of changes in production costs and practices;

"(7) The degree to which normal cost relationships may be affected by grants, subsidies, excises, export taxes, or other taxes, or otherwise, in the country of origin; and any other factors either in the United States or in other countries which appear likely to affect production costs and competitive relationships.

"(c) Decreases or increases in import duties designed to provide for fair and reasonable competition between foreign and domestic articles may be made by the Authority either upon its own motion or upon application of any person or group showing adequate and proper interest in the import duties in question: *Provided, however,* That no change in any import duty shall be ordered by the Authority until after it shall have first conducted a full investigation and presented tentative proposals followed by a public hearing at which interested parties have an opportunity to be heard.

"(d) The Authority, in setting import duties so as to establish fair and reasonable competition as herein provided, may, in order to effectuate the purposes of this act, prescribe specific duties or ad valorem rates of duty upon the foreign value or export value as defined in sections 402 (c) and 402 (d) of the Tariff Act of 1930 or upon the United States value as defined in section 402 (e) of said act.

"(e) In order to carry out the purposes of this act, the Authority is authorized to transfer any article from the dutiable list to the free list, or from the free list to the dutiable list.

"(f) Any increase or decrease in import duties ordered by the Authority shall become effective 90 days after such order is announced: *Provided,* That any such order is first submitted to Congress by the Authority and is not disapproved, in whole or in part, by concurrent resolution of Congress within 60 days thereafter.

"(g) No order shall be announced by the Authority under this section which increases existing import duties on foreign articles if the Authority finds as a fact that the domestic industry operates, or the domestic article is produced, in a wasteful, inefficient, or extravagant manner.

"(h) The Authority, in the manner provided for in subdivisions (c) and (f) in this section, may impose quantitative limits on the importation of any foreign article, in such amounts, and for such periods, as it finds necessary in order to effectuate the purposes of this act: *Provided, however,* That no such quantitative limit shall be imposed contrary to the provisions of any foreign trade agreement in effect pursuant to section 350 of the Tariff Act of 1930.

"(i) For the purpose of this section—

"(1) the term 'domestic article' means an article wholly or in part the growth or product of the United States; and the term 'foreign article' means an article wholly or in part the growth or product of a foreign country;

"(2) the term 'United States' includes the several States and Territories and the District of Columbia;

"(3) the term 'foreign country' means any empire, country, dominion, colony, or protectorate, or any subdivision or subdivisions thereof (other than the United States and its possessions);

"(4) the term 'landed duty paid price' means the price of any foreign article after payment of the applicable customs or import duties and other necessary charges, as represented by the acquisition cost to an importing consumer, dealer, retailer, or manufacturer, or the offering price to a consumer, dealer, retailer, or manufacturer, if imported by an agent.

"(j) The Authority is authorized to make all needful rules and regulations for carry-

ing out its functions under the provisions of this section.

"(k) The Secretary of the Treasury is authorized to make such rules and regulations as he may deem necessary for the entry and declaration of foreign articles with respect to which a change in basis of value has been made under the provisions of subdivision (d) of this section, and for the form of invoice required at time of entry."

AMENDMENT OF SECTION 337

SEC. 7. Title III, part II, section 337, of the Tariff Act of 1930, is hereby amended as follows:

(a) Subdivision (a) thereof by striking out the word "President" and substituting therefor the word "Authority."

(b) Subdivision (b) thereof is hereby repealed.

(c) Subdivision (d) thereof is hereby repealed.

(d) Subdivision (e) thereof is hereby amended to read as follows:

"(e) Exclusion of articles from entry: Whenever the existence of any such unfair method or act shall be established to the satisfaction of the Authority, it shall direct that the articles concerned in such unfair methods or acts, imported by any person violating the provisions of this act, shall be excluded from entry into the United States, and upon information of such action by the Authority, the Secretary of the Treasury shall, through the proper officers, refuse such entry."

(e) Subdivision (f) thereof is hereby amended to read as follows:

"(f) Entry under bond: Whenever the Authority has reason to believe that any article is offered or sought to be offered for entry into the United States in violation of this section, but has not information sufficient to satisfy it thereof, the Secretary of the Treasury shall, upon its request in writing, forbid entry thereof until such investigation as the Authority may deem necessary shall be completed; except that such articles shall be entitled to entry under bond prescribed by the Secretary of the Treasury."

(f) Subdivision (g) thereof is hereby amended to read as follows:

"(g) Continuance of exclusion: Any refusal of entry under this section shall continue in effect until the Authority shall find and advise the Secretary of the Treasury that the conditions which led to such refusal of entry no longer exist."

CONTINUANCE OF PERSONNEL, FUNDS, ACTIONS, ETC.

SEC. 8. Section 339 of the Tariff Act of 1930 is hereby amended to read as follows:

"SEC. 339. Effect of Enactment

"(a) All personnel, property, records, balance of appropriations, allocations, and other funds available (or to be made available) to the United States Tariff Commission shall be transferred to the Authority for use in connection with the exercise of its functions; and such transfer shall not operate to change the status of the officers and employees transferred from the Commission to the Authority. No investigation or other proceeding pending before the Commission at such time shall abate by reason of such transfer but shall continue under the provisions of this act.

"(b) Wherever in the Tariff Act of 1930, or in any other law, the terms 'United States Tariff Commission' or 'Commission' occur, such terms shall be construed to mean the 'Foreign Trade Authority' and the 'Authority,' respectively."

REAPPLICATION OF SECTION 516 (B)

SEC. 9. Section 17, subsection (c), of the act of June 25, 1938, chapter 679, is hereby repealed.

STATISTICAL ENUMERATION

SEC. 10. Title IV, part II, section 484 (e), of the Tariff Act of 1930 is hereby amended to read as follows:

"(e) Statistical enumeration: The Chairman of the Foreign Trade Authority is authorized and directed to establish from time to time, after consultation with the Secretary of the Treasury and the Secretary of Commerce, a statistical enumeration of imported articles in such detail as he may consider necessary and desirable to effectuate the purposes of this act. As a part of each entry there shall be attached thereto or included therein an accurate statement giving details required for such statistical enumeration. The Secretary of Commerce is hereby authorized and directed to make such reasonable and proper digests from, and compilations of, such statistical data as the Chairman requests. In the event of a disagreement between the Chairman and the Secretary of Commerce, as to the reasonable and proper nature of any request the matter shall be referred to the President whose decision shall be final."

REVISED TEXT OF TARIFF ACT

SEC. 11. The Authority, as soon as practicable, shall prepare and cause to be printed as a public document available for public distribution a complete revised text of the Tariff Act of 1930 as amended.

EFFECTIVE DATE

SEC. 12. This act shall take effect as of June 30, 1949.

Mr. MALONE. Mr. President, I do this because of its urgency to the workingmen of this Nation. For more than 80 years the tariffs and import fees have formed the floor under wages—to bring imports into this country on our wage-living standard level—on a basis of fair and reasonable competition—to hold our wage-living standard while assisting foreign nations to raise their own.

Mr. LUCAS. Mr. President, is the Senator going to debate this question now?

Mr. MALONE. I do not intend to debate it, only to make it clear why I am offering the flexible-import-fee principle as a substitute for the "free trade" principle as adopted by the State Department with the 1934 Trade Agreements Act as a basis for such action.

Mr. President, I submit a substitute at this time because I feel the situation is so very serious. The international conferences which are being held here starting today with the British Empire and the United States could develop into a mere smoke screen for diverting public attention from the proposed 3-year extension of the 1934 Trade Agreements Act, named reciprocal trade as a catch phrase to sell free trade to the American people.

I understand from usually reliable sources—verbal inquiries to the State Department have so far been fruitless—that 130 agreements have been negotiated, all lowering the tariffs and import fees, and that 20 more such agreements are in the making. The foreign tariff conference has been temporarily adjourned. If the 130 trade agreements, in addition to the 20 such agreements in the making, were to go into effect, through the 3-year extension of the 1934 Trade Agreements Act, no additional tariff agreements in the Washington international conference would be necessary. The British Empire, with its long string of sterling-bloc nations, would have the practically free access to American markets which they want, and the remaining countries would also have the free trade which they want, through the multilateral most-favored-nation clause, and could also come in with their low-wage living standards and further divide the American markets.

Mr. LUCAS. Mr. President——

Mr. MALONE. Mr. President, I should like to conclude my statement. If the majority leader wishes to enter an objection, we will let it be a matter of record.

(At this point Mr. SPARKMAN was recognized to submit a unanimous-consent request, which appears elsewhere under an appropriate heading.)

Mr. WHERRY. Mr. President, may I inquire what the parliamentary situation is with respect to the junior Senator from Nevada? Was he taken from the floor?

The PRESIDING OFFICER. The Chair does not think he was taken from the floor.

Mr. WHERRY. I do not think he had finished.

Mr. MALONE. I thought I had the floor, unless the Senator from Illinois [Mr. LUCAS] wishes to enter an objection.

The PRESIDING OFFICER. The Chair will say that the unanimous consent called for the introduction of bills and the insertion of matters in the RECORD, without debate.

Mr. WHERRY. Mr. President, I agree that every day we follow that procedure. Usually a Senator is allowed to make an explanation, which the Senator from Nevada is doing. I shall make no point about it. However, he did not conclude his remarks. I wonder if there would be objection to his being permitted to conclude his remarks.

Mr. MALONE. In that connection, it is important that I offer my "flexible import fee" bill as a substitute for the 1934 Trade Agreements Act at this time. This is not debate. I am simply, as already outlined, stating my reasons for submitting the substitute measure.

The reason for the substitute at this time is that free trade is actually taking over certain markets and forcing severe unemployment. The unemployment situation has reached alarming proportions.

There are more than 4,000,000 people on relief in the States, actually drawing unemployment insurance according to the Census Bureau. The figures show that there are actually about 6,000,000 unemployed. The latest figures from the Bureau of Labor Statistics indicate that there are more than 16,000,000 partially unemployed, not including those employed in agriculture.

Mr. President, the "flexible import fee" principle provides a method of immediately establishing a basis of trade between this Nation and the foreign countries of the world on a basis of bringing their imports in on a level of our cost of production on a fair and reasonable competitive basis.

Mr. President, the foreign policy must be separated from the national economic

policy. The markets of this country—which are the basis of our national income—cannot be divided with the low-wage-living-standard nations of the world without a corresponding lowering of our own living standard.

Mr. President, I see no difference in importing the products of foreign cheap labor and in importing the cheap labor itself.

Mr. President, I intend to debate this important subject fully at the proper time.

THE BRITISH FINANCIAL CRISIS

Mr. SMITH of New Jersey. Mr. President, in light of the pending discussions between representatives of the United States and Great Britain with regard to the British financial crisis, I feel that all Members of the Senate will appreciate as much enlightenment as possible as to what the real issues are, and how this crisis developed. Within the last few days I have noticed two articles which seem to me to be of particular value and I ask unanimous consent to have them printed in the RECORD in connection with my remarks.

The first of these articles is by Mr. James Reston, of the staff of the New York Times, who writes from London in the New York Times magazine of September 4 under the title "If Great Britain Should Collapse—An Analysis of What It Could Mean to the World."

The other article appeared in the United States News and World Report under date of September 2, and is in the form of an interview with Geoffrey Crowther, editor of the Economist of London. The title is "What Britain Must Do."

It seems to me from a study of these articles and other information which has been brought to my attention, that we must all realize the great importance of finding some way to relieve Great Britain of her present distress and maintain her economic position in the western group of nations. On the other hand, it is very apparent from the problems presented that Britain has a long way to go herself in changing her traditional ways if necessary in order to bring about her own salvation. Let me emphasize especially the importance of a new consideration of the whole sterling area situation.

I ask unanimous consent that the two articles in question may be published at this point in my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times magazine of September 4, 1949]

IF GREAT BRITAIN SHOULD COLLAPSE—AN ANALYSIS OF WHAT IT COULD MEAN TO THE WORLD—ECONOMICALLY, POLITICALLY, AND STRATEGICALLY

(By James Reston)

LONDON.—Even if all the charges of British indolence and inefficiency were assumed to be correct, the consequences of a British collapse would still have to be calculated and the United States would have to strike a balance between the cost of helping Britain and the cost of not helping her.

After all, even in this era of the economic man, Britain is not merely a blot of red ink on the international balance-of-payments sheet. It is a military ally of some importance. It is the center of a strategic system that is vital to the United States. It is the main bank for 45 percent of the people in the world and it is America's best customer.

The British cannot, therefore, be written off like a bad debt and forgotten. They will not vanish with a splash if Secretary of the Treasury John W. Snyder is unimpressed. They have been warming themselves for 200 years on the hot air written about their decline and fall, and the chances are they will still be around at the end of the month even if Sir Stafford Cripps and Foreign Minister Ernest Bevin get nothing.

Assuming their durability then, what would they do? What could be the consequences of an economic collapse in this island? And how would it affect the Commonwealth, the defenses of the Atlantic community, and the United States?

All answers to these questions are necessarily speculative. The British Government is not assuming failure in Washington. In fact, no government ever lost so many dollars so quickly with such disturbing equanimity. At the same time, they are not precisely floating around without any ideas about what to do if Sir Stafford Cripps and Mr. Bevin come back empty-handed, and their officials are seriously discussing a variety of measures which would affect the whole western world.

Emergency financial measures would certainly be taken at once to halt the drain on Britain's gold and dollar reserves. These reserves totaled $2,444,000,000 in December of 1945. Despite the British loan and the European recovery program they declined by the end of June this year to $1,624,000,000. They are now vanishing at a rate of $100,000,000 a month, and if this were to continue the best guess here is that they would disappear in less than a year.

A large part of this drain is due to the dollar deficit of countries in the sterling area other than Britain itself, and there is reason for saying that one of the first emergency financial measures would be to make drastic restrictions on the amount of dollars that could be spent out of the British kitty by India, Pakistan, New Zealand, Australia, and other sterling countries.

The political consequences for Britain of declaring a moratorium, or something very much like it, on these large dollar payments for the other sterling countries would be serious, but few responsible officials here doubt that stern measures would be taken immediately to reduce the drain on Britain's reserves.

Every effort would be made at the same time to build up a closed bloc of sterling countries which could trade with one another in protection against, and in competition with, the dollar area.

Under the pressure of finding essential supplies in nondollar areas this process has already made considerable headway, and while the British Government is frankly not very confident that it could win such a fight with the United States, officials here do think that the United States would lose so many customers and markets in the process that Washington would eventually be forced to make some kind of live and let live compromise.

It is not difficult to foretell the economic consequences in Britain of such a policy. The economy of this country is running at its present speed on raw materials and machinery available only in the dollar market. If Britain cannot get those raw materials, it will have to ration both its raw materials and the work, and while several ingenious plans are under study to keep the present work force going on a reduced schedule, not even the Socialist politicians believe they would be able to avoid what they have feared the most all their lives—large-scale unemployment.

The official figures on the source of Britain's vital industrial supplies illustrates how serious this problem would be in an economic war between the sterling and dollar areas. With increasing vigor during the last 3 years the British have sought to buy their essential supplies in nondollar areas, yet despite this drive they purchased with dollars in the first half of 1949 15 percent of their iron and steel, 43 percent of their other metals, 71 percent of their new machinery, 23 percent of their wood products, 35 percent of their raw cotton, 30 percent of their oil, fats, and resins, 32 percent of their chemicals, and 13 percent of their hides and skins.

When a Labor Member of Parliament recently remarked that the British would rather try to tame the Communists than take orders from "unlettered, pot-bellied American magnates" the political consequences of the dollar crisis immediately became apparent.

One of the results of a failure of the dollar conference in Washington would certainly be the nastiest political election this country has had in over a generation. Prime Minister Attlee is a moderate, fair-minded man and Sir Stafford Cripps' moral principles are as rigid as his theories on economics and human diet.

They would not contribute to a campaign in which America was vilified as the root cause of Britain's difficulties, but in an election fought during a period of financial crisis and imminent large-scale unemployment, they could no more restrain the Socialist back-benchers and the opposition than President Truman could restrain Congressman RANKIN or Senator TAFT.

The main themes of the forthcoming British election—which must be held by next June—are already beginning to be heard. The Conservatives are arguing that the Socialists have squandered American aid, relied too much on that aid all along, abolished all the normal incentives for the worker, the employer, and the investor, and brought the country to the edge of its worst economic crisis since 1931.

The popular, though not necessarily the official, answer of the Socialists is that they have increased Britain's production by 25 percent over the prewar level and boosted its exports 50 percent over the prewar total, but have run into trouble because American aid is being reduced, American tariffs are high, American prices have fallen, and American capitalists are trying to defeat the British Socialist government.

An appeal, therefore, is being made not to desert the Socialist government in time of trial, not to submit to American pressure, and not to count on the Tories doing much for the laboring or middle classes if there should be unemployment as a result of America's economic policy.

No reporter with memories of November 1948 will venture far into the realm of election prophecy, but what is certainly evident to anyone who has traveled the length of this island in the last few weeks is that the Socialists are far from finished and may very well get stronger in direct proportion to the pressures exerted on them from the outside.

The Labor government has undoubtedly lost some of the support of the younger members of the middle class who supported them in the election of 1945. It has certainly disappointed the hopes of many of those who have dreamed since the start of the century of a prosperous, equalitarian Britain under a pragmatic but mildly Socialist government.

Nevertheless, the Socialists are still powerful. The middle class, which holds the balance of power here, may be disillusioned with them, but this class is now more dependent on the social services of the government than ever before in history. The savings of this class have declined in size and more so in terms of purchasing power. The middle class cannot rely on its insurance as it could in the days when the pound was the most reliable currency in the world, and it is show-

ing far more interest than formerly in the welfare state.

The election, therefore, would be bitter and would certainly contribute very little to the relations between the United States and Britain; nor would it, as many people at home hope, be certain to bring down the present British Government.

In the field of defense the economic collapse of the British would raise questions no less serious than those in the economic and political fields. Britain is now spending about one-quarter of its budget for military preparedness. Together with France it is the center of the western union defense system. Together with the other members of the British Commonwealth it provides a network of strategic bases which are vital to the defense of the west of Europe and Near Middle and Far East.

The pressure to cut this defense budget and rely more heavily on the power of the United States is already great within the councils of the British Labor party. The British are suffering from what used to be called a severe case of supressed inflation. In recent weeks it has been recognized that the inflation is no longer very suppressed and that the capital expenditures of the Government must be reduced.

The method of launching this deflationary program within 10 months of an election, however, is already a fundamental issue within the British Cabinet itself. There seems to be general agreement there that the defense budget will somehow have to be reduced, but the left wing of the Socialist Government—particularly the ebullient Minister of Health, Aneurin Bevan, whose political power is a factor of some importance—favors large-scale defense cuts rather than any major reductions or alterations in the nation's program of social services.

The British are fully aware that a large cut in their defense budget means a loss of more prestige in Europe, but the political and economic realities of the situation here can scarcely be evaded any longer. They are going to have to reduce their expenditures. Their own estimates of the Soviet danger—so far as one can discover—are less alarming than our own.

In summary, the cost of a British economic collapse is not too difficult to imagine. It would mean the collapse of our own foreign policy. It would mean a crisis not only in Anglo-American relations but in the whole Marshall-plan world. It would jeopardize the American objectives of a stable, self-reliant western Europe, free trade abroad and full employment at home. It would leave a serious gap in the defenses of the Atlantic community and in the last analysis it is difficult to see how it could fail to place new defense burdens and higher military appropriations on the American people.

Even if it is conceded that the first task in the present crisis is to prevent a British economic collapse, it is now generally agreed over here that the mere allocation of more dollars will not solve the British dollar crisis. More dollars will give them more time to adjust their economy to the revolution that has taken place in the competitive world of trade. More dollars will keep them from taking economic, political, and military measures which would help split the western nations into two competitive camps.

But not even British officials pretend any longer that the mere allocation of more dollars will bring about the difficult changes that are necessary to enable this country to compete effectively in the dollar and other hard-currency markets.

Almost all of the British Government's figures about increased British production and almost all their statistics on increased exports are largely irrelevant to the central problem—which is that their production and their exports are not going where they will earn dollars and other hard currencies. So long as the world would buy anything at any price British exporters did all right, but since supply started catching up with demand in the hard-currency areas, their exports to those areas have tumbled.

British exports to the United States are 30 percent below what they were a year ago. Their exports to Switzerland are down 20 percent, and to Belgium they are also falling off. Even the smaller hard-currency countries are not finding British products very attractive. British exports to Cuba and Mexico, for example, are down 50 percent from last year.

There are many reasons for this. British prices on the average are too high. British marketing techniques and services do not compare favorably with our own. British industrial equipment has improved since the war, but it is relatively in a worse position owing to the far greater strides made in the United States. British deliveries are often far too slow.

It is almost impossible not to oversimplify this problem, but wherever one follows this story—in Europe, Scandinavia, in London, in the Midlands, or in Scotland—one factor stands out above everything else; there is no incentive other than patriotism for the British producer to sell his products in the dollar and other hard-currency areas.

All the talk at home about the switch from a seller's to a buyer's market gives only one side of the story. The switch has taken place all right in the United States, but not here or in the other soft-currency areas. The British manufacturer has no trouble selling his products here. Other countries have acquired large balances of sterling which are held in their accounts in London, and cannot be spent except in the sterling area. These countries are placing large orders here, and since they have difficulty getting what they want with sterling in other countries, they have to pay the high prices from which the British producer benefits.

Much the same kind of protected market exists within the United Kingdom itself. To capture the British market British producers, as a general rule, do not have to compete with products from the United States or any of the hard-currency areas. They are getting such inflated prices for their goods that it is possible to find here British goods selling (minus the purchase tax) at prices considerably higher than the same British goods cost in New York after freight, customs, insurance, and tariff duties have been added.

One manufacturer in the Midlands summed up his problem this way: "Here at home and in the other sterling areas and many parts of Europe I can sell everything I produce. I get good prices. The demand is steady. I am selling to old customers whom I know and on whom I can probably rely in the future.

"I don't know the American market. To sell there requires a lot of red tape here and on the other side. I have to have agents in America. Your people over there demand services I don't have to give here. You want things put in neat packages. You want quick delivery. You want the stuff for far less than I can sell it elsewhere and, frankly, I don't know whether you would keep your tariffs down if I did manage to compete with the Americans."

This is not an isolated case but a general condition. The British Government knows this to be true. Averell Harriman knows it. Paul Hoffman complained about it to everybody, to Prime Minister Attlee and to the president of the Board of Trade, Harold Wilson.

Our officials frankly do not think that in similar circumstances American manufacturers would react differently. They believe that more exhortation by the British Government to "sell in America" will do very little good unless the Government creates conditions that will make it more advantageous for the British manufacturer to sell in the United States.

If the British manufacturer were able to keep a percentage of the dollars he earned (as the Italian manufacturer is) or if he received a rebate on his income tax for earning dollars, the situation might be very different, but as it is now he can make more money with less trouble by selling where currencies are soft and conditions are easy.

Britain acquired great financial obligations to India, Egypt, and other countries during the war. The British feel that they should honor those obligations by permitting the sterling balances of India and Egypt to be spent for goods produced in the United Kingdom. Would it be fair or politically possible, they ask, to give a tax rebate to a manufacturer selling in the United States while refusing such a rebate to another manufacturer who was helping to honor Britain's financial obligation to India?

Moreover, the British Government argues that it would be impossible to administer fairly a program which gave financial privileges to the British producers who earned dollars. For who, they ask, would get the tax rebate—the seller of the end product or all the people who produced the materials that went into the product, including the workers in all the factories involved?

The Government here may well be forced, very much against its will and its judgment of the economic factors, to devalue the pound, and this will make it easier for a time to sell British products in the dollar market. But if the British Cabinet has to choose between making it easier for British producers to sell in the hard-currency markets or harder for them to sell in the soft-currency areas, they will undoubtedly choose to make the road a little rougher at home.

Prime Minister Attlee has written a letter to all Government departments except Defense telling them to reduce their expenditures by 5 percent before next April 1 or explain why they cannot. A committee is now studying the capital expenditures of the Government and will undoubtedly produce a series of recommendations that will be discussed in the Washington talks this week. These measures, together with the release of some manpower from the armed services, will undoubtedly give the British laborer some competition for his now safe job and at the same time price controls will undoubtedly be eased to bring British producers into more effective competition.

Whether this will be enough to fill the British dollar gap remains to be seen. The British will probably get about $800,000,000 this year under the ERP and the promise of earning another $200,000,000 in the United States as a result of the forthcoming conversations in Washington. But they will still be about $500,000,000 short of meeting their essential dollar obligations, and in view of the nature of Britain's fundamental economic problems this last gap will be hard to fill.

Before the war this country bought food and raw materials cheaply and sold its manufactured products at relatively high prices. British dollar investment income, which ran about $90,000,000 a year, has vanished. The nations in the Commonwealth, which had a prewar dollar surplus of about $800,000,000, now have a dollar deficit of more than $800,000,000. The old sure natural-rubber market in the United States, which netted the British about $400,000,000, is now under the most severe competition from American synthetic rubber, and the price of gold has declined materially in relation to the costs of the products which can be bought with gold.

As a result of all these factors—which have reduced the dollar income of the sterling area by about $1,000,000,000 a year—the British are now confronted with the prospect of producing another economic and industrial revolution in this island.

Specifically, American officials feel the British are going to have to cross the Atlantic again and, if we will let them, engage in a little more pioneering than they have done in the past two generations. They will not like this, but the chances are they will do it if they have to.

"The English," said A. L. Rowse, the Oxford historian, "think of themselves as a dull, plodding, humdrum, hard-working sort of people. They are, in fact, nothing of the kind. So far from being hard-working they are lazy, constitutionally indolent. They are always being caught lagging behind unprepared—again and again in their history it has been the same; and then, when up against it, and not until they are up against it, they more than make up for lost time by their resourcefulness, their inventiveness, their ability to extemporize, their self-reliance."

In a way the American approach to the Washington conference is not unlike Mr. Rowse's analysis. It rejects the fatalistic conclusion of a British economic collapse. It realizes that the British problem cannot be solved this September or next. It recognizes the character and potentialities of the British people, but at the same time it also recognizes that that character—not unlike our own—does not produce its best until it reaches the point of crisis.

[From the United States News and World Report of September 2, 1949]

WHAT BRITAIN MUST DO

(An Interview with Geoffrey Crowther, editor, the Economist, London)

RETURN TOWARD HARD WORK AND SELF-HELP IS BRITISH WRITER'S ADVICE—PATIENT IS BASICALLY SOUND AND CAN REGAIN BUSINESS HEALTH—STRENGTH IN COMPETITION HAS BEEN REDUCED BY STRONG UNIONS, HIGH TAXES, AND CARTELS

(EDITOR'S NOTE.—Geoffrey Crowther is regarded both in the United States and abroad as one of the best-informed authorities on Great Britain and her problems. Editor of the Economist of London for a decade, he has been a close observer of his country's economic woes since World War II. On occasion he has been critical of the Labor Government's policies. To get an appraisal of Britain's basic troubles on the eve of the financial talks to be held in Washington between British and United States Government officials, the associate editor of United States News and World Report in London interviewed Mr. Crowther, who talked frankly about the British Government and business, socialism and the attitudes of the people in this time of crisis.)

Question. What, in a nutshell, seems to be wrong with Britain just now, Mr. Crowther?

Answer. Well, in a nutshell, with all the oversimplification that involves, the problem facing this country is that of bringing its balance of payments into equilibrium; that is to say, of earning as much as it spends in relation with other countries.

Question. Where does the remedy seem to lie? In more planning, more controls?

Answer. That is very difficult to answer just with a straight "Yes" or "No." On the one hand, I don't see how we can get out of our difficulties without quite a lot of planning and controls.

After all, if you are very short of anything, you have got to have some sort of rationing system. We are very short of foreign exchange, particularly dollars, and therefore we have got to have some form of control over the expenditure of dollars.

But, when that has been said, I think I would take the view that we have overdone controls in this country, and that perhaps we can do most good for ourselves by trying to find means of relaxing them rather than of adding to them.

Question. If the Government did remove controls, is it certain there would be an explosion of some sort?

Answer. If controls on imports were removed there would be an explosion—the last remaining reserves of gold and dollars and other foreign exchange would run out in a week or two if people in this country were allowed to buy from abroad as much as they wanted to.

There are other sorts of controls, especially on the internal activities of the country, which could be removed, I should have thought, with beneficial results; for example, there are quite a lot of controls that are kept on simply because nobody is willing to face an increase in the price of the controlled object. If there were an increase in the price, they say that would be "rationing by the purse," which is the fashionable can't phrase.

Well, it's my view that we ought to face rather more rationing by the purse, and that if we would allow some of these prices to rise (I am not talking about food and other basic necessities, but other things), then we could get rid of the controls and I believe that would lead to a stimulation of general economic activity.

Question. The question often is asked in the United States: Is British industry, at its best, able to make its way?

Answer. The only brief answer to that is: At its best, yes. We have some industries in this country that are the world's finest. For example, we build the best ships in this country and I think the cheapest, too—certainly the cheapest of all the big shipbuilders. Some of our other industries are still without competitors in the world. I think you could instance the linen industry of Northern Ireland and some of the very finest forms of engineering. I believe it is true that in jet engines this country still has a big lead. Bicycles, to take a homelier instance—oh, certainly at its best, British industry can hold its own with anybody in the world.

Question. Does it seem that living standards in Britain will have to come down for a time at least, and could those standards of living be cut without serious political trouble?

Answer. I don't think that you can say flatfootedly that living standards must come down in this country. What does need to be altered is the ratio between the effort that people put out in this country and the real remuneration that they require for it. Or to put it in rather more concrete terms—the British people have either got to give more for the standard of living that they already enjoy or, if they can't or won't give more, well, then they will have to suffer a reduction in their standard of living. For myself, I think the solution is to be found not in lowering the standard of living, but in raising the standard of output.

Socialism's effect still in future

Question. Is socialism helping in the present situation?

Answer. To answer that you will first have to define exactly what you mean by socialism. But if you mean the transfer of industries to public ownership, I am certain you couldn't say it was helping. I question, however, whether it is doing any real damage.

I think both those who believe in socialism and those who most earnestly oppose it would both agree that the results, whether good or bad, will take quite a long time to emerge. After all, only one of our nationalization schemes is as much as 2½ years old.

Question. Since only coal, electric power, gas, and railroads, among basic industries, are socialized, can it be said, then, that socialism is having much effect?

Answer. No, I don't think it is having much effect yet. My own view is that it's really a matter of very little importance who owns an industry—the important thing is, how is it run? And although the industries you mention have been moved into public ownership they are still being run by very much the same people and in very much the same way that they were before. The results, whatever they are, have not yet had time to emerge.

Question. Is the threat of socialization causing businessmen to hold back with new investments?

Answer. Well, that's often said, and it would be difficult to be absolutely sure of one's answer. But I think my answer would be: No, not to any very large extent. There was a report in the newspapers just a day or two ago of an enormous new development scheme that is being proceeded with by Dorman, Long & Co., Ltd., one of the biggest steel firms in the country.

I think the reason is that in most of these firms the management has long ago become divorced from the ownership, and the managers know that they, most of them, will continue in any new regime, and therefore they do not feel the same sense of impending doom as the owners of the industry. No; it's another illustration of the fact that far too much importance is attached in current political controversy to this fact of ownership; management is much more important.

Question. Another question we hear so much about in the United States: Aren't some British businessmen inclined to live with some inefficiency even under private ownership? There's a feeling in the United States that British business is too inclined to divide up what it has rather than to push out in search of new markets or to face new challenges. Does that seem so?

Answer. Yes, I think that's undoubtedly so, but I don't want to plead guilty on behalf of British businessmen to that, without immediately going on to say just a little bit about the reasons for it, because I find that American businessmen are a little apt to assume that it's just due to a lack of moral fiber or weakness in character on the part of the British businessman. But it isn't. It's due to a number of historical facts, the most important of which are, perhaps, three.

First, before the outbreak of the war in 1939, we'd had 20 years of almost unrelieved depression in this country. We had no great boom of the 1920's as happened in America, and 20 years of depression naturally make businessmen pretty depression-minded and apt to think of markets as being limited rather than infinitely expansible.

Secondly, we've had at least a generation more than the American businessman of strong and powerful trade unions. They have been able to insist on the establishment of standard rates and wages and standard conditions of work in most of the basic industries—oh, as long as 20 to 30 years ago. Well, standard rates of wages inevitably led the businessman to think of standard selling prices for his product.

How taxes dampen competition

And thirdly, we've also had a generation more than the American businessman of very heavy taxation from the Government, which by taking away a large part of the rewards of success inevitably make the businessman turn his mind toward the possibilities of insuring against failure by forming all sorts of restrictive arrangements with his competitors.

Well, there are those three causes and there was also a bad mistake of public policy that when Great Britain, in the early 1930's, turned over from being a free-trade country, and adopted the American device of a protective tariff, we forgot to add to it that other American device of antitrust legislation.

Therefore, for nearly 20 years now, British industry has been protected against the foreigner, without having any compulsion imposed upon it to go on competing at home. And the result has been a great growth in

restrictive associations and cartel practices and the like.

Summing it all up, I'd say the indictment is certainly true; though before anything can be done about it, it's necessary to understand the historical and other reasons why it's happened.

Question. Does socialized industry seem able to discipline labor?

Answer. We're in a poor position to judge yet. If you're to judge by what has happened during the past 2 years, the answer must be: Quite definitely, no. But then those 2 years have been a period of full employment when the employers are always at a disadvantage in imposing discipline and when the trades unions have an enormous bargaining advantage. And I don't know that you could really establish that the nationalized industries have been any weaker than anybody else in that period. On the record, however, the evidence to date certainly is that they are weak collective bargainers.

Question. Does there seem to be any limit to the demand the public will make for social services?

Answer. Oh, the limit is when they realize that they've got to pay for them. That realization began to dawn on the country with Sir Stafford Cripps' last budget. And I think events will drive that lesson home quickly.

Then you will have a most ineresting and difficult problem in which the citizen as taxpayer will be demanding cuts in expenditure while the citizen as beneficiary of social services is demanding that there shall be no cuts. And it will be difficult for him to make up his mind which of his two incompatible demands is the one that he really insists upon.

Social security's ceiling

Question. That leads into another question: If social security is so popular politically, can there really be any end to the rise in cost?

Answer. Well, I would expect that the way in which the social-security state will work is that you will have long periods of gradual, steady increase in expenditures alternating with sharp periods of crisis when the community realizes that it has gone a bit too far, and therefore with much pain and grief and political groanings goes through the business of making sharp cuts.

Then it will feel a great deal better and will enter into another period of adding to the bills until another crisis blows up. I don't think you can expect, when you mix social security with democratic government, a steady and regular development. It will be an erratic one.

Workers' attitude unchanged

Question. Do the workers in the socialized industries seem to work harder, do they feel happier, is there some sign that they think that they are working for themselves in their own industries?

Answer. I remember that when the railways were nationalized, in the first week or two, the newspapers sympathetic to the Labor Government were full of reports to the effect that the porters at Waterloo station were working more willingly than they had been before. But, for myself, I was unable to notice very much difference.

In the coal mines, where you've got actual statistics of voluntary absenteeism—two long words meaning staying at home when you feel like it—nationalization, if it has made any difference at all, has made a difference for the worse (though that can perhaps be explained by other reasons).

If you take other industries that have been under public ownership for a longer time, for example, the post office, I don't think the ordinary observer would say that the post-office employee works noticeably more willingly than other people; indeed, you might argue that he works less willingly than other people. On the whole, I don't really think there is very much difference.

I would like to add this—that there are signs that some of the workers in the nationalized industries, particularly the coal mines, are rather disappointed about the form nationalization has taken. They have asked for nationalization for a generation and they always imagined that in some vague way, that I think they never really defined to themselves, when the industry was nationalized it would belong to them. Now they discover that it does not belong to them—it belongs to the state, and from their point of view that is quite a different thing.

To use what, I believe, is Trotskyite language, what is happening in this country is that we are not getting socialism, we are getting state capitalism, and that is rather a difference. I would not emphasize that because I do not think it is any more than a passing phase of disappointment among some people who expected too much. In general the answer is that you would have to have a pretty powerful microscope to detect very much difference in the psychology of the workers after nationalization.

Question. Does it seem likely that the trend to socialism can really be reversed?

Answer. Reversed? That, I think, would be very difficult. It would be very difficult to denationalize industry—to unscramble the eggs—if only because I don't see where you are going to find the private capitalists who will have enough money in the first place to put up to buy an industry back, and who, secondly, would have the courage to do so when they know that that particular industry has been nationalized once, and could be nationalized a second time.

Some of the smaller nationalization plans could be reversed. For example, the Conservative Party say that they will abolish the cotton-buying commission and reopen the Liverpool cotton exchange. Well, I think that there probably are enough of the old Liverpool cotton brokers still in existence for that to be possible. But for the big basic industries, once they are nationalized, I think as a technical operation it would be very difficult to reverse engines.

Britain can come back

Question. Is it likely that Britain can again earn her way in the world?

Answer. Oh, I think so. I am not a pessimist about that. I noticed a piece in a recent copy of United States News and World Report—I'm not sure if I can find it immediately, but I believe I can—where a sentence that caught my eye said: "British troubles, as far as anybody can see, are unsolvable."

Well, I just don't agree. I think that we have a difficult problem on our hands now, that somehow or other we have got to reduce the cost of production of our industries. But, once we've done that, I believe our basic position in the world is very sound.

If you want a simple analogy, I would say Britain is like a man whose brain and constitution are still perfectly sound and efficient, but who has got into a very bad habit, shall we say, of drinking or taking drugs, or something of that sort. He's going to find it a pretty difficult job to break himself of that habit. But, once he has broken himself of that single bad habit, then I believe that he will be fully able to earn his living in the world as before.

After all, the basic, the historical advantages of Britain in the world still exist. We are still an island which can import its food and raw materials from the ends of the earth more cheaply than they can be shipped from one State of the United States to the other by rail. We still have a skilled and homogeneous population. We still have a body of capital equipment which, though inferior to the American, is superior to that of anybody else. We still have the commercial know-how. We still have a great deal of industrial skill.

Once we can cure ourselves of this bad habit of trying to sell our goods too expensively, you will find that the competitive position of Britain in the world can be just as strong in the future as it has been in the past.

When is aid unnecessary?

Question. When, in your opinion, might help from the United States become unnecessary?

Answer. I don't think I'd like to predict that at all. If you want to be a cynic you could give the answer that American help will cease to be necessary on the day that it stops. There is always a tendency, so long as help is forthcoming, to talk about doing the things that it will be necessary to do in the future, rather than doing them now.

Question. Would a cut in the value of the pound solve, or tend to solve, Britain's problem?

Answer. I don't think you can use the word "solve." I think it might help. It's difficult to be sure, but my personal view is that if done at the right moment it would help quite a bit. But it wouldn't be by any means a solution, because when one talks about a cut in the value of the pound one means a cut in terms of the dollar. There is no question, I think, of the pound falling in value relatively to the other currencies of the world, and yet it is in those other currencies that we must do by far the greater part of our trade.

A cut in the value of the pound will make our goods cheaper in the United States, but won't make them cheaper in Germany, or in France, or in Africa, or in Asia, or in Australasia, or in the other places, where, in fact, we sell most of them. No, it's a help, but it does not really absolve us from the necessity of doing the basic thing, and that is, reducing our costs of production expressed in the pound sterling here at home.

More dollar loans opposed

Question. Would you say that new and larger loans are to become necessary from the United States?

Answer. It would be a mistake on everybody's part to think in terms of further loans. You remember that one quarter of Marshall aid is in the form of loan rather than grant. And there was great unwillingness in this country to accept that, simply on the grounds that if you take a loan you promise to repay, and it is really extraordinarily difficult to see how this country is ever going to be able to repay further dollar loans.

If gold's price were raised—

Question. Is there something to be gained if the United States would raise the price of gold?

Answer. A higher price for gold would be of great value to South Africa and Canada and the other gold producers of the world. And since it would put more dollars into circulation in the world it would, therefore, at least indirectly, assist the United Kingdom. But I don't think I would advocate a rise in the price of gold simply for its own sake.

If it can be used as a lubricant, so to speak, in some much wider world-wide plan of financial reconstruction, well and good. Taken by itself, it strikes me far too much as a piece of special pleading for the benefit of the gold producers.

Question. What is Britain to do when Germany really gets back into production and when Japanese industry is fully restored? Does it seem likely that that will add to the present problems?

Answer. It will. I have heard it said that there is more reason for Britain to be scared of a lack of competitive power relative to Germany than relative to the United States. Britain and America are not, broadly speaking, competitive countries. We don't sell the same things in the same places. But Britain and Germany are competitors and have been in the past. We do sell very much the same things in the same places.

Part, at least, of the reason why our exports are now 50 percent by volume higher than they were before the war is that Germany for the time being is out of the world's export markets, and, if Germany comes back we're going to have a pretty hard fight on our hands. And the same, in perhaps only slightly smaller degree, applies to Japan.

Eastern Europe a small market

Question. Do you see any way out that would involve an end of the barriers of trade with Russia? What can Russia offer in eastern Europe to help Britain?

Answer. Broadly speaking, there never has been very much trade between Great Britain and eastern Europe and I don't think the possibilities are very great—even if there weren't the well-known political difficulties in the way.

It is a favorite idea, particularly of opinion on the left wing of the Labor Party, that even if difficulties in trading with the United States become very great, they can be compensated for by additional trade with eastern Europe. To my mind that is almost completely an illusion. I don't think that any such trade could be done, certainly not in large volume.

Question. Does this situation seem to boil down to long-term United States investment abroad?

Answer. Well, that's one of these large questions that it's a little bit difficult to answer briefly. I feel quite sure that one of the big continuing problems before the world is how to solve the problem of the American balance of payments—I said "American" and I mean "American."

We have been talking about the British balance of payments, which is chronically in deficit, but there is equally a problem about the American balance of payments, which is chronically in surplus. And, of course, throughout the world as a whole all the surpluses must equal all the deficits.

A problem to which American statesmen are giving their minds and will continue to have to give their minds is how the world can be provided with enough dollars to buy the goods from the United States that it wants to buy and that America wants it to buy. When you suggest that can be solved by a large program of investment by America, then there are further difficulties.

Investment requires the payment of interest over the years and eventually a repayment of the principal. Now those payments to the lender, that is to say to the United States, can only be made in goods. Therefore it is possible to envisage investment by the United States in other countries only where you can see the loan leading to the development of such resources as will enable the borrowing country not merely to increase its exports generally, but to increase its exports to the United States.

Now there are some such projects—new ones can be thought of every year—but I very much doubt whether remunerative investment projects in that sense can be thought of in sufficient volume to solve the problem of the chronic surplus in the American balance of payments.

United States: seller who doesn't buy

Question. The United States might buy more abroad, but how can it be induced to do so when its industries can produce the same goods more cheaply at home?

Answer. I agree that is a very difficult problem. And when I talk about the chronic problem of the surplus in the American balance of payments that is what I have in mind: the great difficulty of the rest of the world in selling enough to America. But I think it would be defeatist to say there was nothing that can be done about it.

To begin with, we in Europe continue to hope that you Americans will go on with the good work of the last 15 years in reducing your tariff rates. The rates of protective tariff that you still charge on many British and European goods are very high.

In addition to the actual tariff duty, I don't know that Americans realize that the network of customs regulations, practices, and procedures that have to be got through before you can actually bring goods into the United States is a far thicker maze than anything that exists in any other country.

Anybody who tries to sell goods to the United States finds that the tariff duty he has got to pay is almost the smallest of the obstacles that he has to overcome. There is an immense amount of pure bureaucratic red tape and obstructionism. We like to think that someday Americans will wake up to that and do something about it.

But even when everything has been done that can be done about the American tariff and customs practices, the basic difficulty that you have mentioned will still remain: How can Americans be expected to buy foreign goods when they can produce the same goods cheaper themselves?

Cheaper goods needed

Well, of course, the answer to that is that the foreign goods must be made cheaper, if they are not cheaper now. In the long run the value of the dollar relative to other currencies will have to rise. There is always some price at which goods can be sold, and for myself I don't know that that process would have to go very far.

After all, the goods that foreign countries sell to the United States are in most cases a quite tiny fraction of the American market. If you leave aside the foodstuffs and the raw materials that are bought by America and confine yourself to manufactures, I think you will find that the total imports of manufactures into the United States are not much more than 1 percent of the total of manufactures sold in the United States.

Now it wouldn't take very much cheapening of sterling or other currencies, so it would seem to me, before one or two additional products got past the line and became cheaper than the corresponding American products. And if the fraction were raised from 1 percent to 2 percent, that would hardly be noticeable to anybody in America, but it would make a very great difference to the balance of payments of the European nations.

Question. I take it that you do regard tariffs and related duties and regulations still to be a major barrier to selling in the United States?

Answer. I think tariffs and the regulations are a barrier, undoubtedly, but I think we are deceiving ourselves, on both sides of the Atlantic, if we think that even the total abolition of the United States tariff would solve the problem.

No; you have a real economic problem—for which there is no precedent in past history—of a country, the United States, whose demand for other countries' goods is so relatively low, and the demand of other countries for whose goods is so relatively high, that it is a problem of the greatest technical difficulty to see how the two sides of the account can be made to balance.

"Healthy" fear of losing job

Question. In summing up, Mr. Crowther, have you in mind for Britain a plan of action, or would you suggest a few priorities in the order of their importance?

Answer. It seems to me that there is one thing that needs doing in this country that is so much more important than any other that it can be allowed to stand almost by itself, and that is to reduce costs of production. Or, to put it in another way, to restore the British people's belief in giving value for money. Now it's easy to say that, but how can you do it? How can you reduce costs of production, how can you restore a belief in the value of money? We shall have to tackle it in a number of different ways.

For example, I've got into a lot of trouble in this country recently for saying that so long as we have such a total absence of unemployment as we have now, you can't expect people to work as well as they might do. I'm not advocating a recurrence of the mass unemployment that we had in the 1930's. But unless a man has a certain healthy apprehension of losing his job, you can't expect him to work as well as he might do. Well, that's one thing.

The second is to review the activities of the State. Taxation is so heavy now that there really is very little reward for anybody to work any harder. And I'm not only talking about the high-income executive; I'm talking about the ordinary workingman. He knows that as soon as his earnings exceed about $30 a week for a single man (rather more for a family man) as much as 36 percent is deducted in tax off any additional money that he makes. Well, that is quite a considerable disincentive to work.

"Too easy to lead a soft life"

Next, the social services. Though I'm not of their most convinced advocates, I think they've been allowed to run riot in this country. It's been made a little too easy to lead a soft and easy life, and in various ways we have got to put that right.

One could go on making a number of other suggestions of this general sort, but basically what is needed, I think, is what you can almost call a moral revolution. We have slipped in the last generation in England into believing that the world not merely owes us a living but that the world will meet its obligations and provide us with a living.

And the old Victorian belief that a high standard of living comes from a high standard of production, or, to quote another famous slogan, that "He who does not work, neither shall he eat," has been allowed to slide too much into the background. And without going back fully, or even as much as halfway, to the old doctrine of hard work and self-help, we have got to make some moral return in that direction.

We have got to be willing to face the uncomfortable fact that the world values the services of the British people less highly than they value them themselves. There really is no escape from that. There is no appeal from the verdict of the world market place. Until we are prepared to make that moral adjustment, it's no good talking about economic remedies.

But once that moral readjustment is made, then I think the economic policies will follow by themselves, that they will be relatively easy, and that they will not cause one-tenth part of the pain and grief that people expect.

THE SITUATION IN THE FAR PACIFIC

Mr. KNOWLAND. Mr. President, last week I submitted for printing in the RECORD the first of a series of articles by Mr. David Sentner, which consisted of an interview with General MacArthur relative to the situation in the far Pacific. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks three subsequent articles dealing with the same subject, and also a copy of an article entitled "White Paper: Acheson's Conclusion," written by Walter Lippmann and published in the Washington Post of September 6 under the title "Today and Tomorrow."

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Journal-American of August 31, 1949]

MACARTHUR SAYS UNITED STATES MUST HOLD JAPAN, STOP RED GRAB—LAND REFORM OUTMANEUVERS COMMUNISTS—PROGRAM ALLOWS 2,000,000 TENANTS TO PURCHASE FARMS

(By David Sentner)

Japan is America's security key to the critical Chinese Communist problem.

In the face of a Communist China, the United States must control Japan or have its neutrality guaranteed to keep it out of the hands of the Soviet Union.

Japan must now be occupied indefinitely by American forces.

This historic concept for a new Pacific strategy—the forging of Japan as America's front line against the threatened expansion of the Chinese Red flood—was outlined to me by General MacArthur.

UNITED STATES WILL NOT REARM JAPAN

I have asked the military hero of the Pacific how Jane and John Public could be made to understand that events in far away China might mean so much to them and their country.

The general made it clear he was speaking unofficially, an over-the-lunch-table conversation.

He had believed several years ago that Russia would consent to the signing of a peace treaty with Japan and that by this time American troops could have been withdrawn.

"The face of the Japanese occupation has been completely changed by developments in China," General MacArthur added. "The Japan of 1949 is not the Japan of 1948.

"The United States never did intend to rearm Japan as Russia apparently expected. However, we must make certain that Japan does not fall into the lap of the Soviet Union. In the event of a Communist China, this is essential."

JAPAN IS HINGE IN UNITED STATES DEFENSE

"We must remain in Japan until such time as we can trust the Soviet Union to negotiate a treaty providing for the true neutrality of Japan."

The new American Pacific line of defense against a Communist China must be Japan and the littoral or coastal islands off the Chinese coast, General MacArthur said.

As long as the United States controls this frontier any amphibious preparation for an invasion of Japan could be knocked out in the preliminary stages by the Air Force and Navy.

The new American security line based on Japan would run from Formosa through Okinawa and down to the island of Hainan.

While General MacArthur was not specific, he indicated that any attempt of the Chinese Communists to invade Formosa or Hainan—both now under the control of the Chinese national government—would be considered an attack on the American front line of defense.

The recent State Department white paper on China in warning the Chinese Communists against any attempt at expansion was vague on the geographical limitations.

The revelation by General MacArthur that he advocated a neutralized, democratic, unmilitarized Japan as a balance in the Pacific to Soviet-Communist influence, confutes the charge of his leftist critics that he was planning to rearm Japan.

ADVOCATES NEUTRALIZED JAPAN

While blueprinting an American defense front against a Communist, Sovietized China, General MacArthur was not pessimistic about the possibility of a turn of the tide in favor of the Chinese anti-Red forces.

Inasmuch as a friendly and independent China was vital to American security, the question of how to aid any and all anti-Communist forces in China should receive intensive consideration, he said.

If a decision were made to help China, he suggested, it should be on a moderate scale lest we deplete our own resources and also to determine the effect of our contribution before going deeper.

The General emphasized that the Chinese problem was directly linked to the effort in Europe to stem the march of Moscow-directed communism.

"The fight against communism is global," he said, "and China and Asia cover half the globe."

The General dismissed the theory that the United States could not fight a two-front or even a three-front war.

"We did it in World War II," he declared.

We chatted about the warping of American public opinion on the Chinese situation by Communist propaganda—the steady undermining of the Chinese Nationalist Government and the persistent misrepresentation of the Kremlin-directed Chinese Communists as liberal agrarian reformers.

The General remarked that the land reform program in Japan, sponsored by the American occupation authorities, had virtually knocked the props from under the Communist movement there.

The program permits 2,000,000 Japanese tenant farmers to purchase about 80 percent of the land they formerly cultivated as tenants.

JAP FARMERS IGNORE REDS

The Communists, who are making much of the Red successes in China, ask the Japanese farmers if they wouldn't like to own their own land, the General said.

The Japanese farmers reply, "we do," and turn their backs on the Reds.

Thus is Japan, now a critical holding operation, being built into a democratic dike against the Red flood pressing toward the Pacific shores of America.

And General MacArthur, faced with yet another vital task, is sticking on the job to again serve his beloved country.

[From the New York Journal-American of September 2, 1949]

PREMIER YEN URGES MACARTHUR HEAD UNITED STATES MISSION TO CHINA—GENERAL WOULD GET WIDE POWERS—NATIONALISTS PRESS FIGHT ON REDS DESPITE DIRE ARMS SHORTAGE

(By David Sentner)

Free China presents the modern version of beating plowshares into swords in its epic battle against the Red scourge.

Deserted by its old friend America, whose secret Yalta Pact with Russia had so much to do with strengthening the Chinese Communists, the Nationalists are scraping the bottom of the barrel for fighting weapons.

In Lanchow, hemmed in by the Red army, a factory turned out bayonets from auto springs worth their weight in gold in a land of poor communications and sparse motor transport.

In Chungking, they are working over 20,000 rusty captured Japanese rifles of 6.5 millimeter caliber for which there is no fitting ammunition. They are turning them into 7.92 millimeter guns, the standard Chinese bore for rifles.

Junk heaps are being raked for old Japanese and German shell cases which are being recharged.

As Canton slept, through the narrow arcaded streets I saw columns of new young troops, trained in Formosa by Generalissimo Chiang Kai-shek, swinging along toward the front lines.

These recruits in their cocky khaki visors appeared in high spirits and hard and fit.

This stream of fresh troops gave the lie to the Communist-spread propaganda that the Gimo was holding out on reinforcements to build up a personal bodyguard army.

HID GUN SHORTAGE FROM POPULACE

However, one out of each three soldiers going to the front carried no rifle. They must wait until a comrade is killed or wounded before inheriting his weapon.

When reinforcements moved through Canton in sunlight, I saw that trucks loaded with rifles accompanied them, thus hiding from the populace the dire shortage.

For this chance at a rifle, these young Chinese soldiers were getting two silver dollars a month, all that the Nationalist Government can now afford.

The generalissimo is doing his utmost to fill the crying need for small arms. He is turning out about 7,000 rifles a week from his arsenal in Formosa.

It is only a trickle in modern warfare but each new gun is welcomed like a cannon by the hard-pressed, under-equipped Nationalist forces.

"WE WILL FIGHT WITH OUR NAKED FISTS"

If there were any further doubt as to China's will to fight the Communist flood, it was removed when I talked to Marshal Yen Hsi-shan, a Chinese premier.

He rose from a sick bed in his residence at Canton to grant me an interview. He wore a long blue kimono instead of the uniform of one of China's recognized great generals.

In his early sixties, Marshal Yen's kindly eyes, scholarly tortoise shell spectacles, and businessman's gray mustache, screening his past record as one of the earliest lieutenants to Dr. Sun Yat-sen, father of the revolution.

"We are planning a counter offensive," he said quietly. "We are going to fight for Canton—with our naked fists, if necessary."

Marshal Yen, also president of the executive Yuan, equivalent to the Cabinet of the United States, sipped his medicine.

"Perhaps we shall be pushed back," he continued. "But we will fight until our backs are against the last mountain in the northwest provinces.

"Then our children will continue to fight until China is free."

ASKS MAC ARTHUR TO HEAD MISSION TO CHINA

"China will never go Communist. It will take more than Moscow to change the heart of China for freedom. A 5-year-old Chinese child is as stubborn in his desire for individual freedom as Stalin is adamant for the slave state."

Like acting President Li, the Chinese prime minister urged that General MacArthur be given the task of supervising a military and economic mission to China.

"The Chinese Government would give the widest authority and the closest cooperation to such a mission," he asserted. "I am certain that the generalissimo would reiterate my statement."

"The combination of MacArthur, a moderate shipment of arms to the Chinese northwest fighting front, and the opening of economic warfare against the Reds would definitely defeat communism in China," Marshal Yen asserted.

"This would not cost America very much," he added. "It would prove the best investment the United States could make for world peace and American national security."

Like all shades of leadership in free China, Marshal Yen feels that the State Department's white paper was a stab in the back while China was battling for its life.

"Why wasn't it issued before the Communists captured Peiping?" he inquired earnestly. "Then we would not have hoped for American aid and could have followed a different strategy of conserving our military and economic resources."

Whitey Willauer, head of Major General Chennault's Civil Air Transport, postwar successor in China to the Flying Tigers, told me how Marshal Yen swore he would commit suicide and stay to the death in Taiyuan when the capital of his northern province was surrounded by the Red Army early this year. Taiyuan, the Pittsburgh of China, later fell to the Reds.

Yen had set up an airdrop of food to his besieged people. This Chinese model of the Berlin airlift was operated by the three air transport lines working in China.

AIRLIFT PILOTS KIDNAP PRIME MINISTER YEN

The airlift ran from Tsingtao to Taiyuan, an air run of 400 miles each way, under the worst possible flying conditions. The turnaround was so fast that pilots ordered their one meal by radio.

Generalissimo Chiang Kai-shek decided that Yen was more useful to his country for his administrative genius than as a dead hero.

He sent Chennault's crew of American ex-Marine and ex-Navy fliers into Taiyuan to bring out the prime minister.

Yen refused to leave, so Chennault's pilots kidnaped him into a C-46 and brought him back to Canton.

Marshal Yen has built up a good regime in his home province of Shansi, developing a progressive road-building, agricultural, and industrial program.

He has written many times on how to beat communism. The underlying idea is to give the people a break, something he has practised.

His honesty is unquestioned and even the Chinese Communists respect him.

He is a firm believer in having American capital develop the rich untapped resources of China's northwest.

[From the New York Journal-American of September 3, 1949]

RIFLES ASKED NOW TO LOCK CHINA'S BACK DOOR TO REDS—GENERAL MA URGES MACARTHUR MISSION

(By David Sentner)

For the cost of a few new post office buildings America could contain the Red tide in China.

Fresh out of ammunition, China's tough Moslem fighting troops clutch their empty rifles in futility as the Red Army moves through the mountainous northwest provinces to open a back door to Russia.

Russia wants northwest China so it can consolidate its supply line to China and save 4,000 miles from the current difficult route from the Soviet Union via Manchuria.

It is part of the Kremlin master plan for the rapid transformation of China into a Red satellite, Asiatic arsenal and manpower reservoir to further the expansion of communism throughout the Pacific.

The projected Russian-Chinese artery would further serve to sever the anti-Soviet crescent running from Turkey across a Moslem belt flanking both the Soviet Union and Siberia as well as the European Soviet satellites.

COULD ROUT COMMUNISTS IF HE HAD MORE ARMS

The Chinese northwest provinces of Tsinghai, Kansu, and Ningsia are the eastern anchor of this great anti-Communist belt extending from a point in Mongolia across central Asia, the Middle East, and north Africa to the Atlantic Ocean.

Gen. Ma Pu-fang, model governor of Tsinchai, where the mountains make the American Rocky's look small, came to Canton to beg a small amount of ammunition from the dwindling stock pile of the Nationalist forces defending the capital.

If America within the next 10 days would fly him 10,000 rifles and 5,000 carbines with ammunition, his troops would cut the Communist invaders into pieces, the bearded Ma Pu-fang told me.

He pleaded with the United States to make a new survey of free China's capacity to roll back the Communists.

He was the third outstanding leader of the Chinese Nationalist Government, all with unassailable records for honesty and reform programs in their provinces, to urge that General MacArthur supervise a mission to China.

WOULD PAY FOR ARMS WITH VITAL EXPORTS

Acting President Li and Chinese Premier Yen had previously made similar requests.

"General MacArthur is a very great soldier and administrator," General Ma said. "I would like to fight for him."

General Ma counted off the probable cost of an immediate plane shipment of small arms on each of his strong fingers.

He would be in good shape, he said, if he could get 1,000 rounds a weapon, which would cost 5 cents a round.

He estimated 10,000 rifles cost a half million dollars and 5,000 carbines $250,000.

The northwest provinces might eventually pay for these weapons with such products as the United States market called for—tin, bristles, and so forth, he added.

General Ma, who has never received American military aid in the past and is accustomed to using second-hand weapons, even suggested that there might be a shipment available from the captured Nazi rifles lying idle in United States arsenals.

"The northwest provinces are the cork in the bottle of China," said General Ma. "China is not in any way defeated. Our northwest armies have taken a heavy toll out of the Red Army.

"Until we get more guns and ammunition we are making a strategic retreat and keeping our forces intact."

He pointed out on a map how his own troops and the forces of General Ma-Hungkwei, his brother Mohammedan, Governor of Ningsia, were in a position to conduct a pincer movement on the Red Army as it moved through Kansu, the middle northwest province.

RED ADVANCE LAID TO FOOD SHORTAGE

"As soon as we get more ammunition, we will have the Red bear by the tail," General Ma said.

Neither the Japanese nor the Communist army has been able to escape defeat in the past from the rugged forces of Gen. Ma Pu-fang with their hard-riding cavalry.

The risky Red invasion of the Chinese north, sufficient from rich fields of wheat and rice, was also attributed to difficulties the Red Army is undergoing in feeding the population of occupied territory.

Floods, the Nationalist coastal blockade, peasant rebellions against produce seized for the Red Army, and a break-down in food distribution to large cities are contributing to the Communist food problem.

The Soviet Union, in addition, has been known to be eying the incalculable undeveloped mineral resources of the Chinese northwest, where deep deposits of uranium have been reported.

As long as the fanatically anti-Communist northwest is held there is a springboard from which to launch a counter offensive against the Reds.

American military authorities in the Far East estimate that an expenditure of only $5,000,000 for the indomitable northwest forces would definitely check the Red Army.

They would supplement Gen. Ma Pu-fang's modest request for a few thousand rifles with mortars, walkie-talkie equipment, and a dozen reconnaissance planes to give eyes to his mountain cavalry.

[From the Washington Post of September 6, 1949]

TODAY AND TOMORROW

(By Walter Lippmann)

WHITE PAPER: ACHESON'S CONCLUSION

The white paper on China deals with a diplomatic disaster—perhaps the greatest that this country has ever suffered. But after working his way through the thousand pages the reader is left to wonder what the State Department has learned from the disaster it foresaw and could not avert.

The record shows that Chiang's defeat was recorded as probable 5 years ago, that it was deemed most probable by General Marshall when he returned from China to become Secretary of State more than 2 years ago, and that it was judged to be certain when he rejected the recommendations made by General Wedemeyer in his report to the President on September 19, 1947. There has been ample time, therefore, to do what Ambassador Jessup and his colleagues have just been appointed to do—ample time to think about how to protect American interests and to salvage American influence as Nationalist China was losing the civil war and when the Communists had, as foreseen, won the civil war.

But the white paper contains no evidence that the mountain, which should have been in labor for 2 years, has brought forth even a mouse. The big fat book does not even ask, much less does it answer, the crucial questions. Why, at the zenith of American power and prestige was the American influence in China paralyzed and why did the American interest founder so quickly, and why is the Nation which we have championed turned against us, and why as we have multiplied our enemies have we also lost our friends?

These are the questions on which private citizens might well reserve judgment until those who are responsible for our foreign policy have spoken. But though the white paper contains evidence for judging them, the Secretary of State does not discuss them. In fact Mr. Acheson takes the view that really there is no point in asking whether American policy was sound. Since the inevitable happened unavoidably in China, what America did or might have done, did not and could not have made any difference in the outcome. We did the best we could. Had we done more, had we done less, had we acted differently or not at all, we should still be where we are today.

"The unfortunate but inescapable fact is that the ominous result of the civil war in China was beyond the control of the Government of the United States. Nothing that this country did or could have done within the reasonable limits of its capabilities could have changed the result; nothing that was left undone by this country has contributed to it." This is tantamount to saying that there was no such thing as a sound or an unsound, a right or a wrong, a wise or an unwise, policy toward the Chinese civil war. All policies were equally futile. For since Chiang's defeat was inevitable, the whole conduct of American policy in China was irrelevant.

But that is to beg the question. We followed a policy in which American interests in China, American prestige in China, large quantities of American arms and of American money, were lost in what the State Department had long since decided was the inevitable defeat of Chiang. Mr. Acheson is entitled to argue that the outcome of the Chinese civil war was inevitable and beyond our control. But the Secretary of State cannot contend that our own actions and commitments in relation to that civil war were also

inevitable and beyond our control. He might just as well argue that having bet on a spavined horse which we knew would fall down, no question need be asked about the wisdom of the bet. We must think only about the horse and that the horse did in fact fall down as predicted, and that it would have fallen down even if we had tripled our bet.

Advocacy of that kind may dispose of Congressman JUDD. But it does not dispose of the main question which is how and why we got into a position where we felt we had to bet our whole position in China on a government which we regarded as hopelessly incompeten to protect our position or to achieve the stabilization of China and a settlement in the Far East.

We can, I think, best come to grips with that question by examining the Wedemeyer report and Secretary Marshall's decision to reject it. For that was the crucial decision. There all the main issues came to a head and Secretary Marshall was face to face with the predicament in which our China policy had ended. He found that though we could not help Chiang to survive, we had nevertheless to remain entangled in his inevitable defeat. By the summer of 1947, therefore, we had lost our diplomatic independence. We were trapped, unable to work with Chiang and unable to work without him.

There is a story here which needs to be pieced together. It is the story of how our championship of China became a fatal entanglement as the choices open to us were narrowed down to a point where we were damned if we did and damned if we didn't.

TRIBAL PROPERTY RIGHTS OF UTE INDIANS

Mr. BUTLER. Mr. President, on July 26, 1949, the distinguished Senator from Utah [Mr. WATKINS] inserted in the RECORD on page 10140 some material in connection with the bill, S. 2329, entitled "To grant the Ute Indians the right to retain certain tribal property rights taken by the act of June 28, 1938, or otherwise, by the United States." Among other things, he inserted a portion of the letter, dated June 18, 1938, from the late Senator Adams, of Colorado, to the Director of the Budget.

On checking into this matter, I have discovered that the full text of the letter from Senator Adams gives additional facts which may throw a somewhat different light on this subject. I, therefore, ask unanimous consent to insert a complete copy of this letter in the body of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON PUBLIC LANDS
AND SURVEYS,
June 18, 1938.

Hon. DANIEL W. BELL,
Acting Director, Bureau of the Budget, Department of the Treasury, Washington, D. C.

MY DEAR MR. BELL: I am interested in H. R. 3162, a bill conferring jurisdiction upon the United States Court of Claims to hear, examine, adjudicate, and render judgment on any and all claims which the Uncompahgre, Uintah, and White River bands of the Ute Indians may have against the United States, and for other purposes, which is now before you for consideration.

The purpose of the bill when introduced was to authorize certain bands of Ute Indians, which formerly held lands in Colorado, to bring suit against the United States for an accounting. I have no particular interest in this part of the bill though I think it is entirely appropriate that this authority should be given. My interest is in the amendment which was introduced in the Senate and concurred in by the House. It will be necessary to give a summary of the facts to show the character of this amendment.

Pursuant to a treaty accepted and ratified by the act of June 15, 1880 (21 Stat. 199), the confederated bands of Utes ceded to the United States a large part of the area which had comprised their reservation in the State of Colorado. This cession was a consequence of what was known as the Meeker massacre which rendered it necessary both for the welfare of the white citizens and the Indians that there be a rearrangement of Indian lands. The Indians were given in exchange other lands. They were also given certain cash payments and annuities. In addition, it was agreed that the net proceeds of the sale of the ceded lands, after payment of governmental expenses and certain payments to the families of men who were massacred by the Utes, should be paid to the Utes.

The treaty with the Indians and the statute of ratification declared the ceded lands to be public lands of the United States. This was further specifically declared by the act of July 28, 1883, in which it was said "That all of that portion of the Ute Indian Reservation in the State of Colorado lately occupied by the Uncompahgre and White River Utes be, and the same is hereby, declared to be public lands of the United States * * *."

The statute recognized the right of the Indians to receive the proceeds from the sale of the lands, but made it entirely clear that lands were public lands in which the Indians had no right or title.

The Wheeler-Howard Act of June 18, 1934, authorized "the Secretary of the Interior, if he shall find it to be in the public interest * * * to restore to tribal ownership the remaining surplus lands of any Indian reservation heretofore opened, or authorized to be opened, to sale * * *."

There are many Indian reservations in the United States which were open to settlement but which continue to be Indian reservations, to which this language of the Wheeler-Howard Act applied.

However, the lands formerly owned by the Ute Indians in Colorado no longer constitute a part of an Indian reservation. They had been ceded and absolutely disposed of by the Utes under the treaty and for adequate consideration.

Failing to distinguish between the legal situation in the case of Colorado Ute Indian lands and those in Indian reservations which were subject to the terms of the Wheeler-Howard Act, the Secretary of the Interior issued two orders purporting to restore to tribal ownership cerain undisposed of portions of the former Indian lands in Colorado. The amount of land sought to be revested in the Indians by these orders was approximately 38,000 acres, 30,000 acres of which adjoin the present reservation of the Southern Utes, and 8,000 acres in Gunnison County, Colo., located far to the north and remote from all Indian settlements.

These restoration orders have caused great alarm and uneasiness in western Colorado. There are over 4,000,000 acres of lands formerly belonging to the Ute reservation which remain undisposed of. The civilization of the entire Fourth Congressional District in Colorado is built around and upon these former Indian lands. It is not the particular order of restoration which is our concern, but the fact that the principle underlying it that if the Secretary of the Interior can restore 38,000 acres of land to tribal ownership, he can restore all of the 4,000,000 acres.

These undisposed-of lands are now included in grazing districts under the Taylor Grazing Act and furnish the necessary basis of the stock-raising interests of western Colorado. The Taylor Grazing Act specifically provides that no Indian reservation land may be included in a grazing district; consequently if these lands are subject to the Wheeler-Howard Act the entire program inaugurated under the Taylor Grazing Act to restore to a sound condition the grazing lands in western Colorado would have to be abandoned.

To meet this situation, after a conference with the attorney for the Ute Indians, Senator THOMAS of Utah, who sponsored the bill in the Senate, the amendment in question was prepared, introduced, and approved.

The amendment seeks to do three things: (1) To set aside and transfer to the Southern Ute Indians 30,000 acres of land adjourning the Southern Ute Indian Reservation included in one of these withdrawal orders. This gives to the Ute Indians lands which they would not receive if the Secretary of the Interior is legally without authority to make these restoration orders, which I think is correct. (2) To set aside and annul the attempted restoration to the Utes of 8,000 acres of land in Gunnison. This land being remote from any Indian settlement and in the midst of country settled and cultivated by white citizens, it would be most unfortunate to have it under the occupation of the Ute Indians or their lessees. (3) It definitely disposes of the controversy by declaring the lands contained within the former Ute Indian Reservation which have not been disposed of, to be the absolute property of the United States.

Before drawing the amendment, I consulted with Mr. William Zimmerman, Jr., Assistant Commissioner of Indian Affairs. Mr. Zimmerman stated that he thought a somewhat different legal situation existed as to a strip of land at the extreme southern portion of these lands than prevailed as to the greater portion thereof. Accordingly, the amendment declaring title of the United States to be absolute was limited to lands north of and including range 35 so that all of the Southern Ute Indian Reservation which lies south of range 35 was left subject to the provisions of the Wheeler-Howard Act.

It may be of interest to know that there has been heretofore paid or credited to these bands of Ute Indians from the sale of lands within the former reservation over $6,000,000. They have been paid the value of all lands included within forest reserves and within oil reserves as well as the payments received from sales of lands. If the Indians have a claim by reason of setting aside the grazing districts or other use of these lands, such claims would under this act be adjudicated by the Court of Claims under most liberal provisions.

It would be most unfortunate if this act should not be approved.

Congressman TAYLOR, in whose district these lands lie, is very deeply interested in the matter and would unquestionably, if he were here, earnestly urge the approval of this act.

Sincerely yours,

ALVA B. ADAMS.

POLICY ON USE OF MILITARY AIRCRAFT

Mr. THOMAS of Oklahoma. Mr. President, on yesterday, Secretary of Defense Louis Johnson signed a directive or Department of Defense policy on the use of military aircraft. The heading of the directive or statement is "Policy on use of military aircraft." I ask unanimous consent that a copy of the directive be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the directive was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF DEFENSE,
OFFICE OF PUBLIC INFORMATION,
Washington, D. C., September 6, 1949.

Secretary of Defense Louis Johnson signed a directive on Department of Defense policy on use of military aircraft:

"POLICY ON USE OF MILITARY AIRCRAFT

"For trips that are in the national interest and necessary to the conduct of Government business, military aircraft may be used by authorized officials of the Federal Government. This applies to officials of the Department of Defense to the same extent, and in the same manner, that it applies to officials of other Government agencies.

"The more detailed statement of policy on this subject, which was promulgated on December 31, 1948, remains in effect. Among other things, this policy provides as follows: 'Requests for travel, without reimbursement, by Members of Congress or high Government officials, whose travel is primarily of official concern to the National Military Establishment (now the Department of Defense) should be screened and approved by the chairman of the congressional committee (or Military Subcommittee, in the case of the Appropriations Committees) upon which the Member of Congress is serving, or in the case of officials of other Government agencies, the head of the governmental department to which the official is attached, and the request then forwarded, preferably in writing, by such committee chairman or department head * * *.'

"The requests referred to in the passage set out above will be acted on as speedily as possible, and on a just and equitable basis. The statement of a committee chairman or department head that a trip is in the national interest and necessary to the conduct of Government business will normally be a sufficient basis for approval of the requested trip.

"Where a trip is in the national interest and necessary to the conduct of Government business but is not primarily of official concern to the Department of Defense, normal governmental appropriation and expenditure procedures apply, and in such cases the Department of Defense is reimbursed by the department or agency primarily concerned with the trip."

Mr. WHERRY. Mr. President, I ask unanimous consent that I may ask a question of the distinguished Senator from Oklahoma.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. WHERRY. I should like to ask if reply was made to the letter which was directed to the Secretary of Defense, in which letter the Senator from Oklahoma asked certain questions relative to the use of airplanes under the jurisdiction of the Department of Defense.

Mr. THOMAS of Oklahoma. I take it that this directive is an answer.

Mr. WHERRY. Does it give the information the distinguished Senator requested?

Mr. THOMAS of Oklahoma. No.

Mr. WHERRY. I myself was very much interested in that letter.

Mr. THOMAS of Oklahoma. A number of persons were.

Mr. WHERRY. Does the Senator intend to pursue his inquiry?

Mr. THOMAS of Oklahoma. Mr. President, I took advantage of an occasion to make to the Secretary of Defense a suggestion which I could not make otherwise. It has been my belief for a long time that our military aircraft have been and are being used for purposes not in the public interest. But I did not wish, out of a clear sky, to make a suggestion to the Secretary and tell him what I thought his duties might be. However, when I got an opportunity—and he gave me one—I caused a situation to arise whereby I got a directive. The directive has now been offered for printing in the RECORD. It is fair. It means that any Member of Congress—any Representative or Senator—who has any business in the public interest can make application for aircraft transportation; and if he indicates the nature of his mission and if it appears to be in the interest of the public, no questions will be asked, and the plane will be made available.

But I am of the opinion that the directive will prevent the making of a number of requests, and that in that respect a considerable saving will be made to the Treasury.

Mr. WHERRY. Does the Senator from Oklahoma feel that definite answers will be made to the questions which were asked in the letter written by the distinguished Senator? I ask that question because I was very much interested in the letter, and I was interested in the information which I thought would be obtained. Or does the Senator now consider it to be a closed incident?

Mr. THOMAS of Oklahoma. So far as I myself am concerned, I consider it a closed incident.

THE MILITARY-PAY BILL—LETTER FROM GEN. OMAR N. BRADLEY

Mr. LUCAS. Mr. President, I have before me a letter addressed to me from Gen. Omar N. Bradley, dealing with the military-pay bill. I ask unanimous consent that the letter may be printed at this point in the body of the RECORD, because of its importance.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE JOINT CHIEFS OF STAFF,
Washington, D. C., August 29, 1949.

Hon. SCOTT W. LUCAS,
United States Senate.

DEAR SENATOR LUCAS: For several months the men and women in the armed forces have been watching with great interest the progress of the Career Compensation Act in the Congress of the United States. Actually, they have been waiting for 4 years for some further equitable adjustment in the pay scale. We have urged them to wait patiently for enactment of the bill that all of us have studied, and your own committees have endorsed.

Everywhere the Joint Chiefs of Staff went during our recent trip to Europe, we were asked the same question: "Will Congress pass the pay bill at this session?"

In the minds of the members of the armed forces and their families, it has become more than just a deserving pay raise and a revision of an antiquated structure. It is apparent, from what they have to say, that they believe it has become a mark of uncertainty as to the regard which the Congress and the people hold for those in the service.

I arrive at one inescapable conclusion: either we place the armed services in a better position to attract and retain competent individuals by enacting the military-pay bill, or we accept a progressive downgrading of the caliber of personnel of the armed services. I am sure you will agree with me that the international position of the United States makes the acceptance of the latter hazardous in the extreme.

I am sure, when I ask you to give this particular legislation every opportunity at your command in the Senate, I speak for every member of the armed forces, and for their families.

Sincerely,

OMAR N. BRADLEY.

THE POLISH SITUATION

Mr. O'CONOR. Mr. President, there has been so much discussion and consideration of the necessity of a stabilized world economy as a basis for a lasting peace that the world seems to have forgotten the human values involved in any just settlement of world affairs.

Reestablishment of economic self-sufficiency in the war-ravished countries of Europe undoubtedly is an essential to any lasting world order. When, in the period of seeking and working for such rehabilitation, the world permits, and by its lack of condemnation tacitly approves of, a continuing condition of enslavement for whole populations, entire nationalistic groups, it seems to me that we are laying an insecure foundation, indeed, for any peace or national agreements that may finally be developed.

The American people have been reminded during the past week that it was 10 years ago that Nazi Germany unleashed its armed might and its world ambitions upon its neighboring state of Poland. But 10 years is a long time, and memories are short. Few, indeed, I venture to say, among the millions of readers of the various articles in the press and elsewhere, have stopped to consider the vast sufferings and injustices that have been heaped and still are weighing heavily upon the distressed people of that unfortunate country.

Still less has there been any concerted demand that the democratic nations of the world rise in righteous wrath and demand freedom for Poland or even the lightening of the burden of oppression which now rests so heavily upon the brave people of Poland who fought so valiantly, all alone, to stem the tide of Nazi brutality and oppression.

In those 10 years the people of Poland—those who survived—have had various dictators, first the Russians, then the Nazis, and finally the Moscow-dominated Communist leaders who still rule Poland with an iron and brutal hand.

Those of us who, on happy occasions before the war, have joined with the Polish groups in our midst to rejoice with them in the prospering condition of their beloved homeland, are sad indeed at their condition now, particularly when we recall the contribution made by the valiant Polish people in the early days of World War II. How sadly has the world failed them, since their fair land was first overrun and despoiled by the Nazi hordes in September of 1939.

Is it not time that the world reawakens to its responsibilities with regard to these hapless people? Is it not about time that the whole free world demand, through our accredited representatives in the United Nations, that the bonds of slavery

be lifted from the people of Poland, and that once again they be allowed the freedom of action and of thought and of the practice of religion which so rightfully should be theirs?

An editorial in the Baltimore News-Post of September 6, 1949, recounts in graphic fashion the fate of the Polish people during this tragic 10 years. It is a record that cannot be impressed too deeply upon the Members of the Congress or upon the people of these United States. I ask unanimous consent that it be printed herewith as a supplement to my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Baltimore News-Post of September 6, 1949]

REMEMBER POLAND

The second great world war began with the coordinated assault on Poland by the armies of Nazi Germany and Soviet Russia.

The most wanton phase of the whole war was the laying waste of the entire Polish nation by the combined German and Russian Armies and their deliberate slaughter of a large part of the Polish people and enslavement of the remainder.

After the devastation and destruction of Poland was complete, the Germans and Russians met on a border roughly in the center of the country, previously agreed upon by Hitler and Stalin, and they fraternized there as allies and friends.

Thereafter, for the duration of the Hitler-Stalin alliance, the two occupying powers exchanged goods across the Polish border and fattened themselves upon the Polish nation, much as well-gorged birds of prey when the carrion is plentiful.

But eventually, as is the habit and nature of preying creatures, they fell to quarreling over the dwindling spoils, and first Hitler ran the Russians out of the despoiled land and then Stalin ran the Germans out—and to this day the Polish people are the slaves of their despoilers.

In the beginning it did not make any difference to the Poles whether they were in the German zone of occupation or the Russian zone, for they were mere beasts of the field to both.

In the later phases of the war it did not make any difference to the Poles whether the Germans held the whole country or the Russians, for in either case the lucky Poles were those who died quickly and the unlucky ones were those who lived on in torment and despair.

Finally, it has never made any difference to the Poles that the war is over, for though peace and liberation and the opportunities for rehabilitation came to most of the rest of the world, even to the defeated enemy nations, the occupying Russians still remained in Poland and the people of Poland still were slaves—and still are to this day of accusing memories.

Today there is not an inch of Polish soil that is free, and in the whole of the anguished land there is not a man or woman or child of Polish blood with the right to be free, although freedom is their heritage.

And we have just observed the tenth anniversary of the Great War, which began in Poland, and has ever since been waged so wantonly, first by the Germans and the Russians in their evil partnership, and later and even now by the Russians alone.

The free world was once proud of Poland for standing against the invaders until its cities were rubble and its people were helpless in their chains, and it was grateful to Poland for the precious time given at this terrible price for defense preparations.

It was not until nearly a year after the fall of Poland that Nazi Germany was sufficiently recovered to resume its aggressive war, and although France then fell in its turn the island fortress of England held, and Hitler was doomed.

But after Hitler was dead and Germany itself was rubble, Poland stayed on in its chains under the surviving partner of the criminal alliance which began the war and made it wanton.

Why has the free world so long forgotten and abandoned Poland?

No other nation made so total a contribution of its resources and of the lives of its people to the world peace ultimately achieved.

The tenth anniversary of the start of the war, and particularly the years of peace following the war, could mean so much more to the free world if the crimes against Poland were at an end; and all such anniversaries will be mockeries until Poland is free again.

RETIREMENT OF AMBASSADOR BRUCE

Mr. O'CONOR. Mr. President, when an official representative who has brought to a difficult position a real desire for service, and proven capabilities and qualifications for the post, retires, it is fitting indeed that due recognition be taken of his efforts and of his accomplishments.

Mr. James Bruce, who, 2 years ago, entered upon the duties of United States Ambassador to Argentina, did so with full realization of the difficulties likely to be encountered in that post. Today's New York Times, in an editorial, "An Ambassador Retires," portrays accurately the situation which then existed and the skill and devotion with which Mr. Bruce sought the objective of improved relations between the two countries.

Those of us who have had opportunity to know intimately Mr. Bruce and the other members of that well-known family who have been so outstanding in Maryland affairs these many years will join wholeheartedly in congratulating Mr. Bruce upon the results of his efforts in Argentina, and wish him unbounded success in the years to come.

I ask unanimous consent that the editorial from the New York Times be printed in the body of the RECORD as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times of September 7, 1949]

AN AMBASSADOR RETIRES

James Bruce served 2 years as United States Ambassador to Argentina, and, taken on the whole, relations between the countries are the better for it. Bringing what he himself described as the "approach of a businessman to a very important economic problem," Mr. Bruce sought first and foremost the freeing of the Argentine economy from controls and restrictions which he felt hampered the nation's progress as much as it exasperated all foreign and most domestic traders. While opposing on principle some of the major agencies of the Perón regime—notably IAPI, the Argentine Institute for Trade Promotion—he retained the unmistakable friendship of the President. This was a notable achievement in a country where, as Mr. Bruce fully realized, criticism is often taken as stiffly as opposition itself.

It was Mr. Bruce's opinion that, once the Argentine economy was liberalized, the internal circumstances in general would tend to improve. As a natural sequel, he felt, pressure against independent newspapers, Government control of all radio broadcasting, and similar phenomena would tend to abate. Whether this is correct is problematical; certainly the situation of the two great dailies—La Prensa and La Nación—has not yet become easier with the waning of the authority of IAPI. But much remains to be seen. In the meantime, a great many people, both Argentines and Americans, are grateful to Mr. Bruce for both his accomplishments and his efforts.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. GEORGE. Mr. President, before discussing the unfinished business, I ask unanimous consent that Mr. Winthrop G. Brown, from the State Department, may sit here in the Chamber during this debate, or in his absence, another representative from the State Department.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GEORGE. Mr. President, the unfinished business, House bill 1211, the bill to extend the Trade Agreements Act, is finally before the Senate. From every reasonable point of view, it should be passed quickly, after due consideration, and without amendment. In fact, the delay which already has occurred has raised serious doubts in our own country and abroad as to the continuation of a basic aspect of our foreign policy.

This morning, the very crucial discussions regarding Britain's rapidly dwindling financial reserves commenced between our representatives and the representatives of the Canadian and British Governments. The British crisis has been caused by many factors; but it is clear to me that if we had not had a workable trade-agreements act in the past, the crisis would have come sooner and in an even more critical form than it appears today. It is only by lowering the barriers to world trade that we can hope to create the kind of world in which these recurring crises can be minimized and, it is hoped, eventually eliminated. House bill 1211 is very pertinent indeed to the talks which commenced this morning in the city of Washington.

This bill does not provide for any radical innovations in our approach to or handling of tariff matters. Fifteen years ago the Congress passed the Trade Agreements Act of 1934 in essentially the same form as it comes before the Senate today. In June of 1937, the authority was extended for another term of 3 years, and again in 1940. In 1943 the authority was extended for 2 years, and in 1945, for 3 years, with a broadened power to reduce rates. Commencing as a new and untried method of modifying tariff rates, the act and the resulting program carried out under the act have gradually won the understanding and support of the great majority of thoughtful Americans in all walks of life.

Today the administration of the trade agreements program is recognized as an outstanding example of efficient cooperation between the various agencies and departments of the Federal Government

and the public. The procedures which have been developed over 15 years make use of a wealth of information and facts gathered by not one, but eight separate agencies or departments of the Federal Government. The procedures provide for public hearings, at which any interested member of the public may submit additional facts, and for the dissemination of these facts to the responsible officials who make the final recommendations to the President. Careful study and painstaking analysis over a period of months by experts, who have spent years in this work, precede final decision. Actual determination of tariff rates has been completely divorced from politics in the old sense for the first time in American history.

Modifications of the tariff have been made only on a selective basis after careful scrutiny of all the available facts. An escape clause has been incorporated in all recent trade agreements and will be incorporated in all future agreements. This clause provides a positive assurance that American industries will be protected against serious injury from increased imports resulting from concessions and from unforeseen events. The administrative procedure established for the operations of the escape clause provides that investigation of any complaint under the clause shall be made by the Tariff Commission, reporting directly to the President.

The Wall Street Journal, never regarded as an apologist for the present administration, in an editorial on June 22 said:

> We think it is safe to assume that the escape clause can be made effective to prevent serious injury if our Government uses it, and is known to be ready to use it, promptly and with vigor.

If any criticism can be directed at the Government in respect to the use made of the escape clause, it may be said the Government has not at all times indicated its purpose vigorously and promptly to use the escape clause.

The results achieved under the program speak for themselves. Trade agreements have been concluded with 42 foreign countries which, with the United States, in 1947, accounted for over four-fifths of total world trade or commerce. The most recent achievement is the General Agreement on Tariffs and Trade concluded at Geneva in 1947 among 23 of the principal trading nations of the world. The general agreement is considered to be the most comprehensive and successful effort to reduce world tariff barriers that has ever been made. It represents the culmination of years of planning, training and experience under the trade agreements program, and is an outstanding example of the results of American leadership in the postwar world.

A week ago last Saturday, in Annecy, France, American negotiators with experts representing 33 other countries concluded the technical phase of a 5-month effort to expand the general agreement and bring under its provisions 11 additional countries. Passage of House bill 1211 is a vital necessity to the completion of their work. Without the authority of the act, the President cannot proclaim the results of the negotiations to be in effect as they concern the United States tariff rates. Every day that passes without passage of this bill adds credence to the fears of foreign countries that we preach world cooperation, but do not intend to make it real in terms of concrete performance.

The total stake of the United States in foreign trade is immense, aggregating over $20,000,000,000 per annum. Last year our exports totaled $12,600,000,000. During the current year our exports are running at a rate slightly in excess of the 1948 rate. So far this year our exports are running at the annual rate of $13,000,000,000. These exports are of vital importance to every section of the country.

Last year $1,300,000,000 worth of wheat was exported from our wheat-growing States. One hundred and fifty million dollars worth of milk and cream, $70,000,000 worth of lard, $61,000,000 worth of dried and evaporated fruit, a half billion dollars' worth of cotton, $78,000,000 worth of peanuts and $200,000,000 worth of leaf tobacco were sold to foreign countries. We shipped almost $300,000,000 worth of cotton cloth and over $300,000,000 worth of iron and steel products to foreign customers. A $13,000,000,000 market for American farms and American factories at a time when surpluses are appearing in many areas of the economy is a matter of vital concern to everyone. If we were entering a boom period in the United States, with a large, effective demand unsatisfied, exports would not assume the significance they do at the present time.

Concessions from foreign countries have been won, under the trade-agreement program, for almost every major American product which requires export markets. Duty reductions, enlargement of tariff quotas, and guaranties not to raise rates, have been obtained for thousands of items. Under the general agreement, a commitment has been secured from 22 countries not to raise their preferences against American goods and to gradually lower the margin of preference as they reduce their duties. These are important advantages for American industry in the years ahead, and should never be underestimated.

So much for the export side of the situation. In order to sell anything like this vast amount abroad, our foreign customers must have access to dollars. They can get these dollars by earning them or by our giving them. We prefer to have these customers earn their dollars. But at the present time we are importing only at the annual rate of $6,500,000,000, about half as much as we export.

The recent decision of the British Government that they are required further to curtail purchases from the United States is a very important indication of what will happen to our exports if we continue to import half as much as we export. In order to sell we must buy.

In order to discontinue gifts to Europe we must give Europe the opportunity to earn. Surely the world's greatest producing Nation, and, at the same time, the world's greatest creditor, has no fear, or should have no fear, of wholesome competition in the present-day world. In all Europe no country has ever mastered the art of mass production, save Germany alone. Germany and Japan most nearly approached the mastery of the art of mass production. Without mass production Europe cannot be a dangerous competitor to us at the present time.

Even the current rate of imports is said by some persons to threaten the very existence of American industry and American agriculture. It cannot be assumed that the ideal solution would be to reduce our imports still further, to, say, about half their present level, continue exports at the current rate, and make up the difference by granting larger dollar appropriations to the European recovery effort.

The fact that after 15 years of the trade-agreements program imports are still running at about 50 percent of exports seems to indicate, at least, that the powers delegated to the Executive in the original Trade Agreements Act of 1934, have been used with moderation, not always, of course, to please individual producers in the United States. But on the whole, I repeat, these facts certainly demonstrate that the powers given to the President in the 1934 act and continued under the several renewals to which I have referred have been used with very great moderation.

At no time during the life of the trade-agreement program has this country been swamped by imports, and I can see no indication on the basis of what has happened in the past 15 years that in the foreseeable future under this program, using the tried and tested procedures provided for in House bill 1211, imports will seriously injure or threaten serious injury to domestic producers.

Despite this record, last year the Eightieth Congress paid heed to the oft-repeated but groundless expression of fears by the opponents of the trade-agreements program. A significant procedural change was incorporated in the Trade Agreements Extension Act of 1948 and the authority was renewed only for 1 year. This procedural change requires the Tariff Commission to make a so-called peril-point report to the President. It is expected that an amendment will be offered for the retention of this important procedural change, first made last year. Therefore, before the amendment is offered, I should like to say that I believe the peril-point report is totally unnecessary, that the computation it calls for cannot be done with scientific accuracy, and that the requirement that it be done is heavily slanted toward the protectionist, and only the protectionist, aspect of the trade-agreement program. It will be a very significant fact if all the traditional opponents of the program agree to support this amendment. They consider it a step in the right direction. What direction? Certainly not forward. Certainly it is a backward step, if the world is to trade and if it is again to effectuate a complete recovery.

During the first 6 months of this year, in many areas of our economy, the sellers' market which had existed so long turned into a buyers' market—a long-

expected adjustment. Some prices declined as a result and there was some unemployment. These developments affected certain regions of the country more seriously than others. However, the fundamental factors in our economy were sound and there are now unmistakable indications, multiplying every day, that the downward spiral has been arrested and that in most of the industries which were affected, the trend is upward again. Men are being called back to the factories, new orders are coming in, prices have firmed and in many instances actually increased. The over-all picture is again a favorable one.

There has been much talk and many claims that imports were the primary cause for the price declines and other difficulties which faced some industries a couple of months ago. I wish emphatically to refute these claims. To my knowledge—and I have been close to tariff matters for a great many years—there is little evidence in some cases and absolutely no evidence whatsoever in most cases that imports were in any way responsible for the recent problems faced by various industries throughout the country.

Representatives of the textile industry, to take just one example with which I am more familiar than I am with most other industries, exhibited considerable concern about imports. Their production declined moderately from the peak reached a year or so ago and, of course, imports were cited as a cause. On the 14th of June the Journal of Commerce carried an article which stated that United States textile imports in April dropped to a new postwar dollar low and showed a decline in nearly all items from $74 000,000 a year ago to $48,000,000 this year.

The trend of imports as revealed by the April figure could hardly be considered a threat to the textile industry.

I cite textiles, but this example applies to almost every industry in the United States which has expressed concern about imports.

Now let us look at the figures for our total imports. They are running at the annual rate, as of July 1949, of $6,500,000,000, compared with more than $7,000,000,000 last year. The imports are less, they are less in the case of cotton textiles, and they are less taken in aggregate. So imports are not at the base of our present trouble. If current imports can do damage to employment here, so can shrinking exports.

The present outcries for restriction of imports, and the arguments advanced to support them, are just the same as those used to support the Smoot-Hawley tariff bill in 1929 and 1930. That bill was advocated as a means of restricting imports and increasing domestic employment. The fact, of course, was that the Smoot-Hawley Tariff Act itself at least contributed to the sending of the world economy into a major tailspin.

I am vividly reminded of the prediction of Senator Watson, majority leader in the Senate, June 13, 1930, when he requested passage of the Smoot-Hawley bill. He said:

> I here and now predict, and I ask my fellow Senators to recall this prediction in the days to come, that if this bill is passed this Nation will be on the upgrade financially, economically, and commercially within 30 days, and that within a year from this time we shall have regained the peak of prosperity and the position we lost last October.

The quotation I have read was from Senator Watson, of Indiana, a gentleman of whom I think in a kindly way always.

Mr. ROBERTSON. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield to the Senator from Virginia.

Mr. ROBERTSON. Instead of being on the upgrade in 30 days, is it not a fact that within 30 days about 30 nations had started retaliation against us that put us and the whole world definitely on the downgrade?

Mr. GEORGE. The enactment of the Smoot-Hawley tariff did unquestionably provoke retaliation, and retaliatory steps were taken in all quarters of the globe. To say the least of the Smoot-Hawley Tariff Act, it was like a fire bell in the night, that contributed very largely to the subsequent depression through which we passed.

Imports are a convenient and popular scapegoat on which to hang the blame for the results of bad business judgment, of overexpansion of certain productive facilities, and of competition both within a domestic industry and between similar products of two domestic industries. Imports have even been blamed for drops in sales actually caused by consumer resistance to high prices. One of the primary causes has been the lack of effective purchasing power, and natural consumers' resistance to prices that were high, are high, and even now are threatening to take an upturn in the case of some commodities and articles.

As soon as some section of an industry gets into one difficulty or another, they have gotten into the habit, in recent years, of coming to Washington for relief, and many of them blame their trouble on tariff modifications made under the Trade Agreements Act, and competition from imports. The facts in almost every case simply do not warrant such an interpretation.

There are exceptional cases. There are a few industries which can be pointed out now which suffer from certain types of competition. The watch industry is a notable example. Yet from a careful study of it, it appears that the primary trouble with the American watchmaker is that he is not a merchant, and he is not merchandising his product as he might merchandise it. Within a month a GI advised me that the American manufacturers of watches would not permit him to open a shop in the town where he desired to do business because they had an established dealer in that town. They were following the old method, which, if it is not monopolistic, is very closely akin to monopolistic practice.

Mr. President, if H. R. 1211, as passed by the House with a vote of 319 to 69 and as favorably reported from the Finance Committee after very extensive hearings, is drastically amended, so that its main purpose is defeated, then I believe it will be a reactionary move which will only further aggravate the very serious international economic and political problems which confront us in the months ahead.

The solution of these problems is intimately connected with this bill. The trade agreements program cannot be considered in isolation from the European recovery program and the Atlantic Pact. All three are intrinsic and cohesive parts of our over-all foreign policy. All three are designed to create the basis of that economic and political stability without which there can be neither peace nor progress toward peace. Let no one believe for a moment that the purpose of the Atlantic Pact can be attained without a solid basis of economic health. Reduction of trade barriers and the expansion of world trade are basic prerequisites to the solution of the economic problems facing the "free world." Hungry, unemployed, and poverty-stricken peoples can never become dependable allies in the crises that may lie ahead.

We are being carefully watched today from all the capitals of the world. The bill before us is not just a domestic measure, but a very important international step toward a reasonable solution to the dollar shortage problem, the sterling problem, and the continuation of our own prosperity. I hope we shall have the wisdom to meet this issue squarely, and without partisan prejudice.

Mr. President, I wish to revert for a moment to the importance of export markets today. This country is so blessed with abundance of physical and financial resources, and with such a gigantic productive machine, that little thinking goes into our foreign trade problems. We are reminded that our exports are insignificant and amount to only about 9 percent of our total production.

As I said in the opening of my remarks, if we were entering a boom period, with a large effective domestic demand unsatisfied, exports would not be overly impressive. In fact, we have completed a long period of prosperity, and although the downward trend may be temporarily checked, it is almost certain to recur. We cannot afford to lose a single customer if we can keep him by legitimate means, and without substantial injury to our own producers.

Our export trade is of more real concern today to our general welfare than it has been at any other time in American history. At no period in American history has export trade played the part which it must now play if we are to rehabilitate the world.

Let me say at this point that if we do not make every effort to do it, we might as well abandon the Marshall plan and stop wasting our money. We might as well decline to set up military armaments in western Europe.

Mr. President, I am not one who rises to cry that the British are coming. They are here, we are told. If Britain goes down, we will go down, too, in a matter of months. Senators may not believe that. Senators may be disposed to discount it. But if sterling takes a real decline in all the sterling areas, a decline to something like its actual intrinsic value, perhaps it will not be Britain alone that will decline. It will be other countries as well.

At this hour trade and commerce is divided between three blocs, not one, not two blocs. It is divided between the sterling bloc, and the dollar bloc represented largely by ourselves and Canada, and the third bloc, which is the Russian bloc, composed of Russia and her satellite countries.

Never before was there such a challenge given to American statesmanship and to statesmanship all over the earth, to find the way to relatively undisturbed trade and commerce as at this hour. In fact, I dare say that what the world mainly needs is a long era of unbroken peace and undisturbed economies. If that cannot be had we simply are facing problems, notwithstanding the Marshall plan, notwithstanding the armament of western Europe, and notwithstanding the aid we can give to other places in the world.

We think of the power given the President as a most revolutionary power, whereas in truth and in fact it is not. In the Tariff Act of 1930, as in the previous act, the Dingley-McCumber Act, we gave to the Tariff Commission the power to recommend the reduction or the increase of rates by 50 percent. Those recommendations were to be sent to the Congress and to the President. The President was not obliged to put them into effect. But the power was lodged in the Tariff Commission to make the reduction or to recommend a raise, but not exceeding 50 percent in either case, and the President was empowered to act upon every recommendation if he saw fit to do so.

Now, one word more with reference to the so-called peril-point amendment. The peril-point amendment puts us more or less at a disadvantage in trying to negotiate trade agreements with foreign countries, because a limit is fixed beyond which the President is not to go unless he elects to do so, and brings before the Congress not only that particular rate but all the rates dealt with in the trade agreement—whether a specific agreement or a general agreement.

Mr. MILLIKIN. Mr. President, will the Senator yield for a very brief observation?

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Does the Senator from Georgia yield to the Senator from Colorado?

Mr. GEORGE. I yield.

Mr. MILLIKIN. The amendment which we are proposing amends the procedures of the Extension Act of 1948 in such a way that report to Congress will be made only where peril points have been exceeded. We have thought that the point was well taken that we should not publish the peril points which were not exceeded, because that might be very embarrassing to foreign nations which we out-traded, if we did.

Mr. GEORGE. I thank the Senator for giving me that information. I was speaking of the peril-point amendment as it appeared in the 1948 act, and I am glad to know it is amended in that respect.

Mr. MILLIKIN. If I may say further, I quite agree that was a criticizable feature of the Extension Act of 1948, and we have attempted to remedy that.

Mr. GEORGE. Yes. I think I agree with the Senator from Colorado that that was one of the weakest of the provisions in that amendment.

Mr. President, coming back to the importance of our export, our foreign market, a small percentage of our national production goes to the foreign market. It seems small, especially on a per capita basis. We cannot overlook that we have nearly 150,000,000 individuals in the United States. One out of every four farmers in this country is directly affected by the fortune of the cotton crop. In good years the foreign market takes more than 50 percent, roughly about 54 to 55 percent, of the cotton crop, either in finished or in raw form. In the South, particularly, farm production has been securely tied to cotton, tobacco, and a few other agricultural and timber products. Forty-one percent of our tobacco goes to foreign markets. More than 50 percent of our naval stores product goes into foreign trade and commerce. Forty percent of our cottonseed-oil cake also goes to foreign markets.

In the period 1929 to 1934, when exports were falling, the decrease in cotton and tobacco exports alone accounted for two-thirds of the decline in the production of these commodities, which represent a large part of the cash income of the farmers and those directly dependent upon the farmers in nine States in the Southeast and South.

Thirty percent of the raisins and about 45 percent of the prunes grown in the West go into foreign markets.

One out of five farmers depends on wheat for income. Nearly one-half of our wheat goes abroad in good years, either in the form of wheat or wheat products—generally speaking, in the form of products.

Steel: Foreign markets take some 10 percent of our steel production, excluding machines and other products made of steel and sold abroad. With this industry operating near the break-even point these exports become doubly important, for if the steel industry reaches the point that it is not making and cannot make profits, all industry in this country is affected.

The effect of declining exports on our always vulnerable railroad industry and transportation industry is too obvious even to mention, involving not only the farm crops which move to the seaboard for export but coal and the manufactured products which must find an outlet.

We have today more engineers in the United States than can be counted elsewhere in all the world. There lies the secret of our progress, and there lies the promise and token of our future progress and success. Our productive capacity was said at the end of World War I roughly to equal one-third of the productive capacity of the earth. If that figure be correct, it is certain that our productive capacity has increased more than 50 percent during and since the end of World War II. It has been estimated that every billion-dollar drop in our export trade can and may, if continued, cause a drop of $7,000,000,000 in our national income.

Let me remind Senators that this income is not taken from the producers of those particular export crops or manufactured or fabricated products. It comes out of the pockets of every worker, every farmer, every producer, and every American investor, because it reaches the whole income.

I wish to offer for the RECORD a few figures with reference to our exports and imports, in terms of percentage of our total production. In the case of many industries this comparison, using the ratio of imports to total production, has been criticized. It has been subject to some criticism. Nevertheless, it is most illuminating. There are certain industries with respect to which the percentage comparison to which I have referred might not be valid. I wish to call attention to certain important facts. These facts have been furnished by the Department of Commerce, Office of International Trade, Special Programs Branch, at my request. The comparison is shown for the years 1938, 1939, 1940, and 1941, as against 1947 and 1948.

In 1938 recorded merchandise imports, that is, general imports, including merchandise entering directly into consumption channels and merchandise entered into bonded customs warehouses for storage, amounted to $1,960,000,000, against a production of movable goods of $35,819,000,000, or a ratio of imports to production, in terms of percentage, of 5.5 percent.

In 1939 the recorded merchandise imports were $2,318,000,000 against a production of movable goods in the United States of $41,376,000,000, or a ratio of imports to production, expressed in percentage, of 5.6 percent.

In 1940, recorded merchandise imports were $2,625,000,000, against a production of movable goods of $46,600,000,000, or a ratio of 5.6 percent.

In 1941 our imports were $3,345,000,000, against a production of movable goods of $65,050,000,000, or a ratio of 5.1 percent.

In 1944 there was some decline in business operations which frightened many of our American producers. In 1947 our recorded merchandise imports were $5,756,000,000, against a production of movable goods of $132,591,000,000, or a percentage ratio of 4.3 percent, down from 1938, down from 1939, down from 1940, down from 1941.

In 1948 our recorded merchandise imports, according to the figures furnished me, amounted to $7,124,000,000, against production of movable goods of $145,792,000,000. It will be noted that the comparison is between recorded merchandise imports and the production of movable goods only, not the heavy durable goods, which do not go abroad, or construction items which are built for the land, or for buildings in America. The ratio of imports to production, percentagewise, was 4.9, down from the years 1938 through 1941, and not even reaching 5 percent, as compared with the production of movable goods in the United States.

The Department of Commerce advises that the figures for the production of

movable goods include value of raw materials, value added by manufacture, freight costs, and so forth.

I next offer figures which I shall not quote at length, but which I think will be found to be informative, at least, for United States exports and imports, and export surplus in relation to gross national production, from 1919 through 1948. The significant fact is that in 1948 our gross national production reached the staggering total of $255,000,000,000, while we had exports of a little more than $13,000,000,000. Our exports, compared to gross national production, were only 5.3 percent. According to these figures our imports in 1948 were $7,697,000,000. Our imports, as compared with gross national production, were only 3 percent. The net imports are given.

I shall give the figures for net exports compared to our gross national production. Our net exports were $2,300,000,000. It will be seen from these figures, which I shall ask to have inserted in the RECORD at the conclusion of my remarks, that there cannot be much force in the fears of American producers that the present recession through which we have, I think, happily passed, has been occasioned, generally, at least, by imports. It has been aggravated only in a very few instances, in particular industries, or in the case of particular products.

The PRESIDING OFFICER. Without objection, the tables offered by the Senator will be printed in the RECORD at the conclusion of his remarks, as requested.

(See exhibit A.)

Mr. GEORGE. Mr. President, I am about to conclude. I understand that the Senator from Virginia [Mr. ROBERTSON] would like to follow me, if that is agreeable. I should like to conclude by reading an article from the New York Times of June 8:

A "MUST" FOR THE SENATE

Extension of the Reciprocal Trade Agreements Act is a "must" on the legislative program for this session; but it is a disturbing report that the Senate Republican leadership plans one of the stiffest fights of the year on this essential piece of legislation. It is surprising, too, inasmuch as in the House of Representatives a majority of the Republicans who voted on the bill when it passed in February were recorded in its favor.

As approved by the House, the bill would in effect revive the Hull reciprocal-trade program, which was so successful a feature of American foreign-trade policy from 1934 to 1948. The hampering and restrictive terms of the act passed last year, which expires at the end of this month, would be done away with. The House bill would restore the Tariff Commission to its rightful place as one member of an interdepartmental team making recommendations to the President on tariff negotiations. Under present law, the Commission has a special status which on the one hand isolates it from the interested departments—State, War, Agriculture, Commerce, etc.—and on the other hand tends to elevate its specialized point of view above that of the other agencies.

Tariff policy is not something to be treated in a vacuum. It does not merely involve the interests of those businesses directly affected, although, of course, their interests must be considered. It involves also the welfare of the entire people of the United States, and it should be considered—in the spirit of the Hull program—from that broader point of view. Moreover, it is clear that American tariff policy is no longer (if it ever was) a purely domestic question. It must be obvious by now that it is an integral part of our entire world policy. The Marshall plan is a magnificent effort to restore Europe's productive powers and increase the flow of multilateral trade. It would be economic folly to spend billions for this purpose and yet to ignore the necessity of easing the obstacles to trade with this country. It would not only be economic folly, it would be political folly. For the United States to fail to take positive action on its own part to smooth the flow of international trade—particularly at a time when economic clouds are gathering both in Europe and America—would be a signal to all other countries that we really do not believe in the principles we are constantly asking them to adopt. As a Nation, we cannot afford such a grave mistake.

Mr. President, just one further word. Of course, it is recognized that certain unfortunate steps have been taken by some of the leading producing nations of the earth. It is recognized that bilateral arrangements have been made among European countries. No doubt those bilateral arrangements have in a measure at least stimulated their trade and commerce. It is undoubtedly deplorable from our point of view that barter arrangements or, in effect, something very similar to barter arrangements may be contemplated by some nations at this time. But certainly we cannot help that situation or cannot meet that challenge or that problem by cutting out from under our whole international program the only agency and machinery and instrumentality we have built up with which to try to bring the world around to a sane attitude upon the important question of trade and commerce.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield, in order that I may ask one or two questions for purposes of clarification?

Mr. GEORGE. I am glad to yield.

Mr. SMITH of New Jersey. The Senator from Georgia doubtless will recall that in 1945 when the present act was before Congress for extension, I was one of those on this side of the aisle who advocated the bill as presented by the administration. I felt that the approach of the reciprocal-trade formula was the sound one in the postwar world we then faced. After I had taken that position, certain interests called my attention to the fact that they would not disagree with my position, except to point out that there was no procedure to take care of certain industries which conceivably might be injured by the single-handed action of the President in adjusting tariffs under the reciprocal-trade procedure. My attention was called to the escape clause, and to the fact that by means of that clause an attempt was made to escape the effects of the damage after the damage was done.

Therefore, when the matter came up in 1948, it seemed to me we were coming to a somewhat different approach, namely, before trade treaties were written, we were trying to do something to protect industries which might be threatened with injury. In other words, the escape clause was to take effect after the damage was done, whereas the peril-point procedure was to take effect before damage might be done. It seemed to me to be reasonable to provide that the Tariff Commission, which was established to obtain information on the matters under consideration and the facts regarding them, should determine whether injury might be done and where the danger might be.

I wish to commend the Senator from Georgia for the splendid presentation he has made, with most of which I agree, for certainly the postwar situation involves the ECA and all our international trade. But I should like to inquire of the Senator whether any evidence has been presented at the committee hearings to indicate that the peril-point provision would handicap the administration in doing the kind of job it was intended should be done?

Mr. GEORGE. Since the peril-point provision was enacted, no agreements have been concluded. The Annecy conference was commenced under the act of 1948; but that agreement has not been and cannot now be confirmed or approved by the President, in the absence of a renewal of the act. What the peril points were and what the Tariff Commission fixed as peril points with respect to any or all articles or products covered by the general agreement at Annecy, I do not know; and no publication of it has been made.

Under the 1948 act, the Tariff Commission itself was required to make its report to the President, and not to furnish the public information about the fixing of peril points until after the President had acted under the act. So there has been but the one instance, so far as I know, and so far as I now recall, in which the President is now ready to act under the peril-point provision.

Fundamentally, my objection to the peril-point provision is this: When the amendment which we understand the distinguished Senator from Colorado [Mr. MILLIKIN] will present is considered, we must realize that in the United States we have always treated tariff-making as a political matter, with minor exceptions. But in 1934 we tried to get the tariff out of politics, as such, and to vest it in the Executive. Under that act, it would make no difference whether the Executive was a high-tariff man or whether he believed in protection or in a freer or more liberal trade policy or in a free-trade policy, because Presidents will come and go, but the tariff policy will remain the same if this act is continued. But whoever may be President, if he must await the advice of the Tariff Commission before he acts on the agreement, to that extent he will find himself restrained in making the agreement. Thus, something is taken away from the free discretion of the Chief Executive, whoever he may be and whatever may be his own viewpoint about tariffs, if he must await the report of the Tariff Commission.

Moreover, under the organic act, the Tariff Commission is a bipartisan commission. The act itself provides that not more than three of the six Tariff Commissioners can come from the same political party. The law contemplated that

there should be an equal division of the membership of the Tariff Commission between the two principal political parties. That would be an added reason, I think, why the President, the Chief Executive, would be more or less embarrassed and more or less restricted in the exercise of complete freedom of action in making these agreements. So it was the purpose, in large measure, to try to get the making of tariffs out of politics and away from the old method of tariff-making. There might be something to be said on both sides of the issue; but that was the purpose and that was the reason for the program when it was initiated.

Mr. SMITH of New Jersey. I understand that, I may say to the Senator, and I agree it should be taken out of politics. I never believed in its being in politics, and I believed in the reciprocal-trade-agreement approach. I hope we may go further, further into the matter of trade relations with the various other nations by means of mutual trade adjustments. But I still should like to have the question answered whether it is not fair to our industries who may be affected by this act, after years of protection, to have the investigation looking toward their protection made before the action is taken by the President, rather than their having to try to take advantage of some escape clause which comes afterward, under which it may be very difficult to give proper damages, if you please, to whatever industry may be affected by the treaty?

Mr. GEORGE. I have already indicated that I think, if any criticism can be made of the use of the escape clause, it is the lack of determination and vigor promptly and effectively to use it by our Government. To that extent I fully agree with the Senator's viewpoint. I also admit, and I should have no disposition to do otherwise, that the peril-point amendment could be used by the President, but I should doubt very much whether it would ever be used by any President who transgressed the limits fixed by the Tariff Commission. It would be different, of course, if he kept within the limits. But if he went beyond, either up or down, I think he would be very slow ever to use it. The only answer I can make to the Senator is that, so far as I know, during the period of 15 years, there has been no marked injury, at least, to general industry. I now concede that to have been an abnormal period rather than a normal one, because of war and because of war conditions and war upheaval, but during that 15 years, I do not know of any particular industry, or even particular units of industry, which have been seriously hurt by any of the trade agreements. After all, we have to take the broader view of the program, if it is to work at all, and it can be truly asserted that it has not resulted in any injury to the general economy; conceding, as I say, that in the period intervening between June 1934, the date of the passage of the act, and the present time, the world has hardly known normal conditions, especially in trade and commerce.

Mr. SMITH of New Jersey. I may say to the Senator the argument he has just made is the argument I have used with my industrial friends who have raised all kinds of bogeys, let me say, as to what might happen under certain conditions. When I asked them for evidence of specific injury done, I feel that such evidence has not been forthcoming. On the other hand, I do not think any evidence is forthcoming, certainly I have been unable to find any, either by way of argument or as a matter of fact, which shows that the peril-point procedure adopted in 1948 had done anybody any harm. It has given a sense of assurance and of justice to the industries that may be affected in the future, and it gives them a sense of security that they have not had before.

Mr. GEORGE. I may say to the Senator again there has been no agreement concluded since the enactment of the peril-point legislation, so far as I now recall.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Georgia yield further? I should like to ask him one more question.

Mr. GEORGE. I yield.

Mr. SMITH of New Jersey. What relation will the debate we are now having on reciprocal-trade agreements have on the International Trade Organization discussions which have been under way, and which I understand are now prepared for presentation to the Congress, if they have not already been presented?

Mr. GEORGE. My understanding and my recollection is the International Trade Organization matter was submitted to the Senate as a treaty sometime in April or May. I may be wrong about that, but that is my understanding. I think the treaty has already been transmitted to the Senate.

Mr. SMITH of New Jersey. Is it the purpose of the Senator to suggest that we extend the present Reciprocal Trade Agreements Act for 2 years without regard to any developments which may come as the result of discussions in regard to the ITO? I am not quite clear about it.

Mr. GEORGE. The effect of the bill will be to extend the act for 2 years from June 1949.

Mr. SMITH of New Jersey. Then, in the Senator's judgment, will the ITO matter be postponed to a future date?

Mr. GEORGE. I do not think so, but I do not know what the program is.

Mr. SMITH of New Jersey. I was just wondering.

Mr. GEORGE. The ITO agreement has gone to the Committee on Foreign Relations and is now in the hands of that committee.

Mr. SMITH of New Jersey. The Senator and I are both members of that committee.

Mr. GEORGE. It is a committee of which the Senator from New Jersey is a most influential member.

Mr. MILLIKIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Colorado?

Mr. GEORGE. I yield.

Mr. MILLIKIN. It is my understanding the ITO agreement has been submitted to both Houses of Congress and that it has not been submitted as a treaty. I wonder whether Mr. Brown could——

Mr. GEORGE. The Senator from Colorado may be correct. It has been submitted to the Senate. It has gone to the Senate Committee on Foreign Relations; but it could properly go to that committee, even if it were not regarded as a treaty.

Mr. MILLIKIN. My understanding is it has also been submitted to the House.

Mr. GEORGE. That may be true.

Mr. MILLIKIN. It has been my understanding it was not submitted as a treaty. That is a rather important fact in connection with the whole business; and if it has been submitted as a treaty, I, for one, should certainly like to know about it.

(At this point Mr. GEORGE addressed an inquiry to Mr. Brown, the State Department adviser, and an answer was given.)

Mr. GEORGE. I am advised that it was submitted as a joint resolution. I think that answers the question.

Mr. SMITH of New Jersey. Mr. President, if I may, I should like to ask one more question of the Senator. I am not clear on one point. Am I to understand that the administration, in rushing along the extension of the Reciprocal Trade Agreements Act for 2 years, has in mind the postponement of consideration of the wider coverage of the ITO?

Mr. GEORGE. I do not know. The only information I can give directly on the subject is that I was advised by the administration that they hoped the ITO agreement might also be considered during this session. That is the extent of my information on the subject.

Mr. SMITH of New Jersey. Do I understand correctly that the Senator sees no inconsistency between the two approaches?

Mr. GEORGE. I do not. I am committed neither for nor against the ITO agreement. I think there is one section of it, the investment section, which I myself would not support. There might be other provisions of the ITO agreement as to which I might take a similar position, but I think the Reciprocal Trade Agreements Act can be extended regardless of the final fate of the ITO joint resolution.

Mr. SMITH of New Jersey. I thank the Senator.

Mr. ROBERTSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Virginia?

Mr. GEORGE. I yield the floor.

EXHIBIT A

THE SECRETARY OF COMMERCE,
Washington, August 1, 1949.

The Honorable WALTER F. GEORGE,
United States Senate, Washington, D. C.

DEAR SENATOR GEORGE: In response to your request of July 18, I am forwarding to you herewith a table showing United States recorded imports of merchandise during the 6 years 1938 through 1941 and 1947–48, the estimated value of movable goods produced, and the ratio of imports to this total.

A second table which is enclosed may also be of interest to you. This shows both United States exports and imports, as well as the export surplus, in relation to the gross national product, or the total value of all goods and services produced, over the period 1919–48.

We trust that these tables will give you the information you desire. If there is any way in which we can be of further assistance, we shall be glad to know.

Sincerely yours,

CHARLES SAWYER,
Secretary of Commerce.

United States merchandise imports and production of movable goods, annually 1938–41 and 1947–48

[In millions of dollars]

Year	Recorded merchandise imports [1]	Production of movable goods [2]	Ratio of imports to production
			Percent
1938	1,960	35,819	5.5
1939	2,318	41,376	5.6
1940	2,625	46,600	5.6
1941	3,345	65,050	5.1
1947	5,756	132,591	4.3
1948	7,124	145,792	4.9

[1] General imports, including merchandise entered directly into consumption channels and merchandise entered into bonded customs' warehouses for storage.
[2] Includes value of raw materials, value added by manufacture, and freight costs.

Source: Department of Commerce, Office of International Trade, Special Programs Branch.

United States exports and imports and export surplus in relation to gross national product, 1919–48

Year	A Gross national product [1]	B Exports [2]	C Exports as percent of GNP	D Imports [3]	E Imports as percent of GNP	F Net exports (B–D)	G Net exports as percent of GNP
1919	81,000	8,891	11.0	3,995	4.9	4,896	6.0
1920	90,500	8,481	9.4	5,384	5.9	3,097	3.4
1921	73,800	4,586	6.2	2,572	3.5	2,014	2.7
1922	75,900	3,929	5.2	3,184	4.2	745	1.0
1923	88,300	4,259	4.8	3,866	4.4	393	.4
1924	87,400	4,741	5.4	3,684	4.2	1,057	1.2
1925	94,400	5,011	5.3	4,291	4.5	720	.8
1926	99,900	4,922	4.9	4,500	4.5	422	.4
1927	98,400	4,982	5.1	4,240	4.3	742	.8
1928	100,200	5,249	5.2	4,159	4.2	1,090	1.1
1929	103,828	5,347	5.1	4,463	4.3	884	.9
1930	90,857	3,929	4.3	3,104	3.4	825	.9
1931	75,930	2,494	3.3	2,120	2.8	374	.5
1932	58,340	1,667	2.9	1,343	2.3	324	.6
1933	55,760	1,736	3.1	1,510	2.7	226	.4
1934	64,868	2,238	3.5	1,763	2.7	475	.7
1935	72,193	2,404	3.3	2,462	3.4	−58	------
1936	84,705	2,590	3.1	2,546	3.0	44	.1
1937	90,213	3,451	3.8	3,181	3.5	270	.3
1938	84,683	3,243	3.8	2,173	2.6	1,070	1.3
1939	90,426	3,347	3.7	2,049	2.3	938	1.0
1940	100,477	4,124	4.1	2,713	2.7	1,411	1.4
1941	125,294	5,343	4.3	3,486	2.8	1,857	1.5
1942	159,628	9,187	5.8	3,965	2.5	5,222	3.3
1943	192,573	15,115	7.8	5,427	2.8	9,688	5.0
1944	210,551	16,969	8.1	5,589	2.7	11,380	5.4
1945	213,120	12,473	5.9	5,666	2.7	6,807	3.2
1946	203,679	11,874	5.8	5,168	2.5	6,706	3.3
1947	232,600	16,056	6.9	6,071	2.6	9,985	4.3
1948	255,000	13,445	5.3	7,697	3.0	5,748	2.3

[1] Federal Reserve estimates of gross national product, 1919–28; Department of Commerce estimates, 1929–48.
[2] Recorded exports and other exports.
[3] Recorded imports and other imports.

Source: Department of Commerce.

Mr. ROBERTSON obtained the floor.

Mr. WHERRY. Mr. President, will the Senator yield for a moment?

Mr. ROBERTSON. I yield for a question.

Mr. WHERRY. Mr. President, I know the distinguished Senator from Georgia requested that Mr. Brown be permitted to sit with him during the session of the Senate today. That is perfectly agreeable. I do not call to mind any time within 7 years, however, when a question has ever been presented to any of the secretaries on the floor, and the secretary has directly answered the query. I should merely like to register my objection to the procedure and suggest that it not be regarded as a precedent whereby anyone other than a Senator may have a right to say anything on the floor of the United States Senate. I do that with all respect and appreciation of the fine spirit and ethics of the distinguished Senator from Georgia. I do not object, if Mr. Brown gives him the answer, but I do think the fact that it has been done should not become a precedent in future years.

Mr. ROBERTSON. Mr. President, in view of the issue raised by the minority leader, I ask unanimous consent that the RECORD be corrected to show that the answer given was the answer given by the chairman of the Finance Committee. The Senator obtained the technical information from the member of his staff. That is what the staff member is here for.

Mr. WHERRY. Yes. I am not objecting to the staff member being present to advise the Senator.

Mr. ROBERTSON. Mr. President, I ask unanimous consent that the RECORD be corrected to show that the answer was given by a Member of the Senate, not by one who is not a Member.

Mr. GEORGE. I may say I made the inquiry of Mr. Brown. I understood the distinguished Senator from Colorado had suggested someone was present who might answer the question. I did not mean to violate any rule of the Senate.

The PRESIDING OFFICER. If the Chair may make a brief announcement, he would say it was his understanding that the representative of the State Department, who was permitted by unanimous consent of the Senate to sit by the distinguished Senator from Georgia, was simply responding to a request for information by the distinguished Senator from Georgia; that the information itself will be shown by the RECORD as having been conveyed by the distinguished Senator from Georgia to the Senate; and that such instructions had been given prior to the question being raised.

Mr. GEORGE. That was my understanding.

Mr. MILLIKIN. Mr. President, will the distinguished Senator from Virginia yield, so that I may suggest the absence of a quorum?

Mr. ROBERTSON. The Senator said "the junior Senator from Virginia," did he not?

Mr. MILLIKIN. I said "the distinguished Senator."

Mr. ROBERTSON. I yield.

Mr. MILLIKIN. Both Senators from Virginia are distinguished. I am referring now to the distinguished junior Senator from Virginia. Will he yield so I may suggest the absence of a quorum?

Mr. CONNALLY. Mr. President, will the Senator from Colorado withhold the suggestion for a moment?

Mr. MILLIKIN. I withhold momentarily the suggestion of the absence of a quorum.

Mr. CONNALLY. Mr. President, I desire to commend the Chair for his observation regarding the incident which has just occurred. It seems to me it is perfectly clear that what the Senator from Georgia was doing was not asking a representative of the Department of State to address the Senate; he was simply propounding to him an inquiry for his own information. Having received that information, he then imparted it to the Senate. That would be a reasonable construction of what occurred. I dislike seeing the RECORD encumbered with a unanimous-consent request to correct the RECORD. It should be corrected under the direction of the Chair, without any unanimous consent.

Mr. ROBERTSON. Mr. President, I withdraw my request.

Mr. WHERRY. Mr. President, I object to the withdrawal of the request.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield to the distinguished Senator from Colorado.

Mr. MILLIKIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Bricker	Holland	Miller
Butler	Humphrey	Millikin
Connally	Ives	Murray
Donnell	Johnston, S. C.	Robertson
Ecton	Kem	Schoeppel
George	Knowland	Smith, N. J.
Graham	Leahy	Sparkman
Green	Lucas	Thomas, Okla.
Gurney	McCarthy	Vandenberg
Hayden	McFarland	Wherry
Hendrickson	McMahon	Young
Hickenlooper	Martin	

The PRESIDING OFFICER (Mr. SPARKMAN in the Chair). A quorum is not present. The Clerk will call the names of the absent Senators.

The Chief Clerk proceeded to call the names of the absent Senators, and during the call the following occurred:

Mr. MILLIKIN. Mr. President, I ask unanimous consent to withdraw my suggestion of the absence of a quorum.

The PRESIDING OFFICER. The call being in progress, and it having been determined that a quorum is not present, the request is not in order. The Clerk will resume the roll call.

The Chief Clerk resumed calling the names of the absent Senators, and Mr. CAPEHART, Mr. DOUGLAS, Mr. DOWNEY, Mr. DULLES, Mr. FREAR, Mr. GILLETTE, Mr. JENNER, Mr. KILGORE, Mr. PEPPER, Mr. REED, Mr. RUSSELL, Mr. THOMAS of Utah, Mr. TYDINGS, and Mr. WITHERS answered to their names when called.

The PRESIDING OFFICER. A quorum is present.

Mr. ROBERTSON. Mr. President, to many the study of tariff rates is an examination of dull and tedious statistics, but to me it has been fascinating, and was so even long before I had the privilege for 10 years of serving on the Ways and Means Committee of the House of Representatives when we handled, not a tariff bill, but amendments to the tariff law through the passage of reciprocal trade agreement bills.

The distinguished chairman of the Senate Committee on Finance, the senior Senator from Georgia [Mr. GEORGE],

who made a splendid speech on the subject before us, which I wholeheartedly and fully endorse, asked us to approach the debate today in a fair way, and without partisan prejudice. Frankly, I do not intend to go that far. Nearly all my study of American Government has related to differences over the tariff between the Democrats and Republicans. I recall that the most famous debate ever staged in this very Chamber was touched off by a reference to the tariff, when Senator Hayne, of South Carolina, twitted the great Daniel Webster, of Massachusetts, with the fact that when he was a Member of the House of Representatives from New Hampshire he had been a low-tariff man, but that after he moved down to the highly industrialized State of Massachusetts he became a high-tariff man. Hayne, of course, was complaining about what the tariff was doing to the southern cotton planters, and he intimated, if he did not expressly say so, that if the high-tariff advocates persisted in their course, the southern farmers would withdraw from the kind of a union then existing, because it would no longer serve their interests.

Mr. Webster replied to Hayne all one day and part of the next, and I am sure he had a pretty good audience during all that time because he was saying something worth while.

It was in that speech, Senators remember, when he predicted the possibility that this Nation might eventually split over that issue, and that we might even have a civil war over the issue of whether the South, an agricultural section, should sell in an unprotected world market and buy from an industrialized North in a protected market.

So when I came out of college, a young country lawyer making a few $10 fees and a lot of small ones, I had a good deal of time to devote to politics and to do a little public speaking. If I could not have spoken on the tariff and condemned the Republicans for the tariff, I would not have known what to talk about. The last speech I heard my distinguished predecessor, Henry D. Flood, make dealt with this question. He was from the old Tenth District and served in Congress for 20 years. He was a wonderful man. Many of the older Members of the Senate will recall him. He was chairman of the Foreign Affairs Committee of the House during World War I. He broke down under the strain of that war and died in 1922. The speech was delivered in the campaign of 1920. Woodrow Wilson, as Senators remember, recommended tariff revisions when he took over, and the Democratic Party passed the Underwood Tariff Act. In the campaign following the nomination by the Republicans of Mr. Harding, Mr. Harding advocated a revision of the tariff and eventually put it through as the Fordney-McCumber Act.

I remember a little meeting held in our small country courthouse. At that meeting Harry Flood was telling us that a dollar watch could be shipped overseas and it would come back to us, and we would pay five times as much when it came back to us. Then he spoke of what a sewing machine would cost us, what the cost would be to the farmers, and how they would lose their markets because of the tariff. In those days there were a good many Republicans in Rockbridge County. I have been fortunate in recent years. Either there are not as many Republicans in Rockbridge County as there used to be or they vote for me. At any rate, I have received most of the votes down there, for which I am very thankful. But in those days the lines were more tightly drawn. Mr. Flood was told he would lose a good many votes in Rockbridge County. He thought a good many of them would be farmer votes, and he was discussing the program of Harding and the other Republicans for a high tariff. I remember he wound up his speech by saying, "Any farmer in this county who takes the position advocated by the Republicans in this campaign respecting the tariff is like the little calf which the farmer boy wanted to enter the enclosure. But the calf had started to run away off into the field and the little boy ran after him, but the faster the boy ran, the faster the calf ran. Finally, the little boy saw that he could not get the calf to return and he stopped and wiped the tears out of his eyes and said, 'All right, go on, go on, but you'll find out the difference when suckin' time comes.'"

There is a present effort to make some Republican Members of the Congress and some of our citizens realize that now is not a good time to run off across the fields away from the program of freer international trade.

Mr. President, I do not intend to ask any of my distinguished colleagues not to approach this subject from the standpoint of partisanship prejudice, but I shall endeavor to argue to them that it is good politics in the light of present world conditions to have freer world trade. Since I now have the distinguished pleasure and honor of having before me a small but very thoughtful and intelligent group of Senators who may not be here after the dinner bell rings the second time, I am going to summarize very briefly what I shall later discuss more in extenso. I say that it is good politics now to support a program of freer world trade, first, because we have been a creditor nation since World War I. Before that we always had been a debtor nation, borrowing money and paying for it with our goods, but now we loan money and other people have to pay us. Ever since our status changed we have been giving away a large part of what we shipped abroad. Let us go back to the time right after World War I. We then gave away about $12,000,000,000 in public loans and private loans. All the bonds representing those private loans were unloaded on us by the international bankers. They were working on a commission basis and did not guarantee anything.

Our farm products and our factory products were given away. Right down through the years we have been giving them away. We have not imported as much as we have exported in a single year since World War I. What are we giving away now? Why, the senior Senator from Georgia [Mr. GEORGE] told the Senate about $6,000,000,000 a year. A little of that is financed by the Export-Import Bank. A little is financed by loans of the International World Bank. But under ECA we are giving away over $5,000,000,000 a year. Who is giving it away? Why, the taxpayer. You and I appropriate the money, but it is not our money. We vote for ECA, and ECA gives the money over there to the cooperating nations, and they come over and buy our goods, and we ship them. Do they pay us back? They do not. They do give us, for temporary administrative purposes, 5 percent of the counterpart fund. When they use a dollar they put up a dollar of their money, good, bad, or indifferent, whatever it is—and then they let us draw 5 percent of it, and if some congressional committee wants to go over there and investigate what is going on, a Congressman can stay at a hotel over there and pay his expenses at the hotel with counterpart money. Such money can be used for little things like that by a few officials over there. But the taxpayers are giving this away. Is it good politics to tell the taxpayers that we want them indefinitely to give away $5,000,000,000 of our resources, the product of our labor, our farm products, or our factory products? Is that good politics? I do not think so.

The next thing is, I do not know of anybody who would not rather buy something cheap than pay a high price for it. I ask Senators in all frankness, would the American people rather buy cheaply or would they rather pay the high price? I think Senators will agree with me that they would rather buy cheaply. Well, if we can get just a reasonable amount of imports in here to keep our industries efficient and on a competitive basis so that the efficient plant does not move its prices up to the level of the most inefficient competitor it has in this country—is it not good politics to say to the consumers, and that is everybody, whether they have a vote or not, for those too young to vote will be old enough to vote in time—is it not good politics to say to them, "We are going to have a plan to protect you from being gouged"?

We have an antitrust law, it is true, but we know that does not work in some instances any too well. There has been a long hearing held by the House Committee on the Judiciary on the subject of the general trend in this country to gobble up the little fellow. Wherever we find the little fellow being gobbled up, the business will be found to be concentrated in the big men, and then the people pay. I say it is good politics to say to the people, "We are going to have a plan to protect you from being gouged."

I do not believe that Members of the Senate should keep their ears to the ground, certainly not to the extent to which that policy was practiced by one very distinguished former Member of this body, who was said to have the unique faculty of being able to keep both ears to the ground at the same time. If anyone wishes to keep his ears to the ground, I can tell him that the major portion of the A. F. of L., the CIO, and all the brotherhoods are for free international trade, because they figure that it will mean business for them. I can tell him that all the shipping interests of the Nation are for it, because they want to

haul the goods back and forth. They cannot make money merely by hauling passengers. The big money is in freight. I can tell him that most manufacturing companies in the country want this program, because they have a capacity 15 or 20 percent greater than our normal consumption.

After the postwar shortage of cars, trucks, and other things has been met, they will be up against it. Thanks to their ingenuity, skill, and knowledge of mass production, we can make a better automobile than can any other nation in the world, and sell it cheaper, while paying wages averaging $2 an hour in our manufacturing plants. We can still outsell the world. The same thing is true of our machine tools, our typewriters and business machines, our farm machinery, and a great many other things. We can outproduce the world.

Another interesting thing is that at the present time there is not a nation in the world that can touch us in the production of textiles. Japan is practically out of the market. Formerly Japan could produce piece goods cheaper than we could, but we had a gentleman's agreement that she would not send us more than a certain amount. Formerly we had stiff competition from Great Britain. Today the British mills are so obsolete, and they have so much cradle-to-the-grave social security and what not over there, that production is not up to what it might be, and Britain cannot compete. That is a sad fact for them, but they cannot compete.

So I say that from the standpoint of the consumer, and from the standpoint of a great many business organizations, this program is attractive. Take the United States Chamber of Commerce, which represents thousands of businessmen all over the United States. They are strong for this program. The League of Women Voters is for it. The AMVETS are for it. Most veterans about whom I know anything are for it. That is especially true of those who have had some experience overseas, and who realize the importance of international cooperation.

I shall not consume much more of the time of the Senate. These are not the remarks which I had intended to make at this time. I am merely trying to summarize for the benefit of Senators who I am afraid will not be present when I conclude. I am giving some general impressions and reasons why I believe that from any standpoint it is good politics to support this program.

Take the question of peace. Is there anyone in this Nation who does not want peace? Do Senators know of anyone who prefers war to peace? I do not. Hardly ever do we listen to a speech in which, sooner or later, the speaker does not say, "I am for a just and lasting peace." We might have a just peace, but there has never been such a thing in the history of the world as a lasting peace. We ought to be frank enough to recognize that no plan we can frame here will result in a lasting peace—a peace that will last 500, 1,000, or 2,000 years. Only God can bring that about; and He may not bring it about until Gabriel sounds his trumpet and calls the quick and the dead to judgment. Then—on this earth, I believe—we shall be ushered into a new dispensation of peace. There will be no more war.

But for the short term, we are in the midst of a cold war. What is the cold war about? It is over trade. The Russians put a blockade in Berlin and say, "You cannot ship any of your goods in or out. You cannot go behind the iron curtain with your railroad trains and your goods." We say, "All right, Mister. You cannot come over on our side with anything you have."

What did Kaiser Wilhelm start out to do? I do not believe that he had such illusions of grandeur as Hitler possessed. Hitler wanted to dominate the entire world. The Kaiser wanted to make sure of the future of 60,000,000 or 70,000,000 Germans who had not enough land for them to have what they called a place in the sun. He wanted Germany to have colonies and trade, so that she would be on top of the world from the standpoint of her standard of living. The standard of living in Great Britain was far higher than it was in Germany, although the standard of living in Germany was probably higher than that of the rest of Europe. The Kaiser wanted trade. He wanted to dominate trade.

I do not know how my distinguished colleagues operate at home, but I find that I can get along very well with the merchants with whom I deal, with my family physician, and people of that kind. I do not have to worry about them on election day. Those relationships are very pleasant. I only wish I had money so that I could expand them. The same thing is true of nations. If dealings between nations are fair and mutually profitable, we can get along with other nations very well. But we finally run counter to those whose throats we are cutting. That is the essense of the cold war. We do not want Russian influence to expand in western Europe. We have put a barrier there. They have erected a barrier against us. It is something of a trade war.

Then we put $5,000,000,000 a year of the taxpayers' money into exporting our goods to western Europe to rehabilitate the nations of western Europe and to prevent economic chaos, which would be the opening wedge for communism. We want to make friends of those nations, so that if later any other nation should have evil intentions against us and commit an overt act in our direction, we would have someone to stand by us.

So from the standpoint of peace I think this program is good politics. I think it cannot be denied that if we have friendly trade relations, they will contribe to a peaceful world. I do not think anyone can deny that most of the wars since the old days have been over trade. In ancient days there were religious and racial wars. In biblical days God sent Joshua against a heathen tribe and told him to take the city of Jericho by marching around it until the walls fell. The Lord sent Saul out with instructions to kill all the enemy and not bring any of them back. The Lord said, "You cannot bring any of those people into my country. They will pervert you." Saul went out and did a pretty good job, but he brought one old king back. That king had some fat cattle, and Saul could not bring himself to kill them.

Saul said to the prophet, "I have obeyed the command of the Lord. I have sacrificed." The prophet heard the cattle lowing, and he said, "Do I hear cattle lowing?" Saul replied, "I brought back just a few fat steers. I did not think we ought to kill those." The prophet said, "The Lord commanded a sacrifice."

We have passed the period when men used to go out and kill each other merely because they were not of the same religion or the same race; but we have not passed the point where we will fight over trade.

Last Monday I was at Radford, Va., helping to dedicate a wonderful bridge over the New River. It is called the New River because when the first white man saw it he said that it was the first time he had ever seen a river which flowed north. The New River rises in another State, runs north to Virginia, and then flows into the Ohio. That was a new experience for him, so he called it the New River.

A great many industrial plants are located on the New River. The bridge is like a great boulevard, with a four-lane highway, with safety islands in the middle, with concrete and metal rails, and elaborate lighting. It is a great tribute to our industrial skill and material resources. That bridge may last as long as did the bridges which Caesar and his Roman successors built. It did not cost nearly so much as those ancient bridges, because they were built of carved stone. So the cost was not nearly so great, assuming that slave labor was worth anything. The New River Bridge was built for $1,250,000. It ought to be there for a hundred years or more. We hope that it will accommodate all the automobile traffic of the next 50 or 75 years.

However, I told my constituents and friends on that occasion that we must not be content with building material bridges, however great they may be. There are some bridges that we have not yet learned how to build. We have not yet bridged the antagonism between labor and management. We have not yet bridged the class feeling between the poor and the rich. Above all else, we have not bridged the chasm between war and peace. Although the Prince of Peace laid down the specifications nearly 2,000 years ago, we will not follow them, and we have not built that kind of bridge. Such bridges need to be built, but we do not give our thoughts to building them. The time may come when our material prosperity may be wrecked on the very thing we had thought had made it great.

Mr. President, these are just some introductory remarks to indicate from an over-all standpoint why I think this reciprocal trade program will appeal to every Member of the Senate. The Senate is a wonderful body, and I have greatly enjoyed serving in it. There is not a Member of the Senate who does not have some outstanding quality; that is why each Senator is here. Of course, there are only two Senators from each State. It is a great privilege, to me, to serve here in the Senate. All Senators

are patriotic men and all Senators want to do what is best for their State and for the Nation.

But I fear that a little dust has been thrown in the eyes of some Senators. The American Federation of Labor would not endorse the Reciprocal Trade Agreements Act extension because Mr. Cenerazzo would not endorse something that was done about a few Swiss watches. But, Mr. President, the difficulty was there before the Swiss watches added to the trouble. The milk producers were disturbed about a little cheese coming from Canada. I think that cheese amounted to approximately one-quarter of 1 percent of the national consumption. But our milk producers were very much disturbed about it. Some of our cattle raisers were very much disturbed because a quota was put on 700-pound steers coming from Canada and on steers coming from Mexico. Of course, the foot-and-mouth disease ended the importation of cattle from Mexico, and now the shipments of cattle from Canada to Britain has taken care of the Canadian supply.

However, Mr. President, I am going to say that 95 percent of a good market is better than 100 percent of a poor one. Mr. Hoffman gave a little dinner last week, and at it he gave a report on his investigation of the operations of ECA in Europe. He told about the dollar shortage of approximately $2,500,000,000, and he said that could be met if we would accept in imports less than 1 percent of the $254,000,000,000 production in this country. Mr. President, who is there here to say that if we accept imports amounting to 1 percent of our total consumption, that will wreck us? Such talk is utter tommyrot.

Mr. President, I wish to tell you that according to my study of the over-all picture we never had a better-balanced economy or any more general prosperity than we had in 1929 before the stock-market crash occurred. What happened in that year? Up to that time our imports had reached the highest point in our history, and our exports also had risen. At that time our imports and our exports came nearer balancing than at any other time.

What has happened today? I tell you, Mr. President, that if we were not giving away about $5,000,000,000 worth of our surplus products right now we would be in a depression. Make no mistake about it. Certainly the farmers would be in a depression. They have a stake of about $1,500,000,000 in the ECA program. Just consider the situation in regard to cotton. I do not know how much cotton production we shall have this year, but there will be a tremendous crop of cotton. I am told that we shall have at least the second largest wheat crop in our history and the largest corn crop in our history.

The other day in a speech here in the Senate I referred to cattle. At this time last year cattle were selling at around 32 cents. Now the price is down to 23 cents, and we have not yet hit the bottom. The situation regarding hog production is similar to that regarding the production of turkeys and other poultry. Just wait until the cheap corn comes on the market in the late fall and early winter, and see what will be the situation regarding the production in those fields. Those prices will be below the support prices.

So, Mr. President, I say we face a real problem.

How are we going to solve it? The answer is to be found in the measure now before us.

However, before I get into an extended discussion of the answer, I wish to make a brief observation, namely, that we shall not solve this problem by including in the pending measure the peril-point amendment. I have before me the peril-point amendment of the bill of last year. I have not seen the peril-point amendment which will be attempted to be placed in the present bill, because the 1948 act has expired, and now we are to write a new act. But, Mr. President, I tell you that no reciprocal trade agreement has been negotiated under the old act, including the peril-point amendment; and when it was before us last year I predicted that it would be virtually impossible for us to make it work.

So I shall make two points, and then I shall go into a more elaborate discussion of some of the details.

First, let us disregard any inherited views or predilections on the subject of tariff and protection. Regardless of whether one be a Democrat or a Republican, I say that if that is the only differentiation to which any person can lay claim now, then he will find that it is good politics to get behind this movement for freer world trade. Undoubtedly the trend is in that direction. The alternative is a program of contraction, isolation, and eventually, in my humble opinion, another armed conflict.

The second point is that anyone who is in favor of the movement toward freer world trade, as I have just stated it—and I know that many of my Republican colleagues as well as my Democratic colleagues are sincerely in favor of it—should keep his eyes centered on the essential fact involved. One of the most sincere and lovable Members of the Senate is the distinguished Senator from New Jersey [Mr. SMITH]. Today he asked a very plausible question of the senior Senator from Georgia [Mr. GEORGE], namely, if it is fair to put an escape clause in all these treaties, as we are now doing in the case of every one of them, so as to protect a domestic industry from unfair competition—and I wish to underscore the word "unfair," because I am opposed to unfair competition, and I am in favor of protecting against it; I do not wish to carry tariff protection to the point where inefficiency is fostered and protected and the consumers are made to pay through the nose, for that reason. If it is proper to have protection by means of an escape clause, then, the Senator from New Jersey inquired, why do we not furnish the protection in the first instance, before the agreement is negotiated?

Mr. President, that is a very fair and plausible question, but let me point out the answer. As I understand the proposal in the nature of an amendment which will be presented by the distinguished Senator from Colorado [Mr. MILLIKIN], it may provide for less in that direction than was provided by the corresponding amendment or language included in the 1948 act; but the 1948 act provision in regard to peril points was that at least 120 days before a new tariff schedule was issued, a study must be made of every item to be considered in connection with the trade agreement, and then decision must be made whether such an agreement would or would not be unfair competition; and then the President must announce that, and then the matter must be gone over again.

Of course, Mr. President, everyone knows that long before the end of that process would be reached, including the advertising of every item, and before any decision would be reached with the fellow across the table, the whole process would have blown up.

So, Mr. President, at this time let me point out our plan and let me indicate how we propose to see to it that no injustice shall be done to any of our domestic plants. The proposal is simply this: We propose not to leave the matter to six men, three of whom, frankly, are Democrats and three of whom are Republicans—and of course they frequently divide three to three, because, as I have said, some of them were brought up, as I was, believing that one of the worst things about Republicans was their tariff views and that one of the best things about Democrats was that they did not believe in high tariffs; and of course our people have been brought up in those beliefs, and that is the way they operate; and so it is that the members of the Tariff Commission frequently split three to three in their decisions, one group believing that a certain tariff agreement will be perilous to our industries, and the other group believing that it will not be perilous: one believing that a certain tariff agreement will be in the interest of one of our industries, and the other group saying, "Oh, that is terrible; the consumer is not being considered, and these plants will be wrecked." To such arguments, Mr. President, I say: Very well; if you do not adopt the peril point amendment, then let us submit such proposals to the Tariff Commission, but not to it alone, for we shall bring in, in that connection, the Commerce Department, the State Department, the Department of Labor, the National Defense Establishment, the Treasury Department, and the Department of Agriculture. Mr. President, what better group could we have to determine just what is fair and what is not fair? That group includes the Commerce Department, representing the industries, the Treasury, representing the taxpayers, the Department of Agriculture, representing the farmers, and the national defense. We want to protect and promote here the things that if they were cut off by the oceans would leave us helpless in waging a war. All those factors enter into it. My contention, Mr. President, in answer to the very proper question of the distinguished Senator from New Jersey is that we can do all he has in mind, in my humble opinion, and do it better than just to leave it to an agency which we know by law is bipartisan, three Democrats and three Republicans, and let them pass on it.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. MILLIKIN. I do not believe the distinguished Senator would consciously put a wrong impression in the RECORD.

Mr. ROBERTSON. I certainly would not.

Mr. MILLIKIN. The Tariff Board is only one agency which deals with this subject. We preserve in the Interdepartmental Committee all the agencies the Senator has mentioned, to make their own recommendations to the President, which he can accept or reject, just as he can accept or reject the recommendations of the Tariff Board.

Mr. ROBERTSON. Since I have that subject covered in my prepared remarks, it may be appropriate for me, with the Senator's kind permission, and to save printing costs, to defer my reply until I reach that point in my prepared statement.

Mr. President, as I have tried to say, no elaboration by me, or by my distinguished colleagues, is needed to establish the fact that the United States is the dominant economic power in the world today. The combination of an inventive people, a rich environment, a free political system and the general debilitating effect on Europe of two world wars has brought us more economic power than was ever enjoyed by any people in the history of the world.

I digress here to say I mentioned in the speech dedicating the bridge in Radford last Monday, that we have either inherited, or achieved, or had thrust upon us world leadership. It is immaterial how it came about; the fact remains we have world leadership. We can either exercise it or we can run out on it.

For the most part we have accepted this power and have measured up to the responsibility that goes with it. It was under our leadership that the United Nations was born. It was under our leadership that the numerous specialized international organizations that comprise existing postwar peace machinery were established. And it was under our leadership that the European recovery program came into being. Of our assumption of political responsibility and of our direct economic aid we may well be proud.

What we have done has been costly and the end is not yet in sight. Nevertheless the cost will be still greater and success might even give way to failure if we do not orient our economic thinking to our new position in the world.

Until about the First World War we were clearly a debtor country. Substantial investments from abroad helped our capital expansion and played a large part in the construction of our railroads. I think on a previous occasion I have told about British capital in the sum of $15,000,000 which was loaned to old Billy Mahone in Virginia, which started what I think was called the Atlantic and the Mississippi Railroad. It started at Norfolk and was going, as he thought, to the Mississippi. It got nearly to Bristol, or thereabouts, before it blew up. It is now the Norfolk & Western Railroad. But that is the way it started. In my section British capital entered the field and developed our ore mines. In fact, they were so enthusiastic about it that we thought we had the equivalent of gold mines, and went into a big boom. We all went broke afterward when we found that we merely had a few surface pockets of ore. There were, however, many blast furnaces built. Most of that was done by British capital. There can be no doubt about that, say what you will. Of course, we paid about 5 or 6 percent interest, and we paid back the money, but we did get money from Great Britain for the development of our natural resources at a time when we did not have it and when we needed it.

It is also a fact, which cannot be denied, that we would have had a hard time maintaining the Monroe Doctrine in a period of 50 or 60 years, if we had been challenged, had not the British Navy, sailing around, said, "No. When you boys challenge the Monroe Doctrine you are challenging us." All nations knew it. That was not a bad example of help. When we come to think of the billions we are pouring out now and think of certain other things of which they are in critical need, I like to think about the time when Great Britain gave us assistance when we really needed it, and through the many years she has been friendly and our ally, fighting actively with us in two world wars, holding the line until we could become prepared, I may say, in both those instances.

Until about the First World War we were clearly a debtor country. Substantial investments from abroad helped our capital expansion and played a large part in the construction of our railroads. It was but normal, under the circumstances, that we should export more merchandise than we imported. We were paying for the use of foreign capital and the servicing of the loans made an excess of exports over imports not only desirable, but necessary.

Throughout the nineteenth century Great Britain was the foremost financial nation. As a great foreign investor and as an insular power dependent largely upon overseas trade for her basic raw materials, it was normal for her to import more goods than she exported. She made up the difference through earnings on her investments in foreign lands and her various financial services.

England early recognized her position in the world. With foreign trade looming so large in her national economy, it was easy, even for the lowliest Britisher, to realize the necessity of imports. For imports meant food. Accordingly, she went on a free-trade basis in the middle of the nineteenth century out of pure self-interest. No charity nor magnanimity was involved.

Now the tables have been turned.

The United States has suddenly risen to preeminence as the world's greatest creditor nation and Britain, having lost a large share of her investments abroad, has become a net debtor.

Under the circumstances it would seem logical that the United States should welcome imports, wherever at all feasible. To say this is but to recognize that we should prefer that our foreign loans be repaid. A private lender who would consciously place obstacles in the way of his debtor's payment of his indebtedness would not be looked upon as a particularly intelligent human being. Similarly, our national interest, as opposed to certain individual group interests, points ever more clearly to the need of greater imports.

I digress here to stress again what the Senator from Georgia has said. I say very definitely in my opinion if we are going to sustain national income of over $200,000,000,000 a year, and even 50,000,000 employed in industry, we must have exports of not less than $10,000,000,000 a year. I do not see how we can get by without it, because our farmers are producing 30 percent more food than they did before. The Senator from Georgia says they need to move about 40 percent of the cotton. We need to move at least 20 percent of our wheat. We have an apple crop this year of 23,000,000 or 25,000,000 bushels more than last year. What has happened to it? The farmers are being offered $1 a bushel less than at this time last year, and the main harvest has not come in. The crop is not moving, and when all the small orchards come in, with the early fall and late winter apples, the price will be down more than that. It would not at all surprise me if the farmers were offered less than $1.50 a bushel. It costs $2 a bushel to place apples on the market this fall. Where does that leave the producer? It would be a great help if we could send, as we used to do, 20 percent of our apples abroad. This is what we used to do. We used to send about 18 percent of our lard abroad, and some of our pork products. There is no market at all, or practically none, for pork and lard. But we did not bother about that during the war. After the war we gave them away. I am saying we cannot give these things away permanently, but we are going to have to do it, or else we are going to clamp down on the farmers in the Middle West. The corn area, I think, comprises about nine States. The farmers will have to be told, "You are producing too much corn." The farmers will say, "What are we going to do with our extra land?" And the answer will be given then, "That is just your hard luck. I do not know what you are going to do with it. Let it lie fallow. But you can put in only so much corn." Then they will come into Virginia, where we have never, in the last 100 years, produced as much wheat as we have consumed.

Pennsylvania is the only State in the Union which has more flour mills than has Virginia. We must cut down. We do not know what to do with our surplus. We must have foreign markets. The same thing is true with regard to automobiles and a great many other products which we produce over and above our needs. We need foreign markets.

But, by tradition, we have not looked with too great favor upon imports. Not merely our import duties, but our numerous custom formalities and hurdles have done much to discourage individual enterprise from entering the importing field.

In fact, it sometimes seems that we deliberately choose to ignore the core of the problem and to concentrate on temporary measures that merely tide us over

from one crisis to another and that dealt with the symptoms rather than with the cause of the problem.

The somewhat euphemistic term "dollar shortage" apparently is more easily understood in certain quarters than are the complexities of a balance of international payments statement. We often give the impression of thinking that the mere supplying of dollars will alleviate such a shortage. Then we suddenly wake up to the fact that all we did was to supply dollars, on a gift basis, for a limited period of time and the same old "shortage" crops up to plague us all over again.

When the war ended some thought that UNRRA would lead to effective world recovery and reconstruction. But it did not.

Then some of us thought that the British loan of 1945 would provide the solution. But it did not.

Then came interim aid and the European recovery program. And now, even with Marshall-plan aid, comes a new British financial crisis, which has been referred to by the chairman of the Senate Finance Committee in his very able address.

What is the big thing which the British representatives will discuss in the conference which begins, I believe, today? They know we are not going to give them any more money. That is out of the question. As some of my colleagues will recall, we experienced a little difficulty in arranging to give them what they finally were promised. Certainly they know we shall not open up the ECA bill again and add two hundred or four hundred or five hundred million dollars more for Great Britain. No; that is not what they are here for. They want to know, if they can produce a surplus of goods and at a price which will compete in the markets of the hard-currency countries, whether they may come into the field, or are we going to establish against them some artificial barrier. That is what they will talk about. They will sit around and listen as this bill is being discussed, to see whether, when we talk about comity and international cooperation, a plan for world peace, the Marshall plan, the North Atlantic Pact, ECA aid, and military aid under the North Atlantic Pact, it will boil down in the end to efforts to establish economic barriers. We say, "Stand on your own feet. Let us see you go." They say, "All right; we want to go. You used to take so many million dollars worth of products from us, but we cannot leap over your tariff wall." I wish someone could give them the answer, but I do not think it can be done until we dispose of this bill. I do not think any Senator here can give them anything but kind words and good wishes until we dispose of the bill.

Even though, in more lucid moments, we appear to realize that the greatest war in the world's history would inevitably result in the greatest economic maladjustments in history, we find it much more pleasant to appropriate a few billions of dollars and to sit back and wait for the world to adjust itself to postwar conditions.

By now we should have learned that dollars alone cannot solve today's international economic problems. We are at a crossroad in economic history. Either the nations will team up in blocs, or closed trading economies, or they will move toward freer multilateral trade. To date the trends seem to be toward the former.

The United States, however, has made itself clear upon every appropriate occasion that it prefers the latter.

That is our official position, throughout the world, that we officially are committed to a freer world trade. Everything we have done is headed in that direction.

The loans that we have made, the terms of ECA assistance, the proposals for an International Trade Organization, as well as the reciprocal trade agreements program itself, all are pointed clearly in that direction.

But, of everything we have done, or are doing in the international field, the reciprocal trade agreements program is the most basic. More even than the ERP, and more than the ITO, it represents a framework for continued day-to-day action. Under it we have, since its inception in 1934, successfully negotiated trade agreements with over 40 countries. We have secured numerous benefits for our exports and have lowered some of our own tariff duties fairly substantially.

I digress to add that, as my distinguished colleagues well know, I was a strong advocate of ECA. I thought it was one of the "musts." We received good reports of its progress last year. I thought they would continue, but I have been somewhat disturbed by recent reports. In the committee and on the floor of the Senate I voted for the program without crippling amendments. We agreed on what appeared to me to be a satisfactory sum, and we put it through. But it is my honest opinion that if we rehabilitate the industries of the Marshall-aid countries and then refuse to trade with them, the ten, fifteen, or twenty billion dollars we have put into Marshall-aid funds is definitely money down a rat hole. That is my opinion. That is the reason why I say that if we take the crutches away from them, after they march shoulder to shoulder with us in our freedom-loving world, with self-respect and with a decent standard of living, resisting aggression on a mutual basis, the trade program is the vital Ebenezer on which they must build their tabernacle.

Above all else, the trade-agreements program stands as a symbol. Back in 1934 when, under the aegis of Secretary Hull, the act was first passed it represented an abrupt about-face in the tariff policy of the United States. After the First World War, when we ceased being a debtor Nation and became, for the first time, an important creditor, we did precisely the reverse from what was necessary to sustain that position. We raised, whereas we should have lowered, our barriers against imports. The Emergency Tariff Act of 1921 was followed by still greater increases in the Fordney-McCumber Act of 1922. And then, in 1930, we broke all records and enacted the highest tariff in our history, the Smoot-Hawley Act.

Foreign countries could not understand us. At a time when the spiral of world-wide depression was going ever downward we seemed determined to accelerate its movement by throttling trade.

I digress to say that I heard, during the morning hour, the distinguished Senator from Nevada [Mr. MALONE] say that as we go into another depression he sees all about him the pernicious evidence of free world trade. What are the facts? The facts are that instead of our imports increasing they are, as the Senator from Georgia stated, rapidly falling off, and if we get into a real depression again, the imports will be not more than a trickle. It always happens that way. Not only is a depressed market a poor market for the foreign exporter, it is also a poor market for the domestic producer. They both lose together. But when we have prosperity and an expanding economy we can accept imports, as many economists say, up to 5 percent of the total national income, if properly selected, without causing any serious dislocation. We do not have to limit them to bananas, spices, and rubber, which we do not produce. There are many things which, in a way, would be not competitive, and, in another way, would be what someone wants.

I remember one argument with which I was familiar in the House. There was great objection on the part of woolen mills in Massachusetts to any reciprocal-trade agreement for fear that some competitive item might come in. I said long ago that in the South, with steam-heated homes and what not, it was not possible to sell red flannels to the ladies, and if they wanted silk, who was there to say that they should not have it, and how did it hurt the economy of this Nation to import a little silk from China and Japan in the days when we did not have our splendid nylon, which, in the opinion of many, is even superior to silk? But in those days we did not have it.

There are some manufacturers who would like to say to us, "You wear red flannel, or you do not wear anything." That is the attitude I am combatting today. A proper selection of imports not only helps our allies, so that we do not have to keep on pouring out cash to them all the time, but it also complements our economy, helps our consumers, and puts the efficient man on his toes, so that he will price his products rightly and stay in the market against competition.

The coming of the Reciprocal Trade Agreements Act reversed the trend of economic isolationism, and we offered to sit down with other countries, one by one, and to work out reciprocal reductions in international trade barriers.

Because the power to negotiate, and to proclaim, reduced duties was placed in the hands of the President, the program has been a success. Our tariff history amply demonstrates that reciprocity, under our system, can work only when it is administered by the President, who, in his own person, represents the entire people.

Mr. President, I digress again to say that reciprocity is a Republican principle. All American history shows that to be so. So is the most-favored-nation provision of all the treaties a Republican principle.

There were two real matters on which the distinguished Teddy Roosevelt fell out with the distinguished President Taft. One was schedule K, the wool schedule of the tariff, to which Teddy Roosevelt was bitterly opposed. He figured out how much that added to the cost of the workingman's clothes. To his great surprise, President Taft went to Winona, Minn., and made a long speech in behalf of schedule K. That simply burned Teddy Roosevelt up. That was such a thorn in the flesh that the Republicans have never had an ABC tariff since. There has been no schedule K in any tariff passed since that time. They decided that good old arabic numerals, 1, 2, 3, and so on, would be better than A, B, C, up to K.

The next difficulty between President Taft and ex-President Roosevelt was over a reciprocal trade agreement with Canada. President Theodore Roosevelt had negotiated a trade agreement with Canada of which he was very proud. He thought it was a real achievement. Roosevelt said Taft had promised him positively to put it through. In those days such an agreement had to go through the Senate. I shall not elaborate on what it took to put a measure like that through the Senate, but it had to go through the Senate, and President Taft said to ex-President Roosevelt, "I have done my level best to get it through the Senate, and I could not get it through the Senate." President Roosevelt thought that in some way or another Taft had not put the pressure on where it should have been put, and he blamed him for not getting it through.

Those two things started the split between those two friends. There is no doubt about the fact that Teddy Roosevelt had been the most influential man in putting Mr. Taft into the Presidency. They were bosom friends. It merely shows how fine men, even in the Republican Party, can get into an unfortunate position and hurt each other, and perhaps hurt the country, if they get into a disagreement about the desirability of reciprocity and freer world trade.

Mr. President, I am very happy to stand on this floor today and say I give credit to the Republican Party for the very fine principle of equal-nation treatment in all our treaties and to give them credit for the principle of reciprocity. I shall have to come on down the line to the days of Cordell Hull, and give him credit for being the first one to put it through, and to say, with all due deference to the distinguished body of which I now have the honor to be a member, that the only reason why he got it through was that it was not in the form of a treaty which had to be ratified by the Senate, but it was merely a proposed new tariff act, to be passed by a majority of the legislative body.

The act of 1934 delegated this authority to the President for only 3 years. The law was subsequently renewed in 1937, 1940, and 1943. In 1945 it was again renewed, but with a broadening of the power of the President. Henceforth he was to be allowed to reduce duties to the extent of 50 percent of the duties in effect on January 1, 1945, instead of those prevailing in 1934.

But when the act again came up for renewal in 1948 the program hit tough sledding, for the leaders of that Congress were imbued with the thinking of 1930—namely, the domestic market is our best market, and therefore let us save all of it for ourselves by excluding all imports except the few items we cannot produce. The 1930 leaders ignored our new creditor position, as many now seek to do. When a postwar recession started, as a similar one is now beginning to start, they ignored the fact that 95 percent of a good domestic market is better than 100 percent of a depression-ridden one. They ignored the fact that there has never been a time in our history when we could not successfully absorb imports of the dollar value of 5 percent of our national income. They ignored the fact, more accentuated since our industrial employment has exceeded 60,000,000 and our farmers have increased their production by 30 percent, that export markets are essential to a sustained prosperity and that to sell abroad we must buy from abroad.

In the Eightieth Congress the foes of mutually beneficial international trade were able to tack on amendments to the trade-agreements bill that all but nullified the objectives of the bill. I refer, of course, primarily to the so-called peril points. At that time I criticized them, and I repeat my criticism of them now.

Under this new procedure we retain the shadow, but we run the risk of destroying the substance of this worthy program. Fortunately, the Extension Act of 1948 has expired and we are now considering, not its renewal but the kind of a program that we want from this point forward. Do we want to continue what has worked so well for 14 years or do we want to substitute a watered-down version that gives no promise whatsoever of being effective?

The peril-point provision as embodied in the 1948 act is wrong in theory, perverse in its day-to-day operation, and was cleverly designed to throw the dust of confusion into the eyes of those well-meaning friends of reciprocity who are not sufficiently familiar with the intricacies of the problem to realize what the new procedures, in fact, do require and how restrictive they are.

Mr. President, I digress at this point to say that I have not seen the amendment which is going to be offered by the distinguished Senator from Colorado. I gather, either from what has happened already on the floor of the Senate today or from some other source, that it will not be as embracive as the long provision of the 1948 act which I have in my hand. Even at that, I think the adoption of the amendment would be undesirable, and in effect a hamstringing action.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield to the Senator from Colorado.

Mr. MILLIKIN. The purpose of the amendment is to continue, from the date of the expiration of the Extension Act, the peril-point procedure. We have accepted several of the minor amendments which are contained in H. R. 1211. We have also offered an amendment which would limit the report to Congress on behalf of the Tariff Commission and the President to those "peril points" which have been exceeded. That is the gist of what we will offer.

Mr. ROBERTSON. Mr. President, I thank my colleague, and I shall read a little from the existing law before I conclude, but I shall proceed now to a brief further discussion of the peril-point amendment.

In the first place, the original act pinned the responsibility for making tariff cuts squarely on the President. It made no bones about it; whenever the President cuts a duty it is he who is responsible to the people. On numerous occasions, in actual fact, the President has refused to make cuts as deep as his advisers had recommended.

The original act also provided adequate safeguards for every efficient American industry.

I digress there, Mr. President, to say, after having gone through weeks and weeks of hearings during a period of 10 years, that I am fully convinced we have been following the fundamental principles of Woodrow Wilson in the negotiation of these trade agreements, which were in effect saying, "We want to give proper protection to an efficient American industry against unfair competition, but we do not want to raise our duty so high that we will protect the inefficient producer." That is oversimplified, but President Wilson sent numerous messages to Congress on this subject, all of which were incorporated in our hearings. He made a number of speeches on the subject. I shall not take the time of the Senate now to quote at length from them. But, in a word, I feel that is a fair résumé of his fundamental principle respecting the subject of tariff making.

Machinery was set up for full public hearings. Today a question was asked the Senator from Georgia [Mr. GEORGE]: "Who has been hurt?" Every time the question arose in the Ways and Means Committee respecting renewal of reciprocal trade agreements, somebody, and even a lot of different somebodies, would come before the committee and try to make out a case that he or they had been hurt. I state, Mr. President and Senators, as my honest conviction, that in no single instance did they make out a bona fide case of being hurt. Toward the last of the hearings they finally abandoned any effort to prove that they had been hurt, and they based their opposition on the fear of being hurt. They said, "We are going to be hurt in the future if you do not stop what you are now doing." That is the record, up to date. The witness would say, "I have not been hurt so far, but I am afraid of you and I am afraid of the competition that will be created by the change in the tariff. All these hungry Europeans are going to work for little or nothing."

I think some of those who are so afraid should go to England and find the hold the central union has on everything that is being done there, and whether or not the workers there are going to work for nothing. Recent reports from many different countries are that out of the upheaval of World War II has come a demand by the masses for better treatment than they ever received before, and I predict that they are going to receive such better treatment.

We do not find anyone in Japan working for 10 or 15 cents a day, as they did when I was there in 1935. Now they have labor organizations and, if we do not bother General MacArthur too much and if he is not threatened with trouble from the mainland, before he finishes I believe General MacArthur will have the Japanese on a pretty good basis. I believe he will make pretty good citizens out of those people. Everyone knows they have energy. Anyone who fought against them knows they have courage. We were lucky they did not have as good equipment as we had. They have capabilities. I think General MacArthur is doing a very fine job. I look for Japan to develop into a fine industrial nation, which will make a great contribution to the standard of living in the Orient.

I was in China in 1935 and made some inquiry about the pressing poverty I saw at every hand and the disease and filth and everything that goes with a large oriental city. I was told that the average per capita income in China at that time was $9 a year. Think of it. Millions of Chinese die every year and the rest of them live in poverty which is simply beyond description. I am looking for the Japanese people, with their brains and their energy and their technical skills, under the leadership of a man like MacArthur—who is a brilliant man, who has firmness and knows how to deal with those people, without coddling them—to bring something worth while out of that little island.

Only those who are familiar with governmental procedures, and with the vastness and complexity of the documents involved in any single trade agreement can realize the amount and quality of the work that goes into the preparation of each and every trade agreement, even before any actual negotiations are started. Competent students of government have stated that they have never seen any more painstaking work done in any field of governmental activity.

But, what did Congress do in 1948?

It brushed aside much of this machinery and tacked on a few innocuous-looking amendments that changed the whole orientation of the trade-agreements program. So far did it go toward shattering the machinery that had been built up through the experience of 14 years that it is not inaccurate to say that it amounted, in effect, to a virtual repeal of the program.

Nevertheless, the President has courageously gone ahead and tried to make the new act work. Several months ago an American team of negotiators was sent to Annecy, France, to start negotiating with a dozen or so countries to bring their trade practices into line with the Geneva agreement of 1947.

I was very happy to hear the chairman of the Senate Finance Committee say earlier today that those negotiations have been completed. But, of course, no official action can be taken toward putting those agreements into effect because the act under which they were negotiated has expired, and the President now has no authority.

Unless we renew the act in a truly workable form we shall most certainly give the impression to the countries with whom we have been negotiating for the last 3 months that we have changed the direction of our foreign economic policy. It would, indeed, be a signal to the entire world that as soon as the signs of even a mild economic recession appear, the United States plans to go back to its old tariff-building ways. The next step, as they see it, would be a recurrence of the old Smoot-Hawley philosophy of economic self-containment.

Some persons do not realize that the Smoot-Hawley tariff law is still on the books. It has not been repealed. Some of its rates have been revised from time to time on trade agreements of a temporary character. They will expire. When they expire and when there is no new act put on the statute books to negotiate any more, we are automatically back to the act of 1930, which the distinguished Senator from Georgia said, while it may not have been the sole cause, was certainly a large contributing factor to bringing about a great depression. We all know that it so disturbed and infuriated our former war allies, who were up against a hard problem just as we were, that they all immediately started to retaliate. It wound up with 30 nations retaliating against us. Most of the work they did came in the first year after that tariff act was enacted.

It is one thing to proclaim cooperation and multilateral trade as the end product of our foreign economic policy. It is another to take those daily steps that are necessary to attain that goal.

Unless we return to our original trade-agreements philosophy I, for one, fear that we shall, by that single omission, undo much of the good that the billions of dollars we have appropriated for foreign loans and assistance recovery have accomplished. Through ECA we are trying to raise the standard of living in western Europe. Why? To give those who prefer freedom to slavery hope and the strength and courage to successfully resist communism. But if the biggest purchasing nation in the world closes its markets to their rehabilitated industries, what hope will they have for permanent recovery? And what hope will we have for the disposal of the surplus production of our farms and factories if western Europe is a goat pasture? China illustrates the answer. With a population almost one-third that of China, western Europe through the years has been our best customer, while the poverty-stricken millions of China could take from us only a few million dollars worth of cotton, tobacco, wheat, and rice. The small, but highly industrialized, islands of Japan have bought far more. Neither we nor western Europe can sell our goods to those without purchasing power. After World War I we tried what amounted to a plan of giving our goods away. It did not work. We are giving them away now and that will not work either unless it is the basis for a future program of reciprocal world trade. Russia and her satellites have surplus food, but desperately need the industrial output of western Europe. Before western Europe starves—and I wish to emphasize this point—it will exchange ballots for bread, and it can get bread from Russia.

The peril-point requirement in the 1948 act made it necessary for the President, before negotiating any trade agreement, first to submit to the Tariff Commission a list of the commodities under consideration for concessions. The Commission then is required to make a series of investigations and to report to the President its findings with regard to the points beyond which the President cannot go in reducing duties without "causing or threatening" serious injury to the domestic industry producing like or similar articles.

In considering this requirement, it should be pointed out that scientific accuracy in setting peril-points is impossible because the Tariff Commission is required to predict in advance the exact effect of a cut in a tariff rate for years ahead. Under the burden of this responsibility the Commission inevitably will incline toward a far more cautious protectionist attitude than it might otherwise take.

But the act lays down no requirements regarding American consumers. Nothing is said about our international creditor position or the need of increasing our imports. The sole concern is the producer and his profits. Now I do not for a moment maintain that producers' interests should be ignored. I do not want to subject any American industry to unfair competition, but consumers also have rights. The President's concern, as ours, should be with the interest of the country as a whole, with all groups within the country and not with a favored few only.

In this respect, the Extension Act of 1948 marked a step backward to a phase of our tariff history which many of us thought was gone forever. It is a modern version of the old philosophy of "protect the producer regardless of efficiency and let the consumer take care of himself."

Because of these considerations I insist that the peril-point requirement is out of keeping with the philosophy of the original Hull program, is wrong in theory, and is really repeal in disguise.

As I say, I do not have before me the exact language of the new amendment. If I have gone too far in criticizing that, we can take up that question when I get the exact language. But as I gather from the oral explanation just given me by the distinguished Senator from Colorado [Mr. MILLIKIN] as to what the amendment would do, frankly, I cannot see any material difference from the language of the present act; and it is the language of the present act which I have been discussing.

Even though, technically and nominally, the President is still free to act even after receiving the Tariff Commis-

son's report, he can go beyond the points specified by the Tariff Commissioners only if he makes known to Congress—which means to the public—the reasons for his action.

Looking the facts in the face, what President would have the courage, or the foolhardiness, to expose himself to the charge of setting himself up as a higher technical authority than his own Tariff Commissioners who have been appointed because of their technical competence in such a highly complicated field as this? No; the power to name the "peril points" amounts, in fact, though not in name, to the power of veto in making trade agreements. This means that the overcautious limits set by the Commission become actually the controlling factor in the negotiation of an entire agreement.

I digress to repeat what I have already said. All they are to consider is the profit position of the producer. They are not permitted to give the interests of the consumer the slightest consideration in making their report.

The interests of exporting industries and of industries using imported materials and of consumers are entirely overriden by one factor—the protection of producers against not actual, but what the Commission may feel is threatened, injury years hence.

This, I submit, is out of keeping with the original philosophy of reciprocal trade agreements and will sooner or later expose us to charges of international economic hypocrisy. And, equally bad, by crippling the program, it will make it more difficult for us to bring about equilibrium in the international accounts. In simpler language, it will aggravate the dollar shortage.

Furthermore, the peril-point system is totally unnecessary because in every agreement negotiated within the last 6 years, including the general agreement, and in every future agreement there is or will be a general escape clause stating that after a tariff cut is made, if as a result of unforeseen circumstances imports enter in such quantities and under such conditions as to cause or threaten serious injury to the domestic producers, the concession may be modified or withdrawn. In extreme and emergency cases such action can be taken immediately without having to obtain the consent of the other country. This is more reasonable because it operates when injury is a fact or about to become a fact and not merely a threat years ahead.

Those of us who are familiar with the trade agreements program and with the successive renewals of the act in Congress cannot avoid the conclusion that the intent of the originators of the peril-point provision of the 1948 act was to kill the act with the least amount of political explosion. Undoubtedly many of the newer Members of Congress who have not had intimate experience with the legislative history of this act were taken in by the argument that this was merely a perfecting amendment. But others of us know better.

It was no mere accident that well-labeled opponents of the reciprocal trade agreements program were ardent defenders of the peril-point procedure.

The supporters of this amendment included such groups as the American Tariff League. I had the pleasure of hearing their representative testify every time we had a reciprocal trade agreement before us for consideration in the Ways and Means Committee over a period of 10 years. He was always in bitter opposition. They also included the American Wage Earners Protective Conference, the National Association of Leather Glove Manufacturers, the National Wool Growers Association, the Vitrified China Association, the American Manufacturers of Jeweled Watches, and members of the Congress who in the past have opposed the reciprocal trade principle.

The groups which I have mentioned have been against this program first, last, and always. They are already steamed up and ready to go in behalf of the peril-point amendment. They think that would be fine. I believe I know why they think it would be fine. They think that it would be second best to killing the program. It seems obvious that they were not interested in perfecting the act. The only kind of perfection in which they were interested was the perfection of annihilation and that they came perilously close to achieving.

The critics who label every move toward international economic cooperation which the United States has taken since the war as a step toward free trade are aiming at American participation in the United Nations and at the basic philosophy which underlies that participation.

Theirs is the position of rudimentary, primitive nationalism which the American people have decisively repudiated at the polls time after time.

Any move of the United States to adapt its economic foreign policy to our position as a great creditor nation is labeled as a move toward free trade. Any reduction in a United States tariff, no matter how selective or how moderate, is labeled a free-trade measure. Any increase in imports is considered a threat to American industry and the American standard of living.

These opponents of reciprocal trade have not offered any constructive alternative as to how we can continue to sell abroad more than we buy, or how payments shall be made on interest and principal on American investments.

It is up to us in the Eighty-first Congress to recognize and accept the responsibilities of the United States as the economic giant of the world. We must undo the damage done to the reciprocal-trade program by the Eightieth Congress, and we must return the train to the right track. That means restoring the original Trade Agreements Act as amended to 1945.

The PRESIDING OFFICER (Mr. GRAHAM in the Chair). The bill is open to amendment.

If there be no amendment, the question is on the third reading of the bill.

Mr. WHERRY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. WHERRY. Mr. President, I ask unanimous consent that the request for a quorum call be withdrawn, since the Senator from Colorado is ready to proceed. That was the purpose of the call.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MILLIKIN. Mr. President, I expect to make a prepared speech on this subject tomorrow. It seems to me, however, that a few comments should be made on what has been said here this afternoon, and I shall make them in an informal way.

It was suggested by the preceding speaker that the intent of the peril-point procedure was to kill the reciprocal trade-agreement system with the least amount of explosion. The peril-point procedure incorporates into law the assurances, in almost the exact words, which had been given by President Roosevelt in connection with the inception of the reciprocal trade agreements legislation in 1934, and by President Truman in connection with extension of the act. In other words, all we are saying in the peril-point procedure, in real substance, is what two Presidents of the United States have said, to wit, that no domestic industry will receive serious injury, or the threat of it, by virtue of the reciprocal trade program, and all we are doing is requiring that there be a focused reminder of that fact before the President prior to the time concessions are made which may injure our domestic producers, or subject them to the threat of injury.

That which the Tariff Commission recommends to the President is in no way obligatory on the President. He does not have to follow the recommendations unless he wants to, and the suggestion made here today, that we have transferred the judgment in this matter to a board of six men, is completely, and I am sure, unintentionally misleading. The President has available to him the Interdepartmental Committee, consisting of a half dozen Cabinet departments. He continues to receive their recommendations. He simply receives a separate, focused recommendation from the Tariff Commission on those peril points, the points which in the expert judgment of the Tariff Commission cannot be exceeded without injuring or threatening to injure our domestic producers.

There is nothing new about it. It was promised by President Roosevelt when he requested passage of the Reciprocal Trade Act of 1934, as I shall show. It was stated and given as an assurance, an unequivocal assurance, in connection with a number of our extensions, both by President Roosevelt and by President Truman. Our reasons for wanting that focused reminder as a part of our law will be developed at length, but for the present let me say we are asking that it be kept in our law because in practice there have been repeated violations of it. So if this assurance which we are writing into the law, given by President Roosevelt and by President Truman, is a sort of quiet method of killing the reciprocal trade agreements system, the origin of it is not with those who have sponsored

this procedure; it is with those two Presidents; and, except as it may have been implied here today, no one has ever suggested they wanted to kill the reciprocal trade system.

It has been suggested that before the peoples of western Europe starve they will exchange ballots for bread. I, of course, am not in position to refute that. But western Europe is taking measures to see that she does not starve. She is doing it by bilateral agreements, and those bilateral agreements are in process of strangling the farm exports of this country. Only this morning a newspaper carried a story of Russia arranging to furnish Great Britain with 1,000,000 tons of corn, oats, and barley We know of other bilateral agreements for supplying other products, including cotton.

There has been discussion this afternoon carrying the implication that our reciprocal trade system tends toward a freer world trade, and it suggested that it is good politics to be for freer world trade. I agree completely. But, since we have had our reciprocal trade system, in all of the world's history there has never been such a proliferation, such a burgeoning, of restrictions on free trade. Let me say, at once, that that is not the fault, in my judgment, of the reciprocal trade system. I think we should keep our points of reference clear in this debate. It is not necessary for anyone to oversell his case.

There are over 200 bilateral agreements among western European nations, every one of which takes out of circulation the amount of world trade involved in it. That includes ECA countries, countries behind the iron curtain, agreements between Great Britain and continental countries. In fact, they cover the whole field of trade, and they are getting worse, instead of better, every day.

Let me repeat. I am not putting that situation at the doorstep of our reciprocal trade system. Every country in the world, with the possible exception of the United States of America, does those things which at the time it considers necessary in order to protect itself; and those countries which I have mentioned are making bilateral agreements, I assume, so that they will not have to exchange ballots for bread.

It has been said that the act of 1948, with the peril-point procedure, amounted to a virtual repeal of the reciprocal-trade program. Mr. President, the cold fact of the matter is that after the act of 1948 became effective, 10 countries completed their provisional adherence to the general multilateral agreement at Geneva, and, obviously, had the Extension Act of 1948 been construed by those countries as gutting our foreign-trade policies, they would not have signed. After the Extension Act of 1948 was passed, under its provisions we invited 13 nations to Annecy, France, and everyone of them accepted. Two have not withdrawn, and one, I believe, is in a sort of dubious status, which, as I understand, arises out of the fact that there is really nothing to trade. But every country invited, despite the alleged gutting effect of the Extension Act, appeared at Annecy, and they have been busy trying to outbargain each other. I understand that agreements have been concluded and are waiting only for the extension of the system so that they can be proclaimed.

I have understood, and I cannot vouch for this, that permission has been asked by our negotiators to exceed the peril points which were supplied to the President by the Tariff Commission in connection with those negotiations. I say I cannot vouch for that, but be that as it may, I must assume that good agreements are being made and that if the President has had occasion to instruct exceeding the danger points which the Tariff Commission has signalled, I assume that he will have a very good reason for doing so. The White House is a splendid sounding board. The country will sustain a sound reason, but it will not sustain unsound reasons.

There have been many figures offered today to show that imports have been falling off. I think that is a fact, between this year and the preceding year. But the purpose of reciprocal trade is to increase imports. It is a strange type of argument to be tossed into this debate that, despite the existence of reciprocal trade since 1934, our imports are falling off. I think perhaps some of these arguments had better get acquainted with each other.

Let us discuss the subject of the excess of our exports over our imports. Of course we all know the reason for the excess of our exports over our imports. Our various aid programs have caused, and purposely so, caused this increase. The purpose of those programs is to get exports to those countries, and they have served that purpose. Those countries have not been able to pay for the exports, and I have no one-capsule cure that will guarantee that they will ever be able to pay for them. They were not able to pay for them after World War I. But of this I am completely certain, that the American workers and the American producers have not supported our export programs with the idea that they would destroy the American economy, and I am completely certain that if we are basing our programs on any theory of that kind, they will find themselves lacking the support which they have received in the past.

How ridiculous it is to send these exports for this limited purpose, closely tied to our defense, and say, "Now, boys, let us flood our markets to get our money back." I do not think we are going to get all our money back. But I repeat: I firmly believe we shall not get it back if it means destroying our American workers and our American producers in the American market. It is nice to talk about, but watch it work.

We have heard it said that no one was hurt. I venture to suggest that in the past 2 years, in petitions to the President, in showings before the House Ways and Means Committee, and in showings before the Senate Finance Committee, and to the Tariff Commission, a couple of hundred American producers have alleged either injury or the threat of injury.

I do not for one moment believe that they are all right, but I do not for one moment believe that they are all wrong. I do not for one moment believe that we can sit here in our ivory towers and say that no one has been hurt, that no one has been threatened with injury, in the face of all those supplicants for the friendly assistance of this Government. Some of them are right. I say the fur people are right. We put the watch industry out of business during the war. We allowed imports to take a monopoly of our domestic market. We took their workers, we took their tools, we put them to the job of winning the war for us. Before the war they had 50 percent of our domestic market. Now they have about one-sixth of our domestic market. Yet is someone willing to rise and say that our watch-making industry has not been hurt?

It is always painful to me to have the slightest difference of opinion with the distinguished senior Senator from Georgia, the great chairman of our Committee on Finance. He says that our watchmakers are not good salesmen. They were pretty good salesmen until we turned their market over to a monopoly. They were pretty good salesmen until we permitted that monopoly to make so many profits, by virtue of the monopoly, that they were able to conduct advertising campaigns and radio programs of such costly magnitude that our domestic people simply have not been able so far to catch up with them.

He said that the oil business has not been hurt. There are 900,000 barrels of available oil production per day in this country which is shut in and while that amount of oil is being shut in here, we are importing about 600,000 barrels of oil per day. There is unemployment in our oil towns. Who can say the oil business has not been hurt? Who can say the fur business has not been harmed? Russia monopolizes our fur business. Russia has driven our domestic fur farmers out of business. There is not a Senator here who does not know it. They have all had correspondence from their fur-farmer constituents who have told them that.

Of course many people have not been actually hurt. But they think they are threatened with injury. Some of them are, perhaps, and some of them perhaps are not. But unless we limit our activities to the techniques of autopsy and post mortem, it is about time we give a little foresight to these problems, and keep these people from getting hurt.

It has been suggested that the British conference will concern itself with the question, "Are you going to let our goods in?" I have no doubt that will be one of the items of discussion. I do not know anything in the peril-point procedure which will keep their goods from coming in, on the basis of fair competition. I know of every reason why we should keep goods out if letting them in will produce unemployment so that somebody somewhere else may work. Let me repeat, I do not know of any reason why the peril point will keep any imports out of this country which can present themselves on a basis of fair competition.

It has been said—and I intend to treat this at length when I get to my prepared

remarks—that we find complete protection in the escape clause. The escape clause itself is burdened with so many conditions and exceptions that it does not work. It has not worked. There has not been a single escape. There have been 10 or 11 or 12 attempts to get escapes. Four or five of them—I forget the exact number—have been refused. Even an investigation has been refused. Several of them are pending, and one investigation—and I am not ridiculing it, the spring-clothespin case—has been authorized.

The notion that we have escape clauses in all our reciprocal trade agreements is very, very erroneous. We have 13 agreements, important agreements after giving account to the Annecy agreement and giving account to the Geneva agreement, which have no escape clauses in them. The agreement with Switzerland is an example.

It was suggested that we are leaving this whole subject——

Mr. VANDENBERG. Mr. President, will the Senator yield before he leaves the escape-clause discussion?

Mr. MILLIKIN. Gladly.

Mr. VANDENBERG. I should like to submit a question to the Senator which is imponderable to me. In the Eightieth Congress, when the able Senator from Colorado was chairman of the Finance Committee and the senior Senator from Michigan was chairman of the Committee on Foreign Relations, we conducted prolonged negotiations with the distinguished Secretary of State and, through him, with the President, in respect to a composition which would permit the postponement of any controversy over reciprocal trade agreements.

The Senator from Colorado and the Senator from Michigan were seeking, first, an escape clause to overtake disaster after it had occurred, and a peril-point clause to anticipate disaster before it occurred. We were able to get only an agreement upon the escape clause, as I recall. Is my recollection correct?

Mr. MILLIKIN. The Senator's recollection is completely correct.

Mr. VANDENBERG. What I wish to ask the Senator is this: It seems to me that when the President and the Secretary of State agreed to the escape clause—and they did agree to it—and agreed to the principle behind it, they agreed to the principle that there must be some point of legitimate protection against the deliberate destruction of American industry. Having agreed to that principle, even though they disagreed at the time to the application of a peril-point procedure, I am unable to understand why they have not agreed to the principle which the peril point undertakes to implement in advance, instead of in retrospect. If the peril-point procedure is such a heinous offense, as we are given to understand, against the reciprocal trade theory, I am unable to understand why the escape clause is not precisely the same kind of an offense so far as the fundamental principle is concerned. What has the Senator to say to that?

Mr. MILLIKIN. Mr. President, I agree entirely with the distinguished senior Senator from Michigan. The whole validity of the escape-clause procedure turns on the proposition that we shall not allow anything in our trade to happen that will seriously injure, or threaten with serious injury, the American producer. That is the purpose of it. The only difference is that one acts as a backstop to errors in the original negotiation, and we try to reach sound agreements to start with and thus minimize the use of the backstop.

Mr. VANDENBERG. Mr. President, will the Senator yield for another question in the same connection?

Mr. MILLIKIN. I yield.

Mr. VANDENBERG. As I understand, the chief argument against the escape clause as compared with the peril-point clause is that it is difficult of administration, and that it in a way complicates things. I wish to ask the Senator whether anything could be more complicated than the actual application of the escape clause, which would require a renegotiation of all of the trade agreements involved in the escape.

Mr. MILLIKIN. I can think of nothing more complicating, and I can think of nothing more dangerous to the reciprocal trade system. Let me remind the distinguished Senator that every escape we take can be met by a counterescape of some other country or a group of other countries. In times of world recession, if we allow a vast number of escapes to get going, with all the chain reaction of counterescapes, the reciprocal trade system will collapse.

Let me bring another suggestion to the Senator's attention. When we escape, so far as the over-all economy of the country is concerned we are not making any escape at all. We are transferring the injury from a domestic producer to a domestic exporter. We are merely taking the squeak out of one axle to put it into another axle.

Mr. VANDENBERG. I thank the Senator. It is not surprising that we find ourselves in agreement on this point, but I must say that I have found it impossible to assess the reality of an argument based upon acceptance of the escape clause which in turn, having accepted the principle of escape through the acceptance of an escape clause, insists that the use of a peril-point protective in advance is total ruin. It is too deep for me.

Mr. MILLIKIN. Mr. President, the capstone on that has been put on by the President himself. In one of his Executive orders he instructs his Interdepartmental Committee that if there is dissent among them as to these points of concession, those dissenting shall furnish the President with the peril points beyond which concessions, in their opinion, should not be made. Not as to a particular producer, but mark you, please, as to the whole economy. Now, obviously, if a peril point can be found for the whole economy a peril point can be found for a part of the whole economy.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. LUCAS. Did I understand the able Senator from Colorado to say in reply to the question raised by the Senator from Michigan that there is really no escape in the escape clause?

Mr. MILLIKIN. When it comes to an escape, it amounts to letting a domestic producer for the American market out of his difficulty, and by virtue of the counterescape of some other country a domestic producer for export bears the cost. The foreign country does not have to take a compensating escape; but these are business deals. If they make the escape that operates theoretically to an equivalent amount of injury to one of our exporters.

Mr. LUCAS. In other words, there is nothing to the escape clause?

Mr. MILLIKIN. I would not say that. It does not necessarily follow that there will be a compensatory escape for every escape we make. I think that if you have a limited use of the escape clause, if you buttress the escape clause and protect it with sound agreements to start with, so that you do not have to be using it all the time, using it when you do use it in limited circumstances to cover limited cases against foreseeable areas of injury and foreseeable consequences of the escape, I think it can serve a useful purpose.

Mr. LUCAS. I was a little bit troubled about the Senator's answer. I understood him to say that after all there was no escape, because either the producer or the exporter, one or the other, got hurt. If the exporter won as the result of the escape, the producer lost.

Mr. MILLIKIN. What I mean to say is that under the structure of our escape-clause procedure, and under the whole structure of the multilateral agreement at Geneva, if we make use of the escape clause compensatory escapes can be taken, and if a country makes use of a compensatory escape it is simply equalizing the damage in this country on an over-all basis.

Mr. LUCAS. Mr. President, will the Senator further yield?

Mr. MILLIKIN. I yield.

Mr. LUCAS. I understood from the Senator from Michigan that the Senator from Michigan and the Senator from Colorado were the two individuals who worked out the escape clause with the Secretary of State and the President of the United States, and if that was the case I was rather surprised and rather amazed to find the Senator from Colorado practically repudiating this great theory about which he and the Senator from Michigan had had so much say.

Mr. MILLIKIN. I would not admit our infirmities unless the distinguished Senator from Illinois makes it a little clearer that they did exist.

Mr. LUCAS. I was not trying to do that, of course.

Mr. MILLIKIN. But what we were after was an escape clause to be used in rare instances where we had made some misjudgment, which is always apt to happen, and had reached a peril point. Of course, it was our hope that it would not have to be used; that we would make sound agreements to start with.

Mr. LUCAS. I think I understand the Senator and I appreciate his answer.

Mr. MILLIKIN. Mr. President, I repeat: This thought that we have taken away from the President the machinery for making an adequate judgment as to

what concessions should be made is completely without foundation. The President still has all his Cabinet agencies to advise him. He has the Tariff Commission to advise him. He can disregard all that advice. He can go out and ask anyone on the street for advice, and take it, if he wishes to. He does not have to take advice. He can disregard any advice given to him by any of these agencies.

Mr. VANDENBERG. Mr. President, will it trouble the Senator if I interrupt him again?

Mr. MILLIKIN. No, indeed. I yield to the Senator from Michigan.

Mr. VANDENBERG. Upon the very point the Senator has just been discussing, it seems to me the very fact that the able Senator from Colorado is offering the peril-point amendment in the form in which he offers it is a demonstration of his good-faith, fair-play attitude in respect to reciprocal trade agreements. If he were seeking to use this occasion and this device as a purely protective-tariff arrangement, he would have made the peril point mandatory.

Mr. MILLIKIN. Yes.

Mr. VANDENBERG. Instead of making it mandatory the Senator recognizes the fact that in the complex economy of the world today there may be other factors beside comparative costs of production which ought to control our decision. There may be situations in which comparative costs of production may produce a peril point which ought not to control our tariff decision in view of the other considerations that may be involved. I submit that the Senator proves his good-faith fair play in respect to the Reciprocal Trade Agreements Act when, instead of insisting that the peril point shall be mandatory, he merely insists that it shall not be ignored.

Mr. MILLIKIN. Mr. President, when the bill came over to us from the House last year it had in it a provision for the approval of Congress of our trade agreements. There was much opinion on both sides of the aisle that that might take us back to logrolling. I do not know of anyone who wants congressional logrolling.

The majority members of the Senate Finance Committee dropped that provision, and the peril-point provision was evolved. As I said before, it was evolved because two of the Presidents—the only two Presidents since the beginning of the system—had assured us that the principle would be adhered to, and the evidence showed that in practice the managers of our reciprocal trade system had not adhered to it, and that will be fully developed during the course of the debate.

I voted against reciprocal trade prior to the time it had the peril-point procedure in it. If it does not have the peril point or some other thing in it that will assure the safeguarding of our domestic producers and workers, I shall vote against it again, and I shall vote against it any time it comes here so long as I am here.

I cannot understand how the administration can resist a principle, adherence to which it has promised again and again.

It has been suggested that no reciprocal trade agreement has been entered into since the Extension Act of 1948. The Annecy agreements, as I understand, have been negotiated. They have not been entered into in a technical sense. They have not been entered into in a technical sense because they have not been proclaimed effective by the President of the United States. The reason they have not been proclaimed effective by the President of the United States is that the Reciprocal Trade Act has been allowed to lapse since last June.

The distinguished chairman of the Senate Finance Committee [Mr. GEORGE] admitted a lack of vigor in the use of the escape clause. With a disarming choice of words which always distinguishes that great Senator, he was guilty of very severe understatement. There has been no vigor at all in it. There has been no life in it. Not a single escape has been taken, although we have 4,000,000 unemployed, and perhaps that many more who are on part-time employment, a part of it clearly attributable to our import policies. There has not been a single escape, notwithstanding the case of watches, the case of furs, the case of fish fillets, and all the other matters which we have been discussing, and which will be discussed at greater length. All those industries are crying for aid and relief and the helping hand of the Government of the United States, which has machinery available to help them. Yet the unemployed in those businesses are still standing in line looking for jobs. Not one escape has been taken.

The distinguished senior Senator from New Jersey [Mr. SMITH] asked a question about ITO. ITO was ready for submission to the Congress in March 1948. ITO was sold by the administration as the final solution of all the difficulties of world trade; and yet ITO was kept buried until April of this year. It was then brought into Congress at a time when it was known by all that because of the work of the Foreign Relations Committee there was not a chance to get action on it this year. So we are still confronted with the fact that the heart of ITO has been invalidly intruded into the governing provisions of the multilateral agreement at Geneva, and the Congress continues to be unable to give coordinating consideration to the two of them. Only one conclusion occurs to me, and that is that there has been a great loss of confidence in what will happen to ITO when it does get before the Congress. There certainly was a lack of vigor in getting ITO before us; and it is not yet before us. It rests in committee.

There was a suggestion that the peril-point procedure is harmful because the President must wait for the recommendations of the Tariff Commission. I respectfully suggest that there is no waiting at all, because while the Tariff Commission is making its findings the Interdepartmental Committee is holding hearings, all designed to the same end, to recommend to the President what the point of concession should be. The law provides that within 120 days after the President has submitted the items which are to come under negotiation the Tariff Commission shall supply him with the peril points.

Last year we were told that the peril-point procedure would not work, that it would bog down the Tariff Commission. At that time there were hints of a sort of elusive, amorphous program to make perhaps two more reciprocal trade agreements with two unimportant countries. It was charged that the work increase would bog down the Tariff Commission. We no sooner passed the Extension Act than we went into negotiations at Annecy with 13 countries, and within the time required the Tariff Commission sent over peril points on 409 items, as I recall, of direct interest to the United States.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. SMITH of New Jersey. Does the Senator have any evidence whatever that the Annecy negotiations were in any way bogged down by the delay in the peril-point procedure?

Mr. MILLIKIN. I have no evidence to that effect, and all the evidence is to the contrary. As I pointed out, after we had passed the Extension Act of 1948 containing the peril-point procedure, for the first time we invited 13 nations to sit down and bargain with us, and every one of them accepted. I am told now that they have concluded the negotiation of their agreements. I do not know whether the concessions are within or outside the peril points, but if they are outside the peril points, if they exceed the peril points, the President should be willing to give a good reason to the people.

Mr. SMITH of New Jersey. I thank the Senator.

Mr. MILLIKIN. Mr. President, we have been told about the importance of exports. Of course, exports are important. The exports which we have made on a give-away basis or on a dubious-loan basis have all been tied to certain fundamental policies of the United States, under my conception of it, having mainly to do with our defense. So far as I am concerned I am not going to cheese-pare about that. But that is not the normal course of trade to project for the future of this country, because, first, we cannot continue indefinitely to follow that policy when we are operating under an unbalanced budget. We cannot do it. But as I said before, if to get that money back it is necessary to destroy our domestic pay rolls and our American producers in order to bring the products of Europe here, then so far as I am concerned I would rather not see it come back. No administration can stay in office when it commences seriously to whittle down the American pay roll and the American economy.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. LUCAS. In view of the statement which the Senator just made, can he tell me why it is that every great labor organization, which undoubtedly has the laboring man as much at heart as does the Senator from Colorado, has definitely gone on record approving the reciprocal trade program as outlined by the Senator from Georgia [Mr. GEORGE]?

Mr. MILLIKIN. The glass workers' union, the pottery workers' union, the fishery workers' union, and every other union which has been affected has sent representatives here to urge the peril-point procedure.

Mr. LUCAS. I am talking about the American Federation of Labor and the CIO. The heads of those great organizations favor the reciprocal trade agreements program. It may be that certain phases of either the AFL or the CIO have been affected, as the Senator says.

What I am talking about is the fact that there was testimony before the Finance Committee and before the Ways and Means Committee from the leaders of the great labor organizations, in favor of the program. At least they can be presumed to represent the best interests of the labor organizations. The Senator well knows that the record is full of testimony approving the reciprocal trade agreement programs.

Mr. MILLIKIN. I cannot completely accept what the Senator has said. For example, the resolutions of the A. F. of L. have a great deal of room in them within which to interpret approval of the peril-point procedure. When Mr. Ruttenberg of CIO appeared before our committee I asked him the direct question, "Would you approve of an import policy which would seriously injure domestic industry?" Of course he said "No."

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield to the Senator from Illinois.

Mr. LUCAS. No one approves of that.

Mr. MILLIKIN. My point is that as injury develops and becomes clear, we find either the national or international unions, or the local unions, coming in and asking for relief, as they have done.

The Senator asked me a broader question than that, and I do not intend to duck it. There is a very close political relationship—and I am not giving the Senator any information—between the leaders of those great unions and the administration. From their viewpoint, they like to work in harmony with the administration, especially when they have their own escape clause. I say to the Senator that whenever unemployment exists in any craft in this country, the union representing that craft will be found asking for relief, as unions have done and as they should do.

Mr. LUCAS. Mr. President, will the Senator yield further?

Mr. MILLIKIN. I yield.

Mr. LUCAS. Since the Senator from Colorado has indicated that the A. F. of L. and the CIO were more or less back of President Truman last year, and that they had been back of President Roosevelt, and thus there probably is a political connection there, rather than an economic connection, I should like to ask the Senator why, if that be true, the Chamber of Commerce of the United States and the National Association of Manufacturers also endorse this program.

Mr. MILLIKIN. In the case of the local unions, the condition will fade as rapidly as the economic condition fades.

Mr. LUCAS. I appreciate that; but I should like to ask the Senator why the National Association of Manufacturers and the Chamber of Commerce of the United States, which in that campaign were on the side of the party of the junior Senator from Colorado, nevertheless are supporting the reciprocal trade agreements program, which is not in line with the Senator's theory.

Mr. MILLIKIN. Of course I would not attempt to reconcile all those conflicting aberrations.

Mr. LUCAS. I am sure the Senator from Colorado cannot do so.

Mr. MILLIKIN. Mr. President, in that connection I should like to read into the RECORD the resolution adopted by the American Federation of Labor at Cincinnati, on November 20, 1948, with respect to the trade-agreements program:

> We recommend that the American Federation of Labor support the principle of this act—

Meaning the Reciprocal Trade Agreements Act.

> The reciprocal trade agreements program offers a method for the future looking toward the further freeing of international trade from restrictive tariff barriers.

I interpolate at that point to say that there is nothing in the peril-point procedure that would foster restrictive tariff barriers.

The resolution continues, as follows:

> However, in some instances the duty reductions already made have reached the point where further reductions would endanger the employment in particular industries, exposed to competition from abroad. In supporting the trade agreements program, we recognize the need of safeguarding American labor in some industries, especially where wages are a relatively heavy factor in the cost of production against competition that threatens to undermine our labor standards.

There is no possible argument that the peril-point procedure is in opposition to that resolution.

Mr. VANDENBERG. Or vice versa.

Mr. MILLIKIN. Or vice versa, Mr. President.

Now let us talk for a moment about the matter of high labor costs.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. WHERRY. In referring to the unions which have been protesting, the Senator from Colorado did not mention the watchmakers' union. Is it not also true that the union representing the watchmakers of the United States have gone on record in opposition?

Mr. MILLIKIN. Oh, yes; the hearings before the Senate Finance Committee are full of testimony by representatives of the various unions in opposition to the present method of handling our trade agreements, and in favor of peril-point procedures.

Mr. WHERRY. Yes. I do not wish to labor the point; but at Lincoln, Nebr., there is a branch of the Elgin Watch Co., and I am sure the Senator from Colorado will recall that a short time ago protests were made in regard to the importation of watches. At that time I think the protest came from the management; but I should like to ask the distinguished Senator a question in connection with the question propounded to me by them. As I understand the matter, they are not entitled to the escape clause benefits.

Mr. MILLIKIN. That is correct.

Mr. WHERRY. Can the Senator from Colorado give me any hope that the escape clause might be extended retroactively, so as to take in the watch companies of the United States?

Mr. MILLIKIN. In my judgment, to include the escape clause in what I previously referred to as the 13 agreements, do not have it, would require a renegotiation of the agreements, and that would represent 13 individual problems.

Mr. WHERRY. I understand.

Mr. MILLIKIN. As I said before, I have no single-capsule cure which will give a quick and complete answer to that particular problem. I will say that regardless of the escape clause, in my opinion, respectfully submitted, the competent management of our foreign affairs can iron out difficulties of the kind confronting our watch-making industry without an escape clause. It is a problem of diplomacy.

Mr. LUCAS. Mr. President, will the Senator yield at that point?

Mr. MILLIKIN. I gladly yield.

Mr. LUCAS. In view of the fact that the item of watches has been discussed—and it is very important—let me inquire whether I correctly understand the Senator from Colorado to say that in his opinion the watch situation as it exists today under the agreement we have with Switzerland can be successfully ironed out in the State Department without renegotiating the treaty with Switzerland.

Mr. MILLIKIN. There would be a modification of the treaty. I was referring to the formal inclusion of an escape clause. The State Department at one time negotiated unofficially a quota on Swiss watches.

Mr. LUCAS. I understand that.

Mr. MILLIKIN. I say that the effect of an escape clause under competent management of our diplomatic affairs could be achieved in the case of Switzerland and in the case of other countries which do not have an escape clause.

Mr. LUCAS. But it would require a renegotiation, would it not?

Mr. MILLIKIN. It can be called renegotiation, if desired. It requires another understanding, whether it be incorporated in the agreement formally or informally, or whatever the mechanics may be.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. WHERRY. I was interested in the observation and the question by the distinguished Senator from Illinois as to the AFL, the CIO, the Chamber of Commerce of the United States, and the National Association of Manufacturers, all of which he said were favorable to the Reciprocal Trade Agreements Act. Let me ask this question: Are the AFL, the CIO, the Chamber of Commerce of the United States, and the National Association of Manufacturers opposed to the peril-point provision?

Mr. MILLIKIN. Not all of them, according to my understanding.

Mr. WHERRY. My understanding is just the opposite, namely, that they favor it.

Mr. MILLIKIN. It is not my understanding that they are all opposed to it. I certainly will check up on that matter.

Mr. LUCAS. Mr. President, if I may interrupt, let me say that they have to be one way or the other. They cannot be on both sides of the fence.

Mr. MILLIKIN. They could be; but I should like to find out whether they are. [Laughter.]

Mr. LUCAS. Mr. President, I wish the Senator would find out, because it has been my understanding, as a member of the Finance Committee, that, as I have previously stated, all these various organizations are back of the program as originally outlined by former Secretary of State Hull and former President Roosevelt. If there has been a change of heart or of mind on their part, and if they now are on both sides of the fence—in short, if they are mugwumps—I should like to find out about that.

Mr. MILLIKIN. I should like to find out, too.

Mr. LUCAS. And also I should like to find out whether they favor or do not favor the ITO.

Mr. MILLIKIN. Mr. President, there has been a suggestion that what we are recommending is a crippling amendment. I think that is one of the terms that should be retired for a long-needed rest. However, since the term has been used a number of times against a number of matters in which I have been interested, I shall simply say that this time the crippling amendment is the amendment proposed by the proponents of House bill 1211. We want the law continued as it was when it lapsed. They want to put in a crippling amendment which will take out the safeguard provisions which we put in the law and which were in the law when it lapsed. Even though I have indulged in it I do not regard that crippling amendment talk as particularly important, any more than I regard a great deal of this crippling amendment talk as being important in other directions.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. VANDENBERG. I think there is one other argument which should be given permanent retirement, and that is that one cannot recognize the international character of today's problems and one cannot favor international cooperation as a basis for the over-all determination of the welfare of free peoples and a free world, except as one is prepared to accept the reciprocal trade agreements bill precisely as it is offered upon this floor; and that anyone who votes for any sort of amendment to that bill makes himself ineligible to have any further interest in international cooperation. To my mind, that is the most ridiculous theorem I know of or have ever heard of.

For myself, I certainly decline to surrender to the notion that I cannot even have the limited interest in the protection of my own country which is represented by the peril-clause amendment and still believe in the things which I have, I think, clearly demonstrated over the last few years I believe in.

Furthermore, I have voted for the reciprocal trade agreements time and time again, and I decline to concede that I have deserted the principle of reciprocal trade agreements when I support the peril-point amendment submitted by the junior Senator from Colorado, which in turn implements the promises of the two Democratic Presidents of the United States, who were the authors of the arrangement.

Mr. MILLIKIN. Mr. President, the wise and timely comments of the distinguished senior Senator from Michigan are much appreciated. If I may suggest, that line of argument represents the difference between promoting a mystique and promoting a rational program. We have had a great deal of discussion, and certainly it is a useful subject to keep in mind, on the importance of our export markets. The peril-point procedure cannot be charged with restriction of our export markets. We did not have the peril points until 1948. Prior to that time we brought many of our tariff rates down to the free trade level, and, while we were doing that, area after area of the world's trade has been closed to our exporters. Every one of these bilateral agreements, statism, State monopolies, preferential areas, quotas, import licenses—all those things have proliferated during the period of reciprocal trade, and prior to the time and also including the time of the peril point. The basic weakness is that we have given away our advantage, the bargaining power of our concessions to get exports, privileges which have not materialized. Yes, we have been exporting a great deal of stuff, but we have been giving it away, or we have been financing the purchases with our money. What will be the situation when that ends and we confront all these bilateral agreements, when we confront all this statism, when we confront all the autarchic management of economies which are expanding in western Europe? What then? In other words, the concessions which we have given to bargain export advantage have not delivered the promised result. We have given away our part of the bargain, and we have not received back the other part. Attention to peril points, a little safeguarding as far as this market is concerned may not get us back our export markets, it may not have the effect of breaking down the bilateral agreements, of breaking down these economic autarchies in western Europe, but it will have the effect of safeguarding better than we have in the past our domestic producer.

Mr. KNOWLAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from California?

Mr. MILLIKIN. I yield gladly.

Mr. KNOWLAND. The able Senator from Colorado has touched upon a very important point. There has been some propaganda disseminated to the effect that, whether it be the ECA program or some of the other programs this country has had, they must be supported because they were more or less a refuge for American surpluses. But I wish to call the attention of the able Senator from Colorado to the fact that in my State of California, which is one of the large horticultural States of the country, traditionally and historically about 40 percent of the dried fruits of the State went into the export market. This had nothing to do with the wartime period, and it has had nothing to do with the postwar period. But it was a traditional trade pattern of our State. Large areas were planted for a particular kind of fruit which went only into the export market and which had very little, if any, use in the domestic market. Yet at the present time country after country is lowering an economic iron curtain at the very time when we are being asked to open up the channels of trade.

As the able Senator from Michigan pointed out earlier, in the period of time I have been in the Senate, I have supported the reciprocal trade program in the belief that it would be reciprocal in fact and not merely in name. The farmers of my State, I think generally, have supported the reciprocal trade idea and the ECA program and the other international programs, because they recognize the fact, first of all, that it is impossible to have a rebuilding of trade and sound economic conditions unless Europe gets back on its feet, and that normal trade channels should be opened up. But I think the experience in California perhaps may be repeated in other areas of the country. Those people who in the past have been the strongest supporters of reciprocity are becoming "fed up" with the business of its being entirely a one-way street, and when, time after time, at place after place—and at the proper time I shall put the facts into the RECORD—they are finding their historic markets closed to them.

Some few weeks ago on the floor of the Senate I said I felt the time had come when those responsible for our foreign policy, including our foreign economic policies, should stop, look, and listen, because we were finding that American agriculture and American industry were being undercut.

Mr. MILLIKIN. I think the distinguished Senator is completely correct. I simply wish to reemphasize the point that we have surrendered bargaining power on the theory that we were expanding the opportunities for our export business, but we have expanded them only to the extent that we have been willing to give away goods or make loans for that purpose. The day will come when we shall have to confront the situation with respect to bilateral arrangements, statism, state monopolies, and state controls, and all these other monopolistic devices. When that time comes, we shall find we have not obtained a quid pro quo for what we have given.

It is suggested that the peril point is heavily slanted toward protectionism. If it is, then protectionism was advocated by President Roosevelt and has been advocated by President Truman, because they have both advocated the safeguarding principle which we advocate in connection with the peril-point procedure.

There has been talk about Britain's going down, and that we have got to save Britain from going down. I do not believe Britain is going down. I do not think any nation which, in an emergency, can muster the resources, the courage, the fighting ability, the power of come-back, and stick-to-it-iveness that Great Britain mustered in World War II, is going down. Great Britain has much of the elements of all the strength that she has always had. She has the rich treasure of a great people. She has her dominions. True, technically speaking, the ties are not quite so tight as they were; the degree of dependency has been weakened somewhat. But there is an umbilical cord of common history, of friendship, love, loyalty and customs which is not yet ready to be severed. Great Britain still has a great colonial empire. She is strongly positioned in Africa. In my judgment Africa is the greatest storehouse of wealth in the world. In past centuries Great Britain has built up skills in trade, in insurance, in shipping, in international business. Those skills may be rusty, there may be temporary policies working against their full exercise at the present time, but they are there, and in my judgment they will assert themselves and conquer her problems.

This is what I want to say with regard to that. I believe it would be a tragedy beyond measurement if anything should happen to cause the United States of America and Great Britain to cease to be friendly cooperators. There will be nothing in this debate, so far as I am concerned, that will be aimed to injure that cooperation. It think that would be a tragedy beyond measurement, and it would also be a tragedy beyond measurement if we are foolish enough ever to be led into a position in which we must incorporate, make our own, and hold ourselves responsible for, the troubles of Great Britain. We are cooperating, and we should continue to cooperate, but we should cooperate out of strength and not out of increasing weakness, or we shall wind up, unless we are careful, by impoverishing ourselves, by weakening our ability to defend ourselves, and unable to be useful to friends, and then, if that dread time should come, we shall have no one to whom to turn. Let us keep on cooperating; let us keep Great Britain friendly; let such cooperation be on a self-respecting basis, let us keep it on a two-way-road basis. But above everything let us keep our strength at home. Let us keep our workers employed. Let us keep our industry employed. We cannot take on our backs all the infirmities of the world and carry that burden forever, or for very long.

Great Britain wants to send her products here. The reasons have been made perfectly manifest in the press as to the great difficulties she has in doing it. But Great Britain alone can solve those difficulties. We are not running the political policies of Great Britain, and we are not running her economic policies. Great Britain's troubles stem from those two things, and we cannot take responsibility for them.

I repeat: Let us continue to cooperate without servility or arrogance or unwholesome dependence on either side.

Mr. President, I am sorry to have taken so much of the time of the Senate in view of my intention to make a prepared talk tomorrow.

PROPOSED VISIT TO PACIFIC DEFENSES BY CHIEFS OF STAFF—THE CHINA SITUATION

Mr. KNOWLAND. Mr. President, this morning the newspapers carried a dispatch to the effect that the Joint Chiefs of Staff, and, I believe, all the members of the office of the Joint Chiefs of Staff, with the exception of Admiral Denfeld, who had to remain in Washington for some conferences, were making a trip to Alaska to look over the defenses in that great Territory which belongs to this Nation. I think it is highly commendable that they should go to see our Pacific defenses in Alaska, but I would most urgently request the Secretary of Defense and the respective secretaries that they urge the Joint Chiefs of Staff, when they have finally arrived in Alaska, to continue their journey to Japan and to other areas in the Far East. The State Department and the Department of National Defense apparently felt it was important that the Joint Chiefs of Staff should visit, in 10 days, most of the capitals of the Atlantic Pact nations. I think that was a constructive move, so they could proceed on a personal basis and receive information first hand. But the great criticism which I have, Mr. President, of the policy which we have followed is that apparently the Department of State has not recognized the importance of the great Pacific area in the global situation which we face. If communism is a menace in Europe, it is a double menace in the Far East. While we are attempting to prevent 240,000,000 Europeans from going behind the iron curtain, we sit complacently by while a billion Asiatics are menaced by the same wave of communism.

Mr. President, I think nothing better could be done than for the Secretary of Defense to order the Joint Chiefs of Staff to proceed from Alaska, where they are due to arrive tonight, after they have had an opportunity to inspect the defenses there, to Japan to meet with General MacArthur, and on down to the other defenses of the Pacific, so that when they return to this country, even if the State Department is going to continue its policy of waiting until the dust settles, at least the Department of National Defense will be prepared with the facts, so that we may follow a policy which at least will not permit the whole area of the world to go by the board.

I ask, Mr. President, to have printed as part of my remarks an editorial which appeared in the Saturday Evening Post under date of September 3, entitled "Policy on China Seems Destined for Alterations." I shall read the last paragraph of the editorial, but I ask that the entire editorial be printed as a part of my remarks. I read:

Nevertheless it will be needlessly obscurantist to ignore small mercies. Although Mr. Acheson attempts to draw from these documents the conclusion that American policy in China has been right, the documents themselves are ample evidence of bad observation, almost incredible naïveté and starry-eyed decisions. The State Department cannot bring itself to say that, as the New York Times puts it, on the objectives of communism, "President Chiang's estimate of those aims was right and that the State Department's estimate was wrong." However, we have the record, and there are hints that it will be used, not merely to excuse the misjudgments of the past, but to guide policy makers in the formation of a more realistic approach to present dangers. It has taken a lot of prodding, but changes will be made.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

POLICY ON CHINA SEEMS DESTINED FOR ALTERATIONS

Old China hands will differ on the State Department's recommendation that China be abandoned to the Communists and a new line of defense drawn considerably nearer the United States. The fat's in the fire, and one would have to be self-confident to the point of brashness to prescribe a foolproof course.

But Secretary of State Acheson's dogmatic statement in the Department's voluminous report on American relations with China that "nothing that this country did or could have done within the reasonable limits of its capacities could have changed that result" has already started hot arguments.

How can it be determined what the course of China's history would have been if the United States had done something different? For example, suppose the State Department's representatives in the field had been less amenable to Communist propaganda and as aware as General Wedemeyer was of the nature of Soviet strategy in Asia. It is difficult to calculate the consequences of advice from the field like that from expert John P. Davies, Jr., who recommended that "we must limit our involvement with the Kuomintang and must commence some cooperation with the Communists, the force destined to control China, in an effort to influence them into an independent position friendly to the United States." If we didn't do something of the sort, opined Mr. Davies, the Communists might become Soviet satellites. "Become" was the expression.

Another American emissary to China in this critical period was Henry Wallace, an account of whose conversations with Chiang Kai-shek is printed in the State Department's book. In the course of one of these talks (1944) the generalissimo tried to explain to Henry, as he had explained himself black in the face to all sorts of Americans, that the Chinese Communists served the interests of Russia and not those of China.

"Mr. Wallace," says the report, "referred to the patriotic attitude of the Communists in the United States and said he could not understand the attitude of the Chinese Communists as described by President Chiang."

Yes, that museum piece was only Henry Wallace, but it isn't so different from the attitudes of other influential policy makers in the American Government at that time. Chiang, who saw no great point in being rescued from the Japanese in his country was to be handed over to the Russians, was kissed off as a reactionary and a despot. His regime did have reactionary and despotic characteristics, but Chiang's crime was that he was prematurely anti-Communist. The notion, advanced by General Wedemeyer, that we might owe something to a leader who had spurned favorable peace offers from the Japanese in order to stay on our side, was ignored. The general's report, incidentally, disputes Mr. Acheson's airy theory that nothing the United States did or didn't do could

have affected the result. Without condemning these policies General Wedemeyer said in September 1947: "Indirectly the United States facilitated the Soviet program in the Far East by agreeing at the Yalta Conference to Russian reentry into Manchuria and later by withholding aid from Nationalist China."

The story of the Communist triumph in China could be told in a paragraph instead of 1,054 pages. It has little to do with mass support for the Reds or tyrannical measures by the Nationalists, although there were, as General Wedemeyer pointed out, "excesses and oppressions by government police agencies," as well as "maladministration and corruption."

But the crux of the matter is that we beat the pants off the Japanese and forced the surrender of the Japanese Kwantung Army in Manchuria, the only force which had held the Reds in check. Devotion to slogans like "unconditional surrender" blacked out the objectives for which we were involved in an Asiatic war. We fought the Japanese not because they were little yellow men, but because they threatened to dominate China and Asia. We eliminated the Japanese all right, but we put the balance of power in Asia more out of whack than ever. It doesn't do much good to blame it all on the Chinese or on Chiang, who did, after all, try to wise us up.

Nevertheless it would be needlessly obscurantist to ignore small mercies. Although Mr. Acheson attempts to draw from these documents the conclusion that American policy in China has been right, the documents themselves are ample evidence of bad observation, almost incredible naïveté and starry-eyed decisions. The State Department cannot bring itself to say that, as the New York Times puts it, on the objectives of communism, "President Chiang's estimate of those aims was right and that the State Department's estimate was wrong." However, we have the record, and there are hints that it will be used, not merely to excuse the misjudgments of the past, but to guide policy makers in the formation of a more realistic approach to present dangers. It has taken a lot of prodding, but changes will be made.

Mr. KNOWLAND. I merely wish to add, in conclusion, that representatives of the State Department in the Orient were saying 3 years ago that the National Government of China was on the verge of complete collapse. They were saying it 2 years ago. They were saying it a year ago. It is true, Mr. President, that the non-Communist Government in China today is fighting with its back to the wall, but in spite of all the ample warning which the Department of State has had, it is a most unusual situation which this country now finds itself facing that only within the past few weeks and after considerable prodding by the Congress of the United States has it seen fit to appoint a three-man commission, presumably to come up with some kind of a policy in China and the Far East. They have not come up with a policy as yet. As each day passes, the situation becomes more desperate.

I reiterate, Mr. President, that I can think of nothing better that could be done than for the Secretary of Defense to send our Joint Chiefs of Staff to the far Pacific area.

Mr. CONNALLY. Mr. President, I regret that I did not have the opportunity to hear all the Senator from California said. The chief point seems to be that he wants the Secretary of Defense to cable or radio to Alaska and have all the Chiefs of Staff go to Japan, which is of course merely window dressing, and to China. I suppose he wants them to go to Formosa and see Chiang Kai-shek, who has in his pockets $138,000,000 in gold that belongs to the Government of China. Yet the Senator is advocating giving China some more money. The amendment which he has offered to the arms bill does not disclose to whom we are to give it, except that it says, "to the non-Communists in China."

Mr. KNOWLAND. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. KNOWLAND. I am sure the able Senator, the chairman of the Committee on Foreign Relations, for whom I have very high regard, would want to be perfectly clear about what my amendment says. My amendment in fact says that the funds shall be made available to the President of the United States, to be used in his discretion.

Mr. CONNALLY. That is a new amendment.

Mr. KNOWLAND. No, it is not; that is the amendment, and the bill itself provides that if at any time the President wants to cut off any or all the funds in any of the countries being given help, he may do so. So it is discretionary entirely.

The only point the Senator from California has been trying to make clear over a period of months has been that in this struggle, which is global in character, involving the amount of $1,400,000,000, allowing only 1 percent to the entire Pacific area, where more than a billion of the world's people live, where approximately half of the world's population lives, does not represent a sound and sensible apportionment of the funds, putting 1 percent in China and 99 percent in Europe and the Middle East.

Mr. CONNALLY. Very well. The Senator should know, if he does not know, that in the past, and not the very distant past, this Government gave to the Chinese Government $2,000,000,000 for their arms.

Mr. KNOWLAND. We gave Russia $11,000,000,000.

Mr. CONNALLY. Just a moment. I did not yield to the Senator. He seems not only capable of running the Senate, but the National Defense Department, and the Secretary of State, and everything else. I yield to him when he properly requests that I yield. But we have not surrendered all the functions of the Senate to the Senator from California—yet.

Mr. President, I think the country has some confidence in General Marshall. General Marshall spent a year in China. He spent a year conferring with all the groups in China. He made an exhaustive survey. Is General Marshall supporting the Senator's amendment?

Mr. KNOWLAND. Mr. President will the Senator yield?

Mr. CONNALLY. I yield.

Mr. KNOWLAND. The able Senator from Texas will also admit, will he not, that during the period of time General Marshall was in China, this Government's policy was to urge the National Government of China to take Communists into a coalition, and that no place else in the world has a coalition with the Communists worked? It was tried in Poland——

Mr. CONNALLY. I did not yield to the Senator to make a speech, but for a question. We will get many more speeches from the Senator without my yielding.

Mr. KNOWLAND. The Senator from Texas, if he will yield——

Mr. CONNALLY. For a speech?

Mr. KNOWLAND. For a brief speech.

Mr. CONNALLY. It will not be brief. The Senator does not know what "brief" is. But go ahead.

Mr. KNOWLAND. I wish to thank the Senator for his courtesy today.

Mr. CONNALLY. I am yielding.

Mr. KNOWLAND. During the period of time it was tried in Poland, it did not work.

Mr. CONNALLY. I am not going to discuss Poland.

Mr. KNOWLAND. Poland is a part of the problem.

Mr. CONNALLY. The Senator should keep his mind on China.

Mr. KNOWLAND. I have my mind on China, but we can certainly learn by the experience of the past. The coalition with Communists has not worked in Poland, it has not worked in Czechoslovakia, it has not worked in any of the satellite countries where it has been tried. The death of Petkoff, the chasing out of those countries of the democratic leaders, including Mikolajczyk and others, has shown that the policy we were trying to force down the throat of Chiang Kai-shek and the National Government of China has been a fatal policy wherever it has been tried. The Senator is an able historian, an observer of facts, and I do not believe that even the Senator from Texas will deny what I have said.

Mr. CONNALLY. Mr. President, I am not going to review the history of Poland, the history of Czechoslovakia, the history of Bulgaria, and of all the other countries in that area. I am trying to talk about China. That is what the Senator's amendment would affect. Where is the Senator's amendment? Has he a copy of the amendment?

Mr. KNOWLAND. I do not have it at hand.

Mr. CONNALLY. I will have to send to my office, I suppose, to get a copy of it. No one here seems to have it. Is there not a copy on the desk?

The PRESIDING OFFICER. It will be sent for.

Mr. CONNALLY. Let me ask the Senator, when was he last in China?

Mr. KNOWLAND. In 1946.

Mr. CONNALLY. Was General Marshall there at that time?

Mr. KNOWLAND. Not at that time.

Mr. CONNALLY. Did the Senator ever talk to General Marshall about his experiences in China?

Mr. KNOWLAND. I have not had the pleasure.

Mr. CONNALLY. The Senator has not had that pleasure. Here is a man whose heart in burning up over China, and General Marshall had been back in this country for months and months, with his experiences in China in his bosom and in his mind, and the Senator from

California, whose heart is stirred and whose passions are on fire about China and Chiang Kai-shek, never talked to General Marshall about the situation.

General Marshall has been very frank. We had him before our committee several times. He is not an enemy of China; he is a friend of China. He was there to try to solve the problem. The Senator knows what the situation was, and he knows what the general brought back.

We had before our committee General Barr, who was the military representative of the United States in China. He testified before the committee that in his opinion the Chiang government, the Nationalists, never lost a battle because of lack of arms or ammunition.

I am not advocating, and no one else advocates, associating with Communists. General Marshall went to China before many of the late occurrences happened. There are a great many Chinese Communists. He did undertake, as I understand, to form a cooperative government between the two groups so that they would have some sort of a government, not a government of a dictator, not a government of one man, of Chiang Kai-shek, but a government which represented the people of China.

I hold in my hand a clipping from the Evening Star of September 2, 1949, somewhat replying to the Senator from California. I read:

BUCHAREST, RUMANIA, September 2.—The supreme commander of the Chinese Communist armies today attributed the Red victories in China to Russian aid and American-made weapons——

Mr. KNOWLAND. Will the Senator yield?

Mr. CONNALLY. Please let me read this. I should like to have 1 or 2 minutes out of my own time.

Mr. KNOWLAND. Go ahead.

Mr. CONNALLY. The article continues:

He did not elaborate on the American weapons, but presumably meant they were captured from Nationalists.

Gen. Chu Teh made his statement in an article in the Cominform Journal, organ of the Cominform.

General Chu said the Communist victory in China would have been impossible except for the most sincere fraternal and friendly help of the Soviet Union and proletariat and all the revolutionary people of other countries.

He said the Chinese liberation army now numbers 4,000,000 men.

"This is an invincible force equipped with American-made weapons," he said.

"Equipped with American-made weapons." Where did they get the American-made weapons? They got them from Chiang Kai-shek's government, the Nationalist forces. That is where they got them, if they got them at all. The article continues, quoting Gen. Chu Teh:

The liberation of all China is now a matter of but a very short time.

Now I yield, briefly, for a question, but not for a speech.

Mr. KNOWLAND. I am going to ask the Senator only a question. There will be ample time for speeches when the bill is before the Senate.

Mr. CONNALLY. I hope there will be, because it is going to require a great deal of time.

Mr. KNOWLAND. The Senator may be sure there will be ample discussion of the far-eastern policy.

Mr. CONNALLY. I think we should put Senators under rationing, or ration their speeches on China, when the time for debate comes. The Senator may proceed.

Mr. KNOWLAND. The debate on China will not be cut off.

Mr. CONNALLY. I am sure of that, not so long as the Senator from California is able to stand on his legs, and his vocal cords are working.

Mr. KNOWLAND. I may say that so long as the Senator from California has been in the Senate he has not engaged in a filibuster, and he has no intention of doing so.

Mr. CONNALLY. He is threatening one now.

Mr. KNOWLAND. No; he is not. He is merely saying that he believes that in connection with the proposed legislation and in this important area of the world, before the situation goes entirely behind the iron curtain, the American people should be fully informed.

Now I put my question to the able Senator from Texas. The Senator has just read an article relating to American-made weapons. It is also possible, is it not, that the American weapons to which the Chinese Communist general referred could have been a part of the lend-lease equipment, or some of it could have been a part of the lend-lease equipment which the United States turned over to Russia, and which Russia, after it had made use of it, had turned over in part to the Chinese Communist forces?

Mr. CONNALLY. Oh, yes; anyone can imagine. The Senator is imagining now. I do not know whether it was or not. But, anyway, they were our weapons which we paid for, and they were sent to China to help the Nationalist Government, and they went into the hands of the Communists. That is the fact.

Mr. WHERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Nebraska?

Mr. CONNALLY. I yield.

Mr. WHERRY. I am very much interested in the observation made by the distinguished Senator from Texas relative to whether or not the distinguished Senator from California in talking with General Marshall about his report had first-hand information from China. The question I should like to ask the distinguished Senator is this: No doubt, as chairman of the Foreign Relations Committee, he has seen the reports of General MacArthur. I take that to be true.

Mr. CONNALLY. I have heard testimony a number of times.

Mr. WHERRY. Of General MacArthur?

Mr. CONNALLY. Oh, no, he has not been here. I have read his cables, though.

Mr. WHERRY. Are there not some reports which General MacArthur made to the then military branch of the Government and to the State Department relative to the situation in China?

Mr. CONNALLY. I have not seen any of them, except what I read in the press this morning. It did not quote General MacArthur, but said it was reported that General MacArthur had said to somebody that it was not yet too late.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. CONNALLY. Yes.

Mr. WHERRY. I am really asking seriously for information.

Mr. CONNALLY. I am yielding sincerely to the Senator.

Mr. WHERRY. I appreciate that. I am asking the questions not in a facetious manner.

Mr. CONNALLY. Oh, no.

Mr. WHERRY. But very seriously. One has to be kind of careful with the distinguished Senator from Texas, because sometimes he anticipates what one's questions might be.

Mr. CONNALLY. Oh, no. Go ahead. I have a high respect for the minority leader.

Mr. WHERRY. I thank the Senator from Texas.

Mr. CONNALLY. I think I have revealed that in my service here.

Mr. WHERRY. Does the distinguished Senator from Texas know of any reports that General MacArthur has made to the State Department or to the military branch of the Government relative to the Chinese situation? Has he ever seen them?

Mr. CONNALLY. Which question is the Senator now asking? I have told the Senator that I have not seen his written reports, except cables which he sent here. The Senator from California and other Chinese enthusiasts wanted the Committee on Foreign Relations to bring General MacArthur here and examine him.

Mr. WHERRY. I was one of the Senators who wanted him to come here.

Mr. CONNALLY. They communicated with General MacArthur. He said in reply that he felt his duty was in Japan. He felt that his duty to the American people—and this is a free and running quotation, for I cannot remember the exact words—he felt that his duty to the American people required that he stay there. He furthermore said that he had not been in China for years, and was not familiar with the conditions in China, and therefore he declined to come. That is what I know about it.

Mr. WHERRY. I should still like the Senator to answer my question, which is if he had ever seen any reports from General MacArthur.

Mr. CONNALLY. I told the Senator twice——

Mr. WHERRY. I understand. The Senator said he had seen cablegrams from General MacArthur.

Mr. CONNALLY. I told the Senator twice that I had not seen any written reports from General MacArthur. I said so twice before, and I am telling the Senator the same thing now.

Mr. WHERRY. May I ask one more question?

Mr. CONNALLY. Oh, yes.

Mr. WHERRY. Does the Senator know whether General MacArthur has made any such reports?

Mr. CONNALLY. I do not know.

Mr. WHERRY. At least, as chairman of the Foreign Relations Committee, the Senator does not know that he has made them, or the Senator has never seen them?

Mr. CONNALLY. Except as I have told the Senator.

Mr. WHERRY. Except the cablegrams. Does not the Senator from Texas feel that it is in the interest of a lasting policy in China and a good thing for the Congress and the American people, that General MacArthur should come home at some time? He has been over there since I have been in the Senate, and we have never had testimony from him relative to the Chinese situation. Does the Senator not feel it would be a good thing to bring the general here?

Mr. CONNALLY. We have not had him appear here because he has been in Japan doing the job which was assigned to him by the President of the United States.

Mr. WHERRY. And he still is there.

Mr. CONNALLY. And he says he believes that is where he belongs, and I would not want, against his will, to send the Sergeant at Arms there and collar him and bring him here.

Mr. WHERRY. Does the Senator think it would be against the general's will if the Senate did do that?

Mr. CONNALLY. He said that he would not come.

Mr. WHERRY. I have not seen the cable.

Mr. CONNALLY. It is available.

Mr. WHERRY. I have information that he would be glad to come here and testify.

Mr. CONNALLY. Where did the Senator obtain that information?

Mr. WHERRY. That is exactly what I am not going to tell the Senator from Texas.

Mr. CONNALLY. The Senator demands that I answer when he asks me a question, but when I ask him a question he will not answer.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CONNALLY. No; not any more. The Senator would not yield to me to answer my question.

Mr. WHERRY. The Senator from Texas has the floor. I cannot yield to the Senator.

Mr. CONNALLY. Go ahead; I yield.

Mr. WHERRY. I thank the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas yields.

Mr. CONNALLY. But when I yield to the Senator I expect him to tell me where he obtained the information he referred to.

Mr. WHERRY. Mr. President, may I ask the distinguished Senator once again: Will he give me the information whether or not General MacArthur has ever made a report? I am informed that he has. I ask the Senator that question again.

Mr. CONNALLY. I do not know of any formal report he has made. If the Senator from Nebraska is correct, and has obtained some information—I suppose he has a private wire, or radio connection or something of the kind, with General MacArthur to keep in touch with him and knows what he thinks and what his views are—why did not the Senator tell us that? Why does not the Senator tell us General MacArthur's views?

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CONNALLY. Yes; I yield.

Mr. WHERRY. The Senator does so with some reluctance, I take it.

Mr. CONNALLY. No, I am always glad to yield to the Senator from Nebraska.

Mr. WHERRY. The distinguished chairman of the Foreign Relations Committee has just stated how very difficult it is for anyone to get any information about foreign policy. I should like to know how any Member of the Senate can get it unless he asks the Foreign Relations Committee for it. Certainly I have not been able to get information, though I have been a member of the Committee on Appropriations for 2 years. I am not apologizing for what we did. The Committee on Appropriations submitted an invitation to General MacArthur to return to the United States and testify. It seems to be a very singular fact that after 6 years we cannot find time to bring General MacArthur back to the United States of America. I should like to know whether he agrees with the policy of the administration?

Mr. CONNALLY. I did not yield for that slam on the desk.

Mr. WHERRY. That is one way to drive a point home.

Mr. CONNALLY. I feel very much like an old lawyer in my section of the country once did. He had as his legal antagonist a very loud and enthusiastic lawyer, who shouted and foamed at the mouth in addressing the jury, and when it came the turn of the other lawyer to answer him to stood up and said, "If Your Honor please, bow-wow-wow-wow."

"Now that I have answered my opponent I shall discuss this case."

Mr. WHERRY. "Bow - wow - wow - wow-wow."

Mr. CONNALLY. Mr. President, I do not like to discuss this question in any but the most serious fashion.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Nebraska?

Mr. CONNALLY. Oh, yes.

Mr. WHERRY. The Senator's answers are just as clear as "bow-wow-wow-wow"—just as clear.

Mr. CONNALLY. Well, I use that kind of language and that kind of explanation—"bow-wow-wow-wow."

The Senator from Nebraska admits that he knows all about General MacArthur. He has been privately tipped off as to what the general thinks, but he will not tell the Senator the source of his information. Yet he complains of secrecy respecting the foreign policy of the United States. But here is the responsible minority leader and he keeps wrapped up in his own bosom the secrets of General MacArthur's views, and when his colleague asks him to tell the Senate what they are he refuses.

Mr. WHERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Nebraska?

Mr. CONNALLY. Yes; I yield.

Mr. WHERRY. The Senator says General MacArthur's secrets are wrapped up in my bosom. I ask the Senator one question: Why does not the Foreign Relations Committee join with the Appropriations Committee to ask General MacArthur to come home?

Mr. CONNALLY. Is the Senator through with his question?

Mr. WHERRY. Yes.

Mr. CONNALLY. Very well. Mr. President, the Senator from Nebraska is a member of the Appropriations Committee, the most "powerful" in the Senate.

Mr. WHERRY. That sounds like "bow-wow-wow-wow."

Mr. CONNALLY. That powerful committee has hold of the purse strings. It has hold of every employee in the Government. It has hold of the Army and the Navy. Yet that powerful committee tried to bring General MacArthur home and failed, the Senator from Nebraska says. Then he implores the Senator from Texas——

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CONNALLY. I thought I would be allowed to finish the sentence. The Senator from Nebraska implores the Committee on Foreign Relations to do what the powerful Appropriations Committee failed to do.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CONNALLY. Yes; I yield.

Mr. WHERRY. I did not say that we had failed.

Mr. CONNALLY. The Senator stated that the Appropriations Committee had failed.

Mr. WHERRY. No; I did not. I asked the distinguished chairman of the Foreign Relations Committee why he did not join with our committee and ask that General MacArthur be sent home.

Mr. CONNALLY. I cannot join until something happens.

Mr. WHERRY. I should like to extend an invitation to the Senator to join with us and get him home.

Mr. CONNALLY. Has the Senator the authority to act?

Mr. WHERRY. I believe we could get a resolution through the Appropriations Committee to do it. I do not know. We did it once. I believe we can do it again.

Mr. CONNALLY. When the Senator's committee did it twice before, did he respond?

Mr. WHERRY. That was not because the Appropriations Committee failed. We did everything we could do to get him home.

Mr. CONNALLY. He did not come.

Mr. WHERRY. He did not come for the reasons stated by the Senator. The administration saw to it, apparently, that the answer which was made did not invite him to come.

Mr. CONNALLY. That is unworthy of the Senator.

Mr. WHERRY. I shall be glad to furnish the Senator with the reply which was given by the then Secretary of the Army, Kenneth Royall, which certainly was not a satisfactory answer to the invitation.

Mr. CONNALLY. I think it is unworthy of the Senator Nebraska to imply that the administration "fixed" someone to keep General MacArthur out of the grasp of the powerful Appropriations Committee. Did not the Appropriations Committee leave enough money in the Treasury to pay his way over and back? I know that it did not leave much, but I thought perhaps there would be that much left.

Mr. President, I do not care to discuss this question further. The Chinese problem will be attended to. It is covered by resolutions and by amendments to the arms bill. At the request of the Senator from California [Mr. KNOWLAND] and others the committee has postponed for several days any further action than it has already taken, to wait the arrival of Admiral Badger. Admiral Badger is supposed to arrive here today. He will appear before the Committee on Foreign Relations tomorrow. If the Senator from Nebraska should desire it, we invite him to come to the committee and hear the testimony of Admiral Badger, who has been the commander of all the naval forces of the United States in the Far East for a considerable period. He has been ordered home for reassignment. We shall be glad to have the Senator from Nebraska present. Perhaps we can get some information from Admiral Badger.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WHERRY. Now that the Senator is very solicitous, may I suggest to him again that I have been told——

Mr. CONNALLY. I shall be glad not only to have the Senator present to hear Admiral Badger, but to have him testify before the committee if he likes.

Mr. WHERRY. I am very much interested in General MacArthur, not Admiral Badger. I ask the distinguished Senator if it is not true that since 1946 General MacArthur has made bimonthly reports on the Chinese situation?

Mr. CONNALLY. The Senator seems to know all about it. Why is he asking me? I do not know.

Mr. WHERRY. Because I should like to have the Senator make such reports available to Members of the Senate.

Mr. CONNALLY. I do not have the reports. If the Senator will propound written inquiries to the committee about any particular matter, we will see if we cannot get the information for him.

Mr. WHERRY. That is exactly what I shall do.

Mr. CONNALLY. We will try to accommodate the Senator. I have not seen any of the reports which the Senator says have been made every 2 weeks.

Mr. WHERRY. No; bimonthly.

Mr. CONNALLY. That is every 2 months.

Mr. WHERRY. No; that is twice a month.

Mr. CONNALLY. I said every 2 weeks.

Mr. WHERRY. No; the Senator said twice a week.

Mr. CONNALLY. No; I said every 2 weeks.

Mr. WHERRY. Mr. President, will the Senator further yield?

Mr. CONNALLY. I yield.

Mr. WHERRY. The bimonthly reports I am talking about are two reports a month, which have been made since 1946. I ask the distinguished Senator now, on the floor of the Senate, if those reports can be made available to Members of the Senate? If they can be, I shall appreciate it very much if we may have them.

Mr. CONNALLY. I do not essay to control those reports. I do not have them in my possession. They are in the Department. I stated that if the Senator would put in writing some definite thing he wanted to know, I would see if I could get it for him. If I had all the reports for 5 years I would not turn them all over to the Senator from Nebraska, because I think he must have something else to do during the remainder of the session besides sitting down and reading those detailed reports, most of which would not touch China at all.

Mr. President, I should like to conclude. I think I have been pretty liberal in yielding. I have yielded more time than I have taken.

It seems that there are two Knowland amendments to the arms program. I have not the time to read them now. What I started to say a while ago was that we are going to give the Chinese—Chiang Kai-shek and his group included—a hearing. We have already given them a great many hearings. We are going to give them attention. We are going to let them discuss the question. The House has already rejected the entire China proposal.

Mr. KNOWLAND. Mr. President will the Senator yield?

Mr. CONNALLY. Not yet. I hope the Senator will restrain his enthusiasm for a moment or two.

We are going to give them a chance. The House has already rejected the proposal. The Senator from California wants us to force it. He is talking about forcing something down someone's throat. He wants the Senate to force down the throat of the House an appropriation of $175,000,000. That is what the Senator's amendment provides, is it not?

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

Mr. CONNALLY. Will the Senator answer my question?

Mr. KNOWLAND. That is correct.

Mr. CONNALLY. $175,000,000.

Mr. KNOWLAND. $175,000,000 for China.

Mr. CONNALLY. I now yield to the Senator from California.

Mr. KNOWLAND. Does the Senator mean by the statement he has just made with respect to the House action on China to underwrite as being the ultimate in proper legislative action whatever the House does? On the same day that same body cut the amount of the bill for the military-assistance program in half. Does the Senator mean to imply that the House is so correct with regard to China that it is equally correct in halving the amount of the military assistance program?

Mr. CONNALLY. Is the Senator through?

Mr. KNOWLAND. I am through for the moment.

Mr. CONNALLY. The Senator will be through for a long time if he continues to ask questions such as that. The Senator ought to know that I did not say that the House was right. I merely recited the fact. I said that the House had voted against the entire program which the Senator has cooked up in his three amendments. He will probably have another tomorrow. Of course, the Senate does not have to agree to what the House does. The Senator knows that. I am sure he has learned that much in his legislative experience. We have to fight it out in conference. I merely stated, as a fact, that the House had voted against the entire China program. Does the Senator question that statement?

Mr. KNOWLAND. I do not question that statement. It also cut the amount of the military-assistance program in half.

Mr. CONNALLY. The Senator from California is never so happy as when he thinks he is dodging a question by jumping off somewhere else, jumping from one planet to another. Is the Senator through?

Mr. KNOWLAND. Since the able Senator made some remarks about the amendment which I have submitted, I merely wished to invite his attention to the language of the amendment, if the Senator will yield.

Mr. CONNALLY. I have yielded.

Mr. KNOWLAND. Section 301 of the amendment, under title III, provides as follows:

CHINA, KOREA, THE PHILIPPINES, AND THE FAR EAST

SEC. 301. The President, whenever the furnishing of such assistance will further the purposes and policies of this act, is authorized to furnish military assistance to non-Communist China, Korea, the Philippines, and any other nation in the Far East.

So the funds are proposed to be appropriated to the President of the United States, and not to any particular government. They are to be used in the Far East for the same purposes for which we are presumably using funds in Europe, namely, to prevent the spread of communism.

Mr. CONNALLY. Very well. The Senator does not provide in his amendment that the money is to be appropriated to the Nationalist Government. The Senator would appropriate it to the non-Communists of China. Who are the non-Communists of China? How is the President going to locate the non-Communists? Is he going to send a man to China to stop people on the street and ask, "Are you a non-Communist? If you are, here is your part. We are going to hand out something." Who are the non-Communists? I shall tell the Senator who they are. I shall tell the Senator who is behind this proposal. I do not charge the Senator with being influenced by the proponents. There are a few war lords, one in North China, one over here, and one over there. It is believed

by many that these war lords can be built up by giving them money, and that they can resist the Communists and save China and Chiang Kai-shek.

Mr. President, we would have just as bad a situation, if not a worse situation, if we were to build up the war lords. The war lords do not care about anybody except themselves. They are trying to build up their little principalities around them for the exploitation of the Chinese people, and to grow fat from their earnings and share in their crops each year. They have no concern with the great over-riding picture of all of China. They are the non-Communists that these gentlemen are talking about.

What else are the non-Communists except the discredited, defeated, scattered, running Nationalists who have sought refuge in the island of Formosa?

Mr. President, I am not opposed to China. I supported all the measures we passed giving hundreds of millions of dollars—a total of more than $2,000,000,000—to China. Years ago, when I was a Member of the House of Representatives, I supported legislation in support of China and in friendship of China. Since I have been in the Senate, I do not think a single measure intended to help China has ever come before this body that I have not supported with both my voice and my vote.

I am sorry China is undergoing her present hardships. I am sorry her government seems to have collapsed. According to General Marshall, that government was eaten and corroded by graft and corruption, and so I am glad the people of China rose up against it, just as they would have risen up against the Communists in similar circumstances. The people of China felt that government was not serving them. They felt that they had been betrayed. They felt that those in the Nationalist Government had grown to be very wealthy, to be millionaires, off the sweat and the blood of the common people of China.

When it comes to having our Government give something more to China, we shall consider that in the committee. We shall hear the Senator from California. We shall have to hear him, of course. We shall gladly hear him. I am afraid we shall hear him at great length, because he has already threatened prolonged debate. He has said he never has led a filibuster, but I am afraid he is getting ready to lead one now. Of course, that will be all right. I myself have led filibusters. I am not opposed to filibusters which are in the right cause.

So, Mr. President, we are going to give the Senators a hearing. But when the Senator from California knows he is going to have his witness here tomorrow, when he knows he can talk all he wants to talk in the Committee on Foreign Relations, when he knows that we shall hear every bit of evidence he has, I do not think it is fair for the Senator to be making speeches on the floor of the Senate for popular consumption, in an effort to stir up the ragged battalions of those who would throw $2,000,000,000 or $3,000,000,000 more into the rat hole in China in order to resuscitate and bring to life Chiang Kai-shek, who has deserted his people and has gone to Formosa with $138,000,000 in gold in his pocket, money which does not belong to him. It did belong to the Chinese Government, but he has absconded with it. Why do not they spend that $138,000,000 before they call on us for another hand-out?

Mr. President, I thank Senators for listening.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. MILLIKIN. Mr. President, I ask unanimous consent that I may have the floor upon the convening of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. LUCAS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. GRAHAM in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. If there be no reports of committees, the clerk will proceed to state the nominations on the calendar.

DEPARTMENT OF STATE—NOMINATION PASSED OVER

The Chief Clerk read the nomination of W. Walton Butterworth, of Louisiana, to be Assistant Secretary of State.

Mr. WHERRY. I ask that the nomination be passed over.

The PRESIDING OFFICER. The nomination will be passed over.

FEDERAL TRADE COMMISSION—NOMINATION PASSED OVER

The Chief Clerk read the nomination of John Carson, of Michigan, to be Federal Trade Commissioner.

Mr. WHERRY. I ask that the nomination be passed over.

The PRESIDING OFFICER. The nomination will be passed over.

THE ARMY

The Chief Clerk read the nomination of Louis Huber Renfrow to be brigadier general in the Army of the United States, for temporary appointment.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Earle Standlee to be brigadier general in the Army of the United States, for temporary appointment.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of William Edward Shambora to be brigadier general in the Army of the United States, for temporary appointment.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTER—NOMINATION PASSED OVER

The Chief Clerk read the nomination of J. D. Petty to be postmaster at Meridian, Idaho.

Mr. LUCAS. Mr. President, that nomination will have to be passed over.

The PRESIDING OFFICER. The nomination will be passed over.

Mr. WHERRY. Mr. President, I feel that the President should be notified forthwith of the confirmations.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith of the nominations which have just been confirmed.

RECESS

Mr. LUCAS. Mr. President, under the order previously entered, I now move that the Senate stand in recess.

The motion was agreed to; and (at 5 o'clock and 36 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Thursday, September 8, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 7 (legislative day, September 3), 1949:

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Joseph C. Satterthwaite, of Michigan, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Ceylon.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION

The following-named persons to be representatives of the United States of America to the fourth session of the General Conference of the United Nations Educational, Scientific, and Cultural Organization:

George V. Allen, of North Carolina;
Milton S. Eisenhower, of Kansas;
Luther H. Evans, of Texas;
Miss Martha B. Lucas, of Virginia;
Reinhold Niebuhr, of New York.

UNITED STATES ATTORNEYS

Timothy T. Cronin, of Wisconsin, to be United States attorney for the eastern district of Wisconsin. Mr. Cronin is now serving in this office under an appointment which expired March 17, 1948.

Charles H. Cashin, of Wisconsin, to be United States attorney for the western district of Wisconsin. Mr. Cashin is now serving in this office under an appointment which expired November 29, 1948.

AIR FORCE OF THE UNITED STATES

The following officer for appointment to the position indicated under the provisions of section 504, Officer Personnel Act of 1947:

Lt. Gen. Elwood R. Quesada, 50A, Air Force of the United States (brigadier general, U. S. Air Force), to be Chairman, Joint Technical Planning Committee, with the rank of lieutenant general, with rank from October 1, 1947.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 7 (legislative day, September 3), 1949:

IN THE ARMY

TEMPORARY APPOINTMENTS IN THE ARMY OF THE UNITED STATES TO THE GRADES INDICATED UNDER THE PROVISIONS OF SECTION 515 OF THE OFFICER PERSONNEL ACT OF 1947

To be brigadier generals

Louis Huber Renfrow, O160948.
Earle Standlee, O16530.
William Edward Shambora, O16540.

SENATE

THURSDAY, SEPTEMBER 8, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Robert N. DuBose, D. D., executive secretary, Commission on Christian Higher Education, Association of American Colleges, Washington, D. C., offered the following prayer:

O God, infinite, eternal and unchangeable, Thou that knowest every human need, fill our vision with the consciousness of Thy presence as we seek to do the work of this day. Give to us the recognition of Thy Fatherhood, unveil Thyself to our eyes and our hearts, and make known to us Thy will. Grant us hopefulness and cheerfulness in the midst of critical moments. Fulfill the desire for peaceful situations that burns within each of us as we consider the problems of our Nation and all therein for whom our responsibility is bound.

In the name of our Nation, we pray that Thou wouldst receive our thanksgivings, forgive our sins, strengthen our hope, and make deep our faith. Amen.

THE JOURNAL

On request of Mr. GEORGE, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, September 7, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on September 7, 1949, the President had approved and signed the following acts:

S. 936. An act to provide for the care and custody of insane persons charged with or convicted of offenses against the United States, and for other purposes;

S. 973. An act to exempt from taxation certain property of the National Society of the Colonial Dames of America in the District of Columbia; and

S. 2146. An act to provide certain additional rehabilitation assistance for certain seriously disabled veterans in order to remove an existing inequality.

CALL OF THE ROLL

Mr. GEORGE. Mr. President——

Mr. MILLIKIN. Mr. President, I have the floor, but I shall be glad to yield.

Mr. GEORGE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hendrickson	Millikin
Butler	Holland	Murray
Cordon	Humphrey	Reed
Donnell	Ives	Robertson
Douglas	Jenner	Schoeppel
Dulles	Johnston, S. C.	Tydings
Ecton	Leahy	Wherry
George	McKellar	Withers
Gillette	McMahon	Young
Graham	Martin	
Hayden	Miller	

The PRESIDENT pro tempore. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators; and Mr. KERR, Mr. MAYBANK, Mr. MCFARLAND, Mr. MUNDT, Mr. RUSSELL, and Mr. THOMAS of Oklahoma answered to their names when called.

The PRESIDENT pro tempore. A quorum is not present.

Mr. GEORGE. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDENT pro tempore. The Sergeant at Arms will execute the order of the Senate.

After a little delay Mr. VANDENBERG, Mr. KNOWLAND, Mr. HICKENLOOPER, and Mr. PEPPER entered the Chamber and answered to their names.

After a little further delay Mr. BRICKER, Mr. GREEN, Mr. SMITH of New Jersey, Mr. GURNEY, Mr. KEM, Mr. FREAR, Mr. MCCARTHY, and Mr. SPARKMAN entered the Chamber and answered to their names.

Mr. CHAPMAN, Mr. CONNALLY, Mr. KILGORE, Mr. LUCAS, Mr. MALONE, Mr. MYERS, and Mr. THOMAS of Utah also entered the Chamber and answered to their names.

Mr. MYERS. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Virginia [Mr. BYRD], the Senators from Mississippi [Mr. EASTLAND and Mr. STENNIS], the Senators from Louisiana [Mr. ELLENDER and Mr. LONG], the Senators from Arkansas [Mr. FULBRIGHT and Mr. MCCLELLAN], the Senator from Alabama [Mr. HILL], the Senator from North Carolina [Mr. HOEY], the Senator from Texas [Mr. JOHNSON], the Senator from West Virginia [Mr. NEELY], the Senator from Maryland [Mr. O'CONOR], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Idaho [Mr. TAYLOR] are absent on public business.

The Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Washington [Mr. MAGNUSON] are absent by leave of the Senate on official business.

The Senator from Colorado [Mr. JOHNSON] and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate.

Mr. WHERRY. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Washington [Mr. CAIN] are absent by leave of the Senate on official business.

The Senator from Michigan [Mr. FERGUSON], the Senator from Massachusetts [Mr. LODGE], and the Senator from Utah [Mr. WATKINS] are absent by leave of the Senate.

The Senator from Maine [Mr. BREWSTER], the Senator from North Dakota [Mr. LANGER] the Senator from Oregon [Mr. MORSE], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Vermont [Mr. FLANDERS], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Maine [Mrs. SMITH], the Senator from Ohio [Mr. TAFT], the Senator from Minnesota [Mr. THYE], and the Senator from Delaware [Mr. WILLIAMS] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] is detained on official business.

The PRESIDENT pro tempore. A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

The PRESIDENT pro tempore. The Senator from Colorado has the floor.

Mr. GEORGE. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. GEORGE. Mr. President, with the consent of the Senator from Colorado, I ask unanimous consent that Members of the Senate be permitted to incorporate matters in the Appendix of the RECORD, introduce bills and resolutions, and other matters noncontroversial in character, without debate.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred, as indicated:

SUSPENSION OF DEPORTATION OF ALIENS

A letter from the Acting Attorney General, transmitting, pursuant to law, copies of orders of the Commissioner of the Immigration and Naturalization Service suspending deportation as well as a list of the persons involved, together with a detailed statement of the facts and pertinent provisions of law as to each alien and the reason for ordering suspension of deportation (with accompanying papers); to the Committee on the Judiciary.

SUSPENSION OF DEPORTATION OF ALIENS—WITHDRAWAL OF NAMES

A letter from the Acting Attorney General, withdrawing the names of Margarita Clara Manzano-Salazar, Rosa Maria Manzano-Salazar, and Estela Eugenia Manzano-Salazar from a report relating to aliens whose deportations were suspended more than 6 months ago, transmitted to the Senate on July 1, 1949; to the Committee on the Judiciary.

MEMORIAL

The PRESIDENT pro tempore laid before the Senate a letter in the nature of a memorial from Sylvan I. Stroock, of New York, N. Y., remonstrating against the extension of the Reciprocal Trade Agreements Act under the terms recommended by President Truman, which, with the accompanying papers, was referred to the Committee on Finance.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. THOMAS of Oklahoma, from the Committee on Agriculture and Forestry:

H. R. 2514. A bill to enable the Secretary of Agriculture to extend financial assistance to homestead entrymen, and for other purposes; with an amendment (Rept. No. 975); and

H. R. 4090. A bill to extend the benefits of section 23 of the Bankhead-Jones Act to Puerto Rico; without amendment (Rept. No. 976).

By Mr. AIKEN, from the Committee on Agriculture and Forestry:

H. R. 2015. A bill to authorize the Secretary of Agriculture to convey and exchange certain lands and improvements in Grand Rapids, Minn., for lands in the State of Minnesota, and for other purposes; without amendment (Rept. No. 973); and

H. R. 5601. A bill to authorize the exchange of certain lands of the United States situated in Iosco County, Mich., for lands within the national forests of Michigan, and for other purposes; without amendment (Rept. No. 974).

By Mr. YOUNG, from the Committee on Agriculture and Forestry:

H. R. 2538. A bill to authorize completion of the land development and settlement of the Angostura unit of the Missouri Basin project, notwithstanding a limitation of time; without amendment (Rept. No. 977); and

H. R. 3926. A bill to rename a game sanctuary in the Harney National Forest as the "Norbeck Wildlife Preserve," and for other purposes; without amendment (Rept. No. 978).

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. TYDINGS, from the Committee on Armed Services:

Paul H. Griffith, of Pennsylvania, Marx Leva, of Alabama, and Wilfred J. McNeil, of Iowa, to be Assistant Secretaries of Defense.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McMAHON:

S. 2528. A bill for the relief of Evangelos Christos Mirtsopoulos; to the Committee on the Judiciary.

By Mr. YOUNG:

S. 2529. A bill for the relief of Bernard Smolarczyk and his wife and son; to the Committee on the Judiciary.

By Mr. TYDINGS:

S. 2530. A bill to amend the act of June 12, 1948 (Public Law 626, 80th Cong.), and the act of June 16, 1948 (Public Law 653, 80th Cong.), to authorize the construction of single- or duplex-type family quarters for the Department of Defense; to the Committee on Armed Services.

By Mr. GILLETTE:

S. 2531. A bill to amend the Federal Food, Drug, and Cosmetic Act to require the labeling of soaps and detergents; to the Committee on Interstate and Foreign Commerce.

By Mr. McFARLAND:

S. 2532. A bill to amend the National Service Life Insurance Act of 1940, as amended; to the Committee on Finance.

By Mr. HOLLAND (for himself and Mr. PEPPER):

S. 2533. A bill to prevent the closing of cases involving claims under laws administered by the Veterans' Administration before the death of the claimant or claimants;

S. 2534. A bill to allow any claimant or his authorized agent or representative to examine files, records, reports, and other papers and documents of the Veterans' Administration pertaining to such claimant's claim, without exception, and to make such files and records more confidential;

S. 2535. A bill to provide for a review of certain decisions of the Board of Veterans' Appeals by the Administrator of Veterans' Affairs;

S. 2536. A bill to eliminate the requirement that widows of World War II veterans must have married such veterans prior to 12 noon on December 31, 1956, in order to qualify for compensation or pensions under laws administered by the Veterans' Administration; and

S. 2537. A bill to provide for judicial review of determinations by the Administrator of Veterans' Affairs as to certain claims for pensions and compensation for disability or death; to the Committee on Finance.

By Mr. MYERS:

S. 2538. A bill for the relief of Dr. K-ting King; to the Committee on the Judiciary.

FARM LOAN BONDS—AMENDMENT

Mr. McCARTHY submitted an amendment intended to be proposed by him to the bill (S. 2166) to make farm loan bonds issued under authority of the Federal Farm Loan Act obligations of the United States, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

INCREASED COMPENSATION OF CERTAIN GOVERNMENT OFFICIALS—AMENDMENTS

Mr. McCARTHY submitted amendments intended to be proposed by him to the bill (H. R. 1689) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, which were ordered to lie on the table and to be printed.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT—RECOMMITTAL OF BILL

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent that the bill (H. R. 86) to amend the Civil Service Retirement Act so as to make such act applicable to the officers and employees of the Columbia Institute for the Deaf, be taken from the calendar and recommitted to the Committee on Post Office and Civil Service, for correction.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

LEAVE OF ABSENCE

Mr. ROBERTSON asked and obtained consent to be absent from the Senate today and tomorrow.

THE MEXICAN OIL LOAN—ADDRESS BY SENATOR CHAVEZ

[Mr. GEORGE asked and obtained leave to have printed in the RECORD a radio address entitled "The Mexican Oil Loan," delivered by Senator CHAVEZ on Tuesday, August 30, 1949, which appears in the Appendix.]

INSURANCE AND THE WELFARE STATE—ADDRESS BY SENATOR KEM

[Mr. KEM asked and obtained leave to have printed in the RECORD an address on the subject Insurance and the Welfare State, delivered by him at the American Bar Association Convention in St. Louis, Mo., September 5, 1949, which appears in the Appendix.]

CONDITIONS IN ENGLAND—EDITORIAL BY BOB CONSIDINE

[Mr. KEM asked and obtained leave to have printed in the RECORD an editorial entitled "Nothing Wrong With John Bull That Real Work Won't Cure," by Bob Considine, from the Washington Times-Herald of September 6, 1949, which appears in the Appendix.]

AMERICAN LEGION CONVENTION ADDRESS BY THE SECRETARY OF DEFENSE

[Mr. MYERS asked and obtained leave to have printed in the RECORD an address delivered by the Secretary of Defense, Hon. Louis Johnson, at the American Legion Convention, Philadelphia, Pa., August 31, 1949, which appears in the Appendix.]

FEDERAL AID UPLIFT

[Mr. ECTON asked and obtained leave to have printed in the RECORD an editorial entitled "Federal Aid Uplift," published in the Bozeman (Mont.) Daily Chronicle on September 1, 1949, which appears in the Appendix.]

COMPENSATION FOR WAR DAMAGE TO CHURCHES

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an article entitled "Israel To Compensate Christians for War's Damage to Churches," by Kenneth Bilby, published in the New York Herald Tribune of August 17, 1949, which appears in the Appendix.]

OPEN LETTER TO MAJ. GEN. HARRY VAUGHAN FROM THE RACINE JOURNAL-TIMES

[Mr. McCARTHY asked and obtained leave to have printed in the RECORD an open letter to Maj. Gen. Vaughan from the Racine Journal-Times, dated August 31, 1949, which appears in the Appendix.]

MAJ. GEN. HARRY VAUGHAN—EDITORIAL FROM THE RACINE JOURNAL-TIMES

[Mr. McCARTHY asked and obtained leave to have printed in the RECORD an editorial entitled, "President May Not Care, But—," from the Racine Journal-Times of September 6, 1949, which appears in the Appendix.]

CONFIRMATION OF NOMINATIONS IN THE ARMED SERVICES

Mr. TYDINGS. Mr. President, will the able, distinguished, potent, grave, and revered Senator from Colorado yield to me?

Mr. MILLIKIN. One of those will yield to the Senator.

Mr. TYDINGS. Mr. President, as in executive session, I report from the Committee on Armed Services unanimously certain nominations in the Army, Navy, and Air Force, together with the nominations of three assistants to the Secretary of Defense, all of which nominations have been aproved without exception and against which no objection of any kind have been filed. I ask for their immediate confirmation by the Senate, and that the President be notified.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Maryland?

Mr. WHERRY. Mr. President, reserving the right to object, I have no objection at all to the routine appointments, and I think I shall not object even to the confirmation of the nominations of the three assistants to the Secretary of Defense. I should, however, like to have the distinguished Senator read their names.

Mr. TYDINGS. Paul H. Griffith, Marx Leva, and Wilfred J. McNeil.

I may say to the distinguished Senator from Nebraska that those three men have been in the Department for some time, holding positions, and this is largely in conformance with the Unification Act which gave them these titles. So they are already there.

Mr. WHERRY. Would there be any objection—I want to comply with the request of the distinguished Senator—to having the nominations of the three assistants to the Secretary of Defense lie over for 1 day?

Mr. TYDINGS. Not a bit in the world.

Mr. WHERRY. I feel that in the case of such important nominations Senators should have an opportunity to look them over.

Mr. TYDINGS. I shall be very glad to modify my request to the extent of asking that the three Assistant Secretaries of Defense, Mr. Griffith, Mr. Leva, and Mr. McNeil, go over for another day and be filed on the Executive Calendar.

The PRESIDENT pro tempore. Without objection, as in executive session, those three nominations will be passed over.

Mr. WHERRY. Mr. President, I should like the RECORD to show that, so far as I am personally concerned, my request is for the purpose of examination only.

The PRESIDENT pro tempore. As in executive session, without objection, the other nominations are confirmed, and, without objection, the President will be immediately notified.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. MILLIKIN. Mr. President, yesterday, on behalf of the junior Senator from Colorado and some other Senators, I presented an amendment to the pending bill, which I now offer and ask to have made the pending question.

The PRESIDENT pro tempore. The amendment offered by the Senator from Colorado will be stated.

The LEGISLATIVE CLERK. It is proposed on page 1, to strike out lines 5 and 6.

On page 1, line 7, strike out "SEC. 3" and insert in lieu thereof "SEC. 2."

On page 1, lines 10 and 11, strike out "3 years from June 12, 1948" and insert in lieu thereof "2 years from June 30, 1949."

On page 2, line 1, strike out "SEC. 4" and insert in lieu thereof "SEC. 3."

On page 2, strike out lines 7 to 17, inclusive.

On page 2, line 18, strike out "SEC. 6" and insert in lieu thereof "SEC. 4."

On page 3, after line 6, insert the following:

SEC. 5. Section 5 (b) of the Trade Agreements Extension Act of 1948 (Public Law 792, 80th Cong.) is amended to read as follows:

"(b) Promptly after the President has transmitted such foreign trade agreement to Congress the Commission shall deposit with the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a copy of the portions of its report to the President dealing with the articles with respect to which such limits or minimum requirements are not complied with."

The PRESIDENT pro tempore. Does the Senator from Colorado wish the amendments considered en bloc?

Mr. MILLIKIN. Yes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MILLIKIN. Mr. President, I ask unanimous consent to insert at the end of my statement a series of annexes which I have provided the reporter.

The PRESIDENT pro tempore. Without objection, it is so ordered.

PRELIMINARY

Mr. MILLIKIN. Mr. President, the issues here go to our ability to sustain and advance the well-being of our own people; they go to our ability to remain strong in an imperiled world, to carry the burden we have assumed for our own defense, and to impart strength to other nations in behalf of menaced freedoms.

What we do here will shape the worker's opportunity, the jobs available to him, the size of his pay envelope, the number of discharge and lay-off slips, the length of the line—already much too long—of the unemployed.

Involved here is our sensitiveness to human values and dignities so profoundly affected by assurance of employment or uncertainnty, by abundance or shabby austerity, by the erosion of the human spirit from idleness, hopelessness, or lack of confidence.

More than 4,000,000 unemployed and an even larger number of part-time workers are witnesses to these deliberations.

The results will be in the direction of a vigorous, forward-moving, constantly enriching economy or stagnation and decline.

Producers—whether for our domestic or export markets—the workers, the managers, the owners—all who participate in our complex economy are most importantly concerned.

We shall have the opportunity to add confidence with its mountain-moving strength, to a faltering economy and to our worried citizens; and, in the alternative, we shall have the opportunity to proclaim indifference and to revert to practices which would risk rather than safeguard our welfare.

My discussion will give attention to the legislative issue before us, including the amendments which we are proposing which join that issue. The points to be developed in favor of continuance of the peril-point procedures will be summarized and then expanded. The injuries and threats thereof resulting from the discredited method of making trade concessions on the basis of calculated risks to our domestic producers to which we are invited to return by the pending bill will be shown. The fallacies of the claim that escape-clause procedures are sufficient for safeguarding our producers will be exposed. The objections to the existing peril-point procedures will be answered. Certain provisions of the Geneva multilateral trade agreement of 1947 which have been invalidly intruded into our reciprocal trade agreements system and which are intended to commit us in advance to the proposed Habana Charter of the International Trade Organization prior to its necessary approval by Congress will receive attention.

I. THE ISSUE

The Trade Agreements Extension Act of 1948 requires that the Tariff Commission shall furnish the President with the limits beyond which, in the Commission's opinion, concessions cannot be made in our reciprocal trade agreements without serious injury or the threat of it to our domestic producers, and that if concessions exceeding such limits are made, the President shall advise the Congress of his reasons for the action taken. This, in brief, is the so-called peril-point procedure.

Mr. President, I ask unanimous consent that the Trade Agreements Extension Act of 1948, the pending bill H. R. 1211, and the amendments which we are urging, be included in full at this point in my remarks.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

An act to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes

Be it enacted etc., That this act may be cited as the "Trade Agreements Extension Act of 1948."

SEC. 2. The period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930, as amended (U. S. C., 1946 ed. title 19, sec. 1351), is hereby extended from June 12, 1948, until the close of June 30, 1949.

SEC. 3. (a) Before entering into negotiations concerning any proposed foreign trade agreement under section 350 of the Tariff Act of 1930, as amended, the President shall furnish the United States Tariff Commission (hereinafter in this act referred to as the "Commission") with a list of all articles imported into the United States to be considered for possible modification of duties and other import restrictions, imposition of additional import restrictions, or continuance of existing customs or excise treatment. Upon receipt of such list the Commission shall make an investigation and report to the President the findings of the Commission with respect to each such article as to (1) the limit to which such modification, imposition, or continuance may be extended in order to carry out the purpose of such section 350 without causing or threatening serious injury to the domestic industry producing like or similar articles; and (2) if increases in duties or additional import restrictions are required to avoid serious injury to the domestic industry producing like or similar articles the minimum increases in duties or additional import restrictions required. Such report shall be made by the Commission to the President not later than 120 days after the receipt of such list by the Commission. No such foreign trade agreement shall be entered into until the Commission has made its report to the President or until the expiration of the 120-day period.

(b) In the course of any investigation pursuant to this section, the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings.

(c) Section 4 of the act entitled "An act to amend the Tariff Act of 1930," approved June 12, 1934, as amended (U. S. C., 1946 ed., title 19, sec. 1354), is hereby amended by striking out the matter following the semicolon and inserting in lieu thereof the following: "and before concluding such agreement the President shall request the Tariff Commission to make the investigation and report provided for by section 3 of the Trade Agreements Extension Act of 1948, and shall seek information and advice with respect to such agreement from the Departments of State, Agriculture, and Commerce, from the National Military Establishment, and from such other sources as he may deem appropriate."

SEC. 4. The Commission shall furnish facts, statistics, and other information at its command to officers and employees of the United

States preparing for or participating in the negotiation of any foreign trade agreement; but neither the Commission nor any member, officer, or employee of the Commission shall participate in any manner (except to report findings, as provided in section 3 of this act and to furnish facts, statistics, and other information as required by this section) in the making of decisions with respect to the proposed terms of any foreign trade agreement or in the negotiation of any such agreement.

SEC. 5. (a) Within 30 days after any trade agreement under section 350 of the Tariff Act of 1930, as amended, has been entered into which, when effective, will (1) require or make appropriate any modification of duties or other import restrictions, the imposition of additional import restrictions, or the continuance of existing customs or excise treatment, which modification, imposition, or continuance will exceed the limit to which such modification, imposition, or continuance may be extended without causing or threatening serious injury to the domestic industry producing like or similar articles as found and reported by the Tariff Commission under section 3, or (2) fail to require or make appropriate the minimum increase in duty or additional import restrictions required to avoid such injury, the President shall transmit to Congress a copy of such agreement, together with a message accurately identifying the article with respect to which such limits or minimum requirements are not complied with, and stating his reasons for the action taken with respect to such article. If either the Senate or the House of Representatives, or both, are not in session at the time of such transmission, such agreement and message shall be filed with the Secretary of the Senate or the Clerk of the House of Representatives, or both, as the case may be.

(b) Promptly after the President has transmitted such foreign trade agreement to Congress the Commission shall deposit with the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a copy of its report to the President with respect to such agreement.

Approved June 26, 1948.

[81st Cong., 1st sess., Calendar No. 94]

H. R. 1211

(Rept. No. 107)

(In the Senate of the United States, February 10, 1949. Read twice and referred to the Committee on Finance March 11 (legislative day, February 21), 1949. Reported by Mr. GEORGE, without amendment)

An act to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes

Be it enacted, etc., That this act may be cited as the "Trade Agreements Extension Act of 1949."

SEC. 2. The Trade Agreements Extension Act of 1948 (Public Law 792, 80th Cong.) is hereby repealed.

SEC. 3. The period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930, as amended and extended, is hereby extended for a further priod of 3 years from June 12, 1948.

SEC. 4. Section 350 (a) of the Tariff Act of 1930, as amended, is hereby further amended by deleting the following therefrom: "in the present emergency in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public, and",

SEC. 5. Section 4 of the act entitled "An act to amend the Tariff Act of 1930," approved June 12, 1934, as amended (U. S. C., 1946 ed., title 19, sec. 1354), is hereby amended by striking out the matter following the semicolon and inserting in lieu thereof the following: "and before concluding such agreement the President shall seek information and advice with respect thereto from the United States Tariff Commission, from the Departments of State, Agriculture, and Commerce, from the National Military Establishment, and from such other sources as he may deem appropriate."

SEC. 6. Section 350 (b) of the Tariff Act of 1930, as amended (U. S. Code, 1946, title 19, sec. 1351 (b)), is amended by changing the colon to a period, by deleting the proviso, and by adding the following: "Nothing in this act shall be construed to preclude the application to any product of Cuba (including products preferentially free of duty) of a rate of duty not higher than the rate applicable to the like products of other foreign countries (except the Philippines), whether or not the application of such rate involves any preferential customs treatment. No rate of duty on products of Cuba shall in any case be decreased by more than 50 percent of the rate of duty, however established, existing on January 1, 1945 (even though temporarily suspended by act of Congress.)"

Passed the House of Representatives February 9, 1949.

Attest:

RALPH R. ROBERTS,
Clerk.

Amendment intended to be proposed by Mr. MILLIKIN (for himself and Mr. TAFT, Mr. BUTLER, Mr. BREWSTER, Mr. MARTIN, and Mr. WILLIAMS) to the bill H. R. 1211 to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

Page 1, strike out lines 5 and 6.

Page 1, line 7, strike out "SEC. 3" and insert in lieu thereof "SEC. 2."

Page 1, lines 10 and 11, strike out "three years from June 12, 1948" and insert in lieu thereof "two years from June 30, 1949."

Page 2, line 1, strike out "SEC. 4" and insert in lieu thereof "SEC. 3."

Page 2, strike out lines 7 to 17 inclusive.

Page 2, line 18, strike out "SEC. 6" and insert in lieu thereof "SEC. 4."

Page 3, after line 6, insert the following:

"SEC. 5. Section 5 (b) of the Trade Agreements Extension Act of 1948 (Public Law 792, 80th Cong.) is amended to read as follows:

"'(b) Promptly after the President has transmitted such foreign-trade agreement to Congress the Commission shall deposit with the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a copy of the portions of its report to the President dealing with the articles with respect to which such limits or minimum requirements are not complied with.'"

Mr. MILLIKIN. Mr. President, the pending bill, H. R. 1211, would extend our reciprocal trade agreements legislation until June 12, 1951, and would eliminate the peril-point procedures. It would eliminate them prospectively and retroactively to June 12, 1948.

The purpose of the retroactive provision is to exempt from the peril-point procedure the trade agreements now being negotiated at Annecy, France.

Appropriate amendments to the pending bill are before us to continue these safeguarding procedures, and to keep them effective from June 30, 1949, when the Extension Act of 1948 was allowed to lapse. This makes up the principal legislative issue now before us.

The amendments which we have offered accept two features of H. R. 1211, to wit, that which would strike out the emergency language of the Reciprocal Trade Agreements Act of 1934 and that which would authorize certain changes in our tariffs with Cuba.

As a part of the peril-point procedure of the Extension Act of 1948, section 5 (b) thereof requires that—

> Promptly after the President has transmitted scuh foreign-trade agreement to Congress, the Commission—

That is, the Tariff Commission—

> shall deposit with the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a copy of its report to the President with respect to such agreement.

There has been criticism of this provision on grounds (a) that the required report would include peril points which have not been exceeded and that this is inconsistent with the reporting obligation of the President which covers only those which have been exceeded, and (b) that making public the peril points which have not been exceeded, would embarrass nations which had made concessions falling short of the limits to which we might have been willing to go.

The amendments which we have offered accommodate themselves to this complaint and, therefore, limit the report of the Tariff Commission to Congress to those items as to which peril points have been exceeded.

II. POINTS TO BE DEVELOPED

It will be developed:

First. That with the exception of the minor matters mentioned, the amendments now under discussion do not ask for any change in the law as it was when it lapsed on June 30, 1949. The change, the crippling amendment, if you please, is being requested by the proponents of H. R. 1211. They would eliminate the safeguarding peril-point procedure of the Extension Act of 1948.

The amendments mentioned do not call for anything which would hamper the negotiation of sound reciprocal trade agreements.

We are not asking for a return to congressional logrolling.

We are not asking for a return to high protectionism.

We do not advocate economic isolationism.

We do not ask for anything which would cause the slightest warranted alarm or objection as to our trade intentions or foreign policies.

The amendments before us preserve the discretion of the President, operating within the over-all ranges permitted by our reciprocal trade-agreements legislation, to establish our tariff rates by bargaining for reciprocal advantage.

We are asking that before authorizing concessions, there shall be before the President a focused and authoritative reminder, as was provided by the Extension Act of 1948, of the peril points which if exceeded, will, according to the expert judgment of the Tariff Commission, seriously injure or threaten serious injury to our domestic producers.

The amendments now before us to the pending bill do not require that the President shall be limited by the peril points determined by the Tariff Commission. They do require that if the con-

cessions made shall exceed the peril points, the President shall advise the Congress of his reasons for the action taken. And why not? He is the master of his explanation, of its form, length, and content.

These amendments would preserve the present functions of the Inter-Departmental Committee which advises the President as to the concessions to be made and to be sought.

They would preserve the proper usefulness of the Tariff Commission in its relations to the Inter-Departmental Committee.

They would preserve the President's access to every fact from any official or private source which he might want or would be needed by him in reaching his decisions as to concessions to be granted or received.

We are not proposing that the Congress should reject concessions which might not meet with its approval.

The American producers' outlet to the American market is important enough in our economy—it is about 90 percent of our normal economy—to warrant a red lantern against its injury.

We favor the expansion of the foreign markets of our exporters and these amendments do not restrict noninjurious import concessions to aid the objective.

These matters have been emphasized because the subject of reciprocal trade lends itself to fanciful distortions. It invites the attention of fringe extremists.

It is seldom that the fringe doctrines are maintained with complete purity and this adds to the confusion of an objective student, if one can be found. We have all observed that the high protectionist often supports free trade on imports which serve the fabricators of his part of the country, and that the free trader supports protection for the local industry and production of his region.

I suppose that most of us pursue the will-o'-the-wisp of wanting to buy the other fellow's goods cheap and sell our own dear. And when private enterprise does not cooperate, there is no lack of fakirs who promise that utopia by legislation.

Also, to see the simplicity of the issue now before us, we must penetrate the incensed smog put out by those who would turn the subject of reciprocal trade into a mystique with devotionals, genuflections, and adorations promoted with lovely ritualistic words of high purpose.

The Gurus of this order go over the country chanting litanies to the glories of reciprocal trade. It promotes peace, a better world, better living for everyone everywhere. It is impeccable. It is a defilement of holy things to suggest that the practice should fit the purposes or even to hint that there are imperfections.

Then we have to exclude the confusions introduced by those who believe that the United States should be the world's shmoo and who are always shaking themselves to pieces lest other countries have a bad opinion of us if we give any measure of attention to the care of our own.

The advocates of 100-percent self-sufficiency add their distracting clamors. All foreign contacts, all business with foreign nations, are evil contaminations to be shunned with shocked aversion. To avoid even a furtive glimpse of the sirens of foreign trade, Uncle Sam should posture himself as a smug Buddha staring fixedly at his own navel.

Second. It will be shown that President Truman, President Roosevelt, and State Department representatives, in order to gain support for renewals of the Reciprocal Trade Agreements Act of 1934, promised unequivocally that domestic producers would be safeguarded against serious injury or the threat of it, and that the request of President Roosevelt for the enactment of the original Reciprocal Trade Agreements Act of 1934, squarely recognized the necessity of such safeguarding practices.

Third. It will be shown that those promises of the use of this determinative test have been violated in making our reciprocal trade agreements by the substitution in practice of the policy of subjecting our domestic producers to calculated risks to serve purposes which are outside of the authorized scope of reciprocal trade negotiations.

Fourth. It will be shown that there is evidence that serious injury has resulted from these policies and that by their nature and as a matter of present fact, serious injury is threatened.

Fifth. It will be shown that escape-clause procedures in force by Executive order, are not only inadequate for redressing these calculated risks when they mature into serious injury or the threat of it, but contain the strong potentiality of destroying the entire reciprocal trade-agreements program.

Sixth. It will be shown that the peril-point procedure established by the Extension Act of 1948 is administratively workable, that it has worked, and that it should be continued in connection with existing trade agreements, those to be negotiated in the future and those now being negotiated, or which have been negotiated at Annecy, France, and for use in their inevitable renegotiation.

Seventh. It will be shown that if our adherence, as proclaimed by the President, to certain provisions of the Geneva General Multilateral Trade Agreement of 1947 is valid, then the power of the President or of the Congress to assure the safeguarding of this Nation's economic welfare has been surrendered to the indulgence of other nations.

It will be shown that the purported adherence of the United States to those provisions of the Geneva agreement is an invalid abuse of the delegation by Congress to the President of authority to make reciprocal trade agreements.

It is difficult, and no wonder, to drive sheep into and out of the cars and trucks and runways leading to their slaughter. But sheep, for trusting reasons of their own, will follow a goat. And so, around stockyards, goats have been trained to lead the sheep to their uphappy endings. A goat used for that purpose is appropriately called a Judas goat.

It will be shown that certain of the general provisions of the Geneva Multilateral Agreement proclaimed as effective by the President but never authorized or approved by Congress and invalidly intruded into our reciprocal trade system, perform the role of Judas goat to lead us into advance commitment to the proposed Habana Charter for the International Trade Organization which admittedly cannot become effective without appropriate express congressional consent.

It should be clearly understood—I repeat, it should be clearly understood, and I make the observation for the benefit of those in this Chamber and others in Washington—that the Congress has placed its caveat on these general provisions of the Geneva agreement to which the President has proclaimed our provisional adherence.

Last year the Senate Committee on Finance in its report recommending the Extension Act of 1948 stated—Report No. 1558, Eightieth Congress:

> In reporting out this bill, your committee reserves questions such as those posed by allegations that the authority conferred under section 350 of the Tariff Act has been exceeded either by incorporation of general regulatory provisions in the multilateral trade agreement recently concluded at Geneva, or otherwise. Many of these regulatory provisions duplicate provisions in the Habana Charter for an International Trade Organization and therefore consideration will be given these matters when the Habana Charter is presented to the Congress. If the United States accepts membership in the International Trade Organization broad statutory changes would be needed to carry out effectively engagements that would follow from this country's acceptance of membership in that organization. This approaching decision respecting membership in the International Trade Organization is a strong reason for not extending the Trade Agreements Act of 1934 beyond June 30, 1949.

This was elaborated in debate and the extension of our reciprocal trade legislation by the Extension Act of 1948 was limited to 1 year on the expectation of Congress that within that time the general provisions of the Geneva Agreement and the similar and other provisions of the proposed ITO Charter would receive coordinated consideration.

The State Department well knew and had long been advised of the congressional interest in these relationships, for it had participated in extensive hearings in 1947 expressly dealing with them. It knew of the reasons expressed in Congress for the 1-year extension provided by the Extension Act of 1948.

This year the Senate Finance Committee took notice of the failure of the executive department to submit the proposed charter for ITO in time for orderly consideration in connection with the counterpart provisions of the Geneva Multilateral Trade Agreement and the report on H. R. 1211 of the members of the majority party of that committee, has the following to say on the subject—Report No. 107, Eighty-first Congress:

> In reporting this bill, your committee would emphasize that its enactment is not intended to commit the Congress on questions raised by incorporation of general regulatory provisions in the multilateral trade agreement recently concluded at Geneva or on any other aspects of our foreign trade program. No doubt full consideration will be given these matters when the Habana Charter for an International Trade Organization is presented to the Congress.

The minority members of the Senate Finance Committee approve of this statement.

Although the proposed charter for ITO had been available for submission to Congress by the executive department since March of 1948, it was held back for more than a year. It was not submitted until April 28, 1949.

By that date the House had completed its hearings and action on H. R. 1211, the bill now before us. Hearings had been concluded by the Senate Finance Committee, and the bill had been reported and placed on the Senate Calendar.

The charter for ITO was referred to the Senate Committee on Foreign Relations. Senators know, and the executive department had special reason to know, that the Foreign Relations Committee has been heavily burdened with other matters before it and that there was no reasonable chance that action could be had on ITO during this session of Congress. And thus coordinated consideration of these two interrelated matters must again be delayed and protection of our rightful legislative jurisdiction must again come from these caveats.

This delay in submitting to Congress the proposed charter for ITO is indefensible. It was stupid because it was so patently overfinessed and tricky that no one was fooled. It was disrespectful to the Congress, which has the right of fair and timely opportunity and the duty to give coordinated consideration to these intertwined and momentous subjects so peculiarly within its own constitutional jurisdiction. It aroused the correct conclusion that a bill of goods has been sold by overzealous salesmen which cannot be delivered, and that the salesmen themselves have lost confidence in the merits of their own claims and the quality of the promised merchandise.

III. REASONS FOR PERIL-POINT PROCEDURES—CALCULATED RISKS VERSUS CALCULATED SAFEGUARDING

Now I wish to go into the reasons for the peril-point procedure. I wish to consider calculated risks—which have been the practice—as against calculated safeguarding.

An orderly approach to these matters suggests that we develop the reasons for including the peril-point procedure in the Extension Act of 1948 and the reasons why we ask for its continuance.

First of all, it should be emphasized that when we ask that our reciprocal-trade-agreements legislation should continue to contain a focused reminder to the President for safeguarding our domestic producers and our wage earners against serious injury or the threat of it we are only requesting attention to that which has been promised and has not been provided.

Safeguarding our domestic producers against serious injury or the threat of it is implicit in the Reciprocal Trade Agreements Act of 1934. The legislation was requested on March 2, 1934, in a special message to the Congress from President Roosevelt. The message not only sustains the contention that it was intended that under the operation of the act our domestic producers should be safeguarded against injury, but it will have usefulness as we go along in pointing up other deviations in practice from the original purposes.

It is brief, and I shall read it:

MESSAGE FROM THE PRESIDENT (MARCH 2, 1934) TRANSMITTING A REQUEST TO AUTHORIZE THE EXECUTIVE TO ENTER INTO EXECUTIVE COMMERCIAL AGREEMENTS WITH FOREIGN NATIONS (H. DOC. 273, 73D CONG., 2D SESS.)

To the Congress:

I am requesting the Congress to authorize the Executive to enter into executive commercial agreements with foreign nations, and in pursuance thereof within carefully guarded limits, to modify existing duties and import restrictions in such a way as will benefit American agriculture and industry.

This action seems opportune and necessary at this time for several reasons.

First, world trade has declined with startling rapidity. Measured in terms of the volume of goods in 1933, it has been reduced to approximately 70 percent of its 1929 volume; measured in terms of dollars, it has fallen to 35 percent. The drop in the foreign trade of the United States has been even sharper. Our exports in 1933 were but 52 percent of the 1929 volume, and 32 percent of the 1929 value.

This has meant idle hands, still machines, ships tied to their docks, despairing farm households, and hungry industrial families. It has made infinitely more difficult the planning for economic readjustment in which the Government is now engaged.

You and I know that the world does not stand still; that trade movements and relations once interrupted can with the utmost difficulty be restored; that even in tranquil and prosperous times there is a constant shifting of trade channels.

How much greater, how much more violent is the shifting in these times of change and of stress is clear from the record of current history.

Mark you this, please:

Every nation must at all times be in a position quickly to adjust its taxes and tariffs to meet sudden changes and avoid severe fluctuations in both its exports and its imports.

You and I know, too, that it is important that the country possess within its borders a necessary diversity and balance to maintain a rounded national life, that it must sustain activities vital to national defense and that such interests cannot be sacrificed for passing advantage. Equally clear is the fact that a full and permanent domestic recovery depends in part upon a revived and strengthened international trade and that American exports cannot be permanently increased without a corresponding increase in imports.

Second, other governments are to an ever-increasing extent winning their share of international trade by negotiated reciprocal trade agreements. If American agricultural and industrial interests are to retain their deserved place in this trade, the American Government must be in a position to bargain for that place with other governments by rapid and decisive negotiation based upon a carefully considered program, and to grant with discernment corresponding opportunities in the American market for foreign products supplementary to our own.

If the American Government is not in a position to make fair offers for fair opportunities, its trade will be superseded. If it is not in a position at a given moment rapidly to alter the terms on which it is willing to deal with other countries, it cannot adequately protect its trade against discriminations and against bargains injurious to its interests. Furthermore a promise to which prompt effect cannot be given is not an inducement which can pass current at par in commercial negotiations.

For this reason, any smaller degree of authority in the hands of the Executive would be ineffective. The executive branches of virtually all other important trading countries already possess some such power.

I would emphasize that quick results are not to be expected. The successful building up of trade without injury to American producers depends upon a cautious and gradual evolution of plans.

I interpolate to say, compare this admonition with the Geneva agreement, in which in a short period of time there were negotiations on over 40,000 items, with more than 4,000 items of direct interest to the United States. It would be rather difficult to defend the proposition that that was a "cautious and gradual evolution of plans."

I read further:

The disposition of other countries to grant an improved place to American products should be carefully sounded and considered; upon the attitude of each must somewhat depend our future course of action. With countries which are unwilling to abandon purely restrictive national programs, or to make concessions toward the reestablishment of international trade, no headway will be possible.

That was President Franklin D. Roosevelt speaking. Let me repeat that part:

With countries which are unwilling to abandon purely restrictive national programs, or to make concessions toward the reestablishment of international trade, no headway will be possible.

Contrast that, Mr. President, if you will, with perhaps 250 or perhaps closer to 300 bilateral agreements operating against our exporters. Contrast it with statism, with state monopolies, with quotas, with exchange licenses, with import licenses, which exist and which have been maintained and which are being expanded by those who already have received the benefit of our concessions.

I continue to quote:

The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit and not to injure such interests. In a time of difficulty and unemployment such as this—

I interpolate to say that would be "new hat" if it were written today—

the highest consideration of the position of the different branches of American production is required.

From the policy of reciprocal negotiation which is in prospect, I hope in time that definite gains will result to American agriculture and industry.

Important branches of our agriculture, such as cotton, tobacco, hog products, rice, cereal, and fruit raising, and those branches of American industry whose mass-production methods have led the world, will find expanded opportunities and productive capacity in foreign markets, and will thereby be spared in part, at least, the heartbreaking readjustments that must be necessary if the shrinkage of American foreign commerce remains permanent.

A resumption of international trade cannot but improve the general situation of other countries, and thus increase their purchasing power. Let us well remember that this in turn spells increased opportunity for American sales.

Legislation such as this is an essential step in the program of national economic recov-

ery which the Congress has elaborated during the past year. It is a part of an emergency program necessitated by the ceonomic crisis through which we are passing. It should provide that the trade agreements shall be terminable within a period not to exceed 3 years; a shorter period probably would not suffice for putting the program into effect. In its execution the Executive must, of course, pay due heed to the requirements of other branches of our recovery program, such as the National Industrial Recovery Act.

I hope for early action. The many immediate situations in the field of international trade that today await our attention can thus be met effectively and with the least possible delay.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *March 2, 1934.*

The assurance that domestic producers would be safeguarded against serious injury or the threat of it was reiterated on subsequent occasions by Presidents Roosevelt and Truman.

On June 15, 1934, President Roosevelt wrote Representative Buck as follows; and this may be found in the record of the 1948 hearings before the Senate Finance Committee, at pages 377-378:

MY DEAR CONGRESSMAN BUCK: I am somewhat surprised and a little amused at the fears you say have been aroused in California because of the enactment and possible administration of the Reciprocal Trade Agreements Act. Certainly it is not the purpose of the administration to sacrifice the farmers and fruit growers of California in the pursuit of the will-o'-the-wisp of foreign markets, as published reports would make believe. I trust that no Californian will have any concern or fear that anything damaging to the fruit growers of that State or of any other State will result from this legislation.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

In connection with the hearings on the Reciprocal Trade Agreements Extension Act of 1945, Mr. Will Clayton, then Assistant Secretary of State, testified before the Senate Finance Committee, as follows:

I am hammering these things in, Mr. President, to establish beyond peradventure of doubt that what we are asking for is only that which has been promised. I am making a record of it so that if anyone is interested, it can be found. This is not some new invention by persons with villainous intent to destroy the reciprocal trade agreements system. Those who initiated the system, those who have been in charge of it since its inception, have repeatedly assured us that American producers would be safeguarded; and I am making a record of it so that there can be no if's, and's, and but's about it.

I quote now from page 7, 1945 hearings, Senate Finance Committee, and inserted at page 378 of the 1948 hearings of the same committee. This is Mr. Clayton speaking, and a little later he introduces a letter from President Truman:

A rumor has freely circulated that certain American industries have been singled out as inefficient industries and that if the additional authority provided for in the bill is granted the State Department will use such authority to trade off these inefficient industries for other industries which can compete in the world market. Nothing could be further from the truth than this. The State Department has never construed the Trade Agreements Act as a license to remake the industrial or agricultural pattern of America.

I interpolate to ask Senators to tuck that statement away in the back of their minds. We shall come to it again a little later.

I repeat:

The State Department has never construed the Trade Agreements Act as a license to remake the industrial or agricultural pattern of America. The record of 11 years of administration of the act should prove that. If, however, there is any doubt in anyone's mind regarding the use of the act to seriously injure American industry, this doubt should be completely dispelled by the letter of May 25 from President Truman to the Honorable SAM RAYBURN. The short letter reads as follows:

This is from President Truman to Speaker RAYBURN:

MY DEAR MR. SPEAKER: Supplementing our conversation yesterday, I wish to repeat that I regard the pending measure for the renewal and strengthening of the Trade Agreements Act as of the first order of importance for the success of my administration. I assume there is no doubt that the act will be renewed. The real question is whether the renewal is to be in such form as to make the act effective. For that purpose, the enlargement of authority provided by section 2 of the pending bill is essential.

That was the bill which provided another authority to increase or decrease rates by 50 percent.

I have had drawn to my attention statements to the effect that this increased authority might be used in such a way as to endanger or trade out segments of the American industry, American agriculture, or American labor. No such action was taken under President Roosevelt and Cordell Hull, and no such action will take place under my Presidency.

Sincerely yours,

HARRY S. TRUMAN.

In President Truman's message to Congress of March 1, 1948, asking further extension of our reciprocal trade agreements legislation, he said:

In addition, the interests of domestic producers are carefully protected in the negotiation of each trade agreement. I assured the Congress when the Reciprocal Trade Agreements Act was last extended in 1945 that domestic producers would be safeguarded in the process of expanding trade. That commitment has been kept. It will continue to be kept. The practice will be continued of holding extensive public hearings to obtain the view of all interested persons before negotiations are even begun. The practice will be continued whereby each agreement before its conclusion will be carefully studied with the Departments of State, Treasury, Agriculture, Commerce, and Labor, the National Military Establishment, and the Tariff Commission.

Finally, each agreement will continue to include a clause which will permit withdrawal or modification of concessions if, as a result of unforeseen developments and of the concessions, imports increase to such an extent as to cause or threaten serious injury to domestic producers.

I pause to receive challenge, if any there be, that this central theory, that which we are here asking, is not the promise of Presidents Roosevelt and Truman. That is the premise. There is no use going further, if that is in error. So, if anyone thinks it is in error, I am open to debate on the subject.

The Presidential assurances that our domestic producers would be safeguarded against serious injury or the threat of it, have, I believe, been shown.

Now it will be developed that the peril-point provisions of the Extension Act of 1948:

(a) Resulted from complaints of domestic producers that the procedures followed in making reciprocal trade agreements were not in fact consistent with the safeguarding assurances;

(b) Resulted from unsuccessful efforts to secure comprehensive administrative corrections intended to fortify and make more certain the performance of that which had been promised;

(c) Resulted from official admissions that the safeguarding assurances were in practice subjected to the hazards of calculated risks in furtherance of purposes which, as will be shown, are outside of the authorized scope of reciprocal trade negotiations.

Many domestic producers were alarmed over what might be done at Geneva in 1947 in connection with the contemplated wholesale negotiations for trade agreements, which ultimately were concluded simultaneously between the United States and 22 other nations.

As I have said before, more than 40,000 items were involved, including more than 4,000 items of direct interest to the United States. This was a wide and disturbing departure from the original conception which I have just read, that—

The successful building up of trade without injury to American producers depends upon a cautious and gradual evolution of plans.

The procedure preliminary to the making of reciprocal trade agreements encouraged these apprehensions. They are outlined in detail in an annex to these remarks excerpted from a report by the United States Tariff Commission.

Many domestic producers felt that the safeguarding assurances were diluted or lost sight of in the adjustment of differences of opinion between the agencies which then had voices in the matter—the State Department, Labor, Agriculture, Commerce, War, and Navy—and under the pressure of free trade and extreme internationalist philosophy held by influential men in the State Department.

From the time the public hearings were concluded on concessions which might be made, until the negotiated results were announced, the whole proceeding was and continues to be surrounded with secrecy—with secrecy so impenetrable that, as will be shown, the Congress itself, which delegated its tariff powers to the executive department but which nevertheless is responsible for their proper use, has been denied requested facts even after the agreements had been concluded.

Domestic producers felt handicapped in making an adequate case at the hearings which were afforded them because they did not know the extent of the concessions which would be made.

Because of the secrecy which blanketed the proceedings from the moment the public hearings had been concluded,

domestic producers were not in position to rebut conclusions adverse to their contentions which might be founded on mistaken interpretation of their showings or mistakes of fact.

There was no opportunity and there is no opportunity for a review of, or appeal from, such adverse conclusions.

So far as could be determined there were no clear standards and, as a matter of fact, there are no clear standards for determining the scope of concessions to be made.

The advice of American producers during the course of the actual negotiations, often conducted by men without business experience, was not sought—in fact was repulsed—although the negotiating teams of foreign countries were in close touch with representatives of their own domestic interests which might be affected.

In this connection I mention that of 83 officials who represented us in making the Geneva multilateral trade agreement and the Geneva draft of what is now the proposed Habana Charter for the International Trade Organization, there was only one of outstanding business reputation—only one out of 83. He was Mr. Will Clayton. The rest were in the main men of book learning and government service, unilluminated by practical experience in what makes the cash register ring.

In February of 1947 the distinguished senior Senator from Michigan and the junior Senator from Colorado, because of complaints along these and other lines, and believing that most of them could be eliminated by simple procedural corrections for which Presidential authority already existed, endeavored on their own responsibility to bring about an administrative solution.

The purpose of these Senators and the steps taken by them were made known in a public statement issued by them on February 7, 1947, a copy of which is included as an annex to these remarks.

I shall read enough of the statement to show the recommendations which were made by us:

3. That under the Tariff Act of 1930 and the amending Reciprocal Trade Act there is ample authority for establishment of procedures by the President without further legislation that will safeguard the domestic economy without hampering the negotiation of agreements to encourage the essential expansion of our foreign trade.

4. That to the extent such executive safeguards are provided, claims for legislative action are obviated.

5. We believe that the following measures which may be put into effect by the President out of his existing powers would afford improved safeguards and would, without damage to legitimate reciprocal trade negotiations allay many of the fears that have been mentioned:

(a) The United States Tariff Commission to review all contemplated tariff reductions and concessions in all future trade agreements and to make direct recommendation to the President as to the point beyond which reductions and concessions cannot be made without injury to the domestic economy;

(b) Inclusion of escape clause in every trade agreement hereafter entered into or renewed whereby the United States, on the initiative of the President, can withdraw or modify any tariff reduction or concession if in practice it develops that such reduction or concession has imperiled any affected domestic interest;

(c) The Tariff Commission to keep closely and currently informed on the operation of all of our trade agreements and on its own motion or on the request of the President or of the Congress, or of any aggrieved party, to hold public hearings to determine whether, in its opinion, any particular escape clause should be invoked, and to recommend direct to the President withdrawal or modification of any rate or concession which imperils any affected domestic interest;

(d) Recommendations of Tariff Commission to President for withdrawal or modification of rates or concessions under operation of escape clause, together with any dissenting opinions of members and nonconfidential supporting data to be open to public inspection;

(e) Efficient procedures and policies to assure that nations which do not make available to us their own tariff reductions and concessions to other nations shall not receive generalized benefits from us resulting from the inclusion in our own trade agreements of the unconditional most-favored-nation clauses except at our option exercised in the public interest.

On February 25, 1947, President Truman issued Executive Order 9832 prescribing procedures for the administration of the reciprocal trade agreements program. The full order will be found in one of the annexes to these remarks.

The Executive order requires that in every trade agreement thereafter entered into there shall be an escape clause whereby—

If, as a result of unforeseen developments—

Mark those words, please, "unforeseen developments"—

and of the concession granted by the United States on any article in the trade agreement, such article is being imported in such increased quantities—

Please mark the words "increased quantities"—

and under such conditions as to cause, or threaten, serious injury to domestic producers of like or similar articles, the United States shall be free to withdraw the concession, in whole or in part, or to modify it, to the extent and for such time as may be necessary to prevent such injury.

The order provided that the United States Tariff Commission "upon the request of the President, upon its own motion, or upon application of any interested party when in the judgment of the Tariff Commission there is good and sufficient reason therefor, shall make an investigation to determine whether, as a result of unforeseen developments and of the concession granted on any article by the United States in a trade agreement containing such a clause, such article is being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or similar articles."

As the Senator from Michigan [Mr. VANDENBERG] pointed out yesterday, there, again, is a complete admission that noninjury to domestic producers is the goal toward which we should work. It is the goal toward which we are working when we ask for the reenactment of the peril-point procedure.

It was provided that the Tariff Commission, if it should find such injury or the threat of it, should recommend to the President, "for his consideration in the light of the public interest, the withdrawal of the concession, in whole or in part, or the modification of the concession, to the extent and for such time as the Tariff Commission finds would be necessary to prevent such injury."

The President, as Senators doubtless have noted, provided escape procedure but did not provide procedure for establishing the peril points in the first instance—prior to the negotiations. The authors of the order were preoccupied with retreiving blunders, not with avoiding them.

The order called for fire extinguishing on an "if, but, or maybe" basis—not for fire-preventing measures.

Placing full reliance on escape-clause procedure obviously softens the will for tough and realistic bargaining at the time the deals are made. No commander ever led his troops to victory by issuing orders on the eve of battle putting the main emphasis on plans for retreat.

The President's escape-clause procedure left untouched the basic problem of making sound agreements to start with.

I doubt whether anyone would deny that escape-clause procedure, wisely prescribed and applied, can be a useful backstop measure against mistakes in concessions made at the time of negotiating the trade agreements.

But it will be demonstrated in some detail, because the matter is important—the opposition puts practically its entire case on the alleged efficacy of the escape clause—that escape-clause procedures as prescribed in Executive Order 9832 are inadequate for the intended purpose, are harmfully restricted, and, under some circumstances, not difficult to foresee, they could completely destroy the whole reciprocal trade-agreements system.

The refusal at that time of the President to accept procedures that would give him a focused and expert reminder by the Tariff Commission of sound limits of concessions to be in his hand at the time of negotiation, foreshadowed the later testimony at the hearings that the promised calculated safeguarding was in fact the servant of calculated risks to promote numerous unauthorized, extraneous purposes.

The continued complaints of domestic producers, despite Executive Order 9832, and testimony of State Department officials confirming their validity, led to the enactment of the peril-point provisions of the Extension Act of 1948.

At the 1948 hearings before the Senate Finance Committee, Mr. Will Clayton, then special adviser to the Secretary of State, repeatedly declared that calculated risks were being taken.

For example on page 30 of the record of hearings of the Senate Finance Committee on House bill 6556 of 1948, he said:

My point simply is this, that in order to accomplish certain purposes which I have named you may have to take some calculated risks.

On the next page of the same record appears the following:

The CHAIRMAN. Then you would take the calculated risk. This is a very important

question because we are going to come to the escape clause. You would take the calculated risk and look to the escape clause for protecting American industry.

Mr. CLAYTON. Yes. That is the only way you can do it, Mr. Chairman. That is the only way you can do it unless you want to have exorbitant tariffs.

Later on in these remarks it will be brought out fully but let me now state parenthetically that the Tariff Commission, a bipartisan board, recently made peril-point recommendations involving 449 items for the consideration of the President in connection with concessions which might be made at the conference now in progress at Annecy, France, and there is not a hint in the testimony of the Commissioners who appeared that the points so established represented exorbitant tariffs.

Why should they be exorbitant unless a tariff that will safeguard our domestic producers from serious injury or the threat of it is so considered?

At another point in the testimony, Mr. Clayton revealed that calculated risks are taken in order, as he put it, "to achieve an over-all desideratum." He said—and I am reading from the 1948 hearings before the Senate Finance Committee on House bill 6556, page 52:

If there are those cases where we take some calculated risks in order to achieve some over-all desideratum, and we find we are wrong, we have a protection here in the escape clause, so the mistake, if it occurs, can be corrected.

At an earlier point in the same record, on page 18, Mr. Clayton had outlined some of these over-all desiderata. He said:

No concession is recommended unless it would, in the judgment of the members (he is talking about the Interdepartmental Committee), leave adequate protection for domestic industry against a serious injury.

The parentheses are ours.

This would have had a soothing and heartening quality had Mr. Clayton stopped right there. Had he stopped right there he would have been in step with the repeated and unqualified Presidential noninjury assurances which I have documented for you and which had been accepted by the Congress and had motivated prior extensions of the Reciprocal Trade Agreements Act.

But Mr. Clayton did not stop there. He quickly escaped from the clean-cut nature of this assurance. In doing so, as will be seen, he denuded it of its predominating quality. He left it an unchampioned and anonymous guest at the conference table of the Interdepartmental Committee, where it was exposed to and beaten down by the elbowing and jostling of special pleaders for other goals.

Mr. Clayton went on to say, and, mind you, he was talking about safeguarding the American producers:

Equally, however, no concession is recommended unless it accords with the security interests of the country, with the interests of agriculture, of consumers, and, more broadly, with the over-all foreign economic policy of the United States. On the other side, the probable bargaining value of particular concessions must also be considered. That is, no factor, least of all domestic welfare, is disregarded, but all are weighed together by the entire group, each agency having an equal voice in all decisions.

The entire group referred to by Mr. Clayton included such agencies as the State Department, Commerce, Labor, the National Military Establishment. The representatives of those agencies making up the Interdepartmental Committee did the "weighing" referred to by Mr. Clayton. They were the official weighmasters. They put domestic producers in the scale and balanced their welfare against the different, often conflicting, and often shifting objectives of those departments.

The State Department, for example, as one of the weighmasters, could weigh its thumb in favor of secret diplomatic deals—in behalf of that hodgepodge of indigestible opportunisms and expediencies, forced upon us in part by the nature of the times, which Mr. Clayton bravely described as the "over-all foreign economic policy of the United States."

I repeat, the "over-all foreign economic policy of the United States." I would be tempted to give a month's salary to some pet charity if someone would give us a clean-cut, clear outline of what is this "over-all foreign economic policy of the United States."

The Department of Commerce as one of the weighmasters is preoccupied with removing barriers to our export business, and in figuring the extent of import concessions for export advantage, might weigh its thumb accordingly.

Our Military Establishment is one of the weighmasters. When operating at the best level of military statesmanship the Military Establishment would stand adamant for undamaged and vigorous domestic production. But it has conflicting interests. It is interested in building up military stock piles and it might, for example, weigh its thumb, as it has done, in behalf of foreign minerals kept excessively cheap in our market by excessively low tariffs.

Then there are votes in persuading people that as consumers they are a class apart from the productive life of the Nation and should be able to buy goods at prices on the short side of what is fair to the domestic producer. Mr. Clayton's statement indicates that someone on the Interdepartmental Committee is to look after the consumers' interests and this particular weighmaster might be tempted to weigh his thumb in behalf of the aberration that we can consume without producing.

The resulting melange of compromise of the differing objectives of the departments measured the degree of safeguarding which domestic industry received prior to the adoption of the peril point procedures. This strange dish concocted by so many ambitious and not always skillful cooks was supposed to be palatable because it was labeled a "calculated risk."

The senior Senator from Michigan [Mr. VANDENBERG], who sits before me, I am sure will recall that yesterday I suggested that we retire for a long-earned rest the phrase crippling amendments. Now I am going to suggest that it is about time to retire for a much-needed and overdue rest the phrase calculated risk. When any agency has a trick package of goods to sell to Congress which it cannot justify on merit, its barker dangles it before our bedazzled eyes and gaping mouths as a calculated risk.

Psychologically, that technique of selling is supposed to shame our doubts. It is supposed to transform timidity into swaggering recklessness. It is supposed to feed what is supposed to be the yearning of the prudent for that bold look.

An accidental risk, one which matures and was not calculated is bad enough, but why a public official should preoccupy himself with calculating risks against his constituency, against the pay rolls and welfare of the people of his country, surpasses all understanding.

Prior to the Extension Act of 1948 no one was especially charged with looking after the interests of our producers. Under that act the Inter-Departmental Committee continued to make its recommendations to the President as to the concessions which it concluded should be granted and sought. But the President in making his decisions had the benefit of the new focused remainder of the Tariff Commission of the peril points which in the opinion of that agency could not be exceeded without seriously injuring domestic industry.

Under the Extension Act of 1948, the President has the opportunity to choose calculated safeguarding rather than calculated risk. He was presented by that act with a better opportunity to keep his promise that domestic producers would not be subjected to serious injury or the threat of it.

Proceeding with the reasons for the adoption by Congress of the peril-point procedures, Congress has shown some irritation at propaganda campaigns of executive departments, at the taxpayer's expense, intended to influence congressional action. There is a law against it. But these departments are resourceful.

A citizens' committee for reciprocal world trade was formed and operated last year to propagandize the American people against the slightest change in our reciprocal trade-agreements legislation. That committee was formed under the encouragement of the State Department. The spokesman for that organization declared at the 1948 hearings of the Senate Finance Committee on H. R. 6556, the bill then before us, as appears at pages 185–186:

I believe, Senator, if a concession would bring about enhanced national prosperity and welfare on an over-all basis, if one of the factors, one of the results, might be some injury to a particular domestic industry, that would not necessarily preclude the wisdom of a decision to make the concession.

* * * * *

I would say, again to repeat what I said to your earlier question, that if in a particular instance it were determined on an over-all basis, considering all aspects of the matter that a reduction might cause injury to a particular individual domestic industry, but larger beneficial results might thereby be obtained, I would personally think that a concession would be desirable under those circumstances.

The witness was asked whether that was the viewpoint of his organization. He replied:

I think that is the position that the committee takes.

We get some of the bilious flavor of this philosophy when we remember that such a determination—a determination to sacrifice one industry for the benefit of another—would be made in secret and that the exterminated domestic industry would have no opportunity to justify its pay rolls, its investment, its social and community values. It would have no appeal and no compensation. It is a doctrine often denied, it is seldom so candidly admitted. But it rationalizes the doctrine of "calculated risk."

Mr. VANDENBERG. Does the Senator wish not to be interrupted?

Mr. MILLIKIN. No; I am glad to yield to the Senator from Michigan.

Mr. VANDENBERG. It seems to me the point the Senator now makes is extremely important, because under the peril-point amendment which the Senator has offered, if the President of the United States thinks he has a sound reason to do the precise thing which this witness recommended, he still has the authority to do it, if he is willing to take the responsibility for telling the American people and the American Congress why he did it, and undertake to prove that this over-all judgment made him believe that the concession was desirable in spite of its effect upon a particular industry. The point I cannot overemphasize, because I think it answers 90 percent of the attacks upon the Senator's position, is that instead of requiring that the peril-point philosophy shall be mandatory, the Senator's proposal is sufficiently sympathetic with the total objectives asserted by the authors of reciprocal trade agreements still to leave an opportunity for the free exercise of Executive discretion if the Executive is willing to take the public responsibility before the people and the Congress for the concession he has made.

Mr. MILLIKIN. The distinguished Senator is exactly right. And why should not the President be willing to do so? Whenever the President of the United States takes the responsibility of injuring a domestic industry why should he fear to tell the American people, unless his reason is insufficient? The White House, as I said before, is the best sounding board in the world. If the President has a good reason, the people will back him up, and if he has a bad reason he should be condemned.

The official admissions in 1948 of the substitution of calculated risks for the promised assurance that the domestic producer would not be allowed to suffer serious injury or the threat of it were officially repeated and given added emphasis and larger definitions during the hearings this year before the Senate Finance Committee and before the House Ways and Means Committee on the pending bill, H. R. 1211.

Mr. Oscar Ryder, Chairman of the United States Tariff Commission, has been a member of the Interdepartmental Committee which recommends tariff concessions to the President. He was a delegate to the Geneva Conference where we entered into the Geneva Multilateral Trade Agreement and he took an active part in some of the negotiations.

Mr. Ryder favors the enactment of H. R. 1211 because he conscientiously believes in the doctrine of "calculated risk" and desires the return of legal authority to give it effect. He believes that we should trade import concessions falling within a so-called range of injury but falling short of complete assurance of injury for expert concessions. He puts it this way—1949 hearings, Senate Finance Committee on H. R. 1211, page 805:

Thus in my view there is no discoverable peril point, certainly not discoverable in advance. There is instead what might be called a danger zone, within which the lower the duty is reduced the greater the risk of injury to domestic industry. My view of what should be done is to weigh the increased risk of injury on any article with respect to which domestic industry is encountering or likely to encounter substantial import competition against the benefits to be obtained from the concessions which might be received in return for reducing the duty.

On page 812 of the same record of hearings is the following:

Senator MILLIKIN. I suggest, then, that your proposition is that you will balance that calculated risk against possible benefits.

Mr. RYDER. Yes.

And on page 826, the following:

Mr. RYDER. No. I said that you would weigh the increased risks by the increased benefits that you are getting and you will come to a decision. I think that is the only way it could possibly be done.

Senator MILLIKIN. That coincides with my impression of your testimony.

Normally, when the patient's pressure reaches the upper limits of safe tolerance, the doctor concentrates his efforts on lowering it. In all events, the doctor aims to keep the patient out of the danger zone which commences when the upper limit of safe tolerance has been exceeded and which ends with apoplexy.

But these are not the practices of our trade doctors when they are unrestrained by peril-point procedures. They say they aim to stop short of the massive hemorrhage but will take calculated risks within the danger zone leading to it.

This is somewhat different from the unequivocal Presidential assurances that domestic producers will not be subjected to serious injury or, mind you, please, the threat of it.

Perhaps the chief doctor had better take a look and see what the interns are doing.

The following is from the 1949 testimony of Mr. Will Clayton, appearing as a witness before the Senate Finance Committee, on H. R. 1211—1949 hearings, pages 172–173:

Senator MILLIKIN. Your thesis in making these trade agreements is that we have to take a calculated risk, and having taken the calculated risk, if we made a bad deal we get out with the escape clause?

Mr. CLAYTON. That is right; and I add to that that we have not made very many bad deals yet, as the record shows we have made but few, and I really do not know of any.

This was last February.

Senator MILLIKIN. Of course, you would not suggest that we are in a period of time where that can be tested.

Mr. CLAYTON. We are getting there awfully quick.

Senator MILLIKIN. That is what is worrying me.

Mr. CLAYTON. And we have been getting there for the last 12 months, and I think we have gone long enough to have developed trouble if there had been any.

That was last February.

We may develop some trouble in the future; and if so, I am sure it will be dealt with properly.

In a few moments the torrential development of trouble of the type referred to but hardly anticipated by Mr. Clayton will be outlined and also what has been done to deal with it, to wit, exactly nothing.

Mr. Willard L. Thorp, Assistant Secretary of State for Foreign Affairs, appeared before the Senate Finance Committee as the chief witness of the Executive Department in support of H. R. 1211 and to criticize the Extension Act of 1948.

He expressed dissatisfaction with the role of the Tariff Commission assigned to it by the act of 1948 in determining and recommending to the President the limits on concessions which in the opinion of that Commission should not be exceeded if we would avoid serious injury or the threat of it to our domestic producers.

I quote Mr. Thorp's complaint, taken from a prepared statement—1949 hearings, Senate Finance Committee, H. R. 1211, pages 3–4:

The determinations by the Commission (under peril-point procedures) are to be made without regard to any national or international considerations, such as benefits to be obtained from other countries, long-term needs of our economy for expanding markets, the necessity of obtaining the best possible use of domestic resources, including consideration of conservation, possible strategic considerations, and the possible repercussions of our actions upon policies of other countries toward us.

Obviously, by defining in terms of criticism the matters which the Tariff Commission does not consider under peril-point procedures, Mr. Thorp, as chief witness for the Executive Department, tells us what should be considered, and thus he spells out for us the official qualifiers to the assurance that domestic producers will be safeguarded against injury or the threat of it.

Let us separate and then give separate attention to these qualifications by Mr. Thorp of the promised safeguarding rule:

First. The safeguarding rule should be qualified for "benefits to be obtained from other countries" and in the interests of the "long-term needs of our economy for expanding markets."

Clearly it is a basic and commendable purpose of our reciprocal trade system to expand our markets, but this objective is entirely consistent with affording fair opportunity for our domestic producers to get into our domestic market. It does not require qualification of the

safeguarding rule unless it is in mind to swap injury to one domestic industry for the benefit of another. And there are no odds in that so far as the welfare of the over-all economy is concerned.

As we have seen, President Roosevelt, in asking for the Reciprocal Trade Agreements Act of 1934, put it this way—message to Congress of March 2, 1934:

> The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit, not to injure, such interests. In a time of difficulty and unemployment such as this the highest consideration of the position of the different branches of American production is required.

Second. The safeguarding rule, according to Mr. Thorp, should be qualified to serve "the necessity of obtaining the best possible use of domestic resources."

Nijinsky never executed a grand jetté rivaling this leap into undelegated power. There is nothing in the Reciprocal Trade Agreements Act of 1934 and there is nothing in any extension of it that makes the reciprocal trade system a vehicle for obtaining "the best possible use of domestic resources."

I think we may all readily agree that the best possible use of our domestic resources should be made, but there are many questions as to what are the best possible uses and how to put them into effect, and who is to put them into effect.

But the recognition of the desirability can hardly be taken as a delegation of power.

I believe the general opinion around here is that reciprocal trade should deal with commodities after they are produced and under the way they are produced; that those administering the system have not been charged with responsibility, and that it is not desirable to charge them with responsibility as a part of the reciprocal trade system, of judging whether to grant or deny concessions on the ground that the particular commodity represents the "best," "good," "indifferent," or "bad" use of our domestic resources.

If we would socialize our resources, or regiment them to the degree necessary to assure their best possible use, perhaps the Congress might want to have something to say about it, might want to establish the law and set the standards for doing it, and if you please, might not want the subject to be under the administrative direction of the State Department.

Third. The safeguarding rule should, according to the official witness of the executive department, be qualified by "the consideration of conservation."

I am sure that it will come to at least some of my colleagues, especially those from the West, with a sense of painful surprise to learn that those having responsibility in the field of reciprocal trade consider themselves as the Nation's lawfully appointed guardians of "conservation" and that the State Department is the administrator.

This is only one of a number of signs that the proboscises of a number of these gentlemen are getting too long and that legislative surgery is indicated.

Fourth. The safeguarding rule should, according to the witness for the executive department, be qualified by "possible strategic considerations."

Here we touch on something which might have overriding importance. But the questions remain, has a power of such scope, of such damaging possibilities to domestic producers, been conferred, or should it be construed out of that which has been conferred or should it be executed in secrecy and without standards imposed by Congress? The reminder is not out of place that we are supposed to have protections against taking private property for public use without compensation.

Fifth. The safeguarding rule, should, according to Mr. Thorp, the witness for the executive department, be qualified by the "possible repercussions" of our actions upon policies of other countries toward us.

Here we have another explicit confirmation of the charge so frequently made that safeguarding the American producer against serious injury or the threat of it is subjected to the opportunisms, the shifting demands, and the logrolling of our diplomacy. No standards; no hearings in the real sense of the term; secrecy; calculated risks against the jobs of our workers and our productive machinery because as a part of our diplomacy we want to "win friends and influence people."

How well we know that our foreign relations cost money. But since the results, for better or worse, benefit or afflict all of the people, should not those costs be borne out of the general revenues of the Federal Government?

To say that by secret decisions of our tariff tinkers the cost of our foreign relations, or any part of them, shall be met by liquidating or endangering any segment of our domestic producing interests, is to assert something which on the face of it is revoltingly arbitrary, is indefensible as a matter of policy, and which, of course, is without the slightest authority of law.

In questioning Mr. Thorp regarding the stability of the promised simple test of safeguarding domestic industry against serious injury or the threat of it, the following developed—1949 hearings, Senate Finance Committee on H. R. 1211, page 16:

> Mr. THORP. The present law is unduly restrictive because it requires the Tariff Commission to fix a specific point at which black turns into white. That is an impossible exact point to determine. Below that are points of varying degrees of injury and threat. And in determining what shall be the limits on the negotiation, it has seemed to us, and it has worked this way, that one should consider the degree of threat to domestic industry. And, along with that, the other elements which I have mentioned here.
>
> Senator MILLIKIN. These elements that you have mentioned?
>
> Mr. THORP. That is right.
>
> Senator MILLIKIN. So that you include these elements in reaching that test.
>
> Mr. THORP. In reaching the limit which is set for the negotiators.
>
> Senator MILLIKIN. That is exactly what I am getting at. The present law is unduly restrictive because it does not require, in reaching the peril point, consideration of these matters.
>
> Mr. THORP. It doesn't permit them to be taken into account.
>
> Senator MILLIKIN. It does not exclude them, either, does it?
>
> Mr. THORP. I had thought it set a particular standard. I would have to check the exact standard.
>
> Senator MILLIKIN. No; it does not. But, Mr. Thorp, I repeat again: I think we now have an answer to what I have been driving at. You would consider all of these other matters in reaching the peril point.
>
> Mr. THORP. In reaching the point which would represent the maximum which the President would authorize for the negotiators?
>
> Senator MILLIKIN. That is right. In reaching that maximum, you would take all these other things into consideration.
>
> Mr. THORP. This, of course, is subject to the fact that in reaching that point it must be borne in mind that it never is a point beyond which there is an assurance of threat to an American industry.
>
> Senator MILLIKIN. All that I am driving at is that if you had your way you would consider all of these matters in reaching the point below which you believe you should not go.
>
> Mr. THORP. That is correct; with an upper limit, which I have described.
>
> Senator MILLIKIN. Regardless of limit, you would consider these points, would you not?
>
> Mr. THORP. Yes; those points would all be considered.
>
> Senator MILLIKIN. Those points, under your view of it, should be considered and given weight in reaching the peril point. And because the present law does not require that, you say that it is unduly restrictive. Is that not your argument?
>
> Mr. THORP. Those are considered in reaching the limit which the President should authorize for his negotiators.

From the same hearings, page 9:

> Senator MILLIKIN. Directing your attention to the hearings which were held before this committee last year, on June 1, 2, 3, 4, and 5, page 52: The chairman was interrogating Mr. Clayton. Down toward the bottom of the page, Mr. Clayton says:
>
> "We don't profess to have any sure way of finding it, Mr. Chairman. We don't attempt to find it with absolute certainty, because we know we can't. But what we do say is that if there are those cases where we take some calculated risks in order to achieve an over-all desideratum, and we find we are wrong, we have a protection here in the escape clause, so the mistake, if it occurs, can be corrected."
>
> Would you say now that you do not take calculated risks?
>
> Mr. THORP. I have not said, Mr. Senator, that there are not calculated risks; because this is all an area of uncertainty. But what I have said is that we do not take such action where we believe that there is a threatened injury to a domestic industry. This is a matter of judgment, on a scale of probabilities.
>
> Senator MILLIKIN. But is the safeguard test the test? Or do you subject that test to other considerations?
>
> Mr. THORP. The safeguard test is a very important element in the decision.
>
> Senator MILLIKIN. But not the single test?
>
> Mr. THORP. No, there are many tests that are involved before one decides on a total negotiation.
>
> Senator MILLIKIN. I invite your attention to the fact that there are no exceptions carved out of any of those communications from either President Truman or President Roosevelt.

Mr. THORP. That is correct. I do not think I have been inconsistent. I have said that was not the only test. There are other tests as well.

Before the House Committee on Ways and Means, Mr. Thorp made the following statement in support of H. R. 1211—1949 hearings, page 6.

Watch this one, Mr. President and Senators:

Under the act which the President has requested—

That is the bill now before us—

every officer concerned will be mindful of the need to safeguard the American economy, but at the same time we shall have a clear mandate to broaden the bases of United States foreign trade, to create purchasing power for American exports, and to guide the economy as a whole into the most productive lines possible.

This puts the ribbon around the package.

H. R. 1211, the bill which we are asked to approve, gives to "every officer concerned," according to Mr. Thorp, the principal witness of the executive department, a "clear mandate to guide the economy as a whole into the most productive lines possible."

I suggest that someone has been reading Mein Kampf instead of the Reciprocal Trade Agreements Act.

This is not a rhetorical extravagance tossed off by Mr. Thorp in the heat of debate. It is a part of a carefully prepared formal statement. Besides, it explains too many things, fits too many patterns of past action and of future ambitions, to warrant its dismissal as an unhappy slip of the tongue.

The clear mandate to guide the economy as a whole into the most productive lines possible which Mr. Thorp says is to be found in H. R. 1211, is the summed up reason for the calculated risks and the qualifications to the safeguarding rule which have just been noted.

The alleged mandate in H. R. 1211, relates itself naturally to grandiose and unauthorized planning, ambitions, national and international. It relates itself naturally to the arrogation of power in committing this country, without congressional approval or lawful authority of any kind, to those provisions of the proposed charter for ITO and of the multilateral trade agreement made at Geneva last year which, indeed, and in all truth, would guide our economy as a whole, but not into the most productive lines possible, I respectfully suggest.

The words of H. R. 1211 do not authorize or suggest such dictatorial flamboyance. The words of H. R. 1211 do not establish a new revolutionary code or mandate for the guidance of our economy. The bill would simply extend our Trade Agreements Act with provisions which would prevent reestablishment of the peril-point procedures prescribed by the Extension Act of 1948, and would make some other minor amendments.

But the point is not what the words say. The point is what Mr. Thorp and the other officials who make our trade agreements think they say.

The Reciprocal Trade Agreements Act of 1934, as heretofore extended, is entirely free of language which could possibly springboard a mandate, even if constitutional authority could be found for it, to guide the economy as a whole into the most productive lines possible.

But that is not the point. The point is what Mr. Thorp and the camarilla of executive officials who make our trade agreements think the act says.

They think that the peril-point procedures interfere with what they claim would otherwise be their clear mandate, under the Reciprocal Trade Agreements Act, to guide the economy as a whole into the most productive lines possible. That is why they oppose the peril-point procedures.

It is impossible to think of a better or a more exigent reason for preserving the peril-point procedures than that urged by Mr. Thorp for opposing them. And so I pass to the next subject.

Mr. CORDON. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WHERRY. Mr. President, I ask unanimous consent that the suggestion of the absence of a quorum may be withdrawn, that the order for the quorum call be rescinded, and that the Senator from Colorado be permitted to continue his speech.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Nebraska? The Chair hears none, and it is so ordered.

Mr. LUCAS. Mr. President, will the Senator from Colorado yield in order that I may make a brief announcement?

Mr. MILLIKIN. Certainly.

Mr. LUCAS. Mr. President, Senators have made inquiry of the Senator from Illinois regarding a Saturday session. I am reporting at this time that there will be no session next Saturday, and that when a recess is taken tomorrow it will be until Monday. It is the hope of the majority that the debate on the trade-agreements bill may be concluded next week. Whether that can be done, of course, no one knows. I want to thank the distinguished Senator from Colorado for his cooperation up to this time, looking forward to the day when we may be able to vote upon the first amendment, which is the peril-point amendment which the Senator has been discussing. He has assured me that after the general debate takes place on the amendment, he has no hesitancy in attempting to get a unanimous-consent request to vote upon the peril-point amendment at some time which is agreeable to all.

Mr. MILLIKIN. I shall be very glad to do that.

Mr. LUCAS. I thank the Senator from Colorado.

IV. INJURY AND THREATS OF INJURY TO OUR AMERICAN PRODUCERS

Mr. MILLIKIN. Mr. President, I shall now discuss the injury and threats of injury to our American producers.

What is offered in defense of the substitution of calculated risk for assurance against serious injury or the threat of it?

We are told that there has been no injury, there has been no threat of serious injury, and that if these should develop, they can be remedied by use of the escape clauses in the reciprocal trade agreements.

What do American producers have to say about the claim of no injury or the claim of no threat of injury? After going into this, attention will be given to escape procedures.

During the past year, hundreds of businessmen and representatives of labor and agriculture have presented to Congress or to the President or the Secretary of State, or to the Tariff Commission, the injury or threat of it which they are convinced arises out of the impact of imports upon their industries and livelihoods.

Statements, applications, and appearances have been made with respect to a long list of commodities making up a cross-section of American output. I mention some of these: Tree products—apples, pears, cherries, lemons, olives, nuts; hops; potatoes; tomatoes; fish fillets, frozen fish, fresh fish, shrimp, crabs and crabmeat, salmon, tuna; sponges; wool and wool products, Angora rabbit wool; cattle, beef, fats, and oils; butter, cheese, and other dairy products; minerals such as copper, lead and zinc, mercury, tungsten; furs; watches; chinaware; glass products, glassware, glass bottles, flint glass, window glass; pottery; tile; rayon and silk; gloves; wool knit berets; clothespins; scientific instruments; woven wool felts; petroleum.

The situation as to many of these products will be developed in detail as the debate proceeds.

Here are a few of the case histories:

American watch manufacturers claim injury. When the trade agreement with Switzerland—effective February 15, 1936—was negotiated, the administration apparently was not thinking about protection from misjudgment or the development of unforeseen circumstances. That, and prior agreements, did not, and do not contain escape clauses. Even before the Swiss had received the concessions on watches contained in the agreement of 1936, a number of domestic concerns had gone out of business because of Swiss competition.

The percentage of our domestic market supplied almost entirely by Swiss imports increased from 22 percent in 1935—the year before the agreement—to 30 percent in 1936, to 40 percent in 1937, and to 52 percent in 1938—Tariff Commission report, Watches, page 19.

During the war watchmaking machinery and the skills of our watchmakers were needed and were used for the manufacture of scientific apparatus and precision instruments for military purposes. This put our domestic watchmaking industry out of the watchmaking business.

During this period Switzerland was supplying most of the world with watches and it completed its capture of the American market. Imports had already increased from 1,200,000 watches in 1935—before the trade agreement with Switzerland—to 4,300,000 in 1941, when the United States watchmaking industry turned to war work. By 1945 imports had reached 9,400,000.

After the war our watchmaking industry, in its effort to get back into business and recapture a fair share of the do-

mestic demand, was confronted with the serious tasks of retooling, retraining skilled workers, reopening its sales outlets in competition with the highly efficient sales organizations, and advertising campaigns built up and maintained out of the enormous profits made by the importers of Swiss watches during the time that they held a monopoly of the American market.

Supplying about half of our market before the war, our domestic industry now supplies about one-sixth of it.

Labor accounts for 75 to 80 percent of the total cost of making a good watch. It was testified before the Finance Committee that the average imported watch has an advantage of between $4 and $5 over a similar domestic type after giving effect to the existing tariff, and this is accounted for by the wide differential in wages between the Swiss and American watchmakers.

Here we have a case involving fundamental, easily perceived elements of fair play which have met with callous official indifference. The restoration of the American watch industry to at least its prewar position in our domestic market should be a must to every official having any power in the subject. Aside from the economic foolishness involved in allowing a great American industry to become a war casualty without the offer of a helping hand, we are allowing the skills of thousands of men experienced in precision work to rust and become unavailable in times of emergency while at the same time we are pouring out our wealth for defense preparations along other lines including some which are demonstrably less essential.

The present situation is intolerable and should oppress the conscience of all who are sensitive to fair play. It will clamor for correction until correction shall be had. A peril point in a renegotiated agreement will give the American watch producer a fair break in the American market.

Large segments of the fisheries industry assert injury, especially, those connected with the processing of fillets. In 1939 imports accounted for 9 percent of domestic consumption of fillets. The duty was reduced, effective January 1, 1939, in the trade agreement with Canada, from 2½ cents per pound to 1⅞ cents per pound and this reduction was bound in the multilateral agreement at Geneva in 1948. The increase in the general price level, including fillets, has served to further lower the ad valorem equivalent rate. The use of fillets, fresh or frozen, has increased greatly in the United States in recent years. Production has almost doubled as compared with prewar. Imports however, have taken over most of the increase—they are six times as large as prewar.

Imports of fillets are subject to tariff quotas administered on a quarterly basis. The imports within the quota receive the benefit of the lower rate of duty, those in excess of the quota pay the full 2½ cents per pound duty. The influx of fillets is so great that the quota is usually filled before the quarter is half over—yet imports flow in unchecked. The original duty of 2½ cents per pound appears to be no hindrance to imports and the volume shipped in under the quota only serves to depress the domestic price and to give a "bonus" to the foreign exporters who may charge full price and benefit by the lower duty.

American fishing concerns do not have many of the advantages of the fishermen of the other countries. The principal fishing areas are closer to foreign shores—a burdening cost factor. American costs are also higher because of wage differentials and for other reasons.

No Government aid, by way of subsidy or low cost loans, is granted to domestic fishermen.

There is discouragement and apprehension in the industry. A substantial cutting back of investment is under way; American ships are being sold, often to foreign competitors. Fishermen are turning to types of employment which they consider less desirable. As yet there has not been widespread unemployment. These fishermen are hardy and by part-time employment and outside odd jobs, most of them who have been caught in the squeeze have managed to keep off of the rolls of the unemployed. But from month to month the standard of living is declining as they attempt to hold as best they can an untenable competitive position brought on by this Government's refusal to maintain fair tariffs.

The fur industry is the oldest, and yet one of the newest in the United States. The early exploration of our country was a direct result of a search for furs of wild animals and for a long time this was America's chief industry.

In more recent years, fur farming has come into existence as an important branch of our agricultural economy. The average fur farm is owned and operated by a family unit and large numbers of farm families are dependent, or have been dependent, on their income from furs. Our own Department of Agriculture suggested to returning war veterans that they enter the fur-raising business and aided hundreds of them to get started.

Most types of furs are entered here free of duty. Silver fox, whether dressed or undressed, are dutiable at 37½ percent, reduced from 50 percent in the Canadian agreement of January 1939. All other furs in their raw state—except jackal—have been bound free of duty in various trade agreements including the 1948 Geneva agreement.

Foreign governments and foreign fur growers have taken advantage of the duty-free status of most furs and have overwhelmed the American market with them. This destructive influx has been largely from Russia, a country that has refused to be a party to any trade agreement but which takes full advantage of our most-favored-nation policy. Prices have fallen so much that foreign growers as well as those in the United States have been seriously injured.

Here we are taxing our citizens, including the fur farmers, to support a budget of more than $20,000,000,000 a year to contain the Russian menace abroad while those who manage our trade affairs allow it to ruin in this country a substantial segment of our agricultural economy.

Off the record: We seem to be loaded for bear every place except in our back yard.

Imports of undressed furs, except silver fox, amounted to less than $50,000,000 in 1939—in 1946 imports had increased to about $236,000,000. The market collapsed in 1947, but in 1948 imports amounted to $162,000,000 and accounted for two-thirds of all fur sales in this country.

In 1939 there were approximately 3,000 silver fox farms. Now there are less than 500. In 1947–48 there were over 6,000 farms producing mink. Over 1,000 of these had failed by the first months of 1949 and the inability to compete with Government-sold Russian furs and those from other low-cost countries is driving hundreds of domestic producers to the wall every month.

These matters are familiar to Members of Congress from complaints of distressed fur farmers. The Congress has appropriated money for loans to assist the American fur growers but the stricken condition of the industry makes it almost impossible to find acceptable security.

Attention to peril points when the controlling trade agreements were made, would have saved this ruined industry. Attention to peril points when these agreements are renegotiated will restore this ruined industry.

During the early 1930's competition from imported copper began to have a serious effect on domestic producers. The Revenue Act of 1932 levied an import tax of 4 cents per pound which continued until March 31, 1947, when it was temporarily suspended. The suspension had wide support in the Congress because it was recognized that under the situation then prevailing, our domestic production was unable to satisfy domestic demand.

That suspension, unless removed earlier by congressional action, will end June 30, 1950. However, during the negotiations at Geneva in 1947 with Chile, the 4-cent tax, although then suspended, was reduced to 2 cents to take effect when and if the suspension was ended.

Under the suspension, imports increased rapidly. Comparative figures are: 1946 imports were 354,000 tons; 1947, 453,000 tons; 1948, 485,000 tons, and the imports for the first 6 months of 1949 were at the rate of 620,000 tons for the year.

The price of copper dropped from 23½ cents per pound in the latter part of 1948 to 16 cents per pound during the second quarter of 1949.

Lead, dutiable in the act of 1930, at 2⅛ cents per pound, was reduced to 1⅛ cents per pound in the Mexican agreement effective January 30, 1943, although at the end of the national emergency the duty is to revert to 1.7 cents. All duties on lead were suspended by congressional action from June 20, 1948, to June 30, 1949. Imports of lead amounted to about 95,000 tons in 1939. In 1948, they were nearly 319,000 tons. For the first 6 months of 1949 they are at the rate of 540,000 tons per year.

The price of lead dropped from 21½ cents per pound in the latter part of 1948 to 12 cents during the second quarter of 1949.

The duty on zinc was reduced from 1¾ cents per pound to seven-eighths cent per pound in the Geneva agreement following negotiations with Canada.

Imports in 1939 amounted to less than 75,000 tons; in 1948 they were 277,432 tons and the rate of imports in 1949, if sustained, will result in 290,000 tons for the year.

The price of zinc dropped from 17½ cents per pound in the latter part of 1948 to 9 cents per pound during the second quarter of 1949.

Within the last few weeks there has been a slight recovery in the prices of these metals.

The duties on these metals are only a fraction of the differential necessary to equalize average costs and this accounts for the substantial increase of these metals in the American market.

In 1949 these imports, together with domestic production in a receding economy, produced substantial surpluses in these metals and this accounted for the precipitous drop in prices which has been noted. In the absence of any control over the imports, domestic producers had no alternative but to bear the brunt of the declines in market demands with the result that all but the lowest-cost producers went out of business, went on a short-workweek basis, or negotiated reduced wage contracts.

The import excise tax on crude petroleum was reduced from one-half cent per gallon to one-fourth cent in the trade agreement with Venezuela effective December 1939, although the reduction was to apply only to imports amounting in volume to 5 percent or less of approximate United States consumption. However, in the agreement with Mexico, effective January 1934, this tariff quota was removed and the reduction applied to all imports regardless of volume. The import taxes on topped petroleum and petroleum products were either reduced by 50 percent or prior cuts were bound in the general agreement made at Geneva in 1947.

Imports increased substantially after the 1939 cut and, in 1947 and 1948, grew to such proportions that, even though domestic production had also increased, domestic output had to be curtailed. The threat of a shortage, especially of fuel oil, following the severe winter of 1947–48 caused the domestic producers to increase output and facilities. Increased production, greatly increased imports, and a comparatively mild winter in 1948–49 created a substantial surplus.

There has been an official domestic cut-back in domestic crude oil production of approximately 900,000 barrels a day—although this situation may be relieved somewhat within the next month or so to allow for winter fuels. This forced decline in domestic output amounts to 16 percent, and the resulting unemployment constitutes a great hardship on thousands of employees.

For example, 26.7 percent of Texas production is shut in; California, 4.6 percent; Oklahoma, 14 percent; Kansas, 17.9 percent; Wyoming, 11.8 percent; New Mexico, 9.1 percent; Mississippi, 23.7 percent; Arkansas, 12.3 percent; Michigan, 11.7 percent; New York and Pennsylvania, 9.1 percent.

It has been estimated that over 10 percent of the workers, numbering some 25,000, of the approximately 250,000 total employees in production, transportation, and refining of domestic oils have been laid off.

All this time, while domestic output has been greatly cut back and thousands of employees are without work, imports are pouring into this country in increasing amounts. Imports in the month of May averaged 598,000 barrels a day—in June the daily average import was 640,000 barrels. We force a curtailment of domestic output but take no action of any kind to restrain imports.

About 28 percent of our crude oil imports are coming from the Middle East. Those imports have the benefits of flush production, and it is estimated that the cost of this oil at the well including royalty, is about 50 cents a barrel. The cost of landing this oil on our seaboards is about $1.10 a barrel. Average cost in the United States of domestic oil is probably in the neighborhood of $2.50 per barrel. This Middle East oil landed at our seaboards probably carries cost differentials in the neighborhood of 80 cents a barrel. From this it can be seen that the duty now in effect of 10½ cents a barrel is utterly inadequate.

Here again we have a domestic industry which at all times must be able to sustain our economic and military needs for oil. It appears that we have forgotten this even before the reminders of sunken tankers have disappeared from our shore lines. We have forgotten this although it takes no special prescience to know that supplies of oil from the Near East will be the first to go in a war.

There seems to be no understanding among our tariff makers of the time, patience, risks, skills, and money involved in extending our known oil deposits and in finding new ones. Those who fool around with our import policies apparently go on the theory that our domestic oil supplies can be controlled by spigots in the hands of bright boys in the Government service.

They do not seem aware of the fact that shut-in oil is often oil lost forever. They do not appreciate that capital will not take the enormous risks and men will not devote their energies to the enormous risks in exploring for oil unless there is an assured market. They are indifferent to the human pay-roll factors, to the blighting effects of shut-ins on communities built on oil production.

We risk our defense and economic strength on the phobia that we can risk the liquidation of domestic production which can be produced cheaper abroad. The lessons of oil and sugar, metal and rubber during the war have not penetrated that chrome-armored obsession.

These excessive oil imports strike hardest at our independent petroleum producers, consisting mainly of the smaller units of the industry. In the larger units losses in one department can sometimes be made good from profits in the others. The little oil producer does not have those cushions. The largest of our oil producers are not only completely integrated here at home but they have their production sources both here and abroad and thus "what they lose on the peanut, they gain on the banana." As they increase their imports of low-cost oil with the demoralizing results which have been noted, they enhance their already large powers over our domestic oil industry.

The economic health of about half of our States depends upon their production of primary products such as oil and metals which can be landed here from abroad cheaper than they can be produced in those States. This is especially true of most of our Western States, but it reaches everywhere. It applies also to a long list of commodities, including dairy products, livestock, and wool.

The time has come, I respectfully suggest, to put a curb on the strong influence in our Government of these upside-down thinkers. Keeping within peril points in our reciprocal trade agreements will give our primary producers a fair chance at the American market.

But if there were no present injury that fact would not discharge our responsibility and warrant support of H. R. 1211 unless we would limit our legislative activity to relief of disasters which have matured, and to the techniques of Government by autopsy.

The practice of taking calculated risks and of reducing our tariffs without assurance of compensating advantage—I am talking about assurance as distinguished from hopes—has built inevitable injury and the threat of it into our trade agreements.

This practice is a burning fuse to disaster. It may be a long one or a short one, but neither kind is comforting to those who have to sit on the powder keg.

When the immediate injury is not there, the threat is there. The apprehensions of producers threatened with injury are not dispelled by the Mortimer Snerd fatuity, "You haven't been hurt yet, have you?"

There is an old wheeze which disposes of this type of argument. A man fell off a 10-story building. As he was plunging past the second floor a friend looking out of the window recognized the falling man and yelled, "How are you, Bill?" Bill responded, "I am all right so far."

Stimulating these protests and pleas for relief from serious injury or the threat of it is the background knowledge that at the present time the general economy must take the impact of average ad valorem rates of about 13.6 percent, and an average of dutiable and duty-free items of 5.3 percent. The downward progression toward free-trade levels of our rates under the reciprocal-trade system is shown in an annex to these remarks.

The American producer is aware of the fact that one of the principal motivations of the Marshall plan was that it would aid in the integration of European production and in the establishment of unobstructed European markets to absorp European surpluses or to render them more manageable.

The American producer and worker have supported the Marshall plan, but they have not done so, and in my opinion will not continue to do so, on the theory that the United States is to be the dumping grounds for unmanageable European surpluses due to European failure to achieve integration of production, wider European markets, and convertible currencies.

The American producer knows of the failure to date of this part of the Marshall plan, and that the rapid growth of economic autarchy spells disorderly surpluses which cannot be absorbed in Europe, and that the goal is to push them into our markets, despite what remains of our tariff protection.

He knows also that to accommodate and facilitate this purpose there is active and growing propaganda, here and abroad—we see it every day—to lower these rates still more.

His discomfort is not relieved by reports that ECA officials are pointing out to European producers the hopelessness of their effort to compete in our market with our assembly lines, with our mass-production industries, and are urging heavily increased production of products, for export to this country, which involve a high percentage of labor cost.

All over this Nation we have little businesses, thousands of them, in which the principal item of cost is labor. One-factory towns—Ohio is full of them, Michigan is full of them, New Jersey is full of them—are a distinguishing characteristic of the economy and social life of this country. The industries which support those communities usually make products with high labor costs. Glass works, potteries, candy factories, knitting mills, novelty makers, are examples.

Generally speaking, the smaller the business, the larger the labor cost quotient. Small business by its nature does not have available to it the economies resulting from large capital, from integrated controls spanning the supply of raw material to the distribution of the finished products, or huge mass assembly-line facilities.

It is useful to have it fresh in mind that about 95 percent of the number of businesses in this country employ less than 250 wage earners, and that about one-half of our wage earners work in such so-called small businesses.

The producers who are to be the targets of this competition in products characterized by high labor costs, cannot escape the consciousness that the tariffs which are supposed to safeguard them from serious injury or the threat of it, are loaded with calculated risks, and that experts who have worked on the rates which are in our trade agreements openly sneer at taking into account labor cost differentials.

It is not sufficient to tell those producers and the wage earners in those small industries that they must go out of business if we want to recover our investments in Europe. Their answer to that argument is that we have not loaned or given money to other nations in order to destroy our own economy.

Remember again, please, that the American producer has been promised that in the management of our trade affairs he will be safeguarded against the threat of serious injury.

There is no threat of serious injury? How can one have the gall, or the blindness to what is going on, to make that claim?

The position of our foreign competitors in the American market, and also in foreign markets coveted by our own exporters, has been vastly strengthened by modern machinery, in many instances made in this country, and often more modern than our own, bought with our money, and served by cheap labor trained abroad by our technicians.

The American producer is well aware of the open and hidden subsidies in the export goods of foreign nations which conduct their business on State monopoly principles. Sweat shopping and in some cases austerity will be endured to get goods into our markets where the continuance of high standards of living for our own people means high wages and the avoidance of austerity.

The American producer knows that if foreign countries are ever to return to fiscal soundness or to political soundness, there will have to be foreign currency deflations of massive magnitudes. He knows of the pressures which our Government is exerting in behalf of that very objective. He knows that those currency deflations will work in the interests of the exporters of those countries, and against the exporters of this country. He knows that those deflations will radically lower the cost of European exports, and thus ease and expedite their heavily increased flow into our markets.

The producer for export and the producer for the domestic market do not operate in isolated compartments. Each draws sustenance from the other and from the whole American economy. The domestic producer for the domestic market sells his products to the workers of our exporters. It often happens that the exporter sells the bulk or a considerable part of his production in our domestic market. It follows that neither the exporter nor the producer who confines his sales to the American market, can be cavalier about the welfare of the other.

Stimulating the protests and apprehensions of producers is the knowledge that we have parted with the greater part of our bargaining ability without receiving reciprocal advantage for either the exporter, or the producer for the American market, or for the economy as a whole.

The notion that we are operating a trade system governed by true reciprocity is fantastically erroneous. While under the guise of reciprocity, we have opened our markets to the world's exports, in many instances at close to free trade levels, the foreign nation beneficiaries have circumvented their concessions by various devices, such as state trading import quotas, bilateral agreements, preference systems, import licenses, and exchange restrictions.

I am not alleging that these restrictions were put on to spite us. I am not asserting that they result from our reciprocal trade system. In most cases, if not in all, those restrictions are necessary to protect the welfare of the nations making use of them. They will be relaxed or abandoned or increased whenever self-interest prompts it, and not before.

Included among the annexes to these remarks is the following material:

First. A table supplied by the State Department showing a summary of import license and exchange control regulations in principal foreign countries—1949 hearings, Senate Finance Committee, pages 28–30.

Second. A statement on the scope of State trading, also in the hearings on H. R. 1211 before the Senate Finance Committee, pages 1335–1343.

Third. A statement regarding bilateral agreements furnished by the State Department for the record of hearings before the Senate Committee on Finance on H. R. 1211—pages 32–52.

The table supplied by the State Department, summarizing import license and exchange control regulations, lists 90 countries covering practically the entire world which take exports from us and ship goods to the United States market. Of these 90 countries, 72 require import permits on most or all commodities imported from the United States, and 69 of them require exchange permits.

A Government-controlled import permit may or may not be granted for goods shipped from the United States. Similarly, exchange permits give the foreign government complete control over its imports. The Government may not only choose as between foreign sources of imports, it may discriminate by actual types of goods and even among respective individual exporters of the United States.

Only nine of the above countries require neither import nor exchange permits. Cuba, the principal one, took only 3½ percent of our exports in 1948; the other eight combined took only 2.4 percent. The countries, therefore, which do not maintain the machinery for discrimination against goods of the United States through import or exchange permits account for less than 6 percent of our total exports.

State trading gives enormous advantage in transactions with private buyers and sellers in other countries. A government which controls all of the sales or purchases of specific commodities for import or export, is in position to set its own terms and thus runs completely contrary to the competitive advantages and functions of free private enterprise.

The statement on this subject furnished by the State Department shows that the following important countries engage in state trading, some in practically all commodities, others to a lesser degree. The more competitive the product in the world market, the more likely it is to be subject to state control. Some of the affected commodities are also listed.

Turkey: Tobacco and liquor products; minerals, sugar, cotton and woolen goods, iron, steel, paper.

Argentina: A wide range of import and export commodities.

Denmark: Most agricultural products, cement, steel products, and others.

Czechoslovakia: Tobacco, salt, alcohol, matches, and others.

United Kingdom: Most foodstuffs and raw materials.

Brazil: Agricultural machinery, rice, coffee, rubber, petroleum, and others.

Mexico: Petroleum and many other commodities.

France: Tobacco, cereals, and others.

Paraguay: Wheat, salt, cement, and others.

Poland: Meat and other agricultural products and many others.

Switzerland: Salt, gunpowder, alcohol, sugar, cereal, coal, oil, fats, and others.

Having similar repressive effects on free markets and competitive enterprise in world trade is the growing system of bilateral trade agreements between individual nations.

The statement supplied by the State Department shows that since the war a substantial part of world trade has been carried on through such arrangements. Intra-European trade, and the trade of European countries with the Americas and other parts of the world, have been especially affected.

Some of the principal nations engaging in the making of various kinds of bilateral trade arrangements are the United Kingdom, Argentina, Canada, Brazil, France, Sweden, and Russia. Notable among these agreements which seriously impair the trade of the United States is the recent British-Argentine "trade," whereby meats and other products of Argentina are to be taken in exchange for petroleum and other products of Britain. The agreement made in 1946 between Argentina and Brazil restricted world trade in such important commodities as wheat, wool, automobile tires, and casein. The 1948 agreement between the United Kingdom and Brazil affected foodstuffs, petroleum, machinery, and other iron and steel manufactures. The Argentina-Swiss agreement of 1947 covered the exchange of such goods as butter, lard, meat, wheat, industrial machinery, and electrical goods.

The effect of such agreements is to post "Do not enter" signs against the traders of other nations and reduces the volume of business remaining subject to free competition.

In addition to the many existing commodity-barter deals, a number of nations are engaging in the making of commercial treaties, clearing agreements, payments agreements, bulk purchasing arrangements, compensation agreements, and similar contracts which tend to give competitive advantages to the negotiating countries.

At least 213 bilateral agreements were in force between European countries alone during the first part of 1949. I venture to say there are now closer to 300, and the number has been on the increase in late months.

The aggregate effect of all these trade-restricting devices is to strangle the opportunity of our exporters to enter the markets of the world on an equal competitive basis.

We have taken calculated risks against the American producer in the American market in order to reduce hurdles to our foreign trade. This quid pro quo has not been received, and the receipt of it cannot be assured.

On the contrary, as has been demonstrated by these State Department showings, that which we have received for that which we have given, has been gutted by quotas, preferences, licenses, exchange restrictions, bilateral agreements, and State trading, all operating against our exporters who were to be the beneficiaries of the policy.

Mr. DONNELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. ECTON in the chair). Does the Senator from Colorado yield to the Senator from Missouri?

Mr. MILLIKIN. I yield gladly.

Mr. DONNELL. I notice, Mr. President, in the report of the committee, a statement which in view of the unusually interesting and exceptionally informative statement which the Senator has given us this afternoon is very difficult for me to understand. I should like to ask the Senator the basis for the following statement in the report of the majority of the committee:

> The peril point reports of the 1948 act are necessarily unduly restrictive. The program cannot operate at maximum efficiency without having the Tariff Commission a full member of the team.

I am referring to what immediately follows in the report:

> In the opinion of the committee, the old procedures were better. They have proved their worth in experience. The agreements entered into under them have been negotiated with care to avoid any serious injury to domestic industry. No such injury occurred.

As I say, the illuminating and highly informative address of the Senator from Colorado makes it almost impossible for me to understand how the committee could make a statement such as that contained in the last two sentences I have quoted, namely, "The agreements entered into under them have been negotiated with care to avoid any serious injury to domestic industry. No such injury occurred." I should like the Senator, if it will not interrupt his train of thought, to make such comment as he may deem appropriate with respect to these statements, which I am unable to understand.

Mr. MILLIKIN. I may say to the Senator I am at an equal loss to understand those statements. The whole burden of my presentation I think completely refutes the statement in the report. I am at a complete loss to understand the statement.

Mr. DONNELL. I thank the Senator.

Mr. MILLIKIN. We have squandered the bulk of our bargaining power, and, in pursuing this grotesquely unsuccessful endeavor, we have left our domestic producers for the American market a legacy of peril instead of promised safeguarding.

If we had started out with the zany purpose of imperiling our domestic markets to induce the imposition of hurdles to our export trade, we could not have been more successful.

Surely we can export as long as Uncle Sam pays for the goods. Surely we can import to supply our shortages in the limited areas where they now exist. But when that ends, what then? Will the restrictions on our exports be abolished? If so, it will be through the decisions of other nations resting on their own discretion and self-interest and not because of the narrow band of bargaining power remaining in us.

But the minstrels pluck the broken strings of the broken banjo and croon songs of hope. True, the way we handled reciprocal trade did not end the unemployment of the thirties; true, it did not prevent World War II; true, it did not serve as a miracle cure for the ills of the transition period; true, barriers to world trade have proliferated since World War II.

But it is said, "Give us a few years of peace and tranquillity and everything will be all right."

The American producer who sells in the American market, and the American producer who would sell in the foreign markets which are so burdened with these discriminating hurdles to trade, share these hopes. For the time being they have no alternative.

As you know, Mr. President, business shapes itself to its expectations, to prophecies as to what will happen in the future. It makes forward contracts to build, to buy, and to sell. It cannot operate on a post mortem basis. If it is uncertain, if it sees unfair competition ahead, if it must operate in a governmental environment under official rules loaded against it, plans for expansion are curtailed or pigeonholed, the hatches of the business ship are battened down, and the sails are trimmed in preparation for the storm to come.

The aggregate of judgments of that kind sets the tempo and tone of the economy and influences the volume of employment and unemployment. Therefore, statesmanship, I respectfully suggest, should concern itself as much with the threat of serious injury as with the injury itself.

The unemployed might hold us to responsibility. They might ask under what bemusements we were operating when we refused even to request the President to consider the safeguarding of the pay envelopes of the American workers. That request is at the very heart of the peril-point procedures.

V. ESCAPE PROCEDURE IS INADEQUATE REMEDY FOR INJURY OR THREAT OF IT—MAY DESTROY RECIPROCAL TRADE SYSTEM

I wish now to discuss the escape-clause procedure which is held out as the sure cure for all our troubles under the Reciprocal Trade Agreements Act.

We have shown the Presidential promises that concessions would not be made that would seriously injure or threaten serious injury to our domestic producers. We have shown the substitution in practice of calculated risk to serve unauthorized purposes.

Now let us see how the proponents of H. R. 1211 would overcome injury or the threat of it.

Those who favor H. R. 1211, who would abolish even the reminder to the Presi-

dent contained in the Extension Act of 1948 to make sound agreements at the time they are made, affirm that if the calculated risks mature into serious injury or the threat of it, this can be remedied through escape-clause procedure.

In reply it will now be shown that—

First. The escape-clause procedures under the limitations prescribed by the Executive order under which they are to operate, and under the Geneva Multilateral Trade Agreement, are intended to preserve and protect the results of the calculated risks which have been taken, and if the procedures are adhered to, the injuries or the threat of injuries resulting from the calculated risks will not be undone.

Second. Escapes which might be taken for the benefit of domestic producers for the domestic market authorize and set in motion compensating escapes against our exports by the other affected nations, and so our domestic economy as a whole would not be benefited. In practice this fact would exercise strong restraining influences on the President against using escape procedure.

Third. The time lags from the start of escape procedure to the decision of the President are so unpredictable and may be so lengthy as to destroy the value of an escape even if the President should decide, which he may or may not do under his complete right of discretion, that escape should be had.

Fourth. If, because of widespread injury or the threat of it, escapes are taken on a widespread scale, either by the United States or the other nations which also have similar escape rights, the reciprocal-trade system would be destroyed, the trade of the world would be thrown into chaos, and our foreign relations would be gravely disturbed.

Fifth. Whether or not we could take compensating escapes from those taken against us, if there were objection by an affected nation, would be determined by the 23 parties to the Geneva Multilateral Trade Agreement and the additional 10 or 11 nations which may reach agreement at Annecy—and the decisions would be by the majority votes of the parties including those nations having a direct and possibly adverse interest.

In determining whether we would be permitted to take a compensating escape, each one of the adhering nations, large or small, important or unimportant economically, would have one vote.

Sixth. Making allowance for all trade agreements to which we are party containing escape clauses and assuming that the agreements now being negotiated at Annecy will contain such clauses, there will remain in force 13 agreements which we have entered into which do not contain escape clauses.

As a foundation for a demonstration of these propositions, I shall now read the pertinent parts of the President's Executive order on the subject, Executive Order 9832, of February 25, 1947:

PART 1

1. There shall be included in every trade agreement hereafter entered into under the authority of said act of June 12, 1934, as amended, a clause providing in effect that if, as a result of unforeseen developments and of the concession granted by the United States on any article in the trade agreement, such article is being imported in such increased quantities and under such conditions as to cause, or threaten, serious injury to domestic producers of like or similar articles, the United States shall be free to withdraw the concession, in whole or in part, or to modify it, to the extent and for such time as may be necessary to prevent such injury.

Mr. President, I believe I have already read these particular parts of the escape-clause procedure. Therefore I ask unanimous consent that this excerpt may be included in the RECORD at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

2. The United States Tariff Commission, upon the request of the President, upon its own motion, or upon aplication of any interested party when in the judgment of the Tariff Commission there is good and sufficient reason therefor, shall make an investigation to determine whether, as a result of unforeseen developments and of the concession granted on any article by the United States in a trade agreement containing such a clause, such article is being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or similar articles. Should the Tariff Commission find, as a result of its investigation, that such injury is being caused or threatened, the Tariff Commission shall recommend to the President, for his consideration in the light of the public interest, the withdrawal of the concession, in whole or in part, or the modification of the concession, to the extent and for such time as the Tariff Commission finds would be necessary to prevent such injury.

Mr. MILLIKIN. First, it will be noted that the injury which might invoke an escape is limited to that which comes from increased imports resulting from unforeseen developments. It should not be thought that the words "unforeseen developments" are meaningless and, therefore, devoid of influence. Those words, by their placement and by context, rule everything that follows.

Manifestly, having taken calculated risks, the possible development of injury is the precise subject of the calculation and, therefore, the occurrence of the injury cannot, under any rational process of thinking, be considered as unforeseen.

Presumably, unless we assume calculated foolishness, the calculated gains are the offsets for the calculated risks. Those risks, we are told, were taken to expand our foreign trade, or to further diplomatic objectives, or to aid conservation, or to promote the best possible use of our resources, or to assist the claimed mandate to shape our economy as a whole.

It follows that if we are to enjoy what are claimed to be the benefits of the calculated risks, we must endure the injuries when they occur. And this is logically and clearly expressed in the Executive order that only injuries arising from increased imports because of unforeseen developments can be the subject of an escape.

To illustrate: It is claimed that calculated risks may be justified to further our diplomatic relations. Let us suppose that we make a concession to country X intended to increase our imports from that country and involving a calculated risk to our domestic producers for the purpose of advancing some kind of a diplomatic maneuver in which we are interested. Country X performs its part of the bargain. On what theory could we cancel the concession after having received the balancing quid pro quo? The answer is, if the Executive order is obeyed, the concession will not be canceled, because the chance of developments precipitating the injury was foreseen as a part of the calculated risk and was offset presumably by diplomatic gains.

Let us suppose that we take a calculated risk in making concessions to other nations to encourage the importation of natural-resource materials of the kind which those in charge of our reciprocal trade agreements may wish to lock up in this country as a part of their claimed powers in the field of conservation, or of their claimed power to see that we make the best possible use of our resources, or their claimed mandate to guide our economy as a whole, or to manipulate our trade relations for diplomatic reasons.

Let us say that under experience the risk develops into injury to our domestic producers of the same natural-resource materials. What of it? It was a foreseen development because it resulted from a calculated risk and produced a planned effect.

These are not idle speculations. Our tariff treatment of imported oil, lead, copper, zinc, and other minerals reflects in practice a combination of motives of the types mentioned. The importations of oil and minerals under the encouragement of excessively low tariffs are inflicting grave injury to domestic producers of those commodities so vital to our economy and our defense.

All appeals for relief have been in vain. In real effect it has been decreed by our tariff managers that our domestic producers of oil and minerals shall carry the cost of our diplomacy with the nations which export those products to this country.

The conservation and planned-economy policies, already noted, of the gentlemen who make these tariff decisions were sharply exposed and their official nature was again emphasized before the Senate Committee on Interior and Insular Affairs during a recent related hearing on measures for the relief of the stricken mining industry.

Under date of August 15, 1949, the Acting Director of the Bureau of the Budget wrote a guidance letter to the Secretary of the Interior. The following es excerpted:

With respect to the provisions in your redraft concerning Federal aid for minerals production and for maintenance of mines in stand-by condition, it should be emphasized that this clearance is given with the understanding that such Federal assistance is designed solely for the purpose of conserving sources of essential supply which, as a practical matter, would otherwise be rendered unavailable in times of national emergency. From the standpoint of the President's program this assistance would not be acceptable

on any other basis. Approval of the elements of production subsidy in your redraft should not be construed in any way as constituting an approval of subsidy for other than strictly conservation purposes. If it should become necessary for the Federal Government to take special action to relieve unemployment in the affected mining areas, other means would have to be found than the use of production subsidies.

Here is a clear exposure of the fact, repeated in oral testimony before that committee, that so far as Executive policy is concerned, all but a few of our mines, the largest ones, those which are the lowest cost producers and thus have a chance to compete with cheap labor foreign mines, are to be kept in standby condition for use in possible future emergencies.

Instead of conservation by intelligent and unwasteful use, it is conservation by stagnating disuse. Mines and mining communities are to be surrendered to the bats and pack rats. Mining operations are to be put into a cataleptic trance in the hope that there can be a successful resuscitation if production should ever be needed for a national emergency. The miner is expected to tie his ambition to an industry which will be kept closer to death than life and on prospects for future wars. He will be given a watchman's lantern in place of the working tools of his craft.

Every tariff concession granted by us is intended to increase imports. That is why it is made. To get into our market with increased imports is the exact reason which moves the other countries in making concessions to us as to their markets.

Thus the increased imports resulting from our concessions are a foreseen development. Therefore, if the provisions of the Executive order are followed, there will not be an escape.

Now it could be argued that an increase of imports was intended but it turned out to be bigger than anticipated. That would be an unforeseen development and would be a good reason for an escape. But the order does not spell out that reason and if that was what was intended then where are available the records of the anticipated increases so that the extent of the agreed upon injury may be measured, so that developments may be followed and excessive or unanticipated increases may be noted by those then entitled to relief, and so that the Congress and the public may judge the management of our trade affairs?

Limiting escape to cases where the trouble is caused by an unforeseen increase of imports protects the calculated risks but it does not safeguard the American producer.

Obviously, in a declining economy, a static flow of imports, or if the shrinkage of our domestic market was sufficient, a reduced flow of imports could still result in serious injury or the threat of it.

With rare exceptions, escape procedure is an abstraction in times of short supply markets. Its usefulness, if it is to have any, must operate in a receding or distressed economy when supplies of goods are in surplus. In that kind of situation a relatively small amount of goods can add mightily to price and to market demoralization and unemployment.

If we really mean to safeguard the domestic producer from serious injury or the threat of it, we must safeguard him when he needs it. We must safeguard him whether or not the injury is foreseen and whenever imports, regardless of volume, are a substantial contributing cause to his distress.

When the factories close it will not pay rent or buy groceries or clothes or food for the workers to tell them they are idle because imports did not increase beyond some predetermined level, or because their unemployment had been foreseen by some fellows in the Departments playing God in secret with our economic destiny.

Make no mistake, please, there is careful premeditation and studied meaning in the words which limit escape to injuries which were unforeseen. Senators will recall the efforts of the Senator from Michigan [Mr. VANDENBERG] and myself in trying to persuade administrative corrections in order to better the condition of the American producer in the American market. We urged a combination of careful attention to peril points in the negotiation of trade agreements and effective escape procedure if the concessions turned out to be harmful.

In conferences it was strongly urged that the words "unforeseen developments" be eliminated from the draft of the escape clause procedure then under discussion. It was argued that the injury or the threat of it was not lessened by either the foreseen or unforeseen nature of the precipitating developments and that, therefore, the relief should not be limited in that way.

Those words were covered with red lanterns because of the widespread belief at that time, later explicitly confirmed, by representatives of the State Department and other witnesses, that the safeguarding test was in fact diluted by calculated risks and extraneous considerations.

The refusal to eliminate those words was adamant. That is why I not only argue the natural import of those words in their context but also I am able to affirm out of my personal knowledge that their inclusion was not inadvertent but on the contrary represented a carefully considered limitation on escapes from injury.

It is a limitation on escape which meshes with, and logically serves to protect, the deals made and the objectives reached by taking calculated risks with the welfare of our domestic producers.

The escape clause has been included in the Geneva Multilateral Trade Agreement between 23 countries and it will be accepted by the parties to the agreements being negotiated at Annecy, France. The substance of the clause is similar to that directed by the President in Executive Order No. 9832 to be included in future trade agreements. It is covered by article XIX, clause 1 (a) and (b) of the Geneva Agreement, as follows—1949 hearings, Senate Finance Committee, H. R. 1211, page 123:

ARTICLE XIX. EMERGENCY ACTION ON IMPORTS OF PARTICULAR PRODUCTS

1. (a) If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

(b) If any product, which is the subject of a concession with respect to a preference, is being imported into the territory of a contracting party in the circumstances set forth in subparagraph (a) of this paragraph, so as to cause or threaten serious injury to domestic producers of like or directly competitive products in the territory of a contracting party which receives or received such preference, the importing contracting party shall be free, if that other contracting party so requests, to suspend the relevant obligation in whole or in part or to withdraw or modify the concession in respect of the product, to the extent and for such time as may be necessary to prevent or remedy such injury.

I repeat, that, roughly speaking, indeed, more than roughly speaking, almost exactly speaking, the escape clause in the Geneva multilateral agreement is the same as the escape clause directed in the President's Executive order.

So it is clear that it is not only our intention to protect the injurious result of foreseen developments but that is also the intention of the large number of other nations which have committed themselves to similar escape clauses. The language in that particular is the same. All are bound by this particular standard and if the injury was foreseen then the development of it was foreseen, and the escape would be prohibited.

Proceeding with the analysis of another feature of the Executive order emphasizing the limitless scope of the President's discretion to authorize or not to authorize escapes:

Observe, please, that the Tariff Commission makes its recommendation for the President's consideration "in the light of the public interest."

Those words clearly open up endless room without standards of any kind, for the complete play of the President's personal and political philosophy as to what is in the public interest.

If the witnesses for the State Department speak for the President in this matter, then he believes it is in the public interest to take calculated risks with the welfare of the domestic producer for the domestic market in order to increase exports, to serve diplomatic objectives, to carry out conservation policies, to control the economy as a whole. And, it follows, that if the President believes that these risks are in the public interest he would be impelled to rule that it would not be in the public interest to escape from them.

It will be noted especially that the President does not agree to accept the findings of the Tariff Commission. He may take them or leave them.

Every time that we take an escape, compensating escapes may be taken by those nations affected and with which we have escape-clause agreements.

The right to offsetting escapes is provided in article XIX, paragraphs 2 and 3 of the Geneva agreement to which we have provisionally adhered, as follows—1949 hearings, Senate Finance Committee, pages 123–124:

2. Before any contracting party shall take action pursuant to the provisions of paragraph 1 of this article, it shall give notice in writing to the contracting parties as far in advance as may be practicable and shall afford the contracting parties and those contracting parties having a substantial interest as exporters of the product concerned an opportunity to consult with it in respect of the proposed action. When such notice is given in relation to a concession with respect to a preference, the notice shall name the contracting party which has requested the action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph 1 of this article may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

3. (a) If agreement among the interested contracting parties with respect to the action is not reached, the contracting party which proposes to take or continue the action shall, nevertheless, be free to do so, and if such action is taken or continued, the affected contracting parties shall then be free, not later than 90 days after such action is taken, to suspend, upon the expiration of 30 days from the day on which written notice of such suspension is received by the contracting parties, the application to the trade of the contracting party taking such action, or, in the case envisaged in 1 (b) of this article, to the trade of the contracting party requesting such action, of such substantially equivalent obligations or concessions under this agreement the suspension of which the contracting parties do not disapprove.

(b) Notwithstanding the provisions of subparagraph (a) of this paragraph, where action is taken under paragraph 2 of this article without prior consultation and causes or threatens serious injury in the territory of a contracting party to the domestic producers of products affected by the action, that contracting party shall, where delay would cause damage difficult to repair, be free to suspend, upon the taking of the action and throughout the period of consultation, such obligations or concessions as may be necessary to prevent or remedy the injury.

Thus before taking an escape, any President with any sense of responsibility would consider the impacts of the inevitable compensating escapes which other countries would put into effect.

Our exporters, therefore, have a strong interest in preserving the stability of the foreign concessions which enable them to get into the foreign markets and which might be adversely affected by our own escapes on our import concessions.

Escapes necessarily must be infrequent, of insignificant magnitude, with the repercussions carefully anticipated and confined to like size and infrequency and diverted to places where least harm will be done, or our exporting business will be palsied with uncertainty and important parts of it will be prostrated by exclusion from its foreign markets. The exporter's pressures are against escapes, naturally. This stimulates a sense of caution in the Presidential mind and may deaden the will to action.

Senators have observed that in emergent circumstances we have the right to take escapes without prior consultation with the affected foreign nations and that under such circumstances, they have the right to take compensating escapes without prior consultation.

Such an escape may be necessary to save a part of the domestic economy which produces for the domestic market, but the results to domestic exporters from sudden and unexpected cancellation of concessions by operation of the compensating escapes of affected foreign nations, might be disastrous. This also sets up high barriers of caution against fast action and may induce a decision of no action.

The requirement for consultation after emergent reciprocal escapes have been taken does not assure correction of the damage.

Permit me to emphasize again that when we take an escape, we are not getting a free ride. Any President, with knowledge of the subject, or acting under competent advice, could not avoid the conclusion that in ultimate effect, the escape and the counterescape available to the other affected nations, would simply transfer injury from one class of our domestic producers to another, and theoretically at least, in equal degree.

With the over-all effect in mind, would it not be rather natural for a President to ask himself, why take the escape? Why go to so much trouble, why cause so much international turmoil and friction merely to transfer the squeak from one domestic axle to another?

Senators have also noted that under the provisions of the Geneva agreement which I have read—article XIX, paragraph 3—that the nature of the escape which we could take to compensate for one taken against us is in the end dependent upon our avoiding the disapproval of the contracting parties.

The contracting parties will decide by a majority vote whether the nature of the escape proposed by us, if it has been objected to, does or does not meet with their disapproval. The contracting parties are the 23 nations which are parties to the Geneva Multilateral Trade Agreement, and we have 1 vote out of the 23. If the negotiations which are now going on at Annecy succeed, there will be additional contracting parties, and we will have 1 vote out of the total number. Affected parties with adverse interests are permitted to vote.

Then we come to the time factors involved in an escape. The speed of an escape might determine its effectiveness. We all know how rapidly a domestic industry can move from vigorous health to anemia.

During the hearings before the Senate Committee on Finance the following résumé of the time factors involved in an escape was put in the record—1949 hearings, Senate Finance Committee, page 183:

1. If a producer in the United States believes that he is being seriously injured as the result of a tariff reduction or other concession made by this country in a trade agreement he must file an application asking the Tariff Commission to make an investigation.

This application must give a great deal of information concerning the applicants' business as outlined in the Commission's Rules of Practice and Procedure.

2. After receiving the application the Commission makes a study to determine whether or not it will order an investigation.

According to the Commission's Rules of Practice and Procedure, an investigation will not be ordered unless imports have actually increased relative to domestic production. The threat or imminence of greatly increased imports, therefore, is not of itself enough to get the Commission to order an investigation. This preliminary study would in most cases require several weeks.

3. If, after this preliminary study, the Commission orders a formal investigation it will hold a public hearing, the usual notice of which will be 30 days.

The Commission's staff will begin the accumulation of a large volume of statistical data and other information and in virtually all cases a field investigation will be made, that is, experts of the Commission's staff will visit various plants in the industry. This hearing and investigation in the case of a large industry would be time-consuming and might well require several months.

4. After the hearing and investigation, the Commission will then begin a careful study and analysis of the available information and the preparation of a report to the President setting forth its findings.

The time required for this phase of the procedure will depend upon the number of producers in the industry, the complexity of the problems involved, and the amount of other work before the Commission. The time required would probably vary from several weeks to several months.

5. After the Commission makes its findings and completes the report, the report is sent to the President.

The President is under no obligation whatsoever to take any action. The President is merely required to give the report "his consideration in the light of the public interest." The trade-agreements program was initiated by the administration and is considered to be an important part of the administration's foreign policy. Moreover, under the escape clause, if the United States withdrew or modified one of its concessions, foreign countries would be at liberty to withdraw or modify equivalent concessions which they had made to the United States. Obviously, therefore, the President will proceed with great caution in following any recommendation of the Tariff Commission for the modification or withdrawal of an important concession because to do so would jeopardize or might even nullify the agreements.

6. Assuming the President decides to take action under the escape clause, he must then notify in writing all the countries which are parties to trade agreements and then must consult with all such countries which have a substantial interest as exporters of the product concerned.

The number of countries with which the President would have to consult would vary considerably but would probably be seldom less than 4 or 5, and frequently as many as 12 or 15. Such consultation would in all cases be time-consuming and in most cases would probably require months. If the concession which the President proposed to modify or withdraw were of substantial interest to foreign countries, that is, it resulted in large imports into the United States, the foreign countries would naturally be reluctant to consult with the President, and would delay the consultations as long as

possible. It should be noted that although the escape clause permits the President, in critical circumstances, to act first and consult afterward, the possibility that he would take such drastic action is almost nil.

The bleeding of the injured domestic producers continues during all of these time-consuming maneuvers. Under the impact of import competition sales with profit have dried up, distressed selling increases, surpluses of salable goods accumulate, plans and progress are in abeyance, raw material inventories and buying are reduced to minimum operating levels, pay rolls are reduced, workers are laid off or put on part time, dividends cease, creditors call their loans.

These injuries do not confine themselves to the applicant for relief. They move inexorably in widening circles to strike dependent suppliers and services.

In the end the escape may not be granted. But if granted, it may be too late. And if granted, the injury, as has been pointed out, will simply be transferred to some other domestic producer.

This brings me to perhaps the most serious of all the dangers of sizable use of the escape clause which, I suggest, will be inevitable in a period of severe world trade crisis.

When an economy is in the massive troubles of serious recession, the adverse effects of competing imports on markets glutted with domestic goods attain magnified influence in creating unemployment and the associated maladies of bad times.

The demands for escapes will be numerous and will cut deeply across our economy. No administration could exist which, under such circumstances, would allow imports to continue or aggravate the unemployment.

Escapes on widespread scale and easily justified would be taken and those would be followed by widespread compensating escapes taken by other nations. The binding force of mutuality of benefits will be broken and the reciprocal-trade system will collapse.

Moreover, it can hardly be affirmed that the escape clause has comprehensive usefulness to relieve against serious injury or the threat of it in the face of the discriminatory fact that, with allowance for existing agreements containing the clause and assuming that it will be in the Annecy agreements, there nevertheless will remain in force 13 agreements which do not contain escape clauses. The nations with which we have nonescape clause agreements are Argentina, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Iceland, Iran, Peru, Switzerland, Turkey, and Venezuela.

Some of the numerous products included in such agreements, and therefore not subject to escape clause action are:

Hides and skins: Argentina.
Wools: Argentina.
Casein: Argentina.
Grapes: Argentina.
Tallow: Argentina.
Petroleum and its products: Venezuela.
Watches: Switzerland.
Cotton cloth: Switzerland.
Turned boots and shoes: Switzerland.
Flax and hemp: Peru.
Rubber: Peru.
Cotton, 1⅛ inches or more in length: Peru.
Fish and fish products: Iceland.
Honey: El Salvador and Guatemala.
Various types of furs: Iran, Argentina, and others.

No; the escape clause is not the magic cure for bad deals. It is hedged with conditions which seriously impair its effective use, and it serves to protect the very injuries against which relief is sought. If an escape were taken, the injury thus redressed would, through the operation of compensatory escapes by other nations, merely transfer the injury from a domestic producer for the American market to domestic producers for the export market. The time lags in the procedure operate against timely relief. Large-scale use of the escape clause would destroy the reciprocal-trade system and impose severe strains on our foreign relations. Under the escape procedures prescribed by the Geneva multilateral trade agreement our ability to protect ourselves with compensating escapes, when those are objected to, is beyond our control, is dependent on the majority decisions of all of the nations which are party to that agreement, and in reaching those decisions we have but one vote.

I suggest there is only one way that gives a fair chance under the reciprocal-trade system of avoiding these difficulties, and that is to develop sounder escape-clause procedures and protect them by rare usage—by making trade agreements, in the first instance, and by making renegotiated trade agreements with concessions which do not go beyond expertly estimated peril points. The peril-point procedures in the amendments which we offer provide the opportunity.

Mr. WHERRY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WHERRY. Mr. President, I ask unanimous consent to withdraw my suggestion of the absence of a quorum, that the order for the quorum call be rescinded, and that the distinguished Senator from Colorado be permitted to resume the floor, to address the Senate further on the pending bill.

The PRESIDING OFFICER. Is there objection?

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. CONNALLY. I do not object, but it seems to me a very serious question is raised. I understand when the absence of a quorum is suggested the Senate is powerless to transact any business until a quorum is present.

The PRESIDING OFFICER. The absence of a quorum has not been announced.

Mr. CONNALLY. The Senator from Nebraska is announcing it himself.

Mr. WHERRY. Mr. President, I withdraw the request.

The PRESIDING OFFICER. The request is withdrawn.

Mr. CONNALLY. I am not objecting to allowing the Senator from Colorado to proceed, but I think in the interest of procedure and precedent we ought to know what we are doing. I shall, of course, abide by the ruling of the Chair, if the Parliamentarian so advises the Chair. I am not trying to prevent the Senator from Colorado from resuming the floor.

Mr. MILLIKIN. I may say to the distinguished Senator from Texas I can finish in a very short time, and I wonder whether he will not be good enough to waive the point.

Mr. CONNALLY. I am not making any point of it. I am merely propounding a parliamentary inquiry.

Mr. GEORGE. Mr. President, my understanding is that until there is an announcement that a quorum is not present, the quorum call may be suspended by unanimous consent.

Mr. CONNALLY. If that is the ruling of the Chair, I have no objection.

The PRESIDING OFFICER. That has been the practice, as the Chair is advised.

Mr. CONNALLY. I have no objection. I am not trying to cut the Senator from Colorado off.

Mr. WHERRY. Mr. President, I certainly do not want to cut off the distinguished Senator from Texas, if he wants to proceed with the quorum call. Following the usual practice, and before an announcement of no quorum was made, I requested permission to withdraw the suggestion of the absence of a quorum.

Mr. CONNALLY. I am not objecting to that. I was merely propounding a parliamentary inquiry. The Senator from Nebraska is always fearful of establishing a precedent. I merely wanted to know whether we were establishing a new precedent, that was all.

VI. OBJECTIONS AND THEIR ANSWERS TO PERIL-POINT PROCEDURE—CONCLUSION

Mr. MILLIKIN. Mr. President, I wish to conclude my remarks with attention to the objections and the answers thereto to peril-point procedure. The objections to the procedure will now be developed with our replies, and it will be shown that the procedure is administratively workable, has worked successfully, and should be continued.

It is claimed that the Trade Agreements Extension Act of 1948 deprives the executive department of use of the Tariff Commission and its employees in negotiating trade agreements; that under the act of 1948 the Tariff Commission is isolated from the process of forming judgments as to concessions to be made.

It is correct to say the Tariff Commission is prohibited from participating in the making of decisions with respect to the proposed terms of any foreign-trade agreement or in the actual negotiation of any such agreement.

It is completely incorrect to say the results of its work, within the legitimate scope of its duty, are not available to

all those charged with the responsibility of making trade agreements.

There are many good reasons for excluding the Tariff Commission from the decision-making functions of the Interdepartmental Committee and from participating in the actual negotiations with the representatives of foreign countries.

The Tariff Commission was not set up to participate in the conduct of our foreign affairs, and it has no legal authority for doing so. It was not set up to bargain with anyone, or to compromise, or to adjust its own opinions with those of other agencies.

It was set up to carry on investigations respecting the operations and effects of our customs laws and, on request, to make investigations to supply information and reports on such matters to the President, or either House of Congress, or the House Ways and Means Committee or the Senate Finance Committee. It is required to make an annual report to Congress.

To reach decisions as to what the concessions should be and to negotiate the agreement is the precise subject of the congressional delegation of power to the President under the Reciprocal Trade Agreements Act of 1934 as it has been amended.

The ability to trade and to negotiate are not among the expected qualifications of members of the Tariff Commission. The President has the entire population available to him for the selection of that kind of talent.

Moreover, it is a patently inconsistent thing to ask the members of the Tariff Commission to participate in bargaining for rates which under the Board's own viewpoints might exceed the proper limits of concessions to be granted.

It is the very purpose of the procedures which we advocate for safeguarding the interests of our domestic producers that the peril-point warnings as determined by the Tariff Commission shall come before the President undimmed and undiluted, that they shall not be lost in the composite recommendations of the Interdepartmental Committee which necessarily reflect the adjustments and compromises of the differing special-pleading viewpoints of the represented agencies.

The isolation theme is grossly erroneous and it is misleading. The Extension Act of 1948 does not interfere with the Tariff Commission's function of supplying facts, statistics, and other information to the Interdepartmental Committee, to the Congress, to the President, or to the negotiators.

On the contrary, the Extension Act of 1948 expressly provides:

SEC. 4. The Commission shall furnish facts, statistics, and other information at its com[illegible]and to officers and employees of the United States preparing for or participating in the negotiating of any foreign-trade agreement.

Under the Extension Act of 1948, the effectiveness of the Tariff Commission is enhanced by adding to its fact-supplying functions the duty of furnishing the peril points to the President. Since the President has assured the people and the Congress that the domestic producers will be safeguarded, which is simply another way of saying that peril points will not be exceeded, it would seem to be sensible that some agency should be given the job of providing the President with a focused report on the subject.

It is said that to require the Tariff Commission to determine peril points imposes an impracticable burden. It is said that a peril point cannot be determined.

The testimony rebuts the claim. Is it not completely clear that before a negotiation of any item is completed, a point is always finally agreed upon for every item whether or not it safeguards the domestic producer from serious injury or the threat of it?

If the Tariff Commission cannot establish a point of peril, how can the Interdepartmental Committee do it; how can the President do it? If a point can be established that falls within a calculated range of peril, why cannot one be established that falls short of it? If a peril point cannot be established, what substance is there in the assurance that domestic producers will not be subjected to serious injury or the threat of it?

Please let me give the Senate a conclusive Presidential refutation of this talk of being unable to set peril points. Executive Order 9832, the one which has been discussed at length, contains the following provision regarding the recommendations as to concessions which are to be made to the President by the Interdepartmental Committee:

8. * * * If any such recommendation to the President with respect to the inclusion of a concession in any trade agreement is not unanimous, the President shall be provided with a full report by the dissenting member or members of the Interdepartmental Committee giving the reasons for their dissent and specifying—

What?—

the point beyond which they consider any reduction or concession involved cannot be made without injury to the domestic economy.

Here we have an explicit Presidential instruction to find the peril point to the domestic economy involved in a proposed concession directly affecting only a part of that economy. How can those far-flung perils be estimated unless we can measure them at the starting point, unless we can establish the point of injury to the producers who would receive the first and heaviest impacts of the proposed concession?

In other words, the President in order to inform himself of the merits of dissents which come to him from the Interdepartmental Committee, has in effect mandated the finding of the very peril points which his representatives say cannot be found.

We have been told that the Tariff Commission would be unable to carry the heavy burdens imposed upon it in determining the peril points. The first time we heard that last year the State Department was talking vaguely of possible agreements with only two or three nations of very minor trade importance which had not joined up at Geneva.

Yet 13 nations started bargaining at Annecy and the Tariff Commission worked up and submitted to the President, within the time required by the act of 1948, peril points involving 449 items of direct interest to the United States.

Another erroneous and seriously misleading argument is made to the effect that prior to the peril-point procedures the Tariff Commission, as such, had an effective consultative role in the decisions of the Interdepartmental Committee as to the range of concessions. From this it is argued that we would abridge the useful functions of that Commission.

The truth is the Commission, as such, has supplied facts, but I emphasize that as such it has never participated in making the decisions of the Interdepartmental Committee.

True, a member of the Tariff Commission has been selected to be a member of the Interdepartmental Committee, and from this the impression is cultivated that the Tariff Commission is represented and as such has a voice on the Interdepartmental Committee.

This is false. A member of the Interdepartmental Committee is selected from the Tariff Commission, but, mark this, please, he does not speak for the Commission. He does not ascertain and therefore does not transmit the Commission's opinions to the Interdepartmental Committee. He does not submit to the Tariff Commission any question of decision as to the problems of the Interdepartmental Committee. He does not even poll the members of the Tariff Commission to get their reactions as to problems which are before the Interdepartmental Committee.

The testimony of Commissioners Ryder and Gregg will place this beyond dispute. I read from the 1949 hearings, Senate Finance [illegible]ommittee, House bill 1211, pages 815–813:

Senator MILLIKIN. Now, you stated that you called attention to the danger spots, Commissioner Gregg testified that he had no memory at all of the Commission ever having been polled on the danger spot or the range of danger on any of these matters, and that you were not speaking for the Commission, but rather in your personal capacity, and I am not derogating your qualifications to speak as a person.

Do you agree with what Mr. Gregg said?

Mr. RYDER. Well, yes and no. It depends on how you look at these things.

He is correct on one point, at least, that I had never polled the Commission, and it has never been polled on any of the peril points until this law was passed.

I do not see, and I have never seen, how it would be practicable if desirable for the Commission to take a vote on every item and have its representative cast that vote. In the first place, these decisions are made in committees which meet continuously, almost, and you have to spend your nights reading up the material for them, and you could not be in two places at once. Then the final decisions in the Geneva negotiations were made in Geneva, and in the final negotiations beginning in April they will be made at Annecy, France.

That is on the practicability of the thing. In the desirability of it I could say a good deal.

Senator MILLIKIN. I am getting at the ultimate fact that regardless of whether it is peril point or whether it is range of dangers, or whatever you want to call it, did you ever

act there while you were a member of the Interdepartmental Committee under the instructions of the Commission as such?

Mr. RYDER. Not on individual items, no; but in June of 1934 the Commission by a vote, and I have a copy of the minutes here, voted that "Commissioner Oscar B. Ryder be, and is hereby, designated as the Commission representative on the Committee on Foreign Trade Agreements, and that Commissioner Ryder be and is hereby granted the power to select an alternate or substitute at any time it may be necessary and to call upon anyone whose special services may be required."

In a letter also to Secretary Hull, who set up the committee embodying that decision, that was included.

Senator MILLIKIN. I am glad that you mentioned that that resolution does not empower you to speak for the Commission.

Mr. RYDER. To represent the Commission on the committee, and it was never proposed at that time or any time afterward in the Commission that the Commission should instruct its man as how to vote.

Senator MILLIKIN. And the Commission did not do so?

Mr. RYDER. No.

Senator MILLIKIN. Did you ever poll the individual members of the Commission as to any concession as to which you made recommendations?

Mr. RYDER. Oh, no.

Commissioner Gregg testified as follows—1949 hearings, Senate Finance Committee, H. R. 1211, page 799:

Senator MILLIKIN. Mr. Gregg, just to double rivet the matter that has already been discussed between the chairman and yourself: Directing your attention to the practice before the act of 1948, when those individual tariff concessions came before the Trade Agreements Committee, did you, as delegate, ever have any instruction from the Tariff Commission as to what position you should take to represent the Commission?

Mr. GREGG. No, sir.

I interpolate to say that Commissioner Ryder was chief delegate and Mr. Gregg acted as alternate delegate. I continue the quotation:

Senator MILLIKIN. You never did. So far as you know, did Chairman Ryder, when he was acting as delegate in chief, ever have such an instruction from the Commission?

Mr. GREGG. Not so far as I know.

Senator MILLIKIN. That has never happened since you have been a member of the Commission?

Mr. GREGG. Not so far as I know.

Senator MILLIKIN. So far as you can recall, were the members of the Tariff Commission ever polled, or did the members of the Tariff Commission, as such, ever vote on any individual concession proposed by the Trade Agreements Committee, or on any items which were before the Trade Agreements Committee for discussion?

Mr. GREGG. Not so far as I know; no, sir.

Senator MILLIKIN. Then, as I think you have developed, the delegate, or the alternate, representing the Tariff Commission, was not in fact representing the Tariff Commission, but was simply selected, from among the members of the Tariff Commission, and acted in his personal capacity, rather than as a representative of the Tariff Commission.

Mr. GREGG. That is my understanding; yes, sir.

Mr. President, last year we were told with the tremolo stops all the way out and with expressions of anguished apprehension that if the bill for the Extension Act of 1948 became law, we would be ripping the innards out of the harmonies and coordinations of our international programs.

Of course, the claim, on the face of it, was absurd, for in practice the principle involved in the peril point has the undeviating support of all of the countries committed to reciprocal trade agreements where their own affairs are affected.

Let us test the claim of disturbance to our foreign affairs by what has happened.

The work on the Geneva multilateral trade agreement was concluded on October 30, 1947. The Trade Agreements Extension Act of 1948 was approved on June 26, 1948. On the day of approval of the act, 12 nations had signed up for provisional adherence to the Geneva agreement. Had the Extension Act of 1948 impressed the other nations which had not signed up as a repudiation of that which had been agreed upon at Geneva, their signatures would not have been forthcoming. But after the enactment of the act, all of the other nations, numbering 11, came in and signed up for provisional adherence.

And in this connection, it is quite significant to remember that those 11 signatures were added after the report of the Senate Committee on Finance and the debate in the Senate which had placed a caveat on the general provisions of the Geneva agreement.

The only disturbing impact of the act was on those officials of the United States who, in agreeing to concessions, had been substituting calculated risks for the promises that domestic producers would not suffer serious injury or the threat of it. That disturbance to those officials was one of the intended purposes of the Extension Act of 1948.

Of course, the other nations were not really disturbed, for although they will make their bows to altruisms, they will not submit to injury because of them. All doubts as to this must fall before the magnitude of the nullification of good intentions represented by the import licenses, quotas, preference and bilateral agreements already noted and by exceptions and reservations in the governing provisions of the Geneva multilateral trade agreement and of the proposed Charter for ITO.

However, after the approval of the Extension Act of 1948, we invited 13 additional nations under the authority of our reciprocal trade legislation as amended by the act of 1948, to attend the present meeting at Annecy, France, for the negotiation of agreements. Every invited foreign nation accepted; they were not disturbed by what we had done, and most of them are at Annecy or have been at Annecy trying to outbargain each other and the United States, and all of them, unless it be the United States, are acting under the irreducible and unshakable determination to safeguard their respective domestic interests.

The constant alarms that if we do or do not do this, that, or the other thing, the diplomatic seismographs in foreign chancelleries will fall apart with shock, is getting to be somewhat tiring. In fact, we may have to consider a little shock treatment among the inevitable choice of future measures to break off morbid dependence of other nations on the United States.

But passing that, the eagerness for benefits under ECA and arms implementation, does not indicate that we were bad boys in adopting the safeguarding peril-point procedures and must stand in the corner awaiting forgiveness. It was just another phony alarm.

There is an unwholesome reluctance to tell the people when the peril points have been exceeded and why. The purpose of the retroactive repeal provisions of H. R. 1211 is to shield the President from making such disclosures as to the agreements now being or which have been negotiated at Annecy, France.

Mr. Thorp of the State Department expressed the fear of public opinion before the House Ways and Means Committee during the hearings on H. R. 1211, page 54:

Mr. BYRNES. So that the act of 1948 does not bind the hands of the President, as some people try to tell the American public; it still leaves him free, does it not, to consummate any agreement that he desires to do so, within the 50-percent limit?

Mr. THORP. Yes. He is free, although there are, let us say, some pressures that are set up which may have some effect upon the exercise of that freedom.

Mr. BYRNES. The only pressure is the pressure of public opinion; is it not?

I read Mr. BYRNES' question again:

The only pressure is the pressure of public opinion; is it not?

Mr. THORP. Yes, I think that is a fair way to put it.

This unwillingness to make full accountings to the source of their authority by those who are the recipients of the delegation of the powers of Congress, and fear of public opinion, if the facts were made known, were not revealed for the first time by Mr. Thorp. Last year and this year the Secretary of State and the President refused to allow the Senate Committee on Finance to examine the minutes of the meetings of the Interdepartmental Committee, which Senators will recall, makes the recommendations of concessions to be made and to be sought.

The testimony is interesting—1949 hearings, Senate Finance Committee, H. R. 1211, page 6:

The CHAIRMAN. Senator MILLIKIN?

Senator MILLIKIN. Mr. Thorp, you, of course, appreciate that this whole subject matter is within the direct, primary, expressed constitutional power of the Congress.

Mr. THORP. Yes; I do.

Senator MILLIKIN. That whatever power the President has results from our delegation of that power to him.

Mr. THORP. That is correct.

Senator MILLIKIN. Therefore, he is our delegate in this matter. Correct?

Mr. THORP. That is my understanding of the legal situation.

Needless to say, the clear provisions of the Constitution do not gain stature by admission of their existence. The answers of Mr. Thorp were unassailable. He was merely recognizing that under ar-

ticle I, section 1 of the Constitution all legislative power is in the Congress and that the first of the enumerated powers in article I, section 8, is that—

The Congress shall have the power to lay and collect taxes, duties, imposts, and excises—

Mr. Thorp was expressing his recognition of the unarguable fact that the Reciprocal Trade Agreements Act of 1934, as amended, was squarely founded on that provision of the Constitution.

Now, continuing with the testimony:

Senator MILLIKIN. Last year, when the matter was before us, proceeding on that theory, we asked for the minutes of the Interdepartmental Committee, and I, as chairman of the committee at that time, received a letter from Mr. Clayton. I will read it:

DEPARTMENT OF STATE,
Washington, May 5, 1948.

Hon. EUGENE MILLIKIN,
Chairman, Senate Committee on Finance.

DEAR SENATOR MILLIKIN: I have taken up again with the Department your request that the minutes of the Trade Agreements Committee be made available to the Committee on Finance. The Department has considered this matter further, and directs me to say, with regret, that it considers that it would not be in the public interest to comply with your request, for the following main reasons:

1. The minutes in question contain information obtained from business in confidence and upon the assurance that it would not be disclosed.

2. They contain information which, if known to other countries, might prejudice the position of the United States in future negotiations, and which might embarrass this country in its relations with countries with which the negotiations to which the minutes refer took place.

3. The minutes are the records of the deliberations of the President's advisers. The President is the one responsible for decisions on tariffs under the act, and is entitled to the opinions—

Note this—

of his advisers expressed fully and freely without the constraint which would inevitably come from the knowledge that they might be made public.

The Department would not feel authorized to make these records available to the Congress without the consent of the President.

Yours very truly,

WILLIAM L. CLAYTON,
Special Adviser to the Secretary of State.

Does that continue to be the viewpoint of the Department of State?

I am talking to Mr. Thorp this year.

Mr. THORP. Yes; that still is the viewpoint.

Now we come to the President's viewpoint—1949 hearings, Senate Finance Committee, H. R. 1211, page 1333:

The CHAIRMAN. The committee will come to order.

The reporter will place this letter from Assistant Secretary Thorp and a report from the Department of Agriculture in the record at this point.

(The letters referred to are as follows:)

DEPARTMENT OF STATE,
Washington, February 24, 1949.

The Honorable WALTER F. GEORGE,
Chairman, Committee on Finance,
United States Senate.

MY DEAR SENATOR GEORGE: During my testimony before the Senate Committee on Finance on February 17, Senator MILLIKIN asked me to consult the President on the question whether the minutes of the Interdepartmental Committee on Trade Agreements should be made available to the Congress.

I have done so, and the President is in agreement that it would not be in the public interest to make the minutes available, for the reasons indicated in the letter which Mr. Clayton sent to Senator MILLIKIN last year in response to the same request. This letter, dated May 5, 1948, was printed in the records of last year's hearings before the Finance Committee on trade-agreement legislation.

Sincerely yours,

WILLARD L. THORP,
Assistant Secretary.

So here we have the astonishing close-coupled, mutually destructive affirmations that the Congress is the master of the subject but the servants feel themselves at liberty to deny accountings of their actions.

The assigned reasons add insult to breach of duty. First, the Senate Committee on Finance cannot be trusted with a confidence obtained from business. Then it might sieve information to foreign countries and this might prejudice the United States.

The members of the Senate Committee on Finance in 1948 were Senators George, Barkley, Connally, Byrd, Johnson of Colorado, Lucas, Taft, Butler, Brewster, Bushfield, Hawkes, Martin, and Millikin. The members during the hearings this year when the last letter came were Senators George, Connally, Byrd, Johnson of Colorado, Lucas, McGrath, Hoey, Taft, Butler, Brewster, Martin, Williams, and Millikin.

I shall not beat my breast in unnecessary defense of the integrity and discretion of the members of the Senate Committee on Finance. If I were feeling liverish, it would not be at all difficult to make a respectable case out of facts known to all of us for the proposition that our international secrets would be safer with the Senate Committee on Finance than with the State Department.

There has been much debate on when the Congress has the right to ask for information from the executive branch. There are troublesome twilight zones. But so far as I am aware, no one has made a serious attempt to maintain that the executive department has the right to refuse information to Congress when the powers exercised by it are those delegated to it by Congress pursuant to exclusive congressional jurisdiction expressly spelled out in the Constitution.

The paragraph in Mr. Clayton's letter, to the effect that the President may be receiving advice which is different from that which would be received if it were made public, is very interesting.

Obviously, when the Congress becomes impotent to keep itself informed in matters affecting its exclusive constitutional jurisdiction, it has become blind and the executive department becomes its seeing eye dog. It has lost its hearing and the executive department becomes its listening post.

It is high time to move this subject into the daylight.

The peril-point procedure is a reminder of pledges. It is a reminder of the source of delegated power. It aligns itself with the good custom of accountability by those using borrowed power.

Through the explanations required when recommended peril points have been exceeded, we shall learn of the considerations which move the calculated risks against the American producer.

It will be possible to judge in the light of specific cases whether concessions made and the reasons for them violate the intent of the enabling legislation or represent usurpation of power.

For example, it will be possible to judge the extent to which concessions are made pursuant to the alleged mandate to guide the economy as a whole. I am sure we would all like to know about that.

It will be possible to judge the extent to which our domestic producers have become the pawn of diplomacy and to judge the costs in terms of injury.

It will be possible to judge just what we are paying for the alleged power to see that our resources are used to best advantage, for the alleged power over the subject of conservation.

And from the revelation of these facts, the people will be able to make up their minds whether they approve or disapprove of that which is going on, and the Congress will be in better position to make covering legislation.

When the conference at Annecy concludes, and if it achieves its aims, most of the world's trade will have been covered by reciprocal agreements. But that does not end the matter. I suggest that due to artificialities and inflexible features in those agreements and to rushing change of the factors which led to concessions, extensive renegotiations will be required and will be had or wholesale nullifications will result.

The reminder that it would be best to make sound agreements when they are made, and the opportunity to justify when peril points are exceeded, should not be alarming to anyone who is confident of the soundness of that which was done. The people will support sound action; and the White House is an excellent sounding board.

Our proposal, while inoffensive to those prepared to justify, might be profoundly deterring to those running wild with unbestowed power and secret purposes which the people might not find acceptable.

(The annexes heretofore referred to are as follows:)

TARIFF COMMISSION HISTORY OF TRADE-AGREEMENT PROGRAM

CHAPTER 1. TRADE AGREEMENTS AND TRADE POLICY OF THE UNITED STATES BEFORE 1934

Agreements relating directly to tariff duties

The history of United States participation in trade-agreement negotiations directly affecting tariff duties is a long one.[1] Some of the trade agreements made before 1934—like the agreements made since then under the Trade Agreements Act—were effectuated by

[1] For a detailed analysis of the United States commercial treaties which were negotiated before 1919, see U. S. Tariff Commission, Reciprocity and Commercial Treaties, 1919.

Executive order under congressional authority which did not require subsequent congressional action. The authority of the President to make such agreements, however, was narrowly circumscribed. A number of agreements requiring congressional action also were negotiated by the President, but most of these failed to receive the necessary legislative approval and thus never came into effect.

The first reciprocal-trade treaty negotiated by the United States was with the German Zollverein (customs union) in 1844. It never became effective, however, because of failure to receive Senate ratification. The first United States reciprocal trade agreement to become effective was with Canada. That agreement was negotiated by the President, ratified by the Senate, and approved by the Congress; it became effective in 1855 and remained in force until 1866, when it was terminated by the United States.[3]

Reciprocity treaties were negotiated with Hawaii, one in 1855 and a second in 1867, but neither of these received the necessary Senate ratification. In 1875, however, a reciprocity treaty was finally negotiated and ratified. In the following year, the Congress passed the legislation necessary for putting it into effect. The treaty remained in force until Hawaii was annexed by the United States in 1898.

Reciprocity treaties were negotiated with Mexico in 1859, with Canada in 1875 and 1888, and with Newfoundland in 1868, but all these failed to receive the necessary Senate ratification.

The Tariff Act of 1890 was the first general tariff act of the United States to make systematic general provision for reciprocal negotiations relating to tariff rates as such. Under section 3 of that act, the President was empowered to enter into narrowly defined trade agreements not requiring subsequent approval of either the Senate or the Congress. As a sanction to put pressure on the several countries to enter into these agreements, this section of the tariff act instructed the President to impose specified penalty duties on certain articles (coffee, tea, hides, sugar, and molasses) on the free list of the United States tariff whenever the supplying country's treatment of imports from the United States was deemed "to be reciprocally unequal and unreasonable." Under authority of that section of the tariff act, the President proclaimed agreements with the following countries: Austria-Hungary, Brazil, Dominican Republic, German Empire, Great Britain (for British West India colonies), Guatemala, Honduras, Nicaragua, Salvador, Spain (for Cuba and Puerto Rico).

Concessions were obtained for American products from each of the foregoing countries in return for an assurance of continuing duty-free entry into the United States of their coffee, tea, hides, sugar, and molasses. In some agreements the other contracting party agreed to admit specified imports from the United States free of duty or at substantially reduced tariff rates; in others it agreed to extend most-favored-nation treatment[3] regarding tariffs to all imports from the United States.

The penalty duties provided for in section 3 of the act of 1890 were applied to imports from Colombia, Venezuela, and Haiti, following failure of those states to respond favorably to United States invitation to negotiate an agreement under this provision of the tariff act.

The Tariff Act of 1894, which reimposed a duty on raw sugar (such a duty had been imposed by acts preceding that of 1890), automatically annulled all agreements which had been made under authority of this section of the 1890 act. No reciprocity provision was contained in the 1894 act.

The next series of trade agreements was negotiated under authority of the Tariff Act of 1897. Section 3 of that act empowered the President to negotiate agreements with foreign countries and to proclaim them without ratification by the Senate. This authority, though still narrowly circumscribed, was somewhat broader than that conferred by the corresponding section of the Tariff Act of 1890. The President was not only authorized, as before, to impose penalty duties on certain specified articles on the free list (the articles specified in the 1897 act were coffee; tea; tonquin, tonqua, or tonka beans, and vanilla beans), but he was permitted to proclaim prescribed reductions in duty on argols, distilled spirits, sparkling wine, still wine, paintings, drawings, and sculptures in exchange for concessions by the other countries. Under authority of this section, the so-called argol[4] agreements were concluded with the following countries: Bulgaria, France, German Empire, Great Britain, Italy, the Netherlands, Portugal, Spain, and Switzerland.

These agreements were negotiated in two series. The first was concluded (during the McKinley administration) with France, Portugal, Germany, and Italy, and the second series (during the Theodore Roosevelt administration) with the other countries listed above. In exchange for the concessions granted by the United States, which consisted of small reductions in duty on one or more of the articles specified in the act (no use being made of the penalty provision), the participating foreign countries generally applied to all or a part of their imports from the United States their minimum or conventional rates of duty reserved for imports from favored nations. The argol agreements remained in effect until they were terminated under a provision of the Tariff Act of 1909.[5]

Section 4 of the Tariff Act of 1897 gave the President broad authority to negotiate trade agreements with foreign countries for the purpose of securing concessions for American exports. That section permitted reductions of as much as 20 percent from the duties of the regular tariff schedules, the transfer of a limited group of articles from the dutiable to the free list, and the binding duty-free of articles then on the free list. Before any such agreement could become effective, however, ratification by the Senate and approval by the Congress were necessary. Pursuant to that authorization, the President negotiated agreements with the countries named below, but none of these agreements were ratified by the Senate.

Argentina	France
Denmark (for St. Croix)	Great Britain (for various colonies)
Dominican Republic	Nicaragua
Ecuador	

In 1902 a convention of commercial reciprocity was negotiated with Cuba. This convention provided for a reduction of 20 percent from regular United States duties on imports from Cuba and reductions of 20 to 40 percent from regular Cuban rates on imports from the United States. After the Senate ratified the treaty, the Cuban Government accepted it. The Congress finally passed enabling legislation and the treaty was formally proclaimed in 1903. This treaty was independent of the reciprocal provisions of the Tariff Act of 1897 and in no way connected with the treaties made under that act.

The Tariff Act of 1909 not only provided for terminating all outstanding reciprocity agreements to which the United States was a party—except the agreement with Cuba—but it also instituted a two-schedule tariff system. Under this system the free list and the rates in the general schedule constituted the minimum schedule; and the minimum rates plus 25 percent of the values of the imported articles constituted the maximum schedule. The President was authorized to extend the minimum schedule to countries which did not discriminate against the United States; the maximum rates were applicable to imports from all other sources. The Tariff Board, which had been created for this purpose under authority of the act itself, was required to investigate the tariff treatment accorded American products by foreign countries. Discrimination by several of them was discovered and negotiations with them were subsequently entered into for the purpose of eliminating the discrimination. Following these negotiations, proclamations were made applying the minimum rates to all countries. The maximum rates were, in fact, never applied to imports from any country, notwithstanding that certain countries—notably Germany and France—did not extend full equality of treatment to imports from the United States.

In 1911, a reciprocity agreement, with preferential treatment on both sides, was negotiated with Canada. It was approved by the United States Congress, but, inasmuch as it was not approved by the Canadian Parliament, it did not go into effect.

The Tariff Act of 1913 contained no provision for maximum and minimum schedules of duties, but it authorized the President to negotiate reciprocity agreements provided "that said trade agreements before becoming operative shall be submitted to the Congress of the United States for ratification or rejection." No agreements were negotiated by the President under that authority.

None of the subsequent general tariff acts made provision for the negotiation of trade agreements, with the result that the trade agreements next consummated by the United States were made under authority of the Trade Agreements Act of 1934.[6]

DEVELOPMENT OF MOST-FAVORED-NATION TRADE POLICY

Commercial treaties between states relate to an extensive variety of subjects having to do with the treatment to be accorded to persons, to means of communication and transportation, and to commerce.[7] Specific provisions are made in these treaties for such matters as admission of diplomatic and consular officials; immigration and emigration; conditions of residence, travel, and trade; imposition of taxes; navigation, quarantine, and harbor regulations; patents, copyrights, and trade-marks; and tariffs and customs laws. The features of commercial treaties and agreements here under consideration relate principally to import and export trade, tariff duties, quotas, and customs laws and regulations.

Every state, in entering into a commercial treaty or agreement with another, seeks to gain or to retain certain advantages, to avoid certain disadvantages, or to accomplish both of these objectives. The negotiation of a commercial treaty between states, therefore, usually involves bargaining. In making its

[3] This agreement, like those subsequently entered into with Hawaii and Cuba, was preferential.

[3] Most-favored-nation treatment is discussed in the next section of this chapter.

[4] The name is derived from "argols" (a crude cream of tartar), which was the first item appearing in the enumerated list on which reductions in duty were authorized by section 3 of the Tariff Act of 1897.

[5] However, because of subsequent understandings, the agreement of August 1, 1906, with Spain was still in effect on November 5, 1922, when Spain gave 1 year's notice of its intention to denounce the agreement.

[6] Public Law 316 (73d Cong., 2d sess.), reproduced as appendix B.

[7] For a detailed analysis of United States commercial treaties, see United States Tariff Commission, Reciprocity and Commercial Treaties, 1919.

commercial treaties, a state may or may not seek a privileged position for itself. Most states, however, generally try to obtain treatment from other states which will be at least as favorable as that which those states grant to any other. Accordingly, every state generally asks for all the concessions and guaranties which the other negotiating state has already extended to third states or which it may extend to them in the future.

The most commonly used instrument for automatically assuring to newly contracting states the benefit of existing or future concessions accorded to third states is the so-called most-favored-nation clause. The purpose of this clause has been not to create but to guard against the creation of a most-favored nation. This clause seeks to make accessible to the contracting parties all the advantages which either of them has granted, or at any future time shall grant, to any third state, i. e., to the most favored third state. The most-favored-nation clause has thus been used primarily to prevent the establishment of discriminations in the extending of concessions and guaranties.

Before the American Revolution, the most-favored-nation clause appearing in commercial treaties was not accompanied by any qualifications, i. e., no conditions were laid down concerning the circumstances under which benefits extended to third states would be extended by the contracting parties to each other. In the first American commercial treaty, that with France in 1778, this clause was qualified so as to make the extension of most-favored-nation treatment freely, if the concession [to the third state] was freely made, or, if the concession was conditional, on the basis of the conditions of that concession. Since that time, the most-favored-nation clause has been used in trade treaties and agreements, sometimes with such a qualification and sometimes without it. When the clause appears without any qualifying stipulation, it is described as unconditional; when the clause provides for compensation in exchange for most-favored-nation treatment, it is described as conditional.

The trade treaties which the United States entered into before 1923 generally provided for conditional most-favored-nation treatment, i. e., the United States agreed to grant most-favored-nation treatment in exchange for some specific concession to be received from the other contracting power. In actual operation, the conditional most-favored-nation policy was found to be a source of friction rather than an arrangement for eradicating discrimination; moreover, it proved to be ill-suited to a country which has a single-column tariff. The United States finally abandoned it in 1923, when President Harding approved adoption of the unconditional most-favored-nation clause in future commercial treaties.

Abandonment of the conditional form was foreshadowed with the legislative embodiment of the principle of equality of treatment in the Tariff Act of 1922 (section 317, reenacted as section 338 of the Tariff Act of 1930) authorizing the President to impose penalty duties on goods imported from countries found to be discriminating against the commerce of the United States.[8] In 1923, Secretary of State Hughes announced this Government's new commercial practice to all diplomatic officers. The same general policy, first given formal expression in the commercial agreement negotiated with Germany in that year, has been pursued since that time.

[8] No action has been taken under this provision, but its presence may have had a deterrent effect on discriminations against this country.

Under the unconditional most-favored-nation clause, any concession which the United States now extends to any foreign country (excepting Cuba and the Philippines, for which preferences are authorized in all trade agreements) it extends to the country with which it makes an agreement or treaty, unconditionally and without restriction. Similarly, any concession granted by the other contracting country to any third country (often with certain specified exceptions) must be extended unconditionally and without reservation to the United States.

CHAPTER 2. LEGISLATIVE HISTORY OF AND OPERATIONS UNDER THE TRADE AGREEMENTS ACT

1934–37

The Roosevelt administration, which came into power in 1933, was pledged to the reduction of the United States tariff, this having been an issue in the 1932 Presidential campaign. On March 2, 1934, President Roosevelt sent a message[9] to the Congress requesting authority to enter into executive commercial agreements with foreign nations for the reciprocal reduction of tariffs and other trade barriers. He proposed to use that authority "within carefully guarded limits to modify existing duties and import restrictions in such a way as will benefit American agriculture and industry." He stated that "a full and permanent domestic recovery depends in part upon a revived and strengthened international trade" and that "American exports cannot be permanently increased without a corresponding increase in imports." He pointed out that other governments were resorting increasingly to negotiated reciprocal trade agreements and he advocated that the United States do likewise in order to be "in a position at a given moment rapidly to alter the terms on which it is willing to deal with other countries." The delegation of a lesser degree of authority to the Executive, he stated, "would be ineffective." The executive branches of virtually all other major trading nations, he declared, "already possess some such power."

The President asked for the authority as "an essential step in the program of national economic recovery which the Congress has "elaborated" and as "part of an emergency program necessitated by the economic crisis through which we are passing." He requested that authority be granted to make the proposed trade agreements terminable within a period not to exceed 3 years, stating that a shorter period "probably would not suffice for putting the program into effect." He stated, further, that the exercise of this authority "must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed" as "the adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit and not to injure such interests."

The reciprocal trade agreements bill was introduced at a time when the United States and the other important trading countries of the world were suffering from the severe economic crisis which had enveloped the world in the 1930's. Under the impact of that depression, tariff duties were generally increased throughout the world, and multilateral trading on a nondiscriminatory basis was abandoned by many countries. As one country after another went off the gold standard, many currencies depreciated in value or their par was reduced by devaluation, foreign exchange rates lost their stability, and many currencies of the world ceased to be freely convertible into one another.

[9] H. Doc. 273 (73d Cong., 2d sess.) reproduced as appendix A.

In these circumstances, each country considered itself justified in adopting independently of all others—and without regard to the repercussions upon them—any measures which seemed appropriate to counteract pressure on its balance-of-payments position and to offset deflationary price trends. Numerous devices, such as exchange control, quantitative trade restrictions (particularly those fixing import quotas), increased preferences within empires, state trading, and devaluations of currency, were employed to achieve these objectives. Bilateral trading agreements were resorted to very widely, as providing means of exchange for countries lacking adequate reserves of gold and foreign currencies. Bilateralism also held an appeal for countries which, like Germany, were intent upon using it for political ends and for imposing harsh barter terms upon weaker trading nations.

Bilateralism was usually associated with a host of other discriminatory trade practices, the aggregate effect of which was to disrupt the interdependence of price structures in a large part of the world and to cause a decline in the volume of international trade. The trend in that direction was accentuated by the efforts of some countries to become more nearly self-sufficient in order to adjust their economies to the purposes of aggressive warfare or to defense against such warfare.

The general increase in tariff duties and tariff preferences and the adoption of other trade-restrictive measures by virtually all important trading countries operated to shrink further an international trade already declining because of the depression. The volume of world trade in 1933, as pointed out by President Roosevelt in his message to the Congress on March 2, 1934,[9] was only 70 percent of the volume in 1929; and the corresponding value was only 35 percent, prices having fallen sharply. The decline in this country's foreign trade was even more precipitous. United States exports in 1933 were only 52 percent of the volume, and 32 percent of the value, of the exports in 1929; the corresponding ratios for imports were 66 and 33 percent, respectively. Especially serious was the shrinkage in foreign markets for agricultural products, resulting in accumulation of huge stocks of these products in the United States.

The President's message of March 2, 1934, requesting authority to enter into executive commercial agreements with foreign nations, was transmitted to the House of Representatives simultaneously with the administration's trade-agreements bill. In general, the provisions of the bill paralleled those of the message, but the bill also contained some provisions to which no reference had been made in the message. The most important of these was the provision for unconditional most-favored-nation treatment, i.e., the bill provided that all trade concessions granted by the United States to any country should be extended (except in specified exceptional circumstances) to all other countries.

The President's message was discussed and the administration bill was debated at hearings before the House Ways and Means Committee and the Senate Committee on Finance, in both Houses of Congress, in the press, over the radio, and in public forums. The majority and minority reports of the House Committee on Ways and Means[10] received considerable publicity.

Inasmuch as the trade-agreements program was presented as an emergency measure designed to secure foreign outlets for

[9] H. Doc. 273 (73d Cong., 2d sess.) reproduced as appendix A.

[10] H. Rept. 1000 (73d Cong., 2d sess.), Mar. 17, 1934.

surplus American products, to combat unemployment, and to revive foreign trade, congressional and public debate centered principally on whether tariff reductions were appropriate means of achieving these objectives. The majority report of the House Committee on Ways and Means, which strongly recommended adoption of the program, declared that there was a direct casual relationship between the shrinkage of world trade and the depression. It declared further that expansion of United States exports was a prerequisite to the restoration of our prosperity.

The minority report questioned the premises on which the message of the President and the majority report were based, and it enumerated a long list of objections to the bill. The minority report expressed the view that the decline in international trade was the effect rather than the cause of the depression, and that the importance of export trade to the American economy had been exaggerated. That trade, in 1929, the minority report stated, accounted for only one-tenth of the value of total domestic production of movable goods and for only one-seventeenth of the national income. The minority report also expressed fear that the increased volume of imports which would result from reductions in duty might seriously injure certain domestic industries and thus worsen rather than ameliorate an already unstable domestic situation. The proposed method of bargaining and the plan of generalizing concessions unconditionally were also criticized, principally on the score that they gave no assurance that increased purchases by the United States from an agreement country would result in a corresponding increase in United States sales to that country. The minority report also expressed the view that the power requested by the Executive was excessively broad and would be unconstitutional. The proposed trade agreements would in fact be treaties, the minority report held, and as such would require approval by two-thirds of the Senate.

After some 4 months of hearings and intensive debates, the Congress finally passed the Trade Agreements Act, and the President signed it on June 12, 1934. The House of Representatives had approved it on March 29, 1934, by a vote of 274 to 111; and the Senate on June 4, 1934, by a vote of 57 to 33.

In formulating the purposes of the Trade Agreements Act, the Congress explicitly declared the program to be an emergency measure intended primarily to assist in alleviating the pressure of surplus products on the domestic market. The primary objective, it was stated, was to promote United States exports by reducing barriers to, and facilitating the increase of, United States imports contingent upon reciprocal reductions in barriers by other countries. The authority to enter into trade agreements under the act was initially limited to 3 years, and the act provided that every agreement concluded under it should be subject to termination at the end of not more than 3 years after coming into effect. Reductions in duty made under the act were to be limited to 50 percent of the existing rate of duty.[11]

Although much of the support for the Trade Agreements Act came from consumer groups, savings to consumers were not among the expressed purposes of the act, and concessions made only with a view to such benefits would be outside the authority of the act. To make possible service on or repayment of foreign debts owed the United States likewise was not among the ends set forth in the act.[12]

Adoption of the trade-agreements program marked an important change in American commercial policy. The program gave official recognition to foreign trade as an important element in domestic prosperity and in securing a well-balanced relationship among the various components of the domestic economy. Expansion of exports was predicated upon the expansion of imports, and, finally, the principle of nondiscrimination as between countries, through guaranty of most-favored-nation treatment, was again given full and unreserved expression. Application of the principle, moreover, acquired new practical significance: for the first time it was linked with an active tariff-bargaining policy.

During the 3 years for which the authority to make trade agreements was originally granted to the President (1934–37) 16 trade agreements were concluded with 17 countries. The agreements were concluded in the following order: Cuba, Brazil, Belgium, and Luxemburg, Haiti, Sweden, Colombia, Canada, Honduras, the Netherlands, Switzerland, Nicaragua, Guatemala, France, Finland, Costa Rica, El Salvador.

The agreement with Cuba, unlike that with any of the other countries, was preferential. Probably the most far reaching of the agreements concluded during this period was the one made in 1936 with Canada. In addition to the trade agreements consummated in this period, negotiations (accompanied by the usual public hearings) were carried to a fairly advanced stage with both Spain and Italy but could not be concluded; later both of these negotiations were formally terminated.

1937–40

In 1937, after extensive hearings, the Congress renewed the Trade Agreements Act in its original form for a 3-year period ending in June 1940.

The arguments advanced in 1937 for and against renewal of the Trade Agreements Act closely resembled the arguments advanced when the original act was under consideration. This circumstance is explained largely on the score that the world-wide depression, though considerably alleviated, persisted throughout the life of the original act. Important factors other than the trade agreements program were operating during that period to increase the difficulty—always a formidable one—of isolating and evaluating the effects of the program itself on United States import and export trade. The severe droughts in 1934 and 1936, which affected wide areas of the United States, had an especially important bearing on United States trade, particularly in agricultural products.

The period 1937–40 was one in which momentous changes occurred throughout the world. Affected by preparation for war and actual war abroad and by defense activities at home, the depression in the United States lifted; exports rose, surplus stock dwindled, and unemployment declined. Japan extended its zone of military operations in the Far East over a wider area. During the earlier part of the period Germany's actions were already threatening to precipitate war in Europe; by the end of the period, Germany had overrun several countries and was obviously seeking, in alliance with others, to conquer the world.

Throughout 1937–40, the trade-agreements program continued to be advocated primarily as a means of promoting exports. Increasing emphasis was placed on the purpose of securing nondiscriminatory treatment for United States exports.

During the period of the first extension of the trade-agreement authority, agreements were negotiated with seven countries as follows: Czechoslovakia, Ecuador, United Kingdom, Canada, Turkey, Venezuela, Cuba.

The most important agreement in the group was with the United Kingdom. The agreement with Canada greatly expanded and superseded the 1936 agreement with that country. The agreement with Cuba was supplementary to the earlier agreement with that country.

1940–43

In 1940, when the Executive again requested a renewal of the Trade Agreements Act, the European war was the principal factor governing this country's foreign-trade relationships. A number of Congressmen, as well as other persons, therefore questioned whether continuation of a program originally conceived to promote exports and to reduce unemployment could achieve beneficial results under the radically altered circumstances. Secretary of State Cordell Hull, in testifying before the Senate Finance Committee on February 26, 1940,[13] sought to dispel any such doubts. He stated:

"If we were now to abandon the program, we would reduce to practically nothing the efficacy of the existing trade agreements as a means of safeguarding our exports from the inroads of wartime restrictions. The need for keeping alive the principles which underlie the trade-agreements program is crucial now, during the war emergency, and will be of even more decisive importance after the war. Even a temporary abandonment of the program now would be construed everywhere as its permanent abandonment. Unless we continue to maintain our position of leadership in the promotion of liberal trade policies, unless we continue to urge upon others the need of adopting such policies as the basis of postwar economic reconstruction, the future will be dark, indeed. The triumph or defeat of liberal trade policies after the war will, in large measure, be determined by the commitments which the nations will assume between now and the peace conference."

Opponents of the program rejected the thesis that it was an instrument for promoting international cooperation in the field of foreign trade. They argued that the scope of the program had been enlarged far beyond that originally intended and that for this reason the Congress should exercise closer supervision over its operation. They objected particularly to the fact that the trade-agreement authorities had reduced not only the duties imposed by the tariff act but also the excise taxes imposed on the importation of certain commodities (taxes which were held by the judiciary to be duties) in the Revenue Acts of 1932 and 1934. They objected also to the binding of items on the free list, to guaranteeing that no quotas would be imposed on imports of articles covered by trade-agreement concessions, to the binding of internal excise taxes against increase, and to agreement not to subject certain products to internal excise taxes. Special criticism, moreover, was made of the practice of generalizing trade concessions in accordance with the most-favored-nation principle, the direct consequence of which, they stated, was to inflict serious harm on a number of domestic industries.

The administration of the trade-agreements program was strongly defended against

[11] This language is vague, but it was obviously intended to preclude repeated reductions by successive agreements which would result in an aggregate reduction of more than 50 percent from the rate fixed by existing (or future) statute or proclamation under sec. 336 of the Tariff Act of 1930.

[12] However, to the extent that trade agreements were employed to secure equitable allocations of foreign exchange from debtor countries, the agreements did directly serve to facilitate service and repayment of such debts. Moreover, any increase in imports from a debtor country resulting from concessions by the United States would have that effect.

[13] U. S. Congress, Senate Committee on Finance, Extension of Reciprocal Trade Agreements Act, hearings on H. J. Res. 407 (76th Cong., 3d sess.), 1940, rev., p. 16.

these and other criticisms in the hearings before congressional committees and in the debates in the two Houses of Congress. The unconditional most-favored-nation principle was in particular vigorously defended. The majority report of the House Committee on Ways and Means described it as the "antithesis of the policy of discrimination which leads to retaliation, trade wars, and general anarchy in international commercial relations."[14] This report stated further that the principle "has not been, and should not be, a subject of partisan controversy. It has been advocated and applied by Republican as well as Democratic administrations."

Congress again extended the Trade Agreements Act in its original form for a 3-year period ending in June 1943.

During the 3 years 1940–43, United States foreign-trade relations were dominated principally by military considerations, especially after December 7, 1941.[15] World-wide hostilities seriously disorganized the economic structure of many countries, both belligerent and neutral; commercial intercourse between enemy countries was stopped; and the foreign trade of many neutral nations came under the control of either or both of the belligerent groups.

During the period that the second renewal of the Trade Agreements Act was in force (1940–43), the United States entered into agreement with the following seven countries:[16] Canada, Argentina, Cuba, Peru, Uruguay, Mexico, Iran.

The trade agreements with both Canada and Cuba were supplementary to the prior agreements with those countries. That with Canada related to only one product, silver-fox furs.

1943–45

The question of further extension of the trade-agreement authority came up again in 1943 in the midst of the war and received greater congressional support than in 1934, 1937, or 1940. The opponents of extension continued to advocate that trade agreements should require approval of Congress and to urge amendments limiting the authority of the President in various ways. As in preceding renewals, there was much debate on proposals made to require use of difference in cost of production for determinig maximum reductions in duties and to forbid reductions in duties on agricultural imports whenever competitive domestic products were selling below parity prices.

At this time, confidence in ultimate military victory over the Axis powers was strengthening, but it was accompanied by concern over the unpredictable economic conditions which would confront the United States when hostilities ended. As a consequence, proposals were made to relate the termination of trade agreements to the end of the war. Another proposal was to make trade agreements revocable by joint resolution of Congress.[17] The act was finally renewed in its original form, except for one minor amendment,[18] but only for a 2-year period, in contrast to the 3-year periods for which it had previously been extended. The act was now to expire in June 1945.

Negotiation of trade agreements during 1943-1945 was, as might be expected under war conditions, virtually at a standstill. Only one new agreement, that with Iceland, was negotiated. The agreement with Iran also came into effect during this period although it had been concluded previously.

1945 to negotiations at Geneva in 1947

When the Trade Agreements Act was considered for renewal in 1945, Germany's military operations had already collapsed, and Japan was meeting with major reverses. With the end of hostilities in sight, Congress began to give serious thought to the problems of peace.

It was apparent that Germany and Japan, important trading nations before the war, would not provide large-scale exports for some time to come. The export potentialities of other highly industrialized countries also had suffered under the strain of war. In contrast, the United States had greatly expanded its production capacity during the war and would be obliged, if serious economic dislocations were to be avoided, to maintain high production after hostilities ceased.

At this time the United Nations Conference in San Francisco (April 25 to June 26, 1945) was laying plans for the establishment of an organization for the maintenance of world peace. The United States and the other countries comprising the United Nations were pledging themselves, among other things, to cooperate in establishing economic conditions favorable to maintenance of international peace and security.[19]

President Roosevelt, in one of his last messages to Congress, strongly recommended renewal of the Trade Agreements Act, stating that "we cannot succeed in building a peaceful world unless we build an economically healthy world."[20] The House of Representatives Special Committee on Postwar Economic Policy and Planning (Colmer Committee), recommended not only renewal of the Trade Agreements Act, but also a broadening of the President's authority under it. Congressional debate was directed largely to the request of the President for broadened authority to reduce duties and to certain proposed amendments to provide for new limitations on the authority previously granted. Much of the executive's bargaining power had been used up in the 11 years of negotiation under the authority granted in the original Trade Agreements Act. The maximum allowable reductions in duty had been made on over 40 percent of United States dutiable imports (as of 1939), and smaller reductions had been made on more than 20 percent of such imports. Authority to offer additional concessions would be necessary, it was argued, if extensive further concessions were to be obtained.

Assistant Secretary of State Clayton, in his testimony before the House Ways and Means Committee,[21] emphasized the importance of the program as a vehicle for expanding trade through private enterprise. Unless economic liberalism and the institution of private enterprise are retained by the majority of nations, multilateral trading, he asserted, is likely to be superseded by economic blocs and systems of governmental barter, both of which would tend in the long run to contract international trade and both of which are "contrary to our deepest convictions about the kind of economic order which is most conducive to the preservation of peace."

Congress again renewed the Trade Agreements Act, this time for a 3-year period to end in June 1948. For the first time, the act was amended in important respects, the principal change being to authorize the President to base tariff concessions on the rates in force on January 1, 1945, many of which had already been reduced by trade agreements. A detailed description of all the amendments made in 1945 is given in chapter 4 of this part of the report.

In the discussion which preceded the extension of the Trade Agreements Act with authority further to reduce duties, considerable attention was centered on the question of adequate safeguards for domestic producers in the event of further duty reductions, especially in view of the uncertainties of the postwar period. Spokesmen for the administration assured congressional committees that the effort had always been made to avoid serious injury to domestic industries and to afford adequate safeguards but that, going further, all future trade agreements under the act would contain a comprehensive escape clause similar to that which had been included in the trade agreement made with Mexico in 1942. This clause was interpreted to permit not only the withdrawal of a concession granted but also the modification of a concession, by imposing quota limitations on imports, or otherwise, when found necessary to prevent or remedy serious injury to domestic producers. Just before the United States, under authority of the act as amended in 1945, began tariff negotiations at Geneva, the President, in Executive Order 9832, issued February 25, 1947, established the specific requirement that in every agreement thereafter entered into under the authority of the act, an escape clause of this character should be included.[22]

Before the negotiation of the multilateral trade agreement in Geneva in 1947, only one new amendment was concluded under the Trade Agreements Act as amended in 1945—the agreement with Paraguay signed in September 1946 and made effective in April 1947.

CHAPTER 3. THE GENEVA NEGOTIATIONS AND OTHER RECENT INTERNATIONAL EFFORTS TO REHABILITATE WORLD TRADE

In November 1945 the United States Government published and transmitted to other

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[14] H. Rept. 1594 (76th Cong., 3d sess.), p. 41.

[15] Even before the United States formally became a belligerent, it supplied munitions of war under the Lend-Lease Act (March 11, 1941) to those countries which were actively engaged in resisting aggression. And on January 1, 1942, the United States and each of the 25 other countries comprising the United Nations not only subscribed to the principles set forth in the Atlantic Charter (August 14, 1941) but also pledged inter alia "to employ its full resources, military or economic, against those members of the Tripartite Pact and its adherents with which such government is at war."

[16] After the Japanese attack on Pearl Harbor in 1941, Secretary of State Hull revealed that on November 26, 1941, the United States had proposed to Japan a comprehensive agreement which provided inter alia: That Japan withdraw all military and police forces from China and Indochina; that neither the United States nor Japan support any government or regime in China other than the National Government of the Republic of China; that both governments give up all extraterritorial rights in China; and that the United States and Japan "enter into negotiations for the conclusion * * * of a trade agreement, based upon reciprocal most-favored-nation treatment and reduction of trade barriers by both countries, including an undertaking by the United States to bind raw silk on the free list" (Department of State Bulletin, vol. 5, December 13, 1941, pp. 462–464).

[17] United States Congress, Senate Committee on Finance, Extension of Reciprocal Trade Agreements Act, Hearings on H. J. Res. 111 (78th Cong., 1st sess.), 1943, rev., p. 9.

[18] This amendment is described in chapter 4 of this section of the report.

[19] This pledge was formally undertaken when the United Nations Charter was signed by the United States and 49 other nations on June 26, 1945. (Poland, one of the original members of the United Nations, signed on October 15, 1945.)

[20] CONGRESSIONAL RECORD, vol. 91, pt. 2 (79th Cong., 1st sess.), Mar. 26, 1945, p. 2793.

[21] U. S. Congress, House Committee on Ways and Means, 1945 Extension of Reciprocal Trade Agreements Act, hearings on H. R. 2652, superseded by H. R. 3240 (79th Cong., 1st sess.), 1945, vol. 1, rev., p. 20.

[22] A fuller discussion of the escape clause and Executive Order 9832 is given in ch. 4 of this section of the report.

governments for their consideration the document proposals for expansion of world trade and employment.[23] These proposals, which were developed by a technical staff within the Government of the United States, were intended for consideration by an international conference on trade and employment. They called for the establishment of an international trade organization of the United Nations, suggested the structure for such an organization, and laid down procedures for reducing tariffs and for abolishing, so far as practicable, tariff preferences and nontariff barriers to the flow of trade between countries. On December 13, 1945, the United States Government announced that it had followed this document up by inviting 15 other countries (Australia, Belgium-Luxemburg, Brazil, Canada, China, Cuba, Czechoslovakia, France, India, Netherlands, New Zealand, Union of South Africa, Soviet Union, and the United Kingdom) to meet with it to prepare projects for consideration by a general international conference on trade and employment and to negotiate with each other for the reciprocal reduction of tariffs and the elimination of tariff preferences.

The proposed tariff negotiations and the proposed charter for an international trade organization were part of a broad program designed to rehabilitate the world trading system, which had been largely disrupted by the war, and represented the culmination of a long series of international efforts to that end initiated by the United States Government. The history of these efforts is briefly set forth below.

The Atlantic Charter and lend-lease agreements

The Atlantic Charter, proclaimed in August 1941 by President Roosevelt and Prime Minister Churchill, pledged their respective governments to assist all states on equal terms (but with due regard to existing obligations) and to obtain access to the trade and raw materials of the world essential to their economic prosperity. Subsequently all the other countries which joined the United Nations during the continuance of hostilities joined in this pledge.

Under the lend-lease program, which became effective on March 11, 1941, the United States and various other members of the United Nations committed themselves to broad proposals for the reduction of trade barriers. In article VII of each of the master lend-lease agreements executed between the United States and various other members of the United Nations, the governments concerned agreed that, in the final settlement for lend-lease aid, provision should be included for agreed action directed to the expansion of employment and of the exchange and consumption of goods, to the elimination of discriminatory treatment in international trade, to the reduction of tariffs and other trade barriers, and to the attainment of the other objectives of the Atlantic Charter.

The United Nations and subsidiary organizations

Chapters IX and X of the United Nations Charter, adopted in June 1945, created the Economic and Social Council, one of the main functions of which is to promote international economic cooperation.[24] Subsidiary organizations of the United Nations likewise obligated member countries to participate in various programs of economic collaboration. For example, when the Food and Agriculture Organization was established, members of the United Nations agreed to cooperate, after the cessation of hostilities, in programs to maintain open channels of world trade.

The International Monetary Fund and the International Bank for Reconstruction and Development

Following the Bretton Woods Conference in July 1944, the International Monetary Fund and the International Bank for Reconstruction and Development were created. Members of the Monetary Fund agreed, in effect, to assist one another in reducing or avoiding monetary disturbances and in making the currencies of the member nations freely convertible into one another. The resources of the Monetary Fund were not available to finance capital investments or long-term transactions; that type of assistance was to be rendered by the International Bank for Reconstruction and Development, which was authorized to extend credits for the purpose of promoting the postwar reconstruction and rehabilitation of national economies and their orderly development thereafter.

Proposed charter for an International Trade Organization

During the war years various interdepartmental committees, composed of United States Government officials and experts having to do with foreign-trade policies, devoted much time to consideration of how to reestablish world trade after the war on a multilateral basis and how to eliminate the arbitrary restrictions, discriminations, and barter arrangements which had grown up in that period and during the depression of the 1930's. These interdepartmental committees envisaged the creation of an international trade organization for this purpose and prepared a tentative draft of a charter for such an organization. This draft was made the subject of discussions with representatives of the United Kingdom during the progress of the negotiations which resulted in the Anglo-American Financial and Commercial Agreements of 1945.[25]

The financial agreement provided not only that the United States would extend a line of credit (of $3,750,000,000) to assist the United Kingdom in meeting its postwar balance-of-payments difficulties, but also that the two governments would support a program designed to promote a more rapid transition from controlled bilateral to free multilateral trading. The principles to be included in such a program were incorporated by the State Department in the United States proposals for the expansion of world trade and employment, to which reference has already been made. The British Government declared itself to be in full agreement on all important points in these proposals and accepts them as a basis for international discussion."[26]

As the suggestion of the United States for the establishment of an international trade organization was favorably received by most members of the United Nations, the Economic and Social Council in February 1946 undertook, on motion of the United States, to sponsor the International Conference on Trade and Employment envisaged in the United States proposals. The Council set up a preparatory committee which was to arrange for the conference, to draft an agenda for its deliberations, and to prepare a draft charter for the proposed organization. The 20 countries invited to serve on that committee were Australia, Belgium-Luxemburg, Brazil, Canada, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon (on behalf of the Lebanon-Syrian Customs Union), the Netherlands, New Zealand, Norway, the Union of South Africa, the Soviet Union, the United Kingdom, and the United States. This list comprised the 15 countries which the United States had originally invited to participate in a trade conference plus 4 others (Chile, Lebanon, Syria, and Norway). All except the Soviet Union accepted the Council's invitation.

The first session of the preparatory committee convened in London in October 1946. In preparation for this meeting, the United States Department of State issued in September the document Suggested Charter for an International Trade Organization of the United Nations. This document, which was adopted as a basis for discussion at the London conference, was an elaboration of the Proposals for Expansion of World Trade and Employment issued earlier. The draft charter which emerged from the London session was a substantial revision of the suggested charter and in particular included an entirely new chapter on economic development. With respect to certain articles of the suggested charter, however, no decision was reached.

Before the close of its first session the preparatory committee appointed a drafting committee to make further alterations in the draft charter. As a result of the labors of this drafting committee in New York during January-February 1947, there emerged the New York draft, which was taken as a basis for discussions at the second session of the preparatory committee which met in Geneva in April 1947. At that meeting, after more than 4 months of discussion and a series of compromises, a new draft embodying many alterations and changes was prepared for submission to the United Nations Conference on Trade and Employment which met in Habana, Cuba, on November 21, 1947. The conference completed its work March 24, 1948, after making further revisions and completing the charter.

Trade negotiations at Geneva in 1947

The United States invitation issued in December 1945 to 15 countries was not only to prepare projects for consideration by a general international conference on trade and employment but also to negotiate, both with the United States and with each other, for the reduction of tariffs and the elimination of tariff preferences on specific commodities.

The Preparatory Committee, at its first session in London, adopted a resolution recommending to the governments concerned that the tariff negotiations to which the United States had issued invitations be held under the sponsorship of the Preparatory Committee as a part of its second session. It also recommended procedures for carrying through the negotiations in such a way as to give effect to certain provisions of the charter of the International Trade Organization by means of a general agreement on tariffs and trade among the members of the Preparatory Committee.[27] These recommendations were accepted; accordingly tariff negotiations were conducted at Geneva (April–October 1947) as a part of the second session of the Preparatory Committee for the United Nations Conference on Trade and Employment.

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[23] U. S. Department of State, Commercial Policy Ser. 79, pub. 2411, 1945.

[24] See arts. 55 and 56 of the Charter of the United Nations.

[25] Department of State Publication 2439 (Commercial Policy Ser. 80), 1945. This includes joint statements on commercial policy, lend-lease, and other matters, as well as the Anglo-American Financial Agreement (loan agreement), for which see also Treaties and Other International Act Series 1545 (Department of State Publication 2676), 1946.

[26] "Proposals on World Trade and Employment: Joint Statement by the United States and the United Kingdom," Department of State Bulletin, vol. 13, Dec. 9, 1945, p. 912 (State Department Press Release No. 905, Dec. 5, 1945).

[27] Report of the First Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, London, 1946, p. 48.

The results of the negotiations on tariff and tariff preferences were included in a General Agreement on Tariffs and Trade, which also included general provisions, most of them similar to the corresponding provisions in the Geneva draft of the proposed Charter for an International Trade Organization.[28] The negotiations, however, were conducted largely on a bilateral basis. The United States, for example, conducted separate negotiations with each of the other countries represented on the Preparatory Committee. The 19 countries (including the United States) on this Committee commenced negotiations with each other as 16 so-called negotiating units, one of these being the Benelux Customs Union (Belgium, Luxemburg, and the Netherlands) and another the Lebanon-Syrian Customs Union. During the course of the negotiations, however, the number of negotiating units was increased by four: Burma, Ceylon, and Southern Rhodesia, for whom negotiations were initially conducted by the United Kingdom, and Pakistan, which came into existence during the course of the negotiations. Thus, in all, 23 countries, including the United States, signed the final act authenticating the text of the General Agreement on Tariffs and Trade. So far (April 1948), however, only nine countries have signed the Protocol of Provisional Application and put the agreement into effect provisionally, subject to termination on 60 days' written notice.[29]

The principal reason advanced for conducting tariff negotiations simultaneously with a number of countries was that such procedure seemed to give promise of securing a greater and more prompt relaxation of trade barriers the world over than would be possible under the trade-agreement procedures previously employed. It was thought that the willingness and ability of individual countries to reduce trade barriers, eliminate preferential and other discriminatory trading practices, and renounce barter arrangements would generally depend on the willingness of others to take corresponding action and that simultaneous negotiations would provide an opportunity for each participating country to exploit its bargaining position more fully in dealing, for example, with two or more countries interested in a concession on the same or similar terms. Moreover, it was believed that the proposed negotiating procedure would facilitate simultaneous change in duties on related items in the tariff schedule, a practice not generally possible in ordinary bilateral negotiations. It was recognized, however, that the simultaneous negotiation procedure had certain disadvantages, the principal one being that successful negotiation by each pair of countries might be contingent upon the success of the negotiations as a whole.

So far as the United States was concerned, the negotiations conducted at Geneva were under the authority of the Trade Agreements Act, as amended, and in accordance with the procedures established thereunder. As a necessary preliminary to participation in these negotiations, the United States Department of State announced formally in November 1946 that the United States intended to participate in the aforementioned trade negotiations in Geneva in the following year. The formal public announcement contained a list of the items in the United States tariff schedule on which this Government was prepared to consider granting tariff concessions.

Public hearings were conducted in Washington, D. C., from January 13 to January 31, 1947,[30] for the purpose of giving interested parties an opportunity to make representations concerning the proposed negotiations. Actual trade negotiations began in Geneva on April 10, and continued until October 30, 1947, when the final act authenticating the multilateral agreement was signed by the United States and the other participating countries. The manner in which the negotiations were conducted and the results of the negotiations are described in later sections of this report.

CHAPTER 4. LEGISLATION AND EXECUTIVE ORDERS PERTAINING TO TRADE AGREEMENTS

Trade Agreements Act of 1934

The original Trade Agreements Act,[31] which went into effect June 12, 1934, was an amendment to the Tariff Act of 1930. That amendment became section 350 under title III, part III, of the Tariff Act, a part entitled "Promotion of Foreign Trade."

The Trade Agreements Act, according to its preamble, was enacted "for the purpose of expanding foreign markets for the products of the United States." This purpose was sought "as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce."

The expansion of foreign trade was to be accomplished "by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States."

To carry out the purpose of the act by the prescribed means, the Congress authorized the President of the United States—

"(1) To enter into foreign-trade agreements with foreign governments or instrumentalities thereof; and (2) to proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign-trade agreements, as are required or appropriate to carry out any foreign-trade agreement that the President has entered into hereunder."

Authority was conferred upon the President to enter into trade agreements under the act "whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States."

The President's authority to proclaim changes in United States duties or other import restrictions was circumscribed by three specific limitations:

(1) No rate of duty could be increased or decreased by more than 50 percent of the existing rate.

(2) No article could be transferred between the free and dutiable lists.

(3) Duties proclaimed under authority of the act were to apply to imports from all countries, except that the President was authorized to withhold trade concessions from countries which either discriminate against American commerce or pursue policies which tend to defeat the purposes of the Trade Agreements Act.[32]

The act specifically provided that trade agreements with counties other than Cuba should not prevent continuance or modification of the long standing preferential trade relations existing between the United States and Cuba.[33] United States rates of duty applicable to imports from Cuba could be increased or decreased, in accordance with an agreement with that country, by as much as 50 percent.

Procedural limitations imposed upon the President required that before he should conclude a trade agreement under authority of the act—

"(1) Reasonable public notice of the intention to negotiate an agreement * * * shall be given in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate. * * *

"(2) The President shall seek information and advice with respect thereto from the United States Tariff Commission, the Departments of State, Agriculture, and Commerce, and from such other sources as he may deem appropriate."

The act provided that every trade agreement made under its authority should be subject to termination, upon due notice to the foreign government concerned, at the end of not more than 3 years from the effective date of the agreement. If not then terminated, the agreement would be subject to subsequent termination upon not more than 6 months' notice. The President's authority to enter into trade agreements was limited to a 3-year period dating from enactment of the law.

Extensions of the Trade Agreements Act

The Trade Agreements Act was renewed by joint resolutions of Congress in 1937,[34] 1940,[35] and 1943.[36] The first two of these extensions were for 3-year periods and the third extension was for 2 years. No other changes were made in the provisions of the original act, except that the renewal in 1943 specifically included "operations of international cartels" among the acts of a foreign country which would provide the President with a basis for withholding from that country trade-agreement concessions which would otherwise be extended to it.

When the Trade Agreements Act was renewed by the Congress in 1945, again by joint resolution,[37] it was amended in important respects. The principal modification was a change in the base upon which the maximum permissible changes in tariff rates would be calculated. Whereas under the original Trade Agreements Act any duty could be increased or decreased by 50 percent of the "existing

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[28] The primary purpose of the general provisions in the General Agreement, as well as of the general provisions in trade agreements made under the Trade Agreements Act prior to the Geneva negotiations, was to safeguard the tariff concessions made in the agreements. The general provisions in trade agreements are discussed in chapter 6 of this part of the report.

[29] This protocol is discussed in chapter 6 of this part of the report. Czechoslovakia, the tenth nation to sign, did so on March 21, 1948, putting the agreement into effect provisionally on April 21, 1948.

[30] Supplementary hearings were also held in Washington, D. C., on February 6, and on March 20, 1947.

[31] Public Law 316 (73d Cong., 2d sess.). (See appendix B.)

[32] Under authority of this provision, trade-agreement concessions were withheld from Germany and, for a short time, from Australia.

[33] First provided for by the treaty of commercial reciprocity concluded between the United States and Cuba in 1902.

[34] Public Res. 10 (75th Cong., 1st sess.), 1937.

[35] Public Res. 61 (76th Cong., 3d sess.), 1940.

[36] Public Law 66 (78th Cong., 1st sess.), 1943.

[37] Public Law 130 (79th Cong., 1st sess.), 1945, reproduced as appendix C.

rate,"[38] under the 1945 extension of the act the same maximum percentage change could be applied against whatever rate was in existence on January 1, 1945 (including even a rate temporarily suspended by act of Congress). Thus, if a rate had already been reduced by 50 percent, it could be reduced an additional time by 50 percent, or 75 percent below the original rate. However, if the rate in effect on that date was an emergency rate such as was established for a number of commodities by trade agreements made during the war, any further change was to be calculated on the basis of the postemergency rate. Furthermore, whenever the United States reserved the unqualified right, under provisions of a trade agreement, to withdraw or modify a rate on a specific commodity after the termination of war or an emergency "the rate on such commodity to be considered as 'existing on January 1, 1945' * * * shall be the rate which would have existed if the agreement had not been entered into." The 1945 amendment also provided that no agreement could be proclaimed which had already been terminated in whole by the President before enactment of the amendment.

Another provision of the 1945 amendment added the War and Navy Departments to the group of Government agencies from which the President is required to "seek information and advice" with respect to foreign-trade agreements.

Executive Order 9832

On February 25, 1947, the President issued Executive Order 9832,[39] the purpose of which, according to the Presidential statement[40] which accompanied it, was to formalize and make mandatory certain existing trade-agreement procedures and to change certain of those procedures, in order to make assurance doubly sure that American interests will be properly safeguarded. The statement reaffirmed the administration's faith in the Cordell Hull reciprocal trade-agreements program and explained that the provisions of the Executive order did not deviate from the traditional Cordell Hull principles.

General Escape Clause

The provision of the order particularly designed to safeguard American interests is that requiring insertion in all future trade agreements of a so-called escape clause under which the United States reserves the right to withdraw (under specified circumstances) a concession which causes or threatens serious injury to domestic producers. Such a clause was in fact contained in the trade agreement with Mexico signed December 23, 1942.

Under the mandatory escape clause, a trade-agreement concession on any article may be withdrawn, in whole or in part, or modified, to the extent and for such time as may be necessary, whenever all of the following conditions are present:

(1) Imports of the articles have increased.

(2) This increase has resulted from the concession and from developments unforeseen at the time the agreement was consummated.

(3) The increase has been in such quantity and under such conditions as to cause, or threaten, serious injury to domestic producers of like or similar articles.

The Executive order designates the Tariff Commission as the agency responsible for determining when the aforementioned conditions exist. The Commission is required to conduct investigations for that purpose upon the request of the President, upon its own initiative, or upon application of an interested party when in the judgment of the Tariff Commission there is good and sufficient reason therefor. Whenever the Commission shall find, as a result of such investigation, that serious injury is being caused or threatened, the Commission is required to report its finding to the President and to recommend, for his consideration in the light of the public interest, withdrawal or modification of the concession.

In the conduct of investigations, the Commission is required to hold public hearings; to give reasonable advance notice thereof to the public; and to afford reasonable opportunity for interested parties to be present, to produce evidence, and to be heard at such hearings. The Tariff Commission is instructed to prescribe from time to time the rules and regulations governing investigations and hearings.[41]

The Executive order also requires the Commission to keep informed at all times on the operation and effect of trade-agreement provisions relating to duties or other import restrictions of the United States and to submit to the President and the Congress, at least once a year, a factual report on the operation of the trade agreements program. The present report, which is made in compliance with the Executive order, is the first comprehensive report covering the program as a whole.

Interdepartmental Committee on Trade Agreements

Part II of Executive Order 9832 designates an Interdepartmental Committee on Trade Agreements (usually referred to as the Trade Agreements Committee) to act as the agency through which the President should seek information and advice from Government agencies before concluding a trade agreement and prescribes the procedures which shall be followed in making such an agreement. For the most part the Executive order formalizes the organization (including an interdepartmental committee on trade agreements) and general procedure which has been followed since enactment of the original Trade Agreements Act. Membership of the Trade Agreements Committee has changed from time to time, but most of the Departments which were originally represented on it continue to be represented on it under the Executive order, which names as members a Commissioner of the Tariff Commission and persons designated from their respective agencies by the Secretaries of the Departments of State, Treasury, War, Navy, Agriculture, Commerce, and Labor. The War and Navy Departments were first represented on the Trade Agreements Committee on July 5, 1945, as provided in the extension and amendment of the Trade Agreements Act on that date. The representative of the State Department had always served as Chairman of the Trade Agreements Committee and under Executive Order 9832 continues to serve in the same capacity.

The Executive order allocates among the Departments represented on the Trade Agreements Committee responsibility for carrying out various phases of the work involved in the negotiation of trade agreements. For the most part the order in this respect formalizes practices which had already been in use. The Tariff Commission is required to submit to the Trade Agreements Committee a digest of the facts relative to the production, trade, and consumption of each import item considered by that committee for inclusion in a trade agreement; to estimate the probable effect of granting the concession; and to describe the competitive factors involved. The Tariff Commission is required to publish these digests, excepting only those parts containing confidential material. The Department of Commerce is assigned corresponding functions with respect to United States export items considered for inclusion in a trade agreement, but the Department of Commerce is not required to publish its digests.

It is provided that the Trade Agreements Committee shall make such recommendations to the President—rather than to the Secretary of State as previously—"relative to the conclusion of trade agreements, and to the provisions to be included therein, as are considered appropriate to carry out the purposes" set forth in the Trade Agreements Act as amended. These recommendations are to be made after the committee has considered and analyzed all information available to it, including the information submitted by the Tariff Commission and the Department of Commerce and the views of interested persons which have been presented to the Committee for Reciprocity Information[42] and submitted by that committee to the Trade Agreements Committee. This procedure is substantially in continuation of that previously followed by the Trade Agreements Committee. There is, however, one important innovation. If any recommendation of the Trade Agreements Committee does not have unanimous approval, the dissenting member or members are required to submit to the President a report "giving the reason for their dissent and specifying the point beyond which they consider any reduction or concession involved cannot be made without injury to the domestic economy."

Most-Favored-Nation Treatment of United States Exports

Part III of Executive order 9832 requires that each trade agreement shall contain "a most-favored-nation provision securing for the exports of the United States the benefits of all tariff concessions and other tariff advantages hereafter accorded by the other party or parties to the agreement to any third country. This provision shall be subject to the minimum of necessary exceptions and shall be designed to obtain the greatest possible benefits for exports from the United States." The Trade Agreements Committee is instructed to keep informed of discriminations by any country against United States trade and, "if the public interest will be served thereby," to recommend to the President that trade-agreement concessions be withheld from such country.

CHAPTER 5. ADMINISTRATIVE ORGANIZATION AND PROCEDURE

Executive Committee on Economic Foreign Policy

Although interdepartmental activities in connection with the administration of the Trade Agreements Act are centered in the Interdepartmental Committee on Trade Agreements, reference should first be made to the Executive Committee on Economic Foreign Policy (formerly the Executive Committee on Commercial Policy). The major functions of the Executive Committee are to assist in formulating and coordinating our Government's foreign economic policy. When this Committee was created by Executive letter of November 11, 1933,[43] its membership

[38] See footnote 11, ch. 2.

[39] Reproduced as appendix D.

[40] Reproduced as appendix E.

[41] See U. S. Tariff Commission, Procedure and Criteria With Respect to the Administration of the "Escape Clause" in Trade Agreements, 1948 [processed].

[42] This committee, whose composition and function are described in chapter 5 of this part of the report, was created by Executive Order 6750, dated June 27, 1934 (see appendix F). The committee remained under the jurisdiction of the Executive Committee on Commercial Policy (also described in chapter 5) until July 1939, when jurisdiction was transferred to the State Department under Executive Order 8190 (appendix G). Executive Order 6750 was again amended, principally to provide for an enlarged membership, by Executive Order 9647, dated October 25, 1945 (appendix H).

[43] This Committee was continued by Executive Orders 6656 (March 27, 1934) and 7260 (December 31, 1935), and Executive letter of April 5, 1944.

consisted of representatives of the Tariff Commission, the National Recovery Administration, and the Departments of State, Treasury, Commerce, and Agriculture. It was this Committee which assumed chief responsibility for the preparation of the original draft of the legislation culminating in the Trade Agreements Act and, subsequently, for making the initial recommendations regarding machinery for its administration.

The primary functions of the Executive Committee have not changed, but its membership has been modified and enlarged from time to time. Its present membership includes representatives from the Departments of State, Treasury, Agriculture, Commerce, Interior, Labor, National Military Establishment, National Security Resources Board, and the Tariff Commission. Other agencies also are consulted by the Committee when problems of particular interest to them are under consideration. It takes no direct part in the administration of trade-agreement legislation, this function having been assigned (under Executive Order 9832) to the Interdepartmental Committee on Trade Agreements. The Executive Committee on Economic Foreign Policy, however, does act in an advisory capacity in connection with matters of general policy which may be referred to it from time to time by the Trade Agreements Committee and the Committee on Reciprocity Information.

Interdepartmental Committee on Trade Agreements

Organization

Section 4 of the Trade Agreements Act of 1934 prescribed that before concluding any trade agreement "the President shall seek information and advice with respect thereto from the United States Tariff Commission, the Departments of State, Agriculture, and Commerce, and from such other sources as he may deem appropriate."

The Interdepartmental Committee on Trade Agreements (or the Trade Agreements Committee as it is usually called) was established shortly after the passage of the Trade Agreements Act for the purpose of supplying such "information and advice." Under this provision, the Trade Agreements Committee collects, sifts, and collates information obtained from Government agencies and from other sources with a view to making recommendations to the President and otherwise assisting him in the conduct of trade-agreement negotiations. The Trade Agreements Committee originally included members not only from the agencies specified in the act, but also from the Treasury Department, the Office of the Special Adviser on Foreign Trade, the National Recovery Administration, and the Agricultural Adjustment Administration. During the war, the Board of Economic Warfare and the Office of Price Administration were represented on the Committee. The present membership (April 1948) includes representatives from the Departments of State, Commerce, Agriculture, Treasury, Army, Navy, and Labor, and from the Tariff Commission. The Trade Agreements Committee has always made a practice of consulting Government departments and agencies which were not members of the Committee when matters of interest to them were under consideration.

A representative from the State Department has always served as chairman of the Committee. This representative has been the chief of the State Department's division which supervises trade-agreement matters. That division, established in 1935 as the Division of Trade Agreements, became in 1944, after a series of changes in name, the Division of Commercial Policy.

[44] When the Trade Agreements Act was extended in 1945, the War and Navy Departments were added to the above list.

Only one member from each agency has a vote on the Trade Agreements Committee. Decisions are by a simple majority of the members present and voting. Dissenting members have always been free to submit minority reports to the Secretary of State and even to the President; Executive Order 9832 (February 1947) requires dissenting members to submit them to the President. Members must not only set forth the reasons for their dissent, but they must also specify "the point beyond which they consider any reduction or concession involved cannot be made without injury to the domestic economy."

Functions and Subcommittees

The Trade Agreements Committee is responsible for recommending to the President specific trade agreements, for framing their detailed content, and for directing and supervising the whole trade agreements program. In turn, the Trade Agreements Committee has the aid of a number of subcommittees whose work it supervises.

The most important subcommittees are the so-called country committees. One of these is appointed whenever an agreement with some particular country is taken under active consideration. Like the Trade Agreements Committee, the country committees are interdepartmental and their members are designated by their respective agencies. Serving on each of these subcommittees are members from the Departments of State, Commerce, and Agriculture, and from the Tariff Commission.

The country committee for any given country analyzes the mass of information supplied by the various Government agencies, together with that supplied by private parties through the Committee for Reciprocity Information. On the basis of the information gathered, it makes specific recommendations to the Trade Agreements Committee on the content of the proposed trade agreement. Country committees function not only during the period of preparation for negotiation of agreements, but also during the actual negotiations.

At times the Trade Agreements Committee has established subcommittees other than the country committees, including the so-called commodity subcommittees. These latter subcommittees have supplied technical and tariff information on the more important groups of commodities and have estimated the effects on the domestic economy of granting (or of receiving) trade-agreement concessions on such commodities. The commodity subcommittees have been organized on the same interdepartmental basis as the country committees. The Trade Agreements Committee has also at times referred special problems to subcommittees of its own members.

Committee for Reciprocity Information

Section 4 of the Trade Agreements Act provides that before the President shall conclude an agreement with any foreign government under authority of that act, "reasonable public notice of the intention to negotiate * * * shall be given in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate, under such rules and regulations as the President may prescribe."

In conformity with the above provision, the President created the Committee for Reciprocity Information on June 27, 1934.[45] This is an interdepartmental committee on which the agencies represented are generally the same as those on the Trade Agreements Committee. Most persons designated to serve on the Trade Agreements Committee are also designated to serve on the Committee for Reciprocity Information. The agency representation on the latter committee has therefore been changed from time to time.[46] Each agency ordinarily designates one or two representatives to serve on this committee, but on two occasions—once before the negotiations with the United Kingdom in 1938 and again before the negotiations with the group of nations at Geneva in 1947—each agency appointed several representatives. These appointments were made to permit simultaneous hearings before a number of panels. The chairman of the Committee for Reciprocity Information is designated by the Secretary of State. Since the inception of this committee, the Secretary has regularly appointed to this post the Vice Chairman of the Tariff Commission.

[45] Executive Order 6750, June 27, 1934. See appendix F.

The primary functions of the Committee for Reciprocity Information are to provide an opportunity for all interested parties to present their views on proposed trade agreements and to see to it that those views are brought to the attention of both the members of the country committee concerned and the Trade Agreements Committee. For these purposes, the Committee for Reciprocity Information publicly announces the dates for filing briefs and the dates on which public hearings will be held; it acts as a depository for the briefs; it conducts the formal hearings at which oral presentations are made; it digests and classifies all the information contained in briefs and presented orally; and it forwards to the appropriate committees all the information and material it collects, in both the original form (briefs and trancripts of hearings) and abstracted form.

The Committee for Reciprocity Information employs a full-time secretary to take care of correspondence, to supervise the maintenance of files, and to channel information between interested private parties and appropriate personnel of the trade-agreements organization. Where circumstances warrant, the secretary of the Committee for Reciprocity Information also arranges for informal conferences between private parties and the committee or members of it, particularly regarding the operation of existing trade agreements.

Procedure followed in negotiating agreements

The various steps taken in the negotiation of a trade agreement are set forth below in the same sequence in which they generally occur. Some of the steps, however, overlap others in whole or in part.

[46] Executive Order 6750 provided that membership of the Committee for Reciprocity Information should be composed of appointees designated from their respective agencies by the Secretaries of State, Agriculture, and Commerce, the National Recovery Administrator, the Chairman of the Tariff Commission, the special adviser to the President on foreign trade, and the heads of such other Federal departments or offices as may be named from time to time by the Executive Committee on Commercial Policy. Executive Order 8190, July 5, 1939 (appendix G), which placed the Committee for Reciprocity Information under jurisdiction of the State Department, continued the arrangement whereby the Executive Committee on Commercial Policy designated members to the Committee for Reciprocity Information. Executive Order 9647, October 25, 1945 (appendix H), specified that members should be designated to represent their respective agencies by the Chairman of the United States Tariff Commission, by the Secretaries of State, Treasury, War, Navy, Agriculture, and Commerce, and by heads of such other agencies as the Secretary of State may designate upon the recommendation of the committee.

Preliminary Exploration

Before a trade agreement can be negotiated, the United States and the other country concerned must come to a tentative understanding that a basis for such an agreement exists. Conversations looking toward a trade agreement may be initiated either by the United States or the other country concerned; such conversations ordinarily take place through the regular diplomatic channels. Sometimes the foreign country does not understand the nature of the trade agreements into which the United States is prepared to enter. If the foreign country is unable or unwilling to negotiate within the limitations imposed by the Trade Agreements Act or is unwilling to grant to the United States unconditional most-favored-nation treatment and to receive concessions from the United States on a basis of their extension to all other countries, these preliminary conversations reveal the misunderstanding, and no further effort is directed toward negotiating an agreement at that time. On the other hand, if the preliminary conversations give evidence of the desire and ability of both countries to proceed to negotiation of an agreement, the Trade Agreements Committee appoints a country committee to make a detailed examination of all factors pertinent to such a negotiation.

Immediately upon being organized, the country committee requests the Commerce Department to supply information on past United States exports to the country in question, and requests the Tariff Commission to supply corresponding information on past United States imports from that country. The country committee then analyzes these data in the light of all other factors known to it which are pertinent to the future composition and magnitude of the trade between the two countries; after that, the committee prepares a tentative list of United States export articles on which the United States Government should request concessions of the foreign country, and a corresponding list of the import articles on which the United States should consider granting concessions to that country. The country committee then submits its report to the Trade Agreements Committee, together with its recommendation concerning the desirability of seeking an agreement with the country in question.

On the basis of the report and recommendations received from the country subcommittee, the Trade Agreements Committee may decide for or against proceeding with negotiations, or it may request additional information from that subcommittee before making its decision. For example, if the Trade Agreements Committee concludes that the United States is not likely to obtain concessions equivalent to those which it would be obliged to grant or if it learns that the foreign country is no longer interested in an agreement, the committee recommends to the State Department that no further steps be taken to effect an agreement. On the other hand, if a balanced agreement appears possible, the Trade Agreements Committee transmits to the President a recommendation that formal negotiations be undertaken, and accompanies that recommendation with two tentative lists of items: Those on which concessions might appropriately be asked of the foreign country and those on which concessions might be granted by the United States.

In the preparation of the list of commodities on which the United States might consider the grant of concessions, the country committee and the Trade Agreements Committee carefully consider both the competition between imports and domestic goods and the past and probable future sources of imports of the commodities. It is the general policy, in an agreement with any given country, not to grant a concession unless that country has been or is likely to become the principal, or at least a major, source of imports of the commodity.[47] Statistics on past imports are examined and any facts pointing toward a change in the sources of the imports are weighed.

After the proposal to negotiate is approved by the Secretary of State and the President, formal discussions with the foreign country are instituted. If that country is willing to negotiate, the first step is to reach an agreement with it on the list of articles on which the United States will tentatively consider granting concessions. Often the foreign country asks that more (sometimes many more) articles be included in the list than are included in it initially. These requests for additional listings are considered by the United States trade-agreement organization in the light of the principles on which the original list was based; some of the requests for listing may be granted and others refused. The foreign country is always given to understand that the inclusion of an item in the list for negotiation implies no assurance that a concession will actually be made on it.

After the final determination as to what articles shall be listed as potential subjects for concessions by the United States, the Secretary of State gives formal notice of the intention of the United States to negotiate an agreement with the foreign country.

Public Notice

In advance of negotiating a trade agreement with any country, the public is given notice of the Government's intention to negotiate, is advised of the list of import articles on which the United States will consider granting concessions, and is invited to supply the Government with any information that may be useful to it in the conduct of the negotiation.

Formal notice of intention to negotiate is made by the Secretary of State; it is published in the Federal Register and in other Government publications;[48] and it is issued to the press in order to assure rapid and widespread publicity through newspapers and radio broadcasts. At the same time, the Committee for Reciprocity Information announces the form and manner in which briefs may be submitted by interested parties, the final date for filing them, and the date or dates on which public hearings will be held. At least 6 weeks' notice is ordinarily given for the filing of briefs; public hearings usually commence 1 week after the closing date for filing.

Before 1937, the formal announcement of a proposed trade agreement was accompanied merely by a list of the principal items of imports from the foreign country concerned. This list was provided to give an indication of the classes of articles from which "concession items" were likely to be selected, but concessions were sometimes granted on minor items not appearing on that list. Since 1937, the above list has been replaced by a so-called public list on which appear all the import items on which the grant of a concession will be considered. This practice serves to notify those industries whose products are not on the list that they will not be directly affected by the negotiations; it is primarily for the convenience of such industries. Foreign governments do not follow a corresponding practice. When the public list is issued, interested parties are clearly informed that the inclusion of an item in the list is no indication that a concession will actually be made with respect to it.

A supplemental public list may be issued only when it is attended by the same formalities as the original public list, including notice as to the submission of briefs and the holding of public hearings. While no item which does not appear on the original or supplemental public list may be considered for a trade-agreement concession, many of the items so listed may prove, on a basis of detailed study of information contained in briefs or developed at public hearings or in the process of negotiations, to be unsuitable for a concession or to be suitable for a concession on only some subgroup of the item.

The Department of Commerce and the United States Tariff Commission give extensive publicity to the public list and also to the announcements made by the Department of State and the Committee for Reciprocity Information concerning the contemplated negotiations. Publications and announcements by all these Government agencies are sent to trade associations, trade publications, concerns, and individuals who are likely to be interested.

As quickly as possible after the announcement of the intention to negotiate, the United States Tariff Commission makes available to the Trade Agreements Committee and the country committee concerned a digest of the available information on each of the articles appearing in the public list. Before 1947, these digests were for the confidential use of these committees, although the digests regarding articles on which concessions were actually granted were usually made available to the public after the agreement was concluded. However, shortly before the public hearing in Washington commenced on January 13, 1947, on the proposed trade agreement to be negotiated with the "nuclear" group of countries in Geneva, the Tariff Commission published and distributed the digests of information (excluding confidential information) on each item in the published list.

Public distribution of digests before the negotiation of agreements gives domestic interests a knowledge of the primary data on which concessions by the United States may be based. It also makes the same information available to the foreign negotiators and thus enables them better to adapt their requests to the facts of United States production and trade. Since foreign governments, on the other hand, have not followed the practice of publishing in advance of negotiations digests of information on their import items or even a list of import items on which concessions will be considered, American negotiators have a wider latitude in requesting concessions but less information as to the specific articles on which foreign governments will consider granting concessions.

Steps in Negotiations

After the public hearings, the Committee for Reciprocity Information distributes to its members the transcripts of the hearings, in both their original and abstracted forms. These members—most of whom also serve on the Trade Agreements Committee—make this material available to the country committee in question and to other interested subcommittees.

The country committee examines this material, together with digests prepared by the Tariff Commission and the data received from various Government agencies, particu-

[47] In view of the fact that any concession by the United States is extended to all countries (unless withheld by the President for reasons specified in the Trade Agreements Act), the reason for this policy is obvious. Since only the country with which the particular agreement is negotiated grants direct concessions in compensation for a concession by the United States, this policy conserves the bargaining power of this country, seeking to assure maximum compensation for the concessions granted.

[48] Executive Orders 9647, October 25, 1945, specified publication in the Federal Register, Department of State Bulletin, Treasury Decisions, Foreign Commerce Weekly, and issuance to the press.

larly the Departments of Agriculture and Commerce. On the basis of the information thus acquired, the country committee prepares two lists for the consideration of the Trade Agreements Committee. One list comprises the concessions (names of articles and nature and extent of the concession) which the country committee considers appropriate to request of the foreign country, and the other list, those which it considers appropriate to grant to the foreign country (on the assumption that the foreign country makes adequate concessions).

These two lists prepared by the country committee and the supporting data are analyzed by the Trade Agreements Committee and are critically reviewed at joint meetings held with the country committee. From this review, there emerge the list of requests and the list of offers which the Trade Agreements Committee recommends to the President. If the lists are approved by him the United States is ready to begin negotiations.

Primary responsibility for the conduct of negotiations on behalf of the United States rests with the Department of State, which usually has the assistance of a negotiating team on which other agencies also are represented. A representative of the Department of State serves as chairman of the negotiating team, when such a team is established, and he serves as principal negotiator. Other members of the team generally include additional representatives from the Department of State as well as representatives from the Tariff Commission, the Departments of Commerce and Agriculture, and sometimes one or more other Government agencies.

United States negotiators are bound by the instructions they receive from the Trade Agreements Committee, and there is close collaboration between the negotiators and that Committee throughout the progress of negotiations. For example, if a foreign country requests a greater reduction in a United States duty than has been offered, such a request must be referred to the Trade Agreements Committee.

Negotiations generally continue until agreement is reached on terms which are acceptable to both sides. However, negotiations sometimes break down because no such agreement appears in prospect. In these circumstances efforts to negotiate an agreement with the country in question are abandoned, at least temporarily.

The formal signing of a trade agreement on behalf of the United States is done by a representative of the Department of State, usually the Secretary.

Each agreement provides for the date on which it will go into effect. The general practice of the United States has been to make the concessions granted by this country effective 30 days or more after public proclamation of the agreement, which usually follows promptly after the signing of the agreement. The United States proclamation is accompanied by a complete text of the agreement which sets forth in detail all concessions granted and received. This proclamation is followed by a Department of State release which analyzes in detail the general provisions of the agreement and the concessions granted and received thereunder. Also, in the past, the Tariff Commission has generally published a report which gave detailed trade and tariff information about the articles on which concessions had been granted by the United States. Executive Order 9832 requires the Tariff Commission to publish digests of information on all import items considered for inclusion in a prospective negotiation.

The Geneva Negotiations

The negotiations conducted at Geneva, Switzerland, in 1947 differed from earlier negotiations principally in the scale of the operations involved. The United States delegation was composed of 85 officials,[49] about half of whom were members of official negotiating teams. Initially there were 11 such teams,[50] each of which negotiated with one or more countries. Each United States team was composed of representatives from the Departments of State and Commerce and from the United States Tariff Commission. The negotiators received assistance from technical experts and advisers detailed to Geneva by various agencies of the Government, including not only the three agencies just mentioned but also the Departments of Agriculture, Treasury, Labor, War, and Navy. Negotiating teams of the United States also had the benefit of the counsel and direction of the official United States delegation to the Conference, as well as of the Trade Agreements Committee which held sessions in Geneva.

At Geneva the United States negotiated simultaneously with 22 countries. The separate agreements entered into were combined into a composite or multilateral trade agreement, known as the General Agreement on Tariffs and Trade, the final act authenticating which was signed at Geneva on October 30, 1947.[51]

CHAPTER 6. RÉSUMÉ OF TRADE AGREEMENTS

Pre-Geneva agreements

From the time the Trade Agreements Act of 1934 went into effect until the conclusion of the General Agreement on Tariffs and Trade in Geneva, Switzerland, in 1947, the United States concluded trade agreements with 28 different foreign countries. Single agreements only were entered into with 26 of those countries; but three agreements—one original and two others—were entered into with Cuba and with Canada. The United States therefore negotiated 32 separate agreements with 28 different countries before the Geneva agreement. Table 1 gives the names of the countries with which those agreements were made, the date on which each agreement was signed, and the date on which each went into effect.

TABLE 1.—*Countries with which the United States negotiated agreements under authority of the Trade Agreements Act of 1934, as amended, prior to the General Agreement on Tariffs and Trade consummated in Geneva, Switzerland, on October 30, 1947, by date of agreement*

Country	Date signed	Date effective
Cuba [1] (preferential agreement)	Aug. 24, 1934	Sept. 3, 1934
Brazil [1]	Feb. 2, 1935	Jan. 1, 1936
Belgium (and Luxemburg) [1]	Feb. 27, 1935	May 1, 1935
Haiti	Mar. 28, 1935	June 3, 1935
Sweden	May 25, 1935	Aug. 5, 1935
Colombia	Sept. 13, 1935	May 20, 1936
Canada (superseded by a second agreement)	Nov. 15, 1935	Jan. 1, 1936
Honduras	Dec. 18, 1935	Mar. 2, 1936
The Netherlands [1]	Dec. 20, 1935	Feb. 1, 1936
Switzerland	Jan. 9, 1936	Feb. 15, 1936
Nicaragua [2]	Mar. 11, 1936	Oct. 1, 1936
Guatemala	Apr. 24, 1936	June 15, 1936

Footnotes at end of table.

[49] U. S. Department of State, Press Release 181, March 11, 1947. Some of these officials, however, were more concerned with work on the Charter for the International Trade Organization than with trade-agreement negotiations.

[50] These were designated to negotiate with teams representing the following countries: United Kingdom, Canada, Southern Dominions (Australia, New Zealand, and South Africa); India, France, Belgium, Luxembourg, and Holland; China and Lebanon; Czechoslovakia, Brazil and Chile; Cuba, and Norway.

[51] General Agreement on Tariffs and Trade, United Nations Publications Sales No. —; 1947. II.10—Vol 1, Lake Success, N. Y., 1947.

TABLE 1.—*Countries with which the United States negotiated agreements under authority of the Trade Agreements Act of 1934, as amended, prior to the General Agreement on Tariffs and Trade consummated in Geneva, Switzerland, on October 30, 1947, by date of agreement*—Continued

Country	Date signed	Date effective
France [1]	May 6, 1936	June 15, 1936
Finland	May 18, 1936	Nov. 2, 1936
Costa Rica	Nov. 28, 1936	Aug. 2, 1937
El Salvador	Feb. 19, 1937	May 31, 1937
Czechoslovakia [3]	Mar. 7, 1938	Apr. 16, 1938
Ecuador	Aug. 6, 1938	Oct. 23, 1938
United Kingdom [1]	Nov. 17, 1938	Jan. 1, 1939
Canada (second agreement) [1]	——do——	——do——
Turkey	Apr. 1, 1939	May 5, 1939
Venezuela	Nov. 6, 1939	Dec. 16, 1939
Cuba (first supplementary agreement) [1]	Dec. 18, 1939	Dec. 23, 1939
Canada (supplementary fox-fur agreement) [1 4]	Dec. 13, 1940	Dec. 20, 1940
Argentina	Oct. 14, 1941	Nov. 15, 1941
Cuba (second supplementary agreement) [1]	Dec. 23, 1941	Jan. 5, 1942
Peru	May 7, 1942	July 29, 1942
Uruguay	July 21, 1942	Jan. 1, 1943
Mexico	Dec. 23, 1942	Jan. 30, 1943
Iran	Apr. 8, 1943	June 28, 1944
Iceland	Aug. 27, 1943	Nov. 19, 1943
Paraguay	Sept. 12, 1946	Apr. 9, 1947

[1] Superseded by the General Agreement on Tariffs and Trade negotiated at Geneva in 1947.

[2] The duty concessions and certain other provisions of this agreement ceased to be in force as of Mar. 10, 1938.

[3] Operation of this agreement suspended as of Apr. 22, 1939.

[4] Replaced a previous supplementary agreement relating to fox furs, signed on Dec. 30, 1939.

Most pre-Geneva agreements provide that they shall remain in force for an initial period of 3 years, after which they shall be automatically extended for an indefinite period, but subject to termination by one or the other of the contracting parties on giving 6 months' notice. Unless denounced in such manner, or rendered conditionally inoperative, or superseded, the pre-Geneva agreements which are still in force may remain in effect indefinitely, irrespective of whether or not the Trade Agreements Act is further extended.

When the Geneva agreement was concluded in October 1947, all but three of the trade agreements previously negotiated by the United States (under authority of the Trade Agreements Act of 1934) were still in effect.[52] Immediately after negotiation of the Geneva agreement, the United States signed separate supplementary agreements with the Belgo-Luxemburg Economic Union, Canada, Cuba, France, the Netherlands, and the United Kingdom, under which the pre-Geneva trade agreements with those countries are to remain inoperative as long as those countries maintain the Geneva agreement in effect.

GENERAL AGREEMENT ON TARIFFS AND TRADE (GENEVA AGREEMENT), 1947

Conduct of negotiations

The United States invited 19 foreign countries to participate in the negotiation of a multilateral trade agreement at Geneva, Switzerland, commencing April 10, 1947. The Soviet Union did not accept the invitation, but the other 18 countries, which are identified in table 2, accepted. At the outset of the negotiations the 19 participating countries (including the United States) were

[52] The exceptions were (1) the original trade agreement with Canada, which was superseded by a second and more comprehensive agreement with that country in 1939; (2) the trade agreement with Nicaragua, in which the duty concessions were terminated in 1938; and (3) the trade agreement with Czechoslovakia, which was terminated in 1939.

represented by 16 "negotiating units," also listed in table 2. (Belgium, Luxemburg, and the Netherlands, comprising the Benelux Customs Union, negotiated as a unit; so did the Lebanon and Syria Customs Union.) Several changes and additions were made in the composition of membership during the course of the negotiations, with the result that 23 countries, represented by 19 negotiating units, participated in the final negotiations (table 2).

Tariff negotiations at Geneva were conducted bilaterally on a product-by-product basis. As a general rule, each country negotiated for concessions on each of its important import commodities with its principal supplier of imports of that commodity.

If each of the participating teams had successfully negotiated with the others represented at Geneva, almost 200 separate bilateral agreements would have resulted. The actual number, however, was much smaller, inasmuch as several countries, particularly the smaller ones, did not find it practicable to negotiate when their trade with one another was not important.

TABLE 2.—*Countries which participated in trade-agreement negotiations at Geneva in 1947* [1]

19 countries (18 plus United States) which accepted invitation to participate [2]	16 initial negotiating units, or customs areas (15 plus United States)	19 final negotiating units, or customs areas (18 plus United States)	23 individual countries participating (22 plus United States)
Australia	Australia	Australia	Australia.
Belgium	Benelux Customs Union [3]	Benelux Customs Union [3]	Belgium.[3]
Brazil	Brazil	Brazil	Brazil.
		Burma [4]	Burma.[4]
Canada	Canada	Canada	Canada.
		Ceylon [4]	Ceylon.[4]
Chile	Chile	Chile	Chile.
China	China	China	China.
Cuba	Cuba	Cuba	Cuba.
Czechoslovakia	Czechoslovakia	Czechoslovakia	Czechoslovakia.
France	France	France	France.
India	India	India and Pakistan [5]	India.[5]
Lebanon (for Lebanon and Syria).	Lebanon and Syria Customs Union.	Lebanon and Syria Customs Union.	Lebanon.
Luxemburg			Luxemburg.[3]
Netherlands			Netherlands.[3]
New Zealand	New Zealand	New Zealand	New Zealand.
Norway	Norway	Norway	Norway.
			Pakistan.[5]
			Syria.
		Southern Rhodesia [4]	Southern Rhodesia.[4]
Union of South Africa	Union of South Africa	Union of South Africa	Union of South Africa.
United Kingdom	United Kingdom	United Kingdom	United Kingdom.
United States	United States	United States	United States.

[1] The Union of Soviet Socialist Republics was invited but did not accept.
[2] Including the areas for which these countries had authority to negotiate.
[3] The Belgium-Netherlands-Luxemburg Customs Union. The 3 countries signed the Geneva agreement separately.
[4] Initial negotiations were by the United Kingdom; but Burma, Ceylon, and Southern Rhodesia each signed the Geneva agreement.
[5] Initial negotiations were by India before partition, but the Geneva agreement was signed separately by the Dominion of India and the Dominion of Pakistan.

The various bilateral agreements were combined to form the single General Agreement on Tariffs and Trade; and the Final Act authenticating the text of that agreement was signed at Geneva on October 30, 1947. Each participating country, whether it negotiated separately or not, signed the Final Act (see table 2). Each signatory on making the agreement effective is contractually entitled to enjoy in its own right the concessions made effective by each of the other signatories.[53]

The full text of the Geneva agreement was published in four volumes by the Secretary General of the United Nations.[54] Volume I contains the general provisions, and the other three volumes, the schedules of concessions pledged by each of the participating countries. The concessions granted by each country comprise a separate schedule, e. g., schedule XX contains the concessions granted by the United States.

ENTRY INTO FORCE

The Geneva agreement does not enter into full force until 30 days after instruments of acceptance have been deposited with the Secretary General of the United Nations by signatory governments that account for 85 percent of the total external trade of the territories of governments which signed the Final Act of the Geneva Conference.[55] Appended to the Geneva agreement, however, is a protocol which provides for provisional application of the Geneva agreement. This protocol was signed on the same day as the Geneva agreement by eight "key countries"—Australia, Belgium, Canada, France, Luxemburg, the Netherlands, the United Kingdom, and the United States. They undertook to apply provisionally, commencing January 1, 1948, parts I and III of the General Agreement and also part II of that agreement "to the fullest extent not inconsistent with existing legislation." The protocol is to remain open until June 30, 1948, for signature of other countries which participated in the General Agreement and which desire to give provisional application to the aforementioned parts of the agreement. Any country which applies the agreement provisionally under this protocol is free to suspend the application thereof after giving 60 days' notice to the Secretary General of the United Nations.

On December 16, 1947, the President of the United States proclaimed that the Geneva agreement would be placed in effect provisionally as of January 1, 1948. The proclamation provided, however, that concessions by the United States of primary interest to countries which signed the Geneva agreement, but which had not at the time of the proclamation undertaken to put their schedules of tariff concessions into effect on January 1, 1948, would be withheld. As each of such countries later should signify its intention to put its tariff concessions into effect, the concessions temporarily withheld by the United States would be placed in effect by a further Presidential proclamation.

At the time the President made his proclamation, only the eight countries named above had signified their intention of giving provisional effect to the agreement on January 1, 1948. Shortly thereafter Cuba announced its intention to do likewise. This announcement was followed by a Presidential proclamation extending to Cuba as of January 1, 1948, the concessions which would have been withheld from it under the proclamation of December 16, 1947. The nine countries which put the Geneva agreement into effect provisionally on January 1, 1948, account for about 80 percent of total world trade. Concessions still withheld by the United States on April 1, 1948, are those which are of primary interest to Brazil, Burma, Ceylon, Chile, China, Czechoslovakia, India, Lebanon, New Zealand, Norway, Pakistan, Syria, Southern Rhodesia, and the Union of South Africa.

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[53] Provision is made in the agreement, however, for the withdrawal of any particular concession in the event that the principal beneficiary fails to apply, or withdraws from, the agreement (see discussion of art. XXVII of the Geneva agreement).

[54] General Agreement on Tariffs and Trade, United Nations Publications Sales No. —: 1947. II.10—Vols. 1–4, Lake Success, N. Y., 1947.

[55] The percentage agreed upon for each of the signatory governments is contained in annex H of the Geneva agreement. Inasmuch as this determination grants to the United States 25.2 percent of the total external trade of the territories of the signatory governments, one practical effect of this provision is to preclude its entering into full force and effect until the United States has deposited an instrument of acceptance with the Secretary General of the United Nations.

TRADE AGREEMENTS ACT OF 1934 AND ALL EXTENSION ACTS

[Public—No. 316—73d Cong.]
[H. R. 8687]

An act to amend the Tariff Act of 1930

Be it enacted, etc., That the Tariff Act of 1930 is amended by adding at the end of title III the following:

"PART III—PROMOTION OF FOREIGN TRADE

"SEC. 350. (a) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

"(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

"(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 per centum any existing rate of duty or transferring any article between the dutiable and free lists. The proclaimed duties and other import restrictions shall apply to articles the growth, produce, or manufacture of all

foreign countries, whether imported directly, or indirectly: *Provided*, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts or policies which in his opinion tend to defeat the purposes set forth in this section; and the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation. The President may at any time terminate any such proclamation in whole or in part.

"(b) Nothing in this section shall be construed to prevent the application, with respect to rates of duty established under this section pursuant to agreements with countries other than Cuba, of the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, or to preclude giving effect to an exclusive agreement with Cuba concluded under this section, modifying the existing preferential customs treatment of any article the growth, produce, or manufacture of Cuba: *Provided*, That the duties payable on such an article shall in no case be increased or decreased by more than 50 per centum of the duties now payable thereon.

"(c) As used in this section, the term 'duties and other import restrictions' includes (1) rate and form of import duties and classification of articles, and (2) limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports."

SEC. 2. (a) Subparagraph (d) of paragraph 369, the last sentence of paragraph 1402, and the provisos to paragraphs 371, 401, 1650, 1687, and 1803 (1) of the Tariff Act of 1930 are repealed. The provisions of sections 336 and 516 (b) of the Tariff Act of 1930 shall not apply to any article with respect to the importation of which into the United States a foreign trade agreement has been concluded pursuant to this Act, or to any provision of any such agreement. The third paragraph of section 311 of the Tariff Act of 1930 shall apply to any agreement concluded pursuant to this Act to the extent only that such agreement assures to the United States a rate of duty on wheat flour produced in the United States which is preferential in respect to the lowest rate of duty imposed by the country with which such agreement has been concluded on like flour produced in any other country; and upon the withdrawal of wheat flour from bonded manufacturing warehouses for exportation to the country with which such agreement has been concluded, there shall be levied, collected, and paid on the imported wheat used, a duty equal to the amount of such assured preference.

(b) Every foreign trade agreement concluded pursuant to this Act shall be subject to termination, upon due notice to the foreign government concerned, at the end of not more than three years from the date on which the agreement comes into force, and, if not then terminated, shall be subject to termination thereafter upon not more than six months' notice.

(c) The authority of the President to enter into foreign trade agreements under section 1 of this Act shall terminate on the expiration of three years from the date of the enactment of this Act.

SEC. 3. Nothing in this Act shall be construed to give any authority to cancel or reduce, in any manner, any of the indebtedness of any foreign country to the United States.

SEC. 4. Before any foreign trade agreement is concluded with any foreign government or instrumentality thereof under the provisions of this Act, reasonable public notice of the intention to negotiate an agreement with such government or instrumentality shall be given in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate, under such rules and regulations as the President may prescribe; and before concluding such agreement the President shall seek information and advice with respect thereto from the United States Tariff Commission, the Departments of State, Agriculture, and Commerce and from such other sources as he may deem appropriate.

Approved, June 12, 1934, 9.15 p. m.

[Public Res.—No. 10—75th Cong.]
[Ch. 22—1st sess.]
[H. J. Res. 96]

Joint resolution to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended

Resolved, etc., That the period during which the President is authorized to enter into foreign-trade agreements under section 350 of the Tariff Act of 1930, as amended by the Act (Public, Numbered 316, Seventy-third Congress) approved June 12, 1934, is hereby extended for a further period of three years from June 12, 1937.

Approved, March 1, 1937.

[Public Res.—No. 61—76th Cong.]
[Ch. 96—3d sess.]
[H. J. Res. 407]

Joint resolution to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended

Resolved, etc., That the period during which the President is authorized to enter into foreign-trade agreements under section 350 of the Tariff Act of 1930, as amended by the Act (Public, Numbered 316, Seventy-third Congress) approved June 12, 1934, is hereby extended for a further perior of three years from June 12, 1940.

Approved, April 12, 1940.

[Public Law 66—78th Cong.]
[Ch. 118—1st sess.]
[H. J. Res. 111]

Joint resolution to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended

Resolved, etc., That the period during which the President is authorized to enter into foreign-trade agreements under section 350 of the Tariff Act of 1930, as amended by the Act (Public, Numbered 316, Seventy-third Congress) approved June 12, 1934, is hereby extended for a further period of two years from June 12, 1943.

SEC. 2. Section 350 (a) (2) of the Tariff Act of 1930 (U. S. C., 1940 edition, title 19, sec. 1351 (a) (2)) is amended by inserting after "because of its discriminatory treatment of American commerce or because of other acts" the following: "(including the operations of international cartels)".

Approved June 7, 1943.

[Public Law 130—79th Cong.]
[Ch. 269—1st sess.]
[H. R. 3240]

An act to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes

Be it enacted, etc., That the period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930, as amended and extended, is hereby extended for a further period of three years from June 12, 1945.

SEC. 2. (a) The second sentence of subsection (a) (2) of such section, as amended (U. S. C., 1940 edition, Supp. IV, title 19, sec. 1351 (a) (2)), is amended to read as follows: "No proclamation shall be made increasing or decreasing by more than 50 per centum any rate of duty, however established, existing on January 1, 1945 (even though temporarily suspended by Act of Congress), or transferring any article between the dutiable and free lists."

(b) The proviso of subsection (b) of such section (U. S. C., 1940 edition, sec. 1351 (b)) is amended to read as follows: "*Provided*, That the duties on such an article shall in no case be increased or decreased by more than 50 per centum of the duties, however established, existing on January 1, 1945 (even though temporarily suspended by Act of Congress)".

SEC. 3. Such section 350 is further amended by adding at the end thereof a new subsection to read as follows:

"(d) (1) When any rate of duty has been increased or decreased for the duration of war or an emergency, by agreement or otherwise, any further increase or decrease shall be computed upon the basis of the post-war or post-emergency rate carried in such agreement or otherwise.

"(2) Where under a foreign trade agreement the United States has reserved the unqualified right to withdraw or modify, after the termination of war or an emergency, a rate on a specific commodity, the rate on such commodity to be considered as 'existing on January 1, 1945' for the purpose of this section shall be the rate which would have existed if the agreement had not been entered into.

"(3) No proclamation shall be made pursuant to this section for the purpose of carrying out any foreign trade agreement the proclamation with respect to which has been terminated in whole by the President prior to the date this subsection is enacted."

SEC. 4. Section 4 of the Act entitled "An Act to amend the Tariff Act of 1930", approved June 12, 1934 (U. S. C., 1940 edition, title 19, sec. 1354), relating to the governmental agencies from which the President shall seek information and advice with respect to foreign trade agreements, is amended by inserting after "Departments of State," the following: "War, Navy,".

Approved July 5, 1945.

[Public Law 792—80th Cong.]
[Ch. 678—2d Sess.]
[H. R. 6556]

An act to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes

Be it enacted, etc., That this Act may be cited as the "Trade Agreements Extension Act of 1948".

SEC. 2. The period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930, as amended (U. S. C., 1946 edition, title 19, sec. 1351), is hereby extended from June 12, 1948, until the close of June 30, 1949.

SEC. 3. (a) Before entering into negotiations concerning any proposed foreign trade agreement under section 350 of the Tariff Act of 1930, as amended, the President shall furnish the United States Tariff Commission (hereinafter in this Act referred to as the Commission") with a list of all articles imported into the United States to be considered for possible modification of duties and other import restrictions, imposition of additional import restrictions, or continuance of existing customs or excise treatment. Upon receipt of such list the Commission shall make an investigation and report to

the President the findings of the Commission with respect to each such article as to (1) the limit to which such modification, imposition, or continuance may be extended in order to carry out the purpose of such section 350 without causing or threatening serious injury to the domestic industry producing like or similar articles; and (2) if increases in duties or additional import restrictions are required to avoid serious injury to the domestic industry producing like or similar articles the minimum increases in duties or additional import restrictions required. Such report shall be made by the Commission to the President not later than 120 days after the receipt of such list by the Commission. No such foreign trade agreement shall be entered into until the Commission has made its report to the President or until the expiration of the 120-day period.

(b) In the course of any investigation pursuant to this section the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings.

(c) Section 4 of the Act entitled "An Act to amend the Tariff Act of 1930", approved June 12, 1934, as amended (U. S. C., 1946 edition, title 19, sec. 1354), is hereby amended by striking out the matter following the semicolon and inserting in lieu thereof the following: "and before concluding such agreement the President shall request the Tariff Commission to make the investigation and report provided for by section 3 of the Trade Agreements Extension Act of 1948, and shall seek information and advice with respect to such agreement from the Departments of State, Agriculture, and Commerce, from the National Military Establishment, and from such other sources as he may deem appropriate."

SEC. 4. The Commission shall furnish facts, statistics, and other information at its command to officers and employees of the United States preparing for or participating in the negotiation of any foreign trade agreement; but neither the Commission nor any member, officer, or employee of the Commission shall participate in any manner (except to report findings, as provided in section 3 of this Act and to furnish facts, statistics, and other information as required by this section) in the making of decisions with respect to the proposed terms of any foreign trade agreement or in the negotiation of any such agreement.

SEC. 5. (a) Within thirty days after any trade agreement under section 350 of the Tariff Act of 1930, as amended, has been entered into which, when effective, will (1) require or make appropriate any modification of duties or other import restrictions, the imposition of additional import restrictions, or the continuance of existing customs or excise treatment, which modification, imposition, or continuance will exceed the limit to which such modification, imposition, or continuance may be extended without causing or threatening serious injury to the domestic industry producing like or similar articles as found and reported by the Tariff Commission under section 3, or (2) fail to require or make appropriate the minimum increase in duty or additional import restrictions required to avoid such injury, the President shall transmit to Congress a copy of such agreement together with a message accurately identifying the article with respect to which such limits or minimum requirements are not complied with, and stating his reasons for the action taken with respect to such article. If either the Senate or the House of Representatives, or both, are not in session at the time of such transmission, such agreement and message shall be filed with the Secretary of the Senate or the Clerk of the House of Representatives, or both, as the case may be.

(b) Promptly after the President has transmitted such foreign trade agreement to Congress the Commission shall deposit with the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, a copy of its report to the President with respect to such agreement.

Approved June 26, 1948.

TARIFF RATE CHART

Average ad valorem rates of duty on imports into the United States, by years, under specified tariff acts

(There are 2 fundamental difficulties in measuring average rates of duty under different tariff acts by the use of statistics of imports: (*a*) The change in the character and quantity of the articles imported from year to year, and still more from decade to decade; (*b*) the change in the general price level and even in the prices of single major commodities. Unless due regard is given to these changes, comparisons between different years are likely to be misleading)

[Value in thousands, i. e., 000 omitted]

Fiscal years 1910–18; calendar years 1919 and succeeding years	Imports for consumption					Duties collected	Equivalent ad valorem rates	
	Free	Percent free	Dutiable	Percent dutiable	Total		Dutiable	Free and dutiable
Payne-Aldrich law:								
Effective Aug. 6, 1909:							*Percent*	*Percent*
1910	$761,353	49.2	$785,756	50.8	$1,547,109	$326,562	41.6	21.1
1911	776,964	50.8	750,981	49.2	1,527,945	309,966	41.3	20.3
1912	881,513	53.7	759,210	46.3	1,640,723	304,899	40.2	18.6
1913	986,972	55.9	779,717	44.1	1,766,689	312,510	40.1	17.7
Annual average, Payne-Aldrich law	851,701	52.6	768,916	47.4	1,620,617	313,484	40.8	19.3
Underwood law:								
Effective Oct. 4, 1913:								
1914	1,152,293	60.4	754,008	39.6	1,906,400	283,719	37.6	14.9
1915	1,032,863	62.7	615,523	37.3	1,648,386	205,747	33.4	12.5
1916	1,495,881	68.6	683,153	31.4	2,179,035	209,726	30.7	9.6
1917	1,852,531	69.5	814,689	30.5	2,667,220	221,659	27.2	8.3
1918	2,117,555	73.9	747,339	26.1	2,864,894	180,590	24.2	6.3
1918 (July to December)	1,149,882	79.1	303,079	20.9	1,452,961	73,854	24.4	5.1
1919	2,711,462	70.8	1,116,221	29.2	3,827,683	237,457	21.3	6.2
1920	3,115,958	61.1	1,985,865	38.9	5,101,823	325,646	16.4	6.4
1921 [1]	1,564,278	61.2	992,591	38.8	2,556,869	292,397	29.4	11.4
1922 [1]	1,888,240	61.4	1,185,533	38.6	3,073,773	451,356	38.1	14.7
Annual average, Underwood law	1,903,268	66.3	968,211	33.7	2,871,479	261,279	27.0	9.1
Fordney-McCumber law:								
Effective Sept. 22, 1922:								
1923	2,165,148	58.0	1,566,621	42.0	3,731,769	566,664	36.2	15.2
1924	2,118,168	59.2	1,456,943	40.8	3,575,111	532,286	36.5	14.9
1925	2,708,828	64.9	1,467,390	35.1	4,176,218	551,814	37.6	13.2
1926	2,908,107	66.0	1,499,969	34.0	4,408,076	590,045	39.3	13.4
1927	2,680,059	64.4	1,483,031	35.6	4,163,090	574,839	38.8	13.8
1928	2,678,633	65.7	1,399,304	34.3	4,077,937	542,270	38.8	13.3
1929	2,880,128	66.4	1,458,444	33.6	4,338,572	584,837	40.1	13.5
1930 (Jan. 1 to June 17)	1,102,107	64.6	603,891	35.4	1,705,998	269,357	44.6	15.8
Annual average, Fordney-McCumber law	2,565,490	63.8	1,458,080	36.2	4,023,570	561,615	38.5	14.0
Hawley-Smoot law:								
Effective June 18, 1930								
1930 (June 18 to Dec. 31)	979,016	69.5	429,063	30.5	1,408,079	192,528	44.9	13.7
1931	1,391,693	66.6	696,762	33.4	2,088,455	370,771	53.2	17.8
1932 [2]	885,536	66.8	439,557	33.2	1,325,093	259,600	59.1	19.6
1933	903,547	63.1	529,466	36.9	1,433,013	283,681	53.6	19.8
1934 [3]	991,161	60.6	644,842	39.4	1,636,003	301,168	46.7	18.4
1935	1,205,987	59.1	832,918	40.9	2,038,905	357,241	42.9	17.5
1936	1,384,937	57.1	1,039,040	42.9	2,423,977	408,127	39.3	16.8
1937	1,765,248	58.6	1,244,604	41.4	3,009,852	470,509	37.8	15.6
1938	1,182,696	60.7	766,928	39.3	1,949,624	301,375	39.3	15.5
1939	1,397,280	61.4	878,819	38.6	2,276,099	328,034	37.3	14.4
1940	1,648,965	64.9	891,691	35.1	2,540,653	317,711	35.6	12.5
1941	2,030,919	63.0	1,191,035	37.0	3,221,954	437,751	36.8	13.6
1942	1,767,592	63.8	1,001,693	36.2	2,769,285	320,117	32.1	11.6
1943	2,192,702	64.7	1,197,249	35.3	3,389,951	392,294	32.8	11.6
1944	2,708,391	69.8	1,169,501	30.2	3,877,895	347,286	29.7	9.0
1945	2,737,261	67.0	1,348,756	33.0	4,086,017	380,827	28.2	9.3
1946 [4]	2,897,669	60.6	1,894,441	39.5	4,792,110	498,001	26.3	10.4
1947 [4]	3,431,671	60.8	2,211,674	39.2	5,643,345	445,355	20.1	7.9
1948 [4]	4,174,050	58.9	2,917,693	41.1	7,091,744	417,401	14.3	5.9
1949 [4] January to June	2,045,105	61.1	1,303,878	38.9	3,348,782	177,947	13.6	5.3

[1] The Emergency Tariff Act became effective on certain agricultural products on May 28, 1921, and continued in effect until Sept. 22, 1922.

[2] Subsequent to June 21, 1932, certain commodities which had previously been on the free list were made taxable, and since that date have been reported as dutiable commodities. The principal commodities affected were petroleum, copper, lumber, and coal.

[3] Trade Agreements Act passed as amendment to Hawley-Smoot law June 12, 1934. Under it many rates of duty have been decreased from time to time. First agreement effective Sept. 12, 1934, with Cuba.

[4] Preliminary.

Source: U. S. Tariff Commission, Statistical Division.

APPENDIX D

EXECUTIVE ORDER 9832 (FEBRUARY 25, 1947), PRESCRIBING PROCEDURES FOR THE ADMINISTRATION OF THE RECIPROCAL TRADE AGREEMENTS PROGRAM

[12 F. R. 1363–1365]

By virtue of the authority vested in me by the Constitution and statutes, including section 332 of the Tariff Act of 1930 (46 Stat. 698) and the Trade Agreements Act approved June 12, 1934, as amended (48 Stat. 943; 59 Stat. 410), in the interest of the foreign affairs functions of the United States and in order that the interests of the various branches of American production shall be effectively safeguarded in the administration of the trade-agreements program, it is hereby ordered as follows:

PART I

1. There shall be included in every trade agreement hereafter entered into under the authority of said act of June 12, 1934, as amended, a clause providing in effect that if, as a result of unforeseen developments and of the concession granted by the United States on any article in the trade agreement, such article is being imported in such increased quantities and under such conditions as to cause, or threaten, serious injury to domestic producers of like or similar articles, the United States shall be free to withdraw the concession, in whole or in part, or to modify it, to the extent and for such time as may be necessary to prevent such injury.

2. The United States Tariff Commission, upon the request of the President, upon its own motion, or upon application of any interested party when in the judgment of the Tariff Commission there is good and sufficient reason therefor, shall make an investigation to determine whether, as a result of unforeseen developments and of the concession granted on any article by the United States in a trade agreement containing such a clause, such article is being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or similar articles. Should the Tariff Commission find, as a result of its investigation, that such injury is being caused or threatened, the Tariff Commission shall recommend to the President, for his consideration in the light of the public interest, the withdrawal of the concession, in whole or in part, or the modification of the concession, to the extent and for such time as the Tariff Commission finds would be necessary to prevent such injury.

3. In the course of any investigation under the preceding paragraph, the Tariff Commission shall hold public hearings, giving reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. The procedure and rules and regulations for such investigations and hearings shall from time to time be prescribed by the Tariff Commission.

4. The Tariff Commission shall at all times keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the President under the authority of said act of June 12, 1934, as amended. The Tariff Commission, at least once a year, shall submit to the President and to the Congress a factual report on the operation of the trade-agreements program.

PART II

5. An Interdepartmental Committee on Trade Agreements (hereinafter referred to as the Interdepartmental Committee) shall act as the agency through which the President shall, in accordance with section 4 of said act of June 12, 1934, as amended, seek information and advice before concluding a trade agreement. In order that the interests of American industry, labor, and farmers, and American military, financial, and foreign policy, shall be appropriately represented, the Interdepartmental Committee shall consist of a Commissioner of the Tariff Commission and of persons designated from their respective agencies by the Secretary of State, the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of Labor. The chairman of the Interdepartmental Committee shall be the representative from the Department of State. The Interdepartmental Committee may designate such subcommittees as it may deem necessary.

6. With respect to each dutiable import item which is considered by the Interdepartmental Committee for inclusion in a trade agreement, the Tariff Commission shall make an analysis of the facts relative to the production, trade, and consumption of the article involved, to the probable effect of granting a concession thereon, and to the competitive factors involved. Such analysis shall be submitted in digest form to the Interdepartmental Committee. The digests, excepting confidential material, shall be published by the Tariff Commission.

7. With respect to each export item which is considered by the Interdepartmental Committee for inclusion in a trade agreement, the Department of Commerce shall make an analysis of the facts relative to the production, trade, and consumption of the article involved, to the probable effect of obtaining a concession thereon, and to the competitive factors involved. Such analysis shall be submitted in digest form to the Interdepartmental Committee.

8. After analysis and consideration of the studies of the Tariff Commission and the Department of Commerce provided for in paragraphs 6 and 7 hereof, of the views of interested persons presented to the Committee for Reciprocity Information (established by Executive Order 6750, dated June 27, 1934, as amended by Executive Order 9647, dated October 25, 1945), and of any other information available to the Interdepartmental Committee, the Interdepartmental Committee shall make such recommendations to the President relative to the conclusion of trade agreements, and to the provisions to be included therein, as are considered appropriate to carry out the purposes set forth in said act of June 12, 1934, as amended. If any such recommendation to the President with respect to the inclusion of a concession in any trade agreement is not unanimous, the President shall be provided with a full report by the dissenting member or members of the Interdepartmental Committee giving the reasons for their dissent and specifying the point beyond which they consider any reduction or concession involved cannot be made without injury to the domestic economy.

PART III

9. There shall also be included in every trade agreement hereafter entered into under the authority of said act of June 12, 1934, as amended, a most-favored-nation provision securing for the exports of the United States the benefits of all tariff concessions and other tariff advantages hereafter accorded by the other party or parties to the agreement to any third country. This provision shall be subject to the minimum of necessary exceptions and shall be designed to obtain the greatest possible benefits for exports from the United States. The Interdepartmental Committee shall keep informed of discriminations by any country against the trade of the United States which cannot be removed by normal diplomatic representations and, if the public interest will be served thereby, shall recommend to the President the withholding from such country of the benefit of concessions granted under said act.

HARRY S. TRUMAN.

THE WHITE HOUSE, *February 25, 1947.*

STATE DEPARTMENT TABLE SHOWING SUMMARY OF IMPORT LICENSE AND EXCHANGE CONTROL REGULATIONS IN PRINCIPAL FOREIGN COUNTRIES (1949 SENATE FINANCE COMMITTEE HEARINGS, PP. 28–30)

Summary of import license and exchange control regulations in principal foreign countries

[Revised as of February 1949]

Country	Is import permit necessary?	Is exchange permit required?
Argentina	No; except for a selected list of commodities.[1] Certain products are subject to import quota.	Yes; for all imports; granted only for "listed" products. Application should be filed prior to confirmation of purchase order.
Australia	Yes	Yes.
Austria	Yes	Yes; import permit does not automatically carry the right to foreign exchange.
Belgium-Luxemburg	Yes; for all imports from dollar areas	Yes.
Belgian Congo	Yes	Yes.
Bolivia	Yes; for all imports; reported not being granted for luxury goods until exchange situation improves.	No; the import permit authorizes purchase of exchange, but is not a guaranty that exchange will be granted.
Brazil	Yes; for all imports except pharmaceuticals, cement, certain foods and certain books, magazines, and newspapers.	Yes.[2]
Bermuda British East Africa British West Africa British West Indies British Guiana British Honduras British Colonies, Other	Yes	Yes; import permit generally assures release of foreign exchange.

[1] American exporters may obtain information regarding the import controls on their products by writing the Areas Division or one of the field offices of the Department of Commerce.

[2] All exchange transactions amounting to more than 20,000 cruzieros require an exchange permit from the Banco do Brazil.

Summary of import license and exchange control regulations in principal foreign countries—Continued

[Revised as of February 1949]

Country	Is import permit necessary?	Is exchange permit required?
Bulgaria	Yes	Yes.
Burma	Yes	Yes.
Canada	Yes; for many products [1]	Yes.
Ceylon	Yes	Yes.
Chile	Yes; must be obtained prior to shipment of goods, and a copy must be sent to the exporter.	Yes; in the form of a notation on the import permit.
China	Yes; certain goods are also subject to quota allocation [2]	Yes; exchange is made available through approved banks for licensed imports.[3]
Colombia	Yes; for practically all shipments must be obtained prior to purchase of goods.	No; but import permit necessary to obtain foreign exchange.
Costa Rica	No	Yes; foreign exchange is rationed.
Cuba	No	No.
Czechoslovakia	Yes	Yes; import permit carries the right to foreign exchange.
Denmark	Yes; on almost all commodities	Yes.
Dominican Republic	No	No.
Ecuador	Yes; must be presented in order to obtain the consular invoice	Import permit carried the right to foreign exchange. (Central Bank of Ecuador.)
Egypt	Yes; unlicensed imports are subject to confiscation	Yes.
Eire	For a few products only [1]	Yes.
El Salvador	No	No.
Finland	Yes	Yes; import permit carries the right to foreign exchange.
France	Yes; obtainable for "essentials" only	Yes; issued simultaneously with the import permit.
French Colonies	Yes	Yes; import permit carries the right to foreign exchange.
French Indochina	Yes	Yes.
Germany	Yes	Yes; import permit carries commitment to make available foreign exchange.
Greece	Yes; permits granted only for limited number of essential products.	Yes; import permit carries the right to open a letter of credit.
Guatemala	No	No.
Haiti	No	No.
Honduras	No	Yes.
Hong Kong	Yes	Yes; but there s no delay.
Hungary	Yes	Yes.
Iceland	Yes	Yes; unless otherwise stated on the permit, the import permit carries the right to foreign exchange.
India	Yes	Yes; import permit ordinarily carries the righ to foreign exchange.
Iran	No	Yes.
Iraq	Yes; goods exported before a license is obtained are confiscated	Yes; permits are obtained through licensed dealers.
Italy	Yes; from the Italian Exchange Office, except "list A" (mostly industrial raw materials which require only a Bank of Italy "benestare").	Yes; through the Bank of Italy or its agents.[4]
Japan	Yes	Import permit carries right to foreign exchange.
Korea	Yes	No; trade is conducted on a compensatory (barter) basis.
Liberia	For arms and ammunitions only	No.
Luxemburg	(See Belgium-Luxemburg.)	
Malayan Federation	Yes	Yes.
Mexico	There is a long list of products which are prohibited from importation, and another list of commodities requiring an import permit.[5]	No.
Morocco (French)	Yes	Yes.
Netherlands East Indies	Yes	Yes.
Netherlands West Indies	Yes	Yes.
Netherlands	Yes	Yes ("payment attest").
Newfoundland	No; except for food products	Yes.
New Zealand	Yes	Yes; import permit carries the right to foreign exchange.
Nicaragua	Yes	No.
Northern Rhodesia	Yes	Yes; import permit carries the right to foreign exchange.
Norway	Yes	Yes; import permit carries the right to foreign exchange.
Pakistan	Yes	Yes; import permit ordinarily carries the right to foreign exchange.
Palestine	Yes	Yes.
Panama	No	No.
Paraguay	No	Yes.[6]
Peru	Yes	Yes.
Philippine Republic	Yes; for certain specific nonessential articles, for which import license number must appear on consular invoice.	No.[6]
Poland	Yes	Yes.
Portugal	Yes	Yes.
Portuguese Colonies	Yes	Yes.
Rumania	Yes	Yes.
Saudi Arabia	No	No.
Siam	No; import licenses have been discontinued	Yes; the government controls on the major part of foreign exchange are still in effect.
Singapore	Yes	Yes.
Spain	Yes; largely limited to essential raw materials	Yes; exchange must be obtained through Foreign Exchange Institute which usually, but not mandatorily, grants it in accordance with the terms of the license. Special exchange rates fixed for many products.
Southern Rhodesia	Yes	Yes.
Spanish Colonies	Yes	Yes; the import permit carries an allotment of foreign exchange.
Spanish Zone of Morocco	Yes	Yes; import permit carries the right to foreign exchange.
Surinam	No	Yes.
Sweden	Yes; rigid controls. Special "free list" exempt from import license.[1]	Yes; rigid exchange control in operation.
Switzerland	Yes; for a few commodities, mainly those under international allocation.	No difficulty in regard to exchange.
Syria and Lebanon	Yes	Yes.
Tangier	No	No.
Turkey	Yes	Yes; special exchange license from the Control Office.
Union of South Africa (including South West Africa, Basutoland, Bechuanaland and Swaziland).	Yes; only for products on prohibited list or under international allocation.	Each importer is subject to quarterly nonsterling exchange quota.
United Kingdom	Yes; except for a few products [1]	Yes.
Uruguay	Yes; must be obtained	No; import permit carries the right to foreign exchange.
U. S. S. R.	Yes; importing government agencies responsible for securing own permit.	Yes; all exchange allocated by U. S. S. R. State Bank upon receipt of import permit.
Venezuela	No; except for 24 tariff items [1]	Import permit when required authorizes foreign exchange.
Yugoslavia	Yes	Yes.

[1] American exporters may obtain information regarding the import controls on their products by writing the Areas Division or one of the field offices of the Department of Commerce.

[2] Details of China's import and exchange controls may be obtained from the Far East Branch of the Office of International Trade.

[3] The importer buys his dollar exchange on the basis of the daily free market rate.

[4] Importers must conclude a contract for purchase of exchange with the Bank of Paraguay before purchasing abroad.

[5] A foreign Funds Control Office is established in Manila, but blanket licenses are issued to banks for exchange transactions by bona fide firms.

Source: Prepared in the Areas Division, Office of International Trade, Department of Commerce.

STATE DEPARTMENT STATEMENT ON THE SCOPE OF STATE TRADING—1949 SENATE FINANCE COMMITTEE HEARINGS, PAGES 1335–1343

Mr. MILLIKIN. I ask unanimous consent to include at this point in my remarks the following statement on the scope of state trading which is in the hearings on H. R. 1211, before the Senate Finance Committee, pages 1335–1343:

INTERNATIONAL STATE TRADING

SUMMARY OF EXTRACTS FROM FOREIGN SERVICE REPORTS OF THE STATE DEPARTMENT

Turkey

Under the terms of the principle of étatism, the Turkish state has become the largest industrialist in the country, for the simple reason that no individuals or corporations have had sufficient borrowing power or capital to initiate the large-scale industrial projects which have been undertaken. The State operates the railways, posts and telegraphs, coastwise shipping, tram lines, and the gas, electric, and telephone services in the chief cities. State monopolies control the manufacture and sale of practically all alcohol and alcoholic beverages; tobacco products; salt; matches; and explosives. State-controlled or state-operated enterprises are engaged in mining, sugar refining, the manufacture of textiles and leather goods, the operation of cotton, woolen, and paper mills, and the production of iron and steel. Acting under the principle, often publicly stated, that the Government must for the benefit of the people and of the nation undertake those operations which private capital is either unable or unwilling to do, the state has gradually become the major exploiter of the natural resources of Turkey. As a corollary of this situation, the state participates in international commerce, both as a trader and by exercising trade controls.

Although the Turkish economy is at present a mixed economy, based partly on Government and partly on private enterprise, there is noticeable a concerted effort to concentrate economic control, if not actual ownership, in the hands of the Government. Government economists, while maintaining that the Government is withdrawing from international trade, admit that étatism does not permit the Government to relinquish the basic controls which enable it to influence international trade. They also state that, for the good of the nation, it will be necessary for the Government to continue to exploit the national resources of the country. Under these circumstances, continued state participation in international trade is a virtual certainty.

Argentina

State trading in Argentina is handled by the Argentine Trade Promotion Institute. This organization was apparently conceived and is utilized by the present Government to further the Government's broad economic policies. In pursuit of these ends, the institute is now engaged in the export trade of many important Argentine commodities to obtain revenue to help finance Government projects; it is controlling a small number of Argentine imports to husband foreign exchange and protect local industry (in order that materials may be purchased and produced on the scale necessary to realize these plans); and it is acting as the Government purchasing agent in an effort to get the best terms possible for the Government in its foreign purchases. The export functions of the institute seem destined to go on only so long as Argentine commodities command an abnormally high price in world markets. Import functions will probably be expanded and will continue as long as it is necessary to make heavy Government purchases abroad, but may well continue beyond that point in modified form to protect infant Argentine industries. The Government purchasing functions of the institute will probably last as long as Government purchases are being made abroad in large enough quantity to make those functions seem worth while.

Denmark

Denmark has at present valid bilateral trade agreements with 15 countries and the French zone of Germany. Generally speaking, these agreements call for the shipment of definite amounts of Danish merchandise in return for definite amounts of foreign goods or exchange.

Inasmuch as Denmark has thus agreed to ship the bulk of its available exports to certain countries, it is obvious that, in order to implement the trade agreements, the state must direct the flow of exports so that it will reach the designated countries in the proper amounts.

This flow is nominally directed by the Government's issuance of export licenses. However, for the major export items (agricultural), the state has utilized the extensive cooperative marketing organizations to supervise the distribution of supplies between the domestic market and the various foreign markets.

The Danish export distribution system is built around a series of commodity committees established by the producing and marketing interests to work closely with the Ministry of Agriculture and other Government agencies. Most of the commodity committees were established during the depression years 1932–36. In that period, the chief function of the committees was to promote as much as possible the sales abroad of a burdensome export surplus and to administer production control schemes. In recent years and particularly since the end of the war, the chief function has been to distribute among foreign buyers the relatively small volume of exportable products remaining after domestic requirements have been provided for.

The work of the committees includes distribution of the available export opportunities between the various export organizations of the industry. Actual sales of any significant size, however, are made in the name of the committee, which, in most cases, is the body with which foreign buyers enter into contracts and to which export licenses are granted. It is anticipated that this procedure will continue as long as Danish export supplies fall so short of meeting requirements abroad. However, the Danish Prime Minister stated recently that the Government wishes to restore the former practice of independent sales as soon as possible.

Nonagricultural exports are also controlled by the issuance of export licenses. The various industry trade organizations work as closely as possible with the Government. The degree of cooperation is generally not as close as in the agricultural governmental relationships except in those industries that are closely knit together, such as the cement industry. It should also be noted that the Government is often a large stockholder in many of the larger industrial concerns and can therefore procure a degree of close cooperation from them.

Agricultural as well as nonagricultural products, with the exception of a few unimportant items, imported into Denmark are subject to the national import license procedure and to foreign exchange allocations. There is no system of commodity committees operating in the importing of agricultural items, with the exception of seeds.

Directive control is naturally exercised in the issuance (or nonissuance) of import licenses and foreign exchange allocations. Applications are examined not only for country of sale and availability of foreign exchange but also for the importance of the merchandise to the Danish economy. Thus many foreign items, particularly those which will not be used locally for the manufacture of goods essential to the national economy or for export, are almost entirely excluded through the denial of import licenses.

In only one case, namely Danekul, is the Danish Government directly participating. Danekul is a semigovernmental organization which arranges for the purchase and import of coal, which is essential to the nation's economy. The board of the organization consists of representatives of the private coal importers, Government agencies, state railways, and utilities. (The representatives of private organizations are in the minority.)

Czechoslovakia

With the exception of the old state monopolies dating from Austro-Hungarian days on the production, importation, and exportation of tobacco, salt, saccharine, explosives, alcohol, and matches, there is no officially organized state trading in Czechoslovakia. The government, nevertheless, exercises close supervision and control of foreign trade through the import and export licensing system dating back to the 1930's and through the foreign exchange control exercised by the national bank. Kotva, the largest import-export firm in the country, came under national administration when its parent firm of Bata was nationalized. Omnipol, the next largest firm, is nominally independent, but the Czechoslovak Government, through its prewar participation in the ownership of the Skoda works, owns 20 percent and possibly more of the shares of Omnipol. Although these firms are therefore under government influence, they remain relatively free to compete with each other and with privately controlled Czech and foreign import-export firms. Before the war these two firms held exclusive representation rights with many Czechoslovak factories, which they have continued to hold in spite of the transformation of these factories and groups of factories into national corporations. It is quite possible that the Government, through its import-export licenses and its exchange control, may occasionally go out of its way to help these firms, but there is little direct evidence that this in fact has taken place. The care with which the different parties in the national front scrutinize the work of each other's ministers has apparently been sufficient to keep the Government fairly objective, as far as foreign trade is concerned, in its work of balancing the competing claims of the public and private sectors of the economy. Thus, although the so-called purchasing missions sent abroad by various industries on occasion make commitments for an entire industry, there seems to be no formal obstacle making it impossible for individual firms—whether they be private or national corporations—to conclude separate purchasing agreements with foreign suppliers if they find it more advantageous to do so.

In principle this same degree of elasticity and freedom exists within the export trade, but because of the present generally heavy demand for Czechoslovak exports and the difficulty Czechoslovak industry has so far encountered in meeting all of its domestic and foreign commitments the foreign buyer is likely to find that he can get earlier delivery on his purchases if he places his order with one of the firms mentioned above. These firms usually have agreements with individual industries to take a fixed percentage of the industries' output.

It is in the supervision of trade with neighboring countries which possess state trade monopolies and in the control of the import of raw materials, however, that the Ministry of Foreign Trade has thus far most closely concerned itself. A Plenipotentiary for Trade with the Soviet Union has been appointed to keep watch on the execution

of the trade agreement with the U. S. S. R. A similar arrangement is being made for trade with Yugoslavia. As regards importation of raw materials, a bill is now in preparation to give exclusive rights to import certain raw materials to individual national economic groups or to the importing firms already named. The new arrangement is expected to provide for bulk consolidated purchases of cotton, copper, and possibly other raw materials. For the time being, no provision is apparently being made for any additional concentration of control of exports or of imports of other than raw materials.

From 1942 through 1947 global sales of sugar, molasses, and alcohol produced in Cuba have been made by the Cuban Government directly to agencies of the United States Government under powers granted by Decree Law 522 of 1936 and war emergency powers of the President.

(1) Origin and history, article 1 of Decree Law 522 of 1936 empowers the Government, through the Sugar Stabilization Institute, to control sugar production and exports. Under war emergency powers the President also has authority to control exports.

(2) Declared purposes: The global sales of crops from 1942 through 1947 were for the war emergency to provide the United Nations with the maximum quantities of sugar, molasses, and alcohol.

(3) The degree of monopoly: The institute, and hence the Cuban Government, has a complete monopoly for exports of all legally produced quantities of those products.

(4) Volume of business: Global sales of the 1947 crop, including sales to other countries, should amount to some $580,000,000, representing about 93 percent of Cuba's total crop. Sugar alone usually represents about 80 percent of Cuba's total value of exports of all commodities.

(5) The mechanism used: Government-appointed missions negotiate the crop sale contracts with the consultation and agreement of the industry. Administration of the contracts is through the Sugar Stabilization Institute, a semi-Government organization.

(6) Details of operation: Sugar, molasses, and industrial alcohol are sold f. o. b. Cuban port to agencies of the United States Government, e. g., the Commodity Credit Corporation and the Reconstruction Finance Corporation. The Cuban administrative agency, the Sugar Stabilization Institute's permanent General Secretary is Manuel Rasco and the position of president is rotated by election by the general assembly.

(7) Discrimination among foreign countries: The sole purchasers are the United States agencies which distribute among other United Nations in accordance with allocations by an international committee. This is in addition, however, to the limited quantities sold in 1946 and again in 1947 to other American countries under individual contracts with the respective governments of each country. Any discrimination that may occur here presumably is on the basis of each of the several countries' need for sugar, possibilities of obtaining a permanent market, and of obtaining, in return, concessions either in the form of food products needed in Cuba or by granting markets for Cuban products, such as cigars for shipment to Mexico.

United Kingdom

1. The greater part of state-trading by the United Kingdom is at present and will continue to be mostly in imports of foodstuffs and raw materials, though some reexport and "third country" trading will develop in raw cotton and possibly also in coffee and a few other products of importance to the economic life of colonial territories.

2. The scope of state import trading in the future is obscure because the Government's declared policy is to make its decisions on each product in the light of all the relevant circumstances.

3. Bulk buying of all West African cocoa is to be carried out by state-appointed boards, which will fix buying prices for each season. West African cocoa will in turn be sold on the world's markets by a body to be set up in London.

4. The £24,000,000 project for mechanized production of ground nuts in east Africa, designed on a large scale and integrated with colonial development policy, is likely to be followed by other schemes,[1] but any such development for high-cost production of products not in world short supply—e. g. cotton, tobacco, etc., is unlikely unless Britain continues for some years to be in its present acutely difficult balance of payments position.

5. The centralized buying scheme for cotton is an experiment, the success of which it will be impossible to assess for a long time since the aim is to maintain some undefined degree of price stability over an unspecified period of years.

6. It appears to be the policy to abandon state-procurement in the raw material field (with the exception of cotton) as the scarcity factor disappears—but no definite forecast is justified on the fate of such important materials as nonferrous metals and timber. Balance of payments considerations may in some cases prolong state trading beyond the life of scarcities of a given product.

7. Foodstuffs will continue to be purchased in bulk, probably increasingly on long-term contracts, so long as scarcities prevail. Even when food products become more abundant, limited foreign-exchange resources will necessitate domestic rationing of some items which, in turn, will require state trading, so that the course of Britain's balance of payments position may largely determine the scope of bulk purchasing. Since rationing of the essential foods is regarded by some Labor Party leaders as permanently desirable, state trading in the principal staple foods may possibly become more or less permanent.

8. Colonial development projects blend well with long-term bulk-purchase contracts as well as with extensive production projects such as the peanut scheme launched by the ministry of food and the colonial office. The long-term bulk-purchase contract—by offering an assured market for total crops for a number of years—introduces an element into purchase deals by the state, the relative "commercial" value of which it is extremely difficult, if not impossible, to assess. ITO might develop a sort of international tender system by which open offers to all producers on similar terms might be required when governments wish to make such contracts.

9. State export trading in products of nationalized industries is not a near prospect of importance since coal, the only export industry as yet nationalized, for the present holds out no hope of any appreciable export surplus. Coal exports will probably be confined to shipments of bunkers for United Kingdom overseas bases and small quantities to Eire for the next few years.

Coal, if available for export, would offer a useful bargaining counter in negotiations for scarce imports—especially timber—but by the time a British exportable surplus is available, if ever, the value of this asset may have largely disappeared as a result of increased production in Europe.

Brazil

There are only rare instances in which state trading has been undertaken in Brazil and even then generally it is implemented through regular commercial channels. Probably the strongest case of state trading is the monopoly of the ipecac trade centered in the Bank of Brazil, which has been authorized by law as the sole buyer and seller of the root. The bank, however, has delegated its buying and selling activities to normal dealers in the commodity, so that in actual practice it acts more as a controlling agent than as a holder of a state trading monopoly. The same may be said of the rice, cocoa, and coffee trades, which also involve some phases of state trading. The control over rubber production and trade is of a more comprehensive nature, but it was instituted to implement the rubber agreement between the United States and Brazil, which is still in force.

The activities of the National Petroleum Council are in a stage of development, and it is not yet a factor in the petroleum trade. For the time being it enters the field of state trading primarily as a direct purchaser of equipment.

The only instance of Government purchase for resale is in connection with agricultural machinery for resale to farmers at cost. The remainder of the state trading is largely devoted to purchases of the Government and Government-controlled industries for their own use.

The Government authorized the export-import department of the Bank of Brazil to have a monopoly of purchase and sale of ipecac to supply the demand for emetine. The bank delegated its power to firms customarily engaged in the ipecac business, merely fixing the prices at which they should buy and sell, and established quotas for the firms buying from the ipecac dealers, since the supply was short.

Rice: The State of Rio Grande do Sul established the Rice Institute, which controls the purchase, milling, and sale of rice for export. Exporters bring offers from foreign sources to the institute, then authorize the prices at which the sales may be made and the quantities to be made available. The institute also sets the price to be paid the producers of rice and the amount of the milling charges.

Cocoa: The State of Bahia has established the Cocoa Institute, which controls all purchases and sales of cocoa for export.

Coffee: From mid-1944 to June 30, 1946, the Federal Government controlled the purchase and sale of coffee for export. It acted through export firms, but itself determined prices of the sales.

Rubber: On July 9, 1942, the Rubber Bank was established for a period of 20 years. The bank buys all the rubber produced, rations a certain amount for domestic consumption, and exports the balance. To implement its control, the bank limits the amount of finished rubber goods to be imported, because the price paid by the domestic consumers of crude rubber is above that prevailing in world markets.

Petroleum: Eight representatives of as many agencies in the Federal Government form the Petroleum Council. The council controls every phase of the petroleum industry even to the construction of refineries and the granting of oil leases.

Agricultural equipment: For many years there has existed within the Federal Department of Agriculture the Division de Fomento da Producao Vegetal which purchases agricultural equipment abroad for resale or loan to farmers.

Purchases by Government departments: Nearly every department has some funds available for its own operations.

Autonomous Government-controlled industries: These are industries owned by the Government but operated like private corporations. There are two steamship companies, a railway, a steel plant and byprod-

[1] Though probably of not so vast a nature.

uct coke operation, and iron-mining company, one making airplane motors.

Mexico

International trading by the Government of Mexico itself, or its wholly owned agencies, is extremely limited. Actually most of the foreign business of the country is done by various types of associations which are organized in forms prescribed by the Government and operate under greater or less Government supervision. An exception to the general rule occurs in the case of Petroleos Mexicanos.

Petroleos Mexicanos: In Mexico the petroleum industry has been nationalized in all its branches. The wholly owned government agency which constitutes the industry is Petroleos Mexicanos. It seems, although it is not possible to find out for sure, that Petroleos Mexicanos is subject to all the taxes levied against private businesses, and that it receives no compensating privileges. In any case the petroleum industry of Mexico is on an import rather than an export basis, so there is no competition with the products of other nations in world markets.

Nacional Distribuidora y Reguladora: State trading in another form occurs in the operations of Nacional Distribuidora y Reguladora. Because of the shortages caused by the war this agency was organized by the Government to perform functions somewhat similar to those assigned to OPA. The agency is controlled by the Government through the ownership of a majority of the voting stock.

Other stockholders are the larger banks and two labor organizations. The agency is intended, besides regulating prices and distribution, to assist private interests in securing the capital to provide warehouse and transportation facilities. Its manner of operating differs materially from that of OPA in that it itself buys the supplies of scarce commodities. It then arranges for distribution through wholesale and retail channels.

Where Distribuidora finds a surplus of any commodity it is authorized to engage in export operations. Actually it has never done so because there has never been a surplus. At the time of its organization, however, it was made eligible for export and import subsidies.

It was understood from the first that Distribuidora would exist only during the period of war shortages, and it has already relinquished control over a great many commodities. When its activities were at their height, however, it provided the only market in Mexico for a great many commodities.

Cooperatives-Federations of Cooperatives: A much more important constituent of the normal commercial life of Mexico than either Petroleos Mexicanos or Distribuidora are the producers' (workers') cooperatives. They represent a modern development of the concept, common alike to Spain and Aztec Mexico before the conquest, that private property rights are held only permissively from the sovereign.

The Mexican Constitution of 1937 made elaborate provision for the organization and regulation of producers' (workers') cooperatives. Under the constitution the formation of the cooperatives must be approved by the Federal Ministry of Economy, and its operations are regulated by the Ministry in the public interest. Even its contracts, in the typical case, have no validity until they bear the stamp of Government approval.

Cooperatives are also required to join the appropriate federation of cooperatives if one is in existence. Notwithstanding these limitations on their activities, cooperatives receive such benefits, in the form of exemption from taxes and eligibility for subsidies, that in the industries where they exist they are usually monopolies—there are no individual producers or traders. The Government undertakes to control the whole economy of the country in the interest of all its inhabitants. For the attainment of this end it avowedly grants more assistance to the weak industries and sections of the country than to the strong, even to the point of maintaining enterprises which, if left to themselves, could not hope to survive.

The favor shown cooperatives over individuals extends also to the export field, although only in a negative way. Mexico levies export taxes which are remitted to cooperatives but not to independents.

No general statement regarding the rights and privileges of cooperatives in export trade is possible, since those differ slightly in different cases. It is possible to say, however, that in any commodity where there is a federation of cooperatives or cooperativos, those associations do the bulk of the exporting.

The consent of the Ministry of Economy, however, must be secured for export contracts as well as for sales in the domestic market. And that consent will not be given if the execution of the agreement would cause a shortage of the commodity in Mexico.

It would be difficult to say that because of their quasi-public character the cooperatives or their federations gain any advantage in export markets. The fact that they are relatively large organizations, and exercise almost a monopoly control of their product in Mexico, may give them some economic advantage in world markets.

Companies of public interest and similar organizations: Also subject to supervision by the Ministry of Economy are a group of companies, classified according to the particular law under which they are organized—

(a) Companies of public interest.

(b) Companies enjoying special privileges or exemptions.

(c) Producers' associations.

In providing for the formation of associations of these types the Government again aimed to assist groups and industries in a particularly weak position. Their legal status closely resembles that of the cooperatives. Their contracts do not, however, require governmental approval. On the other hand they are required to furnish to the Government somewhat more detailed and frequent reports than are required of the cooperatives. And the Government exercises a greater degree of control over their operations and fixes their prices. In the matter of exports they stand on the same footing as the cooperatives, not being subject to export taxes. It cannot be said that they gain any positive advantage in foreign trade because of their relationship to the Government.

France

State trading operations in France range from a complete long-established monopoly of the importation, manufacture, domestic production and exportation of a single product, tobacco, to a temporary selling monopoly of lend-lease surplus property. The former was established in 1810, and the latter in 1946. Between these two extremes, certain activities should also be considered in connection with the general subject of state trading in France. The National Cereals Board (Office National Interprofessionnel des Céréales) should be placed generally in the same category with the tobacco monopoly, although it does not exercise the same degree of control over domestic cereals production as the tobacco monopoly does over tobacco production.

During the war, French supply missions were established in the United Kingdom, the United States, and Canada for the procurement of necessary supplies. As a complement to these supply missions there was created in France the Service d'Importation et d'Exportation (Impex), the principal function of which was to take over ownership of the commodities purchased by the various supply missions and to provide for their transportation to France and subsequent distribution, in accordance with decisions of the French allocation authorities. Gradually, and especially since the beginning of 1946, the functions of the French supply missions abroad have been reduced. There has been a consequent reduction, therefore, in the functions of Impex.

However, the reduction of the functions of the supply missions have not resulted in an immediate transfer of these functions to private French importers. There has been a transitional stage characterized by a number of quasi-governmental organizations (groupements d'importation) which were originally established during the war to coordinate the supply of particular materials. As the functions of the supply missions abroad have been reduced, these quasi-governmental organizations have been given increasing responsibility for importations into France. According to both French Government officials, and many businessmen who participate in these groupements, they are essentially a temporary phenomena and are being used because of the problems of the transitional period. It is anticipated according to present thinking that their functions will be gradually reduced and trade returned to private commercial channels.

Paraguay

Direct international state trading is one of the activities of the National Subsistence Administration. This agency of the Paraguayan Government was given wide powers, as a wartime measure, to control imports of essential commodities by allocating quotas to individual importers, as well as by importing for its own account commodities in short supply. These powers have been found particularly useful in handling bulk purchases of Argentine wheat for resale to domestic millers. The agency also imports salt, cement, caustic soda, and carbon dioxide for resale. Business organizations are represented on the Board of the National Subsistence Administration. No other agencies engage in important state-trading activities. State trading, as practiced by the Paraguayan Government is generally accepted by the local business community as necessary so long as supplying countries, notably Argentina, require government-to-government negotiations in important foreign trade transactions.

Eventually, various Government and quasi-governmental enterprises may become important factors in the export trade, involving substantial Government participation in activities which otherwise would be handled entirely by private exporters. For the time being, however, state-owned, or mixed public and private organizations, are not an important factor in Paraguay's international trade. Only the National Subsistence Administration appears to exercise effective control over a significant part of Paraguay's foreign commerce. In this instance control is not exercised in a way which appears to be monopolistic or discriminatory. The powers granted the agency, however, are sufficiently broad to permit the development of a complete monopoly over any imported commodities which the board considers essential to the economy.

Poland

The foreign trade of this country is in fact, though not in name, a Government monopoly. Positive control of foreign trade is accomplished first, through the requirement by the Polish Government of a license covering

each individual order or shipment and secondly, through the rigid control over foreign exchange which is also exercised by the Government.

There are two noteworthy apparent exemptions to the above in the Spolem, which is the agricultural and consumers' cooperative of the country; and the DAL, which before the war was a stock company with ownership vested in a number of private citizens, engaged in the meat-packing business. In each case, however, a casual study reveals that the Government can and does exercise control over their foreign dealings. In the case of the Spolem, or agricultural cooperative, it is today actually a Government organization. In that of the DAL the Government has secured stock control of the company which obviously permits it to control its policies and foreign dealings.

In addition to the above, there is an organization known as the Panstwowa Centrala Handlowa which is a bureau of the Government set up for the sole purpose of engaging in both foreign and domestic trade.

Through the unrealistic rate of exchange of 100 zlotys to the dollar which was established in 1945 by the Polish Government, it is virtually impossible for private trade to be carried on with the hard-currency countries. This is best illustrated by the fact that the current open market rate for the dollar varies from 1,000 to 1,300 zlotys. The result has been to bring about a series of bilateral trade agreements which at first were on a straight compensation basis or exchange of products. More recently, however, in its trade negotiations with Norway, Sweden, and Finland, the Polish Government, in addition to the exchange of commodities, has inserted clauses which will result in its receiving a part at least of the compensation in dollar or pounds sterling, which will not affect the control over foreign exchange. Therefore, it cannot be construed as a relaxation of the Government's control over foreign trade.

Switzerland

Prior to the war the Swiss Government exercised monopolistic control over only three commodities, viz, alcohol, gunpowder, and salt. In the case of alcohol the control developed out of a social policy. The security of the state, it was thought, was increased by its control of gunpowder. Salt was controlled because it provided an exceptionally easy means of raising revenue.

In each of these commodities, either the Government itself or an agency altogether under its control, is the agency which exercises all the functions incident to importation. The limitation of Government control to these three commodities was in accord with Swiss history and the attitude of the Swiss people.

During the war, however, Switzerland was entirely surrounded by belligerents and it was recognized that a fair distribution of products in short supply required the intervention of the Central Government. This control, however, was thought of as purely temporary, and since the close of the war the controls have been eliminated as quickly as practicable. As of March 1, 1947, only four commodities, viz, sugar, cereal and fodder grains, coal, and oils and fats, continued under close Federal control.

Sugar: The commodity section of the Swiss War Economy Board makes all purchases of sugar, whether of domestic or foreign origin. Distribution to consumers is in accordance with rules established by the commodity section.

Cereal and fodder grains: A Government agency, the Federal Cereal Administration, controls the fodder and cereal commodities. This agency purchases all domestic production and distributes both it and that purchased abroad. The importation of fodder grain only, however, it has delegated to a special agency.

Coal: All domestic and foreign coal is allocated by the Swiss Government. The Government has, however, delegated to each of several Government agencies the function of purchasing and importing coal from a particular foreign country.

Oils and fats: Due to the extreme scarcity of oils and fats purchasing representation is maintained by the Swiss Government in Washington, and one or more of the largest oil-processing firms has, on occasion, been permitted to buy for their own account in foreign countries. Otherwise all oils and fats to be sold in Switzerland are purchased and allocated by the Government agency known as Cibaria, working in conjunction with an association of all the members of the oil and fat industry and the oil and fat section of the War Emergency Board.

All of the operations indicated above were authorized by a special war power granted to the Federal Government and are understood to be of an altogether temporary nature.

It perhaps should be pointed out that an import license is necessary for all commodities under international allocation. Imports are also affected by bilateral trade agreements and quotas. These two last devices have been resorted to (a) as a substitute for tariffs and (b) to control foreign exchange. Also, price control is exercised over imports when they enter the domestic market.

I ask unanimous consent to include at this point of my remarks the following statement regarding bilateral agreements furnished by the State Department for the record of hearings before the Senate Committee on Finance on H. R. 1211, pages 32–52:

BILATERAL AGREEMENTS

The general subject of bilateral agreements that affect world trade was dealt with in detail in a memorandum placed in the record of the 1947 hearings of this Committee on the Trade-Agreement System and the Proposed International Trade Organization Charter (exhibit X, beginning on p. 1250, pt. 2, of the hearings). The lists of agreements in that exhibit have been brought up to date so far as possible in the accompanying memorandum.

So far as is known, agreements of this special type do not contain tariff or other provisions comparable to "concessions" as the term is used in connection with the reciprocal trade agreements negotiated by the United States. Therefore, the question of whether the provisions of these special agreements are "generalized" is not applicable. As a rule, these agreements relate to the exchange of specified commodities—sometimes by specified quantities or values, to clearing arrangements, to exchange controls, to import-license restrictions, etc. The bilateral agreements between the United States and the countries receiving aid under the ECA do not contain tariff provisions.

Benelux (Belgium, the Netherlands, and Luxemburg) is the only customs union of significant scope operating in western Europe. Benelux is a contracting party to the general agreement on tariffs and trade and as such is obligated to generalize any tariff concession it may make on imports into Benelux territory, to all other contracting parties to the general agreement, of which the United States is one. There are no tariffs on imports of goods from one Benelux country into another. A customs union between France and Italy has been studied but has not yet been brought before the legislative bodies of the two countries. France is also a contracting party to the general agreement and Italy will be negotiating at Annecy in April for the purpose of acceding to the general agreement.

A. GENERAL STATEMENT ON BILATERAL AGREEMENTS

The term "bilateral agreement" itself has no precise meaning as far as the provisions of the agreement are concerned. Most intergovernmental agreements relating to trade are bilateral, and they may take any one of a number of forms. The following general types may be separately identified and they cover approximately the range of opportunities that are open to governments in making bilateral agreements in relation to trade. Any given bilateral agreement may combine various characteristics of more than one type of agreement.

1. Commercial treaties: These establish the foundations for trade relations.

2. Trade agreements, of the type entered into by this Government with other governments. These provide for the reciprocal reduction of trade barriers and establish the general framework within which trade will be conducted.

3. Clearing agreements: These provide for the exchange of goods with a minimum of foreign-exchange transactions. Importers pay their debts in their own national currencies and exporters are paid in their own currencies. Transfer of foreign exchange is thus eliminated.

4. Payments agreements: These are designed to guarantee that the proceeds from the sale by one country to another shall be used to pay for current imports from that country or to settle arrears and other financial claims.

5. Bulk purchasing: Bulk-purchase agreements commit a significant portion of a country's export of a particular commodity for significant future period. The purchase may or may not be at a fixed price.

6. Compensation agreements: Compensation agreements usually provide for establishment of equivalence in trade between the two contracting countries, with some financial settlement required, but involving a minimum of currency exchanged.

7. Barter agreements: These arrange for an exchange of goods for goods, either with no values assigned or with values stated on a common basis so as not to require any arrangement for centralized financial settlement.

This memorandum is not concerned with either commercial treaties or trade agreements of the type concluded under the United States reciprocal trade-agreements program, nor is it concerned with the prewar type of bilateral agreement having to do with financial settlement, growing out of the shortage of currency and not involving a specific transfer of commodities.

Postwar agreements

Most postwar bilateral agreements are a combination of compensation and clearing agreements, with many variations and special arrangements. The most numerous types usually have some or all of the following characteristics:

1. They are intergovernmental and strictly bilateral, but the governments themselves usually do not purchase or supply the commodities involved.

2. They are for short terms, generally about a year.

3. They include lists of specified products; each of the two parties agrees to permit shipments of these products, up to the quantities or values specified, under whatever export-control system it regularly maintains. The agreements usually authorize but do not guarantee the exchange of goods.

4. Settlement for goods exchanged is made through clearing accounts in the respective national banks in order to minimize transfers of currency.

In connection with some of these agreements credits may be extended for a longer

period of time than is provided for the exchange of goods themselves.

The following tabulations include all intergovernmental bilateral trade or financial agreements on which information is available. Probably the lists are not complete, however, either as to number of agreements actually in existence, or as to terms of the agreements. Official texts are not always available and in some cases information has been obtainable only from confidential sources.

Why bilateral agreements are made

The typical postwar bilateral agreement is essentially a makeshift designed to meet temporary necessities of countries whose economies have suffered because of the war. Such agreements do not necessarily represent permanent departure from multilateral, competitive trade policies. The governments participating in them usually describe them as undesirable necessities which should be abandoned as soon as conditions permit a return to multilateral trade.

The majority of these agreements are clearly attempts by the countries involved to obtain urgently needed imports when exports and credits are scarce. Countries are not willing to export unless they can be sure of obtaining needed imports in return. The agreements reflect low levels of production in foreign countries and an almost worldwide shortage of United States dollars. Without stable or convertible currencies many countries must lean heavily on two-way commodity exchanges which roughly balance out and which depend on clearing arrangements to facilitate solution of the monetary problem.

Effect on United States trade and trade policy

Few of these bilateral arrangements directly affect the trade of the United States under present conditions. They seldom involve significant quantities of a given commodity as compared with the volume of prewar trade, and seldom have the effect of preempting import markets which the United States exporters are anxious to supply. There is, moreover, a great difference between the volume of trade authorized under these agreements and the amount of trade which actually occurs. In general, the quantities of commodities schedule in the agreements represent the volume of exports which one country would like to send out and the volume of imports which it would like to have, rather than what it actually can produce for export or can pay for as imports.

While the postwar pattern of bilateral commercial agreements arises from understandable necessities and while few of the agreements directly threaten any injury to United States foreign trade now, their tendency is nevertheless toward restriction of world trade and toward conflict with American economic foreign policy. This Government therefore believes it undesirable for this pattern to continue and to be frozen after world shortages of commodities are ended.

The United States Government, therefore, has sought, through the reciprocal trade-agreements program, through participation in the International Monetary Fund and the International Bank for Reconstruction and Development, and through support of the proposed International Trade Organization, to eliminate the conditions under which so many countries have turned to bilateral exclusive trade agreements as the only way out of their dilemma.

B. EUROPEAN BILATERAL AGREEMENTS

Since the end of World War II, intra-European trade has been conducted primarily within the framework of bilateral trade and payments agreements. According to information presently available, at least 213 agreements are in force between European countries, including 79 agreements among countries participating in the Organization for European Economic Cooperation (OEEC), 88 agreements between OEEC countries and countries of eastern Europe, 9 agreements of OEEC countries with Spain, and 37 agreements among countries of eastern Europe.

Although the physical supplies of goods available for trade within Europe have improved considerably since the end of the war, the basic conditions that necessitated the resort to bilateral trade agreements remain in force: (1) Europe as a whole needs to import more goods and services than it can export in return; (2) European currencies, except the Swiss franc and the pound sterling within the sterling area, remain soft and not freely convertible into dollars; and (3) even the financially stronger European countries, such as Belgium and Switzerland, must take payment on their exports to Europe in European goods or in soft European currencies. As a result, European trade still is characterized by a scheduling of imports and exports by quantity or value during a short-term future period. There is usually clearing of current payments through special accounts that balance, within narrow limits, payments due from and payments due to agreement partners. The essentiality of the goods imported in return for exports and the possibility of paying for imports by means of the country's own exports are the bases of trade negotiations.

It should be noted that scheduled quantities and projected trade values under bilateral agreements are not restrictions on trade but trade targets for the period specified. Quotas may be increased or a supplementary agreement may be negotiated if trade possibilities improve during the agreement period. The negotiating governments usually agree to issue licenses at least up to the quantities or values specified but do not, as a rule, guarantee their implementation. Even the agreements negotiated by State-trading countries generally must be spelled out by further negotiations on specific prices and delivery dates before target quotas have the force of contracts. In the case of Turkey and the United Kingdom, specific commodity quotas frequently do not appear in the bilateral agreement.

Although generalization is difficult in the wide field of bilateral agreements, certain distinctions may be drawn: (1) Agreements between OEEC countries, as a result of OEEC efforts and ECA assistance, are tending to depart from a strictly bilateral pattern. During 1948, it became apparent that important trade channels in western Europe were becoming blocked by the heavy debtor position of certain countries and the inability of European creditor countries to extend these debtors further credit. Trade was encountering the typical difficulty of bilateralism, which tends to limit trade to the lower level possible between agreement partners. By means of simple clearing through the Bank of International Settlements, a limited number of triangular or quadrilateral offsets were arranged. As a condition for receiving ECA conditional aid allotments, creditor countries in the current year agree to extend drawing rights to their debtors. Drawing rights against the creditor are to result in an excess of creditors' exports over imports obtainable from the debtor, in value at least equal to the amount of the conditional aid. In this way, a rough conversion of soft-currency credits into dollar credits is arranged.

(2) Agreements between OEEC countries and countries in eastern Europe generally have less complicated financial provisions and more limited credit "swings" than intra-western European agreements. An excess of western European imports from eastern Europe is, however, traditional in intra-European trade. To finance a current import surplus of foodstuffs, fuel, and raw materials from eastern Europe, western European countries generally cannot make payments in gold or dollars. As a result of this situation "investment" agreements have been developed under which an eastern European supplier (especially Poland, the USSR, and Yugoslavia) delivers goods in the current year as orders are placed for machinery and other industrial goods for delivery over 2- to 7-year periods. In some cases, specific percentage down payments are required in the form of exports from the eastern European countries. In some cases, the eastern European partner is to supply specified raw materials needed for the production of the type of goods ordered. It may be noted that investment-type agreements appear also in eastern European trade with Czechoslovakia most frequently the supplier of goods for long-term delivery.

(3) Agreements between European countries and countries of the Middle and Far East and between European countries and countries of Latin America sometimes differ widely from the continental European pattern. As dollars have become increasingly scarce in Latin America as well as in Europe, Europe's trade with Latin American countries is tending more and more toward a bilateral balancing of imports and exports. This bilateralism, however, is not as yet complete and limited credits and free-exchange payments may be found in European-Latin American trade. In some cases, European "agreements" with non-European areas are not reported in detail and may represent specific deals rather than full-scale government-to-government agreements.

Following are (a) a summary of European bilateral agreements, with the various European and non-European areas, and (b) a list of the agreement partners and time periods of bilateral agreements reported.

Summary of European bilateral agreements as of Feb. 17, 1949

1. Agreements between OEEC countries:	
(a) In western Europe and Scandinavia	21
(b) Western Europe and Scandinavia with Austria, Mediterranean OEEC countries, and Iceland	34
(c) Western Germany with OEEC countries	11
(d) United Kingdom with OEEC countries	13
Total intra-OEEC agreements	79
2. Agreements between OEEC countries and countries of eastern Europe	88
3. OEEC countries with Spain	9
Total OEEC countries with non-OEEC countries in Europe	97
Total OEEC agreements in Europe	176
4. Agreements between countries of eastern Europe	37
Total intra-European agreements	213
5. Agreements between continental European countries and countries outside Europe:	
(a) OEEC countries with the Middle and Far East	6
(b) Eastern Europe with the Middle and Far East	7
(c) OEEC countries with Latin America	15
(d) Eastern Europe with Latin America	10
(e) Spain with Latin America	2
Total European with non-European countries	40
Total agreements	253

1. Most recent commercial agreements between OEEC countries:

(a) Western Europe and Scandinavia:

Partners	Period	Special provisions
France-Belgium	July 1947–48; prolonged to Oct. 31, 1948	
France-Netherlands	August 1948–49	
France-Norway	June 1948–49	
France-Sweden	November 1947–48; July 1948–51 payments	
France-Denmark	November 1948–49, supplemented December	Danish drawing rights.
France-Switzerland	August 1947–48, prolonged to Nov. 30, 1948, and again to Feb. 28, 1949	
Belgium-Netherlands	June 1, 1947–May 31, 1949; revised July 1948	
Belgium-Norway	January–December 1949	Norwegian drawing rights.
Belgium-Sweden	January–December 1948, May 1945 payments agreement to be terminated Feb. 15, 1949.	
Belgium-Denmark	January–December 1948 supplemented November 1948; 1949 trade partially arranged.	
Belgium-Switzerland	October 1948–49	
Netherlands-Norway	January–December 1948; supplemented May 1948	
Netherlands-Sweden	January–December 1948; supplemented November 1948; extended to Feb. 28, 1949; payments November 1945–Dec. 31, 1949.	
Netherlands-Denmark	June 1948–49	
Netherlands-Switzerland	July 1948–49; to be prolonged to Sept. 30, 1949	
Norway-Sweden	January–December 1949	
Norway-Denmark	April 1948–49	
Norway-Switzerland	July 1948–49; 1947–50 payments agreements	
Sweden-Denmark	February 1948–Jan. 31, 1949; supplemented November 1948	
Sweden-Switzerland	May 1948–50	
Denmark-Switzerland	January–December 1949	
Total (21).		

(b) Western Europe and Scandinavia with Austria, Mediterranean OEEC countries and Iceland:

Partners	Period	Special provisions
France-Austria	November 1948–49	
France-Portugal	June 1948–49	
France-Italy	April 1948–49, supplement September	
France-Greece	July 1948–49	
France-Turkey	August 1946–47, probably renewed	No quotas.
France-Iceland	July 1947–48, possibly renewed	
Belgium-Austria	June 1948–49	
Belgium-Portugal	April 1948–49	
Belgium-Italy	December 1948–49	
Belgium-Greece	November 1948–49	
Belgium-Turkey	December 1948–June 30, 1949	
Netherlands-Austria	February 1948–49, supplemented December	
Netherlands-Portugal	July 1948–49	
Netherlands-Italy	March 1948–49, supplemented December	
Netherlands-Iceland	December 1948–49	
Norway-Austria	November 1948–49	
Sweden-Austria	January–December 1949	
Sweden-Portugal	July 1948–49	Do.
Sweden-Italy	December 1948–September 1949	
Sweden-Greece	June 1948–49	
Sweden-Turkey	June 1948–49	
Sweden-Iceland	April 1948–49	
Denmark-Austria	September 1948–49	
Denmark-Portugal	August 1946–47; renewed	
Denmark-Italy	June 1948–49	
Denmark-Turkey	January 1949–Mar. 31, 1950	Do.
Denmark-Iceland	May 1948–49	
Switzerland-Austria	Protocol of Oct. 1, 1946, valid indefinitely unless denounced	Do.
Switzerland-Italy	October 1948–49	
Switzerland-Greece	April 1948–49	
Portugal-Italy	October 1947–48	
Italy-Greece	April 1947–48, extended to Dec. 31, 1948	
Italy-Turkey	November 1948–June 30, 1949	
Greece-Austria	February 1948–49	
Total (34).		

(c) Western Germany with OEEC countries:

Partners	Effective date	Special provisions
Western Germany-France	November 1948–June 1949	
Western Germany-Belgium	June 1948–June 1949	
Western Germany-Netherlands	August 1948–49	
Western Germany-Norway	July 1948–49	
Western Germany-Sweden	January–December 1949	
Western Germany-Denmark	August 1948–49	
Western Germany-Switzerland	September 1948–49	
Western Germany-Austria	August 1948–49	
Western Germany-Italy	September 1948–June 30, 1949	
Western Germany-Greece	January–December 1948	
Western Germany-Turkey	December 1948–June 30, 1949	
Total (11).		

(d) The United Kingdom-Ireland with OEEC countries:

Partners	Period	Special provisions
France-United Kingdom	November 1946, revised 1948	Payments agreement.
Belgium-United Kingdom	January 1948–June 30, 1949, revised January 1949	
Netherlands-United Kingdom	January–December 1948	
Norway-United Kingdom	January–December 1949; monetary agreement in effect to November 1950.	
Sweden-United Kingdom	January–December 1949	
Denmark-United Kingdom	October 1948–49	
Switzerland-United Kingdom	January–December 1948	
Italy-United Kingdon	January–December 1949	

(d) The United Kingdom-Ireland with OEEC countries—Continued

Partners	Period	Special provisions
Greece-United Kingdom	January 1946	Payments agreement.
Portugal-United Kingdom	April 1948-49	Do.
Iceland-United Kingdom	January-December 1948	
Ireland-United Kingdom	do	
Netherlands-Ireland	July 1948-49	
Total (13).		

2. Most recent commercial agreements between OEEC countries and countries of eastern Europe:

Partners	Period	Special provisions
France-Finland	May 1948-49, suppl. November 1948	
France-Czechoslovakia	August 1948-49	
France-Hungary	November 1947-48, extended to Apr. 30, 1949	
France-Rumania	July 1946 to completion	
France-Yugoslavia	May-December 1948	
France-Bulgaria	June 1947-48, presumably continued	
France-Poland	January-December 1949	Investment agreement; March 1948-52.
Belgium Finland	November 1948-49	
Belgium-Czechoslovakia	March 1948-49	
Belgium-Hungary	April 1947-May 1948	
Belgium-Rumania	September 1948-49	
Belgium-Yuzoslavia	do	
Belgium-Bulgaria	April 1947-48	
Belgium-Poland	Nov. 1, 1948-Dec. 31, 1949	
Belgium-U. S. S. R	January-December 1948	(Some Belgian deliveries for 1949.)
Belgium-Soviet zone, Germany	November 1947-48	
Netherlands-Finland	June 1948-49, suppl. September 1948	
Netherlands-Czechoslovakia	January-December 1948, prolonged to March 1949	
Netherlands-Hungary	January-December 1949	
Netherlands-Rumania	February 1948	Preliminary agreement; Rumanian but not Netherlands deliveries specified.
Netherlands-Yugoslavia	February 1948-51; annual quotas suppl. November 1948	Investment agreement.
Netherlands-Bulgaria	November 1948-49	
Netherlands-Poland	January-December 1948	1947-49 investment agreement, revised March and July 1948.
Netherlands-U. S. S. R	June 1948-53 (most items for 1-year delivery)	Investment agreement.
Netherlands-Soviet zone, Germany	June 1948-49	
Norway-Finland	November 1948-49	
Norway-Czechoslovakia	March 1948-49	
Norway-Hungary	November 1947-48	
Norway-Yugoslavia	April 1948-49	
Norway-Poland	January-December 1949	
Norway-U. S. S. R	do	
Norway-Soviet zone, Germany	do	
Sweden-Finland	February 1948-49	
Sweden-Czechoslovakia	November 1947-48	
Sweden-Hungary	October 1948-49	
Sweden-Yugoslavia	April 1948-49	April 1947-54 investment agreement.
Sweden-Bulgaria	October 1947-Dec. 31, 1948	
Sweden-Poland	May 1948-49	March 1947-51 investment agreement.
Sweden-U. S. S. R	January-December 1948	October 1946-51 investment agreement.
Sweden-Soviet zone, Germany	July 1948-49, suppl. December 1948	
Denmark-Finland	January-December 1948; November 1948 suppl. extends and expands agreement to May 1, 1949.	
Denmark-Czechoslovakia	September 1948-49	
Denmark-Hungary	October 1947-48	
Denmark-Yugoslavia	July 1947-48	
Denmark-Bulgaria	May 1947-48	
Denmark-Poland	October 1948-49	
Denmark-U. S. S. R	July 1948-Dec. 31, 1949	
Switzerland-Finland	September 1948-Feb. 28, 1950	
Switzerland-Czechoslovakia	October 1948-49	
Switzerland-Hungary	do	
Switzerland-Rumania	March 1947-50; annual quotas	
Switzerland-Yugoslavia	October 1948-53; annual quotas	Investment agreement.
Switzerland-Bulgaria	January-December 1947	
Switzerland-Poland	January-December 1948; revised June 1948	Investment orders; delivery to 1952.
Switzerland-U. S. S. R	April 1948-49	Investment orders; delivery to 1951.
Switzerland-Soviet zone, Germany	July 1947-48	
Austria-Czechoslovakia	August 1948-June 30, 1949	
Austria-Hungary	January-December 1948, supplemented September 1948	
Austria-Yugoslavia	September 1948-49	
Austria-Bulgaria	October 1948-49	
Austria-Poland	August 1948-49	
Italy-Czechoslovakia	September 1948-49	
Italy-Hungary	December 1948-49	
Italy-Yugoslavia	November 1947-48	1947-52 investment agreement.
Italy-Bulgaria	November 1948-49	Investment deliveries may be authorized.
Italy-Poland	January-December 1948, revised April 1948; extended to 2 months	October 1946-50 investment agreement.
Italy-U. S. S. R	December 1948-49	December 1948-51 investment agreement.
Italy-Soviet zone, Germany	July-December 1947	
Greece-Czechoslovakia	August 1948-49	
Iceland-Finland	July 1948-49	
Iceland-Czechoslovakia	March-December 1948 extended to Feb. 28, 1949	
Iceland-Poland	July 1948-Dec. 31, 1949	
(Iceland-U. S. S. R)	(May 1946-47 agreement not renewed in 1948)	
Western Germany-Finland	July-December 1948	
Western Germany-Czechoslovakia	October 1948-49	
Western Germany-Hungary	August 1948-49	
Western Germany-Yugoslavia	April-September 1948, automatically renewable	
Western Germany-Bulgaria	October-December 1947, automatically renewable	
Western Germany-Poland	January-December 1949	
Turkey-Finland	June 1948-49	No quotas scheduled.
Turkey-Czechoslovakia	December 1946-Apr. 1, 1948, automatically renewable to Mar. 31, 1949	Do.
Turkey-Yugoslavia	September 1947-48	Do.
Turkey-Poland	August 1948-49	Do.
United Kingdom-Finland	January-December 1949	
U. K.-Czechoslovakia	November 1945	Payments only.
U. K.-Hungary	August 1948-49	
U. K.-Yugoslavia	October 1948-49	
U. K.-Poland	January 1949-53, annual quotas	Investment agreement; not all goods have annual quotas.
U. K.-U. S. S. R	December 1947-51; U. S. S. R. deliveries February-September 1948; U. K. deliveries 1948-51.	Investment agreement.
Total (83).		

3. Most recent commercial agreements between OEEC countries and Spain:

Partners	Period	Special provisions
France-Spain	May 1948-49 revised November 1948	
Netherlands-Spain	November 1948-May 1949	
Sweden-Spain	July 1948-49	
Denmark-Spain	March 1948-49	
Switzerland-Spain	December 1947-48, prolonged to Mar. 31, 1949	
Italy-Spain	July 1948-49	
Bizone-Spain	January-December 1949	
United Kingdom-Spain	June 1948-April 1949 revised December	No quotas.
Ireland-Spain	September 1947-48	
Total (9).		

4. Most recent commercial agreements between countries of eastern Europe:

Partners	Period	Special provisions
Finland-Czechoslovakia	October 1948-49	
Finland-Hungary	October 1948-Dec. 31, 1951 (annual quotas)	
Finland-Yugoslavia	October 1948-49	
Finland-Bulgaria	October 1948-51 (annual quotas)	
Finland-Poland	February-Dec. 31, 1949; suppl. December 1948	
Finland-U. S. S. R.	January-December 1949	
Finland-Soviet zone, Germany	October 1948-49	
Czechoslovakia-Hungary	November 1948-Dec. 31, 1949	November 1948-53, agreement in framework.
Czechoslovakia-Rumania	January-December 1949	
Czechoslovakia-Yugoslavia	October 1947-Dec. 31, 1948	Investment agreement, February 1947-Dec. 31, 1951.
Czechoslovakia-Bulgaria	April-Dec. 31, 1948	Investment agreement, April 1947-51.
Czechoslovakia-Poland	July 1948-Dec. 31, 1949	Investment agreement, July 1947-52.
Czechoslovakia-U. S. S. R.	January-December 1949	Investment agreement.
Czechoslovakia-Soviet zone, Germany	July 1948-49	January 1948-52.
Hungary-Rumania	June 1948-49 suppl. September 1948	Investment features.
Hungary-Yugoslavia	July 1947-51; revised March 1948; annual quotas	Investment agreement.
Hungary-Bulgaria	September 1948-49	
Hungary-Poland	October 1948-Dec. 31, 1949	
Hungary-U. S. S. R.	August 1948-Dec. 31, 1949	Investment agreement 1950-54; Hungarian deliveries.
Hungary-Soviet zone, Germany	August 1947-49, July 1948 deal	
Rumania-Yugoslavia	April 1948-49	June 1948, industrial agreement.
Rumania-Bulgaria	May 1948-49	
Rumania-Poland	January-December 1949	September 1948-53, investment agreement outlined.
Rumania-U. S. S. R.	do	Investment features.
Yugoslavia-Bulgaria	January-December 1948	
Yugoslavia-Albania	June 1947-48	
Yugoslavia-Poland	January-December 1949	May 1947-52, investment agreement.
Yugoslavia-U. S. S. R.	do	Previous agreement had investment features.
Bulgaria-Albania	August 1948-December 31, 1949	
Bulgaria-Poland	September 1948-49	May 1948-53, economic collaboration.
Bulgaria-U. S. S. R.	January-December 1949	
Bulgaria-Soviet zone, Austria	December 1948—?	
Bulgaria-Soviet zone, Germany	September 1948-49	
Albania-U. S. S. R.	August-December 1948	
Poland-Albania	January-December 1949	
Poland-U. S. S. R.	do	1948-53, investment agreement for Soviet capital goods.
Poland-Soviet zone, Germany	February 1948-49; supplement September 1948	
Total (37).		

5. Agreements between continental European countries and countries outside Europe:
(a) OEEC countries with the Middle and Far East:

Partners	Period	Special provisions
France-Egypt	June 10, 1948-49(?)	Payments agreement, no quotas.
Sweden-Japan	January-December 1949	No quotas.
Sweden-Australia	May 1, 1948-49	
Switzerland-Egypt	Sept. 27, 1948-Apr. 30, 1949	
Italy-Egypt	August 1948-49(?)	
Western Germany-Egypt	October 1948-49	
Total (6).		

(b) Eastern Europe with the Middle and Far East:

Partners	Period	Special provisions
Czechoslovakia-Pakistan	October 1948-49	
Hungary-Palestine (now with Israel) (?)	March 1947-June 30, 1948, automatically renewable	No quotas.
Yugoslavia-Egypt	June 1947-48	
Yugoslavia-India	July 1948-(?)	Payments agreement.
(Yugoslavia-Pakistan)	(January 1949)	(Draft trade pact.)
Poland-Egypt	September 1947-March 1948; renewed (?)	
U. S. S. R.-Egypt	March 1948-49	Barter agreement: Egyptian cotton versus Soviet grain.
(U. S. S. R.-Iran)	(No quotas established for March 1948-49 under existing agreement)	
U. S. S. R.-Afghanistan	October 1947-(?)	
(U. S. S. R.-China)	(Repayment of 1938-39 loans by 1948-52 deliveries of Chinese goods)	
Total (7).		

(c) OEEC countries with Latin America:

Partners	Period	Special provisions
France-Argentina	July 1947-52	
(France-Chile)	(Dec. 15, 1948)	(Modus vivendi.)
France-Uruguay	September 1946, indefinite term	Payments agreement.
Belgium-Argentina	May 1946-48, automatically renewable	Quotas for some products only.
Belgium-Brazil	May 1946; denounced May 1948	Limited clearing arrangement retained.
Belgium-Chile	July 1948-49	Provisional agreement.
Netherlands-Argentina	March 1948-53	Investment agreement.

(c) OEEC countries with Latin America—Continued

Partners	Period	Special provisions
Netherlands-Brazil	September 1948, valid indefinitely	No quotas.
Netherlands-Uruguay	November 1948–49	Do.
Sweden-Argentina	December 1948–49	Do.
Sweden-Colombia	Nov. 1, 1948–Dec. 31, 1949	
Denmark-Argentina	December 1948–53 (annual quotas)	
Switzerland-Argentina	January 1947–52, revised September 1948	Quotas for Argentine products only.
Italy-Argentina	October 1947–51 (annual quotas)	Argentine credit to Italy.
Italy-Uruguay	July 1948 revision of February-December 1947 agreement	Payments agreement, no quotas.
Western Germany-Uruguay	October 1948–49	Quotas for Uruguayan exports only.
Total (15).		

(d) Between countries of eastern Europe and Latin America:

Partners	Period	Special provisions
Finland-Argentina	July 1948–49	Argentine credit.
Czechoslovakia-Argentina	July 1947–51, revised June and November 1948 (annual quotas)	
Czechoslovakia-Brazil	March 1948–49	
(Czechoslovakia-Chile)	(May 1947, valid indefinitely)	(Not yet ratified.)
(Czechoslovakia-Uruguay)	(January 1947 protocol)	(Payments; not yet ratified.)
Czechoslovakia-Venezuela	November 1947 protocol	No quotas.
Czechoslovakia-Mexico	August 1947, indefinite	Payments agreement.
Hungary-Argentina	July 1948–52 revised term December 1948 (annual quotas)	
Rumania-Argentina	October 1947–July 31, 1950 (annual quotas for Argentine goods)	Argentine credit.
Yugoslavia-Argentina	June 1948–Dec. 31, 1951 (annual quotas)	
Yugoslavia-Uruguay	July 1948–?	Payments agreement.
Poland-Argentina	January 1949–December 1951 (annual quotas)	
Total (10).		

(e) Spain with Latin America:

Partners	Period	Special provisions
Spain-Argentina	October 1946–51, revised April 1948	Argentine loan to Spain; some quotas.
Spain-Bolivia	Feb. 28, 1948–51	
Total (2).		

C. UNITED KINGDOM BILATERAL AGREEMENTS

The principal bilateral agreements in force between the United Kingdom and other countries as of February 21, 1949, are shown on the following lists. They may be generally divided into three classes: (1) Monetary agreements; (2) short-term bilateral trade agreements; and (3) agreements for the bulk purchase of food products by the United Kingdom.

1. Monetary agreements: The monetary agreements, generally speaking, contain the following undertakings:

(a) Subject to provisions for review, a fixed rate of exchange is established between the pound sterling and the currency of each of the other contracting governments.

(b) Each of the parties undertakes to furnish its own currency against the currency of the other party, thus providing the latter with what is, in effect a line of credit for current transactions. Net balances accumulated through the operation of this provision are limited. When the specified amount of the net balance has been reached, further sales of currency are to be paid for in gold.

(c) The United Kingdom undertakes to permit the use of sterling at the disposal of residents of the other countries for payments not only in the United Kingdom but in any other part of the sterling area as well, and for transfers to other residents of the respective countries. A reciprocal undertaking is given by the other party. The contracting governments agree that as opportunity offers they will attempt to make balances held by residents of the other contracting country available for payments to residents of third countries.

(d) The parties agree to cooperate to prevent transfers between their areas which do not serve direct and useful economic or commercial purposes.

(e) There is provision for review in the event that the contracting governments adhere to a general international monetary agreement.

2. Short-term bilateral trade agreements: Short term bilateral trade agreements have assumed increasing importance and to an increasing extent are being integrated with financial agreements. They are an indispensable short-term expedient to obtain essential imports and to reduce the critical drain of dollars and gold reserves from the United Kingdom and sterling area. The principal objective is to secure as many imports of essential goods as possible with the least possible expenditure of gold and dollars. Less essential imports are kept at a minimum. These agreements are based mainly on precisely balanced bilateral exchanges to avoid the risk of any deficits which might have to be met in hard currency. Therefore the quantities of goods involved are generally predetermined.

The short-run character of these agreements was emphasized by Mr. Harold Wilson, President of Britain's Board of Trade, when he stated that "the whole commercial position of this country has been built upon the supposition that trade would be multilateral and that we should not have to bother whether our trade with each country exactly balanced. If we cannot reestablish that position in the long run, the outlook for us is very serious."

3. Bulk-purchase agreements: During the war the United Kingdom entered into a number of long-term contracts with various other governments for the purchase of large quantities of particular commodities, and since the war it has renewed some of these contracts and entered into additional ones. For example, in 1944 it concluded 4-year contracts with New Zealand and Australia for the purchase of meat and dairy products (the contracts for cheese and butter with New Zealand were later extended to 1950) and with Canada for the purchase of meat and cheese. After several years of extensive negotiations, a meat contract with Argentine was concluded in the fall of 1946. Also in 1946 the United Kingdom signed a 4-year purchase agreement with Canada for wheat, and with Denmark for bacon, eggs, and butter. In general these agreements provide for the purchase by the United Kingdom of exportable surpluses of specified minimum quantities, and for specified minimum prices with provisions for periodic review.

United Kingdom: Principal bilateral financial and economic agreements in force Feb. 21, 1949

I. MONETARY AND OTHER FINANCIAL AND ECONOMIC AGREEMENTS

Agreement with—	Date of signature	Nature of agreement [1]
Argentina	Feb 12, 1947	Financial, meat purchases, railroads, etc.
Belgium	Oct. 5, 1947; supplement	Monetary.
	Feb. 28, 1948	
	January 1949	Trade and payments.
Brazil	May 21, 1948	Do.
Canada	Mar. 6, 1946	Financial (extension of credit by Canada).
Czechoslovakia	Nov. 1, 1945	Monetary.
	Dec. 15, 1945	Credit.

[1] In general, agreements described as monetary agreements provide for fixed rates of exchange, for the sale of currencies up to certain specified limits, and for the use of sterling at the disposal of either party freely throughout the sterling area. Payments agreements provide for the channeling of all payments through special accounts, without fixing exchange rates or providing for sales of currencies by the respective central bank.

United Kingdom: Principal bilateral financial and economic agreements in force Feb. 21, 1949—Continued

I. MONETARY AND OTHER FINANCIAL AND ECONOMIC AGREEMENTS—continued

Agreement with—	Date of signature	Nature of agreement
Denmark	Dec. 6, 1945	Monetary.
	September 1948	Trade.
Egypt	Jan. 5, 1948	Trade and finance.
Eire	July 1948	Do.
Finland	July 1, 1947	Payments.
	January 1948	Trade.
France	Mar. 27, 1945; Apr. 29, 1946	Financial (extension of credit to France); payments and trade.
	Dec. 3, 1948	
Greece	Jan. 24, 1946	Financia land economic (extension of credit to Greece, etc.),
Hungary	August 1948	Trade.
Iceland	April 1948	Do.
Iran	May 26, 1942; supplement	Financial.
	Nov. 6, 1947	
Iraq	Aug. 13, 1947; supplement	Do.
	November 1948	
Italy	For year 1949	Trade.
Netherlands	Sept. 7, 1945; amended, September 1946	Monetary
	February 1948	Trade.
Norway	Nov. 8, 1945; supplement	Monetary.
	June 27, 1947	
Peru	Jan. 1, 1948, to Jan. 1, 1950	Trade and finance.
Poland	May 1947	Financial.
	December 1948	Trade.
Portugal	Apr. 16, 1946	Monetary.
	Jan. 9, 1948	Trade and finance.
Spain	Mar. 28, 1947	Monetary.
	Mar. 31, 1948	Trade and finance.
Sweden	Mar. 6, 1945; supplement	Monetary.
	Nov. 24, 1945	
	Dec. 15, 1948	
Switzerland	February 1948	Trade.
	Mar. 12, 1946	Do.
Turkey	February 1948	Monetary.
U. S. S. R	Dec. 27, 1947	Trade and finance.
United States	Dec. 6, 1945	Financial and commercial.
Yugoslavia	Sept. 30, 1948	Loan agreement.
		Trade.

II. AGREEMENTS OR CONTRACTS FOR THE PURCHASE OF FOOD PRODUCTS BY THE UNITED KINGDOM

Agreement with—	Duration (including contracts renewed)	Extended through—	Products covered
Australia	June 30, 1947, to June 30, 1949	June 30, 1953	Eggs.
	Oct. 1, 1944, to Sept. 30, 1948	Sept. 30, 1950	Meats.
	July 1, 1944, to June 30, 1948	June 30, 1955	Cheese, butter.
	Jan. 1, 1946, to Dec. 31, 1948	Dec. 31, 1953	Dried fruits.
Argentina	4 years from Oct. 1, 1946		Meats.
Canada	Dec. 1, 1943, through 1948 at least	1949	Meats (including bacon).
	4 years from Aug. 1, 1946	July 1950	Wheat.
	Apr. 1, 1944, to Mar. 31, 1947	1949	Cheese.
	Jan. 1, 1944, to Jan. 31, 1949		Eggs.
Denmark	Aug. 1, 1946, to Sept. 30, 1950		Bacon, butter, eggs.
New Zealand	Oct. 1, 1944, to Sept. 30, 1948	Oct. 1, 1955	Meats.
	Aug. 1, 1944, to July 31, 1950	July 31, 1955	Cheese.
	Aug. 1, 1944, to July 31, 1950	do	Butter.
Eire	1944-46	Jan. 31, 1951	Eggs.
Union of South Africa	1947-48	September 1950	Do.
Ceylon	July 1946 to Dec. 31, 1950		Oils and fats.
Kenya, Uganda, and Tanganyika	Until crop year 1951-52		Coffee.

Contracts are in force for the purchase of the exportable surplus of sugar from the following countries for 4 years from June 1946:

All parts of the British Empire.

Portuguese East Africa (Portuguese requirements excepted).

Haiti.

Fiji.

Mauritius.

D. BILATERAL AGREEMENTS BETWEEN LATIN-AMERICAN REPUBLICS

Following is a list of bilateral agreements known to have been negotiated by Latin-American Republics in recent years:

Argentina-Sweden: Signed November 23, 1948.

Effective: December 1, 1948.

Duration: December 1, 1953.

Nature: (1) Each party agrees to facilitate the importation of the merchandise of other according to its needs and in value equivalent to purchases of its goods by the other party. (2) All payments to be made in Swedish crowns. (3) Overdraft of 50,000,000 crowns to be allowed either country. (4) Final settlement to be made in sterling.

Argentina-France: Signed July 23, 1947.

[Effective:]

Duration: 5 years.

Nature and commodities involved: Agreement provides that France buy from Argentina annually specified quantities of certain products provided that during each year the exportable surplus is not now below a specified amount. If France during 5-year period can buy products more cheaply elsewhere, it is free to do so. Products to be purchased by Government of France from IAPI. Agreement also lists goods to be sold by France to Argentina in minimum specified quantities.

Argentina-Belgium-Luxemburg: Signed May 14, 1946.

Effective: May 24, 1946. Provisionally, subject to ratification.

Duration: 1 year—financial agreement renewable for 1-year periods by tacit consent, unless abrogated by either party with 3 months' notice. 2 years—Commercial protocol renewable automatically for 1-year periods, unless denounced 3 months prior to date of expiration.

Nature and commodities involved: Financial agreement, exchange of notes regarding release of blocked assets, and a commercial protocol.

Financial: Purpose to provide Belgium with an operating credit with which to purchase Argentine goods until such time as Belgian exports reach point sufficient to establish an approximate balance in the payments between the two countries. Argentina to allow Belgium a maximum unfavorable operating balance of payments in Belgian francs equivalent to 110,000,000 Argentine pesos. Belgian franc established as means of payment between Argentina and Belgian franc area. Payments to be effected through special Belgian franc account known as Argentine Special Account to be opened in favor of Central Bank of Argentine Republic in the National Bank of Belgium. Central Bank will make use of Belgian franc credits in meeting current Argentine payments in Belgian franc area and will not demand liquidation of balance in its favor until franc balance exceeds equivalent of 110,000,000 Argentine pesos.

Blocked assets: Notes exchanged provide that both countries will unblock assets only upon presentation of a certificate issued by the other certifying to the absence of participation in the ownership of the assets on May 10, 1940.

Commercial protocol: Purpose to encourage a commercial interchange between contracting parties until it can be replaced by a commercial treaty. Argentina to facilitate, in

greatest measure possible, the granting of export permits for certain specified commodities, principally foodstuffs and animal products, for which Belgium will grant import permits. The quantities of these goods are not stipulated.

Argentina-Ecuador: Signed August 5, 1946.

Effective: August 5, 1946.

Duration: Three years.

Nature and commodities involved: Reciprocal purchase: Argentina to supply Ecuador with up to 10,000 tons of wheat of which up to 5,000 tons to be from 1945–46 crop at 35 pesos per quintal f. o. b. Buenos Aires; 50,000 head of cattle; 30,000 sheep; 10,000 pigs; 7,000 goats; 3,000 horses. Argentine Congress to be requested to exempt Ecuadoran toquilla straw hats from import duty. Ecuadoran fresh fruit to receive most-favored-nation treatment in Argentina.

Ecuador to supply Argentina, annually, up to 6,000 tons good quality rubber beginning January 1, 1947, at a price to be agreed upon for each transaction, but not less than $0.89 (U. S. currency) per kilo f. o. b. port of shipment. Ecuadoran Government to give preference to exports of natural rubber to Argentina, and will not grant for 3 years export permits for rubber to other countries until the Argentine Government has imported the quantity of 6,000 tons of natural rubber per year. Ecuador also to supply annually minimum of 200,000 tons petroleum, 10,000,000 square feet of balsa wood, and 20 tons cinchona bark. Ecuadoran Congress to be requested to reduce import duty on Argentine lard from 0.60 to 0.25 sucre per gross kilo. Argentine fresh fruit to receive most-favored-nation treatment in Ecuador.

Argentina-Egypt: Signed August 2, 1948.

Nature and commodities involved: Barter agreement providing for exchange of 30,000 tons of Egyptian rice for Argentine agricultural products.

Argentina-United Kingdom: Signed February 12, 1948.

Effective: Agreement to go into effect as soon as it is approved by the British and Argentine Governments.

Duration: One year.

Nature and commodities involved: Agreement provides for advance lump-sum payment of 10,000,000 pounds by the United Kingdom as a contribution to the increased cost of production of the goods to be purchased from Argentina. This in effect merely part of the purchase price. Rest of price approximately 100,000,000 pounds, and this sum Britain also pays in advance, receiving one-half of 1 percent interest. If British purchases of goods covered by the agreement have not amounted to 100,000,000 pounds by March 31, 1949, Argentina is to reimburse the United Kingdom for the unexpended balance. British purchases from Argentina to include 1,270,000 metric tons of corn, 400,000 long tons of frozen meat, and 20,000 long tons of canned meat. Britain to furnish Argentina petroleum products and coal.

Argentina-Spain: Signed October 30, 1946.

Effective: October 2, 1946.

Duration: October 2, 1946, to December 31, 1951.

Nature and commodities involved: Provides for reciprocal purchases: Argentine credits to Spain; preference to merchant marine for both parties in transportation of merchandise involved; and various other matters.

Argentina to supply Spain with 400,000 tons minimum of wheat in 1947 and 300,000 tons minimum in 1948; and with 120,000 tons of corn in 1947 and 100,000 tons in 1948; provided that the exportable surpluses of these items exceed stated figures. Argentina also to supply Spain with stipulated quantities of a number of other agricultural products during the period 1947–51, once its international commitments on these items are fully satisfied.

Either party may buy in other markets if the seller is unable to meet world prices, and imports and exports, insofar as Argentina is concerned, must be made through the Argentine Institute for the Promotion of Trade.

Argentina-Brazil: Signed November 29, 1946.

Effective: January 1, 1947.

Duration: 5 years.

Nature and commodities involved: Reciprocal purchases.

Argentina to supply Brazil:

Wheat: 1,200,000 tons annually if exportable surplus is not less than 2,600,000 tons; if it is less, Argentina will earmark 45 percent of the available surplus for Brazil. Price to be lowest applied to any third party during preceding month.

Wool: 5,000 metric tons annually.

Casein: 1,000 metric tons annually.

Brazil to supply Argentina:

Truck tires: 5,000 during 1946, 40,000 during 1947.

Automobile tires: 40,000 during 1947. Brazil will supply in 1948–51 such truck and automobile tires as Argentine industry cannot produce.

Crude rubber: 3,000 tons in last half of 1947, 5,000 tons annually in 1948–51.

Cotton piece goods: 60,000,000 meters in 1947, 80,000,000 meters in 1948, 100,000,000 annually in 1949–51.

And specified quantities of about a dozen other miscellaneous items.

For rubber, wheat, tires, and textiles, purchases of the specified amounts are not obligatory and offers from competitive sources can be considered. If price quotations from other sources are lower than those specified in the agreement, the other party must be given an opportunity to meet the lower price quotations. If the other party is unable or unwilling to meet them, purchaser is free to buy from the cheapest source.

Argentina-Chile: Signed December 13, 1946.

Duration: 5 years after ratification.

Nature and commodities involved: Provides for limited free trade between the two countries and for the financing by Argentina of industrial development and public-works construction in Chile.

I. Trade provisions: Reciprocal duty-free and tax-free entry of goods imported for consumption or industrialization. Such duty-free imports will be in amounts sufficient to complete requirements of either country, subject to exportable surpluses in the other country. Each Government will fix periodically the quantity of the respective products which can be imported within a fixed period of time.

Both countries will give preferential attention to the requirements of the other country as regards each one's exportable surpluses.

Each country shall prepare a list of products originating in the other which shall be excepted from the duty-free-provision, within 180 days from the day the agreement goes into effect.

II. Financial provisions: Argentina grants a 100,000,000-peso revolving credit to Chile, will invest 300,000,000 pesos in Chilean industries, and will grant a 300,000,000-peso loan to Chile for public-works construction. These funds to be provided by Argentine Institute for the Promotion of Trade.

An Argentine-Chilean Finance Association, to be established, will assist Chilean enterprises to increase Chile's exports to Argentina, especially of copper, iron, steel, nitrate, coal, wood, and electric power.

All materials, machinery, and implements used in public works and not produced in Chile shall be purchased from the Argentine Institute for the Promotion of Trade, except those which may be purchased more advantageously as to quality, terms, or prices, in other markets. (This is an escape clause.)

The agreement contains other provisions regarding communications, insurance, motion pictures, etc.

Argentina-Switzerland: Signed January 20, 1947.

Effective: January 20, 1947, provisionally, pending ratification.

Duration: To December 31, 1951.

Nature and commodities involved: Provides for reciprocal purchases, most favorable treatment possible with respect to duties, taxes, and administrative procedure in connection with the interchange of products, and various other matters. Applies also to Principality of Liechtenstein by virtue of customs union treaty with Switzerland.

Argentina to supply Switzerland with specified quantities of wheat, corn, barley, oats, and rye, 1947–51.

In addition, once internal demand is satisfied, and existing commitments to other countries met, Argentina will endeavor, whenever possible, to furnish Switzerland with unspecified amounts of meat, butter, lard, tallow, millet, birdseed, wheat flour for fodder, bran, fine bran, bristle, and castor oil.

Switzerland to extend every facility for Argentina to acquire Swiss products, especially industrial machinery and parts; textile machinery, motors, including hydraulic, wind-driven, gas, and internal-combustion engines; steam boilers; electrical and telecommunication devices; chemicals and pharmaceutical products.

For wheat, corn, barley, oats, and rye, if Switzerland finds other sources of supply with lower prices than those quoted by the Argentine Institute for Trade Promotion, the institute should be given an opportunity to meet these lower prices. Should it be unable to do so, Switzerland may acquire the products from another source, the quantity thus purchased being deducted from the quota specified in the agreement.

Argentina-Bolivia: Signed March 8, 1947.

Effective: Upon ratification.

Duration: Five years.

Nature and commodities involved: Similar to Argentine-Chilean agreement, but Argentine credits, investments, and loans are less. Provides for limited free trade and for financing by Argentina of industrial development and public-works construction in Bolivia. However, unlike Chilean agreement, Argentine-Bolivian agreement contains a protocol providing for exchange of specified products, including Bolivian minerals and other raw materials, and Argentine foodstuffs, wool, cotton, etc. Bolivia to supply Argentina with annual quantities of tin as available over and above other Bolivian international commitments.

Brazil-United Kingdom: Signed May 21, 1948.

Nature and commodities involved: Trade and payments agreement. United Kingdom undertakes to ship to Brazil during 1948 certain quantities of specified products, including petroleum, locomotives, machinery, and iron and steel manufactures, in exchange for specified amounts of Brazilian cotton, hides, coffee, and other foodstuffs and raw materials. All operations between Brazil and scheduled area A (formerly sterling area A) will be liquidated in sterling but Brazil withdraws from the transferable account area.

Brazil-Czechoslovakia: Signed October 16, 1946.

Effective: November 15, 1946.

Duration: Two years, after expiration of which continues in effect subject to denunciation at any time by either party with 6 months' notice.

Nature and commodities involved: Most-favored-nation treaty, financial arrangement providing credits to Czechoslovakia, and protocol for interchange of merchandise between two countries.

The commercial treaty provides for reciprocal most-favored-nation treatment with respect to commerce and maritime navigation.

In the financial agreement Brazil grants a $20,000,000 (United States currency) credit to Czechoslovakia for the purchase of Brazilian products, and the repayment of the credit utilized at the rate of 20 percent annually beginning January 1, 1952. The agreement also provides for the regulation of methods of payment between the two countries, and releases Czechoslovak blocked credits in Brazil amounting to approximately $500,000 (United States currency).

The protocol deals with the interchange of merchandise between the two countries and contains two lists of products, specified quantities of which will be exported by each country to the other over a 2-year period.

Brazil-Chile: Signed December 27, 1946.

Effective December 27, 1946.

Duration: 6 years. If not denounced 3 months prior to expiration date, agreement will remain in effect for an unlimited time, each party reserving right to denounce at any time thereafter for its termination 1 year later.

Nature and commodities involved: Brazil to sell and Chile to buy 20,000,000 lineal meters cotton textiles annually, providing equality of prices between Brazilian textiles and those of similar quality offered by other sources. Better offers received by Chilean importers must be communicated to Brazil, which within 5 days must reply as to whether Brazilian exporters can compete. If cannot compete or no reply received, Chile can effect purchases in other market. Preferential treatment in customs, exchange or other matter existing in Chile now or in future to be extended Brazilian textiles so that they will not be less favored than similar textiles from other countries.

Brazil-Paraguay: Signed January 16, 1947.

Effective January 16, 1947.

Duration: 6 years. If not denounced 3 months prior to expiration, will remain in effect for indefinite period, each reserving right to denounce for termination 1 year later.

Nature and commodities involved: Brazil to sell, Paraguay to buy 10,000,000 meters cotton textiles annually so long as Brazilian prices not higher than those of other countries. If Paraguayan importers receive better offers, said offers must be communicated to Brazil which will advise as to whether Brazilian exporters can compete.

Chile-Belgium: Signed March 26, 1946.

Nature and commodities involved: Memorandum of agreement recommending projects of a provisional commercial convention, a commercial agreement, and a protocol covering payments. Proposed commercial convention provides for reciprocal general most-favored-nations customs treatment.

Commercial agreements provide for granting of all necessary facilities for increasing trade and especially intensifying commerce in certain products. Lists of Chilean and Belgian-Luxemburg products were to be drawn up by a mixed commission within 90 days after the signing of the agreement.

The draft protocol provides that payments relating to the interchange of merchandise between the two countries shall be made in United States currency or in any other currency expressly agreed upon.

Honduras-Nicaragua: Effective July 8, 1946.

Duration: Further notice.

Nature and commodities involved: Nicaragua grants duty-free entry for rosin and turpentine; Honduras grants duty-free entry to sesame oil and cottonseed oil.

Uruguay-Belgium-Luxemburg: Signed June 14, 1946.

Effective: June 14, 1946, provisionally, subject to ratification. Uruguay ratified October 23, 1946.

Duration: 3 years.

Nature and commodities involved: This commercial agreement, prompted by the desire and the respective Governments to resume and increase the exchange of their goods with each other, provides that import and export permits and authorizations for the corresponding exchange will be issued with the greatest facility possible for certain listed products up to a specified value or quantity.

Another provision of the agreement states that in case either country establishes import or export quotas for individual countries on certain products, each is bound to give the other an equitable part of the quota. This share of the quota cannot be less than the prewar part of the trade each received in the particular commodities. Any portion of a quota established for a limited period and not filled before the period expires will be added to the quota for the following period, except when it is decided to the contrary by mutual agreement. Quotas given to a third country must include sales made by private agreement whether in the form of barter or other agreement.

Both Governments agree to cancel all provisions of previous agreements dealing with the balancing of trade between Uruguay and Belgium.

Chile-Peru: Signed February 6, 1947.

Effective: Not yet ratified.

Nature and commodities involved: Agreement on cultural, tourist, and commercial relations based on unratified agreement of April 4, 1946. Commercial provisions reportedly include reciprocal tariff concessions.

Colombia-Canada: Signed February 20, 1946.

Effective: 30 days after exchange of ratifications.

Duration: 2 years with automatic renewal for 1 year unless terminated.

Nature and commodities involved: Reciprocal trade agreement providing most-favored-nation treatment; nondiscriminatory procedures to govern customs regulations, control foreign exchange, quantitative quotas, etc. (Excepts Empire agreements.)

Colombia-Sweden: Signed November 6, 1948.

Effective: November 1, 1948.

Duration: December 31, 1949.

Nature and commodities involved: Trade and payments agreement covering exchange of Colombian coffee and bananas (3,920,000 pesos value) for "essential" requirements of Colombia.

Mexico-Canada: Signed February 8, 1946.

Effective: February 8, 1946 (provisionally).

Duration: 2 years.

Nature and commodities involved: Provides for most-favored-nation treatment, no specified products involved.

Mexico-Costa Rica: Signed February 4, 1946.

Nature and commodities involved: Provides for most-favored-nation treatment, no specified products involved.

Mexico-Guatemala: Signed October 12, 1948.

Duration: 2 years.

Nature and commodities involved: Most-favored-nation treatment, no specified products involved.

Nicaragua-Honduras: Effective July 8, 1946.

Nature and commodities involved: Exempts from Nicaraguan customs duties imports of Honduran rosin and turpentine; Honduras exempted Nicaraguan sesame and cottonseed oils from duties.

E. BILATERAL AGREEMENTS IN THE FAR, MIDDLE, AND NEAR EAST

Bilateral trade agreements in the Far East

Few trade agreements of the type in question are known to exist in the Far East, with the exception of the network of trade and payments agreements concluded by SCAP with other countries.

Japanese trade agreements: During 1948 the Supreme Commander for the Allied Powers concluded on behalf of Japan a series of trade agreements, most of them to be effective through June or December of 1949. Targets of the expected volume of trade, both as to value and as to types and quantities of commodities to be exchanged are estimated in these agreements. In general, an effort is made to balance the amount of trade between Japan and the signatory nations, although provisions for periodic settling of balances in acceptable currencies are written in. The most important of these is known as the Sterling Agreement, signed in November with the British, to which several members of the Commonwealth adhered (United Kingdom and colonies (except Hong Kong), Australia, New Zealand, India, South Africa. all members of the sterling area are eligible to join). In addition, agreements were signed with Sweden, the French Union, Egypt, the Netherlands and Indonesia, and Siam. Under the terms of the larger sterling agreement, Pakistan and Burma have signed separate agreements. There remains an open account understanding with China, under which China is expected to make up certain amounts of goods still undelivered to Japan in return for Japanese goods that went forward to China nearly 2 years ago. Within the framework of all of these agreements, provision has been made for the passage of goods under private trade auspices as well as under government.

In addition to its open account arrangement with SCAP described above, the Chinese Government is understood to be still shipping Chinese commodities to the Union of Soviet Socialist Republics in fulfillment of commitments undertaken in barter agreements entered into with the Soviet Government in 1938–39. The terms of these agreements are confidential.

A supplementary financial agreement between China and Canada was signed on May 28, 1947, supplementing a previous signed agreement under which Canada extended credits to China.

Bilateral agreements in the Middle and Near East

Because of the continuing dollar shortage facing the countries of the Near and Middle East and their difficulty in finding markets for their exportable surpluses, they have had to resort to the use of bilateral agreements. Turkey, Egypt, and Israel, the most important trading countries, have negotiated a number of such agreements during the past year; the other countries in the area have been less active. The principal hindrance to American trade with most of the countries of the area, is the lack of dollar earning power and difficulty in converting their local currency and other foreign exchange into dollars.

Turkey, since the conclusion of World War II, has been the most active of the near eastern countries in concluding bilateral agreements. In the early part of this period the agreements providing for trade on a free foreign exchange basis followed the country's policy of renouncing bilateral trade in favor of more liberal commercial transactions. With the growing dollar problem, intensified by the postponement of sterling convertibil-

ity and difficulty in finding markets for its goods, Turkey felt obliged to modify this liberal policy and to conclude agreements providing for clearing accounts and in some cases for mutual credits and lists of goods constituting the trade exchange goal. The most recent agreements concluded by Turkey provide for ERP drawing rights as incorporated in the Intra-European Payments and Compensation Agreement. It is believed that Turkey's objective is still the development on multilateral trading as soon as world conditions make it possible.

Egypt has also negotiated several bilateral agreements, clearing as well as barter, and is considering others, particularly in order to insure markets for cotton which has traditionally provided more than 70 percent of the country's revenue from exports.

Barter agreements and imports against deferred payment have been important factors in the foreign trade of the new state of Israel. Agreements of this kind have been concluded recently with Holland, Sweden, Hungary, Czechoslovakia, Yugoslavia, and Poland. In general, they provide for the supply by Israel of citrus fruits and other products against delivery of essential commodities such as foodstuffs, chemicals, and industrial equipment. In several of the agreements provision is made for the employment of Jewish blocked funds in the countries concerned for the importation of goods into Israel.

Since the war, Egypt and Iraq have concluded yearly financial agreements with the United Kingdom which limit the amount of hard currency, primarily dollars, which can be purchased with sterling. These agreements have made it possible for these countries to spend more dollars than they were currently earning but have the effect of requiring them to spend hard currency for goods not available in easy currency areas. A somewhat similar situation existed until recently in Syria and Lebanon where dollars in excess of the amounts earned were made available by France. This is no longer the case under a new monetary agreement between Lebanon and France which established an independent Lebanese currency outside of the franc bloc. A somewhat similar agreement has been negotiated between Syria and France but has not yet been ratified.

Principal bilateral agreements in force in the Near and Middle Eastern areas February 1, 1949

Turkey-Belgium: Effective from December 1948.

Provision for ERP drawing rights in Turkey's favor. Further details not yet available.

Turkey-Czechoslovakia: Effective from December 15, 1946, until March 31, 1949.

No lists of commodities. Clearing accounts established for effecting payment between two countries. Mutual credit ceilings also established.

Turkey-Denmark: Effective from January 1, 1949, for 15 months but renewable for 1-year periods.

No lists of commodities. Clearing account, expressed in dollars, established for effecting payments between the two countries. Mutual credit ceilings also established with provision for ERP drawing rights in Denmark's favor.

Turkey-Finland: Effective from June 20, 1948, for 1 year, but renewable for 1-year periods.

No lists of commodities. Clearing accounts, expressed in dollars, established for effecting payments between two countries. Mutual credit ceilings also established.

Turkey-France: Effective from September 21, 1946, for 1 year but renewable for 1-year periods.

No lists of commodities. Clearing account, established for effecting payments between two countries. Credit ceiling established by Turkey in favor of France. A modus vivendi exchanged at the same time allows for certain exceptions to most-favored-nation treatment.

Turkey-German trizone: Effective from January 1, 1949, to June 30, 1949, but renewable for 1-year periods.

Provides for issuance of import and export permits within limits of the quantities of goods on which the two contracting parties have agreed. Clearing account, expressed in dollars, established for effecting payments between two contracting parties. Mutual credit ceilings also established with provision for ERP drawing rights in favor of the trizone.

Turkey-Italy: Effective from November 15, 1948, until June 30, 1949, but renewable for 1-year periods.

Provides for the issuance of import and export permits within the limits of the quantities of goods on which the two countries have agreed. Clearing account, expressed in dollars, established for effecting payments between two countries. Mutual credit ceilings established with provision for ERP drawing rights in Turkey's favor.

Turkey-Poland: Effective from August 1, 1948, for 1 year but renewable for 1-year periods.

Lists of commodities but no quantities indicated. Clearing accounts, expressed in dollars, established for effecting payments between two countries. Mutual credit ceilings also established.

Turkey-Sweden: Effective from June 15, 1948, for 1 year but renewable for 1-year periods.

No commodity quotas nor global values established. Private compensation transactions permitted. Clearing account, expressed in Swedish crowns, established for effecting payments between the two countries.

Turkey-Switzerland: Effective from October 1, 1945, until August 21, 1946, but renewable for 1-year periods.

Establishes clearing accounts for effecting payments between the two countries. This agreement replaces an earlier compensation agreement.

Turkey-United Kingdom: Effective from May 21, 1945, until April 30, 1946, but renewable for 1-year periods.

All payments between the two countries to be made in sterling through Turkish accounts held by Turkish Central Bank in the Bank of England. Recent provision made for ERP drawing rights in Turkey's favor.

Turkey-Yugoslavia: Effective from October 20, 1947, for 1 year but renewable for 1-year periods,

No lists of commodities. Payment on the basis of free foreign exchange.

Egypt-France: Effective from June 9, 1948, for 1 year but renewable for 1-year periods.

No lists of commodities. Clearing accounts established for effecting payments between Egypt and the Franc zone. Mutual credit ceilings also established.

Egypt-USSR: Barter agreement dated March 3, 1948, provides for exchange of 216,000 metric tons of wheat and 19,000 metric tons of corn by Russia for 38,000 metric tons of cotton.

Egypt-Switzerland: Effective from September 1, 1948, until May 1, 1949.

Established export quotas for certain essential Swiss products as well as Egyptian import quotas for certain Swiss products previously excluded as being nonessential.

Egypt-United Kingdom: Effective through 1948. (New agreement now being negotiated.) $25,000,000 in dollars allocated to Egypt and £35,000,000 released from blocked to current sterling account. Egypt to maintain import-export licensing system for trade with hard-currency areas.

Iran-Saudi Arabia: Provides for payment to Saudi Arabia of tolls for Iranian pilgrims to Mecca. Eighty percent of the toll of 45 pounds sterling per pilgrim to be paid in merchandise, chiefly textiles and rice. Date and exact terms unknown.

Iraq-United Kingdom: Effective from June 30, 1948, until June 30, 1949. The equivalent of $22,000,000 allotted to Iraq in hard currencies. Provides that Iraq shall maintain an export-import licensing system for trade with the hard-currency area.

THE GENERAL AGREEMENT ON TARIFFS AND TRADE AND PARALLEL PROVISIONS OF THE HABANA CHARTER FOR AN INTERNATIONAL TRADE ORGANIZATION

There follows a comparison between the complete text of the General Agreement on Tariffs and Trade (GATT) (showing amendments in force for the United States as from January 1, 1949) and the identical or similar portions of the text of the Habana Charter for an International Trade Organization (ITO).

GATT is being applied provisionally by the 23 countries which negotiated it, in accordance with the protocol or provisional application of the agreement which provides that part II of the agreement (arts. III to XXIII, inclusive) shall be applied to the fullest extent not inconsistent with existing legislation. Under the protocol any government is free to withdraw its provisional application on the expiration of 60 days from the day on which written notice of such withdrawal is received by the Secretary-General of the United Nations. The Charter for the International Trade Organization is not in effect.

In the comparison which follows, the complete text of the GATT is shown, but only parallel provisions of the ITO Charter are reproduced opposite the GATT provisions. The ITO Charter contains also the following chapters and articles not corresponding to any provisions of GATT and not shown in the comparison below:

Chapter I. Purpose and objectives, one article.

Chapter II. Employment and economic activity, six articles.

Chapter III. Economic development and reconstruction, six articles in addition to articles 13 and 14, reproduced herein.

Chapter V. Restrictive business practices, nine articles.

Chapter VII. The International Trade Organization, 20 articles in addition to article 21, reproduced herein.

Chapter IX. General provisions, two articles in addition to those shown.

Annex E. List of Portuguese territories referred to in paragraph 2 (b) of article 16.

Annex H. List of territories covered by preferential arrangements among Colombia, Ecuador, and Venezuela referred to in paragraph 2 (e) of article 16.

Annex I. List of territories covered by preferential arrangements among the republics of Central America referred to in paragraph 2 (e) of article 16.

Annex J. List of territories covered by preferential arrangements between Argentina and neighboring countries referred to in paragraph 2 (e) of article 16.

Annex L. Relating to article 78.

NOTE.—In the following comparison, the provisions of annex I of GATT and relevant portions of annex P of the ITO Charter are shown following the articles to which the provisions relate.

GENERAL AGREEMENT ON TARIFFS AND TRADE

The Governments of the Commonwealth of Australia, the Kingdom of Belgium, the United States of Brazil, Burma, Canada, Ceylon, the Republic of Chile, the Republic of China, the Republic of Cuba, the Czechoslovak Republic, the French Republic, India, Lebanon, the Grand Duchy of Luxemburg, the Kingdom of the Netherlands, New Zealand, the Kingdom of Norway, Pakistan, Southern Rhodesia, Syria, the Union of South Africa, the United Kingdom of Great Britain and Northern Ireland, and the United States of America:

Recognizing that their relations in the field of trade and economic endeavor should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding the production and exchange of goods;

Being desirous of contributing to these objectives by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce;

Have through their representatives agreed as follows:

PART I

ARTICLE I. GENERAL MOST-FAVORED-NATION TREATMENT

1. With respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation and exportation, and with respect to all matters referred to in paragraphs 1 and 2 of article III, any advantage, favor, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the terriories of all other contracting parties.

2. The provisions of paragraph 1 of this article shall not require the elimination of any preferences in respect of import duties or charges which do not exceed the levels provided for in paragraph 3 of this article and which fall within the following descriptions:

(a) preferences in force exclusively between two or more of the territories listed in annex A, subject to the conditions set forth therein;

(b) preferences in force exclusively between two or more territories which on July 1, 1939, were connected by common sovereignty or relations of protection or suzerainty and which are listed in annexes B, C, and D, subject to the conditions set forth therein;

(c) preferences in force exclusively between the United States of America and the Republic of Cuba;

(d) preferences in force exclusively between neighboring countries listed in annexes E and F.

3. The margin of preference on any product in respect of which a preference is permitted under paragraph 2 of this article but is not specifically set forth as a maximum margin of preference in the appropriate schedule annexed to this agreement shall not exceed

(a) in respect of duties or charges on any product described in such schedule, the difference between the most-favored-nation and preferential rates provided for therein; if no preferential rate is provided for, the

ITO CHARTER

ARTICLE 16. GENERAL MOST-FAVORED-NATION TREATMENT

1. With respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation and exportation, and with respect to all matters within the scope of paragraphs 2 and 4 of article 18, any advantage, favor, privilege or immunity granted by any member to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for all other member countries.

2. The provisions of paragraph 1 shall not require the elimination, except as provided in article 17, of any preferences in respect of import duties or charges which do not exceed the margins provided for in paragraph 4 and which fall within the following descriptions:

(a) preferences in force exclusively between two or more of the territories listed in annex A, subject to the conditions set therein;

(b) preferences in force exclusively between two or more territories which on July 1, 1939, were connected by common sovereignty or relations of protection or suzerainty and which are listed in annexes B, C, D, and E;

(c) preferences in force exclusively between the United States of America and the Republic of Cuba;

(d) preferences in force exclusively between the Republic of the Philippines and the United States of America, including the dependent territories of the latter;

(e) preferences in force exclusively between neighboring countries listed in annexes F, G, H, I, and J.

3. The provisions of paragraph 1 shall not apply to preferences between the countries formerly a part of the Ottoman Empire and detached from it on July 24, 1923, provided such preferences fulfil the applicable requirements of article 15.

GENERAL AGREEMENT ON TARIFFS AND TRADE

preferential rate shall for the purposes of this paragraph be taken to be that in force on April 10, 1947, and, if no most-favored-nation rate is provided for, the margin shall not exceed the difference between the most-favored-nation and preferential rates existing on April 10, 1947;

(b) in respect of duties or charges on any product not described in the appropriate Schedule, the difference between the most-favored-nation and preferential rates existing on April 10, 1947.

In the case of the contracting parties named in annex G, the date of April 10, 1947, referred to in subparagraphs (a) and (b) of this paragraph shall be replaced by the respective dates set forth in that annex.

AD ARTICLE I

Paragraph 1

The obligations incorporated in paragraph 1 of article I by reference to paragraphs 1 and 2 of article III and those incorporated in paragraph 2 (b) of article II by reference to article VI shall be considered as falling within part II for the purposes of the protocol of provisional application.

Paragraph 3

The term "margin of preference" means the absolute difference between the most-favored-nation rate of duty and the preferential rate of duty for the like product, and not the proportionate relation between those rates. As examples:

1. If the most-favored-nation rate were 36 percent ad valorem and the preferential rate were 24 percent ad valorem, the margin of preference would be 0.50 franc per kilogram, and not one-third of the most-favored-nation rate;

2. If the most-favored-nation rate were 36 percent ad valorem and the preferential rate were expressed as two-thirds of the most-favored-nation rate, the margin of preference would be 12 percent ad valorem;

3. If the most-favored-nation rate were 2 francs per kilogram and the preferential rate were 1.50 francs per kilogram, the margin of preference would be 0.50 francs per kilogram.

The following kinds of customs action, taken in accordance with established uniform procedures, would not be contrary to a general binding of margins of preference:

(i) the reapplication to an imported product of a tariff classification or rate of duty, properly applicable to such product, in cases in which the application of such classification or rate to such product was temporarily suspended or inoperative on April 10, 1947; and

(ii) the classification of a particular product under a tariff item other than that under which importations of that product were classified on April 10, 1947, in cases in which the tariff law clearly contemplates that such

ITO CHARTER

4. The margin of preference on any product in respect of which a preference is permitted under paragraph 2 shall not exceed (a) the maximum margin provided for under the general agreement on tariffs and trade or any subsequent operative agreement resulting from negotiations under article 17, or (b) if not provided for under such agreements, the margin existing either on April 10, 1947, or on any earlier date established for a member as a basis for negotiating the general agreement on tariffs and trade, at the option of such member.

5. The imposition of a margin of tariff preference not in excess of the amount necessary to compensate for the elimination of a margin of preference in an internal tax existing on April 10, 1947, exclusively between two or more of the territories in respect of which preferential import duties or charges are permitted under paragraph 2, shall not be deemed to be contrary to the provisions of this article, it being understood that any such margin of tariff preference shall be subject to the provisions of article 17.

AD ARTICLE 16

Note 1.—The term "margin of preference" means the absolute difference between the most-favored-nation rate of duty and the preferential rate of duty for the like product, and not the proportionate relation between those rates. As examples:

1. If the most-favored-nation rate were 36 percent ad valorem and the preferential rate were 24 percent ad valorem, the margin of preference would be 12 percent ad valorem, and not one-third of the most-favored-nation rate.

2. If the most-favored-nation rate were 36 percent ad valorem and the preferential rate were expressed as two-thirds of the most-favored-nation rate, the margin of preference would be 12 percent ad valorem.

3. If the most-favored-nation rate were 2 francs per kilogram and the preferential rate 1.50 francs per kilogram, the margin of preference would be 0.50 franc per kilogram.

Note 2.—The following kinds of customs action, taken in accordance with established uniform procedures, would not be contrary to the binding of margins of preference under paragraph 4:

(i) the reapplication to an imported product of a tariff classification or rate of duty, properly applicable to such product, in cases in which the application of such classification or rate to such product was temporarily suspended or inoperative on April 10, 1947; and

(ii) the classification of a particular product under a tariff item other than that under which importations of that product were classified on April 10, 1947, in cases in which the tariff law clearly contemplates that such

GENERAL AGREEMENT ON TARIFFS AND TRADE

product may be classified under more than one tariff item.

ARTICLE II. SCHEDULES OF CONCESSIONS

1. (a) Each contracting party shall accord to the commerce of the other contracting parties treatment no less favorable than that provided for in the appropriate part of the appropriate schedule annexed to this agreement.

(b) The products described in part I of the schedule relating to any contracting party, which are the products of territories of other contracting parties, shall, on their importation into the territory to which the schedule relates, and subject to the terms, conditions or qualifications set forth in that schedule, be exempt from ordinary customs duties in excess of those set forth and provided for therein. Such products shall also be exempt from all other duties or charges of any kind imposed on or in connection with importation in excess of those imposed on the date of this agreement or those directly and mandatorily required to be imposed thereafter by legislation in force in the importing territory on that date.

(c) The products described in part II of the schedule relating to any contracting party, which are the products of territories entitled under article I to receive preferential treatment upon importation into the territory to which the schedule relates, shall, on their importation into such territory, and subject to the terms, conditions or qualifications set forth in that schedule, be exempt from ordinary customs duties in excess of those set forth and provided for in part II of that schedule. Such products shall also be exempt from all other duties or charges of any kind imposed on or in connection with importation in excess of those imposed on the date of this agreement or those directly and mandatorily required to be imposed thereafter by legislation in force in the importing territory on that date. Nothing in this article shall prevent any contracting party from maintaining its requirements existing on the date of this agreement as to the eligibility of goods for entry at preferential rates of duty.

2. Nothing in this article shall prevent any contracting party from imposing at any time on the importation of any product.

(a) a charge equivalent to an internal tax imposed consistently with the provisions of paragraph 1 of article III in respect of the like domestic product or in respect of an article from which the imported product has been manufactured or produced in whole or in part;

(b) any antidumping or countervailing duty applied consistently with the provisions of article VI;

(c) fees or other charges commensurate with the cost of services rendered.

ITO CHARTER

product may be classified under more than one tariff item.

ARTICLE 17. REDUCTION OF TARIFFS AND ELIMINATION OF PREFERENCES

(For balance of article see opposite article XXV of GATT)

1. Each member shall, upon the request of any other member or members, and subject to procedural arrangements established by the Organization, enter into and carry out with such other member or members negotiations directed to the substantial reduction of the general levels of tariffs and other charges on imports and exports, and to the elimination of the preferences referred to in paragraph 2 of article 16, on a reciprocal and mutually advantageous basis.

2. The negotiations provided for in paragraph 1 shall proceed in accordance with the following rules:

(a) Such negotiations shall be conducted on a selective product-by-product basis which will afford adequate opportunity to take into account the needs of individual countries and individual industries. Members shall be free not to grant concessions on particular products and, in the granting of a concession, they may reduce the duty, bind it at its then existing level, or undertake not to raise it above a specified higher level.

(b) No member shall be required to grant unilateral concessions, or to grant concessions to other members without receiving adequate concessions in return. Account shall be taken of the value to any member of obtaining in its own right and by direct obligation the indirect concessions which it would otherwise enjoy only by virtue of article 16.

(c) In negotiations relating to any specific product with respect to which a preference applies,

(i) when a reduction is negotiated only in the most-favored-nation rate, such reduction shall operate automatically to reduce or eliminate the margin of preference applicable to that product;

(ii) when a reduction is negotiated only in the preferential rate, the most-favored-nation rate shall automatically be reduced to the extent of such reduction;

(iii) when it is agreed that reductions will be negotiated in both the most-favored-nation rate and the preferential rate, the re-

GENERAL AGREEMENT ON TARIFFS AND TRADE

3. No contracting party shall alter its method of determining dutiable value or of converting currencies so as to impair the value of any of the concessions provided for in the appropriate schedule annexed to this agreement.

4. If any contracting party establishes, maintains or authorizes, formally or in effect, a monopoly of the importation of any product described in the appropriate schedule annexed to this agreement, such monopoly shall not, except as provided for in that schedule or as otherwise agreed between the parties which initially negotiated the concession, operate so as to afford protection on the average in excess of the amount of protection provided for in that schedule. The provisions of this paragraph shall not limit the use by contracting parties of any form of assistance to domestic producers permitted by other provisions of this agreement.

ITO CHARTER

duction in each shall be that agreed by the parties to the negotiations;

(iv) no margin of preference shall be increased.

(d) The binding against increase of low duties or of duty-free treatment shall in principle be recognized as a concession equivalent in value to the substantial reduction of high duties or the elimination of tariff preferences.

(e) Prior international obligations shall not be invoked to frustrate the requirement under paragraph 1 to negotiate with respect to preferences, it being understood that agreements which result from such negotiations and which conflict with such obligations shall not require the modification or termination of such obligations except (i) with the consent of the parties to such obligations, or, in the absence of such consent, (ii) by modification or termination of such obligations in accordance with their terms.

3. The negotiations leading to the General Agreement on Tariffs and Trade, concluded at Geneva on October 30, 1947, shall be deemed to be negotiations pursuant to this article. The concessions agreed upon as a result of all other negotiations completed by a member pursuant to this article shall be incorporated in the general agreement on terms to be agreed with the parties thereto. If any member enters into any agreement relating to tariffs or preferences which is not concluded pursuant to this article, the negotiations leading to such agreement shall nevertheless conform to the requirements of paragraph 2 (c).

AD ARTICLE 17

(From annex P)

An internal tax (other than a general tax uniformity applicable to a considerable number of products) which is applied to a product not produced domestically in substantial quantities shall be treated as a customs duty under article 17 in any case in which a tariff concession on the product would not be of substantial value unless accompanied by a binding or a reduction of the tax.

Paragraph 2 (d)

In the event of the devaluation of a member's currency, or of a rise in prices, the effects of such devaluation or rise in prices would be a matter for consideration during negotiations in order to determine, first, the change, if any, in the protective incidence of the specific duties of the member concerned and, secondly, whether the binding of such specific duties represents in fact a concession equivalent in value to the substantial reduction of high duties or the elimination of tariff preferences.

ARTICLE 31

(For balance of article and interpretative note see opposite of article XVII of GATT)

4. The import duty negotiated under paragraph 2, or made public or notified to the Organization under paragraph 3, shall represent the maximum margin by which the price charged by the import monopoly for the imported product (exclusive of internal taxes conforming to the provisions of article 18, transportation, distribution and other expenses incident to the purchase, sale or further processing, and a reasonable margin of profit) may exceed the landed cost: *Provided*, That regard may be had to average landed costs and selling prices over recent periods: *And provided further*, That, where the product concerned is a primary commodity which is the subject of a domestic price stabilization arrangement, provision may be made for adjustment to take account of wide fluctuations or variations in world prices, subject where a maximum duty has been negotiated to agreement between the countries parties to the negotiations.

GENERAL AGREEMENT ON TARIFFS AND TRADE

5. If any contracting party considers that a product is not receiving from another contracting party the treatment which the first contracting party believes to have been contemplated by a concession provided for in the appropriate schedule annexed to this agreement, it shall bring the matter directly to the attention of the other contracting party. If the latter agrees that the treatment contemplated was that claimed by the first contracting party, but declares that such treatment cannot be accorded because a court or other proper authority has ruled to the effect that the product involved cannot be classified under the tariff laws of such contracting party so as to permit the treatment contemplated with this agreement, the two contracting parties, together with any other contracting parties substantially interested, shall enter promptly into further negotiations with a view to a compensatory adjustment of the matter.

6. (a) The specific duties and charges included in the schedules relating to contracting parties members of the International Monetary Fund, and margins of preference in specific duties and charges maintained by such contracting parties, are expressed in the appropriate currency at the par value accepted or provisionally recognized by the Fund at the date of this agreement. Accordingly, in case this par value is reduced consistently with the Articles of Agreement of the International Monetary Fund by more than 20 percent, such specific duties and charges and margins of preference may be adjusted to take account of such reduction: *Provided*, That the contracting parties (i. e., the contracting parties acting jointly as provided for in article XXV) concur that such adjustments will not impair the value of the concessions provided for in the appropriate schedule or elsewhere in this agreement, due account being taken of all factors which may influence the need for, or urgency of, such adjustments.

(b) Similar provisions shall apply to any contracting party not a member of the fund, as from the date on which such contracting party becomes a member of the fund or enters into a special exchange agreement in pursuance of article XV.

7. The schedules annexed to this agreement are hereby made an integral part of part I of this agreement.

AD ARTICLE II

(From annex I)

Paragraph 2 (b)

See the note relating to paragraph 1 of article I.

Paragraph 4

Except where otherwise specifically agreed between the contracting parties which initially negotiated the concession, the provisions of this paragraph will be applied in the light of the provisions of article 31 of the Draft Charter referred to in article XXIX of this agreement.

ARTICLE III. NATIONAL TREATMENT ON INTERNAL TAXATION AND REGULATION

1. The contracting parties recognize that internal taxes and other internal charges, and laws, regulations, and requirements affecting the internal sale, offering for sale, purchase, transportation, distribution, or use of products, and internal quantitative regulations requiring the mixture, processing, or use of products in specified amounts or proportions, should not be applied to imported or domestic products so as to afford protection to domestic production.

2. The products of the territory of any contracting party imported into the territory of any other contracting party shall not be subject, directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic products. Moreover, no contracting party shall otherwise apply internal

ITO CHARTER

ARTICLE 18. NATIONAL TREATMENT ON INTERNAL TAXATION AND REGULATION

1. The members recognize that internal taxes and other internal charges, and laws, regulations and requirements affecting the internal sale, offering for sale, purchase, transportation, distribution, or use of products, and internal quantitative regulations requiring the mixture, processing or use of products in specified amounts or proportions, should not be applied to imported or domestic products so as to afford protection to domestic production.

2. The products of any member country imported into any other member country shall not be subject, directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic products. Moreover, no member shall otherwise apply internal taxes or other internal charges to

GENERAL AGREEMENT ON TARIFFS AND TRADE

taxes or other internal charges to imported or domestic products in a manner contrary to the principles set forth in paragraph 1.

3. With respect to any existing internal tax which is inconsistent with the provisions of paragraph 2 but which is specifically authorized under a trade agreement, in force on 10 April 1947, in which the import duty on the taxed product is bound against increase, the contracting party imposing the tax shall be free to postpone the application of the provisions of paragraph 2 to such tax until such time as it can obtain release from the obligations of such trade agreement in order to permit the increase of such duty to the extent necessary to compensate for the elimination of the protective element of the tax.

4. The products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favorable than that accorded to like products of national origin in respect of all laws, regulations, and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution, or use. The provisions of this paragraph shall not prevent the application of differential internal transportation charges which are based exclusively on the economic operation of the means of transport and not on the nationality of the products.

5. No contracting party shall establish or maintain any internal quantitative regulation relating to the mixture, processing, or use of products in specified amounts or proportions which requires, directly or indirectly, that any specified amount or proportion of any product which is the subject of the regulation must be supplied from domestic sources. Moreover, no contracting party shall otherwise apply internal quantitative regulations in a manner contrary to the principles set forth in paragraph 1.

6. The provisions of paragraph 5 shall not apply to any internal quantitative regulation in force in the territory of any contracting party on July 1, 1939, April 10, 1947, or March 24, 1948, at the option of that contracting party; provided that any such regulatior which is contrary to the provisions of paragraph 5 shall not be modified to the detriment of imports and shall be treated as a customs duty for the purpose of negotiation.

7. No internal quantitative regulation relating to the mixture, processing, or use of products in specified amounts or proportions shall be applied in such a manner as to allocate any such amount or proportion among external sources of supply.

8. (a) The provisions of this article shall not apply to laws, regulations or requirements governing the procurement by governmental agencies of products purchased for governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

(b) The provisions of this article shall not prevent the payment of subsidies exclusively to domestic producers, including payments to domestic producers derived from the proceeds of internal taxes or charges applied consistently with the provisions of this article and subsidies effected through governmental purchases of domestic products.

9. The contracting parties recognize that internal maximum price control measures, even though conforming to the other provisions of this article, can have effects prejudicial to the interests of contracting parties supplying imported products. Accordingly, contracting parties applying such measures shall take account of the interests of exporting contracting parties with a view to avoiding to the fullest practicable extent such prejudicial effects.

10. The provisions of this article shall not prevent any contracting part from establishing or maintaining internal quantitative reg-

ITO CHARTER

imported or domestic products in a manner contrary to the principles set forth in paragraph 1.

3. With respect to any existing internal tax which is inconsistent with the provisions of paragraph 2 but which is specifically authorized under a trade agreement, in force on April 10, 1947, in which the import duty on the taxed product is bound against increase, the member imposing the tax chall be free to postpone the application of the provisions of paragraph 2 to such tax until such time as it can obtain release from the obligations of such trade agreement in order to permit the increase of such duty to the extent necessary to compensate for the elimination of the protective element of the tax.

4. The products of any member country imported into any other member country shall be accorded treatment no less favorable than that accorded to like products of national origin in respect of all laws, regulations, and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution, or use. The provisions of this paragraph shall not prevent the application of differential internal transportation charges which are based exclusively on the economic operation of the means of transport and not on the nationality of the product.

5. No member shall establish or maintain any internal quantitative regulation relating to the mixture, processing, or use of products in specified amounts or proportions which requires, directly or indirectly, that any specified amount or proportion of any product which is the subject of the regulation must be supplied from domestic sources. Moreover, no member shall otherwise apply internal quantitative regulations in a manner contrary to the principles set forth in paragraph 1.

6. The provisions of paragraph 5 shall not apply to any internal quantitative regulation in force in any member country on July 1, 1939, April 10, 1947, or on the date of this charter, at the option of that member: *Provided*, That any such regulation which is contrary to the provisions of paragraph 5 shall not be modified to the detriment of imports and shall be subject to negotiation and shall accordingly be treated as a customs duty for the purposes of article 17.

7. No internal quantitative regulation relating to the mixture, processing, or use of products in specified amounts or proportions shall be applied in such a manner as to allocate any such amount of proportion among external sources of supply.

8. (a) The provisions of this article shall not apply to laws, regulations or requirements governing the procurement by governmental agencies of products purchased for governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

(b) The provisions of this article shall not prevent the payment of subsidies exclusively to domestic producers, including payments to domestic producers derived from the procers of internal taxes or charges applied consistently with the provisions of this article and subsidies effected through governmental purchases of domestic products.

9. The members recognize that internal maximum price control measures, even though conforming to the other provisions of this article, can have effects prejudicial to the interests of member countries supplying imported products. Accordingly, members applying such measures shall take account of the interests of exporting member countries with a view to avoiding to the fullest practicable extent such prejudicial effects.

GENERAL AGREEMENT ON TARIFFS AND TRADE

ulations relating to exposed cinematograph films and meeting the requirements of article IV.

AD ARTICLE III

(From annex I)

Any internal tax or other internal charge, or any law, regulation, or requirement of the kind referred to in paragraph 1 which applies to an imported product and to the like domestic product and is collected or enforced in the case of the imported product at the time or point of importation, is nevertheless to be regarded as an internal tax or other internal charge, or a law, regulation, or requirement of the kind referred to in paragraph 1, and is accordingly subject to the provisions of article III.

Paragraph 1

The application of paragraph 1 to internal taxes imposed by local governments and authorities within the territory of a contracting party is subject to the provisions of the final paragraph of article XXIV. The term "reasonable measures" in the last-mentioned paragraph would not require, for example, the repeal of existing national legislation authorizing local governments to impose internal taxes which, although technically inconsistent with the letter of article III are not in fact inconsistent with its spirit, if such repeal would result in a serious financial hardship for the local governments or authorities concerned. With regard to taxation by local governments or authorities which is inconsistent with both the letter and spirit of article III, the term "reasonable measures" would permit a contracting party to eliminate the inconsistent taxation gradually over a transition period, if abrupt action would create serious administrative and financial difficulties.

Paragraph 2

A tax conforming to the requirements of the first sentence of paragraph 2 would be considered to be inconsistent with the provisions of the second sentence only in cases where competition was involved between, on the one hand, the taxed product, and on the other hand, a directly competitive or substitutable product which was not similarly taxed.

Paragraph 5

Regulations consistent with the provisions of the first sentence of paragraph 5 shall not be considered to be contrary to the provisions of the second sentence in any case in which all of the products subject to the regulations are produced domestically in substantial quantities. A regulation cannot be justified as being consistent with the provisions of the second sentence on the ground that the proportion or amount allocated to each of the products which are the subject of the regulation constitutes an equitable relationship between imported and domestic products.

ARTICLE IV. SPECIAL PROVISIONS RELATING TO CINEMATOGRAPH FILMS

If any contracting party establishes or maintains internal quantitative regulations relating to exposed cinematograph films, such regulations shall take the form of screen quotas which shall conform to the following requirements:

(a) Screen quotas may require the exhibition of cinematograph films of national origin during a specified minimum proportion of the total screen time actually utilized, over a specified period of not less than 1 year, in the commercial exhibition of all films of whatever origin, and shall be computed on the basis of screen time per theater per year or the equivalent thereof;

ITO CHARTER

AD ARTICLE 18

(From annex F)

Any internal tax or other internal charge, or any law, regulation, or requirement of the kind referred to in paragraph 1 which applies to an imported product and to the like domestic product and is collected to enforced in the case of the imported product at the time or point of importation, is nevertheless to be regarded as an internal tax or other internal charge, or a law, regulation, or requirement of the kind referred to in paragraph 1, and is accordingly subject to the provisions of article 18.

Paragraph 1

The application of paragraph 1 to internal taxes imposed by local governments and authorities within the territory of a member is subject to the provisions of paragraph 3 of article 104. The term "reasonable measures" in the last-mentioned paragraph would not require, for example, the repeal of existing n tional legislation authorizing local governments to impose internal taxes which, although technically inconsistent with the letter of article 18, are not in fact inconsistent with its spirit, if such repeal would result in a serious financial hardship for the local governments or authorities concerned. With regard to taxation by local governments or authorities which is inconsistent with both the letter and spirit of article 18, the term "reasonable measures" would permit a member to eliminate the inconsistent taxation gradually over a transition period, if abrupt action would create serious administrative and financial difficulties.

Paragraph 2

A tax conforming to the requirements of the first sentence of paragraph 2 would be considered to be inconsistent with the provisions of the second sentence only in cases where competition was involved between, on the one hand, the taxed product, and on the other hand, a directly competitive or substitutable product which was not similarly taxed.

Paragraph 5

Regulations consistent with the provisions of the first sentence of paragraph 5 shall not be considered to be contrary to the provisions of the second sentence in any case in which all of the products subject to the regulations are produced domestically in substantial quantities. A regulation cannot be justified as being consistent with the provisions of the second sentence on the ground that the proportion or amount allocated to each of the products which are the subject of the regulation constitutes an equitable relationship between imported and domestic products.

ARTICLE 19. SPECIAL PROVISIONS RELATING TO CINEMATOGRAPH FILMS

The provisions of article 18 shall not prevent any member from establishing or maintaining internal quantitative regulations relating to exposed cinematograph films. Any such regulations shall take the form of screen quotas which shall conform to the following conditions and requirements:

(a) Screen quotas may require the exhibition of cinematograph films of national origin during a specified minimum proportion of the total screen time actually utilized over a specified period of not less than 1 year, in the commercial exhibition of all films of whatever origin, and shall be computed on the basis of screen time per theater per year or the equivalent thereof.

GENERAL AGREEMENT ON TARIFFS AND TRADE

(b) with the exception of screen time reserved for films of national origin under a screen quota, screen time, including that released by administrative action from screen time reserved for films of national origin, shall not be allocated formally or in effect among sources of supply;

(c) notwithstanding the provisions of subparagraph (b) of this article, any contracting party may maintain screen quotas conforming to the requirements of subparagraph (a) of this article which reserve a minimum proportion of screen time for films of a specified origin other than that of the contracting party imposing such screen quotas: *Provided*, That no such minimum proportion of screen time shall be increased above the level in effect on April 10, 1947;

(d) screen quotas shall be subject to negotiation for their limitation, liberalization or elimination.

ARTICLE V. FREEDOM OF TRANSIT

1. Goods (including baggage), and also vessels and other means of transport, shall be deemed to be in transit across the territory of a contracting party when the passage across such territory, with or without transhipment, warehousing, breaking bulk, or change in the mode of transport, is only a portion of a complete journey beginning and terminating beyond the frontier of the contracting party across whose territory the traffic passes. Traffic of this nature is termed in this article "traffic in transit."

2. There shall be freedom of transit through the territory of each contracting party, via the routes most convenient for international transit, for traffic in transit to or from the territory of other contracting parties. No distinction shall be made which is based on the flag of vessels, the place of origin, departure, entry, exit or destination, or on any circumstances relating to the ownership of goods, of vessels or of other means of transport.

3. Any contracting party may require that traffic in transit through its territory be entered at the proper customhouse, but, except in cases of failure to comply with applicable customs laws and regulations, such traffic coming from or going to the territory of other contracting parties shall not be subject to any unnecessary delays or restrictions and shall be exempt from customs duties and from all transit duties or other charges imposed in respect of transit, except charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.

4. All charges and regulations imposed by contracting parties on traffic in transit to or from the territories of other contracting parties shall be reasonable, having regard to the conditions of the traffic.

5. With respect to all charges, regulations, and formalities in connection with transit, each contracting party shall accord to traffic in transit to or from the territory of any other contracting party treatment no less favorable than the treatment accorded to traffic in transit to or from any third country.

6. Each contracting party shall accord to products which have been in transit through the territory of any other contracting party treatment no less favorable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going through the territory of such other contracting party. Any contracting party shall, however, be free to maintain its requirements of direct consignment existing on the date of this agreement, in respect of any goods in regard to which such direct consignment is a requisite condition of eligibility for entry of the goods at preferential rates of duty or has relation to the contracting party's pre-

ITO CHARTER

(b) With the exception of screen time reserved for films of national origin under a screen quota, screen time, including screen time released by administrative action from time reserved for films of national origin, shall not be allocated formally or in effect among sources of supply.

(c) Notwithstanding the provisions of subparagraph (b) and member may maintain screen quotas conforming to the requirements of subparagraph (a) which reserve a minimum proportion of screen time for films of a specified origin other than that of the member imposing such screen quotas: *Provided*, That such minimum proportion of screen time shall not be increased above the level in effect on April 10, 1947.

(d) Screen quotas shall be subject to negotiation and shall accordingly be treated as customs duties for the purposes of article 17.

ARTICLE 33. FREEDOM OF TRANSIT

1. Goods (including baggage), and also vessels and other means of transport, shall be deemed to be in transit across the territory of a member country, when the passage across such territory, with or without transshipment, warehousing, breaking bulk or change in the mode of transport, is only a portion of a complete journey beginning and terminating beyond the frontier of the member country across whose territory the traffic passes. Traffic of this nature is termed in this article "traffic in transit."

2. There shall be freedom of transit through each member country, via the routes most convenient for international transit, for traffic in transit to or from other member countries. No distinction shall be made which is based on the flag of vessels, the place of origin, departure, entry, exit or destination, or on any circumstances relating to the ownership of goods, of vessels or of other means of transport.

3. Any member may require that traffic in transit through its territory be entered at the proper customhouse, but, except in cases of failure to comply with applicable customs laws and regulations, such traffic coming from or going to other member countries shall not be subject to any unnecessary delays or restrictions and shall be exempt from customs duties and from all transit duties or other charges imposed in respect of transit, except charges commensurate with administrative expenses entailed by transit or with the cost of services rendered.

4. All charges and regulations imposed by members on traffic in transit to or from other member countries shall be reasonable, having regard to the conditions of the traffic.

5. With respect to all charges, regulations and formalities in connection with transit, each member shall accord to traffic in transit to or from any other member country treatment no less favorable than the treatment accorded to traffic in transit to or from any third country.

6. The Organization may undertake studies, make recommendations and promote international agreement relating to the simplification of customs regulations concerning traffic in transit, the equitable use of facilities required for such transit and other measures designed to promote the objectives of this article. Members shall cooperate with each other directly and through the Organization to this end.

GENERAL AGREEMENT ON TARIFFS AND TRADE

scribed method of valuation for duty purposes.

7. The provisions of this article shall not apply to the operation of aircraft in transit, but shall apply to air transit of goods (including baggage).

AD ARTICLE V

(From annex I)

Paragraph 5

With regard to transportation charges, the principle laid down in paragraph 5 refers to like products being transported on the same route under like conditions.

ARTICLE VI—ANTIDUMPING AND COUNTERVAILING DUTIES

1. The contracting parties recognize that dumping, by which products of one country are introduced into the commerce of another country at less than the normal value of the products, is to be condemned if it causes or threatens material injury to an established industry in the territory of a contracting party or materially retards the establishment of a domestic industry. For the purposes of this article, a product is to be considered as being introduced into the commerce of an importing country at less than its normal value, if the price of the product exported from one country to another

(a) Is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country, or,

(b) In the absence of such domestic price, is less than either

(i) The highest comparable price for the like product for export to any third country in the ordinary course of trade, or

(ii) The cost of production of the product in the country of origin plus a reasonable addition for selling cost and profit.

Due allowance shall be made in each case for differences in conditions and terms of sale, for differences in taxation, and for other differences affecting price comparability.

2. In order to offset or prevent dumping, a contracting party may levy on any dumped

ITO CHARTER

7. Each member shall accord to goods which have been in transit through any other member country treatment no less favorable than that which would have been accorded to such goods had they been transported from their place of origin to their destination without going through such other member country. Any member shall, however, be free to maintain its requirements of direct consignment existing on the date of this charter, in respect of any goods in regard to which such direct consignment is a requisite condition of eligibility for entry of the goods at preferential rates of duty or has relation to the members' prescribed method of valuation for customs purposes.

8. The provisions of this article shall not apply to the operation of aircraft in transit, but shall apply to air transit of goods (including baggage).

AD ARTICLE 33

(From annex P)

Paragraph 1

The assembly of vehicles and mobile machinery arriving in a knocked-down condition or the disassembly (or disassembly and subsequent reassembly) of bulky articles shall not be held to render the passage of such goods outside the scope of "traffic in transit," provided that any such operation is undertaken solely for convenience of transport.

Paragraphs 3, 4, and 5

The word "charges" as used in the English text of paragraphs 3, 4, and 5 shall not be deemed to include transportation charges.

Paragraph 6

If, as a result of negotiations in accordance with paragraph 6, a member grants to a country which has no direct access to the sea more ample facilities than those already provided for in other paragraphs of article 33, such special facilities may be limited to the land-locked country concerned unless the Organization finds, on the complaint of any other member, that the withholding of the special facilities from the complaining member contravenes the most-favored-nation provisions of this charter.

ARTICLE 34. ANTIDUMPING AND COUNTERVAILING DUTIES

1. The members recognize that dumping, by which products of one country are introduced into the commerce of another country at less than the normal value of the products, is to be condemned if it causes or threatens material injury to an established industry in a member country or materially retards the establishment of a domestic industry. For the purposes of this article, a product is to be considered as being introduced into the commerce of an importing country at less than its normal value, if the price of the product exported from one country to another

(a) is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country, or

(b) in the absence of such domestic price, is less than either

(i) the highest comparable price for the like product for export to any third country in the ordinary course of trade, or

(ii) the cost of production of the product in the country of origin plus a reasonable addition for selling cost and profit.

Due allowance shall be made in each case for differences in conditions and terms of sale, for differences in taxation, and for other differences affecting price comparability.

2. In order to offset or prevent dumping, a member may levy on any dumped product

GENERAL AGREEMENT ON TARIFFS AND TRADE

product an antidumping duty not greater in amount than the margin of dumping in respect of such product. For the purposes of this article, the margin of dumping is the price difference determined in accordance with the provisions of paragraph 1.

3. No countervailing duty shall be levied on any product of the territory of any contracting party imported into the territory of another contracting party in excess of an amount equal to the estimated bounty or subsidy determined to have been granted, directly or indirectly, on the manufacture, production, or export of such product in the country of origin or exportation, including any special subsidy to the transportation of a particular product. The term "countervailing duty" shall be understood to mean a special duty levied for the purpose of offsetting any bounty or subsidy bestowed, directly or indirectly, upon the manufacture, production, or export of any merchandise.

4. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to antidumping or countervailing duty by reason of the exemption of such product from duties or taxes borne by the like product when destined for consumption in the country of origin or exportation or by reason of the refund of such duties or taxes.

5. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export subsidization.

6. No contracting party shall levy any antidumping or countervailing duty on the importation of any product of the territory of another contracting party unless it determines that the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry, or is such as to retard materially the establishment of a domestic industry. The contracting parties may waive the requirements of this paragraph so as to permit a contracting party to levy an antidumping or countervailing duty on the importation of any product for the purpose of offsetting dumping or subsidization which causes or threatens material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party.

7. A system for the stabilization of the domestic price or of the return to domestic producers of a primary commodity, independently of the movements of export prices, which results at times in the sale of the commodity for export at a price lower than the comparable price charged for the like commodity to buyers in the domestic market, shall be presumed not to result in material injury within the meaning of paragraph 6 if it is determined by consultation among the contracting parties substantially interested in the commodity concerned that:

(a) The system has also resulted in the sale of the commodity for export at a price higher than the comparable price charged for the like commodity to buyers in the domestic market, and

(b) The system is so operated, either because of the effective regulation of production, or otherwise, as not to stimulate exports unduly or otherwise seriously prejudice the interests of other contracting parties.

AD ARTICLE VI

(From annex I)

Paragraph 1

Hidden dumping by associated houses (that is, the sale by an importer at a price below that corresponding to the price invoiced by an exporter with whom the importer is associated, and also below the price

ITO CHARTER

an antidumping duty not greater in amount than the margin of dumping in respect of such product. For the purposes of this article, the margin of dumping is the price difference determined in accordance with the provisions of paragraph 1.

3. No countervailing duty shall be levied on any product of any member country imported into another member country in excess of an amount equal to the estimated bounty or subsidy determined to have been granted, directly or indirectly, on the manufacture, production, or export of such product in the country of origin or exportation, including any special subsidy to the transportation of a particular product. The term "countervailing duty" shall be understood to mean a special duty levied for the purpose of offsetting any bounty or subsidy bestowed, directly or indirectly, upon the manufacture, production, or export of any merchandise.

4. No product of any member country imported into any other member country shall be subject to antidumping or countervailing duty by reason of the exemption of such product from duties or taxes borne by the like product when destined for consumption in the country of origin or exportation or by reason of the refund of such duties or taxes.

5. No product of any member country imported into any other member country shall be subject to both antidumping and countervailing duties to compensate for the same situation of dumping or export subsidization.

6. No member shall levy any antidumping or countervailing duty on the importation of any product of another member country unless it determines that the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry, or is such as to retard materially the establishment of a domestic industry. The organization may waive the requirements of this paragraph so as to permit a member to levy an antidumping or countervailing duty on the importation of any product for the purpose of offsetting dumping or subsidization which causes or threatens material injury to an industry in another member country exporting the product concerned to the importing member country.

7. A system for the stabilization of the domestic price or of the return to domestic producers of a primary commodity, independently of the movements of export prices, which results at times in the sale of the commodity for export at a price lower than the comparable price charged for the like commodity to buyers in the domestic market, shall be presumed not to result in material injury within the meaning of paragraph 6 if it is determined by consultation among the members substantially interested in the commodity concerned that:

(a) the system has also resulted in the sale of the commodity for export at a price higher than the comparable price charged for the like commodity to buyers in the domestic market, and

(b) the system is so operated, either because of the effective regulation of production or otherwise, as not to stimulate exports unduly or otherwise seriously prejudice the interests of other members.

AD ARTICLE 34

(From annex P)

Paragraph 1

Hidden dumping by associated houses (that is, the sale by an importer at a price below that corresponding to the price invoiced by an exporter with whom the importer is associated, and also below the price in the ex-

GENERAL AGREEMENT ON TARIFFS AND TRADE

in the exporting country) constitutes a form of price dumping with respect to which the margin of dumping may be calculated on the basis of the price at which the goods are resold by the importer.

Paragraphs 2 and 3

NOTE 1.—As in many other cases in customs administration, a contracting party may require reasonable security (bond or cash deposit) for the payment of antidumping or countervailing duty pending final determination of the facts in any case of suspected dumping or subsidization.

NOTE 2.—Multiple currency practices can in certain circumstances constitute a subsidy to exports which may be met by countervailing duties under paragraph 3 or can constitute a form of dumping by means of a partial depreciation of a country's currency which may be met by action under paragraph 2. By "multiple currency practices" is meant practices by governments or sanctioned by governments.

ARTICLE VII. VALUATION FOR CUSTOMS PURPOSES

1. The contracting parties recognize the validity of the general principles of valuation set forth in the following paragraphs of this article, and they undertake to give effect to such principles in respect of all products subject to duties or other charges or restrictions on importation and exportation based upon or regulated in any manner by value, at the earliest practicable date. Moreover, they shall, upon a request by another contracting party, review the operation of any of their laws or regulations relating to value for customs purposes in the light of these principles. The contracting parties may request from contracting parties reports on steps taken by them in pursuance of the provisions of this article.

2. (a) The value for customs purposes of imported merchandise should be based on the actual value of the imported merhcandise on which duty is assessed, or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values.

(b) "Actual value" should be the price at which, at a time and place determined by the legislation of the country of importation, and in the ordinary course of trade, such or like merchandise is sold or offered for sale under fully competitive conditions. To the extent to which the price of such or like merchandise is governed by the quantity in a particular transaction, the price to be considered should uniformly be related to either (i) comparable quantities, or (ii) quantities not less favorable to importers than those in which the greater volume of the merchandise is sold in the trade between the countries of exportation and importation.

(c) When the actual value is not ascertainable in accordance with subparagraph (b) of this paragraph, the value for customs purposes should be based on the nearest ascertainable equivalent of such value.

3. The value for customs purposes of any imported product should not include the amount of any internal tax, applicable within the country of origin or export, from which the imported product has been exempted or has been or will be relieved by means of refund.

ITO CHARTER

porting country) constitutes a form of price dumping with respect to which the margin of dumping may be calculated on the basis of the price at which the goods are resold by the importer.

Paragraphs 2 and 3

NOTE 1.—As in many other cases in customs administration, a member may require reasonable security (bond or cash deposit) for the payment of antidumping or countervailing duty pending final determination of the facts in any case of suspected dumping or subsidization.

NOTE 2.—Multiple currency practices can in certain circumstances constitute a subsidy to exports which may be met by countervailing duties under paragraph 3 or can constitute a form of dumping by means of a partial depreciation of a country's currency which may be met by action under paragraph 2. By "multiple currency practices" is meant practices by governments or sanctioned by governments.

ARTICLE 35. VALUATION FOR CUSTOMS PURPOSES

1. The members shall work toward the standardization, as far as practicable, of definitions of value and of procedures for determining the value of products subject to customs duties or other charges or restrictions based upon or regulated in any manner by value. With a view to furthering cooperation to this end, the Organization may study and recommend to members such bases and methods for determining value for customs purposes as would appear best suited to the needs of commerce and most capable of general adoption.

2. The members recognize the validity of the general principles of valuation set forth in paragraphs 3, 4, and 5, and they undertake to give effect, at the earliest practicable date, to these principles in respect of all products subject to duties or other charges or restrictions on importation based upon or regulated in any manner by value. Moreover, they shall, upon a request by another member directly affected, review in the light of these principles the operation of any of their laws or regulations relating to value for customs purposes. The Organization may request from members reports on steps taken by them in pursuance of the provisions of this article.

3. (a) The value for customs purposes of imported merchandise should be based on the actual value of the imported merchandise on which duty is assessed, or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values.

(b) "Actual value" should be the price at which, at a time and place determined by the legislation of the country of importation, and in the ordinary course of trade, such or like merchandise is sold or offered for sale under fully competitive conditions. To the extent to which the price of such or like merchandise is governed by the quantity in a particular transaction, the price to be considered should uniformly be related to either (i) comparable quantities, or (ii) quantities not less favorable to importers than those in

GENERAL AGREEMENT ON TARIFFS AND TRADE

4. (a) Except as otherwise provided for in this paragraph, where it is necessary for the purposes of paragraph 2 of this article for a contracting party to convert into its own currency a price expressed in the currency of another country, the conversion rate of exchange to be used shall be based on the par values of the currencies involved as established pursuant to the Articles of Agreement of the International Monetary Fund or by special exchange agreements entered into pursuant to article XV of this agreement.

5. The bases and methods for determining the value of products subject to duties or other charges or restrictions based upon or regulated in any manner by value should be stable and should be given sufficient publicity to enable traders to estimate, with a reasonable degree of certainty, the value for customs purposes.

(b) Where no such par value has been established, the conversion rate shall reflect effectively the current value of such currency in commercial transactions.

(c) The contracting parties, in agreement with the International Monetary Fund, shall formulate rules governing the conversion by contracting parties of any foreign currency in respect of which multiple rates of exchange are maintained consistently with the Articles of Agreement of the International Monetary Fund. Any contracting party may apply such rules in respect of such foreign currencies for the purposes of paragraph 2 of this article as an alternative to the use of par values. Until such rules are adopted by the contracting parties, any contracting party may employ, in respect of any such foreign currency, rules of conversion for the purposes of paragraph 2 of this article which are designed to reflect effectively the value of such foreign currency in commercial transactions.

(d) Nothing in this paragraph shall be construed to require any contracting party to alter the method of converting currencies for customs purposes which is applicable in its territory on the date of this agreement, if such alteration would have the effect of increasing generally the amounts of duty payable.

AD ARTICLE VII

(From annex I)

Paragraph 1

Consideration was given to the desirability of replacing the words "at the earliest practicable date" by a definite date or, alternatively, by a provision for a specified limited period to be fixed later. It was appreciated that it would not be possible for all contracting parties to give effect to these principles by a fixed time, but it was nevertheless un-

ITO CHARTER

which the greater volume of the merchandise is sold in the trade between the countries of exportation and importation.

(c) When the actual value is not ascertainable in accordance with subparagraph (b), the value for customs purposes should be based on the nearest ascertainable equivalent of such value.

4. The value for customs purposes of any imported product should not include the amount of any internal tax, applicable within the country of origin or export, from which the imported product has been exempted or has been or will be relieved by means of refund.

5. (a) Except as otherwise provided in this paragraph, where it is necessary for the purposes of paragraph 3 for a member to convert into its own currency a price expressed in the currency of another country, the conversion rate of exchange to be used shall be based on the par values of the currencies involved, as established pursuant to the Articles of Agreement of the International Monetary Fund or by special exchange agreements entered into pursuant to article 24 of this charter.

(b) Where no such par value has been established, the conversion rate shall reflect effectively the current value of such currency in commercial transactions.

(c) The Organization, in agreement with the International Monetary Fund, shall formulate rules governing the conversion by members of any foreign currency in respect of which multiple rates of exchange are maintained consistently with the Articles of Agreement of the International Monetary Fund. Any member may apply such rules in respect of such foreign currencies for the purposes of paragragh 3 of this article as an alternative to the use of par values. Until such rules are adopted by the Organization, any member may employ, in respect of any such foreign currency, rules of conversion for the purposes of paragraph 3 of this article which are designed to reflect effectively the value of such foreign currency in commercial transactions.

6. Nothing in this article shall be construed to require any member to alter the method of converting currencies for customs purposes which is applicable in its territory on the date of this charter, if such alteration would have the effect of increasing generally the amounts of duty payable.

7. The bases and methods for determining the value of products subject to duties or other charges or restrictions based on or regulated in any manner by value should be stable and should be given sufficient publicity to enable traders to estimate, with a reasonable degree of certainty, the value for customs purposes.

AD ARTICLE 35

(From annex P)

Paragraph 3

NOTE 1.—It would be in conformity with article 35 to presume that "actual value" may be represented by the invoice price (or in the case of government contracts in respect of primary products, the contract price), plus any nonincluded charges for legitimate costs which are proper elements of "actual value" and plus any abnormal dis-

GENERAL AGREEMENT ON TARIFFS AND TRADE

derstood that a majority of the contracting parties would give effect to them at the time the agreement enters into force.

Paragraph 2

It would be in conformity with article VII to presume that "actual value" may be represented by the invoice price, plus any non-included charges for legitimate costs which are proper elements of "actual value" and plus any abnormal discount or other reduction from the ordinary competitive price.

It would be in conformity with article VII, paragraph 2 (b), for a contracting party to construe the phrase "in the ordinary course of trade," read in conjunction with "under fully competitive conditions," as excluding any transaction wherein the buyer and seller are not independent of each other and price is not the sole consideration.

The prescribed standard of "fully competitive conditions" permits contracting parties to exclude from consideration distributors' prices which involve special discounts limited to exclusive agents.

The wording of subparagraphs (a) and (b) permits a contracting party to assess duty uniformly either (1) on the basis of a particular exporter's prices of the imported merchandise, or (2) on the basis of the general price level of like merchandise.

ARTICLE VIII. FORMALITIES CONNECTED WITH IMPORTATION AND EXPORTATION

1. The contracting parties recognize that fees and charges, other than duties, imposed by governmental authorities on or in connection with importation or exportation, should be limited in amount to the approximate cost of services rendered and should not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes. The contracting parties also recognize the need for reducing the number and diversity of such fees and charges, for minimizing the incidence and complexity of import and export formalities, and for decreasing and simplifying import and export documentation requirements.

2. The contracting parties shall take action in accordance with the principles and objectives of paragraph 1 of this article at the earliest practicable date. Moreover, they shall, upon request by another contracting party, review the operation of any of their laws and regulations in the light of these principles.

3. No contracting party shall impose substantial penalties for minor breaches of customs regulations or procedural requirements. In particular, no penalty in respect of any omission or mistake in customs documentation which is easily rectifiable and obviously made without fraudulent intent or gross

ITO CHARTER

count, or any reduction from the ordinary competitive price.

NOTE 2.—If on the date of this charter a member has in force a system under which ad valorem duties are levied on the basis of fixed values, the provisions of paragraph 3 of article 35 shall not apply:

1. In the case of values not subject to periodical revision in regard to a particular product, as long as the value established for that product remains unchanged;

2. In the case of values subject to periodical revision, on condition that the revision is based on the average "actual value" established by reference to an immediately preceding period of not more than 12 months and that such revision is made at any time at the request of the parties concerned or of members. The revision shall apply to the importation or importations in respect of which the specific request for revision was made, and the revised value so established shall remain in force pending further revision.

NOTE 3.—It would be in conformity with paragraph 3 (b) for a member to construe the phrase "in the ordinary course of trade," read in conjunction with "under fully competitive conditions," as excluding any transaction wherein the buyer and seller are not independent of each other and price is not the sole consideration.

NOTE 4.—The prescribed standard of "fully competitive conditions" permits members to exclude from consideration distributors' prices which involve special discounts limited to exclusive agents.

NOTE 5.—The wording of subparagraphs (a) and (b) permits a member to assess duty uniformly either (1) on the basis of a particular exporter's prices of the imported merchandise, or (2) on the basis of the general price level of like merchandise.

Paragraph 5

If compliance with the provisions of paragraph 5 would result in decreases in amounts of duty payable on products with respect to which the rates of duty have been bound by an international agreement, the term "at the earliest practicable date" in paragraph 2 allows the member concerned a reasonable time to obtain adjustment of the agreement.

ARTICLE 36. FORMALITIES CONNECTED WITH IMPORTATION AND EXPORTATION

1. The members recognize that all fees and charges of whatever character (other than import and export duties and other than taxes within the purview of article 18) imposed by governmental authorities on or in connection with importation or exportation should be limited in amount to the approximate cost of services rendered and should not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes. The members also recognize the need for reducing the number and diversity of such fees and charges, for minimizing the incidence and complexity of import and export formalities, and for decreasing and simplifying import and export documentation requirements.

2. The members shall take action in accordance with the principles and objectives of paragraph 1 at the earliest practicable date. Moreover, they shall, upon request by another member directly affected, review the operation of any of their laws and regulations in the light of these principles. The Organization may request from members reports on steps taken by them in pursuance of the provisions of this paragraph.

3. The provisions of paragraphs 1 and 2 shall extend to fees, charges, formalities, and requirements imposed by governmental authorities in connection with importation and exportation, including those relating to:

(a) consular transactions, such as those relating to consular invoices and certificates;

GENERAL AGREEMENT ON TARIFFS AND TRADE

negligence shall be greater than necessary to serve merely as a warning.

4. The provisions of this article shall extend to fees, charges, formalities, and requirements imposed by governmental authorities in connection with importation and exportation, including those relating to:

(a) consular transactions, such as consular invoices and certificates;
(b) quantitative restrictions;
(c) licensing;
(d) exchange control;
(e) statistical services;
(f) documents, documentation, and certification;
(g) analysis and inspection; and
(h) quarantine, sanitation, and fumigation.

AD ARTICLE VIII
(From annex I)

While article VIII does not cover the use of multiple rates of exchange as such, paragraphs 1 and 4 condemn the use of exchange taxes or fees as a device for implementing multiple currency practices; if, however, a contracting party is using multiple currency exchange fees for balance-of-payments reasons with the approval of the International Monetary Fund, the provisions of paragraph 2 fully safeguard its position since that paragraph merely requires that the fees be eliminated at the earliest practicable date.

ARTICLE IX. MARKS OF ORIGIN

1. Each contracting party shall accord to the products of the territories of other contracting parties treatment with regard to marking requirements no less favorable than the treatment accorded to like products of any third country.

2. Whenever it is administratively practicable to do so, contracting parties should permit required marks of origin to be affixed at the time of importation.

3. The laws and regulations of contracting parties relating to the marking of imported products shall be such as to permit compliance without seriously damaging the products, or materially reducing their value, or unreasonably increasing their cost.

4. As a general rule no special duty or penalty should be imposed by any contracting party for failure to comply with marking requirements prior to importation unless corrective marking is unreasonably delayed or deceptive marks have been affixed or the required marking has been intentionally omitted.

5. The contracting parties shall cooperate with each other with a view to preventing the

ITO CHARTER

(b) quantitative restrictions;
(c) licensing;
(d) exchange control;
(e) statistical services;
(f) documents, documentation, and certification;
(g) analysis and inspection; and
(h) quarantine, sanitation, and fumigation.

4. The Organization may study and recommend to members specific measures for the simplification and standardization of customs formalities and techniques and for the elimination of unnecessary customs requirements, including those relating to advertising matter and samples for use only in taking orders for merchandise.

5. No member shall impose substantial penalties for minor breaches of customs regulations or procedural requirements. In particular, no penalty in respect of any omission or mistake in customs documentation which is easily rectifiable and obviously made without fraudulent intent or gross negligence shall be greater than necessary to serve merely as a warning.

6. The members recognize that tariff descriptions based on distinctive regional or geographical names should not be used in such a manner as to discriminate against products of member countries. Accordingly, the members shall cooperate with each other directly and through the Organization with a view to eliminating at the earliest practicable date practices which are inconsistent with this principle.

AD ARTICLE 36

(From annex P)

Paragraph 3

While article 36 does not cover the use of multiple rates of exchange as such, paragraphs 1 and 3 condemn the use of exchange taxes or fees as a device for implementing multiple currency practices; if, however, a member is using multiple currency exchange fees for balance-of-payment reasons not inconsistently with the articles of agreement of the International Monetary Fund, the provisions of paragraph 2 fully safeguard its position since that paragraph merely requires that the fees be eliminated at the earliest practicable date.

ARTICLE 37. MARKS OF ORIGIN

1. The members recognize that, in adopting and implementing laws and regulations relating to marks of origin, the difficulties and inconveniences which such measures may cause to the commerce and industry of exporting countries should be reduced to a minimum.

2. Each member shall accord to the products of each other member country treatment with regard to marking requirements no less favorable than the treatment accorded to like products of any third country.

3. Whenever it is administratively practicable to do so, members should permit required marks of origin to be affixed at the time of importation.

4. The laws and regulations of members relating to the marking of imported products shall be such as to permit compliance without seriously damaging the products or materially reducing their value or unreasonably increasing their cost.

5. The members agree to work in cooperation through the Organization toward the

GENERAL AGREEMENT ON TARIFFS AND TRADE

use of trade names in such manner as to misrepresent the true origin of a product, to the detriment of such distinctive regional or geographical names of products of the territory of a contracting party as are protected by its legislation. Each contracting party shall accord full and sympathetic consideration to such requests or representations as may be made by any other contracting party regarding the application of the undertaking set forth in the preceding sentence to names of products which have been communicated to it by the other contracting party.

ARTICLE X. PUBLICATION AND ADMINISTRATION OF TRADE REGULATIONS

1. Laws, regulations, judicial decisions, and administrative rulings of general application, made effective by any contracting party, pertaining to the classification or the valuation of products for customs purposes, or to rates of duty, taxes, or other charges, or to requirements, restrictions, or prohibitions on imports or exports or on the transfer of payments therefor, or affecting their sale, distribution, transportation, insurance, warehousing, inspection, exhibition, processing, mixing, or other use, shall be published promptly in such a manner as to enable governments and traders to become acquainted with them. Agreements affecting international trade policy which are in force between the government or a governmental agency of any contracting party and the government or governmental agency of any other contracting party shall also be published. The provisions of this paragraph shall not require any contracting party to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

2. No measure of general application taken by any contracting party effecting an advance in a rate of duty or other charge on imports under an established and uniform practice, or imposing a new or more burdensome requirement, restriction or prohibition on imports, or on the transfer of payments therefor, shall be enforced before such measure has been officially published.

3. (a) Each contracting party shall administer in a uniform, impartial, and reasonable manner all its laws, regulations, decisions and rulings of the kind described in paragraph 1 of this article.

(b) Each contracting party shall maintain, or institute as soon as practicable, ju-

ITO CHARTER

early elimination of unnecessary marking requirements. The Organization may study and recommend to members measures directed to this end, including the adoption of schedules of general categories of products, in respect of which marking requirements operate to restrict trade to an extent disproportionate to any proper purpose to be served, and which shall not in any case be required to be marked to indicate their origin.

6. As a general rule no special duty or penalty should be imposed by any member for failure to comply with marking requirements prior to importation unless corrective marking is unreasonably delayed or deceptive marks have been affixed or the required marking has been intentionally omitted.

7. The members shall cooperate with each other directly and through the Organization with a view to preventing the use of trade names in such manner as to misrepresent the true origin of a product to the detriment of the distinctive regional or geographical names of products of a member country which are protected by the legislation of such country. Each member shall accord full and sympathetic consideration to such requests or representations as may be made by any other member regarding the application of the undertaking set forth in the preceding sentence to names of products which have been communicated to it by the other member. The Organization may recommend a conference of interested members on this subject.

ARTICLE 38. PUBLICATION AND ADMINISTRATION OF TRADE REGULATIONS

1. Laws, regulations, judicial decisions, and administrative rulings of general application made effective by any member, pertaining to the classification or the valuation of products for customs purposes, or to rates of duty, taxes, or other charges, or to requirements, restrictions, or prohibitions on imports or exports or on the transfer of payments therefor, or affecting their sale, distribution, transportation, insurance, warehousing, inspection, exhibition, processing, mixing, or other use, shall be published promptly in such a manner as to enable governments and traders to become acquainted with them. Agreements affecting international trade policy which are in force between the government or governmental agency of any member country and the government or governmental agency of any other country shall also be published. Copies of such laws, regulations, decisions, rulings, and agreements shall be communicated promptly to the Organization. The provisions of this paragraph shall not require any member to divulge confidential information the disclosure of which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

2. No measure of general application taken by any member effecting in advance in a rate of duty or other charge on imports under an established and uniform practice or imposing a new or more burdensome requirement, restriction or prohibition on imports, or on the transfer of payments therefor, shall be enforced before such measure has been officially made public.

3. (a) Each member shall administer in a uniform, impartial, and reasonable manner all its laws, regulations, decisions, and rulings of the kind described in paragraph 1. Suitable facilities shall be afforded for traders directly affected by any of those matters to consult with the appropriate governmental authorities.

(b) Each member shall maintain, or institute as soon as practicable, judicial, arbitral

GENERAL AGREEMENT ON TARIFFS AND TRADE

dicial, arbitral, or administrative tribunals or procedures for the purpose, inter alia, of the prompt review and correction of administrative action relating to customs matters. Such tribunals or procedures shall be independent of the agencies entrusted with administrative enforcement and their decisions shall be implemented by, and shall govern the practice of, such agencies unless an appeal is lodged with a court of tribunal of superior jurisdiction within the time prescribed for appeals to be lodged by importers: *Provided*, That the central administration of such agency may take steps to obtain a review of the matter in another proceeding if there is good cause to believe that the decision is inconsistent with established principles of law or the actual facts.

(c) The provisions of subparagraph (b) of this paragraph shall not require the elimination or substitution of procedures in force in the territory of a contracting party on the date of this agreement which in fact provide for an objective and impartial review of administrative action even though such procedures are not fully or formally independent of the agencies entrusted with administrative enforcement. Any contracting party employing such procedures shall, upon request, furnish the contracting parties with full information thereon in order that they may determine whether such procedures conform to the requirements of this subparagraph.

No comparable article.

ITO CHARTER

or administrative tribunals or procedures for the purpose, inter alia, of the prompt review and correction of administrative action relating to customs matters. Such tribunals or procedures shall be independent of the agencies entrusted with administrative enforcement and their decisions shall be implemented by, and shall govern the practice of, such agencies unless an appeal is lodged with a court or tribunal of superior jurisdiction within the time prescribed for appeals to be lodged by importers: *Provided*, That the central administration of such agency may take steps to obtain a review of the matter in another proceeding if there is good cause to believe that the decision is inconsistent with established principles of law or the actual facts.

(c) The provisions of subparagraph (b) shall not require the elimination or substitution of procedures in force in a member country on the date of this charter which in fact provide for an objective and impartial review of administrative action, even though such procedures are not fully or formally independent of the agencies entrusted with administrative enforcement. Any member employing such procedures shall, upon request, furnish the organization with full information thereon in order that the organization may determine whether such procedures conform to the requirements of this subparagraph.

ARTICLE 39. INFORMATION, STATISTICS, AND TRADE TERMINOLOGY

1. The members shall communicate to the organization, or to such agency as may be designated for the purpose by the organization, as promptly and in as much detail as is reasonably practicable:

(a) statistics of their external trade in goods (imports, exports, and, where applicable, reexports, transit and transshipment, and goods in warehouse or in bond);

(b) statistics of governmental revenue from import and export duties and other taxes on goods moving in international trade and, insofar as readily ascertainable, of subsidy payments affecting such trade.

2. So far as possible, the statistics referred to in paragraph 1 shall be related to tariff classifications and shall be in such form as to reveal the operation of any restrictions on importation or exportation which are based on or regulated in any manner by quantity or value or amounts of exchange made available.

3. The members shall publish regularly and as promptly as possible the statistics referred to in paragraph 1.

4. The members shall give careful consideration to any recommendations which the Organization may make to them with a view to improving the statistical information furnished under paragraph 1.

5. The members shall make available to the Organization, at its request and insofar as is reasonably practicable, such other statistical information as the Organization may deem necessary to enable it to fulfill its functions, provided that such information is not being furnished to other intergovernmental organizations from which the Organization can obtain it.

6. The Organization shall act as a center for the collection, exchange, and publication of statistical information of the kind referred to in paragraph 1. The Organization, in collaboration with the Economic and Social Council of the United Nations, and with any other organization deemed appropriate, may engage in studies with a view to improving the methods of collecting, analyzing, and publishing economic statistics and may promote the international comparability of such statistics, including the possible international adoption of standard tariff and commodity classifications.

GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XI. GENERAL ELIMINATION OF QUANTITATIVE RESTRICTIONS

1. No prohibitions or restrictions other than duties, taxes, or other charges, whether made effective through quotas, import, or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party.

2. The provisions of paragraph 1 of this article shall not extend to the following:

(a) export prohibitions or restrictions temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting contracting party;

(b) import and export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading, or marketing of commodities in international trade;

(c) import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operate:

(i) to restrict the quantities of the like domestic product permitted to be marketed or produced, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted; or

(ii) to remove a temporary surplus of the like domestic product, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted, by making the surplus available to certain groups of domestic consumers free of charge or at prices below the current market level; or

(iii) to restrict the quantities permitted to be produced of any animal product the production of which is directly dependent, wholly or mainly, on the imported commodity, if the domestic production of that commodity is relatively negligible.

Any contracting party applying restrictions on the importation of any product pursuant to subparagraph (c) of this paragraph shall give public notice of the total quantity or value of the product permitted to be imported during a specified future period and of any change in such quantity or value. Moreover, any restrictions applied under (i) above shall not be such as will reduce the total of imports relative to the total of domestic production, as compared with the proportion which might reasonably be expected to rule between the two in the absence of restrictions. In determining this proportion, the contracting party shall pay due regard to the proportion prevailing during a previous representative period and to any special factors which may have affected or may be affecting the trade in the product concerned.

ITO CHARTER

7. The Organization, in cooperation with the other organizations referred to in paragraph 6, may also study the question of adopting standards, nomenclatures, terms, and forms to be used in international trade and in the official documents and statistics of members relating thereto, and may recommend the general acceptance by members of such standards, nomenclatures, terms, and forms.

ARTICLE 20. GENERAL ELIMINATION OF QUANTITATIVE RESTRICTIONS

1. No prohibitions or restrictions other than duties, taxes, or other charges, whether made effective through quotas, import or export licenses, or other measures, shall be instituted or maintained by any member on the importation of any product of any other member country or on the exportation or sale for export of any product destined for any other member country.

2. The provisions of paragraph 1 shall not extend to the following:

(a) export prohibitions or restrictions applied for the period necessary to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting member country;

(b) import and export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading, or marketing of commodities in international trade; if, in the opinion of the organization, the standards or regulations adopted by a member under this subparagraph have an unduly restrictive effect on trade, the Organization may request the member to revise the standards or regulations: *Provided*, That it shall not request the revision of standards internationally agreed pursuant to recommendations made under paragraph 7 of article 39;

(c) import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operate effectively:

(i) to restrict the quantities of the like domestic product permitted to be marketed or produced, or, if there is no substantial domestic production of the like product, of a domestic agricultural or fisheries product for which the imported product can be directly substituted; or

(ii) to remove a temporary surplus of the like domestic product, or, if there is no substantial domestic production of the like product, of a domestic agricultural or fisheries product for which the imported product can be directly substituted, by making the surplus available to certain groups of domestic consumers free of charge or at prices below the current market level; or

(iii) to restrict the quantities permitted to be produced of any animal product the production of which is directly dependent, wholly or mainly, on the imported commodity, if the domestic production of that commodity is relatively negligible.

GENERAL AGREEMENT ON TARIFFS AND TRADE

3. Throughout articles XI, XII, XIII, and XIV the terms "import restrictions" or "export restrictions" include restrictions made effective through state trading operations.

AD ARTICLE XI

(From annex I)

Paragraph 2 (c)

The term "in any form" in this paragraph covers the same products when in an early stage of processing and still perishable, which compete directly with the fresh product and if freely imported would tend to make the restriction on the fresh product ineffective.

Paragraph 2, last subparagraph

The term "special factors" includes changes in relative productive efficiency as between domestic and foreign producers, or as between different foreign producers, but not changes artificially brought about by means not permitted under the agreement.

ITO CHARTER

3. With regard to import restrictions applied under the provisions of paragraph 2 (c):

(a) such restrictions shall be applied only so long as the governmental measures referred to in paragraph 2 (c) are in force, and, when applied to the import of products of which domestic supplies are available during only a part of the year, shall not be applied in such a way as to prevent their import in quantities sufficient to satisfy demand for current consumption purposes during those periods of the year when like domestic products, or domestic products for which the imported product can be directly substituted, are not available;

(b) any member intending to introduce restrictions on the importation of any product shall, in order to avoid unnecessary damage to the interests of exporting countries, give notice in writing as far in advance as practicable to the Organization and to members having a substantial interest in supplying that product, in order to afford such members adequate opportunity for consultation in accordance with the provisions of paragraphs 2 (d) and 4 of article 22, before the restrictions enter into force. At the request of the importing member concerned, the notification and any information disclosed during the consultations shall be kept strictly confidential;

(c) any member applying such restrictions shall give public notice of the total quantity or value of the product permitted to be imported during a specified future period and of any change in such quantity or value;

(d) any restrictions applied under paragraph 2 (c) (i) shall not be such as will reduce the total of imports relative to the total of domestic production, as compared with the proportion which might reasonably be expected to rule between the two in the absence of restrictions. In determining this proportion, the member applying the restrictions shall pay due regard to the proportion prevailing during a previous representative period and to any special factors which may have affected or may be affecting the trade in the product concerned.

4. Throughout this section the terms "import restrictions" and "export restrictions" include restrictions made effective through state trading operations.

AD ARTICLE 20

(From annex P)

Paragraph 2 (a)

In the case of products which are basic to diet in the exporting country and which are subject to alternate annual shortages and surpluses, the provisions of paragraph 2 (a) do not preclude such export prohibitions or restrictions as are necessary to maintain from year to year domestic stocks sufficient to avoid critical shortages.

Paragraph 2 (c)

The expression "agricultural and fisheries product, imported in any form" means the product in the form in which it is originally sold by its producer and such processed forms of the product as are so closely related to the original product as regards utilization that their unrestricted importation would make the restriction on the original product ineffective.

Paragraph 3 (b)

The provisions for prior consultation would not prevent a member which had given other members a reasonable period of time for such consultation from introducing the restrictions at the date intended. It is recognized that, with regard to import restrictions applied under paragraph 2 (c) (ii), the period of advance notice provided would in some cases necessarily be relatively short.

Paragraph 3 (d)

The term "special factors" in paragraph 3 (d) includes among other factors changes in relative productive efficiency as between

GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XII. RESTRICTIONS TO SAFEGUARD THE BALANCE OF PAYMENTS

1. Notwithstanding the provisions of paragraph 1 of article XI, any contracting party, in order to safeguard its external financial position and balance of payments, may restrict the quantity or value of merchandise permitted to be imported, subject to the provisions of the following paragraphs of this article.

2. (a) No contracting party shall institute, maintain, or intensify import restrictions under this article except to the extent necessary—

(i) to forestall the imminent threat of, or to stop, a serious decline in the monetary reserves, or

(ii) in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves.

Due regard shall be paid in either case to any special factors which may be affecting the contracting party's reserves or need for reserves, including, where special external credits or other resources are available to it, the need to provide for the appropriate use of such credits or resources.

(b) Contracting parties applying restrictions under subparagraph (a) of this paragraph shall progressively relax them as such conditions improve, maintaining them only to the extent that the conditions specified in that subparagraph still justify their application. They shall eliminate the restrictions when conditions would no longer justify their institution or maintenance under that subparagraph.

(c) Contracting parties undertake, in carrying out their domestic policies:

(i) to pay due regard to the need for restoring equilibrium in their balance of payments on a sound and lasting basis and to the desirability of assuring an economic employment of productive resources;

(ii) not to apply restrictions so as to prevent unreasonably the importation of any description of goods in minimum commercial quantities, the exclusion of which would impair regular channels of trade, or restrictions which would prevent the importation of commercial samples, or prevent compliance with patent, trademark, copyright, or similar procedures; and

ITO CHARTER

domestic and foreign producers which may have occurred since the representative period.

ARTICLE 21. RESTRICTIONS TO SAFEGUARD THE BALANCE OF PAYMENTS

1. The members recognize that—

(a) it is primarily the responsibility of each member to safeguard its external financial position and to achieve and maintain stable equilibrium in its balance of payments;

(b) an adverse balance of payments of one member country may have important effects on the trade and balance of payments of other member countries, if it results in, or may lead to, the imposition by the member of restrictions affecting international trade;

(c) the balance of payments of each member country is of concern to other members, and therefore its is desirable that the Organization should promote consultations among members and, where possible, agreed action consistent with this charter for the purpose of correcting a maladjustment in the balance of payments; and

(d) action taken to restore stable equilibrium in the balance of payments should so far as the member or members concerned find possible, employ methods which expand rather than contract international trade.

2. Notwithstanding the provisions of paragraph 1 of article 20, any member, in order to safeguard its external financial position and balance of payments, may restrict the quantity or value of merchandise permitted to be imported, subject to the provisions of the following paragraphs of this article.

3. (a) No member shall institute, maintain, or intensify import restrictions under this article except to the extent necessary—

(i) to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or

(ii) in the case of a member with very low monetary reserves, to achieve a reasonable rate of increase in its reserves.

Due regard shall be paid in either case to any special factors which may be affecting the member's reserves or need for reserves, including, where special external credits or other resources are available to it, the need to provide for the appropriate use of such credits or resources.

(b) A member applying restrictions under subparagraph (a) shall progressively relax and ultimately eliminate them, in accordance with the provisions of that subparagraph, as its external financial position improves. This provision shall not be interpreted to mean that a member is required to relax or remove such restrictions if that relaxation or removal would thereupon produce conditions justifying the intensification or institution, respectively, of restrictions under subparagraph (a).

(c) Members undertake:

(i) not to apply restrictions so as to prevent unreasonably the importation of any description of merchandise in minimum commercial quantities the exclusion of which would impair regular channels of trade, or restrictions which would prevent the importation of commercial samples or prevent the importation of such minimum quantities of a product as may be necessary to obtain and maintain patent, trade-mark, copyright, or similar rights under industrial or intellectual property laws;

(ii) to apply restrictions under this article in such a way as to avoid unnecessary damage to the commercial or economic interests of any other member, including interests under articles 3 and 9.

GENERAL AGREEMENT ON TARIFFS AND TRADE

(iii) to apply restrictions under this article in such a way as to avoid unnecessary damage to the commercial or economic interests of any other contracting party.

3. (a) The contracting parties recognize that during the next few years all of them will be confronted in varying degrees with problems of economic adjustment resulting from the war. During this period the contracting parties shall, when required to take decisions under this article or under article XIV, take full account of the difficulties of postwar adjustment and of the need which a contracting party may have to use import restrictions as a step towards the restoration of equilibrium in its balance of payments on a sound and lasting basis.

(b) The contracting parties recognize that, as a result of domestic policies directed toward the achievement and maintenance of full and productive employment and large and steadily growing demand or toward the reconstruction or development of industrial and other economic resources and the raising of standards of productivity, such a contracting party may experience a high level of demand for imports. Accordingly,

(i) notwithstanding the provisions of paragraph 2 of this article no contracting party shall be required to withdraw or modify restrictions on the ground that a change in the policies referred to above would render unnecessary the restrictions which it is applying under this article;

(ii) any contracting party applying import restrictions under this article may determine the incidence of the restrictions on imports of different products or classes of products in such a way as to give priority to the importation of those products which are more essential in the light of such policies.

4. (a) Any contracting party which is not applying restrictions under this article, but is considering the need to do so, shall, before instituting such restrictions (or, in circumstances in which prior consultation is impracticable, immediately after doing so), consult with the contracting parties as to the nature of its balance-of-payments difficulties, alternative corrective measures which may be available, and the possible effect of such measures on the economies of other contracting parties. No contracting party shall be required in the course of consultations under this subparagraph to indicate in advance the choice or timing of any particular measures which it may ultimately determine to adopt.

(b) The contracting parties may at any time invite any contracting party which is applying import restrictions under this article to enter into such consultations with them, and shall invite any contracting party substantially intensifying such restrictions to consult within 30 days. A contracting party thus invited shall participate in such discussions. The contracting parties may invite any other contracting party to take part in these discussions. Not later than January 1, 1951, the contracting parties shall review all restrictions existing on that day and still applied under this article at the time of the review.

ITO CHARTER

4. (a) The members recognize that in the early years of the Organization all of them will be confronted in varying degrees with problems of economic adjustment resulting from the war. During this period the Organization shall, when required to take decisions under this article or under article 23, take full account of the difficulties of postwar adjustment and of the need which a member may have to use import restrictions as a step towards the restoration of equilibrium in its balance of payments on a sound and lasting basis.

(b) The members recognize that, as a result of domestic policies directed toward the fulfillment of a member's obligations under article 3 relating to the achievement and maintenance of full and productive employment and large and steadily growing demand, or its obligations under article 9 relating to the reconstruction or development of industrial and other economic resources and to the raising of standards of productivity, such a member may find that demands for foreign exchange on account of imports and other current payments are absorbing the foreign exchange resources currently available to it in such a manner as to exercise pressure on its monetary reserves which would justify the institution or maintenance of restrictions under paragraph 3 of this article. Accordingly,

(i) no member shall be required to withdraw or modify restrictions which it is applying under this article on the ground that a change in such policies would render these restrictions unnecessary;

(ii) any member applying import restrictions under this article may determine the incidence of the restrictions on imports of different products or classes of products in such a way as to give priority to the importation of those products which are more essential in the light of such policies.

(c) Members undertake, in carrying out their domestic policies, to pay due regard to the need for restoring equilibrium in their balance of payments on a sound and lasting basis and to the desirability of assuring an economic employment of productive resources.

5. (a) Any member which is not applying restrictions under this article, but is considering the need to do so, shall, before instituting such restrictions (or, in circumstances in which prior consultation is impracticable, immediately after doing so), consult with the Organization as to the nature of its balance-of-payments difficulties, alternative corrective measures which may be available, and the possible effect of such measures on the economies of other members. No member shall be required in the course of consultations under this subparagraph to indicate in advance the choice or timing of any particular measure which it may ultimately determine to adopt.

(b) The Organization may at any time invite any member which is applying import restrictions under this article to enter into such consultations with it and shall invite any member substantially intensifying such restrictions to consult within 30 days. A member thus invited shall participate in the consultations. The Organization may invite any other member to take part in the consultations. Not later than 2 years from the day on which this charter enters into force, the Organization shall review all restrictions existing on that day and still applied under this article at the time of the review.

GENERAL AGREEMENT ON TARIFFS AND TRADE

(c) Any contracting party may consult with the contracting parties with a view to obtaining their prior approval for restrictions which the contracting party proposes, under this article, to maintain, intensify or institute, or for the maintenance, intensification or institution of restrictions under specified future conditions. As a result of such consultations, the contracting parties may approve in advance the maintenance, intensification or institution of restrictions by the contracting party in question insofar as the general extent, degree of intensity and duration of the restrictions are concerned. To the extent to which such approval has been given, the requirements of subparagraph (a) of this paragraph shall be deemed to have been fulfilled, and the action of the contracting party applying the restrictions shall not be open to challenge under subparagraph (d) of this paragraph on the ground that such action is inconsistent with the provisions of paragraph 2 of this article.

(d) Any contracting party which considers that another contracting party is applying restrictions under this article inconsistently with the provisions of paragraphs 2 or 3 of this article or with those of article XIII (subject to the provisions of article XIV) may bring the matter for discussion to the contracting parties; and the contracting party applying the restrictions shall participate in the discussion. The contracting parties, if they are satisfied that there is a prima facie case that the trade of the contracting party initiating the procedure is adversely affected, shall submit their views to the parties with the aim of achieving a settlement of the matter in question which is satisfactory to the parties and to the contracting parties. If no such settlement is reached and if the contracting parties determine that the restrictions are being applied inconsistently with the provisions of paragraphs 2 or 3 of this article or with those of article XIII (subject to the provisions of article XIV), they shall recommend the withdrawal or modification of the restrictions. If the restrictions are not withdrawn or modified in accordance with the recommendation of the contracting parties within 60 days, they may release any contracting party from specified obligations under this agreement toward the contracting party applying the restrictions.

(e) It is recognized that premature disclosure of the prospective application, withdrawal, or modification of any restriction under this article might stimulate speculative trade and financial movements which would tend to defeat the purposes of this article. Accordingly, the contracting parties shall make provision for the observance of the utmost secrecy in the conduct of any consultation.

5. If there is a persistent and widespread application of import restrictions under this article, indicating the existence of a general disequilibrium which is restricting international trade, the contracting parties shall initiate discussions to consider whether other measures might be taken, either by those contracting parties whose balances of payments are under pressure or by those whose balances of payments are tending to be exceptionally favorable, or by any appropriate intergovernmental organization, to remove the underlying causes of the disequilibrium. On the invitation of the contracting parties, contracting parties shall participate in such discussions.

AD ARTICLE XII

(From annex I)

Paragraph 3 (b) (i)

The phrase "notwithstanding the provisions of paragraph 2 of this article" has been included in the text to make it quite clear

ITO CHARTER

(c) Any member may consult with the organization with a view to obtaining the prior approval of the organization for restrictions which the member proposes, under this article, to maintain, intensify or institute, or for the maintenance, intensification of institution of restrictions under specified future conditions. As a result of such consultations, the organization may approve in advance the maintenance, intensification of institution of restrictions by the member in question in so far as the general extent, degree of intensity and duration of the restrictions are concerned. To the extent to which such approval has been given, the requirements of subparagraph (a) of this paragraph shall be deemed to have been fulfilled, and the action of the member applying the restriction shall not be open to challenge under subparagraph (d) of this paragraph on the ground that such action is inconsistent with the provisions of subparagraphs (a) and (b) of paragraph 3.

(d) Any member which considers that another member is applying restrictions under this article inconsistently with the provisions of paragraphs 3 or 4 of this article or with those of article 22 (subject to the provisions of article 23) may bring the matter to the organization for discussion; and the member applying the restrictions shall participate in the discussion. If, on the basis of the case presented by the member initiating the procedure, it appears to the Organization that the trade of that member is adversely affected, the Organization shall submit its views to the parties with the aim of achieving a settlement of the matter in question which is satisfactory to the parties and to the Organization. If no such settlement is reached and if the Organization determines that the restrictions are being applied inconsistently with the provisions of paragraph 3 or 4 of this article or with those of article 22 (subject to the provisions of article 23), the Organization shall recommend the withdrawal or modification of the restrictions. If the restrictions are not withdrawn or modified in accordance with the recommendation of the Organization within 60 days, the Organization may release any member from specified obligations or concessions under or pursuant to this charter toward the member applying the restrictions.

(e) In consultations between a member and the Organization under this paragraph there shall be full and free discussion as to the various causes and the nature of the member's balance-of-payments difficulties. It is recognized that premature disclosure of the prospective application, withdrawal, or modification of any restrictions under this article might stimulate speculative trade and financial movements which would tend to defeat the purposes of this article. Accordingly, the Organization shall make provision for the observance of the utmost secrecy in the conduct of any consultation.

AD ARTICLE 21

(From annex P)

With regard to the special problems that might be created for members which, as a result of their programs of full employment,

GENERAL AGREEMENT ON TARIFFS AND TRADE

that a contracting party's import restrictions otherwise "necessary" within the meaning of paragraph 2 (a) shall not be considered unnecessary on the ground that a change in domestic policies as referred to in the text could improve a contracting party's monetary reserve position. The phrase is not intended to suggest that the provisions of paragraph 2 are affected in any other way.

Consideration was given to the special problems that might be created for contracting parties which, as a result of their programs of full employment, maintenance of high and rising levels of demand and economic development, find themselves faced with a high level of demand for imports, and in consequence maintain quantitative regulation of their foreign trade. It was considered that the present text of article XII together with the provision for export controls in certain parts of the agreement, e. g. in article XX, fully meet the position of these economies.

6. If there is a persistent and widespread application of import restrictions under this article, indicating the existence of a general disequilibrium which is restricting international trade, the Organization shall initiate discussions to consider whether other measures might be taken, either by those members whose balances of payments are under pressure or by those members whose balances of payments are tending to be exceptionally favorable, or by any appropriate intergovernmental organization, to remove the underlying causes of the disequilibrium. On the invitation of the Organization, members shall participate in such discussions.

ARTICLE XIII. NONDISCRIMINATORY ADMINISTRATION OF QUANTITATIVE RESTRICTIONS

1. No prohibition or restriction shall be applied by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation of any product destined for the territory of any other contracting party, unless the importation of the like product of all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.

2. In applying import restrictions to any product, contracting parties shall aim at a distribution of trade in such product approaching as closely as possible to the shares which the various contracting parties might be expected to obtain in the absence of such restrictions, and to this end shall observe the following provisions:

(a) Wherever practicable, quotas representing the total amount of permitted imports (whether allocated among supplying countries or not) shall be fixed, and notice given of their amount in accordance with paragraph 3 (b) of this article;

(b) in cases in which quotas are not practicable, the restrictions may be applied by means of import licenses or permits without a quota;

(c) contracting parties shall not, except for purposes of operating quotas allocated in accordance with subparagraph (d) of this paragraph, require that import licenses or permits be utilized for the importation of the product concerned from a particular country or source;

(d) in cases in which a quota is allocated among supplying countries, the contracting party applying the restrictions may seek agreement with respect to the allocation of shares in the quota with all other contracting parties having a substantial interest in supplying the product concerned. In cases in which this method is not reasonably practicable, the contracting party concerned shall allot to contracting parties having a substantial interest in supplying the product shares based upon the proportions, supplied by such contracting parties during a previous representative period, of the total quan-

ITO CHARTER

maintenance of high and rising levels of demand and economic development, find themselves faced with a high level of demand for imports, and in consequence maintain quantitative regulation of their foreign trade, it was considered that the text of article 21, together with the provision for export controls in certain parts of this charter, for example, in article 45, fully meet the position of these economies.

ARTICLE 22. NONDISCRIMINATORY ADMINISTRATION OF QUANTITATIVE RESTRICTIONS

1. No prohibition or restriction shall be applied by any member on the importation of any product of any other member country or on the exportation of any product destined for any other member country, unless the importation of the like product of all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.

2. In applying import restrictions to any product, members shall aim at a distribution of trade in such product approaching as closely as possible to the shares which the various member countries might be expected to obtain in the absence of such restrictions, and to this end, shall observe the following provisions:

(a) Wherever practicable, quotas representing the total amount of permitted imports (whether allocated among supplying countries or not) shall be fixed, and notice given of their amount in accordance with paragraph 3 (b);

(b) in cases in which quotas are not practicable, the restrictions may be applied by means of import licenses or permits without a quota;

(c) members shall not, except for purposes of operating quotas allocated in accordance with subparagraph (d) of this paragraph, require that import licenses or permits be utilized for the importation of the product concerned from a particular country or source;

(d) in cases in which a quota is allocated among supplying countries, the member applying the restrictions may seek agreement with respect to the allocation of shares in the quota with all other members having a substantial interest in supplying the product concerned. In cases in which this method is not reasonably practicable, the member concerned shall allot to member countries having a substantial interest in supplying the product shares of the total quantity or value of imports of the product based upon the proportions supplied by such member countries during a previous representative period,

GENERAL AGREEMENT ON TARIFFS AND TRADE

tity or value of imports of the product, due account being taken of any special factors which may have affected or may be affecting the trade in the product. No conditions or formalities shall be imposed which would prevent any contracting party from utilizing fully the share of any such total quantity or value which has been allotted to it, subject to importation being made within any prescribed period to which the quota may relate.

3. (a) In cases in which import licenses are issued in connection with import restrictions, the contracting party applying the restrictions shall provide, upon the request of any contracting party having an interest in the trade in the product concerned, all relevant information concerning the administration of the restrictions, the import licenses granted over a recent period and the distribution of such licenses among supplying countries: *Provided*, That there shall be no obligation to supply information as to the names of importing or supplying enterprises.

(b) In the case of import restrictions involving the fixing of quotas the contracting party applying the restrictions shall give public notice of the total quantity or value of the product or products which will be permitted to be imported during a specified future period and of any change in such quantity or value. Any supplies of the product in question which were en route at the time at which public notice was given shall not be excluded from entry: *Provided*, That they may be counted so far as practicable against the quantity permitted to be imported in the period in question, and also, where necessary, against the quantities permitted to be imported in the next following period or periods: *And provided further*, That if any contracting party customarily exempts from such restrictions products entered for consumption or withdrawn from warehouse for consumption during a period of 30 days after the day of such public notice, such practice shall be considered full compliance with this subparagraph.

(c) In the case of quotas allocated among supplying countries the contracting party applying the restrictions shall promptly inform all other contracting parties having an interest in supplying the product concerned of the shares in the quota currently allocated, by quantity or value, to the various supplying countries and shall give public notice thereof.

4. With regard to restrictions applied in accordance with paragraph 2 (d) of this article or under paragraph 2 (c) of article XI, the selection of a representative period for any product and the appraisal of any special factors affecting the trade in the product shall be made initially by the contracting party applying the restriction: *Provided*, That such contracting party shall, upon the request of any other contracting party having a substantial interest in supplying that product or upon the request of the contracting parties, consult promptly with the other contracting party or the contracting parties regarding the need for an adjustment of the proportion determined or of the base period selected, or for the reappraisal of the special factors involved, or for the elimina-

ITO CHARTER

due account being taken of any special factors which may have affected or may be affecting the trade in the product. No conditions or formalities shall be imposed which would prevent any member country from utilizing fully the share of any such total quantity or value which has been allotted to it, subject to importation being made within any prescribed period to which the quota may relate.

3. (a) In the case of import restrictions involving the granting of import licenses, the member applying the restrictions shall provide, upon the request of any member having an interest in the trade in the product concerned, all relevant information concerning the administration of the restrictions, the import licenses granted over a recent period and the distribution of such licenses among supplying countries: *Provided*, That there shall be no obligation to supply information as to the names of importing or supplying enterprises.

(b) In the case of import restrictions involving the fixing of quotas the member applying the restrictions shall give public notice of the total quantity or value of the product or products which will be permitted to be imported during a specified future period and of any change in such quantity or value. Any supplies of the product in question which were en route at the time at which public notice was given shall not be excluded from entry: *Provided*, That they may be counted, so far as practicable, against the quantity permitted to be imported in the period in question, and also, where necessary, against the quantities permitted to be imported in the next following period or periods: *And provided further*, That if any member customarily exempts from such restrictions products entered for consumption or withdrawn from warehouse for consumption during a period of 30 days after the day of such public notice, such practice shall be considered full compliance with this subparagraph.

(c) In the case of quotas allocated among supplying countries the member applying the restrictions shall promptly inform all other members having an interest in supplying the product concerned of the shares in the quota currently allocated, by quantity or value, to the various supplying countries and shall give public notice thereof.

(d) If the Organization finds, upon the request of a member, that the interests of that member would be seriously prejudiced by giving, in regard to certain products, the public notice required under subparagraphs (b) and (c) of this paragraph, by reason of the fact that a large part of its imports of such products is supplied by nonmember countries, the Organization shall release the member from compliance with the obligations in question to the extent and for such time as it finds necessary to prevent such prejudice. Any request made by a member pursuant to this subparagraph shall be acted upon promptly by the Organization.

4. With regard to restrictions applied in accordance with the provisions of paragraph 2 (d) of this article or under the provisions of paragraph 2 (c) of article 20, the selection of a representative period for any product and the appraisal of any special factors affecting the trade in the product shall be made initially by the member applying the restrictions: *Provided*, That such member shall, upon the request of any other member having a substantial interest in supplying that product, or upon the request of the Organization, consult promptly with the other member or the Organization regarding the need for an adjustment of the proportion determined or of the base period selected, or for the reappraisal of the special factors involved, or for the elimination of conditions, formalities, or any other provisions established unilaterally relating to the allocation of an adequate quota or its unrestricted utilization.

5. The provisions of this article shall apply to any tariff quota instituted or maintained by any member and, insofar as applicable, the principles of this article shall also extend to export restrictions.

GENERAL AGREEMENT ON TARIFFS AND TRADE

tion of conditions, formalities or any other provisions established unilaterally relating to the allocation of an adequate quota or its unrestricted utilization.

5. The provisions of this article shall apply to any tariff quota instituted or maintained by any contracting party, and, insofar as applicable, the principles of this article shall also extend to export restrictions.

AD ARTICLE XIII

(From annex I)

Paragraph 2 (d)

No mention was made of "commercial considerations" as a rule for the allocation of quotas because it was considered that its application by governmental authorities might not always be practicable. Moreover, in cases where it is practicable, a contracting party could apply these considerations in the process of seeking agreement, consistently with the general rule laid down in the opening sentence of paragraph 2.

Paragraph 4

See note relating to "special factors" in connection with the last subparagraph of paragraph 2 of article XI.

ARTICLE XIV. EXCEPTIONS TO THE RULE OF NONDISCRIMINATION

1. (a) The contracting parties recognize that the aftermath of the war has brought difficult problems of economic adjustment which do not permit the immediate full achievement of nondiscriminatory administration of quantitative restrictions and therefore require the exceptional transitional period arrangements set forth in this paragraph.

(b) A contracting party which applies restrictions under article XII may in the use of such restrictions, deviate from the provisions of article XII in a manner having equivalent effect to restrictions on payments and transfers for current international transactions which that contracting party may at that time apply under article XIV of the Articles of Agreement of the International Monetary Fund, or under an analogous provision of a special exchange agreement entered into pursuant to paragraph 6 of article XV.

(c) A contracting party which is applying restrictions under article XII and which on March 1, 1948, was applying imports restrictions to safeguard its balance of payments in a manner which deviated from the rules of nondiscrimination set forth in article XIII may, to the extent that such deviation would not have been authorized on that date by subparagraph (b), continue so to deviate, and may adapt such deviation to changing circumstances.

(d) Any contracting party which before July 1, 1948, has signed the protocol of provisional application agreed upon at Geneva on October 30, 1947, and which by such signature has provisionally accepted the principles of paragraph 1 of article 23 of the draft charter submitted to the United Nations Conference on Trade and Employment by the preparatory committee, may elect, by written notice to the contracting parties before January 1, 1949, to be governed by the provisions of annex J of this agreement, which embodies such principles, in lieu of the pro-

ITO CHARTER

ties, or any other provisions established unilaterally with regard to the allocation of an adequate quota or its unrestricted utilization.

5. The provisions of this article shall apply to any tariff quota instituted or maintained by any member and, insofar as applicable, the principles of this article shall also extend to export restrictions.

AD ARTICLE 22

(From annex P)

Paragraphs 2 (d) and 4

The term "special factors" as used in article 22 includes among other factors the following changes, as between the various foreign producers, which may have occurred since the representative period:

1. Changes in relative productive efficiency;
2. The existence of new or additional ability to export; and
3. Reduced ability to export.

Paragraph 3

The first sentence of paragraph 3 (b) is to be understood as requiring the member in all cases to give, not later than the beginning of the relevant period, public notice of any quota fixed for a specified future period, but as permitting a member, which for urgent balance-of-payments reasons is under the necessity of changing the quota within the course of a specified period, to select the time of its giving public notice of the change. This in no way affects the obligation of a member under the provisions of paragraph 3 (a), where applicable.

ARTICLE 23. EXCEPTIONS TO THE RULE OF NONDISCRIMINATION

1. (a) The members recognize that the aftermath of the war has brought difficult problems of economic adjustment which do not permit the immediate full achievement of nondiscriminatory administration of quantitative restrictions and therefore require the exceptional transitional period arrangements set forth in this paragraph.

(b) A member which applies restrictions under article 21 may, in the use of such restrictions, deviate from the provisions of article 22 in a manner having equivalent effect to restrictions on payments and transfers for current international transactions which that member may at that time apply under article XIV of the Articles of Agreement of the International Monetary Fund, or under an analogous provision of a special exchange agreement entered into pursuant to paragraph 6 of article 24.

(c) Any member which is applying restrictions under article 21 and which on March 1, 1948, was applying import restrictions to safeguard its balance of payments in a manner which deviated from the rules of nondiscrimination set forth in article 22 may, to the extent that such deviation would not have been authorized on that date by subparagraph (b), continue so to deviate, and may adapt such deviation to changing circumstances.

(d) Any member which before July 1, 1948, signed the protocol of provisional application agreed upon at Geneva on October 30, 1947, and which by such signature has provisionally accepted the principles of paragraph 1 of article 23 of the draft charter submitted to the United Nations Conference on Trade and Employment by the preparatory committee, may elect, by written notice to the Interim Commission of the International Trade Organization or to the Organization before January 1, 1949, to be governed by the provisions of annex K of this charter,

GENERAL AGREEMENT ON TARIFFS AND TRADE

visions of subparagraphs (b) and (c) of this paragraph. The provisions of subparagraphs (b) and (c) shall not be applicable to contracting parties which have so elected to be governed by the provisions of annex J; and conversely, the provisions of annex J shall not be applicable to contracting parties which have not so elected.

(e) The policies applied in the use of import restrictions under subparagraphs (b) and (c) or under annex J in the postwar transitional period shall be designed to promote the maximum development of multilateral trade possible during that period and to expedite the attainment of a balance-of-payments position which will no longer require resort to the provisions of article XII or to transitional exchange arrangements.

(f) A contracting party may deviate from the provisions of article XIII, pursuant to subparagraph (b) or (c) of this paragraph or pursuant to annex J, only so long as it is availing itself of the postwar transitional period arrangements under article XIV of the Articles of Agreement of the International Monetary Fund, or of an analogous provision of a special exchange agreement entered into under paragraph 6 of article XV.

(g) Not later than March 1, 1950 (3 years after the date on which the International Monetary Fund began operations), and in each year thereafter, the contracting parties shall report on any action still being taken by contracting parties under subparagraphs (b) and (c) of this paragraph or under annex J. In March 1952, and in each year thereafter, any contracting party still entitled to take action under the provisions of subparagraph (c) or of annex J shall consult the contracting parties as to any deviations from article XIII still in force pursuant to such provisions and as to its continued resort to such provisions. After March 1, 1952, any action under annex J is going beyond the maintenance in force of deviations on which such consultation has taken place and which the contracting parties have not found unjustifiable, or their adaptation to changing circumstances shall be subject to any limitations of a general character which the contracting parties may prescribe in the light of the contracting party's circumstances.

(h) The contracting parties may, if they deem such action necessary in exceptional circumstances, make representations to any contracting party entitled to take action under the provisions of subparagraph (c) that conditions are favorable for the termination of any particular deviation from the provisions of article XIII, or for the general abandonment of deviations, under the provisions of that subparagraph. After March 1, 1952, the contracting parties may make such representations, in exceptional circumstances, to any contracting party entitled to take action under annex J. The contracting party shall be given a suitable time to reply to such representations. If the contracting parties find that the contracting party persists in unjustifiable deviation from the provisions of article XIII, the contracting party shall, within 60 days, limit or terminate such deviations as the contracting parties may specify.

2. Whether or not its transitional period arrangements have terminated pursuant to paragraph 1 (f), a contracting party which is applying import restrictions under article XII may, with the consent of the contracting parties, temporarily deviate from the provisions of article XIII in respect of a small part of its external trade where the benefits to the contracting party or contracting parties concerned substantially outweigh any injury which may result to the trade of other contracting parties.

3. The provisions of article XIII shall not preclude restrictions in accordance with the provisions of article XII which either

ITO CHARTER

which embodies such principles, in lieu of the provisions of subparagraphs (b) and (c) of this paragraph. The provisions of subparagraphs (b) and (c) shall not be applicable to members which have so elected to be governed by the provisions of annex K; and conversely, the provisions of annex K shall not be applicable to members which have not so elected.

(e) The policies applied in the use of import restrictions under subparagraph (b) and (c) or under annex K in the postwar transitional period shall be designed to promote the maximum development of multilateral trade possible during that period and to expedite the attainment of a balance-of-payments position which will no longer require resort to the provisions of article 21 or to transitional exchange arrangements.

(f) A member may deviate from the provisions of article 22, pursuant to subparagraph (b) or (c) of this paragraph or pursuant to annex K, only so long as it is availing itself of the postwar transitional period arrangements under article XIV of the Articles of Agreement of the International Monetary Fund, or of an analogous provision of a special exchange agreement entered into under paragraph 6 of article 24.

(g) Not later than March 1, 1950 (3 years after the date on which the International Monetary Fund began operations), and in each year thereafter, the Organization shall report on any action still being taken by members under subparagraphs (b) and (c) of this paragraph or under annex K. In March 1952, and in each year thereafter, any member still entitled to take action under the provisions of subparagraph (c) or of annex K shall consult the Organization as to any deviations from article 22 still in force pursuant to such provisions and as to its continued resort to such provisions. After March 1, 1952, any action under annex K going beyond the maintenance in force of deviations on which such consultation has taken place and which the Organization has not found unjustifiable, or their adoptation to changing circumstances, shall be subject to any limitations of a general character which the Organization may prescribe in the light of the member's circumstances.

(h) The Organization may, if it deems such action necessary in exceptional circumstances, make representations to any member entitled to take action under the provisions of subparagraph (c) that conditions are favorable for the termination of any particular deviation from the provisions of article 22, or for the general abandonment of deviations, under the provisions of that subparagraph. After March 1, 1952, the Organization may make such representations, in exceptional circumstances, to any member entitled to take action under annex K. The member shall be given a suitable time to reply to such representations. If the Organization finds that the member persists in unjustifiable deviation from the provisions of article 22, the member shall, within 60 days, limit or terminate such deviations as the Organization may specify.

2. Whether or not its transitional period arrangements have terminated pursuant to paragraph 1 (f), a member which is applying import restrictions under article 21 may, with the consent of the Organization, temporarily deviate from the provisions of article 22 in respect of a small part of its external trade where the benefits to the member or members concerned substantially outweigh any injury which may result to the trade of other members.

3. The provisions of article 22 shall not preclude restrictions in accordance with the provisions of article 21 which either

GENERAL AGREEMENT ON TARIFFS AND TRADE

(a) are applied against imports from other countries, but not as among themselves, by a group of territories having a common quota in the International Monetary Fund, on condition that such restrictions are in all other respects consistent with the provisions of article XIII, or

(b) assist, in the period until December 31, 1951, by measures not involving substantial departure from the provisions of article XIII, another country whose economy has been disrupted by war.

4. A contracting party applying import restrictions under article XII shall not be precluded by articles XI to XV, inclusive, of this agreement from applying measures to direct its exports in such a manner as to increase its earnings of currencies which it can use without deviation from the provisions of article XIII.

5. A contracting party shall not be precluded by articles XI to XV, inclusive, of this agreement from applying quantitative restrictions

(a) having equivalent effect to exchange restrictions authorized under section 3 (b) of article VII of the articles of agreement of the International Monetary Fund; or

(b) under the preferential arrangement provided for in annex A of this agreement, pending the outcome of the negotiations referred to therein.

AD ARTICLE XIV

(From annex I)

Paragraph 1 (g)

The provisions of paragraph 1 (g) shall not authorize the contracting parties to require that the procedure of consultation be followed for individual transactions unless the transaction is of so large a scope as to constitute an act of general policy. In that event, the contracting parties shall, if the contracting party so requests, consider the transaction, not individually, but in relation to the contracting party's policy regarding imports of the product in question taken as a whole.

Paragraph 2

One of the situations contemplated in paragraph 2 is that of a contracting party holding balances acquired as a result of current transactions which it finds itself unable to use without a measure of discrimination.

ANNEX J. EXCEPTIONS TO THE RULE OF NONDISCRIMINATION

(Applicable to contracting parties who so elect, in accordance with paragraph 1 (d) of article XIV, in lieu of paragraphs 1 (b) and 1 (c) of article XIV.)

1. (a) A contracting party applying import restrictions under article XII may relax such restrictions in a manner which departs from the provisions of article XIII to the extent necessary to obtain additional imports above the maximum total of imports which it could afford in the light of the requirements of paragraphs 3 (a) and 3 (b) of article XII if its restrictions were fully consistent with the provisions of article XIII; *Provided*, That

(i) levels of delivered prices for products so imported are not established substantially higher than those ruling for comparable goods regularly available from other contracting parties, and that any excess of such price levels for products so imported is progressively reduced over a reasonable period;

(ii) the contracting party taking such action does not do so as part of any arrangement by which the gold or convertible currency which the contracting party currently receives directly or indirectly from its exports to other contracting parties not party to the arrangement is appreciably reduced below the level it could otherwise have been reasonably expected to attain;

(iii) such action does not cause unnecessary damage to the commercial or economic interests of any other contracting party;

ITO CHARTER

(a) are applied against imports from other countries, but not as among themselves, by a group of territories having a common quota in the International Monetary Fund, on condition that such restrictions are in all other respects consistent with the provisions of article 22, or

(b) assist, in the period until December 31, 1951, by measures not involving substantial departure from the provisions of article 22, another country whose economy has been disrupted by war.

4. A member applying import restrictions under article 21 shall not be precluded by this section from applying measures to direct its exports in such a manner as to increase its earnings of currencies which it can use without deviation from the provisions of article 22.

5. A member shall not be precluded by this section from applying quantitative restrictions

(a) having equivalent effect to exchange restrictions authorized under section 3 (b) of article VII of the Articles of Agreement of the International Monetary Fund; or

(b) under the preferential arrangements provided for in annex A of this charter, pending the outcome of the negotiations referred to therein.

AD ARTICLE 23

(From annex P)

Paragraph 1 (g)

The provisions of paragraph 1 (g) shall not authorize the Organization to require that the procedure of consultation be followed for individual transactions unless the transaction is of so large a scope as to constitute an act of general policy. In that event, the Organization shall, if the member so requests, consider the transaction, not individually, but in relation to the member's policy regarding imports of the product in question taken as a whole.

Paragraph 2

One of the situations contemplated in paragraph 2 is that of a member holding balances acquired as a result of current transactions which it finds itself unable to use without a measure of discrimination.

GENERAL AGREEMENT ON TARIFFS AND TRADE

(b) Any contracting party taking action under this paragraph shall observe the principles of subparagraph (a). A contracting party shall desist from transactions which prove to be inconsistent with that subparagraph but the contracting party shall not be required to satisfy itself, when it is not practicable to do so, that the requirements of that subparagraph are fulfilled in respect of individual transactions.

ANNEX K. EXCEPTIONS TO THE RULE OF NON-DISCRIMINATION

(Applicable to members who so elect, in accordance with paragraph 1 (d) of article 23, in lieu of paragraphs 1 (b) and 1 (c) of article 23.)

1. (a) A member applying import restrictions under article 21 may relax such restrictions in a manner which departs from the provisions of article 22 to the extent necessary to obtain additional imports above the maximum total of imports which it could afford in the light of the requirements of paragraphs 3 (a) and 3 (b) of article 21 if its restrictions were fully consistent with the provisions of article 22: *Provided*, That

(i) levels of delivered prices for products so imported are not established substantially higher than those ruling for comparable goods regularly available from other member countries, and that any excess of such price levels for products so imported is progressively reduced over a reasonable period;

(ii) the member taking such action does not do so as part of any arrangement by which the gold or convertible currency which the member currently receives directly or indirectly from its exports to other members not party to the arrangement is appreciably reduced below the level it could otherwise have been reasonably expected to attain;

(iii) such action does not cause unnecessary damage to the commercial or economic interests of any other member, including interests under articles 3 and 9.

(b) Any member taking action under this paragraph shall observe the principles of subparagraph (a). A member shall desist from transactions which prove to be inconsistent with that subparagraph but the member shall not be required to satisfy itself, when it is not practicable to do so, that the requirements of that subparagraph are fulfilled in respect of individual transactions.

2. Any contracting party taking action under paragraph 1 of this annex shall keep the contracting parties regularly informed regarding such action and shall provide such available relevant information as the contracting parties may request.

3. If at any time the contracting parties find that import restrictions are being applied by a contracting party in a descriminatory manner inconsistent with the exceptions provided for under paragraph 1 of this annex, the contracting party shall, within 60 days, remove the discrimination or modify it as specified by the contracting parties: *Provided*, That any action under paragraph 1 of this annex, to the extent that it has been approved by the contracting parties at the request of a contracting party under a procedure analogous to that of paragraph 4 (c) of article XII, shall not be open to challenge under this paragraph or under paragraph 4 (d) of article XII on the ground that it is inconsistent with the provisions of article XIII.

INTERPRETATIVE NOTE TO ANNEX J

It is understood that the fact that a contracting party is operating under the provisions of part II (a) of article XX does not preclude that contracting party from operation under this annex, but that the provisions of article XIV (including this annex) do not in any way limit the rights of contracting parties under part II (a) of article XX.

ITO CHARTER

2. Any member taking action under paragraph 1 of this annex shall keep the Organization regularly informed regarding such action and shall provide such available relevant information as the Organization may request.

3. If at any time the Organization finds that import restrictions are being applied by a member in a discriminatory manner inconsistent with the exceptions provided for under paragraph 1 of this annex, the member shall within 60 days, remove the discrimination or modify it as specified by the Organization: *Provided*, That any action under paragraph 1 of this annex, to the extent that it has been approved by the Organization at the request of a member under a procedure analogous to that of paragraph 5 (c) of article 21, shall not be open to challenge under this paragraph or under paragraph 5 (d) of article 21 on the ground that it is inconsistent with the provisions of article 22.

AD ANNEX K

(From annex P)

It is understood that the fact that a member is operating under the provisions of paragraph 1 (b) (i) of article 45 does not preclude that member from operation under this annex, but that the provisions of article 23 (including this annex) do not in any way limit the rights of members under paragraph 1 (b) (i) of article 45.

GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XV. EXCHANGE ARRANGEMENTS

1. The contracting parties shall seek cooperation with the International Monetary Fund to the end that the contracting parties and the Fund may pursue a coordinated policy with regard to exchange questions within the jurisdiction of the Fund and questions of quantitative restrictions and other trade measures within the jurisdiction of the contracting parties.

2. In all cases in which the contracting parties are called upon to consider or deal with problems concerning monetary reserves, balances of payments or foreign exchange arrangements, they shall consult fully with the International Monetary Fund. In such consultation, the contracting parties shall accept all findings of statistical and other facts presented by the Fund relating to foreign exchange, monetary reserves, and balances of payments, and shall accept the determination of the Fund as to whether action by a contracting party in exchange matters is in accordance with the Articles of Agreement of the International Monetary Fund, or with the terms of a special exchange agreement between that contracting party and the contracting parties. The contracting parties, in reaching their final decision in cases involving the criteria set forth in paragraph 2 (a) of article XII, shall accept the determination of the Fund as to what constitutes a serious decline in the contracting party's monetary reserves, a very low level of its monetary reserves, or a reasonable rate of increase in its monetary reserves, and as to the financial aspects of other matters covered in consultation in such cases.

3. The contracting parties shall seek agreement with the Fund regarding procedures for consultation under paragraph 2 of this article.

4. Contracting parties shall not, by exchange action, frustate the intent of the provisions of this agreement, nor, by trade action, the intent of the provisions of the articles of agreement of the International Monetary Fund.

5. If the contracting parties consider, at any time, that exchange restrictions on payments and transfers in connection with imports are being applied by a contracting party in a manner inconsistent with the exceptions provided for in this agreement for quantitative restrictions, they shall report thereon to the Fund.

6. Any contracting party which is not a member of the Fund shall, within a time to be determined by the contracting parties after consultation with the Fund, become a member of the Fund, or, failing that, enter into a special exchange agreement with the contracting parties. A contracting party which ceases to be a member of the Fund shall forthwith enter into a special exchange agreement with the contracting parties. Any special exchange agreement entered into by a contracting party under this paragraph shall thereupon become parts of its obligation under this agreement.

7. (a) A special exchange agreement between a contracting party and the contracting parties under paragraph 6 of this article shall provide to the satisfaction of the contracting parties that the objectives of this agreement will not be frustrated as a result of action in exchange by the contracting party in question.

ITO CHARTER

ARTICLE 24. RELATIONSHIP WITH THE INTERNATIONAL MONETARY FUND AND EXCHANGE ARRANGEMENTS

1. The Organization shall seek cooperation with the International Monetary Fund to the end that the Organization and the Fund may pursue a coordinated policy with regard to exchange questions within the jurisdiction of the Fund and questions of quantitative restrictions and other trade measures within the jurisdiction of the Organization.

2. In all cases in which the Organization is called upon to consider or deal with problems concerning monetary reserves, balance of payments, or foreign exchange arrangements, the Organization shall consult fully with the Fund. In such consultation, the Organization shall accept all findings of statistical and other facts presented by the Fund relating to foreign exchange, monetary reserves, and balance of payments, and shall accept the determination of the Fund whether action by a member with respect to exchange matters is in accordance with the Articles of Agreement of the International Monetary Fund, or with the terms of a special exchange agreement entered into between that member and the Organization pursuant to paragraph 6 of this article. When the Organization is examining a situation in the light of the relevant considerations under all the pertinent provisions of article 21 for the purpose of reaching its final decision in cases involving the criteria set forth in paragraph 3 (a) of that article, it shall accept the determination of the Fund as to what constitutes a serious decline in the member's monetary reserves, a very low level of its monetary reserves or a reasonable rate of increase in its monetary reserves, and as to the financial aspects of other matters covered in consultation in such cases.

3. The Organization shall seek agreement with the Fund regarding procedures for consultation under paragraph 2 of this article. Any such agreement, other than informal arrangements of a temporary or administrative character, shall be subject to confirmation by the conference.

4. Members shall not, by exchange action, frustrate the intent of the provisions of this section, nor, by trade action, the intent of the provisions of the Articles of Agreement of the International Monetary Fund.

5. If the Organization considers, at any time, that exchange restrictions on payments and transfers in connection with imports are being applied by a member in a manner inconsistent with the provisions of this section with respect to quantitative restriction, it shall report thereon to the Fund.

6. (a) Any member of the Organization which is not a member of the Fund shall, within a time to be determined by the Organization after consultation with the Fund, become a member of the Fund, or failing that, enter into a special exchange agreement with the Organization. A member of the Organization which ceases to be a member of the Fund shall forthwith enter into a special exchange agreement with the Organization. Any special exchange agreement entered into by a member under this subparagraph shall thereupon become part of its obligations under this charter.

(b) Any such agreement shall provide to the satisfaction of the Organization that the objectives of this charter will not be frustrated as a result of action with respect to exchange matters by the member in question.

GENERAL AGREEMENT ON TARIFFS AND TRADE

(b) The terms of any such agreement shall not impose obligations on the contracting party in exchange matters generally more restrictive than those imposed by the Articles of Agreement of the International Monetary Fund on members of the Fund.

8. A contracting party which is not a member of the Fund shall furnish such information within the general scope of section 5 of article VIII of the Articles of Agreement of the International Monetary Fund as the contracting parties may require in order to carry out their functions under this agreement.

9. Nothing in this agreement shall preclude:

(a) the use by a contracting party of exchange controls or exchange restrictions in accordance with the Articles of Agreement of the International Monetary Fund or with that contracting party's special exchange agreement with the contracting parties, or

(b) the use by a contracting party of restrictions or controls on imports or exports, the sole effect of which, additional to the effects permitted under articles XI, XII, XIII and XIV, is to make effective such exchange controls or exchange restrictions.

AD ARTICLE XV

(From annex I)

Paragraph 4

The word "frustrate" is intended to indicate for example, that infringements of the letter of any article of this agreement by exchange action shall not be regarded as a violation of that article if, in practice, there is no appreciable departure from the intent of the article. Thus, a contracting party which, as part of its exchange control operated in accordance with the Articles of Agreement of the International Monetary Fund, requires payment to be received for its exports in its own currency or in the currency of one or more members of the International Monetary Fund will not thereby be deemed to contravene article XI or article XIII. Another example would be that of a contracting party which specifies on an import license the country from which the goods may be imported, for the purpose not of introducing any additional element of discrimination in its import licensing system but of enforcing permissible exchange controls.

ARTICLE XVI. SUBSIDIES

If any contracting party grants or maintains any subsidy, including any form of income or price support, which operates directly or indirectly to increase exports of any product from, or to reduce imports of any product into, its territory, it shall notify the contracting parties in writing of the extent and nature of the subsidization, of the estimated effect of the subsidization on the quantity of the affected product or products imported into or exported from its territory and of the circumstances making the subsidization necessary. In any case in which it is determined that serious prejudice to the interests of any other contracting party is

(c) Any such agreement shall not impose obligations on the member with respect to exchange matters generally more restrictive than those imposed by the Articles of Agreement of the International Monetary Fund on members of the Fund.

(d) No member shall be required to enter into any such agreement so long as it uses solely the currency of another member and so long as neither the member nor the country whose currency is being used maintains exchange restrictions. Nevertheless, if the Organization at any time considers that the absence of a special exchange agreement may be permitting action which tends to frustrate the purposes of any of the provisions of this charter, it may require the member to enter into a special exchange agreement in accordance with the provisions of this paragraph. A member of the Organization which is not a member of the Fund and which has not entered into a special exchange agreement may be required at any time to consult with the Organization on any exchange problem.

7. A member which is not a member of the Fund, whether or not it has entered into a special exchange agreement, shall furnish such information within the general scope of section 5 of article VIII of the Articles of Agreement of the International Monetary Fund as the Organization may require in order to carry out its functions under this charter.

8. Nothing in this section shall preclude:

(a) the use by a member of exchange controls or exchange restrictions in accordance with the Articles of Agreement of the International Monetary Fund or with that member's special exchange agreement with the Organization, or

(b) the use by a member of restrictions or controls on imports or exports, the sole effect of which, in addition to the effects permitted under articles 20, 21, 22, and 23, is to make effective such exchange controls or exchange restrictions.

AD ARTICLE 24

(From annex P)

Paragraph 8

For example, a member which, as part of its exchange control operated in accordance with the Articles of Agreement of the International Monetary Fund, requires payment to be received for its exports in its own currency or in the currency of one or more members of the Fund would not thereby be deemed to contravene the provisions of article 20 or 22. Another example would be that of a member which specifies on an import license the country from which the goods may be imported for the purpose, not of introducing any additional element of discrimination in its import licensing system, but of enforcing permissible exchange controls.

ARTICLE 25. SUBSIDIES IN GENERAL

If any member grants or maintains any subsidy, including any form of income or price support, which operates directly or indirectly to maintain or increase exports of any product from, or to reduce, or prevent an increase in, imports of any product into its territory, the member shall notify the Organization in writing of the extent and nature of the subsidization, of the estimated effect of the subsidization on the quantity of the affected product or products imported into or exported from its territory and of the circumstances making the subsidization necessary. In any case in which a member considers that serious prejudice to its interests is caused or threatened by any such subsidization, the member granting the subsidy shall, upon request discuss with the other member or members concerned, or with the Organization, the possibility of limiting the subsidization.

caused or threatened by any such subsidization, the contracting party granting the subsidy shall, upon request, discuss with the other contracting party or parties concerned, or with the contracting parties, the possibility of limiting the subsidization.

ARTICLE 26. ADDITIONAL PROVISIONS ON EXPORT SUBSIDIES

1. No member shall grant, directly or indirectly, any subsidy on the export of any product, or establish or maintain any other system, which subsidy or system results in the sale of such product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market, due allowance being made for differences in the conditions and terms of sale, for difference in taxation, and for other differences affecting price comparability.

2. The exemption of exported products from duties or taxes imposed in respect of like products when consumed domestically, or the remission of such duties or taxes in amounts not in excess of those which have accrued, shall not be deemed to be in conflict with the provisions of paragraph 1. The use of the proceeds of such duties or taxes to make payments to domestic producers in general of those products shall be considered as a case under article 25.

3. Members shall give effect to the provisions of paragraph 1 at the earliest practicable date but not later than 2 years from the day on which this charter enters into force. If any member considers itself unable to do so in respect of any particular product or products, it shall, at least 3 months before the expiration of such period, give notice in writing to the Organization, requesting a specific extension of the period. Such notice shall be accompanied by a full analysis of the system in question and the circumstances justifying it. The Organization shall then determine whether the extension requested should be made and, if so, on what terms.

4. Notwithstanding the provisions of paragraph 1, any member may subsidize the exports of any product to the extent and for such time as may be necessary to offset a subsidy granted by a nonmember affecting the member's exports of the product. However, the member shall, upon the request of the Organization or of any other member which considers that its interests are seriously prejudiced by such action, consult with the Organization or with that member, as appropriate, with a view to reaching a satisfactory adjustment of the matter.

ARTICLE 27. SPECIAL TREATMENT OF PRIMARY COMMODITIES

1. A system for the stabilization of the domestic price or of the return to domestic producers of a primary commodity, independently of the movements of export prices, which results at times in the sale of the commodity for export at a price lower than the comparable price charged for the like commodity to buyers in the domestic market, shall be considered not to involve a subsidy on export within the meaning of paragraph 1 of article 26, if the Organization determines that—

(a) the system has also resulted, or is so designed as to result, in the sale of the commodity for export at a price higher than the comparable price charged for the like commodity to buyers in the domestic market; and

(b) the system is so operated, or is designed so to operate, either because of the effective regulation of production or otherwise, as not to stimulate exports unduly or otherwise seriously prejudice the interests of other members.

2. Any member granting a subsidy in respect of a primary commodity shall cooperate at all times in efforts to negotiate agreements, under the procedures set forth in chapter VI, with regard to that commodity.

GENERAL AGREEMENT ON TARIFFS AND TRADE

ITO CHARTER

8. In any case involving a primary commodity, if a member considers that its interests would be seriously prejudiced by compliance with the provisions of article 26, or if a member considers that its interests are seriously prejudiced by the granting of any form of subsidy, the procedures set forth in chapter VI may be followed. The member which considers that its interests are thus seriously prejudiced shall, however, be exempt provisionally from the requirements of paragraphs 1 and 3 of article 26 in respect of that commodity, but shall be subject to the provisions of article 28.

4. No member shall grant a new subsidy or increase an existing subsidy affecting the export of a primary commodity, during a commodity conference called for the purpose of negotiating an intergovernmental control agreement for the commodity concerned unless the organization concurs, in which case such new or additional subsidy shall be subject to the provisions of article 28.

5. If the measures provided for in chapter VI have not succeeded, or do not promise to succeed, within a reasonable period of time, or if the conclusion of a commodity agreement is not an appropriate solution, any member which considers that its interests are seriously prejudiced shall not be subject to the requirements of paragraphs 1 and 3 of article 26 in respect of that commodity, but shall be subject to the provisions of article 28.

ARTICLE 28. UNDERTAKING REGARDING STIMULATION OF EXPORTS OF PRIMARY COMMODITIES

1. Any member granting any form of subsidy, which operates directly or indirectly to maintain or increase the export of any primary commodity from its territory, shall not apply the subsidy in such a way as to have the effect of maintaining or acquiring for that member more than an equitable share of world trade in that commodity.

2. As required under the provisions of article 25, the member granting such subsidy shall promptly notify the Organization of the extent and nature of the subsidization, of the estimated effect of the subsidization on the quantity of the affected commodity exported from its territory, and of the circumstances making the subsidization necessary. The member shall promptly consult with any other member which considers that serious prejudice to its interests is caused or threatened by the subsidization.

3. If, within a reasonable period of time, no agreement is reached in such consultation, the Organization shall determine what constitutes an equitable share of world trade in the commodity concerned and the member granting the subsidy shall conform to this determination.

4. In making the determination referred to in paragraph 3, the Organization shall take into account any factors which may have affected or may be affecting world trade in the commodity concerned, and shall have particular regard to:

(a) the member country's share of world trade in the commodity during a previous representative period;

(b) whether the member country's share of world trade in the commodity is so small that the effect of the subsidy on such trade is likely to be of minor significance;

(c) the degree of importance of the external trade in the commodity to the economy of the member country granting, and to the economies of the member countries materially affected by, the subsidy;

(d) the existence of price stabilization systems conforming to the provisions of paragraph 1 of article 27;

(e) the desirability of facilitating the gradual expansion of production for export in those areas able to satisfy world market requirements of the commodity concerned

GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XVII. NONDISCRIMINATORY TREATMENT ON THE PART OF STATE-TRADING ENTERPRISES

1. (a) Each contracting party undertakes that if it establishes or maintains a state enterprise, wherever located, or grants to any enterprise, formally or in effect, exclusive or special privileges, such enterprise shall, in its purchases or sales involving either imports or exports, act in a manner consistent with the general principles of nondiscriminatory treatment prescribed in this agreement for governmental measures affecting imports or exports by private traders.

(b) The provisions of subparagraph (a) of this paragraph shall be understood to require that such enterprises shall, having due regard to the other provisions of this agreement, make any such purchases or sales solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation, and other condtions of purchase or sale, and shall afford the enterprises of the other contracting parties adequate opportunity, in accordance with customary business practice, to compete for participation in such purchases or sales.

(c) No contracting party shall prevent any enterprise (whether or not an enterprise described in subparagraph (a) of this paragraph) under its jurisdiction from acting in accordance with the principles of subparagraphs (a) and (b) of this paragraph.

2. The provisions of paragraph 1 of this article shall not apply to imports of products for immediate or ultimate consumption in governmental use and not otherwise for resale or for use in the production of goods for sale. With respect to such imports, each contracting party shall accord to the trade of the other contracting parties fair and equitable treatment.

AD ARTICLE XVII

(From annex I)

Paragraph 1

The operations of marketing boards, which are established by contracting parties and are engaged in purchasing or selling, are subject to the provisions of subparagraphs (a) and (b).

The activities of marketing boards which are established by contracting parties and which do not purchase or sell but lay down regulations covering private trade are governed by the relevant articles of this agreement.

The charging by a state enterprise of different prices for its sales of a product in different markets is not precluded by the provisions of this article, provided that such different prices are charged for commercial reasons, to meet conditions of supply and demand in export markets.

Paragraph 1 (a)

Governmental measures imposed to ensure standards of quality and efficiency in the operation of external trade, or privileges granted for the exploitation of national natural resources but which do not empower the government to exercise control over the trading activities of the enterprise in question, do not constitute "exclusive or special privileges."

Paragraph 1 (b)

A country receiving a "tied loan" is free to take this loan into account as a "commercial consideration" when purchasing requirements abroad.

ITO CHARTER

in the most effective and economic manner, and therefore of limiting any subsidies or other measures which make that expansion difficult.

ARTICLE 29. NONDISCRIMINATORY TREATMENT

1. (a) Each member undertakes that if it establishes or maintains a state enterprise, wherever located, or grants to any enterprise, formally or in effect, exclusive or special privileges, such enterprise shall, in its purchases and sales involving either imports or exports, act in a manner consistent with the general principles of nondiscriminatory treatment prescribed in this charter for governmental measures affecting imports or exports by private traders.

(b) The provisions of subparagraph (a) shall be understood to require that such enterprises shall, having due regard to the other provisions of this charter, make any such purchases or sales solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation, and other conditions of purchase or other goods and materials carried on directly other member countries adequate opportunity, in accordance with customary business practice, to compete for participation in such purchases or sales.

(c) No member shall prevent any enterprise (whether or not an enterprise described in subparagraph (a)) under its jurisdiction from acting in accordance with the principles of subparagraphs (a) and (b).

2. The provisions of paragraph 1 shall not apply to imports of products purchased for governmental purposes and not with a view to commercial resale or with a view to use it in the production of goods for commercial sale. With respect to such imports, and with respect to the laws, regulations and requirements referred to in paragraph 8 (a) of article 18, each member shall accord to the trade of the other members fair and equitable treatment.

AD ARTICLE 29

(From annex P)

Paragraph 1

NOTE 1.—Different prices for sales and purchases of products in different markets are not precluded by the provisions of article 29, provided that such different prices are charged or paid for commercial reasons, having regard to different conditions, including supply and demand, in such markets.

NOTE 2.—Subparagraphs (a) and (b) of paragraph 1 shall not be construed as apply to the trading activities of enterprises to which a member has granted licenses or other special privileges (a) solely to insure standards of quality and efficiency in the conduct of its external trade, or (b) for the exploitation of its natural resources; provided that the member does not thereby establish or exercise effective control or direction of the trading activities of the enterprises in question, or create a monopoly whose trading activities are subject to effective governmental control or direction.

GENERAL AGREEMENT ON TARIFFS AND TRADE

Paragraph 2

The term "goods" is limited to products as understood in commercial practice, and is not intended to include the purchase or sale of services.

ITO CHARTER

ARTICLE 30. MARKETING ORGANIZATIONS

If a member establishes or maintains a marketing board, commission, or similar organization, the member shall be subject:

(a) with respect to purchases or sales by any such organization, to the provisions of paragraph 1 of article 29;

(b) with respect to any regulations of any such organization governing the operations of private enterprises, to the other relevant provisions of this charter.

ARTICLE 31. EXPANSION OF TRADE

1. If a member establishes, maintains, or authorizes, formally or in effect, a monopoly of the importation or exportation of any product, the member shall, upon the request of any other member or members having a substantial interest in trade with it in the product concerned, negotiate with such other member or members in the manner provided for under article 17 in respect of tariffs, and subject to all the provisions of this charter with respect to such tariff negotiations, with the object of achieving:

(a) in the case of an export monopoly, arrangements designed to limit or reduce any protection that might be afforded through the operation of the monopoly to domestic users of the monopolized product, or designed to assure exports of the monopolized product in adequate quantities at reasonable prices;

(b) in the case of an import monopoly, arrangements designed to limit or reduce any protection that might be afforded through the operation of the monopoly to domestic producers of the monopolized product, or designed to relax any limitation on imports which is comparable with a limitation made subject to negotiation under other provisions of this chapter.

2. In order to satisfy the requirements of paragraph 1 (b), the member establishing, maintaining, or authorizing a monopoly shall negotiate:

(a) for the establishment of the maximum import duty that may be applied in respect of the product concerned; or

(b) for any other mutually satisfactory arrangement consistent with the provisions of this charter, if it is evident to the negotiating parties that to negotiate a maximum import duty under subparagraph (a) of this paragraph is impracticable or would be ineffective for the achievement of the objectives of paragraph 1; any member entering into negotiations under this subparagraph shall afford to other interested members an opportunity for consultation.

3. In any case in which a maximum import duty is not negotiated under paragraph 2 (a), the member establishing, maintaining, or authorizing the import monopoly shall make public, or notify the Organization of, the maximum import duty which it will apply in respect of the product concerned.

(Balance of article given opposite of article II of GATT)

5. With regard to any product to which the provisions of this article apply, the monopoly shall, whenever this principle can be effectively applied and subject to the other provisions of this charter, import and offer for sale such quantities of the product as will be sufficient to satisfy the full domestic demand for the imported product, account being taken of any rationing to consumers of the imported and like domestic product which may be in force at that time.

6. In applying the provisions of this article, due regard shall be had for the fact that some monopolies are established and operated mainly for social, cultural, humanitarian or revenue purposes.

GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XVIII. GOVERNMENTAL ASSISTANCE TO ECONOMIC DEVELOPMENT AND RECONSTRUCTION

1. The contracting parties recognize that special governmental assistance may be required to promote the establishment, development or reconstruction of particular industries or branches of agriculture, and that in appropriate circumstances the grant of such assistance in the form of protective measures is justified. At the same time they recognize that an unwise use of such measures would impose undue burdens on their own economies and unwarranted restrictions on international trade, and might increase unnecessarily the difficulties of adjustment for the economies of other countries.

2. The contracting parties and the contracting parties concerned shall preserve the utmost secrecy in respect of matters arising under this article.

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3. If a contracting party, in the interest of its economic development or reconstruction, or for the purpose of increasing a most-favored-nation rate of duty in connection with the establishment of a new preferential agreement in accordance with the provisions of paragraph 3 of article I, considers it desirable to adopt any nondiscriminatory measure affecting imports which would conflict with an obligation which the contracting party has assumed under article II of this agreement, but which would not conflict with other provisions in this agreement, such contracting party—

ITO CHARTER

7. This article shall not limit the use by members of any form of assistance to domestic producers permitted by other provisions of this charter.

AD ARTICLE 31

(From annex P)

Paragraphs 2 and 4

The maximum import duty referred to in paragraphs 2 and 4 would cover the margin which has been negotiated or which has been published or notified to the Organization, whether or not collected, wholly or in part, at the custom house as an ordinary customs duty.

Paragraph 4

With reference to the second proviso, the method and degree of adjustment to be permitted in the case of a primary commodity which is the subject of a domestic price stabilization arrangement should be normally a matter for agreement at the time of the negotiations under paragraph 2 (a).

ARTICLE 32. LIQUIDATION OF NONCOMMERCIAL STOCKS

1. If a member holding stocks of any primary commodity accumulated for noncommercial purposes should liquidate such stocks, it shall carry out the liquidation, as far as practicable, in a manner that will avoid serious disturbance to world markets for the commodity concerned.

2. Such member shall:

(a) give not less than 4 months' public notice of its intention to liquidate such stocks; or

(b) give not less than 4 months' prior notice to the Organization of such intention.

3. Such member shall, at the request of any member which considers itself substantially interested, consult as to the best means of avoiding substantial injury to the economic interests of producers and consumers of the primary commodity in question. In cases where the interests of several members might be substantially affected, the Organization may participate in the consultations, and the member holding the stocks shall give due consideration to its recommendations.

4. The provisions of paragraphs 2 and 3 shall not apply to routine disposal of supplies necessary for the rotation of stocks to avoid deterioration.

ARTICLE 13. GOVERNMENTAL ASSISTANCE TO ECONOMIC DEVELOPMENT AND RECONSTRUCTION

1. The members recognize that special governmental assistance may be required to promote the establishment, development, or reconstruction of particular industries or branches of agriculture, and that in appropriate circumstances the grant of such assistance in the form of protective measures is justified. At the same time they recognize that an unwise use of such measures would impose undue burdens on their own economies and unwarranted restrictions on international trade, and might increase unnecessarily the difficulties of adjustment for the economies of other countries.

2. The Organization and the members concerned shall preserve the utmost secrecy in respect of matters arising under this article.

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3. If a member, in the interest of its economic development or reconstruction, or for the purpose of increasing a most-favored-nation rate of duty in connection with the establishment of a new preferential agreement in accordance with the provisions of article 15, considers it desirable to adopt any nondiscriminatory measure affecting imports which would conflict with an obligation which the member has assumed in respect of any product through negotiations with any other member or members pursuant to chapter IV but which would not conflict with that chapter, such member—

GENERAL AGREEMENT ON TARIFFS AND TRADE

(a) Shall enter into direct negotiations with all the other contracting parties. The appropriate schedules to this agreement shall be amended in accordance with any agreement resulting from such negotiations; or

(b) Shall intially or may, in the event of failure to reach agreement under subparagraph (a), apply to the contracting parties. The contracting parties shall determine the contracting party or parties materially affected by the proposed measure and shall sponsor negotiations between such contracting party or parties and the applicant contracting party with a view to obtaining expeditious and substantial agreement. The contracting parties shall establish and communicate to the contracting parties concerned a time schedule for such negotiations, following as far as practicable any time schedule which may have been proposed by the applicant contracting party. The contracting parties shall commence and proceed continuously with such negotiations in accordance with the time schedule established by the contracting parties. At the request of a contracting party the contracting parties may, where they concur in principle with the proposed measure, assist in the negotiations. Upon substantial agreement being reached, the applicant contracting party may be released by the contracting parties from the obligation referred to in this paragraph, subject to such limitations as may have been agreed upon in the negotiations between the contracting parties concerned.

4. (a) If as a result of action initiated under paragraph 3 there should be an increase in imports of any product concerned, including products which can be directly substituted therefor, which if continued would be so great as to jeopardize the establishment, development or reconstruction of the industry or branch of agriculture concerned, and if no preventive measures consistent with the provisions of this agreement can be found which seem likely to prove effective, the applicant contracting party may, after informing, and when practicable consulting with, the contracting parties, adopt such other measures as the situation may require, provided that such measures do not restrict imports more than necessary to offset the increase in imports referred to in this subparagraph; except in unusual circumstances, such measures shall not reduce imports below the level obtaining in the most recent representatve period preceding the date on which the contracting party initiated action under paragraph 3.

(b) The contracting parties shall determine, as soon as practicable, whether any such measures should be continued, discontinued, or modified. It shall in any case be terminated as soon as the contracting parties determine that the negotiations are completed or discontinued.

(c) It is recognized that the relationships between contracting parties under article II of this agreement involve reciprocal advantages, and therefore any contracting party whose trade is materially affected by the action may suspend the application to the trade of the applicant contracting party of substantially equivalent obligations or concessions under this agreement provided that the contracting party concerned has consulted the contracting parties before taking such action and the contracting parties do not disapprove.

B

5. In the case of any nondiscriminatory measure affecting imports which would apply to any product in respect of which the contracting party has assumed an obligation under article II of this agreement and which would conflict with any other provision of

ITO CHARTER

(a) Shall enter into direct negotiations with all the other members which have contractual rights. The members shall be free to proceed in accordance with the terms of any agreement resulting from such negotiations, provided that the Organization is informed thereof; or

(b) Shall initially or may, in the event of failure to reach agreement under subparagraph (a), apply to the Organization. The Organization shall determine, from among members which have contractual rights, the member or members materially affected by the proposed measure and shall sponsor negotiations between such member or members and the applicant member with a view to obtaining expeditious and substantial agreement. The Organization shall establish and communicate to the members concerned a time schedule for such negotiations, following as far as practicable any time schedule which may have been proposed by the applicant member. The members shall commence and proceed continuously with such negotiations in accordance with the time schedule established by the Organization. At the request of a member the Organization may, where it concurs in principle with the proposed measure, assist in the negotiations. Upon substantial agreement being reached the applicant member may be released by the Organization from the obligation referred to in this paragraph, subject to such limitations as may have been agreed upon in the negotiations between the members concerned.

4. (a) If as a result of action initiated under paragraph 3, there should be an increase in imports of any product concerned, including products which can be directly substituted therefor, which if continued would be so great as to jeopardize the establishment, development, or reconstruction of the industry, or branch of agriculture concerned, and if no preventive measures consistent with the provisions of this charter can be found which seem likely to prove effective, the applicant member may, after informing, and when practicable consulting with, the Organization, adopt such other measures as the situation may require, provided that such measures do not restrict imports more than necessary to offset the increase to imports referred to in this subparagraph; except in unusual circumstances, such measures shall not reduce imports below the level obtaining in the most recent representative period preceding the date on which the member initiated action under paragraph 3.

(b) The Organization shall determine, as soon as practicable, whether any such measure should be continued, discontinued, or modified. It shall in any case be terminated as soon as the Organization determines that the negotiations are completed or discontinued.

(c) It is recognized that the contractual relationships referred to in paragraph 3 involve reciprocal advantages, and therefore any member which has a contractual right in respect of the product to which such action relates, and whose trade is materially affected by the action, may suspend the application to the trade of the applicant member of substantially equivalent obligations or concessions under or pursuant to chapter IV, provided that the member concerned has consulted the Organization before taking such action and the Organization does not disapprove.

B

5. In the case of any nondiscriminatory measure affecting imports which would conflict with chapter IV and which would apply to any product in respect of which the member has assumed an obligation through negotiations with any other member or mem-

GENERAL AGREEMENT ON TARIFFS AND TRADE

this agreement, the provisions of subparagraph (b) of paragraph 3 shall apply; provided that before granting a release the contracting parties shall afford adequate opportunity for all contracting parties which they determine to be materially affected to express their views. The provisions of paragraph 4 shall also be applicable in this case.

C

6. If a contracting party in the interest of its economic development or reconstruction considers it desirable to adopt any nondiscriminatory measure affecting imports which would conflict with the provisions of this agreement other than article II, but which would not apply to any product in respect of which the contracting party has assumed an obligation under article II, such contracting party shall notify the contracting parties and shall transmit to the contracting parties a written statement of the considerations in support of the adoption, for a specified period, of the proposed measure.

7. (a) On application by such contracting party the contracting parties shall concur in the proposed measure and grant the necessary release for a specified period if, having particular regard to the applicant contracting party's need for economic development or reconstruction, it is established that the measure

(i) Is designed to protect a particular industry established between January 1, 1939, and March 24, 1948, which was protected during that period of its development by abnormal conditions arising out of the war; or

(ii) Is designed to promote the establishment or development of a particular industry for the processing of an indigenous primary commodity, when the external sales of such commodity have been materially reduced as a result of new or increased restrictions imposed abroad; or

(iii) Is necessary in view of the possibilities and resources of the applicant contracting party to promote the establishment or development of a particular industry for the processing of an indigenous primary commodity, or for the processing of a byproduct of such industry, which would otherwise be wasted, in order to achieve a fuller and more economic use of the applicant contracting party's natural resources and manpower and, in the long run, to raise the standard of living within the territory of the applicant contracting party, and is unlikely to have a harmful effect, in the long run, on international trade; or

(iv) Is unlikely to be more restrictive of international trade than any other practicable and reasonable measure permitted under this agreement, which could be imposed without undue difficulty, and is the one most suitable for the purpose having regard to the economies of the industry or branch of agriculture concerned and to the applicant contracting party's need for economic development or reconstruction.

The foregoing provisions of this subparagraph are subject to the following condition:

(1) Any proposal by the applicant contracting party to apply any such measure, with or without modification, after the end of the initial period, shall not be subject to the provisions of this paragraph; and

(2) The contracting parties shall not concur in any measure under the provisions of (i), (ii), or (iii) above, which is likely to cause serious prejudice to exports of a primary commodity on which the economy of the territory of another contracting party is largely dependent.

(b) The applicant contracting party shall apply any measure permitted under subparagraph (a) in such a way as to avoid unnecessary damage to the commercial or economic interests of any other contracting party.

ITO CHARTER

bers pursuant to chapter IV, the provisions of subparagraph (b) of paragraph 3 shall apply: *Provided*, That before granting a release the Organization shall afford adequate opportunity for all members which it determines to be materially affected to express their views. The provisions of paragraph 4 shall also be applicable in this case.

C

6. If a member in the interest of its economic development or reconstruction considers it desirable to adopt any nondiscriminatory measure affecting imports which would conflict with chapter IV, but which would not apply to any product in respect of which the member has assumed an obligation through negotiations with any other member or members pursuant to chapter IV, such member shall notify the Organization and shall transmit to the Organization a written statement of the considerations in support of the adoption, for a specified period, of the proposed measure.

7. (a) On application by such member the Organization shall concur in the proposed measure and grant the necessary release for a specified period if, having particular regard to the applicant member's need for economic development or reconstruction, it is established that the measure

(i) Is designed to protect a particular industry, established between January 1, 1939, and the date of this charter, which was protected during that period of its development by abnormal conditions arising out of the war; or

(ii) Is designed to promote the establishment or development of a particular industry for the processing of an indigenous primary commodity, when the external sales of such commodity have been materially reduced as a result of new or increased restrictions imposed abroad; or

(iii) Is necessary, in view of the possibilities and resources of the applicant member to promote the establishment or development of a particular industry for the processing of an indigenous primary commodity, or for the processing of a byproduct of such industry, which would otherwise be wasted, in order to achieve a fuller and more economic use of the applicant member's natural resources and manpower and, in the long run, to raise the standard of living within the territory of the applicant member, and is unlikely to have a harmful effect, in the long run, on international trade; or

(iv) Is unlikely to be more restrictive of international trade than any other practicable and reasonable measure permitted under this charter, which could be imposed without undue difficulty, and is the one most suitable for the purpose having regard to the economics of the industry or branch of agriculture concerned and to the applicant member's need for economic development or reconstruction.

The foregoing provisions of this subparagraph are subject to the following conditions:

(1) Any proposal by the applicant member to apply any such measure, with or without modification, after the end of the initial period, shall not be subject to the provisions of this paragraph; and

(2) The Organization shall not concur in any measure under the provisions of (i), (ii), or (iii) above, which is likely to cause serious prejudice to exports of a primary commodity on which the economy of another member country is largely dependent.

(b) The applicant member shall apply any measure permitted under subparagraph (a) in such a way as to avoid unnecessary damage to the commercial or economic interests of any other member, including interests under the provisions of articles 3 and 9.

GENERAL AGREEMENT ON TARIFFS AND TRADE

8. If the proposed measure does not fall within the provisions of paragraph 7, the contracting party

(a) May enter into direct consultations with the contracting party or parties which, in its judgment, would be materially affected by the measure. At the same time, the contracting party shall inform the contracting parties of such consultations in order to afford them an opportunity to determine whether all materially affected contracting parties are included within the consultations. Upon complete or substantial agreement being reached, the contracting party interested in taking the measure shall apply to the contracting parties. The contracting parties shall promptly examine the application to ascertain whether the interests of all the materially affected contracting parties have been duly taken into account. If the contracting parties reach this conclusion, with or without further consultations between the contracting parties concerned, they shall release the applicant contracting party from its obligations under the relevant provision of this agreement, subject to such limitations as the contracting parties may impose, or

(b) May initially, or in the event of failure to reach complete or substantial agreement under subparagraph (a), apply to the contracting parties. The contracting parties shall promptly transmit the statement submitted under paragraph 6 to the contracting party or parties which are determined by the contracting parties to be materially affected by the proposed measure. Such contracting party or parties shall, within the time limits prescribed by the contracting parties, inform them whether, in the light of the anticipated effects of the proposed measure on the economy of the territory of such contracting party or parties, there is any objection to the proposed measure. The contracting parties shall,

(i) If there is no objection to the proposed measure on the part of the affected contracting party or parties, immediately release the applicant contracting party from its obligations under the relevant provision of this agreement; or

(ii) If there is objection, promptly examine the proposed measure, having regard to the provisions of this agreement, to the considerations presented by the applicant contracting party and its need for economic development or reconstruction, to the views of the contracting party or parties determined to be materially affected, and to the effect which the proposed measure, with or without modification is likely to have, immediately and in the long run, or international trade, and, in the long run, on the standard of living within the territory of the applicant contracting party. If, as a result of such examination, the contracting parties concur in the proposed measure, with or without modification, they shall release the applicant contracting party from its obligations under the relevant provision of this agreement, subject to such limitations as they may impose.

9. If, in anticipation of the concurrence of the contracting parties in the adoption of a measure referred to in paragraph 6, there should be an increase or threatened increase in the imports of any product concerned, including products which can be directly substituted therefor, so substantial as to jeopardize the establishment, development, or reconstruction of the industry or branch of agriculture concerned, and if no preventive measures consistent with this agreement can be found which seem likely to prove effective, the applicant contracting party may, after informing, and when practicable consulting with, the contracting parties, adopt such other measures as the situation may require, pending a decision by the contracting parties

ITO CHARTER

8. If the proposed measure does not fall within the provisions of paragraph 7, the member

(a) May enter into direct consultations with the member or members which, in its judgment, would be materially affected by the measure. At the same time, the member shall inform the Organization of such consultations in order to afford it an opportunity to determine whether all materially affected members are included within the consultations. Upon complete or substantial agreement being reached, the member interested in taking the measure shall apply to the Organization. The Organization shall promptly examine the application to ascertain whether the interests of all the materially affected members have been duly taken into account. If the Organization reaches this conclusion, with or without further consultations between the members concerned, it shall release the applicant member from its obligations under the relevant provision of chapter IV, subject to such limitations as the Organization may impose; or

(b) May initially, or in the event of failure to reach complete or substantial agreement under subparagraph (a), apply to the Organization. The Organization shall promptly transmit the statement submitted under paragraph 6 to the member or members which are determined by the Organization to be materially affected by the proposed measure. Such member or members shall, within the time limits prescribed by the Organization, inform it whether in the light of the anticipated effects of the proposed measure on the economy of such member country or countries, there is any objection to the proposed measure. The Organization shall,

(i) If there is no objection to the proposed measure on the part of the affected member or members, immediately release the applicant member from its obligations under the relevant provision of chapter IV; or

(ii) If there is objection, promptly examine the proposed measure, having regard to the provisions of this charter, to the considerations presented by the applicant member and its need for economic development or reconstruction, to the views of the member or members determined to be materially affected, and to the effect which the proposed measure, with or without modification, is likely to have, immediately and in the long run, on international trade, and, in the long run, on the standard of living within the territory of the applicant member. If, as a result of such examination, the Organization concurs in the proposed measure, with or without modification, it shall release the applicant member from its obligations under the relevant provision of chapter IV, subject to such limitations as it may impose.

9. If, in anticipation of the concurrence of the Organization in the adoption of a measure referred to in paragraph 6, there should be an increase or threatened increase in the imports of any product concerned, including products which can be directly substituted therefor, so substantial as to jeopardize the establishment, development or reconstruction of the industry or branch of agriculture concerned, and if no preventive measures consistent with this charter can be found which seem likely to prove effective, the applicant member may, after informing, and when practicable consulting with, the Organization, adopt such other measures as the situation may require, pending a decision by the Organization on the member's applica-

GENERAL AGREEMENT ON TARIFFS AND TRADE

on the contracting party's application: *Provided*, That such measures do not reduce imports below the level obtaining in the most recent representative period preceding the date on which notification was given under paragraph 6.

10. The contracting parties shall, at the earliest opportunity but ordinarily within 15 days after receipt of an application under the provisions of paragraph 7 or subparagraph (a) or (b) of paragraph 8, advise the applicant contracting party of the date by which it will be notified whether or not it is released from the relevant obligation. This shall be the earliest practicable date and not later than 90 days after receipt of such application: *Provided*, That, if unforeseen difficulties arise before the date set, the period may be extended after consultation with the applicant contracting party. If the applicant contracting party is not so notified by the date set, it may, after informing the contracting parties, institute the proposed measure.

11. Any contracting party may maintain any nondiscriminatory protective measure affecting imports in force on September 1, 1947, which has been imposed for the establishment, development, or reconstruction of a particular industry or branch of agriculture and which is not otherwise permitted by this agreement: *Provided*, That notification has been given to the other contracting parties not later than October 10, 1947, of such measure and of each product on which it is to be maintained and of its nature and purpose.

12. Any contracting party maintaining such measure shall within 60 days of becoming a contracting party submit to the contracting parties a statement of the considerations in support of the maintenance of the measure and the period for which it wishes to maintain it. The contracting parties shall, as soon as possible, but in any case within 12 months from the date on which such contracting party becomes a contracting party, examine and give a decision concerning the measure as if it had been submitted to the contracting parties for their concurrence under paragraphs 1 to 10, inclusive, of this article.

13. The provisions of paragraphs 11 and 12 of this article shall not apply to any measure relating to a product in respect of which the contracting party has assumed an obligation under article II of this agreement.

ITO CHARTER

tion: *Provided*, That such measures do not reduce imports below the level obtaining in the most recent representative period preceding the date on which notification was given under paragraph 6.

10. The Organization shall, at the earliest opportunity but ordinarily within 15 days after receipt of an application under the provisions of paragraph 7 or subparagraph (a) or (b) of paragraph 8, advise the applicant member of the date by which it will be notified whether or not it is released from the relevant obligation. This shall be the earliest practicable date and not later than 90 days after receipt of such application: *Provided*, That, if unforeseen difficulties arise before the date set, the period may be extended after consultation with the applicant member. If the applicant member is not so notified by the date set, it may, after informing the Organization, institute the proposed measure.

ARTICLE 14. TRANSITIONAL MEASURES

1. Any member may maintain any nondiscriminatory protective measure affecting imports which has been imposed for the establishment, development, or reconstruction of a particular industry or branch of agriculture and which is not otherwise permitted by this charter, provided that notification has been given of such measure and of each product to which it relates:

(a) In the case of a member signatory to the final act of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment, not later than October 10, 1947, in respect of measures in force on September 1, 1947, subject to decisions made under paragraph 6 of article XVIII of the General Agreement on Tariffs and Trade; except that if in special circumstances the contracting parties to that agreement agree to dates other than those specified in this subparagraph, such other dates shall apply;

(b) In the case of any other member, not later than the day on which it deposits its instrument of acceptance of this charter, in respect of measures in force on that day or on the day of the entry into force of the charter, whichever is the earlier;

and provided further that notification has been given under subparagraph (a) to the other signatories to the final act of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment and under subparagraph (b) to the Organization, or, if the charter has not entered into force on the day of such notification, to the signatories to the final act of the United Nations Conference on Trade and Employment.

2. Any member maintaining any such measure, other than a measure approved by the contracting parties to the general agreement under paragraph 6 of article XVIII of that agreement, shall, within 1 month of becoming a member of the Organization, submit to it a statement of the considerations in support of the maintenance of the measure and the period for which it wishes to maintain it. The Organization shall, as soon as possible, but in any case within 12 months of such member becoming a member of the Organization, examine and give a decision concerning the measure as if it had been submitted to the Organization for its concurrence under article 13.

3. Any measure, approved in accordance with the provisions of article XVIII of the general agreement, and which is in effect at the time this charter enters into force, may remain in effect thereafter, subject to the conditions of any such approval and, if the

GENERAL AGREEMENT ON TARIFFS AND TRADE

14. In cases where the contracting parties decide that a measure should be modified or withdrawn by a specified date, they shall have regard to the possible need of a contracting party for a period of time in which to make such modification or withdrawal.

AD ARTICLE XVIII

(From annex I)

Paragraph 3

The clause referring to the increasing of a most-favored-nation rate in connection with a new preferential agreement will only apply after the insertion in article I of the new paragraph 3 by the entry into force of the amendment provided for in the protocol modifying part I and article XXIX of the General Agreement on Tariffs and Trade, dated September 14, 1948.

Paragraph 7 (a) (ii) and (iii)

The word "processing," as used in these subparagraphs, means the transformation of a primary commodity or of a byproduct of such transformation into semifinished or finished goods but does not refer to highly developed industrial processes.

ARTICLE XIX. EMERGENCY ACTION ON IMPORTS OF PARTICULAR PRODUCTS

1. (a) If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obliga ion in whole or in part or to withdraw or modify the concession.

(b) If any product, which is the subject of a concession with respect to a preference, is being imported into the territory of a contracting party in the circumstances set forth in subparagraph (a) of this paragraph, so as to cause or threaten serious injury to domestic producers of like or directly competitive products in the territory of a contracting party which receives or received such preference, the importing contracting party shall be free, if that other contracting party so requests, to suspend the relevant obligation in whole or in part or to withdraw or modify the concession in respect of the product, to the extent and for such time as may be necessary to prevent or remedy such injury.

2. Before any contracting party shall take action pursuant to the provisions of paragraph 1 of this article, it shall give notice in writing to the contracting parties as far in advance as may be practicable and shall afford the contracting parties and those contracting parties having a substantial interest as exporters of the product concerned an opportunity to consult with it in respect of the proposed action. When such notice is given in relation to a concession with respect to a preference, the notice shall name the contracting party which has requested the action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph 1 of this article may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

3. (a) If agreement among the interested contracting parties with respect to the action

ITO CHARTER

Organization so decides, to review by the Organization.

4. This article shall not apply to any measure relating to a product in respect of which the member has assumed an obligation through negotiations pursuant to chapter IV.

5. In cases where the Organization decides that a measure should be modified or withdrawn by a specified date, it shall have regard to the possible need of a member for a period of time in which to make such modification or withdrawal.

AD ARTICLE 13

(From annex P)

Paragraphs 7 (a) (ii) and (iii)

The word "processing," as used in these subparagraphs, means the transformation of a primary commodity or of a byproduct of such transformation into semifinished or finished goods but does not refer to highly developed industrial processes

ARTICLE 40. EMERGENCY ACTION ON IMPORTS OF PARTICULAR PRODUCTS

1. (a) If, as a result of unforeseen developments and of the effect of the obligations incurred by a member under or pursuant to this chapter, including tariff concessions, any product is being imported into the territory of that member in such relatively increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the member shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

(b) If any product which is the subject of a concession with respect to a preference is being imported into the territory of a member in the circumstances set forth in subparagraph (a), so as to cause or threaten serious injury to domestic producers of like or directly competitive products in the territory of a member which receives or received such preference, the importing member shall be free, if that other member so requests, to suspend the relevant obligation in whole or in part or to withdraw or modify the concession in respect of the product, to the extent and for such time as may be necessary to prevent or remedy such injury.

2. Before any member shall take action pursuant to the provisions of paragraph 1, it shall give notice in writing to the organization as far in advance as may be practicable and shall afford the organization and those members having a substantial interest as exporters of the product concerned an opportunity to consult with it in respect of the proposed action. When such notice is given in regard to a concession relating to a preference, the notice shall name the member which has requested the action. In circumstances of special urgency, where delay would cause damage which it would be difficult to repair, action under paragraph 1 may be taken provisionally without prior consultation on the condition that consultation shall be effected immediately after taking such action.

3. (a) If agreement among the interested members with respect to the action is not

GENERAL AGREEMENT ON TARIFFS AND TRADE

is not reached, the contracting party which proposes to take or continue the action shall, nevertheless, be free to do so, and if such action is taken or continued, the affected contracting parties shall then be free, not later than 90 days after such action is taken, to suspend, upon the expiration of 30 days from the day on which written notice of such suspension is received by the contracting parties, the application to the trade of the contracting party taking such action, or, in the case envisaged in paragraph 1 (b) of this article, to the trade of the contracting party requesting such action, of such substantially equivalent obligations or concessions under this agreement the suspension of which the contracting parties do not disapprove.

(b) Notwithstanding the provisions of subparagraph (a) of this paragraph, where action is taken under paragraph 2 of this article without prior consultation and causes or threatens serious injury in the territory of a contracting party to the domestic producers of products affected by the action, that contracting party shall, where delay would cause damage difficult to repair, be free to suspend, upon the taking of the action and throughout the period of consultation, such obligations or concessions as may be necessary to prevent or remedy the injury.

ARTICLE XX. GENERAL EXCEPTIONS

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures:

I. (a) necessary to protect public morals;

(b) necessary to protect human, animal or plant life or health;

(c) relating to the importation or exportation of gold or silver;

(d) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this agreement, including those relating to customs enforcement, the enforcement of monopolies operated under paragraph 4 of article II and article XVII, the protection of patents, trademarks and copyrights, and the prevention of deceptive practices;

(e) relating to the products of prison labor;

(f) imposed for the protection of national treasures of artistic, historic, or archeological value;

(g) relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption;

(h) undertaken in pursuance of obligations under intergovernmental commodity agreements, conforming to the principles approved

ITO CHARTER

reached, the member which proposes to take or continue the action shall, nevertheless, be free to do so, and if such action is taken or continued, the affected members shall then be free, not later than 90 days after such action is taken, to suspend, upon the expiration of 30 days from the day on which written notice of such suspension is received by the Organization, the application to the trade of the member taking such action, or, in the case envisaged in paragraph 1 (b), to the trade of the member requesting such action, of such substantially equivalent obligations or concessions under or pursuant to this chapter the suspension of which the Organization does not disapprove.

(b) Notwithstanding the provisions of subparagraph (d), where action is taken without prior consultation under paragraph 2 and causes or threatens serious injury in the territory of a member to the domestic producers of products affected by the action, that member shall, where delay would cause damage difficult to repair, be free to suspend, upon the taking of the action and throughout the period of consultation, such obligations or concessions as may be necessary to prevent or remedy the injury.

4. Nothing in this article shall be construed

(a) to require any member, in connection with the withdrawal or modification by such member of any concession negotiated pursuant to article 17, to consult with or obtain the agreement of members other than those members which are contracting parties to the general agreement on tariffs and trade, or

(b) to authorize any member which is not a contracting party to that agreement, to withdraw from or suspend obligations under this charter by reason of the withdrawal or modification of such concession.

AD ARTICLE 40

(From annex P)

It is understood that any suspension, withdrawal, or modification under paragraphs 1 (a), 1 (b), and 3 (b) must not discriminate against imports from any member country, and that such action should avoid, to the fullest extent possible, injury to other supplying member countries.

ARTICLE 45. GENERAL EXCEPTIONS TO CHAPTER IV

1. Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between member countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this chapter shall be construed to prevent the adoption or enforcement by any member of measures:

(a) (i) necessary to protect public morals;

(ii) necessary to the enforcement of laws and regulations relating to public safety;

(iii) necessary to protect human, animal, or plant life or health;

(iv) relating to the importation or exportation of gold or silver;

(v) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this chapter, including those relating to customs enforcement, the enforcement of monopolies operated under section D of this chapter, the protection of patents, trade-marks and copyrights, and the prevention of deceptive practices;

(vi) relating to the products of prison labor;

(vii) imposed for the protection of national treasures of artistic, historic, or archeological value;

(viii) relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption;

GENERAL AGREEMENT ON TARIFFS AND TRADE

by the Economic and Social Council of the United Nations in its resolution of March 28, 1947, establishing an interim coordinating committee for international commodity arrangements; or

(i) involving restrictions on exports of domestic materials necessary to assure essential quantities of such materials to a domestic processing industry during periods when the domestic price of such materials is held below the world price as part of a governmental stabilization plan: *Provided*, That such restrictions shall not operate to increase the exports of or the protection afforded to such domestic industry, and shall not depart from the provisions of this agreement relating to nondiscrimination;

II. (a) essential to the acquisition or distribution of products in general or local short supply: *Provided*, That any such measures shall be consistent with any multilateral arrangements directed to an equitable international distribution of such products or, in the absence of such arrangements, with the principle that all contracting parties are entitled to an equitable share of the international supply of such products;

(b) essential to the control of prices by a contracting party undergoing shortages subsequent to the war; or

(c) essential to the orderly liquidation of temporary surpluses of stocks owned or controlled by the government of any contracting party or of industries developed in the territory of any contracting party owing to the exigencies of the war which it would be uneconomic to maintain in normal conditions: *Provided*, That such measures shall not be instituted by any contracting party except after consultation with other interested contracting parties with a view to appropriate international action.

Measures instituted or maintained under part II of this article which are inconsistent with the other provisions of this agreement shall be removed as soon as the conditions giving rise to them have ceased, and in any event not later than January 1, 1951: *Provided*, That this period may, with the concurrence of the contracting parties, be extended in respect of the application of any particular measure to any particular product by any particular contracting party for such further periods as the contracting parties may specify.

TRADE

ARTICLE XXI. SECURITY EXCEPTIONS

Nothing in this agreement shall be construed

(a) to require any contracting party to furnish any information the disclosure of which it considers contrary to its essential security interests; or

(b) to prevent any contracting party from taking any action which it considers necessary for the protection of its essential security interests.

(i) relating to fissionable materials or the materials from which they are derived;

(ii) relating to the traffic in arms, ammunition, and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;

(iii) taken in time of war or other emergency in international relations; or

(c) to prevent any contracting party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

ITO CHARTER

(ix) taken in pursuance of intergovernmental commodity agreements concluded in accordance with the provisions of chapter VI;

(x) taken in pursuance of any intergovernmental agreement which relates solely to the conservation of fisheries resources, migratory birds or wild animals and which is subject to the requirements of paragraph 1 (d) of article 70; or

(xi) involving restrictions on exports of domestic materials necessary to assure essential quantities of such materials to a domestic processing industry during periods when the domestic price of such materials is held below the world price as part of a governmental stabilization plan: *Provided*, That such restrictions shall not operate to increase the exports of or the protection afforded to such domestic industry and shall not depart from the provisions of this chapter relating to nondiscrimination;

(b) (i) essential to the acquisition or distribution of products in general or local short supply: *Provided*, That any such measures shall be consistent with any general intergovernmental arrangements directed to an equitable international distribution of such products or, in the absence of such arrangements, with the principle that all members are entitled to an equitable share of the international supply of such products;

(ii) essential to the control of prices by a member country experiencing shortages subsequent to the Second World War; or

(iii) essential to the orderly liquidation of temporary surpluses of stocks owned or controlled by the government of any member country, or of industries developed in any member country owing to the exigencies of the Second World War which it would be uneconomic to maintain in normal conditions: *Provided*, That such measures shall not be instituted by any member except after consultation with other interested members with a view to appropriate international action.

2. Measures instituted or maintained under paragraph 1 (b) which are inconsistent with the other provisions of this chapter shall be removed as soon as the conditions giving rise to them have ceased, and in any event not later than at a date to be specified by the Organization: *Provided*, That such date may be deferred for a further period or periods, with the concurrence of the Organization, either generally or in relation to particular measures taken by members in respect of particular products.

ARTICLE 99. GENERAL EXCEPTIONS

1. Nothing in this charter shall be construed

(a) to require a member to furnish any information the disclosure of which it considers contrary to its essential security interests; or

(b) to prevent a member from taking, either singly or with other states, any action which it considers necessary for the protection of its essential security interests, where such action

(i) relates to fissionable materials or to the materials from which they are derived, or—

(ii) relates to the traffic in arms, ammunition, or implements of war, or to traffic in other goods and materials carried on directly or indirectly for the purpose of supplying a military establishment of the member or of any other country, or

(iii) is taken in time of war or other emergency in international relations; or

(c) to prevent a member from entering into or carrying out any intergovernmental agreement (or other agreement on behalf of a government for the purpose specified in this subparagraph) made by or for a military establishment for the purpose of meeting essential requirements of the national security of one or more of the participating countries; or

(d) to prevent action taken in accordance with the provisions of annex M to this charter.

2. Nothing in this charter shall be construed to override

(a) any of the provisions of peace treaties or permanent settlements resulting from the Second World War which are or shall be in force and which are or shall be registered with the United Nations, or

(b) any of the provisions of instruments creating trust territories or any other special regimes established by the United Nations.

GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XXII. CONSULTATION

Each contracting party shall accord sympathetic consideration to, and shall afford adequate opportunity for consultation regarding, such representations as may be made by any other contracting party with respect to the operation of customs regulations and formalities, antidumping and countervailing duties, quantitative and exchange regulations, subsidies, state-trading operations, sanitary laws and regulations for the protection of human, animal or plant life or health, and generally all matters affecting the operation of this agreement.

ARTICLE XXIII. NULLIFICATION OR IMPAIRMENT

1. If any contracting party should consider that any benefit accruing to it directly or indirectly under this agreement is being nullified or impaired or that the attainment of any objective of the agreement is being impeded as the result of (a) the failure of another contracting party to carry out its obligations under this agreement, or (b) the application by another contracting party of any measure, whether or not it conflicts with the provisions of this agreement, or (c) the existence of any other situation, the contracting party may, with a view to the satisfactory adjustment of the matter, make written representations or proposals to the other contracting party or parties which it considers to be concerned. Any contracting party thus approached shall give sympathetic consideration to the representations or proposals made to it.

2. If no satisfactory adjustment is effected between the contracting parties concerned within a reasonable time, or if the difficulty is of the type described in paragraph 1 (c) of this article, the matter may be referred to the contracting parties. The contracting parties shall promptly investigate any matter so referred to them and shall make appropriate recommendations to the contracting parties which they consider to be concerned, or give a ruling on the matter, as appropriate. The contracting parties may consult with contracting parties, with the Economic and Social Council of the United Nations and with any appropriate intergovernmental organization in cases where they consider such consultation necessary. If the contracting parties consider that the circumstances are serious enough to justify such action, they may authorize a contracting party or parties to suspend the application to any other contracting party or par-

ITO CHARTER

ARTICLE 41. CONSULTATION

Each member shall accord sympathetic consideration to, and shall afford adequate opportunity for consultation regarding, such representations as may be made by any other member with respect to the operation of customs regulations and formalities, antidumping and countervailing duties, quantitative and exchange regulations, internal price regulations, subsidies, transit regulations and practices, state trading, sanitary laws and regulations for the protection of human, animal or plant life or health, and generally with respect to all matters affecting the operation of this chapter.

AD ARTICLE 41

(From annex P)

The provisions for consultation require members subject to the exceptions specifically set forth in this charter, to supply to other members, upon request, such information as will enable a full and fair appraisal of the matters which are the subject of such consultation, including the operation of sanitary laws and regulations for the protection of human, animal, or plant life or health, and other matters affecting the application of chapter IV.

ARTICLE 92. RELIANCE ON THE PROCEDURES OF THE CHARTER

1. The members undertake that they will not have recourse, in relation to other members and to the Organization, to any procedure other than the procedures envisaged in this charter for complaints and the settlement of differences arising out of its operation.

2. The members also undertake, without prejudice to any other international agreement, that they will not have recourse to unilateral economic measures of any kind contrary to the provisions of this charter.

ARTICLE 93. CONSULTATION AND ARBITRATION

1. If any member considers that any benefit accruing to it directly or indirectly, implicitly or explicitly, under any of the provisions of this charter other than article 1, is being nullified or impaired as a result of

(a) a breach by a member of an obligation under this charter by action or failure to act, or

(b) the application by a member of a measure not conflicting with the provisions of this charter, or

(c) the existence of any other situation

the member may, with a view to the satisfactory adjustment of the matter, make written representations or proposals to such other member or members as it considers to be concerned, and the members receiving them shall give sympathetic consideration thereto.

2. The member concerned may submit the matter arising under paragraph 1 to arbitration upon terms agreed between them: *Provided*, That the decision of the arbitrator shall not be binding for any purpose upon the Organization or upon any member other than the members participating in the arbitration.

ties of such obligations or concessions under this agreement as they determine to be appropriate in the circumstances. If the application to any contracting party of any obligation or concession is in fact suspended, that contracting party shall then be free, not later than 60 days after such action is taken, to advise the Secretary-General of the United Nations in writing of its intention to withdraw from this agreement and such withdrawal shall take effect upon the expiration of 60 days from the day on which written notice of such withdrawal is received by him.

3. The members concerned shall inform the Organization generally of the progress and outcome of any discussion, consultation, or arbitration undertaken under this charter.

ARTICLE 94. REFERENCE TO THE EXECUTIVE BOARD

1. Any matter arising under subparagraph (a) or (b) of paragraph 1 of article 93 which is not satisfactorily settled and any matter which arises under paragraph 1 (c) of article 93 may be referred by any member concerned to the executive board.

2. The executive board shall promptly investigate the matter and shall decide whether any nullification or impairment within the terms of paragraph 1 of article 93 in fact exists. It shall then take such of the following steps as may be appropriate:

(a) decide that the matter does not call for any action;

(b) recommend further consultation to the members concerned;

(c) refer the matter to arbitration upon such terms as may be agreed between the executive board and the members concerned;

(d) in any matter arising under paragraph 1 (a) of article 93, request the member concerned to take such action as may be necessary for the member to conform to the provisions of this charter;

(e) In any matter arising under subparagraph (b) or (c) of paragraph 1 of article 93, make such recommendations to members as will best assist the members concerned and contribute to a satisfactory adjustment.

3. If the executive board considers that action under subparagraphs (d) and (e) of paragraph 2 is not likely to be effective in time to prevent serious injury and that any nullification or impairment found to exist within the terms of paragraph 1 of article 93 is sufficiently serious to justify such action, it may, subject to the provisions of paragraph 1 of article 95, release the member or members affected from obligations or the grant of concessions to any other member or members under or pursuant to this charter, to the extent and upon such conditions as it considers appropriate and compensatory, having regard to the benefit which has been nullified or impaired.

4. The executive board may, in the course of its investigation, consult with such members or intergovernmental organizations upon such matters within the scope of this charter as it deems appropriate. It may also consult any appropriate commission of the Organization on any matter arising under this chapter.

5. The executive board may bring any matter referred to it under this article before the conference at any time during its consideration of the matter.

ARTICLE 95. REFERENCE TO THE CONFERENCE

1. The executive board shall, if requested to do so within 30 days by a member concerned, refer to the conference for review any action, decision, or recommendation by the executive board under paragraph 2 or 3 of article 94. Unless such review has been asked for by a member concerned, members shall be entitled to act in accordance with any action, decision, or recommendation of the executive board under paragraph 2 or 3 of article 94. The conference shall confirm, modify, or reverse such action, decision, or recommendation referred to it under this paragraph.

ITO CHARTER

2. Where a matter arising under this chapter has been brought before the conference by the executive board, the conference shall follow the procedure set out in paragraph 2 of article 94 for the executive board.

3. If the conference considers that any nullification or impairment found to exist within the terms of paragraph 1 (a) of article 93 is sufficiently serious to justify such action, it may release the member or members affected from obligations or the grant of concessions to any other member or members under or pursuant to this charter, to the extent and upon such conditions as it considers appropriate and compensatory, having regard to the benefit which has been nullified or impaired. If the conference considers that any nullification or impairment found to exist within the terms of subparagraph (b) or (c) of paragraph 1 of article 93 is sufficiently serious to justify such action, it may similarly release a member or members to the extent and upon such conditions as will best assist the members concerned and contribute to a satisfactory adjustment.

4. When any member or members, in accordance with the provisions of paragraph 3, suspend the performance of any obligation or the grant of any concession to another member, the latter member shall be free, not later than 60 days after such action is taken, or if an opinion has been requested from the International Court of Justice pursuant to the provisions of article 96, after such opinion has been delivered, to give written notice of its withdrawal from the Organization. Such withdrawal shall become effective upon the expiration of 60 days from the day on which such notice is received by the Director-General.

ARTICLE 96. REFERENCE TO THE INTERNATIONAL COURT OF JUSTICE

1. The Organization may, in accordance with arrangements made pursuant to paragraph 2 of article 96 of the Charter of the United Nations, request from the International Court of Justice advisory opinions on legal questions arising within the scope of the activities of the Organization.

2. Any decision of the conference under this charter shall, at the instance of any member whose interests are prejudiced by the decision, be subject to review by the International Court of Justice by means of a request, in appropriate form, for an advisory opinion pursuant to the statute of the Court.

3. The request for an opinion shall be accompanied by a statement of the question upon which the opinion is required and by all documents likely to throw light upon the question. This statement shall be furnished by the Organization in accordance with the statute of the Court and after consultation with the members substantially interested.

4. Pending the delivery of the opinion of the Court, the decision of the conference shall have full force and effect: *Provided*, That the conference shall suspend the operation of any such decision pending the delivery of the opinion where, in the view of the conference, damage difficult to repair would otherwise be caused to a member concerned.

5. The Organization shall consider itself bound by the opinion of the Court on any question referred by it to the Court. Insofar as it does not accord with the opinion of the Court, the decision in question shall be modified.

ARTICLE 97. MISCELLANEOUS PROVISIONS

1. Nothing in this chapter shall be construed to exclude other procedures provided for in this chapter for consultation and the settlement of differences arising out of its operation. The Organization may regard discussion, consultation or investigation undertaken under any other provisions of this charter as fulfilling, either in whole or in

GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XXIV. TERRITORIAL APPLICATION—FRONTIER TRAFFIC—CUSTOMS UNIONS AND FREE-TRADE AREAS

1. The provisions of this agreement shall apply to the metropolitan customs territories of the contracting parties and to any other customs territories in respect of which this agreement has been accepted under article XXVI or is being applied under article XXXIII or pursuant to the Protocol of Provisional Application. Each such customs territory shall, exclusively for the purposes of the territorial application of this agreement, be treated as though it were a contracting party: *Provided*, That the provisions of this paragraph shall not be construed to create any rights or obligations as between two or more customs territories in respect of which this agreement has been accepted under article XXVI or is being applied under article XXXIII or pursuant to the Protocol of Provisional Application by a single contracting party.

2. For the purposes of this agreement a customs territory shall be understood to mean any territory with respect to which separate tariffs or other regulations of commerce are maintained for a substantial part of the trade of such territory with other territories.

3. The provisions of this agreement shall not be construed to prevent:

(a) Advantages accorded by any contracting party to adjacent countries in order to facilitate frontier traffic;

(b) advantages accorded to the trade with the Free Territory of Trieste by countries contiguous to that territory, provided that such advantages are not in conflict with the treaties of peace arising out of the Second World War.

4. The contracting parties recognize the desirability of increasing freedom of trade by the development, through voluntary agreements, of closer integration between the economies of the countries parties to such agreements. They also recognize that the purpose of a customs union or of a free-trade area should be to facilitate trade between the parties and not to raise barriers to the trade of other contracting parties with such parties.

5. Accordingly, the provisions of this agreement shall not prevent, as between the territories of contracting parties, the formation of a customs union or of a free-trade area or the adoption of an interim agreement necessary for the formation of a customs union or of a free-trade area: *Provided*, That

(a) with respect to a customs union, or an interim agreement leading to the formation of a customs union, the duties and other regulations of commerce imposed at the institution of any such union or interim agreement in respect of trade with contracting parties not parties to such union or agreement shall not on the whole be higher or more restrictive than the general incidence of the duties and regulations of commerce applicable in the constituent territories prior to the formation of such union or the adoption of such interim agreement, as the case may be;

(b) with respect to a free-trade area, or an interim agreement leading to the formation of a free-trade area, the duties and other regulations of commerce maintained in each of the constituent territories and applicable at the formation of such free-trade area or

ITO CHARTER

part, any similar procedural requirement in this chapter.

2. The conference and the executice board shall establish such rules of procedure as may be necessary to carry out the provisions of this chapter.

ARTICLE 42. TERRITORIAL APPLICATION OF CHAPTER IV

1. The provisions of chapter IV shall apply to the metropolitan customs territories of the members and to any other customs territories in respect of which this charter has been accepted in accordance with the provisions of article 104. Each such customs territory shall, exclusively for the purposes of the territorial application of chapter IV, be treated as though it were a member: *Provided*, That the provisions of this paragraph shall not be construed to create any rights or obligations as between two or more customs territories in respect of which this charter has been accepted by a single member.

2. For the purposes of this chapter a customs territory shall be understood to mean any territory with respect to which separate tariffs or other regulations of commerce are maintained for a substantial part of the trade of such territory wtih other territories.

ARTICLE 43. FRONTIER TRAFFIC

The provisions of this chapter shall not be construed to prevent:

(a) advantages accorded by any member to adjacent countries in order to facilitate frontier traffic;

(b) advantages accorded to the trade with the Free Territory of Trieste by countries contiguous to that territory, provided that such advantges are not in conflict with the treaties of peace arising out of the Second World War.

ARTICLE 44. CUSTOMS UNIONS AND FREE-TRADE AREAS

1. Members recognize the desirability of increasing freedom of trade by the development, through voluntary agreements, of closer integration between the economies of the countries parties to such agreements. They also recognize that the purpose of a custom union or free-trade area should be to facilitate trade between the parties and not to raise barriers to the trade of other member countries with such parties.

2. Accordingly, the provisions of this chapter shall not prevent, as between the territories of members, the formation of a customs union or a free-trade area or the adoption of an interim agreement necessary for the formation of a customs union or of a free-trade are: *Provided*, That

(a) with respect to a customs union or an interim agreement leading to the formation of a customs union, the duties and other regulations of commerce imposed at the institution of any such union or interim agreement in respect of trade with member countries not parties to such union or agreement shall not on the whole be higher or more restrictive than the general incidence of the duties and regulations of commerce applicable in the constituent territories prior to the formation of such union or the adoption of such interim agreement, as the case may be.

(b) with respect to a free-trade area, or an interim agreement leading to the formation of a free-trade area, the duties and other regulations of commerce maintained in each of the constituent territories and applicable at the formation of such free-trade area or

GENERAL AGREEMENT ON TARIFFS AND TRADE

the adoption of such interim agreement to the trade of contracting parties not included in such area or not parties to such agreement shall not be higher or more restrictive than the corresponding duties and other regulations of commerce existing in the same constituent territories prior to the formation of the free-trade area, or interim agreement, as the case may be; and

(c) any interim agreement referred to in subparagraphs (a) and (b) shall include a plan and schedule for the formation of such a customs union or of such a free-trade area within a reasonable length of time.

6. If in fulfilling the requirements of subparagraph 5 (a), a contracting party proposes to increase any rate of duty inconsistently with the provisions of article II, the procedure set forth in article XXVIII shall apply. In providing for compensatory adjustment, due account shall be taken of the compensation already afforded by the reductions brought about in the corresponding duty of the other constituents of the union.

7. (a) Any contracting party deciding to enter into a customs union or free-trade area, or an interim agreement leading to the formation of such a union or area, shall promptly notify the contracting parties and shall make available to them such information regarding the proposed union or area as will enable them to make such reports and recommendations to contracting parties as they may deem appropriate.

(b) If, after having studied the plan and schedule provided for in an interim agreement referred to in paragraph 5 in consultation with the parties to that agreement and taking due account of the information made available in accordance with the provisions of subparagraph (a), the contracting parties find that such agreement is not likely to result in the formation of a customs union or of a free-trade area within the period contemplated by the parties to the agreement or that such period is not a reasonable one, the contracting parties shall make recommendations to the parties to the agreement. The parties shall not maintain or put into force, as the case may be, such agreement if they are not prepared to modify it in accordance with these recommendations.

(c) Any substantial change in the plan or schedule referred to in paragraph 5 (c) shall be communicated to the contracting parties, which may request the contracting parties concerned to consult with them if the change seems likely to jeopardize or delay unduly the formation of the customs union or of the free-trade area.

8. For the purposes of this agreement:

(a) A customs union shall be understood to mean the substitution of a single customs territory for two or more customs territories, so that

(i) duties and other restrictive regulations of commerce (except, where necessary, those permitted under arts. XI, XII, XIII, XIV, XV, and XX) are eliminated with respect to substantially all the trade between the constituent territories of the union or at least with respect to substantially all the trade in products originating in such territories, and,

(ii) subject to the provisions of paragraph 9, substantially the same duties and other regulations of commerce are applied by each of the members of the union to the trade of territories not included in the union;

(b) A free-trade area shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations of commerce (except, where necessary, those permitted under arts. XI, XII, XIII, XIV, XV, and XX) are eliminated on substantially all the trade between the constituent territories in products originating in such territories.

9. The preferences referred to in paragraph 2 of article I shall not be affected by the

ITO CHARTER

the adoption of such interim agreement to the trade of member countries not included in such area or not parties to such agreement shall not be higher or more restrictive than the corresponding duties and other regulations of commerce existing in the same constituent territories prior to the formation of the free-trade area, or interim agreement, as the case may be; and

(c) any interim agreement referred to in subparagraph (a) or (b) shall include a plan and schedule for the formation of such a customs union or of such a free-trade area within a reasonable length of time.

3. (a) Any member deciding to enter into a customs union or free-trade area, or an interim agreement leading to the formation of such a union or area, shall promptly notify the Organization and shall make available to it such information regarding the proposed union or area as will enable the Organization to make such reports and recommendations to members as it may deem appropriate.

(b) If, after having studied the plan and schedule provided for in an interim agreement referred to in paragraph 2 in consultation with the parties to that agreement and taking due account of the information made available in accordance with the provisions of subparagraph (a), the Organization finds that such agreement is not likely to result in the formation of a customs union or of a free-trade area within the period contemplated by the parties to the agreement or that such period is not a reasonable one, the Organization shall make recommendations to the parties to the agreement. The parties shall not maintain or put into force, as the case may be, such agreement if they are not prepared to modify it in accordance with these recommendations.

(c) Any substantial change in the plan or schedule referred to in paragraph 2 (c) shall be communicated to the Organization, which may request the members concerned to consult with it if the change seems likely to jeopardize or delay unduly the formation of the customs union or of the free-trade area.

4. For the purposes of this Charter:

(a) A customs union shall be understood to mean the substitution of a single customs territory for two or more customs territories, so that

(i) duties and other restrictive regulations of commerce (except, where necessary, those permitted under section B of ch. IV and under art. 45) are eliminated with respect to substantially all the trade between the constituent territories of the union or at least with respect to substantially all the trade in products originating in such territories, and,

(ii) subject to the provisions of paragraph 5, substantially the same duties and other regulations of commerce are applied by each of the members of the union to the trade of territories not included in the union;

(b) A free-trade area shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations of commerce (except, where necessary, those permitted under sec. B of ch. IV and under art. 45) are eliminated on substantially all the trade between the constituent territories in products originating in such territories.

5. The preferences referred to in paragraph 2 of article 16 shall not be affected by the

GENERAL AGREEMENT ON TARIFFS AND TRADE

formation of a customs union or of a free-trade area but may be eliminated or adjusted by means of negotiations with contracting parties affected. This procedure of negotiations with affected contracting parties shall, in particular, apply to the elimination of preferences required to conform with the provisions of paragraph 8 (a) (i) and paragraph 8 (b).

10. The contracting parties may by a two-thirds majority approve proposals which do not fully comply with the requirements of paragraphs 5 to 9, inclusive, provided that such proposals lead to the formation of a customs union or a free-trade area in the sense of this article.

11. Taking into account the exceptional circumstances arising out of the establishment of India and Pakistan as independent states and recognizing the fact that they have long constituted an economic unit, the contracting parties agree that the provisions of this agreement shall not prevent the two countries from entering into special arrangements with respect to the trade between them, pending the establishment of their mutual trade relations on a definitive basis.

12. Each contracting party shall take such reasonable measures as may be available to it to insure observance of the provisions of this agreement by the regional and local governments and authorities within its territory.

AD ARTICLE XXIV

(From annex I)

Paragraph 5

It is understood that the provisions of article I would require that, when a product which has been imported into the territory of a member of a customs union or free-trade area at a preferential rate of duty is reexported to the territory of another member of such union or area, the latter member should collect a duty equal to the difference between the duty already paid and the most-favored-nation rate.

Paragraph 11

Measures adopted by India and Pakistan in order to carry out definitive trade arrangements between them, once they have been agreed upon, might depart from particular provisions of this agreement, but these measures would in general be consistent with the objectives of the agreement.

ARTICLE XXV. JOINT ACTION BY THE CONTRACTING PARTIES

1. Representatives of the contracting parties shall meet from time to time for the purpose of giving effect to those provisions of this agreement which involve joint action and, generally, with a view to facilitating the operation and furthering the objectives of this agreement. Wherever reference is made in this agreement to the contracting parties acting jointly they are designated as the contracting parties.

2. The Secretary-General of the United Nations is requested to convene the first meet-

ITO CHARTER

formation of a customs union or of a free-trade area but may be eliminated or adjusted by means of negotiations with members affected. This procedure of negotiations with affected members shall, in particular, apply to the elimination of preferences required to conform with the provisions of paragraph 4 (a) (i) and paragraph 4 (b).

6. The Organization may, by a two-thirds majority of the members present and voting, approve proposals which do not fully comply with the requirements of the preceding paragraphs, provided that such proposals lead to the formation of a customs union or of a free-trade area in the sense of this article.

ANNEX M. SPECIAL PROVISIONS REGARDING INDIA AND PAKISTAN

(Referred to in par. 1 (d) of art. 99)

In view of the special circumstances arising out of the establishment as independent states of India and Pakistan, which have long constituted an economic unit, the provisions of this charter shall not prevent the two countries from entering into special interim agreements with respect to the trade between them, pending the establishment of their reciprocal trade relations on a definitive basis. When these relations have been established, measures adopted by these countries in order to carry out definitive agreements with respect to their reciprocal trade relations, may depart from particular provisions of the charter, provided that such measures are in general consistent with the objectives of the charter.

AD ARTICLE 44

(From annex P)

Paragraph 5

It is understood that the provisions of article 16 would require that, when a product which has been imported into the territory of a member of a customs union or free-trade area at a preferential rate of duty is reexported to the territory of another member of such union or area, the latter member should collect a duty equal to the difference between the duty already paid and the most-favored-nation rate.

No comparable provision. The ITO contemplates a formal organization with a permanent location, regular sessions, a conference, an executive board, and a Director-General, whereas the GATT merely provides for consultation between contracting parties.

GENERAL AGREEMENT ON TARIFFS AND TRADE

ing of the contracting parties which shall take place not later than March 1, 1948.

3. Each contracting party shall be entitled to have one vote at all meetings of the contracting parties.

4. Except as otherwise provided for in this agreement, decisions of the contracting parties shall be taken by a majority of the votes cast.

5. (a) In exceptional circumstances not elsewhere provided for in this agreement, the contracting parties may waive in obligation imposed upon a contracting party by this agreement: *Provided*, That any such decision shall be approved by a two-thirds majority of the votes cast and that such majority shall comprise more than half of the contracting parties. The contracting parties may also by such a vote (i) define certain categories of exceptional circumstances to which other voting requirements shall apply for the waiver of obligations, and (ii) prescribe such criteria as may be necessary for the application of this subparagraph.

(b) If any contracting party has failed without sufficient justification to carry out with another contracting party negotiations of the kind described in paragraph 1 of article 17 of the Habana Charter, the contracting parties may, upon complaint and after investigation, authorize the complaining contracting party to withhold from the other the concessions incorporated in the relevant schedule to this agreement. In any judgment as to whether a contracting party has so failed, the contracting parties shall have regard to all relevant circumstances, including the developmental, reconstruction, and other needs and the general fiscal structures of the contracting parties concerned and to the provisions of the Habana Charter as a whole. If in fact the concessions referred to are withheld, so as to result in the application to the trade of the other contracting party of tariffs higher than would otherwise have been applicable, such other contracting party shall then be free, within 60 days after such action becomes effective, to give written notice to withdrawal from the agreement. The withdrawal shall take effect upon the expiration of 60 days from the day on which such notice is received by the contracting parties.

(c) The provisions of subparagraph (b) shall not apply as between any two contracting parties the schedules of which contain concessions initially negotiated between such contracting parties.

(d) The provisions of subparagraphs (b) and (c) shall not apply until January 1, 1949.

ITO CHARTER

4. (a) The provisions of article 16 shall not prevent the operation of paragraph 5 (b) of article XXV of the general agreement on tariffs and trade, as amended at the first session of the contracting parties.

(b) If a member has failed to become a contracting party to the general agreement within 2 years from the entry into force of this charter with respect to such member, the provisions of article 16 shall cease to require, at the end of that period, the application to the trade of such member country of the concessions granted, in the appropriate schedule annexed to the general agreement, by another member which has requested the first member to negotiate with a view to becoming a contracting party to the general agreement but has not successfully concluded negotiations: *Provided*, That the Organization may, by a majority of the votes cast, require the continued application of such concessions to the trade of any member country which has been unreasonably prevented from becoming a contracting party to the general agreement pursuant to negotiations in accordance with the provisions of this article.

(c) If a member which is a contracting party to the general agreement proposes to withhold tariff concessions from the trade of a member country which is not a contracting party, it shall give notice in writing to the Organization and to the affected member. The latter member may request the Organization to require the continuance of such concessions, and if such a request has been made, the tariff concession shall not be withheld pending a decision by the Organization under the provisions of subparagraph (b) of this paragraph.

(d) In any determination whether a member has been unreasonably prevented from becoming a contracting party to the general agreement, and in any determination under the provisions of chapter VIII whether a member has failed without sufficient justification to fulfill its obligations under paragraph 1 of this article, the Organization shall have regard to all relevant circumstances, including the developmental, reconstruction and other needs, and the general fiscal struc-

GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XXVI. ACCEPTANCE, ENTRY INTO FORCE AND REGISTRATION

1. The present agreement shall bear the date of the signature of the final act adopted at the conclusion of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment and shall be open to acceptance by any government signatory to the final act.

2. This agreement, done in a single English original and in a single French original, both texts authentic, shall be deposited with the Secretary-General of the United Nations, who shall furnish certified copies thereof to all interested governments.

3. Each government accepting this agreement shall deposit an instrument of acceptance with the Secretary-General of the United Nations, who will inform all interested governments of the date of deposit of each instrument of acceptance and of the day on which this agreement enters into force under paragraph 5 of this article.

4. Each government accepting this agreement does so in respect of its metropolitan territory and of the other territories for which it has international responsibility; *Provided*, That it may at the time of acceptance declare that any separate customs territory for which it has international responsibility possesses full autonomy in the conduct of its external commercial relations and of the other matters provided for in this agreement, such territory shall, upon sponsorship through a declaration by the responsible contracting party establishing the above-mentioned fact, be deemed to be a contracting party.

ITO CHARTER

tures of the member countries concerned and to the provisions of the charter as a whole.

(c) If such concessions are in fact withheld, so as to result in the application to the trade of a member country of duties higher than would otherwise have been applicable, such member shall then be free, within 60 days after such action becomes effective, to give written notice of withdrawal from the Organization. The withdrawal shall become effective upon the expiration of 60 days from the day on which such notice is received by the Director-General.

ARTICLE 103. ENTRY INTO FORCE AND REGISTRATION

1. The government of each state accepting this charter shall deposit an instrument of acceptance with the Secretary-General of the United Nations, who will inform all governments represented at the United Nations conference on trade and employment and all members of the United Nations not so represented of the date of deposit of each instrument of acceptance and of the day on which the charter enters into force. Subject to the provisions of annex O, after the entry into force of the charter in accordance with the provisions of paragraph 2, each instrument of acceptance so deposited shall take effect on the sixtieth day following the day on which it is deposited.

ANNEX O. ACCEPTANCES WITHIN 60 DAYS OF THE FIRST REGULAR SESSION

(Referred to in par. 1 of art. 103)

For the purpose of the first regular session of the conference, any government which has deposited an instrument of acceptance in accordance with the provisions of paragraph 1 of article 103 prior to the first day of the session, shall have the same right to participate in the conference as a member.

ARTICLE 106. DEPOSIT AND AUTHENTICITY OF TEXTS—TITLE AND DATE OF THE CHARTER

1. The original texts of this charter in the official languages of the United Nations shall be deposited with the Secretary-General of the United Nations, who will furnish certified copies of the texts to all interested governments. Subject to the provisions of the statute of the International Court of Justice, such texts shall be equally authoritative for the purposes of the interpretation of the charter, and any discrepancy between texts shall be settled by the conference.

2. The date of this charter shall be March 24, 1948.

3. This Charter for an International Trade Organization shall be known as the Habana Charter.

ARTICLE 104. TERRITORIAL APPLICATION

1. Each government accepting this charter does so in respect of its metropolitan territory and of the other territories for which it has international responsibility, except such separate customs territories as it shall notify to the Organization at the time of its own acceptance.

2. Any member may at any time accept this charter, in accordance with the provisions of paragraph 1 of article 103, on behalf of any separate customs territory excepted under the provisions of paragraph 1.

3. Each member shall take such reasonable measures as may be available to it to ensure observance of the provisions of this charter by the regional and local governments and authorities within its territory.

GENERAL AGREEMENT ON TARIFFS AND TRADE

5. This agreement shall enter into force, as among the governments which have accepted it, on the thirtieth day following the day on which instruments of acceptance have been deposited with the Secretary-General of the United Nations on behalf of governments signatory to the final act the territories of which account for 85 percent of the total external trade of the territories of the signatories to the final act adopted at the conclusion of the second session of the Preparatory Committee of the United Nations Conference on Trade and Employment. Such percentage shall be determined in accordance with the table set forth in annex H. The instrument of acceptance of each other government signatory to the final act shall take effect on the thirtieth day following the day on which such instrument is deposited.

6. The United Nations is authorized to effect registration of this agreement as soon as it enters into force.

AD ARTICLE XXVI

(From annex I)

Territories for which the contracting parties have international responsibility do not include areas under military occupation.

ARTICLE XXVII. WITHHOLDING OR WITHDRAWAL OF CONCESSIONS

Any contracting party shall at any time be free to withhold or to withdraw in whole or in part any concession, provided for in the appropriate schedule annexed to this agreement, in respect of which such contracting party determines that it was initially negotiated with a government which has not become, or has ceased to be, a contracting party. The contracting party taking such action shall give notice to all other contracting parties and, upon request, consult with the contracting parties which have a substantial interest in the product concerned.

ARTICLE XXVIII. MODIFICATION OF SCHEDULES

1. On or after January 1, 1951, any contracting party may, by negotiation and agreement with any other contracting party with which such treatment was initally negotiated, and subject to consultation with such other contracting parties as the contracting parties determine to have a substantial interest in such treatment, modify, or cease to apply, the treatment which it has agreed to accord under article II to any product de-

ITO CHARTER

AD ARTICLE 104

(From annex P)

NOTE 1.—In the case of a condominium, where the codomini are members of the Organization, they may, if they so desire and agree, jointly accept this charter in respect of the condominium.

NOTE 2.—Nothing in this article shall be construed as prejudicing the rights which may have been or may be invoked by states in connection with territorial questions or disputes concerning territorial sovereignty.

ARTICLE 103 (CONTINUED)

2. (a) This Charter shall enter into force—

(i) On the sixtieth day following the day on which a majority of the governments signing the final act of the United Nations Conference on Trade and Employment have deposited instruments of acceptance in accordance with the provisions of paragraph 1; or

(ii) If, at the end of 1 year from the date of signature of the said final act, it has not entered into force in accordance with the provisions of subparagraph (a) (i), then on the sixtieth day following the day on which the number of governments represented at the United Nations Conference on Trade and Employment which have deposited instruments of acceptance in accordance with the provisions of paragraph 1 shall reach 20: *Provided*, That if 20 such governments have deposited acceptances more than 60 days before the end of such year, it shall not enter into force until the end of that year.

(b) If this charter shall not have entered into force by September 30, 1949, the Secretary-General of the United Nations shall invite those governments which have deposited instruments of acceptance to enter into consultation to determine whether and on what conditions they desire to bring the charter into force.

3. Under September 30, 1949, no state or separate customs territory, on behalf of which the said final act has been signed, shall be deemed to be a nonmember for the purposes of article 98.

4. The Secretary-General of the United Nations is authorized to register this charter as soon as it enters into force.

No comparable article.

No comparable article.

GENERAL AGREEMENT ON TARIFFS AND TRADE

scribed in the appropriated schedule annexed to this agreement. In such negotiations and agreement, which may include provision for compensatory adjustment with respect to other products, the contracting parties concerned shall endeavor to maintain a general level of reciprocal and mutually advantageous concessions not less favorable to trade than that provided for in the present agreement.

2. (a) If agreement between the contracting parties primarily concerned cannot be reached, the contracting party which proposes to modify or cease to apply such treatment shall, nevertheless, be free to do so, and if such action is taken the contracting party with which such treatment was initially negotiated, and the other contracting parties determined under paragraph 1 of this article to have a substantial interest, shall then be free, not later than 6 months after such action is taken, to withdraw, upon the expiration of 30 days from the day on which written notice of such withdrawal is received by the contracting parties, substantially equivalent concessions initially negotiated with the contracting party taking such action.

(b) If agreement between the contracting parties primarily concerned is reached but any other contracting party determined under paragraph 1 of this article to have a substantial interest is not satisfied, such other contracting party shall be free, not later than 6 months after action under such agreement is taken, to withdraw, upon the expiration of 30 days from the day on which written notice of such withdrawal is received by the contracting parties, substantially equivalent concessions initially negotiated with a contracting party taking action under such agreement.

ARTICLE XXIX. RELATION OF THIS AGREEMENT TO THE CHARTER FOR AN INTERNATIONAL TRADE ORGANIZATION

1. The contracting parties, recognizing that the objectives set forth in the preamble of this agreement can best be attained through the adoption, by the United Nations Conference on Trade and Employment, of a charter leading to the creation of an International Trade Organization, undertake, pending their acceptance of such a charter in accordance with their constitutional procedures, to observe to the fullest extent of their executive authority the general principles of the draft charter submitted to the conference by the preparatory committee.

2. (a) On the day on which the Charter of the International Trade Organization enters into force, article I and part II of this agreement shall be suspended and superseded by the corresponding provisions of the charter: *Provided*, That within 60 days of the closing of the United Nations Conference on Trade and Employment any contracting party may lodge with the other contracting parties an objection to any provision or provisions of this agreement being so suspended and superseded; in such case the contracting parties shall, within 60 days after the final date for the lodging of objections, confer to consider the objection in order to agree whether the provisions of the charter to which objection has been lodged, or the corresponding provision of this agreement in its existing form or any amended form, shall apply.

(b) The contracting parties will also agree concerning the transfer to the International Trade Organization of their functions under article XXV.

3. If any contracting party has not accepted the charter when it has entered into force, the contracting parties shall confer

ITO CHARTER

No comparable article.

GENERAL AGREEMENT ON TARIFFS AND TRADE

to agree whether, and if so in what way, this agreement, insofar as it affects relations between the contracting party which has not accepted the charter and other contracting parties, shall be supplemented or amended.

4. During the month of January 1949, should the charter not have entered into force, or at such earlier time as may be agreed if it is known that the charter will not enter into force, or at such later time as may be agreed if the charter ceases to be in force, the contracting parties shall meet to agree whether this agreement shall be amended, supplemented, or maintained.

5. The signatories of the final act which are not at the time contracting parties shall be informed of any objection lodged by a contracting party under the provisions of paragraph 2 of this article and also of any agreement which may be reached between the contracting parties under paragraphs 2, 3, or 4 of this article.

ARTICLE XXX. AMENDMENTS

1. Except where provisions for modification are made elsewhere in this agreement, amendments to the provisions of part I of this agreement or to the provisions of article XXIX or of this article shall become effective upon acceptance by all the contracting parties, and other amendments to this agreement shall become effective, in respect of those contracting parties which accept them, upon acceptance by two-thirds of the contracting parties and thereafter for each other contracting party upon acceptance by it.

2. Any contracting party accepting an amendment to this agreement shall deposit an instrument of acceptance with the Secretary-General of the United Nations within such period as the contracting parties may specify. The contracting parties may decide that any amendment made effective under this article is of such a nature that any contracting party which has not accepted it within a period specified by the contracting parties shall be free to withdraw from this agreement, or to remain a contracting party with the consent of the contracting parties.

ITO CHARTER

ARTICLE 100. AMENDMENTS

1. Any amendment to this charter which does not alter the obligations of members shall become effective upon approval by the conference by a two-thirds majority of the members.

2. Any amendment which alters the obligations of members shall, after receiving the approval of the conference by a two-thirds majority of the members present and voting, become effective for the members accepting the amendment upon the ninetieth day after two-thirds of the members have notified the Director-General of their acceptance, and thereafter for each remaining member upon acceptance by it. The conference may, in its decision approving an amendment under this paragraph and by one and the same vote, determine that the amendment is of such a nature that the members which do not accept it within a specified period after the amendment becomes effective shall be suspended from membership in the Organization: *Provided,* That the conference may, at any time, by a two-thirds majority of the members present and voting, determine the conditions under which such suspension shall not apply with respect to any such member.

3. A member not accepting an amendment under paragraph 2 shall be free to withdraw from the Organization at any time after the amendment has become effective: *Provided,* That the Director-General has received from such member 60 days' written notice of withdrawal; and *provided further,* That the withdrawal of any member suspended under the provisions of paragraph 2 shall become effective upon the receipt by the Director-General of written notice of withdrawal.

4. The conference shall, by a two-thirds majority of the members present and voting, determine whether an amendment falls under paragraph 1 or paragraph 2, and shall establish rules with respect to the reinstatement of members suspended under the provisions of paragraph 2, and any other rules required for carrying out the provisions of this article.

5. The provisions of chapter VIII may be amended within the limits and in accordance with the procedure set forth in annex N.

ANNEX N. SPECIAL AMENDMENT OF CHAPTER VIII

(Referred to in par. 5 of art. 100)

Any amendment to the provisions of chapter VIII which may be recommended by the Interim Commission for the International Trade Organization after consultation with the International Court of Justice and which

GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XXXI. WITHDRAWAL

Without prejudice to the provisions of article XXIII or of paragraph 2 of article XX, any contracting party may, on or after January 1, 1951, withdraw from this agreement, or may separately withdraw on behalf of any of the separate customs territories for which it has international responsibility and which at the time possesses full autonomy in the conduct of its external commercial relations and of the other matters provided for in this agreement. The withdrawal shall take effect on or after January 1, 1951, upon the expiration of 6 months from the day on which written notice of withdrawal is received by the Secretary-General of the United Nations.

ARTICLE XXXII. CONTRACTING PARTIES

1. The contracting parties to this agreement shall be understood to mean those governments which are applying the provisions of this agreement under articles XXVI or XXXIII or pursuant to the protocol of provisional application.

2. At any time after the entry into force of this agreement pursuant to paragraph 5 of article XXVI, those contracting parties which have accepted this agreement pursuant to paragraph 3 of article XXVI may decide that any contracting party which has not so accepted it shall cease to be a contracting party.

ARTICLE XXXIII. ACCESSION

A government not party to this agreement, or a government acting on behalf of a separate customs territory possessing full autonomy in the conduct of its external commercial relations and of the other matters provided for in this agreement, may accede to this agreement, on its own behalf or on behalf of that territory, on terms to be agreed between such government and the contracting parties. Decisions of the contracting parties under this paragraph shall be taken by a two-thirds majority.

ITO CHARTER

relates to review by the Court of matters which arise out of the charter but which are not already covered in chapter VIII, shall become effective upon approval by the conference, at its first regular session, by a vote of a majority of the members: *Provided*, That such amendment shall not provide for review by the Court of any economic or financial fact as established by or through the Organization: *And provided further*, That such amendment shall not affect the obligation of members to accept the advisory opinion of the Court as binding on the Organization upon the points covered by such opinion: *And provided* further, That, if such amendment alters the obligations of members, any member which does not accept the amendment may withdraw from the Organization upon the expiration of 60 days from the day on which written notice of such withdrawal is received by the Director-General.

ARTICLE 102. WITHDRAWAL AND TERMINATION

1. Without prejudice to any special provision in this charter relating to withdrawal, any member may withdraw from the Organization, either in respect of itself or of a separate customs territory on behalf of which it has accepted the charter in accordance with the provisions of article 104, at any time after 3 years from the day of the entry into force of the charter.

2. A withdrawal under paragraph 1 shall become effective upon the expiration of 6 months from the day on which written notice of such withdrawal is received by the Director-General. The Director-General shall immediately notify all the members of any notice of withdrawal which he may receive under this or other provisions of the charter.

3. This charter may be terminated at any time by agreement of three-fourths of the members.

ARTICLE 71. MEMBERSHIP

1. The original members of the Organization shall be:

(a) Those states invited to the United Nations Conference on Trade and Employment whose governments accept this charter, in accordance with the provisions of paragraph 1 of article 103, by September 30, 1949, or, if the charter shall not have entered into force by that date, those States whose governments agree to bring the charter into force in accordance with the provisions of paragraph 2 (b) of article 103;

(b) those separate customs territories invited to the United Nations Conference on Trade and Employment on whose behalf the competent member accepts this charter, in accordance with the provisions of article 104, by September 30, 1949, or, if the charter shall not have entered into force by that date, such separate customs territories which agree to bring the charter into force in accordance with the provisions of paragraph 2 (b) of article 103 and on whose behalf the competent member accepts the charter in accordance with the provisions of article 104. If any of these customs territories shall have become fully responsible for the formal conduct of its diplomatic relations by the time it wishes to deposit an instrument of acceptance, it shall proceed in the manner set forth in subparagraph (a) of this paragraph.

2. Any other state whose membership has been approved by the conference shall become a member of the Organization upon its acceptance, in accordance with the provisions of paragraph 1 of article 103, of the charter as amended up to the date of such acceptance.

3. Any separate customs territory not invited to the United Nations Conference on Trade and Employment, proposed by the competent member having responsibility for the formal conduct of its diplomatic rela-

GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XXXIV. ANNEXES

The annexes to this agreement are hereby made an integral part of this agreement.

ARTICLE XXXV

1. Without prejudice to the provisions of paragraph 5 (b) of article XXV or to the obligations of a contracting party pursuant to paragraph 1 of article XXIX, this agreement, or alternatively article II of this agreement, shall not apply as between any contracting party and any other contracting party if:

(a) The two contracting parties have not entered into tariff negotiations with each other, and

(b) Either of the contracting parties, at the time either becomes a contracting party, does not consent to such application.

2. The contracting parties may, at any time before the Habana Charter enters into force, review the operation of this article in particular cases at the request of any contracting party and make appropriate recommendations.

ANNEX A. LIST OF TERRITORIES REFERRED TO IN PARAGRAPH 2 (A) OF ARTICLE I

United Kingdom of Great Britain and Northern Ireland.

Dependent territories of the United Kingdom of Great Britain and Northern Ireland.

Canada.

Commonwealth of Australia.

Dependent territories of the Commonwealth of Australia.

New Zealand.

Dependent territories of New Zealand.

Union of South Africa, including South West Africa.

Ireland.

India (as on April 10, 1947).

Newfoundland.

Southern Rhodesia.

Burma.

Ceylon.

Certain of the territories listed above have two or more preferential rates in force for certain products. Any such territory may, by agreement with the other contracting parties which are principal suppliers of such products at the most-favored-nation rate, substitute for such preferential rates a single preferential rate which shall not on the whole be less favorable to suppliers at the most-favored-nation rate than the preferences in force prior to such substitution.

The imposition of an equivalent margin of tariff preference to replace a margin of preference in an internal tax existing on April 10, 1947, exclusively between two or more of the territories listed in this annex or to replace the preferential quantitative arrangements described in the following paragraph, shall not be deemed to constitute an increase in a margin of tariff preference.

The preferential arrangements referred in paragraph 5 (b) of article XIV are those existing in the United Kingdom on April 10, 1947, under contractual agreements with the Governments of Canada, Australia, and New Zealand, in respect of chilled and frozen beef and veal, frozen mutton and lamb, chilled and frozen pork, and bacon. It is the intention, without prejudice to any action taken under part I (h) of article XX, that these arrangements shall be eliminated or

ITO CHARTER

tions and which is autonomous in the conduct of its external commercial relations and of the other matters provided for in this charter and whose admission is approved by the Conference, shall become a member upon acceptance of the charter on its behalf by the competent member in accordance with the provisions of article 104 or, in the case of a territory in respect of which the charter has already been accepted under that article, upon such approval by the conference after it has acquired such autonomy.

ARTICLE 105. ANNEXES

The annexes to this charter form an integral part thereof.

No comparable article.

ANNEX A. LIST OF TERRITORIES REFERRED TO IN PARAGRAPH 2 (A) OF ARTICLE 16

United Kingdom of Great Britain and Northern Ireland.

Dependent territories of the United Kingdom of Great Britain and Northern Ireland.

Canada.

Commonwealth of Australia.

Dependent territories of the Commonwealth of Australia.

New Zealand.

Dependent territories of New Zealand.

Union of South Africa, including South West Africa.

Ireland.

India (as at April 10, 1947).

Newfoundland.

Southern Rhodesia.

Burma.

Ceylon.

Certain of the territories listed above have two or more preferential rates in force for certain products. Any such territory may, by agreement with the other members which are principal suppliers of such products at the most-favored-nation rate, substitute for such preferential rates a single preferential rate which shall not on the whole be less favorable to suppliers at the most-favored-nation rate than the preferences in force prior to such substitution.

The preferential arrangements referred to in paragraph 5 (b) of article 23 are those existing in the United Kingdom on April 10, 1947, under contractual agreements with the Governments of Canada, Australia, and New Zealand, in respect of chilled and frozen beef and veal, frozen mutton and lamb, chilled and frozen pork, and bacon. Without prejudice to any action taken under paragraph 1 (a) (ix) of article 45, negotiations shall be entered into when practicable among

GENERAL AGREEMENT ON TARIFFS AND TRADE

replaced by tariff preferences, and that negotiations to this end shall take place as soon as practicable among the countries substantially concerned or involved.

The film-hire tax in force in New Zealand on April 10, 1947, shall, for the purposes of this agreement, be treated as a customs duty under article I. The renters' film quota in force in New Zealand on April 10, 1947, shall, for the purposes of this agreement, be treated as a screen quota under article IV.

The Dominions of India and Pakistan have not been mentioned separately in the above list since they had not come into existence as such on the base date of April 10, 1947.

ANNEX B. LIST OF TERRITORIES OF THE FRENCH UNION REFERRED TO IN PARAGRAPH 2 (B) OF ARTICLE I

France
French Equatorial Africa (Treaty Basin of the Congo[1] and other territories)
French West Africa
Cameroons under French Mandate[1]
French Somali Coast and Dependencies
French Establishments in India[1]
French Establishments in Oceania
French Establishments in the Condominium of the New Hebrides[1]
Guadeloupe and Dependencies
French Guiana
Indochina
Madagascar and Dependencies
Morocco (French zone)[1]
Martinique
New Caledonia and Dependencies
Réunion
Saint-Pierre and Miquelon
Togo under French Mandate[1]
Tunisia

ANNEX C. LIST OF TERRITORIES OF THE CUSTOMS UNION OF BELGIUM, LUXEMBURG AND THE NETHERLANDS REFERRED TO IN PARAGRAPH 2 (B) OF ARTICLE I

The Economic Union of Belgium and Luxemburg
Belgian Congo
Ruanda Urundi
Netherlands
Netherlands Indies
Surinam
Curaçao

(For imports into the metropolitan territories constituting the Customs Union.)

ANNEX D. LIST OF TERRITORIES REFERRED TO IN PARAGRAPH 2 (B) OF ARTICLE I AS RESPECTS THE UNITED STATES OF AMERICA

United States of America (customs territory)
Dependent territories of the United States of America
Republic of the Philippines

The imposition of an equivalent margin of tariff preference to replace a margin of preference in an internal tax existing on April 10, 1947, exclusively between two or more of the territories listed in this annex shall not be deemed to constitute an increase in a margin of tariff preference.

ANNEX E. LIST OF TERRITORIES COVERED BY PREFERENTIAL ARRANGEMENTS BETWEEN CHILE AND NEIGHBORING COUNTRIES REFERRED TO IN PARAGRAPH 2 (D) OF ARTICLE I

Preferences in force exclusively between Chile, on the one hand, and

1. Argentina
2. Bolivia
3. Peru

on the other hand.

[1] For imports into metropolitan France and territories of the French Union.

ITO CHARTER

the countries substantially concerned or involved, in the manner provided for in article 17, for the elimination of these arrangements or their replacement by tariff preferences. If after such negotiations have taken place a tariff preference is created or an existing tariff preference is increased to replace these arrangements such action shall not be considered to contravene the provisions of article 16 or article 17.

The film-hire tax in force in New Zealand on April 10, 1947 shall, for the purpose of this charter, be treated as a customs duty falling under articles 16 and 17. The renters' film quota in force in New Zealand on April 10, 1947, shall for the purposes of this charter be treated as a screen quota falling under article 19.

The Dominions of India and Pakistan have not been mentioned separately in the above list since they had not come into existence as such on the base date of April 10, 1947.

ANNEX B. LIST OF TERRITORIES OF THE FRENCH UNION REFERRED TO IN PARAGRAPH 2 (B) OF ARTICLE 16

France
French Equatorial Africa (Treaty Basin of the Congo[1] and other territories)
French West Africa
Cameroons under French Mandate[1]
French Somali Coast and Dependencies
French Establishments in India[1]
French Establishments in Oceania
French Establishments in the Condominium of the New Hebrides[1]
Guadeloupe and Dependencies
French Guiana
Indochina
Madagascar and Dependencies
Morocco (French zone)[1]
Martinique
New Caledonia and Dependencies
Reunion
Saint-Pierre and Miquelon
Togo under French Mandate[1]
Tunisia

ANNEX C. LIST OF TERRITORIES OF THE CUSTOMS UNION OF BELGIUM, LUXEMBURG AND THE NETHERLANDS REFERRED TO IN PARAGRAPH 2 (B) OF ARTICLE 16

The Economic Union of Belgium and Luxemburg
Belgian Congo
Ruanda Urundi
The Netherlands
Netherlands Indies
Surinam
Curaçao

(For imports into the metropolitan territories of the Customs Union.)

ANNEX D. LIST OF TERRITORIES OF THE UNITED STATES OF AMERICA REFERRED TO IN PARAGRAPH 2 (B) OF ARTICLE 16

United States of America (customs territory)
Dependent territories of the United States of America

ANNEX F. LIST OF TERRITORIES COVERED BY PREFERENTIAL ARRANGEMENTS BETWEEN CHILE AND NEIGHBORING COUNTRIES REFERRED TO IN PARAGRAPH 2 (E) OF ARTICLE 16

Preferences in force exclusively between, on the one hand, Chile, and, on the other hand,

1. Argentina
2. Bolivia
3. Peru,

respectively.

[1] For imports into metropolitan France and territories of the French Union.

GENERAL AGREEMENT ON TARIFFS AND TRADE

ANNEX F. LIST OF TERRITORIES COVERED BY PREFERENTIAL ARRANGEMENTS BETWEEN LEBANON AND SYRIA AND NEICHBORING COUNTRIES REFERRED TO IN PARAGRAPH 2 (D) OF ARTICLE I

Preferences in force exclusively between the Lebano-Syrian Customs Union, on the one hand, and

1. Palestine
2. Transjordan

on the other hand.

ANNEX G. DATES ESTABLISHING MAXIMUM MARGINS OF PREFERENCE REFERRED TO IN PARAGRAPH 3 OF ARTICLE I

Australia, October 15, 1946.
Canada, July 1, 1939.
France, January 1, 1939.
Lebano-Syrian Customs Union, November 30, 1939.
Union of South Africa, July 1, 1938.
Southern Rhodesia, May 1, 1941.

ANNEX H. PERCENTAGE SHARES OF TOTAL EXTERNAL TRADE TO PE USED FOR THE PURPOSE OF MAKING THE DETERMINATION REFERRED TO IN ARTICLE XXVI

(Based on the average of 1938 and the latest 12 months for which figures are available)

	Percentage
Australia	3.2
Belgium-Luxemburg-Netherlands	10.9
Brazil	2.8
Burma	0.7
Canada	7.2
Ceylon	0.6
Chile	0.6
China	2.7
Cuba	0.9
Czechoslovakia	1.4
French Union	9.4
India, Pakistan	[1] 3.3
New Zealand	1.2
Norway	1.5
Southern Rhodesia	0.3
Lebano-Syrian Customs Union	0.1
Union of South Africa	2.3
United Kingdom of Great Britain and Northern Ireland	25.7
United States of America	25.2
	100.0

[1] The allocation of this percentage will be made by agreement between the Governments of India and Pakistan and will be communicated as soon as possible to the Secretary-General of the United Nations.

NOTE.—These percentages have been determined by taking into account the trade of all territories for which countries mentioned above have international responsibility and which are not self-governing in matters dealt with in the general agreement on tariffs and trade.

ANNEX I. INTERPRETATIVE NOTES

(Shown above, following articles to which they relate.)

ANNEX J

(Shown above following article XIV.)

FINAL NOTE

The applicability of the General Agreement on Tariffs and Trade to the trade of contracting parties with the areas under military occupation has not been dealt with and is reserved for further study at an early date. Meanwhile, nothing in this Agreement shall be taken to prejudge the issues involved. This, of course, does not affect the applicability of the provisions of Articles XXII and XXIII to matters arising from such trade.

ITO CHARTER

ANNEX G. LIST OF TERRITORIES COVERED BY PREFERENTIAL ARRANGEMENTS BETWEEN THE SYRO-LEBANESE CUSTOMS UNION AND NEIGHBORING COUNTRIES REFERRED TO IN PARAGRAPH 2 (E) OF ARTICLE 16

Preferences in force exclusively between, on the one hand, the Syro-Lebanese Customs Union and, on the other hand,

1. Palestine
2. Transjordan,

respectively.

No comparable annex.

ANNEX P. INTERPRETATIVE NOTES

(Notes relating to articles printed above are shown following the articles to which they relate.)

ANNEX K

(Shown above opposite annex J following article XIV of GATT.)

No comparable note.

JOINT STATEMENT BY SENATOR VANDENBERG, CHAIRMAN OF THE SENATE FOREIGN RELATIONS COMMITTEE, AND BY SENATOR MILLIKIN, CHAIRMAN OF THE SENATE FINANCE COMMITTEE

Because of our mutual interest in the foreign and domestic aspects of the forthcoming trade-agreements negotiations we have held a number of conversations on the subject.

These and the discussions later referred to with Under Secretary of State Acheson and Under Secretary of State Clayton have been entirely on our own responsibility and solely for preliminary exploration on the subject. It is understood that the proposals are tentative and subject to revision in the light of developments.

Although we are conscious of differences of opinion between us as to some of the philosophy and procedures of the reciprocal-trade system, we are in accordance on the following:

"1. Since under existing law the Reciprocal Trade Act, as last extended by the Congress, does not expire until June 12, 1948, important basic changes in the system, if these should be needed, can be made more appropriately by the next session of this Congress. Moreover, pursuant to the authority vested in it by the Reciprocal Trade Act which, as above pointed out, does not expire until June 1948, the State Department has invited 18 nations to bargain with us this coming April for trade agreements; that elaborate plans for the negotiations have been made by the nations involved; that our own domestic hearings have been under way; that from the standpoint of our foreign relations it is undesirable that these plans be abandoned or needlessly postponed.

"2. There is considerable sentiment for procedural improvements leading to more certain assurance that our domestic economy will not be imperiled by tariff reductions and concessions. The desire for procedural improvements arises from fears such as the following:

"'(a) That our proper domestic concern in tariffs adequate to safeguard our domestic economy may be subordinated to extraneous and overvalued diplomatic objectives;

"'(b) That our domestic interests which require protection against injurious imports or the threat thereof are not given proper hearings on proposed tariff cuts;

"'(c) That the exact reductions and concessions contemplated are kept secret and it is impossible to make specific defensive arguments against unspecified perils;

"'(d) That the whole matter is surrounded with unnecessary secrecy;

"'(e) That responsibility for advice to the President against injurious tariff reductions and concessions is unduly diluted and obscured among too many executive agencies and is not sufficiently focused on those best able to give it;

"'(f) That we do not get sufficient return benefit from the generalized benefits resulting to other nations from the operations of the unconditional most-favored-nation clauses in our trade agreements.'

"3. That under the Tariff Act of 1930 and the amending Reciprocal Trade Act there is ample authority for establishment of procedures by the President without further legislation that will safeguard the domestic economy without hampering the negotiation of agreements to encourage the essential expansion of our foreign trade.

"4. That to the extent such executive safeguards are provided claims for legislative action are obviated.

"5. We believe that the following measures which may be put into effect by the President out of his existing powers would afford improved safeguards and would, without damage to legitimate reciprocal-trade negotiations, allay many of the fears that have been mentioned:

"'(a) The United States Tariff Commission to review all contemplated tariff reductions and concessions in all future trade agreements and to make direct recommendation to the President as to the point beyond which reductions and concessions cannot be made without injury to the domestic economy;

"'(b) Inclusion of "escape clause" in every trade agreement hereafter entered into or renewed whereby the United States, on the initiative of the President, can withdraw or modify any tariff reduction or concession if in practice it develops that such reduction or concession has imperiled any affected domestic interest;

"'(c) The Tariff Commission to keep closely and currently informed on the operation of all of our trade agreements and on its own motion or on the request of the President or of the Congress, or of any aggrieved party, to hold public hearings to determine whether, in its opinion, any particular escape clause should be invoked, and to recommend direct to the President withdrawal or modification of any rate or concession which imperils any affected domestic interest;

"'(d) Recommendations of Tariff Commission to President for withdrawal or modification of rates or concessions under operation of "escape clause," together with any dissenting opinions of members and nonconfidential supporting data to be open to public inspection;

"'(e) Efficient procedures and policies to assure that nations which do not make available to us their own tariff reductions and concessions to other nations shall not receive generalized benefits from us resulting from the inclusion in our own trade agreements of the unconditional most-favored-nation clauses except at our option exercised in the public interest.'

"6. We have discussed these matters with Under Secretary of State Acheson and Under Secretary of State Clayton and are encouraged to hope that improvements by Executive order along the lines suggested will be seriously considered by the President and the State Department."

FEBRUARY 7, 1947.

ORDER FOR RECESS

Mr. GEORGE. Mr. President, I ask unanimous consent that, when the Senate concludes its business today, it stand in recess until 12 o'clock tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. THOMAS of Oklahoma. Mr. President, it is now 20 minutes past 5. What I have to say will consume probably 25 or 30 minutes. If other Senators desire to speak at this time, I would prefer to make my speech tomorrow after the Senate convenes. However, if Senators wish to remain for 25 or 30 minutes, I am ready to proceed.

Mr. President, on May 20 I submitted an amendment to the pending bill.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. THOMAS of Oklahoma. I yield to the Senator from Nebraska.

Mr. WHERRY. Is this the amendment which has to do with the limitation of oil imports?

Mr. THOMAS of Oklahoma. The Senator is correct.

Mr. WHERRY. Mr. President, I do not wish in any way to interfere with the procedure, but this is a very important amendment. I am interested in it, as I know other Senators are. I am wondering if the distinguished acting majority leader feels that we should proceed with this amendment before tomorrow. I do not wish in any way to hinder the program, but I am satisfied that several Senators are interested in this amendment. I thought the speech of the Senator from Oklahoma was to be on a different subject.

Mr. GEORGE. Mr. President, I apprehended that the speech of the Senator from Oklahoma might be on some other part of the program. I should like to have the Senate continue in session a little while longer, but I do not wish to inconvenience Senators by calling for a quorum this late in the afternoon. If the Senator from Oklahoma would rather proceed tomorrow, I shall ask that the Senate take a recess until tomorrow.

Mr. THOMAS of Oklahoma. I shall occupy only 25 or 30 minutes, unless there are questions; and I do not anticipate that. I have no desire whatever to postpone consideration of the pending amendment, offered by my colleague from Colorado [Mr. MILLIKIN]. I desire at this time to get my statement in the RECORD, so that when we come to vote on amendments we can call them up in order and vote on them, and make progress.

RECESS

Mr. GEORGE. Mr. President, in view of the statement of the distinguished minority leader, and assuming that it will be quite as convenient for the Senator from Oklahoma to proceed tomorrow, I move that the Senate take a recess, in accordance with the order already entered, until 12 o'clock noon tomorrow.

The motion was agreed to, and (at 5 o'clock and 26 minutes p. m.) the Senate took a recess, the recess being under the order previously entered, until Friday, September 9, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 8 (legislative day of September 3), 1949:

DIPLOMATIC AND FOREIGN SERVICE

Robert D. Murphy, of Wisconsin, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Belgium.

AIR FORCE OF THE UNITED STATES

The following-named officers for appointment to the positions indicated under the provisions of section 504, Officer Personnel Act of 1947:

Lt. Gen. Howard Arnold Craig, 17A, Air Force of the United States (major general, U. S. Air Force), to be inspector general, United States Air Force, with the rank of lieutenant general, with rank from October 1, 1947.

Maj. Gen. Kenneth Bonner Wolfe, 15A, United States Air Force, to be Deputy Chief of Staff, Matériel, United States Air Force, with the rank of lieutenant general, with date of rank from date of appointment.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 8 (legislative day, September 3), 1949:

IN THE ARMY

APPOINTMENTS IN THE UNITED STATES ARMY

Lt. Gen. Wade Hampton Haislip, O3374, Army of the United States (major general, U. S. Army), for appointment as Vice Chief of Staff, United States Army, with the rank of general, under the provisions of section 504 of the Officer Personnel Act of 1947.

Brig. Gen. Elbert Louis Ford, O5251, United States Army, for appointment as Chief of Ordnance, United States Army, and for appointment as major general in the Regular Army of the United States, under the provisions of section 12, National Defense Act, as amended, and title V, Officer Personnel Act of 1947.

Maj. Gen. William Henry Harrison Morris, Jr., O3102, United States Army, for appointment as Commander in Chief, Caribbean, with the rank of lieutenant general, under the provisions of section 504 of the Officer Personnel Act of 1947.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY OF THE UNITED STATES

The following-named officer for appointment, by transfer, in the Regular Army of the United States, without specification of branch, arm, or service:

Capt. Ernest Woodrow Wilson O41141, Medical Service Corps, United States Army.

The following-named officer for appointment, by transfer, in the Medical Service Corps, Regular Army of the United States:

First Lt. Charles Albert Layman O49778, United States Army.

The following-named officer for appointment, by transfer, in the Judge Advocate General's Corps, Regular Army of the United States:

Capt. William George Barry O40452, United States Army.

PROMOTIONS IN THE REGULAR ARMY

The following-named officers for promotion in the Regular Army of the United States, under the provisions of sections 502 and 509 of the Officer Personnel Act of 1947. Those officers whose names are preceded by the symbol (×) are subject to examination required by law:

To be captains, Medical Service Corps

×Elvis Eugene Bates, O37577.
Derwood Eddie Burleson, O37566.
Robert Dinsdale Evans, O37568.
Samuel Michael Gottry, O37544.
Charles David Graber, O37555.
Thomas Henry Hoover, O37565.
Bernard Francis Kerwin, O37567.
Arthur John Kropp, O37561.
Joseph Alexander Lapiana, O56952.
John Joseph Leary, O56235.
William Morris Newbold, O37538.
Ernest Gabriel Rivas, O37543.
Murval France Specht, O37558.
Richard Milton Stacey, O41153.
Floyd Bruce Wells, O37575.
Harry Towner Whitaker, O37539.

The following-named officers for promotion in the Regular Army of the United States, under the provisions of section 107 of the Army-Navy Nurses Act of 1947:

To be captains, Army Nurse Corps

Mary M. Duncan, N755.
Leah L. Neff, N1092.
Mary Ellen Ouimet, N1396.
Daisy D. Williams, N1674.

UNITED STATES AIR FORCE

PROMOTIONS IN THE UNITED STATES AIR FORCE

The following-named officers for promotion in the United States Air Force under the provisions of section 107 of the Army-Navy Nurses Act of 1947. These officers have been found physically and professionally qualified as required by law:

To be captains, USAF (nurses)

Bean, Catherine Barbara, AN1378.
Christman, Florence M., AN1098.
Cook, Ruby, AN754.
Easterling, Elsie F., AN1093.
Erdmann, Marjorie Bertha, AN1675.
Flynn, Margaret Cecelia, AN1382.
Hays, Helen Marie, AN750.
Hodgson, Maralee Ruth, AN1380.
Hovatter, Velma Arizona, AN920.
Kruger, Ruth A., AN1387.
Lang, Mildred D., AN1585.
Levy, Marietta, AN1384.
Linhares, Alice M., AN912.
Miller, Irene Ethel, AN1581.
Murphy, Mary Cecelia, AN908.
Quintini, Audrae A., AN1395.
Rydzewski, Helen, AN1729.

To be captains, USAF (medical specialists)

Beck, Mary Frances, AJ49.
Folmar, Evelyn, AR10079.

The following-named officers for promotion in the United States Air Force under the provisions of sections 502 and 509 of the Officer Personnel Act of 1947. These officers have been found physically qualified as required by law:

To be captains, USAF (Medical Service)

Cook, Paul Marvin, 19503A.
Delahunt, John Clark, 19509A.
Horton, Russell Ervin, 19501A.
Howell, Louis Grady, 19500A.
Manrow, William Edward, 19504A.
Nicholson, Guy Christopher, 19506A.
Powell, Dudley Forbes, 19507A.
Rohles, Frederick Henry, Jr., 19505A.
Smith, Stuart Springer, 19502A.
Sykes, Edward George, 19508A.

To be major, USAF (Chaplains)

Pierce, Palmer Phillippi, 18759A.

The following-named officers for promotion in the United States Air Force under the provisions of sections 502 and 508 of the Officer Personnel Act of 1947. Those officers whose names are preceded by the symbol (×) are subject to examination required by law. All others have been examined and found physically qualified for promotion:

To be first lieutenants, United States Air Force

Blanton, William Jennings, 17553A.
Bunn, DeWitt Relyea, 17557A.
Burkett, Daniel Lee, 17571A.
×Maurer, Lyle Eugene, 17554A.
McCurdy, Norman Roy, 17556A.
Rhoads, William Clarence, 17555A.
Robinson, Leroy Buddie, 17573A.
Roy, Carl William, 17572A.
×Smith, Walter Aloysius, Jr., 17574A.

(NOTE.—These officers complete the required years' service for promotion purposes during July through December. Dates of rank will be determined by the Secretary of the Air Force.)

APPOINTMENTS IN THE UNITED STATES AIR FORCE

The following-named persons for appointment in the United States Air Force, in the grade and corps indicated with dates of rank to be determined by the Secretary of the Air Force under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947), and title II, Public Law 365, Eightieth Congress (Army-Navy-Public Health Service Medical Officer Procurement Act of 1947):

To be majors, USAF (Medical)

Andres I. Karstens, O542449.
Paul E. Lance, O480242.

To be captains, USAF (Medical)

Robert R. Kessler, O1746057.
Carl B. Richey, Jr., O435892.

To be captains, USAF (Dental)

Leonard S. Johnston, Jr., O356385.
Thomas K. Jones, O360089.

To be first lieutenants, USAF (Medical)

Neill H. Baker, O962711.
Charles G. Campbell, O965830.
Philip C. Canney.
Hugh H. Curnutt, O963956.
Toby Freedman.
Ned T. Gould, O954270.
Gene A. Guinn, O961037.
Eugene T. Hansbrough, O961453.
William C. Hedberg, O963363.
Prescott B. Holt, O965461.
Sidney B. Kern.
Paul J. LaFlamme, O965462.
James T. Leslie, Jr.
Benjamin J. Meadows, Jr., O961040.
Richard C. Peterson, O962718.
Rhea S. Preston.
Walter P. Reeves, O965463.
Fabian J. Robinson, O961438.
Warner M. Soelling, O961549.
Robert J. Suozzo, O963142.
Archie E. Van Wey, O953811.
Charles J. Weber, Jr., O962730.
Robert L. Williams, O1718921.
Joseph B. Workman, O1727509.
Richard L. Zettler, O961435.
Louis H. Zucal, O953813.

To be first lieutenants (Dental)

Salvatore A. Cordaro, O959922.
Sterling H. Kleiser, O966172.
Joseph F. Welborn, O962112.

The following-named persons for appointment in the United States Air Force in the grade indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947), and section 2, Public Law 775, Eightieth Congress (act of June 25, 1948):

To be first lieutenants

Robert B. Booz, O434631.
John E. Cleary, AO1592501.
Vincent J. Del Beccaro, AO 319095.
Francis C. Eberhart, AO406720.
Leonard Eichner, O1171524.
Fred B. Hammond, Jr., O351266.
F. Ned Hand, O423267.
Raphael J. Hogan, O361965.
Henry M. Klein, AO568934.
William L. Koch, AO7C3274.
Joseph E. Krysakowski, AO725888.
Jonah Lebell, AO949879.
Henry S. Lewis, Jr., MO16867.
Robert W. Michels, AO409120.
Gilbert E. Montour, AO435975.
Lee G. Norris, AO1849788.
Peter Portrum, AO569807.
Donald H. Smith, AO7281 8.
Ralph Trabb, AO794905.
Joseph P. Wine, Jr., AO376451.
Gust J. Yandala, AO789852.

The following-named persons for appointment in the United States Air Force in the grade indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 331, Eightieth Congress (Officer Personnel Act of 1947):

To be second lieutenants

Joseph O. Beard, Jr.
Marion C. Becker.
Joe L. Bradley.
Allen C. Clark.
Guy F. Collins.
William R. Coughlin.
Robert S. Cruikshank, AO1849578.
John S. Finlay III.
Robert E. Gabosch.
Francis L. Gasque.
Richard C. Golden.
Edgar B. Gray.
Warren L. Hildebrandt.
Lauren D. Hobbs, AO1849258.
Hoyt F. Holcomb.
Bordy H. Holcombe, AO1847999.
Samuel B. Love, AO1904202.
Ralph A. Magnotti.
Ramon McKinney.
Richard R. Moore, AO932640.
Ralph A. Morgen.
David W. Sharp.
Kemon P. Taschioglou.
Walter T. Wardzinski.
Donald F. Wischow.

DEPARTMENT OF THE NAVY

Rear Adm. John W. Roper, United States Navy, to be Chief of the Bureau of Naval Personnel and Chief of Naval Personnel in the Department of the Navy for a term of 4 years.

Rear Adm. Charles W. Fox, Supply Corps, United States Navy, to be Paymaster General and Chief of the Bureau of Supplies and Accounts in the Department of the Navy, with the rank of rear admiral, for a term of 4 years.

Rear Adm. Thomas L. Sprague, United States Navy, to have the grade, rank, pay, and allowances of a vice admiral while serving under a Presidential designation as commander, Air Force, United States Pacific Fleet.

Rear Adm. Edwin D. Foster, Supply Corps, United States Navy, to have the grade, rank, pay, and allowances of a vice admiral while serving under a Presidential designation as Chief of Naval Material.

The following-named officers for permanent appointment to the grade of rear admiral in the line of the Navy:

Lucien M. Grant
Lloyd Harrison

Capt. Stanton W. Salisbury, Chaplain Corps, United States Navy, for permanent appointment to the grade of rear admiral in the Chaplain Corps of the Navy.

The following-named midshipmen (aviation) to be ensigns in the Navy from the 3d day of June 1949:

Robert F. Abels	William Q. Leysath
James J. Ash	Edgar K. Lofton, Jr.
Kenneth W. Atkinson	Robert J. McCarty
Patrick H. Benner	James M. McClatchie
Harold A. Bowron, Jr.	Ernest L. Marier
Delbert E. Brandenburg	Robert E. Morgan
	Paul H. Mozley
Henry G. Brewer, Jr.	Matt O. Musick, Jr.
Robert M. Christiansen	George I. T. Nielsen
James C. Clarke	Alan R. Nye
James E. Corbett	William R. O'Connell
Allen C. Davis	David F. O'Connor
Jack T. Davis	Eugene A. Pelton
Andrew DiFonzo	Billy C. Putnam
LeRoy S. Ellison	Charles J. Raney, Jr.
Jack E. Fairchild	Jack DeW. Riley
Robert J. Finley	John P. Ritchie
Wylie D. Foster	George R. Simpson
Robert L. Gardner	George Sinkez
Frank M. Gilman	Raymond E. Smith
Billy J. Goodman	Robert R. Smith
Lyman W. Griswold	William J. Snider
William H. Haight	Edward L. Soule
Eugene B. Hale	Charles E. Spann, Jr.
Jerome E. Hamill	Harold H. Sprouil
Robert L. Harbin, Jr.	Glenn M. Stokes
James McI. Harrell	Richard P. Stroud
Gilbert W. Hicks	Phillip J. Sullivan
Henry F. Hite, Jr.	Charles A. L. Swanson
Alfred L. How, Jr.	Stuart N. Templeton
Vern K. Hugus	William E. Tillerson
Ivan W. Janssen	Patrick C. Tims
Ronald P. Johnson	Don VanSlooten
Isaac F. Jones, Jr.	John H. Wachtel
Richard W. Keirnes	Edwin S. Wallace, Jr.
Benny G. King	Joshua C. Werner III
Richard I. Kirkland	Frank D. Whiteman
Vance R. Kloster	James J. Wilson, Jr.
Edmund V. Konieczny	Edward K. Winslow
Albert G. Kuehnappel	Frank G. Ziegler
Calvin H. Lee	

The following-named (civilian college graduates) to be ensigns in the Navy from the 3d day of June 1949:

Junius H. Arnold, Jr.
John W. Shook, Jr.

The following-named (civilian college graduates) to be ensigns in the Civil Engineer Corps of the Navy from the 3d day of June 1949:

David R. Bird, Jr.
Jerome E. Toffler.

David V. Castner, Jr. (civilian college graduate) to be a lieutenant in the Dental Corps of the Navy.

Samuel L. Cooper (civilian college graduate) to be a lieutenant (junior grade) in the Dental Corps of the Navy.

The following-named to be ensigns in the Nurse Corps of the Navy:

Mary T. Kelly	Emma L. Nero
Betty J. Kirby	Faye J. Slate

The following-named officers to the grades indicated in the Dental Corps of the Navy:

Lieutenant commanders

Charles H. Graves
Malcolm T. McGowen

Lieutenant (junior grade)

Frank J. Brauer

Felix L. Kensta (civilian college graduate) to be a lieutenant (junior grade) in the Chaplain Corps of the Navy.

IN THE MARINE CORPS

PERMANENT APPOINTMENT

The following-named officer for permanent appointment to the grade of captain in the Marine Corps:

Richard M. Bickford

The following-named citizens (civilian college graduates) for permanent appointment to the grade of second lieutenant in the Marine Corps:

Ernest B. Altekruse	John R. Dickson
Maurice C. Ashley, Jr.	George E. Hayward

The following-named enlisted men for permanent appointment to the grade of second lieutenant in the Marine Corps:

Raymod L. Barrie, Jr.	Richard R. Miller
Robert J. Barton	William Morse, Jr.
Henry A. Commiskey	Pierre D. Reissner, Jr.
John F. Conroy	"S" "E" Sansing
Robert H. Corbet	Charles B. Sturgell
Thomas E. Driscoll	Leonard C. Taft
Francis A. Gore, Jr.	Gerald G. Tidwell
Harold A. Hatch	Thomas W. Turner
Miles "M" Hoover, Jr.	Robert "H" White
James H. MacLean	James F. Wolfe, Jr.
Max A. Merritt	

The following-named enlisted men (meritorious noncommissioned officers) for permanent appointment to the grade of second lieutenant in the Marine Corps:

Derrell C. Briden	Raymond C. Paulson,
Harold L. Dawe, Jr.	Charles R. Petty
Robert D. Dern	Warren C. Sherman
Wiley J. Grigsby, Jr.	Robert W. Taylor
Charles H. Opfar, Jr.	

SENATE

FRIDAY, SEPTEMBER 9, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Robert N. DuBose, D. D., executive secretary, Commission on Christian Higher Education, Association of American Colleges, Washington, D. C., offered the following prayer:

Almighty God, the shepherd of men, give to us more depth of vision and breadth of charity, more wisdom and fresh understanding; fashion us after Thine own example of love as we set our

faces steadfastly toward the highest ideals of our Nation.

Grant to us the trustfulness of those who know Thy love and the humility of those who realize their own unworthiness.

Almighty God, deliver us from mental and moral bias and misconception; save us from prejudice, arrogant pride, and greed as we seek to live with a conscience sensitive to high ethical and spiritual values. Amen.

THE JOURNAL

On request of Mr. MYERS and by unanimous consent, the reading of the Journal of the proceedings of Thursday, September 8, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

CALL OF THE ROLL

Mr. MYERS. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Humphrey	Mundt
Bricker	Ives	Murray
Butler	Jenner	Myers
Chapman	Johnson, Colo.	Neely
Connally	Johnston, S. C.	O'Conor
Cordon	Kem	Pepper
Donnell	Kerr	Reed
Douglas	Kilgore	Russell
Dulles	Knowland	Schceppel
Ecton	Leahy	Smith, N. J.
Frear	McCarthy	Sparkman
George	McClellan	Taft
Gillette	McFarland	Thomas, Okla.
Graham	McKellar	Thomas, Utah
Green	McMahon	Tydings
Gurney	Malone	Vandenberg
Hayden	Martin	Wherry
Hendrickson	Maybank	Withers
Hickenlooper	Miller	Young
Holland	Millikin	

Mr. MYERS. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Virginia [Mr. BYRD], the Senators from Mississippi [Mr. EASTLAND and Mr. STENNIS], the Senators from Louisiana [Mr. ELLENDER and Mr. LONG], the Senator from Illinois [Mr. LUCAS], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alabama [Mr. HILL], the Senator from North Carolina [Mr. HOEY], the Senator from Texas [Mr. JOHNSON], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Idaho [Mr. TAYLOR] are absent on public business.

The Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Washington [Mr. MAGNUSON] are absent by leave of the Senate on official business.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Virginia [Mr. ROBERTSON] are absent by leave of the Senate.

Mr. WHERRY. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Washington [Mr. CAIN] are absent by leave of the Senate on official business.

The Senator from Michigan [Mr. FERGUSON], the Senator from Massachusetts [Mr. LODGE], and the Senator from Utah [Mr. WATKINS] are absent by leave of the Senate.

The Senator from Maine [Mr. BREWSTER], the Senator from North Dakota [Mr. LANGER], the Senator from Oregon [Mr. MORSE], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Vermont [Mr. FLANDERS], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Maine [Mrs. SMITH], the Senator from Minnesota [Mr. THYE], and the Senator from Delaware [Mr. WILLIAMS] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] is absent because of illness.

The PRESIDENT pro tempore. A quorum is present.

COMMITTEE MEETING DURING SENATE SESSION

Mr. KILGORE. Mr. President, I ask unanimous consent that the Committee on the Judiciary be permitted to meet on Monday during the session of the Senate in order to complete its business, with which it is somewhat behind.

The PRESIDENT pro tempore. Without objection, permission is granted.

TRANSACTION OF ROUTINE BUSINESS

Mr. MYERS. Mr. President, I ask unanimous consent that Members of the Senate be permitted to incorporate matters in the Appendix of the RECORD, and introduce bills and resolutions and other matters noncontroversial in character, without debate.

The PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT OF FEDERAL SEED ACT

The PRESIDENT pro tempore laid before the Senate a letter from the Secretary of Agriculture, transmitting proposed amendments to the Federal Seed Act (53 Stat. 1275), which, with the accompanying paper, was referred to the Committee on Agriculture and Forestry.

INVESTIGATION OF INTERSTATE TRAFFIC IN SUBVERSIVE TEXTBOOKS AND TEACHING MATERIALS—PETITION

Mr. DONNELL. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD a petition of the Missouri Society of the Sons of the American Revolution, of Clayton, Mo., praying for an independent and impartial investigation of the interstate traffic in subversive textbooks and teaching materials.

There being no objection, the petition was referred to the Committee on Interstate and Foreign Commerce and ordered to be printed in the RECORD, as follows:

PETITION FOR REDRESS OF GRIEVANCES

To the Senate and House of Representatives of the Congress of the United States:

We hereby petition for an independent and impartial investigation of the interstate traffic in subversive textbooks and teaching materials as requested in the petitions now on file presented by the National Society and the California Society of the Sons of the American Revolution, and we do hereby join in and make ourselves a party to those proceedings.

We request the Congress to grant us all relief possible in this matter by determining the facts and giving them to the people with appropriate recommendations.

Dated this 18th day of August 1949, in the city of Clayton, State of Missouri.

MISSOURI SOCIETY OF THE SONS OF THE AMERICAN REVOLUTION,
By LUCIAN ERSKINE, *President.*
WILLIAM PAGENSTECHER, *Secretary.*

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. GILLETTE, from the Committee on Agriculture and Forestry:

H. R. 133. A bill to amend section 2 of the act approved June 20, 1936, entitled "An act to extend the benefits of the Adams Act, the Purnell Act, and the Capper-Ketcham Act to the Territory of Alaska, and for other purposes; without amendment (Rept. No. 979); and

H. R. 212. A bill to extend to the Territory of Alaska the benefits of certain acts of Congress, and for other purposes; without amendment (Rept. No. 980).

REPORTS ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON of South Carolina, from the Joint Select Committee on the Disposition of Executive Papers, to which were referred for examination and recommendation three lists of records transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted reports thereon pursuant to law.

JOINT COMMITTEE ON PRINTING

Mr. HAYDEN. Mr. President, from the Committee on Rules and Administration I report an original resolution, and I ask unanimous consent for its immediate consideration.

There being no objection, the resolution (S. Res. 162) was considered and agreed to, as follows:

Resolved, That Mr. WITHERS, of Kentucky, be, and he is hereby, elected a member on the part of the Senate of the Joint Committee on Printing, vice Mr. HUNT, of Wyoming.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON of Colorado:

S. 2539. A bill for the relief of Bienvenido E. Ferrer; to the Committee on the Judiciary.

(Mr. YOUNG (for himself and Mr. GILLETTE) introduced Senate bill 2540, to amend the Federal Food, Drug, and Cosmetic Act by requiring the labeling of bread or rolls, which was referred to the Committee on Interstate and Foreign Commerce, and appears under a separate heading.)

(Mr. THOMAS of Utah introduced Senate bill 2541, to amend the act entitled "An act to establish a Department of Medicine and

Surgery in the Veterans' Administration," approved January 3, 1946, as amended, to extend the period for which employees may be detailed for training and research, and for other purposes, which was referred to the Committee on Labor and Public Welfare, and appears under a separate heading.)

By Mr. SCHOEPPEL:

S. 2542. A bill for the relief of Miss Dagmar Horna; to the Committee on the Judiciary.

By Mr. SMITH of New Jersey (by request):

S. 2543. A bill for the relief of Mrs. Madeleine U. Snyder; to the Committee on Finance.

S. 2544. A bill for the relief of the Condenser Service and Engineering Co., of Hoboken, N. J.; to the Committee on the Judiciary.

By Mr. HOLLAND (for himself and Mr. PEPPER):

S. 2545. A bill to make the provisions of Public Law 623, Eightieth Congress, relating to payment of compensation in cases of unjustified removal or suspension of Federal employees, retroactive to January 1, 1947; to the Committee on Post Office and Civil Service.

AMENDMENT OF FEDERAL FOOD, DRUG, AND COSMETIC ACT RELATING TO LABELING OF BREAD AND ROLLS

Mr. YOUNG. Mr. President, a few weeks ago I introduced, on behalf of myself and the Senator from Iowa [Mr. GILLETTE], a bill to amend the Federal Food, Drug, and Cosmetic Act so as to require a minimum 4-percent fat content for bread. The need for some action to protect the public has been made apparent in the course of the hearings being held by the Subcommittee on the Utilization of Farm Crops, of which Senator GILLETTE is chairman, and I have the privilege of being a member.

The purpose of S. 2432 was to protect the public against the practice of eliminating or greatly curtailing the fat or oil content normally expected by the purchaser of bread. It is quite likely that this proposed legislation should have specifically referred to white pan bread, or made exceptions for those special breads containing no fat which are preferred by certain racial or religious groups.

In any event it seems to members of the subcommittee that bread should at least be labeled to show the purchaser what nutrient value they are securing in selecting bread or rolls. It is for that reason that I am today introducing on behalf of myself and the Senator from Iowa [Mr. GILLETTE] a bill.

The bill (S. 2540) to amend the Federal Food, Drug, and Cosmetic Act by requiring the labeling of bread or rolls, introduced by Mr. YOUNG (for himself and Mr. GILLETTE), was read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

DEPARTMENT OF MEDICINE AND SURGERY IN VETERANS' ADMINISTRATION

Mr. THOMAS of Utah. Mr. President, I introduce for appropriate reference a bill to establish a department of medicine and surgery in the Veterans' Administration, and I ask unanimous consent that a letter addressed to the President of the Senate from the Deputy Administrator of Veterans' Affairs, dated August 30, 1949, recommending the enactment of the proposed legislation be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred, and, without objection, the letter will be printed in the RECORD.

The bill (S. 2541) to amend the act entitled "An act to establish a Department of Medicine and Surgery in the Veterans' Administration," approved January 3, 1946, as amended, to extend the period for which employee may be detailed for training and research, and for other purposes, introduced by Mr. THOMAS of Utah, was read twice by its title, and referred to the Committee on Labor and Public Welfare.

The letter presented by Mr. THOMAS of Utah is as follows:

VETERANS' ADMINISTRATION,
Washington, D. C., August 30, 1949.

Hon. ALBEN W. BARKLEY,
President of the Senate,
Washington, D. C.

DEAR MR. PRESIDENT: There is enclosed herewith a draft of a proposed bill entitled "A bill to amend the act entitled 'An act to establish a Department of Medicine and Surgery in the Veterans' Administration,' approved January 3, 1946, as amended, to extend the period for which employees may be detailed for training and research, and for other purposes," with the request that it be introduced and considered for enactment.

The purpose of the bill is to authorize the Administrator of Veterans' Affairs to place certain professional, technical, and medical administrative employees of the Department of Medicine and Surgery on duty for a period not to exceed 280 days in a year in schools of the Army, Navy, and Public Health Service, and in civil institutions of learning for the purpose of increasing their professional knowledge or technical training in the fields of medical education, research, and related sciences and occupations, or their proficiency in medical administrative techniques, and which will materially contribute to the medical care and treatment of veterans and the more effective functioning of the Department of Medicine and Surgery. The bill provides that the number of any one class of employees placed upon such duty at any one time shall not exceed 5 percent of full-time personnel of such class employed in the Department and, further, that no full-time employee with less than 2 years' experience in the service of the Veterans' Administration shall be placed upon such duty for a full academic year or the equivalent thereof.

Section 13 of the act of January 3, 1946 (Public Law 293, 79th Cong.), as amended, presently authorizes the Administrator to place doctors, dentists, nurses, the chief pharmacist, the chief dietitian, the chief physical therapist, and the chief occupational therapist on duty for a period not to exceed 90 days in a year in schools of the Army, Navy, and Public Health Service, and in civil institutions of learning, with the consent of the authorities concerned, for the purpose of increasing the professional knowledge or technical training of the personnel of the Department, subject to a proviso that not to exceed 5 percent of the personnel of the Department be placed upon such duty at any one time. Also, the Administrator is authorized to use available appropriations to pay for tuition, transportation, and educational fees of personnel so ordered to educational institutions. It is provided, however, that any person authorized to attend a course of training shall be required to reimburse the Veterans' Administration the expenses thereof if he voluntarily leaves the service within 2 years after completion of such course.

The proposed amendment would increase from 90 days to 280 days the length of time for which employees might be assigned for training, and would enlarge the classes of such employees to include generally professional, technical, and administrative personnel, other than temporary employees appointed under section 14 (a) of the act, whose efficiency and service would, in the discretion of the Administrator, be enhanced by additional training from time to time. Among the new categories of employees with respect to which the authority would extend are medical laboratory technicians, X-ray technicians, lay hospital managers, assistant managers, dental-laboratory technicians, and registrars. The bill contains two limitations with respect to exercise of the authority which are more restrictive than the existing law. First, the number of any one class of employees placed upon such duty at any one time shall not exceed 5 percent of full-time personnel of such class employed in the Department of Medicine and Surgery; and second, no full-time employee with less than 2 years of experience in the service of the Veterans' Administration shall be placed upon such duty for a full academic year or the equivalent thereof.

Under the present program, the vast majority of employees have been detailed for training in short courses of less than 2 months duration, and over half of all courses have been for periods of 1 week or less. Such short courses have been found invaluable in stimulating personnel to improve their knowledge of new techniques and procedures without material interference with the proper staffing of hospitals and the care of patients. However, experience under the existing limitation of not to exceed 90 days for training has demonstrated that the period is too short in some instances for full benefit to be derived from certain courses of training. Courses for which academic credit is allowed are usually one or two semesters in length. Two semesters during a school year encompass periods up to 280 calendar days. By extending the time for which assignment to educational institutions may be made from 90 to 280 days, it will be possible to assign personnel when appropriate for two semesters' work. They will thereby be enable to complete courses and receive academic credit, if desired. While this authority will be used sparingly, it is anticipated that such additional training will add to the efficiency and specialized skills of the professional, technical, and administrative staff of the Department of Medicine and Surgery.

Considerable effort and expenditure are required for any medical institution to keep abreast of developments in medical science and hospital administration. It is the desire and purpose of the Veterans' Administration that veteran patients have available to them the most recent approved practices in these fields, and in order to accomplish this purpose, it is necessary that certain members of the staff be detailed to attend institutions of learning from time to time subject, of course, to the safeguards now contained in the act. Details for research, for example, would be made in order that personnel may acquire the know-how for the purpose of returning to the Veterans' Administration for essential medical research within the agency.

Under the program as presently authorized by law, 2,196 employees were assigned for professional and technical training courses during the fiscal year 1949 at a total expense of approximately $320,000. It should be noted, however, that of this number over 40 percent attended short courses of instruction on an official-leave status with no additional expense to the Government for traveling, per diem, or tuition. In the event of enactment of the proposed bill, it is planned to redistribute the apportionment of personnel for

education and training under Public Law 293 so that no increase in appropriations will be required for this purpose in excess of the funds now authorized for the fiscal year 1950.

It is considered that the enactment of the proposed bill would increase the efficiency and usefulness of the Department of Medicine and Surgery in the Veterans' Administration with respect to the proper care and treatment of disabled veterans.

The Veterans' Administration has been advised by the Bureau of the Budget that there would be no objection to the submission of this proposal to the Congress for its consideration.

Sincerely yours,

O. W. CLARK,
Deputy Administrator
(For and in the absence of the Administrator).

BURIAL IN ARLINGTON NATIONAL CEMETERY OF LAST SURVIVOR OF GRAND ARMY OF THE REPUBLIC

Mr. JENNER submitted the following concurrent resolution (S. Con. Res. 64), which was referred to the Committee on Interior and Insular Affairs:

Resolved by the Senate (the House of Representatives concurring), That, upon the death of the last surviving member of the Grand Army of the Republic, the Secretary of the Army is requested to make arrangements with his relatives for his burial, with fitting and appropriate ceremonies, in Arlington National Cemetery.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT—AMENDMENT

Mr. KILGORE (for himself and Mr. NEELY) submitted an amendment intended to be proposed by them, jointly, to the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

THE INTERSTATE OIL COMPACT—STATEMENT BY SENATOR SCHOEPPEL

[Mr. SCHOEPPEL asked and obtained leave to have printed in the RECORD a statement prepared by him commenting upon an article from the League Reporter relative to the interstate oil compact, which appears in the Appendix.]

SETTLEMENT OF INTERNATIONAL ECONOMIC PROBLEMS—LETTER FROM SENATOR JENNER

[Mr. WHERRY asked and obtained leave to have printed in the RECORD a letter dated September 9, 1949, addressed by Senator JENNER to Hon. John W. Snyder, Secretary of the Treasury, relative to the settlement of international economic problems, which appears in the Appendix.]

HISTORIC AMERICAN INSTITUTIONS AND NATIONAL SOCIALISM—STATEMENT BY SENATOR WHERRY

[Mr. JENNER asked and obtained leave to have printed in the RECORD a statement to be made by Senator WHERRY on the Voices and Events program on September 11, 1949, relative to the issue between historic American institutions and national socialism, which appears in the Appendix.]

WHAT AMERICA MEANS TO ME—ARTICLE BY LOUIS R. BRUCE, JR.

[Mr. IVES asked and obtained leave to have printed in the RECORD an article entitled "What America Means to Me," written by Louis R. Bruce, Jr., and published in the American Magazine for September 1949, which appears in the Appendix.]

ADDRESS BY ROY C. McKENNA TO EMPLOYEES OF VANADIUM-ALLOYS STEEL CO.

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an address delivered by Roy C. McKenna, chairman of the board, to employees of Vanadium-Alloys Steel Co., at their annual picnic on August 13, 1949, which appears in the Appendix.]

TAFT-HARTLEY ACT AND ORGANIZED LABOR IN OHIO — EDITORIAL FROM CLEVELAND (OHIO) PLAIN DEALER

[Mr. BUTLER asked and obtained leave to have printed in the RECORD an editorial entitled "Ohio's 'Slave' Labor," published in the Cleveland (Ohio) Plain Dealer of August 25, 1949, which appears in the Appendix.]

A PLAN FOR SUSTAINED PROSPERITY—ARTICLE BY LEWIS S. ROSENSTIEL

[Mr. O'CONOR asked and obtained leave to have printed in the RECORD excerpts from an article entitled "A Plan for Sustained Prosperity," written by Lewis S. Rosenstiel, chairman of the board, Schenley Industries, Inc., New York, and published in the United States News and World Report for July 29, 1949, which appear in the Appendix.]

RIVER BASIN DEVELOPMENTS — EDITORIAL FROM DES MOINES (IOWA) REGISTER

[Mr. GILLETTE asked and obtained leave to have printed in the RECORD an editorial entitled "No One 'Right' Plan for River Basins," published in the Des Moines Register of August 31, 1949, which appears in the Appendix.]

TRIBUTE TO THRIFT AND INDUSTRY—LETTER FROM FLORENCE ROBINSON

[Mr. REED asked and obtained leave to have printed in the RECORD a letter from Miss Florence Robinson, of Ottawa, Kans., paying tribute to thrift and industry, which appears in the Appendix.]

PERIL POINT

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "Peril Point," from the New York Times of September 8, 1949, which appears in the Appendix.]

MINNEAPOLIS FEPC LISTS 2-YEAR GAINS

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an article entitled "City FEPC Lists 2-Year Gains," by Richard P. Kleeman, from the Minneapolis Morning Tribune of September 5, 1949, which appears in the Appendix.]

ALL IS NOT LOST IN EUROPE

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "All Is Not Lost in Europe," from the Minneapolis Morning Tribune of September 5, 1949, which appears in the Appendix.]

STERLING DEVALUATION

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "Sterling Devaluation," from the New York Times of September 8, 1949, which appears in the Appendix.]

HOW NOT TO MAKE FRIENDS AND INFLUENCE PEOPLE

[Mr. MUNDT asked and obtained leave to have printed in the RECORD an article entitled "Tale of a United States Bungle," from Newsweek of September 12, 1949, which appears in the Appendix.]

PLANNED RIVER DEVELOPMENT—EDITORIAL FROM THE NEW YORK TIMES

[Mr. SPARKMAN asked and obtained leave to have printed in the RECORD an editorial entitled "Planned River Development," from the New York Times of August 30, 1949, which appears in the Appendix.]

UNION LABEL—KEYNOTE FOR PROSPERITY

[Mr. DOUGLAS asked and obtained leave to have printed in the RECORD a statement entitled "Union Label—Keynote for Prosperity," by I. M. Ornburn, secretary-treasurer of the union label trades department, American Federation of Labor, which appears in the Appendix.]

LEAVE OF ABSENCE TO SENATOR SMITH OF NEW JERSEY TO VISIT THE FAR EAST

Mr. SMITH of New Jersey. Mr. President, I desire to make a unanimous-consent request.

For more than a year I have been deeply disturbed by the situation in China, and because of China, in the Far East generally. As a member of the Foreign Relations Committee I have felt a responsibility for policy, and yet my inquiries leave me with a feeling that we are drifting dangerously so far as the east is concerned. The publication of the now famous China white paper has increased my apprehensions rather than giving me any assurances.

In light of this feeling which I have, I think it is of first importance for members of the Foreign Relations and Armed Services Committees who are in a position to do so, to go to the Far East just as soon as possible, if even for a short time, to get the feel of the ground. My own experience has been that one visit means more in the way of understanding than a hundred or more reports.

As a member of the Foreign Relations Committee, therefore, who feels that this matter is urgent, I propose personally to go to Japan immediately, and to such other points in the Far East as may be possible within the limitation of a trip of a few weeks. I believe this would be a more valuable service at the moment than remaining here, as time is of the essence in this far eastern situation. I have discussed this matter with the chairman and with other members of the Foreign Relations Committee, and I think I can say that this proposal has their approval. I have also written to General MacArthur on the subject, and I have received a letter from him in which he urges that I come, in order that those of us who have responsibilities here may get first-hand information on the spot.

Therefore, Mr. President, I ask unanimous consent that I be excused from sessions of the Senate during the next few weeks to enable me to make this visit. By such a trip I feel that I can obtain first-hand, on-the-spot information that will be helpful in the development of a new positive and aggressive far eastern policy to deal with the Communist menace in Asia.

The PRESIDENT pro tempore. Without objection, leave is granted.

LEAVE OF ABSENCE

Mr. DOUGLAS. Mr. President, I ask permission of the Senate to be absent from September 12 to September 21, to consult with my constituents in the State of Illinois.

The PRESIDENT pro tempore. Without objection, leave is granted.

ORDER FOR RECESS TO MONDAY

Mr. MYERS. Mr. President, I ask unanimous consent that when the Senate concludes its business today it stand in recess until 12 o'clock noon on Monday next.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. MILLIKIN].

Mr. THOMAS of Oklahoma. Mr. President, on May 20 I submitted an amendment which I said that I would propose when H. R. 1211 came up for consideration and debate. The amendment provides for a quota on imports of crude petroleum and petroleum products into the United States, limiting such importations to an amount not more than 5 percent of our domestic requirements.

I understand that the pending question is the amendment offered by the able Senator from Colorado [Mr. MILLIKIN].

Mr. President, at this time I ask that the text of the amendment which I propose to call up later be read to the Senate for its information.

The PRESIDENT pro tempore. Without objection, the clerk will read the amendment intended to be proposed by the Senator from Oklahoma.

The LEGISLATIVE CLERK. After section 6, it is proposed to add a new section, as follows:

SEC. 7. Section 350 (a) of the Tariff Act of 1930 is hereby amended by adding a new subsection as follows:

"(3) Quotas for petroleum and petroleum products to be imported to the United States shall be provided limiting the total quantity imported from all countries, including petroleum and petroleum products purchased abroad for use of the United States Military Establishment and oil for supplies for bunkering vessels at United States ports but excluding oil for manufacture and reexport, in any quarter of a year to an amount not to exceed 5 percent of the domestic demand for petroleum and petroleum products in the United States for the same quarter of the previous year as reported by the United States Bureau of Mines, plus petroleum and petroleum products purchased abroad for use of the United States Military Establishment. Quotas established under this provision may be suspended during any period of inadequacy of petroleum supplies to meet current national consumption."

Mr. THOMAS of Oklahoma. Mr. President, we need only look around the country to see the effects of the policy of unlimited imports which is rapidly bringing our domestic petroleum producing industry to a condition of impotence. We need only consider the day-to-day developments abroad to see the possibilities of great harm that can occur. The barrel of domestic crude oil that remains unproduced in order to make room for a barrel from abroad is reflected in a lessened ability of the domestic oil producers to explore and develop and thus make known the assurance of a plentiful supply for peace or war.

It is reflected directly in the economy of the States wherein oil production is found—and a majority of the States have oil producing fields. Labor, landowners, and local, State, and Federal tax revenues feel the crippling effects of the shutting in of domestic oil production.

The current importations of petroleum and products now average more than 600,000 barrels daily. In relation to domestic production, they are more than 12 percent. In the prewar years 1935–39 the ratio of imports to domestic production was 4.8 percent. Since the end of the war the encroachment of imports on our domestic welfare has increased. In 1945 the ratio was 6.6 percent; in 1946 it was 7.8 percent; 8.6 percent in 1947 and 9.3 percent in 1948.

I am asking that imports be restricted to the approximate prewar rate. Under that relationship there were steady and consistent increases in the discovery and development of oil reserves in the United States. Producers explored and found many fields. They were developed and they took their orderly place in the total supply of the Nation. They were operated in accordance with conservation policies which had been evolved through the years by the industry and the officials of the producing States. The result was that when the emergency demands of the war came, there was an excess producing capacity of about 1,000,000 barrels daily above the normal requirements. It was a developed reserve that could be drawn upon as needed. It was a buffer, as it proved, between us and defeat. We do not have such a buffer today. My amendment will encourage the domestic industry to provide such a buffer.

Mr. MILLIKIN. Mr. President, will the Senator yield for a question?

Mr. THOMAS of Oklahoma. I yield.

Mr. MILLIKIN. In view of the fact that we have 900,000 barrels a day of shut-in oil, or approximately that amount, and in view of the fact that we are importing 600,000 barrels of oil a day, is it not perfectly evident that our domestic producing facilities are equal to the job of supplying our petroleum needs?

Mr. THOMAS of Oklahoma. The answer is "Yes." We have always been supplying any needs that were in existence, even during the war when the increased demand for oil was very acute and pronounced.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHERRY. Let me say that I did not know the Senator was willing to be interrupted; but if it meets with his approval to have us do so——

Mr. THOMAS of Oklahoma. That is perfectly all right.

Mr. WHERRY. Then I should also like to propound an inquiry.

Is it not true that during the war period, the continued production to be brought in from our proven reserves was temporarily discontinued because of the lack of steel; and if this country gets back to normal petroleum production—in other words, now that steel is more plentiful, if the same number of oil wells are brought in year after year, over a 10-year period—is it not true that we shall be in better condition to supply the needs not only of our domestic economy but of petroleum for export, as we have exported petroleum in years gone by. Is not that true?

Mr. THOMAS of Oklahoma. The answer is definitely in the affirmative.

Mr. WHERRY. Is it not a fact that it has been estimated that during the war we failed, because of the shortage of steel, to bring in thousands of wells, which normally would have come in during that period?

Mr. THOMAS of Oklahoma. That is obviously true. During the war years there was such a demand for steel and steel products, that only a small amount of steel could be diverted to the making of pipe, which is essential to the oil industry. Moreover, there was a lack of steel for oil machinery generally.

Mr. MILLIKIN. Mr. President, if the Senator will yield to me——

Mr. THOMAS of Oklahoma. I yield.

Mr. MILLIKIN. Let me ask if it is not true that during that time we were exporting vast quantities of pipe for the development of Middle East oil?

Mr. THOMAS of Oklahoma. I have heard that was true. I do not have the statistics.

Mr. WHERRY. Mr. President, if the Senator will yield, to permit me to substantiate his recollection——

Mr. THOMAS of Oklahoma. Yes; I yield.

Mr. WHERRY. Does not the Senator recall the fact that, for the Saudi Arabia oil field alone, a license was finally granted for the shipment of pipe to the producing companies there calling for in the neighborhood of approximately 400,000 tons of steel, the first installment of which was objected to? Let me say that I am not referring to this matter in an effort either to justify or to repudiate what was done, but it is a fact that in the neighborhood of 400,000 tons of steel was allocated, over a period of 3 years, for the completion of the pipe line of the Saudi Arabia Co. Does the Senator from Oklahoma recall that?

Mr. THOMAS of Oklahoma. I have had such information. I believe it to be correct.

Mr. WHERRY. Now that steel is plentiful, is it not a fact that with that supply now coming in, and now that we can amply supply our own country, the measure now before us, providing for the extension of the Reciprocal Trade Agreements Act, will constitute a great question which will confront the oil producers of the United States unless an amendment of the character of the one the Senator from Oklahoma proposes to offer is written into the Reciprocal Trade Agreements Act?

Mr. THOMAS of Oklahoma. In answer to the question the Senator has propounded, Mr. President, I say that is the burden of my amendment and the burden of my effort to sustain the amendment.

Mr. WHERRY. Yes.

Mr. THOMAS of Oklahoma. We do have, as a result of excessive imports, a shut-in capacity. Oil from the Middle East and South America has displaced the oil from Oklahoma, Louisiana, and Texas and the rest of the principal producing States. I may state at this point that at one time my State of Oklahoma was the leading producer of oil in the entire United States. Later Texas supplanted Oklahoma in that respect. Later still California supplanted my State in that respect, and more recently Louisiana is now producing more oil than my State is. So the States of Texas, California, and Louisiana are the three chief oil-producing States, so far as quantity is concerned. My State of Oklahoma comes fourth. Month after month the State conservation agencies have ordered lower and lower production rates. It is the kind of reserve capacity that would be created if a farmer were told he would have to withhold 16 percent of his crop from the market. It is unmarketable oil. It inspires no effort in development and in the discovery of new fields. Unproduced and unmarketed crude oil creates no capital with which to expand or even maintain operations.

The melancholy results are visible through the oil country. Drilling tools are being stacked. Unemployment is evident, and the worry of those now working is increasing. Their jobs are of paramount importance to them and to their families, to the grocer who serves them, and to the school teacher whose salary is derived directly or secondarily from the wages and the salaries received by those who drill and operate the oil wells and who perform the many other duties necessary to the discovery, development, and production of crude petroleum. They are highly skilled workmen. They know no other trade or occupation. They cannot go to Saudi Arabia or Venezuela in search of jobs.

We in Congress, in meeting this problem, have a great deal of past experience with it and some definite guides on which to base our course of action.

Secretary Hull, who early advocated the reciprocal trades program, recognized that agreements executed under this authority must be sufficiently flexible as to protect the countries who become parties to such agreements against changing conditions. For example, provision was made in the Mexico agreement that—

> If, as a result of unforeseen developments and of the concession granted on any article enumerated and described in the schedules annexed to this agreement, such article is being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or similar articles, the government of either country shall be free to withdraw the concession, in whole or in part, or to modify it to the extent and for such time as may be necessary to prevent such injury. Accordingly, if the President of the United States of America finds as a fact that imports of any article * * * are entering the United States of America under the circumstances specified * * * he shall determine whether the withdrawal, in whole or in part, of the concession with regard to the article, or any modification of the concession, by the imposition of quantitative regulations or otherwise, is necessary to prevent such injury, and he shall, if he finds that the public interest will be served thereby, proclaim such finding and determination.

We in the Congress have had due and sufficient warning of the dangers inherent in a policy of surrendering our position in petroleum to other countries, or to those who operate concessions abroad. In 1945 the senior Senator from Wyoming recognized the need of an earnest and full inquiry into the subject of petroleum resources, and in January 1947 the Special Committee Investigating Petroleum Resources made its final report to the Senate. I quote from that report a conclusion which is both a recommendation and a warning, as follows:

> This Nation now faces two alternatives: Either—
>
> 1. To await with hope the discovery of sufficient petroleum within our boundaries that the military requirements of the future will occasion no concern, and in the meantime to depend upon foreign oil and trust that war will not cut off our imports; or
>
> 2. To take steps to guarantee a domestic petroleum supply adequate for all eventualities by means of—
>
> (a) Incentives to promote the search for new deposits of petroleum within the boundaries of the United States and in the continental shelf; and
>
> (b) The continuation of the present program looking to the manufacture of synthetic liquid fuels to supplement our domestic crude supply.
>
> All the facts before us impel the choice of the second alternative.

To this day nothing has been done to make effective the wise course then suggested. Instead, the opposite, nullifying course has been allowed to proceed without interference.

The petroleum import problem is one the Congress must face. It is a problem of national concern. Broad sections of our economy are affected. The national security is weakened and threatened. It is imperative that an immediate legislative remedy be devised.

The Secretary of the Interior, in a recent letter to the senior Senator from Texas, said there is "no statutory authority for the Federal Government to limit oil imports," and "the policy question involved in their limitation can only be resolved by the Congress." Without debating whether such authority does exist in the executive branch, it seems necessary that Congress take such action as will provide relief. This I propose to do in the amendment I have offered. There is precedent for the 5-percent limitation I propose.

Mr. MILLIKIN. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Colorado?

Mr. THOMAS of Oklahoma. I yield.

Mr. MILLIKIN. I am considerably mystified by the statement that we have no law through which we may remedy a situation such as the one the Senator describes. We have the escape-clause procedure, which is available for the relief of the oil industry. I understand petroleum producers have asked for relief under that procedure, but the Tariff Commission, for reasons it stated, and which to me are not entirely conclusive, denied relief. But to say there are no mechanics for it is, it seems to me, obviously wrong.

Mr. THOMAS of Oklahoma. Mr. President, replying to the distinguished Senator from Colorado, I may say there are such escape clauses; but when the individuals representing oil-producing companies have made application for the use or the exercise of the escape clauses, they have had little consideration and absolutely no action. So the authorities who could operate under the escape clauses have failed to act, and are now refusing to do so.

Mr. MILLIKIN. Mr. President, if the Senator will permit an observation?

Mr. THOMAS of Oklahoma. I yield.

Mr. MILLIKIN. What the distinguished Senator has just said is an interesting commentary on the theory we hear announced, that the escape-clause procedure is a complete panacea for all our import ills.

Mr. THOMAS of Oklahoma. With respect to petroleum production and imports, the escape clauses have been of no effect whatever, so far as I have been able to ascertain.

Mr. MILLIKIN. I thank the Senator.

Mr. THOMAS of Oklahoma. In 1929 this country was threatened with the same situation with regard to our petroleum supplies that faces us today. That was exactly 20 years ago. At this identical time in 1929, the so-called Hawley-Smoot Tariff bill was pending before the Congress. At that time I was a member of the Finance Committee. I participated in the hearings mostly as an onlooker and observer. The committee divided itself into groups and held group hearings. At that time, being from an oil-producing State—the leading oil-producing State at the time—I insisted that hearings be held with a view to developing information under which we might predicate a limitation of imports through tariff provisions. For some weeks I was unable to prevail upon the distinguished chairman of the Finance Committee, who at that time was the senior Senator from the State of Utah, Mr. Smoot. I kept up my insistence, however, and after a while, I presume because of my insistence, I was granted a subcommittee with authority to hold hearings on oil imports. I shall place in the RECORD at this time the names of the subcommittee members. The chairman of the subcommittee appointed by then Senator Smoot was the distinguished Senator from New Jersey, Mr. Edge, a close relative of the chairman of the board or the president of the Standard Oil Co. of New Jersey. The second member of the subcommittee was the distinguished senior Senator from Pennsylvania, my former colleague, Senator Reed, who was at the time reputedly the attorney of one or two of the leading importing companies. The third member of the subcommittee was the distinguished junior Senator from Utah, Mr. King. Of all the Members of the Senate at that time, he was the only outstanding free-trader. Recognizing the personnel of that subcommittee, it can be seen what chance the independent oil companies had of getting any satisfactory action at the hands of the committee.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. MILLIKIN. Is it not equally true that under the present governmental establishment the chance now seems equally slim?

Mr. THOMAS of Oklahoma. We still have a chance to do something, but at that time we had no chance.

I might say further for the record that 20 years ago I offered to the Smoot-Hawley tariff bill, which was then in the making, an amendment to provide a tariff on imports. On one occasion one of my amendments received one vote short of a tie. Had I received one more vote for my amendment, it would have been a tie. At that time the distinguished Senator from Kansas, Senator Curtis, was in the chair, and, believing that there should be some protection for the oil industry, he advised me that had I received a tie vote he would have untied it in my favor. So, 20 years ago, we came that close, at least, to getting favorable action on a proposed tariff provision for the protection of the oil industry.

Mr. President, as I have stated, in 1929 this country was threatened with the same situation with regard to our petroleum supplies that faces us today.

Imports of oil were then coming from Mexico and Venezuela. Today they are coming chiefly from Venezuela and the Middle East. The sources have changed somewhat, but the effect is the same. The threat to the domestic oil industry is greater now because the potential foreign supply now being developed is many times greater.

I spent much time on the floor of the Senate trying to get a correction of the threat of destruction that faced us then. I was then opposed by the same group that now insists on more imports of oil—the few large importing oil companies and a few in high positions in Government.

In order that I may not be mistaken, I shall place in the RECORD at this time the names of the companies I have in mind:

No. 1, the Standard Oil Co. of New Jersey.

No. 2, Socony-Vacuum Oil Co., Inc.

No. 3, Gulf Oil Corp.

No. 4, the Texas Co.

No. 5, the Dutch Shell group.

No. 6, the Standard Oil Co. of California.

No. 7, the Anglo-Iranian Oil Co., Ltd.

Those companies are the chief importers of foreign oil into the United States at the present time.

The fight which was started in 1929 has been a long one. I might relate that at that time there was no agency of Government which had any statistics or any information with respect to oil production. In the fight which I tried to make in 1929 I would occasionally make statements. I would be challenged, and I would have to give my authorities. I would state my authorities, but because they were not from Government statistics they were considered unofficial, and I could put my finger on nothing that was considered official at that time. No Federal agency had any concern, apparently, with respect to statistics of oil production. At that time no legislation had been enacted with relation to this all-important industry.

It was not until 1932 that the Congress placed a tax on the importation of oil, providing for the payment of 21 cents a barrel on crude petroleum, kerosene, and fuel oil, and 2½ cents a gallon on gasoline, with certain taxes on other products.

At the time of the passage of this law in 1932 we were in a great depression. In an effort to recover from this depression, the National Industrial Recovery Act was passed by the Congress. Under the provisions of that law, codes of fair practice were authorized. The code for the petroleum industry provided for a limitation on the amount of oil that might be imported. Under the influence of the import tax and the provisions of the code, petroleum imports were reduced to approximately the same percentage of our domestic requirements as the amount provided in my proposed amendment. Great distress had prevailed in the oil industry for some time. The price of oil had gone as low as 10 cents per barrel in some areas. By 1933 imports had been checked, petroleum prices were recovering from their ruinous level, and the American petroleum industry was back at work discovering, producing, and making available increasing amounts of petroleum products at reasonable prices.

In 1934 we passed the Reciprocal Trade Agreements Act. At the time of the passage of this law it was not considered that the authority to make concessions on petroleum and certain other natural resources was provided in the act. Senator Harrison, who was handling the bill on the floor of the Senate, so stated in positive language. It was not until 1939 that the State Department made an agreement affecting imports of petroleum and its products. In that agreement with Venezuela, the rate on the importation of crude petroleum and fuel oil was reduced by 50 percent. At the same time a quota, which is no longer effective, was provided in the agreement, limiting the amount of oil that could be imported at this reduced rate to an amount equal to 5 percent of refinery runs. Generally, the history of petroleum imports under normal conditions prior to the war shows approximately the same rate of imports as is provided in the amendment I propose.

Thus we see that industry history and administrative procedure have recognized the relationship I propose in this 5-percent limitation on petroleum imports. I have provided in this amendment that petroleum products purchased abroad for the use of our Military Establishment should be treated as a part of the total quota for importation. Our military requirements are, in fact, a part of the requirements of the United States in peace and are an essential requirement in time of war. Military appropriation bills approved by Congress long carried a provision requiring the purchase of military petroleum supplies from domestic sources. We must build and keep our abilities to supply our petroleum requirements in full, whether we are at peace or in war. The vast experienced army of petroleum producers and trained technical staff so essential to this effort must be kept mobilized, else our safety is in danger. The refining capacity and transportation system are as essential as is the oil itself. We must not permit our know-how and personnel to waste away through disuse.

I have also provided that oil imported for supplies to vessels at our ports should be considered as a part of the total quota. We must remain capable of supplying the demands of ships in world trade that call at our ports. This, too, is essential to our continuous well-being and safety.

It is improbable that we will have a shortage of supply of domestic oil. Should such a condition arise, and domestic supplies become temporarily inadequate, there is provision in the amendment for the suspension of quotas. This provision insures the protection of the consumer of petroleum products.

The provision permitting importation of as much as 5 percent of our domestic requirements preserves the normal flow of commerce in oil and allows a reasonable part of our market to be shared by other countries. At the same time, it provides for sufficient market outlet to encourage our own industry to continue to search for and produce oil here available to our people at all times.

During the year 1948 we have had a striking demonstration of the industry's ability. Exploratory efforts in the United States were widespread and successful. Previously nonproducing areas were proven productive. The industry discovered almost twice as much new oil as the amount consumed. Our discovered reserves of petroleum are now the greatest in our history.

During the 10 years, 1928–37, an average of 10 barrels of new oil reserves was found for every foot of drilling. During the next 10-year period, 1938–47, this average increased to 25 barrels for every foot drilled. During the latest year, 1948, the record was improved to the extent that 31 barrels of new oil reserves were found for every foot of drilling in the United States.

That is the situation today. Looking ahead, the first and most comprehensive study of future United States oil supplies was completed last November by an industry committee. The conclusion reached as a result of this study was that petroleum liquids from natural sources will be available within the United States in substantially increasing amounts. The estimated availability of petroleum liquids produced in the United States ranged up to 7,320,000 barrels per day by 1953, as compared with the 1948 average production of 5,900,000 barrels daily—5,500,000 of crude oil and 400,000 of natural gas liquids.

Beyond the reserves of natural petroleum are the almost inexhaustible reserves of raw materials such as natural gas, coal, shale, and "tar sands" from which gasoline, kerosene, fuel oils, and lubricants can be made if and when the need for such processes becomes apparent. The Congress already has taken steps to assure the availability of these synthetics if and when needed. Funds have been appropriated for research projects such as the coal-to-oil plant at Louisiana, Mo., and the shale-to-oil plant

at Rifle, Colo. These plants are in operation, and the results are periodically reported by the United States Bureau of Mines. Their findings are reassuring, indicating that when the production of natural petroleum begins to decline, synthetics will be available to assist in meeting the Nation's needs.

We are once again in the traditional position of self-sufficiency as to petroleum supplies. There is at this time an assured supply of petroleum products within the boundaries and under the control of the United States for our full requirements for the foreseeable future. But the maintenance of that position calls for continuous drilling. Deterioration of the ability of the industry quickly follows industry stagnation such as is now taking place.

The exploratory and production efforts, the large refinery activities and the vast transportation and distributing system of this essential industry employ a very great number of trained technical and operating personnel. The labor army employed in this industry constitutes a large and essential part of our national economy. State and local governments as well as the Federal Government itself are all greatly dependent upon the continued welfare of the domestic petroleum industry.

I have referred to the injury which is being caused by excessive imports. The visible effects became obvious to all early this year. The domestic industry of the United States is now producing far below its proven abilities. Our exports of petroleum products are running at the rate of about 350,000 barrels per day. Our imports are close to 600,000 barrels per day. We are now a net importer of petroleum products to the extent of more than 200,000 barrels per day. We are fast losing our export market. Our production a few months ago was about 5,700,000 barrels per day. We have cut back our production by more than 900,000 barrels per day to provide a place for these increasing imports and because of the loss of exports.

The continued increasing amounts of petroleum brought into this country will be reflected directly in an ever-increasing degree in lost employment to American labor.

Mr. MARTIN. Mr. President, will the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Pennsylvania.

Mr. MARTIN. In figuring the number of lost jobs, has the Senator taken into consideration the number of coal miners who will lose their jobs by reason of the importation of oil?

If the distinguished Senator will permit an observation——

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. MARTIN. The volume of the importation of oil now is taking the place of 100,000 tons of coal. I was talking with the distinguished Senator from West Virginia [Mr. NEELY] about the number of men who would be displaced, and from the knowledge of both of us we came to the conclusion the importations would displace about 35,000 American workers. I wondered if the Senator from Oklahoma had taken that into consideration in his estimate of the number of Americans who would lose their jobs by reason of the importation of oil.

Mr. THOMAS of Oklahoma. I thank the Senator from Pennsylvania for his contribution in support of the amendment I have offered. The importation of oil from abroad has the same effect on coal production and the coal industry as it has on the oil-production industry in this country. There is no difference, because to the extent that oil from abroad is imported, we use less coal, obviously.

Mr. MARTIN. Will the distinguished Senator permit another question?

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. MARTIN. In the preparation of the Senator's address, which is most interesting and helpful, has he taken into consideration the number of strings of tools for the development of new oil territory which are now in operation, in comparison with the number a year ago?

Mr. THOMAS of Oklahoma. I made the statement earlier in my remarks that many strings of tools are now being stacked, which means that they are being parked, and placed in grease, or moth balls, so to speak. They are now inactive. To the extent that happens, and to the extent that new orders for machinery of that character are not placed, labor in the factories making oil equipment likewise suffers.

Mr. MARTIN. Knowing this matter would be brought up, I was in touch with operators of oil and gas in the Pennsylvania, West Virginia, Ohio, and southern New York territory, and the general opinion was that only about one-third the number of tools for making new discoveries are in operation now that were in operation a year ago.

Mr. THOMAS of Oklahoma. I am sure the Senator's observation is well founded on the facts, and this matter could be run clear on back. When a limited demand for oil machinery is manifest, it means that the factories are losing their business, which means that the suppliers of the raw materials to the factories are losing their business, and it finally gets down to the daily workers throughout the Nation, because they are all affected to some degree, directly or indirectly, by the increased importation of petroleum into this country.

Mr. SCHOEPPEL. Mr. President, will the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. I am glad to yield to the Senator from Kansas.

Mr. SCHOEPPEL. As to the observation made by the Senator from Pennsylvania, I wish to say to the distinguished Senator from Oklahoma that the reports from the independent operators in Kansas, as well as some of the smaller companies, who have been doing extensive exploratory work and have been engaged in drilling activities, indicate that from 25 to about 33⅓ percent are either stacking their tools, or have suspended further operations, in my area of the country, and the midcontinent area.

Mr. THOMAS of Oklahoma. I thank the Senator from Kansas.

Mr. President, I have quite a volume of letters and telegrams sent to me from the southwestern section of the United States, mainly from my State of Oklahoma and from Texas, the senders of which advise me—and I am sure they are correct—that the oil drillers are now looking for places to drill, whereas they used to be far behind and could not drill on as many locations as they had received applications to drill upon. So the drilling industry—and all those connected with production of oil compose one industry—are suffering along with the actual producers of oil.

As a result of curtailing these operations, school funds will decrease. State and municipal improvements must be postponed or abandoned because of the loss of revenue directly resulting from the increased importation of foreign oil. In the first 6 months of this year about $250,000,000 were lost to our domestic economy as a result of reduced production of oil, to say nothing of the further damage resulting from reduced crude oil prices.

We read with pride and enthusiasm of the contribution our nationals have made to the economy of foreign countries through the development of petroleum resources. I would like to take an equal pride in seeing the uses for these petroleum products developed in other areas of the world as they have been developed here. Therein lies the market to which the owners of this foreign oil should look. They should not expect to take the easy course of bringing their oil into a market created by the uses developed here at home. If they persist in the latter course, we as a Congress must do our duty or face a seriously demoralized economy.

The important place our nationals hold in foreign oil development has an important bearing on the trade-agreement program as related to petroleum. In oil we find the benefits of unrestricted imports flowing, not to citizens of other countries, but primarily to the few large corporate organizations engaged in world trade in petroleum. Our reciprocity, therefore, consists of a contribution to a few private companies.

Five American companies and two of British and Dutch control dominate the petroleum industry outside the United States, except in Russia and her satellite nations and in Mexico where government monopolies exist. These seven companies control more than 90 percent of all known foreign reserves outside Russia and Mexico. Six of the seven operate in the United States. These 6 companies and 4 additional importing companies make a total of 10 companies which are responsible for practically all the foreign oil now entering the United States. There has been a significant change in the relative position of these 10 importing companies as compared with the rest of the industry in this country during recent years. In 1941 the total domestic output of the 10 importing companies amounted to 37.4 percent of all the oil produced in the United States. The remaining 62.6 percent was produced by the many thousands of other companies and individuals, both large and small. The 1948 figures show that the total United States production of crude petroleum by these 10 companies increased to the point where their share of the total output was equivalent to 44 percent. Conversely, the rest of the industry suffered a loss of almost 7 percent.

In refining, these 10 importing companies account for approximately two-thirds of the total crude oil processed in the United States while in drilling they represent less than 20 percent. These facts show that the importing companies are primarily interested in the sale of refined products rather than domestic producing operations.

The encouragement to these companies through the trade-agreement program's emphasis on foreign oil is narrowing the opportunity for the oil producers whose interest lies solely in United States oil activities. The Congress should concern itself whether or not we are, in this instance, fostering a concentration of economic power here at home similar to that enjoyed by these companies in their foreign oil operations.

Recommendations as to import policies have been made recently to the Government. The Department of the Interior has established a National Petroleum Council, composed of some 90 leaders of the petroleum industry, to advise the executive branch of Government through that Department. Membership of the Council comes from and is representative of all branches and phases of the industry. Recently the Secretary of the Interior requested this Council to prepare for the information of the Government its views as to a proper national petroleum policy that would best insure national petroleum welfare. This statement of policy was prepared after long and careful study. It was approved unanimously by the Council and submitted to the Secretary of the Interior. Some provisions of that policy seem pertinent to our deliberations.

The first paragraph of the introduction of the policy reads as follows:

An adequate supply of oil is essential to the American standard of living. Oil in increasing quantities will be required in the future to meet the needs of our expanding economy. A prime weapon of victory in two world wars, it is a bulwark of our national security.

Under "Fundamental principles" the first section is as follows:

The national security and welfare require a healthy domestic oil industry.

With relation to the subject of imports this statement of policy provides:

The Nation's economic welfare and security require a policy on petroleum imports which will encourage exploration and development efforts in the domestic industry and which will make available a maximum supply of domestic oil to meet the needs of this Nation.

The availability of petroleum from domestic fields produced under sound conservation practices, together with other pertinent factors, provides the means for determining if imports are necessary and the extent to which imports are desirable to supplement our oil supplies on a basis which will be sound in terms of the national economy and in terms of conservation.

The implementation of an import policy, therefore, should be flexible so that adjustments may readily be made from time to time.

Imports in excess of our economic needs, after taking into account domestic production in conformance with good conservation practices and within the limits of maximum efficient rates of production, will retard domestic exploration and development of new oil fields and the technological progress in all branches of the industry which is essential to the Nation's economic welfare and security.

Here we have an expression from the members of the petroleum industry, large and small, as to the elements that best constitute the safety of our country with regard to petroleum.

Mr. President, here is a sound basis on which the Congress may act. I feel that if Congress does not act, nothing will be done by the administration to prevent the continued increase of those imports.

My fears that the administration will not take corrective action are not idle ones. They are based on the long experience of the oil industry under the administrative procedures of the trade-agreement program.

Although the trade agreements affecting oil imports contain "escape clauses" permitting remedial action, no such action has been taken. Requests for relief have been made by the domestic oil industry under these "escape clauses" but these requests have been either dismissed without a hearing or given little attention. The summary treatment of this matter in the past has clearly established the need for policy guidance by the Congress.

With the situation before us such as I have described there is an obvious necessity for someone in authority to express a policy that will insure the preservation of the safety of our country with relation to this important item of petroleum. This policy should be expressed by the Congress.

What we now face is a world surplus of petroleum. Production outside the United States is substantially above the consumption in foreign areas. This foreign surplus is increasing steadily and may soon reach 1,000,000 barrels per day with pipe-line and tanker facilities available to deliver this oil into our market. The threat of larger and larger imports is a real one. We have here in the United States capacity to produce greater amounts than we have present need for. Someone must determine what course to take.

In the United States, through the conservation practices in the industry and the various States in which oil is produced, there has grown up a body of conservation laws administrated by regulatory authorities with full responsibility and authority to avoid waste of this important natural resource within the States. The problem of imports cannot be handled by the States. This problem is in the peculiar province of the Federal Government. My State of Oklahoma, recognizing this situation has, through its legislature, passed a resolution calling attention to this situation, which resolution is as follows:

CONCURRENT RESOLUTION OF THE LEGISLATURE OF THE STATE OF OKLAHOMA

Senate Concurrent Resolution 3

Concurrent resolution memorializing the Congress of the United States to bring to the attention of the United States State Department the immediate need of drastically curtailing the importation of crude oil from foreign countries to the United States until such time as there is a need for the importation of crude oil to take care of the market demand for crude oil within the continental United States

Whereas it appears that the increase in stocks of crude oil and refined products have increased 105,000,000 barrels during the last year, resulting in a curtailment in production of oil in Oklahoma and in other States of the Union because of lack of storage facilities; and

Whereas above-ground storage of crude oil in abnormal amounts results in great waste of natural resources; and

Whereas the importation of crude oil in the United States during the past year have increased approximately 150 percent, and that approximately 600,000 barrels of crude oil is being imported daily into the United States; and

Whereas such importation of crude oil results in building up of the abnormal amount of the stocks of crude oil and refined products on hand, which has caused Oklahoma to decrease the allowable production of oil approximately 40,000 barrels daily; and

Whereas the importation of crude oil from foreign countries is a direct threat to the stability of the oil industry in Oklahoma and in the other oil-producing States, and to the tax structure in Oklahoma; and

Whereas unless the importation of crude oil from foreign countries is materially decreased, Oklahoma will be forced to curtail the allowable production of oil within the respective producing areas; and

Whereas the importation of foreign oil is a direct threat to the military security of the United States of America in that all initiative for the future development of the oil resources is stifled; and

Whereas the petroleum industry has continually developed new methods of discovering new resources when there is a proper demand for oil; and

Whereas the country is primarily dependent on American oil in time of war and these resources are only discovered when initiative is not stifled: Now, therefore, be it

Resolved by the senate of the twenty-second legislature (the house of representatives concurring therein), That the Congress of the United States bring to the attention of the United States State Department the important fact that the importation of crude oil from foreign countries to the United States should be drastically curtailed until such time as there is a need for the importation of crude oil to take care of the market demand for crude oil within the continental United States, and that the congressional delegation from Oklahoma do all within its power to carry out the purpose and intent of this resolution. That a copy of this resolution be forwarded by the secretary of the senate to each Member of the congressional delegation from Oklahoma, and to the Honorable Dean Acheson, Secretary of State, Washington, D. C.

On February 10, 1949, I placed this resolution in the CONGRESSIONAL RECORD.

As I stated earlier, the problem of imports of petroleum is one for Congress to decide as to policy. It has been presented to the Tariff Commission and the State Department but no relief has been granted. On May 3 the latest effort to obtain relief was rejected by the Tariff Commission without so much as a hearing.

I have mentioned the action taken by the Congress in 1932 in an effort to preserve and protect the domestic petroleum industry from excessive imports. At the time of, and during the debate on that question, much was said about possible increases in cost to our domestic consumers resulting from a restriction on imports.

It now seems appropriate to review the history of imports with particular relation to the price of products. We have some history on which we may base a conclusion.

In 1922 there was a great volume of imports of oil. At that time the average price of gasoline in the United States, exclusive of tax, was 24.8 cents per gallon. By 1929, when the early debate on the restriction of imports started, the price of gasoline was 17.9 cents per gallon, exclusive of tax. The excise tax was placed on imports in 1932. The first full year under this tax and the year of smallest imports for a number of years was 1933 The average price of gasoline then was 12.4 cents per gallon. In 1941, the year before we became an active military participant in the war, the price of gasoline was 13.3 cents per gallon.

Now again, with imports flooding our markets, the price of gasoline, less tax, is in excess of 20 cents per gallon, so it would seem that imports of oil do not encourage the consumer to expect lower prices for the product.

On the other hand, what has been the influence of imports on our own supply of petroleum?

Twenty years ago, when this same problem was before the Congress, we faced the same erroneous arguments as are being made today. For illustration, in 1931 the Secretary of the Interior stated that we should close down our own oil wells and become dependent on a supply of foreign oil. Had we followed this course our domestic oil supply would have been fixed at less than half of today's capacity. We would not have had the oil to fight World War II. As we all well remember, foreign oil was cut off for a long period of time in the early days of the recent war. The German U-boat had completely severed the lines of communication through the Mediterranean to the Middle East. Even foreign oil from the Western Hemisphere was unavailable to us and our allies for a great period of time. Tankers were sunk at will. Island refineries off the coast of Venezuela were fired upon. Tankers were a favorite target of these submarine boats. Tankers were sunk in the Gulf of Mexico and at the mouth of the Mississippi River. The Atlantic coast was lighted by the fires of flaming oil. We were forced to build gigantic pipe lines through the interior to insure the safety of oil transportation. Foreign oil was of little use to Great Britain or to us for a period of time sufficient for us to have lost the war had we not had an abundance of available and developed reserves in the United States.

Congress was not persuaded 20 years ago to adopt the dangerous policy of locking up our domestic oil and relying upon foreign sources. We proceeded with courage and faith in the domestic oil industry. By our action we encouraged the domestic industry to explore for, develop, produce, refine, and transport petroleum in ever-increasing quantities. Our faith has been amply justified.

At the time of the passage of the tax on the importation of oil in 1932, our production barely exceeded 2,000,000 barrels per day. Our production capacity today is about 6,000,000 barrels per day. Our known reserves of oil in 1932 were about 12,000,000 barrels. Since that time, we have more than doubled our reserves despite steadily increasing consumption, including all the requirements of World War II.

As I have previously stated, we now have reached our highest abilities to find and produce oil in our history. These abilities should be preserved and encouraged to expand. They will not be so preserved or so encouraged if Congress fails to recognize its responsibility.

Regardless of the legislative difficulties involved, it is my judgment that the responsibility rests with the Congress to review the activities of the administrative agencies executing the laws which we have passed. The Trade Agreements Act was limited in time, permitting the necessary occasional review of this authority. The proper and fit time for a review and correction is the occasion of a renewal of the act. We cannot escape our responsibility by simply passing the renewal authority without amendments when we are faced with the reality of great injury resulting from the operation of this authority. Whatever amendment is required should be made. Whatever legislative action should be taken can be taken. Therefore, I urge upon the Congress the realistic approach to this problem by the acceptance of the amendment I have offered.

Mr. BUTLER obtained the floor.

Mr. MILLIKIN. Mr. President, will the Senator yield to me for the purpose of suggesting the absence of a quorum?

Mr. BUTLER. I yield.

Mr. MILLIKIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MILLIKIN. Mr. President, I ask unanimous consent that my suggestion of the absence of a quorum may be withdrawn, and that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MARTIN in the chair). Without objection, it is so ordered.

PROTECTING AMERICAN AGRICULTURE

Mr. BUTLER. Mr. President, after the masterful address yesterday by the Senator from Colorado [Mr. MILLIKIN], it seems almost unnecessary to speak further on this question. Certainly he covered most thoroughly every point at issue. It is hard for me to imagine how anyone can fail to be convinced by his presentation.

As I now add my words, it is because it seems worth while to present in detail just how this program has affected American agriculture. Most of the statements that have been made so far have had a general application. I believe it might be worth our time to study, item by item, the detailed effect of some of the concessions on our American producers.

This problem is not a new one. The process of destroying tariff protection for American producers has now been going on for 15 years. Ever since I came to the Senate in 1941, I have been protesting against this policy of turning our markets over to foreign countries. I recall that in 1941, there were under consideration trade agreements with Cuba, Argentina, and Uruguay. In that year I made several appearances before the Committee for Reciprocity Information, protesting against reductions in duties on sugar, on cattle, grains, wool, and other basic agricultural products. In spite of my protests, practically all the proposed reductions in duty were made. Since that time, during the postwar years, some of these tariff reductions have really started to take effect. Producers of commodities all over the country have started to feel the results of cut-rate, low-wage competition from foreign countries. The world is rapidly moving back to a basis of full peacetime production. Country after country has reached the point where it has exportable surpluses to dispose of. Under the policy we have followed, our country has systematically lowered its import controls while most of the countries have been raising theirs. Naturally, a flood of imports is coming in.

Today the American dollar is almost the only major currency which is still sound. That fact supplies an extra incentive to foreign countries to build up their exports to this country. If no effective measures are taken to prevent our markets from being swamped during the next 2 years we may see the surpluses of almost every foreign country dumped in our markets, regardless of whether we need them or not. Other Members of the Senate have discussed or will discuss the effects of this program on American industry. In my discussion, as I have stated, I shall speak primarily for American agriculture.

It is my contention, Mr. President, that the trade-agreements program, as it has been operated to date, is in direct conflict with our programs to maintain a fair level of prices for farm products in this country. In my judgment, it will be useless to attempt to support farm prices here unless the support program is buttressed by a level of tariffs to prevent surplus farm crops from being dumped in our markets, to add to our own surplus. In fact, as this program is now being operated, it constitutes effective sabotage of the entire support-price program of the Commodity Credit Corporation. By this program the Commodity Credit Corporation has been forced into an attempt to maintain farm prices, not only for the American producers, but also for the producers of farm crops all over the world. In my opinion, that task will prove to be an impossible burden for either the Commodity Credit Corporation or the American taxpayer to assume.

It is my further contention that this program has already thrust tremendous losses on the Commodity Credit Corporation by adding to the surplus burden which the CCC must try to handle. These losses have been and must continue to be paid for by the American taxpayer. I hope the senior Senator from Virginia [Mr. BYRD] and other Members of the majority especially will take note of the proofs I intend to present as to the cost of this program to the American taxpayer. At a time when talk of the budget crisis is in everyone's mouth it might be worth while to study very carefully a policy which costs the Federal Treasury hundreds of millions of dollars a year.

These points I hope to deal with in some detail in this address. Before doing so, however, it might be worth while to review briefly what has already been done to the farmer under this program.

Back in 1932, before this program was started, the then candidate for President, Mr. Franklin D. Roosevelt, made a statement in one of his campaign addresses which was generally considered to mean that American agriculture would not be damaged by the tariff policy of the Democratic Party. At that time he said:

> Of course, it is absurd to talk of lowering tariff rates on farm products. I know of no excessive high tariff duties on farm products. I do not intend that such duties shall be lowered. To do so would be inconsistent with my entire farm program, and every farmer knows it and will not be deceived.

I do not, of course, deny to any man the right to change his mind. It is obvious that President Roosevelt did change his mind on this question almost 100 percent. A recent report by the United States Tariff Commission points out that more than five out of every six duties on agricultural products have been reduced. Average rates of duty on agricultural products have been reduced by practically one-half. Still further reductions in duty are no doubt provided for in the negotiations that have been conducted at Annecy, France, during the past spring and summer, or that are still being considered.

Mr. President, I had a tabulation prepared, listing the major reductions in tariffs, which I had intended to present to the Senate. I tried to make this list as short as possible, leaving out many of the minor products. Even so, my list is still too long to read conveniently, so I shall not burden the Senate with it. Some of the items included are: Sugar, maple sugar and sirup; almost all types of tobacco; all types of live cattle, fresh or frozen beef and canned beef; almost all other types of meat; whole milk, cream, skim milk, dry milk of various kinds, butter, and almost every type of cheese; all types of live birds and poultry except turkeys; eggs and every type of egg product; and honey. Skipping the sections in the Tariff Act relating to fish, the reductions affect practically all the grains and feeds, except rice and corn. They affect most of the fruits and most of the different types of nuts, practically all the oil-bearing materials, except cotton seed; almost all types of seeds and most of the vegetables, including potatoes, tomatoes, beans, and peas; almost every type of liquor and wine; wool, long staple cotton, and a great variety of other products. This list, Mr. President, does not include those additional items which may have been reduced by the Annecy negotiations.

Mr. MILLIKIN. Mr. President, will the Senator object to a question?

Mr. BUTLER. No. I yield.

Mr. MILLIKIN. So far as support prices are concerned, is it not correct that in anticipation of surpluses it may be necessary to impose acreage or other types of control, and that the greater the imports of those particular commodiites the deeper the cut which the domestic producer has to take? Is that not correct?

Mr. BUTLER. That is certainly true, and it is a point, I may say to the Senator, I intend to elaborate on to some extent.

The effect of these duty reductions has already been felt in the prices and markets for many agricultural products. Although we have not yet felt the full impact of these reductions, the results so far have been serious enough. This is evident from an analysis of the figures on imports of the various products during recent months.

Up until a few months ago the world was still short of almost everything, particularly agricultural products. Beginning with the good harvests of last fall in this country, we have again moved rapidly into a surplus position. Our warehouses are bulging, and the Commodity Credit Corporation has never had such a heavy investment in agricultural products as it has had this last year. Today there is hardly anything in the way of agricultural products that we need to import from foreign countries, other than certain specialty crops and tropical products that we cannot produce ourselves.

In the face of this situation, what are the recent trends in our imports? The Department of Agriculture publishes a monthly tabulation showing imports of various farm products entitled "Foreign Agricultural Trade." In this publication imports are compiled on a fiscal-year basis beginning with July. Agricultural imports are carefully divided into two categories—those that are competitive with our own products and those, such as tea, coffee, and cocoa, which are not competitive with our production. The most recent issue of this publication, which has just come to hand, gives figures for imports for the full fiscal year running from July 1948 through June 1949, compared with the similar period for the preceding year.

The figures given in this tabulation are very revealing. Imports of competitive agricultural products during this 1948–49 fiscal year have increased $88,000,000 over the imports for the preceding fiscal year. These figures are for what are called supplementary agricultural imports, which means, in effect, imports competitive with our own production. The actual figures are $1,532,000,000 for the 1948–49 fiscal year, as compared with $1,444,000,000 for the preceding year.

In almost every important category, imports of agricultural products have increased sharply. For example, cattle, other than cattle for breeding purposes, have increased from 76,000 during 1947–48, to 512,000 during 1948–49. Imports of butter this year have increased nine times over last year, although the amount is still small. Imports of casein which is made from dry skim milk are about the same, but imports of cheese of all types have increased 50 percent, from 17,000,000 pounds to 25,000,000 pounds. Imports of eggs have increased. Imports of fresh or frozen beef or veal have increased from 1,500,000 pounds to over 95,000,000 pounds—an increase of about 6,000 percent, while imports of canned beef have gone up from 75,000,000 pounds to 116,000,000 pounds. Imports of hides and of wool are down from the high levels of last year, but imports of a number of the different fruits have increased. Berries, dates, olives, and pineapples are among those which have increased sharply.

Here are some surprising increases. We had record crops of all the grains and other feeds last year, yet imports of barley, oats, and rye have all increased sharply. During this last year, we brought in over 36,000,000 bushels of these three grains to add to our own surpluses. Imports of filberts and walnuts have increased. Our imports of sugar, of course, are controlled by the quota, but imports of tobacco as a whole have increased. Finally, we imported nearly three times as many potatoes this year as we did the previous year, adding to the problems of the Department of Agriculture.

These statistics are pretty dry, of course. Dry or not, I believe we had better pay some attention to them. They mean bread and butter to the American producer who must compete with low-cost foreign products.

I am as anxious as is anyone to protect American labor under our immigration program and to prevent our supply of labor from lowering our wage scale. It is absolutely essential and necessary also to protect the producer of farm products.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. MILLIKIN. The importation of any product involves the importation of labor from a foreign country, whether it be agricultural or industrial, does it not?

Mr. BUTLER. That is correct.

Mr. MILLIKIN. Does the Senator intend to go into the effect on our agricultural exports of all the restrictions which have been built up all over the world against such exports?

Mr. BUTLER. I have not gone into that very thoroughly, although I shall refer to it in my remarks.

It is quite evident that the world's surpluses are beginning to pile up on us. In the case of the live cattle and some of the grains, the increase is due in part to the fact that Canada has removed former embargoes against such exports to us. Canada has reached the point where she no longer has another market in Britain or elsewhere for all her surplus production. Nothing could be more natural than for Canada to try to sell her surpluses in this country over our very low duties.

For the most part, these imports were not brought in here to meet some particular need. Our imports of 552,000,000 pounds of Irish potatoes were not brought in because we needed more potatoes. We already had more potatoes than we knew what to do with.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. YOUNG. A moment ago the Senator mentioned imports of rye. During the past year we actually imported more rye than we exported, and the worst of it was that the rye which was imported was mixed with domestic rye, and in connection with the program of purchasing

grain for the occupation forces in Germany, the Secretary of Agriculture has refused to buy at all any rye which has been mixed with Canadian rye. At the present time the Army, having failed to purchase its requirements through CCC, is endeavoring to purchase rye in Canada. Even the purchasing of it in Canada would be far more preferable than buying it from Poland or some other satellite country.

Mr. BUTLER. I thank the Senator for his contribution.

Our imports of barley and oats were not brought in here to meet a need for greater supplies of feed grains. Our storage facilities were already overtaxed. The surplus fats and oils and oil-bearing seeds from other countries were not sent here because we are short of fats and oils. On the contrary, we had such a surplus of fats and oils that prices in recent months fell below OPA ceilings. The same is true of our imports of tomatoes and our imports of dairy products.

These imports have come in because foreign countries are desperate for dollars and because the State Department has practically destroyed the means of keeping them out. By coming in, they are making it impossible to maintain a fair level of farm prices.

I repeat that statement: By coming in, they are making it impossible to maintain a fair level of farm prices.

Mr. President, the increase in these imports demonstrates the absurdity in our conflicting policies on agriculture and on foreign trade. On the one hand, we are attempting to hold farm prices up to reasonable levels with a system of price-support loans and Government purchases. On the other hand, the State Department is trying to encourage additional imports and lower prices on these very same products. Let me give a few concrete examples.

The feed grains—corn, oats, and barley—will serve us as an example as well as any.

Mr. MARTIN. Mr. President, will the Senator yield?

Mr. BUTLER. I yield to the Senator from Pennsylvania.

Mr. MARTIN. Has the distinguished Senator made any estimate as to what it has cost the taxpayers of the United States?

Mr. BUTLER. I have. In the course of my remarks I shall touch upon it.

Mr. MARTIN. I think that is very important.

Mr. BUTLER. Mr. President, I referred to the feed grains—corn, oats, and barley. They serve as a good example.

The duty on corn is one of the few agricultural duties which has never been reduced. Cotton is another item in the same category. The duty on barley, however, has been reduced from 20 cents a bushel to 7½ cents a bushel. The duty on oats has been reduced from 16 cents a bushel to 4 cents a bushel. The duty on rye which is also used to some extent as a feed, has been cut from 15 cents to 6 cents a bushel, and the duties on by-product feeds and various other miscellaneous feeds have been reduced by 50 to 75 percent.

At the same time there are price-support programs in effect for corn, rye, barley, oats, and sorghum grains. The loan rates for the past year for these crops were $1.15 per bushel for barley, 70 cents per bushel for oats, $1.29 per bushel for rye, $1.44 per bushel for corn, and $2.31 per 100 pounds for grain sorghums. Price-support loan rates for the 1949 crops of these products are not much different—slightly lower.

This program last year was not entirely successful in holding market prices for these crops up to the support levels, but it did at least maintain prices far higher than would have resulted if there had been no support program. The import situation, however, was left uncontrolled, except for the low tariff rates on these crops. As a result, millions of bushels of Canadian feeds were shipped in here over the low tariff rates to be sold at or near American support prices.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. BUTLER. I yield to the Senator from Colorado.

Mr. MILLIKIN. Does not that have the precise effect of subsidizing the foreign goods coming into this country?

Mr. BUTLER. Exactly so. During the year over 10,000,000 bushels of barley, 19,000,000 bushels of oats, and over 6,000,000 bushels of rye were imported. Partly as a result of these imports, over 40,000,000 bushels of barley, almost 17,000,000 bushels of oats, and about 1,000,000 bushels of rye were placed under loan with Commodity Credit Corporation or sold to it. In other words, imports of 36,000,000 bushels of these three grains forced the Commodity Credit Corporation to assume the financial burden on an equivalent quantity of domestic production.

Mr. MILLIKIN. Mr. President, will the Senator yield again?

Mr. BUTLER. I yield.

Mr. MILLIKIN. Is it not the inevitable result of burdening our surpluses with excessive imports that in time we may bog down the whole support price program?

Mr. BUTLER. I make a statement to that effect in the course of my address.

These imports of surplus commodities had another result. They helped hold prices for grains down below the loan rates set by the Commodity Credit Corporation. There has been so much talk about the cost of food that many people do not realize most farm products have been below parity for some time. As of the latest date reported by the Department of Agriculture, barley was only 65 percent of parity, oats 60 percent, and rye 69 percent. Not only that, but corn was only 76 percent of parity the middle of last month, in spite of the heavy commitments by the Commodity Credit Corporation in corn loans, and in spite of the fact that the duty on corn has been maintained. It is very difficult, if not impossible, to stabilize the price of corn, if the prices of competing grains such as oats and barley are permitted to slump far below parity. They are substitutes for corn.

Mr. President, this type of situation, in my judgment, obviously comes within the peril-point provision of the present law. Evidently imports which tend to sabotage the agriculture price-support program do cause serious injury to domestic producers. In my judgment, we might even go farther than that. Imports which cause great financial loss to the price-supporting agency, the Commodity Credit Corporation, in my opinion, would fall within the meaning of the present law and come under the peril-point amendment.

Mr. MILLIKIN. Mr. President, I wonder if the Senator is aware of the fact that under the Geneva agreement we may reduce our production, but if we do we can only proportionately reduce imports. In other words, our farmers might be compelled to suffer a severe reduction of acreage, but added to that reduction would be the effect of permitting only a proportionate reduction of imports of competing foreign products.

Mr. BUTLER. I had not covered that point, and I appreciate very much the Senator's bringing it out.

Mr. MILLIKIN. It has that precise effect. May I ask another question?

Mr. BUTLER. Certainly.

Mr. MILLIKIN. Is not this the effect, so far as the farmer's mind is concerned: When he is driven to the point where he has to reduce his acreage and his production, will it not be intolerable to him to have to reduce still more in order to accommodate a provision in the Geneva multilateral trade agreement which will continue to allow the foreign importations to come in?

Mr. BUTLER. I think the Senator knows the American producer well enough to know that that will not sit very well with him when he understands the situation.

Besides the feed grains, many other examples could be given of the way in which these imports are threatening the price-support structure. Potatoes are probably the best example. This question has been discussed so thoroughly by the senior Senator from Maine [Mr. BREWSTER] that I do not intend to go into it at length. He has proved on numerous occasions how thoroughly inconsistent our present policies are, when they are applied to the potato situation.

Just to cover the matter briefly, we have had tremendous surpluses of potatoes from our domestic production, as we all know. During the fiscal year just ended, Commodity Credit Corporation had to purchase about 77,000,000 hundredweight of potatoes. At the same time, the policy of the State Department has encouraged Canada to ship in here additional potatoes. Those Canadian potatoes simply added to the surplus. During this same period, these imports amounted to 5,500,000 hundredweight. These imported potatoes were simply added on to the quantities that had to be bought by the Government during the last fiscal year. The Government may not have bought the imported potatoes, but it had to buy that many more domestic potatoes. The additional potatoes were either destroyed or practically given away. We can even figure out closely just how much these imported potatoes affected the financial position of the Federal Government. The actual loss on potatoes to the Government on all liquidated transactions—so far this year, up through May 31—has amounted to around $2.70 per hundredweight handled. These imports of 5,525,540 hundredweight have caused extra losses to the Government of about $14,919,000

during this past year. That is the direct cost to the Federal budget as a result of permitting these needless imports of this one farm product alone.

Mr. President, I could go on giving example after example of the conflict between the foreign-trade policy of the State Department and the price-support program of the Government through the Commodity Credit Corporation. Pursuant to the farm legislation of last year, the Commodity Credit Corporation has had to enter into the markets for a considerable number of commodities. This program of maintaining fair prices for the farmer is absolutely essential to our continued national prosperity. All of us hope that it can be conducted without an excessive cost to the American taxpayer. In my judgment that can be done, provided the Government is not required to support the price of surplus commodities of other countries. When we cut our tariffs nearly to zero, however, other countries are encouraged to ship their agricultural products here and get in on the benefits of the price-support program.

I have just secured a list from the Commodity Credit Corporation of those price-support programs which have been carried on during the past fiscal year. Quite a number of crops and livestock products have been supported. Among the grains, wheat, corn, rice, rye, oats, barley, and grain sorghums had support programs. Among the livestock products benefiting from such programs were included: eggs and turkeys, butter fat, dried milk and cheese, and wool and hogs. Flaxseed, peanuts, and soybeans, the principal oil-bearing products, were supported. Tobacco and cotton, of course, were included, and Irish potatoes, sweetpotatoes, dry edible beans and peas, hay and pasture grass seed, and about 10 varieties of winter-cover crop seed. During the past year also there was a purchase program on dried fruit of various kinds, which included apples, apricots, dates, figs, peaches, prunes, and raisins.

Mr. President, the tariffs on practically every one of these products have been reduced, with the exception of corn, cotton, and one or two of the minor products. Imports of many of these products have been substantial. In each case where imports have occurred on a product requiring support, it is fair to say that the imports have had two results. They have held down the price of the domestic product, and they have thrown an extra financial burden on the Commodity Credit Corporation.

Mr. MILLIKIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. YOUNG in the chair). Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. BUTLER. I yield.

Mr. MILLIKIN. Are these results not especially harsh where they fall on tree crops? It is possible for a farmer to regulate his acreage from year to year, but the tree crops cannot be regulated from year to year. I suggest therefore, and will ask the Senator if it is not correct, that when we have these excessive imports of tree crops, where there is no opportunity to fit and adjust accordingly, we are reaching an especially harsh and unfair result to the American grower of tree crops?

Mr. BUTLER. That is certainly true. In that connection I will say that it is my hope that some Member of the Senate from the fruit-producing and nut-producing areas will make that picture very plain before the debate is ended.

Mr. MILLIKIN. Mr. President, will the Senator further yield?

Mr. BUTLER. I yield.

Mr. MILLIKIN. Was the Senator present when the distinguished junior Senator from Oregon [Mr. MORSE] was telling what the effect was on the cherry crop simply by reason of the rumor that the tariff on cherries was going to be reduced in connection with the Annecy negotiations?

Mr. BUTLER. Yes.

Mr. MILLIKIN. The bottom dropped out of the cherry market simply on the basis of that rumor. The distinguished junior Senator from Oregon, as I recall, pointed out the special difficulties which the growers of tree crops have because they do not have the opportunity to adjust from year to year. It often takes years, 5, 6, 7, 10 years to mature an orchard, and after the grower has succeeded in maturing his orchard he can be put out of business by reason of imports.

Mr. BUTLER. It certainly is true that reports emanating from any responsible source have a direct effect upon the market for that commodity, and more especially it has a damaging effect on the market if the report originates with a Government agency.

Mr. MILLIKIN. I am told that the price of cherries went down 4 cents a pound simply on the strength of those rumors. If I may make the suggestion, there have been many rumors going around about reductions in citrus fruit duties as the result of the Annecy Conference, and I hope that whatever the facts may be, they can be disclosed as soon as possible so that sort of thing can be brought to an end.

Mr. BUTLER. Mr. President, in some cases, the competitive effect of these imports has been indirect, but nonetheless real. Take the case of our whole marketing system for fats and oils of various kinds in this country. Here in this country we produce about 15 or 20 different kinds of fats and oils from various crops or livestock products. The principal ones are butter, lard, cottonseed oil, peanut oil, soybean oil, and tallow. They go into the manufacture of various products that are used every day, such as shortening, oleomargarine, soap, or are used directly, as in the case of linseed oil, for paint. Some of the oils are better suited for one purpose, and some of them are more useful for another, but the prices and markets for all of them are interrelated and competitive. When the price of one of the important oils goes down too far, that affects the prices of all the others.

The oil seeds produced by our farmers must also meet the competition from various imported oils from the tropics, such as coconut oil and palm oil. When duty reductions on these imported oils or oil-bearing materials permit a flood of imports, naturally it reduces the price our farmer receives for his soybeans, peanuts, or cottonseed. Until 8 or 10 months ago, there was thought to be a world-wide shortage of fats and oils. Now that picture has entirely changed, and we are faced with a tremendous surplus. In fact, the Commodity Credit Corporation has stepped into the markets on several of our most important domestic oil-seed crops and is supporting the prices of them.

As of last June 30, the Commodity Credit Corporation had acquired or had loans outstanding on 957,000,000 pounds of peanuts, over 10,000,000 bushels of soybeans, and almost 25,000,000 bushels of flaxseed. In addition, the corporation had procured over 300,000,000 pounds of linseed oil, which is extracted from flaxseed. The total investment—net loans outstanding as of June 30, plus purchases through the year—in these three oil-bearing materials, plus the linseed oil, was $383,000,000. That is the extent to which Government funds had to be invested to maintain fair prices for these crops to our farmers.

Why was this tremendous investment necessary? Because during last year we imported over 1,274,000,000 pounds of foreign oils and fats of various kinds. No such investment would have been necessary if our tariff policies had been geared to support our domestic agricultural program. Even this tremendous investment was not sufficient to keep the prices of many of the domestic fats at fair levels. According to latest figures, lard, for example, is still down to near the ceiling price of June 1946, before the OPA expired. That depression price for lard is one of the major causes of the steady decline in hog prices. If the Secretary of Agriculture is finally forced to buy up surplus pork, it will be largely because of deliberate administration policy which has pushed lard prices down to ridiculously low levels.

Butter is another product that has had to ask for price support during the last few months because of the collapse in the butter market. According to CCC financial reports, the Department of Agriculture by June 30 had already bought over 6,000,000 pounds of butter at the support price of 59 cents a pound. Unless the butter market strengthens, the Federal Government is likely to find itself committed for tremendous sums in supporting prices.

Mr. MILLIKIN. Mr. President, will the Senator again yield?

Mr. BUTLER. I yield.

Mr. MILLIKIN. The Senator has doubtless read, has he not, the various stories which have appeared in the newspapers respecting the insistence of Denmark that butter duties be lowered still further?

Mr. BUTLER. Yes. I mention that in my statement.

Mr. YOUNG. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Does the Senator from Nebraska yield to the Senator from North Dakota?

Mr. BUTLER. I yield.

Mr. YOUNG. The Senator from Nebraska has made a great study of the

International Wheat Agreement. Under that agreement we, in effect, subsidize these foreign shipments of wheat. I think the present cost is about 30 cents a bushel. In the meantime there may well be importation of large amounts and perhaps even an equal amount of wheat from Argentina. It just does not make sense to subsidize large exports of wheat, on the one hand, and import large amounts at the same time.

Mr. BUTLER. Yes.

Mr. YOUNG. We are presently importing rye, which comes in direct competition with our production, at a price below the support level of rye, thus costing the Government large amounts of money to support our own rye production, which would not be necessary if only a part of the amount we now import were not permitted to come in. Thus, in effect, we are not only subsidizing our own producers, but are subsidizing production in other parts of the world.

Mr. BUTLER. As I have said several times in the course of my statement, we are not only conducting a support-price program for our domestic producers, but, by what we have done in the past few years we are conducting a support-price program for the world.

Mr. MILLIKIN. Mr. President, will the Senator yield again?

Mr. BUTLER. I yield.

Mr. MILLIKIN. Is it not true that the gun has a double barrel? While we are supporting imports to an extent which may ultimately break down our support-price system, we have also failed, despite our tariff concessions, to break down the bilateral agreements and all the other hurdles which keep our surpluses from going elsewhere.

Mr. BUTLER. That is correct.

Mr. MILLIKIN. Is it not correct that yesterday or day before we received the news that Great Britain and Russia had entered into a bilateral agreement under which Britain was to take 1,000,000 tons of corn, oats, and barley? Is it not true that there are dozens of other bilateral agreements which have similar effect on our export market?

Mr. BUTLER. And without any compensation to us.

Mr. MILLIKIN. So we subsidize foreign imports while we submit to the strangulation of our exports. Is not that correct?

Mr. BUTLER. The Senator is exactly correct.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. GEORGE. I suggest to the Senator that the transaction between Great Britain and Russia is purely on a cash basis. It is paid for in the only currency which Great Britain has in abundance at this time, namely, pounds sterling. There is no barter. It is a straight purchase. Does the Senator contend that the existence of the Trade Agreements Act has created more bilateral arrangements and restrictive measures of that kind?

Mr. BUTLER. It is my opinion that, as a result of the Trade Agreements Act, or for some reason, numerous bilateral agreements have been made between nearly all of the countries with which we have agreements, but none between us and other countries.

Mr. GEORGE. The Senator certainly cannot successfully argue that our tariffs have been so cut down that other countries have been encouraged to make bilateral arrangements and bring on all these complications. It does not seem to me that the reason for the bilateral agreements is related at all to tariffs.

Mr. MILLIKIN. Mr. President, will the Senator yield so that I may address a remark to the distinguished chairman of the Finance Committee?

Mr. BUTLER. I yield.

Mr. MILLIKIN. What I was trying to develop by my questions was that it has always been represented that by making these import concessions we would be reducing the hurdles to our own exports. On the contrary, the number of hurdles has increased, whereas we have given the consideration.

Mr. GEORGE. I would not concur in the logic of the Senator on that point. There have been increases, of course, in many restrictive trade practices; but they have grown out of the sheer necessities which exist in the world today. To lower our tariffs would certainly not encourage those things to happen. If we had no tariff at all, they would have happened. If we had had an extremely high tariff, perhaps some of them would have happened. But that is speculative. I cannot see the connection. The real trouble, of course, is the lack of purchasing power between those countries.

Mr. BUTLER. They are shy of dollars.

Mr. GEORGE. They are shy of dollars, and purchasing capacity.

Mr. BUTLER. But that does not entitle them, under a bona fide reciprocal trade agreement, to continue making bilateral agreements and special trade agreements which do not involve the exchange of currency.

Mr. GEORGE. It does not entitle them to do so, but that is the reason why such things occur. I do not expect to see complete convertibility of currency in this world for the next decade, at least. So long as there is no convertibility we shall find nations which are forced to trade among themselves and to resort to various schemes. But the point is that if we had absolutely a prohibitive tariff, that condition would probably be aggravated. If we had no tariff at all, the world could not wholly escape from that condition. So I do not see that the trade agreements which have been negotiated directly relate themselves to those problems. Presumably—and, of course, that is the information which we have—the State Department and the negotiators have endeavored to avoid these things. They protested against the British-Argentine arrangement. They protested against the British announcement that they would have to cut back further on our exports into the sterling area. But against hard realities, such as the world now faces and has been facing, whatever tariff policy we have or do not have probably would not greatly affect the situation. The reason I addressed the inquiry to the Senator was to find out if it was his position that the trade program which we have had since 1934 has brought about these things which undoubtedly affect us, and against which we justly complain, or whether they would have existed anyway, for other causes.

Mr. MILLIKIN. Mr. President, will the Senator yield for a question?

Mr. BUTLER. I yield.

Mr. MILLIKIN. I repeat that the purpose of my question was to emphasize that we have given a quid pro quo for something which we have not received. We have made these concessions in our imports on the theory that we would better our foreign trade. We have delivered. The other fellow has not delivered. I agree with the distinguished Senator from Georgia that there are world-shaking events which run far beyond any little single part of this whole problem. Of course there are. But I make the point also that we have parted with a lot of our bargaining ability to get something which we have not gotten in return. Every day the possibility of our getting what we bargained for is diminishing, because all the restrictive devices against our export trade are proliferating. I remind the distinguished Senator that the greatest selling argument in connection with the reciprocal trade system and the concessions which we would make would be the benefit it would bring to the farmer in opening up his opportunity to export his surpluses.

Mr. BUTLER. That was the argument which was made.

Mr. MILLIKIN. We are being throttled in the export of our surpluses, and we have to open our markets to their surpluses. It is a double-barreled gun aimed at the head of the farmer.

Mr. BUTLER. Mr. President, I was referring to the situation in the butter market. The Government has been called in to support prices. Yet, at Annecy, France, representatives of the State Department have just finished negotiating with Denmark on the question of permitting a 50,000,000-pound quota of Danish butter to be dumped in our markets during the summer when prices are lowest. At least, that is the rumor. We do not yet know in detail what was decided there. If our representatives have agreed to any such proposal, it will probably force the Commodity Credit Corporation to purchase an additional 50,000,000 pounds of butter in order to maintain the price. That would involve the Commodity Credit Corporation in an investment of about $30,000,000 to cover just that additional 50,000,000 pounds to say nothing of other surplus butter which might have to be bought.

When we put these two programs side by side, the low-tariff policy on agricultural imports and the price-support policy of the Commodity Credit Corporation, it is obvious that no one in the administration has tried to think the whole question through. The net effect of the two programs taken together is to load directly on the United States Treasury the burden of supporting prices for farm surpluses all over the world. This is being done at the very time when we are all talking about the problem of cutting expenditures, or avoiding a tax increase, or

avoiding a deficit. When we look at situations like this, it is no wonder that we are faced with a gigantic deficit. If the Congress will coordinate these two programs in a sensible way, it will be possible to save hundreds of millions of dollars without making any direct cuts in routine appropriations.

The Commodity Credit Corporation cannot save the farmer completely from this type of situation. The Corporation is taking a beating financially as a result of these imports, but the farmer is taking part of the same beating. In practice, imports serve to hold market prices down below the support levels or loan rates in many cases.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. MILLIKIN. Is not the effect also to bring prices to the support levels, although without the pressure of those excessive imports, prices might be above the support levels?

Mr. BUTLER. That certainly is the effect.

Mr. MILLIKIN. The support level is merely an arbitrary one. It does not necessarily reflect the value of the crop, of course.

Mr. BUTLER. Yes; that is correct.

Mr. MILLIKIN. I repeat that the effect of the excessive surpluses resulting from imports may be to bring a price down to the support level, although, except for such excessive imports, it should justly be above the support level.

Mr. BUTLER. Mr. President, I am referring to support prices at this time in connection with the tariff program.

Corn prices have stayed well below the loan rate for several months, partly as a result of these imports of competing feed grains. That is only one example. In any case, the resources of the Commodity Credit Corporation are limited, and there is a limit also to the willingness of the American taxpayer to invest Government funds in an agricultural price-support program. We who represent the farm States are always aware of that, and we always try not to ask for unreasonable expenditures of funds on these programs. Besides, the farmer does not want to be loaded with the responsibility for the expense of these programs, particularly when he is not the sole cause of the burden which has been put upon the Commodity Credit Corporation.

It is true, of course, that very few agricultural industries have been bankrupted or destroyed as yet by the trade-agreements program. The situation of world-wide surpluses has not yet developed to that point. To give an example of what may happen to other agricultural industries, however, let me tell the unhappy story of the domestic casein industry.

Casein is a chemical product made from skim milk, and is used principally in the paper industry. In the same way that butter absorbs the surplus butter fat produced by the dairy farmers of the country, the casein industry has traditionally absorbed the surplus skim milk. It requires 35 pounds of skim milk to produce 1 pound of casein, and the industry on many occasions in the past has taken up to one or two billion pounds of skim milk off the market, even during depression years.

Under the duty of 5½ cents a pound set in the Tariff Act of 1930, the American casein industry supplied most of the domestic market. As late as 1938, American producers supplied about 99 percent of domestic requirements. In that year, domestic production amounted to 48,500,000 pounds, while imports were only 417,000 pounds.

Since that time—1938—the domestic industry has lost steadily a larger and larger share of the American market. During 1939 and 1940 imports of casein increased sharply, indicating that the competitive position of the domestic industry was becoming more difficult. In spite of this fact, the State Department in 1941 slashed the duty in half, to 2¾ cents a pound, from the previous rate of 5½ cents a pound, in a trade agreement with the Argentine. During the war there had to be some diversion of skim milk into dry skim milk, and perhaps it was natural that the domestic product should be partly replaced by imports. Last year, however, imports increased so rapidly that they supplied almost three-fourths of the American demand for casein. Domestic production was barely 14,000,000 pounds, while imports were over 40,000,000 pounds.

That is the story of the gradual, steady destruction of a worth-while industry serving as an outlet for a surplus agricultural product. There is no reason why we could not produce all the casein we need in this country. It provides an extra outlet for surplus dairy products. It would help maintain a healthy dairy industry, which is a principal user of our tremendous production of feeds. This has been sacrificed to fit in with the theories of the planners in the State Department. As a practical matter, the result of this policy has been to create such a surplus of skim milk that Commodity Credit Corporation has had to buy up tremendous quantities of dry skim milk. That is the net result of this working at cross purposes between the State Department and the Department of Agriculture.

In case after case after case, Mr. President, the low-tariff policy of the State Department is sabotaging the price-support program of the Department of Agriculture. In case after case it is involving the Commodity Credit Corporation. It is threatening to make our whole agricultural policy unworkable. It is piling foreign surpluses on top of our domestic surpluses.

Mr. MILLIKIN. Mr. President, will the Senator yield at this point for a question?

Mr. BUTLER. I yield.

Mr. MILLIKIN. I wonder whether the Senator from Nebraska is aware of the fact that the Department of Agriculture has issued an official opinion that it may not apply import control relief under section 22 of the Agricultural Adjustment Act if the particular item in question is the subject of a reciprocal trade agreement.

Mr. BUTLER. No; I did not know that.

Mr. MILLIKIN. Some weeks ago there was a question about getting relief for nuts. The Department of Agriculture said it could not give any relief.

In 1935, section 22 was added to the Agricultural Adjustment Act of 1933, to authorize the President to impose quantitative limits on imports of products when such action was found necessary—that was the relief which was sought in the instance to which I have just referred—in the Agricultural Adjustment Act of 1948, section 22 was amended so as to afford protection to all programs or operations of the Department of Agriculture. However, a new provision was added to prevent restrictions under section 22 from being enforced in contravention "of any treaty or other international agreement to which the United States is or hereafter becomes a party."

The Department of Agriculture has officially interpreted this to mean that the Department is powerless to aid the producers of any agricultural product included in a trade agreement. A letter written by Ralph S. Trigg, Administrator, on May 19, 1949, includes the following paragraph:

> The general agreement on tariffs and trade, entered into by 23 nations in Geneva on October 30, 1947, to which the United States is a party, prohibits the imposition by any party of any restrictions other than duties, taxes, and other charges, whether through quotas, import or export licenses or other measures, on the importation of any product of the territory of any other contracting party.

I think the interpretation of the Department of Agriculture is completely fantastic, but that is its interpretation. I wonder whether the Senator from Nebraska knew about that.

Mr. BUTLER. I did not know about that situation, and I am very glad to have it in the RECORD at this time.

Mr. President, as I have just stated, the low-tariff policy of the State Department, which is sabotaging the price-support program of the Department of Agriculture, in case after case is involving the Commodity Credit Corporation and is threatening to make our whole agricultural policy unworkable. It is piling foreign surpluses on top of our domestic surpluses.

The whole process is simply economic nonsense. If we are not permitted to control these imports, it will be almost impossible for any price-support program to succeed.

Mr. President, I have prepared some computations showing the investment of the Commodity Corporation in some of the farm products where imports have seriously added to the financial burden of the Federal Government. In some cases, losses have already been realized on the books of the Corporation, and at least a portion of those losses can be directly attributed to the imports. In other cases, imports of foreign surpluses have required an additional investment by the Corporation in its various loan programs. I ask unanimous consent to

insert these tables in the RECORD at this point.

Mr. MARTIN. Mr. President, if it will not take too long, I would ask the Senator to read the table. I think it is very important.

Mr. BUTLER. It will not take very long to read it:

Investment by Commodity Credit Corporation in commodities of which additional surpluses have been imported during period of CCC price-support programs, July 1, 1948, to June 30, 1949

Product	Quantities			Total	Total CCC investment during year ($1,000)	Quantity of imports
	Purchases	Collateral acquired	On loan			
Barley.....bushels	16,102,000	12,676,000	11,516,000	40,294,000	$45,409,000	10,375,000
Oats.....do	8,149,000	4,168,000	4,381,000	16,698,000	11,054,000	19,279,000
Rye.....do	525,000	262,000	175,000	962,000	1,201,000	6,794,000
Flaxseed.....do	23,788,000	655,000	289,000	24,732,000	148,004,000	
Linseed oil.....pounds	304,206,000			304,206,000	81,930,000	
Soybeans.....bushels	4,170,000	6,221,000	189,000	10,580,000	24,287,000	[1]
Butter.....pounds	6,386,000			6,386,000	3,730,000	
Peanuts.....do	899,564,000		57,416,000	956,980,000	128,714,000	
Tung oil.....do	713,000			713,000	178,000	
Potatoes, Irish...hundredweight	76,898,000		830,000	77,728,000	190,016,000	5,526,000
Dates, dried.....pounds	1,503,000			1,503,000	133,000	34,668,000
Milk, dried.....do	91,322,000			91,322,000	10,629,000	[2] 2,133,000
Eggs, dried.....do	67,246,000			67,246,000	85,629,000	[3]
Honey.....do	5,837,000			5,837,000	743,000	8,688,000
Wool.....do	82,779,000			82,779,000	60,597,000	258,398,000

[1] 1,274,000,000 pounds of competitive oils and fats imported during calendar year 1948.
[2] Dried and malted milk. In addition, 28,808,000 pounds of casein imported, equivalent to 1,008,000,000 pounds of fluid skim milk.
[3] 3,164,000 dozen shell eggs, plus 434,000 pounds of dried or frozen eggs, yolks, and albumens.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. MALONE. I am very much interested in what the Senator has just said about piling up in this country surpluses from abroad, piling them on top of the American products. I have just attended a luncheon at the National Press Club, at which Sir Stafford Cripps made a very interesting speech. I think it would be well for Senators to have an opportunity to read it. I shall read one or two excerpts, after which I shall ask the Senator what his reaction is. Sir Stafford, among other things, said:

> Industrial re-equipment, however, must necessarily be in the nature of a long-term remedy.

He says their industrial production is more, by 25 percent, than their prewar production. He then says:

> All this has been greatly helped by the work of the Anglo-American Productivity Council, which is steadily growing in volume and in results. Its work in organizing visits to the United States by "productivity teams" from British industry has been a great success. Five such teams, as well as a panel of experts, have already been over here, and 11 other visits are planned to take place this year. These teams are picking up a lot of new ideas from the study of American methods, and as soon as they get home, they pass on what they have learnt.

The PRESIDING OFFICER. The Senator from Nebraska can yield for a question only. Does the Senator from Nevada ask unanimous consent to have this observation incorporated in the RECORD?

Mr. MALONE. Mr. President, this is the foundation for a question. I cannot ask the question unless I can tell the Senator from Nebraska what Sir Stafford Cripps said. Is that permissible?

The PRESIDING OFFICER. Without objection, the Senator may proceed.

Mr. MALONE. Sir Stafford further said:

> On the question of exports to dollar markets, I believe that there is a most urgent need for more intensive salesmanship of nondollar goods in the dollar markets. This too is primarily a matter for industry and commerce, though the Government can help—and is helping—in a number of ways—for instance, by providing incentives to firms to sell in dollar markets, in such matters as the allocation of raw materials; by generous allocation of dollars for sales promotion, by the offer of special export credit facilities; by assistance in market research; and so on.
>
> A dollar exports board was set up by industry itself some months ago to go into this whole question and see what could be done to improve the advertising and distribution of British goods throughout the United States and Canada—not just on the east coast, to which many of our exporters have tended to confine their activities in the past. This body is independent of the Government, but has the full backing of the Government.

Mr. President, I now desire to propound a question to the distinguished Senator from Nebraska. I know he is already familiar with Mr. Hoffman's work in urging that the exports from the sterling bloc and from other European areas to this country be increased. What effect will all this have on the economy of this Nation, in the opinion of the distinguished Senator from Nebraska?

Mr. BUTLER. I may say to the Senator from Nevada I have purposely refrained in my address from making any extended remarks on the industrial situation, confining myself to the agricultural picture. But the answer to the question is exactly the same with respect to industry as it would be in the case of agricultural imports. Any imported article, whether industrial or agricultural, coming into our country, takes the place of an article or displaces work that could be done here. In other words, it not only affects the volume of our crop, or the volume of our industrial output; it is bound in the end to affect our industrial wage scale.

Mr. MALONE. Mr. President, will the Senator yield for a further question?

Mr. BUTLER. I yield.

Mr. MALONE. The Senator understands, does he not, that agricultural products are included in some of the shipments to the United States?

Mr. BUTLER. Oh, yes.

Mr. MALONE. Then the Senator understands that the whole plan is, through such exports, to export to us from the European countries, man-hours of cheap labor. Does the distinguished Senator from Nebraska agree with the junior Senator from Nevada that it simply means, in the case of products that we manufacture here, a displacement of so many man-hours?

Mr. BUTLER. I certainly do.

Mr. President, I have also prepared a table showing a few of the agricultural products now selling below parity whose markets are being overloaded by substantial imports as a result of duty reductions.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. WHERRY. I did not know the Senator was going to take up a different subject. I thought he was going to finish more on the line about which he has just been talking. I trust he does not object to the interruption.

Mr. BUTLER. No.

Mr. WHERRY. In view of the colloquy which has been engaged in between the junior Senator from Nevada and the senior Senator from Nebraska, I should like to ask the distinguished Senator from Nebraska this question: In the appropriations which were made for the ECA funds, as the Senator well knows, the justifications were made upon the basis of the needs of the countries that were parties thereto. What effect would it have? In connection with the numerous requests being made by the British in the discussions now being held concerning the economic union, which I understand, according to the press, is a request for a relaxation, what effect would it have upon our own agricultural prices if the British should be permitted to take ECA dollars which otherwise would be spent for surplus agricultural products in this country, and spend them for other purposes? What effect would it have upon our own agricultural economic situation?

Mr. BUTLER. I may say to my distinguished colleague that the answer is plainly apparent. It simply would add to our surpluses in this country. It would increase our problem of maintaining a fair price structure for our commodities.

Mr. President, the table to which I have just referred does not represent a complete list of agricultural products which are selling below parity, but only a few typical examples. It will be seen that many of our principal crops and livestock products are suffering from this

competition. I ask unanimous consent to place this tabulation in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

List of a few of the agricultural products which have been selling below parity as a result of imports caused by tariff reductions

Product	Average farm price Aug. 15, 1949	Parity price Aug. 15, 1949	Percent of parity Aug. 15, 1949	Imports July 1948 to June 1949 (quantity)	Percent of tariff reduction 1930–49
Barley (bushel)	$0.968	$1.50	65	10,375,000	62½
Corn (bushel)	1.18	1.56	76	(1)	(2)
Oats (bushel)	.582	.97	60	19,279,000	75
Rye (bushel)	1.20	1.75	69	6,794,000	60
Peanuts (pound)	.102	.117	87	(1)	(2)
Flaxseed (bushel)	3.56	4.11	87	(1)	(2)
Cottonseed (ton)	44.40	54.80	81	(1)	(2)
Potatoes (bushel)	1.54	1.78	87	9,209,000	50
Turkeys, live (pound)	.338	.35	97	4,173,000	75
Eggs (dozen)	.488	.522	93	[3] 3,164,000	65

Product [4]	Season average farm price, 1948	Parity price, Jan. 15, 1949	Percent of parity, Jan. 15, 1949	Imports, July 1948 to June 1949 (quantity)	Percent of tariff reduction, 1930–49
Figs, dried (ton)	$136.00	$160.00	85	1,400	40
Olives (ton)	184.00	194.00	95	[5] 10,197,000	(6)
Almonds (ton)	420.00	539.00	78	5,158	(2)
Filberts (ton)	270.00	592.00	46	3,886	20
Walnuts (ton)	424.00	688.00	62	1,286	50
Pecans, seedlings (ton)	197.00	521.00	38	(1)	(2)
Eggplant (bushel)	1.49	2.05	73	92,000	50–75
Hops (pound)	.562	.575	98	3,872,000	50
Honey, extracted (ton)	.140	.178	79	8,688,000	75

[1] Imports of this item small, but imports of competitive items large.
[2] Principal duty reductions on imports of competing products.
[3] Plus 434,000 pounds of dried or frozen eggs, yolks, and albumens.
[4] For this group of items, official figures on prices and parity not published regularly; therefore it has been necessary to use figures from last January.
[5] Gallons of olives in brine.
[6] Under negotiation for reduction at Annecy, France.

Mr. BUTLER. Mr. President, in my judgment, the evil results we have already experienced are only a forerunner of what may be expected if this policy is continued. As I previously pointed out, the world was on a shortage basis for many principal agricultural products until last year. Beginning last fall, the surpluses began to appear, not only here but in other countries. First of all, the tremendous wheat and corn crops of last fall put all the grains on a surplus basis and destroyed any danger of a shortage for some time to come. Prices of all the principal grains slumped well below parity and, in fact, well below the loan rate.

The fats and oils were the next group to move from a seller's into a buyer's market. Prices of all the principal fats and oils slumped disastrously during the winter, and they have not yet recovered. Several of the principal dairy products have also suffered from a sharp price collapse, and currently, producers of both butterfat and dried skim milk must depend on Government financial assistance. Now we are told that pork will likewise fall to that point shortly. Eggs and potatoes, of course, have been down to support levels for some time, and cotton and tobacco surpluses are likewise building up. In other words, practically every major category of farm products is at or very near the point where it must depend on Government price supports.

What will be the cost for this year if almost every agricultural product is in surplus? These surpluses are not confined to the United States. Crops in most foreign countries have been good. Many of them have surpluses, and all of them want dollars. There is nothing to prevent them from shipping their surpluses to this country to benefit from our supported prices. The cost to the Commodity Credit Corporation could easily run into the billions of dollars.

Mr. President, we came out of the war with the largest national debt ever carried by any country at any time in the world's history. Since the end of the war our progress in reducing that debt has been negligible. Worse than that, today we are increasing it. Today and almost every day of this fiscal year we shall be adding to that debt under the present policies of this administration. In the face of this fact, how can we possibly undertake to acquire and store up all these world-wide surpluses in addition to our own?

I was a little amused a few weeks ago when the Senate had up for consideration House bill 5240, to extend the authority of the Government to impose quotas and embargoes on the importation of fats and oils. At that time, Senators pointed out that the Department of Agriculture was fearful of a flood of imports of linseed oil from the Argentine at approximately 10 cents a pound. It was pointed out that such imports would break prices in this country and cause tremendous losses to the Commodity Credit Corporation. The Senator from Minnesota [Mr. THYE] suggested that the loss might go to $160,000,000.

The Senator from Illinois [Mr. DOUGLAS], in the RECORD for June 30 of this year, made one of the most revealing statements in that debate. He said:

> My feeling is that if we allow the controls to lapse there will in all probability be large shipments of linseed oil and flaxseed from the Argentine, with the result that we will be compelled to purchase a larger and larger fraction of the domestic supply, so that our stocks will increase, and our ultimate loss will be greater, and in effect we will be supporting the world price of flaxseed at our present ratio of $3.99 a bushel. Therefore, in spite of the way in which the Department of Agriculture has conducted the matter, it seems to me better than we renew the controls for a year.

He was certainly 100-percent correct. The only thing he failed to say was that the same situation was true with respect to many other farm products. In effect, we have been supporting the world price of oats, barley, and rye; the Canadian price of potatoes, cattle, and beef; the world price of many of the oils and oil-bearing materials, and any number of other commodities. If this program is continued, I am afraid we shall be supporting the world price of practically every agricultural commodity that is competitive with our own.

I supported the fats-and-oils bill along with other Senators, of course. In my judgment, however, this bill was an inconsistent and ridiculous method of handling such a situation. The proper method of guarding against excessive or low-cost imports is a fair rate of tariff which will permit imports to come into this country when we need them and keep them out when we do not need them. In this case, the administration, having reduced or at least held down the tariff rates on flaxseed, linseed oil, and other oils and fats, now finds it must place an embargo against such imports. It would have been much more simple to maintain a fair tariff level in the first place. If we had a proper tariff, no embargo would be necessary to prevent imports from having a disastrous effect on the Federal Treasury.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. WHERRY. I do not know how in the world we can force the benefits of an escape clause with regard to finished agricultural products. I can understand how it might be done with respect to unfinished agricultural products. Does the Senator agree with me that the escape clause in reciprocal trade agreements is certainly ineffective as to agricultural products?

Mr. BUTLER. Before I close my remarks I shall make a statement substantially to the effect that hearings have been denied in all cases up to this time. Some cases may still be under consideration by the State Department, but only one case is being tried.

Mr. WHERRY. And before the decision could be put into effect on a segment of our economy as large as are agricultural products, thousands of farmers could be ruined. Is not that correct?

Mr. BUTLER. Hundreds of thousands of them.

Mr. WHERRY. So is it not a fact that if there is any benefit at all it should come from a peril point being established, so that when imports come in the administrative agency can act quickly to provide the relief necessary to agriculture through the peril-point procedure?

Mr. BUTLER. That is absolutely correct.

The cost to the Federal Treasury is not, of course, the only issue; neither is the effect on the farmer's price the only issue. These imports add to our storage problem. Every Member of the Senate is familiar with the trouble we have had in finding storage space for our surplus grains. That problem is still serious this year. We had an all-time record carryover of grains from the 1948 crop. Why on earth should we add to this storage problem by bringing in surplus grain and other surplus farm products from abroad?

In my discussion thus far, Mr. President, I have not touched on one class of imports which have had the most direct and serious effect on farm prices. I refer to imports of canned beef from the Argentine and fresh and frozen beef and live cattle from Canada and other nations. If we are ever to solve this agricultural problem, we shall certainly have to start using our grain surpluses to produce all our own meat supplies. We have not been doing that for some years. During the past year in particular, we have been absorbing more and more foreign beef in various forms, while corn and other feeds—the raw material for meat production—flowed into the hands of the Commodity Credit Corporation.

I have had prepared a tabulation showing imports into this country during the past fiscal year of the actual weight of beef and number of beef cattle. During this period, 542,000 head of live cattle were imported, weighing over 400,000,000 pounds. During this same period, fresh and frozen beef and veal in the amount of 96,000,000 pounds were imported, pickled or cured beef or veal in the amount of 2,500,000 pounds were brought in, and canned beef, including corned beef, in the amount of 116,000,000 pounds was imported. These imports amounted to the equivalent of 563,255,000 pounds of dressed weight for the year.

I am not in position at the moment to say how many bushels of grain would have been consumed, but the problem of storing grain would have been pretty well solved had we used our own grain for our own meat instead of bringing grains in from other countries.

Mr. WHERRY. Does not that also include the purchases made by other Government agencies, for instance, of canned beef or any other kind of beef, outside continental United States, which is shipped direct to the point of consumption?

Mr. BUTLER. It certainly does. I think the Senator is referring to the Army and Navy, when they were purchasing their meat supplies at offshore sources. The Senator will remember that at one time we had a meeting, at which there were members of both parties, when Secretary Gray was present, and we asked him to explain that situation. The net of his comment was that he saved a little money. The question went right back from quite a number of those present, "Could you not hire your men a little cheaper in the Argentine or some place else?"

Mr. WHERRY. The amount of the purchases was quite revealing, was it not? If those purchases had been made in the United States, they would have had a very healthy effect on the market, would they not?

Mr. BUTLER. That is correct.

Mr. President, the 563,255,000 pounds, to which I have just referred, constitute a substantial portion of our total supply of beef. When imports of beef or live cattle in any form come into our markets, the impact on prices is direct and immediate. That is true because there is no price-support program for the assistance of the cattlemen. There is no pipe line into the Federal Treasury to serve as a shock absorber. These heavy imports broke prices in cattle markets several months ago by several dollars per hundred pounds, causing heavy losses to every cattle feeder in the country. Cattlemen, I believe, are fully aware of the dangers of this program. They feel the effects immediately whenever the volume of imports increases. Producers of some other crops have a sort of cushion in the Commodity Credit Corporation. In those cases, the effects take a little longer to make themselves felt. Ultimately, of course, the results are the same.

Although I have spoken only about the effects of this program on American agriculture, I should like to make at least a brief reference to its effects on American industry. Industrial prosperity is just as important as agricultural prosperity. When foreign imports take away the markets of American industry, they take away American jobs and destroy American purchasing power.

A good example is the watch industry. We happen to have a small watch plant in my State at Lincoln. Before the war, imports of Swiss jeweled watches supplied about one-half the American market. Even at that time American producers of fine jeweled watches could not compete on equal terms against Swiss watches made by Swiss labor receiving only one-half or one-third as much per hour as our American labor. Since the war, we have had a flood of Swiss jeweled watches, and there is real danger that the American industries will be put out of business completely. Already the Swiss makes have captured 80 percent of the fine jeweled watch market.

Only three American manufacturers of fine watches are left. Last year, the weakest of the three—the Waltham Watch Co.—was forced into bankruptcy and had to close down. It has since been reorganized and started up again with the help of a Government loan and—note this—with a reduction in wage rates for its employees at the very time when everyone else is talking about a fourth-round increase. How long it can continue to operate is doubtful considering the competitive conditions it must face. If something is not done to save this industry, it may be wiped out completely. If that should happen, we will certainly have to pay more for our watches than we do today. Once the Swiss watch monopoly has destroyed its competition, there is no limit to what we may be charged if we want to buy a fine watch. The same story could be told by any number of other industries.

Mr. MARTIN. Mr. President, will the Senator yield?

Mr. BUTLER. I yield to the Senator from Pennsylvania.

Mr. MARTIN. Will the Senator permit the observation that if the making of watches in America comes to an end, then we will lose, during wartime, the men who can do work on precision instruments? That is the reservoir from which workmen of that type are secured.

Mr. BUTLER. That industry was one of the most critical industries during the last war.

Mr. MARTIN. That is correct.

Mr. BUTLER. I am glad the Senator brought that matter up. If we expect to maintain dependable sources of supply for all the things we need, we must protect them against destruction by low-wage competition from foreign countries.

Much has been made by the administration of the escape-clause procedure which supposedly permits our Government to withdraw or modify a concession that is injuring an American industry. It is very seldom mentioned that in any of the agreements—13 in fact—there is no escape clause and the administration has refused to take steps to put one in. The Swiss agreement, which was one of the earlier agreements negotiated, has no escape clause. Such a clause could easily be added to the agreement by renegotiation which could be had on 6 months' notice according to the terms of the agreement. No action to fulfill even this simple promise has been taken by the administration.

On one occasion the State Department did persuade the Swiss to accept a very nominal limitation on the quantity of watches to be shipped here. Even that slight protection has now been taken away. Domestic manufacturers and workers on fine jeweled watches are told that there is no channel of relief whatever open to them. They are told, in effect, that they must accept destruction at the hands of their Swiss competitors perhaps in order to "guide the economy as a whole into the most productive lines possible."

The Senator from Colorado, I know by his expression, well remembers that remark in the hearings in the Finance Committee when we had this matter before us.

Mr. MILLIKIN. I doubt whether Hitler or Mussolini in their palmiest days ever asserted greater pretensions.

Mr. BUTLER. Mr. President, I have had printed a proposed amendment to the pending bill which I expect to bring up a little later, which would require the administration to take action to place escape clauses in all those agreements which do not have them. I ask unanimous consent to insert at this point the text of my proposed amendment.

The PRESIDING OFFICER. Is there objection?

There being no objection, the amendment intended to be proposed by Mr. BUTLER was ordered to be printed in the RECORD, as follows:

At the appropriate place in the bill add the following new section:

"SEC. . All trade agreements entered into under the authority of this act shall contain an undertaking that, if any article as to which a concession has been granted by the United States in such trade agreement is being imported at such prices, in such quantities, or under such conditions as to cause or threaten injury to domestic producers of like, similar, or competitive articles, the United States may withdraw the concession in whole or in part, or modify it to the extent and for such time as may be necessary to prevent or correct such injury.

"The President shall, immediately upon the passage of this act, take such action as may be necessary to cause the foregoing undertaking to be incorporated in all trade agreements heretofore entered into which do not now contain such a provision."

Mr. BUTLER. Mr. President, I do not know if this escape clause would really do the domestic watch manufacturers and wage earners any good. The amendment would at least give them an avenue of relief—something they do not have at present. Whether relief would actually be granted is something else again. Under the present procedure during the past 2 years 10 separate applications for investigation under the escape clause have been filed with the Tariff Commission. Out of those 10 cases not a single one has resulted in an actual escape to date. Six of the applications have been dismissed, three of them are pending, and in one case only—the case of spring clothespins—has an investigation been ordered. I do not know whether the watch industry would have any better luck. Certainly the workers in this industry who, like the Waltham workers, have accepted wage reductions and can see their future employment in danger, are entitled to a thorough investigation of their problem. I ask unanimous consent to insert at this point a table supplied me by the United States Tariff Commission showing the status of all applications for investigation under the escape-clause procedure.

The PRESIDING OFFICER. Is there objection?

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Applications for investigation under escape-clause provision

Commodity	Name and address of applicant	Date received	Status
1. Marrons glacé (candied chestnuts)	G. B. Raffeto, Inc., 44 Hubert St., New York 13, N. Y.	Apr. 20, 1948	Dismissed Aug. 27, 1948
2. Whiskies and spirits	United States Distillers Tariff Committee, Union Trust Bldg., Washington, D. C. (application filed on behalf of 28 distilling companies).	Sept 7 1948	Dismissed Jan. 3, 1949.
3. Spring clothespins	The DeMerrett Co., Waterbury, Vt., 6 other producers	Nov. 12, 1948	Investigation ordered Apr. 27, 1949.
4. Knitted berets, wholly of wool	The American Basque Berets, Inc., 7 West 30th St., New York, N. Y.	Feb. 11, 1949	Dismissed July 8, 1949.
5. Crude petroleum and petroleum products	Independent Petroleum Association of America, 1110 Ring Bldg., Washington, D. C.	Feb. 15, 1949	Dismissed May 3, 1949.
6. Hops	United States Hop Growers Association, San Francisco 4, Calif.	Mar. 28, 1949	Dismissed May 9, 1949.
7. Reeds, wrought or unmanufactured from rattan or reeds, cane wrought or manufactured from rattan, cane webbing, and split or partially manufactured rattan, n. s. p. f.	American Rattan & Reed Manufacturing Co., Corner Norman and Kingsland Aves., Brooklyn 23, N. Y.	May 20, 1949	Pending.
8. Narcissus bulbs	Northwest Bulb Growers Association, Sumner, Wash.	June 9, 1949	Do.
9. Sponges, n. s. p. f.	Sponge Industry Welfare Committee, Chamber of Commerce, Board of City Commissioners, Greek Community, all of Tarpon Springs, Fla.	June 14, 1949	Dismissed July 22, 1949.
10. Knit gloves and knit mittens, finished or unfinished, wholly or in chief value of wool. Gloves and mittens, embroidered in any manner, wholly or in chief value of wool. Gloves or mittens, knit or crocheted, finished or unfinished, wholly or in chief value of cotton.	Association of Knitted Glove and Mitten Manufacturers, 52-54 South Main St., Gloversville, N. Y.	Aug. 5, 1949	Pending.

Mr. BUTLER. Mr. President, I realize fully that proponents of this program make a great claim of the benefits alleged to have been gained for agriculture in the way of opening up export markets. Frankly, I do not believe this claim has ever been substantiated. In fact, all the evidence indicates the contrary. Up until the beginning of the war, almost all agricultural exports were declining in volume steadily and persistently. In spite of the glowing promises made for this program, export markets for wheat, cotton, and other products continued to disappear during the prewar period. Surpluses continued to pile up, and more and more severe restrictions were put upon the productions of these surplus crops. There was never any proof that concessions gained from foreign countries had been of any real benefit to our agricultural exports.

During and since the war, of course, agricultural exports boomed. They boomed because we were either giving them away or giving the money away with which they were bought. They are still booming for the same reasons. So long as we are willing to give Europe money with which to buy our surpluses, just that long will we be able to export great quantities of these crops. In effect, we are not selling these surpluses, but giving them away.

I have no means of knowing, of course, just how long the present policy of giving away money to foreign countries will continue. During the war we called it lend-lease, and, of course, that was justified from the standpoint of winning the war. After the war, we called it UNRRA, and the International Bank and Fund, and the British Loan, and the European recovery program, and various other names. No doubt when the European recovery program expires in 1952 some other name will be thought up to persuade us to continue the policy of giving money to foreign countries. Regardless of the possible merits of these various plans, there is no question about this fact. These loans and grants have been the single explanation of the postwar boom in our exports of farm products.

So long as we continue with such programs we can doubtless continue to sell our farm surpluses to those who receive our money. As soon as we stop such programs, farm exports are likely to fall back to the low figures that we experienced before the war. The statistical agencies of the Government unfortunately have stopped publishing a breakdown of the export figures to show how much of the goods going abroad is being paid for with our give-away program.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. MILLIKIN. Is it not true that, in connection with the recent appropriation of ECA funds, the administration did not want to be committed to any definite expenditure of those funds for American farm surpluses?

Mr. BUTLER. It is very true.

Mr. MILLIKIN. And resisted the effort to accomplish that in a very vigorous fashion, and successfully?

Mr. BUTLER. That is correct.

Mr. President, there is really no reason to think that trade agreement concessions have benefited our agricultural exports in the slightest. On the contrary, all the expert witnesses have testified that world trading is more tightly bound up today than ever before by the exchange controls and import regulations of foreign countries.

In fact, the recent negotiation of the International Wheat Agreement, in my opinion, proves more conclusively than ever how worthless have been the concessions that we supposedly received for our exports. For years the experts in the State Department have been negotiating trade agreements with foreign countries. For years they have been claiming that this program would provide the foreign markets our wheat farmers need. They have presented tabulations of concessions supposedly received from foreign countries. Certainly if there was anything in this trade-agreements program

at all, it was supposed to save the situation for the wheat farmer.

Now with the International Wheat Agreement we are told that all these agreements have not been sufficient really to help the wheat farmer. Apparently they have not gained him the foreign markets that he was promised. Instead, a new, additional, extra agreement calling for new concessions is required. Now we are told that this International Wheat Agreement will guarantee the markets abroad for wheat that the trade-agreements program has failed to guarantee.

If this new International Wheat Agreement is necessary, what has happened to all the concessions we received for our wheat exports? On the other hand, if the trade-agreements program has been so beneficial, why do we need an International Wheat Agreement? If the one type of agreement has been of no value, why should we expect that a different type of agreement with the same countries will be of any value? With this kind of a record of inconsistency before us, is there any great advantage by going ahead with either type of program?

Just recently, the conclusion of what amounts to a barter agreement between Great Britain and the Argentine has met with protest from this country. It has been charged that this agreement is in direct conflict with the engagements entered into by the British in connection with the European recovery program and various other programs. Those charges are true, of course, but I cannot understand all the excitement about this particular agreement. It is certainly not the first case when some foreign country has broken its pledges to open up the channels of world trade and reduce barriers to trading on a multilateral basis. Hundreds of similar agreements have been entered into by other countries having exactly the same purpose as the Anglo-Argentine agreement. This agreement was not the first such agreement, and it probably will not be the last.

Both Great Britain and the Argentine have previously signed trade agreements with us in which they pledged themselves not to discriminate against our goods in their markets. This Anglo-Argentine agreement cuts us out of the British market for many agricultural products and out of the Argentine market for many industrial products. Our trade agreements with both countries under this reciprocal trade agreements program have, therefore, been violated. There is nothing surprising about it. It has happened before any number of times, and the State Department has never been willing to require the other countries to keep their agreements. By the agreement with the Argentine made in 1941, we reduced the duty on flaxseed, and led to the situation I spoke about a few minutes ago, whereby we were threatened with a flood of imported flaxseed. Under the circumstances, it would have made better sense to cancel our trade agreement with the Argentine and restore the duties on flaxseed and other agricultural products. That would have gone part way toward meeting the fats and oils problem. The State Department apparently is not willing to admit that our trade agreement with the Argentine has failed to achieve its purposes. Rather than admit its mistake, the administration has found itself forced to resort to embargoes and quantitative controls over fats and oils—controls of a type which are far more destructive of international trade than a reasonable rate of duty.

Mr. President, in my judgment, our whole foreign-trade program is badly in need of drastic revision. It has not worked, but it has and will damage our principal agricultural industries in this country for the benefit of a few large mass-production industries. It is absolutely essential to retain the peril-point provision of the present law.

In my judgment, when imports of a commodity throw an extra unnecessary financial burden upon the Commodity Credit Corporation and the Federal Treasury, the peril point has been reached. In my judgment, when imports drive the price of a farm product down below parity, the peril point has been reached. When unnecessary surplus imports throw an extra burden on a serious storage problem, the peril point has been reached. When surpluses already exist, imports are unnecessary and are unwanted. Any foreign trade policy which results in adding to our own surpluses here at home is obviously foolish, unwise, and wasteful.

Mr. President, I have always been a believer in true reciprocity. Reciprocity in our trade relations is a Republican Party principle of many years standing. It was adopted and put into effect under a Republican President, William McKinley. The McKinley trade treaties were truly reciprocal. They did gain for us real concessions from foreign countries, and they did not bring into this country unwanted surpluses. The present so-called reciprocal trade agreements program is a distortion of the McKinley idea. All we can really do this year is to retain the gains that were made in the act passed last year. I hope, at least, we shall not retreat from the progress we made last year toward a sounder, more realistic, foreign-trade policy.

Mr. President, I have been speaking for several million farmers, North, East, South, and West. Agriculture is a basic industry of America. A recent survey made in Nebraska by the University of Nebraska, developed the fact that the average Nebraska farmer has an investment of a little more than $33,000. Land is valued at $20,135. Productive livestock is valued at $5,176. Machinery and equipment is valued at $3,692. Feed, seed, and supplies are valued at $850. I think the figures are reasonable ones. These figures are the result of a very careful survey made by competent persons connected with the University of Nebraska.

Mr. President, I think it is safe to assume that the national average would not vary greatly from this Nebraska survey. On that basis our farmers have an investment approaching $200,000,000,000. No other industry can match this figure. It is highly important that our farmers be protected with a reasonable tariff. I think the peril-point provision of the 1948 law is the proper way to guarantee that protection at this time.

Mr. SMITH of New Jersey. Mr. President, I propose to support the pending so-called peril-point amendment to the Reciprocal Trade Extension Act.

In taking this position, I wish, however, to make it clear that I still support unreservedly the position which I took in 1945 and again in 1948 in voting for the extension of the Reciprocal Trade Agreements Act on those two occasions.

I join wholeheartedly with the senior Senator from Michigan [Mr. VANDENBERG] in his strong objection to the implication that those of us who support the so-called peril-point amendment are rejecting the reciprocal trade agreement principle or in any way reversing our previous position in support of that principle. I also object to the effort being made in this debate to inject the old issue of protection versus free trade, and to classify the supporters of the new peril-point procedure as blind economic isolationists. As one who has consistently favored our progressive program of reciprocal-trade agreements as part and parcel of our world economic leadership, I seize this opportunity to reemphasize as strongly as I know how my allegiance to the reciprocal-trade concept and to state once and for all that my approval of the peril-point procedure does not diminish that allegiance in the slightest degree. Let me sum up my position.

First. As I stated on the floor of the Senate on the 13th day of June 1945, it is my clear conviction that international economic collaboration is only second in importance to international political collaboration. During my entire term of service in the United State Senate I have supported every measure reported looking toward cooperation among the nations of the world to preserve the peace. This includes, of course, primarily the United Nations Charter, but in addition to that, all the other measures having that objective, including the reciprocal trade agreement program.

Second. The most recent steps in the participation by the United States in international measures to secure the peace were based on considerations which argue with equal potency for the continuation of the principle embodied in the reciprocal trade agreements program. I refer especially to the ECA or the Marshall plan, the North Atlantic Treaty, and now the pending Foreign Military Assistance Act. All of these steps contemplate the willing participation by the United States in measures to bring about not only the peace of the world but also the economic recovery of the other nations of the world.

Third. It is my settled conviction that with the close of World War II we opened a new chapter in international affairs. We endeavored at least to close the door on the old conception of "every nation for itself and the devil take the hindmost," and we definitely looked toward the conception of one world where we all together would seek the liberation of all peoples from tyranny and the highest world-wide standards of living for all peoples. This new chapter and this new conception in my judgment call upon us, as far as we can practically

do so, and without the destruction of our own productive industries, to join in the expansion of world trade and the opening of markets throughout the world. This means the lowering of tariffs, the removal of trade barriers of whatever kind they might be, including currency controls, quotas, and so forth, and the elimination of economic isolationism.

Fourth. With the turning of the page to this new chapter of our post-World War II conception of international trade, we must obviously discard once and for all unilateral log-rolling tariff-schedule making, which clearly was an isolationist policy; and we must accept the conception that mutuality in trade relations is the sound principle for over-all world prosperity and furthermore a sound principle to be followed in our progress toward world peace.

The foregoing points sum up the principles that guided me in the position that I took on the floor of the Senate in 1945, and which I have held ever since.

I come from an industrial State—New Jersey—a State which for many years was one of the spearheads of our American high-tariff protectionist policy. Naturally, in representing that great State I was open to criticism by the leaders of some of the industries there. They pointed out some of the possible dangers that their industries might face as a result of this change-over to the new post-World War II international trade approach which the Government was making. I assembled the leaders of some of the principal industries in New Jersey, and especially our flourishing textile industry, and had them meet and discuss with representatives of our State Department the principles involved in the Trade Agreements Act and the dangers, if any, that their industries should be protected against. By these conferences and by the exchange of correspondence with my constituents, I was brought to see that, while the principle of reciprocity was sound and could well be approved even by hitherto tariff-protected industries, there was a strong feeling that those who had grievances and who felt that they were in difficulty were arbitrarily and cavalierly treated by the State Department officials to whom they brought their troubles.

After reviewing the evidence I felt that there was justice in some of these complaints, and that the proceedings in Washington were to a certain degree "star chamber" proceedings. The complaints were listened to by personnel on the lower levels, with very little chance to get the problems presented to the higher-ups who had the final determination with regard to tariff adjustments.

Whether or not the charges were all true, those producers showed a feeling of resentment and a wholly legitimate desire that the change-over from what had been a relatively high-tariff policy to what at least could be described as an adjustment downward of our tariff policy should not be made in disregard of the very real needs and problems of American industries. On all sides it was realized, I think, that proper procedures must be invented whereby any aggrieved industry would get a full and complete hearing.

It was because of these criticisms of our trade-agreement procedures that we first applied the so-called escape clause, which in 1947 became part of the over-all pattern through insertion in the multilateral Geneva agreement. The principle of the escape clause, as has been explained here on the floor, was that if it could be established that a real injury had been done to any particular industry, the treaty in question would be recalled for renegotiation and concessions would be modified in order to take care of the particular problem presented. In theory the principle of the escape clause was sound, but in practice we found that it was like locking the barn after the horse had been stolen. If real damage had been done, the escape clause procedure would not be adequate to redress the damage.

Because of this defect it was felt that it would be only just to explore in advance the real dangers presented to any particular industry by any contemplated trade concession, and to have those dangers clearly set forth before the President finally negotiated the agreement. That is all that there is to the so-called peril-point procedure. It is simply a determination ahead of time—not after the damage has been done—as to the point below which a tariff reduction would seriously endanger any industry.

The argument is made that this procedure, while theoretically sound, may be a hindrance to the President in his freedom of negotiation. But I feel that two answers can be made to this particular objection. One answer is that the President has already accepted this hindrance by openly pledging that he will safeguard domestic industry. He is therefore compelled to choose between the importance of his negotiation and the possible destruction of one of our industries. He should be able to make this choice, and to uphold his pledge, on the basis of the most expert information supplied in advance. I emphasize the words "in advance."

The other answer is that so far as we have been able to determine, since the peril-point principle came into effect in the law of 1948, there has been no case in which it has been demonstrated that the President or his advisers have been embarrassed in the slightest in their negotiations. I take the position, therefore, without fear of contradiction, that the peril-point procedure of the 1948 law, as modified in the amendment of the Senator from Colorado [Mr. MILLIKIN], should not be abandoned until it has been clearly demonstrated that some way, somehow, it has embarrassed the President in his free negotiation of reciprocal trade agreements, and some way, somehow, has undermined the spirit under which the reciprocal trade agreement policy was developed. We must bear in mind that the President remains entirely free to act, but if he feels that he must ignore the danger signal he must inform Congress of his reasons.

Mr. President, it is my considered judgment that the industries of this country, which have been accustomed for many years to a policy of tariff protection, are fully entitled, as we change from a tight policy to a more liberal one, to know that the Government is alive to the dangers to their particular industries which would result from moving too fast. The free traders would like to have this step taken at one fell swoop, but I submit that this would be unjust and would not be the American way.

Let us stand by the splendid principle of reciprocity, and let us do all in our power to see that it is developed in an orderly way, but in the process do not let us sacrifice legitimate, worthy, and honorable American industries.

In conclusion, Mr. President, let me sum up:

The peril-point principle represents an effort to clarify the procedures of our reciprocal trade policy. It gives the President concrete, expert information on the basis of which he can maintain his pledge to retain legitimate safeguards for domestic industries. I believe that time will justify it on that basis, and that its preservation will remove the lingering doubts and fears which now beset many American producers. Their new confidence will thus serve to unite the American people behind our progressive foreign trade program, and to raise it above the factional strife which might well utterly destroy it. This procedure is an expression of good faith with the producers of America.

If time should show that the peril-point method in any way endangers or nullifies our policy of trade reciprocity, I shall be the first to demand that the procedure be amended or discarded. At present I am convinced that it is sound. I have confidence in the Tariff Commission, and in their ability to do the task before them with integrity and wisdom.

For these reasons I favor the peril-point amendment, which I believe in no way involves any inconsistency with my position in wholeheartedly supporting the reciprocal trade agreement principle as a part of our program of international economic collaboration for the preservation of peace.

OBJECTIVES OF THE BRITISH CONFERENCE

Mr. KEM. Mr. President, a cynical Englishman, Mr. Oscar Wilde, has told us that a burnt child loves the fire. However this may be, I know that I am safe in saying that the American people are following the conference now being held in Washington, regarding the finances of Great Britain with the greatest of interest and with no small amount of anxiety. The interest is due to our deep-seated affection for and cultural ties with the British people. The anxiety is due to the fear that the United States will be led farther down the road toward becoming, like Britain, a Socialist state.

Pronouncements like those recently issued by very important persons, may force our people, however, reluctantly, to accept an unpalatable conclusion as a established fact.

A few days ago in the Senate, I invited attention to a statement made by the President of the United States in his speech at the American Legion convention in Philadelphia to the effect that Great Britain and the United States were seeking "common economic ends."

Now comes another important witness—this time from the other side of

the Atlantic. Sir Stafford Cripps, His Britannic Majesty's Chancelor of the Exchequer, in his opening statement at the conference, had this to say:

I have emphasized our determination to work toward a single world of like-minded countries in the economic, as we are already doing in the political field.

All of us realize that in matters of diplomacy, language is said to be used to conceal thought. However, in the foregoing quotation the words seem to have a clear and definite meaning. They must mean that President Truman and the British delegation are working toward placing the United States side by side in the economic field with Great Britain. Sir Stafford has given frequent assurances that his Socialist Government will not turn back. It is determined to extend its experiments in socialism. There is only one way, then, in which the United States may become like-minded in the economic field with Great Britain: That is for the United States to become a Socialist state.

At least our distinguished visitor has been frank and candid enough to put us on guard. He has announced his objective. To be forewarned is to be forearmed.

Mr. President, for some time past we in this country have been all too familiar with what has become known as the principle of spend and spend, tax and tax, elect and elect.

This principle is now in operation in Great Britain. The British Socialist Party is spending and electing. But, alas, a substantial part of the taxing is going on in the United States. Question No. 1 on the agenda of the conference on the financial affairs of Great Britain is: How much further may the American people be cajoled into paying taxes for the purpose of spending and electing in England?

We Americans know that experience is a dear school. But we have been shocked and disturbed by the bill for this course. Since VJ-day, our tuition, including laboratory fees, has been over $6,000,000,000.

We do not want our economy to be patterned after the British Socialist economy. To do so would be to nationalize our basic industries, and to destroy our system of free enterprise and individual initiative. The economy of the United States and the economy of Great Britain must not go down together. We do not want to take any calculated risk in this respect.

Mr. President, yesterday, the distinguished Senator from Colorado [Mr. MILLIKIN] made some remarks in the United States Senate on the subject of calculated risks. These remarks are worth repeating. For the benefit of some Senators who were not here yesterday, but are here today, I shall do so.

The Senator from Colorado said:

I wonder if it is not about time to retire for a much-needed and overdue rest the phrase "calculated risk." When any agency has a trick package of goods to sell to Congress which it cannot justify on merit, its barker dangles it before our bedazzled eyes and gaping mouths as a "calculated risk."

Psychologically, that technique of selling is supposed to shame our doubts. It is supposed to transform timidity into swaggering recklessness. It is supposed to feed what is supposed to be the yearning of the prudent for that bold look.

An accidental risk, one which matures and was not calculated is bad enough, but why a public official should preoccupy himself with calculating risks against his constituency, against the pay rolls and welfare of the people of his country, surpasses all understanding.

Now, Mr. President, the Senator from Colorado was speaking about our tariff policy. But what he had to say is applicable, word for word, line for line, to another important phase of the foreign policy of the United States. It fits like a glove our postwar policy of financial aid to the countries of western Europe and particularly to Great Britain.

Mr. President, we took a "calculated risk" at Bretton Woods, and we lost. We took a "calculated risk" with the British loan of nearly $4,000,000,000, and we lost. We took a "calculated risk" that the ERP—the so-called European recovery program—would bring about the recovery of western Europe. We lost again so far as Great Britain is concerned. The presence of our distinguished guests in Washington is proof enough that the ERP has failed, and will fail, to bring about a recovery in Great Britain so long as her Socialist leaders continue their extravagant experiments with the welfare state.

Mr. President, the President of the United States in public statements has extolled the welfare state. He has espoused for this country, socialized medicine and other socialistic enterprises. He has spoken kindly of the economic ends of the present Socialist Government of Great Britain. It seems to me proper to inquire, in view of these statements, whether it is the President's purpose to lead this Nation along the path being followed in Great Britain to all-out socialism. Such, from his public utterances, would seem to be the logical conclusion. The President is the only one who can answer. All Americans engaged in free enterprise—all the workers in the factories and the farmers in the fields—deserve an answer. The American people are entitled to know whether the President of the United States says what he means and means what he says.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. MARTIN. Mr. President, in this and previous discussions regarding the merits of House bill 1211, we have had the benefit of a wealth of statistical information bearing upon the so-called reciprocal trade agreements into which we have entered with foreign countries. A voluminous record has been made by the testimony presented before the Ways and Means Committee of the House and the Senate Committee on Finance. The testimony and the statistics offered have been most informative and extremely helpful. They show the extent to which we have reduced import duties for the benefit of foreign producers. They reveal the tremendous increase in the importation of manufactured goods and agricultural products into our domestic markets. They give warning that certain industries, operating at the American scale of wages, cannot compete successfully with foreign manufacturers whose low labor costs permit them to pour goods into the United States in great volume. It is not my purpose to repeat the statistical data. It is available for reference and study in the printed record of the hearings.

In my remarks I desire to place the strongest possible emphasis on the necessity of keeping the American working men and working women employed at gainful wages. Their jobs and their welfare depend largely on the decisions reached in this Chamber. In considering American tariff policy I am more concerned with the effect on the man or woman whose job is at stake and how that job can be protected than I am with any other question involved. To my mind, that is the most important thing to which we must give our most serious attention.

Mr. President, the greatest advance in American industrial strength and the greatest expansion of employment were achieved in the 50-year period when the protective tariff insured continuous and increasing production of American goods for our domestic market and the markets of the world. In that period the high skill of the American worker, combined with courage and initiative of American management, wrought the miracle of American mass production. Protection afforded by import duties kept our factories, our mills, and our mines going. That policy developed employment opportunities for our working men and women. It gave us undisputed leadership in industrial progress. It gave our people a standard of living higher than that ever attained by any people since the world began.

Mr. President, today there are those who would have us believe that the words "protective tariff" have become ugly words, representing old-fashioned notions that have outlived their usefulness. We are asked to subscribe to a different philosophy—one that would solve the economic ills of the world by a system of free trade. But the proponents of that policy do not come out openly and say that free trade is their goal. They do not mention free trade at all. Instead they talk about removing trade barriers and the free exchange of goods under reciprocal-trade agreements that have long ceased to be reciprocal. In other words, they advocate a system under which we make all the concessions and get little or no advantages or benefits in return.

As the natural outcome of that policy we have embarked on a new kind of international trade. Instead of exporting goods we are exporting jobs. We are importing goods that could sustain American industry and could safeguard employment opportunities for the American worker. Of course, the statistics to which I referred earlier, show an increase in exports. But we must bear in mind that a large percentage of those exports are

represented by goods bought with our own money and shipped abroad under the European recovery program.

Mr. President, it is not inconsistent to advocate a tariff for the protection of the American worker and, at the same time, support the true principles of reciprocal trade. I have no quarrel with the principle of reciprocal-trade agreements, so long as the elements of true reciprocity are preserved.

Mr. President, the distinguished Senator from Nebraska referred to the fact that the first reciprocal trade agreements were arranged under the administration of President McKinley. I have always been a great admirer of President McKinley. He was the first President for whom I voted. I believed in his protective tariff policies. I saw the benefit of those policies both in agriculture and in industry. Industries such as tin and steel and other industries of the kind were then in their infancy. They grew to be great and powerful and were most helpful to us in the winning of two world wars. Then, when that great man who advocated the policy of protection for the infant industries of America became an advocate of reciprocal trade agreements, I followed him. I followed him gladly.

I favor the principle of expanding world trade through reciprocal reductions in import duties and the removal of other trade barriers. I favor and have supported economic aid to the friendly nations of the world that are in need of such assistance. I am hopeful that the billions of Marshall plan dollars will achieve the noble purposes to which they have been dedicated by the taxpayers of America. It is my sincere desire to help improve the conditions under which our friends of western Europe are struggling. I want to help them raise their standards of living and to establish higher wage scales for their working people.

But I am not unmindful of our prior obligation to our own people.

Yes, we want to give all possible assistance to build up their economy, but not to the extent of destroying our own.

I am for a system that would raise the wage scale and standard of living for these people to a point somewhere comparable to our own.

But I shall never support a system which will drive down the American scale of wages and lower the standard of living enjoyed by the American worker.

I am deeply concerned with the rising unemployment in many industries whose survival is jeopardized by a flood of goods produced by the cheap labor of Europe and Asia.

Many instances could be given of the alarming situation in which some industries find themselves because of this competition.

They include glass and glassware, pottery and related products, clocks and watches, furs, leather gloves and mittens, games, toys and dolls, knitted gloves and knitted outerwear, cotton textiles, woolens and worsteds, silks and rayons, and crude petroleum.

In every one of these industries American workers have been forced out of their jobs and working hours have been reduced because their markets have been substantially cut by low-priced imports from foreign countries.

The competition of imported goods from the American zones in occupied Germany and Japan, now being sold in this country at low prices, has forced employees in two of our larger glassware factories to accept lower wages. That statement also applies, Mr. President, to many of the oil fields of our country, which subject was so well discussed by the distinguished Senator from Oklahoma [Mr. THOMAS] earlier in the day. Approximately 1,000 glassworkers are hurt by these reductions, which amount to a 20 percent cut for skilled and semiskilled labor and 10 percent for unskilled labor. That hurts not only the families of those laborers, but it reduces their buying power, which is detrimental to the entire economy of our Nation.

The American glassworker has no fear of fair competition from any country in the world. Employees and management in the glass industry do not ask for tariffs or regulations which would bar the sale of imported glassware in this country.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. MARTIN. I yield.

Mr. MILLIKIN. Yesterday I suggested that this Nation's economy and social life are characterized by one-factory towns. Are there not literally hundreds of one-factory towns in Pennsylvania in which there are industries which operate under a high quotient of labor costs?

Mr. MARTIN. Mr. President, in answer to that question, we have more than 180 towns and cities in Pennsylvania of over 5,000 population. Each of those communities has several small industries in which the labor costs are extremely high.

Mr. MILLIKIN. Is it not true that wherever there is an industry of that kind, in which there are no mass-production and assembly-line techniques, we must pay attention to the difference between our labor costs and foreign labor costs, or we shall bring those industries to disaster?

Mr. MARTIN. Mr. President, the distinguished Senator from Colorado is absolutely correct. Already some of those industries have closed down; others have been taken over by larger industries. In Pennsylvania there are 17,000 independent organizations, and that is the economy on which we depend for our progress. While we are glad to have the plants of the United States Steel Corporation, the Bethlehem Steel Corporation, and the great plants of General Electric and Westinghouse, the great amount of taxes for Federal, State, and local purposes comes from the small, independent industries.

It will be recalled that there was testimony before the Finance Committee relating to certain small industries which manufacture clothespins. The statement was made, "Of course, in Pennsylvania you are not interested in things like that." We are interested in small industries. They are owned by local persons. They furnish employment for local people. Of course, many of the small industries eventually grow into very large industries. But they are the basis of our economy.

As I stated a moment ago, Mr. President, the American glass workers are not in opposition to imported glassware, but they do oppose, and I join them in their opposition to tariff reductions which will make it impossible to maintain the wage scale that American labor receives.

My own State of Pennsylvania has a considerable glass, china, and pottery industry. It is an old-established industry. Workers receive an average wage of $1.42 an hour. In fact, there were glass factories in Pennsylvania before the Revolution. The great Secretary of the Treasury, Albert Gallatin, had a glass factory in the western part of Pennsylvania at the turn of the century. General O'Hara, that very famous soldier of the Revolution, came into the Pittsburgh area and established glass factories 150 years ago.

I stated that our workers receive an average of $1.42 an hour in the glass factories. They are in competition with Belgian workers at 31 cents an hour, French workers at 33 cents an hour, Italian workers at 25 cents an hour, and Czechoslovakian workers at 20 cents an hour.

Pottery and dishes that come from Japan are produced by men and women who receive 7 to 10 cents an hour. Pottery brought in from Germany is made by workers who get 30 cents an hour.

What is the result? Let me give just a few comparisons.

On March 9 of this year a set of eight cocktail glasses was purchased at a leading department store in New York. They were made in Japan. The price was $3.95 for the set.

A comparable set of eight cocktail glasses, made by an Ohio glass company, sells to the retailer at the wholesale price of $5.00. You will note that the Japanese ware was sold in the department store for $1.05 less than the manufacturer's price.

On August 3 of this year a Japanese goblet was purchased at one of the leading department stores in Chicago at a price of 60 cents. A similar goblet, made in Ohio, sells to the stores at 75 cents. Again, you will note that the price of the Japanese article at retail was 15 cents below the American manufacturer's price.

A glass maker near Columbus, Ohio, who produces goblets, sherbet and wine glasses to sell to the retailers at the factory price of 90 cents each, found himself facing competition in a Columbus 5-and-10-cent store. There, at his own back door, similar goods, made in Japan, were selling at 39 cents each.

Similar price comparisons can be made in the case of crystal glass, made in occupied Germany, and selling in the leading department stores of our country in competition with the same articles manufactured in the glass factories of Pennsylvania and West Virginia.

Recently I received word that a rug factory in Pennsylvania was forced to close. Imports from Japan put it out of business.

The situation with respect to crude petroleum and the damage to workers in that industry is equally alarming.

I wish all Senators had had the opportunity of hearing the learned discussion on the subject a little earlier in the day by the distinguished Senator from Oklahoma [Mr. THOMAS].

Crude oil is essential not only during war but also in our peacetime economy. The United States has been the great producer of oil. Our capital, our know-how, and our persistence have developed the oil fields of the world.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. MARTIN. I yield to the Senator from Colorado.

Mr. MILLIKIN. Is it not true that in Pennsylvania, where there are very old wells, there is low production per well, and that once they are shut off great risks are run of never being able to get them into production again?

Mr. MARTIN. The distinguished Senator from Colorado is absolutely correct. There is a well in the proximity of the original Drake well, which was the beginning of the petroleum industry of the world, which was drilled in 1861, and is still producing a little oil. It would not be economically sound to redrill that well if it were shut down, and if the competition from oil abroad becomes sufficiently heavy, it will be necessary to shut the well down. In so doing we will lose that reserve.

In the Pennsylvania, West Virginia, southern New York, and eastern Ohio sands, where the Pennsylvania grade of petroleum is produced, the operators have already taken out of the sands considerably less oil than that which remains in the sands. By modern methods of recovery much of that oil can be recovered, but, of course, if the wells are shut down, it will not be economically sound to redrill them. The cost is too heavy.

Twenty-eight States now produce oil. This gives employment to drillers, pumpers, transportation men, and those working in many other fields. The distinguished Senator from Kansas [Mr. SCHOEPPEL] spoke at the ninetieth anniversary of the founding of the Drake well, and in the course of his remarks he made the statement that there are 1,500,000 working in the oil fields of America; which means much to the over-all economy of our country.

The oil production in the various States is also a great revenue producer for local government, State government, and the Federal Government.

We are now importing between 400,000 and 700,000 barrels of crude oil a day. This is unfair competition not only because of the lower wage standards maintained in foreign countries, but because the production is not regulated as it is in many of the States of the Union. Many of the States limit the amount of production to market demands.

Most of the oil-producing States now have what we call marginal oil fields. These are fields where the flush production is exhausted. They are producing oil by the use of new recovery methods. If these fields finally close down because of foreign competition, they will never be redeveloped because it will not be economically sound to do so.

This would mean the loss of an enormous reserve of oil. It would mean the loss of a large amount of tax money. But worst of all the jobs of thousands of American workmen will be wiped out.

These marginal fields are largely owned and operated by the independent operators. Many of them are operated by a single individual. In some cases the production is so low that the owner of the farm has bought the production, and is now operating the well along with his farm, to his advantage, and also to the over-all economic advantage of the country. Destroying these wells means that the control of oil production in the United States will be in the hands of a few large companies.

In passing, I might say what I do not believe the Senator from Oklahoma [Mr. THOMAS] covered in his prepared speech this morning. In case of war we ought to have all the critical items within our own lines. In World War II we were almost defeated because raw rubber was outside our own lines. We were able to substitute synthetic rubber for the raw rubber, but in the case of oil there is no substitute. As the Senator from Oklahoma pointed out this morning, we can make synthetic oil from coal, we can get it from shale, and from many other sources, but if it is outside our lines, we cannot expect to win a war.

As I said before, I am not opposed to the principle of reciprocal trade agreements that are, in fact, reciprocal.

My complaint is with the manner in which the program has been administered. It seems to have been directed with one thought in mind—how to advance the welfare of other countries—without any regard for the paramount interest of the American worker.

While we were granting concessions and reducing tariffs on imports, other countries were wiping out the concessions they had made by imposing import licenses, quotas, and other trade barriers.

I cannot lose sight of the fact that there is a danger point in granting concessions below which the American worker faces disaster.

There is a point at which the preservation of American jobs must become our paramount objective.

That is the peril point beyond which cuts in import duties cannot be made with safety to the welfare of America and its workers.

The whole program to restore prosperity and stability to western Europe will be useless to us and to the world if we fail to maintain a sound economy at home.

To do so we must have a high level of employment, increasing production, and expanding markets.

Labor is getting wide awake to the tariff situation. Pennsylvania labor is worried over the loss of industry because it means fewer jobs, lower wages, and a reduced standard of living.

The American Federation of Labor, meeting in Cincinnati, Ohio, on November 20, 1948, unanimously adopted a resolution with respect to the trade agreements program.

That resolution was included in a statement made before the Senate Finance Committee on February 22, 1949, by Mr. Walter J. Mason, national legislative representative of the American Federation of Labor. It appears on page 675 of the hearings, part 1, from which I quote, as follows:

> We recommend that the American Federation of Labor support the principles of this act. The reciprocal trade agreements program offers a method looking toward the further freeing of international trade from restrictive barriers.
>
> However, in some instances the duty reductions already made have reached the point where further reductions would endanger the employment in particular industries exposed to competition from abroad.
>
> In supporting the trade agreements program we recognize the need of safeguarding labor in some industries, especially where wages are a relatively heavy factor in the cost of production, against competition that threatens to undermine our labor standards.

The same resolution also appears earlier in the hearings. It was read into the record by Mr. O. R. Strackbein, executive secretary of the American Wage Earners Protective Conference. This is a nonprofit organization, composed of national and international unions affiliated with the American Federation of Labor. It can be found on page 410.

Mr. President, I have received numerous telegrams from local labor organizations in various parts of the country. I will not take the time of the Senate or occupy space in the RECORD by reading all of them, but I should like to read one or two of them. One comes from Philadelphia, addressed to me, and is as follows:

> Peril-point amendment contained in H. R. 1211 vital and important to the Glass Bottle Blowers' Association and its entire membership. Peril-point amendment will not injure in any manner existing tariff policies. Peril-point amendment merely protects industries requiring tariff relief against low wages through foreign competition. Urge your support of this amendment on H. R. 1211.
>
> LEE W. MINTON,
> *International President, Glass Bottle Blowers' Association.*

Another telegram which came to me from Toledo, Ohio, is as follows:

> You are well acquainted with the disastrous effects on the American glassware industry and the employment of the American glassworkers caused by importation of competitive glassware from low-wage countries, particularly occupied Japan and occupied Germany, which is already very largely responsible for our American glassworkers being employed approximately 50 percent below normal. We therefore are compelled to appeal to you and other United States Senators for help and support of the peril-point amendment to the administration's reciprocal-trade-agreements extension bill now before the Senate. Adequate protection of the jobs of the more than 35,000 members of the American Flint Glassworkers' Union of North America is of vital importance and it is in their behalf that we appeal to the United States Senate for protection of our interest as industrious American citizens against the lowering of tariff rates and thereby destroying the standards that required many years of hard work to build for our people.
>
> HARRY H. COOK,
> *International President, American Flint Glassworkers' Union of North America, Affiliated With the American Federation of Labor.*

I have received many other telegrams, but, Mr. President, I shall not read them in full into the RECORD. One comes to me from Pauline Sedler, local 546, president, Imperial, Pa.

Another comes to me from Clyde C. Sullenberger, secretary, American Flint Glassworkers' Union, branch 537, Mount Pleasant, Pa.

Another comes from the American Flint Glassworkers' Union, local 120, Alexander Balcerek, corresponding secretary, Mount Pleasant, Pa.

Another comes to me from Clarence Reeves, president, local 98, American Flint Glassworkers' Union, Washington, Pa.

Another comes to me from Albert S. Jones, secretary, local 2, American Flint Glassworkers' Union, Glassport, Pa.

Another comes from William Michaels, corresponding secretary, local 103, A. F. G. W. U., Jeannette, Pa.

Another comes to me from Carlin S. Tuller, secretary, local 1001, American Flint Glassworkers of North America, Wellsboro, Pa.

Mr. President, what these persons are urging is exactly what the distinguished Senator from Colorado [Mr. MILLIKIN] proposes to do by the peril-point amendment he has offered. It is a safeguard to make sure that the President of the United States has at hand the points of peril to the American worker when he is considering reciprocal trade agreements.

If the President should decide to cut a tariff rate below the peril point, as indicated by the Tariff Commission, he would be required to tell Congress the reasons for such action.

Certainly we, the Members of Congress, have the right to know the reasons for the President's action under such circumstances. Not only are we entitled to know, but the people generally and particularly the workers whose jobs would be endangered, have a right to full and complete information.

It has been argued that such an amendment would restrict the authority of the President in negotiating trade agreements with foreign countries. I cannot accept that contention. There is no provision in the peril-point amendment which restricts or hampers the authority of the Executive in the slightest degree.

He is not required to accept the peril point fixed by the Tariff Commission. He is not bound to follow the recommendations of the Commission.

But, Mr. President, I fail to see any valid reason why the Congress and the people should not be fully informed as to the reasons for such action. The amendment, as I said before, would simply be a safeguard in making sure that the President has before him the full information before entering a reciprocal trade agreement in which the tariff peril point is a factor.

That is why I strongly favor, and urge my colleagues on both sides of the aisle to support the peril-point amendment offered by the distinguished Senator from Colorado.

Mr. President, I have spoken very largely because of my fear of unemployment, but I also want to mention my great interest in the suggestions made by the distinguished Senator from Nebraska [Mr. BUTLER]. Agriculture is the basic industry of America. It must be kept sound if America is to be sound. Then, after that, we must keep industry sound so our people can be gainfully employed. What I mean by gainful employment is that a prudent, thrifty man or woman may have something to show for his or her efforts at the end of the year's work.

The statistics presented by the Senator from Nebraska respecting the value of farms and farm equipment and animals were most interesting. I hope Senators will look over those figures, because to me they are most encouraging.

Mr. President, I questioned the distinguished Senator from Oklahoma [Mr. THOMAS] earlier today on the question of importation of oil. The importation of oil also affects all fuels—gas and coal. The Senator from West Virginia [Mr. NEELY] and I this morning were trying to figure out, on the basis of the present importation of oil, how many jobs such importation takes away from the miners who work in our various coal mines. From what I think is a source that cannot be impeached, I have information that the average importation of oil is now taking the place of 100,000 tons of coal a day. That displaces at least 35,000 workers. Already in the anthracite region of Pennsylvania unemployment has reached a point where it is imperiling that great locality, and the Department of Commerce in Washington is giving those engaged in that industry considerable help.

The Senator from Nebraska mentioned watches. I should like to impress on my fellow Senators the importance of preserving industries such as that of watchmaking. Not only in the watch industry but in many other industries we are schooling mechanics and craftsmen to do things which are absolutely necessary to be done if the American economy is to be kept sound.

Mr. President, I shall not burden the Senate further, but I express the hope that the amendment proposed by the able Senator from Colorado [Mr. MILLIKIN] will meet with the approval of the Senate.

THE SITUATION IN THE FAR EAST

Mr. KNOWLAND. Mr. President, I wish to discuss today the situation in the Far East, with particular reference to a statement made on the floor of the Senate the other day by the able Senator from Texas [Mr. CONNALLY], chairman of the Committee on Foreign Relations. About half an hour ago I asked the representative of the majority to notify the Senator from Texas that I was about to speak. I did not want to proceed until he was present. I now see him in the Chamber.

First of all, our foreign policy in western Europe has been to help maintain a free world of free men. The ECA, the North Atlantic Pact, and the pending arms implementation legislation have been directed toward that objective.

In the Far East our policy has been bankrupt.

The State Department attempted to force Communists into the Government of China when the record is clear that coalition governments ultimately mean Communist governments. Poland, Czechoslovakia, Bulgaria, and Rumania are a few examples.

International communism is on the march. Temporarily checked in western Europe and the Middle East, they directed their attention to the Far East.

At Yalta our representatives secretly agreed to allowing the Soviet Union to infringe upon the administrative integrity of China. This was done without the knowledge or consent of Congress or the American people.

For 4 years the danger signals have been visible in the Far East. General MacArthur has seen them and reported the facts to this Government. Admiral Badger, General Wedemeyer, Ambassador Hurley, General Chennault, and many others gave ample warnings, which have been ignored.

At the eleventh hour the State Department, under congressional pressure, finally agreed to the appointment of a committee of three to study the facts and help get a new policy. It is another case of too little and too late.

Despite the aid and comfort which the Department of State has given to the Communist forces of China there is, I believe, throughout the United States a great reservoir of good will toward non-Communist China.

In his message to the House Foreign Affairs Committee Gen. Douglas MacArthur said:

> I can say without the slightest hesitation that a free, independent, peaceful, and friendly China is of profound importance to the peace of the world and the position of the United States. It is the fundamental keystone to the Pacific arch.

General MacArthur continued:

> The Chinese problem is part of a global situation which should be considered in its entirety in the orientation of American policy. Fragmentary decisions in disconnected sectors of the world will not bring an integrated solution.

If all of China goes Communist then southwest Asia will be difficult to keep out of the Soviet orbit. It will take more than passive resistance in India to keep that great nation and its sister nation of Pakistan from going the same way.

Supervised aid, as in Greece, given to the non-Communist forces in China now may ultimately prevent half the world's population, a billion people, from falling prey to international communism.

In today's Washington News there is a very good article by the foreign correspondent Clyde Farnsworth. It is dated Hong Kong, September 9. I take this opportunity to read it to the Senate before proceeding to the statements of the chairman of the Committee on Foreign Relations:

CHINESE NATIONALISTS MAY LAST ANOTHER 6 MONTHS—THEN WHAT?

(By Clyde Farnsworth)

HONG KONG, September 9.—What course will world communism adopt after the Chinese Nationalists are finally disposed of as an opposing force? That could happen in another 6 months.

The major choice to be made by the Kremlin planners would be whether to advance world revolution by all possible means in all

possible places—even at the risk of another world war—or to take it easy, and pick and choose among many areas of revolutionary activity.

In either case you may expect to start hearing in another few months of a big Asian conference, of workers or of people's representatives, at which Moscow's strategy decisions will be passed on to its straw bosses.

It was such a congress in Calcutta in February 1948 that tried its modest hand in the Malaya uprising—since washed out—and cemented international Communist ties with revolutionists in Burma, Siam, and French Indochina. Another such gathering of Communist Asiatic clans probably will be held, no matter what happens in China.

UPSET TIMETABLE

It's apparent that the Red timetable for China already has been upset. Difficulties within the Communist-conquered areas probably have had as much to do with breaking the Reds' military stride as National resistance. As one non-Communist critic of the Nationalist regime—a former general—expressed it—

"First, the Nationalists defeated themselves. Now it's the Communists' turn to do likewise, and they may be doing it."

Best-informed estimates of the Nationalists' physical capabilities suggest that the Government is good for about 6 months more at the present scale of resistance. Time and again the finality of the Nationalist disaster has been postponed. Each time the situation offered opportunity, even invitation, for appropriate American aid. We may now be in the last months of grace.

LAST RESERVES

The Nationalists are now living of a necessity on their last reserves of silver, gold, foreign currencies, and ammunition doled out of the Formosan treasury and arsenal. The Government could run out of money before it runs out of the will to resist communism.

In fact, with all factors considered, the Nationalists may not be a good gamble any more. The odds weigh heavily against them. But they are still a gamble, if only a hedging side bet.

The recent flurry of indecision by the provincial government of Yunnan in southeast China and Chiang Kai-shek's attempts to hammer out a working arrangement with a dozen or so war lords of Szechwan reflect some of the imponderable handicaps against the reforming of a bold Nationalist front in China.

NOT WANTED

It is rumored that Chiang eased discontent in Szechwan by promising that the Nationalist Government would delay or even cancel its intention of moving the capital there—that is to Chungking—from Canton. The Szechwan war lords obviously don't want a Nationalist capital set up in their area. The expense of supporting it is not the least of their worries.

The Nationalist Government always has been a patchwork. A few years ago the patches didn't show so much. Now Chiang puts patches on patches—it's a unique skill with him.

Disintegration of China would be slowed or halted by American commitment of aid, even of limited extent. It might even be halted if Washington should offer no more than appreciative acknowledgment of the fact that the Nationalists are resisting the Communist world revolution.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter which I received from the State Department under date of August 23, 1949, showing where Communist China is getting some of its supplies, and pointing out that a part is coming from the Soviet Union.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, August 23, 1949.

The Honorable WILLIAM F. KNOWLAND,
United States Senate.

MY DEAR SENATOR KNOWLAND: I refer to Mr. Delanoy's telephone conversation on August 11 with Mr. Sprouse, Chief of the Division of Chinese Affairs, requesting information concerning the petroleum situation in Communist-occupied areas of China. While exact data on requirements and availabilities for Communist China are not available, the general information summarized below may prove useful.

The Chinese Communists claim that petroleum stocks of private firms and of the National Government in north and central China amounted to 1,000,000 barrels at the time the Communists occupied those areas. It has been estimated that the portion of this stock held by American firms was 400,000 barrels.

The only important domestic source of petroleum available to the Chinese Communists is the shale oil refinery at Fushun, Manchuria. The output at this plant has reportedly been reduced from 1,300,000 barrels (1943) to 100,000 barrels annually, due in part to Soviet stripping. The Communists control a large refinery at Hulutao, taken over intact upon the withdrawal of Chinese Government forces from Manchuria, and another at Dairen, under Soviet control, but both these installations are at present reported to be idle for lack of crude oil supplies.

The U. S. S. R. has supplied limited quantities of petroleum products to Manchuria since the war, in exchange for soy beans, grains, and other foodstuffs. These imports were probably sufficient for limited Communist requirements until the end of 1948, when the Communists assumed control of the industrialized urban sectors of the northeast. The barter arrangement will be continued under the terms of a recently announced trade agreement between the Soviet Union and Manchurian authorities. The Department has received reports to the effect that approximately 200,000 barrels of kerosene and gasoline were shipped from Constanza, Rumania, to Dairen during the latter part of July.

Communist north China has received some shipments of petroleum from Manchuria, the Soviet Union, and Hong Kong during 1949. However, interference with shipping at Shanghai by the Chinese Government has prevented, as far as is known, any imports of petroleum at that port since the latter part of June 1949.

The above sources of petroleum are believed to meet only a fraction of minimum requirements in Communist-controlled areas of China and Manchuria. These minimum requirements have been estimated roughly at 5,000,000 barrels annually. Indications of a severe petroleum shortage in Communist China are to be found in the frequent demands of Communist authorities that civilians cut down oil consumption, in the hasty conversion of the Shanghai Power Co. and other industrial plants from oil to coal, and in the installation of charcoal burners in motor vehicles.

Sincerely yours,

ERNEST A. GROSS,
Assistant Secretary.

Mr. KNOWLAND. I also wish to read into the RECORD—and at a later date I shall have more to say on the subject—a letter which I have received from the United States Maritime Commission under date of August 22, 1949:

UNITED STATES MARITIME COMMISSION,
August 22, 1949.

The Honorable WILLIAM F. KNOWLAND,
United States Senate.

MY DEAR SENATOR KNOWLAND: Reference is made to your recent inquiry, transmitted to me by telephone by your assistant, Mr. George Wilson, concerning the operation of the two tank vessels *Kettleman Hills* and *St. Christopher*.

The *Kettleman Hills*, I am advised, is owned by the Oceanic Maritime Corp. (formerly National Tanker Corp. of New York) and is being operated under the agency of Seiling & Jarvis, ship brokers and charterers, 74 Trinity Place, New York, N. Y., under a series of charters which initially were specifically approved by the Maritime Commission.

The *St. Christopher*, I understand, is owned by the American Viking Corp., 25 Broadway, New York, N. Y., and is operating under a voyage charter fixed by the firm of Seiling & Jarvis, which expires on or about October 1, 1949, and in connection with which specific approval of the Maritime Commission is not required under our present regulations.

We have been advised by Mr. Jarvis of the firm, Seiling & Jarvis that the above vessels have loaded at Constanza, Rumania, cargoes of petroleum products for Dairen, Manchuria, and that prior to fixing these charters the matter was referred to the State Department and they were advised that there was no objection to fixing the charters.

There appears to be nothing illegal in connection with the operation of these vessels. If there is any further information which you may desire, we shall be glad to endeavor to furnish it.

Sincerely yours,

GRENVILLE MELLEN,
Vice Chairman.

Mr. President, I merely wish to point out that, although there may be nothing illegal in this matter—and I do not charge there is—yet to me it smacks a little of the situation in the days prior to Pearl Harbor when the State Department of the United States was countenancing, at least, the shipment of scrap iron and oil to Japan, and some of that scrap iron and oil ultimately came back on us at Pearl Harbor.

I think one of the conditions existing in the Government of the United States—applying not only to the problem with which we are dealing here today but also to many other problems—is the tendency of the executive branch of our Government to release information when it happens to favor its side of the case, but to hesitate to release information when its side of the case may not look so good.

Yesterday or the day before, the able Senator from Colorado [Mr. MILLIKIN], in his remarks to the Senate of the United States, pointed out that even in regard to the question of tariffs, which under the Constitution are clearly within the function of the Congress of the United States, when he, as chairman at that time of the Senate Finance Committee, on behalf of the Senate, requested certain minutes of a board established under authority of the Congress, the information was denied to him. That is not an unusual situation.

I am perfectly cognizant of the fact that there are many areas of information which, of necessity, and for purposes of national security, must be kept secret.

I have had some experience with that situation in the Army, and I know the necessity for secrecy in certain fields. But, at the same time, I do not believe the classification of information should be used in order to lower an iron curtain between the American people or the United States Congress and the acts of the executive branch of the Government of the United States. I think the time is rapidly coming when the Congress of the United States should and must insist that the full facts be made available, and not merely from time to time as it may please the executive branch of the Government to do.

On April 3, 1948, Public Law 472 became effective, when it was approved by the Executive. Title IV of the ECA Act provided the $125,000,000 worth of military aid to China which was written into the bill by the Congress of the United States. That was done over the protest and objection of the State Department. At that time in the House of Representatives there were many Members who believed, as many of us believe today, that the granting of aid without furnishing the proper supervision is not the sound solution of the problem. But the State Department objected to the furnishing of proper supervision or to the establishment in China of a military mission such as the ones we have established in Greece and Turkey.

Let us examine what actually happened under Public Law 472. The figures I shall state now were furnished to me officially by the Government of the United States:

In October 1948, 7,700 metric tons of supplies were turned over to the Chinese from stocks we already had in China.

In November 1948, 1,200 metric tons were turned over to the Government of China.

In December 1948, 1,360 metric tons; also in December 1948, 3,742 metric tons.

In January 1949, 4,589 metric tons; also in January 1949, a shipment of 7,433 metric tons; and a third shipment, in that month, amounting to only 35 metric tons, in that case.

In March 1949, 1,323 metric tons; also in March 1949, 6,288 metric tons. That was almost a year after Public Law 472 became effective. Also in March 1949, 916 metric tons.

In April 1949, 821 metric tons, and also 408 metric tons.

In May 1949, 4,621 metric tons, and also 5,405 metric tons.

So, Mr. President, after almost 13 months had passed, shipments were still being made.

I happen to know something about the capabilities and the competence of this Government in its logistical support of areas in which it believes logistical support should be given; and I have sufficient confidence in American ingenuity and in the great ability we showed in establishing beachheads on the coast of France and in other parts of the world to know that if there is a will on our part to get material to a certain place, it can be gotten there. From the information which I have, I wish to commend the very able job the National Defense Department of our Government has been able to do in getting supplies to Greece, Turkey, and other areas of the world. But I say the job and the record in regard to getting supplies to China when they were desperately needed there is certainly a job and a record of which we cannot be proud; and at the proper place and under the proper circumstances I expect to disclose specific examples of how, instead of having ships combat loaded, so that the supplies could be used at once, the equipment which was received was not usable at the time when it was received.

Mr. President, in an official document entitled "Foreign Affairs Outlines—Building the Peace," prepared by the State Department in the spring of 1949, the statement is made:

> Military assistance to the North Atlantic Treaty countries and to other free nations will further the basic aims of general security in a manner which the executive branch of the Government believes will prove to be timely, effective, and, in the long run, economical. Coupled with our membership in the North Atlantic Treaty, it will give direct assurance that the United States intends to continue the leadership which has brought confidence and new hope to democratic nations.
>
> In brief, these things will be recommended in the military assistance program:
>
> That all projects of United States military aid be brought together in one program;
>
> That a single appropriation be made to cover the costs of the entire military aid program (for the fiscal year 1950, these amounts would be about $1,130,000,000 for the North Atlantic Pact countries and about $320,000,000 for Greece and Turkey and certain other nations whose security is important to the United States, making a total of about $1,450,000,000).

So the administration itself, in both its official publication and in the bill it had introduced, has recognized that this is not only a problem dealing with the North Atlantic nations, but is a problem which is global in character. Those of us who have been critical were not critical because we did not agree with the general policy of having a North Atlantic Pact, or even because of having an arms implementation program; but our objection has been that in this global situation, which every competent military leader recognizes is global in character, the administration, in presenting to Congress a bill in the total amount of $1,450,000,000, has allocated only 1 percent of that amount to the entire Pacific area. If the administration does not recognize the importance of the great Pacific basin, certainly I believe the Congress of the United States and the people of the United States recognize the importance of the Far East and the entire Pacific area, because in that area of the world more than half of the world's population lives; almost a billion people live there.

Certainly it is believed by many competent persons that if all China goes Communist, nothing can stop the onrush of communism, then, into French Indochina, into Burma, into Siam. If communism gets into Southwest Asia, there is grave doubt whether it can be stopped from getting into India and into Pakistan; and those who are competent officials and observers on the scene have grave doubt as to whether Japan or perhaps even the Philippines can be maintained if that entire area is outflanked. Certainly they cannot be maintained without the underwriting on the part of the United States of their economic and military existence.

Following some considerable discussion in the Congress of the United States, the State Department appointed a fact-finding committee, consisting of three able gentlemen. At a later date I shall discuss that committee in the Senate. But suffice to say they at least were going to study the situation. I commend the State Department for it. I have had the opportunity informally to meet all three of them. I find they are certainly intelligent. I believe they are interested in the problem. I think, within the limitations of time with which they are faced, they are going to try conscientiously to do a job for the country. But today, in the combined Committee on Foreign Relations and Armed Services, there was presented as a substitute for the amendment I had offered for aid to China and the Far East the following amendment, which I read into the RECORD at this time:

> In consideration of the concern of the United States in the present situation in China and the Far East, there is hereby authorized to be appropriated to the President, out of any moneys in the Treasury not otherwise appropriated, the sum of $75,000,000, in addition to funds otherwise provided as an emergency fund for the President, which may be expended to accomplish in that area the policies and purposes declared in this act. Certification by the President of the amounts expended out of funds authorized hereunder, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for the amounts expended.

That was adopted, my recollection is, by a vote of 12 to 9.

Most of us who have been urging that some effective help be given China and the Far East voted against the amendment. In my judgment it is an empty gesture. In my judgment the amendment is a mere sop. It will not solve the problem. It will not do the job that is necessary to be done. For that reason, if necessary, a minority report will be offered and the amendment properly taking care of this situation will be offered on the floor of the Senate.

I call attention, however, to an interesting provision. First of all, from the very inception, those of us who have favored aid to China recognized that under our constitutional form of Government a high degree of discretion had to be and should be given to the President of the United States. This is proper under our constitutional system, and I do not know, even if any one desired it—and I certainly would not desire it—how his hands could be tied in that regard. But, at the same time, we wanted to make certain the funds appropriated by the Congress of the United States, if in the discretion of the President they were to be expended, should be expended in the area approved by the Congress of the United States. He was, under the amendment which I offered, under no mandate to

spend a single dollar if he did not want to; but if he did not spend the money, then it would revert to the Treasury of the United States. This did not impinge upon his discretion, I submit, but it merely gave the Congress of the United States a degree of say in the policy, to which I think the Congress of the United States is properly entitled.

What is the amendment offered by the Senator from Texas? What does it do? As I read it, under the terms of the amendment he offered, and which was tentatively adopted by the committee this morning, the entire $75,000,000 could be expended in Borneo or in Hong Kong, if it was so desired, without a single dollar going to China, to Korea, or to the Philippines. Furthermore, the amendment provides, "Certification by the President of the amounts expended out of the funds authorized hereunder, and that it is inadvisable to specify the nature of the expenditures, shall be deemed a sufficient voucher for the amounts expended." Also, Mr. President, turning to page 17 of the committee print, No. 2, of August 26, 1949, there is found section 410, which presumably was to give the Congress some information about what was done. That section reads:

> The President, from time to time, but not less frequently than once every 6 months, while operations continue under this act, shall transmit to the Congress reports of expenditures and activities authorized under this act, except information the disclosure of which he deems incompatible with the security of the United States.

So between the section in the amendment adopted and the section in the bill itself, it is the belief of the junior Senator from California that the administration could spend the money, as I say, in Borneo or in Hong Kong, and the Congress of the United States could then be denied any information as to where it was spent, and might not even be able to ascertain whether the Chinese or the Philippines or Korea received even a single dollar.

Earlier I read the article by Mr. Farnsworth, in which he pointed out that the Government of China was fighting with its back to the wall. On last Wednesday, September 7, starting on page 12635 of the CONGRESSIONAL RECORD, I suggested that the Joint Chiefs of Staff, who were on their way to Alaska, and who since then presumably have arrived there, might continue on into the Far East and make such a trip as they did to Europe to get first-hand information. Certainly what we need in dealing with these public questions, whether they be in the field of foreign policy, or of finance, or any other field, is an accurate knowledge of the facts During the course of that discussion the able Senator from Texas came into the Senate Chamber. He finally wound up his speech in the following words:

> So, Mr. President, we are going to give the Senators a hearing. But when the Senator from California knows he is going to have his witness here tomorrow, when he knows he can talk all he wants to talk in the Committee on Foreign Relations, when he knows that we shall hear every bit of evidence he has, I do not think it is fair for the Senator to be making speeches on the floor of the Senate for popular consumption in an effort to stir up the ragged battalions of those who would throw $2,000,000,000 or $3,000,000,000 more into the rat hole in China in order to resuscitate and bring to life Chiang Kai-shek, who has deserted his people and has gone to Formosa with $138,000,000 in gold in his pocket, money which does not belong to him. It did belong to the Chinese Goverenment, but he has absconded with it. Why do not they spend that $138,000,000 before they call on us for another hand-out?

Mr. President, in Webster's New International Dictionary, second edition, unabridged, published in 1944, under the second heading, the definition of the word "abscond" reads as follows:

> 2. To depart clandestinely; to steal off and secrete oneself. Used specifically of persons who leave the jurisdiction of a court or secrete themselves within its jurisdiction for a fraudulent purpose, such as hindering or defrauding creditors by avoiding legal process.

The Government of China, through the Chinese Embassy on September 8, issued the following release, which I now read into the RECORD:

> Many newspapers this morning published a statement by a prominent leader of the Senate that Generalissimo Chiang Kai-shek had absconded with $138,000,000 belonging to the National Government and fled to Formosa. This is a sweeping allegation. In the critical situation of China today fraught with far-reaching consequences, not only for the Chinese people but also for the other freedom-loving peoples of Asia and the world, it is important to keep the facts in mind, as facts alone form a sound basis for sound judgment and help avoid confusion of opinion. The facts are as follows:
>
> 1. After the fall of Hsuchow to the Communists, Nanking and Shanghai were threatened with a similar fate. For the sake of safety, the major portion of the Central Bank's gold, silver, and other foreign-exchange reserves was transferred by order of the National Government to its branch office in Formosa. This money has remained in the name of the National Government and was not taken away by the Generalissimo for his own use or credited to his name. The step was taken as a precaution in the same way as the United States gold and silver stocks are kept at Fort Knox.
>
> 2. For the past 6 months the National Government has been drawing upon these reserves to make up a part of its budgetary deficit. Not only the troops in Formosa but those fighting the Communists on the mainland have been paid in the last few months with the help of remittances from these reserves. The current budget of the National Government for the next 6 months counts upon further withdrawals to the amount of $78,000,000 from the reserve fund in Formosa.
>
> 3. A part of this same fund has been used as a reserve for the new currency in Formosa, which has helped to stabilize prices and practically stop inflation.
>
> 4. There was no absconding by the Generalissimo with any public funds for his own use. The personal honesty and integrity of character of the Generalissimo has been attested more than once by the official representatives of the United States, including General Marshall and Ambassador Stuart.
>
> 5. At the present moment Generalissimo Chiang, as reported by American press correspondents in China, is not in Formosa but actually in Chungking helping to rally the forces of the National Government to fight the Communist aggressors.

Mr. President, I hold no brief for Generalissimo Chiang Kai-shek. I have never maintained that personal aid should be given to him as such. I have felt that if it is the American policy, as I believe it has been, to try to maintain a free world of free men in western Europe, and if it be a fact, as I believe it to be, that communism is global in character, it did not make sense to try to keep 240,000,000 Europeans from being taken behind the iron curtain while we are complacent and unconcerned about 450,000,000 Chinese going the same way, when, if they should go that way, it would probably start an avalanche which would mean that a billion Asiatics would be lined up on the side of Soviet Russia and in the orbit of international communism.

Under all the circumstances, I felt, since the statement had been made on the floor of the Senate and had not been corrected, that in fairness to our friends in China who are fighting with their backs to the wall, I should make this statement. I have no doubt that mistakes have been made in China. I think mistakes have been made in this country also. But I believe, Mr. President, that it is time we dealt with facts. I am becoming a little bit "fed up" with persons being "whispered to death" by the Department of State or with information being given out from time to time to undermine and to pull the rug from under the non-Communist forces in China, because every time that is done, in my judgment, it means aid and encouragement to the Communist forces in that great country.

Mr. CONNALLY. Mr. President, the Senator from California very kindly notified me, through certain channels, to be on the floor because he was going to address some remarks to the Senator from Texas. I am greatly relieved. I was anticipating excoriation, of course, but I am very grateful that the Senator did not open up to the full extent. He referred to some remarks which I made a few days ago. I want to apologize. I made an error in my statement at that time. I said that Chiang Kai-shek had taken $138,000,000 in gold. I was absolutely in error. He took more than $300,000,000 in gold to Formosa. I did not say he took it to spend for himself. I said it belonged to the Nationalist Government of China. He resigned his position in the Nationalist Government. He is supposed to be a private citizen, and yet he takes the gold that belongs to the treasury of the Nationalist Government.

The Senator from California was present yesterday in the Committee on Foreign Relations. Admiral Badger, for whom we postponed hearings before the committee at the request of the Senator from California until we could have the admiral present, testified on yesterday that Chiang Kai-shek, though not an official of any government, supposedly, absolutely controls the treasury of the Nationalist Government, to which the $300,000,000 in gold belongs; that he absolutely controls the navy of China, which is on patrol duty; and that he absolutely controls the Chinese air service. That is pretty much all the Government there is of Nationalist China. Chiang Kai-shek absolutely controls it.

With reference to the amendment which the Senator from California of-

fered—does he have with him a copy of the amendment?

Mr. KNOWLAND. I have a copy of the pending amendment.

Mr. CONNALLY. The Senator has three or four different amendments, but I should like to have the original one, because I do not want to misquote him. The original amendment was to give aid to the Government of China. Who is the Government of China, except Chiang Kai-shek, if he controls the navy, the air force, the treasury, and the so-called officials of the Nationalist Government?

Mr. President, I did not make any statement the other day that was not fortified by facts. I do not care to spend the time of the Senate and my time in replying to the Senator from California whenever he makes a speech on China, because he makes them just as often as he can get the floor, both in the committee and in the Senate. If any remarks are made regarding Chiang Kai-shek, the Senator resents them.

One of the reasons for the opposition I have had to giving money to China—and I offered an amendment, which was adopted by the committee, giving $75,000,000 to China and other countries in the Far East—is that General Marshall, who was in China for more than a year, when he came back to this country told us of the weakness of the Nationalist Government under Chiang Kai-shek, and said that he was surrounded by corrupt officials whom he did not have the courage to dismiss, because they had been a part of his political machine since he first began to administer the affairs of China.

General Barr, who was our military commander in China, appeared before the committee. He testified that never was there a battle lost by the Nationalists because of lack of munitions and arms furnished by the people of the United States.

So, Mr. President, no responsible official who has ever been in China for any length of time has advocated pouring more money into the hands of the Nationalist Government of China. It has $300,000,000 at its command. Why not spend some of that?

Mr. President, the amendment offered by the Senator from California would not stop the spread of communism. How far would it go toward stopping the flood of Communist influence? We cannot wage a war to suppress communism with $175,000,000. The Senator from California talks about communism in Poland. Does he want the United States to embark upon an armed campaign against every country on earth in which there are any Communists? We cannot maintain such a war, and we ought not to maintain it.

If the conference is concluded, Mr. President, I shall resume. I think it is well that the chairman of the Republican policy committee is sitting at the side of the Senator from California, because some of us realize that this entire China noise is political in its nature and is localized in its nature to help certain persons residing on the Pacific coast.

Mr. President, I have always been a friend of China, but that does not mean that I favor taking the money of the people of the United States and pouring it into a rat-hole at the bottom of which will be Chiang Kai-shek. No, Mr. Presiden; I am not for that.

The Senator from California referred to what happened in the committee. This morning in the committee he started with an original amendment providing for $175,000,000. Then he changed it to include military aid. Our Government does not want to sponsor a program pledging military aid to China or to any of the other nations in the Far East. We perhaps thought we would be willing to provide $75,000,000, to be expended by the President alone, in his own discretion, and to be used in China and any other countries in that area to help accomplish the purposes of the bill we were considering. Then the Senator changed his amendment and offered to put the expenditure in the discretion of the President.

The committee finally adopted the amendment which I had offered, and the Senator's supporters, instead of voting to give $75,000,000, voted against my amendment. In other words, if they had had their way, there would not have been a nickel going to China, Chiang Kai-shek, or any of the other Chinese. When the only amendment which was successful, an amendment which provided $75,000,000, came to a vote in the committee, they voted against it. These enthusiasts, these gentlemen whose hearts are burned up over China, declined to give China a dime.

Mr. President, I do not care to discuss these matters further. I am not alarmed about anything the Senator from California said about me or anything he will say about me. I realize that I should have been accurate in my statement. I said $138,000,000, and it turned out that the amount was in excess of $300,000,000. I apologize to the Senator from California for that inaccuracy. The next time I shall try to be absolutely sure as to the amount of money. I do not know where the money went, I cannot tell where it went, but I know we gave China $2,000,000,000. The Senator says we are helping the rest of the world but that we are not helping the Far East. We gave China more than $2,000,000,000 in the form of munitions, and supplies, and money, and food, and all the things which go to make up a war machine. Yet, the Senator infers we have done nothing for China.

Mr. President, we are willing to help China, we are willing to do what we can, but that does not mean we are willing to pour out our money and turn it over to Chiang Kai-shek, who dominates the Nationalist Government in China.

Mr. KNOWLAND. Mr. President, first I wish to call the attention of the Senate and of the country to the fact that it is not unusual for a nation to feel that they are in need of assistance, before their reserves get down to the last dollar. Our great ally during the war, Great Britain, has sent a mission to this country because the British feel that there is a serious economic crisis, and their reserves are down to $1,600,000,000. At a time when we have a national debt of more than $255,000,000,000, they feel justified in coming to this country and asking for additional assistance.

I call attention also to the fact that in my judgment the testimony of Admiral Badger did not condemn the administration of General Chiang. He did point out some of the factors which exist in the Pacific area. He did point out, it is true, that after the fall of north China the Chinese Nationalists built up a supply depot in the island of Formosa. But the admiral was very clear to point out that any competent military man or any competent naval man would not exhaust all his supplies until he had been able to reestablish a line of supply; as the Admiral put it, no thinking captain of a vessel would fire all his ammunition at shore establishments when he might on the very same afternoon have to meet an enemy fleet in action. The National Government of China is being prudent in not exhausting the last of its supplies until it finds out if and when additional supplies can get to it.

Mr. President, I think it is also important that the American people understand that within the period of the last month or so, two Communist regiments were surrounded and captured by the Nationalist forces of China, and those two Communist regiments were completely equipped—rifles, mortars, machine guns, artillery—with weapons of Russian manufacture.

Certainly it is important that the public understand the full significance of what is taking place in the Pacific area. I do not believe it is true that competent observers there feel that nothing can be done. To the contrary, I think the men like General Wedemeyer, who has shown conditions in his report, which was suppressed for 2 years, General MacArthur, Admiral Badger, and many others, have indicated that there is a chance to give some aid, and perhaps to stop the avalanche of communism in China from sweeping over the entire country.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. TAFT. Mr. President, I desire to speak briefly in behalf of the amendment offered by the Senator from Colorado [Mr. MILLIKIN] to the Reciprocal Trade Agreements Extension Act.

What is the reciprocal trade agreement program today? It is really not a reciprocal trade agreement program in any sense of the word. The proposal is to give to the President of the United States almost unrestricted authority to fix the tariffs which are to be levied on goods imported into the United States. It is a complete abandonment of the legislative power of Congress with relation to the levying of tariffs.

Under the original act, the President could cut statutory rates to 50 percent of the figure mentioned in the statute. Since July 5, 1945, he has been able to cut by 50 percent the rates which were in effect on January 1, 1945, a great many of which had already been reduced to 50

percent of the statutory rates. The act passed last year gave the President arbitrary power to reduce the tariff on any product, in many cases to 25 percent of the statutory rate, in other cases to a figure somewhere between 25 and 50 percent.

I might say that I hesitate to speak on the subject at all after reading the address of the distinguished Senator from Colorado [Mr. MILLIKIN], because he made such a complete and convincing argument that practically there is nothing else to be said. A good many of the figures which I shall quote will be a repetition of the figures he used. Perhaps my point of view may be slightly different, and may add somewhat to the persuasion of Senators to vote in favor of the amendment.

Under the tariff acts prior to the Underwood tariff, 1909 to 1913, on all goods which carried a tariff at all the average ad valorem tariff and the specific tariff reduced to ad valorem values, amounted to 40.8 percent.

Under the Underwood tariff, which was regarded as a tariff for revenue, the rates were reduced to an average of 27 percent.

Under the Fordney-McCumber Act of 1921, passed after the flood of foreign importations just after World War I, the average rates over the period of the twenties amounted to about 38.5 percent.

In 1945, after the reductions made under the Reciprocal Trade Agreements Act, the average rate was 31.6 percent.

By 1948 the average rate had been reduced to 14.3 percent, and the average rate so far in 1949 is 13.6 percent.

In other words, we have today almost a negligible tariff, made such by the various reciprocal trade agreements, and I believe also by the fact that specific tariffs are now a much lower percentage of the total value of the goods imported, which also brings about a reduction in the figure. These are averages of the total value of imports which were dutiable, and represented originally only approximately 35 percent of the total imports, and somewhat less at this time, because by far the greater proportion of imports into this country are free of duty. If we take all imports into consideration, the average for all imports in 1949 was down to 5.3 percent of the total value of the imports. We have in effect today a tariff for revenue only, and not much revenue from that tariff.

The truth is that the act does not really provide for reciprocal trade at all, because of the most-favored-nation clause. Whenever a reciprocal trade agreement is entered into, each reduction made applies to all other nations, none of which have given anything in return for the reduction in tariff duties which is made applicable to their exports. There is only a small reciprocal feature of the policy left. The greater part of the act simply confers on the President authority to reduce the tariff in his discretion.

Mr. MILLIKIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Does the Senator from Ohio yield to the Senator from Colorado?

Mr. TAFT. I yield.

Mr. MILLIKIN. The Senator is aware of the fact, is he not, that under the most-favored-nation clause Russia has practically destroyed the fur-farming business in this country, and that we have no reciprocal trade agreement with Russia at all?

Mr. TAFT. I understand that Russia gets the benefit of the tariffs made with Canada, I think, and several other nations.

Mr. MILLIKIN. And several other nations; yes.

Mr. TAFT. Which enables their furs to be imported practically without duty.

Mr. MILLIKIN. Yes.

Mr. TAFT. I cite a case merely as an example, the case of the roller bearing. A treaty was entered into with Sweden respecting roller bearings. Sweden is the greatest producer of roller bearings, outside the United States. SKF is the great competitor against the Timken Roller Bearing Co. and other American companies which make roller bearings. That treaty was made very fairly with Sweden. In making the treaty account was taken of the difference between the cost of production here and the cost of production in Sweden, and a partial reduction was made in the tariff on roller bearings.

Then, in 1930, we entered into a treaty with Britain affecting roller bearings. It so happened that SKF had one plant in Great Britain; there was simply one plant making roller bearings in Great Britain. But by reason of the fact that the difference in cost of production was less, it justified, for British purposes, a greater reduction than had been given in the Swedish treaty. But the moment the reduction was made for Great Britain it also applied to Sweden. We had, therefore, a tariff applying to the importation of the great bulk of the products of SKF, which was considered unfair and dangerous for American industry at the time we had made the Swedish treaty. That illustrates the fact that the tariffs have no relation to any difference in cost of production or any other standard. They are simply a method by which the President may reduce the American tariff on goods to be imported into this country. That is the reason why I have voted against nearly all the reciprocal trade agreements extensions, except that which was passed last year, for which I voted with a great deal of hesitation.

I have no desire to return to congressional tariff making. I have no desire to return to the process which developed log-rolling and probably always would develop log-rolling between different sections of the country, and, therefore, the establishment of a higher tariff than is really justified by the actual circumstances.

Mr. President, I have always objected to giving the President arbitrary power to fix tariffs with no standard whatever. If we are going to delegate the function of fixing tariffs—and I think that is a proper thing for us to do, just as we delegate the fixing of railroad rates to the Interstate Commerce Commission— and the duty of carrying out the detailed congressional policy, then it seems to me we must establish a standard by which that executive officer shall act. I would be in favor of reposing authority in the Tariff Commission to fix the rates of all tariffs and to fix a lower rate in circumstances where they find that actual reductions offered by other countries will substantially reduce the tariffs on American goods into those countries.

The act, however, as it is actually phrased, gives the President arbitrary power to destroy American industry. It is a complete delegation of legislative power. There is a shadow of a standard in the present act. There is no shadow of a standard in the law as it existed before 1948, and there is none in the bill which is before Congress today, unless the peril-point amendment is adopted.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MILLIKIN. I assume the distinguished Senator is also aware of the fact that there are no fixed standards employed by the Interdepartmental Committee which recommends the rates to the President?

Mr. TAFT. I fully agree. I remember the testimony before our committee, which showed that they refused to state that they used any principle in fixing the rates, and they even refused to give us information as to what matters had been considered by them, or the minutes of the meetings they had held, in order that we might try to find out what principle they had actually followed in reducing tariff rates.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. HICKENLOOPER. I wonder if the Senator read a rather interesting editorial which appears in today's Washington Post, headed "Peril Points"?

Mr. TAFT. Yes, I was going to refer to it later. I have it here.

Mr. HICKENLOOPER. It represents rather a fundamentally intricate bit of reasoning. It all gets around to the point where I think that the cat is completely out of the bag and scampering around, according to what is set forth in the editorial. I call the Senator's attention to the following paragraph in the editorial:

> As the Washington Post pointed out at the time—

The editorial refers to the peril-point provision inserted into the law last year—

> As the Washington Post pointed out at the time, the peril-point clause is mischievous largely because it would necessitate procedural changes that would—

And this is the rather unusual statement—

> that would elevate the Tariff Commission to a dominant position in the administrative set-up, slow down negotiations, and limit the freedom of action of the negotiators.

Mr. President, I think the Washington Post has never in the past 12 or 14 years given any evidence of diverging from the general power concentration program of the administration, and it might even be considered to be a semiofficial spokesman with respect to certain policies of the administration. The Post admits editorially and very frankly that it does

not want to hamper the President in any way or curtail his power in any way.

Mr. TAFT. It does not want to limit in any way the freedom of action of the negotiators.

Mr. HICKENLOOPER. Yes.

Mr. TAFT. In other words, it does not approve giving any commission which really knows something about tariffs and something about American industry and is interested in preserving American industry, any power, or even to write a suggestion that would interfere with the power of the State Department negotiators to give away any American industry they want to give away.

Mr. HICKENLOOPER. If the Senator from Ohio will yield for a moment further I should like to read another couple of sentences. The editorial continues:

To be sure, the Commission's recommendations would not be binding on the President, but if he chose to ignore them he would be on the spot insofar as Congress is concerned. In other words, rentention of the peril-point clause would seriously hamper the conclusion of trade pacts assuming, as seems likely, that the Tariff Commission's recommendations would be ultracautious.

I assume the editorial is criticizing the Tariff Commission for being cautious in the interest of American enterprise.

Mr. TAFT. Yes, that is what I understand.

Mr. HICKENLOOPER. The editorial continues:

And Congress would almost certainly look with jaundiced eyes on Executive proposals running counter to commission findings.

I am wondering if the Senator does not agree that Congress should look with jaundiced eyes on actions by the executive department when one of the official agencies set up by Congress to watch out for American interests had recommended against such actions.

Mr. TAFT. I agree. Not only that, but it seems to me perfectly ridiculous for Congress to be asked to enact a law so that the Executive may do things which Congress will look upon with jaundiced eye. That seems to me to be the most illogical argument for congressional action I have ever heard.

Mr. HICKENLOOPER. I wonder if the Senator intends to place that editorial in the RECORD?

Mr. TAFT. I intend to do so.

Mr. HICKENLOOPER. Then I shall not offer it.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MILLIKIN. I wonder if the distinguished Senator recalls that in the examination of Mr. Thorp before the House Ways and Means Committee he said the following:

Mr. BYRNES. So that the act of 1948 does not bind the hands of the President, as some people try to tell the American public; it still leaves him free, does it not, to consummate any agreement that he desires to do so, within the 50-percent limit?

Mr. THORP. Yes. He is free, although there are, let us say, some pressures that are set up which may have some effect upon the exercise of that freedom.

Mr. BYRNES. The only pressure is the pressure of public opinion; is it not?

Mr. THORP. Yes; I think that is a fair way to put it.

Is not that something?

Mr. TAFT. I agree with the Senator.

Mr. MILLIKIN. The White House has become immune to pressure from public opinion, and the State Department seeks to preserve that immunity.

Mr. TAFT. I fully agree with the position of the Senator. The reason I voted against the extensions of this act is that I do not think Congress ought to delegate to the President or to the Tariff Commission, or to anyone else, such power without prescribing the standards upon which tariffs shall be fixed. I have certainly the full agreement of distinguished Democratic support in that view. I read from the CONGRESSIONAL RECORD of June 13, 1945, page 6033. The distinguished senior Senator from Wyoming [Mr. O'MAHONEY] was speaking. He said:

Of course, it is not to be claimed at all that if the full authority were exercised all our industries would be destroyed, but particular industries might be destroyed.

That is what we are asked to do in extending the act—certainly without the amendment proposed by the Senator from Colorado, and perhaps even with that amendment. We are asked to give to the President power which may destroy particular industries.

The senior Senator from Wyoming continued:

We are dealing here with the fundamental question of power. It occurs to me, if the Senator will permit me to proceed for a moment, that perhaps I should refer to a speech which I was reading. At the moment when the Senator from Ohio was interrupted I happened to be reading from a speech which was made on the floor of the Senate in August 1932 by a distinguished Democratic Senator, one of the outstanding constitutional lawyers of our time, Senator Thomas A. Walsh, of Montana. I think his words might be of particular interest to the Democratic Senators who now are present.

Senator Walsh, of Montana, said, on August 10, 1932—and I am reading from page 11180 of volume 62, part 2, of the CONGRESSIONAL RECORD: "Whatever doubt may be entertained by anyone concerning the constitutionality of the amendments under consideration"—

Those were amendments giving the President power to vary the tariff, as I remember, with much greater prescription of standard than we have here—

"no doubt ought to exist in the mind of anyone, in my judgment, as to their unwisdom. Their stoutest defenders will probably disclaim any attachment whatever to the principle they represent as a feature of a permanent tariff policy; indeed, they hasten to convey the assurance"—

Just as today—

"that, were it not for the chaotic business conditions which prevail throughout the world and the instability of foreign exchange, they could not be induced to embrace it or even to tolerate it. Some apology, Mr. President, is certainly in order for such an astounding delegation of the functions of Congress to the Executive, vesting him with an authority no constitutional monarch may exercise, in character quite like that for the assumption of which kings have been brought to the block.

"No emergency, however grave, can justify the surrender into the hands of the President of the taxing power entrusted by the people to their representatives in Congress, no matter how profound may be his statesmanship or how exalted may be the character of the man who, for a brief period, may be elevated to that high office. If this encroachment upon the liberties of the people is either sanctioned or condoned, there is no man wise enough nor prescient enough to foresee the ultimate consequences."

That is the end of the quotation from Senator Walsh of Montana. I continue to quote the senior Senator from Wyoming:

There, Mr. President, in a few paragraphs a distinguished Democratic Senator, Senator Thomas J. Walsh, predicted precisely what is happening here today.

I remember very well, when first I appeared before the Finance Committee of the Senate, years ago, to protest against this conveyance away from Congress of its power, making the statement that if a grant of power to change the rates 50 percent were found not to be sufficient to accomplish the purposes which the Executive might have had in mind, then we might confidently look forward to the time when request would be made to increase the area within which the change could be made. Sure enough, when the Reciprocal Trade Agreement Extension Act was sent to Congress this time, it contained a provision extending the area within which the reductions could be made, so that the formula would be 50 percent of whatever rate might be in existence. So if a trade agreement with Great Britain 3 or 4 or 5 years ago reduced the tariffs 50 percent, they could be reduced another 50 percent. Logic clearly points out that when we start surrendering power, there is no end to it. It may proceed step by step, and gradually the whole basis of congressional functioning is swept away by the granting of power to the Executive.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the distinguished Senator from Georgia.

Mr. GEORGE. I think the statement by the late Senator Walsh, of Montana, related to the inclusion of the so-called flexible provision of the Tariff Act of 1930.

Mr. TAFT. The Senator is entirely correct. I think I so stated.

Mr. GEORGE. I remind the Senator that I took pretty much the same view at that time, but our good Republican friends and protectionists voted it in nevertheless. In 1934 we were simply trying to do something about it, it having been fastened upon us.

Mr. TAFT. I do not believe there are any Republican Members of the Senate at this time who were in the Senate at that time. There may be one. Whether I would have voted for the flexible tariff provision I do not know, but I do not think I would have voted for it unless some standard had been prescribed. I do not know whether there was prescribed in that bill a standard by which the President should be guided in making reductions.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MILLIKIN. I wonder if the distinguished Senator is aware of the fact that the State Department considers that under its authority under the Reciprocal

Trade Agreements Act it has the following power. It says:

Under the act which the President has requested—

That is, the bill now before the Senate—

every officer concerned will be mindful of the need to safeguard the American economy, but at the same time we shall have a clear mandate to broaden the bases of United States foreign trade, to create purchasing power for American exports—

I invite the Senator's attention particularly to the following:

and to guide the economy as a whole into the most productive lines possible.

That is the power which is claimed under House bill 1211.

Mr. TAFT. In other words, they completely repudiate the idea that there is any standard of any kind, and they can take out of the air any reason they want to take—economic planning of any kind—to justify the particular action they are taking.

Mr. MILLIKIN. They say in specific words that they have the right under House bill 1211 "to guide the economy as a whole into the most productive lines possible."

Mr. TAFT. I was going to refer later somewhat to Mr. Wallace's principle. Mr. Wallace took the position, as I recall, that the American beet-sugar industry should be destroyed; that it is an uneconomical industry; that it should be wiped out; that sugar could be grown cheaper in Cuba, and that therefore we should not have a beet-sugar industry in the United States, and that everyone in the world would be better off if it were abolished.

Under this bill, it could be abolished tomorrow if the President undertook to do so; or perhaps I should say I do not know whether he could do so in the case of the beet-sugar industry, because in respect to sugar there is a tremendous amount of legislation; but certainly the President would be able to do so in the case of almost any other industry of which I know.

The only reply which is made to the argument that there would thus exist a power to destroy any American industry is that such power will not be used. In the testimony which was presented, Mr. Clayton and others disputed the statement that legislation of this character will thus give the power to destroy American industry. They say they are willing to take a calculated risk; and in theory, at least, they will not undertake to injure American industry. However, if that is so, they should be willing to put such a statement in the act itself, at least to the point that the peril-point amendment states it.

So we have the statement by President Truman and others that if they have this arbitrary power, they will not exercise it. The distinguished Senator from Colorado yesterday quoted President Roosevelt in 1934, when this movement was first begun:

The exercise of the authority which I propose must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign-trade relations must rest on the premise of undertaking to benefit and not to injure such interests.

In 1934, President Roosevelt wrote Representative Buck as follows:

MY DEAR CONGRESSMAN BUCK: I am somewhat surprised and a little amused at the fears you say have been aroused in California because of the enactment and possible administration of the Reciprocal Trade Agreements Act. Certainly it is not the purpose of the administration to sacrifice the farmers and fruit growers of California in the pursuit of the will-o'-the-wisp of foreign markets, as published reports would make believe. I trust that no Californian will have any concern or fear that anything damaging to the fruit growers of that State or any other State will result from this legislation.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. Truman wrote a letter, in 1945, I believe, as follows:

A rumor has freely circulated that certain American industries have been singled out as inefficient industries and that if the additional authority provided for in the bill is granted the State Department will use such authority to trade off these inefficient industries for other industries which can compete in the world market. Nothing could be further from the truth than this. The State Department has never construed the Trade Agreements Act as a license to remake the industrial or agricultural pattern of America.

Although representatives of the State Department who appeared before us took that position, in the language which has been quoted by the Senator from Colorado.

On March 1, 1948, President Truman said again, in his message to Congress:

In addition, the interests of domestic producers are carefully protected in the negotiation of each trade agreement. I assured the Congress when the Reciprocal Trade Agreements Act was last extended in 1945 that domestic producers would be safeguarded in the process of expanding trade.

So, Mr. President, the only answer to the criticism in regard to unlimited power is that they will not exercise the power. Certainly that is not a sound argument to make to a legislative body. They have always resisted any effort whatever to state any standard by which tariffs shall be fixed; and I do not think they have kept the promises which have been made.

Certainly the hearings which have been held have not been fair hearings in any ordinary judicial sense, because they have been held by persons from various departments, but not by the persons who finally made the decision as to whether the tariff should be reduced or should not be reduced.

The entire attitude of the State Department in this matter, as in other matters, is rather a give-away attitude or at least a willingness to sacrifice American interests and American industry and American cash to the purposes of foreign policy. The State Department is so anxious—and I do not say that is not in the State Department's field; perhaps the State Department is entirely correct in that respect—to please certain nations and to obtain certain concessions from other nations and to get them in a state of mind in which they will cooperate with us in other respects in regard to foreign policy, that the State Department seems to me to have no hesitation in sacrificing American industries, or, at least, it evinces no particular interest or concern in American industries. That is the trouble with granting such power as would be granted, in effect, to the State Department, instead of giving it to a technical body which is just as much concerned with the preservation of American industry as with the development of foreign policy.

Mr. President, has there actually been any damage? Instances have been recited in other speeches, showing that there has been such damage with relation to oil; with relation to wool, almost to the extent of the destruction of the American wool industry; with relation—in the State of Ohio—to the pottery and glass industries, which today are operating at a very low percentage of capacity because of the imports of pottery, largely from Japan, and partly from Europe; with relation to the watch industry; and with relation to the bicycle industry.

There would have been much more damage than there has actually been if world conditions had not been as peculiar as they are today. There has been practically no surplus of agricultural products in the world, with the exception of wool, to interfere or to be imported into this country to compete with American-produced products.

In the second place, no one seems to be able to equal our costs of manufactured goods at the present moment, except in a few instances. Of course, that condition cannot continue indefinitely. I myself think it is largely due to the inefficiency of other countries in production because of the regulation of every detail of their manufacturing industries by their governments. Since they have to a large extent socialized or at least imposed socialistic controls upon all industry, they have discouraged the development of industries, and have brought about such a situation that their costs of manufacture are far greater than they should be, and in many cases are far greater than are the costs in the United States, although wages in the United States amount to more than twice as much as those paid in Europe. But certainly that situation cannot continue forever. We are giving away machinery, and now we are proposing to give away know-how. There is no reason in the world, so far as I can see, why an industry in any of the other nations cannot compete with an American industry by buying our machinery and by getting our engineers to tell them how to operate it. After all, the people of Europe are intelligent. If they are properly trained and if they have the proper tools, there is no reason at all to suppose that they cannot compete with American industry. Once they have the information and the tools, the wage scale they are paying—which, as I have said, is one-fourth to one-half the wage scale in the United States—will enable them to produce goods at a price far below the price at which we can produce the same commodities, except in a few industries in which we have particular ability which perhaps cannot be imitated.

The British situation today is an interesting one. Great Britain was one of the great exporters of the world and was one of the great manufacturing countries of the world. Yet today, apparently, the British are unable to compete; they are unable to ship goods into this country. Today their actual imports into the United States constitute a much smaller percentage of their total exports than they did in the thirties. In fact, they are practically negligible, because they cannot compete with American products today on the basis of costs. It is not due to tariffs. The tariffs are again a negligible factor. In fact, they have got to the point now of rather saying they are more hampered by the red tape of the customs procedure than they are by the tariffs themselves. The tariff is not a material factor. Incidentally, I think the difficulty in England today is due almost entirely to the British situation. I have here a compilation which was of such interest to me that I ask permission to have it inserted in the RECORD at the conclusion of my speech.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. TAFT. It shows the total sterling-area dollar deficit in the fiscal year 1948–49. It was made up of a $1,149,000,000 deficit between the United Kingdom and the dollar area. The compilation says Great Britain has been embarrassed by the drawing down of dollars from the various other countries in the sterling area, for whom they act as bankers. The compilation lists those areas and shows the net deficit or net surplus in each case. It is interesting to note that Australia has a net deficit of about $65,000,000; New Zealand, $40,000,000; India, $144,000,000; Pakistan, $25,000,000; that Ceylon provides to the sterling area an excess of dollars of $35,000,000; that Ireland has a deficit of $40,000,000; Iraq, $20,000,000; that Malaya provides England with a dollar surplus of $185,000,000; that the Gold Coast provides England with a dollar surplus of $90,000,000; Nigeria, a dollar surplus of $30,000,000; and that the other countries have a deficit of $135,000,000. So, the net draft on England from the various other sterling area countries only amounts to $129,000,000. Adding a deficit of $310,000,000 which all the sterling area countries have in other countries than the United States, with hard-money countries, the total deficit is $1,644,000,000; but it can be seen that practically all of that is due to the deficit of England itself, and that the suggestion that in some way they are embarrassed by acting as bankers for the sterling area is really only a minor factor in the entire situation.

The truth is that the total deficit of $1,644,000,000 is met by about $1,000,000,000 which the United States is providing England under the ECA, leaving a net deficit of about $600,000,000, which apparently is what is creating the present exchange difficulties of Great Britain.

Mr. GEORGE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Georgia?

Mr. TAFT. I yield.

Mr. GEORGE. I am in entire accord with what the Senator is now saying. The truth is Great Britain has been a high-cost producing country since World War I. Her costs have been going up steadily, and she has priced herself out of the world markets in which she formerly played a very heavy hand. She had colonies once, and those areas are still attached to Great Britain, at least by sentiment, and something more than that, though actually a drain upon Great Britain.

Mr. TAFT. They have always been contributors.

Mr. GEORGE. Yes.

Mr. TAFT. This is a new condition, in which there is a slight drain on account of them.

Mr. GEORGE. A slight drain, but it is only slight. Actually, even before World War I, or by the time of World War I, Britain's balance of trade was not one in her favor, except as she got aid by taking, say from India, raw materials, sisal, jute, and manganese, which were funneled through the British Empire and the Bank of England. The Bank of England transferred those things to the dollar area and obtained dollars.

I do not know to what the Senator would attribute Great Britain's present difficulty; perhaps the cause is immaterial, inasmuch as the condition exists. Her type of government, her method of governing her people in these latter years, has certainly contributed to her advancing costs, and therefore her whole hope and the remedy, it seems to me, lie in Britain's hands. She has got to bring costs down; nobody else can do it. Any charitable aid or any aid in the nature of charitable assistance which we could now give Great Britain would, in my judgment, be a decided disservice to the English people themselves.

Mr. TAFT. I fully agree with the Senator, and I have stated publicly that the aid we are now giving, which apparently this year will amount to about $960,000,000, plus whatever they get from the military-assistance program, is certainly the limit of what we can afford, and certainly any increase in that aid will do Great Britain itself no good.

It seems to me the position of Great Britain has been a gradual development. They have a very serious problem. It is very difficult for 44,000,000 people or 45,000,000 people to live on an island with limited natural resources, unless they are very much smarter and more able and more efficient than other people throughout the world who compete with them. The British were such for some time, but apparently they fell behind. I think they fell behind because they abandoned the ideals of a free economy. I think they fell behind in their development largely because of the failure of manufacturers to keep their plants up to date and to make constant improvements, in large degree because of the opposition of labor to such improvements and the discouragement under which they labored. I remember Mr. Hoover told me many years ago that, before the First World War, he once made an effort to put modern machinery into a British coal mine. He had all the figures to show coal could be produced for about half what it was costing to produce it in England, but the opposition of the labor unions was so great that finally the entire project had to be abandoned. Yet I do not think the laboring people can be blamed. I think the manufacturers have been discouraged. They failed to keep up and go ahead. More and more, since the First World War, the Government has assumed the job of regulating every detail of British industry, until today conditions have reached such a point that the British Government has not only been trying to operate some industries itself, at a loss, but the tax burden on the British people is approximately 38 percent of the total national income. Our situation is bad enough here, but here we have a total tax burden of about 25 percent. In Great Britain conditions are such, with Government regulation and heavy expenses, that there is no longer the slightest incentive on the part of any private person to improve and expand his plant and get new machinery. We have given them billions of dollars—$3,750,000,000, a loan of $1,000,000,000, several billion dollars under ECA, and loans from various international monetary funds—yet, so far as I know, their machinery has been improved very little. The money has mostly been used for current consumption. I think it is simply because there has not been any incentive to the people to go ahead and improve their industry and reduce their costs.

I believe very strongly that our present superior position is due to economic freedom, and that the British have abandoned it. They abandoned it even in the general field of competition. A part of economic freedom is to keep the economy open so that anybody can go into business and not be wiped out by some larger competitor. We maintain the principle of the Sherman Act. The British never had such a principle. They encouraged cartel and monopoly. That is also one of the causes which I think has brought them to their present situation. They have arrived at a situation where they must make a change. They have reached a point where the present system will not work in Great Britain; they are going to be forced to improve their position and reduce their costs. They recognize it themselves; and certainly, once they do, so long as they have a standard of living which is slightly more than half what it is here, so long as wages are one-third of what they are here, there is no question that they can get to a point where they can compete seriously with American industry. In the wool business we see them now in that condition to a certain extent. There is no question in my mind that present conditions are temporary, which can be met and which I hope will be met for the welfare of Great Britain. But I do not think we ought to give the President power, while helping Great Britain, to destroy an American industry by abandoning entirely the tariff policy which might protect it.

The peril-point amendment is a very mild proposal indeed. It does suggest a standard, but it does not make it binding on the President. I think the act, even after the adoption of the peril-point amendment, is still a complete delegation of power. I am inclined to think I

shall vote against the bill, as I have in past years, for that reason. But the peril-point amendment does make a real issue. Those who oppose it are, in effect, insisting on the principle of free trade. A vote for the amendment is the declaration of a belief that there is and should be in our Government policy the principle of protecting American industry. While not binging on the President, the amendment certainly suggests very strongly to him that that is what Congress wants and that Congress does not approve the theory of reducing a tariff below the point at which it threatens the existence of an American industry. Do we believe in such a principle, or do we not?

As a matter of fact, I believe that Mr. Hull really believes in free trade. I believe that Mr. Clayton believes in free trade. I believe that many persons in the State Department believe in free trade. They realize, however, that the American people do not believe in it. They realize that the American people, in the last analysis, will not stand for the destruction of any important American industry. Therefore they are not willing to admit the end they would like to attain, as did Mr. Henry Wallace when he spoke of the elimination of the American sugar-beet industry. Rather than admit the necessity of tariffs in some cases, they will accept quotas, as in sugar, watches, oil, and wool. Quotas are a far greater interference with free trade than tariffs have ever been. They are a restriction on international development.

I do not like quotas because they mean complete Government control of a particular industry. Behind a tariff barrier we can have effective competition. If the barrier is right, it will not be high enough to prevent foreign competition on a fair and reasonable basis. But quotas, as in the case of the sugar-beet industry, regulate the entire industry. Today that industry is completely regulated from the time the beets are planted until the sugar reaches the table. We have that situation because we have adopted for that industry a quota system. It is suggested that we apply it also to oil, watches, and wool. I hope very much that that will not be done.

It seems that persons who are really in favor of free trade consider that their great enemy, from a psychological standpoint, is the tariff, so they do not want to put anything in the amendment which will even suggest that some tariff is necessary to protect American industry. It seems to me they are obsessed with the idea that tariffs are wicked. So, to my mind, the opposition to this amendment, which certainly provides no real restriction on the President, arises from the fact that it recognizes the principle that tariffs are justified when an American industry is likely to be destroyed. Incidentally, it is rather interesting, I think, that apparently some of the advocates of the measure are willing even to abandon the great multilateral trade principle of Mr. Hull, which was a part of this entire process, in order to avoid even this peril-point amendment, or even the suggestion that a tariff may be justified under some circumstances.

Somewhat earlier the distinguished Senator from Iowa [Mr. HICKENLOOPER] referred to an editorial in the Washington Post of this morning on peril points. Just above that editorial was a proposal to deal with the British situation by making with Britain a bilateral contract by which she would agree to buy certain American agricultural commodities and we would, in turn, agree to buy certain goods that might conceivably be classified as strategic materials. Apparently we are willing to abandon multilateral trade, we are willing to abandon the general principle of taking restrictions from international trade, but we are not willing to mention the word "tariff"; we are not willing to admit for a moment that a tariff can be justified as a method of protecting American trade.

So, Mr. President, I think the issue on this amendment is whether we believe in free trade or whether we do not believe in it. I do not believe in free trade. I am familiar with the classic doctrine of free trade, and I agree that under it it may be that a world in which there is complete free trade might have an average standard of living higher than that of one which does not have free trade, but I cannot agree that a country such as the United States, with a higher standard of living than that of any other nation in the world, would be better off under free trade. There might be a higher average generally, but we would be averaged down as others were averaged up. I cannot see how we can make a higher standard of living in the United States and permit absolute free trade with countries which have a standard of living such as that of China or India, which is far below any standard of living in America.

The costs of agricultural products, textiles, glass, and pottery must be higher in this country than those which exist in other countries, if we are to have our labor in those industries able to draw wages that will give it an American standard of living.

I have never been able to see the point of permitting the importation of shoes without a tariff to protect American industry on the theory that we are going to increase the automobile industry. That situation might be better for the world as a whole, but how could we be better off in such a situation? We would interfere with conditions which are necessary to make the nation reasonably self-sustaining in time of war.

I think it would be a most unwise economy for us to adopt free trade. I agree fully that tariffs should not be so high that they eliminate foreign competition. I think there should be competition, with the delegation to an American tariff commission of the right to make tariffs on a standard which I hope may be worked out, whether it be a standard of the difference in costs of production, which has been criticized, whether it be a standard based on the difference in the cost of labor in this country and other countries, or whether it simply be the standard of this peril-point amendment that no tariff shall be reduced below a point at which intelligent men find that the adoption of a tariff lower than that point would mean serious injury to an American industry.

So, Mr. President, it seems to me the whole question in this amendment is whether we are willing or not willing to adopt free trade, whether we are willing to reaffirm our belief that under some circumstances it is necessary to impose a tariff to protect an American industry, to protect American workmen who are working in that industry, and to protect the whole economy of the United States.

Mr. President, I ask unanimous consent that two editorials from the Washington Post of this morning be printed at this point in my remarks.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

PERIL POINTS

The Senate will undoubtedly authorize an extension of the President's authority to negotiate reciprocal trade agreements. The major issue involved in the current debate is whether it will retain a provision inserted by the Eightieth Congress and deleted from the extension bill passed by the House that involves a hampering change in procedural methods. Under the law as it stands the Tariff Commission is required to report to the President prior to the start of negotiations and advise him whether proposed tariff reductions would imperil American industries. It is this so-called peril-point clause (in a somewhat modified form) which Senator MILLIKIN wants to attach to the pending bill over the objection of Administration supporters that has evoked such fervid oratory.

As the Washington Post pointed out at the time, the peril-point clause is mischievous largely because it would necessitate procedural changes that would elevate the Tariff Commission to a dominant position in the administrative set-up, slow down negotiations, and limit the freedom of action of the negotiators. To be sure, the Commission's recommendations would not be binding on the President, but if he chose to ignore them he would be on the spot insofar as Congress is concerned. In other words, retention of the peril-point clause would seriously hamper the conclusion of trade pacts assuming, as seems likely, that the Tariff Commission's recommendations would be ultracautious. And Congress would almost certainly look with jaundiced eyes on Executive proposals running counter to Commission findings.

Moreover, it is evident from the Senate debate that the campaign to retain the peril-point clause is motivated by a narrowly protectionist animus that justifiably alarms foreign nations whose ability to earn more dollars depends upon our willingness to buy their goods. There is, of course, a point beyond which tariff concessions cannot go without damaging our economy. But there is also no reason to suppose that the Administration will not protect legitimate American interests in the future as it has in the past when negotiating trade agreements. There is also abundant evidence to show that the only feasible method of reducing trade barriers is by executive negotiation, instead of congressional action.

SWAPPING SURPLUSES: A PROPOSAL

A little-known provision in the 1949 amendments to the charter of the Commodity Credit Corporation holds considerable promise as a means of relieving the dollar drain on Great Britain and the immediate strain on Britain's position. This is the provision that enables the CCC to accept strategic materials produced abroad in exchange for agricultural commodities it has acquired. This device could be of particular help with respect to India, the member of Sterlingaria that is Britain's biggest problem. India has been demanding and getting dollars from Britain with which to buy in the United States.

Although India's purchases in this country are not confined to agricultural com-

modities, she does import wheat, corn, rice, and other grains. The CCC has considerable surplus stocks of wheat and corn, along with dried eggs, dried fruits, cotton, tobacco, and the like. In return India has manganese, shellac, beryl, kyanite, mica, opium, pepper, and talc—all of which are on the stockpiling list. Nor are the possibilities confined to India. Malaya, for example, produces tin, rubber, pepper, palm oil, and coconut oil. Northern Rhodesia furnishes chromite, cobalt, copper, lead, mica, vanadium, and zinc. Other British dominions and colonies have similar items which could be exchanged.

Actually, what this exchange would mean is a sort of barter operation through which the United States would acquire materials on the stock-piling list in return for items for which the sterling area otherwise would have to pay out dollars. From the United States standpoint, what is involved is largely agricultural surpluses held by the CCC as a result of price-support activities. The law provides that normal trade channels shall be employed wherever possible. It further provides that, to the extent approved by the Munitions Board, strategic materials thus acquired shall be transferred to the stock pile and that the CCC shall be reimbursed by the Munitions Board at fair market values set by the Secretary of the Treasury.

It is possible that the Munitions Board, although it will have some $600,000,000 for stock piling during the next fiscal year, may not wish to purchase more of the particular strategic materials the sterling countries have to offer at this time. This obstacle can, however, be surmounted. Although the CCC is restricted by law to acceptance of items on the strategical and critical materials list as defined by a committee representing Government departments, it has leeway to acquire materials which the Munitions Board is not currently buying. Moreover, the law permits the CCC to dispose of strategic materials in any manner it deems advisable to carry out its functions and protect its assets. In other words, the CCC could sell strategic materials to industry, or hold them for later transfer to the stock pile.

It would, of course, be foolish for the Commodity Credit Corporation to build up a rival stock pile. What is required is cooperation and mutual planning between the Munitions Board and the Department of Agriculture, since the Secretary of Agriculture must approve barter operations by the CCC. There is utterly no reason, now that the United States is embarked on a stock-piling program, why this program should not be coordinated to promote something that is also this country's strategic concern—the financial stability of the commonwealth and the shoring up of Asiatic areas now struggling against Communist aggression. Although such a program might cause some temporary disarrangement of the Commodity Credit position, it should result in no net cost to this Government.

The exchange of agricultural products for strategic materials would go awry if it were used merely as a means of foisting off surpluses which the sterling countries do not want. It must be, instead, a mutually advantageous trade. In this respect bold and imaginative thinking is required not only in the administration, but also in the other countries concerned—for here is a way in which the commonwealth nations could contribute to the solution of Britain's financial plight. Certainly this is a new avenue that ought to be explored to the fullest, since it is, in the formula of Secretary Snyder, "within the framework of our existing economic policies."

EXHIBIT 1

SEPTEMBER 8, 1949.

STERLING AREA DOLLAR DEFICIT JULY 1, 1948–JUNE 30, 1949

The statistical presentation below represents an effort to simplify an extremely complicated subject. The figure of $185,000,000 in table I for the deficit of the rest of the sterling area (i. e., other than the United Kingdom) with the dollar area understates, by an amount which cannot be determined, the actual drain of the sterling area upon the central fund of gold and dollar reserves held by the United Kingdom because some portion of the $310,000,000 of gold and dollar payments to nondollar countries should be attributed to the rest of the sterling area. This represents payments from the central reserves to such countries as Switzerland and Belgium which are not allocated as between the United Kingdom itself and the rest of the sterling area. In addition, all of the United Kingdom's large dollar expenditures for the purchase of petroleum and petroleum-development projects are charged directly to the United Kingdom, but some of this petroleum is sold to other sterling area countries for sterling. However, since the $185,000,000 includes the estimated Irish deficit, which is met from ECA allocation to Ireland, it is an overstatement of the drain to this extent.

Table II represents an attempt to allocate among the individual countries of the sterling area the $185,000,000 which is directly attributed to the rest of the sterling area in the summary in table I. The figure of $135,000,000 in the "Other" category in table II represents, of course, a residual deficit figure for other areas and colonial dependencies for which detailed data are not readily available. The figures attributed to specific countries in table II are probably not completely accurate but do serve to indicate the general magnitude of the drain of these countries on the central reserves for that portion of the drain which can be allocated.

Sterling area dollar deficit,[1] fiscal year 1948–49

(In millions of dollars)

TABLE I.—TOTAL NET GOLD AND DOLLAR DEFICIT OF STERLING AREA

1. United Kingdom deficit with dollar area	1,149
2. Rest of sterling area deficit with dollar area[2]	185
3. Net gold and dollar payments to nondollar countries on account of whole sterling area	310
Total	1,644

TABLE II.—REST OF STERLING AREA ESTIMATED DEFICIT WITH DOLLAR AREA

(+ designates surplus)

	Total deficit with dollar area	Sale of new gold to United Kingdom	Deficit adjusted for gold receipts	IMF drawings	Net deficit
Australia	95	+30	65	----	65
New Zealand	40	----	40	----	40
India	200	----	200	+56	144
Pakistan	25	----	25	----	25
Ceylon	+35	----	+35	----	+35
Ireland	40	----	40	----	40
Iraq	20	----	20	----	20
Malaya	+185	----	+185	----	+185
Gold Coast	+65	+25	+90	----	+90
Nigeria	+30	----	+30	----	+30
Other	160	+25	135	----	135
Total	265	+80	185	+56	129

[1] Based on published information from various sources.
[2] These figures are comparable. Table II gives an estimated break-down of the figure in table I.

NOTES

South Africa: The Government of South Africa has an agreement with the United Kingdom through which, in general, it undertakes to meet all its own dollar expenditures and not draw anything from the central reserves. Accordingly, South Africa may be considered to have been excluded from table II.

Iraq: The figure for Iraq represents the agreed limit for its expenditures in all hard currencies including dollars. Actual drawings may not have been this large.

New Zealand: The figures for New Zealand represent the calendar year 1948. There has probably been no important change in the rate of drain of this country.

Ceylon: The basis for this estimate is merchandise trade with United States and Canada. However, invisible transactions are believed to be quite small.

Ireland: The figure for Ireland represents the amount of ECA-financed shipments to Ireland during the fiscal year 1948–49.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. TAFT. I yield the floor.

EXECUTIVE SESSION

Mr. GEORGE. Mr. President, I ask unanimous consent, that as in executive session, the three last nominations on the Executive Calendar, to wit, the nominations of Paul H. Griffith, Marx Leva, and Wilfred J. McNeil, to be Assistant Secretaries of Defense in the Department of Defense, be considered and, if confirmed, that the President be notified.

The PRESIDING OFFICER. Is there objection?

Mr. MILLIKIN. Mr. President, reserving the right to object, yesterday when these nominations were brought up for consideration the distinguished minority leader said he had no objection to them, but he thought that orderly procedure required that they should lie over at least for a day. I am very happy to say that there are no objections of which I know or of which I have been notified, on this side of the aisle.

Mr. GEORGE. I think there are no objections.

The PRESIDING OFFICER. Without objection, the nominations are confirmed, and the President will be immediately notified.

RECESS TO MONDAY

Mr. GEORGE. Mr. President, I move that the Senate take a recess, in pursuance of the order already made, to 12 o'clock noon on Monday next.

The motion was agreed to; and (at 6 o'clock p. m.) the Senate took a recess, the recess being, under the order previously entered, until Monday, September 12, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 9 (legislative day, September 3), 1949:

COLLECTOR OF CUSTOMS

Joseph H. Lyons, of Mobile, Ala., to be collector of customs for customs collection district No. 19, with headquarters at Mobile, Ala. Reappointment.

AIR FORCE OF THE UNITED STATES

The following-named officers for temporary appointment in the Air Force of the United States under the provisions of section 515, Officer Personnel Act of 1947:

To be major general

Brig. Gen. James Bryan Newman, Jr., AO9314, United States Air Force.

Brig. Gen. Ralph Francis Stearley, 59A, United States Air Force.

Brig. Gen. William Eugene Farthing, 79A, United States Air Force.

Brig. Gen. Joseph Smith, 84A, United States Air Force.

Brig. Gen. Morris Robert Nelson, 277A, Air Force of the United States (colonel, U. S. Air Force).

Brig. Gen. Samuel Robert Brentnall, 364A, Air Force of the United States (colonel, U. S. Air Force).

Brig. Gen. Donald Leander Putt, 494A, Air Force of the United States (colonel U. S. Air Force).

Brig. Gen. Edward Wharton Anderson, 514A, Air Force of the United States (colonel, U. S. Air Force).

Brig. Gen. Dean Coldwell Strother, 591A, Air Force of the United States (colonel, U. S. Air Force).

To be brigadier general

Col. Kenneth Eugene Webber, 117A, United States Air Force.

Col. Robert Victor Ignico, 139A, United States Air Force.

Col. Austin Walrath Martenstein, 180A, United States Air Force.

Col. Thomas Herbert Chapman, 189A, United States Air Force.

Col. Edmund Clarence Langmead, 207A, United States Air Force.

Col. Colby Maxwell Myers, 246A, United States Air Force.

Col. Raymond Coleman Maude, 269A, United States Air Force.

Col. Alfred Henry Johnson, 270A, United States Air Force.

Col. Elmer Joseph Rogers, Jr., 294A, United States Air Force.

Col. Clarence Shortridge Irvine, 296A, United States Air Force.

Col. Willard Roland Wolfinbarger, 317A, United States Air Force.

Col. Delmar Taft Spivey, 385A, United States Air Force.

Col. Leland Samuel Stranathan, 406A, United States Air Force.

Col. Sory Smith, 573A, United States Air Force.

Col. Edward James Kendricks, 19052A, Air Force of the United States (lieutenant colonel, U. S. Air Force, medical).

Col. Otis Otto Benson, Jr., 19046A, Air Force of the United States (lieutenant colonel, U. S. Air Force, medical).

(NOTE.—Dates of rank will be determined by the Secretary of the Air Force.)

UNITED STATES AIR FORCE RESERVE

The following-named officers for appointment in the United States Air Force Reserve under the provisions of section 37, the National Defense Act, as amended. These officers are subject to physical examination as required by law.

To be brigadier general

Brig. Gen. Pierpont Morgan Hamilton, AO900788, Air Force of the United States (colonel, U. S. Air Force Reserve).

Col. Joseph Johnson George, AO284578, United States Air Force Reserve.

Col. Robert Hutchinson Harper, AO304037, United States Air Force Reserve.

Col. Laurence Barrett Hickam, AO146173, United States Air Force Reserve.

Col. Ray Willis Ireland, AO909835, United States Air Force Reserve.

Col. Henry Christopher Kristofferson, AO252676, United States Air Force Reserve.

Col. Walter Barton Leach, AO907234, United States Air Force Reserve.

Col. Richard Lewis Melling, AO370824, United States Air Force Reserve, Medical.

Col. Henry Terry Morrison, AO168027, United States Air Force Reserve.

Col. William Faust Nicholson, AO426283, United States Air Force Reserve.

Col. Russell Isaac Oppenheim, AO300863, United States Air Force Reserve.

Col. Nelson Strobridge Talbott, AO141359, United States Air Force Reserve.

Col. Walter Wallace Wood, AO229786, United States Air Force Reserve.

Col. William Tandy Young, AO449164, United States Air Force Reserve.

(NOTE.—Date of rank will be determined by the Secretary of the Air Force.)

UNITED STATES AIR FORCE

The following-named officers for promotion in the United States Air Force, under the provisions of sections 502 and 509 of the Officer Personnel Act of 1947. Those officers whose names are preceded by the symbol (×) are subject to examination required by law. All others have been examined and found qualified for promotion.

To be captains, USAF

Alexander, Jim Vance, 12215A.
Angel, Ralph Edwin, 12278A.
Angley, Clyde Cecil, 12200A.
Antalis, Stephen Jonathan, 12332A.
Ayeraman, Richard Lewis, 12314A.
Baker, Harry Forrester, 12247A.
Barnett, William Edgar, 12353A.
Barraclough, Edmund Lee, 12374A.
Bartel, Harry Conrad, 12287A.
Bartol, Wante John, 12238A.
×Basham, Edward Arthur, 12381A.
Bayne, Harry Chester, 12289A.
Beasley, Carl June, 12265A.
Beckett, James Pinkerton, 12360A.
Benson, Bertil Emil William, 12230A.
Berger, Marvin Eldon, 12337A.
Biggs, George Joseph, 12375A.
×Biles, James Levi, Jr., 12342A.
Binford, Lloyd Tilghman, Jr., 12205A.
Birge, Walter Cyril, Jr., 12275A.
Blair, Ben Rogers, 12232A.
Bogan, Leon St. Clair, 12224A.
Boland, Jeremiah Murphy, 12210A.
Bonner, Roland Boyd, 12323A.
Bowers, Thomas Egerton, 12222A.
Brauer, Karl Henry, 12192A.
×Brown, Dayton Frazier, 12296A.
Brown, Robert Cuyler, 12363A.
Bruckner, Louis Morrison, 12234A.
Bryant, Ernest Douglas, 12292A.
Bull, Leonard Park, 12198A.
Bullock, Ralph Ezell, 12339A.
Burnette, Willis David, 12206A.
Burrows, Adrian Morton, 12251A.
Byrne, John Paul, 12218A.
Capio, Fred, Jr., 12343A.
Carroll, William Joseph, 12258A.
Carter, Hobart Edmund, 12347A.
Cartledge, Binford Meadows, 12214A.
Cavin, Edgar Raymond, 12240A.
Chalifoux, Alphonse, Jr., 12293A.
Coe, Don, 12336A.
Cole, Eugene Elmer, 12330A.
Collins, John James, 12244A.
Conkey, Howard Lyle, 12356A.
Connell, Royal William, 12302A.
×Cossaboom, William Morton, 12371A.
Cresto, Joseph Lawrence, 12373A.
DeLisle, Arthur Benedict Charles, 12201A.
DeVee, Earl William, 12257A.
Deimling, Paul Lewis, 12312A.
Dixon, Dale Van Meter, 12303A.
Doyle, Miles Mathew, 12345A.
Driver, Elwood Thomas, 12252A.
×Dwight, John Fernando, Jr., 12242A.
Eades, William Boss, Jr., 12195A.
Ekrem, Harvey Zahl, 12305A.
Elliott, McLean Webster, 12307A.
Everett, Harold Malcolm, 12286A.
Fecher, Louis Adam 3d, 12288A.
Ferko, Francis Andrew, 12267A.
Ferris, Joseph, 12368A.
Finke, Eugene, 12351A.
Finnell, Herbert Singleton, Jr., 12263A.
Flanagan, Preston Simms, 12223A.
Fritz, Paul Charles, 12284A.
Funkhouser, Clinton James, 12266A.
Fuss, John Harvey, 12291A.
Gallien, Carson Reed, 12310A.
Gleichauf, Paul Wanner, 12209A.
Good, Roger Roland, 12299A.
Goodbody, Robert Elmer, 12203A.
Goodman, Raymond Elmer, 12306A.
Grashoff, Robert Arnold, 12325A.
Gunn, Leon Oryn, 12340A.
Hagenback, James John, 12372A.
Hale, Charles Eugene, 12229A.
Hall, James Halbert, 12254A.
Hansen, William Rowland, 12355A.
Harris, James William 3d, 12370A.
Henry, Jesse Grice, 12204A.
×Hewitt, Ralph Moody, 12228A.
Hilburn, William Grant, 12208A.
Hinck, Robert Bartlett, 12364A.
Hintze, Milton August, Jr., 12188A.
Holmes, Douglas Irving, 12237A.
Hood, Charles Thomas, 12217A.
Howe, Gilbert, Jr., 12369A.
Huffman, Delbert Lyle, 12233A.
Hunter, Harry Floyd, 12246A.
Hurlburt, Gaines, 12262A.
Hurst, John Delbert, 12367A.
Janovitz, George Walter, 12213A.
×Johnson, Donald Wayne, 12361A.
Johnson, Douglas Devon, 12362A.
Jones, Percy Lewis, 12377A.
Kaufman, Frank Llewellyn, 12300A.
Kearney, John Leo, 12357A.
Kennedy, Francis Senan, 12220A.
×Kern, Jack Phillip, 12231A.
Knight, Billy Ernest, 12189A.
Knox, Freal Charles, 12311A.
Kramer, Daniel, 12199A.
Kumnick, Chris Augustus, Jr., 12270A.
Lavigne, Edwin Walter, 12239A.
Lee, Raymond Charlesworth, Jr., 12261A.
Loughlin, Charles Thomas, 12191A.
×Lugo, Frank Morales, 12338A.
McClung, James David, 12269A.
McClung, Thomas Stuart Langston, 12250A.
McFarland, Jack Richard, 12358A.
McKinney, David Webster, 12281A.
×McKoy, Wendell Guy, 12194A.
×McVay, Richard Bagnall 12365A.
Meek Frank Edwin, Jr., 12334A.
Mickelsen, Earl Harry, 12335A.
Millis, Billy John, 12245A.
Morgan, Spencer Graves, 12255A.
Morris, Lester Walter, 12276A.
Mosall, George William, 12202A.
Muir, Robert Waugh, 12241A.
Nance, Truett Ordway, 12234A.
Nowak, Edwin Henry, Jr., 12248A.
O'Day, Russell M. Hanna, 12187A.
Olsen, Eugene Mills Richard, 12295A.
Osborne, William Harry, 12316A.
Owen, Clyde Walter, 12348A.
Parker, George E., 12327A.
Parker, Hunter Davidson, 12285A.
Patton, William Hallyburton, 12190A.
Porter, Denver Mac, 12221A.
Post, George Murray, 12321A.
Ramsey, Richard Dunlap, 12282A.
Rankin, William Hoffa, 12273A.
Ratterree, James Gamble, 12274A.
×Reddall, Gordon Clark, 12297A.
Robinson, Jack, Jr., 12271A.
Rosa, Joseph John, 12320A.
Rosenberg, Louis Storz, 12326A.
×Rucker, Lester Ralph, 12298A.
Rudrud, Norman Victor, 12280A.
×Ruppelt, Ellis Arthur, 12350A.
Ruscitto, James Otto, 12235A.
Sanford, Douglas Fremont, 12256A.
×Scott, Robert Fred, 12313A.
Scott, Winton Alva, 12379A.
Seaburg, Bror Charles, 12277A.
Seay, James Scott, 12319A.
Senser, William James, Jr., 12294A.
Shareck, Michael William, Jr., 12253A.
Siddens, John V., 12196A.
×Sly, Peter Richard, 12322A.
Smith, Durward, 12226A.
×Snyder, Harold Thomas, 12341A.
Squires, Joseph Clarence, 12309A.
Steffen, Harold John, 12216A.
Stevenson, William Richard, Jr., 12304A.
Stewart, Ronald Price, 12344A.
Stolarz, Andrew Robert, 12272A.
Stone, Herbert Burton, 12366A.
Stone, Raymond Frank, 12308A.
Taylor, Charles Alfred, 12186A.
Thornton, Otis Brooks, 12225A.
Troutman, Baldwin Littleton, Jr., 12346A.
Van Natta, Richard Hugh, 12359A.
Vratny, Frank, 12382A.
Vuchetich, Peter Francis, 12380A.
Welch, James Woodford, Jr., 12219A.
Wells, Charles Rogers, Jr., 12301A.
Wells, Ernest John, 12260A.
Whittington, Richard Lee, 12193A.
×Williams, Bert, 12352A.
Wingard, Jesse Oliver, Jr., 12197A.
×Wishart, James Henderson Nelson, 12268A.
×Wollner, Richard Paul, 12259A.
Wood, Haylon Ray, 12317A.
Wynn, Vasseure Howe, 12279A.
Zwicke, Norbert Anthony, 12378A.

The following-named officer for promotion in the United States Air Force under the provisions of section 107 of the Army-Navy Nurses Act of 1947. This officer is subject to physical examination required by law:

To be first lieutenant, USAF (women's medical specialists)

Fouquet, Dorothy A., AJ23.

(NOTE.—The officers nominated for promotion to captain will complete 7 years' service for promotion during the month of October. The officer nominated for promotion to first lieutenant will complete 3 years' service for promotion during the month of December. Dates of rank will be determined by the Secretary of the Air Force.)

CONFIRMATIONS

Executive nominations confirmed by the Senate September 9 (legislative day, September 3), 1949:

DEPARTMENT OF DEFENSE

TO BE ASSISTANT SECRETARIES OF DEFENSE

Paul H. Griffith
Marx Leva
Wilfred J. McNeil

HOUSE OF REPRESENTATIVES

FRIDAY, SEPTEMBER 9, 1949

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore (Mr. COX).

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

God is our refuge and strength, a very present help in trouble. Therefore will we not fear, though the earth be removed, and though the mountains be carried into the midst of the sea.

Dear Lord, we ask Thy richest blessing upon those who seek to help their fellow men; who guard our homes, teach our youth, and minister to the sick. Give unto us peace, and faith which rebounds to the enlargement of vision. Grant that in Thy spirit we may solve vexed problems, and thus prove ourselves worthy of the vocation wherewith we are called. In Thy holy name we pray. Amen.

The Journal of the proceedings of Tuesday, September 6, 1949, was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On August 25, 1949:

H. R. 997. An act to extend the benefits of section 1 (c) of the Civil Service Retirement Act of May 29, 1930, as amended, to employees who were involuntarily separated during the period from July 1, 1945, to July 1, 1947, after having rendered 25 years of service but prior to attainment of age 55; and

H. R. 3825. An act to amend the Federal Crop Insurance Act.

On August 26, 1949:

H. R. 1505. An act for the relief of Harry Warren.

On August 27, 1949:

H. R. 5086. An act to accord privileges of free importation to members of the armed forces of other nations, to grant certain extensions of time for tax purposes, and to facilitate tax administration.

On August 30, 1949:

H. R. 781. An act to amend title II of the Civil Aeronautics Act of 1938, as amended; and

H. R. 2859. An act to authorize the sale of public lands in Alaska;

H. R. 2877. An act to authorize the addition of certain lands to the Big Bend National Park, in the State of Texas, and for other purposes; and

H. R. 4498. An act to amend section 6 of the act of April 15, 1938, to expedite the carriage of mail by granting additional authority to the Postmaster General to award contracts for the transportation of mail by aircraft upon star routes.

On August 31, 1949:

H. R. 1279. An act for the relief of George Hampton.

On September 1, 1949:

H. R. 807. An act for the relief of Chattooga County, Ga.

On September 3, 1949:

H. R. 4688. An act to ratify and confirm act 4 of the Session Laws of Hawaii, 1949, extending the time within which revenue bonds may be issued and delivered under chapter 118, Revised Laws of Hawaii, 1945; and

H. J. Res. 281. Joint resolution to authorize the President to issue posthumously to the late John Sidney McCain, vice admiral, United States Navy, a commission as admiral, United States Navy, and for other purposes.

On September 7, 1949:

H. R. 225. An act to repeal section 460 of the act of March 3, 1899 (30 Stat. 1336), as amended, providing for certain license taxes in the Territory of Alaska;

H. R. 1065. An act for the relief of the estate of James Lander Thomas;

H. R. 1446. An act for the relief of Conrad L. Wirth;

H. R. 1631. An act for the relief of John J. O'Mara;

H. R. 1701. An act for the relief of Mrs. Vesta Meinn and Mrs. Edna Williams;

H. R. 1792. An act for the relief of Charles E. Ader;

H. R. 1979. An act for the relief of Soo Hoo Yet Tuck;

H. R. 2091. An act for the relief of Jack McCollum;

H. R. 2471. An act for the relief of Walt W. Rostow;

H. R. 2475. An act to authorize and direct the Secretary of the Interior to sell to Albert M. Lewis, Jr., certain land in the State of Florida;

H. R. 2628. An act for the relief of Auldon Albert Aiken;

H. R. 2702. An act to authorize the Secretary of the Army to convey by quitclaim deed certain mineral rights in certain lands situated in the State of Oklahoma to Alfred A. Drummond and Addie G. Drummond;

H. R. 2706. An act authorizing the issuance of a patent in fee to Susie Larvie Dillon;

H. R. 2920. An act authorizing the issuance of a patent in fee to George Swift Horse;

H. R. 3071. An act to authorize the Secretary of the Army to purchase certain property in Morgan County;

H. R. 3383. An act to provide that extra compensation for night work paid officers and employees of the United States shall be computed on the basis of either standard or daylight-saving time;

H. R. 3478. An act to extend the time for completing the construction of a bridge across the Mississippi River at or near a point between Delmar Boulevard and Cole Street in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.;

H. R. 3637. An act to permit the sending of braille writers to or from the blind at the same rates as provided for their transportation for repair purposes;

H. R. 3665. An act for the relief of Mrs. Josephine Wagnon Walker;

H. R. 3667. An act authorizing the Secretary of the Interior to issue a patent in fee to Lenora Farwell Fritzler;

H. R. 3768. An act for the relief of Mrs. Justa G. Vda. de Guido, Belen de Guido, Mulia de Guido, and Oscar de Guido;

H. R. 3803. An act for the relief of Mrs. Mary L. W. Dawson;

H. R. 3837. An act for the relief of Annie Balaz;

H. R. 3881. An act to provide for the use of the State course of study in schools operated by the Bureau of Indian Affairs on Indian reservations in South Dakota when requested by a majority vote of the parents of the students enrolled therein;

H. R. 4026. An act relating to the exchange of certain private and Federal properties within the authorized boundaries of Acadia National Park, in the State of Maine, and for other purposes;

H. R. 4073. An act to provide for the conveyance to the State of New York of certain historic property situated within Fort Niagara State Park, and for other purposes;

H. R. 4208. An act to add certain surplus land to Petersburg National Military Park, Va., to define the boundaries thereof, and for other purposes;

H. R. 5155. An act for the relief of Francesca Lucareni, a minor;

H. R. 5160. An act for the relief of Mrs. Giustina Schiano Lomoriello;

H. R. 5205. An act to quitclaim certain property in Enid, Okla., to H. B. Bass;

H. R. 5207. An act to amend section 50 of the Organic Act of Puerto Rico;

H. R. 5535. An act to amend the Philippine Rehabilitation Act of 1946;

H. R. 5620. An act permitting the use, for public purposes, of certain land in Hot Springs, N. Mex.;

H. R. 5929. An act to amend the Army and Air Force Vitalization and Retirement Equalization Act of 1948;

H. R. 5390. An act to authorize the Secretary of the Interior to exchange certain Navajo tribal Indian land for certain Utah State land; and

H. J. Res. 338. Joint resolution to authorize the Administrator of Civil Aeronautics to undertake a project under the Federal Airport Act for the development and improvement of Logan International Airport at Boston, Mass., during the fiscal year 1950.

On September 8, 1949:

H. R. 632. An act for the relief of John E. Burns;

H. R. 1790. An act to restore certain land in Alaska to the public domain and to authorize its sale to Ford J. Dale, of Fairbanks, Alaska;

H. R. 2170. An act authorizing changes in the classification of Crow Indians;

H. R. 3197. An act relating to the sale of the old Louisville Marine Hospital, Jefferson County, Ky.;

H. R. 4254. An act authorizing the Secretary of the Interior to issue a patent in fee to Sidney Blackhair; and

H. J. Res. 348. Joint resolution amending an act making temporary appropriations for the fiscal year 1950, as amended, and for other purposes.

CONVEYING CERTAIN LANDS TO THE CITY OF MILES CITY, MONT.—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H. R. 3589, entitled "An act to convey to the city of Miles City, State of Montana, certain lands in Custer

County, Mont., for use as an industrial site."

The bill authorizes the conveyance of three tracts of land comprising 426.88 acres more or less, upon payment of a just and reasonable consideration to be determined by the Secretary of the Interior, and the granting to the city of Miles City of an easement for right-of-way purposes containing 14.67 acres. All rights to oil, coal, gas, and other minerals are reserved to the United States.

The land covered by the bill is an important part of the lands of the United States Range Livestock Experiment Station at Miles City. It is adjacent to station headquarters and its conveyance will interfere seriously with important beef cattle research under way there which is designed to assist livestock producers of this country. It is the only available land near station headquarters which can be used for assembling station cattle for such important operations as branding, weaning, and similar operations where it is necessary to assemble large numbers of experimental animals at headquarters. If this land were transferred, relocation of station headquarters may be required as industrialization progresses. Relocation costs are estimated to be $1,300,000.

The Federal Government has cooperated with the city of Miles City on a number of occasions in the past in furthering the growth of the area. The last occasion was the transfer of 37.26 acres of land for industrial and recreational purposes in 1946. Up to the present time none of the land last transferred has been used for industrial purposes.

Inasmuch as the land now proposed for transfer is presently serving a very useful purpose to the livestock industry of this country, and the cost of relocating the station headquarters would apparently far exceed any return to the Treasury from the sale of land, its transfer cannot be justified. However, there is a tract of 133 acres of easily accessible land on the experiment station lying south of Miles City, which the Department of Agriculture is willing to make available to the city immediately and which could be transferred by legislation. Since the city of Miles City is desirous of obtaining lands for further development, I am requesting the Secretary of Agriculture to consider the needs of the city for industrial expansion and the release of lands which would not impose hardships upon the research program which the station exists to perform.

I believe that if representatives of the Department of Agriculture and of Miles City will sit down together and work on this problem, a solution satisfactory to both can be found.

HARRY S. TRUMAN.

THE WHITE HOUSE, *September 9, 1949.*

The SPEAKER pro tempore. The objections of the President will be spread at large upon the Journal.

ARLINGTON MEMORIAL AMPHITHEATER COMMISSION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 329)

The SPEAKER pro tempore laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Public Lands and ordered to be printed:

To the Congress of the United States of America:

I transmit herewith a recommendation of the Arlington Memorial Amphitheater Commission on the erection of a memorial under Public Law 397, Sixty-sixth Congress, as required by that law.

HARRY S. TRUMAN.

THE WHITE HOUSE, *September 7, 1949.*

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on September 7, 1949, present to the President, for his approval, a joint resolution of the House of the following title:

H. J Res. 348. Joint resolution amending an act making temporary appropriations for the fiscal year 1950, as amended, and for other purposes.

ADJOURNMENT

Mr. SHEPPARD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 6 minutes p. m.), pursuant to House Resolution 345, the House adjourned until Tuesday, September 13, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

912. A letter from the Acting Attorney General, concerning the suspension of deportation in the cases of Margarita Clara Manzano-Salazar, Rosa Maria Manzano-Salazar, and Estela Eugenia Manzano-Salazar; to the Committee on the Judiciary.

913. A letter from the Secretary of Defense, transmitting a proposed draft of legislation entitled "A bill to exempt certain civilian employees of the Department of Defense from the laws governing the employment, removal, classification, pay, retirement, and leave of Federal officers and employees"; to the Committee on Post Office and Civil Service.

914. A letter from the office of the Secretary, Department of the Air Force, transmitting a draft of a proposed bill entitled "A bill to amend the act of June 12, 1948 (Public Law 626, 80th Cong.), and the act of June 16, 1948 (Public Law 653, 80th Cong.), to authorize the construction of single or duplex type family quarters for the Department of Defense"; to the Committee on Armed Services.

915. A letter from the Acting Attorney General, transmitting copies of orders of the Commissioner of the Immigration and Naturalization Service suspending deportation in certain cases; to the Committee on the Judiciary.

916. A letter from the Secretary of Commerce, transmitting a draft of a proposed bill entitled "A bill to amend the Civil Aeronautics Act of 1938, as amended, by providing for certain penalties for unlawful use of examination papers"; to the Committee on Interstate and Foreign Commerce.

917. A letter from the Administrator, General Services Administration, transmitting a report of funds received during fiscal year 1949 for the rental of buildings and lands acquired as sites for the future construction of public buildings; to the Committee on Public Works.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GARMATZ: Joint Committee on the Disposition of Executive Papers. House Report No. 1335. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOBBS:

H. R. 6166. A bill to amend the Legislative Reorganization Act of 1946, as amended, with respect to the presence of a quorum in meetings of committees of Congress; to the Committee on Rules.

By Mr. JOHNSON:

H. R. 6167. A bill to validate a conveyance of certain lands by the Central Pacific Railway Co. and its lessee, Southern Pacific Co., to the Pacific Fruit Exchange; to the Committee on Public Lands.

By Mr. MARCANTONIO:

H. R. 6168. A bill relative to maximum rents on housing accommodations; to repeal certain provisions of Public Law 388, Seventy-ninth Congress, Public Law 129, Eightieth Congress, and Public Law 31, Eighty-first Congress, and for other purposes; to the Committee on Banking and Currency.

By Mr. HOBBS:

H. Res. 355. Resolution amending paragraph 2 of rule XI of the House of Representatives; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. JOHNSON introduced a bill (H. R. 6169) for the relief of Mary Mitsuye Nishihama Yabe, which was referred to the Committee on the Judiciary.

SENATE

MONDAY, SEPTEMBER 12, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Herman M. Wilson, D. D., superintendent, Asbury Methodist Home for the Aged, Gaithersburg, Md., offered the following prayer:

Eternal God, our Father, we pause to acknowledge Thy goodness and to seek Thy blessing. We are ever conscious of Thy gracious mercy and Thy loving kindness and ever in need of Thy guiding spirit.

Grant unto us wisdom, courage, and patience for the accomplishment of the tasks committed to our care. Increase our faith, enlarge our vision, and inspire us with a zeal that shall make us builders of a better country and a better world.

Give us an abundant portion of that righteousness which exalteth a nation. Help us to hold high the torch of freedom and truth and teach us to love mercy, to do justice, and to walk humbly in Thy sight.

We ask these things in the name of Him who came that we all might have life and have it more abundantly. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Friday, September 9, 1949, was dispensed with.

ANNOUNCEMENT OF PROGRAM FOR TOMORROW—NIGHT SESSION

Mr. LUCAS. Mr. President, in a few moments I shall present a resolution calling for a recess out of respect to the memory of the late Associate Justice of the Supreme Court of the United States, Hon. Wiley Rutledge, but before I do that I should like to make a brief announcement with respect to the program for tomorrow.

The Senate will stand in recess until 12 o'clock tomorrow, and we shall have a night session tomorrow, probably taking an hour or an hour and a half for dinner in order to accommodate Senators, but more particularly the Official Reporters of Debates, who find it rather tiresome to work long hours without some food.

Is that satisfactory to the minority leader, and to the distinguished Senator from Colorado?

Mr. WHERRY. Mr. President, I have consulted with the distinguished Senator from Colorado [Mr. MILLIKIN], and it is perfectly agreeable that the recess be taken until noon tomorrow, and that the Senate proceed tomorrow to hold a night session, with a brief recess for dinner.

Mr. LUCAS. Mr. President, I should like to make a further announcement. It is certainly the hope of the majority, and I know it is of the Senator from Colorado, that we may be able to obtain a unanimous-consent agreement tomorrow to vote upon the very important amendment of which the distinguished Senator from Colorado is the author; namely, the peril-point amendment. I also hope we may be able to conclude the consideration of the bill this week. That is one of the reasons why I am proposing a night session tomorrow. If the Senator from Colorado desires to comment on the suggestion, I should appreciate hearing what he has to say.

Mr. MILLIKIN. Mr. President, I have no comment. The distinguished majority leader has stated my own feelings exactly.

Mr. LUCAS. I thank the Senator from Colorado for that expression.

AUTHORITY TO FILE COMMITTEE REPORTS DURING RECESS

Mr. McCARRAN. Mr. President, I ask unanimous consent that during the recess of the Senate I may file reports from the Committee on the Judiciary.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

LEAVE OF ABSENCE FOR SENATOR McCARRAN

Mr. McCARRAN. Mr. President, the chairman of the Committee on the Judiciary has the permission of his committee, and it is his desire, to be absent from the Senate to go to Europe for the purpose of investigating the displaced-persons matter. It is also my intention to make the trip in connection with appropriation matters and in my capacity as chairman of the so-called watchdog committee in connection with appropriations under the Marshall plan. I ask unanimous consent that the senior Senator from Nevada may be absent from the Senate for 3 weeks.

Mr. LUCAS. Mr. President, I wish to advise the distinguished Senator from Nevada that, as he knows, a number of Republican Senators and Democratic Senators have filed a motion to discharge his committee from the further consideration of House bill 4567, to amend the Displaced Persons Act of 1948. I noticed a statement in the paper this morning by my able friend from Nevada with respect to that matter. Certainly before the session closes we shall take up the motion. I do not know just how fast the legislative program will move along, but 3 weeks might be a long time for him to be away, in view of the circumstances. I merely wanted this statement to be in the RECORD, because I do not care to make any definite guaranty that the motion might not be taken up during the 3 weeks. If we move along with the legislative program as fast as I am sure the minority leader and I hope we may, we may perhaps find ourselves getting pretty close to the end of the session, in 3 or 4 weeks.

Mr. McCARRAN. Mr. President, let me say that certain members of the House Committee having this subject in hand are now undertaking to investigate it. It is deemed by the Judiciary Committee advisable that a similar investigation be made for the enlightenment of the Judiciary Committee of the Senate. It certainly is the desire of the chairman of the committee and the chairman of the subcommittee having this whole matter in hand to make a personal investigation of the whole affair. I shall do that, and I hope the Senator from Illinois will not bring up the motion during my absence, but that he will give me time to get back here, for I certainly want to be on the floor. Let me say to the Senator—and I do not say this other than as advisory, and by no means by way of a threat, since I hope he will not take up the matter during my absence—that when it is taken up, it will take a long time, because it is a lengthy matter which required many weeks of hearings, and the transcript of the hearings certainly should be presented to the Senate so that Senators may know why this bill is being given the indulgence and study accorded it by the Senate Judiciary Committee.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nevada that he may be absent for 3 weeks?

Mr. WHERRY. Mr. President, reserving the right to object, am I to understand, in view of what has been said, that there is a possibility that the resolution discharging the committee from the further consideration of the proposed displaced-persons legislation may be taken up within the coming 3 weeks provided the program moves along as expected?

Mr. LUCAS. In reply to the Senator from Nebraska, if we move along as is the expectation with respect to the pending and other legislation, there is a possibility that we might take it up. I do not desire to foreclose such a possibility by making an agreement for a 3 weeks' definite extension. I shall, of course, notify the Senator by cable in the event it does come up.

Mr. McCARRAN. The former Senator from Rhode Island, McGrath, being no longer a member of the Judiciary Committee, I have designated the Senator from Maryland [Mr. O'CONOR] to take Senator McGrath's place on the Displaced Persons Subcommittee and on the Subcommittee on Subversive Activities.

Mr. LUCAS. So it might be possible to get the bill out while the Senator is gone, in the circumstances.

Mr. McCARRAN. I doubt it very much.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nevada? The Chair hears none, and leave of absence is granted.

DEATH OF ASSOCIATE JUSTICE WILEY B. RUTLEDGE, OF THE SUPREME COURT

Mr. LUCAS. Mr. President, I send to the desk a resolution and ask unanimous consent that it may be immediately considered.

There being no objection, the resolution (S. Res. 163) was read, and the Senate proceeded to its consideration, as follows:

Resolved, That the Senate has heard with profound sorrow of the death of Hon. Wiley B. Rutledge, late an Associate Justice of the Supreme Court of the United States.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and to the Supreme Court and transmit a copy thereof to the family of the deceased.

Mr. GILLETTE. Mr. President, in connection with the resolution which the able majority leader has just submitted, I ask unanimous consent to have printed in the RECORD at this point a brief statement regarding the death of Mr. Justice Wiley Rutledge.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

Mr. President, the news that the sudden illness of Mr. Justice Wiley Rutledge resulted in his death Saturday brings a full burden of sadness to all the Nation. Not only those who loved the Justice and those who knew and admired him personally but millions of our citizens who knew only of his superb record and service as a member of our Supreme Court are depressed and saddened in his loss. The people of the State of Iowa, from which he was appointed and where he retained his citizenship, feel an especially deep sense of loss.

Justice Rutledge was a man who brought to the office he graced not only a mind trained and skilled in the interpretation of legal principles but also a heart which never failed to beat in sympathy with the needs and conditions of the huge mass of our citizens who have found lesser success in their life's struggle for happiness and security amid the intricacies and complexities of our modern economic life. Without abandoning in any way basic constitutional and legal principles, he sought persistently in judicial interpretation to apply these principles in pending cases in such a way as to

make our body of law a progressive development to serve rather than to hamper human welfare. If there was one paramount purpose that guided his thinking in his Supreme Court service, it was that the goal of all laws and their interpretive use was not to entangle our people through their litigation in a maze of legalistic niceties of construction but to prove insistently that our laws are written and applied to serve our people and to guide them in their relationships, not to confuse and perplex them.

Mr. MILLIKIN. Mr. President, the people of the State of Colorado are deeply grieved at the death of Mr. Justice Rutledge. The Justice had personal ties of affection with many people in a considerable number of States.

He was born in Kentucky and as a student and teacher was connected with educational institutions in Tennessee, Wisconsin, Indiana, New Mexico, Iowa, Missouri, and Colorado. He received his law degree at the University of Colorado, at Boulder, in that State. He taught there. He practiced law there. Every student who received his instruction was ennobled by that experience and holds him in fond remembrance.

By education, experience, brilliant mental attainments, and character he was a man superbly qualified for appointment to the Supreme Court.

Mr. Justice Rutledge was a friendly man He was a human man. He was free of ostentation. When he wrote about human rights in his notable opinions as a Justice of the Supreme Court he was not dealing in ivory-tower abstractions. He was thinking of actual people, of their struggles, their ambitions, the relation of the law to their lives. He was thinking of people in a personal sense because he knew people; he loved people and they loved him. He had come in intimate contact with people in many different States. His love of humanity illuminated his legal wisdom. During vacations of the Supreme Court he traveled over the country. Often he and his family came to Colorado where they were so welcome and he would renew old associations and make new ones.

I feel a sense of personal loss because I had the honor of being a personal friend.

Mr. Justice Rutledge was blessed with a wonderful family, a noble and gracious wife, and fine children. The people of my State all hope that the memories of a happy and loving family life and the universal esteem for the father and husband will sustain their courage and lighten their bereavement.

Mr. DONNELL. Mr. President, in the death of Mr. Justice Rutledge the people of Missouri, as is true of the people of Colorado, have suffered the loss of a distinguished former citizen and a loyal, true friend.

It was my privilege to know Mr. Justice Rutledge for a number of years. The suburb of St. Louis in which he lived for a time, Webster Groves, Mo., found in him a man of fine integrity, friendliness, and cordiality. He was professor of law at Washington University, St. Louis, from 1926 to 1935. During that period, between the years 1930 and 1931, he was acting dean of the school of law of that institution, and from 1931 to 1935 he was the dean of the school of law. He was a member for Missouri of the National Conference of Commissioners on Uniform State Laws, from 1931 to 1935.

In addition to being a member of the American Bar Association and the Iowa Bar Association, he was a member of the Missouri bar and of the Bar Association of the City of St. Louis. He was highly regarded by the people of the State of Missouri and he possessed the affectionate esteem of the members of the bar.

Industry and thoroughness were among the qualities which he possessed in high degree as his opinions clearly demonstrate.

Mr. President, as did the distinguished Senator from Colorado express to the family of the late Justice sympathy in this sad hour, I likewise extend to them the sympathy of my family and of myself. I mourn his departure. I shall miss him as a friend.

Mr. HICKENLOOPER. Mr. President, when I learned of the death of Mr. Justice Rutledge, I felt, as I believe most of us did, that perhaps it was not unexpected because of the condition of his health.

I have known Mr. Justice Rutledge for a number of years, since he first came to the University of Iowa some years ago as the dean of its law school. He came to the Federal bench from Iowa, and always was credited with being an Iowa citizen and resident, and it is my belief that he retained his voting residence there after coming to the Federal bench. He did not reside in Iowa for more than 3 or 4 years at the outside, but during that time, and during his tenure of office as the dean of the Iowa Law School he brought a refreshing, and, in many ways, a new approach to his duties as dean and to the work of teaching young law students in the theory and the philosophy of law as well as in the practical fields of law. He endeared himself to faculty and students alike. Those of us who became acquainted with him as the result of our interest in the Iowa Law School came to love him very dearly. The rather unique and new philosophies which he brought into more formalized teaching were refreshing. There were those who did not agree with many of his ideas; there were those who did agree. All in all, he was a very successful dean of the law school of the University of Iowa, and his vigor in support of the law school and the advancement of legal education there was much appreciated. In his labors he attracted to him most of the prominent members of the bar. There was considerable regret when he came to the Federal bench in the District of Columbia, because there were many who thought that he had a future as the dean of the law school which would be very helpful and very beneficial.

He was noted, so far as my early acquaintance with him is concerned, for the humanities which he introduced into his thinking and into his teaching. Perhaps in fairness and justice to his whole philosophy I should say that he emphasized the humanities to a greater degree than he did the cold letter and logic of the legal system. In that field he was somewhat unique among law-school teachers.

My acquaintance with him was unofficial at first, and later official, in connection with whatever official duties I had in the State of Iowa. I found him to be a man of great understanding, a man of fine cooperation, and a man of substantial and far-sighted ideals. His cooperation in education in those years was very satisfactory.

I renewed my acquaintance with him after I came to Washington. I always enjoyed visiting with him. I always enjoyed discussing with him views of problems as he saw them. The legislation in which he was interested, but with respect to which he did not attempt to be influential, and the trends in the fields in which government and the judicial process were operating, were of great interest to him.

He had a tolerance that was rare and unusual. He had the ability to cooperate with those with whom he worked. On the bench, as was true of every other able Justice, his views perhaps did not always coincide with mine, but in the main I think he brought to the Federal bench a great ability and a stimulus which will leave its mark on that great body.

It is a matter of personal regret and personal grief to me that he has passed on. I extend to his family and to his loved ones sympathy in the passing of a most considerate, thoughtful, and able father and husband. I know that all of us who knew him and watched his work felt that he graced the Supreme Bench of the United States. He graced the bench of the Court of Appeals of the District of Columbia, where he served. He graced the duties and the position of dean of the Law School of the University of Iowa, and he graced the other positions in which he served so faithfully and well prior to that time. I mourn his passing, but I am glad that I knew him. Personally I have benefited from the acquaintance which I had with him, the associations I had with him, and the stimulus of his ideas and his help, which he gave me so freely, as he freely gave to others with whom he came in contact.

The VICE PRESIDENT. The question is on agreeing to the resolution submitted by the Senator from Illinois [Mr. LUCAS].

The resolution was unanimously agreed to.

DEATH OF REPRESENTATIVE WELCH, OF CALIFORNIA

Mr. KNOWLAND. Mr. President, it is with a great deal of sorrow and regret that I announce to the Senate the death of the dean of the California delegation in the House of Representatives, the Honorable RICHARD J. WELCH, who died in Needles, Calif., on Saturday.

Representative WELCH, Republican, of San Francisco, was a member of the California State Senate from 1901 to 1913, and a member of the Board of Supervisors of the City and County of San Francisco from 1916 to 1926. He was elected to the Sixty-ninth Congress to fill an unexpired term and elected to each Congress since that time.

Not only had Representative WELCH devoted many years to public service as an official in the city and county of San

Francisco and the Legislature of California and in the Congress of the United States but he had been widely interested in civic affairs in his own State and city.

Mr. President, on behalf of my colleague the senior Senator from California [Mr. DOWNEY] and myself, I send to the desk a resolution and ask unanimous consent for its immediate consideration.

There being no objection, the resolution (S. Res. 164) was read, considered, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. RICHARD J. WELCH, late a Representative from the State of California.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

RECESS

Mr. LUCAS. Mr. President, as a further mark of respect to the memory of the late Associate Justice Wiley Rutledge and the late Representative WELCH, of California, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was unanimously agreed to; and (at 12 o'clock and 25 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, September 13, 1949, at 12 o'clock meridian.

SENATE

TUESDAY, SEPTEMBER 13, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Edward H. Porter, D. D., minister, St. Paul's Methodist Church, Kensington, Md., offered the following prayer:

O God, Father of mercies and author of all good, whose providence for Thy children never faileth, and whose continual blessings are unnumbered, hear us as we bring our needs to Thee in prayer.

We pray for our Nation, its leaders and citizens, and for all who have part in public service. Support those who are pure in motive, wise in counsel, and unselfish in service. Enlighten our understandings with knowledge of right and govern our wills by Thy laws that no deceit may mislead us, no temptation corrupt us, that we may always endeavor to do good and hinder evil.

Look in mercy upon our distraught and fevered world; forgive the mistaken ambitions, the selfish passions, and the wrong actions of men; remove all bitterness and hostilities from among nations, and bring them to peace and concord by Thy redeeming love that Thy kingdom shall come on earth as it is in heaven. To this end we dedicate this prayer and the work of this Senate. In Jesus' name we pray. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Monday, September 12, 1949, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting nominations was communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, communicated to the Senate the resolutions of the House adopted as a tribute to the memory of Hon. Wiley Rutledge, late Associate Justice of the Supreme Court of the United States.

The message also communicated to the Senate the resolutions of the House adopted as a tribute to the memory of Hon. RICHARD J. WELCH, late a Representative from the State of California.

LEAVE OF ABSENCE

On request of Mr. SALTONSTALL, and by unanimous consent, Mr. WATKINS was granted leave of absence from the Senate today.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. LUCAS, and by unanimous consent, a subcommittee of the Committee on the Judiciary was granted permission to meet during the session of the Senate this afternoon.

CALL OF THE ROLL

Mr. LUCAS. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hill	Mundt
Anderson	Hoey	Murray
Bricker	Holland	Neely
Butler	Humphrey	O'Conor
Byrd	Ives	O'Mahoney
Cain	Jenner	Pepper
Chapman	Johnson, Colo.	Robertson
Connally	Johnston, S. C.	Russell
Cordon	Kem	Saltonstall
Donnell	Kerr	Schoeppel
Downey	Kilgore	Smith, Maine
Dulles	Knowland	Sparkman
Eastland	Langer	Stennis
Ecton	Long	Taylor
Flanders	Lucas	Thomas, Okla.
Frear	McCarthy	Thomas, Utah
Fulbright	McClellan	Thye
George	McFarland	Tydings
Gillette	McKellar	Vandenberg
Graham	McMahon	Wherry
Green	Magnuson	Williams
Gurney	Malone	Withers
Hayden	Maybank	Young
Hendrickson	Miller	
Hickenlooper	Millikin	

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Louisiana [Mr. ELLENDER], the Senator from Texas [Mr. JOHNSON], the Senator from Rhode Island [Mr. LEAHY], and the Senator from Pennsylvania [Mr. MYERS] are absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from Massachusetts [Mr. LODGE], and the Senator from Utah [Mr. WATKINS] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Michigan [Mr. FERGUSON], the Senator from Kansas [Mr. REED], and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] is absent because of illness.

The Senator from Pennsylvania [Mr. MARTIN], the Senator from Oregon [Mr. MORSE], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The VICE PRESIDENT. A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

The VICE PRESIDENT. If there is no objection, the Chair will recognize Senators for submission of routine business for the RECORD, the introduction of bills and joint resolutions, and presentation of other matters. The Chair hears no objection, and it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT ON TRANSPORTATION FURNISHED FOR CERTAIN GOVERNMENT AND OTHER PERSONNEL

A letter from the Secretary of the Army, transmitting, pursuant to law, a report on transportation furnished for certain Government and other personnel by the Department of the Army, for the fiscal year ended June 30, 1949 (with an accompanying report); to the Committee on Armed Services.

PROPOSED TRANSFER BY NAVY DEPARTMENT OF NAVAL PICKET BOAT TO CITY OF SAN DIEGO, CALIF.

A letter from the Acting Secretary of the Navy, reporting, pursuant to law, that the city of San Diego, Calif., had requested the Navy Department to transfer a picket boat, complete with engine, for use by the Harbor Department of that city; to the Committee on Armed Services.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

The petition of H. F. Cleary, and sundry other patients at the Fort Stanton (N. Mex.) Marine Hospital, relating to the food situation and the dietary force at that hospital; to the Committee on Armed Services.

A resolution adopted by the Hawaiian Government Employees' Association, Honolulu, T. H., favoring the enactment of legislation providing statehood for Hawaii; to the Committee on Interior and Insular Affairs.

A letter in the nature of a petition from Raymond H. Kierr, of New Orleans, La., praying for the enactment of House bills 483 and 4051, to extend the time limit within which certain suits in admiralty may be brought against the United States (with an accompanying paper); to the Committee on the Judiciary.

The petition of Catherine Humphrey, and sundry other members of the Guild of St. Matthew's Church, Louisville, Ky., praying for the enactment of legislation providing

Federal aid to public schools only; to the Committee on Labor and Public Welfare.

By Mr. GILLETTE:

A petition of sundry citizens of Waterloo, Janesville, and Cedar Falls, Iowa, praying for the enactment of the so-called Bryson bill, to prohibit the transportation in interstate commerce of alcoholic beverage advertising; to the Committee on Interstate and Foreign Commerce.

A resolution submitted by the Department of Iowa and adopted at the fiftieth annual national convention of the Veterans of Foreign Wars of the United States, assembled in Miami, Fla., favoring the enactment of legislation providing for reinstatement of civil service grades CPC–6 and CPC–5; to the Committee on Post Office and Civil Service.

DISPLACED PERSONS—RESOLUTION OF AMERICAN LEGION CONVENTION, PHILADELPHIA, PA.

Mr. LANGER. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD, a letter from John Thomas Taylor, director, National Legislative Commission, Washington, D. C., embodying a resolution adopted by the American Legion in national convention assembled in Philadelphia, Pa., August 29, 30, 31 and September 1, 1949, relating to displaced persons.

There being no objection, the letter was referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMISSION,
Washington, D. C., September 8, 1949.

Hon. WILLIAM LANGER,
United States Senate,
Washington, D. C.

DEAR SENATOR LANGER: For your information, particularly in connection with the consideration of immigration and displaced persons legislation by the Senate Judiciary Committee, the following resolution was unanimously adopted by the national convention of the American Legion, held in Philadelphia, August 29 to September 1, this year:

"*Be it resolved,* That the American Legion in national convention assembled in Philadelphia, Pa., August 29, 30, 31 and September 1, 1949, demand of our Government heads that they strictly adhere to the existing laws and quotas allowing immigration to the United States and particularly adhere to the laws now in force applying to displaced persons and rather than place any additional burden on the people of America by increasing the quotas of immigration; and be it further

"*Resolved,* That we take steps to curtail as far as possible any further immigration to this country at the present time."

The American Legion and the American Legion Auxiliary have long been aware of the importance of and has strongly advocated restrictive immigration laws properly and efficiently administered. We bespeak your favorable consideration of the position of the Legion as expressed in the foregoing resolution.

Sincerely yours,

JOHN THOMAS TAYLOR,
Director, National Legislative Commission.

LITHUANIAN PEOPLE—RESOLUTION OF KNIGHTS OF LITHUANIA, ELIZABETH, N. J.

Mr. LANGER. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD a resolution adopted by the Knights of Lithuania, an organization of Lithuanian-American youth, assembled in thirty-sixth national convention at Sts. Peter and Paul's parish hall, Elizabeth, N. J., favoring ways and means to stop the alleged ruthless discrimination of the Lithuanian people.

There being no objection, the resolution was referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Dedicated to the service of God and their country, the Knights of Lithuania, an organization of Lithuanian-American youth, assembled in thirty-sixth national convention at Sts. Peter's and Paul's parish hall in Elizabeth, N. J., unanimously adopted the following resolutions:

"Whereas the American people have always had a high regard for the rights of other people and have always extended their aid and sympathy to the downtrodden; and

"Whereas these same ideals, so aptly expressed in the Atlantic Charter, fired the imagination of the American people to great efforts and ultimate success in the recent war against totalitarian tyranny; and

"Whereas Soviet Russia is shamelessly bent on committing the heinous crime of genocide, by cruel deportation and wholesale murder of Lithuanian people; and

"Whereas the Republic of Lithuania, an able, progressive, and peace-loving nation, which had enjoyed centuries of freedom, is prevented from participation in the world family of nations by that same destructive and unneighborly hand of Soviet Russia; and

"Whereas the Lithuanian nation has not even the opportunity adequately to inform other peace-loving nations of the humiliation and wanton destruction that it is now suffering at the hands of Soviet Russia; and

"Whereas the United States of America and other free nations recognize Lithuania as an independent political entity: Now, therefore, be it

"*Resolved,* That the United States Government seek ways and means to stop the ruthless extermination of the Lithuanian people; be it further

"*Resolved,* That the United States Government take positive steps for the immediate and complete restoration of Lithuania's independence; and be it further

"*Resolved,* That the United States delegate to the United Nations request that the authentic representative of the Lithuanian people be permitted to present the case of the Lithuanian nation before the United Nations; be it further

"*Resolved,* That copies of these resolutions be forwarded to the President of the United States, the Secretary of State, the United States delegate to the United Nations, and Members of the United States Congress."

Adopted this 9th day of September 1949 A. D.

JOSEPH A. LOLA,
Convention Chairman.
JOSEPHINE ADOMAITIS,
Secretary.

REPORTS OF JUDICIARY COMMITTEE FILED DURING RECESS

Under the order of the Senate of the 12th instant,

Mr. MCCARRAN, from the Committee on the Judiciary, on September 12, 1949, submitted the following reports:

S. 44. A bill for the relief of Arthur O. Fisher; without amendment (Rept. No. 1035);

S. 46. A bill for the relief of Primitivo Urcelay-Ruiz; without amendment (Rept. No. 1036);

S. 47. A bill for the relief of Fawn S. Louie; without amendment (Rept. No. 1037);

S. 112. A bill for the relief of Alexy W. Katyll and Ioanna Katyll; with an amendment (Rept. No. 1038);

S. 139. A bill for the relief of Guillermo Chacartegui; without amendment (Rept. No. 1039);

S. 321. A bill for the relief of Lloyd D. Lyles; with an amendment (Rept. No. 1040);

S. 570. A bill for the relief of Donald Francis Wierda; with an amendment (Rept. No. 1041);

S. 736. A bill for the reimbursement of Puget Sound Bridge & Dredging Co.; without amendment (Rept. No. 1042);

S. 753. A bill for the relief of Sisters Antoinette Cometti, Mary Gibin, Angela Pelosin, Emma Ghisleni, Elisabetta De Caterin, and Onorina Franzina; without amendment (Rept. No. 1043);

S. 866. A bill for the relief of Mrs. Marie Y. Mueller; without amendment (Rept. No. 1044);

S. 914. A bill for the relief of Gladys Inez Greenwood; with an amendment (Rept. No. 1045);

S. 951. A bill for the relief of Joe Greco; with an amendment (Rept. No. 1046);

S. 1088. A bill for the relief of Milton Buechler; without amendment (Rept. No. 1047);

S. 1305. A bill for the relief of Theodore Constantin Trancu and his wife; without amendment (Rept. No. 1048);

S. 1310. A bill for the relief of Pierre E. Lefevre; with an amendment (Rept. No. 1049);

S. 1353. A bill for the relief of G. H. Lazarus, Jr., and Jesse F. Bewley; with an amendment (Rept. No. 1050);

S. 1376. A bill for the relief of Mrs. Aurora M. Hartman and her two daughters; without amendment (Rept. No. 1051);

S. 1413. A bill for the relief of Maria Margarete Otto; with an amendment (Rept. No. 1052);

S. 1449. A bill for the relief of Robert B. Workman; with an amendment (Rept. No. 1053);

S. 1532. A bill for the relief of Alfred F. Bosche; without amendment (Rept. No. 1054);

S. 1534. A bill for the relief of Harry Comber; with an amendment (Rept. 1055);

S. 1552. A bill for the relief of Ernest E. Heintz; with an amendment (Rept. No. 1056);

S. 1702. A bill for the relief of Riyoko Sato; without amendment (Rept. No. 1057);

S. 1894. A bill for the relief of Hans Jurgen Schweikert; with an amendment (Rept. No. 1058);

S. 2064. A bill for the relief of Jackson Riley Holland; without amendment (Rept. No. 1059);

S. 2100. A bill for the relief of Penelope Corolyn Cox; with an amendment (Rept. No. 1060);

S. 2119. A bill for the relief of the Alamo Irrigation Co.; with amendments (Rept. No. 1061);

S. 2429. A bill for the relief of Henrique Santos; without amendment (Rept. No. 1062);

H. R. 584. A bill for the relief of Mike Clipper; without amendment (Rept. No. 981);

H. R. 588. A bill for the relief of Col. David R. Wolverton, United States Army, retired; without amendment (Rept. No. 982);

H. R. 683. A bill for the relief of Louise Peters Lewis; with an amendment (Rept. No. 983);

H. R. 695. A bill for the relief of Mrs. Mary A. Bailey; without amendment (Rept. No. 984);

H. R. 733. A bill to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Frank Haegele; with an amendment (Rept. No. 985);

H. R. 752. A bill conferring jurisdiction upon the United States District Court for the Eastern District of Michigan to hear, determine, and render judgment upon the claim of Edward Gray, Sr.; Edward Gray, Jr.; Bertha Mae Gray; Bertha Patmon; and Lindsay Gardner, all of the city of Hamtramck, Wayne County, Mich.; with an amendment (Rept. No. 986);

H. R. 1019. A bill for the relief of George M. Ford; without amendment (Rept. No. 987);

H. R. 1020. A bill for the relief of the legal guardian of Moody L. Smitherman, Jr., a minor, and Moody L. Smitherman; without amendment (Rept. No. 988);

H. R. 1033. A bill for the relief of Mrs. Ethel Barrington MacDonald; without amendment (Rept. No. 989);

H. R. 1097. A bill for the relief of Edgar Barbre; without amendment (Rept. No. 990);

H. R. 1106. A bill for the relief of King V. Clark; with an amendment (Rept. No. 991);

H. R. 1447. A bill for the relief of Ethel Roth; without amendment (Rept. No. 992);

H. R. 1458. A bill for the relief of Joseph R. Gregory; with amendments (Rept. No. 993);

H. R. 1474. A bill to confer jurisdiction upon the United States District Court for the Southern District of New York to hear, determine, and render judgment upon the claim of Miguel A. Viera for damages sustained as a result of an accident involving a United States Army truck at Leghorn, Italy, on January 11, 1946; with amendments (Rept. No. 994);

H. R. 1484. A bill for the relief of Mrs. Mary Capodanno, and the legal guardian of Vincent Capodanno; without amendment (Rept. No. 995);

H. R. 1637. A bill for the relief of Mrs. Dora Fruman; with an amendment (Rept. No. 996);

H. R. 1666. A bill for the relief of Maurice J. Symms; without amendment (Rept. No. 997);

H. R. 1794. A bill for the relief of Cohen, Goldman & Co., Inc.; without amendment (Rept. No. 998);

H. R. 1800. A bill for the relief of Howard E. Giroux; without amendment (Rept. No. 999);

H. R. 1864. A bill for the relief of the legal guardian of Mitsuo Higa, a minor, and Hilo Sugar Co.; with amendments (Rept. No. 1000);

H. R. 2075. A bill for the relief of Frank G. Moore; without amendment (Rept. No. 1001);

H. R. 2457. A bill for the relief of Helen Morren; without amendment (Rept. No. 1002);

H. R. 2921. A bill for the relief of Nicholas C. Kalcoutsakis; without amendment (Rept. No. 1007);

H. R. 2928. A bill for the relief of Dr. Leon L. Konchegul; without amendment (Rept. No. 1003);

H. R. 3081. A bill for the relief of the estate of Maurice G. Evans; with an amendment (Rept. No. 1004);

H. R. 3252. A bill to confer jurisdiction upon the United States Court of Claims to hear, determine, and render judgment upon the claim of Mrs. Zelma Inez Cheek; without amendment (Rept. No. 1005);

H. R. 3300. A bill for the relief of Mary Thomas Schiek; with an amendment (Rept. No. 1067);

H. R. 3405. A bill for the relief of Vivian Newell Price; without amendment (Rept. No. 1006);

H. R. 3413. A bill for the relief of Alfred Baumgarts; without amendment (Rept. No. 1008);

H. R. 3499. A bill to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Mabel Colliver; without amendment (Rept. No. 1009);

H. R. 3534. A bill for the relief of Eleanor P. Simmonds, as administratrix of the estate of Norman B. Simmonds, deceased; without amendment (Rept. No. 1010);

H. R. 3598. A bill for the relief of Mrs. Katherine Gehringer; with amendments (Rept. No. 1011);

H. R. 3718. A bill for the relief of George Seeman Jensen; without amendment (Rept. No. 1012);

H. R. 3810. A bill for the relief of Cecil E. Gordon; without amendment (Rept. No. 1013);

H. R. 3816. A bill for the relief of Alexis Leger; without amendment (Rept. No. 1014);

H. R. 3863. A bill for the relief of Carl C. Ballard; without amendment (Rept. No. 1015);

H. R. 4040. A bill for the relief of Agnes Tarjani; without amendment (Rept. No. 1016);

H. R. 4094. A bill for the relief of Bunge North-American Grain Corp., the Corporacion Argentine de Productores de Carnes, Herman M. Gidden, and the Overseas Metal & Ore Corp.; with amendments (Rept. No. 1017);

H. R. 4165. A bill for the relief of Katherine H. Clagett; without amendment (Rept. No. 1018);

H. R. 4186. A bill for the relief of Jan Liga; without amendment (Rept. No. 1019);

H. R. 4414. A bill for the relief of Dora M. Barton; with an amendment (Rept. No. 1020);

H. R. 4556. A bill for the relief of the estate of Elmo Sodergren; without amendment (Rept. No. 1021);

H. R. 4563. A bill for the relief of Mrs. Sarah E. Thompson; without amendment (Rept. No. 1022);

H. R. 4564. A bill to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Eunice Hayes, Kathryn Hayes, and Florence Hayes Gaines; without amendment (Rept. No. 1023);

H. R. 4777. A bill for the relief of J. D. Lecky; without amendment (Rept. No. 1024);

H. R. 4792. A bill for the relief of Harry Fuchs; without amendment (Rept. No. 1025);

H. R. 4889. A bill for the relief of Mrs. Jack J. O'Connell; without amendment (Rept. No. 1026);

H. R. 5148. A bill to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon the claim, or claims, of Hilda Links and E. J. Ohman, partners, and Fred L. Kroesing, all of Anchorage, Alaska; with an amendment (Rept. No. 1027);

H. R. 5299. A bill for the relief of Mrs. Giovanna Follo Discepolo; without amendment (Rept. No. 1028);

H. R. 5353. A bill for the relief of Max Schlederer; without amendment (Rept. No. 1029);

H. R. 5375. A bill for the relief of Mrs. Hilda De Silva; without amendment (Rept. No. 1030);

H. R. 5539. A bill for the relief of Mrs. Claudia Weitlanner; without amendment (Rept. No. 1031);

H. R. 5582. A bill for the relief of the Belle Isle Cab Co., Inc.; without amendment (Rept. No. 1032);

H. R. 5777. A bill for the relief of Joe D. Dutton; without amendment (Rept. No. 1033);

H. R. 5851. A bill for the relief of Mrs. Toshiko Keyser; without amendment (Rept. No. 1034); and

S. J. Res. 105. Joint resolution to provide unrestricted entry privileges for Sister Elizabeth Kenny; with an amendment (Rept. No. 1063).

Mr. McCARRAN, also from the Committee on the Judiciary, reported the following original concurrent resolution (S. Con. Res. 65), and submitted a report (No. 1066) thereon:

Resolved by the Senate (the House of Representatives concurring), That the Congress favors the suspension of deportation in the case of each alien hereinafter named, in which case the Attorney General has suspended deportation for more than 6 months.

A-6984669, Abrahamson, Karen Elizabeth (nee Thompson).

A-6313428, Anaya, Maria De La Luz, or Concepcion Rodriguez.

A-5325046, Andreanchich, Giachino, or Jim Andren.

A-4767186, Asapansa-Johnson, Josephus Milton, or Comma Asapansa-Johnson.

A-6171450, Bageris, Helen George or Bagheris (nee Alexopoulou).

A-6409853, Barron-Juarez, Angel, or Angel Barron.

A-2299741, Bournias, Eleftherios, or Elifterios or Louis Terry or Louis George Bournias.

A-6323045, Camacho, Cresencio Pensina.

A-5330164, Campo, Sebastian, or Sebastian Campa.

A-2439084, Casella, Maria Angela, maiden name Fasciani, former marriage D'Amore or Maria Angela Trato.

A-2734730, Chiu, Chen Sung, or Chui Chen Sung or Sung Chui Chen.

A-2734733, Chen, Hsui-Hua (nee Wu).

A-5546379, Chow, Che Keung.

A-5096710, Ciccone, Maria (nee De Martino or Maria Pastafina or Maria Viliano or Roza Puma or Parente or Jennie Esposito or Jenni Capuana).

A-5802945, Cosman, George William or Kosman, George William or Gregory or Casman, George William.

A-5257536, Da Silva, Francisco Honorato.

A-6358674, De Cortez, Felicitas Moreno, or Felicitas Moreno-Escobedo.

A-3199498, De Guzman, Maria Encarnacion Gutierrez, or Encarnacion Gutierrez De Guzman or Encarnacion Arroyo.

A-6678250, Delegeorge, George Thomas, or George Athamasios Delegeorge or Georgios Deligeorgis.

A-2265366, De Trejo, Concepcion Gonzalez Vda.

A-4644006, Diaz, Jose Maria.

A-3386208, D'Onofrio, Loretta nee Penna).

A-6758013, Dulak, Josefa.

A-6363826, Economou, Venizelos.

A-5910166, Erbe, Emilie Franziska, or Emmy Erbe.

A-6299823, Evangelos, Despina.

A-9632385, Fadl, Mostafa Ahmad Aboud, or Ahmed Mostapa Fadl or Ahmed Mustapha Fadl or Ahmed Musthapah Fadl or Ahmed Mistafa Fadl.

A-4396077, Felix, Alpheus Jeremiah Strickland, or Alpheus Jeremiah Felix.

A-5244319, Fiebiger, Babette Hacker (nee Babette Hacker).

A-5455041, Flores, Silvestre, or Angel Silvestre Flores or Crescencio Reza or Soltero Delfin or Crescencio Reva or Jose Marquez.

A-3215985, Foster, Henry, or Harry Foster.

A-4316224, Garcia, Francisca Mendez, or Francisca Mendez.

A-5438264, Glatzel, Ferdinand Salvatore.

A-3295926, Ging, Neng Shwen, or Neng Swen Ging (alias Nelson Ging).

A-5722749, Glikis, Traintafilos, or Ross Glikis.

A-5973526, Gurrobat, Thomas Gianan.

A-4084838, Hurowitz, Sam (alias Owsej Urowecz or Owziej Urowicz).

A-6289201, Hutchinson, George Earl Wilfred, or George Wilfred Hutchinson.

A-6277526, Jahren, Signe Marie, or Signe Jahren Valentino.

A-5320911, Jurjan, Sybill or Sibilie Zihie (nee Stankevitz).

A-1089454, Karaviotis, Ioannis, or John Karas.
A-3597193, Lawyer, Eric Sorabji, or Erachsaw Sorabji Lawyer.
A-5998781, Leahey, Suzzane Krausz or Suzanne De Body or Suzanne De Strasser or Suzanne Bernstein.
A-3429868, Lehr, Fridolf Alarik, or Fridolf Lihr.
A-9776950, Limberator, Iraklis Panagiotis, or Hercules Limberatos or Iraklis Libby.
A-3400353, Lorenzo, Manuel Alvarez, or Manuel Alvarez.
A-1373722, Maneiro, Manuel Arcos.
A-6185632, Marcoida, Juan Hoyos.
A-6829451, Mata, Luis, or Louis Mata.
A-1737124, Metaxas, Kleanthis Dionysios.
A-6268702, Muntean, Cornelia Filip.
A-6268703, Muntean, Stella or Steluta.
A-5966968, Mykulak, Peter.
A-3054661, Nakamura, Chieko or Chiye.
A-3444333, Nielsen, Dagmar Charlotte (nee Sander formerly Henriksen).
A-4211025, Pappargyris, George Nicholas, or Georgios Nicholas Pappargyris.
A-4961418, Pearson, Dudley Augustus, or Dudley Pearson.
A-1319046, Pedersen, Jens Peder Albinus, or Jens Pedersen.
A-5110903, Perhauz, Carlo Mario.
A-5263012, Petrincich, Francesco.
A-4441964, Pohl, Heinrich August.
A-6316336, Pontarolo, Ellen Laura (nee Gillanders or Ellen Laura McMurry or Ellen Laura Vonkeister).
A-7043063, Railton, Susan Ann, or Sarah Virginia Railton.
A-7043064, Railton, Timothy John Reid.
A-3460108, Rasso, Carmen Mary Ramirez, or Carmen M. Ramirez.
A-7030531, Rasso, Alfredo N., or J. Alfredo Rasso.
A-4894010, Root, Jeanne Rose (nee Jeanne Rose Albinelli).
A-4909124, Rosi, Cleofe, or Mario Rose.
A-4056177, Rouse, Herbert Newton.
A-6389239, Samuels, Frances Louise, or Frances Louisa Samuels (alias Franca Luisa Sparano or Franca Sparano).
A-5968589, Samuray, Salih Behcet.
A-6131542, Saucedo, Alfonso Campusano, or Alfonso Saucedo.
A-6877591, Schmitt, Fraser Jasper.
A-5107271, Seoane, Eugenio, or Eugenio Calvo Seoane.
A-3015787, Serenil, Clara Briseno, or Clara Briseno-Ogaz or Clara Briseno or Clara Ogaz.
A-6980380, Shanda, Elsie Zamora, or Elsie Zamora Salas (maiden name).
A-6853358, Simony, Marie Anne (nee Brady).
A-5916809, Sodeikat, Otto August Wilhelm or Sodiekat.
A-4575269, Staine, Antonio.
A-6397810, Szulc, Judel, or Judel Schultz.
A-2240218, Tavarez, Librada, or Librada Tavarez-Loya or Librada Loya.
A-1442007, Toong, David.
A-4947821, Tosini, Cesare Alessandro, or Chester Tosini.
A-1117158, Troutlein, William.
A-3458632, Uddin, Rahan.
A-1896007, Wang, Philip, or Philip Wong or Philip Sheng Ping Wang or Sheng Ping Wang.
A-3168180, Wlodarski, Waclaw Ignacy, or Waclaw Ignacy Wodarski or Wodarsky.
A-2227526, Zen, Osman Ben, or Osman Zen.
A-5944186, Ziemba, Eustachio, or Eustachius, or Stanislaus or Stanilaw or Stanley Ziemba.

Mr. McCARRAN, also from the Committee on the Judiciary, reported the following original resolution (S. Res. 165), and submitted a report (No. 1064) thereon:

Resolved, That the bill H. R. 1598, entitled "A bill for the relief of D. A. Sullivan & Sons, Inc., and Thomas F. Harney, Jr., doing business as Harney Engineering Co.," now pending in the Senate, together with all the accompanying papers, is hereby referred to the Court of Claims; and the court shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28 of the United States Code and report to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand as a claim, legal or equitable, against the United States and the amount, if any, legally or equitably due from the United States to the claimant.

Mr. McCARRAN, also from the Committee on the Judiciary, reported the following original resolution (S. Res. 166), and submitted a report (No. 1065) thereon:

Resolved, That the bill (S. 1111) entitled "For the relief of Rutgers University," now pending in the Senate, together with all the accompanying papers, is hereby referred to the Court of Claims; and the court shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28 of the United States Code and report to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand as a claim, legal or equitable, against the United States and the amount, if any, legally or equitably due from the United States to the claimant.

EXECUTIVE REPORTS OF A COMMITTEE FILED DURING RECESS

Under the order of the Senate of the 12th instant,

Mr. McCARRAN, from the Committee on the Judiciary, reported the following nominations:

Thomas W. O'Hara, of Wyoming, to be Chairman of the Motor Carrier Claims Commission;

Ernest M. Smith, of Georgia, to be a member of the Motor Carrier Claims Commission;

Daniel F. Cleary, of Illinois, to be a member of the War Claims Commission;

Mrs. Georgia L. Lusk, of New Mexico, to be a member of the War Claims Commission; and

David N. Lewis, of New York, to be a member of the War Claims Commission.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. THYE, from the Committee on Agriculture and Forestry:

H. R. 5839. A bill to facilitate and simplify the work of the Forest Service, and for other purposes; without amendment (Rept. No. 1069).

MILITARY ASSISTANCE TO FOREIGN NATIONS—REPORT OF COMMITTEES ON FOREIGN RELATIONS AND ARMED SERVICES, JOINTLY

Mr. CONNALLY. Mr. President, from the Committees on Foreign Relations and Armed Services, jointly, I report favorably the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations, with an amendment in the nature of a complete substitute for the text of the House bill, and I submit a report (No. 1068) thereon.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. TYDINGS, from the Committee on Armed Services:

Carl A. Ilgenfritz, of Pennsylvania, to be Chairman of the Munitions Board.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KNOWLAND:

S. 2546. A bill for the relief of Victor Antonov Toplisky; to the Committee on the Judiciary.

(Mr. MAYBANK (for himself and Mr. ROBERTSON) (by request) introduced Senate bill 2547, to amend section 5219 of the Revised Statutes of the United States as amended relating to State taxation of national banks, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. HAYDEN (for himself and Mr. MCFARLAND):

S. 2548. A bill to authorize an agreement between the United States and Mexico for the joint operation and maintenance by the International Boundary and Water Commission, United States and Mexico, of the Douglas-Agua Prieta sanitation project, and for other purposes; to the Committee on Foreign Relations.

By Mr. RUSSELL (for Mr. McCARRAN):

S. 2549. A bill for the relief of Paul Decleva; and

S. 2550. A bill for the relief of Arthur Henrik Sorensen, Maren Anderson Sorensen, and minor child, Evelyn Sorensen; to the Committee on the Judiciary.

TAXATION OF NATIONAL BANKS

Mr. MAYBANK. Mr. President, on behalf of the Senator from Virginia [Mr. ROBERTSON] and myself I introduce, by request, for appropriate reference a bill to amend section 5219 of the Revised Statutes of the United States, as amended, relating to State taxation of national banking associations.

It is not the purpose of the Senator from Virginia or the Senator from South Carolina that any hearings be arranged on this measure prior to the convening of the second session of the Eighty-first Congress in January 1950. It is being introduced at this time in order that all persons interested in the proposed legislation may give careful consideration to its provisions and be prepared to give expression to their views in support or in opposition when hearings are arranged at the next session.

The bill (S. 2547) to amend section 5219 of the Revised Statutes of the United States as amended relating to State taxation of national banks, introduced by Mr. MAYBANK (for himself and Mr. ROBERTSON) (by request), was read twice by its title and referred to the Committee on Banking and Currency.

WORLD GOVERNMENT CONSTITUTION

Mr. TAYLOR submitted the following concurrent resolution (S. Con. Res. 66), which was referred to the Committee on Foreign Relations:

Whereas in order to achieve universal peace and justice the present Charter of the United Nations should be changed to provide a true world government constitution; and

Whereas article 109 of the present Charter of the United Nations provides for a general conference to make alterations in said Charter; and

Whereas similar amendatory powers in the Articles of Confederation were used by the people of the United States in 1787 to adopt a new Constitution to insure a unified, peaceful nation; and

Whereas the combined effort of many able and intelligent citizens has resulted in the preparation of a proposed world constitution based upon the principles of peace through justice with both social rights and civil rights for all peoples: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that the President of the United States should immediately take the initiative in requesting a general conference of the United Nations pursuant to article 109 for the purpose of establishing a true world government through adoption of such a Constitution; and if such a general conference is not called within 1 year after the adoption of this resolution, the President of the United States should then call a World Constitutional Convention of delegates elected directly by the people for the purpose of adopting a world government constitution.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT—ADDRESS BY SENATOR GILLETTE

[Mr. WITHERS asked and obtained leave to have printed in the RECORD a radio address favoring extension of the Reciprocal Trade Agreements Act, delivered by Senator GILLETTE on September 11, 1949, which appears in the Appendix.]

ECUADOR RELIEF—ADDRESS BY EDWARD G. MILLER, ASSISTANT SECRETARY OF STATE

[Mr. LUCAS asked and obtained leave to have printed in the RECORD an address on the subject Ecuador Relief, delivered by Hon. Edward G. Miller, Assistant Secretary of State, September 8, 1949, which appears in the Appendix.]

HOW TO WIN ELECTIONS—ARTICLE BY BERT ANDREWS

[Mr. AIKEN asked and obtained leave to have printed in the RECORD an article entitled "How To Win Elections," written by Bert Andrews and published in the New York Herald Tribune of September 11, 1949, which appears in the Appendix.]

ECONOMIC CONDITIONS IN THE UNITED STATES

[Mr. MAYBANK asked and obtained leave to have printed in the RECORD an editorial entitled "The Future: It Will Be Good Providing All Work Hard and Use Common Sense," published in the Anderson (S. C.) Independent, of September 5, 1949, which appears in the Appendix.]

PUBLIC VERSUS PRIVATE POWER—ARTICLE BY GUS NORWOOD

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an article entitled "Public Versus Private Power," written by Gus Norwood, executive secretary of the Northwest Public Power Association, Inc., which appears in the Appendix.]

WHITHER WESTERN EUROPE?—ARTICLE BY JEANS PAJUS

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an article entitled "Whither Western Europe?" written by Jean Pajus and published by the Society for the Prevention of World War III, Inc., which appears in the Appendix.]

THE HAWAIIAN STRIKE SITUATION—EDITORIAL COMMENT

[Mr. BUTLER asked and obtained leave to have printed in the RECORD several editorials from the Honolulu Advertiser of August 27, 1949, together with a letter to the editor of that newspaper, which appear in the Appendix.]

GREAT BRITAIN'S FINANCIAL EXIGENCIES—ARTICLE BY HON. ARTHUR CAPPER

[Mr. KEM asked and obtained leave to have printed in the RECORD an article entitled "Simplifying a Problem," written by Hon. Arthur Capper, and published in the Los Angeles Examiner, which appears in the Appendix.]

THE DOLLAR SHORTAGE IN GREAT BRITAIN—ARTICLE BY FELIX MORLEY

[Mr. KEM asked and obtained leave to have printed in the RECORD an article under the headline "The state of the Nation," by Felix Morley, published in the September 1949 issue of Nation's Business, which appears in the Appendix.]

SHADOW OF COMING EVENTS—EDITORIAL FROM WILMINGTON (DEL.) JOURNAL

[Mr. WILLIAMS asked and obtained leave to have printed in the RECORD an editorial entitled "Shadow of Coming Events," published in the Wilmington (Del.) Journal of September 6, 1949, which appears in the Appendix.]

MINNESOTA'S RANK IN PRODUCTION (1948)—ARTICLE FROM MINNEAPOLIS TRIBUNE

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD a table under the heading "Minnesota's rank in production among the States (1948)," published in the Minneapolis Tribune of August 28, 1949, which appears in the Appendix.]

THE MISSOURI BASIN PROGRAM, 5 YEARS AFTER

[Mr. YOUNG asked and obtained leave to have printed in the RECORD an address delivered in Loveland, Colo., on August 18, by Hon. William E. Warne, Assistant Secretary of the Interior, before a meeting of the Service Clubs and of the Missouri River Basin Interagency Committee on "The Missouri Basin Program, 5 Years After," which appears in the Appendix.]

PRESTIGE OF THE WHITE HOUSE

[Mr. YOUNG asked and obtained leave to have printed in the RECORD an editorial entitled "Prestige of President's Office Used Improperly," published in the Grand Forks Herald of Grand Forks, N. Dak., under date of September 1, 1949, which appears in the Appendix.]

EXCERPT FROM STATEMENT OF C. M. WHITE BEFORE THE PRESIDENTIAL STEEL BOARD

[Mr. CAIN asked and obtained leave to have printed in the RECORD excerpts from a statement by Mr. C. M. White, president of the Republic Steel Corp., delivered before the Presidential Steel Board, which appears in the Appendix.]

TITLE II OF THE AGRICULTURAL ACT OF 1948

Mr. AIKEN. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement which I released yesterday setting forth the provisions of title II of the Agricultural Act of 1949, and also the effect which the approval of the so-called Anderson bill would have upon the legislation which is already on the statute books.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

With the legislative year apparently drawing to a close and with the possibility that no basic agricultural legislation may be enacted at this session of Congress, I feel that I should make a statement as to what the farmers of the United States may expect under title II of the Agricultural Act of 1948 which takes effect on January 1, 1950.

This act, which was developed in a nonpolitical atmosphere by a bipartisan committee, has as its over-all objective abundant production, fair prices, and stabilized income to farmers, fair prices to consumers, and the maintenance of our agricultural resources.

Title II of this act, which is the Senate's long-range price-support program, is based upon two major provisions.

The first of these modernizes the parity formula so as to bring the different agricultural commodities into proper relationship with one another.

It does this through using the latest 10-year period in determining parity values while at the same time retaining a tie with the 1909 to 1914 period, which was about the only stable economic period of this century.

The effect of the revised formula will be to give greater parity values to livestock, dairy products, poultry products, tobacco, wool, and certain other perishable commodities.

The parity values of grains, with few exceptions, will be somewhat lower.

The effect of this change in the formula will be to encourage the marketing of grain in the form of animal products, thereby greatly broadening the market for grain and also raising the standard of living of our country.

The other principal provision of title II is the establishment of a flexible floor for the support of specific commodities, namely, cotton, corn, wheat, rice, tobacco, and peanuts.

Through the formula in the act, the minimum support price is tied to the total supply of each commodity, thereby emphasizing income rather than merely price support for farmers.

The Secretary of Agriculture must fix the support level for each of these commodities somewhere between the minimum level provided for by the formula and 90 percent of parity if circumstances warrant it.

He can always fix the support at 90 percent of parity.

He cannot support any commodity at more than 90 percent of parity unless after a public hearing it is determined that such action is in the interest of national security.

He cannot at any time fix the support for any basic commodity lower than the minimum provided for by the act.

There has been much misrepresentation of the 1948 act.

Farmers have been told it would reduce their support to 60 percent of parity. Statements of this nature are false and have been systematically circulated for political reasons.

While the formula does use percentages varying from 60 to 90 percent, the fact is that as far as basic commodities are concerned the area between 60 and 72 percent is inoperative except as a base from which to calculate the actual minimum support level.

The actual minimum support possible with either acreage allotments or quotas in effect is 72 percent and it is very doubtful if it would ever actually drop to that point for any basic commodity.

Taking wheat as an example, we have a large carry-over and a large crop of wheat this year.

The Secretary has already proclaimed acreage allotments for next year. The announcement was made on July 14.

Under the 1948 act, he must fix the support level for wheat next year somewhere between 83 and 90 percent of parity.

It is probable that the support level for cotton will have about this same range. This is a far cry from the misrepresentation of those who tell the wheat and cotton growers that they will get 60 percent support under the 1948 act.

The support of tobacco, a basic commodity, is specifically set at 90 percent of parity. The revised parity formula will give tobacco a somewhat higher support level in 1950 than for 1949.

Under title II of the 1948 act, the Secretary is authorized to support the price of all other commodities, including perishables, up to 90 percent of parity.

It was made clear in an analysis of the bill when it was before the Senate that the Congress expects the Secretary to support the major nonbasic agricultural commodities, which are comparable to the so-called Steagall commodities, at a level comparable to that which is given to the basic commodities.

Interpreting the act as a whole, in an honest and unbiased manner, the effect is to make support of the major nonbasic commodities virtually mandatory.

How does the 1948 act propose to support prices?

The Secretary is authorized to extend supports to agricultural commodities through loans, purchases, payments, and other operations. This provision makes allowance for the support of any commodity through compensatory payments, which have been very much in the controversial limelight lately.

The committee which formulated the act believed then there might be times when it would be desirable to let surpluses of specific commodities find their own market level so that consumers might benefit from large production.

The Eightieth Congress never contemplated nor intended that compensatory payments would be used for the purpose of breaking the general price level for farm commodities, thereby bringing the American farmer to a status of dependency on government for his income.

Commodity Credit funds may be used for supporting the price of all basic commodities and other commodities which are reasonably storable without excessive loss or excessive cost.

Commodity Credit funds may also be used to support the price of storable commodities processed from perishable nonbasic agricultural commodities.

These provisions were clearly intended to authorize the use of CCC funds for the support of milk by supporting processed dairy products, other storable animal products, soy beans, cottonseed, oats, rye, barley, and other commodities that are storable either in processed or unprocessed form.

Commodities so perishable as to be nonstorable and which are not processed into storable form can be supported only through section 32 funds.

Two nonbasic commodities have specific mandatory supports under the 1948 act.

The price of any kind of Irish potatoes must be supported at not less than 60 percent nor more than 90 percent of the parity price.

The price of wool must be supported at such level, not exceeding 90 percent, as will encourage an annual production of approximately 360,000,000 pounds of shorn wool. This means 90 percent for a few years, at least.

Considering the effect of the revised parity formula on wool, the support level for 1950 should be about 1 cent per pound over the 1949 support.

In return for the support of any given commodity, the Secretary may require compliance by the producer with acreage allotments, production goals, and marketing practices prescribed by the Secretary.

No producer is compelled to comply with such acreage allotments or production goals but he cannot demand supports if he does not.

The 1948 act retains the provisions for voting marketing quotas by the farmers, which were in the original Triple A Act of 1938. No marketing quotas can be put into effect unless approved by two-thirds of the producers.

It does not contain any provision for requiring the farmer to comply with minimum and sound soil-conservation practices such as the Secretary of Agriculture requested on April 7 of this year.

Except for the voluntary compliance with acreage allotments and marketing goals, in return for support prices, the farmer is free to use his land as he wishes.

The 1948 act permits forward pricing for farm commodities.

The Secretary has already used this authority in fixing the price of hogs at 90 percent of parity until April 1, 1950, evidently in anticipation of title II taking effect on January 1, 1950.

Another provision of the act provides that should marketing quotas be voted upon and turned down by farmers, the support level for that particular commodity shall be 50 percent of the parity price of such commodity.

Still another provision of the act states "the Secretary shall in all cases give consideration to the practicability of supporting prices indirectly as by the development of improved merchandizing methods rather than directly by purchase or loan."

This provision aims directly at the stimulation of efficiency in marketing as a means of maintaining good prices in the market place so that the necessity for Government to support prices will be reduced to a minimum.

I have tried to give you the high spots of title II of the Agricultural Act of 1948.

Nobody claims perfection for this law, but if it goes into effect on January 1, 1950, it will provide adequate, even generous price supports for American agriculture. Congress must, of course, provide adequate funds, but Congress would have to do this under any law.

Had it not been for the continuance of mandatory wartime supports for the crop year 1949, the $4,750,000,000 provided by the CCC Charter Act of 1948 would undoubtedly have been adequate—in contrast with present prospects—to carry the farm-support program for many years to come.

In view of the fact that the Secretary of Agriculture has expressed some doubt over the meaning of certain provisions of the 1948 act (although such doubt is evidently not shared by the Department's legal staff or the Bureau of Agricultural Economics) a subcommittee of the Senate, under the chairmanship of Senator ANDERSON, has considered a bill which as approved by the Senate Agriculture Committee would have the effect of strengthening the Agricultural Act of 1948 and of making its provisions less susceptible to misinterpretation.

Under the bill proposed by the Senator from New Mexico, the level of support for basic commodities and certain nonbasic commodities would be given a range of from 75 to 90 percent. This follows closely the actual 72 to 90 percent range of the 1948 act.

Like the 1948 act, the Anderson bill authorizes the support of any other nonbasic commodity up to 90 percent of parity.

It also provides a definition for storable commodities to make sure that support cannot be denied dairy products and other animal products from Commodity Credit funds through declaring them nonstorable.

The bill would also require that wages paid hired farm labor be given a weighting in the determination of parity prices. This would have the effect at the present time of increasing parity prices on an over-all basis between 5 and 6 percent.

However, farmers should recognize the fact that the inclusion of hired labor in determining parity might have an adverse effect in hard times.

With some modification, the over-all effect of the Anderson proposal, which does not repeal the 1948 act, is to strengthen the means of attaining the objectives of that act.

If, however, the Anderson bill does not become law, we will still have after January 1, 1950, the strongest, most workable permanent farm support price program ever placed on the statute books, and which will be, from the standpoint of the farmer, the consumer or the taxpayer vastly superior to either the House passed Gore bill or the Brannan plan.

ANNOUNCEMENT AS TO NIGHT SESSION

Mr. LUCAS. Mr. President, on yesterday I made the announcement, when very few Senators were present, that we would have a night session. That announcement still holds good.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. LUCAS. I yield for a question.

Mr. SALTONSTALL. Would the Senator be willing to clarify his announcement so we may know approximately how long the Senate will sit this afternoon, how long the evening recess will be, and when the Senate will reconvene tonight?

Mr. LUCAS. We will probably take a short recess around 6:30 for dinner, and then will come back around 7:30, and probably sit until 10 o'clock. I hope that before the afternoon is over we may be able to obtain a unanimous-consent agreement to vote upon the pending question, which is the amendment offered by the able Senator from Colorado [Mr. MILLIKIN].

DISPLACED-PERSONS LEGISLATION

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD, at this point, as a part of my remarks, a statement which I have prepared in reference to Senate Resolution 160, pertaining to displaced-persons legislation.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. President, I wish to associate myself with my distinguished majority leader [Mr. LUCAS], and a number of additional colleagues in the sponsorship of Senate Resolution 160, discharging the Committee on the Judiciary from further consideration of H. R. 4567 which amends the Displaced Persons Act of 1948.

The reluctance of the Judiciary Committee to act on this legislation makes this motion to discharge absolutely necessary. The legislation concerned is of such great moment that I feel the Senate must act on it before the end of this session of Congress.

Our responsibility in the problem of displaced persons is fourfold:

1. We must vindicate our position in the United Nations where our representatives opposed the forcible repatriation of displaced persons who feared persecution should they return to their native lands. Our representatives in the UN stated correctly that this was the only position we could take consistent with American concepts of democracy.

2. We have a responsibility to thousands of American citizens whose relatives were exploited by Hitler and who have since languished in the half life of the DP camps.

3. We have a responsibility to thousands of American businessmen and farmers who have petitioned the Displaced Persons Commission for the skills and labor of DP's.

4. Finally we have a responsibility to our own consciences. Thousands of the DP's bore arms with us against our common enemy in the recent war. Additional thousands fought valiantly in the underground movements of a dozen nations. These people—our friends—suffered under the heel of Nazi tyranny. Now they flee from Communist totalitarianism. We liberated them at the end of the war but we have not yet set them free.

The present Displaced Persons Act prevents our discharge of this fourfold obligation. Action is needed now to correct the discriminations and shortcomings of the present law. Let us adopt legislation which is worthy of the greatest democracy on earth.

Mr. President, I sincerely hope that this resolution will be considered at the earliest possible moment and that the Senate will proceed to consideration of the bill immediately thereafter.

RAPID RECOVERY OF BELGIUM

Mr. BUTLER. Mr. President, in the Wall Street Journal for Wednesday, September 7, appears an article dealing with the rapid recovery of Belgium to a position of prosperity and general well-being under a system of individual incentive and a minimum of Government control. I believe the experience of Belgium might well serve as a useful example for the British in their current crisis. The article is by William Henry Chamberlin and is entitled "Example for Europe—Unabashed Economic Individualists, the Belgians Are Achieving Maximum Recovery by Minimum Planning." I ask unanimous consent to insert it in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EXAMPLE FOR EUROPE—UNABASHED ECONOMIC INDIVIDUALISTS, THE BELGIANS ARE ACHIEVING MAXIMUM RECOVERY BY MINIMUM PLANNING

(By William Henry Chamberlin)

BRUSSELS.—In striking contrast to the planned economies which were then the fashion in western Europe, the Belgians after the war set about their reconstruction on a basis of individual incentive and a minimum of state control. Even then, when the effects of the war were still keenly felt, the results of this Belgian approach were striking and favorable.

In 1949, Brussels makes the impression of being the most prosperous capital in Europe. Its shops are fairly bursting with an abundance and variety of foodstuffs and manufactured goods, many obviously imported. And there certainly seems to be no lack of customers.

Rationing in this country is only an unhappy memory. There is no limit, except the pocketbook limit, to what the Belgian can buy of foodstuffs and manufactured goods. And he can take his choice among a wide range of imported products: American automobiles, typewriters, cigarettes, fountain pens; Dutch and Egyptian grapes; Swiss watches; Spanish and Portuguese wines. Brussels newspapers are full of advertisements like the following:

"The car worthy of your situation, of your rank, is indisputably a Lincoln."

"Buy your Frigidaire, the only genuine and authentic product of General Motors."

"The instant Borden coffee, 100 percent pure, is the best you have ever tasted."

WORK FOR REAL MONEY

From the moment one gets off the train in Brussels one senses a snap and efficiency in the way things are done which is only matched in Switzerland and which reminds one of the United States and Canada. The reason is pretty obvious. The Belgians are working for real money; they are working on a competitive basis and they have plenty of incentive right before their eyes.

Austerity-ridden countries outside and inside the iron curtain have proceeded on the grim philosophy of trying to "starve themselves great" by denying their people all but the bare necessities for the sake of forcing exports or carrying out ambitious schemes of internal industrial development.

What the planners, whether of the drastic Communist or the milder Socialist variety, overlook is that an austerity regime adversely affects individual effort and productivity. What is important, from the standpoint of national economy, is not only full employment, but efficient employment, not only how many people may be working in factories and mines, shops and offices, but how those people are working.

There the Belgian record speaks for itself. This small country, with a little over 8,000,000 inhabitants, is a tremendous exporter, with over $1,600,000,000 of exports during the last year. It ships abroad 5,000,000 of the 7,000,000 tons of steel that are produced every year and textiles and glass, leather goods, and cement are other important exports.

Belgians, under their unplanned, nonaustere regime, have not only saturated their home market but have run up big credit surpluses with almost every European country with which they deal. If the rest of Europe had followed Belgium's example and gone over to free economies with convertible currencies, Belgium today would be as independent of American aid as it was before the war.

As it is, Belgium does not receive direct hand-outs from the United States. What ECA does in Belgium is to finance Belgian exports to countries which would otherwise be unable to pay for them. In round figures, Belgium has an estimated trade surplus of $400,000,000 with Europe and a deficit of $200,000,000 with the dollar area. ECA gives Belgium $200,000,000 of so-called conditional aid, buying Belgian francs and then distributing Belgian goods, purchased with these francs, among needy countries. The remaining surplus is financed partly by ECA credits, partly by Belgian credits to a figure of $87,500,000.

Belgium is a creditor on international account to the amount of about 10,000,000,000 francs (over $200,000,000). Among its debtors are Great Britain, the Netherlands, France, and western Germany. Belgium's competitive power was most eloquently attested when Sir Stafford Cripps fought bitterly against a proposal last June that would have made drawing rights on sterling transferable and thereby enabled Belgium, by offering more attractive prices, to get this sterling and present increased gold and dollar claims to Great Britain.

HAVE THEIR DIFFICULTIES, TOO

The Belgians are as firmly convinced as the Swiss of the superiority of the individualist philosophy in economics. Prof. Fernand Baudhuin, of the University of Louvain, the outstanding Belgian economist, says: "Britain's troubles could be cured in 3 months on two conditions: The pound should be devalued and the whole cumbersome system of Government controls and subsidies should be abolished."

Belgians, who are not second even to the French in liking good food well prepared, are still whooping with laughter over a statement by John Strachey, British Food Minister, that the Belgian workers are badly off because rationing has been abolished.

"Maybe 10 percent of the Belgians, the very poorest, eat as badly as the British do under rationing," says one genial Belgian.

"If we put our workers on a British austerity diet there would probably be a general strike, or maybe a revolution," says another.

Not everything is rosy in Belgium. There are about 160,000 unemployed and 60,000 part-time workers, many in the textile industry. The Belgian price level is too high (between three and a half and four times the prewar figure). Some of Belgium's exports may be vulnerable as Europe goes over to a buyer's market. Some of the Belgian coal mines are obsolete.

But Belgian energy, flexibility and capacity for self help could well be a model for Europe and Britain.

BRITISH PURCHASE OF CANADIAN WHEAT WITH ECA DOLLARS

Mr. MALONE obtained the floor.

Mr. BUTLER. Mr. President, I wonder if the Senator from Nevada would object if I were to ask unanimous consent to make a very brief statement before he begins his speech, with the understanding that he will not lose the right to the floor.

Mr. MALONE. Mr. President, I have no objection.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nebraska?

Mr. GEORGE. Mr. President, may I inquire whether the statement is pertinent to the debate on the pending measure?

Mr. BUTLER. It covers a subject of the conference which has been in progress in this city with regard to the British financial crisis.

Mr. GEORGE. I have not been disposed to object or to insist——

Mr. BUTLER. I am very willing to wait.

Mr. GEORGE. I shall not object, but I hope that we may get on with the unfinished business, because it will require perhaps the entire week, if we are fortunate to conclude consideration of the bill during the week. I have no objection.

Mr. BUTLER. I am sure that no one could rightfully accuse me of ever having done any filibustering on the floor of the Senate.

Mr. President, in the announcement of new measures of economic cooperation by the United States, Great Britain, and Canada, there is one particular point which represents a sharp policy change to take effect very promptly. I refer to the announcement that Great Britain will be permitted to use ECA funds, apparently without restriction, for the purchase of Canadian wheat rather than American wheat.

Most of the announcement dealt with plans for further study, consultation, and the like, but not with immediate action. On this question of British use of ECA funds, however, the announcement and the news stories were fairly direct and to the point. It was fairly clear from the announcement and the news stories that it was decided to let the American farmer make the sacrifice.

Mr. President, I do not believe that this proposal relating to Canadian wheat is in accord with the law. The original Foreign Assistance Act of last year provides very clearly that the Economic Cooperation Administrator "shall authorize the procurement of any such surplus agricultural commodity only within the United States." Elsewhere, the act defines a definition for surplus agricultural commodity which makes it very clear that wheat is included in this category. Although the Administrator is authorized in certain unusual cases to depart from this policy, I believe it is safe to say that none of those cases would apply here. The intent of Congress on this point was 100 percent clear.

Mr. President, I have sent telegrams to Secretary of State Acheson, Secretary of Agriculture Brannan, and Administrator Hoffman requesting an explanation of this proposal and asking how it can be reconciled with the law. I should like to read those telegrams at this point.

Mr. President, I do not believe that the Congress should permit this flagrant attempt to violate the intent of the laws we have passed. I suggest that if the Administration persists in this attempt, the Comptroller General of the United States should be called upon to stop any expenditure for this purpose of funds appropriated for the Economic Cooperation Administration.

The telegram to the Secretary of State is as follows:

SEPTEMBER 13, 1949.

Hon. DEAN G. ACHESON,
Secretary of State,
Department of State,
Washington, D. C.:

Reference announcement of agreement to permit British to purchase Canadian wheat with ECA dollars, would certainly appreciate explanation how this could be done under ECA Act. That act requires purchase of American surpluses when available in preference to foreign surpluses. I do not believe State Department has authority to instruct Economic Cooperation Administrator to violate the law. Would appreciate prompt reply.

HUGH BUTLER,
United States Senate.

The telegram to Mr. Hoffman, ECA Administrator, is as follows:

SEPTEMBER 13, 1949.

PAUL G. HOFFMAN,
Administrator, Economic Cooperation Administration, Washington, D. C.:

Regarding announcement that Britain will hereafter be permitted to use ECA dollars to purchase Canadian wheat rather than American wheat, would certainly appreciate explanation how this could be done in view of clear language of ECA Act requiring such purchases be made from American surpluses where available. There is certainly tremendous quantity of surplus wheat in this country being stored at expense of taxpayer. Fail to see how this proposal would help British, since Canada likewise requires payment in dollars. If Canada desires to sell wheat, why doesn't Canada supply dollars?

HUGH BUTLER,
United States Senate.

The telegram to the Secretary of Agriculture is as follows:

SEPTEMBER 13, 1949.

Hon. CHARLES F. BRANNAN,
Secretary of Agriculture, Department of Agriculture, Washington, D. C.:

Regarding proposal to permit British to use ECA dollars for purchase Canadian wheat instead of American wheat. As I read ECA Act this can be done only when you certify that there is no surplus American wheat available. I presume you have not certified to any such thing, since, as you know, we have gigantic surplus. Would certainly appreciate information whether you concur with proposal to purchase Canadian wheat.

HUGH BUTLER,
United States Senate.

THE CHICAGO RAILROAD FAIR

Mr. LUCAS. Mr. President, will the Senator from Nevada yield to me for a few minutes?

Mr. MALONE. I yield.

Mr. LUCAS. Mr. President, I ask the indulgence of the Senate to direct attention to an event now going on in Chicago—an event I wish to encourage every man, woman, and child in the country to see—the Chicago Railroad Fair.

It was my privilege on a recent trip to Chicago to be the guest of Maj. Lenox R. Lohr, president of the fair, at this exposition being presented for the second year by the Nation's railroads. There I witnessed the magnificent pageant, Wheels A-Rolling, in which the history of transportation is traced over nearly 300 years.

Wheels A-Rolling, in particular, is what I wish the entire country could see. Not simply a presentation of the evolution of railroading in this country, the pageant gives an unusually complete picture of the Nation's progress in all phases of life as it reenacts the story of America's growth from a colonial outpost to a mighty Nation.

Almost every form of transportation from the Indian travois, the stagecoach of colonial days, and the tiny little boiler-like contraptions which marked the birth of railroading, down to the streamlined railroad juggernauts of today, is used to show the leading role railroads played in that growth.

A fourth dimension, time, is added to the three-dimensional display of historic vehicles, which each one shown in the trappings of its period, from authentic constumes, music, and lighting of the era to customs of the people who are portrayed by a large cast of actors and actresses.

All action is in pantomime and divided into acts and scenes, with two narrators carrying the story. Explaining and commenting as the pageant moves along, they tell of the individual trials and tribulations experienced by those whose pioneering made America's railroads the model for the universe.

Employing a cast of 250 actors and actresses, 26 different locomotives, old bicycles, horse-drawn carriages, old and new motor vehicles, and 100 horses, cows, and other animals, the pageant is recognized as the most spectacular stage production ever presented.

History lives again in a manner unparalleled in any textbook or classroom in the story which begins back in 1673 at the time Fathers Marquette and Joliet reached the shore of Lake Michigan and were greeted by friendly Indians.

In little more than an hour, Wheels A-Rolling crams nearly three centuries of America's past into a fast-paced kaleidoscope of action and color.

The voyagers are followed by explorers, adventurers, and pioneers who turn Indian trails into roadways, most important of which is the National Road.

Then comes the introduction of the Iron Horse—the DeWitt Clinton, the John Bull, the Best Friend of Charleston, and the Tom Thumb, which lost its first race to a horse. But the mounting pace of steam locomotion cannot be long delayed, and America's first railways begin to reach out across the Nation as the John Hancock, the Atlantic, and the La-Fayette add new records in the conquest of speed.

In most instances, the original locomotives and trains are used to reenact those historic moments, with replicas employed in the few cases where the originals could not be found in the museums of the Nation.

Closely pressing the voyagers, adventurers, and the first settlers, come large groups of more substantial citizens. Villages and towns are founded. Transportation over mud roads and treacherous streams gives way to short-haul railroads everywhere, and they form a network of rails permitting the transport of freight and passengers to previously isolated communities all over the Mississippi Valley.

Then gold is discovered in 1849 and countless caravans of covered wagons, crude carts, and weary travelers press westward. Wells Fargo coaches and the Pony Express carry passengers and mail over thousands of miles of open plains and rugged mountains.

The scene moves forward to President Lincoln's departure from Springfield—the Nation is split by a civil war—and then united again in sadness when the Great Emancipator is assassinated and returns a martyred President on a funeral train.

In the meantime, the railroads have been pushing toward each other from both oceans until that day awaited for many years when, on May 10, 1869, at Promontory Point, a golden spike is driven, completing the rail link across the continent.

The pageant forges ahead to the turn of the century, the end of the era of expansion and the beginning of the consolidation period, when an elegant Chicago turns out by carriage, cable car, bicycle, and suburban train for a circus parade.

The horseless carriage is not far behind, and the next scene shows Chicago's elite riding in the Selden, Duryea, Apperson, Haynes, Buick, and Ford. The automobile is here to stay.

Progress takes its next big step with the introduction of the first streamlined Diesel, and the Burlington's Pioneer Zephyr's record nonstop race from Denver to Chicago is celebrated at the Century of Progress Exposition in Chicago in 1934.

Racing motorcycles, jeeps, tractors, and automobiles join in a dramatic epilog, showing the speed and luxury of modern transportation, as a giant steam locomotive and a magnificent Diesel meet dramatically to form a final curtain.

There you have it, gentlemen, the inseparable story of transportation and of America, as they attained their present heights of greatness through the vision,

ingenuity, and hard work of a people united in a common goal.

As I have said, words alone are not adequate to tell this story, but thousands are reliving it daily through Wheels A-Rolling. May I again urge all of you and your constituents who have not already enjoyed this privilege to join these thousands at the pageant before the Chicago Railroad Fair closes forever on October 2.

Mr. THYE. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. THYE. A year ago I was a guest at this pageant and fair in Chicago, on Minnesota Day. I concur in what the distinguished majority leader has said. It is a wonderful exhibit of achievement and accomplishment on the part of the railroads in the development of transportation.

Mr. LUCAS. It is a pageant of America, from its earliest beginnings up to the present time. It is really thrilling, inspiring, and very worth while.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The VICE PRESIDENT. The question is on the amendments offered by the Senator from Colorado [Mr. MILLIKIN] for himself and other Senators, which are to be voted on en bloc.

THE FLEXIBLE IMPORT FEE VERSUS THE 1934 TRADE AGREEMENTS ACT

Mr. MALONE. Mr. President, I consider the measure being discussed at this time to be one of the most important pieces of proposed legislation to come before this body in a century. I think its importance has not been sufficiently emphasized.

It seems to me that is because of several reasons.

INTERNATIONAL CONFERENCE A SMOKE SCREEN

One is the recent international conference held in Washington, which acted principally as a smoke screen to take away from this question the attention it deserves on the floor of the Senate. Certainly up to this time the proper importance has not been attached to this matter by the public, for almost everything that has been attempted thus far during the debate of this subject in the Senate has been in the nature of an endeavor to obtain the adoption of an amendment to the proposed legislation; but nothing has been proposed to change the direction or the policy of the Government in this respect.

ECONOMIC YALTA

The present situation and the extra emphasis being placed on it by the international conference could easily amount to what might be called an economic Yalta. All of us are familiar with Yalta, where fellow travelers and other left-wing advisers to a President of the United States, who, with their advice, consented to area divisions and political arrangements for which we have been paying through the nose ever since. Yalta was the place where we gave Manchuria to Russia, thus giving Russia a foothold in Asia. Now Asia has gone into Russia's hands. Yalta is the place where we gave away Berlin, without providing any means of getting in or out of it, with the result that thereby we were forced to engage in one of the greatest byplays, which we chose to call important, that ever has happened to this Nation.

FIVE HUNDRED DOLLARS A TON FOR COAL

The result was, for instance, that we hauled coal in airplanes, at a cost of $500 a ton—all as a result of taking the advice of people who did not thoroughly understand the situation, if they cannot properly be charged with something worse.

TRADE TREATIES A ONE-WAY STREET

Mr. President, during the course of this debate I shall show that practically all the so-called trade treaties which have been made under the 1934 Trade Agreements Act, beginning in 1934, have developed into a one-way street. There is nothing reciprocal about them, although the proponents of this proposed legislation are happy to refer to them as "reciprocal trade treaties."

NO SUCH THING AS RECIPROCAL TRADE TREATIES

The words "reciprocal trade" do not occur in the 1934 Trade Agreements Act. That act never was meant to develop reciprocal trade, and what it has developed is not reciprocal. I shall show that the course upon which we have been launched by the 1934 Trade Agreements Act has led to false values being placed on money, the manipulation of currencies, the imposition by other countries of quotas on the goods we export to them, the imposition of embargoes, and the issuance of licenses. The 1934 Trade Agreements Act has even resulted, in certain countries, in the issuance of specifications in regard to automobiles, with the result that only automobiles of a certain weight are permitted to operate on the streets of those countries.

EMPIRE-MINDED NATION

Those countries happen to be in the colonial bloc of a certain empire-minded nation; and by an utter coincidence that empire-minded nation is the only nation manufacturing an automobile of a size which will meet the specifications thus imposed.

Mr. President, we have been treated to a great deal of propaganda coming from persons who have come to our country from countries across the ocean. We have been given propaganda by Sir Humphrey. Of course we must not criticize him; but, instead, we are told that we must go along. We have been given propaganda by Sir Stafford Cripps, who has told us, "We want a free flow of trade."

I intend to show that it is an utter impossibility for a free flow of trade to exist between a country which has a standard of living so much higher than that of other countries. So it is obvious that we must determine a way of holding up our standard of living while we are helping other nations raise their standards of living up somewhere near to ours, rather than to permit the opposite.

Sir Humphrey's remark is a good deal like the cry of the two thieves in Oliver Twist, who shouted "Stop thief," while one of them had the watch in his own pocket.

Today, Mr. President, considerable unemployment exists in the United States. Yet we are importing unemployment. The State Department's program under the authority of the 1934 Trade Agreements Act, attempting to uphold the fictitious value of inflated foreign currencies, means we are importing products made by cheap and slave labor, paid for by our taxpayers.

With labor unions, management, and many other organizations constantly striving to improve the standard of living among the workers of this Nation, we have adopted this policy of importing the man-hours of cheap labor from abroad and displacing our own workers. So we are importing unemployment.

The State Department has made our 1934 Trade Agreements Act a foreign-aid program in its desire to uphold the sterling area and other economic barricades that set up restrictions against our goods. The State Department says that the 1934 trade-agreements program will reduce barriers to international trade. But the policy adopted under that program defeats the announced purpose of the act.

OUR MARKETS TO BE OPENED

This policy of the State Department will ruin the workingmen of this country if we let it go unchecked, and it will defeat the freedom of the European nations we are supposed to be trying to save.

Despite all assurances to the contrary, the present policy will not lead to free and unrestricted trade, although the objective of everyone is finally to have a free and unrestricted flow of trade. The question is one of method, of the best means of reaching that goal. In other words, whether in the case of a man standing on top of a 12-story building, and wishing to get down to the ground, to be with his comrade who is on the street, the best means is for the one on top of the building to jump down to the sidewalk, or for his friend on the sidewalk to raise a ladder and climb up to the top of the building.

NOT FREE TRADE

So I say that despite all assurances to the contrary, the present policy will not lead to free and unrestricted trade, which is the common objective. It will result in free access to our domestic markets while the foreign markets for the goods of American labor are closed to us by the many restrictive policies of foreign nations which use currency manipulation, exchange controls, quotas, embargoes, import licenses, restrictive specifications, and other subterfuges.

It is a one-way street; giving them free access to our markets, but giving us virtually no access to their markets.

During the course of this debate, I shall show that we do not increase our foreign trade when we subtract the amount of money and goods we have given free to these other countries. I shall refer to England, a nation of which all of us are very fond. Anything I say about England will be said merely in connection with the problem of taking care of our own country, and is not meant as a reflection upon England, for certainly if

the present situation were reversed, we would be doing everything we could to get ourselves out of such a predicament.

ACCOMPLICE TO SUBTERFUGE

But if we reverse the situation, it is our fault. As someone said, it may be the fault of someone else the first time, but one becomes an accomplice to the subterfuge the second time.

In making the 1934 Trade Agreements Act a part of our foreign-aid programs, the State Department has tied our domestic-economy policy and made it the keystone, the hub around which the State Department wants to further its international ends.

These ends are the division of the markets of this Nation with the nations of the world. The division of our markets means the division of our source of income and constitutes a direct threat to the high standard of living enjoyed by the American workingman.

ALLIANCE A HYBRID PROGRAM

The alliance of our trade and tariff policy, which is really a domestic matter, and our foreign policy—an alliance created by the State Department, is a hybrid program. It is designed to average our standard of living with the low-wage and slave-labor foreign nations. The recent conferences in Washington, in an effort to save the sterling area, have again called attention to the so-called dollar problem.

There is no dollar problem which Congress itself does not create, but there is a pound sterling problem; and there are also franc, guilder, and other foreign-currency problems, which were brought about largely by the actions of the foreign nations themselves. Britain is the chief offender in this respect through the example of the creation and maintenance of the sterling empire, and the various different fictitious values it has set for the pound sterling to gain advantage in trade throughout the world, and to collect tribute from Britain's colonial areas and territories.

STERLING HAS MANY VALUES

Mr. President, currently in the press, many dispatches have commented on the money values of the pound sterling. The Wall Street Journal only recently enumerated about 30 different kinds of value for the pound sterling, depending on whether Great Britain was buying or selling, and in what area.

So, Mr. President, there can be no exchange; there can be nothing but a dollar shortage, when there is nothing for which our dollar can be traded. I repeat: There is no dollar trouble—there is nothing wrong with the dollar. We know its value is measured, and we do not tamper with its purchasing power.

There is nothing wrong with the pound sterling, the French and Belgian franc, or the Netherlands guilder that simple honesty will not cure. It is the fictitious value placed upon the currencies which causes the very trouble the international conferences are called to cure.

Foreign currencies have been consistently valued at from 150 to 200 percent of their honest exchange value, to gain trade advantage and to create a standard of living abroad which can only be maintained if the United States pays for it. Should we ever stop paying for it we are threatened by the recipients of our largesse with communism, socialism, or with losing the source of our strategic and critical minerals and materials, which is a form of blackmail and constitutes international piracy.

COMPLETE INTERCHANGEABILITY ANSWER

There is only one answer to the so-called dollar shortage—complete and honest interchangeability of foreign currencies at their current market worth in relation to the United States dollar. Until we make that requirement the basis for any further aid abroad, we must consider ourselves a party to the deception, to the dishonesty, and to the fraud that it really is.

The manipulation of currencies and all the other already enumerated restrictions against the free interchange of goods and capital by the foreign nations, and ourselves as an accessory after the fact, is a form of piracy and one of the greatest swindles ever perpetrated upon the lesser nations of the world; and we are paying for it.

England's Mr. Bevin piously talks about one political world and one economic world. That means one economic world on Mr. Bevin's terms. The one political world would follow automatically. Mr. Bevin really wants one economic world as long as it is England's. We are all in favor of one economic world on an honest, equal footing, but importing unemployment is lowering our standard of living.

Since tariffs and import fees are a floor under our wages, the destruction of this floor, by the reduction of our tariffs in accord with a general understanding with the foreign nations—almost amounts to a conspiracy to lower the American wage standard of living, which has been created in this country by hard work through the years.

Mr. KEM. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Missouri?

Mr. MALONE. I am very happy to yield.

UNDERSTAND CRIPPS?

Mr. KEM. I should like to ask the Senator whether he understands exactly what Sir Stafford Cripps means when he talks about our having in the economic field the same objectives as Great Britain?

Mr. MALONE. In answer to the junior Senator from Missouri, I may say if we could be brought around to their objective, as it is now, of controlling through the Bank of England the many entities within the sterling area, reaching around the world, and controlling nearly three-fourths of the raw materials of the world, and in one-fourth of the area we would support the false value of the British pound, $4.03, when it can be purchased on the market at $2.10; I think that is what he would call cooperation.

Mr. KEM. Mr. President, will the Senator yield for another question?

Mr. MALONE. I am happy to yield.

NATIONALIZATION ISSUE POSED

Mr. KEM. Is not the economic end of the present Government of Great Britain the abolition of private property as the means of production and the nationalization of the basic industries of the country?

SOCIALISM—COMMUNISM—SAME

Mr. MALONE. I may say in answer to the distinguished Senator from Missouri that, in my humble opinion, based upon all the factual background I can get on socialism and communism, their ultimate ends are the same—that is, complete ownership and control by the state.

It is what they call a perfect state. The difference, if any, is in the method of reaching it. The Socialists claim they want to do it by law, in a peaceful manner, whereas the Communists say they will use any and every means at hand in order to attain their ends.

If we continue to support the false value of the pound and allow Britain to finance and to keep close to them and within the sterling bloc the entire area just described, then it certainly means the Labor or Socialist Party will stay in power. We are supporting the British Government, the so-called Labor Government. I do not call it a labor government. It is possible to have a labor government and not have it socialist. The two are not synonymous. The state might be controlled by anybody, but it would not necessarily be socialist; but that is what it is. In my humble opinion I may say to the able Senator from Missouri there is no difference between the ultimate ends of socialism and communism.

Since World War II, we have advised the European nations that the answer to their problem is increased production, and through the Marshall plan have financed them in reaching the objective. Now, most of the nations are producing more than they can use and more than they can sell each other, causing the trade obstructions that each utilizes against the other. So now the only markets apparently available to them are the markets of this Nation—the chickens have come home to roost.

AN AMERICAN POLICY NEEDED

The desperate need of the United States at this moment is to establish an American policy and to separate immediately the domestic economic policy and the foreign policy of this Nation.

An American policy should include two major provisions:

First. The adoption of a flexible import fee principle in accordance with the amendment which the junior Senator from Nevada has offered as a substitute for the 1934 Trade Agreements Act. It would provide a floor under wages, and would hold our standard of living while we are assisting foreign nations to raise their own standards.

Such a flexible-import-fee principle administered by a Foreign Trade Authority, would correctly represent that differential of cost of production between this Nation and its chief competitors on each specific product, the chief factor of which is the difference in the wage standard of living.

Such a flexible import fee would be adjusted to any rise in the wage living standards of such competitive nations, and when they have reached our approximate living standards, the common objective of free and unrestricted trade would be the almost immediate and automatic result.

Second. This Nation is entitled to equal access to the trade of the nations of the world; subject to each nation's own regulations.

EQUAL ACCESS TO MARKETS

Mr. President, we are entitled to equal access to the trade of the nations of the world, without any third nation putting up restrictive artificial barriers to our trade by force. At first these barriers go up by controlling them, in any way whatever, either as a sterling bloc, or a guilder bloc, or a French franc bloc, whereby a third nation fixes the import fees and the tariffs and the embargoes and the quotas of other countries, such as the Malayan States or Indonesia or Indochina or East Africa or West Africa, and makes it impossible for us or for any other nation except what is called the mother country, to trade with the area.

Any nation which cares to encourage the development of its own industry and the employment of its own people could fix its own import fees and tariffs to that end, and no third nation should be allowed to force such nation to fix tariffs and import fees in a manner calculated to direct the trade to the third nation, the so-called mother country, under the empire preferential trade system.

TWO WARS CITED AS REASONS

In that connection, I should like to say, again, that twice in my lifetime we have left bloody tracks all over the Pacific in two world wars, and then returned the Far East and the South Seas to colonial-minded nations. I again say, as I said previously on the floor of the Senate, that in my opinion, when it is perfectly evident that the empire-minded nations cannot protect these colonial areas in Asia, the Near East, the Far East, the Middle East, and Africa, they should be established as independent nations under the guidance of the United Nations. Then all nations will have equal access to the trade of the area, subject only to such restrictions as the nations themselves may decide in their own interest, not in the interest of the third nation.

SLAVE-LABOR STATUS

Forty or fifty years ago we used to read in the newspapers that a British gunboat had fired into the jungles to break up a native uprising, to keep the natives in a slave-labor state. We did not object to that. But, when it came to the point when they could no longer protect these countries which they had taken over under the guise of protection, when they could no longer furnish protection, we felt that we should not finance the subterfuge of holding these nations under restrictions, and keeping them half starved and working at slave wages, if at any wages at all.

These two fundamental principles should be observed: The foundation upon which the economy of the United States should be automatically protected; the basis for our foreign policy should be kept entirely separate and independent.

Mr. President, there is only one subject today, as there was on the occasion of the first United Nations Conference at San Francisco, and that is, Who will get the American market? We talk about a great many subjects, we write white papers and books about world trade, but the one principle, the one thing on which we center, when we come right down to it, is the market of the United States of America.

MARKET BASKET IDEA

That is the objective, as it was in San Francisco in 1945. I attended that conference. I was special consultant to the Military Affairs Committee of this body, and had the credentials to attend it, and I watched as an observer. Every one of the 49 nations represented was after the same thing at that time. We might say that 48 of them had a market basket on each arm, and only one nation, Uncle Sam, had anything to put into the market baskets.

The markets of America were the target at San Francisco, and they will be the target at the Anglo-American conference ending in Washington, and at the new conference beginning soon.

The fight to participate in the markets of the new world did not stop with the Revolutionary War. As a matter of fact it was accelerated, following a short respite.

STERLING-AREA SPREAD

England and her empire possessions, later to become the sterling nations area, including one-quarter of the earth's surface, built up her empire through her frankly empire preferential rates system, including Canada, Australia, the Far East, and her always extensive African possessions, and in the beginning, the states, territories, and areas later to become the United States of America, following the Declaration of Independence by the people of that area.

For more than 86 years the United States has practiced tariff and import-fee protection in building a standard of living unheard of in a world where mere existence for most of the population was deemed to be a prize achievement by the kings and rulers of the time, and generally arrived at, if at all, through keeping other lesser nations in a state of virtual slavery.

England, France, the Netherlands, Belgium, and Spain were in the vanguard of practicing the law of discovery, exploitation, and empire building methods.

There have been three principal methods of international trade, with its variations, practiced from the beginning.

VARIATIONS NOT PRETTY

Mr. President, some of these variations were not pretty.

First. The buccaneers and pirates on the high seas were frankly preying upon all unprotected merchant vessels. They took such vessels into camp by stopping an unarmed ship through the simple expedient of firing across her bow, then a direct hit if she refused to stop, and then towed her to port and confiscated the cargo.

It was a very profitable pastime for a considerable period and was practiced by the citizens of most nations to a greater or less degree, until armed merchant ships and fighting escort cruisers made the practice unpopular, and it was gradually outlawed by all nations.

Second. The empire preferential rates system, where the empire-minded nations take over certain helpless countries under the guise of protection and then force such import and export fees of such areas to be established that will favor the mother country, making it unprofitable to trade directly with any other nation.

MONROE DOCTRINE OUTLINED

Mr. President, we remember that, in 1823, President Monroe established the Monroe Doctrine to keep that very thing from happening in South America. It was threatened continuously, and we enforced that doctrine for 125 years.

Third. The three-part "free trade" system—now we are up to date—which is a European program designed to divide and later to destroy the markets of the United States, through—

OUR EXPORTS ARE CASH

(a) Making up the trade balance deficits of the European nations in cash each year. Our chief export is cash.

(b) Dividing our markets with the nations of the world through a selective "free trade" policy adopted by the State Department, based upon the 1934 Trade Agreements Act, on the theory that the more we divide our markets with them, the less their trade balance deficits will be.

(c) The ITO—the International Trade Organization proposed—will consist of 53 nations or more. Each nation would have one vote. We would have the same vote as the smallest nation in the organization—Siam for example.

To that organization we would assign all of our rights to fix tariffs and import fees and would meet at least once each year and divide our remaining markets between them.

The United States has been dominated by European plans and programs continually since before World War II.

SEPARATE DEALINGS REQUIRED

In all the debates on the extension of the 1934 trade agreement program I have never heard mention of one important subject: the things to be traded among nations. An easy way in which to make clear the difference in importance of the various goods and commodities entering international trade, would be to arrange three columns, each of these to be treated separately in our dealings with foreign countries.

The first column would contain those raw materials and commodities which the United States produces and which the nation with which we are negotiating does not produce. The third column would contain those commodities and raw materials which the other nation produces but which is not normally a product of the United States. The items in these two columns will not generally be much trouble. If both nations are reasonably efficient and competitive producers of the goods in the respective columns, there is a natural basis for profitable trade between the United States and the other negotiating country.

The second column will be the one which is important for the consideration of this subject. It would contain the items, commodities and products which are produced in both of the negotiating nations. This is the column that lists the items which are of importance to the welfare of either nation. If both countries produce enough of each of these commodities or products for their own domestic consumption, there is no basis for trade in these commodities between the two nations. If one nation does not produce enough of a certain commodity and requires imports in order to satisfy the domestic demand, imports should be allowed to come in at a level adequate to fill the demand, and at competitive levels. In other words, the imports should carry a tariff sufficiently high to allow the domestic producer of the commodity in question to stay in business and allow him a reasonable profit. If this adequate protection is given, the commodities to be imported do not present much of a problem, either.

A problem does exist, however, if certain goods or commodities are produced, in both countries negotiating with one another, in amounts sufficient to satisfy the domestic demand, and still have some production left over for export. In this case, if adequate tariffs are absent, unfair competition for the market of the other nation may well result, and in this case a trade war, even extending to the commodities in either of the other two columns, is almost inevitable.

AN IMAGINED COMPILATION

In essence, then, the extension of the 1934 Trade Agreements Act concerns, largely, the goods which could be listed in the second column of such an imagined compilation. The goods, imports of which are in danger of hurting the domestic economy, are those which are produced both here and abroad, and any tariff determination must take this into consideration.

The flexible-import-fee system which I have proposed as a substitute for the 1934 Trade Agreements Act, would provide the necessary flexibility and security for the domestic producer who has competition from low-wage-living-standard and slave-labor countries.

The 1934 Trade Agreements Act putting the fate of domestic industries in the hands of the State Department tends to stop new capital investments, since there is no assurance that the necessary protection will not be abolished at any time.

Money sent to Great Britain, the sterling-bloc countries, including the ECA nations, often is used for permanent investments abroad and in the United States instead of the trade acceleration for which it was first intended.

It is well known that one department store in New York has been purchased by Great Britain for $750,000, to further the distribution of their goods in this area, a capital investment with ECA money—our taxpayers' money.

One of the chief blocks to investments in developing raw materials and resources in South America and Europe is that in many instances there is governmental control over the underground resources—mining and fuel rights—even to the extent of taking away from the owner the benefits from the developments upon his own land so that no one is assured of the return of their capital and return of interest on their investments.

If the nations of the world would adopt our system of integrity of investment, and respect the ownership of property, they would have very little difficulty in securing new capital investments within their borders, and would not need to resort to point 4, under which we would guarantee all investments against confiscation, against nationalization, and against every other type of action that could be practiced after a man had his money invested in a country, if the ruler of the country, the President or the King, had an interest in securing the property for the benefit of the government without adequate payment.

OUR LAWS PREVAIL

It is said the nations are afraid of economic domination, when, as a matter of fact, the very thing they are afraid of has made America great. We never cared who owned property. If, for example, the King of England desired to buy a railroad here and could get the money with which to buy it, he could acquire it. It would appear in the newspapers as an unusual transaction, might be printed on the back page, but no one would care who owned it, if our regulations and tax laws were complied with.

As an example, Mexico has a 17-percent assessment on exports.

The Argentine has a 20-percent export tax, plus an 8-percent export sales tax, making 28 percent total tax on any development for exports.

They peg the value of their currency, and then speak of devaluation. It is not a question of devaluation—just let the currency take its place in the international markets and exchanges.

DEFICIT BALANCE

Every month England comes out with a deficit balance. Their annual deficit has amounted to as much as $2,000,000,000.

To create an income of $2,000,000,000 annually would require an investment of at least $15,000,000,000.

It should be readily apparent that if we gave them an additional two billion in trade each year, it would ruin our own economy.

England has approximately 30 different values for the pound sterling. The Argentine has 11 prices for its peso.

The three things that stop development in practically all foreign countries are:

First. The government owns underground resources.

It lacks the confidence to give long-term leases, or allow private investors to take over the resources and develop them, so that if it is minerals, or oil, or any other product, they can have a chance to get their capital back and take the interest out of the country, and if they change their mind about the investment, take the capital out of the country. None of these countries has that practice.

Second. The export tax fixed on many products for export.

Third. Pegging exchange value so they create their own dollar shortage.

The United States Constitution prohibits an export tax. However, in many foreign countries the landowners can prospect for oil, but the Government takes any oils or minerals found. This is especially true, for example, in the Argentine and many other foreign countries. The Argentine, India, and many other foreign areas have coal, iron ore, and oil, but will not let anyone besides the Government develop it. They will not let them develop their own shares for a long enough period.

Venezuela gave the oil companies a break and allowed them to develop their own shares, so there is no dollar shortage.

FRAILTIES OF REGULATION

One of the great frailties in any trade agreement is the lack of any provision that accounts for such regulation.

AMENDMENTS IN ORDER OF PRESENTATION

Mr. President, several amendments have been offered to the pending bill, and I shall list them in the order in which they were submitted.

First. Malone amendment, offered as a substitute to the proposed 3-year extension of the 1934 Trade Agreements Act. September 7, 1949.

Second. Knowland amendment, relating to the suspension of agreements where any nation discriminates against United States products through quotas, taxation, or other restrictive trade practices. (May 7, 1949) April 19, 1949, a second Knowland amendment, to take the place of the amendment submitted April 7, 1949.

Third. Thomas amendment, providing for a 5-percent import quota on petroleum and petroleum products, submitted May 20, 1949.

Fourth. Butler amendment on escape clauses, providing modification of such trade agreements when American competitive products are injured, submitted August 15, 1949.

Fifth. Millikin amendment on the peril point, requiring the President to notify Congress if he disregards the Tariff Commission's statement prepared for the Chief Executive, showing the point under which, in their judgment, certain industries would be injured, submitted September 7, 1949.

Sixth. McCarthy amendment, providing for fixing quotas of furs and other fur articles that may be imported, submitted September 7, 1949.

Seventh. The Kilgore amendment, excluding hand-made glass and pottery, submitted September 9, 1949.

DIFFERENCE SET FORTH

Mr. President, there are seven amendments to the 1934 Trade Agreements Act as it is proposed to be extended for 3 years.

All the amendments, except the Malone amendment, simply offer some restraint on the State Department in administering the legislation and certainly should be agreed to and made a part of the legislation if the act is to be extended.

If my flexible-import-fee principle should be accepted as a substitute for the proposed 3-year extension of the 1934

Trade Agreements Act, then, of course, none of the amendments would be necessary because the principle which each of the amendments attempts to bring about is a part of the flexible-import-fee principle.

AMENDMENT NO. 1

No. 1, the Malone amendment, which the junior Senator from Nevada has offered as a substitute for the proposed 3-year extension of the 1934 Trade Agreements Act, would lay down a principle of fixing such tariffs and import fees to correspond with that differential of cost of production, the chief factor of which is the differential in the wage-living standards, of this Nation and of the competitive countries.

Under the flexible-import-fee principle the long-established Tariff Commission would be named the foreign-trade authority, which more accurately represents the work of the Commission, and would take the entire work and authority of determining and fixing such tariffs and import fees out of the hands of Congress and the State Department and the work would be done on a scientific basis which would, in effect, establish a real floor under wages—and hold firm from the standard of living of the workingmen of America, while we are assisting other nations to raise their own.

In other words, Mr. President, it would simply transform the Tariff Commission as it is now constituted into a foreign trade authority. It is a working commission. It is not a political commission. No further reorganization would be necessary.

As the competing nations raise their standard of living, credit could be given through reduced import fees, and when competitive nations had reached the approximate wage-living standard of the American workingmen, then the common objective of free and unrestricted trade would be the almost automatic result.

THE FLEXIBLE-IMPORT-FEE SYSTEM

The return to a domestic determination of tariffs, by taking them out of the field of international agreements, has two distinct advantages. The flexible-import-fee system which I have proposed as a substitute to the Trade Agreements Act incorporates these two advantages. The first is that the bill provides for the necessary flexibility for import duties that will allow for adjustments in the level of duties in accord with changing economic conditions.

Mr. President, no fixed tariff has ever been quite successful. No fixed tariff can be successful. No particular rate which is fixed can be right over a period of time, simply because the economics of the different nations are in a state of flux, just as are the economics of individuals. So the tariff may be entirely correct as of today, with all the factors taken into consideration, and in 6 months from now it might be entirely wrong, and certainly would probably be wrong before the 3-year trade agreements had run their course.

Only in this manner can we give adequate protection to the domestic industries without levying duties too high for adequate imports into the United States.

Mr. President, I would say at this point that under this system there would be no question of, and no consideration given to, matters of high tariff or low tariff. We would merely be considering the differential cost of production, due mostly to the difference between the wages and standards of living, and many other factors which enter into the question.

My bill does not provide for so-called protective tariffs in the old, accepted sense, but only for a tariff level which protects the national economy and the at-home standard of living of the American people. The adjustment in the level of tariffs will just be enough to prevent unfair competition, due to exploited foreign labor, in the domestic market. Our own home market is our basic wealth, the mainstay of our standard of living.

The second advantage of the bill is the fact that, through the elimination of the premium on low-cost foreign labor, foreign industries will no longer find it worth while to keep their workers underpaid and living under conditions of virtual serfdom. Thus, as far as foreign industrial production is aimed at export to the American market, a higher standard of living for their labor force is a desirable end, easily achieved without a change in their relative competitive position in the American market.

This factor alone will eliminate the need for the subsidization of foreign industries and the standard of living of foreign peoples, which apparently, for some years past, has been the intimate concern of the administration and an expensive item in the taxpayers' bill.

An incidental benefit resulting from the flexible-import-fee principle will be the comparative ease of administration, and the speedy relief possible for the domestic producers who find foreign imports endangering their livelihood. Under the trade-agreements program any change in the effective rates of duty had to be made with the assent of the other negotiating country and, usually, the other party retaliated by withdrawing some benefit in return.

In other words, under the Trade Agreements Act there was no escape for 3 years, except through the so-called escape clause, and the escape clause is so wound around by red tape and conditions that when attempt was made to utilize the escape clause, if such an attempt was ever made, so many other things could be done by the competitive countries under the multilateral system that it would be found not worth while to attempt it. So the escape clause has practically never been utilized. If we add this to the fact that the Trade Agreements Act was a weapon in the foreign economic policy of the administration—which was generally unwilling to grant much needed relief to domestic producers—the new system will represent a great improvement. The most important factor in the flexible-import-fee bill is the creation of an independent foreign trade authority which will administer the tariffs, similar to freight-rate determinations by the Interstate Commerce Commission. These are based on actual facts, not political aims. The emasculated Tariff Commission is thus put in its rightful place again, the real administrator of our tariffs and not a statistical research agency.

Mr. President, the latitude would be as wide as is the latitude vested in the Interstate Commerce Commission, which takes all factors into account when fixing freight rates for the carriers. The administration of the tariff would be based on a broad principle laid down by Congress as the bill itself outlines the bases of fair and reasonable competition.

I have pointed out that the 1934 Trade Agreements Act transferred the duty of the Congress to determine the tariffs to the Chief Executive, whereas the Constitution places that duty squarely upon the legislative branch. The flexible-import-fee bill gives the Congress the option to disapprove any change in duties planned by the Foreign Trade Authority. Since, however, this disapproval is a positive act, and in the case of no action by the Congress, the changes go into effect automatically within 90 days, the determination of tariffs is not again brought into the realm of logrolling. In the past, when Congress had absolute jurisdiction over the making of tariffs, much time was consumed by the legislative branch of the Government in debate over the rates to be applied on the imports of each item. The new bill, the flexible-import-fee bill, will not restore that tedious situation, but it will retain in the Congress of the United States the power and the duty that the Constitution imposes on it to fix tariffs.

In order to accomplish the purposes of the act, the Foreign Trade Authority must have the power to terminate the trade agreements in effect with foreign countries. Only in this manner can the tariffs be taken out of the field of international horse-trading. The State Department representatives have frankly said that what they have done is to make use of a horse-trading method of arriving at an agreement under the 1934 Trade Agreements Act. However, after terminating the trade agreements in accordance with the provisions for such action, the Foreign Trade Authority has the power to continue the levels of duties prevailing during the time of the effectiveness of the trade agreement.

It does not nullify any trade agreements, but at the end of the trade agreement, if it has proved beneficial, they have the full power to continue it in the same manner. Fair and reasonable competition with domestic producers will be the criterion of determining tariff levels. Consequently, the mere termination of the trade agreements does not imply wholesale increases in the tariffs on imports into the United States. Termination does serve notice on foreign countries that we have again decided to make the determination of tariffs a domestic matter, with concern for the economy, welfare, and security of our own Nation.

The enactment of this bill as a substitute for the Trade Agreements Act will finally put a stop to the most subtle and most dangerous of all the give-away programs of our Government. It will bring tariffs back to their primary mission of assuring the health of the domestic economy, the security of the Nation, and the continuing high standard of living of the

American workman. It will reduce the dependence on other forms of our national give-away programs, because no longer will foreign industries find advantage in maintaining conditions of low-cost labor. Thus we shall create abroad conditions which will lead to a better standard of living and less dependence on generous gifts from the United States. We will thus clear the way for higher efficiency and productivity, for larger capital investment, and the creation of greater wealth abroad.

AMENDMENT NO. 2 (KNOWLAND)

The No. 2 amendment, submitted by the Senator from California [Mr. KNOWLAND] relating to the suspension of agreements with any nation which discriminates against the United States through the use of quotas, taxes, embargoes, and other methods, is, of course, correct and should be made a part of any such agreements.

Certainly no nation should be allowed to continue the practice now prevalent of making a trade agreement with this Nation and deliberately violating the spirit of the agreement through cutting down or prohibiting United States exports from entering their country through manipulation of their currency for trade advantage or other discriminatory practices.

AMENDMENT NO. 3 (THOMAS)

No. 3, the Thomas of Oklahoma amendment, providing 5 percent import quotas on petroleum and petroleum products, is a shot in the dark to prevent the wrecking of a great industry in this country.

It is, of course, impossible to determine whether 5 percent is correct, or whether it should be 8 percent or 4 percent, but certainly the amendment should be attached to any such arrangement because the industry is certain to be hurt, and is being hurt at the present time, without such an amendment.

THE OIL PROBLEM

At this time the oil-producing States are closing down much of their production. The contract for supplying oil in Hawaii was taken from the California producers this year by Middle East oil, because in that area very small wages are paid. I saw every oil well in the Middle East—in Arabia, Iraq, and Iran, late in 1947. There is said to be nearly 50,000,000,000 barrels of oil blocked out in that area. If the policy of low import fees and tariffs, or no import fees and tariffs were continued with regard to petroleum, it could result in shutting down many of the coal mines and oil wells in the United States which furnish fuel some distance away from their areas, for the production of steam power and for furnaces. So the policy comes home to roost. It is here now.

AMENDMENT NO. 4 (BUTLER)

No. 4, the Butler amendment, arranging for a modification of such trade agreements when the American competitive products are injured, is another attempt to prevail upon the State Department not to bring about a real injury to American production through such trade agreements, and certainly any such trade agreements as are made should be subject to such an amendment.

AMENDMENT NO. 5 (MILLIKIN)

No. 5, the Millikin amendment, requires the Tariff Commission to determine the so-called peril point under which certain industries would be injured, and to submit their work to the President, and requires the President to notify Congress if he disregards the information furnished him by the Tariff Commission in arranging such trade agreements.

The junior Senator from Nevada is for including the peril point in the 1934 Trade Agreements Act if it is to be extended, because it serves as another warning to the Chief Executive of the injury that may come to American industry when the differential of the cost of production in the competitive countries is utterly disregarded.

The inclusion of the peril point in no way determines the actions of the President or the State Department in arranging trade agreements, and, in the opinion of the junior Senator from Nevada, will have little—if any—effect, since the selective free-trade methods adopted by the State Department and based upon the 1934 Trade Agreements Act, are the hub and the heart of the entire combined domestic economic and foreign programs. In other words, the way foreign and domestic policies are hooked up now, the foreign policy is based on the domestic economy, dividing the domestic economy with foreign nations. It is to be expected that the President will write the world a letter explaining the grandiose plans for guaranteeing American investments abroad and other programs—and send the Congress a copy of it. This is all that the peril-point amendment legally requires of the President.

THE PERIL-POINT AMENDMENT

We have heard on the floor of the Senate an impassioned plea for the inclusion of the peril-point amendment in the extension of the 1934 Trade Agreements Act.

The Extension Act, as passed by the House of Representatives, does not provide for the retention of this provision.

The peril point first appeared in the extension of the 1934 Trade Agreements Act passed in 1948. So far we have not had occasion to judge how this provision would work. The first time that the Tariff Commission was required to furnish the peril points below which a reduction of tariffs would seriously injure the domestic producers of the commodities involved, was for the negotiations which have just been concluded at Annecy, France. The results are still shrouded in secrecy. However, we have a good indication of what Annecy has accomplished, from the point of view of the State Department, in the desire of the administration to have the peril-point provision removed retroactively. It is no mere accident that the extension of the Trade Agreements Act which we are debating here provides for its extension for 3 years, but the extension is to be retroactive for 1 year. There should be no need for pointing out that there would be no advantage in making the extension of the Trade Agreements Act retroactive, if the reductions negotiated at Annecy had not exceeded the limits set by the Tariff Commission.

We have not been able to obtain any information as to what the points are which have been set. The junior Senator from Nevada wrote a letter to the Secretary of State asking for the trade agreements which had been consummated at Annecy, France. Verbal information is that they have not yet reached the State Department. We have only air mail, and it has been only a month or 6 weeks since that conference adjourned, so I presume that is a logical explanation. However, I have received no response to my letter. It has not yet been acknowledged. No report to the Congress would be required in that case. It is clear then, that the President, through the State Department, has exceeded the peril points, as determined by the Tariff Commission, and he wants to save himself the embarrassment of reporting that fact to the Congress of the United States.

This alone is almost conclusive proof that the Department of State, under the Authority of the Trade Agreements Act, will reduce and has reduced the tariffs in the past, below the point of safety for domestic producers. The protestations of the administration to the contrary, the domestic producer will be sacrificed on the altar of free trade.

From the foregoing it is clear that the Department of State has no intention of following the advice of the Tariff Commission. In the light of this the fact that the peril-point determination is merely a note of caution to the President not to reduce tariffs below the point of injury to domestic producers is not enough for full protection. Since the President merely has to report to Congress the reasons for his going below the peril points, and since there is no way of preventing his doing so, the peril-point procedure is very weak and is entirely ineffective. It will not lessen the danger to the welfare and standard of living of the American workingman from cheap foreign goods.

AMENDMENT NO. 6 (M'CARTHY)

No. 6, the McCarthy amendment, providing for fixing of quotas of furs and other fur articles, is simply an additional attempt and another guess to safeguard an industry which is considered important in certain areas of the Nation, and certainly should be included if the extension is agreed to.

AMENDMENT NO. 7 (KILGORE)

No. 7, the Kilgore amendment, excluding foreign imports of handmade glass and pottery, perhaps has considerable merit in view of the fact that apparently no attention is paid by the State Department to the differential of cost of manufacture of such handmade glass and pottery or of any other product, and it probably would be better to exclude it than to ruin the domestic industry. However, an arrangement such as the flexible-import-fee principle, to bring such products in on our level of cost would be much better.

Even if all of the amendments offered, except the flexible-import-fee principle as an outright substitute for the 3-year extension of the 1934 Trade Agreements Act, were to be accepted, there is no question in the mind of the junior Senator from Nevada that the State Department will proceed in the same manner as it has during the past 15 years and that within a relatively short time it will be necessary for the Congress of the United States to provide for a quota system—or other arbitrary arrangement—to prevent serious injury or the closing down of similar domestic industries in the United States and further widespread unemployment among the workingmen of America.

Mr. President, in my humble opinion, if the 1934 Trade Agreements Act is extended by the Congress, within a year we shall be on a quota system for many of the products necessary to our standard of living and to keep our people in business and to maintain employment and taxable property in the United States.

Mr. LANGER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. WILLIAMS in the chair). Does the Senator from Nevada yield to the Senator from North Dakota?

Mr. MALONE. I am happy to yield.

Mr. LANGER. Will the Senator give us an example of some of the articles which would thus be placed on a quota system?

Mr. MALONE. I think practically all articles would then be on a quota system, except perhaps within a year—the period of time I have mentioned—automobiles, heavy machinery, and such articles as typewriters might not be on a quota system. However, my friend Jim Rand already has taken his typewriter factories to Scotland and Canada, leaving four or five thousand unemployed persons in New York. No blame attaches to Mr. Rand, for the trade treaties made by the State Department have simply made his industry feasible in those countries, but unfeasible in the United States. In other words, such factories simply cannot remain in business in the United States because of the competition coming from abroad. The result is that the owners of the factories take their businesses abroad and establish them there, and thus furnish their own competition, so to speak.

Certainly I should think minerals, furniture, crockery, chinaware, and textiles would be under quotas. As a matter of fact, it is hard to think of any industry that could not be entirely ruined by foreign competition when the floor under wages has been lowered 50 or 60 percent. Of course it has been lowered 50 percent in the case of most products, and there was an opportunity to lower it an additional 25 percent. That opportunity was given by the Congress in an act which subsequently was signed by the President. So all duties and import fees could be lowered 75 percent. When they are lowered 75 percent, the floor under wages will have been lowered to the point where people in this country will not be able to keep their jobs. At that point the quotas will pick up.

Mr. LANGER. Mr. President, will the Senator yield at this point?

Mr. MALONE. I am happy to yield.

Mr. LANGER. No doubt the Senator is familiar with the fact that virtually all the mercury mines in the United States are now closed.

Mr. MALONE. Yes, the mercury mines are closed, and also the tungsten mines and other mines. I should like to say that we in Nevada pride ourselves with being an agricultural, livestock, mining, and industrial State. Of course, our industrial development in Nevada has come largely through the low costs available there. So our State has a well-balanced economy. But I say the Senator from North Dakota is entirely correct. For instance, today there are 4,000 copper miners unemployed in Michigan.

Eighty percent of American business, as represented in a poll of 5,000, favors the flexible-import-fee principle of equalizing world-trade factors, according to a survey which I conducted recently.

Businessmen representing more than 1,000 firms answered the poll and opposed the Trade Agreements Act of 1934 as "being unfair to American business and a threat to our high standards of living and wages."

Eighty-five percent opposed American financing of foreign competitors through the ECA, and 80 percent were opposed to any freezing or lowering of tariffs. They preferred the flexible-import-fee plan over the Trade Agreements Act, which the State Department is now trying to get extended for 3 years.

Replies from my own State of Nevada are indicative of the replies from the other States. In Nevada, out of 180 firms polled, 149, or 81 percent, were for the flexible-import-fee system. These are hard-headed, practical businessmen, not political appointees. They are the ones with whom and for whom the workingmen of America are working. If the floor under wages, which is merely the import fee or the tariff, is lowered below the point where our workingmen can keep their jobs and keep their children in school and pay their taxes and their grocery bills, then they become unemployed. That is what is happening now all over the United States.

Mr. President, a fixed tariff has never been entirely satisfactory, for the simple reason that the economics of nations, like the economics of individuals, are continually in a state of flux. So the relationship is constantly changing. Therefore, any finding in regard to the proper amount of protection for a certain industry at a certain time could be entirely wrong within 6 months or 1 year after the finding was made, and certainly after 3 years had passed. Therefore, I come back to the flexible-import-fee principle.

HISTORY OF FLEXIBLE-IMPORT-FEE PRINCIPLE

The flexible-import-fee principle is not new. It was first suggested by Congress about 1922. In 1930 Congress continued the principle and allowed the President of the United States 50 percent leeway, up or down, on the basis of a flexible principle. But almost immediately—within 4 years—the 1934 Trade Agreements Act was passed, and since then the flexible-import-fee principle has never been utilized to any great extent.

So this is not an untried principle or a principle thought of only yesterday, but it has been advocated before, although it has not been given as much latitude under a foreign-trade authority as it needed in order to demonstrate that it can work as it should work.

Mr. President, a fixed tariff is fixed, whether fixed by Congress, the Tariff Commission, or the State Department.

As indicated recently by a special writer, England has now indicated that if we do not engage in the system she advocates, she may be forced, if she cannot sell her products to us over a specified period of time, to trade with Russia, selling to Russia the products of the slave labor of the Far East. In other words, that is a threat in the nature of blackmail to force us to enter into the world of cartelization with England, who controls the sterling bloc area.

Mr. President, in the Washington Post of September 9 there appeared two significant articles which I shall read. The first one is as follows:

BRITISH ATTEMPT TO PUT TIN PRICE SQUEEZE ON UNITED STATES SEEN—SALE OF METAL TO SOVIET HINTED

(By Robert S. Allen)

Behind the imposing facade of the monetary conference there is taking place another set of Anglo-America exchanges, which are a lot more specific and even more acrimonious. They are of key importance to United States industry and defense stock piling.

They are over the question of tin, and a British plan to put a big price squeeze on the United States on this essential metal.

Hotly involved is the National Security Resources Board. Privately, NSRB officials have expressed shock at the "unmoral attitude of the British."

HINT SALE TO SOVIET

The reason is an implied threat that unless British price and tonnage demands are met she will be forced to sell her Malayan and East Indies tin to Russia.

An Anglo-American agreement bars the sale of strategic raw materials to the Soviet. Tin is specifically banned.

That Britain is not kidding is evidenced by the fact that last week all exports of tin to the United States were suspended.

Simultaneously, the Ministry of Trade issued a statement that this measure was taken "to allow time for the realinement of official policy to the new situation of a partly free New York market." Real meaning of this official verbiage was this:

That Britain intends to withhold her tin supplies until the United States agrees to British terms.

As outlined to American authorities, these terms include both fixed higher prices and appreciably larger tonnage than we have purchased in the past.

PAID $1.03 A POUND

Until 2 weeks ago, all tin used in the United States was bought through the Reconstruction Finance Corporation. It resold to commercial users. RFC paid the British a pegged price of $1.03 a pound.

When the RFC abandoned this price support and turned over tin buying to the free market, the price immediately sagged to 97 cents a pound. Traders claim that if Britain had not imposed the export ban, the price would have dropped to 65 cents. They assert this is a realistic figure in view of the huge tin supplies piled up in Malaya and the

East Indies. Prewar prices ranged around 54 cents a pound.

One charge United States officials are throwing at the British is that their price is self-defeating.

It is being pointed out that even before the export stoppage, American industries had extensively resorted to cheaper low-grade tin from Bolivia and numerous substitute materials. The argument is being made that if a free market is allowed, Britain will sell a great deal more tin.

So far, that contention has got nowhere.

The Ministry of Trade is proceeding with plans to set up a "governmental buying and selling" agency to control the price and flow of tin. Presumably, if the United States doesn't knuckle under, Britain will turn to tin-hungry Russia.

I should like to say in that connection that on the occasion of my inspection trip to the Near East, late in 1948, I found that at that moment tin was being shipped to Russia. There was no question about it. I met Sir Malcolm MacDonald at Bangkok, Siam. We had a rather pleasant visit. Of course we did not settle any questions. Mr. MacDonald is a very fine man. He was in that area for one purpose alone, namely, to reestablish the sterling bloc in trading. He was negotiating at that time with the tin producers.

Later, by arrangement, we met in Singapore, where I was inspecting after a trip to Indonesia. I talked to him there again about this situation. We had a straightforward talk. I put the question squarely to him as to what we were supposed to do in supporting the false value of the English pound sterling, and in purchasing these materials through an arrangement which resulted in giving the materials a false value, far beyond their real value based on the cost of production. Mr. MacDonald was very frank with me. He said, "We are very much afraid that your synthetic rubber, considering the cost at which you can produce it in your country, is knocking down the price of natural rubber below the cost of production in the Malayan States and in the Near East area. Therefore, our chief source of income is dwindling, and that is why we would like you to cut down on the manufacture of synthetic rubber."

I notice in the current discussions it has been suggested that we cut down our manufacture of synthetic rubber and buy more natural rubber.

On September 12, only yesterday, in the New York Times, in describing the understandings reached here in the international conference, eight understandings are mentioned as having been arrived at to a certain extent, or at least as having been discussed seriously. The second one mentioned was exactly what I have just been discussing, that—

> The United States agrees to review its stock piling program with a view to increasing purchases of tin and rubber from sterling sources and to modify Government regulations on consumption of synthetic rubber as part of a scheme "to open to natural rubber a substantial additional area of competition."

In other words, Mr. President, we are to go back to a certain extent to a time which we all remember well. I was at the time special consultant to the Senate Committee on Military Affairs, and at one time was very close to the War Production Board. At that time we could not import natural rubber. There was a certain time in that period when the submarines were sinking cargoes of natural rubber as well as other strategic and critical minerals and materials. We had no stockpiling to any great extent, and no one could say whether we would win the war or not. We could have lost the war had we not had the process of synthetic rubber production developed to the point it was. So I say, Mr. President, this suggestion should be watched, because in the humble opinion of the junior Senator from Nevada there should be no let-up in the manufacture of synthetic rubber in this country, especially since we are advised that for many purposes it can be used more efficiently than natural rubber. But that is not the only reason. It produces wealth here, taxable property. It produces employment. It produces security. That is what we really need it for.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. MALONE. I am happy to yield.

Mr. LANGER. Will the Senator tell us whether it is true that we should also have a stock piling of other critical materials? The distinguished junior Senator from Colorado [Mr. MILLIKIN] at about the close of the Eightieth Congress, made a very eloquent speech in favor of the stock piling of certain critical materials. I understand it has never been done. My inquiry of the Senator from Nevada is whether he agrees with the junior Senator from Colorado.

Mr. MALONE. Mr. President, I may say to the distinguished senior Senator from North Dakota that the Senator from Colorado was exactly right, and I thoroughly agree with him. There is soon to come out of a committee on which we serve together a bill to try to prolong the life of some of the mines producing strategic and critical materials in this country, which we think is entirely necessary for the security of the Nation. I thoroughly agree with the Senator from North Dakota and the Senator from Colorado that we should build up the stock piles.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. MALONE. I am happy to yield.

Mr. LANGER. It is my understanding the distinguished Senator from Colorado asked for $50,000,000. Am I correct in that understanding?

Mr. MILLIKIN. Mr. President, if the Senator will yield, it was, as I recall, $75,000,000 or $80,000,000. That is my memory of it.

Mr. MALONE. I think the Senator from Colorado is approximately correct. He requested about $75,000,000 or $80,000,000 for the ensuing year, to find out what it would cost to prolong the life of the mines, to keep them in production as long as it seemed necessary.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield.

Mr. MILLIKIN. I am sure it did not escape the observation of the distinguished Senator that in the hearings on the recent bill to which he is referring the administration was very careful to sever stock piling from any Federal aid to mining in this country. In other words, it seems very clear that stock piling is not to be used as a stabilizing source and, at times, as a much-needed purchasing source for our domestic minerals, but that the stock piling is to be set aside for the purchase of foreign minerals.

Mr. MALONE. Mr. President, I think the distinguished Senator from Colorado is entirely correct. I recall the incident. I recall the outline sent to us by the Department of the Interior, which was the mouthpiece for the administration in that connection. The two functions were clearly separated. Going back over the history of the purchase of strategic and critical minerals and materials, I may say it is clearly the idea of the administration to purchase such materials from foreign lower-cost sources. I think the words were used, "lower-cost sources." Of course, what is true in the case of minerals is also true in the case of textiles It is true also of clothespins. It is true of anything that can be mentioned, except, temporarily, some of the heavy machinery; but as soon as we get the heavy machinery into foreign countries, and if point 4 goes into operation, under which this Nation, through its Congress and through its Treasury, will guarantee the investment of the businessman who wishes to install efficient American machinery with which to operate industries in foreign countries, Europe, Asia, Africa, and South America, then there will no longer be an advantage resulting from the use of efficient machinery and from the know-how that we have enjoyed up to date in certain industries, but which we do not happen to enjoy even at this time in many industries, so they can undersell us and put any of our industries out of commission almost at will.

DEVELOPMENT OF LATIN-AMERICAN RESOURCES NEEDED

At this point I digress to mention that many authorities believe, and I myself believe, that while of course we should not discontinue purchases in the Far East, or wherever we can get strategic and critical minerals and materials, we should pay more attention to South America, where we should pay particular attention to the difference in wages and costs of production as between South America and the Far East. In the Far East it is virtually a matter of slave labor. I suppose nearly everyone understands the workers in the Far East do not receive real wages. If we would weigh the situation as between South America and the Far East in the matter of production, we could develop the sources of raw materials. We formerly obtained rubber and tin. We get some poor grade tin now, though the best grade goes to the English reduction plants. We get the lower grade tin from Bolivia, which comes into the Texas plant. That is another subject, which I shall not go into now, but even in that case we do not get an even break.

If we were to bend our efforts to develop the strategic and critical materials and minerals of South America and throughout the Western Hemisphere, it is generally conceded by authorities that we could become self-sufficient in the

Western Hemisphere. That is not to say that we should purchase everything in the Western Hemisphere any more than it is to say that we should purchase everything in the United States, but it is to say that we should protect the industries of this country through the principle which I have described, in an automatic way, to keep our industries in business. Then competition can be kept on our level of costs. Purchasing strategic and critical materials and minerals from South America is something like a stand-by power plant. Whenever we lose a tranmission line because of lightning striking it, we turn the switch and the power is on the line. If war should come, we would then almost immediately become self-supporting and self-sufficient in the production of these materials in the Western Hemisphere.

I have not seen any well-known generals or authorities in the military sphere who would say we could not protect the Western Hemisphere if we were self-sufficient in the production of the things we need.

Mr. President, while I am speaking about this release, let me say there are eight of these particular provisions. The international conference has just been completed. I think it had two points of significance. One was that they discussed how to make the sterling empire self-supporting and how to hold up the false value of the pound sterling. The other point was to obscure the importance of what was going on on the Senate floor, as I have said before.

I read from the New York Times article:

Sir Stafford Cripps, British Chancelor of the Exchequer, tolds a news conference, after having issued a communiqué on the ministers' conference, that "we feel that we have brought our reserve position into a manageable condition." He thereby served notice that, as far as he was concerned, the question of devaluation of the pound sterling was entirely academic, at least for the foreseeable future.

A concession must have been made to make him believe that he could hold the pound sterling in a manageable condition.

I read further:

When asked later whether bringing the British reserve position into a manageable condition meant that the drain on gold and dollar holdings would now be halted, Sir Stafford said he meant exactly that.

So something must have been promised to take the place of the additional money they thought it would require to hold that false value.

No. 1 of the eight provisions is that Great Britain will get permission to use Marshall-plan dollars to buy a wide range of commodities outside the United States, and particularly to purchase wheat and flour in Canada, which heretofore have been purchased in this country.

Mr. KEM. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. KEM. I should like to ask the Senator just how that can be accomplished under the Marshall plan. As I understand, products which are produced in the United States and are in surplus supply here must be purchased with funds made available under the Marshall plan in the United States. In the case of wheat, it is going into Government storage in this country at a very rapid rate. It certainly is in surplus now under any accepted definition of that term of which I have ever heard. How is it possible to use Marshall-plan money for the purpose of purchasing Canadian wheat under those circumstances? Can the Senator elucidate that for us?

Mr. MALONE. Mr. President, I would say to the distinguished Senator from Missouri that it has been a mystery to me, so far, how practically all the provisions of the trade pacts have been disregarded when occasion arose.

Mr. KEM. Mr. President, will the Senator yield further?

Mr. MALONE. I yield.

Mr. KEM. As the Senator from Nevada knows, last year a very considerable amount of Canadian wheat was purchased with Marshall plan funds, and the explanation given was that there was a glut in the American ports and it was impossible to move American wheat through American ports. No explanation was given as to why it was not possible to move American wheat through Canadian ports. At any rate, that was the explanation given. Is it possible for the conferees to anticipate a similar glut in American ports this year, in months to come, so that the same reason can be given as a justification for the purchase of Canadian wheat with Marshall-plan dollars?

Mr. MALONE. Mr. President, in answer to the Senator from Missouri, I would say that the record of all the agreements we have made with England and other Marshall-plan countries, particularly with Great Britain, indicates that whenever there was a reason for disregarding the terms of the agreement, some way was found to disregard them. It has been a mystery to me how it was done, legally. There was a conversation held with the State Department, and then the news went out over the country that it was necessary for England to have this concession, and then the State Department would give England the concession, through some method which has never been questioned by the Congress of the United States.

I think the Senator is entirely familiar with all the amendments which were offered. I think the distinguished Senator from Missouri offered one of the most vital amendments to the ECA bill. The amendment was not adopted, and if it had been adopted, with the record that the State Department has made, it probably would not be effective if Great Britain had really made a point of it.

It is well known, I think, as the distinguished Senator has said, that wheat was purchased in Canada. As a matter of fact, I went to Toronto to address a mining organization late in 1947, and I chided them somewhat on the fact that they were just waiting for the Marshall-plan bill to pass so that England could get the cash to buy wheat. They did expect that, and it did happen, whatever subterfuge was used to bring it about.

But I point out particularly that this wheat arrangement does not mean only the purchase of wheat from Canada, but the purchase of any commodity, any place. The Marshall plan, it will be remembered, was for two specific things: To feed hungry people and build up industry in Europe, and to stop communism. We fed hungry people. We had fed them up to that time. Then we built up industry, presumably, through this method. I had in mind a method which I thought might have worked better, that of loaning money through the World Bank to private industry, as RFC loans money to our own private industry when it is in difficulty. My method did not prevail. We helped to build up foreign industries. When I was in London, in 1947, I talked to Sir Stafford Cripps and learned that England was pretty well recovered at that time on the industrial index, so that she was not badly off. But there has never been a question from the beginning, if we could trace the actions of the State Department, that no matter what the provision might be, England was allowed to purchase wherever necessary or wherever she made representations to the State Department that it was necessary.

The argument has been made that the appropriation of Marshall-plan money would establish markets for American workingmen and for the industry of America. They have established industry primarily, and now they are producing more than they can themselves consume, and there is no place in which to sell the products. They will not allow it to be sold to each other. Now they come to us to reverse their procedure to get free access to the American market. It is a one-way street. This is merely an illustration that they are not going to buy surplus Americar wheat or any other surplus American product when the time comes. They will buy inside their sterling-bloc area, and that is exactly what has happened all the way through.

2. The United States agrees to review its stock-piling program with a view to increasing purchases of tin and rubber from sterling sources and to modify Government regulations on consumption of synthetic rubber as part of a scheme to open to natural rubber a substantial additional area of competition.

We have already discussed that part of it. Exactly the same thing is happening again, I may say to the distinguished Senator from Missouri.

3. The United States agrees to take constructive steps through administrative action and proposed legislation to modify customs procedures to make them less a barrier to trade and to make further reciprocal tariff cuts because high tariffs are clearly inconsistent with the position of creditor nations.

Mr. SALTONSTALL. Mr. President, I should like to ask the Senator from Nevada if it would be agreeable if I should ask unanimous consent to suggest the absence of a quorum without his losing the floor.

Mr. MALONE. I ask unanimous consent that I may not lose the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. SALTONSTALL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that I may withdraw my request for a quorum call.

The PRESIDING OFFICER (Mr. ECTON in the chair). Without objection, the request is withdrawn, and the order for the calling of the roll is rescinded.

LOWERED TARIFFS AND UNEMPLOYMENT

Mr. MALONE. Mr. President, propaganda is going out over the Nation that we still have high tariffs, but all our tariffs are lower than at any time since 1914, when the Underwood tariff law was enacted. They are far below any differential between the cost of production and the standard of living here in the United States and the cost of production and standard of living in competitive nations. Therefore we have lowered the floor under wages to such a point that tariffs are no longer effective, and as the buyer's market takes over, there will be more and more unemployment. There will be caused what are called depressed areas, and we will send money appropriated by the Congress into the depressed areas, like those where the 4,000 copper miners are out of work in Michigan, and where the pottery workers are unemployed in Ohio, and the areas where other workers are unemployed, as in the case of the textile workers in New England. There will be an opportunity for the administration to ask for large appropriations of money to combat unemployment. Tariff cutting is a two-edged thing. We are presumably trying to help a friendly nation at the expense of our own workingmen.

There is no such thing left as a high tariff. Every tariff rate has been cut down to a point where it is ineffective. This is the advantage of the flexible import fee amendment which the junior Senator from Nevada is offering as a substitute for the 1934 Trade Agreements Act. The question of a high or low tariff is not considered.

I read further from the communiqué:

4. Great Britain is encouraged to go ahead with plans to liberalize her trade with countries where she has no balance-of-payments difficulties, but British import regulations would be subject to continuing review in the light of nondiscrimination principles of the Anglo-American loan agreement and the corresponding arrangement with Canada.

If anyone can understand that, it will take him some time. I do not clearly understand it. It seems to me, it is a continuation of the first paragraph, so that the British may disregard the provision in the ECA Act, on the one hand, and sell to any nation they care to, which includes Canada, on the other.

POINT 4

I read further:

5. A tripartite working committee will explore methods of inducing public and private investment from North America to overseas areas and the President's committee for financing foreign trade will be asked to consider incentives to this end.

That clearly has reference to point 4, under which the Congress of the United States will be asked for appropriations to guarantee the investments of our businessmen abroad. I have already covered that situation, but I want to say again that, instead of guaranteeing investment abroad of our businessmen who go into areas where the danger of nationalization and confiscation and all other kinds of chicanery exists, a little simple honesty on the part of governments wishing investments to be made in their countries would be a good substitute for a great deal of money appropriated by the Congress of the United States. Guaranties are not needed if we can get the interest or the profit out of the country which proposes that we invest money in it; if we can make a profit on the business or the investment abroad, if the government of the foreign country does not change its mind and places additional restrictions upon the operation of business. If we can get our money out of the foreign country no guaranties are necessary. But I admit that under the systems being used by England and some other nations, of slowly closing in like a boa constrictor on the business of the country, a far-reaching guaranty would be necessary before anyone, including their own people, will make such investments.

Mr. President, I say again as I said in March 1948, England and France and many other European nations have run more of their own people's money underground by the methods followed by their governments, by threatened confiscation and nationalization, than they are asking for and receiving under the Marshall plan. That money will not be invested in those countries. The people of those countries want to invest in the United States the money which has been run into the ground. Much of it is coming to the United States. Much of it went to South Africa. When I was in South Africa late in 1948, I, and those who were with me, were told that capital was leaving England and going to South Africa and to other nations where the threat of confiscation was less than it was in their own country.

Mr. President, listen to this. I am reading further from the newspaper article:

6. Similar tripartite working groups are to make detailed studies of petroleum production, refining and geographical distribution, and of world shipping, with a view to Britain's earning dollar income from these sources. These studies would recognize "protection of legitimate interests of the major producing countries and companies."

UNITED STATES LOSING OIL MARKETS

Mr. President, that is merely another method of cutting the United States out of foreign markets and enterprises. I happened to visit Arabia, where the thousand-mile proposed pipe line will run into Palestine and to the Mediterranean. It will run from the Gulf of Arabia to the Mediterranean. When that line is completed probably several refineries will also be completed in Arabia and in nearby countries. Then the European countries will not only be self-sufficient but the world supply of oil will be increased. England can sell oil to the Argentine. England can sell oil to the United States. Even now that is resulting in a reduction in the oil production in the oil-producing areas of the United States.

Mr. McCARTHY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. ECTON in the chair). Does the Senator from Nevada yield to the Senator from Wisconsin?

Mr. MALONE. I yield.

MIGRATION OF UNITED STATES INDUSTRIES

Mr. McCARTHY. I should like to have the Senator's thought on a matter which I shall present to him. This morning I had a contact from one of the largest producers of heavy machinery in my State. He was very seriously interested in that phase of the "bold new plan" which the Senator from Nevada has discussed and which is in effect an invitation to transfer a part of his operations to some European country with a profit guaranteed. His idea was that instead of manufacturing material here and shipping it to Europe, he would ship his plants to Europe. He wanted to find out the extent of the guaranties which would be made in such event, and the effect, not only of the reciprocal trade agreements as they are being negotiated, but also the effect of the Senator's amendment on such an operation. I should like to have the Senator's thought on that point.

Mr. MALONE. I should say that the effect of the amendment offered by the junior Senator from Nevada would not prevent any fair competition from his factory in England or France or in China or wherever he happened to locate it. But it would prevent what is now happening, in my humble opinion: That is backing such producers, such manufacturers and processors with American money, appropriated by the Congress of the United States, and guaranteeing their investment, not only to the point of furnishing the market where they are located in the foreign country, but of selling their product back into this country through free-trade channels, past our low tariffs. I should hate to disappoint the gentleman, but the amendment, or substitute offered by the junior Senator from Nevada for the 1934 Trade Agreements Act, which, as now administered by the State Department, is nothing more nor less than a free-trade act, would prevent unfair competition. In other words, the amendment would place foreign business on a fair competitive basis to meet the competition in America, so that workers would not be thrown out of work here.

Some people say, "Well, it is impossible to determine what the cost is in the foreign countries." It is not necessary to determine foreign costs. We take the declared value at the customs, and we take the offered-for-sale price. This is all that is necessary for the Foreign Trade Authority to fix a fair and competitive basis for trade, to set the import fee, and thus form a market for the goods of all foreign nations on a basis of fair and reasonable competition. That is exactly what I think should be done.

Mr. McCARTHY. Mr. President, will the Senator again yield?

Mr. MALONE. I yield.

Mr. McCARTHY. This individual is a manufacturer of heavy machinery. He

sells much of it in the United States. A part of it he ships to other areas of the world. The current plan of this manufacturer, which has progressed to a great extent, even to the point of purchasing land on which to build a factory, is as follows: He says in effect, "I can transfer my operations to a low-labor-cost area of the world." He is disturbed, though I do not think he should be disturbed, because he believes he is paying his labor too much. He says, "I can transfer my operations to a low-labor-cost area in the world and can be guaranteed a profit under the bold new plan. I can then produce the machinery over there and ship it back here so that I can have much better chance to meet the competition of those who are manufacturing in this country."

That seems to be the general purpose, I gather, of the bold new plan. It is to induce the manufacturer to move his plant to low-cost areas of the world.

My question is this: To what extent would the Senator's amendment, or substitute, call it what you may, affect that type of proposed operation?

Mr. MALONE. Mr. President, I say it would put him right in line with fair and reasonable competition. In other words, he might just as well leave his factory here.

Mr. FREAR. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. FREAR. I do not know that I quite understood the remarks of the distinguished Senator from Nevada as to the cost to foreign competition within the United States. Did I gather that the Senator means the cost of the goods laid down on our shores in direct competition to cost of American- or domestic-made products?

Mr. MALONE. I will say in answer to the junior Senator from Delaware that it would not be necessary to go to Europe, Asia, or Africa to determine what the costs are, because there would be a declared value at the customs. There would also be an offered-for-sale value. The Foreign Trade Authority, presently known as the Tariff Commission, but which would be renamed the Foreign Trade Authority under the terms of my substitute, would know the offered-for-sale price, which would govern.

My amendment would do two other things in connection with establishing a standard of fair and reasonable competition. The junior Senator from Delaware knows that the governments which control their people through the social welfare state practice bulk buying. Bulk buying simply means that the government itself goes into the market and buys large quantities of material, such as Argentine beef. England has purchased large amounts of Argentine beef, and is really the broker for a large part of the sterling-bloc area. It practices bulk buying. Then it goes into another nation, such as our Nation, which has dollars which the other government wants, and sells below actual cost in sterling, which is overvalued anyway. It gets dollars and sells the dollars at a premium in some other nation, or even in its own nation, and not only makes up the difference, but makes a profit. My amendment would automatically take care of that particular transaction, because the minute a product is offered for sale at a reduced price the flexible import fee is raised to meet it.

CURRENCY MANIPULATION

There is another thing which I should like to explain, because I think the Senator from Delaware is sincerely interested. Currencies are frequently manipulated. As an example there is a $4.03 pound. Many of us would like to have a British pound in our pocket in place of $2.10, or perhaps we would even take it for $2.50. But we certainly would not like to be caught with very many English pounds sterling costing $4.03. That is the reason why everyone sheds all his money before he crosses a state line in Europe. He gets rid of the money, because it is of no value to him after he leaves the country. My amendment would take care of the devaluation of currency.

There is a very clever process going on in this country, with respect to which we are fed propaganda. I once heard the remark made that someone in an international conference had wondered whether, in the interim between one request for money or goods of this country and the following request, it was necessary to keep us artificially alarmed so that we would not let down, and perhaps not appropriate the proper amount of money when they came for the next slice.

At this time we are being fed the propaganda that Sir Stafford Cripps is against devaluation. We were putting a little pressure on him to devalue the pound. I will say to my friend from Delaware that the exact opposite is true. The British will have to devalue. There should be no question about it. The British pound sterling is valued at $4.03, which is 90 cents more than it is worth. So they make 90 cents on every pound transaction. Let the pound find its proper level. There should be complete interchangeability of currencies. That is the answer to the dollar shortage.

When the British get ready to devalue the pound, which will be very soon—probably in 60 or 90 days—we shall see the pound go down to a fixed value of $3 or $3.25, or 20 or 25 percent less than it is now valued, but still a dollar more than it is really worth; and they will come in with their cheaper goods under any trade agreement with the United States made in the past 14 years. International agencies are now advising foreign nations to devalue their currencies. The result: easier access to our markets.

The flexible import fee would take care of that. In other words, when the British devalue their currency and push wages down—which is what it amounts to in England and other places in the sterling area—to bring goods in under our level of costs, the Foreign Trade Authority can call a hearing almost immediately and take that into account in setting a new import fee.

Those two are among the tricks that beat us to death, economically.

Mr. FREAR. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. FREAR. I appreciate the remarks of the distinguished Senator. I know that he has made a thorough study of this subject over many years. I should like to ask a further question. With respect to the declared sales price on entrance into the United States of a particular item, how would the difference in manufacturing costs as between France and England, for example, be handled? When the goods reach our shores, they may have different sale prices.

Mr. MALONE. I think it would make very little difference. Our Foreign Trade Authority would establish one tariff or import fee to represent that differential of cost. The Authority would be dealing with our chief competitor.

Mr. FREAR. I thank the Senator.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

RAISING THE STANDARD OF LIVING ABROAD

Mr. McCARTHY. The other night I heard the Senator on a radio program. He discussed—but not in great detail—a point in which I am very much interested. He stated that his plan would serve to improve living standards in the low-wage areas of the world, to a greater extent than would the so-called bold, new plan or the reciprocal trade plan as at present administered. I wonder if the Senator would develop that point a little further than he did on the radio the other night.

Mr. MALONE. I shall be very glad to do so. It is my humble opinion that about the second time England, France, the Netherlands, or some other country lowered the price of its money following our Government's pressure and manipulated its currency value, or engaged in bulk buying of goods to be sent here to come in under the low tariff established by trade agreements, and ran into an increased flexible import fee which made up the difference, it would realize that every avenue of invasion of our markets was shut off. There would be no way in which the goods could be sent into the United States to undersell our producers. Foreign governments would think it over, and would conclude that they might just as well pay higher wages to their own workingmen as to have our consumers pay the money into the United States Treasury.

Therefore I believe that the result would be an almost immediate rise in the living standards of foreign countries, even in the Middle East. The Dutch have kept the little Indonesians barelegged and hungry for 300 years. They work almost without wages. But if the difference in the cost of production were paid into the United States Treasury, then I think the invitation to a manufacturer to locate abroad, where wages are 25 or 30 cents a day, would be eliminated, because the manufacturer would have to compete in price with someone located where he is now located. I believe that the effect would be an almost immediate rise in the standard of living in every nation in the world. France and England have exploited low-cost labor and slave labor for centuries. The Netherlands has done so for three centuries. I think it would be history very

soon. When foreign nations compete among themselves, they have their embargoes, quotas, and manipulation of currency.

My first trip to Europe since World War I was in 1947. It is difficult to realize that the nations about which we read are within a couple of days' travel by automobile. They are small; and yet have all the financial fighting machinery possessed by great nations.

So in answer to the Senator from Wisconsin I should say that instead of offering an incentive for other nations to lower their labor costs, we are offering an incentive to raise wages. When the incentive is to do what we would like them to do, we are beginning to work together.

Mr. McCARTHY. Mr. President, will the Senator further yield?

Mr. MALONE. I yield.

Mr. McCARTHY. Then, I take it it can be correctly stated that the Senator is actually for free world trade, but he wants to arrive at it in such a manner as not to wreck the industry of any of the nations of the world while we are arriving at that objective. I understand the Senator takes the position that under his plan, if and when all the nations of the world increase their standard of living sufficiently, we shall have free trade over the entire world.

Mr. MALONE. That is the objective. It is the objective of every person with whom I have ever discussed the question. I have discussed it with most of the rulers of the world. It has been my good fortune to visit most of them. It is our objective to bring them up to our level, and not to go down to theirs.

Mr. McCARTHY. Does the Senator think it would be proper to refer to him as a free-trader?

Mr. MALONE. I think so. I think I can be referred to as a free-trader, "if and when"; but I am not in favor of knocking the floor out from under wages and making the copper miners of Michigan, the textile workers of New England, the crockery and china workers of Ohio, and the lumber workers in various States, work for lower wages in order to keep working, for certainly there comes a time—and it has been reached in most of the areas I have just mentioned—when wages go down to the point where workers are unable to keep their families in a respectable style or pay their taxes or send their children to school; and when that situation develops, our whole economic structure is wrecked.

RAISING FOREIGN LIVING STANDARDS

Mr. McCARTHY. There is one phase of the Senator's plan about which I wonder. I gather that his position is, roughly, that when nation X pays substantially sufficient wages to provide a standard of living comparable to what workers of the United States have, there will be free trade between that nation and the United States. How will the Senator make allowance for the much lower efficiency of the workers in other parts of the world?

Mr. MALONE. I believe there would be very little to be desired in that connection, because immediately there would be no reason for the empire-minded nations to hold down labor's wages; and I think it would begin to adjust itself as we went along. There would be only one tariff or import fee; at least, that is what I would contemplate. Naturally, it would not fit every nation at the same time. But over the years—almost immediately, in my opinion—it would keep unfair competition from knocking the floor from underneath wages in the United States. Then the other nations would do just what we do; in other words, they would take care of their own standards of living, and would protect them—at least, I hope they would—from other standards of living which were lower than theirs. They would hold up their own standards of living, and it would be to their interest to raise lower standards of living which existed elsewhere, rather than to lower their own standards of living and their own wage levels, in comparison with third nations.

As I have said, the sixth point, as listed in the New York Times article, is:

6. Similar tripartite working groups are to make detailed studies of petroleum production, refining, and geographical distribution, and of world shipping, with a view to Britain's earning dollar income from these sources. These studies would recognize "protection of legitimate interests of the major producing countries and companies."

In other words, I interpret the sixth point as the statement of an attempt to assist Great Britain to recover her former world domination in the shipping industry, just for the sake of dollar income. Also, today, Britain is producing oil in the Middle East, using ECA money, and she is trading the oil to Argentina for meat and other products that Britain needs; and in that trade Britain is acting as broker among the sterling-bloc nations.

BRITISH WAR DEBTS

The seventh point:

7. British sterling balances amounting to $13,500,000,000 at the close of 1948 are recognized as a continuing claim on British home production that might otherwise be earning dollars. What can be done to alleviate this condition is left for further study.

We have what might be called blocked dollars; we have a $250,000,000,000 debt. I did not hear anyone refer to it in an attempt to see what could be done to enable us to pay the interest—the retirement—on that debt. Mr. President, it seems to me that the $13,500,000,000, no doubt, is figured on a basis of $4.03 for the British pound. At $2.10 it would amount to about $9,000,000,000; $9,000,000,000 is about one twenty-fifth of our national debt. I have not heard any mention of a means to make our domestic debt a little easier on the American taxpayers.

I wish to say here and now that I have had an opportunity to go about this country during the last 4 or 5 months. Sixty percent of the people of the United States today—including the textile workers, the miners, the crockery workers, and the farmers—are not getting along very well. Sometimes we in Congress may get a little used to these air-conditioned offices and nice carpets on the floor and plenty to eat, so that we think everyone in the United States is getting along well. But, Mr. President, that is not the case. There are many people in this country who are in a bad way today, and the situation is getting worse, not better.

We have eight of these proposals, practically all of them headed toward taking more markets away from the people of the United States, thus lowering their standard of living and their wage standards. There are thousands of businesses in the United States. Most Senators have conducted a business themselves at one time or another. There never was anything wrong with a business except a lack of markets. Whether a man be an attorney, an engineer, or engaged in selling groceries, if he has an adequate market for the goods and services he has to sell, he gets along all right.

But today, with our $250,000,000,000 debt and a $2,000,000,000 deficit last year and a deficit of $5,000,000,000 or $6,000,000,000 or $7,000,000,000 this year, and with 60 percent of our people not getting along very well, we are planning a further division of our markets, the basis of our income, and the source of our wealth.

Mr. President, a man receiving $10,000 a year perhaps can give the Red Cross $500, although he may think he is overassessed. Nevertheless, he probably will have $500 to give. But if he divides his $10,000 income among 57 other people, he no longer will have $500 to give to the Red Cross or to spend in any other way. The latter situation is comparable to the situation of the United States today.

SECRECY OF ANNECY AGREEMENTS ONLY ONE CASE OF MANY

The eighth point is as follows:

8. Continuing consultation among the three Governments supplementing the usual channels of communication on separate aspects of the long-term problem of dollar-sterling disequilibrium is provided. This arrangement would not be permitted to encroach upon or detract from existing organs of international economic collaboration.

Undoubtedly we have set up a new channel for the making of these arrangements. The Senate of the United States will not be consulted; those who make the agreements will not confide in the Senate. Instead, these channels are set up in a rather extracurricular way, so that when a Senator of the United States writes to the Secretary of State, as I did nearly a week ago, asking a very respectful and very reasonable question about the 133 new agreements which were made at Annecy, France, he receives no information whatever. Of course, Mr. President, as we know, 34 nations participated in the negotiations at Annecy, France. They were more or less paired off. The United States was involved in perhaps 12, 15, 20, or more pairs with other nations; and in that connection the duties or tariffs on hundreds of products were considered for reduction. I was interested in the results so I wrote a letter to the Secretary of State. The letter has not yet been acknowledged; but verbally we have been told that the new agreements are not available to the Senate at this time because they have not yet arrived from Annecy, France. It

has only been several weeks now since they were made.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. MALONE. I shall be happy to yield to the Senator from Wisconsin.

Mr. McCARTHY. Mr. President, I should like to say to the Senator I must leave the floor, but I shall read his remarks very carefully. I think his theory is certainly sound. I shall be very eager to read his remarks carefully, to see how in actual practice the theory, according to the Senator, works out. Whether I shall vote for the Senator's amendment or not, I do not know. That will depend upon whether I can see that the theory will work out in actual practice. As I say, I must leave the floor. I do not want the Senator to think I am doing so through any lack of interest in his remarks. I shall go over them very carefully in the RECORD.

Mr. MALONE. Mr. President, let us consider the long-term dollar-sterling problem, the matter of equilibrium. Let us see what it amounts to.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield to the distinguished Senator from Colorado.

Mr. MILLIKIN. The Senator's difficulty in trying to get copies of all the agreements to which he has referred is not a novel experience. The difficulty is not confined to the distinguished Senator from Nevada. The Senator will remember the State Department was advertising rather extensively the fact that it was protesting the British-Argentine bilateral agreement. I tried to get a copy of the agreement. I never succeeded in getting it. I was told it was not available, though at that very time the State Department was issuing releases to the press stating they were protesting the agreement. In other words, taking their own language literally, they were protesting something which they knew nothing about.

Mr. MALONE. Mr. President, I may say to the distinguished Senator from Colorado I am sure it was not a novel experience, but I am also sure, at least from the standpoint of the junior Senator from Nevada, that the Senate ought to do something about it. If the Senate of the United States cannot be trusted to inspect trade treaties that have been made, and which threaten the standard of living in this country, something certainly should be done about it.

While on that subject, let me say that in March of this year I asked my administrative assistant to obtain for me a list and copies, if possible, of the trade treaties which had been made by European countries, the 16 ECA nations, with Russia and nations behind the iron curtain. He was not told they did not have such treaties, but he was brushed off with the information that the treaties were so widely scattered it would be hard to find them; that they were very busy, and five or six other excuses were given. Finally, one morning, I picked up the telephone and asked two or three pointed questions. I asked the man in the State Department with whom I talked whether he could have the treaties in my office the next morning. He told me he thought he could; and he did have them. He had 88 of them at my office the next morning, but, as I recall, he would leave only about 41 or 42 of the treaties. Three of them were confidential. Others were so confidential that he held them in his hand while I looked at them. The others of the 88 treaties were so confidential they could not be left in the possession of a Senator of the United States.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield.

Mr. DONNELL. Is the Senator informed as to the theory on which a treaty, once it has been entered into between this country and another country, is not a document as to which every citizen of the United States is entitled to full knowledge and full access? After a treaty has been entered into—I am not talking about preliminary negotiations, but after the treaty has been entered into, a solemn contractual obligation between this Nation, composed of 140,000,000 people, and another nation—does the Senator know of any reason why the people of this country and their Representatives and Senators are not entitled to see that document?

Mr. MALONE. I think they certainly are entitled to see it. But these treaties, the Senator will understand, were not treaties between the United States of America and other nations. They were made by ECA countries, the 16 European nations, with Russia and the countries behind the iron curtain. Eighty-eight such treaties were made. The gentleman from the State Department would leave only the ones I have described. About 20 percent or more of them were in foreign languages. It was like pulling teeth even to get an opportunity to see the trade treaties when, in the humble opinion of the junior Senator from Nevada—and I believe from the question asked, the distinguished Senator from Missouri will agree with him—those treaties not only should have been available to every Senator and Representative, but they should have been available to the public. They should be printed and published.

Mr. DONNELL. Mr. President, will the Senator yield for a further question.

Mr. MALONE. I am very happy to yield.

Mr. DONNELL. I had only stepped into the Chamber a few moments ago, and I did not understand the Senator was talking about treaties between other countries. I ask the Senator whether he knows of any reason in principle why a document belonging to the United States Government, though it be an agreement between other countries, should not be available to any responsible citizen, certainly to any member of one of the branches of Government of the United States?

Mr. MALONE. Mr. President, I see no reason why it should not be available. As a matter of fact I see many reasons why it should be available. At that moment we were being asked to vote upon a further installment of $5,500,000,000, practically, of Marshall-plan money, now called ECA, for the member nations. I could see some justification for a trade treaty between Sweden or England or France and Russia or Czechoslovakia, or some other country, being withheld, except that when the ECA countries are in our budget, then any trade treaty they make promising to send materials—which they did—to other nations, should certainly be available to the Senate of the United States, when it was at that very time being asked to vote another installment. The CONGRESSIONAL RECORD at that time shows a list of the 88 treaties. I presume several other treaties of similar nature have been made since, because it will be recalled Argentina made a bilateral treaty with Great Britain, and there was another agreement between Russia and Great Britain, that is, an agreement made by England, directly, calling for a large amount of supplies of grains and various foodstuffs, in return for which England was sending machinery, including, evidently all kinds of machinery for, according to the treaty I was able to see, it covered ball bearings, tool steel, locomotives, everything necessary to consolidate the gains of Russia and the nations behind the iron curtain, so far as it was possible to furnish them. I think the junior Senator from Nevada called attention that at the time we were sending the raw materials we were also sending the money to install the plants for manufacturing the equipment, which was to be forwarded directly to countries behind the iron curtain. I think I characterized it as manufacturing in transit. That was done at a time when we were telling our people we were not shipping anything to Russia of a nature that could be used by Russia in wartime.

I may say further to the distinguished Senator from Missouri, that something else was going on. I was fortunate enough to visit a good many of these nations, for example, India, where I had a conference lasting several hours with Mr. Nehru. He is a very keen person. He has a great following in his nation. He is a student who is trying to work out something beneficial for his people. We went into this matter very carefully. He seemed to be very willing to discuss it. I know he thought we should be able to deal with each other directly, instead of in the sort of left-handed manner we are following.

Coming to the next item, No. 7, the 13,500,000,000 pounds——

Mr. DONNELL. Mr. President, will the Senator yield further?

Mr. MALONE. I am happy to yield.

Mr. DONNELL. Will the Senator be kind enough to tell us when he was making the request for these various treaties, was the consideration of the North Atlantic Treaty then projected? Was it then being considered, perhaps not officially on the question of ratification, but was it being considered generally by the Senate of the United States at the time the Senator was making this inquiry about the treaties?

Mr. MALONE. The North Atlantic Pact was in the offing. They knew it was coming, but, of course, they denied it all the time, officially. But we officially discussed ECA, the extension of the Marshall plan, at the time the junior Senator from Nevada officially requested the list of such treaties.

Mr. DONNELL. Mr. President, will the senator yield for another question?

Mr. MALONE. I yield.

Mr. DONNELL. Had the printed copy of the proposed North Atlantic Treaty been circulated at the time the Senator was making these inquiries?

Mr. MALONE. I think not. I cannot be certain about it, but at least it had not been generally circulated at the time.

I may say to the distinguished Senator from Missouri and to the Senate that there was another thing which perturbed me greatly in the conference which I had with Mr. Nehru. It was not an uncommon occurrence; I had the same kind of conferences with heads of other nations. At that time Mr. Nehru told me he had a credit of 700,000,000 or 800,000,000 pounds sterling and that he had furnished material to Great Britain and had received credit, but very little pay. This was bloc credit, allowing him to trade approximately 10 percent a year, which would be seventy or eighty million pounds. But, in addition to that, England gave India 15,000,000 pounds in United States dollars, which was nothing more or less than bait to keep him on the sterling-bloc hook. Great Britain owes many nations much money, and that is what seems to be holding them in the sterling bloc. They are trying to hold up the pound sterling. I suggested that I thought they could afford to write it all off, start anew, and deal directly with any nation with which they wanted to deal, so that there would not be a false value.

I wrote a letter to the United States Treasury. I did not keep very good books on my trip. I heard a great deal of information, but I did not think I had to write it all down in order to remember it. I thought all I had to do was to go to the United States Treasury and ascertain the amount of dollars owed to the sterling-bloc countries and the amount of dollars the Bank of England would put out to those various countries. I was in for a very great surprise. I have in my office the letter which I received from the Treasury Department. I thought that if we were going to appropriate money, we had a right to know where it was going. I had no other motive than to ascertain what would become of the ECA dollars. I knew there were 57 or 58 nations in the bloc and they would require a great deal of money. The answer which I received thanked me for the information and for my confidence. I have not found out anything about it yet.

We have been given the figures of eight and a half to ten million persons partially unemployed. Twenty to 25 percent of our personnel is either unemployed or partially unemployed. We are going in debt at the rate of $2,000,000,000 last year and it will probably be $5,000,000,000 or $6,000,000,000 this year. Yet, we take over everyone's burdens.

Mr. President, I have here a dispatch from the Washington Post which goes into some detail. It is headed "British turn east in economic crisis." During this economic crisis the British are hoping for more trade with the iron curtain countries, hoping to do $1,000,000,000 trade with them in the coming year. Trade-pact negotiations are going on with Russia, Yugoslavia, Hungary, and Czechoslovakia. The total trade would amount to 6 percent of Britain's foreign trade. New trade agreements would provide food and raw materials for Britain in return for machinery and capital equipment. The two-way total of Anglo-Russian trade in 1948 was $320,000,000.

The dispatch says that talk of devaluation to try to encourage trade was heard on several continents.

Mr. President, I ask unanimous consent to have this dispatch from the Washington Post, dated July 10, 1949, printed at this point in the RECORD.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

BRITISH TURN EAST IN ECONOMIC CRISIS

LONDON, July 9.—Britain hopes to do about $1,000,000,000 worth of business with Soviet Russia and three other Communist nations in the next year in her effort to get out of the hole economically.

Officials in Britain's treasury and board of trade agreed today the current dollar crisis gives new significance to trade-pact talks now going on with Russia, Yugoslavia, Hungary, and Czechoslovakia.

The $1,000,000,000 would be about 6 percent of Britain's total world trade. Last year her imports and exports totaled $15,651,466,000, of which $6,333,314,816 were imports.

The question of why Britain is in trouble financially engaged United States Secretary of the Treasury John W. Snyder and British Chancelor of the Exchequer Sir Stafford Cripps in further talks today.

They held a morning session, lunched together, and then returned to the conference table this afternoon. Snyder is understood to have asked a few questions at the first meeting yesterday and then sat back for Cripps' explanations. A British treasury spokesman said possible remedies were up for consideration today.

Snyder announced he will complete his talks with top British officials Sunday at Prime Minister Attlee's country residence, Chequers, and a joint communiqué will be issued Sunday afternoon. He originally planned to leave London tonight for Belgium.

Attlee, Cripps, Foreign Secretary Bevin, and Canadian Finance Minister Douglas Abbott are to take part in the Chequers conference.

Both the United States and Britain are worried by the fact that the gold and dollars reserves of Britain and the sterling area have fallen more than $1,000,000,000 in the last 2½ years to a total of $1,624,000,000, despite American loan and Marshall-plan aid.

STANDSTILL ORDERED

Cripps has ordered a 3-month standstill on British buying in dollar markets as a temporary expedient to curb trade losses.

If the talks of British and Communist experts are translated into treaties—and prospects seem reasonably good—the annual two-way trade flow between Britain and the four Red states will look something like this:

Russia—$440,000,000.
Yugoslavia—$340,000,000.
Hungary—$100,000,000.
Czechoslovakia—$120,000,000.

Board of trade spokesmen indicated agreements with Russia and Yugoslavia seemed fairly near. Some hard bargaining remains before deals with Hungary and Czechoslovakia are completed.

Britain buys much food from the United States, Canada, Argentina. She is having trouble in selling her finished goods in the Western Hemisphere.

The east European countries are food growers. They don't demand dollars, but desperately need machinery and capital equipment—things Britain can't easily sell for dollars.

GRAINS TRADED FOR MACHINES

Russia has already agreed to send Britain big quantities of coarse grains plus wheat, timber, canned fish, and potash in return for machinery, ships, wool, and rubber. The two-way total of Anglo-Russian trade in 1948 was $320,000,000.

Talk of devaluation to try to encourage trade was heard on several continents.

Most European countries would devalue at once if Britain did so. Such Commonwealth nations as Australia and South Africa also would cut the value of their money. So, too, would many South American countries which trade heavily with Britain.

However, Cripps is firmly against changing the value of the pound. It is officially pegged at $4.03 although it sells for about $3 in most free markets.

"Whatever happens to the pound sterling, Norway will follow suit," said a Norwegian report in an Associated Press survey.

FINNISH CURRENCY DEVALUED

Berlin newspapers told of hints that any widespread devaluation of currencies would result in a lower official rate for the 30-cent westmark.

Belgium and Italy were reported not so ready to adjust their currencies, and Belgium, at least, probably could avoid it.

Finland, with dollar trade dropping, devalued this week. Her finnmark has been worth three-fourth of a cent. She knocked down the value by 17.7 percent. However, her economic troubles are not ended.

Sweden is suffering from an overvalued currency. She raised the kroner in 1946 from 4.2 to the dollar to 3.6 to the dollar.

POUND STERLING OVERVALUED

Mr. MALONE. Mr. President, there is nothing wrong with the pound sterling as money except that it is not worth as much as it is said to be. There is only one thing that will help the European dollar situation. They speak of a dollar scarcity. If there is anyone within the sound of my voice who has not had a dollar scarcity at some time or other, it is news to me. There should be free interchangeability. The pound sterling should be put on the market for whatever it is worth, just as the American dollar goes on the market. We do not say it will buy 20 pounds of sugar. Some day we may go home and find that the wife did not get any sugar because the store would not sell her 20 pounds for a dollar. Possibly if she had got 18 pounds it would have been all right. But the pound sterling should be put on the market at its market value, so that there may be free interchangeability on the market for pounds, francs, or guilders.

It is well known that England has furnished American dollars to nations members of the sterling area and that has assisted in keeping them within the sterling-area fold, since they could get the dollars to furnish nations who themselves were often unable to secure such dollars. It may be found later that we have financed an area that could become strong enough to disrupt world trade, if we later refuse to enter into such world cartelization methods or allow them free access to our markets, or comply with any other demand which they might make.

Mr. President, later I shall cover it in more detail, but in my conversation with Sir Ben Smith at Birmingham, England,

at which place I arrived to inspect some coal mines and steel mills in November 1947. Sir Ben told me several things. He said, for example, that we should continue the lend-lease idea of giving England the money and expecting no return. He was pretty much of an enlightened individual. That is what we ended up by doing. But I did not know at the time that we were going to do so, so I did not agree with him. I had no adequate answer at that time. He said, "You know, we control three-fourths of the world's raw materials in the sterling area, and we could shut down on those materials and not allow certain countries to use them."

I began doing a little thinking then. What he said dovetails in with what I have just read from the New York Times, Mr. Cripps' idea and Mr. Bevin's idea; that is, there is an implied threat, or a kind of blackmail, on the part of the authorities of England recently, that if we do not enter into a long-term purchase contract at a high price to buy their tin and strategic materials, they will be forced to trade with Russia—as if they had not been trading with Russia all the time ever since World War II. It dovetails with what Sir Ben Smith told me in November 1947.

As a special economic analyst has recently said, it is now clear "that there is more to industry than merely physically expanding the capacity to produce. In a normal competitive situation it is necessary to convert potential buying power into actual orders through wooing the customer."

There has never been anything wrong with any business that additional markets would not cure, and that applies particularly to American business. Lack of markets is not peculiar to the sterling-bloc area, the gilder area, the franc area, or any other area. It is a normal complaint among businessmen in all walks of life.

TRADE AGREEMENTS ACT THREATENS WAGE STANDARD OF AMERICAN WORKERS

Ever since 1934, and particularly since World War II, the purpose of the administration of the Trade Agreements Act by the Democrats has been to prostitute the tariff policy of this Nation to bolster up a makeshift foreign policy—a policy dominated by others than Americans, and by persons whose interests are quite different from those of the American citizen.

Again and again we find evidence that the operation of the 1934 trade-agreements program was, in effect, a foreign-aid program, designed to throw millions of American workers into competition with sweatshop labor.

It is obvious that the nations involved in these trade agreements naturally desire to swamp American markets with low-priced imports in their all-important pursuit of the American dollar. I am not saying that this is their fault, but neither is it ours.

The tariff and import-fee policy of any nation has only two legitimate functions: First, to raise revenue; and second, to protect the jobs of its citizens. To use the tariff policy as a diplomatic pawn is to betray the economic security of the workingman.

The makers of our foreign policy have tried to frighten the Congress into subordinating the people's health and welfare to their international chess game.

It is not only bad economics, it is bad statesmanship, to weaken the security of the American worker, because today in this troubled world there is an extraordinary reason why America's productive processes should be maintained at full flood, namely, the need for security against any military threat from anywhere.

The argument that our economy must be weakened to placate or buy the friendship of any other nation is stupid. Strong nations never want for friends.

The American Nation is in great need of an American tariff policy, one which reflects the traditional policies and objectives of the American people.

Under the guidance of our State Department we are pouring out billions of sound dollars to maintain a hopelessly artificial world economy built on stage money. In so doing we are helping no one, and only prolonging the eventual return to reality.

There is much evidence that the peoples of the world are more conscious of this fact than are the politicians. It is certainly true of large segments of the American people, and only a few days ago a Scripps-Howard reporter sampled the man on the street in London—the people who would be considered to have benefited most. As I recall the various interviews reported in the story, not a single person favored accepting additional transfusions from the United States. Yet, here we are debating the renewal of a politically controlled imitation of sound world trade.

AMERICA IS IMPORTING UNEMPLOYMENT

As Members of the Senate we are inevitably called upon to pass judgment upon technical matters which, in their detail, are beyond our knowledge and experience. In such cases we must seek the principles that underlie the problem and anchor our judgment to those fundamentals which we know to be true.

In foreign trade there is one principle that stands head and shoulders above all others, namely, every time we import something without exporting its equivalent, we are importing unemployment. Every British automobile that comes into America means about a thousand hours of unemployment, unless those hours are used to produce something that a foreign customer will buy.

We should be truly sorry for the pottery workers of Czechoslovakia and the watchmakers of Switzerland, but I am even sorrier for the idle pottery workers of Ohio and Arkansas, and the watchmakers in New England.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Missouri.

Mr. DONNELL. Would the Senator be willing to comment on two sentences in the communiqué which was issued yesterday at the conclusion of the Anglo-American-Canadian financial talks, the two sentences being as follows:

It was agreed that the United States and Canada should reduce obstacles to the entry of goods and services from debtor countries, in order to provide as wide an opportunity as possible for those countries to earn dollars through the export of goods and the provision of services, including tourism.

Then somewhat further along in the communiqué:

There had already been significant and substantial reductions in United States tariffs during the last 15 years. The policy of the United States Government was to seek further negotiation of trade agreements through which additional reductions might be made, within the framework of the Reciprocal Trade Agreements Act.

Would the Senator care to comment on those two observations, issued yesterday, as I have indicated?

Mr. MALONE. Mr. President, I would say that that was simply another approach. In the past 2 or 3 years we have learned more different approaches, camouflaged approaches, to the markets of the United States, than I thought were available. When we consider the statements which have been made by leaders of European nations—England, for instance, because they seem to be taking the lead—every statement leads to an open door to United States markets. So, whatever the approach, just watch it long enough and it arrives at a method of entering the United States market.

In my opinion there are simply two reasons for this financial conference at this time. First, as I said before, it is something to direct attention from one of the most important happenings on the Senate floor in a century, namely, our deliberation over whether we will have free trade, whether we will take down tariff barriers and let the American workingman take his chances with the slave labor and the low-cost labor of Europe, Asia, Africa, and South America, or whether we will adopt some procedure through which he can be protected in his job while we are helping the other countries to raise their standards. So, every statement the leaders of foreign nations make, every approach they take, if analyzed, will be found to lead to easier entry to the markets of the United States and to the sharing of those markets.

As I have said before today, at the time of the meeting in San Francisco where the United Nations was formed, everyone had high hopes for the success of the new venture. It was my good fortune to meet nearly all the representatives from South America, Asia, Australia, New Zealand, and other nations. It has been my observation that if the United States is to have any trade future, it will be in South America and Asia, it will not be in old Europe, because in old Europe the people are producers, they are processors and manufacturers of goods; and that is what we are here in the United States. Asia and South America produce raw materials, so that our opportunity for trade is much greater in South America and in Asia than anywhere in Europe.

The same thing is true with respect to England. Of course, England is going to trade with Russia. All the subterfuge, and all the denials and everything else we do or say in connection with every loan we make, to the effect that the other

country is not to be allowed to do thus or so, makes no difference. They are doing it. They go to the State Department and secure permission to go ahead. The Senator from Missouri is entirely familiar with all the trade treaties which have been made between the 16 Marshall-plan nations of Europe and Russia and the other countries behind the iron curtain.

So after they have used our money—and this is the second year we have furnished them money—used the Marshall-plan money and the ECA money to rehabilitate their plants, to buy raw materials, to do everything necessary to boost up their manufactures, for which we are largely responsible, what do we here? We have heard debated on the Senate floor, and we have read in the newspapers statements put out by the State Department, that all that was necessary for the European nations to do in order to recover, was to produce. We have heard it said that production was the thing necessary in order for the European nations to solve all their problems. We have heard it said that they should greatly increase their production, double their production, in order to save themselves. That is the goal of most of those nations. Some are above 140 percent of prewar production now. Few are below 110 percent, except such countries as Italy, Austria, and Germany.

What has happened? The nations of Europe have taken our advice. They have taken our money and are producing. Where will they have to sell what they are now producing? They will have to sell it in the United States. So the chickens are coming home to roost.

I will again say to the Senator from Missouri that every approach, whatever it looks like—it may even be camouflaged with a sheet over its head, but if we pull the sheet off we find that the nations of Europe are after the markets of the United States and, of course, of Canada also.

Mr. DONNELL. Mr. President, will the Senator yield for one more question?

Mr. MALONE. I am happy to yield.

Mr. DONNELL. Does the Senator think that this sentence in the communication issued yesterday, on the conclusion of the Anglo-American-Canadian financial talks, tends to corroborate the view the Senator has suggested:

> This would require that the sterling area increase its dollar earnings so as to pay its way by 1952. This would require in the sterling area the creation of appropriate incentives to exporters to the dollar area and a vigorous attack upon costs of production to enhance the competitive position of sterling area products.

Mr. MALONE. Mr. President, I will say to the distinguished Senator from Missouri that the ones who wrote those words have used a considerable amount of language to say only one thing, which is that they must sell more to the United States of America to get the dollars they think they need. I ask the distinguished Senator if he can make anything else out of it.

Mr. DONNELL. It seems to me perfectly clear that what they are getting at is exactly what the Senator from Nevada says, namely, a widening of markets for European products, the markets somewhere in the dollar area, which would enable them to collect dollars, and that would certainly seem to me to include the United States.

Mr. MALONE. There is also no question in my mind that the administration, through the State Department of the United States as it has long before this agreed, has agreed again to divide the markets of the United States with the sterling area.

Mr. DONNELL. Mr. President, will the Senator again yield?

Mr. MALONE. I yield.

Mr. DONNELL. I will state, if I have not already stated it in the RECORD—I think I did—that what I have been reading from is the text of the joint communiqué issued yesterday on the conclusion of the Anglo-American-Canadian financial talks, in which Great Britain, Canada, and our representatives, as I understand it, concurred.

Mr. MALONE. I will say to the distinguished Senator from Missouri that there can be no question that his conclusion is a correct one. They have come here for two reasons. One is further to break down the barriers with more secret talks and agreements. The Senate is not informed of all the agreements which have been made. The effort is made to divert the public attention from the floor of the Senate of the United States, where, as I have said before today, the subject which is being discussed now is one of the most important subjects to be discussed in a hundred years. Why? Because we have now arrived at the crossroads, and we must take one course or the other. We cannot be on both sides of this question. We must take either one side or the other. If we take one side we must be in favor of dividing all the markets with the nations of the world in the manner done hitherto under the 1934 Trade Agreements Act—which means what? It means a lowering of the tariffs and the import fees below the differential in cost of production, with the resultant lowering of wages; so the workingman must make a choice. Of course, large groups of men are working now. Conditions are not like they were a hundred years ago, when comparatively few men were working. The workers are not all obliged to cease working at once. Our men are competitive workers. They will stay at their work for quite a while. But finally comes the time when the question is, "Either you have to take a reduction in wages or we will have to quit producing." We are getting to that point now in the United States. Business failures are today increasing beyond what they have been at any time since a considerable period before World War II. American workmen are going out on the street. It is not a question of whether or not they are going to go out on the street. They are now on the street.

So I say, Mr. President, that every time we import something which can be produced by the labor of America, we are importing unemployment. There are no two ways about it. It does not add up to anything else. So I say to the Senate of the United States that in my opinion there are no two sides to this question. We cannot be on both sides of such a question. Sometimes amendments can be suggested, and temporary steps may be taken so as to make a situation appear to be all right. But unless we stop this thing head on we shall be in a bad way. When a football player is running down the field with a ball a proposal to amend him will do no good. He must be stopped in his tracks before he gets to his goal. We must stop this trend in its tracks now. I predict again that if we do not stop this thing on the Senate floor, if we extend the 1934 Trade Agreements Act, not only will there be amendments offered by the distinguished Senator from West Virginia [Mr. KILGORE] to prohibit the importation of hand-made pottery and glass, not only will there be an amendment to place a quota on oil of 5 percent, but other amendments will be offered. Of course, no one can tell what is the right figure to use respecting oil, but we know we cannot continue to permit the importation of oil into the United States below our own cost of production.

In addition to the amendments I have mentioned, there will be an amendment to put a quota on furs, which the distinguished Senator from Wisconsin has already offered. There will be so many amendments offered that the Senate will not have anything else to do for a considerable time but to act on the amendments which will be offered.

The distinguished Senator from Wisconsin [Mr. MCCARTHY] earlier this afternoon said that a manufacturer in his State suggested that he might transfer his plant, which manufactures heavy machinery, to a certain foreign nation, with the help of the point 4 guaranty of his investment, and under free trade he would send goods manufactured abroad to the United States, as well as sell his goods over there. The Senator asked me what effect my amendment would have on such a transfer of this businessman's plant to Europe. It would have a very simple effect, that is, if we adopted the plan of the flexible-import-fee principle, he could only compete with his own factory in Wisconsin on a fair and competitive basis.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. MALONE. I am glad to yield to the Senator from Washington.

Mr. CAIN. If I have been correctly informed, the Senator from Nevada has maintained that no trade agreements have actually been signed under the Trade Agreements Act of 1934.

Mr. MALONE. I know of none, I will say to the distinguished Senator from Washington. The Trade Agreements Act does not provide for, or at least the Department of State has not undertaken, so far as I know, to enter into any trade agreements. The Department agrees to lower a tariff or an import fee. That is not entering into a trade agreement.

Mr. CAIN. In the opinion of the Senator from Nevada, that is not entering into a trade agreement?

Mr. MALONE. No.

Mr. CAIN. The point is that merely agreements are reached to lower tariffs, but no trade agreements have actually been made.

Mr. MALONE. That is true. I would say to the distinguished Senator from Washington that trade agreements are

not being made. Agreements are made to lower tariffs and import fees. I think this is done without knowledge of what the effect is going to be. It is being done without regard to what the result will be whatever. I say that deliberately because of the extent to which the tariffs have been lowered, without any regard for the differential in cost of production or differences in wages and living standards in this country and in the country where the chief competition is located.

AMERICAN TUNGSTEN INDUSTRY WIPED OUT BY LOWERED TARIFFS

So it is not a question of a trade treaty. A trade treaty implies that we trade something—as England did with the Argentine, and with Russia. Those are trade treaties. We do not make trade treaties. We agree to lower a tariff, and we do not know where the chips are going to fall. We lowered the tariff on tungsten. It so happens that steel cannot be made without tungsten. Before the war, by virtue of a tariff of 50 cents a pound, we were producing about 45 percent of the domestic consumption of tungsten. No one paid very much attention to it. An import fee of that nature does not keep out imports. It merely brings them in at our level of cost, and everyone stays in business.

The war came on, and tungsten shipments from Burma and China, which are the greatest producers and suppliers, stopped. By virtue of the fact that we were in the tungsten business, production was speeded up by an increase in the price, and we became self-sufficient in the production of tungsten for war purposes. If we had been out of the tungsten business, and the miners had been scattered, we could have lost the war for that reason alone.

The tariff was reduced from 50 cents a pound to 38 cents a pound, which almost immediately shut down every tungsten mine in the United States with the exception of two. Now all are closed except one, and it is expected to close very soon.

In conversation with a State Department official he informed me that, "We did not lower the tariff very much. It was lowered from 50 cents a pound to 38 cents a pound." My answer was, "No; you did not lower it very much: but if you took a blowtorch and cut 2 feet off the end of the Potomac River Bridge you would not cut very much off it, but you would have no more bridge." So we have no more tungsten business in the United States.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. CAIN. Was not the so-called escape clause designed to correct domestic catastrophies such as the one to which the Senator has referred in the case of tungsten? It was not the intention of anyone, was it, to close the tungsten operations in this country?

Mr. MALONE. I think the escape clause was a compromise which was inserted because of the demand of Congress that something of that nature be put in the act; but the procedure is very complicated. The distinguished Senator from Colorado [Mr. MILLIKIN] explained how the escape clause is supposed to operate. Roughly, this is the way it is supposed to operate: One can make application, if he can get by the State Department; but the tungsten producers could not get by the State Department. They did not even apply under the escape clause. But if an effort is made to invoke the escape clause, that opens up the entire subject. The treaties which we entered into are not bilateral, but multilateral. We make a treaty with a certain nation and then immediately, under our multilateral system, every other nation in the world has the advantage of whatever we give to the nation with which we make the treaty. In many cases we have not dealt with the principal supplier. We have dealt with an insignificant supplier, and the principal supplier came in and obtained the same reduction.

But if the State Department does accept an application, and goes through with it, and attempts to invoke the escape clause, under the multilateral system every other nation which benefits from that treaty can also escape from everything which affects it. So in the long run it is not practical. That is what the State Department officials and others have explained. To my knowledge the escape clause has never been invoked. In other words, a producer can close down his business, but he is not able to prevail on the State Department to invoke the escape clause.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. DONNELL. Will the Senator be kind enough to state his interpretation of this further language in the joint communiqué issued yesterday by representatives of the three Governments, namely, Great Britain, Canada, and the United States?

> There was agreement that one of the ways in which the competitive position of United Kingdom products might be improved, was by a widening of the area in which such products competed freely with those of other countries.

At the conclusion of the statement appears this language:

> In summary the Ministers of the three countries concerned are satisfied that a real contribution to the solution of the sterling-dollar difficulties has been made by the conclusions recorded above. They are confident that, with sustained efforts on all sides and with the seizure of every opportunity by sterling-area exporters to enter into and remain in dollar markets which are open to them, there is the prospect of reaching a satisfactory equilibrium between the sterling and dollar areas by the time exceptional dollar aid comes to an end.

Will the Senator be kind enough to state his interpretation of those two statements?

Mr. MALONE. If the Senator from Missouri will permit me, I should like to say, as I previously stated, that it is another camouflaged approach to entry into the markets of the United States. When they are ready to increase their exports, the effect of that statement will be only one thing. That is nice language. It is not the language I would use as an engineer if I were to write about it, if I wanted anyone to understand it.

Mr. DONNELL. Has the Senator any objection to saying what language he would use?

Mr. MALONE. I should say, "Just drop the bars down, boys, and come on in." In other words, our workers who receive $8, $10, $12, or $14 a day will be competing with workers all over the world who receive $2 or $2.50, as well as with slave labor which receive 50 cents, which is a big wage for that kind of labor. We are placing the workingmen of America up against that sort of competition, and the language does not help.

Mr. DONNELL. Can the Senator inform me whether or not this communiqué has been placed in the RECORD today?

Mr. MALONE. I am not sure.

Mr. DONNELL. Would the Senator object if I were to ask unanimous consent at this time to have the communiqué issued by the three powers printed in the RECORD at the conclusion of the Senator's remarks and all colloquy relative to those remarks?

Mr. MALONE. I shall be very glad to have it printed in the RECORD.

Mr. DONNELL. Mr. President, I ask unanimous consent to that effect.

The PRESIDING OFFICER. Without objection, the communiqué will be printed in the RECORD, as requested.

(See exhibit A.)

Mr. MALONE. Mr. President, there is no question that there is only one objective. There has never been more than one objective. I refer to what I called it at San Francisco. After we had finished there, I came east, through Denver. A reporter came to me and asked, "What do you think of the negotiations?" He spoke in a breathless manner. Everyone was approaching this question in a breathless manner. We were going to settle the problems of the world and have perpetual peace. I said to this reporter, "There were 49 nations at San Francisco. Forty-eight of them had market baskets under their arms, and the United States was the only Nation which had anything to put in them. What do you think?" I still think so.

Every country needs and should have sound international trade, but such trade cannot be built on discriminatory tariffs, artificial rates of exchange, and political rather than economic considerations.

Of particular importance is the overevaluation of foreign currencies.

There might be some temporarily disconcerting results if all currencies were to settle down to their true values, but it would be no worse than the sword of uncertainty that now hangs over the British pound.

If we stop to think we realize that money plays no part in foreign trade. It is an exchange of products which are simply measured in money.

It is the goods content of any currency—its buying power at home—that determines its value. What determines the value of the dollar is its buying power at home; and that would determine the value of the pound sterling if it were let alone. If we let it alone for a little while, if we quit putting the dollar behind it by way of gift loans to bolster the

false value, it would find its level very soon.

TRADE SHOULD HELP OTHERS WITHOUT HURTING US

We must trade with the entire world, but do so on a basis that helps the other fellow without hurting us.

There should be no such thing as high or low tariffs: there should be only proper tariffs flexibly arrived at to insure fair and reasonable competition. This is not a 6 months' job. It is not a year's job. It is a job for generations.

What should we do about England? What should we do about the others? We must do our honest best to help the world to permanent economic stability.

There is one certain way which will fail to do this—by continuing to weaken ourselves.

The answer to prosperity for the Asiatic coolie is not poverty for the American worker. We must help all workers to start upward, not drive ourselves down.

This would protect the American worker and be a constant inducement for the countries which now exploit their workers to set their living standards more nearly on the American level. This would be a great boon to foreign labor.

In other words, Mr. President, during the recent debate on this floor it was pointed out that when we lower the floor on wages or when we have a fixed tariff or fixed import fee which cannot be changed for 3 years, the incentive for other countries is to lower their costs and lower their wages, drive their workers down in their standard of living, so as to reduce total costs and be able to come under the fixed tariffs. But if the tariffs had flexibility and were administered under a Foreign Trade Authority, as I suggest, which would be only the present Tariff Commission, but would be working in that field, the flexible import fee would take care of that situation. Then, when a nation tried to lower the wages of its workers, when it found that it was simply paying the difference into the Treasury of the United States, it would soon decide that it might as well pay that money to its own workers, instead of to the United States Treasury. In that case, all the nations would be working with us, instead of against us. In my opinion that is what we must do if we are ever to make any progress in this world in respect to bringing about higher standards of living.

For example, if a nation knew that cut-price merchandise could not be sold in America, the price could be safely raised, and so could the wages of the workers who made the goods.

The extra price would also finance the purchase of machinery which would enable the workers to produce more with less time and effort.

In this country we have about seven horsepower of electric energy for every worker. That fact is rarely mentioned. Workers in other countries have, in some instances, less than two horsepower per worker, and in some countries the workers have no electric energy at all available to help them. Of course, both the tools and the horsepower available to each worker increase the worker's production.

Mr. President, it is impossible to do in 3 or 5 years the job of raising the standards of living all over the world. It is impossible for the other nations to be able to build and finance great projects of this sort in a limited period of time. So we are talking about the work of generations—25, 50, 75, or in some cases 100 years. Think of the Chinese coolies. In China, I was fortunate enough to be able to go pretty well over the country. I was in Peking when the Communists were said to be 8 miles away from the city. They were the so-called agrarian Communists, that we heard about for so long. I was in a camp with General Fu and with a number of other Chinese generals. Without going into detail, let me point out that around Shanghai we saw Chinese coolies going up and down the canal bank, each with a long bamboo pole across his shoulders. Those coolies would go along the canal 10 or 15 miles, at a dog trot, carrying heavy burdens balanced on the ends of those bamboo poles. After carrying one heavy burden for 10, 15, or perhaps even 20 miles, they would deliver it at its destination, and then would pick up something else. Such labor scarcely can be said to result in a standard of living. Mr. President, we are about the only nation in the world that can have a real depression without having its people starve to death.

The promise of British prosperity did not come from the American worker, who is now paying the bill. It came from the British politicians; and its fulfillment is not, and cannot, be the responsibility of our people, who now are making the sacrifices that preserve what is left of the English illusion.

EQUAL ACCESS TO ALL MARKETS

I am sure no one wants to hold a tariff umbrella over the head of inefficient business. In America, which is more free of monopoly than any other country on earth, that could not be the case, because domestic competition is adequate to force maximum efficiency and alert technological improvements.

In such a policy, two situations are envisioned: Free currency valuation, and equal access to all markets.

A good example of the currency valuation handicap under which American industry is working today is found in the woolen business. America must go abroad for about two-thirds of its wool, most of which comes from the sterling area. The American purchasing agent goes into the market with pounds which cost his firm $4.03, while the English purchasing agent has pounds that cost less than $3. Our people are not allowed to purchase in the sterling area with pounds which cost us less than $4.03. On the brown market, pounds can be bought for as little as $2.10, but our people are not allowed to use them, whereas the English purchasing agent uses pounds which cost him less than $3. Our purchasing agents must go into the market with pounds costing $4.03. Yet, in the market place both of those pounds have identical purchasing power.

The matter of equal access to all markets goes hand in hand with honest currency value.

If nation X has something that America might want to buy, under present conditions it might be necessary for nation X to first sell the goods to nation Y, who, in turn, would sell them to us with a stiff mark-up.

The question may arise: Do we have any right to interfere with the policies of the nations with whom we deal?

The answer is found in the analogy of a banker who is considering an application for a loan submitted by a man who is known to have certain bad habits in the handling of money.

As long as the banker has made no loan, he has no right to criticize that man's way of life. But as a condition of the loan, it is his obligation to determine the proper safeguard, because he is the steward of his depositors' money. After all, it was not the banker who suggested the loan.

Mr. President, I say to you that the Senate of the United States is the steward of the money of the taxpayers of the United States; and it is the duty of the Senate, when it puts the money of the United States taxpayers into other hands, especially when it puts their money into foreign hands, to expect not only that repayment will be made but that fair treatment will be received and that the standard of living of the people of the United States will not be interfered with. After all, in the example I just gave, it was not the banker who suggested the loan; and, after all, it is not the Congress of the United States that suggests the loan in this case. It is the foreign countries that suggest the loan.

So we have the duty of stewardship for the money of our taxpayers. We should not pour out their money, to the extent of billions of dollars, with no chance of return and no chance of improvement in the condition of the people for whom the money is held in trust.

From the results obtained from the program to date, beginning with lend-lease, and then continuing with UNRRA, the British loan, the Marshall plan, ECA, and now with the newspapers full of reports about additional foreign requests for funds from the United States, it must be clear to almost everyone where we are headed with the particular type of help and assistance we are giving, and under the conditions under which we are giving it.

Similarly, when the administrators of the United States Government grant some of its taxpayers' money to a foreign country it has not only the right but the obligation to see that the recipient conducts himself in a fair and businesslike fashion.

Naturally everyone in business is going to jockey for a stronger position in the market place, but the present policies and practices of shearing Uncle Sam are beyond endurance.

There is a great demand today for some device to balance American foreign trade.

As a matter of fact trade balances itself in strange ways.

It was said that during the twenties America exported far too much and imported far too little.

Actually much of this so-called trade was not trade; it was a series of trans-

actions under which American bankers sold the bonds of other nations to American investors and the money was used to buy American goods. That money was never paid. That is the way much of this money was raised and the way it was used.

These transactions were not trade until and unless the bonds were paid off, and huge quantities of them were not. The amount of these repudiations must be subtracted from the so-called export surplus. It is held up to the people of the United States of America that, as a result of the trade-agreements program, we have increased our foreign trade, when as a matter of fact I shall submit definite proof during the course of this address, proof by way of a table, showing that we have not increased our export trade one iota. We have simply increased it to the extent of our gift loans to the foreign nations.

Similarly, the huge imbalance in our present situation is not the result of genuine trade. The American taxpayer puts up the money, and the dollars are used to buy American goods. We are now the recipients of a further request, indeed it is more than a request, for in my humble opinion it has been agreed to secretly how the money will be spent. They will not even buy the goods in America with the money we give them, so we can make further subtractions. This is not a sale; it is a gift, and when we talk about how much more we are selling than we are buying it is nonsense. To get our real trade balance we must subtract the amount of the gifts. The key to balanced trade lies in letting the people conduct it with free currencies.

Mr. President, the Government should never attempt to conduct it, in any case. They make their bargains, arrange their payments, and settle up.

If there is a shortage of goods at one end of the line a special kind of goods—gold—is used to make up the difference.

Fair tariffs are no hindrance to this kind of trade.

As a matter of fact, fair tariffs help sound trade because they protect the stability and earning power of the other fellow's market.

The American worker is now the greatest market in the world, but if his employment and his wage standards were to be destroyed by free trade he would not be worth anything to anybody, including himself.

I shall explain what I mean by that statement. Here we are, with a national income of $226,000,000,000. Every nation in the world has its eye on this income, this great purchasing power, and if they could get two or three or four billion dollars apiece of this income, they do not see that it could hurt us very much, and they would be rich. Let us see what it would do to us. Let us say we allow them to have $1,000,000,000, $3,000,000,000 or $5,000,000,000 of our national income; the more they take of this income, the less purchasing power the workingman of America has, and when his purchasing power is decreased, the amount of goods he can buy is decreased. We already have complaints from other countries that their trade fell off this year, because, as they called it, we had a recession. We did not have a recession. They were bringing in goods and cutting down our income. Therefore, we did not have the income that they thought we had with which to buy goods from them. So what happens? They come and get the income and put our workingmen on the street and they go on unemployment insurance. So it is a two-way thing, so far as we are concerned. The income stopped, and even they themselves do not have what they thought was here, and we do not have it, either.

BIPARTISAN-POLICY MYTH

Mr. President, I come now to something which has haunted the Senate ever since I have been a Member of it—the bipartisan-policy myth.

There can be no bipartisan foreign policy, first, until there is a foreign policy that stops at the water's edge.

This evident truth was first laid down by the late Senator Carter Glass of Virginia when he stated in 1941 that the foreign policy should stop at the water's edge. James F. Byrnes, a former Secretary of State, supported Senator Glass in his pronouncement that the foreign policy should in no way be connected with the domestic economy.

It will be remembered that the Republican conference at Mackinac Island held during the summer of 1941 formally established the principle that the domestic economy policy and the foreign policy must be two separate subjects, and that the State Department should have nothing whatever to do with forming the Nation's economic policy.

However, the present Secretary of State has attempted in every way possible to tie the two together, as witnessed by the testimony of Willard L. Thorp, Assistant Secretary of State, when he appeared before the Ways and Means Committee of the House in January of this year in support of the 3-year extension of the 1934 Trade Agreements Act now before the Senate, when he said:

1. The European recovery program (Marshall plan or ECA) extends immediate assistance on a short-term basis to put the European countries back on their feet.

2. The 1934 trade-agreements program is an integral part of our over-all program for world economic recovery.

3. The International Trade Organization, upon which Congress will soon be asked to take favorable action provides a long-term mechanism—each part of this program is important. Each contributes to an effective and consistent whole.

Mr. President, the State Department has tied the domestic economy of this Nation to the foreign policy. Yet we have men on the floor of the Senate who still mouth the bipartisan policy.

It will be seen from the statements of the administration spokesmen that under their procedure a bipartisan foreign policy is impossible without extending it to national economic affairs.

The second step of the three-phase program was inaugurated through the 1934 Trade Agreements Act under which the State Department has adopted a selective free-trade principle, on the theory that the more we divide the markets of the United States with the nations of the world, the less their trade balance deficits will be each year.

The 1934 Trade Agreements Act has been labeled "reciprocal trade," yet that phrase does not occur in the 1934 act—it is simply a catch phrase to sell free trade under a more appealing name. That is the significance of the proposed 3-year extension of the 1934 Trade Agreements Act which is before the Senate at this time.

The phrase "reciprocal trade" is just one more catchword boiled up out of a mess of catchwords and historic slogans such as "make the world safe for democracy," "the four freedoms," "the forgotten man," "economic royalists," "we owe it to ourselves," "we cannot be prosperous in a starving world," then comes the "bold new program," and dozens of other pithy expressions which divert the minds of men during times of extreme nervous stress and strain.

I wonder whether the American people will ever wake up and realize that some nation had better stay prosperous in a world that has had starving people through 5,000 years of recorded history. This dream of reciprocal trade, as now advocated in our world of plenty, will prove to be just one more method of dividing our substance with the nations of low-wage living standards by importing unemployment, instead of helping them to help themselves.

That is the answer, Mr. President, to the question of the senior Senator from Missouri as to what is meant by all the verbiage in the announcement of the New York Times regarding the international conference today.

THE COST OF OUR GIVE-AWAY PROGRAMS: THE RUINATION OF AMERICA

Will we ever realize that huge loans and gifts to foreign nations, made without any definite international policy geared to our ability to pay, can only mean lower wages for Americans?

Will we ever understand that the pouring out of such floods of our substance—whether released by the direct action of congressional appropriations, by treaty commitments, forcing us to pay indirect reparations through one foreign nation to another; by the funds which come through the Import-Export Bank, through the securities sold to the American public by the World Bank, or by means of trade treaties which stifle our own production by importation of the merchandise and commodities of the low-wage nations of the world—that all this is all part of the grand plan directed at the same goal of lowering the standard of living of the American people?

Mr. President, every newspaper we pick up relates how some nation is going to get some funds from the Import-Export Bank. It is another kind of aid, but it will require appropriations, just the same.

THE LOSS OF OUR FOREIGN MARKETS

The 1934 Trade Agreements Act was passed for the purpose, among others, "of expanding Foreign markets for the products of the United States." At another place I shall examine whether this purpose is still part of the trade-agreements program, and whether this objective was accomplished. The act did not increase the markets for the goods of the United States. In the postwar

era, we are increasingly shut off from the markets of the world by an economic stranglehold.

Discrimination against American goods has never been worse than it is at present. The Trade Agreements Act provides the President with the power to enforce the reduction of barriers against United States commodities, but this power is not being used. Through the use of bilateral trade agreements—which are really barter agreements, of the kind Hitler used—the United States is shut out of more and more foreign markets. Our export markets in South America, Africa, and Asia are being reduced by barter agreement with European nations. Their number has increased beyond anything Hitler ever dreamed of. The United States is denied not only equal access but almost all access to the markets of all the nations of the world.

Mr. President, instead of increasing the foreign markets for goods of the United States of America, we have reduced our tariffs and import fees to an all-time low, and foreign nations have increased their controls, their quotas, embargoes, the manipulation of their currencies, the specifications, the licenses—every type of control has been invoked by foreign nations, and they have made trade a one-way street.

Not only do barter agreements exclude the importation of goods of American origin by other nations, but exchange control and other forms of restrictions are building a high wall of restrictions against our exports, while foreign nations piously sign trade agreements while we call for the reduction of tariff barriers.

1934 TRADE AGREEMENTS ACT DID NOT REDUCE TRADE BARRIERS

Instead of using the act for the purpose for which it was designed originally, to increase markets for the products of the United States, and to decrease barriers against international trade, the act has become a hollow shell with respect to its original purpose, and has become a "foreign assistance" program, a weapon of the do-gooders, the fellow-travelers of foreign interests, in the State Department.

We are entitled to equal access to the markets of all the world, and we do not use the best weapon at our command to achieve that end.

TARIFFS ABROAD NO LONGER IMPORTANT

The tariff reductions which have been made under the authority of the 1934 Trade Agreements Act have not been international contracts where each party benefits by the other party's concessions. Instead, they have had the same effect as a one-way reduction of our tariffs by us would have had. Tariffs, except in the case of the United States, are no longer important barriers against the flow of international trade. They are minor factors.

Among the foreign nations using all the other forms of control such as barter agreements, exchange control, exchange manipulation, import licenses, quotas, and embargoes, tariffs have lost all effectiveness in controlling the flow of imports. The only and last country in which tariffs can still be effectively used in protecting the health of the domestic economy and the welfare of the country—where tariffs can still control the amount of imports—is the United States. We are losing access to foreign markets, and are not doing anything about it. The Trade Agreements Act, as it is now used by the State Department, is not used to demand and enforce equal access to the markets of the world for the United States.

TRADE AGREEMENTS ARE IN REALITY TARIFF-REDUCTION AGREEMENTS

The name "trade agreements" for the treaties signed with foreign countries, under the authority of the 1934 Trade Agreements Act, is a misnomer if there ever was one. A trade agreement is an agreement between two nations for the interchange of specific commodities, either in terms of volume, or in terms of value.

The agreements which the State Department insists on calling trade agreements, are in reality tariff reduction, or import fee reduction agreements. They do not deal with the interchange of specific commodities, but provide for the reduction of tariffs. Although these so-called trade agreements are bilateral, or multilateral in the sense that there are two or more parties to them, the fact that the tariff reductions by the foreign nations have been ineffective through the use of other, stricter forms of control over imports, have made these trade agreements really one-sided tariff reductions.

The United States, through the hands of the State Department, has reduced the tariffs and import fees on imports into the United States without getting anything in return from other nations.

Under the authority of the 1934 Trade Agreements Act, no trade agreement has ever been made. But our tariffs are now among the lowest in the world and do not constitute a barrier against imports. Had the 1934 Trade Agreements Act been called by the right name, a Tariff Reduction Agreement Act, I wonder whether the State Department propaganda machine would have been quite so successful in selling the free-trade philosophy to the American people.

SUSPENSION OF BENEFITS NEVER USED TO REDUCE BARRIERS

The 1934 Trade Agreements Act provides "That the President may suspend the application" of lower tariffs and import fees "to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts and policies which in his opinion tend to defeat the purposes set forth in this section." The act says, further: "The President may at any time terminate any such proclamation" of lowered duties "in whole or in part."

Those provisions give the administration a strong weapon to enforce the reduction of the barriers against international trade. The ever-growing discriminations against the exports of American goods could have been prevented, but they were not. Foreign countries could have been forced, at the danger of losing the advantages of low American tariffs, to lower the barriers which have taken such varied forms, particularly since the end of the Second World War, but the State Department elected to reduce our tariffs and import fees more and more without regard for the increasing restrictions against us abroad, nor for any injury to domestic industries or the workingmen of America.

The provision in the 1934 Trade Agreements Act for the suspension of the lowered tariffs or import fees on imports from a country discriminating against American commerce has only been invoked twice during the 15 years of the act. Before the war Germany, and for a short while, Australia, were found to discriminate against American exports, and were therefore not given the benefits of the reduced tariff rates set in the trade agreements negotiated with other nations. But, Mr. President, no other restrictions have been invoked.

At the present time the provision is not being applied at all. Our low rates of duty apply to all the nations of the world. I am very conscious of the fact, however, that almost all countries do discriminate against American exports, through the various strict controls which I mentioned earlier.

BARRIERS AGAINST UNITED STATES GOODS

What are the restrictions which foreign nations have put about against the imports of the United States?

There are several kinds of barriers to international trade, aside from the mildest one, tariffs. One of the easiest to apply, and one of the most efficient, is foreign-exchange control. This is only effective, however, in countries whose currency is not freely acceptable and convertible into others in foreign trade. For example, a French importer is unable to purchase American goods for francs. He must purchase dollars at his bank, and this purchase of dollars can be easily controlled by the French authorities by withholding issuance of dollars for nonessential purchases.

Another frequently concurrent control over imports is exercised by import licensing. In this case the importer has to apply for and obtain a Government permit to import certain commodities.

I might say that a shining example of such control is operated by the Dutch Government in Indonesia. They control all of the importers and exporters. They have about five importing firms, and nothing can be taken into the country unless it goes through one of these importing firms. Further, they control how much goes to an Indonesian who sells a dollar's worth of goods, to America, for instance, because the Indonesian does not get the dollar, it goes into the exchange pool which I have explained earlier. So the Dutch have complete control. They have the police control, they have the import and export control, and they have the money-exchange-pool control. That, Mr. President, constitutes control of the nation. It is practiced in all the empire-minded nations' colonies. The difference lies just in the matter of degree.

In some countries having exchange controls in addition to the licensing system, the foreign exchange is made available automatically after the issuance of the import permit. In other countries, having both controls, an exchange permit has to be obtained separately, with no

guarantee that the issuance of one will be followed by the issuance of the other.

A third form of nontariff barriers exists in the form of bilateral clearing or compensation agreements. This control is independent of tariffs. In this type of discrimination purchases of goods are arrangeed between two nations, up to a certain value each way. The importer has no chance to go to the market place for his goods, to obtain them for the best price, and under the best terms, but he is restricted to buying commodities from the nation with whom the bilateral clearing agreement is in force. Although an agreement of this sort leaves the importer a certain freedom of choice regarding what commodities he wants to purchase, it is restrictive in keeping other nations from entering the market.

Mr. SALTONSTALL. Mr. President, will the Senator from Nevada yield that I may suggest the absence of a quorum?

Mr. MALONE. I shall be happy to yield if I do not lose the floor.

Mr. SALTONSTALL. With that understanding, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DONNELL in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that I may withdraw my suggestion of the absence of a quorum, and that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The Senator from Nevada may proceed.

Mr. MALONE. Mr. President, other forms of controls that are entirely separate from tariffs, include the setting up of embargoes against goods from a certain nation. They operate just as the amendment offered by the distinguished Senator from West Virginia [Mr. KILGORE] which would bar the importation of certain types of glass and hand-made crockery from the United States.

Mr. President, the junior Senator from Nevada would be greatly disappointed to see the Senate and the Congress of the United States prolong the 1934 Trade Agreements Act, which, in my opinion, would result in quotas being invoked in this country next year not on one product alone, but on hundreds of products, in an effort to save the American workingman.

The most vicious of the restrictive trade policies which are being followed by all the nations of the world, with the exception of the United States, is the negotiation of the so-called bilateral trade agreements. These agreements, which are in reality barter agreements, provide for the interchange of specified commodities in specified amounts or value. This completely disrupts the normal channels of international trade, and is used to great advantage for political purposes.

That is a practice in which our Nation has never indulged, but it is a practice in which the other nations of the world have always indulged, and has been accentuated now because of the 1934 Trade Agreements Act, which has made it possible to tie our hands with a low tariff so other nations can manipulate their trade in any way they want to, through embargoes, quotas, currency monopolies, or licenses or specifications, and we are helpless. We shall be helpless until we wake up. Then we will indulge in the same practice. But where will it get us, Mr. President? It will get us nowhere.

Other methods of nontariff import controls may also well be used. A nation may call for specifications in the imports of certain goods which can only be filled by the products of a certain nation. For example: A nation specifies that only trucks or automobiles of a certain weight may run on the roads of one of its colonial possessions. Oddly enough it happens that this particular nation is the only one which makes such a truck or automobile. This certainly is a barrier against the free flow of international trade. This particular wrinkle has been used successfully in Bermuda where only automobiles of British origin fill the allowable specifications to run on the island.

One of the more devious methods to control trade is the manipulation of currencies. This method, however, I have elaborated at a different point in my address. Its ramifications extend far beyond the tariff field, and I shall merely mention it here as one of the factors used to control imports, and to upset the normal flow of commodities in international trade.

The result of all these restrictive practices is the maintenance of political power over colonial areas and territories, and the channeling of trade for political purposes. The State Department and the President have not used the weapon at their command to reduce these restrictive practices, but have used the 1934 Trade Agreements Act for a purpose for which it was not designed—the unilateral reduction of United States tariffs and import fees.

Mr. President, according to the reports appearing in the New York Times of this morning, and in other morning newspapers, the State Department and the President not only have not used the weapon at their command to reduce these restrictive practices, but they have entered into an agreement, in my opinion a secret agreement, to allow these practices to continue.

RECIPROCAL TRADE ACT IS A PROPAGANDA WEAPON

Mr. President, as I have said before, the 1934 Trade Agreements Act is frequently referred to as the Reciprocal Trade Act, even here on the floor of the Senate. Webster's International Dictionary defines "reciprocity" as follows:

> That relation or policy as to trade or other interests between countries under which special advantages are granted by one side in consideration of special advantages granted by the other.

First of all, the word "reciprocity" or "reciproca" does not appear in the 1934 Trade Agreements Act, except in relation to the Cuban-United States agreement of 1902, and that is just as well. The benefits which we extended to foreign nations in our trade agreements have certainly not been reciprocated. The benefit which we gave the other party to our so-called trade agreements was the reduction of our tariffs. In return the foreign nation was to reduce its tariffs.

Legally speaking, they have done that as a stratagem, but have immediately nullified the tariff reduction by the imposition of some control over imports much more effective than the former tariff. Frequently currency devaluation was used to reduce the benefit which was to accrue to the United States from their reduction of tariffs. Yes, they did reduce their tariffs, but, before any court of the United States that kind of evasion of performance of a contract would have invalidated it. However, the State Department and the President have accepted the discrimination that resulted from the nonperformance of the contract. In fact, then, the operation of the 1934 Trade Agreements Act has not resulted in reciprocity for our tariff reductions, and we have given something for which there was absolutely no return benefit.

I charge that the use of the phrase "reciprocal trade" was merely a catch phrase to make the Trade Agreements Act palatable to the American people. "Trade" is desirable, and so is "reciprocity." Anyone will express himself in favor of those words, and that was the basis of the propaganda that has been pouring from the State Department and the proponents of the Trade Agreements Act for 15 years. "Free trade," too, is a highly desirable objective, and it has been sold to the American people, along with "reciprocal trade." Yes, free trade is desirable if it can be pursued without injury to our domestic economy. But if "free trade" is to be achieved at the cost of the American wage standard of living, if it is to be achieved at the cost of American unemployment, and reduction and extermination of our domestic industries, it is a dangerous phrase and one that should be labeled "dangerous trade propaganda."

It is a curious coincidence that Karl Marx once said that "The free-trade system hastens the social revolution." If we want free trade, we must realize that it is only feasible between equals, equals in standards of living and in productivity. If we desire free trade today, we cannot have it between equals, and it only results in bringing down our standard of living to that of the people whom we have tried to benefit. The result will be a United States which is weak and destitute, and the last example in the world of the benefits of free enterprise will have vanished from the face of the earth.

Here is an example of what happened in the operation of our trade agreement with the United Kingdom.

UNITED KINGDOM INCREASES BARRIERS TO AMERICAN EXPORTS

Under the authority of the Trade Agreements Act of 1934 a trade agreement was entered into with the United Kingdom in 1938 which became effective in 1939.

This trade agreement was to reduce tariffs on products imported from the United Kingdom in exchange for their reducing barriers to our exports to their country. In other words, the purpose of the agreement was to increase United States exports to the United Kingdom in exchange for increased imports into the United States from the United Kingdom.

What has been the effect of this trade agreement?

Since the end of the war in 1945 the United Kingdom has been raising various types of barriers to United States exports and the exports of other countries. These barriers take the form of exchange controls, import licensing, and embargoes or absolute prohibition of imports of certain commodities.

One of the most interesting components of this system of barriers raised by the United Kingdom against imports was the establishment by the British in 1946 of the token import plan. This plan is still in effect and limits the import of 200 different products into the United Kingdom to 20 percent, Mr. President, of such imports during the 3-year base period 1936, 1937, and 1938, prior to the war. The sum total of the imports from the United States of these 200 commodities during the prewar base period was $15,000,000 per year, hence, imports into the United Kingdom from the United States of these 200 commodities is now limited to $3,000,000 per year. That agreement is still in effect. Do we see any reciprocity in that arrangement?

The exports from the United States to the United Kingdom and imports from the United Kingdom into the United States by years from 1930 to the present are shown in table I.

I ask unanimous consent that the table be printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I

Year	Exports from United States to United Kingdom	Imports from United Kingdom to United States
1930	$678,000,000	$210,000,000
1931	456,000,000	135,000,000
1932	288,000,000	75,000,000
1933	312,000,000	111,000,000
1934	383,000,000	115,000,000
1935	433,000,000	155,000,000
1936	440,000,000	200,000,000
1937	536,000,000	203,000,000
1938	521,000,000	118,000,000
1939	505,000,000	149,000,000
1940	1,012,000,000	155,000,000
1941	1,637,000,000	136,000,000
1942	2,529,000,000	134,000,000
1943	4,505,000,000	105,000,000
1944	5,243,000,000	84,000,000
1945	2,189,000,000	88,000,000
1946	856,000,000	156,000,000
1947	1,103,000,000	205,000,000
1948	[1] 644,000,000	290,000,000
1949: January to June	391,000,000	112,000,000

[1] Of this $499,000,000 was ECA financed. Commercial exports derived by subtracting ECA-financed exports from total exports.

Source: Department of Commerce, Office of International Trade.

Mr. MALONE. This table shows that the treaty went into effect in 1939. At that time we had $505,000,000 of exports from the United States to the United Kingdom. Excluding the years 1940 to 1945 inclusive, which took in the war years, we skip to 1946, when we had $856,000,000 of exports to Great Britain. In 1947 we had $1,103,000,000 worth of exports to Great Britain; in 1948, $644,000,000. Subtracting the amount of our contribution in goods to Great Britain, which is included in the $644,000,000, we find that we get about $145,000,000 worth of exports. That is what the trade agreement with Great Britain has done for us. In 1939 there were $505,000,000 worth of exports. In 1938 the amount was $521,000,000; and in 1937, $536,000,000. For prior years it was sometimes slightly less and sometimes slightly more, back to 1930. But when the great exodus of cash to the nations of Europe started, if we subtract the $499,000,000, it leaves very little on our side of the ledger.

Of the total exports of $1,035,000,000 from January 1, 1948, to June 30, 1949, $536,000,000 were paid commercial exports. This is an annual average of $357,000,000. The annual average for the 2 years 1937 and 1938, prior to the trade agreement with England, was $528,000,000. Hence, our commercial exports to the United Kingdom during 1948 and 1949 have been far below what they were prior to the 1939 trade agreement. In fact, our commercial exports are running only 68 percent of the pretrade-agreement level.

On the other hand, our imports from the United Kingdom since the 1939 trade agreement with them, which provides for lower tariffs on our part, have increased. The value of our imports from the United Kingdom for the 2 years, 1937 and 1938, before the trade agreement averaged $161,000,000 annually. For the past 2½ years, ending June 30, 1949, our imports from the United Kingdom have averaged $240,000,000. This is an increase of 49 percent over the annual pretrade-agreement average.

I ask Senators to consider for a moment the tremendous decrease in our exports to the United Kingdom and the tremendous increase in their exports to us, since the signing of the trade agreement between this country and the United Kingdom.

In summary, then, we find that the consequence of our trade agreement with the United Kingdom which first became effective January 1, 1939, has been a decline of 32 percent in our exports, and an increase of 49 percent in our imports from the United Kingdom.

It is perfectly clear from these facts that the theory upon which the trade-agreements program was based has proven absolutely false. If they had not invoked the quotas, embargoes, currency manipulations, and the dozens of other subterfuges to prevent our exports from reaching the United Kingdom, it is perfectly possible that some good might have come from the agreement; but the provision of the 1934 Trade Agreements Act has not been utilized to reduce these barriers to our exports to the United Kingdom.

The New Dealers urged the passage of the Trade Agreements Act to increase our exports. They sold the American people on the theory that any lowering of our tariffs would be accompanied by a corresponding lowering of the barriers to our exports on the part of foreign countries with whom we made trade agreements. It has not worked that way at all. We have lowered our tariffs, while many of the nations with whom we have made agreements—and the United Kingdom is an outstanding example—have increased their barriers to our exports. There is nothing reciprocal about such trade agreements.

Let me repeat that we lowered our tariffs on English goods in what we believed was a reciprocal trade. But England has increased her barriers against our exports. The result is that our commercial exports to England have fallen off greatly since the trade agreement, while our imports from England have greatly increased. Great Britain is one of the three nations which have just completed an international conference here. Further concessions to Great Britain were requested, further entree into the markets of the United States, further lowering of customs barriers, and thus further lowering of the floor under wages. All this means importing more unemployment into the United States. The present administration has the brass to call this a Fair Deal. If this is what the President and the State Department mean by Fair Deal, it is time for a fresh deal as well as a new deck.

MOST-FAVORED-NATION TREATMENT AND RECIPROCITY ARE PARADOX

I stated earlier that reciprocity was not part of the effect of the 1934 Trade Agreements Act. There is another reason why the benefits from the trade agreements could not well be reciprocal. The trade agreements made under the authority of the act have always included the most-favored-nation clause in its unconditional form. Reciprocity in trade agreements, and the application of the most-favored-nation clause are really two diametrically opposed concepts.

I shall cite several reasons why this is so. The most-favored-nation clause guarantees that tariff reductions on any given commodity apply to imports from all sources, unless they discriminate against American exports. This reduced rate, then, is applicable to every other country wanting to export to the United States. "Reciprocity," however, means that a special benefit is given to a country in return for an equivalent benefit. It hardly seems that those two terms can live together very happily.

Friends of the trade-agreements program point out that tariff negotiations with a specific country concern only those goods of which the negotiating country is the major supplier. If this were always true, we could assume that the contracting party would be the principal beneficiary under the trade agreement. Unfortunately, there are a good many cases in which a trade agreement has been negotiated reducing the tariff on a specific commodity of which the other party was the principal supplier, but after the reduction, some third nation would suddenly expand the production of this commodity and take over the supplier position. The third country, we must remember, could enter its imports at the same favorable rates as the first one, through the operation of the most-favored-nation clause.

That brings me again to the point that while a tariff on any commodity might correctly represent the differential in cost of production or cost of manufacture in competition with our own higher cost of production at a particular moment, within 6 months or a year, the economies of all nations being in a state of flux, changing relationships might result in the tariff not correctly representing the differential.

In other words, this is not the only point where another nation may take more of an advantage of the markets through a reduction of the tariff. Also, Mr. President, the economic relationships between nations change, just as the economic relationships between individuals change, over the years. They are always in a state of flux. Therefore, it is utter idiocy to say that a 3-year agreement can be made to apply for the full 3 years to the changing economic relationships between two nations. That simply cannot be done.

That situation clearly demonstrates the advantage of a flexible import fee under which a Foreign Trade Authority would have absolute latitude, just as the Interstate Commerce Commission does in the fixing of freight rates, to adjust the import fee either up or down, according to the changing economic conditions between nations or, as I have already said, in connection with the manipulation of currencies or the purchasing by governments, to undersell goods in our markets, to secure dollars to be traded elsewhere at a profit.

Mr. President, whenever the statement has been made on the floor of the Senate that some conditions should be attached to the ECA money or the Marshall-plan money we give to foreign countries and that that money simply should not be given to foreign countries in the way a profligate person might be given sufficient money to last him for a year, and then be permitted to dissipate it, we have been told that no conditions should be attached to the money we give to other nations. Many Senators have offered perfectly fair amendments, which it would be proper to adopt if the money is to be spent for the purposes stated. However, all amendments were rejected; we were told that no amendments whatever could be added to the bill, that this is a sacred thing which cannot be touched.

Why were the amendments rejected? Why was there a complete unwillingness to accept any amendments? It was because of the argument that we in the United States cannot direct what another nation shall do; we must let each of the other nations have the kind of government it wants. I agree that we should let other nations have the kind of government they want; but let them have the kind of government they want at their expense, not at ours. The final result is that we have inserted no amendments at all; we have provided no limitations at all.

However, we have learned from sad experience what happens when we give money, without limitation, to other nations. This is not the first time we have had such a sad experience. I served, along with many others, in the First World War; and we know that following that war, money was borrowed from the United States by various European countries, although generally under a different name, but, whatever they were called, the repayment was of the same kind—in other words, none at all. So we have learned, the hard way, that we cannot control other nations.

Therefore, Mr. President, let us have an American program, so that it will be to the interest of the other nations to do the right thing—to raise the standard of living of their people and to have good government. Then let them run their own government; but in such case their interests will be in common with ours, because they will know exactly under what conditions they can reach our markets, namely, on the basis of fair and reasonable competition.

FLEXIBLE-IMPORT-FEE SYSTEM GUARANTEES FAIR COMPETITION

The flexible-import-fee bill which I have offered as an amendment to the pending bill would immediately establish a fair and reasonable competitive basis for markets all over the world. That is all that any business in the United States has ever requested. Why should a foreign nation ask for more?

I have already referred to a case in which a third nation would suddenly expand the production of a certain commodity and thus take over the supplier position. Such a third country, we must remember, could enter its imports at the same favorable rates as the first one would have, through the operation of the most-favored-nation clause.

However, not only did this take place, but frequently the trade agreements affected the tariff rate on commodities for which the negotiating country was only a minor supplier. Let me cite you two examples:

During the prewar decade, France supplied only 17 percent of the rayon broad-woven fabrics imported into the United States, whereas Japan supplied 46 percent. Yet the rate of duty on this commodity was reduced in the trade agreement with France, effective in June of 1936. In this case one can hardly speak of negotiating with the primary supplier. In the same trade agreement with France, silk broad-woven fabrics were affected by tariff reductions, although France accounted for only 8 percent of the imports of that commodity in the period 1931–40, whereas Japan accounted for 75 percent. In this case the tariff negotiations and reductions were made with a country which supplied less than 10 percent of that commodity.

The record shows that during the life of the amendment to the Tariff Act of 1930, the so-called 1934 Trade Agreements Act, one of our two most dangerous enemies, namely Japan, received the same reductions of duties which were extended to all countries with which we had trade agreements, simply through the operation of the most-favored-nation clause.

On the question of the anomaly of reciprocity and the most-favored-nation clause, the Geneva Agreements for Tariff and Trade, concluded in Geneva in October of 1947, are a good example of what is being done. The special privilege extended to us by each of the participating nations became available to all the nations of the world. In other words, the benefits accruing to the 23 member nations of the GATT are automatically extended to all the nonsignatory nations, including our former enemies.

TRADE AGREEMENTS ACT HAS NOT INCREASED UNITED STATES EXPORTS

I mentioned earlier that the avowed purpose of the 1934 Trade Agreements Act is to expand the foreign markets for the products of the United States. We have been told, time and time again, that this has indeed been accomplished. We have been shown statistics which purported to demonstrate that United States trade with trade-agreement countries increased at a greater rate than with the non-trade-agreement countries. Let us look at the record, so far as it pertains to the exports from the United States to trade-agreement countries and to non-trade-agreement countries.

Mr. President, I submit in this connection a table entitled "The Effect of the 1934 Trade Agreements Act on United States Exports." I ask unanimous consent that the table be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

The effect of the 1934 Trade Agreements Act on United States exports

[Table showing the percentage of total United States exports (including reexports) going to the listed countries. Countries 1 to 8 are those with which the United States has had trade agreements during the period shown; countries 9 to 17 did not have trade agreements with the United States. Percentages are based on dollar values. (Compiled from U. S. Government sources.)]

Country	1933	1934	1935	1936	1937	1938	Effective date of trade agreements
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	
1. France	7.26	5.42	5.12	5.28	4.91	4.32	June 1?, 1936.
2. Netherlands	2.9	2.39	2.15	2.16	2.79	3.12	Feb. 1, 1936.
3. Belgium	2.58	2.34	2.55	2.4	2.84	2.49	May 1, 1935.
4. Switzerland	.448	.395	.333	.312	.287	.342	Feb. 15, 1936.
5. Canada	12.6	14.2	14.1	15.7	15.2	15.1	Jan. 1, 1936.
6. Brazil	1.78	1.89	2.0	2.0	2.04	2.0	Do.
7. Cuba [1]	1.5	2.13	2.62	2.75	2.75	2.46	Sept. 3, 1934.
8. Sweden	1.11	1.55	1.67	1.76	1.9	2.07	Aug. 5, 1935.
9. United Kingdom [2]	18.6	17.95	18.9	17.92	16.0	16.8	None during period.
10. Norway	.424	.527	.596	.630	.663	.730	None.
11. Czechoslovakia [3]	.094	.129	.141	.190	.395	.86	Apr. 16, 1938.
12. U. S. S. R.	.536	.705	1.08	1.36	1.28	2.25	None.
13. Japan	8.53	9.89	8.9	8.34	8.62	7.75	Do.
14. Australia	1.57	2.02	2.49	2.38	2.19	2.23	Do.
15. Italy	3.66	3.03	3.16	2.49	2.29	1.88	Do.
16. Mexico	2.24	2.58	2.87	3.1	3.26	2.0	None during period.
17. Argentina	2.2	2.0	2.16	2.32	2.8	2.8	Do.

[1] Cuban preferential tariffs were maintained, but under the trade agreements her comparative preference was increased.

[2] Trade agreement with the United Kingdom did not become effective until Jan. 1, 1939.

[3] Trade agreement went into effect Apr. 16, 1938, therefore figure for 1938 should be ignored.

NOTE.—Germany is not listed in this chart, since the most-favored-nation commitment to Germany was terminated Oct. 15, 1935, and thus she was, with Australia (from August 1936 to February 1938), only nation that did not benefit indirectly through the lowering of tariffs under the 1934 Trade Agreements Act.

Mr. MALONE. Mr. President, the table I have just submitted shows no significant difference in the percentage, based on dollar values, of United States exports going to either trade-agreement countries or non-trade-agreement countries in the period 1933–39, a period more closely normal than either the World War II period or the postwar period. Five of nine countries listed, which did not have a trade agreement with the United States during this period, showed an increase of the percentage of United States exports they absorbed. Of eight countries which did have trade agreements with the United States, starting at some time during this period, as indicated on the margin of the table, only three showed significant increases in the percentage of United States exports they purchased. The remaining countries of each group showed either an erratic fluctuation or an actual decrease in their percentage of exports of the United States.

These figures certainly disprove the contention that the 1934 Trade Agreements Act has increased the export markets for the United States. At best, they prove that the trade agreements have not changed the percentage distribution of United States exports significantly. One might even deduct that the non-trade-agreement countries increased their purchases from the United States, as expressed in the percentage of exports going to these countries, whereas the countries with which we have had trade agreements declined in their percentage participation in United States exports. The purpose of the act has certainly not been accomplished, even during a period in the world's economy which was much more normal than the present.

I have pointed out earlier that the 1934 Trade Agreements Act did not increase the exports to the trade-agreement countries any more rapidly than exports to the non-trade-agreement countries.

Mr. President, I ask to have printed in the RECORD at this point in my remarks the table to which I have referred, entitled "Relation of U. S. Exports to U. S. Production Before and After Government Loan-Gifts, 1909–1949."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 2. *Relation of United States exports to United States production before and after Government loan-gifts 1909–49* [1]

Year	Total production of exportable goods	Exports, United States merchandise	Percent of total	U. S. Government grants and loans	Exports minus United States grants and loans	Percent of exports minus United States grants and loans to total exportable goods
	Billions	*Billions*		*Millions*	*Billions*	
1909	$17.4	$1.7	9.8			
1914	20.2	2.1	10.3			
1919	47.5	7.8	16.3	$2,539		9
1921	33.9	4.4	12.9	28		
1923	44.8	4.1	9.1	−70		
1925	47.2	4.8	10.2	−8		
1927	47.5	4.8	10.0	−53		
1929	52.8	5.2	9.8	−14		
1931	32.0	2.4	7.4	7		
1933	25.2	1.6	6.5	5		
1935	33.1	2.2	6.8	0		
1937	43.5	3.3	7.6	48		
1939	41.4	3.1	7.6	16		
1941	65.1	5.0	7.7	1,348	$3.7	5.6
1942	89.0	8.1	9.1	6,434	1.6	1.8
1943	110.7	12.8	11.6	12,767	.1	.1
1944	115.0	14.3	12.4	14,016	.24	.2
1945	103.8	10.3	9.9	7,659	2.7	2.6
1946	100.4	10.0	9.9	5,053	4.9	4.8
1947	130.0	15.2	11.7	5,712	9.5	7.3
1948	[2] 145.4	12.6	8.7	4,658	8.0	5.5
1949, first quarter	[2] 36.0	3.3	9.1	1,568	1.7	4.7

[1] Figures in this table secured from the Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce. Table prepared by J. B. Crane and C. E. Toro.
[2] Estimated.

NOTE.—For the 6-year period, 1922–27, exports averaged 9.7 percent of United States production of exportable goods; for the 6-year period, 1942–47, exports, minus United States grants and loans, averaged only 2.9 percent of United States production of exportable goods.

Mr. MALONE. The table which I submitted for the record dealt with United States exports during the years 1934 to 1938. This period was taken on purpose because the world economy during that period was more normal than the years following.

During the postwar period we have exported in the neighborhood of ten to twelve billion dollars worth of goods, and we are being high-pressured into appropriating billions of dollars to hold up our exports. If the propaganda machine is not quite frank enough to state the objective so clearly, it is only a thinly disguised propaganda veil.

The extension of the 1934 Trade Agreements Act is merely one part of this foreign-relief program which may benefit some of the domestic producers temporarily, but will spell ruin to the wage standard of living of the American workingman and the American producer alike, in the long run.

AMERICAN INDUSTRIES MOVING ABROAD AS RESULT OF LOW TARIFFS

Mr. President, at this point I should like to say we have in this country many producers of heavy goods, heavy fabricated material, such as machinery, automobiles, typewriters, and road machinery, which temporarily, foreign countries are unable to make in large quantities. I say temporarily because, as explained earlier in the day by the distinguished Senator from Wisconsin [Mr. MCCARTHY], businessmen, processors, and manufacturers are already thinking, in view of the great point 4 program, the bold new program to guarantee investments, of moving their heavy machinery to other countries, taking their foremen, superintendents, and principal workers to direct the low-cost labor, and to produce machinery at a cost lower than that at which it can possibly be produced in the United States. What happens? When that occurs, just so soon as it has a chance to become effective, they will not only serve the available area in the foreign nations which the great Marshall plan was supposed to develop in order to improve the market for the products of the workingmen and industries of America, but, through this great free-trade method of lowering our import fees and tariffs to a point where there is no competition, they will send the commodities thus manufactured into this country. They will do that, just as Jim Rand, of the Remington Rand Co., my good friend, intends to ship typewriters from Scotland and Ontario, Canada, into this country. He has already abandoned his plants in New York City, leaving several thousand employees there to shift for themselves.

I do not blame Mr. Rand. Those who have created the machinery which has changed the economics of the situation so as to make feasible this kind of trade in foreign-made typewriters should be blamed. The situation is changed. The area of feasibility is changed. Mr. Rand can take his machinery to Scotland, but the workers of America cannot go to Scotland, and they cannot go to Ontario and take the wages they would have to take there, because it would lower their standard of living to such an extent their children would not have an education. They would not know what to do there. Our workers cannot move. Money is fluid; it can go any place; money can be invested any place; but workers cannot be moved from one country to another—not our workers. I may say that heavy machinery, such as automobiles, and the machinery already described are the only things which will not be hurt almost immediately. Everything else will be hurt as soon as the buyer market becomes straightened out; indeed many industries are hurt now, as I shall later show.

For the benefit of some of the export industries, the taxpayer of the United States is paying for the goods which show up so proudly on our export statistics. Approximately 25 cents out of every tax dollar goes to the conduct of our foreign relations.

Let us take a look at the exports from the United States which are normal commercial transactions, in other words, exports which are paid for by the earnings of foreign nations, and not by the taxpayer of the United States.

The following table lists the production of exportable goods in the United States, and the percentage exported. Between 1909 and 1941 the percentage

of the exportable goods actually exported has run from 6.5 percent to 12.9 percent with the exception of 1919, when the percentage was 16.3 percent. During that year United States Government grants and "loans" amounted to $2,500,000,000.

Since 1942 the percentage of exportable goods actually exported has ranged from 7.7 percent to 12.4 percent. The 1949 rate of exports, based on the first quarter, is 9.1 percent.

However—and here comes a little leveling off, looking at the situation as it actually exists—if we subtract from the values of exportable goods actually exported the amounts of United States Government loans and grants, we arrive at figures which show how low really the normal exports from the United States are. Ignoring the period during which lend-lease was in operation, the percentage of exports minus United States loans and grants amounts to only 4.8 percent in 1946, 7.3 percent in 1947, and 5.5 percent in 1948. Based on the rate for the first quarter of 1949, the "normal" exports amounted only to 4.7 percent of the production of exportable goods in the United States.

Mr. President, I shall state why I had the table made up. We get information on every hand. Consider the increase in exports—$12,000,000,000. Exportations from the United States to foreign countries have not changed materially in percentage over the course of 30 years, when we subtract from the exports the amount of dollars given to the nations to buy our goods. In other words, we are in exactly the same position as the grocer who feels his business is slipping. He goes to a bank and says, "I want to borrow some money. I want to borrow $10,000. I am losing my business. I am going to give this money to my customers. The customers are going broke." Perhaps he can make the banker believe it, the first time, and he gets the $10,000 and puts it out in the neighborhood. He gets back about 50 percent of it and does quite a business. But finally he fails to convince the banker, so he goes out of business. There is only one real difference between an individual conducting his business in an unbusinesslike way and a nation following the same course. The individual is through when his banker quits him. A nation is through when its money has but little value. That is the only difference. So I would describe table 2, which I have submitted for the RECORD, "Relations of United States Exports to United States Production Before and After Government Loan-Gifts, 1909–1949."

I may say to the Senate it will be a revelation to many to see how it acts, after we subtract the money taken from the pockets of the taxpayers of America. Some of them are beginning to object quite strenuously to keeping up foreign trade on that basis, I may say. The first column gives the year. The second column shows the total production of exportable goods, in billions of dollars. The third column shows the exports of United States merchandise, in billions of dollars. The next column shows the percentage. We then come to the column headed "United States Government grants and loans," stated in millions of dollars, which, subtracted from the column showing total production of exportable goods, gives another percentage figure, and so on. The next column shows exports minus United States grants and loans, in billions of dollars, and that gives an entirely different figure. In the last column is the second percentage—the percentage of exports minus United States grants and loans to total exportable goods.

That, Mr. President, tells the tale. That tells us where our money is going and just what kind of effect it has on our foreign trade. It is very revealing, I may say.

These figures show that the exports of goods from the United States has decreased consistently, if we take into consideration the exports for which the American taxpayer puts up the funds.

To talk about the 1934 Trade Agreements Act increasing the markets for the goods of the United States is plainly silly, in the light of these tables. Anyone can increase exports, if he wants to start exporting gifts. Philanthropy is a fine virtue, but if, in the guise of philanthropy, we use the funds of the taxpayer to foster the existence of empire nations, the exploitation of the subjugated peoples of the world, all we shall earn for our so-called philanthropy is hatred and the growth of alien political philosophies abroad. The active support we are giving to the socialist countries, which are socialist in their home countries, and empire-minded abroad, may well spell the doom of the United States as we now know them.

EMPIRE NATIONS STILL EXPLOITING COLONIAL PEOPLES

Mr. President, I want to say to the Senate that it was my good fortune to spend a little time in the Tropics, in Batavia, in Indonesia, where the new government was established and which the Dutch knocked over a little later through the use of our money. We are spending millions of dollars over there to keep the people under the colonial yoke. The same is true in Singapore, Saigon, and Indochina. I visited those nations and found, first, that the empire-minded nations did not give the residents of those countries a fair share of the earnings. I have already described how they do it through an exchange pool in Indonesia, and it is done to a little lesser degree on the same principle in the other nations I have mentioned. But this may not be the most serious part of the picture over there. We have stated that under the United Nations every nation is going to be free. That is what was said in San Francisco. Every nation is going to shift for itself. It is going to hold up its head and have a higher standard of living. Why are we pounding the ears off the little far eastern people, furnishing money to buy the guns to do this job? What are we going to do with Holland or England or France if they lose their colonies? I do not know. But over a period of 2,000 years there has been a great deal of progress. Not always the same people have been progressing. If we are to stop all this progress it will be quite a job.

The worst thing, in my opinion, is the fact that the people of the Far East know we are spending this money, they know where the money is coming from, and they know the Dutch would not be in Indonesia if it were not for the money coming from the United States. The Malayan people know that the English would not be in Singapore if it were not for the money coming from the United States. So what is the effect? It is not hard to guess. We are furnishing the money to keep them under the colonial yoke. Russia has promised them relief from the yoke. So, without any fanfare of drums, they are just waiting for the time to arrive, and eventually the people of those nations will try to kill everyone close to them and join with Russia. I see grave indications that we may be there. The British are arming Hong Kong. I have a newspaper clipping with reference to that subject.

UNITED STATES HAS NO ASIATIC POLICY

Mr. President, we are not sure at this time what the agreement is as to moving into Hong Kong. I do not say that we should not move into Hong Kong. I am saying that if we are going to move into Hong Kong, we need, first, an Asiatic policy, and we need to know where we are going from Hong Kong. I have seen China all the way from the Great Wall and beyond, I have been to the Equator and down to Melbourne, Australia. During World War II, I spent some time in New Guinea, Port Moresby, and other points. The people of these nations are not slaves; other nations have made slaves of them. We are fooling with fire. As I said earlier today, our course could lead us into a terrible conflict for which we are not ready. We are not ready for it because we do not have an Asiatic policy, and we do not have a European policy. What we need to do is to sit down in the cool of the evening, without the aid of any foreign nations, add this thing up, and determine what our Asiatic policy should be.

When I traveled from one end of China to the other, several interviews were given. I never said we should move into China or into Asia. I said we had better make up our minds. I was in Peiping. It was said the Communists were 8 miles out. I do not know whether they were 8 or 10 or 25 miles but it would not have made much difference if they wanted to do something. General Fu, the night I was in his camp, said to me, "I am through. I was through when General Marshall quit shipping ammunition for the American guns we had. I was through when General Marshall insisted that we get together with the agrarian Communists and let the Communists through the pass up above the Great Wall of China and into Manchuria," which we had already given to the Russians, thus giving Russia a foothold in Asia. The Chinese generals knew what would happen to them, but they stayed there and stuck it out as long as they could.

So, Mr. President, I say again, as I said when I was in China, in the Far

East, and in India, that I do not know what our program should be, but someone had better find out before we stumble into Hong Kong to save someone else's hide, when we do not know where we are going from Hong Kong. One of these days the Senate, the House, and the people of the United States will wake up and start talking about a world policy, something which fits America, initiated in the Capital of the United States, and not in Europe.

AMERICAN INDUSTRIES OVERWHELMINGLY OPPOSED TO EXTENSION OF TRADE AGREEMENTS ACT

In tabulating the replies to approximately 300 letters and telegrams sent to various manufacturing enterprises and trade associations requesting information as to their attitude toward a reciprocal trade program—I have already explained the relation which the reciprocal trade program has to the 1934 Trade Agreements Act—I found that the overwhelming majority of replies expressed concern over our present tariff policy, our import fee policy, and opposition to the extension of the trade-agreements program. Of 194 replies received, 114 were against the extension of the program. Sixty-two either expressed no views or referred me to some other person for information. Only 18 of the replies were expressly in favor of extending the trade-agreements program.

Very often we hear someone say with a belligerent attitude, "Are you hurt yet?" I am from the West. If someone out there pointed a gun at your head, Mr. President, and you said, "Put that thing up; it might go off," and he said, "Are you hurt yet?" you would be looking for help from some place.

I want now to give a short outline of the various kinds of industry which feel their existence is endangered by the present policy on trade agreements.

Among the strategically important industries of this country are the producers of strategic metals, both the mining operators and the intermediate processors. The producers of the following strategic metals face either extinction or drastic retrenchment: Mercury, tungsten, antimony, silver-lead concentrates, zinc, copper, manganese, and aluminum. Many more industries have not been hurt yet, but fear for the future of their enterprises either because of the low level of tariffs on the commodities concerned, because of contemplated reduction of tariffs, or simply because foreign industries are becoming more competitive than ever, having frequently been expanded with American help.

TARIFF CUTS HAVE SEVERELY INJURED OUR MINING INDUSTRY

Mr. President, the distinguished Senator from North Dakota asked about mercury. He asked if it was not true that the mercury mines in the United States were closed down. It is true; they are closed down because of competition from abroad, principally from Spain. How did it happen? With her state trading, Spain could sell mercury for any price, just to get dollars, so that she could undersell the American market and establish her goods in the American market. When a mine is closed down in America, the price goes up. It is like a gasoline price war. When a station on one corner is closed down, the price on the other goes up, because there is no competition. There is no need to elaborate on the dangers to our security resulting from drastic curtailment of the production of these metals. The loss of the deposits in inundated mines, the loss of know-how, and the loss of the labor force, may well spell the difference between victory and defeat in any future conflict. What endangers the existence and health of these enterprises? Unfair, cut-throat competition from abroad, where low-cost labor, frequently exploited at a wage about one-tenth of our domestic wage, makes cheap production possible. Without adequate tariffs the domestic producer is simply not able to compete with low labor-cost competition. The low, or nonexistent, tariffs on imports of strategic materials may put the domestic producer out of business.

Here is a direct threat to our security, and despite statements by many members of industry, and even by some members of the Government who are familiar with the technology of mining, that low tariffs endanger the security of the Nation, the free-traders in the administration persist in advocating the theory that we should preserve our resources in the ground and import the necessary strategic metals.

Mr. President, we hear it said that we will store the minerals in the ground. Minerals are stored in the ground all over the world, but when an emergency occurs, it is not possible to get them in time to do any good if the mining industry is not a healthy enterprise.

The loss in mining know-how, the loss in the deposits which have been laid bare in mines which will become a complete loss, and the lack of exploration for new deposits which can only be carried on by a healthy mining industry, is ignored by the fanatic believers in an impractical and dangerous theory.

NEW INVESTMENT CAPITAL LACKING

Further, Mr. President, all these industries with a sword hanging over their heads, with authority to cut tariffs transferred to a Secretary of State whose chief interest lies abroad, whose main interest is in arranging some kind of a treaty or agreement he wants on some other entirely unrelated matter, find themselves in a dangerous situation. Results to date have shown that and I am sure it will again be proven by the 133 trade agreements or trade negotiations, as they are called, made in France, we will find that already dangerously low tariffs and import fees will be further lowered.

With that kind of a threat hanging over his head, what will the businessman do? Can he get new capital investments for his business? Would any Senator listening to me put money in a business when a Cabinet officer, appointed on account of his ability in some kind of business, although I have not been able to ascertain what it was, except that it was certainly not in an industry, held in his hands the power of life or death over his business? If a man does put money into his business, he has to do the best he can. No one is going to buy him out. Then it would be possible to confiscate, as England and France and other nations which have nationalist schemes and threats to industry are learning. It is possible to freeze the money already invested, and confiscate it, but it is not possible to find any new investments. Let us not forget that it has been new capital investments which have made America great. We are not getting new capital investments, and there are several reasons for that, but the principal ones are the high taxes and the lack of faith in the continued health of the domestic economy.

UNITED STATES TEXTILE INDUSTRY IS BEING HURT

Perhaps less important strategically, but probably more important in regard to its share of the employment of the domestic labor force, is the textile industry. The American textile industry employs about one-fifth of the labor force of the United States engaged in manufacturing. Many believers in free trade assert that with American know-how and American equipment we can produce more cheaply and efficiently than foreign producers. What the theorists forget or purposely ignore is the fact that the equipment used in the textile mills all over the world is generally very similar to ours in type and efficiency. Textile products require a large amount of labor, which therefore accounts for a large share of the total cost of the product. Here is an interesting fact; according to figures of the Bureau of the Census one worker in the automotive industry produced $10,162 worth of automobiles in 1939, whereas in the textile industry one worker produced only $4,894 worth of cloth.

In that connection I want to say that there are old-fashioned spindles in Britain and in other parts of the world where textile industries are located, but they will be replaced. New spindles are available, and when the old ones are replaced, not only will the present rate of unemployment continue in the textile industry in the United States but it will suffer a big increase.

That difference in productivity makes the textile industry very vulnerable to foreign competition. We have to consider that the wage level in the domestic textile industry is approximately 3 times as high as in England, 5 times as high as in Italy and France, and more than 20 times as high as in Japan.

Despite these obvious differences, which cannot be overcome by either better machinery or more efficiency, tariffs are being cut on textile products brought into the United States. The producers of rayon fibers, the glove manufacturers, the weavers of felts for paper making, the makers of woolen goods, the domestic carpet weavers, the industries using silk, all of these and others more, are deeply worried about the effect of tariff cuts on their production and employment. Despite rising imports, the worst has yet to come, since foreign textile production is only beginning to hit its stride. Most of the demands of their own people have been satisfied, or, in those countries which still have shortages, textile industries produce for export to the American market in order to earn dollars, leaving

their own peoples only a small part of their production.

Mr. President, here is another situation we should consider. Nothing is left alone and unhampered with in those nations which start to take over industry. They have the socialistic idea that they must interfere with the normal routine of commerce. So, regardless of all the things I have mentioned several times this afternoon, of quotas and currency manipulations, specifications, and other means of stopping imports, we will have lower tariffs and provide a free market in our country. One of the greatest activities is continual meddling in the channels of commerce, so that nothing is normal.

Our businessmen do not know how to deal with that kind of people. Our businessmen know how to deal only with those who live and trade according to some principle. Businessmen of America operate according to principles. They will take every advantage possible within the limits of these principles. But they do not depart from principles in their operations. They do not try to run the entire industry through a Government agency which can, by means of Executive order, break anyone or make him bankrupt, or upset the industry so no one can invest money in it with any assurance that his capital will be safeguarded, let alone that he will make a profit on his operations or interest on the investment of his money.

OCCUPATION POLICIES HURT DOMESTIC UNITED STATES PRODUCERS

One fact that is particularly deplored by the members of our domestic industries is that the policy of the United States Government permits the imports of subsidized foreign goods into this country from areas under American military occupation. The wholly unrealistic exchange rates both in the Japanese yen, and the German mark, aid in allowing imports from those countries to enter the United States highly competitive to domestic manufacturers. Frequently the products of German and Japanese industry have been manufactured with raw materials which we gave to those countries, and the final product was imported into the United States at a price which bears no relation to true cost.

JAPANESE GLOVES

The knitted gloves manufacturers state that orders for Japanese gloves for the American market are larger than the total scheduled domestic production, at a landed, duty-paid price which is below the domestic price.

Mr. President, if it is of any interest to the United States Senate, and to the Presiding Officer of this august body, I shall now exhibit some gloves and make a comparison between those manufactured in the United States and those manufactured in Japan.

Style No. 9–330: American-made glove, circular knit, ladies' beige colored worsted glove. Plain stitch with true rib cuff, sizes 6, 7, and 8, priced to retail at $1.49 to $1.69 per pair. Compares almost identically in weight of yarn, design, and construction with the white glove made in occupied Japan and sold at R. H. Macy, New York, N. Y., on March 9 at 59 cents a pair.

The gloves are of the same weight. One pair is just as good as the other.

Style No. 9–358. American-made glove, circular knit, ladies' black and white colored worsted glove. Plain stitch with true rib cuff, with machine embroidered cotton edging, sizes 6, 7, and 8, priced to retail at $1.89 to $1.98 per pair. Comparable to the Japanese-made glove with hand-whipped worsted edging—Senators can see the black edges; they are hand-made—and superimposed hand-embroidered pattern on the back. In spite of the costly additional hand work, the Japanese glove sold for 98 cents at Gimbel's, New York, on March 9, 1949.

Mr. President, I ask how an American manufacturer is going to compete in such a market?

JAPANESE MICROSCOPES

Another striking example of this is the case of Japanese microscopes. A Japanese model is being offered for the American market at the retail price of $125, whereas the comparable domestic microscope, manufactured by the Bausch & Lomb Optical Co., retails for $303. For all intents and purposes the two microscopes are identical. Even with the wage level in Japan, for the makers of precision instruments, being about one-tenth of the comparable wages in this country, this low Japanese price is far below their real cost. Even the tariff rate of 45 percent, which is still in effect on microscopes, is ineffective in the face of such competition with artificial exchange rates and artificial selling prices. This price of $125 is not enough to cover the Japanese cost of production and is set solely to garner American dollars for the Japanese economy at the cost of domestic industry. This is part of the administration's policy.

I have here before me two microscopes. The one on my left is made by a Japanese manufacturer. The one on my right is made by Bausch & Lomb. I am assured by experts in this line—and being an engineer I know it to be true—that each is a 500-power microscope. They are about the same size. A neophyte could hardly tell the difference by looking at them from 10 feet away, and an expert cannot tell the difference by looking through them.

Both are 500-power microscopes. The only difference is that with respect to one of them the workers are paid 8 to 12 cents an hour, and with respect to the other, manufactured on this side, in America, the workers are paid $1.80 to $2.40 an hour. One of them is geared to the United States economy. The other is geared to the Japanese economy. That is all the difference there is between them.

It might be said it would be a fine thing to equip schools and hospitals with Japanese microscopes at a cost of $125 apiece, and not pay $303 apiece for American microscopes. That would have been all right perhaps 20, 30, or 50 years ago, because news did not travel as fast then as it does now. When the Congress of the United States was fixing the tariff rates perhaps there might have been ways of offsetting certain reductions by concessions in other lines, by logrolling, a practice we are told about, but which I have not experienced, since the tariffs have not been fixed according to the constitutional method for 15 or 16 years, and have not been in the hands of Congress.

There may have been a time when a tariff could have been fixed on one article, or an import fee fixed on it, at the expense of another, so that $125 imported microscopes could have been bought for schools, hospitals, and other institutions, rather than $303 American-made microscopes, and it might have been said, "Very well, let your precision workers in this country lose their jobs. Let precision factories go out of business." But I say to the Senate that we cannot do such a thing now. We now have radios. We now have newspapers which print the news. Everyone knows what the tariffs are, and the pleas of the hurt industries would justly rend your heart.

Let me say, Mr. President, there is a more serious implication in this matter of microscopes than what I have just mentioned. I know from my own experience that it requires from 3½ to 6 years to train a first-class lens grinder. A precision instrument manufacturer has a great deal of money invested in such a man in this country. Much money has to be expended before the workmen become expert grinders. When an emergency arises, when war comes, these lens grinders are the men who make our range finders, who make the instruments for our aircraft, who make our binoculars, who make everything of that nature we need for war, as they did in World War II and as they did in World War I. When war comes we cannot get such workers from Japan, from Germany, or other nations, where they are paid 12, 15, or 20 cents an hour.

When such expert workers are deprived of their employment, what becomes of the neighborhood in which they live? What becomes of their children? They cannot go to school. We do not obtain taxes from those who are out of work. They cannot pay their taxes and they cannot pay their grocery bills. The economy of the whole sector in which they live is disrupted. If anyone wants to bring about such a condition—and there are apparently those who want to do so—they can, but I want to say, Mr. President, count me out.

Another industry which has been injured by the reduction in tariffs is the domestic watch industry. This, again, is an industry in which the security of the Nation has a large stake. We are all familiar with the history of the Waltham Watch Co. which is now being reorganized and refinanced with the aid of the Reconstruction Finance Corporation. Charges of bad management have been hurled at the company, and probably not without reason; however, in the case of this company the effects of foreign imports of watches and of movements was merely more pronounced than it has been in the case of the other large domestic manufacturers of watches. With better management the other companies have

so far been able to weather the storm, but a further decline in sales may well put them out of business, too.

The complaint of the domestic watch manufacturers is that the inadequately low import duties of watch movements fail to protect the domestic industry from the effect of the low wages in Switzerland. In that country wages are only about 40 percent of the domestic American wage, and in the watch industry labor cost figures large in the total cost of the product.

What the lower tariff on watch movements has done to the sales of Swiss watches in this country may be shown by the following figures: In 1935, before the trade agreement with Switzerland, in which duties on watches were reduced, 1,137,000 jeweled watch movements were imported; by 1941 this had increased to 4,169,000 movements; and in 1948 it reached the stupendous sum of 7,829,000 movements.

The National Resources Board has frequently emphasized the importance of the watch industry to national security, and it is being driven to ruin by the policy of the administration to make trade agreements and thereby reduce duties, without giving adequate relief to stricken domestic industries.

WE ARE GIVING AWAY OUR HERITAGE

As I stated a while ago, we may say, "Let us buy the cheap microscopes. Let us buy the cheap watches. Let the workers in those industries go into something else. Let them manufacture automobiles, or hoe peanuts, until the peanuts which were produced by our ECA financing in east Africa begin coming in and put American peanut producers out of business." I saw that project, too, in east Africa.

Mr. President, I do not want to be a party to lowering the floor under wages. I do not want to be a party to importing unemployment. I do not want to be a party to doing away with an industry which has a national security value in time of war. Destruction of such an industry may endanger the security of the Nation. We need specialist watchmakers, specialist lense grinders, and specialists of many other kinds. Let me say to my distinguished friend from Colorado [Mr. MILLIKIN] that that applies to the mining business as well. A man cannot be taught to be a safe miner in less than 3 or 4 years. A man in the textile business cannot be taught overnight to be a miner.

I am discussing today the need for holding our own living standard while we are helping other nations, first, for our own national security; second, to maintain employment; and, third, to provide taxable property. If we want to wreck the tax structure of the country, the easiest way to do it is simply to continue what the State Department has been doing. Then we can all go home broke. We are blithely appropriating more money than we can collect in taxes to save our souls. We cannot collect $42,000,000,000 in taxes from the people of this Nation this year, next year, or the year after. We know that as well as anyone else. Why do we do it? I do not know, but we do it. At the same time, we listen to this poppycock. The newspapers today are full of it. If I were to place in the RECORD all the propaganda I read this morning, there would not be room for anything else. All of it points to one theme. My distinguished friend from Missouri [Mr. DONNELL], after he read a couple of paragraphs from the communiqué which were very plain, asked, "What is your opinion? What does it point toward?"

Mr. President, it points to only one thing, and it has pointed to only one thing since the close of the war in 1945, and that is the division of the domestic markets in the United States with foreign nations. The minds of foreigners are on nothing else. They will trade anything for the domestic markets in America, under the mistaken theory that they could continue to send their exports to the United States and we could still be able to provide a market. When we import an article such as the microscope, to which I have referred, and displace men who are receiving $1.80 to $2.40 an hour; and when we import other products and displace miners who are receiving $1.50 an hour, or watchmakers who are receiving $2 an hour, where is the income coming from to buy imports? In other words, foreign nations would destroy the very thing they want to get from us, our markets. Then we would not have them, and neither would they.

Mr. President, this situation is of deep concern to me. As I stated when I began this debate at noon, this is one of the most important subjects which has come to the floor of the Senate in a century. For more than 80 years we have been building up our standard of living until it is higher than that of any other nation in the world. We have placed a floor under wages by means of a tariff or import fee on imports. After more than 80 years of it, we turn around and remove that floor. We have a standard of living higher than that of any other nation in the world; and we propose to give it away. I am reminded of the old saying that it takes three generations from shirt sleeves to shirt sleeves. Somewhere in all families there is a real he-man; but by the third generation his grandsons forget about it, and give away their heritage. That is what we are doing.

THE PAPER INDUSTRY

Some of the industries which I have mentioned above are truly strategic industries, strategic in the sense that their existence, and their health and prosperity, for that matter, are important factors in our war potential. There are many other industries, however, whose importance lies less in their effect on the security of the Nation than in their importance for the normal, orderly life of our people.

One of those industries, whose product is of very real importance in our daily lives, whether in peace or in war, is the paper industry. After some temporary shortages immediately following the war, the paper industry has caught up on its production, and in May of this year the industry was working only at 82 percent of capacity. Obviously, therefore, the paper industry is able to fill the total domestic demand. With practically identical machinery and equipment for the production of paper in the various countries, the main factor causing the difference in the price of domestic and foreign paper is the difference in wages. By lowering the tariffs on paper we are, in effect, subsidizing the low-cost foreign labor. The price we pay is domestic unemployment. Let us never forget it.

I wish to say again, because I think it is vitally important, that if we extend the 1934 Trade Agreements Act without any check on the Secretary of State and the executive department of the Government, within 12 months, in order to avert complete economic autarchy resulting from the agreements of the past 3 years we shall be instituting quotas so fast that it will be frightening. There is no other way to save employment and the floor under wages. In my opinion, that is no way to prepare for the domestic economic future of America.

As we drive people out of employment, what do we do? We say "Everything is going to be all right. Congress will appropriate money for depressed areas." What depresses an area in the first place? What depressed the area in Michigan where 4,000 copper miners are out of employment? What is depressing the area in the State of Colorado? In New England? In Ohio? About election time money will be sent out for the benefit of depressed areas in Colorado, depressed areas in Nevada, and depressed areas in Michigan. What depresses them in the first place? It is the very policy which was adopted on the floor of the Senate. We take money out of the Treasury which is not there. We sell bonds. We go further into debt. We get rich through deficit financing, by spending money which we do not have.

There are about 176 communities in the United States which depend on the pulp and paper industry as the mainstay of their livelihood. Inadequate tariffs on foreign imports endangers their economic well-being—yes; the very existence of those communities. Very soon we shall see in some of those communities, some of the depressed areas, money that we get from our deficit spending.

Despite the vulnerability of the paper and pulp industry to low tariffs, for many years this important domestic industry has suffered under a strange form of discrimination. Ever since 1914 tariffs on paper have been far below the average tariff level imposed on imports.

CHEMICAL INDUSTRY

One of the industries which so far has been spared injury due to excessive imports is the chemical industry, particularly the synthetic organic-chemical industry. Members of the industry writing to me about their concern for the future, list two main reasons why imports have not yet endangered their business. First, the abnormal conditions existing in the world economy since the inception of the Trade Agreements Act have prevented imports from such large producers as Germany and Japan from swamping the American market.

All during that time, those countries were too busy preparing for war to allow much export. That was the time, too,

Mr. President, when some of our people were sending oil and scrap iron through the Golden Gate of California to Japan to help Japan get ready to fight us, just as England and 16 other Marshall plan countries are doing now, directly and openhandedly, in sending goods and materials to Russia. In every nation, including the United States, objection was made to the shipment of oil and scrap iron to Japan, but what good did those objections do? I saw those shipments being made. Everyone knew what would be done with the materials Japan was then receiving. It was freely predicted that Japan was getting ready for a war with us. What happened? Well, one day the Japanese hit at Pearl Harbor. After that we got the boys together to hit back at the Japanese. Comparatively few of those of us who were veterans of the First World War took part in the Second World War, but for the most part we sent our sons and our other young relatives to catch, almost barehanded, the scrap iron that had been sent to Japan from the United States. The picture was not a pretty one.

Mr. President, we are the ones who can prevent the repetition of that situation if we have the courage to do so. Frankly, I do not know whether we have.

As I began to say, members of the chemical industry have listed two main reasons why imports have not yet endangered their business. One is that the abnormal conditions existing in the world economy since the inception of the Trade Agreements Act have prevented imports from such large producers as Germany and Japan from swamping the American market, inasmuch as those countries were too busy preparing for war to allow much export. The second reason is that the war period and the ensuing period of reconstruction and rehabilitation have taken up almost all their own production. However, after their production has completely recovered, we can look forward to large imports in this field. The very minimum that is demanded as a safeguard for their industry is provision of a wait-and-see period, during which they can find out how present tariffs will affect their enterprises. If they understand that tariffs and import fees under the 1934 Trade Agreements Act will not protect them from importations from and competition with Japan and Germany, our producers will ask for other protection. Of course, we shall have to allow Germany and Japan to recover their prewar production, or else we shall have to continue sending a billion dollars a year to Germany and three-quarters of a billion dollars a year to Japan—something that it is obviously impossible for us to continue indefinitely. If we do not continue it what will happen? The imports from those countries will take over our markets, and no new United States capital will go into that business.

JEWELRY INDUSTRY SUFFERING FROM LOW TARIFFS

I spoke earlier about the fringe of luxuries which our wealthy economy can afford to import. Of course, some of these luxuries are made right in this country, and the livelihood of many of our countrymen is dependent on so-called luxury industries. One of those industries employs the jewelers and silversmiths. I have received several letters and telegrams from jewelers and silversmiths in New England, which is known for its skilled labor, high wages, and quality production. All told, about 40,000 to 50,000 people are employed in the jewelry and silversmith industry. Their enterprises are suffering not only from the effects of growing imports, but also from the loss of foreign markets which are becoming more and more restrictive against American goods.

That is the result of the so-called reciprocal trade—1934 Trade Agreements Act. Cheap imports are entering this country from England, Japan, Czechoslovakia, and Italy; and in many cases the goods are retailing, duty paid, at about one-tenth of the domestic price.

With imports already endangering the domestic industry, any further cuts in tariffs will merely increase unemployment, and will ultimately reduce our standard of living.

There are other industries which are complaining about the loss of foreign markets and excessive imports, but I shall restrict myself now to mentioning agriculture.

AGRICULTURE BEING HURT BY LOW TARIFFS

I have letters and statements deploring the trade-agreements policy, from the producers of the following commodities: Dairy products, ediblue nuts, beet sugar, vegetable fats and oils, fresh fruits, and others. The problems in each case are different, but the producers all have one thing in common about which they are certain—lowered tariffs brought about by the Trade Agreements Act have not helped domestic agriculture, but have injured it.

There are two forms of legislation, however, which have either prevented or alleviated the damage to American agriculture: The price-support programs and import quotas. I mentioned import quotas earlier in my remarks. We are going to resort to import quotas; but why should we do that when a flexible import fee, representing the differential in the cost of production, would work and, on principle, would allow everyone in the world to compete in our markets on the basis of fair and reasonable competition?

Mr. President, what are price supports? I think it is unnecessary for me to go into detail at this time in regard to them. Every Member of the Senate knows what price supports are. Let us spend just a moment in discussing them.

ADVANTAGES OF TARIFFS OVER SUBSIDIES

We have subsidies, which are applied when tariffs are removed. What are the subsidies, and where do they come from? What is the difference between tariffs, import fees, and subsidies? I think I need not explain that matter to the Members of the Senate; but for the sake of others who may read the RECORD, perhaps I should say that tariffs and import fees are collected from and paid for by the ultimate consumers of the goods. They do not cost Uncle Sam anything. The money coming from tariffs and import fees goes into the Treasury of the United States; it is new money, so far as we are concerned. It can be used to reduce taxes, to pay debts, or for any other purpose, as may be prescribed by the Congress of the United States, with the approval of the President. That money is new money. There is no unsold surplus when there is an import fee or tariff, because the importer does not pay the fee or tariff and bring in such goods under those circumstances unless he has good reason to believe that he has a sale in our market for the goods.

Now let us examine subsidies. Where do we get the subsidy money? We raise it in taxes; it is tax money, coming from the pockets of every taxpayer in the United States. As surpluses develop, we pay for them, and pile up the commodities; we build more storage and more storage for greater and greater surpluses, and pay more subsidies, and collect more taxes for that purpose. No producer gives a hoot whether there is a surplus, because no matter how much of the commodity is imported, the domestic producers are paid the difference between the market price and the parity price.

Mr. President, 1947 was the first year in which I served on the floor of the Senate. Prior to that time I had had considerable experience with congressional committees. Along came a tariff on wool. Everyone knows that in other parts of the world the labor required for the production of wool is paid very little, with the result that Americans cannot remain in the wool business unless some protection is afforded them against foreign-produced wool. However, in the United States we do not produce as much wool as we need. Therefore we are a large importer of wool. Congress saw fit to raise the tariff on wool to about 45 cents. That seemed to be about the reasonable amount. That act was vetoed by the President. Then word came to us that it looked as if a subsidy on wool, if the Congress provided one, would be approved by the President. So a law granting a subsidy for wool was passed.

Now let us consider the difference between an import fee and a subsidy. All import fees on wool imported into the United States are paid directly into the Treasury of the United States. Such payments occur only when there is a market for wool in the United States. In such case there would be no surplus, of course. Obviously the tariff or import fee is paid by the ultimate consumer of the wool.

But in the case of a subsidy, which we now have, the money comes directly from the pockets of the taxpayers. We simply increase taxes, or else we go into the red, and sell bonds and obtain the necessary money in that way. The money comes from all the taxpayers of the United States. Under such circumstances, no producer cares whether there is a surplus of wool, or whether wool has to be dumped into the river, as was done in the case of potatoes, or whether wool is put into storage bins, as in the case of wheat.

Price supports were found necessary not only because of surplus domestic production but also because of the direct

competition of foreign-produced agricultural commodities. To the extent that price supports are necessary to compensate for foreign imports, not the farmer but the taxpayer was the loser.

The other means of preventing low tariffs from hurting our farm economy was the imposition of import quotas, such as those on butter, wheat, cotton, and other products. Cotton has an import quota. As a result, no American producer of cotton is very much frightened by the importation of long-staple cotton because a quota is imposed, just as the British do in the case of our goods, so that such goods simply cannot enter the domestic market. No wonder that so many adherents to the so-called farm bloc are in favor of low tariffs; protection for domestic agriculture, aside from some scattered commodities, is provided by the operation of the agricultural adjustment acts which authorize the establishment of quotas. We have not extended it far enough, that is all. But it is coming. It looks as if the administration was engaged in duplicity, or its right hand did not know what the left was doing, in cutting tariffs on some commodities and then imposing quotas on them to prevent excessive imports.

Another point which I wish to make that is very important and almost completely ignored in our discussion of trade is the difference in the economy of the United States and that of England and the rest of Europe.

The United States with a little over 6 percent of the world's population has the natural resources to produce and consume 25 percent of the world's production of goods. This efficiency of production creates a greater turn-over of money in our trade channels and we generate approximately 45 percent of the income of the world in dollars. As a direct result the rest of the world cannot have prosperity unless we maintain a prosperous United States as the first premise. It does not matter whether we do it with import fees or any other device. To maintain a prosperous United States we must maintain our price level.

England on the other hand requires over 50 percent of her needs in imports. We are an economy of production and England has a trading economy. England has depended for her raw materials upon her empire and the four corners of the earth. But, unlike the United States, has always believed in cheap raw materials. We have developed on an economic policy that good wages and a good price for raw materials meant good markets. That is the real reason for our farm-price supports.

Last year we produced 85 percent of the automobiles in the world and sold all but 6 percent of them in the United States. England would like to sell 100,000 cars in our market even though we already have 85 percent of the world's supplies. It brings up the question—how much are the people of the United States, about 6 percent of the world's population, to consume to maintain world prosperity? Is it not about time that we look at the real cause of England's problem, markets in the pound sterling area which dominates the finances of about 1,000,000,000 people?

If England will reorganize its foreign exchange on a sound basis and adjust the price structure to a part with the American level so that the 1,000,000,000 people in the pound sterling area have income, she will have markets. That, Mr. President, goes back to what I first said about the operation of the flexible-import-fee system. When other countries know that the basis of a market in the United States is a fair and reasonable competitive price, that if they export to the United States a cheap product, made by cheap labor, at a price below the American price, they pay the difference into the coffers of the United States Treasury. That encourages them to go home and raise their wage rates and standard of living so the people will have higher purchasing power, as I have already suggested, rather than knocking their wages and prices down further so that they can come under some trade agreement, made with someone else, which only lasts for 3 years.

Under the flexible import fee which I have proposed, England would be given every opportunity to reorganize her exchange at a par with the American level, and the import fee would continue prosperity in the United States as a solid anchor for world recovery.

As I have said before during the course of the debate today, Mr. President, there is no dollar problem. There is a pound problem, a sterling-pound problem. There is a franc problem and a guilder problem. But the British, the French, and the Dutch create the shortage problem themselves. When they say they have a shortage of dollars, what do they mean? Let us analyze it. They mean no one will give them dollar for francs or pounds, because they say the franc or the pound is worth twice as much as it is actually worth. No one, if he could help it, would be caught outside England itself with a pound in his pocket for which he paid $4.03. If he did, they should examine him and put him in an institution, because he could not get more than $2.25 for it anywhere else in the world.

I happened to be in Beirut, near the Mediterranean. Mrs. Malone had always wanted some cloth made there and certain other things which are nearly impossible to obtain in this country. I was about ready to take the plane. My work was done. I went into a very fine department store—very fine for that city—a store kept by a wonderful merchant. I picked out everything I wanted. He finally added it up. I hesitated a moment. I said, "I did not expect to spend quite that much money." The truth was I did not have it on me, so I started to edge away. He said, "Wait a minute." I made an offhand remark that the money was not worth half what they said it was, anyway. I said it as a parting shot, in a good-natured way. He said: "Wait a minute. I will do a little figuring." He said: "You do not need to see the figures. You can, if you want to. But I will make the computations." He converted his money into pounds, the pounds into something else, and the something else into dollars. He came back with about one-half the price. So I brought the goods home. Of course, anyone but a dumb Irishman would have known in the first place what to offer him. I did not know. I was going to come home without the goods. But he wanted to sell the goods. Mr. President, I tell you that is the way business is being done all over the world today. In New York friends of mine who are smart traders, sharp traders, who know how to go about it, are paying $2.10 today for the English pound. It may go through two or three transactions, but it is done. That is what we are up against here, and yet we are asked to swallow all the publicity which came out this morning.

Without such an import fee we are placed in the position of having to support the price structure of the entire world at the level required for a prosperous United States. It cannot be done, because of our high standard of living; we will buy up the products of the world even though other nations starve.

A flexible import fee such as I have suggested would simplify our price-support program for agriculture. Such an import fee would indirectly support 85 percent of American production at the proper level without any additional legislation—practically all items except cotton and wheat. Eighty-five percent of American agricultural production can be supported at the proper level by a flexible import fee. Why? Because we do not produce for export. Wheat and cotton are the two principal commodities which cannot be supported in that particular way, but the money derived from a flexible import fee on other agricultural products would much more than provide what is necessary to pay the farmers to maintain a price-level structure.

The so-called crisis in England has come about through the drop in commodity prices since last September. It shut off the income from her own sources of production in her empire and in turn destroyed her market. This drop in commodity prices had the same effect in the United States. We have gone from a Treasury surplus and full employment in 1948 to a Treasury deficit and unemployment. If we permit our price structure to be forced down still further by competitive imports we will reduce our income still more and increase our unemployment and Federal deficits.

AMERICA'S HIGH INCOME MUST BE MAINTAINED

Mr. President, at other times this afternoon I have referred to that very thing, to the fact that here we have a great market backed by a national income of more than $200,000,000,000. It is a great attraction to all foreign nations. But the thing they do not see is that if we give them this market, to that extent we reduce our income, and it kicks back. Finally, we do not have the money to buy their imports, and they defeat their own purpose in the long run.

As an example of what can happen, in 1948 we had a national income of $226,000,000,000. In 1941 it was $103,000,000,000. Suppose we fall back to 1941 prices, and an income of $103,000,000,000. How are we going to meet our budget or help anyone in the balance of the world? Yet the 1941 level of prices was higher than the wage level of the

world at the present time or their ability to buy.

If we really intend to help the world we must reverse our direction. Instead of joining the world in an economy of low prices and depression, we must insist that they join us in maintaining a price level which will permit prosperity.

More loans are not the answer and never will solve the problem. The answer to our economic problem and that of the rest of the world is production at a price level which will permit an income to consume.

To be specific an import fee at the parity level would indirectly support the price of wool, hides, fats and oils, meats, dairy products, fruits, nuts, vegetables, all metal products, all timber products, all fishery products, and manufactured goods.

The two items which constitute our principal surplus are wheat and cotton. With an underfed world and a world that has always been short of clothing, and with the United States having the largest per capita area of good farm land, we should always have some exportable surplus of wheat and cotton if the world is to be properly fed and clothed.

If in the final analysis we cannot export these products, we can shift some of the acreage in cotton and wheat to grass. In my opinion, however, if the world will adjust its currency values to a par with our dollar and price level, we can export these surpluses for goods that we need to supplement our own production.

ADOPTION OF AMERICAN PROGRAM NEEDED

Mr. President, in closing let me say that I think our fundamental trouble today is in taking ready-made nice-looking European programs and policies, jumping at them, and adopting them without thorough examination. What we need, as I said when I started my speech this afternoon, is an American policy. We need to sit down in the cool of the evening and examine these questions. We should not appropriate money simply because someone says it is going to solve all the ills of the world. We have tried that for 30 years, following World War I and up to this time, and the peoples of the world are worse off than they were before. We must adopt an American program.

What sort of an American program should we adopt? First, let me say that the approval of the substitute I have offered providing for a flexible import fee in place of the 1934 Trade Agreements Act, which is nothing more nor less than the free-trade principle adopted by the State Department, based on that act, is one way of solving the problem. The flexible import fee should be in the hands of a foreign-trade authority, which would be nothing more nor less than the long-experienced Tariff Commission changed into a foreign-trade authority more nearly representing the work it is designed to do, with latitude in that field to fix import fees which represent the differential of costs between producers in the United States and those of competing countries, and to adjust and continue adjusting—that would be the principal job—in order to keep the import fees truly representative of the differentials in costs which are due to the difference in the wages and the living standards between this Nation and the points where our competition is located. In that field the authority would have the same latitude in fixing import fees on the basis of fair and reasonable competition that the Interstate Commerce Commission has in fixing freight rates on a principle laid down by the Congress of the United States.

This policy would take the matter entirely away from the shotgun methods used by the State Department which have no relation to the differential in costs. It would take it entirely away from any log rolling or any other practice except a scientific basis. It is the only system which can take into consideration the manipulation of foreign currencies, and the manipulation of purchasers when they buy products at any price they can buy them, and sell them even at a loss, so that they can get dollars to sell at a higher price and not only make up the loss, but make a profit.

The next step would be to have equal access to the markets of the world. But we are not passing on that today, Mr. President. We are passing on whether we are going to have a method adopted by the Senate of the United States that will set a pattern to maintain our standard of living, to hold our wage level, to keep a floor under wages so that the American workingman can make a living, and to hold our standards of living while we are helping other nations to raise their own.

Mr. President, I wish to complete my explanation of the exhibits. I have before me two pairs of eight-power field glasses, Japanese made and American made. I also have dolls and Christmas presents, Japanese made and American made. The price of all the Japanese-made materials are about 20 percent to 50 percent lower than those of the American-made products. The prices could be equalized in only one of two ways, either by an increase in the wages and standards of living in the competing countries, or by a flexible import fee.

In closing, I wish to say that I believe that the proposal for a flexible import fee is the only suggestion which has been made, as a substitute for the 1934 Trade Agreements Act, which would take the place of all the amendments offered, and would give a definite incentive to the foreign nations with which we are dealing to raise their standards of living definitely and continually, because there would be no advantage in beating down their labor, as many of the empire-minded nations have done for 300 years. That would put us on the way to the common objective which we all desire to reach, of free and unrestricted trade.

EXHIBIT A

TEXT OF THE JOINT COMMUNIQUÉ ON THE THREE-POWER ECONOMIC TALKS

1

Representatives of the United States, the United Kingdom, and Canada have met during the past week to examine the trade and financial relationships between the sterling area and the dollar area. The pound and the dollar are the two principal world trading currencies.

While the development of a satisfactory balance of payments between the two areas is a matter of fundamental concern to the democratic world, it involves many problems which concern in the first instance the governments which are the centers of these two currency systems. The present discussions were held to examine these problems.

It was recognized that the task of working out conditions under which world trade can develop steadily and in increasing freedom will require a strenuous and sustained effort, not only on the part of the United States, the United Kingdom, and Canada, but also by all other countries desiring the same objectives.

2

It was agreed that the common aim is to work toward an ultimate solution which will maintain employment and establish equilibrium of international trade on a mutually profitable basis at high levels. These objectives and general course of action have already been set forth in the United Nations Charter, the Bretton Woods agreements, and the Habana Charter for an international trade organization.

It was the broad purpose of the present meetings to explore, within this general framework, various specific measures which the three governments might take to prevent a serious break-down in the dollar-sterling relationships which would have led to a crippling limitation of dollar imports into the sterling area and to hasten the achievement of those objectives.

3

These conversations have carried forward the consultations initiated in London during July 8–10. They have resulted in a clear understanding of the character of the difficulties to be faced and an increasing realization that a fully satisfactory solution will necessitate continuing efforts in many directions. In the course of these conversations it has become possible to discuss with complete frankness specific problems and the types and measures which will have to be taken if the three countries are to achieve their common purpose.

4

In the early stages of the discussion, attention was given to the immediate problem confronting the United Kingdom and the rest of the sterling area as a result of the rapid decline of gold and dollar reserves. Note was taken by the three governments of the emergency action which sterling area countries have decided to take to meet this situation. These measures are not pleasant ones; they will cause difficulties and sacrifices for everyone concerned. Nevertheless, they are a temporary necessity, and are recognized as such by all three governments.

5

The ministers were in complete agreement that no permanent solution to the problem could be found in the emergency steps contemplated. A more fundamental attempt would have to be made by all concerned to expand the dollar earnings of the sterling area and to increase the flow of investment from the North American continent to the rest of the world, including the sterling area.

6

This more fundamental attempt would involve both separate actions of the three countries operating individually, and joint action by the three acting in cooperation with each other.

In approaching these possibilities of individual and joint action on the sterling-dollar problem, there was common agreement that this action should be based on the assumption that extraordinary aid from the North American Continent would have to come to an end by the middle of 1952. This would require that the sterling area increase its dollar earnings so as to pay its way by 1952. This would require in the

sterling area the creation of appropriate incentives to exporters to the dollar area and a vigorous attack upon costs of production to enhance the competitive position of sterling-area products. Maximum efforts would be made to direct exports to the dollar area and to build up earnings from tourism and other services.

As a part of this export campaign by the sterling area countries, it was recognized that an essential element was the creation of a feeling of confidence on the part of sterling area exporters. They must feel that they will be afforded the opportunity to remain in the markets of the United States and Canada in which they will have gained a place, and that the minimum of difficulties will be placed in their way in entering those markets.

On their part the creditor countries undertook to facilitate, to the greatest extent feasible, an expansion of dollar earnings by debtor countries, including the sterling area. It was agreed that the United States and Canada should reduce obstacles to the entry of goods and services from debtor countries, in order to provide as wide an opportunity as possible for those countries to earn dollars through the export of goods and the provision of services, including tourism.

It was recognized that such a policy would be in the interest of producers in the United States and Canada, for only in this way can the future level of trade provide adequately for those sectors of the American and Canadian economies which depend in considerable part upon foreign markets.

7

The discussion of possible individual and joint actions, both long-run and short-run, ranged over a wide field. In addition to the question of dollar earnings of the United Kingdom and the rest of the sterling area, mentioned above, the Ministers gave special attention to the following subjects:

1. Overseas investment.
2. Commodity arrangements and stock piling.
3. Limitations on items which may be financed under present Economic Cooperation Administration procedures.
4. Customs procedures.
5. Tariff policy.
6. Liberalization of intra-European trade and payments.
7. Sterling balances.
8. Petroleum.
9. Shipping.
10. Provisions for continuing consultation.

8

A working group on overseas investment reviewed both recent experience and future prospects for the flow of productive investment, both private and public, from North America to overseas areas, especially underdeveloped countries. It was agreed that a high level of such investment could make an important contribution toward reducing the sterling-dollar disequilibrium and that every aspect of this problem should be explored on a continuing basis.

In order to initiate this work the President's Committee for Financing Foreign Trade will be asked immediately to explore posisble lines of action in cooperation with corresponding groups of British and Canadian financial and business representatives. While dealing with all aspects of private and public investment, the committee will be expected to address itself especially to the problem of incentives and of providing a suitable environment for a high level of private investment.

9

A working group on commodity arrangements and stock piling gave special attention to rubber and tin. The Canadian representatives stated that the Canadian Government was prepared to take steps to increase reserve stocks of tin and rubber in Canada. The United States representatives reported that the United States Government was prepared to open to natural rubber a substantial additional area of competition, including a modification of the Government order relating to the consumption of synthetic rubber. The United States would review its stock-piling program with particular reference to rubber and tin.

10

Special attention was given by another group to the practical difficulty being experienced by the United Kingdom in making fully effective use of its Economic Cooperation Administration aid to cover its dollar deficit. This difficulty arises out of the fact that, although the United Kingdom needs dollars to pay for goods in the United States to make settlements with other countries, to pay for services, and for other purposes, the types of transactions which may be financed by ECA dollars have been definitely limited.

It has been agreed that, in order to carry out the basic purposes of the Economic Cooperation Act, it will be necessary for the United Kingdom to finance with its share of ECA funds a wider range of dollar expenditures than has hitherto been eligible both within and outside the United States.

After careful examination of the dollar expenditures proposed to be made or authorized by the United Kingdom, it appears that eligibility requirements can be broadened to the extent required within the limits set by the Economic Cooperation Act. This would broaden the use but not increase the amount of ECA funds allocated to the United Kingdom.

11

In the consideration of measures which creditor countries might take to reduce barriers to trade, it was recognized that customs procedures may create obstacles, psychological as well as actual.

Technical discussions of this subject disclosed that the United States, through administrative action and proposed legislation, was already contemplating constructive steps in this field.

Canadian representatives stated that the Canadian Government would undertake a further review of the administrative operation of its customs act in the light of these discussions.

As to tariff rates, it was noted that high tariffs were clearly inconsistent with the position of credit countries. There had already been significant and substantial reductions in United States tariffs during the last 15 years. The policy of the United States Government was to seek further negotiation of trade agreements through which additional reductions might be made, within the framework of the Reciprocal Trade Agreements Act.

12

There was agreement that one of the ways in which the competitive position of United Kingdom products might be improved was by a widening of the area in which such products competed freely with those of other countries.

In this connection as an initial step toward a more general liberalization the United Kingdom delegation outlined its proposals for liberalizing trade with countries with which it did not have balance of payments difficulties, and raised the question whether the provisions of section 9 of the Anglo-American financial agreement, and article 5 of the Anglo-Canadian financial agreement presented an obstacle to such a plan.

It was the view of the United States and Canadian delegations that such liberalization of United Kingdom import regulations should be considered since the United Kingdom shortage of dollars should not in itself force the United Kingdom to reduce its purchases from areas with which it does not have a shortage of means of payment.

It was agreed that any United Kingdom import regulations as they affect United States and Canadian products would be the subject of continuing review by representatives of the three governments through continuing facilities for consultation.

13

(a) A further subject which was discussed was the United Kingdom liability represented by the sterling balances of other countries.

A large number of countries has been accustomed to hold either all or a part of their foreign exchange reserves in the form of sterling. The existence and availability of such holdings is an integral feature of the widespread multilateral use of sterling for the purpose of financing international trade.

One of the problems of the postwar period has been the existence of exceptionally large accumulations of sterling which were built up, mainly during the war, as the result of payments by the United Kingdom for goods and services purchased overseas in furtherance of the common war effort. In June 1945, these balances amounted to $13,500,000,000. Since then there have been considerable fluctuations both in the total and in the holdings of individual countries, though the amount outstanding at the end of 1948 was approximately the same as at June 1945.

(b) In principle the whole of these balances represents a charge on United Kingdom production of goods and services. In practice, however, a substantial proportion will continue to be held as reserves by the countries concerned. To the extent that the balances are liquidated, some production of United Kingdom production of goods and services is used to discharge this liability instead of to pay for current imports of goods and services.

(c) This whole problem in its various aspects, including the necessity to provide capital goods for development, was discussed in a preliminary way on the basis of prior technical examination by the experts of the three governments. It was agreed that this was one of the subjects which concerned other countries and would require further study.

14

Investigation of the ways in which the sterling area could move toward a position in which it could earn its own way led to the discussion of other special problems, including petroleum and shipping—two important elements in the sterling area balance of payments picture. The United Kingdom representatives set forth the facts of the very large dollar deficit which the sterling area presently incurs because of oil transactions, and their desire to reduce this deficit to the minimum possible level.

It was mutually recognized that the question of oil production and refining and geographical distribution raised problems of extreme complexity involving the protection of legitimate interests of the major producing countries and companies. The Ministers recognized that these two questions of petroleum and shipping could not be resolved in the short time available to them, and that further study would be required. In the case of petroleum they agreed to appoint representatives to analyze the facts and to provide the basis for subsequent discussions.

15

There has been agreement on the objective toward which policies should be directed and agreement on certain immediate steps which will be taken to bring that objective nearer. There are, however, as has been emphasized, a number of questions requiring closer examination than this short conference has allowed.

It is proposed, therefore, to continue the examinations, initiated during the conference, of questions on which it is hoped that useful understanding can be reached under the direction of the present ministerial group. These arrangements for continuing consulta-

tion—supplementing the usual channels of communication between governments—will be used to keep under review the effectiveness of actions already agreed upon and to prepare, for governmental consideration, measures which could carry further those adjustments which are considered to be necessary.

In establishing these arrangements for continuing consultation, the three governments wish to emphasize that these arrangements underline rather than diminish their interest in the development of economic cooperation within the entire community of western nations. The tripartite arrangements will not in any way encroach upon, or detract from, the area of competence of the OEEC and other existing organs of international economic collaboration. On the contrary, these arrangements for continuing consultation, by contributing materially to the solution of problems which today adversely affect the working of the entire Organization for European Economic Cooperation group and yet are not susceptible of solution within that group, will facilitate the progress of economic collaboration in the wider field.

16

In summary the Ministers of the three countries concerned are satisfied that a real contribution to the solution of the sterling-dollar difficulties has been made by the conclusions recorded above. They are confident that, with sustained efforts on all sides and with the seizure of every opportunity by sterling-area exporters to enter into and remain in dollar markets which are open to them, there is the prospect of reaching a satisfactory equilibrium between the sterling and dollar areas by the time exceptional dollar aid comes to an end.

Mr. GEORGE. Mr. President, we have a unanimous-consent agreement to propose, which I send to the desk. I suggest, also, that an additional unanimous-consent agreement be entered into to waive the calling of the roll prior to the consideration of this request.

The VICE PRESIDENT. The clerk will report the unanimous-consent request.

The legislative clerk read as follows:

Ordered, by unanimous consent, That on the calendar day of Thursday, September 15, 1949, at the hour of 4 p. m., the Senate proceed to vote, without further debate, upon any amendment that may be pending or that may be proposed to House bill 1211, the Trade Agreements Extension Act of 1949, and upon the final passage of the said bill: *Provided,* That no amendment that is not germane shall be received.

Ordered further, That the time between 12 o'clock and the said hour of 4 o'clock on said day be equally divided between those favoring and those opposing the said bill, controlled, respectively, by the Senator from Georgia [Mr. GEORGE] and the Senator from Colorado [Mr. MILLIKIN].

The VICE PRESIDENT. The Senator from Georgia proposes the unanimous-consent agreement which has been read, and also that the requirement for a roll call prior to entering into such agreement be waived. Is there objection to waiving the calling of the roll?

Mr. WHERRY. Mr. President, I should like the RECORD to show that I have quite thoroughly canvassed the Republican membership of the Senate and I take the responsibility of waiving a quorum call.

The VICE PRESIDENT. Is there objection to the agreement presented by the Senator from Georgia?

Mr. WHERRY. Mr. President, reserving the right to object, I think it should be thoroughly understood that the time to be divided and to be allocated by the distinguished Senator from Georgia and the distinguished Senator from Colorado should include not only debate on the bill, but any amendments to the bill.

The VICE PRESIDENT. That means that during the time which is allotted and controlled the Senate may debate anything.

Mr. WHERRY. May I inquire whether we shall vote on any amendments?

Mr. GEORGE. Yes.

The VICE PRESIDENT. Without objection, the agreement is entered into.

Mr. LUCAS. Mr. President, I am not sure about whether we shall vote on all amendments—

Mr. WHERRY. Amendments to the proposed 3-year extension of the act and the extension itself.

The VICE PRESIDENT. The Chair would interpret the agreement to mean that at 4 o'clock the Senate will begin to vote on amendments offered to the substitute bill or any other amendments which are germane, and that after they are disposed of, the Senate will vote on the bill.

Mr. WHERRY. Mr. President, I think it should be thoroughly understood that when the hour of 4 o'clock arrives there shall be no further debate.

Mr. LUCAS. Oh, yes. That is correct.

Mr. WHERRY. That is the understanding.

ANNOUNCEMENT CONCERNING CONSIDERATION OF CERTAIN NOMINATIONS

Mr. LUCAS. Mr. President, I should like to make one announcement, and then I shall yield the floor.

From the Committee on Armed Services the nomination of Carl A. Ilgenfritz, of Pennsylvania, to be Chairman of the Munitions Board was reported earlier today. I should like to announce to the Senate that following the disposition of the pending bill on Thursday at 4 o'clock, we shall proceed to the consideration of the nomination of Mr. Ilgenfritz, and if necessary, will hold a night session to discuss the merits and demerits of the nomination.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WHERRY. I should like to ask the distinguished majority leader if, when the request is made to proceed with the nomination, any objection is raised, is it the intention of the majority leader to move that the nomination be brought up for debate at that time?

Mr. LUCAS. The Senator is correct. If we are successful in that, we shall also take up the nomination of Mr. John Carson to be a member of the Federal Trade Commission.

Mr. WHERRY. I do not object at all to the first suggestion; but I should like to have the RECORD show, that I should appreciate it if the majority leader will not take up either the Carson nomination or the Butterworth nomination until some Senators who are vitally interested may be present.

Mr. LUCAS. I thought that if I gave this notice now there would be sufficient time.

Mr. WHERRY. If the nomination of Mr. Ilgenfritz should be disposed of within a few moments on Thursday afternoon, is it the Senator's intention to proceed immediately with the nomination of Mr. Carson?

Mr. LUCAS. Yes.

Mr. WHERRY. I would appreciate if we could have a little further time on that nomination, if it is agreeable.

Mr. LUCAS. I should like to make disposition of the nominations of both those gentlemen on Thursday, if possible. If we cannot, they will go over until Friday.

Mr. WHERRY. If the Senator would make the announcement now that the other two nominations would be considered on Friday, I would consider that ample notice, and we could proceed to take them up at that time.

Mr. LUCAS. The nominations, including that of Mr. Butterworth, have been on the calendar for some time, and in view of the fact that we have been able to get an agreement to dispose of the pending bill on Thursday, together with all amendments, I think perhaps it would be the better part of wisdom to take up the nominations which have been passed over from time to time, perhaps starting with the nomination of Mr. Butterworth, and see if we cannot finish them Thursday or Friday. Definitely we will take up Mr. Ilgenfritz's nomination on Thursday evening, in the inverse order.

Mr. WHERRY. I wish to cooperate with the majority leader. I have no disposition to delay action in any way whatsoever, as I have stated to the majority leader. I would not object at all, after Mr. Ilgenfritz's nomination is disposed of, if the Senator wants to make one of the nominations the unfinished executive business, and I suggest that he consider having the two nominations finally disposed of on Friday rather than on Thursday.

Mr. LUCAS. I think that is a fair request, because I think probably there will be some debate on Mr. Ilgenfritz's nomination.

Mr. KNOWLAND. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. KNOWLAND. In view of the colloquy which is going on between the majority leader and the minority leader, I should like to ask if it is now the position of the majority leader that the Butterworth nomination will come up on Friday.

Mr. LUCAS. The Butterworth nomination will be taken up on Friday and the Carson nomination will be taken up on Friday, and, if necessary, we will hold a night session and try to dispose of those nominations.

Mr. WHERRY. I take it the majority leader is about to make a unanimous-consent request relative to a night session tonight, and inasmuch as the unanimous-consent agreement has been entered into regarding the pending bill, does the Senator from Illinois think it is necessary to have a night session tonight?

Mr. LUCAS. I do not think it is necessary to have a night session, in view of the fact that we have entered into the unanimous-consent agreement, for which I am thankful to the minority leader, and all the other Members on the Republican side of the Senate.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I should like to ask if it is the Senator's intention that the MAP debate shall start on Monday, if the other debate shall be concluded on Friday.

Mr. LUCAS. The Senator is correct.

Mr. SALTONSTALL. And there will be no Saturday session, then?

Mr. LUCAS. There will be no Saturday session, unless the debate makes one necessary.

Mr. WHERRY. Mr. President, I should like to ask one more question about the order in which the nominations will be taken up. I understood the Senator from Illinois to say that they would be taken up in inverse order. It might make a little difference in getting some Senators who are interested in the different nominations to the Senate. Would the Senator's suggestion mean that Mr. Carson's nomination would be No. 2 and Mr. Butterworth's No. 3?

Mr. LUCAS. No. Mr. Ilgenfritz will be No. 1; then we will return to the nominations passed over and take them in the regular order, Mr. Butterworth first and then Mr. Carson.

Mr. WHERRY. I understand.

EXECUTIVE SESSION

Mr. LUCAS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The VICE PRESIDENT. If there be no reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

WAR CLAIMS COMMISSION

The Chief Clerk read the nomination of Daniel F. Cleary to be a member of the War Claims Commission.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Mrs. Georgia L. Lusk to be a member of the War Claims Commission.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of David N. Lewis to be a member of the War Claims Commission.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

MOTOR CARRIER CLAIMS COMMISSION

The Chief Clerk read the nomination of Thomas W. O'Hara to be Chairman of the Motor Carrier Claims Commission.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Ernest M. Smith to be a member of the Motor Carrier Claims Commission.

The VICE PRESIDENT. Without objection, the nomination is confirmed, and, without objection, the President will be immediately notified of all confirmations of today.

RECESS

Mr. LUCAS. As in legislative session, I move the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 7 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, September 14, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 13 (legislative day of September 3), 1949:

IN THE ARMY

The following-named persons for appointment in the Regular Army of the United States in the grades and corps specified under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), title II of the act of August 5, 1947 (Public Law 365, 80th Cong.), Public Law 36, Eighteth Congress, and Public Law 625, Eightieth Congress:

To be majors

Edna L. Cox, WAC, L909002.
Anthony J. Di Cello, MC, O331939.
Charles W. Moulton, MC, O422005.

To be captain

John F. Shay, MC, O474238.

To be first lieutenants

Farrell B. Anderson, JAGC, O404882.
James A. Ball, MC, O964462.
David G. Berger, MC, O948528.
Stephen J. Berte, MC, O1716627.
James G. Borman, MC, O958449.
Robert B. Giffin, Jr., MC.
William H. Hall, MC, O960465.
George B. Hamilton, MC, O965829.
William H. Harper, MC, O937008.
Richard B. Johnson, MC, O967875.
Robert J. Johnson, MC.
James E. Lamb, Jr., MC, O961691.
Wallace L. Lancaster, DC, O959936.
Nicholas Mallis, MC.
James H. Noble, MC.
Richard R. Nolen, MC, O964464.
Gerald R. Nowlis, MC, O961449.
Jack W. Passmore, MC, O967413.
Roger J. Reynolds, MC, O1736060.
Joel H. Richert, MC, O965457.
Merle C. Rideout, Jr., JAGC, O1181427.
Joel L. Roth, MC, O962719.
Emmett J. Ryan, MC.
Daniel F. Smoak, Jr., JAGC, O419028.
John W. Southworth, MC.
Joe L. Spann, MC, O963145.
Robert M. Taylor, MC, O961694.
Byron M. Walls, MC.
William L. Wilson, MC, O961696.

To be second lieutenants

Helen L. Black, ANC, N792179.
Lillian Dunlap, ANC, N735464.

The following-named persons for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

Robert E. Cook.
Raymond S. Gordon.
Lewis S. Hay.
James M. Herbert, Jr.
John S. McInerny.
Russell J. Moon.
Charles R. Pack.
Denzil L. Pritchard.
Blaine E. Twitchell, O947565.
Robert J. Wilson.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 13 (legislative day of September 3), 1949:

WAR CLAIMS COMMISSION

MEMBERS OF THE WAR CLAIMS COMMISSION

Daniel F. Cleary.
Mrs. Georgia L. Lusk
David N. Lewis

MOTOR CARRIER CLAIMS COMMISSION

Thomas W. O'Hara to be Chairman of the Motor Carrier Claims Commission.

Ernest M. Smith to be a member of the Motor Carrier Claims Commission.

HOUSE OF REPRESENTATIVES

TUESDAY, SEPTEMBER 13, 1949

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore [Mr. Cox].

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Lord of our life, we praise Thee that we are not forgotten by a loving God. As we continue in the arms of Thy divine care, we are strengthened to assume the duties of this day, seeking Thy way as we attempt to live and act as Thou didst teach us:

Blessed are the merciful, for they shall obtain mercy.

Blessed are the pure in heart, for they shall see God.

Blessed are the peacemakers, for they shall be called the children of God.

In our Redeemer's name we pray. Amen.

The Journal of the proceedings of Friday, September 9, 1949, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate had passed the following resolutions:

Senate Resolution 163

Resolved, That the Senate has heard with profound sorrow of the death of Hon. Wiley B. Rutledge, late an Associate Justice of the Supreme Court of the United States.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and to the Supreme Court and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased the Senate do now take a recess until 12 o'clock noon tomorrow.

Senate Resolution 164

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. RICHARD J. WELCH, late a Representative from the State of California.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now take a recess until 12 o'clock noon tomorrow.

THE LATE HONORABLE JUSTICE WILEY RUTLEDGE

Mr. SHEPPARD. Mr. Speaker, I offer a resolution (H. Res. 356) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That the House has heard with profound sorrow of the death of the Honorable Wiley Rutledge, Associate Justice of the Supreme Court of the United States.

Resolved, That the Clerk communicate these resolutions to the Senate and to the Supreme Court and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

THE LATE HONORABLE RICHARD J. WELCH

Mr. SHEPPARD. Mr. Speaker, I offer a resolution (H. Res. 357) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. RICHARD J. WELCH, a Representative from the State of California.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the arrangements for the funeral and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

ADJOURNMENT

Mr. SHEPPARD. Mr. Speaker, I move that, as a further mark of respect of the memories of the deceased, the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 5 minutes p. m.), pursuant to House Resolution 345, the House adjourned until Friday, September 16, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

918. Under clause 2 of rule XXIV, a letter from the Secretary of Agriculture, transmitting proposed amendments to the Federal Seed Act of August 9, 1939 (53 Stat. 1275), was taken from the Speaker's table and referred to the Committee on Agriculture.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MANSFIELD:

H. R. 6170. A bill to create a commission to make a study of the administration of overseas activities of the Government and to make recommendations to Congress with respect thereto; to the Committee on Foreign Affairs.

By Mr. SASSCER:

H. R. 6171. A bill to authorize commissioned officers of the Army, Navy, Air Force, and Marine Corps to administer certain oaths, and for other purposes; to the Committee on Armed Services.

By Mr. WILSON of Oklahoma:

H. R. 6172. A bill to authorize the extension of officers' retirement benefits to certain persons who while serving as enlisted men in the Army of the United States during World War II were given battlefield promotions to officer grade and were incapacitated for active service as a result of enemy action; to the Committee on Armed Services.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER:

Memorial of the Legislature of the State of Massachusetts, memorializing the President and the Congress of the United States to issue a stamp commemorating the one hundred and fifty-fifth anniversary of the birth of George Peabody; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MULTER:

H. R. 6173. A bill for the relief of Sun Yip Chin and Chung Lum (Lum Chung); to the Committee on the Judiciary.

By Mr. SHORT:

H. R. 6174. A bill for the relief of Anthony Henry O'Brien of Thomond; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1477. By the SPEAKER: Petition of Texas Society of Certified Public Accountants, Waco, Tex., stating their opposition to House bill 3113 and commenting on House bill 4446 as not being opposed to it or being for House bill 4446; to the Committee on the Judiciary.

1478. Also, petition of Alaska Statehood Committee, Juneau, Alaska, requesting Congress to take action on the Alaska and Hawaii statehood bills; to the Committee on Public Lands.

1479. Also, petition of Hawaiian Government Employees' Association, Honolulu, T. H. relative to the commendation of Hon. Ingram M. Stainback, Governor of the Territory of Hawaii; to the Committee on Public Lands.

1480. Also, petition of Independent League of Voters, Orlando, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1481. Also, petition of Fred E. Bradford and others, Orlando, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1482. Also, petition of Mrs. Effa K. Collings and others, Miami, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1483. Also, petition of Laura A. Powell and others, New Port Richey, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1484. Also, petition of William W. Townsend and others, Zephyrhills, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

SENATE

WEDNESDAY, SEPTEMBER 14, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

Almighty God, whose greatness and whose goodness are the inspiration and strength of all God-fearing and faithful men, we pray that daily we may go forward courageously in the high adventure of building a finer social order.

Inspire us with that nobility of character and integrity of soul which shall enable us to stand in Thy presence and in the presence of our fellow men, unafraid and unashamed.

Grant that we may be the loyal champions of every righteous cause. May the assurance of Thy guiding and sustaining spirit be our source of light and hope as we seek to bring in that glorious day when there shall be more of mutual respect and mutual confidence among men and nations.

Hear us in Christ's name. Amen.

THE JOURNAL

On request of Mr. ROBERTSON, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, September 13, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

CALL OF THE ROLL

Mr. ROBERTSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hill	Mundt
Anderson	Hoey	Murray
Bricker	Holland	Myers
Bridges	Humphrey	Neely
Butler	Ives	O'Conor
Byrd	Jenner	O'Mahoney
Cain	Johnson, Colo.	Pepper
Capehart	Johnson, Tex.	Reed
Chapman	Johnston, S. C.	Robertson
Connally	Kem	Russell
Cordon	Kerr	Saltonstall
Donnell	Kilgore	Schoeppel
Downey	Knowland	Smith, Maine
Dulles	Langer	Sparkman
Eastland	Leahy	Stennis
Ecton	Long	Taylor
Ellender	Lucas	Thomas, Okla.
Flanders	McCarthy	Thomas, Utah
Frear	McClellan	Thye
Fulbright	McFarland	Tobey
George	McKellar	Tydings
Gillette	McMahon	Vandenberg
Graham	Magnuson	Watkins
Green	Malone	Wherry
Gurney	Martin	Williams
Hayden	Maybank	Withers
Hendrickson	Miller	Young
Hickenlooper	Millikin	

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER] and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from Michigan [Mr. FERGUSON], the Senator from Oregon [Mr. MORSE], and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The VICE PRESIDENT. A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

The VICE PRESIDENT. If there is no objection, the Chair will recognize Senators for submission of routine business for the RECORD, the introduction of bills and joint resolutions, and presentation of other matters. The Chair hears no objection, and it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT ON RUBBER

A letter from the Secretary of Commerce, transmitting, pursuant to law, the first annual report of the Department of Commerce on rubber, for the year ended March 31, 1949 (with an accompanying report); to the Committee on Banking and Currency.

SUSPENSION OF DEPORTATION OF ALIENS

A letter from the Acting Attorney General, transmitting, pursuant to law, a copy of the order of the Commissioner of the Immigration and Naturalization Service granting the status of permanent residence to George Szukovathy (with an accompanying paper); to the Committee on the Judiciary.

REPORT ON CONTROL AND ERADICATION OF FOOT-AND-MOUTH DISEASE, UNITED STATES AND MEXICO

A letter from the Assistant Secretary of Agriculture, transmitting, pursuant to law, a report on cooperation of the United States with Mexico in the control and eradication of foot-and-mouth disease, for the month of July 1949 (with an accompanying report); to the Committee on Agriculture and Forestry.

DONATIONS BY NAVY DEPARTMENT TO NONPROFIT INSTITUTIONS AND ORGANIZATIONS

A letter from the Secretary of the Navy, reporting, pursuant to law, a list of institutions and organizations, all nonprofit and eligible, which have requested donations from the Navy Department; to the Committee on Armed Services.

LAWS ENACTED BY LEGISLATIVE ASSEMBLY AND MUNICIPAL COUNCILS OF ST. THOMAS AND ST. JOHN AND ST. CROIX, V. I.

A letter from the Secretary of the Interior, transmitting, pursuant to law, copies of laws enacted by the Legislative Assembly and the Municipal Councils of St. Thomas and St. John and St. Croix, Virgin Islands (with accompanying papers); to the Committee on Interior and Insular Affairs.

PROGRESS REPORT OF COMMISSION ON RENOVATION OF THE EXECUTIVE MANSION

A letter from the Chairman of the Commission on Renovation of the Executive Mansion, reporting, pursuant to law, on the progress of the work of that Commission; to the Committee on Public Works.

PRESERVATION OR DISPOSAL OF MATERIAL REMOVED FROM EXECUTIVE MANSION

A letter from the Chairman of the Commission on Renovation of the Executive Mansion, transmitting a draft of proposed legislation to authorize the Commission on Renovation of the Executive Mansion to preserve or dispose of material removed from the Executive Mansion during the period of renovation (with an accompanying paper); to the Committee on Public Works.

PETITIONS

Petitions, etc., were laid before the Senate, and referred as indicated:

By the VICE PRESIDENT:

Resolutions of the General Court of the Commonwealth of Massachusetts; to the Committee on Post Office and Civil Service:

"Resolutions memorializing Congress to issue a stamp commemorating the one hundred and fifty-fifth anniversay of the birth of George Peabody

"Whereas on February 18, 1950, there will be observed the one hundred and fifty-fifth anniversary of the birth in the city of Peabody, Mass., of George Peabody, the first great American philanthropist who bestowed so much of his great wealth for the education of the poor and in general for the benefit of mankind, and who probably as much as any individual helped by his financial ability to make this country the greatest Nation in the world; and

"Whereas it seems fitting and proper that the name of George Peabody be immortalized forever by having a stamp issued, if possible, on February 18, 1950: Therefore be it

"*Resolved*, That the General Court of Massachusetts respectfully memorializes the Congress of the United States to provide for the issuance of such a stamp; and be it further

"*Resolved*, That copies of these resolutions be sent forthwith by the State secretary to the President of the United States, to the Postmaster General, to the Presiding Officer of each branch of Congress, and to the Members thereof from this Commonwealth.

"In the house of representatives, adopted, August 22, 1949.

"LAWRENCE R. GROVE,
"Clerk.

"In senate, adopted, in concurrence, August 23, 1949.

"IRVING N. HAYDEN,
"Clerk."

A resolution adopted by the Thirty-fourth Infantry Division Association in convention assembled at Minneapolis, Minn., favoring the enactment of House Joint Resolution 238, to provide the privilege of becoming a naturalized citizen of the United States to all immigrants having a legal right to permanent residence; to the Committee on the Judiciary.

A letter in the nature of a petition from Nicholas P. Rybakoff, of New York, N. Y., relating to the plight of White Russian refugees recently evacuated to the Philippine Islands (with an accompanying paper); to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THOMAS of Oklahoma, from the Committee on Agriculture and Forestry:

H. R. 2960. A bill to amend the Rural Electrification Act to provide for rural telephones, and for other purposes; with amendments (Rept. No. 1071).

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce:

H. R. 3420. A bill to authorize the exchange of wildlife refuge lands within the State of Washington; without amendment (Rept. No. 1072).

By Mr. MCFARLAND, from the Committee on Interstate and Foreign Commerce:

S. 2477. A bill to equalize pay and retirement benefits of certain classes of commissioned officers appointed to the Regular Coast Guard; with amendments (Rept. No. 1073).

By Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service:

S. 2350. A bill to amend the act of August 8, 1946, relating to the payment of annual leave to certain officers and employees; without amendment (Rept. No. 1074).

By Mr. HUMPHREY, from the Committee on Post Office and Civil Service:

S. 2351. A bill to simplify and consolidate the laws relating to the receipt of compensation from dual employments under the United States, and for other purposes; with an amendment (Rept. No. 1075).

PRINTING OF ADDITIONAL COPIES OF HEARINGS ON PROPOSED AMENDMENT TO CONSTITUTION RELATING TO ELECTION OF PRESIDENT AND VICE PRESIDENT

Mr. HAYDEN. Mr. President, by direction of the Committee on Rules and Administration, I report favorably, without amendment, Senate Resolution 154, and I ask unanimous consent for its immediate consideration. I will say that the cost to print the additional copies provided for in the resolution is $692.33.

The VICE PRESIDENT. Is there objection?

There being no objection, the resolution (S. Res. 154) submitted by Mr. MCCARRAN on August 12, 1949, was considered and agreed to as follows:

Resolved, That there be printed 2,000 additional copies of the hearings conducted before a subcommittee of the Senate Committee on the Judiciary on Senate Joint Resolution 2, Eighty-first Congress, proposing an amendment to the Constitution of the United States providing for the election of President and Vice President. Such additional copies shall be for the use of the Senate Committee on the Judiciary.

PROPOSED MEMORIAL TO MEMORY OF MOHANDAS K. GANDHI

Mr. GREEN. Mr. President, I am directed by the Committee on Rules and Administration to report favorably, without amendment, House Joint Resolution 295, relating to a memorial to Mohandas K. Gandhi, and I submit a report (No. 1070) thereon. The joint resolution has been unanimously approved by the Joint Committee on the Library and this morning it was approved unanimously by the Committee on Rules and Administration. I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

Mr. MILLIKIN. Mr. President, reserving the right to object, I should like to hear what it is about.

Mr. GREEN. Mr. President, I suggest that the body of the resolution be read, omitting the preamble.

The VICE PRESIDENT. The joint resolution will be read.

The joint resolution (H. J. Res. 295) to erect a memorial to the memory of Mohandas K. Gandhi, was read, as follows:

Resolved, etc., That authority is hereby granted to the India League of America, or any other organization which may be organized for this purpose, to erect, within 5 years from the date of the approval of this resolution, a memorial testifying to the wisdom and leadership of Mohandas K. Gandhi, as philosopher and statesman, in the city of Washington, on such grounds as may be designated by the Fine Arts Commission, subject to the approval of the Joint Committee on the Library. The model of the memorial so to be erected shall be first approved by the said Commission and by the Joint Committee on the Library, the same to be presented to the people of the United States without cost to the Government of the United States: *Provided*, That the cost of custodian maintenance of the edifice contemplated by this act will be borne perpetually by the organization undertaking its original construction.

Mr. MILLIKIN. Mr. President, reserving the right to object, I have no objection to the merits of the joint resolution. I am wondering what is required in the way of time to consider it.

Mr. GREEN. I do not know that it would require any time. It has been approved by the House. It has been approved by the Joint Committee on the Library. It has been unanimously approved by the Committee on Rules and Administration. I thought it could be passed immediately.

Mr. MILLIKIN. Would it be agreeable to the Senator to withdraw his request if the joint resolution should cause extended discussion?

Mr. GREEN. It would be entirely agreeable.

Mr. MILLIKIN. I have no objection.

The VICE PRESIDENT. Without objection——

Mr. SALTONSTALL. Mr. President, I should like to ask a question for the record. Does the Senator from Rhode Island know of any precedent for the maintenance by an outside private organization of a statue such as this in the city of Washington? If I heard correctly, it is proposed that this memorial be maintained by a private organization.

Mr. GREEN. The purpose of that is to guarantee that the Government will be under no obligation with respect to maintenance.

Mr. SALTONSTALL. Are there any precedents for this?

Mr. GREEN. I do not know.

Mr. SALTONSTALL. If that is to be done, must we not be assured that there is financial responsibility in the organization which is to undertake the upkeep?

Mr. GREEN. It is pretty well safeguarded by the requirement of approval by so many committees which must pass on the plans before the statue is erected.

Mr. SALTONSTALL. What is the name of the organization which is to erect the memorial?

Mr. GREEN. It may be one of several.

Mr. SALTONSTALL. In other words, we do not know now what the organization is.

Mr. GREEN. Not necessarily. That matter also is subject to approval by the two committees.

Mr. SALTONSTALL. Is there any governmental agency which would have the opportunity to assure itself of the financial integrity of the organization before it goes ahead?

Mr. GREEN. I assume that the Joint Committee on the Library would do so.

Mr. SALTONSTALL. Is that a part of the joint resolution?

Mr. GREEN. No; but the Joint Committee on the Library must give its approval to the plans. It would not give its approval unless it were assured that there would be no incidental expense to the Government.

Mr. SALTONSTALL. As I listened to the reading of the joint resolution, the site is to be approved by the Fine Arts Commission.

Mr. GREEN. More than the site.

Mr. SALTONSTALL. Mr. President, may we have the clerk read the joint resolution again?

Mr. GREEN. The report of the committee is very brief. Perhaps there would be no objection to reading it. It consists of only one page.

The VICE PRESIDENT. Without objection, the Secretary will read the report of the committee.

The Chief Clerk read the report (No. 1070), as follows:

The Committee on Rules and Administration to whom was referred the joint resolution (H. J. Res. 295) to erect a memorial to the memory of Mohandas K. Gandhi, having considered the same, report favorably thereon without amendment and recommend that the joint resolution do pass.

The purpose of House Joint Resolution 295 is to grant permission to the India League of America, or any other organization which may be organized for the purpose, to erect a memorial to Mohandas K. Gandhi. It proposes that the erection of the memorial is to be without cost to the United States Government, that the cost of custodial maintenance of the edifice will be borne perpetually by the organization undertaking its original construction, and that a model of the propounded memorial will first be submitted to the Fine Arts Commission and to the Joint Committee on the Library for approval. It is also intended that the memorial will be located in the city of Washington, D. C., on a site designated by the Fine Arts Commission and approved by the Joint Committee on the Library.

A letter in support of the measure from the Secretary of State to the chairman of the Library Subcommittee of the House of Representatives is as follows:

JUNE 30, 1949.

Hon. KEN REGAN,
Chairman, Library Subcommittee,
House of Representatives.

MY DEAR MR. REGAN: I have received your letter of June 27, 1949, requesting my views on the merits of House Resolution 13 (now H. J. Res. 295) of the Eighty-first Congress, a resolution to erect a monument to the memory of Mohandas K. Gandhi.

This resolution represents a constructive and appropriate approach to the commemoration of a great man of peace whose impact upon history as stated in the resolution is indeed undeniable. The erection of a suitable monument to Mohandas K. Gandhi in the National Capital of the United States paid for by individual subscriptions would made a definite contribution to the genuine friendliness which already exists between the people of the United States and the people of India

Sincerely yours,

DEAN ACHESON.

The erection of this memorial will be both an expression of the feeling of this Nation for the immortalized leader of India and the aims of peace for which he lived and died and also a manifestation of our faith in the emergence of that country as one of the leading democracies of the east.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

Mr. SALTONSTALL. Mr. President, reserving the right to object, speaking as acting minority leader, I make no objection. I believe that the principle behind this joint resolution is a very good one. I invite the attention of the Senator from Rhode Island to the fact that I heard nothing in the letter which was read to the effect that the committees of the two Houses would make certain how the monument was to be maintained after the model had been approved. The letter says that the two committees must approve the model. That is entirely satisfactory. The Fine Arts Commission is to approve the site. In approving the model, it would be wise if we could have the committee make certain not only that there are sufficient funds to build what is planned, but also to maintain it afterward.

Mr. GREEN. I entirely agree with the distinguished Senator from Massachusetts. As chairman of the joint committee, I give assurance that so far as I have anything to do with it, that course will be followed.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, and withdrawing a nomination, which nominating messages were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service:

Sundry postmasters.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MUNDT:

S. 2551. A bill to authorize and direct the Secretary of the Interior to issue to Julia Two Crow a patent in fee to certain land; and

S. 2552. A bill to authorize and direct the Secretary of the Interior to issue to Betty Little White Man a patent in fee to certain

land; to the Committee on Interior and Insular Affairs.

(Mr. WATKINS introduced Senate bill 2553, to extend the boundaries of the Wasatch National Forest, in the State of Utah, to include certain lands of the United States therein, and for other purposes, which was referred to the Committee on Interior and Insular Affairs, and appears under a separate heading.)

(Mr. DULLES introduced Senate bill 2554, for the relief of Tibor Laszlo, Klara Feher, Janos Feher, Agnes Gneranna Feher, George Szilas, and Veronica Szilas, which was referred to the Committee on the Judiciary, and appears under a separate heading.)

By Mr. McMAHON:

S. 2555. A bill for the relief of Mrs. Giuseppina Spadono Mandolini; to the Committee on the Judiciary.

By Mr. JOHNSON of Texas:

S. 2556. A bill for the relief of Mrs. Billy J. Knight and Dorothea Knight; to the Committee on the Judiciary.

EXTENSION OF BOUNDARIES OF WASATCH NATIONAL FOREST, UTAH

Mr. WATKINS. Mr. President, I introduce for appropriate reference a bill to extend the boundaries of the Wasatch National Forest, in the State of Utah, to include certain lands of the United States therein.

The purpose of the bill is to protect watersheds in and around Salt Lake City, Utah, which have deteriorated to a dangerous extent.

Section 1 grants all of the property desired by the Salt Lake City Commission for this purpose, except the property known as Fort Douglas, Utah.

Section 2 includes the property designated as Red Butte Canyon of Fort Douglas, Utah, the transfer of which was approved by Army officers in my office last year.

Section 3 repeals section 2 of the act of 1914 (38 Stat. 714), relieves Salt Lake City of the cost of administering this particular forest area.

Section 4 authorizes the transfer of a small amount of property from the Army to the Department of Agriculture without reimbursement for administrative purposes, which has been approved by the Army in a letter to the Secretary of Agriculture.

From a survey of interested parties I can report all segments in the area favor this transfer.

The bill (S. 2553) to extend the boundaries of the Wasatch National Forest, in the State of Utah, to include certain lands of the United States therein, and for other purposes, introduced by Mr. WATKINS, was read twice by its title, and referred to the Committee on Interior and Insular Affairs.

TIBOR LASZLO ET AL.

Mr. DULLES. Mr. President, I introduce for appropriate reference a bill for the relief of certain Catholic and Jewish refugees from Hungary who have been subject to religious and political persecution in that country. They came lawfully into this country and since late in July have been under arrest without bail for having overstayed the time allowed them under their transit visas. They are now in the process of being deported. If sent back to Hungary, they no doubt will be liquidated. These are all persons whose good moral characters have been certified by the immigration authorities, and their only offense is that they did not foresee that the Senate Judiciary Committee would impound indefinitely the House bill to liberalize the displaced-persons law. I ask unanimous consent to have inserted in the CONGRESSIONAL RECORD a statement giving in greater detail the justification for this private bill.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the statement presented by the Senator from New York will be printed in the RECORD.

The bill (S. 2554) for the relief of Tibor Laszlo, Klara Feher, Janos Feher, Agnes Gneranna Feher, George Szilas, and Veronica Szilas, introduced by Mr. DULLES, was read twice by its title and referred to the Committee on the Judiciary.

The statement presented by Mr. DULLES is as follows:

STATEMENT BY SENATOR DULLES IN REFERENCE TO A PRIVATE BILL INTRODUCED BY HIM FOR THE RELIEF OF CERTAIN DISPLACED PERSONS

I have been disturbed at the tragic plight of the many persons, natives of eastern European countries, who have survived Nazi persecution and returned to their homes only to be subject to Communist persecution which forced them to flee their native lands again.

In an attempt to give some hope and aid to these victims of religious and political persecution, the Congress passed in the spring of 1948 the Displaced Persons Act, which, inadequate as it was, did offer to a limited number of these exiles a refuge and a home in this country. Ever since then strenuous efforts have been made to liberalize its provisions in order to allow this country to play its historic role of providing asylum to the victims of persecution. The failure to liberalize that act constitutes one of the saddest failures in congressional history.

The House has passed a bill to do this, but this has been bottled up in the Senate Judiciary Committee. The latest effort to aid these unfortunate refugees has been the introduction by individual Senators, including myself, of a resolution designed to force the displaced persons legislation out of the committee and bring it to the Senate floor for action. It is a sad commentary upon the majority party when a Senate committee which it controls can frustrate the enactment of this piece of humanitarian legislation.

This situation has recently come to a head in connection with a group of some 50 Hungarian nationals who entered this country on transit visas within the last year and a half and who are now being detained without bail by the immigration authorities on Ellis Island, awaiting deportation. These persons are for the most part Catholics or Jews who have registered opposition to the domination of their homeland by atheistic communism. They have been forced to flee from Hungary by Communist persecution.

These include many people of the highest caliber—engineers, industrial experts, publishers. One of them was doing research for the Air Force and for a year had been an instructor at Fordham University before being abruptly incarcerated on Ellis Island.

Most of them arrived in this country with transit visas en route to other nations. Because of the time of their arrival they were not eligible to apply for permanent status in this country under existing law. Under section 4 of the Displaced Persons Act of 1948, some 15,000 who arrived on a temporary basis before April 1, 1948, were permitted to apply for permanent status. But there has been no provision for similar persons who arrived after the April 1 date.

There has been strong sentiment for the amendment of this legislation to provide for later arrivals. Officials of the Immigration and Naturalization Service apparently believed this would be done. They adopted a policy of assuring these people that they would not be subject to deportation proceedings pending decision on a change in the law, even though they had in fact overstayed their visas. Thus the Immigration Service lulled them into a false security.

Then suddenly at the end of July these 50 Hungarians were arrested by the Immigration Service and held on Ellis Island. The Service has conducted extensive investigations and hearings as to the status of each of them and the records and reports are just now arriving in Washington for final review and disposition. The records that I have examined thus far have in each case recommended that the alien be deported solely for the reason that his visa has expired. The hearing examiner, in each of these cases, has made an official finding that the person concerned was of "good moral character."

However technically correct the hearing examiners may be, someone higher up has adopted a policy which subjects these refugees to the hardest consequences, including slave-labor camps or liquidation, if they go back to Hungary. This policy has even refused them conditional freedom under bail after their good character has been established.

I understand that this matter has recently been brought to the personal attention of the Attorney General by a petition, signed by 450 citizens of New York City, requesting that these people at least be let out long enough to settle their personal affairs before being shipped out of the country. It is difficult to understand how such a request can be denied, yet to date it has been denied without explanation.

In view of all these circumstances and numerous requests by citizens of New York for me to intercede for these aliens, I am today introducing the first of a series of private bills designed to remedy this situation.

This bill covers only 6 of the group of 50 at Ellis Island. These are all whose complete records my staff has as yet had access to. As rapidly as I can get the records verifying that others have been found of "good moral character" and are ordered deported solely because of the April 1 technicality, I shall introduce bills for their benefit.

An immediate effect of the introduction of these bills should be the release from Ellis Island of all the people named until their status may be finally determined. There exists an agreement between the Senate and the Immigration and Naturalization Service which provides that the introduction of such a bill results in the immediate release of the person concerned pending final disposition of the bill. I assume this agreement will be followed, as it has been in the past.

These bills will in each case direct the Attorney General to discontinue deportation proceedings and to cancel any order and warrant of deportation which may be outstanding in connection with the particular person for whom the bill is introduced. In addition, each of these bills will provide that in the administration of section 4 of the Displaced Persons Act of 1948, the application of the person involved shall be considered as though such alien had entered the United States prior to the dead line set by such act, and that such alien shall not be held ineligible to the benefits of section 4 by reason of entry after such date.

The practical effect of such bills is to liberalize the administration of the Displaced Persons Act in respect to date of entry, at least as to each person for whom a private bill is introduced. Such a person will still

be required to qualify under all the other provisions of the Displaced Persons Act. The bill will provide that an alien is no longer ineligible for the benefits of that act simply because of arrival in this country at a later date than that provided for in the present law.

I am sorry my present bill cannot deal with all worthy cases. In any private bill a legislator faces a difficult conflict between his desire to help and assist worthy individuals and his reluctance to give support to an individual who may turn out to be undeserving. For that reason I have insisted on ascertaining what the results of the Immigration Service's investigations are as to each of these aliens before I introduce a private bill in his behalf. If the Immigration Service itself certifies an alien as being of good moral character, and thereby relieves him of all suspicion of having plotted or connived to evade our immigration laws or having designs against our American constitutional system, I shall be glad to come to his aid.

This procedure is cumbersome and roundabout, but it is the only apparent method to correct a situation which I believe reflects the greatest discredit upon the United States in the eyes of the world. We must work for the early amendment of the Displaced Persons Act which will make the further introduction of private bills unnecessary. Until that comes to pass, I hope and trust my private bills will pass. This procedure will help to fulfill our obligation to those European patriots who have been driven into exile by a ruthless persecution whose purpose is to destroy religious liberty. For our own sake, we need to give these people asylum and help them to keep alive the fires of freedom. If we send them back to doom, we become indeed partners of their persecutors.

HEARINGS BEFORE COMMITTEE ON POST OFFICE AND CIVIL SERVICE—INCREASE IN LIMIT OF EXPENDITURES

Mr. JOHNSTON of South Carolina submitted the following resolution (S. Res. 167), which was referred to the Committee on Rules and Administration:

Resolved, That the Committee on Post Office and Civil Service hereby is authorized to expend from the contingent fund of the Senate, during the Eighty-first Congress, $10,000 in addition to the amount, and for the same purposes, specified in section 134 (a) of the Legislative Reorganization Act approved August 2, 1946.

AMENDMENT OF FEDERAL FARM LOAN ACT—CHANGE OF REFERENCE

Mr. MAYBANK. Mr. President, I ask unanimous consent that the Committee on Agriculture and Forestry be discharged from the further consideration of the bill (H. R. 5512) to amend section 13 of the Federal Farm Loan Act, as amended, and that it be referred to the Committee on Banking and Currency, for the reason it concerns Federal Reserve legislation. I have discussed this matter with the chairman of the Committee on Agriculture and Forestry, and it is agreeable to him.

The VICE PRESIDENT. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

HAPPENINGS IN WASHINGTON—RADIO ADDRESS BY SENATOR MARTIN

[Mr. MARTIN asked and obtained leave to have printed in the RECORD a radio address entitled "Happenings in Washington, Program No. 7," recently delivered by him, which appears in the Appendix.]

RESULTS OF SPECIAL ELECTION IN TWENTY-SIXTH CONGRESSIONAL DISTRICT OF PENNSYLVANIA

[Mr. MARTIN asked and obtained leave to have printed in the RECORD a tabulation of the results of a special election in the Twenty-sixth Congressional District of Pennsylvania on September 13, 1949, which appears in the Appendix.]

THE TRADE AGREEMENTS ACT—EDITORIAL FROM THE NEW YORK TIMES

[Mr. GEORGE asked and obtained leave to have printed in the RECORD an editorial entitled "Night Sessions in the Senate," published in the New York Times for September 13, 1949, which appears in the Appendix.]

AIR SUPREMACY AS KEY TO PEACE—ARTICLE BY ROBERT S. JOHNSON

[Mr. THOMAS of Oklahoma asked and obtained leave to have printed in the RECORD an article entitled "World War II Ace Sees Air Supremacy as Key to Peace," written by Robert S. Johnson, president of the Air Force Association, and published in the Savanna (Okla.) Morning Journal of August 7, 1949, which appears in the Appendix.]

THE ECONOMIC FUTURE OF GREAT BRITAIN—ARTICLE BY WALTER LIPPMANN

[Mr. O'CONOR asked and obtained leave to have printed in the RECORD an article entitled "On Liquidating the British Crisis," written by Walter Lippmann and published in the Washington Post of September 13, 1949, which appears in the Appendix.]

EXCERPTS FROM CERTAIN TESTIMONY BEFORE THE PRESIDENTIAL STEEL BOARD

[Mr. CAIN asked and obtained leave to have printed in the RECORD excerpts from the testimony before the Presidential Steel Board on August 19, 1949, with respect to insurance and pensions of the Republic Steel Corp., which appears in the Appendix.]

THE DECATUR STORY—SPEECH BY BARRETT SHELTON

[Mr. SPARKMAN asked and obtained leave to have printed in the RECORD a speech entitled "The Decatur Story," delivered recently before the United Nations Scientific Conference on Conservation and Utilization of Resources, by Mr. Barrett Shelton, editor and publisher of the Decatur Daily, Decatur, Ala., which appears in the Appendix.]

LOOKING BACKWARD AND FORWARD—ADDRESS BY EDWARD A. O'NEAL III

[Mr. HILL asked and obtained leave to have printed in the RECORD a radio address on the subject Looking Backward and Forward, by Edward A. O'Neal III, of Florence, Ala., delivered from the Sports Arena, Auburn, Ala., September 8, 1949, which appears in the Appendix.]

OUR EYES ON INDIA

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "Our Eyes on India," written by John W. Love, and published in the Washington Daily News of September 14, 1949, which appears in the Appendix.]

FEPC LEGISLATION—EDITORIAL FROM THE MINNEAPOLIS TRIBUNE

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial on Federal FEPC legislation from the Minneapolis Morning Tribune of September 7, 1949, which appears in the Appendix.]

LEAVES OF ABSENCE

Mr. DULLES. Mr. President, I ask consent of the Senate to be absent until Thursday, September 22, on matters which are of importance at least to me.

The VICE PRESIDENT. Without objection, leave is granted.

Mr. DONNELL asked and obtained consent to be absent from the session of the Senate for the remainder of this afternoon.

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. McKELLAR. Mr. President, I have received a telegram from Mr. Everett R. Cook, of Memphis, Tenn., which I desire to read into the RECORD. It will take only a moment. The telegram reads as follows:

MEMPHIS, TENN., *September 13, 1949.*

Hon. K. D. MCKELLAR,
Senate Office Building,
Washington, D. C.:

I understand the Millikin amendment restoring peril-point procedure to Reciprocal Trade Agreements Act is up for Senate action today or tomorrow. I should greatly appreciate your opposing this amendment in every way possible. I am convinced the peril-point proviso will go a long way toward emasculating the Trade Agreements Act. I am sure that you and I feel we must do everythink possible to restore normal foreign trade relations if we are to get away from continuing to make large gifts to other nations.

Regards,

EVERETT R. COOK.

Mr. Cook is one of the largest cotton operators in the world. He is a citizen of the very first importance in our State. I commend this telegram to the Senate.

The VICE PRESIDENT. The question is on agreeing to the amendments offered by the Senator from Colorado [Mr. MILLIKIN] for himself and other Senators, which are to be voted on en bloc.

Mr. ROBERTSON. Mr. President, I desire to address myself very briefly to the pending amendment.

Last week, in a speech before this body, I urged that the reciprocal trade program be extended without the peril-point provision of the 1948 act. After reviewing the debate which has occurred since I made that speech, I am still of the opinion that the peril-point amendment which has been proposed to the pending bill is unnecessary, unwise, and objectionable, and that it should not be adopted.

I shall not take up the time of the Senate with an extended argument on this point, but I should like to mention four specific objections to the peril-point provision.

They are:

First, it sets up, as the center and pivot of the trade-agreements program, a control device which is essentially high-protectionist in conception, and it excludes all other considerations which should enter into the reckoning, in the determination of a rate of duty which is in the public interest.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. MILLIKIN. Is it the Senator's conception that the peril-point amendment eliminates the function of the Interdepartmental Committee?

Mr. ROBERTSON. It is not. The Interdepartmental Committee still will consider and still will make its recommendations. But after it does so, the Tariff Commission will have to pass on every one of the items that are being considered.

The distinguished Senator from Colorado has previously suggested, as I recall—and he did so with no small degree of plausibility—that there is no material distinction between his peril-point provision and the agreement which we reached with the President and the State Department in 1947 that peril points would be considered before any agreement was entered into.

With all due deference, I wish to take exception to that position, because it would be just the same as saying, when we are in executive session in a Senate committee passing on some controversial issue, that we would give 3 months to the press and the radio to air the conflicting views before we would act. With all due deference, I could not say that we would ever have a President who could not be subjected to terrific pressure over the controversial subject of a tariff.

I do not wish to inject controversial, partisan matters into this debate; but in order to explain my position I feel it necessary to refer to a historic example of pressure which could not be successfully resisted, and which was brought upon a President over a tariff matter. The Senator from Colorado will recall that when the great Herbert Hoover was a candidate for the Presidency, he advocated tariff protection for the farmers; and that is all the tariff protection he advocated. At that time the farmers were in a rather bad way; they were suffering a good deal of competition. So they welcomed that promise.

But what happened? When Congress met and considered tariff legislation the high priest of the American Tariff League, Mr. Joe Grundy, came to Washington. The Republican members of the Ways and Means Committee, who were then in the majority, retired into executive session with Mr. Joe Grundy. They stayed in executive session for 6 weeks or longer. When they came out they told the Democratic members of the Ways and Means Committee: "Here is our tariff bill. Take it or leave it; vote it up or down."

That bill provided a little protection for farmers—42 cents a bushel on wheat and 15 cents a bushel on corn, I believe; but it had all the provisions of the Smoot-Hawley tariff in it. That bill came from the committee without any opportunity for the Democratic members of the committee to attend hearings or amend a single item in the bill. The bill went before the House of Representatives on a gag rule. Not one of its schedules was amended. Only one vote was taken on the bill, and that was on the question of voting it up or down. Then the bill was passed.

After it was passed it went to the great President, Herbert Hoover, a wonderful man, a fine man; a man who was internationally minded, and knew well the importance of freer world trade. The bill went to him for signature. One thousand and fifteen of the leading economists of the United States signed a round robin begging and pleading and imploring him to veto that bill. I do not know what happened in the confines of the Executive Office at the White House, but I know what is said to have happened. It is said that Mr. Joe Grundy went to see President Hoover and said to him, "You are talking about reciprocity for some foreigners. We want some reciprocity at home, and the reciprocity that I want from you is the recognition of the fact that you would not be President if Pennsylvania had not gone for you; and we want this tariff bill." And they got the tariff bill.

With all due deference, Mr. President, I would not have brought up that matter otherwise; it was not included in my prepared remarks. I have mentioned it because of the question the distinguished Senator from Colorado has asked me.

Mr. MILLIKIN. Mr. President, will the Senator yield further?

Mr. ROBERTSON. I yield.

Mr. MILLIKIN. Is it not the Senator's understanding the the recommendations to the President of the Interdepartmental Committee are secret?

Mr. ROBERTSON. That is correct.

Mr. MILLIKIN. And is it the Senator's understanding that all the rates which the negotiators are authorized to work for are secret until they have been formulated in an agreement and the agreement proclaimed?

Mr. ROBERTSON. That is my understanding.

Mr. MILLIKIN. Is it not the Senator's understanding that the recommendations of the Tariff Commission are secret?

Mr. ROBERTSON. It is not. They are now. It is my understanding that under the amendment so cogently urged upon us by the distinguished Senator from Colorado, their recommendations on the peril points are to be made public.

Mr. MILLIKIN. Mr. President, if the disinguished Senator will further yield, let me suggest to him that they will not be made public until after the agreement has been negotiated and proclaimed. Therefore, if I may make the suggestion, the matter is shrouded in complete secrecy, so far as the Interdepartmental Committee is concerned and so far as the Tariff Commission is concerned, until the agreement is later proclaimed.

So I respectfully suggest the pressure angle washes itself out under any consideration which has been advanced so far by the distinguished Senator from Virginia.

Mr. ROBERTSON. Mr. President, I can see nothing else in the peril-point provision than an effort to put any President, who is in favor of freer world trade, whether he be a Democrat or a Republican, on the spot if he should feel that a certain agreement would be in the public interest, an agreement at which the Tariff Commission took a star-gazing view and reached the hasty conclusion that a peril point might be involved. Then the press and the radio all over the Nation would "lambast" the President, because they would say, "You have ruined some industry; you have caused unemployment. You have given preference to foreigners, over our own people." And they would advance all the arguments which have been made through the years by the American Tariff League and all others who have felt that the fundamntal policy of our Nation should be to protect to the last degree domestic industry, regardless of the need for export markets and regardless of the right of the consumer to buy in a fair and competitive market.

Mr. MILLIKIN. Mr. President, will the Senator yield for one more question?

Mr. ROBERTSON. I yield.

Mr. MILLIKIN. Is it not true that those criticisms, if made, could not be made until after the agreement was negotiated and proclaimed to be in effect?

Mr. ROBERTSON. I am not positive about that. I find it is known that in the Annecy discussions the Tariff Commission reported on about 400 different items.

Mr. MILLIKIN. But the nature of their report is not known, is it?

Mr. ROBERTSON. The nature of their report, under present procedure, is not known. I do not know for sure, but it seems they must report 120 days before it can be announced, must they not?

Mr. MILLIKIN. That is correct.

Mr. ROBERTSON. During that time it will not be known. When it is known, God help the President who flies in the face of what is supposed to be a technical commission. But, before I shall have finished my next 2 or 3 minutes' discussion of this subject, I wish to point out how ineffectual that recommendation is going to be from the standpoint of scientific and accurate information, and how potent it is going to be from a political standpoint. That, in my opinion, with all due deference, is just the next thing to drawing a knife from one end of the throat to the other of this program.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. MILLIKIN. Is it not true that if the President exceeds a suggested peril point, as he has a right to do, he has the opportunity to justify it? And the White House is a great sounding board.

Mr. ROBERTSON. I agree that the pending amendment is better than what was in the House bill last year, which provided that if the Tariff Commission determined a peril point and the President exceeded it, the Congress, as I recall, should have 60 days in which to veto what he had done. As I have said, the amendment of the Senator from Colorado is better than what was in the House bill last year. I cannot but admit, though, that it is supported by pretty much the same group that would like to have seen that provision included. I think the American Tariff League and all those who believe in high protection are entitled to their views. They are American citizens, and they are entitled to look out for themselves. I admit they have done a pretty good job in that respect. I it when it comes to perfecting the program in which I am deeply in-

terested, though I hope not in a dogmatic way, I certainly would not turn to them to furnish me perfecting amendments, knowing through the years their inherent attitude toward what was involved.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. ROBERTSON. I am very glad to yield.

Mr. MILLIKIN. Is the Senator stating that the American Tariff League wrote the peril-point amendment, or even suggested it?

Mr. ROBERTSON. Oh, no; I would not be so crude as to do that.

Mr. MILLIKIN. I am not speaking in terms of diplomacy.

Mr. ROBERTSON. But according to my study of the testimony, public comment, cloakroom gossip, and what-have-you, those who in the past have been first, last, and always against the reciprocal trade-agreements program are now saying, "This is a lovely amendment; let us adopt it."

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. MILLIKIN. It is also true, is it not, that those who, first, last, and all the time have been for free trade are against the peril-point amendment?

Mr. ROBERTSON. The Senator will have to repeat his question, please, because he got me thinking about his next question, before I heard the first one.

Mr. MILLIKIN. Let me ask the Senator again whether he is saying or implying that the American Tariff League or any other organization wrote or suggested the writing of the peril-point amendment?

Mr. ROBERTSON. I did not say it, and I did not imply it. I merely say, according to my best information, which I believe is reliable, it is most agreeable to that organization.

Mr. MILLIKIN. I do not know whether it is or not, but I want to say to the Senator the peril-point amendment was not inspired, nor was it suggested, directly or indirectly, by any organization in this country. The principal work on it was done by the Senator from Michigan [Mr. VANDENBERG] and myself.

Mr. ROBERTSON. That is outstanding authorship, I admit, and naturally quite persuasive with this body, where those two Senators are held in such high esteem, not only for their outstanding ability but for their great patriotism and their demonstrated desire to promote the best interests of the Nation. The Senator from Colorado did not indicate, however—and I am not going to ask him to do so, unless he wishes—how many times since 1934 he voted for the reciprocal trade-agreements program when it did not have the peril-point amendment in it.

Mr. MILLIKIN. Mr. President, I shall assume the Senator has asked me. I have voted against the reciprocal trade-agreements program every time it came up, since I have been a Member of the Senate, until the peril point was included; and if it is not included, I shall vote against it again.

Mr. ROBERTSON. That was the position I assumed the Senator had taken, and he has been very frank with me. I appreciate that, and I am trying to be frank with him as to why I am opposed to the peril-point amendment. It has never been in the law, except when the Republican Congress put it in the law last year. I do not think it has helped in the present situation, and I am sure it is going to be harmful in the future.

Mr. MILLIKIN. Mr. President, may I ask one more question? The Senator has been very indulgent.

Mr. ROBERTSON. I am delighted to yield.

Mr. MILLIKIN. I remind the Senator that the Trade Agreements Extension Act of 1948, as it passed the Senate, containing the peril-point amendment, passed with the support of a majority of the Democratic Senators in this body.

Mr. ROBERTSON. That is absolutely true. It had my support. Because I could not have my way altogether, I was not going to vote to drop a program which, had we done so, I am satisfied would have had serious international repercussions. I took the best that my distinguished Republican colleagues permitted me to have, and went along hoping the day might come when the Democrats who felt as I did about this question would be in a majority, and would not then run out on their responsibility to uphold our fundamental principle of freer world trade.

Mr. MILLIKIN. Am I overindulging in special pleading when I ask the Senator whether, if he had thought the peril-point amendment was ripping the guts out of the reciprocal trade-agreements system, he would have voted for it last year?

Mr. ROBERTSON. I figured last year the State Department could go ahead negotiating some agreements, but that we had a very good chance of having a majority in the Senate this year, and that before those agreements had reached the point where they would actually be proclaimed, we would change the law, so we could make it effective. I figured, even with the bill, which I thought to all intents and purposes was emasculated, I would keep the principle on the statute books until such day as those of us who were real friends of freer world trade could get control and do the job which I thought needed to be done.

Mr. MILLIKIN. Mr. President, will the Senator indulge me once more?

Mr. ROBERTSON. Certainly.

Mr. MILLIKIN. The Senator is undoubtedly aware of the fact that this amendment, which arouses his very strenuous opposition, was in the law when we invited the nations to confer with us at Annecy, and the Senator is undoubtedly aware of the fact, is he not, that the law, with the amendment in it, was allowed to lapse from June 30 to the present time by the administration, which seemed so much interested in reciprocal trade systems?

Mr. ROBERTSON. Of course, I can not deny the soft impeachment; but there were those who thought other matters were more urgent, and there was on certain occasions extended debate beyond what had been anticipated. In any event, the Senator from Virginia was not in position to say what would be taken up next. Unofficially and on numerous occasions, I expressed to the leadership my earnest hope that this very bill would be taken up before the June 30 expiration date. But my views in that instance, as in some other instances, did not prevail with our leadership.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

Mr. ROBERTSON. I yield to the distinguished Senator from Michigan.

Mr. VANDENBERG. Having such profound respect for the integrity of the Senator's thinking, I should like to ask him if he is in favor of the escape clause.

Mr. ROBERTSON. Absolutely.

Mr. VANDENBERG. Why?

Mr. ROBERTSON. Simply because, if, unintentionally, after the very best examination of all material facts, we find an injustice has been done to any American industry, I want it promptly corrected. I have always taken that position on this subject, ever since it has been before the Congress.

Mr. VANDENBERG. In other words, the Senator recognizes that there are peril points.

Mr. ROBERTSON. I recognize it is possible for human beings to be fallible and to make mistakes. When they do not know what is the cost of production in possibly one industry, much less in all the units of a domestic industry, it is impossible to know what the cost of production is abroad; and when we say, "Well, the peril point is 35-percent protection," and the negotiating party says, "We want it 30 percent," I say it is a human impossibility to look even 6 months ahead, much less 1 or 2 or 3 years, or the life of the agreement, to see what difference 30-percent protection or 35-percent protection would make to a given industry in this Nation. It is practicable to examine something when the facts are known; and as I proceed with the remaining 2 or 3 minutes of my prepared remarks I shall point out that, in my opinion, it is not practicable to look into the future and say what competition will be harmful and what will not be harmful.

Mr. VANDENBERG. I thank the Senator for his extended response to what I thought was a very simple inquiry, and I should like to repeat it. Does not the Senator, by approving an escape clause, recognize the fact that there are peril points in this procedure?

Mr. ROBERTSON. I absolutely do. In one committee hearing it developed that we had injured the zinc industry in this country through an agreement with Belgium. I called on the State Department then and there to take steps to remedy the situation. They promised me they would do it. I assume they did it, because I did not receive any further complaint from the zinc industry that it was being subjected to unfair competition.

The same thing is true regarding the American watch industry. I realized they were receiving pretty tough competition from Switzerland. I was promised, in the last hearing which I attended on the House side, that the State Department would go into the question

and would try to do something to protect the higher-paid American worker in the watch industry from unfair competition from Switzerland. But the war came on and American watchmakers had to quit selling watches and go into making precision instruments for the war effort. The Swiss furnished us a great deal of material of that kind, but they also had time to manufacture a great many watches, which took the place of American watches. At the moment I understand the American watchmakers feel they are under the gun, so to speak, and they would like very much to have a peril-point provision included in the bill, because they would like to keep the Swiss watches out of this country, to be frank about the matter. I do not want to see our watchmakers subjected to any unfair competition. But if we have a program, and if we cannot trust the President and the State Department to work it out, I care not whether one is a Democrat or a Republican, if we cannot trust them to do it, then the best thing, I think, is to vote against the whole program. That is the way I feel about it.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

The PRESIDING OFFICER (Mr. McFARLAND in the chair). Does the Senator from Virginia yield to the Senator from Michigan?

Mr. ROBERTSON. I yield.

Mr. VANDENBERG. I was attempting to address myself to some very simple fundamentals. As I now understand, the Senator agrees that there are peril points in this procedure. His answer to that is "Yes"—period.

Mr. ROBERTSON. I believe there are instances in which our negotiators might unintentionally make a mistake, or instances in which conditions, through currency manipulations or some other factor affecting the sales price, could so radically change the situation as that what seemed to be a fair agreement when it was negotiated, could, a year later, prove to be an unfair agreement. So I favor the escape clause which is in many of our present agreements and which will be in all future agreements.

Mr. VANDENBERG. So when I asked the Senator whether he recognized the existence of peril points, his answer was "Yes."

Mr. ROBERTSON. Absolutely.

Mr. VANDENBERG. Therefore that eliminates that portion of the argument, and we are down solely to the question as to how best to approach peril points.

Mr. ROBERTSON. I agree.

Mr. VANDENBERG. The Senator, as I understand, thinks the peril-point amendment suggested by the Senator from Colorado administratively interferes with the efficiency of the act.

Mr. ROBERTSON. Undoubtedly.

Mr. VANDENBERG. Yet, in the same breath, he is perfectly willing to accept an escape clause under which, if exercised, the entire trade agreement must be renegotiated in connection with the peril point which is thus recognized. I respectfully submit to the Senator that the exercise of the escape clause is so infinitely more burdensome to the reciprocal trade-agreement procedure that it becomes, to my mind, completely imponderable how those who approve the escape clause can be so tremendously anxious and eloquently nervous about the infinitely simpler process of an advisory identification of a peril point in advance.

Mr. ROBERTSON. I can merely give the distinguished Senator my method of differentiation. It may be wholly inadequate, but it is this: When we act on a peril point we are star gazing. When we act on an escape clause we are acting on established facts. I think there is a material difference.

Mr. VANDENBERG. We may be star gazing, but, at any rate, we are exercising preparedness to the best of our ability in a purely advisory capacity to the President, which does not tie his hands. When we exercise the escape clause we have torn up the reciprocal trade agreement in connection with which it is exercised.

Mr. ROBERTSON. I forget exactly who operated under the sword of Damocles and what he was supposed to do, but I have always been under the impression that if we are called upon to act and there is a sword hanging above our heads, we want more than a thin hair to hold it up. I feel that this will be a sword of Damocles over the head of any President who is not ultraconservative in his approach to what may be a competitive product. The peril point does not say it has to be the same thing; Oh, no. If it is some substitute, it can come in under the peril point. In the remaining 3 or 4 minutes of my prepared remarks I shall give some reasons why I think it would be star gazing.

Mr. MILLIKIN. Mr. President, will the Senator yield.

Mr. ROBERTSON. I yield.

Mr. MILLIKIN. I wonder if the Senator knows that the President himself has hung over his head the sword of Damocles to which the Senator refers. I invite his attention to Executive Order 9832, and I quote from paragraph 8:

If any such recommendation—

That refers to the recommendation of the Interdepartmental Committee—

to the President with respect to the inclusion of a concession in any trade agreement is not unanimous, the President shall be provided with a full report by the dissenting member or members of the Interdepartmental Committee giving the reason for their dissent, specifying—

What?—

specifying the point beyond which they consider any reduction or concession involved cannot be made without injury to the domestic economy.

Mr. ROBERTSON. I would not at all call that a sword of Damocles. I would say it shows a most commendable desire to be absolutely fair to domestic industry, and if there is any dispute or difference in the various groups making up the Interdepartmental Committee, the President says, "I want to know about that. I do not want to go by the majority when the minority may be right. I want all the facts because I am anxious to protect our own people and I do not want to subject them to competition which would be unfair, unjust, or definitely harmful."

Mr. MILLIKIN. I call the Senator's attention to the fact that the recommendation of the Interdepartmental Committee is before the negotiation. Does not the Senator realize that when the President puts that statement in his instructions to his subordinates, he is asking them to give him a peril point?

Mr. ROBERTSON. Of course he is. He is asking them to give him all the information he may need to protect the welfare of the Nation. Why should he not? That is commendable on his part, in my opinion.

Mr. MILLIKIN. Will the Senator yield for one other question?

Mr. ROBERTSON. I yield.

Mr. MILLIKIN. If it is commendable to do that where the Interdepartmental Committee is not unanimous, why is it not commendable to do it when it is unanimous, if the Tariff Commission has peril points to suggest?

Mr. ROBERTSON. I cannot quite follow the Senator. If the Interdepartmental Committee is unanimous against a proposal, the President is not going to put it into effect. At the present time the Tariff Commission sits with the Interdepartmental Committee, it gives it the benefit of its technical advice on competitive situations and tariffs. Now the distinguished Senator from Colorado proposes to pull it out of that position and put it in more or less of an anomalous position after the Interdepartmental Committee has acted.

Mr. MILLIKIN. Mr. President, in the interest of accuracy, let me make a suggestion to the Senator. The Tariff Commission does not act after the Interdepartmental Committee has acted. It prepares its recommendations at the same time the Interdepartmental Committee is doing its job.

Mr. ROBERTSON. That is correct. It acts separately and apart, and it has to consider all the findings and then report on what it thinks of peril-point items. I say the amendment does not, to be sure, impose any legal barrier to the President's taking other elements of the public interest into account, but as a practical matter it does impose formidable restraints upon him in the exercise of his authority.

The second point I wish to make about the amendment is that, in my opinion, with all due deference, it is based upon the erroneous conception that there is such a thing as a specific peril point, whereas in fact there is only what may be called a danger zone, within which there is a whole series of points; and there is no earthly way of determining in advance at what precise point within that zone it would be necessary to draw the line, in reducing the tariff, in order to insure against serious injury to an industry.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield to the Senator from Colorado.

Mr. MILLIKIN. Does not the President himself concede that there is a point when he asks the dissenting members of the Interdepartmental Committee to furnish him with the point?

Mr. ROBERTSON. I should prefer to say that he recognizes, as I have already

indicated, a danger zone. It is not a red light, it is an amber light. It is not a green light, it is not a dead stop sign, but there is an amber light which indicates there is danger ahead. Proceed with caution. So he does proceed with caution. He then goes over the matter quite fully, to get all the pertinent information he can get.

Mr. MILLIKIN. The President did not say anything about danger zones or amber lights in his order to the Interdepartmental Committee. He said the dissenters should specify the point beyond which they considered any reduction or concession involved cannot be made without injury to the domestic economy.

Mr. ROBERTSON. Of course they would not report to the President, "We think there is a danger zone." They take the danger zone and revolve it around in their minds, and then try to get down to something definite and tangible, and when they do they say, "Considering all these various factors, we assume that this is as far as we should go." When that point is reached, it can be called a peril point if one desires to call it that, but it is more or less of an arbitrary decision, in advance of accomplished fact, of what may happen in the future.

Mr. MILLIKIN. Is it not true that the Interdepartmental Committee, whether divided or unanimous, must recommend a point of concession to the President?

Mr. ROBERTSON. It is true.

Mr. MILLIKIN. And is it not true that in the end the concession must be agreed upon among the negotiators?

Mr. ROBERTSON. That is also true, and it is surprising, considering the difficulty and the multitude of factors which enter into these trade agreements, that we have negotiated a great many of them, and, so far as I have been able to ascertain, have done no serious injury, up to this time, to any major American industry.

I admit there was a time when a number of carloads of cattle, under the 700-pound agreement with Canada, came into St. Paul, for instance, and at the same time there was a big shipment from Montana, and on that very day, or within the next few days, it did break the price for Montana cattle. The Montana cattle raisers were very much disturbed about it, and it was unfortunate. We went into that quite fully, and we had an agreement wtih Canada that they should operate on a fixed quota, and try to arrange their shipments so that they would not compete at any central point with American cattle. I am very earnest about this, because there are large cattle interests in Virginia, and I would be the last one who would deliberately do anything to injure the cattle raisers of Virginia. But I have been unable to find that the live cattle which come in from Canada, or which come in from Mexico, have seriously hurt the domestic price of cattle. As the Senator from Colorado will recall, through the years Canada has been our second-best customer. Great Britain was the first and Canada was the next best. Canada took automobiles and many other things from us. As a matter of fact, she took more from us than we took from her. A market was made for the goods produced by our workingmen, which more than offset any loss our farmers may have suffered in the sale of their cattle.

Mr. President, I now wish to return to what I was originally saying, that the fact that the Tariff Commission is required by law to make findings establishing pin points—I hope the distinguished Senator from Colorado will not consider me captious in terming them such—beyond which may be said to lie serious danger to particular industries, does not in any way alter the fundamental economic factor to which I have previously referred.

The third point is that the peril-point provision is a wholly unnecessary safeguard. The careful administrative procedure which is followed in making trade agreements is itself a strong safeguard against possible injury, as the experience of the past 15 years under the grant of trade-agreement powers fully shows. Beyond that, however, the escape clause is an added safeguard. It provides double assurance against injury, in that mistakes can be corrected, if they do occur, without violating any international obligations.

Mr. MILLIKIN. Mr. President, will the Senator be good enough to yield for a question?

Mr. ROBERTSON. I gladly yield.

Mr. MILLIKIN. Does the Senator agree that there are more than 4,000,000 persons unemployed at the present time?

Mr. ROBERTSON. The Senator from Virginia agrees that that may be true if we consider everybody who at any time during the war, or immediately after the war, had some type of employment, including the old people who were called back but would not normally be working, and if we consider the waiver on children, which is no longer operative, and the fact that during the war four or five in a family would all be working, although before the war the breadwinner was supposed to do the work. During the war the wife went to work, and the daughters went to work, and the older sons went to work. Practically all the members of the family went to work. I say that if we take into consideration all those factors, and consider that at one time there were 61,000,000 and more persons employed in the United States, it is quite possible that there are now 4,000,000 unemployed, but they are the type that would not be working in normal times.

Mr. MILLIKIN. Mr. President, will the Senator further yield?

Mr. ROBERTSON. I yield.

Mr. MILLIKIN. Does the Senator agree that under its own methods of classifying unemployed the Labor Department states that at this time there are 4,000,000 or more persons unemployed?

Mr. ROBERTSON. I understand that to be true, under their method of classifying, and subject, as I say, to these abnormal conditions, when they claim that they were actually employed previously. That is true.

Mr. MILLIKIN. Would the distinguished Senator say that an oil-field worker is a normal employee under his description?

Mr. ROBERTSON. I would say definitely that an oil-field worker is a normal employee in normal times.

Mr. MILLIKIN. Is the distinguished Senator aware of the fact that more than 75,000 oil-field workers and men connected with the oil industry are unemployed at the present time?

Mr. ROBERTSON. I regret that I do not know the exact figure. I have heard that there were some unemployed.

Mr. MILLIKIN. I said 75,000 unemployed. I am advised that the figure should be 25,000.

Mr. ROBERTSON. I did not know that there were even as many as 25,000 unemployed. I do know that there have been brought in during the past few years a great many new wells, furnishing sources of oil which previously we did not know we had. That has been a very fine thing for the country. The Senator from Colorado will recall that the former Secretary of the Interior, immediately at the end of World War II, predicted that we would, at the present rate of consumption, have oil enough to last us for only 20 more years. That was a most disturbing prediction; but since then, thanks to some depletion allowances which the Senator from Colorado on the other side of the aisle and I on this side of the aisle helped to get through, we stimulated what might be called wildcatting and drilling, and as a result some very highly producing wells have been brought in. A good many new wells have been brought in, as the result of which the price of crude oil is now just about one-half what it was a year and a half ago, and at some of the Atlantic seaboard points it is selling as low as 6 cents a gallon. At other places it is selling at 10 cents a gallon. Previously it was selling for 20 and 22 cents a gallon. By the barrel I think it is now sold at from $1.80 to $2, whereas from the Middle East it is being sold to Europe for 80 cents a barrel.

Mr. MILLIKIN. Mr. President, will the Senator further yield?

Mr. ROBERTSON. I yield.

Mr. MILLIKIN. Would the Senator not consider a watchmaker as coming within his own definition of a worker?

Mr. ROBERTSON. Of course, I would consider a watchmaker as a worker, but it may be that we had too many watchmaking firms. I do not know how many watches we need, and the number that can be turned out, but I would not say that we have to have a tariff plan which would preserve a permanent job for a given number of watchmakers for an indefinite time, because we know that the makers of buggy whips, which were so popular at one time in the distinguished Senator's State lost their jobs. We know that lamp-shade makers lost their jobs. Then we know, if I may mention clothing, that there is not any great demand these days for the old whalebone corsets and things of that kind. There are shifts in employment, and I would not say that we could fix a national and international policy geared to any particular number of employees in what has up to a certain time been a normal field of operation.

Mr. MILLIKIN. Mr. President, I should simply like to suggest to the distinguished Senator that American

watchmakers are now supplying one-sixth of the watches which are purchased in this country, as against one-half prior to the war.

That leads me to this question: I believe the Senator will agree that if there are 4,000,000 unemployed, there are probably as many—and I have heard it estimated as twice as many—who are part-time employed. Would the Senator have a serious difference of opinion with me on that?

Mr. ROBERTSON. Not a serious difference of opinion. I do not have any exact statistics in mind at the moment.

Mr. MILLIKIN. I now inquire of the Senator how many escapes have been taken since the escape clause has been effective in our reciprocal trade agreements?

Mr. ROBERTSON. I do not think there have been many, because, so far as I know, there have not been many instances when it was necessary to make use of them. But I mentioned zinc, which I think was taken care of. Whether it was done by means of an escape clause, or by a gentlemen's agreement, or what not, I do not know. But I know that the situation respecting zinc was taken care of.

I further know that the president of the American Cotton Textile Institute went to Japan and negotiated a friendly agreement with the Japanese exporters of cotton piece goods, which were causing American manufacturers much concern by reason of what we thought to be unfair competition. We did not need an escape clause with the country with which we had lowered the duty on piece goods. We had a friendly gentlemen's agreement with the Japanese manufacturers of cotton piece goods under which they would limit their exports to us to a certain amount. I forget the exact figures, but as I recall the amount was less than 1 percent of our domestic consumption.

Mr. MILLIKIN. Mr. President, I am conscious of adjustments of that kind having been made, but such adjustments simply emphasize the fact that the American citizen does not have the protection of law, and is subject to the caprice and all the speculation involved in trying to make agreements of that kind.

Mr. ROBERTSON. There is only one way by which we can give protection to every citizen who produces anything that another citizen in some foreign country produces, and that is to go back, lock, stock, and barrel to the Smoot-Hawley tariff, which would raise such a wall around us that the average foreign competitor could not surmount it. Then there would be no question of the need of an escape clause, but we would have, in my opinion, and in a very short time, a major depression in this Nation which would mean unemployment not for 4,000,000 workers, but closer to 14,000,000 workers, because if we ever lose, as we did after 1930, our export markets for our automobiles, our machine tools, our business machines, our tobacco, our cotton, our wheat, and our farm products—if we ever lose those markets we will certainly have another depression, and I do not believe any type of Government spending could stave it off, except in a most temporary way.

Mr. MILLIKIN. Mr. President, I may suggest to the distinguished Senator that we have already lost those markets, except to the extent that we are willing to engage in give-aways or in dubious loans, because of almost 300 bilateral agreements, preferences all over the British Empire, quotas, exchange restrictions, and almost every restrictive device the imagination can conceive of. We have no export market except that which rests on indulgences in other nations and that which rests on our give-aways, and on our loans, which are probably somewhat dubious.

Mr. ROBERTSON. Does the distinguished Senator from Colorado agree with that host of economists who say that there has never been a time in our Nation when imports up to 5 percent of our national income would disturb our domestic economy? Does the Senator from Colorado agree with that?

Mr. MILLIKIN. I would not put any percent on it. I think that we probably have some rates that should be reduced, some rates that should be held where they are, some rates that should be increased. I do not think it can be stated accurately in terms of a generality. I heard it said back in the thirties that it would be destructive to this country if we increased our national debt beyond $75,000,000,000. Today it is more than $250,000,000,000.

Mr. ROBERTSON. I shall have to admit the last statement made by the Senator, because I was one of those who made the statement.

Mr. MILLIKIN. I did not know that, I will say to the Senator. I was not aiming my shot at the distinguished Senator from Virginia. I simply want to say that being somewhat prudent I do not like to tie myself to generalities of that kind.

Mr. ROBERTSON. I can understand that the distinguished Senator would not want to tie himself to generalities. Yet it is a fact that in 1929 we had the maximum amount of imports up to that time. They very nearly balanced our exports. That situation certainly did not hurt employment. We had what we thought then—we do not think so now—was full employment. Everyone seemed to be happy until the stock market blew up. It seemed like a pretty good time for everyone. The Senator will not challenge the statement that in 1929 things seemed to be prosperous with businessmen, farmers, and everyone else. Factories were all busy. Then the stock market led us out on a limb, and we became overextended, and things blew up.

The Senator from Colorado would have to admit that if we properly distribute imports we can take in imports up to 5 percent of our national income. Our national income has been running well over $200,000,000,000. How long it will continue to do so, I do not know. It may go down to $200,000,000,000 or even lower. If we accept the present debt structure and continue to appropriate anywhere near what we are appropriating for defense, veterans, and other things of that character, we certainly need a national income of around $200,000,000,000. I hope that we can have it. If so, we could accept $10,000,000,000 of imports a year without disrupting our economy. Yet, the distinguished Senator from Georgia [Mr. GEORGE] in opening the debate called attention to the fact that our imports were now down to about $6,000,000,000 a year. Certainly that cannot be the cause of unemployment.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. MILLIKIN. For a long time the distinguished Senator from Virginia has been a highly intelligent student of these matters. I merely wish to make one suggestion. How much imports we can take on the over-all basis I do not know. I am afraid of over-all figures. It depends on the state of our domestic economy at the time.

During the war and for a time after the war we had vast areas of shortage in this country. We could take anything and were glad to get it. Those imports served a constructive purpose. Then the economy changed its direction. A fraction of the imports with respect to some specific item can destroy that particular industry, because we have gone down instead of up.

Mr. ROBERTSON. It is undoubtedly true that the higher our income and the higher our employment the more imports we can absorb; and the higher our domestic prices the more imports we are going to get, because there is created a profitable market into which the foreign exporter can ship his goods. Yet experience shows that when our national income goes down and our own prices go down, imports fall off. We do not buy them. There is not the same incentive to ship to us. It fully demonstrates to my mind that if these agreements are properly and adequately screened and worked over so that we bring them down to a fair competitive basis, they then become complementary to our own production and stimulate our prosperity, because we then give the other fellow purchasing power to take the surpluses which we produce and want to dispose of.

I should say that from every standpoint with which I am familiar we could well afford to see our exports and imports properly balanced. That situation would promote rather than be detrimental to the best interests of our own economy.

Moreover, and entirely contrary to the idea which opponents of the program have sought to foster, the "escape clause" can, in an emergency, be used within a reasonable period of time without requiring the approval of the other contracting party to the agreement or even prior consultation with such country.

I should like to make one further point, and then I shall be through.

In my humble opinion, the peril-point provision introduces a rigidity into tariff negotiation which may make difficult, or even frustrate, the successful negotiation of a good agreement and one which is definitely in this country's interest. This may happen where the successful conclusion of an agreement turns upon one or two controversial items and where,

by taking a little additional risk in the knowledge that the escape clause can, if necessary, be subsequently invoked, the impasse can be broken and an agreement concluded.

For these reasons I am personally opposed to the pending peril-point amendment, and hope very much that it will not be adopted.

Mr. WHERRY. Mr. President, unless the peril-point amendment is adopted, the junior Senator from Nebraska will vote against passage of the pending bill to extend the Reciprocal Trade Agreements Act.

This amendment would require the President to explain to the Congress, and to the American people, whenever he makes concessions below the recommendations of the United States Tariff Commission in negotiating tariff agreements.

While this is a reasonable safeguard—yet it is questionable whether it goes far enough. Only time will tell.

If properly administered, it guarantees that when tariff negotiations are entered, we do so with our eyes open to all the possible consequences of tariff reductions. But let me remind Senators that an act of Congress is only as good as its administration.

This act is one of the best examples of how a good idea can be perverted by upside-down thinkers. These spoilers have established virtually a free trade basis for the United States. They are now moving at breakneck speed, tearing away the last shreds of protection, so that foreigners may have no barriers, and not the slightest resistance, in taking over our American markets, and our American jobs. So if the peril or danger point amendment fails of adoption the junior Senator from Nebraska is logically forced to vote against passage of the bill.

The evidence shows that reciprocal trade agreements have not been made as was intended in the act. It has become mandatory that the peril-point amendment be adopted to strengthen its provisions. Upon that basis the junior Senator from Nebraska will vote reluctantly for the passage of the bill, reluctantly, because the record of its administration causes one to put little faith in the wisdom of those who are enforcing it.

Even with the inclusion of the danger point amendment, they will squirm and set up highly technical arguments all along the line to prevent accomplishment of its purposes, for their main goal is to help foreigners take over the American markets in a utopian one-world dream, a new world in which all people will have the same standards of living.

By some twisted reasoning they apparently think that if the United States is on a free-trade basis wages will continue to be higher in the United States than they are in any other country.

By some twisted reasoning they contend that the more goods we buy from other countries the more they will buy from us.

America is a young country, as nations go—an innocent, big-hearted country with wholesome aspirations. But nations with which we are dealing are old and schooled in international sleight-of-hand. They have forgotten more wrinkles on how to bypass a solemn bargain than our tariff-makers, whoever they are, will ever know.

The truth is that foreign countries will not buy a dime's worth of goods in the United States that they can buy cheaper elsewhere. Even now, we are informed that they have talked the State Department into bypassing the ECA Act of Congress by releasing ECA dollars so that they can be spent by Great Britain in any country Britain chooses. And Britain intends to buy their wheat in Canada and not in the United States, where we have a huge surplus of grains.

The inescapable conclusion is that the United States is being taken for an easy mark, a Simple Simon, by foreign countries in the negotiation of the allegedly reciprocal trade agreements.

At least the junior Senator from Nebraska prefers to think that is the case rather than something worse—a conspiracy to destroy jobs American workers now have and to force extinction of industries, or to hit our farmers with agricultural imports, in spite of their now troublesome surpluses. The junior Senator from Nebraska is determined to do all he can to prevent the tariff giveaway show from continuing.

Should the danger point amendment lose and the junior Senator from Nebraska vote against passage of the bill there will be those who will say that he is opposed to the principle of reciprocal trade agreements.

The automatic apologists for the spoilers in the administration will shriek to high heaven that the junior Senator from Nebraska is emulating the ostrich and does not see the great importance of world trade. But the official record will show the junior Senator from Nebraska believes in the principle of truly reciprocal trade agreements. He believes it is common sense to make arrangements with other countries for them to buy from us the things they need, and for us to buy from them the things we need. He believes that is true reciprocity. Both sides benefit. There can be no good trade relations unless both sides do benefit. Reciprocity is a two-way street.

But that is not the way the Reciprocal Trade Agreements Act of 1934 has been administered. It has been used to pave a one-way street for foreigners to take over American markets, with resulting shameful effect upon our American workers. It has been used as a vehicle to smash tariff protection, to abolish protection for American agriculture, industry, and labor.

The junior Senator from Nebraska looks upon the administration of the Reciprocal Trade Agreements as a bad job all the way through, from its start back in 1934. The full, disastrous impact of the work of the spoilers upon the American economy has not yet been felt. Its terrible effects have not yet been realized, because since 1934 there has been an abnormal flow of trade in and out of the United States. The depression of the 1930's was world-wide, and world trade was at a low ebb. The war shattered the peacetime economies of the participating nations. Everyone is familiar with the present efforts of nations hit by the war to get back on their feet in world commerce.

But all the time during this long period reaching back to 1934, the spoilers have been busy whittling down our tariff protections, until today over our markets and over the jobs of our working men and women—figuratively speaking—hangs a sign that says to foreigners: "Come and get it. Come and get it, for Uncle Sam is having the biggest giveaway show on earth. Ships, guns, factories, power plants, tobacco or beans—anything you want. It is all on Uncle Sam—the American taxpayers."

During the postwar period, when goods and materials were short and prices were high, the undermining effect of foreign-trade agreements has not been as great as it will be when nations devastated by the war are better able to "Come and get it."

Let me remind the Senate that every day in the countries of western Europe productivity is increasing and they are growing stronger.

Let me point out that just recently Mr. Paul Hoffman advised the ECA countries not to seek their markets only on our seaboards, but to go into the fertile fields of the Southwestern States of our Union and find their markets there.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MILLIKIN. That exhortation by Mr. Hoffman was to this effect, was it not: "Do not try to compete with our assembly lines, but compete with our hand-labor products, with the products we make which have in them a high labor cost. There you can compete because you have a low labor cost, low labor scales, whereas we have high ones."

Mr. WHERRY. I thank the distinguished Senator for the added observation. It was a part of the statement Mr. Hoffman made.

Mr. MILLIKIN. Can that have any effect, if it works, other than to reduce our own standards of living and our own labor scales?

Mr. WHERRY. I totally agree with the observation made by the distinguished Senator from Colorado. I say further that the whole procedure by which so-called reciprocal trade agreements have been made has been wrong. It has been repulsive to the principles of fair play and a decent regard for the interests of our own people. The guiding spirit has been secrecy, dark secrecy behind closed doors, when the decent, fair way would be to let the American people—American industries, agriculture, and labor know—what it was going to do to them, and let them know before it was done to them.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MILLIKIN. I suggest that the secrecy prevails even after it is done. We tried to get the Interdepartmental Committee to let the Congress take a look at their minute books, but they would not do so.

Mr. WHERRY. I thank the Senator from Colorado for that observation, because it confirms the evidence which has been adduced at the hearings and the evidence presented on the floor of the

Senate from eminent authorities on this subject.

Mr. President, one of the most serious threats to our representative republican government today is the determination of the spoilers in the administration to take over the economic affairs of our people and mix them in political activity, both at home and abroad. It may be news to some people, but the words "Democrat" and "democracy" do not appear once—not a single time—in the Constitution of the United States, whereas the words "republic" and "Republican" appear many times.

So, we live in a republic and have a representative republican government, and in a republican government the people have an inalienable right "to life, liberty, and the pursuit of happiness," unfettered and uncontaminated by self-anointed, autocratic planners in Washington.

Extension of the reciprocal trade agreements is recommended to the Congress as a fundamental plan in the foreign policy structure. It is contended by its sponsors that the President, in negotiating trade agreements, will gain real advantages for the American producers, in exchange for concessions on import duties of other countries. That contention was advanced a few minutes ago by the distinguished junior Senator from Virginia [Mr. ROBERTSON].

Like every other plan in foreign policy that has been put forth by the present administration, this trade agreements program is labeled as a "calculated risk." This phrase was used extensively by Mr. Will Clayton and Mr. Willard Thorpe of the State Department, when they appeared before congressional committees. We in the Senate certainly are well used to this phrase today. We have heard it in connection with the Marshall plan, the Atlantic Pact, and all the other aspects of foreign policy that have required legislation. The military arms program will be before us shortly as another "calculated risk."

Mr. President, the interesting thing about these "calculated risks" is that the Senate and the Congress are not allowed to calculate. We are asked by the administration only to risk. We can risk American dollars. We can take the risk of deficit financing in foreign-aid programs. We can risk American industries. Yes, we can risk American lives. But we must not calculate. Only the administration is to be allowed to calculate. Administration leaders in this body will oppose any attempt made by individual Senators to calculate the risks of these programs.

The peril-point amendment is demanded by common prudence and foresight. It would provide some advance reckoning of the consequences in trade agreement negotiations.

I wish to say here that when the junior Senator from Virginia [Mr. ROBERTSON] says he agrees with the escape clause in its principle, I cannot see any difference, so far as the principle is concerned, between whether the principle is applied after the damage has been done or before the damage is done. But I can see a great deal of difference, so far as industry is concerned, because if this principle is applied before the damage is done, industry is helped, whereas if we apply it afterwards, in many cases the damage will have been done, so no help will be available. But so far as principle is concerned, if it is applied to escape clauses, it should be applied before the risk is taken. It is the type of calculation that should accompany the risk of tariff reductions, but the administration is opposing this attempt by the Congress to insure just calculation.

What kind of risk does the administration calculate in asking extension of the 1934 act? The answer to such a question is confusing, because of conflicting statements of administration spokesmen.

There are assurances of the late President Roosevelt and of President Truman that no individual industries will be harmed. The end of trade agreements, according to the statements of those two spokesmen, is to further American exports without sacrificing individual American industries.

There is, on the other hand, the very disturbing statement of Mr. Willard Thorp, Assistant Secretary of State, who frankly says the purpose of the bill now before us is "to guide the economy as a whole into the most productive lines possible."

Mr. MILLIKIN. Mr. President, if the Senator will further yield, I would remind him that Mr. Thorp not only said it is the purpose, but he said, "We have a mandate."

Mr. WHERRY. I thank the distinguished Senator. I shall give the complete quotation in a few moments.

Mr. President, this is economic planning on a global scale. This is economic planning that gives no assurance in any way whatever to any individual industry. It promises the most productive lines possible for the whole economy. It is a "papa-knows-best" philosophy.

The written statement of Mr. Thorp in this matter is as follows:

> Under the act which the President has requested, every officer concerned will be mindful of the need to safeguard the American economy, but at the same time we shall have a clear mandate to broaden the bases of United States foreign trade, to guide purchasing power for American exports, and to guide the economy as a whole into the most productive lines possible.

Mr. President, I do not agree with such a philosophy. There is nothing in the Reciprocal Trade Agreements Act that provides such autocratic power for its administrators. Congress never voted to give the President or his assistants any sweeping power "to guide the economy as a whole." Yet they are acting as though they are masters of our destiny.

This is another example of how far we have gone toward statism. Certainly, the amazing statement of Mr. Thorp should convince the membership of the Senate that the peril point for our national economy has been reached.

If a whole new economy for the United States is being calculated in this calculated risk, the Congress and the people of the United States should be in on it from the take-off because we will all be in the crash landing.

If any American industry is being sacrificed by reductions of tariff below a danger point determined by the United States Tariff Commission, it should be sacrificed with the full knowledge of the American people. The President should explain his actions to the Congress and to the people, so that all may know his reasons for spurning warnings and plucking industries and segments of our working men and women into the ranks of the jobless.

Why should the President be so reluctant to give such explanations to the Congress and to the American people?

Can it be that the spoilers who are trading American agriculture, industry, and labor down the river are afraid to let the purifying rays of publicity enter deals which they have made in secret, and meaning, truly, life or death for our industries? Surely public officials, responsible to the people, ought to be ready to give an accounting for their deeds.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. WHERRY. I am glad to yield.

Mr. MILLIKIN. I am sure the Senator will remember that the same Mr. Thorp, before the House Ways and Means Committee, when pinned down to just what was the matter with the peril-point procedure, in effect said it would subject the President to public opinion.

Mr. WHERRY. I recall very distinctly the observation, and that is exactly what I want the peril-point amendment to do.

Mr. MILLIKIN. Of course.

Mr. WHERRY. That is exactly why I am for the peril-point amendment, and it is for that reason principally that I shall be forced to vote against the passage of the pending bill, if the peril-point amendment is not adopted.

Mr. MILLIKIN. Is it not the supreme piece of insolence for anyone to suggest that the President should not be subject to public opinion?

Mr. WHERRY. I cannot understand why anyone should object to the observation made by the distinguished Senator from Colorado.

The Reciprocal Trade Agreements Act, instead of being used as a vehicle for obtaining mutually advantageous trade agreements with foreign countries, has been used to implement foreign political policy. Investors and operators of American factories, mines, and farms do not know, until the edicts are posted by the tariff spoilers, whether they are to survive or be bargained away in the ostensible interest of some other segment of the economy. In all of our trade negotiations, secrecy seems to be the most conspicuous characteristic. The deliberations of the Interdepartmental Committee are not made known to the Congress.

Furthermore, I remind Senators of the observations made in the colloquy between the distinguished Senator from Colorado and the junior Senator from Virginia, relative to the secrecy about the Tariff Commission itself.

Nothing is told to the American people in advance of trade negotiations. Although negotiations of Annecy are substantially completed, at the present mo-

ment no information is given on the agreements reached.

And I predict no such information will be given, but I do predict that if the peril point amendment is adopted, Annecy agreements will have to be renegotiated. I go that far.

It is the contention of those who oppose the danger point amendment, that Congress and the people should not be made aware of tariff concessions and the President's reasons for making such concessions.

That kind of procedure does not square with republican government. Argument that the so-called escape clauses are a guaranty of a fair deal for American industries, agriculture, and labor, sounds very hollow in the light of industries that have been bargained out of existence and refused relief.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. WHERRY. I am glad to yield.

Mr. MILLIKIN. May I suggest to the distinguished Senator that every reciprocal trade agreement is going to have to be renegotiated, if for no other reason, because the inevitable devaluation of foreign currencies?

Mr. WHERRY. I thank the Senator for that observation. As the former chairman of the Senate Finance Committee, the Senator from Colorado is considered an authority on the floor of the Senate in all matters of finance. I appreciate very much the added observation of the Senator to the point I was making.

The Republican Party is committed to the principle of true, honest, reciprocal-trade agreements. The seeds for such a scientific system to supplant tariff writing on the floors of the Senate and House of Representatives, were sown by Republican leaders long before the advent of the New Dealers.

They have simply used the generally accepted principle of reciprocity as a cloak and disguise to slash the Nation's tariff protection, until today it approximates the virtually free trade of the notorious and ill-fated Underwood tariff.

Tariff protection—together with the initiative, skill, and character of the American people—has done more to raise the standard of living of our people, far above the world level, than any other single, national policy.

The Republican membership in the several Congresses in which the Reciprocal Trade Agreements Act was extended tried to have inserted amendments to require that foreign trade agreements be submitted to Congres for possible veto before they became effective. What is wrong with that procedure?

The Republican Eightieth Congress sought to restore to Congress its constitutional prerogative to pass upon tariff rates and import conditions.

Congress, of course, has full power to delegate to the Executive the duty of making reciprocal trade agreements, but the formula must be so devised that the duties of the Executive become automatic and are not widely discretionary.

Under the letter, which is the position advocated by opponents of the pending peril-point amendment, the President possesses the power of a dictator over all businesses engaged in foreign trade. Indirectly, his actions affect every man, woman, and child in the land. Is that representative, republican government? Is that abdication by Congress of its constitutional responsibility?

Supporters of the pending danger-point amendment have provided abundant evidence of the way the so-called reciprocal trade agreements have resulted in increasing importations to the detriment of American industries, agriculture, and labor.

Facts and figures are now in the CONGRESSIONAL RECORD, showing how these one-way trade agreements are resulting in importations that are beginning to distress our own producers. Some of them already have been driven out of business.

Mr. President, you have heard how Russia, even though she does not have a trade agreement with us, has taken advantage of our most-favored-nation policy and wiped out fur farming in the United States. There were about 3,000 silver-fox farms in 1939, today there are fewer than 500. During December 1948 and January 1949 over a thousand of our 6,061 farms producing mink have gone to the wall. And yet there is talk about a cold war with Russia.

The record is loaded with evidence of how so-called reciprocal trade agreements have damaged American producers of copper, zinc, lead, and other metals. That has been admitted during the colloquy on the Senate floor today.

Reduction in the import excise tax on crude petroleum is letting an average of over 600,000 barrels of petroleum every day come into the United States, thereby adversely affecting domestic producers, especially the independents who are not parties to the international oil cartels of the giant companies.

The tragic destruction of our watch industry, because of imports from low-wage, low-cost foreign producers, is widely known.

Imports of agricultural products have increased in recent months in nearly every important category. Imports of cattle, other than cattle for breeding purposes, have increased from 76,000 during 1947–48 to 512,000 during 1948–49. That does not include cattle which came in at tariff rates other than those established under the reciprocal trade agreements.

Although the United States has had record crops of grains and other feeds, imports of barley, oats, and rye have increased sharply. And so have imports of cheese and frozen beef. Imports of 36,000,000 bushels of barley, oats, and rye during the last year about equaled the number of bushels of these grains that the Commodity Credit Corporation has taken over in the price support program.

Every section of the country—every State—is being hurt by the "one worlders" in charge of the foreign trade of the United States.

But this is only the beginning of the flood of imports under the free-trade policy of the administration in the name of reciprocity.

Here is an important fact which I want to bring to the attention of the Senate.

Mr. Albert S. Goss, master of the National Grange, has just forwarded to me a statement by his organization in its weekly letter to grange deputies, telling of their position on extension of the reciprocal trade agreements.

Albert Goss is one of the best informed men in America. He is a member of the ECA Advisory Board. This is what the National Grange weekly newsletter, just out, says:

> Inquiries as to the Grange's stand on reciprocal trade agreements justify a restatement of our position.
>
> The Grange prefers negotiation through such agreements to the logrolling tactics of tariff making in Congress, but insists that Congress shall establish definite policies to guide those who are authorized to enter into trade agreements. The Smoot-Hawley tariff bill established the principle of "difference in cost of production between home and abroad" as the basis for tariff rates, although many of the rates were thought to be out of conformity with that principle. The Reciprocal Trade Agreements Act abandoned that principle and authorized establishment of rates to promote trade with no policy governing the effects of the trade on our domestic economy. In other words, the administration was given no policy to go by.
>
> The Grange insists that Congress establish a policy to guide the tariff adjusters. A year ago an approach was made toward such a policy by an amendment requiring the President to refer proposed changes to the Tariff Commission which, upon review of the proposals, would advise the President of those rates which would injure or destroy any domestic industries. This is referred to as the "peril-point" policy. The President would not be compelled to follow recommendations of the Commission, but at least he would have the best available data on which to base his decision.
>
> That is what the present fight in Congress is about. So far as we are concerned, it has nothing to do with abandoning the principle of reciprocal trade. It is merely a question as to whether Congress will surrender to the administration all the responsibilities of tariff making, or whether it will establish the policies and leave to the executive branch of Government the administration of those policies, as required by the Constitution.
>
> The Grange favors what we believe to be the constitutional method.

Mr. Goss and his organization of farmers are alert to the peril.

Agriculture produces 65 percent of our wealth, and we should listen to the words of admonition given by this great American relative to the guides which he insists be placed in the legislation governing imports.

I have also before me the views of another great organization. I bring these views to the attention of the Senate because of the colloquy between the distinguished Senator from Illinois [Mr. LUCAS], the distinguished Senator from Colorado [Mr. MILLIKIN], and the junior Senator from Nebraska, relative to what organizations are favorable to the peril-point procedure. I have here the position of the National Association of Manufacturers on the peril-point proposal. The evidence itself is rather long, and I have taken the salient points which I wish to place in the RECORD.

The National Association of Manufacturers opposed the trade-agreements bill in 1934 as indicated in the following excerpts of the testimony of its representative, Mr. James A. Emery, before

the Senate Finance Committee on May 1, 1934:

The National Association of Manufacturers, as a great body of industrialists, has every confidence in the good faith and high intelligence of the President. It believes he should be authorized to negotiate and enter into trade agreements that may advance the foreign trade of the United States, without restriction as to whether the articles are removable to or from the free list, but we cannot believe that the President should be authorized to conclude such agreements and make them effective without any reference to Congress. * * *

Out of the 210,000 manufacturing establishments in the United States 74½ percent are operated with the employment of 20 people or less. * * *

The protection of these is a matter of vital importance. They are least able to stand the shock of either great change or of great uncertainty, and it is these considerations, sir, that lead us to urge upon you the necessity for more definite language in the bill that is before you for consideration, and we say it not to discourage negotiations for foreign trade. No one is more eager to have it than the American manufacturer, but no one is more unwilling to risk his own great free-trade domestic market, the largest in the world, the most desirable for every other nation, even in the present circumstances (1934), the most desirable market in the world, into which all others wish to enter.

For a number of years the NAM took no official position against the extension of the Trade Agreements Act because of the war. Since the war the world's economic condition has also led the NAM to refrain from taking a position. Since the peril points were made a part of the law the association has taken no position, made no statement, nor authorized anyone to speak for them on the subject of trade agreements or peril points.

So their position remains exactly the same as it was stated in 1934 when they gave testimony before the committee that a peril-point provision should be included in trade agreements in order that American industry might be protected.

Mr. President, let us turn to the views of labor. I can remember as a boy reading the great observations made by Samuel Gompers, the head of the American Federation of Labor. Many of the principles which he advocated I believe in completely. Let us see what the position of that organization is on the question of peril points.

The American Federation of Labor supports the extension of the trade-agreements program, but that organization supports just as strongly the peril-point amendment.

During the hearings before the House Ways and Means Committee in January 1949 Mr. W. J. Mason, speaking in behalf of Mr. William Green and for the A. F. of L., introduced into the record the following resolution adopted by the organization in November 1948:

We recommend that the American Federation of Labor support the principle of this act. The reciprocal-trade-agreements program offers a method looking toward the further freeing of international trade from restrictive barriers.

However, in some instances the duty reductions already made have reached the point where further reductions would endanger the employment in particular industries exposed to competition from abroad.

In supporting the trade-agreements program, we recognize the need of safeguarding American labor in some industries, especially where wages are a relatively heavy factor in the cost of production, against competition that threatens to undermine our labor standards.

In explanation of this resolution, Mr. Mason made the following clarification:

In other words, it would be wise to examine with care the character of competition that would be encouraged by further duty reductions. The Tariff Commission seems to us to be the appropriate agency to carry out the necessary factual investigations to aid and guide the State Department in its negotiations. This is good procedure and would not injure the sound administration of the trade-agreements program. We urge that the authority of the Tariff Commission be accorded full recognition in the adjustment of tariff rates and believe that this will not hinder the progress of the trade-agreements program.

This process of determining possible reductions in import duties is naturally a very complicated one. Because it so directly affects the workers in the industries concerned it is of primary concern to organized labor, and one on which labor must be consulted.

And now, in the terms of the distinguished junior Senator from Colorado, we will "Put the ribbon around the package." Mr. Mason, speaking for the A. F. of L., answered questions asked by Congressman BYRNES of Wisconsin, as follows:

Mr. BYRNES. Yet, you know under the act passed last year one of the basic requirements, and the thing we hear the most complaint about, is that it is required by law that the Tariff Commission do establish what we call peril points; in other words, the point below which the domestic industry might be imperiled and the workingman in this country and his standard of living be imperiled, so you agree with me that that is advisable procedure and the advisable thing to do?

Mr. MASON. That is right. We favor that. We favor the continuation of those findings.

Mr. BYRNES. Right.

I have given in the RECORD the testimony of a great authority on agriculture, the testimony of the National Association of Manufacturers in which occurs the statement about 74½ percent of all the manufacturing establishments in the United States being operated by small-business men, and finally the testimony of the American Federation of Labor, all supporting the peril-point provision in the proposed reciprocal trade-agreements legislation.

Mr. President, the average rate of custom duties in 1948 upon all imports, with the free list included, was 5.9 percent, the lowest in history. This average rate for the first 3 months of 1949 has been reduced to 5.3 percent.

In the present circumstances it is difficult to exaggerate what this extreme reduction from an average of 18.9 percent in 1934 means.

In the world trade today we pay for all our imports, and we pay also for a substantial part of our exports. These are not the normal conditions of world trade. These are not the conditions of world trade that we shall know in the next few years.

Mr. President, I ask unanimous consent to have inserted in the RECORD the first chart of the United States Tariff Commission, Statistical Division, for July 1949, from which the observations I am about to make are taken, and which is also the basis of the figures I have just given.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Average ad valorem rates of duty on imports into the United States, by years, under specified tariff acts

(There are two fundamental difficulties in measuring average rates of duty under different tariff acts by the use of statistics of imports: (a) The change in the character and quantity of the articles imported from year to year, and still more from decade to decade; (b) the change in the general price level and even in the prices of single major commodities. Unless due regard is given to these changes, comparisons between different years are likely to be misleading.)

[Value in thousands, i. e., 000 omitted]

Fiscal years 1910 to 1918; calendar years 1919 and succeeding years	Imports for consumption							
	Free	Percent free	Dutiable	Percent dutiable	Total	Duties collected	Equivalent ad valorem rates	
							Dutiable	Free and dutiable
Payne-Aldrich law, effective Aug. 6, 1909:							*Percent*	*Percent*
1910	$761,353	49.2	$785,756	50.8	$1,547,109	$326,562	41.6	21.1
1911	776,964	50.8	750,981	49.2	1,527,945	309,966	41.3	20.3
1912	881,513	53.7	759,210	46.3	1,640,723	304,899	40.2	18.6
1913	986,972	55.9	779,717	44.1	1,766,689	312,510	40.1	17.7
Annual average, Payne-Aldrich law	851,701	52.6	768,916	47.4	1,620,617	313,484	40.8	19.3

Average ad valorem rates of duty on imports into the United States, by years, under specified tariff acts—Continued

[Value in thousands, i. e., 000 omitted]

Fiscal years 1910 to 1918; calendar years 1919 and succeeding years	Imports for consumption							
	Free	Percent free	Dutiable	Percent dutiable	Total	Duties collected	Equivalent ad valorem rates	
							Dutiable	Free and dutiable
Underwood law, effective Oct. 4, 1913:							*Percent*	*Percent*
1914	$1,152,393	60.4	$754,008	39.6	$1,906,400	$283,719	37.6	14.9
1915	1,032,863	62.7	615,523	37.3	1,648,386	205,747	33.4	12.5
1916	1,495,881	68.6	683,153	31.4	2,179,035	209,726	30.7	9.6
1917	1,852,531	69.5	814,689	30.5	2,667,220	221,659	27.2	8.3
1918	2,117,555	73.9	747,339	26.1	2,864,894	180,590	24.2	6.3
1918 (July to December)	1,149,882	79.1	303,079	20.9	1,452,961	73,854	24.4	5.1
1919	2,711,462	70.8	1,116,221	29.2	3,827,683	237,457	21.3	6.2
1920	3,115,958	61.1	1,985,865	38.9	5,101,823	325,646	16.4	6.4
1921 [1]	1,564,278	61.2	992,591	38.8	2,556,869	292,397	29.4	11.4
1922 [1]	1,888,240	61.4	1,185,533	38.6	3,073,773	451,356	38.1	14.7
Annual average, Underwood law	1,903,208	66.3	968,211	33.7	2,871,479	261,279	27.0	9.1
Fordney-McCumber law effective Sept. 22, 1922:								
1923	2,165,148	58.0	1,566,621	42.0	3,731,769	566,664	36.2	15.2
1924	2,118,168	59.2	1,456,943	40.8	3,575,111	532,286	36.5	14.9
1925	2,708,828	64.9	1,467,390	35.1	4,176,218	551,814	37.6	13.2
1926	2,908,107	66.0	1,499,969	34.0	4,408,076	590,045	39.3	13.4
1927	2,680,059	64.4	1,483,031	35.6	4,163,090	574,839	38.8	13.8
1928	2,678,633	65.7	1,399,304	34.3	4,077,937	542,270	38.8	13.3
1929	2,880,128	66.4	1,458,444	33.6	4,338,572	584,837	40.1	13.5
1930 (Jan. 1 to June 17)	1,102,107	64.6	603,891	35.4	1,705,998	269,357	44.6	15.8
Annual average, Fordney-McCumber law	2,565,490	63.8	1,458,080	36.2	4,023,570	561,615	38.5	14.0
Hawley-Smoot law, effective June 18, 1930:								
1930 (June 18 to Dec. 31)	979,016	69.5	429,063	30.5	1,408,079	192,528	44.9	13.7
1931	1,391,693	66.6	696,762	33.4	2,088,455	370,771	53.2	17.8
1932 [2]	885,536	66.8	439,557	33.2	1,325,093	259,600	59.1	19.6
1933	903,547	63.1	529,466	36.9	1,433,013	283,681	53.6	19.8
1934 [3]	991,161	60.6	644,842	39.4	1,636,003	301,168	46.7	18.4
1935	1,205,987	59.1	832,918	40.9	2,038,905	357,241	42.9	17.5
1936	1,384,937	57.1	1,039,040	42.9	2,423,977	408,127	39.3	16.8
1937	1,765,248	58.6	1,244,604	41.4	3,009,852	470,509	37.8	15.6
1938	1,182,696	60.7	766,928	39.3	1,949,624	301,375	39.3	15.5
1939	1,397,280	61.4	878,819	38.6	2,276,099	328,034	37.3	14.4
1940	1,648,965	64.9	891,691	35.1	2,540,656	317,711	35.6	12.5
1941	2,030,919	63.0	1,191,035	37.0	3,221,954	437,751	36.8	13.6
1942	1,767,592	63.8	1,001,693	36.2	2,769,285	320,117	32.1	11.6
1943	2,192,702	64.7	1,197,249	35.3	3,389,951	392,294	32.8	11.6
1944	2,708,391	69.8	1,169,504	30.2	3,877,895	347,286	29.7	9.0
1945	2,737,261	67.0	1,348,756	33.0	4,086,017	380,827	28.2	9.3
1946 [4]	2,897,669	60.5	1,894,441	39.5	4,792,110	408,001	26.3	10.4
1947 [4]	3,431,671	60.8	2,211,674	39.2	5,643,345	445,355	20.1	7.9
1948 [4]	4,174,050	58.9	2,917,693	41.1	7,091,744	417,401	14.3	5.9
1949, Jan. 1 to June 30 [4]	2,045,105	61.1	1,303,878	38.9	3,348,982	177,947	13.6	5.3

[1] The Emergency Tariff Act became effective on certain agricultural products on May 28, 1921, and continued in effect until Sept. 22, 1922.
[2] Subsequent to June 21, 1932, certain commodities which had previously been on the free list were made taxable, and since that date have been reported as dutiable commodities. The principal commodities affected were petroleum, copper, lumber, and coal.
[3] Trade Agreements Act passed as amendment to Smoot-Hawley law June 12 1934. Under it many rates of duty have been decreased from time to time. First agreement effective Sept. 12, 1934, with Cuba.
[4] Preliminary.

Source: U. S. Tariff Commission, Statistical Division, July 1949.

Mr. WHERRY. Mr. President, at a time when many extravagant claims are being made by the advocates of reciprocal trade for benefits to American exporters, I should like to point out that our foreign trade in the past few years has been of a very unusual nature.

We have paid for all of our imports and we have financed many of our own exports through grants and credits.

Tables of exports and imports show that exports are much in excess of our imports.

However, if we consider the gifts and credits extended by this Nation to other nations and the miscellaneous dollars made available to foreign countries by tourists, by hiring of foreign ships, by private investments and other means, it becomes clear that the United States is making more money available to foreign nations than the United States is earning by its exports.

In the first 6 months of this year, for instance, the United States exported $6,500,000,000 worth of goods; it paid for imports $3,300,000,000; it sent abroad in grants and credits $2,100,000,000, and it spent $5,500,000,000 in miscellaneous payments.

Where American dollars are made available so generously through grants and credits to supplement foreign earnings from United States imports and services, conditions exist which give no blessing to reciprocal trade agreements.

The fact of the matter is that we have been making more money available to foreign nations in each of the last 4 years than the foreign nations are spending for United States products.

To illustrate that point, I ask that there be inserted in the RECORD at this point a table showing United States exports and imports for the past 10 years.

The PRESIDING OFFICER. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

[Millions of dollars]

	United States exports	United States imports	Surplus exports over imports	Grants	Credits	Miscellaneous [1]	Subtotal (grants, credits, and miscellaneous)	Total dollars made available
1949 (first 6 months)	6,553	3,350	3,203	2,859	530	2,152	5,541	8,891
1948	12,494	7,038	5,456	3,948	1,563	5,170	10,681	17,719
1947	14,252	5,643	8,609	2,147	4,241	4,260	10,648	16,291
1946	9,499	4,278	5,221	2,343	3,322	3,946	9,611	13,889
1939	3,123	2,276	807	(2)	(2)	1,309	1,309	3,585

[1] Miscellaneous dollars available to foreign countries through tourism, payments for freight and shipping, payments on investments by foreigners, private remittances, and investment of dollars abroad, etc.
[2] Figures not available.

Mr. WHERRY. Mr. President, it should be pointed out that in this table the figures used by the proponents of reciprocal trade agreements are always the amount of exports over imports. It is a grossly misleading conclusion.

The first column shows that United States exports for the first 6 months of 1949 amounted to $6,553,000,000, and imports to $3,350,000,000, showing a surplus of exports over imports of $3,203,000,000. The proponents of the pending legislation say that because of that situation the Reciprocal Trade Agreements Act should be extended—that that is why we have increased our foreign trade.

Mr. President, let me point out that in the first 6 months of the same year, namely 1949, the grants amounted to $2,859,000,000, credits to $530,000,000, miscellaneous to $2,152,000,000, the latter being miscellaneous dollars made available to foreign countries through many means. When we add them all up, it indicates that we made available $8,891,000,000 the first 6 months of this year in order to get foreign trade in the amount of $6,553,000,000.

The proponents of the measure show $12,494,000,000, as exports in 1948, with imports of $7,038,000,000 or a surplus of exports over imports in the amount of $5,456,000,000. Upon that basis they justify the continuance of reciprocal trade agreements.

But the table points out that in order to show $12,494,000,000 of exports, the United States had to make available $17,719,000,000, divided as follows: $5,456,000,000 for payments of imports; $3,948,000,000 in grants; $1,563,000,000 in credits and $5,170,000,000 for miscellaneous distribution.

Similar analogies can be made if any member of the Senate wishes to analyze the figures in this table, which certainly refute the idea that our exports and imports indicate the necessity for the extension of the Reciprocal Trade Agreements Act.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. WHERRY. I yield to the Senator from Colorado.

Mr. MILLIKIN. Is it not true that the very grants and dubious loans to which the Senator has alluded are aiding in the building up of the national sufficiency, economically speaking, of the western European countries?

Mr. WHERRY. I thank the Senator for that observation. I am coming to that in a moment, but I might as well take it up now. What the Senator has said is absolutely true.

Mr. MILLIKIN. Is it not also true that as they build up their national sufficiencies that will automatically lessen our ability to get our exports into their markets?

Mr. WHERRY. There is no doubt about it.

Mr. MILLIKIN. And when we stop the give-away program and the dubious loan program, we not only will be met with that fact but will we not also be met with the fact that they have almost 300 bilateral agreements operating against world trade, and, in addition, all manner of preferences, import licenses, exchange controls, and everything else we have been talking about? Is not that correct?

Mr. WHERRY. That is correct, and it runs to the advantage of the European countries, and to the great disadvantage of American industry and American labor.

Mr. MILLIKIN. And does not that sum up the end point that the great argument, which we continue to hear advertised, that reciprocal trade has increased our exports is completely fallacious?

Mr. WHERRY. That is my opinion. That is the point I am attempting to make, and I thank the distinguished Senator for his summation.

Under the tariff acts prior to the Underwood tariff, 1909–13, the average ad valorem tariff and the specific tariff reduced to ad valorem values amounted to 40.8 percent. The Underwood tariff, which was regarded as a tariff for revenue only, reduced the average rate to 27 percent.

After the First World War, when the nations looked to the United States markets, the Fordney-McCumber Act was passed, in 1921, with average rates in the 1920's amounting to about 33.5 percent.

The rates reached a high of 59.1 percent in the 1930's, but after the so-called Reciprocal Trade Agreements Act became operative, reductions were made all along the line until by 1948, the average rate had been reduced to 14.3 percent and the average rate so far in 1949, to 13.6 percent.

It should be remembered that about 60 percent of all the goods that enter the United States come into this country entirely free of duty.

The percentage of duty-free goods in 1934 was 60.6; in 1939, 61.4; in 1945, 67; in 1946, 60.5; in 1947, 60.8; in 1948, 58.9; and for the first 6 months of 1949, 61.1 percent.

Obviously, the over-all effect of the work of the tariff spoilers is and will continue to be on an ever-increasing scale, a give-away of American markets, while our exporters face road blocks all along the line against commensurate exports.

While we make substantial concessions in tariff duties to a point where our bargaining power has almost disappeared, the rest of the world is moving in another direction. The record already has been furnished with the increasing list of bilateral agreements, which has just been mentioned by the distinguished Senator from Colorado, and grade restrictions which are cutting off American exporters from free competition in world trade.

Mr. President, I submit that the end is not yet in sight.

On January 31 of this year the United Nations Economic and Social Council released answers to questionnaires submitted to various governments. One question asked the several nations reads as follows:

> Should an attempt to maintain full employment in the face of a decline in exports lead to balance of payment difficulties, what national measures are envisaged to deal with the problem?

Let me read some of the answers. Australia answered:

> The use of exchange control and quantitative restriction on imports would be introduced to the extent that was required.

Ceylon answered:

> It is intended to use quantitative restrictions on the imports to meet the balance of payments difficulties.

Denmark stated it "might either negotiate through bilateral trade discussions or might find it necessary to reduce imports from the countries of whose currencies she was short."

Greece would deal with the problem "by the use of quotas."

Switzerland would, where necessary, "guarantee bilaterally the imports of a large variety of items in exchange for similar guaranties for our own exports."

The United Kingdom states:

> Restrictions on imports could be maintained or (if they had previously been relaxed) reimposed.

The Soviet Union and its satellites candidly stated:

> There is no unemployment in the Union of Soviet Socialist Republics and that economic stability is insured.

Consequently the questions were considered irrelevant.

I have given only partially, the answers to this questionnaire, but even a casual reading of these answers indicates that the United States is playing pretty much alone when it submitted its answer to the United Nations agency that "no measures are envisaged to deal with the problems." In other words, America again is unprepared.

Mr. President, I believe that the peril-point provision would clarify some of the conflicting and confusing aims of our foreign policy as it relates to our domestic economy.

It would force the makers of foreign policy, at least, to consider our domestic economy when making give-away commitments to foreign countries.

Partially because of low tariffs, the American taxpayer has had to assume a greater burden in supporting the prices of some agricultural commodities.

This point was brought up on August 2 in House discussions, on the price support of tung oil, which is a product derived from nuts grown in the States along the Gulf of Mexico, and which is used in the manufacture of paints and for other industrial purposes.

Mr. President, I can bring to the attention of the Senate scores of examples such as this, but to me the one I have just mentioned stands out preeminently.

Representative COLMER, of Mississippi, has introduced a bill calling for price support on this commodity, and argued on the floor that "at least 80 percent of the tung oil used in this country is imported from China. We are up against the proposition of competing with Chinese coolie labor."

When the issue of reciprocal trade was raised in relation to Mr. COLMER's price support bill the Member from Mississippi made another statement which I think is so perfectly obvious—and it probably would have been made by any other Rep-

resentative coming from his section of the country, regardless of party—that I want to quote his statement:

The question has been raised and will be raised no doubt during the debate on other remedies—for instance, import duties. Obviously, if we had an import duty or a tariff on tung oil to protect our American farmers from vicious competition with Chinese coolie labor, we would not need a support price; but we all know that the administration is sold on the reciprocal-trade agreements, and, in fact, favors free trade. We also know that, notwithstanding the fact that tung oil is the only oil that does not have an import duty on it, the administration is opposed to such a duty because of its desire to help China.

I may say in this connection that more than 4 years ago I introduced a bill that would require an import duty of 5 cents a pound on tung oil imported into this country. I again introduced that bill at the beginning of this session, H. R. 30.

That is, in 1949.

I have discussed this matter with officials of the State Department and other administration leaders, but always I have met with a rebuff; and you and I know that, in view of the philosophy of the present administration, there is no chance whatever of getting such a duty imposed. * * * Therefore, Mr. Speaker, I came to the conclusion many months ago that, if we were to get any relief for this young industry, we must do it in the form of a support price.

What is going to happen when other countries buy Canadian wheat, regardless of the wheat agreement? It has been estimated that the amount purchased there will approximate 175,000,000 bushels. I say when that amount of wheat is purchased in Canada, in view of the amount of wheat produced in the United States this year, and the surplus that will result, the price of wheat will go down. The only way in the world our wheat producers can be protected is to put a support price on our wheat, which means that the American taxpayer will pay the amount that must be paid under the support-price plan. We are bringing that about, Mr. President, by reason of reciprocal agreements made with respect to what I have just mentioned, tung oil, and other products.

Mr. President, in negotiating reciprocal trade agreements, obviously American industry has got to be protected. There should be no quarrel with that point. Certainly that is shown by the evidence presented by the National Association of Manufacturers and by the American Federation of Labor, which I have already read into the RECORD.

What is the remedy? What is to be done to prevent harm coming to American industry? Of course if a man is sick he wants to obtain relief, but the time to take preventive measures is before he is sick. We should act before the industry is involved. That is what the peril-point amendment will do.

The whole purpose of the escape clause is to guarantee that point.

But the escape clause has been invoked only in rare instances, usually to little effect, and always after the damage has been done.

The peril-point provision, though it offers limited protection, guarantees advance consideration and requires public support for such considerations as are made in world trade.

Those who would agree to remove all tariff in order to promote free trade are in the similar position as those who would agree to reduce all armaments in order to promote world peace.

Either policy pursued with caution, with foresight, and with wisdom can produce desirable ends. Either policy pursued without caution, even though labeled a "calculated risk," presents an outright danger of destruction to our way of life.

And the most revolting part of the story is that under ECA and other agencies the United States—the American taxpayers—are financing foreigners and supplying them the raw materials to fabricate for sale in direct competition with American industry, agriculture, and labor right here in America.

Mr. President, there is no moral or legal obligation upon the United States to support half the world. We simply do not have the resources to assume such a burden.

Our people look each day at the fluctuations in employment and business with much concern, hoping that the national income will hold up so we will not have a terrible depression.

The recession that occurred during the first 6 months of 1949 ought to be warning enough to stop, look, and listen and take soundings of whither we are drifting.

Our own Federal Government is now operating in the red, at the rate of more than a billion dollars a month. Deficit spending again prevails—borrowing to spend. The national debt has risen three and one-half billion from the postwar low of two hundred and fifty-one billion, reached last April 8.

The economic ills that beset Great Britain and other European countries stem from many, far-reaching causes. Britain's entire world-wide trade position has been drastically altered by upheavals during and since the war. Some students of Britain's plight say it reaches back to World War I for root causes.

The British people are not destitute of ability to find the road to reestablishment of Britain in world commerce. The junior Senator from Nebraska agrees with a statement reportedly made by Bernard Baruch on his recent return from Europe, to the effect that if the United States helped Britain less Britain would help herself more.

The junior Senator from Nebraska claims no superior knowledge on how Britain should regain her prewar eminence, but it does seem that Britain is looking too much toward American markets when she should be developing other markets and manufacturing to fit the demand of those markets.

A revival of Britain's historic policy of developing so-called backward areas such as Africa is suggested, and from the remarks of Sir Stafford Cripps in Washington recently that thought is under consideration.

Britain would do well to cultivate the friendship of the German people and establish cooperative effort for utilization of German plants instead of dismantling them to reduce competition.

I have been informed—and I think reliably—that plant dismantling has sunk to mere scrapping of plants to limit competition with England. Certainly Britain would show good faith to the United States, as well as to all ECA countries if she would immediately stop the dismantling program. Furthermore, the more plants that are dismantled and carted away the more money the American taxpayers will have to provide for building and replacing similar plants to keep the German economy going. So once again the burden is being transferred to the shoulders of the American taxpayers.

Of course, the Labor-Socialist government of Britain may have to make some adjustments to conform to the spirit of free competitive enterprise that prevails in Germany. There is a desperate need of venture capital in Britain, and it will not go there, under the threat of socialization that hangs over every British industry.

On the floor of the Senate we have heard dire warnings that Britain may collapse, and that if she should the United States soon would fall into ruin. On the other hand, Mr. Bevin, the British Foreign Minister, told the National Press Club last week that the cause of British recovery could be best served by not overworking the cry of "crisis."

The Labor-Socialist government of Britain claims that Britain today has the highest production, the lowest unemployment, and the best health record in history. That does not indicate that collapse is just around the corner.

From Paris the newspapers carry a statement by the French Secretary of State for Finances that France's productivity has attained the level of 1927, the most prosperous year between the wars.

Is it not about time that we steadied ourselves against the constant cries of crisis which are used to push huge appropriations through Congress for some kind of money-spending program abroad?

Is it not about time that the United States solved some of its own domestic problems which carry the seeds of hard times? For example, there is the problem of farm surpluses. Is it not about time the United States did some surveying for world markets to take care of American surpluses in goods and materials that inevitably will become greater as the various aids to the remainder of the free world are tapered down? The Senator from Colorado [Mr. MILLIKIN] mentioned this subject a few moments ago. Our Department of Commerce urgently needs rejuvenation. It is now a haven for New Deal socialistic planners.

The American people want to help Britain because it is the decent thing to do, and self-interest indicates such a policy, but we must be prudent about it. America must maintain its standard of living and keep strong, for if we slump, there will be none to hear our cry of crisis. To barter away the American markets through phony reciprocal trade agreements can lead only to hard times here at home.

It is no exaggeration to say that American stability is the anchor that is holding the free world steady in the present

storm caused by Communists and their socialistic fellow travelers.

That is why the junior Senator from Nebraska has been so active in opposing the advance of socialism or statism in our own Government. When the socialists of London and Washington get together it is a bad day for American taxpayers.

America on a free-trade basis soon would sink to the world standard of living. Wages would have to come down drastically to meet the low-wage scales and inefficient production methods of Britain and other foreign countries.

And yet the evidence now being presented to the Senate proves that the policy of the administration trade-agreement makers is to dissipate the wealth, the high productivity, and the highest standard of living on earth, because of some misquided notion that our resources are unlimited and automatically replenished, so that America can go on for ever and ever sprinkling billions of dollars over the face of the entire free world.

Mr. President, I urge adoption of the so-called peril-point amendment as notice to the administration in making reciprocal trade agreements that it is the will of the Congress to provide safeguards for American industries, agriculture, and the working men and women who are dependent upon their jobs for a livelihood.

Mr. SCHOEPPEL. Mr. President, I want to speak today in support of the Thomas amendment to the pending measure. I come from one of the large oil-producing States of the midcontinent area. My State ranks fifth in oil production in the United States.

I think it can be stated that my State has as large, if not a larger, percentage of independent oil producers as any State in the industry save Texas.

When we know that 28 of our States are now producing oil we are thinking in terms of an industry which vitally affects more than half of our Nation, both in geographical area and in population. When that industry is crippled or is in the doldrums, the impact upon our economy is radically and drastically felt.

I can find no one conversant in any degree with the oil industry of our national life who will not readily admit and hope that we must have a healthy domestic oil-producing economy—and especially from the production level.

I need not remind my colleagues in the Senate that the domestic supply in the past carried us through some pretty tough spots, and that the reserves found and yet to be found and made ready on the domestic scene are of paramount importance. These reserves must be kept active, sound, and healthy, with an incentive to continue exploration and good production practices. Today we have an oversupply of crude oil available. The proven reserves for future use are the highest in our history, and we are confronted with imports that have mounted beyond all assurances or expectations. The 28 States which are producing oil are feeling this impact.

I choose to speak rather frankly about it and face the facts.

I can recall, as I am sure many Senators do, Senate Report No. 9 of the Special Committee Investigating Petroleum Resources, pursuant to Senate Resolution 36, Seventy-ninth Congress, submitted by the Senator from Wyoming [Mr. O'MAHONEY] on January 31, 1947. The Senator from Wyoming was then chairman of the Special Committee Investigating Petroleum Resources. The report, on pages 52 to 54, contains the following statement:

> The primacy of the United States in the oil world prevails in large measure because of the spirit which animates those who have ventured their fortunes, and at times their lives, in the vast foreign enterprises that only the strongest companies can undertake. And in large measure is American primacy owing to the wildcatter in the United States who on a shoestring and a prayer doggedly drills his well, be it dry hole or east Texas. Probably two-thirds of the wildcat wells in this country are drilled by independent producers as distinguished from the 20 or so major companies. Approximately one-sixth of the total crude oil refined here is processed by independent refiners.
>
> Hence, it is obvious that the functioning of the independent companies is indispensable to a healthy industry. The independent company must be permitted to prosper if for no other reason than to prevent a drift into monopolistic practices with resultant governmental intervention.
>
> TWO ALTERNATIVES
>
> Every American unites in the national commitment to dedicate our country's energies and its will, as well as its hopes and prayers, to the establishment of world peace. International understanding in both commercial and political fields is the aim of our people, but, until that understanding is achieved, the United States must under no circumstances abandon to chance its industrial and military capacity to uphold its ideals.
>
> This Nation now faces two alternatives:
>
> Either (1) to await with hope the discovery of sufficient petroleum within our boundaries that the military requirements of the future will occasion no concern, and in the meantime to depend upon foreign oil and trust that war will not cut off our imports; or (2) to take steps to guarantee a domestic petroleum supply adequate for all eventualities by means of:
>
> (a) Incentives to promote the search for new deposits of petroleum within the boundaries of the United States and in the Continental Shelf; and
>
> (b) The continuation of the present program looking to the manufacture of synthetic liquid fuels to supplement our domestic crude supply.
>
> RECOMMENDATIONS FOR NATIONAL PETROLEUM POLICY
>
> All the facts before us impel the choice of the second alternative. Therefore, the first principle of American petroleum policy should be to sustain our domestic supply of petroleum and to maintain the American system of competitive free enterprise at home and abroad.

Mr. President, can we accomplish this by permitting importation of crude oil to continue to mount from cheap production areas, with wells that have great production capacities, as well as free flows of oil from their reservoirs?

I think not. That is why I feel that the Thomas amendment is important.

We can logically reduce the subject of limiting oil imports to one simple proposition. It is this: Does the Congress approve the administration's program of turning our oil future over to a few powerful companies, and encouraging them to make this Nation dependent on foreign oil?

I candidly think that some spokesmen are in the habit of presenting the oil-imports question as part of the sacred idol known as foreign trade. There is a distinction that should be kept in mind. The avowed high purpose of trade agreements, we have always been assured, was to ease the flow of commerce between producers in the United States and producers abroad. That concept is nullified in the case of oil. The petroleum and the products of petroleum now entering our home markets in large volume are produced by a few companies whose homes are in the United States.

The greater part of the oil imports is coming from Venezuela. There is no producing company composed of Venezuelan nationals. Some of the oil is coming from Saudi Arabia and Kuwait, in the Middle East. Unless preventive measures are taken a veritable tidal wave of oil will come to the United States from that area. No natives of those countries produce oil.

The matter of citizenship of the importing companies should be clearly understood. The principal importers live in the United States, they have the protection of our laws here and diplomatic aid abroad. But it is they, not the citizens of the countries where they operate abroad, that derive the principal benefits of the sale of the foreign oil into our domestic markets.

As I have stated at the outset, my State is a producer of petroleum. It ranks fifth among the 28 States which produce oil. The production, refining, and transportation of oil are very important to the welfare of Kansas. The oil business has been a great sustaining force in years of adversity. In the early thirties we were in bad shape, particularly in the western part of the State, to which the term "dust bowl" was misapplied. It so happened that exploration for oil was gaining momentum in western Kansas at that time. Millions on millions of dollars were paid by oil operators to the farmers in the drought-stricken region. Bonuses were paid to them for signing leases, and annual rentals were paid during the term of the leases. The increasing production of oil supplied further income to the owners of the land on which it was produced. It was a lifesaver to many of the farmers. It tided them over until nature's balance was restored, the rains came again, and the land once more was green and productive. We Kansans well remember that period. It was a vivid illustration of the high value of petroleum exploration and production to us.

Should we be compelled to surrender one of the most important elements of our economy so that a few great corporations may take the market for their foreign oil? We think not. The inroads are visible already. We hope to check the increasing flood of foreign oil and to confine it to reasonable size, so that our domestic oil industry, our labor, and our landowners, our schools, and other public institutions may continue to derive great benefits, as they have in the past.

The amendment which has been proposed by the senior Senator from Okla-

homa [Mr. THOMAS] will provide the safeguard that is needed. It will assure the producer of crude oil in the United States that he will have a market for his oil. In the traditional way of the industry, the producer will have an income which he will devote to the discovery and development of new fields. Throughout the 90 years since the oil industry of the United States began, producers have marketed their crude oil and have thus financed new discoveries. The known reserves available for our needs have increased year by year. They are now the greatest in the history of the industry.

Senators have read from time to time that the United States is rapidly becoming a have-not nation in respect to petroleum. The campaign to create fear of early exhaustion of our oil has been going on for years. It has been systematically conducted.

Immediately after the First World War the lamentations were loud in the land. It became a matter of high-level diplomacy to see that certain companies got a position in foreign countries. Surplus foreign production flooded the markets of the United States, and in 1932 Congress imposed a duty, known as an excise tax, on imported crude oil and products, to protect the domestic industry and to encourage it to proceed with the development of oil reserves in the United States. That action by Congress was strenuously and stridently opposed by the importing group. In 1939 administrative action supplanted congressional policy when the Trade Agreements Act was brought into action against the domestic petroleum industry. By successive whittlings at the excise tax, beginning in that year, the 1932 schedule has been cut in half. It is now of little consequence as a protection to the producer of crude oil in the United States.

Mr. President, I cannot refrain from here mentioning what the distinguished junior Senator from Colorado, Mr. MILLIKIN, said on this point. I think it bears repeating:

> There seems to be no understanding among our tariff makers of the time, patience, risks, skills, and money involved in extending our known oil deposits and in finding new ones. Those who fool around with our import policies apparently go on the theory that our domestic oil supplies can be controlled by spigots in the hands of bright boys in the Government service.
>
> They do not seem aware of the fact that shut-in oil is often oil lost forever. They do not appreciate that capital will not take the enormous risks, and men will not devote their energies to the enormous risks, in exploring for oil unless there is an assured market. They are indifferent to the human pay-roll factors, to the blighting effects of shut-ins on communities built on oil production.
>
> We risk our defense and economic strength on the phobia that we can risk the liquidation of domestic production which can be produced cheaper abroad. The lessons of oil and sugar, metal and rubber during the war have not penetrated that chrome-armored obsession.
>
> These excessive oil imports strike hardest at our independent petroleum producers consisting mainly of the smaller units of the industry. In the larger units losses in one department can sometimes be made good from profits in the others. The little oil producer does not have those cushions. The largest of our oil producers are not only completely integrated here at home but they have their production sources both here and abroad, and thus "what they lose on the peanut, they gain on the banana." As they increase their imports of low cost oil with the demoralizing results which have been noted, they enhance their already large powers over our domestic oil industry.

When the United States entered the Second World War there was a large excess of crude-oil producing capacity in the United States. It was estimated at 1,000,000 barrels daily. Progressively, as the needs of the military developed, domestic production was increased, until in time the fields of the United States were being produced to the limit of their ability, without waste.

Here was the great opportunity of the propagandists to create public sentiment and inspire governmental action in favor of imports. The fear technique was used. Public officials shouted in the pages of magazines that "we're running out of oil". A whisper by the importers into the corridors of some Government agencies came back amplified into a bellow that was calculated to terrify all who used petroleum products.

And inside an administration that was supposed to be giving all thought and effort to winning a war which we had entered under severe handicaps, there was incessant activity on a program for postwar imports of oil. Let me cite one example. It is to be found in Senate Report 440, part 5, Eightieth Congress. It is on page 49, in small type; and many Senators may have overlooked it. This exhibit is headed "Minutes of meeting of the Special Committee on Petroleum, Tuesday, July 27, 1943, 2:30 p. m."

It says:

> The following attended the meeting:
>
> State Department: Mr. Herbert Feis, chairman; Mr. Alger Hiss, Mr. J. C. Sappington.
>
> Navy Department: Commodore A. F. Carter.
>
> War Department: Brig. Gen. Boykin C. Wright.
>
> Petroleum Administration for War: Mr. C.

Was this a meeting to plan the petroleum requirements for our fighting men around the world? Listen:

> There was general agreement that the committee's existence springs from the long-range postwar need to assure adequate oil supplies at reasonable price. This raises the question as to the policy we should follow and the steps we should take to attain that objective. It was agreed that we could take action in the following fields:
>
> A. Facilitate the entry into the United States of foreign oil by reducing import restrictions.
>
> B. Encourage, through financial and other appropriate governmental assistance, the development of foreign oil supplies. Foreign development might even be directly undertaken by the Government in some instances.

There is much more of it, but the excerpts I have given show the objective.

I call attention to the date of that meeting, July 27, 1943. That was a time when the minds of nearly all the people of this country were greatly troubled. Their sons were either in combat, somewhere, or were being trained to leave their homeland. It was a time when we did not know whether we were going to win the war. I looked in the files of a newspaper a few days ago to see what was happening on July 27, 1943—aside from the meeting of the postwar petroleum planners, to which I have just referred.

On that day our forces were still engaged in Sicily. The invasion of France was still far off. We were still trying to drive the Japanese out of Kiska in the Aleutians. A headline said "Our ground troops close on Munda." The news account under it said they had gained 500 yards. The Pacific warfare was still like that. A few inches, in fact, painfully won; a gain here and a reversal there. Okinawa, Guam, Iwo Jima, Leyte—still in the remote future—and a peaceful eternity for thousands who would not get farther than the initial stages of the island-hopping warfare.

And in Washington the special committee attending to the postwar problem of petroleum supplies. Agreeing to facilitate entry of foreign oil. In the list of those attending the meeting certain names stand out. Mr. Hiss has been much in the newspapers this year. Commodore Carter; he was later a rear admiral and after the end of the war was employed by subsidiary companies of the Standard Oil Co. of California and the Texas Co., joint owners of the Arabian-American Oil Co. As for Mr. DeGolyer, who has a wide reputation as a geologist, I regret that he left Kansas, the State of his birth. For some reason he became an extreme partisan of the importing group and on one occasion told a committee of Congress that the United States Government should exchange foreign crude oil for developed reserves in the United States, then shut in the acquired properties for use some day when emergency needs developed. This nice blend of nationalization of domestic resources and enhancement of the position of a few companies operating abroad was, happily, given no more than passing attention by the committee. I mention it as an instance of the long and persistent attempt to subordinate the domestic petroleum industry to the ambitions of the internationalist companies.

I refer again to the deliberations of that special committee which could so blithely ignore a war whose outcome was not yet decided and plan the long-range program. Out of the plottings to aggrandize foreign oil came the proposal to use $165,000,000 of the American taxpayers' money, without their consent and without consultation with Congress, to construct a pipe line across Arabia so that oil from that region could reach the Mediterranean coast. Mr. Ickes, then Secretary of the Interior and Petroleum Administrator for War, announced the project, later giving credit to Admiral Carter for the idea. This was part of the plan to facilitate imports. They have been facilitated. There was a postwar scarcity of steel, but an accommodating group of officials in the administration saw that export licenses were issued and the shipments of materials, especially pipe, badly needed in the development of oil resources at home, went merrily on. The propaganda drums continued to be

beaten. They warned against the approaching exhaustion of our oil. Certain self-styled oil experts in Government positions eagerly parroted the glib phrases. After all, why should they not help set the stage for big imports? Some of them have become so expert that they are now on the pay rolls of the importing companies.

A long time ago the Government of the United States decided that the Standard Oil Co. was too big and that the public interest was being injured by the bigness. So, under a decision of the Supreme Court it was severed into several parts, and the parts were ordered to conduct their operations separately, under different management and with no further interlocking boards of directors. That is the position today, within the United States, but outside this country some of the segments appear to have united. An intricate pattern of relationships exists. In the Seventy-ninth Congress a searching inquiry was made by a special committee of the Senate, of which the senior Senator from Wyoming was chairman, into the possible need of legislation to cover foreign contractual arrangements. The Webb-Pomerene Act of 1918 was passed to permit United States nationals operating abroad to conduct joint operations under specific conditions and for certain purposes. The principal reason for this was that in meeting competition abroad, United States companies were at a disadvantage in some countries where their domestic companies were permitted and encouraged to form cartels and otherwise restrict competition and fix prices.

I do not think anyone in Congress then imagined the lengths to which large oil corporations would go in their teamwork. Five United States nationals, one British, and one Dutch, have joined in various combinations in the principal oil-producing countries outside the United States and Russia. In some places it is two, in others three and four. Through their joint ventures they hold the power of life and death over the oil industry of the United States. A world surplus in oil has been created. It will last, according to those best informed, for many years.

The shaky character of some of the governments in countries of the most prolific production is an inspiration to produce and sell as much oil as possible in the shortest space of time. Another is the desire of these governments to realize greater revenues.

There is today only one market for oil that is outstandingly attractive. We in the United States are the principal users. The demand is here. The easy way to dispose of foreign oil is to bring it to our shores. It seems that every nation in the world outside this country is basing its plans on big volume exports to the United States, for practically every conceivable commodity. The big corporations with the huge reserves of oil abroad have shown by their actions that they have the same plan.

I have read in recent days with alarm that a decision has been made by the National Security Council to prepare for military defense of the Middle East. There is nothing in that region to defend except oil. If it were not for oil, our potential enemy would not be interested. It had been my understanding that the military had written off this area as indefensible. Testimony has been given in recent months by military men that such was the case.

Some time before the publication of this reported reversal of military decision by the Council, which is headed by the President, the results of a survey of public opinion appeared in some newspapers. The survey was conducted by one of the professional pollsters who had been employed by the Arabian-American Oil Co. It appeared that one of the principal questions asked was whether the persons interviewed thought the United States should defend the Middle East oil properties in the event of war.

This can only be regarded as an attempt to create a sentiment favorable to such military undertaking. Amazing indeed are the uses of propaganda and in this age we find many unusual attempts to direct the thinking of the public, but this was bolder than most. I do not charge that it was the basis of the National Security Council's reported decision to start preparing to defend the Middle East oil fields, for the result of the poll, as published, would be a very weak basis for such a grave decision, entailing the expenditure of billions of dollars and commandeering the lives of thousands upon thousands of American men. No, it is not the actual result of the poll, for it was admitted that a large percentage of those interviewed were unaware of oil development in the Middle East; it is the fact that such an attempt was made at all. It was bold and pernicious meddling into matters that are of the gravest concern to every citizen of the United States.

Have we reached the point where an imperialism based on oil is about to emerge as Government policy? Will we soon be massing troops along the borders of countries wherein an intertwined, interlocked, interlaced combination of a few corporate giants is so entrenched as to be in position to dominate world trade in petroleum to the destruction of the sturdy, competitive industry composed of thousands of United States units?

The chain would be complete then. With United States forces protecting the foreign properties, not from the Russians, an obvious impossibility, but from the internal disturbances that continually threaten in that turbulent region, and with free and unlimited opportunity to export the oil to the United States, the oil industry of the United States would enter the stage of liquidation. It lives only on what it produces and sells.

The American producer—the producer in Kansas and elsewhere in our own country—feels today that he is surrounded by forces bent on his destruction. Each day he reads of the ambition of someone to put an end to his existence. From Venezuela and the Middle East, the same powerful group is pouring its oil into this country in an increasing volume. Britain has elaborate plans, based on financing by the United States, to expand its oil industry and enter our markets. Mexico hopes to develop an exportable surplus of oil with only one market in view—our own. Our Canadian friends are looking to our Middle West markets as the place to send their rapidly developing oil production in Alberta.

The administration is unconcerned with the effect on the domestic oil industry. The State Department on this problem looks only outward from our shores.

Many of us feel that the Congress has a responsibility to correct this dangerous course that is now being followed.

To provide protection and stability to certain industries of this country is neither new nor novel to this Congress or to the Finance Committee.

Public Law 33, approved March 31, 1949, was an act to suspend certain import taxes on copper. These taxes had been imposed by the act of June 6, 1932, as a part of the Internal Revenue Act, and they included petroleum, coal, lumber, and copper. Three months after its approval, on June 8, 1949, Senate bill 2022, to repeal Public Law 33, was introduced and referred to the Committee on Finance. Eleven of our colleagues joined the junior Senator from Arizona in sponsoring the legislation. The senior Senator from Arizona testified before the Finance Committee, and I should like to quote briefly from his testimony:

> The restoration of the 2-cent duty is not a serious burden on foreign imports. It was nothing more than a reasonable handicap in normal times. It was never a prohibitive tariff in any sense.
>
> The representations that come to this committee from the State Department indicate that American producers of copper abroad are interested in continuing to bring the metal into this country. That situation exists because many of the copper properties where the metal is produced outside the United States are owned by American companies. In some instances they have taken advantage of the present situation and shut down their mines in the United States and then appear before the State Department to ask that nothing be done to reimpose the import tax.

The able junior Senator from Arizona [Mr. MCFARLAND] also testified before the committee supporting his colleague. The testimony of both of these Senators might well have been in support of the amendment regarding which I now speak.

I quote the Senator from Arizona:

> I do not want to take the time of the committee to make a lengthy statement. I wish only to supplement what my colleague, Senator HAYDEN, has said in regard to the situation in Arizona. I was in Arizona over the week end, and the people there not only in the copper areas but throughout the State are very much disturbed about the conditions that have been brought about by the drop in the price of copper. I could hardly go up and down the streets or go anywhere but what the people were talking to me about it and the effect that it was having on the State, particularly the effect that it would have if the suspension were not repealed. We already have unemployment as a result of this.
>
> Some of the mines are closed and, as Senator HAYDEN has well said, other mines are operating only 5 days a week.
>
> The testimony before our Committee on Interior and Insular Affairs on the copper situation in another field showed that it would take a tariff of from 4 to 6 cents to meet the differential between conditions in

Chile and other foreign countries and in the United States. The differential is caused by cheap labor and other factors, and because some countries can mine their ore cheaper than we in the United States. If we expect to compete with them we would have to have for most of our mines a tariff from 4 to 6 cents. Even if we repealed the Suspension Act they would still have an advantage over us and of our mines of from 2 to 4 cents a pound on copper, which is quite an advantage when you are producing copper.

Some of our people have told us that we should not make over 1 cent a pound on copper during the war, and that is all they allowed them to make. If this Suspension Act is not repealed, it is going to cost our Government money, and it is going to cost them money because we have to pay these employees unemployment compensation. It is just taking money out of our pockets and giving it to a foreign country. I think it is time that we think a little bit about our own people in the United States. If we expect the people of the United States to support our foreign program and to help put up money for foreign countries we had better help our own people now and then. Otherwise, I do not expect that we can get continued support.

I have not the words adequately to describe the fear that exists in the State of Arizona today on account of the repeal of the copper tax for this period of time.

If for no other reason, this suspension act, Public Law 33, should be repealed for national defense purposes. We cannot afford to lose these mines under the present circumstances. We cannot afford to have them revert to a condition where we could not in a very short time start them up anew. If we do not take early action to repeal this act, this length of time may mean our losing these mines.

Apparently these arguments were rather persuasive.

On August 15, 1949, the senior Senator from Georgia [Mr. GEORGE], on behalf of his commitee, reported House bill 5327 with an amendment which incorporated the provisions of Senate bill 2022 reimposing the excise tax on copper to protect and stabilize the industry.

The report of the committee, submitted by its able chairman, makes a case that can well be translated into precedent for the amendment offered by the Senator from Oklahoma which we are now considering and about which I am speaking.

I quote from the report:

> The amendment added by your committee terminates within 30 days after the passage of this bill the act passed earlier this year (Public Law 33, 81st Cong.) which continued the suspension of the import tax on copper in unmanufactured forms for the period from March 31, 1949, through June 30, 1950. The Revenue Act of 1932 imposed a 4-cents-per-pound import-excise tax on copper, but in the general agreement on tariffs and trade (Geneva agreement) the United States reduced this tax by 50 percent. Thus, the effect of this amendment is to impose a 2-cents-per-pound tax on copper for the period beginning 30 days after the passage of this bill and ending June 30, 1950, the date when the 2-cents-per-pound tax would become effective even under present law.
>
> When the temporary suspension of the copper import tax was granted earlier in this session of Congress the domestic supply of copper was considerably short of domestic demand. Moreover, the price of copper in the first quarter of this year ranged between 23.5 and 23.375 cents per pound. Since the end of the first quarter, when Public Law 33 became effective, however, the situation has changed considerably.
>
> Domestic consumption of copper has dropped off rapidly since March of this year. Estimates for April and May—the last months for which data are available—indicate average monthly consumption of only 66,500 tons of copper as contrasted to 105,555 tons in the first quarter of 1949 and 124,118 tons in the fourth quarter of 1948. Available domestic supply is now in fact considerably in excess of demand and domestic mine production has had to be curtailed.
>
> Some producers have ceased operations entirely, others have closed some of their mines, and others, including the three largest, have reduced the number of hours worked per week. Moreover, the price of copper slid all the way from 23.375 cents per pound in March to 16 cents per pound in June, and has only recovered to 17.625 cents at the present time.
>
> Had your committee realized earlier this year that the demand for copper would slacken as it has it would not have approved of the continuance of the suspension of this import tax on copper. Hence, your committee believes it is now appropriate to remove the suspension of this tax. It should be emphasized that the imposition of a 2-cent tax on copper imports will not prevent importation but rather will more nearly equalize domestic and foreign production costs.

In sequence as they appear in the committee report, the first parallel that we find is the reduction of the tax as imposed by the Geneva agreement. The report states the excise on copper was reduced 50 percent.

In the General Agreement on Tariffs and Trade of 1947, concluded at Geneva, the tax on gasoline was reduced from 2½ cents to 1¼ cents and lubricating oils from 4 cents to 2 cents. All other products not treated in previous agreements also were reduced by 50 percent.

The report of the committee justifies its action by citing decreases in the price of copper in recent months. Such finding leads us to examine the oil market.

Imports have caused a weakening in the markets for crude petroleum and petroleum products. During the year 1949 there have been more than 30 cuts in the price of crude oil in the various fields and areas throughout the United States. Some of these price cuts have been substantial and widespread.

The Pennsylvania grade premium crude has suffered very substantial reductions during recent months. The Bradford-Penn Grade price is presently $3.40 per barrel as compared with a price of $5 during 1948. Price cuts in other areas in the United States have ranged up to 79 cents per barrel.

In addition to the cuts in the price of crude oil the softening of the market for many products has been even more severe, particularly in the heavier products.

In the case of residual fuel oil marketing, conditions are drastic, with the result that refineries are now receiving as low as 80 cents a barrel for this commodity as compared with $2.50 a barrel a year ago.

Reduction of operations and closing of mines is reported by the committee, based upon the evidence submitted by the able witnesses who testified at its hearings.

What is the situation in respect to oil? Since the first of this year the domestic producers have been cut back in their production substantially. This has been brought about principally by the flood of imports. State regulatory agencies, in carrying out their responsibility, have been forced to reduce production allowables in order to avoid unnecessary waste which was occurring because of excessive above ground stocks.

Since the first of this year many new wells have been drilled and new fields have been discovered which, in the aggregate, have added very substantially to the production capacity of the Nation, but despite these additions, we are now producing about 900,000 barrels a day less than on January 1 of this year. This represents a reduction of 16 percent.

The injury suffered by the domestic industry because of imports has not been confined to production cut-backs and price cuts. Unemployment in the industry has been another definite evidence of real injury.

At a recent hearing before the House Small Business Committee in Dallas, Tex., a representative of the Oil Workers International Union, CIO, testified that from July 1948 to February of this year, 1949, 7,000 people lost their jobs in crude and natural-gas production alone.

Recent statistics show that current drilling activity is now below that of a year ago. According to the American Association of Oil Well Drilling Contractors, the number of rotary drilling rigs in operation during July 1949 was 12 percent below the same period in 1948. According to a survey by the Oil and Gas Journal, drilling activity during the last half of this year will be down on all counts as compared with the last half of 1948.

According to this survey total well completions will be off 15.1 percent from the level of the last 6 months of last year, while total footage will be off 6.5 percent.

According to this same survey the last half of 1949 will show a decrease of 9.7 percent in wildcat drilling and 16.2 percent in development of wells.

I should like to point out that as in the case of the copper industry, which has received the blessing, so to speak, of the members of the Finance Committee as reported by the Senator from Georgia [Mr. GEORGE], the able chairman of the Finance Committee, there is an oversupply of petroleum.

This oversupply results largely from the increased volume of imported oil and, as I have indicated, forced severe reductions in domestic crude-oil output since 1948. During the 4 weeks ending August 27, 1949, crude-oil production in the United States averaged 4,759,940 barrels a day, compared with an average of 5,664,600 barrels per day during the fourth quarter of 1948, a curtailment of 904,660 barrels a day.

For example, Texas has curtailed its production by 27 percent; Oklahoma by 14 percent; my State of Kansas by 18 percent; and Arkansas by 12 percent. Reduced purchases by refiners have forced reductions of 24 percent in Mississippi and 12 percent in Wyoming.

During the first half of 1949 approximately 18,000 wells were drilled which it is estimated have increased the producing capacity by at least 200,000 barrels daily. The total domestic "shut-in"

production, therefore, is in excess of 1,000,000 barrels a day.

I believe that I have pointed out factually the parallel between two great industries, both involving the preservation of industries necessary to the peacetime economy of our Nation and to the strategic defense in time of war. We must not undermine them or permit their operations to be jeopardized by taking risks of the foreign ventures of a few. I trust the advocates of the protection of one industry will not overlook the needs of another, such needs being identical in history.

It has been agreed that the large exports from this country, as compared to the small imports into the country, is reason that the Trade Agreements Act now before us should pass. Such argument does not apply to petroleum and refined products and therefore I shall support the pending amendment.

My study of governmental statistics reveals that the import of crude petroleum and refined products during 1949 has averaged more than 600,000 barrels a day which is the highest sustained level in the history of the industry. During the same period domestic producers have been forced to reduce their production by more than 900,000 barrels per day.

Imports are almost four times the prewar imports of 153,000 barrels per day during the years 1935–39. They are 60 percent above the first postwar year of 1946 and about 15 percent above the average for 1948.

In 1938, before the Trade Agreements Act was first applied to petroleum imports, the United States was exporting more oil than was imported by 383,000 barrels daily. This situation has been completely reversed, as shown in the reports of the United States Bureau of Mines and the United States Department of Commerce. Imports exceeded exports by 144,000 barrels daily in 1948 and 246,000 barrels per day during the first 6 months of 1949.

This is an adverse shift in the country's trade balance since 1938 of 630,000 barrels daily. In addition the domestic industry has also lost a market for about 100,000 barrels daily of requirements for the Military Establishment now being supplied from foreign sources. The aggregate loss, therefore, exceeds 700,000 barrels daily.

May I summarize my views? Excessive imports of crude petroleum and refined products are causing serious injury to the domestic oil industry.

The injury is evidenced in production cutbacks this year of almost 1,000,000 barrels daily with a loss to our economy of almost $1,000,000,000 annually; more than 30 field and area crude price reductions have been made; with labor unemployment, and curtailment in drilling activities.

Conservation agencies in oil-producing States have been forced to reduce the output of oil to avoid wasteful oversupply. Imports are unregulated and have not been reduced. As I have indicated, these increased imports are enhancing the competitive position of a few large corporations at the expense of thousands of domestic oil operators and do not constitute reciprocity as contemplated in the Trade Agreements Act.

I recognize that the remedy proposed in the two cases I have discussed this afternoon is different. One being the reimposition of a tax, the other being the establishment of quotas for products to be imported.

We have two sick patients—many of the symptoms are the same—what difference the remedy we prescribe so long as the patient becomes healthy and well, so long as it becomes again a vital contributing force to a stable economy in this land of ours?

I further suggest that as a nation we cannot afford to become dependent upon the uncertainties of foreign oil to supply our military requirements.

If imports are permitted to increase, the domestic oil industry will be further weakened and dissipated. The Thomas amendment will prevent this deterioration and assure an adequate supply of oil to meet current national consumption plus a reserve for any emergency.

Our national security is at stake on this question.

Mr. KNOWLAND. Mr. President, since I came to the Senate 4 years ago I have supported the reciprocal trade agreements program. I still believe in it. It is important that we open up the channels of world trade and that we recognize America has come of age and that as the leading creditor nation of the world we must be prepared to accept the products of other nations in order that they may discharge their obligations to us.

But trade must be a two-way street. I am not willing that we destroy the legitimate historic markets of American agriculture and industry by opening up our Nation to products from overseas, while the nations benefiting construct economic iron curtains against agriculture and manufactured products of the United States. Let us review what has happened to one segment of agriculture.

During the prewar period 1934–38 the fruit industry ranked third in the list of agricultural exports of the United States, after cotton and tobacco. Among foods it ranked first, ahead of wheat. Twenty-eight percent of the apples of the Pacific Northwest, 44 percent of fall and winter pears and 40 percent of dried fruits went into export. Very substantial quantities of citrus fruit in fresh form and of eastern apples also found their way into export markets.

There were substantial exports of table grapes, Bartlett pears, and plums, and certain horticultural items have depended, to a large extent, based on long-established history, on export outlets for their very existence. In fact, many varieties of fresh fruits have been planted solely to fill an export demand which existed prewar. Many other varieties, sizes, and specifications found their most popular outlet in export markets. The export market was not a refuge for surpluses. It was a primary market for which definite acreage was planted and in which particular grades and classifications found their only import source of distribution.

Today that market is reduced to insignificance. Fruits and fruit products exported in 1934–39 had an average value, according to the Department of Agriculture of about $177,000,000 at present-day prices. In 1948 not more than $20,000,000 worth of fruits were exported, of which nearly $15,000,000 worth were sent under United States Department of Agriculture programs, with some support from ECA, but with a much greater support from the Department of the Army. There is no indication that 1949 will see any greater exports. In fact, with the present financial situation as reported from Great Britain, with the recent action of Canada in embargoing, for all intents and purposes, imports of United States fruit, with the troubled situation that exists in the Orient, it is safe to assume that without administrative redirection of Government policy, 1949 will not see any greater exports than the previous year, and probably less.

We are now faced with the fact that unless there is a redirection of administration, as indicated by the Senate report on agricultural appropriations, we can expect little, if any, exports of horticultural products. Even those who are interested in exports of such important items as cotton, wheat, and tobacco can look forward to greatly diminished exports of these agricultural commodities while embargoes and curerncy restrictions are enlarged abroad.

We have been advised of the completion of a bilateral trade agreement between Great Britain and Russia calling for substantial imports on the part of Great Britain of coarse grains, including wheat. Bilateral trade agreements have been concluded by Great Britain with Argentina, and others are in the process of negotiation with countries on the Continent. The present financial situation in Great Britain has occasioned a stringent policy on the part of the members of the British Commonwealth of Nations toward added or even any exports from the United States of America. The recent embargo on fresh fruits from the United States on the part of Canada and their indicated policy with respect to quotas on such horticultural items as may be admitted, is a case in point.

The fresh- and dried-fruit industry of this country is not receiving mandatory price support in any form whatsoever, yet no industry has done more to help itself under such legislation as is available to it. We have marketing agreements on citrus fruits, on peaches in the Southern States, deciduous-tree fruits in California, fall and winter pears in Washington, Oregon, and California. We have pending industry agreements under consideration in dried fruit. Even the producers of the great staple commodities such as wheat, tobacco, cotton, and others have not accomplished as much to help themselves as have the horticultural industries of this Nation.

If all agriculture becomes distressed, and even if the manufacturers of non-agricultural items are being squeezed out of the international market by reason of present policies, how much longer can the program continue? Our friends abroad should take judicial notice of the

fact that cooperation and reciprocity are a two-way street.

The plain, cold facts of the matter are that Great Britain, the principal prewar export customer for horticultural products, as well as other European countries, is substituting other sources of supply for fruits which it formerly obtained from the United States. If they were denying themselves these fruits in an effort to improve their economy it would be a policy which could not be too much criticized. But the figures show that this is far from the case; in fact in the instance of Great Britain, present imports of fruit show they are approaching prewar levels.

The Subcommittee on Agricultural Appropriations in reporting on the Agricultural Appropriation Act for 1950, made the following statement in connection with section 32, which was included in the report of the full committee:

The committee gave serious consideration to the plea of national perennial horticultural interests that the funds provided under section 32 of the act of August 24, 1935, be supplemented by an additional $50,000,000. The committee recognized the unique position and need of this industry, arising from the temporary loss of long-standing export markets, and the inability of the fruit grower to reduce production loss of capital investment in packing and other facilities. The committee also took note that this industry, together with other agricultural interests which do not receive mandatory price supports, is entirely dependent upon section 32 for assistance, and that section 32 funds may be used to facilitate utilization of these commodities under the terms of section 112 of the Economic Cooperation Act of 1948, as amended. The committee has not added the requested sum to the section 32 fund, believing that such funds, now relieved from the obligation of paying for the school-lunch program, will be adequate to give the relief needed. The committee believes that the situation of horticulture falls squarely within the intended primary objectives of section 32, and must be met under that section, it is the view of the committee that section 32 funds be made available by the Secretary of Agriculture in the fullest extent practicable to encourage the exportation or domestic consumption of perennial horticultural crops and their products.

On April 19 I submitted an amendment to the pending bill H. R. 1219 which was printed and ordered to lie on the table. The amendment reads as follows:

SEC. 5. Section 2 (b) of the act entitled "An act to amend the Tariff Act of 1930," approved June 12, 1934, as amended (U. S. C., title 19, sec. 1352 (b)), is amended by changing the period at the end thereof to a colon and adding the following: "*Provided*, That the President shall terminate any such foreign trade agreement as soon as may be possible under its terms in the case of any foreign government with which such an agreement has been concluded, upon a finding by the President or the United States Tariff Commission that such foreign government is discriminating against American commerce through restrictive quotas, discriminatory taxation, or other restrictive trade practices or has withdrawn, nullified, or otherwise made ineffective a substantial portion of the trade concessions made to the United States in such agreement. In considering the making of such finding the Tariff Commission shall conduct an investigation upon a request therefor contained in a resolution passed by either the House Ways and Means Committee or the Senate Finance Committee or upon the request of the President, and it may conduct such an investigation upon the request of any interested party, or upon its own motion. In the conduct of such an investigation the Tariff Commission shall hold hearings, give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. The report of any findings to the President shall include a detailed summary of the evidence supporting the finding and shall be made public. From and after the date of the enactment of the Trade Agreements Extension Act of 1949, no foreign trade agreement shall be entered into or allowed to continue beyond its permissible termination date with any foreign government which the President or the Tariff Commission has found to be discriminating against American commerce through restrictive quotas, discriminatory taxation, or other restrictive trade practices, or is withholding, nullifying, or otherwise making ineffective a substantial portion of the trade concessions made to the United States in such agreement; and every foreign trade agreement concluded or allowed to continue beyond its permissible termination date pursuant to this act shall provide for termination of such agreement at any time by the President upon not more than 6 months' notice whenever a finding shall be made by the President or the Tariff Commission that the foreign government with which such agreement has been concluded is discriminating against American commerce through restrictive quotas, discriminatory taxation, or other restrictive trade practices or has withdrawn, nullified, or otherwise made ineffective a substantial portion of the trade concessions made to the United States in such agreement.

I believe that the amendment which I have submitted would correct this situation. It would make our agreements truly reciprocal and protect the acceptable principle of reciprocal trading as a means of adjusting tariffs and other trade barriers. It will not abrogate any existing agreement. It will not even effect any existing agreement prior to the date by which, under its own terms, it is subject to revision or termination.

This amendment is designed to make our trade agreements truly reciprocal. It would require the President to refrain from the renewal of a trade agreement when the foreign government party to the agreement had withdrawn or otherwise nullified the trade concessions made to the United States therein. Reciprocity, to be successful, must be a two-way street. No nation has the right to enter into an agreement wherein that nation and ours mutually make concessions in the interest of a more liberal trade policy and then at a later date renege on its part of the bargain and expect us to carry ours out as originally negotiated.

Existing law and trade agreements as administered by the State Department permit the foreign government to withdraw or nullify their concessions to us and leaves fully in effect our tariff reductions to the offending government.

The able Senator from Colorado [Mr. MILLIKIN] has pointed out that during the lifetime of the Reciprocal Trade Agreements Act the escape clause has never been used by our Government, or certainly has seldom been used.

Many foreign governments have taken advantage of this situation by imposing quotas, embargoes, licenses, and exchange restrictions on the importation of American products on which they had previously granted trade concessions in trade agreements, yet the State Department has left our trade concessions to them in full effect. Our Mexican trade agreement of 1942 is the leading example of this practice, but is by no means the only one.

Beginning in 1946 Mexico had by the end of the next year withdrawn every concession made to us in the 1942 agreement and had imposed import restrictions, quotas, embargoes, and increased tariffs even greater than those in existence prior to the reciprocal trade agreement with that country.

Yet, all of our tariff reductions made to Mexico are still in effect. Mexico has consistently refused to renegotiate the agreement though she has been asked to do so by the State Department repeatedly since 1947. The State Department's own letter of March 17, 1948, addressed to the Senator from Colorado [Mr. MILLIKIN] is the best summary of this situation and in my opinion it is an admission of the need for some amendment to insure reciprocal administration of the act.

I ask unanimous consent that a copy of the letter written by the State Department and signed by the then Counselor, Mr. Charles E. Bohlen, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, March 17, 1948.

The Honorable EUGENE D MILLIKIN,
United States Senate.

MY DEAR SENATOR MILLIKIN: I have received your letter of February 22, 1948, with which you inclosed a copy of a communication from Mr. John Breckinridge, of Pope, Ballard & Loos, Washington, D. C., representatives of the American producers of fluorspar, relating to forthcoming negotiations with Mexico for the revision of schedule I of the existing trade agreement with that country. I may add that Mr. Breckinridge has provided the Department with a copy of the letter on the same subject which he addressed to you on February 24.

In his letters, Mr. Breckinridge referred to the brief and supplementary briefs which his organization submitted to the committee for reciprocity information on behalf of United States producers of fluorspar for consideration in connection with forthcoming negotiations with Mexico for a revision of schedule I of the existing agreement. Schedule I relates to the customs treatment accorded United States products upon importation into Mexico. He implied that his organization would be denied the right to appear at the public hearings before the committee in view of the fact that fluorspar is a product imported from Mexico rather than a product exported to Mexico, and hence not within the scope of the negotiations. He did, however, appear on February 27.

Mr. Breckinridge has taken the position, in his letters and the briefs submitted for the fluorspar producers, that the trade agreement with Mexico, signed December 23, 1942, was in effect terminated by action taken by the Mexican Government on December 20, 1947, and that this Government should, therefore, take immediate steps to withdraw the concessions granted to Mexico

in the agreement, including those on fluorspar, which threaten serious injury to domestic producers.

I believe that it will be helpful to you, in your consideration of Mr. Breckinridge's letters, to know the reasons underlying the action taken by the Mexican Government, as well as that taken by this Government, which led to the announcement of the forthcoming negotiations.

Several times during 1945 and 1946 the Mexican Government urged a revision of the trade agreement which would involve the adjustment of the Mexican specific duties in schedule I to restore their protective incidence (impaired by price increases) to that in effect when the agreement was signed, and which would also involve further tariff concessions by the United States. The Mexican Government hoped that such a revision would enable it to meet two acute domestic problems, namely, an imbalance in its trade with the United States resulting in the lowering of its foreign exchange reserves to admittedly inadequate levels, and strong pressure for increased protection of Mexican industries. This Government indicated reluctance to undertake this kind of negotiation and the Mexican Government made no concrete proposals until the United States had become engrossed in preparations for the Geneva negotiations and was not in a position to undertake any others.

On July 11, 1947, when its foreign exchange reserves had become dangerously low, the Mexican Government suspended entirely the import of a large number of products, including some products in schedule I of the agreement. This action was permissible, in view of the exchange situation, under article X of the agreement.

On November 13, 1947, as part of its program to remedy the situation, the Mexican Government decreed a general increase in all import duties not covered by the trade agreement to compound duties, i. e., a combination of a specific and an ad valorem duty, which would bring the element of protection to the level existing in 1942 or higher. The decree became effective on December 13. Approximately 5,000 fractions of the Mexican tariff were involved. That measure had the effect of increasing the already strong pressure for similar action with respect to products included in schedule I of the trade agreement.

The Mexican Government also invoked the escape clause of the agreement (article XI), and on December 15, 1947, after consultation with representatives of this government, converted the specific rates on 12 fractions included in schedule I to compound duties designed to accord a greater element of protection than that accorded by the specific rates shown in the schedule when the agreement first went into effect. The rates finally announced were, it should be noted, substantially less than those desired by the Mexican Government.

During this time pressure in Mexico for a full revision of the trade agreement increased. Mass meetings were held in Mexico City denouncing the agreement as an instrument by which the United States was oppressing Mexico. It became apparent that Mexico would take unilateral action to increase its duties on schedule I items, leaving the United States no alternative but to denounce the agreement.

It was the view of this Government that any such result would have been most unfortunate for the United States. It would have lost for the United States the opportunity to check the amount by which the Mexicans would increase the rates on schedule I items and to obtain compensation for such increases by further bargaining. It would have involved the increase of United States tariff rates on schedule II items, thus adding significantly to Mexico's admittedly acute foreign exchange shortage. It would have added fuel to the flame of anti-United States feeling which was already being fanned in Mexico, making much more difficult the achievement of United States objectives at Habana and Bogota. For these reasons, the United States finally consented to the provisional conversion of the specific rates of duty on remaining schedule I items to compound duties which would provide protection approximately equivalent to that provided by the duties in the schedule when the agreement was put into effect. In return, Mexico agreed to a satisfactory basis for negotiating a revision of schedule I.

I enclose a copy of the Department's press release No. 996 of December 30, 1947, announcing the intention of this Government to negotiate, pursuant to the Trade Agreements Act, the definitive revision of schedule I. The reason why the negotiation is limited to schedule I is that under the circumstances this Government did not feel disposed to grant Mexico any further tariff concessions. This negotiation is intended to restore the balance of schedule I by revision of the new rates on schedule I items and obtaining of concessions on new items. The United States is in no way precluded from denouncing the entire agreement or revising schedule II by withdrawal of concessions on new items.

The United States is in no way precluded from denouncing the entire agreement or revising schedule II by withdrawal of concessions should satisfactory adjustment of schedule I prove impossible. If such revision becomes necessary, the customary procedure of public hearing will be followed.

What I have said is not of course meant to imply that there would be no way in which fluorspar producers or producers of other products in schedule II could obtain relief in the event imports should, as a result of a concession, constitute a real threat of serious injury to them. Article XI of the agreement can always be invoked on the basis of proper facts.

I hope the foregoing comments will be helpful to you in your consideration of the problem referred to by Mr. Breckinridge.

Sincerely yours,

CHARLES E. BOHLEN,
Counselor
(For the Secretary of State).

Mr. KNOWLAND. It is important to note that nothing the State Department had hoped to accomplish has been accomplished, and the State Department has to my knowledge taken no corrective action.

Canada, England, and many other countries have to a lesser degree followed the lead of Mexico since the State Department policy has made it clear that they can withdraw their concessions to us without any effective reaction on our part. Certainly such a practice of nonreciprocal invalidating of the so-called reciprocal trade agreements does not fit into the conception the American people have of proceedings under the Reciprocal Trade Agreements Act.

It is long past the time when the facts should be brought home to the American people. Most of our countrymen I believe have the impression that reciprocal trade agreements are understandings entered into between a foreign country and our own but in which both nations make some concessions in the interest of opening up the channels of trade, and that these concessions are reciprocal in nature and that both we and they get a fair quid pro quo.

On numerous occasions we have entered into agreements with a country producing a small percentage of a given product for which we have given a quid pro quo in return, but by that concession we have opened up our American market to many other nations by virtue of the most-favored-nation clause and they get the advantage without exchanging any quid pro quo in return.

In addition there are numerous examples wherein we have entered an agreement which has been binding on our part, though within a relatively short period of time the other nation has violated numerous provisions and withdrawn all or part of its concessions to us.

I am not being critical of a nation denouncing an agreement if it finds that its own fiscal or economic conditions make that necessary to do, but I am critical of such a nation expecting to follow this course while we continue to allow them all the concessions they have received under the bargaining that was mutual in character.

In my judgment the amendment I submitted on April 19 is desirable even if the peril-point amendment is adopted. If by chance the peril-point amendment should be defeated then the amendment I have submitted is, I believe, essential to the well-being of American labor, industry, and agriculture.

My amendment is in keeping with the idea of reciprocal agreements. However, it will make clear to the world that trade must be a two-way street, and that this Nation has no intention of making all the concessions, while other nations develop and expand their economic isolationism through embargoes, bilateral agreements, currency restrictions, and quotas.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a copy of the letter addressed by the Secretary of Agriculture, Mr. Brannan, to the Secretary of the Treasury, dated May 23, 1949, dealing with the situation facing the almond industry of California and the effect of the dumping by Spain.

The PRESIDING OFFICER (Mr. WILLIAMS in the chair). Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, May 23, 1949.

The honorable the SECRETARY OF THE TREASURY.

DEAR MR. SECRETARY: I am informed that the California Almond Growers Exchange has filed with you a petition under the Anti-Dumping Act for relief with respect to Spanish almonds.

I wish to support their plea for a thorough study of the facts in this case, and trust that a decision may be reached which will recognize the serious economic injury which United States almond producers might suffer.

The California almond industry has faced severe competition in the postwar period in the form of large importation of nuts from other countries. At present there are unsold in California supplies of almonds estimated at 7,000,000 pounds from the 1948 domestic crop. In addition there are considerable quantities of imported nuts in United States markets. The official estimate of the 1949 California almond crop will not be released until July, but growers and dealers assert that the largest crop on record is anticipated. The 1949 filbert and walnut crops also are expected to be record or near record ones. The price of domestic nuts has been falling and the market is very inactive. Imports of Italian nuts have con-

tinued at a heavy rate tending to further depress the markets for United States nuts. Spanish nuts are not coming in at present due to the countervailing duties now applied to them.

This Department is concerned about the economic well-being of domestic producers and is opposed to the dumping of foreign almonds upon the American market. If countervailing duties are removed and foreign nuts are permitted to enter this country by reason of foreign governmental actions, I am convinced that serious injury will be done to the almond producers here. In view of the record supplies now anticipated and the slow market, I fear that heavy imports will constitute a severe blow to the economic solvency of our domestic industry. It is hoped that you will bear these matters in mind when considering the petition of the California Almond Growers Exchange.

Sincerely yours,

CHARLES F. BRANNAN,
Secretary.

Mr. KNOWLAND. I ask unanimous consent that there be printed in the RECORD at this point as a part of my remarks a letter from the Department of State, signed by Acting Secretary Webb, relative to British film quotas. The letter is dated June 7, 1949.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, June 7, 1949.

The Honorable WILLIAM F. KNOWLAND,
United States Senate.

DEAR SENATOR KNOWLAND: I have received your letter of May 26, 1949, in which you indicate dissatisfaction with the British Government's reply to the Department's protest of the British film quota and request the Department to send a formal protest to the British Government, insisting that it negotiate with this Government to reduce or eliminate the quota.

The Department shares your concern at the sharp increase in the British film quota, although, as indicated previously, it must recognize the legal right of the British Government to raise the quota insofar as the general agreement on tariffs and trade is concerned since no specific commitment on the amount of the film quota was made as part of this agreement. Ability to negotiate with the British, as envisaged under article IV in the agreement, necessarily depends therefore upon mutual consent and in the final analysis, upon what we could offer as quid pro quo for further British concessions.

The Department is studying what further action might properly be taken. It has requested certain additional information bearing on the case from representatives of the Motion Picture Association. At the moment it is awaiting further response from the industry.

I shall be glad to be in touch with you again as soon as the Department has reached a definitive position on this matter. I am addressing a reply similar to this to Senator DOWNEY and Congressman KING.

Sincerely yours,

JAMES E. WEBB,
Acting Secretary.

Mr. KNOWLAND. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter dated April 21, 1949, signed by Ernest A. Gross, Assistant Secretary of State, dealing with the question of the British film quotas.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, April 21, 1949.

The Honorable WILLIAM F. KNOWLAND,
United States Senate.

MY DEAR SENATOR KNOWLAND: I refer again to your letter of March 24, in which you point out that the 40 percent British film quota is highly discriminatory against the American film industry, and inquire what the Department of State has done to remedy the discriminatory action.

The Department of State is also concerned about this quota, particularly inasmuch as it is coupled with other restrictive measures affecting the film industry. When the British inaugurated a 75-percent import limitation early in 1948 the Department made representations on the highest level in London. It is believed that these representations to some extent paved the way for the film agreement of March 1948 which the Motion Picture Association was able to negotiate with the British Government, covering remittances of earnings and uses in the United Kingdom of sterling balances acquired by American companies and eliminating the 75 percent import limitation.

Shortly after the agreement was signed the 45-percent British film quota, which had the effect of limiting the showing of American feature films to 55 percent of showing time, was announced. Again the Department made representations in London indicating its belief that the quota constituted excessive protection to British producers. It was emphasized that the British action in imposing the quota was creating serious resentment, particularly in view of the good faith in which the American industry negotiated the afore-mentioned agreement. As you know, however, the 45-percent quota remains in effect, and only recently has the proposed new quota been announced.

The Department's serious concern over the problem has been again strongly emphasized in consultations with officials attached to Mr. Bevin's party and the British Embassy. It has been pointed out that the Department considers the film quota excessive, that it is causing growing resentment on the part of the United States film industry and an increasingly serious public-relations problem. The Department has received assurances that these representations would be brought fully to the attention of the appropriate authorities in London and to Mr. Bevin personally.

The foregoing has been fully reported to our Embassy in London, which will, as will the Department, continue to follow the situation closely.

For your personal information a similar reply is being sent to Senator Downey, who also expressed his interest in this matter.

Sincerely yours,

ERNEST A. GROSS,
Assistant Secretary
(For the Secretary of State).

Mr. KNOWLAND. Mr. President, I have before me a letter dated July 20, 1949, from Mr. E. M. Seifert, of the firm of Holme & Seifert, of Salinas, Calif. The letter is brief, and I shall read it:

HOLME & SEIFERT,
Salinas, Calif., July 20, 1949.

Hon. WILLIAM F. KNOWLAND,
Senate Office Building,
Washington, D. C.

HONORABLE SIR: As you may already know, Monterey County has this year experienced the most disastrous lettuce deal in history, with not too much likelihood that the market will be high enough or even good long enough from now on for farmers in this area to get back their production cost. Most of them have lost huge sums.

Personally, I think that eventually we must have free trade, and I am in favor of the right kind of reciprocal trade agreements, but I note that Canada has embargoed our lettuce but is shipping carloads across our borders from Toronto, to say nothing of the huge quantities by truck that cross over daily.

We have a carload of lettuce due Rochester tomorrow and are compelled to divert it elsewhere because of the glut in the market—glut to which Canadian imports of lettuce are adding considerably.

Let them continue to ship their lettuce in here, but only provided we can ship our lettuce into Canada without restrictions.

Best personal regards.

Sincerely yours,

E. M. SEIFERT.

Mr. President, I also ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a letter which I have received from Mr. Russell B. Brown, of the Independent Petroleum Association of America, together with the accompanying documents.

There being no objection, the letter and documents were ordered to be printed in the RECORD, as follows:

INDEPENDENT PETROLEUM
ASSOCIATION OF AMERICA,
Washington, D. C., May 12, 1949.

The Honorable WILLIAM F. KNOWLAND,
Senate Office Building,
Washington, D. C.

DEAR SENATOR KNOWLAND: In response to complaints that the reciprocal-trade-agreements program is causing serious injury to some domestic industries, the administration has made repeated assurances that the escape-clause provisions of the agreements were available for full protection. Our recent experience, similar to that on previous occasions, has demonstrated that these escape-clause assurances are meaningless.

On February 15, 1949, we filed an application with the United States Tariff Commission requesting escape-clause relief and asking that a hearing be held for the purpose of developing the extent of injury suffered by the domestic petroleum industry. On May 3, 1949, the Tariff Commission denied our application without holding a hearing and without making a finding that no injury had been suffered. A copy of their denial is enclosed.

The extent of injury suffered by the domestic petroleum industry as a result of the trade-agreements program has been far-reaching and is increasing rapidly. The program has had the effect of encouraging the development of foreign oil during the past several years until now foreign oil is becoming available in quantities sufficient to flood world markets. It has already taken a substantial part of our domestic market. As a result, the domestic industry is being retarded in its efforts to develop and maintain the maximum producing capacity possible within our own boundaries for use in meeting domestic needs and to be available in time of military emergency. The extent of this retarding effect upon the domestic industry is indicated by the enclosed table which shows that since December of 1948 domestic production has dropped 744,000 barrels daily, or about 13 percent. At the same time imports have been at an all-time high, averaging 600,000 barrels daily during the first quarter of this year. The current rate of imports is in sharp contrast to the prewar (1935–39) average of 153,000 barrels daily. During this period that imports of foreign oil have been encouraged our export trade has actually decreased with the result that the domestic industry has suffered a very substantial adverse shift in world trade.

In view of the experience the domestic petroleum industry has had under the trade-agreements program and the denial of any relief under the so-called escape-clause provisions, it is earnestly requested that at the time the extension of the program is considered by the Senate you give consideration to the advisability of amending the law in some way that will provide an effective procedure for relief to domestic industries, particularly those so essential to the national defense as petroleum, if serious injury is being suffered.

Very truly yours,

R. B. BROWN.

UNITED STATES TARIFF COMMISSION.
Washington, May 3, 1949.

APPLICATION DENIED AND DISMISSED—PUBLIC NOTICE—DISMISSAL OF APPLICATION UNDER THE ESCAPE CLAUSE OF TRADE AGREEMENTS, WITH RESPECT TO PETROLEUM AND PETROLEUM PRODUCTS

The Tariff Commission, Commissioners Brossard and Gregg dissenting, has dismissed the application of the Independent Petroleum Association of America for an investigation under the escape clause of trade agreements, with respect to petroleum and petroleum products.

Because of a scarcity of petroleum products in eastern seaboard areas of the United States in the winter of 1947–48, the oil industry made strong efforts to insure adequate supplies for the past winter (1948–49). Both production and imports were increased, while exports (which were subject to Government controls) were decreased. Owing, however, to the mildness of the weather during the past winter, supplies (especially of fuel oil) proved more than adequate, and inventories both of crude petroleum and of refined petroleum products increased. The present situation with respect to inventories, which has resulted in some current scaling down of both production and imports, thus appears to have been due almost wholly to factors other than past changes in the duty. The Commission will continue to observe closely further developments in the industry, and its action in dismissing the present application for an investigation does not prejudice in any way future consideration of the question of petroleum imports as related to the escape clause.

SIDNEY MORGAN,
Secretary.

United States production of crude petroleum by States showing reductions resulting from oversupply and excessive imports, December 1948 to May 1949

State	Daily average production		Change since December 1948	
	Week ending Dec. 25, 1948	Week ending May 7, 1949		
	Barrels per day	*Barrels per day*	*Barrels per day*	*Percent*
Texas	2,515,700	1,884,600	−631,100	−25.1
California	958,700	940,800	−17,900	−1.9
Louisiana	495,300	502,000	+6,700	+1.4
Oklahoma	448,300	429,500	−18,800	−4.2
Kansas	306,400	282,550	−23,850	−8.8
Illinois	178,550	180,050	+1,500	+.8
Wyoming	152,150	114,350	−37,800	−24.8
New Mexico	134,400	128,400	−6,000	−4.5
Mississippi	123,000	104,650	−18,350	−14.9
Arkansas	81,800	80,750	−1,050	−1.3
Colorado	66,600	64,950	−1,650	−2.5
Michigan	44,250	45,100	+850	+1.9
Montana	26,000	24,450	−1,550	−6.0
Kentucky	23,850	23,650	−200	−.8
Indiana	23,050	25,350	+2,300	+10.0
West Virginia	7,650	7,900	+250	+3.3
New York and Pennsylvania	43,750	44,350	+600	+1.4
All other	11,300	13,350	+2,050	+18.1
Total	5,640,750	4,896,750	−744,000	−13.2

Source: Weekly statistical reports of the American Petroleum Institute.

Mr. KNOWLAND. Mr. President, I also ask unanimous consent to have printed at this point in the RECORD, as part of my remarks, a copy of a letter from the Vitrified China Association, Inc., dealing with the problems which the manufacturers of china in the United States face in connection with this matter.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

VITRIFIED CHINA ASSOCIATION, INC.,
Washington, D. C., May 5, 1949.

Hon. WILLIAM F. KNOWLAND,
Senate Office Building,
Washington, D. C.

DEAR SENATOR KNOWLAND: We are very much interested in the amendment to H. R. 1211 which you introduced recently to provide more surely for the revision or termination of our trade agreements with other countries when they take action which curtails or nullifies the concessions which they made to us.

In this connection I would like to call your attention to the fact that in many cases these agreements negotiated by the State Department have made concessions in the American tariff to countries which supply only a very minor part of our imports of the particular commodity concerned. You will note in the enclosed chart that in the case of chinaware some reductions in our tariff were negotiated with France and Czechoslovakia and that these concessions were given free and without return consideration to countries supplying over 80 percent of our china imports. This can hardly be called reciprocal.

As you may know from your contacts with the pottery industry in California, the labor element in total costs of production of household china is about 75 percent of total costs. This makes the production in this country extremely vulnerable to cheap labor production abroad, particularly from Japan. The situation from the standpoint of the pottery industry as a whole is shown in the second chart enclosed. It is extremely important to the production and employment in this industry in the United States to have the peril-point procedure set up in the Trade Agreement Act, as it is on the books at present, retained in the forthcoming extension. Since this is omitted from H. R. 1211, it will be necessary to have this procedure reinstated by amendment of the bill, and I understand that this is to be done. Your support of this amendment, as well as the adoption of your own amendment, will give a more balanced and workable program.

You are probably aware that the State Department is at present negotiating without any trouble under the law, which includes the fixing of peril points, and its former claims that this procedure constituted a "hampering restriction" have been belied by the recent findings of peril points on some 400 products by the Tariff Commission and the negotiations now being conducted by the State Department within these limits.

If there is any further information you need from the standpoint of the impact of the trade-agreements program and the extension of this act upon the china and pottery industries, I shall be glad to consult with you.

Sincerely yours,

ROBERT F. MARTIN,
Executive Secretary.

Mr. KNOWLAND. Mr. President, I also ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a very interesting report which I received just yesterday. The report is by Mr. F. Ehrenfeld, vice president in charge of exports, of Rosenberg & Bros., San Francisco. This firm is one of the oldest in the State of California dealing in dried fruits and other fruit and agricultural products of the State. The report is very well reasoned and is very constructive. Mr. Ehrenfeld, from his long experience in the export business, and as a broker in dried fruits and other agricultural products, has traveled to Europe many times. He has had close contact with the European markets, because in the days prior to the war, as I tried to point out in my remarks, Europe was not a dumping ground for California surpluses, but, to the contrary, was a part of our historic market. I hope Members of the Senate will read Mr. Ehrenfeld's report. He points out that for a very inferior grade of dried fruit, the people of Europe are being required to pay from 100 to 150 percent more than they would have to pay for the market value of what are generally recognized as superior California and other superior American products. I believe this situation is detrimental to the people of Europe who have to pay the bill. Certainly it is detrimental to the agricultural economy of the State of California and of other States that are equally affected. I ask unanimous consent that the entire report may be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

THE EXPORT PROBLEM OF THE CALIFORNIA DRIED FRUIT INDUSTRY, WITH PARTICULAR REFERENCE TO THE EFFECTS ON IT, BY THE PREVALENT ADMINISTRATION OF THE MARSHALL PLAN

This report will attempt to set forth the observations made by the writer on a 2 months trip to Europe which included visits to the following countries: Spain, Italy, Switzerland, Austria, Germany, France, Holland, Belgium, Denmark, Sweden, and England.

The trip was undertaken for the specific purpose of studying the prospects of revival of the California dried-fruit trade and finding means of improving it. Some basis of comparison was furnished by the writer having made during the last 20 years periodic trips of a similar nature, the last one 3 years ago which, except for Italy and Germany, covered the same territory. Our firm's foreign selling organization built up over a period of nearly 50 years, has furnished the opportunity of contact with prominent and well-informed businessmen, in every country visited, and partly thanks to data supplied and suggestions made by our Government's officials in Washington, the writer had the benefit of conference with the representatives of our Government abroad and with the officials of many foreign governments.

This report is made with full recognition of the fact that the underlying motive of the Marshall plan is the rehabilitation of the European economy, but it assumes as well, that it is not this plan's deliberate intent to destroy United States export trades, as important as ours is to the industry. The writer respectfully submits his opinion, that nevertheless the latter has nearly been done, and that what little European trade is today left for California dried fruits will be further reduced, unless certain phases of the Marshall plan's administration are promptly modified or supplemented by arrangements which take some cognizance of the urgent problems of our and similarly situated industries. The writer further submits that such modification would not only solve the most serious problem of our industry but that it would go a long way toward advancing in a practical way the very aims of the Marshall

plan, which an excessively theoretical application of it deters.

It is the consistently declared object of the Marshall plan to make Europe economically sound by 1952. Obviously this must imply that by that time, the European nations will have succeeded not only in rehabilitating their agricultural and industrial capacity, but as well, in having reconstructed a system of trade which will permit the predominantly industrial nations to exchange their surplus of industrial products for food, to supplement their own supplies of the latter, and vice versa. Pending the rehabilitation of a sound currency system trading by barter was resorted to among nations throughout Europe and certain nations overseas. If, as is to be hoped, this was intended as an expedient to surmount the problems immediately incident to the termination of hostilities, the 3 years since then have not produced any tendency to get away from this primitive and costly type of trading, but instead have reinforced it with an ever-growing system of trade agreements on one hand, and trade restrictions on the other. This has been done and continues to be done with the full knowledge and at least tacit sanction of our own authorities. If such consent should be predicated on the assumption that this enforced inter-European trading, to the large exclusion of trading overseas, will tend to make Europe self-sufficient, it appears to be based on the fallacy that Europe out of her own agricultural and industrial resources could ever support its teeming and ever-growing millions. However, the very fostering of this type of trading closes the door tighter and tighter to the avenue which offers by far the best prospects for the only sound solution of the European problem. It is the resumption of a free international trade predicated on the exchange on a competitive basis of European against overseas products wherever the latter can be obtained to best advantage and at lower cost. In the barter system, enthroned in Europe at present, both of the fundamental conditions for sound economy are badly lacking. With few exceptions, what keeps European products off overseas markets is not the much talked about tariff wall which has already been partly broken down, without bringing the hoped for results but it is a badly inflated price level which, with very few exceptions, puts European products entirely beyond competition with similar goods produced overseas. This situation, at least in part, is caused by its very limitation of sources of supply, which the barter system inevitably engenders.

Most certainly this condition applies to the products of our, the dried-fruit industry. A very thorough study made of the cost of acquisition of dried fruits by European consuming countries from European and those oversea producers with whom trade is conducted by trade agreements, conclusively proves that on the basis of current exchange rates, the cost, moderately speaking, is 100 to 150 percent higher than the price basis at which the same type of fruits, but unreservedly acknowledged, of superior quality is going begging in California. I am ready to supply detailed evidence to substantiate this statement and here merely mention that by its very nature, this barter system with its restriction of sources of supply could hardly produce any other result. Against a world production to draw from in case of free trade, of approximately 500,000 tons of raisins, including California, the production in other regions to which Europe is largely limited amounts to about 200,000 tons. On prunes, the respective figures are about 210,000 and 32,000 tons, respectively.

Insofar as it is aimed to balance such increased costs by increasing correspondingly, the price of manufactured products which the importing nations give the supplier in exchange, this may prove a temporary expedient to meet the problem to that extent, though unsound for both parties. How unsound it is, is readily proven by the fact that the costs of the respective products, thus substantially increased, inevitably must enter into the price of whatever product either nation may try to sell to a third party, including the few sound currency countries like ours. These costs are further enhanced by a constantly growing administrative apparatus to organize, supervise, and police this ever-growing labyrinth of trade agreements and regulations made incident thereto. The vast number of men engaged in this process are taken away from productive labor where their participation could help to increase production.

European financial resources are combined with our contributions now running into billions to make this plan operative. In fact, in many cases, prices are fixed on a dollar basis in a complicated clearing system, with the proviso that any unused balance will be settled in cash out of Marshall-plan funds. Where this is done, it would constitute an outright payment for services and goods, which could not be offset by compensating services or goods from the other contracting party, and to avoid such cash settlement to the extent possible, it appears that goods are frequently furnished by one country to another and often at inflated prices, for which the recipient country has neither need nor use, including, I am told, perfumes from France to Austria, carnations from Italy to Germany, and substantial quantities of fresh fruits at a time when the German market has difficulty to absorb its own production. The situation is further evidenced by an imposing list of foreign articles imported with our sanction, and presumably our funds, which are found so unsalable that our own authorities are trying to place them elsewhere, and willing to entertain bids.

For the protection of United States agriculture it has been made a condition of the Marshall plan, that none of its funds may be employed for the purchase of agricultural products from other countries, above the prices domestically, for so-called United States commodities. Well-intended as this was, it has failed to accomplish its purpose because of the flexibility it still leaves to its application. If it comes to restricting and usually excluding products from the dollar areas, it is argued that all dollar funds available to a particular country, whether derived from its own earnings or from Marshall-plan funds, must be looked upon as one, and the funds from neither are available for the particular purpose. On the other hand, if it comes to buying prunes from Yugoslavia, high-priced raisins or peaches from Africa, apples or prunes from Australia, be it under cover of a clearance agreement or otherwise, there is made the convenient distinction that these funds come from earnings acquired independent of Marshall-plan aid. That this is at best merely a technical distinction appears proven by the provision explained above, under which any shortage in the clearing balance has to be made up with Marshall-plan funds.

In the meetings of the OEEC, the United States is, I understand, at best represented by an observer, whereas the decisions in the matters that come before the meetings are left to the European member nations making up this body. Trading activities alleged to be practiced by any member which by others may be considered contrary to the aims of the OEEC are apparently aired before that body, and it would be ignoring human frailty to assume that such complaints are devoid of certain self-interest and specific group interests.

I have been told by officials that in the case of one European country which last season imported a certain quantity of California dried fruits and paid for them with dollars earned by its own exports, the case has been reported to the OEEC and that it is partly a result of it that the issuance of import permits for further quantities has been suspended by the respective government, for fear of jeopardizing the extent of its participation in Marshall-plan funds. This function of the OEEC body has been confirmed to me by other responsible officials of various governments.

Thus, if through its industry, a country has been able to accumulate certain dollar funds which it chooses to use for acquiring moderate quantities of first-class fruit, at prices of half or one-third it would have to pay an OEEC participant for inferior fruit, its freedom of employing these funds is promptly inhibited, a state of affairs that can hardly be conducive to increased industry.

Information we have from reliable and well-informed sources indicates further that in at least two of the formerly most important European markets for California dried fruits, the present prohibition against imports from here is the result of strong pressure brought to bear by interests representing local fruit production. This, even though the local supply of fruit is principally of a strict seasonal nature, capable of serving consumers' needs only for a few months at best, and insofar as it does include dried fruits, the maximum tonnage produced barely represents one-fourth of normal consumption. In view of the resulting shortage, it is sold at prices of 150 to 200 percent above the parity of current California costs.

Of late, dried fruits are said to be included on the list, submitted to various European governments periodically to show which United States products are in surplus. When this became known, it caused many of our foreign representatives and customers to look upon it as an indication for the resumption of imports from here and their financing either within dependently earned or Marshall-plan dollars. It must have been a similar expectation which prompted the estimate published in the Washington Food Report, of June 4, 1949, and quoting under the heading "Expected food exports, Government financed," the quantities estimated by ECA for moving to European countries out of this season's production. Among other articles, the figure listed for dried fruit was 287,500,000 pounds. Any such planning of the ECA, its willingness to have these purchases financed with ECA dollars, and our Government listing dried fruits as surplus commodities will prove completely futile, in the existing situation, unless and until the OEEC is ready to look in the same light on United States dried fruits, which the writer understands are at present not even listed among commodities sanctioned by it for financing with ECA dollars, regardless of what our own attitude may be.

At last I want to mention that when in a desperate effort to force a resumption of trade with some countries, we investigated and contemplated the means of doing so by bartering certain European surplus products against dried fruits, among the few articles that have so far been mentioned to us by competent foreign authorities as admissible for such barter, were foods, some of which are in bad surplus right here, like potato flour, butter, and eggs, which illustrates perhaps better than anything else I have said the paradox and fallacy of this artificial economy, in that we are offered by some European countries, for exchange in barter, the very products which others in Europe are clamoring for, and all participants in ECA and OEEC.

I beg to state clearly that none of the above is written in a spirit of sweeping criticism, or in a spirit derogatory of the motives inspiring the Marshall plan, nor incognizant of the vast amount of good it has undoubtedly done. I do believe however, that, firstly, there no longer exists the state of extreme urgency which existed at the termination of the war and which called for immediate relief action, even at the risk of grave errors and waste and, secondly, that the experience of the last 2 years has

brought to light certain fallacies and shortcomings in the plan's applications, which urgently call for modification for the very fulfillment of the plan's objectives as well as for the protection of United States interests. On the basis of the analysis submitted, I repeat that a fair consideration of the latter will not hinder, but go a long way toward helping the European economy.

The urgency of prompt action cannot be overstated if something is to be salvaged from the 50 years' effort of thousands of California growers and other participants in the industry which have succeeded in putting on the world's markets a product of conceded outstanding quality and have developed for it a standard of trade that has earned the respect of merchants and consumers the world over.

If the access to European markets for our industry cannot be regained under the Marshall plan, and I am convinced that it will not be under its present set-up, it is indispensable that another means be created; eventually through the establishment of a separate fund, to be used solely for United States surplus other than basic crops, even if this has to be accompanied by a corresponding reduction in Marshall-plan funds.

It cannot be to the good of the world, and the good of Europe, that vast quantities of excellent dried fruits which, thanks to unusually favorable climatic and soil conditions are produced and offered here at favorable prices, are being withheld from consumers through artificial means and may in substantial part have to be diverted into by-products or even go to waste.

I have not presumed to touch upon the political aspect of our foreign policy and the Marshall plan forming part of it. I am convinced that the latter is inspired to a large extent by human motives, but insofar as politics enter into it, I respectfully submit that I cannot think of a better means to fight communism or other obnoxious political doctrines than to put the largest amount of good food at the disposal of the largest possible number of people at cost they can afford, something most of them cannot do now and have in my opinion little prospect of ever doing unless some effective provisions for it, along the lines suggested, are made.

Respectfully submitted.

F. EHRENFELD,
Vice President.

SAN FRANCISCO, *August 29, 1949.*

Mr. GEORGE. Mr. President, will the Senator yield to me?

Mr. KNOWLAND. I yield.

Mr. GEORGE. The Senator from California has offered two amendments. I suppose the latter one——

Mr. KNOWLAND. It is the latter amendment which has taken the place of the first amendment. So I now have only one amendment pending. It is the April 19 amendment.

Mr. GEORGE. I assumed that was the case. I thank the Senator.

Mr. CAIN. Mr President, I wish to compliment the junior Senator from California for the observations he has just offered to the Senate.

It had been my intention to speak on the pending bill, with particular emphasis upon the areas of concern which have been covered by the Senator from California. However, for the reason that he has most ably expressed my general attitude, there is only need for me to associate myself with the position and point of view which have been and are maintained by the junior Senator from California.

I will vote tomorrow in support of the peril-point amendment offered by the junior Senator from Colorado [Mr. MILLIKIN] for the obvious and fundamental reason that the amendment seeks to anticipate and prevent trouble, just as the escape clause is designed to correct trouble after it arises.

If the administration is completely sincere in its avowed determination to stimulate and increase world trade, while providing reasonable protection for American business, which is presently being called upon to finance and carry a large part of the world, the administration ought willingly to accept the peril-point amendment as proof of its integrity and regard for the business and labor community of the United States.

Mr. O'CONOR. Mr. President, as the debate has progressed, following the very forceful presentation which has been made by the able senior Senator from Georgia [Mr. GEORGE], and the subsequent presentations made by the able junior Senator from Colorado [Mr. MILLIKIN] and other Members of the Senate, from all of which we have benefited, it has been made abundantly clear that the basic premise on which any action should be taken at this time with regard to reciprocal trade agreements may be described as follows:

America needs to sell abroad in quantity, in order to maintain prosperity here at home. We cannot sell abroad in quantity unless some way is found to enable other countries to earn the dollars which they must possess in order to be able to buy from this country.

Naturally, trade agreements predicated on such considerations inevitably will affect to some degree every industry in the United States which produces goods also produced in one or more foreign countries. Our concern, therefore, in addition to making possible two-way trade that will permit other countries to earn the dollars to pay for American goods, is to endeavor as far as humanly possible to protect our own industry and agriculture against destructive foreign competition.

Naturally, the United States, for sound business reasons, will not permit the flooding of America by other countries with their surpluses, to the detriment of American manufacturers and wage earners. But facing the situation realistically, it must be admitted that, except in isolated instances, such flooding is unlikely, if not actually impossible, at this time. America's foreign competitors have amply demonstrated their inability to decrease prices and to increase production to the point where they can invade American markets successfully.

Prior to World War II, I believe it can safely be stated, the people of this country generally were satisfied that the reciprocal trade agreements had had a beneficial effect. However, the restrictions imposed upon the executive department by the Eightieth Congress, and sought to be repealed in the bill currently under debate, have the effect of tying the President's hands unjustifiably, in that, to all intents and purposes, they make the Tariff Commission his mentor in the case of any agreements which the Tariff Commission may feel, rightly or wrongly, would imperil American industries.

Mr. MILLIKIN. Mr. President, will the Senator yield for a question?

Mr. O'CONOR. I am glad to yield to the distinguished junior Senator from Colorado.

Mr. MILLIKIN. In what respect does the bill or the amendment make the tariff Commission a mentor, any more than the Interdepartmental Committee is a mentor?

Mr. O'CONOR. I feel that in general, in making requisite a finding by the Tariff Commission, and in prescribing the procedure to be followed, the effect is to make the Tariff Commission the President's mentor or to put the Tariff Commission in the position of taking affirmative action, as a result of which the President then has an added responsibility, in rejecting at his peril the recommendations thus made.

Mr. MILLIKIN. Mr. President, will the Senator yield further?

Mr. O'CONOR. I am glad to yield.

Mr. MILLIKIN. Is not that the precise duty the Interdepartmental Committee had; and does not the President have the same choice in regard to whether he will accept its recommendations?

Mr. O'CONOR. I feel that is so. I think the President has the choice of accepting or ignoring the recommendations; but in a situation in which the Commission or the advice coming to the President is submitted on the authority of official advisers, I believe the President is at a great disadvantage in rejecting such advice, because if subsequently there came about a condition of affairs which would show that his judgment possibly was in error, he would thus incur added responsibility and the resultant criticism from the country at large.

Mr. MILLIKIN. Mr. President, will the Senator be good enough to yield?

Mr. O'CONOR. I am very glad to yield.

Mr. MILLIKIN. If the President makes an error of judgment, why should he not be criticized?

Mr. O'CONOR. I feel, of course, that if it is an error of judgment, he is entitled to criticism. But when plans are being projected several years in advance and he has to put his individual judgment against that of the Commission, which has possibly speculated but, because of subsequent conditions, their guess may prove to be right, I think the President is at a great disadvantage.

Mr. MILLIKIN. Mr. President, will the Senator yield further?

Mr. O'CONOR. I am very glad to yield.

Mr. MILLIKIN. Is that not the precise situation with respect to recommendations of the Interdepartmental Committee? If he accepts those recommendations, and if they turn sour, he is subject to criticism, and should receive it.

Mr. O'CONOR. The Senator, of course, is entitled to his judgment. I feel this situation justifies the assertion I have made.

Mr. MILLIKIN. Mr. President, I wonder whether the Senator would be good enough to let me back-track with him for a moment.

Mr. O'CONOR. I should prefer to conclude, if the Senator will be good enough to indulge me, since, subsequent-

ly in my remarks, I develop, or try to develop, some further thoughts on this subject. If the Senator will be kind enough to indulge me until the conclusion, I shall then be very glad to yield further.

Mr. MILLIKIN. That is entirely agreeable.

Mr. O'CONOR. It would seem that we are willing to swallow a camel and strain at a gnat when we entrust to the Chief Executive of our country the most stupendous problems affecting every phase of American living and yet pick out this one section of the Trade Agreements Act and say to him: "We do not trust you to exercise your judgment in this respect. We will let the Tariff Commission tell you what to do here."

The pronounced and increasing debtor condition of all the nations of the world with respect to American dollars, together with their huge requirements for practically everything that America produces if they are ever to regain a self-supporting basis, bring into sharp focus an important factor that we cannot afford to overlook. In years gone by substantial protective tariffs were necessary to safeguard American industries struggling to develop. Under those conditions it was inevitable that much foreign merchandise reaching these shores could be landed at prices less than, and in many cases far below, the lowest costs of American manufacture. But that condition has changed radically. Now foreign producers fear our efficiency of production. We can and do compete in world markets for a wide range of products.

No doubt, some manufactured products still can be named which are produced in quantities abroad sufficient for export in sizable totals. By and large, however, and taken in the mass, the competition offered American producers and manufacturers by foreign industry is so negligible today that to let it influence our determinations in the matter of vital trade agreements would truly be a case of the tail wagging the dog.

Furthermore, and equally pertinent to these discussions, is the fact that the absence of dollar credits abroad, if intensified by the continued application of the peril-point provisions currently on the books would have the reverse effect of penalizing American industries anew. They would force nations without dollars to enter into even more mutual bilateral trade agreements on a barter basis, with the result that America would be excluded completely from trade with such nations.

We have already seen instances of this in the agreements between Britain and Argentina and between Britain and Brazil. Argue, if you will, Mr. President, and one reasonably can do so, that these bilateral agreements violate the spirit of America's understanding with Great Britain and other countries. Nevertheless, we must appreciate that these are agreements made by nations which are desperate for food and other vital products which we have and could sell them if they had dollars, but which they cannot buy from us because of their lack of dollars.

We are faced, therefore, in approaching the matter of reciprocal trade agreements, with certain inescapable facts. The first of these is that, great as has been the strain on American economy to furnish the huge financial assistance to the war-ravaged countries that has been necessary—in one case, for example a country is desperate for food and other vital products which we have and could sell, if the country had dollars with which to buy—it will be generally admitted that the amounts thus expended are far below the losses America would sustain through a general crash of these important foreign markets.

Again, no one will claim that the countries of western Europe, even though all of them have made progress, and some of them appreciable progress, under the Economic Cooperation Administration born of the Marshall plan, are ready to take their former places in the international trading system. Though still America's greatest potential customers, they are unable to buy as much from us as they want and need because of their lack of dollars. Our problem then is to help them to formulate programs which will build up their dollar balances and thus be able to buy from America the things they need to solidify their economic gains.

How this can best be accomplished is engaging the attention now of the foremost economists in Europe and America. There are certain general approaches, however, to any program which might reasonably be expected to bring about improvement in international trade. I believe the following steps would be most effective:

First. Reduction of the "gap" between high exports and low imports, which is now being financed by loans and grants.

Second. Discouragement of foreign bilateral trade agreements which tend to stagnate United States foreign trade.

Third. Stimulation of multilateral trading by proper distribution, and creation of fresh trade outlets, thus expanding consumption by virtue of reduced unit costs. This should decrease existing world-wide dollar deficits.

Fourth. Promotion of United States investments abroad, thus gaining dollars for foreign aid, and providing for importation of strategic and essential base materials.

Fifth. Fostering of world-wide employment, a requisite to world peace and a bar to Communist activities.

Sixth. Economic cooperation, the only solution of present-day political problems.

It is essential that we reduce the disparity between our growing exportations and our diminishing importations. This must be done, not at the sacrifice of exports but by encouraging and aiding imports to the extent that a healthy flow of trade in both directions would gain for us and for our trading associates overseas a normal economic balance without which there can be no stability of political, economic, and social aims.

Our course should be to foster an atmosphere for multilateral trade by taking the initiative in balancing a two-way trade, encouraging further imports and aiding a proper distribution of world surpluses by the creation of new channels or fresh outlets. The expanding consumption will lower unit costs, result in favorable pricing of products in terms of dollar exchange, and go a long way to reduce the dollar deficit now existing in almost every foreign country.

Furthermore, we should look for United States investments to follow the flag of our foreign trading, especially at this time when our own needs are so vital. Some of our raw materials are in diminishing supply, even in prospect of exhaustion within the next decade, according to reputable authorities, thus calling for conservative extraction and storage, supplemented by importations. Economically we could well justify a greater expansion of stock piling—strategically and as essential raw materials for production—not to mention the corresponding benefits to the supplying nation abroad whose political structure we thus serve to strengthen, at a cost far less than a Marshall plan.

Mr. President, in conclusion let me say that this increase in activity abroad, on a general rather than regional basis, will foster employment and raise the standard of living to a degree that will lessen substantially the tendency toward totalitarian doctrines and promote largely the main requisite to peace, a contented people. Only through economic cooperation of the nations and peoples shall we achieve the solution to our political problems of the day. We must lead the way. We are the creditor nation and to us falls the lead in economic contribution through fostering trade, not in continuing a program of grants or gifts.

Keeping in mind the stark, basic fact that world trade cannot be expected to improve, but rather to deteriorate further if we make it more difficult for foreign nations to do business here, I oppose the peril-point amendment and oppose generally other restrictive amendments which, however good a case can be made for them individually—and certainly the junior Senator from Colorado has done as well as anyone could—nevertheless, establish a pattern which would be most unfortunate as a guide to further action either by the Tariff Commission or the Chief Executive.

We feel, on this side of the ocean, with the world in the condition in which it is—and this cannot be repeated too often or emphasized too strongly—we are playing with dynamite when we attempt to restrict the ability of other nations to trade as freely as possible with the United States, so that they may progressively be better customers of this country's industries and stronger members of the international trading community.

Mr. MILLIKIN. Mr. President, will the Senator be good enough to yield?

Mr. O'CONOR. I yield.

Mr. MILLIKIN. Is the Senator aware of the fact that President Truman and the late President Roosevelt, in connection with the establishment of the reciprocal trade system, and with all of its extensions, have given unequivocal assurances that domestic industry would be safeguarded?

Mr. O'CONOR. I have familiarized myself with the statements of the Presidents mentioned.

Mr. MILLIKIN. Does the Senator agree that that is a sound philosophy?

Mr. O'CONOR. I do.

Mr. MILLIKIN. What is there in the peril-point procedure that goes outside of that philosophy?

Mr. O'CONOR. I would say, in response to the question of the able Senator from Colorado, that I feel it is largely a matter of procedure. I think there is no basic difference, necessarily. I think, however, that under the procedure which the Senator from Colorado would invoke, the peril-point plan, it is largely by way of expectation of what may happen rather than being based upon facts as they are found by experience as we approach nearer and nearer to economic crisis in regard to any one specific problem or involving any one specific industry.

Mr. MILLIKIN. Mr. President, will the Senator yield for a further question?

Mr. O'CONOR. I yield.

Mr. MILLIKIN. Is the Senator aware of the fact that by Executive order, when there is disagreement in the Interdepartmental Committee, the dissenters must furnish the President with the equivalent of a peril point?

Mr. O'CONOR. I understand that is the fact.

Mr. MILLIKIN. Would the Senator not say that that is a Presidential endorsement of the principle and of the feasibility of the practice?

Mr. O'CONOR. In one sense I can understand the Senator's position. I feel, however, that the procedure under the peril-point plan which would necessarily be followed, as I attempted to show, would impose upon the President a greater responsibility; and, forgetting the individual who might be the Chief Executive, I think it would make it much more difficult for him to exercise his independent judgment than would otherwise be the case, and it would impose upon him greater responsibilities than should be the case in such instances.

Mr. MILLIKIN. May I ask the Senator how would his responsibility be greater with the peril point than without the peril point?

Mr. O'CONOR. I feel that, having been put formally upon notice, and made to oppose it in the only manner in which he could oppose it, by outright rejection, there would be less likelihood of adopting the independent course he otherwise would and should adopt under such circumstances.

Mr. MILLIKIN. If the President has promised safeguarding, why should he react adversely to a procedure which brings it in a focused way to his attention?

Mr. O'CONOR. I feel that as a general proposition, of course, the Chief Executive would unquestionably go to the extreme in protecting industry; but I repeat what I said before, that I feel the procedure under the former law, prior to that which was enacted by the Eightieth Congress, was the preferable method.

Mr. MILLIKIN. I suggest to the distinguished Senator that prior to the enactment of the peril point the Tariff Commission was not in fact represented on the Interdepartmental Committee, and that there was no agency on the Interdepartmental Committee charged with special concern to see that peril points were not exceeded so far as the domestic producer was concerned. Is it not a helpful addition to our system to have some agency charged with seeing that the President is in position to keep his promise about safeguarding industry?

Mr. O'CONOR. I still think that all the benefits which would be available from their advice and counsel would be attained without imposing the further stipulation that the President must adopt the procedure as prescribed under the peril-point principle.

Mr. MILLIKIN. The difficulty under the former procedure was that a representative of the Tariff Commission was on the Interdepartmental Committee, but he never transmitted to the Interdepartmental Committee what might be the Tariff Commission's views as to the limits which should not be exceeded. In other words, he was acting in a personal capacity.

I was very much interested in the Senator's statement about raw materials. He reflected a theory, which is quite strongly held by the administration, that we should conserve such materials in the sense of locking them up and having them available for future emergencies. The same theory was advanced prior to World War I, but, so far as oil is concerned, for example, would the Senator think we should lock up our oil and agree to supply ourselves with importations?

Mr. O'CONOR. I do not know that I would find fault with the policy. There may have been mistakes in its application.

Mr. MILLIKIN. The Senator will agree, will he not, that a policy which does not keep us adequately supplied with essentials during a period of war is a bad policy?

Mr. O'CONOR. Yes.

Mr. MILLIKIN. Referring now to the field of metals, administration representatives have appeared before the Committee on Interior and Insular Affairs. In fact, a representative of the Budget Bureau, reflecting the President's policy, said, point blank, that we are interested in conserving metals and keeping them ready for an emergency. The situation which applies to oil also applies to minerals unless someone can guarantee that they can be at hand if a war develops. I add that a part of the philosophy seriously stated was that, so far as the administration is concerned with relief bills, and matters of that kind, it is interested only in conserving those metal industries which, out of their own strength, are capable of competing with similar foreign products. I invite the Senator's attention to the fact that that would almost completely destroy the mining industry of this country, with the exception of a few of our very largest mines. Would the Senator say we should render ourselves dependent to that extent upon foreign production?

Mr. O'CONOR. No. I think there has to be, of course, very careful consideration meanwhile, so that we will not be at the mercy of foreign producers.

Mr. MILLIKIN. In time of war the Senator would not want us to be only 95 percent sufficient; he would want us to be 100 percent sufficient, I am sure.

Mr. O'CONOR. Yes.

Mr. MILLIKIN. Let us take the case of watchmaking, about which we have been hearing so much. There we have a group of skilled precision workers perfectly adapted to the job of making fine war instruments. Would not the Senator be in favor of keeping that industry in such shape that those workers can be retained on the pay roll?

Mr. O'CONOR. I think there is a great deal to be said for that. I might say, in response to the Senator's observations, that I happened to be in Switzerland in the past 2 months and saw some of the other side of the picture, and I can appreciate the significance of the Senator's remarks in that regard.

Mr. MILLIKIN. I was very much interested in the Senator's suggestion that we must reduce the gap between exports and imports, and he is completely correct in his statement that there is too large a gap at the present time. But has it not been demonstrated to the Senator's satisfaction that that gap is due to our "give away" and our aid policies and our loan policies?

Mr. O'CONOR. I indicated in my statement that I thought it was attributable in some degree to those policies.

Mr. MILLIKIN. The Senator was temporarily absent from the Chamber when there was a demonstration of just where the money was coming from in this country to sustain our exports.

Mr. O'CONOR. I am aware of the statement to which the Senator refers.

Mr. MILLIKIN. Would not the Senator agree with me that we cannot keep on forever supplying the money with which a foreign nation buys our goods?

Mr. O'CONOR. I certainly would agree.

Mr. MILLIKIN. When we stop that we shall have eliminated the gap.

Mr. O'CONOR. I think, eventually, through successive steps, when we enable foreign nations to bring about adequate production, we stimulate their industries and ultimately assist our own economy.

Mr. MILLIKIN. In any event they have their own share of responsibility for restoring their own production and making the best use of that which we send to them, have they not?

Mr. O'CONOR. I agree with the Senator.

Mr. MILLIKIN. The time will come, I believe the Senator will agree, when we cannot continue to assume all their infirmities which they could correct themselves. I am sure the Senator will agree with me in that.

Mr. O'CONOR. I agree entirely.

Mr. MILLIKIN. The Senator said we should discourage bilateral agreements. I think our aid programs were intended to end bilateral agreements. Our trade concessions have been designed to end bilateral agreements. Yet they proliferate; there are more today than there have ever been. So what is the Senator's mind as a means of discouraging bilateral agreements?

Mr. O'CONOR. Some of the things which have occurred in the recent past, which I think are the direct result of lack of dollars on the part of certain countries, in the face of stark realities, indicate that they have been forced into

actions which otherwise I do not believe would have been resorted to.

Mr. MILLIKIN. How much in the way of dollars must we put up to finally get them to abandon their bilateral agreement policy? How long must this process keep on going to get the things we intend to get but do not get? On the contrary, we have an aggravation of the very evils we are trying to overcome.

Mr. O'CONOR. The best minds in the world have not yet come up with the final answer to that question. I do think, however, as I attempted to say before, that by the stimulation of business and encouragement to greater production in foreign countries, and the earning of dollars thereby, we would tend to make unnecessary the adoption of the bilateral agreements, which I think are unfortunate.

Mr. MILLIKIN. So far as the promotion of imports into this country in the way the Senator describes it is concerned, would the Senator say that we should admit imports in unlimited quantity, or should in any circumstances ever be willing to liquidate our own domestic industries?

Mr. O'CONOR. No; I think the most careful consideration will have to be given to letting down the bars. Of course I think a very prime consideration is the protection of American industry.

Mr. MILLIKIN. Then does it not come to this, that we should take as many imports as we can take—and I think we should—short of inflicting serious injury or threat of it on our domestic industry?

Mr. O'CONOR. I think the Senator has very well stated that point, and, on the whole, I agree with his statement. I have not come to the point of agreeing with his last conclusion.

Mr. MILLIKIN. Let me get the benefit of the distinguished Senator's wise observation on one more point. He said we should promote United States investments abroad. Can we promote sound United States investments abroad until there are sound currencies abroad, until there is sound and honest fiscal management abroad, and until there are honest governments abroad?

Mr. O'CONOR. I think those are all very important considerations.

Mr. MILLIKIN. Our investment abroad will not be attractive until we know it will be protected. Is not that correct?

Mr. O'CONOR. I think in large measure American industry and American enterprise will hesitate to make investments in foreign countries unless adequate safeguards are thrown about such investments.

Mr. MILLIKIN. Safeguards which will work. It is idiocy to invite capital to invest itself in a country which is opposed to capital, or which affords no protection to capital. Is not that correct?

Mr. O'CONOR. That is correct.

Mr. MILLIKIN. So, would not the Senator say that the things we are discussing are conditions precedent, which I think would have to be met, before there could be a sound flow of capital?

Mr. O'CONOR. I think that is so.

Mr. FLANDERS. Mr. President, it may fairly be said, Mr. President, that the support of our reciprocal trade policy and its administration have been largely on a doctrinaire basis. Webster defines a doctrinaire as: "One who would put into effect a political or economic system based on abstract doctrines or theories without enough regard for practical difficulties." And it is not unfair to a great public servant, Secretary Hull, to say that his approach to the problem of freer trade was that of a doctrinaire. He was for reciprocal trade through thick and thin, regardless of immediate practical considerations.

Now, Mr. President, every enduring project must rest on a doctrinaire basis, so I am not to be considered as using the word in a severely invidious sense. If the carrying out of a reciprocal trade policy is to be altered by yearly or even monthly changes in practical working conditions, the only result that can be expected is chaos. What we need to do is to keep the doctrinaire basis firmly in mind, but allow the decisions based upon it to be influenced by practical considerations which are not too short-range in their character.

What is the doctrinaire basis for the reciprocal trade agreements? It is this: That in a peaceful world the nearer we approach to free trade, the higher will be the standard of living in all the countries concerned. This higher standard of living will result because under the stress of international competition each country will tend to specialize in the things it can produce and the services it can render to the best advantage as compared with other countries. On this basis we would concentrate here in the United States in doing the things we could do best and exchanging these products and services for those of other countries who in turn could produce them and render them at the lowest cost. Under this freedom of trade other countries would do for themselves the things that they could do most cheaply and well and buy from us the things we could do most cheaply and well. Thus the standard of living would be raised for any two countries or the whole group of trading nations of the world.

Unfortunately this doctrinaire basis cannot be applied in its entirety at any given time, certainly not at the present time. It presupposes a peaceful world and freedom of other restraints to international trade. The world is not peaceful. It is armed to the teeth. Every Nation is fearful that war may disrupt foreign commerce, so it is anxiously seeking to make itself as economically self-contained as possible. In the course of so doing, and likewise in connection with monetary dislocations, a wide variety of restraints, other than those of tariffs, control the course of international trade. There are quotas, import and export controls, purchases by governments taking the place of normal business purchases, and other barriers too numerous to mention. Under these realistic circumstances, the doctrinaire basis has to be reckoned with but is insufficient as the sole guide to our reciprocal-trade policy.

It may be worth noting that there have been conditions in which the doctrinaire position was valid. I refer to the competition between the New England cotton-textile industry and that of the Southern States with its cheaper labor and more modern equipment. Here in a federation of 48 sovereign States we have between them complete freedom trade and an absence of any other restraints whatsoever. The doctrinaire approach therefore becomes the actual and the practical. A large percentage of the New England textile industry moved south. This presented serious problems indeed to the northeastern area of our country and was greatly to the advantage of the Southern States. It was, however, a good thing for the country as a whole, just as free trade under the ideal conditions would be a good thing for the world as a whole. But as in the case of the New England textile industry, the benefit to the whole world would involve severe dislocations in some countries counterbalanced by greater benefits to others.

The standard arguments of the State Department in support of reciprocal-trade policy contain certain points which are not doctrinaire in nature but involve a back-door approach to realistic considerations. Much has been made of the effect on American agriculture and business of our inability to pay for their exports by a sufficient volume of imports. The assumption was made that large sectors of agriculture and industry would be injured by taking away their foreign markets and thus causing unemployment, which would spread throughout our whole economy.

Mr. President, I should like to make an interpolation at this point with reference to the colloquy between the Senator from Colorado [Mr. MILLIKIN], who I see going out of the door at the present moment, much to my regret, and the Senator from Maryland [Mr. O'CONOR], who has already disappeared. Possibly the reference I am making will be found by them in the RECORD.

The suggestion was made in that colloquy that we would not have the large dollar gap between exports and imports if we did not finance exports by the credit extensions we are making under ERP and in other ways. That is doubtless true. But it is likewise true that if we had not financed these markets by the credit extended under ERP and otherwise, those goods would have had no market, and we would simply have replaced one problem by a second one, so that while we would have had an improvement in our dollar gap situation, we would have had production for which we had no practical market.

The assumption that large sectors of agriculture and industry would be injured by taking away their foreign markets is not at all a doctrinaire argument, because on the basis of ideal conditions American producers of things like automobiles and household equipment should on the doctrinaire basis be able to find as good a market at home as abroad so long as there continue to be unfilled wants for these goods on the part of the American people. Furthermore, on the doctrinaire basis, American agriculture would be led to devote diminishing attention to the cereals, to cotton, and to tobacco, and increasing attention to filling the unsatisfied wants of the American people for meat and meat products.

This argument was not only doctrinaire but it was realistic, because it

recognized the fact that American agriculture and industry is organized and balanced on the basis of shipping a considerable part of its output abroad and to be unable to do this would be bad for employment and production as a whole and could only be remedied by long-range readjustments which would be as costly and painful as was the case with the contraction of the New England cotton textile industry.

Now, Mr. President, we come to the real problem involved in the reciprocal trade treaties, and that is the dollar gap between exports and imports. Our exports in 1948 amounted to $16,800,000,000. Our imports amounted to $10,500,000,000. The gap was $6,300,000,000. To the extent of this enormous sum of money, we were unable to get pay for the goods we shipped abroad. We very largely filled in the gap by the temporary expedients of civilian supplies distributed by the armed forces, the grants and loans made by the European recovery program, together with certain other long-term loans and investments by the International Bank, the Monetary Fund, Export-Import Bank, and so forth. Obviously if we are to continue to ship goods without being paid for them, we will have to tax our people to make up the unpaid balance, and that is the way we took care of this unpaid surplus of exports in the year 1948.

This dollar gap is the serious practical problem to which the reciprocal trade treaties address themselves at the present moment. It is not a doctrinaire problem at all. It is an immediate problem of balancing the books. It is of a nature so evident and inescapable that it slaps us in the face. What are we going to do about it?

We are in a dilemma. A dilemma by definition has two horns. This one, however, has three horns. Perhaps we had better call it a trilemma. The first unpleasant horn on which we can impale ourselves is that of continuing to tax our people to pay for exports for which purchasers abroad cannot pay us for lack of dollars. The second horn is that of bringing our exports down, thus diminishing our market for machinery, grains, automobiles, tobacco, fruits and vegetables, cotton, and other important products. We can trim our production and trim our employment and trim our prosperity in the process. The third horn is that of bringing up our imports so that we may get paid for our exports by furnishing dollars to foreign nations. This horn is also a sharp and unpleasant one, because it appears to involve serious competition in the case of some imports which will tend toward unemployment, lowered production, and a general slowing up of our economy.

Which horn of this trilemma shall we choose? My suggestion is that we take a temporary hold on the first of the three horns, which is taxing ourselves to pay for our exports, and then distribute our weight between the other two; that is, the reducing of exports and the increasing of imports. These horns then will not hurt quite so much as if we had all our weight on one of them.

I am convinced that we must make steady, continuous progress toward a new agricultural balance which places the emphasis on meat animals while diminishing the emphasis on exports of cotton and of grain. There is in this country an insatiable demand for meat. To the extent that we can maintain wages and production, to that extent we can expect the unsatisfied demands of the American stomach for meat to furnish a domestic market for the products of our broad acres. This is better than raising stuff for shipping abroad which can only be paid for by domestic taxation.

We likewise should be increasing our imports so that the dollar gap is diminished both from above and below. The reciprocal trade program wisely administered will do all that can safely be done in this direction. It is exceedingly important that it be administered on the realistic rather than the doctrinaire basis. It is the peril-point provision in the treaty which assures realistic rather than doctrinaire administration. It recognizes the dislocations that would occur to established industries where the price of imported goods is lowered much below that for the American industry. This is particularly important at a time when unemployment has made its appearance. It is somewhat less important in a time when American industrial production is expanding as it does over long periods of time. In my own judgment, Mr. President, we can afford to press rather more closely on the cost of American products in times of business expansion than we can in a period of business contraction, however mild it may be. I therefore am strongly of the belief that the peril-point provision is particularly appropriate to this particular time.

This provision does not return tariff making to Congress. It does return a larger measure of responsibility to the Tariff Commission which was set up by the Congress as a highly technical body to attend to the details of tariff making. It does not propose to protect marginal producers, but the industry as a whole. The peril-point provision is not even mandatory. It simply requires that when the President decides it is in the public interest to imperil a particular industry he shall give his reasons for so doing in a message to Congress. Mr. President, I am convinced that the peril-point provision is necessary if we are to avoid at this time serious restrictions on employment and production, but I am just as much convinced that it will permit a continuous and healthy increase of imports, which will play a large part in reducing that dollar gap between imports and exports, which remains one of the most serious economic problems which the country has to face.

Mr. JENNER. Mr. President, the actual appropriations for international affairs and finances voted by the Congress last session for the fiscal year 1949, together with the requests made by the President for supplemental 1949 appropriations this session, total $8,892,000,000. These appropriations, part of which must be met by deficit financing, will be paid in large measure out of indirect and hidden taxes which obscure the true cost of our foreign aid program to the ordinary taxpayer of the Nation.

As a Member of the United States Senate from Indiana, I should like to restate the costs of foreign aid appropriations for 1949 in terms that are familiar to the taxpayers of my State.

International affairs and finance appropriations for the fiscal year 1949—including $7,519,818,051 actual appropriations and authorizations and $1,372,261,403 supplemental appropriations on which action has not been completed by the Congress and which will be less than the amount requested—if prorated to the States in relation to the amount each State contributes to the Federal Government, would cost the taxpayers of the State of Indiana approximately $198,000,000.

The share of foreign appropriations which Indiana must bear in the fiscal year 1949 is slightly in excess of the total property tax levied in Indiana for all purposes in 1948, payable in 1949; namely, $195,561,256. It is approximately $4,000,000 more than the net disbursements of the Indiana State government for all purposes in the fiscal year 1947–48.

If the people of Indiana had to pay their share of 1949 foreign aid by direct taxation in Indiana rather than by Federal taxes, it would mean either:

First. Doubling the property tax in the State for 1 year;

Second. Increasing the gross income tax 2.7 times;

Third. Increasing the motor fuel tax 4.8 times; or

Fourth. Eliminating all operations of Indiana State government, including its institutions and all of its departments and properties, and all of its aid to schools and local government, for 1 year, and using the amount so saved to pay Indiana's share of the cost of the program.

In the fiscal year 1949 the people of Indiana paid taxes to the Federal Government totaling $944,222,429.90, according to figures furnished by the collector of internal revenue for the district of Indiana. Many of these taxes were concealed in smaller pay-roll envelopes or higher commodity prices and not directly realized by taxpayers. Here is the record of Indiana internal revenue collections in fiscal 1949. I ask unanimous consent that the table be inserted in the RECORD at this point:

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Class of tax:	*Amount collected*
Corporation and excess profits	$208,979,026.64
Individual and estimated	159,736,290.90
Withholding	179,979,693.27
Employment	38,141,573.50
Distilled spirits	246,123,374.07
Beer and wine	22,887,462.36
Gasoline	1,984,890.63
Electrical energy	2,199,607.00
Telephone and telegraph	6,043,993.94
Local telephone	5,551,560.19
Retail luggage	1,368,813.77
Retail jewelry	5,127,733.66
Retail furs	833,191.29
Admissions and dues	8,069,950.75
Estate and gift	8,180,780.59
Autos, trucks, parts and accessories	27,631,826.78
Transportation	5,760,630.89
Radio sets and components	2,338,483.26
Phonograph records	7,563.65
Musical instruments	841,363.63
Bowling alleys and pool tables	106,921.73
Coin operated devices	849,932.23

Mr. JENNER. Out of these direct and indirect taxes, the Indiana share of the costs of foreign aid were met. If the Indiana share of foreign aid appropriations for 1949 were prorated to the various counties of the State, it would become clear that the taxpayers of Indiana, in most instances, are paying more for foreign aid programs than they are for their county, city, town, and township governments. The per capita share in the various counties, prorated for the foreign aid appropriations, varies from $35 to $70 for every man, woman, and child in the State of Indiana. I ask unanimous consent to insert at this point a table prepared by my office showing the share in foreign aid appropriations which must be borne by each county in Indiana, contrasted with the costs of all local governments and the per capita cost of each.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

County	Share in 1948-49 foreign aid appropriations	County per capita share of foreign aid appropriations	Cost of local government, including townships, cities, towns, and county	Per capita share in Government including town ships, cities, towns, and county government
Adams	$1,130,262	$45.55	$1,031,706	$41.58
Allen	10,529,284	63.73	9,234,923	55.90
Bartholomew	1,665,649	49.63	1,505,744	44.87
Benton	475,900	52.11	813,599	89.09
Blackford	634,533	48.24	696,312	52.94
Boone	1,130,262	47.49	1,157,044	48.62
Brown	198,291	30.99	315,841	49.36
Carroll	753,708	44.62	882,335	52.25
Cass	1,844,112	42.87	1,989,360	46.25
Clark	2,062,233	50.14	1,653,527	40.20
Clay	872,483	47.08	1,118,646	60.37
Clinton	1,249,237	41.90	1,560,362	52.33
Crawford	317,267	31.79	403,170	40.40
Daviess	1,090,604	43.57	1,184,554	47.32
Dearborn	1,150,091	48.30	1,084,416	45.54
Decatur	832,825	42.87	821,340	42.28
De Kalb	1,229,408	44.36	1,190,326	42.95
Delaware	4,798,657	54.63	4,143,478	47.17
Dubois	1,110,433	40.38	857,673	31.19
Elkhart	4,580,536	53.00	3,961,127	45.83
Fayette	1,288,895	51.33	1,024,038	40.78
Floyd	1,903,599	44.67	1,539,165	36.12
Fountain	773,337	42.35	908,934	49.78
Franklin	555,216	35.38	638,469	40.69
Fulton	733,679	44.27	879,708	53.08
Gibson	1,328,554	41.29	1,432,056	44.51
Grant	2,994,203	46.74	2,679,918	41.83
Greene	1,189,750	39.00	1,435,411	47.05
Hamilton	1,328,554	44.26	1,199,121	39.95
Hancock	931,970	42.09	914,721	41.36
Harrison	594,875	34.87	674,587	39.55
Hendricks	951,800	43.40	1,120,753	51.10
Henry	2,022,574	43.42	2,121,499	45.55
Howard	2,676,937	49.06	2,646,783	48.51
Huntington	1,487,187	48.94	1,558,825	51.30
Jackson	1,249,237	42.50	1,080,469	36.75
Jasper	694,020	45.38	928,462	60.71
Jay	1,130,262	46.01	1,048,044	42.66
Jefferson	812,995	39.60	867,279	42.24
Jennings	475,900	38.81	654,048	53.34
Johnson	1,229,408	44.58	1,277,391	46.32
Knox	2,082,062	48.72	2,172,599	50.84
Kosciusko	1,566,504	45.81	1,516,345	44.34
LaGrange	575,046	38.63	749,140	50.33
Lake	8,778,215	54.31	20,592,624	59.56
LaPorte	3,608,907	47.90	3,556,610	47.20
Lawrence	1,328,554	41.11	1,566,550	48.47
Madison	4,897,803	48.83	4,888,641	48.74
Marion	37,655,579	70.64	29,970,741	56.22
Marshall	1,328,554	46.09	1,380,701	47.90
Martin	396,583	35.08	462,862	40.95
Miami	1,447,529	44.62	1,553,008	47.87
Monroe	1,824,283	48.60	1,892,949	50.43
Montgomery	1,447,529	49.51	1,634,897	55.92
Morgan	971,629	43.69	952,170	42.82
Newton	475,900	43.92	670,135	61.85
Noble	1,110,433	43.71	1,176,697	46.30
Ohio	178,462	35.51	187,896	37.39
Orange	594,875	43.44	701,690	51.24
Owen	416,412	37.41	579,718	52.08
Parke	555,216	26.84	980,206	59.03
Perry	614,704	40.37	702,563	46.13
Pike	575,046	37.62	745,470	48.76
Porter	$1,625,991	$44.74	$1,652,466	$45.46
Posey	812,996	38.93	901,744	43.23
Pulaski	495,729	42.58	676,284	58.08
Putnam	852,654	41.39	998,058	48.45
Randolph	1,348,383	46.82	1,260,273	44.91
Ripley	793,166	39.02	806,126	39.65
Rush	852,654	47.65	1,024,042	57.22
St. Joseph	11,540,571	60.49	9,358,075	49.05
Scott	495,729	37.47	439,396	33.21
Shelby	1,328,554	46.43	1,247,429	43.59
Spencer	594,875	35.57	681,664	40.76
Starke	594,875	38.83	692,205	45.19
Steuben	674,191	43.23	787,303	50.48
Sullivan	892,312	40.71	1,133,015	51.69
Switzerland	257,779	33.63	397,961	51.92
Tippecanoe	3,410,615	55.26	2,867,612	46.46
Tipton	674,191	42.58	798,494	50.44
Union	257,779	41.87	441,488	71.70
Vanderburgh	8,724,830	55.82	7,667,279	49.05
Vermillion	713,850	41.36	988,587	51.49
Vigo	5,829,773	60.28	5,391,347	55.75
Wabash	1,269,066	48.91	1,380,602	53.21
Warren	317,267	37.75	496,866	59.12
Warrick	872,483	40.61	864,647	40.25
Washington	575,046	38.86	744,844	50.34
Wayne	3,331,299	54.09	3,301,586	53.60
Wells	1,011,287	48.61	918,852	44.17
White	872,483	45.50	907,050	47.30
Whitley	832,825	47.75	932,945	53.49

Mr. JENNER. Mr. President, I cannot let this debate close without registering my unalterable opposition to H. R. 1211, which would eliminate the peril-point provision prospectively, and retroactively to June 12, 1948.

The emphatic insistence by this administration upon the elimination of the peril-point provisions, which are the only protection of the American producer, farmer, and laborer in our whole international trade program, only strengthens my opposition also to the basic philosophy underlying our alleged reciprocal trade program as a whole.

It is my personal conviction that the implications of this program have been so carefully covered up that the so-called reciprocal trade program has now become the most dangerous instrument in the whole arsenal of propaganda weapons which this administration has been firing at American public opinion.

Behind this barrage of propaganda this administration has been taking us further and further down the road which they call "international economic cooperation," until we have reached the point where, if we would but stop and read the sign posts, we could not help but be convinced that this road is leading to the destruction of our standard of living, to bankruptcy, and to the loss of our economic, social, political, and personal freedoms.

Many years ago Edmund Burke warned His Majesty's Government as to where its treatment of the American Colonies was leading, when he said in his Conciliation of the Colonies:

> People are sometimes slowly led, sometimes hurried into things to which, if they could have seen the whole together, they would not have permitted the slightest approach.

Mr. President, if this same warning does not apply to this administration's handling of the so-called reciprocal trade program, why should its spokesmen be compelled to defend it by continued reliance on propaganda based on fiction and not fact?

The truth is that for years our wild-eyed international crusaders and their well-intentioned bipartisan supporters have been poisoning the minds of the American pepole with the fantastic philosophy that they are going to take the remnants of two world wars and remake them into a brave new world, fashioned after their own desires, and pay for this experiment with the American taxpayers' money.

The more fanatical these crusaders are the more ready they are to confess that the basis of their international experimentation is found in the so-called reciprocal trade program.

To maintain their stranglehold over the economic life of this Nation, they have been willing to go to any length to misrepresent the implications of this program.

By way of illustration, Mr. President, I refer you to the publication of the State Department entitled "Building World Trade," of November 1948, in which, in an article by Winthrop G. Brown, Director of the Office of International Trade Policy, he makes the following amazing statement:

> From the very beginning of our national existence, international trade has played a major role in our economic development.
>
> On June 12, 1776, 3 weeks before the Declaration of Independence, the Continental Congress created a special committee to study international trade in relation to our foreign policy.
>
> The Continental Congress must have been very busy in that historic summer of 1776, but the importance of international trade was so great that it assigned no less eminent men than Benjamin Franklin, John Adams, and Robert Morris to the committee.
>
> The committee prepared a project, known to history as the "Plan of 1776," that was adopted by the Continental Congress in the fall of that year and that served as a guide for our commercial treaties for many years to come.
>
> This plan proposed an open-door trade policy that, in today's language, might be called multilateralism.
>
> It contemplated that Americans would trade with France (or other countries) free of the arbitrary restrictions imposed upon the Colonies by England to divert colonial trade to or through the mother country in an early version of the empire-preference system.
>
> Here, then, are the beginnings of basic conceptions which underlie our economic foreign policy today.
>
> The founders of the Republic knew that international trade was of vital importance to this country; that an open-door policy between countries was essential for trade to expand; and that certain principles or rules were necessary for an orderly and full development of international trade.
>
> Experience and political insight told them that economic foreign policy cannot be dissociated from political foreign policy.
>
> Peace and trade are the two sides of the same coin.

Mr. President, no statement could be more completely misleading. For instance, Benjamin Franklin, who was a member of this committee which formulated the "Plan of 1776," pointed out there were only three ways in which a

nation might become wealthy. His philosophy is so at variance with Mr. Brown's propaganda that I want to read into the RECORD what Benjamin Franklin thought about this so-called reciprocal trade program.

What are the three ways which he believed would enable a nation to become wealthy?

1. By war or taking by force the wealth of other nations.

2. By trade, which to be profitable requires cheating.

For example, if we give and receive an equal amount of goods and services through trade, there is no other profit than that obtained in our own production cycle.

3. By agriculture, through which we plant the seeds and create new wealth, as if by a miracle.

The second illustration, Mr. President, of how completely misleading this State Department propaganda is, is found in its complete distortion of the basic principles on which this Government was founded.

As I read history, America was carved out of the remnants of five ancient empires: The British, the French, the Dutch, the Spanish, and the Russian. As a protest—indeed, as the world's most magnificent protest — against imperial exploitation by government, America was founded as something unique in human history.

Mr. MILLIKIN. Mr. President, will the Senator yield for a brief observation?

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Does the Senator from Indiana yield to the Senator from Colorado?

Mr. JENNER. I yield.

Mr. MILLIKIN. I suspect Mr. Brown does not have any acquaintance with the laws of the First Congress of the United States, which included a protective tariff act.

Mr. JENNER. Apparently not. That shows all the more the character of propaganda he is disseminating.

Mr. President, this Government was founded on the conviction that the external relations of a nation ought always to be subordinated to the domestic relations and ought always to reflect the internal, economic, social, and political structure and concerns of our people. In other words, our earliest statesmen were determined to build a constitutional representative republic, which, free from the constant curse of foreign commitments, would have the time and the security to permit debate, deliberation, and experimentation with the development of a full and free economic, social, and political system.

In other words, Mr. President, that is what Benjamin Franklin meant when he said he had given us a constitutional republic, if we could keep it. How can there be any doubt that he also believed we could keep it only so long as our domestic concerns and needs always took precedence over our international relations.

A third point at which this State Department propaganda completely misrepresents the issues and facts, lies in its refusal to recognize the fact that the first tariff act of Congress placed a floor under wages and prices in this country, a floor protecting from the products of exploited foreign slave labor. As the historical record conclusively proves, that floor laid the foundation on which the American people have developed the highest standard of living in human history.

The fourth misrepresentation, Mr. President of this State Department propaganda is more vicious than all the others put together. I refer to its constant concealing from American public opinion of what our international programs, based on this reciprocal trade program, have already done to these United States.

What is it that has happened to this country, Mr. President, that this administration's propaganda spokesmen are determined to conceal from the American people?

The truth is that the sponsors of our international program have turned America upside down and inside out, until today, strangled by a maze of international commitments — financial, military, political, as well as economic in nature—our domestic life is being dominated by and dictated to by alien interests.

This fact, far from arousing the American people to the danger that it constitutes to them, instead is being placidly acknowledged by our statesmen.

For instance, when speaking to the Conference of Governors, on June 20, 1949, Gen. Walter Bedell Smith told the governors of our 48 States:

The time has passed when foreign affairs and domestic affairs could be regarded as separate and distinct. The border line between the two has practically ceased to exist.

Mr. MILLIKIN. Mr. President, if the Senator will permit a brief interruption, let me say that conference was held at Denver, Colo.—just to get a little plug for Colorado into the RECORD.

Mr. JENNER. I am glad the Senator pointed that out.

Mr. President, for a bipartisan supporter of this same administration's global philosophy, we have the former Secretary of State and Secretary of War, Mr. Henry L. Stimson, who admits that—

No private program and no public policy, in any sector of our national life, can now escape from the compelling fact that if it is not framed with reference to the world, it is framed with perfect futility.

Yet these spokesmen and their confederates, in this international program for building a brave new world with the American taxpayers' money, are careful to refrain from warning the American people of how dangerously far-reaching such admissions are.

They will not tell the American people that by following the course we have pursued thus far, we are taking on the nature, and taking over the function, of the British imperial system, thus being forced to assume obligations and to carry out policies which our constitutional representative form of government was set up to make specifically impossible. In other words, these bipartisan international planners have committed us to a world role which cannot be carried out under our present form of government.

Is it any wonder that Mr. Truman goes into fits when we talk about statism? Is it any wonder, in the face of this fact, that administration propagandists refuse to take the American people into their confidence?

The truth is the implications of this brave new world role we have been assigned are so great the architects do not dare do anything but perpetuate a vested interest in their own mistakes, particularly in regard to this alleged reciprocal trade program.

In the first place, Mr. President, who, of those who are championing the reciprocal trade program, would dare tell the American people that we have taken over the role of the decadent British Empire, a role which, because of the industrial-revolution monopoly position the British held, and because of the financial stranglehold they maintained on a world empire, on which the sun never set, enabled them to funnel the riches of the exploited nations into the British Exchequer? If anyone doubts this to be the case I merely refer him to Canada's financial minister Abbott, who during the past week told Mr. Snyder that it was time "that the United States reexamine her economic policies to determine whether they are appropriate" in our new-world role.

Mr. Abbott, to specify what he meant, went on to say:

I have in mind * * * the question whether tariff policy, policy regarding customs administration, policy regarding foreign investments, policy regarding the distribution of the financial burden of political responsibilities in various parts of the world is appropriate to the present international position.

They are not kidding, Mr. President, they are telling what they are going to do.

In the second place, how many bipartisan supporters of the pending bill would dare tell the American people that the whole world basis, upon which this British role we now have assumed depended for its success, has crumbled beneath our feet; that the traditional system of balance of power has gone; that the economies of Europe and Asia have been paralyzed by Russia's iron curtains, which our own statesmen helped erect at the outrageous conferences of Tehran, Yalta, and Potsdam, and furthermore, that the means by which British imperialism had been maintained successfully, namely, either through direct military domination of weaker peoples, or through indirect domination by their financing of corrupt native rulers, continue to be completely disowned by our policymakers, who continue to insist that the attaching of any conditions—or any enforcement of them—by the American Government to our economic, financial, or political aid, would constitute a reprehensible interference in internal affairs of others?

In the third place, since these facts are true, who would dare to point out that a continuation of the role we are playing,

on the basis of such policies, is a one-way road to disaster, and that the only consequence of a continuation of our present policies by those who have gotten us into this mess—the only consequence, I say—is to get us in deeper?

I now want to put into the RECORD a few of the proofs of such a conclusion. What are the facts which refute the propaganda the administration is peddling to the American people in support of its drive to eliminate the peril-point provisions of our trade-agreements program and to restore to the executive branch of the Government what amounts to an absolute power of life or death over our American economic life?

The peril-point proposal does not take away any of the President's powers. He does not have to follow it. It is only a guidepost, if you please. But it is being fought to the death. Why?

To begin with, the sponsors of the reciprocal trade program have insisted that such a trade policy was absolutely necessary to help eliminate poverty, to raise living standards, and to eliminate areas of conflict that set a ruinous economic warfare in motion. Is not that the basis of this undertaking? Is not that what it is claimed this policy will do?

Mr. MILLIKIN. Mr. President, since the Senator is asking me, I may say its advocates claimed much more than that. They claimed it would end the depression of the 1930's, prevent our getting into another war, and solve all the problems of the transition.

Mr. JENNER. I shall come to all those points.

This same philosophy was reemphasized by Secretary Marshall, who recently told Members of Congress:

> It is the economic factors which I think will largely determine the great issues in the international field in times of peace and will make a pattern for peace or for possible war.

Delightful as this philosophy may be, what are the facts to back up the claims that our continued adherence to this so-called reciprocal trade program has lessened the area of conflict and reduced the forces making for economic warfare? Let us see.

The truth is that at this very moment economic warfare is raging across the world with such a fury that the whole structure of international trade has been torn into enemy camps, the leaders of which, either out of the necessity for self-survival or for reasons of political expediency, are plunging the knife of trade restrictions and discrimination in the backs of their neighbors, until the alleged economic cooperation, even among our so-called friendly allies, which the reciprocal trade program was designed to produce, begins to resemble only the antics of lunatics in an insane asylum.

One need only read the record of our performance to date in the handling of our trade relations, to be overwhelmed by the proof that international trade has been torn lose from its moorings of economic reality and financial values, and set adrift on the sea of international power politics.

As a consequence, what has happened to every consideration for the elimination of poverty, or for the raising of the standards of living, or for the stabilization of an honest system of financial values and elimination of economic conflict?

It seems obvious that the louder these slogans are proclaimed as the objectives of our reciprocal trade program, the more they serve to cover up the fact that the products of men's toil and sweat have become mere political items to be used for the attainment of political ends, in the most vicious struggle of power politics, with which this world has yet been cursed.

No more an arresting illustration of the absurd lengths to which the political manipulation of economic considerations have gone, in the conduct of our foreign affairs, can be found, than in a contrast between our treatment of Spain and our treatment of Yugoslavia.

Listen, Mr. President, this is a masterpiece.

If we are to believe the proponents of the bill now before the Senate, that the reciprocal trade program is the only realistic means at our command for restoring sound world economy, how can we explain our continued attitude toward Franco?

In spite of all the propaganda that has been disseminated by this administration's spokesmen against Spain, the points they continue to make have been submitted to the United Nations. I want to read the results into the RECORD at this point in my remarks, to show the reaction of the United Nations to these charges:

1. That Franco was established in power by Hitler and Mussolini and helped the Axis in World War II. The affirmative vote totaled 8, the negative 33, and 13 abstaining.

2. That Franco does not represent the Spanish people; 10 affirmative, 33 negative, and 13 abstaining.

3. That Franco's government was a tyranny; 8 affirmative, 35 negative, and 13 abstaining.

4. That abuses were committed by the Franco regime after 1947; 7 affirmative, 35 negative, and 13 abstaining.

5. That the United Nations should make the 1946 resolution obligatory; 6 affirmative, 36 negative, 11 abstaining.

We are building a beautiful home for them. We are paying $63,000,000 for it. If the United Nations is merely an empty shell of a debating society, we had better withdraw the appropriation and forget about it. But we are talking about world trade, and we have nothing to do with Spain.

And yet, Mr. President, in spite of this record to isolate the Spanish people not only from the Marshall plan but also from the so-called benefits accruing from our reciprocal trade program and from the North Atlantic Pact and army-implementation program as well, in spite of the needs of the Spanish people, in spite of the role Spain played in European economy, in spite of its vital military role in the defense of Europe, and in spite of the fact it is one of the few nations in the world that still pays its bills, contrast this treatment with the about-face back flip, of the State Department in its relation with Marshall Tito, in spite of the Marshall plan, the North Atlantic Pact, and arms implementation. Here is a beautiful picture.

Here is a dictator who has been providing the Greek guerrillas with war matériel, who has placed countless Yugoslav women in concentration camps, who has executed 250 priests as war criminals, who has been excommunicated by the Catholic Church, and who has confiscated all the private capital in 42 national industries, under as vicious a system of tyrannic dictatorship and despotism as can be found.

Yet, we have now agreed to ship a $3,500,000 steel mill to Marshal Tito—to advance a loan of $20,000,000—and now I understand the State Department is also paving the way for an additional loan of $200,000,000, on the basis of the perfectly obvious intention to win another political ally, at the American taxpayer's expense. It is going to be too bad if we ever run out of money and cannot buy our friends.

On this point, Mr. President, one could go on, ad infinitum, with illustrations of the political abuse of economic bargaining power which this administration already is exercising under the reciprocal-trade program.

Perhaps one more illustration will suffice.

In the August 9, 1949, issue of the Christian Science Monitor, Mr. Francis Ofner, staff correspondent, wrote an article about the British Crown Colony of Aden, in Arabia.

Under the title, "No Communism Found in British Colony, but Starvation Wages Breed Discontent," Mr. Ofner went on to say:

> Hundreds of half-baked, dirty Adenites were sleeping on camp beds in the streets, on stairs, and in doorways at the steamer point, the European harbor quarter, when I arrived here at a late evening hour.
>
> One-third of the Colony's 80,000 inhabitants live in the open air or in caves, in brushwood huts, kitchens, or shanties—primitive structures made of reeds, palm leaves, or stone hovels, unventilated, unsightly, and unsanitary.
>
> Next morning, through the window of my room at the Crescent Hotel, I watched a building under construction.
>
> It was a small building, but at least 100 workers were engaged in a task which anywhere else would have required hardly more than about 30 workers.
>
> Later I found out that native workers in Aden have one of the lowest standards of efficiency in the world.
>
> The reasons, I was told, are the taxing hot and humid climate, lack of education, and malnutrition.
>
> Standard wage for unskilled labor here is a rupee a day, or roughly 23 cents.

Mr. President, I should like to insert at this point in my remarks a list of the United Kingdom dependencies in which conditions similar to those already described are to be found—a list which represents over 3,623,000 square miles and a population of over 73,000,000 people whose exploitation and impoverishment we only help to perpetuate by continuing to place all of our economic and financial eggs in Britain's basket.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

TABLE 1.—*United Kingdom dependencies*

	Area (1,000 square miles)	Population (millions)	Status
East Africa	1,230.0	19.0	
Kenya	224.0	3.9	Colony and protectorate.[1]
Uganda	110.0	3.9	Protectorate.
Tanganyika	360.0	5.5	Trusteeship.
Northern Rhodesia	290.0	1.4	Colony.
Southern Rhodesia	150.0	1.5	(2 [illegible]).
Nyasaland	37.0	1.5	Protectorate.
Somaliland	68.0	.6	Do.
Zanzibar	1.0	.3	Colony.
West Africa	346.0	31.0	
Gambia	4.0	.2	Colony and protectorate.[1]
Gold Coast	92.0	4.0	Do.[1]
Nigeria	373.0	23.0	Do.[1]
Sierra Leone	30.0	1.8	Do.[1]
St. Helena	.1	-------	Colony.
Cameroon	34.0	1.0	Trusteeship.
Togoland	13.0	1.0	Do.
South Africa	295.0	1.0	
High Commission Territories.	295.0	1.0	
Eastern dependencies.	405.0	10.0	
Aden and Hadramaut.	120.0	1.0	Colony and protectorate.
Bahrein, Koweit, Qatar, and Oman.	150.0	1.0	Protected states.
Hong Kong	.4	1.0	Colony.
Mauritius	1.0	1.0	Do.
Seychelles	.2	-------	Do.
Federation of Malaya.	52.0	4.8	Protectorate.
Singapore	.2	.9	Colony.
North Borneo, Brunei, Sarawak.	52.0	1.0	Protectorate.
Mediterranean dependencies.	4.0	1.0	
Cyprus	4.0	.4	Colony.
Malta	.1	.3	Do.[2]
Gibraltar	.002	.03	Do.
West Indies	111.0	3.0	
British Guiana	85.0	.4	Do.
Jamaica	4.0	1.0	Do.[2]
Trinidad	2.0	.6	Do.
Other West Indies and Falklands.	20.0	1.2	Colonies.
Pacific dependencies.	18.0	1.0	
Fiji	7.0	.3	Colony.
Pacific islands (other than Fiji).	11.0	.8	Protectorates.
Condominia	1,014.0	6.6	New Hebrides with the French; Anglo-Egyptian Sudan.
All dependencies	3,623.0	73.0	

[1] Adjoining areas administered by the same government.
[2] Self-governing in internal matters.
[3] Degree of self-government beyond colonial stage.
Source: The Statesman's Yearbook 1946, London, 1946.

Mr. JENNER. Mr. President, this reciprocal trade program, even in the hands of Americans, cannot possibly eliminate such poverty and raise such tragic standards of living, as are represented by these figures, particularly when the same program becomes progressively a brutal instrument in this vicious struggle of power politics, which continues to be described to the American people as the cold war.

Mr. President, what about the second argument used by the supporters of this alleged reciprocal trade program, namely, that the theory of reciprocity is necessary to increase our own foreign trade advantages?

The fact is, that in the 1934 Trade Agreements Act, as has been pointed out by the junior Senator from Nevada [Mr. MALONE], the word "reciprocal" does not even appear. Then the question arises, "How much reciprocity has there been in the trade agreements negotiated under this act to date?"

In a statement regarding the development of bilateral agreements, furnished to the Senate Committee on Finance by the State Department for the record of hearings on the pending bill, there are listed 90 countries, covering practically the entire world, which take exports from us and ship goods into our markets. This list discloses also that of all these 90 countries, 72 require exchange permits.

I have been reliably informed by State Department spokesmen that they cannot think of any nation, with the possible exception of Switzerland, with whom we have entered into trade agreements under this act, whose concessions to us have not either been impaired, nullified, or withdrawn.

Mr. MILLIKIN. Mr. President——

The PRESIDING OFFICER (Mr. CHAPMAN in the chair). Does the Senator from Indiana yield to the Senator from Colorado?

Mr. JENNER. I am glad to yield.

Mr. MILLIKIN. The testimony before the Senate Committee on Finance showed that although we have permitted Switzerland to develop almost a monopoly of our American watch market, Switzerland imposes an embargo on the best type of watchmaking machinery in the world, and will not let us have such machinery.

Mr. JENNER. I did not know it was quite that bad. I thought probably Switzerland, out of the 90 nations, was going to give us a break.

Mr. MILLIKIN. I am sorry to disillusion the Senator.

Mr. JENNER. I regret being disillusioned.

In other words, Mr. President, as my distinguished colleague the Senator from Colorado [Mr. MILLIKIN] has pointed out:

> While under the guise of reciprocity, we have opened our markets to the world's exports, in many instances at close to free-trade levels, the foreign nation beneficiaries have circumvented their concessions by various devices such as State trade, import quotas, bilateral agreements, preference systems, import licenses, and exchange restrictions.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. JENNER. I yield to the Senator from Nebraska.

Mr. BUTLER. Referring to the arrangement to which the Senator from Indiana has just alluded, it amounts to this, does it not, that we place no restrictions on the importation of unemployment, while the other signatories are preventing the importation of goods from the United States into their countries, by which in effect they are protecting their employees, while we are not protecting ours?

Mr. JENNER. Yes, and they are doing it by various systems, such as exchange licenses, import quotas, and the like, and more than 300 bilateral agreements.

What about the third argument advanced by proponents of this trade policy in its support, namely, that under this program the American farmer and manufacturer would be able to find larger foreign markets for their surpluses?

Mr. President, the results that have been obtained would be laughable if they were not rapidly becoming so tragic. The truth is that all over the world, even the nations which are parties to our so-called reciprocal-trade programs are competing with each other for the honor of imposing the greatest restrictions against the American exporter.

The record shows that nearly 300 bilateral agreements have been concluded by our peace-loving allies in the cold war that is raging, agreements entered into not only among themselves, but between themselves and Russia's trade orbit.

England herself has placed a more complete embargo on the importation of American products, and is rapidly building up even greater restrictions against American exporters throughout the entire sterling bloc area.

Mr. President, what about the assurances of both Presidents Roosevelt and Truman to the American people that if Congress would delegate its constitutional tariff-making powers to the Chief Executive under this reciprocal-trade program no injury or threat of injury would be permitted to American producers?

The facts of what has actually taken place, so far as this promise is concerned, have already been so masterfully presented during the course of this debate, that I do not want to burden my colleagues with their repetition, but I do want to reemphasize for the record a list of those items of America's production which have received an almost fatal injury from the impact of increased imports which the Chief Executive has permitted to flow into American markets.

I mention some of these: Tree products—apples, pears, cherries, lemons, olives, nuts; hops; potatoes; tomatoes; fish fillets, frozen fish, fresh fish, shrimp, crabs and crabmeat, salmon, tuna; sponges; wool and wool products, angora rabbit wool; cattle, beef, fats, and oils; butter, cheese, and other dairy products; minerals such as copper, lead and zinc, mercury, tungsten; furs; watches; chinaware; glass products, glassware, glass bottles, flint glass, window glass; pottery; tile; rayon and silk; gloves; wool-knit berets; clothespins; scientific instruments; woven wool felts; petroleum.

And now, Mr. President, what has happened to the assurances given by this trade program's chief supporters, that by surrendering congressional tariff-making authority to the Chief Executive, we would eliminate logrolling, and destructive high tariffs, and set up a middle-of-the-road tariff standard that would not lead to planned economic controls over our agriculture or industrial life?

As has already been brought out in the debate, this administration, and the the administrators of the act have been so fanatical in their international zeal that they have deliberately multiplied the calculated risks of injury to our own economy, of a reduction in our standard of living, and of destruction of our economic freedom based on diversified

American production, to attain their so-called larger objectives.

The actions of the executive department, as the following record will prove, reveal a basic intention to prevent the tariff-making powers delegated to it by Congress for the purpose of better protecting our economic system, into a weapon for the remaking of our economic system in the fitting of this new planned economy into the larger economic plans that are being drafted for an international superstate.

It is at this point, Mr. President, where we can more clearly see how our international enthusiasts have taken the lead in turning America inside out and upside down.

When we bear in mind the fact that the tariff powers of Congress were provided by those who framed the Constitution to protect American producers in an American economy, we can better understand what a complete about-face the proponents of this bill have executed, when we discover the standard now being used for the regulation of American tariffs.

In the 1948 hearings before the Senate Finance Committee on bill H. R. 6556, page 52, Mr. William Clayton describes the basis on which the future of American industry and American agriculture is being protected. Mr. Clayton stated this administration's upside-down economic and trade policies in the following words:

> Equally, however, no concession is recommended unless it accords with the security interests of the country, with the interests of agriculture, of consumers, and more broadly, with the over-all foreign economic policy of the United States.
>
> On the other side, the probable bargaining value of particular concessions must also be considered.
>
> That is, no factor, least of all domestic welfare, is disregarded, but all are weighed together by the entire group, each agency having an equal voice in all decisions.

In a further admission of this administration's intentions to stand the American economy on its head, none other than Mr. Willard L. Thorp, Assistant Secretary of State for Foreign Affairs, told the Senate Finance Committee, as the chief witness of the executive department in support of H. R. 1211, the bill now before us, that the State Department interpreted the tariff-making powers which Congress had conferred on the Chief Executive as a clear mandate to broaden the basis of United States foreign trade, to create purchasing power for American exports, and—get this—to guide the economy as a whole into the most productive lines possible.

No wonder they do not like the word "statism."

Mr. MILLIKIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CHAPMAN in the chair). Does the Senator from Indiana yield to the Senator from Colorado?

Mr. JENNER. I yield.

Mr. MILLIKIN. In reading the accounts of the regime of Hitler or the regime of Mussolini or of any other dictator, has the Senator ever heard an expression that surpassed that one in the grandiose nature of its claim to power?

Mr. JENNER. I never have. One would not believe that would happen in America, but it is happening before our very eyes.

Mr. President, these are the admissions of the chief proponents of this reciprocal trade program.

They boldly state their objectives to remake the pattern of our economic life to fit into the over-all economic foreign policy which underlies this new adventure in international power politics, the staggering costs of which the American people are continuing to bear.

Yet none of us should be blinded by the continuing assurances of those who are obviously manhandling our foreign policies, that they know where they are going, that they know how they are going to get there, and that, as the late President Roosevelt assured us on May 30, 1944, those ends can be obtained without "the surrender of a single iota of our sovereignty or the slightest impairment of our legislative processes."

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. MILLIKIN. Who said that?

Mr. JENNER. President Roosevelt said that on May 30, 1944: He said, and I will read it again, that those ends can be obtained without "the surrender of a single iota of our sovereignty or the slightest impairment of our legislative processes."

If the legislative processes are going to continue to be turned over to the executive department, of course, as President Roosevelt said, that can be done. It is being done here today.

Mr. MILLIKIN. As to the surrender of sovereignty, the Senator from Indiana, of course, is aware of the fact that, under the Geneva multilateral agreement, our sovereignty over the value of our money and our sovereignty over valuing foreign money expressly provided for in the Constitution, has been turned over to a group of 23 nations—decisions to be decided by a majority vote in which we have 1 vote.

Mr. JENNER. Yes.

Mr. MILLIKIN. Is that the Senator's conception of preserving sovereignty?

Mr. JENNER. It is not. It is all a part of this superstate I have referred to, whereby we are bankrupting and destroying the freedom of our own people.

Mr. MILLIKIN. The Senator is aware of the constitutional provision which gives Congress the exclusive power of legislation, and which expressly puts into the hands of Congress the power to control tariff matters and the valuation of money. But with respect to the 23 nations I referred to, they refer questions affecting the value of our money and of other nations' money to the Monetary Fund, in which we have a 30 percent interest, and under the express terms of this multilateral agreement to which I am referring, we have to accept their conclusions.

Mr. JENNER. And we have one vote.

Mr. MILLIKIN. We have 30 percent interest in the Monetary Fund, and one vote among the 23 parties to the Geneva agreement. So I will ask the Senator from Indiana whether that is a preservation of our sovereignty?

Mr. JENNER. It is like trading hams for weenies.

The road which the advocates of this reciprocal trade program are determined to continue to follow, lies stretched out before us in full view and we can ignore historical warnings, we can ignore the matters to which the Senator from Colorado has just referred, and the present lessons of our own experience where a continuation down this road will lead, only at our peril.

I may say at this point, Mr. President, that I do not need to make these remarks just for home consumption, or just to keep the record straight. The fact is that my fellow Indianians have not been taken in by all this administration propaganda. Instead, they have instinctively sensed the folly and futility of this international adventure and they have learned from experience what a true threat to their own standard of living and to their own future as a free people, a continuation of this reciprocal trade program constitutes.

Mr. President, in response to a survey questionnaire which I submitted to more than 4,000 businessmen in my State who employ the workers in my State, a questionnaire concerning the elimination of the peril point, I received the overwhelming reply in favor of its retention as is revealed by the following figures of 368 for its retention and only 11 opposed.

Mr. Truman said yesterday that the simple way to handle all this is that "we will buy from you what you make best, and you buy from us what we make best." Is that not pretty? We cannot expect more from Mr. Truman, however. He does well, considering his past and where he came from. But let us analyze what he said. Who makes what best? Are we, simply because we can make an automobile best, to provide automobiles for all the world? That would seem to be the theory. Perhaps that is all well and good. It would be advisable, however, to stop and realize that 95 percent of America's business and trade and commerce is done by small business, not by the great producers, the masters of mass production. The great bulk of our business is not conducted by United States Steel, by the Ford Motor Co., by General Motors, and by the Aluminum Corp. of America. They do only 5 percent of all our trade and commerce. What are we going to do with the 95 percent that employ 250 men and less? Are we going to permit the hand labor of the slave sweatshops of the rest of the world to destroy the backbone of this Nation?

Mr. President, I said that I had sent a survey questionnaire to the businessmen of my State respecting this reciprocal-trade program, and concerning the elimination of the peril point. As I said, I received an overwhelming reply in favor of the retention of the peril-point provision, as is revealed by the following figures: Three hundred and sixty-eight businessmen sat down and wrote lengthy letters and explained their position. I shall not clutter up the RECORD by asking to have them printed in the RECORD. Of

all the mail I received from big and little businessmen in my State I found only 11 letters from those who opposed the peril-point provision. So the administration is not kidding the people of Indiana with its grand programs for a bold new world financed by American taxpayers.

Mr. President, I want to drive home the following facts to help my constituents better to understand how right they are in order to prepare them for the inevitable consequences which the future holds for the American people, as a whole, if this fantastic international adventure continues to be underwritten by the passage of this bill, H. R. 1211, in its present form.

If we continue the way we are going, the very forces we are financing and the policies we are underwriting will drive us into a semisuperstate. As the Senator from Colorado [Mr. MILLIKIN] has said, on the International Trade Organization we have 1 vote out of 23.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. MILLIKIN. I wonder if the Senator is fully aware of the fact that the administration admits that the proposed ITO must be approved by Congress. Many think it must be approved as a treaty. Personally, I think it must be approved as a treaty, if it is to be approved. But the minimum viewpoint is that it must be approved by both Houses of Congress. I wonder if the Senator is aware of the fact that by Presidential proclamation we have already agreed provisionally to the heart of ITO, and have committed ourselves to adherence to the principles of ITO.

Mr. JENNER. I heard the marvelous speech on this subject delivered the other day by the Senator from Colorado. I heard him state those facts. However, I cannot blame the State Department and the executive branch of the Government so long as intelligent men in the United States who are elected by the sovereign vote of the people are so spineless as to sit by and see the destruction of the greatest nation ever known under God's sun. It is our fault, the fault of each and every one of us.

If we continue the way we are going, the very forces we are financing and the policies we are underwriting will drive us into a semisuperstate where the international allocation of raw materials, industrial potential, manpower, and markets, will drag our standard of living down to the agonizing standards of the Old World, bankrupt our people, and destroy our freedoms. The next step is international allocation.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. MILLIKIN. That step is already in the Geneva multilateral trade agreement about which I have been speaking.

Mr. JENNER. It is pitiful.

Mr. MILLIKIN. Mr. President, will the Senator yield for one further observation?

Mr. JENNER. I am glad to yield.

Mr. MILLIKIN. If we should have to reduce farm production because of unmanageable surpluses we could not exclude imports adding to that surplus.

We could only reduce them proportionately. That is allocation. That is the very thing the Senator is talking about. We have already committed ourselves.

Mr. JENNER. No wonder the little fellow in the White House goes into a fit when anyone talks about statism. The hour is late. Perhaps it is already too late. What does the Senator think?

Mr. MILLIKIN. The bird is on the wing.

Mr. JENNER. Convincing proof of this fact lies in a further statement on United States economic foreign policy by Mr. Winthrop G. Brown of the State Department in which he reveals that a perpetuation of the reciprocal trade program is necessary to implement our participation in the international trade organization.

The charter of the ITO, according to Mr. Brown—

reflects the belief that progressive trade policies must be supported by consistent policies for stabilization in the field of certain primary commodities.

Prolonged and drastic fluctuations in world markets for these commodities can create widespread hardship and unemployment and thus undermine the very foundations of a cooperative world economy.

Machinery and rules should be provided for reaching intergovernmental agreements to govern temporarily the production and marketing of such commodities when they are in burdensome world surplus.

That is what the Senator from Colorado was talking about.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. MILLIKIN. I think I should say in fairness that the members of the majority party of the Senate Finance Committee have filed their caveat against provisions of the type I am talking about in the Geneva multilateral trade agreement, and members of the minority have unanimously done the same.

Mr. JENNER. I go back to the original statement by Edmund Burke. Sometimes people are led, and sometimes they are hurried; but if they could see it all put together they would have no part of it.

Furthermore, Mr. President, in a "foreign affairs background summary" on expanding world trade, dealing with United States policies, the State Department further reveals that "the trade-agreements program is an integral and essential part of the commercial policy embodied in the charter." The charter which is referred to is that of the International Trade Organization.

The same pamphlet goes on to state:

Establishment of the International Trade Organization will extend and expand the application of the principles underlying the reciprocal trade-agreements program of the United States, because the Organization is based upon the same principles and directed toward the same aims.

All of the different lines of international economic activity in which the United States Government is engaged lead to the same goal, each being designed to deal with a different aspect of the world economic problem.

Each of the programs described in this outline has been aimed at the improvement of living standards in the United States and throughout the world.

What do these statements mean, Mr. President? In my humble opinion they can only mean one thing, namely, that we are already caught in the most fantastic, self-defeating, tax-devouring international program in history.

We are squandering billions of dollars to develop industrial potential on both sides of the iron curtain in Europe and Asia, and at the same time, to destroy the natural markets for those goods.

The socialization of England and of France naturally cannot afford to permit competitive goods to enter domestic markets, for fear that the resulting unemployment, forced by a shift to more competitive industries, will undermine the full employment welfare basis of political power.

We are spending billions to destroy the German market by the continued senseless destruction of industrial potential, and this market is the largest single market in Europe. Today we are tearing down their steel mills so that England can sell to Germany the steel which Germany formerly made.

Furthermore, planned economies such as are in force in England do not—indeed they cannot—stop at the water's edge.

We are squandering hundreds of millions more to enable the British, the French, the Dutch, and the Belgians to perpetuate the exploitation of colonial people in Africa and Asia, thereby making it impossible for those natural market areas to earn the income with which to provide a market for the manufactured goods which are produced from the raw materials that are exploited from them at starvation wages.

As a consequence, Mr. President, we are now having shoved down our throats day and night, the propaganda that since our international experiment has not succeeded to this point, and since more dollars poured down the same rat holes will not save the situation, we must lower our tariffs and open the American market to the excess of industrial export potential, the natural market for which we are in process of destroying.

If there is the slightest question but that this terrifying prospect is rapidly becoming a reality, let us recall that in the joint British-Canadian-United States communiqué that was issued following the deliberations on the British crisis, we are informed that the President already has drawn up Executive proposals and is going to press for additional legislation to reduce further American tariffs, which at the present moment, represent only 5 percent of the total value of goods imported into these United States.

Let us also remember that in his message to Congress on June 24 of this year, President Truman, in requesting additional powers to put his global Marshall plan, namely, point 4 of his bold new program, into effect, frankly told the American people where they were headed, when he said:

We are here embarking on a venture that extends far into the future.

Mr. President, if we have eyes to see and ears to hear, we should not let anyone tell us that we were tricked, because I have cited in black and white where we are going and what is going to happen to us and to our economy and our country and its freedom.

I quote further from the President of the United States:

> We are beginning a rising curb of activity, private, governmental, and international, that will continue for many years to come.

It is my solemn conviction, Mr. President, that if those who are running the affairs of this country do not soon come to their senses, or if the American people are not sufficiently aroused to demand a halt in the march down this road, there is no way by which we can escape the destruction of this Nation, the last bulwark against the spreading threat of communism, and the last best hope of earth.

Mr. WILLIAMS. Mr. President, I rise at this time to support the amendment offered by the junior Senator from Colorado [Mr. MILLIKIN] on behalf of himself and the other minority members of the Senate Finance Committee, which would continue in force the provision, adopted by the Eightieth Congress, authorizing the United States Tariff Commission to investigate and then set a peril point beyond which the President, in negotiating reciprocal-trade agreements with foreign countries, may not go without disaster to American industry. It should be understood that this provision, while not denying the President the right and authority to reduce tariff duties beyond the peril point set by the Tariff Commission, would require him to report to the Congress his reasons for doing so.

As a member of the Senate Committee on Finance, I have listened to the hearings on the extension of the Trade Agreements Act, which occupied the time of the committee during most of the months of February and March 1949. The evidence presented before the committee, some of which I shall cite, has convinced me that it would be dangerous to repeal this safety provision for the protection of American labor and industry. In fact, in each trade agreement definite machinery should be provided so that relief can be afforded industry before serious damage has occurred.

It seems to me that one of the fundamentals of a sound tariff policy is the fixing of tariff rates to reflect the difference between the cost of production in the United States and the cost of production in foreign countries. It follows that when tariff rates do not reflect this difference between the high labor standards in the United States and the low labor standards abroad, the importation of goods so produced is bound to result in unemployment in our country.

Tariff rates, when reduced below this formula, lead to conditions in the various American industries which can best be understood by citing some recent examples which were brought to the attention of the committee in the course of the hearings.

First, let us consider the watch industry, in which the wages in Switzerland average some 68 cents an hour, whereas the rates in the American jewel industry average some $1.26 an hour. Under the trade-agreements program, Switzerland was able to export into the United States, during the years from 1941 to 1948, more than 59,000,000 watches. As a result, one of the three American watch industries has been forced into bankruptcy, and there is little doubt from the evidence which was presented to our committee that one of the contributing factors which resulted in the disaster to this American company was the unprecedentedly large number of watches which came into this country under that program.

Another example is the American bicycle industry, which exceeds in volume $100,000,000 a year, and employs some 40,000 American workers. Many of the manufacturers are located in small communities in a number of different States. The evidence produced shows that under the trade agreements program, the tariff rates have been lowered from a 30-percent duty to a 7½-percent duty. This is considered far less than the difference in cost of labor, due to the high scale of wages paid in the United States as compared with those paid in foreign countries. It takes no mathematician to understand that when this occurs, there follows an influx of foreign-made bicycles, causing unemployment in this typical American small-enterprise industry.

Still another example is the American edible fishing industry. Evidence presented during the hearings shows that while the tariff rates in some categories established 10 years ago have not been changed, yet because of higher prices, foreign fishing concerns are glutting the American market, to the detriment of the American fishing industry. For example, in 1938, imports of fish were valued at about $28,000,000, whereas the imports have increased steadily, and in 1948 reached a value of $100,000,000. It requires no magician to determine the effects of such imports on the American fishing industry which gives employment to at least 550,000 people, the utilization of some 8,000 vessels of 5 tons and over, 40,000 motorboats, and 35,000 small craft.

To add insult to injury, it now appears that some of the money to build up this foreign industry came from ECA funds, which were used for the building of foreign-owned fishing boats. In other words, our Nation is financing foreign business to put the American laboring man out of work.

As for the petroleum industry, in 1945 the Petroleum Industrial War Council asserted that the national security requires a policy as to petroleum imports which will not retard the exploration and development efforts in the domestic industry, and that, therefore, it should be the national policy to restrict petroleum imports to such amounts only as are necessary to augment our domestic production, and consistent with good conservation policies.

Many witnesses representing the petroleum industry appeared before our committee. The evidence discloses that at this time the importation of petroleum into the United States averages about 645,000 barrels a day, or over 232,000,000 barrels annually. The evidence also discloses that much of this petroleum comes from the Middle East, where reciprocal trade is unimportant, since very few of the people in that area buy anything of consequence from the United States. The evidence is ample, it seems to me, to show that if the unnecessary importation of foreign oil is not checked, it could result in a lowering of the price for crude oil, which already is relatively low, in comparison with price advances in other commodities. A lowering of the price for crude oil will, no doubt, result in the curtailment of oil reserves. It has been demonstrated that the more the price for oil is stabilized, the better are the results in respect to the finding of additional reserves of oil. Based upon the evidence, the industry has urged that the Reciprocal Trade Agreements Act be amended so as to provide quotas for petroleum imports during periods of oversupply.

Let me refer now to the fur industry. By and large, I am endeavoring to call the attention of the Senate to industries in the small-business category.

Fur farming is the newest branch of agriculture, having been developed during the past 20 years. Fur farming in the United States consists primarily of silver fox and mink fur farming. In 1939 there were about 3,000 silver fox farms scattered throughout the United States, producing about 350,000 silver fox pelts. Today, the evidence discloses, there are less than 500 farms left in business, with the production in 1949 being less than 50,000 pelts.

Mink farming did not reach a point of importance until the late thirties. It has shown constant development in both the number of farms and in production until 1948, when there were about 6,000 farms, which produced 1,600,000 pelts. The evidence presented before the committee shows that during December 1948 and January 1949 more than 1,000 mink farmers were compelled to go out of business.

The total annual average value of all imports of furs for the period 1940–45 was approximately $100,000,000, or double the annual average value of imports for the period 1930–39.

In 1946 American fur farmers produced some 245,000 silver fox pelts, the average price received being $35.45 a pelt. The cost of production for each pelt was $36.16, leaving a loss per pelt of 71 cents, while the importation of all silver fox furs increased to over 85,000, with all imported furs for that year being valued at $241,556,000.

These figures speak for themselves, and demonstrate the serious impact on the American fur industry of foreign imports.

The leaders of the industry came before our committee and urged the retention of the peril-point provision which was incorporated into the act by the Eightieth Congress. They also urged

the extension of the act for a shorter period, in order that the Congress may review its effects without waiting 3 years, at the end of which time the industry could be completely wrecked.

In previous examples, I have dealt with industries which have only indirectly affected my State of Delaware. I now want to bring this close to home. Reports from my State indicate that since the trade-agreements program has been in operation, a number of Delaware industries have been adversely affected.

For example, there is an industry located at Edge Moor, Del., known as the Ludlow Manufacturing & Sales Co. It formerly employed some 500 people in the manufacture of burlap bags, yarn, and jute webbing. Under the trade-agreements program the company found it could not compete with the mills in India with their low-wage rates and low standards of living. Consequently, because of the lowering of the tariff on jute products, it was compelled to ship its machinery from Edge Moor, Del., to India and go into production there. The operations of the Edge Moor plant have thus been reduced by 50 percent with a consequent lowering of employment.

Aside from these effects on Delaware employment, national security may be seriously jeopardized through this unwise termination of the activities of jute spinners in this country.

Another Delaware example is the manufacture of cork products. The Cork Insulation Co. manufactures cork board. Under the trade-agreements program, cork board can be imported into this country much under the production costs in the United States. It is reported that these imports are accelerating. The result is that this Delaware company is suffering from insufficient tariff protection and will be forced to curtail its operations.

Then there is the rayon industry in Delaware, which is confronted with the influx of foreign-made rayon yards under reduced tariff rates, and which, through the Rayon Producers' Group, has petitioned the Congress for relief, pointing out that the foreign competition would seriousy curtail American output.

Finally, let me cite another important case in my State, namely, the broiler industry. Delaware produces some 75,000,000 broilers annually, which for the past 12 months have been selling in many instances below production costs. To add to the distress of the industry, in 1948, the import duty on poultry was reduced 50 percent. This resulted in an increase in imports from Canada on live poultry by some 250 percent and in dressed poultry by some 1,100 per cent.

The reciprocal-trade-agreements program was inaugurated in 1934 under the New Deal for the purpose stated in the act itself, namely, as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic unemployment, and the present economic depression, and so forth. That the program failed in any noticeable degree to achieve its stated purpose of reviving American industry and relieving unemployment is evidenced by the fact that, in spite of all the trade agreements entered into with foreign countries up to 1939, unemployment still remained at about the same level as when the program began, with about 9,000,000 unemployed. And it was only the advent of World War II itself that eliminated the widespread unemployment in this country.

With 4,000,000 unemployed in the United States today and with their ranks growing, it is timely to examine critically the New Deal trade-agreements policy.

I believe it is clear enough that the importation of foreign-made commodities, some of which I have cited, produced with cheap labor, is robbing the American markets. As a result American plants are closing, thus depriving our people of work, and the only way in which Congress can safeguard the interests of American industry, American labor, and agriculture is by the adoption of the peril-point amendment.

ESCAPE-CLAUSE AMENDMENT

Mr. BUTLER. Mr. President, I should like to make a brief statement covering the amendment I have had printed, which will require an escape clause in all trade agreements, those which have been negotiated in the past, as well as those which are to be negotiated in the future under this act. I am making the statement today in the hope it may get the attention of Members before they are called upon to vote on the amendment tomorrow, at which time amendments will be brought up, and at which time I shall be prevented from making a speech in support of the amendment.

I desire to emphasize two or three principal points about my proposed amendment. First of all, it does not interfere with the President's discretion or authority under the program to decide when our Government shall make use of an escape clause. The final decision on that point is left with the President, just as it is today. Second, it does not alter the existing procedure whereby applications for use of the escape clause are made to the Tariff Commission for study and recommendation by that body. That procedure is left exactly as it is today under the provisions of Executive Order 9832, issued February 25, 1947. Thirdly, my amendment does require that action be taken to have an escape clause inserted in all trade agreements which do not now contain such a provision. That is perhaps the most important part of my proposed amendment.

Mr. President, during recent years the State Department and other administration spokesmen have made much of the escape-clause procedure as a means of withdrawing unwise concessions and thus preventing any serious injury to a domestic producer. All the supporters of the administration program, the newspapers which have supported this policy, and so on, are fond of saying the escape clause permits the President to withdraw concessions which might damage American producers. It is represented that the escape clause is the guarantee that this program will have no serious effects on any domestic industry.

In this sort of discussion, it is very rarely mentioned that a large number of our trade agreements do not have an escape clause. I am sure the average citizen is left with the impression that every industry affected by a trade agreement has the escape clause as a means of asking for relief from serious injury. Certainly administration spokesmen have not gone out of their way to emphasize the fact to the general public and the press that there is no escape clause in some of the agreements. Yet, as the Senator from Colorado [Mr. MILLIKIN] pointed out the other day, 13 of the agreements which are still in force contain no escape clause. These are the agreements which were entered into prior to the Mexican agreement of 1943. The nations with which we have no-escape-clause agreements are: Argentina, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Iceland, Iran, Peru, Switzerland, Turkey, and Venezuela. If the administration believes in good faith that the escape-clause procedure is a desirable one and that it provides adequate assurance to domestic producers against serious injury, it seems to me the administration should be willing to accept the amendment and take steps to incorporate an escape clause in our agreements with these countries.

In fairness to the Senate, I desire to explain that there are some variations in the language of my amendment from the language of Executive Order No. 9832. These variations are designed to give the President greater freedom of action in using the escape clause. They broaden slightly the discretion of the President in withdrawing concessions. They permit an escape to any industry legitimately entitled to one. At the same time, I do not believe the amendment goes beyond the authority which is legitimately necessary to the President if he is to make sure that we have an escape from any concession which is working disastrous injury on a group of domestic producers.

I shall read paragraph 1 of Executive Order No. 9832, which gives the criteria which are the basis for escape-clause action:

1. There shall be included in every trade agreement hereafter entered into under the authority of said act of June 12, 1934, as amended, a clause providing in effect that if, as a result of unforeseen developments and of the concession granted by the United States on any article in the trade agreement, such article is being imported in such increased quantities and under such conditions as to cause, or threaten, serious injury to domestic producers of like or similar articles, the United States shall be free to withdraw the concession, in whole or in part, or to modify it, to the extent and for such time as may be necessary to prevent such injury.

I might explain that the Tariff Commission, under date of February 1948 issued a publication entitled "Procedure and Criteria With Respect to the Administration of the Escape Clause in Trade Agreements," which analyzes this paragraph in some detail. Subsequently, under date of October 19, 1948 the Tariff Commission issued a revision of its criteria, changing its previous interpretation of the phrase "increased quantities," so as to make it clear that such imports need not increase in absolute

terms in order to call the escape clause into play.

In order that Senators may compare the language, I shall now read the corresponding language of my amendment. I should explain that I have revised the wording very slightly from the form in which I had it printed under date of August 15. The principal change is designed to make it clear that the amendment, if adopted, would not require the President to revise the Geneva trade agreement and other agreements of the last few years so as to incorporate the exact words of my proposed new escape clause.

Here is the language of my amendment:

At the appropriate place in the bill, add the following new section:

"SEC. . All trade agreements entered into under the authority of this act shall contain a provision that, if any article as to which a concession has been granted by the United States in such trade agreement is being imported at such prices, in such quantities, or under such conditions as to cause or threaten injury to domestic producers of like, similar, or competitive articles, the United States may withdraw the concession in whole or in part, or modify it to the extent and for such time, as may be necessary to prevent or correct such injury.

"The President shall, immediately upon the passage of this act, take such action as may be necessary to cause the foregoing provision to be incorporated in all trade agreements entered into prior to January 1, 1943."

I emphasize that my amendment does nothing except to give the President the right to escape from a concession if he chooses to do so. It has particular application, of course, to the 13 trade agreements that were entered into before the Mexican agreement.

To give only one example, the jeweled watch industry has been asking for some time that administrative agencies take cognizance of its problems and provide some measure of relief against the severe injury now resulting from the flood of imported Swiss watches. The concession in question is one of those in the Swiss agreement, and the industry has, therefore, been told that there is no chance of relief open to it. None of the administration spokesmen or of the newspapers supporting the program have gone out of their way to emphasize that fact, but here is one industry which is denied any relief under the escape-clause procedure, simply because there is no escape clause in the agreement which affects that industry.

If the administration is sincere in its contention that the escape-clause method gives an adequate guaranty against serious injury to American producers, I believe it should be willing to accept this amendment and place an escape clause in those old agreements. I am advised that all those old agreements could be reopened and an escape clause inserted by agreement with the other contracting parties, upon 6 months' notice, without hampering or interfering with the operation of those agreements in the slightest, either during the 6 months' waiting period or thereafter.

Mr. President, I very earnestly urge the acceptance of this noncontroversial amendment, and I trust it will have the support tomorrow of the distinguished and able chairman of the Finance Committee [Mr. GEORGE].

Mr. President, presenting a little different phase of the question under debate, I ask to have inserted at this point in the RECORD an article appearing in today's issue of the Washington Daily News entitled "In Foreign Trade, Our Left Hand Doesn't Know What Right Is Doing." The article is by Earl Richert.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IN FOREIGN TRADE, OUR LEFT HAND DOESN'T KNOW WHAT RIGHT IS DOING

(By Earl Richert)

Sometimes Uncle Sam works himself into a position where he lays down a policy with one hand and nullifies it with the other.

That's what we have to a large extent today with the State Department working to lower trade barriers and the Agriculture Department maintaining flat embargoes on imports of a number of commodities.

Tariffs or no tariffs, the Agriculture Department just won't let any butter, cottonseed, cottonseed oil, lard, flaxseed, linseed oil, tallow, sunflower seed, soybeans, soybean oil, rice, peanuts, peanut oil, peanut butter or cheap soaps come into this country from abroad.

NO IMPORT LICENSES

It does this under the power granted it by Congress to control imports of fats and oils. It doesn't say anything about maintaining embargoes on these commodities; it just doesn't grant import licenses.

Reasoning is that since it has nearly $200,000,000 tied up alone in flaxseed and butter purchased to hold up domestic farm prices, it just doesn't make sense to permit imports which would further depress the domestic fats and oils market and lessen chances of disposal of the surplus.

CANCELED OUT

The embargo on butter, for example, cancels out effect of the Geneva trade agreement under which the butter tariff was lowered from 14 to 7 cents a pound for not more than 50,000,000 pounds to be sent to the United States in the slack production season of November through March. The tariff was maintained at 14 cents a pound on all other butter above the quota.

That concession was supposed to benefit Australia and New Zealand which have their flush production season while we have our slack one. But neither they nor any other country are earning dollars by selling butter here now. The Agriculture Department's holdings of domestic butter total 72,000,000 pounds.

Reports from the recent trade conference at Annecy, France, tell of a Danish request for a quota of 50,000,000 pounds of butter in the United States market. Results of the conference are kept secret pending official announcement, and it is not known whether the request or any part of it was granted. But it would do Denmark no good in the present situation.

DUBIOUS OF CONCESSIONS

State Department sources say foreign officials naturally are aware of this state of affairs and are highly dubious of concessions granted on items now flatly embargoed.

"All we can tell them is that we hope someday the domestic surplus problem will be cured and the tariff concession will be worth something," one said.

GOP SENATORS CRITICAL

Republican Senators have hit hard at this conflict between the farm support and tariff policies in the current debate over extension of the reciprocal trade law.

They content it is much more honest to have a fair tariff than to use embargoes or quotas to shut out foreign goods.

"Quotas are a far greater interference with free trade than tariffs have ever been," said Senator ROBERT A. TAFT, referring to the present import quotas on sugar and the proposed quotas on oil. "Behind a tariff barrier we can have effective competition. If the barrier is right, it will not be high enough to prevent foreign competition on a fair and reasonable basis."

Flaxseed presents an example. Soon after the war's end, our Government decided to spur domestic production of linseed oil by setting a floor of $6 a bushel under flaxseed.

Domestic production boomed and today the Government itself holds nearly a year's domestic supply of flaxseed and linseed oil, with another bumper crop due.

The current price support of $3.99 a bushel is so far above the world price that not only has the United States lost what it once held of the world linseed oil market but it has had to place a flat embargo on imports to save the domestic market.

Mr. BUTLER. Mr. President, I should like to have inserted at this point in the RECORD a short editorial appearing on the opposite page of the same issue of the Washington Daily News entitled "Well, Well."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WELL, WELL

Saw a small item about Leon Henderson the other day. You remember Leon. Leon, the old New Dealer. Leon, the old reformer. Leon, the economist of plenty. Leon, as OPA boss, the crack-downer on greedy business characters. Leon, the former head of the Americans for Democratic Action, who were for the common man, nontotalitarian style, and who last April tossed off a policy resolution deploring this country's diplomatic relations with those evil dictatorships (i. e. Peruvian and Venezuelan) in South America, a continent "already reeling from Peron's dictatorship in Argentina." Quotes are ADA's.

Well, where do you suppose good old Leon is? Why, he's down Argentina way, it says here in the New York Times, promoting a kind of barter deal in Buenos Aires. Argentina is to get United States goods without spending dollars, and vice versa, it says.

Leon, as president of his trading corporation, won't talk much about his pow-wows with Peron's boys. Private business. However, Leon says it works in just dandy with our official negotiations here in Washington, which Leon's old outfit, the ADA, deplored.

Just an item.

Good old Leon. Glad he's doing well.

Mr. HUMPHREY. Mr. President, I should like to make a very few brief remarks pertaining to the extension of the Reciprocal Trade Agreements Act with reference to my own State of Minnesota. I listened to the distinguished Senator from Delaware refer to foreign trade and its effect upon the State of Delaware. In line with the discussion which has been proceeding in the Senate I think it is important that the respective areas of the country be heard from as to what this act would do and has done regarding their own particular localities.

The extension of reciprocal trade is of particular significance to Minnesota in view of the large amounts of dairy products exported by Minnesota agriculture. Minnesota is to a large extent an export-producing State. In addition to dairy products, we produce a great deal

of meat and meat products, wheat, flour, and other grain, mill products, barley, corn starch, oatmeal and other cereal food products, iron and steel and their products, farm implements and machinery, paints, soaps, varnishes, and other chemicals and allied products as well as a great deal of wood and paper products. In addition to these, Minnesota produces for export vegetable preparations such as dried beans and other canned material, as well as electrical machinery.

The resources of Minnesota and the pattern of our economy and even our location make the prosperity of Minnesota dependent upon a sound and thriving international trade. Our agriculture, mining, transportation, and manufacturing industries all benefit substantially from international commerce.

Minnesota normally ranks among the five most important agricultural States, and is a part of our country's most important surplus food producing regions. With the general expansion in acreage under cultivation, and with technological improvements on the farm, Minnesota will increasingly have large surpluses for export purposes.

Furthermore, Minnesota possesses the largest deposits of high-grade iron ore in the United States, and provides well over 60 percent of the iron requirements of the American iron and steel industries. Before the war, Minnesota mines shipped almost $100,000,000 worth of iron ore. Proof that foreign trade was of major importance to our mining industry is indicated by the fact that exports of iron and steel products make up by far the largest proportion of the total United States export trade.

Our State transportation system is also dependent upon foreign trade. Our two largest communities are represented by the Minneapolis-St. Paul metropolitan area and by Duluth. These communities have a gateway position on the two major routes of trade which connect eastern and middle parts of our country with northwestern United States and northwestern Canada. Most of the traffic across northern United States passes through one or the other of our two centers. These cities, therefore, have become centers of a comprehensive transportation network which includes air, rail, water, and highway facilities. In prewar years, the Duluth-Superior port facilities normally handled more commercial tonnage than any other port in the United States except New York. For these reasons the prosperity of both of these areas depends to a large extent on foreign trade.

These large metropolitan areas, furthermore, engage in extensive processing and manufacturing. The Twin Cities area is one of the country's leading areas for meat packing and flour milling. Both Minnesota flour and meat products are sold in foreign markets. Many Minneapolis and St. Paul manufacturers sell directly to foreign consumers. A partial list of Minnesota manufactured goods which are exported into foreign trade includes farm machinery, construction machinery, thermostatic controls, motors, motor tools, refrigerators, washing machines, pumps, textiles, adhesive tapes, abrasives, insulating boards, printed advertising material, manufactured milk, as well as various medicines and pharmaceuticals, dental equipment, asphalt roofing, sporting goods, rubber goods, and automobiles. We know that one of Duluth's most important business activities consists of operating dock, harbor, and storage facilities for east-bound shipments of iron ore and wheat.

Increased foreign demand for American products made from iron ore, American wheat, lumber and wood manufacturers, means greater business activities for Minnesota. We know, also, of our large meat-packing activity in South St. Paul, Austin, and the stake these communities, therefore, have in foreign trade.

Minnesota, therefore, has a direct interest in the reciprocal trade program and in doing everything we can to encourage foreign trade. We know that for us to export our goods to foreign countries means that we must enter into trade agreements with those foreign countries. No customer can buy unless he first sells to make money. For America to have an export business, therefore, means that we must do a great deal of importing from foreign countries. Imports do mean a great deal, too, to Minnesota, for almost every industry in our State depends upon or is benefited to some extent by goods imported from abroad. Industries, for example, manufacturing iron and steel products require imported raw materials, since the United States has practically no nickel or chromite, and relies on foreign supplies for large amounts of tungsten and manganese. American leather industry draws at least half of its raw materials from other countries. Burlap used in manufacturing burlap textile bags is imported.

The welfare of Minnesota and the welfare of our economy all over the country depends upon an expanding and not a contracting economy. After our domestic requirements are met, American farms and American factories will clearly have surpluses of many products which can only be profitably sold in foreign markets. Maintenance of high levels of production and employment in our State and all over the country are dependent clearly on exports in the years ahead.

The Reciprocal Trade Agreements Act authorizes the President for a period of 3 years; under specific and clear limitations and in line with specified standards and procedures, to conclude trade agreements with foreign countries which would allow the United States tariff rates to be reduced. The fundamental purpose of the reciprocal trade agreements program is to improve the economic activity of the whole United States through the expansion of foreign trade. The method adopted to obtain this purpose is based on the assumption that trade will increase if trade barriers are decreased. The reciprocal trade agreements program has been in operation since 1934. It has been immensely successful.

World peace and world prosperity depend upon a health and stable world economy. The economy of all countries, including our own, are interdependent. This is vividly illustrated by the spread of the depression in the 1930's. Our economy is a living, dynamic organism which lives and grows on trade. Prosperity in one country tends to stimulate prosperity in other countries. Our task is to harness our productive facilities and productive facilities all over the world to bring about material well-being to all peoples wherever they may be. We have a special responsibility in that we have a dominant position in world trade. With but a small part of the world's population, we possess approximately half of its industrial capacity. We are the greatest exporting Nation and the second largest importing Nation in the world. What we do is of tremendous significance to hundreds of millions of people throughout the world. An expanding world economy in which we and other countries work together in a mutually interdependent framework of foreign trade is one of the primary conditions of peace.

Mr. President, in order to conserve time, I ask that a statement which has been prepared with the assistance of the State Department, entitled "Why Foreign Trade Is Necessary to Minnesota," outlining the benefits in particular, and the statistical information pertaining to foreign trade in its relationship to our employment and business productivity, be incorporated in the RECORD as a statement.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

WHY FOREIGN TRADE IS NECESSARY TO MINNESOTA

The resources of the State, the pattern of its economy, and even its location make the prosperity of Minnesota dependent upon a sound and thriving international commerce. The State's agricultural, mining, transportation and manufacturing industries all benefit substantially from foreign trade.

FOREIGN TRADE BENEFITS THE STATE'S AGRICULTURAL ENTERPRISES

Minnesota normally ranks among the five most important agricultural States and forms a part of one of the Nation's most important surplus food producing regions. Export markets for farm produce were of vital importance to this region before the war and it is anticipated that, due to general expansion in acreage under cultivation, and due to improvements in farm technology resulting in greater labor efficiency, there will be an even greater exportable surplus in the postwar years. Exports of products grown in Minnesota and surrounding States benefit the area directly. Exports of similar products grown in other parts of the United States benefit the area indirectly by reducing competition in the domestic market. There is also a further and very important benefit to Minnesota agriculture derived from foreign trade. Much of the region's production is sold in other sections of the country and these customers must have jobs and purchasing power if they are to buy the agricultural products of Minnesota. Foreign sales of goods made in other sections of the United States mean more American customers for Minnesota's agricultural products.

FOREIGN TRADE BENEFITS THE STATE'S MINING INDUSTRIES

Minnesota possesses the largest deposits of high grade iron ore in the United States and provides well over 60 percent of the iron ore requirements of the American iron and steel industry. In the prewar year 1939, Minnesota mines shipped almost $100,000,000 worth of iron ore giving employment to over 7,000 mine employees in addition to a large number of railroad, dock, and steamship

workers. That foreign trade was of major importance to these Minnesota workers is indicated by the fact that exports of iron and steel products, including advanced iron and steel manufactures such as machinery and automobiles, make up by far the largest proportion of total United States export trade. In the years 1936–39 exports of such products, the raw materials for which were obtained largely from Minnesota mines, averaged well over $800,000,000 annually.

FOREIGN TRADE IS VITAL TO THE STATE'S TRANSPORTATION SYSTEM

The importance of the transportation industry in Minnesota is considerable. Minnesota's two largest communities are represented by the Minneapolis-St. Paul metropolitan area and by Duluth. These communities have grown up at gateway positions on the two major routes of trade which connect the eastern and middle parts of the Nation with northwestern United States and northwestern Canada. Most of the traffic across northern United States passes through one or the other of these two centers. Of the two communities the Minneapolis-St. Paul area is by far the larger. It has a population of more than a million and in 1940 ranked as the twelfth largest metropolitan area in the United States. Because of its key position the community has become the focal point of a comprehensive transportation network which includes rail, air, water, and highway facilities. Ten trunk line railway systems, of which four are transcontinental lines, converge at Minneapolis and St. Paul. The Twin Cities mark the head of navigation on the Mississippi River and constitute an important international aviation center. The city of Duluth, with a population of more than 100,000, shares with Superior, Wis., the westernmost harbor on the Great Lakes. This community is served by numerous steamship lines and by eight railroads. It has direct rail connections with Minnesota's mining regions and with the wheat-growing regions of western Minnesota, North Dakota, and Montana. In prewar years the Duluth-Superior port facilities normally handled more commercial tonnage than any other port in the United States except New York. Due to the important part which transportation plays in the life of Minnesota's two major communities they are particularly sensitive to fluctuations in the movements of international trade.

FOREIGN TRADE IS VITAL TO THE STATE'S COMMERCIAL AND INDUSTRIAL ENTERPRISES

The Minneapolis-St. Paul community engages in extensive processing and manufacturing. Products of Twin City industries are primarily dependent for their markets on the agricultural Northwest which has a vital stake in export trade. In addition, a large proportion of the community's output is even more directly benefited by foreign trade. The Twin City area is one of the country's leading centers for meat packing and flour milling. Both Minnesota flour and meat products are sold in foreign markets. Numerous other Minneapolis-St. Paul manufacturers sell directly to foreign customers. A partial list of manufactured goods produced in the Twin City area which enter into export trade includes farm machinery, construction machinery and other types of machinery, thermostatic controls, both domestic and industrial, motors, motor-driven tools, refrigerators, adhesive tapes, abrasives, insulating boards, printed advertising material, and condensed and evaporated milk, as well as various medicines and pharmaceuticals.

Duluth is especially sensitive to changes in the levels of foreign trade. The city's most important business activities consist of operating dock, harbor, and storage facilities for eastbound shipments of iron ore and wheat. Citizens of Duluth also engage in manufacturing, processing, and the supplying of commercial and financial services to the Minnesota mining communities, to much of the State's timber producing regions, and to part of the upper agricultural Northwest. Increased foreign demand for American products made from iron ore, for American wheat, lumber and wood manufactures means greater utilization of the city's transportation and harbor facilities and greater business for Duluth through the prosperity which it brings to the city's trade area. Some of the items manufactured in Duluth are either produced for export or are of the kinds customarily exported from the United States and, therefore, have their markets strengthened by foreign sales. Such goods include refrigerators, washing machines, pumps, and tools.

Numerous smaller communities in Minnesota have a stake in foreign trade. This is particularly true of Austin where a large meat packing establishment is located.

IMPORTANT MINNESOTA ENTERPRISES BENEFITED BY EXPORTS

Minnesota's most important agricultural and industrial products of the kinds customarily exported from the United States in greater amounts than they are imported were, in the order of their importance in 1939: [1] Meat and meat products; corn; flour, cereal preparations, and other grain mill products; machinery except electrical; iron and steel and their products; oats; certain chemicals and allied products; barley; wood and paper products; wheat; canned vegetables; and electrical machinery.

As shown on table I, the aggregate value of these products in Minnesota in 1939 was $585,000,000. Wages and salaries paid by the enterprises producing these goods amounted to over $60,000,000 and the minimum number of persons known to be engaged was 175,000. Total United States exports of such goods in 1938 amounted to more than $1,000,000,000.

OTHER MINNESOTA ENTERPRISES BENEFITED BY EXPORTS

Other agricultural and industrial products not listed above which are produced in Minnesota and which are affected by export sales include: Iron ore, condensed milk, asphalt roofing, dental equipment, sporting goods, rubber goods, automobiles and their equipment, tobacco, and nonferrous metals. The value of these goods produced by Minnesota enterprises was $130,734,000 in 1939 and wages and salaries were $16,000,000. Total United States exports in 1938 of goods produced by these and similar enterprises throughout the country amounted to $283,000,000.

TABLE I.—*Gross value of products produced by important economic enterprises in Minnesota in 1939,[1] the operations of which were affected by exports; total exports from the United States in 1938 [1] of these products; wages and salaries paid by the enterprises in Minnesota and minimum number of persons engaged in 1939*

	Value of products produced in Minnesota in 1939	Exports from the United States in 1938	Wages and salaries in Minnesota in 1939	Employment in Minnesota in 1939
Meat and meat products	$202,304,000	$47,162,000	$17,158,000	11,000
Corn, harvested	82,001,000	94,497,000	(2)	[3] (130,000)
Flour, cereal preparations and other grain mill products	73,996,000	26,723,000	8,283,000	3,000
Machinery (except electrical)	50,881,000	384,176,000	14,066,000	9,000
Iron and steel and their products	41,610,000	227,541,000	12,161,000	8,000
Oats	39,300,000	2,726,000	(2)	[3] 134,000
Certain chemicals and allied products	24,469,000	61,170,000	2,621,000	2,000
Barley, threshed	22,700,000	9,136,000	(2)	[3] (88,000)
Wood and paper products	15,889,000	44,068,000	5,193,000	5,000
Wheat, threshed	15,718,000	78,087,000	(2)	[3] (81,000)
Canned vegetables	9,426,000	3,600,000	1,358,000	2,000
Electrical machinery (including radios)	7,025,000	102,136,000	1,971,000	1,000
Total	585,319,000	1,081,022,000	60,811,000	175,000

[1] Statistics on value of industrial production, pay rolls, and employment are from the Biennial Census of Manufactures which is not taken in even-numbered years and consequently are not available in 1938. On the other hand, foreign countries armament programs greatly distorted both the character and volume of "normal" United States exports in 1939. It is believed that, because of the lag in time between changes in trend of exports and changes in production and employment, the 1938 export figures are properly comparable with the 1939 industrial statistics.

[2] Not available.

[3] This figure represents the number of farms reporting production for 1939. It has been assumed that at least 1 person is engaged on each farm. To avoid any possibility o counting the same farm more than once only the largest figure, that for the farms growing oats, has been included in the column total.

Source: Census of Manufactures, Census of Agriculture, 1939; Foreign Commerce and Navigation of the United States, 1938; U. S. Department of Commerce.

[1] The war has created important changes in Minnesota's productive facilities as well as in international trade. It is uncertain to what extent these changes will be permanent and to what extent some of them are merely transitory. This uncertainty, coupled with the lack of complete statistical data by States for the period since the termination of hostilities, makes it necessary to rely on prewar data in this report. However, the great increase in total United States exports from 1937 to 1946 indicates the growing dependence of the American economy upon foreign markets—a dependence that existed before the war, but had become much greater by 1946.

United States exports were:

1937	$3,349,000,000
1938	3,094,000,000
1939	3,177,000,000
1940	4,021,000,000
1941	5,147,000,000
1942	8,079,000,000
1943	12,965,000,000
1944	14,259,000,000
1945	9,806,000,000
1946	9,742,000,000

NOTE.—The above statistics include large lend-lease exports for the years 1941–46 and include some UNRRA shipments for the years 1945–46.

MINNESOTA BENEFITS BY IMPORTS AS WELL AS BY EXPORTS

Benefits to the United States and to Minnesota from foreign trade are not limited to the benefits derived from exports. Imports are essential to the maintenance of our industrial activity and to our standard of living. Many metals and other raw materials not available in this country, or not available in adequate quantities, must come from abroad. There are also important food products which cannot be grown in this country and which are wanted by American consumers.

Almost every industry in Minnesota depends upon or is benefited to some extent by goods imported from abroad. Some of the larger Minnesota industries dependent in whole or in part on imported raw materials are: the iron and steel industry; parts of the chemical industry producing drugs, medicines, insecticides, fungicides, and related products, paints, varnishes, and lacquers; the textile bag industry; the confectionery industry; the leather footwear and other leather products industries; and the jewelry industry. The total value of the products of these enterprises, as shown in table II (p. 7), in 1939 amounted to $66,865,000 and wages and salaries paid by them amounted to $17,579,000.

The industries manufacturing iron and steel products require imported raw materials since the United States has practically no nickel or chromite and, in addition, relies on foreign supplies for large amounts of tungsten and manganese. The American leather industry draws at least half of its raw materials from other countries and the chemical industry, which includes in Minnesota the manufacture of paints, varnishes and lacquers, insecticides and fungicides, as well as drugs and medicines, is estimated to have been dependent on foreign countries for one-third of its raw materials during prewar years. All burlap used in the manufacture of burlap textile bags is imported. Raw materials used in the manufacture of candy and confectionery products include cacao beans from which cocoa and chocolate are obtained and sugar. Cacao beans are not produced at all in the United States and a large proportion of our needs for raw sugar must be met by imports.

TABLE II.—*Minnesota industries dependent in whole or in part on imported raw materials*

Products of the industries	1939			Imported raw materials used by the industries	Tariffs applicable to imported raw materials (computed ad valorem equivalents based on present rates using 1939 import values)
	Value of products	Wages and salaries	Number of persons engaged		
Iron and steel and their products	$41,610,000	$12,161,000	8,000	Manganese ore (containing 35 percent or more manganese)	43.1 percent.
				Nickel ore and matte	Free.
				Nickel pigs, ingots, and cubes	10 percent.
				Chromite	Free.
				Tungsten ore and concentrates	74.4 percent.
Drugs and medicines	5,166,000	1,164,000	800	Belladonna leaves and root	Free.
				Opium (containing 8.5 percent and over of anhydrous morphine, crude)	64 percent.
				Ergot, nux vomica, cinchona bark	Free.
				Coca leaves	26.8 percent.
				Digitalis	20 percent.
Insecticides, fungicides, and related products	1,245,000	218,000	100	Pyrethrum flowers	Free.
Textile bags	5,114,000	519,000	400	Burlap not bleached, etc	15.8 percent.
				Pigment materials	5.1–71 percent.
				Flaxseed	28.3 percent.
Paints, varnishes, and lacquers	4,316,000	872,000	500	Perilla oil	104.7 percent.
				Tung oil	Free.
				Castor beans	14.1 percent.
Candy and confectionery products	3,366,000	687,000	700	Raw sugar	39 percent.[1]
				Cacao or cocoa beans	Free.
				Goat and kid skins	Do.
				Waxes, gums, resins, cork	Do.
Leather footwear	2,916,000	755,000	800	Cattle hides	5 percent.
Leather and leather products	2,243,000	581,000	400	Calf and kip skins	Do.
				Tanning extracts	7.5–15 percent.
				Pigment materials	5.1–71 percent.
				19 other products	(2).
Jewelry of precious metals	1,889,000	622,000	400	Diamonds, rough or uncut	Free.
				Diamonds, cut but unset	10 percent.
Total	67,865,000	17,579,000	12,100		

[1] The rate shown applies to cane sugar imported from Cuba which constitutes the bulk of our dutiable sugar imports. Sugar imports are in addition restricted by quota limitations presently suspended.

[2] Of these some are free and some dutiable.

Source: Census of Manufactures; Foreign Commerce and Navigation of the United States, 1939; Statistical Classification of Imports into the United States, 1946; published by the United States Department of Commerce.

One or more of the economic enterprises shown in table II are to be found in almost every large Minnesota community. Imports of the kinds of raw materials mentioned, therefore, contribute directly to the communities in which the respective economic enterprises are located and indirectly to the State as a whole as well as the entire country.

WHY MINNESOTA'S FOREIGN TRADE SHOULD BE EXPANDED

Because Minnesota has an important stake in foreign trade, large United States export markets are of significance to the entire economy of the State. Possessing large agricultural resources and manufacturing establishments, which before the war were so dependent on foreign trade, the urgent need to continue foreign sales on a scale commensurate with prewar years is clearly apparent.

In addition, the enlarged agricultural production and the war-created industrial plant, if they are to be utilized, require a world trade expanded beyond its 1937–39 volume. The utilization of newly acquired skills and the creation of adequate employment opportunities for the citizens of the State require an expanding, not a contracting, economy. After domestic requirements which were deferred during the war have been met, American farms and American factories will clearly have surpluses of many products which can only be profitably sold in foreign markets.

In 1929, the year before the Hawley-Smoot Tariff Act was passed, $52,000,000 worth of products reported as originating in Minnesota were exported. By 1932 this trade had shrunk to $6,000,000, representing a decrease of 88 percent, which was far greater than the decrease of 69 percent for exports from the country as a whole. The amount of trade which passed through the Duluth-Superior and Minneapolis-St. Paul customs districts fluctuated from $88,500,000 in 1929 to a low of $9,000,000 in 1933 and gradually recovered to a wartime peak of $181,800,000 in 1944.

Maintenance of high levels of production and employment not only in Minnesota, but throughout the country, will depend greatly on exports in the years ahead. Many export industries, located in Minnesota, notably certain branches of the machinery industry, have wage standards among the highest in the country. Such industries contribute to keeping American living standards higher than in any country in the world. Our great export industries are among those which are able to pay high wages because they are efficient and can, therefore, produce goods more cheaply than they can be turned out abroad. Some are efficient because of modern machinery with which the American worker can turn out several times as much per day or per hour as workers in other countries. Others are efficient because of the skill and technical know-how of American workers which enable them to utilize machines and raw materials more economically than it has been found possible elsewhere in the world. Foreign-trade expansion, permitting still greater sales by our export industries, will put them in a stronger position and make them better able to employ more men and to pay still higher wages, raising the American and Minnesota standards of living to new levels.

HOW MINNESOTA'S EXPORTS CAN BE EXPANDED

The chief barrier to the expansion of American exports has not been lack of foreign desire for American products, but the inability of foreign purchasers to obtain United States dollars with which to buy more of our goods. The number of dollars paid to foreigners by the people or the Government of the United States ultimately limits the potential volume of our exports.

The experience of the great depression points, among other things, to the necessity of maintaining a large and reasonably stable flow of dollar payments to other countries if United States exporters are to enjoy a vigorous foreign market.

The basic reason for currency uncertainties and foreign-trade restrictions could often be found in an over-all shortage of dollars on the part of the countries concerned. This forced them to use restrictive and discriminatory measures to conserve the relatively few dollars that were available to them. According to an estimate made by the Department of Commerce, American exporters, a number of whom are situated in Minnesota, lost each year in the period 1933–38 no less than $750,000,000 worth of business they would have had if we had maintained our predepression share of the imports of other countries. United States imports constitute by far the largest, and in the final analysis along with gifts, gold, and services, the only source of dollar exchange for foreign countries. Consequently, in order to increase American exports, American imports must be increased and the only way this can be done on any permanent basis is to reduce all tariffs and trade barriers, including the American tariff.

THE RECIPROCAL TRADE AGREEMENTS ACT

The Reciprocal Trade Agreements Act, as amended in June 1945, authorizes the President, for a period of 3 years, under specific and clear limitations and in line with specified standards and procedures, to conclude trade agreements with foreign countries in which the United States tariff rates might be reduced by not more than 50 percent of the rates in effect on January 1, 1945, except where the rate of January 1, 1945, was a wartime emergency reduction, in which case the rate might be reduced to 50 percent of the nonemergency rate. The "might" should be emphasized because the act does not reduce rates automatically. It only permits rates to be reduced in trade agreements with foreign countries (a) as part of a Yankee trading proposition in which the foreign countries grant concessions of value for American exports, and (b) after interested persons outside the Federal Government have had the opportunity to present facts and views about concessions to be obtained or granted to the President or an agency designated by him to receive such views—the Committee for Reciprocity Information. Hearings are always held by this committee prior to the conclusion of each agreement for the express purpose of affording those interested an opportunity to state their own particular case or point of view. The President must also seek information and advice from the various Government agencies concerned—the State, Agriculture, Commerce, Navy, and War Departments, and the Tariff Commission. Every effort is made to take into account the views and interests of all parts of our national economy, to safeguard these interests in order to avoid injury to any domestic industry or the domestic economy as a whole.

Sometimes a limit has been placed on the increase in imports which may result from specific duty concessions. For instance, a duty reduction is made applicable only to imports up to a specified quantity, imports in excess of that quantity continuing dutiable at the higher rate. In other cases concessions apply only to imports in a specific season of the year, usually the off-season of products like fresh fruits and vegetables.

In order to protect against any unforeseen situation threatening injury to producing interests which may develop as a result of a concession made in a trade agreement, a provision has been formulated which affords a basis for effective action. The signatory countries reserve the right to withdraw or modify the concession made wtih respect to any article to the extent and for such time as may be necessary to prevent such injury. However, if recourse to this provision is taken by a signatory, any other party to the agreement may, in turn, withdraw under certain conditions any or all of its concessions. This is in the self-interest of both the United States and other countries.

HOW TRADE AGREEMENTS HAVE EXPANDED UNITED STATES FOREIGN TRADE

The fundamental purpose of the reciprocal trade-agreements program is to enhance the profitable economic activity of the whole United States, including Minnesota, through the expansion of foreign trade. The method adopted to attain this purpose is based on the assumption that trade will be increased if trade barriers are decreased—that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets if equivalent market opportunities are afforded foreign products in the United States, making it economically possible for foreigners to pay for more of the American products which they are desirous of procuring. The reciprocal trade agreements program has been in operation since 1934, during which time 33 agreements (including supplementary agreements) have been negotiated with 29 countries. Consequently, it is possible to look at the results, to check the record, and to see if the program has really aided American exporters and, in fact, has expanded foreign trade.

TABLE III.—*United States trade with trade-agreement countries and with all other countries, 1938–39 compared with 1934–35*

[In millions of dollars]

	1934–35 average value	1938–39 average value	Change	
			Value	Percent
Exports, including reexports to—				
Trade-agreement countries	757	1,232	+475	+62.8
Nonagreement countries	992	1,306	+314	+31.7
All countries	2,208	3,136	+928	+42.0
General imports from—				
Trade-agreement countries	774	942	+168	+21.6
Nonagreement countries	772	868	+97	+12.5
All countries	1,851	2,139	+288	+15.6

NOTE.—The "all countries" figures include United States trade with Ecuador; the United Kingdom, Newfoundland, and non-self-governing British colonies; Turkey and Venezuela with which agreements came into effect only in late 1938 or 1939. This trade was consequently not included in either the "agreement countries" or "nonagreement countries" figures for comparative purposes.

SOURCE: Trade Agreement Unit, Bureau of Foreign and Domestic Commerce, United States Department of Commerce.

For various reasons of which trade agreements were, of course, but one, exports have increased substantially during the years after the Trade Agreements Act was passed. During 1935 our exports exceeded those of 1934 by $150,000,000; during 1936, they increased by $173,000,000 over 1935; and during 1937, they increased by $893,000,000 over 1936. In both 1938 and 1939, though below the 1937 figure, exports were maintained well over the 1936 figure, $638,000,000 over 1936 in 1938, and $721,000,000 in 1939. That trade agreements contributed very substantially to this increase is strongly suggested by the fact that exports to countries with which we had agreements increased by 62.8 percent between 1934–35 and 1938–39 as compared with an increase of only 31.7 percent for nonagreement countries (see table III, p. 12).

Analysis of the imports of foreign countries from the United States, before and after the conclusion of trade agreements, shows many examples of highly satisfactory increases to which the agreements have contributed. Belgium's imports from the United States of automobile parts upon which concessions were granted increased from $2,713,000 in 1934 to $7,895,000 in 1938. Canada increased its imports of the passenger automobiles and chassis which were subject to concessions from $1,723,000 in 1935 to $9,234,000 in 1938. Cuba's imports of American iron and steel products upon which it had reduced duties increased from $853,000 in 1933 to $3,863,000 in 1938. Cuba's imports of wheat flour increased from $2,935,000 in 1933 to $5,383,000 in 1938. That country's imports of rayon manufactures from the United States during the same period increased from $138,000 to $655,000.

United States purchases from foreign countries also increased during the trade-agreement period 1934–39, but in every year United States exports greatly exceeded imports:

Year	Exports	Imports	Excess of exports over imports
1934	$2,132,800,000	$1,655,100,000	$477,700,000
1935	2,282,900,000	2,047,500,000	235,400,000
1936	2,456,000,000	2,422,600,000	33,400,000
1937	3,349,200,000	3,083,700,000	265,500,000
1938	3,094,400,000	1,960,400,000	1,134,000,000
1939	3,177,200,000	2,318,100,000	859,100,000

IMPORTANT MINNESOTA ENTERPRISES AFFECTED BY TRADE AGREEMENTS

The important Minnesota enterprises affected by trade agreements are the Minnesota enterprises previously mentioned, the operations and pay rolls of which were affected by foreign trade in 1939.

AGRICULTURAL ENTERPRISES

Minnesota farms benefiting by concessions obtained through trade agreements included those growing hogs, corn, wheat, barley, and oats. In 1939, 117,000 Minnesota farms or 60 percent of all farms in the State sold 3,700,000 hogs. One hundred and thirty thousand farms harvesting corn on 3,500,000 acres were benefited by trade agreements. Wheat was threshed on 81,000 farms covering 1,500,000 acres, barley was threshed on 88,000 farms covering 1,900,000 acres, and oats were grown on 134,000 farms. At least two-thirds of the farms in the State profited by trade agreements since that many farms grew corn. It is probable that most, if not all, of the remaining farms grew one or more of the crops on which concessions were obtained and thus benefited by the trade-agreements program.

Hogs

Concessions were obtained on meat and meat products from 18 countries in the trade-agreements program. Fifteen countries granted reduced duties or larger quotas on pork and pork products and three additional countries bound their existing duties. Concessions covered fresh, frozen or cured ham, bacon, lard, and sausage casings.

Over $47,000,000 worth of meat and meat products were exported from the United States in 1938. These exports strengthened the market for the 3,700,000 hogs marketed by farmers in all sections of the State in 1939 and were particularly significant to such southern counties as Faribault, Freeborn, Martin, Blue Earth, Renville, Fillmore, and Jackson, each of which marketed more than 100,000 hogs.

Corn

Through trade agreements, concessions were obtained from four foreign countries for United States corn. Eight countries granted concessions on cornstarch and five on cornmeal. Normally, most United States corn is exported in the form of meat products. Consequently, Minnesota farms also benefited from the concessions mentioned above, which were granted by 18 countries on meat and meat products. United States exports of corn in 1938 were unusually large,

amounting to 147,500,000 bushels, which was equivalent to 90 percent of total Minnesota production in 1939.

Altogether 130,000 farms growing corn over a wide area of the State benefited to some extent from concessions on corn and corn products and on meat and meat products. Over 30 counties raised corn having a farm value in 1939 of at least $1,000,000. Faribault, Jackson, Martin, Nobles, Redwood, and Renville Counties each grew corn having a farm value of $3,000,000 or more in 1939.

Wheat

Seven foreign countries made trade-agreement concessions benefiting United States wheat farmers. The Netherlands Government undertook to purchase annually a quantity of milling wheat originating in the United States, equivalent to not less than 5 percent of the annual total consumption of foreign milling wheat in the Netherlands, provided the price is competitive with the world price for wheat of comparable grade and quality. Dutch imports of wheat from the United States increased from $1,124,000 in 1934 to $10,408,000 in 1938. Switzerland increased its quota on United States wheat from zero to 4,336,000 bushels. Mexico and Canada reduced their duties substantially, and the United Kingdom entirely eliminated its duty on United States wheat. United States exports of wheat were around 8,000,000 bushels in 1933 and 86,000,000 in 1938.

Wheat was grown on 81,000 Minnesota farms which were located in every county in the State. The counties lying along the western border from Kittson down as far as Yellow Medicine were most significantly affected. Leading wheat-producing counties in 1939 were: Polk, Kittson, Marshall, Clay, Traverse, Ottertail, Renville, Wilkin, Lac qui Parle, Yellow Medicine, and Norman, each of which raised wheat worth $500,000 or more.

Barley

Four foreign countries have made concessions on barley or barley products through trade agreements. These concessions benefited Minnesota growers of barley on 88,000 farms distributed throughout the State. The largest barley-producing counties in 1939 were: Polk, Redwood, Renville, Murray, Lyon, and Clay, each of which grew 1,500,000 bushels or more.

OTHER AGRICULTURAL ENTERPRISES

Fears of the trade-agreements program have been expressed by some farmers regarding such Minnesota products as cattle, dairy products, and flaxseed.

In general, the number of imported cattle has not been large enough to have a measurable effect upon the general average of prices paid to farmers for beef cattle. Imports of cattle have been a very small percentage of domestic production. In the years 1929 to 1943 imports of cattle and beef varied from 1.1 to 5.6 percent of domestic production.

Imports of dairy products including fluid milk and cream, butter, cheese, condensed milk, ice cream, and casein have been so small that no appreciable effect on domestic production or prices can be demonstrated. In 1931 and 1933, before the Trade Agreements Act was passed, total imports were only six-tenths of 1 percent of domestic production. Under the trade-agreements program there was an increase in imports but, because domestic production increased so extensively, these imports supplied even a smaller share of the domestic market—four-tenths of 1 percent in 1938 and five-tenths of 1 percent in 1939. Of these negligible imports less than half were products on which duty reductions applied. Minnesota's chief dairy product is butter. Imports of butter in 1938 amounted to $425,000 as compared with a production figure for the United States of approximately $590,000,000.

Approximately one-half the flaxseed used in the United States is produced domestically, and the balance is imported. In the Argentina trade agreement the duty on flaxseed was reduced from 65 to 32½ cents per bushel, effective November 15, 1941. The agreement provides, however, that the import duty will be raised to 50 cents per bushel 30 days after the President proclaims the existing abnormal situation in respect to the flaxseed trade has terminated. Linseed oil is the chief product of flaxseed. Flaxseed prices rose steadily after 1940 due to the great demand for linseed oil by the paints and varnish industry.

NONAGRICULTURAL ENTERPRISES

The total value of products manufactured or processed in Minnesota in 1939 amounted to $845,000,000, and wages and salaries amounting to $145,000,000 were paid to 104,000 persons in connection with these operations. Fifty-four percent of the total value was accounted for by Minnesota industries producing goods ordinarily exported from the United States in greater amounts than they are imported. Such industries are benefited by foreign trade. The remaining industries prosper as the rest of the State prospers. When good conditions prevail in the segments of the Minnesota economy which depend for a share of their operations on the capacity of foreign countries to buy their goods, their workers are better able to buy the products of industries supplying only the domestic market.

Fears of foreign competition have been expressed by some persons regarding such nonagricultural products as newsprint, wood pulp, and pulpwood.

The United States does not produce enough newsprint, wood pulp, and pulpwood to meet domestic requirements. In 1939 imports supplied roughly three-fourths of the Nation's requirements for newsprint, one-fourth of the needs for wood pulp, and one-eighth of the needs for pulpwood. Pulpwood, wood pulp, and newsprint have been free of duty since prior to 1913. In the Canadian agreement, pulpwood, wood pulp, and newsprint were bound on the free list and in the Finnish agreement wood pulp and newsprint were likewise bound, thus there has been no change in the duty-free status of these products as a result of the trade-agreements program.

Meat and meat products

In Minnesota meat and meat products were processed amounting to more than $200,000,000 in 1939. Meat packing employed 11,000 workers with wages and salaries of $17,000,000. United States exports of meat and meat products in 1938 amounted to more than $47,000,000. This benefited not only the meat-packing industry and its employees but thousands of Minnesota farmers growing corn and hogs as well. As stated earlier in connection with corn and hogs, concessions have been obtained from 18 countries for meat and meat products in the trade-agreements program.

A thriving meat-packing industry brings prosperity to such Minnesota communities as Albert Lea, Austin, St. Paul, and South St. Paul. This is especially true of South St. Paul which has one of the largest stockyards in the United States.

Iron ore

Over $96,000,000 of iron ore was mined in Minnesota in 1939 creating employment for 7,000 persons. Wages and salaries paid in Minnesota in this industry amounted to $12,000,000. While the United States exports very little iron ore, exports of iron and steel products including automobiles and machinery account for a very large share of the country's total export trade. Minnesota mines supply well over 60 percent of the steel industry's iron-ore requirements and are, therefore, vitally interested in prosperous foreign markets for iron and steel products.

Concessions obtained under the trade-agreements program which benefit Minnesota iron mining include those obtained on iron and steel products, motor vehicles, and machinery. On iron and steel products, 13 countries reduced their duties or increased their quota and 7 countries bound their existing tariff status; on motor vehicles and parts, 15 countries reduced duties or increased their quotas and 8 countries bound their existing treatment; on machinery and parts, 19 countries reduced their duties or increased their quotas and 5 countries bound their existing treatment.

In 1938 United States exports of iron and steel and various manufactures amounted to $843,000,000 as compared to $245,000,000 in 1933, the year before adoption of the trade-agreements program.

The mining communities include Hibbing, Chisholm, Virginia, Ely, Mountain Iron, and Stuntz and White Townships in St. Louis County; Grand Rapids in Itasca County; and Ironton, Crosby, and Irondale Township in Crow Wing County.

Iron and steel and their products

Eight thousand wage and salary earners were employed in the manufacture of iron and steel and their products in Minnesota in 1939 producing goods valued at $42,000,000. Wages and salaries aggregated $12,000,000. The industry, as a whole, exported $227,500,000 worth of products from the United States in 1938 as compared with an average of only $90,100,000 in the 1931–35 period. As stated above reduced duties or larger quotas were obtained, through the trade-agreements program, from 13 countries.

Minneapolis, St. Paul, and Duluth were affected by concessions on iron and steel products obtained through the trade-agreements program.

Machinery (except electrical)

As stated under iron ore above, trade agreements with 24 countries include concessions for American machinery and parts. Reductions of duties or increased quotas were obtained from six countries for agricultural machinery and parts which are made in Minnesota. After reducing the duty on farm implements and machinery Canada increased its imports from $1,700,000 in 1935 to $4,700,000 in 1938. Concessions were also obtained, under the trade-agreements program, for internal-combustion engines, construction machinery, pumps, metal-working machinery, and tractors.

Nine thousand salary and wage earners were employed in the machinery industry in Minnesota in 1939 producing goods valued at $51,000,000. Wages and salaries amounted to $14,000,000. United States exports of machinery other than electrical were $384,000,000 in 1938 compared with an average value of $150,000,000 in the period 1931–35. Twenty percent of all power-driven metal-working machinery and 23 percent of mining, well, and pumping machinery were exported in 1937. Seventeen percent of all agricultural implements and 28 percent of all tractors were exported in 1938.

Communities in Minnesota where machinery is made include Minneapolis, St. Paul, Duluth, Fairmont, and Mankato.

Flour, cereal preparations, and other grain-mill products

Three thousand wage and salary earners were employed in Minnesota in 1939 in the milling of flour, cereal preparations, and other grain-mill products valued at $74,000,000. Wages and salaries aggregated $5,000,000. In 1938 the United States exported $26,700,000 of flour, cereal foods, and grain-mill products. These exports benefited flour mills in Minnesota.

Duty reductions or increased quotas have been obtained for United States flour from

four countries and eight other countries bound the existing customs status. Canada reduced the duty on wheat flour by 63 percent, Cuba increased the margin of preference on flour milled from wheat of United States origin and bound the status of flour milled in the United States from other wheat. In addition to its agreement to purchase wheat, the Netherlands agreed to purchase, under certain provisions, 5 percent of its consumption of wheat flour from the United States. Ecuador reduced the duty on wheat flour and the United Kingdom made various types of concessions for United States flour affecting its non-self-governing possessions. Three duty reductions or increased quotas were obtained on cornmeal, 10 on rolled oats and 6 on prepared cereals. After making the concessions mentioned above, Cuba increased its imports of wheat flour from the United States from $2,935,000 in 1933 to $5,383,000 in 1938.

Flour milling companies in Minneapolis are directly interested in the export trade. The mills in Crookston, Duluth, Fergus Falls, Little Falls, Mankato, and other Minnesota communities also benefit from flour exports which strengthen the domestic market.

Chemicals and allied products

Two thousand workers in Minnesota in 1939 were engaged in the production of $24,000,000 worth of chemicals and related products of the kinds ordinarily exported from the United States in significant amounts. Included in this group are such important products as paints, drugs, medicines, and cosmetics as well as soap and glycerin. In 1938 over $60,000,000 worth of chemicals similar to the kinds produced in Minnesota were exported from the United States.

Seventeen countries granted concessions on paints, varnishes, and pigments, 12 on medicines and pharmaceuticals, and 14 on soaps and toilet preparations. These concessions were of significance to Minneapolis, St. Paul, and Winona, where these chemicals are manufactured.

Wood and paper products

Production of wood and paper products in Minnesota of the kinds customarily exported from the United States amounted in 1939 to $15,900,000. Over $5,000,000 in wages were paid to 5,000 employees in Minnesota making these products. Concessions were obtained from 14 countries on paper and paper products and from 11 countries on wood manufactures. Canada reduced duties on paper and paper products and Canadian purchases of American paper and paper products increased from $3,653,000 in 1935 to $5,284,000 in 1938. Canadian imports of United States wood and wood products, on which duty concessions have been obtained, increased from $2,360,000 in 1935 to $3,264,000 in 1938.

Some communities outside of the Twin Cities having important woodworking or paper-making industries are: Brainerd, Grand Rapids, and International Falls.

Canned vegetables

Minnesota's canning industries produced goods in 1939 valued at $9,400,000. One million three hundred and sixty thousand dollars in wages and salaries were paid to 2,000 persons. Most of the goods produced were canned vegetables. Under the trade-agreements program 18 countries granted duty reductions or increased quotas on canned vegetables or preparations. Over 13 percent of all United States canned asparagus in 1937 was exported. Vegetables were canned in such communities as Blue Earth, Cokato, Le Sueur, Watertown, and Winsted.

Electrical machinery

Over 1,000 wage earners were engaged in producing electrical machinery, apparatus, and supplies in Minnesota in 1939, receiving wages and salaries amounting to almost $2,000,000 and producing goods valued at $7,000,000. Concessions were obtained from 22 countries for electrical machinery and apparatus in the trade-agreements program. Canada increased its imports of United States electrical machinery and apparatus, upon which reductions in rates were made, from $4,824,000 in 1935 to $7,121,000 in 1938. Fifteen countries granted concessions on radios and parts, and nine countries on generators, dynamos, and motors.

Almost 12 percent of total radio production, by value, in 1937 and over $100,000,000 of electrical machinery, as a whole, in 1938 were exported from the United States, compared with an average of $63,000,000 in the 1931–35 period.

Electrical goods are produced in Minneapolis and St. Paul.

BENEFITS TO AMERICAN LABOR

American labor greatly benefits from the trade-agreements program. Increased exports to the agreement countries have brought about important gains in employment in export industries. Lower unit cost of production, not labor cost alone, is the decisive factor in international competition. It is not surprising, therefore, to find that, according to a study by a nongovernmental body, based on figures computed by the Bureau of Labor Statistics, hourly earnings in a group of representative export industries ranged nationally from 63.8 cents to 96.9 cents in September 1939, while the national average for all manufacturing industries was 64.3 cents and that of a representative group of industries which has had high tariff protection ranged from 38.0 to 53.2 cents. The trade-agreements program has stimulated high-wage industries and, consequently, benefited American labor. In addition, the total effect of the program is to provide a wider range of products from which to select and to lower prices on articles which American labor must buy, thus reducing living costs, increasing real wages, and improving the standard of living in the United States.

THE SIGNIFICANCE OF INTERNATIONAL TRADE TO THE WORLD

The maintenance of high standards of living and employment in this country is dependent on a healthy and stable world economy. The economies of all countries, including our own, are interdependent. This is vividly illustrated by the spread of the depression in the 1930's. Our economy and that of the world is a living dynamic organism which lives and grows on trade. There is not just so much business to be done in the world and no more. Prosperity in one country tends to stimulate prosperity in other countries. Profitable and expanding outlets (both domestic and foreign) for the growing output of American producers are better than exclusive right to a static or declining domestic market.

The world's productive resources must and can be made to yield the maximum of material well-being to all peoples. This goal, however, imposes special responsibilities upon the United States, which occupies a dominant position in world trade. With but a small part of the world's population, we possess approximately half of its industrial capacity. We were, even before the war, the greatest exporting nation and the second largest importer. Consequently, what the United States does or fails to do is of tremendous significance to hundreds of millions of people throughout the world. Hungry, unemployed, and dissatisfied people in any corner of the earth breed war, and in the atomic age war must be avoided at any cost. An expanding world economy in which the United States and other countries can employ their citizens profitably in mutually interdependent trade is one of the primary conditions of peace. Pointing out this vital relationship in a broadcast from Paris at the time of the peace conference, Mr. William L. Clayton, Under Secretary of State for Economic Affairs, emphasized that while higher living standards will not of themselves guarantee the peace, they will create a climate conducive to preservation of peace in the world.

Mr. HUMPHREY. Mr. President, I also ask that an editorial which appeared in the issue of the Minneapolis Tribune of Sunday, September 11, 1949, entitled "Our Stake in Trade," which outlines, in brief, a report of the Ninth District Federal Reserve Bank of Minneapolis, telling of the benefits of the reciprocal trade treaty program to the Ninth Federal Reserve District, and the State of Minnesota in particular, be incorporated in the body of the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

OUR STAKE IN TRADE

The upper Midwest has fared pretty well under the reciprocal trade agreements program now being debated in the Senate. It has not been injured by competition with imported products. On the contrary, it has benefited directly through sale of farm commodities abroad. And prices of the goods it sells at home have been strengthened because a portion of the Nation's total product has been sold in foreign markets.

These are some of the points brought out in a study just published by the Ninth District Federal Reserve Bank of Minneapolis. Prepared by Oscar F. Litterer, industrial economist, it is a dramatic portrayal of this area's stake in world trade and in continuation of the reciprocal agreements program.

Figures compiled in the study show that upper Midwest farmers and processors have sold far more goods abroad than have been admitted to compete in our home markets.

Of the 1947 imports of principal commodities produced or processed in the ninth district, less than one-fourth of the total value was subject to trade agreements. To be specific, duties on $312,000,000 or 22 percent of the total of $1,522,000,000, has been reduced by agreements. On another $30,000,000 worth of imports, preagreement rates were not lowered. They were merely frozen at existing levels.

In other words, 76 percent of 1947 imports offered to American consumers in competition with goods produced in our area were subject to the same duties that would have been imposed on them had there been no trade-agreements program.

Certainly this is a far cry from the dangerous flood of foreign goods some critics of the program would have us believe menaces our homegrown farmers and manufacturers.

In return for "concessions" on 24 percent of competitive imports, the ninth district has enjoyed these dividends:

In 1947, $2,663,000,000 worth of United States goods such as are produced in our area were sold abroad. Wheat, of course, was the principal export. Total shipments overseas were valued at $429,000,000 in 1947, and $909,000,000 in 1948. Exports of other grains and grain products totaled $800,000,000 in 1948.

The trade program can't claim credit for all of these sales. The European aid program financed a sizable portion. Nevertheless, the agreements helped keep open the gates of foreign markets to upper Midwest products.

In the general agreement on tariffs and trade drawn up at Geneva in 1947, concessions were obtained for American wheat that may prevent foreign demand from drying up after the reconstruction period. France and Cuba, for instance, lowered their duties. China agreed not to raise its duties

and Norway pledged to preserve duty-free status of United States wheat imports.

Similar concessions were obtained for wheat products, as well as for other grains. True, there has been no general lowering of tariff barriers to American goods. Considering the yawning dollar deficits already plaguing most of our potential overseas customers, however, the gains are not to be discounted as unimportant. They represent a precarious toehold that must be maintained until the world awakens to the mutual benefits of freer trade and sets up mechanisms that will make it possible.

With so much at stake, the resurgence of the high tariff bloc in the Senate is disturbing. Its demand that Congress have a voice in future trade agreements has a good deal of merit. But complete acquiescence to its point of view might well destroy or dangerously slow down the efficient mass production economy that supports our high standard of living.

Mr. HUMPHREY. Mr. President, that concludes my remarks on reciprocal trade.

Mr. MILLIKIN. Mr. President, I should like to ask the Senator whether he agrees with the assurances which both President Truman and President Roosevelt repeatedly have given, that no domestic industry should be seriously injured or threatened with injury because of tariff concessions.

Mr. HUMPHREY. After having read the Senator's very well developed remarks on the subject of the peril-point amendment, I recognize, as I am sure others do, that some agreements have been negotiated which at times in their effect, because of the fluctuating economy in our own country and the fluctuating economy in the world, have worked to the detriment of some industries. For example, in my own State—and I am very much concerned about the fur industry which has been seriously affected.

Mr. MILLIKIN. It has been almost destroyed.

Mr. HUMPHREY. Yes; it has been seriously affected. I appeared before the Senate Committee on Finance, and brought the matter to the attention of the committee. I have met with the representatives of the fur industry, and told them that it is within the power of the President and the State Department, under the Reciprocal Trade Agreements Act, to rectify any inequities. I hope that the legislative history will be developed on the floor of the Senate so that such abuses and inequities will be rectified. It is these specific instances of injury to American producers that threatens the Reciprocal Trade Act.

My reason for not supporting any of the amendments which are to be offered to take care of particular cases is that, from my study of economic history, I have found that the adoption of such amendments is the entering wedge for high protectionism. I am going to support the proposal outlined by the distinguished chairman of the Committee on Finance, the Senator from Georgia [Mr. GEORGE]. I am going to vote against the peril-point amendment. I am going to vote against the amendment offered by my friend and neighbor, the distinguished Senator from Wisconsin [Mr. MCCARTHY], even though some of the citizens of my own State have appealed to me to support it. I shall vote against it because I believe that in the long run the reciprocal trade treaty program will work for the benefit of my State and of the country. I think that in the long run it is one of the main pillars of peace. I am convinced that if we want to quit giving to Europe we must start buying, and we will have to start buying if we are to be able to sell. Some of the Members of the Senate who have complained the most about our gifts to Europe are now wanting to erect trade barriers so that the only way we could do business with Europe would be by giving and giving and giving.

Mr. MILLIKIN. Mr. President——

Mr. HUMPHREY. Let me make one further observation. In view of the American position, there are two ways we have of trading in this world. One is to give the foreign nations dollars with which to buy our goods, which means that we give them the dollars and give them the goods. The second method of selling our goods is to buy goods from the other countries, so that they will have the dollars with which to buy our products. In that way we get something back in the form of their goods. As it is now, we give our goods and at the same time give our dollars, and will not get back either one. I prefer that we have an interchange of commerce.

Mr. MILLIKIN. Would the Senator approve admitting imports into this country which would seriously injure or threaten serious injury to domestic industries?

Mr. HUMPHREY. No. But the Senator from Minnesota does not believe that uneconomic production should be protected.

Mr. MILLIKIN. What I am trying to find out is whether the Senator agrees or disagrees with the assurances which President Truman and President Roosevelt gave, that domestic industry would be safeguarded against injurious imports.

Mr. HUMPHREY. I think it should be the objective and the purpose of the administration of the Government of the United States to safeguard American interests and American production and American productivity. That does not mean, however, that in the vast number of agreements, involving a tremendous number of commodities, in a period of 2 or 3 or 5 years, some particular industry or some particular commodity may not be adversely affected.

Mr. MILLIKIN. I quite agree, we are bound to make mistakes, but we should also operate on the standard I have mentioned. I wonder if the Senator approves the standard to which I have referred?

Mr. HUMPHREY. I approve it in the main.

Mr. MILLIKIN. What is the Senator's objection to the peril-point procedure, which is almost a literal phrasing of the statement of both President Truman and President Roosevelt?

Mr. HUMPHREY. The objection of the Senator from Minnesota is simply this: I have listened to the distinguished Senator from Virginia [Mr. ROBERTSON], and I have read his remarks and those of the Senator from Georgia [Mr. GEORGE] word for word and line for line. I refer in particular to the statement of the Senator from Virginia this morning, that so far as the peril-point amendment is concerned, there is no such thing as a peril point, but there is a peril area. The testimony of the Chairman of the Federal Tariff Commission pointed out that all they could do when they thought about peril points was to make a guess. That is in the record and in the testimony. Therefore, I do not think it is possible to pinpoint a peril point.

I suggest also that there is in the Reciprocal Trade Agreements Act the escape clause provision, which can be applied at any particular time.

Mr. MILLIKIN. The President himself, in an Executive order to his Interdepartmental Committee, which makes recommendations as to concessions to be made and advantages to be sought, gave that Committee this instruction in Executive Order 9832, paragraph 8:

> If any such recommendations to the President with respect to the inclusion in any trade agreement is not unanimous, the President shall be provided with a full report by the dissenting member or members of the Interdepartmental Committee, giving the reasons for their dissent and specifying the point beyond which they consider any reduction or concession involved cannot be made, without injury to the domestic economy.

Does the distinguished Senator from Minnesota disagree with that part of the President's instruction?

Mr. HUMPHREY. I would say that that was an adequate safeguard. The junior Senator from Minnesota never wants to be a party to voting for any kind of a program which at any time will permit the reinstitution, by piece or by part or by substance or by general principle of the kind of protectionist principles we had under the Smoot-Hawley Tariff Act, which literally ruined the country.

Mr. MILLIKIN. Will the Senator be good enough to specify in what respect the peril-point amendment restores the Smoot-Hawley Act?

Mr. HUMPHREY. It would simply be going back to the idea of each and every industry having its particular specific case brought before the Tariff Commission to make it an issue on the floor of the Senate and of the House. It would result in going back to that procedure of "You protect me because I am in peril, and I'll protect you when you are in peril." That is the way the whole idea of protection started, with its logrolling, with its "You scratch my back and I'll scratch your back."

Mr. MILLIKIN. Does the Senator from Minnesota agree with me that the Tariff Commission did submit 400 peril points to the President for his consideration in connection with the Annecy conference? There is not the slightest suggestion that there is any logrolling or any improper pressure in connection with them.

Mr. HUMPHREY. There is a good bit of intimation of it, I will say to the Senator, going on now, because one industry after another comes in and asks for protection, and protection for such industries would be provided by submission of amendments to a general bill. I submit that is the beginning of what we saw before in the old days when Congress met, there was a quorum call,

appropriation bills were passed, and then the tariff bill was passed, and then Congress adjourned and went home.

Mr. MILLIKIN. Mr. President, I am trying to discover the Senator's attitude toward the peril-point provision. Does the Senator agree with me that the Tariff Commission did submit more than 400 peril points to the President in connection with the Annecy conference?

Mr. HUMPHREY. The Senator from Minnesota is not familiar with all the details. The Senator is simply saying that from his observation of the record and from his own general knowledge of the progress of the reciprocal trade treaty program, which is a monument in American foreign policy, a monument to good sense and good business and of development of world order and world trade, that I do not think we ought to rock the boat. I am just intuitively one of those persons who, when he hears the same people condemning what is happening to America in giving its money away on the one hand and then finds them making an effort to use what is called the peril-point to erect higher trade barriers——

Mr. MILLIKIN. Mr. President, I challenge the Senator to demonstrate that. That is the reason I am talking with him.

Mr. HUMPHREY. The Senator from Minnesota has demonstrated what he wished to demonstrate by placing in the RECORD the effect of the reciprocal trade treaty program upon his own State, Minnesota, which record I think should be brought to the attention of the United States Congress, should be brought to the attention of the American people, because that record is clear and concise and to the point. It is not only a record supplied by the Senator himself, but a record supplied by the Ninth District Federal Reserve bank, a record supplied by our State Department, and a record certified to by the leading businessmen of our community, and the leading newspaper of our community and the responsible business organizations of our community.

Mr. MILLIKIN. If I understand the import of the material offered by the Senator from Minnesota for the RECORD it is that exports are a very good thing. I do not know of anyone who would deny that. I am talking about peril points, and if they would impede exports in a legitimate way I should like to know about it. If the adoption of the peril-point provision would turn us back to the Smoot-Hawley Act I should like to know about it. If it would bring us back to free trade I should like to know about it. I should like to know in what respect the peril-point amendment differs from the assurances given to us by the late President Roosevelt and by President Truman.

Mr. HUMPHREY. If the Senator is so certain and so convinced by the assurances made by the late President Roosevelt, and by the assurances given by President Truman, let us leave it as it is, because the record is quite clear that over the years the reciprocal trade treaty program has worked well. Why tamper with it? Therefore I suggest that the escape clause provided in the act is sufficient protection along with the policy statement made by the President to the Interdepartmental Committee.

Mr. MILLIKIN. What I suggest to the Senator from Minnesota is that we have received the assurances, but we have not received the performance, and I should like to know what harm would result if those assurances were placed in the act.

Mr. HUMPHREY. That will be a matter to be voted upon by all the Members of the United States Senate. I wish to assure my distinguished colleague from Colorado, who I know has made a very able and persuasive argument, because he can speak forcibly, and I respect his great understanding on this subject as I do that of the chairman of the Finance Committee—I wish to say that I want to make my contribution only in behalf of my own State. The matter will be decided by the vote of the Senate, and I shall vote against the peril-point amendment, because I personally think there is adequate protection now, and that the protection we have in the present law is the kind of protection which leads to a better relationship between the nations that are trying to create trade. We ought not to jeopardize that kind of relationship. We have the kind of program that has done a good job, and why tamper with it, particularly in a period of time when we are trying to build for world order?

I think the charges which have been made against the Reciprocal Trade Agreements Act in the postwar period are unfair. I feel that at this time there should be a heartening and consoling attitude on our part toward other countries respecting reciprocity. We should not spread abroad the fear that the old tariff again is rearing its ugly head. Neither by rumor or inference or otherwise should the people of the world be made to feel that we are tampering with the Reciprocal Trade Agreements Act. The peril point amendment or other special amendments, whatever they may be, are interpreted as an attempt to revise an act which has been proven and tested.

Mr. MILLIKIN. I believe it has been proved and tested. We have been told that concessions have been made under calculated risk in order to help the export market about which the Senator is talking and which is so useful to his people. It has not helped the export market and it has hurt many of our domestic markets. That is the way it has been proved and tested.

Mr. HUMPHREY. I appreciate the observations of the Senator from Colorado.

Mr. BUTLER. Mr. President, I should like to ask the Senator from Minnesota a question. Will the Senator yield?

Mr. HUMPHREY. Mr. President, I have sat down and have yielded the floor.

Mr. BUTLER. I simply wanted to ask the Senator one or two questions.

Mr. HUMPHREY. I have yielded the floor.

Mr. BUTLER. Mr. President, the distinguished Senator from Minnesota mentioned several amendments which had been proposed, and made the statement that he intended to vote against them and in some cases he gave his reasons therefor. But he failed to mention one amendment on which I spoke this afternoon, and which I intend to offer, requiring the placement in all trade agreements of the escape clause which is already in all the agreements which have been made since 1944, possibly since 1943. It is in all the trade agreements with the exception of the 13 original agreements. I simply wanted to ask the Senator if he will be perfectly willing that the 13 original agreements be provided with the same sort of an escape clause that has been inserted in later agreements, since it has been found by experience to be a proper procedure?

Mr. HUMPHREY. I did not know that the Senator's amendment had been printed. I have seen other amendments which were printed or which are intended to be proposed. I will keep a very open mind on that subject. I will consult with persons in whom I place trust and confidence. It appears to me that the escape clause is a procedure which is justified and has given protection which is adequate and necessary in the trade agreement.

Mr. BUTLER. Knowing the ability of the distinguished Senator from Minnesota and his tendency to be very fair, I hope he will find an opportunity between now and the time to vote tomorrow to read the statement I made in the RECORD today.

Mr. MALONE. Mr. President, will the Senator from Nebraska yield for a question?

Mr. BUTLER. I yield.

Mr. MALONE. I am very familiar with the amendment submitted by the distinguished Senator from Nebraska, and I shall vote for it. As the 1934 Trade Agreements Act now stands, it is practically the only protection we could get.

I should like to ask the distinguished Senator from Nebraska if his amendment would be necessary in the event the substitute proposed by the junior Senator from Nevada were adopted, providing for a flexible-import-fee principle instead of the arbitrary manner in which the problem is handled at this time by the State Department. Would the Senator's amendment then be necessary?

Mr. BUTLER. I think that amendment and probably all other amendments would be unnecessary if the substitute proposed by the distinguished Senator from Nevada were adopted.

Mr. GEORGE. Mr. President, will the Senator from Nebraska yield to me?

Mr. BUTLER. I yield.

Mr. GEORGE. I should like to ask one question. Of course, I shall have an opportunity to read the amendment tomorrow, but the Senator has made some changes in it. I should like to inquire about one point. Does the amendment still require the President to place the escape clause in the trade agreements which were negotiated before the development of the escape clause?

Mr. BUTLER. It would require that the escape clause, through certain procedures, be placed in the 13 trade agreements which do not now contain the escape clause. However, it would not require the President to operate under the escape clause any more than he is required to do so in the case of the agreements which are now in effect.

Mr. CEORGE. I understand that part of it. What I wish to know is whether it would be required to be placed in the agreements of which it is not now a part?

Mr. BUTLER. That is the entire purpose of the amendment.

Mr. GEORGE. I thought so.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. LUCAS. As I understand the Senator's amendment, it would require the President to renegotiate all the agreements which were negotiated prior to the time the escape clause was placed in later agreements, whether or not there was injury or threatened injury to an industry. The President would be compelled to place the escape clause in the prior agreements, whether or not there was injury or threatened injury.

Mr. BUTLER. It would require the escape clause to be placed in the agreements, but any action under the escape clause would be up to the President.

Mr. LUCAS. The Senator realizes, does he not, that if his amendment should become law it would be necessary for the President, through the State Department, to begin at once the renegotiation of each and every one of the trade treaties involved, which would be no small job within itself? It seem to me that when no one is complaining about a particular industry being injured or threatened with injury——

Mr. BUTLER. If the Senator will pardon me, I invite his attention to one industry in his own State, the Elgin National Watch Co.

Mr. LUCAS. I know about that. I shall refer to it tomorrow. I am in sympathy with what the Senator is trying to do, but his amendment includes all trade agreements. He is not including merely the Swiss agreement, in which I am vitally interested, but he is including each and every one, whether or not there is actual injury to an industry, or whether there is threatened injury to an industry which is affected by a reciprocal trade agreement between this country and some other country. It seems to me that that would involve quite an enormous task.

Mr. BUTLER. The adoption of the amendment which I have proposed would, I think, simply be an expression of the Congress. It is true, as the distinguished Senator from Illinois has intimated, that a reconsideration of the original 13 agreements could be had by the State Department and the President if they so desired, under 6 months' notice. The adoption of the amendment would simply indicate to the State Department the policy of Congress.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. GEORGE. I do not care to enter into a debate, but I suggest to the distinguished Senator this thought: If Congress were to require the President to place any particular provision in any trade agreement, it would take away all the bargaining power which he has. Representatives of other countries would know in advance that he must place that provision in the agreement. Therefore it seems to me that we would nullify the program.

With respect to the insertion in the law of a requirement that all future treaties should contain such a provision, as I understand, that would be precisely what the Executive order now does. Of course there is no legitimate objection on that ground. However, I make the suggestion in all good faith to the Senator that to require the renegotiation of treaties, with a mandatory provision that a particular clause must be inserted in the agreements would, of course, place us at a disadvantage which we simply could not overcome. Representatives of other nations would demand all kinds of concessions before they could be brought to the point where they would accept that provision, knowing that we had to insist upon it.

Mr. BUTLER. The proposal was made with the thought that it was only fair and right that the provision in trade agreements executed under Executive order should be extended to those agreements which were executed before the Executive order was issued.

Mr. GEORGE. I agree that it is fair and right, but for us to impose a mandatory requirement upon the President that he insert a certain clause in the agreements would place us at a very great disadvantage. For example, take the case of Switzerland. We have been talking about the Swiss. The Swiss would say, "You must put this provision in the agreement. Therefore we must have concessions 1, 2, 3, 4, 5, and 6," and they would trade us out of house and home.

Mr. BUTLER. I will say to the distinguished chairman, for whom I have the greatest admiration, that I think we have already been traded out of everything up to date, and the experience would not be new.

Mr. GEORGE. I do not want to be traded out of anything more by a requirement that we must put in a particular provision.

Mr. President, I have received a letter from Mr. J. G. Shennan, president of the Elgin National Watch Co., of Elgin, Ill. In the letter Mr. Shennan, who is a gentleman of unquestioned character, veracity, and high standing, calls my attention to the fact that I had accused American watchmakers of not aggressively merchandising their product, and some of them of indulging in semimonopolistic practices. Mr. Shennan states that he does not believe that if all the facts were fully known the statement would have been made.

I ask unanimous consent to have the letter printed in the body of the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

ELGIN NATIONAL WATCH CO.,
Elgin, Ill., September 12, 1949.

Senator WALTER F. GEORGE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR GEORGE: I am writing you because I cannot believe that, if you had known the true facts, you would have made the statement reported in the CONGRESSIONAL RECORD of Wednesday, September 7, in the debate on the bill to extend the Trade Agreements Act. This statement accuses the American watch manufacturers of not aggressively merchandising their product, and of indulging in semi-monopolistic practices. I am sure you are anxious to see to it that justice is done to any American industry and that no statement of yours prejudices any manufacturer in this country. Accordingly, I am taking the liberty of giving you as briefly as I can, the pertinent facts with respect to the two accusations made in your statement.

I assume that the first of these two accusations is based upon the fact that the American Industry does not spend in total as much money on advertising as the total spent by the importers of Swiss watches. One could hardly expect them to, when it is understood that there are several hundred importers of Swiss watches as compared to only three exclusively American manufacturers, and when it is also understood that the importer, because of a lower movement cost, has a larger gross profit with which to work than does the American manufacturer. It should be remembered that there is more to merchandising than national advertising. That just happens to be the aspect of merchandising which is the most spectacular and, therefore, the most readily apparent. The important thing is the return obtained per promotional dollar spent, and the American companies have an excellent record in this respect, and in over-all merchandising aggressiveness. Quality and style of product are also very important aspects of merchandising, and in this connection it is interesting to note that it was an American watch manufacturer that received the Fashion Academy gold medal award for special design achievement in 1949. But even in the field of national advertising, the information available to us indicates that probably only one, and certainly not more than two of the importers out-spend the Elgin and Hamilton companies in this medium of merchandising.

The second accusation appears to be based upon information coming to you recently that a GI was unable to obtain American-made watches. Obviously, with several hundred importers to approach, one or more brands of Swiss made watches are obtainable to most anyone. On the other hand, with only three exclusively American made brands on the market, the country cannot be blanketed with American made watches because the ability of these companies to service large numbers of accounts is dependent upon the volume of business, which is small compared to the total of that of the several hundred importers of Swiss made watches. As a matter of fact, this is what concerns us so much about the large increase in the share of the market which the Swiss have been able to obtain as a result of our being out of it during the war. In terms of monopoly it means that the Swiss are the ones that are obtaining the monopoly. Despite this situation, a recent survey by one of the American manufacturers reveals that the Elgin company has by far the largest number of retail accounts, and that the Hamilton company is second in this respect. According to this survey, the Bulova Watch Co., which sells more watches in this country than any other single company, is third in the number of retail accounts.

The reference to the GI who was unable to obtain watches of American make is so casual that, obviously, we have no idea to whom you were referring. As far as the Elgin company is concerned, however, I can assure you that immediately after the war, when our watches were still in short supply, our Sales Department favored the GI's in the opening of new outlets, and that now any retailer who has adequate facilities for the merchandising of Elgin watches, and whose credit meets our standards, not only receives our watches but is aggressively encouraged to promote their sale in every way that we can be of assistance to him within the means,

financial and otherwise, we have at our disposal. Our sales force has been considerably expanded over anything we have had in the past to this end. As compared to this attitude on the part of our company, investigation will disclose that some of the importers merchandise their watches on an exclusively dealer basis in the cities and towns where they seek distribution. I know of no exclusively American manufacturer of watches who distributes on that basis.

Yours very truly,

J. G. SHENNAN,
President.

Mr. GEORGE. Let me say first that Mr. Shennan is not exactly accurate in saying that I have accused anyone. That is a bit too strong a term. I did not indict or accuse. I did suggest that certain of our American watch manufacturers had not displayed merchandising capacity, and also suggested that some had delined to permit certain GI's who returned home and who wished to enter business to have an opportunity to distribute their goods, which is true. But none of those statements related to the Elgin National Watch Co. While I cannot go much further, because there are only three American manufacturers who manufacture exclusively jeweled watch works, I take this occasion to say that nothing that I said had the slightest reference to the Elgin National Watch Co. or to the Hamilton Watch Co. So far as I know, those companies have developed merchandising capacity in a high degree. So far as I have ever heard, no semimonopolistic restrictions have been indulged in by them.

Moreover, Mr. President, I wish to confirm what Mr. Shennan says. It is certainly not my purpose to prejudice any American manufacturer by any statement, and it is not my purpose to inflict injury—knowingly, at least—on any American producer.

I wish to add that I have been among the friends of the watch industry. I conferred with the distinguished Senator from Illinois [Mr. LUCAS], who is a member of the Finance Committee, not only recently, but on prior occasions. We have both been concerned with the heavy imports of Swiss watches under an agreement which does not contain the escape clause. That has been one of the difficulties.

About the end of the war our Government induced the Swiss Government itself to impose a quota upon exports from Switzerland, but that agreement stood for only 1 year. I may say that on two occasions I made an approach to our Government and insisted upon a further extension of that agreement, or that order of the Swiss Government, which was induced by our Government. I believe I am correct in that statement. I have otherwise undertaken to assist the United States watch manufacturers, because I recognize—and I think no one can fail to understand—that they have met with a peculiarly vicious type of competition. I propose to continue my efforts, so far as I am concerned—and I am sure the distinguished senior Senator from Illinois shares my view and sympathizes with the purpose—to bring about some assistance.

I may say that there has not been any actual loss of production by United States watch manufacturers, but there has been a relative loss in respect to the increased consumption of watches in the United States.

Mr. SALTONSTALL. Mr. President, will the Senator yield at that point?

Mr. GEORGE. I yield.

Mr. SALTONSTALL. As one coming from the State of Massachusetts, where the third company is located, I know the Senator from Georgia realizes that that company is now under new management.

Mr. GEORGE. I do.

Mr. SALTONSTALL. And I am sure the Senator also realizes that the Government has agreed to put a heavy financial interest into it.

Mr. GEORGE. I do. I was going to make that statement.

Mr. SALTONSTALL. I should like to ask a question, if the Senator will yield further to me. The very distinguished and thoughtful Senator has stated that he has had discussions with the State Department in regard to the importation of watches from Switzerland. It is true, I think he will agree, that the agreement to which he has referred has perhaps not been fulfilled to the extent the Senator from Illinois and myself and the Senator from Pennsylvania are interested in having it fulfilled, because watches have come in from Mexico. Does the Senator agree that that is correct?

Mr. GEORGE. I think perhaps it is correct, although I am not sure of that fact.

Mr. SALTONSTALL. I am not sure of it, either; but I am so informed.

Mr. GEORGE. But the restriction on exports imposed by the Swiss Government did expire. I very well recall that I, among others, urged that it be continued because American watch manufacturers had released their expert mechanics, their highly trained personnel, to the Government, or had virtually released them to the Government, in order that they might do the necessary work for the Government during the war period. It occurred to me that in view of the large volume of imports coming into the United States, the Swiss export restriction should have been continued, certainly for longer than a year.

I was about to say that I am aware of the situation of the Waltham Watch Co. and their employees, and I have every sympathy for them. They have had financial difficulties. They finally brought about a financial reorganization. According to my information, that company is now reorganized and has obtained considerable financial assistance from the Government itself. The Government has a stake, of course, in the successful operations of that company in the future, and I hope very much that it may be successful.

I was saying that American watch manufacturers have continued to increase their production, but they have a lesser percentage of the total market for watches in the United States today than they had a certain right to expect they would have. That development has occurred because of the pressure of imports while they continued to produce. Their production has increased; but at the same time they have not been able to hold their proportionate part of the increased consumption of watches in the United States; and in that respect a certain proportion of the market has been lost to the importers.

Therefore I felt, and I now feel, that this particular industry has a very just claim for reconsideration of its presentations heretofore made to the Government.

Mr. SALTONSTALL. Mr. President, will the Senator yield again to me?

Mr. GEORGE. I yield.

Mr. SALTONSTALL. In reference to the point the Senator from Georgia has mentioned, is it not true that the watch industry of the United States has suffered peculiarly and may continue to suffer peculiarly under reciprocal trade treaties? Does the Senator agree that that industry is in a very unusual position? The Senator from Georgia has mentioned—with entire accuracy, according to the information I have—that purchases of watches have enormously increased in the United States since the war. That has occurred because of the war effort and the falling off in the buying of watches during the war.

Mr. GEORGE. It has also occurred because of a powerfully stimulated effective demand for watches in the United States. Our people use more watches now.

Mr. SALTONSTALL. What I have in mind is that I think one of the fears of the watch industry is that when the presently accelerated demand for watches is reduced to a more normal condition they will be left at that time in a very difficult competitive position, and their percentage of the watches sold in the United States may be even less than it is at the present time. Does the Senator from Georgia agree?

Mr. GEORGE. I am inclined to think, although I do not make the statement as a fact, that the imports already are declining. So I think the contrary of what the Senator from Massachusetts suggests will be true.

The enormous demand for watches—based upon the strong purchasing power of the American people during the war period and the inability to obtain watches of United States manufacture or, during a portion of the war period, even to obtain an adequate supply of imported watches—did create a large backlog of demand for watches. But the real stimulant, as in the case of many other industries, was the vastly increased purchasing power of the American people.

No American industry has, because of imports, lost its own production; that is to say, its present production is in excess of its prewar production. However, some of the watch manufacturing companies have suffered losses in respect of their failure to gain a comparable percentage of the total increased volume of watches sold in the United States market. But I think the imports are declining somewhat at this time.

I have no doubt that American watch manufacturers will be able to regain quite a respectable portion of the volume of watches sold in the United States, as rapidly as they themselves can supply the demand.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a further question?

Mr. GEORGE. Yes; I am glad to yield.

Mr. SALTONSTALL. I am confident the Senator from Georgia will agree with me that it is important that the jeweled watch industry should be maintained in the United States because of the necessary production of precision instruments.

Mr. GEORGE. Yes; it is vital. It is a necessary industry, because many of our highly complicated war machines could not be operated without the assistance of the men who get their real training in the watch industry and in the manufacture of watches.

Mr. SALTONSTALL. One thing we have felt in Massachusetts, particularly because of the 2,500 workers in the Waltham Watch Co., is the fact that during the war every one of those persons was taken off the manufacture of watches—and the same is true in the case of the Hamilton Watch Co., and the Elgin Watch Co., and was assigned to the production of precision instruments for the Government.

Mr. GEORGE. That did occur. Of course, they continued to make watches, but they made them for the officers and personnel of the armed services, and they also made other precision instruments. So the Senator is quite correct.

The watch industry is vital, in that it is absolutely essential to national security. I do not know how I could state the case more strongly than that.

Mr. SALTONSTALL. I express the hope, if the distinguished Senator from Georgia will yield briefly for that purpose, that in the responsible position which he holds as chairman of the Finance Committee, he will do everything in his power to aid the watch industry and will continue to urge the State Department to look favorably and often on the problem which the jewel-and-watch industry faces.

Mr. GEORGE. Yes; I certainly shall. For the reason I have already stated, I personally should have no objection to the amendment offered by the Senator from Nebraska, but I should regard it as unwise to write into the organic act a requirement for any particular specific provision relating at least to the trade agreements which are already in existence. I am not referring to agreements which may be made in the future.

Mr. MALONE. Mr. President, apropos of the debate within the last 15 or 20 minutes, I should like to say with respect to the seven amendments, that if we should adopt a substitute on the basis of the principle embodied in the 1934 Trade Agreements Act, which was not followed, as the distinguished Senator from Nebraska has said, there would be nothing mandatory about them. No amendment which has been offered would be mandatory, except as to certain specific products which have been mentioned. For example, the distinguished Senator from West Virginia [Mr. KILGORE] has offered an amendment to which I agree to prevent entirely the importation of hand-made glass and pottery. I shall vote for his amendment, because if things continue as they are for another year or 18 months, I think the experience of the Waltham Watch Co. will be multiplied manyfold.

Mr. President, I should like to call attention again to the title of the bill. The bill bears the title of "to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes," and the first provision of the bill reads:

> That this act may be cited as the "Trade Agreements Extension Act of 1949."

Yet we persist, as in the headlines of the CONGRESSIONAL RECORD, on page 12779, September 13, in calling it the Extension of Reciprocal Trade Agreements Act. I call attention of the Senate to the fact, Mr. President, that recently, when we were warned the bill was to be brought up, the distinguished majority leader said the Senate would take up the Reciprocal Trade Agreements Act. If anyone has ever heard of the Reciprocal Trade Agreements Act, except through the propaganda machine of the State Department, it is news to me. I should like again to call the attention of the Senate to the fact that this is being used, and is to be used throughout the country, and even in the CONGRESSIONAL RECORD, as propaganda.

One more thing. We have now another matter before us. We have already appropriated money I suppose to be disbursed by some agency, to take care of people in depressed areas throughout the country, such as the 4,000 copper miners in Michigan, and people in other depressed areas who have become unemployed as a result of the Trade Agreements Act and the free-trade policy adopted by the vote of the Senate. A very interesting bill has been introduced by distinguished Senators which would call for an appropriation of $15,000,000,000, with $4,000,000,000 for overhead, to aid distressed businesses.

Let us ponder the situation of the Waltham Watch Co. The Waltham Watch Co. now has the Government as its partner. It has gone into partnership with the Government as the result of a loan from the Reconstruction Finance Corporation. The RFC has placed at the head of the Waltham Watch Co. a man who is to boss the job and make sure the Government money is expended properly. So the Waltham Watch Co. is in partnership with the Government. The Government has loaned them a tremendous number of millions of dollars—the exact figure does not come to my mind at the moment—to bring back an industry which the action of the Senate, in writing the provisions of the Trade Agreements Act, allowed the Secretary of State to ruin in the first place.

As I have said, we now have a very interesting bill to authorize $15,000,000,000, which would be loaned to private businesses, anticipating the time when they might go broke. The Government would loan a private business money on a certain basis, and the bait is that the private business will be allowed to write off the amortization in 5 years instead of 10, as allowed by the Internal Revenue Act, and they can borrow the money at a low rate of interest—a lower rate than could be given by the bank, Mr. President, where you and I and others of the great public of the United States keep whatever money we may happen to retain, under the inflated prices which now prevail. The small bank loans our money and tries to make some profit, so it can pay a little interest on deposits. The Government now comes along and offers money at a lower rate of interest, and the bait is something a private banker cannot afford. namely, that the borrower will be allowed to amortize the indebtedness in 5 years instead of 10, as required by the Internal Revenue Act.

Mr. President, how long will it take the Government, through the action of the Senate itself, to force every important business in the United States to become a part and parcel, or a partner, of the Government? Then, if necessary—the record is clear—the Government appoints someone to run the business. In other words, when a man from the RFC is placed in a top position in an organization which the Government has financed, it means the RFC runs the business; it is no longer in private hands; it is not a private business. It is a combination business.

That is where we are headed, Mr. President, when we extend the 1934 Trade Agreements Act, called now the 1949 Trade Agreements Act, not the Reciprocal Trade Agreements Act, since it has been shown clearly on the floor of the Senate there is nothing reciprocal about it. We lower our tariffs and import fees until they become bargain rates. The other countries lower theirs—on paper. Then they impose quotas and embargoes, manipulate currencies, and write specifications that can be met only by the automobiles they themselves produce. Every subterfuge in the world is resorted to in an effort to defeat the agreements they signed with the United States Government under the Trade Agreements Act.

There is no escape clause for any businessman whoever goes into business with the Government. The next thing he knows, if he never pays the Government out, he is licked. A man may make such an arrangement to save himself from oblivion, but from there on it is a semipublic business, it is not a private business.

We talk about private business. We give it lip service here on the floor of the Senate, and the Chief Executive gives it lip service. Then through such bills as the 1934 Trade Agreements Act private businesses are forced into bankruptcy, or they will see bankruptcy coming and borrow RFC money and take the Government as a partner—with what? With the inclusion of a 5-year amortization clause instead of the 10-year amortization which the private businessmen are now allowed. I do not think I have to explain to any Senator what a difference that makes in figuring income taxes and the various things that go with a successful business. There will be no successful business. I say again, as I said on this floor yesterday, that if we force this act through, within 12 or 18 months we shall be on a quota system such as the Senator

from West Virginia is asking for. I do not blame him. His people will be broke, and, like the Waltham Watch Co., in partnership with the Government. They will be forced into it. Mr. President, I close with this one statement, that we create our own problem, and then pass a bill to try to save the country from the effect of the action we have taken.

Mr. LUCAS. Mr. President, I ask unanimous consent to incorporate in the body of the RECORD at this point a letter from Mr. Nathan E. Cowan, CIO legislative director, with respect to the pending measure. I submitted it to the distinguished Senator from Colorado, and he has no objection.

The PRESIDING OFFICER. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D. C., September 14, 1949.

Hon. SCOTT W. LUCAS,
Senate Office Building,
Washington, D. C.

DEAR SENATOR LUCAS: On behalf of the Congress of Industrial Organizations, I should like to restate our position on reciprocal trade agreements. We testified both before the House Ways and Means Committee and the Senate Finance Committee against the specific inclusion in the authority to renew reciprocal trade agreements of the peril-point concept. We specifically testified that the peril-point procedure should not be that as established by the Gearhart amendment included in the 1948–49 extension. We did say to the committee that if an import policy would seriously injure or threaten to seriously injure domestic industry, that sufficient safeguards exist in escape clauses of reciprocal trade agreements to cover this specific point.

It is a misrepresentation of fact for Senator MILLIKIN to claim, as he did on the Senate floor on September 7, 1949, page 12633 of the CONGRESSIONAL RECORD, that when the CIO representative answered, "No" to his question, "Would you approve of an import policy which would seriously injure domestic industry?" that this was an endorsement of the peril-point concept. Our negative answer to that question was in recognition of the existence of the escape clause in reciprocal trade agreements.

We renew our support for the reciprocal trade-agreements program as passed by the House and recommended by the Senate Finance Committee.

We would appreciate having this statement read into the CONGRESSIONAL RECORD.

Thanking you for your kind consideration in this matter, I am,

Sincerely yours,

NATHAN E. COWAN,
CIO Legislative Director.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. MILLIKIN. I have no objection whatever to the letter. If I gave the impression the other day that the CIO was approving the peril point I misspoke myself. I tried to develop, and thought I was developing, the fact that Mr. Ruttenberg, in answer to a question of mine, said the CIO did not favor injuring or threatening with serious injury any domestic industry. Of course, Mr. President, one may draw a distinction, and Mr. Cowan has drawn a distinction between adherence to the principle and adherence to the peril point procedure.

Mr. LUCAS. I thank the Senator, and I am sure both Mr. Ruttenberg and Mr. Cowan will appreciate the explanation.

Mr. MILLIKIN. I have no objection to the letter.

PROGRAM FOR REMAINDER OF WEEK

Mr. LUCAS. Mr. President, I should like to make just this announcement. Yesterday I advised the Senate we would take up consideration of the nomination of Mr. Carl A. Ilgenfritz, following the disposition of the pending measure and the amendments thereto. That is still the order, and we shall perhaps have a night session if we cannot dispose of the nomination within a short while.

I advised the Senate that we would follow that by taking up the nomination of Mr. Butterworth to be Assistant Secretary of State, following that by taking up the nomination of Mr. John Carson to be a member of the Federal Trade Commission.

In discussing the question of the nomination of Mr. Butterworth with the distinguished chairman of the Foreign Relations Committee [Mr. CONNALLY], as well as with the ranking minority member [Mr. VANDENBERG], I learned that they thought it would perhaps be better to permit Mr. Butterworth's nomination to be debated following the disposition of the arms-program bill, because in that debate the qualifications of Mr. Butterworth will come into play, and we might save some time if we wait until the bill is passed. So I have agreed to that, and we shall not take up Mr. Butterworth's nomination immediately following that of Mr. Ilgenfritz, but we shall take up the nomination of Mr. Carson.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. SALTONSTALL. In order to make it perfectly clear, do I correctly understand that the Senator is going to recommend that immediately following the vote tomorrow on the reciprocal trade-agreement bill, the Senate go into executive session and take up the nomination of Mr. Ilgenfritz?

Mr. LUCAS. That is correct.

Mr. SALTONSTALL. Will the Senate remain in session on Thursday night until that nomination is confirmed?

Mr. LUCAS. I would not say we will stay all night, but we shall hold a night session.

Mr. SALTONSTALL. Will the only business on Friday be the confirmation of the nomination of Mr. Carson?

Mr. LUCAS. That is the only business arranged for at the present time. One or two minor bills on the calendar might be considered if there is no objection. If we can dispose of the nominations of Mr. Ilgenfritz and Mr. Carson in due time, there are two small bills on the calendar, one of which the Senator from Georgia [Mr. GEORGE] would like to take up, and there is also a bill in which the Senator from New Mexico [Mr. CHAVEZ] is interested and which we should like to take up, if possible. I understand there will be no serious objection to the consideration of either one of those bills.

Mr. SALTONSTALL. There is no intention to take up the military-assistance bill until next Monday. Is that correct?

Mr. LUCAS. That is correct.

Mr. SALTONSTALL. So that on Friday the Senate will consider the Carson nomination and possibly a bill from the Finance Committee and a bill from the Public Works Committee.

Mr. LUCAS. That is correct.

Mr. SALTONSTALL. That is all?

Mr. LUCAS. That is all. Tomorrow the Senate will continue the debate on the reciprocal trade-agreement bill.

Mr. SALTONSTALL. I thank the distinguished majority leader.

RECESS

Mr. LUCAS. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 53 minutes p. m.) the Senate took a recess until tomorrow, Thursday, September 15, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 14 (legislative day of September 3), 1949:

DIPLOMATIC AND FOREIGN SERVICE

Stanton Griffis, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Argentina.

UNITED NATIONS

The following-named persons to be representatives of the United States of America to the fourth session of the General Assembly of the United Nations:

Warren R. Austin, of Vermont.
Philip C. Jessup, of Connecticut.
Mrs. Anna Eleanor Roosevelt, of New York.
John Sherman Cooper, of Kentucky.

The following-named persons to be Alternate Representatives of the United States of America to the fourth session of the General Assembly of the United Nations:

Wilson M. Compton, of Washington.
Benjamin V. Cohen, of New York.
Charles Fahy, of New Mexico.
John D. Hickerson, of Texas.
Mrs. Ruth B. Rohde, of New York.

DEPARTMENT OF COMMERCE

Thomas W. S. Davis, of Virginia, to be Assistant Secretary of Commerce.

IN THE ARMY

Maj. Gen. Anthony Clement McAuliffe, O12263, Army of the United States (brigadier general, U. S. Army), for appointment as Chief of the Chemical Corps, United States Army, and for appointment as major general in the Regular Army of the United States, under the provisions of section 12a, National Defense Act, as amended, and title V, Officer Personnel Act of 1947.

Maj. Gen. Alfred Maximilian Gruenther, O12242, United States Army, for appointment as Deputy Chief of Staff for Plans and Combat Operations, United States Army, with the rank of lieutenant general, under the provisions of section 504 of the Officer Personnel Act of 1947.

POSTMASTERS

The following named persons to be postmasters:

ALASKA

Virginia E. Toussaint, Fort Yukon, Alaska, in place of E. O. Bergman, deceased.

ARKANSAS

James W. Henry, Clarendon, Ark., in place of A. J. Jeffries, retired.

CALIFORNIA

Hilda C. Briscoe, Balboa Island, Calif., in place of M. E. Rider, resigned.

Walter C. Upton, Barstow, Calif., in place of C. C. McClellan, resigned.

Frances V. Butler, Clements, Calif., in place of W. P. Athearn, resigned.

John R. Daugherty, Hamilton City, Calif., in place of C. M. Rice, deceased.

Nancy E. Jameson, Huron, Calif., in place of Clyde Efird, resigned.

John F. Fixa, San Francisco, Calif., in place of W. H. McCarthy, retired.

Lucille E. Palmer, Sonoma, Calif., in place of A. L. Benedict, resigned.

Albert J. Cesario, South Dos Palos, Calif., in place of George Christian, retired.

COLORADO

Merlin C. Ford, Vona, Colo., in place of R. L. Ford, transferred.

CONNECTICUT

Peter P. McLaughlin, Jr., Wallingford, Conn., in place of J. P. Bridgett, retired.

GEORGIA

Andrew J. Kingery, Cochran, Ga., in place of Hezzie McWhorter, resigned.

IDAHO

Joseph C. Miller, Cataldo, Idaho, in place of Cleo Snyder, resigned.

James A. Crawford, Farragut, Idaho. Office established April 16, 1947.

ILLINOIS

Leo V. Anderson, Aurora, Ill., in place of F. R. Dalton, retired.

John Haderlein, Chicago, Ill., in place of E. J. Kruetgen, deceased.

John F. Carney, Glencoe, Ill., in place of DeCourcy Lloyd, deceased.

George E. Ruffner, Mason, Ill., in place of E. C. Bushue, resigned.

Susan C. Graczyk, Medinah, Ill., in place of Sophie Benhart, retired.

Gordon F. Bennett, National Stock Yards, Ill., in place of D. B. Anderson, retired.

INDIANA

Raymond C. Mendenhall, Cambridge City, Ind., in place of I. J. L. Harmeier, deceased.

John W. Woertz, Elizabeth, Ind., in place of M. H. Bierly, transferred.

IOWA

Iva A. A. Hanson, Callender, Iowa, in place of E. M. Naylor, resigned.

Lottie V. Tvedte, Dolliver, Iowa., in place of H. A. Tvedte, retired.

Paul A. Thoren, Grundy Center, Iowa, in place of John Vanderwicken, retired.

Joseph F. Kelly, Harpers Ferry, Iowa., in place of Ida Kelly, retired.

Leo C. Kramer, Urbana, Iowa, in place of Bessie Mae Rice, retired.

KANSAS

Cecil J. W. McMullen, Norton, Kans., in place of Arthur E. Schafer, declined.

Hugh R. Bomgardner, Palco, Kans., in place of Hugh E. Meade, resigned.

KENTUCKY

Lois Abbott Morgan, Bedford, Ky., in place of George W. Abbott, transferred.

H. Logan Webb, Guthrie, Ky., in place of Mary Rogers, resigned.

MASSACHUSETTS

Earle A. Brown, Lunenburg, Mass., in place of Carl H. Brown, retired.

MICHIGAN

Carl J. Mayer, Chelsea, Mich., in place of Herbert D. Witherell, resigned.

Max O. Woodard, Lakeview, Mich., in place of Glenn E. Wood, resigned.

George L. Stockwell, Pontiac, Mich., in place of Thomas W. Jackson, retired.

Thomas J. Curiston, Waltz, Mich., in place of Martha E. Krzyszke, resigned.

MINNESOTA

Alfred H. Johnson, Belview, Minn., in place of John A. Peterson, deceased.

Donald E. Nordby, Odin, Minn., in place of Henry M. Syverson, transferred.

MISSOURI

Helen L. Cross, Avondale, Mo., in place of Clara Margaret Moore, deceased.

Ross Leslie Tribble, Hallsville, Mo., in place of Kathryn Q. Brown, resigned.

Alexander F. Sachs, Kansas City, Mo., in place of Alexander W. Graham, deceased.

John E. Cole, Powersville, Mo., in place of Hazel A. Pollock, deceased.

John Wilson Mitchell, Thayer, Mo., in place of Edith E. Highfill, resigned.

MONTANA

Aimee M. Pattison, Froid, Mont., in place of Hugh H. Waldron, deceased.

NEBRASKA

Karla D. Timperley, Irvington, Nebr., in place of Rosetta M. Wallace, resigned.

Alice M. Olsen, Ruskin, Nebr., in place of Maurice L. Hopkirk, resigned.

NEVADA

Frank A. Phalan, Carlin, Nev., in place of Dora E. Kappler, retired.

NEW HAMPSHIRE

John F. Sullivan, Salem Depot, N. H., in place of David E. Stevens, resigned.

NEW JERSEY

Irving R. Bogert, Pine Brook, N. J., in place of Edgar Kerris, retired.

NEW MEXICO

John Pershing Jolly, State College, N. Mex., in place of Henry A. Harber, deceased.

NEW YORK

Lester A. Rockwell, Delanson, N. Y., in place of Walter S. Blade, transferred.

Alfred B. Tallman, Hamburg, N. Y., in place of J. Frank Schummer, retired.

Rolan E. Rice, Holland, N. Y., in place of John E. Savage, retired.

Floyd A. Bernhardt, Kenoza Lake, N. Y., in place of George H. Raum, retired.

Orville C. Kalin, Ten Mile River, N. Y., in place of William G. Keough, resigned.

NORTH CAROLINA

Wayne W. Parker, Atlantic, N. C., in place of E. K. Morris, resigned.

Wade D. Brewer, Bennett, N. C., in place of C. J. Smith, resigned.

William L. Whitley, Murfreesboro, N. C., in place of J. J. Parker, retired.

NORTH DAKOTA

Mary C. Lamb, Michigan, N. Dak., in place of C. L. Wright, transferred.

Christ J. Haman, Towner, N. Dak., in place of G. B. Vermilya, resigned.

Richard W. McCoy, Wildrose, N. Dak., in place of W. H. Anderson, resigned.

OHIO

Robert E. Flack, Bloomville, Ohio, in place of W. H. Fike, resigned.

Allen M. Rowe, Columbus, Ohio, in place of N. A. McCoy, Sr., retired.

Carlyle W. Coykendall, Newton, Ohio, in place of G. W. Bowen, resigned.

McClellen T. Fetty, Rayland, Ohio, in place of Florence Hunter, retired.

OKLAHOMA

Warren W. Pingleton, Haileyville, Okla., in place of J. W. Keith, retired.

Bennie Stephens, Lawton, Okla., in place of J. R. Reed, removed.

Dessia Z. Jack, Meno, Okla., in place of H. B. Becker, transferred.

PENNSYLVANIA

Owen E. Hartle, Alum Bank, Pa., in place of F. C. Davis, retired.

Edith Y. Farley, George School, Pa., in place of M. G. Wilson, retired.

Mary I. Ahearn, Glen Mills, Pa., in place of M. M. Callahan, retired.

John S. Clendening, Green Ridge, Pa., in place of A. C. Musante, deceased.

Vern M. Coe, pleasantville, Pa., in place of M. C. Beebe, deceased.

RHODE ISLAND

Stephen J. Zweir, Jr., Jamestown, R. I., in place of S. W. Smith 3d, resigned.

SOUTH CAROLINA

Hiram M. DuPre, Walhalla, S. C., in place of T. V. Derrick, resigned.

William S. McNeill, Waterloo, S. C., in place of W. Y. McNeill, retired.

SOUTH DAKOTA

Katherine H. Holtzman, Stephan, S. Dak., in place of B. A. Keane, resigned.

TENNESSEE

Charles K. McDowell, Friendsville, Tenn., in place of H. B. Curtis, resigned.

TEXAS

James L. Inabnet, Evant, Tex., in place of B. B. Langford, retired.

WEST VIRGINIA

Morris L. Meadows, Baileysville, W. Va., in place of W. C. Bailey, retired.

Guido Cavallo, Galloway, W. Va., in place of John Sevcik, Jr., resigned.

Herbert B. Dews, Oak Hill, W. Va., in place of Howard Mahan, retired.

WISCONSIN

Leland W. Chenoweth, Blair, Wis., in place of C. B. Immell, transferred.

Alvin B. Halverson, Holemen, Wis., in place of A. A. McHugh, resigned.

George R. Schoenfeld, Wausau, Wis., in place of O. L. Ringle, resigned.

WITHDRAWAL

Executive nomination withdrawn from the Senate September 14, 1949 (legislative day of September 3), 1949:

POSTMASTER

MISSOURI

I. Fred King to be postmaster at Niangua, Mo.

SENATE

THURSDAY, SEPTEMBER 15, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou who art man's eternal friend, grant that we may begin, continue, and end each new day with a vital and vibrant faith in the Lord, our God.

Inspire us with the calm and courageous assurance that as our days so also shall be our strength and that Thou wilt not withhold from us any needed blessing if we walk uprightly.

We penitently confess that we are so frequently out of step with Thee and fail to follow those paths which Thou hast marked out for us.

We pray that in all the deliberations and decisions of this day we may be sensitive and responsive to the leading of Thy spirit, holding our own desires in

abeyance until Thou hast declared Thy will.

In Christ's name we pray. Amen.

THE JOURNAL

The VICE PRESIDENT. Without objection, the reading of the Journal of the proceedings of Wednesday, September 14, 1949, will be dispensed with.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The VICE PRESIDENT. Under the unanimous-consent agreement, the time between now and 4 o'clock is to be equally divided between the proponents and the opponents of the pending amendment and the bill, to be controlled by the Senator from Georgia [Mr. GEORGE] and the Senator from Colorado [Mr. MILLIKIN], respectively. Either the Senator from Georgia or the Senator from Colorado will be recognized to yield time. Under the agreement it will be impossible for Senators to be recognized for any purpose unless they are yielded to by one or the other of the Senators.

Mr. GEORGE. Mr. President, it is agreeable to the managers, if they may be so designated, on both sides, that a quorum be called, and that the time be charged equally to the proponents and the opponents.

The VICE PRESIDENT. Does the Senator suggest the absence of a quorum?

Mr. ROBERTSON. Mr. President, before a quorum call is ordered, may I ask unanimous consent to be excused from the session of the Senate tomorrow?

The VICE PRESIDENT. Without objection, the leave is granted.

Mr. GEORGE. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hill	Mundt
Anderson	Hoey	Murray
Bricker	Holland	Myers
Bridges	Humphrey	Neely
Butler	Ives	O'Connor
Byrd	Jenner	O'Mahoney
Cain	Johnson, Colo.	Pepper
Capehart	Johnson, Tex.	Reed
Chapman	Johnston, S. C.	Robertson
Connally	Kem	Russell
Cordon	Kerr	Saltonstall
Donnell	Kilgore	Schoeppel
Downey	Knowland	Smith, Maine
Eastland	Langer	Sparkman
Ecton	Leahy	Stennis
Ellender	Long	Taylor
Ferguson	Lucas	Thomas, Okla.
Flanders	McCarthy	Thomas, Utah
Frear	McClellan	Thye
Fulbright	McFarland	Tobey
George	McKellar	Tydings
Gillette	McMahon	Vandenberg
Graham	Magnuson	Watkins
Green	Malone	Wherry
Gurney	Martin	Williams
Hayden	Maybank	Withers
Hendrickson	Miller	Young
Hickenlooper	Millikin	

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The VICE PRESIDENT. A quorum is present.

Mr. GEORGE. Mr. President, I yield 30 minutes to the Senator from Illinois.

The VICE PRESIDENT. The Senator from Illinois is recognized for 30 minutes.

Mr. LUCAS. Mr. President, as all Senators know, the immediate question before the Senate is the amendment offered by the able Senator from Colorado [Mr. MILLIKIN], for himself and other Senators, dealing with peril points. I think it is well to remember, during the debate upon this question, that under the Hull-Roosevelt theory of reciprocal trade which has been enunciated from time to time, the United States has entered into 42 agreements with other nations, all of which are in existence at the present time and, in the opinion of the Senator from Illinois, are operating successfully. I am not guessing when I say that, Mr. President. The opinion I have expressed is based upon evidence which has been adduced from time to time before the Senate Finance Committee, of which I am a member.

Two years ago this trade-agreement trend was reversed as the result of the action of the Eightieth Congress. I sincerely hope that there will not be a continuation of the reversal of the trend, which resulted from putting into effect the peril-point provision, which is now advocated in the amendment offered by the Senator from Colorado. I hope the peril-point provision will be done away with, and that we may proceed in our international relationship with other nations, so far as trade is concerned, upon the same theory which was in successful operation for 14 years.

Mr. President, let me review briefly some events of international importance which I submit, bear a close relationship to reciprocity in international trade. The western democracies in recent months have made great strides toward the creation of a structure for political cooperation. One of the great tributes to the statesmanship of these countries, and particularly the United States, is the Atlantic Pact. Through this pact the western democracies have agreed to restore and maintain security by the recognition of the principle that an attack upon one is an attack upon all.

The United States has been the leader in this movement. We alone are qualified for that position, since militarily we are strong and economically we escaped the destruction of war. We are the leader in that movement. In fact, we are the leader in world movements at the present time, whether they be economic, political, military, or otherwise. That has come about by reason of the victory which we obtained in World War II. We cannot toss aside the mantle of leadership which has been thrown over our shoulders, irrespective of how much some may dislike to assume such leadership. Recent action taken by the Senate shows that we are not going to falter in our leadership so far as the world is concerned. During the past few months we have appropriated funds to continue the European recovery program for the restoration of Europe's war-torn economy. We have provided for aid to Greece. Our resolve to further the program of cooperation was further demonstrated by the passage of Senate Resolution 239, the Vandenberg resolution, designed to strengthen cooperation through the United Nations. Even more recently we have taken the lead in the formation of the Atlantic Pact, as I have previously stated. In this pact we recognize specifically the principle upon which all these actions are based, that we are part of a world community and that the political well-being of all the western democracies is threatened by the weakness of any one of them. Our political fortunes are linked. We go up or down together.

That principle is just as important in the consideration of economic problems as in the consideration of political problems. It is frequently said—and justifiably so—that wars result from unhealthy economic conditions among the various nations. Unless there is strong economic unity among the nations who are our friends at the present time, as well as political unity, which we seek through the Atlantic Pact, the Marshall plan, and other means, the very measures which we have seen fit to enact in Congress by way of help to those nations may ultimately fail because of economic factors. In fact, if the principle of the mutual interdependence of the western democracies is not reckoned with economically, the political structure we have organized in recent months may itself be jeopardized. The political organization for our mutual protection cannot succeed without the participation of economically healthy countries.

In this aspect also the United States is the leader by reason of her great natural resources and strong economic position. We are the leader by force of circumstances, and cannot decline the position. Economically, as well as politically, the western democracies rise and fall together. That proposition cannot be ignored in the consideration of our trade policies.

We must remember these realities in the discussions of reciprocal trade. The action to be taken here today cannot be thought of only in its relation to the administration of the trade program. We must also carefully weigh the impact which that action will have on the rest

of the world. In the consideration of this trade program we must show the same understanding and statesmanship displayed so well in the consideration of the Atlantic Pact and the European recovery program. The political and economic aspects cannot be separated.

What impact would the adoption of a peril-point provision have upon other western democracies? No one can deny that this procedure is a retreat from our traditional reciprocal trade-agreement program, which has been laid down under a Democratic administration during the past 14 years. This amendment is protectionist in nature. If adopted, it would be an indication to all the nations of the world that we have faltered in our leadership toward greater economic cooperation among the western democracies. Technical arguments might well be made in support of this amendment to the effect that the escape-clause procedure and other safeguards to domestic industry contained in previous legislation are ineffective. But will those arguments be convincing to other nations, or will they be recognized for what they are—the rationalization of a protectionist group opposed in the main to the Hull-Roosevelt theory of reciprocal-trade agreements?

The peril-point plan would elevate the Tariff Commission to a dominant position in the making of trade agreements. Let me tell the Senate why. The Commission is required to consider only the protection of domestic industry and to determine the point at which domestic industry might be injured or threatened with injury. No one can claim that scientific accuracy is possible in such a determination. Not only will the man on the street and the special interests involved disagree as to the point at which domestic industry might be threatened, but the Tariff Commissioners themselves will certainly find agreement difficult, especially so when the Tariff Commission is a bipartisan body, composed of three Democrats and three Republicans. About half the time they divide along partisan lines.

Yet it is this overcautious, obviously unscientific, "educated guess" which will be the controlling factor in all subsequent negotiations. Of course, the proponents of the amendment claim that the proof of its fairness is that the President may disregard the determination of the Commission if he so desires. My distinguished and able friend from Colorado [Mr. MILLIKIN] has made that point, not once but many times on the floor of the Senate in the debate, advising the Senate and the country that the President need not follow the advice of the Tariff Commission; that he may continue to take the advice, counsel, and suggestions of the so-called Interdepartmental Committee, and finally use his own judgment with respect to where the peril point may be. The only thing he is required to do is to report his reasons for changing the peril point to the Congress.

But certainly it cannot be presumed that the leaders of the great Republican Party would champion a cause that is futile. That is exactly what the Senator from Colorado is doing when he constantly tells the Senate and the country that the President need pay no attention to what the Tariff Commission's determination may be with respect to peril points upon the different commodities. Because of the united front on the Republican side of the aisle, it cannot be assumed that they are championing a futile and hopeless cause. They cannot successfully make the argument that because the President has this power he will pay no attention to the findings of the Tariff Commission. It must be admitted by everyone concerned that in the great majority of cases the peril-point prophecy must prevail. Once the Tariff Commission fixes peril points, as a practical matter, that will be the end of it.

By way of emphasizing the point, I remind the Senate again of the argument that the Commission's determination is not binding on the President. Mr. President, what a fallacy. If he chooses to ignore the peril point he will be on the spot so far as Congress is concerned. We know that every Member of Congress who is advocating the peril-point position, in line with the amendment of the distinguished Senator from Colorado, and who believes in the theory of peril points, will be talking to the country about the refusal of the President to follow the decision of the Tariff Commission. No longer would the President be free to consider and weigh the various factors involved on their merits alone. His final judgment would be overshadowed and hampered by the educated guess of the Tariff Commission and the knowledge that congressional pressure is immediately available to support the determination of the Commission.

One can easily understand the powerful political weapon available to opponents of the President once he has disregarded any of the peril-point determinations. They can easily convince the special interest involved that it has been injured solely through the action of the President. I can hear them now on the stump saying, "Had the President of the United States followed the decision of the Tariff Commission your industry would not be imperiled. It is only the President of the United States who caused your industry to go down." On the basis of the same evidence they could incite all other special-interest groups in similar circumstances, so that the political pressure on the President would be overwhelming. The result would be a protectionist tariff foisted on the American public and the rest of the world under the guise of reciprocal trade.

We cannot get away from that theory so far as this amendment is concerned. The proponents of the amendment can talk from now until doomsday about the amendment not being protectionist in nature. However, it certainly leans and slants in that direction. Once the camel gets his nose under the tent with this kind of amendment, we shall ultimately see the drift back to the Smoot-Hawley tariff.

The distinguished junior Senator from Colorado has argued at length that the peril-point procedure is essential because the escape-clause method is not effective. He has argued that we cannot effectively use the escape clause because the only result would be a counter-escape by some other country. He has said that the escape procedure can never be effective because it merely "takes the squeak from one end of the axle to put it in the other."

Mr. President, let us examine this argument in relation to the peril-point system. As I recall, it was the distinguished Senator from Colorado and the distinguished Senator from Michigan who were responsible for the escape clause. It is inconsistent now for them to argue that the escape clause does not amount to anything as of today. The Senator from Colorado has said that the escape-clause procedure can never be effective because it merely "takes the squeak from one end of the axle to put it in the other." I say to the Senate that if the peril-point amendment offered by the Senator from Colorado were to be adopted and if that trend were to be pursued in the future, in the final analysis, there would not be any axle where a squeak could develop. The high-protection barriers against imports would eliminate all squeaks but would produce plenty of squawks from exporters and the country as a whole if a high tariff contributed to a major depression.

The basis of the Senator's argument is that our action will not go unnoticed by other countries, and that they will retaliate by denying concessions to our products. Perhaps so, however, it cannot be argued that any action taken here today will go unnoticed by foreign countries.

If the argument presented by the proponents of the peril-point amendment has any validity at all, it also has validity in respect to the peril-point system itself. We cannot say to the rest of the world, "From now on the primary factor in our tariff system is protection to domestic industry," and escape the retaliation which the distinguished junior Senator from Colorado himself has indicated will follow.

With the peril-point amendment, we abandon our position as the economic leader in world affairs. I undertake to say that we shall move backward, instead of forward, if we abandon our position. When we start to move backward, we know exactly where we are going. If we continue to go far enough to the rear, finally we shall reach what everyone knows was one of the major factors in the depression of the early thirties when the Smoot-Hawley tariff went into effect, although at that time a thousand economists advised against it. Yet the party then in power, the Republican Party at that time, put it into effect. Through this amendment we would run the risk of greatly injuring our vast exporting industry. The results of this amendment in terms of employment and over-all prosperity would be just the opposite of those sought by its proponents.

This Nation must export if it is to live and to maintain the high standard of living which now prevails in the United States; and at the same time this Nation must import if it is to continue to maintain its high standard of living. We cannot under any circumstances continue to export between $7,000,000,000 and $8,000,000,000 more of commodities than

we import without ultimately bringing about a dollar famine; and when that happens the industries about which some Members of the Senate are so worried, for fear of threatened injury, will find that the developments of such a situation may cause their total ruin. In that case, not merely a few of the small, inefficient industries will go down but the large ones will also have to "take it on the chin."

Mr. President, let me again discuss briefly the escape-clause procedure. The escape-clause procedure would bring counterescape only in the few instances where an escape must be taken because injury to domestic industry is actually threatened. However, this problem is present under the peril-point procedure on every product that might be mentioned for possible negotiation.

Of course, there is a point beyond which tariff concessions cannot go without injury to domestic industry. But there is no reason to believe that the administration of the reciprocal program cannot provide that protection. And it must do so. Certainly the Senator from Illinois does not want to see our efficient industry destroyed through lack of protection. Neither do I desire to see an inefficient industry continue through a high protective tariff.

Mr. President, we have furthered the cause of world cooperation through the formation of an organization of the western democracies dedicated to the proposition that our fortunes are linked and that all of us rise or fall together. The continuation of the reciprocal trade agreements program, under the Hull-Roosevelt theory, adds another link to the chain of political events, all of which are based upon the hope that out of the progressive steps which this country has taken from time to time under a Democratic administration, ultimately we may have everlasting peace for all mankind.

Mr. President, in my opinion, extension of the trade program is another step, another bold decision, which advises the communistic world and every potential aggressor that we mean exactly what we say—that we shall not retreat but continue to promote economic and political theories which we believe are designed to protect our safety, our security, and the peace of the world.

Mr. President, that concludes my remarks upon the peril-point amendment.

I wish now to speak briefly upon the Butler amendment. Let me inquire how much time I have remaining.

The VICE PRESIDENT. The Senator has 11 more minutes.

Mr. LUCAS. I thank the Chair.

Mr. President, in addressing my remarks now to the Butler amendment, let me say that in the last few days a great deal has been said about injury to domestic industry threatened by the continuation of a trade-agreements program. These remarks have ranged all the way from assertions that this, in effect, is a free-trade program, to denials of any injury or threatened injury to any domestic industry. Perhaps the truth lies somewhere between these extremes. The problem of protecting our industry has certainly not been slighted in our discussion.

But that problem has not been entirely ignored by the administration. It is now, and has been since 1948, the policy of the administration to insert escape clauses in all new trade agreements. The intention has been expressed again and again that the State Department would renegotiate all agreements not containing escape clauses, so that they might be inserted. In no instances were domestic industries to be sacrificed. The escape-clause mechanism was to be open to all.

But, in practice, those intentions have not been carried out. There has been no vigorous program designed to accomplish the renegotiation of trade agreements that do not contain escape clauses.

A case in point is the trade agreement with Switzerland, originally negotiated in 1936. This agreement does not contain an escape clause, and there are no immediate plans which I could discover for the renegotiation of this agreement in order to put an escape clause in it.

This is true even in the face of overwhelming evidence presented by the watchmaking industry that it is being threatened by the importation of watch movements under this Swiss trade agreement. In fact, the threatened injury was tacitly recognized by the State Department itself when in 1946 the so-called gentlemen's agreement was entered into, limiting Swiss exports to the United States.

The importance of the domestic watchmaking industry to our general economy, and our national defense particularly, cannot be overemphasized. Actually, it was this very importance in terms of national defense that has put the domestic-watch industry in the weakened position of today. During the war this industry gave unstintingly its plant equipment and especially its skill in order to win the war. Its production of watches for the general public was completely curtailed in order to turn out vitally needed precision instruments for the armed forces.

Mr. President, I wish to say here that the testimony before the Finance Committee clearly indicates, beyond peradventure, the tremendous importance of the watchmaking industry to the national defense. Under no circumstances can the watch industry be permitted to go down. If it becomes necessary to subsidize the watch industry in order to keep the plants in operation, it must be done. I hope that time will never come. It will not come, in my opinion, if we have from the State Department the kind of cooperation to which we are entitled in connection with our present trade agreement with Switzerland.

Mr. President, some of the finest workmen in the world are in the watch factories. A man cannot become a watchmaker over night; it takes time to learn how to handle the precision instruments involved in the making of a watch. Since this group of watchmakers were willing to turn their hands, their skill, and their brains over to the country in time of war for the purpose of making precision and timing instruments for the Navy, the Army, and Air Corps, while a neutral country at that particular time, namely, Switzerland, sent her watches into the United States by the millions, we are compelled, in my opinion, to give more attention to this industry than has been given it by the State Department.

During the war years the importation of Swiss watch movements increased very rapidly. Because of Switzerland's neutrality the Swiss watch industry was free to market its products in all parts of the world. Its products met no competition in the American market. The number of watch movements exported by Switzerland to the United States increased from 3,257,000 in 1940 to 8,709,000 in 1945. After the war, while the domestic industry was reconverting, the exports to the United States continued to rise to their peak in 1946 of 9,037,000. In 1940 the domestic industry supplied approximately 50 percent of the domestic market. Today that figure has been reduced to around 20 percent. That does not mean that all the watch companies, with the exception of the Waltham Co., are not still making money. I believe that under the new management, the Waltham Watch Co. finally will come along all right.

I was very happy to find my distinguished friend, the able chairman of the Finance Committee, yesterday placing in the RECORD the letter from Mr. James G. Shennan, president of the Elgin National Watch Co. Mr. Shennan had written me a similar letter, in which he stated he believed he had been unjustly criticized by the distinguished Senator from Georgia with respect to poor merchandising and the semimonopolistic practices to which the Senator referred. But we know that the Elgin Watch Co. has been a going concern for a great number of years. It is in a good financial position today, and we want to keep it that way, and the State Department is the key to its future success by demonstrating more interest in its competitive problems.

However, despite the threat to the domestic watch industry, its leaders have not opposed the reciprocal trade program itself. Mr. President, I want the Senate to note this point—even though the watch industry has been threatened as a result of the trade agreement program with Switzerland, I want to quote what Mr. James G. Shennan, president of the Elgin National Watch Co., one of the most intelligent witnesses ever to appear before the committee, said in his testimony:

> We are not here to oppose the extension of the Trade Agreements Act. Neither are we opposing the general economic theory behind the trade agreements program as a whole.

Mr. President, that is the statement of the president of the Elgin Watch Co. Yes, the watch manufacturers are not opposed to the trade program; at least those in Elgin, Ill., are not. They are desirous of being safeguarded at least to the extent of having an escape clause in the trade agreement with Switzerland. That is what they are asking for, and obviously if we were making a new agreement with Switzerland today, under the present conditions, an escape clause would be contained in it. They are entitled to that safeguard. These facts must be impressed upon the officials of our Government entrusted with the

administration of our trade program. It is not sufficient, I may say to the State Department, that they have intentions to renegotiate these agreements. It is not sufficient that at some indeterminate future date this trade agreement might be renegotiated. The watch-making industry is entitled to a vigorous program designed to accomplish what thus far has been merely a good intention. The State Department must adopt tactics which will show results.

The VICE PRESIDENT. The Senator from Illinois has one more minute.

Mr. GEORGE. Mr. President, I shall extend the Senator's time.

Mr. LUCAS. I thank the Senator.

I was very happy to learn yesterday that the distinguished chairman of the Finance Committee advised the Senate that the Senator from Illinois and the Senator from Georgia had discussed this very question upon numerous occasions, and from now on, Mr. President, we are going to be at the door of the State Department insisting that something be done with respect to the renegotiation of this one trade agreement at least.

The VICE PRESIDENT. The time of the Senator from Illinois has expired.

Mr. GEORGE. I yield five more minutes to the Senator from Illinois.

The VICE PRESIDENT. The Senator from Illinois is recognized for five more minutes.

Mr. LUCAS. However, as much as I appreciate the problems facing the domestic watch industry, this amendment proposed by the distinguished senior Senator from Nebraska is not the best solution. It is not objectionable in purpose; the end result of having escape clauses in all our trade agreements is to be desired. But we should not try to accomplish this end by legislative mandate. This amendment is undesirable because it puts our negotiators in the position of being forced to get the escape clause into the agreement regardless of the price.

That is the very point the Senator from Georgia made yesterday. Once by mandate of the Congress of the United States we attempt to renegotiate, we shall have to pay a price greater than the escape clause would be worth. I said yesterday in my colloquy with the Senator from Nebraska, so long as an agreement is working and no one is complaining, it is a rather useless and futile gesture to compel the State Department by congressional action to enter into a new agreement solely for the purpose of placing therein an escape clause.

The negotiators of other countries realizing this, will simply increase their demands. This is not the best method of protecting the interest of the United States.

This amendment is also objectionable because it would require changing the language of many agreements which already contain escape clauses. This amendment would require the insertion in all trade agreements of an escape clause which is worded differently from that now found in the General Agreement on Tariffs and Trade and in many other of our trade agreements. Certainly this is not the time to terminate all of these agreements just to change the wording of the escape clause.

Mr. President, there is a point beyond which we cannot go in making tariff concessions without injury to domestic industry. When that point is approached some protection is necessary. The most practical mechanism to gain this result consistent with the theory behind the reciprocal trade program is the escape-clause procedure. Where there are trade agreements which do not contain escape clauses every possible effort must be made to obtain the insertion of such a clause. However, this problem is more easily dealt with through the administrative machinery.

In other words, the State Department is the agency to negotiate and institute new trade agreements. If the amendment offered by the Senator from Nebraska should become law, it would be necessary for the State Department immediately to start negotiating with all countries with whom we do not have escape-clause agreements. The result would probably be, in the final analysis, no negotiation at all. I mean to say, before other governments would accept an escape clause, the price they would want would be so high the negotiations would be terminated. Those who seek protection, those who believe in a high protective tariff and feel that such a tariff is the only approach so far as our trade with other countries is concerned, are doing the thing best calculated to attain that end. In other words, if we break down or repudiate all our trade agreements, we destroy the reciprocal trade theory which we, on this side of the aisle, have advocated and in which we believe. Just as sure as this amendment is agreed to, it will be the beginning of the end of the reciprocal trade agreement program.

This problem is more easily dealt with through the administrative machinery. It is abundantly clear that the only practicable method to reduce trade barriers and, at the same time, protect domestic industry, is by Executive negotiation and not by congressional mandate.

Mr. President, certainly the method which has been followed in the past of having an interdepartmental group along with the Tariff Commission advise the President of the United States with respect to peril points, is the only proper way to handle the tariff situation. If this was good business 14 years ago, it is even more important today.

The VICE PRESIDENT. The time of the Senator from Illinois has expired.

Does the Senator from Colorado wish to yield some time?

Mr. MILLIKIN. It was my understanding that the distinguished junior Senator from North Carolina [Mr. GRAHAM] was going to speak.

Mr. GEORGE. Mr. President. I suggest that he follow some speaker on the other side of the aisle, if possible.

Mr. MILLIKIN. Mr. President, I yield so much of my time as is necessary in order to permit the Senator from Utah [Mr. WATKINS] to reach the Senate floor.

Mr. GEORGE. I would not want the Senator to lose any of his time.

Mr. MILLIKIN. I told the Senator from Utah to prepare himself to proceed after the Senator from North Carolina had finished his speech.

Mr. GEORGE. I do not think the Senator from North Carolina is here at the present time.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield for a moment.

Mr. TYDINGS. One minute is all that will be necessary.

CONFIRMATION OF NOMINATIONS IN ARMY, NAVY, AND AIR FORCE

Mr. TYDINGS. Mr. President, from the Committee on Armed Services, I report favorably certain appointments and promotions in the Department of Defense and Air Force, which have been approved unanimously by the Committee on Armed Services, and I ask unanimous consent, as in executive session, that they be confirmed and that the President be notified.

Mr. WHERRY. Reserving the right to object, are these routine nominations?

Mr. TYDINGS. They are.

The VICE PRESIDENT. Without objection, the nominations are confirmed, and the President will be notified.

CHINA ECA FUNDS

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. KNOWLAND. I wish to ask unanimous consent to have printed in the body of the RECORD, as a part of my remarks, an article by Tillman Durdin, which appeared in the New York Times of yesterday and which indicates that a plan is being offered by American business interests in China to use the ECA China funds to finance trade with Communist China. I wish to say that I have been informed, on good authority in the ECA that funds will not be used and cannot be used for that purpose, under the law as it is now written.

I also ask unanimous consent that a copy of a letter dated September 13, 1949, from the ECA, stating that the unexpended balance of ECA funds is something over $100,000,000, and showing how the funds are being used at the present time, may be printed at this point in the RECORD.

There being no objection, the article and letter were ordered to be printed in the RECORD, as follows:

NEW PLAN OFFERED ON CHINA ECA FUND—UNUSED $50,000,000 WOULD BE UTILIZED FOR FINANCING BARTER COMMERCIAL DEALS

(By Tillman Durdin)

HONG KONG, September 13.—United States business circles here still interested in attempting to trade with the Communist China of the future are studying for possible backing in Washington a plan under which Economic Cooperation Administration China-aid funds still unspent would be used to finance barter commercial dealings in China.

More than $50,000,000 of the ECA China-aid appropriation has not been used to date. The ultimate disposition will be up for discussion with the return to Washington of Norman Meiklejohn, Acting China ECA Director who now is en route to that city.

The plan advanced here calls for creation of a United States commercial company along the lines of the RFC-sponsored U. S. Commercial Company. A capital fund of $50,000,000 would be drawn from the unexpended ECA China funds.

United States financial assistance to China trade is predicated upon the prospect that the difficulties of carrying on import-export

relations with Communist China would entail so many difficulties and obstacles, including the Nationalist blockade and Communist restrictions and red tape, that many American companies would choose to give up China business unless encouraged by some such credit plan.

Advocates of continued efforts to trade with a Communist China maintain that an open door in China remains a basic article of American policy and that from the long range point of view one way that the United States can influence Communist China in the direction of free-trade practices is to continue what commercial relations are possible with Chinese Communist areas. It is held that proposed program at least would leave to the Communist regime the onus of spurning further trade relations with the United States.

The proposed enterprise would operate to the maximum extent possible as an ordinary commercial venture and not as a United States Government agency. The majority of the directors would be American and the rest nonofficial Chinese. ECA officers would supervise finances and have a veto over any trade credits extended.

All trade financed would be essentially on a barter basis.

Capital financing would be used as a revolving fund with the program designed to be self-sustaining. The intent would be to deal with reputable private Chinese enterprise in the China end, and thus strengthen private Chinese commercial endeavor, and with established American companies.

ECONOMIC COOPERATION ADMINISTRATION,
Washington, D. C., September 13, 1949.

The Honorable WILLIAM F. KNOWLAND,
The United States Senate.

DEAR SENATOR KNOWLAND: This is written in reply to your request of yesterday for up-to-date information on the economic aid program for China, being administered through the Economic Cooperation Administration.

Let me at the outset answer directly the specific questions which you have raised. According to our most recent estimate, the total funds now unobligated under the $275,000,000 China economic aid program, including funds which have been or will be recovered through deobligation or transfer or disposal, amount to a little over $100,000,000. A more precise figure cannot be given pending the completion and audit of some current transactions.

The value of economic assistance now being provided to China is, roughly, between $3,000,000 and $4,000,000 per month. Thus, if the situation in south China and Taiwan (Formosa) should remain virtually unchanged, aid at the present rate to February 15, 1950, when ECA's authority to obligate funds under present China aid legislation expires, would reduce the total of unobligated funds under the China program by roughly $15,000,000 to $20,000,000.

Continuing support is now being given, through ECA, to established food-rationing programs in the southern Chinese ports of Canton and Swatow, in such a manner as to avoid needless advance stock piling of supplies which might later fall under the control of Communist forces. Fertilizer and limited petroleum requirements for south China are being met.

Aid to Taiwan includes: substantial importations of fertilizer and general supervision of its distribution; deliveries of crude petroleum for the Kaohsiung refinery and of other petroleum products in small quantities; provision of technical engineering services for advice to the Taiwan provincial administration with respect to various aspects of the island's economy; and limited aid for expansion of indigenous fertilizer production. Continuing support is also being given to rural reconstruction activities in Taiwan.

The only aspect of economic assistance to China in which it has been possible to expand somewhat the support provided during recent months has been the program of the Chinese-American Joint Commission for Rural Reconstruction (JCRR). Aid to this Commission is in the form of subsidies for a wide range of projects, in rural areas, designed to increase food production and to improve health and living conditions generally in China's vast rural areas.

In order to render the above facts a little more intelligible in relation to the general situation in China, I should like to add a brief statement with respect to the ECA China aid program as initially contemplated and the reasons for its sharp curtailment during recent months.

As originally projected and developed, the China economic aid program, consisted, broadly speaking, of three parts:

A commodities program, involving mainly deliveries of food urgently needed in support of rationing programs in seven major cities—Peiping, Tientsin, Tsingtao, Nanking, Shanghai, Swatow, and Canton; cotton shipments required for the maintenance of production and employment in China's chief modern industry—textile manufacture; imports of petroleum and small quantities of coal needed for the operation of public utilities and transport facilities; and provision of chemical fertilizers to facilitate increased rice production in central and south China and Taiwan;

An industrial reconstruction and replacement program designed to furnish, with high-grade engineering assistance, strategic help for the restoration and expansion of China's industrial and transport facilities; and

A rural reconstruction program, specifically called for in the China Aid Act of 1948 (sec. 407), involving the channeling of American aid to projects designed to improve agricultural production, marketing, and processing and to deal with problems of farm tenancy, local government administration, health and adult education.

Of the $338,000,000 authorized for aid to China under the China Aid Act of 1948 (Public Law 472, title IV), approved on April 3, 1948, $275,000,000 was actually appropriated by Congress for economic aid to China during the year following the date of enactment of the act. ECA programing and operations during the months immediately following approval of the China Aid Act were designed to achieve effective utilization of the entire $275,000,000 appropriated for economic aid to China. Thus, $203,800,000 was earmarked for commodities, $67,500,000 for capital equipment, $2,500,000 (plus an equivalent of $25,000,000 in counterpart funds) for rural reconstruction, and $1,200,000 for administration.

As of December 31, 1948, ECA procurement authorizations had been issued for approximately $194,226,000 for the commodities program, $1,191,000 for the capital equipment program and $900,000 for the rural reconstruction program. Analysis of these figures indicates that at the end of last year, after the initial period of planning and preparation, ECA spending was up to schedule under the commodities program. The industrial program required careful, detailed planning for which a special survey group was sent to China and, in accordance with the recommendations of this group, extensive preproject engineering surveys were undertaken with the assistance of American engineering firms in order that this part of the program might be carried out with the highest attainable degree of efficiency; expenditures during 1948, therefore, consisted only of payment for the preproject engineering services. The rural reconstruction program also called for careful planning and involved expenditures chiefly in terms of Chinese local currency.

Toward the end of 1948 and during the early months of 1949, the rate of expenditure under the ECA China program declined precipitately. The provision of aid, first by administrative determination and subsequently by specific legislative provision in section 12 of Public Law 47 (81st Cong.), has been limited to the areas remaining free from Communist domination. With successive Communist advances across large regions in Manchuria, north China, the Yangtze Valley, and, most recently, parts of south China, the territory in which ECA-supported operations have been conducted has diminished greatly.

The dependence of economic aid efforts upon general conditions of political and military security had to be taken into account first in connection with the industrial reconstruction and replacement program. It was evident that extensive investments in projects requiring, in most cases, from 1 to 3 years for their completion, would be jeopardized by a continuation of the steady rate of Communist expansion. Accordingly, on December 21, 1948, the Administrator found it necessary to suspend the painstakingly projected reconstruction and replacement program for China. Contraction in the commodities program has been most severe since the fall of Shanghai.

The cut-off of shipments to areas falling under Communist control made necessary provision by ECA for the disposition of supplies previously earmarked for those areas, for which funds had already been spent or obligated. Goods needed in south China were transshipped or diverted from northern to southern ports. But in comparison with Shanghai and other industrial cities to the north, south China's requirements for cotton, petroleum, and even food imports were small. For commodities in the supply pipe line which could no longer be used effectively under the China program, therefore, this Administration recovered as far as possible—through cancellation of contracts, diversion to other programs, and sales—the funds obligated under the China program. The unexpended balance in the China program referred to above includes specifically both funds which were never obligated and those which have been or are being recovered from previous obligation.

In view of the constantly changing military and political situation in China, the economic-aid program there is being conducted on a week-to-week basis. In this connection, it must be noted that the only railway from south into central China is under imminent threat of attack by the Communist forces and that transport and communication facilities from the Canton area into southwest China do not make possible the provision of any substantial material economic support to the areas of the interior which remain under nationalist control.

The most active part of our economic assistance to China at present is that being conducted through the Joint Commission on Rural Reconstruction. This program is not dependent upon extensive supply movements. Its projects are designed to produce, in the areas where they are being conducted, early and lasting benefits to China's rural people. These projects do not require heavy advance investments and they can be terminated if and when any area falls under or is threatened by Communist domination. Under present conditions, they appear to offer the best available means of helping to improve the lot of a segment of China's peasant population. And they leave in China, while the opportunity of doing so remains, a record of unfailing interest on the part of the American people in helping the people of China.

If provision is made for emergency aid to Chinese students now stranded in the United States, to the amount proposed by yourself in the Senate and Congressman KEE in the House—which, I understand, has been approved in substance by both Houses—then $4,000,000 of unobligated ECA China program

funds, in addition to $500,000 previously allocated, will be made available for this special purpose.

The general background of the China economic aid program and an account of its development up to the end of last year are presented more fully in a booklet entitled "Economic Aid to China Under the China Aid Act of 1948," copies of which were distributed to all Members of Congress. I am sending you herewith an extra copy for convenient reference. Attached also for your information is a brief statistical summary of ECA operations under the China aid program as of August 15, 1949.

This letter has been prepared rather hurriedly in order to give you promptly, as requested, the information which you desire. If, after reading it, you wish to have further data on this subject, please do not hesitate to call on us again.

Sincerely yours,

WILLIAM FOSTER,
Deputy Administrator.

SEC. 12. An amount, equal to any balance, unobligated as of April 2, 1949, or subsequently released from obligation, of funds appropriated by Public Law 793, approved June 28, 1948, for the purposes of the China Aid Act of 1948 is hereby made available to the President for obligation through February 15, 1950, for assistance in areas in China which he may deem to be not under Communist domination, to be furnished in such manner and on such terms and conditions as he may determine.

Approved April 19, 1949.

ECA China program

[Thousands of U. S. dollars]

	Authorized, Aug. 31, 1949	Paid for July 31, 1949	Stored in Japan, Aug. 15, 1949 [1]	Arrived, Aug. 15, 1949 [1]	Distributed, Aug. 15, 1949 [1]	On hand Aug. 15, 1949 [1]
Rice	48,036	41,431	1,556	45,998	43,914	2,034
Wheat/flour	15,348	13,967	0	15,247	15,238	9
Cotton	85,003	70,973	9,894	57,802	53,477	[2] 80
Petroleum	49,450	28,094	0	38,398	38,398	0
Fertilizer	8,844	8,244	0	7,739	3,422	4,317
Coal	762	760	0	760	760	0
Miscellaneous freight	3,327	1,327	0			
Emergency fund	1,250	0	0			
Subtotal	212,020	164,796	11,450	165,894	155,209	6,440
Technical services	1,566	657				
JCRR	1,617	501				
Chinese students	500	500				
Total	215,703	166,454	11,450	165,894	155,209	6,440

[1] Values estimated from known quantities.
[2] In addition, there are 24,000 bales of raw cotton in godowns in Shanghai.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1211) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. GEORGE. Mr. President, I should like to yield so much of my time as is necessary to place some matters in the RECORD.

The VICE PRESIDENT. The Senator is recognized.

Mr. GEORGE. During the debate a question has arisen regarding the endorsement of certain organizations, and particularly with reference to the attitude of those organizations on the peril-point amendment, which is the pending question before the Senate. I have here a letter signed by various organizations which has been delivered to me with the understanding that it would be placed in the RECORD. These organizations not only endorse House bill 1211, as reported by the committee, but specifically oppose the inclusion of a peril-point amendment in the bill.

The organizations represented are:

Americans for Democratic Action; Baptists of the United States; Council for Social Action of the Congregational Christian Churches of America; Friends Committee on National Legislation; League of Women Voters of the United States; Women's Division, Methodist Church; Young Women's Christian Association; National Council of Jewish Women; Legislative Secretary of the National Farmers' Union; National Lutheran Council; National Women's Trade Union League; Textile Workers Union of America, CIO; and United Textile Workers, AFL.

I have a separate letter from the president of the International Association of Machinists asking for the passage of House bill 1211, as reported, and specifically pointing out that association's opposition to the peril-point amendment.

I ask unanimous consent that these communications be printed in the RECORD.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

SEPTEMBER 14, 1949.

The Honorable WALTER F. GEORGE,
Chairman, Committee on Finance, United States Senate, Washington, D. C.

DEAR SENATOR GEORGE: The undersigned represent national organizations of men and women throughout the United States who have for many years supported the reciprocal trade-agreements program.

We note in the debate now going on with respect to H. R. 1211, extending this act to June 1951, that attention is centering on the so-called peril-point amendment.

In order to remove any doubt as to our position, we wish to register our opposition to this amendment. We cite the testimony of the Chairman of the Tariff Commission (p. 12650 of the CONGRESSIONAL RECORD, September 9, 1949) as evidence that a peril point cannot be scientifically predetermined. We believe that the peril-point procedure is not only unnecessary but that there are serious objections to it from the standpoint of effective tariff negotiation.

The peril-point approach injects a rigidity into the entire process of negotiation which may seriously obstruct or even thwart constructive results. There is no necessity for the peril-point provision because, with the escape clause, it is possible, in case an excessive reduction is made in a duty, to correct the situation and prevent injury to the domestic producer.

There is an important distinction between (1) laying down in advance rigid and cautious barriers to tariff reduction which can, at best, be based only on informal guesswork, and then staking the entire negotiation on these; and (2) giving our negotiators more leeway for effective and successful negotiation, in full knowledge that if in a particular case serious injury should, as a matter of experience and not guesswork, result corrective action can be taken through the escape clause.

It is our earnest hope that the peril-point amendment will be rejected.

Sincerely,

Charles M. LaFollette, National Director, Americans for Democratic Action; J. M. Dawson, Public Relations Secretary, Joint Conference Committee on Public Relations, Baptists of the United States; Thomas B. Keehn, Legislative Representative, Council for Social Action of the Congregational Christian Churches of America; E. Raymond Wilson, Executive Secretary, Friends Committee on National Legislation; Anna Lord Strauss, President, League of Women Voters of the United States; Eleanor Neff, Department of Christian Social Relations, Woman's Division, Methodist Church; Gladys Cornell Irwin, Member, National Board, Young Women's Christian Association; Mrs. Joseph M. Welt, National President, National Council of Jewish Women; Russell Smith, Legislative Secretary, National Farmers Union; Robert E. Van Deusen, Washington Secretary, National Lutheran Council; Elisabeth Christman, Secretary-Treasurer, National Women's Trade Union League; John Edelman, Washington Representative, Textile Workers Union of America, CIO; Lloyd Klenert, Secretary-Treasurer, United Textile Workers, AFL.

INTERNATIONAL ASSOCIATION OF MACHINISTS,
Washington, D. C., September 13, 1949.

Hon. WALTER F. GEORGE,
The United States Senate, Washington, D. C.

DEAR SENATOR GEORGE: Our attention has been called to the debate now being centered on the reciprocal trade-agreements program to the extending of this act until June 1951. We are aware that at the present time enactment of H. R. 1211 is being delayed because of extensive debate on the so-called peril-point amendment.

In the interest of the enactment of H. R. 1211, and of constructive legislation, we are opposed to this particular amendment because it is evident that a peril point cannot be scientifically predetermined. We do not believe that it is needed in this legislation, and will merely tend to confuse effective tariff negotiation.

With the escape clause as presently included in H. R. 1211, it is very unlikely that injury to a domestic producer could be sustained. In the interests of speedy enactment of this necessary legislation, we are in hopes that this peril-point amendment will be rejected and H. R. 1211 enacted without further delay.

Sincerely yours,

A. J. HAYES,
International President.

Mr. MILLIKIN. Mr. President, I yield 15 minutes to the Senator from Utah [Mr. WATKINS].

The VICE PRESIDENT. The Senator from Utah is recognized for 15 minutes.

Mr. WATKINS. Mr. President, the problem of a reasonable, balanced tariff or free trade has been discussed at great length in practically every session of

Congress since the United States became an industrial empire. The current debate on House bill 1211 is no exception. The tariff question has become more complex as our domestic economy has grown and as the other nations of the world have needed not only more American goods, but have also needed the American market in order to make it possible for them to equalize their trade balances so that they could continue to buy American goods.

I recognize that the question of a high or low tariff or of free trade, as is strongly advocated by many State Department officials, is not the sole solution to this problem, but it certainly is a brick in the wall of our own economic welfare.

What I say today on the floor of the Senate may have little effect on any Senator's vote. I say that because the administration has refused to accept a compromise suggested by the Senate majority leader and has ordered an all-out fight on this problem. I am confident however, that our votes here today will have a great effect upon the economy of the large industrial empires of this Nation and will be even more important to the small businesses which make up the backbone of our economic way of life. I also want to invite attention to the fact that the workingman is vitally concerned with the economic well-being of the industry or enterprise from which he draws his livelihood, whether it be the huge empire or the small service station on the corner.

In our deliberations on the matter of tariffs, we certainly should give an ear to what he is saying, to what he is feeling, and to what he stands to gain or to lose.

My correspondence has convinced me that the majority of the employees, as well as the majority of businessmen, in my State are vitally concerned about the tariff question. They are fearful that the administration, by granting loans and gifts via the Marshall plan and other types of free-aid programs, has placed the foreign nations on an industrial basis very damaging to our own economy. By that I mean we have made it possible through the above-mentioned devices for foreign nations to secure the most efficient labor-saving machinery in existence. Labor conditions, especially wage levels, in foreign lands are very much below those of our American workmen. By placing this type of cheap labor on these efficient labor-saving machines, the foreign nations are able to produce goods at much less cost than can be done by our American industrial enterprises.

One of the first acts of the Democratic-controlled Congress in 1934 was the passage of the Trade Agreements Act, called by the administration supporters the Reciprocal Trade Act. The Senator from Nevada [Mr. MALONE], in his remarks, very aptly described how ridiculous it is to call this program the reciprocal trade program. He pointed out that far from being reciprocal it was a one-way proposition. If the administration and its supporters insist on calling it a reciprocal trade program I think it should be emphasized that the only reciprocity apparently is that the United States gives and the foreign countries take.

This law authorized the President to enter into trade agreements with foreign countries whenever it appeared that either foreign nations or the United States, who were desirous of mutual trade, had duties or import restrictions on any commodity or commodities that might burden or restrict foreign trade. This act was extended, with very little change, until 1945, when Congress granted the President further power to make tariff-rate adjustments, either up or down, provided such adjustments did not exceed 50 percent of the tariff rate in effect in January 1945. The Democratic administration, utilizing the powers granted by this act and amendments thereto, has constantly been reducing the tariff rates on the importation of goods into the United States until they are at the lowest point in the last 100 years of our foreign trade history.

During this same period, the cost of production of goods in United States industrial concerns has constantly been going up until today it is at an all-time high, mainly as a result of wage increases and favorable labor conditions, such as pension plans, insurance, vacations, and so forth.

Both the Senate and the House of Representatives recently passed bills designed to raise the minimum wage in interstate industries to 75 cents per hour. We have by these measures indicated our intent to establish a higher floor under wages in this country. I think I am safe in predicting that such a measure will become law.

After taking this step, which received the support of the Republicans, the administration proposes to do away with a vital safeguard designed to insure the continued operation of the very industries the American workman has been assured will pay him these increased wages. This certainly seems to me to be a case of working at cross purposes.

In addition to this, I think it appropriate to call to the attention of the working people of this country the fact that a fair tariff based on wage scale differentials and labor productivity in America as compared to the foreign status would be a boon to the foreign wage earners. Such a tariff, in addition, would afford adequate protection to our own laboring people.

In the absence of increasing the standards in these foreign countries, the Congress cannot afford to relax the safeguards to American standards of living, which, prior to the Democratic program of free trade instituted by the Trade Agreements Act of 1934, were at least an element in maintaining our high American standards of living.

It seems to be a peculiar situation, when the administration and its spokesmen are constantly advocating free trade, that in America—because of this program of continuous reduction of the protective device of a reasonable tariff—we are subsidizing farmers throughout the United States; we are considering subsidizing the mining industry; and undoubtedly many other industries will need a subsidy protection if the administration succeeds in its announced desire to have such a low tariff that it affords no protection, or free trade.

I wish to call special attention to the fact that in my State alone the following industries now receive a subsidy or are in such dire straits that without some financial assistance they may go to the wall: Sugar beet industry; applegrowers, as well as many other fruit growers; the entire mining and smelting industry; the oil industry; sheep and wool industry; poultry and dairy industry; the entire farming industry.

This list includes practically the entire economic life of my State.

If such a thing should occur, as it has in the mining industry, many thousands of American wage earners would be on the breadlines.

Certainly the President and his advisers in the State Department, unless they have ulterior motives, can have no objection to reporting their reasons for failure to follow the United States Tariff Commission's recommendations. I think that such a report should be made regardless of the law, but when an organized campaign to defeat such a requirement is waged, as it has been waged, it constitutes a warning sign to the American people to insist upon the protection of the peril-point program.

During the Republican Eightieth Congress, extensive hearings were held on the tariff problems. Out of these hearings two important fundamental principles were manifested.

First, high labor costs. Many American industries could not compete in this country on a free-trade-market basis with the extremely low-cost industries existing in foreign countries.

Second, the logical agency—in fact, the only agency—in the Government competent enough to analyze and make recommendations regarding tariffs to the executive department, was the United States Tariff Commission. This Commission was established in 1916, and has been given more and more responsibility in the research field of tariffs by several acts of Congress, particularly in 1922 and 1930.

The hearings before the Senate and House committee this year on H. R. 1211 only reemphasized these two principles. In the face of such reemphasis, however, the administration proposes to junk this logical safeguard to American economy.

I do not want to go back to the log-rolling days of Congress making the tariff rates. On the other hand, I do feel very strongly that the President or his advisors in the State Department should not be given an absolutely free hand in the establishment of tariff rates which certainly affect our American economy without some checkrein. The Republican Eightieth Congress, recognizing the necessity for a checkrein on the executive department, provided for the peril-point program. This peril-point program did not take away any of the former powers granted to the executive by the President. It was designed for one purpose and one purpose only—to protect American industries, labor, agriculture, and the housewife from destructive low-cost foreign competition.

It is not to be forgotten that the tariff problem is a congressional one, under the Constitution. The Congress has delegated some of this responsibility to the Executive, but by this device they certainly cannot escape the prime responsibility that rests with them. For the benefit of the people of this Nation, especially my constituents who have written in so voluminously on this problem, I wish in easy-to-understand language to explain the peril-point program:

The President will notify the Tariff Commission of articles that might be affected by tariff agreement. The Tariff Commission must hold hearings and report its findings to the President. The findings would specify how low a tariff rate could be established without injuring American workers and producers. The Commission also should report instances where increased tariff protection should be established to protect home industry against foreign competition.

The President, under the act, must find that existing restrictions are burdening foreign trade and that purposes of the law will be carried out by the agreement.

If the President purposes to enter into an agreement with foreign countries which will fix rates below these found by the Tariff Commission to be advisable from a standpoint of protection to American producers, he must send a copy of such agreement to Congress setting out each article on which he did not follow the advice of the Commission and give the reasons for his failure to follow such findings. However, the President is not prohibited from making any agreement he deems necessary.

He has a free hand to make any agreement. The only requirement is that he must either follow the peril points of the Commission or report his reason for not doing so to the Congress.

The safeguard for American producers has not yet had a chance to work for the protection of our standards of living. The administration just concluded negotiating with 13 nations on a trade agreement which will further affect American producers by revising the tariff rates.

A repeal of the protection to American producers affected by the peril-point system will give the State Department a free hand in these negotiations. It is expected that further reductions in our tariff rates will be granted.

The President and other administration spokesmen have constantly asserted that they do not intend to make any trade agreements which will jeopardize American producers, yet the facts show quite the contrary.

Other speakers during this debate have mentioned some of the American industries which have been severely crippled because of foreign importations of cheaper products. There is hardly an industry existing in our Western States which could survive under a free-trade concept. If the President and his spokesmen are sincere in their protestations that they do not intend to cripple American business and put American labor on the bread lines, they certainly can have no objection to the salutary plan of following the peril-point program as established by the Republican Eightieth Congress.

According to all the information I have been able to gather, all segments of our American economy favor the retention of the peril-point provision in our tariff laws. H. R. 1211 proposes to delete this provision. The amendment of the Senator from Colorado [Mr. MILLIKIN] would include as part of the extension of the Trade Agreements Act as proposed in H. R. 1211 a continuation of the peril-point revisions. I intend to vote for the Millikin amendment for the reasons I have expressed, and for the additional reason that my constituents have strongly reported to me the need for the retention of this program, and my research has confirmed the necessity for it. Because I oppose economic dictatorship without any form of accounting to the people, I shall vote against H. R. 1211 unless the Millikin amendment is approved.

At this time I renew my plea for an appraisal of our entire foreign commitments as they affect our domestic economy. Thus far not only the Congress, but the people, have been taken into the confidence of the administration on a piecemeal basis. The Democratic administration should make a report to Congress and the people of its stewardship in the foreign-relations program. Until such an over-all approach is forthcoming, we should not continually pull the supports from our own economy, but we must maintain our position so that we will remain so strong that we will remain impregnable from foreign attack, and will be in a position to help those who are less fortunate than ourselves. This we certainly cannot do if we continually jeopardize our domestic economy.

I ask unanimous consent to have included at the end of my speech a few excerpts showing the typical correspondence I have received relating to this problem.

The PRESIDING OFFICER (Mr. THYE in the chair). Is there objection?

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

PHILADELPHIA, PA., *September 13, 1949.*
Senator ARTHUR V. WATKINS,
Senate Office Building,
Washington, D. C.:

As firebrick manufacturers in the State of Utah we would appreciate you approving Millikin amendment to H. R. 1211.

FLOYD L. GREENE,
President, General Refractories Co.

ROCK SPRINGS, WYO., *September 13, 1949.*
Hon. ARTHUR V. WATKINS,
Senate Office Building,
Washington, D. C.:

The members of the United Mine Workers of America in Utah are desirous that you support the Thomas amendment to H. R. 1211.

HOUSTON MARTIN,
President, District 22, U. M. W. of A.

SALT LAKE CITY, UTAH, *September 9, 1949.*
Hon. ARTHUR V. WATKINS,
Senate Office Building,
Washington, D. C.:

We urge your support of Senator THOMAS (Oklahoma) amendment to Reciprocal Trade Act, which contemplates limiting oil imports to 5 percent of domestic production, such provisions being in effect before the war. We are strongly of opinion this curtailment would be greatly beneficial to many other industries as well as our own. Please support Senator THOMAS' amendment.

B. P. MANLEY,
Executive Secretary, Utah Coal Operators Association.

SALT LAKE CITY, UTAH, *September 9, 1949.*
Hon. ARTHUR V. WATKINS,
United States Senator from Utah,
Senate Office Building,
Washington, D. C.:

We urge your support of Thomas amendment to Reciprocal Trade Act, which would limit importations of oil from foreign countries and will protect coal industry of Utah.

CLAUDE P. HEINER,
President, Utah Fuel Co.

SALT LAKE CITY, UTAH, *May 28, 1949.*
Senator ARTHUR V. WATKINS,
Senate Office Building,
Washington, D. C.:

Foreign metal now coming into this country has resulted in depressing the price of lead and zinc below its production cost. The eagerness for dollar exchange coupled with threatened deflation of foreign currency holds out no hope in a reasonable time. We would appreciate very much anything you can do to have the President invoke emergency powers to bar these imports or raise the tariffs. The mines here are now beginning to reduce operations due to the almost daily reduction in prices of lead and zinc. Anything you can do to relieve this situation and thus avoid substantial unemployment in your State will be appreciated.

CECIL FITCH,
President, Chief Consolidated Mining Co.

SALT LAKE CITY, UTAH, *May 27, 1949.*
Senator ARTHUR V. WATKINS,
Senate Office Building,
Washington, D. C.:

Further tariff reductions and devaluing foreign currency detrimental agriculture, industry, labor. World economics and domestic conditions evidence should be no tariff reductions but increased cover devaluation foreign money if and when such devaluation effective. Hope have your support.

HOOPER, UTAH, WOOL GROWERS.

CODY, WYO., *September 9, 1949.*
Hon. ARTHUR V. WATKINS,
Senate Office Building,
Washington, D. C.:

Our local union asks that you please give all the support possible to both the Thomas amendment and the Millikin amendment to the reciprocal trade agreement. We feel this very necessary to protect the domestic oil industry.

OIL WORKERS INTERNATIONAL UNION,
CIO, LOCAL 373,
JAMES E. BLACKBURN, *Chairman.*

SALT LAKE CITY, UTAH, *September 9, 1949.*
Hon. ARTHUR V. WATKINS,
Senate Office Building,
Washington, D. C.:

The dumping of approximately 400,000 barrels of foreign oil per day on the American market is causing serious repercussions in the coal industry. Anything that adversely affects the industry generally will ultimately react against our Utah industry. We feel that the interests of the country generally will be best served by supporting the Thomas amendment to the Reciprocal Trade Act now before the Senate. We urgently request that you support that amendment.

SPRING CANYON COAL CO.,
P. L. SHIELDS, *President.*

PARK UTAH CONSOLIDATED MINES CO.,
Salt Lake City, Utah, May 24, 1949.
Hon. ARTHUR V. WATKINS,
Senator From Utah,
Senate Office Building,
Washington, D. C.

DEAR ARTHUR: Here is something typical that may be of some use to you: For the past

few months some of the smelters here in the Salt Lake Valley have been getting silver-lead concentrates shipped from the west coast of Mexico to Port Los Angeles, and from there by rail to Salt Lake Valley. Our present scale of wages for miners underground here in Utah is $11.79 per shift, including overtime pay for 6 days' operation. To this can be added about $1.40 a shift, representing paid vacations, holidays, social security, and industrial insurance. These concentrates being shipped in from Mexico are worth, at present prices, about $120 a ton. At the Mexican port the Government collects an export tax of 22 percent of the gross value of the ore, or about $26.40 a ton. If the old tariff law on lead goes back into effect after July 1 the import duties on such an ore would be three-fourths of 1 cent a pound of lead content in the ore, or about $6 a ton. The sad commentary on this whole mess is that the Mexican labor which produces these concentrates is paid from 6 to 8 pesos a day, and the peso is worth 14 cents.

This is where all these free traders become addled in their thinking; they would have us believe that if we have free importation of raw materials, or anything else, we shall get it at very little more than the actual low cost of production in foreign countries having low wage levels and standards of living.

This is not at all the case. The governments in the exporting countries themselves will skim off all of the cream and the price to the American consumer will be slightly less than our domestically produced goods. Our memories should go back to the end of World War I, when England, through her monopoly of crude rubber, boosted the price from 25 cents to $2.75 a pound. Contrast this with the same situation after World War II, when we had domestic competition, namely, synthetic-rubber plants that could supply our needs. England again had a monopoly of crude foreign rubber, but as we could produce synthetic rubber for a little over 20 cents a pound we bought their crude at 22 cents.

With best regards.

Very truly yours,

PAUL H. HUNT.

SALT LAKE CITY, UTAH, *August 30, 1949.*

Senator ARTHUR V. WATKINS,
Washington, D. C.

DEAR SENATOR WATKINS: Enclosed is a clipping from the Salt Lake Tribune which is self-explanatory. The information I wish may sound absurd and simple; however, it has an underlying principle which is very close to some of us.

We have been paying high taxes for a long time to support Government spending. I own an interest in a lead mine located near Fillmore, Utah; yet because of the lead price, I can't afford to mine and ship my products. To add insult to injury, the United States Government will now consider loaning money to Yugoslavia to modernize their mines and will take metal in return for the same. Yet, I couldn't get one dime of credit from them for machinery I need nor could I as a United States citizen pay the cost of labor and production here and produce at a profit. Yet, some individual in South America, Britain, or other country who does not contribute to the cost of our own Government can benefit much more materially than our own people. It seems to me there is a considerable amount of muddled thinking in Washington.

Perhaps some Senator should suggest that we become citizens of a foreign government in order to participate in the production of our own goods essential to our own economy.

I have a friend who was in the mink business. His cost to produce was about $12 per skin. The luxury tax and foreign imports reduced the market to a point where he received an average of $8 per skin or a net loss of $4.

I have always believed that Government was for the benefit of the people, and I believe that you have worked along those lines, but I am sincere in my belief when I say there is something sadly lacking in our Government that permits other countries to compete with the American taxpayer. Certainly we should not pay the bills and also be forced to compete against a low wage in a foreign country. I say if they must buy abroad, then make the price competitive with the cost of our own standard of living.

Sincerely.

HOWARD WEBB.

TWENTY-FIVE MILLION DOLLARS—YUGOS APPLY FOR MINE BOLSTER LOAN

WASHINGTON, August 29.—Yugoslavia, now looming so importantly in the European scene, has formally asked the Export-Import Bank for a loan of approximately $25,000,000, it was officially stated Monday.

The loan would be used primarily to purchase mining machinery in this country for use in the Yugoslav copper, lead, and zinc mines.

According to informants, Secretary of State Dean G. Acheson favors the loan in order to help Marshal Tito counteract the economic blockade thrown around his country by Soviet Russia and her allies. Tito broke with the Kremlin more than a year ago, but up to this time he has never formally sought American financial aid.

Materials from Yugoslavia, principally the metals from her mines, would be used for repayment of the loan. The United States is now collecting metals, such as lead, copper, and zinc for use in war or any other emergency.

Already, on recommendation of Acheson, this country has granted Tito permission to purchase materials for a steel mill from a concern in the United States. Louis A. Johnson, Defense Secretary, first objected to this move, but Secretary Acheson persuaded Johnson that the permission would help Tito in his clash with the Soviet.

Mr. GEORGE. Mr. President, I yield 20 minutes to the Senator from North Carolina [Mr. GRAHAM].

The PRESIDING OFFICER. The Senator from North Carolina is recognized for 20 minutes.

Mr. MAYBANK. Mr. President, I wonder if the distinguished Senator from North Carolina will be generous enough to yield to me at this time.

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from South Carolina?

Mr. GRAHAM. I am glad to yield to the Senator from South Carolina.

Mr. MAYBANK. Mr. President, I have always supported the Reciprocal Trade Agreements Act, and last year I voted for its extension. I desire to make a short statement, and to read into the RECORD a letter which is typical of numerous letters I have received dealing with the textile industry in South Carolina. The letter is as follows:

SEPTEMBER 13, 1949.

Hon. BURNET R. MAYBANK,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: I am very much concerned about the pending act empowering the President to lower tariffs at will. This can seriously affect the textile industry, one of the Nation's larger employer groups, and I should like to see the provision inserted in the law which would retain the present peril points.

I am sure you are vitally interested in the industry in this State and that you yourself realize what effect a serious lowering of tariffs could have upon the industry in South Carolina and that you are going to do your best to preserve the status quo.

Mr. President, I wish to say further that I have been in touch with the State Department, and have spoken to many officials in that Department, who have told me they have no intention to lower and have not carried on any conferences respecting the lowering of the rates on textile products. The distinguished Senator from Georgia who has done so much has also generously conferred with me.

I wish to make the further statement that the records will show—and if it is necessary to supplement my remarks with the records I shall do so—that importations of cotton goods into this country have declined materially, but many of our mills have lost their export markets because of dollar shortages.

Mr. President, I ask to have printed at this point as a part of my remarks a State Department note in regard to certain cotton textiles.

There being no objection, the note was ordered to be printed in the RECORD, as follows:

STATE DEPARTMENT NOTE REGARDING TEXTILE ITEMS ON WHICH POSSIBLE CONCESSIONS MIGHT BE MADE IN THE ANNECY NEGOTIATIONS

The great bulk of cotton textiles was not involved in the Annecy negotiations. There were, however, several cotton specialty items of principal interest to Italy included in the list of items on which possible concession was being considered in the negotiations. These items are tapestry and other Jacquard-figured upholstery cloths, cotton quilts or bedspreads, cotton blankets, blanket cloth, and miscellaneous cotton pile articles (except terry-woven towels).

Imports of tapestry and other Jacquard-figured upholstery cloths are of distinctive style and appeal and generally retail at much higher prices than the domestic product. Since the war imports of such products have been very small in comparison with domestic production.

For cotton quilts or bedspreads, exports have greatly exceeded imports for this item, if Jacquard-figured. If not Jacquard-figured, imports have been very small compared to domestic production, consisting mainly of specialties and novelties which compete with only a small part of domestic production.

Imports of cotton blankets and blanket cloth usually run less than 1 percent of domestic production and are very much less than exports.

Miscellaneous cotton pile articles consist of scarfs, mats, panels, table runners, and similar items without fringe. Experts estimate that the domestic production, if any, of these items is probably small, although data are not available relative to domestic production.

SEPTEMBER 15, 1949.

Mr. MAYBANK. Mr. President, there is no doubt in my mind, in view of my conferences with officials of the State Department, that it is not their intention to do anything toward lowering the cotton goods tariffs.

Furthermore, and finally, I do not see how the peril-point provision could be of any possible value to the cotton goods industry in South Carolina or elsewhere because if this point should be reached it would be too late.

We need our export business in cotton textiles, raw cotton, tobacco, lumber, and

so forth, and dollars are necessary to effect this trade outside the United States.

The people of South Carolina have always believed in and supported the principles of free trade since early colonial days. One of the first major fights in the United States Senate over free trade was led by South Carolina's able Senator John C. Calhoun.

We need these trade agreements and they must be continued.

Mr. GRAHAM. Mr. President, I speak today, though a novice in this field, partly in response to an impulse to stand by the side of a man who has carried the battle for his committee bill almost alone, sitting here day after day, often foregoing his food until a late hour, patient and courteous, but informed and unyielding in his stand for what he believes to be the best interests of his country and of the world at a critical hour in our times. I refer to the able Senator from Georgia [Mr. GEORGE].

The negotiation of reciprocal trade agreements has been the approved policy of the United States for a decade and a half. The American people and their representatives in the Congress, on the basis of the value of these agreements, appear to be strongly for reciprocal trade agreements among the nations as a sound and dynamic national and international policy. The House of Representatives, by its recent action, eliminated the peril-point provision contained in the act of 1948 and thereby would restore the act as substantially in effect since 1934. The Senate Finance Committee, under the leadership of its able chairman, the Senator from Georgia, has reported favorably the bill which is the same bill recently passed by the House.

Six amendments to the Senate committee bill would make special provisions regarding, respectively, oil, escape clauses, termination or prohibition of trade agreements in cases of discrimination against United States trade, equalization fee based on cost of production, furs, glass and pottery, and the peril point. These amendments have been thoroughly and cogently presented to the Senate. The main battle in the Senate has been over the peril-point amendment, ably presented by the distinguished Senator from Colorado [Mr. MILLIKIN], reenforced by the distinguished Senator from Michigan [Mr. VANDENBERG], and ably opposed by the distinguished Senator from Georgia [Mr. GEORGE], reenforced by the distinguished Senator from Virginia [Mr. ROBERTSON].

The principles and procedures for the negotiation of reciprocal trade agreements, which have again been set forth in the pending bill, have had the championship of the last two Presidents who have enlisted the American people in their support for almost a decade and a half. In support of the stand of the Senator from Georgia, the majority report of the Senate Finance Committee, and the House bill there is especially enlisted in spirit here today that great Secretary of State, Cordell Hull, chief author of the reciprocal trade agreements policy, one of the founders of the good-neighbor policy in the Western Hemisphere, and one of the founding fathers of the United Nations. Mustering also in spirit to the side of the embattled reciprocal trade agreement policy are those other eminent Secretaries of State: Edwin R. Stettinius, James F. Byrnes, George C. Marshall, and Dean Acheson. The leadership of national farm, business, labor, consumer, civic and women's organizations, constituting a cross section of the American people, have made their petition for the program. Leading economists of the country, including such experienced administrators as Willard Thorp and W. L. Clayton, support the program with their theoretical wisdom and practical knowledge of the danger of high tariffs and the values of reciprocal trade.

The high tariff policy of the Smoot-Hawley period, with the consequent destructive retaliatory tariffs against American trade, contributed to the great depression after the First World War. The high tariff wall kept out imports, prevented exports and thus prevented exchange of goods, which is the real purpose and substance of commerce. The high tariffs thus glutted the market on both sides of the wall. The reciprocal trade agreement policy was one of the ways out of that depression and can be one of the ways leading away from economic disaster in this crucial period following the Second World War.

With all the values of the reciprocal trade agreements, it has been the policy to safeguard any American industry against real injury or the threat of such injury. Under the provisions of the bill, the members of the Interdepartmental Committee and the members of the Interdepartment Reciprocity Information Committee and the President himself, by his own express declarations, are charged with the responsibility to protect an American industry against any serious injury or threat of injury. In case any reciprocal trade agreement should be found to injure or to threaten to injure an American industry, the President is charged with the duty to give such an industry an escape from such an injury. The reciprocal trade agreements have energized more dynamic currents of trade which have served in total effect not to injure but to improve, not to tear down, but to build up American industry all over the country.

The Interdepartmental Committee, in accordance with the terms of the present bill and in line with former policy, will be composed of representatives of the Departments of Agriculture, Commerce, Labor, the Treasury, the State Department, the Department of Defense, the ECA, and the Tariff Commission. Every substantial interest is thus represented and will be given a hearing by the Committee. The Tariff Commissioner, with his special knowledge and high responsibility, will participate from the beginning through all the proceedings and will have a part and a vote in the determination of the terms of any agreement. The Tariff Commission's staff, with their vast knowledge, experience, and skills, take a direct part in the negotiations. It is significantly important that the Tariff Commissioner and expert staff are in the negotiations on the ground floor and all the way through. These experts sit in with the other members of the Interdepartmental Committee who have the responsibility to take full account of this expert knowledge and experience along with their responsibility to take into account the interests of agriculture and industry in the total American economy, the value to American industry and agriculture of expanding American trade in the markets of the world, and the relation and values of the world economy to American agriculture and industries.

The procedures provided in the peril point amendment eliminate the Tariff Commissioner as a member of the Interdepartmental Committee and thus weaken the committee by depriving the committee of the value-judgments and accumulated experience and wisdom of the Commissioner in the basic negotiations. The peril-point amendment causes duplication of work, procedures, and costs in the preparation for the negotiations. Interested parties would have to make their statements and cases both to the Interdepartmental Committee and the Tariff Commission.

Furthermore, under the peril-point amendment, the Tariff Commission is necessarily limited in its approach and in its determination of peril points. By the very nature of the prescribed situation, the Tariff Commission will be overcautious in its findings and recommendations and the President will be under the constraint of these overcautious findings and recommendations.

The Interdepartmental Committee, under the Senate Committee's bill, has the responsibility and freedom of taking into account all the factors involved in strengthening the national economy as a whole, in expanding markets for the output of American farm and factories, and of building up the world economy as essential to the larger production and prosperity of the American people.

The Interdepartmental Committee, with a member of the Tariff Commission fully participating, is enjoined, before an agreement is made, to be on the alert against injury or the threat of injury to an American industry. After an agreement is made, an industry itself may initiate, on its own account, and the Tariff Commission, as part of its responsibility, has the duty to initiate proceedings for the President to provide an escape to an industry which has suffered injury or is threatened with injury. In case of a failure to provide for a justified escape, a more vigorous case should be made for escape and we should not resort to amendments which might imperil the program. America, as the leader and creditor of the free nations, must not only be a protector of the smallest American industry against unfair injury, but must also help build up the health and strength of the whole national economy as a part of a strong world economy. If America collapses, all the free nations crash in ruins. If the free world collapses, America, too, collapses in the general ruins of the world.

The peril-point amendment requires procedures which will not facilitate, but rather may militate against the nego-

tiations of reciprocal trade agreements by eliminating the Tariff Commissioner from the Interdepartmental Committee, by confining the responsibilities of the Tariff Commission within narrower limits, and by weakening the bargaining position of the Interdepartmental Committee. These restrictions may undermine the foundations of real negotiations and make less probable the achievement of reciprocal trade agreements.

Reciprocal trade agreements, by increasing both exports and imports among the nations, strengthen the economic basis of the interdependence of the nations and strengthens the necessity of peace in the world. The reduction of tariffs and the lowering of trade barriers short of the peril point, will result in the larger flow of the freer and more dynamic streams of trade across national boundaries into the great ocean of world trade upon whose mighty currents somewhat depend both a more stable and more productive world economy with all its potential meaning to freedom and security against the monstrous menace of both Fascist and Communist dictatorships in our present world.

America, through the vast resources of this great continent, the fresh initiative, boundless energy and free enterprise of a composite people, and by the logic of history, has become the leader of the free peoples of the earth. The United States, which is the debtor of all regions, races and religions of the world, has become the creditor of the nations. The beneficiary of the mighty resources of a new world and the heir of all the creeds and cultures of both the new world and the old, the United States has the responsibility and the opportunity to lead mankind toward a better day. With this economic and spiritual wealth, the American people are humanly mindful of their humane heritage from Europe, Africa, Asia and the islands of the seas.

In this city, the site of the discussions between the representatives of Britain and the United States which have to do with a basic aspect of the whole international economic situation, we are not forgetful of the heritage of our original stock and ideas, language, and literature, laws and institutions, civil liberties, and democracy. We have a fresh remembrance that the little island home of freedom and democracy in the modern world, even in our time, became one of the chief strongholds of freedom in two world wars. When the Fascist and Communist dictatorships combined in the Hitler-Stalin pact a vast continental power, it was this little island which almost alone for a time bravely bared her almost defenseless breast to receive the full impact of the Nazi fury. Responding to the matchless faith and eloquence of her great Prime Minister, the youth and people of the island resolved to fight it out on the beaches, in the streets, in the homes and anywhere free men could stand and fight against the relentless threat to human freedom. In the words of Churchill, who stirred the courage and whose two uplifted fingers became the symbol of dauntless faith in the hearts of free people everywhere, "never have so few meant so much to so many" as in that time of the world's darkest and Britain's finest hour. Whatever be the difference between the British people and us of America, who, for our part within our constitutional reference frame of the general welfare, believe in the creative energies and resources of free enterprise, we cannot forget that with all these differences in politics, defects of management, and lack of modern machinery, the British people, for whom Bevin and Cripps hopefully speak today in this country, are producing more than at any time in their recent history. Bled white by two world wars, with so many of her "fittest youth" dead or crippled for life, with her cities and industries recently in ruins, her merchant fleet at the bottom of the seas, and her centuries of savings spent in two wars for freedom, Britain, by circumstances and history, has had to yield her place as the creditor nation, the banker, the shipper, and the insurer of the nations.

Nevertheless, Britain and the British Commonwealth are still the original source and a continuing part of our heritage and hope.

The PRESIDING OFFICER. The 20 minutes allotted to the Senator from North Carolina have expired.

Mr. GEORGE. Mr. President, I yield to the Senator from North Carolina such further time as he may require.

The PRESIDING OFFICER. The Senator from North Carolina is further recognized.

Mr. GRAHAM. I thank the Chair and the Senator from Georgia.

Mr. President, Britain, even in these dark times, is, with America, still the haven of civil liberties and free elections, America's largest customer, the European outpost of a free France and western Europe, a strategic world base and bastion of human liberty, and our ally against another monstrous totalitarian threat to human freedom. They come, not asking charity, but requesting a chance to survive for their own sakes as a self-respecting free people who mean to work their way out, as friends of America and an ally of freedom in a threatened world.

I would be among the first to recognize that friends of freedom, friends of Britain, and some of the chief creative champions of the international organization for freedom and peace are the sincere and patriotic authors of the peril-point amendment. Yet, as I see it—and I can speak only for myself—the reciprocal trade agreement policy, without the peril-point amendment, gives more hope for a better turn in the economic affairs of these troublous times.

The reciprocal trade agreements are a part of the whole international structure of the treaty of the Americas, the ECA, the western union, the North Atlantic community, the dawning Pacific-Asiatic community, and the United Nations. The new aid to China and the concern for freedom in Asia and Indonesia are, thank God, simply parts of that oneness of freedom and peace in the world for which American farms and factories produced magnificently, the American people gave generously, and American youth fought and died heroically on the continents, the islands, and the seas all over the world. The international mechanical framework flung around the world, with its shiplines, railroads, concrete highways, high-tension power lines, cables underseas, and ethereal wave lengths, has the dynamic power to involve the nations for weal or woe. The corresponding international political framework of the United States makes for freedom and security. The international economic structure of commerce between the nations is made freer, wider, and more dynamic by reciprocal trade agreements. All these can become reinforcements of that international spiritual communion of the peoples which is the old, unfulfilled, but still immortal hope of our human pilgrimage toward the Kingdom of God.

Mr. MILLIKIN. Mr. President, I yield 10 minutes to the distinguished junior Senator from Wisconsin [Mr. McCARTHY].

The PRESIDING OFFICER. The junior Senator from Wisconsin is recognized.

Mr. McCARTHY. Mr. President, I suggest the absence of a quorum.

Mr. MILLIKIN. Mr. President, it is understood that the time for the quorum call will have to come out of the time allotted to the Senator from Wisconsin.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCARTHY. Mr. President, in view of the fact that the clerk informs me that it will take more than 10 minutes to call the roll, I ask unanimous consent that my suggestion of the absence of a quorum may be withdrawn and the order for the call of the roll may be rescinded.

The PRESIDING OFFICER. Is there objection to the request for the unanimous consent that the suggestion of the absence of quorum may be withdrawn and the order for the calling of the roll rescinded? The Chair hears none, and it is so ordered.

Mr. McCARTHY. Mr. President, the purpose of this amendment is to extend the powers of the President in order that some means may be worked out to stabilize and restore confidence to the domestic raw-fur market, which has collapsed due to the tremendous volume of imported furs, and is causing the foreclosure of thousands of fur farms throughout the United States.

The amendment reads as follows:

SEC. 4. Paragraph 1519 of the Tariff Act of 1930, as amended, is hereby amended by adding at the end thereof a new subparagraph to read as follows:

"(g) The President shall establish such import quotas or other suitable regulations on the importations of furs and fur articles as are determined necessary by the Tariff Commission to prevent sericus injury to the domestic fur-producing industry."

The Senate will note that this is an amendment to the Tariff Act of 1930, not to the Reciprocal Trade Agreements Act.

Mr. President, since the war, foreign countries, in their effort to secure dollars, have literally dumped all their furs into the United States, without regard to the domestic producers. Tariff Commission

figures reveal that the prewar yearly average of fur imports was $49,000,000, which since the war have risen to $176,000,000 a year. This enormous rise is due to increased volume, as the price of raw furs today is below prewar levels. In many cases fur prices are lower than during the depression years around 1930. Two to 3 years supply of various kinds of furs are in storage at the present time.

SOURCE OF IMPORTS

Over 30 percent of all imported furs are coming from Soviet Russia and countries under Soviet control, whose fur industry is operated entirely on a state trading basis. Since the war, 59 percent of the total Russian exports to the United States consisted of furs—exhibits A, B, and C.

Mr. President, at this point I ask unanimous consent that there may be printed in the body of the RECORD, at the conclusion of my remarks, exhibits A to J. I shall refer to them at various points in the course of my brief discussion.

The PRESIDING OFFICER. Is there objection?

There being no objection, the exhibits were ordered to be printed at the conclusion of Mr. MCCARTHY's remarks.

Mr. MCCARTHY. Mr. President, domination of the American raw-fur market by Russia is not only crushing the American fur producer, but is causing hardships to other countries which are also depending on our market for sale of furs. In order to compete with Russia, other countries have had to place into effect export subsidies, export compensating rebates, barter programs, and so forth—exhibits D and E.

DOMESTIC PROBLEM

By reason of there being a lack of efficient means to control or eliminate these abusive trade practices, the domestic raw-fur market has been demoralized to the extent that one-third of our domestic fur-farming industry has already been forced out of business, and thousands of others will be forced to the wall this year unless immediate action is taken.

As a result of this condition, our Government has had to make emergency loans to fur farmers to keep the industry alive until measures could be taken to correct this unjustifiable condition—exhibit F.

OTHER PROBLEMS INVOLVED

Besides the economic problem involved, it is evident from information released that Russia's primary interest in disposing of all her furs in the United States is to implement carrying out her communistic program in our country, first by providing a source of dollars necessary to finance her program, and, second, by being able to maintain a large fur business in the United States, which she is using as a base of operation to legally funnel into and out of our country key communistic supporters. In this connection, I call attention to the evidence and the record in the Coplon trial.

All of Russia's fur business is handled by the Amtorg Corp. of New York, which is owned and operated by the Russian Government, and is known by the FBI to be carrying on espionage activities—exhibit G.

It is evident that regardless of price or effect on the domestic producer, Russia will continue to dump all her furs on our market unless some protective action is taken by Congress.

AMENDMENT NECESSARY

The purpose of the amendment is to supplement the powers of the President which have proven to be limited under the present Reciprocal Trade Act, so as to enable him to deal with this unusual problem. Because the principal country involved—Russia—will not participate in trade negotiations, therefore, a solution cannot be reached through normal procedures without penalizing friendly countries, as would be required under the most-favored-nation clause.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has used 6 minutes of his time, and he has 4 minutes remaining.

Mr. MCCARTHY. I thank the Chair.

The fact exists that under present law we must ask and get the consent of another country before we can act in the matter, even though the problem involves the national safety of our country—exhibits H and I.

Being powerless to cope with this new development is unfair to all countries participating in the reciprocal trade program. For under present existing conditions, it is an advantage for a country not to participate in trade negotiations.

POWERLESS TO ACT UNDER ANTIDUMPING ACT

Thorough investigation has proven there is no possible way to meet the problem under the Antidumping Act.

In order to constitute dumping within the meaning of the Antidumping Act, it must be established: "that the purchase price or exporter's sales price of the merchandise is less than the foreign market value, or in the absence of such value, then the cost of production."

There is no foreign market, other than a limited amount of trading, being done on a barter basis. In the case of Russia, all her furs are sold on the American market, and when even a Senator cannot penetrate the iron curtain, how is it possible to find out what their cost of production is?—exhibit J.

CONCLUSION

The amendment does not violate any trade agreement now in force. All furs are bound duty-free except one, and it does not involve the matter of tariffs. It is an attempt to meet a new development that has taken place since the war, wherein countries who refuse to negotiate under the Trade Agreements Act are dumping furs on our market for unscrupulous motives, thus destroying our own fur-producing industry and jeopardizing the industries of other friendly nations who must rely on our market for the sale of their furs.

Extending the powers of the President to work out some plan wisely and judiciously to meet this new problem cannot be considered as a crippling amendment or piecemeal action.

We are spending billions of dollars in an effort to prevent communism from dominating and controlling the industries of foreign countries, while under our very noses they are destroying one of our own small industries.

I should like to make a suggestion to the very able chairman of the Finance Committee, the senior Senator from Georgia. In view of the impossibility of being able to fully explain the significance of this amendment in the time allotted to me, I, therefore, request the chairman of the Finance Committee not to oppose this amendment, with the understanding that the conferees' committee carefully review the matter. If, in their judgment, we have overlooked any existing statutory provision providing the authority to meet this new problem, wherein it is unnecessary to grant the President this additional power, or if in the wisdom of the committee they feel the amendment should be changed or rewritten, I shall not oppose the recommendations of the committee on the Senate floor.

I think this is a matter of tremendous importance. We have a very large number of fur farmers. They constitute a very important segment of agriculture. It is a question whether they will go bankrupt or whether they will continue to exist. I urge that the Senator from Georgia, especially in view of the limited time which we have in which to discuss the amendment, accept the amendment and take it to conference. We shall certainly have competent conferees, and I am perfectly willing to abide by their decision. If I may, I should like to have the Senator's thought on my suggestion. I still have enough time, I think, to ask the Senator that question.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. MCCARTHY. Will the Senator from Colorado be kind enough to yield me another moment, in order to obtain the answer to the question?

Mr. MILLIKIN. I yield the Senator the additional time.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for another moment.

Mr. MCCARTHY. I wonder whether the distinguished Senator from Georgia feels disposed to take a position on the matter at this time. At any rate, I sincerely hope he will seriously consider the wisdom of acceding to my request in the course of the next 2 hours, before the vote is taken.

Mr. GEORGE. I shall be very glad to consider it, Mr. President, but it is an amendment to the Tariff Act. It is not an amendment to the Trade Agreement Act, and I do not see any end if we should open up that road. However, I shall consider it, and will withhold further comment until later in the debate.

Mr. MCCARTHY. I thank the Senator.

EXHIBIT A

United States imports for consumption of undressed furs for consumption from countries dominated by the Soviet Union and total from all countries, 1948

Country:	Foreign value of imports
Austria	$161,000
Czechoslovakia	359,000
Hungary	69,000
Finland	778,000
Poland and Danzig	19,000
Soviet Union	38,823,000
Rumania	321,000
Bulgaria	110,000
China	8,412,000
Korea	108,000
Hong Kong	91,000
Total imports from countries under Russian domination	49,251,000
Total imports from all other countries	112,524,000
Total imports from all countries	161,775,000

Percentage of Russian-dominated countries to total, 30.4.

EXHIBIT B

Value of Russian exports to United States

[In thousands of dollars]

Year	Furs	All other goods	Total of all exports to United States	Percentage of furs to total
1946	69,735	30,837	100,572	69
1947	43,308	33,794	77,102	53
1948	40,522	38,252	78,774	52
Total	153,565	102,853	256,448	59

Value of all imported furs from all countries

[In millions of dollars]

1930	57.6
1931	47.9
1932	25.1
1933	33.2
1934	38.1
1935	48.2
1936	74.7
1937	78.5
1938	42.0
1939	49.7
1940	73.6
1941	104.0
1942	68.9
1943	90.4
1944	126.5
1945	146.2
1946	241.5
1947	124.1
1948	162.2

Sales of furs represented by collections from excise taxes

[In millions of dollars]

Fiscal year:	
1944	58.7
1945	79.4
1946	91.7
1947	97.4
1948	79.5
1949	61.9

EXHIBIT C

HEARINGS BEFORE SPECIAL SUBCOMMITTEE ON FUR OF THE COMMITTEE ON AGRICULTURE, HOUSE OF REPRESENTATIVES, EIGHTIETH CONGRESS, FIRST SESSION, THURSDAY, APRIL 17, 1947

STATEMENT OF E. C. ROPES, CHIEF, RUSSIAN UNIT, DEPARTMENT OF COMMERCE

Mr. ROPES. In connection with my work there for some twenty-odd years, I have had occasion to study the fur industry not only since the revolution, but also before. The part that is of interest to people here as of the present time, is the organization of the fur industry in Russia and the method by which they dispose of the catch abroad, particularly in the United States which is the largest customer for Russian furs.

At the present time, the whole matter is in the hands of specific Government agencies, beginning with the fur-trapping cooperative and ending with the auctions run by the Government twice a year in a special building built a year or two before the war for that purpose.

Congressman GRANGER. Does the Government purchase the fur—the raw fur—from the producer, the Russian Government?

Mr. ROPES. Yes, sir.

Congressman GRANGER. The Government does the purchasing?

Mr. ROPES. Yes, sir; the Government does it. The agency set up for that purpose, which handles both the purchasing, collection, and export, is called the Soyuspushnina, which means the All Union Corporation for Furs—the fur industry, the fur sales, the fur exports, the aggregate in their purview and field of activities, all these operations.

EXHIBIT D

HEARINGS BEFORE SPECIAL SUBCOMMITTEE ON FUR OF THE COMMITTEE ON AGRICULTURE, HOUSE OF REPRESENTATIVES, EIGHTIETH CONGRESS, FIRST SESSION, THURSDAY, APRIL 17, 1947

Canada, too, guarantees silver fox prices. This is taken from the Women's Wear Daily, Wednesday, February 19, 1947:

"The Dominion Government is undertaking to guarantee a minimum price for silver fox pelts, ranging up to $62.50 for the top grade, provided they are delivered by ranches before May 1 of this year, it is learned here today.

"Officials of the Canadian National here said their organization had entered into an agreement with Federal Agriculture Minister Gardiner under the Agricultural Products Cooperative Marketing Act. The schedule of prices, providing for minimum payment, was made public. It ranged from the $62.50 top for grade A large platinums down to $7 for inferior skins. Top for white marked was $38 and for silvers, $30."

COMMENT

The above program is still in effect, and consideration is now in progress to extend the program to other furs.

EXHIBIT E

COMPENSATION REBATE FOR GOODS IMPORTED INTO UNITED STATES

The following article appeared in the Women's Wear Daily, Friday, January 28, 1949:

"MINK LEVELS STEADY AT DANISH AUCTIONS—UNITED STATES BUYERS ACTIVE

"LONDON, January 27.—First grade mink brought an average price of 99 Danish kronen for males and 78 Danish kronen for females, at the fur sales this week concluded in Copenhagen, according to a report by Max Weiss, London representative of Scandinavian fur auctions.

"A good part of the mink will go to the United States via London. Weiss points out that all quoted prices are subject to a compensation rebate of 25 to 30 percent for goods earmarked for export."

"For example you purchase in Denmark a mink pelt for $10 and export it to the United States. The Danish Government will rebate $3 to you so you can sell the mink pelt on the United States market for $7."

EXHIBIT F

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D. C., January 24, 1949.

Mr. JOSEPH H. FRANCIS,
Executive Secretary, National Board of Fur Farm Organizations.

DEAR MR. FRANCIS: This is in reply to your letter of December 27, in which you state your views concerning loans from the Regional Agricultural Credit Corporation of Washington, D. C., for the purpose of assisting fur farmers.

You are, of course, aware that the congressional authorization for making loans to fur farmers specifically requires that the borrower must assume full personal liability for the loan, and that each loan must be secured by collateral deemed sufficient by the Corporation to give reasonable assurance of repayment.

Since Congress enacted the legislation making these loans possible, the Corporation has received a number of requests for information and some applications for loans. From the information furnished by the fur farmers themselves, it is evident that many of them are not in a position to meet the requirements of the law. Most of the applicants are already so heavily indebted, and have mortgaged their property to such an extent, that they do not have collateral adequate to give reasonable assurance of repayment of their present indebtedness plus the additional amounts they would need to continue operating their fur farms.

We believe that the Regional Agricultural Credit Corporation has been endeavoring to give such assistance to fur farmers as it can within the limits of its authority. If the loan inquiries and other information we have received represent a fair cross section, however, it is quite evident that under the present law loans can be made to only a few of the fur farmers who are in financial difficulty.

Sincerely yours,

CHARLES F. BRANNAN,
Secretary.

EXHIBIT G

[From the Washington (D. C.) Times-Herald of June 8, 1949]

ATOM TOOLS SHIPPED TO REDS, FBI REVEALS

DEVICES SNEAKED OUT BY AMTORG'S AGENTS

An FBI report offered as evidence in the espionage trial of Judith Coplon revealed yesterday that atomic research instruments were shipped to Russia in 1947 without United States export clearance.

The instruments were manufactured for Amtorg by the Cyclotron Specialties Co., and were shipped on August 21, 1947. Customs officials halted another shipment on September 2, 1947, as it was being loaded aboard the steamship *Murmansk*. A third shipment later was intercepted at Claremont, N. J.

EXHIBIT H

HEARINGS BEFORE COMMITTEE ON FINANCE, UNITED STATES SENATE, EIGHTY-FIRST CONGRESS, FIRST SESSION, ON H. R. 1211

STATEMENT OF WINTHROP G. BROWN, DIRECTOR, OFFICE OF INTERNATIONAL TRADE POLICY, DEPARTMENT OF STATE

Senator MILLIKIN. Mr. Brown, yesterday you discussed the watch business. What is the State Department doing, or contemplating doing, about the fur business?

Mr. BROWN. We have no plans with respect to the fur business, as far as I know.

Senator MILLIKIN. The matter is not under study in the State Department?

Mr. BROWN. No, sir.

Senator MILLIKIN. Has that free list become involved, or does anyone know what part of the fur items are on the free list?

Mr. MARTIN (Edwin G. Martin, Tariff Commission). All undressed furs are on the free list except silver fox. They are the only dutiable undressed fur.

Senator MILLIKIN. Basically, there is a prohibition, is there now, against the President putting something in or taking something out of the free list; am I correct in that?

Mr. BROWN. Yes, sir.

Senator MILLIKIN. Even after you went through that first step, you would have a basic question of law, or a basic question as to whether the law should be amended?

Mr. BROWN. That is correct.

Senator MILLIKIN. And as to that you would have to determine, I assume, whether to recommend such a change according to all the facts of the case.

Mr. BROWN. Yes, the trade agreements organization or the departments concerned would hear the story and decide what kind of a recommendation should be made.

Senator MILLIKIN. To put it another way, so far as these free list items are concerned in the fur business, or in any other business, that would take a law of Congress for it to be changed?

Mr. BROWN. Either a law of Congress or an agreement with the other country.

EXHIBIT I

UNITED STATES TARIFF COMMISSION.

The Honorable JOSEPH R. MCCARTHY,
United States Senate.

DEAR SENATOR MCCARTHY: I have your letter of April 12, 1949, regarding the powers of the President under the escape-clause provisions of trade agreements. You ask whether the President, under the escape clause, could impose an import quota or duty which would apply to products of a particular country without having application to products of other countries.

The Trade Agreements Act requires that all duties or other trade restrictions proclaimed under it shall apply to imports from all countries. Moreover, any action taken under the escape clause of the general agreement on tariffs and trade must not result in any discrimination as between contracting parties to the agreement. In other words, if the action taken was to impose a quota or increase a rate of duty, the quota or increased duty would have to apply equally to the products of all countries.

The general agreement provides that before any contracting party shall take action under the escape clause it shall consult with the other contracting parties with respect to the proposed action. However, the agreement provides further that in critical circumstances, where delay would cause damage difficult to repair, escape-clause action could be taken provisionally without prior consultation on the condition that consultation shall be effected immediately after the action is taken.

Yours sincerely,

OSCAR B. RYDER,
Chairman.

EXHIBIT J

COPY OF A LETTER RECEIVED FROM MR. JOHN S. GRAHAM, ASSISTANT SECRETARY OF THE TREASURY, TO CONGRESSMAN ROY W. WIER, OF MINNESOTA

OFFICE OF THE ASSISTANT SECRETARY,
August 29, 1949.

MY DEAR MR. WIER: Reference is made to your letter of August 16, 1949, enclosing a letter to you dated August 4, 1949, from Dr. Kinley T. Ott, secretary-treasurer, Midwest Fur Producers Association, Wayzata, Minn., relative to the sale in the United States of imported furs at less than their fair value, thereby injuring or threatening injury to the domestic fur-producing industry. You request all available information in connection with the alleged dumping of furs in this country.

In order to constitute dumping within the meaning of the Antidumping Act, 1921 (19 U. S. C. 160–171), it must be established—

1. That the foreign merchandise involved is being sold in the United States or elsewhere at less than its fair value—that is, the purchase price or exporter's sales price of the merchandise is less than the foreign market value, or, in the absence of such value, than the cost of production; and

2. That an industry in the United States is being or is likely to be injured or is prevented from being established by the sale of the foreign merchandise at less than its fair value.

In view of the foregoing statutory requirements, it is necessary that both sales at less than fair value and injury exists before a finding of dumping may be issued.

Very truly yours,

JOHN S. GRAHAM,
Assistant Secretary of the Treasury.

Mr. MILLIKIN. Mr. President, I now yield 5 minutes to the Senator from Indiana [Mr. CAPEHART].

Mr. CAPEHART. Mr. President, I find it a little difficult to talk, as I have had a slight operation on my lip, but I shall do the best I can.

Mr. President, there is only one matter which should be considered in respect to any tariff or reciprocal trade agreement. It is the matter of protecting the American market, not only for American producers and American sellers, but likewise for the producers and sellers of foreign countries. The only reason foreign nations are interested in selling in the United States is because we, in the United States, have the money and the purchasing power with which to buy what they have to sell. Foreign exporting countries never worry about tariffs or markets in countries which have no money, low standards of living, and nothing with which to buy. Therefore we should be considering this matter entirely from the standpoint of protecting our own markets. We have a high standard of living in America. We have high wages. Our people have money. They have always had money. America from its beginning has been an excellent market, not only for the goods manufactured and produced in our own country, but for the goods produced by foreign nations.

I cannot quite understand the argument against the so-called peril-point amendment. To me it is a simple proposal; it is quite fair, and it is quite equitable. Foreign nations should be just as much interested as our own producers and sellers in making certain that they themselves never sell in this country at a price which would break down our own markets.

I shall support the amendment, or substitute, offered by the able Senator from Nevada [Mr. MALONE]. I shall support the peril-point amendment, and I shall vote against the reciprocal trade agreement act being extended unless the peril-point amendment is adopted. I do not want to be a party, and will not be a party, to hurting the wage-earners and producers of this Nation. I do not believe anyone else wants to do so. I am certain it is not the purpose of those who are opposing the peril-point provision. Nevertheless, the end result might well be that.

I have heard Senators say on the floor that of course some industries will be hurt, some workers will be thrown out of employment and will lose their jobs. We are told that is inevitable. I do not know how many men might be thrown out of work. I do not know whether the number might be 10,000, 100,000, or 1,000,000. I hope none will lose their jobs. However, I do not believe the total to be unemployed is the point. The fact is, if one person is thrown out of work, it seems to me it is unjustified, it is unwarranted, and we might well pass a law that would prohibit such a thing happening. Certainly in the long run it will do no foreign nation any good by exporting their products to the United States to destroy our markets and destroy our purchasing power. It seems to me that trade agreements should be really reciprocal, and I think the Congress should protect our sellers by a law making it impossible at any time for any foreign goods to be sold in this Nation, when their selling will injure domestic employment or will injure our own producers and manufacturers. I cannot see it in any other way. I am certain that those who are opposed to the peril-point provision agree with me in that respect. I am certain they do not intend to do harm or injury to our own working people or to our own producers. It seems to me their argument that the question should be left to the President, without in any way attaching any restrictions or restraints as to what he can and cannot do is not sound, and that it is not wise to legislate on such a basis.

The PRESIDING OFFICER. The time of the Senator from Indiana has now expired.

Mr. CAPEHART. Mr. President, may I have a half minute?

Mr. MILLIKIN. I yield a half minute to the Senator from Indiana.

Mr. CAPEHART. If the peril-point provision is rejected and if the bill, as written, shall pass, my prayer is that the President, the Tariff Commission, and those making reciprocal trade agreements will always keep in mind that it is in the best interest of American industry and in the best interest of the representatives of foreign nations who want to sell in this country to protect our market and never permit any merchandise to be sold in this country at a price which will undermine our own market and throw our people out of work, because that would be injurious both to America and to those in foreign countries who desire to sell here.

Mr. MILLIKIN. Mr. President, I yield 6 minutes to the Senator from Vermont [Mr. AIKEN].

The PRESIDING OFFICER. The Senator from Vermont is recognized for 6 minutes.

Mr. AIKEN. Mr. President, when President Truman took office last January, he presented to the Congress what has come to be known as a Fair Deal program.

It was a pretty good program, on the whole, and one with which I could find a wide area of agreement.

I offered the President my cooperation in carrying on the affairs of Government, in securing worth-while legislation, and in doing what I could to help him be a good President. I felt that good citizenship alone demanded this offer of cooperation on my part.

I must confess that I am considerably disappointed and somewhat disillusioned with both the legislative and administrative accomplishments of the administration to date.

Several things have happened which have badly shaken my confidence in the ability of the administration to achieve a constructive legislative program or to administer effectively existing programs and policies.

It has been rather humiliating to me to see any important agency of Government resorting to misrepresentation in an effort to retain the confidence of the people, for above all else the people of the United States have every right to expect frankness and facts from the high officials of their Government.

It sometimes seems as if the expansion and retention of power is the impelling ambition of many of these high officials. If we sometimes hear a person remark that they are more concerned with the next election than with the next generation, we cannot be too critical.

In the amendment which we are now considering, I think we have one more example of the methods being used by the administration to retain and expand its power.

This peril-point provision simply requires that when the President, in negotiating reciprocal trade agreements, goes contrary to the advice of the experts of the Tariff Commission, which he himself appoints, he shall tell the American people his reasons for so doing.

Yet, the administration, and particularly the State Department, is opposing this proposed amendment as though the fate of the entire world depended on it. The propaganda services of the executive branch of the Government have been working overtime to convince the American people that this proposed amendment is something simply terrible.

Of course, their purpose is to kill this amendment and then claim that the administration saved the world from destruction.

How ridiculous this is and how simple minded they must think the American people are. It would be funny if it were not serious.

The seriousness lies in the fact that an amendment of this nature appears necessary.

Mr. President, we ought not to need laws to compel the President to confide in the American people.

If we have reached the point where all international bargaining and negotiations must be carried on in secret and kept from the view of the people, then I am sorry to say we have taken a long step toward Government by intrigue.

Only a short time ago one of our American air lines awoke one morning to find that through secret negotiations and a decision secretly arrived at, the most profitable part of its business had been turned over to a foreign air line without its having had any opportunity whatever to present its own side of the case.

I hope this is not a forerunner of what the future holds in store for American business enterprises, but the desperation with which the administration is opposing this peril-point amendment indicates that no American business or the jobs of American working people can be considered safe from becoming pawns in the game of international politics.

The amendment proposed by the Senator from Colorado does not, in my opinion, affect the power of the President in negotiating reciprocal trade agreements in any way.

I have always supported the Reciprocal Trade Agreements Act, and shall do so today, whether the peril-point amendment is adopted or not.

I believe that the United States can, and should, play a major role in raising living conditions in other less fortunate countries.

I believe that the trade restrictions of the world should be eliminated as fast as possible in all nations.

I am not willing to set the office of the President above and apart from the American people and their welfare.

I shall vote for the amendment.

Mr. MILLIKIN. Mr. President, I yield 10 minutes to the Senator from Pennsylvania [Mr. MARTIN].

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 10 minutes.

Mr. MARTIN. Mr. President, I apologize for appearing the second time before the Senate on this important measure, but since addressing the Senate last Friday I have received some communications which I believe should become a part of the RECORD.

I have a letter from Lee W. Minton, president of the Glass Bottle Blowers Association of the United States and Canada. I wish to quote briefly from his letter:

> The statements you made to the Senate are completely accurate but they do not go quite far enough.
>
> The State of Pennsylvania has 16 glass factories now operating. The average wage rate is, as you indicate, $1.42 per hour. The important item, however, is the union's attempt to bring about security in old age for its membership. On July 16, this year, our industry agreed to study the possibility of a pension program for all its employees. This was agreed to on the premise that the industry would enjoy increased volume and fair profits. Due to the extremely low wage rate paid foreign workers plus the fact that modern machinery is being exported to foreign countries, our industry cannot profitably compete with foreign glass workers.

Mr. President, I ask unanimous consent that Mr. Minton's letter in its entirety may be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

GLASS BOTTLE BLOWERS ASSOCIATION
OF THE UNITED STATES AND CANADA,
Philadelphia, Pa., September 12, 1949.

Senator EDWARD MARTIN,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MARTIN: I realize that you are involved in a serious debate over the extension of the Reciprocal Trade Act, but I cannot help but commend you for your forthright remarks in the Senate on September 9. The statements you made to the Senate are completely accurate, but they do not go quite far enough.

The State of Pennsylvania has 16 glass factories now operating. The average wage rate is, as you indicate, $1.42 per hour. The important item, however, is the union's attempt to bring about security in old age for its membership. On July 16, this year, our industry agreed to study the possibility of a pension program for all its employees. This was agreed to on the premise that the industry would enjoy increased volume and fair profits. Due to the extremely low wage rate paid foreign workers plus the fact that modern machinery is being exported to foreign countries, our industry cannot profitably compete with foreign glass workers.

Our union agrees with you that we must help wherever possible foreign nations to raise their standards of living, but we must not in this country kill off job opportunities plus an opportunity to obtain pensions because of our pent-up fervor in the international-relations field.

I know that I have your full support in our union's position, and I must indicate that I have received numerous telegrams from other Senators indicating that they, too, see no objections to the inclusion of the peril-point amendment in the new act. Our union must of necessity view with great caution any attempts to destroy our job opportunities in one of the first industries in America.

Thanking you for your support, and with kind personal regards, I am,

Respectfully yours,

LEE W. MINTON,
President.

Mr. MARTIN. Mr. President, I have telegrams from different types of glass industries, including flint and pottery, and I ask unanimous consent that the telegrams may be printed in the RECORD at this point in my remarks.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

MCKEESPORT, PA., *September 10, 1949.*

Hon. EDWARD MARTIN,
Senate Office Building:

We urge you to support the peril-point amendment to the reciprocal trade agreements extension bill as a necessary protection to the American glass workers and industry.

LEWBANAH SHIRLEY,
Local 549, Glassport, Pa.

EAST LIVERPOOL, OHIO,
September 10, 1949.

Senator MARTIN of Pennsylvania:

Speaking for the organized pottery workers of the United States, I urge your support of the peril-point feature in reciprocal trade agreements.

JAMES M. DUFFY,
President, National Brotherhood of Operative Potters.

WASHINGTON, PA., *September 13, 1949.*

Hon. EDWARD MARTIN,
United States Senator,
United States Senate Building:

Vote for peril-point amendment in H. R. 1211.

GLASS BOTTLE BLOWERS ASSOCIATION,
Local 170, Washington, Pa.

TIFFIN, OHIO, *September 13, 1949.*

Hon. EDWARD MARTIN,
Senate Office Building,
Washington, D. C.:

We urge you to vote favorably on the Millikin amendment to H. R. 1211 giving authority to United States Tariff Commission to

declare peril points. The flow of importations has already affected our employment opportunities. Any additional tariff cuts will totally remove our employment opportunities.

LAWRENCE WALK,
President, Local Union No. 39, AFGWU.

PORT ALLEGANY, PA., *June 2, 1949.*
United States Senator EDWARD H. MARTIN,
Washington, D. C.:

We earnestly solicit your support of the amendment to section 4, bill H. R. 1211, extension of reciprocal trade agreement, when it comes up for consideration.

JOHN M. BAYLINE,
Corresponding Secretary, Local Union No. 148, American Flint Glass Works Union, A. F. of L., Port Allegany, Pa.

Mr. MARTIN. Mr. President, I have a letter from James F. Boyle, secretary-treasurer of branch No. 2 of the Amalgamated Lace Operatives of America, located in Wilkes-Barre, Pa. I did not realize that this industry existed in my State. It is stated in the letter that there are 1,500 lace workers in Wilkes-Barre and that their jobs are in jeopardy. They urge that I support the peril-point amendment offered by the Senator from Colorado [Mr. MILLIKIN].

I ask unanimous consent that this letter may be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMALGAMATED LACE OPERATIVES OF AMERICA,
Wilkes-Barre, Pa., August 4, 1949.
Hon. EDWARD P. MARTIN,
United States Senate,
Washington, D. C.

DEAR SENATOR MARTIN: I am addressing this letter to you on behalf of approximately 1,500 lace workers in the Wilkes-Barre, Pa., area.

The bill pending in the United States Senate known as H. R. 1211, which extends the Reciprocal Trade Agreement Act until 1951, and its amendment thereto, if passed, will have a great affect on the lace workers due to the strong competition in the lace trade with foreign countries.

I, therefore, request your support of the peril-point amendment offered by Senator MILLIKIN of Colorado.

Very truly yours,
JAMES F. BOYLE,
Secretary-Treasurer, Branch No. 2.

Mr. MARTIN. Mr. President, last Friday I discussed the question of the displacement of men working in the coal mines of our country because of the importation of oil. I made a very careful calculation and have interviewed on the subject persons who, I feel, know that branch of industry and the number of persons required, and I find that my estimate that 35,000 persons would be displaced by the daily importation of oil was entirely too low. It probably will be more than 60,000 persons.

Mr. President, in Pennsylvania the United Mine Workers are divided into five districts. I have here telegrams from the presidents of three of those districts urging that I support the Thomas amendment. I ask unanimous consent that these telegrams be inserted in the RECORD at this point as a part of my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

HAZLETON, PA., *September 14, 1949.*
Hon. EDWARD MARTIN,
United States Senator,
Senate Office Building:

On behalf of 15,000 members of the United Mine Workers of America and their families located in the Hazleton area of the anthracite field I am urging you to support the Thomas amendment to H. R. 1211. This amendment, as you know, limits the importation of foreign oil into this country. Is a serious competitor to the coal industry.

MART F. BRENNAN,
President, District 7, United Mine Workers of America.

SCRANTON, PA., *September 14, 1949.*
Hon. EDWARD MARTIN,
United States Senator,
United States Senate:

On behalf of district 1, United Mine Workers of America, with approximately 40,000 membership, I urge you to support the Thomas amendment to H. R. 1211. This amendment limits the importation of foreign oil into this country, which is in serious competition with the bituminous coal industry.

MICHAEL J. KOSIK,
President, District 1, United Mine Workers of America.

GREENSBURG, PA., *September 14, 1949.*
Hon. EDWARD MARTIN:
United States Senate:

On behalf of the officers and members of district 3, United Mine Workers of America, we are asking you to vote for the Thomas amendment to H. R. 1211. This amendment limits the importation of foreign oil into this country which is in serious competition with the bituminous coal industry.

FRANK HUGHES,
President,
EWING WATT,
Vice President,
JAMES KELLY
BRUNO OLMIZZI,
VALENTINE LESKO,
District 3, United Mine Workers of America.

PITTSBURGH, PA., *September 13, 1949.*
Hon. EDWARD MARTIN,
Senate Office Building,
Washington, D. C.:

Requesting you to support the Thomas amendment H. R. 1211, restricting the importation of foreign oils into our country.

J. P. BUSARELLO,
President, District 5, United Mine Workers of America.

Mr. MARTIN. Mr. President, over the week end I had the opportunity of talking with a great number of workingmen in the glass and pottery industries, in the coal fields, in the oil fields, in the textile industry, and others. They are greatly alarmed over the situation in our country. They are fearful that by the heavy importations from countries where extremely low wage rates are still maintained, they will lose their places, and, in addition, that they will lose, as set forth in the letter of Mr. Minton, their opportunities for pensions and other things which we are trying to give American workingmen.

America, to be strong, must have its people gainfully employed. At the end of the year they must have something to show for their efforts if they are frugal and thrifty. Furthermore, we must have a strong farm economy. Agriculture must be on a strong basis.

It seems now that there is taught in many of our colleges a theory of economy to the effect that American industries which cannot compete with the low labor rates of foreign countries are inefficient industries. As I understand, the textbooks refer to them as "inefficient industries." Mr. President, I want to see wages in America kept high. I want to see good prices for farm products, because that will give America a sound economy, and the prime thing in national defense is a sound economy. Our people must be employed, and our industries and our farms must be able to sell their products at a profit.

Mr. MILLIKIN. Mr. President, I yield 15 minutes to the Senator from Nevada [Mr. MALONE].

The PRESIDING OFFICER. The Senator from Nevada is recognized for 15 minutes.

THE FLEXIBLE-IMPORT-FEE PRINCIPLE VERSUS THE TRADE AGREEMENTS ACT

Mr. MALONE. Mr. President, we are beginning to have some definite idea of what George Washington had in mind when he so emphatically warned us against international entangling alliances, with the resulting complications and commitments.

The real issue—one of the most important and far reaching congressional decisions in the history of this Nation—has been obscured, and public attention diverted, by international conferences and amendments to the proposed 3-year extension of the Trade Agreements Act.

Each of the amendments offered simply tries to inject a word of caution or a brake upon a Secretary of State holding the arbitrary power of life and death of the jobs and investments of the workingmen and investors of this Nation. It must be remembered that the Congress of the United States transferred to the executive department its constitutional power to fix tariffs and import fees.

Mr. President, we must take the responsibility for our action when we first transferred this authority, and each time we extended the law.

More than ever before we need an American policy—one that will hold up our standard of living while we are assisting foreign nations in raising their own; we need a policy that will make it to their best interests to raise their worker's living standards, instead of further reducing such wage standards through the manipulation of currencies, by bulk buying, or other methods.

Mr. President, I ask to submit for the RECORD a summation of my address of Tuesday, September 13, and a list of inserts to be submitted today to appear at this point in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the summation was ordered to be printed in the RECORD, as follows:

LIST OF INSERTS SUBMITTED TO CONGRESSIONAL RECORD BY SENATOR GEORGE W. MALONE SEPTEMBER 15, 1949

1. Summation.
2. Summary of remarks on the extension of the 1934 Trade Agreements Act September 13, 1949.
3. Summary of letters received regarding injury to domestic industries.
4. Domestic oil industry.
5. Production, exports, imports of passenger automobiles, United Kingdom, 1923–39, 1946–49.
6. Weekly earnings in iron and steel (metal) and textile industries, selected countries.
7. Safeguarding the domestic production of scientific instruments.
8. Information on wages in the precision instrument industries, Germany and Japan.
9. Imports of optical and scientific instruments.
10. Summary of import license and exchange control regulations in foreign countries.
11. The position of the Republican Party on tariffs, 1856–1948.
12. The position of the Democratic Party on tariffs, 1856–1948.
13. A short tariff history of the United States.
14. Newspaper clipping on quotas on farm products.
15. Newspaper clipping on Britain and the sterling balances.
16. Newspaper clipping on British desire for oil markets.
17. Newspaper clipping on Czechs dumping goods.
18. Newspaper clipping on Europe council planning economic bloc.
19. Newspaper clipping on devaluation and reduction of United States trade bars.
20. Newspaper clipping on ECA to relax rules to favor Britain.
21. Newspaper clipping on analysis of dangerous ITO charter.

SUMMATION

This Nation is in dire need of an American policy which would include:

1. A principle laid down by Congress that would establish a definite market for the products of the nations of the world on a fair and reasonable competitive basis.

The flexible-import-fee principle, which has been offered as a substitute for the proposed 3-year extension of the Trade Agreements Act would establish such a market, giving the same latitude in the fixing of such import fees and tariffs to the Foreign Trade Authority, on a basis of fair and reasonable competition, as Congress accorded the Interstate Commerce Commission in fixing freight rates for the carriers on a basis of a reasonable return on the investment.

Under this principle there would be no consideration of a high or a low tariff or import fee, but the import fee would at all times correctly represent the differential of production cost between this Nation and the competitive foreign nations, the largest factor of which is the difference between the wage living standards. However, the landed duty paid price plus a reasonable profit and the offered for sale prices are major factors in the determination of such tariffs or import fees.

2. Tariffs and import fees are a floor under wages—representing the differential of the cost of production between this Nation and the lower-wage living standard and slave-labor nations of Europe, Asia, Africa, and South America.

3. There is no effective difference between importing the products of foreign low-wage living standard labor and in importing the labor itself. In either case we are importing unemployment.

It would be very difficult to justify a vote against free immigration if we vote for importing the products of the low-cost foreign labor.

4. No trade treaties as such have been made under the 1934 Trade Agreements Act and its subsequent extensions, but agreements have been made to lower tariffs and import fees. There is no Reciprocal Trade Act—the phrase does not occur in the 1934 Trade Agreements Act and its subsequent extensions. The words are merely a catch phrase to sell free trade to the American people.

5. The ultimate objective, and the hope of everyone, is ultimately free and unrestricted trade throughout the world. It is merely the method suggested for reaching the objective upon which we differ.

The trade agreements lowering the tariff and import fees, without regard to that differential of cost due to the difference in the wage-living standards are the methods being used by the State Department, while the flexible import fee principle which I have offered as a substitute for the proposed 3-year extension of the 1934 Trade Agreements Act would immediately establish a market for the goods of all foreign nations on a definite basis—and that is on our level of costs of production.

Such an adjustable import fee will not stop imports, but would encourage other nations to raise their standard of living, since no advantage could be gained by lowering their wage-living standard.

6. Under the Trade Agreements Act, Congress has delegated its constitutional authority to the State Department, without any reservation whatever. The legality of such a procedure can be questioned, and certainly the soundness of such procedure of delegating the fate of all industries to a department created to deal with foreign affairs must be seriously questioned.

7. The administration is slowly moving to imposing quotas and the establishing of subsidies to take the place of the tariffs and import fees. For example: it is found that the Department of Agriculture has the authority to establish quotas on fats and oils, butter, cotton, wheat and other products and can—and often does—nullify tariff reduction treaties made with certain foreign nations under the Trade Agreements Act.

8. The difference between the use of the tariffs and import fees in the protection of the workingmen of America, and subsidies is that the ultimate consumers of the goods imported pay the tariffs and import fees and the money goes into the United States Treasury and can be used to reduce taxes, pay the Government debt, or in any manner Congress sees fit. Thus dangerous surpluses are prevented because no importer will pay the duty to bring the goods in unless he has a definite market for such goods.

Subsidies paid to the producer, while the tariffs and import fees are lowered beyond the point of protection, allowing like goods to be imported freely, are new money appropriated by the United States Congress and collected from all the people through taxes and paid to the producer. They make up the differential between the domestic cost of production and the cost in the low-wage living standard countries. Subsidies are new money collected through taxes and paid directly to the producer—and neither the producer nor the importer is concerned with any resulting surplus.

9. Free trade, quotas, and subsidies, if entirely in the hands of an administration, places all employment and industrial development under the domination of executive officials, and since there is no assurance of any definite protection on a principle laid down by Congress, new capital investment is stopped at the source.

10. Many foreign nations are calling their financial troubles "dollar shortage," "dollar trouble," and other phrases, invented to indicate that in some way the United States is responsible. There is no dollar trouble whatever, and there is no pound sterling trouble, French franc trouble, or Netherlands guilder trouble that simple honesty will not cure.

11. Compete convertibility of foreign currencies in terms of the dollar in the market place is the first step toward any solution of their difficulties.

The English have set a definite value of $4.03 for the pound sterling when, as a matter of fact no importer dealing with international exchange pays more than $2.60—and some are buying it at $2.10. Anyone would just as soon have a pound sterling in his pocket as $2.10 or $2.60, whatever the current market value may be in dollars. But certainly no one wants to be stuck with a pound sterling which cost him $4.03.

The mistake is in placing a definite artificial value on the pound. Let it find its level on the basis of dollar value and you are on the dollar standard throughout the world. We will have no more troubles when the currencies of all nations are allowed to reach such level.

12. There is much talk of our Nation guaranteeing the private investments made in foreign nations, when, as a matter of fact, if such nations would respect the integrity of private investments no such guaranty would be necessary. Of course, no government in the world will find the money to guarantee the integrity of such investments since then the foreign game would be to nationalize, or confiscate, such investments—the invitation would be too tempting.

Mr. MALONE. Mr. President, in my address on the floor of the Senate on September 13, I mentioned in outline form certain industries that had written to me complaining of injury because of the policy of the State Department in cutting tariffs below the point of safety of domestic producers.

I mentioned then that I had received more than 300 letters and statements expressing concern over the opposition of the Trade Agreements Act, and opposing its extension. As a very minimum, the peril-point procedure was advocated to prevent goods produced with cheap labor from swamping our domestic markets. I have here a summary of those letters and statements.

This summary gives the high lights of the material submitted to me by industries, trade organizations, and labor associations. The summary, for convenience, is divided into industrial groups.

I ask unanimous consent to have this summary made a part of the RECORD at this point in my statement.

The PRESIDING OFFICER. Is there objection?

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF LETTERS RECEIVED BY SENATOR GEORGE W. MALONE IN REGARD TO INDUSTRY'S ATTITUDE TO THE EXTENSION OF THE 1934 TRADE AGREEMENTS ACT

INDEX OF INDUSTRY SUMMARIES

Addenda.
Mining and metals.
Agriculture.
Glassware and chinaware.
Paper industry.
Chemical industry.
Textiles.
Watches.
Jewelers and silversmiths.
Miscellaneous.
A. Bicycle industry.
B. Toy industry.
C. Rubber footwear industry.
D. Scientific apparatus.

ADDENDA

AMERICAN INDUSTRIES WHICH ARE BEING HURT BY TARIFF REDUCTION

Tungsten mines

American producers of tungsten ore cannot compete with foreign producers without a protective tariff. Foreign producers have the advantages of richer natural deposits and lower labor costs.

The tariff cut of May 1948, from $7.93 to $6.05 per unit, and fear of further tariff cuts threatens the American tungsten-mining industry. A small group of mines are now being worked out and no new mines are being developed to take their places. This is because there is no incentive to search for and develop new tungsten mines under the present unsatisfactory tariff situation.

It is dangerous to rely on China for our future tungsten and antimony requirements since China is now Communist-dominated, and an increasing part of Asia may become Communist. Asia in prewar years supplied 75 percent of the world's tungsten and 61 percent of the world's antimony.

Glass-workers industry

Of the 20,000 workers in the hand-production glassware industry, 2,000, or 10 percent, are now out of work. Increasing imports of glassware from Czechoslovakia, Germany, Sweden, Belgium, and Japan are forcing glass-tableware factories out of business and American glass workers out of work.

The low wages paid to foreign glass workers has already caused American workers in certain unorganized factories to accept reductions in wages of from 10 to 20 percent. Unless the flow of imported glassware is checked, the entire wage structure of our American glass-tableware industry will be destroyed.

In Czechoslovakia glass workers get 20 cents per hour; in the United States of America, $1.42 per hour; in England, 52 cents per hour; and in Japan, 7 to 10 cents per hour.

Bicycle industry

Man-production methods in Britain and Germany and low labor cost, aided by lower tariffs on imported bicycles into the United States is beginning to endanger the domestic bicycle industry. By quotas and controls, export markets for United States bicycles are being cut off in Canada, and yet domestic producers are given no protection against foreign competition through the escape clause.

The tariff protection on this industry has been cut from 30 to 7½ percent ad valorem. The present 7½-percent import duty amounts to approximately $3 per bicycle. This falls far short of even approaching the difference in the actual factory cost here and abroad. The British bicycle industry alone is now producing at a rate of 3,250,000 bicycles per year, as compared with less than 1,000,000 in the United States. Each 1,000 foreign-made bicycles coming to this country displaces 14,900 man-hours of American labor.

During the first half of 1948, bicycle exports to Canada were running at the rate of 51,000 per year; since the imposition of the quota by Canada, exports are averaging only 5,000 per year. In the meantime the Canadian manufacturers have increased their production over 50 percent of the prewar average.

Carpet industry

Imports of carpets and rugs from Czechoslovakia, Belgium, France, England, and Japan have increased by 63.2 percent since 1939, growing from 1,945,000 square yards in 1939 to 3,176,000 square yards in 1948. Imports of machine-made rugs have increased much more rapidly than hand-made rugs, growing from 732,000 square yards in 1939 to 1,609,000 square yards in 1948. This is an increase of 119.8 percent.

The tariff on machine-made carpets and rugs has been cut in half from 60 percent ad valorem in 1930 to 30 percent in 1948. Imports were increasing under a 40-percent rate of duty before it was cut to 30 percent.

Woolen goods

Tariffs on imports of woolen goods are already too low. Imports in 1948 of woven wool fabrics, wool yarn, and wool top increased greatly over 1947. In 1948 imports of woven wool fabrics in square yards were 200.2 percent of 1947; imports of woolen and worsted yarns (in pounds) in 1948 were 322.4 percent of those in 1947.

Wage levels in the American woolen industry are 3 times as high as in England, 5 times as high as in Italy and France, and over 20 times those in Japan. We have no efficiencies of either management or machinery that can possibly overcome these startling discrepancies in wage levels.

Our industry is producing at a rate which is more than 50 percent below the average of the first 16 weeks of last year. Currency devaluation could easily wipe out even the inadequate tariff protection which we now have.

MINING AND METALS

The policy of the present administration with respect to trade agreements and the steady lowering of tariffs to a free-trade level is having disastrous effects upon many of the major industries of the Western States, particularly the mining of strategic metals. I have been deluged in recent weeks with letters and telegrams from mining companies and organizations connected with mining, pointing out how lowered tariffs are threatening the existence of their business and urging me to fight for adequate protective tariffs capable of equalizing the cost of production between foreign producers and our own American producers.

Among the important strategic metals the domestic production of which is threatened with either drastic reduction or complete extinction are mercury, tungsten, antimony, silver-lead concentrates, lead, zinc, copper, manganese, and aluminum.

Let us first examine what lower tariffs are doing to the tungsten- and mercury-mining industries of the West. Both mercury and tungsten are metals indispensable to the fighting of a war and to the national defense, yet at the present time both industries have almost been driven out of existence by low tariffs. Perhaps no single strategic metal has been so disastrously affected by present Government policies as mercury, the mining of which has practically ceased since the war. This is primarily the result of large foreign imports from Spain and Italy produced by labor which is paid about one-tenth of what American labor is paid in the mercury mines of my State.

Mercury and other strategic metals

California, Oregon, Nevada, Idaho, Texas, Arkansas, Alaska, Arizona, Washington, and Colorado have in the past 10 years been producers and important producers, of mercury and could still be important producers of mercury if it were not for the activities of foreign cartels and the total lack of consideration given the industry by our own Government agencies.

Mercury, better known as quicksilver to the miner, has been produced consistently in the United States for a period of over 100 years since it was first discovered in 1847. At the present time the first-quarter reports for 1949 of the United States Bureau of Mines indicate that production has almost ceased. Never since the Civil War has the United States produced such a small amount of mercury or such a small proportion of its ever-expanding requirements.

When the United States entered World War II mercury was placed on the strategic list of seven metals most necessary to the prosecution of the war, and the domestic quicksilver industry, then a small but healthy industry, was able to supply all of the requirements of the United States and her allies during the war period. While in 1939 the United States Bureau of Mines held out little hope that the domestic industry could even supply the peacetime requirements of 25,000 to 30,000 flasks a year, nevertheless in December of 1943 that industry had expanded by new discoveries and increased recoveries so that it was producing at a rate of almost 60,000 flasks a year.

In spite of that magnificent record, even before the war was over our own Government sacrificed the domestic quicksilver industry for the sake of imports from Spain, a nation that in Franco's words was "a nonbelligerent member of the Axis"; and for imports from Italy, a member of the Axis, from whom the ECA has recently purchased some 15,000 to 30,000 flasks of the liquid metal; and to Japan, where surplus war stocks of the Japanese Government have been allowed to get into private hands from whence they have been dumped on the New York market as a medium of exchange to transpose Japanese yen to American dollars.

While the prices of the other metals—copper, lead, zinc, tungsten, antimony, platinum, and even manganese—rose to two and three times their prewar prices, and even now after the recent drastic declines are still nearly double their prewar prices, mercury has fallen to the levels of 1936 and 1938, and the domestic industry, unable to survive the competition of cartels and governments, has practically ceased to exist. How can a small domestic industry, no matter how important from a strategic point of view, compete with cartels controlled by Spanish and Italian Governments and the activities of other agencies who use mercury as a substitute for gold to convert foreign currencies for American dollars at a paper loss. How can a domestic industry with supply costs two to three times their prewar level and whose labor rates have been more than doubled in the last 10 years compete with prices for their products at prewar levels with Government taxes incredibly increased and with freight rates from the west coast to the east-coast ports two to five times as high as the cost of bringing in the metal from abroad?

This is a news release from a London paper of a year ago:

"LONDON.—It is understood that the Spanish-Italian quicksilver group's price for the United States market has been raised by $2 to $54 a flask, f. o. b.

"The previous quotation was the lowest level at which the group sold in order to overcome the heavy United States import duty on foreign metal while maintaining their general world price at $60 f. o. b.

"The advance is attributed to the elimination of the greater part of United States domestic production owing mainly to these cheaper offers."

The mercury industry of the United States has often been a guinea pig showing the trend of what happens or what may happen to other metals and commodities. At the present time our other strategic and critical metals and minerals are beginning to follow the path of mercury. The drastic declines in copper, lead, and zinc prices were previewed 4 years ago by the fall of the mercury market.

The tungsten industry is suffering materially from the effect of foreign imports and the tariff decrease of a year ago is now taking its toll. It is doubtful if a single tungsten mine in the United States is operating at a profit and tungsten may well be the

second strategic metal to follow mercury into the limbo of the lost.

Antimony likewise had its tariff reduced a year ago and the principal antimony producer of the United States which last year produced almost 35 percent of our domestic requirements of new metal has now ceased to mine antimony and is now mining a starvation grade of gold ore.

The chrome industry, on which millions were spent during the war and on which there is no tariff protection, has ceased to exist.

With the exception of the Anaconda operation in Montana which produces some 10 percent of our domestic requirements, manganese production in the United States has also ceased to exist and the seriousness of the manganese situation is reflected in the daily press which publicizes the fact that Russia has almost ceased its manganese shipments to the United States, causing such a grave deficiency in manganese that it may seriously affect our steel production for the coming year.

The total gross value of our antimony consumption, our tungsten consumption, and our mercury consumption is probably not much in excess, if at all, to the wrappers on chewing gum. The value of our total manganese and chrome consumption is not 1 percent of the output of our steel industry, yet the lack of a healthy nuclei of industries in these metals can impair our total domestic economy. The lack of mercury, tungsten, and antimony, while insignificant from a financial point of view, can be just as dangerous to our internal progress as the threatened lack of manganese for steel. Three of these metals have already suffered tariff cuts and these tariff cuts have contributed to the present situation. More may well be threatened by tariff cuts and should those cuts take place, the existence of those industries would be impossible.

On the other hand relatively minor increases in the tariffs on these strategic metals would maintain within the borders of the United States healthy producing industries in all of these strategic metals which could be rapidly and economically expanded in times of national emergency. While in the case of mercury and antimony these deposits are largely in the Western States, tungsten, chrome, and manganese occur in many areas throughout the South. The loss of these industries will penalize not only Western States but also Southern States and even some Eastern States as well.

Tungsten

Tungsten is another strategic metal the mining of which is threatened by the tariff cut af May 1948 from $7.93 to $6.03 per unit. As a result of this tariff cut, combined with rising costs of tungsten mining during recent years, foreign producers of tungsten can now sell at prices far below the cost of American producers. Hence, the entire domestic tungsten mining industry is in danger of being destroyed, and any further tariff cuts would wipe out the industry.

I have received a letter and statement in regard to tungsten from James P. Bradley, vice president of the Bradley Mining Co., the leading producer of antimony, tungsten, and mercury in the United States.

Mr. Bradley states that all of his mercury mines have been shut down due to inadequate tariff protection, and that the mining of tungsten is also seriously threatened. In the interest of national defense and national security, he states that strategic and critical minerals should not only be freed from further tariff reductions,but that the tariff rates provided for such minerals under the Tariff Act of 1930 should be restored.

It should be pointed out that under the protective tariff established on tungsten in September 1922 of $7.14 per unit, which was raised to $7.93 per unit in June 1930, the domestic tungsten industry maintained itself in a healthy state. During the 26-year period, 1923 to 1948, inclusive, the United States tungsten production amounted to 47 percent of United States consumption. This healthy degree of self-sufficiency has been seriously threatened by the tariff cuts of May 1948, and the fear of further tariff cuts under the proposed Trade Agreements Act extension.

Present tungsten mines are now being worked out and no new mines are being found or developed to take their place. It would be tragic to destroy the domestic tungsten mining industry and to rely almost exclusively on foreign sources of supply since the principal foreign source of supply is China, an area all of which may soon come under Communist control, if present Government policies are continued.

In this connection I want to quote a portion of the statement regarding tungsten sent to me by Mr. Bradley on May 10:

"4. Foreign sources cannot always be depended upon in times of emergency and as United States stock piles may be insufficient to take care of expanded uses or a long period of emergency, the preservation and expansion of the domestic tungsten-mining industry (including milling, processing, etc.) is therefore in the interests of national defense.

"5. Gambling on the workings of the Trade Agreements Act adds one more uncertainty to the hazardous business of tungsten mining, which is enough of a gamble in itself without this additional uncertainty.

"In view of the long period of time and large investment required to bring a new mine into production, there is certainly no incentive to search for and develop new tungsten mines under the present unsatisfactory tariff situation.

"6. If our domestic mines ar closed by tariff reduction, there is danger that foreign producers or cartels could dictate their own terms as to quantities and prices of strategic metals shipped to this country. Examples are the operations of the European mercury cartel and the recent curtailment of manganese and chrome shipments by Soviet Russia. The possibility of communistic control of all China and other parts of Asia may present problems as to the future availability of tungsten and antimony from that part of the world (Asia in prewar years supplied about 75 percent of world's tungsten and 61 percent of world's antimony production).

"7. Tariffs on strategic metals are not trade barriers or embargoes on imports, as is argued by proponents of tariff cutting. Tungsten and other strategic metals have been imported, duty paid, for many years. A lowering of tariff rates does not increase the prices received by foreign producers, as they have been selling in the United States of America at world price plus duty.

"8. United States Bureau of Mines statement on strategic metal tariffs. In an address on November 17, 1948, Mr. Elmer W. Pehrson, Chief of the Economics Division, United States Bureau of Mines, urged that special consideration be given strategic metals and suggested they be exempted from the operations of the Trade Agreements Act.

"9. An adequate protective tariff would not only assure the survival of the present small nucleus of operating mines, but would also encourage the search for and development of new tungsten mines in this country. New ore bodies and extensions of present reserves can be found in the process of mining and metallurgical improvements (the result of an active industry) will make possible the treatment of lower-grade deposits that were formerly considered worthless.

"For the reasons stated above, and in view of the many essential peace and wartime uses for tungsten, we believe that it would be in the national interest to exempt tungsten (along with other strategic minerals) from the workings of the Trade Agreements Act.

"Furthermore, we believe that in order for the domestic tungsten mining industry to have adequate protection the 24-percent tariff cut of May 1948 should be restored."

At this point I also wish to quote a copy of a telegram received from Mr. Charles H. Segerstrom, Jr., president of the Nevada Massachusetts Mining Co., announcing the closing down of his tungsten mines June 25 because of the tariff cuts made last year and stating that any further tariff cuts would put them out of business forever. He urges that the tariff cuts made last year be restored in order that his company may continue in business.

"We are closing our tungsten mines on June 25 due to tariff cut made last year, any further reduction would put us out of business forever. Increase imports will only mean further domestic unemployment and the same thing will occur if the principal foreign currencies are devaluated. The mining industry can stand no further tariff cuts. The tungsten industry is going to apply under the escape clause at once for restoration of cut already made in order that we may have a chance to continue in business.

"Regards,

"CHAS. H. SEGERSTROM, Jr."

Lead and zinc

The lead- and zinc-mining industry in the United States is also seriously threatened by the pressure of foreign countries and the absence of adequate tariffs to protect the American producer from such low-paid labor. The dangerous situation now confronting the American lead and zinc industry is strikingly described in three telegrams which I have recently received from leading producers in the industry; one from Mr. E. H. Snyder, head of the Combined Metals Production Co., Salt Lake City, Utah; another from Mr. Clinton H. Crane, chairman of the board of directors, St. Joseph Lead Co., New York City; and a third from Mr. Howard I. Young, president of the American Zinc Lead & Smelting Co., St. Louis, Mo.

I will quote:

"Pressure of foreign metal has now forced prices of lead and zinc below the cost of production for half our domestic industry. Terrific demand for dollar exchange coupled with threatened devaluations of foreign currencies gives us no hope for improvement in reasonable time. Anything you can do to get President to invoke emergency powers to bar imports or raise tariffs will be appreciated. Otherwise we shall have destruction of organizations and substantial unemployment in our section. Tariffs of at least 6 cents per pound on lead and zinc imports are now required to equalize domestic and foreign costs without considering phony currency exchange rates.

"Regards,

"E. H. SNYDER."

Mr. Crane, of the St. Joseph Lead Co., expresses the same sentiment in his telegram:

"Retel both lead- and zinc-mining industries require tariff protection even though rates are circumvented by devaluation, quota restrictions, bulk selling, and other modern foreign-trade impediments. Mining industry cannot be expected to pay world's highest mining wages and to develop latent resources in free-trade atmosphere. Would like to see Congress adopt Bailey amendment exempting strategic metals from further reduction of duties. Believe it particularly important to restore tariff protection on lead now on free list until June 30, 1949. Asking F. E. Wormser, vice president, call on you next week.

"CLINTON H. CRANE."

Mr. Young's telegram declares that the Trade Agreements Act should not be extended for longer than 1 year and that the reduced tariff on zinc should be restored to its

original basis of 1.75 cents. He also believes that the duty that was taken off lead and copper recently should be restored. He asserts that the American mining industry cannot be kept in a healthy condition if further tariff cuts are made, and some of the cuts already made should be restored. Mr. Young wrote:

"Thanks wire which received upon return here from Chicago today. In my judgment, reciprocal trade agreement should not be extended for period beyond 1 year. Think this imperative because of critical situation that has developed in connection with use our copper, lead, and zinc in last few months. As you know, there has been move to eliminate duty on imported slab zinc for period 1 to 2 years. It would be serious mistake to make any reduction in tariff on zinc; as matter of fact, it should be restored to old original basis of 1.75 cents, and I think duty that was taken off lead and copper recently should be restored. The nonferrous metals industry at present prices cannot stand any cuts. The President under no consideration should be given authority for further cut duties and in order to keep the mining industry and our national economy in healthy condition some of cuts that have already been made should be restored. If you need any additional information from me, please wire.

"Regards,

"HOWARD I. YOUNG,
"President, American Zinc, Lead & Smelting Co."

At this point I want to mention a table showing imports and exports of lead of the United States from Mr. F. E. Wormser, vice president of the St. Joseph Lead Co. This shows that imports of lead ore and matte rose from 41,000 tons in 1939 to 64,000 tons in 1948, while imports of lead pigs and bars rose from 5,000 tons in 1939 to 347,000 tons in 1948. Mr. Wormser concludes his letter to me, dated June 13, 1949, as follows:

"I am sure it is obvious to both of us that the American lead-mining industry cannot operate in an economy whereby it has to purchase its supplies from protected industries, while its own products remain on the free list. The lead tariff traditionally acts as a strong incentive to the American lead miners and is a means of compensating for the difference in the labor rates prevailing in Mexico and other competitive sources of world supply."

Finally before turning from lead and zinc to other strategic metals, I wish to present the views of Mr. E. V. Gent, executive vice president of the American Zinc Institute, Inc., New York City. As outlined in a recent letter to me, Mr. Gent states that duties have been reduced by 50 percent on zinc ore, slab zinc, zinc sheets, and lithopone and by more than 65 percent on zinc oxide. As a result of the present low tariffs and the recent slump of 37 percent in the price of slab zinc, from 17½ cents to 11 cents per pound, he says that it is doubtful that the zinc industry can long hold its domestic market in competition with foreign producers. He is opposed to further tariff cuts on zinc and favors a return to the tariff level of the 1930 Tariff Act.

Imports and exports of lead of the United States

[In tons of 2,000 pounds]

	Imports					Exports	
	Ore and matte, content	Bullion or base bullion, content	Pigs and bars	Reclaimed, scrap, dross, etc., content	Type metal and antimonial lead, content	Pigs and bars [1]	Antimonial lead, type metal
1938	45,370	15,296	1,961	1,273	469	45,866	----------
1939	30,843	48,501	5,388	1,737	695	74,392	----------
1940	111,300	19,624	151,548	20	2,976	23,685	----------
1941	82,115	24,704	274,189	206	1,454	14,359	----------
1942	79,362	43,855	366,497	2,757	210	1,940	212
1943	70,023	4,583	244,033	477	3,422	2,003	264
1944	93,570	58	222,758	3,315	7,174	15,523	460
1945	70,005	8	227,469	2,844	24,706	1,407	1,076
1946	44,407	125	112,240	2,466	1,542	597	1,460
1947	50,751	1,590	159,512	15,936	2,219	1,513	3,192
1948	64,170	7,384	246,684	28,560	12,815	398	859
1949 January to April, inclusive	39,761	2,247	72,578	8,379	7,935	329	560

[1] In addition to the quantities in the above table, reexports of foreign refined lead were as follows: 1940, 25,394 tons; 1941, value $387,820 (quantity not reported); 1942, 3,874 tons; 1943, 11,258; 1944, less than 1 ton; 1945, 377; 1946, 103; 1947, 102 tons.

This is the wire by Mr. Gent:

"Regret absence from city has delayed answer to your wire. We are opposed to further extension of authority to reduce import duties. The rates of duty established by the 1930 Tariff Act which were no higher than in the 1922 act have already been reduced 50 percent on zinc ore, slab zinc, zinc sheets, and lithopone, and more than 65 percent on zinc oxide. Owing to the sharply decreased civilian demand, the price of slab zinc within the last 60 days has been reduced from 17½ to 11 cents per pound or 37 percent. Curtailment of production at United States mines and smelters is anticipated with damaging effects upon many areas including the Western States. With foreign production being stimulated and fostered by present policies, it is doubtful that the zinc industry can long hold its domestic market in competition with foreign producers. In the interests of national defense and our domestic economy we urge that current steps in the Congress to suspend the last fragment of our tariff protection be resisted and that serious consideration be given to the restoration of the duties on zinc and zinc products provided by the 1930 Tariff Act.

"E. V. GENT,
"Executive Vice President, American Zinc Institute, Inc."

Copper

The copper-mining industry is also threatened by the low-tariff free-trade policies of the present administration. Mr. A. J. O'Connor, general manager of the Consolidated Copper Mines Corp., states in a telegram recently sent to me that his company and many other domestic mines cannot possibly continue production in competition with foreign low-cost producers. He urges that the tariff on copper be restored and increased. I wish to read his telegram:

"Reurtel, May 26: Greater imports of any articles which are produced or manufactured in the United States can only cause domestic unemployment and loss to American businessmen. Devaluation of foreign currencies would have same effect as cutting tariff rates. Believe tariffs should be increased by Congress and administration have no authority to tamper with them. Lowering of tariffs has already ruined domestic tungsten and mercury industries and continued suspension of duties is now having disastrous effect upon copper, lead, and zinc producers. In my opinion tariff on copper should be restored and increased. Consolidated Copper Mines Corp. and many other domestic mines cannot possibly continue production in competition with foreign low-cost producers.

"A. J. O'CONNOR,
"General Manager, Consolidated Copper Mines Corp."

Silver-lead concentrates

The production of silver-lead concentrates in the Western States is also being undermined by free imports of such concentrates from Mexico. Mr. Paul H. Hunt of the Park Utah Consolidated Mines Co. states in his letter to me of June 10 that silver-lead concentrates valued at $120 per ton are being imported duty free from Mexico. Mexican labor gets paid from 70 cents to $1.12 per day while in Utah an underground miner gets a base rate of $10.85 per day. He states that lead prices have slipped from 21½ cents to a low of 12 cents, which is in general well below his cost of production. He states that protective tariffs are necessary to maintain the American standard of living and general prosperity. I wish to quote the last sentence of his letter with which I am in hearty agreement:

"It is ridiculous to suppose that the poor Mexican peon getting his 70 cents to $1.12 a day is in position to buy anything except the barest necessities produced in his own country; whereas our miners given the equivalent of $11 to $13 a day furnish the greatest market ever known for everything producted in the industrial East."

Aluminum

The aluminum industry of the United States is also being adversely affected by the reduction of tariffs which became effective January 1, 1948. Over the vigorous protests of the independent American aluminum producers the duty on aluminum was reduced to 2 cents per pound, on pig and ingot, and to 3 cents per pound on fabricated items. In a letter from Mr. Maxwell Caskie, assistant vice president of the Reynolds Metals Co., Mr. Caskie declares that the continuation of the present low-tariff policy on aluminum will inevitably result in the shutdown of United States ingot and fabrication plants.

He points out, furthermore, that the Aluminum Co. of Canada was rendered extraordinary financial assistance by the United States Government during World War II, which has made that company the largest and lowest cost producer of aluminum in the world. As a result there is serious danger of the flooding of the domestic market with aluminum made in Canada. This danger was recognized by the United States Tariff Commission in 1946 prior to the tariff cuts effective January 1, 1948. In its report No. 14 on aluminum made in 1946, the Tariff Commission pointed out the danger to United States aluminum producers of competition from the giant Canadian company and suggested that it might be necessary to increase the tariff or quantitative restrictions on imports from Canada in order to assure domestic producers a market for their production.

Mr. Caskie concludes that Congress should not permit any further tariff cuts on aluminum and should, on the contrary, restore the rates of duty as provided in the Tariff Act of 1930.

Views of the mining industry in Utah

Not only is the mining industry of our own State of Nevada being seriously injured by the low tariff free trade policies of the present administration, but the mining industries of our neighboring State, Utah, are being seriously hurt by increasing imports of cheap metals from abroad. I wish to read

a wire received from Mr. J. K. Richardson, manager of the Utah Mining Association:

"Re your message chamber of commerce for information concerning effects further tariff reductions. Nonferrous mining industry in Utah would strongly urge material increases rather than decrease in import rates as declining market prices, attributed to imports, are leaving our industry prostrate forcing curtailments in employment, workweeks, development and exploration work, and necessitating bypassing of marginal ores in favor of high grade which is definitely against good national conservation policies.

"UTAH MINING ASSOCIATION,
"J. K. RICHARDSON, *Manager*."

It is noted that Mr. Richardson urges an increase in tariffs as a means of preventing further unemployment and helping in the development and exploration of new mines.

From the same State of Utah comes a message from Mr. Otto Herres, vice president of the Combined Metals Reduction Co. of Salt Lake City. Mr. Herres declares that the safety of the Nation and the prosperity of our country is in danger because of the administration's drive to further reduce import duties on foreign minerals. He asserts that adequate tariffs on metals and minerals are necessary for the following four reasons:

1. To keep up employment in mining areas.
2. To prevent waste of lower grade ore by mining only high-grade ores.
3. To insure adequate development of mining industries.
4. To prevent other economic trade barriers from arising.

Mr. Herres concludes that if the present foreign trade policies of the present administration are continued the mines of copper, lead, and zinc in the Western States will be adversely affected, many properties will be forced to close, development of new ore will be discouraged, unemployment will continue to rise, and the country will become dependent upon foreign sources of metals and minerals to an extent dangerous to national security.

Views of the mining industry in Colorado

The mining industry of Colorado has expressed itself against further tariff reductions and devaluation of foreign currencies in the same way as the mining industry of Utah. In the hearings which I conducted last year in Denver, many of the leading representatives of the mining industry testified at length about the unsatisfactory conditions in the industry because of competition from low-paid foreign labor and urged that tariffs be imposed which would equal the difference between labor cost abroad and in the United States.

At this point I wish to read a wire received from Mr. Robert Palmer, executive director of the Colorado Mining Association:

"Mining industry suffering serious repercussions caused by reduction of tariffs and devaluation of foreign currencies. Anything you can do to build up protection for domestic industry will be greatly appreciated by the many miners who face unemployment unless something is done.

"Regards,

"BOB PALMER."

It will be noted that Mr. Palmer states that unemployment will be the lot of the miners unless adequate protective tariffs are imposed.

AGRICULTURE

I have received letters and statements from agricultural interests in the United States, such as Charles Holman, representing the National Milk Producers Association, Albert S. Goss, master of the National Grange, Robert S. Shields, president of the United States Beet Sugar Association, D. R. Bailey, general manager of the California Almond Growers Exchange, and Ray Iberg, representing the United Farmers of America.

The commodities and items regarding which these letters and statements express concern range from dairy products, edible nuts, beet sugar, vegetable fats and oils, to fresh fruits and other agricultural commodities. The form of the statements and letters I have, and the form of approval to the problem, are different in each case. There is one thing in comon, however, in these letters: lowered tariffs brought about by the Trade Agreements Act has not helped American agriculture but has injured it. True, the damage done to agriculture has been alleviated by—

1. Agricultural price supports.
2. Import quotas.

Price supports were found necessary not only because of surplus production but from the direct competition of foreign produced agricultural commodities. To the extent that price supports are necessary to compensate for foreign imports, not the farmer, but the taxpayer was the loser.

The other form of preventing tariff cuts on agricultural products from hurting our farm economy is the imposition of quotas, as on wheat, butter, cotton, and other products.

I believe that the administration's right hand did not know what the left was doing, in cutting tariffs on the one side and imposing quotas on the very items on which tariff cuts had been negotiated, on the other.

The administration is protecting large segments of the domestic farm economy from the effect of tariff cutting. The administration has an effective weapon for this in the Agricultural Adjustment Act of 1933 and subsequent editions of this act.

Despite this help, Mr. President, American agriculture has learned to view the extension of the Trade Agreements Act with alarm. Now that foreign production of agricultural commodities has reached the prewar level in many cases, foreign nations are anxious to break into the United States market. Foreigners will tighten their belts if necessary and eat margarine to send us butter.

Under Hitler the battle cry was guns instead of butter. Now foreign nations voice the cry, American capital equipment instead of butter.

Specifically, the suggestions and criticisms boil down to the fact that the Trade Agreements Act does not protect the American producer from unfair competition, mainly in the form of low-cost labor.

The promotion of trade for trade's sake without regard for the effects on domestic producers is an exceedingly short-sighted one, to say the least. The surrender by Congress of its constitutional duty to set tariffs is an abrogation of power and a neglect of duty, particularly if no readily available and speedily effective remedies, under the law of the land, are guaranteed to injured domestic producers. The minimum safeguards, the so-called escape clause, is at best a device to lock the barn door after the horse has been stolen. The peril-point determinations to be made by the Tariff Commission still leave the Executive with large discretionary powers.

American agriculture is worried about still lower tariffs and inadequate safeguards to protect their means of livelihood. If price supports are used to bolster farm income, it carries with it larger controls over the farmer, more Federal interference with the private lives of the people. Free enterprise is facing another set-back, and another step toward the welfare state will have been taken.

GLASSWARE AND CHINAWARE INDUSTRIES

One of the important American industries which is being seriously injured by the cuts in tariffs under the trade agreements program and which is strongly opposed to further tariff cuts, is the china, glass, and pottery industry. Numerous protests against the President's program to cut tariff rates even further have recently been received by my office from leading glassware and chinaware producers as well as producers of clay who provide the raw material for the industry.

Among those who have expressed themselves against tariff cuts and in favor of adequate protection against increased imports from low-wage foreign countries are the Cambridge Glass Co., Vitrified China Association, Inc., Kaolin Clay Producers Association, Inc., Imperial Glass Corp., The Homer Laughlin China Co., and Onondago Pottery Co.

In addition to the producers, a strong protest has been received from the organized workers in the glass industry, the American Flint Glass Workers' Union of North America, who, like their employers, foresee the destruction of the American glassware industry if the present free-trade policies are continued unchecked.

The glass and chinaware producers who have written me, or been in to see me, complain that as a result of low-priced imports made possible by low wages paid in foreign countries it is impossible for American producers to compete and it is forcing them to reduce output and lay-off thousands of workers. For example, in that branch of the glassware industry in which hand production of glassware is practiced, over 2,000 of the 20,000 workers in the industry are now unemployed. The president of the American Flint Glass Workers' Union of North America, Mr. Harry H. Cook, wrote me on April 29, as follows:

"The constantly increasing volume of imported glassware from Czechoslovakia, the American zone in Germany, Sweden, Belgium, and Japan is forcing glass tableware factories out of business and the American glassworkers out of work. The low wages paid to foreign glassworkers as against the wages of the American glassworkers have already caused the workers in certain unorganized factories to accept reductions in wages amounting to 10 to 20 percent, very largely because of imported glassware, and unless tariff rates on handmade glassware are kept above the peril point and the flow of imported glassware checked, the entire wage structure of our American glass tableware industry will be destroyed."

It will be noted that already wages have been cut from 10 to 20 percent in the American glassware industry as a result of the cheap foreign competition and much larger cuts are in prospect as can be seen from the next paragraph of his letter, showing how foreign wages compare with American wage rates:

"In Czechoslovakia the average hourly earnings of glassworkers is 20 cents, compared with $1.42 per hour here in our country. The English glassworker is paid 52 cents per hour and the Japanese glassworker 7 to 10 cents per hour, according to the United States Tariff Commission."

From these facts it is clear that since American wage rates per hour are seven times higher than in Czechoslovakia, American labor efficiency would have to be seven times as great per hour to enable the American glassware workers to compete with those of Czechoslovakia.

Let us look at conditions confronting another producer in the china and glassware industry: The Homer Laughlin China Co., of Newell, W. Va. Mr. J. M. Wells, of this company, wrote me on May 26 that there are between 5,000 and 7,000 potters completely out of work at present, and the remaining 24,000 are practically all working only part time.

During the month of February 1949 Mr. Wells reports that imports of competitive china and semiporcelain dinnerware were over $1,000,000. He points out that if this imported ware had been produced here instead of abroad it would have created jobs for

8,000 people, more than enough to absorb all the thousands of potters now unemployed.

He further declares that should the devaluation of the British pound occur, it will be impossible for the industry to compete with British imports.

The same sad story of reduced output and growing unemployment as a result of increasing imports is seen if we turn to other glassware producers. The president of the Imperial Glass Corp., of Bellaire, Ohio, Mr. Carl Gustkey, wrote me on May 27 that at the present moment his firm is operating at only 40 percent of capacity. He declares that imports are coming into America today at the greatest rate and volume in all history, and that the low-tariff free-trade policy of the United States Government is heading the entire American glassware industry into bankruptcy.

Mr. Gustkey cited an example of the destructive competition confronting his company today: Imported stemware glasses are being offered at retail in the United States at 69 cents a piece. To produce comparable glasses here would cost $1.16 to $1.35 a piece at retail. He pleads eloquently for protective tariffs that will equalize costs for foreign and domestic producers.

I quote from page 3 of his letter:

"We want only a fair chance for survival, nothing more do we ask—we don't want to be 'cherished to death'—we love a business fight, when fair, and will take our chances on the outcome of such an encounter. What we do object to is that our Government sponsors, promotes, and creates, deliberately, cutthroat, low-wage, thus low-cost, foreign competition and has so been doing for years, too many years. Let's even the score, start the whole game over if necessary, and see that tariff equalizes * * *."

The secretary of the Cambridge Glass Co., located in Cambridge, Ohio, reports conditions analogous to those found by the Imperial Glass Corp. just mentioned. He states that glassware is being imported from Japan which compares favorably with American-made glassware but retails at only 40 percent of the American producers' retail price. He brought two glass goblets to my office which appeared so nearly alike that I couldn't tell the difference between them. One of them, he stated, was produced in Japan and is being sold at Marshall Field's in Chicago for 60 cents while a similar goblet produced in his own plant at Cambridge, Ohio, costs $1.50 retail. He further stated that eight-piece cocktail sets imported from Japan are retailing in New York today at $3.95 while comparable American-made cocktail sets must retail at $10 to cover full costs.

Let me read you the concluding sentence of his May 5 letter to me:

"With these samples and this information before you men I think you can readily realize that under reciprocal tariff it is just a question of time until the American manufacturers will close their doors and our workmen will be on the street begging."

It is not necessary to cite the complaints of every firm in the china and glassware industry. Let me, however, state briefly some of the facts furnished me by the Vitrified China Association, Inc. The executive secretary of this association, Mr. Robert F. Martin, states that imports of household chinaware have been increasing by leaps and bounds as a result of the reduced tariffs under the trade-agreements program. In 1948 imports had climbed to a value more than double the average for prewar years. The value of imports grew from $3,090,000 in 1947 to $7,275,000 in 1948. This is an increase of over 100 percent in imports in 1 year. Mr. Martin states that average hourly wages in his industry are three times those paid in England, five times those paid in Germany, and nine times those paid in Japan. He states further England and Japan possess modern pottery plants equipped with the same modern machinery that is used in our American plants. From this fact it is clear that the American industry cannot compete with the low wages paid in England, Germany, and Japan unless adequate protective tariffs are guaranteed.

The American dinnerware industry is not one of our largest industries, to be sure, but it employs 25,000 people and operates in 25 States. Wages paid by the American industry are the highest in the world for comparable work. Such wages cannot be maintained without a flexible import fee which will equalize foreign and domestic cost production.

PAPER INDUSTRY

The pulp and paper industry is the sixth largest industry in the Nation. It is so important that it was made the subject of the second law ever passed by Congress, at a time when the Congress was absorbed in forming the laws of a new nation. Significantly this early legislation concerned a protective tariff on paper. The question is as vital today as it was to that first Congress.

The problem of present-day tariff regulations as it affects the paper industry of America is discussed in an article entitled "The Paper Industry, a Victim of Reciprocity" by Warren B. Bullock, manager of the import committee of the American paper industry. This article, together with other letters and statements from representatives of the paper industry, has been sent to me protesting the extension of the Reciprocal Trade Agreements Act.

Based on 1947 import figures the Tariff Commission shows that the average duty rate on dutiable papers is now 12.28 percent. The average rate of duties on all dutiable commodities is 15.3 percent. Duty rates on paper and paperboards imported in 1948 show an average of 11.5 percent, or approximately half the average of the rate of duty (22 percent) under the Underwood Act of 1913, the act which set the lowest rates of duty in American history up to that time. These figures are the basis for the belief that this important commodity has been the chief target of efforts to reduce tariff barriers through the reciprocal trade agreements, and has sustained heavier reductions in duty rates than any other industry of comparable size.

Mr. E. W. Tinker, executive secretary of the American Paper and Pulp Association, in a letter to me on June 15, 1949, states, "* * * we are peculiarly vulnerable to foreign competition, in fact almost defenseless without some tariff protection." In the pulp and paper industry alone there are 176 communities which are more than 50 percent dependent upon the paper mills for their existence. If, through the effects of further tariff cuts, these mills were forced to close, these 176 communities would face a fate similar to that of Waltham, Mass., with which we are all familiar.

The paper industry's case against the Trade Agreements Act maintains that this act is defective since it denies American interests the right to secure relief in the courts from the arbitrary action of the executive agencies. The original Tariff Act of 1930 provided for such relief in the customs courts if the action by governmental officials was injurious to their industry. Now, under the Reciprocal Trade Agreements Act no domestic industry can appeal to the courts for judgment on any item named in any trade agreement.

An example of this is shown in the imports of solid wood pulp board from Finland. Finland is selling this commodity in the United States at a price well below the selling price in Finland, and below the delivered cost of production of American producers. The price in Finland is $159 per ton but Finland is selling it delivered in New York, including duty, at $120 per ton.

Figures on the imports of corrugating board alone show 30,000 tons in 1948. This material was imported from Canada at a price which could not be met by domestic mills. To illustrate what effect this had, domestic production of corrugating board in 1946 was 143,000 tons, valued roughly at $90 to $100 per ton. In 1948, as a result of foreign imports, this production dropped to 100,000 tons, a drop almost exactly equivalent to the increase in imports. Now pending negotiations with Finland contemplate a further reduction in duty rates on this material, which could be cut to 5 percent. Although Finland is not the principal supplier, this cut would be equally applicable to Canada under the most-favored-nation treaties.

May I quote Mr. Tinker again in his brief to the Committee for Reciprocity Information:

"This industry is fully aware of the importance of an expanded foreign trade, but it is equally aware that the ultimate good of the Nation will not be achieved by the hamstringing of this most important industry.

"Reciprocity should be a true reciprocity. As far as paper is concerned it is a one-way street. We are asked to sacrifice everything for the good of other industries whose export trade is their principal element of profit.

"The American paper industry cannot remain silent when a continuation of this program threatens to increase the devastating losses it has already experienced. The paper industry is united and firm in its opposition to surrendering its own domestic markets to foreign producers. * * * it has given adequate proof of the validity of its historic position."

THE CHEMICAL INDUSTRY

I have received two letters from the chemical industry which express its grave concern over the effects that any further reduction of tariffs will have on their business. Both of the letters state that the real effect of the tariff cuts undertaken through the Trade Agreements Act has not had a chance to be fully felt in their respective fields for two reasons:

1. The abnormal conditions existing in the world since the reciprocal trade agreements have prevented imports from the two important producers of chemicals, Germany and Japan, from swamping the United States market.

2. The conditions of war and the time necessary for rehabilitation of foreign industries as a result of war dislocations.

The industry is greatly worried about the effects that the decreased tariffs to date will have on their markets when the abnormal conditions of the past years will be replaced by a buyers' market. Even at the present low rates, without reducing tariffs any further, imports will constitute a real danger.

Germany and Japan were so intent on either preparing for war or making war, that they needed their production of chemicals for their own uses. Now that the war-making potential of our former enemies will be curbed for some time to come, we can expect them to use their productive capacity for chemicals for earning dollars, and they will try to swamp the American market with imports.

The very minimum that the two writers demand is a wait-and-see period to show what effect the tariff cuts already made will have in a more normal world economy. The peril-point determination by the Tariff Commission is regarded as being a minimum safeguard for our domestic industry and, at best, further tariff cuts should be delayed until we have found out what effects the present cuts will have.

The chemical industry is, without a doubt, one of the essential industries for our well being and safety. To jeopardize that industry would be writing our death warrant. The industry is willing to sell in a competitive market, but competition is impeded and

made impossible if imports of products made with low-cost labor swamp the country.

As long as the economies of our former enemy countries are controlled by the occupation powers, the real value of the imported products will be ignored, and a fictitious value will be assigned the imports into the United States from Germany and Japan in order to make as many dollars available as possible. Before the enactment of the Trade Agreements Act the American selling price was frequently used for the purpose of tariff valuation. This concept was discarded, along with the principle of fair protection from unfair foreign competition, with the advent of the trade-agreements program. Foreign value is now the determinant for tariff valuations, and this is the easiest way to bring cheap imports into this country at the lowest possible duty.

The chemical industry is concerned, justly concerned, about the effects of tariff cuts, and favors a retention of the peril-points provisions of the existing act. I know that this concern is more than justified.

TEXTILES

One of the large and important industries of the United States is the textile industry. This industry employs 19 percent of all labor engaged in manufacturing industries in our country. I have here before me a stack of letters and statements from individuals and associations representing a good cross section of the domestic textile industry. All of these letters voice the industry's concern over foreign imports which are beginning, and in some cases, have already, hurt the domestic producers of textile products.

Whether it is the producer of cotton piece goods, or woolen woven goods, whether it is a weaver of special felts for paper making or a glove manufacturer, whether we are speaking about domestic carpet manufacturers or the producers of rayon fibers, the letters unanimously express grave concern over the effect of tariff cuts on the domestic textile industry.

One may ask justly, why, with American equipment and American efficiency we cannot out produce and undersell foreign producers of textiles. However, here is an interesting fact; in 1939 (according to census figures) one worker in the automotive industry produced $10,162.40 worth of automobiles, in the textile industry one workman produced $4,894.31 worth of cloth. With a difference of productivity so pronounced, within our domestic industries, we have to take into consideration the fact that productivity in the textile industries in foreign countries is not unsimilar to our own. Moreover, the equipment and machinery used here and abroad is a very similar type. In the textile industry, as in many other industries, the cost of labor is a large part of the final cost of the product and thus low-cost foreign labor is at a distinct advantage over high-cost domestic labor.

While domestic costs have gone up in the postwar period, foreign textile production has recovered, and costs have been held down by government controls. In the meantime, under the authority of the Trade Agreements Act, the President has cut tariffs on textile products ever further. In addition to this, the American military government in occupied Japan is endeavoring to reduce the requirements for dollar aid by permitting the imports of cheap Japanese-produced textiles, such as finished silk or gloves, in amounts seriously endangering the domestic producers.

Negotiations regarding tariff reductions are supposed to be conducted with the country which would be the primary beneficiary under any reduction of duties. Here is one example of what happens in that line:

In the Geneva Agreement on Tariffs and Trade, tariffs on silk fabrics, "bleached, printed, dyed, or colored," valued at more than $5.50 per pound, were reduced to 25 percent ad valorem. This concession further reduced silk tariffs already cut in trade agreements with France and Switzerland in 1936. Japan benefited by these 1936 reductions through application of the most-favored-nation clause. Of the silk fabric imports during the decade 1931–40, France accounted for 8.3 percent, Switzerland for 2.5 percent, whereas Japan, with whom no trade agreement was ever negotiated, accounted for 75.3 percent.

Here is what happened in 1947, the year in which the Geneva agreement on tariffs and trade was negotiated, in which Japan was not represented, and in the following year. I quote Irene Blunt, secretary of the National Federation of Textiles, Inc., of New York City:

"In 1947, of a total of 15,400,000 square yards, 14,900,000 came from Japan. In 1948, of a total of 31,700,000 square yards, Japan sent 30,000,000."

We cannot say that the greatest benefit here came to the prime negotiating country. Not only is our own Government policy, in this case aiding the trade with the negotiating country, frustrated, but the same policy is also hurting our own domestic producers. Is there, perhaps, a conspiracy in the State Department to undermine our own labor standards? Here is another example of the inaptitude of the State Department in negotiating for tariff reductions without concern for the welfare of our domestic industries. When we import semifinished goods our domestic industries can go to work and finish them, thereby giving work to our labor. When we import finished goods, they go to the retail counters directly, without labor having a chance to work on them.

Yet, in regard to silk fabrics, tariffs on finished goods were reduced, whereas duties on unfinished fabrics were not touched. This is another case of aiding low-wage labor abroad at the cost of our own high-wage workers.

Let me give you the following quotation, also from the letter by Irene Blunt, to illustrate this practice:

"It should be noted that the unfinished silk, i. e., fabric which is imported before it is bleached, dyed, or printed for consumer trade, still carries a tariff of 55 percent, or 60 percent if it is wider goods, and 65 percent if it is jacquard figure. At least, in the case of unfinished, or greige goods, as it is termed, American workmen in the dyeing plants would have had a chance to work on the fabric. It is interesting to note that the Tariff Act of 1930 did not differentiate between the unfinished and finished silk fabrics. There was one rate for both. The break-down between the two groups is the result of the State Department's reciprocal-trade negotiations, and indicates to many people in our industry the disadvantage that lies in the present administration of the act, whereby active participation by people familiar with the practical problems and economic conditions in the industry is ignored, and negotiations conducted by State Department officials who may know the technique of diplomatic trading but are usually unfamiliar with more practical economic questions."

The silk producers are not the only ones who are worried about the tariff cuts under the trade agreements, with greatly increased imports which are the result. The woolen and worsted manufacturers point out that imports of woven wool fabrics in 1948 were 200 percent of those of 1947. Wool-top imports in 1948 were nearly 15 times greater than those of 1947. These tremendous increases in imports resulted in a decreased rate of production in the domestic-woolen industry during early 1949 to about 50 percent of the rate during the same period of 1948.

Let me quote you some of the reasons for the recent decline in American woolens production as outlined in a letter written to me by Mr. Karl H. Helfrich, assistant to the president of the Forstmann Woolen Co., Passaic, N. J.:

"First is the question of wage differentials. According to the best information available, the wage levels of our industry in the United States are approximately 3 times as high as those obtaining in England, more than 5 times those obtaining in Italy and France, and more than 20 times those obtaining in Japan. Since direct wages represent approximately one-third of the cost of a finished yard of wool fabric, it is obvious how serious this competition is. We have no efficiencies of either management or machinery that can possibly overcome these startling discrepancies in wage levels.

"Second, the reductions which have already been made in the tariff schedule for wool products are already too low to properly protect our wage levels and consequent standard of living against competition of the much lower production costs abroad. Naturally if still further reductions should come to pass, the situation would be that much worse.

"Third, if foreign currencies, and particularly the pound sterling, should be devaluated, it would inevitably mean that foreign fabrics would be landed here at prices even lower than those now obtaining. In fact, currency devaluation could easily wipe out even the inadequate tariff protection which we now have."

As indicated in this passage, currency devaluation may render present ineffectively low tariffs even less effective. All ad valorem tariffs would be lowered by the same percentage as the value of the depreciated currency. But not only that, foreign tariffs against United States goods would be raised by an equivalent amount. Devaluation would be a double-edged sword: It would hurt our domestic producers by cheaper imports through reduced tariffs, and it would hurt our export business by making such exports more expensive to buy on the part of foreign producers.

I would like to say a word or two about the importance of the textile industry to the United States. In March 1949, 2,327,000 production workers were employed in the textile and apparel field. This number represents 38 percent of all wage earners in the non-durable-goods industries. The average wage in this industry is approximately 3 times the average wage in England, 5 times that of Italy and France, and more than 20 times that in Japan.

Let me point out again, that the cost of labor is one of the prime determinants of prices of textile products. And with the high wage standards prevalent in this country, in addition to the high raw material's cost (with price supports on cotton) domestic production cannot compete with foreign imports entering our domestic markets under inadequate tariffs. We must remember that foreign countries can frequently obtain their raw materials at lower world prices than our domestic producers who have to pay artificially bolstered prices.

The reductions of duties on cotton textiles have affected 57.7 percent of the cotton textiles scheduled in the Tariff Act of 1930. The average reduction, for the cotton industry as a whole, has amounted to 25 percent.

Some of the writers state that the reduction of duties on cotton textiles has not yet hurt the domestic industry. The reasons for this are obvious, as a letter from the Cotton Textile Institute, by Mr. Claudius Murchison, states:

"The chief reason, in fact the only reason, why the reduction in the duties has not permitted a great expansion in imports is because for most of the period since 1939 the world was engaged in fighting the war or recuperating from the effects of it. Throughout this period the American industry was the only textile industry that operated at full capacity and the only one that was able to engage in any substantial way in world

cotton textile trade. As a result, imports of cotton textiles were insignificant."

However, exports of cotton textiles have taken a nose dive since 1947, now that foreign production is catching up with domestic demand and foreign producers are reentering our former foreign markets. Our strong position in foreign trade was not due to concessions obtained through the Trade Agreements Act, however. Let me quote from Mr. Murchison's letter again:

"At the same time exports of American cotton textiles expanded rapidly and in 1947, with 1,470,000,000 yards, reached the highest peak in our history. It must not be assumed, however, that there was any relation between the increase in exports and concessions obtained by the United States in trade agreements. The expansion was due primarily, if not entirely, to the fact that of all the principal textile-producing countries only the United States was able to produce at a high level and to enter world markets. As foreign producers recovered, American cotton textiles have been confronted with greater competition and, in 1948, exports were 40 percent below 1947. As a matter of fact, the concessions obtained from foreign countries on cotton textiles have been more than balanced by various types of controls which have been raised against American cotton textiles, such as currency restrictions. Against these barriers the trade agreements have been ineffective."

As far as cotton fabrics are concerned the fear is for the future. I quote again from Mr. Murchison, president of the Cotton Textile Institute, Inc.:

"As we have gradually whittled away our import duties while other countries have increased their currency and other import restrictions, we fear that the American market will become the dumping ground for the expanded production of foreign countries."

Not only the producers of finished products are suffering from imports, but also the intermediate processors. I have here a letter from the Franklin Process Co. of Providence, R. I., written by Mr. A. N. Dana, treasurer, which states that the plant is only working at from 40 to 60 percent of capacity. This company dyes yarns which are later manufactured into fabrics. The cause of the low production of the Franklin Process Co. is the large increase in imports of yarn-dyed goods from Germany. It would not be difficult for Germany to compete with United States producers, since under the various aid programs we are supplying cotton to Germany on a grant basis. Domestic producers cannot compete against such unfair competition without adequate tariffs.

I have another letter here, this one from the executive vice president of the Albany Felt Co. This establishment manufactures felts for papermaking. It is largely a custom trade, due to the varying requirements of papermakers. In December 1946, representatives of both labor and management came out in opposition to further tariff cuts on their products.

Let me quote from their letter:

"However, the ad valorem rates on our particular products were cut again which actually made them about a third of what they were in 1934. * * *

"We believe that, because of preparation for the Second World War and the war itself, no normal peacetime period occurred which would have shown the serious effect of even the initial tariff cuts. The added cuts recently made will certainly prove a serious handicap to many types of American business and this is already becoming evident in many lines, such as woolens, worsteds, knit goods, yarns, and gloves.

"I definitely feel that anything you can do to oppose the Trade Agreements Act will be a service to the economy and the Nation as a whole."

The lace industry of this country, too, has written to me, pointing out that the benefits of tariff negotiations has almost invariably been short-lived. Ad valorem duties are only consistently effective, assuming they are adequate at the date of bringing them into effect, when foreign currencies have a fairly steady value. Devaluation, frequntly following tariff negotiations, make ad valorem duties an empty phrase. Let me quote from the letter by Mr. C. B. J. Molitor, representing the domestic lace industry:

"As a case in point, the landed prices of imports of laces from France in 1939 were lower than the foreign value of the identical articles in 1936, when the French trade agreement was written and after subsequent currency devaluation.

"In short, the lace industry of this country was competing against what was in substance, less than free trade. To establish tariff rates under the so-called reciprocal trade agreement, and then to lend our efforts toward the devaluation of currencies, is unbelievable stupidity."

Among the many letters I have received from various groups of manufacturers in the textile field there is one by Merrill A. Watson, president of the Carpet Institute, Inc. This letter explodes the various theories in regard to imports propounded by the free traders and states that not only have imports of all rugs increased greatly, but machine-made rugs, in distinction to handmade rugs, have made up 50 percent of the 1948 imports, compared with 37 percent in 1939.

To show what labor-cost disadvantage the domestic producer faces, this letter cites wages in the Belgian carpet industry compared with those in our own American industry. Incidentally during the first 2 months of this year we imported from Belgium almost as much as the annual average imports from Belgium in the period 1936–39. I quote Mr. Watson's letter:

"The wage scale for males in the Belgium carpet industry is 15 to 18 francs per hour. At 43.7 to the dollar, this is the equivalent of 34 cents to 41 cents per hour. Women are paid from 9 to 12 francs, the equivalent of 20 cents to 27 cents per hour. How can American carpet manufacturers who pay $1.46 per hour compete with products of these mills. In America, we have equal pay for equal work. There is little or no difference in the machinery employed in carpet making itself."

Not only the industries using wool or cotton, but also those making artificial fibers, such as rayon and celanese, are being endangered by excessive, indiscriminate tariff cuts. I have a letter from the Celanese Corp. of America written by Mr. Harry Price, vice president, who writes that even before the duty on rayon staple was reduced from 25 to 20 percent at Geneva, the duty was not enough to protect the market from Japanese imports in 1937–39. And now a further reduction is contemplated in the negotiations at Annecy, France.

Domestic production of rayon staple has dropped from 91 percent of capacity during the fourth quarter of 1948 to a scheduled production of 50 percent in April. Large imports of rayon staple are swamping the domestic market and large parts of the curtailed production, even, are going into stocks.

The peril-point studies of the Tariff Commission determining the point below which duties should not be lowered, are regarded as an irreducible minimum safeguard.

I have also two letters from trade associations dealing with gloves. The letters express grave concern over the tremendous increase in imports of Japanese knitted gloves. Contracts for purchases of the imported product are almost equal to the number of gloves slated for domestic production, and the domestic manufacturers are incensed over the fact that imports of gloves are made possible by the extremely low prices of the Japanese product. Prices are set by the American authorities in Japan, and they seem to bear little relation to cost. It is apparent that it is official Government policy to capture the domestic market in some items for Japanese goods, in order to earn dollars for the Japanese economy. If this is done at the cost of domestic manufacturers it is a policy wholly unwarranted and exceedingly unfair. It is obvious under present conditions that no relief can be obtained under section 336 of the Tariff Act of 1930, and the so-called escape clause is not applicable and effective in this case.

In closing I want to say that the entire textile industry is afraid of unfair foreign competition. In some sections of the industry the effects of unreasonably low tariffs have already been felt. In others, dire consequences are expected if any further cuts are contemplated and effective relief is not given to save our domestic producers.

Let us not ignore the pleas from one of America's biggest industries to save it from ruin by imposing tariffs adequate to equalize the differences between wage costs of foreign producers and those of our own producers.

THE WATCH INDUSTRY

Another important American industry whose very existence is threatened by the present policy of low tariffs is the American watch industry, the principal producers of which are located in Massachusetts, Pennsylvania, and Illinois. These are the Waltham Watch Co., the Hamilton Watch Co., and the Elgin National Watch Co. Already one of the three, the Waltham Watch Co., is threatened by bankruptcy as a result of the flood of imported Swiss watch movements at the end of the war and certain errors of management. The Elgin and Hamilton watch companies with better management have managed to weather the financial strain imposed by increasing foreign imports, but a further decline of 20 percent in sales would put both of these companies into a serious financial state.

The American watch producers complain that the import duties on watch movements are extremely low and quite inadequate to protect the American industry from the low wages paid in Switzerland. In a letter to me dated May 27, Mr. R. M. Kant, president of the Hamilton Watch Co., states that the differential of wages in the United States and Switzerland is in the relation of 5 to 2. In other words, Swiss wage rates are only 40 percent of the American level. Mr. Kant further states that the value of watch movements is almost entirely due to labor costs. Since the Swiss industry is highly mechanized, it is not possible to save the American watch industry unless the flexible import fee is levied equal to the difference in the cost of production between Switzerland and the United States.

Officials of the Hamilton and Elgin watch companies point out that the watch industry is an industry absolutely essential to national defense and that the National Security Resources Board has declared that it must be maintained in a healthy condition. The importance of the industry to national defense is clearly stated by Mr. Kant in his letter. I quote:

"The most important factor of all in connection with this watch problem is the one of national defense. The manufacture of quality watch movements is highly specialized by necessity. The horological equipment required for the production of parts that are of tiny size and that must be made to extremely close tolerances will be found no other place in the United States except in the three or four plants that are manufacturing quality watches. The labor skills are just as peculiar and specialized and take years to acquire. The replacement of such an essential industry, if it would be allowed to disappear, would take a matter of decades, for it is no secret that Great Britain has been subsidizing a watch industry for 10

years and has still not produced any quality watches, while Russia has been endeavoring to build such an industry for something over 20 years."

A brief review of what has happened to the American watch industry under the trade-agreements program will demonstrate the necessity of adequate protective tariffs. In 1936 a trade agreement was made with Switzerland which reduced the tariffs on watches by 34 percent. Within 6 months after the tariff reduction the Swiss devalued the franc, which is the equivalent of further tariff reduction, but the trade agreement organization in this country made no effort to offset the devaluation by increasing the tariff duties. In 1935, just before the trade agreements went into effect, the American jeweled-watch industry held about 50 percent of the American market; by 1941 this had been reduced to 39 percent. The increase in imports can be measured by comparing them for 1935, 1939, and 1948. In 1935 there were 1,137,000 jeweled-watch movements imported into the United States; in 1941 this had increased to 4,169,000 movements, and in 1948 to 7,829,000.

The view of the watch industry toward the low-tariff program in increasing imports from abroad was well stated by Mr. James G. Shennon, president of the Elgin National Watch Co., in his statement before the Senate Finance Committee on February 22, 1949. At that time he said:

"The American jeweled-watch industry is not seeking an advantage in the American market. Gentlemen, we ask only for equality at the border of the United States; we ask for realistic duties which will equalize the cost of a movement to the importer with the cost of a comparable movement made in America by American labor. From this point on, the material, labor, and other services required are, and should be, on a competitive basis. Correct these tariff inequities by giving us equality at the border."

SUMMARY

From the letters and other materials sent me by the leading producers in the American watch industry, it is evident that the industry is unanimous in condemning the present low-tariff free-trade policy and favors tariffs which will equalize the cost of production between Swiss producers and those in the United States. Such tariffs are necessary because wages paid to Swiss watch workers are less than one-half those paid to American watch workers. The industry must therefore be protected and preserved because it is an industry which is indispensable in case of war.

JEWELERS AND SILVERSMITHS

We have seen how tariff cuts and the threats of further tariff reductions have seriously injured the mining industries in the Western States and certain Southern and Midwestern States. There is hardly a region of our country some of whose industries are not seriously threatened today by the low-tariff free-trade policies of the present administration.

One such region which is noted for its skilled labor, high wages, and high-quality products is New England. I have recently received several letters and telegrams from jewelers and silversmiths located in this area.

In this connection I want to summarize briefly the situation confronting the New England jewelers and silversmiths as described in a letter from Mr. George R. Frankovich, executive secretary of the New England Manufacturing Jewelers' and Silversmiths' Association. Mr. Frankovich states that the association is strongly opposed to any further tariff cuts at this time because they would lead to nothing except unemployment and loss of business for the jewelry and silversmith industry. His association favors tariffs high enough to equal labor costs between American and foreign producers of jewelry.

He points out that the industry is facing severe competition from imported Chinese watch bracelets that retail in the United Sates for $1 while our United States manufacturers must charge $8, $9, and $12 for theirs. Moreover, jewelry samples from Czechoslovakia can be shipped into this country at the present time, pay existing tariff duties of 55 percent, and still sell at a price which is only 42 percent of what American manufacturers must charge for domestically made items. Any further tariff cuts or devaluation of foreign currencies will either bring about great unemployment in the jewelry and silversmith industries or cause a drastic slash of wages and a lowering of American standards of living.

The 40,000 to 50,000 people employed in the jewelry industry in the United States are being injured, not only by the growing imports of cheaply produced jewelry from England, Japan, Czechoslovakia, and Italy, but also by the barriers which are being raised against American jewelry exports. Many foreign countries have completely barred imports of American jewelry, thus wiping out American foreign markets.

I want to quote a paragraph from page 2 of his letter to me dated June 1, 1949, in which he describes how our export markets are being destroyed, and this is being done by countries with whom we have trade agreements, which have pledged themselves to eliminate all barriers to our exports:

"The austerity programs of every major consuming nation in the world have resulted in jewelry being barred from practically all foreign markets. It is understandable, of course, that these countries must save their hard currency for more essential exchange. The effect on the industry, however, has been virtually to wipe out its previously extensive foreign market. The more serious and far-reaching effect of these austerity programs, however, is that our prewar competitors—Great Britain, Germany, Czechoslovakia, Italy, France, China, and Japan—find it quite easy to walk into our former markets and replace our good with theirs. The rapid comebacks that the jewelry industries of these nations have made since the war, together with the price advantages that much of their goods have over ours, makes it extremely probable that when these foreign restrictions are lifted this domestic industry will find that its competitors have long since taken over these markets. Many of us have difficulty understanding the desirability of paying for the rejuvenation and revitalization of these foreign industries, in order that they may take our markets away from us."

I also have received letters from various silversmiths, including the Towle Manufacturing Co., of Newburyport, Mass.; Lunt Silversmiths, of Greenfield, Mass.; and the Reed & Barton Silversmiths, of Taunton, Mass. The managers of all three of these firms point out the danger of further tariff cuts to the industry. They agree that further tariff cuts will lower American wages and standards of living. Perhaps their position is best stated by a telegram sent to me by Mr. C. C. Withers, vice president of the Towle Manufacturing Co. Mr. Withers wires as follows:

"May we call to your attention that further reduction in tariff on sterling silverware would carry it below peril point. Tariff already has been halved since the war on sterling hollowware and flatware and substantially reduced on sterling cutlery. In conscience, we favor the reduction of barriers to world trade and welcome competition. We know of no substitute, however, for a reasonable tariff for the protection of our artisans whose wages range from twice to three times equivalent skills abroad in terms of present world monetary exchange. Active discussion under way for devaluation of the pound sterling aggravates our situation, with particular reference to Britain, Sweden, and Denmark—all in the sterling area and our chief competitors. In view of these considerations, may we urge that any extension of Reciprocal Trade Act should include provisions for checks and balances rather than Congress abrogate its entire authority in this matter to the Executive."

The jewelry and silversmith industry is not the only New England industry which is currently being hurt by the free-trade policies of the present administration. The fisheries industry, as well as the clothespin-manufacturing industry, in Maine and New Hampshire, are also industries already seriously injured by low tariffs, while the textile industry has found its export market greatly reduced in the past year or so by the rapidly growing barriers put up by European nations against American textiles.

MISCELLANEOUS INDUSTRIES

Other American industries which are finding either their domestic market or their foreign markets seriously injured by the present low-tariff policy of our Government and by increasing barriers imposed by foreign countries, are the bicycle manufacturing industry, the toy manufacturing industry, the manufacturers of rubber footwear, and the manufacturers of precision instruments.

Bicycle industry

The American bicycle industry is a $100,000,000 industry whose tariff protection has been cut from 30 to 7½ percent ad valorem. The present 7½ percent import duty amounts to approximately $3 per bicycle. This falls far short of even approaching the difference in the actual factory cost here and abroad.

In a recent letter from Mr. H. L. Coe of the Bicycle Institute of America, Mr. Coe points out that the British bicycle industry alone is now producing at a rate of 3,250,000 bicycles per year as compared with less than 1,000,000 in the United States, while the German industry is again building up production with the financial assistance of our own Government. Mr. Coe further states and I quote:

"Due to their lower labor rates and mass production, with equipment and techniques in general equal to our own, the foreign manufacturers can produce bicycles at substantially lower cost."

Not only are the British and Germans threatening the American domestic market for bicycles, but by means of quotas and other controls, American bicycles are being shut out of foreign markets. This is particularly true of Canada which has been the principal foreign market for American-made bicycles for many years. During the first half of 1948 bicycle exports to Canada were running at the rate of 51,000 per year, but with the imposition of a quota by Canada on the importation of bicycles, effective in July 1948, further shipments from the United States to Canada have been practically eliminated. At the present time American bicycle exports to Canada are averaging only 400 per month, a rate less than 5,000 per year. In the meantime the Canadian manufacturers have increased their production over 50 percent of the prewar average.

Not only have the British, as just illustrated in the case of Canada, shut off our bicycle exports but the English bicycle manufacturers, since the war, have been active in establishing jobbers and dealers here in the United States preparatory to aggressively entering this market. Each 1,000 foreign-made bicycles coming to this country displaces 14,900 man-hours of American labor. The situation confronting the American bicycle industry is neatly summarized by Mr. Coe in his letter as follows:

"The present tariff no longer is of any benefit in preventing unlimited importation of bicycles.

"The current policy of our Government in aggressively promoting greater importation of foreign products through financial aid and other means, coupled with the probability of

further devaluation of foreign currencies will most certainly ruin the bicycle industry if steps are not taken promptly to insure remedial action before it is too late."

Toy industry

The American toy manufacturing industry has developed and flourished to a large extent as a result of the 1922 tariff legislation which placed an import duty of 70 percent on foreign-made toys, dolls, Christmas tree ornaments and similar articles of amusement. This 70-percent rate, which for some years appeared satisfactory, became increasingly inadequate as a result of the industrialization of Japan. By the time World War II came along the American toy industry found existing tariffs wholly inadequate and was faced by such severe competition from Japan that it was forced to retrench.

During World War II, of course, Japanese competition was cut off but, since the end of the war, the American military government policy of aiding Japanese exports to the United States is threatening the American toy manufacturing industry. American military government in Japan is authorizing Japanese toy exports to the United States which bear no relation to the cost of production. The subsidizing of Japanese toy exports by our own Government is clearly described in a letter recently received by me from Mr. Horatio D. Clark, secretary of the Toy Manufacturers of the USA., Inc. Mr. Clark writes as follows, and I quote:

"In Japan it is our Government that releases to our competitors raw materials for fabrication into articles to be shipped to the United States under our Government license and control system. Regardless of cost of production, intrinsic value or any other factor of competition, our Government regulates the price at which goods are exported from Japan and will not issue an export license unless the merchandise is sold at the dictated price.

"That the export price bears no relation to the economic value of the commodity exported would seem to require no explanation since every factor entering into the production of the commodity such as material, labor, and manipulation is controlled and regulated by our Government with a view to promoting sales to the United States. This is to provide Japanese industry with dollars with which to equip their industries and promote commerce with the United States.

"During 1948 the imports of toys were greater than in any year since 1931 with the exception of 1937 when imports were slightly higher. The items most affected by foreign competition at the present time are inflated rubber toys, dolls, basketballs, juvenile footballs, beachballs, molded rubber toys, Christmas mechanical toys, harmonicas, and many others."

Mr. Clark in his letter further cites specific examples of Japanese toys which are being sold at prices far below the American cost of production of similar items. For example, rubber mice are currently being imported from Japan and sold at retail for 10 cents apiece, while the competitive American made article must sell for 25 cents to make even a modest profit. A similar situation exists with respect to basketballs. Japanese basketballs are retailing for 49 cents, while the American-made article, to cover full costs, including marketing, must retail at 80 cents. The same situation prevails with respect to rubber beach and play balls now being imported from Japan, which are in direct competition with domestic beach and play balls. The Japanese rubber ball retails at 59 cents; the nearest competitive domestic-made ball is a plastic item sold at retail for $1.

A striking example of the effect of increasing imports is seen in the case of the harmonica manufacturing industry. At the present rate of competition the American-made harmonica will soon disappear from our market. At the close of World War II there were seven companies engaged in the manufacturing of toy harmonicas, at the present time there are three, four having gone out of business or discontinued the manufacturing of this item.

It is clear from the above facts that the American toy industry is seriously threatened by the flood of cheap foreign imports and that import fees equal to the difference in American and foreign costs of production are necessary to preserve healthy conditions in the American industry.

Rubber footwear industry

The manufacturers of rubber footwear have just reported that several of the members of their association are complaining that rubber footwear manufactured in Czechoslovakia is being offered in the United States at 30 percent under the American manufacturers' quotations for similar items. This new development is largely the outcome of the tariff cuts made at the Geneva Conference in 1947, at which time drastic reductions in tariffs were agreed to by the American representatives at the Conference, and approved by President Truman.

The manufacturers of waterproof rubber footwear during the first quarter of 1949 were producing at a rate double their shipments, indicating they were building up large inventories. It is clear that any substantial increase of imports of such footwear from abroad will make it impossible to sell these large inventories and will bring on a state of depression in the industry.

In a letter which I have recently received from Mr. C. P. McFadden, chairman of the rubber footwear division of the Rubber Manufacturers Association, Mr. McFadden points out that the American manufacturers were protected from cuts in tariff both by President Hoover in the early 1930's and by President Roosevelt in 1937. In spite of this, the American delegates to the 1947 Geneva Conference slashed tariffs on waterproof rubber footwear so that the present industry is seriously threatened by foreign producers.

As has been pointed out by me time and again, European producers pay wages which are only a fraction of those paid by American producers. An import fee equal to the difference between these foreign costs of rubber footwear and the cost of American products is necessary to provide prosperity and full employment in the American industry.

The scientific apparatus manufacturing industry

The scientific apparatus manufacturing industry which produces many instruments essential to national defense is another important American industry which is being threatened by cheap imports from Sweden, England, Germany, and Japan.

Evidence supplies by the Scientific Apparatus Makers Association, whose headquarters are in Chicago, Ill., demonstrates that United States labor costs in the scientific instrument industry are far above foreign manufacturers' labor costs. In the United States the rate for skilled workers in this industry ranges between $1.40 and $2.50 per hour; in Germany, producers pay their skilled workmen from 30 to 40 cents per hour; in Sweden and England the range of pay is between 45 and 71 cents per hour. The making of scientific instruments is one of the most highly skilled among all occupations, and skilled workmen constitute 88 percent of all workmen employed in this industry. Labor costs, moreover, are the largest element in total cost of production, running as high as 60 to 70 percent.

Since skilled, hand operation constitutes such a large part of the production of scientific instruments, and since this can be performed just as fast and efficiently in European countries as in the United States, the difference in wage rates per hour results in American costs being two to three times as high as foreign manufacturers' costs.

Importation of Japanese microscopes

A striking example of a product produced by the American scientific instrument industry which is threatened by cheap foreign imports is microscopes.

Japanese microscopes are being imported and sold at retail in the United States for $125. A comparable microscope produced by Bausch & Lomb Optical Co., of Rochester, N. Y., retails for $303. Representatives of Bausch & Lomb brought one of these Japanese microscopes and one of their own to my office and I examined both of them and looked at slides. I could not tell the microscopes apart. Mr. W. C. Stevenson, of the Scientific Apparatus Makers Association, tells me that the present tariff on microscopes of 45 percent is not enough to protect them, since Japanese microscopes are being dumped in the United States by American military government in Japan regardless of cost of production. He states that the military government is doing this because any dollars they can get from the sale of Japanese products abroad would reduce the cost of occupation.

Information which I have collected from the Department of Labor indicates that even if Japanese microscopes were sold at a price high enough to cover cost of production such prices would be far below the price of American-produced instruments. In a letter from Mr. Ewan Clague I learn that the average daily wages in Japan for all workers in the metals industry was 348 yen in December 1948. The official exchange rate for the yen as of April 25, 1949, was 360 to 1 United States dollar; hence it is seen that wages paid per day in Japan amount to less than $1 per day compared with wages of from $11 to $20 in the United States. Wages here are over 10 times as high as in Japan and nothing can save the American scientific instrument industry from such low-paid foreign labor except an import fee high enough to equal the difference in labor costs of production, thus providing fair and reasonable competition to our domestic producers.

Mr. MALONE. Mr. President, among the industries that have been hurt severely on account of the reductions on tariffs and import fees is the domestic oil industry. Severe reduction of domestic production has occurred largely because of the increased imports of foreign oil.

I wish to include in the record a short memorandum on the excessive imports of oil, with a table showing United States production of crude petroleum by States, showing reduction resulting from oversupply and excessive imports for the fourth quarter of 1948 versus the 4 weeks ending August 27, 1949.

I also wish to include a short memorandum on oil and gas production as a part of the national economy, and another on the importance of self-sufficiency in oil for the national security of the United States.

I ask unanimous consent to have these matters included in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

DOMESTIC OIL INDUSTRY

IMPORTS ARE CAUSING SERIOUS INJURY TO DOMESTIC INDUSTRY

The domestic petroleum industry is suffering severe injury as a result of excessive and unnecessary imports of foreign crude oil and refined products.

Since the first of this year the domestic producers have been cut back in their production substantially. This has been brought about principally by the flood of imports. State regulatory agencies, in carrying out their responsibility, have been forced to reduce production allowables in order to avoid unnecessary waste which was occurring because of excessive above-ground stocks. Since the first of this year many new wells have been drilled and new fields have been discovered which, in the aggregate, have added very substantially to the production capacity of the Nation but despite these additions, we are now producing about 900,000 barrels less than on January 1 of this year. This represents a reduction of 16 percent.

Imports also have caused a definite weakening in the markets for crude petroleum and petroleum products. During the year 1949 there have been more than 30 cuts in the price of crude oil in the various fields and areas throughout the United States. Some of these price cuts have been substantial and widespread. The Pennsylvania grade premium crude has suffered very substantial reductions during recent months. The Bradford-Penn grade price is presently $3.40 per barrel as compared with a price of $5 during 1948. Price cuts in other areas in the United States have ranged up to 79 cents per barrel.

In addition to the cuts in the price of crude oil, the softening of the market for many products has been even more severe, particularly in the heavier products. In the case of residual fuel oil marketing conditions are drastic, with the result that refineries are now receiving as low as 80 cents per barrel for this commodity as compared with $2.50 a year ago.

The injury suffered by the domestic industry because of imports has not been confined to production cut-backs and price cuts. Unemployment in the industry has been another definite evidence of real injury. At a recent hearing before the House Small Business Committee in Dallas, Tex., a representative of the Oil Workers International Union, CIO, testified that from July 1948 to February of this year 7,000 people lost their jobs in crude and natural-gas production alone.

The injurious effects of imports is also spreading beyond the petroleum industry into other areas of our economy. For example, the June 20, 1949, issue of the Wall Street Journal carries a leading article on the slump in the sale of oil-field equipment. This decline in sales of equipment is being brought about by a slack in drilling activities in the industry and other curtailments. Recent statistics show that current drilling activity is now below that of a year ago. According to the American Association of Oil Well Drilling Contractors, the number of rotary drilling rigs in operation during July 1949 was 12 percent below the same period in 1948. According to a survey by the Oil and Gas Journal, drilling activity during the last half of this year will be down on all counts as compared with the last half of 1948. According to this survey, total well completions will be off 15.1 percent from the level of the last 6 months of last year, while total footage will be off 6.5 percent. According to this same survey the last half of 1949 will show a decrease of 9.7 percent in wildcat drilling and 16.2 percent in development wells.

EXCESSIVE IMPORTS CONTRIBUTE GREATLY TO CURTAILMENT OF UNITED STATES OIL PRODUCTION

The oversupply of petroleum largely resulting from the increased volume of imported oil has forced severe reductions in domestic crude-oil output since 1948. During the 4 weeks ending August 27, 1949, crude-oil production in the United States averaged 4,759,940 barrels daily as compared with an average of 5,664,600 barrels per day during the fourth quarter of 1948. This represents a curtailment in actual output since the closing months of last year amounting to 904,660 barrels per day, or 16 percent.

The attached table shows the reductions by principal oil-producing States. For example, Texas has curtailed its production by 27 percent, Oklahoma by 14 percent, Kansas by 18 percent, and Arkansas by 12 percent. Reduced purchases by refiners have forced reductions of 24 percent in Mississippi and 12 percent in Wyoming.

At the same time that these cut-backs have been imposed, new oil wells have been completed, adding to the productive capacity of the industry in this country. During the first half of 1949 approximately 18,000 wells (oil, gas, and dry holes) were drilled which are estimated to have increased the producing capacity by at least 200,000 barrels daily. The total "shut-in" production, therefore, is in excess of 1,000,000 barrels per day.

United States production of crude petroleum by States showing reductions resulting from oversupply and excessive imports, fourth quarter 1948 versus 4 weeks ending Aug. 27, 1949

PRODUCTION BY STATE	Fourth quarter 1948	4 weeks ending Aug. 27, 1949	Change	
	Barrels daily	*Barrels daily*	*Barrels daily*	*Per-cent*
Texas	2,541,800	1,862,710	−679,090	−26.7
California	947,000	903,000	−44,000	−4.6
Louisiana	512,800	498,500	−14,300	−2.8
Oklahoma	439,700	378,050	−61,650	−14.0
Kansas	308,800	253,600	−55,200	−17.9
Illinois	180,000	183,900	+3,900	+2.2
Wyoming	149,500	131,900	−17,600	−11.8
New Mexico	135,900	123,550	−12,350	−9.1
Mississippi	130,400	99,500	−30,900	−23.7
Arkansas	87,800	76,960	−10,840	−12.3
Michigan	47,700	42,100	−5,600	−11.7
Montana	26,200	24,750	−1,450	−5.5
Kentucky	23,400	23,000	−400	−1.7
Indiana	22,100	27,400	+5,300	+24.0
West Virginia	7,400	7,900	+500	+6.8
New York-Pennsylvania	46,200	42,000	−4,200	−9.1
All other	87,900	81,120	+23,220	+40.1
Total	5,664,600	4,759,940	−904,660	−16.0

United States production of crude petroleum by States showing reductions resulting from oversupply and excessive imports, fourth quarter 1948 versus 4 weeks ending Aug. 27, 1949—Continued

Source: U. S. Bureau of Mines for fourth quarter 1948; American Petroleum Institute for 4 weeks ending Aug. 27, 1949.

OIL AND GAS PRODUCTION AND THE NATIONAL ECONOMY

The important role of oil and gas production in our national economy is revealed by the figures on the production of all minerals, both metallic and nonmetallic. From the development of our mineral resources, a large part of the income and wealth of the Nation is generated and flows out to every segment of American life.

The value of petroleum production has increased from less than $2,000,000,000 annually to almost $7,000,000,000 over the past 30 years. Petroleum now accounts for almost half of the Nation's gross income from mineral production as compared with only one-fifth of the total 30 years ago. The output of all minerals in 1948 was valued at $15,600,000,000. Of this total, crude petroleum, natural gas, and allied petroleum products accounted for $6,800,000,000, or 44 percent.

Oil and gas development is important not only to the Nation as a whole but also to many of our States. In 20 States oil and gas are among the first three mineral resources in terms of value. The attached table shows the place that oil and gas have in the economy of these 20 States based on the year 1946, the latest year for which complete Government statistics are available. In 10 of these States, petroleum is the leading mineral product in terms of value of production.

Mineral production in 20 oil and gas producing States, 1946

[Figures in thousands of dollars]

State	Principal mineral products in order of value		
	First	Second	Third
Arkansas	Petroleum ($35,400)	Coal ($9,024)	Bauxite ($6,394).
California	Petroleum ($393,300)	Natural gas ($134,770)	Natural gasoline ($36,769).
Colorado	Coal ($22,619)	Petroleum ($16,360)	Zinc ($8,819).
Illinois	Coal ($160,764)	Petroleum ($119,420)	Stone ($16,891).
Indiana	Coal ($55,418)	Cement [1]	Petroleum ($10,750).
Kansas	Petroleum ($138,800)	Natural gas ($55,760)	Zinc ($11,639).
Kentucky	Coal ($216,496)	Natural gas ($36,800)	Petroleum ($17,340).
Louisiana	Petroleum ($204,950)	Natural gas ($90,180)	Natural gasoline ($21,112).
Michigan	Iron ore ($28,297)	Petroleum ($27,770)	Cement ($16,727).
Mississippi	Petroleum ($30,400)	Natural gas ($1,656)	Sand and gravel ($1,533).
Montana	Copper ($18,947)	Petroleum ($12,710)	Natural gas ($8,640).
New Mexico	Petroleum ($44,650)	Potassium salt ($27,187)	Natural gas ($18,774).
New York	Petroleum ($18,650)	Cement ($17,547)	Stone ($12,086).
North Dakota	Coal ($4,655)	Sand and gravel ($726)	Natural gas ($126).
Ohio	Coal ($100,675)	Clay products ($39,729)	Natural gas ($29,400).
Oklahoma	Petroleum ($193,600)	Natural gas ($76,900)	Zinc ($16,970).
Pennsylvania	Coal ($868,343)	Petroleum ($49,470)	Cement ($48,294).
Texas	Petroleum ($1,063,550)	Natural gas ($268,620)	Natural gasoline ($79,326).
West Virginia	Coal ($520,349)	Natural gas ($76,500)	Petroleum ($9,880).
Wyoming	Petroleum ($46,000)	Coal ($23,103)	Natural gas ($7,875).

[1] Value not shown.

Source: U. S. Department of the Interior.

THE NATIONAL SECURITY DEMANDS THAT UNITED STATES BE SELF-SUFFICIENT IN OIL

It is important that this Nation have access at all times to sources of petroleum sufficient to meet the requirements of any emergency.

As a guide in determining a proper program and policy on this question, a study was recently made by the National Petroleum Council, which is the official industry advisory group to the Federal Government and consists of representatives from all segments of the oil industry. This study was made at the request of Secretary of the Interior Krug. Pertinent excerpts from the Council's statement of policy are as follows:

"The national security and welfare require a healthy domestic oil industry.

"Continuing supply to meet our national oil needs depends primarily on availability from domestic sources. Due consideration should be given to the development of foreign oil resources, but the paramount objective should be to maintain conditions best suited to a healthy domestic industry which is essential to national security and welfare. To this end, adequate and equitable availability of essential materials is a fundamental requisite."

It can be seen from this statement of policy that our first line of defense is the domestic oil industry. Experience of two world wars has demonstrated the soundness of this conclusion. We can well recall the effectiveness of the enemy submarines during World War II in cutting off imports of foreign oil. Nearby Venezuelan or other South American oil sources could not be relied upon over a critical period of time. The reserves of oil in the Middle East would be even more vulnerable and inaccessible in case of war. We, as a nation, cannot afford to become dependent upon such far-removed sources of supply.

The high rate of imports that are now entering the United States and displacing domestic oil is having the effect of leading this Nation toward a position of being dependent upon foreign oil. Imports are more than 10 percent above the 1948 rate while the domestic industry has been curtailed by more than 10 percent. To this extent the industry manpower and equipment are wasting away. The incentive to discover and develop new oil reserves is disappearing. As imports displace domestic oil we are permitting the domestic industry to be dissipated and weakened. A continuation of this trend will establish a condition whereby insufficient oil will be available to supply our needs in case of war.

Mr. MALONE. Mr. President, to show the decreasing exports to the United Kingdom of automobiles and the increasing production of cars in that country, preventing the ineffectiveness of the trade agreements, I wish to include in the RECORD two short memoranda and a table showing the production in and the exports from and imports into the United Kingdom from 1923 to June 1949, as well as a short memorandum on United States exports of automobiles to the United Kingdom. I ask unanimous consent that they may be made a part of the RECORD at this point.

The PRESIDING OFFICER (Mr. GRAHAM in the chair). Is there objection?

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

PRODUCTION AND EXPORTS AND IMPORTS OF PASSENGER AUTOMOBILES INTO THE UNITED KINGDOM, 1923–39, 1946–49

It is of interest to compare the progress of the automobile industry in the United Kingdom before and after the United States launched its trade-agreements program in 1934. A trade agreement was made with the United Kingdom which took effect January 1, 1939.

The theory advanced by those Americans who advocated the trade-agreements program was that it would increase American exports in such mass-production industries as automobiles, etc., and presumably foreign countries would produce fewer automobiles in their own country and buy more American automobiles.

If we take a specific case, such as passenger automobiles produced in the United Kingdom, and automobile exports and imports of the United Kingdom, we find that the theory has not worked at all. On the contrary, production of automobiles in the United Kingdom has increased greatly since the trade-agreements program was started, and exports of automobiles from the United Kingdom have greatly increased, while imports of automobiles into the United Kingdom fell heavily after the trade agreement of 1939 and since the end of World War II have dropped almost to zero.

The average annual production of automobiles in the United Kingdom for the period from 1923 to the beginning of the trade-agreements program of the United States in 1934 was 155,130 per year. The average annual production of automobiles in the United Kingdom for 1934 through 1948, except for the war years, 1940–45, was 310,940.

Imports of automobiles into the United Kingdom from 1923 to 1934, the 11-year period during which America had protective tariffs and no trade agreements, averaged 13,418 cars per year. Since the making of the trade agreement between the United States and the United Kingdom in 1939, average annual imports of automobiles into the United Kingdom, except for the war years 1940–45, have been about 1,424 cars per year. During the past 3 years, 1946–48, imports of passenger cars into the United Kingdom have averaged only 156 cars per year.

The details, year by year, showing automobile production in the United Kingdom and exports and imports of automobiles of the United Kingdom are shown in table I.

It is noted that the facts controvert the theory. The theory teaches that the trade agreements with England should have been accompanied by increasing exports of American automobiles to England and a decline in English production. English automobile production should have fallen off heavily, exports of English cars should largely have disappeared, and imports of automobiles into England should have greatly increased. The exact opposite occurred in each case.

TABLE I.—*United Kingdom: Passenger cars*

[Units]

Year	Production	Exports	Imports
1923	71,396	3,256	22,067
1924	116,600	11,007	10,800
1925	132,000	17,771	31,781
1926	153,500	14,858	10,923
1927	164,553	16,139	18,194
1928	165,352	26,180	14,089
1929	182,347	33,798	21,520
1930	169,669	23,209	9,751
1931	158,997	18,992	2,118
1932	171,244	31,797	2,762
1933	220,779	41,028	3,619
1934	256,866	43,907	10,851
1935	311,544	54,520	13,563
1936	353,838	64,765	12,143
1937	389,633	78,113	18,560
1938	341,028	68,257	9,180
1939	304,575	66,000	5,228
1940–45—War years			
1946	219,162	86,492	63
1947	287,000	143,050	224
1948	334,820	226,911	180
1949, January–June	196,709	100,112	95

AUTOMOBILE EXPORTS TO THE UNITED KINGDOM

It has been argued by the defenders of the Trade Agreements Act and the low-tariff free-trade policy of the present administration that lowered tariffs are essential in order to keep our export markets high. Reference is frequently made to the automobile industry and it is argued that exports of American automobiles will fall off unless we continue to lower our tariffs on various imports.

The facts so far, as far as automobile exports to England are concerned, absolutely refute this theory. Let us look, for example, at the exports of American automobiles to the United Kingdom for the 9-year period 1922 to 1930, inclusive, when our protective tariffs averaged 38 percent of the value of all dutiable imports, and compare automobile exports during this period with automobile exports to the United Kingdom for the 3-year period since the end of World War II. During this 3-year period tariffs averaged 21 percent of the value of all dutiable imports. Has this decrease in tariffs been accompanied by an increase in exports of American automobiles to England? Quite the contrary. Under the lowered tariffs automobile exports to England have fallen off tremendously. Let us look at the figures.

The exports of automobiles to England from 1923 to 1930 totaled 74,082, valued at $57,805,294. This is an average annual export of 9,260 cars per year, valued at $7,225,661 per year. This compares with a total of 346 automobiles exported to the United Kingdom during the 3-year period 1946 to 1948, valued at $1,705,000. This is an average of 346 cars per year, valued at $568,000.

Compare the 9,260 automobiles exported annually under the protective tariffs during the 1920's with the 346 cars exported annually to England since the war under the present administration's trade-agreement program. The explanation of this tremendous decline in exports of automobiles to England since the trade-agreements program is to be found in the many barriers to our exports that have been imposed by England and other countries since the trade-agreements program began.

A typical trade agreement with a European country may be defined as an agreement in which the United States lowers its tariffs while at the same time the foreign country with which the agreement is made raises all kinds of new barriers to American products. No more striking example could be found than this case of exports of automobiles to England. England has classified American automobiles as a luxury and has flatly forbidden their import into the United Kingdom. This is the reward we get for lowering our tariffs so that England can increase her exports into our country.

Mr. MALONE. Mr. President, I wish to include in the RECORD a table showing weekly earnings in the iron and steel and textile industries in selected countries including the United States. It may be valuable for reference to show the large discrepancies between wages here and abroad.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Weekly earnings in iron and steel (metal) and textile industries, selected countries

Country	Date	Class of worker	Nature of data	Exchange rate	Industry	Earnings
Austria	December 1948	Male, skilled	Average weekly wages in Vienna	1 schilling=10 cents	Metal	$14.71–$17.35.
					Textile	$11.25–$18.50.
Belgium	Fourth quarter, 1947	Male	Average hourly earnings multiplied by 48-hour week. Actual hours worked unknown; much unemployment in textile industry.	1 franc=0.023 cent	Metal	$20.53.
					Textile	$16.78.
	1949	do	Average earnings for 8-hour day (taken from U. S. Embassy report which does not cite source).	do	Textile	$3.28 (per 8-hour day).
	1949	Male, skilled	Average hourly wage (taken from U. S. Embassy report which does not cite source) multiplied by 8 hours to give daily wage.	do	Iron and steel	$4.24 (per 8-hour day).
Denmark	Third quarter, 1948	do	Average hourly earnings of selected occupations converted to weekly earnings on basis of 48-hour week. Average weighted by number in each occupation. Iron and steel occupations: Smith and mechanic, metal cutter, molder. Textile occupations: Journeyman tailor (in tailor shop and in industry), journeyman cutter and fitter.	1 krone=20.79 cents	Iron and steel	$34.33.
					Textile	$33.63
France	October 1948	Male, skilled	Hourly earnings in Paris multiplied by hours per week. Hours over 40 computed at time and a quarter. Earnings in zones outside of Paris 5, 10, 15, and 20 percent lower.	1 franc=0.32 cent	Metal	$13.90.
					Textile	$12.50.
Germany (bizone)	December 1948	Male	Average weekly wages of skilled workers believed to be 10 percent higher than these figures.	1 mark=30.3 cents	Steel	$19.30.
					Textile	$14.40.
Great Britain	October 1948	Male, 21 and over	Average weekly earnings. "Iron and steel melting, rolling, etc.," is only 1 of 7 break-downs of metal manufacturing.	£1=$4.0275	Metals	$31.58.
					Iron and steel melting, rolling, etc.	$32.87.
					Textile	$25.98.
Italy	February 1949	Male, adult	Wages per 8-hour day in Milan including cost of living and cost of bread allowances and family allowance for workers with wife and 3 children. Milan is highest wage area in Italy; wages in south are as much as 20 to 25 percent lower.	1 lire=0.1739 cent	do	$2.32 (per 8-hour day).[1]
	December 1948	do	do	do	Metallurgical	$2.32 (per 8-hour day).[2]
Netherlands	1947	All workers	Daily earnings from workmen's compensation records converted to weekly earnings on basis of 6-day week.	1 guilder=37.6 cents	Metal	$15.86.
					Textile	$13.78.
	1947–48	Skilled workers in highest paid group. (Metals, probably mostly men; textiles, men 24 and over.)	Average hourly wage rates set by collective agreements effective in metals Dec. 29, 1947; in textiles Oct. 13, 1947. Converted to weekly figure on basis of 48-hour week.	do	Metal	$15.88.
					Textile	$15.52.
Norway	Second quarter, 1948	Male, adult	Average hourly earnings multiplied by 48 hours per week.	1 krone=20.12 cents	Steel and metal working.	$28.97.
					Textile	$26.08.
Sweden	February 1949	do	do	1 krone=27.7 cents	Iron and steel	$33.24.
						$30.58.
United States	October 1948	All workers	Average weekly earnings	U. S. dollars	Iron and steel	$62.18.
					Textile mills	$44.94.

[1] In September 1948, 18 percent of textile workers were employed for less than 40 hours, and 50 percent for more than 40 hours per week.
[2] In September 1948, 13 percent of metallurgical and mechanical industry workers were employed for less than 40 hours, and 65 percent for more than 40 hours per week.

Mr. MALONE. Mr. President, during the debate on the extension of the Trade Agreements Act—during which I took the floor—I presented to the Senate some exhibits, including a microscope from Japan which sold at almost one-third the price of a similar domestically produced microscope.

In order to round out my remarks on the effect of low-cost labor on our domestic scientific-instrument industries, I wish to include in the record a short memorandum and a table on the wages in Japan and Germany in the respective industries.

Mr. President, I ask unanimous consent to have these matters printed in the RECORD at this point as a part of my remarks.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

NOTES ON THE VITAL NECESSITY OF SAFEGUARDING THE DOMESTIC PRODUCTION OF SCIENTIFIC INSTRUMENTS

Mr. Collinson, deputy director of the Marshall plan for Bizonia in Germany, has said, it is reported, that "German exports must be raised at all costs." This policy is being carried out not only in Germany but also in Japan and other foreign countries regardless of the damage it threatens to American industries, particularly the scientific-instrument industry.

In the case of the scientific instrument industry the threat is twofold: first, to the vital cause of national defense; second, to the jobs of American workmen.

Shortly after the last war the Secretaries of War and the Navy stated in a joint letter to the National Academy of Science:

"This war emphasizes three facts of supreme importance to national security:

"1. Powerful new tactics of defense and offense are developed around new weapons created by scientific and engineering research;

"2. The competitive time element in developing those weapons and tactics may be decisive;

"3. War is increasingly total war, in which the armed services must be supplemented by active participation of every element of civilian population."

Atomic bombs, synthetic rubber, high octane gasoline, radar, sonar—these dramatic achievements, as everyone knows, depend for their production on scientific instruments as much as on scientists themselves. Scientific instruments are the tools of scientists. Without them they are deaf and blind.

To safeguard our country it is absolutely essential that a healthy scientific-instrument industry be preserved. It is not an industry that can be created overnight when emergency arises. It depends upon highly trained manpower developed over a period of years. This know-how must be preserved in time of peace or it will not be available when war comes. If United States scientists had been dependent on foreign sources of supply for their tools between 1939 and 1945 there would have been no atom bomb.

The scientific industry is not one that can compete by superior machinery and production methods with foreign competition supported by lower labor costs and American subsidies. It depends largely on skilled hand operations which can be performed just as fast and efficiently in foreign countries as in the United States. There are no production methods known in this country whereby capital invested in plant and equipment can be employed to give us a competitive advantage as far as labor cost is concerned. Competition in production costs is essentially a question of the relationship between the wages of American and foreign workmen.

The Department of Labor reports that the average gross earnings of a German worker in optics and precision instruments is 1.28 marks per hour, or at the current exchange rate of 30½ cents ($0.308). He works an average of 45.4 hours per week. His week's pay is $13.98.

The average gross earnings of a Japanese skilled workman are less than 362.83 yen per day, or at the official exchange rate of $1.03 per day.

Against these foreign wage rates a typical American manufacturer of scientific instruments is paying skilled workers from $1.70 to $2.50 per hour for a 40-hour week.

As a result of this low-wage competition, aided and abetted by subsidies provided by American taxpayers, scientific instruments are now beginning to be brought into this country and to be offered for sale—even after tariff and shipping charges have been paid—at prices as low as one-fifth of the prices of their American-made counterparts.

For example there are Japanese binoculars (6 by 30) being offered for sale in this country at a retail price of $30 against $155 for their American-made counterparts.

There are Japanese medical microscopes, undoubtedly the result of German technical skill sent into Japan during the war, being offered to dealers in this country at a price of $110. Their American-made counterparts are priced to dealers at $227.75.

These examples are only an indication of things to come. Foreign scientific-instrument manufacturers have not yet gotten into the big production which it is known they are planning. It will not be long, however, before American production is cut down and American workmen thrown out of employment if this unfair competition is allowed to continue.

DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., May 12, 1949.

The Honorable GEORGE W. MALONE,
Committee on Interior and Insular Affairs, United States Senate, Washington, D. C.

MY DEAR SENATOR MALONE: This is in response to the request of Mr. W. C. Stevenson, who was referred to us by your office, for information on wages in the precision-instruments industries in Germany and Japan.

Neither in the case of Germany nor Japan do we have current wage information for that particular industry.

We have, however, listed average wages in the most closely related industrial classification. The same reservations apply in the use of these wage data as in the material forwarded you on April 25, 1949.

If we can be of any further assistance to you on this subject, please do not hesitate to call upon us.

Very truly yours,

EWAN CLAGUE,
Commissioner of Labor Statistics.

Japan—Average daily wages in yen,[1] December 1948

	All workers	Male	Female
All manufacturing	272.88	327.82	133.99
Metals	348.42	362.83	192.84

[1] The official exchange rate as of Apr. 25, 1949, is ¥360 to 1 United States dollar.

NOTE.—Hourly wages are not available. The 1948 figures are not itemized as to precision instruments, etc. However, according to prewar information (1939), wages in the precision instruments industry were somewhat higher than the average for all manufacturing and somewhat lower than the average for metals.

Source: Japanese Economic Statistics, General Headquarters, SCAP, Economic and Scientific Section, Research and Programs Division, Bulletin No. 30, February 1949.

Germany (bizonal area)—Average hourly gross earnings of manual workers and average hours worked per week in the metal fabricating industry[1]

	Males		Females	
	Average hourly gross earnings (in marks)[2]	Average hours worked per week	Average hourly gross earnings (in marks)[2]	Average hours worked per week
September—				
1946	1.03	39.1	0.61	35.0
1947	1.08	37.7	.66	33.2
1948	1.19	43.5	.74	40.4
December 1948	1.28	45.4	.81	42.4

[1] Metal fabricating: Metalworking, manufacture of machinery, equipment, vehicles, electrical equipment, optics, and precision instruments.

[2] There is no official exchange rate for the mark. In Germany, 3.3 marks are considered to be equal to $1.

Source: Monthly Statistical Bulletin of the Control Commission for Germany (British element) February 1949 (pp. 90, 95).

Mr. MALONE. Mr. President, in further reference to my remarks regarding unfair competition with domestic manufacturers of scientific instruments, I ask to have included in the record several tables showing the imports of optical instruments, by sources, for 1937 to June 1949.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

KOLLSMAN INSTRUMENT
DIVISION OF SQUARE D CO.,
Elmhurst, N. Y., September 12, 1949.

Hon. GEORGE W. MALONE,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Enclosed is the material which you requested in your letter of June 21, 1949; specifically, it is a statement of figures showing imports of foreign-made binoculars and other optical and scientific instruments.

I hope that you will find the material satisfactory. However, if there is any further information you desire, please let me know and I shall be very happy to try to find it.

Respectfully yours,

MILLA ALIHAN,
Research and Public Relations Counsel.

Optical instruments—Imports for consumption, year 1937

	Value
Cameras, lens chief value	$10,787
Germany	5,408
United Kingdom	794
Czechoslovakia	4,035
Other	550
Parts of	7,765
Germany	6,194
France	732
Other	839
Photo lenses (all values)	132,257
United Kingdom	108,430
Germany	63,919
France	4,118
Other	790
Binoculars, magnification over 5, or value over $12	206,412
France	155,874
Germany	45,668
Other	4,670
Magnification 5 or less, or value $12 or less	9,841
France	7,642
Japan	1,149
Other	1,050
Opera and field glasses, value more than $1	122,955
France	78,048
Germany	23,759
Japan	18,025
Other	3,123
Opera and field glasses, value $1 or less	139,564
Japan	126,017
France	13,353
Other	194
Microscopes (all values)	155,445
Germany	137,709
Japan	10,186
France	2,938
Austria	3,961
Other	651
Telescopes, value $1 or less	$24,026
Japan	18,970
Germany	2,759
France	2,297
Value over $1	27,834
Germany	20,168
France	7,120
Other	548
Parts of opera and field glasses and binoculars	1,220
France	1,073
Other	147
Spectral instruments	60,569
United Kingdom	30,074
Germany	25,382
Czechoslovakia	2,992
Austria	1,489
Other	632
Other optical instruments	627,590
Germany	514,998
Japan	62,098
France	26,953
United Kingdom	17,464
Other	6,077

Recapitulation

	Percent of total	Value
Total, year 1937	100.0	$1,576,265
Germany	54.0	851,592
France	19.1	300,449
Japan	15.1	237,325
United Kingdom	10.3	162,801
Other	1.5	24,098

Optical instruments—Imports for consumption: January to June 1949

Description and country	Number	Value
Cameras, lens chief value	563	$51,691
Germany	484	44,350
Switzerland	9	1,826
Japan	5	214
French Morocco	[1] 50	4,974
France	15	327
Parts for		5,080
France		3,340
Germany		1,190
Japan		403
Other		147
Photo lenses:		
Value less than $5 each; Germany	810	1,109
Value $5 or more	6,499	196,483
Germany	1,222	34,466
United Kingdom	4,515	143,026
Switzerland	360	8,742
France	5	1,746
Japan	64	1,503
Other	324	7,000
Prism binoculars, Magnifies over 5 diameters or value over $12	40,441	687,581
Japan	25,421	460,897
Germany	866	27,919
France	13,629	181,853
United Kingdom	479	15,396
Other	46	1,516
Magnifies 5 diameters or less, or value $12 or less	8,978	89,850
France	5,580	57,986
Japan	3,397	31,854
Other	1	10
Opera and field glasses, not over $1: Japan	398,222	73,203
Value over $1	29,702	119,547
France	10,122	64,685
Japan	18,290	45,350
United Kingdom	391	3,987
Germany	141	1,951
Other	758	3,574

[1] Must be a transshipment.

Optical instruments—Imports for consumption: January to June 1949—Continued

Description and country	Number	Value
Parts of binoculars, field, and opera glasses		$17,395
Canada		15,726
France		1,032
Other		637
Telescopes: Value $2 or less: Japan	17,368	2,112
Value over $2	919	11,930
France	749	8,122
United Kingdom	106	2,735
Germany	12	440
Japan	1	10
Other	51	623
Microscopes, value less than $25	10,142	15,040
Germany	616	10,047
Japan	9,495	4,407
Other	31	586
Microscopes, value $25 or more	1,135	113,045
Germany	739	86,189
Japan	330	14,987
United Kingdom	12	4,768
France	5	1,501
Other	49	5,600
Parts of telescopes		2,145
United Kingdom		1,320
Germany		1,095
Spectral instruments		23,284
United Kingdom		9,647
Czechoslovakia		4,780
Netherlands		3,704
Germany		1,543
Switzerland		1,205
France		477
Japan		117
Other		1,811
Other optical instruments		133,880
Germany		41,662
Switzerland		36,961
United Kingdom		25,301
Japan		17,880
France		7,208
Other		4,868
Total		1,543,645
	Percent	
Japan	42.3	652,937
France	21.2	328,337
Germany	16.3	251,961
United Kingdom	13.4	206,180
Switzerland	3.2	48,734
Other	3.6	55,496

Change in pattern of imports: Year 1937 and January to June 1949

[Percent of total value]

	1937	January to June 1949
Photographic lenses	12	13
Prism binoculars	14	80

Change in pattern of imports: Year 1937 and January to June 1949—Continued

	1937	January to June 1949
Opera and field glasses	17	13
Microscopes	9	7
Total	52	83
Other	[1] 48	17
Grand total	100	100

[1] Includes optical measuring and testing instruments, 9 percent; magnifiers, 5 percent; and telescopes, 3 percent.

Optical instruments—Imports for consumption, June 1949

Description and country	Number	Value
Cameras, lens, chief value: Germany	3	$93
Parts for: Germany		17
Photo lenses, less than $5 each: Germany	48	228
Photo lenses, $5 each or more	1,233	43,873
United Kingdom	554	26,627
Germany	364	8,601
Switzerland	100	4,762
Other	215	3,883
Prism binoculars: Magnifiers over 5 diameters, or value over $12	6,607	124,542
Japan	4,768	90,095
France	1,484	25,494
Germany	268	6,927
United Kingdom	77	1,742
Other	10	284
Magnifiers 5 diameters or less, or value $12 or less	1,969	20,583
France	1,269	13,670
Japan	700	6,913
Opera or field glasses not over $1: Japan	89,822	16,360
Over $1	7,839	25,205
Japan	6,238	15,471
France	1,063	7,953
Other	538	1,781
Telescopes, $2 or less: Japan	7,200	440
Over $2: Largely United Kingdom	2	47
Parts for binoculars and field glasses		1,658
France		1,021
Other		637
Microscopes, less than $25	7,447	1,307
Japan	7,416	721
Other	31	586
$25 or more	195	19,083
Germany	66	12,120
Japan	125	5,747
Other	4	1,216
Spectral instruments		10,070
Czechoslovakia		4,780
Netherlands		3,704
Switzerland		642
Other		944

Optical instruments—Imports for consumption, June 1949—Continued

Description and country	Number	Value
Other optical instruments		$34,497
United Kingdom		11,094
Germany		9,981
Japan		9,702
Sweden		1,294
France		976
Other		1,450
	Percent	
Total values and percent of total	100.0	298,003
Japan	48.8	145,449
France	16.5	49,114
United Kingdom	13.3	39,510
Germany	12.7	37,967
Other	8.7	26,063

Mr. MALONE. Mr. President, in order to round out my remarks regarding the increasing use of nontariff trade restrictions abroad, I wish to have included in the RECORD a summary of import license and exchange control regulations in three foreign countries applying to imports from the United States. This summary was prepared by the Department of Commerce and shows the many countries that have restrictions against American goods. I ask unanimous consent to have the summary included in the RECORD at this point.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF IMPORT LICENSE AND EXCHANGE CONTROL REGULATIONS IN PRINCIPAL FOREIGN COUNTRIES APPLYING TO IMPORTS FROM THE UNITED STATES

(Revised as of February 15, 1949)

(Prepared in the Areas Division, Office of International Trade, Department of Commerce)

In many countries foreign goods may not be imported unless covered by an import permit which must be obtained by the importer and in certain cases must have been granted before the order for the goods has been placed; also, in many countries, owing to the extreme scarcity of dollar exchange, the authorities require that an exchange permit be obtained before the goods may be paid for. Before shipping his goods the exporter should make certain that the importer has obtained these permits, if required. He should insist on being informed as to the identifying number or symbol of the documents.

The following tabulation of the import and exchange permits required in foreign countries has been prepared as a general guide to exporters regarding these regulations. Necessary detailed information may be obtained by writing the Areas Division, Office of International Trade of the Department of Commerce.

Country	Is import permit necessary?	Is exchange permit required?
Anglo-Egyptian Sudan	Yes	Yes.
Arabian Peninsula areas:		
Saudi Arabia	Yes; on almost all commodities	Do.
Aden, Bahrein, Qatar, Trucial Oman.	Yes	Do.
Kuwait, Muscat and Oman, Yemen.	No	No.
Argentina	No; except for a selected list of commodities.[1] Certain products are subject to import quota.	Yes; for all imports; granted only for "listed" products. Application should be filed prior to confirmation of purchase order.
Australia	Yes	Yes; import permit carries right to foreign exchange.
Austria	do	Yes; import permit does not automatically carry right to foreign exchange.
Belgium-Luxemburg	Yes; for all imports from dollar areas	Yes.
Belgian Congo	Yes	Do.
Bolivia	Yes; for all imports	No; import permit authorizes purchases of exchange, but is not guaranty that exchange will be granted.
Brazil	Yes; for all imports except pharmaceuticals, cement, certain foods and certain books, magazines, and newspapers.	Yes.[2]

[1] American exporters may obtain information regarding the import controls on their products by writing the Areas Division or one of the field offices of the Department of Commerce.

[2] All exchange transactions amounting to more than 20,000 cruzeiros require an exchange permit from the Banco do Brazil.

Country	Is import permit necessary?	Is exchange permit required?
British colonies, not specified elsewhere.[2]	Yes	Yes; import permit generally assures release of foreign exchange.
Bulgaria	do	Yes.
Burma	do	Do.
Canada	Yes; for many products [1]	Yes; but control exercised through commodity permit which carries right to exchange.
Ceylon	Yes	Yes.
Chile	Yes; must be obtained prior to shipment of goods and copy must be sent to exporter.	Yes; in form of notation on import permit.
China	Yes; certain goods are also subject to quota allocations	Yes.
Colombia	Yes; for practically all shipments; must be obtained prior to purchase of goods.	No; but import permit necessary to obtain foreign exchange.
Costa Rica	No	Yes; foreign exchange is rationed.
Cuba	do	No.
Czechoslovakia	Yes	Yes; granting of import license automatically provides for allocation of necessary foreign exchange.
Denmark	Yes; on almost all commodities	Import license carries right to foreign exchange.
Dominican Republic	No	No.
Ecuador	Yes; must be presented in order to obtain the consular invoice	Import permit carries the right to foreign exchange (Central Bank of Ecuador).
Egypt	Yes; unlicensed imports are subject to confiscation	Yes.
El Salvador	No	No.
Ethiopia	No; except on products subject to export license in country of origin	Yes.
Finland	Yes	Yes; import permit carries right to foreign exchange.
France	Yes; obtainable for "essentials" only	Yes; issued simultaneously with the import permit.
French colonies	Yes	Yes; import permit carries right to foreign exchange.
French Indochina	do	Do.
Germany	do	Yes; import permit carries commitment to make foreign exchange available.
Greece	Yes; permits granted only for limited number of essential products.	Yes; import permit carries right to open a letter of credit.
Guatemala	No	No.
Haiti	do	Do.
Honduras	do	Yes.
Hong Kong	Yes; for all commodities from some countries and for specified commodities from other countries.	Yes; where an import license is required.
Hungary	Yes	Yes.
Iceland	do	Yes; unless otherwise stated on permit, import permit carries right to foreign exchange.
India	do	Foreign exchange automatically released upon presentation of validated import license to exchange bank.
Indonesia	do	Yes.
Iran	No; but prospective imports must come within annual or supplementary quotas.	Do.
Iraq	Yes; goods exported before license is obtained are confiscated	Yes; permits are obtained through licensed dealers.
Ireland	For a few products only	Yes.
Israel	Yes	Yes; import permit usually carries right to foreign exchange.
Italy	Yes; from Italian Exchange Office, except "list A" (mostly industrial raw materials which require only Bank of Italy "benestare").	Yes; through Bank of Italy or its agents.[4]
Japan	Yes	Import permit carries right to foreign exchange.
Korea	do	No; trade conducted on compensatory (barter) basis.
Liberia	For arms, ammunition, and rice only	No.
Malayan Federation	Yes	Yes.
Mexico	Long list of products prohibited from importation; another list of commodities requiring import permit.[1]	No.
Morocco:		
French zone	Yes	Yes.
Spanish Zone	do	Yes; import permit carries right to foreign exchange.
Tangier (international zone)	No	No.
Netherlands	Yes	Yes (payment attest).
Netherlands West Indies	do	Yes.
Newfoundland [5]	No; except for food products	Do.
New Zealand	Yes	Yes; import permit carries right to foreign exchange.
Nicaragua	do	No.
Norway	do	Yes; import permit carries right to foreign exchange; must be separately requested from Bank of Norway.
Pakistan	do	Foreign exchange automatically released upon presentation of validated import license to exchange bank.
Panama	No	No.
Paraguay	do	Yes.[6]
Peru	do	Do.
Philippine Republic	Yes; for certain specific nonessential articles, for which import license number must appear on consular invoice.	No.
Poland	Yes	Yes.
Portugal	do	Do.
Portuguese colonies	do	Do.
Rumania	do	Do.
Siam	Yes; for some luxury items	No.
Singapore	Yes	Yes.
Spain	Yes; largely limited to essential raw materials	Exchange to cover import license obtainable only through Exchange Institute, which usually, but not mandatorily, grants it. Special exchange rates fixed for many products.
Spanish colonies	Yes	Yes; import permit carries right to foreign exchange.
Surinam	No	Yes.
Sweden	Yes; rigid controls. Special "free list" exempt from import-license.[1]	Yes; rigid exchange control in operation.
Switzerland	Yes; for a few products, usually those under international allocation.	No difficulty in regard to exchange.
Syria and Lebanon	Yes	Yes.
Transjordan	No	Do.
Turkey	Yes	Yes; special exchange license from the control office.
Union of South Africa (including South-West Africa, Basutoland, Bechuanaland, and Swaziland).	Yes; only for products on prohibited list or under international allocation.	Each importer is subject to quarterly nonsterling exhange quota.
United Kingdom	Yes; except for a few products.[1]	Yes.
Uruguay	Yes; must be obtained	No; import license carries right to foreign exchange.
U. S. S. R.	Yes; importing government agencies responsible for securing own permit.	Yes; all exchange allocated by U. S. S. R. state bank upon receipt of import permit.
Venezuela	No; except for 24 tariff items.[1]	Import permit, when required, authorizes foreign exchange.
Yugoslavia	Yes	Yes.

[1] American exporters may obtain information regarding the import controls on their products by writing the Areas Division or one of the field offices of the Department of Commerce.

[2] Includes Bermuda, British West Indies, British East and West Africa, British Guiana, British Honduras, Northern and Southern Rhodesia, and minor colonies, protectorates, and trusteeship territories.

[4] The importer buys his dollar exchange on the basis of the daily free market rate.

[5] After Mar. 31, 1949, see Canada which Newfoundland will join as a province.

[6] Importers must conclude a contract for purchase of exchange with the Bank of Paraguay before purchasing abroad.

Mr. MALONE. Mr. President, I have here three memoranda showing the position of the Republican Party on tariffs from 1856 to 1948 and, also, the position of the Democratic Party on tariffs from 1856 to 1948, and third, a concise tariff history of the United States.

I ask unanimous consent that these important documents be included in the RECORD for reference.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

THE POSITION OF THE REPUBLICAN PARTY ON TARIFFS FROM 1856 TO 1948

1856 PLATFORM

No mention of tariffs.

1860 PLATFORM

Plank 12: "That, while providing revenue for the support of the general Government by duties upon imports, sound policy requires such an adjustment of these imposts, as to encourage the development of the industrial interests of the whole country."

1864 PLATFORM

No mention of tariffs.

1868 PLATFORM

No mention of tariffs.

1872 PLATFORM

Plank 7: "The annual revenue, after paying current expenditures, pensions, and the interest on the public debt, should furnish a moderate balance for the reduction of the principal, and that revenue, except so much as may be derived from a tax on tobacco and liquors, should be raised by duties upon importations, the details of which should be so adjusted as to aid in securing remunerative wages to labor, and promote the industries, prosperity, and growth of the whole country."

1876 PLATFORM

Plank 8: "The revenue necessary for current expenditures and the obligations of the public debt must be largely derived from duties upon importations, which, so far as possible, should be adjusted to promote the interests of American labor and advance the prosperity of the whole country."

1880 PLATFORM

Plank 5: "We reaffirm the belief avowed in 1876, that the duties levied for the purpose of revenue should so discriminate as to favor American labor."

1884 PLATFORM

"We therefore demand that the imposition of duties on foreign imports shall be made, not 'for revenue only,' but that in raising the requisite revenues for the Government such duties shall be so levied as to afford security to our diversified industries and protection to the rights and wages of the laborer, to the end that active and intelligent labor, as well as capital, may have its just reward, and the laboring man his full share in the national prosperity.

"Against the so-called economic system of the Democratic Party, which would degrade our labor to the foreign standard, we enter our earnest protest."

1888 PLATFORM

Protection to American industries

We are uncompromisingly in favor of the American system of protection; we protest against its destruction as proposed by the President and his party. They serve the interests of Europe; we will support the interests of America. We accept the issue and confidently appeal to the people for their judgment. The protective system must be maintained. Its abandonment has always been followed by general disaster to all interests, except those of the usurer and the sheriff. We denounce the Mills bill as destructive to the general business, the labor, and the farming interests of the country, and we heartily indorse the consistent and patriotic action of the Republican Representatives in Congress in opposing its passage.

Duties on wool

We condemn the proposition of the Democratic Party to place wool on the free list, and we insist that the duties thereon shall be adjusted and maintained so as to furnish full and adequate protection to that industry throughout the United States.

The internal revenue

The Republican Party would effect all needed reduction of the national revenue by repealing the taxes upon tobacco, which are an annoyance and burden to agriculture, and the tax upon spirits used in the arts and for mechanical purposes, and by such revision of the tariff laws as will tend to check imports of such article as are produced by our people, the production of which gives employment to our labor, and release from import duties those articles of foreign production (except luxuries) the like of which cannot be produced at home. If there shall still remain a larger revenue than is requisite for the wants of the Government, we favor the entire repeal of internal taxes rather than the surrender of any part of our protective system, at the joint behests of the whisky trusts and the agents of foreign manufacturers.

1892 PLATFORM

The principle of protection

We reaffirm the American doctrine of protection. We call attention to its growth abroad. We maintain that the prosperous condition of our country is largely due to the wise revenue legislation of the last Republican Congress. We believe that all articles which cannot be produced in the United States, except luxuries, should be admitted free of duty, and that on all imports coming into competition with products of American labor there should be levied duties equal to the difference between wages abroad and at home.

We assert that the prices of manufactured articles of general consumption have been reduced under the operations of the Tariff Act of 1890.

We denounce the efforts of the Democratic majority of the House of Representatives to destroy our tariff laws piecemeal, as manifested by their attacks upon wool, lead, and lead ores, the chief products of a number of States, and we ask the people for their judgment thereon.

Triumph of reciprocity

We point to the success of the Republican policy of reciprocity, under which our export trade has vastly increased and new and enlarged markets have been opened for the products of our farms and workshops. We remind the people of the bitter opposition of the Democratic Party to this practical business measure, and claim that, executed by a Republican administration, our present laws will eventually give us control of the trade of the world.

1896 PLATFORM

Tariff

We renew and emphasize our allegiance to the policy of protection as the bulwark of American industrial independence and the foundation of American development and prosperity. This true American policy taxes foreign products and encourages home industry; it puts the burden of revenue on foreign goods; it secures the American market for the American producer; it upholds the American standard of wages for the American workingman; it puts the factory by the side of the farm, and makes the American farmer less dependent on foreign demand and price; it diffuses general thrift, and founds the strength of all on the strength of each. In its reasonable application it is just, fair to sectional discrimination and individual favoritism.

We denounce the present Democratic tariff as sectional, injurious to the public credit, and destructive to business enterprise. We demand such an equitable tariff on foreign imports which have come into competition with American products as will not only furnish adequate revenue for the necessary expenses of the Government, but will protect American labor from degradation to the wage level of other lands. We are not pledged to any particular schedules. The question of rates is a practical question to be governed by the conditions of time and of production; the ruling and uncompromising principle is the protection and development of American labor and industry. The country demands a right settlement, and then it wants rest.

Reciprocity

We believe the repeal of the reciprocity arrangements negotiated by the last Republican administration was a national calamity, and we demand their renewal and extension on such terms as will equalize our trade with other nations, remove the restrictions which now obstruct the sale of American products of our farms, forests, and factories.

Protection and reciprocity are twin measures of Republican policy and go hand in hand. Democratic rule has recklessly struck down both, and both must be reestablished. Protection for what we produce; free admission for the necessaries of life which we do not produce; reciprocity agreements of mutual interests which gain open markets for us in return for our open market to others. Protection builds up domestic industry and trade, and secures our own market for ourselves; reciprocity builds up foreign trade, and finds an outlet for our surplus.

Sugar

We condemn the present administration for not keeping faith with the sugar producers of this country. The Republican Party favors such protection as will lead to the production on American soil of all the sugar which the American people use, and for which they pay other countries more than $100,000,000 annually.

Wool and woolens

To all our products—to those of the mine and the fields as well as to those of the shop and the factory; to hemp, to wool, the products of the great industry of sheep husbandry, as well as to the finished woolens of the mills—we promise the most ample protection.

Merchant marine

We favor restoring the American policy of discriminating duties for the upbuilding of our merchant marine and the protection of our shipping in the foreign-carrying trade, so that American ships—the product of American labor, employed in American shipyards, sailing under the stars and stripes, and manned, officered, and owned by Americans—may regain the carrying of our foreign commerce.

1900 PLATFORM

Protection policy reaffirmed

We renew our faith in the policy of protection to American labor. In that policy our industries have been established, diversified, and maintained. By protecting the home market, competition has been stimulated and production cheapened. Opportunity to the inventive genius of our people has been secured and wages in every department of labor maintained at high rates—higher now than ever before, and always distinguishing our working people in their better conditions of life from those of any competing country. Enjoying the blessings of the American common school, secure in the right of self-government, and protected

in the occupancy of their own markets, their constantly increasing knowledge and skill have enabled them to finally enter the markets of the world.

Reciprocity favored

We favor the associated policy of reciprocity, so directed as to open our markets on favorable terms for what we do not ourselves produce in return for free foreign markets.

1904 PLATFORM

The protective tariff

Protection which guards and develops our industries is a cardinal policy of the Republican Party. The measure of protection should always at least equal the difference in the cost of production at home and abroad.

We insist upon the maintenance of the principles of protection, and, therefore, rates of duty should be readjusted only when conditions have so changed that the public interest demands their alteration, but this work cannot safely be committed to any other hands than those of the Republican Party. To entrust it to the Democratic Party is to invite disaster. Whether, as in 1892, the Democratic Party declares the protective tariff unconstitutional, or whether it demands tariff reform or tariff revision, its real object is always the destruction of the protective system.

However specious the name, the purpose is ever the same. A Democratic tariff has always been followed by business adversity; a Republican tariff by business prosperity.

To a Republican Congress and a Republican President this great question can be safely entrusted. When the only free-trade country among the great nations agitates a return to protection, the chief protective country should not falter in maintaining it.

We have extended widely our foreign markets, and we believe in the adoption of all practicable methods for their further extension, including commercial reciprocity wherever reciprocal arrangements can be effected consistent with the principles of protection and without injury to American agriculture, American labor, or any American industry.

1908 PLATFORM

Tariff revision promised

The Republican Party declares unequivocally for a revision of the tariff by a special session of the Congress immediately following the inauguration of the next President, and commends the steps already taken to this end in the work assigned to the appropriate committees of Congress, which are now investigating the operation and effect of these schedules. In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between cost of production at home and abroad, together with a reasonable profit to American industries. We favor establishment of a maximum and minimum rate to be administered by the President under the limitations fixed by the law, the maximum to be available to meet the discrimination by foreign countries against American goods entering our markets, and the minimum representing the normal measure of protection at home, the aim and the purpose of Republican policy being not only to preserve without excessive duties the security against foreign competition to which American manufacturers, farmers, and producers are entitled, but also to maintain the high standard of living of the wage workers of this country, who are the most direct beneficiaries of the protective system.

Philippine tariff

Between the United States and the Philippines we believe in a free interchange of products with such limitations as to sugar and tobacco as will afford adequate protection to domestic interests.

1912 PLATFORM

The tariff policy

We reaffirm our belief in a protective tariff. The Republican tariff policy has been of the greatest benefit to the country, developing our resources, diversifying our industries, and protecting our workingmen against competition with cheaper labor abroad, thus establishing for our wage earners the American standard of living. The protective tariff is so woven into the fabric of our industrial and agricultural life that to substitute for it a tariff for revenue only would destroy many industries and throw millions of our people out of employment. The products of the farm and of the mine should receive the same measure of protection as other products of American labor.

We hold that the import duties should be high enough, while yielding a sufficient revenue, to protect adequately American industries and wages. Some of the existing import duties are too high and should be reduced. Readjustment should be made from time to time to conform to changing conditions and to reduce excessive rates, but without injury to any American industry. To accomplish this correct information is indispensable. This information can best be obtained by an expert commission, as the large volume of useful facts contained in the recent reports of the Tariff Board has demonstrated.

Tariff Board endorsed

The pronounced feature of modern industrial life is its enormous diversification. To apply tariff rates justly to these changing conditions requires closer study and more scientific methods than ever before. The Republican Party has shown by its creation of a Tariff Board its recognition of this situation and its determination to be equal to it. We condemn the Democratic Party for its failure either to provide funds for the continuance of this Board or to make some other provision for securing the information requisite for intelligent tariff legislation. We protest against the Democratic method of legislating on these vitally important subjects without careful investigation.

We condemn the Democratic tariff bills passed by the House of Representatives of the Sixty-second Congress as sectional, as injurious to the public credit, and as destructive of business enterprise.

1916 PLATFORM

Tariff

The Republican Party stands now, as always, in the fullest sense for the policy of tariff protection to American industries and American labor and does not regard an antidumping provision as an adequate substitute.

Such protection should be reasonable in amount but sufficient to protect adequately American industries and American labor and so adjusted as to prevent undue exactions by monopolies or trust. It should, moreover, give special attention to securing the industrial independence of the United States as in the case of dyestuffs.

Through wise tariff and industrial legislation our industries can be so organized that they will become not only a commercial bulwark but a powerful aid to national defense.

The Underwood Tariff Act is a complete failure in every respect. Under its administration imports have enormously increased in spite of the fact that intercourse with foreign countries has been largely cut off by reason of the war, while the revenues of which we stand in such dire need have been greatly reduced.

Under the normal conditions which prevailed prior to the war it was clearly demonstrated that this act deprived the American producer and the American wage earner of that protection which enabled them to meet their foreign competitors, and but for the adventitious conditions created by the war, would long since have paralyzed all forms of American industry and deprived American labor of its just reward.

It has not in the least degree reduced the cost of living, which has constantly advanced from the date of its enactment. The welfare of our people demands its repeal and the substitution of a measure which in peace as well as in war will produce ample revenue and give reasonable protection to all forms of American production in mine, forest, field and factory.

We favor the creation of a tariff commission with complete power to gather and compile information for the use of Congress in all matters relating to the tariff.

1920 PLATFORM

International trade and tariff

The uncertain and unsettled condition of internal balances, the abnormal economic and trade situation of the world, and the impossibility of forecasting accurately even the near future, preclude the formulation of a definite program to meet conditions a year hence. But the Republican Party reaffirms its belief in the protective principle and pledges itself to a revision of the tariff as soon as conditions shall make it necessary for the preservation of the home market for American labor, agriculture, and industry.

1924 PLATFORM

The tariff

We affirm our belief in the protective tariff to extend needed protection to our productive industries. We believe in protection as a national policy with equal regard to all sections and to agriculture and industry. It is only by adherence to this policy that the interests of the consumers can be safeguarded and American agriculture, American labor, and American manufacturers be assured a return sufficient to perpetuate American standards of life.

A protective tariff is designed to support the high American economic level of life for the average family and to prevent a lowering to the levels of economic life prevailing in other lands. It is the history of the Nation that the protective system has ever justified itself by promoting industrial activity and employment, enormously increasing our purchasing power, restoring confidence, and bringing increased prosperity to all.

The tariff protection to our industry works for increased consumption of domestic agricultural products by an employed population instead of one unable to purchase the necessities of life. Without the strict maintenance of the tariff principle our farmers will need always to compete with cheap lands and cheap labor abroad, and with lower standards of living.

The enormous value of the protective principle has once more been demonstrated by the effects of the Emergency Tariff Act of 1921 and the Tariff Act of 1922.

We believe that the power of the President to decrease or increase any rate of duty in the tariff act furnishes a safeguard against excessive duties and against too low customs charges, and affords ample opportunity for tariff duties to be adjusted after a hearing that they may cover the actual differences in the cost of production in the United States and the principal competing countries of the world.

1928 PLATFORM

Tariff

We reaffirm our belief in the protective tariff as a fundamental and essential principle of the economic life of this Nation. While certain provisions of the present law require revision in the light of changes in the world competitive situation since its enactment, the record of the United States since 1922 clearly shows that the fundamental protective principle of the law has been fully justified. It has stimulated the devel-

opment of our natural resources, provided fuller employment at higher wages through the promotion of industrial activity, assured thereby the continuance of the farmer's major market, and further raised the standards of living and general comfort and well-being of our people. The great expansion in the wealth of our Nation during the past 50 years, and particularly in the past decade, could not have been accomplished without a protective tariff system designed to promote the vital interests of all classes.

Nor have these manifest benefits been restricted to any particular section of the country. They are enjoyed throughout the land either directly or indirectly. Their stimulus has been felt in industries, farming sections, trade circles, and communities in every quarter. However, we realize that there are certain industries which cannot now successfully compete with foreign producers because of lower foreign wages and a lower cost of living abroad, and we pledge the next Republican Congress to an examination and where necessary a revision of these schedules to the end that American labor in these industries may again command the home market, may maintain its standard of living, and may count upon steady employment in its accustomed field.

Adherence to that policy is essential for the continued prosperity of the country. Under it the standard of living of the American people has been raised to the highest levels ever known. Its example has been eagerly followed by the rest of the world whose experts have repeatedly reported with approval the relationship of this policy to our prosperity, with the resultant emulation of that example by other nations.

A protective tariff is as vital to American agriculture as it is to American manufacturing. The Republican Party believes that the home market, built up under the protective policy, belongs to the American farmer, and it pledges its support of legislation which will give this market to him to the full extent of his ability to supply it. Agriculture derives large benefits not only directly from the protective duties levied on competitive farm products of foreign origin but also, indirectly, from the increase in the purchasing power of the American workmen employed in industries similarly protected. These benefits extend also to persons engaged in trade, transportation, and other activities.

The Tariff Act of 1922 has justified itself in the expansion of our foreign trade during the past 5 years. Our domestic exports have increased from $3,800,000,000 in 1922 to $4,800,000,000 in 1927. During the same period imports have increased from $3,100,000,000 to $4,400,000,000. Contrary to the prophesies of its critics, the present tariff law has not hampered the natural growth in the exportation of the products of American agriculture, industry, and mining, nor has it restricted the importation of foreign commodities whch ths country can utilize wthout jeopardizing its economic structure.

The United States is the largest customer in the world today. If we were not prosperous and able to buy, the rest of the world also would suffer. It is inconceivabe that American labor will ever consent to the abolition of protection, which would bring the American standard of living down to the level of that in Europe, or that the people in this country were curtailed and its market at home, if not destroyed, at least seriously impaired.

1932 PLATFORM

The tariff

The Republican Party has always been the staunch supporter of the American system of a protective tariff. It believes that the home market, built up under that policy, the greatest and richest market in the world, belongs first to American agriculture, industry, and labor. No pretext can justify the surrender of that market to such competition as would destroy our farms, mines, and factories, and lower the standard of living which we have established for our workers.

Because many foreign countries have recently abandoned the gold standard, as a result of which the costs of many commodities produced in such countries have, at least for the time being, fallen materially in terms of American currency, adequate tariff protection is today particularly essential to the welfare of the American people. The Tariff Commission should promptly investigate individual commodities so affected by currency depreciation, and report to the President any increase in duties found necessary to equalize domestic with foreign costs of production.

To fix the duties on some thousands of commodities, subject to highly complex conditions, is necessarily a difficult technical task. It is unavoidable that some of the rates established by legislation should, even at the time of their enactment, be too low or too high. Moreover, a subsequent change in costs or other conditions may render obsolete a rate that was before appropriate. The Republican Party has, therefore, long supported the policy of a flexible tariff, giving power to the President, after investigation by an impartial commission and in accordance with prescribed principles, to modify the rates named by the Congress.

We commend the President's veto of the measure, sponsored by Democratic Congressmen, which would have transferred from the President to the Congress the authority to put into effect the findings of the Tariff Commission. Approval of the measure would have returned tariff making to politics and destroyed the progress made during 10 years of effort to lift it out of logrolling methods. We pledge the Republican Party to a policy which will retain the gains made and enlarge the present scope of greater progress.

We favor the extension of the general Republican principle of tariff protection to our natural-resource industries, including the products of our farms, forests, mines, and oil wells, with compensatory duties on the manufactured and refined products thereof.

1936 PLATFORM

Tariff

Nearly 60 percent of all imports into the United States are now free of duty. The other 40 percent of imports compete directly with the product of our industry. We would keep on the free list all products not grown or produced in the United States in commercial quantities. As to all commodities that commercially compete with our farms, our forests, our mines, our fisheries, our oil wells, our labor, and our industries, sufficient protection should be maintained at all times to defend the American farmer and the American wage earner from the destructive competition emanating from the subsidies of foreign governments and the imports from low-wage and depreciated-currency countries.

We will repeal the present reciprocal-trade-agreement law. It is futile and dangerous. Its effect on agriculture and industry has been destructive. Its continuation would work to the detriment of the wage earner and farmer.

We will restore the principle of the flexible tariff in order to meet changing economic conditions here and abroad and broaden by careful definition the powers of the Tariff Commission in order to extend this policy along nonpartisan lines.

We will adjust tariffs with a view to promoting international trade, the stabilization of currencies, and the attainment of a proper balance between agriculture and industry.

We condemn the secret negotiation of reciprocal trade treaties without public hearing or legislative approval.

1940 PLATFORM

Tariff and reciprocal trade

We are threatened by unfair competition in world markets and by the invasion of our home markets, especially by the products of State-controlled foreign economies.

We believe in tariff protection for agriculture, labor, and industry, as essential to our American standard of living. The measure of the protection shall be determined by scientific methods with due regard to the interest of the consumer.

We shall explore every possibility of reopening the channels of international trade through negotiations so conducted as to produce genuine reciprocity and expand our exports.

We condemn the manner in which the so-called reciprocal trade agreements of the New Deal have been put into effect without adequate hearings, with undue haste, without proper consideration of our domestic producers, and without congressional approval. These defects we shall correct.

1944 PLATFORM

Foreign trade

We assure American farmers, livestock producers, workers, and industry that we will establish and maintain a fair protective tariff on competitive products so that the standards of living of our people shall not be impaired through the importation of commodities produced abroad by labor or producers functioning upon lower standards than our own.

If the postwar world is to be properly organized, a great extension of world trade will be necessary to repair the wastes of war and build an enduring peace. The Republican Party, always remembering that its primary obligation, which must be fulfilled, is to our own workers, our own farmers, and our own industry, pledges that it will join with others in leadership in every cooperative effort to remove unnecesary and destructive barriers to international trade. We will always bear in mind that the domestic market is America's greatest market and that tariffs which protect it against foreign competition should be modified only by reciprocal bilateral trade agreements approved by Congress.

1948 PLATFORM

At all times safeguarding our own industry and agriculture, and under efficient administrative procedures for the legitimate consideration of domestic needs, we shall support the system of reciprocal trade and encourage international commerce.

THE POSITION OF THE DEMOCRATIC PARTY ON TARIFFS FROM 1856 TO 1948

1856 PLATFORM

Resolved, That there are questions connected with the foreign policy of this country which are inferior to no domestic question whatever. The time has come for the people of the United States to declare themselves in favor of free seas and progressive free trade throughout the world, and, by solemn manifestations, to place their moral influence at the side of their successful example.

1860 PLATFORM

No mention of tariffs.

1864 PLATFORM

No mention of tariffs.

1868 PLATFORM

Plank 6: "And a tariff for revenue upon foreign imports."

1872 PLATFORM

Plank 6: "And recognizing that there are in our midst honest but irreconcilable differences of opinion with regard to the respective systems of protection and free trade, we remit the discussion of the subject to the people in their congressional districts, and to

the decision of the Congress thereon, wholly free from executive interference or dictation."

1876 PLATFORM

We denounce the present tariff, levied upon nearly 4,000 articles, as a masterpiece of injustice, inequality, and false pretense. It yields a dwindling, not a yearly rising revenue. It has impoverished many industries to subsidize a few. It prohibits imports that might purchase the products of American labor. It has degraded American commerce from the first to an inferior rank on the high seas. It has cut down the sales of American manufacturers at home and abroad, and depleted the returns of American agriculture—an industry followed by half our people. It costs the people five times more than it produces to the Treasury, obstructs the processes of production, and wastes the fruits of labor. It promotes fraud, fosters smuggling, enriches dishonest officials, and bankrupts honest merchants. We demand that all customhouse taxation shall be only for revenue.

1880 PLATFORM

No mention of tariffs.

1884 PLATFORM

The Democratic Party is pledged to revise the tariff in a spirit of fairness to all interests. But, in making reduction in taxes, it is not proposed to injure any domestic industries, but rather to promote their healthy growth. From the foundation of this Government, taxes collected at the customhouse have been the chief source of Federal revenue. Such they must continue to be. Moreover, many industries have come to rely upon legislation for successful continuance, so that any change of law must be at every step regardful of the labor and capital thus involved. The process of reform must be subject in the execution to this plain dictate of justice; all taxation shall be limited to the requirements of economical government. The necessary reduction and taxation can and must be effected without depriving American labor of the ability to compete successfully with foreign labor, and without imposing lower rates of duty than will be ample to cover any increased cost of production which may exist in consequence of the higher rate of wages prevailing in this country. Sufficient revenue to pay all the expenses of the Federal Government, economically administered, including pensions, interest, and principal of the public debt, can be got under our present system of taxation from the customhouse taxes on fewer imported articles, bearing heaviest on articles of luxury and bearing lightest on articles of necessity. We, therefore, denounce the abuses of the existing tariff, and, subject to the preceding limitations, we demand that Federal taxation shall be exclusively for public purposes, and shall not exceed the needs of the Government, economically administered.

1888 PLATFORM

Tariff reform

Our established domestic industries and enterprises should not and need not be endangered by the reduction and correction of the burdens of taxation. On the contrary, a fair and careful revision of our tax laws, with due allowance for the difference between the wages of American and foreign labor, must promote and encourage every branch of such industries and enterprises by giving them assurance of an extended market and steady and continuous operations. In the interests of American labor, which should in no event be neglected, the revision of our tax laws contemplated by the Democratic Party should promote the advantage of such labor by cheapening the cost of necessaries of life in the home of every workingman and at the same time securing to him steady and remunerative employment. Upon this question of tariff reform, so closely concerning every phase of our national life, and upon every question involved in the problem of good government, the Democratic Party submits its principles and professions to the intelligent suffrages of the American people.

Reduction of revenue

Resolved, That this convention hereby endorses and recommends the early passage of the bill for the reduction of the revenue now pending in the House of Representatives.

1892 PLATFORM

Tariff legislation

SEC. 3. We denounce Republican protection as a fraud—a robbery of the great majority of the American people for the benefit of the few. We declare it to be a fundamental principle of the Democratic Party that the Federal Government has no constitutional power to impose and collect tariff duties, except for the purposes of revenue only, and we demand that the collection of such taxes shall be limited to the necessities of the Government when honestly and economically administered.

We denounce the McKinley tariff law enacted by the Fifty-first Congress as the culminating atrocity of class legislation; we endorse the efforts made by the Democrats of the present Congress to modify its most oppressive features in the direction of free raw materials and cheaper manufactured goods that enter into general consumption, and we promise its repeal as one of the beneficent results that will follow the action of the people in intrusting power to the Democratic Party. Since the McKinley tariff went into operation there have been 10 reductions of the wages of the laboring men to one increase. We deny that there has been any increase of prosperity to the country since that tariff went into operation, and we point to the dullness and distress, to the wage reductions and strikes in the iron trade, as the best possible evidence that no such prosperity has resulted from the McKinley Act.

We call the attention of thoughtful Americans to the fact that, after 30 years of restrictive taxes against the importation of foreign wealth in exchange for our agricultural surplus, the homes and farms of the country have become burdened with a real estate mortgage debt of over $2,500,000,000, exclusive of all other forms of indebtedness; that in one of the chief agricultural States of the West there appears a real estate mortgage debt averaging $165 per capita of the total population, and that similar conditions and tendencies are shown to exist in the other agricultural-exporting States. We denounce a policy which fosters no industry so much as it does that of the sheriff.

Reciprocity

SEC. 4. Trade interchange on the basis of reciprocal advantages to the countries participating is a time-honored doctrine of the Democratic faith, but we denounce the sham reciprocity which juggles with the people's desire for enlarged foreign markets and freer exchanges, by pretending to establish closer trade relations for a country whose articles of export are almost exclusively agricultural products, with other countries that are also agricultural, while erecting a customhouse barrier of prohibitive tariff taxes against the richest countries of the world, that stand ready to take our entire surplus of products, and to exchange therefor commodities which are necessaries and comforts of life among our own people.

1896 PLATFORM

Tariff resolution

We hold that tariff duties should be levied for purposes of revenue, such duties to be so adjusted as to operate equally throughout the country, and not discriminate between class or section, and that taxation should be limited by the needs of the Government, honestly and economically administered. We denounce as disturbing to business the Republican threat to restore the McKinley law, which has twice been condemned by the people in national elections, and which, enacted under the false plea of protection to home industry, proved a prolific breeder of trusts and monopolies, enriched the few at the expense of the many, restricted trade, and deprived the producers of the great American staples of access to their natural markets.

Until the money question is settled we are opposed to any agitation for further changes in our tariff laws, except such as are necessary to meet the deficit in revenue caused by the adverse decision of the Supreme Court on the income tax. But for this decision by the Supreme Court, there would be no deficit in the revenue under the law passed by a Democratic Congress in strict pursuance of the uniform decisions of that Court for nearly 100 years, that Court having in that decision sustained constitutional objections to its enactment, which had previously been overruled by the ablest judges who have ever sat on that Bench. We declare that it is the duty of Congress to use all the constitutional power which remains after that decision, or which may come from its reversal by the Court as it may hereafter be constituted, so that the burdens of taxation may be equally and impartially laid, to the end that wealth may bear its due proportion of the expense of the Government.

1900 PLATFORM

The free list as a remedy

Tariff laws should be amended by putting the products of trusts upon the free list, to prevent monopoly under the plea of protection.

The Dingley tariff law

We condemn the Dingley tariff law as a trust-breeding measure, skillfully devised to give the few favors which they do not deserve and to place upon the many burdens which they should not bear.

1904 PLATFORM

Tariff legislation

The Democratic Party has been and will continue to be the consistent opponent of that class of tariff legislation by which certain interests have been permitted, through congressional favor, to draw a heavy tribute from the American people. This monstrous prevention of those equal opportunities which our political institutions were established to secure has caused what may once have been infant industries to become the greatest combinations of capital that the world has ever known. These especial favorites of the Government have, through trust methods, been converted into monopolies, thus bringing to an end domestic competition, which was the only alleged check upon the extravagant profits made possible by the protective system. These industrial combinations, by the financial assistance they can give, now control the policy of the Republican Party.

We denounce protection as a robbery of the many to enrich the few, and we favor a tariff limited to the needs of the Government, economically administered, and so levied as not to discriminate against any industry, class, or section, to the end that the burdens of taxation shall be distributed as equally as possible.

We favor a revision and a gradual reduction of the tariff by the friends of the masses and for the common weal, and not by the friends of its abuses, its extortions, and its discriminations, keeping in view the ultimate ends of "equality of burdens and equality of opportunities," and the constitutional purpose of raising a revenue by taxation, to wit, the support of the Federal

Government in all its integrity and virility, but in simplicity.

1908 PLATFORM

Tariff

We welcome the belated promise of tariff reform, now offered by the Republican Party, as a tardy recognition of the righteousness of the Democratic position on this question; but the people cannot safely intrust the execution of this important work to a party which is so deeply obligated to the highly protected interests as is the Republican Party. We call attention to the significant fact that the promised relief is postponed until after the coming election—an election to succeed in which the Republican Party must have that same support from the beneficiaries of the high protective tariff as it has always heretofore received from them; and to the further fact that during years of uninterrupted power no action whatever has been taken by the Republican Congress as to correct the admittedly existing tariff inequities.

We favor immediate revision of the tariff by the reduction of import duties. Articles entering into competition with trust-controlled products should be placed upon the free list; material reductions should be made in the tariff upon the necessaries of life, especially upon articles competing with such American manufactures as are sold abroad more cheaply than at home; and gradual reductions should be made in such other schedules as may be necessary to restore the tariff to a revenue basis.

Existing duties have given the manufacturers of paper a shelter behind which they have organized combinations to raise the price of pulp and paper, thus imposing a tax upon the spread of knowledge. We demand the immediate repeal of the tariff on wood pulp, print paper, lumber, timber and logs, and that those articles be placed upon the free list.

1912 PLATFORM

Tariff reform

We declare it to be a fundamental principle of the Democratic Party that the Federal Government, under the Constitution, has no right or power to impose or collect tariff duties except for the purpose of revenue, and we demand that the collection of such taxes shall be limited to the necessities of Government honestly and economically administered.

The high Republican tariff is the principal cause of the unequal distribution of wealth. It is a system of taxation which makes the rich richer and the poor poorer. Under its operations the American farmer and laboring man are the chief sufferers. It raises the cost of the necessaries of life to them, but does not protect their product or wages. The farmer sells largely in free markets and buys almost entirely in the protected markets. In the most highly protected industries, such as cotton and wool, steel and iron, the wages of the laborers are the lowest paid in any of our industries. We denounce the Republican pretense on that subject and assert that American wages are established by competitive conditions and not by the tariff.

We favor the immediate downward revision of the existing high and in many cases prohibitive tariff duties, insisting that material reductions be speedily made upon the necessaries of life. Articles entering into competition with trust-controlled products and articles of American manufacture which are sold abroad more cheaply than at home should be put upon the free list.

We recognize that our system of tariff taxation is intimately connected with the business of the country, and we favor the ultimate attainment of the principles we advocate by legislation that will not injure or destroy legitimate industry.

We denounce the action of President Taft in vetoing the bills to reduce the tariff in the cotton, woolen, metal, and chemical schedules and the farmer's free-list bill, all of which were designed to give immediate relief to the masses from the exactions of the trusts.

The Republican Party, while promising tariff revision, has shown by its tariff legislation that such revision is not to be in the people's interest; and having been faithless to its pledges of 1908, it should no longer enjoy the confidence of the Nation. We appeal to the American people to support us in our demand for a tariff for revenue only.

1916 PLATFORM

Tariff

We reaffirm our belief in the doctrine of a tariff for the purpose of providing sufficient revenue for the operation of the Government economically administered and unreservedly indorse the Underwood tariff law as truly exemplifying that doctrine. We recognize that tariff rates are necessarily subject to change to meet changing conditions in the world's production and trade. The events of the last 2 years have brought about many momentous changes. In some respects their effects are yet conjectural and wait to be disclosed, particularly in regard to our foreign trade.

Two years of a war which has directly involved most of the chief industrial nations of the world and which has indirectly affected the life and industry of all nations, are bringing about economic changes more varied and far-reaching than the world has even before experienced. In order to ascertain just what those changes may be, the Democratic Congress is providing for a nonpartisan tariff commission to make impartial and thorough study of every economic fact that may throw light either upon our past or upon our future fiscal policy with regard to the imposition of taxes on imports or with regard to the changed and changing conditions under which our trade is carried on. We cordially indorse this timely proposal and declare ourselves in sympathy with the principle and purpose of shaping legislation within that field in accordance with clearly established facts rather than in accordance with the demands of selfish interests or upon information provided largely if not exclusively, by them.

1920 PLATFORM

The tariff

We reaffirm the traditional policy of the Democratic Party in favor of a tariff for revenue only and we confirm the policy of basing tariff revisions upon the intelligent research of a nonpartisan commission, rather than upon the demands of selfish interests, temporarily held in abeyance.

1924 PLATFORM

Tariff and taxation

The Fordney-McCumber Tariff Act is the most unjust, unscientific, and dishonest tariff tax measure ever enacted in our history. It is class legislation, which defrauds all the people for the benefit of a few; it heavily increases the cost of living, penalizes agriculture, corrupts the Government, fosters paternalism, and, in the long run, does not benefit the very interests for which it was enacted.

We denounce the Republican tariff laws which are written in great part in aid of monopolies and thus prevent that reasonable exchange of commodities which would enable foreign countries to buy our surplus agricultural and manufactured products with resultant benefit to the toilers and producers of America. Trade interchange, on the basis of reciprocal advantages to the countries participating, is a time-honored doctrine of Democratic faith. We declare our party's position to be in favor of a tax on commodities entering the customhouses that will promote effective competition, protect against monopoly, and at the same time produce a fair revenue to support the Government.

The greatest contributing factor in the increase and unbalancing of prices is unscientific taxation. After having increased taxation and the cost of living by $2,000,000,000, under the Fordney-McCumber tariff, all that the Republican Party could suggest in the way of relief was a cut of $300,000,000 in direct taxes; and that was to be given principally to those with the largest incomes. Although there was no evidence of a lack of capital for investment to meet the present requirements of all legitimate industrial enterprises, and although the farmers and general consumers were bearing the brunt of tariff favors already granted to special interests, the administration was unable to devise any plan except one to grant further aid to the few. Fortunately this plan of the administration failed, and, under Democratic leadership aided by progressive Republicans, a more equitable one was adopted, which reduces direct taxes by about $450,000,000.

1928 PLATFORM

Tariff

The Democratic tariff legislation will be based on the following policies:

(a) The maintenance of legitimate business and a high standard of wages for American labor.

(b) Increasing the purchasing power of wages and income by the reduction of those monopolistic and extortionate tariff rates bestowed in payment of political debts.

(c) Abolition of logrolling and restoration of the Wilson conception of a fact-finding Tariff Commission, quasi-judicial and free from the Executive domination which has destroyed the usefulness of the present Commission.

(d) Duties that will permit effective competition, insure against monopoly, and at the same time produce a fair revenue for the support of Government. Actual difference between the cost of production at home and abroad, with adequate safeguard for the wage of the American laborer, must be the extreme measure of every tariff rate.

(e) Safeguarding the public against monopoly created by special tariff favors.

(f) Equitable distribution of the benefits and burdens of the tariff among all.

Wage earner, farmer, stockman, producer, and legitimate business in general have everything to gain from a Democratic tariff based on justice to all.

1932 PLATFORM

We advocate a competitive tariff for revenue, with a fact-finding Tariff Commission free from Executive interference, reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

We condemn the Hawley-Smoot tariff law, the prohibitive rates of which have resulted in retaliatory action by more than 40 countries, created international economic hostilities, destroyed international trade, driven our factories into foreign countries, robbed the American farmer of his foreign markets, and increased the cost of production.

1936 PLATFORM

Foreign policy

We shall continue to foster the increase in our foreign trade which has been achieved by this administration; to seek by mutual agreement the lowering of those tariff barriers, quotas, and embargoes which have been raised against our exports of agricultural and industrial products; but continue as in the past to give adequate protection to our farmers and manufacturers against unfair competition or the dumping on our shores of

commodities and goods produced abroad by cheap labor or subsidized by foreign governments.

1940 PLATFORM

We shall * * * observe and advocate international respect for the rights of others and for treaty obligations; cultivate foreign trade through desirable trade agreements; and foster economic collaboration with the republics of the Western Hemisphere.

1944 PLATFORM

V. We shall uphold the good-neighbor policy, and extend the trade policies initiated by the present administration.

1948 PLATFORM

We pledge ourselves to restore the reciprocal trade agreements program formulated in 1934 by the Secretary of State Cordell Hull and operated successfully for 14 years, until crippled by the Republican Eightieth Congress. Further, we strongly endorse our country's adherence to the International Trade Organization.

A SHORT TARIFF HISTORY OF THE UNITED STATES

I. DEFINITION OF TARIFFS

There are two basically different kinds of tariffs:

(a) Revenue tariffs.

(b) Protective tariffs.

A revenue tariff is one which is levied on imports with the objective of raising the maximum revenue for the support of the Government. To maximize revenue it is necessary to have large imports which require low tariff rates.

A protective tariff is one which is designed to protect domestic manufactures, or mining, or agriculture from imports from abroad. The more protective a tariff is, the more it will keep out imports. A tariff which is 100 percent protective will keep out all imports. Hence, a completely protective tariff will yield no revenue to the government since there will be no imports.

II. HISTORY OF UNITED STATES TARIFFS FROM 1789 TO 1949

A short survery of tariff history of the United States can be best described by dividing it into seven periods.

A. The period 1789 to 1789 (American Government under the Articles of Confederation).

B. The period 1789 to 1816 (interval from the establishment of the United States under the Constitution to the end of the War of 1812).

C. The period 1816 to 1861 (interval from the end of the War of 1812 to the beginning of the Civil War).

D. The period 1861 to 1913 (interval from the Civil War to Woodrow Wilson's free-trade program).

E. The period 1913 to 1921 (interval of free-trade tariffs under Woodrow Wilson and the Democrats).

F. The period 1921 to 1934 (interval of protective tariffs under Republican administration).

G. The period 1934 to 1949 (interval of trade agreements and free trade).

The principal development during each of these seven periods will be described in order.

A. Confederation period, 1780–89

When the 13 American colonies declared their independence from England, they formed a provisional Government in 1776 known as the Confederation Government which provided for a Continental Congress. The new Government operated under the Articles of Confederation which were finally ratified in 1781.

Under the Confederation Government, the individual States levied numerous tariffs, many of which were definitely protective tariffs.

During the period from 1780 to 1789 Pennsylvania enacted 15 tariff acts; Virginia, 12; Massachusetts, New York, and Maryland, 7 each; Connecticut, 6, and the other States a lesser number.

The tariffs levied in the Middle Atlantic and New England States were protective tariffs or for purposes of retaliation, while those of the Southern States were chiefly revenue tariffs.

B. Period from 1789 to 1816

With the establishment of the United States Government in 1789, control over foreign commerce was reserved to the Federal Government so that the individual States lost their power to levy import duties. The new Congress under the Constitution met for the first time on March 4, 1789, and its first act was to levy a tariff primarily for revenue purposes.

During the period from 1789 to 1816 numerous tariff acts were passed, but the first time a definite protective tariff system was passed was in 1816, after the close of the War of 1812. It was designed to protect the infant manufacturing industries that had sprung up during the war from a flood of cheap postwar manufactured products from England.

The revenue tariff passed in 1789 provided for import duties ranging from 5 percent to 15 percent, with no commodities on the free list. A 5 percent duty was levied on all commodities not otherwise enumerated.

From 1789 to the beginning of the War of 1812, Congress passed 13 tariff laws, raising duties on some commodities to secure higher revenues and placing other commodities on the free list.

The average level of tariffs from 1791 to 1812, found by dividing the duties collected by the value of the dutiable imports each year, ranged from 11.2 percent in 1795 to 37.2 percent in 1808. The level of tariffs for each year from 1791 to 1812 is as follows:

Rate of duty on dutiable imports

Year:	Percent
1791	15.34
1792	11.54
1793	14.68
1794	17.10
1795	11.21
1796	12.02
1797	15.60
1798	19.99
1799	19.70
1800	17.42
1801	16.61
1802	30.67
1803	20.52
1804	22.76
1805	19.19
1806	21.22
1807	20.09
1808	37.22
1809	18.80
1810	14.07
1811	35.62
1812	13.07

The average level of tariffs for the 10-year period from 1791 to 1800 was just under 15 percent (14.89 percent) while for the 10-year period 1801 to 1810 it was 21.4 percent.

It is of great interest to note that during the first two decades of the Republic the tariff level ranged from 15 to 21 percent, a period when tariffs were primarily for revenue and not for protection. This was the free-trade period in American tariff history. Yet last year, 1948, the average tariffs on dutiable imports were only 13.7 percent, an amount lower than during the first 25 years of our history. It can truly be said that today America is a free-trade country, with the lowest level of tariffs in its history, with tariffs lower than the revenue tariffs of 150 years ago.

C. Tariffs from 1816 to 1861

The 45-year period from 1816 to the Civil War in 1861 was marked by the inauguration of a protective-tariff system in 1816 just after the close of the War of 1812. Increasing protection was given manufactures for the next 15 to 20 years, after which the level of protective tariffs showed a downward trend to 1861.

The upward trend of protective tariffs to 1830 and the trend toward lower protective tariffs from 1830 to 1860 is indicated in the average tariff level by 10-year periods from 1810 to 1860. These were as follows:

Duties collected as a percent of the value of dutiable imports

10-year period:	Percent
1811–20	24.06
1821–30	37.47
1831–40	31.22
1841–50	27.01
1851–60	24.06

While protective tariffs when averaged for 10-year periods varied from a low of 24 percent to a high of 37 percent, the range for individual years was much greater. In 1830 the tariff level was 47.59 percent and was in excess of 40 percent for the years 1826, 1828, 1829, 1833, and 1835. For the 10 years ending in 1845, with the exception of one year, the tariff level was never less than 25 percent and never over 30 percent. From a level of 30 percent in 1845 the tariff declined gradually during the next 15 years to a level of only 19 and a fraction percent for the years 1859, 1860, and 1861. This was the lowest tariff level reached until 1920 when the Wilsonian free trade tariff took effect at the end of World War I.

The principal tariff acts passed between 1816 and 1861 were the acts of 1816, 1824, 1828, 1833, 1842, 1846, and 1857. The first three of these acts (1816, 1824, and 1828) raised tariffs and gave a high degree of protection to cotton and woolen goods and to some kinds of iron. In the tariff of 1828, for example, tariffs on woolen goods reached 100 percent ad valorem.

Beginning with the tariff act of 1833, protective duties were lowered in each successive tariff act with the exception of the 1842 act which raised tariffs for the 4-year period from 1842 to 1846. The Walker Tariff Act of 1846 and the Tariff Act of 1857 brought about substantial reductions in tariffs, the average tariff level falling from 29.2 percent in 1846 to 19.1 percent in 1861.

It was during the congressional battles over the tariffs acts of 1828 and 1833 that the split between the South and the North over protective tariffs became acute, the South favoring tariffs for revenue only and the North favoring high tariffs to protect manufacturers which were rapidly expanding in the Northern States.

D. Tariffs from 1861 to 1913

The 53-year period from the beginning of the Civil War to the inauguration of Woodrow Wilson in 1913 was a period when the Republican Party was in power almost all of the time and when the tariffs were maintained consistently at a protectionist level. The annual level of the tariff by 10-year periods from 1860 to 1913 never fell below 40 percent and never rose much above 40 percent, although the level nearly reached 50 percent from 1898 to 1904. The average annual tariff level by decades during this period was as follows:

Tariff level (annual average)

10-year period:	Percent
1861–70	44.62
1871–80	41.95
1881–90	44.53
1891–1900	46.73
1901–10	45.20

During the Civil War period from 1861 to 1865 a series of tariff acts was passed, the net effect of which was to raise the level of tariffs from 19.1 percent in 1861 to 53.1 percent in 1865. Tariffs were raised for three reasons: To increase revenues to help finance the war; to provide additional protection for manufacturing; and to impose countervailing duties to equal the internal-revenue

taxes levied on various manufactured products as a means of helping to finance the war.

During the first few years after the war ended in 1865 tariffs were lowered on various commodities, such as coffee, tea, sugar, spices, etc., but these were revenue tariffs. At the same time tariff duties on woolens and other manufactured goods of certain kinds were increased. The net effect was to maintain the protective-tariff general level above 40 percent, or over twice that when the war began.

The election of Grover Cleveland on the Democratic ticket in 1892 led to the passage of the Wilson Tariff Act (named for the Congressman who introduced the bill) in 1894. Some duties were reduced under the 1894 act, but the net effect on the general level of tariffs was slight.

When the Republicans came back into power with the election of McKinley in 1896, they quickly passed a new tariff act on July 24, 1897, known as the Dingley Act. This act provided for substantial increases in protective-tariff duties on many commodities so that for the next 7 years the average tariff level was about 50 percent. This was the peak level of protective tariffs for a seven-consecutive-year period throughout our entire history.

This 7-year period of high protective tariffs averaging about 50 percent came to an end with the year 1904. For this year the tariff level was 49 percent and gradually sank year by year to a level of 40 percent for the year 1913.

Brief mention should be made of the Payne-Aldrich Tariff Act passed in 1909 by the Republicans under President Taft. Both major parties in the election of 1908 adopted a plank in their platform favoring a downward revision of the tariff. This Tariff Act provided for reductions in tariffs on 584 items and for increases on 300 items, many of which were on cotton goods of various types. The net effect of this tariff was to bring about a slight decrease in the tariff level from 1909 to 1913. The tariff level fell from 43 percent in 1909 to 40 percent in 1913.

E. Tariffs from 1913 to 1921

In the election campaign of 1912 the Republican Party came out boldly in its platform in favor of protective tariffs, while the Democratic Party platform came out flatly opposed to all protective tariffs and stated it believed in tariffs for revenue only. In fact the Democratic platform went so far as to assert the following:

"We declare it to be a fundamental principle of the Democratic Party that the Federal Government, under the Constitution, has no right or power to impose or collect tariff duties except for the purpose of revenue."

Because of the split in the Republican Party occasioned by Teddy Roosevelt's formation of the Bull Moose Party, the Democrats won the election and Woodrow Wilson became President on March 4, 1913.

The first thing Congress did after Wilson's inauguration was to take up the question of revision of the tariffs and on October 3, 1913, the Underwood Tariff Act was passed. The Underwood Tariff reduced tariffs on many commodities and eliminated tariffs entirely on a large number of commodities, placing them on the free list.

Under the Underwood tariff the following commodities were deprived of all tariffs and placed on the free list: Raw wool; metals; agricultural products including live cattle, meats, wheat, corn, flax, tea, hemp; and numercus manufactures including boots, shoes, gunpowder, woodpulp, and print paper.

The full economic effects of these drastic reductions in tariffs could not be measured during the immediate years that followed because 9 months after the passage of the act, World War I broke out in Europe. The war greatly increased the demand for United States exports and greatly reduced imports from Europe at the same time that imports increased from other continents. But even so a pronounced drop in the tariff level occurred between 1914 and 1918 which became even greater in the 2 years following the war. The tariff level by years from 1913 to 1920 was as follows:

	Percent
1913	40.1
1914	37.6
1915	33.4
1916	30.7
1917	27.2
1918	24.4
1919	21.3
1920	16.4

These levels of tariff just described are the ratio between the value of duties collected and the value of all dutiable imports. If the value of imports on the free list are included, the tariff level for 1921 was only 6.4 percent compared with 17.7 percent for 1913.

It is of interest to note that the level of protective tariffs fell over 50 percent in 5 years and fell 33 percent during the 2-year period 1918 to 1920. It is also significant to note that a slump in prices and widespread unemployment accompanied these rapid reductions in protective tariffs.

So disastrous had become the fall in prices and unemployment in 1920, particularly the fall in agricultural prices, that an emergency tariff was rushed through May 28, 1921. The return of the Republican Party to power in the Presidential election in November 1920, paved the way for new tariff legislation providing for adequate protective tariffs.

F. Tariffs from 1921 to 1934

During the 14-year period from 1921 to 1934 three important tariff acts were passed; the Emergency Tariff Act of 1921, the Fordney-McCumber Tariff Act of 1922, and the Hawley-Smoot Tariff Act of 1930.

The Emergency Tariff Act of 1921

The Emergency Tariff Act of 1921 was rushed through primarily for three reasons. In the first place, it was to satisfy the widespread demand of American farmers for protection from imports of foreign agricultural products. In the second place, it was to prevent the dumping of foreign-produced goods in the United States at prices below the foreigners' cost of production. Finally, in the third place, it was to provide for the protection of American producers against the devaluation of foreign currencies, a device which was widespread after World War I as a means of circumventing protective tariffs of other countries.

The tremendous slump in farm prices following loss of foreign markets threatened the American farmer with competition from foreign agricultural producers and was the principal reason for rushing through the tariff legislation in 1921. Protective duties were levied on imports of wheat, flax seed, corn, beans, peanuts, potatoes, onions, rice, peanut, cottonseed and soya bean oils, cattle, sheep, and fresh or frozen meats. The import duty levied on wheat was 35 cents per bushel, on corn 15 cents per bushel, on potatoes 25 cents per bushel, on beans 2 cents per pound, and sheep $2 per head, on fresh or frozen meats 2 cents per pound, on peanuts 3 cents per pound, on rice 2 cents per pound, on cattle 30 percent ad valorem, and meats of all kinds, prepared or preserved, not specially provided for, 25 percent ad valorem. Protective duties were also levied on cotton, wool, sugar, butter, cheese, milk, tobacco, apples, cherries, and other products.

The Fordney-McCumber Tariff Act of 1922

The Emergency Act of 1921 was superseded the following year by the Fordney-McCumber Tariff Act of 1922.

Since the passage of the Underwood Tariff Act in 1913 drastic changes in the economic conditions in the United States and other countries had occurred as a result of World War I and the conditions which followed the war. These changes in conditions in world production and trade required a reappraisal of American tariff policy. In general the tariff adjustments of 1922 took the form of higher duties. The enactment of higher import duties in 1922 may be attributed to the following five causes:

1. Fear of excessive imports following the cessation of hostilities and the return to more normal conditions.

2. The demand for higher duties by a number of industries, especially chemical and mineral, newly created or greatly expanded as a result of the extraordinary demands made upon them by the shutting off of foreign sources of supply during the war.

3. The increased competition encountered by staple agricultural products resulting from overproduction in domestic areas under the stimulus of war conditions and the return to production of low-cost areas developed during the war as well as by the return to production in various war areas.

4. The demand that industries producing material essential to war be encouraged.

5. Changes in economic conditions resulting from depreciation of currency in many European countries and from the depression of 1921.

The professed general objective of the 1922 tariff act was to restore import duties to approximately the level prevailing before the Underwood Tariff Act of 1913. In the majority of schedules this was actually done although in individual cases duties were lowered while in other cases they were raised above the 1913 level. For example duties were raised on chemicals, oils, and paints from 22 percent to 29 percent ad valorem, on metals and manufactures of metals, from 24 percent to 33 percent ad valorem, and on wood and manufactures of wood, from 13 percent to 24 percent. On the other hand, import duties on tobacco and manufactures of tobacco were reduced from 83 percent to 54 percent, while duties on spirits, wines, and other beverages were reduced from 90 percent to 39 percent ad valorem. The net effect of all the changes can be seen by comparing the ad valorem rate of duty on dutiable imports for the year 1914 and the year 1926, 4 years after the passage of the act. In 1926 import duties collected averaged 39 percent of the value of all dutiable imports compared with 38 percent for the year 1914. For the entire period from the passage of the Fordney-McCumber Act, September 22, 1922, to the passage of the Hawley-Smoot law, June 18, 1930, the average import duties were 38.5 percent of the value of all dutiable imports.

Under the Payne-Aldrich tariff from 1909 to 1913 import duties were 40.8 percent of the value of dutiable imports. Hence, it will be seen that the protective tariffs under the Republicans during the decade following World War I were lower than the tariffs prior to the First World War. Furthermore, during the decade of the 1920's a larger percent of our imports came in free of any duties than during the prewar period, 1909 to 1913. During the decade of the 1920's 64 percent of all our imports came in free of duty while only 53 percent of all imports came in free of duty during the period 1909 to 1913.

Flexible Tariff Provisions

The Tariff Act of 1922 also provided, in section 315, for a system of flexible tariffs in order to equalize foreign and domestic costs of production. The President was authorized to increase or decrease existing rates of duties by not more than 50 percent after investigation by the Tariff Commission. Very few changes, however, were made under this authorization prior to 1934 and, in these cases where the President exerted his power, it was usually to raise duties.

Another important provision of the act of 1922 was that contained in section 316, which provided for additional duties, or in extreme cases, that imports might be completely prohibited, if a foreign country engaged in unfair competition.

The Hawley-Smoot Tariff Act of 1930

The Hawley-Smoot Tariff Act of 1930 was passed primarily in order to provide still greater protection for the American farmer against competitive imports of oil, fats, dairy products, hides, skins, and numerous other agricultural products. The purpose was to preserve the home market in these commodities for the American farmer. Furthermore, certain other industries were experiencing increased competition from imports of foreign goods and demanded more protection. Some increases in import duties on industrial products were, also, made to compensate for the higher duties upon raw materials which were provided by the 1930 act.

The net effect of the various tariff changes in the Hawley-Smoot Tariff Act was to raise the average import-duty level over the 1922 act from 38 percent to 41 percent ad valorem. Since, however, the period from 1930 through 1933 was one of depression and declining prices and, since many duties were specific, the net effect was to raise the average level of tariffs considerably above 41 percent. The average amount of import duties collected as a percentage of the value of all dutiable imports reached 59.1 percent for the year 1932, but by 1935, as prices rose, had dropped back to 42.9 percent.

The Hawley-Smoot Act of 1930 continued the flexible tariff provisions of the 1922 act, which authorized the President to increase or decrease the duties by as much as 50 percent on recommendation of the Tariff Commission. One change was made, however. The power of the Tariff Commission was strengthened and the President was no longer given the power to alter the actual rate recommended.

The Revenue Acts of 1932 and 1934

In 1932 an amendment was attached to a revenue act providing for the imposition of duties on petroleum, petroleum products, coal, lumber, and copper. In 1934 similar action was taken with respect to whale and fish oils. These new duties were classed as import taxes and were not considered as import duties subject to the provisions of the Tariff Act of 1930.

Conclusions, 1920–34 period

In conclusion, it may be stated that the level of protective tariffs under the Republicans from 1922 to 1930 was slightly lower than the level which prevailed from 1880 to 1913. Under the Hawley-Smoot tariff of 1930 the level of tariff rates was slightly increased but the actual effect was a substantial temporary increase in the tariff level because of the rapid fall in prices from 1930 to 1933. With the return of rising prices, which began in 1932, the protective-tariff level started to decline and in 1936 fell to 39.2 percent. This is a level approximately equal to that during the 1920's under the Fordney-McCumber Act. Not enough trade agreements had been signed by 1936 under the terms of the Trade Agreements Act of 1934 to noticeably affect the tariff level. During 1934 and 1935 only nine trade agreements had been signed and in every case but one were with small countries such as Belgium, Cuba, Haiti, and Honduras.

G. Tariffs from 1934 to 1949

Despite the fact that there have been no new tariff acts since the enactment of the Smoot-Hawley Act in 1930, we must regard the period from June 1934 to the present as a separate one in the tariff history of the United States. On the 12th of June 1934 Congress passed an amendment to the Tariff Act of 1930, the so-called Trade Agreements Act. With this amendment Congress authorized the President to negotiate and enter into foreign-trade agreements. To give the President bargaining power he was authorized to raise or lower tariffs a maximum of 50 percent of the rates of the Tariff Act of 1930. The ostensible reason for surrendering the legislative function in regard to making tariffs was the desire to assist in the then existing emergency in restoring the American standard of living, in overcoming domestic employment and the present economic depression, etc.

In advocating this means of reducing tariffs, the Roosevelt administration lived up to its commitments in the Democratic Party platform of the 1932 election, when the party had pledged reduction of tariffs. The act had been passed primarily as an emergency measure, and under the terms of the act its duration was to be 3 years. However, under this authority the administration reduced tariffs to the lowest level in United States history, and several extensions of the act continued it far beyond the point when it could have had any justification as an emergency measure. In 1937 and 1940 the act was extended for 3 years each, and in 1943 for 2 years only. In 1945 it was extended for another 3 years, and the President was again entitled to raise or lower the rates of duty by a maximum of 50 percent of the rates in force on January 1, 1945. In other words, those products which had suffered a reduction by 50 percent of the rate under the 1930 act by virtue of the first Trade Agreements Act, could again be affected by a further reduction of 50 percent. Thus, on a good number of products the reduction of duties reached 75 percent of the rates provided for under the Tariff Act of 1930. In 1948 the Trade Agreements Act was continued for 1 year only, with a few changes, the most important being the provision for peril-point studies by the Tariff Commission.

Under the Trade Agreements Act trade agreements with 42 nations are in effect today. Twenty-three of these agreements were negotiated in one great tariff-cutting festival at Geneva, Switzerland, where 23 nations bartered and horse-traded with each other for tariff reductions.

At the present time in Annecy, France, the GATT nations have again met to discuss the results of the first Geneva agreements on tariffs and trade, and to negotiate with 13 more nations on further tariff cuts.

The agreements entered into under the Trade Agreements Act are executive agreements and as such are not subject to congressional approval. The function of legislating on tariffs was surrendered to the President under the 1934 act.

Mr. MALONE. Mr. President, I ask unanimous consent to insert in the RECORD a clipping from the Washington Daily News of September 14, which treats in more detail my contention, made on the floor of the Senate in my address on Tuesday, September 13, in regard to the quotas on imports of agricultural products which have been imposed under the various agricultural adjustment acts, while the State Department was busily engaged in cutting tariffs on the same goods. The 1934 Trade Agreements Act is making cheats and liars of all nations.

The article, by Earl Richert, gives some excellent examples of what I mentioned on the floor, and I wish to have it included in the RECORD as supporting evidence for my remarks. Not mentioned are quotas on cotton, wheat, potatoes.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IN FOREIGN TRADE, OUR LEFT HAND DOESN'T KNOW WHAT RIGHT IS DOING

(By Earl Richert)

Sometimes Uncle Sam works himself into a position where he lays down a policy with one hand and nullifies it with the other.

That's what we have to a large extent today with the State Department working to lower trade barriers and the Agriculture Department maintaining flat embargoes on imports of a number of commodities.

Tariffs or no tariffs, the Agriculture Department just won't let any butter, cottonseed, cottonseed oil, lard, flaxseed, linseed oil, tallow, sunflower seed, soybeans, soybean oil, rice, peanuts, peanut oil, peanut butter, or cheap soaps come into this country from abroad.

NO IMPORT LICENSES

It does this under the power granted it by Congress to control imports of fats and oils. It doesn't say anything about maintaining embargoes on these commodities; it just doesn't grant import licenses.

Reasoning is that since it has nearly $200,000,000 tied up alone in flaxseed and butter purchased to hold up domestic farm prices, it just doesn't make sense to permit imports which would further depress the domestic fats and oils market and lessen chances of disposal of the surplus.

CANCELED OUT

The embargo on butter, for example, cancels out effect of the Geneva trade agreement under which the butter tariff was lowered from 14 to 7 cents a pound for not more than 50,000,000 pounds to be sent to the United States in the slack production season of November through March. The tariff was maintained at 14 cents a pound on all other butter above the quota.

That concession was supposed to benefit Australia and New Zealand which have their flush production season while we have our slack one. But neither they nor any other country are earning dollars by selling butter here now. The Agriculture Department's holdings of domestic butter total 72,000,000 pounds.

Reports from the recent trade conference at Annecy, France, tell of a Danish request for a quota of 50,000,000 pounds of butter in the United States market. Results of the conference are kept secret pending official announcement, and it is not known whether the request or any part of it was granted. But it would do Denmark no good in the present situation.

DUBIOUS CONCESSIONS

State Department sources say foreign officials naturally are aware of this state of affairs and are highly dubious of concessions granted on items now flatly embargoed.

"All we can tell them is that we hope someday the domestic surplus problem will be cured and the tariff concession will be worth something," one said.

GOP SENATORS CRITICAL

Republican Senators have hit hard at this conflict between the farm support and tariff policies in the current debate over extension of the reciprocal trade law.

They contend it is much more honest to have a fair tariff than to use embargoes or quotas to shut out foreign goods.

"Quotas are a far greater interference with free trade than tariffs have ever been," said Senator ROBERT A. TAFT, referring to the present import quotas on sugar and the proposed quotas on oil. "Behind a tariff barrier we can have effective competition. If the barrier is right, it will not be high enough to prevent foreign competition on a fair and reasonable basis."

Flaxseed presents an example. Soon after the war's end, our Government decided to spur domestic production of linseed oil by setting a floor of $6 a bushel under flaxseed.

Domestic production boomed, and today the Government itself holds nearly a year's domestic supply of flaxseed and linseed oil, with another bumper crop due.

The current price support of $3.99 a bushel is so far above the world price that not only has the United States lost what it once held of the world linseed oil market, but it has had to place a flat embargo on imports to save the domestic market.

Mr. MALONE. Mr. President, in order to round out my remarks regarding the policies of Great Britain, in forcing other countries to remain a member of the sterling area, I ask unanimous consent to have included in the RECORD an article from the New York Times of September 5, 1949, entitled "Britain and the Sterling Balances."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRITAIN AND THE STERLING BALANCES

(By Edward H. Collins)

At the end of the war, in 1945, the so-called "frozen" sterling balances in London amounted to approximately $13,500,000,000, of which roughly $4,500,000,000 were held by India. When the question of an American loan to Britain came up later that year these balances were admittedly a major cause of concern to the American negotiators.

That loan, strictly speaking, was a line of credit to be drawn upon over a period that was to end on December 31, 1951. Since the purpose of the credit was to assist Britain through the immediate postwar transition period, the terms of the agreement provided that repayment should not begin until the year of 1952. In view of that fact and in view of this country's own contribution to the conduct of the war in the form of lend-lease, our Government, understandably, felt justified in insisting that the United Kingdom seek a general scaling down of the claims represented by these sterling balances. Under the terms of the loan agreement, therefore, she undertook to negotiate long-term settlements for that purpose with her sterling creditors. Among other things, she committed herself specifically to a pledge that she would limit to $175,000,000 the amount that might be released in liquidation of these balances in any one year (except for capital transactions).

In the case of India (and apparently in the case of other countries as well) there is today, at the end of more than 3 years, no evidence of any real progress toward such a permanent settlement. No long-term master plan has been worked out. There have merely been a succession of short-term agreements, principally for the purpose of establishing the amounts of sterling that might be released from year to year.

As for the 1949 agreement, which was recently completed, one can only say that it seems to have left even British editorial commentators mildly scandalized. The economist finds the whole chapter "a sorry tale"; to the Investors Chronicle it is incredible, while the financial editor of the Manchester Guardian Weekly sees the episode as symbolizing the policy of drift which leads to disaster. Even such a stanch supporter of the Labor Government as the new statesman and nation is moved to observe that "Viewed in the setting of the sterling area's dollar crisis, the new payments agreement * * * looks remarkably liberal on Britain's part." And Mr. Paul Elzig, in his weekly cable from London to the Commercial and Financial Chronicle, declares frankly: "To engage in debt retirement on any such scale when the balance of payments shows a deficit is surely without precedent in British financial history. It is a reckless, irresponsible policy to which Britain's difficulties are largely responsible."

Under the 1948 agreement with India no release of sterling was contemplated during the year 1948–49, while drawings for 1949–51 were fixed at an annual rate of £40,000,000. Actually, however, as a result of a heavy program of imports—consumer goods imports, it should be added—India exhausted inside of the first 12 months the entire allotment of sterling agreed upon for this 3-year period. In addition, she overspent her dollar allocations by an amount variously reported at from one-third to 100 percent. These things were possible, of course, only because the British Government permitted the Indian authorities to anticipate releases of sterling for future years and to allow unscheduled drawings of dollars from the sterling area's dollar pool.

Does the new 1949 agreement require that these overdrafts (or some part of them at least) be made good in future years? Quite the contrary. Not only have these excesses been written off; they have, it would seem, been rewarded. India is to be permitted to draw £150,000,000 from its sterling balance over the next 2 years, £100,000,000 of it in the come 12-month alone. As for dollars, she is to be penalized by being made a full member of the sterling area, which is to say that henceforth she is released from any specific limitation on her dollar quota.

Now it is obvious that all this is in flagrant violation of both the spirit and the letter of the American loan agreement. At the moment, however, that is of comparatively minor importance. What is of major importance is the fact that in deliberately opening the floodgates, as it has, for this vast outflow of unrequited exports to a sellers' market the British Government has actively contributed to the defeat of the one policy which, as Mr. Paul Hoffman has accurately pointed out, can solve the problem of the so-called dollar shortage. That is the policy of increasing dollar earnings by increasing sales to the dollar area.

Sir Stafford Cripps may have a convincing explanation for this seemingly inexplicable handling of the Indian balances. If so, he has certainly not yet divulged it. In the absence of such an explanation it seems to be the general conclusion of British economic commentators that, in the words of The Economist, it represents an effort to "muzzle the crisis until after the elections" by preventing "any disturbance in the export industries that supply the Indian market." If this is the correct interpretation of Britain's sterling balance policy then it emerges as neither more nor less than a thinly disguised public works program—a public works program, it may be added, which on the one hand promises none of the permanent benefits customarily associated with undertakings of that kind and which, on the other, contains definitely morbid possibilities in terms of Britain's paramount economic problem, the problem of dollar exchange.

Mr. MALONE. Mr. President, to supplement my remarks on the floor regarding the loss of American markets abroad, I wish to include in the RECORD two dispatches, one appearing in the New York Times of September 4, 1949, and the other in the New York Herald Tribune of September 5, 1949, showing how anxious Britain is to take over the United States markets for oil. It shows to what lengths Great Britain will go in order to capture a large share of our markets abroad to earn dollars.

Mr. President, I ask unanimous consent that the articles may be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times of September 4, 1949]

OIL DISTRIBUTION PARLEY'S BIG TOPIC—BRITISH CALL SALE OF PRODUCT OF MIDDLE EAST ONE WAY TO EASE FISCAL PROBLEM—LIKE RUBBER AFTER WAR I—BOTTLENECK IN MOVE FOR WORLD CONTROL OF MARKETS CALLED LACK OF REFINERIES

(By J. H. Carmical)

The distribution of oil in the world markets is expected to be among the principal topics to be discussed at the forthcoming Anglo-American conference to be held in Washington. Holding an estimated 60 percent of the vast petroleum resources of the Middle East, the British are understood to hold the position that one of the ways to solve their present fiscal problems is to sell as much of this oil as possible in the world markets.

Following World War I, the British received a large amount of foreign exchange, especially dollars, from the sale of rubber produced in their colonies in the Far East. While they still are receiving some exchange from this source, it is only of minor importance because of the decline in the price of rubber and the relative decrease in demand resulting from the development during the last war of a large synthetic-rubber industry.

With the demand for oil products throughout the world steadily increasing the British now are looking for petroleum to do what rubber did for them after World War I. In the United Kingdom they have embarked on a gigantic refinery building program, partly with dollars supplied through the Economic Cooperation Administration. At the same time, they have been making as many long-term contracts as possible for the sale of crude oil to other countries, the most important of which so far has been Argentina.

LACK OF REFINERIES FELT

The bottleneck in the British move for control of the international oil markets is the lack of refineries. Since a large part of refinery equipment must be purchased in this country, a huge amount of dollars would be required for that purpose. In the trade, it is stated that more dollars would be needed to build up a refinery capacity abroad than would be required to furnish oil products from dollar areas over the next few years.

Under the ECA, however, dollars have been supplied for the purchase of oil products and also refining equipment. Recently, the ECA has been looking at the refinery expansion program of the sterling-bloc area with a more critical eye and relatively few dollars in the past 3 months have been allocated to any European country participating in the recovery program for the purchase of refinery equipment.

The British are being further aided in their drive for the domination of the international oil markets by the scarcity of dollars in the oil-importing countries. However, so far as the Marshall-plan countries are concerned, the belief is that sufficient dollars will be made available to them to purchase all the oil products they need from the American countries until 1952. In fact, the State Department already has asked some of these companies to estimate the amount of dollars needed for oil purchases in the sterling-bloc areas.

LONG-RANGE PROGRAM URGED

According to reports in the trade some members of the administration are of the opinion that the further development of any country might not have the necessary ability to obtain necessary oil supplies. With the bulk of the oil available to international

markets held by British and American interests, the view is taken in certain oil quarters here that the time is at hand when an attempt should be made to work out a long-range program that would make adequate oil supplies available, despite the fact that the importing countries might not have the necessary exchange.

With the important oil discoveries in recent years, there is believed to be enough petroleum now in sight to meet all needs for several decades. The problem now, as part of the trade sees it, is to create a vehicle through which this oil will flow to all who need it in an orderly manner.

Roughly the oil resources outside the United States and Russia are held almost equally between United States and British interests. The chief exporting areas are Venezuela and the Middle East. This oil is held mostly by about one-half dozen United States companies and two British organizations.

Prior to World War II when foreign exchange was a little more plentiful and also when oil products were much cheaper and thus not so much exchange was needed, operations of the international oil companies were not so difficult. Occasionally, a price war would develop, but generally the marketing of oil products was orderly.

Oil requirements now, however, are so much greater, and expected to expand further, that some observers believe that it is necessary for the United States Government to intervene and aid the companies in the distribution of their products.

[From the New York Herald Tribune of September 5, 1949]

BRITISH PLANS HELD THREAT TO UNITED STATES OIL—HOVEY URGES CONFEREES TO GUARD OUR INTERESTS

HOUSTON, TEX., September 4.—British proposals to increase oil refining capacity in the United Kingdom are "a back door effort to push American oil out of its markets," D. W. Hovey, president of the Gulf Coast Refiners' Association, charged here today.

In a statement forwarded to Senator Tom Connally, Democrat, of Texas, chairman of the Senate Foreign Relations Committee, Mr. Hovey urged that American officials attending the forthcoming Washington conference of the British dollar crisis, take steps to safeguard the American oil industry. Oil men, oil State officials, and representatives of the general public, he said, should be allowed to attend the conference.

Mr. Hovey alleged that the British are attempting, through economic negotiations, to bring about the same degree of international oil control which was the objective of the Anglo-American oil treaty, negotiated in 1945 and 1946, and which the Senate rejected in 1947. He quoted London news reports which said the British sought some time ago to obtain aid under the European Recovery Administration to finance an increase in refining capacity and production facilities in the Middle East which would have enabled them to dispense with $400,000,000 annually in oil imports and provide products for export to former American markets.

He also quoted reports that British officials plan to present to the dollar crisis conferees such questions as regulation of production, allocation of markets, fixing of prices, and strategic defense of such exposed oil-producing regions as the Middle East.

Mr. MALONE. Mr. President, in order to show further evidence of the kinds of trading deals that are used abroad I ask unanimous consent to include a clipping from the New York Times of Sunday, September 11, 1949, concerning the dumping of goods of Czechoslovak origin and other countries.

I also ask unanimous consent for inclusion in the RECORD of an article in the Washington Star of September 10, which reports a British labor leader as saying that Britain sells goods abroad below cost.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times of September 11, 1949]

CZECHS DUMPING GOODS IN THE WEST—SELLING BELOW PRODUCTION COST AT WIDE RANGE OF PRICES—POLITICAL MOTIVE SEEN

(By Raymond Daniell)

LONDON, September 10.—Czechoslovakia is invading the markets of the west with subsidized exports that frequently are sold below the cost of production. Whether this is solely in desperate quest of foreign exchange with which to purchase raw materials for her industry or whether it has a political motive as well is not known, but it is suspected that the Russian gold loan of last December is being used to assist the policy of dumping under the direction of the Soviet-sponsored council for economic mutual assistance.

In any case United States and British trade experts and economic advisers are watching the situation closely to determine whether the policy of expanding trade between east and west is always desirable. It may be that it will be found advisable to halt shipments of certain raw materials to Czechoslovakia as nickel shipments to Russia were halted recently.

Czechoslovakia is, of all Russia's satellites, the main "workshop." Despite the efforts of her Communist regime to convert from luxury producing industries to the production of goods the Soviet needs and divert the bulk of her export trade from west to east the country is still dependent on the west for 60 percent of its imports of raw materials. To obtain these Czechoslovakia needs western currencies including dollars to pay for rubber from Malaya, iron ore and ball bearings from Sweden, dollars and sterling for United States and Indian cotton, Australian wool, Indian jute, and Bolivian tin.

THE OFFICIAL EXPLANATION

That Czechoslovakia is dumping subsidized exports abroad there is no doubt. The explanation given there is sometimes that it is one way of imposing price rationing on domestic customers and thus diverting a large part of production into the export markets. That presupposes that domestic prices are fixed far above cost and that export prices are fixed at a price that at least covers the manufacturer against loss.

The British and foreign trade experts doubt that is true. For instance, the Tatras automobile, which sells inside Czechoslovakia at 250,000 crowns [£5,000 at the official exchange rate; about $800 in New York gray market] is being offered in the Netherlands and Pakistan at the equivalent of 38,000 crowns. In Poland the price is 98,000 crowns, which is believed to be about what it costs to produce the car. In other countries the price varies considerably between the Dutch low and the Polish high.

The practice is not confined to automobiles but extends to many other products of Czechoslovakia, including textiles. One peculiarity is that the prices for goods sold in France are lower than those to Britain, although Czechoslovakia is more in need of sterling than of francs.

These policies were followed by Czechoslovakia before the advent of the Communist regime, but not to the present extent and formerly prices were based on what the market would bear and had some relation to the cost of production. Now they seem to be designed solely to undersell competitors and it is suspected in some quarters that the Council for Economic Mutual Assistance is using Czech industry to compete with the free enterprise countries for political as well as economic reasons.

Others hold that the volume of trade is neither sufficient to cause any serious embarrassment to the west nor to obtain enough foreign exchange for the purchase of raw materials. Last December's Russian loan of gold and free currencies is believed to make up the deficit. Losses sustained by manufacturers are made up by drafts on the Industrial Development Fund that Czechoslovakia maintains from the receipts of the sales tax and gains from the liquidation of private property.

According to some observers, Russia through the Council for Economic Mutual Assistance is doing for the Czechoslovak regime about what the United States is doing in Yugoslavia through the Export-Import Bank which recently approved a $20,000,000 loan to Yugoslavia. The present policy helps to keep Czech industry going at full capacity and full employment is useful propaganda even if the Czechs receive little direct benefit of their own production. Others suspect that the Communist Information Bureau believes that by underselling exports from the western countries at a time when there is a seller's market Czechoslovakia can be used as a catspaw to add one more straw to the burden the free enterprise countries of Europe are bearing.

[From the Washington Star of September 10, 1949]

BRITISH REPORTED SELLING GOODS ABROAD BELOW COST

LONDON.—Some British hosiery manufacturers are selling goods at below cost in foreign countries in order to keep their foreign markets, a hosiery union leader says.

"Some firms, I am sure, are selling goods abroad below cost to secure business." George Dearing, district secretary of the National Union of Hosiery Workers, says in a message to union members: "This, to me, is economic suicide, but it does demonstrate the difficulties we are facing in this country."

Mr. MALONE. Mr. President, in order to underline my remarks about the creation and artificial maintenance of economic balances all over the world, I wish to include in the RECORD a clipping from the New York Herald Tribune of September 4, 1949, reporting the plans of the European Consultative Assembly for a single preferential trading system for the continent of Europe, plus all the colonial areas and territories of European nations.

Europe would ask the United States to relax its requirements of nonpreference in Europe and to cut tariffs further.

I ask unanimous consent to have the clipping printed in the RECORD at this point.

There being no objection, the clipping was ordered to be printed in the RECORD, as follows:

EUROPE COUNCIL BACKS PLAN FOR ECONOMIC BLOC—STRAUSSBOURG PARLEY STUDIES SENDING OF A DELEGATION TO DOLLAR CONFERENCE

STRASBOURG, FRANCE, September 3.—The European Consultative Assembly called today for a European economic union, and made plans to seek American aid in its creation.

The union would have a free money market and a single preferential trading system embracing European colonies and empires, and perhaps a single postage stamp.

The assembly of 101 delegates from twelve nations voted overwhelming, on a show of hands, to call upon the ministerial commit-

tee, the upper house of the council of Europe, to prepare such a program of economic union. The ministerial committee is to meet here next month to consider the recommendation.

Plans are afoot to send a delegation, headed by assembly President Paul-Henri Spaak, of Belgium, to Washington while the British-American dollar talks are in progress. The delegation's job would be to request tariff cuts and negotiate for treaty changes—such as the United States "most-favored-nation" trade agreements.

In effect, the proposed economic union would extend Great Britain's preferential trading system—by which trade with her empire and colonies receive favored treatment in tariff rates—to the French, Dutch, and Belgian empires and eventually to the other European members of the council—Ireland, Italy, Sweden, Norway, Denmark, Luxemburg, Greece, and Turkey.

FREE MONEY MARKET

Such a union would run counter to the "most-favored-nation" treaties which those nations now have with the United States. Washington's permission would be necessary before one member could give to its neighbors better trading rights than Americans now enjoy.

In the assembly, the British Labor delegates voted in favor of a free money market—which would let European currencies find their own levels with relation to one another—when assured this would not involve removing control of European currencies in their relation to the dollar.

At the same time, the British Conservative delegates helped carry a proposal that a system of "guaranteed European markets" be set up. Hugh Dalton, a British Cabinet member, explained this meant that "one country will offer to purchase from another, for a considerable stated period of time, a definite amount of that country's products."

This was a victory for the British Labor government's planned economy ideas. If carried out, it would be a continuation of purchasing agreements between European governments—a form of bilateral trading rather than general multilateral trading favored by the United States.

PROGRAM IN DETAIL

The assembly called the attention of "the peoples of Europe of the gravity of the peril in which they are living and the advantages of uniting their resources in a common effort to regain solvency."

The program, prepared by a British Conservative delegate, David Eccles, and presented by the assembly's economic committee, which is headed by former Premier Paul Reynaud of France, also urged the ministerial committee to—

Create permanent machinery for consultation on credit policies;

Study ways of encouraging Americans to invest in Europe;

Investigate European production with a view to reduction of imports from non-European countries;

Organize inter-European conferences of employers, workers and consumers on increasing industrial and agricultural production;

Sponsor a European convention on control of cartels.

In addition, a subcommittee will take up the questions of issuing a European postage stamp and developing the tourist industry.

Mr. MALONE. Mr. President, during my speech on the Senate floor the other day, I mentioned the pressure put on foreign nations to devalue their currencies. Both the administration and the international agencies have acted in this respect. I wish to include in the RECORD a report appearing in the Journal of Commerce of September 14, 1949—a report describing the advantages of the International Bank and the International Monetary Fund for devaluation abroad and further lowering of the trade bars of the United States. I pointed out in my speech that what is needed abroad is not devaluation which will again fix currencies at lower value in terms of United States dollars. What the world needs is honesty in exchange values, in other words, let foreign currencies find their true value. Devaluation is merely another means of setting a more advantageous rate for currencies of foreign nations to be able more easily to invade our domestic markets.

In other words, Mr. President, that there be a complete interchangeability and means of exchange. When we buy a dollar's worth of sugar in this country we receive our money's worth. In other countries the government sets the value of the currency. We do not set the value of the dollar here. So I say that what we need is the same thing throughout the world. If in the markets of the world we do not have a gold standard we at least have a dollar standard and a free dollar standard at that. We know what the currencies are worth in relation to the value of the dollar.

Mr. President, I ask unanimous consent that the matter referred to may be printed in the RECORD at this point.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

WORLD BANK AND FUND CALL FOR DEVALUATION ABROAD, BID UNITED STATES LOWER TRADE BARS—HOLDS BROADER MARKET HERE IS ESSENTIAL TO INTERNATIONAL RECOVERY

(By Joseph R. Slevin)

WASHINGTON, September 13.—The International Monetary Fund and Eugene R. Black, president of the World Bank, today demanded that the United States live up to its international responsibilities by cutting tariffs on imports and that European nations slash prices—by currency devaluation, if necessary—so they can compete in the American market.

President Truman immediately replied to these dramatic appeals with the assertion that "nothing will contribute more to the peace of the world than international cooperation for finance and development." The board of governors of the bank and fund opened their fourth annual meeting here today.

MUST CUT BARRIERS

"One of the principal things you will have to work out is to do away with the obstacles to international trade," the Chief Executive declared in an informal welcoming address to the governors at their afternoon session. The fund and bank had made their attitudes plain at the opening session this morning.

President Truman told the group he is particularly pleased that you're here at this time. The United States, he continued in a broad reference to this country's multilateral trade policy, wants you to buy the things we make best and we want to buy the things you make best.

The President added that he hopes all of you will go back home with the idea of cooperating on a world basis.

The fund's appeal was indorsed by its executive board, which represents 48 member nations. Mr. Black said he was speaking for himself, and that his views are not necessarily those of the bank.

In effect, the fund's appeal was delivered with the approval of the United States. The United States members of the fund's executive board control 32 percent of the votes and could have blocked the statement if it was not in accord with Truman administration policy.

HELD JOINT RESPONSIBILITY

Both Mr. Black and the fund made it unmistakably clear that they believe the world dollar-shortage crisis is the joint responsibility of those nations that cannot earn enough dollars through sales to the United States and of the United States itself.

They told the United States that it must lower its tariffs further and simplify its customs procedure.

Mr. Black went further: "It does not make good sense," he asserted, "for America to encourage the production of goods for the domestic market which could more economically be imported, and certainly all attempts to use the aid programs as a vehicle for dumping surplus goods abroad should be strongly resisted."

Secretary of the Treasury John Snyder again used general language pledging the United States to the principles of international cooperation. "It is our common cause to expand world trade under conditions which will assure the best utilization of the world's resources toward a high level of employing and rising standards of living," he said.

At the same time, the bank and fund minced no words in telling the European countries what they must do to pull themselves out of the dollar jam.

MUST PRICE GOODS DOWN

They were told they have no choice but to make the painful decision to get their goods priced down to where they will be able to compete in the United States market. Domestic production costs must be reduced and exports must be channeled directly to America, even at the cost of losing easy sales in soft currency areas, it was said.

(This situation is exactly that of Britain.—Editor's note.)

At this point, the controversial question of devaluing European currencies was brought into the open.

Mr. Black was blunt. He said he fails to see how the establishment of a new system of exchange rates can be avoided.

ADJUSTMENT OF RATES

The Monetary Fund was less direct, but no less emphatic. Pointing out that reducing prices through cutting costs is a slow process that does have a bottom limit, the agency said that "where a price reduction is necessary to expand exports it would in many cases seem possible only through an adjustment of the exchange rate."

Thus, the 48 members of the bank and fund took up today where the United States-British-Canadian dollar conferences left off yesterday.

The United States has again been told that it must readjust to its new role as the world's only major creditor nation. And the question of currency devaluation, which British Chancelor of the Exchequer Sir Stafford Cripps attempted to put at rest as far as the pound sterling is concerned, is once again very much alive.

FEAR TRADING BLOCS

It was emphasized today that the alternative to reducing trade barriers and broadening free exchange is the growth of dangerously restrictive trading blocs and nationalistic self-sufficiency on the pattern that existed between the two world wars.

The representatives of the United States, Britain, and Canada, pledged themselves yesterday to continue in the direction of free trade through world cooperation.

POLICIES INCONSISTENT

In words reminiscent of those used by Canadian Finance Minister Douglas Abbott last week, Mr. Black asserted that "despite

a rather remarkable shift in the attitude of the United States in recent years, some of its policies are still basically inconsistent with its position as the great creditor nation of the world.

"Modifications of these policies," he continued, "like those that are necessary in Europe, may injure particular groups or interests within this country, but in my judgment, such modifications are essential, both to restore the health of the world's economy and to maintain America's own prosperity."

He suggested a drastic modification in the policy of the Economic Cooperation Act, proposing:

1. That the share of ECA aid to each participating country be defined as clearly as possible for the remainder of the recovery program, and that each country be given assurances that its share will not be reduced if it earns or saves more dollars than had been expected—nor increased if its dollar deficit grows larger.

END OF RESTRICTIONS

2. That all restrictions be removed from the use to which ECA dollars may be put so that such dollars will cease to be "soft dollars" and so each country can use them as it sees fit.

This approach will squarely place responsibility on the participating nations to take the measures necessary for their own recovery, Mr. Black declared.

He had a particularly bitter pill for Britain's Sir Stafford Cripps. Mr. Black pointed out that the problem of reducing the burden of governmental costs on production is a difficult one.

SOCIAL PROGRAMS COSTLY

"Unfortunately, however, it has become apparent," he said, "that many countries cannot now afford ambitious programs of social services without either reducing their living standards in other respects or cutting back their productive investments designed to make possible a better standard of living in the future."

Britain's Socialist Government has been under attack from United States business interests that contend the British will not be able to bring their payments into balance until they moderate their social reform and industrial nationalization programs.

The Monetary Fund, which repeatedly stressed the importance of increased sales to the United States as the key to solution of the dollar crisis, used more academic language to criticize the domestic policies of its European member nations.

"The starting point for any policy designed to improve their position is the gradual reduction of the present proportion of investment and consumption compared with their output," the Fund said.

It pointed out that inflation has smacked western Europe a lot harder than it has hit the United States. Indexes of the export prices, in dollars, of the principal western European countries exporting manufactured goods ranged about 200 percent of the 1937 price level, it said. United States prices, by comparison, had risen to only 175 percent of their 1937 average.

The Fund estimated that elimination of the 1948 European deficit with the Western Hemisphere would have required raising European exports 280 percent.

LOANS FOR DEVELOPMENT

In its annual report, the bank again stated its double-barreled conviction (1) that productive loans to underdeveloped nations are a prime way of broadening trade and (2) that there loans must be based on sound risks and cannot be "fuzzy" loans with little prospect of repayment.

Any transactions with underdeveloped countries that want to set the rate of their development at a faster pace than their own resources will permit, should be outright grants, the bank said.

In its judgment, the international lending agency continued, foreign development financing preferably should be derived mainly from private sources.

"Over the long run," it continued, "it is only the sustained flow of private capital that can provide external financial assistance in amounts sufficient to make a significant inroad on the world development needs."

The bank explained once again that its lending activities have been hampered more by the failure of prospective borrowing countries to present sound and well-considered projects than by any other single factor.

BANKERS SEE REVALUATION STEP NEARER

(By Thomas O. Waage)

Executives in foreign departments of large New York City banks now believe that a general revaluation of the pound and other allied currencies has advanced a step nearer as a result of the clarifying statements made at the meetings of the International Monetary Fund and the International Bank for Reconstruction and Development.

DISCOUNT STERLING SPURT

They emphasized, in particular, the statement of Eugene Black, president of the World Bank, that devalution is the first of four major measures to improve international financial conditions, and the report of the Fund that prices of export goods of western European countries are not competitive with United States producers' prices.

Mr. MALONE. Mr. President, I wish to include in the RECORD a clipping from the Journal of Commerce of September 14, 1949, reporting the loosening of Marshall-aid terms in order to implement the agreements reached by Canada, the United Kingdom, and the United States in the recent conference regarding the British crisis.

The buying requirements of the ECA Act will be made easier. The changes in the administration of the ECA Act will not require any new legislation, according to Mr. Hoffman, and he will take responsibility for interpreting the act to carry out the tripartite agreement.

This simply is putting into effect what was agreed upon, according to the news dispatches, at the international conference, to change the intent and the idea of the Congress in administering the ECA Act, but evading Congress to bring about such change.

Mr. President, I ask unanimous consent to have the clipping printed in the RECORD at this point.

There being no objection, the clipping was ordered to be printed in the RECORD, as follows:

ECA SET TO EASE UNITED KINGDOM TERMS IN LINE WITH NEW ACCORD

Quick liberation of Marshall plan aid terms to implement agreements reached at the tripartite dollar conference in Washington was indicated yesterday by Economic Cooperation Administrator Paul G. Hoffman.

He said at a press conference following an address before the Sales Executive Club of New York at the Hotel Roosevelt that ECA will:

1. Assume part of the burden of the British contract to buy Canadian wheat.

2. Broaden ECA payments to include a number of small transactions not previously covered.

Mr. Hoffman said that it has not yet been decided how much of the $309,000,000 of wheat Britain is to purchase in Canada this year will be financed by the ECA and stated that discussions on this problem are continuing.

This operation will not require any new legislation by Congress, Mr. Hoffman told reporters, adding that he is willing to take responsibility for interpreting the present Foreign Assistance Act, under which the Marshall plan functions, to allow aid funds to be used for this purpose.

Under the act, the ECA is not permitted to grant funds to participating countries to buy commodities which are declared surplus in the United States in any other country but the United States.

ESCAPE CLAUSE IN ACT

Mr. Hoffman said that there was an escape clause in the act which he believes will allow him to contravene this provision. He stated that he does not intend at present to take similar action for any of the other commodities which are currently in surplus in the United States.

Commenting on the liberalization of buying terms, the ECA Administrator said the planned inclusion of a substantial number of small transactions will mean considerably more detailed work for his agency.

Asked about results of the tripartite American-British-Canadian dollar talks, Hoffman said that he agreed with Sir Stafford Cripps, British Chancelor of the Exchequer, that the conference has reduced the English dollar problem to manageable proportions.

DEVALUATION COMPLEX

The Administrator, reportedly an advocate of devaluation, a subject left untouched in the conference's final communique, said in response to questions that devaluation was a highly complex problem and that he "would not think of telling any country what to do about its currency."

In his earlier address to more than 1,400 sales executives, including some of the most prominent figures in American industry, Mr. Hoffman urged that the United States must give Europe an opportunity to earn the dollars it needs.

Charging that Russia is depending for its policy of world conquest on a depression in the United States and disunity among the free nations of the world, Mr. Hoffman told that the recession in the United States has started to recede. He said that western Europe's eventual ability to support itself is a prerequisite for cementing the unity of the democratic nations.

Preceding his address, Mr. Hoffman was presented with a gold plaque honoring his service in the cause of world peace by Thomas J. Watson, president of International Business Machines.

Mr. MALONE. Mr. President, I pointed out in my speech on the Senate floor the other day that the trade agreements program was merely one phase of the three-part free trade policy of the State Department. The ITO charter would be a second phase. Mr. President, without doubt it will be brought before the Congress of the United States, either later this year or early next year, once the Trade Agreements Act is extended. I regard the Havana Charter of the International Trade Organization as an instrument dangerous to the welfare and independence of the United States. Mr. President, it is a part of this program, an inseparable part, according to Mr. Thorp, the Assistant Secretary of State.

I ask unanimous consent for inclusion in the RECORD of a series of three articles appearing on April 20 to 22, 1949, in the Wall Street Journal. These articles present a clear nontechnical analysis of the

charter and in my opinion will be valuable for reference.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal of April 20, 1949]

CONTROLLED TRADE—BASED ON DUBIOUS THEORIES, ITO CHARTER WOULD COMMIT UNITED STATES TO GOVERNMENT ECONOMIC DIRECTION, GLOBAL AID

(By Joseph E. Evans)

President Truman hopes soon to send to Congress a document as strange in implication as it is difficult in text.

Officially designated the Habana Charter, it would be if approved the legal basis for an International Trade Organization. The charter was signed by representatives of 53 nations in the Cuban capital a little over a year ago and must now be ratified before it can go into effect.

It is a weirdly convoluted piece of work. As in a bad symphony, extraneous themes emerge with sudden sharpness from a pattern so intricately involved as to be unintelligible. In part clear, much of the meaning is lost in terminological and philosophical confusion.

Since the signing in Habana, the charter has been subjected to exhaustive analysis and considerable criticism. What is essentially wrong with it is that where it is clear and positive it commits the United States to the economics of Government control; for the garbled rest, it not only fails to remove the barriers to world trade—which is its raison d'etre—but condones and perpetuates them.

The proposed International Trade Organization comes under the aegis of the Economic and Social Council of the United Nations, but its initiator and untiring guide is the American State Department. This is not to say that the State Department started out with the idea of placing the American economy under governmental and intergovernmental control; what the Department proposed way back in November 1945, was a generally reasonable statement of American principles of free trade.

But in the years of negotiation which followed, the principles got diluted practically to nothing, and the concept of governmental economic control waxed dominant.

STRUCTURE OF THE ITO

The Habana Charter would create an International Trade Organization consisting of all the Habana signatory nations which care to join. Other nations could join later. The ITO would consist of a "conference"—all the members—which would meet once a year, an executive board and various commissions.

The real motive power would be the executive board, on which 18 members would be represented. Eight of the 18 are supposed to represent areas of chief economic importance, which suggests that the United States would be one of them. The charter does not, however, say so, and in any case a nation's term on the board is 3 years, after which theoretically eight other important countries or areas could be elected.

Each member of the executive board would have one vote, and decision would be by simple majority.

Now what is all this for? It is for the purpose of "realizing the aims set forth in the charter of the United Nations, particularly the attainment of higher standards of living, full employment and conditions of economic and social progress and development."

How is that to be done? By assuring "a large and steadily growing volume of real income and effective demand," assisting "industrial and general economic development," furthering the "enjoyment by all countries, on equal terms, of access to * * * markets, products, and productive facilities," promoting "on a reciprocal and mutually advantageous basis the reduction of tariffs" and enabling "countries * * * to abstain from measures which would disrupt world commerce."

From this it is clear that the ITO would range far and wide beyond the field of international trade; in the Habana Charter, members pledge themselves to do and not to do an extraordinary number of things. And the members are governments; the private individuals who one might suppose are actually engaged in trade might as well not exist.

NECESSITY FOR GOVERNMENT CONTROL

One of the things members pledge themselves to do is to take action designed to achieve and maintain full and productive employment. Even if full employment is desirable, conceived in its proper relation to the total economy, as an over-riding policy to be pursued regardless of other considerations it necessarily requires Government control of the economy and therefore entails the destruction of a free economy. From the viewpoint of world trade, what is relevant is not full employment but full production.

This fact the charter never grasps. The whole question of employment got into it on the basis of the theory that full employment is a necessary condition for the expansion of international commerce; the obverse of this is the theory of the exportation of unemployment.

The key word here is "theory." In approving this charter, the American people would be voting to controvert the economic system which has given them the highest standard of living in the world for the sake of a theory, which being a theory is arguable and which in this case is totalitarian in purport.

The Habana Charter, then, if it were to be taken with any seriousness at all, would necessitate Government control of the national economy. It would also involve international economic planning, the planning to be done by the ITO's executive board. As we have seen, this board would presumably include the United States, which like the others would have exactly one vote and no veto, thus equating its power of decision with, for example, Afghanistan, should that country be a member of the first executive board.

THE CREDITOR'S GUILT

This circumstance is the more interesting in that the planning would affect the United States more than any other country. Let us look at article 4, paragraph 1, of the charter:

"In the event that a persistent maladjustment within a member's balance of payments is a major factor in a situation in which other members are involved in balance-of-payment difficulties which handicap them in carrying out the provisions of article 3 [full employment] without resort to trade restrictions, the member shall make its full contribution."

Now who do you suppose that member which has to make its "full contribution" is? Right. The United States of America. We have a persistent maladjustment in our balance of payments: Almost alone of the important trading countries, we export much more than we import. For that crime, which is the crime of being productive and prosperous, we must make our "full contribution." What is that? The charter doesn't say—but export controls and/or dollar credits suggest themselves.

Here again we would be committing ourselves to the implications of a theory which not only is not proved but which in fact runs directly counter to the kind of thinking which has made America prosperous. This theory is that it is to considerable degree the fault of a creditor nation that other nations are debtors, just as it is the fault of a banker that other people have to come and borrow money from him.

In accepting the charter, we would not only be subscribing to this theory, but placing its implementation in the hands of an international bureaucracy in which we would probably be represented but unquestionably outnumbered. Only the very naive can imagine that, in matters affecting their interests, debtor nations would side with practically the only creditor nation, which would have one vote among eighteen.

GLOBAL AID FOREVER

Having thus far carried the United States to governmental economic control internally and surrender of a hefty slice of economic sovereignty externally, the charter then proceeds to commit this country to perpetual global aid. According to article 10 "the (International Trade) Organization shall cooperate with the Economic and Social Council of the United Nations and appropriate intergovernmental organizations on all phases * * * of * * * development and reconstruction; and in particular, in respect of finance, equipment, technical assistance, and managerial skills." In the next article, members are obligated to cooperate in providing capital funds, materials, etc.

Theoretically this obligation falls on all according to their ability, but practically only the United States is in a position to extend such assistance on any significant scale.

We already have the Marshall plan and other aid projects; presumably we will have President Truman's "bold new" program of global technological assistance. These are voluntary and spontaneous efforts on our part to help less fortunate countries. There is a vast difference between them and a commitment to finance the rest of the world's reconstruction and development forever.

It may be argued this is not a pledge to provide capital funds and equipment but to "cooperate" in providing them. Where have we heard that word before?

[From the Wall Street Journal of April 21, 1949]

HOW TO FREEZE TRADE—INSTEAD OF LIBERATING WORLD COMMERCE, THE ITO CHARTER OUTLINES AND ALLOWS ALL RESTRICTIONS KNOWN TO MAN

(By Joseph E. Evans)

The purpose of the Habana Charter for an International Trade Organization—a lengthy and obstruse document which may soon be submitted to Congress for adoption or rejection—is primarily to free world trade from the many restrictions now hampering it.

This purpose the charter resoundingly fails to accomplish.

Someone has commented that the Havana Conference, at the end of which representatives of 53 nations signed the charter, was an excellent course of instruction in the restraint of international trade; the economically less developed countries listened diligently to how their more sophisticated brothers did it.

In the charter all the practices restrictive of world commerce are detailed and the ways provided for ITO members (governments) to establish or continue them. Since the barriers to trade are thus condoned by what would be the highest authority if the charter were adopted, there is no reason to suppose nations would not go right on resorting to them when it suited their purpose. If they had not been so thoroughly codified, it might be easier to get rid of them.

EXCEPTIONS TO EXCEPTIONS

The usual procedure in chapter IV, which is the one concerned with these matters, is to state a free-trade principle and then outline the ways of violating it without violating the charter. The result is a labyrinth of

exceptions, often enough involving exceptions to exceptions.

Paragraph 1 of article 26 reads:

"No member shall grant, directly or indirectly, any subsidy on the export of any product, or establish or maintain any other system, which subsidy or system results in the sale of such products for export at a price lower than the comparable price charged for the like product to buyers in the domestic market, due allowance being made for differences in the conditions and terms of sale, for difference in taxation, and for other differences affecting price comparability."

Not an eminently readable sentence, but one of the better ones in the charter—clear if you take it slow. Paragraph 4, same article, reads:

"Notwithstanding the provisions of paragraph 1, any member may subsidize the exports of any product to the extent and for such time as may be necessary to offset a subsidy granted by a nonmember affecting the member's exports of the product."

This is a relatively forthright example of principle and exception; other exceptions cover pages of small print. Although each principle is negated by its individual exceptions, a blanket exception toward the end of the chapter provides that if imports are hurting domestic producers "the member shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation [any obligation in the chapter including tariffs] in whole or in part or to withdraw or modify the concession."

Just to make triply sure, article 45 allows members to do anything they jolly well please on 14 different pretexts which cover or can be made to cover any trade abuse a nation chooses. Finally, in chapter VIII is an article entitled "General Exceptions" which allows members also to invoke "national security" to escape the rules.

AN ESCAPE FOR EVERYBODY

What happened, of course, was that every nation succeeded in getting written into the charter justification for the particular abuse it favored—and then some. Instead of a charter for world trade there emerged from Habana something it would not be inaccurate to call a charter to restrict world trade.

The escapes would apply to the United States as well as to any other country ratifying the charter. We could withdraw tariff concessions if imports were hurting domestic producers. Our duty-preference arrangements with Cuba and the Philipipnes are specifically exempted from elimination, though not from modification. It is sometimes argued, therefore, that the United States would benefit just as much as anyone else from the escape provisions.

That is not so, because the United States depends mainly on tariffs for such protection as it has, and tariffs are one of the least important barriers to world trade. While we would be, as we have and are, reducing our tariffs, other nations would be free under the charter escapes to continue imposing—or to establish if they didn't already have them—the far more lethal barriers to American goods represented by the variations of import restrictions and exchange controls.

Proponents of the ITO place great emphasis on the reduction of tariffs. Under ITO auspices—though the organization does not yet officially exist—tariff-reducing negotiations were undertaken in the spring and summer of 1947 in Geneva and further negotiations are currently in progress at Annecy in France.

The United States delegation at Geneva had the power to bargain away up to 50 percent of our duties, in return for which we were supposed to get comparable concessions from other countries—and particularly in the form of alterations in the British Empire preference system.

After the Geneva sessions, the London Economist could proclaim that "the 'citadel' [of imperial preference] is still substantially intact; 70 percent of the imperial preferential rates are completely untouched and only 5 percent of them eliminated."

A MATHEMATICAL IMPOSSIBILITY

American concessions were real enough. In his recent book, A Charter for World Trade, Clair Wilcox, vice chairman of the United States delegation at Geneva and Habana, reports that the "average rate of duty on all dutiable imports into the United States was cut from 32 percent to 25 percent, a reduction of one-fifth." In view of previous concessions, that's about as far as we can go. "A major part," Wilcox writes, "of the contribution that the United States can offer for the restoration of multilateralism has now been made."

Yet the Habana Charter provides for negotiations "upon the request of any other Member or Members" for the reduction of tariffs and the elimination of preferences. We are represented at the current negotiations in Annecy. Elvin H. Killheffer, United States Chamber of Commerce delegate at the Habana conference, has noted that the continual bargaining away of United States tariffs is mathematically impossible—we don't have enough left to obtain even fractional concessions from the rest of the world.

All the same, if the Habana Charter is so full of loopholes that it permits the continuation or establishment of every trade barrier known to man, is there any harm in adopting such an impotent instrument?

There would certainly seem to be harm for the United States in agreeing to the legalization of commercial abuses—legalization based on reasons which in many cases the United States does not or should not regard as valid—to be practised notably against itself.

There is what one might call a moral harm, too. If the nations of the world cannot, as they obviously cannot, agree on the fundamental principles of free trade, it is not a little repugnant that they should endeavor to sanctify their economic nationalisms with hosannas to an ideal they cannot or will not respect in practice.

[From the Wall Street Journal of April 22, 1949]

GLOBAL ECONOMIC BLUEPRINT—ITO CHARTER WOULD CONSTRUCT AN UPSIDE-DOWN HOUSE; BASE IS CONTROL WHEN IT SHOULD BE PRODUCTION

(By Joseph E. Evans)

In addition to its other vices, the Habana Charter for a proposed International Trade Organization is one of the poorest pieces of legislation ever designed to go before Congress.

Clair Wilcox, who was vice chairman of the American delegation at the Habana conference which drafted the charter, ends his recent book, A Charter for World Trade, with some remarks of John Jay advocating ratification of the United States Constitution.

The implied comparison is unfortunate for the charter. The Constitution is clear, precise, and blessedly brief. The 30,000-word Habana Charter abounds in obscurity and confusion. Wilcox quotes Jay as saying the Constitution "is the result of accommodation"—that is, a compromise. If the charter were genuinely a compromise, few would criticize it on that score, in fact it is largely an agreement to disagree, the disagreement being imperfectly disguised by exceptions to free-trade principles and by phraseology which even Wilcox admits is in some places without any meaning whatever.

Where the writing of the charter is clear, the philosophy is wrong. It mistakes means for ends, effects for causes, symptoms for maladies. If approved by Congress, to which the administration hopes soon to send it, it would require far-reaching changes in America's internal and external economy—changes based on economic theorizing at total variance with the traditional conduct of economic affairs in this country.

SUPRANATIONAL MAGISTRATE

Of all the false assumptions in this peculiar document, perhaps the most fundamentally false is that free trade can be imposed on the world by a supranational magistrate in the form of an International Trade Organization.

It cannot any more than democracy can be superimposed on a country from without. Like democracy, free trade must proceed from within the countries themselves; specifically from conditions of efficiency and productiveness which make unnecessary or minimal the need to erect barriers against the flow of goods from other countries. It is significant that the barriers to trade employed by the United States are among the lowest to be found in the world today.

If proof is demanded for what would seem so self-evident a concept of free trade, it is to be found in the time when there was relatively free trade—roughly speaking the nineteenth and early twentieth century. Describing that era, Economist Howard S. Piquet says:

"The currencies of the world were convertible, either directly or indirectly into gold, which, in turn, moved freely from country to country. * * * The automatic multilateral trading system of the nineteenth century came to prevail largely because of Great Britain's position in the world economy. * * * The convertibility of her currency and her international creditor position made it convenient for traders in every land to carry on international trade in pounds sterling. Not by international agreement, nor by formal economic reasons, therefore, but by the sheer force of convenience and self-interest did the pound sterling become the world's standard of value."

Not by international agreement. It is one of the errors of our time to suppose that we can legislate evils away, and particularly international evils. We thought we could insure international peaceful cooperation by adopting a solemn covenant, but we found otherwise. This error the Habana Charter compounds.

RESTORING FREE TRADE

If free trade cannot be restored by international agreement and if present-day conditions are demonstrably other than those which caused it to flourish in the last century, how then can it be restored?

Piquet states the answer that has also occurred to other critics of the charter when he says, "it would seem more urgent to concentrate upon the rehabilitation of production and upon the manner and means of keeping our own economy in order so as to minimize the effect of the next downswing in the economic cycle, than to neglect these for the sake of inducing countries to agree to abandon particular types of trade controls."

Controls which, it might be added, the charter does not force them to abandon. The charter simply has things in reverse; what is needed is not international economic planning, but production. If production, in western Europe particularly, continues to rise under Marshall plan and other stimuli, it may be possible for these nations to liberalize their officially controlled economies and the trade-restrictive practices they entail.

This may very well not happen. A convincing argument can be made that a Socialist Government, such as that presently in power in Great Britain, is inherently incapable of pursuing liberal foreign-trade

policies. Socialist controls, like Communist ones, involving as they do, control of trade as of everything else, would appear irreconcilable with free trade.

But if rising production, which alone is capable of expanding world commerce, is prevented by politics from opening the channels of trade, it is certain the ministrations of a sterile bureaucracy—international or otherwise—cannot do it.

Particularly if the bureaucracy's basic law is itself Socialist in outlook. We have already seen that the Habana Charter would require planning and control of the United States economy by our own Government and control over it by other governments in the ITO. It needs to be added that the charter's approach to most problems is that of government-controlled economics.

When it acknowledges the existence of private enterprise at all it does so grudgingly. In article 12 the "members recognize" the value of international investment, "both public and private." That the charter regards public investment the more important is abundantly clear from the text.

As the American Bar Association notes in an excellent study of the charter, public investment—that is, intergovernmental loans—is not what Americans usually think of as foreign investment. The association finds this article not so much an inducement to private foreign investment as a warning of the vices and hazards to both the investor and the recipient economy.

CARTELS—SACRED AND PROFANE

But when the charter talks of restrictive business practices, it condemns them if they are private (trusts and cartels) but permits them if they are governmental (intergovernmental commodity agreements, which, of course, are nothing more nor less than cartels).

"If cartels are bad," says Elvin H. Killheffer, United States Chamber of Commerce representative at the Habana Conference, "then the remedy is not more cartels. And if they are evil in private hands, operation by government does not make them holy."

Even if the charter did not commit the United States to national and international planned economy and indefinite global aid, it would merit rejection for its constant assertion—directly or by insinuation—of the paramount importance of government in world trade and in the extraneous matters with which the charter sees fit to concern itself.

In a report concerning a much earlier version of the present charter, the National Foreign Trade Council wrote: "We must not lose sight of the essential fact that, in general, commercial and industrial activity are created and expanded, not by government, but by the governed."

That is one essential fact which the Habana Charter most egregiously loses sight of.

Mr. MILLIKIN. Mr. President, I understood that the distinguished senior Senator from Georgia wished to allow some time to the Senator from Pennsylvania [Mr. MYERS].

Mr. GEORGE. Yes. I was about to yield 10 minutes of time to the Senator from Pennsylvania, which I now do.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 10 minutes.

Mr. MYERS. Mr. President, I think the present session of the Congress has demonstrated conclusively, through its passage of the Economic Cooperation Act and the foreign aid appropriation, that the Congress itself recognizes and the people of our country realize that the United States cannot and must not evade our responsibility as the prime mover toward world economic security. The issue is no longer one of isolationism versus international cooperation. Isolationism, as an issue, is defunct. It has gone out of style and, like last year's fashions, now looks a little silly.

It has been replaced by a foreign policy which, I am happy to say, is really a bipartisan foreign policy. It is a foreign policy which has as its tenet the belief in and the striving to achieve a decent world in which all men can live and act and think in freedom.

We are attempting to lay the groundwork for this kind of a world. But it would be waste effort to build with one hand if, at the same time, we are intent on destruction with the other. It would be futile to give financial assistance to help rebuild economically depressed areas abroad and then erect trade barriers designed to hamstring these same countries in their efforts to rehabilitate their own economic lives.

Our reciprocal trade agreements are part of the solid foundation, but the so-called peril-point amendments are a lingering vestige of an outdated protectionist attitude.

The Pittsburgh Post-Gazette, in a pertinent editorial on this point, stated:

As the Canadian delegate to the Washington talks properly observed, the United States has to face the fact that it is virtually the sole creditor nation in the world and that it is the only one of any size that enjoys complete freedom of action in international economic affairs.

Now, unless this country permits other nations, especially its allies in western Europe, to sell more of their products here on a fair basis, it can have no safe respite from the doles and vast relief projects which it has had to support since the war. Furthermore, America, the world's biggest creditor, has the power to shape the future course of world trade. And if that course is to be away from the restrictive and bilateral practices of the past, this Nation will have to set the example.

We urge the Senate to approve the 2-year extension of the Reciprocal Trade Agreements Act, as voted by the House 7 months ago, and to do so without the peril points or any other destructive amendment.

Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the entire editorial from the Pittsburgh Post-Gazette of September 10, 1949, on this subject.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THOSE PERIL POINTS

It is appropriate that the Senate has begun to debate the reciprocal trade-agreements bill at a time when American, British, and Canadian officials are exploring Britain's dollar crisis. For, to one extent, that crisis reflects a reluctance of the United States to open its markets more freely to foreign producers.

Typical of that reluctance is the effort of Republican leaders in the Senate to write a peril-point provision into the new trade law. As in the measure passed by the Eightieth Congress, which expired last June 30, this would hobble the President's rate-making power in concluding trade pacts with other nations. The Tariff Commission would have to advise the President when duty concessions abroad reached a point at which a particular domestic industry was being damaged. And, though the President could go ahead with rate reductions, he would have to explain to Congress just why he took such action.

This procedure would tend to make the Tariff Commission increasingly cautious, and would encourage affected pressure groups to put more heat on Congress. Carried to a logical end, it could limit imports to that narrow field of essentially noncompetitive goods.

The peril-points amendment is part and parcel of a remaining protectionist attitude that this country, which has long since come of international age, must shake off. As the Canadian delegate to the Washington talks properly observed, the United States has to face the fact that it is virtually the sole creditor nation in the world and that it is the only one of any size that enjoys complete freedom of action in international economic affairs.

Now unless this country permits other nations, especially its allies in western Europe, to sell more of their products here on a fair basis, it can have no safe respite from the doles and vast relief projects which it has had to support since the war. Furthermore, America, the world's biggest creditor, has the power to shape the future course of world trade. And if that course is to be away from the restrictive and bilateral practices of the past, this Nation will have to set the example.

We urge the Senate to approve the 2-year extension of the Reciprocal Trade Agreements Act, as voted by the House 7 months ago, and to do so without the peril points or any other destructive amendment.

Mr. MYERS. Aside from the obviously deleterious effect on our foreign policy, the so-called peril-point provision is both unnecessary and cumbersome from an administrative standpoint. Moreover, it is uneconomical and wasteful. It is time-consuming and duplicates work done elsewhere in the trade-agreements organization, and it requires interested members of the public to appear at two sets of hearings.

The amendment would require the Tariff Commission to predict for years in advance the precise effect of a cut in the tariff rate. Since it would be practically impossible for the Tariff Commission to achieve any measure of scientific accuracy in a prediction of this nature, the inevitable result would be a far more cautious and protectionist attitude than we could expect otherwise.

Although it is perfectly true that the President could legally disregard the findings of the Tariff Commission, it is extremely unlikely that he would do so. In other words, what would actually happen would be that overcautious limits established by the Commission on the basis of necessarily inexact long-range predictions would control the negotiations of an entire agreement. The net result would be that the interests of millions of consumers and of exporting industries, as well as of industries using imported materials, would be protected not against actual injury, but against what the Tariff Commission might consider a threatened injury in years to come.

Furthermore, I am convinced that the general-escape clause written into every agreement negotiated in the last 6 years, as well as into the general agreement, and which will certainly be in every future agreement, renders the peril-point system superfluous. The escape clause

states clearly that if a tariff cut is made and if, as a result of unforeseen circumstances, imports enter this country in such quantities or such conditions as to cause or threaten to cause serious injury to our domestic producers, the concession may be modified or withdrawn.

As a matter of fact, in cases of emergency, this action can be taken immediately without even having to obtain the consent of the other country. This is a far more reasonable and workable method because it operates when an injury to domestic producers is an actual fact or is about to become an actual fact rather than when it may become a threat many years ahead.

Still another factor makes the peril-point system unnecessary. Under the old procedure, if any member of the Trade Agreement Committee, including the Tariff Commission member, disagrees with the majority decision he is required to report his dissent to the President, together with the reasons for his dissent. Thus, in practice, the President does have the benefit of what might be considered a peril-point finding in any case where there might be a reasonable doubt.

Mr. President, I have no desire to belabor this point. I feel sure that the implications of this amendment are well understood by all Members of the Senate. However, I want to take just 1 minute longer to point out the recent change in attitude of American industry on the tariff question, as represented by the National Association of Manufacturers. The shift is revealed in a report just issued by the NAM which calls for a great expansion of the American market for foreign goods. Mr. Lowell Mellett, in his column in Tuesday night's Washington Star, discusses this report at some length. In commenting on the foreword to the report by Mr. Curtis E. Calder, chairman of the NAM's international relations committee, he says:

What is it Mr. Calder commends? It is the proposition that in our own best interest we should work toward a reversal of our present position in foreign trade; that we should develop a situation in which we would buy more from abroad than we sell; that instead of an excess of exports there should be an excess of imports. While supporting a vigorous foreign-investment program, the report says this will not be enough to correct the unbalanced world conditions, with its dangerous repercussions in our own country.

"The time must come," says the report, "when we shall receive more dollars from old investments than we make available in the form of new loans. From then on we shall not only have to accept imports equal to exports; we shall, in addition, have to develop an import surplus. The necessity of developing an import surplus is inherent in our position as a creditor nation."

Mr. President, I ask unanimous consent to insert Mr. Mellett's column at this point in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

INDUSTRY'S TARIFF VIEWS CHANGE; POLITICAL SPOKESMEN LAG BEHIND

(By Lowell Mellett)

The British financial mission, if it has time and opportunity t extend its explorations beyond Government circles, may find a cause for encouragement in America that it has not anticipated. It could find this in the realm of big business, which of necessity seems to be learning the interdependence of American and world prosperity.

The National Association of Manufacturers has just issued a report which calls for a great expansion of the American market for foreign goods. The report was prepared by the Fletcher School of Law and Diplomacy of Tufts College, at the request of NAM. In a foreword, Curtis E. Calder, chairman of NAM's international relations committee, says:

"I commend this document to the careful attention of our members; to all those who may be unaware of the interdependence of international and domestic economic well-being and to all those who are in position to determine or influence policy in the field of international economic relations."

OUR OWN BEST INTEREST

What is it Mr. Calder commends? It is the proposition that in our own best interest, we should work toward a reversal of our present position in foreign trade; that we should develop a situation in which we would buy more from abroad than we sell; that instead of an excess of exports there should be an excess of imports. While supporting a vigorous foreign investment program, the report says this will not be enough to correct the unbalanced world conditions, with its dangerous repercussions in our own country.

"The time must come," says the report, "when we shall receive more dollars from old investments than we make available in the form of new loans. From then on we shall not only have to accept imports equal to exports; we shall in addition have to develop an import surplus. The necessity of developing an import surplus is inherent in our position as a creditor nation."

This change of attitude on the part of American industry, as represented by NAM, may be catching industry's political representatives somewhat unprepared. The Republican leaders in the Senate have made a party issue of a proposed amendment to the Reciprocal Trade Agreements Act which appears calculated to greatly increase the difficulties in the negotiation of such agreements. They disclaim any purpose of that nature, of course.

PERIL-POINT AMENDMENT

"We are not asking for a return to congressional logrolling," said Senator MILLIKIN, of Colorado, ranking Republican member of the Senate Finance Committee, in the course of a 3-hour speech.

"We are not asking for a return to high protectionism.

"We do not advocate economic isolationism."

He was joined by Senator VANDENBERG and others on the Republican side in his contention that his peril-point stipulation would not cause the slightest warranted alarm or objection as to our trade intentions or foreign policies.

Senator GEORGE, chairman of the Finance Committee, disagreed.

"The peril-point amendment," he said, "puts us more or less at a disadvantage in trying to negotiate trade agreements with foreign countries, because a limit is fixed beyond which the President is not to go unless he elects to do so, and brings before Congress not only that particular rate but all the rates dealt with in the trade agreement—whether a specific agreement or a general agreement."

Indications are that the administration will win in this Senate battle. It may be that the Republicans accept this result in advance, but still feel there is political benefit to be obtained in some congressional districts by making the fight at this stage.

Mr. MYERS. Let me repeat what Mr. Calder says:

The necessity of developing an import surplus is inherent in our position as a creditor nation.

Mr. President, I think it is more important than that. I think the necessity of developing an import surplus is inherent in world peace. If we are to keep the nations of western Europe—indeed, of all the world—at peace, we must develop such an import surplus, and we must remember that at long last America has become the leader of the world. That leadership requires that we assume obligations and realize that we have such obligations as the leader of the world for permanent peace and the leader of the world for economic security throughout the entire globe.

Mr. MILLIKIN. Mr. President, I yield to the Senator from Michigan [Mr. VANDENBERG] 6 minutes, or such time as he may require.

Mr. VANDENBERG. Mr. President, first, I wish to identify the background against which I speak. I voted against the original Reciprocal Trade Agreements Act in 1934. Since then times have changed. I have voted, I believe, for all extensions. I hope to be able to vote for the extension today. But I am completely unable to comprehend the efforts of the opposition to the pending Millikin amendment to blow it up to the magnitude of an ominous threat to the vitality of the entire Trade Agreements Act. In my opinion it is no threat at all. To the contrary, in my view it sympathetically strengthens the Trade Agreements Act by giving it the new friends which it needs, without weakening the act's announced and professed objectives.

The Millikin amendment simplifies the process of preventing major damage to the domestic economy; and no opponent of the Millikin amendment will for a moment admit that he intends major damage to the domestic economy. It it well calculated to obviate recourse to the escape clause which serves precisely the same principle but which is far more difficult of administration. I repeat, it is no threat—unless timely publicity is a threat to the democratic process.

The Millikin amendment is not even a red traffic light. It does not say "stop." It is only the amber light which says—"Stop long enough to look." It would not occur to me that amber lights should frighten anybody—unless, of course, it be someone who is in a dangerous hurry to get somewhere regardless of other people's rights on the road or his own safety.

From my viewpoint, Mr. President, the problem presented by the pending Millikin amendment is so simple and so clear that I can state my view in half a dozen paragraphs.

The administration spokesmen for the extension of the Reciprocal Trade Agreements Act frankly acknowledge that there is a peril point beyond which tariff reductions should not go under this process. They admit it by sponsoring the retention of the so-called escape clause which promises to protect any peril point which develops after a re-

ciprocal trade agreement is negotiated. Therefore the necessity of recognizing peril points is not in issue. It is an acknowledged fact. This acknowledgment precludes and terminates any legitimate argument that the recognition of peril points nullifies the objectives of the Reciprocal Trade Agreements Act, or collides with its asserted objectives which do not include a purpose to ruin any segment of the American economy.

Therefore, the only possible point in real issue in connection with the pending Millikin amendment is whether peril points should be tentatively identified in advance of the negotiation of a trade agreement for the advisory guidance of the American negotiators. That is all—just the advisory guidance.

This issue then breaks down into two concrete but very simple questions.

First. It is asserted by the critics of the Millikin amendment that peril points cannot be conclusively identified by the Tariff Commission in advance, and that considerations of general public policy may, in given instances, outweigh the importance of Tariff Commission mathematics. The Millikin amendment completely answers this objection by recognizing it and by permitting the President to ignore the peril points set by the Tariff Commission if, upon his responsibility, he deems it to be in the public interest. The only requirement is that he shall tell us why. It certainly is not my concept of the Reciprocal Trade Agreements Act that this little, "teeny, weeny" bit of candor, in the transaction of the public business will ruin the act.

Second. It is asserted by the critics of the Millikin amendment, with its preview of peril points, that it threatens the act with dangerous administrative burdens. Yet these same critics support the escape clause which I agree is finally essential, but which, if invoked, would require the complete renegotiation of a trade agreement in all its aspects.

The PRESIDING OFFICER. The 6 minutes allotted to the Senator from Michigan have expired.

Mr. VANDENBERG. Will the Senator from Colorado yield one more minute to me?

Mr. MILLIKIN. I yield to the Senator from Michigan as much more of the time allotted to our side as he wishes to have.

Mr. VANDENBERG. I thank the Senator.

Mr. President, these critics accept the hazard of complete renegotiation. Yet they balk at the simplicity of a preliminary peril-point procedure which is calculated to avoid the infinitely greater hazards of the escape clause and its infinitely heavier impacts.

Therefore, Mr. President, I respectfully submit that since the administration sponsors of the pending extension of the Reciprocal Trade Act admit the necessity of protection against peril points, and since the process proposed by the pending amendment is the simplest way to do so, the Senate will be well advised to strengthen the equities and the general acceptance of the reciprocal trade idea by adopting the Millikin amendment.

Mr. MILLIKIN. Mr. President, the junior Senator from Colorado will yield to himself the remainder of the time allotted to his side.

The PRESIDING OFFICER. The junior Senator from Colorado is recognized.

Mr. MILLIKIN. Mr. President, I suggest the absence of a quorum, with the understanding that the time required for the quorum call will be taken from the time allotted to me.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MILLIKIN. Mr. President, I ask unanimous consent that my suggestion of the absence of a quorum may be withdrawn and that the order for the call of the roll may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLIKIN. Mr. President, let me inquire how much time I have remaining?

The PRESIDING OFFICER. The Senator has remaining 44 minutes of the original 47.

Mr. MILLIKIN. I thank the Chair.

Mr. President, the theme has been reiterated several times today—the last time by the Senator from Pennsylvania [Mr. MYERS]—that we have become a world power and that as such we must assume appropriate obligations. I doubt whether anyone would differ with the principle. I think it more or less turns on what we regard as appropriate obligations. We can accept all our responsibility as a world leader and we can maintain that obligation so long as we keep ourselves strong. But in assuming that obligation we do not assume the obligation to destroy our pay rolls and our industries, because, as has been pointed out in the course of this debate, when we do that we shall cease to be a world leader, and we shall have no one to whom we may pass the tin cup.

It has been said by the Senator from Pennsylvania that import surplus is inherent as a part of our being a creditor nation. I have always thought our ideal was to achieve a balanced position in our external trade. The import-surplus business, stripped of all fancy verbiage, means we must make ourselves the dumping ground of the world. It ties in with the theory of Lord Keynes, which he expounded to Parliament when the monetary fund was under discussion on May 23, 1944. In the course of his remarks Lord Keynes said:

> There is another advantage to which I would draw your lordships' special attention. A proper share of responsibility for maintaining equilibrium in the balance of international payments is squarely placed on the creditor countries. This is one of the major improvements in the new plan. The Americans, who are the most likely to be affected by this, have, of their own free will and honest purpose, offered us a far-reaching formula of protection against a recurrence of the main cause of deflation during the interwar years, namely, the draining of reserves out of the rest of the world to pay a country which was obstinately lending and exporting on a scale immensely greater than it was lending and importing.

I interpolate to say there is very little obstinacy about our exporting. The exporting we are doing is at the request of foreign countries, and we are paying the bill by loans, by credit, or by sheer giveaway. Lord Keynes was talking about the monetary fund. I shall connect it up in a moment. I continue the quotation:

> Under clause VI of the plan a country engages itself, in effect, to prevent such a situation from arising again, by promising, should it fail, to release other countries from any obligation to take its exports, or, if taken, to pay for them. I cannot imagine that this sanction would ever be allowed to come into effect. If by no other means, than by lending, the creditor country will always have to find a way to square the account on imperative grounds of its own self-interest.

That is the real explanation and the origin of the new theory which has been drummed into our ears that we must always have a surplus of imports over our exports.

It has been echoed in article XII of GATT—and by "GATT" I am referring to the Geneva multilateral trade agreement—the following appears:

> 5. If there is a persistent and widespread application of import restrictions under this article, indicating the existence of a general disequilibrium which is restricting international trade, the contracting parties shall initiate discussions to consider whether other measures might be taken, either by those contracting parties whose balances of payments are under pressure or by those whose balances of payments are tending to be exceptionally favorable, or by any appropriate intergovernmental organization, to remove the underlying causes of the disequilibrium. On the invitation of the contracting parties, contracting parties shall participate in such discussions.

This provision of GATT is not authorized by the Reciprocal Trade Agreements Act and it has not been otherwise authorized by Congress.

The Senator from Pennsylvania said the implications of the peril-point amendment are well known. Yes; by this time I believe they are well known. We have had repeated assurances by President Roosevelt and by President Truman that they would adhere to the peril points and would see that our domestic industry, the pay rolls of our wage earners, would be safeguarded. Their followers like to talk about it, but when it comes time to acting on it, they put on the blinkers and do not want even a reminder of it.

The Senator from North Carolina [Mr. GRAHAM] said the peril-point procedure weakens the Interdepartmental Committee, because it deprives the committee of the help of the Tariff Commission. I do not like to disagree with the distinguished Senator on a simple point of fact. The Trade Agreements Extension Act of 1948 requires the Tariff Commission to give its assistance, to open its facts to the Interdepartmental Committee, to the President, to the Congress, to all interested official agencies.

The Senator from North Carolina paid a very eloquent compliment to Britain, and in his compliment to Britain I can heartily join; but if by it the Senator meant we must assume the self-created infirmities of Great Britain, then we are

in sharp disagreement. Great Britain has adopted policies which oppose private capitalism. Great Britain has by deliberate action destroyed the sources of venture capital. She has destroyed by deliberate governmental action those incentives by which, through the great talents of her people, her bankers, her traders, her shippers, insurance men, and her technicians, she could efficiently utilize and market her still great remaining resources.

We now have to work with the world as we find it; we have to cooperate with the world as it is; but we cannot take on our backs and make our own responsibility the results of the political and economic mistakes of Britain or of any other nation. It will be a fatal day for this Nation whenever we make it a matter of policy that we shall assume and bail out the results of the self-destructive policies of other nations. We simply do not have the strength to do it.

The distinguished Senator from Illinois [Mr. LUCAS], the majority leader, said the escape clause is a sufficient remedy for injuries to American industries. Yet in the next breath, the distinguished Senator pointed out in detail the injuries which have occurred to the watchmakers of this country. He pointed out that the State Department had done nothing to remedy that situation, which confessedly involves serious injury. It has been suggested that the distinguished chairman of the Senate Finance Committee give his attention to the subject. I hope he will, and I hope the distinguished majority leader will. But for years attention has been given to the subject in an effort to stir the State Department into action, and nothing has happened. During recent hearings before the Senate Finance Committee, on page 845, the junior Senator from Colorado, in referring to the watchmaking business, asked Mr. Brown, of the State Department:

> Senator MILLIKIN. * * * Are you attempting to cure this situation with any kind of negotiations at the present time?
>
> Mr. BROWN. I would prefer to state we are taking every step that we can, and will continue to do so to get the escape clause in every trade agreement which we do not have.
>
> Senator MILLIKIN. I am not talking about the escape clause.

I interpolate that there is no escape clause in the trade agreement with Switzerland. It must be done by diplomatic means.

> I am talking about making a further agreement with Switzerland to bring their exports under some sort of an allocation.
>
> Mr. BROWN. No, sir. We are not.
>
> Senator MILLIKIN. Have you any intention of doing so?
>
> Mr. BROWN. Not at the present time.

The same record which convinces the distinguished majority leader that the watch-making industry, in which his State has a special interest, has been injured also demonstrates serious injury to the oil, the fur, and to other industries, or a threat of that kind of injury. Yet the distinguished Senator would refer them either to nonexistent escape clauses or nonexistent State Department activity or to escape clauses which have not been invoked. No escape clause has ever been invoked, despite the fact that there are 4,000,000 unemployed persons and probably twice that many part-time workers.

The distinguished majority leader pointed out the importance of exports and referred to what he termed the dollar famine. I am absolutely dumbfounded at the fact that we have allowed those who want to make excessive drafts on our dollars to pin on the United States the responsibility for a dollar famine. No one but a complete chucklehead would deny the importance of exports. Of course they are important; they are vital to a considerable part of our economy. But we should not forget that all of those who export are a part of this economy; they have their roots in this economy. They cannot continue to thrive in a destroyed economy here at home. But when we talk about the importance of exports we must necessarily bring them into relation with the trade agreements system. The system was established to increase our exports, and yet it has been repeatedly testified that, despite the fact that we have surrendered much of our bargaining power, we have delivered our part of the quid pro quo, there are more restrictions on trade today than the world has ever before known. They consist of bilateral agreements, preferences, quotas, import licenses, exchange restrictions, statism, state monopolies. Take the "give-away," the dubious loan, and the grants of credit out of our financing of exports, and it will be found that every market in the world has high hurdles against our exports and that whether we can get into those markets will depend on the decisions of those who maintain the restrictions which I have mentioned.

The Senator from Illinois suggested that the peril-point provision would lead to retaliation. From which country? Which country has not repaid our concessions by imposing hurdles to trade? How are they going to retaliate more than they have already retaliated? What ingenuity, what imagination, can conceive of hurdles which have not already been imposed? Or, if you wish to put it this way: Who ever heard of anyone retaliating against the honeypot?

The distinguished Senator from Illinois said that if we had the peril-point procedure there would be powerful political pressures on the President. Well, if the President wishes to disregard a report of his Interdepartmental Committee, as he has the right to do, and he makes a mistake, he gets criticized. If the President wishes to disregard a peril point, and makes a mistake, he gets criticized. Why should he not be criticized? This debate has unmasked the fact, in its naked simplicity, that the objection to the peril-point procedure is in two directions: One, the promise to safeguard is not kept. The hearings and the debate show that to be so. Two, the President shall be shielded against criticism for exceeding peril points.

There may be good reasons for exceeding a peril point. As I have said before, the White House is the finest sounding-board in all the world, and if the President exceeds a peril point and can justify it, the people will laud him. If he exceeds a peril point and cannot justify it, he deserves criticism.

What is this new development in our theory of government, that the President of the United States, or any public official, shall be immune from criticism? That is what this opposition amounts to. That is why this bill contains a retroactive repeal of the peril-point procedure. It is apparently feared that the peril points have been exceeded at Annecy, and those in control do not want to tell the people and they do not want to tell the Congress. We found out in the hearings that they will not even tell the Congress, which delegated this trade power to them, how they have discharged their duties. They refuse to account. They refuse to let the Senate Finance Committee see the minutes of the meetings of the Interdepartmental Committee. The Constitution puts the sole and exclusive tariff-making power in the Congress of the United States. We have delegated it to a servant, and the servant has become more powerful than the master and insolently refuses to make an accounting.

The Senator from Illinois and other Senators have said that the peril point opposes the Roosevelt program. If the peril point opposes the Roosevelt program or the Truman program it can only mean that Presidents Truman and Roosevelt were not sincere when they promised to safeguard domestic industry. They promised that again and again.

The Senator from Illinois says there is danger in a bipartisan Tariff Commission. Would there not be more danger in a Tariff Commission which was not bipartisan? We may indeed be happy for at least that part of the protection the American people can get from the Tariff Commission.

The Senator from Illinois seems to think there is danger that because of the bipartisan feature of the Tariff Commission agreement could not be reached. They had 409 articles on which to recommend peril points in connection with the Annecy conference, and they made 409 recommendations and agreed unanimously in more than 90 percent of the cases. That also has relevant bearing on whether it is possible to reach a peril point. Of course, if it is not possible to reach a peril point, it is not possible to reach any kind of a point, because every agreement comes down to a point. If a point can be reached within the range of danger, one can be reached at the beginning of it.

The distinguished majority leader said that the peril-point procedure does not mean anything because the President may disregard the peril point. It argues against leaving any discretion with the President. How can the President perform his duty if he is not allowed to retain his own discretion?

Mr. President, that is what the pending amendment does; it enables the President to exercise his discretion intelligently. Before this procedure was adopted there was no one on the Interdepartmental Committee who gave special attention to safeguarding the interests of the domestic producer.

The Senator from North Carolina [Mr. GRAHAM] was disturbed about the dislocation of the relationships between the Tariff Commission and the Interdepartmental Committee. The Tariff Commission, as the testimony shows, never was represented on the Interdepartmental Committee. The testimony of the two Commissioners was to the effect that they had never been consulted, they had never been called upon to formulate a policy for transmission to the Interdepartmental Committee.

The distinguished Senator from Illinois, the majority leader, said, "We shall not falter in our cooperation with foreign nations." No, we shall not falter, unless we strip ourselves of the power to cooperate, and when we adopt the policy which says, "We will pay no attention to the point at which we commence to injure our domestic economy," then we are abdicating our power of cooperation. We will never get anywhere leading out of weakness.

The distinguished Senator from Illinois said that the impact of the peril-point procedure on our international relationships, and on western democracies, would be a dangerous thing. What is that impact? What are we telling those nations? We are not telling them anything that is new to them. Every one of them safeguards its own interest. They not only safeguard it in tariff rates, but they pile up additional safeguards, they pile up their bilateral agreements, they pile up their preferences, they pile up their import controls, they pile up their financial controls, one on top of the other, in order to protect themselves.

The Annecy Conference was called when the peril-point provision was in the law. No invited nation refused to participate, and no harm has been done unless peril points have been exceeded, and in due course we will find out about that. The condition of our economy will inform us. The peril-point procedure is simply a working affirmation, a procedure to back up the affirmation, of what was intended in our reciprocal-trade system.

I have documented the facts. President Roosevelt in asking for the Reciprocal Trade Agreements Act said that we must safeguard our domestic industry. In asking for extensions of it he said the same thing. President Truman has said the same thing. And today we are going to have many votes recorded for the proposition that it is all right to say it, it is all right to say we will do it when we want something, but when it comes time to express it in action, we do not want to do it, we want to pursue calculated risks instead of calculated safeguards. We do not even wish to be reminded of the pledges. The whole tenor of the hearings was to that effect.

The distinguished majority leader says that the peril-point procedure is a retreat from the reciprocal-trade system, and that it is protectionist in nature. If it is a retreat from the reciprocal-trade system, then it is a retreat from the assurances and promises on which that system was based. If it is high protectionism, then it is the high protectionism of President Roosevelt and President Truman.

Mr. President, what is it that we are trying to do? We are asking the Tariff Commission, the most expert tariff body in the United States, to use its best judgment as to the points beyond which we cannot make concessions without seriously injuring the domestic producer, or threatening him with serious injury. They send their recommendations to the President. The President has before him the recommendations of the Interdepartmental Committee. All the facts before the Tariff Commission have been available to the Interdepartmental Committee. It is up to the President to make a decision. He can throw the recommendations of the Interdepartmental Committee into the waste basket, he can make his own recommendation. He can do that with the peril point recommendations of the Tariff Commission. If he does it with the peril points, and an agreement is made exceeding the peril points, he tells the Congress and the people why he did it. That is all there is to that, and that is all we are asking.

This procedure was proposed as a bridge to cross a deep chasm between those who believe that reciprocal trade has been improperly handled and those who believe that it is impeccable and beyond all criticism. It was the hope that something of this kind could relieve the objections and keep the Congress in harmony on this subject. But we have met with bitter opposition last year and this year. The defeat of the peril point is a major White House policy. Why? It can only be that the peril-point procedure puts curbs on those who make our tariff policies which they cannot tolerate.

What is it they want to do? It was developed in the hearings that in secret they wish to make concessions, and intend to make concessions, and consider that they have a mandate to make concessions, to do a vast variety of diplomatic and other things, including a mandate to shape our economy as a whole in the way they think it should be shaped—all in secret, all without hearings, all without standards.

Mr. President, I challenge anyone to point to the place in the Reciprocal Trade Agreements Act, the original act or as it has been extended, where there is any grant of flamboyant power of that kind. But that is what they want to do. That is what they have said they want to do. That is the way they interpret the bill which is before us. It does not matter what is in the bill; they are the people who would execute the bill, and they say it is a mandate to them to use reciprocal trade as an instrument to accomplish their notions of how the economy of the United States as a whole should be handled. That is what the Senate is voting for when it votes against this peril-point procedure. Do not be surprised at the consequences.

What is the future need for this peril-point procedure? Every day the fact is becoming better known that the official values of almost all of the currencies of the world are grossly out of line with their proper values. This administration is bringing pressure on the meeting that is now being held at Washington for wholesale devaluations, and wholesale devaluations are inevitable if we are to save from destruction the economic life of the world. When the water is shaken out of these grossly inflated currencies, when they are brought to anything resembling the value they would have in a free market place, every trade agreement we have, including those just negotiated at Annecy, will not be worth the paper they are written on. They will all have to be renegotiated if this system is retained, and when they are renegotiated we had better have the reminder of the peril point. We had better put the peril point in this legislation because if we do not do this those conducting our tariff affairs will be found to be pursuing their strange notion of running our economy as a whole. When these devaluations take place, a new flood of imports will be coming into this country, which will engulf our economy, unless we pay some attention to the need for safeguarding our domestic producers and our wage earners against serious injury or the threat of it.

Mr. President, this opposition to the peril-point procedure is all of a piece with what was done at Geneva in the multilateral trade agreements.

At Geneva those who handle our trade affairs put it out of their power to safeguard our economy. They put the value of our money, the conversion values of our and foreign moneys, allocations of materials, dumping matters, matters penetrating clear across our internal economy, into the hands of 23 contracting parties. We have one vote out of the 23. We have about 25 percent of the external trade of the world. We have 50 percent of the income of the world. Yet in that organization, as it has been set up, which is proclaimed to be provisionally effective, we have one vote out of 23. Of those 23 countries there is only one country that has any comparable importance in external trade, and that is Great Britain. The smallest of those countries, a country such as Lebanon, has as much voting power as we have.

Mr. President, we are the honey pot of the world. Everyone of those parties has a possible adverse interest against the United States. Nevertheless, our way of safeguarding the domestic producer is to put his fate into the hands of those nations. Most of the decisions are by majority. Some of them are by two-thirds vote. There is a nullification provision in the agreement whereby the members can nullify any trade concession and any trade agreement which has been made. In the agreement there are several provisions which require a unanimous vote in order to be released from the agreement. The tie which they have established to the proposed ITO is one of them. It takes a unanimous decision to get us out of that illegitimate connection with ITO.

Mr. President, Congress has never approved the Geneva agreement. It has expressed a caveat against some of the provisions. Yet the executive department maintains provisional acceptance

of them. ITO, they admit, has to come to Congress to be approved. Some say it must be approved by treaty, some say it must be approved by both Houses of Congress, but it is admitted that ITO must come to Congress to be approved. Of course, it has to come here to be approved. It has more potency in it, it has more direct influence on our internal economy, than the United Nations, and the document creating that organization was considered by the Senate as a treaty.

Yet this agreement—mind you, I am contrasting the promise of safeguarding with the fact—this provisional agreement which contains the heart of ITO, puts our fate into the hands of adverse parties, subjects our protection to the indulgence of other nations, has not been approved by the Congress, and again and again during the hearings it was said they were not going to submit it to the Congress.

The issue is very simple. Do we approve of these things or do we not? Will we reject a simple procedure which should not bother anyone who is confident of the rightness of what he is doing, but which should have a deterring effect upon those who wish to pursue secret and unauthorized purposes?

I suggest that we shall serve our country well by reauthorizing the peril-point procedures.

Mr. GEORGE. Mr. President, I yield 4 minutes to the Senator from West Virginia [Mr. KILGORE].

Mr. KILGORE. Mr. President, I expect to oppose the peril-point amendment because, frankly, I think it is a pious prayer. I take issue with my good friend the distinguished Senator from Colorado, who in his closing statement intimated that those who represent us at trade conferences do not have the best interests of the United States at heart, and will not confer with our people. I think the warning of a peril point should be taken care of by the negotiators, and should not be left alone to the will and discretion of Congress, which is an overburdened body, as Members well know. I do not think we should cast aspersions on those whom we send to conferences. I believe that the most valuable feature in the entire program is the escape clause. For that reason I shall continue to support it.

On behalf of my colleague from West Virginia [Mr. NEELY] and myself I have submitted an amendment relating to certain items which I have always felt should never have been within the scope of reciprocal trade treaties. There may be other items of a similar nature. My amendment would merely exclude certain types of manufacture from reciprocal trade agreements. It extends only to hand-made glass and hand-made pottery.

In the manufacture of hand-made glass and hand-made pottery there is very little plant investment. There is no such thing as mass production. It is a question of the skill of the individual worker. It is one of the very few industries left in the United States in which the skill of the worker is a paramount feature. It so happens that in West Virginia there is a considerable percentage of the entire number of workers in the United States who make handmade glass and hand-made pottery. The industry is also active in Ohio, Indiana, New Jersey, and, I believe, Illinois.

In this industry wages represent the principal item of cost. In that respect we operate at a very serious handicap so long as we expect to maintain a living wage. If one should go into a handmade glass plant and watch a stem-glass worker making a wine glass, a goblet, or something of that kind, he would realize that the skill of the individual worker is the principal asset of the plant, and that his skill must be paid for commensurately.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. KILGORE. I have only 4 minutes, and I must decline to yield, much as I regret it.

The PRESIDING OFFICER. The Senator from West Virginia declines to yield.

Mr. KILGORE. We must realize that when we encounter the competition of Japan, where extremely low wage scales prevail, and of certain European countries, particularly Czechoslovakia, from which Bohemian glass comes, the differential in wage scales is of paramount importance.

We cannot offset wage scales by manufacturing organization or by plant and mechanical efficiency. It is purely a question of wages. The cost of the fine glasses such as stemware, goblets, tableware, and vitreous wares which are handmade is largely based upon the cost of wages of the workers. Much of the work is piecework. The workers are paid so much a dozen, or so much a piece. For that reason this industry is in a rather peculiar situation.

Mr. President, I believe that my position is not in the least in conflict with my viewpoint with respect to reciprocal-trade treaties, because I believe that in reciprocal trade treaties we deal with something with respect to which we can honestly compete on a business basis with other countries. With respect to the items which I have mentioned, we have trouble competing. I believe that my amendment is not adverse to the policy of reciprocal trade treaties. I certainly think it is much better than the pious prayer idea of a peril point, warnings, dire statements, and things of that kind. I believe that most situations can be taken care of under the escape clause, but I think we should seriously consider—and I hope the Senate will seriously consider—the idea of excluding from reciprocal trade treaties any item with respect to which 70 percent or more of the cost is represented by the wage scale or the living standard of the United States, as compared with that of Japan or other countries which have a much lower standard of living.

Mr. GEORGE. Mr. President, I yield 3 minutes to the Senator from Connecticut [Mr. MCMAHON].

Mr. MCMAHON. Mr. President, I had intended to make a somewhat lengthy address on the pending bill, but I changed my mind. Instead, I wish to place in the RECORD three very illuminating articles.

The first is from the New York Times of May 5, 1930. It is a warning sent by 1,028 economists to Mr. Hoover asking him to veto the Smoot-Hawley tariff bill. It predicted with unexampled clarity what was speedily to come to pass. It predicted a threat to world peace. It predicted retaliation. It predicted unemployment in the United States. All those things came to pass.

I also wish to place in the RECORD a story from the New York Times of October 17, 1932, which tells about the Ottawa conference and about the establishment of the British Empire preference system.

I should also like to place in the RECORD at this point a statement by the Prime Minister of Australia, at that time the new Commissioner General from Australia, Mr. Herbert Brookes, who predicted what would happen in Australia if the Smoot-Hawley tariff schedules were adopted.

Mr. President, I think that these items will prove very interesting reading to everyone, and will be particularly impressive to those who pay some attention to history. I ask unanimous consent that the three articles be printed in the RECORD at this point as a part of my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times of May 5, 1930]

ONE THOUSAND AND TWENTY-EIGHT ECONOMISTS ASK HOOVER TO VETO PENDING TARIFF BILL—PROFESSORS IN 179 COLLEGES AND OTHER LEADERS ASSAIL RISE IN RATES AS HARMFUL TO COUNTRY AND SURE TO BRING REPRISALS

WASHINGTON, May 4.—Vigorous opposition to passage of the Hawley-Smoot tariff bill is voiced by 1,028 economists, members of the American Economic Association, in a statement presented to President Hoover, Senator Smoot, and Representative Hawley by Dr. Clair Wilcox, associate professor of economics at Swarthmore College, and made public here today. They urge the President to veto the measure if Congress passes it.

Economists from 46 States and 179 colleges, among them Irving Fisher, of Yale; Frank W. Taussig, of Harvard; Frank A. Fetter, of Princeton; Wesley C. Mitchell, of Columbia; J. Laurence Laughlin, of the University of Chicago; and Williford I. King, of New York University, join in the statement.

Arguing against increased tariff rates, they declare that the pending bill will raise the cost of living and injure the majority of our citizens; that under it the vast majority of farmers would lose and that American export trade in general would suffer.

Asserting that America now faces the problem of unemployment, the economists challenge the contention of high-tariff proponents that higher rates will give work to the idle. Employment, they state, cannot be increased by restricting trade, and American industry, in the present crisis, might be spared the burden of adjusting itself to higher schedules of duties.

They urge the administration to give regard to that bitterness which a policy of higher tariffs would inevitably inject into our international relations.

The text of the statement is:

"The undersigned American economists and teachers of economics strongly urge that any measure which provides for a general upward revision of tariff rates be denied passage by Congress, or if passed, be vetoed by the President.

"We are convinced that increased restrictive duties would be a mistake. They would

operate, in general, to increase the prices which domestic consumers would have to pay. By raising prices they would encourage concerns with higher costs to undertake production, thus compelling the consumer to subsidize waste and inefficiency in industry.

"At the same time they would force him to pay higher rates of profit to establish firms which enjoyed lower production costs. A higher level of duties, such as is contemplated by the Smoot-Hawley bill, would therefore raise the cost of living and injure the great majority of our citizens.

"Few people could hope to gain from such a change. Miners, construction, transportation, and public-utility workers, professional people and those employed in banks, hotels, newspaper offices, in the wholesale and retail trades, and scores of other occupations would clearly lose, since they produce no products which could be specially favored by tariff barriers.

"The vast majority of farmers also would lose. Their cotton, pork, lard, and wheat are export crops and are sold in the world market. They have no important competition in the home market. They cannot benefit, therefore, from any tariff which is imposed upon the basic commodities which they produce."

PREDICT A DOUBLE LOSS

"They would lose through the increased duties on manufactured goods, however, and in a double fashion. First, as consumers they would have to pay still higher prices for the products, made of textiles, chemicals, iron and steel, which they buy. Second, as producers their ability to sell their products would be further restricted by the barriers placed in the way of foreigners who wished to sell manufactured goods to us.

"Our export trade, in general, would suffer. Countries cannot permanently buy from us unless they are permitted to sell to us, and the more we restrict the importation of goods from them by means of ever higher tariffs, the more we reduce the possibility of our exporting to them.

"This applies to such exporting industries as copper, automobiles, agricultural machinery, typewriters, and the like, fully as much as it does to farming. The difficulties of these industries are likely to be increased still further if we pass a higher tariff.

"There are already many evidences that such action would inevitably provoke other countries to pay us back in kind by levying retaliatory duties against our goods. There are few more ironical spectacles than that of the American Government as it seeks, on the one hand, to promote exports through the activity of the Bureau of Foreign and Domestic Commerce, while, on the other hand, by increasing tariffs it makes exportation ever more difficult.

"We do not believe that American manufacturers, in general, need higher tariffs. The report of the President's Committee on Recent Economic Changes has shown that industrial efficiency has increased, that costs have fallen, that profits have grown with amazing rapidity since the end of the World War. Already our factories supply our people with over 96 percent of the manufactured goods which they consume, and our producers look to foreign markets to absorb the increasing output of their machines.

"Further barriers to trade will serve them not well, but ill."

EFFECT ON INVESTMENTS ABROAD

"Many of our citizens have invested their money in foreign enterprises. The Department of Commerce has estimated that such investments, entirely aside from the war debts, amounted to between $12,555,000,000 and $14,555,000,000 on January 1, 1929. These investors, too, would suffer if restrictive duties were to be increased, since such action would make it still more difficult for their foreign debtors to pay them the interest due them.

"America is now facing the problem of unemployment. The proponents of higher tariffs claim that an increase in rates will give work to the idle. This is not true. We cannot increase employment by restricting trade. American industry, in the present crisis, might well be spared the burden of adjusting itself to higher schedules of duties.

"Finally, we would urge our Government to consider the bitterness which a policy of higher tariffs would inevitably inject into our international relations. The United States was ably represented at the world economic conference which was held under the auspices of the League of Nations in 1927. This conference adopted a resolution announcing that the time has come to put an end to the increase in tariffs and to move in the opposite direction.

"The higher duties proposed in our pending legislation violate the spirit of this agreement and plainly invite other nations to compete with us in raising further barriers to trade. A tariff war does not furnish good soil for the growth of world peace."

The signers include many economists connected with banks, public utilities, manufacturing industries, merchandising concerns, and other business establishments.

The number signing from leading universities are: Columbia, 28; New York University, 22; Cornell, 18; Harvard, 25; Yale, 14; Princeton, 17; Dartmouth, 24; Chicago, 26; Wisconsin, 23; Pennsylvania, 13; California, 11; Stanford, 7; Illinois, 14; Northwestern, 9; Minnesota, 15; Missouri, 15.

ORIGINATORS AND FIRST SIGNERS

PAUL H. DOUGLAS, professor of economics, University of Chicago.

Irving Fisher, professor of economics, Yale University.

Frank D. Graham, professor of economics, Princeton University.

Ernest M. Patterson, professor of economics, University of Pennsylvania.

Henry R. Seager, professor of economics, Columbia University.

Frank W. Taussig, professor of economics, Harvard University.

Clair Wilcox, associate professor of economics, Swarthmore College.

ADDITIONAL SIGNATURES

Alabama

University of Alabama: James Halloday.

Arizona

University of Arizona: Robert B. Pettingill.

Arkansas

University of Arkansas: Truman C. Bingham, Walter B. Cole, Kenneth Sharkey, C. C. Fichtner, A. W. Jamison, C. O. Branner, B. M. Gile.

Hendrix-Henderson College: Ivan H. Grove, O. T. Gooden.

California

University of California: Ira B. Cross, Gordon S. Watkins, Stuart Daggett, M. M. Knight, Robert A. Brody, E. T. Grether, E. J. Brown, Lonn T. Morgan, Henry F. Grady, E. W. Braun, N. L. Silverstein.

Claremont College: Horace Secrist.

University of Southern California: Reid L. McClung.

University of Redlands: H. C. Tilton, Arthur D. Jacobson.

California Institute of Technology: Horace N. Gilbert.

Mills College: Glenn E. Hoover.

Stanford University: Dean W. E. Hotchkiss, Eliot Jones, Holbrook Working, Helen Cherington Farnsworth, Ada Fay Wyman, L. Elden Smith, Murray S. Wildman.

Pomona College: Kenneth Duncan, George I. Burgess, Norman Ness.

Armstrong College of Business Administration: Frank A. Haring, W. W. Diehl, J. Evan Armstrong, John H. Goff, George A Letherman, J. Frank Day.

College of the Pacific: Robert C. Root, Luther Sharp, Laura M. Kingsbury.

Pasadena Junior College: Roscoe Lewis Ashley, Earl D. Davis, Leland M. Pryor, Fred G. Young, Louise H. Murdock, Henry P. Melnikow, Louis J. Hopkins, R. F. Berkeley, Walter W. Cooper, Howard S. Noble, L. S. Samra, Philip J. Webster, Claire Soderblom.

Colorado

University of Colorado: Dean Elmore Peterson, Frederick J. Bushee.

Colorado College: A. P. R. Drucker, J. G Johnson, Edna Rose Groth.

University of Denver: H. W. Hudson.

State Agricultural College: D. N. Donaldson.

Colorado Wesleyan University: Clyde Olin Fisher, K. M. Williamson, Norman J. Ware.

Connecticut

Yale University: Ray B. Westerfield, Fred R. Fairchild, Withrop M. Daniels, Jerome Davis, C. H Whelden, Jr., Hudson B. Hastings, Ralph A. Jones, A. Barr, Jr., William W. Werntz, Triston R. Barnes, H. Berolzheimer, Geoffrey Crowther, Francis W. Hopkins.

Connecticut Agricultural College: Albert E. Waugh, Edward H. Gumbart, Cecil G. Tilton.

Trinity College: G. A. Kleene, George A. Suter, Henry W. Farnnam, Curtis M. Geer, Charles A. Tuttle.

Delaware

University of Delaware: Claude L. Bonner, Harry S. Gabriel, J. Sidney Gould.

District of Columbia

Horace B. Drury, Frank J. Warne, Herbert O. Rogers, Arthur Sturgis, Boris Stern, Lester D. Johnson, Edith S. Gray, Arthur S. Field, W. H. Rowe, Glen L. Swiggett, John H. Gray, Jesse E. Pope, Harold Van V. Fay, Kurt Schneider, Charles E. Purans, Agnes L. Peterson, C. E. Clement, George B. L. Arner, William G. Elliot 3d, George B. Galloway, R. M. Boeckel.

Brookings Institution: C. C. Hardy, Leverett S. Lyon, Philip G. Wright, Lynn R. Edminster, W. M. Blaisdell, Gustavus A. Weber, Frank Tannenbaum, Freda Baird.

George Washington University: Harold G. Sutton, Richard N. Owens, Belva M. Owens.

American University: Charles F. Marsh, D. A. Kinsman.

Catholic University: The Reverend John A. Ryan.

Florida

Francis M. Williams, H. Clay Armstrong, Isaac W. Bernheim.

Rollins College: Glen E. Carlson, Leland H. Jenks.

University of Florida: Harwood B. Dolbeare, Howard M. Dykman, Rollin S. Atwood, W. T. Hicks, J. G. Eldridge, J. P. Wilson, P. C. Scaglione, Huber C. Hurst.

Georgia

University of Georgia: Dean R. P. Brooks, Glenn W. Sutton, James B. Summers, Malcom H. Bryan, John W. Jenkins.

Agnes Scott College: James M. Wright.

Emory University: Edgar H. Johnson, Clark Warburton, Mercer G. Evans.

Idaho

University of Idaho: Irwin Crane.

College of Idaho: Robert Rockwood McCormick.

Illinois

University of Illinois: Merlin H. Hunter, D. H. Hoover, M. A. Weston, D. Philip Locklin, Simon Litman, George U. Sanford, Paul E. Alyer, Paul M. Vanarsdell, Edward Berman, Donald R. Taft, Horace M. Gray, Daniel Barth, Jr., D. M. Dailey, R. F. Smith.

Northwestern University: Earl Dean Howard, Spencer W. Myers, Arthur J. Todd,

Charles A. R. Wardwell, A. D. Theobald, Harold A. Frey, Coleman Woodbury, Robert J. Ray, E. W. Morehouse, Helen C. Manchau.

James Milliken University: Jay L. O'Hara.

Monmouth College: J. S. Cleland.

University of Chicago: H. A. Millis, J. Laurence Laughlin, Henry Schultz, Garfield V. Cox, Chester W. Wright, Stuart P. Meech, H. G. Shields, Hazel Kyrk, James L. Palmer, Paul W. Stone, Martin Taitel, Helen R. Jeter, S. H. Nerlove, F. W. Clower, John U. Nef, Howard A. Baker, Charles J. Coe, Sara Landau, Arthur M. Weimer, Hilding B. Jack, Mary V. Covey, Leo McCarthy, May I. Morgan, R. W. Baldwin, Esther Essenshade.

Knox College: R. S. Steiner.

Lewis Institute: Judson F. Lee, P. S. Mata, E. J. Fowler, Carl Vrooman, A. D. Arado, Eugene W. Burgess, Ruth M. Kellogg, S. Leon Levy, Dorothy W. Douglas, Edward Manley, Willard S. Hall, O. David Zimring, E. W. Marcellus, I. W. Mints, Roger T. Vaughan, Everett V. Stonequist, Henry C. Simons, Margaret Grobben, Howard B. Myers, Joseph E. Griffin, Gerard S. Brown, H. S. Irwin, George E. Hooker, John H. Sherman, John B. Woolsey, Harland H. Allen, Lester S. Kellogg.

Indiana

Indiana University: Thomas S. Luck, William C. Cleveland, Guy E. Morrison, James E. Moffat, Edwin J. Kunst.

Butler University: M. G. Bridenstein, Earl R. Beckner, Chester B. Camp, M. F. Gaudian.

Evansville College: Dean Long, Heber P. Walker, Paul G. Cressey.

Goshen College: Roland Yoder.

De Pauw University: William R. Sherman, A. H. Woodworth.

Iowa

University of Iowa: E. B. Reuter, Richard W. Nelson, George W. Mitchell, J. L. Miller, J. E. Partington.

Drake University: David F. Owens, L. E. Hoffman, W. N. Rowlands, Herbert W. Bohlman, Herbert R. Mundhenke.

Iowa State College: Elizabeth Hoyt, John E. Brindley.

Penn College: President H. L. McCracken.

Grinnell College: Laetia M. Conard.

Kansas

University of Kansas: John Ise, Jens P. Jensen, Eugene Maynard, Domenico Gagliardo.

Kansas State Agricultural: Leo Spurrier, J. E. Karnmeyer, T. J. Anderson, Jr.

Kansas Wesleyan: David Dykstro.

Southwestern College: E. R. McCartney.

Bethel College: Robert G. O. Grovewald, J. F. Moyer, H. W. Guest, W. M. Blach.

Kentucky

University of Kentucky: Edward Weist, James W. Martin, J. Catron Jones, C. A. Pearce, J. Phillip Glenn, Harry Best, Esther Cole, Chester W. Shull, G. W. Patton, John Kimper, Dana G. Card, Saul K. Walz, H. Bruce Price, Walter W. Jennings.

Louisiana

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Maine

John W. Bowers.

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Theodore Marburg, Dexter M. Keezer.

Goucher College: Mollie Ray Carroll, Elinor Pancoast.

St. John's College: V. J. Wyckoff.

Johns Hopkins University: Broadus Mitchell.

Western Maryland College: W. B. Sanders, W. Scott Hall.

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Tufts College: President John A. Couzens.

Smith College: Frank H. Hankins, Harold U. Faulkner.

Simmons College: Sara S. Stites.

Mount Holyoke College: Alzada Comstock.

Babson Institute: James M. Matthews.

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Northeastern University: Milton J. Schlagenhauf, Julian E. Jackson, B. Gabine.

Clark University: Arthur F. Lucas, S. J. Brandenburg.

Wheaton College: Edith M. White, Herman F. Arentz, John W. Boldyreff, Dickinson W. Leavens, Francis G. Goodale, L. H. Hauter, George M. Peterson, Samuel Sigilman, E. M. Winslow, A. S. Kingsmill, Prentice W. Townsley, Gilbert A. Tapley, L. H. L. Smith, John D. Willard, Lauchlin Currye, A. E. Monroe, C. L. McAleer, Arthur M. Moore, Harry Wood, Edward S. Mason, Lucile Eaves.

Michigan

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Western State Teachers' College: Floyd W. Moore.

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Minnesota

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Mississippi

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Missouri

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Westminster College: W. S. Krebs, Frank L. McCluer.

University of Missouri: Harry Gunnison Brown, James Harvey Rogers, Charles A. Elwood, F. L. Thomsen, B. H. Frame, C. H. Hammar, Preston Richard, D. C. Wood, H. C. Hensley, Morris D. Orten, Howard S. Jensen, Arthur S. Ennis, R. E. Curtis, George W. Baughman, O. R. Johnson.

Montana

University of Montana: Mattheas Kast.

Nebraska

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George W. Raynes.

University of New Hampshire: Claire W. Swonger, Carroll M. Degler, John D. Hauslein, H. J. Duncan, H. W. Smith.

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Rutgers University: E. E. Agger, Harry D. Gideons, Thomas W. Holland, E. L. Fisher.

New York

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New York University: Wilford I. King, Myron W. Watkins, J. D. Magee, Walter E. Spahr, Maruc Nedler, Corwin D. Edwards, William E. Atkins, D. W. McConnell, A. A. Frederick, Richard A. Girard, Louis S. Reed, John J. Quigley, Carl Raushenbush, Irving Glass, Lois Maeslenold, Edith Ayres, Arthur Weeburg, Willard Friedman, Loyle A. Morrison, Randolf M. Binder, John H. Prime, John W. Wingatex, Arthur Wubniez.

Cornell University: Sumner Slichter, Walter F. Willcox, Morris A. Copeland, Paul T. Homan, S. S. Garrett, M. Slade Kendrick, James E. Boyle, Paul M. O'Leary, Lewis A. Froman, Harold L. Read, Donald English, Julian L. Woodward, W. Ross Junkin, William R. Leonard, Leonard P. Adams, John H. Patterson.

Syracuse University: Harvey W. Peck, H. E. Bice.

Colgate University: Freeman H. Allen, Albert L. Myers, E. Wilson Lyon, Sherman M. Smith, T. H. Robinson, N. J. Padelford, Everett Clair Bancroft, J. Millibourne Shortliffe.

Vassar College: Mabel Newcomer, Ruth G. Hutchinson, Kathleen C. Jackson, Herbert E. Mills.

University of Buffalo: Niles Carpenter, T. L. Norton, Newlin R. Smith, Raymond Chambers.

Union College: W. M. Bennett, Donald C. Riley, Daniel T. Selks.

Wells College: Mabel A. Magee, Jean S. Davis.

Hobart College: W. A. Hosmer.

Hunter College: Eleanor H. Grady.

University of Rochester: Roth Clausing.

Brookwood Labor College: Daniel J. Saposs.

Taylor Society: H. S. Person, managing director.

The Business Week: Virgil Jordan, editor.

The Annalist: Bernard Ostrolenk, editor.

International Telephone Securities Co.: M. C. Porty.

Second International Securities Corp.: Leland R. Robinson.

Social Science Research Council: Meredith B. Givens.

American Electric Railways Association: Leslie Vickers.

Russell Sage Foundation: Mary Van Kleech.

Tariff Board: N. I. Stone, formerly chief statistician.

Federal Council of Churches of Christ in America: Arthur E. Suffern, Benson Y. Landis.

New York School of Social Work: John A. Fitch.

Clarkson College: Charles Leese.

Industrial Relations Counselors, Inc.: Mary B. Gilson, Murray Latimer, W. Bert, S. Regalo, James W. Zonsen, Jeanne C. Barber.

Skidmore College: Coleman B. Cheney.

College of the City of New York: Ernest S. Bradford.

St. Lawrence University: Whitney Coombs.

Alfred University: Paul Rusby.

American Management Association: Mary Rogers Lyndsay, Leona Powell.

American Association for Labor Legislation: George H. Trafton, John B. Andrews, Carl Snyder, Leo Wolman, George Soule, Stuart Chase, Herbert Feis, Edward T. Devine, George P. Auld, Fabian Franklin, Lawson Purdy, Gorton James, Paul W. Paustian, Warren W. Persons, Paul Tuckerman, Charles B. Austin, Donald R. Belcher, H. T. Newcomb, Lester Kirtzleb, A. W. Kattenhous, W. W. Cumberland, M. L. Jacobson, R. D. Fleming, Dudley M. Irwin, George B. Hill, William Church Osborne, Robert P. Binkied, E. B. Patten, Wendell M. Strong, Ida Craven, Elizabeth Todd, A. D. Noyes, Robert E. Corradini, Samuel M. Dix, W. C. Wishart, Edward E. Hardy, Ernest G. Draper, M. Leo Gitelson, Harold Fields, Henry Israel, Asher Achenstein, F. L. Patton, Stanley B. Hunt, R. L. Wiseman, Shelby M. Harrison, Rufus S. Tucker, John J. Wille, R. D. Patton, William E. Johnson, Albert W. Russell, Robert T. Hill, D. J. Cowden, W. D. Gann, Melbourne S. Moyer, Herbert Fordham, Owen Ely, Roger H. Williams, Robert M. Woodbury, May Lerner, Elsie Gluck, Paul Bonwit, Robert D. Kohn, V. Kelley, J. C. Meeder, Cyrus L. Sulzberger, Charles S. Bernheimer, Ephriam A. Karelsen, Henry C. Hasbrouck, Robert Whitten, P. M. Tuttle, F. Lewis Corser, Jeanett Kimball, Francis H. McLean, John M. Glenn, C. P. Fuller, Emily Barrofs Weber, Richard Kramer, Montefiore G. Kahn, Mary A. Prentiss, L. R. Gottlieb, Charles R. Fay, Martin Clark, John P. Munn, Otto S. Whitelock, Victor Morawetz, Clinton Collver, Helen Sumner Woodbury, William Seagle, Helen Sullivan, Bettina Sinclair.

North Carolina

Selma Rogas, C. K. Brown, A. Currie, Maxwell, G. Pangle, Carl J. Whelan.

North Carolina State College: Joseph G. Knapp.

University of North Carolina: Dean D. D. Carroll, J. Gilbert Evans, W. F. Ferger, C. T. Murchison, G. T. Schwenning, E. D. Strong.

North Carolina College for Women: Albert S. Keister.

Duke University: R. A. Harvill, J. P. Breedlove, J. H. Shields, William J. H. Colton, Christopher Roberts, E. R. Gray, B. U. Ratchford, Robert S. Smith.

Elon College: Ralph B. Tower.

North Dakota

Dana G. Tinnes, James Forgerson.

University of North Dakota: Dean E. T. Towne, J. Donald Pymm, A. G. Rowlands, Daniel J. Schwieger, J. Perlman, Spencer A. Larsen, J. J. Rellahan, Roy E. Brown, Carmen G. Blough, E. C. Koch, V. A. Newcomb, Daniel James.

Ohio

Ohio State University: Matthew B. Hammond, Milo Kimball, J. J. Spengler, Clifford L. James, E. L. Bowers, Henry J. Butterman, W. M. Duffas, Louise Stitt, Wilford J. Eiteman, Paul N. Lehocyky, N. Gilbert Riddle.

Antioch College: William M. Leiserson, Rudolf Broda, Algo D. Henderson.

Lake Erie College: Olive D. Reddick.

Wooster College: Alvin S. Testiebe, E. E. Cummins.

University of Cincinnati: Harry Henig.

Miami University: Warren S. Thompson, P. K. Whelpton, Edwin S. Todd, H. H. Benke, Henry P. Shearman, C. H. Sandage, Howard White, Howard R. Whinson, John F. Schreiner, Wilfrid G. Richards, Carroll B. Malone, James H. St. John, F. B. Joyner, W. J. M. Neff, J. R. Dennison, J. M. Gersting, Read Bain.

Heidelburg College: Ossian Gruber.

Hiram College: J. E. Smith.

Denison University: Hiram L. Jome, Harold H. Titus, Leo A. Thaake, Charles West, Frederick E. Detweiler.

Western Reserve University: Claude Stimson, O. J. Marsh, Louis O. Foster, C. C. Arbuthnot.

Oberlin University: C. C. Bayard, Paul S. Peirce.

Case School of Applied Science: Frank T. Carleton.

Kenyon College: George M. James.

Municipal University of Akron: W. W. Leigh.

University of the City of Toledo: Clair K. Searles.

Dr. I. M. Rubino, Edward D. Jones, John A. Zangerle, J. W. Appleby, Amy G. Maher, Homer H. Johnson, E. L. Oliver, Thomas M. Wolfe, Grover P. Osborne, Eugene H. Foster.

Goodyear Tire & Rubber Co.: H. L. Flanick, Royal E. Davis.

Oklahoma

Oklahoma Agricultural and Mechanical College: Orman W. Hermann, P. H. Stephens, J. T. Sanders.

University of Tulsa: A. M. Paxson, W. M. Maurer.

University of Oklahoma: Dean Paul L. Vogt, Leonard Logan, Jr., John P. Ewing, Ivar Axelson, N. Grady Sloan.

Northeastern State Teachers College: Dean Sobin C. Percefull.

Oregon

Oregon State College: E. B. Mittelman, F. L. Robinson, Alfred C. Schmidt, Curtis Kelley, Bertha Whillock, Leila Hay, E. E. Farnsworth, J. H. Irvine, H. K. Roberts.

Reed College: Clement Akerman, Blair Stewart.

Pacific University: Harold N. Burt, Harold Harward.

University of Oregon: Vernon G. Sorrell.

Pennsylvania

University of Pennsylvania: Emory R. Johnson, dean; Raymond T. Bye, Paul E. Gemmill, William C. Schluter, Stuart A. Rice, W. E. Fisher, William N. Loucks, Karl Scholz, Clyde M. Kahler, Raymond T. Bowman, Weldon Hoot, William J. Carson.

Temple University: Russell H. Mack, William J. Douglas, S. S. Hoffer.

Wilson College: Henrietta C. Jennings.

Lehigh University: E. A. Bradford, Elmer C. Bratt.

University of Pittsburgh: Francis D. Tyson, Marion K. McKay, Colston E. Warne, Donald D. Kennedy, Vincent W. Lanfear, Hugh M. Fletcher, P. N. Dean.

Washington and Jefferson: Carl W. Kaiser.

Bryn Mawr College: Hornell Hartz.

Franklin and Marshall: Horace R. Barnes, Edward L. Iancaster, Wesley Gadd, Noel P. Laird, Harold Fischer.

Haverford College: Don C. Barrett, John G. Herndon, Jr.

Pennsylvania State College: Earl V. Dye, W. E. Butt, H. W. Stover.

Drexel Institute: Edwin J. Kaschenbach, A. E. Blackstone, C. L. Nickels, Earl Spargee, W. N. McMullan.

Swarthmore College: Robert C. Brooks, Herbert F. Fraser, Troyer S. Anderson, J. Roland Pennock.

J. Henry Scattergood, Hugo Bilgram, Carl W. Fenninger, Louis N. Robinson, M. S. D'Essipri, Charles L. Serrill, John C. Lowry, Herbert S. Welsh, Raymond Symestvzdt, Alexander Fleischer.

Rhode Island

Brown University: C. C. Bosland, Willard C. Beatty.

Rhode Island State College: Andrew J. Newman.

South Carolina

Furman University: A. G. Griffin.

South Dakota

A. I. Osborne.

Tennessee

E. P. Aldredge.

University of Chattanooga: C. W. Phelps.

Southwestern University: M. H. Townsend, Horace B. Davis.

University of the South: Eugene M. Kayden, William S. Knickenbacker, W. H. MacKellar, J. J. Davis, I. Q. Ware, George W. Nicholson, J. P. Jersey, C. B. Wilmer.

Texas

University of Texas: R. H. Montgomery, A. S. Lang.

A. and M. College: F. B. Clark, G. C. Vaughn, Thomas A. Hamilton.

Southern Methodist University: William F. Hanhart, Donald Scott, Frank K. Rader, Laurence H. Fleck.

Texas Technological College: John C. Granbery, Ormond C. Corry, Harold R. Nissley, B. F. Coldray, Jr.

Utah

Latter Day Saints' College: Feramorz Y. Fox.

Vermont

University of Vermont: George C. Groat, Claude L. Stineford, L. Douglas Meredith.

Virginia

William H. Stauffer.

College of William and Mary: Shirley D. Southworth, A. G. Taylor.

Randolph Macon: Langdon White.

Washington and Lee: Robert H. Tucker, E. E. Ferebee, M. C. Robaugh, M. Ogden Phillips, R. G. Lausgobel, Dean G. D. Hancock.

University of Virginia: Wilson Gee, Charles N. Hulvey, G. R. Snavely, Abraham Berglund, A. J. Barlow, E. A. Hiniard, G. S. Starnes, William H. Wendel.

Washington

Arthur B. Young.

University of Washington: Theresa S. McMahan.

State College of Washington: Lawrence Clark.

West Virginia

University of West Virginia: E. H. Vickers, A. J. Dadisman.

Marshall College: C. E. Carpenter.

Wisconsin

Charles E. Brooks, Eldred M. Keayes, Alice E. Belcher, Ethel Wynn, R. Beckworth, J. Roy Blough, A. R. Schnaitter, Mary S. Peterson, William D. Thompson.

Lawrence College: R. H. Lounsburg, W. A. McConacha, M. M. Bober, M. M. Evans.

Beloit College: Lewis Severson, Lloyd U. Ballard, Dwight L. Palmer.

Marquette University: Lyle W. Cooper, William H. Ten Haken, Leo A. Schmidt, Oscar F. Brown, N. J. Hoffman, George W. Knick.

University of Wisconsin: Frederick A. Ogg, Edward A. Ross, William H. Kiekhofer, Selig Perlman, Alma Bridgman, Elizabeth Brandeis, Arthur Hallahan, Philip G. Fox, H. Rowland English, J. C. Gibson, Stanley Rector, George S. Wehrwein, William A. Scott, Paul A. Rauschenbush, M. G. Glaeser, I. A. Hensey, Arnold Zempel, J. L. Miller,

Russell H. Baugh, J. Marvin Peterson, Harold M. Groves, Alfred W. Briggs, Margaret Pryor.

[From the New York Times of October 17, 1932]

LOWER TARIFFS URGED BY 180 ECONOMISTS

The record is conclusive that the Fordney-McCumber Act of 1922 and the Hawley-Smoot Act of 1930 caused foreign nations to enact retaliatory tariffs directly aimed at the American producer.

Canada increased the tariff rates upon the principal American imports from farm and factory within 90 days after the Hawley-Smoot bill was signed.

Great Britain, a nation which had adhered to a policy of free trade for a century, abandoned that principle in 1931 and has since adopted a tariff system frankly designed to meet the rates in our Tariff Act of 1930. At the recent conference at Ottawa, representatives of the British Dominions from five continents publicly united to retaliate by raising tariff walls about the British Empire.

That conference furnished living proof that the United States cannot impose embargoes against the products of our best customers without harmful reprisals against American goods.

[From the London Times of September 18, 1929]

AUSTRALIAN AND UNITED STATES TARIFFS—WARNING OF COUNTERMEASURES

The text of a warning not heretofore made public which the Australian Government sent some time ago to the United States Secretary of State and the Ways and Means Committee of the House of Representatives was given to the press today by Mr. Herbert Brookes, the new Commissioner General from Australia.

The warning has to do with tariff legislation and it says, in effect, that if the new United States tariff is used as a wall to prevent Australian meat and wool from entering this country Australia will know how to raise a wall high enough to keep American motor cars, films, farming machinery, and many other United States products out of Australia.

Mr. GEORGE. Mr. President, at the outset let me invite attention to the possible misinterpretation by the distinguished Senator from Colorado of the remarks made by the distinguished and able Senator from North Carolina [Mr. GRAHAM]. The Senator from Colorado seems to have understood the Senator from North Carolina to say that the Tariff Commissioner, with his special knowledge, would not be permitted to participate in the determination of the terms of any agreement, and would not be allowed to participate in any final decision with respect to the fixing of peril points or cast a vote.

Actually I think the Senator from Colorado misunderstood the distinguished Senator from North Carolina, because both statements are true, in point of fact. I read section 4 of the act of 1948:

SEC. 4. The Commission shall furnish facts, statistics, and other information at its command to officers and employees of the United States preparing for or participating in the negotiation of any foreign-trade agreement; but neither the Commission nor any member, officer, or employee of the Commission shall participate in any manner (except to report findings, as provided in sec. 3 of this act and to furnish facts, statistics, and other information as required by this section) in the making of decisions with respect to the proposed terms of any foreign-trade agreement or in the negotiation of any such agreement.

That was the statement made by the distinguished Senator from North Carolina. He was stressing the point that while the Commissioner sat in his personal capacity as a member of the committee, and was possessed of all the knowledge he had as a Commissioner, yet under the peril-point procedure he was deprived of the right to participate in the final vote or final decision on the matter in controversy.

Mr. President, at this time I should like to read into the RECORD—because I have just received it—a letter from the Honorable Cordell Hull. The letter is dated at Washington, D. C., September 15, 1949, and is addressed to the senior Senator from Georgia. It reads as follows:

I have watched with intense interest the current congressional debates on the reenactment of the reciprocal trade agreements legislation. The bill on this subject, already passed by the House of Representatives and reported by you to the Senate, is, in my opinion, eminently sound. It embodies provisions for the administration of our foreign trade policy similar to those under which the reciprocal trade agreements program was conducted for 14 years after we first embarked upon it in June 1934. My long and close observation of the operation of the program convinces me that the procedures employed met every test of wise statesmanship. The interests of our industry, labor, and agriculture were amply safeguarded, and the entire Nation benefited greatly from the increase of commerce and the improvement of international relations brought about by the program.

Today I feel more strongly than ever that our Nation must continue and vigorously apply an active reciprocal trade agreements policy. That policy has always had—and merited—substantial bipartisan support. It is an indispensable cornerstone of enduring peace based on international cooperation upon the success of which our own security and prosperity depend.

Sincerely yours,

CORDELL HULL.

Mr. President, before proceeding to a brief consideration of the first amendment to be voted upon, I feel that it is necessary to note certain others of the pending amendments. I shall not deal with them at length, in the limited time available; but I wish to invite the attention of the Senate to them because we must begin to vote on them after 4 o'clock.

First, I wish to refer to the amendment offered by the distinguished senior Senator from Nebraska [Mr. BUTLER], regarding which I had a few words of observation to make yesterday afternoon. With respect to the fairness of the amendment, there could be no controversy; but with respect to the policy of inserting it into the Trade Agreements Act, it should be noted that it would be entirely nugatory of any possible negotiated agreement respecting trade or commerce. It would require substantially what already is in the law or in the Executive order with respect to agreements which have been made since 1943, to wit, that each shall include the escape clause. But the amendment would also require the renegotiation of or the insertion of the escape clause into the trade agreements made prior to that time, which do not now contain such a clause. Precisely this would be the situation under the amendment: Our negotiators would be invited to renegotiate the trade agreement with Switzerland or with X country; but the very law which authorized that to be done would specify particularly what shall be put into it. There being but one main point to the renegotiation, so far as we would be concerned, certainly the opposite side could demand virtually anything they wished to have go into the agreement. Their argument would be, "If you do not agree to 1, 2, 3, 4, 5, and 6, which we demand, we will not agree to the thing which your own Congress has required you to obtain from us."

So there would be no renegotiated trade agreement at all. In short, the amendment would be a great mistake. The purpose of the amendment is all right. Certainly the State Department and the President should busy themselves in seeing to it that all of the few earlier agreements do contain an escape clause, and they should do that as early as one can be negotiated. But to require by law that that be done would, of course, be to give the opposite party all the trading advantage.

Now I come to the second amendment suggested by the distinguished junior Senator from California [Mr. KNOWLAND], which he has already discussed. His amendment would require the termination of all agreements with countries which discriminate against us. That would be the effect of the amendment, that would be its ultimate end.

In view of the world-wide dollar shortage or, to put it the other way around, the lack of purchasing power by many nations to acquire goods and services in countries in which the dollar is the unit of currency and of value, the necessity exists in almost every nation of the earth today to budget its affairs in such a way as to limit its own dollar purchases, and to buy in countries where its own currency is acceptable. I think no one will controvert that fact. Therefore, some type of discrimination is inevitable at the present time.

I do not condone the discriminations which have taken place. In one instance we have been compelled to cancel a schedule contained in a trade agreement with one of our South American neighbors, and we may be compelled to cancel another schedule, because of discrimination. Therefore, I do not wish to be understood as condoning discrimination.

But in our own case it could be said of us that we were discriminating against other countries in giving preferential tariff treatment to Cuba.

Mr. ROBERTSON. Mr. President, will the Senator yield at this point?

Mr. GEORGE. I am sorry, but I do not have sufficient time to permit me to yield at this moment to my distinguished friend.

Mr. President, it is true that we have a treaty with Cuba, but it is also true that we are practicing discrimination

with Cuba, as compared to the treatment given the goods and services coming from other countries. Therefore, at this time, in the confused and chaotic condition of world affairs, if we were to adopt this amendment, it would be tantamount to the termination of practically all our trade agreements. Under the most-favored-nation clause, which is incorporated, or has become a part of all of them, it would mean the end of all of them. It would mean the return to the Smoot-Hawley Tariff Act because the Trade Agreements Act is not a tariff act within itself; it is only an instrumentality or a bit of machinery provided for the purpose of negotiating trade agreements.

Mr. KNOWLAND. Mr. President, will the Senator yield for a brief comment? I am sure the Senator wants his position to be clear on this question.

The PRESIDING OFFICER (Mr. STENNIS in the chair). Does the Senator from Georgia yield to the Senator from California?

Mr. GEORGE. I yield, though I have a very limited amount of time.

Mr. KNOWLAND. Under its terms, the amendment would not require the cancellation of any agreement now in existence until the termination date of the agreement. I wanted that to be clear.

Mr. GEORGE. The Senator is quite right. But nearly all of the agreements are now terminable. They could practically all be terminated as of now; certainly after a 6-month notice.

I wish now to refer to the Thomas amendment, because it is an amendment which has attracted the attention, of course, of most of us in the Senate. All of us have some general knowledge of the petroleum industry and some general knowledge of the recent increase in imports. But under this amendment there would be introduced into the law the worst form of trade barriers, to wit, quotas. It would establish a precedent for special treatment of particular products in the Trade Agreements Act. It would establish a precedent for particular treatment of every dutiable article. Mr. President, think of it. If it should be adopted, then the precedent would be before us for the imposition of quotas upon every single dutiable article in the tariff act. That means tariff making again with a vengeance by the Congress itself. The primary purpose of the Trade Agreements Act was not a sinister motive to vest in the President larger powers, but it was the earnest purpose to get away from further tariff making by the Congress. That is no reflection upon the Congress. But I stated the fact before, and I want to state it again. The Tariff Act of 1930 occupied the time of the Senate Finance Committee of that day, of which some of us were members, for more than a year. When it was completed it was a monumental example of pure logrolling. Everyone who wanted protection for his own product had to agree with everyone else who wanted protection, or else he did not get it. It was merely plain common sense to enter into an agreement in order to work out something which would protect the particular product or goods of a Senator who had an amendment he wished to include in the bill.

Mr. President, what I have said with respect to the introduction of the principle of quotas, the most offensive and obnoxious trade barrier which can well be imagined, is equally applicable of course to the amendment offered by the distinguished Senators from West Virginia. I do not say that some of the products might not be entitled to tariff protection over and above their present protection, and if we were making a tariff bill, I certainly should have no hesitation in saying that the fur industry, for instance, has a good case for relief. But the amendment affecting the fur industry is not at all an amendment to the Reciprocal Trade Agreements Act; it is an amendment to the tariff act. It is offered as such. If it be accepted, therefore, the whole question of tariff, all the dutiable items, and all the schedules could, with perfect propriety, be considered here upon their merits.

The oil amendment which has been offered, while objectionable in form, and I think, based upon a temporary condition which will right itself before the winter months are over, may, however, be entitled to some favorable treatment or consideration on its merits, but not as an amendment to the Trade Agreements Act; and I should certainly not want to sanction the introduction of the quota system, by wholesale, into our tariff system.

Let me say I think I may claim some friendship for oil. I think I may claim to have done some things for oil which are far more important than the 5-percent quota which is suggested. Oil has a percentage depletion allowance of 27½ percent. That is, 27½ percent of gross income is subtracted in computation of the net taxable base. Is not that something? We talk about stopping wildcatting and exploration, but how can that be done so long as we are wise enough—and I think it is wise—to give a percentage depletion allowance to an industry which has a natural or at least a limited base.

Not only that, but intangible drilling costs of new wells and new outlets may be capitalized by the petroleum industry or anyone engaged in it, or the item may be treated as expense and charged off. Think of that. This industry has a percentage depletion allowance of 27½ percent deducted from its gross income before it is called upon to pay a dime of Federal tax, and this industry may charge off its intangible drilling costs or may capitalize them. As a matter of business they charge them off as an expense item, and no one blames the industry. I am not complaining about it, but I am pointing out that the Government at least has pursued toward the producers of oil a liberal policy which I think does not give the shadow of ground and basis of complaint at this time.

There has been a marked increase in oil imports. I do not think far-eastern oil can ever become a permanent threat to the petroleum producers of this country. On the item of transportation alone, let us look at the facts. Domestic production has a great transportation advantage in the American market. The United States maritime rate for domestic crude oil moving from the Gulf to the eastern seaboard is 37½ cents a barrel. Middle East crude oil from the Persian Gulf, laid down on the eastern seaboard, is subject to a United States maritime rate of $1.75 a barrel and a tariff rate of 10½ cents a barrel. The net disadvantage to Middle East oil moving to domestic markets is $1.48 a barrel, a disadvantage which, in my judgment, is sufficiently large to absorb any disadvantages in labor costs, because oil operators in the Middle East are not inexperienced and unskilled.

Mr. President, I wish to invite particular attention to the remarks made by the distinguished Senator from Nebraska in discussing trade agreements as they may have affected agriculture. Time will not permit me to read a note which is largely based upon information gathered not from the State Department but from other departments of the Government, and also from certain information furnished by agriculture itself, although it is not an official statement. I invite attention to one or two items. With respect to fats and oils, I read:

> In spite of a gradual return to more normal conditions in the world fats and oils situation, the United States has been able to maintain the position of a net exporter of fats and oils that it gained during the war In fact, at an annual rate, the net exports of 846,000,000 pounds of fats and oils and oilseeds in oil equivalent in January–June 1949, were more than twice the total for any previous year. Before the war the United States was a net importer of fats and oils.
>
> While many fats and oils are interchangeable in use, certain kinds are superior to others or are preferred for particular purposes, and others may have only limited use. In particular in the United States the edible oils which we are importing are not competitive with flaxseed and linseed oil of which Commodity Credit Corporation holds large stocks. Import controls operated by the Department of Agriculture have protected CCC from imports of flaxseed and linseed oil.
>
> Imports of fats and oils are controlled. The Department of Agriculture administers import license controls over a large group of fats and oils and may at any time subject others to licensing, controls being applied only to prevent imports from interfering with the orderly liquidation of domestic stocks. Butter imports in 1948–49 were under a half million pounds, compared with creamery production in the same period of 1,329,000,000 pounds. The duty reduction made in Geneva was limited by a tariff quota of 50,000,000 pounds.

Mr. President, I invite attention to this fact, and then I shall ask that the brief memorandum be incorporated in the RECORD.

Agricultural exports alone were valued, for the past fiscal year, at $3,800,000,000. They exceeded imports by $800,000,000. Approximately half our imports of agricultural products consisted of commodities not commercially grown in this country, such as coffee, tea, cocoa, rubber, hard fibers, and so forth. The other half consisted mostly of products not produced in sufficient quantities to fill

domestic demand, such as sugar, wool, hides, and skins.

Mr. President, I ask unanimous consent that this memorandum be incorporated in the RECORD at this point in my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

SEPTEMBER 13, 1949.

TRADE AGREEMENTS PROGRAM AND UNITED STATES AGRICULTURE

United States agriculture is greatly interested in the objectives of our foreign trade policy, namely reducing the barriers to international trade so as to increase the flow of goods between the United States and foreign countries and thus to assure markets abroad for the products of our farms and factories. It is realized that we can receive payment for our exports only through imports, and that, therefore, we cannot maintain a high level of exports unless we permit our imports to increase. Otherwise a shrinkage in exports will inevitably result in a lower level of production, especially in those agricultural commodities which we produce far in excess of domestic demand, such as wheat, cotton, tobacco, certain livestock products, raw and processed fruits and vegetables.

In the year ended June 30, 1949, total United States exports amounted to over $12,500,000,000 but total imports to less than $7,000,000,000. The excess of exports over imports was met primarily with the help of our foreign assistance programs.

Agricultural exports were valued at $3,800,000,000. They exceeded imports by $800,000,000. About half of our $3,000,000,000 imports of agricultural products consisted of commodities not commercially grown in this country, such as coffee, tea, cocoa, rubberr, hard fibers, etc. The other half, consisted mostly of products not produced in sufficient quantities to fill domestic demand; examples are sugar, wool, hides and skins.

Comparison with prewar shows that our agricultural imports have increased considerably less than our agricultural exports. The quantity index of agricultural imports in 1948–49 was 8 points higher than the average for the 9-year period ending in 1938–39, while the index of agricultural exports was 42 points higher than in the same prewar period.

Since we have exported substantially more of our agricultural products than we have imported of such products, our foreign trade has, in the net balance, greatly facilitated our price-support program. As to individual commodities the following might be noted:

FATS AND OILS

In spite of a gradual return to more normal conditions in the world fats and oils situation, the United States has been able to maintain the position of a net exporter of fats and oils that it gained during the war. In fact, at an annual rate, the net exports of 846,000,000 pounds of fats and oils and oilseeds in oil equivalent in January-June 1949 were more than twice the total for any previous year. Before the war, the United States was a net importer of fats and oils.

While many fats and oils are interchangeable in use, certain kinds are superior to others or are preferred for particular purposes, and others may have only limited use. In particular in the United States the edible oils which we are importing are not competitive with flaxseed and linseed oil of which Commodity Credit Corporation holds large stocks. Import controls operated by the Department of Agriculture have protected CCC from imports of flaxseed and linseed oil.

Imports of fats and oils are controlled. The Department of Agriculture administers import license controls over a large group of fats and oils and may at any time subject others to licensing, controls being applied only to prevent imports from interfering with the orderly liquidation of domestic stocks. Butter imports in 1948–49 were under a half million pounds, compared with creamery production in the same period of 1,329,000,000 pounds. The duty reduction made in Geneva was limited by a tariff quota of 50,000,000 pounds.

DRIED EGGS AND DRIED MILK

These products again represent instances in which exports greatly exceed imports and imports are a very small part of production. Imports of dried milk totaled 2,000,000 pounds in 1948–49, compared with exports of 294,000,000 pounds.

Dried egg imports in 1948–49 totaled under 400,000 pounds as compared with exports of 8,000,000 pounds.

COARSE GRAINS

In 1948–49 imports amounted to 36,000,000 bushels of barley, oats, corn, and rye (less than 1 percent of domestic production). These were greatly exceeded by exports, which totaled 135,000,000 bushels.

WOOL

Wool imports supplement domestic supplies. A large part normally consist of duty-free types for carpet yarns that are not produced here. In 1948–49 these types constituted almost half of total wool imports. Imports of domestically produced types totaled 258,000,000 pounds.

The Commodity Credit Corporation is authorized by law to sell its purchases of domestic wool at prices competitive with duty-paid prices of imported wool. Its holdings consist largely of coarser grades of wool currently only in limited demand in the United State.

Mr. GEORGE. Mr. President, I wish to say a very few words about the peril-point amendment, the subject immediately before the Senate and the subject which has been most extensively discussed.

In addition to what I have already said, Mr. President, I must insist that the peril-point amendment goes definitely back to the protectionist theory as set forth in the act of 1916 and reasserted in the act of 1930, the Smoot-Hawley Act. In that act will be found the provision for the reorganization of the Tariff Commission. Among its express powers it has one power, one particular responsibility, which is this:

> It shall be the duty of the Commission to investigate the difference in cost of production of any domestic article and of any like or similar foreign article.

That is the basis of the Tariff Commission's power and authority to find a peril point. If that does not carry us back by the terms of the organic act itself to the Smoot-Hawley Tariff Act, then I do not know how to interpret the law on the subject.

It has been insisted that of approximately 400 articles considered by the Tariff Commission under the act of 1948, that is, under the peril-point provision, the Commission was able to reach an agreement on 90 percent of the articles, and it, of course, made a decision with respect to 10 percent by less than a full Tariff Commission.

Most of these items, however, says Dr. Ryder, the Chairman of the Commission, were items as to which there could not be any room for disagreement, but, on the other hand, articles upon which there was disagreement were, for the most part, the important articles which are encountering substantial import competition. They are the articles which are going to be the subject of controversy in negotiations. They are the articles which bulk large in the negotiations.

Mr. President, in closing I want to make one answer to those who assert that if we approve the escape clause we are thereby logically bound at least to confess a belief in the peril-point amendment. Let me read just one sentence:

> There is a great difference between an assurance that the totality of the action taken in a trade agreement will not be such as to cause or threaten serious injury to any American industry, and a rigid requirement that a single agency must calculate with precision in advance, considering each case in isolation, a peril point which will in effect guarantee against threat of injury for at least 3 years to come.

One is the escape clause. The latter is the so-called peril point; and it is designed, whatever may be its intent, to create a condition of rigidity and overcaution on the part of the Commission. It definitely goes back to the basic standard fixed in the Smoot-Hawley Act for the determination of the single matter which can be considered in fixing the peril point.

The VICE PRESIDENT. The time of the Senator from Georgia has expired. All time for debate has expired, and under the agreement the Senate will proceed to vote en bloc on the amendments offered by the Senator from Colorado [Mr. MILLIKIN].

Mr. WHERRY. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hill	Mundt
Anderson	Hoey	Murray
Bricker	Holland	Myers
Bridges	Humphrey	Neely
Butler	Ives	O'Conor
Byrd	Jenner	O'Mahoney
Cain	Johnson, Colo.	Pepper
Capehart	Johnson, Tex.	Reed
Chapman	Johnston, S. C.	Robertson
Connally	Kem	Russell
Cordon	Kerr	Saltonstall
Donnell	Kilgore	Schoeppel
Downey	Knowland	Smith, Maine
Eastland	Langer	Sparkman
Ecton	Leahy	Stennis
Ellender	Long	Taylor
Ferguson	Lucas	Thomas, Okla.
Flanders	McCarthy	Thomas, Utah
Frear	McClellan	Thye
Fulbright	McFarland	Tobey
George	McKellar	Tydings
Gillette	McMahon	Vandenberg
Graham	Magnuson	Watkins
Green	Malone	Wherry
Gurney	Martin	Williams
Hayden	Maybank	Withers
Hendrickson	Miller	Young
Hickenlooper	Millikin	

The VICE PRESIDENT. A quorum is present. The question is on agreeing, en bloc, to the amendments offered by the Senator from Colorado [Mr. MILLIKIN].

Mr. WHERRY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. LUCAS (when Mr. DOUGLAS' name was called). My colleague the junior Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate. He has a pair with the junior Senator from New York [Mr. DULLES]. If the junior Senator from Illinois were present, he would vote "nay," and if the junior Senator from New York were present, he would vote "yea."

Mr. McMAHON (when his name was called). On this vote I have a pair with the senior Senator from Nevada [Mr. McCARRAN]. If he were present he would vote "yea." If I were permitted to vote I would vote "nay." I therefore withhold my vote.

Mr. WITHERS (when his name was called). I have a pair with the senior Senator from Ohio [Mr. TAFT]. If he were present he would vote "yea." If I were permitted to vote I would vote "nay." I withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. McCARRAN] are absent by leave of the Senate on official business.

The Senator from New Mexico [Mr. CHAVEZ] is paired on this vote with the Senator from New Jersey [Mr. SMITH]. If present and voting, the Senator from New Mexico would vote "nay" and the Senator from New Jersey would vote "yea."

The Senator from Wyoming [Mr. HUNT] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Wyoming would vote "yea," and the Senator from Tennessee would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business. If present and voting, the Senator from Connecticut would vote "yea."

The Senator from Maine [Mr. BREWSTER] and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate. If present and voting, the Senator from Maine and the Senator from Massachusetts would vote "yea."

The Senator from Oregon [Mr. MORSE] is necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business. If present and voting, the Senator from Wisconsin would vote "yea."

The Senator from New York [Mr. DULLES] who is absent by leave of the Senate is paired on this vote with the Senator from Illinois [Mr. DOUGLAS]. If present and voting, the Senator from New York would vote "yea" and the Senator from Illinois would vote "nay."

The Senator from New Jersey [Mr. SMITH] who is absent on official business with leave of the Senate is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Jersey would vote "yea" and the Senator from New Mexico would vote "nay."

The Senator from Ohio [Mr. TAFT] is necessarily absent and his pair has been previously announced by the Senator from Kentucky [Mr. WITHERS].

The result was announced—yeas 38, nays 43, as follows:

YEAS—38

Aiken	Hickenlooper	Reed
Bricker	Ives	Saltonstall
Bridges	Jenner	Schoeppel
Butler	Johnson, Colo.	Smith, Maine
Cain	Kem	Thomas, Okla.
Capehart	Knowland	Thye
Cordon	Langer	Tobey
Donnell	McCarthy	Vandenberg
Ecton	Malone	Watkins
Ferguson	Martin	Wherry
Flanders	Millikin	Williams
Gurney	Mundt	Young
Hendrickson	O'Mahoney	

NAYS—43

Anderson	Hoey	Miller
Byrd	Holland	Murray
Chapman	Humphrey	Myers
Connally	Johnson, Tex.	Neely
Downey	Johnston, S. C.	O'Conor
Eastland	Kerr	Pepper
Ellender	Kilgore	Robertson
Frear	Leahy	Russell
Fulbright	Long	Sparkman
George	Lucas	Stennis
Gillette	McClellan	Taylor
Graham	McFarland	Thomas, Utah
Green	McKellar	Tydings
Hayden	Magnuson	
Hill	Maybank	

NOT VOTING—15

Baldwin	Hunt	Morse
Brewster	Kefauver	Smith, N. J.
Chavez	Lodge	Taft
Douglas	McCarran	Wiley
Dulles	McMahon	Withers

So Mr. MILLIKIN's amendment was rejected.

Mr. HILL. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. LUCAS. I move to lay that motion on the table.

The VICE PRESIDENT. The question is on the motion of the Senator from Illinois to lay on the table the motion to reconsider.

Mr. WHERRY. Mr. President, on that motion I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McMAHON (when his name was called). On this question I have a pair with the senior Senator from Nevada [Mr. McCARRAN]. If he were present and voting he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

Mr. WITHERS (when his name was called). I have a pair with the senior Senator from Ohio [Mr. TAFT]. If he were present he would vote "nay." If I were at liberty to vote I would vote "yea." I withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. McCARRAN] are absent by leave of the Senate on official business.

The Senator from New Mexico [Mr. CHAVEZ] is paired on this vote with the Senator from New Jersey [Mr. SMITH]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from New Jersey would vote "nay."

The Senator from Illinois [Mr. DOUGLAS] is paired on this vote with the Senator from New York [Mr. DULLES]. If present and voting, the Senator from Illinois would vote "yea," and the Senator from New York would vote "nay."

The Senator from Wyoming [Mr. HUNT] is paired on this vote with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Wyoming would vote "nay," and the Senator from Tennessee would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business. If present and voting, the Senator from Connecticut would vote "nay."

The Senator from Massachusetts [Mr. LODGE] and the Senator from Maine [Mr. BREWSTER] are absent by leave of the Senate. If present and voting, the Senator from Massachusetts and the Senator from Maine would vote "nay."

The Senator from Oregon [Mr. MORSE] is necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business. If present and voting, the Senator from Wisconsin would vote "nay."

The Senator from New Jersey [Mr. SMITH] who is absent on official business with leave of the Senate is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Jersey would "nay" and the Senator from New Mexico would vote "yea."

The Senator from New York [Mr. DULLES] who is absent on official business is paired on this vote with the Senator from Illinois [Mr. DOUGLAS]. If present and voting, the Senator from New York would vote "nay" and the Senator from Illinois would vote "yea."

The Senator from Ohio [Mr. TAFT] is necessarily absent and his pair has been previously announced by the Senator from Kentucky [Mr. WITHERS].

The result was announced—yeas 43, nays 38, as follows:

YEAS—43

Anderson	Hoey	Miller
Byrd	Holland	Murray
Chapman	Humphrey	Myers
Connally	Johnson, Tex.	Neely
Downey	Johnston, S. C.	O'Conor
Eastland	Kerr	Pepper
Ellender	Kilgore	Robertson
Frear	Leahy	Russell
Fulbright	Long	Sparkman
George	Lucas	Stennis
Gillette	McClellan	Taylor
Graham	McFarland	Thomas, Utah
Green	McKellar	Tydings
Hayden	Magnuson	
Hill	Maybank	

NAYS—38

Aiken	Hickenlooper	Reed
Bricker	Ives	Saltonstall
Bridges	Jenner	Schoeppel
Butler	Johnson, Colo.	Smith, Maine
Cain	Kem	Thomas, Okla.
Capehart	Knowland	Thye
Cordon	Langer	Tobey
Donnell	McCarthy	Vandenberg
Ecton	Malone	Watkins
Ferguson	Martin	Wherry
Flanders	Millikin	Williams
Gurney	Mundt	Young
Hendrickson	O'Mahoney	

NOT VOTING—15

Baldwin	Hunt	Morse
Brewster	Kefauver	Smith, N. J.
Chavez	Lodge	Taft
Douglas	McCarran	Wiley
Dulles	McMahon	Withers

So the motion to lay on the table was agreed to.

Mr. McCARTHY. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Wisconsin will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to add a new section, as follows:

SEC. 4. Paragraph 1519 of the Tariff Act of 1930, as amended, is hereby amended by adding at the end thereof a new subparagraph to read as follows:

"(g) The President shall establish such import quotas or other suitable regulations on the importation of furs and fur articles as are determined necessary by the Tariff Commission to prevent serious injury to the domestic fur-producing industry."

Mr. McCARTHY. Mr. President, I ask unanimous consent that I may have 1 minute to explain the amendment to those Senators who were not on the floor when I made my original presentation.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin?

Mr. GEORGE. Mr. President, I have no objection if I may have the opportunity to reply.

Mr. McCARTHY. I include that in my request.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin. The Chair hears none, and the Senator from Wisconsin is recognized for 1 minute.

Mr. McCARTHY. Mr. President, I should like to make it clear to the Senate that this is not an amendment to the Reciprocal Trade Agreements Act. It in no way affects the President's power under the Reciprocal Trade Agreements Act. This is an amendment to the Tariff Act, and it is aimed specifically at one thing, that is, to give the President power which he does not have today under the Tariff Act, to prevent the dumping of Russian furs into the United States. The importation of furs has increased from $59,000,000 before the war to about $169,000,000 since the war. It is completely and thoroughly wrecking our fur farmers. The fur-farming industry is a very important segment of agriculture in my State.

As I say, this amendment has nothing whatsoever to do with the President's power under the Reciprocal Trade Agreements Act. It does not add to or take from him any power whatsoever. It does give him additional power under the Tariff Act. In effect, it decides whether there shall be a prosperous Russian fur farmer or a prosperous fur farmer in this country.

The VICE PRESIDENT. The time of the Senator has expired.

The Senator from Georgia [Mr. GEORGE] is recognized for 1 minute.

Mr. GEORGE. Mr. President, I do not care to take any time, except to make this statement:

Under the act of 1930 there is no tariff on the furs about which complaint is now being made. The only fur of consequence which was taxable under the Smoot-Hawley Act of 1930 was silver fox. There was a tax of 50 percent on silver fox fur. That was reduced to 37½ percent. Perhaps there was some small reduction later.

The difficulty here is that the Smoot-Hawley Act itself did not carry duties upon all fur items. They were on the free list. This is an amendment to the Tariff Act. I respectfully ask that it not be placed in the Reciprocal Trade Agreements Act, because that would be putting Congress back into tariff making.

The VICE PRESIDENT. The time of the Senator from Georgia has expired.

The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. McCARTHY].

Mr. McCARTHY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. McCARRAN] are absent by leave of the Senate on official business.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Illinois [Mr. DOUGLAS], and the Senator from Tennessee [Mr. KEFAUVER] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is necessarily absent.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from Wisconsin [Mr. WILEY], who is absent on official business, is paired with the Senator from Ohio [Mr. TAFT], who is necessarily absent. If present and voting, the Senator from Wisconsin would vote "yea" and the Senator from Ohio would vote "nay."

The result was announced—yeas 43, nays 40, as follows:

YEAS—43

Aiken	Hendrickson	Martin
Anderson	Hickenlooper	Millikin
Bricker	Jenner	Mundt
Bridges	Johnson, Colo.	Reed
Butler	Johnson, Tex.	Schoeppel
Cain	Kem	Thomas, Okla.
Capehart	Kerr	Thomas, Utah
Cordon	Knowland	Thye
Donnell	Langer	Tobey
Ecton	Long	Watkins
Ellender	McCarthy	Wherry
Ferguson	McClellan	Williams
Flanders	McFarland	Young
Frear	Magnuson	
Gurney	Malone	

NAYS—40

Byrd	Humphrey	O'Mahoney
Chapman	Ives	Pepper
Connally	Johnston, S. C.	Robertson
Downey	Kilgore	Russell
Eastland	Leahy	Saltonstall
Fulbright	Lucas	Smith, Maine
George	McKellar	Sparkman
Gillette	McMahon	Stennis
Graham	Maybank	Taylor
Green	Miller	Tydings
Hayden	Murray	Vandenberg
Hill	Myers	Withers
Hoey	Neely	
Holland	O'Conor	

NOT VOTING—13

Baldwin	Hunt	Smith, N. J.
Brewster	Kefauver	Taft
Chavez	Lodge	Wiley
Douglas	McCarran	
Dulles	Morse	

So Mr. McCARTHY's amendment was agreed to.

Mr. WHERRY. Mr. President, I move that the Senate reconsider the vote on the last amendment.

Mr. McCARTHY. Mr. President, I move to lay on the table the motion to reconsider.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Wisconsin to lay on the table the motion of the Senator from Nebraska to reconsider the vote by which the McCarthy amendment was adopted.

Mr. LUCAS. I ask for the yeas and nays on the motion to lay on the table.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. McCARRAN] are absent by leave of the Senate on official business.

The Senator from Kentucky [Mr. WITHERS] is unavoidably detained.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Illinois [Mr. DOUGLAS], and the Senator from Tennessee [Mr. KEFAUVER] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is necessarily absent.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from Wisconsin [Mr. WILEY] who is absent on official business is paired with the Senator from Ohio [Mr. TAFT] who is necessarily absent. If present and voting, the Senator from Wisconsin would vote "yea" and the Senator from Ohio would vote "nay."

The yeas and nays resulted—yeas 41, nays 41, as follows:

YEAS—41

Aiken	Gurney	Malone
Anderson	Hendrickson	Martin
Bricker	Hickenlooper	Millikin
Bridges	Jenner	Mundt
Butler	Johnson, Colo.	Reed
Cain	Johnson, Tex.	Schoeppel
Capehart	Kem	Thomas, Okla.
Cordon	Kerr	Thye
Donnell	Knowland	Tobey
Ecton	Langer	Watkins
Ellender	Long	Wherry
Ferguson	McCarthy	Williams
Flanders	McClellan	Young
Frear	McFarland	

NAYS—41

Byrd	Humphrey	O'Conor
Chapman	Ives	O'Mahoney
Connally	Johnston, S. C.	Pepper
Downey	Kilgore	Robertson
Eastland	Leahy	Russell
Fulbright	Lucas	Saltonstall
George	McKellar	Smith, Maine
Gillette	McMahon	Sparkman
Graham	Magnuson	Stennis
Green	Maybank	Taylor
Hayden	Miller	Thomas, Utah
Hill	Murray	Tydings
Hoey	Myers	Vandenberg
Holland	Neely	

NOT VOTING—14

Baldwin	Hunt	Smith, N. J.
Brewster	Kefauver	Taft
Chavez	Lodge	Wiley
Douglas	McCarran	Withers
Dulles	Morse	

The VICE PRESIDENT. On this vote the yeas are 41; the nays are 41. Under the Constitution, the President of the Senate is entitled to vote in such case, and he votes "nay."

Therefore, the motion to lay on the table the motion to reconsider is rejected.

The motion to lay on the table having been defeated, the question is on agreeing to the motion to reconsider the vote by which the McCarthy amendment was agreed to.

Mr. WHERRY. I ask for the yeas and nays.

The yeas and nays were ordered; the legislative clerk proceeded to call the roll, and Mr. AIKEN voted "nay" when his name was called.

Mr. McCARTHY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McCARTHY. Am I correct in understanding that a "nay" vote is a vote in favor of the amendment?

The VICE PRESIDENT. A "nay" vote is a vote against reconsidering the vote by which the McCarthy amendment was agreed to.

Mr. McCARTHY. I thank the Chair.

The legislative clerk resumed and concluded the calling of the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from Kentucky [Mr. WITHERS] is unavoidably detained.

I announce further that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Illinois [Mr. DOUGLAS], and the Senator from Tennessee [Mr. KEFAUVER] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is necessarily absent.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "yea."

The Senator from Wisconsin [Mr. WILEY] who is absent on official business is paired with the Senator from Ohio [Mr. TAFT] who is necessarily absent. If present and voting, the Senator from Wisconsin would vote "nay" and the Senator from Ohio would vote "yea."

The yeas and nays resulted—yeas 41, nays 41, as follows:

YEAS—41

Anderson	Holland	Neely
Byrd	Humphrey	O'Conor
Chapman	Ives	O'Mahoney
Connally	Johnston, S. C.	Pepper
Downey	Kilgore	Robertson
Eastland	Leahy	Russell
Fulbright	Lucas	Saltonstall
George	McKellar	Smith, Maine
Gillette	McMahon	Sparkman
Graham	Magnuson	Stennis
Green	Maybank	Taylor
Hayden	Miller	Tydings
Hill	Murray	Vandenberg
Hoey	Myers	

NAYS—41

Aiken	Hendrickson	Martin
Bricker	Hickenlooper	Millikin
Bridges	Jenner	Mundt
Butler	Johnson, Colo.	Reed
Cain	Johnson, Tex.	Schoeppel
Capehart	Kem	Thomas, Okla.
Cordon	Kerr	Thomas, Utah
Donnell	Knowland	Thye
Ecton	Langer	Tobey
Ellender	Long	Watkins
Ferguson	McCarthy	Wherry
Flanders	McClellan	Williams
Frear	McFarland	Young
Gurney	Malone	

NOT VOTING—14

Baldwin	Hunt	Smith, N. J.
Brewster	Kefauver	Taft
Chavez	Lodge	Wiley
Douglas	McCarran	Withers
Dulles	Morse	

The VICE PRESIDENT. The Chair is advised that the result of the vote is 41 yeas, 40 nays, and the motion to reconsider is agreed to. *(See footnote.)

*This vote resulted, as shown, "yeas" 41, "nays" 41, with 14 not voting; but the Vice President, acting on information furnished him by the clerk at the desk, announced the result as "yeas" 41, "nays" 40. According to the advice given him, the Vice President was correct in announcing that the motion to reconsider was agreed to. The official transcript, which showed the Vice President announcing the vote as "yeas" 41, "nays" 40, as he had been advised was the result, was inadvertently changed, and the Vice President was made to say that the result was "yeas" 41, "nays" 41, which, being a tie, would have caused the rejection of the motion, unless the Vice President exercised his prerogative of voting in case of a tie. In the daily RECORD of September 16, attention was called to the error, and an order was entered correcting both the RECORD and the Journal. The debate appears under the heading "Correction of the Journal and the RECORD," on page 12961 of the RECORD of September 16.

The question recurs on agreeing to the amendment offered by the Senator from Wisconsin [Mr. MCCARTHY].

Mr. WHERRY and other Senators requested the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

I announce further that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Illinois [Mr. DOUGLAS], and the Senator from Tennessee [Mr. KEFAUVER] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is necessarily absent.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from Wisconsin [Mr. WILEY] who is absent on official business is paired with the Senator from Ohio [Mr. TAFT] who is necessarily absent. If present and voting, the Senator from Wisconsin would vote "yea" and the Senator from Ohio would vote "nay."

The result was announced—yeas 40, nays 43, as follows:

YEAS—40

Aiken	Hickenlooper	Martin
Bricker	Jenner	Millikin
Bridges	Johnson, Colo.	Mundt
Butler	Johnson, Tex.	Reed
Cain	Kem	Schoeppel
Capehart	Kerr	Thomas, Okla.
Cordon	Knowland	Thye
Donnell	Langer	Tobey
Ecton	Long	Watkins
Ferguson	McCarthy	Wherry
Flanders	McClellan	Williams
Frear	McFarland	Young
Gurney	Magnuson	
Hendrickson	Malone	

NAYS—43

Anderson	Holland	O'Mahoney
Byrd	Humphrey	Pepper
Chapman	Ives	Robertson
Connally	Johnston, S. C.	Russell
Downey	Kilgore	Saltonstall
Eastland	Leahy	Smith, Maine
Ellender	Lucas	Sparkman
Fulbright	McKellar	Stennis
George	McMahon	Taylor
Gillette	Maybank	Thomas, Utah
Graham	Miller	Tydings
Green	Murray	Vandenberg
Hayden	Myers	Withers
Hill	Neely	
Hoey	O'Conor	

NOT VOTING—13

Baldwin	Hunt	Smith, N. J.
Brewster	Kefauver	Taft
Chavez	Lodge	Wiley
Douglas	McCarran	
Dulles	Morse	

So Mr. MCCARTHY's amendment was rejected.

Mr. KNOWLAND. Mr. President, I send to the desk an amendment, which I ask to have read.

The VICE PRESIDENT. The amendment offered by the Senator from California will be stated.

The CHIEF CLERK. On page 2, between lines 6 and 7, it is proposed to insert a new section, as follows:

SEC. 5. Section 2 (b) of the act entitled "An act to amend the Tariff Act of 1930," approved June 12, 1934, as amended (U. S. C., title 19, sec. 1352 (b)), is amended by changing the period at the end thereof to a colon and adding the following: *"Provided,* That the President shall terminate any such foreign trade agreement as soon as may be possible under its terms in the case of any foreign government with which such an agreement has been concluded, upon a finding by the President or the United States Tariff Commission that such foreign government is discriminating against American commerce through restrictive quotas, discriminatory taxation, or other restrictive trade practices or has withdrawn, nullified, or otherwise made ineffective a substantial portion of the trade concessions made to the United States in such agreement. In considering the making of such finding the Tariff Commission shall conduct an investigation upon a request therefor contained in a resolution passed by either the House Ways and Means Committee or the Senate Finance Committee or upon the request of the President, and it may conduct such an investigation upon the request of any interested party, or upon its own motion. In the conduct of such an investigation the Tariff Commission shall hold hearings, give reasonable public notice thereof, and shall afford reasonable opportunity for parties interested to be present, to produce evidence, and to be heard at such hearings. The report of any finding to the President shall include a detailed summary of the evidence supporting the finding and shall be made public. From and after the date of the enactment of the Trade Agreements Extension Act of 1949, no foreign trade agreement shall be entered into or allowed to continue beyond its permissible termination date with any foreign government which the President or the Tariff Commission has found to be discriminating against American commerce through restrictive quotas, discriminatory taxation, or other restrictive trade practices, or is withholding, nullifying, or otherwise making ineffective a substantial portion of the trade concessions made to the United States in such agreement; and every foreign trade agreement concluded or allowed to continue beyond its permissible termination date pursuant to this act shall provide for termination of such agreement at any time by the President upon not more than 6 months' notice whenever a finding shall be made by the President or the Tariff Commission that the foreign government with which such agreement has been concluded is discriminating against American commerce through restrictive quotas, discriminatory taxation, or other restrictive trade practices or has withdrawn, nullified, or otherwise made ineffective a substantial portion of the trade concessions made to the United States in such agreement."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND].

Mr. KNOWLAND. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from Kentucky [Mr. WITHERS] is unavoidably detained.

The Senator from Alabama [Mr. SPARKMAN] is unavoidably detained, and if present would vote "nay."

I announce further that if present and voting the Senator from New Mexico [Mr. CHAVEZ], the Senator from Illinois [Mr. DOUGLAS], and the Senator from Tennessee [Mr. KEFAUVER] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The result was announced—yeas 27, nays 54, as follows:

YEAS—27

Bricker	Hendrickson	Millikin
Bridges	Hickenlooper	Mundt
Butler	Jenner	Reed
Cain	Kem	Schoeppel
Capehart	Knowland	Thye
Cordon	Langer	Watkins
Ecton	McCarthy	Wherry
Ferguson	Malone	Williams
Gurney	Martin	Young

NAYS—54

Aiken	Hoey	Miller
Anderson	Holland	Murray
Byrd	Humphrey	Myers
Chapman	Ives	Neely
Connally	Johnson, Colo.	O'Conor
Donnell	Johnson, Tex.	O'Mahoney
Downey	Johnston, S. C.	Pepper
Eastland	Kerr	Robertson
Ellender	Kilgore	Russell
Flanders	Leahy	Saltonstall
Frear	Long	Smith, Maine
Fulbright	Lucas	Stennis
George	McClellan	Taylor
Gillette	McFarland	Thomas, Okla.
Graham	McKellar	Thomas, Utah
Green	McMahon	Tobey
Hayden	Magnuson	Tydings
Hill	Maybank	Vandenberg

NOT VOTING—15

Baldwin	Hunt	Smith, N. J.
Brewster	Kefauver	Sparkman
Chavez	Lodge	Taft
Douglas	McCarran	Wiley
Dulles	Morse	Withers

So Mr. KNOWLAND's amendment was rejected.

Mr. THOMAS of Oklahoma. Mr. President, I call up the oil amendment, lettered "B," and ask that it be stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. After section 6 it is proposed to add a new section, as follows:

SEC. 7. Section 350 (a) of the Tariff Act of 1930 is hereby amended by adding a new subsection as follows:

"(3) Quotas for petroleum and petroleum products to be imported to the United States shall be provided limiting the total quantity imported from all countries, including petroleum and petroleum products purchased abroad for use of the United States Military Establishment and oil for supplies for bunkering vessels at United States ports but excluding oil for manufacture and reexport, in any quarter of a year to an amount not to exceed 5 percent of the domestic demand for petroleum and petroleum products in the United States for the same quarter of the previous year as reported by the United States Bureau of Mines, plus petroleum and petroleum products purchased abroad for use of the United States Military Establishment. Quotas established under this provision may be suspended during any period of inadequacy of petroleum supplies to meet current national consumption."

Mr. THOMAS of Oklahoma. On this amendment I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. IVES (when his name was called). On this vote I have a pair with the junior Senator from South Dakota [Mr. MUNDT]. If he were present and voting he would vote "yea." If I were permitted to vote I would vote "nay." I withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from Illinois [Mr. DOUGLAS] is paired with the Senator from Nevada [Mr. MCCARRAN]. If present and voting, the Senator from Illinois would vote "nay," and the Senator from Nevada would vote "yea."

The Senator from Wyoming [Mr. HUNT] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Wyoming would vote "yea," and the Senator from Tennessee would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] and the Senator from Ohio [Mr. TAFT] are necessarily absent. If present and

voting, the Senator from Ohio [Mr. TAFT] would vote "nay."

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senator from South Dakota [Mr. MUNDT] is detained on official business and his pair has been previously announced by the Senator from New York [Mr. IVES].

The yeas and nays resulted—yeas 40, nays 41, as follows:

YEAS—40

Anderson	Jenner	Neely
Butler	Johnson, Colo.	O'Mahoney
Cain	Johnson, Tex.	Reed
Capehart	Kem	Schoeppel
Chapman	Kerr	Thomas, Okla.
Connally	Kilgore	Thye
Donnell	Knowland	Tobey
Ecton	Long	Watkins
Ellender	McCarthy	Wherry
Fulbright	McClellan	Williams
Gillette	McFarland	Withers
Gurney	Malone	Young
Hendrickson	Martin	
Hickenlooper	Millikin	

NAYS—41

Aiken	Hill	Myers
Bricker	Hoey	O'Conor
Bridges	Holland	Pepper
Byrd	Humphrey	Robertson
Cordon	Johnston, S. C.	Russell
Downey	Langer	Saltonstall
Eastland	Leahy	Smith, Maine
Ferguson	Lucas	Sparkman
Flanders	McKellar	Stennis
Frear	McMahon	Taylor
George	Magnuson	Thomas, Utah
Graham	Maybank	Tydings
Green	Miller	Vandenberg
Hayden	Murray	

NOT VOTING—15

Baldwin	Hunt	Morse
Brewster	Ives	Mundt
Chavez	Kefauver	Smith, N. J.
Douglas	Lodge	Taft
Dulles	McCarran	Wiley

The VICE PRESIDENT. The Chair is advised that on this vote the yeas are 42 and the nays are 41, so the amendment is agreed to.

Mr. BUTLER. Mr. President, I call up my amendment dated yesterday, and ask that it be stated.

The VICE PRESIDENT. The amendment will be stated.

The Chief Clerk proceeded to state the amendment offered by Mr. BUTLER.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Before the Senator from Illinois states his parliamentary inquiry, let the Chair say that the Secretary advises the Chair that in the tabulation of the last vote he made an error, and that the vote was 40 yeas and 41 nays, so that the amendment was rejected.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. Business was transacted since the announcement was made, and I submit that there was also an error in connection with the previous vote, a vote to reconsider. It was a tie vote, and because we did not ask for a recapitulation at the time, and other business had been transacted, the Parliamentarian advised us that it was too late to ask for a recapitulation. Therefore I maintain that after the announcement is made and a new amendment is under consideration, it is too late to make the recapitulation.

The VICE PRESIDENT. Obviously the Secretary made an error in the count. No business was transacted. The clerk was in the process of reading an amendment. That is not business which would prevent a correction of the RECORD.

In the previous case, in which the Chair was privately advised that there was a tie vote on the motion to reconsider, the result would have been the same anyway, because the Chair would have voted "yea." But the Chair is informed that the Secretary made a mistake in that count, which leads to the suggestion that the count ought to be made very carefully.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. Of course I shall not prolong the discussion relative to the recapitulation, but I wish to state to the distinguished occupant of the chair that my understanding is that when a new amendment is before the Senate, that is new business, and precludes a recapitulation.

The VICE PRESIDENT. A recapitulation is one thing, and the correction of an obvious error is another.

Mr. WHERRY. Is it necessary to obtain unanimous consent to correct the error, or can it be done by motion, or is it automatically done?

The VICE PRESIDENT. When the Chair's attention is called to an obvious mistake in the voting record, the Chair thinks that the reading of a subsequent amendment does not preclude the correction of the RECORD. It would be obviously unfair to the Senate if the Chair were to hold that an error in the RECORD to which his attention is called by the Secretary cannot be corrected.

Mr. WHERRY. So it is the ruling of the Chair that the reading of a subsequent amendment is not new business, and that the RECORD is corrected without the necessity of asking for a recapitulation.

The VICE PRESIDENT. A recapitulation is a different matter. In a recapitulation the roll is called over again to see if there has been any mistake. But when the clerk makes a mistake in the addition of the vote of Senators, and it is a mathematical error on the part of the clerk, obviously, that can be corrected without a recapitulation.

Mr. WHERRY. The point I wish to make clear—and I do not wish to elaborate the point—is this: Is there any difference between the correction now made and the situation involved in a request that the vote on the reconsideration of the fur amendment be recapitulated? I cannot see any difference between the two.

The VICE PRESIDENT. If the Senator's point that business had been transacted were good, it would certainly affect the motion to reconsider. But the Chair does not believe that the mere presentation of an amendment and its reading, before it is voted upon, constitutes such a transaction of business as to prevent the correction of an error made by a clerk of the Senate, which error has just been announced.

Mr. WHERRY. Mr. President, a further parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. That is the point I raised in the beginning, and that is the parliamentary inquiry which I submit to the distinguished occupant of the chair. What is business? If there is a difference between the announcement of an amendment and its reading and the transaction of other business, as related to the request for a recapitulation, I am not aware of the precedents.

Mr. LUCAS. Mr. President——

Mr. WHERRY. May I finish my observation, please?

The VICE PRESIDENT. The Chair feels—and the Parliamentarian concurs in that view—that the Chair has a right, under the situation which now exists, to correct an error which has been made by one of the reading clerks in the record of the vote. However, that is different from asking for reconsideration, or asking for a recapitulation of a vote. The recapitulation of a vote involves the recalling of the roll to see if any Senator has been recorded incorrectly. The Chair thinks, therefore, that the correction can be made, and it is made.

Mr. WHERRY. Mr. President, if I may propound a last parliamentary inquiry, would not the proper procedure be to ask unanimous consent for a recapitulation of the last vote?

The VICE PRESIDENT. No; the Chair feels that a recapitulation is another matter. It is different from the mere correction of an obvious mistake made in the addition of the vote.

Mr. LUCAS. Mr. President——

The VICE PRESIDENT. The Secretary will state the amendment of the Senator from Nebraska.

Mr. LUCAS. Mr. President, may the Senator from Illinois make a parliamentary inquiry? The Senator from Nebraska made seven or eight.

The VICE PRESIDENT. The Chair recognizes the Senator from Illinois.

Mr. LUCAS. I thank the Chair.

My parliamentary inquiry has to do with the last statement made by the distinguished Senator from Nebraska. I am satisfied that no Member of the Senate would want the RECORD to stand the way it was, if there was an obvious error committed by the parliamentary clerk.

The VICE PRESIDENT. Not by the parliamentary clerk; by the reading clerk.

Mr. LUCAS. By the reading clerk.

The VICE PRESIDENT. If it were any other clerk, it would be the same.

Mr. LUCAS. It seems to me that in order to place the question before the Senate in the proper manner, unanimous consent should be granted for a recapitulation of the vote, or a retallying of the vote, in order that there may be no question about the vote.

The Senator from Nebraska indicated in the beginning that once the vote had

been counted and announced, it was too late to go back. If there is any question whatever about that—and obviously an error was committed by the clerk—unanimous consent should be granted by the Senate to recapitulate the vote or to make another tally in some way, so that there may be no question about it.

Mr. President, I ask unanimous consent for a recapitulation of the vote, and a recount of the vote, in order to clear up the error.

The VICE PRESIDENT. The Senator from Illinois asks unanimous consent that there be a recapitulation of the vote, which means a re-calling of the entire roll, in which no Senator may change his vote.

Mr. LUCAS. That is correct.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary——

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. Inasmuch as the distinguished majority leader has asked for a recapitulation of the vote, I should like to know what is the difference, if there is any, in the ruling of the Chair with respect to the recapitulation of the vote on the motion to reconsider the fur amendment.

The VICE PRESIDENT. The difference is that the Senator from Illinois has asked unanimous consent that the roll be called again by way of recapitulation.

Mr. WHERRY. If I ask unanimous consent, after this is over, for a recapitulation of the vote on the motion to reconsider the fur amendment, will that be in order?

The VICE PRESIDENT. The Chair will pass on that question when it is raised.

Mr. McCARTHY. Mr. President——

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. McCARTHY. Reserving the right to object, I should like to ask the Senator from Illinois to modify his request——

The VICE PRESIDENT. Consent has already been granted.

Mr. McCARTHY. I am sorry.

The VICE PRESIDENT. The Secretary will call the roll. In order to clear up the situation, the Chair will state that the Secretary is now about to recall the roll by way of recapitulation, merely announcing how each Senator voted. No Senator may change his vote, and no Senator who did not vote may now vote.

The vote was recapitulated—yeas 40, nays 41—as follows:

YEAS—40

Anderson	Jenner	Neely
Butler	Johnson, Colo.	O'Mahoney
Cain	Johnson, Tex.	Reed
Capehart	Kem	Schoeppel
Chapman	Kerr	Thomas, Okla.
Connally	Kilgore	Thye
Donnell	Knowland	Tobey
Ecton	Long	Watkins
Ellender	McCarthy	Wherry
Fulbright	McClellan	Williams
Gillette	McFarland	Withers
Gurney	Malone	Young
Hendrickson	Martin	
Hickenlooper	Millikin	

NAYS—41

Aiken	Hill	Myers
Bricker	Hoey	O'Conor
Bridges	Holland	Pepper
Byrd	Humphrey	Robertson
Cordon	Johnston, S. C.	Russell
Downey	Langer	Saltonstall
Eastland	Leahy	Smith, Maine
Ferguson	Lucas	Sparkman
Flanders	McKellar	Stennis
Frear	McMahon	Taylor
George	Magnuson	Thomas, Utah
Graham	Maybank	Tydings
Green	Miller	Vandenberg
Hayden	Murray	

NOT VOTING—15

Baldwin	Hunt	Morse
Brewster	Ives	Mundt
Chavez	Kefauver	Smith, N. J.
Douglas	Lodge	Taft
Dulles	McCarran	Wiley

The VICE PRESIDENT. The recapitulation on the announcement of the vote totals 40 in favor of the amendment, 41 in opposition. Therefore, the amendment is rejected.

Mr. WHERRY. Mr. President, in light of the precedent established in regard to returning to a vote for recapitulation, I now ask unanimous consent that the vote on the motion to reconsider the vote on the fur amendment be recapitulated at this time.

Mr. GEORGE. Mr. President, I object. We have to terminate the matter at some time, somewhere.

Mr. WHERRY. Mr. President, if there is to be debate, I should like to give my reasons.

The VICE PRESIDENT. There cannot be debate on the matter, on either side.

Mr. McCARTHY. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. McCARTHY. In view of the fact that it is obvious that the vote on the motion to reconsider was actually a tie vote of 41 to 41, is it not incumbent upon the Chair to correct the RECORD and to show that the motion to reconsider was lost because a tie vote results in the defeat of the motion?

The VICE PRESIDENT. That is true; but the Chair would have had a right to vote if a tie vote had been announced, and of course the Chair would have voted in favor of reconsideration, which would have made the vote 42 to 41, if that is the correct figure.

The Chair thinks the RECORD should be corrected at least to the extent of having it show that the vote was a tie vote.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. I do not wish to belabor this matter, but of course a precedent is now being established. A tie vote on the motion to reconsider would have produced an entirely different result. Inasmuch as a recapitulation now would preclude a vote by the Vice President, and inasmuch as a precedent was established a moment ago by having a recapitulation of the vote by which an amendment was rejected, and inasmuch as no Member of the Senate objected to having that done—no doubt refraining from objecting on the theory that an error had occurred—it seems to me there should be the same right to have a recapitulation now of the vote on the motion to reconsider the vote on the fur amendment. If that is done, it will be disclosed that the result previously announced was in error, that the actual vote was 41 to 41, and that therefore the motion to reconsider the vote on the fur amendment was rejected.

In other words, if it is valid to correct one error, is it not valid to correct another error, namely, the one in connection with the announcement of the vote on the motion to reconsider the vote on the fur amendment? If that is done, then the motion to reconsider is lost; and the fact that the Vice President did not vote would preclude his subsequent vote on the tie vote, the 41-to-41 vote.

The VICE PRESIDENT. The Chair does not agree as to that. However, no precedent is established when unanimous consent is given for the recapitulation of a vote. That is not a precedent. Objection could be made tomorrow by any Senator to a similar request in regard to another vote on another matter. So no precedent has been established.

Mr. WHERRY. Mr. President, I shall not attempt to argue with the distinguished Vice President, of course; but the reason why I did not object to the request for recapitulation of the last vote—although that recapitulation changed the result entirely—was that I thought it was only fair to have the recapitulation made, in view of the previous error in the announcement. So I did not object, feeling that it was proper to have the recapitulation made under those circumstances and that it was proper that the actual count be listed, and that, whatever the result would then be shown to be, it would be the result of the vote actually had in the Senate of the United States.

By the same token, I have asked unanimous consent that we return to a former vote, the vote on the motion to reconsider the vote on the fur amendment, inasmuch as the announcement of the vote on the motion to reconsider was in error. I maintain that if one is proper, the other is proper; and I further maintain that the fact that no objection was made to the last unanimous-consent request shows clearly, it seems to me, that if we wish to correct the errors which have been made, unanimous consent should now be granted that the previous error also be corrected.

The VICE PRESIDENT. Objection was made.

The Secretary will complete the reading of the amendment offered by the Senator from Nebraska [Mr. BUTLER].

Mr. HICKENLOOPER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. HICKENLOOPER. Will the Chair state what the record now shows with regard to the vote on the motion to reconsider the vote on the fur amendment? What is the record of the Senate?

The VICE PRESIDENT. The Secretary announces that the vote, as cor-

rected, is 41 to 41. But that was not the announcement which was made by the Chair, under the advice of the Secretary, at the time.

Mr. HICKENLOOPER. Mr. President, another parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. HICKENLOOPER. I ask that the Chair state what, then, is the verified record of the Senate as to the vote on the motion to reconsider the vote on the fur amendment.

The VICE PRESIDENT. The corrected vote would show that it was 41 to 41. But that correction does not deprive the Chair of his right to vote in case of a tie vote. If the record is to be corrected in regard to the matter of the vote on the motion to reconsider, the Chair of course would feel that he had a right to exercise his right to vote.

Mr. HICKENLOOPER. Mr. President, another parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. HICKENLOOPER. Am I correct in understanding that the vote is not being corrected, but that the exact vote, as actually cast in the Senate, is merely being announced correctly?

The VICE PRESIDENT. The Chair has announced what he has announced. He announced, originally, based upon the clerk's count, a different result—namely, 41 to 40.

Mr. HICKENLOOPER. Mr. President, a further parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. HICKENLOOPER. Again I ask the Chair whether he will state officially what the vote actually was, regardless of what the Chair announced or regardless of what the clerk announced. What does the record show actually to be the vote on the motion to reconsider the vote on the fur amendment?

The VICE PRESIDENT. The advice of the clerk to the Chair is that if the vote had been correctly counted, it would have been 41 to 41. That is the announcement of the Chair.

Mr. McCARTHY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McCARTHY. Do I correctly understand the Chair's ruling on the recapitulation of the vote on the oil amendment to be that the recapitulation would consist merely of accurately counting the vote and announcing the result, and that Senators who were not present at the time of the vote or Senators who did not vote at that time could not vote on the recapitulation?

The VICE PRESIDENT. That is correct. The recapitulation is merely for the purpose of seeing whether any Senator has been recorded incorrectly on the roll call—not for the purpose of giving Senators a right to change their vote or other Senators an opportunity to vote.

Mr. McCARTHY. Mr. President, am I correct in my understanding that if there were a recapitulation of the vote on the motion to reconsider the fur amendment, the same ruling would apply, and that no new votes could then be cast on the question of agreeing to the motion to reconsider the vote on the fur amendment?

The VICE PRESIDENT. If the Senator means to inquire whether the Chair would not have a right to vote under those circumstances, the Chair says that is not correct. The Chair would have a right, under the Constitution, to vote in case of a tie vote. Sometimes the Chair's vote under such circumstances does not change the result, but sometimes it might.

Mr. HICKENLOOPER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. HICKENLOOPER. Does not every Member of the Senate have a right to cast his vote, normally, under the Constitution, when he is present in the Senate?

The VICE PRESIDENT. Of course, that is theoretically true. But the unbroken rule and precedent of the Senate is that a recapitulation is had only for the purpose of ascertaining whether any Senator has been incorrectly recorded. A Senator whose vote has been incorrectly recorded then has a right, during the recapitulation, to announce any incorrect recording of his vote. A Senator cannot change his vote at that time, nor can Senators who were not present during the roll call, vote at that time.

Mr. McCARTHY. Mr. President, a further parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McCARTHY. Do I correctly understand that the position of the President of the Senate is that even though business has transpired since the vote was had on the motion to reconsider the vote on the fur amendment, and even though another vote has been taken since then, the President of the Senate could now go back and cast his vote on the motion to reconsider? Is that the ruling of the Chair?

The VICE PRESIDENT. If the vote on the motion to reconsider were recapitulated so as to create a situation which would give the Vice President a right to vote—as would have been been the case if the result had been correctly announced—the Chair feels that he would not be deprived of the right to vote by reason of those circumstances.

Mr. McCARTHY. Then, Mr. President, let me ask—and, of course, I do not wish to belabor the point or cross-examine the Chair—whether I am correct in respect to the following: First, whether a tie vote would result in the rejection of the motion to reconsider; second, whether the Chair has a right either to cast his vote or to refrain from casting his vote.

The VICE PRESIDENT. That is correct.

Mr. McCARTHY. If the Chair elected to refrain from casting his vote, then a tie vote would result in the rejection of the motion to reconsider; would it not?

The VICE PRESIDENT. That is correct.

Mr. McCARTHY. So far as the record appears, is it correct to say that the Chair, sitting there, in his wisdom, refrained from casting his vote, and that inasmuch as the Chair refrained from casting his vote, it is now incumbent upon the Chair to correct the announcement of the vote and to announce that the motion to reconsider is rejected?

The VICE PRESIDENT. The Chair is not sitting here, in his wisdom, passing upon that question, because at the time the Chair did not have a right to vote, because the announcement was that there was not a tie vote. But the Chair would have cast his vote if, at the time, there had been an announcement that there was a tie vote.

Mr. McCARTHY. Mr. President, a further parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it. The Chair will listen to the parliamentary inquiry and will try to pass upon it in his wisdom. [Laughter.]

Mr. McCARTHY. I thank the Chair. Mr. President, if several Senators who then were in the Chamber had elected not to vote, because of an erroneous announcement of the original vote, certainly upon a recapitulation those Senators could not then vote; could they?

My question, addressed to the Chair is, Under what rule or precedent is the Chair in a different position with respect to subsequently, on a recapitulation, changing his mind and deciding to vote from any Senator who, after originally not voting, on a recapitulation decides to vote?

The VICE PRESIDENT. That is a rather theoretical question. In practice, a Senator is not compelled to vote. Senators sometimes sit here and hear their names called; and do not vote. The question of whether there is or is not a tie could not compel them to vote. They could exercise the right, but if they sit in the Chamber and allow the roll to be called and do not answer to their names, then, later, when a recapitulation is asked for, they have no right then to vote, merely because in the first instance they were sitting in the Senate Chamber and did not exercise their right to vote.

Mr. McCARTHY. Mr. President, a further parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McCARTHY. Is there not a rule of the Senate to the effect that every Senator must vote, and under no circumstances may he refrain from voting when he is in the Chamber, unless he is excused by the Senate?

The VICE PRESIDENT. Theoretically, yes; but that rule sometimes is violated. Of course, under the rules prescribed in accordance with the Constitution, a Senator is supposed to vote, if present, unless he is excused by the Senate from voting. That is the requirement of rule XII, paragraph 2, which reads as follows:

> When a Senator declines to vote on call of his name, he shall be required to assign his reasons therefor, and having assigned them, the Presiding Officer shall submit the question to the Senate: "Shall the Senator,

for the reasons assigned by him, be excused from voting?" which shall be decided without debate; and these proceedings shall be had after the roll call and before the result is announced; and any further proceedings in reference thereto shall be after such announcement.

Although in a few instances such a situation may arise, yet in actual practice it has been very rare for such a question to be raised.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LUCAS. What is the pending question?

The VICE PRESIDENT. The pending question, whenever the amendment is read, will be on agreeing to the amendment offered by the Senator from Nebraska [Mr. BUTLER].

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. HOLLAND. In article I, section 3, of the Constitution, this wording appears:

> The Vice President of the United States shall be President of the Senate, but shall have no vote, unless they be equally divided.

Under that provision, is it the opinion of the Presiding Officer that the Vice President cannot possibly have a vote, until and unless a tie vote has developed and has been announced, on the part of the Senators present and participating in the vote?

The VICE PRESIDENT. That is correct.

Mr. NEELY. I ask for the regular order.

The VICE PRESIDENT. The clerk will state the amendment offered by the Senator from Nebraska [Mr. BUTLER].

The CHIEF CLERK. At the appropriate place in the bill, it is proposed to add the following new section:

> SEC. —. All trade agreements entered into under the authority of this act shall contain a provision that, if any article as to which a concession has been granted by the United States in such trade agreement is being imported at such prices, in such quantities, or under such conditions as to cause or threaten injury to domestic producers of like, similar, or competitive articles, the United States may withdraw the concession in whole or in part, or modify it to the extent and for such time, as may be necessary to prevent or correct such injury.
>
> The President shall, immediately upon the passage of this act, take such action as may be necessary to cause the foregoing provision to be incorporated in all trade agreements entered into prior to January 1, 1943.

Mr. BUTLER. Mr. President, I ask unanimous consent that I may have not to exceed 1 minute to speak on the amendment.

Mr. NEELY (from his seat). I object. I want to go home.

The VICE PRESIDENT. No Senator may address the Chair unless he rises in his place. Does the Senator from West Virginia wish to be recognized?

Mr. NEELY. No, sir. I prefer to sit here all night. [Laughter.]

The VICE PRESIDENT. Very well. The Chair has stated a rule of the Senate, and the Chair desires to enforce it.

Mr. BUTLER. Mr. President, this is really a simple amendment, but for fear it may not have received the attention of Senators who are present today, I wish to discuss it briefly. To date there have been completed approximately 50 trade agreements. Thirteen of the agreements, which were completed prior to January 1, 1943, do not contain the escape clause. All the agreements consummated since January 1, 1943, contain the escape clause.

The first part of my amendment proposes that the escape clause, instead of being included in the agreements by an Executive order, as has been the case, shall be included in the agreements by legislative action. The other clause requires the President to take proper steps to see that the other 13 agreements are amended so as to contain the escape clause.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Nebraska [Mr. BUTLER].

Mr. WHERRY. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from New Mexico [Mr. CHAVEZ] is paired on this vote with the Senator from Wisconsin [Mr. WILEY]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Wisconsin would vote "yea."

The Senator from Illinois [Mr. DOUGLAS] is paired with the Senator from Nevada [Mr. MCCARRAN]. If present and voting, the Senator from Illinois would vote "nay," and the Senator from Nevada would vote "yea."

The Senator from Tennessee [Mr. KEFAUVER] is paired on this vote with the Senator from Massachusetts [Mr. LODGE]. If present and voting, the Senator from Tennessee would vote "nay," and the Senator from Massachusetts would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER] and the Senator from New York [Mr. DULLES] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business and is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting the Senator from Wisconsin would vote "yea" and the Senator from New Mexico would vote "nay."

The Senator from New Jersey [Mr. SMITH] who is absent on official business with leave of the Senate is paired with the Senator from Ohio [Mr. TAFT] who is necessarily absent. If present and voting, the Senator from New Jersey would vote "nay" and the Senator from Ohio would vote "yea."

The Senator from Massachusetts [Mr. LODGE] who is absent by leave of the Senate is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Massachusetts would vote "yea" and the Senator from Tennessee would vote "nay."

The Senator from South Dakota [Mr. MUNDT] is detained on official business. If present and voting, the Senator from South Dakota would vote "yea."

The result was announced—yeas 29, nays 53, as follows:

YEAS—29

Aiken	Gurney	Reed
Bricker	Hendrickson	Saltonstall
Bridges	Hickenlooper	Schoeppel
Butler	Jenner	Thomas, Okla.
Cain	Kem	Thye
Capehart	Knowland	Watkins
Cordon	McCarthy	Wherry
Donnell	Malone	Williams
Ecton	Martin	Young
Flanders	Millikin	

NAYS—53

Anderson	Humphrey	Murray
Byrd	Ives	Myers
Chapman	Johnson, Colo.	Neely
Connally	Johnson, Tex.	O'Conor
Downey	Johnston, S. C.	O'Mahoney
Eastland	Kerr	Pepper
Ellender	Kilgore	Robertson
Ferguson	Langer	Russell
Frear	Leahy	Smith, Maine
Fulbright	Long	Sparkman
George	Lucas	Stennis
Gillette	McClellan	Taylor
Graham	McFarland	Thomas, Utah
Green	McKellar	Tobey
Hayden	McMahon	Tydings
Hill	Magnuson	Vandenberg
Hoey	Maybank	Withers
Holland	Miller	

NOT VOTING—14

Baldwin	Hunt	Mundt
Brewster	Kefauver	Smith, N. J.
Chavez	Lodge	Taft
Douglas	McCarran	Wiley
Dulles	Morse	

So Mr. BUTLER's amendment was rejected.

Mr. KILGORE. Mr. President, I call up the amendment offered by myself and my colleague from West Virginia [Mr. NEELY], which relates to hand-made glassware or hand-made pottery.

The VICE PRESIDENT. The clerk will state the amendment offered by the Senators from West Virginia.

The LEGISLATIVE CLERK. On page 3, after line 9, it is proposed to insert a new section, as follows:

> SEC. 7. Section 350 of the Tariff Act of 1930, as amended, is further amended by adding thereto the following new subsection:
>
> "(e) No foreign-trade agreement shall be concluded and no proclamation shall be issued, under this section, with respect to hand-made glassware or hand-made pottery."

Mr. KILGORE and other Senators requested the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. CORDON (when his name was called). On this vote I have a pair with the senior Senator from Ohio [Mr. TAFT]. If he were present and voting, he would vote "yea." If I were permitted to vote I would vote "nay." I withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

I announce further that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Illinois [Mr. DOUGLAS], and the Senator from Tennessee [Mr. KEFAUVER] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senator from Ohio [Mr. TAFT] is necessarily absent and his pair has been previously announced by the Senator from Oregon [Mr. CORDON].

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from South Dakota [Mr. MUNDT] is detained on official business. If present and voting, the Senator from South Dakota would vote "nay."

The result was announced—yeas 20, nays 61, as follows:

YEAS—20

Bricker	Hickenlooper	Martin
Butler	Jenner	Millikin
Cain	Johnson, Colo.	Neely
Capehart	Kerr	Thomas, Okla.
Ecton	Kilgore	Wherry
Gurney	McFarland	Williams
Hendrickson	Malone	

NAYS—61

Aiken	Holland	O'Mahoney
Anderson	Humphrey	Pepper
Bridges	Ives	Reed
Byrd	Johnson, Tex.	Robertson
Chapman	Johnston, S. C.	Russell
Connally	Kem	Saltonstall
Donnell	Knowland	Schoeppel
Downey	Langer	Smith, Maine
Eastland	Leahy	Sparkman
Ellender	Long	Stennis
Ferguson	Lucas	Taylor
Flanders	McCarthy	Thomas, Utah
Frear	McClellan	Thye
Fulbright	McKellar	Tobey
George	McMahon	Tydings
Gillette	Magnuson	Vandenberg
Graham	Maybank	Watkins
Green	Miller	Withers
Hayden	Murray	Young
Hill	Myers	
Hoey	O'Conor	

NOT VOTING—15

Baldwin	Dulles	Morse
Brewster	Hunt	Mundt
Chavez	Kefauver	Smith, N. J.
Cordon	Lodge	Taft
Douglas	McCarran	Wiley

So Mr. KILGORE's amendment was rejected.

Mr. MILLIKIN. Mr. President, I send to the desk a proposed amendment, which would change the extension of the Trade Agreements Act as provided in the pending bill from 3 to 2 years. I ask that it be read and be given immediate consideration.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 1, line 10, it is proposed to strike out "three" and to insert in lieu thereof "two."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Colorado.

Mr. MILLIKIN. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered, and the roll was called.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

On this vote the Senator from Illinois [Mr. DOUGLAS] is paired with the Senator from South Dakota [Mr. MUNDT]. If present and voting the Senator from Illinois would vote "nay," and the Senator from South Dakota would vote "yea."

I announce further that if present and voting the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Tennessee [Mr. KEFAUVER] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senator from New Jersey [Mr. SMITH], who is absent on official business with leave of the Senate, is paired with the Senator from Ohio [Mr. TAFT], who is necessarily absent. If present and voting, the Senator from New Jersey would vote "nay" and the Senator from Ohio would vote "yea."

The Senator from South Dakota [Mr. MUNDT], who is detained on official business, is paired with the Senator from Illinois [Mr. DOUGLAS]. If present and voting, the Senator from South Dakota would vote "yea" and the Senator from Illinois would vote "nay."

The result was announced, yeas 33, nays 49, as follows:

YEAS—33

Bricker	Hendrickson	Martin
Bridges	Hickenlooper	Millikin
Butler	Ives	Reed
Cain	Jenner	Saltonstall
Capehart	Johnson, Colo.	Schoeppel
Cordon	Kem	Thye
Donnell	Knowland	Vandenberg
Ecton	Langer	Watkins
Ferguson	McCarthy	Wherry
Flanders	McClellan	Williams
Gurney	Malone	Young

NAYS—49

Fulbright	Holland	Neely
George	Humphrey	O'Conor
Gillette	Johnson, Tex.	O'Mahoney
Graham	Johnston, S. C.	Pepper
Green	Kerr	Robertson
Hayden	Kilgore	Russell
Hill	Leahy	Smith, Maine
Hoey	Long	Sparkman
Aiken	Lucas	Stennis
Anderson	McFarland	Taylor
Byrd	McKellar	Thomas, Okla.
Chapman	McMahon	Thomas, Utah
Connally	Magnuson	Tobey
Downey	Maybank	Tydings
Eastland	Miller	Withers
Ellender	Murray	
Frear	Myers	

NOT VOTING—14

Baldwin	Hunt	Mundt
Brewster	Kefauver	Smith, N. J.
Chavez	Lodge	Taft
Douglas	McCarran	Wiley
Dulles	Morse	

So Mr. MILLIKIN's amendment was rejected.

Mr. MALONE. I now call up my amendment, which is in the nature of a substitute for House bill 1211.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and insert in lieu thereof certain language.

The VICE PRESIDENT. Does the Senator from Nevada desire his amendment, in the nature of a substitute, read at this time?

Mr. MALONE. No, Mr. President, but I ask that it be printed in the RECORD.

The VICE PRESIDENT. The amendment will be printed in the RECORD.

The amendment in the nature of a substitute submitted by Mr. MALONE is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

"DECLARATION OF POLICY

"SECTION 1. It is declared to be the policy of the Congress—

"(a) to facilitate and encourage the importation into the United States of foreign goods and products in quantities sufficient to supply the needs of the United States economy;

"(b) to foster and provide for the export of the products of American industry and agriculture in quantities sufficient to pay for the needed imports;

"(c) to develop and promote a well-balanced, integrated, and diversified production within the United States so as to maintain a sound and prosperous national economy and a high level of wages and employment in industry and agriculture;

"(d) to provide necessary flexibility of import duties thereby making possible appropriate adjustments in response to changing economic conditions;

"(e) to assure the accomplishment of these objectives by returning to and maintaining hereafter in the United States the control over American import duties now subject to international agreements.

"RESTATEMENT OF EXISTING IMPORT DUTIES

"SEC. 2. Title I, paragraphs 1 to 1559, inclusive, of the Tariff Act of 1930 are hereby amended by repealing the classifications and rates therein contained and substituting therefor the classifications and rates obtaining and in effect on June 30, 1949, by reason of proclamations of the President under section 350 of the Tariff Act of 1930 or otherwise.

"FORMATION OF FOREIGN TRADE AUTHORITY

"SEC. 3. Title III, part II, section 330, of the Tariff Act of 1930 is hereby amended to read as follows:

"'PART II—FOREIGN TRADE AUTHORITY

"'SEC. 330. Organization of the Foreign Trade Authority.

"'(a) Membership: The United States Tariff Commission shall be reorganized and reconstituted as the Foreign Trade Authority (hereinafter referred to as the "Authority") to be composed of six directors to be hereafter appointed by the President by and with the advice and consent of the Senate. The original directors of the Authority shall be the same persons now serving as Commissioners of the United States Tariff Commission, each such person to serve as a director of the Authority until the date when his term of office as a Commissioner of the United States Tariff Commission would have expired. Thereafter the term of office of any successor to any such director shall expire 6 years from the date of the expiration of the term for which his predecessor was appointed except that a director appointed to fill a vacancy occurring for any reason other than the expiration of a term as herein provided shall be appointed only for the remainder of the term which his predecessor would otherwise have served. Directors shall be eligible for appointment to succeed themselves if otherwise qualified therefor. No person shall be eligible for appointment as a director unless he is a citizen of the United States, and, in the judgment of the President, is possessed of qualifications requisite for developing expert knowledge of tariff problems and efficiency in administering the provisions of this act. Not more than three of the directors shall be members of the same political party, and in making appointments members of different political parties shall be appointed alternately as nearly as may be practicable.

"'(b) Chairman, Vice Chairman, and salary: The President shall annually designate one of the directors as Chairman and one as Vice Chairman of the Authority. The Vice Chairman shall act as Chairman in case of absence or disability of the Chairman. A majority of the directors in office shall constitute a quorum, but the Authority may function notwithstanding vacancies. Each director shall receive a salary of $12,000 a year. No director shall actively engage in any business, vocation, or employment other than that of serving as a director.'

"APPOINTMENT OF SECRETARY

"SEC. 4. Title III, part II, section 331 (a), of the Tariff Act of 1930 is hereby amended to read as follows:

"'(a) Personnel: The Authority shall appoint a secretary who shall receive a salary of $9,000 per year, and the Authority is hereby empowered to employ and fix the compensations of such special experts, examiners, clerks, and other employees of the Authority as it may find necessary for the proper performance of its duties.'

"ADMINISTRATION OF TRADE AGREEMENTS

"SEC. 5. Title III, part II, of the Tariff Act of 1930 is amended by adding at the end of section 331 the following new section:

"'SEC. 331a. Administration of Trade Agreements.

"'(a) All powers vested in, delegated to, or otherwise properly exercisable by the President or any other officer or agency of the United States in respect to the foreign trade agreements entered into pursuant to section 350 of the Tariff Act of 1930 are hereby transferred to, and shall be exercisable by the Authority, including, but not limited to, the right to invoke the various escape clauses, reservations, and options therein contained, and to exercise on behalf of the United States any rights or privileges therein provided for the protection of the interests of the United States.

"'(b) The Authority is hereby authorized and directed—

"'(1) to terminate as of the next earliest date therein provided, and in accordance with the terms thereof, all the foreign trade agreements entered into by the United States pursuant to section 350 of the Tariff Act of 1930;

"'(2) to prescribe, upon termination of any foreign trade agreement, that the import duties established therein shall remain the same as existed prior to such termination, and such import duties shall not thereafter be increased or reduced except in accordance with the Tariff Act of 1930, as amended, by this act.'

"PERIODIC ADJUSTMENT OF IMPORT DUTIES

"SEC. 6. Title III, part II, section 336, of the Tariff Act of 1930 is hereby amended to read as follows:

"'SEC. 336. Periodic Adjustment of Import Duties.

"'(a) The Authority is authorized and directed, from time to time, and subject to the limitations hereinafter provided, to prescribe and establish import duties which will, within equitable limits, provide for fair and reasonable competition between domestic articles and like or similar foreign articles in the principal market or markets of the United States. A foreign article shall be considered as providing fair and reasonable competition to United States producers of a like or similar article if the Authority finds as a fact that the landed duty paid price of the foreign article in the principal market or markets in the United States is a fair price, including a reasonable profit to the importers, and is not substantially below the price, including a reasonable profit for the domestic producers, at which the like or similar domestic articles can be offered to consumers of the same class by the domestic industry in the principal market or markets in the United States.

"'(b) In determining whether the landed duty paid price of a foreign article, including a fair profit for the importers, is, and may continue to be, a fair price under subdivision (a) of this section, the Authority shall take into consideration, insofar as it finds it practicable—

"'(1) The lowest, highest, average, and median landed duty paid price of the article from foreign countries offering substantial competition;

"'(2) Any change that may occur or may reasonably be expected in the exchange rates of foreign countries either by reason of devaluation or because of a serious unbalance of international payments;

"'(3) The policy of foreign countries designed substantially to increase exports to the United States by selling at unreasonably low and uneconomic prices to secure additional dollar credits;

"'(4) Increases or decreases of domestic production and of imports on the basis of both unit volume of articles produced and articles imported, and the respective percentages of each;

"'(5) The actual and potential future ratio of volume and value of imports to volume and value of production, respectively;

"'(6) The probable extent and duration of changes in production costs and practices;

"'(7) The degree to which normal cost relationships may be affected by grants, subsidies, excises, export taxes, or other taxes, or otherwise, in the country of origin; and any other factors either in the United States or in other countries which appear likely to affect production costs and competitive relationships.

"'(c) Decreases or increases in import duties designed to provide for fair and reasonable competition between foreign and domestic articles may be made by the Authority either upon its own motion or upon application of any person or group showing adequate and proper interest in the import duties in question: *Provided, however,* That no change in any import duty shall be ordered by the Authority until after it shall have first conducted a full investigation and presented tentative proposals followed by a public hearing at which interested parties have an opportunity to be heard.

"'(d) The Authority, in setting import duties so as to establish fair and reasonable competition as herein provided, may, in order to effectuate the purposes of this act, prescribe specific duties or ad valorem rates of duty upon the foreign value or export value as defined in sections 402 (c) and 402 (d) of the Tariff Act of 1930 or upon the United States value as defined in section 402 (e) of said act.

"'(e) In order to carry out the purposes of this act, the Authority is authorized to transfer any article from the dutiable list to the free list, or from the free list to the dutiable list.

"'(f) Any increase or decrease in import duties ordered by the Authority shall become effective 90 days after such order is announced: *Provided,* That any such order is first submitted to Congress by the Authority and is not disapproved, in whole or in part, by concurrent resolution of Congress within 60 days thereafter.

"'(g) No order shall be announced by the Authority under this section which increases existing import duties on foreign articles if the Authority finds as a fact that the domestic industry operates, or the domestic article is produced, in a wasteful, inefficient, or extravagant manner.

"'(h) The Authority, in the manner provided for in subdivisions (c) and (f) in this section, may impose quantitative limits on the importation of any foreign article, in such amounts, and for such periods, as it finds necessary in order to effectuate the purposes of this act: *Provided, however,* That no such quantitative limit shall be imposed contrary to the provisions of any foreign trade agreement in effect pursuant to section 350 of the Tariff Act of 1930.

"'(i) For the purpose of this section—

"'(1) the term "domestic article" means an article wholly or in part the growth or product of the United States; and the term "foreign article" means an article wholly or in part the growth or product of a foreign country;

"'(2) the term "United States" includes the several States and Territories and the District of Columbia;

"'(3) the term "foreign country" means any empire, country, dominion, colony, or protectorate, or any subdivision or subdivisions thereof (other than the United States and its possessions);

"'(4) the term "landed duty paid price" means the price of any foreign article after payment of the applicable customs or import duties and other necessary charges, as represented by the acquisition cost to an importing consumer, dealer, retailer, or manufacturer, or the offering price to a consumer, dealer, retailer, or manufacturer, if imported by an agent.

"'(j) The Authority is authorized to make all needful rules and regulations for carrying out its functions under the provisions of this section.

"'(k) The Secretary of the Treasury is authorized to make such rules and regulations as he may deem necessary for the entry and declaration of foreign articles with respect to which a change in basis of value has been made under the provisions of subdivision (d) of this section, and for the form of invoice required at time of entry.'

"AMENDMENT OF SECTION 337

"SEC. 7. Title III, part II, section 337, of the Tariff Act of 1930 is hereby amended as follows:

"(a) Subdivision (a) thereof by striking out the word 'President' and substituting therefor the word 'Authority.'

"(b) Subdivision (b) thereof is hereby repealed.

"(c) Subdivision (d) thereof is hereby repealed.

"(d) Subdivision (e) thereof is hereby amended to read as follows:

"'(e) Exclusion of articles from entry: Whenever the existence of any such unfair method or act shall be established to the satisfaction of the Authority, it shall direct that the articles concerned in such unfair methods or acts, imported by any person violating the provisions of this act, shall be excluded from entry into the United States, and upon information of such action by the Authority, the Secretary of the Treasury shall, through the proper officers, refuse such entry.'

"(e) Subdivision (f) thereof is hereby amended to read as follows:

"'(f) Entry under bond: Whenever the Authority has reason to believe that any article is offered or sought to be offered for entry into the United States in violation of this section, but has not information sufficient to satisfy it thereof, the Secretary of the Treasury shall, upon its request in writing, forbid entry thereof until such investigation as the Authority may deem necessary shall be completed; except that such articles shall be entitled to entry under bond prescribed by the Secretary of the Treasury.'

"(f) Subdivision (g) thereof is hereby amended to read as follows:

"'(g) Continuance of exclusion: Any refusal of entry under this section shall continue in effect until the Authority shall find and advise the Secretary of the Treasury that the conditions which led to such refusal of entry no longer exist.'

"CONTINUANCE OF PERSONNEL, FUNDS, ACTIONS, AND SO FORTH

"SEC. 8. Section 339 of the Tariff Act of 1930 is hereby amended to read as follows:

"'SEC. 339. Effect of Enactment.

"'(a) All personnel, property, records, balance of appropriations, allocations, and other funds available (or to be made available) to the United States Tariff Commission shall be transferred to the Authority for use in connection with the exercise of its functions; and such transfer shall not operate to change the status of the officers and employees transferred from the Commission to the Authority. No investigation or other proceeding pending before the Commission at such time shall abate by reason of such transfer but shall continue under the provisions of this act.

"'(b) Wherever in the Tariff Act of 1930, or in any other law, the terms "United States Tariff Commission" or "Commission" occur, such terms shall be construed to mean the "Foreign Trade Authority" and the "Authority," respectively.'

"REAPPLICATION OF SECTION 516 (B)

"SEC. 9. Section 17, subsection (c), of the act of June 25, 1938, chapter 679, is hereby repealed.

"STATISTICAL ENUMERATION

"SEC. 10. Title IV, part III, section 484 (e), of the Tariff Act of 1930 is hereby amended to read as follows:

"'(e) Statistical enumeration: The Chairman of the Foreign Trade Authority is authorized and directed to establish from time to time, after consultation with the Secretary of the Treasury and the Secretary of Commerce, a statistical enumeration of imported articles in such detail as he may consider necessary and desirable to effectuate the purposes of this act. As a part of each entry there shall be attached thereto or included therein an accurate statement giving details required for such statistical enumeration. The Secretary of Commerce is hereby authorized and directed to make such reasonable and proper digests from, and compilations of, such statistical data as the chairman requests. In the event of a disagreement between the chairman and the Secretary of Commerce as to the reasonable and proper nature of any request the matter shall be referred to the President whose decision shall be final.'

"REVISED TEXT OF TARIFF ACT

"SEC. 11. The Authority, as soon as practicable, shall prepare and cause to be printed as a public document available for public distribution a complete revised text of the Tariff Act of 1930 as amended.

"EFFECTIVE DATE

"SEC. 12. This act shall take effect as of June 30, 1949."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Nevada [Mr. MALONE] in the nature of a substitute for the bill.

Mr. WHERRY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Illinois [Mr. DOUGLAS], and the Senator from Tennessee [Mr. KEFAUVER] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business and is paired with the Senator from South Dakota [Mr. MUNDT], who is detained on official business. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from South Dakota would vote "yea."

The Senator from Maine [Mr. BREWSTER] who is absent by leave of the Senate is paired with the Senator from New Jersey [Mr. SMITH] who is absent on official business with leave of the Senate. If present and voting, the Senator from Maine would vote "yea" and the Senator from New Jersey would vote "nay."

The Senator from New York [Mr. DULLES] and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senator from Kansas [Mr. REED] is detained on official business.

The result was announced—yeas 17, nays 64, as follows:

YEAS—17

Bricker	Jenner	Martin
Butler	Kem	Millikin
Cain	Langer	Watkins
Capehart	Long	Wherry
Ecton	McCarthy	Young
Gurney	Malone	

NAYS—64

Aiken	Hill	Neely
Anderson	Hoey	O'Conor
Bridges	Holland	O'Mahoney
Byrd	Humphrey	Pepper
Chapman	Ives	Robertson
Connally	Johnson, Colo.	Russell
Cordon	Johnson, Tex.	Saltonstall
Donnell	Johnston, S. C.	Schoeppel
Downey	Kerr	Smith, Maine
Eastland	Kilgore	Sparkman
Ellender	Knowland	Stennis
Ferguson	Leahy	Taylor
Flanders	Lucas	Thomas, Okla.
Frear	McClellan	Thomas, Utah
Fulbright	McFarland	Thye
George	McKellar	Tobey
Gillette	McMahon	Tydings
Graham	Magnuson	Vandenberg
Green	Maybank	Williams
Hayden	Miller	Withers
Hendrickson	Murray	
Hickenlooper	Myers	

NOT VOTING—15

Baldwin	Hunt	Mundt
Brewster	Kefauver	Reed
Chavez	Lodge	Smith, N. J.
Douglas	McCarran	Taft
Dulles	Morse	Wiley

So Mr. MALONE's amendment was rejected.

The VICE PRESIDENT. The bill is open to amendment. If there be no further amendments to be proposed, the question is on the third reading and passage of the bill.

The bill was ordered to a third reading, and was read the third time.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

Mr. WHERRY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from Tennessee [Mr. KEFAUVER] is paired on this vote with the Senator from Nevada [Mr. MCCARRAN] If present and voting, the Senator from Tennessee would vote "yea," and the Senator from Nevada would vote "nay."

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Illinois [Mr. DOUGLAS], and the Senator from Wyoming [Mr. HUNT] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business. If present and voting, the Senator from Connecticut would vote "yea."

The Senator from Maine [Mr. BREWSTER], who is absent by leave of the Senate, is paired with the Senator from New Jersey [Mr. SMITH], who is absent on official business with leave of the Senate. If present and voting, the Senator from Maine would vote "nay" and the Senator from New Jersey would vote "yea."

The Senator from Massachusetts [Mr. LODGE] is absent by leave of the Senate. If present and voting, the Senator from Massachusetts would vote "yea."

The Senator from Oregon [Mr. MORSE] is necessarily absent. If present and voting, the Senator from Oregon would vote "yea."

The Senator from Wisconsin [Mr. WILEY] is absent on official business. If present and voting, the Senator from Wisconsin would vote "yea."

The Senator from Ohio [Mr. TAFT], who is necessarily absent, is paired with the Senator from New York [Mr. DULLES], who is absent by leave of the Senate. If present and voting, the Senator from Ohio would vote "nay" and the Senator from New York would vote "yea."

The Senator from Kansas [Mr. REED], who is detained on official business, is paired with the Senator from South Dakota [Mr. MUNDT], who is also detained on official business. If present and voting, the Senator from Kansas would vote "yea," and the Senator from South Dakota would vote "nay."

The result was announced—yeas 61, nays 20, as follows:*

YEAS—61

Aiken	Hill	Myers
Anderson	Hoey	Neely
Bridges	Holland	O'Conor
Byrd	Humphrey	O'Mahoney
Chapman	Ives	Pepper
Connally	Johnson, Tex.	Robertson
Donnell	Johnston, S. C.	Russell
Downey	Kerr	Saltonstall
Eastland	Kilgore	Smith, Maine
Ellender	Leahy	Sparkman
Ferguson	Long	Stennis
Flanders	Lucas	Taylor
Frear	McCarthy	Thomas, Okla.
Fulbright	McClellan	Thomas, Utah
George	McFarland	Thye
Gillette	McKellar	Tobey
Graham	McMahon	Tydings
Green	Magnuson	Vandenberg
Hayden	Maybank	Withers
Hendrickson	Miller	
Hickenlooper	Murray	

NAYS—20

Bricker	Jenner	Millikin
Butler	Johnson, Colo.	Schoeppel
Cain	Kem	Watkins
Capehart	Knowland	Wherry
Cordon	Langer	Williams
Ecton	Malone	Young
Gurney	Martin	

NOT VOTING—15

Baldwin	Hunt	Mundt
Brewster	Kefauver	Reed
Chavez	Lodge	Smith, N. J.
Douglas	McCarran	Taft
Dulles	Morse	Wiley

So the bill H. R. 1211 was passed.

TRIBUTE TO GUATEMALA AND TO OTHER NEIGHBORING LATIN-AMERICAN NATIONS ON THE ANNIVERSARIES OF THEIR INDEPENDENCE

Mr. MYERS. Mr. President, I have prepared a brief tribute to Guatamala and other neighboring Latin-American nations on the anniversaries of their independence which I had expected to deliver to the Senate today. Because of the limitation of time on the bill which has been under consideration and the fact that I am compelled to leave the Senate, I ask unanimous consent that the tribute may be printed in the RECORD.

There being no objection, the tribute was ordered to be printed in the RECORD, as follows:

Mr. MYERS. Mr. President, we have been discussing here today the question of restoring to its full strength the eminently successful reciprocal trade agreements program initiated by a great American Secretary of State, Cordell Hull.

The great statesmanship which he demonstrated in that program's initiation would of itself assure for him an outstanding niche in our history of foreign relations.

There took place during his administration as Secretary of State another great advance in the science and art of international relations which is particularly worth noting today, on this September 15, and that was the rejuvenation of the good-neighbor policy with our fellow Republics of the Western Hemisphere.

Mr. President, this day on which the Senate of the United States has voted once again in favor of international cooperation for the achievement of a decent world of decent nations in which freedom can survive in peace, happens to be an extremely important anniversary in Central America, the anniversay of the achievement of independence from a European power of Guatemala, El Salvador, Costa Rica, Nicaragua, and Honduras.

It was on September 15, 1821, 128 years ago today, that these nations, then under the yoke of Spain, threw off their status of colonies and established their own independence, much as the United States had done at the end of the previous century.

I should like at this moment to express my best wishes to the peoples of these neighbor nations, alined with us in a great crusade for a better world, and I am sure the Senate of the United States joins me in felicitations to the peoples of Guatemala, El Salvador, Costa Rica, Nicaragua, and Honduras on this independence day anniversary.

I am sure, too, that we also join in extending our congratulations to our neighbor Mexico which celebrates her independence day tomorrow, and to Chile, which observes her independence day on September 18, Sunday.

I am particularly pleased today to mention Guatemala's anniversary, because a few months ago, when our Nation was preparing to celebrate our own Independence Day on July 4, the Diario de Centroamerica, which I understand is the official newspaper of the Guatemalan Government, somewhat akin to our Federal Register but containing news articles as well as official decrees and regulations, carried a very gratifying news article on the one hundred and seventy-third anniversary of our Independence Day, a picture of George Washington and also one of a group of students visiting historic Independence Hall in Philadelphia.

These articles were called to my attention by the Honorable Isidor Ostroff, an outstanding member of the Philadelphia Bar, a good friend of mine, and the Honorary Vice Consul of Guatemala in Philadelphia.

Mr. Ostroff, who has been extremely vigorous in the promotion of the Independence Hall area of Philadelphia as a National Historic Park, and who has been most helpful to me in obtaining passage of the legislation which accomplished this long-sought goal, was naturally delighted to find such genuine interest in our Independence Hall area shrines in the Central American nation which he represents in an honorary capacity in Philadelphia. His enthusiasm is always contagious, and I, as a member of the Independence Hall National Historic Park Commission established by Congress to supervise the acquisition and restoration of the area surrounding Independence Hall as a national historic park, found the article on our own Independence Day most interesting.

Therefore, while today extending my greetings to the people of Guatemala on their Independence Day, and to the peoples of neighboring nations observing a similar anniversary today, I think it appropriate—and ask unanimous consent—to have the article from Diario de Centroamerica, dated July 2, 1949, as translated by the Library of Congress Legislative Reference Service, printed in the CONGRESSIONAL RECORD as part of my remarks.

The article follows:

"Our greetings to the country of Washington and Roosevelt.

"On the one hundred and seventy-third anniversary of the independence of the United States.

"On Monday of next week the United States of North America will celebrate the one hundred and seventy-third anniversary of its independence, an anniversary of continental celebration because of the great importance of July 4, 1776, in the historic destinies of the nations of the New World and because of the way in which the foundation of the Republic of the north influenced the universal development of democracy. On this date there fly in the winds of liberty the flags of all the nations which live together on this continent and which keep green the laurel which surrounds the brow of George Washington, father of the North American country, the solitary symbol of independence of those nations, which, inspired by the example of the 13 Anglo-American States, broke the chains of colonization from California to Cape Horn. Now that today America is peacefully striving to abolish the dependence of the American regions which still remain bound to extra-continental powers, the date of July 4 attains special significance.

"In praising the remembrance of that day and its permanent significance, Diario de Centroamerica sends to the people of the United States its sincere and cordial greetings."

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following communication and letter, which were referred, as indicated:

SUPPLEMENTAL ESTIMATE, LEGISLATIVE BRANCH, ARCHITECT OF THE CAPITOL

A communication from the President of the United States, transmitting a supplemental estimate of appropriation in the amount of $5,000, for the legislative branch, Architect of the Capitol, fiscal year 1950 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

REPORT AND FINDINGS ON THE EKLUTNA PROJECT, ALASKA

A letter from the Secretary of the Interior, transmitting, pursuant to law, his report and findings on the Eklutna project, Alaska, relating to the development and utilization of the water power resources of Alaska (with an accompanying report); to the Committee on Interior and Insular Affairs.

PETITION

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from Omar B. Ketcham, director, Legislative Service, Veterans of Foreign Wars, Washington, D. C., transmitting a

*In the daily RECORD of September 15, 1949, the result of this vote was announced as yeas 62, nays 19. Subsequently, on October 15, 1949, Mr. LANGER, by unanimous consent, changed his vote from "yea" to "nay"; making yeas 61, nays 20.

copy of a resolution adopted at the fiftieth annual convention of the Veterans of Foreign Wars, Miami, Fla., August 21 to 26, 1949, concerning American shipping as it relates to national defense, which, with the accompanying resolution was referred to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. TOBEY, from the Committee on Interstate and Foreign Commerce:

S. J. Res. 58. Joint resolution providing for a rehearing in the matter of the Bellows Falls Hydro-Electric Corp. (project No. 1892), known as the Wilder Dam project, and a review of any order of the Federal Power Commission therein; without amendment (Rept. No. 1077).

By Mr. TYDINGS, from the Committee on Armed Services:

H. R. 524. A bill to provide for the release of all the right, title, and interest of the United States in a certain portion of a tract of land conditionally granted by it to the county of Los Angeles; without amendment (Rept. No. 1078);

H. R. 540. A bill to provide terminal leave pay for certain officers of the Navy and Marine Corps, and for other purposes; without amendment (Rept. No. 1079);

H. R. 3864. A bill to convey certain lands taken from W. W. Stewart by the United States; without amendment (Rept. No. 1080);

H. R. 4767. A bill to clarify the active-duty status of certain officers of the Army of the United States and the Air Force of the United States, and for other purposes; without amendment (Rept. No. 1081);

H. R. 5342. A bill to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment to the Boy Scouts of America for use at the Second National Jamboree of the Boy Scouts; without amendment (Rept. No. 1082); and

H. J. Res. 230. Joint resolution authorizing the Secretary of the Navy to construct and the President of the United States to present to the people of St. Lawrence, Newfoundland, on behalf of the people of the United States, a hospital or dispensary for heroic services to the officers and men of the United States Navy; without amendment (Rept. No. 1083).

EXTENSION OF OFFICERS' RETIREMENT BENEFITS TO CERTAIN ENLISTED MEN OF WORLD WAR II—REPORT OF A COMMITTEE

Mr. JOHNSON of Texas. Mr. President, from the Committee on Armed Services, I report an original bill (S. 2559) to authorize the extension of officers' retirement benefits to certain persons who while serving as enlisted men in the Army of the United States during World War II were given battlefield promotions to officer grade and were incapacitated for active service as a result of enemy action, and I submit a report (No. 1084) thereon.

The VICE PRESIDENT. The report will be received and the bill will be placed on the calendar.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT—REPORT OF A COMMITTEE

Mr. FLANDERS, from the Committee on Post Office and Civil Service, to which was recommitted the bill (H. R. 86) to amend the Civil Service Retirement Act so as to make such act applicable to the officers and employees of the Columbia Institution for the Deaf, reported it without amendment and submitted a report (No. 1076) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYDINGS:

S. 2557. A bill to amend the act relating to preventing the publication of inventions in the national interest, and for other purposes; to the Committee on the Judiciary.

By Mr. KILGORE:

S. 2558. A bill for the relief of Easa Shalhoup; to the Committee on the Judiciary.

(Mr. JOHNSON of Texas, from the Committee on Armed Services, reported an original bill (S. 2559) to authorize the extension of officers' retirement benefits to certain persons who while serving as enlisted men in the Army of the United States during World War II were given battlefield promotions to officer grade and were incapacitated for active service as a result of enemy action, which was ordered to be placed on the Calendar, and appears under a separate heading.)

By Mr. SPARKMAN:

S. 2560. A bill to amend the Federal Credit Union Act; to the Committee on Banking and Currency.

(Mr. SALTONSTALL introduced Senate bill 2561, to establish a program of foreign economic development, which was referred to the Committee on Foreign Relations, and appears under a separate heading.)

PROGRAM OF FOREIGN ECONOMIC DEVELOPMENT

Mr. SALTONSTALL. Mr. President, I introduce for proper reference a bill to establish a program of foreign economic development. Its form is an exact duplicate of the bill filed in the House on August 17, 1949, by Congressman HERTER, of Massachusetts, now numbered H. R. 6026. I make no claim for originality in this bill, but I do desire to cooperate with Congressman HERTER in trying to forward its objectives. Its purpose is an effort to implement in a practical, workable manner the safeguards that our Government must install if private capital is to be induced to be channeled into investments abroad along the lines suggested by point 4 of the President's program for foreign economic aid. Unquestionably, this bill will have to be amended and improved after discussion, but it does aim to provide a basis for thoughtful consideration of this most important problem. It is an effort to assist in the future development of our export trade through the building up of other nations and thus to enhance their ability to trade with us.

The bill follows the recommendations made by a number of individuals and trade organizations interested in international commerce. It sets up an administration within the State Department, and thus differs radically from legislation already filed which proposes to permit an extension of the charter of the Export-Import Bank in order to allow that bank to guarantee private American investment capital abroad. Furthermore, it endeavors in a practical way to make it possible for us to use our technical and capital resources in raising the living standards of other nations and thus making them better trading centers for our goods.

This bill does not guarantee investments made by private capital. It does attempt to define the fundamental agreements between the Government of our country and those of other countries in a manner that will give confidence to private individuals and stimulate them to make investments in those countries. The risk on the part of our citizens will be theirs and will be a calculated investment risk.

I believe in the principle of point 4 of the President's message, but I am convinced that to be successful it cannot be based solely on loans from Government agencies, such as the Export-Import Bank and the International Bank for Reconstruction and Development. I hope that with proper safeguards and careful Government planning, American capital can be successfully interested to invest in foreign fields. Naturally, I believe that it must be done without detriment to our own economy, but rather in an effort to expand our economy.

We have just witnessed in Washington a conference between the United States, the United Kingdom, and Canada. Among other problems, they discussed methods to induce greater imports into our country to pay for the exports from our country. Point 8 of the text of the communiqué issued on September 12 by the conferees states in part: "While dealing with all aspects of private and public investment, the committee will be expected to address itself especially to the problem of incentives, and of providing a suitable environment for a high level of private investment." This bill is an effort to provide that suitable environment. We know only too well from our experiences after World War I, and now after World War II, that Government loans to the governments across the seas are only temporary expedients. We must prepare for the day when private capital, not the money of the taxpayers, will do the bulk of the export-import business. I hope that this bill will be of some assistance in our consideration of this important subject.

The bill (S. 2561) to establish a program of foreign economic development, introduced by Mr. SALTONSTALL, was read twice by its title and referred to the Committee on Foreign Relations.

PROTECTION AGAINST LYNCHING—AMENDMENTS

Mr. EASTLAND submitted amendments intended to be proposed by him to the bill (S. 91) to provide for the better assurance of the protection of persons within the several States from lynching, and for other purposes, which were ordered to lie on the table and to be printed.

INCREASED COMPENSATION OF CERTAIN GOVERNMENT OFFICIALS — AMENDMENT

Mr. McMAHON submitted an amendment intended to be proposed by him to the bill (H. R. 1689) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, which was ordered to lie on the table and to be printed.

ST. LOUIS RIVER BRIDGES, DULUTH, MINN.—AMENDMENTS

Mr. THYE (for himself and Mr. McCARTHY) submitted amendments intended to be proposed by them, jointly, to the bill (S. 2002) to provide a method of financing the acquisition and construction by the city of Duluth of certain bridges across the St. Louis River, and for other purposes, which were referred to the Committee on Public Works and ordered to be printed.

A COMMUNITY IS NO BETTER THAN ITS FARMS—ADDRESS BY DR. PAUL D. SANDERS

[Mr. ROBERTSON asked and obtained leave to have printed in the RECORD an address delivered by Dr. Paul D. Sanders, editor of the Southern Planter, before the Farmers Home Administration at Roanoke, Va., September 1, 1949, which appears in the Appendix.]

TRIBUTE TO COMMODORE JOHN BARRY—ADDRESS BY ADMIRAL LOUIS E. DENFELD

[Mr. MYERS asked and obtained leave to have printed in the RECORD an address by Admiral Louis E. Denfeld in tribute to the late Commodore John Barry, in Philadelphia, Pa., on September 11, 1949, which appears in the Appendix.]

DISTINGUISHED VIRGINIANS IN THE NAVY

[Mr. BYRD asked and obtained leave to have printed in the RECORD a list of Virginians who have served in the Navy with distinction, which appears in the Appendix.]

MORE AMERICAN GOODS TO BRITAIN FOR THE SAME DOLLARS—STATEMENT BY WILLIAM HOLMES DAVIS

[Mr. BYRD asked and obtained leave to have printed in the RECORD a statement entitled "More American Goods to Britain for the Same Dollars," by William Holmes Davis, which appears in the Appendix.]

WHAT PRICE PROTECTION?—ADDRESS BY HENRY W. NICHOLS

[Mr. KEM asked and obtained leave to have printed in the RECORD an address on the subject, What Price Protection? delivered by Henry W. Nichols at the banquet of the seventy-third annual convention of the Illinois State Bar Association, Rockford, Ill., June 6, 1949, which appears in the Appendix.]

MATTERS AFFECTING HAWAII

[Mr. BUTLER asked and obtained leave to have printed in the RECORD three editorials from the Honolulu Advertiser entitled, respectively "What Is a Democrat in Hawaii?" "Two-Timing the Longshoremen," and "Practical Senator CAIN," which appear in the Appendix.]

EXCERPTS FROM STATEMENT OF MR. FRANK PURNELL BEFORE THE PRESIDENTIAL STEEL BOARD

[Mr. CAIN asked and obtained leave to have printed in the RECORD excerpts from the statement made before the Presidential Steel Board on August 19, 1949, by Mr. Frank Purnell, president of the Youngstown Sheet & Tube Co., which appear in the Appendix.]

LOUISIANA'S STATE RIGHTS

[Mr. ELLENDER asked and obtained leave to have printed in the RECORD an article entitled "Louisiana's State Rights," written by Frank J. Looney, and published in the Shreveport (La.) Times of August 28, 1949, which appears in the Appendix.]

LEAVE OF ABSENCE

Mr. THOMAS of Oklahoma asked and obtained permission to be excused from attendance on the sessions of the Senate until next Monday morning.

ORDER OF BUSINESS

Mr. LUCAS. Mr. President, I have made two previous announcements that following the disposition of the amendments to the bill extending the Trade Agreements Act and the final vote on the bill itself, the Senate would proceed to consider executive business, with particular reference to the nomination of Mr. Carl A. Ilgenfritz, of Pennsylvania, to be Chairman of the Munitions Board. I make this announcement now because two or three Senators did not realize that we were going to have an evening session. The Senator from Maryland desires to speak for about 30 minutes. If there is to be lengthy debate on the nomination, then I say to Senators on both sides of the aisle we can take a short recess for dinner, in order to accommodate Senators and the Official Reporters, and then come back and try to conclude action on the nomination this evening.

R. C. OWEN AND OTHERS—VETO MESSAGE

Mr. KILGORE. Mr. President, will the Senator from Illinois yield to me for a privileged matter?

Mr. LUCAS. I yield.

Mr. KILGORE. I have a privileged matter which I should like to call up at this time, before the Senate proceeds to the consideration of the executive calendar. The matter to which I refer involves the question of overriding the veto by the President of the United States of a bill which has been passed by both Houses of the Congress. The bill (H. R. 1036) provides for the reimbursement of R. C. Owen, R. C. Owen, Jr., and others, tobacco dealers in Tennessee, for the loss of revenue stamps due to the burning of their warehouse, was duly reported to the Senate and was passed by the Senate.

The actual loss was proved in court; but because the court held that on a legal basis the revenue stamps which were destroyed by the fire were the same as money which might have been burned—of course, everything in the warehouse was burned—the court declined to allow anything in the way of relief.

So the parties requested equitable redress by the Congress. They paid the tax, but of course the receipts for the tax they paid have been destroyed, and they could not claim insurance relief, for such receipts are not insurable. So they have no redress unless Congress gives it.

The House has overridden the President's veto, and it is my hope that the Senate will do likewise.

The VICE PRESIDENT. This is a privileged matter, and the Chair lays before the Senate the bill (H. R. 1036) for the relief of R. C. Owen, R. C. Owen, Jr., and Roy Owen, former partners doing business as R. C. Owen, of Gallatin, Tenn., together with the objections of the President thereto.

The message of the President has heretofore been read.

The Senate proceeded to reconsider the bill (H. R. 1036) for the relief of R. C. Owen, R. C. Owen, Jr., and Roy Owen, former partners doing business as R. C. Owen, of Gallatin, Tenn., the objections of the President of the United States to the contrary notwithstanding.

The VICE PRESIDENT. The question is, Shall the bill pass, the objections of the President to the contrary notwithstanding?

As many as favor the passage of the bill, the objections of the President to the contrary notwithstanding, will vote "yea" when their names are called; and those who oppose passage of the bill, over the veto, will vote "nay."

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. This question calls for a yea-and-nay vote; does it not?

The VICE PRESIDENT. Yes; under the Constitution there must be a yea-and-nay vote on this question.

Mr. WHERRY. Mr. President, will the Senator from West Virginia yield to me, if he has the floor?

Mr. KILGORE. Mr. President, I wish to yield to the distinguished Senator from Tennessee [Mr. MCKELLAR], because he is more familiar with the situation than I am. I yield now to him, and no doubt he will yield for a question.

The VICE PRESIDENT. The Senator from Tennessee is recognized.

Mr. MCKELLAR. Mr. President, I am glad to yield to the Senator from Nebraska, to permit him to ask a question.

Mr. WHERRY. Mr. President, I wish to ask for a further explanation. Some of the Members of the Senate on this side of the aisle could not even hear the statement of what is involved in this case. I would deeply appreciate it if the Senator would give us further details in regard to the claim and what is involved.

Mr. KILGORE. Mr. President, let me say that the situation is this: R. C. Owen and R. C. Owen, Jr., who were dealers and storers and purchasers of tobacco, purchased from the United States Government a quantity of revenue stamps. Some of the stamps were placed upon tobacco already packaged, some were ready to be placed, and some were kept in the safe. The warehouse burned in toto. The only thing left was the safe. The stamps in the safe were intact and were redeemed. The stamps which already had been placed upon the packages of tobacco, which represented receipts for taxes paid upon that tobacco, and the stamps which were ready to be placed on tobacco already in the warehouse, were destroyed, along with the tobacco. As I have said, the stamps in the safe were found intact, and were redeemed.

The Owens firm filed a claim for the loss they sustained by reason of the destruction of the stamps which were burned.

On the ground—treating the stamps as money—that in order to recover under such circumstances, if money is involved, some parts of the money must be produced, even though there was conclusive-

ly proof in court of the exact amount of stamps destroyed by the fire, and even though the court admitted that to be so, yet, on the purely technical ground that the stamps were similar to money, the parties seeking relief were turned down in the court. So they have had to seek equitable relief from the Congress.

Mr. LUCAS. Let me inquire how much is involved.

Mr. KILGORE. I forget the exact amount. The distinguished Senator from Tennessee [Mr. McKELLAR] probably has that information.

The point is, in my opinion, that the stamps constituted receipts for taxes paid. There was no chance to use them, because the material on which the tax had been paid was destroyed by fire. The parties concerned could not insure the stamps, although they could insure money.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. KILGORE. I yield.

Mr. SALTONSTALL. What is the President's reason for vetoing the bill?

Mr. KILGORE. Let me say to the Senator from Massachusetts that before bringing up in the Senate the matter of the veto, I interviewed the President. He said it was purely on the legal ground given by the court, and that he had no objection whatever to any action the Congress might take in the matter; he felt he was simply following the court's purely legalistic ruling that the matter fell in the same category or classification as money which had been burned.

Mr. McKELLAR. Mr. President, the amount involved is $8,437.98.

Mr. WHERRY. Mr. President, how long has this claim been in litigation? Of course, the bill has already been passed by the Senate.

Mr. KILGORE. Yes; the bill was passed by both the Senate and the House of Representatives, and then was vetoed. Now, the bill is again before the Senate following the veto. The veto already has been overridden by the House of Representatives. So the question of sustaining or overriding the veto is now before the Senate.

Mr. McKELLAR. Mr. President, I hope justice will be done these persons.

Mr. CAPEHART. Mr. President, would we establish a precedent by which tens of thousands of tobacco dealers and jobbers and those dealing in liquor and alcohol, who pay stamps of the same nature, would subsequently seek relief of the same sort?

Mr. McKELLAR. As I understand, heretofore in cases in which stamps have been sold by the Government and have been put upon the packages, the Congress has granted relief.

The committee was unanimous in support of the appeal for relief.

Mr. KILGORE. Mr. President, let me say that this matter is a little different from one involving money. In cases of this kind the courts have held at times, in the past, and the Congress likewise has held, that it is a prepayment of taxes and that the parties involved can be reimbursed by giving them stamps to replace the others or by giving them their equivalent in value.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. KILGORE. I yield.

Mr. MAYBANK. I could not hear very plainly from my seat on this side of the Chamber, but I understood the Senator from Tennessee to say that the committee unanimously approved the bill.

Mr. KILGORE. That is correct, according to my recollection. That was some time ago.

Mr. McKELLAR. The Senator from Nevada [Mr. McCARRAN] so stated to me.

Mr. MAYBANK. I thank the Senator.

Mr. WHERRY. Mr. President, will the Senator yield for a further question?

Mr. McKELLAR. I yield.

Mr. WHERRY. I do not wish to belabor this matter; but I should like to have cleared up, if possible, two points which stand out clearly in the President's veto message.

In his message of disapproval, the President says:

> Enactment of the bill would grant relief to this firm which is not granted to other persons similarly situated, and such special treatment would be discriminatory against taxpayers generally.

He also says:

> The regulations which prohibit refunds in cases of this type were promulgated with the view to preventing frauds upon the Government. The situation of claimant firm is not different from that of a number of other persons who have been refused refunds because of their inability to comply with the regulations pertaining to such refunds.

What does the Senator say to that?

Mr. KILGORE. Mr. President, in reply to the Senator, I may say in this case the court was perfectly satisfied as to the amount of stamps destroyed which had been placed upon the tobacco. There was no question about the amount involved. It was a question of producing fragments of the stamps which had been burned up in the fire. I may say to the distinguished Senator from Nebraska I think our laws must be made a little more flexible on this one point, because we are now putting stamps on cigarettes, tobacco, liquor, and many other things. A man packs his warehouse with goods, puts United States stamps upon them, and then the warehouse burns. He cannot insure those stamps. They are not insurable, because they have no definite value; they merely represent taxes paid. He could insure money in his safe. He could insure bonds. He could insure something of that nature.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. KILGORE. I agree with the statement the Senator read, but I think the Congress must study the relaxation of the present rule.

Mr. WHERRY. That is the point I am asking about. If we relax the rule in this case, what will be the effect on other claims of like character?

Mr. KILGORE. It will not become a precedent. This happens to be a case in which the proof is absolute as to the number and amount of the stamps destroyed. It is only a question of fact, the point being that the Owens firm does not have a few little shreds of paper which could be turned in.

Mr. WHERRY. I still want to know the answer to the last question. In his veto message the President says:

> The situation of claimant firm is not different from that of a number of other firms who have been refused refunds—

Is that so? Does the Senator see what I mean? That is what I am asking.

Mr. KILGORE. I may say to the Senator from Nebraska I know of no other firms similarly situated who have been refused refunds in the Judiciary Committee of the United States Senate, within the past 4 or 5 years.

Mr. WHERRY. None whatever? None have been refused, in the Judiciary Committee?

Mr. KILGORE. Not in the Judiciary Committee.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. KILGORE. I yield.

Mr. SPARKMAN. Did not the evidence also show that within a relatively recent period a similar case had arisen—I think it was in California—in which, on almost an identical set of facts, the Treasury Department recommended the refund or the reimbursement, and it had gone through?

Mr. KILGORE. That is my best recollection.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. KILGORE. I yield.

Mr. FERGUSON. When the stamps are affixed to a particular article, do they not become part and parcel of the article, and therefore insurable as part of the article?

Mr. KILGORE. Apparently not, in this case. In this case they were not insurable. They had not been, because they had been so recently affixed.

Mr. FERGUSON. Was there no cancellation when they were affixed to the articles?

Mr. KILGORE. I may say to the distinguished Senator from Michigan, I doubt whether the stamps would be insurable until the goods had gone into the hands of a distributor. There is some question in my mind.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. KILGORE. I yield.

Mr. PEPPER. I want to confirm, if I may, the statement made by the Senator from West Virginia with an experience which happened at Key West, Fla., showing that it has been the custom of the Congress to recognize this kind of case. I recall a case some years ago, almost completely comparable with this. It involved a claim of about $6,000 for stamps. The position of the Government was that reimbursement would not be allowed for the stamps, unless the stamps were produced; which of course cannot be done when the stamps have been burned up. I know the Government approved another case almost exactly like this.

Mr. KILGORE. That is correct.

Mr. WATKINS. Mr. President, will the Senator yield for a question?

Mr. KILGORE. I yield.

Mr. WATKINS. Were not all the arguments the Senator is now making presented to the President of the United States in an effort to get him to approve and sign the bill?

Mr. KILGORE. No. I may say to the Senator from Utah, very few people ever try to argue with any President about the passage of a bill. I do not think anything of the kind was done. I think we have presented here a question, just as the Senator might be faced with the question in the State of Utah, if he had paid his taxes in the county, the tax receipts had been burned, and an effort was made to prosecute for failure to pay taxes. That is similar to the situation these people are in. It is a little bit different from the case of money or bonds, which could be insured and protected, being destroyed. In this case the money was paid for the privilege of doing something which, by reason of a fire occurring beyond their control, the claimants were prohibited from doing.

I may say to the Senator I have no personal interest whatever in the case. It merely happened to come before the Judiciary Committee. It comes from a State other than my own. But I realize there is a horrible injustice, and I realize that similar injustice has frequently been remedied in the past by the courts. In this case the claimant undertook to obtain a remedy in the courts. The courts took the strict legalistic view, which Congress in the past has not done. The Congress has usually been called upon to take the equitable view. After the strict legal view prevailed and the opinion was handed down, the President followed it; which was perfectly normal.

Mr. WATKINS. Mr. President, will the Senator yield for another question?

Mr. KILGORE. I yield.

Mr. WATKINS. I did not understand clearly what the distinguished Senator from West Virginia said the President told him when he talked to him about it.

Mr. KILGORE. He said to me, "I simply followed the ruling of the court, which held that this was the same as money, and that the claimants must produce sufficient evidence to enable the stamps to be identified, in order that they may be reimbursed."

Mr. WATKINS. Was there any impression to be implied from what the Senator said and what the President said, that the President does not seriously object to the overriding of the veto?

Mr. KILGORE. I may say to the Senator from Utah, I very distinctly gained the impression the President had no objection. In fact, he probably feels it is a very equitable way to do business, but he, as the Chief Executive, does not want to override the decisions of the courts.

Mr. WATKINS. In other words, he wants Congress to take the responsibility, rather than to take it upon himself?

Mr. KILGORE. Possibly so.

Mr. McKELLAR. Mr. President, if the Senator will yield, so far as advising with the President about it is concerned, I never heard of this claim until after it had been vetoed and after the House had overridden the veto. It was then that somebody wrote me about it. When I looked it up, I could find no file on it. I had no recollection of it. I know I have never talked with the President about it at all. I come from the State where the claimants now live. It is a perfectly just claim. They paid out their money for the stamps. The stamps were destroyed by fire. They cannot be insured, and the claimants have lost money which was paid to the Government for the stamps. I hope the Senate will override the veto in this case.

The VICE PRESIDENT. The question is, Shall the bill pass, the objections of the President of the United States to the contrary notwithstanding? On this question the Constitution requires the yeas and nays, and the Secretary will call the roll.

The Chief Clerk called the roll.

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from New Mexico [Mr. ANDERSON], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Delaware [Mr. FREAR], the Senators from Georgia [Mr. GEORGE and Mr. RUSSELL], the Senator from Iowa [Mr. GILLETTE], the Senator from North Carolina [Mr. GRAHAM], the Senator from Rhode Island [Mr. GREEN], the Senator from Arizona [Mr. HAYDEN], the Senator from Colorado [Mr. JOHNSON], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Washington [Mr. MAGNUSON], the Senator from Idaho [Mr. MILLER], the Senator from Montana [Mr. MURRAY], the Senator from Pennsylvania [Mr. MYERS], the Senator from West Virginia [Mr. NEELY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], the Senator from Idaho [Mr. TAYLOR], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Kentucky [Mr. WITHERS] are necessarily absent.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from Wisconsin [Mr. WILLY] is absent on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The senior Senator from New Hampshire [Mr. BRIDGES], the Senator from Vermont [Mr. FLANDERS], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Wisconsin [Mr. MCCARTHY], the Senator from South Dakota [Mr. MUNDT], the Senator from Kansas [Mr. REED], the junior Senator from New Hampshire [Mr. TOBEY], the Senator from Michigan [Mr. VANDENBERG], and the Senator from North Dakota [Mr. YOUNG], are detained on official business.

The result was announced—yeas 45, nays 6, as follows:

YEAS—45

Butler	Hill	McMahon
Byrd	Hoey	Malone
Cain	Holland	Maybank
Capehart	Humphrey	Millikin
Chapman	Ives	O'Conor
Connally	Jenner	Pepper
Cordon	Johnson, Tex.	Saltonstall
Donnell	Kem	Schoeppel
Downey	Kilgore	Smith, Maine
Ecton	Knowland	Sparkman
Ferguson	Leahy	Stennis
Fulbright	Long	Thomas, Utah
Gurney	McClellan	Thye
Hendrickson	McFarland	Tydings
Hickenlooper	McKellar	Wherry

NAYS—6

Aiken	Langer	Watkins
Bricker	Lucas	Williams

NOT VOTING—45

Anderson	Hayden	Myers
Baldwin	Hunt	Neely
Brewster	Johnson, Colo.	O'Mahoney
Bridges	Johnston, S. C.	Reed
Chavez	Kefauver	Robertson
Douglas	Kerr	Russell
Dulles	Lodge	Smith, N. J.
Eastland	McCarran	Taft
Ellender	McCarthy	Taylor
Flanders	Magnuson	Thomas, Okla.
Frear	Martin	Tobey
George	Miller	Vandenberg
Gillette	Morse	Wiley
Graham	Mundt	Withers
Green	Murray	Young

The VICE PRESIDENT. Two-thirds of the Senators present having voted in the affirmative, the bill is passed, the objections of the President of the United States to the contrary notwithstanding.

EXECUTIVE SESSION

Mr. LUCAS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The VICE PRESIDENT. Are there any reports of committees? If not, the clerk will proceed to call the nominations on the Executive Calendar.

DEPARTMENT OF STATE

The Chief Clerk read the nomination of W. Walton Butterworth to be Assistant Secretary of State.

Mr. LUCAS. Mr. President, I suggest that we pass over this nomination, with the other nominations which have heretofore been passed over, the nomination of Mr. Carson to be a member of the Federal Trade Commission and the nomination of Mr. Petty to be postmaster at Meridian, Idaho. I shall move that we proceed to the consideration of the nomination of Carl A. Ilgenfritz to be the Chairman of the Munitions Board.

The VICE PRESIDENT. Does the Senator wish to have the postmasters confirmed en bloc?

Mr. WHERRY. Mr. President, if that is to be done, I ask that the nomination of William E. Krenning to be postmaster at San Diego, Calif., go over to the next call of the calendar. Outside of that, there is no objection.

Mr. LUCAS. I ask that the postmaster nominations be stated and that they be confirmed en bloc, with the exception suggested by the Senator from Nebraska.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc, with the exception of the nomination of William E. Krenning to be postmaster at San Diego, Calif. The President will be immediately notified of the confirmations.

MUNITIONS BOARD

The Chief Clerk read the nomination of Carl A. Ilgenfritz to be Chairman of the Munitions Board.

Mr. LUCAS. Mr. President, I have conferred with the senior Senator from Maryland [Mr. TYDINGS] and the senior Senator from Virginia [Mr. BYRD], who I believe are the only Senators who will discuss the nomination of Mr. Ilgenfritz. In view of the fact that we have had a rather long and hectic day in the Senate, I should like to propose a unanimous consent request, with the hope that it may be agreed to.

I ask unanimous consent that the Senate proceed to vote on the nomination of Carl A. Ilgenfritz, of Pennsylvania, to be Chairman of the Munitions Board, at not later than 2 o'clock p. m. on Friday, September 16, the time between 12 o'clock and 2 o'clock to be equally divided, and controlled by the Senator from Maryland [Mr. TYDINGS] and the Senator from Virginia [Mr. BYRD].

Mr. TYDINGS. Mr. President, I shall not object, but I should like to say to those who may not be familiar with this nomination that there is no dispute other than on the point of view, the matter of how one may look at a certain nomination. It is not my thought, in bringing this matter to the attention of the Senate, to plead particularly for the confirmation of Mr. Ilgenfritz. It is my intention, as chairman of the Committee on Armed Services, as accurately as I can to lay all the facts before the Senate for the determination of individual Senators. I have not interviewed any Senator or attempted to influence his vote, thinking it was a matter which each Senator must pass on after consulting his conscience, and having in view the good of the country. I think the Senator from Virginia and I will pretty well agree on the facts, and I am hopeful that there may be an agreement to vote at some particular time, for the reason that all the Senator from Virginia and I will do will be to lay the case before the Senate. It will then be up to Senators to confirm or reject the nomination. That is all that is involved. It is not a question of anyone fighting or asking for the confirmation of the nomination. It is a question of acquainting the Senate with the facts, and then letting the Senate itself pass on the nomination. I hope the Senator from North Dakota will keep that in mind.

The VICE PRESIDENT. Is there objection to the request?

Mr. LANGER. Mr. President, would the Senator from Illinois have any objection to making the hour 3 o'clock?

Mr. LUCAS. No; if that is satisfactory, let us make the hour not later than 3 o'clock.

Mr. LANGER. It is a very important matter, and it establishes a precedent.

Mr. TYDINGS. That is correct.

Mr. LUCAS. I shall not object.

The VICE PRESIDENT. The Senator's request is that at not later than 3 o'clock the vote be taken?

Mr. WHERRY. Reserving the right to object, in the first place, I wish to thank the Senator from North Dakota.

Mr. TYDINGS. I join the Senator in that expression.

Mr. LUCAS. I, too, thank the Senator.

Mr. WHERRY. One moment. Does anyone else wish to join in the thanks?

The VICE PRESIDENT. May the Chair get in on it? [Laughter.]

Mr. WHERRY. Mr. President, I think the majority leader should make the hour 3 o'clock, and not make it "not later than 3." And I suppose the time will be divided.

Mr. MAYBANK. Mr. President, I was about to ask unanimous consent of the Senate to thank the Senator from North Dakota. [Laughter.]

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. LANGER. Mr. President, I might say that I was somewhat influenced by the fact that the distinguished Senator from Nebraska will tonight celebrate his twenty-ninth wedding anniversary, and I wish to congratulate him.

The VICE PRESIDENT. Is there objection to the request of the Senator from Illinois that at not later than 3 o'clock the Senate proceed to vote on the nomination, the time to be divided as indicated?

Mr. WHERRY. The time is 3 o'clock tomorrow afternoon?

The VICE PRESIDENT. The Senator from Illinois said "not later than 3."

Mr. WHERRY. I do not want to be forced to object, but I once again say to the distinguished majority leader that if he would fix a definite hour, I am quite satisfied it would meet with the approval of every Senator.

Mr. TYDINGS. Very well.

Mr. LUCAS. Of course, it is understood that there will be only two speeches, which will take about half an hour each. Yet we will meet at 12 o'clock, and would vote at 3. We may have a quorum call to see that all Senators are present. If it were possible to vote before 3 o'clock, I should like to expedite the matter all we can. We have had this kind of agreement before.

Mr. LANGER. Mr. President, I have no objection to having the vote taken at not later than 3 o'clock.

Mr. LUCAS. I think that is well.

Mr. LANGER. We may get through at 2 o'clock.

Mr. WHERRY. The difficulty is that when we enter into a unanimous-consent agreement and no definite hour when the vote is to be taken is fixed, it is very difficult to divide the time. If the debate on the nomination shall be concluded before 3 o'clock, another matter can be brought up immediately, and it will not make any difference.

Mr. TYDINGS. Mr. President, the Senator from Virginia and I, who are to present the case to the Senate, will be well content if we have an hour apiece, and we could finish in less than that. We will be well content to present the whole case in 2 hours.

Mr. WHERRY. Some other Senator might wish to say something. I did not want to be arbitrary, but I feel that the unanimous-consent request should be for a vote at a definite time, and if the debate shall be concluded sooner, we can take up something else.

The VICE PRESIDENT. Is there objection to the request?

Mr. LUCAS. To vote at 3 o'clock.

The VICE PRESIDENT. That at 3 o'clock the Senate vote on the nomination, the time to be divided as indicated.

Mr. GEORGE. Mr. President, I should like to have it understood that there would not be over five points of order raised. [Laughter.]

The VICE PRESIDENT. Is that a part of the agreement? Without objection, it is so ordered.

RECESS

Mr. LUCAS. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 13 minutes p. m.) the Senate, in executive session, took a recess until tomorrow, Friday, September 16, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate, September 15 (legislative day of September 3), 1949:

SUPREME COURT OF THE UNITED STATES

Sherman Minton, of Indiana, to be Associate Justice of the Supreme Court of the United States, vice Wiley B. Rutledge, Jr., deceased.

UNITED STATES COURT OF APPEALS

Walter C. Lindley, of Illinois, to be judge of the United States Court of Appeals for the Seventh Circuit, vice Sherman Minton, elevated.

UNITED STATES DISTRICT JUDGES

Casper Platt, of Illinois, to be United States district judge for the eastern district of Illinois, vice Walter C. Lindley, elevated.

Ernest W. Gibson, of Vermont, to be United States district judge for the district of Vermont, vice Hon. James P. Leamy, deceased.

IN THE MARINE CORPS

The following-named female citizens for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to qualification therefor as provided by law:

Eleanor M. Bach, a citizen of California.

Anna F. Champlin, a citizen of Rhode Island.

Virginia M. Johnson, a citizen of New York.

Doris V. Kleberger, a citizen of Missouri.

Essie M. Lucas, a citizen of Michigan.

Joan Morrissey, a citizen of New York.

Betty J. Preston, a citizen of Wisconsin.

IN THE COAST GUARD

The following civilian personnel of the United States Coast Guard to be chief ship's clerks, United States Coast Guard:

William V. Albaugh	Herman Crain
Patrick L. Quinn	Harold G. Reinhart
William B. Nagle	William Gass
Marcus A. Sublette	Cornelius F. Rudolph
Mervyn W. Tomlinson	Norman E. Thurlow
Harold B. Lapp	David A. Butler
David L. Kaufman	Napoleon O. Calderoni

IN THE COAST AND GEODETIC SURVEY

The following-named employees of the Coast and Geodetic Survey to the position indicated:

To be ensigns

Arthur E. Greaves, Jr., effective September 21, 1949.

Robert G. Rendall, effective October 21, 1949.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 15 (legislative day of September 3), 1949:

DEPARTMENT OF DEFENSE

CHAIRMAN, TECHNICAL PLANNING COMMITTEE

Lt. Gen. Elwood R. Quesada, 50A, Air Force of the United States (brigadier general, U. S. Air Force), Chairman, Joint Technical Planning Committee, with the rank of lieutenant general, with rank from October 1, 1947.

UNITED STATES AIR FORCE

APPOINTMENTS

Lt. Gen. Howard Arnold Craig, 17A, Air Force of the United States (major general, U. S. Air Force), Inspector General, United States Air Force, with the rank of lieutenant general, with rank from October 1, 1947.

Maj. Gen. Kenneth Bonner Wolfe, 15A, United States Air Force, Deputy Chief of Staff, Matériel, United States Air Force, with the rank of lieutenant general, with date of rank from date of appointment.

AIR FORCE OF THE UNITED STATES

The following-named officers for temporary appointment in the Air Force of the United States under the provisions of section 515, Officer Personnel Act of 1947:

To be major generals

James Bryan Newman, Jr., AO9314.
Ralph Francis Stearley, 59A.
William Eugene Farthing, 79A.
Joseph Smith, 84A.
Morris Robert Nelson, 277A.
Samuel Robert Brentnall, 364A.
Donald Leander Putt, 494A.
Edward Wharton Anderson, 514A.
Dean Coldwell Strother, 591A.

To be brigadier generals

Kenneth Eugene Webber, 117A.
Robert Victor Ignico, 139A.
Austin Walrath Martenstein, 180A.
Thomas Herbert Chapman, 189A.
Edmund Clarence Langmead, 207A.
Colby Maxwell Myers, 246A.
Raymond Coleman Maude, 269A.
Alfred Henry Johnson, 270A.
Elmer Joseph Rogers, Jr., 294A.
Clarence Shortridge Irvine, 296A.
Willard Roland Wolfinbarger, 317A.
Delmar Taft Spivey, 385A.
Leland Samuel Stranathan, 406A.
Sory Smith, 573A.
Edward James Kendricks, 19052A.
Otis Otto Benson, Jr., 19046A.

(NOTE.—Dates of rank will be determined by the Secretary of the Air Force.)

The following-named officers for appointment in the United States Air Force Reserve under the provisions of section 37, the National Defense Act, as amended. These officers are subject to physical examination as required by law:

To be brigadier generals

Pierpont Morgan Hamilton, AO900788.
Joseph Johnson George, AO284578.
Robert Hutchinson Harper, AO304037.
Laurence Barrett Hickam, AO146173.
Ray Willis Ireland, AO909835.
Henry Christopher Kristofferson, AO252676.
Walter Barton Leach, AO907234.
Richard Lewis Meiling, AO370824.
Henry Terry Morrison, AO168027.
William Faust Nicholson, AO426283.
Russell Isaac Oppenheim, AO300863.
Nelson Strobridge Talbott, AO141359.
Walter Wallace Wood, AO229786.
William Tandy Young, AO449164.

(NOTE.—Date of rank will be determined by the Secretary of the Air Force.)

POSTMASTERS

ALABAMA

Clifford R. Propst, Ohatchee.

ARIZONA

Clare J. Lessard, Mayer.

DELAWARE

Martin W. Vaughn, Sr., Cheswold.

FLORIDA

Albert E. Booth, Cocoa.
William J. Calvin, Jr., Eustis.
Bryan N. Ingalls, Hallandale.
Marguerite F. Mathews, Howey in the Hills.
John T. Stover, Maitland.
George C. Woods, Ocala.

GEORGIA

Helen G. Casey, Kennesaw.
Mary F. Turner, Portal.
Herman F. Crider, Thunderbolt.
William B. Hale, Watkinsville.

IDAHO

Perry Neely, Parma.

INDIANA

William C. O'Brian, Montgomery.

IOWA

Arthur C. Schulte, Breda.
Vernon Simons, Emmetsburg.
Chester A. Tripp, Spencer.

KENTUCKY

Grover C. Ramey, McAndrews.

MICHIGAN

Anthony McGinnis, Romulus.
Harland L. Stebbins, Sheridan.

MISSISSIPPI

Bruce L. McElroy, Baldwyn.
Henry P. Megginson, Myrtle.

MISSOURI

Walter B. Menefee, Clinton.

NEW MEXICO

Fernando W. Sadler, Dexter.

OHIO

Wayne H. Smith, Hicksville.

OREGON

Goldie J. Pritchard, Blachly.

PENNSYLVANIA

James H. Welsh, Adah.
George F. Ulle, Bernharts.
Genevieve W. Golden, Glenwillard.
Morris Abram Trout, Kinzers.
V. Dale Schurr, Linfield.
Charles J. Pulaski, Mount Carmel.
Markwood C. Reid, Newville.
Ramon A. Carazo, Palmerton.
Mary H. Mahoney, Primos.
Allen Q. Dreisbach, Quakertown.
Ann F. Vosburgh, Sayre.
Edward O. Meck, Topton.
Dolores L. Rush, Westmoreland City.

PUERTO RICO

Manuel Godinez, Rio Piedras.

SOUTH DAKOTA

Russell A. Roberts, Raymond.

TENNESSEE

Carl F. Schubert, Wartburg.

TEXAS

Gordon B. Jordan, Amarillo.
George R. Pace, Winters.

WEST VIRGINIA

Willie I. Shaver, Handley.
Ganiel L. Powers, Ward.

WISCONSIN

Helen L. Regan, Badger.
Herbert C. Lyngaas, Blanchardville.
Donald H. Bersell, Chili.
Bernard H. Young, Chippewa Falls.
Theodore S. Daniels, Manitowish Waters.
Lawrence A. Pofahl, Pleasant Prairie.
Francis B. Schneider, Rice Lake.
Raymond J. Boxrucker, Stetsonville.
Ellen A. Wilsey, Waterloo.
Frank M. Kelly, Wisconsin Dells.

SENATE

FRIDAY, SEPTEMBER 16, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met in executive session at 12 o'clock meridian, on the expiration of the recess.

Dr. Graham G. Lacy, minister, Central Presbyterian Church, Washington, D. C., offered the following prayer:

Eternal Spirit, brooding over men and nations, ultimate in power, yet intimately near, watch over the Senate of the United States this day, we pray. May each man heartily thank Thee that Thou art the ruler of this world, and not we ourselves, nor yet blind chance. For no one is good enough, or wise enough, to hold the reins of destiny. But from everlasting to everlasting Thou art God, and Thou art good. Override us when we make mistakes, chasten us when we willfully err, inspire us to do well, till even the wrath of men is made to praise Thee.

Searcher of hearts, we cannot hide from Thee our selfish fears, our wasted opportunities, our petty concerns. Here press upon us with Thy great goodness that we may resist the pressure of all lesser good, to the honor of this Republic and the glory of Thy name. Amen.

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. THOMAS of Utah, from the Committee on Labor and Public Welfare:

Simon P. Abrahams and sundry other candidates for appointment and promotion in the Regular Corps of the Public Health Service.

LEAVE OF ABSENCE

On request of Mr. WHERRY, and by unanimous consent, Mr. AIKEN was excused from attendance on the Senate today.

NOMINATION OF CARL A. ILGENFRITZ TO BE CHAIRMAN OF THE MUNITIONS BOARD

Mr. TYDINGS. Mr. President, as the Senate is in executive session, I shall not ask that the reading of the Journal be dispensed with.

The VICE PRESIDENT. The Senate is in executive session.

Mr. WHERRY. Mr. President, will the Senator from Maryland yield?

Mr. TYDINGS. I yield.

Mr. WHERRY. In the parliamentary situation, the time between now and 3 o'clock is divided equally, controlled by the distinguished Senator from Maryland and the distinguished Senator from Virginia. I feel that the nomination to be considered is a very important matter, and I wonder if both sides would agree that a quorum be called, the time to be charged to both sides.

Mr. TYDINGS. That would be satisfactory to me. I may say to the Senator from Virginia that the Senator from Nebraska has suggested that there be a quorum called, and that the remaining time be equally divided. I ask the Senator whether that is satisfactory.

Mr. BYRD. It is satisfactory.

Mr. WHERRY. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Hill	Miller
Bricker	Hoey	Millikin
Butler	Holland	Murray
Byrd	Humphrey	O'Conor
Cain	Ives	O'Mahoney
Capehart	Jenner	Pepper
Chapman	Johnson, Colo.	Reed
Connally	Kefauver	Russell
Cordon	Kem	Saltonstall
Downey	Kerr	Schoeppel
Eastland	Kilgore	Smith, Maine
Ecton	Knowland	Sparkman
Ellender	Langer	Stennis
Ferguson	Leahy	Taylor
Flanders	Lucas	Thomas, Utah
Frear	McCarthy	Thye
Fulbright	McClellan	Tobey
George	McFarland	Tydings
Gillette	McKellar	Vandenberg
Green	McMahon	Watkins
Gurney	Magnuson	Wherry
Hayden	Malone	Williams
Hendrickson	Martin	Withers
Hickenlooper	Maybank	Young

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from North Carolina [Mr. GRAHAM], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Louisiana [Mr. LONG], and the Senator from Pennsylvania [Mr. MYERS] are absent on public business.

The Senator from West Virginia [Mr. NEELY] is absent on official business.

The Senator from Illinois [Mr. DOUGLAS], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], and the Senator from South Dakota [Mr. MUNDT] are absent by leave of the Senate.

The Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Oregon [Mr. MORSE], and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from Missouri [Mr. DONNELL] and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The VICE PRESIDENT. A quorum is present.

The question is, Will the Senate advise and consent to the nomination of Carl A. Ilgenfritz to be Chairman of the Munitions Board? The Chair recognizes the Senator from Maryland [Mr. TYDINGS].

Mr. TYDINGS. Mr. President, it is now 20 minutes past 12. I assume, therefore, that each side will have an hour and 20 minutes between now and 3 o'clock.

The VICE PRESIDENT. The Senator had consumed 5 minutes of his time before the roll call, and whatever time he has yielded since the roll call will be taken out of his time.

Mr. TYDINGS. Mr. President, this may seem to many Members of the Senate to be a small matter. To the chairman of the Armed Services Committee, regardless of the individual concern, it is a matter of unusual importance.

There is no question about the facts. There is a division as to what resolve should be made on the facts. The nominee is Mr. Carl Ilgenfritz, who is a vice president of the United States Steel Co. Mr. Ilgenfritz started at the bottom of the ladder in a very small position with another company, and worked his way up through sheer ability in that company, and in due time, about 3 or 4 years ago, as I recall, went with United States Steel Corp. as one of its vice presidents.

He receives a salary of $70,000 a year as a vice president of United States Steel Corp. He is a man who has come up from the bottom all the way to the top through his own power, intellect, character, and capacity. No member of the Committee on Armed Services questions for one moment his integrity, his moral fitness, or his patriotism. No member of the Armed Services Committee questions his exceptional—and in some cases unparalleled—capacity.

Why, therefore, is there an issue? The issue boils down to this: Can a man, for a temporary period of time, be called by his Government from his ordinary employment and, while on leave, continue to receive pay from his employer while serving the United States in an appointive capacity?

Mr. Ilgenfritz does not want the salary which attaches to this position in the Government. In due time I shall read a telegram from him which makes this point abundantly clear. He does not want the job for which he has been nominated. He takes it as a patriotic duty, to serve his country.

If his nomination is confirmed, he will serve for only 1 year. He is virtually on loan to do a particular job. I hope I may have the attention of the Senate on this matter, because I would very much dislike to see a man who I believe is exceptional in many respects unnecessarily embarrassed.

Mr. Ilgenfritz has no political flair or desire for public life.

As chairman of the Armed Services Committee, I may say that the work of the committee is quite often not alluring. We are not engaged in irrigation or reclamation. We are not engaged per se in the farm program. We are not engaged in the ordinary things with which the American people are transcendentally interested in peacetime. Ours is the job of trying to keep our defenses in such a state that if the unhappy event of war should ever come we shall not find our country unprepared and in such a contingency threatened with the loss of all we hold dear.

I have taken the duties of this office seriously, as did my distinguished predecessor, the eminent senior Senator from South Dakota [Mr. GURNEY], who preceded me as chairman of the Armed Services Committee after unification, and during the first unification period. I have visited most of the battlefields of the world, both in the Pacific and in Europe. I had a very small and relatively inconspicuous part as a man in uniform in World War I.

Because of these experiences, together with the things which I have been privileged to hear from those in high military authority in our Government because of the position I occupy, I have been impressed with the fact that the next war is going to be totally unlike the last two wars. In the last two wars we had two great oceans behind which we had time to prepare. At the close of World War II the airplane came into greater dominance than it had ever enjoyed before, and we had strategic bombing. The atomic bomb taught us all that we shall never again have the luxury of time in which to prepare for war. Planes will strike in the night, probably loaded with instruments of death which we can hardly imagine or realize, and our great cities will be threatened. We must, therefore, while we are carrying on the normal functions of government, be aware of this circumstance, for if we are not the result will be only disaster.

The office which we are considering has a particular significance against this background. The office is that of Chairman of the Munitions Board of the Government of the United States. I hope Senators will listen intently as I read what the duties of that office are. I read from the Unification Act:

(c) Subject to the authority and direction of the Secretary of Defense, the Board shall perform the following duties in support of strategic and logistic plans and in consonance with guidance in those fields provided by the Joint Chiefs of Staff, and such other duties as the Secretary of Defense may prescribe:

(1) Coordination of the appropriate activities with regard to industrial matters, including the procurement, production, and distribution plans of the Department of Defense;

(2) Planning for the military aspects of industrial mobilization;

(3) Assignment of procurement responsibilities among the several military departments and planning for standardization of specifications and for the greatest practicable allocation of purchase authority of technical equipment and common-use items on the basis of single procurement;

(4) Preparation of estimates of potential production, procurement, and personnel for use in evaluation of the logistic feasibility of strategic operations;

(5) Determination of relative priorities of the various segments of the military procurement programs;

(6) Supervision of such subordinate agencies as are or may be created to consider the subjects falling within the scope of the Board's responsibilities;

(7) Regrouping, combining, or dissolving of existing interservice agencies operating in the fields of procurement, production, and distribution in such manner as to promote efficiency and economy;

(8) Maintenance of liaison with other departments and agencies for the proper correlation of military requirements with the civilian economy, particularly in regard to the procurement or disposition of strategic and critical material and the maintenance of adequate reserves of such material, and making of recommendations as to policies in connection therewith; and

(9) Assembly and review of material and personnel requirements presented by the Joint Chiefs of Staff and by the production, procurement, and distribution agencies assigned to meet military needs, and making of recommendations thereon to the Secretary of Defense.

Thus we see that this agency is a planning board. If Senators will study for a few moments the sections I have just read, they will see what a tremendous scope of planning is involved in this particular office. It has to do with how, in time of war, plans can already have been prepared and be available, so that when the hour of danger comes, there will not be confusion in the industrial world, in the process of getting the things we must have in order to win the war. Only a limited number of men are qualified by capacity, experience, and background to discharge the duties of the position of head of the Munitions Board. It would not do to put just anybody into that position. It is no place for a politician. It is a place for a man of industry, a man of the widest background, who can do the job, rather than to have a repetition of the confusion which existed at times in Washington at the outbreak of World War II, when two different groups of Federal agencies were performing the same task, with a great row over who was who and which was which, until finally, after about a year or a year and a half of the war, the difficulty had to be straightened out by Presidential edict or order.

This position requires the planning of what plants will do what, how they will get the materials, how they can be assure production, how they can be enlarged, and how they can be protected from possible attack. It also involves the transportation feature and many other features of kindred nature.

Mr. Ilgenfritz comes before us with not the slightest question as to his capacity. No less a witness than Mr. Herbert Hoover said he believed Mr. Ilgenfritz to be the best qualified man in America for this position. The President has in the case of this particular office, I am proud to say, looked for the most efficient and available man in the Nation today, for this transcendental work which, in the last analysis, could mean the saving of millions of lives, the shortening of any possible war, the reduction of our national debt, and the saving of our natural resources. Such is the task which confronts the man who undertakes this work.

Mr. Ilgenfritz did not seek this position, Mr. President. He was asked by the President of the United States whether he would undertake the work. He said he would if his country needed him—he replied in just about those words. But he said, "I am a poor man. It is true that my salary is a large one now; but I have enjoyed this salary for only a few recent years. Since I have enjoyed it, human nature being what it is, I have made commitments—based upon the expectancy of receiving that salary—which I cannot, in justice to my family and myself and to others, forego, because if I relinquish my salary, I would not have the financial means to meet my obligations. Therefore, if I undertake this work, first of all I could serve for a limited period only, for a year; and, secondly, I would want the Senate to know that I am in no position, much as I would like to do so, to waive the compensation of my present employment. My company has given me a leave of absence for a year, with pay."

Mr. President, the position as head of the Munitions Board itself pays $14,000 a year. The question is, Will Mr. Ilgenfritz draw two salaries? The answer is, Not if he can help it. I have a telegram which I shall read. It is addressed to Stephen T. Early, Deputy Secretary of Defense, Washington, D. C.:

PITTSBURGH, PA., *September 15, 1949.*

Hon. STEPHEN T. EARLY,
Deputy Secretary of Defense,
Washington, D. C.:

In indicating my willingness to accept the appointment as Chairman of the Munitions Board, I have attempted to make it very clear that impelling reasons of the most personal nature make it impossible for me to resign from the company with which I am affiliated or to refuse to draw the salary which my position with that company entitles me to receive.

I would be willing to forego Government compensation which attaches to the chairmanship of the Munition Board and would serve gratis if that were legally possible. I am advised, however, that as a matter of law I cannot accept or hold the position of Chairman and not take any salary from the Government. For this reason it would be futile for me to decline a salary from the Government. If the Senate in its wisdom should confirm me, I will immediately, upon taking office, request the responsible law officers of the Government to render a legal opinion on my ability to decline Government compensation and will abide by the terms of that opinion. If it should be the view of the Senate, however, that because of my legal inability to decline the salary, they would prefer not to confirm my appointment, I shall, nevertheless, be grateful for the honor the President has done me and will continue to look forward to some other opportunity to serve the public good.

CARL A. ILGENFRITZ.

Mr. President, that is the telegram of a man of capacity, of a patriot, a man who is not seeking the position, a man who is recommended in the highest terms by Mr. Herbert Hoover. I think Mr. Hoover is a very, very creditable witness in this particular case, because Mr. Ilgenfritz was one of the consultants of the Hoover Commission when that Commission made its various reports on the reorganization of the Government; and Mr. Ilgenfritz served without pay then, but he attracted Mr. Hoover's attention. Mr. Hoover says he believes Mr. Ilgenfritz is the best qualified man in America to do this work.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. TYDINGS. I yield.

Mr. SALTONSTALL. Is it not true that several of the previous chairmen of the Munitions Board have continued to receive salaries from their companies and have served the Government on a part-time basis, at a compensation of $50 a day for the days they served, the point being that they continued to receive their private-employment salaries, whereas Mr. Ilgenfritz is going to give his whole time to the Government, and therefore, unless legal opinion holds otherwise, must draw the full annual salary?

Mr. TYDINGS. I think the Senator from Massachusetts is correct, except I should like to emphasize that Mr. Ilgenfritz hopes he will not have to draw the salary. He does not want the salary. He wants to serve for nothing; and if it is possible for him to serve for nothing, he will do so.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. JOHNSON of Colorado. In case the nomination of Mr. Ilgenfritz is confirmed, would the Senator from Maryland look with favor upon legislation to clarify the point Mr. Ilgenfritz raises, so as to make it possible for him to serve for a dollar a year?

Mr. TYDINGS. I certainly would. Let me say to the Senator from Colorado, who has raised a very interesting question, that my understanding is that during the war we passed a law permitting great industrialists to come to Washington and serve for a dollar a year; but that law has expired. I would be willing, in this one particular case, to have Congress reenact that law, so that Mr. Ilgenfritz would serve for a dollar a year or for no salary at all, so as to prevent this one appointment from establishing a precedent in the future.

Mr. JOHNSON of Colorado. I am very happy the Senator feels that way, because it removes all objection I would have to the confirmation of the nomination of Mr. Ilgenfritz. If it is understood where his pay comes from, and if it is not a mixed pay, part Federal and part private, then certainly I should be in favor of the nomination. Without any question this is a man whose services the country badly needs in a very important position. But the thing to which I object is the mixed pay. If we were to establish it as a precedent, then perhaps the next man who came along would receive $10,000 or $5,000 from some private concern and $10,000 from the Government. It seems to me it is a situation

we should guard against in every possible way.

Mr. TYDINGS. I should like to say to the Senator from Colorado, and also in further answer to the question of the Senator from Massachusetts, we have had industrialists who while retaining their salary from private sources served the Government on a part-time basis. Some of those who served on a part-time basis, I believe, did not accept some of the pay to which they might have been entitled; I am not certain about that. But I am advised by the Department of Defense that the only way to plan in accordance with the act which the Congress has passed is to have the Chairman of the Munitions Board continually on the job; it cannot be done on a part-time basis.

There is no greater defense job in the Government, and I do not except the Office of Secretary of Defense. There is no more important planning work in the whole Government, for the safety of the Nation, than this particular work; and it takes a man every minute of the time to do the work well.

Let me say that Mr. Ilgenfritz has told the President and has told us he will come to Washington to consider, outline, and prepare the plan, but he cannot remain any longer. He is to come to set up the machinery so it will work.

Mr. FERGUSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Michigan?

Mr. TYDINGS. I yield.

Mr. FERGUSON. The telegram which has been read by the able Senator from Maryland I believe does not cover the specific point about a change in the salary provision; but I take it the wording of the telegram indicates it is the desire of the gentleman not to ask for a salary from the Government, and therefore he would be perfectly willing to accept a salary of $1, if the legislation fixing the salary for this position were possible. I wonder whether the Senator could communicate with the appointee, so he may give to the Senate the benefit of what the nominee would do, and whether that would be satisfactory. I think it is a very vital point.

Mr. TYDINGS. I can answer that now for the Senator from Michigan. Mr. Ilgenfritz does not want any Government salary at all.

Mr. FERGUSON. Then it would be perfectly satisfactory to the appointee and the Senator can now state it would be perfectly satisfactory, if the Congress changed the salary to $1 a year. Am I correct about that?

Mr. TYDINGS. The Senator from Maryland says "Yes," without equivocation or fear of contradiction.

Mr. FERGUSON. All the Senator from Michigan desired was some information on the point.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Massachusetts?

Mr. TYDINGS. I yield.

Mr. SALTONSTALL. I desire to reiterate, because I do not think I made myself clear to the Senator from Maryland, that the previous chairmen of this board have continued to take their salaries from the companies with which they were connected. The only difference between them and the present appointee is the fact that he is going to give all his time to the Government, whereas they gave but a part of their time and since he will give all his time, he must take the full salary. Therefore, no new precedent is really being established. Previous chairmen have done the same thing, except they have not done such a good job as we hope this man will do.

Mr. TYDINGS. I think the remarks of the Senator from Massachusetts are correct. I think I owe it to my committee, and particularly to the several members of the committee who did not vote for confirmation of this nomination in committee, to say that the telegram was not before us at the time we called Mr. Ilgenfritz before us about 2 weeks ago. It all came so suddenly that I do not think Ilgenfritz, who, in my opinion, without belittling him, has no flair for politics or for public office, had given thought to it. I think he was dumfounded by the situation in which he found himself, and immediately started to put the matter aright when he realized it.

Mr. DONNELL and Mr. HICKENLOOPER addressed the Chair.

The VICE PRESIDENT. Does the Senator from Maryland yield; and if so, to whom?

Mr. TYDINGS. I yield first to the Senator from Missouri.

Mr. DONNELL. Mr. President, I ask the Senator whether he does not consider that this matter of drawing a salary from the Government is relatively unimportant, and that there is a much more important subject to which I have no doubt the Senator will soon address himself, if he has not already done so? It seems to me, if I may be indulged, that if this man comes to the Munitions Board and does the job, Congress should not begrudge him the $14,000 a year for doing it. But it also seems to me—and I ask the Senator whether he does not concur—that there is another very important question which far overshadows the salary matter, which is the question whether Mr. Ilgenfritz will be occupying a position with conflicting duties; that is to say, he may on the one hand owe a duty to the Government, and on the other hand, a duty to the steel corporation? At times the two might be inconsistent. The effect might be to embarrass him even to the extent of his wanting to lean backward on some of the plans, because he might fear he would be successfully charged with having favored the steel corporation. Is not that a much more important question which is involved?

Mr. TYDINGS. I am much obliged to the Senator from Missouri. I think I can give him a factual answer to the question and the implications which his question carries. This is a planning board. The Board does not place orders for the purchase of any equipment. However, the Senator from Maryland could see how in a position of this kind, if a man were desirous of using the influence of propinquity and other contacts, he might throw some small advantage to his company. But it would be difficult for the Senator from Maryland to see how that could be done, though he realizes that propinquity might have an influence on some men.

All the Board does is this: To take an illustration, let us assume the Joint Chiefs of Staff say to the Munitions Board, "If war comes, we will want, within 3 months, 10,000 XX tanks; we will want within 6 months 500 JB planes; within a year, we will want 5,000 JB planes; we will want so many suits of clothes; we will want so many pairs of shoes; we will want so many helmets; we will want so many rounds of ammunition in different categories. How can we get those things, if war comes quickly? How can you gentlemen plan to integrate this program into the present industrial plants of the country?" When the Munitions Board gets the problem, it will then look over the industrial plants of the country, estimate the capacity, present and possible, of each plant, and begin to find out how the whole program, which would take in every industry in America that could be spared for it, could be carried out. The Board does not place any orders; it probably would not designate any particular plant; but it would show what the capacity was and how to plan the capacity to produce the over-all quotient. When the time comes to place the order, it would have to be placed by competitive bidding, or, if Congress by special act permitted—which it quite often does in time of war—by using the means of negotiation. The order itself is given by the Ordnance Department of the Army, the Ordnance Department of the Navy, and the Ordnance or Procurement Department of the Air Force. The Munitions Board does not place one order anywhere. It simply attempts to integrate whatever the Joint Chiefs of Staff say they will need on D-day, and from D-day thereafter, into the industrial plant of America, so that the desired material can be produced without confusion. I hope I have answered the question of the Senator from Missouri.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. DONNELL. I thank the Senator for his response, and I appreciate the thoroughness with which he has answered the question. I realize, as the Senator says, that the Munitions Board is a planning board. I hold in my hand the statute under which it was created and to which the Senator earlier referred by listing the duties of the Board. In asking the question, let me say that I do not want it in any sense to be thought as remotely reflecting upon the capacity or the integrity of Mr. Ilgenfritz. But this Board does have extensive powers of planning. It has the power to plan for the military aspects of industrial mobilization; it has the power to determine relative priorities in the various segments of the military-procurement program. Let me give an illustration, which may not be practical, but yet it elucidates the thought in my mind. Suppose that in the course of planning the question should arise as to whether steel on the one hand or aluminum on the

other would be preferable for certain particular purposes; would the fact that Mr. Ilgenfritz is with the steel corporation tend to reduce his usefulness to the Government? On the other hand, should he lean over backward in favor of the steel corporation? He might say, "As a steel man perhaps I should err on the side of aluminum." Might not the duty of planning, even though not a dollar's worth of orders are placed by the Munitions Board, lessen his effectiveness in the free and unhampered performance of his duty, just as an administrator of an estate may not be justified in selling to himself as an individual, even though he may desire to pay a perfectly just price?

Mr. TYDINGS. I think I can give the Senator a factual answer, and I am sure it is a correct answer.

Mr. Ilgenfritz would have nothing to say as to whether a particular article, whether it be a gun, a plane, or a helmet, should be made of aluminum, steel, wood, or tin. That is all done by the Research and Development Board and by the planning divisions of our respective defense establishments. For example, the airplanes which Mr. Ilgenfritz might want to have built and which the Munitions Board might want, would not be designed by Mr. Ilgenfritz or by anyone in his office. He would not know whether they should have two engines or three or four engines, or whether they should be constructed of aluminum or of steel. That would be attended to outside the Munitions Board. The problem of the Munitions Board is, after a particular decision is made and approved by the Joint Chiefs of Staff, to determine how that article can be produced in the shortest possible time and at the least cost in dollars, without disrupting the economy of the country. In other words, the actual purchasing of the article, the design, and component parts of the article have nothing to do with the Munitions Board per se. That problem is presented to the Munitions Board after it is agreed upon, in the one case, namely, design, and, after the Munitions Board works out the integrated plan, it has nothing to do with procurement. That is done by the procurement officers of the Army. The function of the Board is to plan to avoid friction, overlapping, and confusion, so that there is a particular place where every one of the necessary items may be produced and procured. As the Senator well knows, in time of war we shall not only need the existing plans we have, but, as in every other war, we shall have to expand every existing plant we have, on and on, in order to get the things necessary to win the war.

I hope I have answered the Senator's question.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Iowa, who has risen twice. I forgot him the last time.

Mr. HICKENLOOPER. Mr. President, I am quite disturbed about the confirmation of this nomination. I am perfectly willing to accept everything the Senator from Maryland has said regarding the high degree of capability of Mr. Ilgenfritz. I am sure he is one of the ablest men in the United States for this position; but I am thoroughly against the principle——

Mr. TYDINGS. So am I. If I may interrupt the Senator, I appreciate his problem; I have been poised on the horns of the same dilemma; but all there is involved in the question is this: Will the over-all security and defense of the country be served by the appointment and confirmation of this man to an extent which will justify, in this one exceptional case, in view of all the circumstances, the principle of allowing a man to draw a salary from the company with which he is connected while he is on leave of absence?

Mr. HICKENLOOPER. I will recall to the Senator's mind the old Chinese proverb that a journey of a thousand miles begins with the first step.

Mr. TYDINGS. That is so, and I want the next war won on the first step we are now taking.

Mr. HICKENLOOPER. The precedent we are starting I think is not a healthy one. I had hoped that Mr. Ilgenfritz' telegram would meet the issue squarely, but I feel it has not done so. I had hoped his telegram would say flatly that, if he took the position, he would accept no more than $1 a year from the Government.

Mr. TYDINGS. Let me say to the Senator from Iowa that Mr. Ilgenfritz has already asked the Department of Defense if he can serve for nothing, and the lawyers of that Department have told him that he cannot.

Mr. HICKENLOOPER. I understand there is a question involving salary and compensation by the Government. I am not familiar with the technical requirements in that connection, but it seems to me——

Mr. TYDINGS. When he receives his monthly check at the rate of $14,000 a year he will endorse his check to the United States Treasurer and send it there. His worry is that the Treasury will not accept it.

Mr. HICKENLOOPER. Is the Treasurer prohibited from accepting gifts of that kind?

Mr. TYDINGS. I think he has already asked the legal officers there to ascertain whether a man who has an office the salary of which is fixed by law can serve for nothing. The position has been taken that if the law says he shall receive so much, that amount must be paid him.

Mr. HICKENLOOPER. I do not think the Government would make a mistake if it should pay Mr. Ilgenfritz $75,000 a year. But I want to be sure that we do not set a bad precedent. I do not believe the telegram was quite satisfactory.

Mr. TYDINGS. Mr. Ilgenfritz would like to say what the Senator would like him to say, but he has been told that he cannot say it.

Mr. SALTONSTALL. Mr. President, will the Senator yield? If the Senator's time is brief——

Mr. TYDINGS. I yield to the Senator from Massachusetts. The Senator is a member of the committee.

Mr. SALTONSTALL. It seems to me, if I may invite the attention of the Senator from Maryland to the question of the Senator from Missouri, that it really goes to the nub of the problem. On page 8 of the testimony of Mr. Ilgenfritz, on August 17, the Senator from Kentucky [Mr. CHAPMAN] asked this question:

> In this position, if you are confirmed for it, as Chairman of the Munitions Board, if a matter should come up affecting the steel industry or any transaction regarding steel, at the same time you are drawing your salary from the Government and a larger salary from the United States Steel Corp., where would your primary obligation rest?
>
> Mr. ILGENFRITZ. Well, Senator, if a situation like that should arise, it would be handled by the merits of the case.

Here is the important sentence:

> I am divorcing my time entirely from the United States Steel Corp., severing my connection entirely, but for pension reasons I cannot resign, or my pension is completely cut off.

Is it not true, I ask the Senator from Maryland, that anyone having such experience as would qualify him for this position must have some past association with something, aluminum, steel, brass, the law, or anything else, in order to be of any value to the Government?

Mr. TYDINGS. Of course that is so. No Member of the Senate should have the slightest business of any kind whatsoever. I should not be in the law business. Every Member of the Senate should be divorced from everything; every man who holds public office should be. I remember that President Coolidge, while he was President, bought some shares of United States Steel, in a modest amount. He did it to encourage thrift. I think he bought 20 shares. But he had no right to own any stock in steel. The only thing we should do is to reduce what we have to money and put it in the bank, and then we can vote on deflation of the dollar, or on its inflation, so we will have no more than the other fellow.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. LUCAS. Is it not a fact that men nominated for public office should be qualified? The sort of a man who is not qualified cannot receive confirmation at the hands of the Senate.

Mr. TYDINGS. The Senator is right about it. But I do not care to go off on that tangent; I have tried to stay away from it. We are not voting here primarily on an office; we are voting on the capacity of the Government to meet a quick attack at some hour in the future. There was one at Pearl Harbor. Look at the record of the days before Pearl Harbor, how we quibbled over little things here and there. We would not allow planes to be built. The draft law was almost lost by a single vote in the House of Representatives. My recollection is that it carried by only a single vote. We are all human. I am not criticizing anyone. I merely submit that sometimes we look down at some little thing while the whole welfare of the country passes in review and we do not see it.

Here is a case in which we are putting America just as much on guard as if we had so many divisions of trained and fully equipped troops, because without

support of the kind such a man can render back of whatever force we have, that force is not as competent to deal with an enemy as it otherwise would be.

Mr. President, I do not care to be emotional, but I have been to Europe many times, and have stood in almost every American cemetery in Europe. I stood at the cemetery at Romagne, where once reposed the bodies of 25,000 American boys, a good many of them men with whom I had served. I remember that during World War I we did not have a machine gun until we got to Europe. Then we had to have British guns. The Vickers heavy machine gun was what division after division was equipped with. As I stood in those cemeteries, I realized how many lives could have been saved, how much the war could have been shortened, the amount by which the debt would have been smaller, if we had had the right kind of planning.

Mr. President, the same conditions obtained again in World War II. War is something for which we never get ready, even when we try to, until it is on us. But in God's name, in the next war, with the atomic bomb in the picture, with the intercontinental bomber in the picture, we must have more vision, we must have more horizon in the sweep of our gaze, if we are to save human life.

Mr. President, I am voting for the confirmation of Mr. Ilgenfritz laying all the facts fully before the Senate, with no desire to withhold a single thing connected with him, because I know that from his class we must get the kind of man who can do the kind of work that must be done. Ben Fairless, the head of the United States Steel Corp., I have been told, although I do not know him personally, went from the bottom to the top of the ladder. Charlie White, the head of the Republic Steel Corp., was a classmate of mine at the University of Maryland, a poor boy from the mountains of western Maryland. Most of the men who reached the top of the great industrial companies of America started at the bottom. They have looked forward to the large salaries they draw, they have worked and sweated for them. We must get someone like this man, or else make such offices as that to which he has been appointed a rich man's club, so that no one can hold them but one whose pockets are bulging with stocks and bonds and securities. In my opinion, we will not get as good a man as one who has come up from the bottom, and who thereby knows all the angles.

What I am asking the Senate to do goes beyond confirming the nomination of Mr. Ilgenfritz. He is only a symbol. The position to which he has been appointed is one where the best man we can get hold of is none too good, and in this particular case, in view of the frankness of this man, his unquestioned character and capacity, I ask that we make a precedent.

I would rather make a precedent than sacrifice unnecessarily the lives of many Americans, perhaps, by having the position in question filled by some mediocrity.

I would rather make a precedent than have the national debt go again to $275,000,000,000 or $300,000,000,000.

I would rather make a precedent and keep the coal and oil in the ground.

I would rather make a precedent and shorten the horrors of the next war.

I would rather make a precedent by having our country become so strong and well prepared that no nation would dare attack us.

On that principle and in those premises I hope the Senate in this case will confirm the nominee, who is not seeking the office, but who has submitted his case with all the facts known to his country, and to this body, which must confirm him.

Mr. SALTONSTALL. Mr. President, will the Senator from Maryland yield?

Mr. TYDINGS. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. Is it not true, I ask the Senator, as chairman of the Committee on Armed Services, that those who voted for confirmation in the committee asked the chairman of the committee, the Senator from Maryland, to give them two assurances, first, that he would give all the facts to the Senate——

Mr. TYDINGS. That is correct.

Mr. SALTONSTALL. I believe there is one fact the Senator has not covered, in my presence, anyway, namely, that this nominee is receiving a salary of $70,000.

Mr. TYDINGS. I did mention that.

Mr. SALTONSTALL. The Senator has mentioned it?

Mr. TYDINGS. Yes.

Mr. SALTONSTALL. Second, that the Senator would receive assurances, either directly or through the Secretary of Defense, that the President of the United States knew that this man was to continue to receive a salary from the United States Steel Corp. of $70,000, and knew that he was going to serve for only 1 year, and not the full length of his term.

Mr. TYDINGS. That is correct.

Mr. SALTONSTALL. Has the chairman of the committee, the Senator from Maryland, received those assurances?

Mr. TYDINGS. I have.

Mr. LUCAS. Mr. President, will the Senator from Maryland yield?

Mr. TYDINGS. I yield to the Senator from Illinois.

Mr. LUCAS. I should like to reiterate what the Senator from Maryland has already read into the RECORD, in view of the questions asked by the Senator who now occupies the chair, the Senator from Iowa [Mr. HICKENLOOPER]. It seems to me this telegram is very clear and succinct upon the point. It says, among other things:

> I would be willing to forego Government compensation which attaches to the chairmanship of the Munitions Board and would serve gratis if that were legally possible. * * * If the Senate in its wisdom should confirm me, I will immediately, upon taking office, request the responsible law officers of the Government to render a legal opinion on my ability to decline Government compensation and will abide by the terms of that opinion.

Mr. President, it seems to me that there could not be anything clearer than that.

Mr. TYDINGS. I agree with the Senator.

Mr. LUCAS. In other words, he does not want the money if the Government says that he can decline compensation.

Mr. TYDINGS. My last statement will not take more than a moment. A short time ago, in the case of a position which is likewise important, but not so important as the one we are now considering, and for which there was a wider range of selectivity, the President nominated one of our former colleagues. His nomination was rejected, largely because he did not have the background and the capacity to discharge the alleged duties of the office. I refer to the National Security Resources Board.

This time the President has gone to the only living ex-President, who has a tremendous knowledge of the industrial life and the community life of the country and said, "Who is the best-qualified man in America for this job?" Mr. Hoover replied, "I believe Carl A. Ilgenfritz is the best-qualified man in America to discharge these very difficult duties." So this time the President has gone to the place where we inferentially asked him to go on the former occasion.

Mr. Ilgenfritz has laid all the cards on the table. I should like to see the Senate make an exception in this one case in the approval of this man, because I believe with all the conviction in my soul that the Senate will serve the Nation to an infinitely greater degree by having a competent, outstanding, experienced and capable man filling this office than by merely upholding a precedent.

Mr. President, I reserve the remainder of my time.

Mr. GILLETTE. Mr. President, before the Senator concludes, will he yield to me?

Mr. TYDINGS. I yield to the Senator from Iowa.

Mr. GILLETTE. Does the Senator's time permit a question?

Mr. TYDINGS. I will take the time.

Mr. GILLETTE. To me it makes no difference whether this man is receiving a dollar, or $10,000, or $100,000. My question is this, Having in mind a man infinitely superior to the Senator from Maryland and the Senator from Iowa, who said "No man can serve two masters"——

Mr. TYDINGS. I do not believe this man will serve more than one master, and that will be the Government of the United States of America.

Mr. GILLETTE. If this man, accepting an official position and the responsibilities of that official position, at the same time is accepting a salary and responsibilities that go back to a private concern, if he is called upon to make a decision when the interests of that concern are adverse to the interests of the United States, whom will he be serving?

Mr. TYDINGS. In my opinion, beyond the slightest question of a doubt, the United States Steel Corp. is more likely to suffer than to profit from anything Mr. Ilgenfritz may decide. In my opinion, he will lean over backward to see that there is not the slightest taint of favoritism connected with him. He impressed me and every member of the committee as a quiet, earnest man of high character and unparalleled capacity.

Mr. PEPPER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HICKENLOOPER in the chair). Does the Senator from Maryland yield to the Senator from Florida?

Mr. TYDINGS. I yield.

Mr. PEPPER. I am personally troubled about this matter and have not yet concluded how I shall vote upon it. I realize that in a great mobilization effort we must use the experience of men who know something about the subject. At the same time I am troubled about the precedent which is involved, and about the possible conflict of interest which has already been mentioned. This is a case which strikes me as a possibility. It might be regarded as desirable by a man representing the Government that we should expand, for example, the steel productive capacity of the country. Now, obviously if we did so that expanded plant would be here when the war was over, and it might constitute something of a threat to the established steel industry. We had such a situation in the case of aluminum during World War II. For a long time many persons thought we should expand our aluminum producing capacity.

Mr. TYDINGS. May I interrupt the Senator at that point?

Mr. PEPPER. Yes.

Mr. TYDINGS. Mr. Ilgenfritz would have nothing to do with expanding the steel industry or constructing it.

Mr. PEPPER. I understood it was the duty of the one who occupied this position to survey the procurement facilities of the country, and if he did not think we had sufficient facilities to produce what would be needed it time of war it would be his duty to recommend that additional facilities be established. Would he have such authority?

Mr. TYDINGS. It might be that a situation such as the Senator envisions would arise, but generally and almost exclusively it would be his duty to integrate the programs of the Joint Chiefs of Staff, for which the Congress appropriates the money. So if such action as the Senator suggests had to be taken in time of war, I suppose that would be something which had already been passed upon.

Mr. PEPPER. There is also the matter of distinguishing between small and large businesses. During the war the great volume of business went to the large companies, and I imagine there was logical reason for that. But what assurance have we that a man who is so closely identified with the major enterprise in the steel world would give due consideration to the small steel interests which might even be competitors of the company with which he is connected?

Mr. TYDINGS. I thank the Senator from Florida for that question, and my reply is that I think he would lean over backwards to do the right thing. But, better than that, he would occupy the office in question only for a year, and I should think he would indeed be an ingenious as well as extraordinarily capable man who could revolutionize the program of the Government in 12 months.

Furthermore, I place quite a little accentuation on the defense side, because I have served on defense committees since I have been in Congress. I am looking back to 1929. I remember when we had the great fight, under President Hoover's administration, to build 15 cruisers. The fight went on for 2 months. Men became eloquent on the floor about the waste of money. Others said we did not need anything but a lot of squirrel hunters with some rifles in their hands. The debate ran thick and fast and every Senator spoke on the subject. Finally, however, the bill was passed, because Japan had begun to move out from the naval disarmament or limitations treaty which was signed when Mr. Hughes was Secretary of State. So we began building those cruisers. After Pearl Harbor, Mr. President, those 15 cruisers we started to build back in 1929 composed the small thin line of ships that defied the Japanese Navy to come any further. They composed the small thin line of ships that helped to secure to General MacArthur his initial supplies, until we could build up our Navy all over again.

Mr. President, we are voting now on something bigger than a mere precedent. When we consider our conduct of two wars, when we consider the battlefields and realize the tremendous expenditure of material made, when we look over the camps where the soldiers trained, and note the millions of dollars of temporary structures which are now rotting there, which cannot be salvaged and money from the sale of which cannot be placed in the Treasury, when we consider the $400,000,000,000 spent in the war, and the great drain on our natural resources, on our oil, on our iron, and other natural resources by reason of lack of planning, I think we should realize that we have something bigger to deal with here than a precedent, something which—who knows?—may be of tremendous importance for the future of the United States of America.

Mr. President, how much time have I left?

The PRESIDING OFFICER. Twenty-two minutes.

Mr. TYDINGS. I think there is an error in the computation; but very well.

The PRESIDING OFFICER. The Chair today is being advised, as was the Chair yesterday, by the clerk. The Chair does not vouch for the accuracy of the figures, but places reliance on the clerk.

Mr. BYRD. Mr. President, I assume the Senate understands that the telegram sent by Mr. Ilgenfritz is an eleventh-hour development. There was no indication, when the nomination was before the Committee on Armed Services, that Mr. Ilgenfritz would not accept his Government salary. To the contrary, a question which the Senator from Kentucky [Mr. CHAPMAN] asked Mr. Ilgenfritz clearly indicated that he expected to draw both salaries. The Senator from Kentucky asked him:

> You are drawing your salary from the Government and a larger salary from the United States Steel Corp. Where would your primary obligation rest?

Up to this time, up to this morning, everyone understood that Mr. Ilgenfritz would receive two salaries, one paid by the United States Government of $14,000 and the other paid by the United States Steel Corp. of $70,000. Now it is reasonable to assume that that situation would not have been disturbed, and that Mr. Ilgenfritz would not have sent the telegram today, received and read by the distinguished chairman of the Armed Services Committee, except for the opposition that was growing in the Senate toward the confirmation of his appointment. I think this is a very reasonable and proper statement to make. But I think it is well for the Senate to know the understanding Mr. Ilgenfritz has of the situation. Let me repeat that the telegram from Mr. Ilgenfritz says:

> I am advised, however, that as a matter of law, I cannot accept or hold the position of chairman and not take any salary from the Government.

Someone has advised him to that effect. I assume he has had some able attorney to advise him that he would be compelled to take this salary as long as the office is a statutory one and as long as the salary is prescribed by the law. What would happen is, of course, that he would receive a check the first of every month, just as each Senator receives a check. If he wanted to give the check back to the Government he would have to pay an income tax on it. There can be no question about that. If he wanted to make a gift to the Government of the $14,000 paid to him by the Government, he would have to pay an income tax on it.

Then he concludes the telegram:

> If it should be the view of the Senate, however, that because of my legal inability to decline the salary, they would prefer not to confirm my appointment, I shall, nevertheless, be grateful—

And so forth. So we are voting on the situation which exists today and on the law which exists today, that Mr. Ilgenfritz would be forced to accept this Government salary, and it would be included in his income for tax purposes in the event he gave the money paid him by the Government back to the Federal Government. Then, of course, I assume the United States Steel Corp. would deduct from its tax return the $70,000 it paid to Mr. Ilgenfritz.

Now let us understand clearly his position.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. BYRD. I yield to the Senator from Texas.

Mr. JOHNSON of Texas. It is my feeling that it is not important how much the Government of the United States pays Mr. Ilgenfritz. I do not believe there is a member of the committee who would not be willing for the Government to pay Mr. Ilgenfritz $14,000 a year, or whatever other amount has been appropriated for that position. The question, as I see it, is whether it is good practice, whether it is good policy, whether it is justifiable precedent for the United States Steel Corp. to pay an employee of the United States Government $70,000 a year. Is not that the way the Senator from Virginia sees the situation?

Mr. BYRD. I agree with the Senator from Texas. But I want to make it clear that the telegram which has been read to the Senate today, means nothing under the present law. In other words, if we have to change the law it is not likely to be done at this session of Congress, so he will receive his salary. He will have to account for it. If he gives it away he will have to pay an income tax on it. And he will likewise receive the $70,000 from the United States Steel Corp.

Now let us see what his status is going to be with the United States Steel Corp. It has been understood here, I think, that he would completely divorce himself from the United States Steel Corp. As a matter of fact, he is a vice president of the United States Steel Corp., he is a director of the United States Steel Corp., and will continue holding those offices under leave of absence. He does not intend to resign from either of those positions. That is very clearly brought out in the letter which Mr. Fairless, president of the United States Steel Corp., has written to Hon. Louis Johnson. He said:

Mr. Ilgenfritz is now vice president in charge of purchases of the United States Steel Corp.

Mark that. That is a vital position, which deals with all the Government purchases. The United States Steel Corp. is perhaps the largest seller to the Government, directly and indirectly, that is in existence today. I do not suppose that there is any other corporation anywhere in the world which has larger transactions with the Government than does the United States Steel Corp., especially in time of war, because steel is the basis of all war materials.

Let me mention the fact that this position, which is claimed to be merely an advisory or planning position, will have, not the control of contracts, but virtually the control of purchases by the Government of $8,000,000,000 to $10,000,000,000 of procurements in time of peace, and in time of war a vast amount more.

Mr. Fairless says that he is going to give Mr. Ilgenfritz leave of absence. If he resigned as vice president he could not receive the $70,000 they intend to pay him, so he will remain as vice president of the United States Steel Corp. in charge of purchases. Do not overlook that fact. He will be a director in the steel corporation, but he will be on leave of absence, on loan from the United States Steel Corp. to the Government.

What we are permitting in this instance is the subsidization by the United States Steel Corp. of the Chairman of the Munitions Board, having vitally to do with all the purchases of munitions and implements of war of every description, to the extent of $70,000 a year.

If the services of Mr. Ilgenfritz are worth $84,000 annually, which I submit, regardless of this telegram, he is to receive under the present law, we owe an obligation to the United States Steel Corp. to the extent of $70,000, because that concern is contributing annually this amount to his salary. If he is worth $84,000 to the Government, $70,000 is coming from the United States Steel Corp. and $14,000 is coming from the Government. I, for one, am not willing to be under obligation to the United States Steel Corp. to that extent.

Another question that has been raised is with respect to the temporary character of the appointment. It is not temporary, so far as the Senate is concerned. We are voting for an indefinite term of office. If one reads the calendar, he finds that it does not show that the appointment is for 1 year, 2 years, 5 years, or 10 years. The appointment is for so long as he continues in that office, unless he leaves by resignation or by dismissal. I think we should clearly understand these things in voting on this nomination.

First, under the existing law he will receive two salaries. Some Senators think that if he receives nothing from the Government and $70,000 from the United States Steel Corp. it is a more proper appointment to confirm. I do not agree with that view. Nevertheless, let us not misunderstand the situation. The telegram clearly states it. Mr. Ilgenfritz does not say that he is not going to take the salary. He says that he has been advised that he must take it. Assuming that he must take it, he says that he will understand if the Senate objects to that and rejects his appointment on that ground.

As I understand, there is no way by which he can avoid taking it. He will receive his check the first of every month. If he gives the money back to the Government he will have to pay an income tax on it, which, I assume, he does not wish to do. So we are voting for an appointment beyond 1 year. We are voting for an appointment of a man who will draw two full-time salaries; and that, to my mind, is not proper, in view of the great principle involved.

Let me discuss for a moment the duties of this position. I take sharp issue with the distinguished chairman of the Armed Services Committee [Mr. TYDINGS], who states that this is merely a planning position. Let me read a few paragraphs outlining the duties of the position:

Planning for the military aspects of industrial mobilization.

That is just as broad as it could be. It means that this Board can say how much aluminum is to be produced, how many factories shall be built, how much steel shall be produced, and so forth, with respect to all the other elements which enter into munitions of war.

Here are several of the functions of the Board involving direct and specific duties of an administrative character, beyond planning. One is—

Determination of relative priorities of the various segments of the military procurement programs.

Determination does not mean planning. The Board has the right to say definitely what priorities shall be given to the various concerns which compete. Aluminum competes with steel, for example, and other things which enter into our war preparations. That is not planning.

The next is—

Supervision of such subordinate agencies as are or may be created to consider the subjects falling within the scope of the Board's responsibilities.

Is that planning? Supervision is not planning. If they supervise them, they have a right to tell them what to do. So the duties of the Board go far beyond planning.

Another section provides for—

Regrouping, combining, or dissolving of existing interservice agencies operating in the fields of procurement, production, and distribution in such manner as to promote efficiency and economy.

They can regroup, combine, or dissolve existing interservice agencies. That certainly goes far beyond the question of mere planning.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. DONNELL. Does the Senator mind if I read the tenth duty?

Mr. BYRD. No, indeed.

Mr. DONNELL. The tenth duty is—

To perform such other duties as the Secretary of Defense may direct

Mr. BYRD. That is correct.

Mr. DONNELL. That is very broad, is it not?

Mr. BYRD. The Senator is correct. So it is not a planning board, except in part. It has great responsibilities, and great authority. I think I mentioned the fact that under our present procurement programs we are buying between $8,000,000,000 and $10,000,000,000 worth of military items a year, and in the event of war we would buy far in excess of that.

Mr. President, I was impressed with Mr. Ilgenfritz. What I am saying is absolutely impersonal. I believe that he would give a good, honest, sincere administration of the position in the event his nomination were confirmed. But what concerns me is the precedent which would be established. It is true that we have had dollar-a-year men, but that has been in time of emergency, in time of war.

The Senator from Massachusetts [Mr. SALTONSTALL] has called attention to the fact that previous Chairmen of this Board have received compensation from outside interests. Only two Chairmen so far have been confirmed by the Senate. One was Mr. Thomas J. Hargrave. He served at the beginning, after unification of the armed forces. He is president of the Eastman Kodak Co. He gave part of his time to the work of the Board, and the remainder of the time, I assume, he worked as president of the Eastman Kodak Co. I have no information as to whether he drew a salary from the Eastman Kodak Co.

The last Chairman was Mr. Donald F. Carpenter, vice president and general manager of the Remington Arms Co. Mr. Carpenter worked full time and was paid $14,000 a year. He completely disassociated himself, even to the point of resignation, from the Remington Arms Co., and received no compensation whatsoever except the $14,000 which he received from the Government. That is the situation in that connection.

Mr. President, having been in the Senate for 16 years, I know what precedents mean. If we do this, the argument will

be made in the future that it constitutes a precedent. After all, if this man is so vital to the Government, if it is so necessary to have him, what are we going to do at the end of the year? Are we going to close up? He says that he intends to serve for only a year. Yet we are establishing a precedent which may harass us for years to come, in order to obtain the services of this one man for a year. What will we do when he leaves? If we are to be guided by what has been said here today, one would think that we would be in a very bad situation. Whom could we get to take his place? If we judge by statements made here today, apparently he is the only man in the whole United States who is able and competent to perform these duties, which I think is a very greatly exaggerated statement.

When Mr. Ilgenfritz appeared before the committee he testified, as Senators know, that he would continue on the pay roll of the United States Steel Corp. This was later confirmed by a letter from Mr. Fairless, president of the United States Steel Corp., addressed to Secretary of Defense Johnson.

I had an investigation made with respect to the confirmation of such appointments, and so far as I know, in the entire history of the United States Senate there has never been a case involving the confirmation of any person to a position of great importance such as this, who received two salaries, one from an outside interest and one from the Government.

This position can be regarded as being nearly comparable to a Cabinet position in importance. He will receive only $1,000 less than a Cabinet officer.

What did we do in the case of the nomination of Secretary Johnson? What did the Armed Services Committee—the same committee which reported favorably the Ilgenfritz nomination, knowing that Mr. Ilgenfritz would continue to receive a yearly salary of $70,000 from the United States Steel Corp.—do in the case of the nomination of Secretary Johnson? Mr. Johnson was called before the Armed Services Committee. He stated he had resigned his outside connections; that he would receive no personal compensation from any source other than the Government; that he had disconnected himself from his law firm; and that, furthermore, his law firm would not accept any business involving any transactions whatsoever with the Army, the Navy, or the Air Force, so long as he remained Secretary of Defense. He said he had dissociated himself from every outside interest, including, as I understand, the Consolidated Aircraft Co., of which he had been director and an officer.

So, having said that his law firm, from which he had severed himself, would not accept any business involving any transactions with the Army, Navy, or Air Force, and that representatives of his former law firm were called before the Armed Services Committee, as the committee was of the opinion that it should receive from his former law firm a letter stating that it would not accept any retainers or fees of any character from any concern which dealt with the Government in any of its agencies, in particular, the Army, Navy, or Air Force. That is what we did in the case of Mr. Johnson. He severed himself completely from any and all outside interests. Although he was then out of his former law firm, yet his name continued to appear at the head of the list of names of the firm; and the committee required a letter from the law firm stating that it would not accept any retainers or fees of the character I have just mentioned. The Senator from Texas, the Senator from Kentucky, and other members of the Armed Services Committee know about that matter. We had a full discussion about it.

But in this instance I think it is proposed to have us go very much to the other extreme.

The policy we established long ago, and which was followed in the case of Secretary Johnson, is a very sound one. I know the Government has difficulty in obtaining persons to fill high public positions; but let us remember that in this present day of our Government, when we are spending annually $44,000,000,000 in various ways, we have many more business transactions with private industry and private concerns than have ever occurred previously in the history of the country. Today the Government is making purchases from all kinds of concerns; today the Government is spending money all over the world, as well as all over the United States. Compare the present situation in that respect with the situation at the time when I first came to the Senate, when the total Government budget was only $4,000,000,000 a year. Even in those days it was felt that such appointments were of such primary importance that a man serving the Government should divest himself of all outside interests dealing with the Government prior to undertaking service with the Government. That requirement was universally imposed by those who formerly served in the Senate. They would not confirm the nomination of a man who would not agree to sever his outside interests and connections having business transactions with the Government prior to undertaking Government service. Some men nominated in such circumstances even went to the extent of selling their stocks and bonds of those concerns having connections with the Government. I understand that Mr. Andrew W. Mellon did so, in the case of his interest in various banks. I think that principle is a very sound one.

Now, Mr. President, after having followed that practice, I think it would be very contrary for us to say that in this instance we should confirm the nomination of a man who will continue to receive a direct private salary of $70,000.

Mr. President, I shall not take much more of the time of the Senate. I think the situation is clear. Certainly it is clear to me.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. JOHNSON of Texas. Am I correct in assuming that if Mr. Ilgenfritz is confirmed to the position to which he has been nominated, the United States Steel Corp. will pay him $70,000 in the next year?

Mr. BYRD. That is correct.

Mr. JOHNSON of Texas. That means that the United States Steel Corp. will pay the Chairman of the United States Government's Munitions Board $70,000. Will that corporation pay him that amount as a salary, or will it present it to him as a gift; or in what form will it be paid and received?

Mr. BYRD. All I know is what is stated in the letter from Mr. Fairless, namely, that Mr. Ilgenfritz will be on leave of absence, and that the United States Steel Corp. will pay him his present salary, which is $70,000, but that he will perform no duties for the United States Steel Corp. in return for that payment.

Mr. JOHNSON of Texas. I would assume that the United States Steel Corp. would expect a tax deduction for the payments for services which a man had not performed.

Mr. BYRD. I certainly would expect that would occur, although I have no knowledge about that.

Mr. President, frequently we make mistakes about matters such as this because we are told, "In this instance, no harm will result." Suppose that a year from now, after Mr. Ilgenfritz leaves the position to which he has been nominated, as he says he will at the end of a year, another man is nominated, not necessarily for the position for which Mr. Ilgenfritz has now been nominated, but for one or another of a number of other important positions in the Government service; and suppose that man is subsidized by some other great corporation or a labor union. Then suppose that such appointees should abuse their power and do improper things. Such a situation and the public knowledge of it might so undermine the confidence of the people in our Government that serious injury might result, because, after all, the Government must have the confidence of the people.

This nominee has superior ability; I think there is no question of that. I think he is of high character; I raise no question about that. But I think it is very bad policy, when no emergency exists, to confirm to a position of this importance, in time of peace, the nomination of a man who is receiving a large outside compensation and is being subsidized, so to speak, because the salary paid by the United States Government is not sufficient, so he says, to warrant his accepting the Government position.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. BYRD. I yield.

Mr. WHERRY. I regret exceedingly that I have not heard all the observations which have been made by this distinguished Senator from Virginia. I should like to ask this question, if the Senator from Virginia has not already discussed it: What is the difference, so far as precedents are concerned, if a precedent would be established by the confirmation of the nomination now before us, between a person who accepts a Government position on a dollar-a-year basis and a person who accepts a Government position under the circumstances and conditions attaching to the nominee we are now discussing? In other words, during the war and at other times—if the Senator

from Virginia has already discussed this matter, certainly I do not wish to take up his time by having him repeat the discussion—many eminent men gave up their private positions and salaries, and worked for the Government for $1 a year. What is the difference between the precedent established by such cases and the precedent which might be established in the case we are now considering?

Mr. BYRD. I think the difference was that those cases occurred in time of war. Incidentally, some of those men did not then accept salaries from the private corporations they had been serving.

Mr. WHERRY. That is correct.

Mr. BYRD. They made a gift to the Government, so to speak, of the salaries they had been receiving from private sources, because at that time we were at war, and that was a time of emergency. I think that situation is quite different from the situation in connection with the present nomination.

Furthermore, many of the dollar-a-year positions, in time of war, were temporary ones, created only for the period of the emergency. To the contrary, the position we now are considering is a permanent one, created by law; and it incorporates within its functions many of the temporary agencies, such as the War Production Board and other similar agencies.

Mr. WHERRY. Mr. President, I thank the Senator from Virginia for that observation.

I am trying to make up my mind in regard to the matter of precedent. I think there is that distinction. I think the so-called dollar-a-year men who retained their private interests came into the Government service in an advisory capacity, with a full understanding that they were not establishing a precedent, but that in time of a great emergency they were offering their abilities and their services with full knowledge of that situation.

For that reason it seems to me that even though the nominee now being considered would do likewise, yet a precedent would be established, in that the nominee would be receiving two full salaries. It seems to me it will be very difficult, at a time when there is no emergency, for a person in those circumstances to know for which employer he is working, when he has to make a decision involving a conflict between the interests of both employers. It seems to me such circumstances would make it very difficult for a person in a situation of that kind.

I respect very highly the judgment and the fairness of the distinguished Senator from Virginia. That one phase of the matter has bothered me somewhat, and I wished to get the Senator's reactions regarding it.

Mr. BYRD. Mr. President, the Senator from Nebraska will recall that as soon as the wartime emergency was over quite a number of the dollar-a-year men severed their Government connections and we proceeded on the normal course. But in time of war we are forced to do things which we do not do at other times. So far as I know, there are no dollar-a-year men now in the Government service.

Mr. President, the Senator from Oregon [Mr. MORSE] has taken a very deep interest in this question. As we know, he recently has had an accident, and he is not able to be here at this time. He made a very brief statement in the committee, which, in his behalf, I should now like to read. I think it is a very clear and able statement. If the Senator from Oregon were here today, he would be in the forefront of this fight, because he is unalterably opposed to the confirmation of this nomination.

The Senator from Oregon stated before the Armed Services Committee on August 22:

Senator MORSE. May I make a brief statement on the record, and I would like to be heard through, because I have struggled with this ever since the meeting the other day?

I mean it when I say that the Secretary of Defense makes it very difficult for me in this matter because of the very fine impression he has created with me. I mean this most sincerely when I say that I know of no one in Government service who has made a finer impression on me than Secretary Johnson. I think he has demonstrated to this committee time and time again that he shoots straight and that he is trying to make this Unification Act work to the benefit of this country.

Therefore, all I can say to him and to this committee is that if I could see my way clear to approve of this appointment, I would resolve all doubts in favor of it, and I told the Secretary the other day if I could see my way clear to do it within my conscience, I would do it, but I just cannot see my way clear, and for these reasons:

I want to say, gentlemen, that it is my personal view that you are dealing here with some very fundamental principles of Government that I think have got to be preserved if we are going to make democracy work in this country.

The first principle I want to emphasize is that at all times we, as Government officials, should follow a course of action that would instill great confidence on the part of the people of a democracy in our Government, and even though we think that in the name of efficiency or effective administration, a certain course of action might be helpful to the administration of some department, if nevertheless that course of action creates a lot of uncertainty and doubt and lack of confidence on the part of our people, we had better take another course of action. That is the first point I want to make. I tell you I think it is a pretty fundamental point, because right now across this country—and it is always true after every war—a lot of veterans have come back, they observe a lot of waste of war—you cannot get away from the waste of war—and when we go back home they tell us about those wastes and their suspicions about the whole Military Establishment.

Here is a committee of the Senate that, it seems to me, has the obligation of instilling a great deal of confidence on the part of our people in this Military Establishment under the leadership of the Secretary of Defense. If we come along now, I do not care how much you spread the facts on the record of the Senate, and you approve as Chairman of the Munitions Board a man taken out of the steel industry, who is to get $70,000 at the same time he works for the Government, from the steel industry, that will never make sense to the guy on the streets and in the fields of America.

I am not going to be a party to confirmation of a man under an arrangement such as that, that is going to instill a lot of doubts on the part of the masses of the people of this country, no matter how sound we think it is on paper. In my judgment, it is not wise policy. It is not wise policy, because I think it is going to call for a lot of adverse comment, the Congress will be criticized for it, the President of the United States will be criticized for it, the Secretary of Defense will be criticized for it, and I am not going for it on that ground. I am not going to go for it on the second ground, and that is: No matter how much you say it is not going to be a precedent, once you do it it is a precedent. You can write in shining golden letters on the record of this committee, "This shall not be a precedent," but your action makes it such. It is a bad precedent, again, from the standpoint of public policy. It is a bad precedent in my mind, gentlemen, because I think it is unwise to have Government employees subsidized by any private group in this country. It is a bad precedent, because I do not think, no matter how valuable this man is, that we should ever establish the precedent of having men come into public service with any strings attached.

You say right away, "But there are no strings attached," but there are. You cannot cut the strings; they are there. As long as he has those private connections.

You do not solve this second point in my thinking by saying, "Well, he isn't going to be in a position where he will be letting contracts." The very duties of the job that the chairman has read to the committee this afternoon show that his job is inseparably related with procurement. He is not going to be as free of suspicion as we ought to keep Caesar's wife, as I said the other day.

From the standpoint of good democratic processes I do not want such a precedent established. I cannot vote for it. I am about through.

In the third place, gentlemen, I cannot vote for it, because I am not going to put a dollar value on patriotic duty of a man in America from whatever economic class he comes in serving his public. The Secretary of Defense is a good example, as good an example as I could name. There are many others I could name. He could step out of the job today, in my judgment, and make this fellow's $70,000 a year income look like peanuts. No.

My third point, gentlemen, is that you cannot put a price on the patriotic duty of a man, I care not what economic class he comes from, to serve his Government. He either is willing to come in and serve his Government on the same level with everybody else or we should not want his services.

Now, I mean no unkindness to the particular individual under consideration. I do not know him. I am talking about Mr. X. But I want to tell you whenever a fellow has to exact this type of a condition, then I do not think it is safe for democracy to have that kind of a fellow in Government service.

The last point I make is to repeat one I made the other day. I think we are pretty close to this fellow, so that we are inclined to say there is no substitute for him. I just deny it. There never was a guy in the country so indispensable that we cannot get somebody else that can do the job just as well or better. We may think not, that he is the one and only person out of 145,000,000 Americans that can do this job. I am not going to admit it, because I do not believe it is true. And if it is, we are certainly in a bad state in this country.

So I am going to say that unless he is willing to come in without any of these strings attached at all, I cannot vote for his confirmation, much as I would like to do it, not as an accommodation to the Secretary of Defense because I know he believes that this committee ought to confirm this man to help him do the great job he is doing. I would like to do it to help him, but I cannot do it and go back home and intellectually, honestly tell my people that I think it is sound policy to follow that course of action in a democracy. I just cannot do it, gentlemen.

I regret it that a member of the committee, although in good nature, the other day told me privately he thought my opposition and the way I expressed it involved a threat to this committee. No threat motivates me at all, but I am sincerely motivated by desire to make this democracy of ours work, and you cannot make it work, in my judgment, with the confidence of the American people if you adopt this kind of procedure and appoint any man to a Government position, and I shall oppose it as a matter of policy.

I wanted to quote Senator MORSE because he cannot be here today.

Mr. President, I shall conclude. I desire again to impress upon the Senate that we are establishing a new policy in making appointments, should we confirm this appointee. The President of the United States is establishing it, because he has said he knows Mr. Ilgenfritz will get $70,000 from the steel corporation, and knows he will get $14,000 from the Government, as he thought at the time, and I still think he will, unless we change the law. The Secretary of Defense knows it. The Armed Services Committee knows it, and now the Senate knows it. So we are doing this with our eyes open, and it will be the first time in the history of the Senate, if my information is correct—and I have had the matter looked into—that the Senate has confirmed a man for a position of this importance in time of peace, receiving a salary five times as large from an outside organization or corporation which deals with the Government as he receives from the Government. For that reason, Mr. President, as a member of the Armed Services Committee, I was forced to oppose the nomination.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield before he relinquishes the floor?

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Colorado?

Mr. BYRD. I yield.

Mr. JOHNSON of Colorado. What would the Senator think of the whole problem if we had specific legislation on the books for this one case, and if that legislation provided that the appointee should receive no remuneration from the Government of the United States? I am having a great deal of trouble with this matter, as I am sure every other Senator is. To me it would seem to solve the question more or less if we had specific legislation pertaining to this appointment.

Mr. BYRD. I do not agree with the Senator about that. I think it would not resolve the objection. To my mind, the objection is that this man is the vice president of the United States Steel Corp. and will remain the vice president. He is simply on leave. He is a director of the United States Steel Corp. He is on leave, and he gets $70,000 a year from that corporation. To my mind, I think that very much overshadows the question of whether he is a dollar-a-year man.

Furthermore, if we should change the law now, what shall we do at the end of the year? This man will leave, and we shall have to change the law back again. But let me again emphasize, if we today vote to confirm this appointment, we vote for the salary of $14,000. That is the law, and Mr. Ilgenfritz admits in his own telegram he has been advised by legal counsel he must receive that amount. We vote for an indefinite tenure of office, because there is no limit on the tenure of office in this nomination. If we vote in accordance with the nomination submitted to us, the tenure will be without limit. Those are things we must understand. It is true we can change the law, but the law will continue for some time. That may satisfy a few Senators. It does not satisfy me.

I do not think we have gotten to the point now that we must have Government positions subsidized by great outside interests who have direct dealing with the official appointed. This is the beginning, if it is done. The next time, it will be some other company that will furnish an official for a Government position, someone who will be subsidized. Other great corporations of labor unions may want to do the same thing. So I think we are making public policy of very vital consequence if we vote to confirm this nomination in its present form.

For that reason, I reluctantly, and very reluctantly, made the decision that I could not vote to confirm this nomination.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. BYRD. I yield to the Senator from Arkansas.

Mr. McCLELLAN. The same policy would be carried out in the case of the Secretary of Labor drawing a salary directly from labor unions.

I am sure that nearly every Senator feels the way I do. I do not like to vote against the confirmation of this nomination. I have nothing against the man. He would probably be a great asset to our Government, but as between the situation of establishing a bad precedent or accepting the services of this man, which might be very valuable to the Nation, I do not know what the answer is. I do say, however, that if this should become a precedent it could well apply to every agency of the Government.

Mr. BYRD. Everything the Senate does in a case of this kind is a precedent, and it will be referred to very frequently, I predict, in the years to come in justification for appointments under similar conditions. It will be said, "We made this appointment and no evil came of it. Now, we can go ahead and make others along the same lines."

Mr. IVES. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. IVES. Can the distinguished Senator from Virginia tell me whether the nominee has any income other than that which he now receives or will be receiving from the United States Steel Corp.?

Mr. BYRD. I cannot answer that question.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. SALTONSTALL. I would say respectfully to the Senator from New York, in answer to his question, that Mr. Ilgenfritz stated to the committee that he owned no interest of any kind outside of his salary from the steel company.

Mr. IVES. Is that his sole source of income?

Mr. SALTONSTALL. That was the clear impression I received from his testimony.

Mr. IVES. I thank the Senator.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. FERGUSON. Do I correctly understand that he is not even a stockholder in the United States Steel Corp.?

Mr. SALTONSTALL. Mr. President, will the Senator yield so that I may answer that question?

Mr. BYRD. I yield.

Mr. SALTONSTALL. I cannot find the testimony quickly, but his answer to the question was:

I do not have any stockholdings in any company and I shall have no relations with other matters in my contemplated work here.

He was asked whether he had any directorships, and his answer was:

I am still a director of the United States Steel Corp. of Delaware.

Mr. BYRD. How could he be a director without having some stock ownership?

Mr. FERGUSON. In a Delaware corporation a man does not have to be a stockholder.

The PRESIDING OFFICER. The Senator from Maryland has 23 minutes remaining.

Mr. TYDINGS. The Senator from Virginia has more time remaining than I have.

Mr. BYRD. Mr. President, how much time do I have.

The PRESIDING OFFICER. The Senator has 44 minutes.

Mr. BYRD. I yield 10 minutes of my time to the Senator from Kentucky [Mr. CHAPMAN].

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 10 minutes.

Mr. CHAPMAN. Mr. President, I am indulging in no illusion and I am cherishing no faint hope that anything I may say will influence the vote of any other Senator on this important issue.

The Committee on Armed Services listened to Mr. Carl Ilgenfritz, and the members of the committee have discussed the question among themselves, dispassionately and objectively, and no personal feeling has entered into it. There is, I believe, a principle at stake. I have no feeling of antagonism toward this eminent industrialist, Mr. Ilgenfritz. Rather do I, after hearing him personally before the committee and hearing from those who are acquainted with his qualifications, have admiration for his capability as a steel expert and as a steel executive resulting from, as he told us, his 24 years of experience in that industry, 20 years with the Republic Steel Corp. and 4 years with the United States Steel Corp., from which he told us he is now drawing a salary of $70,000 a year, which, if he be confirmed by the Senate as Chairman of the Munitions Board, he will continue to draw during his incumbency in that office.

There is a question at issue. What are the duties of the Munitions Board? Sev-

eral items were referred to by the distinguished senior Senator from Virginia [Mr. BYRD] in quoting from the statute. I shall cite two others which I believe have not been referred to in the course of the debate. They are in the recently enacted amendment to the National Security Act, popularly referred to as the Unification Act. That act, in one of its subsections, provides:

> Coordination of the appropriate activities with regard to industrial matters, including the procurement, production, and distribution plans of the Department of Defense.

Then going to another subsection which I do not believe has been mentioned, I quote:

> The maintenance of liaison with other departments and agencies for the proper correlation of military acquirement with the civilian economy, particularly in regard to the procurement or disposition of strategic and critical materials and the maintenance of adequate reserves of such materials, and the making of recommendations as to policies in connection therewith.

What are those strategic and critical materials? In the little white paper, or brief, as we may call it, recently filed by the Department of State on behalf of the Interdepartmental Military Assistance Coordinating Committee, for consideration by the Joint Committees on Foreign Relations and Armed Services, I find the definition of these critical materials. On page 32 of that white paper reference is made to the three major critical materials as steel, aluminum, and copper.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. CHAPMAN. I yield to the Senator from Michigan.

Mr. FERGUSON. I wonder whether the committee went into the proposition as to the capacity of the United States Steel Corp. to pay a salary to a man who would render during the year no services whatever to the corporation?

Mr. CHAPMAN. To the best of my recollection, the committee did not inquire into that subject.

Mr. FERGUSON. Does the Senator from Kentucky have an opinion on that proposition, as to the right of a corporation to pay a salary or stipend, or an amount of money, whatever it may be called, without any services being rendered to the corporation while a man is employed by the Government?

Mr. CHAPMAN. That would probably be a question which might arise among the directors of the corporation. But the Senator from Kentucky does think it is a serious violation of the principles of sound public policy for the United States Government to employ a man who is drawing a salary from the United States Steel Corp.

Mr. FERGUSON. But there is nothing in the evidence along the line of the right of the corporation to give a donation to a man, whether or not it be called a salary, who is working for the Government but rendering no service to the corporation?

Mr. CHAPMAN. That question is worthy of the serious consideration of the committee and of the Senate, although it was not raised during the deliberation of the committee on this nomination.

Both the Senator from Massachusetts and the Senator from Virginia referred to a question which occurs on page 8 of the transcript of the evidence. When Mr. Ilgenfritz was before the committee, I asked him, in substance, about what would happen if a condition should arise in which he was sitting on one side of the table representing the Government, and the steel industry was involved in the issue. I asked him if he at that time were receiving a much larger salary from the United States Steel Corp. than from the United States Government, where his primary obligation would rest. His answer has been read to the Senate today, in which he said, substantially, "I would decide each case on its merits."

Mr. THYE. Mr. President, will the Senator yield?

Mr. CHAPMAN. I yield to the Senator from Minnesota.

Mr. THYE. Would it be any different if a man whose whole former history had been in the banking world, and he had been interested in a chain of banks, or one large bank, and was named to be Commissioner of Banks, or a member of the Federal Reserve Board? Would not that be a similar case? I might ask a second question, assuming a man were Secretary of Agriculture, and had a large holding of wheat acreage, would he not have a direct interest in that which he was supervising as Secretary of Agriculture?

Mr. CHAPMAN. Let me answer the Senator by saying that human nature has changed very little, if any, as the human race has staggered through the centuries. I think that is a sufficient answer to the question. We are all influenced by our training, our experience, our environment, our activities in life.

Mr. THYE. Would the Senator vote against the confirmation of a man to be Secretary of Agriculture because he might have several thousand acres of land planted to wheat, let us say, on the ground that it would probably influence him in his decisions?

Mr. CHAPMAN. My answer is that that is not an analogous case at all. Here is a man who, he tells the committee, will be drawing a salary of $70,000 a year from the United States Steel Corp., which corporation is probably the principal manufacturer and marketer of the most strategic of all military materials, a material which is an absolute necessity in building armaments and manufacturing munitions; and that salary would be five times the salary he would be drawing while serving the United States Government.

Mr. THYE. That is very true, but he comes with qualifications as a citizen of this Nation which would seem to insure good management on his part as Chairman of the Munitions Board.

Mr. CHAPMAN. We do not question that he possesses the superb qualifications claimed for him by his sponsors. I do not question his high character, his integrity, and his sterling patriotism, but that does not answer the argument we are making on the fundamental, vital principle which is involved in this nomination.

Mr. McCLELLAN. Mr. President will the Senator from Kentucky yield?

Mr. CHAPMAN. I yield to the Senator from Arkansas.

Mr. McCLELLAN. Pursuing a little further the implication of the questions asked by the able Senator from Minnesota, let me ask, does not the United States Steel Corp. produce more than 50 percent of the steel consumed in this country?

Mr. CHAPMAN. That is my information.

Mr. McCLELLAN. Very well; now a further question. If I may make the question applicable to agriculture, assuming a man owned a large farm or plantation, would the Senator vote to make him Secretary of Agriculture?

Mr. CHAPMAN. I do not think that is analogous.

Mr. McCLELLAN. Let us make it analogous.

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. BYRD. Mr. President, I inquire how much time I have left?

The PRESIDING OFFICER. The Senator from Virginia has 33 more minutes.

Mr. BYRD. I yield 5 minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 5 minutes.

Mr. McCLELLAN. Let us assume that one corporation in America owned more than 50 percent of the agricultural land in the United States, and that there was a vice president of that corporation drawing $70,000 a year, and he was nominated to be Secretary of Agriculture. There is not a farmer or a Senator who would vote for his confirmation. Is not that correct?

Mr. CHAPMAN. That is correct. Mr. President, I cannot yield further, because I have just gotten started, and I have only 5 minutes more.

The words of the Man of Galilee, as recorded in the thirteenth verse of the sixteenth chapter of the Gospel according to St. Luke, "No servant can serve two masters," resounding through nearly 20 centuries, have become one of the axioms of free government and of sound administration in this Republic.

Several questions have been raised. One is that Mr. Ilgenfritz would serve only 1 year. The Senator from Virginia has answered that suggestion by pointing out that there is no assurance it would be for 1 year. It is not a question of time, it is a question of principle, and the same principle would apply whether the appointment were for 1 month or for 10 years.

A good deal has been made of the claim that Mr. Ilgenfritz would not want any salary from the Government. Assuming that he would not receive any salary, I do not think that touches the issue at all. We are not concerned with whether he draws no salary, or a dollar a year, or $50,000 a year from the Treasury of the United States. The issue involved in this nomination is the uncontroverted fact that he says he will continue to draw $70,000 a year from a private corporation. That is the real question.

Ah, but we are told that there are precedents, that other men have served as dollar-a-year men while still drawing huge salaries from private industry. Yet, as the distinguished Senator from Virginia said, that was in time of war, of great emergency. Confirming this nominee would be establishing a precedent in time of peace, a bad precedent.

If the nomination were confirmed we would have to assume that the Senate would virtually declare that at last an indispensable man had been found. I decline to believe that either in civilian or military affairs there is any man under the flag indispensable to this Government.

We did have a challenge a few years ago to everything we have always held most dear. Our inalienable, inherent rights as American freemen, our cherished, blood-bought liberties, yes, our very existence as a nation, were challenged by the most diabolic and ruthless coalition of despotism, totalitarianism, tyranny, and murder that has ever cursed the earth. We met that challenge. We met it with the inventive genius, the mechanical skill, the engineering prowess of America, with the devotion and loyalty of American womanhood, the valor and courage of America's unconquerable manhood. We mobilized the vast resources, the almost illimitable potential power of the Republic. The people responded. We called on men to serve the Government, and they did serve in that critical period.

I believe it is equally important to prepare not only adequately, but amply, as the best insurance against war.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. BYRD. Does the Senator from Kentucky desire more time?

Mr. CHAPMAN. I should like to have two more minutes.

Mr. BYRD. I yield to the Senator two more minutes.

Mr. CHAPMAN. I voted with the distinguished senior Senator from Maryland for the cruisers in 1929. I was one of those who made the extension of the draft possible by that one majority in the House of Representatives to which he referred. I yield to no Senator or any other man under the American flag in my devotion to the cause of national defense. I believe, and have said so a thousand times, that there should be inscribed on the walls of every nursery, emblazoned in the corridors of every public building, and engraved on the desk of every Member of Congress in both the House and the Senate, the sage counsel of the Father of our Country, George Washington, who declared that one of the most effectual means of preserving peace is to be prepared for war.

I believe we can find a man who will not be embarrassed by his connection with a private corporation. I do not believe the fact that we have had precedents justifies doing this again, because repetition of a violation of principle does not invest that practice with sacrosanctity.

With no feeling in this matter, with no antagonism toward Mr. Carl Ilgenfritz, I cannot, Mr. President, consider this subject without my mind recurring to those words from Holy Writ which I quoted in the beginning:

No servant can serve two masters.

The PRESIDING OFFICER. To whom does the Senator from Virginia yield?

Mr. BYRD. Mr. President, I yield 10 minutes to the Senator from North Dakota [Mr. LANGER].

The PRESIDING OFFICER. The Senator from Virginia has 27 minutes remaining, and he yields 10 minutes to the Senator from North Dakota.

Mr. LANGER. Mr. President, my memory goes back to the munitions investigation after World War I. I am sorry that every Senator cannot read that investigation. It lasted for months and months and months. It was held under the leadership of Senator Nye. The Senator from Michigan [Mr. VANDENBERG] was a member of the committee. I only wish I had time today to read the recommendations of that committee, contained, as I remember, in 1½ pages. I wish Senators could read in that connection what the United States Steel Corp. did in World War I. I have no doubt that some Members of the Senate have read it.

Mr. President, only a few years ago an officer of the United States Steel Corp. was appointed Secretary of State. At that time I debated his nomination on the floor of the Senate for 3 hours, and went into great detail to show the connection of the United States Steel Corp. with the United States Government in World War I. Therefore it is not necessary now, in the few moments I have to speak, to read any part of what I then said.

I wish, however, to answer one or two of the arguments made by the distinguished Senator from Maryland [Mr. TYDINGS]. He said the nominee cannot accept the Government position under any other terms than those he has proposed, because he would thereby lose his pension rights. Is it easier for the United States Steel Corp. to adopt a resolution making an exception in behalf of this nominee so that his pension rights may continue, or for Congress to take the action he requests it to take when he says, "I want you to change the laws of the United States"?

I call attention to the fact that in our democracy there are certain things which simply are not done in some places. In some States the sheriff can have only two terms of office. In some States the State treasurer can serve for only two terms. In some States the county treasurer can serve for only two terms.

By precedent and by law we have said that under the laws of the United States a man cannot draw the two salaries this nominee is endeavoring to draw. I think it is a good precedent. I associate myself with every paragraph and every line and every word spoken by the distinguished Senator from Virginia [Mr. BYRD].

I might add that I believe if the President would look around he would have very little difficulty in finding a first-class man for this position. Sometimes such men will be found in most unexpected places. I remember in World War I, when the Federal offices in Washington were honeycombed with graft, when the men who were buying the materials for the Navy were crooks, President Wilson looked around and tried to find some man who was honest, competent, able, and efficient. He went out to the little town of Emerado, North Dakota, a town of 100 population, and picked out a man by the name of John M. Hancock, a man who up to that time was totally unknown. He was not receiving a salary of $70,000. But after he came to Washington he made a record so fine that at the conclusion of the war, and after he was decorated not only by the Navy but also by the Army, he rose to the point where today he is a partner of Barney Baruch, a member of the corporation of Lehman Bros., a man who, perhaps as much as anyone else, had to do with the drawing up of the Baruch plan dealing with atomic energy.

More recently we had a similar instance. Senators remember the bank holiday after President Roosevelt assumed office. At that time there were people in this country who wanted to nationalize the banking industry and seriously advocated it. President Roosevelt looked all over the country to find some man who could cope with the situation which, unless it was adequately dealt with would mean that great industries would have no money with which to meet their pay rolls, which would mean the continuation of thousands and thousands of persons out of employment. President Roosevelt found J. F. T. O'Connor, a man who had not been heard of up to that time. Mr. O'Connor was appointed Comptroller of the Currency. He took charge of the banks. He went to Detroit. Henry Ford had $164,000,000 in one bank in Detroit which was closed. When Mr. O'Connor got through that bank paid out 100 percent. Not only that, but Henry Ford said that Mr. O'Connor had made an outstanding record. Yet up to that time he had been unheard of.

Mr. President, in conclusion, I wish to say that so far as I am concerned, I agree with what has been said today that no man can serve two masters. I do not propose to vote for any man who would be in such a position. I believe the President can find a man suitable to the position in every single State of the Union. All he has to do, in my opinion, is to call in the Senators from Indiana, the Senators from Massachusetts, or from Minnesota, or from North Dakota, or from any other State, and sit down with them and counsel with them. In my opinion, he will thus be able to find a man as well qualified as is the man whose nomination is now before the Senate for confirmation.

WE CAN BALANCE THE 1950 BUDGET

Mr. BYRD. Mr. President, I ask that the Senator from Vermont [Mr. FLANDERS] be recognized for a few minutes, as he wants to make an insertion in the RECORD dealing with another matter than the one we now have under discussion.

The PRESIDING OFFICER. The Chair recognizes the Senator from Vermont for 2 minutes.

Mr. FLANDERS. Mr. President, I thank the Senator from Virginia for his courtesy.

While I shall speak for only 2 minutes, I shall speak of a matter involving $2,000,000,000. I shall read the first paragraph of a statement I have prepared under the heading "We can balance the 1950 budget," and then I shall deposit the document with the official reporters for printing in the RECORD:

We can balance the 1950 budget. It can be done by Executive action on the President's own initiative, without prodding from the defeated McClellan amendment. It can be done largely in our largest single appropriation—that for the armed services. It can be done while improving, not weakening, our national defense.

Then the statement continues for 12 more pages which Senators may read in the RECORD.

Mr. President, I ask unanimous consent that the statement may be published in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. President, we can balance the 1950 budget. It can be done by Executive action on the President's own initiative, without prodding from the defeated McClellan amendment. It can be done largely in our largest single appropriation—that for the armed services. It can be done while improving, not weakening, our national defense.

The fundamental reasons for lowered expenses, as I see them, were given to the Senate on August 11, when I expressed my conviction that anticipated expenditures for this year, if continued, will change our form of government and destroy our liberties no less surely than would be done by the unrestrained advance of the Communist menace. In fact, it is clear in my mind that this call for larger and ever larger expenditures is complacently regarded, if not actually fostered, by the Politburo. To put it briefly, it is a necessary part of our national defense to keep appropriations within bounds.

With this in mind, I gave a great deal of thought to the recent military budget, approaching it as one who has had some business, financial, and governmental experience closely related to military procurement, and also as a Senator who has very serious and clear-cut responsibilities. As a result of my thought on the military budget, I appeared before the Military Appropriations Subcommittee and presented reasons for believing that the House-passed appropriation could be reduced by about $3,000,000,000, bringing it more in line with the appropriations for fiscal year 1949. This $3,000,000,000 reduction was to be attained by (1) returning to the 48-group air force, recommended by the Joint Chiefs of Staff, instead of the 58-group provided in the House bill, (2) by reducing the military strength from 1,600,000 to 1,300,000, and (3) by increasing efficiencies of operation resulting from the armed services reorganization and the reduction of activities resulting from a smaller total force.

The bill we passed did follow the first recommendation on the size of the Air Force, but it did not take into account the second suggestion for a reduction in personnel. Only in minor ways did it follow the third proposal for general efficiency. The Joint Chiefs have failed to announce an over-all strategic concept of how the new war is to be fought so that the three services may avoid overlapping roles and missions.

Let us refer first to the two items of reduction in military strength and increased efficiency. The reduction in military strength is based on a concept of the basic nature of our military contribution to world defense. Nowhere have I been able to find in any published form a statement of this basic concept. In fact, a confusion of tongues and pens seems to surround this whole subject. Finding it necessary to have these fundamental ideas to clarify my own thinking, I have been compelled to formulate them for myself. Here they are:

In my opinion, the primary consideration governing the nature and size of the units of our armed service should be one which assigns to various branches the following responsibilities:

The Navy would be required to keep the seas open in war and would be charged with the duty of developing the means and the tactics of amphibious warfare through its Marine Corps subsidiary. Suitable bomber equipment would be needed for amphibious offensive. The Navy would likewise be charged with military transport on the sea. It must have aerial reconnaissance for submarine detection, aerial offense for submarine destruction, and aerial fighting forces for defense from aerial attack.

The Army would be organized primarily on a technical basis. It would be charged with the development of the scientific means of offense and defense for land warfare. It cannot be expected to have on tap at all times a sufficiently large infantry force to be able to take decisive action in the first stages of a defensive war. It can supply these instruments to allies. It can teach and train allied forces in their use. In view of this highly technical function assigned to the Army, I believe a reduction in strength to 1,300,000 can be made without reducing our real contribution to the armed strength of our alliance. I am advised by military people that reduction of overhead and maximum use of native personnel in the occupation zones easily would make possible this reduction without impairing effectiveness.

We would, however, need enough land forces for training in actual land operations and for large-scale experimental use, in maneuvers and otherwise of the instruments we are developing. I have felt that the land forces should have, as a major part of their equipment, a supporting tactical air force.

In establishing our basic policies, it is fitting that we should give major attention to the strategic air force. While wars cannot be won and territory consolidated without foot soldiers and water transport, our main responsibility will be the development of the Air Force as a military arm in its own right. In combination with the British and other allies we must form the protective air cover for offensive and defensive land operations carried on by ourselves and our allies. We must carry out the detailed bombing for destroying the means of transportation of an enemy as was done so successfully in the later months of the Second World War. We must be prepared for long-range strategic bombing to destroy the military and industrial installations of the enemy. More than this is necessary. We must drive the enemy from the air. When we do so he will get nowhere on the ground.

It is with considerable care that I have just stated the function of the strategic air force. My statement definitely omits the extinction of civilian populations as a military operation of the United States. Unfortunately, the available indications are that the mass murder of civilians is the strategic objective of our Air Force, in spite of the fact that the senior Senator from Michigan vehemently denied this purpose in his eloquent and effective plea for the North Atlantic Pact on July 6.

It is the general belief of the people of this country that the B–36 is designed for carrying the atomic bomb. So far as I have observed, the Air Force has done nothing to controvert this belief and has suggested no other uses for it. It proposes to purchase 170 more of them at $6,000,000 apiece. I do not feel technically competent to judge of the adaptability of this plane for high-explosive pin-point bombing. Unless it is so adapted the number proposed is far too great.

When from time to time I suggest that atomic attack is not warfare but murder, I have been astonished to find that I receive letters from those who are convinced that we should make the first attack on the enemy like that at Pearl Harbor with an all-out dropping of atomic bombs. Although only a few people feel this way, such sentiment does exist in this country and it is the work of the devil.

Now, Mr. President, I think we give the devil too much credit. The devil is a fool. If he persuades us to initiate atomic warfare against civil populations he is persuading us to harm ourselves politically and economically as well as spiritually. Let us look at the situation again from the standpoint of common sense.

We are justified in referring to Russia as our potential enemy. We are justified in doing this because the President of the United States, in a manner unprecedented in all our history, has directed the Nation's attention to the Russian threat, or at least to the threat of the Russian Government, as the objective of these vast military preparations. So let's talk about Russia.

It is argued that there are suitable targets for atomic bombs—hydroelectric plants, railway yards, oil refineries, and such factories as are not located in thickly settled areas. Yet these massive preparations for atomic bombing seem to be devoted principally to the mass destruction of populations. Conceivably they are to be used on the 70 strategic centers of Russia (which, we are given to understand, are simply the 70 most populous cities) to wipe out the civilian populations and make these cities useless as sources of war potential. That is a possibility and the evidence is prima facie that it is the objective of the Air Force. Now it is proper and desirable to be able to retaliate overwhelmingly with atomic bombing, which means civilian destruction, if the enemy initiates it. It is not only proper but desirable to have the means of this retaliation should we be forced by enemy action to resort to it; but common sense asserts the folly of depending upon the atom bomb and the finest imaginable planes for carrying it as the main weapon of aerial warfare which is, in turn, our main force for winning an armed conflict.

For one thing, such bombing would have far less effect in destroying Russia's offensive power than it would have had in the Second World War. Russia's major potentials are not now to be found in Russia, but in the conquered territories of Poland, Silesia, and Czechoslovakia. Specific bombing of these industrial installations by high-explosive bombs would be an early undertaking in case of war. We would be remembering that to a very large extent these installations are surrounded by populations which are not friendly to their conquerors and are our friends or are capable of becoming so. If we can keep them our friends, there will not be the same desperate endeavor on the part of the workmen to get a bombed plant back into full production at the earliest possible instant, as was the case with the thoroughly patriotic working populations of Germany and Great Britain. Strategic bombing of the high-explosive sort could thus be expected to be more effective than it was in World War II.

If, on the other hand, we should attack these installations with the atom bomb in countries that are friendly, or potentially friendly, its indiscriminate destruction of innocent life would sow for us a crop of self-reseeding hatred whose full and ultimate harvest would never be gathered in the lifetime of anyone now living in what would have become the most guilt-ridden nation on earth. That nation would be our Nation—the United States of America.

The atom bombing of the cities of Russia would immediately throw away one of our political potentials which we are utilizing only in a minor degree. I refer to the possibilities of persuading not the Russian Government but the Russian people that there is no cause for war between us—that the peoples of neither country want war and that it is only their Governments that can force them into it. I have spoken on this subject before on this floor, and doubtless will again, but in connection with it there are two things that are to me inconceivable. First, it is astonishing that we should not give the same degree of thought, ingenuity, and energy to disabusing the minds of the Russian population as to the need for their low scale of living and the heavy cost of military preparation in their own country. And, second, it is strange that we should not note that this psychological penetration is the way in which the Russian Government acts, and that it is through this means it has had its greatest successes. I say its greatest successes because I include in the list the tremendous success it has had in getting this country to concentrate its thoughts and energy on multibillion-dollar military defense, while neglecting the far more subtle and inexpensive methods followed by the Comintern. Again I say that the devil is a fool. Perhaps I would do better to say that we are fools if we follow the devil.

There is much talk of dropping bombs, presumably atomic bombs, on the industrial cities of Siberia. High explosives would do much damage there, but the real Achilles' heel of all of Russia, from the Vistula to the Bering Sea, is its transportation. That transportation over this enormous area cannot be defended. A continuous program of disrupting it by bombing will do more than mass murder to immobilize the military potential of our prospective enemy.

That brings us back again to the question of the far more threatening military potential in these friendly nations behind the iron curtain. These nations are handicapped by no 5-foot railway gage. They are located within the network of western European transportation. That is the most significant, the most important, the most terrifying advantage in its offensive power that Russia has made since World War II. We must concentrate our energies in the disruption of this transportation. If we do so with anything like the success attendant on our similar efforts in the last months of World War II we can immobilize her new military power, but this will not, and indeed cannot, be done by B-36 bombers. We do not seem to be prepared to fight the real war that threatens us. We are preparing for a war far more dangerous for us in the generations to come than for the enemy against whom our preparations are made.

We should pause here for a moment's thought. It is a fallacy of conventional military thought that wars are fought to bring about the surrender of the armed forces of the enemy. This is indeed the objective of armies, navies, and air power, but it falls far short of being a valid objective of national policy. A nation wages war to bring about a peace which will endure for a desirable period of time. This was the objective which we forgot and neglected after our recent war, and in consequence there is no peace.

For other reasons—reasons of undying hatred and despite—there can be no peace for us from a war which we win by large-scale atomic mass murder of civilians. We would be hated and despised, even though feared. Worst of all, we would have lost our own self-respect.

Mr. President, paraphrasing the words of the prophet Isaiah, sucking children are playing on the hole of the asp; weaned children have put their hands on the cockatrice den—and the acceptable year of the Lord is not yet come.

Returning to our budget, there is another consideration which would seem to be important in this matter of common sense as distinguished from the narrow military point of view. This matter relates to developing and maintaining the productive strength of this country as a source of military supply.

In the Second World War we had three great assets. The first was the courage, intelligence and devotion of the men and women in the armed services. The second was the unparalleled body of scientists and engineers drawn from all industries and professions focused on the task of winning the war. Our third great asset was our immense productivity, particularly in the things which support a modern offensive in an industrial age.

At the present moment some of the industries which are essential in the supplying of modern armies, navies, and air forces are turning over at slow speed. Others have shut down. Still others are rusting away. There is no single element in the material preparation more important than to have industrial production standing by in working order ready for any emergency. If it is not in working order, oiled up, turning over, however slowly, we are unprepared for war. Let me repeat this: If our potential war industry is not in working order, oiled up, turning over, however slowly, we are unprepared for war.

Most of the valuable sources of supply for airplanes and engines should be kept in working order. Some volume of business should be going through the production and assembling lines; engineering staffs, and production officials should remain intact and be working on the problems of the present and the future. To do otherwise is to discard the most valuable element in our material defense.

To sum up, I believe the following:

1. It is vitally necessary that we cut down the cost of our Military Establishment to a point not in excess of that for fiscal year 1949. If we do not do so, this, and other swollen expenses, will lead us automatically and without our planning into new undemocratic types of social and political organization. This we are trying to avoid through expensive military preparation. If we persist the enemy can thus outflank us.

2. I believe that a coordinated military policy based on an economy of means carefully organized will give us greater military potential than does the present haphazard and uncoordinated set of separate policies.

3. I believe that the worst example of these poorly thought-out policies is to be found in the enormous concentration of the Air Force on the atomic bomber. This concentration is both politically and militarily wrong.

4. In plane production as in other important and complicated elements of matériel for the armed services, primary importance should be put on keeping our industrial potential in working order, running very properly at low speed, but oiled up and turning over.

5. I believe our Defense Establishment makes a grievous error in permitting our budget to be divided somewhat equally between the three services. Our Navy has more vessels in moth balls than the combined fleets of the world. It is already in being. Except for a submarine force rumored as being around 300, and doubtless being added to, the only potential enemy has no fleet. It is these submarines on which the Navy must concentrate.

Our Army expenditures can be cut as I have shown. We must build air supremacy, and that does take money. Instead of dividing the budget by three, let's give five parts to Air, three parts to the Army, and two parts to the Navy. I am reliably advised that this will give us better national security than we now have and at the same time enable us to save that $3,000,000,000 annually.

As to the major problem raised, the dangerous effect on our foreign relations of immature military policy, that is evidently too serious a subject to be settled in an appropriation bill, though it is a determinant of that bill. This matter—our prime dependence on the atom bomb—lies in an area of responsibility assigned to both the Foreign Relations and the Armed Services Committees. They should, in my judgment, consider it jointly, as they are now considering European rearmament.

Better yet, I urge the development within the administration of the Department of Defense through the Joint Chiefs of Staff of a more definite coordinated framework of interaction for all the various elements in our national defense, all subordinated to a more enlightened foreign policy, enunciated by the President through the Department of State.

May I say one further word of commendation for the present attitude of the distinguished Secretary of Defense, and express a hope for further action on his part.

His reduction of 135,000 in the civilian working force of the Defense Department hurt, but it is evidence of an honest determination to cut our military expenses. I can only raise the question as to whether he would not also consent to the reduction from 1,600,000 to 1,300,000 in the armed services suggested in my testimony to the Military Appropriations Committee and supported by the reasons given in this discussion.

I am furthermore impressed by an action on the part of the Secretary of Defense which he took in 1938 when he was Assistant Secretary of War. He was the originator of the idea of placing experimental orders for war material so that various companies could get experience in the production involved in their manufacture under wartime conditions. These experimental orders played a great part in having American industry ready and on the mark, set to go when the real war emergency burst upon us. I would hope and expect that a similar awareness on his part now that he is Secretary of Defense would lead him to see the necessity for keeping as much as possible of the airplane and air-engine industry in operation, at however slow a rate. We cannot allow it to disintegrate either by loss of technical and operating staff or by deterioration of its physical plant.

So, Mr. President, I urge an administrative cut in the military appropriation even greater than that called for by the McClellan amendment. I urge the Secretary of Defense to support the maintenance of our military productive potential. I urge him to announce a strategic concept which might be worded something like this: Our security lies in the best Air Force in the world, supported by the Army and Navy. I urge the Secretary of Defense so to apportion a reduced budget as best to implement this concept.

Mr. President, we can yet balance the budget for the fiscal year 1950.

You might properly ask why I am discussing an appropriation bill which has passed the stage of legislation on the floors of the two Houses. I would answer that this bill appropriates for a branch of the Government which is particularly suited to administrative improvement. The Congress is particularly unadapted to assessing the relative values and costs of the hundreds of items in the bill. The Congress does have the duty, responsibility and ability to pass judgment on over-all military and diplomatic policies and their relations with each other. It can insist that these policies be thought through and presented to the Congress for implementation.

Meanwhile, within the very ample limits of our appropriation bill will be found plenty of room for clarification, simplification, and economy. This is a task beyond the capacities of the Congress, but one to which the President, Cabinet members, and the departments must address themselves.

The McClellan amendment was defeated, but the challenge is still before the administration to salvage a stronger defense at a lower cost out of the scramble and turmoil which still describes our national defense.

Mr. FLANDERS. I thank the Senator from Virginia.

CARL A. ILGENFRITZ

The Senate resumed consideration of the nomination of Carl A. Ilgenfritz, of Pennsylvania, to be Chairman of the Munitions Board.

Mr. TYDINGS. Mr. President, I yield 5 minutes to the senator from Massachusetts [Mr. SALTONSTALL].

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 5 minutes.

Mr. SALTONSTALL. Mr. President, the question before the Senate, as I see it, is a very simple one. It has been stated, and perhaps what I say is simply a restatement, but I state it again, because it is a question I have to answer in my own mind. Will we confirm for the chairmanship of the Munitions Board a man who is receiving $70,000 from the United States Steel Corp. in order to maintain his pension rights and at the same time permit him to serve the Government whether or not he receives a salary for such service? I agree with the Senator from Virginia that under the present law he must receive a salary from the Government.

The gentleman himself, Mr. Ilgenfritz, stated:

> I am divorcing my time entirely from the United States Steel Corp., severing my connection entirely; but for pension reasons I cannot resign, or my pension is completely cut off.

I think I heard the Senator from North Dakota [Mr. LANGER] ask, "Why does not the steel corporation make an exception so that he can receive his pension?" The answer to that question, as I understand, is simply this: The steel corporation has a contract with an insurance company, and under that contract those who are to receive pensions must receive salaries. Therefore, Mr. Ilgenfritz must receive the salary.

This is a difficult question. It was a difficult question for us in the committee. Before I was willing to vote upon it, I asked and received from the chairman of the committee two assurances. Mr. Johnson, Secretary of Defense, was present at the time.

The first assurance was that the Senate would be told all the facts so that the committee would not go forward and ask the Senate to confirm this nomination without full knowledge in the mind of every Senator as to the situation.

Secondly, I wanted to make sure—and I received such assurance from the chairman—that the nomination would not be reported until the President of the United States, who was making the appointment, knew all the facts, knew that the man would continue to receive $70,000 from the steel corporation, and knew that the appointment, if made, would last for only 1 year. We have received such assurance from the chairman, who, I understand, has it in writing from the Secretary of Defense that he has discussed this question with the President and that the President has submitted the nomination to the Senate with full knowledge of the situation.

With those facts in mind, should we or should we not vote to confirm the nomination? My vote in the committee was based upon two points.

First, I believe that we are in a very difficult situation internationally at the present time. As one who has been a member of the Armed Services Committee and the Naval Affairs Committee, I have watched the unification effort grow. I have watched it become more workable and more practical. We want to make it even more workable and practical. If we do we may be able to cut some more money from the armed services appropriations, which the Senator from Vermont [Mr. FLANDERS] has just discussed.

If we are to make our armed services efficient we must have the best possible men serving in the various capacities. This man is unquestionably qualified. He is unquestionably an able man. He is unquestionably fit to do the job to which he has been appointed.

In many ways he is a very unusual character. This is a case of the office seeking the man, and not the man seeking the office. Mr. Ilgenfritz is offering his services in the public interest. He is doing so from patriotic motives. That is the type of service we need if our armed services are to function as they should, as the chairman of the committee, the Senator from Maryland [Mr. TYDINGS], so ably pointed out in his brief speech.

The other reason which motivated me in voting to confirm this nomination was a personal one, so far as he is concerned. I dislike to deal with the question of confirmation of nominations, because they involve personalities. They cannot help but involve personalities, even though we may vote on the basis of certain principles or precedents. Here is a man who stands for all that is best in the United States, all that is best in our way of life. I have seen Mr. Ilgenfritz only once, and that was when he appeared before the committee. If I am correctly informed, he started as a puddler in a steel mill. He has worked for four different companies. For the past 4 or 5 years he has been in the top salary bracket.

The PRESIDING OFFICER. The time of the Senator from Massachusetts has expired.

Mr. TYDINGS. Mr. President, I yield 3 minutes more to the Senator from Massachusetts.

Mr. FERGUSON. Mr. President, will the Senator yield for a question?

Mr. SALTONSTALL. I yield if the Senator from Maryland will give me time to answer it.

Mr. TYDINGS. I yield 3 minutes. That should give the Senator plenty of time to answer the question.

Mr. FERGUSON. I wish to get the facts in relation to the pension. Am I to understand that the contract with the insurance company provides that no one can receive a pension, even though the premium is paid, unless he receives a salary?

Mr. SALTONSTALL. We were informed—and I can speak only on the basis of the information which was given to us—that the contract between the insurance company and the United States Steel Corp. is such that pensions will be paid by the insurance company only to men who are continuously on salary, and that if this man drops his salary for 1 year he will lose all his pension rights.

Mr. FERGUSON. Must he be on salary, or merely employed?

Mr. SALTONSTALL. He must be on salary.

Mr. FERGUSON. I have great difficulty in reconciling the legal principle of a corporation paying a salary to one who performs no service. It would appear that a minority stockholder, or any stockholder, would be able to enjoin the payment of a consideration to a man who rendered no services, and therefore gave no consideration for the salary. I can understand the idea of pensions, seniority, and so forth, but I am not clear as to the point which I have mentioned.

Mr. SALTONSTALL. That point was emphasized to us. It was also emphasized that the man would do no work for the steel corporation. In his own language, he would sever every connection he had, except that he must retain his title and salary; and I think he would retain his directorship.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield if the Senator from Maryland will allow me time.

Mr. JENNER. Am I to understand the distinguished Senator to say that this gentleman said he would serve in this capacity for only 1 year?

Mr. SALTONSTALL. I understand that he has leave of absence for only 1 year, and that the arrangement between the steel corporation and Mr. Johnson, Secretary of Defense, is to allow him to serve for 1 year.

The PRESIDING OFFICER. The time of the Senator from Massachusetts has expired.

Mr. TYDINGS. Mr. President, I can yield only two more minutes to the Senator from Massachusetts.

Mr. SALTONSTALL. I should like to conclude in this way:

All these matters are personal. This man represents what is best in our American life. He started as a puddler. He worked his way up through various steel companies, until he commands a salary of $70,000. He has no stockholdings. He has no personal investments of any kind, if he is to be believed. He wants to protect his family in days to come. Everyone of us can understand that.

That is the type of man who wants to render this patriotic service for which he is qualified, for 1 year. The committee prevented confirmation of the nomination of a former Senator because we believed that he was unqualified, not because of his character. Here is a man who is eminently qualified, and we may keep him from the job because of the fear of establishing a precedent. I say that it would be a small precedent, if any, because of the unusual facts in this case.

Most persons who are in this salary bracket and are willing to serve the Government have other assets. This man has no other assets. His is an unusual case. It would create very little precedent, if any, because of the personality of the man.

His position is completely different from that of the Secretary of Defense, Mr. Johnson, because of the fact that Mr. Johnson's office is an administrative office. This is a planning office. Mr. Johnson's activities cover all the fields of administration. The duties of this position have to do with only one thing, and that is planning.

For these reasons I voted in the committee to confirm the nomination, and I shall so vote today.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). The time of the Senator from Massachusetts has expired.

Mr. BYRD. Mr. President, I yield 5 minutes to the Senator from Iowa [Mr. HICKENLOOPER].

Mr. HICKENLOOPER. Mr. President, I am greatly disturbed about the situation which has arisen in connection with this nomination. In the first place, I want to say as sincerely as I can that I have the highest regard for Mr. Ilgenfritz's honesty, ability, character, and integrity. There is not the slightest doubt in my mind that if his nomination is confirmed for this position he will do an utterly impartial job. He will do a job of public service for the country. So that issue is entirely out of the way so far as I am concerned.

However, I am concerned about the double-salary feature. I feel that the issue has not been met squarely by the telegram which Mr. Ilgenfritz sent this morning. I feel that it does not clarify the situation. I believe that there is another factor to be considered. If I should vote to confirm the nomination of Mr. Ilgenfritz, under this double-salary arrangement, certainly I would have no defense if I were to vote against confirmation of the nomination of any other executive of a large corporation who was nominated for a temporary position in the Government service, and who was to remain on the pay roll of the corporation for which he had been working. It seems to me the action proposed in this case would set a precedent or a pattern for other capable men to enter the Government service and yet continue to be paid their full corporate salaries while working for the Government. Under such circumstances, I could see no excuse for not voting to confirm the nomination of other honorable men who in similar circumstances, might be nominated for positions in the Government service. So the situation now confronting us is a most difficult one.

Personally, I should like to see the public have the benefit of Mr. Ilgenfritz's admitted ability and great capacity; but as we move along through the years, I believe the integrity with which we adhere to certain principles in Government will either make or break the system we wish to preserve. Although this particular and individual instance might work out perfectly satisfactorily—and I am frank to say I think it would—yet I do not know what such a precedent, once established, would produce next year or the year after that, in the case of other nominations.

Obviously, Mr. President, the persons best qualified to occupy professional, semiprofessional, or technical positions in the Government service are, for the most part, to be found in industry, because it is in industry that they can receive the best salaries; it is in industry that the possibilities of making the best provision for their future exist. So, manifestly, as a general rule the most qualified persons for such positions are to be found in private business.

However, Mr. President, I fear that if we were to establish this precedent, it would become a device which would result in bringing into the Government service, from private business, various persons who would wish to continue to receive the salaries which private businesses had been paying them.

From the individual standpoint, I should like very much to vote for the nomination of Mr. Ilgenfritz. I wish to express my profound respect and admiration for his ability. But when principles are involved, I think individuality and even occasions must take second place.

I have examined the telegram he sent. I am afraid it does not answer the question, because it seems to me that the issue now confronting us, which was raised some time previously before the Committee on Armed Services, could have been settled long ago. If there were doubt regarding whether he might be able to remit his salary to the Government or refuse to accept it without penalty, it seems to me ample opinion on that score could have been produced many weeks ago. As the matter now stands, no one knows what the legal situation would be. Until that matter is cleared up, I find myself convinced of the advisability of voting on the basis of the principle involved in this case, even though I have great respect for the individual involved.

The PRESIDING OFFICER. The time of the Senator from Iowa has expired.

Mr. TYDINGS. Mr. President, I inquire how much time I have remaining?

The PRESIDING OFFICER. The Senator has 13 minutes remaining for his side. Each side has 13 minutes remaining.

Mr. TYDINGS. I yield 3 minutes to the Senator from South Dakota.

Mr. GURNEY. Mr. President, Mr. Ilgenfritz appeared before the Armed Services Committee. We questioned him very closely. All of us had opportunity to look him over. I can only state the judgment I personally formed about the man in the brief time we had to talk with him. Certainly I was impressed with his qualifications. I believe he is the kind of man we need for the position of Chairman of the Munitions Board, which was created by the National Security Unification Act. I think he is perfectly qualified. He appears to me to be a man who is patriotic, as the rest of us are, and would like to leave a record of having done something for his Government. I am convinced that he is sincere and that every answer he gave us was the truth. In other words, I would back him, I would hire him myself, for any job I might have, for which I thought he had the proper qualifications. So I have no hesitancy in recommending him personally for the position to which he has been nominated.

I wish to point out that the Senate of the United States has an equal responsibility, with the President of the United States, in seeing to it that our National Defense Establishment does a good job. The Defense Establishment cannot do a good job if it does not have at the head of its several important positions qualified men to direct those important positions and get them in working order.

I say frankly that I am impressed with some of the arguments which have been made here by those who oppose confirmation of the nomination. I do not think it is a good idea for the Government to have in its employ a man who is receiving a salary from some other source. I would vote against the nomination of Mr. Ilgenfritz on that basis, if it were not for one other consideration, namely, that he is to come into the Government service for only 1 year. We need the services of a man as highly qualified as Mr. Ilgenfritz is, for that 1 year. We must get the Defense Establishment working properly. I think the Senate possibly could censure the executive branch of the Government for not obtaining some time ago the services of a well-qualified man to fill the position of Chairman of the National Security Resources Board. Some few months ago, our committee went into the qualifications of an appointee for that position on the Resources Board.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. TYDINGS. Mr. President, I yield to the Senator from South Dakota two more minutes of the time allotted to our side.

Mr. GURNEY. I thank the Senator.

Mr. President, so far as I was concerned, when I voted against the nomination the President submitted some months ago for the chairmanship of the National Security Resources Board, I did so simply because I did not feel that the nominee was qualified to do the job which the person who holds that position must do. That was my only reason for opposing the confirmation of that nomination.

On the same basis, I cannot withhold my vote for confirmation of the nomination of Mr. Ilgenfritz as Chairman of the Munitions Board. I think we must have such a man in that position, and must have him right away, or else we in the Senate shall be equally responsible, with the executive branch of the Government, for not having the Defense Establishment in working order.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. GURNEY. I am glad to yield.

Mr. JENNER. I notice that the Senator from South Dakota has referred to the fact that Mr. Ilgenfritz is to be in the Government service for only 1 year. I assume that will be 1 year from the present time. Is that correct?

Mr. GURNEY. It will be 1 year from the time when he takes office.

Mr. JENNER. Is there any reason for the 1-year limitation? Is it that the United States Steel Corp. will not loan him for longer than that, or is it that he believes that 1 year is as long as will be required for him to set up the job properly; or does the Senator suppose that Mr. Ilgenfritz realizes that in another year there will be another election, and that in the course of that election certain persons might possibly call him a bloated plutocrat, or something of that sort?

Mr. GURNEY. Speaking for myself, I think a good man, a well-qualified man, can get that work in good shape within a year.

Mr. JENNER. The Senator from South Dakota does not think that Mr. Ilgenfritz is afraid of what might be said about men such as himself working for the Government?

Mr. GURNEY. That does not appeal to me at all; it does not worry me at all. I think a man of his ability can get that work well organized within a year.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

The Senator from Maryland has 8 minutes remaining.

The Senator from Virginia has 13 minutes remaining.

Mr. TYDINGS. Mr. President, the Senator from Virginia now has 13 minutes, and the Senator from Maryland has only 8. If the Senator from Virginia wishes to conclude, I shall then take the last 8 minutes.

The PRESIDING OFFICER. The Chair recognizes the Senator from Virginia.

Mr. BYRD. Mr. President, my case has been fully presented. I have nothing further to say. I yield the remainder of my time.

Mr. TYDINGS. Is the Senator from Virginia not going to use his time?

The PRESIDING OFFICER. The Senator from Virginia yields his time.

Mr. BYRD. I yield it to anyone who wants to take it.

Mr. TYDINGS. If any other Member of the committee desires to speak, I shall be glad to have him do so. But inasmuch as, under the unanimous-consent agreement, we are not permitted to vote until 3 o'clock, I shall talk for about 5 or 8 minutes, to conclude the argument on our side, and I shall then suggest the absence of a quorum, which will bring us pretty close to 3 o'clock.

Mr. President, I have no feeling of any character other than one of respect for those who have taken the opposite point of view from that which I have expressed in this matter. I want to make it abundantly plain that I think the opposition to Mr. Ilgenfritz on the ground that he is receiving pay from an outside concern is worthy of the highest consideration. What baffles me is how we can get a representative man of the caliber and class we require for this job without invading the field of industry. I do not believe it is possible to get anyone who is making a big salary to give up that salary to come here, unless he is a rich man in his own right. The Senator from Maryland is fundamentally opposed, as a Democrat, to making jobs open only to rich men. I should much rather pay large salaries to attract men of the highest caliber than to pay small salaries and have it so that men could not afford to take the positions. So, if this precedent of which we have heard so much were to apply to the whole Government, I should be opposed to creating it. But in this particular case, I cannot see that the application is a good one.

The position of Chairman of the Munitions Board is so much bigger than any other position in the Defense Establishment that in my opinion it is equal to a great many divisions in time of war. It is equal to a great many squadrons of planes, because if the planning is rightly done we shall get the equipment and the forces with which to meet the enemy at once. If it is not done well, we shall then have a repetition of World War I, when the great division with which I served and which in the last war made history by landing on Omaha Beach and losing perhaps more men in the action than any other outfit lost in a similar length of time in the whole war, was called out, remained in this country a year, went all the way to France, and there, before it could go into action, had to get its heavy equipment from the British in the case of machine guns, and from the French in the case of artillery. That was true of all the divisions that went to France. Americans were in France for a year training with wooden logs.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. TYDINGS. I yield.

Mr. SALTONSTALL. I should like to have the Senator's opinion, before he concludes, on the comparison made by the Senator from Virginia with respect to the care with which the committee went into the curtailment of Mr. Johnson's private activities, and their lack of so doing in the present instance. In my opinion, the positions are completely different. I should appreciate having the Senator's viewpoint.

Mr. TYDINGS. I shall come to that. But, as I say, here were these great outfits in France, crying for equipment. At the time of the Chateau-Thierry drive—all Senators remember it; at least the older ones—there were divisions available, with no arms with which to fight. We are about to appropriate, in the arms implementation bill, money for China. Why? Because the Chinese Nationalists can get arms no place else but from the United States of America. We are getting ready to implement Europe with arms. Why? Because at the outbreak of World War II France was so poorly prepared in the air, with airplanes, and on the ground, with tanks, relying on the Maginot Line, that France was overrun within a few months. They had no planning worthy of the name.

Precedent. France lost its right to be a nation. Precedent. Belgium lost its right to be a nation. Precedent. All Europe lost its right to individual action by governments, and only England at one time stood between complete domination of the Continent by a totalitarian force and liberty and freedom. We are dealing here with the question whether, if we get into another war, we are going to have a repetition of World Wars I and II. Who fails to remember the confusion when we had Mr. Donald Nelson at the head of one board and Mr. William Knudsen at the head of another? For a year and a half they were at daggers' points, or at cross purposes, if you please, until matters were finally straightened out. The whole defense effort suffered. We must have planning. It is impossible to press a button and get tanks. It is impossible to press a button and get planes. We shall never again have time in which to get ready. As everyone in this Chamber knows, our planes tonight could take off and fly across the Arctic Circle to any place in Europe. The enemy could do the same thing, either now or in the near future. Time is of the essence. This is a job of colossal industrial planning to meet an emergency which is just on our doorstep. It was not long ago, at the time the airlift was flying up and down the Berlin corridor, that everyone, radio commentators, newspaper columnists, Members of the House and Senate were debating the question, "Will there be war, or won't there be war?" But we are like an old lady, whose daughter I, as a young lawyer, once defended. She came to my house to ask me to appear for her daughter. I told her I would. She went around the house out of sight and pretty soon returned. She said, "Mr. TYDINGS, just as soon as I see that much of that girl's nose outside that door, you will get your money." Well, I not only got her nose and her head out, but all the rest of her anatomy—and I have never seen any money yet. That is the way it was in the airlift.

When we are in times of danger, or when we are threatened with war, it is a terrible thing; but just so soon as it is over, and we think there is never going to be another war we can put into office any Tom, Dick, or Harry. We can put former Senator Wallgren on the National Resources Board, and we can put another Senator on some other board. But unless this important work of the Government is done well this time—someone may dig up these words some time in the future, though I hope they will never have occasion to do so—we shall rue the day. Time is ammunition, troops, guns. I guess the people of Hiroshima when they looked up and saw the one plane at that time, thought one plane could not do much harm. When another plane came over Nagasaki within a few days, the people of the city thought it could not do much harm. But 135,000 men, women, and children were killed in an instant by two planes, tens of thousands were maimed and wounded, and the cities destroyed.

Who is going to remain in Chicago or Boston or Philadelphia or Baltimore after two or three bombs are dropped on New York? I imagine that even Members of the United States Senate will find it convenient to visit country relatives for a little longer than the week end, because Washington will probably be next on the list. I am not talking hot air. These things have happened. We need in America the best brains we can get to plan the industrial program. We cannot get men to do this job, except we go to the field of big industry, with its

know-how, its knowledge, and its ramifications.

This is nothing that is going to create a precedent for a future Secretary of Agriculture, or of Commerce, or of Labor; that is a foolish argument, and everyone knows it. This is a job for which there is only one class of men equipped by experience. When an operation is needed, it is necessary to have a surgeon; a medical doctor will not do. We must have a great industrialist, or at least one who has had tremendous experience in the industrial field, to put the country in a position to meet the hours of danger which may come.

Mr. Ilgenfritz, we are told, never got into the "big money," to use a phrase of the street, until within the past 4 years. I imagine that after all the years of privation, when he was climbing the ladder of success and his family was growing up, they often wanted a bigger house, maybe a Steinway piano, possibly a Cadillac car instead of a Ford or a Plymouth. I imagine, if Mrs. Ilgenfritz is like most of the good ladies of our Republic, as Mr. Ilgenfritz's income started to increase she wanted to move out into the park section, so to speak, and he put a little mortgage on his home. I can imagine his friends saying to him, "You ought to be a patriot. You have worked 25 years climbing up. It does not make any difference about the payments on your mortgage. It does not make any difference about the pension you have been looking forward to for 25 years. Give that up and go to Washington and do as the Senators do—serve your country for nothing."

If the same principle should be applied, there should not be a man in Congress who owns a farm or a store or a share of stock or even a bank account. Here is where the policy for the whole Government is made, including that of the Department of Defense. We should have no interests. But we cannot run the country that way. We cannot put hoboes, entirely, into either the House or the Senate. How many men in this Republic own stock in some corporation? How many Members of the Senate own stock in some corporation? How many members of the executive department own stock in some corporation? I am not saying this to disparage those who own stock, but we must be somewhat practical about human nature and life. We have put wings on ourselves and have flown all around the atmosphere, making love to the angels, with a purity that defies all description, because a man who has been a poor man and who finally climbs the ladder of success, and who does not want this job, has been called on by his Government to take it, and he says, "I would like to serve my country, but my obligations are such that I cannot do it except under these conditions."

Mr. Ilgenfritz testified that he did not own a share of stock, had no interest in any corporation in America, and that he is dependent entirely upon his salary for an income.

What I see perhaps others do not see, and maybe it does not exist, but I see the time when more than one country will own the atomic bomb. I see the time, and it may not be far off, when more than one country will own the intercontinental bomb. If we are not prepared for war when that grim moment comes, our Republic, our families, our traditions, and our economic system will be swept away. One of the indispensable things in the right preparation for that war is that we have this country's planning done so that we can meet overnight that emergency when it shall come. We have built, with the approval of this Congress, the radar screen and started it across North America. Why did we vote for it? Because of the very possibility which I have expressed. We voted for it at this session of the Congress because we wanted to get those planes, with their devilish instruments of destruction, spotted before they got to this country, so we could send up interceptors and shoot them down.

There are many people who believe that an atomic bomb will never drop on the United States of America, that it just cannot be, somehow; it never happened before, and it cannot happen. But it happened in Japan, and it can happen again.

So, Mr. President, I am asking my colleagues not to make a rule for the conduct of the Government that applies to every job, willy-nilly, but in exceptional circumstances, for the period of 1 year only, in order to get the department organized, to get it going, to confirm the nomination of Mr. Ilgenfritz, who does not seek the position, but for which everyone concedes, from the standpoint of character and capacity, he is transcendentally fitted.

I know there are some Senators who will say, "I should like to vote for this man, but I just hate to create a precedent." The man who recently resigned from that position was employed by the Remington Arms Co.——

Mr. BYRD. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. BYRD. He received no salary during the time he served.

Mr. TYDINGS. He put in his expense account.

Mr. BYRD. He received no salary from the du Pont Co. or from the Remington Arms Co.

Mr. TYDINGS. He went back to them when he retired from office. So it looks like the old college tie. I say that with no reflection on Mr. Carpenter whatsoever.

Mr. BYRD. He drew $14,000 from the Government but received nothing from the Remington Arms Co. When he left office he went to the du Pont Co.

Mr. TYDINGS. My recollection is that Mr. Carpenter worked only 3 days a week——

Mr. BYRD. The Senator is mistaken about that. He was confirmed on February 7 and worked regularly——

Mr. TYDINGS. I can only state that Mr. Louis Johnson told me that he worked only 3 days a week, and that is the reason he wanted Mr. Ilgenfritz appointed.

Mr. BYRD. I have given the Senator 13 minutes of my time. I do not want him to make a statement that is incorrect. Mr. Carpenter worked full time as Chairman of the Munitions Board, and he received no compensation from the Remington Arms Co.

Mr. TYDINGS. But Secretary Johnson told me that Mr. Carpenter could come down here only 3 days a week, and that it was not a satisfactory arrangement.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes.

Mr. BYRD. I think the Senator is mistaken. I know he does not want to make a misstatement. I know that Mr. Carpenter worked regularly. He received $14,000 a year and had no other work to do anywhere else, and he received no compensation from any other source.

Mr. TYDINGS. It is a minor point.

Mr. BYRD. It is not a minor point at all; it is a very important point. The Senator is saying that we have already established a precedent, and we have not.

Mr. TYDINGS. Will the Senator allow me 1 minute?

Mr. BYRD. I have given the Senator 13 minutes. I do not want him to make an inaccurate statement.

Mr. TYDINGS. We have corrected it. This is the whole case. Every fact has been laid in the open. The only question is whether we want to get a transcendentally able man to do a job which he and the ones he represents are the only people I know of in America who are fitted to do. As for establishing a precedent, it will be a precedent, but, I think a good one, insofar as this particular opportunity exists to render service to America.

The VICE PRESIDENT. The time of the Senator from Maryland has expired. All time has expired.

Mr. WHERRY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Holland	Millikin
Bricker	Humphrey	Murray
Butler	Ives	O'Conor
Byrd	Jenner	O'Mahoney
Cain	Johnson, Colo.	Pepper
Capehart	Johnson, Tex.	Reed
Chapman	Kem	Russell
Cordon	Kerr	Saltonstall
Donnell	Kilgore	Schoeppel
Eastland	Knowland	Smith, Maine
Ecton	Langer	Sparkman
Ellender	Leahy	Stennis
Ferguson	Lucas	Taylor
Fulbright	McCarthy	Thomas, Utah
George	McClellan	Thye
Gillette	McFarland	Tobey
Green	McKellar	Tydings
Gurney	McMahon	Watkins
Hayden	Magnuson	Wherry
Hendrickson	Malone	Williams
Hickenlooper	Martin	Withers
Hill	Maybank	Young
Hoey	Miller	

The VICE PRESIDENT. A quorum is present. The question is, Will the Senate advise and consent to the nomination of Carl A. Ilgenfritz to be Chairman of the Munitions Board?

Mr. WHERRY. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Delaware [Mr. FREAR], and the Senator from North Carolina [Mr.

GRAHAM], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Louisiana [Mr. LONG], and the Senator from Pennsylvania [Mr. MYERS] are absent on public business.

The Senator from West Virginia [Mr. NEELY] is absent on official business.

The Senator from Illinois [Mr. DOUGLAS], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from Texas [Mr. CONNALLY] and the Senator from California [Mr. DOWNEY], both of whom are detained on official business, have a general pair on this vote

The Senator from Oklahoma [Mr. THOMAS] is paired on this vote with the Senator from Louisiana [Mr. LONG]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Louisiana would vote "nay"

I announce further that, if present and voting, the Senator from Virginia [Mr. ROBERTSON] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], and the Senator from South Dakota [Mr. MUNDT] are absent by leave of the Senate If present and voting, the Senator from Vermont [Mr. AIKEN] and the Senator from South Dakota [Mr. MUNDT] would vote "nay."

The Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Oregon [Mr. MORSE], and the Senator from Ohio [Mr. TAFT] are necessarily absent. If present and voting, the Senator from Oregon [Mr. MORSE] would vote "nay."

The Senator from Vermont [Mr. FLANDERS] and the Senator from Wisconsin [Mr. WILEY] are absent on official business. If present and voting, the Senator from Vermont [Mr. FLANDERS] would vote "nay."

The Senator from Michigan [Mr. VANDENBERG] is detained on official business.

The result was announced—yeas 28, nays 40, as follows:

YEAS—28

Anderson	Holland	Pepper
Bricker	Kilgore	Reed
Capehart	Knowland	Saltonstall
Ecton	Leahy	Smith, Maine
Ellender	Lucas	Thomas, Utah
Fulbright	McCarthy	Thye
Green	McKellar	Tydings
Gurney	Martin	Watkins
Hayden	Murray	
Hoey	O'Conor	

NAYS—40

Butler	Ferguson	Ives
Byrd	George	Jenner
Cain	Gillette	Johnson, Colo.
Chapman	Hendrickson	Johnson, Tex.
Cordon	Hickenlooper	Kem
Donnell	Hill	Kerr
Eastland	Humphrey	Langer
McClellan	Millikin	Tobey
McFarland	O'Mahoney	Wherry
McMahon	Russell	Williams
Magnuson	Schoeppel	Withers
Malone	Sparkman	Young
Maybank	Stennis	
Miller	Taylor	

NOT VOTING—28

Aiken	Frear	Myers
Baldwin	Graham	Neely
Brewster	Hunt	Robertson
Bridges	Johnston, S. C.	Smith, N. J.
Chavez	Kefauver	Taft
Connally	Lodge	Thomas, Okla.
Douglas	Long	Vandenberg
Downey	McCarran	Wiley
Dulles	Morse	
Flanders	Mundt	

The VICE PRESIDENT. On this vote the yeas are 28, the nays are 40, so the Senate refuses to advise and consent to the nomination.

CORRECTION OF THE JOURNAL AND THE RECORD

Mr. LUCAS. Mr. President, I move that the Senate——

The VICE PRESIDENT. Will the Senator from Illinois withhold his motion for a moment until the Chair can submit to the Senate a matter, as in legislative session?

Mr. LUCAS. Certainly.

The VICE PRESIDENT. The Chair asks the indulgence of the Senate to do so at this time because he will not be present Monday, and he thinks that the RECORD, as made yesterday, ought to be corrected in regard to the matters which were of some controversy here.

In the first place the CONGRESSIONAL RECORD this morning shows that the Chair announced immediately after the roll call yesterday on the motion to reconsider the vote in connection with the amendment of the Senator from Wisconsin [Mr. MCCARTHY] that the vote was 41 to 41. The Chair made no such announcement, and when the RECORD went to the Printing Office it did not contain that statement. It contained the statement that the Chair, based upon the clerical computation, said that the vote was 41 to 40. The Chair does not understand how the Printing Office can change the RECORD by making a statement of that sort, which is untrue; and, therefore, the RECORD ought to show—the RECORD ought to show—that the Chair stated that the vote was 41 to 40. And the Chair would like to have that correction made. But in order to correct the Journal, which is the important matter and the official record of the proceedings, the Parliamentarian and the leaders, in consultation with the Chair, have worked out an order, which the Chair would like to have considered at this time, as in legislative session, because he will not be here Monday, but would like to have the Journal cleared up before today's session adjourns.

Mr. LUCAS. Mr. President, I send to the desk and ask that the clerk read the order concerning the matter the Chair has just discussed.

The VICE PRESIDENT. The order will be read.

The legislative clerk read as follows:

Ordered, That the entry in the Journal of the proceedings of Wednesday, September 15, 1949, showing the result of the vote on reconsideration of the so-called McCarthy amendment to H. R. 1211, the Reciprocal Trade Agreements Extension Act of 1949, as yeas 41, nays 40, and, therefore, the motion to reconsider having been announced by the Vice President as having been agreed to, be corrected to show the actual result, namely, yeas 41, nays 41.

Ordered further, In view of the subsequent statement of the Vice President, upon the discovery of the error, that if the vote had been correctly announced, thus showing the Senate to be equally divided, he would have voted in the affirmative, thereby making the vote 42 yeas, 41 nays, the motion to reconsider be deemed to have been agreed to.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. DONNELL. I understood the clerk to read the date as "Wednesday, September 15." It was Thursday; was it not?

The VICE PRESIDENT. It was Thursday. The Senator is correct about that. The Chair thanks the Senator from Missouri for that correction.

Mr. DONNELL. The Chair is quite welcome.

Mr. WHERRY. Mr. President, is this a unanimous-consent request?

Mr. LUCAS. It is an order.

The VICE PRESIDENT. It is an order. It can be entered by unanimous consent or by motion.

Mr. LUCAS. I ask unanimous consent that the order be entered.

Mr. WHERRY. Reserving the right to object, I might say that I am very much interested in having the RECORD corrected, because in the present form it is very contradictory. Doubtful Senators voted one way and then they voted another. They could go into their own constituencies and be with the fur-bearing animals on one hand and against them on the other, according to this RECORD, so I think it ought to be corrected. But I should like to ask a question. Does the correction take care of the statement on the top of page 12931, where the Vice President stated:

> The Chair has announced what he has announced. He announced, originally, based upon the clerk's count, a different result—namely, 40 to 41.

Is that included in the correction, and is that statement corrected?

The VICE PRESIDENT. It should be 41 to 40.

Mr. WHERRY. That is what I thought. It is 40 to 41 in the Vice President's statement.

The VICE PRESIDENT. Forty-one yeas and 40 nays which, on the basis of the superficial report, carried the motion to reconsider; and this order, which I will say was prepared by the Parliamentarian, corrects that statement, both as to the RECORD and the Journal.

Mr. WHERRY. So the RECORD at the top of that page is also corrected. I did not hear that correction read in the order. If it is covered, it is all right with me.

The VICE PRESIDENT. The RECORD, of course, can be corrected, and the Chair asks that the RECORD be corrected insofar as that statement is concerned.

Mr. MALONE. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. MALONE. Since we are trying to be technically correct could we not have the RECORD show that it was the 3-year extension of the Trade Agreements Act of 1941, and not the Reciprocal Trade Act of 1949?

The VICE PRESIDENT. Well that is a matter of nomenclature which is not necessary——

Mr. MALONE. I beg to differ. That is the exact name of what we were discussing.

The VICE PRESIDENT. If the Senator wants to have that name corrected, that is another matter. This is correcting the record of the vote.

Is there objection to the unanimous-consent request of the Senator from Illinois? The Chair hears none, and it is so ordered.

THE JOURNAL

The VICE PRESIDENT. It has been suggested that, as in legislative session, the reading of the Journal of yesterday, after the correction, be dispensed with.

Mr. LUCAS. I ask unanimous consent that the reading of the Journal be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the Speaker pro tempore had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

H. R. 1211. An act to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes; and

H. J. Res. 295. Joint resolution to erect a memorial to the memory of Mohandas K. Gandhi.

TRANSACTION OF ROUTINE LEGISLATIVE BUSINESS

By unanimous consent, the following routine legislative business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred, as indicated:

REIMBURSEMENT TO BUREAU OF NARCOTICS OF CERTAIN MONEYS

A letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to authorize reimbursement to the appropriations of the Bureau of Narcotics of moneys expended for the purchase of narcotics (with an accompanying paper); to the Committee on Finance.

LAWS ENACTED BY LEGISLATIVE ASSEMBLY OF VIRGIN ISLANDS

A letter from the Acting Secretary of the Interior, transmitting, pursuant to law, copies of laws enacted by the Legislative Assembly of the Virgin Islands (with accompanying papers); to the Committee on Interior and Insular Affairs.

THE MERCHANT MARINE—RESOLUTION OF VETERANS OF FOREIGN WARS, MIAMI, FLA.

Mr. O'CONOR. Mr. President, at their recent fiftieth annual convention in Miami, Fla., August 21 to 26, inclusive, the members of the Veterans of Foreign Wars, one of America's great patriotic organizations, went on record as favoring the establishment and maintenance of a merchant marine adequate to transport all American domestic water-borne commerce and at least one-half of its exports and imports, together with a fleet of modern passenger vessels capable of conversion into naval auxiliaries and troop transports in the event of an emergency.

The resolution adopted reflects the considered views of a group of our finest citizenry who have had opportunity to realize at first-hand, under stress of war, the necessity for adequate freight and troop transportation. As such, it merits the attention and consideration of the Congress and the people of our Nation generally.

Recent figures would indicate that the United States today possesses less than one-half of the troopship capacity available at the outset of World War II. It would seem most desirable, therefore, that attention be given at this time to insuring the availability of an adequate troop-transportation fleet so that American troops may not be required, in the event of emergency, to journey overseas in vessels lacking the conveniences necessary for the handling of large masses of men.

I ask unanimous consent that the resolution be appropriately referred and printed in the body of the RECORD.

There being no objection, the resolution was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

THE VETERANS OF FOREIGN WARS OF THE UNITED STATES AND THE AMERICAN MERCHANT MARINE—A RESOLUTION ADOPTED BY THE FIFTIETH ANNUAL CONVENTION OF VETERANS OF FOREIGN WARS, MIAMI, FLA., AUGUST 25, 1949

Resolution 423

Whereas it is necessary for the national security and development of its foreign and domestic commerce that the United States shall have a merchant marine sufficient to carry all of its domestic water-borne commerce and at least one-half of its exports and imports, backed by a fleet of modern passenger vessels which can be converted to naval auxiliaries and troop transports in event of emergency; and

Whereas our present American merchant marine is not sufficiently well-balanced to serve the needs of our national security, and our commerce: Now, therefore, be it

Resolved by the fiftieth annual convention of the Veterans of Foreign Wars, That it urge:

ENCOURAGE PRIVATE INDUSTRY

1. That the United States Government adopt a sound and continuous policy which will encourage private industry to construct, maintain, and operate American merchant ships adequate to meet the needs of our domestic and foreign commerce and necessary to meet the national-security requirements of the Nation;

2. That Congress make sufficient funds available to preserve and maintain the National Defense Reserve Fleet to the end that it may be immediately available in event of emergency;

CARGOES FOR AMERICAN SHIPS

3. That as a national policy American-flag ships should carry at least one-half of the Nation's foreign trade including all grants-in-aid and goods and services financed by taxpayer's funds and shipped abroad or purchased overseas;

4. That the merchant shipping of Germany and Japan be limited to an extent consistent with their domestic economic recovery, and that neither again be allowed to threaten the peace;

PREVENT DISCRIMINATIONS ABROAD

5. That the Government take such action as will guarantee fair and equitable treatment of American ships in foreign ports in handling international commerce, free from discriminations of all character as is already provided foreign merchant ships in American ports;

6. That the Government recognize the national defense value of the Panama Canal, and that private commercial shipping of all nations be charged only such tolls as reflect the actual operating costs of transiting such vessels;

7. That the Government take action to remove and/or remedy discriminatory practices and unfair and noncompensatory rate schedules by other forms of transportation which presently are prohibiting the full re-establishment of domestic shipping.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAYBANK, from the Committee on Banking and Currency:

S. 2491. A bill providing for the conveying of land and buildings at Fort Phillip Kearney Military Reservation to the State of Rhode Island; with an amendment (Rept. No. 1087).

By Mr. HICKENLOOPER, from the Committee on Agriculture and Forestry:

S. Res. 158. Resolution to investigate infestations by the European corn borer; with an amendment (Rept. No. 1065), and, under the rule, referred to the Committee on Rules and Administration.

PAYMENT OF CERTAIN COUNSEL FEES AND EXPENSES IN INVESTIGATION OF RIGHT OF THEODORE G. BILBO TO A SEAT IN THE SENATE

Mr. HAYDEN. Mr. President, from the Committee on Rules and Administration, I report an original resolution, and I submit a report (No. 1086) thereon.

The VICE PRESIDENT. The report will be received, and the resolution will be placed on the calendar.

The resolution (S. Res. 168) was ordered to be placed on the calendar, as follows:

Resolved, That the Committee on Rules and Administration be authorized to expend from the contingent fund of the Senate $6,000 for the full payment of counsel fees and expenses incurred in carrying out the duties imposed upon it by subsection (O) (1) (D) of rule XXV of the Standing Rules of the Senate to consider the question whether Mr. Theodore G. Bilbo was entitled to take his seat in the Senate to which he was elected for the term beginning January 3, 1947.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McMAHON:

S. 2562. A bill for the relief of the New York Institute of Criminology, Inc.; to the Committee on Labor and Public Welfare.

By Mr. EASTLAND:

S. 2563. A bill to establish a farm-commodity revolving fund to dispose of farm surpluses and to restore and develop world trade; to the Committee on Agriculture and Forestry.

By Mr. JOHNSON of Colorado:

S. 2564. A bill for the relief of Pietro Grimaldi and his wife and daughter; to the Committee on the Judiciary.

By Mr. TYDINGS:

S. 2565. A bill for the relief of Edward E. Duff; to the Committee on the Judiciary.

By Mr. CAPEHART:

S. 2566. A bill to amend the act of June 20, 1936, so as to broaden the application of laws governing the inspection of steam vessels to vessels propelled by internal-combustion engines; to the Committee on Interstate and Foreign Commerce.

S. 2567. A bill to amend the Canal Zone Construction Act of May 29, 1944, as amended, to make eligible for annuities thereunder certain persons who completed a sufficient period of service during the construction period of the Canal to make them eligible for a third period of annual leave but who did not complete a full 3 years of service to make them eligible for an annuity under the existing provisions of the act; to the Committee on Post Office and Civil Service.

AMENDMENT OF INTERNAL REVENUE CODE—AMENDMENTS

Mr. MARTIN submitted amendments intended to be proposed by him to the bill (H. R. 5268) to amend certain provisions of the Internal Revenue Code, which were ordered to lie on the table and to be printed.

AMENDMENT OF FEDERAL FOOD, DRUG, AND COSMETIC ACT—AMENDMENT

Mr. O'CONOR submitted an amendment in the nature of a substitute, intended to be proposed by him to the bill (H. R. 562) to amend section 801 (d) of the Federal Food, Drug, and Cosmetic Act, as amended, in relation to exports, which was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed.

MILITARY ASSISTANCE TO FOREIGN NATIONS—AMENDMENT

Mr. SPARKMAN (for himself, Mr. AIKEN, Mr. CAIN, Mr. CAPEHART, Mr. FLANDERS, Mr. HENDRICKSON, Mr. HILL, Mr. HOEY, Mr. JOHNSON of Colorado, Mr. MUNDT, and Mr. STENNIS) submitted an amendment intended to be proposed by them, jointly, to the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations, which was ordered to lie on the table and to be printed.

LEAVE OF ABSENCE

On request of Mr. WHERRY, and by unanimous consent, Mr. MUNDT was granted leave of absence until September 26.

FREE JOURNALISM—ADDRESS BY SENATOR VANDENBERG

[Mr. VANDENBERG asked and obtained leave to have printed in the RECORD an address delivered by him at a dinner given by Overseas Writers to 50 European journalists from 14 countries at the National Press Club, Washington, D. C., September 15, 1949, which appears in the Appendix.]

BATTLE OF LAKE CHAMPLAIN—ADDRESS BY COL. ROBERT R. McCORMICK

[Mr. JENNER asked and obtained leave to have printed in the RECORD a radio address entitled "Battle of Lake Champlain," delivered by Col. Robert R. McCormick, editor and publisher of the Chicago Tribune, on September 9, 1949, and published in the Chicago Tribune of September 10, 1949, which appears in the Appendix.]

DELAY IN HANDLING APPROPRIATION BILLS IN THE SENATE

[Mr. REED asked and obtained leave to have printed in the RECORD a letter dated August 24, 1949, addressed to him by Mrs. M. F. O'Connor, of Parsons, Kans., relating to delay in the handling of appropriation bills in the Senate, and his reply thereto, which appear in the Appendix.]

MISSOURI RIVER DEVELOPMENT PROGRAM—ADDRESS BY DR. R. R. RENNE

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an address entitled "An Economist's Appraisal of the Missouri River Development Program," delivered by Dr. R. R. Renne, president of Montana State College, at the annual meeting of the American Farm Economics Association at Laramie, Wyo., on August 20, 1949, which appears in the Appendix.]

WHITHER WESTERN EUROPE? (SEC. II)—ARTICLE BY JEAN PAJUS

[Mr. MURRAY asked and obtained leave to have printed in the RECORD section II of a series of articles entitled "Whither Western Europe?" written by Jean Pajus and published by the Society for the Prevention of World War III, Inc., which appears in the Appendix.]

WHITHER WESTERN EUROPE? (SEC. III)—ARTICLE BY JEAN PAJUS

[Mr. MURRAY asked and obtained leave to have printed in the RECORD section III of a series of articles entitled "Whither Western Europe?" written by Jean Pajus and published by the Society for the Prevention of World War III, Inc., which appears in the Appendix.]

IMPRESSIONS OF ARKANSAS—ADDRESSES BY PIETRO MARZOLI AND GUIDO JACOBACCI

[Mr. FULBRIGHT asked and obtained leave to have printed in the RECORD addresses by Pietro Marzoli and Guido Jacobacci regarding their impressions of Arkansas, which appear in the Appendix.]

AMERICAN AID TO GREAT BRITAIN—EDITORIAL FROM THE MARION SENTINEL

[Mr. HICKENLOOPER asked and obtained leave to have printed in the RECORD an editorial regarding American aid to Great Britain, from the Marion Sentinel of Marion, Iowa, which appears in the Appendix.]

NATIONAL SCIENCE FOUNDATION LEGISLATION—ARTICLE FROM SCIENCE MAGAZINE

[Mr. MAGNUSON asked and obtained leave to have printed in the RECORD an article relating to proposed science legislation, from Science Magazine for September 9, 1949, which appears in the Appendix.]

REBUKE TO TRUMAN "FAIR DEAL"—EDITORIAL FROM PHILADELPHIA INQUIRER

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an editorial entitled "A Stiff Rebuke to Truman 'Fair Deal,'" published in the Philadelphia Inquirer of September 15, 1949, which appears in the Appendix.]

EXCERPTS FROM TESTIMONY OF R. CONRAD COOPER BEFORE PRESIDENTIAL STEEL BOARD

[Mr. CAIN asked and obtained leave to have printed in the RECORD excerpts from the testimony offered to the Presidential Steel Board on August 22, 1949, by Mr. R. Conrad Cooper, vice president, United States Steel Corp. of Delaware, which appear in the Appendix.]

FEPC LEGISLATION—STATEMENT BY THE ATTORNEY GENERAL

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent to have inserted in the body of the RECORD a letter from the Attorney General, former Senator McGrath, of Rhode Island, in which he submits to me a statement made by him in relation to a bill which he introduced, S. 1728, commonly called the FEPC bill.

The statement of the Attorney General contains legal argument which he would have used had he been a Senator when the bill was up for discussion.

I am asking to have his statement printed in the RECORD because of its general interest, the information it contains, and because of the painstaking way in which Senator McGrath prepared his material for presentation to the Senate.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF JUSTICE,
OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., September 15, 1949.

Hon. ELBERT D. THOMAS,
Chairman, Committee on Labor and Public Welfare,
United States Senate,
Washington, D. C.

DEAR SENATOR THOMAS: During my service as a Member of the Senate, I introduced S. 1728, a bill to prohibit discrimination in employment because of race, color, religion, or national origin. The bill was referred to your committee.

The companion measure in the House of Representatives is H. R. 4453, which was reported in the House August 2, 1949, with some few amendments by the Committee on Education and Labor (H. Rept. 1165, 81st Cong.).

I believe it may be appropriate and useful at this time to submit a statement expressing my views concerning S. 1728. Copies of this statement, for the use of the members of your committee, are attached.

Sincerely yours,

J. HOWARD MCGRATH,
Attorney General.

STATEMENT BY THE ATTORNEY GENERAL WITH REGARD TO PROPOSED FEDERAL FAIR EMPLOYMENT PRACTICE ACT (S. 1728 AND H. R. 4453, 81ST CONG.)

Point 5 of the President's civil-rights program (message of February 2, 1948, 94 CONGRESSIONAL RECORD 927; H. Doc. No. 516, 80th Cong.), consistent with earlier requests of the President, and reiterated most recently in the state of the Union message of January 5, 1949, recommended that Congress establish a Fair Employment Practice Commission to prevent unfair discrimination in employment. To use the President's own words:

"We in the United States believe that all men are entitled to equality of opportunity. Racial, religious, and other invidious forms of discrimination deprive the individual of an equal chance to develop and utilize his talents and to enjoy the rewards of his efforts.

"Once more I repeat my request that the Congress enact fair employment practice legislation prohibiting discrimination in employment based on race, color, religion, or national origin. The legislation should create a Fair Employment Practice Commission with authority to prevent discrimination by employers and labor unions, trade and professional associations, and Government agencies and employment bureaus. The degree of effectiveness which the wartime Fair Employment Practice

Committee attained shows that it is possible to equalize job opportunity by Government action and thus to eliminate the influence of prejudice in employment."

One of the sources upon which this recommendation was based was the careful study given the problem by the President's Committee on Civil Rights, which reported specifically upon the need for Federal fair-employment legislation (see report, To Secure These Rights, 1947, pp. 53–62, 92–93, 167).

S. 1728 and H. R. 4453, which are companion bills in the Eighty-first Congress, are designed to meet the objectives of the President.

ANALYSIS OF THE PROVISIONS OF THE BILL

Section 1 provides a short title so that the act may be cited as the Federal Fair Employment Practice Act.

Section 2 contains legislative findings and declaration of policy.

Paragraph (b) of this section declares a Federal right to be free from discrimination in employment because of race, color, religion, or national origin. Similar declarations of a Federal right (the right to organize) are contained in section 2 (4th) (45 U. S. C. 152) of the Railway Labor Act and section 7 of the National Labor Relations Act, as amended (29 U. S. C. 157, 1947 Supp.). Such Federal rights may be protected and enforced by appropriate legislation, *United States* v. *Waddell* (112 U. S. 76 (1884)).

In connection with the declaration of purpose contained in paragraph (c) (iii), to promote universal respect for and observance of human rights and fundamental freedoms for all in accordance with the undertaking of the United States under the United Nations Charter, it may be useful to take note of the views of the Department of State relative to the embarrassment of the United States in the conduct of foreign relations by reason of acts of discrimination taking place in this country. The position of the Department of State was set forth in a letter of May 8, 1946, from the Acting Secretary of State, now Secretary of State Dean Acheson, to the Fair Employment Practices Committee, as follows:

"The existence of discrimination against minority groups in this country has an adverse effect upon our relations with other countries. We are reminded over and over by some foreign newspapers and spokesmen, that our treatment of various minorities leaves much to be desired. While sometimes these pronouncements are exaggerated and unjustified, they all too frequently point with accuracy to some form of discrimination because or race, creed, color, or national origin. Frequently we find it next to impossible to formulate a satisfactory answer to our critics in other countries; the gap between the things we stand for in principle and the facts of a particular situation may be too wide to be bridged. An atmosphere of suspicion and resentment in a country over the way a minority is being treated in the United States is a formidable obstacle to the development of mutual understanding and trust between the two countries. We will have better international relations when these reasons for suspicion and resentment have been removed.

"I think that it is quite obvious * * * that the existence of discrimination against minority groups in the United States is a handicap in our relations with other countries. The Department of State, therefore, has good reason to hope for the continued and increased effectiveness of public and private efforts to do away with these discriminations." See brief for the United States as amicus curiae in *Shelley* v. *Kraemer* (No. 72, October term, 1947, at pp. 19–20 (for decision, see 334 U. S. 1)); also final report, Fair Employment Practice Committee (June 23, 1946), p. 6.

Section 3 defines "person," "employer," "labor organization," "commerce," "Territory," "possession," and "Commission." "Employer" excludes an employer of less than 50 individuals, though he may be engaged in interstate commerce. Similarly, "labor organization" excludes organizations with fewer than 50 members in the employ of employers covered by the bill. The Federal Government is specifically included as an employer. The definitions of "Territory" and "possession" are principally significant with regard to the exemption contained in section 4. The necessity for clarity in this connection is demonstrated by the holding in *Vermilya-Brown Co.* v. *Connell* (335 U. S. 377 (1948)); see also *Foley Bros.* v. *Filardo* (336 U. S. 281 (1949)).

Section 4 exempts from the scope of the act any employer with respect to the employment of aliens outside the continental United States, its Territories, and possessions.

Section 5 defines the unlawful employment practices which are to be forbidden alike to employers, including the Federal Government, and to labor organizations. It is declared to be unlawful: (a) for an employer to refuse to hire, to discharge, or otherwise discriminate against an individual with respect to terms, conditions, or privileges of employment because of the individual's race, color, religion, or national origin, or to utilize employment or other recruitment agencies which practice such discrimination; (b) for a labor organization to limit, segregate or classify its membership in any way which would deprive or limit any individual's employment opportunities because of his race, color, religion, or national origin; and (c) for an employer or labor organization to discriminate against any person because he has opposed an unlawful employment practice.

Section 6 creates a Commission in the executive branch to be known as the Fair Employment Practice Commission, composed of five members to be appointed by the President, by and with the advice and consent of the Senate. The members of the Commission are to hold office for 5-year overlapping terms, and to receive $17,500 per annum, except the chairman, who is to receive $20,000 per annum. The principal office of the Commission will be in the District of Columbia, but the Commission may perform its functions in any part of the United States. However, an agent designated to conduct proceedings or hearings (other than a member of the Commission) shall be a resident of the Federal judicial circuit within which the alleged unlawful employment practice occurs. The section further provides for vacancies in the Commission, a quorum, an official seal, and reports by the Commission. The Commission is authorized to engage a staff, to cooperate with outside agencies, to pay witness fees, to assist in conciliation, and to make technical studies. It is further provided that the Commission shall have power to create local, State, or regional advisory conciliation councils to enable localities to assist in the voluntary settlement of disputes.

Section 7 empowers the Commission to prevent any person from engaging in unlawful employment practices as set forth in section 5. This power is declared to be exclusive, which is a jurisdictional safeguard borrowed from the former National Labor Relations Act (Wagner Act), former 29 U. S. C. 160 (1946 ed.). The jurisdictional provision is designed to require exhaustion of the administrative remedies and to exclude preliminary court interference with hearings and the determinations of what constitute unlawful employment practices (for comparison under the National Labor Relations Act, see *Myers* v. *Bethlehem Shipbuilding Co.*, 303 U. S. 41 (1938); *Newport News etc. Co.* v. *Schauffler*, 303 U. S. 54 (1938)); and to protect the employer from actions by other tribunals to compel him to perform acts which would violate the Commission's orders (for comparison under the National Labor Relations Act, see *National Licorice Co.* v. *Labor Board*, 309 U. S. 350, 365 (1940)). However, the Commission is empowered to agree to the handling of a dispute, over which it may have jurisdiction, by an agency of a State, Territory, possession, or local government. This provision is borrowed from the existing Labor-Management Relations Act, 1947, present 29 U. S. C. 160 (1947 Supp.), and should prove useful in view of the considerable amount of fair-employment legislation now in existence in the States and in some municipalities. See Anti-Discrimination Legislation in the American States, by W. Brooke Graves, Library of Congress Public Affairs Bulletin No. 65, November 1948.

Under section 7 the Commission is empowered to prevent an unlawful employment practice, if, after preliminary sifting and attempted conciliation of the charges, it fails to effect voluntary elimination of the unlawful employment practice. Upon notice, and preliminary hearing by a member or agent of the Commission, followed by a hearing on the record before the whole Commission or a panel of three members designated to sit as the Commission, the Commission, if it finds that the person charged engaged in an unlawful employment practice, may issue a cease and desist order and take other affirmative action, including reinstatement or hiring of employees with or without back pay. If back pay is allowable it is subject to the provision that interim earnings or amounts earnable with reasonable diligence by the person or persons discriminated against shall operate to reduce that which would otherwise be allowable. As under the National Labor Relations Act, the back-pay orders would be remedial, *Republic Steel Corp.* v. *N. L. R. B.* (311 U. S. 7, 10 (1940)). The Supreme Court has upheld the validity of back-pay orders. See *N. L. R. B.* v. *Jones & Laughlin Steel Corp.* (301 U. S. 1, 48 (1937)); and *Phelps Dodge Corp.* v. *N. L. R. B.* (313 U. S. 177 (1941)).

Where the charges are not proven, the Commission shall dismiss the complaint. Provisions are made for the settlement of the dispute and termination of hearings at various stages prior to the time when a court acquires jurisdiction of the case. It is further provided that proceedings under this section shall be conducted in conformity with sections 5, 6, 7, and 8 of the Administrative Procedure Act.

Section 8 provides for judicial enforcement and review of the Commission's orders. The Commission may apply to a Federal court of appeals or, in vacation, to other Federal courts, for the enforcement of an order. The court is empowered to base its orders and grant relief upon the record, which may include additional testimony if it is required. Jurisdiction of the court is exclusive, subject to review by the Supreme Court or in certain cases by the appropriate United States court of appeals. A person aggrieved by the final order of the Commission may obtain review in an appropriate United States court of appeals. Proceedings shall be in accordance with section 10 of the Administrative Procedure Act.

Section 9 confers power on the Commission to compel the attendance of witnesses and the production of evidence through the issuance of subpenas enforceable in the Federal courts.

Section 10 authorizes the President to take such action as may be necessary to conform fair employment practices within the Federal establishment with the policies of this act, and to provide that any Federal employee aggrieved by any employment practice of his employer shall exhaust the administrative remedies governing fair em-

ployment practices within the Federal establishment, prior to seeking relief under the provisions of this act. The President's Executive Order No. 9980 of July 26, 1948 (13 F. R. 4311), which forbids discrimination in Federal appointments because of race, color, religion, or national origin, provides agency procedures for dealing with fair employment practices in the Federal establishment. Section 10 of the bill will enable the Commission to enforce its orders against Federal agencies or their officers, who have been guilty of unlawful employment practices, by application to the President to take such action as he deems appropriate to obtain compliance. The President is authorized to establish rules and regulations to prevent the committing or continuing of an unlawful employment practice by any person who makes a contract with any Federal agency or instrumentality in an amount exceeding $10,000.

Section 11 requires employers and labor organizations to post notices prepared or approved by the Commission setting forth relevant information deemed appropriate to effect the purposes of the act. Willful violations of this section are subject to fine of not more than $500 for each offense.

Section 12 preserves veterans' special rights or preferences under Federal, State, Territorial, or local laws.

Section 13 authorizes the Commission to make suitable regulations to carry out the provisions of the act, to be issued in conformity with the standards and limitations of the Administrative Procedure Act.

Section 14 makes it a criminal offense to interfere forcibly with a member or employee of the Commission engaged in the performance of his duties or because of such performance. Punishment by fine not exceeding $500 or imprisonment not exceeding 1 year, or both, is provided.

Section 15 is a separability clause.

LEGAL ASPECTS

Other antidiscriminatory legislation and policy

Federal legislation to forbid discrimination because of race, color, or religion has ample precedent, including the following:

Twenty-eighth United States Code, 1863 (c) provides that "No citizen shall be excluded from service as grand or petit juror in any court of the United States on account of race or color."

Section 622 of the Hospital Survey and Construction Act (60 Stat. 1041; 42 U. S. C. 291e (f)) provides that the State plan under the act shall provide "adequate hospital facilities for the people residing in a State, without discrimination on account of race, creed, or color." It is further provided that such regulation may require that a State agency before approving an application of a hospital for funds shall get assurance that "hospital or addition to a hospital" so approved "will be made available * * * without discrimination on account of race, creed, or color."

Section 1005 of the Foreign Service Act of 1946 (60 Stat. 1030; 22 U. S. C. 807) provides that no "discrimination against any person on account of race, creed, or color" shall be practiced in carrying out the provisions of that act.

Revised Statute 2302 (43 U. S. C. 184) states that "No distinction shall be made * * * on account of race or color" in carrying out the provisions of the law with regard to entry for homestead purposes on public land.

The Agricultural College or Second Morrill Act (26 Stat. 417; 7 U. S. C. 323) prohibits money being given to support or maintain a college "where a distinction of race or color is made in the admission of students."

Section 4 (a) of the Selective Service Act of 1940 (54 Stat. 887; 50 U. S. C. App. 304 (a)) provides inter alia "That in the selection and training of men under this act, and in the interpretation and execution of the provisions of this act, there shall be no discrimination against any person on account of race or color."

Section 5 (a) of the Selective Service Act of 1948 (62 Stat. 608; 50 U. S. C. A. App. 455 (a)) inter alia states "That in the selection of persons for training and service under this title, and in the interpretation and execution of the provisions of this title, there shall be no discrimination against any person on account of race or color."

Section 3 (e) of the Civil Service Classification Act of 1940 (54 Stat. 1214; 5 U. S. C. 681 (e)) states "In carrying out the provisions of * * * this title * * * there shall be no discrimination against any person, or with respect to the position held by any person on account of race, creed, or color."

Section 8 of the Civilian Conservation Corps Act of 1937 (50 Stat. 320) inter alia provided that "no person shall be excluded on account of race, color, or creed."

Section 1 of the Nurses' Training Act of 1933 (57 Stat. 153) provides "that there shall be no discrimination of the benefits and appropriations made under respective provisions of this act on account of race, creed, or color."

Section 203 (a) (4) of the Lanham or Defense Appropriation Act of 1941 (55 Stat. 363) stated that "Public works shall be provided on the basis of need and in determining need no discrimination shall be made on account of race, creed, or color."

Additional legislative support for this line of policy is found in the appropriation acts for the President's Fair Employment Practice Commiteee (see Final Report, Fair Employment Practice Committee, June 28, 1946, p. IX). In this connection, the 5 years' experience of the Fair Employment Practice Committee, from 1941 to 1946, should not be overlooked as a practical demonstration of the feasibility of governmental action against discrimination in the field of employment.

In the fields of transportation and collective bargaining, the requirements of Federal legislation are such as to indicate, in the words of the Supreme Court, "a national policy against racial discrimination": *Bob-Lo Excursion Co.* v. *Michigan* (333 U. S. 28, 37, n. 16 (1948)), a case in which the Court upheld a Michigan statute forbidding racial discrimination in the transportation of passengers. And it is now clearly beyond question that we have reached the point in the development of our law, where national public policy, apart from specific statutes, forbids the courts from giving effect to racially discriminatory contracts, *Hurd* v. *Hodge* (334 U. S. 24, 34–35 (1948)). Our national policy is perhaps epitomized in the statement of the Supreme Court in *Hirabayashi* v. *United States* (320 U. S. 81, 100 (1943)): "Distinctions between citizens solely because of their ancestry are by their very nature odious to a free people whose institutions are founded upon the doctrine of equality."

On the subject of fair employment practices, a number of the States have already enacted laws which prohibit discrimination in employment. Among these are New York, Laws 1945, chapter 118 (Executive Law, McKinney's Consolidated Laws of New York, secs. 125–136); New Jersey, Laws 1945, chapter 169 (New Jersey Stats. Ann., title 18, ch. 25, secs. 1–28); Massachusetts, Laws 1946, chapter 368 (Ann. Laws, vol. 9, ch. 672, sec. 98–B); Connecticut, Laws 1947, chapter 171; Indiana, Laws 1945, chapter 325; Wisconsin, Laws 1945, chapter 490. In general, these statutes are of two types, with regard to the extent of the powers conferred. The one group, which includes the laws of New York, New Jersey, Connecticut, and Massachusetts, undertakes to define, in ways similar to the proposed Federal bill, unfair employment practices, to grant extensive powers to the enforcing agency and to provide penalties for noncompliance. The second type of law, as embodied in the Indiana and Wisconsin statutes, makes no provision for the issuance or enforcement of orders, omitting in effect the regulatory function of the administrative agency.

It is important to observe that nothing in the present bill detracts from the validity and scope of State laws which prevent discrimination in employment. In fact, the bill gives encouragement to the enactment and use of such legislation by empowering the Commission, in section 7 (a), to cede jurisdiction over cases to any State, Territory, possession, or local government, unless the State or other local statute, or the local ordinance, is inconsistent with the provisions of the bill. Thus, the pattern envisaged is an entirely complementary one, in which State action would assist in the furtherance of the national policy, and would be designed to provide, in addition, coverage for an area of employment that this bill does not reach. Such a pattern is precisely in accord with the recommendations of the President's Committee on Civil Rights (Report, pp. 167–168).

Application to private enterprise

Analysis of the scope of the bill along functional lines indicates that its provisions would be applicable to three general categories of employers—

1. Private enterprises, engaged in interstate or foreign commerce, employing 50 or more individuals;

2. Labor organizations with 50 or more members employed by persons or agencies qualifying as employers under the terms of the bill; and

3. The Federal Government and certain contractors with the Federal Government.

In the case of private enterprise, the power of Congress over interstate and foreign commerce is complete in itself, may be exercised to its utmost extent, and acknowledges no limitations, other than are prescribed in the Constitution. *Gibbons* v. *Ogden* (22 U. S. 1, 196 (1824)); *United States* v. *Darby* (312 U. S. 100, 114 (1941)); see also *Kentucky Whip & Collar Co.* v. *Illinois Central R. R.* (299 U. S. 334 (1937)). Congress, then, may follow its own conception of public policy concerning restrictions which may appropriately be imposed on interstate commerce; the motive and purpose of (such restrictions) * * * are matters for the legislative judgment upon the exercise of which the Constitution places no restriction and over which the courts are given no control. (*United States* v. *Darby* at pp. 114–115.)

The power of Congress to regulate employment relations affecting interstate and foreign commerce has been repeatedly upheld in recent years. *Texas and New Orleans Railroad Co.* v. *Brotherhood of Railway Clerks* (281 U. S. 548 (1930)); *N. L. R. B.* v. *Jones & Laughlin Steel Corp.* (301 U. S. 1 (1937)); see also *N. L. R. B.* v. *Fainblatt* (306 U. S. 601 (1939); *Polish National Alliance* v. *N. L. R. B.* (322 U. S. 643 (1944)). The bill resembles the statutes (the National Labor Relations Act, the Fair Labor Standards Act, the Railway Labor Act) which the courts have thus approved.

In Jones & Laughlin, supra, the Court at page 33 said:

"Discrimination and coercion to prevent the free exercise of the right of employees to self-organization and representation is a proper subject for condemnation by competent legislative authority."

The Supreme Court has spoken in similar terms of race discrimination which infringes upon the more fundamental right—the right to work. Justice Roberts, speaking for the unanimous Court in *New Negro Alliance* v. *Sanitary Grocery Co.* (303 U. S. 552 (1938)) at page 651 said:

"The desire for fair and equitable conditions of employment on the part of persons of any race, color, or persuasion, and the removal of discriminations against them by reason of their race or religious beliefs is quite as important to those concerned as

fairness and equity in terms and conditions of employment can be to trade or craft unions or any force of labor organization or association. Race discrimination by an employer may reasonably be deemed more unfair and less excusable than discrimination against workers on the ground of union affiliation."

As previously observed, under our Constitution any form of race discrimination by its very nature is "odious to a free people whose institutions are founded upon the doctrine of equality." *Hirabayashi* v. *United States* (320 U. S. 81, 100 (1943)); see *Oyama* v. *California* (332 U. S. 633, 646 (1948)). The bill goes no further than to safeguard the right to work free from discrimination because of race, color, religion, or national origin.

In this connection it is important to emphasize that the bill does not permit anyone to demand employment by a given employer. Save for the cause specifically condemned, the employer may hire, or refuse to hire, or discharge "for any cause that seems to it proper." *Associated Press* v. *N. L. R. B.* (301 U. S. 103, 132 (1937)); see also *Virginian Railway Company* v. *System Federation No. 40* (300 U. S. 515, 559 (1937)).

The bill imposes no arbitrary restraints upon the conduct of private business in contravention of the due process clause. It is now clear that appropriate regulation of the hire and discharge of employees is not an unconstitutional abridgement of the contract right. *Phelps Dodge Corporation* v. *N. L. R. B.* (313 U. S. 177 (1941)); *N. L. R. B.* v. *Jones & Laughlin Corp.*, supra; see also *Morgan* v. *Atlantic Coast Line Railway Co.* (32 F. Supp. 617 (1940)). The freedom of contract is not absolute, and is subject to reasonable regulations and prohibitions in the interests of the general welfare. The Supreme Court, long ago, in *Nebbia* v. *New York* (291 U. S. 502 (1934)), said:

"The Constitution does not guarantee the unrestricted privilege to engage in a business or to conduct it as one pleases" (pp. 527–528).

In *West Coast Hotel Co.* v. *Parrish* (300 U. S. 379 (1937)), Chief Justice Hughes said:

"What is this freedom? The Constitution does not speak of freedom of contract. It speaks of liberty and prohibits the deprivation of liberty without due process of law. In prohibiting that deprivation the Constitution does not recognize an absolute and uncontrollable liberty. Liberty in each of its phases has its history and connotation. But the liberty safeguarded is liberty in a social organization which requires the protection of law against the evils which menace the health, safety, morals, and welfare of the people. Liberty under the Constitution is thus necessarily subject to the restraints of due process, and regulation which is reasonable in relation to its subject and is adopted in the interests of the community is due process.

"This essential limitation of liberty in general governs freedom of contract in particular" (pp. 391–392).

He quoted from *Chicago, B. & Q. R. Co.* v. *McGuire* (219 U. S. 549, 567 (1911)):

"There is no absolute freedom to do as one wills or to contract as one chooses. The guaranty of liberty does not withdraw from legislative supervision that wide department of activity which consists of the making of contracts, or to deny government the power to provide restrictive safeguards. Liberty implies the absence of arbitrary restraint, not immunity from reasonable regulations and prohibitions imposed in the interests of the community" (p. 392).

Then he continued:

"This power under the Constitution to restrict freedom of contract has had many illustrations [see note 2 at p. 392]. That it may be exercised in the public interest with respect to contracts between employer and employee is undeniable [illustrations]. In dealing with the relation of employer and employed, the legislature has necessarily a wide field of discretion in order that there may be suitable protection of health and safety, and that peace and good order may be promoted through regulations designed to insure wholesome conditions of work and freedom from oppression" (pp. 392–393).

Application to labor organizations

The courts have steadily upheld legislative authority to regulate labor conditions and relations, and to prevent the right to hire and discharge from being used to impair "the countervailing right" of employees. *Phelps Dodge Corp.* v. *N. L. R. B.* (313 U. S. 177); *N. L. R. B.* v. *Jones & Laughlin* (301 U. S. 1); *United States* v. *Darby* (312 U. S. 100). "Affected with a public interest" is no longer judicially the criterion to determine the character of business that can be subjected to "economic and social programs." *Olsen* v. *Nebraska* (313 U. S. 236, 247 (1941)).

The primary benefits of the proposed legislation would accrue to employees, and employee organizations cannot be deemed injured by it. Certainly labor unions, which enjoy the benefits of Federal legislation under Congress' power over interstate commerce cannot plausibly deny the power of the Federal Government to impose necessary restrictions to prohibit discrimination because of race or color. Organizations which have been accorded the statutory right to act as an exclusive bargaining agent for nonmember employees can have no objection if they are asked to refrain from racial or religious discrimination. Cf. *United States* v. *Classic* (313 U. S. 297, 326 (1941)); *Smith* v. *Allwright* (321 U. S. 649, 664 (1944)). The essence of free government requires that power must be accompanied by responsibility. No labor union which claims to benefit its members can be heard to say that denial of membership rights to those of a particular race or religion is not a most serious form of discrimination.

The Supreme Court unanimously, in *Steele* v. *Louisville & Nashville Railway Co.* (323 U. S. 192 (1944)), held that a Negro railway foreman who was discriminated against because of color by a union chosen by the majority to represent the craft under the Federal Railway Labor Act could enjoin the union, notwithstanding that such discrimination was buttressed by the contract between the union and the employer. The Court said:

"But we think that Congress, in enacting the Railway Labor Act and authorizing a labor union, chosen by a majority of a craft, to represent the craft, did not intend to confer plenary power upon the union to sacrifice, for the benefit of its members, rights of the minority of the craft, without imposing on it any duty to protect the minority" (p. 199).

"It is enough for present purposes to say that the statutory power to represent a craft and to make contracts as to wages, hours, and working conditions does not include the authority to make among members of the craft discriminations not based on such relevant differences. Here the discriminations based on race alone are obviously irrelevant and invidious. Congress plainly did not undertake to authorize the bargaining representative to make such discriminations. Cf. *Yick Wo* v. *Hopkins* (118 U. S. 356); *Yu Cong Eng* v. *Trinidad* (271 U. S. 500); *Missouri ex rel. Gaines* v. *Canada* (305 U. S. 337); *Hill* v. *Texas* (316 U. S. 400)" (p. 203).

Justice Murphy, concurring, said:

"A sound democracy cannot allow such discrimination to go unchallenged. Racism is far too virulent today to permit the slightest refusal, in the light of a Constitution that abhors it, to expose and condemn it wherever it appears in the course of statutory interpretation" (p. 209).

To the same effect is *Tunstall* v. *Brotherhood* (323 U. S. 210 (1946)); see also *Morgan* v. *Virginia* (328 U. S. 373).

In *Railway Mail Association* v. *Corsi* (326 U. S. 88 (1945)), the Supreme Court upheld the constitutionality of section 43 of the civil-rights law of New York, which prohibits any labor organization from discriminating in matters of membership and privileges on account of race, creed, or color. The Court said:

"We have here a prohibition of discrimination in membership or union services on account of race, creed, or color. A judicial determination that such legislation violated the fourteenth amendment would be a distortion of the policy manifested in that amendment, which was adopted to prevent State legislation designed to perpetuate discrimination on the basis of race or color. We see no constitutional basis for the contention that a State cannot protect workers from exclusion solely on the basis of race, color, or creed by an organization, functioning under the protection of the State, which holds itself out to represent the general business needs of employees.

"To deny a fellow-employee membership because of race, color, or creed may operate to prevent that employee from having any part in the determination of labor policies to be promoted and adopted in the industry and deprive him of all means of protection from unfair treatment arising out of the fact that the terms imposed by a dominant union apply to all employees, whether union members or not. In their very nature, racial and religious minorities are likely to be so small in number in any particular industry as to be unable to form an effective organization for securing settlement of their grievances and consideration of their group aims with respect to conditions of employment. The fact that the employer is the Government has no significance from this point of view" (pp. 93–94).

State courts have also held that unions could not discriminate among their members because of race. *Carroll* v. *Local 269* (133 N. J. Eq. 144, 31 Atl. (2d) 223, 225 (1943)) and *James* v. *Marinship Corp.* (25 Calif. (2d) 721, 155 P. (2d) 329 (1945), noted in 160 A. L. R. 900); see also *Betts* v. *Easley* (161 Kan. 459, 169 P. (2d) 831 (1946)).

Application to Federal agencies and Federal Government contractors

The proposed legislation deals also with the employment policy of the Federal Government and employment by contractors in the performance of their contracts with the Federal Government.

The power of Congress, under article I, section 8, clause 18 of the Constitution ("to make all laws which shall be necessary and proper") seems clearly to permit the regulation of employment practices of Federal agencies. *United Public Workers* v. *Mitchell* (330 U. S. 75 (1947)). The Court in that case recognized that the Constitution forbids racial and religious discrimination in Federal employment (p. 100). This constitutional grant of power is the basis of our civil-service laws, and has never been successfully challenged in the courts. See *United States ex rel. Crow* v. *Mitchell* (89 F. (2d) 805, 808–9 (1937)).

As to Government contractors, in a case involving the Walsh-Healey Act (49 Stat. 2036; 41 U. S. C. 35) the Supreme Court has clearly established that Congress has power to prescribe terms on which the Federal Government may contract with private parties—

"Like private individuals and businesses, the Government enjoys the unrestricted power * * * to determine those with whom it will deal, and to fix the terms and conditions" (*Perkins* v. *Lukens Steel Co.* (310 U. S. 113, 127 (1946)).

The Court continued to say—

"The Government may for the purpose of keeping its own house in order lay down guide

posts by which its agents are to proceed in the procurement of supplies, and which create duties to the Government alone * * * To impose obligations upon those favored with Government business * * * to obviate the possibility that any part of our tremendous national expenditures would go to forces tending to depress wages and purchasing power and offending fair social standards of employment" (pp. 127–128).

NOMINATION OF JOHN CARSON TO BE FEDERAL TRADE COMMISSIONER

Mr. LUCAS. Mr. President, I now move that the Senate proceed to the consideration of the nomination of John Carson, of Michigan, to be Federal Trade Commissioner for the unexpired term of 7 years from September 26, 1945.

The VICE PRESIDENT. The question is on the motion of the Senator from Illinois.

The motion was agreed to; and the Senate proceeded to consider the nomination of John Carson, of Michigan, to be Federal Trade Commissioner.

Mr. BRICKER. Mr. President, has the motion to take up the nomination of John Carson to be Federal Trade Commissioner, been agreed to?

Mr. LUCAS. It has been.

Mr. BRICKER. Mr. President——

Mr. MAGNUSON. Mr. President, I wonder if the Senator from Ohio will yield for a question before he proceeds?

Mr. BRICKER. I yield.

Mr. MAGNUSON. I wonder if it would be possible to obtain a unanimous-consent agreement to vote on this nomination, say, at 5:30?

Mr. BRICKER. So far as I am concerned, we can vote at 5 o'clock or 4:30. I shall require only a few minutes.

Mr. EASTLAND. Mr. President, I shall have to object.

Mr. LUCAS. Mr. President, I expected to make a unanimous consent request after the Senator from Mississippi [Mr. EASTLAND] had made a few remarks on the farm bill. He desires to take 10 or 12 minutes. After that speech, I expect to make a unanimous-consent request.

Mr. EASTLAND. Mr. President, will the Senator from Ohio yield to me for a few minutes on another matter, before we go into the Carson nomination?

Mr. BRICKER. Mr. President, I ask unanimous consent that the Senator from Mississippi be permitted to present his matter at this time, without my losing the floor.

The VICE PRESIDENT. If the Senator from Ohio wishes to yield the floor, the Chair will recognize him after the Senator from Mississippi has concluded.

Mr. BRICKER. I yield the floor, Mr. President.

Mr. LUCAS. I do this because the Senator from Mississippi desires to catch an early train.

DISPOSITION OF SURPLUS FARM PRODUCTION

Mr. EASTLAND. Mr. President——

The VICE PRESIDENT. Is the Senator from Mississippi about to speak as in legislative session?

Mr. EASTLAND. Yes, Mr. President. I have today introduced a bill which would establish a revolving fund to finance the surplus agricultural production of this country. It is similar to a bill which passed the Congress last year setting up a revolving fund of $150,000,000 to finance the export of certain farm commodities to Japan and other occupied areas, a program which has worked very satisfactorily. It has helped the producers of this country. It has helped the Japanese. It has contributed to world prosperity, and it has brought money into the Treasury of the United States, rather than taking money from the Treasury.

In my judgment the surplus in the next few years involves the danger of a collapse of American agriculture because of surpluses which are piling up, unless we can export those surpluses.

The basic weakness of the farm program is that no provision is made for the export of our surplus farm production. In fact, Mr. President, the entire farm problem is a problem of surplus. The disposal of and consumption of the surplus is all there is to it. Surplus is the cause of farm poverty. It was the cause of depression in the past; it will cause catastrophe in the future. Any farm program which does not deal with the disposal of our agricultural surplus will not solve the farm problem. Past legislation and pending legislation on this subject are helpful, but they are not a solution. In fact, they do not come near the solution. They do not deal with the fundamental cause of the farm problem. Neither the present law, the Brannan plan, the Gore bill, nor any other proposal deals with the export of our surplus production. After all that is all there is to the problem.

It is vitally necessary that we retain and expand the export of agricultural surpluses. American agriculture cannot prosper and live unless it has export outlets for its surplus production. If the American farmer can only produce to fill domestic needs, then poverty and bankruptcy are his lot, and the loss of this agricultural purchasing power means depression and misery for all the people of America. Our farm program in the past and proposals now pending as they apply to nonperishable agricultural crops provide simply that these crops be stored, and production curtailed. But as surpluses pile up in storage this depresses agricultural prices and it means still further acreage reduction. Acreage reduction to curtail production is nothing but a safeguard to protect the Treasury of the United States, and is of no real benefit to the American farmer. Acreage control reduces our volume of production and reduces the wealth created by the man who farms, and this in the face of a hungry and naked world.

As I have said, the weakness of the program, the weakness in the price-support law, has been in all the farm programs of the past and in those now pending. No provision has been made to export agricultural surpluses. This is the purpose of the bill which I have introduced today. Among other things, it provides for a revolving fund to finance the export of surplus farm products, a proposal similar to the Japanese revolving fund which has worked so well for the benefit of our producers and of the Japanese, and for world prosperity.

Mr. President, in this chaotic and bankrupt world, with but few exceptions, poverty universally prevails outside the Western Hemisphere. We cannot sell our surplus for cash. Foreign nations have no cash. We cannot follow the orthodox trade policies of the past because world conditions are not orthodox. Anyone who knows anything about trade and world conditions realizes this. We cannot do business as usual. No nation can be unmindful that piling up surpluses at home and denying food and clothing to the destitute of the world brings about conditions which cause wars. By extending credit through the revolving fund for the purchase of agricultural commodities we can revive trade. We can maintain and expand our export outlets for the surplus farm production of the country. We can do this without loss to the United States Treasury, but instead we will increase prosperity and purchasing power and put additional sums of tax revenue into the Treasury. In the past few years this country has extended credits for the purchase of agricultural products to numbers of nations in large amounts, and every dollar has been repaid. In fact, all of our agricultural credits have been repaid.

The old system of simply storing our agricultural surplus means stagnation and poverty. We piled up those surpluses, and they were solved by the war, but war and war alone caused their dissipation. By moving such surpluses on a sound basis we can make America prosperous. It is necessary that we start now, Mr. President. It is necessary that this program be inaugurated in the near future. A huge agricultural surplus, owned by the Government, with billions of the taxpayers' money invested therein and with the drastic reduction in agricultural acreage which will follow will blow up the entire farm program with the same national chaos which has resulted so often in the past.

The greatest problem facing this country today, to my way of thinking, is how we in the United States are going to maintain the basic purchasing power in this country at a sufficiently high level, how we can keep our factories running and our merchandising and transportation and other service groups busy at a level that will bring enough income into the National Treasury to pay the bills Congress has authorized—in short, how to keep our economy solvent.

Of course, Mr. President, I agree that we are going to have to cut expenses in government just as much as we possibly can. But at the same time this Congress has already recognized the necessity of maintaining an Army and a Navy at a size and a cost far above anything ever before dreamed of in peacetime, in order to provide the degree of security the people of this country demand. We already have committed ourselves to aiding the recovery of Europe—and, I think, rightfully so. Then there are the domestic expenses to which we already have committed ourselves. All of these are expenses we may have for a considerable length of time. We may be able to reduce them next year and the year after.

I hope we can; but there are the rather fixed costs and the national debt this country is going to be paying for some time to come. Of course, if we go further into social-welfare programs and if we put up any more money to care for the aged and the infirm, to provide education, health, and welfare, that will cost more money.

Mr. President, is it going to be possible to finance all these obligations? Are we going to be able to keep this economy intact and this Government solvent? If we are, then certainly we shall have to give more consideration to some fundamental economics that have been overlooked for the most part up to this time. If we do not face the real issue and take steps to meet it, I am afraid we may have one of the worst depressions this country has ever known, a depression which may threaten all the institutions we cherish most and even the form of our government.

One of the first questions we should ask as we face the problem of how we can pay our debts today, tomorrow, and the day after is: Where is this money coming from? Contrary to what seems a popular conception these days, it does not grow on trees. The wealth of this country, like that of every other country in the world, comes from the ground—from the agricultural and industrial raw materials that feed the factories of this country and produce the goods that provide jobs and income for the butcher, the baker, and the candlestickmaker; the doctor, the lawyer, the merchant, and those engaged in every other profession and occupation.

Mr. President, we must recognize and accept the obvious fact that we are not going to be able to pay our bills and keep this country prosperous and this economy sound unless we can maintain full production. Every time production of the basic raw materials is reduced the production of the factories, the work of the transportation companies, and the work of the merchants and the bankers is reduced. When the volume is reduced and when employment is curtailed purchasing power shrivels.

It is utter nonsense to think that we in this country can reduce the volume of our production and cut back our working time, and then, by raising our wages, maintain our income so as to enjoy the same prosperity. It simply cannot be done. It is impossible from our own domestic point of view, and certainly it cannot be done from the international point of view.

We cannot stay solvent at home on that basis, and we cannot possibly stay free and at peace with the world.

We cannot expect to maintain our political independence if we live in plenty while the rest of the world lives in want.

Today we are enjoying the highest standard of living that has ever been attained by any country in the history of the world. The United States is enjoying the greatest prosperity of all time. The only way we can hope to maintain that standard or anything approaching it is by maintaining full production.

The foundation of our economy is our agriculture. It is the source of most of the wealth of our Nation. Agriculture furnishes the greater part of the raw materials for our industries and the products of our trade and commerce. It is the income from this production, manufacturing, trade, and commerce that has enabled this country to attain its present prosperity.

During the war we geared our agriculture to new levels, to produce the food and fiber to feed and clothe our soldiers and our people, as well as the soldiers and people of the countries who were helping us in that all-out effort. The contribution of American agriculture toward the winning of the war was indeed magnificent.

In the postwar period we geared our agriculture to the even greater effort of winning the peace. We turned our farms to the task of helping to feed and clothe the world, to aid the people of the war-torn countries—victors and vanquished alike—to repair the damages, to reactivate their industries, to reestablish their agriculture, so that they might recover their former positions in the world economy. The effort of American agriculture toward the winning of the peace was equally magnificent and without parallel in the history of the world.

Our production has actually grown to the point where our agriculture now dominates the economy of the world. Although the United States has considerably less than 10 percent of the world's population and only a fraction of the world's arable land, American agriculture today accounts for more than one-half of the world's cotton, the principal textile fiber in every country on the globe; over 60 percent of the world's corn; and over 20 percent of the world's wheat.

Although the rest of the world has made conspicuous progress toward rebuilding and expanding its agriculture, it is still considerably below the prewar levels. Meanwhile the population of the world has increased about 250,000,000 people, about 12 percent, in the past 12 years.

Europe's crops of this year are estimated to be about 10 percent below the prewar levels and about 5 percent under the very good yields of last year. In the rest of the world crops for export are considerably below prewar levels. While in some cases the production is actually higher, the standard of living in those countries has increased, and consequently consumption has expanded with the result that less is actually available for export.

In the rest of the world the diet of the average person is still only about two-thirds of what the diet is in the United States. In many parts of Europe and in the heavily populated areas of Asia the diet is actually 15 to 25 percent below what is considered a minimum for health.

In textiles the rest of the world today has only about 85 percent of the supply it had before the war. In many of the heavily populated areas, especially the sterling currency areas, the supply is only from one-half to two-thirds what it was before the war. The foreign levels have always been far below the levels in the United States. The world average annual per capita consumption of all textiles, for instance, is only about 7 pounds, as compared to a consumption of over 40 pounds in the United States. The European average consumption is less than 10 pounds.

The primary reason for the low level of their consumption of food and fibers is that they cannot secure them for lack of dollars.

While the rest of the world lives in want, the United States lives in plenty. Yet, now we are considering ways and means of reducing our production—for instance, plowing under acreage.

With another of the largest wheat crops on record—about 50 percent larger than in the prewar period—we are faced with a supply for the coming year of over 1,600,000,000 bushels, about 2½ times the estimated requirements of the United States. Indicated exports will be only about 450,000,000 bushels, less than half the indicated surplus of around 1,000,000,000 bushels. Wheat exports may be about 40 percent of the crop, with Marshall plan aid this year. Before the war only about 12 percent of the crop was exported.

The estimated corn crop of 3,500,000 bushels is almost equal to last year's record, and more than 25 percent above the 10-year average. This is about 60 percent of the world crop. Although the United States never exported very large quantities of corn in bulk, it did and does now do so in the form of products, meat, dairy products, and so forth. Still these outlets may not anywhere near equal the surplus, even with Marshall plan aid.

With another cotton crop in prospect of around 14,900,000 bales, about equal to the large crop of last year, the supply during the next year will be about 2½ times the indicated domestic demand. Exports have been running recently at a level equal to approximately 30 percent of the crop. Still these exports plus domestic use will be considerably less than the supply and as a result we may add another 3,000,000 bales to the carry-over. This so-called surplus, incidentally, is just about equal to the indicated deficit in the rest of the world. It is just about equal to the amount the rest of the world will need and would like to get from the United States if financing were available.

This year there is every indication we shall have another near-record crop in soybeans following record crops last season of soybeans and peanuts. The large carry-over of edible oils from the soybeans, the peanuts, and the cottonseed crops of the past season plus the very large supplies coming onto the market from the new bumper crops will give a supply far in excess of the domestic requirements plus the indicated exports. Here again, however, this supply of edible oils is not in surplus in the world. The world is still in a short supply position, the surplus existing only in the United States. The per capita consumption of fats is considerably less than prewar and may be for some time unless the United States can make its large supply available on some terms the rest of the world can afford. We have been exporting about 10 to 15 percent of our fats recently. Although this is much larger

than the volume of our exports prewar, we will still have a surplus.

The tobacco crop in 1949 is the largest in some time, larger than in 1948 and 15 percent above the 10-year average. Exports which have been running about 18 to 20 percent of production will not be enough in addition to domestic requirements to prevent the accumulation of a further surplus.

The same story can be told of the fruits and vegetables and of some of the dairy products and animal products for the coming year.

Faced with these large supplies in this country, and lower exports in general for agricultural products, because of the reduction in the ECA program and the shifts the ECA is permitting from agricultural products to machinery, the Government is going to be required under its price-support operations to make some of the heaviest investments in its history in loans and purchases of some of these products.

According to the statement from the Commodity Credit Corporation read into the record recently by the senior Senator from Vermont [Mr. AIKEN] the present borrowing power of the Corporation of $4,700,000,000 may not be enough to carry out the price-support operations required by law.

Unless we can find a way to keep these surpluses moving into the channels of trade to the people who need them over the world, the Government stands to lose millions if not billions of dollars on its operations.

If domestic production has to be reduced to move off these surpluses, the economy certainly stands to lose billions upon billions of dollars in the purchasing power of the people of this country, with the poverty which will result.

To date, in this session, we have been concerned primarily with expedients in farm legislation designed to protect prices for agricultural products in order to prevent a collapse of the agricultural economy if not the national economy and with the adoption of production-control measures which will keep supplies in line with the indicated demand—a measure actually intended to protect the Government in its own price-support operations against losses it could not control. But for our welfare we must maintain high production.

This legislation is all necessary. We must have this machinery; otherwise our agricultural economy would not be manageable.

But we can cut back our acres and jack up our prices just so far in an effort to maintain farm income. There is a point beyond which we cannot go without beginning to put ourselves out of business.

Every cut-back in acreage and reduction in production tends to limit the volume of our total production. In cutting back we are turning away from our goal of full production.

Mr. THYE. Mr. President, will the Senator yield?

Mr. EASTLAND. I yield for a question.

Mr. THYE. How does the Senator propose to deal with that problem? I am keenly interested in it.

Mr. EASTLAND. If the Senator will bear with me, I shall come to that presently.

Mr. THYE. I am following the Senator as carefully as possible, and I was merely wondering whether the Senator, in the course of his statement, intended to propose a remedy.

Mr. EASTLAND. Of course; certainly.

Mr. THYE. I thank the Senator. I shall wait.

Mr. EASTLAND. To succeed we must use this machinery for supporting prices and controlling acreage for the purpose of stabilizing and regulating the agricultural economy—not for restricting and reducing it.

We must fit into this program and couple with it a realistic and dynamic program to move our production into consumption at home and abroad. Having the regulating machinery, we must fix our sights on volume, arrange to get these products to the people who need them so that we can maintain full production. Only in this way are we ever going to maintain prosperity in this country and keep the economy of this country in such shape that we can meet our debts and pay our bills.

The importance of agriculture to the domestic economy cannot be overemphasized. In 1948, for instance, the value of the agricultural commodities sold and consumed on the American farms was almost $34,000,000,000. This is about 13 percent of the value of the gross national product. This figure in itself is tremendously impressive in volume and also from the standpoint of the purchasing power this represents in the hands of the people who comprise about 18 percent of the total population of the country. This is one of the largest consumer groups in the country, and certainly one of the most important so far as the manufacturers of this Nation are concerned.

While the farmers' spendable income actually represents only about 10 percent of the total national income of this country, it is his farm commodities moving through trade and commerce and being processed into goods that provide most of the income to the other segments of the population. For example, the wholesale and retail trade in this country account for about 20 percent of the national income, more than any other groups except the manufacturers. The greater part of their business comes from handling raw or processed agricultural materials or products made in whole or in part from them. The same is true for the factory workers whose earnings account for 30 percent of the national income. This may also be said for the people in finance who account for about 8 percent and those in transportation who account for about 6 percent of the national income.

Mr. President, I am reminded of the statement of William Jennings Bryan: "Burn down your cities and they will spring up again as if by magic, but destroy your farms and grass will grow on the streets of every city in the land." That was never more true than it is today.

Mr. President, this country, I repeat, must find a way to dispose of its agricultural products to keep the volume of our production as high as possible. We must maintain high comsumption here and we must maintain and expand our exports. We have no choice.

Our agricultural exports during the first quarter of this year were running at an annual rate of approximately $4,000,000,000. That was the value of our total export trade before the war. These agricultural exports represented only about one-fourth of our total exports for the same period and only about one-eighth of the value of our total agricultural production.

The importance of maintaining this movement, however, is much greater than these figures imply. From the standpoint of the total number of people involved and the impact the loss of these markets would have on the balance of the markets at home, it is crucial. We must remember that we are exporting substantial quantities of our largest crops, crops that employ the most people and have the greatest value and volume. We are exporting now about 40 percent of our wheat, 30 percent of our cotton, 20 percent of our tobacco, and a large percentage of our fats and oils.

At the present time approximately half of all the funds appropriated under the Marshall plan and the other foreign-aid programs are being used to move agricultural commodities. That is a help today. But this percentage is being reduced this year by a shift from raw materials to machinery. The point is, however, that the ECA is not going to be financing these commodities forever. In fact, the end may be very near.

In the absence of the ECA, in the light of our surplus and foreign need, and with the certain knowledge that we must maintain full production in this country to maintain our prosperity and our solvency, what is to be done?

I have introduced a bill called the farm commodity revolving fund for consideration by the Congress. While not contending that this bill in its present form is the final answer as to how to assure the movement of these agricultural commodities in foreign trade, I hope it will provide the basis of study and investigation that will lead to legislation which will accomplish this objective.

I should like to see the Committee on Agriculture and Forestry appoint a special subcommittee which will make a very detailed study of our over-all foreign-trade position, including all the ways and means that may be helpfully used to close the gap between our imports and our exports, and especially the financing of our agricultural exports. I should like to see this special subcommittee go into the question of what the United States can import to conserve the natural resources of this country, which are now being depleted. I should like to see them go into the matter of what can be done to expand the dollar purchasing power in these foreign countries by means of lending assistance to importers for increasing the importation in this country of any of the commodities that we are not already producing in

surplus in this country, also the possibilities of expanding United States tourist trade abroad, and encouraging United States capital investment abroad. I particularly would like to see a detailed study of the possibilities of liberalizing the facilities for extending credits to the countries of the world which need the products which we have in surplus in this country. This should include not only the so-called friendly countries, most of which are already receiving some assistance from the United States, but also the other countries of the world where we previously had markets for our farm products or where we might have markets in the future.

In this latter group of countries I name Spain, where we know we could find a ready market for large quantities of wheat, cotton, tobacco, and fats and oils, and also the iron-curtain countries such as Poland, Czechoslovakia, Yugoslavia, and Hungary, Soviet Germany, and even Russia.

If we continue to stand back and refuse to do anything to facilitate trade between the United States and the countries which are under the Communist influence, we are going to succeed in hurting no one but ourselves. If we think we can bring those satellite countries to their knees and force them to change their politics and adopt forms of government along the lines of our own, simply by denying them any assistance in getting our goods and merchandise, we are being badly misled and are due for a rude awakening. Such a policy can do nothing more than to drive them deeper and deeper into the Soviet grasp, drive them further into bilaterial trade agreements and arrangements which will forever preclude our trade with them.

Let us be practical, Mr. President, I oppose the protective tariff, but if we hold back and wait for the rest of the world to join us in a Utopian move to take down all trade barriers and establish something like the type of free trade that is envisioned under the proposed International Trade Organization, we are going to wait a long time, until we have lost most of our markets. We certainly are not moving in the direction of freer world trade very fast at the moment. In view of the tactics of the other countries the world does not appear to be even headed that way.

Why can we not take a cue from some of the other countries? The British, for instance, are making the same political speeches we are against the Communist-dominated countries, but the British are smart enough not to allow their politics to interfere with their trade with the Communist countries. While the British are actually encouraging us to stay out of countries like Spain, Poland, and Czechoslovakia, they are going right ahead making long-term trading agreements with those countries, to get British instead of American products into those markets. They have trade agreements with them and also separate credit agreements guaranteeing their exporters to those markets against loss.

I think we are going to have to make some special credit agreements with some of those countries and place the burden of responsibility on those countries to find ways and means of selling their products wherever they can in order to get dollars to repay the credits.

The past record of those countries on paying their obligations is very good. The Export-Import Bank credits made to Finland, Czechoslovakia, Poland, Spain, and even China were paid off by due date with interest as specified. These countries are all very jealous of their credit records and will go to unusual lengths to gain the dollars to repay. Keeping them in debt will create an obligation to buy United States agricultural commodities, thus giving us an edge over other commodities. Keeping them in debt will force them to make arrangements for selling their products outside their bilateral agreements, or over and above their agreements, and will tend to combat and break through these agreements. It appears to offer about the only way of breaking through the obstacle of these bilateral agreements without actually engaging in them.

At the same time it may be necessary in some way to lend assistance to importers to help them promote and advertise the sale of foreign products in this market. Most foreigners have not had the experience and the knowledge of merchandising and advertising to be effective in selling their products in dollar markets.

I think we should make arrangements to take, in this country, in exchange for our agricultural products, an ample supply of all the commodities which we do not produce in sufficient quantity for our own use, products such as chromite, mica, graphite, pyrethrum, rubber, shellac, and asbestos, which we do not produce at all in this country. Also to take more of products like manganese, nickel, and cobalt, of which we produce less than 10 percent of our consumption. There are many others of which we have a very limited availability and are now producing less than 50 percent of our production at present, including tin, tungsten, antimony, bauxite, and so forth. There are some others the supplies of which are diminishing: copper, lead, mercury, zinc, and so forth, which we could profitably take in exchange.

Aside from stock-piling materials, we will find it necessary to take more manufactured goods from abroad in order to effect the reciprocal export of our crop surpluses. This is the real solution, Mr. President.

In this regard I want to point out an interesting economic phenomenon existing in the world today: While agricultural surpluses begin to pile up again in America austerity increases abroad, and, accompanying the austerity, is a glut of British and European manufactured goods designed for export, but unexportable to the United States. What many fail to see is that the economic dislocation of agricultural surpluses at home and simultaneous austerity abroad resulting from a shortage of food and raw materials due to the failure to export manufactured goods are but the two halves of one world-wide economic maladjustment.

As a result of inability to sell as much manufactured goods to the United States as she would have to buy of our crop surpluses, Britain has increased her purchases of agricultural commodities from Russia 700 percent in the last 4 years. This trade is conducted on a barter basis and tariffs do not enter into the picture.

No doubt the overvaluation of the British pound is one explanation of Britain's export situation, yet if she can do business with Russia, she could—and would much prefer to—do business with the farm producers of the United States.

Taking more manufactured goods from Britain and other nations will not cost American industry a single dollar of business, provided the additional imports are paid for by new money made by America's farmers by export of their surpluses—new money, which could not be made in America, anyway, because crop surpluses cannot be converted into cash in America. Thus, American manufacturers will sell as much manufactured goods as before to America's farmers and the exchange of crop surpluses for foreign goods will add to our farmers' prosperity without injury to American industry. Meanwhile the American taxpayers will be saved billions of dollars, otherwise necessary to support American crop price levels.

To enable Britain and other nations to secure more dollar exchange with which to buy our crop surpluses, it will, of course, be necessary to rebate in some degree the tariff on such imports of manufactured goods into the United States when such dollar exchange is used exclusively to effect the export of American crop surpluses. Many Americans do not realize that even today tariffs amounting to 40–60 percent ad valorem, and in a few cases up to 110 percent; exist on scores upon scores of manufactured items. A gateway through these tariff barriers will solve our agricultural surplus export problem.

Of course, some discretion must be exercised as to the amount of any one manufactured item which is permitted to come into the United States through such a special channel of trade. Aside from these exchanges of surplus crops for foreign manufactured goods, no changes in our tariff system are necessary.

Believing that a sound export program is the real solution to our farm surplus problem, I have incorporated in this bill features looking to its development by the committee.

With this in mind I therefore offer this bill as a subject of study to aid in establishing a program to help maintain and expand the movement of our agricultural commodities to maintain full production, prosperity, and solvency in the United States.

USE OF ECA FUNDS BY GREAT BRITAIN FOR PURCHASE OF CANADIAN WHEAT—STATEMENT BY SENATOR YOUNG

Mr. LANGER. Mr. President, I ask unanimous consent to have inserted in the RECORD a statement issued by my colleague the junior Senator from North Dakota [Mr. YOUNG], entitled "Joint Approval by ECA Administrator Hoffman and Secretary of Agriculture Brannan of a Scheme Whereby Great Britain Will Be Permitted To Spend $175,000,000 of ECA

Funds for Canadian Wheat Constitutes a Flagrant Violation of the ECA Act."

I might say, Mr. President, first of all, that I compliment the distinguished senior Senator from Mississippi [Mr. EASTLAND] on the very fine argument he has made in favor of agriculture.

I call the attention of my colleagues to the statement issued by my distinguished colleague the junior Senator from North Dakota, because it goes into great detail in connection with what has been happening to our wheat and rye. I think every Member of the Senate interested in agriculture should read this statement very carefully, indeed.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Joint approval by ECA Administrator Hoffman and Secretary of Agriculture Brannan of a scheme whereby Great Britain will be permitted to spend $175,000,000 of ECA funds for Canadian wheat constitutes a flagrant violation of the ECA Act.

Nowhere in the statements of either of these officials is any legal authority cited for the action which they have approved. In fact, the ECA law, as approved by Congress, states flatly that ECA dollars shall not be used to purchase outside of the United States any agricultural commodity which is in surplus in this country. Wheat is in surplus in the United States. It has been officially declared so by Mr. Brannan himself.

That Mr. Brannan understands the meaning and intent of the section relating to ECA purchases of surplus farm commodities is well demonstrated by his own testimony last February before the Senate Agriculture Committee. At that time he said: "Whenever we declare a commodity in surplus, under section 112 of the ECA Act, then the European-aid countries have to buy that commodity in this country if ECA dollars are used."

This obviously illegal action comes on the heels of the Department of Agriculture's orders to American wheat farmers to reduce their 1950 plantings by 17 percent. These acres which have been ordered out of production would supply the wheat which Mr. Brannan and Mr. Hoffman now propose to buy for Great Britain from Canadian farmers.

It should also be pointed out that Commodity Credit Corporation, during the first 2 months of the current crop year (July and August), has fallen far behind its pace of a year ago in buying American wheat for export. The Canadian deal will create an even greater lag in its domestic buying.

It is also significant that under the Brannan-Hoffman plan, Great Britain will pay $2 per bushel, basis Fort William, for 140,000,000 bushels of Canadian wheat. This is just 20 cents per bushel above the world wheat agreement price which has been ratified by both Canada and the United States. The American Government is currently selling wheat to importing nations at the agreed price of $1.80 per bushel, even though this represents a loss to the Treasury of approximately 45 cents per bushel.

The Brannan-Hoffman plan subsidizes Canadian wheat production without any of the burdensome controls which American farmers are forced to accept under the domestic price-support program. It also gives a strong financial lift to Canada, where the per capita debt and income-tax rates are well below American levels.

I am certain that American wheat producers will neither understand nor agree with Secretary Brannan's assertion in his letter approving the deal that "the effect of ECA's decision will be beneficial to United States farmers as a whole, including wheat producers."

As a matter of fact, the Brannan-Hoffman plan will have the double-barreled effect of reducing American farm income and unnecessarily forcing CCC to expend additional, untold millions of dollars in an attempt to support domestic wheat prices.

What is now about to be done to American wheat growers has already been done to American rye producers. During the 1948–49 crop year, when rye was in surplus in this country and CCC was attempting to support its price, nearly one-third of the 1948 Canadian rye crop was shipped into the United States. For the first time in history, we became net importers of rye, and at a time when we already had a sizable surplus of domestic stocks.

Meanwhile, both ECA and Army were urging CCC to fulfill their requests for rye shipments to Europe. Many orders went unfilled, however, with the result that Canadian imports and lack of aggressive domestic buying forced rye prices below $1 per bushel at country elevator points in North Dakota last spring.

Currently there is a heavy demand for rye in Europe but most of these needs are now being supplied by the Russian satellite states of Poland and Hungary. If non-United States rye had to be bought, it would have been infinitely preferable to buy it in Canada but now it appears that Canadian rye will again move into the United States in large quantities.

NOMINATION OF JOHN CARSON TO BE FEDERAL TRADE COMMISSIONER

The Senate resumed the consideration of the nomination of John Carson to be Federal Trade Commissioner.

Mr. BRICKER obtained the floor.

Mr. LUCAS. Mr. President, will the Senator yield that I may make a unanimous-consent request?

Mr. BRICKER. I yield.

Mr. LUCAS. I ask unanimous consent that at not later than 5 o'clock p. m. the Senate proceed to vote on the question, Will the Senate advise and consent to the nomination of John Carson, of Michigan, to be a member of the Federal Trade Commission, the time between now and 5 o'clock p. m. to be equally divided between those favoring and those opposing the confirmation of the nomination, controlled respectively by the Senator from Washington [Mr. MAGNUSON] and the Senator from Ohio [Mr. BRICKER].

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Is there objection?

Mr. BRICKER. Mr. President, I had not planned to control the time at all. I have no agreement with any Senator, and I do not know of anyone except the Senator from Indiana and the Senator from Washington who plan to speak on the nomination. I do not know what the proponents have in mind, or how long they will take. In the absence of so many Members of the Senate, I would rather see if we could not debate the nomination briefly, and then possibly set 2 o'clock Monday as the hour of voting, which would not delay the proceedings of the Senate, the progress of bills, or any other matter Senators may desire to bring up.

Mr. LUCAS. I would not care to set the hour at 2 o'clock, because I should like to get on with the armed-assistance program immediately when the Senate meets on Monday.

Mr. BRICKER. I will be satisfied to make the hour 1 o'clock.

Mr. LUCAS. One o'clock, or 12:30, and let the debate go on now. I should not like to have the nomination take 2 hours on Monday.

Mr. BRICKER. The Senator's suggestion is very satisfactory. Make it 1 o'clock on Monday. If that is satisfactory to the other side, it would certainly be satisfactory to me, because I shall not take much time.

Mr. LUCAS. I will change the unanimous-consent request in line with the Senator's suggestion.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request as modified?

Mr. WHERRY. Does the Senator from Illinois expect the Senate to meet at 12 o'clock on Monday?

Mr. LUCAS. Yes.

Mr. WHERRY. That would mean 1 hour of debate, the time to be divided 30 minutes to each side?

Mr. LUCAS. That is satisfactory. I thought perhaps the debate would proceed now, but if the desire is to take a vote on Monday, that is agreeable.

Mr. WHERRY. What I meant was, if we are to vote at 1 o'clock, is there to be any division of time from 12 to 1? If not, it is all right with me. I am not asking for it.

Mr. LUCAS. If we are to debate the Carson nomination now and finish the debate, I do not know of any reason why we should not vote at 12:30, after a quorum is called. What I am trying to do is to expedite the vote by an hour or an hour and a half.

Mr. BRICKER. If the Senator will make the hour 12:30, I do not believe it will be necessary to have a division of the time.

Mr. LUCAS. I modify my request to make the hour 12:30.

The PRESIDING OFFICER. Is there objection to the request, further modified, to set the time for voting at 12:30 on Monday, without any reference to the division of time? The Chair hears none, and it is so ordered.

Mr. WHERRY. Mr. President, will the Senator from Ohio yield in order that I may ask the distinguished majority leader a question?

Mr. BRICKER. I yield.

Mr. WHERRY. The intention, as already announced, is to debate the Carson nomination now as long as is necessary. I am asking the distinguished majority leader, however, whether, after the debate has been concluded today, his intention is to proceed with one or two other measures.

Mr. LUCAS. Mr. President, I have announced on two previous occasions that following the disposition of the Carson nomination, the Senator from Georgia [Mr. GEORGE], the chairman of the Committee on Finance, has a tax measure which he desires to have considered, and I think there is another bill, which I have discussed, dealing with public works, coming from the Public Works Committee, to be considered. I am now sending for the Senator from Florida [Mr. HOLLAND] to see whether or

not he is in position to take that up. I myself have a small bill which I desire to have considered, which will not take long.

Mr. WHERRY. Does the Senator expect to continue in a night session tonight, in view of the unanimous-consent agreement to finish the discussion of the Carson nomination?

Mr. LUCAS. Yes; we want to finish with the bills to which I have referred.

Mr. WHERRY. When their consideration is concluded, will the Senate take a recess until Monday?

Mr. LUCAS. Yes.

Mr. MAGNUSON. Mr. President, I have no objection to the time for voting being fixed at 12:30, but I was wondering whether there should not be added to the request a provision that there should be some division of time, at least 10 or 15 minutes to a side, to apprise those Senators who may not be here now what they are going to vote on at 12:30.

The PRESIDING OFFICER. The Chair calls the attention of the Senator from Washington to the fact that the order has already been made, and there is no unanimous-consent request pending at the present time.

Mr. MAGNUSON. The order is to vote at 12:30?

The PRESIDING OFFICER. To vote at 12:30 on Monday.

Mr. BRICKER. Mr. President, the question before the Senate is the nomination of John Carson, of Michigan, to be a member of the Federal Trade Commission. The time might have been when the President of the United States could confer with the Members of the Senate as to appointments, and take their advice and their consent on an entirely different basis from what is necessary at the present time. The expansion of the administrative functions of government is such that the President has no time to confer except with the leaders of the Senate, of his own party, no doubt, in preparing nominations, and possibly not even with them. So I do not take the attitude which one of my colleagues took last week, when he said that he votes for or against the confirmation of a nomination submitted by the President on the basis on which he would have chosen him himself. In other words, if he would not have picked the man in the first place himself, he would vote against confirmation. I do not believe it is possible or practicable for us to approach confirmation of appointees from that point of view.

As for myself, I very reluctantly oppose appointees of the President of the United States. I know the complexities of administrative functions of government. I have served in an executive position, as many other Senators have, and those who have been executives know the difficulties of filling public positions of responsibility. If it is at all possible to vote for confirmation, my inclination is to do so. After all, the policies, the responsibilities of administration, the conduct of the Government's business, are in the hands of the Chief Executive directly through his appointees, and it is not the function of the Senate of the United States, in my judgment, to impair, impede, or in any way interfere with that executive or administrative responsibility. My judgment in voting against the confirmation of an appointee is based wholly upon a determination that he is entirely unfit for the responsibility of the office to which he has been appointed.

As all Senators know, the Federal Trade Commission was authorized by the Congress of the United States in 1914. Its functions primarily are concerned with the conduct of business, with the relation of small business to big business, with the relation of business to the public. Primarily the Commission is charged with the responsibility of seeing that there is no curbing of small business, no interference with free competition, and that the consumer public or the purchasing public is protected against fraudulent advertising and against practices on the part of business which might be detrimental to the general public or consumer interest.

This is a bipartisan board. The term in the act was adopted from the Interstate Commerce Act. It reads, substantially, like this, "that no more than three members of the Federal Trade Commission shall be of the same political party."

That is the provision, almost exactly, of the Interstate Commerce Commission Act.

The practice in making appointments to the Interstate Commerce Commission heretofore, I think without exception, has been to name men of either Republican or Democratic persuasion. That has heretofore been the practice in the Federal Trade Commission. The law does not exclude an independent, nor does it exclude a member of the Dixiecrat Party, or a member of the so-called Progressive Party, but only says that not more than three members shall be of one political party.

Mr. Carson has been appointed to take the place of a Republican. This, in the practice, historically, and, I think, in the spirit of the law, is a Republican appointment. The requirements for the office are, first of all, an understanding of administrative procedure, some comprehension of the admissibility of evidence, and an understanding of court or quasi-judicial procedures and administration.

Secondly, one appointed to the Federal Trade Commission ought to be thoroughly acquainted with the business interests of the country; he should understand trade and commerce, have some conception of the profit system, and be in thorough sympathy with and a believer in the private-enterprise system.

Now I want to lay this appointment against what I consider to be the requirements of one designated to assume the responsibilities of a member of the Federal Trade Commission.

First of all, Mr. Carson has had no business experience. He has never been engaged in business as such. He has never operated a business. He has never been an employee of any business, so far as the records show. Mr. Carson's record is that he has been a newspaper reporter in and about Washington for a considerable time. That, of course, qualifies him to understand the functionings of government, and possibly the functionings of this important administrative department of the Government. Certainly, it ought to give him a grasp of its duties and responsibilities.

He was then, subsequent to that time, a secretary to a distinguished Senator from the State of Michigan, Senator Couzens. In his presentation to the committee he said that he had served as secretary to Senator Couzens, and also as an economic adviser. I think, frankly, that maybe some of the Senators now present ought to have an economic adviser, but I do not know what the governmental functions of such an adviser are. I do not know what that job encompasses. But, nevertheless, Mr. Carson served in that capacity during the tenure of Senator Couzens. He then returned to the newspaper field as a reporter in Washington, or the representative here at least, of the magazine called Labor, which is the magazine of, I think, the Railroad Brotherhoods, a rather exclusive field of operations, but still that might give him further experience in the functions of government.

Later, after that, he was secretary, as I think I recall, to the Bituminous Coal Commission, and served in that capacity until the work of that Commission was turned over to the Department of Commerce. At that time Secretary Ickes, whether it be to his credit or to his discredit, dismissed Mr. Carson as a consumer counsel, instead of secretary, of the Bituminous Coal Commission.

Shortly after that he became the Washington representative of the Cooperative League of the United States, a special interest organization which is dealing exclusively with the functions and the interest of the cooperative movement in the United States. In that capacity he served in what he called a public relations function. He also had charge of some of the publications of the organization. He had some relationship with the news letter or the reports of the national organization here in Washington to the consumer cooperatives and to the cooperative generally throughout the country.

That organization has in its membership some 20 percent of the cooperatives of the country, composed largely of those who are engaged in consumer cooperative and agricultural production cooperative activities. I think he excluded entirely building and loan and insurance cooperatives. Maybe a couple of small insurance cooperatives were members of the association. He described this organization, of which he is the public relations counsel or secretary, as an educational institution. It conducts no business. It is not a cooperative itself. It is sustained, though, by the various member cooperatives.

Then in turn this association, of which he is the counsel, the public relations representative, is a member of an international cooperative organization which encompasses the representatives of the cooperative movement in other countries of the world. They have meetings in various countries to discuss the cooperative movement.

Mr. Carson has been a protagonist—which is perfectly all right; it is a thoroughly legitimate organization conducting a legitimate business—he has been a

protagonist, a zealous protagonist, of the functions of the cooperative movement.

During the discussion of the nomination in the committee, the functions of this cooperative educational organization in Washington came into full focus. We discovered that they have a library, that they publish books, that they approve some and disapprove others; that they adopt some that are published by other companies as a part of their circulating library. They recommend them to their membership and to the various cooperatives throughout the country.

The one book which came into particular prominence in the discussion was one by the so-called father of the cooperative movement in the United States, a Dr. Warbasse. It is true that Mr. Carson and his principal proponent in these hearings, who is a former Representative from California, and really now the active head of the cooperative movement, disclaim their approval of many of the statements in Dr. Warbasse's book. But, nevertheless, it goes out over the country with the approval of the organization of which Carson is the actual functioning head in Washington. That book has many dreamy things in it, many suggestions by the author which go clear beyond all reason, which, if carried to their ultimate conclusion, would mean the destruction of our representative form of government, which are contrary to the whole system of private enterprise as we understand it, and ultimately would do away with it. I do not accuse Mr. Carson of advocating it, but this is the vision of one who is dreamy and impractical and does not understand our economic structure.

Mr. MALONE. Mr. President, will the Senator yield for a question?

Mr. BRICKER. I yield for a question.

Mr. MALONE. Do I understand the distinguished Senator from Ohio to say that Mr. Carson has at different times put himself on record as being against the private-initiative system as practiced in our country and as being against our form of conducting business in general?

Mr. BRICKER. If the Senator will bear with me for a moment, I shall read from the record his statements, and the Senator can judge for himself as to his attitude toward American business.

Mr. MALONE. In general, does he take that position?

Mr. BRICKER. In general, he has taken that position, following the teachings of Dr. Warbasse, to whom I have referred. At one place in his book Dr. Warbasse talks about doing away with the legal profession as such. I know that many Members of the Senate would not agree with that philosophy. He also talks about doing away with the trappings of the courts and our legal processes, so that when we reach the time when the cooperatives do all the producing and consuming, we shall have reached the Utopian era for which he looks, and toward which he thinks the cooperative movement is bringing us.

I mention that to emphasize the fact that there is a cleavage today between the cooperative movement and business as such under the private-profit enterprise system which has been built up. In many communities that difference is very acute. In many communities it involves taxation. In many communities it involves many other aspects of divergence of opinion between private business and the cooperative movement. Without taking sides one way or the other, all we have to do is to analyze the enthusiastic support on the part of Mr. Carson of the cooperative movement as contrasted with private business, to lay down a standard as to whether or not he is eligible for membership on the Federal Trade Commission and could honestly carry out the functions of a member of that Commission.

So his business experience is practically nil; his association with business has been strictly limited; and his functions in the Government have not been such as to acquaint him with the responsibilities of this office, except in a general way. That Mr. Carson was honest enough to admit on the witness stand.

There are many supporters of Mr. Carson, the principal one of whom is Mr. Jerry Voorhis, known by many Members of this body who were associated with him in the House of Representatives. Mr. Voorhis is active in the cooperative movement, which is not in any real sense of the term under the jurisdiction of the Federal Trade Commission. I do not know that it has any relationship at all to the functions of that organization.

There was opposition to Mr. Carson on the part of many of the trade associations of the country. In fact, the secretary of the National Association of Trade Associations came before the committee and opposed the confirmation of his nomination on the basis that he was not qualified for the job. That is the first requirement.

The second requirement, I think, is a political one. As I mentioned in the beginning, the law provides that no more than three members of the Commission shall be members of any one political party. We have two great political parties in this country. The one does not want to destroy the other. As I understand, it simply wants to defeat the other on election day. But both have been protagonists for the best interests of the Nation. They have been zealous to render service which will support and strengthen the institutions of government and business. Here is an effort to break down a bipartisan board. I do not know whether it was deliberate or not, but I do know the consequences. I understand the effect of an appointment of this kind. There are already three Democratic members of the Board. There have been two Republican members. This appointment supplants one of those Republican members on a bipartisan board.

I think one of the primary functions—perhaps the basic function—of good citizenship is to vote on election day. That is what we like to tell the electorate when we are campaigning. I think there was a little default last fall, especially on our side of the party line, when millions of people failed to vote, which is certainly a condemnation of their interest in government and of their proper functioning as good citizens. So I think the first requisite of good, patriotic citizenship is the obligation to vote on election day. That is the only way we can get an expression of the will of the people. If that be true of the ordinary citizen not engaged in governmental activity, it is 10 times more true of the man who assumes a public responsibility in public office.

What is the situation with respect to Mr. Carson? Mr. Carson was registered as a Democrat in the State of Indiana many years ago. The record is indefinite as to when he last registered. The last assurance we had of his registration was in 1916, when he registered as a Democrat. Subsequent to that time, if reregistration were necessary, he reregistered in 1918, or possibly 1920. Then he became what he calls an independent. That is a political classification with which I have had very little association. I may not understand the thinking of the so-called independent in public office, especially in a bipartisan public office such as this.

He became secretary to Senator Couzens, who was elected as a Republican from the State of Michigan, but he never at any time changed his political affiliations. He later supported for the Presidency of the United States the Progressive candidate for President, but at that time did not assume the responsibilities of citizenship and register and vote.

Mr. Carson stated that he tried to register in the State of Michigan at a subsequent date—I think somewhere in the 1920's—but that he was unable to do so. The reason he gave was that he could not make an affidavit that he had been a legal resident of the State of Michigan for a period of 6 months. We all know that the question of residence, for voting purposes, at least, is a matter of intention. It is so in my State. It has been held time and again that even if a person owns no property in the State, if he is a resident of Washington, D. C., and has a political job here, he can return home and assume legal residence, and is permitted by the board of elections to register as a qualified voter.

Mr. Carson stated that since that time he had not tried to register or vote in any general election. The question was then asked of him, "Are you a Republican or a Democrat?" He said, "I am an independent, although the last time I registered, I registered as a Democrat." We asked him if he designated his party when he attempted to register in the State of Michigan. His answer was, "I presume that if I had registered in the primary or had to designate a party with which I was affiliated, I would have registered as a Republican." His reason was that when he went in to register there was by his side a prominent Republican lawyer of the State of Michigan who was a friend of his.

That is the extent of his partisanship, or of his republicanism. Since that time he stated that he had supported candidates on both sides of the political fence, but had not voted since 1916 or 1918, I think the record shows.

A moment ago I stated that one of the requisites of this office is a thorough understanding of, sympathy with, and belief in the system of government under which we live. A member of this Commission must swear to uphold that system. It is his job to regulate business, to see that big business does not interfere with little business, that there is no violation of the antitrust laws, and that the consuming public is protected against fraudulent advertising, and the like.

I should like to read a sentence or two from Mr. Carson's testimony in regard to his thinking on the subject of American business and our free-enterprise system. Mr. Carson's statement was made to the Senate Committee on Housing on February 7, 1945. At best he is a dreamer, a fuzzy thinker who has not pulled his logic together. He ranges the field. He branches off in all directions at once, and no one can ultimately understand what he is talking about. I defy any member of the committee to bring together what his real political philosophy is.

Another thing which thoroughly and utterly disqualifies this man for the position to which he aspires is an incident which occurred in the hearing. He was under discussion. There had been one or two previous hearings. Suddenly in the public press there appeared articles to the effect that in opposing the nomination of Mr. Carson the committee was opposing an encyclical of the Pope. One article which we saw stated that no doubt one member of the committee would be amazed to learn that in his opposition to Mr. Carson he was opposing the Pope. It was an amazing thing to me. I could not understand it; but finally it was revealed in the committee where this statement came from. One of the writers of the article has written a book which has been published by the Cooperative League, if you please. We learned that the Cooperative League of the United States had sent to its membership two articles in which it had used terms almost identical with the ones used by those political writers, who were sending their articles from Washington and were spreading them throughout the press of the United States, attempting to use Mr. Carson's religious affiliation in order to discredit those who were trying to ascertain the truth about him.

Mr. President, I say to you and to all other Members of the Senate that religious qualifications should not enter into the considerations involved in regard to the confirmation of the nomination of a person to an important position with the Government. Any man who will use his church affiliation in order to secure confirmation of his nomination to an important Government position is not worthy of the high office to which he has been nominated—in the present case, the office of member of the Federal Trade Commission. Any Member of the Senate who will use such an argument as the basis for opposition to the confirmation of such a nomination is not worthy of membership in the Senate of the United States. A man who will drag that issue into the question of confirmation is not worthy, I think, of holding high office in the service of the Government.

Mr. MAGNUSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. STENNIS in the chair). Does the Senator from Ohio yield to the Senator from Washington?

Mr. BRICKER. I yield.

Mr. MAGNUSON. I hope the Senator from Ohio will correct me if I am in error. As I recall the testimony, there was no testimony that Mr. Carson himself ever had been a party to bringing up that matter or ever individually had attempted to drag the matter of his church affiliation into the hearings.

I agree with the Senator from Ohio that it is unfortunate that that matter came up. It came up because of some article—a weekly letter, or something of that sort—in a publication issued by the league. But I do not recall that there was any testimony that Mr. Carson himself was responsible for that. In fact, he testified that he knew nothing about it.

Mr. BRICKER. The Senator from Washington is correct; Mr. Carson said he did not write the article, he did not converse with Mr. Campbell, who wrote the article, although Mr. Carson's office was right next door to Mr. Campbell's office, and Mr. Carson generally did go over the articles Mr. Campbell had written. But Mr. Carson denied that he had anything to do with that matter, although he took full advantage of it, and he has done nothing to prevent having its advantage accrue to him.

Mr. President, the situation was rather humorous, at the committee hearings, when the matter of the encyclical came up. A rather lengthy, and at times animated, discussion took place between Mr. Carson and one of the members of the committee, in regard to what the encyclical means. I do not think Mr. Carson knew what it meant. I am sure I did not know. We had to call in a Father of the church in order to clear up the meaning of the encyclical. He did that to our satisfaction; but certainly he never cleared up Mr. Carson's thinking regarding it, at least not to my satisfaction. I do not think anyone knows what Mr. Carson had in mind about it.

Here is what he had to say in his testimony before a congressional committee:

> I wish, as a new world and a new age dawns on us, that we could become honestly humble and thus intelligent, and that we would admit that society or government is weakened and destroyed by attempting to manage and control the lives of people.

That is an anomalous statement, to begin with. All of us know that when government controls the lives and the habits of the people and the conduct of their business, government becomes strong; and when government becomes strong, the people become weak; and the best way to weaken the people of America is to build up a strong central government. So that statement by Mr. Carson does not hold water; it does not make good, common sense.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. BRICKER. I yield.

Mr. MAGNUSON. I recall the statement, and many of us had different interpretations of it. But it seemed to me that it expounded a very good Republican doctrine.

Mr. BRICKER. No; it is not a Republican doctrine by any means.

Let me continue to read the statement Mr. Carson made:

> Big business and big finance—

Note this, Mr. President—

> did succeed in ruling the people for a long time.

Mr. President, that is the worst kind of demagogery one could possibly imagine. I know the faults of big business, and big business has been curbed of them and big business should be curbed; and it is the duty of the Federal Trade Commission to keep big business in proper line in relation to other business. But listen to the rest of Mr. Carson's statement:

> But that world, the world of competitive profit capitalism, began to have its death rattles in 1926, and it has been in convulsions ever since.

That is the statement of the man who wishes to regulate the business of this country, who wishes to be a member of the Federal Trade Commission.

Let me present a quotation, at this time, from an exposition on the part of Mr. Carson before the Cooperative Congress of Nova Scotia, at Antigonish, Nova Scotia, on July 3, 1946. I do not know whether Mr. Carson thought the statement he made there would ever come to the attention of the Senate committee. These are only a few of the vague, ephemeral remarks Mr. Carson made in the course of his public address there. He said:

> By their fruits you shall know them. The fruit of finance capitalism is the problem of unemployment, is widespread poverty, is a society poorly housed and poorly clothed and poorly fed and poorly provided with medical care. The fruit is in the lack of opportunity for men and resulting despair and frustration.

Mr. President, he was talking about the capitalistic system, of which our economy is a part.

He further said:

> All that is with us today and no man can say otherwise.

So he is a man who does not believe in the system on which the economy of our Nation is based. He says that, among all the other evils which the system on which our country is based, has produced, are "despair and frustration," "unemployment," "widespread poverty," "society poorly housed and poorly clothed and poorly fed and poorly provided with medical care." He says the system upon which our economic life is based is responsible for all those evils, although in this hour of the world's development all the other nations of the world are coming to us, seeking aid from the United States of America, the finest, strongest Nation on the face of the earth.

Mr. President, I believe that any man who seeks service in a high place in our Government, and in that connection would take an oath to support the Government of the United States, and yet

who looks upon his Government and his Nation with colored glasses of the sort his statements indicate he is wearing, is not worthy or fit to hold an important position in the service of the Government of the United States.

I read further from the speech Mr. Carson delivered in Nova Scotia on July 3, 1946:

The outstanding mark of the system of finance capitalism is found in that the great masses of mankind have become deprived of the ownership of means of production. We have created the proletariat.

Mr. President, such talk is like some of the talk of class enmity, engendering hatred over the world, which has been engaged in by certain persons in an attempt to destroy the welfare of mankind, which we are trying to resuscitate.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. BRICKER. I yield.

Mr. MALONE. In the committee hearings on the nomination of Mr. Carson, I notice that in the hearing on July 12, at page 107 and at several other pages there appear dispatches by an organization designated as CNS. I should like to inquire what organization is there designated.

Mr. BRICKER. On what page does that designation appear?

Mr. MALONE. On page 107, and also on several other pages.

Mr. BRICKER. I think the initials CNS stand for the Cooperative News Service, which publishes the papers circulated from Washington, the magazine and the letters which go out to the cooperative movement throughout the country.

Mr. MALONE. Then, all those dispatches should be credited to the Cooperative News Service, controlled to a large extent by the organization which Mr. Carson heads in Washington. Is that correct?

Mr. BRICKER. Entirely so.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. BRICKER. I yield.

Mr. MAGNUSON. I think we should keep the record straight. Mr. Carson does not head the Cooperative Association of America at all.

Mr. BRICKER. He heads the Washington office.

Mr. MAGNUSON. He does not even head the Washington office. He has been employed by the Washington office; and that was the testimony by his employers. They said he was employed as sort of a public-relations man for the Cooperative League of America. The executive secretary is a former Member of the House of Representatives, Mr. Voorhis, of California. The main office is in Chicago.

Presumably the policy, as I understood from the testimony, is determined by a board of directors, made up of several members. The names of all of them are listed in the hearings. They serve on the board of directors for the various cooperatives.

I do not think we should say that Mr. Carson was in the position of running the Cooperative League of America or of writing everything which has been written by the members of the Cooperative League or which has been issued through its organization, or that we should put Mr. Carson in the position of writing all the books or approving all the books which were sold in a book store operated by the Cooperative League.

As a matter of fact, the book, other than the encyclical, which caused so much discussion in the committee, was written by Mr. Warbasee. Mr. Carson testified he never read the book. I merely wanted the record to be straight over the week end.

Mr. MALONE. Mr. President, will the Senator from Ohio yield in order that I may ask the Senator from Washington a question in order to clarify the record?

Mr. BRICKER. I yield.

Mr. MALONE. I would say to the Senator from Washington I was mistaken. He does not head the public relations section of the office in Washington. It is managed cooperatively.

Mr. MAGNUSON. I know no more about it, I think, than does the Senator from Ohio. I only know what we get from the hearings. I had never heard of Mr. Carson prior to the hearings. I know Mr. Voorhis. The testimony is the Cooperative League has an office here, and Mr. Carson does some writing for them. He knows people in Washington, and I suppose he handles matters in the nature of public relations.

Mr. MALONE. Mr. President, I have no intention of delaying the discussion, but it certainly should be easy enough to identify a man who has been nominated for an office so important as is this one.

Mr. BRICKER. I can do that.

Mr. MALONE. He is head of an organization, is he?

Mr. BRICKER. I can easily identify him and his responsibility for the movement. The movement has a central office in Chicago. I described it a moment ago. Representative Voorhis, formerly a prominent Member of Congress, is its head. They have a local office in Washington, as well as in other cities, I think, which the record will substantiate, of which Mr. Carson is substantially the head. He calls himself a writer. He makes revisions of the writings of others. He has a department for which I think he is charged with the responsibility, which he says wrote these particular articles in the encyclical. Mr. Campbell is under Mr. Carson.

Mr. MAGNUSON. Is it a fact the two men ran a sort of public relations office? What is public relations in Washington? I think it is subject to a great deal of varying interpretation.

Mr. BRICKER. Mr. President, I have just one more paragraph or two to read. There are many others I could read.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. BRICKER. I yield for a question.

Mr. WHERRY. The material the distinguished Senator is reading now is from the statements of Mr. Carson, is it not?

Mr. BRICKER. It is from statements of Mr. Carson.

Mr. WHERRY. It is not from an editorial?

Mr. BRICKER. No. He made these statements in a public speech.

Mr. WHERRY. Was not one of them made at Nova Scotia?

Mr. BRICKER. One was at Nova Scotia. This is Mr. Carson's statement:

Without ownership—

In the previous paragraph which I read, he had said the capitalistic system had deprived man of ownership. He says:

Without ownership, man has no opportunity to develop that characteristic which we describe by the phrase "a sense of responsibility," and without that characteristic we destroy the possibility of men being freemen and destroy the possibility of sustaining our will to democracy in society. Society becomes—

Note this, Mr. President; it is the most important part of it:

Society becomes bankrupt—

Said Mr. Carson—

and insane—

Said Mr. Carson—

and eventually the state becomes the receiver to operate the insane asylum we are experiencing in the thing we call government.

If those are not fuzzy statements, without any foundation, I do not know how it would be possible to find them. There are many other matters in the record which I could bring to the attention of the Senate, and which are of great importance.

Mr. CAIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Does the Senator from Ohio yield to the Senator from Washington?

Mr. BRICKER. I yield.

Mr. CAIN. I wonder whether the Senator from Ohio will be kind enough to turn to page 29 of the hearings on Mr. Carson's nomination, which were held by the Committee on Interstate and Foreign Commerce?

Mr. BRICKER. I have the hearings before me.

Mr. CAIN. My curiosity has been seriously aroused about certain quotations from Mr. Carson, beginning toward the bottom of the page. I should like to ask the Senator's interpretation of them Will the Senator kindly tell me his opinion of what was meant?

Mr. BRICKER. I was going to read that statement, if the Senator from Washington will indulge me.

Mr. CAIN. I am merely interested in having the Senator read and interpret the language, if possible.

Mr. BRICKER. Said Mr. Carson, in a quotation which was read by the Senator from Maine [Mr. BREWSTER]:

I agree that we must produce as much wealth as is possible to carry the debt load imposed on us if we are to maintain the validity of that debt.

He is talking about the national debt. He then goes on to say:

Far better—

Than maintaining the validity of the national debt—

will it be if we adopt any one of the many methods of repudiating a part of that debt and keep our people free rather than to

enslave them to insure payment of that debt.

This country cannot be free and repudiate its debt to its own citizens; yet that is what this man who aspires to a responsible position over American business advocates, as a citizen and as a spokesman of the Cooperative League of the United States. It is said that rather than pay the debt, rather than maintain the validity of the national debt, we should by some process—one or another; he does not exactly define it—repudiate a part of that debt, and repudiation will keep America free.

Mr. President, I know of no better way to enslave people than to repudiate a part of our debt. Our whole Government structure falls with it. It falls on the very foundation of repudiation, and yet here is a man who aspires to be a public official in a responsible public office, who asks the Senate to confirm his nomination. In a public utterance he has said we ought to repudiate a part of our honest obligation to the people of our own country. If ever there were an insult to the integrity of the men who administer the functions of the Government, it is a suggestion such as that made by Mr. Carson.

Let me review, for a moment. This man, by no stretch of the imagination, could be considered a Republican. There are not five men on the floor of the Senate, when we are all present, not five men on either side of the aisle, who would pick this man for this job. Yet, that is not the question we have before us. The man is not a Republican. He does not assume to be a Republican. The best he says is that he is an independent, and that the last time he registered he registered as a Democrat. We do not want any person who does not believe in our system of government and free enterprise on a body which is supposed to regulate business, nor do we want—and I appeal to the other side, for I am confident they share this view—either a quasi Democrat or a quasi Republican in a job which rightfully belongs, under the spirit of law as it has been interpreted since 1914, to a bona fide honest-to-God Republican. That is the first failure of qualification.

The second is that this man has had no experience in business.

Mr. KEM. Mr. President, will the Senator yield?

Mr. BRICKER. I yield.

Mr. KEM. Has Mr. Carson ever registered anywhere as an independent?

Mr. BRICKER. No; there is no possibility of his registering as an independent in any primaries I know of in any State. He has never registered at any place either as a Democrat or a Republican since 1916, and then it was as a Democrat.

Mr. KEM. Is there any evidence, other than his own statement, that he belongs to a so-called independent party?

Mr. BRICKER. Nothing at all. There are certain self-serving statements in his own letters which he submitted. He said he could not sign the affidavit that he had been for 6 months a legal resident of the State of Michigan, and yet in 1946 he wrote to a Representative from the State of Michigan, who is still in the Congress of the United States, and said, "I want you to know that I am still a legal resident of the State of Michigan." That was in 1946. He wrote it in a letter, but he would not make an affidavit to that effect. I do not know why he would not, because it would have been perfectly legal for him to do so under the laws as they are interpreted in practically every State I know anything about.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. BRICKER. I yield.

Mr. WHERRY. As I understand, this is a bipartisan board. Is that correct?

Mr. BRICKER. It is a bipartisan board.

Mr. WHERRY. Is the nomination that is being considered now made on the theory that the man is a Republican?

Mr. BRICKER. He is selected to succeed a Republican.

Mr. WHERRY. That is, for the Republican place which is to be filled on the board?

Mr. BRICKER. That is correct.

Mr. WHERRY. That is what I mean. I should like to ask the distinguished Senator, who determines who is a Republican and who is not a Republican nowadays?

Mr. BRICKER. Of course in this instance the President of the United States has determined that this man is eligible for the job. I do not think he ever assumed he was a Republican, because Mr. Carson himself never assumed to be a Republican, and by no stretch of the imagination could anybody claim him to be a Republican. The nearest he ever came to it was when he said that if he had been able to register in Michigan and had had to proclaim his party, he likely would have said he was a Republican, because there was a prominent Republican lawyer from Michigan with him at the time.

Mr. WHERRY. If the distinguished Senator's observations are to be carried to their logical conclusion, and the two-party system is to be maintained, it is necessary that the party that is in power, whether it be Democratic or Republican, shall appoint to bipartisan boards a member of the one party or the other. Is not that correct?

Mr. BRICKER. It should be.

Mr. WHERRY. Is not that true in our State organizations?

Mr. BRICKER. It is true in practically all our State organizations. I have known of governors of some States who desired to get around that obligation and who appointed someone who was not a Republican, was not anything, in fact. But that is not good, honest government.

Mr. WHERRY. Should not the minority members of a bipartisan board be asked for recommendations as to who they feel should sit on the board to represent the minority party?

Mr. BRICKER. There is no doubt about that, if we are to maintain the spirit of the law and the integrity of our Government.

Mr. WHERRY. The Senator has been the Governor of Ohio. Is not that the practice in his State?

Mr. BRICKER. It is not only the practice, but I have thought it was an obligation of the Governor, and I went to the opposite party when there was someone to be appointed on a bipartisan board.

Mr. WHERRY. Is not that the practice which should be pursued in the Nation's Capital? Should not the minority have something to say about it? Should they not offer recommendations in connection with appointments when someone of their own party is to be appointed? Is not that the only constructive way to proceed?

Mr. BRICKER. There can be no doubt about it. The Democratic Party should be just as zealous as should the Republican Party in following such a course. If the Republican Party ever disintegrates—I pray God it will not, but it may—if it does, we shall have a lot of splinter parties, and there will be nothing but a coalition form of government. Our Government has worked too well, thus far, to take a chance on that kind of treacherous activity in public life.

Mr. President, this man is not qualified as a Republican. He is not qualified by experience. Certainly the quotations which I have read from his writings, his speeches, and his testimony before the committee, in fact his whole attitude, indicate that he is utterly incompetent to fill this position to which, in my opinion, he is not even legally qualified to be appointed.

Mr. MAGNUSON. Mr. President, so long as the Senate will not vote until 12:30 on Monday I shall not take up much time on this matter. I do not think there is any dispute as to the facts involved. I do not think the Senator from Ohio or myself hold any brief for some of the things which have been written in some of the books which the Senator has described. It may be that some of us do not agree with the thinking of Mr. Carson. Some of us may not even agree that certain boards and commissions should be composed of Democrats and Republicans, or all Democrats, or all Republicans. However, I think the record should be clear over the week end to the extent that Congress itself has laid down the qualifications for membership on bipartisan boards. The law says that no more than three of the Commissioners of the Federal Trade Commission shall be members of the same political party.

What the Senator from Ohio has said is correct. It was taken from the hearings. But in order to evaluate the facts, one must read the whole testimony and all of the matters brought up in the hearings.

What we shall have to vote on is not so much what has been said by some person writing a book, but the nomination which the President of the United States, under the law, has sent to the Senate. The President has nominated a man who frankly says that he is not a Democrat. I do not think he qualifies as a Republican. He says he is an independent. He was secretary to Senator Couzens for some time. He has been around the Capitol and was engaged in newspaper work for some time. I think his views are well known to nearly every one in Washington who has been here any great

length of time. But whether we agree or disagree with his views is not the point. We could get into a discussion on that question which could continue until Christmas, involving political theories and philosophies and the political approach to the cooperative movement. The committee for 3 or 4 days went into the encyclicals of the Pope in an attempt to understand the meaning of some of the things which the nominee had written and said with reference to cooperatives. I know that Mr. Carson did not drag the subject in, but, unfortunately, it became a part of the hearings. I think we can settle the matter very quickly on Monday. I hope to make only a very brief statement regarding the facts, not necessarily with reference to the man himself.

The Senator from Ohio has been reading excerpts from the hearings. If we want to go into the subject of political philosophies and political theories, I could take the CONGRESSIONAL RECORD, if I wanted to indulge in such research, and could go back and consider anyone who served in the legislative body or has had anything to say on any important subject, and could take excerpts and make interpretations of statements which could be taken one way or another way. As a matter of fact, our experience here as Members of a legislative body is that we express certain intentions and try to convey them through the English language, and yet certain columnists or newspaper reporters, who are serious and honest in their work, will write 10 or 12 different stories on what we meant. That is true with regard to the hearings. Some persons thought the testimony meant one thing, and other persons thought it meant something else.

Mr. KEM. Mr. President, will the Senator yield?

Mr. MAGNUSON. I shall be glad to yield to the Senator from Missouri for a question, but before I yield let me say that the question involved is a simple one. The nominee has been writing a great deal. He has been somewhat prolific in his writing. He has been working for the Cooperative League of America. Many people do not agree with the cooperatives. Here, again, there is a great difference of opinion. In some places cooperatives are approved by all the citizens of the community, whether they be conservative, liberal, radical, or whatever their political philosophy may be. In other sections of the country cooperatives are looked upon as being antagonistic to our American way of life. Even there there is a difference of opinion.

If we follow through in some of the statements made by witnesses, pro and con, we shall find that none of the statements were made against the integrity of Mr. Carson. They were all discussions of a political approach to the economic problems of the United States and of the world. Some of the statements read by the Senator from Ohio were interpreted in one way by Mr. Carson and in another way by someone else. Some of the speeches he made were interpreted in different ways by different persons. Finally we got down to the encyclicals of the Pope, and they were interpreted in every possible way by every member of the committee.

I think that if Senators will take the time over the week end to read this portion of the testimony they will have a better understanding of the whole matter. At least it is a good seminar on political philosophy, pro and con, up and down, right and left, and in every other way. That is all it amounted to. I yield to the Senator from Missouri.

Mr. KEM. I noticed the Senator referred to the hearings.

Mr. MAGNUSON. I might say to the Senator that it happened to be my lot to preside at most of the hearings. The distinguished Senator from Colorado [Mr. JOHNSON] could not be present because of other hearings. None of us are champions of any one person, but the hearings became quite interesting, and we held them for many days. The reason why we are both here is that we did listen to most of the testimony and we were quite active in this matter, as were the Senator from Maine and the Senator from Ohio and others.

Mr. KEM. Mr. President, I desire to ask the Senator several questions. He says that this is a very simple matter, but I am sure he will agree with me it is a very important matter.

Mr. MAGNUSON. Oh, yes.

Mr. KEM. The Senator said that Mr. Carson was not a Democrat. It appears that he was registered as a Democrat. Does the record indicate when he ceased to be a Democrat?

Mr. MAGNUSON. I have the record here in the hearings. I could not give the page offhand, but in his testimony he says he is not a Democrat.

Mr. KEM. Does the record indicate when he ceased to be a Democrat? It appears that he registered himself as a Democrat. The question is, Did he cease to be a Democrat, and, if so, when? Does the record show that?

Mr. MAGNUSON. I do not know that there was any time when he made the confession and decided then and there that he was not a Democrat.

Mr. KEM. Did he indicate in a formal way, prior to his nomination to the office to which he has been appointed, that he had ceased to be a member of the party to which he had given his allegiance?

Mr. MAGNUSON. He wrote a letter. I have not the exact page, but I will check it. The testimony shows that at one time he registered as a Democrat, back in 1916. He went to work for Senator Couzens, and was very active in the Republican campaign.

Mr. KEM. I fail to make myself clear. The question is, Did he indicate at any time, after he registered as a Democrat, that he had ceased his allegiance to that party?

Mr. MAGNUSON. Oh, yes.

Mr. KEM. At what time, and where?

Mr. MAGNUSON. He did not specify the hour or the day.

Mr. KEM. Did he specify the month?

Mr. MAGNUSON. He did not specify the month.

Mr. KEM. Did he specify the year?

Mr. MAGNUSON. No; not the year. As I remember the testimony, he did not specify it, but surely he was very active in Republican circles away back. The Senator from Michigan, who is now present, can tell when Senator Couzens was in the Senate.

Mr. FERGUSON. I was wondering if the Senator knew whether he ever voted in Michigan.

Mr. MAGNUSON. He testified he did not vote. He worked in campaigns in Michigan, but did not vote. The testimony is there. He said he tried to register, and the Michigan law would not allow him to register.

Mr. KEM. It is not unusual for members of the Republican Party to take an active part in Democratic campaigns, and vice versa. I can give the Senator some notable examples of that, if he is interested.

Mr. MAGNUSON. There are some notable examples of that in Congress.

Mr. KEM. The question I am putting to the Senator is whether there is any evidence that this man who registered himself as a Democrat ceased to be a Democrat at any time prior to his nomination to this office?

Mr. MAGNUSON. I cannot answer the Senator, I will say again, as to the hour or day.

Mr. KEM. The Senator said there was nothing in the record that reflected in any way on the integrity of the appointee.

Mr. MAGNUSON. That is my recollection.

Mr. KEM. The Senator from Ohio read something in which the appointee said that he thought the national debt should be repudiated in whole or in part. I will ask the Senator whether in his opinion such a statement reflects in any way on the integrity of the person making it.

Mr. MAGNUSON. I think if the Senator will read on he will find that that is a part of the context of a long statement, and in the hearing the Senator will see what Mr. Carson said he meant by that. If we are to take him at his word, what he meant by it would be no reflection.

Mr. KEM. Will the Senator be good enough to tell us what he did mean by it?

Mr. MAGNUSON. I cannot tell the Senator what he meant, except what he said he meant.

Mr. KEM. Will the Senator be good enough to tell us what he said he meant by it?

Mr. MAGNUSON. Yes; I will find the page. It is on page 29, if the Senator will take the time to read it over the week end; there are three or four pages.

Mr. KEM. I think we have time enough for the Senator to invite the attention of the Senate to the language. The Senator agrees this is a very important matter.

Mr. MAGNUSON. Yes.

Mr. KEM. It should not be rushed through with undue haste.

Mr. MAGNUSON. It is on page 29.

Mr. KEM. Will the Senator read the exact statement, or give me the citation so that I can read it, of the appointee about repudiation of the national debt?

Mr. MAGNUSON. There is part of it on page 29, and throughout the testimony on various pages there is reference back to that statement. The Senator from Maine [Mr. BREWSTER] was cross-examining Mr. Carson and he made several statements, which appear on pages

29, 30, and 31. I think there was further testimony in other parts of the hearings.

Mr. KEM. Where does he explain what he means by repudiation of the national debt?

Mr. MAGNUSON. That is on pages 30 and 31.

Mr. KEM. Would the Senator be kind enough to read the language used by Mr. Carson?

Mr. MAGNUSON. I think the Senator can read it himself. I shall be glad to read it for him.

Mr. KEM. I ask the Senator if he will be good enough to read it.

Mr. MAGNUSON. The Senator is a much better reader than I am.

Mr. KEM. I thank the Senator for his compliment, but I hope he will be good enough to comply with my request.

Mr. MAGNUSON. The Senator from Maine [Mr. BREWSTER] was quoting, and correctly quoting, some excerpts from what this man had said before the House Banking Committee, and his whole statement before the committee is in the record. I asked that it be put in. I quote:

Senator BREWSTER. Then I will quote your statement before the Senate Banking and Currency Committee as submitted here by Senator HENDRICKSON—

The distinguished Senator from New Jersey, now in the chair—

who was not able to be here but called attention to it. This is the quotation before the Banking and Currency Committee:

"I agree that we must produce as much wealth as is possible to carry the debt load imposed on us if we are to maintain the validity of the debt."

Is that what the Senator means?

Mr. KEM. I am asking the Senator for Mr. Carson's explanation of his ideas as to the repudiation of the national debt.

Mr. MAGNUSON. The Senator from Maine [Mr. BREWSTER] said further:

That is what we all want.

Mr. KEM. Mr. President——

Mr. MAGNUSON. Just a moment. The Senator has asked me to do the reading, and I shall do the reading. The Senator from Maine said:

But you say:

"Far better will it be if we adopt any one of the many methods of repudiating a part of that debt and keep our people free rather than to enslave them to insure payment of that debt."

The Senator from Maine said, "What did you mean?"

This is what Mr. Carson answered, as appears on page 30 of the hearings:

Mr. CARSON. I meant by that, in preference, if it came to place where, in order to maintain an economy of $250,000,000,000 or $300,000,000,000, if it became necessary in order to do that, to create complete Government control of our economy and develop that kind of an enterprise.

I thought then the Government could far better, to preserve our democratic way of life, find some means of compromising the debt, such as we have done in business all our lives, such as we have done by Government through compromising with farms, to save our family life on farms, the debt on our housing, with the HOLC, and so forth.

Senator BREWSTER. In the first place, there is certainly nothing of that in what you say here. Is this quotation correct, do you think?

Mr. CARSON. I think the entire quotation, Senator——

Senator BREWSTER. You first say "Let us produce as much as we can to carry the debt." That is what you now say you believe in, what we all believe in?

Mr. CARSON. Yes, sir.

Senator BREWSTER. Why do you then go on to say—

Then he reread Mr. Carson's statement.

Mr. CARSON. I meant by that, this, as I said before, that we must do everything——

Senator BREWSTER. You preferred that to producing wealth? That is what you said?

Mr. CARSON. May I answer, Senator? I said that if—what I meant was this: If we could develop——

Senator MAGNUSON. Mr. Carson, if you would speak a litle louder?

Mr. CARSON. Pardon me. I am sorry.

If we could, we must do everything in our power to develop our production through our free-enterprise system.

Senator BREWSTER. That is right.

Mr. CARSON. To carry the debt load. If the condition continues, such as in 1933 or something——

Senator BREWSTER. You do not say that. You say—

Going back to the other statement.

That is what you say.

Mr. CARSON. Again, all through this whole article, Senator, if you will read it, there is this expression all the way through it—the context of the article—this is the one on housing——

Senator BREWSTER. Is this a transcript of that speech?

Mr. CARSON. This is the one on housing.

Senator BREWSTER. Is this the one in which this paragraph occurs?

Mr. CARSON. Yes.

Senator BREWSTER. Have you the whole context?

Mr. CARSON. I have the whole context. I would not vouch for its accuracy, but I am sure it is.

Then he submitted, as I recall, the transcript.

Senator BREWSTER. Before the Banking and Currency Committee in 1945?

Mr. CARSON. June 11, 1945. What I tried to say in that—and under the stress you have made, not to elaborate your ideas as far as you can—what I tried to say in that, through that article, is let us endeavor in every way to find the means to help people to help themselves become self-dependent, self-reliant. That is what I meant by that, under the free-enterprise system.

If we could do that, if we can carry the debt in that way, fine, let us do it. That is the maximum production.

(Thereupon, a discussion off the record was had.)

Senator MAGNUSON. Mr. Carson, you may be temporarily excused.

That is the end.

Mr. KEM. Mr. President, does the Senator find there a satisfactory explanation of the statement? I quote:

But far better will it be if we adopt any one of the many methods of repudiating a part of that debt and keep our people free rather than to enslave them to insure payment of that debt.

Mr. MAGNUSON. I do not agree with that statement any more than the Senator from Missouri does. I say that the explanation made by Mr. Carson as to what he meant at that time is satisfactory. I could not delve into his mind. I believe if the Senator will read the whole of Mr. Carson's testimony he will find a satisfactory answer to his question. He will find what Mr. Carson intended to convey.

Mr. KEM. It is perfectly clear what Mr. Carson intended to convey. He used language which is easily understood, but he attempted in his testimony to trim, to evade, and to get around it if he could. I ask the Senator whether he believes Mr. Carson was successful in doing so.

Mr. MAGNUSON. I do not know whether he was successful in doing anything. I think if the Senator will read the testimony he will come to a satisfactory conclusion respecting Mr. Carson's interpretations of these philosophical approaches to the political and economic problems of the day.

Mr. KEM. I should like to get back to the question. The Senator said there is nothing in Mr. Carson's testimony which reflected on the integrity of the appointee. I will read the Senator this statement, and will ask him if he thinks it reflects on the integrity of the appointee:

But far better will it be if we adopt any one of the many methods of repudiating a part of that debt and keep our people free rather than to enslave them to insure payment of that debt.

Mr. MAGNUSON. I do not think that reflects on the integrity of the man at all.

Mr. KEM. Perhaps the Senator does not think it reflects on the personal integrity of the man who says it. I think it reflects upon his integrity as a citizen of the Republic. I think it reflects seriously on his qualifications for a high public office.

Mr. MAGNUSON. I do not think it reflects on the man who says it, as I believe the Senator will find if he reads the testimony and all the articles Mr. Carson has written. None of the members of the committee agreed with that text as it is set forth. No one agreed with that political and philosophical approach. I think a man is entitled to speak the way he thinks. That is his business. But that does not mean that his integrity is subject to question, or that he might not be perfectly honest or have an honest intellectual approach to such matters.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. LUCAS. What was the vote in the Committee on this nomination?

Mr. MAGNUSON. The vote was 7 for and 4 against.

Mr. LUCAS. Will the Senator further yield?

Mr. MAGNUSON. I yield.

Mr. LUCAS. As I understand, from what the Senator from Washington has said in answer to the inquiry of the Senator from Missouri, Mr. Carson completely satisfied the committee by the statements he made to it. It is very obvious that the Senator from Missouri cannot be satisfied by what Mr. Carson said before the committee. The question is one of the interpretations of what Mr. Carson said. At least Mr. Carson on two occasions in his testimony before the committee said he was strong for the free-enterprise sys-

tem. I have noticed that my Republican brethren do not touch upon that statement by Mr. Carson. Yet we hear good Republicans constantly preach that we ought to be for the free-enterprise system. Mr. Carson has apparently satisfied some individuals that he is a pretty good Republican, because he constantly talks about the free-enterprise system. I think the President has made a very good Republican nomination, judging from what the Senator said a moment ago.

Mr. MAGNUSON. I will say to the Senator from Illinois again that there were various interpretations made of the statements by Mr. Carson in the hearings. Mr. Carson presented several articles written by him. He uses the words "free-enterprise system" just as much as any one on the Republican side would use it in a political speech.

The Senator from Ohio [Mr. BRICKER] has left the Senate Chamber. I shall be glad to make a few more remarks on Monday before we vote on the nomination. In the meantime I hope that Senators will, on this very important matter, take the time over the week end to read the hearings. They will find them to be illuminating, interesting, and educational.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. WHERRY. Was Mr. Carson ever registered as a Republican?

Mr. MAGNUSON. As I recall, he sent a letter to the committee on that point. I do not think he was ever registered as a Republican.

Mr. WHERRY. I thank the Senator.

Mr. MAGNUSON. I think the testimony is that he attempted to register in Michigan, but could not do so under the law.

Mr. WHERRY. Was he ever a legal resident of Michigan?

Mr. MAGNUSON. He claims to be, but apparently the Michigan law was such that he could not register. He said at the time he tried to register he could not do so, because he could not testify he had lived there for the required 6-month period.

Mr. WHERRY. Mr. President, will the Senator further yield?

Mr. MAGNUSON. I yield.

Mr. WHERRY. I wish to say to the Senator that I am not trying to be facetious at all.

Mr. MAGNUSON. I understand.

Mr. WHERRY. But I am trying to obtain a direct answer as to whether or not Mr. Carson ever was registered as a Republican, no matter where he might have lived.

Mr. MAGNUSON. I do not think the testimony shows that.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. WILLIAMS. Was there anything in the testimony to show the most recent date on which Mr. Carson voted?

Mr. MAGNUSON. Yes; that is in the testimony. I do not recall.

Mr. WILLIAMS. Does the Senator have any idea?

Mr. MAGNUSON. No. It is in the testimony. The Senator will find it if he will read over the testimony during the week end. I will present it on Monday. I do not recall just now.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. FERGUSON. In what State did he vote last?

Mr. MAGNUSON. As I recall, the testimony was that he voted in Indiana.

Mr. FERGUSON. Was that the last time he voted?

Mr. MAGNUSON. So far as I know.

Mr. FERGUSON. When was that?

Mr. MAGNUSON. I have not the exact date, but there is a letter in the record which gives that information.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. WILLIAMS. Does the Senator know of what State he has been a resident during the past 10 or 12 years?

Mr. MAGNUSON. He has always thought himself to be a resident of Michigan.

Mr. WILLIAMS. Is that in the testimony?

Mr. MAGNUSON. Yes.

Mr. WILLIAMS. I presume from that answer that he must have been either paying taxes or voting in the State of Michigan.

Mr. MAGNUSON. I do not know that he has been paying taxes.

Mr. WILLIAMS. If he were a resident of the State of Michigan, he would be paying taxes. Is not that correct?

Mr. MAGNUSON. Not necessarily.

Mr. WILLIAMS. I wonder if the Senator from Washington would help obtain that information over the week end?

Mr. MAGNUSON. It is all in the hearings.

Mr. WILLIAMS. I am interested to know whether or not he was a resident and thought perhaps the tax record would show.

Mr. MAGNUSON. If the Senator from Delaware and all other Senators will read the hearings, they will find the information there. I merely acted as chairman of the subcommittee. There are many pages in the hearings. I shall try to look up the exact page, but I am giving the Senator my best recollection of the hearings. Obviously I have not memorized this volume.

Mr. WILLIAMS. I have been unable to find it in the hearings. I wish the Senator from Washington would see if he can find that information for me over the week end.

Mr. MAGNUSON. The information is in the hearings. The Senator can look it up.

Mr. WILLIAMS. Am I to understand that the testimony will show in what State Mr. Carson has been a resident for the past 12 years?

Mr. MAGNUSON. As I recall the testimony, he has always considered himself to be a resident of Michigan.

Mr. WILLIAMS. I will check the record again for the information.

Mr. MAGNUSON. I do not believe that any question was asked by any member of the committee as to whether he paid taxes, or where he paid taxes.

Mr. KEM. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. KEM. Was he ever a registered voter in the State of Michigan?

Mr. MAGNUSON. So far as I know, he was not.

Mr. KEM. Is it the Senator's understanding that the only State in which he has voted is Indiana?

Mr. MAGNUSON. As I recall the testimony, he voted in Indiana in 1916.

Mr. KEM. And he was registered as a Democrat at that time?

Mr. MAGNUSON. The testimony is to that effect.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. WILLIAMS. I merely wish to keep the record straight. The Senator from Michigan [Mr. FERGUSON] has just advised me that there is no State income tax in Michigan, so there would be no record, in that respect to prove his residence. I was asking the question because I did not see it answered in the hearings.

Mr. MAGNUSON. One can be a resident of some States without paying taxes. It is true that most residents of a State pay taxes, but it is possible to be a resident of a State and not pay taxes. We did not ask him about the taxation problem. Everything else was asked him. I am sorry that we forgot that.

Mr. WILLIAMS. I understand that but was merely asking what the rule was in Michigan, the State in which Mr. Carson claimed residence. The Senator from Michigan [Mr. FERGUSON] has supplied the information.

Mr. CAPEHART. Mr. President, I shall take only 1 minute on this problem. The nomination of this gentleman is to be confirmed for a term of 7 years. I urgently recommend that between now and next Monday at 12:30 every Member of the Senate read the record.

I congratulate the able Senator from Ohio [Mr. BRICKER] for his presentation of the case. I agree with him 100 percent. I urge every Senator to read and study the record. If he will read and study the record, he can come to only one conclusion, and that is that it would be a mistake to appoint this man to the Federal Trade Commission for 7 years.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. MAGNUSON. I join with the Senator from Indiana in urging Senators to read the record. There is no dispute among members of the committee as to the facts. The difference of opinion arises on the question of interpretation of the facts.

Mr. CAPEHART. I think this is a very poor appointment, and I think we shall regret the day we confirm this nomination.

I cannot help but remember that about 3 hours ago this body turned down the nomination of a fine, outstanding gentleman of experience to head the Munitions Board. Yet, in my opinion, at 12:30

next Monday the same body will confirm the nomination of Mr. Carson for a 7-year term, after having turned down the nomination of one of the most outstanding men in the United States, and the best qualified man in the United States to be head of the Munitions Board.

Mr. CAIN. Mr. President, the junior Senator from Washington had intended to make a rather brief statement during the course of the afternoon, in opposition to the nomination of John J. Carson to be a member of the Federal Trade Commission; but for the reason that I have listened most attentively to the colloquy which has taken place in the Senate, I see that no point could be served by such a statement.

I am further of the opinion that the record which Mr. Carson made before the committee which took testimony on his nomination speaks very clearly for itself.

The suggestion of my colleague, the senior Senator from Washington [Mr. MAGNUSON] that every Senator should read the record over the week end should be followed so far as that is possible. From my point of view, no man of sound reason can read this record in its entirety and then agree that the proposed appointment is a good one.

Again, from my point of view, I think the testimony which was given in his own words by Mr. John J. Carson actually cast the first and most positive vote against his confirmation.

Mr. President, I ask unanimous consent that the testimony of John J. Carson, which was given before the committee on June 30, 1949, beginning on page 1 and concluding on page 31 of the hearings, be printed in the RECORD at this point a a part of my remarks. If all Senators find it convenient to study the testimony over the week end I should think that the nomination will be rejected in short order on Monday.

The PRESIDING OFFICER. Is there objection?

Mr. MAGNUSON. Mr. President, reserving the right to object—and I shall not object—I wish to ask my colleague a question. Is the Senator referring to Mr. Carson's initial testimony, from page 1 to page 31?

Mr. CAIN. My request related to that testimony.

Mr. MAGNUSON. I have no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington [Mr. CAIN]?

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

TESTIMONY OF JOHN J. CARSON

Mr. CARSON. I do, Mr. Chairman. It will take only a few minutes.

Mr. Chairman, I am grateful to the committee for this opportunity to appear and to answer any question the members of the committee wish to ask.

Perhaps the committee would like to know of my background and qualifications for the position as a member of the Federal Trade Commission.

I was born on a farm in Indiana and then moved to Indianapolis, where I lived for many years. I began my career of continuous employment when I was 16, and then as a clerk for the Van Camp Packing Co.

Within 3 years I was keeping the private ledger for the company, that was, the profit-and-loss ledger or the basic account ledger. In that position I had the opportunity to be present at discussions of questions of costs and sales and distribution and prices and profits.

When I was 20 I became a reporter on the Indianapolis Sun and 3 years later I became the city editor and then the assistant managing editor and editorial writer.

In 1918 I came to Washington to become the assistant Washington correspondent for the St. Louis Globe-Democrat, where I remained until I was offered the place of correspondent of the St. Louis Republic.

I remained there until the paper was sold, and then became successively the assistant correspondent of the Baltimore Sun, then correspondent for the Baltimore Evening Sun, and then correspondent for Scripps-Howard papers.

In 1924 Senator James Couzens, of Michigan, offered me a job as his secretary and economic consultant, and at a salary of about $7,000 a year but which, incidentally, was more than doubled before the Senator died some 13 years later.

Then I returned to the writing field. But my close friends such as Senator Charles McNary and Senator George Norris and Judge Cordell Hull soon urged me to return to Government service.

I accepted then a place as secretary to the Maritime Commission, but with the understanding that I would be appointed to fill the first vacancy on the Commission.

Within a few months the President named me to direct the Office of Consumers Counsel under the Bituminous Coal Act, a nomination which was confirmed by the Senate. I resigned when the administration of the act was changed, through reorganization, returned to writing for the newspaper Labor, which is the newspaper of 15 railroad labor unions.

I was offered a post as one of the advisers of the National Council of Defense, but I decided to accept an offer to become director of the Washington office of the Cooperative League, U. S. A. I have been with the league for about 9 years.

Throughout my writing career, I was interested in economic and business problems and problems of government. Particularly was that true in Washington, where I specialized on the Treasury Department and taxation; on the Interstate Commerce Commission and transportation; and on the Federal Trade Commission and fair trade practices.

During my career with Senator Couzens, my job was that of examining into economic problems and proposals for organization or reorganization of Government services. Incidentally, I had the task of examining into businesses and into investment proposals as the Senator was investing and reinvesting large sums of money each month.

I have furnished the examiner for the committee with a statement of work in which I participated as a newspaperman and with Senator Couzens and shall be glad to answer any questions. And I confess I am proud of some of these accomplishments.

I think I can say and prove that everything I did was a constructive work to improve the processes of Government and to make some contribution toward economic stability in our business structure and in our economic life.

I am grateful to be honored by this appointment to the Federal Trade Commission, and thankful also for the opportunity to try to make further contribution to the common good. The Federal Trade Commission has always appealed to me as an opportunity for service and particularly in that it offers opportunities for remedial rather than punitive measures.

As long ago as 25 years I was urging the trade practice conference idea on my friends in the Commission, and I am still and even more interested in possibilities to develop understanding and good will, as I believe those are prime requisites toward developing economic stability.

There has been criticism of my views on the economic system. On this subject my views happen to coincide with the policies favored by the Congress, both for the continuance and improvement of our economic system, and, to that end, for the elimination of those obstacles and abuses which have been made the subject of frequent legislation by the Congress.

I would like to emphasize one view which I have heretofore emphasized before congressional committees, namely, that to the greatest extent possible, the conduct and improvement of our economic system remain a matter for initiative by the people, individually, through associations and corporations and other groups, and that the entire burden not be placed on Government.

Finally, I would like to emphasize that I have always been in favor of, and sought to promote, sound business competition.

That is all, Mr. Chairman. I am very glad to answer any questions.

Senator JOHNSON of Texas. Do you have any questions, Senator TOBEY?

Senator TOBEY. Mr. Carson, you are familiar with the functions of the Federal Trade Commission beyond peradventure?

Mr. CARSON. In general, yes, Senator.

Senator TOBEY. You are familiar with the fact that the Commission is empowered to direct and to prevent corporations and so forth from using unfair methods of competition in commerce, and unfair, deceptive acts or practices in commerce. Is that correct?

Mr. CARSON. Yes, sir.

Senator TOBEY. You are also familiar with the fact that one of the principal purposes of this Commission is to support the antitrust laws of the country?

Mr. CARSON. Yes, Senator.

Senator TOBEY. And be on the lookout for any breaches thereof. Is that correct?

Mr. CARSON. Yes, Senator.

Senator TOBEY (reading): "And gather and compile information"—I am reading from the law—"concerning and to investigate from time to time organizations of business, conduct, practices, and management of the corporations engaged in commerce." Is that correct?

Mr. CARSON. Yes, Senator.

Senator TOBEY. And the Clayton Act, as such, comes into——

Mr. CARSON. Comes into it.

Senator TOBEY. That is all I have at the present time.

Senator JOHNSON of Texas. Senator REED?

Senator REED. No questions.

Senator JOHNSON of Texas. Senator BREWSTER?

Senator BREWSTER. I think you are familiar with these quotations, Mr. Carson, that occasioned some concern, so I would like to have you comment on those.

I refer, for instance, to this statement which is attributed to you on January 17, 1945, before the Senate Committee on Housing. I will read it to you and see whether it is correct and whether you have a comment:

"I wish, as a new world and a new age dawn on us, that we could become honestly humble and thus intelligent, and that we would admit that society or government is weakened and destroyed by attempting to manage and control the lives of people.

"Big business and big finance did succeed in ruling the people for a long time; but that world, the world of competitive profit capitalism, began to have its death rattles in 1926, and it has been in convulsions ever since. Then we turn to the state."

That is the end of the quotation. Is that substantially correct?

Mr. CARSON. That is substantially correct, Senator. Now, may I deal with it, or do you want me to?

Senator BREWSTER. Yes; that is what I am asking for; whether that is correct.

Mr. CARSON. Senator, the only objection I have to that statement, and I paid very little attention to it when the criticism was offered, was that it was lifted out of context of the article.

If you read the statement in full—and I would be glad to offer that full statement of my appearance before the Housing——

Senator BREWSTER. Have you it here?

Mr. CARSON. I think my secretary has a copy of my full statement before the Committee on Housing. You will find the full context was an expression of the one thing that I have worked for and wanted, which I think is the American system, and that is a condition where every man and woman, and particularly the young men and young women, shall be given every opportunity to help themselves and to become self-reliant and self-dependent, and thus avoid the necessity for what I describe generally as statism.

I know that any word can be distorted, but by "statism" I mean complete, almost, or dominant control of our economy by the Government in placing all burdens on the Government.

Senator BREWSTER. You are opposed to that?

Mr. CARSON. I am very much, and have worked against it, Senator. That is the one fear in my life, I think.

Senator BREWSTER. How recently has that phraseology developed in common use, "statism"? I have run into it a great many times in the last month or so. That seems to be the popular word right now. You are against statism.

Mr. CARSON. I think, Senator, it has become, oh, I would say, since 1933 or 1934, rather commonly used. Incidentally, I notice that it is used by the chairman of the Republican National Committee as the thing that he wants the Republican Party to be opposed to.

Senator BREWSTER. Do you think you are using the phrase in the same sense?

Mr. CARSON. Yes, I think so, Senator. In other words, I believe in private——

Senator BREWSTER. Are the policies of the last 15 years in our Government, to which some of us have taken exception, do you think, calculated to discourage statism?

Mr. CARSON. I do not know what policies generally we have, but I think, Senator——

Senator BREWSTER. Do you not know that many policies the struggle has been raging over are whether there should be further Federal controls in Washington? Has that not been typical of the last 15 years? Have you not been one of the chief advocates of that?

Mr. CARSON. 1934——

Senator BREWSTER. Yes.

Mr. CARSON. I think, though, Senator, in 1934, 1933, maybe when I was up on the Hill here, as a result of the economic conditions I think that we advanced far along the road toward, for a temporary period, exerting control over our economy and our affairs.

Senator BREWSTER. Is that not rather a masterpiece of understatement?

Mr. CARSON. Senator, at that time, and I was in a position where I could express an opinion to my boss, because of the emergency condition at that time I was for it then as a temporary expedient.

Senator BREWSTER. When did you change your mind? When did you become concerned about this trend to statism?

Mr. CARSON. I was against statism at that time, but in emergency conditions at any time I think we have to, as the famous saying of a famous authority is, try to find a degree of order and stability through the power of the state, and then work out of it as quickly as possible.

Senator BREWSTER. Well, then, those were simply temporary expedients that you were ready to adopt in order to achieve the ultimate goal of preventing complete state control of our economy.

Mr. CARSON. That is right, Senator.

Senator BREWSTER. To which you are resolutely opposed.

Mr. CARSON. I did not want to see the condition of disintegration, let's say, of our economy and our national life develop as it was at that time.

I should say, Senator, that practically everything that I have said, and I am very glad to repeat it, developed out of that period of thinking from 1926 on to 1933. In 1926 I was directing the Senate committee investigation of unemployment. I feared what was going to happen, and did happen, in 1929, and repeated it many times as a warning to my good friends who were making investments.

Then in 1933—well, in 1929, I should say—the panic, if you want to call it that, or the break or whatever you want to call it in our economy, practically passed over my desk. The city which was hit hardest probably in the country was our city of Detroit. The next condition that developed there was that the banks closed first in Detroit, so that I was right on the head desk in that difficult period.

Then, Senator, throughout that period I confess I was worried to the point where I did not know what was going to happen the next day. Some of you gentlemen who may have been in the office building in those days may recall, as I often recall, the bands of angry men that roamed through the Senate Office Building every day and uttered their warnings and threats, the unemployed.

I happened to be in the Senate Chamber, Senator, on a night at 9 o'clock when the Sergeant at Arms came to all of us in the Senate Chamber and told us we must not cross the Plaza going back to the Senate Office Building that night because of conditions out in the Plaza.

Senator TOBEY. That is about the year the farmers in the West took the judges off the bench forcibly, did they not?

Mr. CARSON. That is right, Senator. So in that condition I was anxious to see us get control of the situation, if we could.

Senator BREWSTER. So during that period you did favor Federal control in the interest, as you thought, of stabilizing conditions?

Mr. CARSON. As a temporary expedient.

Senator BREWSTER. How long did that last? When did you finally change your mind as to the dangers of Federal control?

Mr. CARSON. I have always had, Senator, a desire for the individual to express himself rather than to have the Government obtain——

Senator BREWSTER. Then let us change the question. When did you feel that the time had come when we must change the emphasis from the centralized control measures which you felt were advisable during that period, to liberating the individual from Federal controls?

Mr. CARSON. I felt, Senator—I cannot place the exact date or time—but I would say my desire was at all times to get authority back into the hands of the people. And as soon as the period of emergency ended, as soon as any period of emergency ended at any time, I wanted to see the trend——

Senator BREWSTER. You dislike to say it has ended?

Mr. CARSON. I think it has ended, Senator, but I dislike to say that——

Senator BREWSTER. You dislike to say it has ended?

Mr. CARSON. No, no. I dislike to say what I am now going to say, that I am a little bit fearful of the rising unemployment again, and fearful that we may experience another situation such as 1929; and I want to do everything I can to prevent it, Senator.

That is the only labor I want to do during the rest of my life.

Senator BREWSTER. When did you come to feel that the period of emergency was over, looking back now?

Mr. CARSON. Senator, in varying degrees. The period of immediate threatening emergency, looking back at it now, Senator, probably began to end by 1934; and then in varying degrees it went on.

Senator BREWSTER. To decline?

Mr. CARSON. If you want me to hazard just an opinion, Senator, I do not think that we recovered to the point where we could avoid some degree of concern, controls of some kind, up until the beginning of the Second World War.

Senator BREWSTER. So throughout that period from 1933, let us say, to 1940, you did favor varying measures of Federal control of our economy?

Mr. CARSON. With the emphasis always, Senator, on abandoning them just as rapidly as possible.

Senator BREWSTER. And in 1940 we still had 8,000,000 unemployed.

Mr. CARSON. I think, Senator, that is what I said. It may have been just prior to the World War.

Senator BREWSTER. So we had not progressed very far toward solving the problem by the measures which up to that time you had advocated?

Mr. CARSON. We had progressed toward allaying disorder, but I do not think we had solved the problem.

Senator BREWSTER. That is right. That is, we had spent some forty-five or forty-eight billion dollars undertaking to prime the pump, and the pump did not seem to get primed.

Mr. CARSON. That is right, Senator.

Senator BREWSTER. You agree with that?

Mr. CARSON. I agree with that. And again, I was for it in that early period and I will be for it again, Senator.

Senator BREWSTER. You say you would be for it again?

Mr. CARSON. If we had a similar condition of chaos.

Senator BREWSTER. Is it not rather curious that, having spent 8 years and $48,000,000,000 trying to solve this, you say you would still use exactly the same formula?

Mr. CARSON. If it came to a condition, Senator, regardless of what I may want or anybody else wants, but if a condition comes of widespread unemployment which is threatening our whole economic stability, our economic life, yes, I would be for the Government assuming its responsibility then to restore order through——

Senator BREWSTER. That is not what I asked. I asked if you would advocate the same measures as you did between 1933 and 1940. Have you not learned anything from experience?

Mr. CARSON. I did not want the experience in those days, Senator. I do not want it again.

Senator BREWSTER. I asked, have you learned anything from it? That is the point.

Mr. CARSON. I have learned plenty from every experience I have had.

Senator BREWSTER. And yet you would advocate the same measures over again?

Mr. CARSON. No, in a condition—let me get it clear. In a condition of widespread unemployment which threatens our whole economic life and our stability and order——

Senator BREWSTER. Which you fear may now be imminent?

Mr. CARSON. I hope it is not imminent.

Senator BREWSTER. We all certainly hope it is not.

Mr. CARSON. There are very good factors I think in our economic situation now which we did not have in 1928 and 1929, and which may help——

Senator BREWSTER. To cushion the difficulty?

Mr. CARSON. Yes. Although I am hoping and praying, Senator.

Senator BREWSTER. Coming back again, would you still advocate the same measures which you did in 1933 to 1940, or have you learned something from that experience and would have a different approach?

Mr. CARSON. Senator, if anybody in a period of that kind can offer me any plan through which people themselves—as in the statement I made to the Housing Committee—can offer any plan through which people themselves can help themselves and become self-reliant and self-dependent, I will be for it at all times.

Now, if we get to a condition of chaos such as we had in 1929 and 1930, with large masses of our people unemployed, and our farm situation rapidly disintegrating, I will be for the Government taking such steps to restore order, again saying that if the plan can be developed through which people and private business can do these things for themselves, I will be for it.

Senator BREWSTER. Do you feel that the competitive profit system is outmoded?

Mr. CARSON. No, no, Senator. What we have always said——

Senator BREWSTER. You do not?

Mr. CARSON. No.

Senator BREWSTER. What did you mean, then?

Mr. CARSON. You are using the phrase——

Senator BREWSTER. I am using your phrase.

Mr. CARSON. That phrase is like—it is the cooperative campaign material such as political campaign material.

Senator BREWSTER. What do you mean by competitive profit system?

Mr. CARSON. What I am trying to refer to, Senator, thinking back again, the impressions I lived through, I am referring to the conditions of unlimited speculation in boom and bust we had prior to 1929.

Senator BREWSTER. The words "competitive profit system" certainly embrace very much more than the wild speculation of 1929, do they not? When you say it has its death rattles, who do you mean by that?

Mr. CARSON. That phrase, "the death rattles," is a phrase that was picked up, Senator. Again, I was impressed by a book called Which Way Democracy? written by a man in whom I have great faith and great confidence, and a man of great ability, I think.

He may be here as a witness this afternoon. That is Father Wilfrid Parsons, who was the former editor of America. In his book he reviews that whole condition prior to 1929, and demonstrates the deficiencies of that condition or that program at that time, or that experience, economic experience; and has the phrase some place in that book—and I can get it for you—in which he says we are sitting at the bedside of the dying.

Senator BREWSTER. The competitive profit system is more or less broad enough, is it not, to include the system under which we have developed our economy?

Mr. CARSON. Yes, Senator.

Senator BREWSTER. And that would embrace the general idea of this individualism of which you speak. Is that not an incident of the competitive profit system?

Mr. CARSON. The individualism, yes, of the individuals through their association.

Senator BREWSTER. Do you feel that it is possible under modern conditions for the competitive profit system to survive?

Mr. CARSON. I hope it is, Senator. I think we in the cooperative movement—we have worked for it during the last 8 years, and I think this is general among those who are thinking about it—have always believed and stated that if the cooperatives could develop to have, say, 15 percent of the economy, they can become a yardstick which will permit stabilization of the economy and permit the system to function smoothly.

Senator BREWSTER. Then you do not feel that the competitive profit system is in its death rattle?

Mr. CARSON. I think the thing we had prior to 1929——

Senator BREWSTER. That is not what I asked you.

Mr. CARSON. That is what I referred to, Senator.

Senator BREWSTER. You did not say so. Then you want to qualify what you have said?

Mr. CARSON. I want to qualify it to that extent.

Senator BREWSTER. You are using words a little loosely.

Mr. CARSON. As we do in political campaigns, Senator, yes, sir; or in cooperative campaigns.

Senator BREWSTER. Then that was campaign oratory.

Mr. CARSON. Yes; that was campaign oratory.

Senator BREWSTER. And have not your associates been most critical of those who indulge in campaign oratory?

Mr. CARSON. I do not know, Senator.

Senator BREWSTER. I thought that was the first urge of those who perhaps represent your point of view, that they should be honest with the people; they should say what they mean.

Mr. CARSON. I think so, Senator.

Senator BREWSTER. Yes; so that when you use campaign oratory, you associate yourself with these tragic creatures who are trying to mislead the people.

Mr. CARSON. I do not think so, Senator.

Senator BREWSTER. You do not think so?

Mr. CARSON. No; I think we all use a phrase, and that phrase is commonly used. If you give me a phrase that I can describe the broad economy that we had and the broad economic conditions and the measures of control by private individuals and Government prior to 1929, I will be glad to substitute the phrase.

Sometimes it is used as laissez-faire capitalism which all our religious organizations, I think, of all kinds have reproved at least. Sometimes it is referred to as the boom-and-bust capitalism. Sometimes it is referred to as the period of unlimited speculation, and so on.

I grant that using any phrase is difficult to describe a broad economy.

Senator BREWSTER. That is, a man in public life and leaders should be careful how they use phrases.

Mr. CARSON. Yes, where they have responsibility of that kind; yes.

Senator BREWSTER. Is it not true in your very considerable experience that practically all elements in American society have been moving toward the modification of the competitive profit system?

Mr. CARSON. I think we are working toward it, Senator; toward its modification and toward its control.

Senator BREWSTER. That has been the undoubted trend of the last 50 years.

Mr. CARSON. That is right, Senator.

Senator BREWSTER. Do you think it is helpful to now announce the complete collapse of that competitive profit system under which America in a century and a half has made—I am sure you will agree—a certain amount of progress?

Mr. CARSON. Tremendous progress, Senator; and also we developed with that progress the conditions we had in 1929.

Senator BREWSTER. Which we tried to meet and to regulate in various ways.

Mr. CARSON. Right, Senator.

Senator BREWSTER. Is it not true that the proposal to guarantee bank deposits had its origin in the proposal of a very distinguished Republican, and I think a very distinguished conservative, generally regarded, from your own State of Michigan, Senator VANDENBERG?

Mr. CARSON. Yes; and a very, very close friend of mine from the time he has come here and I worked with him on that some.

Senator BREWSTER. So those who believe in the potentialities of the competitive profit system do not now need to announce its death knell or its death rattles, do they? Do you think that conduces to a solution?

Mr. CARSON. As to that, Senator, I would say to you, "No, we do not." I think that what we have to do and what we are trying to do at all times in my associations is trying to develop the means for a peaceful, orderly evolutionary way, away from conditions of 1929, prior to 1929. Yes, Senator.

Senator TOBEY. Will you just yield for an observation? It will not interfere with your trend of thought at all, I am sure.

It is in my heart to say this, when the witness tells about the effect of 1929 to 1933 on him. I wonder if it is somewhat akin to what I had, when in that unhappy era we had these apostles of the profit system and the selfish interests as against the public interests, such men as Insull and Kreuger, the match king, and dozens more ad infinitum ad nauseam, when we saw their abuses and the disgrace and the shame they brought upon the stockholders of the company, that it did arouse in some of our breasts an anger against that type of unconscionable profit motive. Is that right?

Mr. CARSON. Yes, Senator; I think we all in those days, those of us who lived through this period up here on the Hill, were worried and concerned about what might happen at any hour, any hour, that I doubt that any of us could escape from those impressions that developed.

I am certain that in my heart at that time I developed only one conviction, and that was for the rest of my days I would do everything I could to develop an orderly, economic, stable society which would express what I think is the American way of life; and that means self-reliance, self-dependence——

Senator BREWSTER. And competitive profit system?

Mr. CARSON. Plenty of opportunity for the young men and young women, Senator, to enter any kind of a business they want, grocery store or anything else, under a competitive condition or mutual condition or a cooperative condition or anything else, whatever will tend to create order and stability.

Senator BREWSTER. And we should learn by experience. When we had $48,000,000,000 in 8 years to try and cure a depression by public spending, we would perhaps draw some conclusions as to its impact.

Now, I am sure the Senator from New Hampshire did not intend to appropriate to himself or to any of his immediate associates the exclusive franchise on eliminating Mr. Insull from public life, as I think that his first major defeat occurred in the State of Maine under the leadership of the Senator from Maine.

I devoted about 8 years of my life to eliminating Mr. Insull and all he represented from public life, and I was reasonably successful. He licked me a couple of times, and I licked him once; but when I licked him, he stayed licked. That happened to be the major battle.

He sent $100,000,000 up to Maine to take us over. So I do not want anyone to raise the banner of Insullism as indicating that those who query this thing are in any doubt.

I came to Washington under high hopes that the same spirit for the forgotten man was going to prevail here.

I am wondering, Mr. Carson, whether or not you detected in the developments of the past 7 years a curious lack of concern in much of our legislation for the so-called forgotten man?

I found that the great industrial interests with their expensive lawyers and lobbyists were able much more easily to accommodate themselves to these Federal regulations; bureaucratic restrictions, returns, and so forth, than the little man; and I found among thousands of little men in Maine and in the

country very great concern over this tendency to centralize control, to which the big industrial interests could readily adapt themselves, but the little fellows could not.

Did you detect that note in the 7 years?

Mr. CARSON. I would say, Senator, during the period from 1932 on, I detected almost any kind of an effort on the part of Government, and we were all a party to it—I do not think there was much opposition from the Republican side or from the Democratic side in that period to what were trying. All of us were trying at that time to develop some measure of order.

I say to you, Senator, of course what you or your people experienced up there, we all experienced down here; yes. And during the period of NRA, the difficulties for the little fellow.

Senator BREWSTER. But they were enormously multiplied. He could not hire a Philadelphia lawyer to look out for him down here.

Mr. CARSON. That is right, Senator.

Senator BREWSTER. It seems to me, and I speak now out of an experience which from 1924 to 1932 I think was characterized by as stalwart a battle as anyone with these forces that were seeking to dominate our economy to its destruction, I became more and more profoundly concerned as to the tendency and the trend in the taking over of Federal control and whether or not it was going to really be the panacea for all our ills.

I gather that you at some point began to have some doubt.

Mr. CARSON. Of course, Senator, I have always been, as I repeat again, a believer, one with firm conviction, in the will and the ability of the people to help themselves if they will only be encouraged to help themselves; and to help themselves and give them an equal opportunity to help themselves; yes, Senator.

Then from 1923 to 1932, as I say, I really became concerned when I was directing the Senate investigation of unemployment. If you will go back over those hearings, you will find that I think then we began to make a contribution.

We were very much interested then in so-called profit-sharing plans for industry, which Senator VANDENBERG later placed before the Committee on the Judiciary, as you will remember.

Senator BREWSTER. I think it was the Committee on Finance. It was a most extended and very profitable investigation report, of which we reprinted 5,000 copies a year ago as a result of the great demand for them.

Senator VANDENBERG again had anticipated the possibility of constructive solution along this line of profit sharing within industry, which has been very firmly opposed by very many of those most closely identified with what I had understood was your point of view.

Mr. CARSON. Oh, no, Senator.

Senator BREWSTER. You are for profit sharing in industry?

Mr. CARSON. Oh, yes; we are for any sound program, Senator.

Senator BREWSTER. That is not what I asked you.

Mr. CARSON. Yes, yes. I would be very much for it.

Senator BREWSTER. You are very much in favor of profit sharing in industry?

Mr. CARSON. In fact, I think I had a little hand in projecting the idea, if you will look back you will find. I am rather happy about that. Through my desire to do that at that time, I got the Brookings Institution to do the technical work on that investigation of unemployment, and then only supervised it myself.

You will find in those hearings we brought in the businessmen to tell about their profit-sharing plans.

Senator BREWSTER. You are familiar with——

Senator MAGNUSON (acting chairman). Senator BREWSTER, I think Mr. Carson ought to identify that committee he is referring to.

Mr. CARSON. It was a Senate Committee on Unemployment, under a resolution offered by Senator La Follette, Jr.

Senator MAGNUSON. It was known as the La Follette committee?

Mr. CARSON. The La Follette committee; yes, sir.

Senator BREWSTER. What was the date of that?

Mr. CARSON. The hearings began in 1926, I think, Senator.

Senator BREWSTER. That was the elder La Follette?

Mr. CARSON. Bob, Jr.

Senator BREWSTER. He had come to the Senate then?

Mr. CARSON. Yes.

Senator BREWSTER. Are you familiar with the studies on unemployment by the Hoover Commission from 1923 to 1927?

Mr. CARSON. Senator, I confess I could not talk with this. I remember them, because I wrote something about them at that time. The meetings were held mostly down in the old Department of Commerce.

Senator BREWSTER. Are you familiar with their report?

Mr. CARSON. No; I am not, Senator.

Senator BREWSTER. They outlined a program of carefully planned public works in the event of a depression, which should be calculated to check it. So that had, I think, complete bipartisan sponsorship as an idea.

Mr. CARSON. I think so, Senator.

Senator BREWSTER. That is in glittering contrast to the unplanned programs which in the rush of the emergency were all too often adopted. You would favor careful planning as against the uncoordinated planning?

Mr. CARSON. I certainly would, Senator. But unfortunately, in the years that I was most intimately associated with it, from 1926 on, I think there were very few of us who had any concern about the possibilities of a 1929 happening. That was one of the unfortunate things, Senator.

Senator BREWSTER. There are very distinguished authorities who have been very sure within 6 months that we are in no danger of such a difficulty now.

Mr. CARSON. I hope not, Senator.

Senator BREWSTER. I say do you not agree with the distinguished advocates who think the chief danger is inflation rather than deflation?

Mr. CARSON. I do not know, Senator. Dealing with the question of an economics theory of that kind requires a lot of time and a lot of thinking. I am just hoping and praying that we will not need——

Senator BREWSTER. That was not what I asked you. I said there were similar glib advocates of optimism who said we did not need to have any concern about the situation now.

Mr. CARSON. That is right, Senator.

Senator BREWSTER. Just exactly as there were in 1927 and 1928.

Mr. CARSON. That is what I am afraid of, Senator.

Senator BREWSTER. It is a time to think very carefully about that situation.

Mr. CARSON. Yes, Senator.

Senator BREWSTER. When you come to the Government as against private enterprise, to what extent do you favor preferences for Government or cooperative enterprises as against the purely private enterprises?

Mr. CARSON. I favor none, Senator.

Senator BREWSTER. You believe they should compete on an entirely equal basis?

Mr. CARSON. If they cannot, Senator, I have no interest in them.

Senator BREWSTER. You ask no favors in tax exemption or in other ways?

Mr. CARSON. Not at all.

Senator BREWSTER. That is the whole philosophy of your organization?

Mr. CARSON. Yes.

Senator BREWSTER. Is that a matter of record, your views on that?

Mr. CARSON. I think I should explain this, Senator, now, because my opinions may be somewhat distorted.

In 1921, I was working for the Baltimore Sun. I became very closely associated with the House Committee on Agriculture in its investigation of the conditions of agriculture.

One of the most active members—you may not realize this—but one of the most active members and authorities on agriculture in those days was Judge Hatton Sumners.

The committee decided at that time, in order to save agriculture and stabilize agriculture, to encourage the development of farm cooperatives. I was for it at that time, very much. I am still for it. The committee decided at that time to grant certain concessions to farm cooperatives.

I did not know enough about the subject to discuss those questions at that time. I can make any argument you want me to make in support of aids to agriculture because, God knows, we have to continue to see if we can advance the welfare of our agricultural economy.

But when I came into the cooperative movement and I accepted the position, I made it clear that my record throughout my life had been one of asking no special privilege for any group, and that I would never become an advocate of any special privilege.

There is some criticism of me within the cooperative movement because it is assumed that I was not for the exemption granted to farm cooperatives.

Again I say that I can defend them, but I do not think they are of any advantage and I do not like the policy, Senator; and for that reason, as is well known within the cooperative movement, I said that I would never defend them or support them in any way at all before any committee of the Congress or any other way.

Senator BREWSTER. So far as I am concerned, we have very definitely recognized the policy of some special aid to some special interests where we do not feel they have a fair showing in the economic picture.

We have done that with farmers' cooperatives. We have done it with labor organizations, when we exempted them from the operations of the Sherman Act.

The only question is, when the infant industry ceases to be an infant and becomes something else, as to how long those privileges should be continued. That applies whether it is big business or big labor or big government or big agriculture.

It is always a question of keeping the balance even between those various elements of our economy.

Mr. CARSON. Senator, I want to repeat that I agree wholly with you. I agree wholly with you in doing anything and everything we can to aid agriculture, and I mean that sincerely because I believe that is the fundamental thing in our economic life and social and political life, too.

Senator BREWSTER. I would not except labor. I hope you will include labor in that. And I hope you will include small business and include a lot of other people.

Mr. CARSON. I include them, yes.

Senator BREWSTER. Mr. Chairman, will you excuse me, please? I have to leave in a few moments.

Senator MAGNUSON, Senator BRICKER, do you have any questions at this time?

Senator BRICKER. I have none at this time.

Senator MAGNUSON. Senator TOBEY?

Senator TOBEY. Referring to the colloquy that has just taken place and the epic 1929–33, does this represent your opinion, your view, that when, as, and if this Nation was

threatened by a debacle, financial and economic, akin to 1929 to 1933, with its attendant misery and the despair that came into everyone's heart, that it might be necessary for the Government to stem the tide and bring the Nation through that crisis to adopt methods, ways, and means which in normal times might be considered unorthodox?

Mr. CARSON. Certainly, Senator, certainly. I think the history of 1933, as I say, I do not think there were any votes on our side of the Chamber, very few votes against the proposals in those days; and I do not think any on the Senate side, the Democratic side, against them.

Senator BRICKER. I have one question, Mr. Carson. Do you think such a debacle is imminent or possible?

Mr. CARSON. Senator, I live in hope and prayer that it is not but I am worried about it.

Senator BREWSTER. Have you any judgment on it?

Mr. CARSON. No. My judgment is just this: There are very good factors in our economy now to give us some hope, I think; but I am afraid of the rising unemployment and decline in agricultural prices.

Senator BREWSTER. I noted in the morning paper that the governor of one of the States—my own State—asked for $2,000,000 additional money for the poor. Do you think that is prevalent throughout the country?

Mr. CARSON. I do not fear that it is, Senator. But I am getting as you are all getting, those reports from the country here and there. I think that it is cause for concern; yes.

Senator BRICKER. What is your judgment about the possibility or the imminence of such a debacle in our economy?

Mr. CARSON. I could not discuss that, Senator. I do not know how any man—of course, the men who are with it every day could answer it, but those of us who have an opportunity to study the indices every day probably would be able to make a competent statement. I think we should be concerned about it, Senator, and work toward trying to allay it.

Senator BRICKER. I think everybody is desperately concerned about it. I was just asking your best judgment on it, because you are in a field where it is very important.

Mr. CARSON. We are worried about it.

Senator BRICKER. One other question. You mentioned a moment ago, and have two or three times during the questioning back and forth with Senators, about our side of the political set-up in the Congress. You were at that time a Republican.

Mr. CARSON. I was associated with the Republican side. I was appointed by Senator Couzens as an independent.

Senator BRICKER. You have never been affiliated with one side or the other as such?

Mr. CARSON. Yes. Senator, in two terms, I think, I supported the Democratic Party, but the second one I began to split my ticket. From then on, I continued to split my ticket.

Senator BRICKER. You were not appointed here as a Republican?

Mr. CARSON. In this place?

Senator BRICKER. Yes.

Mr. CARSON. Very frankly, Senator, I made it clear in this case and, as in every other appointment I have had in the Government, that I had to be appointed as an independent, but I have never seen the papers and do not know what they say.

Senator BRICKER. I will grant you that you do not have to appoint a Republican in this place. You were not appointed as a Republican and could not qualify as a Republican?

Mr. CARSON. No, sir.

Senator MAGNUSON. Could you qualify as a Democrat?

Mr. CARSON. No, sir; not under any circumstances.

Senator BRICKER. If he were a Democrat, he would not be eligible.

Mr. CARSON. You are right, I suppose.

Senator MAGNUSON. You are familiar with the law?

Mr. CARSON. Yes, sir. That not more than three——

Senator BRICKER. How were you registered the last time in the primary?

Mr. CARSON. I was registered the last time as a Democrat.

Senator BRICKER. When?

Mr. CARSON. My memory may slip me, but I think I was registered the last time in 1912. Then we had to maybe register under the Indiana laws.

Senator BRICKER. You have not voted in a primary since that time in any of the States?

Mr. CARSON. No, sir.

Senator TOBEY. Those were the days of youthful indiscretions; were they not?

Mr. CARSON. I think we live and learn a lot of things, Senator.

Senator BRICKER. Then the last time you registered was in 1912?

Mr. CARSON. If we had to reregister, I did so in 1916. As I recall, Senator—and I cannot place the date—in 1920 or 1924. After I came to Washington and did not have a continuous residence in the city of Indianapolis at that time, I did—I can recall it distinctly—attempt to register by mail. Whether it was in 1920 or 1924, I cannot tell you.

Senator BRICKER. If you registered by mail, you still registered as a Democrat in Indianapolis?

Mr. CARSON. Yes. If I probably registered by mail—if I had to register a party——

Senator BRICKER. You would have registered as a Democrat?

Mr. CARSON. Yes, sir; but in 1924 at least they probably would have known that I was not a Democrat and would not have let me register.

Senator BRICKER. How would they have known that?

Mr. CARSON. At that time, Senator, I was very active for Senator Burt Wheeler and Senator Bob La Follette, two old personal friends.

Senator BRICKER. But you stated in your application that you were a Democrat?

Mr. CARSON. All I did, Senator, I wrote to a friend in Indiana to ask about my status and how I could register, and so on.

Senator BRICKER. You did not send in an application to register?

Mr. CARSON. No, sir; I did not.

Senator BRICKER. When was the last time you were actually registered?

Mr. CARSON. As I say, Senator, if I had to reregister since 1916—if I had to reregister, yes, because in——

Senator BRICKER. You have not participated in a party primary on either side since that time?

Mr. CARSON. No, sir. I have participated in support of candidates but not to vote.

Senator BRICKER. You have not voted?

Mr. CARSON. No.

Senator MAGNUSON. Where do you claim your residence now?

Mr. CARSON. Michigan.

Senator MAGNUSON. Are you registered in Michigan?

Mr. CARSON. No, sir. I tried to register.

Senator MAGNUSON. What do you mean you tried to register?

Mr. CARSON. I tried to place the dates again since this controversy developed. It was either after 1928 or not long after 1928, because very frankly in 1928 I was offered a nomination by the Republicans to the House, in the Michigan district, by Carl Mapes. I tried to register thereafter, but the Michigan laws—when we went down to register, the first time in Michigan for the first 2 or 3 weeks—and those of you who knew Mr. Couzens knew that we were in Washington every hour of the day and 10 and 12 hours summers and every other day—we went down to the clerk's office to register with a very able friend of mine, a very outstanding Republican lawyer who happens to be, I think—I will not name him, but he happens to be a close personal friend of Senator BREWSTER—I went to register with him.

The law provides for 6 months. I filled out the blanks, and then I had to swear to an affidavit saying that I had been 6 months a continuous resident of the State of Michigan. I had not been, and I could not swear to a false affidavit, and I could not register.

Senator MAGNUSON. Have you registered since?

Mr. CARSON. No; I have not.

Senator MAGNUSON. Where do you vote?

Mr. CARSON. I have not voted, Senator, because I could not vote.

Senator MAGNUSON. During that period did you go out and work for the election of Senator Couzens?

Mr. CARSON. We were usually there, Senator—we had a peculiar campaign situation. We were there, I would say, for 2 or 3 weeks during the primary, and then——

Senator MAGNUSON. During that time you worked with the Republican organization, Republican leaders in Michigan; is that correct?

Mr. CARSON. To the extent that I was out there, yes, Senator. And, of course, by mail and talking to newspapermen and so forth.

Senator MAGNUSON. I want to ask what is a very pertinent question to me. If you claim Michigan as a residence, why have you not voted since that time?

Mr. CARSON. I could not register, Senator, and I could not swear to the affidavit of 6 months' continuous residence.

Senator MAGNUSON. Is the Michigan law still the same that prohibits you from registering?

Mr. CARSON. I have asked about it two or three times, Senator. I think it is; yes. Very frankly I was told at that time—the lawyer was with me—I was told at that time that I could, and not be challenged, but there is the affidavit there to swear to, of the 6 months' continuous residence, and I would not swear to it.

I had to express my political interest by supporting the candidates that I could support.

Senator MAGNUSON. If Michigan would bar you from registration and deny you the right to vote because you had not complied with the 6 months' residence, did you make any effort to return to your native State so that you might vote in Indiana?

Mr. CARSON. No, Senator. After 1924-26 all of my associations ended with Indiana. I dislike to say that because the State is a great State. All my friends were in Michigan, my political associates were in Michigan, my activities were in Michigan. The thousands of letters that I had signed, conferences with Michigan, and everything was with Michigan.

There were definite plans made in 1928, 1929, and 1930, and so on, by the Senator, for a continuous association with business investments, and so on, in Michigan, so all my plans——

Senator MAGNUSON. When was the last time you voted?

Mr. CARSON. As I say, Senator, it may have been 1924. I do not recall.

Senator MAGNUSON. You have not cast a ballot since 1924?

Mr. CARSON. No, sir.

Senator TOBEY. In 1927 and 1929 you were a clerk of this committee, were you not?

Mr. CARSON. Yes, sir; I think so.

Senator TOBEY. That was a Republican administration, was it not?

Mr. CARSON. Yes, sir.

Senator MAGNUSON. Senator BRICKER, do you have any other questions?

Senator BRICKER. I am not sure that the record is exactly clear. As I understand it now, the last time you were registered was in Indiana in 1912 and possibly again in 1916?

Mr. CARSON. Yes. If we had to reregister. I did vote. I was in Indiana at that time.

Senator BRICKER. When was the last time you voted in any State or national election?

Mr. CARSON. As I say, I tried to vote in 1920 and 1924, I think, Senator. Then I tried to vote again—to see if I could vote again in 1930 in Michigan, and I could not.

Senator BRICKER. You tried to vote in a primary or the general election in 1930?

Mr. CARSON. In the general election.

Senator BRICKER. You did not try to register in Michigan in 1930?

Mr. CARSON. I tried to register; yes.

Senator BRICKER. But in a party primary?

Mr. CARSON. No, sir.

Senator BRICKER. You simply tried to vote?

Mr. CARSON. Yes.

Senator BRICKER. You have not tried to register in a party primary since 1916 at the latest, and possibly 1912?

Mr. CARSON. That is as I recall.

Senator BRICKER. In Indiana?

Mr. CARSON. Yes.

Senator BRICKER. When was the last time that you actually voted in a State or national election?

Mr. CARSON. As I say, Senator, the last time—if I want to say it definitely—I remember I was in Indianapolis in 1916 and voted. I voted a split ticket.

Senator BRICKER. That is the last time you can remember?

Mr. CARSON. Then in 1920 and 1924—either one, because in the 1924 campaign I was very active and I tried in that campaign——

Senator BRICKER. And they would not let you vote on account of the 6 months' registration?

Mr. CARSON. That was in Indiana at that time.

Senator BRICKER. In Indiana?

Mr. CARSON. In 1924. They told me—I remember, it is very hazy, but I remember definitely, to be sure about it—the young lady to whom I wrote told me that I could be registered from a room in a hotel, where I had never stopped, but I wrote back, and I never got an answer because I think at that time it was generally known, from what I was writing and doing, that I was for Senator Burt Wheeler and Senator Bob La Follette.

Senator BRICKER. They were not candidates in Indiana.

Mr. CARSON. Were they not running?

Senator BRICKER. You mean on the national ticket?

Mr. CARSON. Yes, sir.

Senator BRICKER. The so-called Progressive ticket?

Mr. CARSON. Yes, sir.

Senator BRICKER. They were on the ballot in Indiana, I presume?

Mr. CARSON. Yes. The railroad brotherhoods were very active at that time.

Senator BRICKER. Have you any knowledge of any attempt to register then, or to vote since that time?

Mr. CARSON. Yes.

Senator BRICKER. That was in Michigan?

Mr. CARSON. Yes, sir.

Senator BRICKER. That you mentioned a moment ago?

Mr. CARSON. Yes, sir.

Senator BRICKER. You attempted to register?

Mr. CARSON. Yes, sir.

Senator BRICKER. We have a little different law in our State. You register in the primary, of course. When I spoke of registration I mean register as a party man in either party.

Mr. CARSON. That is right.

Senator BRICKER. You did not attempt to do that?

Mr. CARSON. No, sir.

Senator BRICKER. At any time?

Mr. CARSON. No, sir.

Senator BRICKER. But you did attempt to register to vote in 1 year in Michigan?

Mr. CARSON. Yes, sir. When we went, as I recall this, Senator, we went to the city clerk's office to register in Michigan—this is rather hazy again and indistinct—I think my friend the lawyer told me that you had to register as a member of the party.

If I had had to register, in order to vote in the election as a member of a party, I would have registered as a Republican, because all my associates were Republicans.

Senator BRICKER. Why did you not register then? Was it residency or——

Mr. CARSON. Residency.

Senator BRICKER. You would have registered as a Republican. Did you make application for Republican registration?

Mr. CARSON. I cannot say. All I did was ask for the registration blank at the city clerk's office and stepped aside to fill it out. I undoubtedly, if I picked either party—because my friend the lawyer was with me, one of the most prominent Republicans in the State—I asked for a Republican ballot and registration blank.

All my associates were in the Republican Party.

Senator REED. Your party affiliation then is based upon your associates and not principles?

Mr. CARSON. On principles?

Senator REED. On your associates, and not principles? If you had registered you say you would have registered with a political party, based on your associates.

Mr. CARSON. Yes, sir; if I had the candidates, the people, and the political machine—the political organization—I take back the word "machine."

Senator BRICKER. Fix that time in Michigan again.

Mr. CARSON. It was not long after 1928. That is what I am figuring on.

Senator BRICKER. 1928 or——

Mr. CARSON. I can fix that because in 1928, as I say, Carl Mapes——

Senator BRICKER. Michigan had a primary system of nominating candidates then?

Mr. CARSON. I think so.

Senator MAGNUSON. I might say that in those days, Senator BRICKER, the Democratic Party in Michigan might be excused from attracting any interest on the part of the witness.

Senator BRICKER. That has been a long time ago. I cannot remember those conditions very well.

Senator BREWSTER. You do not think he was simply concerned with his personal advancement, do you?

In replying to one of my questions earlier you referred to a book by Wilfrid Parsons.

Mr. CARSON. Yes, sir.

Senator BREWSTER. Did you give to him his proper title?

Mr. CARSON. His proper title now is—he is pretty well advanced in years. He is a librarian. He is librarian of Georgetown University now. At the time of writing the book he was an editor of America.

Senator BREWSTER. A rather distinguished Catholic priest.

Mr. CARSON. Yes, sir. Head of the school at Catholic University.

Senator BREWSTER. He is basing some of his views on the so-called papal encyclical.

Mr. CARSON. He was basing his book on the whole economic period prior to 1929; that is what he was using as his background, I am sure.

Senator BREWSTER. That was an interpretation of an earlier encyclical by a Pope.

Mr. CARSON. I do not know whether the book was written after the encyclical or not. It is in harmony with the encyclical.

Senator BREWSTER. I think your advocates have referred very generously to that, have they not, in the releases which you have put out?

Mr. CARSON. Not that I have put out, Senator. But the advocates have referred, I think, to that encyclical. I do not think they referred to Father Parsons' book because I never told them anything about that book.

Senator BREWSTER. The book was issued in 1929, you say?

Mr. CARSON. I do not know when it was. I read it about 1933 or 1934, I think, Senator. I cannot recall. About that time.

Senator BREWSTER. What encyclical were you referring to?

Mr. CARSON. I referred to the one—it is 40 years after Leo—issued in 1933, I think.

Senator BREWSTER. That followed the one I think that you corrected, 1931 rather than 1933?

Mr. CARSON. 1933 I think it was, Senator, if I am not mistaken.

Senator BREWSTER. You were referring to the encyclical of Pope Pius XI?

Mr. CARSON. That is right. Forty years after Leo.

Senator BREWSTER. I hold that in my hand. It was given at St. Peter's in Rome on the 15th day of May in the year 1931.

Mr. CARSON. Was it 1931?

Senator BREWSTER. Yes.

Mr. CARSON. It was 40 years after Leo, I know.

Senator BREWSTER. The former one was in 1891.

Mr. CARSON. Yes, that was.

Senator BREWSTER. That was the occasion of this fortieth encyclical?

Mr. CARSON. Yes.

Senator BREWSTER. There has been very widespread suggestion that you must be entirely orthodox because your ideas of the capitalistic system were entirely in conformity with the encyclical; is that correct?

Mr. CARSON. I think, Senator—well, I think I dislike to discuss religious questions here.

Senator BREWSTER. It was your friends who brought it up so we will not avoid it. Your friends are the ones who attempted to say that you were entirely orthodox because your views on society were based on the encyclical of Pope Pius XI, and you do not even know the date of the encyclical. Have you ever read it?

Mr. CARSON. I have read it, Senator.

Senator BREWSTER. You have?

Mr. CARSON. Yes, I have read it.

Senator BREWSTER. You are very familiar with it?

Mr. CARSON. No.

Senator BREWSTER. Do you accept it as authority?

Mr. CARSON. Yes; I accept it as authority.

Senator BREWSTER. You do?

Mr. CARSON. Yes.

Senator BREWSTER. So that you are ready to agree with whatever Pope Pius XI laid down in that encyclical?

Mr. CARSON. With the general philosophy; yes.

Senator BREWSTER. Let me read you a few quotations from it. I think it is very relevant in view of the campaign carried on by your most earnest advocate.

Senator MAGNUSON. I think we ought to confine ourselves. The witness, of course, is not responsible for what his friends say. He is responsible for his own views. If he has made any statements he can be asked questions on those statements.

Senator BREWSTER. He has made the statement that he is entirely in conformity with——

Senator MAGNUSON. I understand that.

Senator BREWSTER. Therefore we ought to ask him about that.

Senator MAGNUSON. The witness is not responsible for what his friends have said.

Senator BREWSTER. His friends have considered that of very considerable importance. Mr. Carson says he adopts those views, therefore I think it is very relevant to know what those were.

Senator MAGNUSON. Yes; go ahead.

Senator BREWSTER. I quote from page 22 of the papal encyclical of 1931:

"It is indeed true, as history clearly proves, that owing to the change in social conditions, much that was formerly done by small

bodies can nowadays be accomplished only by large corporations."

Do you agree with that?

Mr. CARSON. I am sure of it.

Senator BREWSTER. So that you recognize the necessity of the existence of large corporations in the modern society?

Mr. CARSON. Yes, sir.

Senator BREWSTER (continues reading):

"Nonetheless, just as it is wrong to withdraw from the individual and commit to the community at large what private enterprise and industry can accomplish"—

Do you agree with that?

Mr. CARSON. Commit to the community? Yes.

Senator BREWSTER (continues reading):

"What private enterprise and industry can accomplish, so too it is an injustice, a grave evil and a disturbance of right order for a larger and higher organization to arrogate to itself functions which can be performed efficiently by smaller and lower bodies."

Mr. CARSON. I agree thoroughly, Senator.

Senator BREWSTER. You do interpret that as indicating that whatever could be done by the community should be done rather than by the State or the Nation?

Mr. CARSON. Yes, sir.

Senator BREWSTER. That is the plain import of that, is it not?

Mr. CARSON. That expresses every bit of philosophy.

Senator BREWSTER. So you would entirely favor the local handling of affairs just to the maximum extent possible?

Mr. CARSON. Yes, sir.

Senator BREWSTER (continues reading):

"This is a fundamental principle of social philosophy, unshaken and unchangeable, and it retains its full truth today."

You agree that it still does?

Mr. CARSON. Yes, sir.

Senator BREWSTER (continues reading):

"Of its very nature the true aim of all social activity should be to help individual members of the social body, but never to destroy or absorb them."

Mr. CARSON. That is right.

Senator BREWSTER (continues reading):

"The state should leave to these smaller groups the settlement of business of minor importance and the management of troublesome details."

Is that sound?

Mr. CARSON. Yes.

Senator BREWSTER (continues reading):

"It will thus carry out with greater freedom, power, and success the tasks belonging to it, because it alone can effectively accomplish these, directing, watching, stimulating, and restraining, as circumstances suggest or necessity demands. Let those in power, therefore, be convinced that the more faithfully this subsidiary role be followed, and a graded hierarchial order exists between the various organizations, the more excellent will be both the authority and the efficiency of the social organization as a whole and the happier and more prosperous the condition of the state."

Mr. CARSON. I agree.

Senator BREWSTER. So that we are going to keep everything local rather than controlling everything from Washington just to the maximum extent possible?

Mr. CARSON. Indeed, to the extent possible.

Senator BREWSTER (continues reading):

"Now this is the primary duty of the State and of all good citizens: To abolish conflict between classes with divergent interests, and thus foster and promote harmony between the vocational groups."

Mr. CARSON. Yes, sir.

Senator BREWSTER. What do you understand by "vocational groups"?

Mr. CARSON. "Vocational groups" is generally understood, Senator, as meaning business, labor—the people in vocations, business, labor, professions, agriculture, cooperatives, and so on.

Senator BREWSTER. And it embraces all of those?

Mr. CARSON. Yes, sir.

Senator BREWSTER. From top to bottom?

Mr. CARSON. Absolutely.

Senator BREWSTER. It is a stratification of society vertically rather than horizontally?

Mr. CARSON. You are getting into—there was a little conflict within the groups that were interpreting the encyclical within the church groups, I should say, and that is the history of these quotations to which you will refer later.

Senator BREWSTER. What is your interpretation?

Mr. CARSON. This is very interesting. If I must tell it, I will tell it, Senator, and I am glad to tell it. The theory of the interpretation of many of my good friends, best friends, such as Monsignor Ryan, Bishop Haas, and others, was that the encyclical called only for organization of the vocational groups, and then the Government as an umpire.

At the Press Club one day at noon Father Parsons was there at lunch with me, and I said that as a result of my experience in the Consumers' Counsel's Office I could not accept that interpretation of the encyclical. I never had read it, but if that——

Senator BREWSTER. You never read it?

Mr. CARSON. I never read it to interpret it. Yes; I read it. I could not accept the interpretation at that time, because I did not think that it would work.

As a result of the discussion, Father Parsons went back to the university and he called me up later and said that he had gotten the original church Latin and interpreted it himself, and that I was entirely right, that it called for something else. It called for—I can repeat the words——

Senator MAGNUSON. Let us clear the record. Is this a translation that is being read from here?

Mr. CARSON. It is a translation, commonly accepted.

Senator MAGNUSON. From the Latin?

Mr. CARSON. Yes, sir.

Senator BREWSTER. Do you challenge the authenticity of this translation?

Mr. CARSON. Not at all. That is the accepted version, and no one would challenge it.

Senator BREWSTER. That is the second printing, 105,000, issued by the American Press, 53 Park Place, New York City. That is the authorized Catholic edition of that thing.

Mr. CARSON. That is right.

Senator BREWSTER. If the question were raised regarding the translation, which would prevail, the authorized Catholic interpretation or that of an individual?

Mr. CARSON. What I think is meant there is that the question would be raised by the interpretation of phrases, not the translation, Senator.

Senator BREWSTER. You said the vocational groups were vertical grouping.

"The aim of social legislation must therefore be the reestablishment of vocational groups."

Mr. CARSON. That is right.

Senator BREWSTER (continues reading):

"Society today still remains in a strained and therefore unstable and uncertain state, being founded on classes with contradictory interests and hence opposed to each other, and consequently prone to enmity and strife. Labor, indeed, as has been well said by our predecessor in his encyclical—Rerum Novarum, page 11—is not a mere chattel, since the human dignity of the workingman must be recognized in it, and consequently it cannot be bought and sold like any piece of merchandise. Nonetheless, under the prevailing conditions, the demand and supply of labor divides men on the labor market into two classes, as into two camps, and the bargaining between these parties transforms this labor market into an arena where the two armies are engaged in fierce combat."

Page John L. Lewis. That is the horizontal stratification against which the Pope was indicating some doubt.

Mr. CARSON. Yes, sir.

Senator BREWSTER (continues reading):

"To this grave disorder which is leading society to ruin a remedy must evidently be applied as speedily as possible."

Do you follow along that?

Mr. CARSON. Yes, sir.

Senator BREWSTER. That this idea of dividing society horizontally is a very grave danger?

Mr. CARSON. Yes, sir. That is the profit-sharing industry again.

Senator BREWSTER (continues reading):

"But there cannot be question of any perfect cure, except this opposition be done away with, and well-ordered members of the social body come into being anew"—again he quotes—the translator quotes—"vocational groups."

Evidently they were very careful about the use of that because every time they come to it they quote it as though they were very careful about the use of that phrase.

"'Vocational groups,' namely, binding men together not according to the position they occupy in the labor market but according to the diverse functions which they exercise in society."

Mr. CARSON. That is right.

Senator BREWSTER. That is very clear, a farmer and industrialists, and so on, that the society is to go vertically and not horizontally. Right?

Mr. CARSON. That is right.

Senator BREWSTER. Everybody who is associated with an industry from the manager to the office boy are all in one vocational group.

Mr. CARSON. That is the theory. He says ultimately.

Senator BREWSTER (continues reading):

"For as nature induces those who dwell in close proximity to unite into municipalities, so those who practice the same trade or profession, economic or otherwise, combine into vocational groups. These groups, in a true sense autonomous, are considered by man to be, if not essential to civil society, at least its natural and spontaneous development.

"Order, as the angelic doctor well defines, is unity arising from the apt arrangement of a plurality of objects; hence, true and genuine social order demands various members of society joined together by a firm bond. Such a bond of union is provided on the one hand by the common effort of employers and employees of one and the same 'group' joining forces to produce goods or give service."

Mr. CARSON. That is right.

Senator BREWSTER (continues reading):

"On the other hand, by the common good which all groups should unite to promote, each in its own sphere, with friendly harmony."

Mr. CARSON. That is right.

Senator BREWSTER (continues reading):

"Now this union will become powerful and efficacious in proportion to the fidelity with which the individuals and the groups strive to discharge their duties and to excel in them.

"From this it is easy to conclude that in these associations the common interest of the whole group must predominate; and among these interests the most important is the constant directing of the activities of each vocation to the common good of the State."

How closely is this alined with the development of that corporate structure of society which we have also seen evolved in recent years?

Mr. CARSON. The corporate structure of society? Senator, there has been a long discussion on that, and there is another encyclical in which there is another letter later. I have not read the letter.

Senator BREWSTER. Can you produce it?

Mr. CARSON. I think I can get it.

Senator BREWSTER. What is it?

Mr. CARSON. It is a letter from Rome in which I think Pope Pius himself, maybe in that encyclical—I have not read the encyclical recently—in which he distinguishes that he is not interested in the so-called corporate theory of society—what he said in there is that—the way I understand the interpretation that I accept from Father Parsons—is that we must endeavor ultimately, in order to relieve this class strife between labor and so on, we must endeavor ultimately to get to what he refers to as the ordines, described by the angelic doctor, the profit-sharing society, of which profit-sharing industry is an example.

Senator BREWSTER. Is it not true that the development of the so-called corporate organization of society was one of the systems evolved based primarily on this encyclical?

Mr. CARSON. If you mean to say that the encyclical developed such a condition as was had in Germany or Italy; no.

Senator BREWSTER. That is not what I asked you. I asked you whether or not the so-called corporate organization of society, as epitomized particularly in Italy under Mussolini, was not to a substantial extent derived from some of the discussions of the encyclical?

Mr. CARSON. I do not think so, Senator.

Senator BREWSTER. You do not think so?

Mr. CARSON. No, sir.

Senator BREWSTER. Do you not realize——

Mr. CARSON. I am sure, Senator, that some—in the conditions in Italy—powerful individuals may have seized on this.

Senator BREWSTER. They did derive, interpreting this in their way. There was a sharp conflict that arose as between two points of view. I gather that is confirmed by your statement that subsequently there was either a letter or encyclical issued to clarify any possibility of misunderstanding. Is that right?

Mr. CARSON. I think so, Senator. I am not a theologian, or doctor of research.

Senator BREWSTER. Some of your advocates seem to consider themselves doctors.

Mr. CARSON. If Father Parsons were here I would say that he is.

Senator BREWSTER. I was not referring to him because so far as I know he has not entered into this current controversy. I am referring to some of your columnists who are most eager advocates. They have intimated that any questioning of your views involved a challenge of the authority of the Holy Father. That is what they have intimated in their articles. Do you think that is a little strange?

Mr. CARSON. I do not know what they have thought about it at all, Senator. I think that what they said is that this quotation that I had was related to my—did not say it, but that it was related to my understanding of Father Parsons' interpretation.

Senator BREWSTER. They undertook to take his characterization of the encyclical as being the capitalistic order of society as indicating that you were well within the limits when you said that competitive profit capitalism was in its death knell or death struggle, death rattle.

Mr. CARSON. He is referring to the type of the capitalists and capitalism prior to 1929. The encyclical was written to that.

Senator BREWSTER. In 1931, 2 years later?

Mr. CARSON. It was written relative to that condition.

Senator BREWSTER. You agree then that there were various interpretations placed upon this encyclical?

Mr. CARSON. There are only two that I know of.

Senator BREWSTER. Let us say two.

Mr. CARSON. Maybe there were three.

Senator BREWSTER. At any rate there were two.

Mr. CARSON. Yes.

Senator BREWSTER. So that anyone who would declare that your views were entirely orthodox and well within the bounds of the papal encyclical might well be challenged by the exponents of the other views?

Mr. CARSON. Yes. I think that anyone is entitled to challenge it.

Senator BREWSTER. I am simply expressing the hope—I believe you are a Catholic; are you not?

Mr. CARSON. I am, Senator. I am not a good one.

Senator BREWSTER. None of us are very good anything in these days. We will not challenge you on that score. I simply mean that you——

Mr. CARSON. I am not a very good example sometimes, but I am proud to be one. I do not want to leave the inference that I am not.

Senator BRICKER. You ought to be prouder that you are a good one.

Mr. CARSON. I wish that I could, Senator.

Senator BREWSTER. I do not think that we need to assume that this is to be approached in anything other than as a discussion of the problems of society by one who certainly is earnestly devoted to its welfare, and I hope that those who hereafter may discuss it, either for or against you, will recognize that there is a variety of viewpoints regarding the interpretation of the encyclical.

I read these quotations as indicating the basis upon which certain men in other countries assume the corporate state. Vocational groups was the logical interpretation and application. If you have something further in either the encyclical or letter I should be happy to have it. I think it will all conduce to our understanding.

We have a world problem. We welcome the views of men of all faiths and all experience and from all parts of the world. We certainly have the highest respect for the views of those who have been devoted to social welfare for so many centuries, but let us be careful to observe strictly the originals rather than some interpretations.

Mr. CARSON. First the interpretations have to follow, and to apply them. And I think, Senator, as I recall there is a statement by—this discussion was not confined about the economic order prior to 1929——

Senator MAGNUSON. If you will speak a little louder, please, Mr. Carson.

Mr. CARSON. Pardon me. I think the interpretations there, the discussions of the conditions prior to 1929, were not confined entirely to the Catholic Church. I think there are several statements by the World Council of Churches and others. And I know that——

Senator BREWSTER. JOHN FOSTER DULLES, a sort of a Protestant Pope.

Senator MAGNUSON. And my Lutheran minister. He preached several sermons on this subject.

Mr. CARSON. I think we are all in accord in trying to find our way to stability and economic order.

Senator BREWSTER. You would certainly not contend that there was anything to indicate that Pope Piux XI in that encyclical considered that we should wipe out the competitive-profit system.

Mr. CARSON. No, Senator. And I do not think anybody ever said it.

Senator BREWSTER. You said it.

Mr. CARSON. No. They expressed fear that it was being——

Senator BREWSTER. You said it was in its death rattle. That sounded pretty familiar.

Mr. CARSON. That is an expression of fear, Senator, that if the conditions went on, unless we did get to economic order, that that is what we would—in fact, Senator——

Senator BREWSTER. I wish you had been as careful in your prediction of disaster in 1945 as you are today. You say now that you do not want to predict disaster. You do not want to say that any kind of a system is in its death rattle, but that is what you said in 1945—that competitive-profit capitalism began to have its death rattles in 1929.

That was not a hopeful prospect certainly, was it, for the preservation of a system?

Mr. CARSON. And I very much fear, Senator, that the condition that we had in 1929—1926 on to 1929—was cause for great concern at that time.

Senator BREWSTER. No question about that. But you are speaking now of 1945. You were speaking in retrospect. You said that in 1929 competitive-profit capitalism began to have its death rattles. Your mission as a member of the Federal Trade Commission is to preserve as far as possible the competitive-profit system; is it not?

Mr. CARSON. That is one thing.

Senator BREWSTER. So that if you go into that under the opinion that it has had its death rattles 20 years ago, it is very doubtful that you could save the child?

Mr. CARSON. I think that we have got to. That is our problem, the problem of all of us is to save——

Senator BREWSTER. You do not think then that it had its death rattles?

Mr. CARSON. I think it was suffering very seriously.

Senator BREWSTER. That is not the question.

Mr. CARSON. If you leave the oratory out, I think that in 1929 to 1932—1933—all of us were worried that we could not—that we had not——

Senator BREWSTER. I am speaking of 1945. That is when you were talking about. What did you think then?

Mr. CARSON. 1945 was a reflection of what I went through in 1929 to 1932, up to 1938, Senator.

Senator BREWSTER. I think you would find it advantageous to qualify your phraseology somewhat more carefully. What about your theories on taxation? What are your views on taxes on corporations?

Mr. CARSON. Taxes on corporations? Senator, I have always believed, if you want my theories on taxation—1928——

Senator BREWSTER. Let me ask you this: Do you believe that all corporate income taxes should be abolished?

Mr. CARSON. I think that is one way to reach tax equality, Senator; yes.

Senator BREWSTER. Would you also favor the abolition of tax exemptions for charitable and educational trust funds?

Mr. CARSON. I think there is a problem. If you want charitable and educational trust funds, if they are trust funds—charitable and educational trust funds, solely that, I will exempt them.

Senator BREWSTER. You object to their abuses?

Mr. CARSON. Yes, sir.

Senator BREWSTER. We all share that view. Again your statement did not qualify it.

Senator TOBEY. But, Mr. Chairman, if they were trusts, according to some trusts that I have been looking at in the past 4 months, which were phony trusts with indentures that gave them powers that no man ever had before, trusts that tried to evade taxation by putting prosperous businesses into the trust to get tax immunity, you would share righteous indignation; would you not?

Mr. CARSON. I think so. This is the thing that I am referring to there: Talking not long ago to a very learned man in the Treasury dealing with that subject alone, he pointed out to me that as of today we are getting

only about $900,000,000 out of our estate taxes.

Senator BRICKER. How much?

Mr. CARSON. $900,000,000. He said that would be the equivalent, if we tax all transfers of property at death, the equivalent of a 3-percent tax. Our rates, I think, run up to 65, 68. I have not looked at it, because I do not get up to that bracket, but he said at that time that because of the opportunity that is here, that the law has created, that very, very few rich men are paying any estate tax any more.

I think that some place the Congress has to look into the——

Senator BREWSTER. Your statement, which I again quote from, is that you would "wipe out the exemptions from taxation." You did not qualify it. I think what Senator TOBEY refers to we are all familiar with. I at any rate, have joined in his report and heartily share his view that there are very grave abuses of the charitable and educational trust funds.

On the other hand, you said wipe them all out. Do you believe in wiping them all out?

Mr. CARSON. No, sir; there are charitable and educational trust funds that are very good.

Senator BREWSTER. And have been established over a long period of years, and it is a rather accepted principle.

Mr. CARSON. I am interested in seeing that the abuses are wiped out.

Senator BREWSTER. What do you feel about your repudiation of debt?

Mr. CARSON. The phrase there, the repudiation of debt, is picked up largely because of the—well, I will tell you what it was, Senator. I can recall distinctly that I had just come at that time from an educational school at the University of Minnesota.

Senator BREWSTER. When was this?

Mr. CARSON. I think around, it must have been 1944 or some place in there, in which the professors presented to the class that was there—labor, farmers, women's league, League of Women Voters, cooperatives, business, and others—the problem that was ahead of us, of maintaining, as I recall the figure, a $200,000,000,000 national income, if we are going to sustain our debt load.

The discussion there was of the two methods, of course, of doing that, that they discussed. That was one of the methods that they discussed, was what they did not advocate but what they feared was that we might get to the place, in order to maintain a maximum of full production, we might get to the place where we would be driven into the state to develop a tremendous machine in order to create work, and so on.

Senator BREWSTER. Which theory did you adopt? That to maintain the national income at $200,000,000,000 or better in order to carry the debt, or the alternative solution?

Mr. CARSON. I would take the other alternative, Senator, of finding such means as we could to maintain a healthy free-enterprise system and maximum production in that way.

Senator BREWSTER. So that with our income of $200,000,000,000 or $250,000,000,000—some even suggest $300,000,000,000—we would then be able to carry this debt load. You favor that solution as against the repudiation?

Mr. CARSON. Certainly.

Senator BREWSTER. Then I will quote your statement before the Senate Banking and Currency Committee as submitted here by Senator HENDRICKSON, who was not able to be here but called attention to it. This is the quotation before the Banking and Currency Committee:

"I agree that we must produce as much wealth as is possible to carry the debt load imposed on us if we are to maintain the validity of the debt."

Mr. CARSON. That is correct.

Senator BREWSTER (continues reading):

"But far better will it be if we adopt any one of the many methods of repudiating a part of that debt and keep our people free rather than to enslave them to insure payment of that debt."

What did you mean by that?

Mr. CARSON. I meant by that——

Senator BREWSTER. That does not sound like your earlier statement.

Mr. CARSON. In preference to developing a tremendous totalitarian state, a government——

Senator BREWSTER. That is not what you say. You say:

"We must produce as much wealth as is possible to carry the debt load imposed on us."

That is what we all want: to produce as much as we can. But you say:

"Far better will it be if we adopt any one of the many methods of repudiating a part of that debt and keep our people free rather than to enslave them to insure payment of that debt."

What did you mean?

Mr. CARSON. I meant by that, in preference, if it came to a place where, in order to maintain an economy of $250,000,000,000 or $300,000,000,000, if it became necessary in order to do that, to create complete Government control of our economy and develop that kind of an enterprise.

I thought then the Government could far better, to preserve our democratic way of life, find some means of compromising the debt, such as we have done in business all our lives, such as we have done by Government through compromising with farms, to save our family life on farms, the debt on our housing, with the HOLC, and so forth.

Senator BREWSTER. In the first place, there is certainly nothing of that in what you say here. Is this quotation correct, do you think?

Mr. CARSON. I think the entire quotation, Senator——

Senator BREWSTER. You first say, "Let us produce as much as we can to carry the debt." That is what you now say you believe in, what we all believe in?

Mr. CARSON. Yes, sir.

Senator BREWSTER. Why do you then go on to say:

"But far better will it be if we adopt any one of the many methods of repudiating a part of that debt and keep our people free rather than to enslave them to insure payment of that debt."

Mr. CARSON. I meant by that, this, as I said before, that we must do everything——

Senator BREWSTER. You preferred that to producing wealth? That is what you said?

Mr. CARSON. May I answer, Senator? I said that if—what I meant was this: If we could develop——

Senator MAGNUSON. Mr. Carson, if you would speak a little louder?

Mr. CARSON. Pardon me. I am sorry.

If we could, we must do everything in our power to develop our production through our free-enterprise system.

Senator BREWSTER. That is right.

Mr. CARSON. To carry the debt load. If the condition continues, such as in 1933 or something——

Senator BREWSTER. You do not say that. You say:

"Far better will it be if we adopt any one of the many methods of repudiating a part of that debt and keep our people free rather than to enslave them to insure payment of that debt."

That is what you say.

Mr. CARSON. Again, all through this whole article, Senator, if you will read it, there is this expression all the way through it—the context of the article—this is the one on housing——

Senator BREWSTER. Is this a transcript of that speech?

Mr. CARSON. This is the one on housing.

Senator BREWSTER. Is this the one in which this paragraph occurs?

Mr. CARSON. Yes.

Senator BREWSTER. Have you the whole context?

Mr. CARSON. I have the whole context. I would not vouch for its accuracy, but I am sure it is.

Senator BREWSTER. Before the Banking and Currency Committee in 1945?

Mr. CARSON. June 11, 1945. What I tried to say in that—and under the stress you have made, not to elaborate your ideas as far as you can—what I tried to say in that, through that article, is let us endeavor in every way to find the means to help people to help themselves, become self-dependent, self-reliant. That is what I meant by that, under the free-enterprise system.

If we could do that, if we can carry the debt in that way, fine, let us do it. That is the maximum production.

(Thereupon, a discussion off the record was had.)

Senator MAGNUSON. Mr. Carson, you may be temporarily excused.

Senator TOBEY asks permission to place in the record Mr. Carson's testimony before the House subcommittee on February 7, 1945. Without objection that will be done.

Senator TOBEY. May I interrupt?

Senator MAGNUSON. Yes, sir.

Senator TOBEY. I asked permission to put in the record a speech which was made before the House subcommittee. There are some deletions in this text. I would like to include the whole speech.

Senator BREWSTER. I noted there was another speech in 1949. As I understand, you did not at this time intend to include that?

Senator TOBEY. I will read it and see.

Senator MAGNUSON. Mr. Kile, we will hear from you. I understand that all the witnesses are being sworn. So if you will raise your right hand we will swear you.

Do you swear to tell the truth, the whole truth, and nothing but the truth, in your testimony before this committee?

Mr. KILE. I do.

REMOVAL OF CERTAIN INEQUITIES AND HARDSHIPS IN THE TAX LAWS

Mr. GEORGE. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

Mr. GEORGE. Mr. President, I now move that the Senate proceed to the consideration of House bill 5268, Calendar 838.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 5268) to amend certain provisions of the Internal Revenue Code.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Georgia [Mr. GEORGE].

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

Mr. GEORGE. Mr. President, I shall try not to detain the Senate very long. This bill has been before the Senate for some time. Certain objections were made, not so much to the bill, but because it was desired to offer certain perfecting amendments. I think all those amendments have been considered with a great deal of care. I wish now briefly to explain the main features of the bill. As the bill passed the House it contained six sections, and the Committee on Finance of the Senate has added three more sections.

The purpose of the bill is to remove certain inequities and hardships in the present tax laws. Its effect on the revenue is negligible. I shall briefly describe the bill section by section.

Section 1 of the bill is the same as passed by the House. It relates to the filing of returns by farmers. It simply gives farmers until January 15 following the close of their taxable year in which to make the declaration of their estimated tax. Under the law final returns must be made on March 15.

The law was subsequently amended to give the farmer opportunity, if he so desired, to make his final return on January 15, in lieu of the estimate. Many farmers took advantage of this opportunity to submit their final return on January 15. Accountants, lawyers, and other tax advisers in small towns and cities who customarily aided farmers in making out their returns were swamped with work during the first 15 days of January. This section is simply an effort to relieve that situation by giving the farmer the option of making his final return on January 31 in lieu of making a separate declaration of tax. Of course, if the farmer does not care to take advantage of this option he can continue as under the present law to make his declaration on January 15 and his final return by March 15.

The distinguished Senator from Iowa [Mr. HICKENLOOPER] offered an amendment to extend the time until the first of February, I believe, or the 15th of February; but on examination the committee was satisfied that the 15th of February, or the date named in February in the Senator's amendment, was so close to March 15 that it would be impracticable to change the date in the House bill. So the Senate Finance Committee agreed to this provision of the bill.

Section 2 also remains unchanged from the House bill. It is intended to take care of an inequity relating to the foreign-tax credit allowed to American citizens and corporations for taxes paid to foreign countries. Under existing law if a taxpayer has taken against his American income tax a credit for an income tax paid to a foreign country, and if he later receives a refund of some part of the tax paid to such foreign country, he is required to revise his American tax by reducing his credit for the foreign tax by the amount of the refund. It has developed that in some instances the foreign country actually has imposed a tax on the refund it pays to the American citizen or corporation. There has been some confusion as to whether in such a case the foreign-tax credit should be reduced by the gross refund payable or by the refund reduced by the tax imposed upon it by the foreign country.

In the interest of equity, the bill makes it clear that the taxpayer will reduce his foreign-tax credit in such a case only by the amount of the net refund he actually receives from the foreign country; that is, the amount after he has paid the tax to the foreign country on such refund. The amendment is made applicable to taxable years beginning after December 31, 1938.

Section 3 of the bill allows a corporation on the accrual basis a deduction in computing its income for Federal tax purposes for charitable contributions in the year in which such charitable contributions were authorized by the board of directors, if payment of the contribution is actually made within 2 months and 15 days after the close of such year. The present law allows a charitable deduction—which cannot exceed 5 percent of the corporate net income—only in the year in which the payment is actually made. The amendment is believed desirable because of the difficulty corporations have had in determining before the close of their year what constitutes 5 percent of their net income. The amendment is applicable to taxable years beginning after December 31, 1942.

Section 4 of the bill is also identical with the House provision. It exempts from the stamp tax, transfers of stock from a corporation to a registered nominee of such corporation or from one such nominee to another such nominee, provided the shares or certificates are held by the nominee for the same purposes for which they would be held if retained by the corporation. Transfers by the nominee back to the corporation are also exempt from tax. This provision is deemed desirable because corporations frequently find it convenient to make use of nominees in order to facilitate stock transfers. The use of nominees makes it unnecessary to obtain the vote of the board of directors before making a sale or transfer of stock.

Section 5 deals with employee annuities, and is very limited in its application. Under existing law an employee may be forced in some cases to pay a tax on contributions made by his employer toward the purchase of an annuity for him, even though he will not receive any payments under the annuity contract until many years later, when he retires from his employment. This works a real hardship on the employee, who, at the time of such contribution by the employer, generally does not have sufficient funds to pay the tax. Most pension plans of this type were entered into prior to the enactment of the Revenue Act of 1942, which lays down the present qualifications for employees' trusts in section 165, under which the employees are not required to include in income their employers' contributions until they actually receive their annuity payments. The section is designed to give certain types of annuity contracts entered into prior to the Revenue Act of 1942 the same treatment. To get the benefit of the section, the annuity trust agreement must have been created prior to the Revenue Act of 1942; the employers' contributions must be applied by the trustee for the purchase of employees' annuity contracts; and the employees involved, except with the consent of the trustee, must not be entitled to any payments under the annuity contracts, except annuity payments. The House bill limited the relief to cases where the annuity was purchased by the trustee. Your committee also grants relief where the employer purchased the annuity contract and subsequently transferred it to the trust. The relief under the section has also been limited by your committee to employees who were in the employ of the employer prior to the enactment of the Revenue Act of 1942 and were covered by an agreement prior to such enactment. The section applies to taxable years ending after December 31, 1938.

Section 6 of the bill grants relief from the estate and gift taxes in the case of certain reciprocal trusts. Prior to 1940, certain individuals established trusts of a reciprocal nature. For example, an individual might establish a trust providing that the corpus of the trust would be payable to his children upon his death. Under the general plan followed, certain rights in the trust were also given to his wife. Those rights might consist of a general power to invade the corpus, to change the beneficiaries, or to change the amount which they would receive. At the same time, or a short time after the husband set up the trust, his wife would also establish a trust, with assets of a similar amount, vesting in him powers equivalent to those he had vested in her. By this reciprocal device it was thought that two persons could transfer property to their heirs without diminishing effective control during life but still paying the gift tax, rather than the estate tax.

The acceptance by the Treasury, prior to 1939, of the gift taxes paid—and, it is claimed, the assertion of occasional deficiencies—caused some taxpayers to believe this was a legitimate device.

However, in 1940, in *Lehman* v. *Commissioner* (109 F. (2d) 99), the Circuit Court of Appeals for the Second Circuit held that where trusts are found to have been created each in consideration of the other, the nominal grantors are to be interchanged for tax purposes. Thus, in the type of case discussed above, the husband would be considered the grantor of the trust created by the wife, and vice versa. This means that the husband is considered to have reserved powers in the trust nominally set up by his wife. This, under present law, is sufficient to require inclusion of the entire trust corpus in his gross estate upon his death.

The court decisions in 1940 and subsequent years put taxpayers on notice as to the probable tax consequences of reciprocal trusts in the future. However, the situation is different with respect to trusts created before 1940, the year of the Lehman decision. If taxpayers release their powers, they become subject to the gift tax, although one gift tax may already have been paid. If they retain the powers, the trust property will be included in the gross estate upon their death, even though a gift tax may have been paid.

This section of the bill removes hardship by extending relief to persons who created reciprocal trusts, vesting powers in each other, before January 1, 1940, by providing that the relinquishment of such a power on or before December 31, 1950, will not be subject to the gift tax. It also provides that such a relinquishment is not to be considered, for the purpose of the estate tax, as having been made in contemplation of death, but only if the person who made the relinquishment died after February 10, 1939. Your committee confined the relief only to those cases where a gift tax was actually paid.

Section 7 of the bill was added by your committee. It is designed to overcome the decision of the Supreme Court in the case of *Commissioner* v. *Church* (355 U. S. 622 (January 17, 1949)). This decision holds that property transferred by a decedent prior to 1931 should be included in his gross estate because he retained the income from the property during his life. This decision overruled *May* v. *Heiner* (281 U. S. 238 (1930)) and related cases decided 18 years before. The Congress in 1931 enacted a joint resolution to overcome the effect of May against Heiner but did not apply it retroactively, that is, to trusts created prior to March 3, 1931, the date of its enactment. It is the opinion of your committee that after all of these years, persons are entitled to rely on the long-standing interpretation of May against Heiner as to these old trusts, and section 7 is designed to accomplish that result. In the words of Mr. Justice Reed's dissent from the Church decision:

> In reliance upon a long-settled course of legislative and judicial construction, donors have made property arrangements that should not now be upset summarily with no stronger reasons for doing so than that former courts and the Congress did not interpret the legislation in the same way as this Court now does.

Section 8 deals with possibilities of reverter under the estate tax. It was added by your committee but is similar to a provision in H. R. 6712, which passed the House last year. It is intended to overcome the effect of cases like *Spiegel* v. *Commissioner* (335 U. S. 701 (January 17, 1949)). In this case Spiegel established a trust when he was 47 years old and his three children were aged 25, 15, and 13. At his death 20 years later the children were still living and there were three grandchildren. Despite the fact that the corpus of the trust would revert to Spiegel only if he survived all of his children and grandchildren, the entire value of this property was included in his gross estate. One of the Justices in a dissenting opinion pointed out that, given the facts of the Spiegel case, the value to a settlor just prior to death of a reverter on a $1,000,000 trust fund—the Spiegel trust fund was about $1,140,000—would be about $70. As he phrased it:

> The relation of $70 to $1,000,000 ordinarily would be de minimis and certainly not one which would induce Congress to permit the assessment of a tax of over $450,000 because of its existence.

Your committee bill remedies this situation by providing that the amount of the transferred property to be included in the gross estate shall not exceed the actuarial value of the decedent's reversionary interest in such property immediately before his death. The committee amendment is not retroactive and applies only to decedents dying after the enactment of this bill.

Section 9 adds mines or deposits of perlite and diatomaceous earth to the list of nonmetallic mines or deposits which are allowed depletion in the amount of 15 percent of the gross income from the property. These minerals are in competition with certain other minerals which are now allowed percentage depletion, such as vermiculite, ball and sagger clay, feldspar, mica, and the like. For this reason, your committee felt that the 15 percent percentage depletion allowance should be extended to them.

Does the Senator from Colorado desire to make any statement about the bill at this time?

Mr. MILLIKIN. Mr. President, I believe the distinguished chairman of the committee has made a very full and lucid explanation of the bill.

Mr. MAYBANK. Mr. President, I should like to ask the Senator from Georgia whether he has any committee amendments.

Mr. GEORGE. We have certain committee amendments.

Mr. MAYBANK. I have a brief amendment I intend to offer when the committee amendments have been disposed of.

Mr. GEORGE. The Finance Committee proposed certain amendments to the House text, and I ask that those committee amendments be now stated.

The PRESIDING OFFICER. The clerk will proceed to state the committee amendments.

The first amendment of the Committee on Finance was in section 5, page 7, line 15, after "(a)", to insert:

> For the purposes of this subsection, amounts paid by an employer for the purchase of annuity contracts which are transferred to the trustee shall be deemed to be contributions made to a trust or trustee and contributions applied by the trustee for the purchase of annuity contracts; the term "annuity contracts purchased by the trustee" shall include annuity contracts so purchased by the employer and transferred to the trustee; and the term "employee" shall include only a person who was in the employ of the employer, and was covered by the agreement referred to in paragraph (2), prior to October 21, 1942.

The amendment was agreed to.

The next amendment was, in section 6, page 8, line 25, after the word "shall", to strike out "not apply if, at the time such person made the aforesaid reciprocal transfer of property, a law was in effect imposing a tax upon the transfer of property by gift unless (1) a gift tax was paid with respect to such reciprocal transfer, and not credited or refunded, or (2) a gift-tax return was made by such person on account of such reciprocal transfer within the time prescribed but no gift tax was paid with respect to such reciprocal transfer because of the deductions and exclusions claimed on such return" and insert "apply only if, at the time such person made the aforesaid reciprocal transfer of property, a law was in effect imposing a tax upon the transfer of property by gift and a gift tax was paid with respect to such reciprocal transfer, and not credited or refunded."

The amendment was agreed to.

The next amendment was, on page 10, line 4, after the word "made", to strike out:

> This subsection shall not apply if, at the time such person made the aforesaid reciprocal transfer of property, a law was in effect imposing a tax upon the transfer of property by gift unless (1) a gift tax was paid with respect to such reciprocal transfer, and not credited or refunded, or (2) a gift tax return was made by such person on account of such reciprocal transfer within the time prescribed, but no gift tax was paid with respect to such reciprocal transfer because of the deductions and exclusions claimed on such return.

And insert:

> This subsection shall apply only if, at the time such person made the aforesaid reciprocal transfer of property, a law was in effect imposing a tax upon the transfer of property by gift and a gift tax was paid with respect to such reciprocal transfer, and not credited or refunded.

The amendment was agreed to.

The next amendment was, on page 11, line 1, after the word "section", to strike out "did not constitute" and insert "is not deemed"; in line 4, after the word "after", to strike out "December 31" and insert "February 10".

The amendment was agreed to.

The next amendment was, after line 5, to insert a new section 7, as follows:

> SEC. 7. Transfers taking effect at death.
>
> (a) Section 811 (c) of the Internal Revenue Code (relating to transfers in contemplation of or taking effect at death) is hereby amended—
>
> (1) By striking out "(c) Transfers in contemplation of, or taking effect at death.—" and inserting in lieu thereof the following:
>
> "(c) Transfers in contemplation of or taking effect at death.—
>
> "(1) In general.—";
>
> (2) By striking out "(1)" and "(2)" and inserting in lieu thereof "(A)" and "(B)"; and
>
> (3) By adding ot the end thereof a new paragraph to read as follows:
>
> "(2) Exception in case of transfers prior to March 4, 1931: Property transferred before March 4, 1931, shall not be included in the gross estate under this subsection by reason of the fact that the decedent retained an estate for life in such property;".
>
> (b) The amendments made by subsection (a) shall be applicable with respect to estates of decedents dying after February 10, 1939.

Mr. WILLIAMS. Mr. President, I have an amendment which modifies the committee amendment of section 8.

Mr. GEORGE. Mr. President, the senior Senator from Colorado has some amendments to this section, I believe, and the senior Senator from Pennsylvania left with me an amendment which should now be considered. I send it to the desk and ask that it be stated. I might explain that it is intended to take care of those cases of transfers after March 3, 1931, and prior to June 7, 1932, at which time Congress, by appropriate resolution, undertook to prevent their existing in the future, but did not make that resolution retroactive to March 3, 1931. I doubt whether it is necessary, and I so stated to the Senator from Pennsylvania, but in order to make certain, I now offer the amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. In the committee amendment on page 11, line 18, it is proposed to strike out "a new paragraph" and insert in lieu thereof "two new paragraphs", and at the end of page 11 to add a new paragraph reading as follows:

> (3) Exception in the case of transfers after March 3, 1931, and prior to June 7, 1932: Property transferred after March 3, 1931 and prior to June 7, 1932 shall not be included in the gross estate under this subsection by reason of the fact that the decedent retained any of

the rights described in the amendatory language in section 803 (a) of the Revenue Act of 1932 unless such property is includible by reason of the amendatory language of the joint resolution of March 3, 1931 (46 Stat. 1516).

Mr. GEORGE. Mr. President, I should like to add that both the Senators from Pennsylvania are interested in this amendment. While I think it is precautionary, at the same time many very eminent lawyers in the State of Pennsylvania have insisted that this amendment be adopted. The committee has no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment offered by the Senator from Georgia on behalf of the Senator from Pennsylvania.

The amendment to the amendment was agreed to.

Mr. JOHNSON of Colorado. Mr. President, the amendments I have are amendments which have been prepared by the junior Senator from Virginia [Mr. ROBERTSON]. I find they pertain to section 8.

The PRESIDING OFFICER. Without objection, section 7, as amended, is agreed to.

The next committee amendment will be stated.

The next amendment was on page 12, after line 3, to insert a new section 8, as follows:

SEC. 8. Transfers With Reversionary Interest Retained.

(a) Section 811 (c) of the Internal Revenue Code (relating to transfers in contemplation of or taking effect at death) is hereby amended by adding at the end thereof (following the paragraph added by sec. 7) a new paragraph to read as follows:

"(3) Transfers with reversionary interest retained: In case property transferred by the decedent would not be includible in determining the value of the gross estate under the provisions of this subsection except by reason of the fact that the decedent retained a reversionary interest in the property, then the amount so includible shall not exceed the value of such interest immediately before the decedent's death. Such value immediately before his death shall be determined in accordance with tables of experience or probability or other accepted methods of actuarial valuation under regulations prescribed by the Commissioner with the approval of the Secretary. For the purposes of this paragraph, (A) a reversionary interest includes a possibility that the property so transferred or a portion thereof may return to the decedent or his estate, and (B) a possibility that the property so transferred or a portion thereof may be disposed of through the exercise of a power by the decedent shall be considered as a possibility that the property subject to such power may so return."

(b) The amendment made by subsection (a) shall be applicable only with respect to estates of decedents dying after the date of the enactment of this act.

Mr. WILLIAMS. Mr. President, I ask that my amendment to the committee amendment be stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Delaware.

The CHIEF CLERK. In the committee amendment it is proposed, on page 13, lines 5 through 7, to strike out subsection (b) to section 8 and insert in lieu thereof a new subsection (b), as follows:

(b) The amendment made by subsection (a) shall be effective from February 10, 1939.

Mr. GEORGE. Mr. President, that is the amendment to which I referred earlier. It simply makes the law effective back to the date of the adoption of the Revenue Code. The committee has no objection to that amendment.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. LUCAS. Am I correct in my understanding that the amendment just offered by the able Senator from Delaware [Mr. WILLIAMS] does not include any rebate?

Mr. GEORGE. It does not include any refund in any closed case.

Mr. LUCAS. I am particularly interested in the Spiegel case which arose in my State. I have been in correspondence with persons interested in it from time to time. It seems to me that if this law is to go into effect the guinea pigs spoken about previously should receive some relief. I shall offer an amendment which I understand the Senator from Georgia is willing to take to conference.

The PRESIDING OFFICER. The amendment of the Senator from Delaware is pending.

The question is on agreeing to the amendment offered by the Senator from Delaware to the committee amendment.

The amendment to the amendment was agreed to.

Mr. LUCAS. Mr. President, I now offer my amendment.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Illinois.

The CHIEF CLERK. Following paragraph (b) on page 13, it is proposed to add a new section in lieu thereof, as follows:

The amendment made by subsection (a) shall be applicable with respect to estates of decedents dying on or after January 29, 1940. If refund or credit of any overpayment, or abatement of any overassessment, to the extent such overpayment or overassessment results from the application of subsection (a), is prevented on the date of the enactment of this act or within 1 year from such date by any provision of law or rule of law or judicial determination, then notwithstanding any other provision of law or rule of law (other than subsec. (a) and other than sec. 3761 of the Internal Revenue Code or sec. 3229 of the Revised Statutes, relating to compromises), or judicial determination, such overpayment shall be refunded or credited, and such overassessment shall be abated, as estate tax erroneously or illegally collected or assessed: *Provided*, That, in the case of such refund or credit, claim therefor shall be filed within 1 year from the date of the enactment of this act. No interest shall be allowed or paid on any such credit or refund to the extent that such credit or refund results from the application of subsection (a).

Mr. LUCAS. Mr. President, there is no point in discussing this amendment, in view of the very able presentation by the distinguished chairman of the Finance Committee on this point. It deals specifically with the Spiegel case which the Senator from Georgia discussed a moment ago.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. MILLIKIN. Mr. President, I earnestly urge the adoption of this amendment. It seems to me that the Spiegel case decision, for the reasons given by the distinguished chairman of the Finance Committee, is a grossly erroneous decision, and will have unfair impacts upon citizens unless we take affirmative steps such as are proposed by the amendment which is before us.

The PRESIDING OFFICER. The question is an agreeing to the amendment offered by the Senator from Illinois to the committee amendment.

The amendment to the amendment was agreed to.

Mr. JOHNSON of Colorado. The Senator from Virginia [Mr. ROBERTSON] was not able to be here today, and requested me to present certain amendments and the arguments in behalf of them. I ask unanimous consent to insert in the RECORD at this point in my remarks an explanation of the amendments and their effect.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM RE H. R. 5268—SECTIONS 7 AND 8

I. GENERAL

The bill contains two sections designed to correct inequities produced by the decisions of the Supreme Court in *Commissioner* v. *Estate of Church* and *Estate of Spiegel* v. *Commissioner*, both decided January 17, 1949.

1. Section 7: The Church case held that property transferred in trust in 1924 by a decedent who retained the income for his life was includible in his estate under section 811 (c) as a transfer taking effect at death. The Supreme Court thus overruled its original decision in *May* v. *Heiner* in 1930 that such transfers with life interest reserved were not taxable, and its subsequent decision in *Hassett* v. *Welch* that the joint resolution of March 3, 1931, subjecting such transfers to tax, had prospective application only.

Section 7 of the bill amends section 811 (c) to provide that property transferred before March 4, 1931, shall not be included in gross estate by reason of the retention of a life estate in such property. It applies to decedents dying after February 10, 1939.

2. Section 8: In the Spiegel case, the decedent created a trust in 1920, giving the income to his three children for life. If he outlived his children, the income was to be paid to grandchildren for their lives. The corpus on his death was distributable to the persons then entitled to the income. Although no reversion to the grantor was expressly provided for, the Supreme Court held that, under Illinois law, if Spiegel survived both his children and grandchildren, the property would revert to him. This possibility of reverter was held to be sufficient to tax the entire trust of $1,000,000 in Spiegel's estate, although he was survived by six beneficiaries, and the actuarial value of his interest at his death was $70. This decision greatly extended the principle of *Helvering* v. *Hallock*, decided in 1940, in which the decedent expressly provided for reversion of certain property given to his wife for life, if he survived her.

Section 8 of the bill is designed to correct this situation by limiting the inclusion in gross estate to the actuarial value of the reversionary interest immediately before the decedent's death. A "reversionary interest" is defined as including a possibility that the property may return to the decent or his

estate, or that it may be disposed of through the exercise of a power by the decedent. This section applies only to decedents dying after the date of enactment of the bill.

II. PROBLEMS CREATED BY THE BILL

There are several problems created by the wording of these provisions, or the committee report thereon, which require further consideration.

(1) *Section 7—Church cases*

Section 7, read literally, states that there will never be an inclusion in a decedent's gross estate by reason of the retention of a life estate in property transferred prior to March 4, 1931, if the decedent died after February 10, 1939.

However, the committee report on this section (p. 8) contains the following statement:

"The amendment made to section 811 (c) by this section of the bill does not, however, similarly change the estate-tax treatment of a transfer made before March 4, 1931, in case the decedent retained both a life estate and some other right or interest in the transferred property."

The example which follows assumes a pre-1931 transfer with retained life estate in A (the grantor) with remainder to B if he survives A—a typical "Hallock" reversionary interest. It is not stated when A's death occurs. It concludes that section 7 does not relieve A's estate of tax liability.

The statement and example are ambiguous in two important respects:

(a) Decedents dying after date of enactment: The quoted statement may imply that if the decedent dies after the date of enactment holding both a life estate described in section 7 and a reversionary interest described in section 8, the full value of the property transferred will be included in his estate. If he died after such date holding only the life estate, it would be excluded by section 7. If he died holding only the reversionary interest, it would be included only to the extent of its actuarial value. If he dies holding both, however, the benefits of section 7 appear to be withdrawn from him. This result is illogical and contrary to the express wording of the bill.

It seems probable that the committee intended its statement to be limited to decedents dying before the date of enactment of the bill. In this case, since section 8 is not retroactive, the possession of reversionary interests of certain types would subject the estate to tax on the full value of the property. The exclusion of the life estate under section 7 would then be immaterial. This interpretation would accord, at least generally, with the policy of the Treasury Department expressed in its recent Church regulations; that is, not to apply the Church case retroactively unless the decedent died possessed of some other taxable interest in the property.

(b) Decedents dying before enactment: The quoted statement appears to be too broad, even with respect to decedents dying before enactment of the bill. It denies the benefits of section 7 where the decedent retained "some other right or interest in the transferred property." This suggests that a decedent holding a right or interest in property, not in itself sufficient to require inclusion of the property in his estate, may be compelled to do so because it is coupled with a church life estate.

The Treasury Department, in its Hallock regulations, has sought to make distinctions between taxable and nontaxable reversions. These are discussed in more detail below, in connection with section 8 of the bill. Generally, if possession or enjoyment is not conditioned on survivorship of the decedent, the property is not subject to the estate tax, even though a reversionary interest is retained. Thus, suppose A transfers property to his son for life, remainder to the son's surviving issue, but if no issue survive the son, the property reverts to A or his estate. Since possession and enjoyment is conditioned on issue surviving the son (not A), the Hallock regulations would not include the property in A's estate.

The committee statement leaves it uncertain whether the possession of this nontaxable interest in the property, if A also had reserved a pre-1931 life estate, would render the whole property subject to tax in A's estate. It might thus push the estate tax into a field which the Treasury has not sought to occupy. This possibility is perhaps increased by the fact that the courts have not yet approved the distinctions drawn in the Hallock regulations.

(2) *Section 8—Spiegel cases*

(a) Scope of Section

The amendment proposed by section 8 of the bill is susceptible of two interpretations: First, that it is merely a valuation provision as to reversionary interests; or, second, that it is both a valuation and inclusion provision. Under the latter interpretation it would be treated as providing that all reversionary interests are taxable, regardless of the requirements of present law, and that the inclusion shall be limited to the actuarial value of the reversionary interest.

Section 811 (c) has been interpreted by the Treasury Department in the so-called Hallock regulations (Regs. 105, sec. 81.17) and has come before the courts on many occasions. The Hallock regulations were issued in their present form relatively recently—in 1946—and, in general, attempt to codify the principles as to taxability previously established by the courts. However, such regulations have not gone as far as some of the more extreme court decisions and, hence, do not assert liability in the situations covered by such decisions.

The Hallock regulations prescribe two general tests which must be met for the transfer to be treated as one intended to take effect in possession or enjoyment at or after death. These are: (1) Possession or enjoyment of the transferred property is obtainable only by beneficiaries who must survive the decedent; and (2) the decedent or his estate must possess a right or interest in the property, whether by specific reservation or by operation of law. Thus, the death of the decedent must be the event which determines who will possess or enjoy the property and the decedent or his estate must retain a string on the property.

The transfers to which the regulations are applicable may be illustrated by the following examples:

1. Decedent, at age 90, transferred property in trust, giving a life estate to his granddaughter, age 22, remainder to a child of the granddaughter. The trust property would revert to the decedent if he survived the granddaughter. Decedent predeceased both the granddaughter and her child. Both tests are satisfied. The child of the granddaughter had to survive the decedent in order to take the remainder, and the decedent retained an express reversionary interest in the property.

2. Decedent transferred property in trust, giving the income to his wife for her life, remainder to his father if living at the wife's death. If the father was not living at that time, the property was to revert to the decedent if living and, if not, it was to pass to decedent's issue and their heirs. The father predeceased the decedent while the wife was still alive. Both conditions are met. At the time of decedent's death, possession or enjoyment of the remainder could be obtained only by beneficiaries who must survive decedent and the decedent reserved a reversionary interest in the property.

3. Decedent transferred property in trust, retaining a life estate and giving a succeeding life estate to another, the remainder to go to the succeeding life tenant's issue who survived both the decedent and the life tenant. The decedent also retained power to designate the remaindermen in case the succeeding life tenant died without surviving issue. At the time of decedent's death, the succeeding life tenant was alive. Here, possession or enjoyment of the property could be obtained by the succeeding life tenant and by his issue only if they survived the decedent, thus satisfying the first test. The second test is satisfied with respect to the interests of both beneficiaries since the decedent retained a right in the entire property—a contingent power of appointment. In view of the Church case the second test would also be satisfied by decedent's life estate.

4. Decedent transferred property in trust to pay the income to his son during decedent's life and, at decedent's death, to pay the principal to the son if living; if not, to son's issue surviving both son and the decedent. The father predeceased the son. Both tests are met. The property would revert to the estate of decedent if neither the son nor the son's issue survive the decedent. Moreover, neither the son nor his issue could obtain possession or enjoyment of the property unless they survived the decedent.

Transfers which would be taxable under court decisions but not under the Hallock regulations include the following:

1. Decedent, during his life, transferred property in trust, giving the income to his son until the latter reached the age of 25, at which time the corpus was to be paid to him. If the son died before reaching 25, the corpus was to revert to the decedent if living; and, if not, it was to pass to the son's heirs. Under the regulations, even though decedent retained a reversionary interest, the son could obtain possession or enjoyment of the remainder without regard to the fact that his father was still living and thus the first test would not be met. (*Dominick* v. *Commissioner* (152 F. (2d) 843 (C. C. A. 2d. 1946)).)

2. Decedent, during his life, transferred property in trust, giving the income to his daughter for the life of the survivor of himself and his wife, and the remainder to the daughter or her issue. The wife was also given the unrestricted power to alter, amend, or revoke the trust. The wife was still living at decedent's death. Here, the first test under the regulations would not be met since the wife could obtain possession or enjoyment of the property during decedent's life through the exercise of her power. (*Goldstone* v. *U. S.*, 325 U. S. 687 (1945).)

The Spiegel case itself supports one position taken by the Treasury Department in the Hallock regulations and at the same time casts serious doubt on another. The Hallock Regulations provide that the right or interest held by the decedent or his estate may result from a specific reservation or by operation of law. Inasmuch as the reversionary interest in the Spiegel case was a possibility of reverter by operation of law, the decision settles the question as to the sufficiency of such interest. On the other hand, in view of the sweeping language in the Court's opinion, the sole test of taxability may be whether at death the decedent retained any right or interest in the property which was terminated by death. Under such a test, it would be immaterial whether death was also the event which determined who would take the property.

The amendment proposed by section 8 would be superimposed on the law as it now stands. If it is to be interpreted as a mere valuation provision, it would not raise any new problems as to the taxation of transfers in which the decedent has retained a reversionary interest. On the other hand, if it is to be construed as both an inclusion and a valuation provision, it would seem to give full support to the sweeping language in the Spiegel case. It would, therefore, have the effect of taxing all transfers in which the decedent retained a reversionary interest

without regard to the question of whether the decedent's death determined the ultimate takers of the property. The committee report seems to indicate that the former interpretation was intended.

(b) Definition of Reversionary Interest

The definition of "reversionary interest," contained in section 8, includes a possibility that the property may return to the decedent or his estate and a possibility that the property may be disposed of through the exercise of a power by the decedent. The words "disposed of" as so used, suggest that the definition is limited to powers by which the decedent could dispose of the property to another and would not include a power exercisable by the decedent for his own benefit.

A transfer in connection with which the decedent retains an express or implied power of invasion has been held to be a transfer taxable under section 811 (c). *Toeller's Estate* v. *Commissioner* (165 F. (2d) 665 (C. C. A. 7th, 1948)); *Blunt* v. *Kelly* (131 F. (2d) 632 (C. C. A. 3d, 1942)); *Estate of Ida Rosenwasser* (5 T. C. 1043 (1945)). Thus, a power to invade or consume has the same tax effects as a reversionary interest or a power to dispose of the trust property to others. Frequently, such powers, like reversionary interests, are exceedingly remote or contingent. In the Toeller case, for example, the power to distribute corpus to the grantor was vested exclusively in the trustees in the event of his misfortune or sickness. By reason of this external standard, it was held that the grantor could enforce distribution in a court of equity and hence possessed a power of invasion, regardless of his personal circumstances or other sources of income.

The estate of a decedent holding such remote powers should be given the benefits of the valuation rules set forth in this amendment.

(c) Effective Date of Amendment

Proposals to correct the harsh effect of the Hallock case and the subsequent decisions which culminated in the Spiegel case have been pending for several years. While it has been generally agreed that the principle expressed in section 8 is the sound solution to this troublesome problem, action has been deferred because no technical or administrative tax bill has been passed since the war. Many cases are still in litigation on this issue.

The proposals advanced by the American Bar Association and the Special Tax Study Committee, in 1947, suggested a provision retroactive to June 1935, the date of the St. Louis Union Trust decisions, which were overruled in 1940 by the Hallock case. While this is a logical date, the burden of tax refunds over this period or even to the date of the Hallock case, appears to be too great. There is, however, no valid reason why the benefit of the new rule should not be extended to cover all estates on which the period of limitation has not run (approximately 4 years and 3 months), thus encompassing cases now in litigation and estates for which a valid refund claim may now be filed. The date of May 31, 1945, appears to be most satisfactory for this purpose, without involving a serious refund burden to the Treasury.

III. RECOMMENDATIONS

In order to eliminate ambiguities and correct the situations described above, the following suggestions are made:

1. A floor statement should be made to correct possible misinterpretation of the committee report as follows:

(a) The benefits of section 7 are available to decedents dying after the effective date of section 8 and also holding a reversionary interest defined in that section.

(b) The term "reversionary interests" in section 8 does not include interests treated as nontaxable by the Treasury Regulations now in force, whether held alone or in conjunction with a life estate described in section 7.

(c) Section 8 is intended merely as a rule for the valuation of reversionary interests otherwise includible in gross estate.

(d) The definition of "reversionary interests" includes powers held by the grantor by the exercise of which the property or a portion thereof may be returned to him.

2. In addition, it is recommended that section 8 be amended to make it retroactive to the estates of decedents dying after May 31, 1945.

Suggested drafts of an appropriate floor statement by the chairman of the committee and of the suggested amendment are attached hereto.

To clarify certain questions of interpretation of sections 7 and 8 of the bill I should like to submit the following:

The committee report (p. 8) states that the amendment made by section 7 of the bill does not change the estate tax treatment of a transfer made before March 4, 1931, in case the decedent retained both a life estate and some other right or interest in the transferred property. However, in the case of a decedent who died after the effective date of section 8, possessed of a life estate described in section 7 and a reversionary interest described in section 8, there would be included in his estate only the reversionary interest, in an amount not exceeding its actuarial value immediately before his death. The phrase "some other right or interest in the transferred property" means a right or interest which, when coupled with survivorship of the decedent, is sufficient to require the inclusion of the property or a portion thereof in the decedent's gross estate, under the present Treasury estate tax regulations.

Section 8 is intended as a valuation provision. It is not intended to broaden the scope of reversionary interests by eliminating the condition of survivorship of the decedent, now required to include the property in the gross estate of the decedent under present Treasury regulations. The phrase "a possibility that the property so transferred or a portion thereof may return to the decedent or his estate," as used in section 8, clause (A), includes the possibility that such return may be effected through the exercise of a power, contingent or otherwise, held by the decedent.

To clarify certain other questions of interpretation of sections 7 and 8 of the bill I should like to submit for the RECORD the following:

On page 8 of the committee report, the statement is made that the amendment to section 811 (c) made by section 7 of the bill does not change the estate tax treatment of a transfer made before March 4, 1931, in case the decedent retained both a life estate and some other right or interest in the transferred property. This statement and the example which follows it were intended to apply only in the case of a decedent dying before the effective date of section 8. After that date, in the case of a decedent who died possessed of a life estate described in section 7 and a reversionary interest described in section 8, there would be included in his estate only the reversionary interest, in an amount not exceeding its actuarial value immediately before his death, determined in accordance with section 8.

In the same statement, the phrase "some other right or interest in the transferred property" means a right or interest which would be held to require the inclusion of the property or a portion thereof in the decedent's gross estate, under the present Treasury estate-tax regulations. It was certainly not intended to imply that a right or interest which, when considered alone, would not result in any estate tax would (when coupled with a life estate described in section 7) compel the inclusion of the property in the decedent's estate.

Similarly, it is not intended by the enactment of section 8 to broaden the scope of reversionary interests which are now held to require the inclusion of property in the gross estate of a decedent under present Treasury regulations. The committee in its report (p. 8) stated its interpretation of the estate-tax law, that the following two conditions must coexist: (1) Possession and enjoyment of the transferred interest can be obtained only by beneficiaries who must survive the decedent; and (2) the decedent or his estate possesses a right or interest in the property. While the courts have not uniformly applied these tests, they have been adopted by the Treasury Department and are considered by the committee to be the most satisfactory from the standpoint of administration of the estate-tax laws. Section 8 is intended primarily to prescribe a method of valuation of such interests. It is not intended to introduce new definitions in a field which is already too complex and confused.

AMENDMENT

Page 13, line 7, strike out the words "the date of the enactment of this act," and insert in lieu thereof the following: "May 31, 1945."

Mr. JOHNSON of Colorado. Mr. President, I desire to call up the first amendment of the Senator from Virginia [Mr. ROBERTSON].

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In the committee amendment on page 13, line 2, after the words "disposed of", it is proposed to insert "or may return to the decedent or his estate."

Mr. GEORGE. There is no objection to that amendment. I think under the bill that would be taken care of, and I wish to make a brief statement later, but not at this point. There is no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment. The amendment to the amendment was agreed to.

Mr. JOHNSON of Colorado. Mr. President, I wish to insert in the RECORD the explanation of the amendment prepared by the Senator from Virginia [Mr. ROBERTSON].

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

This amendment is intended to clarify the definition of reversionary interest in section 8 of the bill. The definition in the bill now includes a possibility that the property may revert to the decedent or his estate and a possibility that the property may be disposed of (to another person) through the exercise of a power by the decedent. This amendment covers a third possibility, that the property may be returned to the decedent through the exercise of a contingent or remote power over the trust property. It is believed that the principle of limiting the estate tax to the actual value of such powers at date of death is equally applicable to this type of power.

Mr. JOHNSON of Colorado. Mr. President, I offer another amendment on behalf of the Senator from Virginia [Mr. ROBERTSON].

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In the committee amendment, on page 13, line 7, it is proposed to strike out the words "the date of the enactment of this act" and insert in lieu thereof "May 31, 1945."

Mr. GEORGE. Mr. President, that amendment has been adopted. May I

ask the Senator from Delaware if his amendment was not to section 8?

Mr. WILLIAMS. It was to section 8.

Mr. GEORGE. It goes back beyond the date the Senator from Virginia [Mr. ROBERTSON] wished to insert in the bill, so I think it is covered in that way.

Mr. JOHNSON of Colorado. I withdraw the amendment, but I ask unanimous consent to insert in the RECORD the explanation of the amendment prepared by the Senator from Virginia [Mr. ROBERTSON].

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

This amendment extends the benefits of section 8 of the bill to the estates of all decedents dying after May 31, 1945. In general, the estates of decedents dying within 4 years and 3 months prior to the enactment of this act are still entitled to file claims for refund or are involved in tax litigation in various stages in the courts. The benefits of this provision should properly be extended to such estates as well as to the estates of decedents dying after the date of enactment of this act. The proposal made by the American Bar Association on this subject was retroactive to the estates of decedents dying after June 1, 1935. The same date was adopted in the report of the Special Tax Study Committee (known as the Magill report) to the House Ways and Means Committee in 1947.

The PRESIDING OFFICER. Are there any further amendments to be offered to section 8? If not, without objection, section 8 as amended is agreed to.

Mr. GEORGE. Mr. President, I should like to detain the Senate just long enough to make a brief explanation of sections 7 and 8.

I desire to clarify certain questions of interpretation of sections 7 and 8 of the bill.

The committee report, on page 8, states that the amendment made by section 7 of the bill does not change the estate-tax treatment of a transfer made before March 4, 1931, in case the decedent retained both a life estate and some other right or interest in the transferred property. However, in the case of a decedent who died after the effective date of section 8, possessed of a life estate described in section 7 and a reversionary interest described in section 8, there would be included in his estate only the reversionary interest, in an amount not exceeding its actuarial value immediately before his death. The phrase "some other right or interest in the transferred property" means a right or interest which, when coupled with survivorship of the decedent, is sufficient to require the inclusion of the property or a portion thereof in the decedent's gross estate, under the present Treasury estate-tax regulations.

Section 8 is intended as a valuation provision. It is not intended to broaden the scope of "reversionary interests" by eliminating the condition of survivorship of the decedent, now required to include the property in the gross estate of a decedent under present Treasury regulations. The phrase "a possibility that the property so transferred or a portion thereof may return to the decedent or his estate," as used in section 8, clause (A), includes the possibility that such return may be effected through the exercise of a power, contingent, or otherwise, held by the decedent.

Mr. President, the first amendment offered by the distinguished senior Senator from Colorado for and on behalf of the junior Senator from Virginia makes doubly certain the statement which I have just made.

Mr. President, that completes all the committee amendments except the last amendment, which relates to depletion allowance in the cases of certain ores and minerals. There are certain amendments to that.

The PRESIDING OFFICER. The clerk will state the committee amendment inserting section 9.

The CHIEF CLERK. On page 13, after line 7, it is proposed to insert a new section, as follows:

SEC. 9. Percentage Depletion.

(a) Section 114 (b) of the Internal Revenue Code (relating to percentage depletion) is hereby amended—

(1) By inserting in paragraphs (2) and (4) (A) after "bentonite," the following: "perlite, diatomaceous earth"; and

(2) By inserting in the heading of paragraph (4) after "Bentonite," the following: "Perlite, Diatomaceous Earth."

(b) The amendments made by subsection (a) shall be applicable with respect to taxable years beginning after December 31, 1948.

Mr. KEM. Mr. President, on behalf of the Senator from Kentucky [Mr. CHAPMAN], the Senator from Texas [Mr. CONNALLY] the Senator from Missouri [Mr. DONNELL], the Senator from California [Mr. KNOWLAND], the Senator from North Carolina [Mr. HOEY], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Tennessee [Mr. MCKELLAR], and myself, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 13, line 12, after the words "perlite, diatomaceous earth", it is proposed to insert "tripoli, granite, marble, borax mines and deposits, sand, gravel, stone, calcium, magnesium carbonates, and all other nonmetallic clays and minerals."

On page 13, line 15, after the words "Perlite, Diatomaceous Earth", it is proposed to insert "tripoli, granite, marble, borax mines and deposits, sand, gravel, stone, calcium, magnesium carbonates, and all other nonmetallic clays and minerals."

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to.

Mr. MCKELLAR. Mr. President, I should like to ask the Senator from Missouri if that includes the amendment of the Senator from Pennsylvania [Mr. MARTIN] and myself relating to calcium and magnesium carbonate.

Mr. KEM. The amendment includes the two products in which the Senator from Tennessee was particularly interested, calcium and magnesium carbonate.

Mr. MCKELLAR. Then it is entirely satisfactory.

Mr. KNOWLAND. Mr. President, will the Senator from Missouri yield for a question?

Mr. KEM. I yield.

Mr. KNOWLAND. I have offered an amendment dealing with borax, and I should like to have a statement regarding it printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT ON AMENDMENTS TO SECTION 114 (B) (4), INTERNAL REVENUE CODE

The purpose and effect of these amendments is to extend to borax the allowance for depletion computed under the percentage method and at the same time to withdraw from borax the right to depletion based upon discovery value. The amendments are applicable only to taxable years beginning after December 31, 1948. The amendments, if adopted, will allow percentage depletion at the rate of 15 percent on the gross income from the property, limited to 50 percent of the net income from the property.

The inclusion of borax in the list of minerals entitled to use the percentage method in the computation of the depletion allowance is applicable to borax recovered from natural deposits, including deposits of brine and mixtures of brine, without regard to whether such borax is present in the natural deposit in the form of calcium borate, sodium borate, or other mineral, or in solution.

The extension of the percentage-depletion allowance to borax is justified and required by the same considerations of policy which have induced the Congress to extend the allowance in recent years to a large number of other nonmetallic minerals. Borax is being employed in industry for an increasing variety of important uses, such as in the making of various forms of heat-resistant glass, in addition to its older pharmaceutical uses. The known important sources of supply at present are limited in number, being chiefly in California. Encouragement of exploration for additional sources is desirable. It is also found in certain deposits along with potash, thenardite, and trona, to which the percentage-depletion allowance has already been extended. The adoption of the amendments will greatly simplify and facilitate the administration of the provisions of the revenue laws relating to depletion in such cases.

Mr. CHAPMAN. Mr. President, will the Senator from Missouri yield?

Mr. KEM. I am glad to yield.

Mr. CHAPMAN. The Senator from Pennsylvania [Mr. MARTIN], the Senator from Texas [Mr. CONNALLY] and I had prepared and ready to offer an amendment to include refractory clays and quartzite among the minerals granted a percentage depletion under section 114 (b) of the Internal Revenue Code. The same Senators have united with the distinguished Senator from Missouri and other Senators in sponsoring the amendment now under consideration. We joined in that amendment with the understanding that the language "other nonmetallic clays and minerals" was sufficiently broad to include refractory clays and quartzite. I should like to ask the Senator from Missouri if that is his understanding and intention.

Mr. KEM. That is my understanding. Refractory clays and quartzite are two products in which I am particularly interested, and the understanding of the

Senator from Missouri and the understanding of the draftsman of the amendment is that those minerals are included in the language used.

Mr. GEORGE. It is the understanding of the committee that they are covered by the general language in the amendment offered by the Senator from Missouri.

Mr. McKELLAR. Mr. President, I wish to ask the Senator from Georgia if the words "calcium and magnesium carbonates" are included on page 13.

Mr. GEORGE. I understand they are included.

Mr. McKELLAR. That will be entirely satisfactory.

Mr. KEM. They are included in the amendment as read by the clerk.

Mr. GEORGE. They are expressly included.

Mr. CAPEHART. Mr. President, I wish to offer a new section.

Mr. GEORGE. Has the amendment as amended been agreed to?

The PRESIDING OFFICER. Without objection, the amendment as amended, is agreed to.

Mr. CHAPMAN. Mr. President, on behalf of the Senator from Pennsylvania [Mr. MARTIN] and myself, I ask unanimous consent that there may be included in the RECORD, immediately following the adoption of the percentage-depletion amendment, a brief memorandum in which are stated various reasons why refractory clays and quartzite should be granted percentage depletion under section 114 (b) of the Internal Revenue Code.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

BRIEF STATEMENT OF THE REASONS WHY REFRACTORY CLAYS AND QUARTZITE SHOULD BE GRANTED PERCENTAGE DEPLETION UNDER SECTION 114 (B) OF THE INTERNAL REVENUE CODE

Coal, oil, and gas, and many minerals, both metallic and nonmetallic, are granted percentage depletion in lieu of cost or discovery value depletion under the existing provisions of the Internal Revenue Code. Among such minerals are ball, sagger, and china clay; bauxite, bentonite, and vermiculite.

However, refractory clays and quartzite are not granted percentage depletion, notwithstanding the following facts:

(a) The reserves of refractory clays and quartzite are fully as vital to the national economy both in peace and in war as are the reserves of the most important of the minerals which have been granted percentage depletion, and are more vital than the reserves of many of the minerals which have been granted percentage depletion.

(b) The known reserves of refractory clays and quartzite are much more limited, relative to consumption, than are the reserves of many of the minerals which have been granted percentage depletion.

(c) Most refractory clays are abstracted from the earth by underground mining methods similar to those employed in the recovery of coal. Some refractory clays and most refractory quartzite are recovered from open-pit mining operations, as are many metallic and nonmetallic minerals including ball, sagger, and china clay, bentonite, and most bauxite.

(d) Refractory clays have characteristics similar to ball, sagger, and china clay, bauxite, bentonite, and vermiculite, which are granted percentage depletion, and which have uses for refractory purposes.

Thus, as to refractory clays and quartzite there exists an apparent discrimination. These minerals should be granted percentage depletion at the rate allowed various other metallic and nonmetallic minerals, viz, 15 percent. The reasons which prompted the allowance of percentage depletion to the minerals now covered apply in all respects to refractory clays and quartzite.

The refractories industry is absolutely necessary to the national economy in peace and war. It was classified as a critical industry during the war and granted high priorities. Its products, refractories, are nonmetallic products having high melting points and used for the construction of furnaces operated at high temperatures, such as the furnaces for the production of iron, steel, aluminum, copper, other metals, glass, portland cement, and a wide variety of other highly essential products. Without question, therefore, it is important to the Nation that reserves of its raw materials, refractory clays and quartzite, which are now limited, be maintained. "Refractory clay" is a term considered to include types of clay known as refractory flint, diaspore and burley clays, bond or plastic clays, and kaolin. Quartzite is considered to include the rock sometimes called ganister. The locations of the areas within which deposits of refractory clays and quartzite occur, and the locations of plants in which refractory products are manufactured from refractory clays and quartzite, are shown upon the attached maps.

To maintain reserves of these highly important materials for the refractories industry, to meet current needs and to care for national emergencies, continual prospecting and expensive drilling operations are being done by various companies, and are very necessary. Prospecting and mining operations for refractory clays and quartzite are costly because these minerals are highly irregular in their occurrence, and deposits tend to grade into impure varieties which are useless for refractories. The mines or workings are of necessity small, and the majority of the mines produce less than 100 tons a day each. Therefore, exploration and venture capital are needed at all times to prove known deposits of refractory clays and quartzite and to permit continual search for additional deposits. Cost depletion does not provide for these necessary expenditures. The same current incentive to encourage the necessary prospecting and development given by way of percentage depletion to other scarce minerals of which reserves are vitally necessary should be provided for refractory clays and quartzite.

In informal discussions representatives of the Treasury have stated that refractory clays and quartzite are in the same class with other similar minerals upon which percentage depletion is now allowed under section 114 (b) (4) of the Internal Revenue Code, and would appear to be entitled to equal treatment if the policy of granting percentage depletion is retained.

Mr. MAYBANK. Mr. President, I send to the desk an amendment and ask to have it stated. I may say that I have discussed the amendment with the distinguished Senator from Georgia and the distinguished Senator from Colorado.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to add a new section at the end of the bill, as follows:

SEC. 10. Paragraph 1798 of the Tariff Act of 1930, as amended, is hereby amended by striking out the figure "$100" in the third proviso, and inserting in lieu thereof the figure "$200."

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. MILLIKIN. I should like to ask the distinguished senior Senator from South Carolina whether the amendment permits any more frequent transactions of the kind contemplated than is now provided in the law?

Mr. MAYBANK. It does not. I will read a short paragraph from a statement in explanation of the amendment, as follows:

Thus we have today a $100 exemption available to a returning resident once every 30 days if he remains outside of the United States 48 hours and a $300 exemption available to a returning resident once every 6 months if he remains outside the United States more than 12 continuous days.

The result is that the action of the Eightieth Congress has done nothing to modernize or make more realistic the 52-year-old exemption of $100. The amendment attached hereto would increase this $100 to $200, which together with the $300 exemption would provide an over-all exemption of $500 which could be utilized if the two sets of regulations were complied with. This over-all $500 is just half of the figure of $1,000 that the Government departments have recommended.

Mr. MILLIKIN. Let me ask a question. Does the amendment alter the existing law in any way so far as the frequency of transactions of that kind is concerned?

Mr. MAYBANK. It is my understanding that it does not.

Mr. GEORGE. I may say on that point that it does not. It continues the existing law precisely as it is, but simply permits the traveler in the foreign country to bring back $200, when he could have brought back $100, and he can only bring back something for his personal or household use, or as much as 1 gallon of wine and not to exceed 100 cigars, and some other minor items.

Mr. MAYBANK. Mr. President, I ask unanimous consent to have printed at this point the memorandum prepared in connection with the amendment.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

The attached amendment is germane to H. R. 1211 because it seeks to amend section 1798 of the Tariff Act of 1930, as amended.

The third proviso in section 1798 reads as follows: "*Provided further*, That up to but not exceeding $100 in value of articles (including distilled spirits, wines, and malt liquors aggregating not more than one wine gallon and including not more than 100 cigars) acquired abroad by such residents of the United States as an incident of the foreign journey for personal or household use or as souvenirs or curios, but not bought on commission or intended for resale, shall be free of duty."

The purpose of the amendment is to bring a 52-year-old statute up-to-date, provide a means of having additional dollars spent abroad to aid in relieving the dollar shortage and at the same time give our people something for these dollars. The present $100 exemption was enacted by the Congress in 1897.

In 1897 the Congress, by statute (sec. 1798 of the Tariff Act of 1930, as amended) provided that a returning United States resident could bring into this country from abroad $100 worth of duty-free merchandise not

intended for sale, etc. This $100 exemption from duty is available to a resident once every 30 days, providing the resident remains out of the country at least 48 hours.

Obviously $100 in 1897 was worth a great deal more than $100 in 1949. In 1897 the national per capita expenditure was $185 and in 1947 it was $1,151. In other words by this criterion, a $621 exemption would now be the equivalent of the $100 figure which has been on our statute books ever since 1897.

In 1947, during hearings held on Senate Resolution 111 in the Senate, both industry and the Government departments recommended that the $100 exemption be increased to a more realistic figure. Both industry and Government agreed that an additional $1,000 exemption was reasonable and so recommended.

The Eightieth Congress, in Public Law 540, partially corrected this situation, but declined to follow the recommendations of the executive departments, who had urged that the more realistic figure should be $1,000. Public Law 540 provided a $300 duty-free exemption to be allowed a returning United States resident but required that such resident must stay more than 12 continuous days outside the United States in order to use this exemption. Moreover, this new exemption could only be used once every 6 months.

Thus we have today a $100 exemption available to a returning resident once every 30 days if he remains outside of the United States 48 hours and a $300 exemption available to a returning resident once every 6 months if he remains outside the United States more than 12 continuous days.

The result is that the action of the Eightieth Congress has done nothing to modernize or make more realistic the 52-year-old exemption of $100. The amendment attached hereto would increase this $100 to $200, which together with the $300 exemption would provide an over-all exemption of $500 which could be utilized if the two sets of regulations were complied with. This over-all $500 is just half of the figure of $1,000 that the Government departments have recommended.

The Treasury Department has stated that if the total exemption were $1,000, the estimated loss of revenue would only be $1,900,000.

The proposed amendment changes only the amount of the existing $100 exemption and in no way affects the statutory restrictions applicable to that exemption. For example, the exemption only applies as an incident of the foreign journey, for personal or household use, or as souvenirs or curios, and it cannot be applied to articles bought on commission or intended for resale. Nor is the present limitation of 1 wine gallon and 100 cigars affected at all. All these remain the same.

The greatest world economic ailment today is the dollar shortage. This amendment is proposed as one means of assisting other countries to earn dollars and at the same time allow our citizens to spend them.

Mr. MILLIKIN. Mr. President, the junior Senator from Colorado wanted to make it very clear of record that we are not increasing the authority for exemptions of this kind as to the number of times they may be used as, obviously, we do not want to make it profitable for people to be running back and forth across our borders and engaging in enterprises for profit.

Mr. MAYBANK. Mr. President, I agree thoroughly with the distinguished Senator from Colorado. There is no intention, by the amendment, of doing any such thing. I am utterly opposed to any such border operations, on our Canadian or Mexican borders, or any place else.

Mr. GEORGE. Mr. President, the amendment has the express approval of the Treasury and of the State Department. It does not increase the frequency of the operation, and does not remove any of the restrictions imposed by existing law, except that in view of now high prices, $200 probably will not buy more than $100 would have bought 20 years ago.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Carolina [Mr. MAYBANK].

The amendment was agreed to.

Mr. CAPEHART. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to add at the end of the bill the following new section:

SEC. 11. Relief in Case of Certain Recapitalizations.

(a) For the purposes of chapter 1 of the Internal Revenue Code, if after March 11, 1941, and prior to July 1, 1945, stock in a corporation held by a testamentary trust was exchanged by such trust solely for other stock and securities in such corporation, in pursuance of a recapitalization of the corporation under the applicable State law, and if the stock and securities so received by such trust are surrendered prior to January 1, 1950, to the corporation solely in exchange for stock identical in character and amount with that held by the trust prior to the original exchange, no gain, profits, income, loss, or deduction (from such exchange or reexchange) shall be recognized to the corporation or to the trust.

(b) In the case of stock acquired by the trust in a reexchange described in subsection (a), the basis for determining gain or loss in the hands of the trust, or any person in whose hands the basis is determined by reference to the basis in the hands of the trust, shall be the same as the basis of the stock originally exchanged by the trust in connection with such recapitalization.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

The amendment was agreed to.

Mr. GEORGE. Mr. President, with reference to the amendment offered by the distinguished Senator from Indiana, let me make this statement: I have looked into this matter. It is not a new matter. It was specifically included in the general bill passed by the House during the last session of the Eightieth Congress. The bill came to the Senate too late for action. One section in the bill is now offered by the distinguished Senator from Indiana, and it is offered in a situation which has peculiar merit, as it seems, I think, to anyone who is familiar with it at all. It is simply a situation in which a large department store, incorporated, was undertaking to change its status without adding anything to its assets, but in the reorganization it did issue a treasury certificate, and that certificate went into the company treasury, and the company's assets were not increased. Nothing was added except a new piece of paper. Some old stock was taken up and new stock issued.

The Commissioner of Internal Revenue is now asserting a tax claim which would have the effect of taxing this concern in the sum of something over $5,000,000, whereas its assets are precisely the same, and there has been no actual increase in values. The amendment would have the effect of allowing the corporation simply to wipe out that transaction and assume its status ante. That is all there is to the amendment. The particular reason why it is being pressed now, I may say, is that steps are being taken which would greatly embarrass the concern and probably result in very serious loss to it if there should be a sale of its assets to satisfy an assesment. We have no objection to the amendment.

The PRESIDING OFFICER. The Chair would like to state that the amendment offered by the Senator from Indiana has already been agreed to.

Mr. CAPEHART. I should like to make a statement with respect to my amendment which has just been agreed to. At the end of the first paragraph of the amendment appear the words "shall be recognized to the corporation or to the trust". I had thought originally that the words "or to the beneficiaries of the trust" should be added in order to protect all parties, but after consultation with my administrative assistant, who conferred with the chief of staff of the Joint Committee on Internal Revenue Taxation, it was concluded that this was unnecessary because the chief of staff expressed the opinion that the benefit of the amendment, as written, would run to the corporation, to the trust, and to the beneficiaries under the trust.

Mr. THYE. Mr. President, I offer the amendment which I send to the desk and ask to have stated. I have discussed this amendment with the distinguished Senator from Georgia [Mr. GEORGE], and also the Senator from Colorado [Mr. MILLIKIN]. The purpose of the proposed amendment is to grant exemption from the additional estate tax for all veterans who died in line of duty between December 7, 1941, and January 1, 1947.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

SEC. —. Exemption From the Additional Estate Tax for Certain Members of Armed Forces.

(a) Subchapter B of chapter 3 of the Internal Revenue Code (relating to additional estate tax) is amended by adding at the end thereof the following new section:

"SEC. 939. Certain Members of Armed Forces.

"The tax imposed by section 935 shall not apply to the transfer of the net estate of a citizen or resident of the United States dying on or after December 7, 1941, and before January 1, 1947, while in active service as a member of the military or naval forces of the United States or of any of the other United Nations if such decedent—

"(1) was killed in action; or

"(2) died as a result of wounds or other injuries, or of disease, suffered while in line of duty by reason of a hazard to which he was subjected as an incident of military or naval service."

(b) If the refund of any overpayment resulting from the application of this section

is prevented on the date of the enactment of this act, or within 1 year from such date, by the operation of any law or rule of law (other than sec. 3761 of the Internal Revenue Code, relating to compromises), refund of such overpayment may, nevertheless, be made if claim therefor is filed within 1 year from the date of the enactment of this act. No interest shall be paid on any overpayment resulting from the application of this section.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. THYE].

Mr. GEORGE. Mr. President, this amendment simply gives to the soldier who died in action or received disability or wounds from which he died within the year or more following the actual termination of the war, or to his estate, exemption from the so-called additional estate tax. It is an amendment which is intended to protect the estates of such veterans against the estate tax.

We gave to members of the armed services relief against income taxes; and at the time we extended to them relief against income taxes I offered an amendment, and strongly insisted that it be taken by the conferees exempting the estates of men killed in the service from the so-called additional estate tax. I am quite willing to take this amendment to conference. I do not believe there will be any objection on the part of the distinguished Senator from Colorado [Mr. MILLIKIN].

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. MILLIKIN. I am very much in favor of taking it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. THYE].

The amendment was agreed to.

Mr. JOHNSON of Colorado. Mr. President, I have one more amendment which the junior Senator from Virginia [Mr. ROBERTSON] would like to have offered. I should like to have it taken to conference and there considered. I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado will be stated.

The LEGISLATIVE CLERK. On page 13 it is proposed to insert a new section, as follows:

SEC. 12. Distribution of Stock on Reorganization.

(a) Section 112 (b) of the Internal Revenue Code is hereby amended by adding after paragraph (10) thereof the following new paragraph:

"(11) Distribution of stock on reorganization: If there is distributed, in pursuance of a plan of reorganization, to a shareholder of a corporation which is a party to the reorganization, stock in another corporation which is a party to the reorganization, without the surrender by such shareholder of stock in such a corporation, no gain or loss to the distributee from the receipt of such stock shall be recognized."

(b) Section 113 (a) is hereby amended by adding at the end thereof the following new paragraph:

"(23) Tax free distributions: If the property consists of stock distributed on or after August 1, 1949, to a taxpayer in connection with a transaction described in section 112 (b) (1)), the basis in the case of the stock in respect of which the distribution was made shall be apportioned, under rules and regulations prescribed by the Commissioner with the approval of the Secretary, between such stock and the stock so distributed."

(c) The amendments made by this section shall be applicable to distributions of stock made on or after August 1, 1949.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement prepared by the junior Senator from Virginia [Mr. ROBERTSON] with respect to the amendment, and I should like to ask the chairman of the Finance Committee to take this amendment to conference.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The purpose of this amendment is to make certain that spin-offs will have the same tax status as split-ups.

A split-up occurs when all the assets of one corporation are transferred to two or more new corporations and the old stockholders transfer back their old shares in exchange for the shares in the new corporations. The stockholders being in the same economic position as before the transaction, no gain or loss is realized until the new shares are disposed of by the stockholders.

A spin-off occurs when only some of the assets of the old corporation are transferred to a new corporation, and stock of the new corporation is issued or transferred to the old stockholders without their giving up any of the old stock. (It is not always possible to transfer back old stock.) While, again, the old stockholders are in the same economic position as they were before the transaction, under existing law, gain is immediately realized. Yet the only difference is that in the split-up case all the corporations are new, and in the spin-off case, the old corporation continues in existence.

When a spin-off occurs after the enactment of this amendment, a taxpayer affected by the spin-off will be in the same tax position as one affected by a split-up.

While the business purpose test in *Gregory v. Helvering* (293 U. S. 465) (which held that a reorganization which was a pure sham and had no business purpose to justify it was not a valid one under the statute) will apply to this, as well as to other reorganizations, it is not intended that the mere fact that assets spun-off consist of stocks or securities will prevent the application of the amendment. Valid business reasons frequently exist for segregation of such assets in corporate form, rather than their direct distribution. For example, stocks and securities may not be readily distributable, or their distribution might disrupt the market, or unity of management and control may be desirable.

Of course, the same would apply where the portion of the business spun-off is already organized as a separate corporation, with the result that stock rather than the underlying assets of the corporation is transferred to the new corporation whose stock is distributed.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON].

Mr. GEORGE. Mr. President, I am quite willing to take the amendment to conference. It is an amendment which I think the conferees would want to study; but, as I understand, it is something which will ultimately be done in the case of split-up corporations which were frequently organized during the war for specific operations, to meet war needs. The process of getting the stock back into original hands presents some difficulties. I am quite willing to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 5268) was read the third time and passed.

Mr. GEORGE. Mr. President, I desire to incorporate in the RECORD, paragraph 27, on page 43, of the report of the Ways and Means Committee of the House on House bill 6712. That paragraph of the report covers the amendment offered by the Senator from Indiana [Mr. CAPEHART], which has already been approved.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

27. Relief in case of certain recapitalizations: Cases have been brought to the attention of your committee where peculiar hardship has arisen out of attempts to carry out the terms of testamentary trusts by recapitalizing under State law the corporations in which the assets of the trusts were invested. As a result of the Supreme Court decisions in the Bazley and Adams cases these recapitalizations failed to qualify as tax-free transfers. Taxes were assessed in these cases upon the receipt of securities obtained in the recapitalizations. In one case it is known that these taxes, with interest, now exceed the value of the securities themselves.

The severity of the penalty, the fact that the recapitalizations were undertaken for legitimate purposes, and the fact that the decisions which determined the taxable character of the transfers were handed down long after the recapitalizations took place, all indicate that relief is in order. Therefore, your committee's bill (sec. 311) permits the reexchange prior to January 1, 1950, of stock and securities received as a result of the recapitalizations in question for the stock previously held, the original exchanges and the reexchanges being tax-free. The stock received as the result of the reexchanges is to have the same basis as the stock originally exchanged in the recapitalizations.

This privilege is limited to recapitalizations under State law carried out between March 11, 1941, and June 29, 1945, by corporations whose stock was held by testamentary trusts.

Mr. GEORGE. Mr. President, I ask unanimous consent that the bill be printed with the Senate amendments numbered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GEORGE. I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. GEORGE, Mr. CONNALLY, Mr. BYRD, Mr. JOHNSON of Colorado, Mr. LUCAS, Mr. TAFT, Mr. MILLIKIN, Mr. BUTLER, and Mr. WILLIAMS conferees on the part of the Senate.

AGNES TARJANI

Mr. LUCAS. Mr. President, there is a small bill on the calendar which I desire to have considered at this time. I have conferred with the minority leader [Mr. WHERRY], who is absent at the moment, and it is agreeable to him.

I move that the Senate proceed to the consideration of House bill 4040, Calendar 1057.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 4040) for the relief of Agnes Tarjani.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. LUCAS. Mr. President, I wish to make a brief statement. This bill would give a child from war-devastated Europe an opportunity to grow up in a land of liberty and peace.

I ask that the Senate approve a bill, H. R. 4040, which declares that for the purpose of the immigration and naturalization laws Agnes Tarjani, a native of Hungary, shall be considered the natural-born daughter of her adoptive parents, who are citizens of the United States.

The bill passed the House of Representatives early in August. If we approve it today and speed it to the President, he will be able to sign it next Monday, September 19, which will be the fifth birthday anniversary of this child. She can have no greater birthday gift than the gift of a key to the home of freedom.

I know that we have many matters of great weight to consider in this Chamber, many vital matters which affect the affairs of nations and the future course of history. This seems to be a small matter—the personal destiny of one small child.

But I believe the greatness of our free way of life lies in our willingness to be concerned about one child, one human being among the many millions in this huge world.

Two American citizens, Mr. and Mrs. Dezidir Ziegler, of Chicago, have received a decree of adoption for this small girl through the circuit court of Cook County, Ill. She lost her mother when she was 1 month old, and she has been living in Hungary with her grandmother, who is unable to give her the care she needs.

Mr. and Mrs. Ziegler, her uncle and aunt, are ready to provide her with the affection and the comforts every child should have. She will grow to maturity in a good American home.

I urge the Senate to join the House in approving the bill without any delay.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

FEES FOR OBTAINING DEFENSE CONTRACTS

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement which I have prepared relating to an article which was inserted in the Appendix of the RECORD on December 18, 1941.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. President, I have before me a copy of an article which was inserted in the Appendix of the CONGRESSIONAL RECORD on December 18, 1941.

In view of the fact this article is appropriate to current events and because of its importance to matters now before a representative group of this body, I would like to impose upon this distinguished body to the extent of reading this exceptional article.

I am sure, Mr. President, that all of the members of this legislative arm of our Government—and certain members of another arm of the Government—will find the contents of the article extremely interesting and, I might add, somewhat pertinent to an issue of great importance to the Nation.

I am sure there will be no objection, Mr. President, if I read the article in exactly the form in which it was printed in the RECORD:

"FEES FOR OBTAINING DEFENSE CONTRACTS

"(Extension of remarks of Hon. Harry S. Truman, of Missouri, in the Senate of the United States, Thursday, December 18 (legislative day of Tuesday, December 16), 1941)

"EDITORIAL FROM WASHINGTON POST

"Mr. TRUMAN. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from today's Washington Post relative to fees obtained for services in helping to obtain defense contracts.

"There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

"'[From the Washington Post of December 18, 1941]

"'TOMMY THE CORK

"'Thomas G. Corcoran, once special attorney of the Reconstruction Finance Corporation and former close confident of the President, has given a Senate investigation committee some startling facts about the amount of fees obtained for his services in helping to put through certain defense contracts. Mr. Corcoran unblushingly denied that he is a defense-contract broker. With an effrontery that is staggering even in an era which finds the border line between right and wrong difficult to distinguish, this slick young man waved aside charges of selling his "influence" by asserting that he did not know just what the word means. Still it serves nobody's purpose, except possibly Mr. Corcoran's, to quibble over the meaning of a word, especially as the former Reconstruction Finance Corporation attorney has himself spread certain damning facts on the record. By his own admission he has obtained $100,000 in fees on four defense contracts within the past year. That is 10 times his former annual Government salary. One concern which he advised about securing a Reconstruction Finance Corporation loan has paid him $65,000 in fees so far, and there is more to come. What Mr. Corcoran calls his knowledge of "what the Government likes and does not like" is doubtless worth all of $65,000 and a good deal more to clients who under his expert guidance landed a Reconstruction Finance Corporation loan of several millions of dollars for financing a defense plant.

"'Nobody supposes for an instant that a single dollar of this whopping fee has been used to bribe any Government official. Nor is there any suggestion of illegality about the transaction. As Mr. Corcoran says, there is nothing wrong—at least in a legal sense—in earning money by helping other men earn money, whether the profits of clients come from private operations or work on defense contracts. Nevertheless the sense of decency of the average citizen is deeply offended when former Government officials cash in on their inside knowledge and connections by making exorbitant charges for their services as go-betweens. Once again there will be a painful reflection on the decline in our moral standards. Indignation is only heightened when, as in this case, the taker of the fees doesn't even have to solicit customers in order to sell his special knowledge, influence, or what have you. Indeed, the value of Mr. Corcoran's services is so great that he has to take special precautions to safeguard his privacy.

"'There are, of course, some former Government officials with such high standards of personal conduct that they would never consent to use their past public connections to feather their own nests. But such men, unhappily, are becoming increasingly rare. Yet the public tolerance of the kind of practices which Mr. Corcoran freely acknowledges is largely responsible for the spread of the influence racket—the unblushing extortions practiced—quite legally—by "inside" lawyers and lobbyists who know so well how to exploit a public emergency. Such abuses are not easily suppressed by legislation. For it is hard to draw the line between legitimate charges for necessary intermediary services and outright sales of influence. The most effective way to combat the influence racket is to create public sentiment against it—to educate citizens to regard it with as great detestation as they do highway robbery. Indeed, the isolated highwayman is not nearly so great a public menace today as the host of parasites who extract rich livings from defense undertakings that directly or indirectly have to be paid for by people who are risking their lives and giving their labor to win the war.'"

TENTH ANNIVERSARY OF THE INVASION OF POLAND

Mr. LUCAS. Mr. President, this September marks the tenth anniversary of the brutal invasion of the great nation of Poland by the devouring armies of Hitler's Germany, which plunged the world into the devastating conflict which raged for six savage years of battle.

It is one of the tragedies of our time that Poland, a country of brave and intelligent people who contributed so much to the victorious struggle of the Allied Nations against the Axis Powers, should today be under the domination of a Communist regime which has suppressed the liberties of the Polish people.

Polish soldiers fought with magnificent courage and determination in Africa and Italy against the Nazis, and won the admiration and friendship of American fighting men under the severe tests of combat. We held to the hope of Polish liberation through the years of World War II, and the future of Poland seemed very bright in the days immediately following the end of hostilities, when the Soviet Government of Russia agreed to

the establishment of a democratic regime in Warsaw.

But the solemn agreements made by the Russians for the restoration of a free Poland were ruthlessly broken, Mr. President. The Soviets supported and aided the Communist forces in Poland to oust the Polish democratic leaders and to create another satellite state subject to the will of the Soviet dictator.

Millions of Americans who are descended from Polish ancestors have watched with horror and dismay while their former native land has been dragged into the Communist camp. Many of these Americans have called upon the Government of the United States to protest against this terrible injustice, and many have urged the Congress and the President to aid the forces of freedom within Poland.

Mr. President, we in the United States do not accept and will never accept the present regime in Poland as the real national government of the liberty-loving Polish people. We will not rest until those who now control their distressed country have been removed. Freedom for Poland and freedom for all nations in Europe now under the iron heels of Soviet troops remains a goal which lovers of democracy will always hold before them.

The problem of Poland today is the problem of Europe. Democratic forces everywhere face the greatest challenge in history. The great task assigned to American statesmanship is to meet the challenge of communism and to bring about conditions under which democratic and liberal governments all over the world can live in peace.

After World War II every American prayed that we might live with Russia in friendly competition for the progress of mankind. But after years of earnest effort to reach an amicable understanding with the Soviets, every sane American now understands that we must take the initiative in halting the march of communism and restoring freedom to the people who have lost it.

Through the Marshall plan, the Truman doctrine, and the Atlantic Pact we have gained the initiative; and we intend to keep it in our hands. We have checked the tide of communism in Europe, and there are evidences of deep-seated quarrels between Russia and the satellite states which give us hope that the people of these nations may be able to throw off the Russian yoke.

The recovery and reconstruction of the western European nations will mean the end of the Communist dream of dominating the whole of Europe. If we press forward with our present bipartisan foreign policy, if we give assistance and encouragement and good reasons for hope to the people of Europe, we will live to see a United States of Europe become a reality—without war, without the catastrophe of any military conflict.

I believe that some day in the not too distant future, Poles, Czechs, Slovaks, Frenchmen, Italians, Austrians, Bulgarians, and the other peoples of Europe will live side by side in a unified federation which will raise the standard of living for all and will permit them to prosper in peace and security.

Only by the will of the people to reestablish Europe as a political and economic entity can we hope for the elimination of the iron curtain. No obstructive force, no iron curtain, no Soviet dictatorship can in time withstand the will of a revived Europe to establish the conditions of a decent existence for every nation in Europe.

The aspiration of the Polish people for freedom is deeply shared by the people of the United States; and we will not be content, we will not be satisfied, until Poland has been restored as a democracy.

The struggle of the Polish people for independence and liberty cannot be isolated from the struggles of all the peoples of the world to achieve freedom. God grant that the day is not far off when that noble goal of mankind will be realized.

THANK YOU, MR. BAILEY

Mr. CAIN. Mr. President, I wish to pay my respects to a gentleman whom I met by indirection last night in Hartford, Conn.

The junior Senator from Washington ran across a lead last night concerning an individual who might replace in this body the junior Senator from Connecticut [Mr. BALDWIN], when the latter resigns in due time to become an associate justice of the Supreme Court of the State of Connecticut. As the Senate knows, the junior Senator from Connecticut was offered and accepted that appointment from the Governor of Connecticut, Mr. Chester Bowles.

I was invited by a Republican Club to speak in Hartford last night. Because of the important work which was before the Senate yesterday, I failed to take the commercial air-line plane which would have gotten me to Hartford in time for my engagement. My host, however, solved that awkward dilemma by providing me with a chartered aircraft. I finally reached the meeting place in Hartford at 11:30 p. m., and found, to my amazement and keen satisfaction, that a number of sturdy and vigorous Republicans remained on hand at that late hour to transact some business. If their presence was an indication, as I have reason to believe it was, of their devotion to their party and their concern for the future health of their country, I think the coming elections in Connecticut will be hard fought and very much worth while. Never having visited Connecticut before, I was delighted by those whom I met; and I want very much to go again.

I had not more than gotten off the aircraft, when a member of the Hartford press handed me a statement which had been submitted to the papers in Hartford earlier in the day by Mr. John M. Bailey, chairman of the Democratic State committee. In that statement, which some among my colleagues in the Senate may appreciate, Mr. Bailey, whom I had never before heard of or met, labored somewhat painfully in an effort to attack the record and reputation of the junior Senator from Washington. I do not remember ever having been so singularly greeted on my arrival in any other city which I was visiting for the first time.

I want to share Mr. Bailey's statement with my friends and with those who may subscribe to his point of view, and because of the possibility that Mr. Bailey may occupy a seat in this Chamber. I shall read Mr. Bailey's statement as he released it to the press of Hartford yesterday:

John M. Bailey, chairman of the Democratic State Committee, tonight attacked the voting record of United States Senator HARRY P. CAIN, declaring that "not one Member of Congress has fought more consistently against rent controls, fair-labor legislation, Federal housing or public power than the Republican Senator from Washington."

CAIN is scheduled to address a Republican Party conference tonight at the Hotel Bond.

Bailey congratulated Republican State Chairman Clarence Baldwin on the "unerring skill with which you have selected as your main speaker the one person who more than anyone else typifies what is wrong with the Republican Party today."

The Democratic chairman stated that examination of CAIN'S voting record in the Senate shows that "in the very brief time of 2 years and 8 months, CAIN has distinguished himself by establishing one of the most reactionary records in Congress."

Bailey asserted that CAIN "repeatedly voted for the use of injunctions against unions during labor disputes, and was one of the leaders in the battle to save the Taft-Hartley Act."

"Not one Member of the United States Senate fought as hard for the wrecking of rent controls as did CAIN," Bailey said. "If CAIN had had his way, more than 400,000 Connecticut tenants would be watching their rents skyrocket out of sight.

"CAIN not only voted to kill rent ceilings at every opportunity, but he was also coauthor of the Bricker-Cain amendment which would have made it easier for landlords to evict tenants."

Bailey also charged that CAIN was a "bitter, last-ditch opponent of the National Housing Act of 1949, which provides a low-rent Federal housing for homeless families."

"No matter where you look at CAIN'S record, it is the same ugly color," Bailey declared. "When the Dixiecrats filibustered against the Truman civil-rights program, CAIN was in there helping them with his vote against cloture."

"The Senator voted for amendments to cripple the operations of TVA.

"He has always taken the side of the private power companies against public power."

"That the Republican Party of this State should have picked CAIN as its speaker is the tip-off on its own state of mind," Bailey said. "He is a pretty good carbon copy of the two-cylinder thinking which prevails in the leadership of the Republican State organization."

That is the end of his somewhat unusual statement.

I would have been less than normally curious had I failed to express a wish to know something about Mr. Bailey. I inquired of a cab driver or two, of a clerk behind the cigar counter in the Hotel Bond, of the waitress who was at my table, of several among my hosts, and of several citizens who were passing by. They all knew of Mr. Bailey. To the best of their knowledge, he has been knocking around Hartford for a good many years as an attorney of sorts. He bears the somewhat unique and relatively unenviable record and reputation of being the only Democratic candidate who failed of election in the Democratic tidal wave of 1940. In that year, Mr. Bailey ventured his candidacy for judge

of the probate court. He has not ventured again. Somehow he got lost in the shuffle, while everyone else on his ticket was riding high. I was told that since 1940, Mr. Bailey has been looking for some way through which someone might appoint him to some place in public life. It might be that Chester M. Bowles will turn out to be the "someone" and the United States Senate the "some place."

In view of what appears to be the fact that Governor Bowles is giving serious consideration to appointing Mr. Bailey to the United States Senate, I know that some among us will wish to inquire further into his attainments and background. It seems to me that the little I was able to find out about him in his own backyard is not sufficient to satisfy our concern about a possible seat mate. Obviously, there must be something more to Mr. Bailey than what his fellow townsmen related to me.

Last night I expressed a desire to see and meet Mr. Bailey. No one admitted having seen him since he distributed to the newspaper offices his charming note of welcome to a guest in his city. I shall anticipate an opportunity to return to Hartford, for a number of reasons, not the least of which is my intention to ferret out for enjoyment purposes an individual who tried so needlessly to be so hospitable in a different and strange sort of way.

RECESS

Mr. LUCAS. Mr. President, I move that the Senate, as in executive session, stand in recess until 12 o'clock noon on Monday.

The motion was agreed to; and (at 6 o'clock and 40 minutes p. m.) the Senate, as in executive session, took a recess until Monday, September 19, 1949, at 12 o'clock meridian.

REJECTION

Executive nomination rejected by the Senate September 16 (legislative day of September 3), 1949:

MUNITIONS BOARD

Carl A. Ilgenfritz to be Chairman of the Munitions Board.

HOUSE OF REPRESENTATIVES

FRIDAY, SEPTEMBER 16, 1949

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, center of our faith and life, open our eyes to mankind's needs, and warm our hearts to love and serve Thee.

I beseech you therefore, brethren, by the mercies of God, that ye present your bodies a living sacrifice, holy, acceptable unto God, which is your reasonable service. And be not conformed to this world, but be ye transformed by the renewing of your mind, that ye may prove what is that good, and acceptable, and perfect, will of God.

Through Christ our Saviour. Amen.

The Journal of the proceedings of Tuesday, September 13, 1949, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate had passed without amendment a bill and joint resolution of the House of the following titles:

H. R. 1211. An act to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes; and

H. J. Res. 295. Joint resolution to erect a memorial to the memory of Mohandas K. Gandhi.

The message also announced that the Senate having proceeded to reconsider the bill (H. R. 1036) entitled "An act for the relief of R. C. Owen, R. C. Owen, Jr., and Roy Owen," returned by the President of the United States with his objections, to the House of Representatives, in which it originated, and passed by the House of Representatives on reconsideration of the same, it was

Resolved, That the said bill pass, two-thirds of the Senators present having voted in the affirmative.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1211. An act to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes; and

H. J. Res. 295. Joint resolution to erect a memorial to the memory of Mohandas K. Gandhi.

ADJOURNMENT

Mr. SHEPPARD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 3 minutes p. m.), pursuant to House Resolution 345, the House adjourned until Tuesday, September 20, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

919. A letter from the Assistant Secretary of Agriculture, transmitting the report on cooperation of the United States with Mexico in the control and eradication of foot-and-mouth disease under the terms of that law for the month of July 1949; to the Committee on Agriculture.

920. A letter from the Secretary of the Army, transmitting the Annual Report of the Department of the Army, for the period July 1, 1948, through June 30, 1949, pursuant to Public Law 560, Eightieth Congress; to the Committee on Armed Services.

921. A letter from the Acting Secretary of the Navy, transmitting a request by the city of San Diego, Calif., for the transfer of a picket boat, complete with engine, for the use of the harbor department of that city; to the Committee on Armed Services.

922. A letter from the Secretary of Commerce, transmitting the First Rubber Report of the Department of Commerce, for the year ended March 31, 1949; to the Committee on Armed Services.

923. A letter from the Secretary of Defense, transmitting a letter by the Under Secretary of the Navy recommending the enactment of a proposed draft of legislation entitled "A bill to amend the act relating to preventing the publication of inventions in the national interest, and for other purposes"; to the Committee on the Judiciary.

924. A letter from the Secretary of the Interior, transmitting one copy each of certain legislation passed by the Legislative Assembly and the Municipal Council of St. Thomas and St. John and the Municipal Council of St. Croix; to the Committee on Public Lands.

925. A letter from the Secretary of the Interior, transmitting a report and findings on the Eklutna project, Alaska; to the Committee on Public Lands.

926. A letter from the Acting Secretary of the Interior, transmitting one copy each of certain legislation passed by the Legislative Assembly of the Virgin Islands; to the Committee on Public Lands.

927. A letter from the Assistant Secretary, Department of State, transmitting a report of the Secretaries of State and Commerce and of the United States Tariff Commission on the fishing industry pursuant to House Resolution 174, Eighty-first Congress; to the Committee on Merchant Marine and Fisheries.

928. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated August 15, 1949, submitting a report, together with accompanying papers and illustrations, on a survey of Gila River and tributaries, below Gillespie Dam, Ariz. This report is submitted under the authority for a preliminary examination and survey of Gila River in Arizona from Gillespie Dam downstream to a point near Wellton provided by the Flood Control Act approved on August 28, 1937, and under the authority for a preliminary examination and survey of Gila River and tributaries, Arizona and New Mexico, provided by the Flood Control Act approved on June 28, 1938 (H. Doc. No. 331); to the Committee on Public Works and ordered to be printed, with three illustrations.

929. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated July 19, 1949, submitting an interim report, together with accompanying papers and illustrations, on a preliminary examination and survey of Illinois River and its tributaries with a view to local flood protection of Beardstown, Ill. This investigation was authorized by the Flood Control Act approved on August 11, 1939 (H. Doc. No. 332); to the Committee on Public Works and ordered to be printed, with two illustrations.

930. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated June 2, 1949, submitting a report, together with accompanying papers and illustrations, on a cooperative beach erosion control study of Colonial Beach, Va., made under the provisions of section 2 of the River and Harbor Act approved on July 3, 1930, as amended and supplemented (H. Doc. No. 333); to the Committee on Public Works and ordered to be printed, with five figures and six illustrations.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MILES:

H. R. 6175. A bill to authorize the construction, operation, and maintenance of the Vermejo reclamation project, New Mexico; to the Committee on Public Lands.

By Mr. PATMAN:

H. Res. 358. Resolution providing for a committee to consider removal of the United

States Capitol or providing a supplemental capitol; to the Committee on Rules.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1485. By the SPEAKER: Petition of Miss Cora Grace Maxham, Charleston, Ill., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1486. Also, petition of Mrs. D. S. Ross and others, Boynton Beach, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1487. Also, petition of Rev. J. A. Logan and others, Geneva, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1488. Also, petition of R. Burres and others, Miami, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1489. Also, petition of Mrs. J. G. Fenstel and others, Orlando, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1490. Also, petition of Mrs. Jane Morris and others, Winter Park, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

SENATE

MONDAY, SEPTEMBER 19, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met in executive session at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, again through sleep and darkness safely brought we face a new day. Wilt Thou lift our duty above drudgery. Even in the heat and burden of noonday's tasks let not our strength fail nor our vision fade. Make us patient and considerate one with another, in the fret and jar of human contacts, remembering that even in the glare of public gaze each fights a hard battle and walks a lonely way.

Give us, O Lord, a reverence for truth, a deep desire to think and speak truly, and a passion to hasten the day when the rule of justice and love shall engirdle the earth. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Friday, September 16, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

NOMINATION OF JOHN CARSON TO BE FEDERAL TRADE COMMISSIONER

The Senate resumed the consideration of the nomination of John Carson to be Federal Trade Commissioner.

Mr. MAGNUSON obtained the floor.

Mr. WHERRY. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. WHERRY. I wondered if there was any arrangement between the Senator from Washington and the Senator from Ohio relative to a quorum call. There is no division of time, is there?

Mr. MAGNUSON. No; there is no division of time.

Mr. WHERRY. Of course, the Senator from Washingon can do just as he pleases about a quorum call.

The PRESIDENT pro tempore. The Chair will ask the Senator from Washington to wait a moment until the Chair reads the unanimous-consent agreement entered into Friday. It is as follows:

Ordered, by unanimous consent, That on the calendar day of Monday, September 19, 1949, at the hour of 12:30 p. m., the Senate proceed to vote on the question, Shall the Senate advise and consent to the nomination of John Carson, of Michigan, to be a Federal Trade Commissioner for the unexpired term of 7 years from September 26, 1945?

Mr. MAGNUSON. Mr. President, the nomination of John Carson to be Federal Trade Commissioner was before the Senate Friday before the recess was taken for the week end. We thought we could get a vote on the nomination at that time, but because of the absence of many Senators on both sides of the aisle, late Friday afternoon we agreed to the unanimous-consent request to vote on the nomination at 12:30 o'clock today.

The junior Senator from Ohio [Mr. BRICKER], who opposes the nomination of Mr. Carson, made his statement Friday, and as chairman of the subcommittee which held the hearings on the nomination, and with the duty by the direction of the Senate Committee on Interstate and Foreign Commerce, to present the facts relative to the Carson nomination to the Senate, I reserved my right until today.

Mr. President, the question before the Senate today is whether or not the nomination of John Carson to be a member of the Federal Trade Commission shall be confirmed. Questions have been raised by some members of the public, some members of the committee, and on the floor of the Senate, as to his qualifications. Before attempting to lay before the Senate the facts as I see them, the facts as brought out by the hearings, which were quite lengthy, I think it is wise to take a brief look at the responsibilities of the Commission to which Mr. Carson has been nominated.

Section 5 of the Federal Trade Act contains this statement:

The Commission is hereby empowered and directed to prevent persons, partnerships, or corporations * * * from using unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce.

In addition, we find in section 6:

The Commission shall have the power to gather and compile information and to investigate from time to time the organization, business, conduct, practices, and management of any corporation engaged in commerce excepting banks and common carriers subject to the act, to regulate commerce, and its relationship to other corporations and to individuals, associations, and partnerships.

Upon the direction of the President or either House of Congress, to investigate and report the facts relating to any alleged violations of the antitrust acts by any corporation.

There are other responsibilities placed upon the Federal Trade Commission by the act, but these quotations are sufficient to indicate generally the important assignments the Congress has given this quasi-judicial body. In a word, the Commission is the watchdog set up by the Congress to insure that business enterprises in the United States compete according to the ground rules formulated by it and the Congress. Its job is to insure, insofar as that is possible, and working closely with the Department of Justice, that trade and commerce in the United States remain competitive and that monopoly and overconcentration of economic power are not permitted to stifle competition. In other words, the Commission not only acts for business but it has been aptly called by some of the witnesses in the hearings a "consumer's watchdog."

Further, the act states, and this is one of the matters at issue in the current debate, that—

Not more than three of the Commissioners shall be members of the same political party.

The question the Senate will decide by its vote on whether to confirm or not to confirm, is: "Will the appointment of Mr. Carson violate the congressional mandate that not more than three members of the Commission may be from the same political party, and is Mr. Carson, by experience and attitude, capable of discharging his share of the Commission's responsibility?"

In the discussion on the floor of the Senate so far, particularly in the statement made by the junior Senator from Ohio [Mr. BRICKER] on Friday, Senators opposing confirmation have advanced arguments which fall in three categories. They say, first, that Mr. Carson is not a Republican; second, that he has not had experience in the business field per se; and third, that he does not believe in the free-enterprise system. I shall discuss each of these accusations in turn. They are the crux of the controversy.

The act does not say that two members of the Commission must be Republican and three members Democratic. It does not say that three members must be Republican and two Democratic. The act says that no more than three commissioners may be members of the same political party. In present circumstances this means not more than three members of the Commission may be from the Democratic Party.

In the present make-up of the Commission there are three Commissioners who are members of the Democratic Party. The other one is alined with the Republican Party. The testimony shows that Mr. Carson says he is an independent.

As I have said, there are three Democrats on the Commission at the present time. The question, therefore, is not, "Is Mr. Carson a Republican?" The question is, "Is he a Democrat, or is he an independent, as he has asserted publicly and before the committee?"

What are the facts? Testimony on pages 15 through 19 of the hearings shows that Mr. Carson was registered as a Democrat in the State of Indiana from 1912 to 1916. In 1912 Mr. Carson was 23 years old. There could be no doubt that Mr. Carson's primary affiliation during that period was Democratic.

In 1924, however, Mr. Carson according to the record, accepted a position as secretary and economic adviser to James Couzens, Republican Senator from the State of Michigan. In 1926 and 1927, while still serving a Republican Senator, he worked as clerk for the Committee on Education and Labor of the Senate. From 1927 to 1929 he served as clerk of the Committee on Interstate and Foreign Commerce. Perhaps the distinguished Senator from Kansas [Mr. REED] will remember Mr. Carson. The Senator is a very able member of that committee. During Mr. Carson's service on these two committees, the Republican Party held a majority in the Congress and a Republican President was in the White House. I am sure Senators are sufficiently familiar with their own and Senate committee routine to know that before the Reorganization Act was passed, it was definitely not the practice for a Republican majority to select a Democrat as clerk on a Senate committee. Furthermore, it is my impression that few, if any, Republican Members of this body, then or now, find it necessary to select a Democrat as their secretary, assistant, or adviser.

During his association with Senator Couzens, Mr. Carson participated in political campaigns in Michigan. The party officials with whom he worked were necessarily Republican. Knowing politics, as I do, and as every Senator on this floor does, it is inconceivable that Senator Couzens would have had as his right-hand man an individual unacceptable to the Republican leaders in the State of Michigan. During the period 1924–37, therefore, the evidence is indisputable that Mr. Carson's sympathies, associations, and political beliefs were Republican in complexion and character.

Subsequent to 1937, Mr. Carson was appointed successively as secretary to the United States Maritime Commission and as the Consumer Counsel of the Bituminous Coal Commission. These appointments were made under a Democratic administration, by a Democratic President. Mr. Carson asserts that he is an independent, that he is neither Republican nor Democratic. I believe the evidence substantiates that assertion.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. MAGNUSON. Yes.

Mr. WHERRY. What the Senator means then is that Mr. Carson was nominated and the Senate is being asked to confirm him on the theory that he is an independent?

Mr. MAGNUSON. That is what he said.

Mr. WHERRY. That he is neither a Republican nor a Democrat; therefore he is an independent.

Mr. MAGNUSON. There was much said by the Senator from Ohio [Mr. BRICKER] to the effect that Mr. Carson has registered as a Democrat, and that was true when he was 23 years old. There was a great deal of testimony as to why he had not registered in Michigan as a Republican. There are pages of testimony on that subject, but in substance he said that he went to Michigan and there attempted to register, but that he could not qualify. At that time there was in Michigan a 6-month-residence requirement for a voter to register.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. FERGUSON. There is a 6-month-residence requirement in Michigan before a voter can register. Mr. Carson, I understand, never lived in Michigan. He never voted in Michigan. He has never had a residence in Michigan.

Mr. MAGNUSON. The testimony is——

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. MAGNUSON. Let me finish this statement. The testimony is, and of course I do not think there is any dispute about the fact, that for all these years Mr. Carson worked for Senator Couzens and during the time he worked for Senator Couzens, as his right-hand man, he participated in many campaigns, meetings, and conferences, in the State of Michigan.

Mr. FERGUSON. Mr. President, will the Senator again yield?

Mr. MAGNUSON. I yield.

Mr. FERGUSON. The last campaign that Senator Couzens, my predecessor, participated in in Michigan, he came out for the Democratic ticket, and was defeated in the primaries, in 1936. So, if Mr. Carson participated in that campaign he participated as a Democrat and not as a Republican.

Mr. MAGNUSON. I do not think he participated in that campaign, because by this time he had left Senator Couzens and was secretary of the Maritime Commission, and later of the Bituminous Coal Commission.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. BRICKER. Is it not true that there is a letter in the RECORD from Mr. Carson to Representative RABAUT in which Mr. Carson says that he is still a legal resident of the State of Michigan, and Representative RABAUT said he was a Democrat?

Mr. MAGNUSON I was about to read that letter.

Mr. JOHNSON of Colorado. Mr. President, I hope the Senator from Washington will reserve to me about 2 or 3 minutes.

Mr. MAGNUSON. Yes. I shall be through in a moment. This is the letter regarding his political affiliation which he wrote on August 1, 1946, to Representative RABAUT. The letter appears on page 182 of the hearings before the Senate Committee on Interstate and Foreign Commerce. I read a part of it as follows:

> DEAR LOUIS: I am writing to you now as a citizen. I am still a legal resident of Michigan and I am just as much interested in the welfare of Detroit and Michigan as I was during my long service with Senator Couzens.

The letter continues to speak of that service. The important part of it is his statement to Representative RABAUT in which he said:

> I have always been an independent in politics. I always will be, I think. I have worked for Republican candidates in Michigan as often as I have for Democrats. I have tried to support men who would serve the common good regardless of party.

That is about the sum and substance of Mr. Carson's political affiliations.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. MAGNUSON. I am sorry that I do not have time to yield. I have said I would yield a portion of my brief time to the chairman of the Committee on Interstate and Foreign Commerce, the Senator from Colorado [Mr. JOHNSON]. That, as I said, is the sum and substance of Mr. Carson's politics.

Mr. LUCAS. Mr. President, will the Senator yield for one observation with respect to the argument during the debate respecting whether Mr. Carson is a Republican or a Democrat?

Mr. MAGNUSON. I yield.

Mr. LUCAS. Mr. Carson, in his testimony, stated that he was an independent. I cannot understand what all the argument is about. After all we know of men who are serving now in the United States Senate who at one time were Democrats and have been selected by Republicans and are serving here as Republicans. They were Democrats at one time. Senator Moore, of Oklahoma, served here in the Senate as a Republican, after having been a Democrat practically all his life. It seems to me that the debate respecting his party affiliation, that is the question whether Mr. Carson is a Democrat or a Republican, is much ado about nothing. He is an independent, and if he has the qualifications and the character, that is the important thing it seems to me, so far as the nominee is concerned.

Mr. MAGNUSON. I will say to the Senator from Illinois that I feel as he does. The law says that no more than three members of the Commission shall be members of one political party. Three members are Democrats. Mr. Carson never claimed to be a Republican or a Democrat. He says he is an independent. If Senators will read through the hearings they will find that he is an independent. At one time he registered as a Democrat. Then he worked for Senator Couzens. Then he worked for the Bituminous Coal Commission under a Democratic administration. Mr. Carson has been around Washington a great deal. Many Senators who have served in the Senate for more than one or two terms know him well. There is no question about his integrity. There is no question about his intellectual honesty. He is a man who is intensely religious. That is how the Pope's Encyclical became involved in the

discussion. Pope Pius XI wrote an encyclical which was directed toward the economy of the world. Mr. Carson, being intensely religious, had taken that to heart, and had done some writing about it.

I revert to the act itself. The act states that no more than three members of the Commission may be from the same political party. It does not say a man of independent political affiliations is barred from service on the Commission. This is as it should be. Every Senator knows that from 25 to 30 percent of the voters in this country are not affiliated actively with either major political party. At campaign time, they are the voters who hold the balance of power in national elections. They are the voters to whom the candidates of both major parties direct their most fervent appeal. In my judgment, it would be unfair and undemocratic to assert that a man drawn from this great body of independent Americans is disqualified politically from serving on the Federal Trade Commission or any other commission having similar criteria for membership.

To take that position is, in effect, to disenfranchise a great mass of people, good Americans, who, for reasons sufficient unto themselves, are not affiliated with either the Republican or Democratic Parties.

The question whether Mr. Carson is a Republican or a Democrat is adequately cleared up by his own testimony given during the hearings. His qualifications have been placed in the record. The record shows he worked from 1911 to 1918 for the Indianapolis Sun and Indianapolis Daily Times. He was reporter, city editor, and assistant managing editor. From 1918 to 1924, he was Washington, D. C., correspondent successively for the St. Louis Globe-Democrat, St. Louis Republic, Baltimore Sun, Baltimore Evening Sun, and Scripps-Howard Alliance. For 13 years, beginning in 1924, he was secretary and economic adviser to Senator James Couzens. During that time, as I stated earlier, he also served as clerk to the Committee on Education and Labor and to the Committee on Interstate and Foreign Commerce of the United States Senate.

For 2 months in 1937, he was secretary to the United States Maritime Commission. From 1937 to 1939 he served as consumer counsel to the Bituminous Coal Commission. From 1939 to 1941, he was correspondent for Labor, a publication of the Railroad Brotherhoods. From 1941 to the present time he has been director of research and information to the Cooperative League of the United States of America.

While serving as clerk in the Senate Committee on Education and Labor, Mr. Carson directed an investigation on unemployment, aimed at developing a means of preventing and alleviating recurrent unemployment and reduction in purchasing power. As clerk of the Interstate and Foreign Commerce Committee, he drafted the first bill to create the Federal Commission on Communications and supervised the congressional study of communications, which ultimately resulted in the establishment of the Federal Communications Commission.

He worked with Senator Couzens in gathering facts and developing the data which led to the establishment of the Federal Power Commission. He was active in the drafting of the act itself. Later he was closely associated with the activities leading to the establishment of the Securities and Exchange Commission.

I think he is well qualified in the business of government, because he knows government well, having served in all these capacities.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. JOHNSTON of South Carolina. For what period of time was he with the Senate Committee on Education and Labor?

Mr. MAGNUSON. He was with the Senate Committee on Education and Labor for approximately 2 years. I do not have the exact dates. Then for about 1 year he was the clerk for the Interstate and Foreign Commerce Committee. But apparently in those days, before the reorganization, an individual could work for a Senator, as Mr. Carson did for Senator Couzens, and be a clerk of a committee also, and he served in both capacities.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. SPARKMAN. Has the Senator placed in the RECORD the letter from former Secretary of State Cordell Hull, dated December 17, 1948, strongly endorsing Mr. Carson and testifying to his capacity?

Mr. MAGNUSON. I shall ask unanimous consent later to have all the material which I have assembled printed in the RECORD.

Where did Mr. Carson come from? I find that he has been recommended to the President of the United States for this appointment by the president of the American Federation of Labor, Mr. Green; the president of the CIO, Mr. Murray; and Mr. Cordell Hull, former Secretary of State. Apparently they were his sponsors. Cordell Hull wrote to the President of the United States on December 17, 1948, as follows:

WASHINGTON, D. C., *December 17, 1948.*
The PRESIDENT,
The White House.

MY DEAR MR. PRESIDENT: You may recall that I do not undertake to suggest to you with regard to appointments. I do feel justified in commenting, for whatever the information may be worth, on the character and accomplishments of John Carson, of Washington, D. C. I first knew him many years ago as one of the leading newspapermen and authorities on social and economic conditions and problems. He possesses splendid ability, integrity, and sound social ideas. It gives me satisfaction thus to testify.

Sincerely yours,

CORDELL HULL.

The letters from the president of the CIO and of the A. F. of L. are of similar nature.

A great deal has been said about Mr. Carson's writing. Mr. Carson was a prolific writer. One can take a sentence or paragraph out of its context and show that he espouses good Republican doctrine. One can take another excerpt, without reading the entire article, and find sentences and paragraphs advocating good Democratic doctrine. If we read them all together, they advocate some doctrines with which probably I would not agree. But when we read all his writings and go through all the testimony, as we did day after day, we find that what Cordell Hull says about him is correct. He did a great deal of writing on economic and social problems. He is very sincere.

Much has been said about his association with the Cooperative League of America. Mr. Carson does not control the Cooperative League of America. He is a paid employee in public relations for that league.

Certainly there were some witnesses who were opposed to Mr. Carson. They were not opposed to him because he was not qualified to be a member of the Federal Trade Commission. They were opposed to him because they were opposed to cooperatives. Mr. Carson testified that he believed there should be a greater degree of tax equality as between cooperatives and other business.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. MAGNUSON. I have not the time. I have only 5 minutes more.

Mr. KNOWLAND. I was wondering if the Senator——

Mr. MAGNUSON. I decline to yield.

Mr. Carson wrote about many things during the depression. I doubt if anyone can question some of the things which he said. With respect to other things, perhaps many of us said the same things in those dark days. We can take a sentence out of its context in the writings of a man who has written a great deal, and apply different meanings to it.

I do not know Mr. Carson personally. I became acquained with him only through the hearings. He is a very able man. I think he will serve well as a member of the Federal Trade Commission. I think he will be the consumers' man on the Commission.

I might sum up the situation as one of the witnesses did. He likened the Commission to a carp pond. If carp are put in a pond and fed they become sluggish. In order to stimulate them to swim around and get into condition for eating, a big tough wall-eyed pike is thrown in to bite them. Mr. Carson would be like a pike in a carp pond. I think we need more pike in some of the carp ponds in Washington.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the remainder of my statement, together with certain letters and biographical data.

There being no objection, the statement and other matters were ordered to be printed in the RECORD, as follows:

Frankly, I must state that in all this experience I find no evidence that Mr. Carson ever had to meet a pay roll. Those in this body who take the position that a man cannot understand the American economic system unless he has met a pay roll, in my judgment, take a very narrow and indefensible view. I have done no research to ascertain

how many of the President's Council of Economic Advisers have ever met a pay roll. My guess is few, if any, of them have. Neither have I analyzed the experience of Members of the Senate to ascertain how many have ever met a pay roll. Most of us in this body are lawyers—my guess, therefore, is that only a small percentage of the Members of this body could qualify as understanding the American economic system, if the sole criterion for such understanding is: "Have you ever met a pay roll?"

Most Senators judge themselves competent to discuss broad economic questions of practice and policy affecting our free-enterprise, private-capital system. Much of that competence was gained here in the Halls of Congress, much of it was gained through personal observation before we were elected to Congress. I doubt any man in this body would disqualify himself from service on the Federal Trade Commission merely because he had never met a pay roll.

But let us go on with Mr. Carson's background and experience. From 1941 to the present, he has been actively associated with the so-called cooperative movement in the United States, as Director of Research and Information for the Cooperative League. Cooperatives are a legitimate form of enterprise in this country. There are many, many statutes on the books which verify this statement. Approximately 10,000,000 people in the United States are members of cooperatives. If my memory serves me correctly, about 5,000,000 are members of farm cooperatives.

I recognize there is a wide divergence of opinion among Members of this body and the public as to the tax status of these enterprises, but the tax status of cooperatives is not at issue in this discussion.

In the State of Washington over 20,000 farm families are members of and are served through what is called the Washington Cooperative Association. This association is one of the largest and most successful in the country. It does a yearly volume of business running into the millions. Similar associations exist in every State of the Union. One of the prime reasons for formation of the Washington Cooperative was the conviction on the part of many farmers that other types of business enterprise—corporations and partnerships—were taking undue advantage of the position in which the farmer found himself. They formed their cooperatives in order to obtain a greater profit for themselves and to insure that there was real honest-to-God competition in the fields in which they operate.

This year the pear growers in Yakima, Wash., have been discussing the possibility of financing and building a cooperative cannery. Why? Because these growers believe the private corporation canners operating in that district have eliminated competition among themselves with consequent control of prices at a level detrimental to the grower. These growers are beginning to believe that the only way they can assure competition in the market place for pears is to build a cannery of their own.

These facts are pertinent to the present discussion. The job of the FTC is to insure against monopoly and unfair trade practices—to insure that there is competition among business enterprises in accord with the ground rules laid down by the Commission and the Congress. A man who has served for 8 years with the cooperative movement of America must know something about competition. A man who has served as a newspaper correspondent in Washington, D. C., must know something about competition and about the workings of our economic system.

Every position Mr. Carson has had has given him an opportunity to study, to analyze, to observe, and to know both the strength and the weakness of that system.

Finally, let me discuss briefly some of the accusations made against Mr. Carson's attitude and philosophy. On June 11, 1945, Mr. Carson wrote a letter to Senator Robert F. Wagner. This letter was written at a time when the Senate Banking and Currency Committee, of which Senator Wagner was chairman, had under consideration the Full Employment Act of 1945. I want to place the entire letter in the record at this point. Excerpts from the letter have been widely quoted. Let me read in full the most pertinent paragraphs:

"1. Out of a very broad and long experience in the legislative and administrative branches of the Government, probably as long and as broad an experience as any witness who will appear, I am convinced of one thing. It is that we must grasp and hold fast to some basic doctrines which are vital to democracy. The first of these is that the dignity of man must not be sacrificed. In granting power to the state we must insure to man the power to dominate and control the state. We must provide man with authority and opportunities which will inspire him to be zealous in protecting his rights and equally zealous in observing his responsibilities.

"The basic responsibility of the Federal Government is to establish the house in which we are to live, to make certain that it is a free house and that the people will assume the responsibility of ownership of the house, and to preserve order within the house. We cannot have a free house, of course, unless the people own the house and unless the people are free. The people cannot be free unless they are assured of the opportunity to provide sustenance for their bodies. They cannot be free unless they are assured of an opportunity to labor and their degree of freedom is in proportion to the degree of opportunity to produce that which is needed to sustain them.

"2. Man is entitled to have the opportunity for full employment but let us make certain that we do nothing to decree than man is obligated to become a unit in a full employment machine. We cannot recognize the dignity of man if we attempt to enslave him to full employment. I agree that we must produce as much wealth as is possible to carry the debt load imposed on us if we are to maintain the validity of the debt but far better will it be if we adopt any one of the many methods of repudiating a part of that debt load and keep our people free than to enslave them to insure payment of that debt. Dollars and debt are not sacred as is human dignity and human freedom.

"I am more than a little bit afraid of these plans for full production and vesting power in Government to insure full production and full employment. I am afraid of creating work through fiat of Government. I know, of course, that because we have been a party to an economic system which has resulted in unemployment and poverty and bankruptcy of all kinds, we must put up with force exercised by Government to preserve as much order and to escape from chaos and incipient anarchy. But merely to mechanize the sinful economic system may only accentuate the sin."

You will note from these quotations that Mr. Carson was extremely concerned over the possibility that in our effort to create full employment by Government edict, we do violence to individual liberty and freedom. He was concerned lest the Federal Government in an effort to achieve the laudable goal of full employment make men mere cogs in a machine. As I recall the debates on the Full Employment Act, that fear was expressed many times from the other side of the aisle.

As a matter of fact some of Mr. Carson's writings and public statements contain a very heavy dose of good "Republican philosophy"—if those statements are read in context. There is another statement made by Mr. Carson which has received wide publicity. On January 17, 1945, he appeared before the Senate Committee on Postwar Economic Policy and Planning. Incorporated in his remarks were these sentences:

"I wish as a new world and a new age dawns on us that we could become honestly humble and thus intelligent, and that we would admit that society or government is weakened and destroyed by attempting to manage and control the lives of people. Big business and big finance did succeed in ruling the people for a long time. But that world—the world of competitive private capitalism, began to have its death rattles in 1929 and has been in convulsions ever since."

Taken out of context, this statement sounds subversive, definitely impresses one as the utterance of a man who entertains views hostile to that system which has operated successfully in this country since the days of our founding fathers. If one reads Mr. Carson's entire statement, however, in an unbiased way, I believe he will come to the conclusion that Mr. Carson was talking about that period of excessive individualism, that period of unbridled competition and speculation which led to "boom and bust"—which led this country and the entire world into the greatest depression of modern times.

Mr. Carson was appearing before the committee to urge that any possible postwar housing program make provision for mutual cooperative housing projects. I will place his full statement in the RECORD. Let me quote part of it here in order to place in its proper setting the statement I have just read. Mr. Carson was lauding the achievements of the Walnut Grove Mutual Housing Corp. in South Bend, Ind., and the Greenmount Mutual Housing Corp. of Dayton, Ohio. He said:

"These two housing projects are important because of their financial success. But they are far more important as guideposts which point to the solution of our housing problems. The story they tell is the old story that people are fully competent to manage their own affairs and that they can solve their own problems. The story is that of democracy at work. These are, in fact cooperative housing projects where the people have assumed responsibility of management because they are becoming owners.

"The story of rural electrification and of REA is a story to which we can turn if we are sincerely interested in solving the housing problem. We can establish a Government organization for housing such as REA was and is. Not so many years ago, the competitive profit electrical industry ignored the problem of rural electrification because it seemed impossible of solution. Then we adopted the rural electrification law and its author, the late Senator George W. Norris, wrote into it the provision that loans could be made for rural electrification to the competitive profit electrical industry, to political subdivisions, and to cooperatives. He told me he feared 'the power trust' would take the loan capital and get control of rural electric lines. He hoped that townships and counties and public power districts might borrow and build lines. He was an ardent advocate of cooperatives and he wished they would develop but he said he had no thought that they would.

"After REA was established, our cooperative leaders had to plead with the REA Administrator to recognize that the law provided for cooperative developments. The Administrator was not opposed to cooperatives but he was incredulous that they could be helpful. He did open the door to cooperatives and that was about all. What happened? The problem was solved. Cooperatives took about 95 percent of all loans made by the Government. The people assumed responsibility and organized and did a job

which the electrical industry had avoided tackling.

"There is a lesson in the REA story for us, right here. This housing problem can be solved by the people who are most concerned with it because they must have housing. We are not going to solve it for them. Government agencies are not going to solve it by imposing plans and projects on the people. I wish, as a new world and a new age dawns on us, that we could become honestly humble and thus intelligent and that we would admit that society, or government, is weakened and destroyed by attempting to manage and control the lives of people. Big business and big finance did succeed in ruling the people for a long time. But that world, the world of competitive profit capitalism, began to have its death rattles in 1929 and it has been in convulsions ever since."

I think the gist of this discussion is contained in these sentences: "The story they (the two housing projects under discussion) tell is the old story that people are fully competent to manage their own affairs and that they can solve their own problems. The story is that of democracy at work. These are, in fact, cooperative housing projects where the people have assumed responsibility of management because they are owners."

In conclusion, Mr. President, I want to first say this. If I were convinced that the interpretation placed on Mr. Carson's statements by the opposition correctly reflects his thinking, his philosophy of economics and government, I would be against confirmation. I do not believe, however, those interpretations are correct. I frankly admit that taken out of context the statements are subject to the interpretation the opposition has placed upon them.

At the beginning of this statement I pointed out that the law says no more than three members of the Commission may be from the same political party. I think I demonstrated that Mr. Carson is neither a Democrat nor a Republican. Preponderance of evidence substantiates his own assertion that he is an independent.

Mr. Carson has had a broad and varied experience. To the best of my knowledge he has never met a pay roll, but he has had innumerable opportunities over a period of 30 years to analyze, to observe and know the workings of the American economic system.

His writings and public utterances indicate he is a strong believer in the cooperative movement; that he is a fervent believer in the ability of people to manage their own affairs, given proper conditions to do so; that he is just as much afraid of overconcentration of government as he is of overconcentration of finance and industry. I hope a majority of Senators, after weighing the evidence, come to the conclusion his nomination should be confirmed.

I also would like to place in the record, as bearing upon the political affiliation of the nominee, a letter which was placed in the CONGRESSIONAL RECORD on August 1, 1946, addressed to the Honorable LOUIS RABAUT, a Member of Congress from Michigan, by the nominee:

THE COOPERATIVE LEAGUE,
Washington, D. C., August 1, 1946.

Hon. LOUIS C. RABAUT,
House of Representatives,
Washington, D. C.

DEAR LOUIS: I am writing to you now as a citizen. I am still a legal resident of Michigan and I am just as much interested in the welfare of Detroit and Michigan as I was during my long service with Senator James Couzens.

You will agree that I know a bit about Congress and about Government and about public servants. After 30 years of very active service here as a newspaperman and as Senator Couzens' associate—30 years during which I have tried to be actively interested in the common good of all of our people in everything I have done—I am arrogant enough to believe that I know something about Government and public service.

There has never been a time in our experience as a nation when we need men in official life with such high integrity. That is the prime requisite of public service now. Perhaps it always has been. Just before Senator George W. Norrris died—you know he was my "father" for 25 years—he and I engaged in correspondence about one Republican candidate for the Senate from New England. He was opposed to the man, at the outset, but quickly agreed that the one prime requisite was integrity and he finally wrote to me and asked me to see if his letter could be helpful to this candidate. I have always been an independent in politics. I always will be, I think. I've worked for Republican candidates in Michigan as often as I have for Democrats. I have tried to support men who would serve the common good, regardless of party.

I just felt obligated to write to you and to commend you for the high degree of integrity you have shown in your work here. I have not agreed with your conclusions on some occasions and if I were in the House at that time, I would have voted contrary to your decisions. But I had the utmost respect for your decisions. We need men like you in Congress. I want to urge you to continue to make the struggle you have made to serve the common good.

Yours sincerely,

JOHN CARSON.

WASHINGTON, D. C., *December 17, 1948.*

The PRESIDENT,
The White House.

MY DEAR MR. PRESIDENT: You may recall that I do not undertake to suggest to you with regard to appointments. I do feel justified in commenting, for whatever the information may be worth, on the character and accomplishments of John Carson, of Washington, D. C. I first knew him many years ago as one of the leading newspapermen and authorities on social and economic conditions and problems. He possesses splendid ability, integrity, and sound social ideas. It gives me satisfaction thus to testify.

Sincerely yours,

CORDELL HULL.

EXCERPT FROM HEARINGS BEFORE SUBCOMMITTEE OF THE COMMITTEE ON BANKING AND CURRENCY, UNITED STATES SENATE, SEVENTY-NINTH CONGRESS, FIRST SESSION, ON FULL EMPLOYMENT ACT OF 1945

THE COOPERATIVE LEAGUE OF THE
UNITED STATES OF AMERICA,
Washington, D. C., June 11, 1945.

Hon. ROBERT F. WAGNER,
Senate Office Building,
Washington, D. C.

DEAR BOB: I wish I could really help you and your committee in the consideration of S. 380. I am certain the league will be happy to present a reasoned consideration of the bill when your committee begins hearings on it.

I have been preparing to write on this subject for one of the weekly reviews, but I confess that the more I labor over it the more I am frustrated by the scope of the problem. Incidentally, this is not the opinion of the league. The league is a very democratic organization, and no one can speak for it until he is authorized to do so. I can only give you my opinion very generally at this time, and it would be the opinion I would give to the league board.

1. Out of a very broad and long experience in the legislative and administrative branches of the Government, probably as long and as broad an experience as any witness who will appear, I am convinced of one thing. It is that we must grasp and hold fast to some basic doctrines which are vital to democracy. The first of these is that the "dignity of man" must not be sacrificed. In granting power to the state we must insure to man the power to dominate and control the state. We must provide man with authority and opportunities which will inspire him to be zealous in protecting his rights and equally zealous in observing his responsibilities.

The basic responsibility of the Federal Government is to establish the house in which we are to live, to make certain that it is a free house and that the people will assume the responsibility of ownership of the house, and to preserve order within the house. We cannot have a free house, of course, unless the people own the house and unless the people are free. The people cannot be free unless they are assured of the opportunity to provide sustenance for their bodies. They cannot be free unless they are assured of an opportunity to labor and their degree of freedom is in proportion to the degree of opportunity to produce that which is needed to sustain them.

2. Man is entitled to have the opportunity for "full employment," but let us make certain that we do nothing to decree that man is obligated to become a unit in a "full employment" machine. We cannot recognize the dignity of man if we attempt to enslave him to "full employment." I agree that we must produce as much wealth as is possible to carry the debt load imposed on us if we are to maintain the validity of the debt but far better will it be if we adopt any one of the many methods of repudiating a part of that debt load and keep our people free than to enslave them to insure payment of that debt. Dollars and debt are not sacred as is human dignity and human freedom.

I am more than a little bit afraid of these "plans" for "full production" and vesting power in Government to insure "full production" and "full employment." I am afraid of creating work through fiat of government. I know, of course, that because we have been a party to an economic system which has resulted in unemployment and poverty and bankruptcy of all kinds, we must put up with force exercised by Government to preserve as much order and to escape from chaos and incipient anarchy. But merely to mechanize the sinful economic system may only accentuate the sin.

3. We must, if we are to accept any such program as is proposed here, establish at the same moment the road of escape from that force, improve the road at every opportunity, and advertise the road.

We must recognize at once that consumption, and consumption or need only, creates employment. I am using the word "consumption" in a broad sense.

We must strengthen the power of the consumer and the authority of the consumer.

The consumer's ability to consume has been weakened by a competitive profit economy, and if he is to be restored we must discover the means and begin to apply them at the same moment that we establish the rule of force to allay disorder.

4. Certainly, this kind of employment machinery should not be set up without providing within it a very healthy antitoxin for the poison which has created the condition of unemployment. We must have consumer representation within the machinery and we must put upon the consumer authority the obligation of developing an economic condition which is healthful through encouraging consumer cooperative organizations.

If that is not a way—and I believe "the way"—to strengthen the authority of the consumer and the only escape from the economic condition which causes unemployment, then I wish to be advised of any other way and of any demonstration that any other way will be found.

In general, then, I would like to say through this legislation what a great authority said some years ago, and I refer to Pope Pius, in his Quadragessimo Anno. He

said, and these are generalities, of course: We have created a disorderly economic society—if we are to have a society we must establish order or we will have no society—we have tried to develop a society of order based on factors of disorder or, in other words, on the conflict between employers and employees, etc.—to maintain as much order as possible in this disorderly society, we must encourage the employers and employees to organize to establish order—but that is only the first and temporary step because we must then create a society wholly contrary to our present capitalistic conceptions—what is that society—it is a family society or a "nonprofit" society. I am using that word "profit" loosely here, but I can justify its use for this purpose.

The NRA failed because we developed no road of escape—the Bituminous Coal Act failed for a similar reason—OPA is failing for a similar reason—this effort to order "employment" by government will fail unless we provide for the development of a society in which government will not need to have or to exercise such authority.

I do not wish to burden you longer, but I shall be glad to appear before the committee and discuss this legislation at some length.

Sincerely yours,

JOHN CARSON.

BIOGRAPHICAL DATA—JOHN JOSEPH CARSON

Date of birth: November 16, 1889.

Place of birth: Johnson County, Ind.

Parents: William A. and Mary (Gleason) Carson.

Formal education: Indianapolis public and parochial schools, 1895–1902; Manual Training High School, Indianapolis, Ind., 1903–05; honorary degree, doctor of laws, Jordan College, 1937.

Family: Married A. Elizabeth Groseclose, of Indianapolis, May 3, 1916. Children: Mary Katherine, Elizabeth Jane, and Joan.

Clubs: National Press Club, 1918–22; Columbia Country Club, Washington, D. C., 1925–present.

Religion: Catholic.

Politics: Independent.

Legal residence: Detroit, Mich.

EMPLOYMENT (SALARY RANGE, $2 PER WEEK TO $14,500 PER YEAR)

1899–1902: Newsboy (after school) Indianapolis, Ind.

1902: Van Camp Packing Co., Indianapolis (between terms of school), bottle capper.

1905: American National Bank, Indianapolis, messenger.

1905–10: Clerk and bookkeeper, Van Camp Packing Co., Indianapolis.

1911–18: Reporter, city editor, assistant managing editor, Indianapolis Sun, Indianapolis Daily Times.

1918–24: Washington correspondent, Washington, D. C., St. Louis Globe-Democrat (1918), St. Louis Republic (1918–19), Baltimore Sun (1919–20), Baltimore Evening Sun (1920–22), Scripps-Howard Alliance (1922–24).

1924–36: Secretary and economic adviser, Senator James Couzens (Republican, of Michigan).

1926–27: Clerk, Committee on Education and Labor, United States Senate.

1927–29: Clerk, Committee on Interstate and Foreign Commerce, United States Senate.

1937: Secretary, 2 months, United States Maritime Commission.

1937–39: Consumers' counsel, Office of the Consumers' Counsel of the Bituminous Coal Commission.

1939–41: Washington correspondent, Labor, Washington, D. C.

1941 to present: Director of research and information, Cooperative League of the United States of America, Washington, D. C. (president, National Cooperative Mutual Housing Association).

CONTRIBUTIONS TO THE PUBLIC SERVICE

1921–23: Active in furthering the development of the Office of the Comptroller General and the Congressional Committee on Expenditures in Executive Departments. Purpose and interest: To provide the Congress with expert and adequate check on expenditures.

1922 and on: Active in work to develop the TVA program. Purpose and interest: Belief that we must conserve every natural resource. Somewhat active at all times in trying to further the development of trade-practice conference program of the Federal Trade Commission. Conviction that every effort must be made to encourage and support compliance, through development of understanding and good will between and within business and farmers and labor and consumers.

1924–28: Active in creating and developing the Congressional Joint Committee on Internal Revenue Taxation. Purpose and interest: To provide the Congress with expert and adequate assistance in the writing and administration of internal revenue laws.

1926–28: Active through association with Brookings Institution and Commissioner Joseph B. Eastman in developing plan to get expert assistance for committees of the Congress with which I was associated. Purpose and interest: To provide the Congress with factual and experienced views from persons of some authority.

1926: Directed investigation of unemployment for the Senate Committee on Education and Labor. Purpose and interest: To develop a means of preventing and alleviating recurrent unemployment and reduction in purchasing power.

1928: Drafted the first bill to create a Federal Commission on Communications. Supervised the congressional study of communications which ultimately resulted in the establishment of the Federal Communications Commission. Purpose and interest: To place radio and related means of communication under one regulatory body.

1929–30: Active in the drafting of the act establishing the Federal Power Commission. Purpose and interest: To develop stable and consistent regulation of power in interstate commerce.

1932–33: Associated actively with the development of the Securities and Exchange Commission. Purpose and interest: To provide for protection against the destructive stock-market speculations which threatened to ruin the capital-investment markets.

1937 and on: Active in developing the REA program. Purpose and interest: To provide rural electrification for farmers.

Mr. JOHNSON of Colorado. Mr. President, the Committee on Interstate and Foreign Commerce, to which was referred the nomination of John Carson, held rather extensive hearings. After consultation with some of the members of the committee I appointed one of the employees of the committee to make an exploration of all the writings of Mr. Carson. We had heard that he had written things which would not stand up in our economy. So I appointed Mr. Van Horn, a very able person who happened to be a Republican. He was brought to our committee by the able Senator from Indiana [Mr. CAPEHART]. I assigned to him the task of exploring all the writings, quotations, and sayings of Mr. Carson so that our committee would have the benefit of the information. I think Mr. Van Horn did a very good job.

After the hearings, the committee voted on the nomination. The result of the vote was 7 to 4—seven Democratic members of the committee voting in favor of Mr. Carson, and four Republican members voting against him.

I voted for Mr. Carson for several reasons. In the first place, I have known him during all the years I have been in Congress. I like him. However, that is not sufficient reason for voting for a man.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I regret that I cannot yield. I have not the time.

Mr. McFARLAND. I should like to ask the Senator if the vote was not 8 to 4 instead of 7 to 4.

Mr. JOHNSON of Colorado. My recollection is that it was 7 to 4.

Mr. McFARLAND. I believe the Senator is incorrect. I think it was 8 to 4—eight Democrats and four Republicans.

Mr. JOHNSON of Colorado. It may be that it was 8 to 4. I am not sure. It was either 8 to 4 or 7 to 4.

I voted for Mr. Carson because I have complete confidence in his integrity. He is sincerely honest and conscientious. It can be said of him, as it can be said of anyone else, that he has his faults. I would be surprised if he did not have.

As I understand, Republicans voted against him because they objected to filling what they regarded as a Republican vacancy by the appointment of a so-called independent. Mr. Carson will take the place of Commissioner Freer. Commissioner Freer was a Republican. He was appointed to the Commission as a Republican. I have a great deal of sympathy with that point of view. I do not like to see members of "splinter" parties or independents appointed to bipartisan commissions. In the case of a bipartisan commission whose membership is restricted to a certain number from one party, I believe that the other party should have the remainder of the appointments. I feel very strongly about that. However, the difficulty is in the law. The law permits the President to appoint anyone to the Commission, so far as politics is concerned, so long as he does not appoint more than three members of one particular party. I think the law should be changed. I think Congress should change the law so that on bipartisan commissions the majority party would not have more than a certain number, and the minority party, as determined by the elections, should have a certain number. Then I think we would get away from this practice. I can see that it is a bad practice to appoint "splinter" party members to bipartisan commissions.

Mr. President, that is all I care to say on the subject.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. WHERRY. What is the term of the appointment?

Mr. JOHNSON of Colorado. It is to fill the unexpired term of Mr. Freer.

Mr. WHERRY. The term is 7 years, is it not?

Mr. JOHNSON of Colorado. No. It is to fill the unexpired term of Mr. Freer.

Mr. WHERRY. That is a 7-year term.

Mr. LUCAS. Mr. President, we have only half a minute left.

Mr. REED. Mr. President, if there are 30 seconds remaining, I should like to have 30 seconds.

Mr. LUCAS. Mr. President, I point out to the Senate that this is a Presidential appointment. A Presidential appointment should carry some weight with Members of the Senate. It is the President of the United States who is compelled to bear the major share of the responsibility for the appointment of this man to this particular Commission. I cannot reiterate too strongly how I feel about the importance of the Senate giving due credence to any appointment which comes from the Chief Executive, whether he be a Democrat or a Republican.

In view of the fact that there is no question about the qualifications of this man, no question about his character, no question about his integrity, no question that he will do a good job on the Commission, I think we should welcome the opportunity to infuse new life and new blood into a Commission which really needs it.

The PRESIDENT pro tempore. Thirty seconds remain of the time available under the unanimous-consent agreement.

Mr. REED. Mr. President, I wish to take only 30 seconds.

The PRESIDENT pro tempore. The Senator from Kansas is recognized.

Mr. REED. Mr. President, the Senator from Colorado suggested that the four Republican members of the committee cast their votes against confirmation of the nomination of Mr. Carson because of his political faith. I was one of the four. That was not my reason. I think the appointment is one of the most unfit appointments, one of the most inappropriate appointments, one of the worst misfits I have ever seen submitted to the Senate; and I shall vote against confirmation of the nomination today.

The PRESIDENT pro tempore. Under the unanimous-consent agreement, all time has expired.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from California will state it.

Mr. KNOWLAND. The parliamentary inquiry is this: Would it be in order at this time to request unanimous consent for 15 minutes further time, to be controlled by the Senator from Ohio [Mr. BRICKER], inasmuch as there was not a division of time today under the unanimous-consent agreement, and thus far today the opponents of confirmation of the nomination have had no opportunity to speak, inasmuch as the entire amount of the time available today has been used by the proponents of confirmation of the nomination. Would such a request be in order at this time?

The PRESIDENT pro tempore. It is in order, and the Chair will put it.

Is there objection to the request of the Senator from California?

Mr. MAGNUSON. Mr. President, reserving the right to object, let me say that we attempted to have this nomination acted on last Friday. The Senator from Ohio [Mr. BRICKER] was accommodated then because he was going away. He said he would speak for about 15 or 20 minutes against confirmation of the nomination of Mr. Carson, and he did so. From his point of view, he stated the case very well.

I said I would take time on the nomination today. Now both sides have had ample opportunity to present their views on the matter, and it was agreed that the time, which now has been allotted, was about all that would be needed by either side. So I think we should proceed now to vote. The nomination has been at the desk for almost 40 days.

Mr. KNOWLAND. Of course, Mr. President, I think the spirit of the unanimous-consent agreement was that there should be some division of the time. The opponents have been completely foreclosed today. The able Senator from Washington had time late Friday afternoon, when there were few Senators in the Chamber. All I ask is 15 minutes to be made available to the opponents, the time to be controlled by the Senator from Ohio [Mr. BRICKER].

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request of the Senator from California?

Mr. LUCAS. Mr. President, I object.

The PRESIDENT pro tempore. Objection is heard.

Mr. LUCAS. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Humphrey	Murray
Bricker	Ives	Myers
Butler	Jenner	Neely
Byrd	Johnson, Colo.	O'Conor
Cain	Johnson, Tex.	O'Mahoney
Chapman	Johnston, S. C.	Pepper
Connally	Kem	Reed
Cordon	Kerr	Robertson
Donnell	Kilgore	Russell
Downey	Knowland	Saltonstall
Ecton	Langer	Schoeppel
Ellender	Leahy	Sparkman
Ferguson	Long	Stennis
Flanders	Lucas	Taylor
Frear	McCarthy	Thomas, Utah
George	McClellan	Thye
Gillette	McFarland	Tydings
Green	McKellar	Watkins
Gurney	McMahon	Wherry
Hayden	Magnuson	Williams
Hendrickson	Malone	Withers
Hickenlooper	Maybank	Young
Hill	Miller	
Holland	Millikin	

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], and the Senators from North Carolina [Mr. GRAHAM and Mr. HOEY] are absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Arkansas [Mr. FULBRIGHT] is absent because of illness.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from Oklahoma [Mr. THOMAS] is absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], and the Senator from South Dakota [Mr. MUNDT] are absent by leave of the Senate.

The Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Oregon [Mr. MORSE], and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Maine [Mrs. SMITH], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Michigan [Mr. VANDENBERG] is detained on official business.

The PRESIDENT pro tempore. A quorum is present.

The question is, Will the Senate advise and consent to the nomination of John Carson to be a Federal Trade Commissioner?

Mr. LUCAS. Mr. President, when unanimous consent was requested a few moments ago by my distinguished friend, the Senator from California [Mr. KNOWLAND], the Senator from Illinois objected. I now withdraw the objection.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request of the Senator from California? The Chair hears none. Without objection, it is so ordered.

The Senator from Ohio is recognized.

Mr. BRICKER. Mr. President——

Mr. MAGNUSON. Mr. President, what is the arrangement to be now?

Mr. KNOWLAND. The Senator from Ohio will speak.

Mr. MAGNUSON. Then I am going to object, because both sides have already had the same time.

Mr. JENNER. Mr. President, I call for the regular order.

Mr. MAGNUSON. Mr. President, I hope the Senator will agree to give us 5 minutes, then.

Mr. KNOWLAND. Mr. President, I change the unanimous-consent request, so as to provide that there shall be 20 minutes, 15 minutes to be allotted to the Senator from Ohio [Mr. BRICKER], and 5 minutes to be allotted to the Senator from Washington [Mr. MAGNUSON].

Mr. MAGNUSON. I thank the Senator.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request submitted by the Senator from California?

Mr. WHERRY. Mr. President, what 5 minutes will be used by the proponents? The last or the first?

Mr. MAGNUSON. At the close of the debate.

Mr. WHERRY. Is that understood?

Mr. KNOWLAND. That is satisfactory, I believe.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request? Without objection, it is so ordered.

The Senator from Ohio is recognized.

Mr. BRICKER. Mr. President, I shall take but a few moments to clarify the record as it has been developed this morning in the debate. I covered the subject thoroughly on Friday, setting out clearly my objections to Mr. Carson's nomination. They were not political objections alone. I think Mr. Carson is utterly and completely unqualified to assume the responsibilities of this high office to which he aspires and to which he has been appointed. He is absolutely without business experience. He has been in and out of the Government in various capacities. He might understand the functions of administrative law. There was nothing in the testimony anywhere to show that he has any comprehension whatever of the business affairs with which he would be concerned as a member of the Federal Trade Commission.

In the committee I did not vote against him on political grounds, but I voted against him because he is not qualified, in the first place, and in the second place, because he is appointed to what by tradition—and I think what, by certainly the spirit of the law—is a Republican appointment, and by his own admission he is not a Republican, he has never been a Republican, and he does not anticipate ever being a Republican. He said he is not a Democrat. He had to say that, because, if a Democrat, he is not eligible to appointment to this Commission. It is not a mistake in the law, it is a mistake made by the appointing authority forcing upon the Senate a man who does not qualify in the spirit of the law for this particular appointment.

I pointed out clearly on Friday that this section of the law was patterned exactly after the section of the interstate commerce law. It has always been interpreted as calling for a bipartisan board, Republican appointments made for the minority members, Democratic appointments made for the majority. The Democratic Party ought to be just as zealous to protect that provision of the law as are the Republicans.

The question has been raised as to whether this man is a Republican. I asked him the question as to whether he would have registered in Michigan as a Republican or as a Democrat, as follows:

> You would have registered as a Republican. Did you make application for Republican registration?

Mr. Carson's answer was:

> I cannot say. All I did was ask for the registration blank at the city clerk's office and I stepped aside to fill it out. I undoubtedly—

Mr. President, note this:

> I undoubtedly, if I picked either party—because my friend the lawyer was with me, one of the most prominent Republicans in the State—I asked for a Republican ballot and registration blank.

That, Mr. President, is about as clear as Mr. Carson was in his testimony, at any place in the record, and yet in 1946 he wrote to Representative LOUIS C. RABAUT, who is known to the Senators from Michigan, and said:

> I am writing to you now as a citizen. I am still a legal resident of Michigan and I am just as much interested in the welfare of Detroit and Michigan as I was during my long service with Senator James Couzens.

He said if he asked for a Republican ballot, it was because there was a Republican with him. He said he could not swear he was a legal resident of Michigan, and yet in 1946 he wrote to a Democratic Representative from the State of Michigan saying he was still a legal resident of the State of Michigan.

Mr. KNOWLAND. Mr. President, will the Senator yield for a question?

Mr. BRICKER. I yield to the Senator from California.

Mr. KNOWLAND. What does the testimony show as to how long it has been since he registered and voted in an election?

Mr. BRICKER. The last time he registered, according to his own testimony, was in 1912, in the State of Indiana, at which time he registered as a Democrat. He said if he reregistered, or had to register—and he did not remember whether he had or not—it was as a Democrat. Then he went with Senator Couzens. He aided him in his campaign. He aided former Senator Wheeler in his campaign for the Vice Presidency, and along with Senator Wheeler, he aided the candidate for President of the United States, Senator La Follette. He has never been a Republican in any sense of the word, and does not claim to be.

I went into his qualifications further on last Friday, his activities in various fields, his fuzzy thinking, his insincere conclusions, his writings, which were such as to disqualify him, when he himself spoke about the "death rattles" of the American profit or capitalistic system, when he spoke about the Government of the United States being a receivership for the insane, and many other things which utterly show that he does not have any comprehension of the American business system which we have builded so mightily. He does not have any understanding of it, and he is not in accord with it; he does not believe in it. That type of man has been appointed to administer the law so far as business is concerned, to protect small business against big business, and to protect the consuming public in a system with which he does not agree and with which by his writings and by his utterances he has no sympathy whatever.

I now yield 5 minutes to the Senator from Kansas.

Mr. REED. Mr. President, I do not think I shall take the entire 5 minutes.

The Senator from Ohio has I think correctly described Mr. Carson as a fuzzy thinker. No man could read the record, no man could listen to the testimony, no man could follow the meanderings of John Carson over the political and economic landscape, without wondering what kind of man he was.

I happen to have some experience with so-called quasi-legislative tribunals or commissions. In my service in the Senate, I have not been a strict or strong party man. I make no point in the membership of the Commission as to political affiliation. I disagree with my friend, the Senator from Colorado, who thought the law should be stiffened in that respect. If I were doing it, I think I should relax it. I think politics is not very important. But here is an unfit appointment. In all my service in the Senate I have never seen a nomination sent to the Senate by the President which was so clearly inappropriate and inadequate, the nomination of a man who did not know the direction in which he was traveling, and who was nevertheless appointed to what is probably the most important tribunal or commission under the Government so far as the business of the United States is concerned. That is why I voted against him in the committee. That is the reason I shall vote against the confirmation of his nomination this afternoon.

Mr. BRICKER. Mr. President, I now yield 3 minutes to the Senator from Nevada.

Mr. MALONE. Mr. President, I have no personal feeling whatever in regard to Mr. John J. Carson. I do not know the appointee. But in reading his statement to the Special Committee on Postwar Economic Policy and Planning, Subcommittee on Housing and Urban Redevelopment, Seventy-ninth Congress, first session, February 7, 1945, Washington, D. C., I find a quotation from Mr. Carson:

> I wish as a new world and a new age dawns on us, that we could become honestly humble and thus intelligent and that we would admit that society, or government, is weakened and destroyed by attempting to manage and control the lives of people. Big business and big finance did succeed in ruling the people for a long time. But that world, the world of competitive profit capitalism, began to have its death rattles in 1929 and it has been in convulsions ever since.

Mr. President, the machinery for the administration of the antitrust laws and all other laws designed to correct the actions of business when any segment of it becomes obnoxious to the public is in the hands of the administration. But this man is against the system; and I submit that, with such a record as he has, it is impossible for me to vote to confirm his nomination.

My decision has nothing whatever to do with cooperatives—the Cooperative League, of which he is or has been a director—or any other of his varied activities.

The junior Senator from Nevada has a very simple philosophy in regard to appointments to responsible Federal posts, the appointee must believe in our basic system of government.

Mr. BRICKER. Mr. President, I now yield 5 minutes to the junior Senator from Washington [Mr. CAIN].

Mr. CAIN. Mr. President, the junior Senator from Washington will oppose the confirmation of the nomination of Mr. Carson, and only for the reason that I think, by his own testimony, he is not qualified for the portfolio to which he has been nominated, certainly not qualified, from my point of view. Since Mr. Carson's name was submitted to the Senate, he is reported in Printer's Ink to have replied, when asked whether his candidacy was backed by the CIO, the A. F. of L., consumer groups, and similar organizations, that it was.

Mr. Carson then went on to ask a question which to me is the important one

in this discussion, whether business was not ably represented on the Federal Trade Commission by four Commissioners, and, therefore, whether there was not room for someone to carry the banner for other special interests. Any man, it seems to me, who visualizes his responsibility as a Federal Trade Commissioner as being that of carrying the banner for any group whatever, or any class or interest, rather than being separate and apart from all banner carrying for any group or interest, clearly demonstrates his unfitness for the office, and for appointment to any quasi judicial office, especially as a member of the Federal Trade Commission, which, as every Senator knows, is investigator, prosecutor, judge, and jury in cases involving business practices. A man who indicates that he would serve for the purpose of representing the special interests or groups which sponsor him not only disqualifies himself, but, if his nomination were confirmed, it would destroy the faith of the people in the Federal Trade Commission, a faith which in many places is not too firm today.

The junior Senator from Washington has never met Mr. John Carson. From what I have heard of him, he is a well-intentioned, sincere, and extremely honest man. I think, therefore, that obviously he could fill with credit many a Federal portfolio. I submit to the Senate, however, that his concept of the function of the Federal Trade Commission is not the concept which is held by me. I think that what that Commission needs, above all else, is five Commissioners who concern themselves entirely with the health, the vigor, and the future of the American business community, and if one or more of those Commissioners conceives that he represents any special group or groups, the ultimate success of that tremendously important Commission is held in jeopardy.

Without prejudice to Mr. John Carson as an individual or as a patriotic American citizen, I think his nomination should be rejected on the basis of his own testimony as to what he would do within the position for which he is nominated if his nomination is confirmed by the Senate of the United States.

Mr. BRICKER. Mr. President, how much time do I have remaining?

The PRESIDENT pro tempore. One more minute.

Mr. BRICKER. Mr. President, in closing, let me read a statement of Mr. John Carson who has been nominated for this important position, which vitally affects American business. Said he:

> I agree that we must produce as much wealth as is possible to carry the debt load imposed on us if we are to maintain the validity of the debt.
>
> But far better will it be if we adopt any one of the many methods of repudiating a part of that debt and keep our people free rather than to enslave them to insure payment of that debt.

That debt, according to one great American who is now adored by the Democratic Party, is a debt owed to our own people. There is no way of more quickly destroying the liberties of the people of America than to repudiate a debt owed by the Government to its own citizens.

That, Mr. President, is the philosophy of the man who has been appointed to supervise the conduct of American business.

Mr. MAGNUSON. Mr. President, if I have the time I shall read to the Senate Mr. Carson's answer when he was asked by the Senator from Maine [Mr. BREWSTER] and the Senator from Ohio [Mr. BRICKER] what was meant by those statements. In the RECORD are the full statements. One was in the testimony before the Senate Banking and Currency Committee; the other was a speech, I believe, made somewhere in Nova Scotia, but, in any event, Mr. Carson did answer satisfactorily what he meant by those statements. He says, in his own testimony, that he favors strongly the free-enterprise system, and he went into the question of statism, to which he says he has been opposed and to which he always will be opposed, so long as he lives.

We can pick from any of his statements a sentence or a paragraph, without its proper context, and get all kinds of meanings, with some of which I agree and with some of which I do not agree.

But the President of the United States has sent Mr. Carson's nomination to the Senate, well within the law, to be a member of the Federal Trade Commission, and the committee held hearings on the nomination. I do not know Mr. Carson. Not one witness appeared against his character or his honesty or his ability. All the witnesses who appeared against Mr. Carson, except one, never even knew him, but they were all opposed to the Cooperative League of America for which he has been working for sometime. Most of the witnesses were from the National Tax Equality League, and the testimony showed from where their contributions came. Most of those leagues are financed by every private power company in America, because they do not like rural electrification. Not one witness appeared against Mr. Carson as to his ability. There is no testimony in the record against his ability. Maybe he does not have the requisite ability, but there is no testimony to that effect. All those who appeared against him represented organizations involved in the controversy between the cooperative movement and private and public power, including rural electrification. None of those witnesses testified that he knew Mr. Carson.

There has been a great deal of writing. Some of the books the Cooperative League has on its bookshelves. The book which caused so much trouble in the committee Mr. Carson said he never read, but there were witnesses who attempted to impute to Mr. Carson that kind of thinking.

Mr. President, I can only be guided by his testimony. The President has sent to the Senate Mr. Carson's nomination. Mr. Carson says he is neither a Democrat nor a Republican. There is no testimony that he is not honest, that he has not intelligence and capacity, and there is no testimony against his ability. I personally think, after sitting for days and listening to the evidence in the hearings, that Mr. Carson would be a good man to have on the Federal Trade Commission, and that the consumers may finally have a break.

I yield the remainder of my time to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I want to reiterate that the issue which has been so sharply drawn by the distinguished Senator from Washington is not the issue with which we are concerned. We are concerned with whether we are going to veto or fail to confirm a nomination which has been sent up to the Senate by the President of the United States. Simply because a man happens to be associated with the cooperative movement in America is not the issue. I think it should be made clear that there are many people in America who are independent voters, as is Mr. Carson, and there are many people in America who belong to cooperative organizations, farm cooperatives, rural electrification cooperatives, farm purchasing cooperatives, and consumer cooperatives. If the leadership of the minority party wants to line up with the National Tax Equality Association, if it wants to line up with the anticooperative movement in this country, then the farm folk and the people in the small towns and villages of America should know it by the vote on the Senate floor this afternoon. That is the issue.

Mr. Carson's character is one of sterling quality. His ability has been favorably testified to by witness after witness. To have his nomination rejected because he is supported by 15,000,000 members of the trade-union movement and the cooperative movement of America is nothing more nor less than saying that a political party is no longer in favor of representing small business and independent producers.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that I may have printed at this point in the RECORD a statement I have prepared on this subject, together with some letters dealing with the matter.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

> Mr. President, before this Congress is adjourned, I hope to present to the Senate the complete story of the anticooperative campaign being waged in this country by an organization known as the National Tax Equality Association. It is a vicious attack which goes to the root of our American economic life. I intend to show how this organization is operating and how it operated in the last campaign. Already the facts are being revealed, and they show that the Republican Party has become the servant of the National Tax Equality Association—and is becoming the anticooperative party.
>
> This same pattern of anticooperative activity, aided and abetted by the Republican Party, is again unfolding in the attack on the nomination of John Carson to the Federal Trade Commission. This nomination presents only one issue—cooperatives, and the demand of the NTEA that cooperatives be destroyed. Mr. Carson has been associated with cooperatives, and the opponents of cooperatives are attacking the nomination with all the power at their command.
>
> This issue cannot be dodged, now or hereafter. You are not going to fool the cooperatives, the rural electrification cooperatives, the farm-purchasing cooperatives, the credit cooperatives, the consumer cooperatives. They are getting the score of this game. And they will not forget.

The Republican Party, in the last campaign, joined forces with the National Tax Equality Association and the opponents of cooperatives. Already in this Congress there have been two incidents tying the Republican Party to NTEA and the anticooperative conspirators. Here again, in this nomination NTEA calls upon the Republican Party to do its bidding.

I do not hesitate to say to the Republican leaders—go right ahead. Continue to serve NTEA and the opponents of cooperatives. Carry the anticooperative banner. Be the anticooperative party. You are carrying the anticooperative banner in this fight on the Carson nomination. But get ready to face the cooperative and farmer and labor voters when you are confronted with the record.

Just before this debate ended on Friday, I asked my good friend, Wallace Campbell, of the Cooperative League, United States of America, to send me some information to answer the few points of specific criticism made. I have Mr. Campbell's answer here and I want to read it. I think it exposes the very labored attempt on the part of Mr. Carson's critics to find some sham issues with which to conceal the anticooperative basis of their attack on the appointment.

THE COOPERATIVE LEAGUE
OF THE UNITED STATES OF AMERICA,
Washington, D. C., September 17, 1949.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HUMPHREY: I was pleased to receive your telephone call for answers to certain criticisms made in the Senate against the nomination of John Carson to be a member of the Federal Trade Commission.

First, let me repeat, the Cooperative League, United States of America, and cooperatives had no association with the nomination of Mr. Carson until the anticooperative National Tax Equality Association and an anticooperative radio commentator made the issue in this case. The issue is their demand that a cooperative member must not be appointed to the Federal Trade Commission—that cooperative members must be proscribed from appointment to high public office.

We accepted this challenge. We shall continue to meet this challenge throughout the years to come. We then followed this case. We know the facts. We are glad to report them to you.

COOPERATIVES ARE THE ISSUE

First, we know that the only real issue in this nomination is cooperatives, and whether a member of cooperatives is to be proscribed from public office. Seven of the eight persons who appear in the record opposing Mr. Carson are established long-time foes of cooperatives, or are representatives of organizations who have opposed cooperatives in the past.

OTHER ALLEGED ISSUES

Apart from this single, basic, anticooperative issue, there are several ostensible issues which were raised in the Senate on Friday. The following are the facts regarding these ostensible issues briefly, but fully stated.

POLITICAL INDEPENDENCE

First, as to Mr. Carson's politics. In his youth Mr. Carson was not active in politics. He was registered as a Democrat. This was more than 30 years ago in Indiana. During the mid-1920's Mr. Carson became associated with Senator James Couzens, Republican, of Michigan, and became active in Michigan politics. He supported candidates for office in Michigan, predominantly from the Republican Party, but also some Democrats. Mr. Carson supported the men who best could serve the country, both Republicans and Democrats, regardless of party. Congressman Carl Mapes, then a Republican leader in Michigan, approached Mr. Carson, urging him to accept a Republican nomination for Congress from the State of Michigan. Mr. Carson, however, was not registered in Michigan and could not accept. He tried to register but he could not register because—while Michigan was his home State where all his interests centered—his duties with the Senator from Michigan kept him in Washington so constantly that he could not fulfill the registration requirements. The registration affidavit required that he must have "lived" in Michigan for the preceding 6 months. Mr. Carson was advised by counsel who read court decisions that the courts had held in two cases that "lived" meant to have habitually eaten and slept in Michigan for the 6 months preceding the execution of the affidavit. Mr. Carson, therefore, could not execute the affidavit and did not do so. Who has any objection? Could any honest man do other than Mr. Carson did?

Mr. Carson's record in politics supporting the principles and persons he believed to be in the country's interest is a long record and a public record. It is of public record in a public document that Mr. Carson, in 1937, was appointed as an independent to the office of consumers' counsel of the Bituminous Coal Commission. He was appointed by the President and confirmed by the Senate during a Democratic administration. He publicly stated for a public record then, in 1937, that he had been appointed as an independent (see hearings, p. 240). It is also of public record again that he described himself as an independent in politics in 1946 (see hearings, p. 182). Witnesses of national reputation, prominent in business, and as Republicans and Democrats, have testified of their own personal knowledge that Mr. Carson is, and long has been, an independent in politics. The President appointed him to the Federal Trade Commission as an independent in full conformity with the letter and spirit of the law.

APPROPRIATENESS OF AN INDEPENDENT ON THE FEDERAL TRADE COMMISSION

The clause of the Federal Trade Commission Act providing that not more than three members shall be of the same political party was wisely designed to prevent subservience to political party. In logic and good conscience it is impossible to see how this wise end could be better served than by the appointment of an independent nonpartisan to the Commission.

There are millions of independent voters in this country who are not affiliated with any political party. To oppose Mr. Carson's appointment, because he is an independent, is to outlaw these millions of our citizens from public office because they are independents. We object. Millions of our citizens will object.

QUOTATIONS

The sentences taken from the context of Mr. Carson's public utterances which were referred to in the Senate on Friday are the same sentences which were initially taken out of context, and which have been widely distributed by the anticooperative propagandists opposing this nomination. Senators have been imposed upon by these anticooperative propagandists, as was the Senator from Missouri on Friday. Not only was this sentence taken out of context, but it was deftly broken by the insertion of a period so the Senator from Missouri got only half a sentence. Taken in context, and as originally written, this sentence means only one thing—that Mr. Carson opposes the extension of Government and public-debt burden to the extent that it would create a totalitarian state and enslave our people—that we must keep our people free.

Throughout this and other public statements, Mr. Carson was expressing the philosophy that cooperatives believe in: (1) Our people must be self-dependent and self-reliant; (2) when the Government adopts any program of economic activity, every opportunity should be given to the people to help themselves toward the solution of these economic problems through their cooperative efforts; (3) that cooperatives are opposed to totalitarianism in government and to its counterpart, monopoly in business.

These are the facts. Let me again say how grateful I am for your interest and for your understanding of the basic issue in this case—cooperatives—whether a man who has been associated with cooperatives shall be proscribed from serving in public office.

Sincerely yours,

WALLACE J. CAMPBELL.

THE COOPERATIVE LEAGUE OF THE
UNITED STATES OF AMERICA,
Washington, D. C., September 9, 1949.

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR HUBERT: Senator PAUL DOUGLAS has kindly given us permission to send you a copy of our letter to him of September 7, summarizing the hearings on the nomination of John Carson for the Federal Trade Commission. Senator DOUGLAS said, "I believe this material would be of assistance to other Senators as it has been to me."

As you know, the committee voted 8 to 4 for confirmation.

We believe the record speaks for itself.

Sincerely,

WALLACE J. CAMPBELL.

THE COOPERATIVE LEAGUE OF THE
UNITED STATES OF AMERICA,
Washington, D. C., September 7, 1949.

Senator PAUL H. DOUGLAS,
United States Senate,
Washington, D. C.

DEAR SENATOR: We appreciate your request for further information relative to the nomination of Mr. John Carson to be a member of the Federal Trade Commission.

We think, incidentally, that if all Senators had been thoroughly informed concerning Mr. Carson and his record, there would long ago have been overwhelming approval of his nomination.

We are happy, therefore, to send you this statement of fact. After you have had an opportunity to read it, we should appreciate your permission to make copies of this letter to send to other Senators.

Incidentally, there has been prepared a more exhaustive analysis than that set forth below of the facts and opinion in this case. While the few copies which were available of this analysis have already been distributed to other Senators who have expressed an interest in the nomination, we contemplate preparing additional copies for wide distribution throughout the country in the event that there is any continuation of the unfair and untrue attacks which have been made on the appointment. We shall be very happy to make a copy of this analysis and send it to you if you are interested in this more exhaustive statement of the case.

The record, as taken from the official record of the hearings of the Senate committee, reveals the following:

1. SUPPORT FOR THE NOMINATION OF MR. CARSON

National and State organizations of labor, farmers, cooperatives, and great religious bodies endorse the nomination without reservation. (See letters, pp. 245 and 253 of the hearings. See also testimony Cruikshank, Peterson, McDonald, pp. 183, 171, 190.)

The endorsements of the nomination by 30 outstanding men from business, farm, labor, cooperative, professional, and religious organizations appear in the record. They are from all parts of the country. They have been intimately acquainted with Mr. Carson for many years. Incidentally, we think that at least 16 of the 30 would be regarded as Republicans.) (See record, pp. 245 to 253.)

(Suggest reading as examples letters of Shatford, Twohy, Garvey, Brody, Green, Carey, and Rhyne.)

In addition we know of at least two representatives of national organizations of small-business men who have approved of the nomination, although their endorsements do not appear in the record.

We contend there are few nominations which reach the Senate with greater support from national groups and organizations or more widespread support from men in all walks of life.

2. OPPOSITION TO THE NOMINATION

One national anticooperative organization, the National Tax Equality Association and its affiliate the National Associated Businessmen, and a radio commentator, Fulton Lewis, Jr., who has been associated with these anticooperative organizations in a long crusade against cooperatives, whipped up the only opposition to Mr. Carson, with the result that five of the seven witnesses against Mr. Carson were persons or organizations which previously have testified before Congress against cooperatives. Of the remaining two witnesses, one presented testimony covering points previously suggested over the air by the afore-mentioned radio commentator, remaining opposing witness felt that the viewpoint of the professional economist was not adequately represented in the appointment.

3. COMPETENCY OF MR. CARSON

1. Scores of persons who had long acquaintance with Mr. Carson and his work in public and private life praised in highest terms Mr. Carson's ability and competency.

2. No witness appearing against Mr. Carson said he had personal knowledge of Mr. Carson or his ability. Only one witness questioned his competency and that question was related solely to the contention of this witness that only a lawyer could qualify for a place on the Commission. Many nonlawyers have served on the Commission.

3. Record of Mr. Carson's public service appears on page 243 of the hearings.

You, Senator, are particularly interested in financial problems of our Government. Mr. Carson has been an outstanding figure in the struggle, over 25 years, to develop efficient controls by Congress over machinery for collection of revenue and for expenditure of funds. Mr. Carson is almost wholly responsible for creation of the Joint Congressional Committee on Internal Revenue Taxation. For over two decades he worked incessantly to establish the Senate and House Committees on Expenditures in Executive Departments as outstanding committees of the Congress.

His record as consumers counsel under the Bituminous Coal Act, has been highly commended by every authority. (See letters Rhyne, Garvey, pp. 251, 256, and 264.) (See also report in committee file from Committee on Public Administration cases.) Incidentally, during his 2 years of administration, Mr. Carson returned to Government, unexpended, one-third of his total appropriations.

We contend this is a record of service which justifies us in being proud of this appointment and which justifies the widespread and very emphatic approval of Mr. Carson's nomination.

4. POLITICAL AFFILIATION

We only mention this because during the hearings there was some question as to whether Mr. Carson was qualified as an independent.

1. He served for 13 years as secretary and administrative assistant to Republican Senator James Couzens, of Michigan. Page 240 of hearings quotes from a public document of a speech made by Mr. Carson in 1937 when, although he was a high official under a Democratic administration, he stated publicly that he had been appointed as an independent and that he always would be an independent.

2. Page 200, see letter from Mr. Carson to Hon. LOUIS RABAUT, written several years ago in which he again proclaimed himself to be an independent.

3. Hearings show Mr. Carson's affiliations and political work for many years was with Republicans in Michigan. Mr. Carson testified he had been offered the Republican nomination from Michigan for the House. He also had supported some Democrats, his course being guided by the principles involved and the integrity and ability of the candidates to serve the public interest.

4. Page 175, see telegram from Congressman ALBERT ENGEL, Republican, of Michigan.

5. POLITICAL AND ECONOMIC PHILOSOPHY

1. Opposition lifted three or four sentences entirely out of context of articles from which sentences were taken.

2. If opposition on this score is renewed, we suggest that Mr. Carson's statement in behalf of small business and cooperative good will, as printed on page 176 of the committee hearings, should be reprinted in the CONGRESSIONAL RECORD. We suggest that Mr. Carson's statement on housing from page 258 of the committee hearings be printed in the RECORD. We suggest that Mr. Carson's statement on the full-employment legislation, a copy of which we shall submit, should be reprinted in the CONGRESSIONAL RECORD.

3. We contend that reading these statements of Mr. Carson, in full, and reading all other statements he has made will show that Mr. Carson is one who is—

(a) A firm believer in the will and desire of people to help themselves—also in the ability of people to help themselves. Thus he is one who has complete faith in the prime essential to the preservation of our democratic way of life.

(b) Not content only with talking, but one who works tirelessly to induce people to help themselves and to work together to help each other.

(c) Is one who has worked throughout the last 25 years to develop good will between all kinds of business, labor, farm, and cooperative organizations. (See Cruikshank testimony, for example.)

(d) Is one who believes in our democratic way of life and fears that it may be weakened by proposals to put too much authority in Government and too much burden on Government.

(e) Is one who is not only talking in support of democracy but is working to prevent the causes of totalitarianism in economic and political life. (See Voorhis and Cruikshank testimony, for example.)

(f) Is one whose entire appeal in statements now criticized was an appeal that Congress should not have the Government assume the entire burden for strengthening and developing our economic life—in housing, full employment, et cetera—but was a strong appeal to Congress to encourage people and groups of people, such as cooperatives, to help themselves.

We contend these statements by Mr. Carson, when read in their context, are strong appeals for the strengthening of our democratic way of life and for a bona fide free economy, and strong warnings to beware of the temptations and causes of totalitarianism.

If there is anything more which will add to your information about this case and which we can send to you, we shall be at your service.

Sincerely,

WALLACE J. CAMPBELL.

On request of Mr. O'CONOR, the following statement was ordered to be printed in the RECORD:

STATEMENT BY SENATOR HERBERT R. O'CONOR

I desire to state briefly my reasons for favoring the nomination of John J. Carson to be a member of the Federal Trade Commission. In seeking to arrive at the proper decision as to my attitude on the approval of the nomination I have given particular consideration to several basic considerations.

First, I wanted to know whether Mr. Carson is a loyal American citizen, interested in maintaining those American institutions which have been so effective in bringing America to its present high estate.

Economic stability and a thorough experience in the field of trade and commerce is another field which, of course, I considered of prime importance. I listened with particular attention during the extended hearings to testimony covering these two points.

My considered opinion, based on all that I heard and learned about Mr. Carson, is that he is a loyal American, devoted to the preservation of America's social and economic institutions; that he is not, as was alleged by some, in favor of one type of business enterprise as opposed to others now existing and that he would, if confirmed, bring to his duties as Federal Trade Commissioner a wide and valuable experience and judgment which would fit him in an especial manner for this high position.

The PRESIDENT pro tempore. All time for debate has expired.

The question is, Will the Senate advise and consent to the nomination of John Carson to be a member of the Federal Trade Commission?

Mr. HUMPHREY and other Senators requested the yeas and nays, and they were ordered.

The PRESIDENT pro tempore. The Secretary will call the roll.

The legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], and the Senators from North Carolina [Mr. GRAHAM and Mr. HOEY] are absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Arkansas [Mr. FULBRIGHT] is absent because of illness.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from Oklahoma [Mr. THOMAS] is absent on official business.

The Senator from North Carolina [Mr. GRAHAM] is paired on this vote with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from North Carolina would vote "yea," and the Senator from Indiana would vote "nay."

The Senator from Illinois [Mr. DOUGLAS] is paired on this vote with the Senator from Pennsylvania [Mr. MARTIN]. If present and voting, the Senator from Illinois would vote "yea," and the Senator from Pennsylvania would vote "nay."

I announce further that if present and voting the Senator from Mississippi [Mr. EASTLAND], the Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Oklahoma [Mr. THOMAS] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr.

DULLES], and the Senator from Massachusetts [Mr. LODGE] are absent by leave of the Senate.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from Ohio [Mr. TAFT] is necessarily absent.

The Senator from Maine [Mrs. SMITH], the Senator from New Hampshire [Mr. TOBEY] and the Senator from Wisconsin [Mr. WILEY] are absent on official business. If present and voting the Senator from Maine [Mrs. SMITH] would vote "yea."

The Senator from Vermont [Mr. AIKEN], who is absent by leave of the Senate, is paired with the Senator from South Dakota [Mr. MUNDT], who is absent by leave of the Senate. If present and voting, the Senator from Vermont would vote "yea," and the Senator from South Dakota would vote "nay."

The Senator from Oregon [Mr. MORSE], who is necessarily absent, is paired with the Senator from New Hampshire [Mr. BRIDGES], who is necessarily absent. If present and voting, the Senator from Oregon would vote "yea," and the Senator from New Hampshire would vote "nay."

The Senator from Indiana [Mr. CAPEHART], who is absent on official business, is paired with the Senator from North Carolina [Mr. GRAHAM]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from North Carolina would vote "yea."

The Senator from Pennsylvania [Mr. MARTIN], who is absent on official business, is paired with the Senator from Illinois [Mr. DOUGLAS]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Illinois would vote "yea."

The Senator from Michigan [Mr. VANDENBERG] is detained on official business.

The result was announced—yeas 45, nays 25, as follows:

YEAS—45

Anderson	Johnston, S. C.	Neely
Chapman	Kerr	O'Conor
Connally	Kilgore	O'Mahoney
Downey	Langer	Pepper
Ellender	Leahy	Robertson
Frear	Long	Russell
George	Lucas	Sparkman
Gillette	McFarland	Stennis
Green	McKellar	Taylor
Hayden	McMahon	Thomas, Utah
Hill	Magnuson	Thye
Holland	Maybank	Tydings
Humphrey	Miller	Watkins
Johnson, Colo.	Murray	Withers
Johnson, Tex.	Myers	Young

NAYS—25

Bricker	Gurney	Malone
Butler	Hendrickson	Millikin
Byrd	Hickenlooper	Reed
Cain	Ives	Saltonstall
Cordon	Jenner	Schoeppel
Donnell	Kem	Wherry
Ecton	Knowland	Williams
Ferguson	McCarthy	
Flanders	McClellan	

NOT VOTING—26

Aiken	Fulbright	Mundt
Baldwin	Graham	Smith, Maine
Brewster	Hoey	Smith, N. J.
Bridges	Hunt	Taft
Capehart	Kefauver	Thomas, Okla.
Chaves	Lodge	Tobey
Douglas	McCarran	Vandenberg
Dulles	Martin	Wiley
Eastland	Morse	

So the nomination of John Carson to be Federal Trade Commissioner was confirmed.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

PUBLIC HEALTH SERVICE

The Chief Clerk proceeded to read sundry nominations in the Public Health Service.

The PRESIDENT pro tempore. Without objection, the nominations are confirmed en bloc, and, without objection, the President will be notified of all confirmations of today.

Mr. WHERRY. Mr. President, there was so much confusion in the Chamber that I was not able to hear what nominations were confirmed besides the Carson nomination.

The PRESIDENT pro tempore. The nominations in the Public Health Service only.

LEGISLATIVE SESSION

The Senate resumed the consideration of legislative business.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker pro tempore had affixed his signature to the enrolled bill (H. R. 4040) for the relief of Agnes Tarjani, and it was signed by the President pro tempore.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following communication and letter, which were referred as indicated:

SUPPLEMENTAL ESTIMATE, LEGISLATIVE BRANCH, SENATE (S. DOC. NO. 115)

A communication from the President of the United States, transmitting a supplemental estimate of appropriation, in the amount of $200,000, for the legislative branch, Senate, fiscal year 1950 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

SPECIAL POLICEMEN FOR FEDERAL AGENCIES

A letter from the Administrator, General Services Administration, transmitting a draft of proposed legislation to authorize the appointment of guards, watchmen, or other protective personnel of Federal agencies as special policemen, prescribing their powers as such, and for other purposes (with an accompanying paper); to the Committee on Public Works.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, and referred as indicated:

By the PRESIDENT pro tempore:

The memorial of Charles W. Peebles, Hamilton, Ohio, remonstrating against the enactment of legislation which would change the present calendar; to the Committee on Foreign Relations.

A resolution adopted by the Cumberland Valley Chapter, National Society United States Daughters of 1812, of Shippensburg, Pa., relating to the proper respect for and care of the flag; to the Committee on the Judiciary.

A resolution adopted by the Ninety-first International Typographical Union Convention, Indianapolis, Ind., favoring the enactment of House bill 2503, to limit working hours of Government employees; to the Committee on Post Office and Civil Service.

A memorial of sundry citizens of the States of Illinois and Indiana, remonstrating against the enactment of legislation providing military assistance to foreign nations; ordered to lie on the table.

DR. PAUL J. RAVER—RESOLUTION OF LODGE 928, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, PORTLAND, OREG.

Mr. CAIN. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD a resolution of the American Federation of Government Employees, Lodge 928, Portland, Oreg., which reflects most favorably on the tenth anniversary of Dr. Paul J. Raver as Administrator of the Bonneville Power Administration. I consider Dr. Raver to be a talented person and one devoted to his duties and responsibilities as a public servant.

There being no objection, the resolution was referred to the Committee on Public Works, and ordered to be printed in the RECORD, as follows:

Whereas September 16, 1949, marks the tenth anniversary of Dr. Paul J. Raver as Administrator of the Bonneville Power Administration; and

Whereas by his wisdom and able leadership he has successfully guided the activities of the Administration through an extremely critical war and postwar period; and

Whereas he has always performed his duties as a public servant in the public interest, bearing in mind always the aims and objectives prescribed by the Bonneville Act; and

Whereas he has made a major contribution in the development of the resources of the Pacific Northwest; and

Whereas his actions have been an inspirational source to all employees; and

Whereas employees of the Administration are grateful for the numerous acts of kindness performed by the Administrator for their general welfare: Now, therefore, be it

Resolved, That the American Federation of Government Employees, Lodge 928, accord to its administrator due recognition for his completion of 10 years of public service to the people of the United States.

Resolved, That a copy of this resolution shall be sent to Dr. Paul J. Raver, Harry S. Truman, President of the United States, Julius A. Krug, Secretary of the Interior, and the respective members of the Pacific Northwest congressional delegation.

MORRIS S. ISSEKS,
President.

RUTH DILLEY,
Secretary.

PROTEST AGAINST LIQUOR ADVERTISING—PETITION

Mr. LANGER. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD, without the signatures attached, a petition of sundry citizens of the State of California, praying for the enactment of Senate bill 1847 and House bill 2428, to prohibit the transportation of alcoholic

beverage advertising in interstate commerce.

There being no objection, the petition was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, without the signatures attached, as follows:

H. R. 2428, THE BRYSON BILL, AND S. 1847, THE LANGER BILL

To our Senators and Representatives in Congress:

We respectfully request that you use your influence and vote for the passage of a bill to prohibit the transportation of alcoholic beverage advertising in interstate commerce and the broadcasting of alcoholic beverage advertising over the radio. The most pernicious effect of this advertising is the constant invitation and enticement to drink. The American people spent $9,640,000,000 for alcoholic beverages in 1947 as compared with $7,770,000,000 in 1945. During the same period there was a corresponding increase each year in crime, juvenile delinquency, broken homes, deaths and injuries due to intoxicated drivers, in the number of alcoholics and also of habitual or heavy drinkers. There is every reason why this waste of money and of human values should not be increased but rather greatly decreased.

REPORT OF A COMMITTEE

Mr. TYDINGS, from the Committee on Armed Services, to which was referred the bill (S. 489) to authorize the refund to the Florida Keys Aqueduct Commission of the sum advanced for certain water facilities, and for other purposes, reported it with amendments, and submitted a report (No. 1088) thereon.

STRATEGIC AND CRITICAL ORES, METALS, AND MINERALS—AMENDMENTS REPORTED

Mr. O'MAHONEY. Mr. President, from the Committee on Interior and Insular Affairs, I report additional amendments to the bill (S. 2105) to stimulate exploration for and conservation of strategic and critical ores, metals, and minerals, and for other purposes, Calendar No. 967.

The PRESIDENT pro tempore. The amendments will be received, printed, and lie on the table.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DOWNEY:

S. 2568. A bill for the relief of Carmen E. Lyon; and

S. 2569. A bill for the relief of the First National Bank in Richmond, Calif.; to the Committee on the Judiciary.

By Mr. ANDERSON:

S. 2570. A bill to provide for the conveyance of certain property in the village of Deming, N. Mex., to such village; to the Committee on Banking and Currency.

(Mr. GILLETTE introduced Senate bill 2571, to provide that decisions of the Tax Court shall be binding on the Commissioner of Internal Revenue, which was referred to the Committee on Finance, and appears under a separate heading.)

By Mr. O'MAHONEY (by request):

S. 2572. A bill to provide for the installation of a carillon in the Arlington Memorial Amphitheater, Arlington National Cemetery, Fort Myer, Va., in memory of World War II dead; to the Committee on Interior and Insular Affairs.

AMENDMENT OF INTERNAL REVENUE CODE RELATING TO DECISIONS OF TAX COURT

Mr. GILLETTE. Mr. President, I introduce for appropriate reference a bill to amend section 3121 of the Internal Revenue Code relating to decisions of the Tax Court, and I submit the same proposal in the form of an amendment intended to be proposed by me to the bill (H. R. 3905) to amend section 3121 of the Internal Revenue Code.

The PRESIDENT pro tempore. The bill and amendment will be received and appropriately referred.

The bill (S. 2571) to provide that decisions of the Tax Court shall be binding on the Commissioner of Internal Revenue, was read twice by its title and referred to the Committee on Finance.

The amendment intended to be proposed by Mr. GILLETTE to the bill (H. R. 3905) to amend section 3121 of the Internal Revenue Code, was ordered to lie on the table and to be printed.

MILITARY ASSISTANCE TO FOREIGN NATIONS—AMENDMENTS

Mr. GEORGE submitted three amendments intended to be proposed by him to the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations, which were ordered to lie on the table and to be printed.

ADVANCE PLANNING OF PUBLIC WORKS—AMENDMENTS

Mr. HUMPHREY submitted amendments intended to be proposed by him to the bill (S. 2116) to provide for the advance planning of public works, which were ordered to lie on the table and to be printed.

INVESTIGATION OF CERTAIN ASPECTS OF MOTION-PICTURE INDUSTRY

Mr. LANGER submitted the following resolution (S. Res. 169), which was referred to the Committee on the Judiciary:

Resolved, That the Senate Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized and directed to conduct a thorough study and investigation of the following aspects of the motion-picture industry:

(1) Whether there has been a misuse of power by collusion between the Twentieth Century-Fox Film Corp. and Loew's, Inc.

(2) Whether there has been practiced such fraud and deceit by the management of the Twentieth Century-Fox Film Corp., as to warrant the revocation of trading privileges in the stock of such corporation.

(3) Whether the Federal laws, including the laws relating to the use of the mails to defraud, have been violated by the management of the Twentieth Century-Fox Film Corp.

(4) Whether the motion-picture industry has received substantial sums of money which were deducted from allowances to various countries given under the Marshall plan.

The committee shall report to the Senate at the earliest practicable date the results of its investigation together with such recommendations as it may deem desirable.

SEC. 2. For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to employ upon a temporary basis such technical, clerical, and other assistants as it deems advisable. The expenses of the committee, which shall not exceed $ shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

INVESTIGATION OF APPLICATION OF WILLIAM DUDLEY PELLEY FOR PAROLE

Mr. LANGER submitted the following resolution (S. Res. 170), which was referred to the Committee on the Judiciary:

Resolved, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete study and investigation with respect to the action taken by the United States Board of Parole pursuant to the application for parole filed by William Dudley Pelley, who is confined in the United States Penitentiary in Terre Haute, Ind., with a view to ascertaining whether the parole laws have been properly carried out in such case, and particularly, whether improper factors were considered by the Board in its denial of such application, and whether any changes in such laws appear to be necessary or desirable.

The committee shall report to the Senate at the earliest practicable date the results of its study and investigation together with such recommendations as it may deem desirable.

DISPOSAL OF SURPLUS AMERICAN WHEAT

Mr. BUTLER (for himself, Mr. YOUNG, Mr. JOHNSON of Colorado, Mr. GURNEY, Mr. ECTON, Mr. CAIN, and Mr. WHERRY) submitted the following resolution (S. Res. 171), which was referred to the Committee on Foreign Relations:

Whereas the quantity of surplus wheat available in the United States for use, sale, or export is far in excess of foreseeable domestic requirements; and

Whereas the existence of such surplus wheat has involved the United States Government in heavy financial commitments; and

Whereas such wheat can be most expediently used in supplying the needs of countries participating in the program for European recovery; and

Whereas the failure to use American wheat in supplying such needs will make necessary severe acreage allotments and other restrictions upon the operations of American wheat producers; and

Whereas the Economic Cooperation Act of 1948, as amended, provides that insofar as practicable the Administrator shall authorize the procurement of surplus agricultural commodities (including wheat) only within the United States; and

Whereas it is perfectly practicable for the Administrator to authorize the procurement of wheat only within the United States: Therefore be it

Resolved, That it is the sense of the Senate that the language of the Economic Cooperation Act of 1948 specifically requires the Administrator to authorize the procurement of wheat only within the United States.

TRIBUTE TO JUSTICE ALEXANDER G. BURR

[Mr. YOUNG asked and obtained leave to have printed in the RECORD an editorial entitled "On Judge Burr's Retirement," published in the Bismarck Tribune of September 10, 1949, which appears in the Appendix.]

TRIBUTE TO JOHN E. PEURIFOY—ARTICLE BY HUGH MORROW

[Mr. YOUNG asked and obtained leave to have printed in the RECORD an article entitled "He's Desnobbing the State Department," a tribute to John E. Peurifoy, by

Hugh Morrow, from the Saturday Evening Post of August 27, 1949, which appears in the Appendix.]

PAINT COLLEGE CHIMNEY TOPS—EDITORIAL FROM THE TULSA TRIBUNE

[Mr. LANGER asked and obtained leave to have printed in the RECORD an editorial entitled "Paint College Chimney Tops," written by Richard Lloyd Jones, and published in the Tulsa (Okla.) Tribune of August 20, 1949, which appears in the Appendix.]

THE STEEL BOARD'S RECOMMENDATIONS—EDITORIAL FROM IRON AGE

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "The Steel Board's Recommendations," from Iron Age for September 15, 1949, which appears in the Appendix.]

PROGRESS IN STEEL—EDITORIAL FROM THE WASHINGTON POST

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "Progress in Steel," from the Washington Post of September 14, 1949, which appears in the Appendix.]

FEPC—ARTICLE BY BRADLEY MORISON

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an article entitled "Wherein Papa Explains FEPC," by Bradley Morison, from the Minneapolis Spokesman for August 26, 1949, which appears in the Appendix.]

REMOVAL OF CERTAIN INEQUITIES AND HARDSHIPS IN THE TAX LAWS—VIEWS OF SENATOR CAPEHART

Mr. GEORGE. Mr. President, last Friday the Senate had under consideration H. R. 5268, a bill to amend certain provisions of the Internal Revenue Code. During the consideration of the bill the distinguished senior Senator from Indiana [Mr. CAPEHART] offered an amendment to the bill, which was approved, and in connection with the amendment he made a statement. He has asked me to have inserted in the body of the RECORD a correct statement of what he intended to say regarding his amendment. I therefore ask that the statement be printed in the body of the RECORD.

There being no objection, Mr. CAPEHART's statement was ordered to be inserted in the RECORD, as follows:

Mr. President, I request that the RECORD for Friday, September 16, 1949, containing my remarks with respect to amendment which I offered to H. R. 5268, being section 11 thereof, found on page 13241, be corrected to correctly reflect what was said.

The RECORD should read as follows:

"I should like to make a statement with respect to my amendment which has just been agreed to. At the end of the first paragraph of the amendment appear the words 'shall be recognized to the corporation or to the trust.' I had thought originally that the words 'or to the beneficiaries of the trust' should be added in order to protect all parties, but after consultation with my administrative assistant, who conferred with the chief of staff of the Joint Committee on Internal Revenue Taxation, it was concluded that this was unnecessary because the chief of staff expressed the opinion that the benefit of the amendment, as written, would run to the corporation, to the trust, and to the beneficiaries under the trust."

CENSORSHIP OF OFFICERS OF THE ARMED SERVICES—ARTICLE BY DAVID LAWRENCE

Mr. THYE. Mr. President, I have been impressed by an article by David Lawrence relative to the serious implications of certain reported efforts to censor the views of high ranking officers of our armed services. I am reminded of the attitude that was taken toward the views and recommendations of the late Billy Mitchell. Had the statements of General Mitchell been heeded, as they should have been, it would have meant a far more rapid advance in air power by this country.

Today the American people are entitled to know the views of similarly competent and farseeing officers. To prevent them from giving the public and Congress the benefit of their convictions would cause a serious and unjustifiable loss.

Therefore, I ask unanimous consent that the timely article by David Lawrence as it appeared in the Washington Star of Friday, September 16, be reprinted in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NEW GAG ON MILITARY SEEN AS CHIEF IDEA IN CAPITAL NOWADAYS—JOHNSON-ENDORSED ORDER CALLED BACKWARD AND STEP TOWARD TOTALITARIANISM

(By David Lawrence)

Thought control and the totalitarian idea that a man in uniform loses his constitutional right of free speech seems to have become the prevailing notion in a new phase of the militarism that seems dominant in Washington nowadays.

The Air Force actually has forbidden its officers to speak on matters of national concern—the problem of what kinds of aviation are the most effective and what part airpower shall play in the national defense of the future.

Air officers have just as much right as aircraft manufacturers or aeronautical engineers or laymen to discuss airpower and how the Nation's defense might be strengthened. Comparable subjects, such as seapower or land-army tactics, have always been discussed in the past. It is quite novel for an armed service to prohibit discussion and to issue a gag order of this kind.

ILLUSORY IDEA SANCTIONED

The illusory idea that unification is some kind of a sacrosanct subject which cannot be discussed by the very men who know most about it is now given official sanction. Secretary of Defense Johnson has publicly endorsed the gag order. Not long ago his office also sought to coordinate testimony that would be given before the House Armed Services Committee. This coordination was so successful that the House committee heard a one-sided story and to date has not permitted the companion service on aviation—the Navy's air arm—to have its say.

Throughout the other armed services the gag order might just as well be in effect. For naval officers are astounded that Captain Crommelin, naval hero, has been removed from his regular post and, in effect, disciplined by Secretary of the Navy Matthews because he spoke his mind. Evidently a naval officer today cannot communicate with or talk to a Member of Congress, or tell his views to anybody else outside the armed services who might publish them, without fear of punishment. Rumors of wire-tapping of telephones among members of the armed services are quite widespread.

To use security as a cloak for suppression of freedom to discuss or to debate abstract questions of defense policy is to abuse the word. Captain Crommelin earned his right to perform duties in connection with naval aviation by his heroic record in the Pacific. But that record is brushed aside now by Secretary of the Navy Matthews, who joins the chorus of those who call Captain Crommelin indiscreet. Since when is it improper for an American citizen to speak his mind on national policies?

DAYS OF PRUSSIANISM

Militarism in the days of Prussianism and Nazism in Germany meant that everyone in uniform lost his rights as an individual. He became part of a military machine. In America it has always been assumed that, when a man donned his uniform, he still had a right to communicate with his Member of Congress and to express his views so long as they were not critical of persons in the services.

Captain Crommelin had a right to criticize the existing unification law because of its excessive concentration of power. He had a right to call attention, if he wished, to the attempt in that law to prevent persons in the armed services from expressing their views to Congress. Laymen are unable to form intelligent conclusions and public opinion is seriously restrained from getting all the facts when the men who are experts in national defense are silenced and prevented from speaking freely on matters that are of concern to the Nation's safety.

The American people have heard a one-sided story on aviation. They have not been given the facts. Now when the debate reaches its most interesting phase—a reaction against one-sidedness—the Department of Defense, instead of encouraging healthy discussion, actually favors suppression of free speech and of written expressions of opinion coming from persons in the armed services. It is a backward step and reminiscent of the militaristic age and the customs of the military machines in totalitarian countries.

THE CHINESE SITUATION

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD as a part of my remarks an article by the very able foreign correspondent of the Scripps-Howard newspapers, Mr. Clyde Farnsworth, which appeared in the Washington Daily News of September 17 under the heading "Russia quickens aid to China Reds." I also ask to have printed at this point in the body of the RECORD as a part of my remarks an article by Mr. Hanson W. Baldwin, of the New York Times, which was published in the New York Times of September 18, 1949, under the heading, "United States groping in China."

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Daily News of September 17, 1949]

NATIONALIST PREMIER CHARGES RUSSIA QUICKENS AID TO CHINA REDS

(By Clyde Farnsworth)

CANTON, September 17.—Premier Yen Hsi-shan charged today that Russia had stepped up its intervention in the battle of China. He said the Nationalist government was weighing a decision whether to lay the case before the United Nations.

"From what Russia has been doing in China," said Premier Yen in an interview, "I feel that this Government should bring up the question before the UN. But it's still under consideration."

Besides holding the post as Premier, the dynamic old general is also Defense Minister.

He said Russia recently increased by five the number of advisers they've attached to each Communist army. Nationalist intelligence officers estimate there are altogether 71 Chinese Communist armies, which number about 25,000 troops each.

UN APPEAL READY

The move toward presentation of the case before the UN evidently has progressed further than Premier Yen cared to say. It was learned independently that certain intelligence documents were being forwarded to the Chinese delegate to the UN.

These documents are said to include instances of Russian intervention in behalf of the Chinese Reds whom Russia has not yet recognized as the legal regime in China. One official said Russian assistance to the Chinese Red armies already had gone further than the United States advisory group ever had been permitted to go with the Nationalists.

Washington directives forbade American advice or assistance on combat problems, yet Russia is said to have engineers, artillery experts, and flying instructors in the field here.

Sipping an American soft drink, the 67-year-old Premier went over the strategic situation in his hour-long talk with me. He said there was every evidence the Reds had completed preparations for a new offensive, starting probably within 10 days. He said they had rushed several hundred field pieces down from the north to be used in the new drive.

The interview was requested on the basis of increasing prospects in Washington that Congress would vote a small measure of assistance to anti-Communist elements in China, perhaps without naming the Nationalists as recipients.

"NO PEACEMAKERS"

As to whether the Nationalists were qualified to receive such assistance, General Yen said:

"First, we are determined to continue the war against the Communists. That means everybody in the Government. There are no more peace-seekers—all the weak elements have been weeded out. Second, the Government has changed its tactics politically and militarily to cope with the Communist threat.

"Third, the efficiency of the Government has increased considerably since corrupt and inefficient officials have been discarded. If American aid is to be military, I favor restoration of the advisory group but extending it to field operations. I'd like to see American advisers taking actual part in training.

"If the aid is to be monetary, I favor using the money for development of military industries and in this respect I also would welcome United States technical advisers. It would be more practical to help us manufacture our own arms than to buy them ready made."

VOLUNTEERS WANTED

The Premier said he would welcome an international volunteer corps. "To show the solidarity of anti-Communist countries," he said, "it would be a fine thing if international volunteers could be organized. It would symbolize united resistance to international communism."

He said there were no strong anti-Communist forces in China besides the Nationalist Government—of course there are a number of anti-Communist elements now active in Red areas but they are organized by this Government. Seemingly, his implication was that there was no other integrated anti-Communist force in China substantial enough to merit aid from the United States.

If aid were extended on a regional basis through the Nationalist Government, or with its consent, it would have no adverse effect upon unity of the Government, he said.

"Personally," he added, "I would prefer that such aid be given through the Nationalist Government because I believe that would be more effective. If that were done, I guarantee it would go entirely to combat units at the front. I further guarantee that any money China receive for the fight against communism will be spent precisely for that purpose."

[From the New York Times of September 18, 1949]

UNITED STATES GROPING IN CHINA—BUT POLITICO-MILITARY POLICY IN COLD WAR IN YUGOSLAVIA HAS GRADUALLY TAKEN SHAPE

(By Hanson W. Baldwin)

Yugoslavia and China were still the key points last week on the world-wide battlefield of the cold war.

Our politico-military policy toward one of these key areas, Yugoslavia, gradually has crystallized: American economic aid is to help Marshal Tito in his fight against Kremlin autarchy. That fight is still in its relatively early stages, but there can be no doubt that it will be a struggle to the end. For although Yugoslavia is a Communist state, Tito's brand of national communism represents a broad crack in the monolithic structure of international communism that has been erected in eastern Europe. If Tito's defiance should be protracted and successful it could become contagious; political heresy has a way of spreading, and it can never be tolerated in a totalitarian ideology. Moscow's attempt to overthrow Tito, therefore, will not falter; force of arms may supplement force of ideas and the deadly battle of propaganda.

Our position in this struggle gradually is being clarified. We hold no love for a Communist state of any ilk, and Tito's repressions of liberties cannot be forgotten. But his dissidence wakens the greater danger; a little economic aid to Yugoslavia may help to broaden the crack in the structure of international communism.

In China, on the other hand, no United States policy save the negative one of "wait and see" is yet apparent. The State Department's white paper on China seems to have settled nothing; it has merely elicited laudatory or acidulous comments: the debate still rages. There are signs, however, that the groups that are trying to grope toward a new China policy in Washington—on Capitol Hill, in the State Department, in the Pentagon—are moving gradually toward something more affirmative than our past negativism. The $75,000,000 for the Far East area that was inserted in the military-assistance program seems to represent something more than a mere political sop; this projected aid is based on hopes, admittedly, but also on some hard facts.

The facts are these:

The Communists control much of China, but no more than the Japanese did. There is still an area in the south about 500 miles deep, which separates the spearheads of the Communist Armies from the lands bordering China in southwest Asia.

Anti-Communist guerrillas are active in Shantung and other areas of China and seem to be increasing in strength. There are 10 or 12 large groups in different parts of China, varying in size from 7,000 to 50,000 men.

The immensity of China's economic problem is now causing the Communists grave difficulties in the areas they have conquered; these difficulties have been increased by the blockade of Communist-held ports by the Nationalist Navy, by inexperienced Communist administrators, and by the open hostility of many Communists toward foreigners and foreign investments. Capture of the big port cities has been, in this sense, at least a short-term liability to the Communists; from Shanghai about 1,500,000 to 2,000,000 persons are being moved into rural areas largely unprepared to receive them. The capture of Canton by the Communists, which probably can be achieved at nearly any time the Communists wish, will add another administrative monstrosity—millions of people strong—to their problems.

It is probably fair to say that disappointment and dissatisfaction with Communist rule is increasing slowly in Communist China.

Non-Communist China is no longer controlled by any one man or group. Chiang Kai-shek remains the dominant figure, with Formosa clearly under his control, and with his greatest assets the Nationalist treasury, a pretty good American-trained air force, which has been little used, and the Nationalist navy, blockading Communist ports with destroyer escorts and smaller craft.

Chiang's influence still extends well beyond Formosa, but on the mainland that influence is tenuous in many areas and there are three or four other leaders of resistance of some importance.

In the south and southwestern areas, Acting President Li Tsung-jen of Nationalist China, acting in considerably closer cooperation with Chiang than he did a few months ago, with Gen. Pai Chung-hsi, defender of Canton, as one of his principal generals, supervises a large area.

Gen. Lu Han, governor of strategically important Yunnan Province, bordering Burma and French Indochina, has flirted with the Communists, but now seems to be bound to the Nationalist cause.

The Moslem war lord, Ma Pu-fang, though severely beaten by Communist forces in recent engagements, still has some support in northwest China, and in Mongolia, the Mongol—Prince Teh—has a loose allegiance from some anti-Communist forces.

Those who add up the foregoing facts into hopes believe that it is essential that we attempt to contain communism within China, not at the borders of China. A monolithic Communist China would surely mean, sooner or later, the advance of communism into southeast Asia. A very little, but wisely distributed and carefully supervised, aid—not exclusively or necessarily to Chiang or the Nationalist government but to selected anti-Communist groups—might greatly strengthen the defensive capabilities of the areas still not under Communist control.

There would be no attempt to reconquer Communist-held areas by military means—although anti-Communist guerrilla operations might be encouraged; the basic military policy would be defensive containment, not offensive conquest. But the pressure of China's age-old economic problems—a pressure increased by the naval blockade—would, it is hoped, help to break down Communist control and increase dissatisfaction.

Those who hold these hopes point out that the Nationalist failure in China stemmed from an administrative and economic debacle, which in turn brought about a military debacle. Perhaps this same process—and here the planners are groping into the clouds of wishful thinking—can bring about disintegration and dissolution in Communist China.

This is, of course, a fond and quite possibly a fallacious hope, but the fact that it exists at all seems to indicate that we are slowly groping toward our greatest need—a China policy.

LEGISLATIVE PROGRAM

Mr. LUCAS. Mr. President, before I move to take up for consideration House bill 5895, to furnish military assistance to foreign nations, I desire to make an announcement. I presume it will take, perhaps, the greater part of the week to dispose of House bill 5895. However, I hope that we may be able to finish it sometime on Thursday.

Following that, as I previously announced, we will take up the various pay bills which are on the calendar, beginning with the military pay bill, following on through with the executive pay bill, the classification pay bill, and others.

It is the intention of the majority to hold a night session tomorrow evening, with the hope that we may be able to conclude the military-assistance bill on

Thursday. I talked with the minority leader briefly last week about the possibility of finishing the military-assistance bill sometime this week, and he gave me some assurance that he thought we might be able to do so.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from Nebraska.

Mr. WHERRY. I once again want to state that I agree with the distinguished majority leader in what he has said respecting our attempt to cooperate to have the important measure to which the Senator from Illinois has referred brought to a vote as early as possible. I sincerely trust that, if it is necessary to conclude action on it by Thursday night, if possible, we may not only have a night session Tuesday night, but one on Thursday also.

Mr. LUCAS. I thank the Senator from Nebraska for his statement.

LEAVES OF ABSENCE

Mr. BUTLER asked and obtained consent to be absent from the Senate beginning tomorrow until the following Monday.

Mr. HICKENLOOPER asked and obtained leave to be absent from the Senate for the remainder of the week.

MILITARY ASSISTANCE TO FOREIGN NATIONS

Mr. LUCAS. Mr. President, I move that the Senate proceed to consider House bill 5985, to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations, which had been reported from the Committee on Foreign Relations and Armed Services, jointly, with an amendment to strike out all after the enacting clause and insert:

That this act may be cited as the "Foreign Military Assistance Act of 1949."

FINDINGS AND DECLARATION OF POLICY

The Congress of the United States reaffirms the policy of the United States as expressed in S. Res. 239, Eightieth Congress, to achieve international peace and security through the United Nations so that armed force shall not be used except in the common interest. The Congress hereby finds that the efforts of the United States and other countries to promote peace and security in furtherance of the purposes of the Charter of the United Nations require additional measures of support. These measures include the furnishing of military assistance essential to enable the United States and other nations dedicated to the purposes and principles of the United Nations Charter to participate effectively in arrangements for individual and collective self-defense in support of those purposes and principles. In furnishing such military assistance, it remains the policy of the United States, as set forth in paragraph (5) of Senate Resolution 239, Eightieth Congress, to continue to exert maximum efforts to obtain agreements to provide the United Nations with armed forces as provided by the Charter, and to obtain agreement among member nations upon universal regulation and reduction of armaments under adequate and dependable guaranty against violation.

The Congress recognizes that economic recovery is essential to international peace and security and must be given clear priority. The Congress also recognizes that the increased confidence of free peoples in their ability to resist direct or indirect aggression and to maintain internal security will advance such recovery and support political stability.

TITLE I

NORTH ATLANTIC TREATY COUNTRIES

SEC. 101. In view of the coming into force of the North Atlantic Treaty and the anticipated establishment thereunder of the Council and the Defense Committee which will recommend measures for the common defense of the North Atlantic area, and in view of the fact that the task of the Council and the Defense Committee can be facilitated by immediate steps to increase the integrated defensive armed strength of the parties to the treaty, the President is hereby authorized to furnish military assistance in the form of equipment, materials, and services to such nations as are parties to the treaty and have heretofore requested such assistance. Any such assistance furnished under this title shall be subject to agreements, further referred to in section 402, designed to assure that the assistance will be used to promote an integrated defense of the North Atlantic area and to facilitate the development of defense plans by the Council and the Defense Committee under article 9 of the North Atlantic Treaty; and after the agreement by the Government of the United States with defense plans as recommended by the Council and the Defense Committee, military assistance hereunder shall be furnished only in accordance therewith.

SEC. 102. There are hereby authorized to be appropriated to the President for the period through June 30, 1950, out of any moneys in the Treasury not otherwise appropriated, for carrying out the provisions and accomplishing the policies and purposes of this title, not to exceed $500,000,000, of which not to exceed $100,000,000 shall be immediately available upon appropriation, and not to exceed $400,000,000 shall become available when the President of the United States agrees to the recommendations of the Council and the Defense Committee to be established under the North Atlantic Treaty, limited entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority, that the obligation and expenditure of such sums for the purposes of this act will promote an integrated defense of the North Atlantic area and will facilitate the development of defense plans by the Council and the Defense Committee. The representatives of the United States are not authorized to make agreements beyond the scope of this act.

SEC. 103. In addition to the amount authorized to be appropriated under section 102, the President shall have authority, within the limits of specific contract authority which may be hereafter granted to him, to enter into contracts for carrying out the provisions and accomplishing the policies and purposes of this title in amounts not exceeding in the aggregate $500,000,000 during the period ending June 30, 1950, and there are hereby authorized to be appropriated for expenditure after June 30, 1950, such sums as may be necessary to pay obligations incurred under such contract authorization.

SEC. 104. None of the funds made available for carrying out the provisions of this act or the act of May 22, 1947, as amended, shall be utilized (a) to construct or aid in the construction of any factory or other manufacturing establishment outside of the United States or to provide equipment or machinery (other than machine tools) for any such factory or other manufacturing establishment, (b) to defray the cost of maintaining any such factory or other manufacturing establishment, (c) directly or indirectly to compensate any nation or any governmental agency or person therein for any diminution in the export trade of such nation resulting from the carrying out of any program of increased military production or to make any payment, in the form of a bonus, subsidy, indemnity, guaranty, or otherwise, to any owner of any such factory or other manufacturing establishment as an inducement to such owner to undertake or increase production of arms, ammunition, implements of war, or other military supplies, or (d) for the compensation of any person for personal services rendered in or for any such factory or other manufacturing establishment, other than personal services of a technical nature rendered by officers and employees of the United States for the purpose of establishing or maintaining production by such factories or other manufacturing establishments to effectuate the purposes of this act and in conformity with desired standards and specifications.

TITLE II

GREECE AND TURKEY

SEC. 201. In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, not to exceed $211,370,000 to carry out the provisions of the act of May 22, 1947, as amended, for the period through June 30, 1950.

TITLE III

OTHER ASSISTANCE

SEC. 301. The President, whenever the furnishing of such assistance will further the purposes and policies of this act, is authorized to furnish military assistance to Iran, Korea, and the Republic of the Philippines.

SEC. 302. There are hereby authorized to be appropriated to the President for the period through June 30, 1950, out of any moneys in the Treasury not otherwise appropriated, for carrying out the provisions and accomplishing the purposes of section 301, not to exceed $27,640,000.

SEC. 303. In consideration of the concern of the United States in the present situation in China, there is hereby authorized to be appropriated to the President, out of any moneys in the Treasury not otherwise appropriated, the sum of $75,000,000 in addition to funds otherwise provided as an emergency fund for the President, which may be expended to accomplish in that general area the policies and purposes declared in this act. Certification by the President of the amounts expended out of funds authorized hereunder, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for the amounts expended.

TITLE IV

GENERAL PROVISIONS

SEC. 401. Military assistance may be furnished under this act, through grants or on such other terms as may be provided in the agreements concluded pursuant to section 402, by the provision of any service, or by the procurement from any source and the transfer to eligible nations of equipment, materials, and services: *Provided*, That no equipment or materials may be transferred out of military stocks unless the Secretary of Defense and the Joint Chiefs of Staff determine that such transfer would not be detrimental to the national interest of the United States.

SEC. 402. The President shall, prior to the furnishing of assistance to any eligible nation, conclude agreements with such nation, or group of such nations, which agreements,

in addition to such other provisions as the President deems necessary to effectuate the policies and purposes of this act and to safeguard the interests of the United States, shall make appropriate provision, where applicable, for—

(a) the use of any assistance furnished under this act in a manner consistent with the policies and purposes of this act;

(b) restriction against transfer of title to or possession of any equipment and materials or services furnished under this act without the consent of the President;

(c) furnishing equipment and materials, services, or other assistance, consistent with the Charter of the United Nations, to the United States or to other nations as will further the policies and purposes of this act.

SEC. 403. (a) Any funds available for carrying out the policies and purposes of this act, including any advances to the United States by any nation for the procurement of equipment and materials or services, may be allocated by the President for any of the purposes of this act to any agency, and such funds shall be available for obligation and expenditure for the purpose of this act in accordance with authority granted hereunder or under the authority governing the activities of the agency to which such funds are allocated.

(b) Reimbursement shall be made by or to any agency from funds available for the purpose of this act for any equipment and materials, services or other assistance furnished or authorized to be furnished under authority of this act from, by, or through any agency. Such reimbursement shall include expenses arising from or incident to operations under this act and shall be made by or to such agency in an amount equal to the value of such equipment and materials, services (other than salaries of members of the armed forces of the United States) or other assistance and such expenses. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

(c) The term "value," as used in subsection (b) of this section, means—

(1) with respect to any excess equipment or materials furnished under this act, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under this act which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment and materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under this act which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under this act which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under this act, all parts, accessories, or other materials used in the course of such repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency.

(d) Not to exceed $450,000,000 worth of excess equipment and materials may be furnished under this act or may hereafter be furnished under the act of May 22, 1947, as amended. For the purposes of this subsection, the worth of any excess equipment or materials means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment or materials owned by the furnishing agency. The excess equipment and materials furnished under this act shall, with due regard to the programs of military assistance operated under this act, be distributed equitably among the various nations referred to in titles I, II, and III of this act.

SEC. 404. The President may exercise any power or authority conferred on him by this act through such agency or officer of the United States as he shall direct, except such powers or authority conferred on him in section 405 and in clause (2) of subsection (b) of section 407.

SEC. 405. The President shall terminate all or part of any assistance authorized by this act under any of the following circumstances:

(a) If requested by any nation to which assistance is being rendered;

(b) If the President determines that the furnishing of assistance to any nation is no longer consistent with the national interest of the United States or the policies and purposes of this act; or

(c) If such assistance would contravene any decision of the Security Council of the United Nations, or if the President otherwise determines that provision of assistance to any nation would be inconsistent with the obligation of the United States under the Charter of the United Nations to refrain from giving assistance to any nation against which the United Nations is taking preventive or enforcement action.

(d) Assistance to any nation under this act may, unless sooner terminated by the President, be terminated by concurrent resolution by the two Houses of the Congress: *Provided*, That funds made available under this act shall remain available for 12 months from the date of such termination for the necessary expenses of liquidating contracts, obligations, and operations under this act.

SEC. 406. (a) Any agency may employ such additional civilian personnel without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as may be necessary to carry out the policies and purposes of this act.

(b) Notwithstanding the provisions of Revised Statutes 1222 (U. S. C., title 10, sec. 576), personnel of the armed forces may be assigned or detailed to noncombatant duty, including duty with any agency or nation, for the purpose of enabling the President to furnish assistance under this act.

(c) Technical experts and engineering consultants, not to exceed 15 persons at any one time, as authorized by section 15 of the act of August 2, 1946 (U. S. C., title 5, sec. 55a), required for the purposes of this act, may, if the head of any agency deems it advantageous for the purposes of this act and if in his opinion the existing facilities of the agency concerned are inadequate, be employed by any agency performing functions under this act, and individuals so employed may be compensated at rates not in excess of $50 per diem.

(d) Service of any individual employed as a technical expert or engineering consultant under subsection (c) of this section shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, and 284 of United States Code, title 18, of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service.

(e) For the purpose of carrying out the provisions of this act, there may be employed not to exceed three persons at a rate of compensation not to exceed $15,000 and one person at a rate of compensation not to exceed $16,000. Any person so employed shall be appointed by the President, by and with the advice and consent of the Senate.

SEC. 407. (a) Nothing in this act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946 (60 Stat. 755).

(b) The President may perform any of the functions authorized under section 401 of this act without regard to (1) the provisions of title 10, United States Code, section 1262 (a), and title 34, United States Code, section 546 (e); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

SEC. 408. (a) Notwithstanding any other provision of law, the Reconstruction Finance Corporation is authorized and directed, until such time as appropriations shall be made under the authority of this act and the act of May 22, 1947, as amended, to make advances not to exceed in the aggregate of $125,000,000 to carry out the provisions of this act and the act of May 22, 1947, as amended, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder from funds made available for the purposes of this act and the act of May 22, 1947, as amended.

(b) Funds made available for carrying out the provisions of title I shall be available for the expenses of administering the provisions of this act and of the act of May 22, 1947, as amended. Whenever possible the expenses of administration of this act shall be paid for in the currency of the nation where the expense is incurred, as provided in subsection (d).

(c) Whenever he determines that such action is essential for the effective carrying out

of the purposes of this act, the President may from time to time utilize not to exceed in the aggregate 5 percent of the amounts made available for the purposes of any title of this act for the purposes of any other title. Whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

(d) Upon approval by the President, any currency of any nation received by the United States for its own use in connection with the furnishing of assistance under this act may be used for expenditures for essential administrative expenses of the United States in any such nation incident to operations under this act and the amount, if any, remaining after the payment of such administrative expenses shall be used only for purposes specified by act of Congress.

(e) The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials, or services to nations designated in title I, II, or III of this act, or to a nation which has joined with the United States in a collective defense and regional arrangement: *Provided*, That, prior to any such transfer or the execution of any such contracts, any such nation shall have made available to the United States the full cost, actual or estimated, of such equipment, materials, or services, and shall have agreed to make available forthwith upon request any additional sum that may become due under such contracts.

(f) Any equipment or materials procured to carry out the purposes of title I of this act shall be retained by, or transferred to, and for the use of, such department or agency of the United States as the President may determine in lieu of being disposed of to a nation which is a party to the North Atlantic Treaty whenever in the judgment of the President of the United States such disposal to a foreign nation will not promote the self-help, mutual aid, and collective capacity to resist armed attack contemplated by the treaty or whenever such retention is called for by concurrent resolution by the two Houses of the Congress.

SEC. 409. The President shall, in providing for the furnishing of equipment and materials under authority of this act or the act of May 22, 1947, as amended, take such steps as may be necessary to assure, so far as is practicable, that at least 50 percent of the gross tonnage of equipment and materials secured within the United States out of funds made available under this act or the act of May 22, 1947, as amended, and transported abroad on ocean vessels, is so transported on United States flag vessels to the extent such vessels are available at market rates.

SEC. 410. The President, from time to time, but not less frequently than once every 6 months, while operations continue under this act, shall transmit to the Congress reports of expenditures and activities authorized under this act, except information the disclosure of which he deems incompatible with the security of the United States. Each such report shall include a summary of the efforts exerted by the United States, during the period covered by the report, to obtain agreements to provide the United Nations with armed forces as provided by the United Nations Charter, and to obtain agreement among member nations upon universal regulation and reduction of armaments under adequate and dependable guaranty against violation. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

SEC. 411. For the purpose of this act—

(a) The terms "equipment" and "materials" shall mean any arms, ammunition or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply, or item that would further the purposes of this act, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels;

(b) The term "mobilization reserve," as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the armed forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(c) The term "excess," as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

(d) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this act.

(e) The term "agency" shall mean any department, agency, establishment, or wholly owned corporation of the Government of the United States.

(f) The term "armed forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

(g) The term "nation" shall mean a foreign government eligible to receive assistance under this act.

SEC. 412. If any provision of this act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the act and applicability of such provision to other circumstances or persons shall not be affected thereby.

Mr. LUCAS. Mr. President, before the distinguished Senator from Texas [Mr. CONNALLY], the chairman of the Foreign Relations Committee, proceeds, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Humphrey	McKellar
Connally	Ives	Maybank
Donnell	Jenner	Schoeppel
Downey	Johnson, Colo.	Sparkman
Ecton	Johnston, S. C.	Taylor
Ellender	Knowland	Tydings
George	Langer	Wherry
Green	Leahy	Williams
Hendrickson	Lucas	
Holland	McFarland	

The PRESIDING OFFICER. A quorum is not present.

The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. FERGUSON, Mr. HILL, Mr. KILGORE, Mr. MURRAY, Mr. MYERS, Mr. NEELY, Mr. PEPPER, and Mr. VANDENBERG answered to their names when called.

The PRESIDING OFFICER. A quorum is not present.

What is the pleasure of the Senate?

Mr. ELLENDER. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. JOHNSON of Texas, Mr. KERR, Mr. ANDERSON, Mr. CHAPMAN, Mr. CORDON, Mr. SALTONSTALL, Mr. MILLIKIN, Mr. BRICKER, Mr. WATKINS, Mr. YOUNG, Mr. MCCARTHY, Mr. MAGNUSON, Mr. GURNEY, and Mr. THYE entered the Chamber and answered to their names.

Mr. BUTLER, Mr. BYRD, Mr. CAIN, Mr. FLANDERS, Mr. FREAR, Mr. GILLETTE, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. KEM, Mr. LONG, Mr. MALONE, Mr. MCCLELLAN, Mr. MCMAHON, Mr. MILLER, Mr. O'CONOR, Mr. O'MAHONEY, Mr. REED, Mr. ROBERTSON, Mr. RUSSELL, Mr. STENNIS, Mr. THOMAS of Utah, and Mr. WITHERS also entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

Mr. CONNALLY. Mr. President, this is a most important bill, and I commend it to the attention of Senators, both those who are present at this time and those who may be temporarily absent. This matter is one of the highest importance, not alone to our domestic welfare, but to the welfare, as we conceive it, of the entire world and the peace of the world. I sincerely trust that Senators will carefully and attentively address themselves to its consideration.

Mr. President, on behalf of the Committee on Foreign Relations and the Armed Services Committee, acting as a single committee, I rise to present to the Senate the bill on the military-assistance program. Immediately before us is the House bill, for which, later on in the proceedings, we shall move to substitute the final form of the bill as worked out in the Senate committee and as reported to the Senate. In the view of this committee, this is another vitally important step we are taking on the road to world peace. Unfortunately, it is a long, bitter road, full of steep hills and unpleasant detours. But we are confident that if we pursue our course with determination, it will lead us to our ultimate goal of peace and security.

Shortly after the President submitted to the Congress his proposal for a military-assistance program, the Senate instructed the Foreign Relations Committee and the Armed Services Committee to give the matter their joint attention. While considerable doubt was expressed about the wisdom of such a course at the time, I am pleased at the final outcome. We had our difficulties; we had our differences; but for the most part those differences have been painstakingly resolved, and the bill which is now before the Senate represents the greatest area of agreement that could be attained

without sacrificing the fundamental principles of the program.

Such unity could not have been attained without long hours of toil on the part of the two committees. In addition to the public hearings, we met in executive session on no less than 17 occasions to discuss the program and the specific provisions of the bill. We did this on the assumption that it would be far better to iron out our differences in private, so that we could come to the floor of the Senate with the overwhelming support of our 25-member committee. The results, in the form of a greatly revised bill and a nearly unanimous 22–3 vote, speak eloquently for themselves.

I wish to impress upon Members of the Senate that the final action of the joint committee, the vote of 22 for and 3 against, should be persuasive. It should have its effect. It should make an impression upon the Senate, when it is remembered that the joint committee over a long period of time examined every portion and every particle of the bill with the greatest care and the greatest attention. Politics did not enter into it. There were no factions, there were no groups, in the last analysis, when it came to casting the final vote in committee.

Mr. President, I shall not detain the Senate long. Two months ago when I presented the Atlantic Treaty to the Senate on behalf of the Foreign Relations Committee, I discussed in considerable detail as did other Senators, the basic elements of American foreign policy and our position in world affairs. Today I shall content myself with a brief explanation of the need for the military-assistance program, the terms of the bill before the Senate, and some of the arguments which have been advanced by its opponents.

THE NEED FOR THE PROGRAM

The military-assistance program is entirely consistent with other major foreign policy steps this country has taken during the past few years. Beginning with our program of aid to Greece and Turkey, we embarked upon a firm and consistent policy of opposition to further Communist aggression and of assistance to the free nations of the world whose liberties are in danger of being swept away.

We have further shown our steadiness and our firmness by undertaking the interim-aid program, the Rio Treaty, the magnificent concept of the Marshall plan, Senate Resolution 239, and the North Atlantic Treaty—all approved by overwhelming votes in the United States Senate. With these great guideposts to mark the way, our foreign policy has been leading this Nation and the other free nations of the world toward an eventual victory over the menace of totalitarianism.

There are encouraging signs that we are succeeding. The guerrillas in Greece are now on the run. The Marshall-plan countries, despite disheartening obstacles, are making an impressive recovery effort. Representatives of the Atlantic-Pact countries at this very moment are meeting in Washington to determine the future organization of our North Atlantic defense machinery.

Under the terms of the bill the aid which we furnish to the North Atlantic countries will be administered in accordance with the decisions and the policy of the North Atlantic Council and the North Atlantic Military Committee operating under that Council. It is most gratifying, it is strong evidence of their enthusiasm, their interest, and their intention to carry out the purposes of the North Atlantic Treaty and to coordinate themselves in accordance with the terms of this bill, that, only 2 or 3 days ago, the representatives of all the nations who have joined in the North Atlantic Treaty met here in Washington. They organized their Council. Under that Council they will organize the Military Committee to carry out and to help execute the provisions of this bill and the provisions of the North Atlantic Treaty.

I think we shall continue to win the cold war. But we must never permit this encouraging momentum toward peace which is building up in the free world to subside. We must keep it at its highest point of advancement.

Our course has been set and to falter now would imperil all the hard-won gains of the past few years.

With the exception of Great Britain, the countries of western Europe were practically disarmed during World War II as a direct result of the ruthless occupation of their homelands by the enemy. While they are now engaged in the painfully slow process of rebuilding their shattered defense systems, most of their resources and productive capacities, as we should expect, have been devoted to economic recovery.

In the meantime, one of the great European powers has continued to maintain an armed force of 5,000,000 men. In gradually but relentlessly expanding its areas of control it has used its tremendous military power to threaten and intimidate smaller nations.

Later on it will be urged in the debate that this bill is a step in the direction of creating a world armaments race. We have not created a world armaments race. What does the Soviet Union intend to do with its army of 5,000,000 men? Russia is not being threatened with attack by any country on earth. Those forces are either intended for aggression or for defense. There is no occasion for their being employed in defense, because the Soviet Union is not threatened; therefore it is reasonable to assume they are intended for possible employment in aggressive action. Not only has the Soviet Union an army of 5,000,000 men, but its military budget for 1949 is increased over the amount carried in the 1948 budget. They are marching on, they are increasing their weapons, and increasing their armed forces. They are overawing not only the satellite states under their control, but they are also overawing other states of Europe which fear their aggression and their possible attack. What are these weapons which they have in their hands intended to do? They are intended to kill; they are intended to subjugate other nations; they are intended to attack democracy wherever it is found in the world. That is their public pronouncement. Mr. Stalin is quoted—I do not quote him myself—as saying, "We must conquer the world."

As a result of these developments we have encountered what Secretary Acheson has referred to as a serious lack of balance in military strength in postwar Europe. The countries of western Europe, with relatively little in the way of arms to protect themselves, are constantly exposed to the danger of aggression. Their people are weighed down and hampered by a haunting sense of insecurity which clouds the future and retards the progress of the recovery program. How can nations rebuild their economic structure when they are in constant fear of armed attack and armed aggression?

Mr. President, I submit that apart from the economic recovery aspects, there are two very vital reasons why the United States should be deeply concerned over this development. In the first place, as in World War I and World War II, the countries of western Europe both physically and psychologically remain our front line of defense. That does not mean, necessarily, that western Europe will be able to maintain resistance and overwhelm any attacks from the East. Clearly, any attacks intended upon us must first meet their impact in the countries of western Europe. Whatever they are able to do toward resistance, toward holding the line, toward delaying the attack upon the United States, will be to the gain of the people of the United States.

But they do not now possess the military strength to fight the gallant and effective delaying action they did in two great wars.

In the second place, weakness invites aggression and aggression, if allowed to continue, inevitably brings war in its wake. This is an inescapable lesson of history. Dictators bent upon aggression will go from one victim to another if they know in advance they will not meet with determined and effective resistance.

Many years ago the Frenchman, Pascal, put the central problem which we now confront in these terms: "Right without might is weakness. Might without right is tyranny. We must therefore combine right and might, making what is right mighty, and what is mighty, right."

The North Atlantic Treaty and the military assistance program are designed to combine might with right, for their objectives are to maintain and develop, by self-help and mutual aid, the individual and collective capacity of the free nations to resist aggression. By the North Atlantic Treaty which the Senate has already ratified we are obligated by the clause within it relating to self-help and mutual aid.

In the shrunken world in which we now live we cannot afford to permit our friends to remain so weak that they will invite aggression and be picked off one by one like pigeons in a shooting gallery.

There are, in fact, three fundamental elements in building a strong defense: Military equipment, manpower, and strategic positions which can be used in case of an attack. The Atlantic Pact will do much to make available to our North Atlantic partnership the manpower and

the strategic positions necessary for the common defense. What we need now more than anything else is the material required for that defense.

In this connection let us not forget that under article 3 of the Atlantic Pact we have committed ourselves to the principle of self-help and mutual aid. We have solemnly agreed to work with the other parties to the treaty in building up the capacity of the member states to defend themselves against attack. Time is highly important in this great enterprise, and we must let our partners know, as soon as we can, that not only words but deeds are a part of our policy.

I have the utmost confidence in the wisdom and judgment of Gen. Omar N. Bradley. He is a soldier who has earned his reputation on the fields of battle in World War II, as well as in his service in prior years. Listen to what he says on this point; listen to what he says is needed in western Europe:

> In final analysis, western Europe can be saved only by western Europeans. But to save themselves they must have the will and the means to resist. This will to resist is developed partly by possession of the means, and partly by the assurance that they would be adequately helped in sufficient time. Without these means and without these specific assurances of aid, any nation of western Europe, if threatened by aggression might fall victim to despair. And that despair is worth a hundred divisions to an aggressor on the march. The North Atlantic Pact and some military assistance will provide both an assurance of aid, and the means to resist. Together they can produce a will resolute enough to fight and firm enough to forewarn aggressors.

Mr. President, I invite attention to the fact that General Bradley realizes that the nations of western Europe must save themselves, but they need the encouragement and the slight aid which is afforded by this bill in giving them the will to resist and to stand up against armed attack and aggression.

It is wise, as General Bradley points out, to let them know at the earliest possible moment what our intentions are, and that we are intending to aid them in preparing for the attack that may come. This bill does not provide as has been said by some persons, that we are rearming western Europe. Western Europe will spend five or six dollars for each dollar contributed by the United States. Let me point out that we are not increasing, by this aid, the number of armed men in the armies of the North Atlantic Pact nations. We are simply undertaking to modernize their existing armies, which they themselves raise, by aiding them in obtaining equipment, munitions, and supplies. But we are not sending a single soldier to any of those countries for combat purposes, nor are we insisting that they increase the size of their armed forces.

Mr. President, let us turn to the provisions of the bill itself. In broad terms, this is what our program provides:

First. All our military-assistance projects will be brought together in one coordinated program under centralized civilian control. This will make for economy and efficiency in administration and will enable us to better evaluate the contribution which these efforts can make toward our own security and world peace.

Second. We recommend an appropriation of $814,010,000 plus an additional $500,000,000 in contract authority to cover the cost of the program. This amount would be distributed as follows: the North Atlantic Treaty countries, $500,000,000, with an additional $500,000,000 in contract authority; Greece and Turkey, $211,370,000; Iran, Korea, and the Philippines, $27,640,000; and the general area of China, $75,000,000.

Third. Assistance provided the nations of the North Atlantic Treaty will be used to promote the integrated defense of the North Atlantic area and to facilitate the development of defense plans under article 9 of the Treaty. We cannot afford to lose any time in developing the teamwork and the coordination we need if our aid is to be effective.

These things are not only provided in the bill, but, as I said a little while ago, they are already being put into force by reason of the action of the representatives of the 12 North Atlantic nations, who met here a few days ago and established a council to take steps to carry out the other provisions of the plan.

Fourth. Our assistance to western Europe will take three main forms. We will furnish arms and equipment to help build up the badly depleted defensive strength of their military forces. We will provide a small number of technical experts, not combat troops, but technical experts, to instruct military personnel in the recipient countries in the maintenance and use of the equipment provided. Some of this equipment they are not familiar with, and it is necessary to teach them how to employ it.

Finally, we will extend a relatively small amount of aid to increase military production in western Europe and thus reduce their dependence on us for military equipment.

Fifth. Every precaution will be taken to safeguard and protect the military reserves of our own domestic Military Establishment. No equipment or materials will be transferred out of military stocks unless the Secretary of Defense and the Joint Chiefs of Staff agree that such transfer would not be detrimental to the national interest of the United States.

Allow me to say that the committee was completely and entirely careful in seeing that the domestic protection of the United States was maintained. We have included measures in the bill, in several places, to guarantee that our own stock pile of weapons and supplies and munitions shall not be depleted to the point of any danger whatever.

Mr. TYDINGS. Mr. President, would the Senator prefer not to be interrupted?

Mr. CONNALLY. No; I yield to the Senator from Maryland.

Mr. TYDINGS. I should like to reinforce what the Senator has said by calling to the attention of the Senate, in case the Senator from Texas may not have had opportunity to put all of it in his remarks, that we are maintaining what is called a mobilization reserve for 4,500,000 American troops.

Mr. CONNALLY. For a 2-year period.

Mr. TYDINGS. For a 2-year period. Of course we do not have everything to maintain four and a half million troops, but what we have is enough to maintain them for 2 years to the extent I have mentioned, plus such manufacturing as there would have to be to supplement the program.

The point is that if any of the material in this mobilization reserve is temporarily used to be sent to Europe to help their arms program, it must immediately be replaced so that our resources will remain constant all the time.

Mr. CONNALLY. I thank the Senator. What he has said is very true. We considered all those matters, and made provision in the bill to carry out that program.

Sixth. Proper steps will be taken to make certain that the assistance we furnish will be effectively used. Before any aid is given, agreements must be concluded with the recipient countries to specifically nail down our interests in this regard. In other words, before any aid is extended to a country, they make an agreement with the President of the United States, or whoever may act for him, with regard to the specific use to be made of the material, and we shall also have observers in the countries to see that the arms or equipment we supply them are properly employed and not diverted to some improper use.

Seventh. The program has been carefully developed so as to avoid any interference with the progress of economic recovery in western Europe. We believe that recovery will actually receive an added stimulus from the atmosphere of security that a joint defense effort will engender.

I suggested a little while ago what I now desire to reinforce, that the recovery of their economy status, their improvement, and their rehabilitation, can be more nearly and evenly accomplished if they are not under the constant threat of armed attack from an aggressor, or if they have assurances that we will cooperate with them to build up an integrated defense of the North Atlantic area.

Eighth. The program does not sanction the building up of arms establishments abroad. None of the funds authorized in the bill can be used to construct or aid in the construction of any factory or other manufacturing establishment abroad or to provide equipment or machinery for any such factory or establishment. The one exception to that is the use of machine tools. It is provided that machine tools and materials may be financed to the point necessary out of these funds.

Ninth. We also recommend that the President be given authority to provide additional military assistance on a cash basis to the countries referred to in the bill and to other nations which have joined with the United States in a collective defense or regional arrangement. This would make it possible for Canada to use the procurement machinery of our Government to purchase equipment, materials, or services and thus strengthen her defense. The Rio Pact countries

could likewise take advantage of this provision.

Senators must bear in mind that this is a cash-on-the-barrel-head transaction. It is not a gift, it is not a grant, but it is vital to our own defense that Canada be properly armed and equipped, and it is also to our interest that the Western Hemisphere, the Rio Pact countries, shall have opportunities for arming themselves against any eventuality.

Tenth. Finally, the President can terminate aid under the bill whenever he determines that it is no longer consistent with the national interest of the United States or not in harmony with our obligations under the United Nations Charter to furnish such assistance. Likewise, the Congress can bring our aid to an end by the passage of a concurrent resolution. Thus our own vital interests are always protected. The concurrent-resolution route is provided in the bill. I personally did not think it was at all necessary. I thought that since this program was entirely under the direction of the President, the grant of authority to him to terminate it was sufficient. But the committee desired to have that provision, and it is in the bill.

Now, Mr. President, there is one misunderstanding which I want to clear up about the objective of this program. It it not designed to furnish the countries of western Europe with the assistance they need, in 12 short months, to defeat any potential aggressor. That would be a well-nigh impossible task. Our objective is well-defined and much more modest in scope. What we propose to do is to help furnish that assistance which is necessary to make effective fighting units out of the existing and presently authorized forces in western Europe. In other words, we are not building up great armies there; we are aiding and equipping the forces they already have, many of which were denuded of their arms and equipment by the enemy while they were in occupation.

Let me emphasize, too, that what we do now is absolutely basic to any program of integrated defense that the North Atlantic Pact countries may work out in the future. Every plane, every tank, every gun we send now will go into the foundation of the defense structure which will be built tomorrow.

General Bradley pointed out in his testimony and in certain addresses he made, that whatever arms we plan to send to the North Atlantic countries will be fitted into any program which may be devised by the military committee under the Council, or by the United States and its associates. In other words, whatever we are going to send them will be available for whatever program is finally adopted.

Yet we all realize how important teamwork is in achieving the great goal of collective security. For that reason the bill provides that $400,000,000 of the amount authorized for western Europe shall become available only after the President agrees to the recommendations of the Council and Defense Committee that the expenditure of the money will promote an integrated defense of the North Atlantic area, and will facilitate the development of coordinated defense plans. As for that provision I am sure there will be no difficulty. In fact, I am pretty sure that the President or his authorized advisers have already agreed with the Council's plans insofar as they have been formulated.

I hope the Senate and the American people thoroughly realize what this principle of common defense means with respect to our future security plans. In the past, each country of western Europe has insisted upon maintaining a complete, balanced defense establishment with a separate and independent army, navy, and air force. This has resulted in inefficiency, waste, duplication of effort, and in the final analysis, relative weakness.

With the establishment of an integrated defense plan these piecemeal efforts will be abandoned and there will be a practical division of labor. Each nation will make the contribution, with respect to the kinds of weapons and forces which it is best equipped to make and which will fit into the common defense effort. That is one of the valuable things about the Council provided in the North Atlantic Treaty and about the military committee, and the cooperation among the 12 nations. Each country will be called upon to do that which it can best do and which will interrupt in the smallest degree economic recovery.

When we eventually reach our goal we will have a much stronger combined defense force than we could possible produce with each nation pursuing its own independent objectives.

While this goal cannot be reached overnight, the potentialities which flow from the concept of self-help and mutual aid have already been magnificently demonstrated by the Brussels Treaty powers. They not only have established an organization which is working out a coordinated defense strategy; they also have taken steps to standardize their equipment, materials, and other available supplies among themselves in support of their common effort. Here indeed are thrilling and important steps toward a real western union.

As Senators all know, the western-union countries, the Brussels Treaty powers, have maintained headquarters at Fontainebleau under the military guidance and direction of Field Marshal Montgomery, and have for months been laying their plans and preparing their organization looking forward to the very thing we are now undertaking to do.

Considerations like these lead me to raise the question which so many people have been asking: How long will the program last? How long must the United States continue to furnish military assistance to western Europe?

I do not think it is humanly possible for anyone to do more than give an enlightened guess in response to such questions. The present program is for 1 year. In this bill we make absolutely no commitments beyond that point. Whether we shall continue to give aid beyond that time will depend upon a host of factors which we cannot now foresee, including the role of economic recovery, the danger of aggression, and developments in the methods of modern warfare. In any event the final decision will rest with the Congress. Whether we continue this aid another year or any future time beyond the year will depend upon the action of the Senate and the House of Representatives of the United States. So there are no commitments, there are no pledges, there are no agreements, there are no promises in the bill for a longer program.

I would be less than frank, however, if I encouraged the hope that the recipient countries would not need further assistance from the United States at the conclusion of this 1-year program. Secretary Johnson, in his testimony before the committee, hazarded the guess that the program would extend over a 4- or 5-year period with the outlay becoming smaller in each subsequent year. As we lay our plans for the future, however, we must face the fact that we have entered upon a course of action from which we cannot turn back without serious damage to the cause of world peace.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SALTONSTALL. When the Senator says there are no agreements, and nothing else that would commit us beyond the program provided for, he is absolutely correct. But we are, of course, a part of the North Atlantic Pact and a part of the Defense Council, and the question will come up as to what aid will be required to be given or to be provided under the Defense Council. Does not the Senator agree with me about that?

Mr. CONNALLY. I agree with the Senator from Massachusetts, except I do not think there is any obligation to do that, but naturally those considerations would appeal to us. We are parties to the treaty. We want to see its purposes achieved. It would be very persuasive if a situation should arise which we thought required aid after the expiration of 1 year.

Mr. SALTONSTALL. Was not that very much in the minds of the members of both committees when the measure was agreed to? Some of the language in it makes that very clear; does it not?

Mr. CONNALLY. I think the Senator from Massachusetts is correct, and I thank him very much.

GREECE AND TURKEY

Mr. President, I shall not discuss Greece and Turkey in detail. Such discussion appears in the record and the report. We are simply continuing the appropriation to carry on aid to Greece and Turkey. In Greece the guerrillas are being decimated and worn out. The Government of Turkey has utilized the funds we have given it to great advantage to maintain its independence and its strength. Greece and Turkey, however, are not under the general program, and the provisions of the general program do not apply to the administrations in Greece and Turkey. There is simply a continuation of the appropriations and the aid which we have heretofore extended. We feel it is necessary to continue those two programs, and that we

should do nothing at this time to interfere with the progress which has been made in Greece and Turkey.

As I said, I shall not explain in detail the provisions of the bill which authorize the continuation of aid to Greece and Turkey because I judge the Congress and the people of the United States are in the main thoroughly familiar and thoroughly satisfied with the results achieved under the Greek-Turkish program. Its usefulness, both from the point of view of American foreign policy and world peace, has been very clearly demonstrated.

If we had not had the courage and the foresight to launch this program more than 2 years ago, I am confident that neither of these countries could have maintained their independence and their integrity in the face of the constant pressures which have been applied against them from the outside.

Briefly the bill provides in title II an authorization for the appropriation of $211,370,000 to carry out the provisions of the Greek-Turkish Assistance Act. That is the amount needed to continue to furnish assistance through June 30 of next year. The program for Greece provides arms and ammunition, general supplies, spare parts, maintenance, and the replacement of certain capital equipment.

Mr. President, this is certainly no time to do anything which would interfere with the continued success of the Greek-Turkish program. Today the Greek Government can look forward realistically to a successful conclusion of its campaign to put down the guerrilla forces which have been harassing the Greek people for so long.

If we were to hesitate now, with the ultimate goal in sight, we would jeopardize the gains bought at so bitter a price this winter and spring. We would give cause to rejoicing to Communists and their fellow travelers all over the world.

For we dare not overlook the effect on the rest of the world of our foreign policy in Greece. Our forthright assistance in preventing the overrunning of Greece by guerrilla bands was a vivid demonstration that we meant it when we said we were prepared to help preserve the independence of the free people of the world.

We cannot overestimate how much encouragement this fact alone gave to the free countries, particularly in Europe, who are resisting their own subversive forces which seek by open means and secret means to take over their governments and put them under totalitarian control. No, Mr. President, we cannot afford to halt now. We must see this program through to its finish.

So far as Turkey is concerned, we all realize what a vital part that country plays in the security of the whole Middle East area. It has been and continues to be subject to pressure by the Soviet Government because it is so strategically located between Europe and Asia, and because of the wealth of its resources.

Turkey must remain an independent, strong, economically sound country, able to protect itself against the threat of external aggression. To that end we should continue to provide the Turks with the equipment and training they need to maintain an effective, compact, military force which the Turkish economy can support. We are helping them to modernize their army. Meanwhile they are taking measures to strengthen not only their military position, but their economic position as well.

The Turks have done a magnificent job in maintaining themselves and their territorial integrity in the face of threats which might very well have frightened a less courageous people into collapse and surrender. The continuation of assistance to Turkey will enable it to carry on the task so well begun.

IRAN, KOREA, AND THE PHILIPPINES

Title III of the bill is concerned with the security of certain nations in the Middle and Far East. Let us turn first to Iran, Korea, and the Philippines for whose assistance an appropriation of $27,640,000 is authorized.

Ever since the close of World War II, Iran, like Turkey, has been subject to constant pressure from the Soviet Government. The integrity of its borders has been threatened from time to time directly by the Soviet Union, and the whole country has been menaced indirectly by the same kind of infiltration with which we are so familiar in other areas of the world. Iran's defense force must be strengthened if it is to successfully resist this dual threat to its integrity. The Iranian Government has already had the benefit of some $26,000,000 worth of surplus military equipment which has filled part of her needs. I may say that that $26,000,000 was based on the original cost. It is estimated that its value when it was transferred to Iran was only $5,000,000.

If internal security is to be maintained that program must be rounded out, and spare parts must be provided to keep up the American equipment already there.

In Korea we have a relatively new republic established under the auspices of the United Nations. Directly north of this new, democratic state is the country of North Korea, which is completely dominated by the Soviet Union. The people of the Far East in particular are watching this situation very carefully to see whether, in spite of that threat, the young Republic of Korea can stay alive and maintain its present form of government. Meanwhile, United States forces have withdrawn and the people of that country must now be able to protect themselves. This bill authorizes the President to give Korea the kind of military aid which will help it to keep order within the country and discourage outside forces from aggression.

The Republic of the Philippines, like the Republic of Korea, is also a relatively new government. It is not so directly menaced as is Korea for it has no neighbor on its border eager to swallow it up.

When we granted the Philippine people their independence in 1946 we entered into a treaty with their government on matters concerned with the common defense of the Philippines and the United States. We pledged our word that we would help in the training and development of the military establishment of the Philippines and we are already doing so under a law passed by the Seventy-ninth Congress. The aid provided in the bill before us will carry on the objectives of that act to maintain the national security of the Philippines.

We are all aware of the fact that the protection of United States interests in the Far East depends a great deal on the continued independence of the Philippine people. The World War from which we emerged 4 years ago proved that conclusively. The Philippine Government must be in a position to protect itself against its native guerrillas, who continue to disturb the peace of the islands.

I am sorry, but I do not see the Senator from California [Mr. KNOWLAND] in the Chamber. I am about to discuss China.

CHINA

I now come to a subject which was given the most earnest consideration by the joint committees—the problem of China. In seeking a solution for the China problem we constantly kept in mind the over-all security interests of the United States and the goal of worldwide peace. At the same time we could not disregard the thoroughly unsettled and fluid situation which confronts us in China and that general area.

What we recommend is to provide the President with an emergency fund of $75,000,000 to be expended by him in the general area of China. To the extent that he deems it inadvisable to do so, the President is not required to account for the way in which funds are spent. He has complete freedom of action to deal with the protection of our interests in that part of the world in any way he sees fit.

With this broad grant of authority the committee believes that as the situation continues to unfold, the President could swiftly take whatever action seems to be necessary either with respect to China itself or other countries, in that general area, such as Burma, Indochina, India, and other countries. To insure the President the greatest freedom of action he is not limited to spending the money for military assistance but can give any form of assistance that he considers desirable. The committee did not think it was wise to specify military assistance, because of the conditions existing in that part of the world at the moment.

I have always had the deepest sympathy and regard for the people of China and I am confident that feeling is shared by the whole American people. Traditionally our two countries have been on the friendliest of terms. We regret exceedingly therefore that today China is threatened with totalitarian conquest. However, I do not think there is much to be gained by rehearsing now all of the things which were done or might have been done by us to help the Chinese people. The important point is to move forward on the right path and prevent so far as possible the overrunning of the other countries of the Far East in that area, while at the same time doing everything which is feasible to restore order in China so that the Chinese people may eventually be in a position to establish a freely constituted government. To deal with this problem will require all the skill

and resourcefulness we have, for the situation is as complex as any we have encountered in the whole realm of foreign policy.

MAIN ARGUMENTS AGAINST MAP

Mr. President, I wish to refer briefly to some of the arguments against the bill in the committee. It is argued, for example, that the program will impose a heavy financial burden upon the United States; that it will launch us upon a world-wide armaments race; that assistance we furnish will be used in putting down colonial uprisings; that it will impair European recovery; and that it is premature because the defense machinery to the North Atlantic Treaty has not yet made its recommendations with respect to the implementation of the treaty.

Mr. President, a number of arguments have been made against the military-assistance program, which the Senate should consider carefully. I am prepared to meet those arguments and to negate them.

In the first place, it is said that this program will start an armament race in Europe. The small amount of aid which we offer western European nations is only a drop in the bucket compared with what the Soviet Union is spending on its army of 5,000,000 men. We talk about an armament race. Why is the Soviet Union increasing its military budget? It is already engaged in an armament race, and it is far in advance of any other country on earth. Who is attacking or threatening to attack the Soviet Union? Its increase in military budgets and military forces cannot be aimed against anyone, in the final analysis, except the United States itself. It may direct itself against the little minnows, the small fish, but the ultimate objective is the United States. It is said that we must not engage in an armament race. We are not engaging in an armament race. What should we do when a country threatens us with its armed forces? Should we lie down and let that country walk over us, trample on us, and spit on us? We must do our utmost to protect ourselves and those who are our friends and who are acting with us.

That is the reason why it is necessary and desirable that we aid the countries of western Europe who are leagued with us in the great principles of freedom, parliamentary government, and democracy. Everyone knows that when Russia thinks the time is ripe, she will strike, and will strike with all her power to crush democracy and free governments everywhere on earth.

Mr. President, this is not an arms race. Russia is not only arming, but she votes in the United Nations against all efforts to bring about disarmament. She voted against the atomic-energy treaty which was proposed. She votes against anything which would lessen or weaken her strength, because she knows that in a military way she stands far in advance of all other nations. She has said that she would not agree to any disarmament plan except on a percentage basis. With Russia having nearly all the percentages, what would it amount to? It would not be disarmament at all. She would still have overwhelming power in the world.

The financial argument is, of course, particularly appealing to a great many people because we are all anxious to keep our budget balanced and our economy on a sound and healthy basis. Yet I find it extremely difficult to put a price tag on world peace. The increase in our own security, which we get as a result of this program, should far outweigh the moderate drain on our resources. I find it difficult to put a price tag on self-defense. When an armed attack is made upon us, what are we to do? Are we to salute and welcome the invading armies, or resist them to the extent of our ability?

Amendments were offered in the committee to cut the over-all amount of the program. In the committee we did reduce the over-all amount for the North Atlantic Treaty countries from $1,160,000,000 to $1,000,000,000. But still there are efforts to cut the amount radically. If Senators wish to defeat this bill, let them vote to cut the amount it provides; then let them whittle it down.

So far as the amount of funds carried by the bill is concerned, I wish to point out that before the bill was introduced, our military experts had already surveyed this situation. They are responsible for the figures carried in the bill which represent what they think is necessary to be furnished and supplied in order to accomplish the results we have in mind. They have been working on the matter for many months. They have screened it and rescreened it, and they cut out all provisions for implements, equipment, and arms which they thought could be dispensed with. The three chiefs of staff not only did so, but they flew to Europe and conferred with the military and governmental authorities of the other 11 members of the North Atlantic Treaty.

So when it comes to a consideration of the amount provided by the bill, Senators should not set up their own individual guesses. After all, do we civilians know what is necessary for an enterprise of this character? Any Senator can offer an amendment providing for a reduction of the amount carried by the bill, and so forth and so on; but any amendments of that sort should be based upon data. In the committee, no data at all were offered in support of any of the amendments providing for reductions of the amount carried by the bill.

Mr. KNOWLAND. Mr. President, will the Senator yield at this point?

Mr. CONNALLY. I yield.

Mr. KNOWLAND. I regret very much that for a few minutes I have been out of the Chamber. As the Senator from Texas knows, other than for those few minutes, I have been in the Chamber from the time when he commenced his very able speech.

Mr. CONNALLY. I thank the Senator.

Mr. KNOWLAND. But I was called out of the Chamber by a representative of the press, and I missed the part of the Senator's speech in which he referred to China and the general area of China.

I should like to clarify that matter for the RECORD, because I am sure the able Senator from Texas and the junior Senator from California have the same interpretation of the language contained in the bill.

Originally there was some discussion relative to the Far East, which seemed to me and to some others of us to have been a much more extensive term than the term "general area." It was pointed out during the committee hearings that there should be a degree of flexibility so that in the event the Communist forces reached, let us say, the border of Indochina or Burma, there would be sufficient flexibility to enable the funds to be used in that general area of China.

It seems to the junior Senator from California that the term "general area" is a much narrower term than the term "Far East," because under the term "Far East," presumably the funds might have been used in the Dutch East Indies—although I do not say anyone intended that that should be done—or perhaps in a distant area of India, whereas the term "general area of China" relates more to the contiguous area and to the territory in that general area.

I should like to know whether the Senator from Texas agrees with that general interpretation.

Mr. CONNALLY. I think the Senator from California probably is correct, in that the term "general area" is a little more restrictive than the term "Far East," because the term "Far East" includes practically all of Asia.

However, nothing in this measure would permit the use of any of these funds in colonial areas. The Senator from California has referred to Indonesia. Of course, the President or the Congress can instantly cut off any money before it is used on projects of that character; and before any money is used for such purposes, there must be general agreements.

Mr. KNOWLAND. Mr. President, will the Senator yield further?

Mr. CONNALLY. I yield.

Mr. KNOWLAND. I believe the Senator from Texas is correct in that respect. I believe the bill contains ample safeguards not only in relation to China and the general area of China, but also in relation to other sections of the world. I also believe that such discretionary power rests in the President and that, at any time he feels that it is necessary to do so, he may curtail or restrict or eliminate the use of the funds.

Mr. CONNALLY. That is correct.

Mr. KNOWLAND. But I should like to point out that the amount of $75,000,000 was not picked entirely out of thin air. The amount arose from the testimony of Admiral Badger, who indicated that in his judgment the minimum amount that would be necessary in order to meet the situation in China and the general area of China—but his references were particularly directed to China—would be no less than $75,000,000.

The amendment I had originally offered provided for a considerably larger sum, but I want the RECORD to show that the amount of $75,000,000 came largely

as the result of Admiral Badger's testimony.

Mr. CONNALLY. Very well.

Mr. President, I hope Senators will be tolerant about interrupting. I do not mind interruptions; but the Senator from Maryland [Mr. TYDINGS] is to follow me in speaking, and he is compelled to leave for Europe tonight. Se he is pressed for time.

Mr. TYDINGS. That is all right.

Mr. PEPPER. Mr. President, will the Senator permit a brief interruption, which I believe to be desirable at this point?

Mr. CONNALLY. Very well.

Mr. PEPPER. I want this comment to appear in connection with what already has been said about China and the general area.

As a member of the Foreign Relations Committee who was present when this amendment was adopted in the committee, and having made some comment on it prior to its adoption, I wish the RECORD also to show that although I think, as we said in the committee, that attention was focused upon China, nevertheless the President would not be limited geographically to China in connection with the expenditure of the funds provided by the bill, but he could spend them in the general area.

Mr. CONNALLY. That is correct.

Mr. President, a little while ago I was discussing the amount provided, and I was urging that no reduction of the amount be made unless Senators wish to kill the bill. If that is their purpose, they had better vote for amendments calling for reductions in the amount of appropriations under this bill. I do not mean that such amendments would absolutely defeat the passage of the bill, but I mean they would largely nullify the purpose of the bill. If we are going to give any aid, let us give enough aid to accomplish the objectives we have in mind. If a man needs a square meal, we should not simply give him a 10-cent sandwich, which will merely whet his appetite, but will not satisfy the needs of his body at all.

There are those who will say that, at the very least, we should be able to cut the amount without hurting the program. This suggestion is made whenever any new program is before us. I am not one of those who insists that the Congress must consider the estimates of the executive branch as untouchable. Our committee did reduce the amount originally recommended by $160,990,000.

I am convinced that the program has been very carefully prepared and that it cannot be further reduced without doing material harm to the objectives of the bill. That is what 22 members of the joint committee of 25 thought when they voted for the bill. The Armed Services Committee and the Foreign Relations Committee, after days and days and weeks of hearings and consideration, felt that the amount should not be reduced, and they voted to report the bill with that provision in it.

The requests from the countries which will receive aid have been combed over and over again. Every nonessential piece of equipment has been taken out. Any reduction now will bring about a corresponding decrease in the security of the recipient nations and as a consequence our own security will be affected.

America must remain strong. But it will be extremely difficult for us to retain a healthy and strong economy in the long run if we cannot keep ourselves and our friends free from war and the threat of war.

Mr. President, what about our own defense? Some try to minimize the advantage which the United States will obtain from the enactment of this bill. There are those who say "Ah! you are just sending money to Europe, just making arms for Europe." The bill is to the distinct advantage of the United States in carrying out the purposes of the North Atlantic Treaty. Let us see. In case we should have a war—which God forbid—would it not be to our advantage to have Canada associated with us in defense plans? Would not Canada be of aid to us? The question answers itself. Would not Iceland, which largely dominates the passages in the extreme North Atlantic be of advantage to us, not because it is a great military power but because it has bases and strategic locations which the United States could employ to stop the invading hosts from that area? Would not Greenland be of advantage to the United States? It was of advantage to us during World War II. We had bases in Greenland which aided in the protection of the United States and in the general prosecution of the war.

Western Europe? Would not France, with a strong army standing in the pathway of an aggressor, be of help to the United States? Would not the United Kingdom, with her navy, her great air force and her army be of advantage to the United States and give us added security if we ever were threatened with invasion by hostile forces? Would not Belgium, gallant little Belgium, which has made such a marvelous recovery since World War II, be of aid and assistance to the United States? Would not the Netherlands, which centuries ago resisted so successfully the invasion by Spain, under the Duke of Alba, be of aid to us, not because she is great in numbers, not because she has vast armies, but because of her strategic location and gallantry and the courage of her people?

The same may be said of Denmark and Norway. Norway is a small, weak country. But in the negotiations of the North Atlantic Treaty, Norway early stepped out, in the face of tremendous pressure designed to persuade her to pursue a different course. Norway stepped out, and, with rare bravery and splendid courage, announced her position on the side of the democracies and the free governments of western Europe and the United States, defying the covert threat of a great power.

"But," someone says, "how about Portugal? Portugal is not a democracy." Mr. President, I do not know how much democracy Portugal has, but I know she has the Azores. Those islands would not be to the disadvantage of the United States, in case we had a war. Portugal dominates tremendous pathways in that area of the world.

Then, there are those who make light of Italy. Italy cannot increase her military forces beyond what is allowed by the terms of the treaties which we signed and which she signed, and we do not advocate that she do so. But if any war should engulf us, the Mediterranean Sea might be of great importance. Italy is strategically located in the western Mediterranean, and it would not be detrimental to us to have Italy on our side rather than lined up against us.

Mr. President, passage of the pending bill will not provoke an arms race. Russia has an army of 5,000,000 men. For what purpose? It is either for the purpose of aggression and conquest or of defense. No one is attacking or threatening Russia. What is that army for? It is not organized for the purpose of playing polo. It is organized for offensive military action, to overawe those who are fearful, those who are in despair. It is to overawe them and, if necessary, to employ those 5,000,000 men in actual armed conflict. Not only is Russia arming herself but she is also arming her satellites. If there is no harm in Russia's arming her satellites, who have a community of interest with her and who share her ideology, is there any harm in our aiding those who share our ideology and who believe in democracy and free government?

Mr. President, let me warn Senators against reductions in the arms appropriations, reductions which are not substantiated by study, by data, by expert opinions. We have in support of the pending bill the final authority of every military expert in the United States. We have in support of it the Council of the North Atlantic Treaty powers, and we shall have when they meet, the support of the Military Committee organized under the Council of the North Atlantic Treaty. I trust the Senate will not reduce the amount.

Mr. President, we have heard much, both on the floor of the Senate and elsewhere, and it is reflected in resolutions and bills which are introduced, about the union of western Europe and the union of European countries. The pending bill, when passed and put into effect, will do tremendous good in that cause. It will promote the spirit of union, the realization of common interests, the realization that the bill, as it begins to operate and develop, will bring about a united, coordinated, and integrated defense of the North Atlantic area. It will generate within the participating nations a desire to increase their cooperation. If the program under this bill is successful, as I think it will be, it will increase their desire to cooperate economically and politically as well as militarily. They will learn to know, not because it is in the treaty, but because it is a fact, that an attack upon one of these small defenseless countries would in effect be an attack upon them all; because the plan of the aggressor would be to attack one and pick it off; wait a while, until the one could be digested, and then pick off another one, and another, and another; and the sisterhood, as it were, of democracy and free government, would thereby be destroyed. They have come

to realize that, and realizing it, they see the necessity of standing up in the defense of their integrity and their sovereignty and their lives.

An armed attack by an aggressor would be an attack on democracy. The United States is being looked to by the peoples of the world, both our friends and our enemies, to maintain the democratic concept of life among the nations of the world. We do not want to destroy that leadership. Destiny has placed in our hands the leadership of the nations of the earth who want freedom and democracy under constitutional and parliamentary government. We cannot avoid the responsibility. We cannot avoid it without shame and dishonor on our part. We must remain the leader, and we must remain the champion of these great doctrines. We cannot refuse, we cannot evade, we cannot dodge our responsibilities.

Nor is there any real logic in the argument that the MAP will launch us on a world-wide armament race. Let the facts speak for themselves. At the end of the war western Europe had practically no military equipment. It had been used up or destroyed. Moreover, they could not begin to rearm themselves since their primary concern was to keep their people alive. They first had to build up their economic strength, and they bent all their energies in that direction.

Meanwhile, in eastern Europe the Soviet Union maintains the greatest peacetime military establishment in the history of the world. In testimony before our committee it was revealed that she now has over 5,000,000 men under arms.

It is apparent that in spite of the complete demobilization which took place in the United States and western Europe, the deliberate policy of the Soviet Union is to increase its military strength. I am convinced that the policy of the Soviet Union in building up a colossal, unprecedented military establishment would continue whether or not we extended military assistance to the free nations of the world. Let me also reassure those who fear that the military equipment we send to European countries will be used in their own colonies, perhaps in support of colonial policies which we do not approve. The bill, as the committee has drafted it, provides adequate safeguards against such a gross misuse of American military aid.

In fact, the assistance which will be furnished to England, France, Belgium, and the Netherlands, the only recipient countries which have colonies, will consist of the kinds and amounts of equipment which those countries need to carry out their part of the plan for the common defense of western Europe. Before they receive anything under the program they must first enter into an agreement with the United States. That agreement will bind them to use the equipment in furtherance of the purposes of the bill and not for any other purpose. It would be a willful violation of their pledged word if they were to divert any of the equipment supplied by us to their colonies. We could absolutely discontinue all aid to the mother country in case she violated this provision.

Still more important, American observers will be on the spot to watch over the end use of our assistance. If it should unfortunately develop that, in spite of these precautions, one of the recipient countries should abuse our trust and use our assistance in a manner opposed to the common interest, the President or the Congress could immediately withdraw all aid. I hasten to say, of course, that I am sure we shall never arrive at that point with any of our partners in the Atlantic Pact. But the sanction is there, and we would not hesitate to use it if the occasion should arise.

The military-assistance program will not retard the progress of economic recovery. We have been assured that it will not do so. If there is any competition between the two programs for manpower and materials, economic recovery will have first priority. Moreover, any increased production of military equipment will be undertaken within the existing slack of productive capacity so as not to interfere with the production of consumer goods.

Rather than retarding it, I fully believe that the military-assistance program will give a significant boost to economic recovery. It should help dispel the fear that has haunted western Europe since the war. It should do much to build up initiative and self-confidence which are absolutely essential in encouraging new investments, new industries and, expanding trade.

Mr. President, let us dispose of the final argument and I shall conclude. During the debate in the House several Members argued about as follows:

> In the case of ECA we gave Europe the money first and then hoped for the integration of their recovery effort. Integration did not in fact follow. We must not make the same mistake again. This time let us give them half the money as a token of our sincerity and concern. Then, after they have integrated their defense and achieved a true measure of unification, we can give them the other half.

This is a deceptive argument. Integration and unification are easy words, but they are difficult to achieve, as we well know in this country. Yet, as I have already pointed out, western Europe has made great strides in that direction during the past 2 years. With the defense of the Brussels Pact countries already well coordinated and the North Atlantic Treaty organization now in being, there would seem to be no real basis for the fears that unification of defense strategy will not be realized.

Furthermore, on this point the bill is clear beyond any chance of misinterpretation. There can be no escape from the fundamental proposition that our assistance must be used to promote an integrated defense of the North Atlantic area and to facilitate the defense plans of the Council and the Defense Committee. Delay on our part will not bring about an integrated defense system; it will only cause confusion and uncertainty.

Mr. President, I hope the United States will move speedily to fulfill our obligations under the Atlantic Pact. Our security requires that the countries of western Europe be economically healthy and strong. But they cannot build an effective defense system on the strength of our promises. Time is extremely important; often many months or even years are needed to recondition old or order new equipment and get it into the hands of those who are going to use it. Delay will only result in lowering the will of western Europe to resist and in weakening our chances to live and work in peace.

Mr. President, the object of the bill is to promote world peace and security. If we can give even a measure of security to the nations of western Europe we shall make a substantial contribution to the movement of peace in the world. The United States yearns for peace; it is devoted to peace. We poured out billions of dollars, as well as the blood of our gallant soldiers upon many reddened fields of battle, to accomplish world peace.

In his epistle to the Romans, the Apostle Paul, who was one of the real founders of western civilization, wrote as follows, in Romans 2: 18—and I give the reference for the benefit of those who desire to read it:

> If it be possible, as much as lieth in you, live peaceably with all men.

I commend that statement to our friends, the Soviets. I commend it to those who are opposed to this bill. Let us live in peace, insofar as possible, with all men. We in the United States have sincerely attempted to live up to this admonition of the Apostle Paul. We do not covet empire. We do not covet control of any other nation. But we do covet peace and we do covet security. We want free nations and free men to be able to live without the fear of conquest or subjugation.

In simple terms, these are the objectives of the military-assistance program. They are also the objectives of the United Nations. May God grant us the wisdom and the courage to press ever forward in our quest for these great goals.

Mr. TYDINGS obtained the floor.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. ELLENDER. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TYDINGS. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded, and that the roll call be discontinued.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. TYDINGS. Mr. President, after the very able and comprehensive address made by the distinguished chairman of the Committee on Foreign Relations, the Senator from Texas [Mr. CONNALLY], there seems very little to add. His speech was factual, it reviewed the history of the case, it was fortified by figures, it was supported, I thought, by great logic, and there is very little I can add to his most eloquent and comprehensive discourse.

Approaching as a Senator the question of whether I should support or oppose the pending measure I shall try to develop my own reason for supporting it, in a way which I hope will be logical, and which will enable those who have not been privileged to hear all the evidence adduced before the Joint Committee on Foreign Relations and Armed Services to understand some of the reasons and motivations for following a similar course on their part.

First of all, what is the problem here? The problem as I see it is this: This country, rightly or wrongly, has become a member of the North Atlantic Security Alliance. That may have been a mistake, it may have been a good thing, but the time to argue about it has passed. Whether or not it was right or wrong, there it stands, as monumental as the Washington Monument itself, rigid, unmovable, the plighted word and honor of the United States of America.

When we signed on the dotted line with the other countries which are signatories, we said that an attack on any one of the North Atlantic countries would be considered to be an attack on all of them. Thus, if I have any comprehension of what words mean, an attack on the Netherlands by an aggressor would, in our opinion, be the equivalent of an attack upon the United States of America. We do reserve to ourselves the method by which we shall deal with such an attack. Under the pact we do not necessarily have to declare war But we do say that we will consider that this country itself has been attacked.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

Mr. TYDINGS. I yield to the Senator from California.

Mr. KNOWLAND. I should like to ask the able Senator from Maryland if he does not agree, however, that even prior to the ratification of the North Atlantic Pact, under our obligation as a member of the United Nations we were also concerned if there was an overt act of aggression anywhere in the world, in order to try to maintain a system of international law and order against aggression.

Mr. TYDINGS. I thank the Senator for his fortification of my observation. Of course, even without the pact, our adherence to the United Nations Charter put us in the position of supporting any sort of move, within reason, of course, which would tend to promote world peace, or preserve peace, or oppose aggression. But I think that when, within the scope of the United Nations Charter, we specifically designated a part of the earth's surface as the North Atlantic security area, and then by name took up the countries in that area and said that an attack upon one would be considered an attack upon all, we went as far to be specific as the English language would allow us to go.

Here I am, a Member of the United States Senate, representing in part a country which has said to itself, and has said expressly in its written word, "If any one of the North Atlantic countries is attacked, I shall consider it to be an attack upon myself." When we did that, when we adopted, first, the United Nations Charter, but more specifically when we entered the North Atlantic security alliance, we changed, in an instant, whether we realized it or not, the whole military strategy of the United States of America from the standpoint of national defense.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the distinguished Senator from Virginia.

Mr. ROBERTSON. In supporting the Atlantic Pact, which I was glad to do, and in supporting the pending implementation of that program, which I intend to do, I assume that we have not given up either the hope or the plan to do what we can to strengthen the United Nations as an instrumentality for preventing war.

Mr. TYDINGS. I am sure the Senator voices the thought of every Member of this body. I cannot think of an exception.

As I have said, Mr. President, the moment we became a signatory to the North Atlantic Security Alliance we changed the whole political strategy, the whole political plan, traditionally and currently, for the defense of the United States of America. Before we became a signatory of the North Atlantic Security Alliance we relied entirely upon ourselves, without any commitment, express or implied, to any other country, for our own defense, and for whatever action we might take in case of world conflict. We built a navy, we built an army, and more latterly we built an air force, primarily conceived and developed, in conformity with our Constitution and traditions, to protect the Western Hemisphere, and particularly the United States of America.

We have now gone outside that area. We have now committed ourselves in solemn covenant, in express language, beyond the peradventure of misinterpretation, to consider that an attack upon any one of the North Atlantic countries is an attack upon Maryland, Michigan, North Dakota, Florida, Georgia, and all the other States of the Union as much as if the attack were aimed directly at us. That calls for a new approach.

But before I take up this new approach let me say that this new venture into the realm of a larger area than our own beloved country was not taken by caprice. We did not undertake it as a gamble. It was not something which was thoughtlessly done. It grew out of the knowledge that twice before, directly and indirectly, we had been drawn into two great European or world wars. We had hoped that we could stay out of the first one, but after notes were written back and forth until they became anathema to the people of America in World War I, we finally were plunged into that conflict, and in World War II, when every means that Congress could employ to become both at once strong and neutral, insofar as indulging in hostilities was concerned, had failed, Pearl Harbor was attacked, and that war came to us anyway.

Therefore, having twice within one generation been drawn into the orbit of world wars, and then realizing the advent of the intercontinental bomber and atomic bombing planes, and that wars hereafter would come with a swiftness which would baffle description or the imagination of man, we went into the North Atlantic security pact with our eyes open, realizing that an attack on the North Atlantic countries was in reality an attack upon the United States of America.

Having laid that foundation as the basis, I therefore come to the conclusion, which is inescapable from the facts I have adduced briefly, but I hope accurately, that I am voting for this bill in defense of the United States of America, and not as a means of helping any other country arm itself for any other purpose than to keep the commitments of my own Government. There is no escape from the logic of that position.

Let us now proceed. What are our abilities to meet these staggering obligations which we have assumed with our eyes open. Thank heaven, our assets are mighty. First of all we have a Navy which, in my judgment, is three times the equal of the combined navies of the world. That is a pretty good start. That is the sea arm.

How about our Air Force? During the closing days of World War II, I believe our Air Force was the most powerful air agency on the face of the earth. Since then we have put some of our planes in storage. New models have come along. We have not had, in times of peace, the financial ability to keep up the number of planes and the quality of planes as we did, of course, during the war, when money was no object, because we are now in a peacetime economy, and, because of the debt left over from the war, must be more prudent in our expenditures.

Therefore, while our Air Force is still, I believe, the most efficient on the face of the earth, it is not now in some categories the most numerous on the face of the earth. I believe that at least one great country has an air force which in numbers is superior to ours, and in many categories is superior or equal to ours. But, on the whole, I do not believe in its over-all efficiency it is equal to ours, even though it surpasses us in numbers. Therefore, we are in that respect merely one of the great nations with a great air force.

How about our Army? There is the story. For the arms in this bill are for land troops, which we do not have in being now, or the prospect of raising in the months or the years to come. We have a relatively small standing Army—I repeat, a relatively small standing Army—which is being reduced and will continue to be reduced to even a smaller extent with the passing of each year. Therefore while we have a fine Navy and a fine Air Force, neither we nor our allies—I repeat that neither the United States nor its allies—have ground troops. Every military man I have ever known, be he naval man, air officer, or ground officer, says that a war cannot be won without ground troops.

Now where are the ground troops in the North Atlantic Security Alliance? Are they in the United States of America? No. I do not mean we do not have any, but we have a relatively small force. Are they in France? No. France was occupied for 4 years. All its munitions factories were dismantled by the enemy.

All its captured arms, tanks, and other arms were melted up to make new arms for the enemy. Its great standing army was dismembered through captivity, and the only French troops at the end of the war were those who were in Africa, and they had prewar equipment, though when the final invasion of France came they were entirely equipped with American equipment. Those divisions, some 14 or 15 in number, were ferried across the Mediterranean, came up the Rhone Valley, with American tanks and American guns and American equipment, and helped in the initial drive of the closing days of the war.

That equipment has been used ever since 1945, more than 4½ years. It has been used to train an almost entirely new French Army. Some of the tanks are wearing out. Where are the French going to get spare parts? There is no place to get them except here in the United States of America. They were made here. The tooling for making them is here. France has no tooling to make them. The result is that many of the weapons with which we equipped the French are now useless because the French do not have the repair parts to keep them in operation.

Let me review that situation, or sum it up for a moment. I think every Member of the Senate will concede that there is no large ground army, either in this country, in France, in Britain, in Holland, in Belgium, in Norway, in all the North Atlantic countries. There is a navy. There is a fine air force, but there is not a large army, modernly equipped.

On the other hand, there are countries in this world which have shown that they are aggressive-minded, not only in the military sense but through thought processes, in bringing tremendous areas of the earth's surface under their domination for ideological, military, economic, and political purposes. Thus we find in one country a standing military force of 5,000,000 men, more than 100 fine divisions, equipped—and I use the words with measured thought—with the finest tanks on the face of the earth. We have made a commitment with respect to territory contiguous to the territory over which that nation exercises sovereignty. That commitment says, "If you attack anyone of the countries in the North Atlantic security pact, it is just the same as bombing Chicago."

Mr. CAIN. Mr. President, will the Senator yield?

Mr. TYDINGS. Let me finish this thought. We have no ground troops, in the modern sense of the word, from the standpoint of training and equipment, between us and an aggression of that kind.

I now yield to the eminent Senator from Washington.

Mr. CAIN. Is the Senator able to provide us with the over-all numerical strength and the total number of divisions which are presently activated——

Mr. TYDINGS. In the French Army?

Mr. CAIN. No; within the countries signatory to the North Atlantic Security Alliance, leaving out the United States. I ask that question in order that we may begin to contrast and compare the 5,000,000 men in the Russian Army to whom the Senator referred with our present actual strength.

Mr. TYDINGS. I shall try to give the Senator an answer to that question.

Mr. President, those are the circumstances. Some gentlemen, both in and out of Congress, feel that if we have a fine Air Force, staffed by fine men, which I think we have; if we have great intercontinental bombers which can travel 10,000 miles—and I think we have those—if we have the atomic bomb—and I think we have that—we have nothing more to worry about. All we have to do is to send the great bombers into the air with their bombing loads and let them go over the enemy country and drop their bombs. It is believed that the enemy will then throw up his hands and say, "I cannot take any more of this. It is your day. You win the battle." That may be oversimplification, but that is about what it adds up to.

Mr. President, that is the most illusory thinking of which the human mind is capable. Take the case of the Russians. Senators will remember how Hitler drove all the way to Stalingrad, Petrograd, and Moscow. He went far into the Crimea in wintertime. When the attack started in June 1941 the Germans overran France, Belgium, and Holland, and the British forces, in 3 or 4 weeks. They overran Poland in 20 days. All of us in this body said, "Too bad. Russia is next. She cannot hold out." That was the universal opinion in this body. Yet somehow or other, even with all the rich agricultural lands of Russia in Hitler's hands, the Russians found the strength and determination to begin a counterattack which eventually wound up in Berlin in victory for the Russians.

When bombs drop on the enemy country, we do not know that the enemy armies will be in that country. I should assume that in the case of a great country with a large land potential, the enemy armies would be fighting in the countries of the North Atlantic area.

Mr. THYE. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. THYE. I fully concur in what the Senator is saying, and I share his convictions. However, I do not want in any sense to convey the message to Russia that she reached Berlin unaided. It was really the allied strength and the great strength of the United States which helped her to reach Berlin. I do not want to convey to the Russian people in any sense the thought that Russia reached Berlin by herself.

Mr. TYDINGS. I thoroughly agree with the Senator's observation. My point was not directed to the question of which nation captured Berlin. It was directed to the fact that the Russians came from Stalingrad all the way to Berlin at the conclusion of the war.

Furthermore, if we were discussing Russia as a possible enemy—and in this illustration I am speaking only hypothetically of the great country of Russia to prove my point—if Russia were to attack western Europe I suppose that most of the Russian Army would live off the country which it had penetrated and would immediately try to put the industrial plants there to such use as would equip the Russian Army in the North Atlantic European countries. Therefore, we could not go in with our intercontinental bombing planes and bomb our Allies in Paris, Brussels, The Hague, London, or wherever they might be. We would have to land, for those countries would be in bondage until we did land. Our commitments would still exist so long as they were in bondage. We could not say, "Now that you have been conquered by the enemy, we have nothing more to say."

We have already said that an attack on any one of the nations in the North Atlantic Security Alliance is an attack on the United States, and we have pledged our honor that those words shall be living words, and that we meant with burning intensity what we said. We did not mean "perhaps" when we wrote those words and placed the signature of the United States of America at the bottom of that historic document.

Some persons say, "What is the use of having a land army in Europe? The Russians would go through to the Atlantic Ocean. Nothing could stop them." I admit that that is true today, but it may not be true 5 or 6 years from now. If the French had 35 or 40 divisions, as well they might have—they had them before—equipped with modern weapons, with trained personnel, supplemented by British troops, supplemented by Dutch and Belgian troops, supplemented by a good air force which could take off from either European or near-European bases, the story would be different. No one is going to walk through 50 or 60 divisions fighting on their own land, with the rivers running in their favor. Armies must cross rivers. So far no scientist has been able to make a soldier walk on water.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. ROBERTSON. Is it not also true that if we were so unfortunate as to be involved in a third war, no opponent would assemble 50, 70, or 100 divisions where we could drop one atomic bomb on them and wipe them out? They would be dispersed, would they not?

Mr. TYDINGS. Of course. If we were fighting an enemy who had come from hundreds of miles away, we would first have to destroy all his railroads and bridges so that he could not supply his troops. Three years ago I was flying from Paris to Berlin. From a point above the Rhone and Moselle I looked down on a clear day and counted 10 bridges which had been destroyed, and which I could see from a single point in the air. It is pretty hard to supply tanks, artillery, men, and ammunition if there is no way of getting across the rivers. I would put the American Air Force up against any other in the world when it comes to the task of disrupting lines of communication.

Moreover, if we have 40, 50, or 60 well-equipped and trained divisions, we have time. The most priceless thing in Christendom in time of war, which no enemy

on earth can buy, is time. If Senators do not believe me, I remind them of the picture in Congress on the 8th of December 1941. We wanted time within which to rebuild the fleet and the carriers to go out and punish the wicked, deceitful people who, while talking peace in America, were plotting behind our backs to destroy us.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. SALTONSTALL. The Senator speaks of time, and of the need for ground troops, and other needs for the defense of our own country and in order that we may live up to the compact. Is not the fundamental, underlying purpose of this bill and of what the Senator from Maryland has been saying, the prevention of the occurrence of all the things the Senator from Maryland has intimated might happen if we do not build up this strength?

Mr. TYDINGS. Certainly; that is the whole philosophy of this proposal.

I once asked as eminent a military authority of our own country as I know of—I shall not mention his name—whether, if there were 40 or 50 well-equipped and well-trained divisions at certain places in Europe, in the event certain acts of an aggressive nature should happen, they could hold and could do the job; and I asked him whether he would give his opinion to me in writing. I have it in my office. I would not use it, because I do not think it should be used. But he said—without going into the details—that 40 or 50 well-equipped divisions in the right places over there could withstand an attack for months, and perhaps could turn the whole tide.

Mr. President, who are we in the Senate to say that a man of preeminent military leadership and capacity, who already has proved on the battlefields the correctness of his judgments, is wrong?

Mr. GEORGE. Mr. President, is the Senate to be bound by the opinions of military men?

Mr. TYDINGS. No; but I would rather have their opinions on military matters than I would to have mere lay opinions.

Mr. GEORGE. I am not asking that.

Mr. TYDINGS. No one is attempting to bind the Senate on this matter. I am simply bringing to the Senate the best witness in Christendom, the most expert of all of the experts, to testify on the merits or demerits of this case.

Mr. GEORGE. Let me remind the Senator that since the days of the very ancient philosopher who said that war is profitable to many men, military men have always wanted to prepare for war—and properly so—as a defensive matter. But I did not ask the Senator whose opinion was best. I asked the Senator whether the military opinion is to be taken absolutely and without question.

Mr. TYDINGS. No. No man would so contend. But I should like to ask the Senator from Georgia if he would think he could produce as able a witness in support of the opposite view as the one I have produced in support of the view I have presented. If so, let the Senator produce him.

Mr. GEORGE. The Senator from Maryland did not disclose his witness.

Mr. TYDINGS. My witness was Gen. Omar Bradley. I do not think he would mind having me make this statement.

Mr. GEORGE. Gen. Omar Bradley is not a Member of the Senate, charged with responsibility for the inauguration of a policy which as a Senator he might not be willing to inaugurate.

Mr. TYDINGS. No; but if events take a bad turn, Gen. Omar Bradley will be the poor fellow who will have to do the job for the Senate and for the rest of the United States, and he will have to do it with what the Congress has given him as tools with which to do it. If he is not given enough, we probably would blame General Bradley, instead of ourselves, just as in the past, when the military support provided has not been sufficient, those in charge of the armed forces, not the policy makers, have been blamed.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. ROBERTSON. Mr. President, the Senator from Maryland has very forcefully brought to our attention the fact that it is the considered opinion of our military leaders that if there is another war, we still will need unified forces in the air, on the water, and on the land.

Mr. TYDINGS. That is correct.

Mr. ROBERTSON. Although I was already convinced of that fact, I wish to say that I hope all who read the RECORD will be reminded of the fact that the distinguished Senator from Maryland, who has made the statement, is possibly the best qualified military expert in Congress; that he had a distinguished record in World War I; and I shall not say for how many years he has been on the Armed Services Committee or the Military Affairs Committee, but it has been long enough to qualify him to have a well-informed opinion.

I come to this query: Everyone I know in this country wants peace. Our people certainly prefer peace to war. The Senator from Maryland has told us the best plan in his opinion and in the opinion of military experts is to build up a defensive organization, coupled, I hope, with a more effective participation on the part of the United Nations, to stay the hand of an aggressor.

But although all of us want peace, nevertheless I find some taxpayers a little reluctant to face the cost of peace. They think peace should be free, just as it is said that religion should be free, although I do not think religion is free if it is approached from the proper standpoint. Certainly peace is not free. But the price of peace can be less than the price of war.

To put this matter on a purely materialistic and financial basis, does the distinguished Senator from Maryland believe it would cost us less, in the long run, if the manpower is available in Europe, as I assume it is, to equip the manpower of 11 allies, rather than to rely solely on drafting American boys, training them, and then giving the equipment to the American boys? Which would be the cheaper, solely in terms of dollars?

Mr. TYDINGS. The Senator's argument is so logical that it virtually answers itself. Later on, I shall show that in meeting our responsibilities in these matters, either we shall meet them as 1 of 12 nations, or else we shall have to do all the job by ourselves, and furnish all the men, all the equipment, all the natural resources, and make all the sacrifices. In other words, although all 12 of the nations have committed themselves jointly to do all they possibly can to maintain the peace, yet, under the second alternative I have presented, the United States would do everything in that connection, and would let the others take a "free ride." I want the other nations who have joined with us to be in a position to do their share of the fighting and to produce their share of the arms and to spend their share of natural resources. The United States cannot support the North Atlantic Security Alliance all by itself.

So I wish to give the other signatories to the North Atlantic Alliance the means of getting started. Under no circumstances in so doing would I be a party to underwriting the reequipment of all these peoples abroad, and I do not mean to qualify that point. But, in view of their present pitiful weakness and our present pouring out of billions of dollars to help them get on their feet economically again, I realize that they cannot do that and at the same time adequately maintain their defenses.

Therefore, without the slightest commitment for next year or for any other year on my part, I am willing to vote for a considerable sum of money to help them get started, to put spirit and morale and vitality and new life into their armed forces, believing that in the long run it will be cheaper for the United States in dollars, as well as in lives and resources.

Mr. ROBERTSON. Mr. President, will the Senator further yield?

Mr. TYDINGS. I yield.

Mr. ROBERTSON. In connection with the statement the Senator has made—that he is willing to vote for a considerable sum of money—am I correct in understanding that the sum of money he has in mind for the current fiscal year is approximately $500,000,000, and that every dollar of that money will be spent with American industries, to purchase military equipment in the United States and ship it abroad, and that not a penny of that money will go abroad, to pay salaries or to pay similar expenses?

Mr. TYDINGS. Practically the entire $500,000,000 will be spent in the United States. There probably will be some exceptions—for instance, in the case of raw materials and a few things of that sort. But in essence it may be said that, basically, the entire amount is to be spent in the United States. I do not know that that course is as wise a one as it would seem to be at first glance, but I am answering the question for the moment.

Mr. ROBERTSON. Of course, I assume it would be cheaper to let some of the European countries manufacture some of

the equipment in their own plants, and on the basis of their own plans.

What is the total amount?

Mr. TYDINGS. The total is $1,000,000,000, with $500,000,000 in cash and $500,000,000 in contract authority, the latter amount probably being due in the following fiscal year and, in part, in the year after that.

Mr. ROBERTSON. The Senator does not contemplate that in the face of a large deficit this year we would have to appropriate more than $500,000,000 in cash for the current fiscal year, does he?

Mr. TYDINGS. That is correct. I say that if we do not do it, then in my opinion our national budget for the next fiscal year will increase rather than decrease, because to a large extent I think I can prove that inasmuch as this matter deals with a land army, unless there is to be a land army in Europe, being trained and made ready, we shall have to have a larger land army here in the United States.

Mr. ROBERTSON. And if we have a larger land army in the United States, will not each additional private cost us approximately $3,000 a year?

Mr. TYDINGS. We shall have to resort to the draft, in my opinion, because not sufficient volunteers will be available to do what I believe we shall have to do. Of course, there is no such thing as half-way preparedness in time of war. Either a country is prepared or it is not prepared. In this matter, as of today, and also in the future, time is of the essence.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to my good friend from Vermont.

Mr. FLANDERS. I thank the Senator. In reading the report of the committee, I noted in the latter part of it statements to the effect that our potential enemy had a military force of 5,000,000 men, and that they had recently increased their military budget by 19 percent.

Mr. TYDINGS. That is correct.

Mr. FLANDERS. In considering those figures, and in considering what we propose to do under the pending bill, I am prompted to ask the Senator from Maryland whether he would mind my saying that it reminds me of a game called spit in the ocean. How, in time, can we expect on this basis to counter 5,000,000 men and an increased financial support of unknown dimensions? Does not that lead to the thought that we had better take a look at the last war to see when it began to go well with us? Was it not when we drove the Germans from the air? Should we not concentrate now on driving any potential enemy from the air? That does not mean concentrating on atom bombers, either, because that is not necessarily the way to drive the enemy from the air.

My guess is that if the Senator from Maryland will read the speech which I put into the RECORD, in which I presented my plan to save $2,000,000,000, he will find the suggestions I am making extend to what seems to me to be a plan of military preparation which is very worth while considering, and which is not a "spit in the ocean" plan. It would cost $2,000,000,000 less than our present military budget. The thing we have to do is not concerned exclusively with 5,000,000, 6,000,000, or 7,000,000 men. If we are to oppose the Russians on the basis of foot soldiers, we have a terrific job ahead of us, which neither we nor our allies can stand. If we can drive the aggressors from the air, they will not get anywhere near the Rhine.

Mr. TYDINGS. I agree there is a great deal in what the Senator says, and of course a part of this program goes for the air arm over there as well as for ground troops, because the air arm has the dual purpose of supporting the ground troops as well as devastating lines of communication. But let me recall to the Senator's attention his remarks in one particular. Does the Senator know it requires about eight or nine foot soldiers on the ground to support one aviator?

Mr. FLANDERS. I know it takes a number of them.

Mr. TYDINGS. That is why, when we start to build up the Air Force, we must enlarge the Army, because one of the great functions of the Army is to support the Air Force, to protect its bases, and support it in every possible way with munitions and equipment of all kinds. General Bradley has testified before the Armed Services Committee frequently that if we enlarge our Air Force we must likewise be ready to enlarge our Army, because without the ground support, as my good friend from Washington knows, having served in that very branch in World War II, the Air Force loses a tremendous amount of its efficiency. So we cannot merely think of planes flying, without thinking of all the ramified work of the Army, outside the Air Force itself, which supports the planes.

Mr. FLANDERS. I wonder whether the Senator from Maryland will mind my suggesting that he talks like most military men——

Mr. TYDINGS. I thank the Senator.

Mr. FLANDERS. When he says it requires seven men for a plane?

Mr. TYDINGS. Not for a plane—no—for an aviator.

Mr. FLANDERS. For an aviator? Very well, for an aviator. That immediately suggests to the military man that we have got to enlist seven new men. It does not suggest to them that perhaps they should be letting down on the preparation and maintenance of an infantry force. It does not suggest to them that the work of the Navy in the next war—and it will be exceedingly important work—will consist of keeping the seas open in spite of submarines.

Mr. TYDINGS. Mr. President, will the Senator allow me?

Mr. FLANDERS. Yes.

Mr. TYDINGS. I do not want to yield too much. I will yield for a question, but I think the Senator is really making a philosophical observation in my time.

Mr. FLANDERS. I am simply trying to save $2,000,000,000. I shall not ask any more questions.

Mr. TYDINGS. Let me say to the Senator, it is necessary that we have a Navy in order to assure the transportation of gasoline to the European bases, in order that the airplanes may fly. It it impossible to fly supplies of gasoline to Europe. It would be burned up in transit. When our planes reach European bases there must be available Army trucks in which to carry gasoline to underground tanks. Food must be supplied for the men. A vast amount of equipment, shoes, clothing, and so forth, must be provided, there must be adequate hospital facilities, and so on. It is impossible to conduct an operation merely with aviators, airplanes, and an air force. There is no more vital part of it, but back of the really romantic and thrilling and courageous picture of the aviator who goes up into the air and dares to take on the enemy and to do combat with him, there are a host of unsung heroes on the ground who serve, although they only stand and wait.

Mr. FLANDERS. Mr. President, let me merely say to the Senator—and then I shall resume my seat semipermanently—I am not at all contending against what the Senator has just been saying. I am raising the question as to whether the pending bill is based upon the views of military authorities who have their eyes fixed on the 5,000,000 men, or whether they are seeking a greater economy of means and a greater economy of lives in resisting and stopping our presumable enemy.

Mr. TYDINGS. I appreciate the Senator's point of view. My point is, recurring briefly, that we do not have a large ground army; the French do not have a large ground army; the Belgians do not have a large ground army; the Dutch do not have a large ground army; the English do not have a large ground army. If we want to fight a war with only a navy and an air force, and have just such troops as are necessary to support the air force, all well and good. But I do not think there can be found in any country on earth a military man of even reasonable eminence who will advise fighting a war with only a navy and an air force.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CONNALLY. In World War II, all the countries of Europe which were overrun and occupied were overrun and occupied by ground troops, were they not?

Mr. TYDINGS. That is correct. The air force made a tremendous contribution.

Mr. CONNALLY. Certainly.

Mr. TYDINGS. But the final occupation came with the ground force. Who can forget the memorable day when the troops crossed the lower end of the English Channel and landed on Omaha Beach and Utah Beach, and the tense struggle, with all the air assistance that took place there, when the battle ebbed and flowed up and down the Cherbourg Peninsula, around Caen and St. Lo, until finally the army under General Patton, with his tanks, broke through and created consternation and started the whole German retreat, until it finally wound up with the fall of Berlin? In God's name, are we in this alliance planning to go to the aid of any one of these countries with no ground troops, with no armor? And if they do not

have them, who but American boys and American taxpayers and American coal, oil, and iron, and American dollars are going to fill the void?

How long would such a situation prolong the war? How much more costly would it be? It would make this appropriation look like peanuts. There is not a military authority on the face of the earth—I defy anyone to summon one, Eisenhower, MacArthur, or anyone else—who would support our commitment to all the areas in Europe upon the premise that we could do it without a land army. That is the reason I am supporting this bill. I was not one of the speakers for the North Atlantic Pact. I kept very quiet. I did not know whether I wanted to vote for it. I had misgivings, some of which I am expressing today. I realized that we were undertaking, as many of the opponents of the North Atlantic Pact pointed out, obligations which were far-reaching; but I resolved my doubts finally in favor of it, upon the premise that we would probably be drawn into it anyway, and that possibly our great reservoir of industrial might and know-how, and of military potential, could be woven together into a force so strong that perhaps the peace of the world could be secured. I finally cast my vote for the pact. But now that we are in it, are we going to say to prostrate nations that are militarily weak on land as well as in the air, "We are not going to help you; if you cannot help yourselves, it is all right with us; even if you are a pact nation, you cannot count on the United States, with its young manhood, its riches, and natural resources, to come over and help you out"? I am not going to say that.

Mr. President, while I am on the subject, let me speak a moment with reference to economy. As a member of the Armed Services Committee and also a member of the Appropriations Committee with regard to military appropriations, I want to invite attention to the fact that the Senator from Maryland voted to reduce the amount in the military appropriation bill as it came to the Senate by $1,380,000,000. With respect to some of the cuts I had doubts, but I felt that we had to force our Military Establishment to live more economically, and I supported the Senator from Oklahoma [Mr. THOMAS] and suggested some of the amendments which he offered to bring about reductions. I helped to put through the unification bill, over a sea of rough billows, believe me, in order further to make our dollars more efficient in the military sense. Heaven knows, if I felt that was any economy at all in cutting down the amount in this bill, I would cut it. But I think I have made a record already which shows that I am not averse to military economy.

Mr. President, this would be the poorest economy in Christendom. I will tell the Senate why. How many divisions are there now in France, as my good friend from the State of Washington asked me a moment ago? I think there are nine. With what are they equipped? With American equipment left over from World War II. What is the condition of that equipment? Is it usable? A great deal of it is usable. It has been repaired many times. Some of it cannot be used because spare parts are lacking to make it function. How large is the French Army? With its reserves and its standing army it is approximately 500,000 men. Has France sufficient equipment with which to train them? No; they have not sufficient equipment. Some of it is not usable. Is it modern? No. Many of the tanks would now be secondary tanks even if they were new. Has France the money with which to buy new equipment? No. We have already proved that they are not able to do it themselves, because we have appropriated billions of dollars, not for military equipment, but for bread and butter. The first thing a soldier must have is something in his stomach before he can go forth and fool with a gun. If they have not the money, if they have not the weapons, if they have not the equipment, and if they have not yet come out of the state of prostration in which the war left them, then our choice is to give them nothing and have all the responsibility for the security of the future, or to give them some help which will permit them to share with us the responsibility which I like to interpret in terms of human life as well as of dollars.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. GEORGE. Is it the Senator's concept that the North Atlantic Pact binds us to go to the defense of a nation which will not defend itself or will not undertake to prepare to defend itself?

Mr. TYDINGS. I do not recall that that reservation was written into the pact. All I recall is that an attack on one is an attack on all.

Mr. GEORGE. Is that the Senator's concept of it?

Mr. TYDINGS. I think that would be open to serious consideration, because no reservation of that character was written into the pact. We adopted it, hook, line, and sinker. We took it at its face value. We made no reservations to it whatsoever. I mean, along the lines which the distinguished Senator from Georgia has suggested. If France should be attacked tomorrow morning—I will answer his question specifically—and should not be able to defend herself, I should like to know whether the Senator feels that under the North Atlantic Pact, assuming that France was not the aggressor, we would be bound in such manner as we saw fit to go to her assistance?

Mr. GEORGE. That leads me to ask this question, which I think goes to the whole root of the Senator's position. Who is going to attack France tomorrow morning?

Mr. TYDINGS. Russia, peut-être, as they say in France.

Mr. GEORGE. I wish the Senator would speak to me in English. I take it that the Senator's whole speech and position are predicated upon the idea of imminent peril from an attack on some one of the North Atlantic nations which we have agreed to aid. The Senator is entitled to his own interpretation of the North Atlantic Pact.

Mr. TYDINGS. I do not follow what the Senator is asking me. Perhaps I did not catch his point.

Mr. GEORGE. I wanted to know who is going to attack France tomorrow morning.

Mr. TYDINGS. I would answer that one never knows when anyone is going to attack, any more than we knew that the Japs were going to hit us at Pearl Harbor; but we knew it on the 8th of December 1941.

Mr. GEORGE. I doubt that the Senator's answer is very responsive to my question.

Mr. TYDINGS. I think it is very responsive. I do not think the Poles knew that Hitler was going to invade Poland.

Mr. GEORGE. How many men did France have under arms at the outbreak of World War II?

Mr. TYDINGS. If I recall correctly, she had approximately 2,000,000 men.

Mr. GEORGE. Was it not 3,000,000 men?

Mr. TYDINGS. It probably was.

Mr. GEORGE. And France had the Maginot line.

Mr. TYDINGS. That is correct.

Mr. GEORGE. How long did that stand up?

Mr. TYDINGS. Not very long.

Mr. GEORGE. It stood for 39 days, did it not?

Mr. TYDINGS. I think it did.

Mr. GEORGE. And France had some help from Great Britain.

Mr. TYDINGS. From Great Britain and from Belgium.

Mr. GEORGE. How long would be the whole frontier of Europe if Russia should march all the soldiers she could march? Would it not be approximately a thousand miles in length?

Mr. TYDINGS. If the Senator from Georgia voted for the North Atlantic Pact, with the dark picture which he has in his mind, I do not understand why he ever cast his vote for the North Atlantic Pact, in the first place. I should like an answer to that question. If there is nothing to fear——

Mr. GEORGE. I do not think there is any danger of an immediate attack. But what I am now saying is that I do not interpret the North Atlantic Pact as obligating us to go to the defense of any country which is unwilling to defend itself or make any preparation to defend itself.

Mr. TYDINGS. The French are not unwilling.

Mr. GEORGE. Then I assume France would defend itself.

Mr. TYDINGS. It would. The Senator has voted for some of the appropriations to give France bread and butter.

Mr. GEORGE. Not only to give them bread and butter; I voted for appropriations to rehabilitate their industries.

Mr. TYDINGS. But not for military uses?

Mr. GEORGE. How can we build up one industry without strengthening the whole country?

Mr. TYDINGS. The money was limited to useful purposes. That meant to produce or purchase things they had to have. The Senator asked me who was going to attack France tomorrow morning. I could not answer that, but I ask him why, if he does not see any attack on France tomorrow morning, he

voted for the North Atlantic Pact which pledges us to go to the aid of France in the event she is attacked.

Mr. GEORGE. If the Senator will permit me to answer him, although I do not care to take too much of his time——

Mr. TYDINGS. I yield.

Mr. GEORGE. I voted for the North Atlantic Pact because I thought the real value of it was our plan to defend those nations whose defense we deemed to be essential to our own safety and security if they were attacked by an aggressor but not upon the assumption or basis of their unwillingness to prepare themselves to defend themselves.

Mr. TYDINGS. With all due respect, the Senator has dragged into this argument a condition which does not exist. The French are perfectly willing——

Mr. GEORGE. Oh, Mr. President——

Mr. TYDINGS. Let me finish, please. The Senator wants to be fair. He and I are debating, and I let him answer, and I ask him now to let me reply.

In the first place, there is not a scintilla of evidence that any one of the North Atlantic countries is unwilling to defend itself. They are here with their defense ministers, with their military staffs, begging us to give them help, saying that they have not the dollars with which to get what they need to defend themselves. So the Senator's whole premise is wrong. There is not an iota of fact to support it.

Mr. GEORGE. Now, will the Senator let me answer?

Mr. TYDINGS. I yield to the Senator.

Mr. GEORGE. I have not assumed at all that they will not defend themselves, nor that they will be totally unable to defend themselves. I do not now assume that. Indeed, I assume, as I understood General Bradley and all the other military experts who testified before the committee to state that their main defense must lie with themselves, we giving them such aid and assistance, at such times and on such conditions, as we feel we can give them or should give them, pledging ourselves to go to their defense in the event they are attacked by an aggressor. The Senator is speaking here as if only those who want the precise amount the committee has agreed upon are willing to do anything for the European countries. I wish to ask the Senator if there is any dissent to the amount of money carried in the bill for Greece and Turkey.

Mr. TYDINGS. No; but I cannot understand why we should cut appropriations involved in the defense financially of a country to whose defense we are obligated by treaty to go, which appropriations our military advisers asked us to cut, and not cut amounts in places where we are not obligated to go to the defense of a country, no matter what happened. If that is not an anomaly, then I do not know what an anomaly is.

Mr. GEORGE. Now the Senator runs off and makes another argument.

Mr. TYDINGS. No; I am not running off. I answered the Senator's question specifically, just as he asked it.

Mr. GEORGE. I shall ask the Senator a simple question. Did anyone propose to cut the appropriation?

Mr. TYDINGS. No; not for Greece and Turkey.

Mr. GEORGE. Did anyone propose to cut the appropriation for Iran?

Mr. TYDINGS. There was not much to cut there, it was so small.

Mr. GEORGE. Or the Philippines?

Mr. TYDINGS. We cannot cut that without making it really a vanishing amount.

Mr. GEORGE. Did anyone try to cut the $450,000,000 appropriation——

Mr. TYDINGS. No; but they will try to cut money intended for the North Atlantic security countries which we are bound by treaty to defend with the lives, with the wealth, with the resources of the United States of America.

Mr. GEORGE. I cannot argue against mere noise.

Mr. TYDINGS. No, I know that, not when it is supported by logic.

Economy. God save the name. What crimes are committed in its name. We have just finished a war which cost this Nation $400,000,000,000, a large percentage of which could have been saved—and I do not blame the Congress or the Government—if our whole people, including the Congress and the executive branch, had had a little more imagination and a little more foresight to realize that as things were going we were likely to be involved in the war, and if we had pursued and prosecuted our preparations with more dollars and greater diligence.

Mr. President, I have told the story so often that I apologize for telling it once more, but when one has a personal experience, it sort of sticks in his mind. Almost for one long year I, with all the other members of the military force who went forth in World War I, drilled in the training camps of America with logs, skinned of the bark, to represent guns. We would take them out and shoot at the imaginary enemy in drill. We never saw a machine gun until we got to France. Then we were equipped with the heavy British machine gun—a wonderful gun, incidentally—after a year in training camps in America.

We never saw a machine gun until we got to France, as I have said. All that time the Germans were preparing to make that great drive between Soissons and Rheims down towards Chateau Thierry, where that famous marine and infantry group wrote immortal history for the whole world. It was the beginning of the end of the war. Those were American troops, which would not give way. The few guns they had were fired until they were steaming hot, and the enemy had to retreat, and the debacle commenced.

Ah, yes, we will do it all over again. I condemn no man in this body. I made my mistakes, as a Member of the Congress, in preparing for World War II. I was not always enlightened. I heard testimony, but I took a rather calm view of the situation. I thought there was no need to become too much excited, and I went along with all the measures which were proposed. But what inadequate preparation there was. Shall we repeat that experience again?

I have posed in pencil a little question: Our choice is to withhold aid and do most of the preparing ourselves, in money, blood, toil, sweat, and irreplaceable treasure, or we can give aid, within reason, and reduce our probable cost in blood, in money, in sweat, and toil, and irreplaceable treasure. That is the choice.

We are not giving something away without thought of our country. My whole motivation for supporting this proposal with as much vehemence as I find myself using is because, though I may be wrong, but I do not believe I am wrong, I see untold American boys who will not be killed; I see oil wells which will not be drained of oil to be sent abroad and to be wasted in slaughter; I see our iron mines undepleted, our forests not cut down in a long and devastating war, and the debt, which is now $250,000,000,000, going beyond the trillion mark, with all that means.

Mr. President, I think in large measure we can avoid such a catastrophe by giving to the countries of the North Atlantic Security Alliance something which will help them to hold the fort, something which will eventually, not this year or next year or year after next, but perhaps in 5 or 6 years, enable them to furnish a well-balanced, strong force, willing, under the terms of the pact, to take on the full, wicked, first vicious assault of a powerful and almost overwhelming foe.

The countries must act in good faith. They have committed themselves before God and man to fight on our side against any aggressor in this whole area. They are willing, they say, to take their youth and put them out on the perimeter, whether it be the Rhine or the Moselle, or wherever it may be in the North Atlantic area, to meet the savagery of new troops, with new and modern weapons, who may be the aggressors in the next war. We cannot be there. We cannot transport our men. We can help them with our Air Force for a while. We can help them with our Navy. But unless they do it on the ground themselves, your boy, Mr. President, or your boy's boy in the unfolding cycle of years yet to come, must go over there to do the job for a third time, just as we have already done it twice before.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. JENNER. Have any of the military experts the Senator has advised with, or who have testified before the Senator's committee, informed the Senator of the number of divisions we should have on the perimeter the Senator spoke of at all times in order to withstand aggression from Russia?

Mr. TYDINGS. I could not answer that question categorically. I would say to the Senator from Indiana that I have been advised by several eminent military men, in whose judgment I know the Senator would have great confidence, that from 35 to 50 divisions available would be a force that could conceivably turn the tide, and in any event would give us months, perhaps, so that we would not lose a bridgehead, which is one of the dearest things to buy with human life and money in all the military operations, I believe, known to men.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CAIN. I wonder if at this time, and with particular reference to the question just raised by the Senator from Indiana, the Senator from Maryland would find it convenient to give us an estimate of the situation as it confronts us today in terms of divisions.

Mr. TYDINGS. Mr. President, I will do the best I can. The question is a very fair one. I may be slightly inaccurate, but I think basically I am within reasonable limitations of accuracy. The French have nine divisions. They are equipped pretty well with American weapons. Those weapons were given to the French at the time we equipped them for the invasion of Europe by way of the Mediterranean, and the French came up the Rhone Valley, as the Senator will recall, by way of Grenoble and Lyons, and the other cities in that valley. Now since the war they have not had much in the way of spare parts. As I understand they are training about 250,000 men a year, who, after they serve a year, go into reserve.

I think the regular French standing army is composed of about 250,000 men. So that counting the reserves being trained for a year, and counting those who are in the Regular Army, the French have about 500,000 men, a large part of whom are without equipment. They have to use the old equipment they have.

When we get to the Belgians, Belgium has a very small population to begin with. It is a sturdy little country. It has come out of the depression faster than any other country in Europe. I believe they are not in the future asking for more economic aid under the Marshall plan, and, with the help they have obtained from their possessions elsewhere they have made a remarkable comeback. But it is possible they cannot furnish a great deal in the way of manpower. They will, however, furnish a great deal of quality in the way of special troops, I believe, that would fit into this picture. I am merely guessing, but I imagine their contribution eventually would be, with the supporting troops—I am speaking without regard to supporting troops as I number divisions—with supporting troops I would say that they would probably furnish four or five good divisions, with additional troops in support.

Then we come to the British. I am taking a great deal on myself, but am trying to give the Senator an answer, and I am doing it as best I can. Though I am not a military expert, yet I am trying to give an accurate answer. The British I believe have now about six divisions. Perhaps they have more. They have a very good air force. They have the remnants of what was a terrifically powerful navy, and is still a very fine and a very able navy.

The French do not have much in the way of military airplanes. Naturally, 4 years after the war, with the factories all disrupted and dismantled, they have had to secure their military aviation equipment outside of France.

So when it is all put together, I may say to my good friend the able Senator from Washington, that there is not a very imposing area of ground forces. The problem confronting the committee was this: Shall we allow this condition to remain, knowing that the North Atlantic countries do not have the full-steam ability to go ahead and correct it, because our own efforts to provide economic help for them prove that they have not the ability to go full steam ahead? Shall we allow this condition to fester while we have an international commitment, or shall we try to give them the impetus to go ahead, and take it up by themselves from there, and pull down the road on their own strength?

Have I answered the Senator's question? If I have not done so to his satisfaction he may ask other questions, and I shall try to fill in.

Mr. CAIN. I appreciate very much the information the Senator from Maryland has provided, and in keeping with a number of other Senators, including the Senator from Maryland, we want to get as much additional information on this delicate question as we can. If I understood the Senator's premise correctly, he thought 35 or 40 divisions, if we assume that they really wanted to fight——

Mr. TYDINGS. I think I said 35 or 50.

Mr. CAIN. From 35 to 50. If we take as an assumption that they are willing to fight, which certainly is an assumption which has not been demonstrated as yet, in connection with the present-day figures the Senator has just given I assume there are currently enough divisions in Europe which, when properly trained and armed, will constitute about 50 percent——

Mr. TYDINGS. Of what we ought to have.

Mr. CAIN. Of the defense we seek to secure in those western European nations. Is that approximately the Senator's guess?

Mr. TYDINGS. Yes; I think that is a pretty fair estimate. I would say to the Senator, so that neither of us will leave the Senate under a misapprehension, that the North Atlantic nations, of course, do not have the ability, even with this equipment, to furnish the remainder of the equipment necessary to supply the 50 percent perhaps immediately.

Mr. CAIN. As the Senator can well imagine, I have a number of reasons for asking these questions, not the least of which is that we want to determine what we are trying to do at the outset, and follow it through to its logical conclusion.

Mr. TYDINGS. Yes.

Mr. CAIN. Because we must answer everyone's question as to how far we want to go once we become embarked on this European arms program, if we do. One other question, please: Does the Senator from Maryland have an approximation of the number of fighting divisions which the United States presently has.

Mr. TYDINGS. Over there?

Mr. CAIN. Yes.

Mr. TYDINGS. I would say to the Senator that it would be less than the fingers and thumbs on the two hands. I would not want to name them, but that is a pretty close guess.

Mr. CAIN. The junior Senator from Washington is certainly in agreement with that approximation. So if we take the divisional force and strength which the nations of the North Atlantic Pact have, including ourselves, and compare that with the standing army of 5,000,000 men now under arms within Russia—for the most part it seems to consist of 100 divisions—if we are thinking about parity in terms of military strength we have a distressingly long distance to go. As one who, like the Senator from Maryland, has seen service for his country, I constantly puzzle over whether or not the questions of tomorrow are going to be answered on the basis of military power. I think there is much to be said for the contention that it just is not possible.

Mr. TYDINGS. I think the Senator from Washington has just now made a very sage observation. I should like to supplement what he has said, and what the able Senator from Texas and the able Senator from Michigan have frequently said.

I dislike—no, that is not a sufficiently strong word, neither is hate—the whole business of war so violently that if, as a Member of this body, I could conceive of any vote I could cast, or pathway I could pursue which would assure enduring peace, regardless of its popularity or its unpopularity, I think I would walk it relentlessly. The game of war is the most unfair game men play in all of Christendom. Two men living side by side go forth and join the forces of their country. One comes back and is a hero. The other lies in some forgotten grave; and a couple of years after the exercises are over, only his comrades remember the warm associations of his civilian life and his battlefield comradeship. There is no fairness in it. It is wrong. It baffles all the efforts of men to civilize themselves. I hate it.

While I am on the subject of economy, there is an annual bill of $6,500,000,000 for the Veterans' Bureau to take care of the veterans of our wars. The principal reason why we cannot balance our budget is largely the costs of war. Practically all the money we are spending is for wars, past, present, and to come.

If I may add to what I have said, we are in a situation in which we want to be peaceful. We have established an organization which is dedicated to peace. We have offered to disarm. We have offered to give up the secret of the atomic bomb. We have tried to disarm and put at the disposal of the United Nations forces which would be superior, in effect, to all the remaining forces in the world, so that that agency, in law and justice, could maintain the peace. We have tried over and over and over again, and we have seen another nation aiding revolution, acting in an aggressive manner, sweeping more and more territory into its arms, and trying now to capture Germany. In my opinion it would be a great tragedy for all civilization if Germany were to fall into the orbit of the Soviets. When we see that reason has failed, we must become strong enough to continue to use reason, because no country which has rebuffed reason will listen to reason unless it knows that we

are as strong as it is, or stronger than it is. Then reason will have some force.

Mr. CAIN. Mr. President, will the Senator permit me to make one further brief observation?

Mr. TYDINGS. Certainly. The Senator's observations are very pertinent.

Mr. CAIN. If the junior Senator from Washington, in the capacity of an ex-soldier, finds it necessary from his point of view to differ in whole or in part with the procedures which the Senator from Maryland and the joint committees are recommending to the Senate, I want it known that I consider the Senator from Maryland to be completely, in the best sense, an outstanding American patriot.

Mr. TYDINGS. I appreciate the Senator's remarks, and I reciprocate his feelings.

Mr. CAIN. We are both trying to find an answer to the greatest problem on the face of the earth, the preservation of peace, and I am grateful for the Senator's observations.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to my colleague the Senator from Massachusetts, of whom I am very fond, and whose wisdom and peace-loving ways of construction I always appreciate. I am glad to yield to my colleague on the committee.

Mr. SALTONSTALL. Mr. President, I appreciate the Senator's kind remarks.

Mr. TYDINGS. The Senator from Massachusetts is one of the most constructive Senators with whom I have ever worked. He is continually trying to construct good, and I want to pay him that compliment publicly.

Mr. SALTONSTALL. I appreciate what the Senator from Maryland has said. I have tried to work with him as a member of his committee.

The impression which the Senator has left on me this afternoon disturbs me considerably. I do not think he means to leave it. I hope he does not, because I do not think he gave any such impression in the committee.

I voted for the United Nations on the theory that it would help to maintain peace. I voted for the North Atlantic Pact on the theory that it would help to maintain peace until the United Nations could handle the problem. I expect to vote for a substantial amount of the presently proposed appropriation—perhaps not all of it—on the same theory. As I understand the idea behind all the votes which we have cast, it is to prevent another war.

Mr. TYDINGS. The Senator is correct.

Mr. SALTONSTALL. The idea is not to prepare for another war, but to prevent another war. The theory that there will be so many divisions on the Rhine, or that we are going to equip so many divisions abroad so that fewer of our boys will have to fight, and the speculation as to how many more boys or how much more armament we shall require if we do not spend this money, is all conjecture and opinion. The Senator's opinion and mine may be the same, or they may differ. The impression which I hope the Senator from Maryland, who is the very distinguished chairman of the Armed Services Committee, wants to leave—certainly I want him to leave it with me—is that we are not preparing for another war. The reason why we are giving this money, if we give it, and the reason why we have gone into the North Atlantic Security Pact, is that we may become so strong morally, and with such potential physical strength, that there will not be another war. We are doing this with the calculated idea that there will not be another war, and that by our moral commitments, our money, and our strength at home we may avoid the necessity of any more of our sons, or any more Frenchmen or Belgians, being killed. Is not that the feeling of the Senator from Maryland, rather than that we are preparing to help the French put 35 divisions on the Rhine?

Mr. TYDINGS. I have not under any circumstances meant to convey the idea that we were preparing for war, any more than that when we authorize—as we shall probably do in this Congress—a 70-group air force, we are getting ready for war. We are providing the 70-group Air Force, the radar screen, the wind tunnel, and all the other things for the very same reason that we are trying to help the French and the British get back on their feet. We are doing those things because the military policy of our country has been altered. We are no longer responsible only for our own terrain. We are responsible for the terrain of other nations, to the extent expressly set forth in a treaty.

My whole point is that I certainly want to see those nations given, within reason and largely through their own ability, the same things we ourselves have. My whole idea is that unless they possess those things they will have war. If they are strong, probably they will not have war.

Anyone who believes that France was strong at the outbreak of World War II is not supported by military opinion, in my judgment, for this reason: France had the magnificent Maginot line, but it did not reach all the way across France. It extended only about as far as Sedan. Then they had what was called the little Maginot line. Men like de Gaulle and others thought that France had made a mistake, that she could not hold an enemy with the Maginot line, that what she needed was more money for airplanes and tanks, rather than that sort of defeatist military opinion. As facts proved, the Germans came around the line first, and after they got behind it they broke through it. France was not equipped. She had no planes. When the refugees went down the roads and the Germans came along and created consternation in the ranks of retreating soldiers and civilians, France had no planes to take on the German planes. The purpose of this program is to preserve the peace by being so strong that there will be such a reservoir of power and strength that no nation will dare to attack. That is our hope.

Mr. SALTONSTALL. It is a calculated risk.

Mr. TYDINGS. If it fails, if some nation says, "We do not care how strong you are," and becomes an aggressor, we want to make sure that we do not come out second best. However, our primary objective is to build a force so strong——

Mr. SALTONSTALL. Morally——

Mr. TYDINGS. Our primary objective is to build a force so strong morally, spiritually, economically, and militarily that anyone with evil designs on the civilization, the democracy, and the freedoms of the world will hesitate to precipitate a new war. If it were not for that objective, I would not vote for this program.

Mr. President, I have talked for a much longer time than I had expected.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the eminent Senator from Michigan.

Mr. VANDENBERG. In line with the suggestion of the Senator from Massachusetts, I should like to be sure that the record is clear. The Senator has repeatedly spoken about the necessity for from 35 to 50 divisions to hold the line in western Europe. There is nothing in the program presently before the Senate which in any way contemplates a program of such an extent, or which even by indirection commits us to cooperation with a program of such magnitude. Is not that true?

Mr. TYDINGS. I thank the able and eminent Senator from Michigan for bringing out that point, because no man understands how a proposition which he is discussing is getting across until he hears questions.

It never was my intention to convey the thought that there is now a plan in being, or a plan to be erected tomorrow, to commit the entire North Atlantic area, plus Canada, and ourselves, to any specified number of divisions or to any particular military situation. The Senator from Maryland was asked, "What good would preparedness be?" He had asked an eminent military authority whether or not certain lines could be held by good troops fairly equipped. He was told that from 35 to 50 divisions would have an excellent chance of accomplishing that result. It was in that sense only that the Senator from Maryland meant to answer the question which was asked of him in that regard.

Mr. VANDENBERG. As a matter of fact, is it not true that in the committee the able Senator from Maryland himself was the author of amendments which undertook to nail down a categorical prohibition against any inferences or commitments as a result of this bill, outside of the literal bill itself?

Mr. TYDINGS. The Senator from Maryland offered to the bill an amendment which said that the President, our Secretary of Defense, our member on the Defense Council, and any other person purporting to speak for the United States were firmly and entirely bound not to proceed with any commitment beyond the purview of this bill, binding this country directly or indirectly. I think that is the matter to which the able Senator from Michigan refers.

Mr. VANDENBERG. I wanted the Senator to make quite clear what his meaning was in his very able discussion of the subject. I agree with him, of course, that the implementation of article 3 is essential under the treaty, as I shall undertake to make plain. It is my understanding of article 3, however, that it is in no sense a contemplation of the creation of a comparable defense-in-being to meet any aggressor in the world.

Mr. TYDINGS. That is true.

Mr. VANDENBERG. So I am sure the Senator from Maryland agrees that, in the final analysis, the great strength and authority of the North Atlantic Pact is, not in article 3, but in article 5, which is a general notification to any potential aggressor that if he does aggress upon the North Atlantic community, he will confront all the resources of 300,000,000 people to guarantee his defeat.

Mr. TYDINGS. I agree thoroughly with the able and distinguished Senator from Michigan.

The whole purpose of the program, from beginning to end, both in its frontal and in its lateral aspects, is to move toward the hope that peace will ensue.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CONNALLY. I simply wish to observe that, as I recall it, the statement of the Senator about a certain number of divisions was not presented on his own initiative, but was provoked by questions from Senators on the other side of the aisle.

Mr. TYDINGS. Yes.

Mr. CONNALLY. They asked the Senator from Maryland how many divisions would be required, and so forth and so on; and he was answering their questions.

Mr. TYDINGS. Of course.

Mr. CONNALLY. The Senator from Maryland was not proposing that 35 or 50 divisions be prepared on this side, and 35 or 50 divisions abroad; but he was simply answering questions from Senators on the other side of the aisle, was he not?

Mr. TYDINGS. That is correct.

Mr. President, I wish to conclude in a very few minutes, and I think I shall do so if no further questions are asked.

I realize that today our deficit is large and our total national debt is $252,000,000,000 or $253,000,000,000. I realize that this year our budget will not be balanced. I realize that next year we may not be able to balance the budget, although I shall do everything I can within reason to try to vote for economy measures which will accomplish that result. I realize the basis of the argument of those who call attention to the fact that if our country goes down economically, the whole world will go down economically, because we are the sheet anchor against the storm of world-wide confusion and catastrophe. That is sound argument. Likewise, I realize the other side of the argument, namely, that if we allow the whole world gradually to succumb to an alien doctrine which has for its purpose the overthrow of the United States and the enslavement of its people, not only shall we lose the economic freedoms we enjoy under the free-enterprise system, but we shall lose life itself, because to me life without personal liberty is an empty gesture.

So, Mr. President, when I come here as one humble member of this great joint committee and plead with the Senate not to walk into this bill with a meat ax, I do so because I believe that the dollars we propose to spend in this connection are virtually the lifeblood necessary for certain parts of the North Atlantic area, for their spirit, self-respect, and adequate national defense within democratic limitations.

I know it will cost money. I know it will be an additional strain on our Treasury. But, Mr. President, it will be fire insurance. Not only will it be fire insurance, but it will be life insurance, and the money we spend will be a premium on that insurance. I hope we shall be buying, generally speaking, a whole life policy, not a 20-payment or 30-payment or 40-payment plan policy. But I know that without this policy, the purpose for which it is intended may fail of accomplishment; and I know that all the billions of dollars we have sent abroad for economic recovery—which now total approximately $10,000,000,000 or $12,000,000,000, I think, directly or indirectly—and all that we may send abroad eventually for economic recovery, cannot be protected even with such fire insurance unless there are some fire stations and fire apparatus and some firemen who will be ready to go at the first instance and will try to put out the fire, or to hold it in check until other forces can come and put it out finally and save our investment.

Mr. President, in saving their investment over there, they will save our investment over here. Six billion and five hundred million dollars is the cost of aiding and supporting the worthy men who, in this country's hour of need, went forth, many of them to return maimed, many of them blind, some of them still in hospitals. In the section where I live, nearly 800 are in insane asylums, some of them locked behind steel doors for the remainder of their lives, although they are young in years—$6,500,000,000, not merely for this year, but for the year after that, and the year after that, and the year after that. I simply cannot help but feel that if we had been a little wiser in our preparation—of course no one was perfect; and all of us acted according to our best lights, and according to our views of what was in the best interests of our country; and what we did was done in good conscience—but if we had been a little better prepared, some of that expenditure of money and some of those sacrifices of lives and some of the present great debt, which is a stupendous burden, might have been avoided.

Now we have made a commitment with the countries of western Europe: All for one, and one for all. Mr. President, they are weak. We know they are weak. The Senate has voted billions of dollars to try to rehabilitate their economies, and to stop communism; and we have been successful. Communism has been defeated in Italy. It has been arrested and driven back in France. Those countries are coming to the fore. We have made a tremendous investment there, and it has paid dividends. In my opinion, and on the whole, it has been fairly well managed, and has gone a long way toward enabling us to reach our objective. But those countries are in no position, either now or for some time to come, to provide for their own defense.

This plan is backed by the best military opinion we have in our Government, by the opinion of men whose experience has been gained on the battlefields. Of course, we do not have to be bound by what they recommend. We can use our independent judgment, but whether we are bound or whether we are not bound, we are committed just the same. These military leaders bear the responsibility of that commitment, and, so, in that spirit I hope their evidence may carry weight, and I hope this bill will be enacted into law without reduction in the amount, because we have already reduced it by $160,000,000.

Finally, what I think I see in the bill is a better chance for peace than we would otherwise have. I hope I see that in a measure it may be the means of saving the lives of countless American boys and of countless boys from the North Atlantic countries, great resources and treasure, the burden of great taxes, the burden of increasing our debt at some future time, to the astronomical proportions to which it goes in time of war. With those thoughts in mind, I believe this bill is a good investment for the United States. It would be wiser to make it and not realize all we had hoped, than not to make it and gamble with losing all we love and all we cherish.

INVESTIGATION OF APPLICATION OF WILLIAM DUDLEY PELLEY FOR PAROLE

Mr. LANGER. Mr. President, earlier today I submitted a resolution providing that the Judiciary Committee investigate the Parole Board's failure or refusal to grant a parole to William Dudley Pelley. At that time I did not state my reasons for thinking we should have an investigation.

The fact is that William Dudley Pelley has been eligible for release from the Federal penitentiary at Terre Haute, Ind., since August 12, 1947. Mind you, Mr. President, Chicago gangsters are released the moment they are eligible. Mr. Pelley has made proper application for parole, which has been repeatedly denied without any formal reason being assigned. Under the La Follette-Monroney Act, for the first time in the history of the United States the Judiciary Committee took jurisdiction of matters connected with the administration of the penitentiaries of the United States. Up to that time apparently no one investigated the penitentiaries, but left them to the mercies of the Parole Board. For 2 years, until last January, I was chairman of the subcommittee. We investigated penitentiary after penitentiary. We not only investigated the kind of food the prisoners got and whether the penitentiary was operated in a decent manner, but we also

investigated whether certain prisoners were being discriminated against. At the present time the chairman of this committee is the distinguished senior Senator from Washington. I am simply a member of the subcommittee.

Having been at Terre Haute a short time ago, I found that William Dudley Pelley in my judgment merited a thorough investigation of why the Parole Board had not paroled him. Mind you, Mr. President, the judge who sentenced Pelley, the Honorable Robert C. Baltzell, has written the Federal Parole Board recommending the parole; so we have as No. 1, the sentencing judge. No. 2, the Honorable Henry A. Schweinhaut, presently a United States district judge for the District of Columbia who, as a special assistant United States Attorney General, prosecuted Pelley, has written the Federal Board recommending parole. So we have both the judge and the man who actively prosecuted Pelley both recommending a parole. No. 3, the Honorable Oscar R. Ewing, presently head of the Federal Security Administration, who, as a special assistant United States Attorney General, prosecuted Pelley, has written the Parole Board recommending parole. In other words, we have the recommendations of the two men who prosecuted, and of the judge.

Someone may say, "Mr. Pelley must have a bad record; there may be some reason why he should not be released." But Mr. Pelley has a plus-excellent institutional record.

The written and spoken views of Mr. Pelley, which led to his prosecution, served to lead to his conviction of sedition, but in connection with this offense it must always be remembered that such statements were not in any sense criminal, if published when the Nation was not at war. It was the pressure of war which led to the restriction of freedom of speech, and which served to make statements which were not criminal in time of peace, criminal in time of war. In other words, what Mr. Pelley said was said before the outbreak of the war. Further, it was never established nor contended by the Government that any of Mr. Pelley's utterances actually harmed this Nation's war effort.

It is the unanimous opinion and expression of the special prosecutors and the trial judge that the sole purpose of the 15-year sentence Pelley received was to insure his incarceration during the fighting war, that it was not the intent of the Government in prosecuting Pelley, nor of the judge in sentencing him, to keep him in prison for a long time. It is true the Parole Board is vested with a discretion in the exercise of its judgment, but its discretion must be a sound, reasonable, and legal discretion, not an arbitrary or capricious exercise of power. No one contends the release of Mr. Pelley will be harmful to this country or to its institutions. He is not a man of violence nor of long systematic criminality, yet many such men have been released by the Parole Board. There is no probability that he will not lead an honorable and useful life in society.

In short, Mr. President, every element tending to establish a right to parole is present in Pelley's case and operating in his favor. But the Board stubbornly refuses to grant him a parole. Not only that, but the Board flatly refuses to state why it refuses to grant him a parole. The resolution I have offered proposes to learn why it is refused.

The congressional intent in enacting the parole law was clearly to afford deserving prisoners an early opportunity for parole. In the instant case the Board gives strong evidence of flouting the congressional policy. It is the Congress that makes the laws and the Executive that carries them out. The Executive is without power or authority to make laws to fit a purpose.

It is fitting and proper that the Congress in a case such as this should make an appropriate inquiry of the Executive for the purpose of determining why the real intent of the Congress is being set aside. If there is some great influence being exerted, unseen and hidden, let us bring it out into the open. Let us determine what influence has prevented the paroling of this man, who is now sick, without friends and without money. Let us learn why, for 2 years after he has been eligible for parole, hidden, secret influences have kept him from getting a square deal at the hands of the Parole Board.

In the interest of real and substantial justice I have offered the resolution. The Congress has the right to know, and indeed the duty to discover the real reason for the Parole Board's handling of Mr. Pelley's application for parole in this singular manner.

I may say, Mr. President, I was never a member of Mr. Pelley's organization. I did not know him until long after I came to Congress. I have not seen Mr. Pelley for many years, and I know nothing about him, except that when I went to Terre Haute to investigate the situation, I made up my mind the man was not getting a square American deal.

Certainly, under the Constitution of the United States, this man is entitled to have an investigation by the Judiciary Committee or a subcommittee thereof so that we may find out why he is singled out to be kept in the penitentiary, when for 2 years he has been eligible for parole and no reason has been given why parole has not been granted.

LEAVE OF ABSENCE

Mr. TYDINGS asked and obtained permission to be excused from attendance on sessions of the Senate until October 26.

AID TO GERMANY

Mr. LANGER. Mr. President, there is another matter which I desire to discuss. The junior Senator from New York [Mr DULLES], the first time he addressed the Senate, which was on the 12th day of last July, made these very significant statements:

> In this connection, Mr. President, I should like to refer briefly to the problem of Germany. Ever since VE-day the problem of relations with the Soviet Union has so dominated our thinking that we have given little thought to the problem of Germany. But we should not forget that the conditions which brought Hitler to power are latent in Germany today, even in exaggerated form, for there are more Germans today than ever before, in a smaller Germany. They are strategically located between the east and the west. They have ambitions, which I hope and believe can be worthy, but which we know can be evil. Unless the west can provide the Germans with a decent and hopeful future, it is almost certain that they will develop a bargaining position between the east and the west, between the Soviet Union and western Europe, out of which could come at least a temporary Soviet-Germany alliance. If that should come, all our hopes and plans for a peaceful and free Europe would crash to the ground.

The distinguished Senator from Maryland [Mr. TYDINGS] a short time ago, before he closed his address, referred to Germany. That is the first time I have heard any member of the Foreign Relations Committee or any member of the Armed Services Committee say anything, in any way, shape, or manner, along that line. For the past 5 years, we have been urged to send more billions of dollars to Europe.

I want to read the remainder of the statement of the junior Senator from New York, because it is the most statesmanlike utterance which I have heard upon the floor of the Senate in connection with Germany. The Senator said:

> If that should come, all our hopes and plans for a peaceful and free Europe would crash to the ground. But 70,000,000 Germans are too many for the comfort and the safety of the European members of the Atlantic community unless their security is strengthened by the adhesion of the United States. Germany can be integrated in the west if the west includes the United States. Germans cannot be safely integrated in the west, and certainly they will not be invited into the west if the west does not include, for security purposes, the United States.
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> The North Atlantic Treaty will superimpose upon the Brussels Pact another security pact that is bigger and stronger, so that our western European allies will not fear to bring Germans into the orbit of the west. With that treaty it may be possible to solve the problems of Germany. Without it I see no solution, nor have I heard anyone suggest a solution. That is an aspect of this matter which the opponents of the treaty have totally ignored.
>
> There are some who hesitate to accept this commitment to organize the Atlantic community, because they believe it will require us to undertake a militaristic program for rearming the nations of western Europe. Of course, Mr. President, there is not a word in the North Atlantic Treaty that expresses any such obligation. The pending military-aid program does not even purport to be an implementation of the Atlantic Treaty, as the State Department's statement, read here yesterday by the Senator from Michigan [Mr. VANDENBERG] made evident. Article 3 of the treaty does contemplate developing a collective capacity to resist armed attack and mutual aid in that respect, and article 9 of the treaty provides for a council and for a defense committee which are to make recommendations regarding implementation of article 3. What those recommendations will be, no one here can possibly know, for there is as yet no treaty, there is as yet no council, there is as yet no defense committee, and there are as yet no recommendations.

Mr. President, that is what the junior Senator from New York said. But how has the Congress of the United States treated Germany during the past 5 years? Here we are, with 33,000,000 Americans of Teutonic origin, yet month after month went by after the war, and an

American citizen of German origin could not write his mother a letter, could not write his father or sister or brother. We fought upon the Senate floor, until finally, while I was chairman of the Committee on Post Office and Civil Service, we reached the point where an American citizen of German origin could write to his loved ones in Europe.

Then what happened? It was said, "You may write to them, but you cannot send any packages. You must not send them any food."

Finally, after months, we obtained, through the committee, the right to send 11-pound packages to Germany, one-half the size of those we were sending to other nations. It was only when we called upon Secretary of War Patterson, who stated that he wanted as much food sent to Germany as could possibly be sent, because he said, "Every time we send a package over there we make a friend"—it was only then that we obtained the right to send 22-pound packages to Germany. Americans of German origin were given that right. In the month of October, last year, nearly 4 years after the war, American citizens sent 41,000,000 pounds of food and clothing to their kinfolk and friends in Germany and Austria. That is what the American people thought about it.

But what did the Congress do? Nothing.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. McMAHON. The Congress of the United States appropriated $1,400,000,000 which went into Germany last year.

Mr. LANGER. Yes. Why? Because President Roosevelt had promised aid, in October 1943, when he said, "We are not fighting German women or the old people of Germany or the little children of Germany; we are fighting Hitlerism." In spite of that, when the International Refugee Association met, we appropriated billions of dollars to feed every starving child in the world except German children. They could starve, so far as the Congress of the United States was concerned. I am sorry the chairman of the Appropriations Committee is not present at this time, but it was only after the distinguished Senator from Tennessee [Mr. MCKELLAR] intervened and said that those children must be fed, that the appropriation which the distinguished Senator from Connecticut has mentioned was made and, for the first time, the money was provided. But it was entirely insufficient. Why? Mr. Stalin came marching down with his troops. There were 15,000,000 persons of German ethnic origin, some of them whose ancestors had lived in Yugoslavia, in Rumania, in Poland, and other nations for as much as 600 years. They were compelled to leave their countries, and they came into the American and British zones in Germany. What happened to them? My distinguished friend from Connecticut says that we gave them over a billion dollars. Does he know that between five and six million of them starved to death?

The distinguished Senator from Maryland said today that if we do not get Germany the result will be tragic. There was a time, Mr. President, about the time of the war's end, when the people in Germany and Austria loved the American people above all others. We were their friends in those days. But during the past 5 years we have lost their friendship. If there is any doubt about it, talk to some of the industrialists from Germany who came to Radio City, New York, to show exhibits of what is taking place over there. The dismantling goes on and on apace.

A little while ago the Senator from Maryland said, "Send arms and money to Europe." Mr. President, on the one hand we ask the American taxpayer to send over there a billion dollars. That is sent with our right hand, but with our left hand we are tearing down their factories, throwing hundreds of thousands of men out of work. We are doing it every day. Before we vote for any provision in the pending bill that we send any money over there, the dismantling of German factories should end.

Mr. President, I do not like to make statements unless I have proof to back them up. In the New York Times of September 13 appeared the following story from Bonn, Germany, a cable from Mr. Jack Raymond:

> Germany's two top political leaders were hopeful today that the Allied dismantling program might be revised after all. They based their views on talks with John J. McCloy, United States High Commissioner-designate, who disclosed that he had cabled Washington authorities in deference to the German appeal for reconsideration of dismantling.
>
> Dr. Kurt Schumacher, leader of the Social Democratic Party, conferred with Mr. McCloy this morning, following a similar discussion yesterday between Mr. McCloy and Dr. Konrad Adenauer, Chancelor-apparent. The subject was dismantling of the Ruhr industrial plants over which the Germans have bitterly protested and about which the Allies recently have been quite firm.
>
> Mr. McCloy revealed he had suggested that it would be a pity if the United States could not reopen the discussions with the British about the dismantling program while the British representatives were in Washington.

Mr. President, this matter has been permitted to drag on for five long postwar years without the knowledge, advice, and consent of the United States Senate to what has really been going on. It is little wonder that this senseless dismantlement program has been permitted to degenerate into the ruthless destruction of competitive industries, in spite of the economic, social, and political consequences, until the United States Government now confronts one of two alternatives. Either this administration should now take steps to call a halt to the whole dismantlement program, or prepare to reimpose a vicious occupational military dictatorship to put down a revolt of the German people. When the authorities started to tear down a factory a few days ago, Great Britain had to call out the troops. Fifty thousand men were to be put out of work, and when they resisted, the British Army was marched in.

Mr. President, I want to be the first to commend the Civilian High Commissioner of the American zone, Mr. McCloy, for his courageous insistence that this whole outrageous matter be dragged out in the open and reviewed before American public opinion.

What are the American people going to say if we do not now take steps to remedy the grievous wrongs that have already been perpetrated under this dismantlement program, which has been carried out in plain violation of, First, the directives of the training manual for military officers in the Charlottesburg, Va., Officers School; second, the plain mandate of the Constitution that captured enemy property is property of the United States Government, and the President has not the authority to give away a toothpick; third, provisions of international law, written into the Hague Convention of 1908, which protects the private property of defeated peoples from confiscation by the victors; and to which we legally adhere. This is the basis of international law that protects the concept of private property, upon which our whole economic system is based; fourth, provisions of infamous Yalta agreements of March 1945 which at least put a 10-year limitation on these savage policies of destruction; and, fifth, revised provisions of the Potsdam Agreement, which put a February 2, 1948, deadline on dismantlement.

Mr. President, burdened as the administration already is with our tangled domestic and international relations, let me assure President Truman that this memorandum I have prepared is moved only by a growing concern that unless the blunders of the past are hastily remedied, those forces which threaten a revival of totalitarianism and the spread of communism around the world cannot help gaining momentum at our peril and expense.

There would, indeed, be many sound arguments for a continuation of such policies, if they were helping to resolve basic conflicts, to heal the wounds and hatreds of war, to restore sound economic, social, and political foundations to the war-shattered family of nations, and if they were really hastening the day of a just and lasting peace. There might be some excuse for continuing to underwrite these policies even if they only amounted to wasteful and useless gestures on the part of the American people by which they sought to register their concern for and good intentions toward other less fortunate peoples.

However, Mr. President, when, on every hand, mounting evidence points to the inescapable conclusion that instead of financing world recovery, we are underwriting a revival and perpetuation of the very conditions and forces which with terrible sacrifice we fought two wars to destroy, it becomes perfectly obvious that the sacrifices we have already been called upon to make will become infinitesimal compared to the price we are going to have to pay if we cling to the predatory, tax-consuming, self-defeating economic absurdities of the past, as a continuing basis of future action.

Events that have transpired in the Far East prove a striking case in point. There we now confront the most overwhelming economic, political, military,

and diplomatic defeat in American history, with every country in Asia now cowering before the threatened conquest of the Orient by onrushing Communist hordes. What else could have been expected, Mr. President? As a consequence of the policies to which the American people were committed at Tehran, Yalta, and Potsdam, we have played directly into the hands of those forces of disintegration which are now stalking down across the continent of Asia.

Mr. President, if my distinguished colleague the senior Senator from Connecticut [Mr. McMAHON] is about to leave the Chamber, let me say that I personally wish to thank him for the help he has given us time and again when we were trying to see to it that the people in Germany and Austria really got some assistance. He has been one of the fine forces on the other side of the aisle, together with the Senator from Mississippi and three or four others who have really helped the small minority of us who have been attempting to bring this matter to the attention of our people. Publicly I wish to thank these Senators for what they have done in this regard.

By thus compromising basic American principles, we have not only paralyzed the economic life of the Orient, but we have been committed to underwrite the permanent deficits of the economic life of over half the world's population.

Yet, now, at a time when the Department of State insists that any action on our part to try to halt this Red advance would be too little, too late, Maj. Gen. Frank R. McCoy, United States representative on the Far Eastern Commission, has announced that the United States Government was putting an end to the removal of all further reparations from Japan.

In answer to the protests of Chinese and Philippine representatives, on June 10, 1949, the State Department defended this action with the following statement:

> The United States cannot indefinitely bear the burden of Japan's support. It must therefore assist the reattainment by Japan of a self-sustaining economy at the earliest possible time. Further reparations from the deficit Japanese economy would obviously be inconsistent with this objective.
>
> It should be apparent that Japan faces a most difficult problem in developing its agriculture, industry, and trade to a point where they can support its population, and that if Japan again threatens the peace of the Far East, it will in all probability be because it failed in that objective rather than because it was permitted to retain existing industrial plants for peaceful, productive purposes.

I repeat:

> Peaceful, productive purposes.

Mr. President, much as this administration is to be congratulated for taking such a constructive step, even at this late hour, what could be more tragic than its failure to realize that a continuation of the very same policies that have produced this catastrophe in the Orient, cannot help but have even more tragic consequences when applied to Europe.

The truth is that also as a result of Tehran, Yalta, and Potsdam, we have been following identical policies in central Europe since the end of the war—policies which on April 28, 1949, even Secretary Acheson himself admitted, resulted in a situation where, to quote his own words:

> Germany became divided into disconnected administrative areas and was rapidly being reduced to a state of economic chaos, distress, and despair.

Frankly, Mr. President, my concern has only been intensified by the fact that although during the past year of the Berlin blockade, the three western powers have been acting in concert in the administration of the western zones of Germany, without Russian participation or interference, Secretary Acheson admitted on the same date that even now he is determined to carry out the economic insanity underlying the Potsdam declaration when he said:

> This joint program I wish to emphasize is in no sense a repudiation of our international commitments on Germany, embodied in the Potsdam protocol and other agreements. It represents a sincere effort to deal with existing realities in the spirit of the original allied covenants pertaining to Germany.

Mr. President, it is difficult for me to see how a continuation of this policy can fail to aggravate the economic, social, and political conditions which provide a fertile breeding ground for totalitarianism. I feel this is particularly true since the arguments advanced by the State Department for the necessity of stopping reparations from Japan, are even more directly applicable to Germany.

My fears for the future of Europe have been further intensified by the sterility of the recent Paris Conference. On July 5, 1949, the chairman of the Senate Foreign Relations Committee, in his speech advocating the ratification of the North Atlantic Pact, also admitted that—

> Germany lies at the heart of world peace. Clearly, no viable settlement can be devised for Europe unless this question is approached in a constructive and statesmanlike fashion.

Yet, Mr. President, the record shows that at the Paris Peace Conference, not a single constructive alternative course of action to that which we have thus far followed in central Europe, was advanced by the American delegation. There has been nothing but words. Words are cheap. There has been no action. No action has been taken by the Senate Foreign Relations Committee. Not one proposal was made at the various conferences—not one. Instead, one of our ablest interpreters of foreign affairs, Mr. Walter Lippmann, wrote in the Washington Post of June 21, 1949:

> The dominating fact at the Paris meeting of the foreign ministers has been the tacit recognition that the Big Four are no longer able to make a German settlement. The control of the German problem has slipped out of the hands of the foreign ministers and their four governments.
>
> The Germans have been denied even the hope of a settlement within which they could live decently and with self-respect, with loyalty to themselves and to Europe. They have been left with no prospect except partition, occupation, political inferiority, and of economic and social distress.

Mr. President, it is the fact that we are continuing to follow the same policies of dismantlement that are destroying the economic livelihood of the German people and are impoverishing the European nations, in spite of our break with Russia, that is so alarming. For, caught in the cold war as we are, desperately needing every resource that can be placed at our disposal, including both material, manpower, industrial capacity, and a continually sustained hope in the hearts of men that their determination to be free shall bear fruit, it is difficult to see how, by our continued senseless destruction of German peacetime industries, our ideology is any different than that of Russia. If we are determined to destroy the economic livelihood of the German people, what is the essential difference between Russian and American objectives in Europe?

What is more, Mr. President, how can we possibly square the avowed purpose of your administration, as stated in point IV of the bold new program for raising the standards of living of the industrially underdeveloped peoples of the world, with the continued squandering of $1,000,000,000 a year to underwrite a program which is designed for, and which will, in effect, result in a reduction of the standard of living of one of the most highly industrialized peoples on earth to the level of the agrarian misery of the Orient, which we profess to be alleviating?

Mr. President, further evidence that a moratorium on dismantlement of Germany's peacetime industries is long overdue is found in the fact that Mr. Paul Hoffman himself admitted during the hearings on the ECA authorization bill that appropriations for Germany under ECA are not being used to develop an over-all program for Germany's maximum contribution to the European recovery program, but instead, are being used to underwrite a level of industry agreement reached by the military authorities in October 1947, a level of industry agreement which has no relation whatever to the European recovery program as a whole.

Meanwhile, Mr. President, the continued drain on the American taxpayer to finance these self-defeating economic absurdities, which are delaying Germany's recovery, which are contributing to the mounting economic conflicts in Europe, and which are postponing the return of sanity and justice to the field of our international relations, thus playing directly into the hands of the Communists—this continuing drain on the American taxpayer, we believe, can be continued only at our peril.

Therefore, Mr. President, I now respectfully urge both President Truman and Secretary Acheson to give serious consideration to the proposal that a moratorium be declared on the further dismantlement of Germany's peacetime industries, for the following reasons:

First, this dismantlement continues in spite of all of the recommendations that have been made by commissions headed by the President's personal appointees, whom he sent to Germany to study this problem. Not one single commission but that has reported exactly along the line I have stated.

Starting with Dr. Calvin B. Hoover, these commissions have unanimously

denounced the basic propositions for the pastoralization of Germany, which was the root of the Morgenthau plan, I call to mind the reports of committees headed by such men as Byron Price, former President Herbert Hoover, Congressman Colmer, of Mississippi, Congressman Herter, of Massachusetts, together with the reports submitted to the President by the Humphrey, the Colisson, the Keenan, and the Wolfe Commissions. To my knowledge, Mr. President, the deep concern registered by the men who were responsible for making these reports has been more than justified by subsequent events, and if they are not to have labored in vain, it is time we took their recommendations to heart and acted accordingly, before it is too late.

It is not difficult to understand, Mr. President, how in the hatred and bitterness that has been generated by this greatest of all wars, blunders and mistakes have been made, but it is increasingly difficult for me to understand how, 5 years after the end of the war, when we confront the disastrous consequences of those blunders and mistakes that have taken place, we still fail to hasten to correct them.

This brings me to my second reason for recommending a moratorium on further dismantlement of Germany's peacetime industrial potential. In spite of the fact that we are confronted with the inescapable proof of the folly of our policies to date, instead of correcting our errors, we have been committed by the Washington agreement of April 13, 1949, to further destruction of Germany's peacetime industrial potential, under a program that now contains blanket prohibitions against whole industries, which the German economy is absolutely dependent upon if it is to function sufficiently even to maintain a minimum standard of living.

Mr. President, I do not wish to labor the point, nor to deal only in glittering generalities, but I do wish to bring my arguments down to earth by citing specific cases to prove the utter folly of our present policies and the crying necessity for an alternative course of action.

There is the case of the Deutsche Edelstahlwerke A. G. in Bochum, which is on the dismantling list in spite of the fact that the Humphrey Committee recommends its retention, as necessary to the German economy.

It so happens, Mr. President, that throughout the past year of the Russian blockade, even the occupation powers in the western zones of Berlin were forced on to a meager ration system for their electricity, because the electrical generating plants that were functioning in Berlin are located in the Russian zone. During this past year the western authorities have started three power plants in the western sectors of Berlin. The major of these plants is located at Berlin-Moabit. It so happens that this mill, which has been practically totally rebuilt by German workers who desperately needed to save their jobs, is the sole supplier of several hundred tons of special steel castings for the construction of this electric-power plant, which is designed to make western Berlin independent of Russia. There is no other German factory which can start deliveries within a foreseeable period, and the importation of these products would cost the American taxpayers many millions of dollars.

In addition, Mr. President, this same factory is so vitally important to the coal-mining industry that Albert M. Keenan's Commission, appointed to study the coal-mining industry in Germany, also recommended that it be removed from the dismantling list.

Mr. President, at this point we feel it would not be amiss to include a copy of a letter written by the Berlin Light & Power Co., which is erecting these plants in the western sectors, which contains the specific items furnished by the above plant:

MAY 3, 1949.

To: Wirtschaftsministerium, Nordrhein-Westfalen, Demontage-Abteilung, Duesseldorf.

Re: Dismantling of Deutsche Edelstahlwerke A. G., Bochum.

Among other plants, the Deutsche Edelstahlwerke A. G., in Bochum, is on the dismantling list. This plant is used to a very great extent in supplying, for our power plants, the following important components:

Heat-resistant grates for boilers.

Heat-resistant plates (Thermax) for superheater direction walls.

Heat-resistant castings for superheater hangers.

Burner jets for coal dust burning.

Carbon blower pipes.

Special steel for grate chain bolts.

Parts subject to abrasion for coal pulverizing mills of special abrasion-resisting steel.

Further, this concern (Deutsche Edelstahlwerke A. G., Bochum) is a supplier of parts for the following enterprises:

Allegmeine Elektrizitaets-Gesellschaft.

Siemens-Schuckertwerke A. G.

Kohlenscheidungs-Gesellschaft m. b. H.: Carbon Separation Co.

Brown, Boveri & Cia, A. G.

All of these furnish important repair work and new construction for our turbine and boiler installations.

We consider it our duty to point out that the continuation of our production and distribution of electrical energy depends to a great extent upon the continued availability of the capacity of Deutsche Edelstahlwerke A. G. Bochum, inasmuch as there are no other suppliers to whom orders of this size could possibly be diverted. We ask you to do everything possible to obtain cancellation of the Deutsche Edelstahlwerke A. G., Bochum, from the dismantling list so as to avoid a jeopardizing of the supply and distribution of electrical energy.

BERLINER KRAFT- UND LICHT (BEWAG) - AKTIENGESELLSCHAFT,

Commercial Direction.

A second illustration, Mr. President, is found in the Klochner-Werke A. G., in Düsseldorf, which the Humphrey committee recommended for removal from the dismantlement list. In addition, Mr. Albert Keenan, engineer of mines, wrote in his report:

The above-named factory was personally visited and inspected by the undersigned on the 19th of July 1948 for the purpose of determining its actual production of essential mining equipment.

Mr. Keenan reported that the principal products which are manufactured by this plant for the mining industry are:

First. Wire ropes.

Second. Special profile wire used in the manufacture of coal screens.

Third. Reinforcing wire for conveyor belts.

Mr. Keenan concluded from his investigation that—

There is a great need for wire-drawing facilities in Germany and removal of this plant will be a direct threat to the reconstruction program of Germany and western Europe. In view of the above facts and information, it is recommended that this firm be continued in operation and removed from the reparations list. It is further recommended that the wire rope and special coal screening wire production be maximized to the interest of the coal-mining requirements.

A third illustration, Mr. President, is the August Thyssen Hutte, A. G., Nilderrheinische, in Duisburg. This is the most economically operated iron and steel plant in western Germany, or for that matter, in western Europe. This plant held 50 percent of the total capacity for the production of electric sheets for dynamos and transformers in Germany before the war.

In spite of the fact that in April 1949 in its economic survey of Europe, the United Nations Economic and Social Council stated that—

In Germany generating capacity is well below prewar and may constitute a serious handicap to further increases in production.

The State Department agreed to the dismantlement of this plant, although its retention was also recommended by the Humphrey committee.

This plant also produces heavy forgings, together with structural steel, so desperately needed for bomb-devastated plants, bridges, and buildings. In addition, it manufactures steel rails, upon which the railway system of Germany is so completely dependent.

Again, Mr. President, it is difficult to understand how the State Department could have agreed to the destruction of this plant when on August 14, 1948, Mr. George W. Wolfe, head of the special steel mission, appointed to study the German steel plant capacity, recommended in a report that was kept secret for a year, the following sweeping moratorium when he said:

That a complete review be promptly made of the proposed dismantling program and an objective determination be made of required plants and facilities to make products for domestic economy and reports in accordance with The Market.

Until such review has been made, and decision taken on the market requirements, upon which the mission has premised the facilities necessary for retention, if those products are to be manufactured, the mission recommends a moratorium on further dismantlement and shipments of any and all steel-making facilities from Germany.

Another illustration, Mr. President, is the I. G. Farben buna plant, in Ludwigshafen, which the Humphrey committee also recommended be retained as an integral part of the German economy. It is impossible for me to comprehend how an industrial economy, that is so dependent upon rubber, can exist without it. It is even more impossible to understand what possible economic justification there is for denying to the German people the right to produce synthetic rubber, which they can produce for about $400 a ton, and force them to import natural rubber at a cost of anywhere from $1,200 to $1,600 a ton, partic-

ularly when it is the American people who have to make up the difference in dollars.

Mr. President, an even more glaring illustration of the folly in which we are now engaged is the prohibition in the Washington agreement on the continued production of the Fischer-Tropsch plants in the Ruhr district, all of them which just happen to be in the British zone. Following is a list of the six plants which are scheduled for destruction:

1. Steinkohlenbergwerk Rheinpreussen, Moers.
2. Ruhrchemie Aktienegesellschaft, Oberhausen-Holten.
3. Krupp Treibstoffwerk G. m. b. H., Wanne-Eickel.
4. Gewerkschaft Victor, Castrop-Rauxel.
5. Dortmunder Paraffinwerke G. m. b. H., Dortmund.
6. Chemische Werke Essener Steinkohle, Bergkamen.

Mr. President, the reason given for the destruction of these plants is that they were potential producers for a war machine, and the Washington agreement provides that these plants must be laid idle by the 31st of December 1949 at the latest, and then be removed from Germany as soon as possible or be destroyed.

Mr. President, the paramount importance of these Fischer-Tropsch plants for Germany, as well as for western Europe, lies in their function within the coal-mining industry. Because the German hard-coal-mining industry over the past 40 years had been so directly exposed to market fluctuations, which had such direct effects on the mining workers due to the high percentage of wages involved in the cost of producing this coal, German coal-mining experts set up, even before the First World War, the Kaiser Wilhelm "Institut" for Coal Research in Mulheim-Ruhr. It was the purpose of this institute to develop new processes for the refining of coal, of lower grades, and for increasing the over-all value of the coal produced by increasing the value of the byproducts. In the year 1925, the Fischer-Tropsch synthesis was invented, which made possible the production of aliphatic hydrocarbons from water gas.

But the record shows, Mr. President, that even during the height of the war years, these plants did not produce more than 2 to 2½ percent of synthetic fuel for war purposes. The vast bulk of the products supplied to the chemical industry by the Fischer-Tropsch process were detergents, washing agents, fatty raw materials for the making of ersatz soaps, waxes, solvents, and textile and leather auxiliaries.

Even in a report on the petroleum and synthetic oil industry of Germany, published by the Ministry of Fuel and Power in London, 1947, the following admission is stated:

> The Fischer-Tropsch process gave some petrol of low quality * * * the main interest of Fischer-Tropsch process is in providing raw material for chemical synthesis.

Mr. President, authorities state that 10 hours of production by the United States mineral oil industry produces as much tonnage of these valuable chemical agents, which are so desperately needed by the German economy, as these six Fischer-Tropsch plants are producing in 1 year in the western zones of Germany.

As further proof of the folly that underlies our present destruction of Germany's peacetime industries, particularly of the Fischer-Tropsch plants, is found in a recent letter of July 5, 1949, written to a friend in Washington by none other than Dr. Albert B. Newman, professor of chemical engineering at the College of the City of New York, who was chief of the chemical industry section of the American military government in Germany for the first year of the occupation. This statement is so convincing that I wish to present it here:

Only within the past few days I have seen for the first time part of the Washington agreement of April 13, 1949, dealing with prohibited and restricted industries. I am amazed to learn that the so-called Fischer-Tropsch process has been prohibited in Germany by agreement of the United States, Great Britain, and France, and that the western zone plants are to be removed from Germany or destroyed as soon as possible.

I can conclude only that the American authorities who consented to this provision must have been misinformed as to the nature of the process. At a time when American policy is supposed to favor peacetime economic activity in Germany for the purpose of establishing that country as a self-supporting democratic unit and to relieve the American taxpayer of underwriting the German deficit, it is not possible for me to see any justification in destroying the existing Fischer-Tropsch plants which are now partly in operation and which could probably produce about $80,000,000 worth of peacetime products annually, and probably double that value of refined products when the necessary industrial research gets well under way. These $80,000,000 to $160,000,000 worth of values would otherwise have to be imported into Germany largely at the expense of American taxpayers.

Somewhere along the line these plants were called "war plants," presumably because they made some contribution to Germany's war supply of gasoline. It should have been noted, however, that all synthetic fuels constituted only 29 percent of Germany's requirements at the peak of the war and that only about 6 percent of the 29 percent came from the Fischer-Tropsch process. The balance was made from coal by the Bergius hydrogenation process. It should have been also noted that there was no wartime expansion of Fischer-Tropsch facilities, as they were not considered important in the synthetic fuel picture on account of the fact that it was more feasible to expand Bergius capacity.

To understand the economic role of the Fischer-Tropsch process in Germany, it is necessary to give a brief description of the process. In the process itself a gaseous mixture of hydrogen and carbon monoxide is processed through a bed of catalytic material. The main operating variables are the ratio of hydrogen to carbon monoxide in the synthesis gas, the nature of the catalyst, the temperature, and the pressure. By controlling the variables, the process can be made to produce mainly gasoline or mainly a mixture of oils and waxes which can be converted by known chemical industrial processes into detergents, plastics, solvents, plasticizers, and many other commercial products. In Germany, the economics of the situation make it more profitable to operate the process in such a way as to produce a minimum of gasoline and a maximum of the materials which form a basis for a very substantial peacetime chemical industry.

The hydrogen and carbon monoxide mixture is normally made from coke and steam, and the coke used can be of low grade, unsuitable for metallurgical purposes.

The Fischer-Tropsch process, modified to a large-scale operation by American engineers, is being developed in the United States. The only interest here is apparently to use the process for synthetic fuel. The economics of chemical industry raw materials in the United States does not make Fischer-Tropsch operation for this purpose feasible at this time. The enormous steel production in this country as compared with Germany means a correspondingly greater production of coke and the byproducts of the coke production furnish correspondingly great quantities of raw materials for American chemical industry. The Fischer-Tropsch plants are owned by the coal-mining industry of Germany, one of the reasons being the opportunity for profitable disposal of the lower grades of coal and coke.

The question naturally arises why the Humphrey committee did not recommend the preservation of this industry. As far as I can gather, the instructions of the Humphrey committee restricted its study to a comparatively small group of the industrial plants remaining in Germany. Among other groups of plants, they were not instructed to investigate the so-called prohibited industries, and I believe that they did not study the Fischer-Tropsch plants.

As you know, I was Chief of the Chemical Industry Section of the American military government in Germany for the first year of the occupation. By an arbitrary division of functions to which I was not a party, synthetic fuels were not under the Chemical Industry Section, but were made a Petroleum Section. I had my hands full trying to work with the Russians, the British, and French some kind of orderly approach to the very complicated chemical industry for which we were responsible. I had no special knowledge of Fischer-Tropsch, but assumed that it was almost entirely a synthetic-fuel project. If at that time I had known what I know now, I certainly would have had that process transferred to the Chemical Industry Branch. Unfortunately, Fischer-Tropsch installations were all in the British and Soviet zones, and, therefore, the matter did no come to my attention. I feel sure that this entire matter would have had a very different outcome if one or more of the plants had been in the American zone.

When I left Berlin, the Chief of the Petroleum Section was a man whose background for the job was filling-station experience in the United States. If the advisers at the Washington conference were men with those qualifications, it is not difficult to understand why the chemical industry aspects of the Fischer-Tropsch were not understood.

The recent phrase "a vested interest in error" is appropriate to this situation, and it appears that Members of the Congress, who were not parties to this series of errors, are the only ones who can call a halt to this needless destruction of productive property. I shall be glad to have you use this letter in any way you think best.

There is no doubt in my mind that the British and French authorities are aware of the implications of Fischer-Tropsch destruction in Germany, and it is possible that the pressure they exerted was due to agreement between the two great chemical companies, British and French, to eliminate a peacetime competitor in an important chemical development. This elimination of competition by force is contrary to American ideals and should be repugnant to every American.

Sincerely yours,

ALBERT B. NEWMAN,
Professor of Chemical Engineering, College of the City of New York, and Past President of the American Institute of Chemical Engineers.

Mr. President, these are only a few of the hundreds of specific examples that could be cited to prove the folly of our present course, and these do not touch

upon the problem of what we are doing to communities close to the iron curtain, where, as in the case of the Reichswerke at Watenstedt-Salzgitter, the dismantling of this plant is being carried on right under the noses of the Russians themselves. Out of 100,000 inhabitants of this district that borders the Russian zone, 80 to 85 percent of whom are entirely dependent on this plant for their daily living and their dairy bread, nearly one-third are already living on the substandard allowances doled out to the unemployed.

Nor do these illustrations touch the problem of what we are doing to the thousands of individual plants run by the so-called little men, plants which are so essential to the preservation of an economic system based on the rights of private property and freedom from regimentation and state controls.

Mr. President, I cannot resist illustrating the nature of this problem that is involved in our present dismantlement proceedings, by quoting from a letter written on April 8, 1949, by Adam Hahn, successor of Fritz Hahn, in Rheinbreitbach, in the British zone.

Wrote Mr. Hahn:

> Our machine-tool plant was founded in 1893, in Cologne, by Fritz Hahn, who is my father, an old-age invalid of 83, now living with us. My brother, Karl Hahn, and I have taken over the management of the plant from our father, at the same time pledging ourselves to guarantee our father's livelihood. After surviving 100 bombing raids on Cologne, we were completely bombed out on June 29, 1943. My life at the time hung in the balance, as I am a 90-percent invalid and have two artificial limbs. Then we started all over in this locality, only to be finally robbed, in the course of the dismantling process, of 95 percent of our machines on November 4, 1947. Today we do not possess a single usable lathe, neither have reclamations to the German and French authorities had any success. None of us have ever been members of the Nationalist Socialist Party; all of our tools were made and purchased in Germany. We have no possibility of making a living. Without entering into the details of your speech, I beg to inquire: What do you think we ought to do; what can we do; where is our chance?

Mr. President, neither have I analyzed the depressing effect which our continued actions are having upon those who increasingly doubt our willingness to cooperate genuinely with other European nations. I refer to the Ruhr statute, which provides for an international authority to control the productive resources and raw materials of the Ruhr. If we really believe in genuine international cooperation, and if this Ruhr statute is worth the paper it is written on, how can we continue to destroy the very industrial potential which we profess we are going to turn over to this international authority to administer? Surely we are not blindly bent on creating an economic wilderness in the Ruhr in order to guarantee the failure of this International Ruhr Authority at the outset. Yet, the grave crisis that now has developed in the Ruhr reveals that an American representative to the International Ruhr Authority has not yet even been appointed.

Finally, Mr. President, we learn that the discussions of the financial agreement of the western Allies on continuing support of the German economy, which have been held in Washington, have been concluded. According to the New York Times of July 8, these negotiations have resulted in discontinuance of direct British financial aid to the west Germany economy, thus placing the whole burden of occupation costs and of continuing economic deficits in the western zone of Germany squarely on the back of the American people. Today we are paying Britain's share of that burden. Britain now is out of that picture.

Is it not time, Mr. President, that the American Government in the determination of that policy once more exercise a decisive voice commensurate with its financial obligations?

Therefore, Mr. President, I conclude these remarks on German dismantlement by again appealing to you that you do everything in your power to change these policies by declaring a moratorium on this useless, senseless, self-defeating destruction of the peacetime industrial potential upon which not only Germany, not only Europe, but the whole anti-Soviet world is so desperately dependent. I am certain that the American people now are convinced that such action on your part, now, would do more than anything else to give new impetus to the cause of justice, to bring new hope to a despairing people, and to give the lie to Russia's continued propaganda that our actions are those of a ruthless capitalistic, imperialist nation engaged in destruction of potential competitors, and will turn the ebbing tide of peace once more to the flood.

Mr. President, let me say that under no circumstances should we strike from the bill we are now considering the provision to the effect that we shall take another look, completely and entirely, at the entire problem of dismantling the industries which during the war were not used by Germany for the creation of wartime potentials.

RECESS

Mr. ELLENDER. Mr. President, if there is no further business to come before the Senate at this time, I move that the Senate stand in recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 37 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, September 20, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 19 (legislative day of September 3), 1949:

UNITED STATES ATTORNEY

Joseph A. McNamara, of Vermont, to be United States attorney for the district of Vermont. He is now serving in this office under an appointment which expires September 28, 1949.

PUBLIC HEALTH SERVICE

The following-named candidates for promotion in the Regular Corps of the Public Health Service:

Assistant sanitary engineer to be senior assistant sanitary engineer (equivalent to the Army rank of captain):

Robert L. Stenburg.

Assistant nurse officers to be senior assistant nurse officers (equivalent to the Army rank of captain):

Mary J. Yardley	Katherine L. Broyles
Mary E. Allen	Ruth I. Webb
Elizabeth J. Haglund	

CONFIRMATIONS

Executive nominations confirmed by the Senate September 19 (legislative day of September 3), 1949:

FEDERAL TRADE COMMISSION

John Carson to be Federal Trade Commissioner for the unexpired term of 7 years from September 26, 1945.

PUBLIC HEALTH SERVICE

APPOINTMENTS AND PROMOTIONS IN THE REGULAR CORPS OF THE PUBLIC HEALTH SERVICE

To be senior assistant surgeon (equivalent to the Army rank of captain), effective date of acceptance

Simon P. Abrahams

To be senior assistant nurse officer (equivalent to the Army rank of captain), effective date of acceptance

Victoria F. Malinoski

To be sanitary engineers (equivalent to the Army rank of major)

Lawrence B. Hall	John R. Thoman
Paul C. Henderson	Ralph J. Johnson
Ernest P. Dubuque	Frank A. Butrico
Harry Stierli	Bernard B. Berger

SENATE

TUESDAY, SEPTEMBER 20, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O God, from whom all holy desires and all good counsels do proceed, with the morning rise mercifully upon our darkened hearts. In this tragic and tangled world we are conscious of our woeful inadequacy to sit in the seats of judgment, to balance the scales of justice, and to respond with equity to the myriad calls of human need.

Wilt Thou crown our deliberations with Thy wisdom and with spacious thinking to fit these epic days. Wilt Thou light our eyes with Thy sympathy for all mankind. As we face the questions which confront us and almost confound us, quicken in us, we beseech Thee, every noble impulse, and sanctify for human good our best endeavors. In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. HAYDEN, and by unanimous consent, the reading of the Journal of the proceedings of Monday, September 19, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

CALL OF THE ROLL

Mr. HAYDEN. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Humphrey	Murray
Anderson	Ives	Myers
Bricker	Jenner	Neely
Bridges	Johnson, Colo.	O'Conor
Byrd	Johnson, Tex.	Pepper
Cain	Johnston, S. C.	Reed
Chapman	Kem	Robertson
Connally	Kerr	Russell
Cordon	Kilgore	Saltonstall
Donnell	Knowland	Schoeppel
Downey	Langer	Sparkman
Ecton	Leahy	Stennis
Ellender	Long	Taylor
Ferguson	Lucas	Thomas, Okla.
Flanders	McCarthy	Thomas, Utah
Frear	McClellan	Thye
George	McFarland	Vandenberg
Gillette	McKellar	Watkins
Green	McMahon	Wherry
Gurney	Magnuson	Wiley
Hayden	Malone	Williams
Hendrickson	Martin	Withers
Hill	Maybank	Young
Hoey	Miller	
Holland	Millikin	

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], and the Senator from North Carolina [Mr. GRAHAM] are absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Arkansas [Mr. FULBRIGHT] is absent because of illness.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from Nebraska [Mr. BUTLER], the Senator from New York [Mr. DULLES], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Massachusetts [Mr. LODGE], and the Senator from South Dakota [Mr. MUNDT] are absent by leave of the Senate.

The Senator from Indiana [Mr. CAPEHART], the Senator from Maine [Mrs. SMITH], and the Senator from New Hampshire [Mr. TOBEY] are absent on official business.

The Senator from Oregon [Mr. MORSE] and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from New Jersey [Mr. SMITH] is absent on official business by leave of the Senate.

The PRESIDENT pro tempore. A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

SUSPENSION OF DEPORTATION OF ALIENS

A letter from the Acting Attorney General, transmitting, pursuant to law, copies of orders of the Commissioner of the Immigration and Naturalization Service suspending deportation as well as a list of the persons involved, together with a complete and detailed statement of the facts and pertinent provisions of law as to each alien and the reason for ordering suspension of deportation (with accompanying papers); to the Committee on the Judiciary.

REPORT OF EXPORT-IMPORT BANK OF WASHINGTON

A letter from the Chairman of the Export-Import Bank of Washington, transmitting, pursuant to law, the eighth semiannual report of that bank, for the period January-June 1949 (with an accompanying report); to the Committee on Banking and Currency.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. KILGORE, from the Committee on the Judiciary:

H. R. 6006. A bill for the relief of Anthony Charles Bartley; without amendment (Rept. No. 1089).

By Mr. DOWNEY, from the Committee on Interior and Insular Affairs:

H. R. 554. A bill to provide for the construction, extension, and improvement of school buildings in Hoopa, Calif.; without amendment (Rept. No. 1090).

By Mr. ECTON, from the Committee on Interior and Insular Affairs:

H. R. 4986. A bill to amend an act entitled "An act to provide for the adjustment of irrigation charges on the Flathead Indian irrigation project, Montana, and for other purposes," approved May 25, 1948; without amendment (Rept. No. 1094).

By Mr. ECTON (for Mr. BUTLER), from the Committee on Interior and Insular Affairs:

H. R. 4815. A bill to provide for medical service to non-Indians in Indian hospitals, and for other purposes; with amendments (Rept. No. 1095).

By Mr. SALTONSTALL, from the Committee on Armed Services:

S. 2382. A bill to authorize the construction of a research laboratory for the Quartermaster Corps, United States Army, at a location to be selected by the Secretary of Defense; with an amendment (Rept. No. 1093).

By Mr. ANDERSON, from the Committee on Agriculture and Forestry:

S. 2522. A bill to stabilize prices of agricultural commodities; without amendment (Rept. No. 1091).

By Mr. MCKELLAR, from the Committee on Appropriations:

H. R. 6008. A bill making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes; with amendments (Rept. No. 1092).

By Mr. MYERS, from the Committee on Rules and Administration:

S. Con. Res. 14. Concurrent resolution to investigate matters affecting the presidential election and succession; with an amendment (Rept. No. 1096).

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. CONNALLY, from the Committee on Foreign Relations:

Stanton Griffis, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary to Argentina;

Robert D. Murphy, of Wisconsin, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to Belgium; and

Joseph C. Satterthwaite, of Michigan, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to Ceylon.

Henry L. Deimel, Jr., of California, and sundry other persons for appointment in the Foreign Service; and

LaVerne Baldwin, of New York, and sundry other persons for appointment in the Diplomatic and Foreign Service.

Warren R. Austin, Philip C. Jessup, Mrs. Anna Eleanor Roosevelt, and John Sherman Cooper to be representatives of the United States to the Fourth Session of the General Assembly of the United Nations;

Wilson M. Compton, Benjamin V. Cohen, Charles Fahy, John D. Hickerson, and Mrs. Ruth B. Rohde, to be alternate representatives of the United States to the Fourth Session of the General Assembly of the United Nations; and

George V. Allen, Milton S. Eisenhower, Luther H. Evans, Miss Martha B. Lucas, and Reinhold Niebuhr to be representatives of the United States to the fourth session of the General Conference of the United Nations Educational, Scientific, and Cultural Organization.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GEORGE (for himself and Mr. RUSSELL):

S. 2573. A bill to repeal certain provisions of the Independent Offices Appropriation Act, 1950, approved August 24, 1949, relating to education and training of veterans; to the Committee on Labor and Public Welfare.

(Mr. WILEY introduced Senate bill 2574, to establish the United States Air Academy at William Mitchell Field, Wis., which was referred to the Committee on Armed Services, and appears under a separate heading.)

ESTABLISHMENT OF UNITED STATES AIR ACADEMY AT WILLIAM MITCHELL FIELD, WIS.

Mr. WILEY. Mr. President, I introduce for appropriate reference a bill to establish the United States Air Academy at William Mitchell Field, Wis., and I ask unanimous consent that an explanatory statement of the bill prepared by me together with a resolution submitted by Mr. John J. Kraniak and adopted by the Alonzo Cudworth Post, No. 23, the American Legion, at Milwaukee, Wis., and the Legion convention at Philadelphia, Pa., be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred, and, without objection, the explanatory statement and resolution presented by the Senator from Wisconsin will be printed in the RECORD.

The bill (S. 2574) to establish the United States Air Academy at William Mitchell Field, Wis., introduced by Mr. WILEY, was read twice by its title and referred to the Committee on Armed Services.

The explanatory statement and resolution presented by Mr. WILEY are as follows:

STATEMENT BY SENATOR WILEY

COMMENTS ON NEED FOR NATIONAL MITCHELL AIR ACADEMY

I am introducing today a bill for the establishment of a National Air Academy in

Wisconsin's largest city, in honor of the Badger State's greatest aviation pioneer, Brig. Gen. William Mitchell. No Member of this body need be told of the contributions which this great aviation seer and martyr made in the history of American flying. His warnings to us of the danger of attack in the air, the threat to America's northwest frontier in Alaska, his early pioneering bombing of battleships, his brilliant innovations in aerial warfare, his courageous fight against the blind military martinets of his time—all of these are a part of the stuff and substance of American history.

Milwaukee's advantages

But it is not only as a tribute to a great aviator that I am asking that a National Air Academy be established in Milwaukee. The physical facilities available in Wisconsin's largest city are more than adequate for such an academy. The city of Milwaukee has splendid weather conditions. There is more than sufficient land for the academy in the south side of the city. Wisconsin has always been a great aviation State, having contributed the second highest number of aviators of any State in the Union to the United States Air Force, being exceeded only by the more populous State of Texas.

Other proposed locations

I know that there are many other bills pending to establish the Air Academy at different locations in the Nation—Randolph Field, Tex., Enid Air Base, Okla., southern California, etc. I will not presume to analyze the respective merits of one location as against another. Suffice it to say, however, that I feel that the Midwest has been overly shy in indicating the appropriateness of establishing Federal projects of this type within its area as against, for example, setting up such projects in the South or West.

It is definitely necessary that America's armed force have an air university. This is in keeping with the present organization of our Department of National Defense with its three basic units. West Point is the incubation center for the Nation's ground force leaders. Annapolis has made its mark in furnishing the nucleus of Navy leadership. Now let Milwaukee furnish the future winged leaders for our Air Force.

RESOLUTION OF JOHN J. KRANIAK

Whereas a separate air force has been created as a part of our national defense forces; and

Whereas Gen. Billy Mitchell was one of the early pioneers in the field of aviation; and

Whereas Gen. Billy Mitchell long before World War II correctly prophesied that aviation was destined to become the most formidable military weapon in the history of the world; and

Whereas the Congress and the Secretary of Defense are contemplating the establishment of a West Point of the Air Force, to be known as the Air Academy; and

Whereas Wisconsin has followed the lead of its beloved Gen. Billy Mitchell in military aviation during World War II and in civilian aviation since that time; and

Whereas the establishment of an Air Academy is of interest to all former members of our armed forces: Now, therefore, be it

Resolved by Alonzo Cudworth Post, No. 23, the American Legion, That an air university be established by the Congress and the Secretary of Defense and located in the most convenient airfield in Wisconsin, with preference accorded to the airfield in Wisconsin now bearing the name of Gen. Billy Mitchell; be it further

Resolved, That a copy of this resolution be forthwith transmitted to the County Council of Milwaukee County, with a request that prompt action be taken, and that such action be immediately reported to the State department of the American Legion; be it further

Resolved, That the State Department take such steps as may be necessary in order to assure appropriate action by the delegates at the forthcoming convention of the American Legion; be it further

Resolved, That after appropriate action shall have been taken by the State department, the American Legion, notice thereof may be given to Senators Wiley and McCarthy and the Congressmen of Wisconsin, to Louis Johnson, Secretary of Defense, and to Mr. Symington, Secretary of Air, and to Gen. Hoyt Vandenberg, Chief of Staff of the Air Force.

MILITARY ASSISTANCE TO FOREIGN NATIONS—AMENDMENT

Mr. MAGNUSON submitted an amendment intended to be proposed by him to the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations, which was ordered to lie on the table and to be printed.

NOTICES OF MOTIONS TO SUSPEND THE RULE—AMENDMENTS TO FIRST SUPPLEMENTAL APPROPRIATION BILL

Mr. THOMAS of Oklahoma submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 6008) making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, the following amendment, namely: On page 22, after line 1, insert the following:

"BUREAU OF INTERNAL REVENUE

"Refund of taxes illegally assessed and paid by Indian wards: For the payment by the Treasury Department of the principal amount of any claim or claims for refund of income taxes filed within the 2-year period permitted by and pursuant to the declared policy of Congress as contained in section 2 of the act of Congress of January 29, 1942 (56 Stat. 21), by or on behalf of any Indian allottee of the class mentioned therein as having been required or permitted to pay any Federal income tax on the rents, royalties, or other gains arising from such allotment during the minority of the allottee, $200,000, to remain available until expended."

Mr. THOMAS of Oklahoma also submitted an amendment intended to be proposed by him to House bill 6008, making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

Mr. MAYBANK submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 6008) making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, the following amendment, namely: Page 7, after line 4, insert the following:

"The second proviso in the paragraph under the heading 'Public Housing Administration' in title I of the Independent Offices Appropriation Act, 1950, is hereby repealed as of August 24, 1949."

Mr. MAYBANK also submitted an amendment intended to be proposed by him to House bill 6008, making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

Mr. HILL submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 6008) making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, the following amendment, namely: Page 13, after line 17, insert the following:

"RURAL ELECTRIFICATION ADMINISTRATION

"To carry into effect the provisions of the Rural Electrification Act, as amended, and to provide for rural telephones and other purposes: *Provided,* That the following two paragraphs shall be effective only upon the enactment into law during the first session of the Eighty-first Congress of H. R. 2960, as follows:

"Salaries and expenses: For an additional amount for administrative expenses, including personal services in the District of Columbia, $250,000, of which amount $35,000 shall be transferred to and made a part of the appropriation for the Office of the Solicitor.

"Loans: For loans in accordance with title II and for carrying out the provisions of section 7 of title I, $25,000,000, to be borrowed from the Secretary of the Treasury in accordance with the applicable provisions of section 3 of title I."

Mr. HILL also submitted an amendment intended to be proposed by him to House bill 6008, making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

Mr. YOUNG submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 6008) making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, the following amendment, namely: On page 15, after line 4, insert:

"INTERNATIONAL PEACE GARDEN, NORTH DAKOTA

"For the construction of roads, trails, buildings, utilities, and other improvements, including expenses incidental thereto, necessary for completion of the International Peace Garden, North Dakota, $25,000, to remain available until expended: *Provided,* That this paragraph shall be effective only upon the enactment into law during the first session of the Eighty-first Congress of H. R. 2369."

Mr. YOUNG also submitted an amendment intended to be proposed by him to House bill 6008, making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes,

which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

NOTICE OF HEARING ON NOMINATION OF SHERMAN MINTON TO BE ASSOCIATE JUSTICE OF THE SUPREME COURT OF THE UNITED STATES

Mr. KILGORE. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Tuesday, September 27, 1949, at 10:30 a. m., in room 424, Senate Office Building, upon the nomination of Sherman Minton, of Indiana, to be Associate Justice of the Supreme Court of the United States, vice Wiley B. Rutledge, Jr., deceased. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent.

WAGING PEACE IN THE AMERICAS

[Mr. ROBERTSON asked and obtained leave to have printed in the RECORD an address entitled "Waging Peace in the Americas," delivered by Secretary of State Acheson before the Pan-American Society of the United States on September 20, 1949, and also the remarks made on the same occasion by the Assistant Secretary of State for Latin American Affairs, Hon. Edward G. Miller, Jr., which appear in the Appendix.]

YOUNG REPUBLICANS: A CREATIVE FORCE TO BE RECKONED WITH

[Mr. WILEY asked and obtained leave to have printed in the RECORD a statement prepared by him on the subject of Young Republicans as a vital political force in modern America, which appears in the Appendix.]

CONFERENCE OF NATIONAL COMMISSION OF UNESCO—ARTICLE BY ANNE O'HARE McCORMICK

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an article relating to the recent conference of the National Commission of UNESCO, held in Washington, September 10 and 11, 1949, written by Anne O'Hare McCormick, and published in the New York Times of September 12, 1949, which appears in the Appendix.]

ADDRESSES ON THE OCCASION OF THE DEDICATION OF THE CARTER OIL CO. REFINERY AT BILLINGS, MONT.

[Mr. MURRAY asked and obtained leave to have printed in the RECORD the addresses delivered by O. C. Schorp, president of the Carter Oil Co., and by Gov. John W. Bonner, of Montana, at the formal opening of the Carter Oil Co. Refinery, at Billings, Mont., on August 26, 1949, which appear in the Appendix.]

EXEMPTION OF SMALL NEWSPAPERS FROM PROVISIONS OF FAIR LABOR STANDARDS ACT

[Mr. THYE asked and obtained leave to have printed in the RECORD a letter addressed to him by Ed M. Anderson, chairman of the legislative committee of the National Editorial Association, relating to the propriety of exempting small local newspapers from the wage and hour provisions of the Fair Labor Standards Act, which appears in the Appendix.]

MILITARY ASSISTANCE TO FOREIGN NATIONS

The Senate resumed the consideration of the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

Mr. VANDENBERG obtained the floor.

The PRESIDENT pro tempore. Before the Senator from Michigan proceeds the Chair will state that the question is on agreeing to the committee amendment, which is a substitute for the House text, and, for the purpose of amendment, regarded as the original bill.

Mr. VANDENBERG. Mr. President, I am speaking briefly today to register my complete sympathy with the pending bill to implement the North Atlantic Pact for 1 year.

The subject has been amply covered by the splendid address of the distinguished Senator from Texas [Mr. CONNALLY], chairman of the Foreign Relations Committee, on yesterday, supplemented by the able remarks of the distinguished chairman of the Armed Services Committee [Mr. TYDINGS], and further supplemented by the committee report, which is very complete, very comprehensive, and I think totally persuasive. My informal supplementary comments are probably unnecessary; but I would not want the RECORD to lack my testimony that I am deeply convinced that this bill, whether regarded as fire insurance or life insurance, is a bargain policy for peace.

The Senate ratified the North Atlantic Pact by a vote of 82 to 13. It is now the supreme law of the land for the 13 as well as the 82. It speaks for all of us, whether we like it or not. We do not here make a primary decision. This is not a new debate. This is not Act I. This is Act II in the great drama of Atlantic peace through collective security against aggression. It is the same drama. It is the same theme. We have already set our course. The pending question is how we shall pursue that course to the harbor of our hopes.

The supreme law of the land now says to all of us as united Americans that the North Atlantic community is bound together against armed aggression—all for one and one for all. Article 3 of the North Atlantic Pact says that, separately and jointly, through continuous and effective self-help and mutual aid, we shall maintain and develop our individual and collective potentials to resist armed attack. The pending bill as brought to the floor of the Senate by the unusual combination of two major committees of the Senate is our direct and specific answer to the obligations in article 3. What is this commitment?

The meaning and extent of article 3 and the nature of this obligation were matters of heated controversy in the Senate when the pact was ratified. I shall not deviate by one comma from what I then said to the Senate, on Wednesday, July 6, 1949, in respect to the obligations under article 3. To make perfectly sure that I do not deviate, I wish to quote verbatim from what I said on July 6 last.

After a discussion of the fundamental fact that in my view article 3 is not the superlatively important part of the North Atlantic Pact, but rather that article 5 is the thing of supreme importance, I went on to say:

Article 3 is elementary common sense in that the parties to this treaty propose, separately and jointly, by means of continuous self-help and mutual aid, to develop their individual and collective potentials to resist armed attack. It is common sense to put these common interests in gear in the exercise of common vigilance.

I interrupt the quotation long enough to say that I do not see how this philosophy of the action can be challenged in logic, in common sense, or in the exercise of our own intelligent self-interest.

It is elementary prudence to put these common interests in gear in the exercise of common vigilance. The better they are integrated the less the need for their expansion and the less likelihood of their subsequent use.

What is proposed under article 3 for the next year?

This was said in anticipation:

I do not know except by general information, that we may be asked for something like $1,000,000,000 of arms aid to supplement six or seven billions which our associated nations have already provided in their own budgets. The immediate objective, I understand, is substantially to make existing forces more efficient—to standardize rather than to expand.

I want to reiterate that sentence because it was a completely dependable prophecy. This program does not involve an arms race in any of its phases or intentions. Its purpose is to make effectively efficient forces in being, and there is no obligation or present purpose beyond that point.

I continue to read:

By no stretch of the imagination can such a prospectus be deemed aggressive. Nor can it be deemed competitive. Nor can it be deemed a plan to turn western Europe into an armed camp. Nor can it be deemed to contemplate new American manpower overseas. Nor, Mr. President, can it be deemed—and this is the vital thing to me—to measure the final authority which this agreement shall exercise to dissuade aggressors from their crimes. The supreme authority for peace is in the potentials of the treaty itself. It is in article V and not in article III.

I interrupt the reading again to reassert my deep belief that the great authority for peace in the North Atlantic Pact is in the general pledges under article V, and not in the specific arms implementation in article III. No amount of arms that could possibly be furnished by the most extravagant enthusiast for the implementation of article III can compare for an instant in its repressive values with the fundamental fact that article V of the treaty notifies any potential aggressor of the future that he confronts not merely $1,000,000,000 worth of arms; he confronts all the resources of 300,000,000 people to make his aggression a failure. It notifies him in advance of his inevitable failure. That, I repeat, is the great power and authority of the treaty. I am coming to the things I had to say about article III, because that is the matter here in question.

Reading further from my address of last July:

I want to repeat again, however, that I understand that article III has its very definite and unavoidable importance. It builds no illusory Maginot lines. But it steps up the defense facilities in being. It contributes to security and to the sense of security. It certainly discourages armed aggression by proxy, which is to say by internal treason. It betokens the fact that the treaty means business in its mutual purpose to prevent aggression. But I reserve to myself, as will every Senator, the right to pass independent judgment on the nature and extent of this supplementary legislation.

I stand today precisely where I did then in respect to the freedom which Members of the Senate are entitled to exercise in passing upon this legislation, so long as they fundamentally recognize that they are now dealing with the supreme law of the land, which creates a basic obligation which cannot be ignored, to deal honestly and fairly with the implementation program now presented.

Reading further:

Just what is our obligation at this point?

That is, the obligation which Senators confront today under article 3.

I take it no one would pretend that the ratification of the pact does not make some sort of alteration in the situation as it exists without the pact.

That was true then. It is true today.

Its articles are not meaningless. But the timing and the nature and extent of implementing legislation, in this or any other year, are, in my opinion, wide open to the free decision of all Senators as to what they believe the objectives of the pact and the national security require. The Secretary of State's statement is:

"The pact does not dictate the conclusion of honest judgment * * * it does preclude repudiation of the principle or of the obligation of making that honest judgment * * * there is an obligation to help, but the extent, the manner, and the timing is up to the honest judgment of the parties."

I said last July, and I reiterate today:

I shall feel free to argue with my colleagues on the merits of any such issues when they arise. But I shall never argue that their vote for the pact precludes free and honest judgment and independent in any such subsequent event.

Mr. President, I wanted to lay down those fundamental specifications, to indicate that I meant what I said in my assurances to my colleagues 3 months ago, and I still mean them today.

The meaning and extent of article 3 and the nature of its obligations are up to the honest verdict of the Senate. The Senate cannot escape the fact that a fundamental obligation exists under the supreme law of the land. To that extent, the Members of the Senate are more limited in their freedoms than they were before the pact became the supreme law of the land; but their freedom of specific judgment still remains their own.

It is on this basis and it is in this spirit that I recommend this rewritten bill to my colleagues. I believe it has been amended in committee to make it reflect the precise specifications thus previously outlined, and here reiterated. It is essentially a program, not for an arms race, but to give maximum efficiency to forces in being in these friendly allied lands, and to gear them together in the potentials of a unified and integrated defense within the framework of the North Atlantic community, which, in turn, operates within the framework of the United Nations. It is all in the clear self-interest of our own national security as urgently testified by the unanimous voice of all the military experts upon whom we rely for the national defense.

Mr. President, some of the original proposals submitted to us by the executive department to implement this obligation were entirely unsatisfactory and unacceptable, not only to me, but to many others, both in and out of Congress. They excited strenuous opposition. In the main, those objections have been met by this rewritten bill. That is what I want to prove today. I find that many of the remaining objections still go back to those situations which the joint committees have completely corrected. We no longer confront the set of facts to which initial opposition was so strenuously asserted when the original proposed legislation arrived at the Capitol. I wish to prove this because I think it is the most useful service I can briefly render in making it crystal clear—I believe that is the favorite senatorial phrase—that the original objections have now substantially disappeared. As the first exhibit in connection with that point, I call attention to the fact that the original bill contained the following clause:

The President is authorized, upon the request of any nation, to furnish assistance to such nations through grants or for payment in cash or through any other means and upon such other terms as he deems appropriate, whenever he deems that the furnishing of such assistance will further the policies and purposes of this act.

In other words, that proposal would have authorized the President to decide for himself what nations should be assisted, when that should be done, and how it should be done. It called for the virtual creation of a total world-wide war-lord power in the White House.

The complaint against that section was general from Senators on both sides of the aisle, and it also permeated the country. My mail indicates that some of the present opposition to the rewritten bill upon which we shall vote still stems from that original source. I wish to make it plain that the united opposition, I think, of all the members of the joint committees, among others, was so immediate and so effective that that bill was withdrawn as it should have been. It was impossible. Nothing even approximating that originally proposed authority is contained in the pending bill.

On the contrary under the pending bill, the President will act strictly within sharp definitions, as I shall indicate. The nearest thing to an exception is in the case of China, to which I shall briefly advert later. But the original evil is totally cured.

Secondly, the subsequent bill, as finally submitted to the joint committee, was written entirely outside the North Atlantic Pact, and was largely independent of it. That was another situation which created justified criticism, in my opinion, because it virtually invited the creation of a parallel regional defense which would duplicate, if not interfere with, the organized and integrated North Atlantic defense contemplated and provided by the North Atlantic Pact itself. In this phase it was indefensible. It was too vulnerable to survive.

I wish to show the Senate how completely that objection has been met. The pending bill provides—and I now read from it:

Any such assistance furnished under this title shall be subject to agreements, further referred to in section 402, designed to assure that the assistance will be used to promote an integrated defense of the North Atlantic area and to facilitate the development of defense plans by the Council and the Defense Committee under article 9 of the North Atlantic Treaty; and after the agreement by the Government of the United States with defense plans as recommended by the Council and the Defense Committee, military assistance hereunder shall be furnished only in accordance therewith.

In other words, it is specifically spelled out—and this is further bulwarked in the appropriations chapter, to which I shall subsequently refer—that in the case of any preliminary plan or plans made in anticipation of the recommendations which shall subsequently come within the terms of the pact from the authorities created by the pact, at any moment when those pact recommendations are agreed to by us, they shall not only take priority, but they shall take exclusive control of every penny contained in this bill. To me, that is a very important and significant fact, and it seems to me it answers the objections on this subject in our hearings to the bill as originally submited to us. The Senate is not being asked now to set up any sort of defense arrangement independent of the North Atlantic Pact and the specific machinery included therein to implement the pact. The pact and its machinery is scrupulously protected.

Again, the original bill carried $1,161,000,000 for western Europe in one cash authorization. There was widespread complaint in and out of Congress against both the size and latitude of the appropriation. What do the Joint Committees on Foreign Relations and Armed Services recommend in this respect? How have they changed this contemplation?

They have completely rewritten it. First, the over-all amount to which the Senate's consent is solicited has been cut to $1,000,000,000. But that is far from all. The $1,000,000,000 in turn has been cut into a $500,000,000 money appropriation for the current fiscal year and a $500,000,000 contract authority for deliveries and payments in the next fiscal year. Thus the program in this fiscal year drops, so far as money appropria-

tions are concerned, from the $1,000,000,000 to $500,000,000.

Nor is that all. Only $100,000,000 of the $500,000,000 cash in the current fiscal year is available for expenditure until such time as we have agreed to defense plans as recommended by the authority established by the North Atlantic Pact. In other words, here is the Senate's final guaranty that the final program has to be geared into the machinery and the integrated objectives of the North Atlantic Pact, and there is only this preliminary $100,000,000 of the entire appropriation which has any initial latitude beyond those restrictions.

Mr. WHERRY. Mr. President, does the Senator care to yield?

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. VANDENBERG. I am happy to yield.

Mr. WHERRY. I should like to ask the distinguished Senator whether the contract authority is to be exercised in this fiscal year.

Mr. VANDENBERG. The contract authority may be exercised in this fiscal year under specific requirements that deliveries and payments are to be made the following year. I promptly want to make plain one other factor, in which I know the Senator from Nebraska would have particular interest. In the ordinary legislative procedure it would have been impossible to bring the contract authority within the jurisdiction of the Senate Appropriations Committee. We have gone so far in our anxiety to leave effective control over this entire enterprise with the appropriate branches of the Congress that we have written a special provision which brings both the contract authority and the appropriation within the direct and specific jurisdiction of the Senate and House Appropriations Committees.

Mr. WHERRY. I thank the Senator for the observation. I was aware of the provision, but I still wanted to know whether the contract authority was to be exercised this year. I understand the payments are to be made in the following fiscal year.

Mr. VANDENBERG. And also the deliveries.

Mr. WHERRY. Yes; and that takes care of the money for the next fiscal year. But the thing I wanted to have clear in the RECORD is that the contract authority, to place contracts and carry out whatever program is within the provisions of the legislation may be exercised this year.

Mr. VANDENBERG. The Senator is entirely correct. The Senator will realize, however, that the Senate, for example, will, before that power can be used at all, still have to pass upon an appropriation bill, which will include again whatever judgments the Senate Appropriations Committee may wish to apply to the contracts.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

Mr. VANDENBERG. I yield.

Mr. WHERRY. The Senator, in no very unclear terms, made it plain that only $100,000,000 of the $500,000,000 cash appropriation could be expended before the recommendations are made, as I take it, by the Defense Council under article IX, or whatever the agency may be.

Mr. VANDENBERG. And the recommendations must be accepted by the United States.

Mr. WHERRY. Does that apply also to the contract authorization?

Mr. VANDENBERG. It does.

Mr. WHERRY. Is that clearly stated in the bill?

Mr. VANDENBERG. I think the Senator has reached a point where the answer must rely upon construction. My answer is "Yes." The matter has been called to my attention textually, and it is worthy of study. There is no doubt about the intention of the committee.

Mr. WHERRY. I appreciate that, and it is one reason I wanted to call it to the attention of the distinguished Senator from Michigan. I think it should be made plain that that is his interpretation of it, for it will be a guide certainly to members of the Appropriations Committee.

Mr. VANDENBERG. The Senator is correct.

Mr. WHERRY. Personally I see no difference between a cash appropriation and a contract authority which is to be exercised in the fiscal year. There is a difference, of course, in the time when the payments are to be made. The bill contains the safeguard or, rather, the provision that only $100,000,000 may be spent prior to receipt of the recommendations of the Defense Council.

I wanted to be sure what the safeguards were, if any, with respect to the contract authority. Are they alike or similar? I could not find them in the bill. But if it is the distinguished Senator's construction of the terms that the contract authority is not to be exercised until those recommendations are made, it would be clear in my mind. If that is not the case, I should like to have the Senator make that observation at this time.

Mr. VANDENBERG. I do not think there is any doubt in the world about the intention, and if it would make the able Senator from Nebraska more comfortable, so far as the Senator from Michigan is concerned he would be quite willing to have it spelled out. There is no doubt about the intent.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Massachusetts?

Mr. VANDENBERG. I yield.

Mr. SALTONSTALL. I should like to ask the Senator from Michigan whether it is not already spelled out, beginning on page 18, line 24, where, referring to the $400,000,000, the bill reads:

> And the defense committee to be established under the North Atlantic Treaty, limited entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority——

Mr. VANDENBERG. In the opinion of the Senator from Michigan, the situation is as the Senator from Nebraska wishes it would be.

I desire now to refer to the language which the able Senator from Massachusetts has just read, because it further indicates the anxiety of the Joint Committees on Foreign Relations and Armed Services to make as textually sure as is humanly possible that there are no obligations and no commitments involved in this legislation which do not appear in the bill itself. This is an open covenant. I call attention, and read again the language which the Senator from Massachusetts has just read, which textually asserts that this bill is "limited entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority." I also call attention to the further sentence, "The representatives of the United States are not authorized to make agreements beyond the scope of this act." That may be language which is unnecessary in legalistic reality, but it is asserted in plain language for the purpose of leaving beyond any shadow of a doubt the purpose of the committees, which recommend this legislation, that the Senate is voting upon nothing that is concealed, that it is voting solely upon the face of the bill, as to which we urgently hope the Senate's verdict will be affirmative.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the junior Senator from Michigan.

Mr. FERGUSON. Does my distinguished colleague think the last sentence in the paragraph he read, "The representatives of the United States are not authorized to make agreements beyond the scope of this act," would be applicable to the furnishing of such matériel as has been furnished prior to this date under Executive order? Does this take away from the President the right to do that which he has been doing without an act, furnishing arms to France and Italy and certain other countries?

Mr. VANDENBERG. The Senator is asking me for a legal construction which I am not prepared to give him. My impression is that the language refers to this bill.

Mr. FERGUSON. But not to matériel such as has been furnished in the past?

Mr. VANDENBERG. Does the Senator mean it does not refer to something done under other acts?

Mr. FERGUSON. No. Let me put it in this way: Does this bill say to the President, "You have no authority to give any arms other than under this act"? In the past he has seen fit to give arms to various nations. Does this take away that authority, or attempt to take it away?

Mr. VANDENBERG. If it exists, and perhaps it does, I would not think that this language had any reference to it. This language refers to the grants and agreements which are contemplated within the jurisdiction of the North Atlantic community and the specified nations outside the North Atlantic community which are identified in the act. However, I have not explored the question which the Senator raises. It is a very interesting one, and I shall be very glad to explore it.

Mr. FERGUSON. Do I correctly understand that this bill undertakes to supply implementation under the North Atlantic Pact?

Mr. VANDENBERG. That is correct.

Mr. FERGUSON. And is that what that sentence really means?

Mr. VANDENBERG. That is correct.

Mr. President, the committees went still further in the direction of seeking to maintain absolute control, within the authority of the United States, of the defense implementation which is here contemplated. I invite attention to the fact that the bill, as recommended by the committee, contains the following clause:

> Any equipment or materials procured to carry out the purposes of title I of this act shall be retained by, or transferred to, and for the use of, such department or agency of the United States as the President may determine in lieu of being disposed of to a nation which is a party to the North Atlantic Treaty whenever in the judgment of the President of the United States such disposal to a foreign nation will not promote the self-help, mutual aid, and collective capacity to resist armed attack contemplated by the treaty or whenever such retention is called for by concurrent resolution by the two Houses of the Congress.

In other words, Mr. President, in plain and simple language that clause means that all the arms and implements which are embraced within the prospectus of this bill remain in the control of the President, upon the one hand, and Congress, upon the other hand, if either of them wishes to interrupt the flow, if they believe they have a reason for so doing.

That is a completely new device to reiterate and reemphasize the purpose of the Government of the United States to keep close track of everything which is to be delivered under the treaty for the purpose of seeing that nothing is delivered for any purpose alien to the purposes of the treaty and to our own national interest.

Furthermore, Mr. President, I invite attention in this connection to the fact that the bill still further underscores particularly the congressional control, in the following language:

> Assistance to any nation under this act may, unless sooner terminated by the President, be terminated by concurrent resolution by the two Houses of the Congress.

I submit that it would be impossible for the committee to have gone further than it went, and it would be impossible for anyone to go further than this bill goes in intelligent restrictions and prohibitions and protections.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Nebraska.

Mr. WHERRY. May I state to the distinguished Senator from Michigan that I am not yet of the opinion that section 102, as I interpret it, carries out the recommendations and the provisions about which I asked in reference to contract authority which the President might assume prior to the time the Defense Council submits its plans for the expenditure of the balance of the $500,000,000? I deeply appreciate the observations which the Senator has made, but I wish to invite the attention of the distinguished Senator to section 103, which seems to me to set out the contract authority by itself. I cannot help interpreting section 102 to apply only to the $500,000,000 appropriation——

Mr. VANDENBERG. May I interrupt the Senator?

Mr. WHERRY. Certainly.

Mr. VANDENBERG. I do not think there is any necessity to labor the point. I agree with the Senator's purpose, and if it is not satisfactorily asserted in the bill, an amendment certainly could not be objected to.

Mr. WHERRY. If the distinguished Senator will permit me—I do not want to delay or to labor the point—would he agree that this language more nearly justifies the Senator's point?

I read, beginning at the bottom of page 17:

> The President is hereby authorized to furnish military assistance in the form of equipment, materials, and services to such nations as are parties to the treaty and have heretofore requested such assistance. Any such assistance furnished under this title shall be subject to agreements, further referred to in section 402, designed to assure that the assistance will be used to promote an integrated defense of the North Atlantic area and to facilitate the development of defense plans by the Council and the Defense Committee under article 9 of the North Atlantic Treaty; and after the agreement by the Government of the United States with defense plans as recommended by the Council and the Defense Committee, military assistance hereunder shall be furnished only in accordance therewith.

Mr. VANDENBERG. As the Senator reads his suggestion, I see no objection to it. I would suggest to the able Senator that he submit his suggestion to the distinguished chairman of the committee, and I think there would be no difficulty whatever in arriving at the desired result, because there is no doubt on earth as to the objective.

Mr. WHERRY. Or as to the intent of the objective, and the intent which has already been expressed by the distinguished Senator from Michigan that the recommendations are to be made by the Defense Council, whether it be a cash appropriation or a contract authority.

Mr. VANDENBERG. I reexpress it for the tenth time.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Washington.

Mr. CAIN. Will the distinguished Senator from Michigan kindly restate how the first year's authorization for $500,000,000 is to be employed? I recall that the Senator mentioned that there might be an advance of $100,000,000, contingent on some other factors to be determined in the future. I should like to have my thinking cleared in that respect.

Mr. VANDENBERG. The hundred million dollars is the first hundred million dollars out of the $500,000,000 cash for the current fiscal year. That is available for immediate commitment, assuming that the Senate Appropriations Committee and the Senate subsequently agree—which might be a large "if." The remaining $400,000,000 of the money commitment for the current fiscal year is not available until there is agreement by us upon integrated defense plans submitted through the machinery of the North Atlantic Pact.

Mr. CAIN. I gather from that answer that at least by way of argument this country might deny the validity of plans to be agreed to by most of the members of the North Atlantic security pact or the Defense Council, while at the same time advancing $100,000,000 by this country as a unilateral act.

Mr. VANDENBERG. The Senator is entirely correct; we are taking a chance only on $100,000,000 out of the entire appropriation, by way of anticipation of obligations which the Senate in the first instance agreed to by a vote of 82 to 13, when they ratified the pact, and to which they will give their further consent when they pass the pending bill by about the same vote.

Mr. CAIN. The Senator has helped my understanding of the problem.

Mr. JENNER. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield to the Senator from Indiana.

Mr. JENNER. Under article 9 of the North Atlantic Pact there is set up the Defense Council. I ask a hypothetical question for my own enlightenment. Assuming the Defense Council acts and selects a certain plan of defense, suppose Secretary Johnson and the heads of the various armed services say, "We do not like that. We do not think that is a good plan of integration for defense." Can our one country then stop that plan, or at least the use of the $400,000,000?

Mr. VANDENBERG. It can stop the plan entirely, so far as we are concerned.

Mr. JENNER. In other words, we are not bound by a vote of the Council?

Mr. VANDENBERG. No; we are completely free agents to exercise our own judgment.

Mr. JENNER. I thank the Senator.

Mr. DONNELL. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield to the Senator from Missouri.

Mr. DONNELL. I should like to ask the Senator the meaning of certain language in section 103.

Mr. VANDENBERG. Will the Senator give me the page?

Mr. DONNELL. It is on page 19. The section starts out with this language:

> In addition to the amount authorized to be appropriated under section 102, the President shall have authority—

Then occurs the language the meaning of which I inquire of the Senator, as follows:

> within the limits of specific contract authority which may be hereafter granted to him.

The question I have in mind is, Who is to grant that authority to the President? What does that language mean?

Mr. VANDENBERG. Mr. President, that language is the labored device of

the distinguished head of the Senate's legislative counsel's office, and is the language which he says will require the consent of the Appropriations Committees of the Senate and the House to any contract authority, as well as to the appropriations. The language is entirely technical, so far as I am concerned. Mr. Rice, the head of the legislative counsel's office, appeared before our committee to explain that the language has for its purpose the bringing of contract authority, as well as appropriations, within the jurisdiction of the Appropriations Committees.

Mr. DONNELL. I have great respect for Mr. Rice, and observe his work with much interest and satisfaction, but I have not understood that the Appropriations Committee of either of the two Houses of Congress has, in the absence of some delegation specifically by the Congress, any power to grant contract authority to the President. I fail to see what this language means. It is unintelligible to me, which may be my own fault, and doubtless is, but when it says the President shall have authority "within the limits of specific contract authority which may be hereafter granted to him," the only inference I can draw, in the absence of something elsewhere in the bill which I have not found, is that there must be some further specific contract authority granted to the President, perhaps by Congress, rather than by the Appropriations Committees.

Mr. KNOWLAND. Mr. President, will the Senator from Michigan yield on that point?

Mr. VANDENBERG. I yield to the Senator from California.

Mr. KNOWLAND. It may be an oversight by the able Senator from Michigan, but obviously this means not only the Appropriations Committees, but the Congress of the United States itself, acting through the two Houses, just as an appropriation bill has to go through the Appropriations Committees, but has no validity until it has approval by the Congress.

Mr. VANDENBERG. Of course.

Mr. KNOWLAND. As a member of the joint committee, as well as a member of the Committee on Appropriations of the Senate, I have no doubt in my mind whatever that it takes affirmative action not only of the Appropriations Committees, but of each House, and of the Congress as well.

Mr. DONNELL. Mr. President, will the Senator from Michigan yield further?

Mr. VANDENBERG. I yield to the Senator from Missouri.

Mr. DONNELL. Would there be any objection on the part of the Senator from Michigan to inserting in line 12, immediately following the word "may", the words "by the Congress"?

Mr. VANDENBERG. My answer to the Senator is that if he will get the consent of Mr. Stephen Rice, who speaks for the legalistic conscience of the Senate, to the language he indicates, it is all right with me. I decline otherwise even to pass on the subject, because Mr. Rice was given the specific assignment of writing language which would bring contract authority, as well as cash, within the jurisdiction of the Senate Committee on Appropriations. The Senator from Michigan did not propose to put himself in a position where he would have to confront the members of the Senate Committee on Appropriations on the floor of the Senate, individually and collectively, on any basis other than with their complete jurisdiction established.

I ask the Senator from Missouri not to ask me to iron out with him any legalistic necessity of the nature here involved. I have the greatest respect in the world for the Senator from Missouri and his achievements in the law. I have no respect whatever for my own achievements in that direction. I submit that is an unfair contest, and I turn the Senator over to the head of the Senate legislative counsel's office.

Mr. DONNELL. Mr. President, will the Senator yield again?

Mr. VANDENBERG. I yield.

Mr. DONNELL. I appreciate the courtesy of the Senator, but I say without any disrespect whatsoever that I do not consider that it is the function of a Senator to be turned over to the head of the office of the legislative counsel of the Senate. I have great respect for Mr. Rice, but when the Senator from Michigan advocates the pending bill, and comes before us undertaking to tell us what the bill means, I think it is perfectly proper for the Senator from Missouri to ask of the Senator from Michigan as to what the meaning of this language is. While I defer, with great respect, to the opinions of the legislative counsel, I consider that it is proper for us, as Senators, perhaps, to act, doubtless with the assistance of the counsel of the Senate; but, after all, the ultimate decision must be made by us.

I shall not press the inquiry if the Senator prefers not to answer it, but I submit he is too modest entirely with respect to his own legal attainments, having studied law, and with his experience, and I think it is proper for him now to state whether in his opinion the language "within the limits of specific contract authority which may be hereafter granted to him" clearly means that additional contract authority must be in advance conferred on the President before he can enter in contracts for carrying out the provisions and accomplishing the purposes of the title, to the amount, in the aggregate, of the $500,000,000 specified in section 103.

Most respectfully, with the assurance to the Senator that I do respect not only his attainments in the law and along other lines, but also his knowledge of the procedure in the Congress and the meaning of language, I ask him if he will be kind enough to give us, if he cares to do so, his opinion as to whether the clause I have read is clear, or whether it should have some amendment.

Mr. VANDENBERG. Mr. President, first, I hope there is nothing in what I have said which indicates the slightest suggestion that the Senator's inquiry was out of order.

Mr. DONNELL. I assure the Senator there was not.

Mr. VANDENBERG. I assure the Senator there was no such implication. My answer to the Senator, however, must be the answer I gave him before. When the Senator from Michigan is in doubt on a subject of legalistic detail, he hunts around for a good lawyer to advise him. In this instance the whole committee took the same point of view, and called in Mr. Stephen Rice, the head of the Senate legislative counsel's office. It asked him to achieve the purpose which the committee sought to achieve. All the Senator from Michigan can say to the Senator from Missouri is that he still feels that both the Senator from Michigan and the committee had fully discharged their obligation when they proceeded in that manner, and my answer to the Senator categorically is that the Senator from Michigan thinks this language achieves the purpose which the Senator from Michigan attributes to it, but he thinks so because of the advice given him by the best lawyer he knows of in respect to legislative techniques of this character; and that is no reflection on the Senator from Missouri.

Mr. DONNELL. Mr. President, will the Senator yield for one moment please?

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. VANDENBERG. In a moment.

Mr. DONNELL. Just a moment, please.

Mr. CONNALLY. I thought the Senator from Missouri had concluded his questioning.

Mr. VANDENBERG. I yield to the Senator from Missouri.

Mr. DONNELL. I appreciate the statement made by the distinguished Senator from Michigan, and the spirit in which he made it. I should like to make this statement: The Senator from Michigan referred to "legalistic detail." As I see it the word "legalistic" frequently is used with some sense of opprobrium or criticism. I am sure the Senator did not so use it.

Mr. VANDENBERG. No, indeed.

Mr. DONNELL. To my mind, my inquiry, whether or not the President can exercise the power over $500,000,000 under the language contained in section 103, and in undertaking to ascertain whether it is the Congress which has the power, and exclusively the power, to grant him the additional contractual authority, is not properly comprehended within the term "legalistic detail." Nevertheless, I thank the Senator, and I appreciate his expression of opinion.

Mr. VANDENBERG. The Senator from Michigan would like to conclude his apology to the Senator from Missouri by assuring him that the phrase "legalistic detail," is merely a legalistic use of legalistic language in a layman's viewpoint.

I now yield to the Senator from Texas.

Mr. CONNALLY. Mr. President, since the Senator from Missouri has subsided, I do not think it is necessary for me to say anything. I merely wanted to observe——

Mr. DONNELL. Mr. President, I could not hear distinctly. What did the Senator from Texas say about the Senator from Missouri?

Mr. CONNALLY. I said that since the Senator from Missouri had taken his seat and was not pursuing the question further, it was hardly necessary for me to ask the Senator from Michigan to yield to me.

But I ask: Who else but the Congress can grant authority? The Senator from Missouri knows that the committee cannot authorize. Nobody but the Congress can authorize. So, while I do not think the amendment which the Senator from Missouri suggested would be particularly obnoxious, and that it would simply state the facts as they exist, yet nobody can grant the President authority to make contract obligations but the Congress.

Mr. DONNELL. Mr. President, will the Senator from Michigan yield to permit me to make a further brief observation?

Mr. CONNALLY. If what I have said leads to a colloquy I shall withdraw all I have said. I probably should not have interrupted.

Mr. DONNELL. No; I am glad the Senator interpolated what he did, because I think it is entirely proper to have it repeated that no one but the Congress should have that authority. But here we have before us a bill consisting of 35 pages. Various pages deal with the Council, the Defense Committee, and perhaps other bodies are mentioned in the bill. I think we are entitled to find out what the meaning is; whether it was intended that Congress should give to this council the right to authorize the President to do this, that, or the other, or whether it was intended that Congress should give to the Defense Committee the right to authorize the President to do it. I think the Congress should retain the power. I am heartily in accord with what I assume to be the opinion of the Senator from Texas about that. I see no objection to inserting in the bill language which would make it so clear that no one could misunderstand the meaning of this clause; that is to insert after the word "may" the words "by the Congress." Then there could be no doubt about the language. If the Senator thinks some of us are perhaps a little obtuse, the insertion of those words would answer the inquiries of those who may be so regarded.

Mr. WHERRY. Mr. President, will the Senator yield for one more question?

Mr. VANDENBERG. I yield to the Senator from Nebraska, provided we are not going back to that old question.

Mr. WHERRY. Mr. President, "that old question" precipitated all these questions.

Mr. VANDENBERG. I yield.

Mr. WHERRY. I thank the Senator from Michigan.

Mr. President, I am intensely interested in some observations which have been made, first about how the recommendations of the legislative counsel are to be construed in connection with the cash appropriations and also in connection with contract authority. I am not going back to the old question. But I certainly think if the legislative counsel intended to put the same limitation on contract authority that he has placed on cash in section 102, that the limitation should have been written into section 103.

Mr. VANDENBERG. Let me interrupt the Senator.

Mr. WHERRY. Yes, I am glad to have the Senator do so.

Mr. VANDENBERG. The legislative counsel had nothing to do with drawing the subsequent sections, unless it was at the request of some other Senator.

Mr. WHERRY. Very well. Whoever did draw section 103, I think the intent should be made clear that the same provision which is in line 22 of the cash appropriation provision relative to what will be available to the President, should also be incorporated in section 103 which has to do with the specific contract authority. I am not going to go any further than that. The Senator stated what the intention was. He said he would be willing to use any language necessary to convince the Senate, if we wanted to have it put in the bill; that that was his feeling about the matter, and I appreciate his statement.

My second question is: If the bill is passed as it is now written—first the cash appropriation, then the contract authority—and it remains exactly as it is in these provisions, I ask the distinguished Senator what function is left for the Appropriations Committee to perform? I do not ask that in any facetious manner at all.

Let us consider the ECA appropriations. The question of a ceiling was raised in that connection. There was something which had to be justified. As I read the provisions of the pending bill we are here passing not only on the authority of the President to expend $400,000,000 under the recommendations of the Defense Council, and $100,000,000 cash now, but we are giving him contract authority. If the bill is passed with the language as it now is, and the two Houses agree upon the authorization, what is left for the Appropriations Committee to do?

Mr. VANDENBERG. Mr. President, the same problem is left to the Appropriations Committee, in effect, which originally confronted the Foreign Relations Committee and the Armed Services Committee, to wit, the use of sound human judgment—and judgments differ among different people—as to whether or not the program authorized by this bill is the program which in turn the members of the Appropriations Committee are equally impressed, by the evidence which will be adduced, as being the appropriate implementation. If they disagree, they are just as free to change the figures as our joint committee was in changing not only the figures but practically everything else in the bill.

Mr. WHERRY. Mr. President, will the Senator yield for a further question?

Mr. VANDENBERG. I yield.

Mr. WHERRY. Of course, the Appropriations Committee would have to take that responsibility after the Senate has passed on the provisions, which include not only the amount of the appropriations but the contract authority. So they are in a different category at least, or in different position than those who act on the legislation in the first instance. Does the Senator see what I mean?

Mr. VANDENBERG. I agree that the legislative process in the Senate and the House finally tortuously works its way down to a final net result, and I agree that the farther you are down in that process the less freedoms you have in the exercise of your viewpoint; but that happens to be the way the legislative branch of Government works. The Appropriations Committee is under no greater handicap in this instance than it is in all the other instances where it confronts authorizations and proceeds to give to them the independent judgment which the Appropriations Committee exercises.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. VANDENBERG. Yes.

Mr. WHERRY. I understand the Senator's observation very clearly. In this particular instance, however, it is a totally different thing than, let us say, for example, the authorization of ECA, because in that case the legislation provided a maximum ceiling under which the Appropriations Committee, it seemed to me, was perfectly justified in arriving at what the appropriation should be. There they could use their independent judgment. But it seems to me that if the Senate passes upon these amounts, if the Senate passes upon these authorizations, there is very little for the Appropriations Committee to do, because it would have to be in disagreement, after all, in subsequent accomplishment as to whether or not it felt, as a committee, that there was justification for the appropriation.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

Mr. VANDENBERG. I yield to the Senator from California.

Mr. KNOWLAND. With all due respect to the able Senator from Nebraska, I think he is placing an interpretation upon this measure which it is not the intent either of the combined committees or I am sure of the Senate to have placed on the provisions of the bill. I want to say for the benefit of the Senator from Missouri, who apparently has left the Chamber, as well as for the benefit of the Senator from Nebraska, that this matter was very thoroughly gone into in the combined committees. It was a subject of rather widespread discussion, and the point was raised by the junior Senator from California, among many other Senators, so there could be no doubt about the matter, is the Appropriations Committee—and of course, the Congress, when it finally passes upon the appropriations bill—to be just as free either to vote the full $500,000,000 in cash, or $400,000,000 or $300,000,000, or less than that if in their judgment they should do it, as they would be under any other appropriation bill? Is the Appropriations Committee just as free to accept the $500,000,000 in contract authorization, or to make it $400,000,000, $300,000,000, or $200,000,000, as they would be in the case of any appropriation bill? I think the record is perfectly clear that the Committee on Appropriations is a free agent, using its judgment in the best interests

of the country in passing upon the amount both of the funds and of the contract authorizations. That was certainly the intent of the joint committees, and I am sure that the language of the bill makes it perfectly clear. I hope the Senator from Nebraska will do nothing to weaken what I think is a very clear indication as to the powers of the Appropriations Committees of the Senate and the House in the second step of the process.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. WHERRY. I agree with many of the observations of the distinguished Senator from California. However, if the appropriations in the amount asked for and the contract authority requested are approved by the Senate, the Appropriations Committee is certainly not as free to consider those appropriations, because it is bound by the action and judgment of the Senate as to what the authorizations and appropriations should be.

It is true that when the subject comes before the Appropriations Committee it can examine the appropriations and attempt to justify them. But ahead of that is the record of the Foreign Relations Committee and the Armed Services Committee, which have gone over the appropriations quite thoroughly. In the judgment of those committees certain authorizations and contract authority are necessary. That would guide me as a member of the Appropriations Committee. I agree with all that. However, in this particular instance it seems to me that once the Senate approves the provisions of the bill, both as to the contract authority and the amount of the appropriation, there is very little for the Appropriations Committee to do so far as disagreeing or attempting to justify the authorization is concerned, the amount of which has been passed upon by the Senate.

Mr. KNOWLAND. Mr. President, will the Senator yield for a brief comment?

Mr. VANDENBERG. I yield.

Mr. KNOWLAND. I should like to say to the Senator from Nebraska that I do not think there is any difference at all between this type of situation and the situation involved in the passage of legislation authorizing a project in a certain amount. The Congress then reviews the facts and makes its own determination in the appropriating process as to whether or not the amount is too large. The Appropriations Committee cannot exceed, on the ceiling side, what the legislation provides, but so far as going below the ceiling is concerned, it can exercise its independent judgment.

Mr. WHERRY. Mr. President, will the Senator from Michigan yield to me for a reply to that observation?

Mr. VANDENBERG. I yield.

Mr. WHERRY. In the case of contract authority or authorization in connection with an Interior Department project or a project coming under the civil functions of the Army, from the moment the authorization is made, continuous study and review is conducted not only by the Appropriations Committee, but by the Government agency itself. It seems to me that that situation is not comparable with this case. I am not quarreling over the authority of the Appropriations Committee. I suppose that what will happen will be this: The appropriation will come before the committee, and my guess is that it will come back just as exactly as the Congress authorized it. Possibly that is the way it should be handled.

I am not attempting in any way to weaken the legislation or to disagree with the judgment of the Foreign Relations Committee and the Armed Services Committee. I simply ask the distinguished Senator from Michigan what there is left to be done by the Appropriations Committee after the Congress makes the authorization in a certain amount and grants contract authority to the President. Under the provisions of this bill, we shall not have an opportunity even to see the contract authority again.

Mr. VANDENBERG. Mr. President, I think we have explored the subject sufficiently to establish a premise, at least, for subsequent consideration. I should like to proceed with the discussion of one or two other points.

Mr. FERGUSON rose.

Mr. VANDENBERG. I do not want to cut off my colleague if he wishes me to yield to him.

Mr. FERGUSON. Mr. President, I wish the Senator would yield, because I think this is an appropriate place to get this statement into the RECORD.

Section 103 appears to indicate that the President shall receive further authority by some act of the Legislature.

Mr. VANDENBERG. That is correct.

Mr. FERGUSON. That is the difficulty which the junior Senator from Michigan faces. If it is contemplated that the Appropriations Committee can provide for such authority in an appropriation bill, it would be considered as legislation on an appropriation bill, and would be subject to a point of order on the floor, requiring a two-thirds vote.

Mr. VANDENBERG. Let me give the Senator the theory of Mr. Rice upon that subject. I hope he is a reasonably acceptable authority.

The viewpoint of Mr. Rice—and it is obviously borne out by historical fact—is that there is only one way that contract authorization can be brought within the jurisdiction of the Appropriations Committee, and that is through a prior authorization by a legislative act.

Mr. FERGUSON. That is exactly what I have in mind.

Mr. VANDENBERG. This is the prior legislative action, recommended by two of the standing legislative committees, which puts the Appropriations Committee in precisely the same position it is when it recommends contract authority for the Army or the Navy as a result of authorizations previously recommended by a legislative committee. The situation is comparable in every respect—no more and no less.

Mr. FERGUSON. Mr. President, will the Senator yield for one further observation?

Mr. VANDENBERG. I yield.

Mr. FERGUSON. I agree in substance and in theory with what Mr. Rice has advised, and what is now said. However, what I am afraid of is the language in line 12 on page 19, "which may be hereafter granted to him." Is that language sufficient to authorize the Appropriations Committee to recommend such legislation? That is my difficulty.

Mr. VANDENBERG. Let me make a suggestion to my able colleague. I hesitate to say this after being chastised a bit by the Senator from Missouri [Mr. DONNELL] for referring Senators to outside authority. However, I respectfully suggest to my colleague that he pursue, in a discussion with Mr. Rice, the point which he has raised, for the benefit of whatever subsequent advice he may bring to the Senate.

Mr. FERGUSON. I am very happy to accept the suggestion to get in touch with Mr. Rice. I respect the judgment of my colleague on these legal matters, and when he refers me to Mr. Rice, I am glad to accept his suggestion. I think this is a subject which I should like to pursue further.

Mr. DONNELL. Mr. President, will the Senator permit me to ask one further question?

Mr. VANDENBERG. I yield with considerable trepidation.

Mr. DONNELL. In the first place, there is no intent to chastise the Senator. I feel that this is a question which should not be committed to someone other than the Senate itself, although I am glad to consult with Mr. Rice. As the Senator well realizes, I have great respect for his ability, and shall be glad to consult with him on this question. I should like to ascertain what the Senator's desire or intent is in this respect. Because of a long-distance telephone call I was absent from the Chamber for a brief time and returned only a few moments ago. A moment ago some mention was made of the Appropriations Committee. There had been previous mention, before the Senator from California [Mr. KNOWLAND] made his statement. Does the Senator from Michigan intend that the power to make the grant of contract authority to the President shall be reposed in the Appropriations Committees, or does he mean that the Appropriations Committees may make recommendations to Congress, and that the Congress shall have the power?

Mr. VANDENBERG. Of course.

Mr. DONNELL. I assumed that that was the intention of the Senator, although I think the discussion of the past few moments, since my return, is easily susceptible of the construction that there was an intention on the part of the Senator to give to the Appropriations Committees some delegated power to grant contract authority.

Mr. VANDENBERG. The Senator is quite right. I was simply discussing the jurisdiction of the Senate Appropriations Committee to report to the Senate, and to proceed with the usual legislative function.

Mr. DONNELL. I appreciate the Senator's statement.

Mr. VANDENBERG. I know of no way to meet the viewpoint of the able

Senator from Nebraska [Mr. WHERRY] in this connection. I submit that the bill is almost unique in setting a precedent for demonstrating our anxiety to recognize the appropriate and legitimate authority of the Appropriations Committee to achieve in whole the purpose suggested by the Senator from Nebraska. I know of no way to amend this bill to fit the desire of the Senator from Nebraska except to say that Congress appropriates for the purposes of the act whatever sums appeal to the wisdom and judgment of the Senate Appropriations Committee 3 or 4 weeks hence, on its own exclusive responsibility. But that would indeed be an innovation.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. GEORGE. I merely wish to invite attention to the fact that in the committee I raised the same question which is now being raised. I very well remember Mr. Rice's position, namely, that the language "within the limits of specific contract authority which may be hereafter granted to him" was by implication—and, as he frankly said, by implication only—the authority for the granting of contract authority by the appropriate committees of the Congress.

I think that is technically correct, so far as it goes. I raise the question that it should be specifically provided that such contract authority is to be given for the making of contracts not to exceed a stated number of dollars.

Mr. DONNELL. Mr. President, if the Senator will permit me to interrupt, I should like to say that I noticed that the Senator used the word "hereinafter," which would mean somewhere else in the bill. However, I understood that the word used in the bill was "hereafter," meaning a reference to some future time.

Mr. GEORGE. Mr. President, I think the word "hereafter" was intended.

It was construction of Mr. Rice that an implied grant of an authorization for contract authority arose from that language. That is all there is, because there is no express authority to the Appropriations Committees of the Congress to grant contract authority in that sum. But on that point I am disposed to agree with Mr. Rice that it does mean within the limits of specific contract authority which may be granted by the Congress. That was his interpretation, and I assume that is the necessary interpretation.

But I wished to call the Senator's attention—because I have prepared an amendment which will raise the issue s, ecifically—to the fact that under section 102 it will be noted that $100,000,000 is to be made immediately available for the purposes of carrying out this act—

And not to exceed $400,000,000 shall become available when the President of the United States—

Not the Congress—

agrees to the recommendations of the Council and the Defense Committee to be established under the North Atlantic Treaty, limited entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority.

An ambiguity is raised in that case, when apparently the President is given authority to approve what the Defense Committee, organized under and by the Security Council under section 9 of the North Atlantic Treaty, may agree upon as an over-all program, either limited in period of time or in amount or both.

So I have prepared an amendment, which now is at the desk, and which I shall subsequently offer, calling for striking out the word "President" in that instance and inserting either the words "Government of the United States" or "Congress of the United States." It would seem to me to clarify the whole situation if that were done. I offered that amendment in the committee. However, the committee voted it down. I never quite understood why that was done, except perhaps it was on the general theory that the President of the United States has a right to speak for us in international affairs. I do not dispute that, but certainly the President does not have the right to speak for us when we are limiting what he may do with money we are appropriating to him to carry out a particular bill or program.

I am not asking the Senator from Michigan for any discussion of that point, but I am reminding him of the fact that in the committee I did offer the amendment to strike out the word "President" and to insert either the words "Government of the United States," which would include the Congress, or "Congress of the United States."

Mr. VANDENBERG. Mr. President, the Senator from Michigan very well remembers that incident in the committee, and he very well recalls the persuasive way, as usual, in which the able Senator from Georgia presented his view, although in that case he did so unsuccessfully. We can debate that question when the Senator from Georgia offers his amendment. It is a very interesting question.

Mr. President, there are only two other things to which I particularly wish to refer, pursuant to the course I have undertaken to follow today, namely, the process of meeting the complaints which were the original basis of a great deal of opposition to the arms implementation bill, but which the report and the recommendations of the joint committee have completely eliminated.

One of those objections was very heavy criticism against any possible open-ended drain upon our military resources through the unlimited diversion of surplus or excess supplies; and, secondly, the fear that such a diversion could become of almost unlimited proportions, through a pricing scheme which would reduce almost to nothing the figures at which the property would be transferred. That entire situation has been met by an amendment, now in the bill, which the able junior Senator from Georgia [Mr. RUSSELL] and the able senior Senator from South Dakota [Mr. GURNEY], acting for the Armed Services Committee, drew up, and which was accepted and is now a part of the bill. I had intended to go into it in some detail, but I think that will be unnecessary if I simply call attention to the language contained in the committee report at the bottom of page 18 and the top of page 19, which is a complete and, I submit, a totally satisfying explanation of the limitations which now effectively control the use of surplus or excess matériel. So I ask that the last 2 paragraphs on page 18 of the committee report and the first paragraph at the top of page 19 be inserted in the RECORD at this point.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Without objection, it is so ordered.

The excerpts from the report (No. 1068) are as follows:

In light of the foregoing, it is apparent that the bill sets up the mechanics of the procedure on a dollar basis. Consequently, if the Congress is to control the scope of the program, it must control the pricing policy by which dollars are converted into ammunition, weapons, vehicles, or other forms of assistance. In other words, the Congress must define the term "value" insofar as it relates to the price tag under which an article is to be conveyed. If that were not done, the Congress could not insure against possible hidden future expenses arising in cases where equipment is priced below its future replacement cost.

The original bill proposed that this dollar value would be assigned to the items and services under regulations to be promulgated by the President. The committee amended this provision of the original bill so as to spell out the policy which should govern in formulating such pricing regulations. Under this amendment, the value of "excess equipment," as the term is used in the bill, is fixed at the cost of its rehabilitation, and this rehabilitation cost is included in the amounts authorized by the bill to be appropriated. However, in order to limit the physical amount of the excess to be transferred, a dollar ceiling of $450,000,000, computed at the actual gross cost or the average computed gross cost of the excess item rather than the rehabilitation cost, is set on transfers of such items. Thus, the limitations imposed by the amount of money to be appropriated for rehabilitation, supplemented by the dollar ceiling computed at initial cost, will permit excess equipment to be transferred without a prohibitive price tag, but at the same time will preclude the wholesale transferring of equipment which would have been possible had not a dollar ceiling been specified.

As regards "nonexcess" items which require replacement, the value is fixed as the actual replacement cost. "Nonexcess" items which the Secretary of Defense certifies do not require full replacement are fixed either at the gross cost or the replacement cost, whichever the Secretary of Defense may specify.

Mr. VANDENBERG. Mr. President, there is only one other point which I wish to emphasize. There has been general complaint among devotees of the United Nations that there is something about this enterprise, and particularly about this arms implementation bill, which runs counter to the spirit of the United Nations, if indeed it does not actually ignore the jurisdiction of the United Nations.

I wish to point categorically to the great lengths to which the joint committees went in order to meet that sort of criticism, because if the criticism were justified, the bill should not be passed, since we should have no part in nullify-

ing our prior obligations to the United Nations or in failing to persist in our loyal devotions. But I submit that there is no such collision with the welfare of the United Nations in the form in which the bill is reported. Categorically there is an adequate and satisfying answer to those who have entertained any such fears. I call attention first to the following language in the findings and declaration of policy contained in the bill:

In furnishing such military assistance, it remains the policy of the United States, as set forth in paragraph (5) of Senate Resolution 239, Eightieth Congress, to continue to exert maximum efforts to obtain agreements to provide the United Nations with armed forces as provided by the Charter, and to obtain agreement among member nations upon universal regulation and reduction of armaments under adequate and dependable guaranty against violation.

Then I call attention to the language, further on in the bill, which I literally quote:

If such assistance would contravene any decision of the Security Council of the United Nations, or if the President otherwise determines—

The aid shall then be suspended or withheld. I also call attention to the further provision, referring to the reports which the President of the United States must make to Congress, which I textually quote:

Each such report shall include a summary of the efforts exerted by the United States, during the period covered by the report, to obtain agreements to provide the United Nations with armed forces as provided by the United Nations Charter, and to obtain agreement among member nations upon universal regulation and reduction of armaments under adequate and dependable guaranty against violation.

Finally, I refer to the general language of the bill in its constant reiteration of its allegiance to the fundamental pacific aspirations which the Government of the United States has time and again asserted in its public obligations to the United Nations during the past few years. It seems to me, Mr. President, the bill is a completely textual answer to any citizen who may be fearful that there has been the remotest thought of intruding upon the jurisdiction of the United Nations or in any fashion diluting its authority.

Mr. President, before I conclude, I should refer to the provisions regarding China, and I shall do so only briefly, because that should suffice. The joint committee very earnestly discussed the question involving China and the Far East and listened to several very effective and persuasive witnesses on the subject. There was a sharp division in the committee, in the first instance, as to what should be done in this connection, but it seems to me the final conclusion of the committee is well within rational common sense.

We have identified China as a continuing source of anxiety and interest to the Government of the United States. We have proposed an appropriation of $75,000,000 to the President of the United States, to be used in his discretion and at his option, or perhaps not at all if such be his decision, in respect to the problems in China and the general area of China. The general area of China is a phrase more limited than the Far East, and yet it is far wider than a definition of this undertaking in terms of China alone. In a word, what we have done is to suggest that there may be made available to the President, if, as, and when he chooses to operate in this theater, this comparatively limited sum of money for the furtherance of the purposes of this act and of the purposes of the foreign policy of the United States to preserve a free world.

Mr. President, the fact that far-flung changes have been made in the bill, upon initiatives provided from both sides of the aisle, is the finest possible example of constructive bipartisan cooperation and of congressional responsibility in collaboration with a responsive State Department. A widely divided joint committee sought and found substantially common ground. With greatest respect for the ultimate dissent of three distinguished members of the joint committee, I submit that the Senate can draw confidence from the vote of 22 to 3 by which this bill has been reported. I dare hope that Senators on my side of the aisle will welcome the unanimous action of their Republican representatives on these two great committees, and will look upon it as reasonable assurance that the bill should pass.

I think the bill is in honorable keeping with our treaty obligations. I think it is definitely and specifically in the interests of our own national defense. I think it is recommended by our own intelligent self-interest. I think it is a discouragement to war. I think it is prime and vital peace insurance for us and for the free world.

Mr. FLANDERS. Mr. President, I did not expect to support the pending bill. I could not have supported it in the form in which it was first presented to the Congress. I can now support it heartily in the form in which it has been reported after the bipartisan collaboration of the joint committee. The principal reason which led to my change of mind is the fact that the bill is now tied to the pact as an inseparable part of it. The bill as originally presented was dissociated from the pact. By inference it permitted the introduction of further bills to implement the pact, and thus by implication led to commitments for heavy expenditures almost without limit.

I may say one of the reasons why the Senator from Vermont feels himself constrained—and in this case, not unwillingly—to vote for the bill is the fact that to my mind when the Congress of the United States ratified the North Atlantic Treaty it assumed moral obligations. That was clear in my mind at the time; it is clear in my mind now. I think there was never a time in the world's history when more tongues were stuck in more cheeks on the question of moral obligation than in the debate on the North Atlantic Pact. I, for one, saw the moral obligation involved in it, in spite of the fact that voices high and low tried to persuade us we were free from moral obligation. We were not, and we are not.

I accept the moral obligation of a treaty which was ratified without my assistance by the Senate of the United States, and I feel bound by it. I feel bound by the moral obligation. I am concerned with regard to the size of the commitments to which the moral obligation may lead us in the future. In the bill presently before the Senate I feel that the obligations are within reason, within the bounds of good judgment, and such as we can accept.

I am very much disturbed by the fact that I am unable to find any over-all plans anywhere for the defense of our country or for the defense of the western European nations. As I suggested yesterday in a colloquy with the Senator from Maryland, what we are proposing to do in this bill is to provide some sort of defense against the 5,000,000 armed soldiers of a nation which has this year increased its military appropriation by 19 percent. The protection we are raising in the bill is nice to have. It is, so far as it goes, a protection, but to my way of thinking, its major value lies in bringing to proper organization and equipment, as has been said by the senior Senator from Michigan, a force which is already in being, and also it has a psychological value, by that means and to that extent, to those who are associated with us in the North Atlantic Treaty.

But, Mr. President, we ought to have an over-all plan. I must have an over-all plan if I am to vote billions of dollars. There is no over-all plan. This bill, while it can conceivably fit into some over-all plan for the defense of the Western World, does not look toward any such specified plan. Having to have for my own satisfaction some sort of a plan, if I am to be asked to pour billions of dollars into the defense of the Western World, I made my own plan. I read it into the RECORD in a speech which I made last Friday. I think other Senators will find it interesting to read that speech, if they have time. We sometimes do read each other's speeches, I have done it myself, believe it or not. I hope that some of the other Senators will go through that salutary discipline; and I suggest that my speech introduces a good occasion on which to try it out.

The senior Senator from Michigan, after I had delivered myself of the speech, asked me whether he was to call me "General Flanders" or "Admiral Flanders." That was said with his characteristic humor, for which, and for many other things, may the Lord bless him. But, Mr. President, there has to be a plan. No Member of the Senate should be driven to try to think one out for himself. What we are doing has not been thought through. If it has been thought through, the results of the thought are concealed, hidden, locked up in safes or locked up in minds, and all we are presented with is a vacuum, and I have a suspicion that the vacuum is bottomless.

Mr. President, that is no proper way for us to approach the solving of this problem. We should insist that the State

Department, so far as foreign policy is concerned, and the Department of Defense, so far as implementing that policy is concerned, shall come to us with something more than unrelated, unorganized, un-thought-through requests for appropriations.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield. But, Mr. President, may I remark that I did not realize that the Senator from Michigan was on the floor at the time I spoke kindly of him, because in his presence I do not often like to speak kindly of him, but I am always glad to do so behind his back.

Mr. VANDENBERG. I gratefully heard what the Senator said. I should like to add that he did himself only half justice, because, since I asked him whether he wanted to be called "Admiral Flanders" or "General Flanders," I have promoted him and decided that he is from now on "The Little Corporal," which is not a diminutive term, historically.

Mr. FLANDERS. I thank the Senator.

Mr. VANDENBERG. I think it is only fair to say to the Senator from Vermont, in response to the statement he has just made, that the Joint Committee on Armed Services and Foreign Relations has had a very complete disclosure of a very complete and integrated preliminary defense plan. This is in no sense a pig in a poke. Unfortunately, it involves considerations which cannot be made public. The committee report refers to this fact. I have no doubt that the Appropriations Committee will have the same information and that it can be explored to the fullest extent. All I want to urge upon the Senator is the general proposition that this is not merely a flash figure taken out of the air. There is definite and specific justification submitted in its behalf.

Mr. FLANDERS. I thank the Senator.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. JOHNSON of Colorado. I should like to ask, through the Senator from Vermont, the senior Senator from Michigan, if what he says is correct, and I have no doubt it is correct, how much the program will cost next year, how much it will cost during the next 5 years, and how much it will cost during the 20 years' life of the North Atlantic Pact. If it is part of a pattern, if it is part of a large program, then certainly we ought not to take it blindly, piecemeal, and have referred to us only the program for the first year. What are the conditions next year, which are not known to us now, going to be? Those are matters which are puzzling me regarding the program, if it is part of a program, which undoubtedly it is. It seems to me that the Senate of the United States should be told about the entire program, the 20-year plan, if it is a 20-year plan.

Mr. FLANDERS. Mr. President, I ask unanimous consent that I may yield, without losing the floor, to the senior Senator from Michigan, in order that he may answer the question of the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Vermont asks unanimous consent that he may yield to the Senator from Michigan, without losing the floor, to make reply to the query advanced by the Senator from Colorado. Without objection, it is so ordered.

Mr. VANDENBERG. Mr. President, the Senator from Michigan wishes to say to the Senator from Colorado that the statement he has just made regarding plans applies solely and exclusively to the appropriations in this bill and to the objectives to which they are to be specifically attached. The committees have had no information regarding any projected plan for the future. The Senator from Michigan knows of no figures which have been even informally suggested in connection with it. All the Senator from Michigan can say to the Senator from Colorado is that he gains the impression that the persons in the military department who have been helping to develop the current program have exclusively confined it to 1 year. I again call the Senator's attention to the language textually written into the bill for the purpose of assuring that it related only to 1 year.

The only thing I have heard even vaguely suggested is that if the program runs beyond 1 year, it certainly will be in a very sharply descending scale. That is a purely general observation. It has never been submitted officially to the committee. The committee has no information regarding any extended program. Obviously there can be none at the present time, because after the first year, of course, the plans will have to come, if any plans shall come at all, through the regular channels of the North Atlantic Council and the North Atlantic Defense Committee. It would be impossible to have any plans at the present time for the future.

Mr. JOHNSON of Colorado. Mr. President, may I make one observation?

Mr. FLANDERS. Mr. President, I ask unanimous consent that I may yield, without losing the floor, so that the Senator from Colorado may make an observation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Colorado. Then this appropriation must stand by itself, all alone, and it cannot be considered a part of the general plan. We were told, regarding the Marshall plan, as to the total amount of appropriations which would be required this year, next year, and the third year, but in connection with this program we are told that the appropriation is just for today. I should like to have the Senator from Vermont give his reactions to a military program of 1 year's duration.

Mr. VANDENBERG. Mr. President, will the Senator from Vermont permit me to make just one further observation?

Mr. FLANDERS. Under the unanimous-consent agreement, I am glad to do so.

The PRESIDING OFFICER. Is unanimous consent granted? The Chair hears no objection.

Mr. VANDENBERG. Mr. President, I call the attention of the able Senator from Colorado to specific language written into the bill in two different places at the instance primarily of the Senator from Maryland [Mr. TYDINGS], the chairman of the Armed Services Committee, categorically asserting that—and I shall read the exact language from section 102—this appropriation is "limited entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority."

And I read also the final sentence in that section:

> The representatives of the United States are not authorized to make agreements beyond the scope of this act.

I add to the Senator that the 1-year program is a complete program within itself for the purpose of creating maximum efficiency for forces in being, not for the expansion of those forces.

To what I have said before I wish to add the statement that certainly all Members of the Senate are entitled to the same confidential information which the joint committee had, and they are more than welcome, I am sure, with the consent of the chairman of the Committee on Foreign Relations, to read the record.

Mr. MALONE. Mr. President, will the Senator from Vermont yield so that I may ask a question of the senior Senator from Michigan, without his losing the floor?

Mr. FLANDERS. I yield, under unanimous consent.

The PRESIDING OFFICER. Is the question to be addressed to the Senator from Michigan?

Mr. MALONE. Yes.

The PRESIDING OFFICER. The Senator from Vermont asks unanimous consent that he may yield. Is consent granted? The Chair hears no objection.

Mr. MALONE. In the event we have absolutely no information at all, in the event that even the committee has no information at all, and naturally the Senate would have no information at all, would it not be a good idea to acquire some information?

Mr. VANDENBERG. The Senator from Michigan will answer the Senator from Nevada by saying that he has just asserted that full and complete information was furnished to the joint committee, the details necessarily being confidential, and that the Senator from Michigan would refer any Senator who wants to read the record to the chairman of the Committee on Foreign Relations.

Mr. MALONE. Mr. President, may I ask one further question?

Mr. FLANDERS. I yield.

Mr. MALONE. As I came into the Senate I understood the Senator from Michigan to say that the committee had no further information, and that there was nothing in the bill contemplating anything beyond 1 year.

Mr. VANDENBERG. The Senator is correct.

Mr. BYRD. Mr. President, will the Senator from Vermont yield?

Mr. FLANDERS. I yield to the Senator from Virginia.

Mr. BYRD. I am a member of the Committee on Armed Services, and the question was frequently propounded to General Bradley, to Secretary Acheson,

and to Secretary Johnson, as to how long the program would last. The only one who ventured any prediction whatever was Secretary Johnson. He thought it might last 3 or 4 years. The others were not even willing to put any time limit whatever upon the proposed assistance.

I believe, Mr. President, that to tell the Senate that this is a 1-year program is simply a perfect absurdity. It is not possible to arm 16 nations, with $1,000,000,000, for their military security, and then stop. If we do this at all, we are doing it for the purpose of enabling these nations to withstand the danger of Russia, and to say that a billion dollars, spent for only 1 year, will be adequate and sufficient to arm these nations, seems to me, regardless of whatever is written in the bill, to be an absurdity. We may write all the language we please in the bill, but once we assume this obligation, we have to carry it through, and we have to carry it through beyond 1 year. There was no testimony whatever before the committee, and other members of the committee will sustain me, to indicate that even by the remotest stretch of the imagination this assistance would stop at the end of 1 year. No one who testified indicated it would stop at the end of 1 year. In my judgment it will last for the full 20 years, and perhaps longer than that, if we once undertake it.

Mr. FLANDERS. I thank the Senator from Virginia. I am inclined to follow along with his line of thought, because I do not see how it is possible to do anything else.

Mr. WATKINS. Mr. President, will the Senator yield for a question?

Mr. FLANDERS. I yield.

Mr. WATKINS. Would it be the Senator's idea that if we are to undertake a program of this kind at all we should go the limit, taking into consideration the possibility of arming and preparing the nations abroad to defend themselves?

Mr. FLANDERS. It is not my idea that we should go to the limit of our resources. It is rather my idea that we should study the problem as a whole, and see how quickly and inexpensively the task we face can be successfully accomplished.

Mr. WATKINS. I understood the Senator to say that he agreed with the Senator from Virginia that this was not a 1-year program, but probably a 20-year program.

Mr. FLANDERS. I am not sure that I would subscribe to the 20-year estimate; it might be 19, it might be 21, it might be 18½, it might be 23¾. I simply subscribe to the idea that this is not a 1-year program, and cannot be.

Mr. WATKINS. It is a long program, in the Senator's opinion; is it not?

Mr. FLANDERS. It is a long program, of just what length I do not know. It depends on our wisdom. By unwisdom we can extend it. I am sure that by wisdom we can shorten it. And by "wisdom" I do not mean simply the pouring of billions of dollars into a vacuum; and I intend to expand on that a little somewhat later.

Mr. WATKINS. I shall await the Senator's explanation, and shall be glad to hear it. I thank the Senator for his answer.

Mr. FLANDERS. One of the things which makes me doubt whether our defense has been considered as a whole is a very simple fact, namely, that the military appropriation bill this year was divided more or less evenly between the three branches of the armed services. That does not look to me like a carefully thought-out plan of national defense. It looks to me like coming to an agreement among the three branches of the armed services who are otherwise in severe disagreement. It looks to me as though, in effect, the Secretary of Defense said, "All right; I will give each of you three branches about the same amount."

In the plan which I suggested last Friday to fill in the vacuum I suggested what seems to me to be a reasonable assumption, not that the Air Force can win a war, but that in modern warfare unless the Air Force drives the enemy from the air, neither land nor sea forces can do a thing. I suggested that instead of making our appropriations equal for the three branches, we should make them in the proportion of something like five for the Air Force on the basis of the present appropriation, three for the Army, and two for the Navy, recognizing the major necessity for the first and immediate task of the Air Force, and the onset of offensive action on the part of any possible enemy.

Mr. President, by doing that, we could save $2,000,000,000, or thereabouts, far more than the cost of the appropriation we are considering for the military assistance of our allies in Europe. We are past the point where the Senate or the House of the Congress can do anything about it, but we have not passed the point where the defense authorities, the Secretary of Defense and the President, can consider, can advance, and can work with a plan of defense based on the realities of the situation, instead of being based on keeping peace in the family.

Still speaking to the same subject, I wish to refer to a conversation with a visitor at my house last evening. From the hours of 8 to 10 I had the most stimulating experience of its sort I have had within my memory. My visitor was Mr. Peter Pirogov, whom Senators may perhaps remember as one of the two Russian aviators who, against orders, filled a plane's tank with gasoline and escaped from Russia into Austria. Senators will remember that in the past few weeks his associate in that escape has given himself up and returned to Russia. I had a chance to see the Russian situation, particularly the military possibilities and relationships between Russia and ourselves through the eyes of a man who has recently escaped from Russia. They were the eyes of an intelligent man. They were the eyes of a man who was not only intelligent, but who could make himself understood. Faulty English, but a capable interpreter.

One of the things he said interested me very much. This is merely an opinion on his part, but based on his long connection with the government which runs the country from which he escaped. He said there was no doubt whatever in his mind that the whole Berlin mess was simply to keep us busy while Russia conquered China. He said there was no doubt about that whatsoever.

In this country, when I was a boy, we had a way of keeping babies interested. We placed a baby in a high chair, put some molasses on the baby's fingers, and gave the baby a feather. That is what Joe Stalin was doing to us; and I have a mental picture of Uncle Joe sitting in his rocking chair before the fire, smoking his pipe, and as he thinks over the past year or two there is a rather pleasant little twinkle in his eye. That is Uncle Joe as I saw him at least through the eyes of this refugee.

Another thing of great interest that Mr. Pirogov said was that the Russian Army which fought in World War II would not be a strong fighting army in World War III, if there ever were such. He said they have no desire to fight against western nations. He said they would be unreliable, that they would not be effective. He said that is the universal talk and discussion among men who have seen service in the Western World. But he said that in 10 years or 12 years there will grow up a generation which has not had that experience, which will not credit anything which the soldiers of World War II saw, felt, thought, or did, and that new army, he feels can be depended upon by its masters.

I said to Mr. Pirogov: "What is the remedy? What shall we do?" With a good deal of hesitation he said that we ought to start an offensive of our own now. I told him that that was impossible; that the American people would never permit such a thing, and that he was now in a different kind of world than the world he had come from. "Well," he said, "that makes the problem harder for you." Again I am speaking of this from his point of view, and as seen through his own eyes.

He then started talking about The Voice of America. He said it was an excellent, useful, and effective institution. He suggested that there ought to be more of it; that it ought to be in operation more hours of the day.

I asked him about one of my own vague ideas, which was that of sending documents into Russia by balloons, and he said, with regard to that, that he thought the time had not yet arrived; that the people of Russia were not yet ready. He thought that the material I was proposing to send would be such as to incite to insurrection. When I explained the nature of the material which seemed to me to be most effective, he was very enthusiastic about the plan.

When I said that the State Department had the feeling that that was in a way violating the sovereignty of Russia, he indicated that the Russians would not haggle or boggle over such fine techniques as to whether or not a territory was invaded by means of that sort; that he felt that they would credit us with being smart if we did it, rather than declaring war on us for having invaded their sovereignty.

One other point he made struck me very strongly indeed. He spoke of the

two hundred and fifty thousand-odd refugees from Russia who are now concentrated in Germany. He spoke of the unknown number, to the extent of hundreds of thousands, who have not registered, who are unnamed, uncounted, unknown, but who are wandering about the country, keeping in hiding, and he described those as being a wasted, decaying asset for the Western World. They are willing, able, anxious, eager to go to any lengths whatsoever to serve the cause of the free peoples of the earth and to make as much trouble as possible for the country from which they have escaped, and to which they would like to return as freemen.

I should like to say, Mr. President, that this seemed to me to have a direct bearing on an amendment which some of us have offered to this bill, and I myself plan to explore the matter further in connection with that amendment when it is presented.

I shall not hold the time of the Senate any longer, except to return to a point which I mentioned earlier, and that is that so far as I myself am concerned, I feel it is my duty not to vote, under any circumstances, for any more billions of dollars for military assistance, for military support for the armed services, if the money is to be poured into a bottomless vacuum. It should not be necessary for me or any other individual Senator to plan. We should have the assurance that someone in the administration in authority and in high place is thinking these problems through, can see an end from the beginning, and can use the funds provided to direct our efforts toward an attainable end, instead of merely hiring more soldiers, making, buying, and distributing more materials of war, and ending up with simply having received from Congress an appropriation bill.

Mr. JOHNSON of Colorado rose.

Mr. FLANDERS. Mr. President, does the Senator from Colorado wish me to yield to him?

Mr. JOHNSON of Colorado. Mr. President, I wish to have the floor in my own right.

Mr. FLANDERS. Mr. President, I yield the floor.

NOMINATIONS OF UNITED STATES REPRESENTATIVES TO THE UNITED NATIONS

Mr. JOHNSON of Colorado obtained the floor.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. CONNALLY. The Committee on Foreign Relations has today unanimously favorably reported the nominations of members of the United States representation to the United Nations. The United Nations body is now in session, and we feel that these nominations should be confirmed immediately, so that the United States representatives can proceed. Those nominated are:

Warren R. Austin, of Vermont;

Philip C. Jessup, of Connecticut;

Mrs. Anna Eleanor Roosevelt, of New York;

Former Senator John Sherman Cooper, of Kentucky; and the following alternates:

Wilson M. Compton, of Washington;

Benjamin V. Cohen, of New York;

Charles Fahy, of New Mexico;

John D. Hickerson, of Texas;

Mrs. Ruth B. Rohde, of New York.

I ask unanimous consent that these nominations may be considered, as in executive session, without the requirement that they lie over 1 day.

The PRESIDING OFFICER. Is there objection?

Mr. KNOWLAND. Mr. President, reserving the right to object, as an individual Senator I certainly have no objection to any of the nominations. I understand that the nominations have been unanimously favorably reported from the Committee on Foreign Relations. However, I am only acting temporarily for the minority leader, who requested that when the Senator from Vermont [Mr. FLANDERS] finished his speech there be a quorum call. Under the circumstances, I feel that I should suggest the absence of a quorum. So far as I know there will be no objection from the minority leader when he returns. However, he having left with that request, if this matter is to be taken up I feel that I must suggest the absence of a quorum.

Mr. CONNALLY. Mr. President, I do not yield for that purpose. I did not yield for the purpose of the Senator making the point of no quorum. I think this is just as important as the matter of a quorum, so I insist upon my request.

Mr. KNOWLAND. Then, I must object, under the circumstances.

Mr. CONNALLY. Mr. President, I want the RECORD to show that it is the Senator from California who is objecting and delaying this matter. There is nothing further that I can do.

Mr. KNOWLAND. Mr. President, I do not care whether the RECORD shows that I object or not. I have stated my position, which I think is reasonable, having been left in charge by the minority leader. I have stated that I personally have no objection; but in view of the statement by the Senator from Texas, chairman of the Foreign Relations Committee, I do object at this time. At the earliest opportunity I shall suggest the absence of a quorum.

The PRESIDING OFFICER. Objection is heard.

Mr. CONNALLY. Mr. President, I meant no personal reflection on the Senator. However, because of the importance of the United Nations Organization, it now being in session, I want the RECORD to show that I am striving to have these nominations confirmed at the earliest possible moment so that the United States representatives can perform these highly important international duties. Of course the Senator has a perfect right to object.

MILITARY ASSISTANCE TO FOREIGN NATIONS

The Senate resumed the consideration of the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

Mr. JOHNSON of Colorado. Mr. President, I desire to associate myself with the thought which was expressed by the Senator from Vermont [Mr. FLANDERS] with respect to entering into a program when there is no well thought-out plan. I would not build a house; I would not attempt to build a garage; I would not try to build anything unless I had a plan worked out. I would not want to build the foundation or any part of a building unless I knew what the total building was likely to cost and what it was likely to look like when I got through. I should like to have some sort of a plan or blueprint for whatever I was trying to build. I think the same principle applies very strongly to the measure before us.

I sought recognition in order that I might read into the RECORD a newspaper article which was published in the Rocky Mountain News of Friday, September 16, 1949. It is headlined:

British general charges American aid prolonged World War II.

The second headline is:

United States interference in European wars blasted.

The article is written by Mr. Jim G. Lucas, who is a Scripps-Howard staff writer. It is dated Washington, D. C., September 15, and reads as follows:

One of Britain's most prominent military authors—Maj. Gen. John F. C. Fuller—wants Uncle Sam to quit meddling in European wars.

Writing in the September-October issues of the Journal of the American Ordnance Association General Fuller says our lend-lease prolonged World War II "which could not have continued for long."

The British expert describes himself as "for nearly 40 years the champion of unpopular military causes." The Ordnance Journal introduces him as "one of the outstanding military analysts and historians of the present day."

"We Europeans * * * have been fighting each other for upward or 2,000 years, and we dislike outside interference," he wrote. "In 1917, you Americans stepped into a war to save one side. Whatever at the time we may have asked for as Englishmen and Frenchmen, as Europeans we did not want to be saved by a non-European power.

"Instead, what we really wanted was to settle our quarrels in our own historic way.

"Had you not stepped in we should have been forced to come to terms between ourselves, as we have done scores of times before.

"Without your aid—and it was generous—we Europeans would have concluded the First World War, probably in 1917, by a negotiated peace which could not have been worse than the one established.

"Again, in the last war, what with your lend-lease, etc., you got entangled in the European brawl. Between 1942 and 1945, backed by your enormous industrial power, you laid the greater part of central Europe flat. But for your lend-lease, that war could not have continued for long."

General Fuller concedes that a negotiated peace "almost certainly would have been followed, if not preceded, by a war between Germany and Russia." But he says "nothing could have been more beneficial for the world at large; for, in it, the two dictatorial powers which were threatening the western way of life would have bled each other white."

As a result of our meddling, General Fuller says, "Europe is now impotent to make peace or wage war. Today, she is hanging around your neck like the Ancient Mariner's albatross. If you abandon her, she will be turned red. If you do not, there is a high probability that there will be another war."

What General Fuller wants to know is:

"Next time, are you going to resort again to unstrategic (his term for 'strategic') bombing? If you do, the probability is that Europe will end by becoming a scarlet jungle."

The 71-year-old Briton is particularly irked by a United States Air Force officer who recently asked: "When an opponent kicks us in the groin, can we still afford to adhere to the Marquis of Queensbury rules?"

General Fuller says we should.

"If we are fighting for the maintenance of Queensbury rules—certain moral values which we hold dearer than life itself—then, whatever our enemy may do, we dare not set them aside," he wrote.

"If we do, our war will become amoral. Either we fight for them or we do not. If we do, we shall show the whole world that we are morally superior to our enemy. If we do not, then morally we are no better than he."

He cites two United States Air Force raids—Dresden and Hildesheim—as examples of "sheer stupidity and vandalism" in World War II.

"Hildesheim, one of the most perfect examples of medieval towns in Europe and possessing no military significance (the railway junction is outside the town), was obliterated by the United States Air Force," he said. "Why? Merely because its time had come, its number had turned up on the schedule. It was down for destruction, therefore, it was destroyed."

In this debate I think it is important to have the viewpoint of our friends across the ocean, the people we are attempting to rescue. I feel very certain that General Fuller is not alone in holding the views he has expressed. As time goes on and as humanity has an opportunity to look back upon what happened in Europe in World War II, I think there will be a great many persons in Europe who will feel just as General Fuller expresses his feelings in this matter. He pleads with us not to meddle in world war III. As I understand and as I comprehend the measure now before us, it will make sure that we shall meddle in world war III; under this measure, if it is enacted, we shall take no chances of not getting into that war at the first shot. That is the way I interpret the pending measure: that we are being very circumspect, this time, that we shall not be delayed in getting into the war, to meddle again and to cause further difficulties and disruptions of civilization in Europe.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California? The Chair hears none, and it is so ordered.

NOMINATIONS OF UNITED STATES REPRESENTATIVES TO THE UNITED NATIONS

Mr. CONNALLY. Mr. President, I ask unanimous consent to consider at this time, as in executive session, the nominations of representatives of the United States to the fourth session of the General Conference of the United Nations Educational, Scientific, and Cultural Organization, and also the nominations of representatives and alternate representatives of the United States to the fourth session of the General Assembly of the United Nations.

The PRESIDING OFFICER. Is there objection?

Mr. LANGER. I object.

The PRESIDING OFFICER. The Senator from North Dakota objects.

Mr. CONNALLY. Mr. President, may I inquire the reason for the objection?

Mr. LANGER. Mr. President, under the rules of the Senate, I do not believe any Senator is required to state his reasons. I simply said, "I object."

Mr. CONNALLY. I understand that. Of course, any Senator can object. I am sorry the Senator has seen fit to object. These parties are now in New York City ready to engage in the meetings of the United Nations. Their nominations should be confirmed. But I suppose there is nothing I can do but wait until tomorrow.

MILITARY ASSISTANCE TO FOREIGN NATIONS

The Senate resumed the consideration of the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

Mr. MURRAY. Mr. President, the pending measure providing for military assistance to foreign nations, parties to the Atlantic Pact, is a serious departure from the traditional policies of our country. It requires our most earnest study because the action which we are to take may lead us into sanctioning policies and programs of the nations we assist which may appear to be antidemocratic and violative of the fundamental principles of justice and freedom. Furthermore, the program upon which we propose to embark will place a tremendous burden upon our people. Yet I fully realize that the circumstances which call for action of the character involved in this measure are of such serious moment that we cannot afford to hesitate merely because of the great costs involved.

I listened with close attention to the opening remarks of the able and distinguished Senator from Texas, chairman of the Foreign Relations Committee, in whom I entertain a high degree of confidence. In his preliminary statement he outlined the need and purpose of the program envisaged by this legislation. This, it seems to me, is one of the most serious and far-reaching proposals ever presented to the Congress. I have followed with close attention the activities of the Senate Committee on Foreign Relations throughout the last decade, a period which has marked the greatest world upheaval ever known in history. It has resulted in a complete reversal of the foreign policies which have guided us throughout our national history. Under the wise and intelligent leadership of that committee, the Senate back in 1938 took the first step to reverse the mistaken policies which we had been pursuing in respect to our relations with the outside world. At that time, somewhat belatedly, we modified the neutrality laws of the Nation under which we had taken a stand that we were not interested in and could not be affected by the propaganda, intrigue, and military aggression which was then rampant throughout the world. But, Mr. President, we came to realize, quite late perhaps, that to preserve our own peace and security we would be compelled to take an interest in the military activities and acts of oppression and aggression which were taking place in other quarters of the earth.

We came to realize that peace and security in this world is the problem of each and every nation. No nation can live apart and ignore its responsibility to act in cooperation with other peaceful nations to prevent aggression. I supported the modification of the neutrality program recommended by the Senate Foreign Relations Committee back in 1939, which was based on the recognition of these principles. The action of the Senate at that time was proven by subsequent events to have been a wise course. The recognition of these principles made it possible for our country to place its affairs in order, at least to some degree, to meet the shock of war then threatening. Although our action was too late to prevent Hitler from sending his armies on the march for the conquest of defenseless nations in Europe, it made it possible to prepare for the desperate struggle that was then developing.

Again, in 1939, the Senate Committee on Foreign Relations recommended what is known as the lend-lease program. That program at the time was bitterly opposed; but it, too, turned out to be the only safe course this country could be expected to follow in order to protect the democratic nations of the world from conquest and annihilation.

Our country has always abhorred war. It has held no aims or ambitions aside from developing its own territory, conducting its own internal affairs, and carrying on relations with the rest of the world on a basis of mutual respect and with a desire to contribute to the advancement of civilization and the preservation of peace in all parts of the world.

But all of our peaceful intentions failed to avert war; and now, after having fought one of the most devastating wars in all history, we find our country confronted with conditions in other parts of the world which seem to continue to threaten the future peace of the world and security of the United States. While actual war on the battlefields came to an end several years ago, we have been engaged in a so-called cold war which has come to be almost as injurious and

costly as actual warfare. It is a war fought not with weapons but with demoralizing propaganda, intrigue, and the undermining effects of false economic and social doctrines to deceive the unwary and create unrest and dissatisfaction among the people. I think we have been winning the cold war, but it is a long-drawn-out process which, as I say, is almost as costly as war itself. We have a long distance to go to make our country secure against another outburst of aggression in the world, which, regardless of our peaceful attitude, would immediately involve our country.

So, Mr. President, it is our problem, with the other peace-loving nations of the world, to collaborate in a program of mutual defense and cooperation with all nations sincerely seeking peace. We are playing our part with great prodigality in endeavoring to restore trade and commerce in the world and give those nations which were devastated by the war a helping hand in restoring their economy and way of life.

But, Mr. President, we, and all others allied with us in this effort to restore peace and cooperation among the nations of the world, must be able to prove the sincerity of our purposes. We must be able to show that we believe wholeheartedly in the right of every nation to determine for itself its own form of government. We must show that we have no secret designs against other nations or desire to encroach upon any of their natural rights. If we believe in democracy, we must practice democracy at home, because a nation that seeks to impose injustice and oppression on people who come under their dominion creates a feeling of distrust in the minds of other nations.

In these days of bitter stress and strife in the world, we must frankly admit that we have but two alternatives—to engage in warfare until one dominant power rules the world, or to find a way of life through which, under divine guidance, men will cooperate wholeheartedly and sincerely to bring a new world into being. With the great discoveries and technological progress of the age in which we live, a long period of peace could make this a happy and prosperous world. The preamble of UNESCO, which is one of the organizations that has been set up under the United Nations Organization, states that "Since wars begin in the minds of men, it is in the minds of men that the defenses of peace must be constructed." We must follow out that principle and build in the mind of men the hope and desire for peace.

This brings me to a subject which I should like to present, and which is vital to the success of the plans we are here promoting. Any nation belonging to the Atlantic Pact which undertakes to maintain a policy of oppression or exploitation of people under its dominion or control is guilty of a wrong which justly creates suspicion in the minds of other nations that it lacks sincerity and honesty in professing a desire to bring about an era of peace and progress in the world. When we speak about our adherence to the principles and purposes of the United Nations, as we do in this bill, such as respect for the principle of equal rights and self-determination of peoples, we are speaking of principles which have gained world-wide adherence. A nation that violates these principles cannot consistently claim that it stands for peace in the world. The principle of self-determination was enunciated by the late Woodrow Wilson when we took part in the First World War, and it has been one of the guiding principles in our foreign policy right down to the present day.

Now, under the present bill and the Atlantic Pact, we are entering upon a program of cooperation and mutual defense with one nation which is undertaking to violate flagrantly these principles. I have reference to Great Britain, which has set up in Ireland a program of partition which has divided the people of Ireland—the north from the south—and prevented them from accomplishing the highest degree of economic and political development of their country. It is an old and ancient wrong which has persisted for centuries down to the present moment, and it has created serious repercussions in the world for Great Britain herself. I think, without a doubt, it was the denial by the British of the right of self-determination to the Irish people which caused, more than anything else, the defeat of the League of Nations. The defeat of the League of Nations was probably the most deadly blow which Great Britain and the world could have suffered. Its establishment would undoubtedly have prevented World War II and the plight of Great Britain today.

Again, today, Britain is still maintaining this attitude toward the people of Ireland, seeking to deprive them of the right to determine for themselves, on the basis of the entire vote of their country, the form of government under which they should live. So, Mr. President, this principle of self-determination is not being respected by Great Britain as a signatory to the Atlantic Pact. In fact, it is being completely disregarded by the one nation which will be the chief beneficiary of the Atlantic Pact and this proposed program of military aid; one of the nations with which we are allied in this great crusade for the preservation of our democratic way of life. I feel that we will be false to our ideals if we fail to urge redress of this wrong which has been inflicted on the Irish nation by the Government of Great Britain in partitioning six counties from the rest of the country. Mr. President, let me add, millions of loyal American citizens in our country feel the same way about this.

Mr. President, I say this without any feeling of rancor or ill will toward the English people. In fact, I have nothing but the highest words of praise for the plain people of England—for the gallant fight which they put up in the last two wars for the freedom of their country and for the preservation of democracy in the world. It is not the English people that I complain of in this matter, because the English people themselves would have redressed this wrong years ago if it had been within their power to do so.

In this connection, I wish to point out that I have voted for every measure that has been presented in the Senate which was designed to aid the British people in meeting the problems of war and post-war recovery and reestablishment of trade and commerce. In 1939, I voted for the repeal of the Neutrality Act, thus permitting the supply of arms and munitions to the British which were vitally necessary to aid the British people in fighting World War II. Again, in 1941, I voted for and supported on the floor the lease-lend bill which was so important in enabling the British to meet their military and domestic requirements in that devastating conflict. My remarks on that occasion will be found in the CONGRESSIONAL RECORD of February 25, 1941.

That was an occasion when Great Britain really needed friends in the world. In the debate on the floor of the Senate at that time, Great Britain was being attacked bitterly by those opposing the lease-lend bill. At that time all the past crimes and wrongs perpetrated by Great Britain through the centuries were being conjured up to show that we should have no truck with the British or interest in extending aid for the defense of British imperialism. Yet, at that time, with full knowledge of the fact that Great Britain's record was not free from great wrongs and acts of oppression, I joined in voting for that bill because I felt that it was necessary for the defense of the world against the inroads of totalitarianism. At that time I said on the floor:

> We can serve no useful end by looking into the past history of Great Britain for the purpose of considering her mistakes and wrongs and the oppressions which she may have perpetrated during her existence.

I cast that vote, not without much reluctance, because I realized that Great Britain at that very moment was guilty of acts of oppression and wrongdoing toward the people of Ireland. But I felt at the time that it was necessary to carry out the lease-lend program and that the problems of Ireland could be adjusted independently. I felt that it was more important for the world at that time to defeat totalitarianism, and I looked forward to the future with confident hope that the true principles of international justice, honor, and decency would thereafter bind Britain and the democratic nations of the world together in mutual understanding, and that injustice and oppression might be ended among nations.

But now, Mr. President, after all these years, the British Government still maintains, justifies, and supports the partition of Ireland, which is a complete negation of the policies and principles which the United Nations and the Atlantic Pact sponsor. Therefore, it occurs to me that a proviso should be made in this bill to let the world know that we Americans mean what we say and practice what we preach when we speak about our adherence to the principles of the United Nations as we do in this bill, one of which principles is respect for the democratic doctrine of equal rights and self-determination of peoples. To protect our country and the other signatories to the pact from charges of hypocrisy and duplicity, an amendment should be inserted in this measure, and I am considering presenting one during the course of its present consideration. The pro-

posed amendment should require the Government of Britain to redress this wrong inflicted on the Irish nation before it should be entitled to the benefits of our legislation.

Time and time again, the Irish people have given unmistakable evidence of their desire for the unity and freedom of their land; but their desire, expressed both in armed risings and by means of the ballot, has been denied by the British Government. In 1918, the last occasion on which Ireland was permitted to vote in a parliamentary election as a unit, a general election was held to elect members to the British House of Commons. The result of that election was a smashing victory by an overwhelming majority for the complete independence of Ireland. In votes cast, including estimates for the constituencies in which no opponents for independence were nominated, the people of Ireland voted 1,211,516 for complete independence and 315,394 against. Thus was the will of the people expressed.

But, Mr. President, despite that election, and despite that expression of the will of the vast majority of the Irish people for the type of government under which they desired to live and the unity of their ancient land, their country was arbitrarily partitioned by the British Government in 1920; and this notwithstanding the fact that the British people had themselves repeatedly voted in the House of Commons to give Ireland a government of its own choosing.

I might say at this point that the people of England on three separate occasions voted to give Ireland a home-rule government, but the vote in each case was negatived by the action of the House of Lords, which vetoed the bills passed by the House of Commons.

It will be seen, therefore, that it was not the plain people of England who have mistreated Ireland, but the ruling class—the House of Lords.

Not alone is this act of the British Government in partitioning Ireland an utter negation of the very principle for which America stands and for which we have fought two world wars; it also constitutes a constant reproach to the sincerity of the ideals which we and the other nations comprising the democratic bloc proclaim to be the very foundation of our alliance.

Thus it will be seen, Mr. President, that this interference of the British Government in the maintenance of the partition of Ireland provides those who oppose us in the world today, and who would, if possible, destroy our democratic way of life and supplant it by a system abhorrent to all free peoples, with a potent weapon in the field of propaganda where our sincerity is brought into doubt. It enables our enemies to sow the seeds of doubt in the minds of the peoples under totalitarian rule as to the good faith of our assertions in regard to being for the freedom of all nations. Obviously, so long as Ireland is denied her irrefutable right to the complete unity of her country, so long will our enemies be able to contend that our professions of democracy are not implemented in our practices.

In speaking thus of Britain's action, I do so in no spirit of captious criticism, but with the hope that she will recognize that by her denial of the right of self-determination to the Irish people, she is not alone inflicting a grievous wrong on one of the most democratic and Christian countries in the world, a nation whose people have made a tremendous contribution to the upbuilding and preservation of our own American liberty, but is also alienating those people from the great crusade in which we are engaged, and thereby weakening the chain which we are forging to strengthen the forces of freedom in the world.

Mr. President, if this question regarding the partition of Ireland could be settled, it would have an immediate effect in overcoming the criticism of Great Britain for its long years of mistreatment of Ireland. It would have a powerful unifying influence in that area. It would be a tremendous contribution to peace.

That Britain can be justly criticized for its record in Ireland, no intelligent person can deny. Back in the days when the great Premier of England, Gladstone, was waging his memorable fight in the British Parliament to end English misrule in Ireland, he mercilessly portrayed the misrule his Government had been responsible for, ending his historic speech with this impassioned peroration:

> Go into the length and breadth of the world, ransack the literature of all countries, find if you can a single voice, a single book, in which the conduct of England toward Ireland is anywhere treated except with profound and bitter condemnation. Are these the traditions by which we are exhorted to stand? No. They are, in fact, the sad exception to the glory of England. They are a broad and black spot upon the pages of its history. What we want to do is to stand by the traditions of which we are the heirs in all matters except our relations with Ireland, and to make our relations with Ireland to conform to the other traditions of our country. So we hail the demand of Ireland for what I call a blessed oblivion of the past. She asks also a boon for the future, and that boon for the future, unless we are much mistaken, will be a boon to us in respect of honor, no less than a boon to her in respect of happiness, prosperity, and peace.

Now, Mr. President, it is being asserted that the solution of the question of the partition of Ireland is not a problem in which our Government might properly concern itself, as it is a matter for settlement between the Governments of Ireland and the United Kingdom. I disagree with this view. Although it may be contended that the Governments of Ireland and Great Britain are primarily responsible for the settlement of disputes between them, there appears to be, in regard to this particular problem, no possibility of their getting together, inasmuch as the British Government, as recently as June of this year, passed an act of Parliament affirming, among other matters, that the partitioned part of Ireland or any part thereof shall in no event cease to be part of the United Kingdom without the consent of the Parliament of that area which is called Northern Ireland.

To get the Parliament of Northern Ireland to consent to cease to be a part of the United Kingdom is an impossibility because the area known as Northern Ireland was deliberately carved out of the Irish Nation in such a manner and with such regard to the political affiliation of the inhabitants as to insure that there would always be a majority favorable to those who have a vested interest in the perpetuation of partition and therefore desire to remain apart from the rest of the country.

Thus, the wishes of more than 400,000 people who passionately desire to be reunited with the rest of their countrymen and live under a native government are completely ignored.

Therefore, there appears to be no possibility of the question of partition being settled, or even discussed, by the British or Northern Ireland Governments. And, inasmuch as Ireland is a vital link in the chain of defense which we are forging for the preservation of democracy, the problem is definitely one in which we here in the Senate of the United States should properly concern ourselves. We concerned ourselves—and properly so—in the affairs of Greece and other countries wherein democracy was imperiled; and we are now, at the suggestion of the President of the United States and Prime Minister Attlee of Great Britain, seeking a peaceful solution of the problem of Kashmir on behalf of India and Pakistan.

So, Mr. President, if we are to aid in bringing justice and peace to a sorely troubled world, why should we not seek to bring about a solution of the problem of partition of Ireland, the existence of which is, as I have said, a constant reproach to the ideals we and our allies espouse and is also a source of possible weakness in the common defense program which this bill seeks to make impregnable.

Mr. President, it is my intention to present some amendments embodying my ideas as soon as I have time to have them prepared. At the least, it seems to me the Government of Ireland should be protected against the maintenance, directly or indirectly, of arms or equipment furnished by this country in that particular area of Ireland, and perhaps also a provision should be inserted which would withhold assistance from Great Britain so long as she maintains, directly or indirectly, the partition of Ireland.

I shall undertake to present these amendments as early as possible.

EXCLUSION AND DEPORTATION OF SUBVERSIVE ALIENS

Mr. O'CONOR. Mr. President, a serious situation has developed which, I think, justifies the attention of Members of the Senate.

Early in the session the senior Senator from Nevada [Mr. McCARRAN], chairman of a subcommittee engaged in a comprehensive study of our entire immigration system, introduced a bill (S. 1832) to strengthen the immigration laws with reference to the exclusion and deportation of subversive aliens. The bill was evolved after the subcommittee had accumulated extensive evidence which shows conclusively that the Communist apparatus in the United States is under the direction and control of

foreign agents who have virtually free access to this country because of various loopholes in our present immigration laws and because of methods of administration of those laws.

Anyone who is familiar with these provisions of our laws will agree that through the years they have been subject to a number of exceptions and provisos which open a back door for the admission into the United States of agents of foreign powers who enjoy a practical immunity from our laws. The more one hears and learns in this field, the more inescapable becomes the conviction that our entire immigration system and its administration must be strengthened promptly if we are to protect ourselves against further infiltration of Communist agents.

With the Judiciary Subcommittee engaged in hearings, study, and consideration of this grave subject matter, the Honorable Dean Acheson, Secretary of State, took official notice of the pendency of the bill and communicated his views to the committee. Of course, the views of the Secretary of State are always welcomed by a Senate committee. Further, out of deference to the exalted position which he holds, his recommendations and criticisms are entitled to the utmost consideration.

The Secretary of State, after analyzing the bill, disapproves of it in toto. While he recognizes the fact that the purpose of the proposal is to protect the security of the United States, he indicates that the procedures involved would run counter to existing policies.

The distinguished Secretary of State particularly comments upon that section of the bill which would deny visas to persons seeking to enter this country for the purpose of engaging in any activity the purpose of which is the control or overthrow of the Government of the United States by force or by violence. He then indicates that this definition would fit communism and that thereby Communist aliens might be excluded from entering this country. Parenthetically I might observe that he offers no reason why Communist aliens who would seek to enter America for the purpose of engaging in specific overt acts directed at overthrowing our Government by force or violence should be admitted to the country.

Summing up his attitude, the Secretary of State says:

> In view of the adverse effect which it may have on United States foreign relations as indicated herein, the Department must oppose the enactment of S. 1832.

The effect of Mr. Acheson's statement is unfortunate. It discourages efforts to remedy a grave situation, which well-informed persons agree is highly dangerous to our security and which the Secretary of State does not minimize. His formal statement to the committee offers no suggestion as to how he would tighten up our weak entry system. The net result of his official comment is that nothing can be done about this deplorable situation lest we offend the sensibilities of foreign nations with which we are supposed to be in friendly diplomatic relations.

Before proceeding further, may the issue be clearly stated. The bill (S. 1832) would not in any way interfere with the legitimate activity in this country of anyone, whether he be an immigrant, a visitor, a diplomat, or a delegate to an international organization. The purpose of the bill, as so clearly stated by the senior Senator from Nevada [Mr. MCCARRAN] when he addressed the Senate on the matter some time ago, is, to quote his language:

> To plug the loopholes of the present law so that any alien—and I emphasize the word "any"—who engages in espionage or other subversive activity must be excluded or deported.

Under the provisions of S. 1832 any alien who, on the basis of our security reports, is being sent into this country to organize anti-American activities or to direct espionage or sabotage, will be subject to exclusion irrespective of his diplomatic or semidiplomatic status. Further, any alien, irrespective of his diplomatic or semidiplomatic status in the United States, who engages in the organization of anti-American activities or in espionage or sabotage, could be promptly deported. The bill in essence is just that simple, and I say categorically that it is foolhardy for us to assume that the continued existence of international organizations and legitimate diplomatic relations precludes our protecting ourselves from this type of subversive activity.

Just a few days ago the Judiciary Subcommittee held a public session at which a former member of the Federal Bureau of Investigation testified. This witness spoke on the basis of years of experience in dealing with subversive agents in the United States. He recited the details of the infiltration into the United States of dangerous Communist aliens who have been operating in this country under the direction and control of Moscow. When we inquired about the efforts of our security agencies to apprehend these Communist agents, saboteurs, and spies his reply was shocking. Let me read to the Senate the statement which this witness made after he had revealed the extensive Communist network which existed in this country during his period of service with the Federal Bureau of Investigation, from 1937 until 1945:

> Of course, at that time we were still in the war and Russia was our ally. It was simply a matter of policy of the State Department that none of Russia's espionage agents were to be arrested.

It is not my desire today, Mr. President, to recite the course of events of recent years both at home and in our international relations, which have precipitated the cold war, but the facts which have thus far been accumulated by the subcommittee raise the grave question as to whether or not even today the attitude of embracing the Communists has been entirely dispelled from our policy.

Some several months ago the Assistant Chief of the Visa Division of the Department of State, Mr. Robert C. Alexander, revealed in testimony before the subcommittee that hundreds of subversive aliens have been and are being brought into the United States behind the cloak of immunities which they enjoy as affiliates of international organizations and as affiliates of foreign governments.

Since then witness after witness has testified before the subcommittee, in both executive and public session, and the subcommittee has accumulated vast amounts of other material, some of which has been obtained from the security files of this Nation.

It is clear that the Communist apparatus in the United States is not a home-grown product. Rather, beyond all doubt, from the evidence adduced, it is a fifth column infiltration of an international conspiracy. The evidence shows conclusively that the extensive Communist apparatus in the United States is under the control and direction of foreign agents who gain admission into this country not only through the loopholes in our present laws, but because of methods of administration of those laws which are presently on the statute books.

The former Attorney General of the United States when appearing before the subcommittee testified respecting a careful study which had been made by the Department of Justice of 4,984 of the more militant members of the Communist Party. Four thousand five hundred and fifty-five, or 91.4 percent of the 4,984 subjects were either of foreign stock or were married to persons of foreign stock. In only 429, or 8.6 percent of the cases were the subject and his parents—and if married, the spouse and the spouse's parents—all born in the United States.

The Attorney General further testified that of the 685 espionage and intelligence investigations then pending by the Department of Justice, approximately 4 percent of the persons concerned were attached to the United Nations in New York City. This indicates that over a score of persons who are attached to the United Nations in New York City were involved in espionage and intelligence investigations by the Department of Justice.

As we all know, the United Nations is only one of a great number of international organizations operating in the United States. There are also a number of trading commissions such as Amtorg, press organizations, and similar agencies, in addition to consulate and embassy representatives. It is important here to note that the Attorney General further stated that because of restrictive exemptions and provisions in our immigration laws the Department of Justice has not excluded from admission into the United States a single person to whom a visa had been issued as an affiliate of an international organization or as an affiliate of a foreign government.

Some time ago the subcommittee submitted to the Director of the Central Intelligence Agency a sample of 100 names of persons who had been issued visas as affiliates of international organizations or as affiliates of foreign governments. The Director was asked to describe the background abroad of these persons. His answer includes the statement that—

(A) Thirty-two percent "have reportedly or allegedly been engaged in active

work for the intelligence services of their respective countries."

(B) Twenty-nine percent "are high ranking Communist officials." He stated that it must be assumed that by virtue of their positions that they are working ardently for the benefit of their governments. This activity, by definition, and in the light of known Communist methods, must be considered to be subversive and against the interest of the United States.

(C) He further stated that 21 percent "have reportedly or allegedly been engaged in active Communist organizational work of an underground or subversive nature outside their homelands."

Notwithstanding these statements of the Director of the Central Intelligence Agency regarding a sample of these cases, recently the Deputy Under Secretary of State and the Chief of the Visa Division testified that they had no recollection of any case in which a visa had been withheld from a person applying as an affiliate of an international organization or as an affiliate of a foreign government. This is so despite the fact that the State Department had received adverse security reports on many of these cases. So it is shown that over 150,000 aliens have been admitted into the United States in the past 10 years as affiliates of foreign governments, and over 8,500 have been admitted during this period as affiliates of international organizations.

The files of the subcommittee contain numerous personal histories of the subversive background and activities in the United States of persons who have been and are being admitted into the United States as affiliates of international organizations and as affiliates of foreign governments, and many of these files, may I emphasize, are copies of the security files of the State Department.

It is clear to anyone who studies the facts that our present system is an open invitation for Communist infiltration, and that this invitation is being accepted on a wholesale scale.

It is difficult to understand how the State Department can expect to thwart the efforts of subversive agents masquerading as affiliates of international organizations or as affiliates of foreign governments, to gain admittance to this country, even though these aliens are bent on mischief once they are on American soil. In making their applications for visas under either of these two classifications, aliens are not required to state whether or not they are Communists. That is the prevailing practice in the State Department today.

As a result of the pursuance of that policy officials of the State Department testified before the subcommittee that the Department does not know the number of Communists who today hold visas in the categories I have described. Further, these officials stated that they cannot even give a reasonable estimate of the number of the Communists who have been admitted in these categories.

It is not for me to explain the attitude of the State Department by which not a single visa has been withheld in the numerous cases in which adverse security reports were submitted to the Department of State. It is not for me to explain the attitude of the Department of State in opposing the enactment of legislation designed to sever the pipe line of Communist infiltration in the United States but it should be emphasized here and now that the United States Senate and the Congress cannot abrogate its duty to discharge a fundamental responsibility of every government, namely, to protect itself from those who would plot its destruction.

The cold fact is that agents of international communism today move freely across our borders to engage in espionage and anti-American propaganda, to plot with impunity the destruction of our free institutions.

That brings us to another glaring defect in our present immigration laws which Senate bill 1832 is designed to correct. Once these subversive aliens get in the country their deportation is not only a difficult, but sometimes an impossible, task. The multitude of legal loopholes and technicalities which have mushroomed within our immigration system provides the Communists with an iron curtain of protection against expulsion from this country.

Before a deportation can be completed, the subversive alien, with the help of skillful lawyers, can delay proceedings against him by an almost interminable series of hearings and appeals. As a result, a large number of dangerous aliens are roaming the streets of America today, engaging in their work—engaging in the very activities for which the Government wishes to deport them—while their cases are pending before boards or before the courts. I may add that Attorney General Clark in his appearance before us stated that there were approximately 3,600 open cases.

The case of Gerhart Eisler is typical of many others. We know that he was able to travel throughout the country, speaking, propagandizing, and directing Communist activities while under deportation warrant. Just recently a witness, by the name of George Pirinsky, appeared before our committee. He is the guiding commissar of the American Slav Congress, as well as a known member of the Communist Party. This organization, as is well known, is the most dangerous Communist front in this country operating among foreign-language groups, its principal purpose being the organization of anti-American Communist cells in large industrial centers. Pirinsky, although under deportation warrant, is walking the streets until such time as the legal loopholes which have permitted him to leave Ellis Island shall have been exhausted.

Courtesy to members of the diplomatic corps does not mean that they have the right to lend their positive efforts in spreading anti-American doctrines while they are enjoying our hospitality. It is not proper for them to help set up propaganda devices here for broadcasting messages as to the glories of the Communist state and the comparative shortcomings of the democracies of the world, including the United States.

Yet that is exactly what is happening today. A steamship line operated out of New York is controlled by the Communist Government of Poland. That line sponsors a regular radio broadcast devoted to the purpose I have described. The official diplomatic representative of the Communist Polish Government selected the man to manage this broadcast and brought about his appointment. The Communist diplomatic representative keeps in constant touch with the operation of the steamship company and its radio beaming to foreign-language groups.

This is the same steamship line which carried Gerhart Eisler away from America after he had poisoned the minds of our citizens, or attempted to do so, by his speeches and lectures throughout America. The captain of that steamer was subsequently decorated by the Polish Government.

To say that this is the price which we must pay for participation in international organizations and to maintain normal diplomatic relationships is to surrender our integrity for an illusion of security. If our relationships with any nation must be conditioned upon the entry into our country of spies, of saboteurs, of subversive agents, then we are paying an exceedingly high price for these relationships. Might it not be that the time has come, if it is not already too late, for us to draw the line and say "thus far and no farther"?

Mr. President, it seems that we may be striving desperately, and dangerously, to maintain a semblance of international courtesy and respect which is so tenuous and so out of balance with regard to America's just rights as to be of little value, indeed.

While duly accredited representatives of this country are drastically limited in their travels throughout certain countries, and even with respect to their daily contacts with citizens of those countries, the agents and proven saboteurs of those same countries are free to spend their every waking hour here in the United States in efforts to undermine American institutions. While the known subversives of those countries are handled with kid gloves and are allowed to go the limit in efforts to tear down the very fabric of our Government, American rights are continually flouted in those countries in the most outrageous fashion.

Let me recite a very recent incident to indicate how our courtesies are not reciprocated by Russia. An Army private, a resident of the State of Maryland, whose home is on Chapel Street, in Baltimore City, and a veteran of 21 months of tough campaigning in the Pacific war, became separated in Berlin, last November 25, from his unit of the Sixteenth Infantry Regiment. His name is John J. Sienkiewicz. He rode a streetcar into the Soviet sector of Berlin by mistake. There he was taken prisoner by the Russians. Although he could have been identified readily if there had been a decent effort to do so, he was held prisoner by the Russians for 9 months. He would still be held, doubtless, except for the fact that last week, with three British soldiers, he escaped from the Soviet prison in which he had been tortured, beaten, and poorly fed. Upon his

return to the American sector, he required hospitalization. This American soldier reported that he had been questioned day and night for the first 16 days of his arrest, about guns, tanks, and troops of the American Army, and was slapped in the face by a high-ranking Russian officer when he refused to answer. He had been immersed in ice water, had been forced to stand 24 hours in a cell, without room to sit or kneel. His clothes were taken from him, and he was taken into a room naked and made to stand knee-deep in ice water for 24 hours. Representations by the American military government, demanding his release, finally brought a reply, 5 days before his escape, and 9 months after his capture, to the effect that "Sienkiewicz, a Polish displaced person"—which of course he is not—"is in custody." That is the way the Russians act.

On our part, all we are asking for, under this bill, is to have proved saboteurs expelled from the United States.

In conclusion, Mr. President, let me say that today we are spending much of the treasure of this Nation to maintain our military might. Our efforts will prove futile, however, if the gate is left open for the entry of Trojan horses. Centuries ago, after generations of labor, the great wall of China was erected as a barrier to assaults from without. Three times within a generation, however, the wall was breached, not by physical assault, but by bribing the guards.

The struggle today in which we are engaged is not a clash of arms but a clash of ideas which seek to capture men's minds. At stake is the survival of democratic government on this globe. At stake is the sanctity of the individual. The time has come for the Congress to assert itself and to face this issue squarely, lest our arms and implements of war be for naught. Such legislation as is proposed by Senate bill 1832 is as natural to the defense of this country as the instinct of self-preservation itself. Surely this great Nation is not helpless in the face of the spreading virus of communism. Surely the Senate and the Congress as a whole will not abdicate their duty to the people of this country.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. O'CONOR. I am very glad to yield for a question.

Mr. SALTONSTALL. I do not wish to delay, but I have listened with a great deal of interest to the Senator's speech. Does the bill suggest or does the Senator from Maryland suggest practical methods of carrying out the objectives of the bill which is recommended by the committee?

Mr. O'CONOR. I think the bill does so in two respects: It stipulates that when application is made for a visa, the issuing officer shall examine all evidence at hand and shall ascertain whether the person applying for the visa and seeking admittance to the United States is affiliated with any organization that is known to be engaged in subversive activity, and whether such person seeks to enter the United States for the purpose of attempting to overthrow our Government by force. If so, the issuing officer is to refuse to permit the admittance of that person, although, of course, that is not the case today.

Mr. SALTONSTALL. Assuming that a man were attempting to enter the United States as a delegate or assistant or clerk or secretary in connection with meetings of the United Nations, are there practical methods by which we can do what the Senator has suggested, under the diplomatic code, and so forth?

Mr. O'CONOR. Yes; I am very glad the Senator has asked that question. A mistaken notion has developed and abounds, namely, that the bill, if enacted into law, would necessarily exclude any Communist from entrance into the United States. Of course, inasmuch as certain members of the United Nations are under Communist regime, it is to be expected that their representatives to the United Nations would be of that group. This bill does not ipso facto exclude them, but it provides that if it is found that, ipso facto, they seek entrance into the United States for the purpose of engaging in subversive activities in our country, they shall be barred.

Mr. SALTONSTALL. Does the Senator from Maryland believe that can be worked out in a practical manner?

Mr. O'CONOR. Yes.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. O'CONOR. I yield.

Mr. LANGER. It is true, is it not, that one South American country has administered its laws so carelessly, as the testimony before the committee shows, that any person from Europe can enter, and by paying $100, can become a citizen of that country?

Mr. O'CONOR. That is certainly the situation which has been revealed to the Senate committee.

Mr. LANGER. Does not the testimony further reveal that that practice has been continuing for as long as 5 or 6 years?

Mr. O'CONOR. That is correct.

Mr. LANGER. Can the Senator from Maryland tell us how many aliens are now in the United States of America?

Mr. O'CONOR. In the case of aliens of the particular class to which the former Attorney General alluded, there are practically 3,600 who are under deportation warrants.

Mr. LANGER. The total number of aliens in the United States is between five and six million, is it not?

Mr. O'CONOR. I think the last figure was over 4,000,000.

Mr. LANGER. Is it not further true that even after the Attorney General has deported some aliens, after 5 or 6 years they suddenly show up again in the United States?

Mr. O'CONOR. Specific instances have been cited directly in line with what the Senator from North Dakota has mentioned.

Mr. LANGER. Mr. President, I think the Senator from Maryland is to be congratulated for his very fine speech and for calling this situation to the attention of the people of the United States. I think the situation is really much worse than the average citizen of the United States appreciates. I have listened to some of the testimony in the committee.

It is correct, is it not, that in the United States there are many groups of foreign-language-speaking aliens?

Mr. O'CONOR. Yes.

Mr. LANGER. Is it not also true that the aliens who belong to those groups and who participate in their activities speak to one another in the language of their native country, not in English, and also address other groups in various parts of the United States in the same way? Does not the testimony further show that in some cases men who, while conducting all their activities, speak only in a foreign language, have been sent to the United States to answer advertisements or to come to the United States under some other pretext, whereas they really have been sent to the United States for the purpose of getting other foreign-language-speaking persons to attend the meetings of such groups, which, as a matter of fact, are nothing but meetings of Communist organizations?

Mr. O'CONOR. As a matter of fact, it has been shown that there are between 12 and 14 groups of the particular type the Senator has mentioned.

Mr. LANGER. Has not the testimony also disclosed that some of those groups or organizations publish and circulate newspapers published in the foreign language which their members speak, and that the members of those groups engage in constant attempts to overthrow by force the United States Government?

Mr. O'CONOR. Yes. The radio station to which I have referred is engaged in that attempt, and more than 1,000 foreign-language newspapers are engaged in activities of the type the Senator from North Dakota has described.

MILITARY ASSISTANCE TO FOREIGN NATIONS

The Senate resumed the consideration of the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Humphrey	Murray
Anderson	Ives	Myers
Bricker	Jenner	Neely
Bridges	Johnson, Colo.	O'Conor
Byrd	Johnson, Tex.	Pepper
Cain	Johnston, S. C.	Reed
Chapman	Kem	Robertson
Connally	Kerr	Russell
Cordon	Kilgore	Saltonstall
Donnell	Knowland	Schoeppel
Downey	Langer	Sparkman
Ecton	Leahy	Stennis
Ellender	Long	Taylor
Ferguson	Lucas	Thomas, Okla.
Flanders	McCarthy	Thomas, Utah
Frear	McClellan	Thye
George	McFarland	Vandenberg
Gillette	McKellar	Watkins
Green	McMahon	Wherry
Gurney	Magnuson	Wiley
Hayden	Malone	Williams
Hendrickson	Martin	Withers
Hill	Maybank	Young
Hoey	Miller	
Holland	Millikin	

The PRESIDING OFFICER. A quorum is present.

Mr. McMAHON obtained the floor.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. McMAHON. I yield.

Mr. GEORGE. Mr. President, I give notice that I should like to address the Senate tomorrow noon, on the convening of the Senate, on three amendments I have prepared, which are printed and which lie on the table at this time.

The PRESIDING OFFICER. The Senator from Georgia has just given notice that he expects to address the Senate at midday tomorrow on the convening of the Senate, on the three amendments which he has submitted.

Mr. WHERRY. Mr. President, do I understand correctly that the Senator from Georgia has asked unanimous consent that he be recognized to speak on his amendments tomorrow at noon?

The PRESIDING OFFICER. The Senator from Georgia has not asked unanimous consent.

Mr. WHERRY. The Senator from Georgia has told the Senate that he will speak tomorrow?

The PRESIDING OFFICER. Yes.

PROPOSED UNANIMOUS-CONSENT AGREEMENT—LEGISLATIVE PROGRAM

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. McMAHON. I yield.

Mr. LUCAS. Mr. President, considerable discussion has taken place with respect to a unanimous-consent agreement on voting sometime Thursday upon the bill which is now before the Senate. In order that we may determine whether or not Senators will agree that a vote be taken on that day, I propose the following unanimous-consent agreement:

I ask unanimous consent that on the calendar day of Thursday, September 22, 1949, at the hour of 3 o'clock p. m., the Senate proceed to vote, without further debate, upon any amendment that may be pending or that may be proposed to House bill 5895, and upon the final passage of said bill; provided, that no amendment which is not germane shall be received.

I further ask unanimous consent that the time between 12 o'clock and 3 o'clock on said day be equally divided between those who favor the bill and those who are opposed to it, the time to be controlled, respectively, by the Senator from Texas [Mr. CONNALLY] and the Senator from Georgia [Mr. GEORGE].

Mr. LANGER. Mr. President, I very regretfully have to object.

The PRESIDING OFFICER. Objection is heard.

Mr. LUCAS. Mr. President, will the Senator from North Dakota withhold his objection for a moment so I may ask him a question or two? Let me ask my good friend from North Dakota if any other hour on that day for voting would be more agreeable to the Senator? Perhaps 3 o'clock might be too early.

Mr. LANGER. Mr. President, if the distinguished Senator from Illinois will renew his request when the Senate convenes tomorrow, I think there will be no objection.

Mr. LUCAS. I thank the Senator.

Mr. WHERRY. Mr. President, will the Senator from Connecticut yield to me?

Mr. McMAHON. I yield.

Mr. WHERRY. I deeply appreciate the observation made by the Senator from North Dakota. Reserving the right to object, I respectfully suggest to the majority leader that it might be well to fix the hour for voting at 6 o'clock instead of 3 o'clock p. m., the time between noon and 6 o'clock to be divided equally between those in favor and those who oppose the bill, and that the Senators named by the Senator from Illinois be in control of the time.

I should like the majority leader to give some thought also to the following suggestion: It is my understanding that after the bill now under consideration has been acted upon, whether it be on Thursday, or whenever it be, the distinguished majority leader is going to move to take up one of the so-called pay bills. Personally I shall not object to whatever bill is taken up, but I should like to ask if the distinguished majority leader will assure the Senate, in the absence of a unanimous-consent agreement, that if one of the pay bills is taken up on Friday, that it not be voted on on Friday, but that it will be carried over until Monday for a final vote—that is, whichever pay bill is made the order of business. I ask that in all sincerity. The majority leader and I have discussed the matter of attempting to secure a unanimous-consent agreement respecting the pending bill, and also to endeavor to find the opportune time for consideration of other bills the majority leader wishes to present. I am satisfied that if the arrangement I have suggested could be worked out, unanimous-consent agreements with respect to voting could be entered into.

Mr. LUCAS. Mr. President, I have discussed with the minority leader the subject of taking up for consideration the military pay bill immediately following the disposition of the pending bill which is the unfinished business. That is what the policy committee agreed upon a week ago, and that is what we agreed upon again today. It was the thought of the Senator from Illinois, as the result of canvassing the situation here and there, that we might be able to make disposition of the pay bills before this week is ended. In other words, I had hoped that we might secure a vote upon the pending bill at 3 o'clock in the afternoon on Thursday next; that we could then take up the military pay bill and dispose of it the same day, because I understand there is not too much opposition to the military pay bill, although the able Senator from Massachusetts [Mr. SALTONSTALL] advises me that even though the committee reported the bill unanimously, some four or five amendments will be offered to it by individual Senators.

Mr. President, there are five pay bills on the calendar. It was my hope that we could take up the pay bills one after the other and dispose of them promptly. I thought perhaps we could work on them Thursday afternoon, and Friday, and perhaps have a night session on Friday in order to get the pay bills out of the way. Following the disposal of the pay bills it was my thought that we could take up the displaced persons bill, or probably the farm bill first, and then the displaced persons bill. What the Senator from Illinois is trying to have the Senate do is to move along so that the Senate can finish its business and adjourn. It seemed to me, from what I could find out in my discussions with other Senators, that it would not take too much time to dispose of the pay bills, although they may take more time than I now believe will be required.

That, Mr. President, is about the situation. If we can enter into the unanimous-consent agreement I suggested a moment ago and dispose of the pending measure on Thursday we might take up one of the pay bills immediately following. But, I will say to my good friend the Senator from Nebraska, until we secure unanimous consent with respect to voting on the military-assistance bill there is no point in talking about any other bill.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. McFARLAND. When is it the intention of the majority leader to have a call of the calendar?

Mr. LUCAS. I should say that probably sometime next week the calendar will be called. I cannot make any statement about that with certainty.

Mr. McFARLAND. I thank the Senator.

Mr. LUCAS. But when the calendar is again called it will be called from the beginning. It is my understanding that very few new bills have been reported by committees since the calendar was last called, so it should not take us too long to dispose of the calendar.

Mr. WHERRY. Mr. President, will the Senator from Connecticut yield to me for a brief observation?

Mr. McMAHON. I yield.

Mr. WHERRY. Of course, I deeply appreciate the presentation the Senator from Illinois has made respecting the program. I assure him I want to cooperate with him in every way possible. I have worked very diligently in cooperating with him to secure unanimous-consent agreements. I am fully satisfied that time will be gained, and that the business of the Senate will be expedited, if we can enter into a unanimous-consent agreement respecting the pending bill. It always works that way.

I do not want to take issue with the Senator from Illinois respecting the importance of the pay bills, or the time which will be required to pass them, but I believe the majority leader will find there is going to be considerable debate on at least one or two of them. I am not sure there is going to be much debate on the military pay bill. I simply ask the Senator to attempt again tomorrow to secure a unanimous-consent agreement to vote on the bill now before the Senate, so, if possible one of the pay bills may be taken up for consideration on Friday, and that an agreement be entered into with respect to an hour on Monday when we can vote on that pay bill. I want Senators to know that we are attempting to cooperate along that line. If debate on the pay bill will not

be lengthy we can dispose of the bill on Monday and take up the other pay bills as they come along and finish them, and then proceed to consideration of the farm bill. I should like very much to enter into such an agreement with the majority leader if he wishes to do so.

Mr. HOLLAND. Mr. President, will the Senator from Connecticut yield?

The PRESIDING OFFICER (Mr. HOEY in the chair). Does the Senator from Connecticut yield to the Senator from Florida?

Mr. McMAHON. I yield.

Mr. HOLLAND. I should like to ask the majority and minority leaders and, of course, I also address myself to all Members of the Senate who are present, if there would be any objection to bringing up for consideration Calendar No. 762, Senate bill 2116, a bill to provide for the advance planning of public works. It was agreed, as I understood, that that bill should be brought up for consideration last Friday afternoon, when a lull occurred in the business of the Senate, but it was found impossible to do more than to dispose of the tax bill which was brought up at that time by the senior Senator from Georgia [Mr. GEORGE]. I believe the program at that time was to have both bills considered if it had been possible to do so. I am advised that perhaps there will be a similar lull in the business of the Senate this afternoon, and I should like to discover if there is any objection to Senate bill 2116 being considered in the event such a lull occurs this afternoon.

Mr. LUCAS. Mr. President, if I may respond briefly, it will be recalled that last week I suggested that we might have a night session tonight. Every Senator, I presume, has made arrangements accordingly. Yet when we come here today we find no speakers on one of the most important bills.

Mr. McMAHON. The Senator is not referring to me.

Mr. LUCAS. The Senator from Connecticut is to speak for 20 minutes. Many Senators wish to speak tomorrow. That is perfectly all right with me. However, it places the majority leader in an embarrassing situation with a number of his colleagues who have canceled engagements for the evening in order to be present to listen to the wisdom to be poured forth on this particular measure; and no Senator is prepared to speak.

I am perfectly willing, if there are no other speakers on the pending measure, to lay it aside temporarily and accept the suggestion made by the distinguished Senator from Florida [Mr. HOLLAND], remaining here for a night session, if necessary, to dispose of the public works bill.

Once again I am attempting to do everything possible to expedite the business of the Senate. The public-works bill is an important measure. We must take it up eventually. There is no reason why we cannot remain here and complete consideration of that bill tonight, assuming that Senators do not care further to debate the military-arms-assistance bill.

Mr. WHERRY. Mr. President, I appreciate very much the suggestion of the majority leader. The public-works bill was objected to on the last call of the calendar. Before I would indicate that there will be no objection to the bill, I certainly would want to canvass members of the Public Works Committee, at least on this side of the aisle, and would want to know that it would be satisfactory to them to bring it up. I realize that that can be done by a motion, but I do not believe that the majority leader would want to make such a motion, in view of the fact that it would displace the unfinished business. If it is agreeable to Senators on this side of the aisle, I should like to accede to the request of the Senator from Florida.

Mr. LUCAS. Mr. President, the public-works bill was to have been disposed of on Friday last, as has been suggested by the Senator from Florida. We did not happen to reach it. There were only about seven Senators present when we suspended about 7 o'clock that evening. We could have gone along, under the agreement we had, and taken up the bill, and probably could have disposed of it. However, we did not do so because the hour was late, and no notice of a night session was given. I am perfectly willing to follow the suggestion made by the Senator from Florida.

Mr. HOLLAND. Mr. President, I may say to the distinguished minority leader that no objection was registered to the bill in the Public Works Committee. It was unanimously reported by members on both sides of the committee. So far as objections since that time are concerned, I am unable to give the Senator any information, except that the senior Senator from Ohio [Mr. TAFT] objected when consideration was first sought for the bill. I do not know what his present opinion may be. The bill is not my bill. It is a bill unanimously reported by the committee. It is a bill of some importance. If I can obtain consent to bring it up, I am willing to do so with the understanding that if the debate is so protracted as to interfere with the debate on the unfinished business, the public-works bill may be laid aside and we may return to the unfinished business. I do not believe that the public-works bill will occasion long debate.

Mr. WHERRY. Mr. President, I should like to comply with the request of the distinguished Senator from Florida. I will canvass the minority side. If there is any objection to taking up the bill, when the time comes to take it up we shall certainly register our objection. If there is objection, the Senator can move to displace the unfinished business and take it up anyway. But that is the way we will have to handle the problem at the present moment.

Let me express one further thought. I plead with the majority leader to consider the suggestion made by the minority leader with respect to a unanimous-consent agreement. He knows as well as I do that if we can obtain a unanimous-consent agreement it will expedite the work of the Senate.

Mr. LUCAS. I certainly agree with the Senator; but we cannot obtain one.

Mr. WHERRY. Would the majority leader agree to a unanimous-consent request to vote on the pending measure and all amendments thereto on Thursday at 6 o'clock, and also to include in the unanimous-consent request a request that following the vote on the pending bill the military pay bill be made the unfinished business and voted on at 3 o'clock Monday?

Mr. LUCAS. Let me say to the minority leader that I intend to follow the suggestion made by my distinguished friend from North Dakota [Mr. LANGER]. I intend to ask unanimous consent to vote on the pending bill at 3 o'clock on Thursday, and if that is not satisfactory, at some other time during the afternoon—4, 5, or 6 o'clock. After we obtain such a unanimous-consent agreement, it will be time to talk about the other matter.

Mr. WHERRY. I suggest that it may be necessary to include both proposals in order to obtain a unanimous-consent agreement. I ask the majority leader to give the suggestion his utmost consideration.

Mr. LUCAS. If the Senator from Nebraska is indicating that unless I accede to the second request the first will not be granted, it is perfectly all right with me to have no unanimous-consent agreement whatsoever on this bill. We will remain here through Thursday, Thursday night, Friday, and Saturday, and return on Monday, devoting Monday and Tuesday of next week, if necessary, to the consideration of the bill. I am not going to be bludgeoned into any second unanimous-consent agreement on the theory that if I do not accede to it I will not get the first one.

Mr. WHERRY. I certainly did not intend to say anything that would indicate that I am trying to bludgeon anyone. I stated that it might be necessary to include both proposals in order to obtain the first unanimous-consent agreement.

Mr. LUCAS. That is the point.

Mr. WHERRY. That is the point. The Senator can renew his request, or make both requests. I am satisfied that if the Senator would agree to both of them, we could obtain an agreement tomorrow on both unanimous-consent requests.

Mr. LUCAS. I thank the Senator from Connecticut for the time he has given us.

Mr. McMAHON. I am glad to do anything that will expedite the business of the Senate.

Mr. LUCAS. I appreciate the Senator's attitude.

MILITARY ASSISTANCE TO FOREIGN NATIONS

The Senate resumed the consideration of the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

Mr. McMAHON. Mr. President, the bill before us is an explicit recognition by the United States Government that, in the kind of world we live in today, the security of the United States and the security of the free peoples of the world are intimately tied together. The Senate affirmed this doctrine when by a vote of 82 to 13 it ratified the North Atlantic Treaty. We are now called upon to take another in a series of logical steps in the unfolding foreign policy of the United States. Implicit in the bill is the proposition that peace can be maintained only when backed by military strength. This is a hard fact, but it is a fact to which we

dare not be indifferent, unless we propose to be indifferent to the security of the United States. Through the progress of science and technology the American people are no longer able to find security within their own borders, but must now find security in the broader security of a free and stable world.

Mr. President, I sometimes think that we Americans are much too indifferent to the very dangerous kind of a world in which we live. We are inclined to shrug our shoulders at those among us who insist on pointing out the threat which faces us.

As World War II fades farther and farther into history, most of us are going about our business as if we did not see before us the long shadow of yet another war. Yet no one denies that one more war, fought this time with the horrible weapons of mass destruction, will mean the end of the western civilization we enjoy today. All of our present concern about our economic and social well-being will be pointless the day such a war breaks out. We must lay the foundation for a durable peace if we are to continue to enjoy the blessings of our civilization. That is the most crucial task of our time.

Mr. President, World War II marked a turning point in our foreign policy. Before that war, we thought we could attain security in isolation from the horror and bloodshed which were threatening to, and eventually did, engulf Europe and Asia. We thought if we could mind our own business, we could depend on the rest of the world to mind theirs. President Roosevelt's now-famous "quarantine the aggressor" speech fell on deaf ears. In short, the American people as a whole were not prepared to accept the thesis that Europe's troubles were indeed our troubles, as well.

We have learned belatedly, at a tragic cost in human lives, treasure, and suffering, the extraordinary kinship which exists between the peoples of the world, and how closely their security, interests, and, indeed, their happiness, are interrelated. Thus, out of World War II, the United States brought not only the desire and the willingness to cooperate, but also a profitable experience in international cooperation, for, during the days when the common enemy was Nazi Germany and Japan, the United States, Britain, France, and the Soviet Union provided a heartening demonstration of cooperation. The American people had reason to hope that this manifestation of big-power cooperation would be extended into the postwar era for the benefit of mankind. This, it was universally recognized, was not only the hope but the task of the diplomats and the nations they represented.

Accordingly, it was with high hopes that the United Nations was conceived for the purpose of maintaining peace through international cooperation. Having won the war together, we had every reason to believe we could win the peace together. The United States plunged into the task of peace-making with the same zeal and the same determination with which it assumed its dominant position in winning the war. We took a leading role in the creation of specialized agencies of the United Nations; we sought constantly to broaden the scope of the United Nations activities, to place its resources at the service of mankind. Along with our support of the United Nations, we proceeded to formulate our own plans for the relief and rehabilitation of war-devastated areas. Here a special responsibility devolved upon the United States, which alone among the major powers emerged from the war physically undamaged and with an accelerated productive capacity.

In short, our postwar efforts added up to a foreign policy dedicated wholeheartedly to international cooperation for peace. But it soon became painfully evident that the inter-Allied unity we had hoped for and prayed for would not materialize. One nation, the Soviet Union, began to pursue a contradictory philosophy. Instead of facilitating progress, it sought to obstruct it. Instead of freeing people, it sought to enslave them. With the international Communist Party at their service, the cynical masters of the Kremlin picked off one Balkan nation after another in a pattern which had become all too familiar to us. In Germany, Russia cynically violated one pledge after another, and instead of working for unity, worked openly to divide the country or to place it in a position where it could be brought into the Soviet orbit by subterfuge. In western Europe, the sleepless forces of communism were quick to capitalize on the postwar poverty and consequent weaknesses of those nations, so as to threaten their independence.

In the United Nations, the Soviet Union pounced eagerly on the veto power, which had been entrusted to it, as well as to other major powers, in the interest of harmony, their notable contribution in winning the war, and their rightful role of authority in making the peace. Thirty-eight times the Soviet Union has used the veto power in a flagrant abuse of that trust, to the detriment of the United Nations and the millions of people for whom it speaks.

It is perhaps one of the greatest tragedies of all times that our hope for the United Nations now lies weakened because of the stubborn determination of the dictatorship of the Russian people that the United Nations shall not become an effective instrument for maintaining the peace of the world. It is perfectly clear that our efforts to achieve collective security through the United Nations will not fully succeed so long as the Soviet Union insists on its present policy of aggression and expansion.

In this situation, we must do what we can to find collective security on as broad a base as possible, while continuing to support and strengthen the United Nations. We have behind us an impressive list of undertakings on the part of the United States in conjunction with the other free nations of the world. When the nations were desperately trying to struggle to their feet after the catastrophe of World War II, we came forward with relief measures to feed and clothe our friends abroad. When Greece and Turkey were menaced by Soviet aggression, we stepped forward, 2 years ago, to preserve the free institutions in those countries by supplying economic and military aid. That program is continuing today, and its extension is provided for in the present bill. Does anyone doubt that, unless we had undertaken to help Greece and Turkey, they would today have fallen victims to the same aggression which has overtaken the other governments of eastern Europe?

A little later we expressed our concern for the economic health of western Europe by launching the greatest program of economic aid in the history of the whole world. Finally, we held up to the world a notice that we would not tolerate any attack on the nations of Europe. We declared to all the world that an attack on any members of the North Atlantic Treaty would be regarded as an attack on all. All these measures have made important contributions to the progress we have made in protecting the security of the United States and in keeping alive the instinct for freedom and democracy in the peoples of western Europe who are our allies. We have renewed the strength and vitality of the free world and thereby have brought ourselves safely through great dangers. Unless we had seized the initiative by initiating those measures, we might very well find ourselves today the only freedom-loving democracy in the world. In that event, the danger to our security would be infinitely greater than it is today. In other words, we have to weigh the cost of aiding these nations against the cost of not aiding them.

But we did seize the initiative, and now, with these measures, we must maintain the momentum thus achieved. The adoption of the military-assistance program is necessary in order that we may sustain and carry forward the advances we have made on the road to peace and security for ourselves and others.

Let us look, for the moment, at the situation in which the countries of western Europe find themselves. They are surrounded on every hand by evidences of the aggressive activities of the Soviet Union, while they are incapable of defending themselves against armed attack. In the meantime, the Soviet Union today maintains the greatest military force in peacetime in the history of the world. Throughout western Europe today there is an enormous sense of insecurity. The free peoples of those countries must be restored to a sense of security in their own ability to meet armed attack. Their determination to fight back if attacked must be stiffened. To me, this is one of the most vital aspects of the program now before us. We can hardly expect them to fight back unless they are properly equipped to do so with modern weapons suitable for the needs of modern warfare. With this program we can create in western Europe a sense of security which will be invaluable to us.

As General Bradley said:

> In the final analysis, western Europe can be saved only by western Europeans. But to save themselves they must have the will and the means to resist. This will to resist is developed partly by possession of the means, and partly by the assurance that they would be adequately helped in sufficient time. Without these means and without these specific assurances of aid, any nation of western Europe if threatened by aggression might fall victim to despair. And that despair is worth a hundred divisions to an aggressor on the march. The North Atlantic Pact and some military assistance will provide both an assurance of aid and the means

to resist. Together they can produce a will resolute enough to fight and firm enough to forewarn aggressors.

Mr. President, there is a vital relationship between this program and the European recovery program. If we are to reach fairly soon the stage where Europe can be self-supporting, it is of the first importance that new industries and new investments play their part in the development of the economies of western Europe. New investments and new industries will not come forward in an atmosphere of insecurity. If the peoples of western Europe have confidence that the United States is clearly interested in the peace and security of Europe, we shall have taken a long step in generating the kind of confidence needed to accelerate the recovery effort. Moreover, recovery and military strength walk hand in hand, because as recovery progresses it makes available more and more the means whereby defensive strength can be established and maintained through a nation's own efforts. I think it is extremely significant and wise to have provided in this bill for an increase in military production abroad. Ultimately, of course, the European nations must fill the majority of their needs for military equipment out of their own production. By contributing limited quantities of materials and machine tools to our partners abroad, we shall receive values and security multiplied many times by the amount of energy and resources which they will add. We shall gain the benefit of equipment manufactured by them and made available for the common defense, and shall have started all the signatories of the North Atlantic Pact on the road to military self-sufficiency.

None of the signatories of the pact can undertake any program of additional military production which would detract from its own economic recovery efforts. To me, one of the most significant things about the program is the manner of its development. Requests for military assistance from certain of the North Atlantic Pact countries were received by our Government. The most important of those requests was a single request from five countries, which submitted their requests through the mechanism established under the Brussels Treaty. These countries are the United Kingdom, the Netherlands, France, Belgium, and Luxemburg. To me, it is a very encouraging fact that they were able to coordinate their requests. To me it means assurance that our assistance will be so used as to furnish the maximum benefit. All the requests make it plain that these countries will cooperate effectively with the United States in maintaining international peace and security, and that they will do all they can to help themselves and like-minded nations in the North Atlantic area. They take into account what each country can do for itself and for the other countries.

The countries which have been designated as recipients of our assistance, particularly the five nations of western Europe which have signed the Brussels Treaty for the collective defense of their area, have been far from idle. They have carefully assessed their problems on realistic terms and have determined what they can do to help themselves collectively and individually. The Brussels Treaty nations, Great Britain, France, Belgium, the Netherlands, and Luxemburg, have set up a defensive mechanism which assures the maximum use of their available resources and provides for a common defense in case of attack. I cite this merely to point out that our assistance will not go into a vacuum, with a resultant scramble for the available arms. In short, I do not think our arms will fall into the wrong hands, either to be wasted or turned against those whom we are seeking to uphold.

I should add as a word of caution that the military-assistance program is not in itself a solution of the many-sided problems which beset the world today. Its purpose is not to build up in western Europe or elsewhere large armies capable of aggression. The program is purely defensive in scope. It is the answer to a problem which has been thrust upon us by the actions of a potential aggressor. The answer would be the same if there were no North Atlantic Pact, but is a better answer because of it.

Unfortunately, we are a long, long way from our goal. The dictatorship which now holds the Russian people in its grasp has followed a course of aggression and expansion without parallel in the history of the world. That is a fact we cannot ignore, however much we might wish to do so. The worst course we could possibly pursue would be to behave as though it were not a fact. It is real. It is compelling. It threatens us, even though we live on another continent. How much more threatening it must seem to the free peoples of western Europe who live on the same continent with this menacing power.

Mr. President, the military-assistance program is a logical outgrowth of our own security requirements. Its enactment and prudent administration would place a further obstacle in the path of any would-be aggressor. The most solid physical obstacle, in my opinion, is still the atomic inventory—our weapons stock pile. This concentration of deterrent force, which we hold and guard as trustees for freedom, yes, and for the very existence of western civilization, is the central pillar of the present uneasy peace.

Like most men at home and abroad, I am acutely conscious of the transitory nature of our atomic monopoly, a monopoly which even now is in all probability waning to a conclusion. Let us not forget, as we are prone to forget, that the Canadian atomic spy case, in which Dr. Allen Nunn May was involved, arose in 1943, 2 years before we exploded the atomic bomb on Hiroshima. It is, I think, a very important fact which we must not fail to understand or neglect to assess when we make our estimate of the time when our atomic monopoly shall vanish. When the day comes that Russia begins her production of atomic weapons, we shall still rely upon an overwhelmingly greater stock pile of our own, as the principal warning to aggressors. But we shall also need joint plans to meet the emergency. Our atomic pillar of peace will itself require strengthened foundations which can only be fashioned if we act now in concert with our allies overseas. They are the ones now ranged face to face with the Red Army. They are the ones eventually to be ranged face to face with the Red Army plus Soviet atomic bombs. It is the essence of wisdom that common plans and a conjoining of military effort be mobilized and consolidated among all nations which are not in the thralldom of Soviet mastery.

The North Atlantic Pact and its implementation in the pending bill give firm means of strengthening and reinforcing our atomic deterrent, as insurance against the time when the basic force of the universe has been harnessed, not only on our side of the iron curtain, but on the other side as well. Complacency today is fatal. We must look ahead and gather together the strength of many free nations, in order to face down the specter of atomic attack confronting one and all equally.

ADVANCE PLANNING OF PUBLIC WORKS

Mr. HOLLAND. Mr. President, in the event some Senator wishes to be heard on the pending measure, I shall, of course, not ask for the consent of which previous notice was given. If no Senator desires to be heard, I ask unanimous consent that the Senate proceed to consider Calendar No. 762, Senate bill 2116, to provide for the advance planning of public works and the advancing of Federal funds to aid in the planning of non-Federal public works, which has already been amended—I believe at the last call of the calendar, when the bill came up—by the adoption of two amendments offered by Senators on the other side of the aisle.

Mr. DONNELL. Mr. President, reserving the right to object, the bill to which the distinguished Senator from Florida has referred, namely, Calendar No. 762, Senate bill 2116, is one in which, it is my understanding, the senior Senator from Ohio [Mr. TAFT] is very much interested. The senior Senator from Ohio is out of the city, but is expected to be back tomorrow morning, and it is his plan, so I infer, to be in the Senate tomorrow afternoon. I am informed by a representative of his office that the Senator from Ohio desires to suggest and to move, I assume, the incorporation in this bill of certain provisions relative to emergency school planning, and possibly, though I am not certain as to the latter, school construction.

In view of the fact that the senior Senator from Ohio is so greatly interested in this bill and has these matters which he desires to submit to the Senate, I trust that the Senator from Florida may see fit to withdraw his request that the bill be taken up this afternoon.

Mr. HOLLAND. Mr. President, I shall not insist, over any objection or any announced feeling that objection should be made. I should like to say to the distinguished Senator from Missouri, however, that the bill does cover schools and school planning, but does not involve any Federal commitment or contribution for construction costs. To the contrary, it provides, on its face, that there shall be no such Federal commitment, and that the advancements for planning shall be repaid at the time of the letting of the contracts, whether for school construc-

tion or for any other public-works construction. I think the distinguished Senator from Missouri is referring to another bill introduced by the junior Senator from Minnesota [Mr. HUMPHREY] and other Senators which is concerned with school planning in quite a different way. It was my information when that bill came up and objection was made to its consideration that the Senator from Ohio, though he did not so state to me, was agreeable to the passage of Senate bill 2116, provided it was understood that the other bill would not be insisted upon. He would have full right to object to and resist the passage of the other bill.

The bill which I seek to have considered does not involve any commitment for Federal contributions. It does include schools, public buildings, hospitals, sanitary disposal facilities, waterworks, and everything of that sort in the field of non-Federal public works, and it is reported, as I have already stated earlier in the day, by the unanimous joinder of all members of the Public Works Committee, on both sides of the aisle.

The Senator from Washington [Mr. CAIN] told me, on the last call of the calendar, that not only he but other members of the Public Works Committee would take the floor in behalf of the bill at the time it next came up. The bill is not my bill, but I think it is an important part of the building of a backlog of public works to go beyond what we have already adopted. We have heretofore adopted a public works bill in the field of post offices and other Federal buildings, in the Alaskan field, and in connection with rivers, harbors, and flood control we are building up a decided backlog of work. This bill tends to complete the field and to supplement the good results already obtained from the bill which was passed in 1944, when in contemplation of the end of the war, Congress appropriated a sizable sum of money under an exactly identical provision, in an effort to help States and lesser subdivisions to have ready a backlog of non-Federal public works, so that in the event of unemployment or in the event of need of construction activity, we would not have to do the idle things which have been done at times in the past under other public-works programs.

Mr. President, the bill is completely nonpartisan, and if it be possible, I hope that distinguished Senators will permit it to be considered. I would go even further and say that if the Senator from Ohio, on coming back tomorrow, should feel in any sense that he had been taken advantage of, I should be glad to join in a motion to reconsider the bill. I think it would be well to pass such a salutary measure, which is constructive in its objectives and is completely bipartisan.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. DONNELL. I invite the Senator's attention to the fact that there are pending, in addition to this bill, certain amendments intended to be proposed by the junior Senator from Minnesota to the bill. Those amendments were ordered, on September 19, to lie on the table and to be printed, and they have subsequently been printed. Their purport is as follows:

First, on page 1, line 6, of the bill, in the parentheses, reading "exclusive of housing," to insert the words "and school construction."

The effect of that amendment would be that the sentence of which the portion included in the parentheses is a part, would read as follows:

That in order (a) to encourage States and other non-Federal public agencies to maintain a continuing and adequate reserve of fully planned public works (exclusive of housing and school construction)—

Then, again, on page 2 of the bill, one of the amendments intended to be proposed by the junior Senator from Minnesota has to do with line 17, where a similar insertion of the words "and school construction," immediately following the word "housing," is proposed by the Senator from Minnesota. The effect, again, would be, notwithstanding the fact that the bill itself, as the Senator from Florida quite correctly states, does include schools—at least, I do not think schools are mentioned in the bill, but they are certainly not excluded, and they may be mentioned—the effect of the amendments which would come before this body if the bill is taken up and if the Senator from Minnesota should see fit to offer his amendments, would be to exclude schools.

It is my understanding, as indicated, though I say this with some degree of reservation as to the entire accuracy of the statement, that it is the probable purpose of the Senator from Ohio to offer an amendment which would probably have the effect, I think, of affirmatively setting forth in the bill some specific provisions in regard to the construction of schools.

I am aware of the fact that in the report it is mentioned, on page 4 that—

The types of public works most heavily represented thereby—

I am now quoting verbatim from page 4 of the report—

both in number of projects and in estimated construction costs, were sewer, water, and sanitation facilities, school, and other educational facilities.

In what I have read, I think the reference, generally speaking, is to the application of the bill to schools. So I think the Senator from Florida is correct.

Mr. HOLLAND. The quotation the distinguished Senator has read was taken from the letter which constitutes the report of Mr. Jess Larson, Administrator of the General Services Administration, but the general body of the report of the committee, which the Senator will find on page 1 of the report, specifically says that the public works covered are to include, but not to be limited to, "schools, other public buildings, sewerage works, water-supply systems, and other local public works." There is no question about that.

Mr. DONNELL. I thank the Senator for calling my attention to that language on the first page of the report, which I had not observed.

The point I make is that, notwithstanding the fact that the bill itself does intend to include schools, the amendments which we are advised by the printed page I hold in my hand are intended to be proposed by the junior Senator from Minnesota would, if agreed to, exclude schools from the operation of the bill.

It would appear to me that it would be well, if it meets the pleasure of the Senator from Florida, to have the request for unanimous consent withdrawn this afternoon in order that the Senator from Ohio, who has given thought to this whole problem, may have the privilege of being present tomorrow to present his views. I respectfully hope the Senator will see fit to withdraw the request.

Mr. HOLLAND. Mr. President, I shall accede to the request of the distinguished Senator from Missouri.

Mr. DONNELL. I thank the Senator for his courtesy, and I am sure the Senator from Ohio would join me if he were present.

RECESS

Mr. HOLLAND. Mr. President, if no Senator wishes to be heard, I now move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 1 minute p. m.) the Senate took a recess until tomorrow, Wednesday, September 21, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 20 (legislative day of September 3), 1949:

IN THE NAVY

Rear Adm. Arthur H. Dearing, Medical Corps, United States Navy, for permanent appointment to the grade of rear admiral in the Medical Corps of the Navy.

Rear Adm. Clifford A. Swanson, Medical Corps, United States Navy, for temporary appointment to the grade of rear admiral in the Medical Corps of the Navy.

HOUSE OF REPRESENTATIVES

TUESDAY, SEPTEMBER 20, 1949

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore [Mr. COX].

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

The Lord God is a sun and a shield; the Lord will give grace and glory; no good thing will He withhold from them that walk uprightly.

O Lord of hosts, blessed is the man that trusteth in Thee.

Thou who art the living bread upon which we must feed, we pray Thee to lead us to a high plane of Christian life and faith, that our influence and example may be for the inspiration of all our fellow citizens.

In Thy name, O Master, we pray. Amen.

The Journal of the proceedings of Friday, September 16, 1949, was read and approved.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication, which was read:

SEPTEMBER 19, 1949.

The Honorable the SPEAKER,
House of Representatives.

SIR: Pursuant to the authority heretofore granted, the Clerk received today from the Secretary of the Senate the following message:

That the Senate had passed without amendment the bill H. R. 4040, entitled "An act for the relief of Agnes Tarjani."

Very truly yours,
RALPH R. ROBERTS,
Clerk of the House of Representatives.

ENROLLED BILL SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had on September 19, 1949, examined and found truly enrolled a bill of the House of the following title:

H. R. 4040. An act for the relief of Agnes Tarjani.

The SPEAKER pro tempore. The Chair desires to announce that pursuant to the authority granted on August 26, 1949, he did on September 19, 1949, sign the following enrolled bill:

H. R. 4040. An act for the relief of Agnes Tarjani.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5268. An act to amend certain provisions of the Internal Revenue Code.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. GEORGE, Mr. CONNALLY, Mr. BYRD, Mr. JOHNSON of Colorado, Mr. LUCAS, Mr. MILLIKIN, Mr. TAFT, Mr. BUTLER, and Mr. WILLIAMS to be the conferees on the part of the Senate.

BILLS PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills and a joint resolution of the House of the following titles:

On September 16, 1949:

H. R. 1211. An act to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes; and

H. J. Res. 295. An act to erect a memorial to the memory of Mohandas K. Gandhi.

On September 19, 1949:

H. R. 4040. An act for the relief of Agnes Tarjani.

ADJOURNMENT

Mr. SHEPPARD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 3 minutes p. m.), pursuant to House Resolution 345, the House adjourned until tomorrow, Wednesday, September 21, 1949, at 12 o'clock noon.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII,

Mr. RANKIN (by request) introduced a bill (H. R. 6176) to amend the act entitled "An act to establish a Department of Medicine and Surgery in the Veterans' Administration," approved January 3, 1946, as amended, to extend the period for which employees may be detailed for training and research, and for other purposes, which was referred to the Committee on Veterans' Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. RIBICOFF introduced a bill (H. R. 6177) for the relief of Dr. Hsiang-Tung Chang, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1491. By the SPEAKER: Petition of Veterans of Foreign Wars of the United States, Washington, D. C., relative to Resolution No. 423, adopted at the Fiftieth Annual Convention of the Veterans of Foreign Wars, held at Miami, Fla., August 21 to 26, 1949, concerning American shipping as it relates to national defense; to the Committee on Merchant Marine and Fisheries.

1492. Also, petition of Hawaiian Government Employees' Association, Honolulu, T. H., requesting the Congress of the United States to grant statehood to the Territory of Hawaii; to the Committee on Public Lands.

SENATE

WEDNESDAY, SEPTEMBER 21, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Ira D. S. Knight, pastor, First Baptist Church, Virginia Beach, Va., offered the following prayer:

Our Heavenly Father, in gratitude for a nation of life, liberty, and the pursuit of happiness, we give Thee our thanks. May our Nation continue to be grateful for these chosen Senators. Continue to give them Thy judgments, O God. Increase our vision and their vision of a world at peace and a land of prosperity. Be with them through this day, and give them Thy wisdom. In Jesus' name we ask it. Amen.

THE JOURNAL

On the request of Mr. HOEY, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, September 20, 1949, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Miller, one of his secretaries.

CALL OF THE ROLL

Mr. HOEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Chapman	Ecton
Anderson	Connally	Ellender
Bricker	Cordon	Ferguson
Bridges	Donnell	Flanders
Byrd	Downey	Frear
Cain	Dulles	Fulbright
George	Langer	Reed
Gillette	Leahy	Robertson
Graham	Long	Russell
Green	Lucas	Saltonstall
Gurney	McCarthy	Schoeppel
Hayden	McClellan	Smith, Maine
Hendrickson	McFarland	Sparkman
Hill	McKellar	Stennis
Hoey	McMahon	Taft
Holland	Magnuson	Taylor
Humphrey	Malone	Thomas, Okla.
Ives	Martin	Thomas, Utah
Jenner	Maybank	Thye
Johnson, Colo.	Miller	Vandenberg
Johnson, Tex.	Millikin	Watkins
Johnston, S. C.	Murray	Wherry
Kem	Myers	Wiley
Kerr	Neely	Williams
Kilgore	O'Conor	Withers
Knowland	Pepper	Young

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Mississippi [Mr. EASTLAND] are absent on public business.

The Senator from Illinois [Mr. DOUGLAS] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from Nebraska [Mr. BUTLER], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Massachusetts [Mr. LODGE], and the Senator from South Dakota [Mr. MUNDT] are absent by leave of the Senate.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New Hampshire [Mr. TOBEY] are absent on official business.

The Senator from Oregon [Mr. MORSE] is necessarily absent.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The PRESIDENT pro tempore. A quorum is present.

LEAVE OF ABSENCE

Mr. AIKEN asked and obtained consent to be absent from the sessions of the Senate for the remainder of the week.

Mr. YOUNG asked and obtained consent to be absent from the Senate on Thursday and Friday of this week.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MURRAY, and by unanimous consent, the Committee on Labor and Public Welfare was authorized to meet this afternoon while the Senate is in session.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

SUSPENSION OF DEPORTATION OF ALIENS—WITHDRAWAL OF NAME

A letter from the Acting Attorney General, withdrawing the name of Remedios

Tamayo Hamm from a report relating to aliens whose deportation was suspended more than 6 months ago, transmitted to the Senate on March 15, 1949; to the Committee on the Judiciary.

ACCEPTANCE BY LESLIE W. KNOTT OF DECORATION BESTOWED BY KING OF GREECE

A letter from the Acting Administrator, Federal Security Agency, transmitting a draft of proposed legislation granting permission to Leslie W. Knott, senior surgeon, Public Health Service, to accept and wear a certain decoration bestowed upon him by the King of Greece (with an accompanying paper); to the Committee on Foreign Relations.

MEMORIAL

The PRESIDENT pro tempore laid before the Senate a resolution adopted by the McKean County Medical Society, Bradford, Pa., protesting against the enactment of legislation providing compulsory health insurance, which was referred to the Committee on Labor and Public Welfare.

WORLD GOVERNMENT AND MILITARY ASSISTANCE TO FOREIGN NATIONS—RESOLUTIONS OF YOUNG DEMOCRATIC CLUB OF DISTRICT OF COLUMBIA

Mr. HUMPHREY. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD resolutions which were adopted by the Young Democratic Club of the District of Columbia on August 25, 1949, relating to world government and military assistance to foreign nations.

There being no objection, the resolutions were ordered to be printed in the RECORD and referred as follows:

To the Committee on Foreign Relations:

"Resolution 1

"Whereas the processes of history show that the surest and best way to resolve the conflicts that naturally arise among intimate groups of people is through government; and

"Whereas the conflicts now threatening the people of the world on an international plane point to the prospect of atomic and bacteriological destruction: Now, therefore, be it

"*Resolved*, That the Young Democratic Club of the District of Columbia put itself on record as favoring a government of the world to be developed from the United Nations, giving that body power to make, interpret, and enforce world law upon individuals and states; and be it further

"*Resolved*, That the Young Democratic Club of the District of Columbia endorse, and take such steps as are necessary to support, the World Federation Resolutions (H. Con. Res. 64 and others, S. Con. Res. 56) now pending before the Congress of the United States of America."

Ordered to lie on the table:

"RESOLUTION ADOPTED BY THE YOUNG DEMOCRATIC CLUB OF THE DISTRICT OF COLUMBIA

"Whereas the United States has entered into a union of nations pledged to the preservation of peace, security, and freedom in the North Atlantic community, and based on the determination to safeguard the freedoms of their peoples founded on the principles of democracy, individual liberty, and the rule of law, and on the resolution to unite their efforts for collective defense, and for the preservation of peace and security; and

"Whereas the parties to the North Atlantic Pact have bound themselves to achieve the objectives of the treaty by means of continuous and effective self-help and mutual aid, to maintain and develop their individual and collective capacity to resist armed attack; and

"Whereas, for the purpose of implementing this agreement to its fullest meaning, the United States proposes to enter wholeheartedly into arrangements for mutual military assistance with the nations of the North Atlantic community and with other nations whose friendship and security will prove an effective guard against possible encroachment: Now, therefore, be it

"*Resolved*, That the Young Democratic Club of the District of Columbia endorse and urge our legislators to accept, the bill 'to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations' (S. 2388 and H. R. 5895), as a measure which will most effectively protect by peaceful means the free institutions of democratic nations everywhere."

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of Selden Chapin, of the District of Columbia, a Foreign Service Officer of the Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary to the Netherlands, which was referred to the Committee on Foreign Relations.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service:

Thirty-three postmasters.

By Mr. JOHNSON of Colorado, from the Committee on Interstate and Foreign Commerce:

Thomas W. S. Davis, of Virginia, to be Assistant Secretary of Commerce;

William V. Albaugh and sundry other civilian personnel of the United States Coast Guard to be chief ship's clerks, United States Coast Guard; and

Arthur E. Greaves, Jr., and Robert G. Rendall, of the Coast and Geodetic Survey to be ensigns.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MILLER:

S. 2575. A bill for the relief of Yayoko Kobayashi and June Kobayashi, and for other purposes; to the Committee on the Judiciary.

By Mr. DULLES:

S. 2576. A bill for the relief of Jeno (Eugene Kupferstein; to the Committee on the Judiciary.

(Mr. HUMPHREY introduced Senate bill 2577, to amend the Immigration Act of 1924 so as to permit certain alien children to enter the United States as nonquota immigrants, which was referred to the Committee on the Judiciary, and appears under a separate heading.)

By Mr. THOMAS of Oklahoma:

S. 2578. A bill to amend the Federal Seed Act; to the Committee on Agriculture and Forestry.

By Mr. ECTON:

S. 2579. A bill for the relief of Mary Weaselhead Redhead; to the Committee on Interior and Insular Affairs.

By Mr. PEPPER:

S. 2580. A bill for the relief of Boruck Rutenberg and Etla Rutenberg; to the Committee on the Judiciary.

By Mr. GRAHAM (for himself and Mr. HOEY):

S. 2581. A bill conferring jurisdiction on the United States District Court for the Middle District of North Carolina to hear, determine, and render judgment upon certain claims of the Patuxent Development Co., Inc.; to the Committee on the Judiciary.

By Mr. GREEN:

S. 2582. A bill for the relief of Lino Giampedroni; to the Committee on the Judiciary.

ADMISSION OF CERTAIN ALIEN CHILDREN AS NONQUOTA IMMIGRANTS

Mr. HUMPHREY. Mr. President, it is a pleasure for me to introduce for appropriate reference a bill to amend the Immigration Act of 1924 so as to permit war orphans to enter the United States as nonquota immigrants.

Early this year the Minnesota State Legislature adopted a concurrent resolution, memorializing the Congress of the United States to enact just such humanitarian legislation in behalf of war orphans. This would permit American families to adopt those orphans and bring them up in an atmosphere of freedom, imbued with principles of our democratic philosophy.

One of the most bitter and cruel aftermaths of the recent world war was the child victims of Europe. Helpless, blameless, and yet full sufferers of the misery, starvation, and stark tragedy which war brings, many millions of these orphaned children wandered through the Continent of Europe, a grim reminder of man's inhumanity to man. So long as these children are forgotten, they remain a symbol of the world's failure to live according to the humanitarian and Godlike principles of love.

The American people have demonstrated that they are ready and willing to meet this problem. They recognize America's special responsibility as the world's wealthiest and freest land. American families by the hundreds of thousands are prepared to welcome to their homes the displaced peoples of Europe, and more particularly these children. All that remains is for us in Congress, as the representatives of the American people, to enact this legislation.

Under the terms of the bill, a child under 21 years of age who is otherwise qualified under the immigration laws for admission to the United States for permanent residence, would be permitted to enter this country as a nonquota immigrant if one of the following conditions is fulfilled:

First. The child has been made an orphan by the death or disappearance of both parents; or

Second. The child has been abandoned or deserted by or separated from or lost from both parents; or

Third. One of the child's parents is dead, or has disappeared, or has abandoned, deserted, or been separated from the other parent, and the remaining parent is incapable of providing care for the child and agrees to release the child for emigration and adoption.

The bill also provides that such an immigrant child, to be considered a nonquota immigrant, must either be entering the United States for permanent residence with a father or mother by adoption, or for permanent residence with an American citizen, or must be coming to this country in the care of a public or

private agency approved by the Commissioner of Immigration and Naturalization. The law requires that the relative, person, or agency to whom the child is coming must give satisfactory assurances that adoption or guardianship proceedings will be initiated, and also give assurance that the child will be properly cared for.

The bill (S. 2577) to amend the Immigration Act of 1924 so as to permit certain alien children to enter the United States as nonquota immigrants, introduced by Mr. HUMPHREY, was read twice by its title, and referred to the Committee on the Judiciary.

DEVELOPMENT OF SPECIAL AIRCRAFT FOR AGRICULTURAL PURPOSES

Mr. THOMAS of Oklahoma submitted the following resolution (S. Res. 172), which was referred to the Committee on Agriculture and Forestry:

Whereas in a meeting at Texas A & M College, College Station, Tex., on August 23, 1949, representatives of the Texas A & M College, the Civil Aeronautics Administration, the United States Department of Agriculture, the Civil Aeronautics Board, and the National Flying Farmers Association agreed to sponsor the development of a special airplane for agricultural purposes. The development is to be undertaken in the Personal Aircraft Research Center at Texas A & M College and is to be financed by the Civil Aeronautics Administration cooperatively with the Department of Agriculture under the provisions of section 601 of the Economy Act of 1932; and

Whereas there is no convenient and fully satisfactory method of measuring the distribution of agricultural materials dispensed from aircraft; a method for accurately evaluating the performance of this equipment would contribute much toward improvement of present dispensing equipment; and

Whereas the present aircraft dusting, spraying, seeding and fertilizing equipment, and the aircraft used in such operations, being for the most part either converted military trainers, converted light personal aircraft or obsolete biplanes are generally dissatisfactory for these purposes. None of the aircraft were originally designed for agricultural use, and as a consequence their flying characteristics are not satisfactory for this purpose. Present equipment for dispensing agricultural materials from airplanes does not produce sufficiently uniform distribution of these materials with the result that material is wasted and inadequate coverage is obtained at the present time; and

Whereas under the provisions of section 305 of the Civil Aeronautics Act of 1938 the Administrator of Civil Aeronautics is empowered to undertake developmental work tending to the creation of improved aircraft; and

Whereas legal authority for participation by the Department of Agriculture in this project is to be found in section 1 of the act of June 29, 1935: Therefore be it

Resolved, That it is the sense of the Senate that a project for the development of special aircraft for agricultural purposes and related equipment should be undertaken by the Civil Aeronautics Administration and the Department of Agriculture.

INVESTIGATION OF MEANS OF STIMULATING SURPLUS AGRICULTURAL COMMODITY EXPORTS

Mr. ANDERSON submitted the following resolution (S. Res. 173), which was referred to the Committee on Agriculture and Forestry:

Resolved, That the Committee on Agriculture and Forestry, or any duly authorized subcommittee thereof, be authorized and directed to investigate ways and means of stimulating the exports of surplus agricultural commodities and to submit recommendations for appropriate legislation to the Eighty-first Congress.

For the purpose of the investigation the Committee is authorized to employ a staff of competent assistants and to expend a sum not in excess of $25,000.

STABILIZATION OF SUPPLIES AND PRICES IN INTERNATIONAL WHEAT MARKET—AMENDMENT

Mr. ANDERSON submitted an amendment intended to be proposed by him to the bill (S. 2383) to give effect to the international wheat agreement signed by the United States and other countries relating to the stabilization of supplies and prices in the international wheat market, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

STABILIZATION OF PRICES OF AGRICULTURAL COMMODITIES—AMENDMENTS

Mr. JOHNSON of Colorado submitted amendments intended to be proposed by him to the bill (S. 2522) to stabilize prices of agricultural commodities, which were ordered to lie on the table and to be printed.

Mr. WATKINS (for himself, Mr. YOUNG, Mr. JOHNSON of Colorado, Mr. LUCAS, and Mr. GILLETTE) submitted an amendment intended to be proposed by them, jointly, to Senate bill S. 2522, supra, which was ordered to lie on the table and to be printed.

MILITARY ASSISTANCE TO FOREIGN NATIONS—AMENDMENTS

Mr. MURRAY submitted amendments intended to be proposed by him to the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations, which were ordered to lie on the table and to be printed.

Mr. KNOWLAND submitted amendments intended to be proposed by him to House bill 5895, supra, which were ordered to lie on the table and to be printed.

Mr. JENNER submitted amendments intended to be proposed by him to House bill 5895, supra, which were ordered to lie on the table and to be printed.

NOTICE OF MOTION TO SUSPEND THE RULE—AMENDMENT

Mr. HILL (for himself and Mr. THOMAS of Oklahoma) submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing for myself and the Senator from Oklahoma [Mr. THOMAS] to the bill (H. R. 6008) making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, the following amendment, namely: On page 13, after line 17, insert the following:

"RURAL ELECTRIFICATION ADMINISTRATION

"To carry into effect the provisions of the Rural Electrification Act, as amended, and to provide for rural telephones and other purposes: *Provided*, That the following two paragraphs shall be effective only upon the enactment into law during the first session of the Eighty-first Congress of H. R. 2960, as follows:

"Salaries and expenses: For an additional amount for administrative expenses, including personal services in the District of Columbia, $250,000, of which amount $35,000 may be transferred to and made a part of the appropriation for the Office of the Solicitor.

"Loans: For loans in accordance with title II and for carrying out the provisions of section 7 of title I, $25,000,000, to be borrowed from the Secretary of the Treasury in accordance with the applicable provisions of section 3 of title I."

Mr. HILL (for himself and Mr. THOMAS of Oklahoma) also submitted an amendment intended to be proposed by them, jointly, to House bill 6008, making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

STATEMENT BY SENATOR KILGORE ON AN INTERNATIONAL UNDERSTANDING PROGRAM

[Mr. KILGORE asked and obtained leave to have printed in the RECORD a statement prepared by him on an international understanding program, sponsored by the Charleston, W. Va., Junior Chamber of Commerce, which appears in the Appendix.]

WHAT'S TO BE DONE ABOUT CONGRESS?—ARTICLE BY SENATOR KEFAUVER

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an article entitled "What's To Be Done About Congress?" by Senator KEFAUVER, published in the New York Times magazine of September 18, 1949, which appears in the Appendix.]

SENATOR MORSE'S POSITION ON THE COLUMBIA VALLEY ADMINISTRATION—ARTICLES FROM THE CAPITAL JOURNAL

[Mr. IVES asked and obtained leave to have printed in the RECORD two articles relative to the position of Senator MORSE on the Columbia Valley Authority, published in the Capital Journal, of Salem, Oreg., for September 13 and September 15, 1949, which appear in the Appendix.]

ESTABLISHMENT OF PERMANENT EXHIBIT OF CHRISTIAN SCIENCE IN WASHINGTON, D. C.

[Mr. WILEY asked and obtained leave to have printed in the RECORD several articles describing the permanent exhibit of the Christian Science movement at Sixteenth and I Streets NW., Washington, D. C., which appear in the Appendix.]

HOW TO END THE DOLLAR CRISIS—ARTICLE BY ROBERT K. PEPPER

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an article entitled "How To End the Dollar Crisis," by Robert K. Pepper, news editor of the News-Press, Fort Myers, Fla., which appears in the Appendix.]

COMPARISON OF GORE BILL, AIKEN ACT, AND ANDERSON BILL

Mr. AIKEN. Mr. President, the minority conference has prepared a comparison of the provisions of the Gore bill, the Aiken Act, and the Anderson bill.

This comparison of these different provisions for agricultural law shows very careful study of the subject.

While I have not read this document in full, that part of it which I have read appears to be factually accurate.

As this comparison may have considerable value for the Members of Congress and others, I ask unanimous consent that it be printed in the body of the RECORD.

There being no objection, the comparison was ordered to be printed in the RECORD, as follows:

Farm price support

Following is a comparison of three farm-price-support bills which have been acted upon in Congress. The three are: H. R. 5345 (Gore bill) passed by the House July 21, 1949; Titles II and III of Public Law 897, Eightieth Congress (Aiken Act); and S. 2522 (Anderson bill) approved by the Senate Committee on Agriculture and Forestry on August 31, 1949.

Gore Bill

The formula for determining parity prices of agricultural commodities which has been in use for many years under authority of the Agricultural Adjustment Act of 1938 is retained. Under this formula, the parity price of any commodity as of any date is a price which has changed the same percentage since the base period as have prices paid by farmers. For the more important field crops and livestock items, the base period is 1910–14. The parity price is calculated by multiplying the average price for the product during the base period by the parity index.

Example:

Average price received by farmers for wheat during 1910–14 (cents per bushel)	88.4
Aug. 15, 1949, parity index (index of prices paid by farmers, including interest and taxes)	243
Aug. 15, 1949, parity price of wheat (88.4 cents by 243)	$2.15

The formula for determining comparable prices also is retained. Section 4(a) of the act of July 1, 1941 (the Steagall amendment), provided that comparable prices shall be determined if the production or consumption of a commodity "has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities." The Gore bill contains a similar provision. Comparable prices are calculated for dry field peas and soybeans for oil. (See Department of Agriculture Miscellaneous Publication 683, Price Programs of the United States Department of Agriculture, p. 49, for explanation of comparable price formula.)

Price-support methods authorized are loans, purchases, and other operations.

Aiken Act

I. PARITY PRICE FORMULAS

The parity formula is modernized to take into consideration the shifting costs of agricultural production, changes in the pattern of consumption, and other factors.

The chief change in the formula is the substitution of an adjusted base price for the base price previously used. It is obtained by dividing the average price of the commodity for the 10 preceding years by the average of the index of prices received by farmers for all commodities during the same period. To determine the parity price, the adjusted base price is then multiplied by the index of prices paid by farmers including interest and taxes.

At the beginning of each calendar year, the 10-year base period used is moved forward 1 year. The years 1910–14 will continue to be used as the base period for the index of prices received by farmers and the index of prices paid by farmers including interest and taxes

Example:

Average price received by farmers for wheat during 1939–49 (per bushel)	$1.37
Average of index of prices received by farmers for all commodities during 1939–48	186
Adjusted base price ($1.37 divided by 186), (cents per bushel)	73.7
Aug. 15, 1949, parity index (index of prices paid by farmers, including interest and taxes)	243
Aug. 15, 1949, parity price of wheat (73.7 cents by 243) (per bushel)	$1.79

In cases where the parity price computed under the modernized formula is lower than the parity price under the old formula, a transitional parity price is to be used. The transitional parity price of a commodity will be 95 percent of the old parity price of 1950; 90 percent in 1951, and so on. In other words, the parity price as calculated under the old method is to be reduced 5 percent each year until the transitional parity is less than the parity under the modernized formula. From then on, the new parity will be used.

Transitional parity prices would apply in 1950 to the following commodities: Wheat, corn, cotton, peanuts, eggs, potatoes, oats, barley, rye, oranges, grapefruit, lemons, peaches, prunes, and walnuts. (Source: Bureau of Agricultural Economics.)

The Secretary of Agriculture may, after a public hearing, put into effect for particular commodities other methods of computing parity if their parity prices as provided for in the modernized formula appear to be seriously out of line with the parity prices of other agricultural commodities.

Senator Aiken has pointed out that the effect of the modernized formula will be to give greater parity values to livestock, dairy products, poultry products, tobacco, wool, and certain other perishable commodities, and somewhat lower parity values to grains, with a few exceptions.

These changes in parity values, he explained, will encourage the marketing of grain in the form of animal products, thereby broadening the market for grain.

The general level of parity prices under the new formula, however, will be the same as under the existing one.

II. PRICE SUPPORT METHODS

Support methods authorized are loans, purchases, payments, and other operations.

In all cases the Secretary is to give consideration to the practicability of supporting prices indirectly, as by the development of improved merchandising methods, rather than directly by purchase or loan.

Anderson Bill

The Aiken Act formula is amended by adding wages paid hired farm labor to the parity index and by including in prices received by farmers, the wartime subsidy payments made to producers under OPA programs designed to "hold the line" on price ceilings.

Example:

Average price received by farmers for wheat during 1939 to 1948 (per bushel)	$1.37
Average of index of prices received by farmers for all commodities, 1939 to 1948	187
Adjusted base price ($1.37 divided by 187) (cents per bushel)	73.3
Aug. 15, 1949, parity index (index of prices paid by farmers, including interest, taxes, and wage rates, the latter weighted 7.8 percent)	257
Aug. 15, 1949, parity price of wheat (73.3 cents by 257) (per bushel)	$1.88

The transitional parity provision is the same as in the Aiken Act, with transitional parity prices applying in 1950 to the same commodities, except corn. The provision for putting into effect other methods of computing parity also is retained.

Including wage rates in the parity index has the effect at the present time of increasing parity prices on an over-all basis between 5 and 6 percent. During periods of comparitively low wage rates, however, it has the effect of reducing the general parity price level.

Addition of the wartime consumer subsidy payments, according to the Bureau of Agricultural Economics, raises the 10-year average of the index of prices received by farmers by one point. Inclusion of the subsidies increases the parity prices of milk, butterfat, beef cattle, and lambs rather substantially.

Parity prices of these commodities under the Anderson bill are higher than under the Aiken Act and the Gore bill by the following percentages:

Commodity:	*Aiken Act* *Percent*	*Gore bill* *Percent*
Milk	10	15
Butterfat	12	12
Beef cattle	7	31
Lambs	7	32

The support methods authorized are the same as in the Gore bill, with this difference:

The Anderson bill authorizes the appointment of an Assistant Secretary of Agriculture in Charge of Sales Operations to plan and carry out, through United States Depart-

GORE BILL

The Secretary of Agriculture is authorized and directed to support prices received by cooperating producers of cotton, wheat, corn, tobacco, rice, and peanuts marketed before June 30, 1951 (September 30, 1951 in the case of Maryland and the cigar-leaf types of tobacco), at 90 percent of parity if producers have not disapproved marketing quotas.

If marketing quotas have not been disapproved, cooperating corn producers outside the commercial corn-producing area will receive price support at 75 percent of the rate of support to cooperators in the commercial corn-producing area.

AIKEN ACT

Senator AIKEN, in a statement September 13, 1949, said the committee which formulated the Aiken Act believed then there might be times when it would be desirable to let surpluses of specific commodities find their own market level so that consumers might benefit from large production.

"The Eightieth Congress never contemplated nor intended that compensatory payments would be used for the purpose of breaking the general price level for farm commodities, thereby bringing the American farmer to a status of dependency on Government for his income," he added.

III. MANDATORY SUPPORT FOR BASIC COMMODITIES

The Secretary of Agriculture is authorized and directed to make available price support to cooperators, if producers have not disapproved marketing quotas, in accordance with a schedule based on the levels of supply with the minimum support not to exceed 90 percent of parity. When acreage allotments or marketing quotas are in effect, the minimum support price provided in the schedule is automatically increased by 20 percent, but is not to go above 90 percent of parity.

The basics are the same as in the Gore bill: Cotton, wheat, corn, tobacco, rice, and peanuts.

Tobacco is a special case. It is to be supported at 90 percent of the parity price in any year in which marketing quotas are in effect.

If marketing quotas have not been disapproved, cooperating corn producers outside the commercial corn-producing area will receive price support at the rate of 75 percent of the level of price support to cooperators in the commercial corn-producing area.

ANDERSON BILL

ment of Agriculture agencies, programs for marketing and otherwise disposing of agricultural commodities and products acquired through price-support and other Department activities. The provision (sect. 412) states that, "In planning and carrying out such programs such Assistant Secretary shall strive to make such commodities and products available for purchase in areas of the country in which they are in short supply and in which prices for such commodities and products are above support levels."

In a letter dated August 24, 1949, inserted in the record of the Senate Agriculture Committee hearings on the Anderson bill, W. Carroll Hunter, Department of Agriculture Solicitor, said the provision for making price support available through "loans, purchases, or other operations" does not, in the Department's opinion, authorize production payments to producers. The paragraph in his letter bearing on this point read:

"An identical provision contained in other agricultural legislation has never been construed by the Department as authorizing the use of production payments to producers as a method of price support. It has always been the view of this office that 'other operators' contemplate only such methods, in addition to loans and purchases, as would support the price of the commodity in the market place."

The Secretary of Agriculture is authorized and directed to make available price support to cooperators, if producers have not disapproved marketing quotas, at from 75 to 90 percent of parity, depending on the levels of supply. (Supply percentage tables appear in sect. 101.)

The basics are the same as in the Gore bill: Cotton, wheat, corn, tobacco, rice and peanuts.

An exception is made in the case of tobacco. For this crop, if marketing quotas are in effect, the support level is to be 90 percent of parity.

There is a further exception: Subparagraph (d) of section 101 requires 90 percent of parity price support to cooperators for a crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect immediately following a crop for which neither marketing quotas nor acreage allotments were in effect. Assuming that acreage allotments or marketing quotas will be in effect during 1950, this provision in effect assures support of the 1950 crops of corn, cotton, wheat, and rice at 90 percent of parity. The 1950 crops of tobacco and peanuts will also be at 90 percent of parity by reason of other provisions.

If marketing quotas have not been disapproved, cooperating corn producers outside the commercial corn-producing area will receive price support at the rate of 75 percent of the level of price support to cooperators in the commercial corn-producing area.

IV. MANDATORY SUPPORT FOR NONBASIC COMMODITIES

The Secretary of Agriculture is authorized and directed to support the prices to producers of 12 Steagall commodities until January 1, 1951. These are the commodities which the Secretary by public announcement pursuant to the provisions of the Steagall amendment (act of July 1, 1941, as amended) requested an expansion of production.

Milk and its products, hogs, chickens of 3½ pounds and over live weight, and eggs are to be supported at 90 percent of parity.

Other Steagall commodities are to be supported at not less than 60 percent of the parity or comparable price nor more than the level at which each was supported in 1948. These are: Irish potatoes, sweetpotatoes, turkeys, edible dry peas of certain varieties, edible dry beans of certain varieties, soy-

The Secretary is specifically directed to support the price of wool at a level between 60 and 90 percent of parity that he considers necessary to encourage an annual production of 360,000,000 pounds of shorn wool. This means 90 percent for a few years at least.

Considering the effect of the revised parity formula on wool, the support level for 1950 should be about 1 cent per pound over the 1949 support.

The Secretary also is specifically directed to support the price of Irish potatoes at not less than 60 percent nor more than 90 percent of parity.

Senator AIKEN, in a statement September 13, 1949, made this comment regarding mandatory price support for other nonbasic commodities:

Under title II, Designated Nonbasic Agricultural Commodities, the Secretary is authorized and directed to provide price support at 60 to 90 percent of parity to producers of shorn wool, mohair, tung nuts, and Irish potatoes, and at 75 to 90 percent of parity to producers of whole milk and butterfat. Support for the latter two is to be provided only through loans on, or purchases of, the products of these commodities.

GORE BILL	AIKEN ACT	ANDERSON BILL
beans for oil, flaxseed for oil, and American-Egyptian cotton. In addition to the Steagall commodities, mandatory support is provided to producers of three other nonbasics as follows: 1. To producers of wool at not less than the 1946 average farm price until June 30, 1951. (This extends the termination date of Public Law 360, 80th Cong.) 2. To producers of mohair, until June 30, 1951, at not in excess of 90 percent of the parity price, taking into account the price level at which wool is being supported. (This adds a new section (sect. 4) to Public Law 360, 80th Cong.) 3. To producers of cottonseed at levels not in excess of parity, taking into account the price levels at which other commodities are being supported. (Termination date is January 1, 1951, same as for the Steagall commodities.)	"It was made clear in an analysis of the bill when it was before the Senate that the Congress expects the Secretary to support the major nonbasic agricultural commodities, which are comparable to the so-called Steagall commodities, at a level comparable to that which is given to the basic commodities. "Interpreting the act as a whole, in an honest and unbiased manner, the effect is to make support of the major nonbasic commodities virtually mandatory."	

V. PERMISSIVE SUPPORT FOR NONBASIC COMMODITIES

The Secretary's authority originally given in section 4 (b) of the Steagall amendment to support the prices of commodities other than those for which mandatory support is provided is extended to January 1, 1951. It is declared to be the policy of Congress that the lending and purchase operations of the Department of Agriculture other than those pertaining to the basic commodities, Steagall commodities, and cottonseed are to be carried out until January 1, 1951, so as to bring the price and income of the producers of other agricultural commodities to a fair parity relationship with the basics, Steagalls, and cottonseed, to the extent that funds are available. Commodities for which permissive support programs have been in effect in 1949 are: cottonseed, winter cover crop seed, hay, pasture, and range seed; grain sorghums, barley, oats, rye, and gum naval stores.	The Secretary is authorized to support prices of nonbasic commodities at any level up to 90 percent of parity. In determining permissive support operations, the following factors are to be considered: 1. The supply of the commodity in relation to the demand. 2. The price levels at which other commodities are being supported. 3. The availability of funds. 4. The perishability of the commodity. 5. Its importance to agriculture and the national economy. 6. The ability to dispose of stocks acquired through a price-support operation. 7. The need for offsetting temporary losses of export markets. 8. The ability and willingness of producers to keep supplies in line with demand. The above provisions also apply to the basic and nonbasic commodities for which price support is mandatory to the extent that they do not conflict with other provisions of the act. If any price-support operation is undertaken with respect to either turkeys or chickens, the same operations are to be applicable to broilers, ducks and ducklings, and other poultry.	Under title III, the Secretary is authorized to provide price support up to 90 percent of parity to producers for any nonbasic agricultural commodity not designated in title II. Priority is to be given, insofar as feasible, to producers of storable nonbasic commodities for which a marketing quota or marketing agreement or order program is in effect and who are complying with such program. The levels of support for the storable nonbasics are 75 to 90 percent of parity, varying with the supply percentage, or at such lower level as the Secretary deems desirable. (The supply percentage table for the storable nonbasics is given in sect. 302.) A commodity is to be considered storable upon determination by the Secretary that, in normal trade practice, it is stored for substantial periods of time and that it can be stored under the price-support program without excessive loss through deterioration or spoilage, or without excessive cost for storage for such periods as will permit its disposition without substantial impairment of the effectiveness of the price-support program. Under title IV, eight factors are set out which are to be taken into consideration by the Secretary in carrying out permissive support operations. They are: 1. The supply of the commodity in relation to the demand therefor. 2. The price levels at which other commodities are being supported and, in the case of feed grains, the feed values of such grains in relation to corn. 3. The availability of funds. 4. The perishability of the commodity. 5. The importance of the commodity to agriculture and the national economy. 6. The ability to dispose of stocks acquired through a price-support operation. 7. The need for offsetting temporary losses of export markets. 8. The ability and willingness of producers to keep supplies in line with demand. These same factors also are to be taken into consideration in determining, in the case of any commodity for which price support is mandatory, the level of support above the minimum level prescribed for such commodity in the Anderson bill.

VI. PRICE SUPPORT ABOVE MAXIMUM LEVELS OTHERWISE PRESCRIBED

Price support cannot be increased above the prescribed maximum levels.	Price-support operations at levels above the maximum levels otherwise prescribed may be undertaken whenever it is determined by the Secretary, after a public hearing, that price support at such increased levels is necessary in order to increase or maintain the production of any agricultural commodity in the interest of national security.	Price support at a level above the maximum levels otherwise prescribed may be made available for any commodity if the Secretary determines, after a public hearing, that price support at such increased level is necessary in order to prevent or alleviate a shortage in the supply of any commodity essential to the national welfare or in order to increase or maintain the production of any commodity in the interest of national security. The Secretary's determination and the record of the hearing are to be made public.

GORE BILL

Basic commodities: The control measures applying to these commodities are acreage allotments and marketing quotas. "Cooperators" are producers who do not exceed their farm-acreage allotments. When acreage allotments alone have been proclaimed and established, cooperators are eligible for price support at the full rate; noncooperators are ineligible for any support.

When both acreage allotments and marketing quotas have been proclaimed and established, cooperators are eligible for price support at the full rate; noncooperators are ineligible for price support except for a support loan of 54 percent of parity on so much of the commodity as would be subject to penalty under the Agricultural Adjustment Act of 1938, if marketed. No price support is provided, even to cooperators, if marketing quotas have been proclaimed but disapproved by more than one-third of the producers of the commodity voting in a referendum.

Nonbasic commodities: The Secretary of Agriculture is authorized to require compliance by producers with production goals and marketing regulations as a condition of eligibility for support.

Acreage allotments

Except in case of an increase in export demand or a national emergency, the Secretary must proclaim acreage allotments each year for corn, wheat, rice, and peanuts. He must proclaim acreage allotments for tobacco and cotton when marketing quotas are proclaimed for these commodities, but is not authorized to proclaim acreage allotments alone.

The dates when the allotments must be proclaimed each year and the amounts of the allotments are set out in the Agricultural Adjustment Act of 1938, as amended, as follows:

Corn: By February 1, a national acreage allotment for the calendar year then current must be proclaimed for the commercial corn-producing area which, together with corn produced in other United States areas, will make available a supply equal to the reserve supply level. Reserve supply level in the case of corn is a normal year's domestic consumption and exports plus 10 percent.

Wheat: By July 15, a national acreage allotment for the next year's crop must be proclaimed which, together with the estimated carry-over at the beginning of the marketing year for such crop, will produce a supply equal to a normal year's domestic consumption and exports plus 30 percent. The national acreage allotment may not, however, be less than 55,000,000 acres.

Rice: By December 31, a national acreage allotment for the next calendar year must be proclaimed which, together with the estimated carry-over from the marketing year ending in the calendar year for which the allotment is being proclaimed, will produce a supply not less than the normal supply.

Peanuts: By December 1, the national marketing quota proclaimed for the next calendar year must be converted to a national acreage allotment for that year by dividing such quota by the normal yield per acre of peanuts for the United States on the basis of the average yield per acre in the 5 years preceding the year in which the quota is proclaimed, with adjustments for trends in yields and abnormal conditions. The national acreage allotment for the crop year 1950 may not be less than 2,100,000 acres.

Tobacco: By December 1, if a national marketing quota has been proclaimed, a national acreage allotment in pounds must be proclaimed. The allotment in pounds must be an amount which, together with carry-over, will make available a supply equal to the re-

AIKEN ACT

VII. CONDITIONS OF SUPPORT

Basic commodities: The control measures are the same as in the Gore bill—acreage allotments and marketing quotas.

Cooperators receive support at the full rate. The levels of support to noncooperators are left to the Secretary's determination. Also, instead of no price support being provided to producers when marketing quotas have been disapproved, as is the case under the Gore bill, the Aiken Act provides for support to cooperators at 50 percent of parity.

Nonbasic commodities: Producers may be required to comply with acreage allotments, production goals, and marketing practices (including marketing agreements and orders) prescribed by the Secretary in order to be eligible for price support.

VIII. ACREAGE ALLOTMENTS AND MARKETING QUOTAS

Acreage allotments

The acreage allotment provisions under the Aiken Act remain substantially the same as those under the Gore bill. The only change is that in determining national acreage allotments for corn and wheat and the national baleage allotment for cotton, the Secretary is required to give consideration to imports of the commodity involved.

ANDERSON BILL

Basic commodities: The control measures are the same as in the Gore bill—acreage allotments and marketing quotas.

Cooperators receive support at the full rate. Support to noncooperators is left to the Secretary's determination. He may provide support to noncooperators at such levels, not in excess of the level of support to cooperators, as he determines will facilitate the effective operation of the program.

When marketing quotas have been disapproved, support to cooperators will be at 50 percent of parity. An exception to this in the Anderson bill is tobacco, for which price support is prohibited when marketing quotas have been disapproved.

Nonbasic commodities: Compliance by the producer with acreage allotments, production goals and marketing practices (including marketing quotas when authorized by law), prescribed by the Secretary, may be required as a condition of eligibility for price support.

Acreage allotments

The acreage allotment provisions under the Anderson bill are the same as under the Aiken Act.

GORE BILL

serve-supply level. The reserve-supply level of tobacco is normal supply plus 5 percent.

Cotton: By October 15, if a national marketing quota has been proclaimed, a national acreage allotment must be proclaimed for the next calendar year which will make available an amount of cotton equal to the national marketing quota.

Marketing quotas

The dates by which and the conditions under which quotas must be proclaimed, and the amounts of the quotas are set out in the 1938 act, as amended, as follows:

Corn: Between August 10, when the August crop report is released, and September 15, if the Secretary determines that the total supply of corn as of October 1 will exceed the normal supply by more than 10 percent, marketing quotas are to be in effect in the commercial corn-producing area for the crop of corn grown in such area in that calendar year. No provision is made for the amount of a national marketing quota.

Wheat: By May 15, a national marketing quota must be proclaimed whenever it appears that the total supply of wheat at the beginning of the next marketing year will exceed a normal year's domestic consumption and exports by more than 35 percent. The amount of the national marketing quota must equal the normal year's domestic consumption and exports plus 30 percent, less (1) the estimated carry-over at the beginning of the marketing year, and (2) the estimated amount of wheat to be used on farms as seed or livestock feed during the marketing year.

Rice: By December 31, a national marketing quota must be proclaimed for the next marketing year if the total supply for the current marketing year exceeds the normal supply by more than 10 percent. The national marketing quota is an amount equal to the normal supply.

Peanuts: Between July 1 and December 1 of each calendar year, the Secretary must proclaim a national marketing quota for the crop produced in the next calendar year which will make available a supply equal to the average yearly quantity harvested for nuts during the 5 years immediately preceding the year in which such quota is proclaimed, adjusted for current trends, and prospective demand conditions. The national marketing quota, however, may not be less for the 1950 crop than the quantity of peanuts sufficient to provide a national acreage allotment of 2,100,000 acres.

Marketing quotas for peanuts are mandatory without regard to supply or other conditions and are voted for a 3-year period. Producers approved quotas in 1947 for the years 1948, 1949, and 1950.

Tobacco: By December 1, a national marketing quota must be proclaimed for the marketing year beginning in the next calendar year when total supply as of the be-

AIKEN ACT

Marketing quotas

The Aiken Act changes the provisions for marketing quotas from what they are under the Gore bill.

The dates by which and the conditions under which quotas must be proclaimed, and the amounts of the quotas under the Aiken Act are as follows:

Corn: By November 15, the Secretary must proclaim that marketing quotas will be in effect for the next calendar year in the commercial corn-producing area if:

(1) the total supply for the marketing year beginning in the calendar year then current will exceed the normal supply by more than 20 percent, or

(2) the total supply for the marketing year ending in the calendar year then current is not less than the normal supply, and the average farm price for three successive months does not exceed 66 percent of parity.

No provision is made for the amount of a national marketing quota.

Wheat: By July 1, the Secretary must proclaim a national marketing quota for the marketing year beginning July 1 of the next calendar year if:

(1) the total supply for the marketing year beginning in the calendar year then current will exceed the normal supply by more than 20 percent, or

(2) the total supply for the marketing year ending in the calendar year then current is not less than the normal supply, and the average farm price for three successive months does not exceed 66 percent of parity.

The amount of the national marketing quota must equal a normal year's domestic consumption and exports plus 30 percent, less the estimated carry-over at the beginning of the marketing year.

Rice: By December 31, the Secretary must proclaim a national marketing quota for the marketing year beginning in the next calendar year if:

(1) the total supply for the marketing year beginning in the calendar year then current will exceed the normal supply by more than 20 percent, or

(2) the total supply for the marketing year ending in the calendar year then current is not less than the normal supply, and the average farm price for three successive months does not exceed 66 percent of parity.

The national marketing quota is an amount equal to the normal supply.

Peanuts: Same as under the Gore bill.

Tobacco: By December 1, the Secretary must proclaim a national marketing quota for the marketing year beginning in the next calendar year if the total supply as of the

ANDERSON BILL

Marketing quotas

The marketing quota provisions under the Anderson bill are the same as under the Aiken Act.

GORE BILL	AIKEN ACT	ANDERSON BILL
ginning of the marketing year then current exceeds the reserve-supply level. Reserve-supply level of tobacco is normal supply plus 5 percent. The national quota is an amount equal to the reserve-supply level, taking carry-over into account. Quotas are voted on on each kind of tobacco separately and for 1- or 3-year periods.	beginning of the marketing year then current exceeds the reserve-supply level. However, the Secretary is required to proclaim a national marketing quota for each marketing year for each kind of tobacco for which a national marketing quota was proclaimed for the preceding marketing year. This proviso also requires the Secretary to proclaim a quota for Virginia sun-cured tobacco for each marketing year for which a quota is proclaimed for fire-cured tobacco. Thus, once the Secretary has proclaimed quotas for any kind of tobacco for any marketing year, he is required to proclaim quotas for that kind of tobacco for each succeeding marketing year without regard to the price or supply situation. The amount of the national marketing quota is that quantity which, together with the carry-over, will make available a supply of tobacco equal to the reserve-supply level. The reserve-supply level of tobacco is the normal supply plus 5 percent. Quotas are voted on on each kind of tobacco separately and for 1- or 3-year periods.	
Cotton: By October 15, a national marketing quota must be proclaimed for the crop produced in the next calendar year when the total supply of cotton for the marketing year beginning in the calendar year then current will exceed the normal supply for such marketing year. The national marketing quota for any year shall be not less than 10,000,000 bales or 1,000,000 bales less then the estimated domestic consumption plus exports of cotton for the marketing year ending in the calendar year in which such quota is proclaimed, whichever is smaller. The national marketing quota for 1950 shall be not less than the number of bales required to provide a nationa' acreage allotment of 21,000,000 acres.	Cotton: Same as under the Gore bill.	
All marketing quotas are to take effect unless opposed by more than one-third of the producers affected voting in a referendum.	All marketing quotas are to take effect unless opposed by more than one-third of the producers affected voting in a referendum.	
Under section 371 (b) of the 1938 act, the Secretary is empowered to "increase or terminate" marketing quotas in the case of a national emergency or "because of a material increase in export demand." Before determining whether an increase or termination is necessary the Secretary is required to make an investigation of the situation and proclaim such findings. The Department of Agriculture has interpreted this provision to apply to acreage allotments as well as to quotas. The Department's interpretation is that the intent of section 371 (b) is to give the Secretary authority to remove controls in time of a national emergency and since allotments are so closely related to quotas, it takes the position that allotments come within the purview of this section.		

IX. NORMAL SUPPLY, TOTAL SUPPLY, AND CARRY-OVER

Basic commodities	*Basic commodities*	*Basic commodities*
Except those for cotton, which were changed by Public Law 272 enacted by this Congress, the definitions of normal supply, total supply, and carry-over included in the Agricultural Adjustment Act of 1938 are retained.	For cotton, the Aiken Act definitions of normal supply, total supply, and carry-over are superseded by those in Public Law 272 enacted by this Congress. (See Public Law 272 definitions for cotton under the Gore bill.)	The new definitions of normal supply, total supply, and carry-over included in the Aiken Act are retained, with two exceptions: (1) For cotton, the definitions in the 1948 act are superseded by those in Public Law 272 enacted by this Congress. (See Public Law 272 definitions for cotton under Gore bill); (2) The definition of normal supply in the case of corn is amended by the Anderson bill to provide for a 10-percent, in lieu of 7-percent, allowance for carry-over.
The definitions for cotton in Public Law 272, which amends the 1938 act, are: Normal supply: For any marketing year, it is the estimated domestic consumption of cotton for the marketing year for which normal supply is being determined, plus the estimated exports for such marketing year, plus 30 percent as an allowance for carry-over.		

GORE BILL

Total supply: For any marketing year, it is the carry-over at the beginning of such marketing year, plus the estimated production of cotton in the United States during the calendar year in which such marketing year begins and the estimated imports of cotton into the United States during such marketing year.

Carry-over: For any marketing year, it is the quantity on hand in the United States at the beginning of the marketing year, not including any part of the crop which was produced in the United States during the calendar year then current.

The 1938 act does not define normal supply, total supply, and carry-over for peanuts.

The 1938 act definitions for the other basic commodities are:

Normal supply: For corn, rice, and wheat, it is a normal year's domestic consumption and exports of the commodity, plus 7 percent in the case of corn, 10 percent in the case of rice, and 15 percent in the case of wheat, of a normal year's domestic consumption and exports, as an allowance for a normal carry-over. For tobacco, it is a normal year's domestic consumption and exports plus 175 percent of a normal year's domestic consumption and 65 percent of a normal year's exports as an allowance for a normal carry-over.

"Normal year's domestic consumption" is defined as, for corn and wheat, the yearly average quantity of the commodity, wherever produced, that was consumed in the United States during the 10 marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption; for tobacco, the yearly average quantity of the commodity produced in the United States that was consumed in the United States during the 10 marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption; and for rice, the yearly average quantity of rice produced in the United States that was consumed in the United States during the 5 marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

"Normal year's exports" is defined as, for corn, rice, tobacco, and wheat, the yearly average quantity of the commodity produced in the United States that was exported from the United States during the 10 marketing years (or, in the case of rice, the 5 marketing years) immediately preceding the marketing year in which such exports are determined, adjusted for current trends in such exports.

Total supply: For corn, rice, and wheat, for any marketing year, it is the carry-over of the commodity for such marketing year plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins. For tobacco, for any marketing year, it is the carry-over at the beginning of such marketing year plus the estimated production thereof in the United States during the calendar year in which such marketing year begins, except that the estimated production of type 46 tobacco during the marketing year with respect to which the determination is being made is to be used in lieu of the estimated production of such type during the calendar year in which such marketing year begins in determining the total supply of cigar-filler and cigar-binder tobacco.

Carry-over: For corn and rice, for any marketing year, it is the quantity on hand in the United States at the beginning of such marketing year, which was produced in the United States prior to the beginning of the calendar year then current. For tobacco, for any marketing year, it is the quantity of such tobacco on hand in the United States at the

AIKEN ACT

For the other basic commodities, the definitions included in the Aiken Act are as follows:

Normal supply: For corn, rice, wheat, and peanuts, it is the estimated domestic consumption of the commodity during the preceding marketing year plus the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus carry-over allowances of 7 percent in the case of corn, 10 percent in the case of rice, 15 percent in the case of wheat, and 15 percent in the case of peanuts. The Secretary is directed to take account of current trends in consumption and unusual conditions in determining normal supply. Normal supply in the case of tobacco is the same as in the 1938 act.

Total supply: For corn, rice, wheat, and peanuts, it is the carry-over of the commodity at the beginning of the marketing year plus estimated production and imports. Total supply in the case of tobacco is the same as in the 1938 act.

Carry-over: For corn, rice, and peanuts, for any marketing year, it is the quantity of the commodity on hand in the United States at the beginning of such marketing year, not including any quantity which was produced in the United States during the calendar year then current. Carry-over in the case of wheat and tobacco is the same as in the 1938 act.

ANDERSON BILL

GORE BILL

beginning of the marketing year, which was produced in the United States prior to the beginning of the calendar year then current, except that in the case of cigar-filler and cigar-binder tobacco the quantity of type 46 on hand and theretofore produced in the United States during such calendar year is also to be included. For wheat, for any marketing year, it is the quantity of wheat on hand in the United States at the beginning of such marketing year, not including any wheat which was produced in the United States during the calendar year then current, and not including any wheat held by the Federal Crop Insurance Corporation under Title V of the 1938 act.

Nonbasic commodities

No definitions.

AIKEN ACT

Nonbasic commodities

No definitions.

ANDERSON BILL

Nonbasic commodities

Definitions of normal supply, total supply, and carry-over for nonbasic commodities are set out in the Anderson bill, as follows:

Normal supply: For any marketing year, it is (1) the estimated domestic consumption of the commodity for the marketing year for which such normal supply is being determined, plus (2) the estimated exports of the commodity for such marketing year, plus (3) an allowance for carry-over. The carry-over allowance is the average carry-over of the commodity for the five immediately preceding marketing years, adjusted for surpluses or deficiencies caused by abnormal conditions, changes in marketing conditions, or the operation of any agricultural program. The Secretary is directed to make adjustments for current trends in consumption and unusual conditions in determining normal supply.

Total supply: For any marketing year, it is the carry-over at the beginning of the marketing year plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins and the estimated imports of the commodity into the United States during such marketing year.

Carry-over: For any marketing year, it is the quantity of the commodity on hand in the United States at the beginning of the marketing year, not including any part of the crop or production of such commodity which was produced in the United States during the calendar year then current. The carry-over of any such commodity may also include the quantity of such commodity in processed form on hand in the United States at the beginning of the marketing year, if the Secretary determines that the inclusion of such processed quantity of the commodity is necessary to effectuate the purposes of the act.

From any funds availab' : to the Department of Agriculture or any agency operating under its direction for price support operations or for the disposal of agricultural commodities, the Secretary of Agriculture is authorized and directed to use such sums as may be necessary to carry out the price-support provisions.

Funds available to the Department are:

(1) Commodity Credit Corporation's $100,000,000 capital stock and borrowings (CCC has a borrowing power of $4,750,000,000);

(2) Remaining balance of Reserve for Postwar Price Support of Agriculture (Public Law 301, 79th Cong.);

(3) Section 32 funds (Sec. 32 of Public Law 320, 74th Cong., which provided that an amount equal to 30 percent of customs receipts each year shall be available to the Secretary of Agriculture for programs aimed at widening the market outlet for farm commodities in heavy supply); and

(4) National school-lunch program appropriations.

X. PRICE SUPPORT FINANCING

Commodity Credit Corporation funds may be used for supporting the price of all basic commodities and other commodities which are "reasonably storable without excessive loss or excessive cost."

Commodity Credit funds may also be used to support the price of storable commodities processed from perishable nonbasic commodities.

These provisions, Senator AIKEN said in his September 13, 1949, statement, were clearly intended to authorize the use of CCC funds for the support of milk by supporting processed dairy products, other storable animal products, soybeans, cottonseed, oats, rye, barley, and other commodities that are storable either in processed or nonprocessed form.

Commodities so perishable as to be nonstorable and which are not processed into storable form can be supported through other means available such as the section 32 funds.

Beginning with fiscal year 1950, any excess of section 32 funds over current expenditures from this source may be accumulated up to a maximum of $300,000,000.

Financing is the same as under the Gore bill, with two exceptions:

Commodity Credit Corporation is authorized to issue obligations in excess of its assets for the purpose of carrying out its annual budget programs.

Section 32 funds are to be devoted principally to perishable commodities.

GORE BILL	AIKEN ACT	ANDERSON BILL
	XI. RESTRICTIONS ON CCC SALES	
Commodity Credit Corporation is not restricted in the sale of commodities owned or controlled by it except for restrictions on cotton sales under section 381 (c) of the Agricultural Adjustment Act of 1938. Under section 381 (c) no cotton held on behalf of the United States can be sold unless the proceeds are at least sufficient to reimburse the United States for all amounts (including any price-adjustment payment) paid out on the cotton so sold. Also, CCC cannot sell more than 300,000 bales in any calendar month, or more than 1,500,000 bales in any calendar year. As a matter of policy, the CCC Board of Directors has put into effect the Aiken Act provisions pertaining to CCC sales of commodities other than cotton.	Commodity Credit Corporation is not to sell any farm commodity owned or controlled by it at less than the lowest of these three: (1) A price reasonably calculated to reimburse it for costs incurred; (2) a price halfway between the support price, if any, and the parity price of the commodity; or (3) a price equivalent to 90 percent of parity of the commodity. These restrictions do not apply to (A) sales for new or byproduct uses; (B) sales of peanuts for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage; (E) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses. The Aiken Act repeals section 381 (c) of the 1938 act.	Commodity Credit Corporation is not to sell any commodity owned or controlled by it at less than the current support price, except that this restriction does not apply to (A) sales for new or byproduct uses; (B) sales of peanuts and oilseeds for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or as to which there is danger of loss or waste through deterioration or spoilage; (E) sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool and mohair; and (H) sales for other than primary uses.
	XII. MISCELLANEOUS	
	Forward pricing	
No provision.	Forward pricing is permitted.	Announcement of support prices in advance of the planting season is authorized. If at the beginning of the marketing year it develops that the announced prices are in excess of the maximum support prices otherwise permitted, support may be given at the announced prices.
	Support price adjustments	
No provision, but the effect is the same as in the Anderson bill.	Provision is the same as in the Anderson bill.	Appropriate adjustments may be made in the support price for any commodity for differences in grade, type, staple, quality, location, and other factors. The adjustments, so far as practicable, are to be made in such manner that the average support price for the commodity equals the support level provided in the act. Middling seven-eighths-inch cotton is to be the standard grade for purposes of parity and price support.
	Control of imports	
Section 22 of the Agricultural Adjustment Act of 1938 authorizes the imposition of import fees and quotas on articles imported into the United States whenever the importation of such articles interferes with certain agricultural programs. Title I of the Agricultural Act of 1948 amended this section to include price support among such programs to prevent imports from materially interfering with price-support programs.	Provision is the same.	Provision is the same.
	Soil conservation	
The period during which the Secretary of Agriculture is authorized to carry out Federal programs relating to soil conservation under sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act is extended until December 31, 1950. This is already law under title I of the Agricultural Act of 1948.	Provision is the same.	Provision is the same.
	Producers' liability	
A provision comparable to that in the Aiken Act now exists with respect to commodities supported under the 1938 act, as amended.	Loans under the price-support program are "nonrecourse"; that is, the producer is not personally liable for any deficiency arising from the sale of the commodity unless he obtained the loan through fraudulent representations. However, it is provided that this shall not be construed to prevent the Department from requiring producers to assume liability for deficiencies in the grade, quality, or quantity of commodities stored on the farm or delivered by them, for failure properly to care for and preserve the commodities, or for failure to deliver commodities in accordance with the program.	Provision is the same.
	Duration	
1950 production only.	Permanent.	Permanent.
	Effective date	
January 1, 1950.	Same.	Same.

UNANIMOUS-CONSENT AGREEMENT—LEGISLATIVE PROGRAM

Mr. GEORGE obtained the floor.

Mr. LUCAS. Mr. President, will the Senator from Georgia yield before he begins his speech in order that I may propcund a unanimous-consent request?

Mr. GEORGE. I am glad to yield.

Mr. LUCAS. Mr. President, on yesterday I attempted to obtain a unanimous-consent agreement to vote Thursday on the bill pending before the Senate. That was objected to by the distinguished Senator from North Dakota [Mr. LANGER]. I am going to renew the unanimous-consent request. It is now my understanding that the request is not objectionable to any Senator on either side of the aisle. I send to the desk an order which I ask to have stated, and I ask unanimous consent for its consideration and adoption.

The PRESIDENT pro tempore. The order will be read.

The legislative clerk read as follows:

Ordered, That on the calendar day of Thursday, September 22, 1949, at the hour of 6 o'clock p. m., the Senate proceed to vote, without further debate, upon any amendment that may be pending or that may be proposed to H. R. 5895, the Foreign Military Assistance Act of 1949, and upon the final passage of the said bill: *Provided,* That no amendment which is not germane to the subject matter shall be received.

Ordered further, That the time between 12 o'clock and 6 o'clock on said day be equally divided between those favoring and those opposing the said bill, and controlled, respectively, by the Senator from Texas [Mr. CONNALLY] and the Senator from Georgia [Mr. GEORGE].

Mr. WHERRY. Mr. President, reserving the right to object, I will say there was so much confusion in the Senate I really could not hear all the provisions of the order. I wish to ask a question of the majority leader. Is the hour for voting, as set out in the order, 6 o'clock? I did not hear that.

Mr. LUCAS. The Senator is correct.

The PRESIDENT pro tempore. The hour is fixed at 6 o'clock.

Mr. WHERRY. As I understand, the time between 12 and 6 o'clock is to be divided between the proponents and the opponents of the measure equally.

I should like to ask another question. Is it the intention of the majority leader to bring up any other matter between now and the vote on the pending measure, either on the Legislative or the Executive Calendars? I may say the reason for my question is that the time between now and when the vote is proposed to be taken is quite short, and already seven or eight Senators on this side of the aisle have announced their intention to speak on the subject. Of course, under the rules of the Senate any Senator can speak on any question he pleases, and we cannot prevent him from doing so. But I wanted to know from the majority leader if he intended to bring up any matter on the Legislative or Executive Calendars between now and Thursday at the hour of 6 o'clock.

Mr. LUCAS. I have no intention whatsoever of bringing up any new legislation now on the calendar, in view of the fact that apparently a considerable number of Senators are prepared to speak on the issue now before the Senate. The only reason the Senator from Illinois attempted to bring up any other matters last night was that he had advised the Senate that there would be a night session. We ran out of speakers, and consequently I sought consideration for a bill which has been on the calendar for some time.

Mr. WHERRY. I appreciate the statement of the majority leader about the legislative calendar, but I am also asking about the Executive Calendar.

Mr. LUCAS. Nothing on the Executive Calendar that is controversial will be brought up.

Mr. CONNALLY. Mr. President, there are on the executive calendar the nominations of United States representatives to the United Nations. As I understand, there is no objection to them.

Mr. WHERRY. That is one of the reasons I asked the question. I do not know whether there will be objection or not.

Mr. CONNALLY. If there is objection, let them go over.

Mr. WHERRY. If there is to be no additional legislation brought up, and if no controversial Executive nominations are to be considered during this debate, I have no objection to the unanimous-consent request, and I hope it will be entered into.

I should like to ask one further question. I have already stated that I have no objection to the unanimous-consent request. I should like to ask the distinguished majority leader if he cares to make a statement relative to whether or not the vote on the pay bills will be postponed until Monday. Perhaps I should discuss that question with him. Is it his intention to postpone the vote on the pay bills until Monday?

Mr. LUCAS. Obviously I should like to get a vote on Friday or Saturday on one of the pay bills. However, I shall not insist that that be done. Those bills are extremely important to a great number of persons. I have been informed that there is some controversy with respect to some of them. However, if we should run out of speakers upon some bill which we take up, such as the military pay bill, and if we should otherwise be compelled to take a recess in the middle of the afternoon because no Senator is prepared to speak, I want it distinctly understood that in that event we shall try to obtain consideration for two or three other bills on the calendar, if necessary by motion. For example, we have attempted to obtain consideration for a bill in which the Senator from Florida [Mr. HOLLAND] is interested, which has been reported from the Public Works Committee. We could have passed it last Friday evening had we gone ahead with it. The Senator from Florida was slightly indisposed, and we did not move on. We should like to take up that bill.

Mr. WHERRY. I assure the majority leader that plenty of notice has been given with respect to that bill. After the debate on the military pay bill is concluded, if the distinguished majority leader feels that the public works bill should be made the unfinished business, I am quite satisfied that sufficient notice has been given, and that will be perfectly satisfactory to me.

Mr. LUCAS. I may say further to the minority leader that if there should be no lengthy debate on the military pay bill, and if we should run out of speakers on that bill, the bill to which I have just referred could be taken up. There is a bill which we discussed yesterday in the policy committee, dealing with the appropriation for providing more doctors and nurses. I feel sure that we would be able to pass a bill of that kind without objection. All I am attempting to do is to move along so that a number of Members on the other side of the aisle may return to their homes.

Mr. WHERRY. That is welcome news. I appreciate it. I assure the majority leader that no one has tried harder than I have to make progress. I appreciate the observations of the distinguished majority leader.

As I understand, the pay bills will be taken up and debated, and the votes will be postponed until Monday, and in the meantime the bill in which the distinguished Senator from Florida [Mr. HOLLAND] is interested, the public works bill, will be taken up on Friday. Perhaps other bills will be taken up.

I should like to ask one further question. Does the majority leader intend to have a session on Saturday of this week?

Mr. LUCAS. I am not sure. I think perhaps I can better determine that tomorrow. It is very doubtful that there will be a session on Saturday, although it is possible, because I wish to make progress. If we could do a little business on Saturday, I do not think any Senator would object, although my distinguished friend from Nebraska may be out of the city.

Mr. WHERRY. I assure the distinguished majority leader that if there is a session on Saturday the minority leader will be present.

Mr. LUCAS. That is fine. We may have one.

Mr. HOLLAND. Mr. President, to clear the record, I should like to ask the minority leader if his reference of a few minutes ago was to Calendar No. 762, Senate bill 2116, a bill to provide for the advance planning of non-Federal public works.

Mr. WHERRY. The Senator is correct.

Mr. HOLLAND. It is my understanding that there will be no objection from the minority leader to taking up that bill, in the event the situation is such that no Senator is prepared to speak on the pending business.

Mr. WHERRY. The Senator is correct.

The PRESIDENT pro tempore. The rule requires a quorum call before the proposed unanimous-consent agreement is entered into.

Mr. LUCAS. Mr. President, I ask unanimous consent that the quorum call be waived.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

Without objection, the order submitted by the Senator from Illinois is entered.

Mr. LUCAS. Mr. President, a considerable number of Senators desire to discuss the arms assistance bill. So far as the Senator from Illinois is concerned, I shall be very happy to remain here this evening as long as any Senator desires to discuss the bill. I think we ought to have a night session, in view of the fact that we now have a unanimous-consent agreement to vote at 6 o'clock tomorrow, with the time equally divided. Because a considerable number of Senators desire to speak, we shall probably have a night session tonight.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 3851) to amend Public Law 289, Eightieth Congress, with respect to surplus airport property and to provide for the transfer of compliance functions with relation to such property.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 1824) to amend the act of July 23, 1947 (41 Stat. 509).

The message further announced that the House had insisted upon its amendment to the bill (S. 2115) to authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RANKIN, Mr. ALLEN of Louisiana, Mr. TEAGUE, Mrs. ROGERS of Massachusetts, and Mr. KEARNEY were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 3838) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1950, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. KIRWAN, Mr. NORRELL, Mr. JACKSON of Washington, Mr. CANNON, Mr. JENSEN, and Mr. FENTON were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 4146) making appropriations for the National Security Council, the National Security Resources Board, and for military functions administered by the National Military Establishment for the fiscal year ended June 30, 1950, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MAHON, Mr. SHEPPARD, Mr. SIKES, Mr. CANNON, Mr. ENGEL of Michigan, and Mr. PLUMLEY were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5300) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1949, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON, Mr. KERR, Mr. RABAUT, Mr. TABER, and Mr. PLUMLEY were appointed managers on the part of the House at the conference.

UNITED NATIONS NOMINATIONS

Mr. CONNALLY. Mr. President, I ask unanimous consent, as in executive session, for the present consideration and confirmation of the nominations of Warren R. Austin, Philip C. Jessup, Mrs. Roosevelt, John Sherman Cooper, and Wilson M. Compton, of Washington, to be representatives or alternate representatives to the United Nations.

The PRESIDENT pro tempore. Is there objection?

Mr. LANGER. I object.

Mr. CONNALLY. I also ask unanimous consent for the present consideration and confirmation of the nominations, now on the Executive Calendar, to the United Nations Educational, Scientific, and Cultural Organization.

The nominations are as follows: George V. Allen, of North Carolina; Milton S. Eisenhower, of Kansas; Luther H. Evans, of Texas; Miss Martha B. Lucas, of Virginia; Reinhold Niebuhr, of New York.

The PRESIDENT pro tempore. Is there objection to the request for the present consideration and confirmation of the nominations? Without objection, the nominations are considered and confirmed; and, without objection, the President will be notified forthwith of the confirmations.

MILITARY ASSISTANCE TO FOREIGN NATIONS

The Senate resumed the consideration of the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

Mr. GEORGE. Mr. President, I offer and send to the desk an amendment to the bill.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 18, in line 20, section 102, it is proposed to strike out "$500,000,000" and insert in lieu thereof "$300,000,000."

On page 18, in line 22, in section 102, it is proposed to strike out "$400,000,000" and insert in lieu thereof "$200,000,000."

Mr. GEORGE. Mr. President, before I begin remarks which I hope will not be extended at great length, I wish to say that no man has greater respect for General Bradley than does the senior Senator from Georgia. I mention this since General Bradley's name was brought into the debate on a previous day by the distinguished Senator from Maryland [Mr. TYDINGS]. But I reiterate exactly what I said at that time, namely, I do not conceive that any military expert, however eminent and however unselfish and however devoted to the public interest he may be, can relieve the Senate of the United States of its responsibility in any legislative matter, particularly in any matter of this kind and of such great importance.

Mr. President, I am very happy that the distinguished Senator from Michigan [Mr. VANDENBERG] on yesterday called attention to the fact—and I think it is a fact which colors every subsequent move that has been made in this matter—first, that the bill submitted even before the ink had dried upon the signatures of the Senate officials certifying to the ratification of the North Atlantic Pact, would have created the President of the United States as the supreme war lord of the world, would have vested in him powers which I am confident the Senate would not have granted. In fact, had that bill been brought forward before the vote was taken in the Senate on the North Atlantic Treaty, it is highly probable that it would have adversely affected the vote or at least would have put in jeopardy the ratification of the treaty itself. The distinguished Senator from Michigan correctly says that bill was withdrawn; and he also correctly says that even the second bill, precisely like the first one in that respect, was formulated clearly outside the North Atlantic Pact. Although it may not have had the world-wide application implied in the first bill, it was definitely a bill which only incidentally recognized the existence of the North Atlantic Pact.

Mr. President, I do not dispute for a moment that the deliberations of the Joint Committee on Armed Services and Foreign Relations have greatly benefited and strengthened the measure which is now before the Senate. That is true. Likewise, the amendment I have just offered in connection with another amendment which I shall later offer, recognizes the necessity or at least recognizes the advisability and does not controvert the desirability on the part of the executive branch of the Government of recognizing and making good upon the definite commitments of the North Atlantic Treaty, because as this bill now stands, in large measure, it is confined to aid and assistance to the countries embraced within the North Atlantic community, as created by that treaty. Of course it does more than that; and upon these points there is no difference. In other words, in committee I have agreed to the authorization of an appropriation of $211,370,000 for Greece and Turkey. Already an appropriation of $50,000,000—cut down, I believe, by an amendment in the Senate, but now in conference—actually appropriates an additional sum of $45,000,000. If the conferees agree to that, the total for Greece and Turkey, both appropriated and authorized, will amount to more than $256,000,000 for this fiscal year. The bill authorizes—and I direct attention to the fact, if it is material—a flat appropriation of $75,000,000, to be expended in the discretion of the President in the general area of China. The bill likewise authorizes an appropriation for Iran, Korea, and the Philippines in the sum of $27,640,000, bringing the total of authorizations and appropriations already on the way, carried in the bill, and without dispute, to $359,010,000. The bill also authorizes the use by the President of

not exceeding $450,000,000 of excess arms; and the bill defines the term. Let me digress long enough to read it:

SEC. 411. For the purpose of this act—

(a) The terms "equipment" and "materials" shall mean any arms, ammunition or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply, or item that would further the purposes of this act, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels.

On that point, Mr. President, there is no dispute so far as I recall on the part of any member of the two committees jointly considering the bill. Certainly the senior Senator from Georgia did not object to the authorization of the use of $450,000,000 of excess arms, materials, and so forth.

I again digress to call attention to the fact that excess arms are taken out of the same identical warehouses as are the usable arms. They are not worthless, and if it be thought for a moment that we shall not be called upon to replace the excess arms, I believe it would be a mistake. Perhaps not this year, but at some time, we shall be called upon to do it.

So, Mr. President, there is carried in the bill a total appropriation of $1,809,000,000. I mean by that to include the $45,000,000 for Greece and Turkey which is already in conference. The single item of $1,000,000,000 carried in the bill is in controversy so far as I am concerned, though the entire amount is not in controversy. The amendment which I have proposed would reduce the amount by $200,000,000. A subsequent amendment would further reduce the contract authorization by $300,000,000. The actual money, or materials with money value, carried in the bill even if both the amendments offered by me should be adopted, would still total $1,309,010,000. I, therefore, think there is little force to the argument and little basis for the criticism that those who support the amendments proposing reasonable cuts in the program contemplated by the bill are unwilling to do anything, or that our contribution should be in such trifling amount that it would be ineffective.

Mr. President, I have heard a great deal since the debate opened about what we as committeemen were advised. I listened attentively to all the advice I had the opportunity to hear, and I had very little definite advice about the program beyond generalizations, with some slight breaking down of the generalizations into details.

In this morning's newspaper there is published an article by Joseph and Stewart Alsop which gives more facts than were stated to Joint Committee on the Armed Services and Foreign Relations, if the statements contained in the article are true, and I have no reason to think they are untrue. In fact, those statements have been corroborated at least by the statement of the distinguished Senator from Maryland, the chairman of the Armed Services Committee of the Senate, who furnished us some very illuminating information during the progress of his address. He, it will be remembered, said General Bradley had given it as his opinion that from 35 to 50 well-equipped divisions standing on the Rhine probably could check any invasion of the North Atlantic community, hold the aggressor in check, and possibly turn the tide.

Mr. President, Joseph and Stewart Alsop have said definitely that the Joint Chiefs of Staff figured there must be from 45 to 50 well-equipped divisions. Moreover, they assert in this article that the program must go on, and will go on—and the strong inference is that the majority of the General Staff have so determined—and that it must involve the expenditure within the next 5 years—by 1954, I believe—of from $8,000,000,000 to $12,000,000,000.

There is substantially $2,000,000,000 authorized in the pending bill, and assuredly if any of the fears which so strongly influence the thinking of those who have spoken in favor of the full amount of the bill are justified, or if they come true, it undoubtedly is a fact that the 15 divisions presently contemplated in all western Europe, of all the Atlantic community states—about nine in France and about six gathered from the other smaller countries, including even England—could not hold in check the aggressor, wh we have been repeatedly advised now has under arms—I say "aggressor" because he was named—5,000,000 men, well equipped, well trained, well armed.

In this article it is said that the majority of the staff were of the opinion that this same aggressor could throw into the field 300 divisions within 1 month and could bring that military strength up to 500 divisions shortly. If those statements are true, I pause to ask, What will 15 divisions on the Rhine amount to? It would mean 225,000 men against a highly trained army consisting at this time of 5,000,000 men, an army which can attack, if the aggressor is correctly named, on a front of nearly a thousand miles. It would be difficult to maintain the line of communication among the 15 divisions.

Mr. DULLES. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. DULLES. Is it the thesis of the distinguished Senator from Georgia that unless there can be a military establishment in western Europe which is equal to that of the Soviet Union, there is no use having any?

Mr. GEORGE. Oh, no.

Mr. DULLES. The Senator would see value, would he not, in having some army established in western Europe, even though it be not the equal of that of the Soviet Union?

Mr. GEORGE. I am not questioning that at all.

Mr. DULLES. I was not clear on that point.

Mr. GEORGE. As I proceed, I think I shall make myself clear. But I digress, Mr. President, to say that I do not for a moment minimize the advantage of having some military force in western Europe. On the contrary, I assume that the western European nations, the nations in the North Atlantic community, will set their own house in order, so far as they are able to do so. Indeed, we were told—and I question whether this is going to advance the economic recovery of western Europe to any great extent—that there would be an expenditure by these helpless countries of $7 for each dollar we are contributing. In other words, they already have their budget made up and approved, and perhaps under way, calling for an expenditure of approximately $7,000,000,000.

I do not say that those countries are not entitled to some aid and assistance. I do not qualify the position which I took on the North Atlantic Treaty, to wit, that article 5 is more than a moral obligation; it is now a binding treaty obligation to fight unitedly or singly against an aggressor attacking the North Atlantic community. That is the heart of it. If the treaty means anything, the meaning is to be found in that article. I do not question that under article 3 we are committed to mutual aid and assistance. For what purpose? To enable us to get ready to repel an aggressor and to enable the North Atlantic community to get ready to repel an aggressor. Bear in mind that it is a mutual obligation; and here and now I repudiate the suggestion of the distinguished Senator from Maryland [Mr. TYDINGS], who certainly must have been overspeaking himself when he saw in article 9 an obligation for us, singly or jointly, to send our blood and our treasure to repel an aggressor in the territory of nations and states which refuse or decline or fail to contribute whatever mutual aid and assistance they can contribute to the enterprise. It would be tantamount, indeed, if the Senator's interpretation is correct, to the repudiation of the treaty by the North Atlantic community and the assumption of a blanket obligation on our part to defend them with our blood and treasure, regardless of whether they wanted to be defended or whether they were making any effort to prepare themselves. I do not think they will fail to make reasonable preparation. I do not think they will neglect to do what they can to safeguard their own security, but I desire to make clear that I do not think our obligation under the treaty can be given the construction which the distinguished Senator from Maryland gave it in his address. I think the obligation is for mutual aid and assistance. I think it is not only clearly implied, but it is expressly stated, and I think that any nation which will not give such aid and assistance as it can give for its own protection and for the protection and security of the whole North Atlantic community of states is virtually in the same position as if that nation had formally repudiated the treaty.

Mr. President, I repeat that my whole purpose is to limit the authorization at this time to what seems to me to be a reasonable contribution to the North Atlantic community of states under these conditions. There was not even an obligation, until the committees wrote it into this bill, to have an over-all program for a collective defense for those states. The bill now undertakes to do that. How effectively, of course, is open to some

question, but it does undertake to do that.

Let me read the provision. As the bill stands, $100,000,000 of the $500,000,000 cash appropriation authorized is to be immediately available to the President. There are no conditions attached there. It says:

Not to exceed $400,000,000 shall become available when the President of the United States agrees to the recommendations of the Council and the Defense Committee to be established under the North Atlantic Treaty, limited entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority, that the obligation and expenditure of such sums for the purposes of this act will promote an integrated defense of the North Atlantic area and will facilitate the development of defense plans by the Council and the Defense Committee.

Mr. President, I call attention specifically to the fact that we do not have the opportunity to approve that agreement, save through the President, before the additional $400,000,000 is made available to him. In other words, when the Council is organized under article 9 of the treaty, and when the Defense Committee is set up by the Council, and when the Defense Committee and the Council agree upon an integrated over-all defense program of the North Atlantic states, then the President may approve it. Congress need not ever see it, until we are called on to make some further appropriation to carry it out. I presume, of course, we would then insist on seeing it.

Mr. FERGUSON. Mr. President, will the Senator yield, or does he wish not to be interrupted?

Mr. GEORGE. I am pleased to be interrupted.

Mr. FERGUSON. I notice that there is a difference in language between the provision in section 101, lines 10 to 14, on page 18, and the language used in lines 23 to the end of the paragraph which the able Senator read. In the first paragraph the language is:

And after the agreement by the Government of the United States with defense plans—

That is, the plans themselves—

as recommended by the Council and the Defense Committee, military assistance hereunder shall be furnished only in accordance therewith.

That is, in accordance with the plans. But the requirement below is merely that the President agrees to the recommendation of the Council and the Defense Committee that they will promote or facilitate the defense plans. Why did the committee use different language?

Mr. GEORGE. Mr. President, I am not able to answer except that in the committee I did direct attention to what I thought was a defect in the bill, and I offered an amendment, which was rejected. I cannot quite explain why the committee acted as it did with respect to the matter pointed out by the Senator from Michigan. Actually this is a very awkwardly drawn provision, but it does undertake to do one thing, namely, to withhold the $400,000,000 until the President at least has agreed to the recommendations of the Council and the Defense Committee, within the limitations fixed in the language. I am not able to answer, because I did not have any part in the drafting of this portion of the bill.

Mr. FERGUSON. Does the Senator agree that there is a distinction between the two provisions? One provision indicates that after the plans are drawn then the money can be used only in conformity with the plans, but until that happens the President can use all the money, both the amount that is for contract obligations, and the $400,000,000, and the $100,000,000, even before the plans are drafted?

Mr. GEORGE. I agree that the question posed by the Senator is not completely answered by the language of the bill. But I do not think that was the intent of the provision. I must say that. I think the intent was that only $100,000,000 could be presently available. The $400,000,000 must be withheld until the plans are submitted and approved or agreed to by the President.

There is no express authorization for contract authority in the bill, I say, but the counsel who was advising the committee, and very able counsel, said that he thought that by necessary implication the language in section 103 was equivalent to the grant of authority by the Congress of the power to make contracts.

Mr. FERGUSON. I raised the same question yesterday, that section 103 does appear to require further legislation before contract authority could be granted. What concerned the junior Senator from Michigan was that as the language is drawn the Committee on Appropriations may find itself in such a position that, not having specific authority, it could not recommend the appropriation or grant of authority, because it would not have the authority to put legislation into an appropriation bill, and it seemed that there should be inserted in section 103 an amendment to the effect that the Committee on Appropriations would be empowered to authorize this contract authority.

Mr. GEORGE. I raised identically the same question in the committee. I insisted then, and I insist now, that there is no grant here by the Congress of authorization to grant contract authority except by implication, except perhaps by necessary implication. That was the view of the counsel who advised the committee. But that part of the bill was not rewritten.

I also raised the question, and I think there is some serious doubt, because of the confusion in the bill, whether the President could not proceed to spend the $400,000,000 and enter into contracts on which deliveries could not be had and payments made until the next fiscal year. But I do not think the committee intended that, and I am sure that those in charge of the bill would have no objection to clarifying the intent and purpose of the committee in writing this provision.

Mr. FERGUSON. Will the Senator yield for an observation?

Mr. GEORGE. I yield.

Mr. FERGUSON. I think I can agree with the Senator that, so far as the contract authority is concerned, there is no wording in the bill to prevent the President from contracting for the contract authority money, the $500,000,000, providing some committee, either the Committee on Appropriations or some other committee, should authorize it. He could do it immediately, even though he did not agree to the recommendation of the Council and the Defense Committee to be established under the North Atlantic Treaty, "limited entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority, that the obligation and expenditure of such sums for the purposes of this act will promote an integrated defense of the North Atlantic area and will facilitate the development of defense plans by the Council and the Defense Committee."

Mr. GEORGE. I have already indicated that I do not think this language, as it stands, is clear, and I do not believe that it actually carries out the intent of the committee. I think the committee did intend precisely what I have said; that with respect to the expenditure of the $400,000,000 and with respect to the making of contracts by the President, he must first accept the plan submitted by the Council and the defense committee, and the Congress must have authorized him to make contracts.

I think as a general proposition, outside of the language of the bill, the President has no authority to make contracts binding the Government of the United States.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. LONG in the chair). Does the Senator from Georgia yield to the Senator from Massachusetts?

Mr. GEORGE. I yield.

Mr. SALTONSTALL. In connection with the discussion between the distinguished Senator from Georgia and the able Senator from Michigan I call the attention of the Senator to the reference on page 18, lines 5 and 6, to section 402. These agreements are all subject to agreements further referred to in section 402. I think if the distinguished Senator from Georgia will again read section 402 he will see that the President is very much more limited, and perhaps this language is more clearly defined, than is indicated by an actual reading of it without reference to section 402. Does the Senator agree with me?

Mr. GEORGE. I think that is true. I was simply commenting on the language as it appears here, and I was simply trying to say what I am sure the committee intended, even by this language, although in certain respects it is rather awkwardly worded.

Mr. CONNALLY rose.

Mr. GEORGE. Does the Senator from Texas wish me to yield to him?

Mr. CONNALLY. I was going to suggest, Mr. President, in view of the interrogations which have been made of the Senator from Georgia, that I do not think any change in language is necessary at all, because the whole intention was, following the usual custom, to allow the Appropriations Committee to pass on the authorization itself. It has been

suggested, after consulting the legislative counsel, that we might insert—and I have no objection to it—on page 19, the words "in an appropriation act." It has been suggested that we insert those words within the contract authority provision on page 19. That would remove any doubt whatever. I do not think we are going to be able to fix it so as to satisfy the Senator from Michigan, because when we fix this he will break out in a new place.

Mr. FERGUSON. The Senator from Texas is entirely wrong.

Mr. CONNALLY. I am glad I am wrong.

Mr. FERGUSON. The Senator from Michigan does not intend to break out at any other place, but he has conferred with Mr. Rice on this question, and he has prepared an amendment to the exact language the Senator has now indicated.

Mr. CONNALLY. We can agree about it. The Senator need not become excited. We will agree to that amendment.

Mr. FERGUSON. I appreciate that.

Mr. CONNALLY. I simply do not want to have time taken up on a matter which is of no consequence, and which everyone favors.

Mr. GEORGE. I am clear about the intention of the committee, Mr. President. But I am calling attention to the fact that the President alone may say, "Let me see your over-all program. Now, I cannot give you any money beyond the amount specified here, nor under the contract authority granted me here, but I can see your contract, I can see your over-all plans, and your over-all plans may call for 50 divisions on the Rhine, may call for an expenditure of $12,000,000,000," as the newspaper columnists, the Alsops, assert in this morning's press.

I do not know whether the President would do that. I do not charge that he would make any down payments on contracts. But I am saying that so far as this binding authority is concerned, the President of the United States could accept the over-all program, recognizing his power to act presently under, and only under the limitations placed in the bill.

But on that point, Mr. President, I am not greatly disturbed, and I am not raising questions about it. My viewpoint is that $300,000,000 in cash, plus the $450,000,000 in excess arms should be sufficient to give the necessary assistance to the European states which are themselves prepared to begin setting up and developing their own defense systems.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. VANDENBERG. Does the Senator propose to return to a discussion of his amendment regarding the Presidential authority to review plans, or has the Senator finished his discussion of that point?

Mr. GEORGE. No; I expect to return to that under another amendment, I may say to the Senator. I was only incidentally mentioning it now.

Mr. VANDENBERG. When the Senator comes to that point I desire to discuss the question.

Mr. GEORGE. Mr. President, on that point I have nothing further to say at this time except that, while the President of the United States is the organ through which we must speak to other nations, the Congress has the authority to say what and how funds are to be expended even by the President. Congress has that authority, it has that responsibility; indeed it cannot escape it; and it ought not to undertake to delegate away that sort of authority.

Mr. President, coming back to the statements which have been made with respect to the ability of the North Atlantic States to resist an aggressor, permit me to say that it is perfectly obvious that the authorization and appropriation of even twice the amount carried in this bill would not provide an adequate defense, or even four times the appropriation authorized in this bill would not provide an adequate defense of western Europe.

Permit me again to say that if there is a basis for the fear which seems to have seized upon the souls of some of our colleagues that we are in imminent peril from Russia, then we are very shortsighted to continue to tear down the arms factories in Germany and to permit Germany at least to have the opportunity of swinging over into the Russian orbit. If it comes to the day and hour when the chips are down so far as western Europe is concerned, there may be found in eastern Europe an aggressor who can overrun the North Atlantic area. I do not say that could happen with our active participation. Unless we can reassure other members of the North Atlantic community that under our agreement in article 5 of the North Atlantic Treaty we are bound to safeguard every state against German aggression, also, fear of restoring German economy will not abate. I do not for a moment suggest that if Germany should get back on her feet and again become militaristic the North Atlantic states would not have grounds for fear, apprehension, and great concern. I understand that. But we are now in the North Atlantic Pact. We are pledging ourselves to resist aggressors. In view of that outright, positive pledge, cannot Germany be at least permitted to develop some strength which would be indispensable if the named aggressor in the east should move toward the Rhine. Without our pledge, without our commitments, I would not expect that certain states in western Europe would feel that they could permit Germany to be brought in on the side of the western European states. Germany will not permanently remain in a vacuum. She will go either to the west or the east. In the vicissitudes of time she must move in one direction or the other. I profess no power of prophecy. I do not know when or how it will come about; but Germany is there in middle Europe. For a century and a half she was able to shoulder back this aggressor in eastern Europe. She alone can give military security to western Europe, so far as the western European states are concerned.

I think it is highly questionable whether Italy and France, with such a large percentage of their population Communist, could even mobilize against Russia. They might, but I think it is exceedingly doubtful. Even with our assistance, they would still have serious problems if they undertook to mobilize their resources and manpower. I mention those two particularly. Western European states immediately have a contemplated strength of about 15 divisions. I should assume from many statements which have been made that they are armed only with sticks and stones; but I suspect that that is not so. I think we armed about nine French divisions in World War II. I think we have given them a great deal of equipment since World War II. I believe that we have given France alone a loan of more than $100,000,000 for military purposes since World War II. Of course, France got her part of the surrendered arms and materials of the Germans. If I am correctly informed, she got a considerable quantity of the German .88, perhaps the finest gun of that caliber actually used in World War II.

I do not say that France could hold back an aggressor at the Rhine, or any other place. Perhaps she could not hold back aggression if she had 5, 10, or 15 additional divisions. It is possible that General Bradley's judgment may be correct, that 50 well-equipped and well-trained divisions might be able to hold in check and perhaps turn the tide of an aggressive movement toward France.

What we are doing under this bill, so far as the first $100,000,000 is concerned, and so far as the $450,000,000 of arms and materials is concerned, is giving both money and arms to individual countries which have as yet no over-all, integrated plan of defense. No mistake could be more fatal if Europe is to develop a defense system.

Mr. President, I have never believed that attack from Russia was imminent. Of course, in that I may be wholly mistaken. Yet how could Russia launch an all-out aggression across Germany in the face of the positive commitment to the Atlantic Pact of ourselves, Canada, and 10 other nations? I have never believed that Russia had the transportation facilities, the equipment, and above all, the productive capacity to supply so large an army in the field and at the same time move forward to the English Channel and the Atlantic Ocean. It may be that she has the design, the intent, and purpose to move, and to move very rapidly. On that point I certainly cannot feel assured. I prefer not to feel overassured. However, I believe that no more fatal mistake could be made by any nation, including our own, than to base its foreign policy upon fear of a single state or group of states. If we are to have a foreign policy under which America can live and under which the world can move forward, it must be a positive American program, not growing out of or finding its inspiration almost entirely in the fear of Russia or her satellites.

That is the fatal error here. That is the vital mistake which we are making—going all out on a long-term commitment. I say with great respect for my good friend from Michigan [Mr. VANDENBERG] that at least by implication it is a commitment over a long period of time. The principal reason for it is fear of a single country which, although

powerful at the moment in that she has a mighty army capable of fighting defensively on her own soil, lacks the ability to carry on far-flung, sustained aggressions. She has the potentials of a great aggressive force if she could build up her production, if she could make the things she would have to have in quantities and keep them constantly moving up over wholly inadequate transportation facilities to her far-removed fighting area. With one or two minor exceptions which merely prove the rule, in her entire history Russia has not demonstrated the power to wage an aggressive war outside her own area and her own territories. The Russia of this day is no different in that respect from the Russia of yesterday and the day before. In time she may be able to develop power to carry her military aggressions to the four corners of the globe.

Mr. DULLES. Mr. President——

Mr. GEORGE. I yield.

Mr. DULLES. Is it the suggestion of the honorable Senator from Georgia that the Russian war against Finland was not an effective war? Is that the reason why the Senator omitted a reference to it from his statement?

Mr. GEORGE. No. I thought that was the exception that proves the rule, and I thought that war did not prove the capacity of Russia to wage an aggressive war against a powerful enemy a considerable distance beyond her own boundaries.

Mr. DULLES. I thank the Senator.

Mr. GEORGE. Mr. President, even if we be wrong in our estimate of what Russia intends to do and of what she is capable of doing and of what she may do speedily, is not the expenditure of $1,309,000,000 in this fiscal year, only 9 months of which remain, a reasonable contribution and a reasonable assistance on our part? Is not that substantial mutual aid? If everything goes well with us at home and if the pathway ahead of us is still one of roses, do not we owe something to our own people here at home, and is it wise to bleed ourselves white or even to stop the circulation of blood, thus bringing about a situation which sometime will lead to the condition which I have indicated at this time? What is it?

In this fiscal year we face the certain deficit—not imaginary, but the certain deficit—of more than $5,000,000,000. Nine months will roll around and our national debt will be increased by $5,000,000,000. To the extent we weaken America, to the extent we take away from the strength of our arm, we undoubtedly cut the life out of the whole North Atlantic community of states. The one hope of our world is for America to remain strong and robust, able to make good under article 5 of the North Atlantic Treaty and able to make a reasonable contribution from time to time, as necessity may indicate, to the other nations who, likewise, are bound by the same mutual-aid provisions of the North Atlantic Treaty.

I believe the North Atlantic Treaty was a wise step. I think the making of the North Atlantic Treaty was dictated by far-sighted wisdom. At the same time, one must know that if we were to convert the North Atlantic program into a great armaments program extending over the years, we would belie all the professions we made when we said the North Atlantic Treaty was a treaty intended to preserve peace. I do not think we can be accused of duplicity in our speech. But notwithstanding express declarations in the North Atlantic Treaty or whatever may be written into any measure in the future, if it is taken as the excuse or justification for engaging in an armaments race throughout our world against equally potentially powerful peoples in the other part of the world, then the North Atlantic Treaty will become nothing more than the enemies of that treaty charged from the first, namely, that it was purely a military alliance for military purposes. Of course, that was what they meant. I did not think so; I do not think so now. I have said that I recognize our obligations under it. I have said I do not minimize our obligations under article 3 of the treaty. I am willing to make some reasonable contribution to the North Atlantic states and to other countries, even though they are not strictly within the North Atlantic area as defined in the treaty. But I think what we also said when we were urging the Senate and the country to accept the North Atlantic Treaty is true, and I think it still remains true, namely, that what mutual aid and assistance we would give to other signatory states, how much, when, and on what conditions, remained for our decision. That is all. In my judgment there was not a scintilla of factual statement made to the two committees which would not leave any honest man freedom of choice as between $1,800,000,000 in this bill and $1,300,000,000 in this bill. That is the effect of the amendments I have offered. Such a decrease does not amount to whittling down. It must yet be borne in mind that the Council has not actually met, has not appointed its defense committee; no over-all program has yet been developed, and we do not know what that program will be.

Again, Mr. President, I come back to the type of bill which was first presented to the Senate, a bill which would have made of the office of President of the United States the supreme war power of the universe. I go one step further now and say that if the plans which we are now told are not mere guesswork, but which, we are told, represent solid, profound consideration and agreement among great military experts, and had been in the making months ago, actually were in that condition months ago, then the Senate should have been told what that program was when we were asked to ratify the North Atlantic Treaty. The first bill, even the second bill, even the great plans which we are now told have been developed over the months, were not presented to the committees in anything like the detail carried in the press, nor even in the detail testified to in the Senate by eminent Senators who have spoken on this subject.

Mr. President, in conclusion I desire to make one statement on this particular amendment. The statement is this: If America is to remain strong she must not do the things which have weakened nearly every state in Europe. If America is to remain a powerful state with great potential ability to aid the North Atlantic community she cannot do the things which many states in Europe—indeed, nearly all of them—have done. We cannot adopt a socialistic program and remain strong. It may be tried. I remember what happened to the French Army in World War II. There they stood behind the Maginot line, some 3,000,000 of them, under arms and in reserve. In 39 days Germany went to the channel ports. Why? Because France was not the France of the old days. She did not have the strength of arms she once had, when Napoleon led her armies. She had become emaciated through socialistic influences. Her strikers did not want to work in the munition factories and in the aircraft plants. If America is to remain strong, if we are to make our contribution under the North Atlantic Pact, we cannot follow the road traveled by the European states. One of the roads was precisely this: For a half century—it has been somewhat more than a half century, but fully a half—England has followed a program of destroying her reserves—I am talking about material things now—until she could not replace the machines in her factories, she could not build assembly lines. She lost her power because she had exhausted the reserves and confiscated the income of her people through high taxation.

Does not the American businessman deserve a right to make some money now? Do not the poor, the people in the lower tax brackets, deserve a break in the matter of taxes? Do not our people deserve a chance to accumulate reserves in order to remain strong? That cannot happen, Mr. President, if we are going to engage in a $12,000,000,000 program over the next 4 or 5 years, before war even comes to Europe. It is said war would not come then. Perhaps not. I should hope not. Perhaps the outlay might be insurance; I should hope so. But we need not speculate about it. We face the absolute certainty that taxes in America cannot be reduced so long as we are spending $16,000,000,000 in our own defense and allied programs at home, and giving away each year $2,000,000,000 for military purposes over a long period of time in Europe. It cannot happen. Taxes will go up, not down. That will weaken America, and if America is weakened, a great prop—I do not say the only one, but a great prop—back of the North Atlantic community will be removed.

Mr. DULLES. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from New York?

Mr. GEORGE. I yield.

Mr. DULLES. I hesitate to interrupt the eloquence of the Senator, but a moment ago he made a reference to France which I do not think ought to go without a brief observation. I think the distinguished Senator said France had become emaciated through socialism. I am no friend of socialism, as the Senator from Georgia knows, but I do not think it should be forgotten or passed without reference in the Senate Chamber that

France became emaciated through something more than socialism. It should not be forgotten that hundreds of thousands of Frenchmen died valiantly at Verdun, so the enemy could not pass, and made the bulwark which defended America.

Mr. GEORGE. I quite agree with the Senator. I not only agree with him, but I led the fight in this body for lend-lease to help the same France and to help other nations of the North Atlantic area, remembering precisely what France had been and what a great contribution she had made. But by the time of World War II, France was so shot through with socialistic principles and practices that she was incapable of real defense against the German armies.

Mr. DULLES. Does the Senator believe, because of that episode, that France should be written off entirely as a bulwark?

Mr. GEORGE. Emphatically not. I hope I have made myself clear. I am speaking solely of what I think is a proper contribution we should make at this time—not at a future time, but at this time—to aid and assist all these nations, including France; and my judgment is France will be the recipient of the greater part of what we now contribute. I do not want to be misunderstood. I have tried to make myself clear on that point.

Mr. McMAHON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Connecticut?

Mr. GEORGE. I yield.

Mr. McMAHON. The Senator has made an observation regarding the French situation. In Great Britain, during the 1920's and early 1930's, when Stanley Baldwin was in power and was leading the Conservative Party, and when Churchill was a member of the Liberal Party and was charging Baldwin day after day in the House of Commons with the fact that England was unprepared, Churchill's pleas fell on deaf ears. The Conservative Party backed Mr. Baldwin to the limit. The result was it was only the fighting qualities of the British people, the desperate fight they put up, which made it possible for them to survive. I should merely like to call the Senator's attention to that fact.

Mr. GEORGE. I have not overlooked that fact, and I am not unmindful of it. England has had no stronger friend here than the Senator from Georgia. England's present difficulties did not grow out of the Labor government. They long antedated the coming of that government into power in Great Britain; but she cut the life out of her economic system, she destroyed her reserve, and she did not keep her factories modern. England is not yet capable of producing at the competitive cost level of a great producing country, such as ours. That is the only point I am making. We cannot follow the several roads which are clearly marked all over Europe today and come out as a strong, robust, powerful America. That is the only guaranty, after all, of our ability, and, in large part, of the strength and power of the whole North Atlantic community.

Lenin is quoted as having once said that Germany would arm herself out of existence, England would expand herself out of existence, and the United States would spend herself out of existence. I do not know whether Lenin gave utterance to that thought or to those words, but I do know that it is quite possible to follow the well-marked roads through all Europe today and come out at the same point of destination at which many of those states now stand. If that happens to us, the North Atlantic Pact will be to us of little value and it may be of little value to any part of the North Atlantic community. Therefore, Mr. President, I think that by reducing the amount of money now being authorized and the contract authority now being authorized by only $500,000,000, almost in line with what the House of Representatives has done, we can make effective the contribution of aid and assistance to the European states.

How soon can they spend, economically and efficiently, this sum of money? I have already pointed out that of this fiscal year but 9 months remain. We are coming into other fiscal years, when we shall have a program, when we can at least know what the over-all integrated defense program calls for, and we can evaluate it. But now we have no plan, no blueprint, no specifications. We say, nevertheless, "We are giving you $400,000,000 in perfectly good arms and $100,000,000 in good money," even before the President of the United States has looked at the plan. Is it unreasonable to say, under the circumstances, that we will reduce the total appropriation to $1,399,000,000, which I have heretofore estimated in the presence of the Senate?

We are not touching Greece or Turkey; we are not interfering with China. My great regret is that we do not know whether even $75,000,000 or any other sum can be effectively used in China at this time. But we are not touching it. We are not touching the sums, small though they be, carried in the bill for Iran, Korea, and the Philippines. We are not touching the arms which can be speedily and fully restored, and we are not saying that they cannot have the money to restore them, and even $225,000,000 more, as soon as the President has a look at the over-all program. On top of that we are saying there shall be contract authority, not in the sum of $500,000,000, but contract authority to the end that contracts may be made in advance, and to the end that planning may be carried on by the representatives of the North Atlantic states.

Mr. President, I have already offered the amendment which was read by the clerk.

Mr. DULLES. Mr. President, I support the military assistance bill as it has now been reported by the committee, and I hope that the bill will be passed by an overwhelming and nonpartisan vote.

The bill in its present form is the product of bipartisan effort. As originally submitted, as Senate bill 2341, the program presented a demand for Presidential power which has, I think, never been matched in time of peace and has seldom been matched in time of war. It would have given the President discretionary authority to furnish arms and military assistance to any government or to any private group in the world. He could have rearmed Germany and Japan; he could have given military aid to any revolutionary clique, in South America or elsewhere, seeking to overthrow a government which, for one reason or another, had incurred the President's displeasure. This authority would have been given him in perpetuity, subject only to repeal by congressional action over which the President would have the right of veto. There was no limit to the amount of military assistance which could be given out of the surplus, the reserves, and the stock piles of our defense establishment.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. DULLES. I yield.

Mr. CONNALLY. Before the Senator leaves the point about the original bill, I think it should be known that as soon as the chairman of the committee looked at the first bill the Department was told that the committee would not take that at all, that it would have to be redrafted. It was redrafted, and submitted to the committee as the bill upon which we worked. Is not that true?

Mr. DULLES. I am very glad to have that statement in the RECORD.

Mr. CONNALLY. It is in the record of the committee. All the members of the committee know that the chairman of the Committee on Foreign Relations, as soon as he examined the bill, said, "No, that will not do." One reason why he had not examined it earlier was that we did not want the military arms bill sent up while we were considering the treaty.

Mr. FERGUSON. Mr. President, will the Senator from New York yield?

Mr. DULLES. I yield to the Senator from Michigan.

Mr. FERGUSON. Who introduced the bill?

Mr. CONNALLY. I did. The Senator certainly knows that the chairman of the committee usually introduces a bill of this kind. I introduced the bill as a working paper, something to go on, because we had pressure from the departments.

I know what the purpose of the Senator from Michigan is. It is to embarrass the Senator from Texas.

Mr. FERGUSON. Not at all. I think the RECORD should be clear that the Senator did introduce the bill and that it was sent to the committee. I understand now that as soon as it got to the committee the Senator advised that he was not backing the bill.

Mr. DULLES. Mr. President, I expect in due course to give recognition to the cooperation which was shown in this matter by the distinguished Senator from Texas, but at the point in the narrative where I now am, that cooperation had not yet appeared. I am now describing the bill as it was sent to Congress by the administration, and as it was originally introduced by the distinguished Senator from Texas, with other Senators.

As I was saying, Mr. President, the authority given by the bill would have been in perpetuity, subject only to repeal by congressional action, over which the President would have the right of veto. There was no limit to the amount of

military assistance which could have been given out of the surplus, the reserves, and stock piles of our defense establishment. The initial monetary appropriation sought, $1,400,000,000 for the first year, was over and above the unlimited power to furnish military assistance in kind. The President would have had authority to take the goods and manufactured products of other countries, bring them into this country free of duty, sell them here in competition with American workers, and remit the dollar proceeds to foreign governments for use for military purposes.

Such a program was from the beginning doomed to fail. The Republicans in Congress could have taken the lead in administering that defeat, and in that way we might have gained a partisan victory. But that victory might have been costly to our Nation.

So we adopted a different course. Some of us discussed the situation informally with the Secretary of State and pointed out the features of the bill that made it entirely unacceptable. As a result, the original bill was quickly withdrawn and sought to be forgotten. A totally different bill, S. 2388, was substituted. It was drawn along lines that it seemed would command the support of both Democratic and Republican Senators. It was that new bill which became the basis of public and private hearings. I should, in fairness, say that in my opinion neither the President nor the Secretary of State was personally aware of all the implications of the original bill. I think that its excesses represented the excessive zeal of those who surround the President, and who share the political philosophy that the more the President personally gains unlimited power over all phases of our national life, the better it is for the people.

Study of the new bill and hearings before the Senate committees made it apparent that the bill also required some changes. Accordingly, the senior Senator from Michigan [Mr. VANDENBERG] and the junior Senator from New York [Mr. DULLES] proposed a series of amendments. We proposed to reduce by $160,000,000 the total monetary amount for Atlantic Pact countries, and to spread the appropriation of the balance—$1,000,000,000—over 2 years instead of 1. We proposed that there be a ceiling upon the value of the United States equipment that might be furnished in kind. We proposed a new declaration of policy and provisions to insure that any aid to North Atlantic Pact countries would be geared into the policy of that pact. We proposed that Congress should have authority, by concurrent resolution, to cut off any assistance to North Atlantic Pact countries that would not promote the policy of area defense under the pact. All these proposals are in the pending bill.

The senior Senator from New Jersey [Mr. SMITH] added an important amendment, designed to reaffirm the policy of the United States with reference to promoting disarmament under adequate safeguards, and the junior Senator from California [Mr. KNOWLAND] proposed an amendment to make it possible to give aid to China. These amendments are also reflected in the pending bill, although the China aid reflection is somewhat feeble.

The distinguished chairman of the Joint Foreign Relations and Armed Services Committee, the senior Senator from Texas [Mr. CONNALLY], and the senior Senator from Maryland [Mr. TYDINGS], cooperated wholeheartedly to bring out a bill which could command bipartisan support. It is that result which is now before us. It represents an outstanding example of the importance of a Congress that is independent and vigilant, and that subordinates partisan advantage to national welfare. We have shown how bipartisan foreign policy ought to work and how it does work in the hands of men of good will.

Mr. President, there are certain provisions of the bill which are relatively noncontroversial, but which I believe deserve certain passing comment.

AID TO GREECE

The Government of Greece has for several years been fighting for its existence against a communistic revolutionary movement supported by the Communist states on Greece's northern border.

The United Nations has concerned itself actively with this situation, and for the last 2 years I have been primarily responsible for the handling of this matter in the United Nations Assembly. The Assembly has sent commissions to observe, and their observations clearly proved that Greece is the victim of indirect aggression.

The United Nations Assembly has no power of itself to intervene directly. It can, however, arouse public opinion in the member states so that they will aid the victims of aggression. It is doing so, and the United States is one of several members that are responding. We have been supplying military aid, and the pending bill would continue it. This, in my opinion, is imperative. Even Mr. Henry Wallace, in his testimony on the bill, conceded that without that aid Greece would now be under Communist control. In view of the geographic position of Greece and the Greek islands, the consequences of that could be serious.

AID TO TURKEY

Turkey, more than any other single country, is the subject of Soviet territorial ambitions. Soviet policy seeks Turkey's northern provinces and control of the Dardanelles. Its demands have been clearly expressed and have been backed by threats. However, the Turkish people have not been intimidated. They have a substantial and well-disciplined army, and there is no question in anyone's mind that they have the will to fight to defend their homeland. The army, however, needs further military equipment. We have been giving that, and this bill would continue it. That, again, I consider imperative. There is no place in the world where we can invest some of our military equipment to better advantage.

AID TO IRAN

Iran is another state that borders upon the Soviet Union, and where the Soviet Union has territorial and economic ambitions. After the war, Russia's armies remained for a time in occupation of the northern province of Azerbaijan, and the Soviet government has demanded an important part of the rich oil reserves of Iran. Those demands the Government of Iran has bravely rejected, and under pressure from the United Nations Security Council the Russian troops were withdrawn. It is, however, important to help the Government of Iran to develop an army sufficient to cope with the revolutionary movements which the Soviet Union is constantly trying to foment in that country.

AID TO KOREA

Korea, or at least the southern two-thirds, has become an independent state primarily through the efforts of the United States in the United Nations. I had the privilege of acting for the United States delegation in that matter.

It was first proposed, 2 years ago, to restore independence to Korea by bringing about the withdrawal of the Soviet forces in the north and the United States forces in the south, which had gone there to receive Japanese surrenders. I was, however, shocked to learn that the Soviet government in the north had been working hard for 2 years to establish a Communist Korean government controlling a large, well-disciplined and well-armed Korean-Communist army, and that there was nothing comparable in South Korea. In consequence, the Communist government of North Korea could readily have overrun South Korea and it clearly indicated its intention to do so. A beginning was then made to correct that situation, and there has gradually been brought into being a military establishment in South Korea which, with some further help from us, should be able to hold its own against invasion by the Soviet puppet government in North Korea.

Of course, no military establishment in South Korea could of itself stop open aggression by Soviet forces. That statement is equally true of Greece, Turkey, Iran, and, indeed, of western Europe. However, it does not seem that Soviet leaders now contemplate such open action, but that they are now relying primarily upon tactics of indirect aggression. Therefore, Mr. President, it seems to me it is well worth while to help the Government of Korea to equip military forces that can at least offset those in the north of Korea. The present appropriation will be a good, even though a belated, step in that direction.

AID TO THE PHILIPPINES

The Philippine Republic represents the forward-looking policy of giving independence to colonial peoples as rapidly as circumstances make this practicable. The United States long ago committed itself to independence for the Philippines, and at San Francisco we joined with others in writing that principle into the United Nations Charter. It is, however, not enough today to turn peoples adrift in the world with nothing but independence. Under those conditions, independence would quickly vanish. With all the threats of indirect aggression and revolution that exist in the world today, every sovereign government needs some substantial, loyal, disciplined, and

equipped military force to sustain it. This proposal to give military assistance to the Philippines is merely a proposal to give reality to our grant of independence.

I turn now to the more controversial aspects of the bill.

CHINA

The administration did not ask for congressional authorization of any aid to China or the Far East other than the Philippines and Korea. That presumably is because they did not have any policy to implement.

I certainly agree that there is no point in spending without a policy. That is seldom productive of good, and it is usually productive of bad. But it is, I suppose, possible—and indeed I should like to think it is probable—that the administration will develop a policy to check the sweep of communism in China and the Far East. I know that the Secretary of State is seeking that, and certainly that is a result devoutly to be sought. As things now are, our Pacific front is wide open to encirclement from the east. Stalin himself wrote some 25 years ago that the west was most vulnerable to attack through the east, and the Soviet government has been supporting Communist revolutionaries in China ever since. I saw that support with my own eyes in Hankow in 1938, and it is somewhat surprising that our Government seems to have been totally unprepared to meet the danger. Today the situation is critical.

Of course, Congress itself cannot impose a foreign policy. The current conduct of foreign affairs, under the Constitution, devolves upon the Executive. But I believe that the Congress can usefully anticipate the possibility that the Executive might, while Congress is not sitting, find a policy. If so, it would be tragic if further time were lost because no resources were available to implement that policy. Therefore, I believe that the action proposed in the present bill has great importance from the standpoint of our national security.

AID TO EUROPEAN MEMBERS OF THE PACT

Aid to European members of the North Atlantic Pact is the most controversial aspect of the bill. It involves about 80 percent of the total in money and material designed to be authorized by the bill.

When the North Atlantic Treaty was before the Senate for consent to its ratification, I said that in my opinion nothing in that treaty involved a legal and moral commitment on the part of the United States to furnish arms to any other party to the treaty. I said that the treaty did establish the principle of joint area defense, but that whether or not that defense would be best served by our giving arms to any other nation would be a matter which the Congress would be free to debate and to decide later on its own merits. That is still my view. In my opinion, the Congress is entirely free to conclude that the responsibilities of the United States under the pact would be best discharged by concentrating our military strength outside of the continent of Europe and relying upon the threat of air attack to deter aggression there. That is a strategy which some competent military persons advocate. There is no question in my mind that the Congress is legally and morally free to adopt that view and refuse to authorize the giving of arms to other members of the pact.

I do not myself share that view, because, in my opinion, the present unbalance in Europe is abnormal and unhealthy, and there is time to correct it. The information given me, publicly and privately, by our own Government and by heads and leaders of European governments, does not indicate that the Soviet Union now contemplates open military aggression in Europe. Direct military aggression is not the preferred weapon of the Communist Party that controls the Russian Government. It is aggressive. It seeks world domination. But its preferred methods are political penetration, fifth-column activities, and revolution. At that they are past masters and have no equals. But in war, our atomic weapons and industrial superiority would give us the advantage. It does not seem likely that Soviet leaders would now switch from methods at which they are superior and with which they have reason to feel they are winning, in order to use methods at which they are inferior.

The time may come when Soviet Communist methods of penetration and indirect aggression cease to be effective, both in the east and west, and it may be that at that time there will be a critical moment, when open war or peace will hang in the balance. But in view of the great vista of conquest opened up to the Soviet Union in the Far East by virtue of its present methods, direct military action does not seem to be imminent, in the opinion of most competent observers, including the military. That seems a reasonable conclusion.

Of course, it would be foolish for us to send arms to the Continent if Russia were about to invade it. That would merely weaken us without creating any new possibility of formidable defense. If, however, there may be a few years before war would seem to Russian leaders to be a desirable alternative to their present methods, then we may have time to redress the military unbalance in Europe, and thus reduce the risk of future war.

I agree with the conclusion which I was happy to hear the distinguished Senator from Georgia [Mr. GEORGE] express in answer to my question, that the redressing of that unbalance does not necessarily require an armed force equal to that of the Soviet Union, but that a military force much less than that would serve a very useful purpose in that respect.

It would, of course, be much better if the present unbalance could be corrected by reducing armament in the Soviet Union, rather than by building it up in western Europe. We have tried that way in the United Nations. Last winter, when I was acting chairman of the United States delegation, I helped secure the adoption of a program to start an arms census as a basis for future arms reductions. However, the Soviet Union has absolutely refused to cooperate in that effort. We ought never to renounce reduction of armaments as our goal, but we cannot safely go that way alone.

At the present time, according to reliable estimates, there are approximately 4,100,000 persons under arms in the Soviet Union. They are a well-equipped land force, well mechanized, and with good air support. In addition, there are approximately 700,000 troops in Soviet satellite countries, excluding Yugoslavia. As against this total of nearly 5,000,000, the North Atlantic continental countries have approximately 1,000,000 in their armed services, of which about 500,000 are in France and about 250,000 in Italy. However, these troops are not well equipped because their countries were swept clean of military stocks by the German occupation. There is, however, a nucleus of able and loyal manpower which has great potentialities. Their imperative need is modern, standardized equipment. Our military advisers say that it would be possible, over the next 3 or 4 years, to build up a military defense establishment on the Continent which, at the end of that time, while not being nearly equal to that of the Soviet Union, would at least cause Russia to pause before launching an attack of her own. That, it seems to me, is a goal worth seeking and a chance worth taking, at the cost which would be involved.

The process of seeking that goal will also, and quickly, serve to strengthen friendly governments as against indirect aggression. I have been in France when there was twice grave jeopardy because of political strikes and sabotage. The first time was in the late fall, November and December of 1947, and the second time was in the fall of 1948. The French Government, with a spirit quite contrary, in my opinion, to that suggested by the distinguished Senator from Georgia [Mr. GEORGE], acted courageously, using what troops it had. Those troops acted courageously and loyally to prevent a serious and major threat of indirect aggression engineered from Moscow. They patrolled railroads, operated the public utilities, saved the mines from flooding, and prevented economic and political disaster. But it was touch and go, particularly in the fall of 1947. If the French Army is strengthened and further equipped, that will serve mightily to deter a third such effort.

I see, therefore, advantages in giving the military assistance contemplated by the present bill. As I see it, the military assistance contemplated by the present bill can both reduce the risk of indirect aggression and promote the prospect of a durable peace. I think the amount proposed is reasonably related to the probable gain, and that it ought not to be further reduced below what is provided in the bill reported from the committees. I quite agree that on these matters we ought not to accept blindly the judgment of our military advisers as to the scale of assistance that is desirable or which should be authorized by Congress. I consider it essential that the civilian branches of our Government should always exercise an independent and final judgment on these matters. They should never surrender their own

judgment to that of the military. But, of course, in these matters the judgment of the military is one of the important factors to take into account. I suppose no one would suggest that it is a factor to be wholly neglected. On the basis of the testimony of our military advisers in executive session, plus the best estimates as to the time that may be available in which to restore a stable balance of power in Europe, plus a considerable background of information of my own gained first-hand in Europe, I am clearly of the opinion that a further reduction in the amount to be authorized would not be in the national interest.

I say that despite the fact that I feel very much in sympathy with the views which have been expressed by the distinguished Senator from Georgia as to the necessity for national economy. I can find other places where, in my opinion, economy can be effected with less damage to the national interest than by a further slash in the amount contemplated by the pending bill.

While I have expressed my strong support of the bill, I want to add something further which relates to the future, and which is not within the power of Congress to decide, but upon which I think it is appropriate that Members of Congress should express an opinion for the guidance of those in the executive branch of the Government who do have the power.

In my own opinion, there is no great advantage in embarking upon this program unless it is to be a part of a common defense of the 12 Atlantic Pact countries to be organized under the North Atlantic Treaty. In my opinion, it would be folly if we merely rebuilt a series of independent national military establishments in each of the 10 European countries which are parties to the North Atlantic Treaty. No one of those countries can be strong enough to stand alone, and the attempt on its part to become so strong would be disastrous economically.

I supported the North Atlantic Treaty because in my opinion it was a step toward the broader collective security contemplated by the United Nations Charter, and because it seemed to me that if the resources of 350,000,000 people were effectively pledged to a common defense, the burden on each nation, including the United States, would be much less than if there were 12 separate military establishments. It seems to me, for example, grotesque that any country except the United States should attempt the difficult and appallingly expensive process of making atomic weapons in quantity. Others cannot afford it, nor should those weapons, or intimate knowledge of them, be at exposed points. But we cannot expect other people to take that view unless area defense is developed as an actual reality upon which each of us, including the United States, is visibly dependent. It would be foolish for the French to attempt to develop a new great navy in view of the immense existing superiority of the British and American Navies over that of the Soviet Union. These are the kind of problems which need to be dealt with by the council under the North Atlantic Treaty. They involve not merely military but political considerations of a high order.

Again referring to the observations made by the distinguished Senator from Georgia, I am quite of the opinion that western Germany should be in the area of North Atlantic defense. Without that, as I see it, the western Germans would really be thrown into the arms of the Soviet Union. But that is a problem which involves very serious and delicate political considerations. Again, it is a problem of the type that needs to be considered, discussed, and settled by the Council under the North Atlantic Treaty before our aid under this arms bill can achieve anything like maximum effectiveness and utility. That is not going to be a result easy to achieve.

Mr. President, military men have a passionate loyalty to their own particular nation and to their profession. They desire to build up their own national military establishments, and they sympathize with the desire of others to do the same. Unification and economy of military establishments as between different nations will be even harder to achieve than as between our own armed services, and we know that is hard enough. Yet that is the great goal the treaty promises, and that is the goal we need to pursue if the treaty is to justify itself. Congress will have to watch that situation. Under the bill as now drawn, Congress will share with the President at least the negative power to divert aid from the European countries if it does not fit into a general plan of common area defense. I think that is the best plan that can be legislated under the constitutional allocation of powers.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. DULLES. I yield.

Mr. MILLIKIN. Is there an assurance, at the present time, of common area defense?

Mr. DULLES. There is no such assurance. That, as I say, is a situation which in my opinion the Congress must watch. Under the bill as now drawn, and pursuant to the proposals which were made for amending the original bill—and I have referred to them—it is contemplated that Congress can cut off the provision of aid under the bill, subject only to then existing commitments, if it is felt that the plan will not lead to a common area defense. I think that is as far as Congress can go under the constitutional allocation of powers.

Mr. MILLIKIN. Mr. President, will the Senator further yield?

Mr. DULLES. I yield.

Mr. MILLIKIN. I am very much interested in the common area defense. I am somewhat disillusioned regarding its possibilities by what has happened under ECA in connection with our attempts to secure economic unification. I think the record will show that we have had great difficulties along that line under ECA. In connection with ECA aid, we have also been attempting to stimulate freely convertible currencies, integrated industries, and the lowering of tariff barriers; in other words, to have a western European trading area where the countries of western Europe could have orderly surpluses, could absorb a considerable amount of those orderly surpluses among themselves, and thus could lighten the burden upon the United States.

However, very little progress along that line has been made. I suggest that in the over-all view there has been no progress whatever. It is admitted that there has been a distinct tendency toward the development of economic nationalism along the same line that the distinguished Senator has mentioned in connection with the tendency toward military nationalism.

Mr. DULLES. Mr. President, I share the disappointment of the distinguished Senator from Colorado that there has not been more progress toward economic unity under the European recovery program. As the Senator may recall—I think he was sitting in the committee at the time—when I testified in relation to the European recovery program, I then pointed out that in my opinion the European recovery aid might be almost worse than useless—I think I used the phrase work in reverse—unless it operated to achieve increased unity, because I said only in such increased unity can there be any real salvation; and if our aid amounts to a crutch which makes the countries of western Europe constantly dependent upon us, it will be worse than nothing. Of course, crutches which aid people to recover are useful, but only if later they can be thrown away. I am not at all pleased with the progress which has been made along the lines now discussed; but I am not completely discouraged about the future.

I was one of the Senators who discussed this situation with the Administrator, Mr. Hoffman, when he was here some weeks ago at the time when the European recovery appropriation was debated. I emphasized that point of view to him very strongly. I was happy to observe that after he returned to Europe, he made some very strong statements along that line. I sent him a cablegram in which I expressed my gratification that he seemed to be "putting the heat on" a little bit along a line which seemed to be indispensable. I received from him a reply in which he said he was exerting himself to the full to try to bring about the single-market situation which it seems to me—and I think the policy was written into the bill—is our great goal under that act.

Mr. MILLIKIN. Mr. President, will the Senator further yield?

Mr. DULLES. I yield.

Mr. MILLIKIN. I, too, have read with considerable interest the remarks made by Mr. Hoffman since his return to Europe. But within the past 4 or 5 days we have participated in a policy which has made the United States a shock absorber for the dislocations of international balances of trade.

Thus, by absorbing the problem ourselves we have reduced the necessary incentives for those devaluing countries to integrate their industries, make their currencies convertible, reduce the distortions in their trade balances and build a sensible western European economy.

I am inclined to think that we are getting into the habit of always making ourselves the mattress upon which they can

dump their mistakes. We are always preaching the necessity for their solving of their own problems but the solution always requires that we absorb them ourselves.

Mr. DULLES. Mr. President, I would be reluctant to express an opinion which had any finality to it regarding the effect of the currency devaluations which recently have occurred. That is a complicated matter, but I think I share the point of view of the distinguished Senator in believing that a solution of the economic problem does not depend upon creating artificially, either through tariff action or currency action, a situation such that the surpluses in each of the separate European countries, instead of being exchanged between themselves, will all come to be dumped into the United States market. I do not think that is good for us and I do not think it is good for Europe. Increased prosperity and well-being in Europe will require an exchange of the surpluses of each of those countries as between themselves.

Mr. MILLIKIN. Exactly.

Mr. DULLES. There should be an exchange of lemons from Italy for shoes from England. There would be no point in sending all the shoes from England to the United States and all the lemons from Italy to the United States. That would not help us and it would not help Europe. There should be a greater exchange of the surpluses. Now that the economic vacuum of the world has been filled up to some extent, I am concerned with the fact that surpluses are developing in different countries which ought to be exchanged among themselves and thus raise the general standard of living in Europe, which is the goal. But under existing conditions, they all tend to be pushed into this dollar market, which is the only free market in the world with hard currency.

Mr. MILLIKIN. Mr. President, I am exceedingly grateful for the observations made by the distinguished Senator. They reinforce the apprehension which is developing within me that we have not cured anything, that we have simply accepted responsibility for a new set of problems which must be assumed and solved by others. By devaluation the equivalent has been accomplished of a 30-percent reduction of our tariffs, while we have put an additional 30-percent hurdle upon our exports. For what purpose? So that we may absorb more of the unmanageable surpluses of western Europe, and so that they may absorb less of our exports. That has certain usefulness in working out balances, but the end point is that we always wind up paying the cost and delaying the necessary remedies which must be taken abroad.

If I may make a further suggestion along that line, perhaps we are getting into the habit of overmedicating Europe. A man gets the gout, and somebody gives him colchicine. The same man develops a bruise on his leg, and somebody says, "You have got to thin your blood, because otherwise a clot might get loose and hit your heart or brain." So he is given some heparin. He gets a little sugar in his blood, and they give him some insulin. He gets a wart on his liver, and they give him a strong cathartic. His heart misses a beat and they give him digitalis. His sleep is not as good as it might be and they give him barbiturates. And one day a big black limousine drives up to his home, and a couple of men carry in a light basket. A little later, they come back with a heavier basket, and 3 or 4 days later, there are flowers, tears, and messages of condolence, and the clods rattle on the coffin of the victim. It would be appropriate to carve on the headstone "This man died from the overmedication given by loving friends." I am afraid we are getting into the habit of overmedicating a patient who perhaps does not need so much of it and will recover quicker with less of it.

Mr. DULLES. I have always had great respect for the wisdom of the distinguished Senator. Now I have even greater respect since I see he is not only a statesman but also a doctor. But, perhaps because I am a neophyte in this business and only beginning, I trust, a career in the Senate, I still have faith on matters as to which the distinguished Senator seems to be disillusioned. I have not lost faith that out of the European recovery plan will come the results which were written into the policy of the act, and in the writing of which I played some part, because some of the language of it was taken from my testimony before the Foreign Relations Committee. I think the phrase "the continuity of American aid shall be dependent upon continuity of cooperation among European countries" was taken verbatim from my own testimony. I reminded the Administrator of that declaration, and I suggested the time might have come for him to suggest that there was a question whether there was the continuity of cooperation which we anticipated and upon which our own continuity of assistance was made dependent under the policy of the act. I said to him, "That is not a personal policy of yours; that is a policy which is written into the act as the policy of the total Government of the United States."

I believe, despite what has happened, it is not time to lose faith or to discontinue the pursuit of the effort. I believe it is worth while to pursue a similar effort along military lines under the North Atlantic Treaty and under the proposed military-assistance bill.

Of course, I do not for a minute think it wise or right for the Congress merely to appropriate money and then forget about it. If that happens, I think there is a pretty good chance we shall not obtain the results we want; the money will be spent, and we shall not attain our goal. I think the Congress must constantly and vigilantly watch the situation.

The reason for some of the present provisions of the bill is that they reflect my strong convictions along that line. That is why there is now in the bill a provision to which I point, which says that the Congress of the United States can cut off this aid if it is not serving its purpose. In other words, there is now written into the bill a provision comparable to what I sought and which largely was written into the European Recovery Act—a provision for the installation of what we may call a faucet. We are supplying the water and letting it go through, we are letting our money go through, in order to achieve certain goals. But the Congress is in position to close the faucet at any time when it seems the desired goal is not being achieved. If the water is running, not into a single receptacle, but is being divided into 12, 11, or 10 separate receptacles, then in my opinion the Congress ought to use the power reserved to it to end the aid under this bill and turn off the faucet. I believe if the Congress exercises vigilantly the power which this bill gives it, the Congress can overcome what might be an inertia on the part of the administration and other governments to achieve the great result we seek.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. DULLES. I yield.

Mr. MILLIKIN. I would not by anything I have said indicate a loss of faith. If I did not retain my own faith, I could not forgive myself for my own support of parts of the programs, nor for other support which I intend to give. I am asking for a continuance of faith, but I am asking for more performance; that is what I am talking about. We speak of these noble objectives. We are always going to do something, but the situation intensifies in the other direction, and in the end we become the net to catch the trapeze performers when they fall. Perhaps we shall have to take away the net some day to inspire better performance.

Mr. FERGUSON. Mr. President, will the Senator from New York yield for a question?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. DULLES. I yield.

Mr. FERGUSON. Sharing the views of the distinguished Senator from New York on the question of the integrated defense plan, and prefacing the question I desire to have answered by the statement that, as the Senator has indicated, the Congress has the right to cut off the supply of funds, I am concerned, then, in view of certain language in the bill, as to whether the full $500,000,000 could not be contracted for by the President and therefore really in effect be expended, and the Congress have no right to cut it off, because of the language on page 18, beginning in line 4, as follows:

Any such assistance furnished under this title shall be subject to agreements, further referred to in section 402, designed to assure that the assistance will be used to promote—

I underscore the word "promote"—

an integrated defense of the North Atlantic area and to facilitate the development of defense plans by the Council and the Defense Committee under article 9 of the North Atlantic Treaty—

It then goes on:

and after the agreement by the Government of the United States with defense plans as recommended by the Council and the Defense Committee, military assistance hereunder shall be furnished only in accordance therewith.

My question is whether this is to be used merely to promote an integrated defense? It appears to be the consensus of Senators that the purpose in furnishing arms is not only to promote inte-

grated defense but actually to carry out an integrated defense plan.

Different language is used on page 18, to the effect that the President can use the $400,000,000, and even the $500,000,000, if it is passed on by the Appropriations Committee, before there is an integrated defense plan. Before Congress could be advised that the full amount of money could be used and expended we might find that the defense plan called for a further and different expenditure. What does the Senator have in mind on that point, because of the use of that language?

Mr. DULLES. I think the drafting of section 102 is not artistic. I have no doubt it could be improved by the distinguished Senator from Michigan, and I think it should be improved, because, to my way of reading it, the sentence really does not parse, and I do not know what the verb is which governs the phrase on page 18, "integrated defense." It seems to me that particular phrase floats in the air, without any governing verb. Therefore I think there are drafting imperfections. I will say, however, that in my opinion, the result sought to be achieved is that the President has discretionary authority to approve, on behalf of the United States, defense plans which may be recommended by the Council. Those plans might not, in the opinion of the Congress, meet the test of promoting an integrated defense, but that is, I think, a matter for the President to decide and not for the Congress to decide.

The purpose of those two sections—and they could perhaps be integrated more effectively—is to assure two things and to correct in two ways one defect, as it seemed to many of us, in the original bill. We were told at the time of the debate on the North Atlantic Treaty that there would be a military-assistance program, but that it would be something totally independent of the North Atlantic Treaty. It appeared that this independent program was in reality a 2-year program, and that we would have the North Atlantic Treaty machinery established within 2 months. It actually is established even before the arms bill is passed, though there are not, as yet, as I understand, any defense plans. In view of that it seemed that we should not have an arms program operating for 2 years wholly independently of the North Atlantic Treaty. The two things should be brought together as quickly as possible——

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. DULLES. May I finish my explanation before I yield?

Mr. FERGUSON. Certainly.

Mr. DULLES. The purpose of the provision in section 101 was to provide that once there is agreement on the defense plan, the money can be used only for that purpose. The purpose of section 102 is to provide that only $100,000,000 can be spent until there is agreement on defense plans. In other words, the purpose is to provide that there shall be $100,000,000 which we might call true interim aid, so that the nations can get going immediately, but beyond the $100,000,000 there can be no further funds spent by the President until there is a defense plan agreed to, and then the money can be spent only in accordance with that plan.

So much for the limitation on the authority of the President.

Then there is a provision that the Congress can, at any time, by concurrent resolution, cut off assistance to any nation, so that if, in the opinion of the Congress, the defense plan does not promote an integrated defense—let me read the exact language:

Assistance to any nation under this act may, unless sooner terminated by the President, be terminated by concurrent resolution by the two Houses of the Congress: *Provided*, That funds made available under this act shall remain available for 12 months from the date of such termination for the necessary expenses of liquidating contracts, obligations, and operations under this act.

So that there are two limitations. One is on the power of the President. He can spend only $100,000,000 until there is a defense plan, and when there is a defense plan, he can spend the money only in accordance with it. He has his own judgment, however, as to whether the plan effects an adequate integrated area of defense. Congress has no way to override his judgment on that, except as it has authority to cut off assistance to any or all nations if it is not satisfied with the way the program is working out.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. DULLES. I yield to the Senator from Georgia.

Mr. GEORGE. The Senator does not mean to intimate, does he, that Congress has the right to say how the money shall be spent, on what terms, and at what times?

Mr. DULLES. No. It has the right to stop the expenditure.

Mr. GEORGE. In the beginning, has it not the right to appropriate on conditions?

Mr. DULLES. Yes; and the appropriation, as I understand, is on the condition that only $100,000,000 can be spent prior to the adoption of a defense plan under the North Atlantic Treaty.

Mr. GEORGE. That is correct.

Mr. DULLES. After the adoption by the Government of the United States of a defense plan under the North Atlantic Treaty, the money can be spent only in accordance with that plan.

Mr. GEORGE. I understand that. I wanted to be clear on the other point.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. DULLES. I yield to the Senator from Michigan.

Mr. FERGUSON. I realize the importance of debate to bring out the intent of the language when there is an ambiguity in it. It is only for that reason that I have been asking questions with reference to these particular sections. I hope the debate will demonstrate to the President and the executive branch of the Government the intent of Congress.

I find some difficulty in my own mind because of a change of language in lines 6, 7, 8, and 9, on page 18, and in lines 23, 24, and 25, and then going over to section 103.

Reading from page 18, beginning on line 4:

Any such assistance furnished under this title shall be subject to agreements, further referred to in section 402, designed to assure that the assistance will be used to promote an integrated defense of the North Atlantic area and to facilitate the development of defense plans by the Council and the Defense Committee under article 9 of the North Atlantic Treaty—

I go on to the next line:

and after the agreement by the Government of the United States—

Meaning, after the integrated defense plans—

after the agreement by the Government of the United States with defense plans—

That is, integrated defense plans—

as recommended by the Council and the Defense Committee, military assistance thereunder shall be furnished only in accordance therewith.

I underscore the word "only."

That kind of language is not used at the bottom of the page, which refers to a condition in connection with the $400,000,000. I read:

shall become available when the President of the United States agrees to the recommendations of the Council and the Defense Committee to be established under the North Atlantic Treaty—

Then it goes on—

limited entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority, that the obligation and expenditure of such sums for the purposes of this act will—

Then the word "promote" is used, and I underscore that word—

promote an integrated defense of the North Atlantic area and will facilitate—

I underscore the word "facilitate"—

the development of defense plans by the Council and the Defense Committee.

Then there is a period. In other words, the one says that after there is a defense plan aid can be extended only in accordance therewith, the other says that it may all be used if only it promotes or facilitates the making of a plan. Why are there those two statements, if they mean one and the same thing?

Mr. DULLES. I have already said that in my opinion the drafting of section 102 is imperfect. I should not like to undertake the redrafting, extemporaneously, here on the floor. I do think the distinguished Senator from Michigan has made a very important point in bringing out the defectiveness in the drafting, and I trust that in the course of the debate, and before the bill shall be passed, those who are better qualified than I will suggest a revision of the language, particularly on page 19.

Mr. SCHOEPPEL. Mr. President, will the Senator from New York yield?

Mr. DULLES. I yield to the Senator from Kansas.

Mr. SCHOEPPEL. I was interested in the discussion the Senator was making with reference to the control Congress would have over certain appropriations which are to go into the expenditure of the funds provided for. I

am aware of what is said in the report of the committee about the administration of the program in this country, and what the report says about the administration of the program abroad. There is also provision in the bill, covered in the report, as to the pricing power, wherever there has been an exchange or lending of material.

I hope I am not too far afield in asking the question I wish to propound. Obviously much material must be purchased or supplied if the pending measure shall be enacted. Is it the thought that the military services are to be the sole procuring agency for all these purchases? I realize they must be screened.

Mr. DULLES. That is my impression, and it is also my impression that our military establishment would be normally the procurement agency on behalf of the foreign governments concerned. But that is a question which I think I should prefer to have addressed to one of the members of the Committee on Armed Services, who could give a more complete response in that respect than I could. But I understand that is the contemplated practice.

Mr. President, I shall conclude with a word or two more. I returned to Washington this morning from up-State New York, to be in the Senate to support the pending bill. In doing so I have interrupted my political campaign, a campaign in which the President has pledged his full support to my opponent. That is the President's right, and I have no complaint to make. He has given me many opportunities in the United Nations and the Council of Foreign Ministers to help to forge a bipartisan foreign policy to stop Soviet aggression, and help preserve peace and liberty for our people.

Mr. President, I am glad to stand here today and again show my loyalty to those principles. We may differ among ourselves, and we do differ among ourselves, regarding domestic policy. We may oppose each other, and we do oppose each other strongly in some respects. A vigorous two-party system is the best way whereby people retain their freedom. But in the face of external danger, we unite to help our friends and to bring confusion to our enemies.

Mr. BYRD. Mr. President, a few weeks ago I voted for the North Atlantic Pact. I did so because I wanted to make it crystal clear that if Russia should attack any friendly nation in Europe it would be regarded as an attack upon the United States, and that immediate retaliation would result.

With the United States as a signatory, the Atlantic Pact is, in my judgment, the best insurance against war. It is the potentialities of the Atlantic Pact that Russia will fear—the risk of engaging in war with the nation that can produce more materials and equipment of war than all the rest of the world combined.

The Atlantic Pact—with the United States as a signatory—confronts Russia with a combination of allies which can produce very much more war matériel and equipment than all the rest of the world combined. It is this war-production potentiality of the Atlantic Pact nations that Russia will fear above all else.

If she would dare attack any or all of these nations in the teeth of these overwhelming armament potentialities already in existence under the Atlantic Pact, I am convinced that any arms we may furnish now in peacetime, under the pending arms program, would be totally insignificant as a further deterrent to such aggression.

I will vote against the pending proposal to arm these 16 European nations without the slightest feeling of inconsistency in having previously supported the Atlantic Pact. There is not one line or word in the Atlantic Pact that binds the United States of America to furnish arms to other members of the pact in time of peace. There is no more obligation on our Government to furnish such arms than there is upon the other signatories to furnish arms to us. We, of course, all know that should any member of the Atlantic Pact be attacked, or if an attack were imminent, then it is the solemn obligation of our country to render the most effective assistance that is possible.

I may say that this question was covered by correspondence between the Secretary of State, Mr. Acheson, and myself, and is covered by the questions propounded by the Senator from Texas [Mr. CONNALLY], the chairman of the Foreign Relations Committee, when he asked Secretary Acheson the following question:

> Is it not true, though, that any Senator would be free, within his own conception of his duty, even though the treaty does carry the clause of mutual assistance, to determine whether the exact measure which was proposed was within that general scope of mutual assistance that was necessary?

Secretary Acheson replied:

> Of course, Senator CONNALLY. There is no question about that.

This interpretation of the Atlantic Pact was concurred in by the Secretary of Defense, Mr. Johnson, in his testimony before the Armed Services Committee, and by the chairman of the Senate Foreign Relations Committee and the previous chairman of the Foreign Relations Committee.

The pending measure is unrealistic. There is no way by which the United States can arm the 16 nations in Europe to make them impregnable to a Russian invasion. There was no military expert before the Armed Services Committee who gave testimony that this country could arm these western European nations so that an attack by Russia could be successfully repelled.

In the Senate debate on this measure I was somewhat amazed to hear the distinguished senior Senator from Michigan [Mr. VANDENBERG] state that the pending proposal limited aid for a period of 1 year. The Senator from Michigan said on the floor of the Senate on September 20:

> All the Senator from Michigan can say to the Senator from Colorado is that he gains the impression that the persons in the military department who have been helping to develop the current program have exclusively confined it to 1 year. I again call the Senator's attention to the language textually written into the bill for the purpose of assuring that it related only to 1 year.

The fact is that the pending measure begins with a 2-year program, not a 1-year program. It is divided into two parts. It provides for one-half of a billion dollars in cash and another one-half in materials to be transferred. Then there is an authorization, a contract authorization, for another half a billion dollars to be spent in the following fiscal year, whereby the proper officials of this Government can obligate the United States Government to the expenditure of another half billion dollars, which must be appropriated for in the fiscal year following the present one.

The Senate should not deceive itself, in voting for this legislation, in the thought that it will be stopped at the end of 1 year, or for many years. At this point it is pertinent to give the testimony of the officials before the Armed Services Committee. Secretary Johnson was the only official who ventured a guess as to the extent of the program. I quote Secretary Johnson:

> I see your point, sir, but I would like to point out that I testified before the House Committee and before this committee that I believe this program will extend over 4 or 5 years.

When I questioned him as to the reasons for this conclusion, he said he had no reasons except his own personal views which, in my judgment, are merely wishful thinking.

We will now turn to the testimony of General Bradley, who said, in response to a question from the Senator from Massachusetts [Mr. SALTONSTALL] as to the length of the proposed program:

> I do not think that I am qualified to answer that question, Senator SALTONSTALL. It seems to me the amount of future aid which the President might recommend would depend on so many factors that it would be very difficult for me, as a military man, to comment on it, except to say it seems to me it would depend upon the international situation, upon the economic recovery of the countries concerned, as to how much they could do themselves, and upon our own industrial situation, and I think that would have to be determined in later times as to just how much the President would recommend and how much you would want to consider.

In response to another question, General Bradley said:

> That does not mean we would have to give everything they requested but we would review very carefully and, before the President makes any recommendations as to how much aid must be furnished at a later year, and it would not necessarily be everything that the member nations requested, but it would be what this country thought the greatest needs were and how much it could afford to help them. It might be nothing, and it might be more. I should think it would depend entirely upon the situation at that time.

The testimony of Secretary Acheson, as to the length of the program was as follows:

> I cannot attempt to predict at this time, however, how long we may need to continue

future military assistance to the European members of the pact. Many invariables over which we have little control are involved, such as the rate of economic recovery, the imminence and extent of the aggressive threat and the strategic considerations and developments in the art of warfare.

So I do not think any Senators can say that this program can be limited to 1 year, to 5 years, to 10 years or to 20 years, when we hear General Bradley, the Chief of Staff, and the Secretary of State, state that they cannot even make an estimate as to the extent of our aid. My colleague, the Senator from Georgia [Mr. RUSSELL], earnestly and diligently attempted to find out how long this program was to continue, and was unable to obtain, as the RECORD will show, any definite answer whatever as to the length of the program.

As I have stated, it is very evident that neither General Bradley nor Secretary Acheson are willing to make any estimate whatsoever as to the length of the program, and the estimate made by Secretary Johnson of 4 or 5 years is admitted by him to be his own personal opinion and not based upon military information from either the State Department or the Joint Chief of Staff.

Any language in the pending bill that attempts to limit the aid to any given period is of no avail and amounts to no more than mere verbiage of no meaning.

The fact is that once we undertake to underwrite the military defense of western Europe in time of peace, we are obligating ourselves to continue to do so for an indefinite period. In my judgment, this period will be not less than the term of the Atlantic Pact—20 years.

Actually we are now proposing to embark on a program which is not limited either in time or in cost. It is possible and probable that the cost will be greatly increased in the years to come. It is possible and probable that it will extend throughout the entire period of the Atlantic Pact and thereafter, should another pact be entered into. Once we embark upon this course of arming other nations in time of peace, there is no retreat.

It is little short of an absurdity to speak of a billion dollars in cash, and a transfer of $500,000,000 worth of surplus material as being sufficient in any way adequately to arm 16 nations with a combined population of approximately that of the United States, when we are spending $15,000,000,000 annually in an attempt to arm ourselves, though the geographical situation of most of these countries places them in a position of much greater danger from hostile military operations than we here are exposed to.

Never before has the Government of the United States undertaken such a commitment unknown in cost or in duration. In the case of the Marshall plan, we were given estimates of the cost covering a period of 4½ years, but, in this plan, there has been no estimate given even for the second year of its operation. The military officials were unable even to estimate the cost, not only for the full extent of the program, but even for the second year, except that we are obligated under the contract authorizations for $500,000,000, and I predict that, in addition to that, a very sizable appropriation in cash will be asked for when the next budget is submitted.

The bill, as I have said, appropriates $500,000,000 in cash and provides for a contract authorization of $500,000,000 in the next fiscal year, which is a binding commitment on this Government. Let us not deceive ourselves that we have reduced this appropriation by $500,000,000 merely because we have transferred it from a cash appropriation to a contract authorization. Contract authorization means that the officials of the Government can enter into contracts for that amount, which will be binding upon the United States, morally and otherwise, and the Congress will be compelled to appropriate for it when the bills come in. The cost of this new long-time commitment will be pyramided, at least in the immediate future, upon deficit spending. It will be paid for by borrowed money on which we will have to pay interest for many, many years to come. It will be added to a public debt which is now more than $256,000,000,000.

The national debt has been increased in recent months from $252,000,000,000 to $256,000,000,000. I received the latest figures today.

What Russia fears more than anything else is the mass-production capacity of this country under our free-enterprise system. What Russia desires most is to impair or destroy this free-enterprise system, which will be done if deficit spending continues for a much longer period. What Russia desires above everything else is to destroy the capacity of this country to mass-produce as we can now. With only 6 percent of the population of the world we can produce more war equipment than all the rest of the world combined. That is what Russia fears.

A high official of the State Department recently said that neither he nor any member of the State Department believed there would be war with Russia in the discernible future, and his chief reason was that Russia had miserably failed to adapt the Soviet laborers to the mass-production methods. The Soviet system of government is such that it cannot bring about the mass production we have in this country under the free-enterprise system.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. WATKINS. What is the Senator's answer to the statement which has been made here repeatedly that the Russians now have 5,000,000 men under arms, fully armed, with modern equipment, not for defense, but apparently for offensive purposes? What is the Senator's answer to that if we do not do something now to help?

Mr. BYRD. My answer to that is that when the time comes that the Russians make an attack upon us, of course, we will do something to help. So long as we have the atomic bomb we will do something immediately to help. But the whole answer to the Senator's question is that if, by continued deficit spending, we destroy the free-enterprise system of our country, then we will be unable to protect ourselves should we be attacked by Russia.

Mr. WATKINS. If the Senator will further permit me, I believe he also takes the position that we are not obligated at all under the North Atlantic Pact to furnish help in advance of an attack.

Mr. BYRD. I will say to the Senator that is my interpretation. It is based on correspondence I have had with the Secretary of State, and it is based on testimony the Secretary of State has given before the committees to the effect that each Senator is to determine whether or not he feels an obligation to arm these nations in time of peace. Nobody questions the obligation of mutual assistance, but the time when such assistance is to be rendered each Senator can decide for himself. I am making my decision. I am doing it because I think the potentialities of the North Atlantic Pact are far greater than the arms we may send to Europe. We are serving notice on Russia, in terms which neither Russia nor any other country can dispute, that when she attacks one of those nations she is attacking us. Had such a pact been in effect prior to World War I, it is entirely possible that that war would not have occurred. The same statement can be made with respect to World War II. It is impossible to arm the western European nations to withstand an attack from Russia. The same arms which we are sending to Europe might perhaps be used to fight this country.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. WATKINS. Did the Senator hear the distinguished Senator from Michigan [Mr. VANDENBERG] state in his speech yesterday that certain information was given to the committee which has not been made public, but which is available to Senators? Would that, in the judgment of the Senator, satisfy the inquiries and curiosities which some of us have?

Mr. BYRD. I attended nearly all the sessions of the committee. I have read the confidential hearings. No testimony which was given there would indicate to me any justification whatever for undertaking this program at this time. There was nothing beyond a feeling of general distrust, and the general feeling that sooner or later Russia is going to attack the nations of western Europe. No specific information was given as to the probability of imminent attack.

Mr. WATKINS. As I recall, no testimony was presented to the Foreign Relations Committee in the hearings on the North Atlantic Pact which indicated that war was imminent. Does the same situation still exist?

Mr. BYRD. Other members of the committee who are present can answer that question better than can I. The testimony consisted of generalities, based upon the common fear that Russia may undertake such an attack. I contend that the best way to keep her from undertaking the attack is to have her know in advance that she is attacking the United States if she attacks France or

Belgium. The fear which Russia entertains is that the great mass production of this country will be thrown into the war. That is a much greater deterrent than sending billions of dollars worth of arms to Europe, much of which may be obsolete next year.

Mr. WATKINS. Does the Senator recall that that was one of the arguments used to obtain support for the North Atlantic Pact?

Mr. BYRD. I did not hear that argument in the committee.

Mr. WATKINS. Was not that one of the principal arguments made on the floor of the Senate?

Mr. BYRD. Yes.

Mr. WATKINS. I thank the Senator.

Mr. BYRD. Take airplanes. We have an airplane one day, and we have another model a few months later. The equipment we are sending to Europe today may be effective military equipment for the time being, but totally ineffective a year from now.

Mr. President, I wish to continue and connect what I have said with what a high official of the State Department told us in committee. I think it is extremely interesting and very significant.

This gentleman stated that Russia had completely failed to adapt Soviet labor to mass-production methods. He cited as one example the production of steel. I want Senators to listen to this. He stated that Russia is now producing 19,500,000 tons of steel a year, while her satellites are producing 4,500,000 tons a year. The United States is producing 90,000,000 tons annually, and her allies are producing 30,000,000 tons a year, giving Russia an adverse ratio of about 5 or 6 to 1 in the production of steel, which, as every Senator knows, is the prime base of all war matériel. This official felt—and certainly I feel—that so long as we and our allies can outproduce Russia in steel, on a ratio of 5 to 1, it is not likely that Russia will undertake another global war without giving consideration to that factor.

But what is significant to me is that the Russians themselves—and this is information which I feel is definitely correct—because of their system of government, because the Russian citizen is subordinate to the state, and because he is an automaton who is told what to do, have been unable to institute methods of mass production, while we in this country, by reason of the freedom of America, by reason of the private-enterprise system, and competition, are able to produce nearly five times as much steel as does Russia. As Senators know, Russia has a larger population than has this country. With only 6 percent of the population of the world we are producing more steel and can produce more equipment of war, if need be, than all the rest of the world put together. That is what other nations fear. I do not believe that any nation thinks it can win a great war in a month, 6 weeks, or a year. It must fight to the finish. Other nations know that the potential of America and her production under the private-enterprise system constitute one of the greatest protections this country has. In my judgment it is one of the greatest existing deterrents against another global war.

But if we destroy the private-enterprise system and go to semisocialism, as England has done, and destroy the capacity of the country to produce, as England is destroying her capacity to produce, then we shall be the target of every other nation, because we shall be weakened in the strongest weapon we have.

In my judgment, there are two things which would prevent another world war. The first is an impregnable national defense at home. The Senator from Virginia has voted consistently and constantly for all that is necessary for an impregnable national defense of the United States at home. Especially have I voted for those things which will make for new inventions in war, new ways of conducting warfare. Recently in the Armed Services Committee we approved a bill for new wind tunnels to test planes at speeds up to 2,000 miles an hour. I have supported all such projects. So the first thing that will prevent another war is an impregnable defense of this Nation at home.

The second thing is a continuation and strengthening of the free-enterprise system, which has made possible mass production on a scale never before known in world history. We furnished considerably more than half of all the equipment used in the last world war. Our allies abroad could not have conducted the war, and Russia could not have conducted her war against Germany, if it had not been for the equipment sent from this country to enable them to do so.

Russia fears this production potential much more than she fears the sending of arms to European nations. She fears it much more than she fears the money we have been sending abroad to combat communism. She does not care about that. She knows that every dollar she forces us to add to the public debt is a step closer to the day when an impairment of the free-enterprise system will show its effect. We cannot continue to pile up deficit after deficit and maintain the form of government we now have.

I predict that the deficit will be not less than $8,000,000,000 for the current fiscal year. It is already $3,300,000,000. That is the deficit today, since the first of the fiscal year, beginning July 1—less than 3 months ago.

What will happen? Within 3 or 4 years we shall have a debt of $300,000,000,000. I ask, what democracy can survive unless it balances its budget in time of peace and prosperity? We have the greatest prosperity the country has ever known. We are at peace. Yet we have again embarked upon a period of deficit spending.

During the past 19 years we have had only 2 years of balanced budgets. Let me remind Senators that then it was inadvertent. It was not planned. It was not accomplished through economies. It happened because for the first 2 years after the war we had an inflation which brought in more money than we expected, and we balanced the budget. For 17 out of 19 years we have been in the red, and would have been in the red during the other 2 years except for the condition which I mentioned. We did not increase taxes to bring about a balanced budget, nor did we reduce expenses. It happened by reason of inflation.

The day will come when taxes become so burdensome as to reach the point of diminishing return. I say now—and I think my distinguished leader on the Finance Committee [Mr. GEORGE], one of the ablest men I have ever been associated with in the 16 years I have been in the Senate, will agree with me—that if in order to cancel the impending deficit, we were now to increase by $8,000,000,000 the taxes upon corporations, institutions, and individuals, who would be called upon to pay, we would reach the point of diminishing return. I think there can be no question about that.

Mr. President, when does a democracy become insolvent? Many believe that our country will never become insolvent, because we have such great riches. I say that a democracy begins its insolvency when it is unable to collect enough taxes from its citizens to support the expenditures of government, when taxes, by reason of their amount, bring into the treasury less money, instead of more. I make the confident prediction now that if the Finance Committee under the leadership of the able Senator from Georgia [Mr. GEORGE] were to attempt to write a tax bill to raise in taxes $8,000,000,000 more than is being raised now, and if that bill were enacted into law, it would result in the development of such a situation that many corporations and individuals would actually pay less taxes, because at such a time taxes would be almost unbearable under a free-enterprise system. That condition will occur, Mr. President, when the debt and taxes force us to go under a system of state socialism such as that which exists in England, where all business is regimented by government bureaucrats.

Never before has there been a nation which has been so thoroughly warned as we have been of what will come from following such a course. America has had the most thorough of warnings by our friends across the sea. One of the troubles in England today is the shortage of money. That trouble has developed and has been caused by the internal difficulties there, by the fact that the people of England are not working as they should, and so forth; but the main trouble in England is the shortage of money, a shortage of dollars. England needs more dollars if her people are to be able to deal to the necessary extent with other countries. That shortage exists because of the lack of confidence on the part of other people in the English currency and because of the socialistic government existing in England. Let us bear in mind that socialism and democracy cannot live under the same roof. England thought they could. The junior Senator from Georgia [Mr. RUSSELL] and I were in England just a few days before the election there. Many Englishmen thought they could have a little socialism and still could maintain their free system of government. But they found they could not do so. A friend of mine in whom I have great confidence

has just made a tour of England. He says that what the farmers there are confronted with is beyond comprehension. For instance, if they produce a certain number of eggs, they are allowed to keep only a meager portion for the use of themselves and their families, and all the rest of the eggs are taken by the Government. He said that almost every flock of chickens he saw in England had only five chickens in it. He saw only one flock which had as many as 40 chickens in it. He asked why that was. He was told that today in England the farmers see no point in having larger flocks than that and in producing more eggs than that because the Government will take almost all the eggs they produce.

In that connection, let me say I am informed that the situation in England is such that the Government employees take so long to collect the eggs from the farmers that many of the eggs are spoiled by the time they are ready to be delivered for consumption. I am also informed that today practically no pigs are to be found in England because, as my friend was told, the farmers have stopped raising pigs, because the Government will take nearly all the pigs they raise. Also, we learn that in Scotland, in meadows which normally would be used for the grazing of cattle, the grass has grown up as high as one's knees, because there has been a very sharp decrease in the number of cattle raised there. That situation has developed because if the farmers raise more than a certain small number of cattle, the British Government will take away from the farmers all the cattle in excess of that very small minimum. In other words, that system of government is destroying the very foundations of the free enterprise system, in that it is destroying and eliminating almost every opportunity for an individual to earn something for himself. Therefore, Mr. President, England can juggle her currency all she pleases, she can fix the value of the pound at $2.80 one day and at $2.50 another day; but all that will not make any difference until the English Government provides the English people with the opportunities to work and earn.

Mr. President, if we begin to arm the nations of Europe, if we begin to furnish them with equipment for the operation of factories producing arms, and if at the same time we furnish them raw materials, all of us should understand that little, if any, hope will thereafter exist for world disarmament. To my mind, that is one of the greatest objections to the pending bill. Notwithstanding the objections that some of us have to making provision for the reequipping of European factories for the production of arms, such a policy was voted on and was adopted by the committee, for inclusion under the provisions of the bill. In other words, under the bill, the money we provide cannot be used for the construction of arms-producing factories in Europe, but it can be used to equip them. That means that the United States will go into the manufacture of armaments in Europe; and, of course, that will be a notification to Russia that she must continue her armaments program, and must increase it if she can. Of course, if we furnish the materials and equipment needed for the operation of European factories producing war equipment, no one will be able to blame Russia for continuing to try to keep stride with such production by increasing her own armaments. My feeling is that such a situation will destroy for a long time any possibility of world disarmament.

PROSPECTS AND EXPERIENCE

Mr. President, what do we know about what the European nations will do with these arms? Greece recently threatened to attack Bulgaria with arms furnished her by the United States. Had Greece done so, she would have precipitated another world war, entirely without our knowledge, perhaps, or without our consent. So it is rather dangerous for us to arm people in various parts of the world, when we shall have no control over the arms they will receive as a result of our policy.

Of course, Mr. President, in considering this problem, we must also consider the situation so far as Russia is concerned and so far as her future activities might affect the situation. Not a single member of the committee ventured the assurance that the arms we might furnish to the countries of Europe would enable any of those countries to withstand Russia. If another great conflict comes—pray God it will not—it will be a conflict between the United States and Russia. The United States, not the nations of Europe, will be the one which will have to face Russia. No doubt the other nations would be under the control of Russia almost as soon as the conflict began. I believe it was the Senator from Michigan who referred to the fact that at the beginning of the last war, the forces of Hitler drove through to the English Channel in 3 weeks. The nations overrun by the Germans at that time had arms, but they did not effectively avail themselves of them.

SOLVENCY, COST, AND DURATION

Mr. President, the United States Government has been running in the red at the rate of $40,000,000 a day since the new fiscal year began on July 1, 1949. As of today, our deficit since July 1, 1949, amounts to $3,300,000,000. Exclusive of the funds required by the proposal now before us, we already are committed for this fiscal year to a Federal budget under which we shall spend $8 for every $7 we take in. We are adding this deficit to a Federal debt which is climbing from a postwar low of a quarter of a trillion dollars. If we have a recession, Mr. President—and the Senator from Georgia [Mr. GEORGE] knows more about this matter than I do—an increasingly difficult situation will develop. For instance, if we have a 10 percent recession, we shall lose $5,000,000,000 in tax revenues. If we have a 20 percent recession—and that is not so much to have, when we consider our present high level of production—we shall lose $10,000,000,000 in tax revenues. Such a development will enormously increase the deficit I have mentioned, for the deficit now estimated is based on the continuation of the present production and incomes and tax revenues, whereas of course a continuation on that basis is a most uncertain matter. No one knows whether it will continue. Just a little business recession, one similar to the recent one, will make a great difference in that connection. Of course, I try to keep up with such matters and to keep informed regarding them. On May 6, as I recall, in the course of a speech I made in the Senate, I referred to the deficit for the past fiscal year as amounting to approximately $800,000,000, taking the Treasury figures. However, a few days later I made a speech based on the later information then available, and at that time I estimated the Treasury deficit at $1,500,000,000. That was just 60 days after the speech in which I had estimated the Treasury deficit at $800,000,000. Then, 3 days after I estimated the deficit at $1,500,000,000, we learned that the deficit was then estimated by the Treasury at $1,800,000,000; and that is where the deficit ended up. That situation shows that once such a movement starts, it will increase in size and speed like a snowball rolling downhill, which increases at a terrific rate both in size and momentum. After all, Mr. President, the amount of taxes our Government raises is dependent on the volume of business. A large volume comes only from material prosperity.

In this situation, we now are asked—in time of peace, when there is no threat of war—to make a great increase in our expenditures. No one can point to a single definite thing told to any member of the committee that indicates that at anytime in the immediate future there will be danger of war. However, regardless of that, we now are asked to underwrite the unpredictable military security of 16 European nations, with combined populations approximately equal to our own, nations which are geographically located in the line of fire in any war possible in our lifetime, whether that war be a cold war or a shooting war. Running true to postwar form, this proposal is hung about with all the trappings of an emergency, but it is brought to Congress with neither an estimate of its ultimate cost nor a limit on its duration. In view of the speed with which it is presented to us, one would think the emergency was upon us, that an invasion was imminent within the next week or two. Mr. President, why cannot we wait until next January to see what the financial situation will be then? But, no; we are told that this proposal must be put into force and effect at once. Now we are asked to adopt plans which it is said are to continue for a year, although it seems obvious from some of the testimony presented to the committee that there is great likelihood, if not probability, that the program will run for much longer than that. Of course, the bill states the amounts of funds which it is estimated will be required under this program up until July 1950; but none of the witnesses would give any indication regarding what funds would be requested next year or what the situation then would be. At the same time, none

of them pretended to say that these billions of dollars would effectively arm the 16 nations affected. Everyone knows that it will be impossible for the amount of money contemplated under this proposal to arm those nations effectively. The great airplanes now being manufactured cost many millions of dollars apiece. So it is obvious that it would be absurd to say that our furnishing the amount of money contemplated under this proposal would result in the effective arming of the 16 nations. The amount proposed in this measure is just a beginning, from which much greater expenditures will grow. And, in reality, there is every reason in the history of this proposal to believe that, once the program is started, it will continue so long as we are members of the Atlantic Pact. In fact, it is possible that sooner or later the greater part of the burden of the so-called military security of these 16 nations will fall upon the United States, and that the percentage we must pay will be increased and the percentage they will pay will be reduced. I shall furnish certain figures on that in a moment.

Actually this program is just another of the long series of foreign postwar expenditure programs, except in this case we are assuming the extra hazard of financing at least one side of the European armament race in the atomic era.

TWENTY-THIRD PROGRAM

Mr. President, and fellow Senators, this program, if adopted, will be the twenty-third program for siphoning American material and credit abroad since World War II ended, only 4 years ago. Twenty-three separate and distinct programs to aid Europe, programs which I shall mention, have been started and are continuing, although the war has been over for only 4 years. I am not counting the money we spent for military equipment to help them. I am not counting prewar or wartime lend-lease, or anything like that. I am speaking of what we have done since the cessation of hostilities—twenty-three separate and distinct programs, all with costly organizations, over a period of 4 years. If this program is adopted, the total value of our assistance to foreign countries from the date of the cessation of hostilities to the end of the fifth postwar year, will be $35,000,000,000. That is what we have done since the war was over, and I shall state it fully and itemize it.

Through the 22 programs devised in the first 4 years after VJ-day we managed to spend $27,100,000,000 through June 30, 1949. This averaged approximately $18,500,000 a day—or $750,000 an hour—or $12,500 a minute—or $200 every time a watch has ticked since the last gun was fired. That is what we have been sending to Europe since the cessation of hostilities—$200 every time the watch has ticked since the last gun was fired—$200 every tick of the watch, day and night, we have sent $200 abroad. The figures I am giving are official.

When the assistance to be rendered in the current fiscal year under existing programs is added the Bureau of the Budget estimates the total value of our postwar assistance abroad on June 30, 1950, will be $33,500,000,000. And when the costs of this program are added the total will increase easily to $35,000,000,000. This is subject to relatively small repayments which may be made under the loan and credit programs. I mention that, because the Export-Import Bank expects to get back a few million dollars. I state now the 22 different programs:

First, there was $820,000,000 for direct relief from military supplies.

Second, there was $2,600,000,000 in UNRRA, and the record of that effort has been written.

It is a very bad record, let me say. Such waste and extravagance has never heretofore been known. Fraud and graft of all kinds were practiced. The Senator from Georgia [Mr. RUSSELL] and I saw something of it when we were in Europe.

Third, at the end of this year there will be $3,800,000,000 for government and relief in occupied areas.

Fourth, at the end of this year there will be $308,000,000 in post-UNRRA relief assistance to war-devastated countries.

Fifth, at the end of this year there will be $577,000,000 in interim foreign aid.

Sixth, there was $3,700,000,000 in the British loan, the record for which is now under review.

I do not hesitate to say here and now that that money was used to assist in the socialization of England, and without that money it would have been very difficult for England to have taken over the public utilities, to have taken over the coal mines, and to have taken over the other industries she bought. I do not charge the direct physical dollar we sent over there was used for it, but it went into the British Treasury, and it relieved the British Treasury to the extent, that it was able to put through the programs of socialization.

Seventh, at the end of this year there will be $2,000,000,000 in Export-Import Bank loans.

As I say, there will probably be some recovery under that.

Eighth, at the end of this year there will be $1,900,000,000 in Office of Foreign Liquidation property transfers.

Ninth, there was $186,000,000 in Maritime Commission ship transfers.

Tenth, at the end of this year there will be $607,000,000 in aid to Greece and Turkey—subject to change by the pending bill.

Eleventh, at the end of this year there will be $768,000,000 in the Philippine aid program.

Twelfth, at the end of this year there will be $9,200,000,000 in the European recovery program.

Thirteenth, there was $120,000,000 in stabilization aid to China.

Fourteenth, at the end of this year there will be $351,000,000 in other aid to China—$400,000,000 under original budget estimates.

Fifteenth, there was $75,000,000 in the International Children's Emergency Fund.

Sixteenth, there was $635,000,000 in the International Bank subscription.

Seventeenth, at the end of this year there will be $212,000,000 for the International Refugee Organization.

Eighteenth, there was $217,000,000 in subscription to the International Monetary Fund.

Nineteenth, there was $2,600,000,000 in lend-lease aid—postwar. That is after the war was over. I think that is greatly underestimated. No one will ever know the millions and hundreds of millions of dollars of lend-lease material which was transferred to nations abroad after the last gun was fired.

Twentieth, at the end of this year there will be $355,000,000 in other foreign aid.

Twenty-first, at the end of this year there will be $8,000,000 for the Displaced Persons Commission.

Twenty-second, at the end of this year there will be $16,000,000 for the Palestine refugee program.

Mr. President, those are official figures. I think they omit some of the expenditures, but I am not able to show the omissions, and I give these as being official and authentic as coming from the proper agencies of the Government.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. RUSSELL. I did not hear the Senator read anything that would indicate the amount of the so-called war supplies which we left behind in Europe at the end of the war, which were settled for on the basis of a few cents on the dollar. That of course included, among other things, cartridges, machine guns, telephone systems, radio networks, railroad cars and rails, and other very expensive articles in tremendous quantities. My recollection is that some $7,000,000,000 or $3,000,000,000 worth of material was disposed of at the end of the war on the basis of a few cents on the dollar, for which we got a note. I do not think we ever got the cash.

Mr. BYRD. The Senator is absolutely correct. There is an item here, which the Senator probably missed, of $2,600,000,000 in lend-lease after the war. I entirely agree with the Senator.

Mr. RUSSELL. I think that was the lend-lease which was in the pipe lines at the time the war ended, and which went on. I think it is an entirely different item from the one to which I referred.

Mr. BYRD. I think the Senator from Georgia is entirely correct about it. We shall never know how many billions of dollars worth of material was simply given away and disposed of at a valuation of only a few cents on the dollar. The Senator from Georgia was over there and saw it and knows it was in first-class condition, indeed much of it had never been used.

Mr. RUSSELL. For it we got a note, but not the cash.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. LONG. Will the Senator tell us what the total amount of the expenditures is, with reference to all the pending programs?

Mr. BYRD. It is $33,500,000,000, according to the estimates through the current fiscal year.

The next is No. 23, the pending arms program, which will be the most costly venture this country has ever undertaken. It will be not only costly, but it will be one of the most dangerous ventures we have ever undertaken, because

there is no limit to the expenditure of money on defense when it is once started. There is no way in which it can be calculated; no estimate can be put upon it. When we stop these loans, grants, and subsidies, and the giving of direct cash, and sending our own arms over—and it has got to be stopped some day—we shall be the most-hated nation in all the world. We shall be hated with a terrible, bitter, unrelenting hatred. Those nations will say, "America started this, but it did not finish it." It is like a man giving his wife a check on the first of each month, and then suddenly stopping it. Unless he has a very good reason for stopping it, it had better not be attempted. That is what is going to happen. It must be stopped. When I hear the eloquent speeches made on the floor of the Senate regarding the great success of the Marshall plan, I think to myself, "Wait until it stops, and then balance the resentment against the stoppage with any good will which now exists." I do not know how much good will exists today. But wait until we stop furnishing money, and then balance one against the other and see the result. We are undertaking something, assuming that Russia shall continue to be a menace, which will, in my judgment, go way beyond anything we have undertaken in the past.

Thus it is seen that in 22 current and previous postwar foreign-assistance programs this country has funneled $33,500,000,000 in money, matériel, and credit all over the face of the earth. The total would have been more if it had been physically possible to buy and spend faster.

I really believe we would have spent more if it could have been done, but it was impossible to get the materials manufactured beyond the amount of $27,000,000,000 within a period of 4 years.

With the addition of the military arms program in the current fiscal year the rate of expenditure will not be reduced by a single red cent per the tick of one's watch.

PROSPECTS FOR ECONOMIC AND MILITARY SUCCESS

The Bureau of the Budget estimated American relief and recovery assistance flowing abroad this year would reach a value of more than $6,500,000,000, which is more than it was in either fiscal year 1949 or 1948. If the cost of the pending program were added to the 1950 foreign-assistance estimate, the cost to the American taxpayer of postwar foreign assistance in the fifth year after the war was over would be greater than in any previous year.

Mr. President, I think that is well worth considering. In the fifth year after the war we are spending more than we ever spent for any previous year since the cessation of hostilities.

If it is contended that the cost of this program should not be charged up to foreign recovery and relief, then it must be added to our military costs. This would more than nullify the savings promised by Secretary Johnson through efficiency and unification.

This one bill, if it shall pass, will much more than nullify any economies which it may be possible for Secretary Johnson to effectuate.

Whether this is charged to foreign aid or the military, effect on our Federal fiscal situation is the same and there would be no difference in the drain on our economy.

It probably would make no difference from the standpoint of returns on the investment, or efficiency of administration.

If it is to be regarded as a recovery and relief expenditure, prospective results may be estimated from the record, which shows that we still have the displaced-persons problem in the way of direct assistance. The British are back with their monetary problem, despite $3,750,000,000 in the British loan. They have by no means settled their difficulties, as we well know.

The Organization for European Economic Cooperation, in Paris on September 1, issued a unanimous report to the effect that western Europe is not on the road to solvency despite the billions of dollars already advanced, and expected, through the Marshall plan.

MILITARY BUDGETS

If we are to add the cost of this program to our military budget, and with the likelihood that ultimately we may assume a large part of the cost of arming these 16 nations against the military might of Soviet Russia, it might be well to examine the extent to which at least some of them are carrying their defense burdens at this time.

While the United States is spending 35 percent of its budget on the Military Establishment, Turkey is spending 40 percent, the Netherlands are spending 35 percent, Greece is spending 30 percent, Italy is spending 25 percent, Portugal is spending 21 percent, England is spending 20 percent, Iran is spending 19 percent, Norway is spending 17 percent, France is spending 17 percent, Denmark is spending 14 percent, Belgium is spending 12 percent, Canada is spending 11 percent.

If this program is to be added to the military costs of the United States it will more than nullify the savings promised by Secretary Johnson through the Unification Act. We will still be spending considerably above what we are now spending. This is true because, under the pending bill, the United States, will furnish military equipment and tools and equipment to armament factories in the 16 nations. In addition, we also furnish the raw material. Judging from experience this Nation should not be surprised if we wind up in the straight-out manufacture of armaments in Europe with this country paying the bill. And all of this is to be started unilaterally without awaiting action by the Council established in the Atlantic Pact. The only concession we could get in the committee was that the money should not be used for the purpose of building factories or paying for the labor in those factories——

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. MILLIKIN. Will the Senator tell me how much of this money it is proposed to spend in Europe?

Mr. BYRD. The amount for tools and other equipment, to my recollection, is approximately $300,000,000. The raw materials will be sent from this country, and will be fabricated in Europe.

Mr. MILLIKIN. Then, in view of the devaluation, should not that part of the spending program which takes place in Europe be cut 30 percent?

Mr. BYRD. I think it should be. The committee did not think so, because there was a very heated debate in regard to furnishing tools. I did not think we should equip factories to manufacture military equipment.

Mr. MILLIKIN. Mr. President, will the Senator yield further?

Mr. BYRD. I yield.

Mr. MILLIKIN. It is now apparent that the dollar, so far as the devaluing countries are concerned, is worth 30 percent more than it was prior to devaluation, and there should be a 30-percent reduction in whatever amount is to be expended under prior estimates.

Mr. BYRD. The bill does not provide how much shall be spent in Europe or how much shall be spent here. That is a matter which comes under the administration of the bill.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. WATKINS. Was not the committee given a break-down of the figures?

Mr. BYRD. It was, but it was not written into the bill.

Mr. WATKINS. Is it in the report?

Mr. BYRD. I think not. There is nothing mandatory in the bill as to how much they expect to spend. If the situation changes there would be reason to change the break-down.

Mr. WATKINS. I wanted to know if there was anything to bind the administration to honor whatever the estimates or the details of the break-down may be.

Mr. BYRD. The Senator can form his own conclusions as to that. There is absolutely nothing in the bill with respect to that.

Mr. WATKINS. It has been suggested that the figures were submitted in executive session.

Mr. BYRD. That is correct.

DEBT AND DEFECTS

This is merely a preview of what this Nation, with a debt of $256,000,000,000, is undertaking for Atlantic Pact nations whose combined debt is $157,000,000,000. The nations we are obligating ourselves to help owe $157,000,000,000 and we owe $256,000,000,000. All the assistance is to come from us. This is supposed to be a plan for mutual assistance, and there is just as much reason for them to help us as for us to help them. But every dollar goes out, and none comes in.

Mr. President, let me repeat, our debt is $256,000,000,000, and the combined debt of the other Atlantic Pact nations is $157,000,000,000.

Whether we charge the cost of the military-arms program to foreign relief and recovery or to foreign military assistance, it still remains that as of the end of the current fiscal year the total value of our postwar contributions, including loans, will total $35,000,000,000. Thirty-five billion dollars is 92 percent, or more, of the amount which we may expect the Treasury of the United States

to take in this year from all our taxes and revenue receipts.

Looking at the over-all cost of these foreign programs from one point of view, we see that nearly $1 out of every $5 we have paid in taxes during the 5-year period of our greatest prosperity and highest tax rate has been going abroad.

Looking at it another way—since we are spending more than we pay in taxes through the Federal Government—we are increasing our national debt this year by an amount which is virtually the equivalent of the 1950 costs of these foreign programs. In other words, the increase in the debt which will be necessary this year to take care of the deficit will be approximately the amount we are spending abroad. That is to say, the cost of foreign relief, recovery, and military assistance in fiscal year 1950 will exceed $6,000,000,000. It may very considerably exceed it, and so will the deficit.

IMPACT

As the Federal debt increases, so does the cost of interest we must pay to finance and manage it. By coincidence, interest on the Federal debt, approaching $6,000,000,000 this year, will almost equal the cost of this year's foreign relief, recovery, and military assistance.

When we add nearly $6,000,000,000 in interest, more than $6,000,000,000 in foreign relief, recovery and military assistance, and $15,000 000,000 for our own Military Establishment and stock piling, we arrive at a total of $27,000,000,000.

Twenty-seven billion dollars will be approximately the total of all Federal taxes paid this year by every tax-paying citizen in his individual income tax and by every tax-paying corporation through the corporation tax levies. In other words, that is about what we may collect from individual and corporation income taxes.

This leaves the rest of the costs of the Federal Government to be paid by excise taxes and miscellaneous receipts. This means that the taxes we pay on movie tickets, cigarettes, cosmetics, telephone bills, liquor, furs, and so forth, plus receipts from customs collections, the sale of surplus property, and so forth, must finance the entire domestic civilian responsibility of the Federal Government, including veterans' pensions, payments and benefits, farm subsidies, business subsidies, postal subsidies, health programs, education programs, public-works programs, grants to States, payments to individuals, contributions to retirement systems, regulatory requirements, and so forth.

Under any circumstances it is conceded by authorities on Federal revenue that Federal taxes and receipts for the current fiscal year will be approximately $37,500,000,000.

Pending final enactment of the remaining appropriation bills, the best present estimate of Federal expenditures against that $37,500,000,000 revenue will be between $42,000,000,000 and $45,000,000,000. The difference will be the deficit.

MONEY WE DO NOT HAVE

In the last fiscal year which ended June 30 we spent nearly $2,000,000,000 we did not have. This year it is indicated that we are spending at the rate of $5,000,000,000 to $8,000,000,000 that we do not have. On the basis of existing and proposed commitments, programs, and ordinary expenses it is indicated that next year we shall be spending at the rate of $7,000,000,000 to $10,000,000,000 which we will not expect to have.

How long can this go on? Already the pinch of Federal taxes under postwar spending pressure has been felt to the extent that the President has withdrawn his proposal to increase taxes, and the chairmen of the House Ways and Means Committee and the Senate Finance Committee have taken cognizance of the growing demand for Federal tax reduction.

Undoubtedly some revision in our tax policy is both indicated and desirable as a means of increasing business volume on the basis of sustained sound prosperity. But this is impossible until Federal expenditures are reduced to a point where reduction in Federal tax rates can be overcome by revenue produced through increased business volume.

There is no experience on record to justify the contention that revenue resulting from increased business volume would compensate for deficits of the magnitude we face, with tax rates at any level. It is almost certain that any worth-while tax reduction at this time would increase the deficit.

On the contrary, if increased rates would not reach either a point of diminishing return or confiscatory levels, they should be imposed.

In order to preserve our free-enterprise system, and the democracy in which it operates, our first line of defense is the preservation of our own domestic solvency. We can accomplish this only by balancing our domestic budget. With our solvency bulwarked, our free-enterprise system can be depended upon to keep American might—military, economic, and social—at the peak of efficiency. This would be the greatest guaranty of security which could be devised for ourselves and our foreign friends.

Its accomplishment will be possible only through diminishing, not increasing, foreign give-away programs; utmost efficiency in our Military Establishment at home; rigid frugality in our domestic civilian programs; and the earliest return to the proper division of responsibility among Federal, State, and local governments.

This will guarantee the security and welfare inherent in our form of government and our security and welfare will serve as the best security—military, economic, and social—for all the other free democratic nations of the earth.

Our friends overseas who seek American aid and comfort must realize that the only hope for their recovery and security lies in our continued solvency, and, therefore, for the security of all, the stability of our system takes priority over any and all programs of international subsidies which would severely strain our economy.

By the same token, those among us at home who, through membership in pressure groups and otherwise, continue to wring more and more political pap from the Federal Treasury should make a place in their consciences for the fact that impairment of our financial soundness will serve the enemies of representative government far more than any weapon they could devise.

Stability of our system can only be achieved by reducing expenditures to meet revenue; not by increasing revenue to meet expenditures.

Mr. KNOWLAND. Mr. President, there are few bills upon which this body acts of more importance or far-reaching consequences than the one before us at this time.

It is, in my opinion, an essential part in the building of a system of international law and order. Both the United Nations Charter and the Atlantic Pact place obligations upon us and other signatories.

While both the United Nations Charter and the Atlantic Pact are of great moral value, they would not alone stop a potential aggressor from making an overt attack in western Europe, the Middle East, or the Far East whenever such a nation might determine that the chances of success were greater than the chances of failure.

But we will be making a grave mistake if we labor under the misconception that the passage of this bill will guarantee the peace. Nor is this going to be the last request made upon us, though to be sure there is no direct or implied obligation on our part to do more next year or the year after.

Nor will the limited number of divisions, ships, or planes we supply to our fellow signatories be the restraining influence that will be the deciding factor in preventing aggression.

It is better to have allies than to be without them. Time and space are both priceless in the event of invasion. Certainly this help will contribute considerably in this regard.

But we are deceiving ourselves, the American people, and our friends if we lose sight of the fact that for the next 4 or 5 years the economic and military strength of the United States is the real weight on the scales of calculated risk that the men in the Kremlin will realistically view.

To the extent that this legislation would weaken either our economic or military strength, it should be viewed with a critical eye.

In my opinion this is a greatly improved bill over the one first introduced. The committee sessions have greatly strengthened its provisions and safeguarded our own defenses. It is still not a perfect document, and I doubt if any bill that passes Congress meets that specification. There is still room for improvement by those who favor legislation along these lines.

I have not been convinced that our fellow members of the North Atlantic community are doing all they can or all they should do to augment their own defenses.

Mutual aid to those doing their utmost to assure their survival, in a world that has not yet learned to live together in peace, is a program entitled to and worthy of our support.

But passing to us the obligation of supporting a basic defense, which is the obligation of every sovereign nation, on top of our own requirements, is subject to critical analysis. I do not believe that the record today supports the contention that each and every fellow signatory is doing its part.

At the bottom of page 7 and the top of page 8 of the report of the combined Senate Committees on Foreign Relations and Armed Services is a table entitled "Basic Data on Present Level of Defense Effort of Selected Countries." Column 9 gives "percent of military expenditure to total government expenditure." The United States shows 34 percent. There is only one country that is higher and that is Turkey with 40 percent. The Philippines are equal to us with 34 percent and Greece approximates our figure with 30 percent. The other nations are as follows:

	Percent
Italy	25
Netherlands	23
Portugal	21
United Kingdom	20
Iran	19
Norway	17
France	17
Denmark	14
Belgium	12
Canada	11
Korea	7
Luxemburg	3

The United States is now operating on an unbalanced budget that will run an estimated deficiency for the fiscal year 1950 of at least $5,000,000,000 and possibly a good deal more. Our total gross public debt and guaranteed obligations according to the daily statement of the United States Treasury of September 16, 1949, which I have here on the desk, amounts to $256,371,308,371.83.

Mr. President, we do have a right and an obligation, I believe, to go into this matter most carefully. On August 29 of this year I placed in the CONGRESSIONAL RECORD a table prepared by the Library of Congress which shows the comparative list of the national and per capita debts of the ERP countries and the rest of Europe for 1939 and the latest available dates. The Atlantic Pact countries are indicated on this list by the numeral "1." I ask unanimous consent that this table may be again printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparative list of the national and per capita debts of the ERP countries and the rest of Europe and the United States of America for 1939 and the latest available dates

Country	Date	Money denomination	United States equivalent	Debt in local currency	Debt in United States dollars	Population in same year as debt given	Current per capita debt	1939 per capita debt
ERP countries:								
Austria	Oct. 30, 1948	Schilling	$0.10	11,714,700,000	1,714,700,000	6,755,000	$253.841	$89
Belgium [1]	July 31, 1947	Franc	.022829	276,769,000,000	6,318,364,067	8,421,000	750.310	190
Luxemburg [1]	Jan. 1, 1947	do	.02275	4,276,000,000	97,270,246	289,000	336.575	81
Denmark [1]	Mar. 31, 1948	Kroner	.20864	1,484,000,000	309,621,760	4,190,000	73.895	64
France [1]	Jan. 1, 1948	Franc	.008407	2,499,073,000,000	20,989,706,711	41,500,000	505.776	283
Greece	June 30, 1948	Drachma	.000199	1,000,000,000,000	199,000,000	7,780,000	25.578	87
Iceland [1]	Jan. 1, 1949	Kronur	.1536	170,000,000	26,113,671	134,000	194.878	73
Ireland	Mar. 31, 1948	Pound	4.03	42,521,000	171,359,630	2,997,000	57.177	99
Italy [1]	June 30, 1947	Lira	.00444	1,309,171,000,000	5,812,719,241	45,373,000	129.064	176
Netherlands [1]	do	Guilder	.37760	13,686,000,000	5,167,833,600	9,629,000	536.697	259
Norway [1]	Jan. 1, 1948	Kroner	.20160	6,117,261,181	1,233,239,854	3,181,000	387.689	122
Sweden	Jan. 1, 1949	do	.27823	11,598,000,000	3,226,911,540	6,883,000	468.823	100
Turkey	Jan. 1, 1948	Lira	.3540	1,459,591,634	516,695,438	19,500,000	26.497	2
United Kingdom [1]	Apr. 30, 1949	Pound	4.03	25,184,000,000	101,591,520,000	50,300,000	2,019.712	667
Bizone of Germany								
French zone of Germany								
Trieste								
United States of America [1]	July 1, 1949	Dollar		252,292,246,513		148,902,000	1,694.351	351
Canada [1]	Mar. 23, 1949	do	1.03	15,600,000,000	15,600,000,000	12,900,000	1,209.302	384
Iron curtain and other countries:								
Albania		Lek						
Bulgaria	Mar. 31, 1946	Leva	.003472	112,235,683,310	389,682,293	6,993,000	55.724	70
Czechoslovakia	June 30, 1946	Koruna	.01994	85,427,700,000	1,703,428,340	12,916,000	131.885	111
Finland	Jan. 1, 1946	Markka	.007353	85,506,000,000	628,725,620	3,835,000	163.944	29
Hungary	Sept. 30, 1943	Pengo	.08455	6,500,000,000	549,575,000	9,440,000	58.217	36
Poland	Jan. 1, 1947	Zloty	.009804	35,827,000,000	3,512,479,100	23,781,000	147.701	29
Portugal [1]	do	Escudo	.040501	10,339,000,000	415,900,000	8,312,000	50.036	33
Rumania	Mar. 31, 1947	Lei	.006536	45,226,229,184	295,598,634	16,530,000	17.882	39
Spain	Jan. 1, 1947	Peseta	.08913	49,319,026,338	4,395,804,820	27,503,000	159.830	93
Switzerland	do	Franc	.2317	8,702,702,000	2,016,416,050	4,547,000	443.460	338
U. S. S. R.	{Sept. 1, 1939 / Jan. 1, 1947	Ruble	.1990	35,419,000,000	7,048,381,000	170,467,000	41.362	
		do	.18867	494,466,336,000	26,208,000,000	193,000,000	1,357.920	
Yugoslavia	July 1, 1948	Dinar	.02304	28,120,000,000	647,884,800	15,700,000	41.267	32

[1] Atlantic Pact country.

NOTES

1. Population figures are from the United Nations, Monthly Bulletin of Statistics, vol. III, No. 7 (July 1949), pp. 10–13.
2. Conversion rates are from:
(a) Federal Reserve Bulletin, vol. 35, No. 6 (June 1949), p. 753.
(b) United Nations: Monthly Bulletin of Statistics, vol. III, No. 7 (July 1949), pp. 150–51.
(c) International Monetary Fund, International Financial Statistics, vol. II, No. 6 (June 1949), pp. 12–13.
(d) Federal Reserve Board, Banking and Monetary Statistics, 1943, p. 662.
3. 1939 per capita debt burden totals are taken from: U. S. Government, Senate Committee on Finance, Foreign Assets and Liabilities of the United States, Dec. 18, 1947, p. 131.
4. Sources for national debts of ERP countries:
(a) Austria: Economic Cooperation Administration; Country study. Austria, February 1949, p. 30.
(b) Belgium; UN Economic and Social Council; Belgium, Public Finance Data, 1937–48. 1948, p. 29.
(c) Luxemburg; Whitaker's Almanac, 1949. London, 1949, p. 948.
(d) Denmark: Ibid, p. 913.
(e) France: Europa, London, Europa Publications, Ltd., June 1948, p. 3.
(f) Greece: ECA Country Study. Greece, February 1949, p. 21.
(g) Iceland: ECA Country Study. Iceland, February 1949, p. 14.
(h) Ireland: Statesman's Yearbook, 1948, p. 93.
(i) Italy: Europa, May 1948, p. 3.
(j) Netherlands: Whitaker's Almanac, 1949, p. 955.
(k) Norway: Ibid., p. 958.
(l) Sweden: ECA Country Study. Sweden, February 1949, p. 23.
(m) Turkey: ECA Country Study. Turkey, February 1949, p. 17.
(n) United Kingdom: International Monetary Fund, International Financial Statistics, vol. II, No. 5 (May 1949), p. 123.
(o) French zone, Bizone of Germany, and Trieste left out since their statistics do not relate themselves to the rest.
(p) United States: U. S. Treasury, Daily Treasury Statement, July 1, 1949, p. 2.
(q) Canada: Montreal Daily Star, Montreal, Mar. 23, 1949, p. 17.
5. Sources for national debts of "iron curtain" countries and rest of Europe.
(a) Albania: No external debt.
(b) Bulgaria: Statesman's Yearbook, 1948, p. 755.
(c) Czechoslovakia: Ibid., p. 818.
(d) Finland: Europa, Finland, May 1948, p. 5.
(e) Hungary: Statesman's Yearbook, 1948, p. 1008.
(f) Poland: Europa, Poland, May 1948, p. 4.
(g) Rumania: Whitaker's Almanac, 1949, p. 974.
(h) Spain: Statesman's Yearbook, 1948, p. 1237.
(i) Switzerland: Whitaker's Almanac, 1949, p. 984.
(j) U. S. S. R.: Moody's Governments and Municipals, 1948, p. 1905.
(k) Yugoslavia: Whitaker's Almanac, 1947, p. 1003.

Mr. KNOWLAND. Mr. President, this chart shows that as of July 1, 1949, our debt amounted to $252,292,246,513. In the 2½ months intervening the record shows that our debt has increased more than $4,000,000,000. The combined debt of all of the Atlantic Pact nations amounts to $157,562,289,150.

The chart also shows that our current per capita debt amounts to $1,694.35. There is only one nation which is covered in this bill listed as having a higher per

capita debt and that is the United Kingdom, with the amount of $2,019.71.

The figures for the other countries are as follows:

Canada	$1,209.30
Belgium	750.31
Netherlands	536.69
France	505.77
Norway	387.68
Luxemburg	336.57
Iceland	194.87
Italy	129.06
Denmark	73.89
Portugal	50.03
Turkey	26.49
Greece	25.57

While this bill is spoken of as one involving $1,314,010,000, it is, as a matter of fact, considerably larger than that sum in its support of the nations concerned. Over and above this sum, which is to be both cash appropriation and contract authorization, there is provided $450,000,000 worth of so-called excess equipment. This excess equipment should be recognized by us, by the American public, and by our friends overseas for what it is. As a matter of fact, this excess is in large measure exactly the same equipment which we maintain in our current war reserves. If war broke out tomorrow or 6 months from now, it is exactly the same equipment that our own armed forces would have with which to fight. It should not be confused with some of the surplus stocks, much of it badly dilapidated equipment, which we disposed of shortly after the close of World War II.

I personally believe that the chairman of both the Foreign Relations and Armed Services Committees are to be congratulated that they were able favorably to report this bill by a vote of 22 to 3. It is my personal opinion that even the three distinguished Members who voted against a favorable report are not entirely opposed to some form of implementation of the North Atlantic Pact, but that they felt that the amount authorized was too large and that more definite information should have been had from the properly constituted committee of the North Atlantic countries prior to the time a substantial amount of money was provided by this Government. I also believe that many of us who voted to report the bill did so with the firm understanding that we were free to support amendments on the floor if in our judgment such amendments were necessary.

There was no desire to delay action on the bill, which most of us believed to be essential. It should be noted for the record, however, that when the able Senator from Georgia offered his amendment to cut the cash appropriation by $200,000,000, this motion was lost in the committee by the narrow margin of 13 to 10. The roll call showed that supporting the amendment were Senators GEORGE, SMITH, HICKENLOOPER, RUSSELL, BYRD, BRIDGES, GURNEY, SALTONSTALL, BALDWIN, and KNOWLAND. Against the amendment were Senators CONNALLY, THOMAS, PEPPER, GREEN, MCMAHON, FULBRIGHT, CHAPMAN, JOHNSON, KEFAUVER, HUNT, TYDINGS, VANDENBERG, and MORSE. Following the defeat of the George amendment for a $200,000,000 reduction, it is my recollection that the Senator from South Dakota [Mr. GURNEY] offered an amendment making the reduction $100,000,000. On this question, the roll was called with the same result above mentioned. It will be noted that in both instances the amendments were defeated by the narrow margin of 13 to 10, with two absentees not voting either in person or by proxy.

Members of either House of Congress should certainly not lightly regard the testimony of representatives of the executive department. By the same token, the Congress is not performing its constitutional function if it merely rubberstamps its approval of every recommendation of the Executive. I do not mean to imply that the combined committees did this, for the record is clear that the bill was substantially revised in many particulars before it was favorably reported to the Senate.

Yet candor requires me to state that I do not believe a sufficiently strong case was made to justify the $1,000,000,000 under title I of the Senate bill. After a careful weighing of the facts, I am prepared to support a reduction of $200,000,000 in the cash authorization but not the elimination or reduction of the contract authority. If the pending George amendment is not adopted by the Senate, I shall be prepared to offer an alternative amendment reducing the authorization for the cash appropriation by $100,000,000 and a comparable reduction in contract authorization, which would make a total of $200,000,000, to include both cash and contract authorization. That amendment will be pressed only in the event the George amendment is not agreed to.

Mr. President, I submit at this time the amendment to which I have referred, and ask that it lie on the table and be printed.

The PRESIDING OFFICER. The amendment submitted by the Senator from California will be received, lie on the table, and be printed.

Mr. KNOWLAND. When Congress reassembles in January and after the proper committee of the North Atlantic organization has had a chance to make detailed recommendations for our study, I shall be prepared to support such additional authorizations or appropriations as I believe to be necessary for our own national defense and the common effort in which we have now embarked with our allies across the seas.

THE ECA WHEAT AGREEMENT UNDERMINES OUR FARM PRICE-SUPPORT

Mr. KEM. Mr. President, on September 15 last, an important communiqué was released from the Office of Information, Economic Cooperation Administration, in Washington. Attached to the communiqué is what purports to be an exchange of correspondence between ECA Administrator Hoffman and Secretary of Agriculture Brannan. I ask unanimous consent that the release, including the letters attached, be made a part of my remarks at this point.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

WASHINGTON, September 15.—The Economic Cooperation Administration agreed today to permit Great Britain to use ECA funds to purchase $175,000,000 worth of Canadian wheat in an effort to alleviate the critical drain on British gold and dollar holdings.

The agreement came after consultations between ECA Administrator Paul G. Hoffman and Secretary of Agriculture Charles F. Brannan on the British dollar crisis and the effect of the proposed action on the agricultural economy of the United States.

The Secretary said he believed Mr. Hoffman's proposed action was fully warranted. He has issued the following statement:

"The effect of ECA's decision will be beneficial to United States farmers as a whole, including wheat producers, because it will increase our foreign markets for a number of agricultural products and help to maintain a traditional pattern of international trade with England, Canada, and other countries which has been beneficial and can continue to be beneficial to farmers of this country.

"To wheat farmers it should mean as large, if not a larger market for exportable wheat this year. What ECA has done is help England pay for wheat which they had contracted to take from Canada during the last year of the 4-year British-Canadian wheat pact. However, England has agreed to buy $30,000,000 of wheat (about 15,000,000 bushels) from the United States which had not been previously planned. This has been made possible by the relief to British dollar resources resulting from Administrator Hoffman's action.

"Under the International Wheat Agreement, Canada has an export quota of about 200,000,000 bushels of wheat. Any sales under the British-Canadian contract count on that quota. If the British were to shift purchases from Canada to the United States this would entitle Canada to claim other outlets under the wheat agreement which we expect and prefer to fulfill.

"Due to the relief being granted by ECA, the U. K. will also buy $8,000,000 to $10,000,000 worth of United States perishable surplus agricultural commodities that had not been planned. These purchases will help relieve our growing surplus of these commodities.

"Finally, Canada will reexamine restrictions on import of fruits and vegetables with the view of giving relief where possible from restrictions that are especially burdensome to United States producers.

"In the final analysis, the action taken by Administrator Hoffman, which I believe was fully warranted under the circumstances, will enhance our export marketing not only for the American wheat farmer but for the entire agricultural economy."

Since March 1949, ECA has not financed the purchase of wheat from any source other than the United States. As a result, Great Britain has been spending its free dollar reserves to meet the deficit in its Canadian accounts, a substantial element of which consists of Canadian wheat.

The ECA action permits Marshall-plan financing for a little more than half of the $309,000,000 worth of wheat which Great Britain will purchase from Canada during the current fiscal year under British-Canadian wheat-buying programs.

Greater flexibility in the use of Marshall-plan dollars by Great Britain was one of seven measures adopted during the Anglo-American-Canadian Monetary Conference to relieve the British dollar crisis.

In addition to authorizing the use of ECA funds to pay for part of the United Kingdom's Canadian wheat purchases, ECA also agreed to finance certain vessel disbursements by the United Kingdom which were heretofore ineligible for ECA payment. The vessel disbursements are for bunker fuel purchases which require payment in dollars, and port and harbor expenses which can be documented. They amount to about $30,000,000.

ECA said it is exploring the possibility of making other nonagricultural commodities and services, which are causing a drain on Britain's dollar reserves, eligible for ECA financing. ECA emphasized that while the agreements broaden the use of Marshall-plan dollars they do not increase the amount of dollar aid for the United Kingdom.

Administrator Hoffman and Secretary Brannan, in an exchange of letters concerning the proposal to finance a portion of the British purchases of Canadian wheat, agreed on the importance of checking the drain on British dollar holdings.

"Recently, there has been a very severe drain on United Kingdom gold and dollar reserves," Mr. Hoffman said. "This drain, if not halted, would quite certainly vitiate the progress toward economic rehabilitation and recovery which the United Kingdom has made and remove all prospects of achieving the objectives of the Foreign Assistance Act, not only in the United Kingdom but in all probability in the other countries participating in the European recovery program."

Secretary Brannan, in reply to Hoffman, said the interest of his Department centers about the effect of the proposed action on the agricultural economy of the United States.

"We believe, as stated in your letter, that the financing by ECA of a portion of the wheat moving under the United Kingdom-Canada agreement will not diminish the over-all exports of United States wheat but may even result in a slight increase, and, in view of the other measures which you point out will be taken, the proposed action will facilitate an increase of United States exports of other agricultural commodities to Canada and the United Kingdom," Mr. Brannan said. "The Department's statutory responsibility in this matter is to determine whether our supply of wheat is in excess of domestic requirements. The determination that such a surplus exists presents a situation for the consideration by you of your discretionary authority under the Foreign Assistance Act. The combination of the circumstances recited in your letter and in this response we believe fully warrants the action which you propose to take in facilitating the purchase by the United Kingdom of Canadian wheat."

Mr. Hoffman said that as a part of the general arrangements the United Kingdom has agreed to purchase directly from the United States about $30,000,000 worth of United States wheat. In addition, the United Kingdom has agreed to purchase 8 to 10 million dollars' worth of perishable surplus agricultural commodities in the United States.

During the discussions leading to the decision to finance with ECA funds a portion of the United Kingdom purchases of Canadian wheat, the Canadian Government reaffirmed its policy to keep under constant review its restrictions on the import into Canada of United States fruits and vegetables. It is understood that in the process special consideration will be given to those instances where such restrictions are especially burdensome to United States producers.

Copies of the Hoffman and Brannan letters are attached.

ECONOMIC COOPERATION ADMINISTRATION,
Washington, D. C., September 13, 1949.

Hon. CHARLES F. BRANNAN,
Secretary of Agriculture,
Washington, D. C.

DEAR MR. SECRETARY: As you know, one of the measures proposed by the United Kingdom during the three-power financial conferences was the financing with Economic Cooperation Administration grant funds of the British requirements for wheat from Canada.

The facts, with which you are familiar, are these:

The United Kingdom is the traditional and normal outlet for the major portion of wheat exported by Canada. Three years ago these countries entered into an agreement under which the United Kingdom was to purchase 140,000,000 to 160,000,000 bushels of wheat annually from Canada. The quantity of wheat involved for 1949–50, the final year covered by the agreement, is 140,000,000 bushels at an agreed price of $2 a bushel, in store Fort William. The total dollar f. a. s. cost of the wheat involved for 1949–50 amounts to $309,000,000.

You have on several occasions advised us that wheat is a surplus agricultural commodity under the provisions of section 112 (d) of the Foreign Assistance Act of 1948, and it is my understanding that this condition still prevails. Effective with deliveries after the first calendar quarter of 1949, the ECA discontinued authorizing the use of its funds for the purchase of Canadian wheat, and as a consequence, the United Kingdom has been using its free dollar reserves to meet the deficit in its Canadian accounts, a substantial element of which consist of Canadian wheat.

Recently, there has been a very severe drain on United Kingdom gold and dollar reserves. This drain, if not halted, would quite certainly vitiate the progress toward economic rehabilitation and recovery which the United Kingdom has made and remove all prospects of achieving the objectives of the Foreign Assistance Act, not only in the United Kingdom but in all probability in the other countries participating in the European recovery program. It is, therefore, a vital necessity to take all steps possible to end the drain on British gold and dollar reserves.

In an effort to avoid this grave contingency and to extend such help as is within our power, we propose, under the provisions of the Foreign Assistance Act, to agree in part to the British proposal and authorize the use of $175,000,000 of ECA grant funds to finance a portion of this year's purchases of Canadian wheat by the United Kingdom. Aside from the vital importance of such action to European recovery, we believe that the proposed action is also in the interests of agricultural producers in this country in that it will not result in any over-all decrease in United States wheat exports and will facilitate additional exports of other agricultural commodities, both to Canada and the United Kingdom.

As part of the general arrangements under which it is proposed that ECA funds be used to finance part of the U. K. purchases of Canadian wheat, the United Kingdom has agreed to purchase directly from the United States some $30,000,000 worth of United States wheat. Consequently, net exports of United States wheat may be slightly larger as a result of the proposed action. Furthermore, the United Kingdom has agreed to purchase 8 to 10 million dollars' worth of perishable surplus agricultural commodities in the United States. Without the contribution which the financing of $175,000,000 worth of Canadian wheat will make to the British dollar position it would be difficult, if not impossible, for the United Kingdom to purchase these commodities.

The Canadian Government reaffirmed its policy to keep under constant review its restrictions on the import into Canada of fruits and vegetables from the United States. It is my understanding that in reviewing these restrictions the Canadian Government will give special consideration to those instances where the import restrictions are especially burdensome to United States producers.

In view of the above considerations, it will be appreciated if you would advise us whether you have any objection to the proposed ECA financing of the purchase by the United Kingdom of $175,000,000 worth of Canadian wheat during the current fiscal year.

Sincerely yours,

PAUL G. HOFFMAN,
Administrator.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., September 14, 1949.

Hon. PAUL G. HOFFMAN,
Administrator, Economic Cooperation Administration, Washington, D. C.

DEAR MR. HOFFMAN: This is in reference to your letter of September 13, 1949, in which you discuss the proposal that the Economic Cooperation Administration authorize the use of $175,000,000 of grant funds to finance purchases of approximately 80,000,000 bushels of wheat by the United Kingdom from Canada during the year 1949–50.

You are correct in your understanding that wheat at this time is surplus to our domestic requirements and, therefore, is a surplus agricultural commodity under the provisions of section 112 (d) of the Foreign Assistance Act. Your letter, however, sets forth the disruptive effect upon the economic recovery of the participating nations that would flow from a failure to adopt the proposal. You propose, therefore, to exercise your authority under the act to arrange for the financing referred to above, and you request our comments on the proposed action.

We are, of course, familiar with the importance of the proposal to the furtherance of European recovery; however, the interest of this Department naturally centers about the effect of the proposed action on the agricultural economy of this country.

As you state, Great Britain is a traditional outlet for much of Canada's wheat and is under agreement with Canada covering purchases of 140 to 160 million bushels annually. The failure by the United Kingdom to take the 80,000,000 bushels from Canada would result in a very large Canadian excess. Canada would, of necessity, be forced to use every means at its command, including price reductions, to dispose of these stocks in other markets, which would be largely those now supplied in whole or in part by the United States. Moreover, as an exporting country under the International Wheat Agreement, Canada, like the United States, is assured of a market for its guaranteed sales of wheat. These purchases by the United Kingdom would be chargeable to the guaranteed sales of the exporting country. If the United States were to sell any part of this quantity of wheat under question to the United Kingdom, Canada would, therefore, have the right to sell a similar quantity to other importing countries under the International Wheat Agreement. Many of these other countries are our traditional markets which we desire to retain.

Thus, the only net result of a switch from Canada to the United States of any sizable portion of the United Kingdom requirements for wheat would be a compensating shift of Canadian exports to markets which the United States would otherwise supply. There would, in consequence, be no net advantage to American wheat producers.

We believe, as stated in your letter, that the financing by ECA of a portion of the

wheat moving under the United Kingdom-Canada agreement will not diminish the over-all exports of United States wheat, but may even result in a slight increase, and, in view of the other measures which you point out will be taken, the proposed action will facilitate an increase of United States exports of other agricultural commodities to Canada and the United Kingdom. It is observed also that, as part of the general arrangements, the United Kingdom has agreed to purchase directly from the United States some $30,000,000 worth of our wheat and also to purchase from the United States from $8,000,000 to $10,000,000 worth of perishable agricultural commodities.

The Department's statutory responsibility in this matter is to determine whether our supply of wheat is in excess of domestic requirements. The determination that such a surplus exists presents a situation for the consideration by you of your discretionary authority under the Foreign Assistance Act. The combination of the circumstances recited in your letter and in this response we believe fully warrants the action which you propose to take in facilitating the purchase by the United Kingdom of Canadian wheat.

Sincerely yours,

CHARLES F. BRANNAN,
Secretary.

Mr. KEM. Translated from the original "gobbledygook" into plain English, these papers seem to mean: (a) That the United States has agreed to permit $175,000,000 of Marshall plan funds to be used by Great Britain to pay for wheat which Great Britain had previously contracted to buy from Canada under a bilateral trade agreement executed in 1946; and (b) that Administrator Hoffman and Secretary Brannan have undertaken to justify the deal.

Mr. President, I believe this use of Marshall plan money is of doubtful legality; and that in any case it is contrary to the spirit of the ECA Act. After thoughtful consideration I have reached the conclusion that the deal is not in the best interests of the American people for two reasons:

First, the deal will aggravate the oversupply of wheat already plaguing the American producer.

Second, the deal not only gives the official sanction of our Government to bilateral trade agreements, but underwrites them with American dollars.

Let us look at the situation from these two points of view.

THE DEAL WILL AGGRAVATE THE OVERSUPPLY OF WHEAT ALREADY PLAGUING THE AMERICAN PRODUCER

Senators are familiar with the history of the ECA legislation. They will recall the arguments made in support of it both on and off the floor. Few, if any, will disagree with the statement that it was the intent of Congress to provide that when agricultural commodities are in surplus supply, the requirements of our European friends, when paid for by Marshall plan funds, should be filled in our domestic markets. Such was the spirit of the law. In the absence of a general understanding to this effect I doubt that the bill could have been passed. Section 112 (d) of the ECA Act defines a surplus agricultural commodity as any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. It also provides that the Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States with two exceptions, neither of which is applicable in this case.

It is indeed a farfetched construction of the act to say that the use of Marshall plan dollars to buy wheat abroad when it is a surplus commodity here is in furtherance of the purposes of the act.

What are the facts about our wheat supply? The officials who would be naturally expected to represent the American farmer in this instance seem disinclined to present the facts. If it were not for some of his friends in Congress, his case would go by default.

The amount of wheat remaining in this country on July 1 at the end of the old crop was 293,272,000 bushels. The amount of wheat processed for food in the year ending July 1, 1949, was 483,000,000 bushels. In other words, there was carried over enough wheat to take care of the food consumption for more than half a year.

The entire internal consumption, including feed, seed, and industrial, was 691,342,000 bushels. The current estimates for the present crop are as follows:

	Bushels
The crop estimate	1,129,081,000
Carry-over	293,272,000
Total supply	1,422,353,000

Deducting last year's internal disappearance for all purposes stated above, we have a balance of 731,000,000 bushels. It is now hopefully estimated that our exports may aggregate 400,000,000 bushels, which would leave a carry-over on July 1, 1950, of 331,000,000 bushels.

Anyone who remembers the debacle under the ill-fated Farm Board knows what undigested and undistributed surpluses will eventually do to a farm program. At the present time practically every warehouse in the country is full of wheat. The farmers' bins are full. As one observer put it, "Wheat is running out of the farmers' ears."

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Does the Senator from Missouri yield to the Senator from Kansas?

Mr. KEM. I yield.

Mr. SCHOEPPEL. I should like to ask the distinguished Senator from Missouri if he recalls the statement made by Secretary Brannan, to the effect that permitting the use of $175,000,000 to purchase Canadian wheat would in fact benefit the agricultural situation? Does the Senator have an observation along that line?

Mr. KEM. Yes; I have considerable to say in my prepared speech on that subject. I shall reach it in a few minutes. I characterize that statement as "jabberwocky."

The greater part of the wheat in the country is tied up under Government loans. Farmers will not redeem this wheat unless the price reaches a point where the farmer can pay off the loan and the charges. If this point is not reached, the Government will become the owner of a vast quantity of wheat a month or two before the 1950 crop comes in.

Because of the current surplus, the Secretary of Agriculture on July 14 announced a decrease in the national wheat acreage allotment of some 17 percent, as compared with the acreage allotment last year. This has been modified by recent legislation, Public Law 272. But even allowing for this modification, the national acreage allotment for the coming year is only 68,900,000 acres, as compared to 83,200,000 acres last year. Of course, the only purpose of this reduced allotment is to endeavor to offset the surplus.

Our good-neighbor policy has been carried to the point where we are cutting back our own production to give a market to the farmers of other countries. The wheat crop of Canada this year was planted upon an acreage 12 percent greater than last year. Our Government, on the other hand, now is asking our farmers to cut back their production by accepting an acreage allotment 14,300,000 acres less than the acreage in 1948-49. This reduction in the acreage in the United States necessarily means a reduction in the farmers' income.

The Secretary of Agriculture is by law charged with the duty and the responsibility of looking after the interests of the American farmer. Why is it that he is willing to resort to a strained construction of the law to justify a deal which will have the effect of taking money out of the pocket of the same American farmer? If at the recent "dollar talks" in Washington it was deemed advisable to do something more for Great Britain, why was our farmer picked out or picked on to pay for it? This is another "calculated risk." It is calculated to destroy the farm price-support program. Whatever happens, our farmer will lose.

"JABBERWOCKY" EXCUSES GIVEN FOR THE DEAL WILL NOT CONVINCE THE FARMER

Mr. President, Messrs. Hoffman and Brannan in their pseudo-correspondence purport to excuse and explain what they have done. In my judgment, their excuses will not convince the American farmer.

After attempting to follow their involved reasoning, one feels very much like Alice in Wonderland after reading the poem entitled "Jabberwocky."

"It seems very pretty," she said when she had finished it, "but it's rather hard to understand. Somehow it seems to fill my head with ideas, only I don't exactly know what they are."

Mr. Brannan suggests that we shall gain by permitting $175,000,000 of our money to be spent in Canada because Great Britain thereby will be induced to spend $30,000,000 of our money in the United States. I ask the Senator from Kansas to figure that one out. From my point of view, there is nothing in Mr. Brannan's statement to generate any confidence that if we stand aside and allow our money to be spent in Canada, we shall find compensation elsewhere.

Mr. Brannan says the use of ECA funds to buy Canadian wheat will not result in any over-all decrease in United States wheat exports, since Canada, if denied the market in Great Britain, would necessarily push its sales in other

countries, even if price reductions were necessary. Mr. President, the fact is that today Canada is undersc ng the United States.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. KEM. I am glad to yield.

Mr. WATKINS. Where do the International Wheat Agreement and the International Wheat Treaty enter into this picture?

Mr. KEM. They do not enter into the picture, because although the wheat treaty has been ratified by Congress, the necessary enabling legislation required to implement it has not yet been passed. So the International Wheat Agreement is not yet in effect.

Mr. WATKINS. I thank the Senator.

Mr. KEM. Mr. President, how does Mr. Brannan know what disposition can be made of our wheat in other countries? His statement is even less persuasive in view of the further concession granting other Marshall plan countries the same privilege that Great Britain is given.

Our farmers may be expected to take the view that the British market was an assured one and should not willingly be passed up in the hope that other markets will be found to take its place. To the farmer, who of necessity is a practical person, "a bird in the hand is worth two in the bush."

I grant that what the surplus supply situation may be in Canada is a different matter. The Canadian farmers are plagued with a chronic surplus that does not move. They have our sympathy. It is the heartfelt sympathy of a fellow sufferer. But now that the emphasis is on troubles, what about our troubles? We have our troubles, too. I pose this question: Should not the American situation be the first concern of the American Congress?

Is the old spirit of fighting for markets entirely dead among our people? Today we are giving our markets away, and are paying for the privilege, while our surpluses pile up.

THE DEAL NOT ONLY GIVES THE OFFICIAL SANCTION OF OUR GOVERNMENT TO BILATERAL TRADE AGREEMENTS, BUT UNDERWRITES THEM WITH AMERICAN DOLLARS

Mr. President, I wish to discuss now the second reason why I think the deal is not in the best interests of the American people. That reason is that the deal not only gives the official sanction of our Government to bilateral trade agreements, but it underwrites them with American dollars.

One of the announced objectives of our postwar foreign policy has been the elimination from the world of commerce of bilateral trade agreements. From time to time we have been told by the State Department, and rightly so, that such arrangements are an abomination, inasmuch as they create unfair trade discriminations. To prevent them, the American people have been told they were justified in putting up large sums of money. This they have done. We have dedicated our efforts and our money to the resumption of world trade on a multilateral basis. But now we find that one of the most criticized of bilateral agreements not only is ratified, but actually is financed by our own Government.

Let us look at some recent history, Mr. President.

On January 24, 1946, about 6 months before final approval was given to the British loan, to which the Senator from Virginia [Mr. BYRD] has referred this afternoon, the Secretary of the Treasury, Mr. Vinson, had this to say about the proposed loan, the making of which he advocated:

> This agreement, then, will be a big step in preventing economic warfare. * * * The alternative is as unhappy as it is clear. * * * Britain would enter into bilateral agreements. * * * Such a policy would inevitably divide the world into conflicting economic blocs.

I digress to say I wonder whether the distinguished Secretary of the Treasury when he spoke then anticipated that, only a year or two later, when he had become Chief Justice of the Supreme Court of the United States, our Government should not only be ratifying and sanctioning such agreements, but our Government would be putting up the money with which to finance them, and that all this would occur after the British loan he was requesting, to prevent the bilateral agreements being entered into, was granted, and had been dissipated.

A pamphlet published by the Treasury Department in 1946 entitled, "Questions and Answers on the Anglo-American Financial Agreement" states:

> If the credit from the United States is not extended, England would be forced to continue her wartime currency and trade restrictions and drastically curtail all expenditures in the United States. * * * Judging by the recent past, England would also extend her system of bilateral agreements to other countries. These agreements * * * would discriminate against and perhaps exclude American trade.

The British loan agreement, under which Britain received $3,700,000,000 of the money of the American people, itself states:

> An important purpose of the present line of credit is to promote the development of multilateral trade and facilitate its early resumption on a nondiscriminating basis.

Yet, Mr. President, on July 25, 1946, 10 days after the British loan agreement went into effect, Great Britain and Canada announced that they had completed a bilateral agreement, which of course must have been the subject of unannounced and secret negotiation for some time, the agreement providing that the British Government would purchase an average of 150,000,000 bushels of Canadian wheat a year for each of 4 years ending August 1, 1950. It is that agreement we have just decided to finance with Marshall plan money.

When this deal was made public, the American farmer was shocked. Representative AUGUST ANDRESEN of Minnesota, one of the ablest and most far-seeing of his friends, told the House shortly after this wheat deal was announced:

> It is bilateral and exclusive in every sense of the word. It effectively takes away a large market from the United States producers. It also covers substantial quantities of flour and will have a serious effect upon our milling industry.

But, Mr. President, I have been unable to determine that there was a peep of protest from the State Department about this agreement. The fact remains that it was contrary to the spirit if not the very letter of the British loan agreement.

Mr. Hoffman, in his purported correspondence with Mr. Brannan, refers to Great Britain as "the traditional and normal outlet of wheat exported by Canada."

May I be permitted to ask, since when? As a matter of fact, Great Britain, at one time, was the principal consumer for United States wheat, but the market was lost by Empire preference and bilateral agreements.

The market in the United Kingdom for Canadian wheat has become traditional because of these agreements which gave the green light to Canadian wheat.

The American farmer was hit hard by the British-Canadian wheat deal. To add insult to injury, we are told by Mr. Hoffman that ECA will provide Britain with the dollars she needs to pay for the wheat she contracted to buy under the deal made in 1946.

Now, let us look at the Marshall plan. One of the announced objectives of the Marshall plan is to stimulate multilateral trade, that is, the progressive elimination of trade barriers. It is so stated in the declaration of policy contained in the act. Nevertheless, Britain has been permitted to enter into numerous other bilateral agreements since the Marshall plan went into effect.

Mr. President, as I entered the Chamber this afternoon a distinguished member of the press handed me a dispatch from London, published in the afternoon newspapers, announcing a 5-year bilateral trade pact between Great Britain and Yugoslavia. Under this pact it is said there will be some more swapping. Britain will swap 15,000,000 pounds worth of machinery, and Yugoslavia will give in exchange raw materials and food.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. KEM. I am glad to yield.

Mr. WATKINS. Does the Senator have in mind also the bilateral agreements between Great Britain and Russia, and between Great Britain and Poland, for the exchange of articles manufactured by Great Britain fo. grain from Russia, and also from Poland, or for timber from Poland?

Mr. KEM. I do indeed have them in mind. They are very unpleasant recollections.

Mr. WATKINS. The agreement the Senator is now calling to our attention is a continuation of the same policy, is it not?

Mr. KEM. It is. It includes, as the distinguished Senator from Utah has said, agreements with Stalin's Russia and Peron's Argentina.

Mr. WATKINS. Does the Senator have in mind that Great Britain is furnishing, for example, under one of the trade pacts with Russia, steel rails and locomotives which can be used as war potentials?

Mr. KEM. I do; and I also have in mind the statement of Mr. Attlee, Prime Minister of Great Britain, to the effect that in economic matters Great Britain looks to Russia rather than to the United States.

Mr. WATKINS. Does the Senator also have in mind that in the trade pact between Great Britain and Poland, Great Britain is to furnish tin, rubber, certain electrical goods, motors, and things of that type to Poland, all these materials being war potentials?

Mr. KEM. I thank the Senator. The countries in question seem to constitute a very happy family.

Our administration has undertaken to finance one of the deals with American dollars. Mr. President, it almost seems impossible, but let me repeat so there will be no mistake: The administration has now undertaken to finance one of the deals with American dollars.

Mr. JENNER. Mr. President, will the Senator yield for a question?

Mr. KEM. I yield.

Mr. JENNER. Does Mr. Hoffman have such authority under the law?

Mr. KEM. The law has been strained to the breaking point. I quote from memory. As I recall, the act says he may furnish ECA funds to buy in other countries commodities which are in surplus supply here when to do so is in furtherance of the purposes of the act. Who decides what is in furtherance of the purposes of the act? Mr. Hoffman apparently decides and goes ahead, and no judicial determination of his powers takes place. As a practical matter he is given carte blanche to deal with this enormous sum of money belonging to the American people, with little or no hindrance. When he wants to do something his lawyers seem to be able to find a way.

Mr. JENNER. Last year, as a matter of fact, as I understand, Mr. Hoffman was not permitted to make off-shore purchases of agricultural products so long as they were declared surplus in this country. Our wheat crop had been declared surplus. Therefore, he was not permitted to take Marshall-plan dollars and buy wheat in other countries. But he circumvented that provision of the law by saying it was impossible to get transportation for wheat by rail. Is that correct?

Mr. KEM. Yes. He said that the American ports were clogged with grain but he did not explain why American wheat could not be exported thrcugh Canadian ports, that is, why it could not move through Montreal and Quebec. There was no explanation of that at all.

One difficulty, Mr. President, which I believe should be the concern of all of us, is that this policy is not confined to British deals. We know from the State Department's release of September 15 that it has been agreed with representatives of France that the arrangements would be equally applicable to France and the other ECA countries.

I shall conclude when I have dealt with one additional subject. I want to say a few words regarding the American farm price program which is now under attack in what is supposed to be the house of its friends.

THE AMERICAN FARM PRICE-SUPPORT PROGRAM IS UNDER ATTACK

The American farm price-support program has never been popular in England. Mr. Bevin and other spokesmen for the British Government have complained about it on more than one occasion. They do not like it because they say it raises the prices of American farm products sold in Great Britain.

Mr. Brannan, the Secretary of Agriculture, likewise does not like the farm price-support program. Under the law, as Secretary of Agriculture, he is charged with the duty and responsibility of its execution and enforcement. However, he has not hesitated to show his decided preference for another program of which he is the author and which bears his name.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. KEM. I shall be glad to yield.

Mr. WATKINS. Does the Senator consider it possible for a man faithfully to enforce a law, have it lived up to, and make it successful, if he is so bitterly opposed to it?

Mr. KEM. Perhaps it is possible, but I may say to the Senator from Utah that, in my judgment, it would be extremely difficult.

Mr. WATKINS. Has not the Secretary of Agriculture taken an oath to uphold the Constitution and to defend the laws of the United States?

Mr. KEM. I assume that he did when he took office.

Mr. WATKINS. Does the Senator think it is in line with his oath to condemn a law which he is supposed to be enforcing and placing in full effect?

Mr. KEM. I think the Senator's question carries its own answer. I thank him for his observation.

Mr. President, it may be that the present farm-support program is in need of amendment. Such amendments as appear desirable should be made by the elected Representatives of our people in Congress assembled. The program should not be choked to death by American, British, and Canadian bureaucrats, sitting in hush-hush sessions behind closed doors in the State Department.

Section 1, title 1, of the Agricultural Act of 1948, directs the Secretary of Agriculture, by means of "loans, purchases, or other operations," to support prices of wheat at the rate of 90 percent of parity. The Secretary decided to use a loan based on 90 percent of parity. Since then the price for wheat on the market has consistently been below the loan price. For example, wheat prices at Kansas City recently were 16 cents below the loan value. A month before they were 22 cents below, and still are generally under the loan value. Commodity Credit Corporation has bought very little wheat on this crop. If $175,000,000 were to be spent by our Government in the United States in buying wheat for Great Britain, there would be a material advance in the price of American wheat to American producers. In that event, Great Britain would pay more for wheat purchased in the United States. It is apparent, then, that in the "dollar talks" in Washington, important steps were taken to scuttle the existing policy of price supports for American farm products.

I am lacking in originality when I say that someone has "stuck a pitchfork in the farmer's back." But this is an accurate and graphic description of what has occurred. As the Secretary of Agriculture wielded the fork, he whispered sweet nothings, smooth as butter, in the farmer's ear.

Mr. President, the Senate Committee on Agriculture should lose no time in making an objective, unprejudiced, and impersonal appraisal of just what was done at these "dollar talks" in Washington. Their effect upon the American economy, present and future, should be investigated promptly, carefully, publicly.

MILITARY ASSISTANCE TO FOREIGN NATIONS

The Senate resumed the consideration of the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

Mr. JENNER. Mr. President, I offer an amendment to the pending bill and ask that it be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. JENNER. I intend to address myself, Mr. President, to the amendment which I have just submitted.

Mr. President, these are dark days for the American people.

The very introduction of this military aid proposal is just a further indication of how grim are the prospects for the future.

Yet, Mr. President, I am convinced that the days ahead are doomed to become darker still, if the basic philosophy of permanent world intervention which underlies this military aid proposal is permitted to continue to gorge itself on the earnings, the savings, the rights and liberties which by the sweat and toil of a hundred and fifty years have been hewn out of what was once a vast wilderness, by a God-fearing, law-abiding, and liberty-loving people.

For years the American people have been drugged by the poisonous propaganda of an internationalist clique, under the influence of which, this alien ideology, which they have embraced, has been eating away like a cancer at the very heart of the American body politic.

It is my solemn conviction that the very presentation of this military aid proposal is nothing but a frightening indication of how far this cancerous internationalism has now spread to the mind of the American body politic as well.

Mr. President, throughout recent years it has been increasingly difficult to legislate in matters of the utmost urgency in such an atmosphere of increasing secrecy.

In truth, it has been practically impossible to present a detailed analysis and intelligent criticism of each one of the whole rash of international commitments that have broken out. There have been 23 of them, as a matter of fact, the senior Senator from Virginia [Mr.

BYRD] just told us about them. We have been told that we could go to the committee and see the secret records, the hearings of the Committee on Foreign Relations. But if we go there and read them, when we get to a certain place we will find a parenthesis and the notation that the witness spoke off the record. So, if we read the records, we cannot find the truth. It is not there for any Member of the Senate. The United States Senate has been denied access to the facts, has been slowly paralyzed by the bipartisan paralysis of all honest and open debate, and has been increasingly reduced to the point of uselessness in the formulation of this Nation's foreign policy.

Mr. President, there is little wonder that, confronted with the consequences of this international bipartisan paralysis to date, Felix Morley wrote in a recent issue of Human Events:

> The duty of the opposition is to oppose.
> The position of the opposition must be opposite to the position of the party in power.
> It may seem childish to reduce political philosophy to such an elementary term but we must face the fact that never before in American history has political thought sunk to a level as low as that which is accepted today.

Mr. President, the record will show that throughout this dangerous disintegration of our political life, I have continued to believe that the fiercest yearning of the human heart is the yearning to be free.

And I continue to believe with Edmund Burke that "people never surrender their freedom except under some delusion."

Therefore, Mr. President, as a result of this conviction, I am grateful that I have never surrendered my allegiance to the following principles:

First. Any proposition that is advanced for the alleged benefit of the American people is a delusion and a threat to their freedom, if in assigning new functions and tasks to Government on the domestic scene, it does not assign them within the framework of those traditional safeguards of human dignity and freedom, for the preservation of which this Government was instituted.

Second. It is our duty to be eternally vigilant to expose, and to shun as a plague, every proposition that is advanced for our good, or as our duty, the acceptance of which by its very nature infects us with the diseases it seeks to cure, which would inflict on us the ills it seeks to remedy, and which would create in our own midst the very image of those same vicious forces from which it professes to be saving others.

In all seriousness, I ask my distinguished colleagues who urge the adoption of this military-aid proposal if it meets the test of these two simple but basic American principles.

Mr. President, it is my conviction that the answer to this question is obviously in the negative. Why? The very atmosphere of uncertainty and misgiving, as is revealed in the welter of conflicting opinions which this military-aid proposal has aroused, reveals a basic dilemma in the minds of the supporters of this bill themselves.

To my mind, these misgivings further reveal a growing skepticism concerning the validity of this military-aid program and the possibility of achieving its alleged objectives.

These conflicts also reveal a deepening resentment against the growing arrogance that lies behind the outrageous request for congressional surrender of its war-making powers, to set the President up as a global war lord, a request which was contained in the original draft of this bill.

This request for military powers, powers which by their very nature would be greater than any man ever wielded in history before, was so shocking that it has brought out into the open all of the implications of the course we are pursuing, and brings to a head the basic conflict that is raging around the world today, not only between the future of our way of life and totalitarianism abroad, but also between our way of life and the forces of totalitarianism that are operating right in our own midst.

Mr. President, my position on these matters has been stated clearly and fully on many other occasions, particularly in our debate on the Marshall plan and the North Atlantic Pact. I do not want to burden my colleagues with repetitious details. They know I am convinced we are headed into a semisuper state which, with its allocations of raw materials, industrial potentials and manpower, will destroy our freedoms, and bankrupt our people.

I feel it my duty, however, to record what I consider to be convincing support of my own position, by referring to those who, in their increasing dilemma, are now beginning to confess openly that they, too, share my fears, that they, too, see the dangers to this country, from within as well as from without, which are inherent in our present course of action.

These outstanding Americans to whom I refer are beginning to realize the truth of what George Sokolsky wrote on August 15, 1949:

> The object of diplomacy used to be to protect a country, to strengthen it, to use war as an instrument of national development, to employ peace to gain allies, to support friends, to achieve national preeminence.
> In a word, the focus of diplomatic activity was the nation.
> At certain stages of history, for the word "nation" might be substituted "dynasty" or "empire," but in essence it all meant the same.
> Those who have been conducting our foreign policy, certainly since Franklin D. Roosevelt became President, have concentrated upon the world state rather than upon the specific interests of the United States.
> When the interests of the United States came into conflict with the concept of the world state, the United States was sacrificed.

Confronted by increasing proof of this fact, Mr. President, I am convinced that those of my colleagues on the Foreign Relations and Armed Services Committees who have reported out this bill are more alarmed today for the future of this Nation than ever before, not so much because of the Communistic menace itself, but because of the danger to our free institutions which our present internationalists' adventure to stop communism constitutes.

First, Mr. President, these men can now clearly see how far this administration has gone to nullify the treaty-making powers of the United States Senate. Nowhere has this been more clearly revealed than in this military-aid proposal now before us.

We can all remember, Mr. President, how emphatically the proponents of the North Atlantic Treaty denied there was any connection between that Treaty and this military-aid program.

Time and again on the Senate floor, in the press, and in radio comments across the Nation, the administration spokesmen deliberately deceived the American people as to exactly where they were being taken down this internationalist road.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. JENNER. I am glad to yield.

Mr. WATKINS. Was the Senator present in the Senate Chamber earlier in the session today when a distinguished Member of the Senate said that the bill which finally came to the floor for European rearmament was held back until after we had finished the debate on the Atlantic Pact, and had voted on it?

Mr. JENNER. Of course, we all know that the distinguished senior Senator from Texas [Mr. CONNALLY], chairman of the Foreign Relations Committee, had a run-in with the State Department when the North Atlantic Pact was under debate because the Department then wanted to bring the arms implementation measure up in the Senate, and the distinguished senior Senator from Texas thought it would jeopardize ratification of the treaty. I say, Mr. President, there is nothing wrong with this country that a little honesty and integrity in higher altitudes will not remedy.

As a matter of fact, back as far as May 6, 1947—note this, Senators; as far back as 1947—the New York Times revealed:

> President Truman refused today to disturb the secrecy surrounding administration plans for giving military aid to countries taking part in the European recovery program.
> He refused either to confirm or deny suggestions that legislative authority would be sought for such a plan.

Yet, Mr. President, in the report of the joint committees on this military assistance program, we find the following admission:

> Recognizing the fundamental interrelationship between the two programs (military aid program and ECA) ECA has participated actively in the formulation of the military-assistance program.

And then on page 8 of the same report, Mr. President, the joint committee gives the lie to the administration's denial that this military-aid program was inseparable from the North Atlantic Pact, when, admitting the piecemeal strategy that has been used to put this one over, it said:

> The committee points out that while the program proposes assistance to eight of the Atlantic Pact members, it was not originally

submitted as an implementation of that pact. In fact, it was conceived—

Note this—

it was conceived before the pact negotiations began and the two evolved as separate and distinct programs.

In line with the suggestion of the Committee on Foreign Relations, the President did not submit the military-aid program to the Congress until after the Senate had concluded its deliberations on the pact.

And now, Mr. President, the members of these Senate committees know how gross a deception the administration has practiced in selling this program to the American people.

They know that it has been in the making behind the scenes for at least 2 years, that it was part and parcel of the Marshall plan itself, and that the administration went ahead to put it into effect behind the back of the United States Senate.

They now know where this spoon-feeding technique is leading.

No more impressing evidence of the growing revolt against this continued invasion of the field of congressional authority by the Chief Executive could be found, than in the tremendous indictment of President Truman's original arms-aid request, by the senior Senator from Michigan, who described it as—

A proposal that would have authorized the President to decide for himself what nations should be assisted, when that should be done, and how it should be done.

Further the Senator from Michigan said:

It called for the virtual creation of a total world-wide war-lord power in the White House.

Mr. KEM. Mr. President, will the Senator yield?

Mr. JENNER. I am glad to yield.

Mr. KEM. Has the Senator heard of any Member of the Senate who was willing to defend on the floor of the Senate that proposed grab for power?

Mr. JENNER. I have not.

Then the Senator from Michigan went on to admit that the reaction of his colleagues and the American people was so spontaneous, immediate, and violent that it forced the President to withdraw his arrogant request.

Secondly, Mr. President, I want to place in the RECORD additional support of my own position, namely, that those who have been master-minding our economic, financial, and military involvement in international affairs have by their own confessions admitted they are not interested in exporting to other lands that which is unique to America.

They are determined rather to import that which is alien.

Mr. President, the dilemma, which this frightening development confronts every one of us with today simply cannot longer be ignored.

The realization of what is certain to happen to us if we continue on our present course is driving even the most outspoken champions of our present global crusade to warn the American people of just what the nature of this dilemma is and to call on them to join in the struggle to resolve it.

As the first witness, I call the attention of my colleagues to Mr. Bernard Baruch, who said on April 20, 1949:

All our commitments should now be reexamined to determine where a decision in the peacemaking can be reached and at what cost.

Mr. Baruch further said:

If a greater outlay of resources will break the stalemate on any front, let us "pour it on," instead of merely perpetuating the deadlock through ineffectual dribbles of aid.

If the facts presented by the distinguished Senator from Georgia [Mr. GEORGE] and by the distinguished Senator from Virginia [Mr. BYRD] do not show the proposed aid to be simply a dribble, when we are supposedly confronted with 100 divisions of Russians, with a possible 300 divisions to be called up in 1950, then I should like to know what it should be called.

I quote Mr. Baruch further:

If, however, no decision is possible, let us cut expenditures and insist that these nations do more for themselves.

Such a policy may provide rude awakenings for governments now content to coast on American aid, but this country is not strong enough to hold up the rest of the world indefinitely.

As a second witness, Mr. President, I call the Senator from Michigan [Mr. VANDENBERG] who, speaking to the oversea writers on September 15, 1949, said:

Our common cause is human rights and fundamental liberties in a free world of free men.

So long as we preserve and strengthen and expand this fraternity, we labor in the vineyard of the Lord and I dare to believe He will bless our dedications.

The Senator from Michigan continued:

The task is only just begun. The testing time must now be met—and time is of the essence—which successive steps will not do. I repeat, let us face the facts.

No matter what our cooperative disposition or our self-interests, there are definite limits to the American resources which we can safely invest in foreign aid.

The Senator from Michigan went on to warn:

Even though this were not true, there are definite limits to the practical utility and wisdom of external aid because it must not drift into permanent reliance.

As a third witness, I call the junior Senator from New York [Mr. DULLES], who said on September 15, 1949:

During the past 5 years I have worked in close cooperation with five Democratic Secretaries of State.

We have had a great many of them. We put them on and take them off like overcoats.

Further quoting the junior Senator from New York:

We have all been in agreement that individual human freedom is the only reliable foundation for lasting peace and justice.

We have consistently attacked the all-powerful government as a danger to world peace.

If, at home, we concede dependence on the all-powerful state, our foreign policy will be bereft of power.

The Truman program for vastly increasing the power of the Federal Government involves a heavy cost in money, liberty, and perhaps peace.

No honest person can deny that, and the American people ought to know.

A fourth illustration, Mr. President, is found in a speech of February 23, 1949, by Democratic Representative ED GOSSETT in which he warned that the country is suffering from "value blindness, security psychosis, propaganda and political cowardice."

He further stated:

Value blindness I call the people's failure to see the immutable principles of right and wrong against the great clamor of change.

As a fifth witness, Mr. President, I call attention to Gen. Dwight Eisenhower's warning to the American people as to where those in control of this Government were taking us behind the propaganda that they are remaking a brave new world. He said:

Very frankly, I firmly believe that the army of persons who urge greater and greater centralization of authority and greater and greater dependence upon the Federal Treasury are really more dangerous to our form of government than any external threat that can possibly be arrayed against us.

From these warnings it is obvious that the present global crusade against communism has been covering up the fact that during recent years we have had not one, but actually two, fights on our hands.

This is why I have continually fought to arouse my colleagues and the American people to the futility of the course we have been following.

This is why I have been pointing out the futility of trying to stop the spread of totalitarianism abroad while we openly embraced it at home.

We are talking about fighting communism. According to an article in today's Baltimore Sun, the distinguished Senator from Maryland [Mr. O'CONOR] charges official blocks attempts to bar Communist aliens. Reading from the news article:

Dean Acheson, Secretary of State, today was accused by Senator O'CONOR, Democrat, Maryland, of standing in the way of attempts to halt the flow of alien Communist spies into this country through immigration-law loopholes and especially under diplomatic immunity.

This is why I now feel it my duty to point out the dangers inherent in the grant of power we have already extended to the Chief Executive, the use of which this military-aid program cannot help but guarantee, underwrite, and extend.

First there are the powers in the economic field which the Chief Executive is exercising on an ever broader front.

We have heard much talk about how ERP has progressed—talk that continues to hide from the American people the fact that the basic objective of the Marshall plan, which was to eliminate financial and trade restrictions and integrate the European economy, has only produced a more impossible situation.

Mr. William Henry Chamberlain has just recently cabled from Paris:

Paris headquarters ready to admit plan is failure and new approach needed to Europe's trade problems.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. WATKINS. Is it not true that after each of the international conferences during the war, at Yalta, Tehran, Cairo, Quebec, and the others, we were regaled with reports of great things accomplished and great victories won in the diplomatic field, later to learn that instead of winning victories, we met with reverse after reverse, finally to find ourselves in the position we are in today?

Mr. JENNER. The Senator is correct. That has been true of the British loan. It was true of the Marshall plan. It was true of UNRRA, it was true of the International Bank. It has been true of every one; and now we have the military-assistance program.

Mr. WATKINS. As a matter of fact, we have a continuation of the same stories—stories about what victories we have won, and what great things have been accomplished, later to be told that that was not the result, because we must do something else to cure the same situation.

Mr. JENNER. The Senator is entirely correct.

In spite of this, Mr. President, Secretary of the Interior Krug has just promised the United Nations that the United States will back to the hilt the President's global plan under point 4 of his bold new program, although the Foreign Relations Committee of the Senate has not even held hearings on the proposal.

So as soon as we dispose of the military-aid program, on will come another bold new plan under point 4. Secretary of the Interior Krug, a man not elected to office, but appointed by the President, has notified the United Nations that we, meaning the American Government, will back to the hilt the President's point 4 program, although the Foreign Relations Committee of the Senate has not even held hearings on the program. Cannot Senators see where we are going?

It is obvious that in the field of economic power, the President is preparing to plunge us deeper into new international economic commitments with a reckless abandon that makes even the achievement of an integrated European economy impossible.

In the field of financial matters, the President has the power, in connection with the International Monetary Fund, to regulate the value of our currency. At this very moment, the International Trade Organization, in which we have 1 vote in 23, has entered into such dangerous financial negotiations as to bring an immediate and unequivocal protest from the Senate Finance Committee.

Under the reciprocal trade agreements, the President now holds the power of life or death over every segment of America's economic, agricultural, and industrial life. England devalues her pound 30 percent; but under the reciprocal trade agreements, what do we do? We are planning on lowering our tariffs still further. So if a suit of clothes is made in England for $10 and is exported to the United States, with a 30 percent devaluation, that suit of clothes will come on the American market at a price of $7. On the other hand, if a suit of clothes is manufactured in the United States for $10 and is sent into the sterling bloc area, where the pound is the unit of currency, that suit of clothes will sell there for $13. Mr. President, we are going to get ulcers before we ever get England with that kind of a program. [Laughter.]

And now we learn that negotiations are being carried on in London for a third round of American tariff reductions. Word has already seeped out that 409 more products of American industry and labor are going to be subject to that change.

Mr. President, we have talked about the financial field and the economic field and where we are getting. Now let us look at the legal field for a moment. In the legal field we have become so enmeshed by what our American representatives are doing in the various international organizations of which we are members, that even Mr. Justice Frankfurter admitted that so far as concerns the jurisdiction of the Supreme Court over the legal effects of our international commitments and policies—

> Something may be unconstitutional and still be international and so be something over which this Court has no jurisdiction.

That is a direct quotation from Mr. Justice Frankfurter.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. JENNER. I am glad to yield to the distinguished Senator from Utah.

Mr. WATKINS. Does the Senator think Mr. Justice Frankfurter had in mind the North Atlantic Pact, which many of us held to be a violation of the Constitution of the United States?

Mr. JENNER. Probably he had in mind that pact and many other of these international agreements.

Mr. President, I wish to place in the RECORD at this point a statement prepared by the State Department, which appears in the House hearings on this military-aid bill, and which reveals the powers which already have been granted to the President to render military assistance to foreign countries since VJ-day, and a record of how those powers have been used. I do not wish to take the time of my distinguished colleagues to read all the statement into the RECORD at this point; but I hope and pray that every Member of this distinguished body will read it, for it is a statement of the powers the President already has in the military field and how he has exercised them since VJ-day. I submit the statement at this time, and ask unanimous consent to have it printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

REPORT ON MILITARY ASSISTANCE RENDERED TO FOREIGN COUNTRIES SINCE VJ-DAY

The following qualifications of the report should be noted:

(a) The data generally includes only combat material, i. e., arms, ammunition, and implements of war as defined in the President's Proclamation 2776, dated March 26, 1948. In some cases, however, it has not been possible to exclude military equipment not strictly definable as combat material.

(b) Although not included in this report, military equipment other than combat material has also been supplied to foreign governments under various congressional authorities, e. g., trucks, military clothing, communications, equipment, etc.

(c) No attempt has been made in this report to distinguish between combat material transferred to foreign governments for the specific purpose of augmenting the military establishments of those governments and that transferred for other purposes, e. g., for internal police purposes for demilitarization and use in the civilian economy (generally, ammunition).

Military assistance has been extended to foreign countries under the following procedures:

(a) Direct sales of United States military surplus.

(b) Transfers from either military surplus or Government stocks but financed or facilitated by special congressional authorization.

(c) Transfers from Government stocks under the plenary powers of the President.

It should be noted that "military assistance" within the meaning of the statement in the preceding paragraph is considered to embrace generally only combat material (arms, ammunition, implements of war). In some cases, however, it has not been possible to exclude from the data in this report military equipment not strictly definable as combat material.

A. DIRECT SALES OF UNITED STATES MILITARY SURPLUS (SEE TABLE A)

This Government has continued to dispose of United States military surplus to foreign governments under the authority of the Surplus Property Act of 1944 (Public Law 457, 78th Cong., 2d sess.), as amended. These sales have consisted of limited quantities of aircraft, weapons, vessels, ammunition, and spare parts therefor, which in most cases were needed by the recipient countries for the replacement or maintenance of United States equipment already in their possession. A number of sales involved large quantities of ammunition sold for scrap or salvage purposes. Information on sales under this authority is identifiable in the attached table by the term "Public Law 457" in the last column, and reflect sales completed through May 15, 1949.

Iran: Sales of surplus United States military equipment have been made to Iran under the general authority of the Surplus Property Act of 1944, and have been facilitated by funds made available by Public Law 785, Eightieth Congress, second session, which, among other provisions, provides funds for defraying expenses for the care, handling, and disposal of surplus property abroad. Data reflected in the attached table under this authority are as of May 15, 1949.

Korea: Under the authority of the Surplus Property Act, this Government has transferred to the Government of the Republic of Korea, approximately $40,000,000 in military equipment and supplies. Of this amount, which is based on acquisition cost, approximately $13,000,000 has been for vessels for the Korean Coast Guard, while the remainder has consisted principally of equipment and supplies, including small arms and ammunition, for the Korean army and police. The transfer of this material has been effected without monetary compensation in consideration of other benefits derived.

B. TRANSFERS FROM EITHER MILITARY SURPLUS OR GOVERNMENT STOCKS BUT FINANCED OR FACILITATED BY SPECIAL CONGRESSIONAL AUTHORIZATION (SEE TABLE B)

Greece and Turkey: Assistance has been rendered to Greece and Turkey under the authority of Public Law 75, Eightieth Congress, first session, and Public Law 472, title III, Eightieth Congress, second session (the Greek and Turkish Assistance Act of 1948). Information on sales under this authority is identifiable in the attached table by the term "Public Laws 75 and 472" in the last column, and reflects Army shipments as of April 3, 1949, and Navy shipments as of May 20, 1949.

Latin America: In addition to sales under the authority of the Surplus Property Act, military assistance has been rendered to certain Latin American nations under the specific authority of Public Resolution 83, Seventy-sixth Congress, third session, which provides the National Military Establishment with limited authority to assist the governments of American Republics to increase their Military and Naval Establishments. Information in the attached table reflecting Army shipments under this authority is as of April 30, 1949, Navy information is as of May 20, 1949.

China: Under the authority of Public Law 512, Seventy-ninth Congress, second session, and following an agreement between the United States and China signed on December 8, 1947, there have been authorized for transfer to China on a grant basis 271 naval vessels.

Under the authority of Public Law 472, title IV, Eightieth Congress, second session (the China Aid Act of 1948) there has been allocated to the Chinese Government $125,000,000 which has been used by that Government for the purchase of aircraft and other military equipment from both Government and commercial sources in the United States.

The Philippines: In addition to direct sales of surplus property under the general authority of the Surplus Property Act military assistance has been rendered to the Republic of the Philippines under the specific authority of Public Law 454, Seventy-ninth Congress, second session (The Republic of the Philippines Military Assistance Act.) Information in the attached table on Army shipments is as of January 31, 1949; Navy shipments include data through May 20, 1949.

C. TRANSFERS FROM GOVERNMENT STOCKS UNDER THE PLENARY POWERS OF THE PRESIDENT

The President, acting under his plenary powers of Chief Executive and Commander in Chief, for the purpose of protecting primary security interests of the United States, has authorized the transfer of combat matériel from United States Government stocks to France and Italy. The transfer to France under this authority consisted of certain spare parts and replacement items, excess to the needs of United States occupation forces in Germany.

The transfer to Italy consisted of small quantities of military equipment and supplies, primarily small arms and ammunition, which were needed to complete the reequipment of Italian security forces which had been rearmed mainly with surplus Allied material in Italy. In authorizing this transfer the limitations imposed upon Italy by the treaty of peace were scrupulously observed.

TABLE A.—*Direct sales of United States military surplus under authority of Public Law 457*

Country	Procurement cost	Selling price	Type of equipment	Country	Procurement cost	Selling price	Type of equipment
	Thous. of dol.	*Thous. of dol.*			*Thous. of dol.*	*Thous. of dol.*	
Argentina	6,673	748	Aircraft, ammunition, small arms, explosives, artillery, spare parts.	Iran	26,469	[7] 5,298	Ammunition, small arms, aircraft parts, artillery.
Australia	4	----	Machine guns. Part of bulk sale.	Italy	[8] 141,357	[9] 22,125	Vessels, aircraft, ammunition, explosives, tanks.
Belgium	44,845	[1] 210	Ammunition, armored vehicles.	Korea	40,000	(?)	Small arms, ammunition, vessels, miscellaneous ordnance matériel.
Brazil	25,191	3,488	Small arms, ammunition, aircraft, artillery.	Mexico	21,286	644	Aircraft, armored vehicles, vessels, small arms, artillery, spare parts.
Canada	29,626	1,242	Aircraft, radar, light artillery, armored vehicles, spare parts.	Netherlands	7,216	680	Aircraft, vessels, small arms, ammunition, spare parts.
Chile	22,265	1,647	Aircraft, ammunition, vessels.	Norway	[4] 7,739	169	Vessels, ammunition.
China	102,072	[2] 6,740	Ammunition, aircraft, ordnance and Air Force matériel.	Paraguay	16	7	Aircraft, spare parts.
Colombia	7,570	632	Aircraft, armored vehicles, small arms, artillery.	Peru	13,870	1,021	Aircraft, vessels, small arms, artillery, spare parts.
Cuba	15,632	504	Vessels, aircraft, ammunition, spare parts.	Philippines	634	340	Small arms, ammunition, aircraft, spare parts.
Denmark	(?)	1,031	Vessels.	Poland	2,600	240	Demilitarized minesweepers.
Dominican Republic.	501	23	Vessels, small arms, artillery.	Portugal	2,500	562	Aircraft, spare parts.
Ecuador	4,964	414	Vessels, aircraft, ammunition, spare parts.	Sweden	7,632	1,758	Aircraft, ammunition.
Egypt	5,240	540	Vessels.	Switzerland	6,903	549	Do.
El Salvador	318	43	Aircraft, ammunition, spare parts.	Turkey	24,748	1,161	Vessels, armored vehicle parts.
Ethiopia	11	1	Ammunition, artillery.	United Kingdom	[4] 70,410	[10] 100	Miscellaneous military equipment.
Finland	[4] 2,911	190	Trawler and demilitarized minesweepers.	Uruguay	6,801	831	Aircraft, ammunition, vessels, small arms, artillery, spare parts.
France	[5] 116,720	10,527	Vessels, ammunition, aircraft.	Venezuela	9,339	983	Aircraft, ammunition, vessels, small arms spare parts.
Greece	15,050	1,960	Vessels.				
Guatemala	[6] 2,343	20	Ammunition, artillery, aircraft, small arms.				
Haiti	319	34	Aircraft, small arms, ammunition, vessels.				
Honduras	92	6	Small arms, artillery, ammunition.				
Iceland	85	----	Aircraft matériel. Part of bulk sale.				

[1] Includes a large quantity of surplus ammunition for demilitarization, 50 percent of the profits therefrom to accrue to the United States.
[2] Includes $3,736,604 in military surplus financed by Chinese Government from the $125,000,000 grant authorized by the China Aid Act of 1948.
[3] Captured enemy equipment.
[4] And captured enemy equipment.
[5] Plus unestimated value of ammunition included in bulk sale
[6] Includes Army and Air Force equipment valued at $2,041,000 transferred gratis due to reverse lend-lease credit built up by Guatemala.
[7] Facilitated by funds made available by Public Law 785.
[8] Data not complete, since certain figures with respect to aircraft matériel, aircraft, and ammunition are not available at this time.
[9] This transfer was effected without monetary compensation in consideration of other benefits involved.
[10] Plus portion of proceeds included in bulk sale.

TABLE B.—*Transfers from either military surplus or Government stocks but financed or facilitated by special congressional authorization*

UNDER PUBLIC LAWS 75 AND 472

Country	Authorized	Shipped	Type of equipment
	Thousands of dollars	*Thousands of dollars*	
Greece	295,510	270,562	Army and Air Force equipment.
	Unknown	11,358	Navy equipment, including vessels.
Turkey	103,331	87,651	Army and Air Force equipment.
	Unknown	13,840	Navy equipment, including vessels.

UNDER PUBLIC RESOLUTION 83

Country	Authorized	Shipped	Type of equipment
	Thousands of dollars	*Thousands of dollars*	
Argentina	1,709	1,412	Army and Air Force: Ammunition, small arms, explosives, artillery, spare parts.
	2,333	2,333	Naval ordnance.
Brazil	135	135	Do.
Chile	28	28	Do.
Dominican Republic	41	41	Do.
Haiti	166	166	Do.
Mexico	246	246	Do.

TABLE B.—*Transfers from either military surplus or Government stocks but financed or facilitated by special congressional authorization*—Continued

MISCELLANEOUS TRANSFERS

Country	Procurement cost	Selling price	Type of equipment	Authority
	Thous. of dol.	*Thous. of dol.*		
China	141,315	(1)	Naval vessels	Public Law 512.
	Unknown	[2] 25,000	Wide range United States military equipment left in western China by United States troops.	Military operations.
	Unknown	None	Ammunition abandoned to Chinese Government by United States Marines in northern China.	Do.
	[3] 694,700	(4)	Ordnance and aircraft matériel, vessels, tanks, miscellaneous service equipment.	Post VJ L. L.
	17,667	(4)	Ordnance and other supplies	Sino-American Cooperative Organization.[6]
			$125,000,000 disbursed to China for direct procurement or through U. S. Government agencies.	Public Law 472.
Philippines	72,556	1,875	Army and Air Force equipment	Public Law 454.
	50,129	Gratis	Navy equipment, largely vessels	Do.

[1] Grant basis.
[2] Plus 5.16 billion Chinese dollars. Includes United States $5,000,000 in bulk sale agreement.
[3] Includes $336,000,000 in services, the largest part of which involved the movement of Chinese Armies by air to reoccupation assignments.
[4] Under negotiation.
[5] Services.
[6] Transferred in exchange for services by U. S. Navy under Sino-American Cooperative Organization Agreement.

Mr. JENNER. Mr. President, I am certain the American people have not the slightest notion of the extent to which the President has been acting to continue the lend-lease rearmament of other nations, since the end of the war. The President does not need the enactment of this bill. He already has sent France military assistance in the amount of over $100,000,000. Mr. President, the Senate and the American people are being "kidded."

This brings me Mr. President, to the last grant of power already extended to the Chief Executive, namely, political power. Thus far we have discussed the economic, financial, and legal powers. Now let us discuss the last grant of power which has been extended to the Chief Executive, namely, political power. That power was granted when the Congress ratified the United Nations Charter and its implementing treaty.

How many Americans, or how many Members of Congress, for that matter, believed that when they placed that power in the hands of the Chief Executive, it would be used, not for the purpose of strengthening the United Nations as a world organization, not for the purpose of securing the peace, but as an instrument of power politics which has been used, behind the scenes, to force the disintegration of the prestige and functions of the United Nations Organization.

At this point, Mr. President, I wish to read into the RECORD a statement by Ambassador Phillip Jessup, which was deliberately designed to cover up the power politics this administration has been playing within the UN Organization, which was the dream of every American for future world peace. The statement was made by Mr. Jessup on March 17, 1949 when he spoke of the UN Organization. He said:

> A lot of people think of it in universal terms; at one high point, on one side, the extreme terms of world government, world federalism, whatever form it may take; at a lower extreme, but still within the field of international cooperation, a concept of attending meetings of various bodies of the United Nations, but without any real sense of participating in an organization which is actually doing and accomplishing various things.

This is the statement of Ambassador Jessup, who represents us in the United Nations:

> I would suggest that there is a very broad middle ground between the concept of universality and the concept of unilateralism—unilateralism which at certain periods was identical with isolationism.
>
> It is in that broad middle group, the middle ground which the United Nations itself occupies now, because the United Nations is far from universal, that the United States is operating.

Today, Mr. President, we are told that we are operating, not in the extreme field, but in the broad middle ground of which Ambassador Jessup spoke. Do Senators know what it is? I do not.

Although under article 3 of the North Atlantic Pact an overwhelming majority of the United States Senate has committed us to furnish military aid to the signatory powers, it must be obvious that the military aid we now are asked to provide will be used merely to round out the vicious circle in which we are now caught, for this insistence upon the necessity for rearming the nations of western Europe amounts to the claim that the strength which comes from unity and integration—which we have been unable to achieve in the economic, financial, the trade, the legal, and political fields—can now be achieved by building up military strength.

The sheer futility, Mr. President, of this basic assumption is revealed in the fact that by thus implementing the North Atlantic Treaty, we shall have entered actively upon the impossible task of supporting at least seven different military programs around the world. I state them now:

First, the joint Anglo-American Chiefs of Staff program that has continued, at least on a consultative basis, since the end of the war.

Second, the Greek-Turkish program, which has been extended to Iran and the Middle East.

Third, our army of occupation in Germany.

Fourth, the Brussels Pact, the deficiencies of which we have promised to underwrite.

Fifth, the 3,000,000 square miles in the Pacific, with our outposts in Japan, Okinawa, and the Philippines.

Sixth, the Rio Pact with South American countries.

Seventh, our own National Defense Establishment.

Not one of those comes within the jurisdiction of the United Nations. Every one of them has rendered the UN more impotent, and each one constitutes another step away from any intention whatever of setting up security forces within the United Nations, although in this bill lip service is given to the United Nations.

Instead, we are placing a halo around our head as the sponsors of a holy crusade against communism.

Certainly, Mr. President, this military-aid program does not give the United Nations a chance, particularly when the Senator from Texas [Mr. CONNALLY] admitted it was the purpose of this bill to bring all our military projects together in one program.

The futility of our present course is further revealed by the economic insecurity upon which it is based. For not only has the Marshall plan failed, but it has actually strengthened the very forces which have fed the fires of statism, increased the drain on American resources, and intensified the discrimination against American labor, industry, and farmers all over the world.

Meanwhile, our peace-loving allies are continuing to ship factories from the western zones of Germany to points behind the iron curtain, together with over $2,000,000,000 worth of material, machinery, and manufactured goods, a year, to build up the very forces we are seeking to destroy. And now this administration is preparing to cut American tariffs to the bone, to flood the American markets with cheap goods, the production of which has been subsidized by Marshall-plan dollars.

In addition, we shall be asked to finance the sterling-bloc debts of Britain.

This one-way road of economic cooperation not only is failing to produce a sound economic and financial basis for the economies of those nations we are seeking to defend, but, again I say, it will impoverish and enslave our own people and produce a situation in which totalitarianism can march in and take over here without firing a shot.

The futility of relying upon this military-aid program for defense against communism is further revealed in the fact that its burdens not only are going to be superimposed upon the load we are already bearing, but its very strategy has become meaningless in terms of modern warfare.

We are now told that under this strategy our main weapon is the atomic bomb. Yet far more destructive weapons of bacteriological warfare make reliance on the atomic bomb an illusion.

In spite of this, we are assuming the burdens of a ground-war defense in Europe based on the atomic strategy, which admittedly requires 40 to 50 divisions, if only for a holding action against the 100 divisions Russia has on the eastern front.

This proposal is based on the maintenance of 18 divisions—9 French, which are poorly equipped, 3 Belgian, and 6 British.

It costs $400,000,000 to equip one division. It will take nearly $4,000,000,000 merely to modernize the nine French divisions, and, after that has been spent, we shall still have just started on this rearmament program. No one dares predict where it will lead or where it will stop.

On top of this, there is the fallacious assumption, that, after these divisions have been armed, they will use their arms in our defense.

One out of every four Frenchmen is a Communist, one out of every five Italians is a Communist. England is struggling to play both ends against the middle and to move into a position of neutrality between Russia and ourselves, if a war should come.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. JENNER. I am glad to yield.

Mr. WATKINS. Does the Senator have in mind the Italian peace treaty with Russia, to which we are parties, which forbids Italy to rearm, except she may have certain obsolete equipment and a very limited force for police duty only?

Mr. JENNER. That is correct.

Mr. WATKINS. Can the Senator point out to the Senate how it would be possible for us to rearm Italy and still keep the terms of the treaty?

Mr. JENNER. No; we would have to break the terms of the treaty. The distinguished Senator knows that when we made the treaty, instead of fighting communism we were making the poor Italians pay money to the Communists.

Mr. WATKINS. It was in connection with the reparations they were required to pay, was it not?

Mr. JENNER. That is correct.

Mr. WATKINS. Does the Senator regard the Italian peninsula as necessary to the defense of the North Atlantic area?

Mr. JENNER. I am not a military man, but on the basis of past experience, I should say they would not be worth very much.

Mr. WATKINS. I do not mean the Italian people themselves, but I mean the Italian peninsula, the territory itself.

Mr. JENNER. I do not mean the Italian people. I say I am not a military man, but, in view of their position, I should not think it would strengthen the defense of the North Atlantic area very much.

Mr. WATKINS. Is it not a fact that any nation which holds the Italian peninsula would in effect largely control the Mediterranean?

Mr. JENNER. Possibly. I am not sufficiently expert in military affairs to answer the distinguished Senator's questions.

Mr. WATKINS. Is it not a fact that the so-called Italian treaty is one of the weakest links in the entire diplomatic situation connected with our defense of the North Atlantic area?

Mr. JENNER. That is my understanding. Britain and France have now agreed that even their opposition to the spread of communism is limited only to Europe, and that so far as the Far East is concerned, if they can maintain their colonial possessions and trade advantages, communism may go on the rampage.

Only a few days ago, in Washington, D. C., the French and the English, along with our Government, sat down and said, "We are through with the Far East, so far as communism is concerned." They do not care about communism. As a matter of fact, if they did, why does anyone suppose our State Department would approve the sending of a steel mill to Tito? If we are fighting communism why should we loan $20,000,000 to Tito, and why is it that at this time another loan is being negotiated for Tito? Tito is a Communist and the whole world knows it.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. JENNER. I am glad to yield.

Mr. WATKINS. Is it not possible the State Department has some kind of guaranty from Tito that he is not going to follow the Communist line, and that he will aid the western democracies?

Mr. JENNER. I do not know whether we can buy friends of that type or not. Perhaps someone else will buy him back the next day after we buy him.

Mr. WATKINS. Does not the Senator believe, for instance, that in view of our experience with Russia, in which we did not get guaranties, in which we furnished all kinds of equipment under lend-lease to the extent of $11,000,000,000 or $12,000,000,000, we have now learned a lesson, and at the present time are getting the necessary guaranties from Tito?

Mr. JENNER. I hope so, but I doubt it.

Mr. WATKINS. Does the Senator know what the terms of the deal are with respect to sending Tito the steel mill and making the loan?

Mr. JENNER. Of course, the junior Senator from Indiana does not know. As I previously pointed out, secret diplomacy prohibits the junior Senator from Indiana from knowing what is going on. The American people are likewise in the dark.

Mr. WATKINS. Does not the Senator believe we ought to have some sort of guaranty from Tito that, if we aid him now, we shall have his support in any contest which may take place in the future between us and Russia and her satellites?

Mr. JENNER. I most assuredly do, but we are not going to get it from the "do-gooder" internationalists who are now setting our foreign policy, so far as I know.

Mr. WATKINS. By that, does the Senator mean the State Department?

Mr. JENNER. I do.

Mr. WATKINS. The Senator could not possibly include the Foreign Relations Committee of the Senate, could he?

Mr. JENNER. I am afraid we have to include them also.

Mr. WATKINS. I am not suggesting it to the Senator, but I was asking for information.

Mr. JENNER. There is another even more basic fallacy, behind this whole approach toward the problem of the containment of communism and of winning the struggle against totalitarianism. That is the basic state of mind that has resigned itself to the inevitability of war. We hear much said about the inevitability of war and that we had better get ready. We heard the distinguished Senator from Maryland [Mr. TYDINGS] give us a frightening picture of the situation.

We have this from one of our most outstanding military experts, Mr. Hanson W. Baldwin, of the New York Times, who wrote on May 2, 1949:

> If nations or their rulers think in those terms a state of mind is created which does make war inevitable. Moreover, the concentration upon purely military measures which this state of mind forces may reduce the effectiveness of the nonmilitary measures which, if successfully followed, might make shooting war unnecessary.

Mr. President, it is at this point that someone raises the question with the smug finality that always accompanies it: "Well, what would you do?" How many times have we heard that? We hear it said, "This is the best course. This is a calculated risk." If we criticize it, even intelligently, we are met with the response, "Well, what would you do about it?" My answer to that question has already been stated by J. Reuben Clark, our former ambassador to Mexico and former Under Secretary of State, one of our greatest authorities on international law, who said, in a Chicago address, November 14, 1947, in response to this same question:

> I frankly answer. I do not know, for I do not know the facts.
>
> Furthermore, a critic with no authority or power in a situation and from whom is withheld a knowledge of the facts, is under no obligation to propose an alternative.
>
> He may rest by pointing out defects in policy.
>
> On the other hand, I say, give us the facts, all of them, hiding nothing, and we shall tell you what to do.
>
> As one American citizen, I dare government to give us the facts, all the facts, including what kind of war they think the next war will be, what kind they intend to wage, and how many lives it will cost, including the aged, the infirm, and women and children.

We, the common people, have not been told the facts for years, since long before the last war broke.

We are not now being told the facts.

We can only surmise.

But give us the facts and we will answer.

And in our multitude of counsel, you will find wisdom.

How true in government that is today.

Mr. President, the greatest fallacy of all that lies behind this military program we are now about to undertake is revealed in the following warning to his people, which Lincoln uttered during the darkest days of the Civil War:

We have been the recipients of the choicest bounties of Heaven; we have been preserved these many years in peace and prosperity; we have grown in number, wealth, and power, as no other nation has ever grown. But we have forgotten God.

We have forgotten the gracious hand which preserved us in peace and multiplied and enriched and strengthened us, and we have vainly imagined, in the deceitfulness of our hearts, that all these blessings were produced by some superior wisdom and virtue of our own.

Intoxicated with unbroken success, we have become too self-sufficient to feel the necessity of redeeming and preserving grace, too proud to pray to the God who made us.

Mr. President, this prayer is also an indictment of our leaders, of our policies, and of our people, for we cannot build peace in the hearts of other men if we have become too proud to pray to the God who made us.

How can we expect to obtain facts if our own leaders are deceitful and dishonest?

While the champions of this military-aid program have exhausted the realms of logic, of military strategy, of legal niceties, and of the necessities of the hour, they have failed to incorporate in their plea, and in their plans, that without which every plan is doomed to fail.

No one has seen this more clearly than that magnificent American, Gen. Douglas MacArthur, who on VJ-day, September 2, 1945, aboard the U. S. S. *Missouri*, in Tokyo Bay, told the world:

Men since the beginning of time have sought peace.

Various methods through the ages have been attempted to devise an international process to prevent or settle disputes between nations.

From the very start, workable methods were found insofar as individual citizens were concerned but the mechanics of an instrumentality of larger international scope have never been successful.

Military alliances, balances of power, leagues of nations—

I might say, the North Atlantic Treaty—

all in turn failed, leaving only the path to be by way of the crucible of war.

The utter destructiveness of war now blots out this alternative.

We have had our last chance.

If we do not now devise some greater and more equitable system, Armageddon will be at our door.

The problem basically is theological and involves a spiritual recrudescence and improvement of human character that will synchronize with our almost matchless advance in science, art, literature, and all material and cultural developments of the past 2,000 years.

It must be of the spirit if we are to save the flesh.

Who knows more about military alliances and wars than does that great leader?

Let me repeat his closing sentence:

It must be of the spirit if we are to save the flesh.

Even more recently, Mr. President, the distinguished junior Senator from New York [Mr. DULLES], speaking from the pulpit of the First Presbyterian Church in Watertown, N. Y., August 28, 1949, warned that—

Reliance by the United States mainly on material and military might in the world struggle for peace is dangerous.

He went on to say:

If communism and fascism are hateful, because of the consequences of their godlessness, it is equally true that they can be successfully resisted only by societies imbued with strong, spiritual convictions.

Moral power does not derive from any act of Congress.

It depends on the relations of a people to their God.

It is the churches to which we must look to develop the resources for the great moral offensive that is required to make human rights secure, and to win a just and lasting peace.

Here then, Mr. President, is what I would do.

I would put Uncle Sam, who has been standing on his head in this international dither, back on his feet.

I would give priority now to every single measure that will keep this country sound, strong, and free.

Frankly, Mr. President, who could help but be alarmed to know that in the midst of all this passion for strengthening others, for underwriting the interests and defenses of others, Mr. Bernard Baruch charges that there is still not in existence, so far as the United States Senate is concerned, a single over-all defense plan for the Western Hemisphere, nor even for the defense of these United States, which we can count on as adequate, even to our minimum needs?

If we are to be successful in our fight against communism or any other kind of tyranny, let us look to our own economic, financial, and military strength, let us keep ahead in the development of military preparedness, and let us keep our people and this Nation free.

If America, by any act of ours, should be dragged down into the economic and social and moral chaos that is engulfing the Old World, we cannot help but become a curse, not only to those whom we seek to champion, but we shall become a curse to future generations of Americans yet unborn.

There is our military strength and might, as the distinguished Senator from Virginia said, and the only hope for the future peace of the world at present, unless we can bring back the moral and spiritual qualities of people, lies in a strong America. But we are being bled white, and when we go down, pray, where will the world turn for leadership in peace?

Then, Mr. President, there is this much more I would do—this, if nothing else. I would see to it that this Nation was not launched on the sea of power politics, trusting only to our material resources and physical might.

I would proceed now to give to the people in Europe whom we profess to be aiding under this bill, some tangible proof of our own faith in the living God.

I would help them to keep this faith alive in their own hearts and minds, giving them something really to live, to struggle, to sacrifice, and yes, something really to die for, if need be, on the theory that communism cannot live in the house of God.

The Senator from Maryland [Mr. TYDINGS] says the core of the defense will be the land armies of France; and today one Frenchman out of every four is a Communist. That is why I have prepared the amendment I have to which I have referred, and it is why every man who believes in a God of love and who wants peace should support it.

I do not know how many dollars we are going to send to the countries in Europe, but let us fortify them spiritually and morally. Communism cannot live in the house of God. Let us give those people something to fight for. Before the start of World War II France had an army and Great Britain had a navy, but when Hitler marched into the Ruhr, did the people resist? No, because they did not have anything to fight for. They had lost spiritual values.

We are living in an age now when we can look through the clouds and see the moon by radar. We are living in the age of the atomic bomb, which is made up of the very stuff of which the universe is created. We are living in the age of scientific warfare, which scientists tell us will make the atomic bomb extinct. We hear talk about turning back the armies of Russia. That is silly. Let us rebuild the churches, let us revive the spiritual being in men, let us give the people of Europe something to fight for and to die for.

Therefore, Mr. President, I urge my colleagues to give their most earnest consideration to the amendment which I have prepared and which I shall offer.

Knowing that this money for military aid is going to be furnished, let us not just pour more physical force into a spiritual vacuum.

Let us set aside $100,000,000 of these funds for the rehabilitation and reconstruction of the war-shattered churches and church properties as a tangible evidence of our faith that in our struggle to remain free and to preserve the freedom of others in a world of peace, we are not alone.

Mr. SPARKMAN. Mr. President, last Friday, September 16, I offered two amendments to H. R. 5895 on my own behalf, and on behalf of 10 of my distinguished colleagues, the senior Senator from Vermont [Mr. AIKEN], the Senator from Washington [Mr. CAIN], the Senator from Indiana [Mr. CAPEHART], the junior Senator from Vermont [Mr. FLANDERS], the Senator from New Jersey [Mr. HENDRICKSON], the senior Senator from Alabama [Mr. HILL], the Senator from North Carolina [Mr. HOEY], the Senator from Colorado [Mr. JOHNSON], the Senator from South Dakota [Mr.

MUNDT] and the Senator from Mississippi [Mr. STENNIS]. Last July 8 I submitted, in the names of the same group of Senators, a Senate resolution. At that time I stated:

> The purpose of the resolution is to point the way toward a more effective implementation of the Atlantic Pact than that which has been suggested in the military aid program.

I then announced our intention to offer this resolution in the form of amendments to the military assistance bill. Our purpose remains to use this opportunity as a springboard for something far better and more effective than a mere military alliance, to the end that effective steps can be taken now through the provisions of the military assistance program to break the vicious circle of the world armament race which can only end in a third world war, and to make sure that our aid to our Atlantic Pact allies—an aid the necessity of which no one denies—shall not be frittered away, in well meaning, but hasty measures.

The immediate objective of the amendment is to earmark from 10 percent to 25 percent of the military assistance funds for the Atlantic Pact nations, for the organization of an Atlantic police force, to be under control of the Atlantic Council, and composed of volunteers from the smaller European nations which cannot maintain effective military forces of their own. The second and fundamental objective of the amendment is the revision of the United Nations so as to establish effective world arms control backed by an international police force; or, failing that, the extension of the Atlantic Pact into a world pact open to all nations, with its own workable authority and police force, based on the principle of enforceable law against aggression.

A great deal has been said about how much to appropriate; but we believe it is even more important to determine how best to utilize whatever appropriation is made for the Atlantic Pact nations so as to insure the maximum returns in security for our investment. We believe the amendment will resolve some of the doubts as to the efficacy of the military aid program. The Atlantic police force would be a highly trained, well-paid professional force of the highest type, immediately available against an aggressor, and largely independent of the internal politics of individual European member states. For America, in the long run it would save billions of dollars. Instead of spending our millions on building up the weak and dispersed armed forces of the smaller nations, we can build up a powerful collective force to defend them all. More important still, this Atlantic police force will serve as a nuclear international police force whenever we decide, as we should, to extend the Atlantic Pact into a world pact, under a proper world authority.

As the Senator from Vermont [Mr. FLANDERS] stated so well:

> We seek through this amendment to transform the Military Assistance Act and the Atlantic Pact which it implements, from a shaky power-politics alliance into the kind of United Nations that was promised to us but never delivered.

Mr. President, I ask unanimous consent that there be printed at this point in my remarks a copy of the proposed amendment.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 17, between lines 8 and 9, insert the following:

"In furnishing such assistance, the Congress recognizes that a fundamental objective of the policy of the United States, in accordance with paragraph (6) of Senate Resolution 239, Eightieth Congress, should be to seek review of the United Nations Charter at an appropriate time by a general conference called under article 109, or by the General Assembly; and that among the ends of such review should be (a) the elimination of the paralyzing veto-right with respect to defined matters of aggression and armament for aggression; (b) the establishment of effective international control of atomic energy, and world-wide quota limitation of production of heavy armament, with provision for strict inspection and enforcement; and (c) the establishment of an effective international police force, with proper safeguards for national sovereignty. The Congress also recognizes that if revision of the United Nations Charter to attain such ends proves unattainable within a reasonable time, then it should become an objective of the policy of the United States to extend the principles of the North Atlantic Treaty into a world pact open to all nations, having its own workable authority based on the principle of enforceable law against aggression and backed by its own international police force."

On page 20, between lines 19 and 20, insert the following new section:

"SEC. 105. Notwithstanding any other provision of this act, not less than 10 percent or more than 25 percent of the sums appropriated to carry out the provisions and accomplish the policies and purposes of this title shall be available only for the purpose of furnishing military assistance in the form of equipment of an Atlantic police force to be sistance, to be used in the training and equipment of an Atlantic Police Force to be recruited from among volunteers who are nationals of European nations except the United Kingdom, France, and Italy. The organization and command of such force shall be vested in the Defense Committee of the Atlantic Council, provided for in article 9 of the North Atlantic Treaty, or in some other body subsequently established for such purpose by the nations which are parties to the North Atlantic Treaty. Such Atlantic police force shall be used as a nuclear international police force for the collective defense of the smaller nations which are parties to the North Atlantic Treaty and as an auxiliary to the national armed forces of the larger nations which are parties to such treaty, in the event of armed attack."

Mr. SPARKMAN. Mr. President, the portion of the amendment relating to an Atlantic police force simply provides that a part of the military assistance appropriated by the United States be used for the establishment and equipment of a special mobile force, to be called the Atlantic police force, made up of volunteers from nationals of European states other than the United Kingdom, France, and Italy (which are, or will be, provided with effective military establishments of their own).

This Atlantic police force would be a highly trained, well-paid professional legion of the highest type, a balanced land, sea, and air force, immediately available against an aggressor. It could be quickly organized, in national units, from the already available trained manpower in Europe, not only in the Atlantic Pact nations, but also from other European volunteers. It could be stationed in western Germany or, upon mutual agreement, in special bases provided for this purpose by participating member states.

The presence of such an Atlantic police force in being would be a definite deterrent to Soviet aggression. It would be a dependable emergency defense force for the smaller nations, an auxiliary force for the larger nations, and a symbol of the united determination of the Atlantic Pact nations, as a collective entity, to defend themselves against armed attack. It would save lives.

The establishment of this force would not interfere with plans for Uniforce or other defense arrangements based on the various national armed forces. It would simply supply for mutual defense an additional, powerful armed force, by drawing upon the large and hitherto untapped manpower resources of Europe on a voluntary basis, backed by the industrial resources of the United States.

The organization and command of this Atlantic police force should be vested in the defense committee of the Atlantic council, or in some other body subsequently established for this purpose by the Atlantic Pact nations. This controlling body should accord fair representation to all members of the Atlantic Pact.

Many otherwise unsolvable problems could be resolved through this simple and practical proposal:

First. The smaller nations of western Europe, which individually are unable to maintain effective military establishments of their own, would collectively become a new great military power.

Second. The free nations bordering on Soviet Russia and her satellites would no longer be threatened by immediate occupation, since the powerful Atlantic police force could be moved for their defense without waiting for parliamentary debates of member states.

Third. The fear of a revived militarist Germany would also be removed; for the Atlantic police force could serve as an effective occupation force as long as necessary. It would even be possible, without any risk, to use the industrial resources of Germany to help supply the Atlantic police force or to admit recruits from Germany into the Atlantic police force.

Fourth. The principles of the Atlantic Treaty, implemented in the method described above, could, if conditions warrant it, be extended to a larger organization of all peaceful nations. Such a world collective front, organized under a higher law with a workable authority, and backed by its own international police force, could function until the United Nations becomes strong enough to maintain general peace and security.

We believe that American public opinion would enthusiastically support this proposal. From a nationalist standpoint, support of an Atlantic police force is the best investment America could make for its own security, as well as for that of its European allies. From an internationalist viewpoint the Atlantic police force would be welcomed as the nucleus

of a more effective mutual-defense organization. A near majority of the Members of the United States Senate, responding to popular demand, have recently introduced resolutions moving along these lines, as the attached breakdown will show.

Favorable action now by the representatives of the Atlantic Pact nations to establish this Atlantic police force would not only bring about a closer union of the Atlantic nations, but would be a tremendous step forward on the road to lasting peace.

Mr. President, as an example of how public opinion will reflect on our proposal, I want to quote a few extracts from an editorial in the Cleveland (Ohio) Plain Dealer of September 19, as follows:

Few deny the need for adequate defense measures for what is left of the free world. But the question invariably arises whether these steps are the whole or even an adequate answer to the needs of the times.

The two Senate committees pointed out in their report that the Russians, against whom the Atlantic defense system is aimed, have 5,000,000 men under arms. They have increased their 1949 military budget by 19 percent over that of 1948. The purport of these statistics is to show an aggressive intent on the part of the clique in the Kremlin. They are supplied as proof of the need for all-out military assistance to the signatories.

Little or no argument is needed to convince most persons of the fact that the Russians will not hesitate to step in and take what they can get, as they did in eastern and Balkan Europe after the war. If, however, they actually are as intent upon aggression as the joint report contends—a viewpoint expounded at every opportunity—then they will not permit the arming of western Europe to the degree contemplated by the Atlantic Pact powers. Long before that happy day arrives the Russians will have swooped up defenseless western Europe. And if the argument is made that they would not be so brazen for fear of eventual retaliation by the United States, the same argument can be used against the unlimited rearmament of western Europe now or in the future.

Certainly western Europe should have an adequate defense establishment, but no one yet has ventured to say just what constitutes adequate. If the Russian force totals 5,000,000 now may it not total 10,000,000 when the combined manpower of the western nations under arms reaches 5,000,000? This is a no-limit poker game that can end in either bankruptcy or war or both.

There are some Americans, among them Senator JOHN J. SPARKMAN, of Alabama, member of the Senate Armed Services Committee—

I interpolate that I am not a member of that committee—

and 10 of his colleagues, who believe real defense is to be found in giving power to the United Nations rather than by building a subsidiary, but actually rival, organization of Atlantic powers. * * *

To this end SPARKMAN and his collaborators have introduced two amendments to the bill projecting military aid to foreign powers which comes before the Senate today. One would review the United Nations Charter or call a special meeting of the General Assembly.

* * * * *

The other amendment would provide between 10 percent and 25 percent of the funds provided for defense for pact signatories to be used in the training and equipment of an Atlantic police force to be recruited from among volunteers who are nationals of European nations except the United Kingdom, France, and Italy.

While these amendments may not win a majority of the Senate, they will muster a sizable minority behind them. They are indicative of clearer thinking on defense matters.

It should be apparent to all that nations which can muster the force evident behind the Atlantic Pact can, should they so desire, put equally effective force behind plans to make the United Nations work as its charter intends or find a workable substitute. Here, rather than in old military alliances under new names, is the road to adequate and effective defense against aggression, Russian or other.

Mr. President, I quote extracts from another significant editorial published in the Washington Post of September 20:

MAP IN THE SENATE

As debate began yesterday on the military aid program, Senator CONNALLY claimed a substantial majority of votes for the administration's bill. That has long been taken for granted. Neither the Senate nor the House will take responsibility for blocking aid measures which the experts as well as the man in the street believe to be essential to our national security. For this very reason the question ought not to be whether the votes are at hand to pass the bill but whether the program that it will put into effect is sound in detail as well as in general principle. The fact that public opinion dictates the enactment of an arms aid bill makes it the more imperative for the Senate to insist that the bill be right.

* * * * *

It is fortunate that the debate is taking place after the initial steps toward setting up the Atlantic defense system have taken shape. The Senate should now have no difficulty in resisting the tempting proposal of Senator SPARKMAN and 10 other Senators to earmark 10 to 25 percent of the MAP fund for an Atlantic police force. We hope that such a force will come into being and that MAP funds will be used to hasten it. But it is not for Congress to dictate the form of the new supernational military organization. It must evolve out of the Defense Committee that was set up on Saturday by the North Atlantic Council. Undoubtedly the administration can use MAP funds to good effect in compelling a unity of command in the new defense system and a specialization of functions among the participating powers. The aim should be thorough internationalization of the defenses of the Atlantic community. It is well to remember, however, that this aim cannot be achieved merely by setting up an Atlantic police force composed of volunteers from many nations and owing allegiance to no one country.

Along with an international police force we must have civil authorities capable of directing it. That can be achieved only when the nations are ready to surrender their sovereign power to make war to an international body. There is hope that the North Atlantic Council or the Security Council of the United Nations stripped of the veto handicap may become such a body.

Mr. President, of course, this editorial expresses the hope that the Senate will reject the amendment we have submitted. But at the same time it calls attention in very strong terms to the need of just such a program. The United Nations promised us such an international police force. As the Senator from Vermont [Mr. FLANDERS] said in the quotation I read a few minutes ago, it was promised to us, but it has never been delivered. We believe that it is time that it be delivered, or certainly that a start be made on the program which all along has been recognized as the only one that can give us the feeling of a secure and lasting peace. Even the Committee on Foreign Relations and the Committee on Armed Services in reporting this bill recognize that principle, because they incorporated in the bill language, in substance, to the effect that it continues to be our objective to work for an international police force. In other words, in the enactment of this bill, we reassert the policy set forth in Senate Resolution 239 in the Eightieth Congress, submitted by the able Senator from Michigan [Mr. VANDENBERG].

The 11 of us who have submitted this resolution which is now in the form of an amendment to the pending bill, appreciate the fact that many people recognize the need for such a police force. We believe that it is time to start building it up. It could very well be done as a part of this program.

Mr. President, we believe that future events will largely justify the absolute necessity of the proposals made by our group and by other distinguished Senators who may join us in voting for this amendment. Even if our amendment is defeated, we are confident that it will be but a temporary defeat, leading to a greater victory later.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. FREAR in the chair). Does the Senator from Alabama yield to the Senator from Texas?

Mr. SPARKMAN. I yield.

Mr. CONNALLY. The Senator knows that there is nothing in our report on the bill which is hostile to his idea. We are for the United Nations providing international armed forces. We have been endeavoring to promote such a program. However, the military committee of the United Nations, with the veto of the Soviets, has prevented it. If there is any way by which we can accomplish that purpose under existing circumstances, we are willing to do it, and we are willing to continue to insist that it be done. However, we feel that the Senator's proposal to set up still another organization within the North Atlantic Treaty would not be practicable, because we would have to confer with all the other 11 countries. They can now do it, in effect, under the Council and the military committee established under the treaty. In effect they can accomplish what the Senator has in mind without tying it to this bill and making it a statute, which would be unilateral. We cannot do it on our own. It must be based upon the cooperation of all nations in the North Atlantic Treaty.

Mr. SPARKMAN. I certainly have no quarrel with any statement which the able Senator from Texas, chairman of the Foreign Relations Committee, has made.

I had just finished referring to the fact that the principle of an international police force has been recognized by the able chairman and his committee all along, and it is recognized in this particular bill. I agree also with the statement that it can be accomplished without being written into the law. However, if we earmark a certain part of the

funds to be used only for that purpose, I certainly believe that it will hasten the project.

In April 1948, 16 Senators, including myself, submitted for the first time a resolution based upon a specific ABC plan for the revision of the United Nations Charter. We did not obtain favorable action on that resolution, but as a result of the public discussions of the resolution and the obvious approval of this new move by public opinion came other steps leading in part to the resolution of the distinguished Senator from Michigan [Mr. VANDENBERG], Senate Resolution 239, to which I have just made reference. That resolution was adopted by the Senate, and is carried forward in the present bill.

I confidently expect that General Bradley, whose military genius is rivaled only by his angelic patience, will rally around him the statesmen and the military leaders of our Atlantic Pact allies. It is to be hoped that then General Bradley, whose strategic planning is far reaching and who has never been afraid of a new and original approach, will be influenced substantially by the concept of the Atlantic police force against which no military leader has raised so far any valid objection.

I may add, Mr. President, that the time has come when some elements in our State Department should abandon the old and threadbare argument to the effect that the Senate would never agree to the elimination of the UN veto, never agree to specific methods for the elimination of the back-breaking load of the atomic and armament race, never agree to an effective international police force, even within the framework of national sovereignty.

I have before me a detailed breakdown of three resolutions introduced since the Atlantic Pact debate subsequent to the original Senate Concurrent Resolution 50, introduced by 16 Senators last April 1948. These three most recent resolutions prove beyond any doubt that 43 United States Senators have announced their support of a far more effective international organization based on enforceable law against aggression than the present veto-ridden United Nations. There are other Senators, whose names are not on these resolutions, who heartily sympathize with them. For example, I quote the Senator from Ohio [Mr. TAFT], from the CONGRESSIONAL RECORD of July 11, 1949:

> The Senate Atlantic Treaty might have been so drafted as to create a small United Nations within the larger group improving upon the United Nations Charter, eliminating its defects, and furnishing an example of an improved international organization which could be followed by the United Nations itself * * * it is the general plan suggested in Senate Resolution 133, introduced by the distinguished junior Senator from Alabama and 10 other Senators on Friday of last week, with which I have great sympathy.

Mr. President, I have before me a list of the names of 43 Members of the Senate who have sponsored one or more of the several resolutions looking toward an improvement on the present United Nations Organization. Rather than take the time to read it, I ask that the list be printed in the RECORD at this point as a part of my remarks, together with a brief explanation showing what the various resolutions are that the respective Senators, whose names I have just asked to have printed in the RECORD, have supported.

There being no objection, the list and explanation were ordered to be printed in the RECORD, as follows:

Senator AIKEN: Senate Concurrent Resolution 50, Senate Resolution 133.

Senator BALDWIN: Senate Concurrent Resolution 50, Senate Concurrent Resolution 57.

Senator BYRD: Senate Concurrent Resolution 50.

Senator CAIN: Senate Concurrent Resolution 50, Senate Resolution 133, Senate Concurrent Resolution 57.

Senator CAPEHART: Senate Concurrent Resolution 50, Senate Resolution 133.

Senator FERGUSON: Senate Concurrent Resolution 50.

Senator FLANDERS: Senate Concurrent Resolution 50, Senate Resolution 133.

Senator HOEY: Senate Concurrent Resolution 50, Senate Resolution 133.

Senator JENNER: Senate Concurrent Resolution 50.

Senator JOHNSON of Colorado: Senate Concurrent Resolution 50, Senate Resolution 133, Senate Concurrent Resolution 56.

Senator KEFAUVER: Senate Concurrent Resolution 50, Senate Concurrent Resolution 57.

Senator MCFARLAND: Senate Concurrent Resolution 50.

Senator MUNDT: Senate Concurrent Resolution 50, Senate Resolution 133.

Senator O'CONOR: Senate Concurrent Resolution 50.

Senator SPARKMAN: Senate Concurrent Resolution 50, Senate Resolution 133, Senate Concurrent Resolution 56, Senate Concurrent Resolution 57.

Senator STENNIS: Senate Concurrent Resolution 50, Senate Resolution 133.

Senator TOBEY: Senate Concurrent Resolution 50, Senate Concurrent Resolution 56.

Senator HENDRICKSON: Senate Resolution 133, Senate Concurrent Resolution 56, Senate Concurrent Resolution 57.

Senator HILL: Senate Resolution 133, Senate Concurrent Resolution 56, Senate Concurrent Resolution 57.

Senator DOUGLAS: Senate Concurrent Resolution 56.

Senator DOWNEY: Senate Concurrent Resolution 56.

Senator GRAHAM: Senate Concurrent Resolution 56.

Senator HUMPHREY: Senate Concurrent Resolution 56.

Senator HUNT: Senate Concurrent Resolution 56.

Senator JOHNSTON of South Carolina: Senate Concurrent Resolution 56.

Senator LONG: Senate Concurrent Resolution 56.

Senator MAGNUSON: Senate Concurrent Resolution 56.

Senator MCMAHON: Senate Concurrent Resolution 56.

Senator MORSE: Senate Concurrent Resolution 56.

Senator MURRAY: Senate Concurrent Resolution 56.

Senator PEPPER: Senate Concurrent Resolution 56.

Senator THYE: Senate Concurrent Resolution 56, Senate Concurrent Resolution 57.

Senator WITHERS: Senate Concurrent Resolution 56, Senate Concurrent Resolution 57.

Senator CHAPMAN: Senate Concurrent Resolution 57.

Senator FREAR: Senate Concurrent Resolution 57.

Senator FULBRIGHT: Senate Concurrent Resolution 57.

Senator ECTON: Senate Concurrent Resolution 57.

Senator GEORGE: Senate Concurrent Resolution 57.

Senator GILLETTE: Senate Concurrent Resolution 57.

Senator KILGORE: Senate Concurrent Resolution 57.

Senator MAYBANK: Senate Concurrent Resolution 57.

Senator MCCARTHY: Senate Concurrent Resolution 57.

Senator MILLER: Senate Concurrent Resolution 57.

SUMMARIES OF RESOLUTIONS

SENATE CONCURRENT RESOLUTION 50

There are three large national movements demanding the establishment of a stronger international organization, through or within the United Nations. Together they reflect a near majority in the Senate. As poll after poll has shown, they have the support of an overwhelming majority of the American people. The three movements are:

I. The revisionists, supported by the Citizens Committee for United Nations Reform (and the American Legion), who advocate concrete methods for the revision of the United Nations Charter, called the ABC plan, embodied in Senate Concurrent Resolution 50: (A) elimination of the veto in defined matters of aggression and armament for aggression; (B) international control of atomic energy in accordance with the official United States (Baruch) proposal, together with enforced limitation of all other important armament through a quota system; and (C) an effective but tyranny-proof international police force under a reorganized Security Council and World Court. In answer to a probable veto of these revisions of the UN Charter by Soviet Russia, the resolution proposes the use of article 51 to establish a world organization without Soviet Russia (although open to her), under its own workable authority and court, backed up by its own international police force.

SENATE RESOLUTION 133

Senate Resolution 133, also supported by the revisionists, repeats the essentials of Senate Concurrent Resolution 50 as a general goal, advocating the extension of the Atlantic Pact into a world pact for mutual defense, open to all, "based on the principle of enforceable law against aggression and armament for aggression." As an immediate goal, Senate Resolution 133 proposes the establishment by the Atlantic Pact nations of a nuclear international police force composed of volunteers from smaller nations only, stationed in western Germany, and owing its allegiance solely to the Atlantic council and its defense committee. Instead of costly and weak individual armed forces for smaller nations, they would be defended by this highly trained, well-paid professional legion, which at the same time would serve as a powerful mobile force in support of the national armed forces of the larger Atlantic Pact nations.

SENATE CONCURRENT RESOLUTION 56

II. The United World Federalists, who support Senate Concurrent Resolution 56, which, since it states a general formula only, can be quoted in full: "It should be a fundamental objective of the foreign policy of the United States to support and strengthen the United Nations and to seek its development into a world federation, open to all nations, with defined and limited powers adequate to preserve peace and prevent aggression through the enactment, interpretation, and enforcement of world law."

SENATE CONCURRENT RESOLUTION 57

III. The Atlantic Union Committee, who support Senate Concurrent Resolution 57, which also can be quoted in full except for

"whereases": "The President is requested to invite the democracies which sponsored the North Atlantic Treaty to name delegates, representing their principal political parties, to meet this year with delegates of the United States in a federal convention to explore how far their peoples, and the peoples of such other democracies as the convention may invite to send delegates, can apply among them, within the framework of the United Nations, the principles of free federal union."

Mr. SPARKMAN. Mr. President, by eliminating the duplications, we find that there are 43 Senators on the list. We also find that the names of several Senators, including my own, are on different resolutions. In fact, if I correctly recall, my name appears on all four of the resolutions. It is there because I believe that any method or any step in the direction of a stronger United Nations than now exists is an important step forward toward the fundamental solution of the problem of peace. Therefore, together with many other Senators, I shall support any measure which moves in what I consider to be the right direction.

Mr. President, I have no hesitancy in saying that, while I have supported every one of these measures and shall continue to support them, nevertheless I am afraid that there may be a tendency at times for us to forget that the main objective toward which we must always drive is the establishment of permanent peace. If we forget that objective we are likely to find ourselves lost in a maddening and never-ceasing armament race—that is, never ceasing until the inevitable result, a third world war, comes about, through which civilization cannot live. That is the reason why I am supporting all these resolutions.

Mr. THYE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. THYE. I wish to commend the Senator for his able remarks on this question. I have always shared the feeling that an international police force must be established. What chaotic conditions would exist within the city of Washington, on every street corner, if there were no police force to guard the conduct of the public. It is just that simple. One policeman on the street corner maintains law and order. There is no parking before water hydrants. There is no parking in areas marked by yellow paint, merely because of the fact that there is one policeman on the block who would notice if there were a violation of the parking regulations.

The same would be true of an international police force. The mere presence of such a body to maintain law and order among the nations of the world would go a long way toward preserving peace. The operation of such an agency would be a very simple matter in maintaining law and order and proper conduct on the part of the leaders of the various nations.

For that reason I say to the able Senator that I am very much impressed with his remarks. While we may not achieve our objective at this time, I know that with the Senator's efforts and the efforts of other Senators who have joined in the various resolutions, we shall achieve what we have all hoped and prayed for, namely, an international policing body in connection with the United Nations Organization, and an international world court which can determine when there are violations of the principles incorporated in the documents of the United Nations Organization.

So again I say I am glad to hear the very pertinent remarks of the able Senator from Alabama relative to an international police force.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CONNALLY. I am very much impressed with the remarks of the Senator from Minnesota about the psychology of a peace force as sort of an international policeman. What he has said reminds me of an incident which occurred in my State some years ago. We had a famous police force called the Texas Rangers. They had a reputation for quickly restoring order in any community where turmoil or mob action might exist or be threatened. The mere presence of the Texas Rangers restored order. On one occasion old Capt. Bill McDonald, who was a famous Texas Ranger, was instructed by the Governor, our "Department of defense," to send a group of rangers to a place where a riot was occurring. Captain McDonald went there alone, without having any other members of the Texas Rangers with him. When he got there, the sheriff and the committee approached him and said, "Where are the rangers?"

He said, "I am here."

They said, "Just one ranger?"

He said, "Well, there's just one riot, ain't there?" [Laughter.]

Mr. SPARKMAN. Mr. President, I appreciate the remarks of both the able Senators.

In conclusion, let me say that the fundamental objective of American foreign policy must be to fulfill the historic mission of the American Nation, twice attempted. That mission is to use the power of the American Nation and the good-will of four-fifths of the world to establish now, before it is too late, the kind of international organization in which no aggressor may veto the peace.

The world lives today in the shadow of atomic catastrophe. The world is divided into two military camps, feverishly rearming for possible mutual annihilation. The world lives in terrifying turmoil, with violent outbreaks of ideological hatreds, destruction of the dignity of the individual, and sporadic wars breaking out in different parts of the world with increasing tempo and intensity.

Humanity has twice in the twentieth century attempted to establish an effective international authority to restrain aggressors. We must not repeat in the implementation of the Atlantic Pact the same tragic errors that wrecked the League of Nations and now paralyze the Security Council of the United Nations. For the third and perhaps last time there exists a historic opportunity for the United States to help create, through the Atlantic Treaty and military and now, and subsequently through a revised United Nations, an international organization of irresistible spiritual, legal, and military authority. This organization must be so designed that no peaceful nation, whatever its form of government, may be excluded or threatened; and that no government may be permitted to rearm for aggression with impunity or attack a divided world with any chance of success.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Georgia on page 18 of the bill.

HOUSING AMENDMENTS OF 1949

Mr. SPARKMAN. Mr. President, I wish to take just a few minutes on another subject. There is pending on the calendar Senate bill 2246, entitled "The Housing Amendments of 1949." Title III of that bill proposes to set up a system of cooperative housing on a low-cost basis, without subsidy, to provide housing for persons of moderate incomes. There is a great deal of opposition to that particular title. It is a highly controversial matter. We knew that when we incorporated that title in the bill. But there are many groups and many persons who support that program.

Without extending my remarks at this time, I should like to have incorporated at this point in the body of the RECORD, as a part of my remarks, the following several items:

First, a resolution passed by the National Encampment of the Veterans of Foreign Wars, recently meeting in Miami, Fla., endorsing this program unqualifiedly.

Next, a resolution by the American Legion National Convention, meeting just a few days ago in Philadelphia, unqualifiedly endorsing this bill and this particular title of it.

An editorial from a paper, Veteran's Report, of September 1949, endorsing this program.

A telegram sent to me on July 14, 1949, by Walter P. Reuther, president of the United Automobile Workers, CIO, and chairman of the CIO National Housing Committee.

An article from the Machinist of September 8, 1949.

An article from the Washington Post of August 20, 1949, written by Mr. Harry C. Bates, chairman of the housing committee, American Federation of Labor.

A copy of the remarks of the Secretary of Labor, Maurice J. Tobin, at a testimonial dinner recently given for Harry C. Bates, in which Mr. Tobin paid his compliments to Mr. Bates and also to this housing program.

An article from the American Federation of Labor Weekly News Service for August 16, 1949, telling of the action by the A. F. of L. Council endorsing this program.

A resolution recently adopted by the State convention, Minnesota Department of the American Legion, endorsing this program.

An article from the Washington Post of September 1, 1949, by the Right Reverend Monsignor John O'Grady, secretary of the National Conference of Catholic Charities, endorsing this program.

And a statement of the Cooperative League of the United States of America, including a letter written by Mr. Murray

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D. Lincoln, of Columbus, Ohio, president of the Cooperative League, United States of America, written to President Truman, both the statement and the letter endorsing this program.

Mr. President, I also ask consent to have printed at this point in the RECORD some excerpts from statutes of several States, showing that various States have adopted this type of program. For instance, I submit an excerpt taken from the Housing Laws of the State of Connecticut; an excerpt from a report of the Director of the Massachusetts State Housing Board; an editorial from a New York newspaper—unfortunately I do not have a notation of the particular newspaper, but I believe it is the New York Herald Tribune—telling of the similar program in New York State; an extract from the housing acts of the State of New Jersey; and also certain legislation enacted by the State of Wisconsin. I ask unanimous consent that all these matters be incorporated at this point in the RECORD, as a part of my remarks.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

Resolution 426

Resolution endorsing S. 2246, housing bill

Whereas the housing policy of the Veterans of Foreign Wars of the United States as adopted by the St. Louis encampment provides for a comprehensive housing program that affects veterans; and

Whereas most of the provisions of this policy are contained in bills now pending before the Congress, S 2246 in the Senate of the United States and its companion bill H. R. 5987 in the House of Representatives; and

Whereas the amendments adopted through H. R. 5987, as well as others proposed for adoption through the House of Representatives, eliminate many of the salient points in the Housing Program of the Veterans of Foreign Wars of the United States; and

Whereas S. 2246 in its present form on the Senate Calendar accomplishes most of the objectives we have sought through the years in order to ease the housing shortage of veterans of the Nation and H. R. 5987, as amended, does not include many of these provisions, and, also proposes to eliminate the so-called GI loan; now, therefore, be it

Resolved, That the commander in chief in the name of this encampment be directed to send telegrams to the chairman of the Rules Committee of the House of Representatives and to the authors of the two bills, Senator SPARKMAN and Representative SPENCE, urging that the Congress of the United States, in enacting pending housing legislation, follow the provisions of S. 2246 and restore to the legislation the provisions eliminated from H. R. 5987 by the House committee; and be it further

Resolved, That such telegram include a determined objection to any portion in housing legislation which tends to weaken the home loan provisions of the Servicemen's Readjustment Act of 1944, as amended, or any other legislation which seeks to eliminate the GI loan; and be it further

Resolved, That such telegram also advocate strongly the abolition of the so-called combination loan also known as 505–A laws; and be it further

Resolved, That the national legislative service be directed to take immediate additional steps to carry out the provisions of this resolution.

Approved by the Fiftieth National Encampment, VFW.

Resolution 653

Whereas the American Legion has consistently urged the formulation of a complete and well-rounded housing program for the aid of veterans of all income groups and at its last annual convention adopted a specific program for that purpose; and

Whereas the various specific proposals which have been advanced by the American Legion have been presented to Congress and in part have been enacted into law; and

Whereas the incomplete portion of the Legion's program is embodied in legislation now pending before the Congress known as the Sparkman bill, S. 2246, which included among others, provisions of liberalization of existing FHA loan insurance and GI loan guaranty laws, a secondary market for GI loans and direct GI loans where private loans are not available, maintenance of the present 4-percent GI interest rate, elimination of a costly FHA-GI combination loan, direct Government loans to nonprofit veterans cooperatives, and veterans preference in disposition of war housing; and

Whereas this legislation is expected to receive consideration in the near future at this session of Congress: Now, therefore, be it

Resolved by the American Legion in convention assembled in Philadelphia, Pa., August 29 to 31, September 1, 1949, at the National Legislative Commission, That the American Legion be instructed to exert every effort to secure its speedy enactment into law; and be it further

Resolved, That the American Legion does urge Congress to enact this bill into law prior to the expiration of this session of Congress.

AMERICAN LEGION NATIONAL CONVENTION.

[From the Veteran's Report for September 1949]

ON HOUSING

Most of America's veterans, according to the Federal Reserve Board, earn on an average of $2,000 to $4,000 a year.

That being the case, it is clear that very few veterans are able to buy homes at today's prices.

Veteran's Report, therefore, recommends to the Congress the Sparkman cooperative housing bill (S. 2246) which would make it possible for cooperative housing projects to be financed by direct loans from the Federal Government at the going Federal rate of interest (now 2½ percent), plus one-half of 1 percent for administration.

In our opinion, the Sparkman bill, which has been approved by the Senate Banking and Currency Committee, is a vitally needed piece of legislation, there being an acute need for housing at prices the veterans can afford to pay—about $50 to $60 per month.

A TRAGIC PROBLEM

The housing problem facing $2,500–$2,800 a year veterans and their families is both simple and tragic. Largely untouched by any existing housing legislation, they are too poor to afford the housing constructed by private builders, yet their income is too high to make them eligible for public housing.

According to the Federal Reserve Board, the average price of new houses for sale in 1948 was between $7,500 and $8,500, requiring monthly payments of approximately $75 to $85. The estimated rental for an average apartment in an FHA rental project is in the neighborhood of $100 a month, including services and utilities. Clearly, the overwhelming majority of moderate-income families cannot buy or rent the homes private builders are constructing today.

On the other hand, these families are not eligible for public housing. The average income of families admitted to public housing projects during the latest period for which figures are available was only $28 a week. Thus, existing programs are not meeting the needs of these moderate-income families.

Principal point of attack thus far in Congress has been the direct-loan feature of the Sparkman bill.

NO EXPERIMENT

We submit, however, that these provisions represent no untried experiment. Henry C. Bates, chairman of the housing committee of the A. F. of L. (which is backing the Sparkman bill) points out that direct lending programs by the Federal Government have been in existence for many years and have been of inestimable benefit, particularly to the farm families of the Nation. Direct Federal loans to rural electrification cooperatives at interest rates of 2 percent and with long amortization periods have been made for many years.

As we see it, there is no possibility of the Government losing one cent of the money that this bill proposes it should loan to housing cooperatives.

We favor the Sparkman bill not only because it would cause some 2,000,000 new homes per year to be built for veterans and workers, but also because it would do much to correct the unemployment situation. Building construction is already helping to revive industrial production, generally.

MILWAUKEE, July 14, 1949.—UAW-CIO President Walter P. Reuther today sent the following telegram to Senator JOHN SPARKMAN, Democrat, of Alabama, chairman of the Senate Subcommittee on Housing of the Banking and Currency Committee:

"Congratulations for introducing cooperative housing provisions in S. 2246. Convention representing more than 1,000,000 organized workers has just adopted a resolution urging such action. I join with you in hoping that the Senate and the Congress will proceed to early passage of S. 2246.

"WALTER P. REUTHER,
"President, UAW-CIO; Chairman, CIO National Housing Committee."

The resolution Reuther referred to in the telegram urged passage of legislation designed to aid those "whose incomes are too small to pay the prices charged by private builders but are above the limit set for occupants of public housing."

[From the Machinist of September 8, 1949]

NEW UNITED STATES HOUSING BILL WOULD HELP UNIONISTS BUILD MODERN HOMES

How would you like to build a new, modern, comfortable home of your own and pay for it in installments of $50 to $60 a month?

Such a prospect could be a reality if Congress sees fit to adopt proposed legislation to help foster cooperative housing, a program that won't cost the Government a cent.

So far the cooperative housing proposal has had rough sledding in the House, which in passing a so-called housing bill to aid middle-income groups yielded to pressure of real estate groups and struck out entirely the cooperative feature, thus eliminating the heart of the bill.

However, the Senate Committee on Banking and Currency has approved a bill introduced by Senator JOHN J. SPARKMAN, Democrat of Alabama, which contains the cooperative provisions.

The cooperative feature won't cost the Government anything. It merely provides the means whereby trade-unionists and others in the middle-income group can obtain long-term loans at fair interest rates and make other savings to help reduce the monthly payment.

The cooperative housing provision is designed to help families with incomes ranging from $2,500 to $4,000 a year, including the

great majority of union workers and their families, many of whom are now forced to live in antiquated dwellings and pay higher rent than they can afford.

Why is Government help needed to provide decent housing for working men and women? The answer is simple: The Government has already taken steps to aid persons in the lowest income group through the federally subsidized slum-clearance program. Families in the higher income groups can purchase housing from private builders. But some means is needed to help provide adequate houses for the in-between group, families with incomes ranging from $2,500 to $4,000.

Government experts have found that decent, modern houses cost from $7,500 to $8,500, and in many sections of the country no decent houses are available for less than $10,000.

Backers of the cooperative housing provision say that it will make possible reduced monthly payments so that houses costing $7,500 to $8,500 will be easily financed with payments of $50 to $60 a month. Here is how it would be done:

By utilizing the cooperative type of organization, a saving of about $5 a month can be achieved.

The vacancy rate in the projects will be about 2 percent rather than 7 percent normally allowed by FHA, thereby making possible another $5 a month saving.

Tenants and owners will be asked to provide some of the services, such as cutting the grass, normally provided by maintenance personnel. This saving should amount to $11 a month.

The present FHA interest rate of 4½ percent would be reduced to 3 percent, and the period for paying back the loan would be lengthened from the present maximum of 35 to 50 years. These changes would make possible additional savings of $12 a month.

Thus the cost of building and financing a home through the Government-sponsored cooperative set-up would be reduced by $33 a month, bringing the total cost well within the reach of the average family.

Trade-unions have pledged their full support to Senator SPARKMAN's bill. They predict that if the bill is passed it will prove so successful that it will be rapidly expanded far beyond the present limits of 60,000 to 120,000 individual houses or apartments, which is only a small fraction of the number needed.

[From the Washington Post of August 20, 1949]

COOPERATIVE HOUSING FOR MEDIUM INCOMES

(By Harry C. Bates, chairman, housing committee, American Federation of Labor)

The intelligent treatment which the Washington Post has given to the question of housing legislation contributed greatly to the enactment of the housing law passed earlier this year. Remembering many fine editorials in support of public housing and slum clearance I was very much surprised by your editorial on August 14 criticizing the cooperative-housing provisions of the new bill (S. 2246), introduced by Senator SPARKMAN, and approved by the Senate Banking and Currency Committee.

The value of a housing measure, like any other type of legislation, must be judged in terms of the answers to the following three questions:

1. Is there a real need which this legislation is designed to meet?

2. How well does the proposed program meet this need?

3. Are there any alternative, more effective methods for meeting this need?

The American Federation of Labor is convinced that the cooperative-housing program in Senator SPARKMAN'S bill meets all these tests.

There is common agreement that at the present time the housing needs of moderate-income families are not being met. By moderate-income families we mean the 40 percent of American families whose incomes in 1948 ranged between $2,000 and $4,000, according to the Federal Reserve Board.

The great majority of union members and veterans fall in this group. The average factory worker today earns about $53 a week, equivalent to $2,756 a year for full-time work. The average veteran earns approximately the same amount, or a little less. Assuming that no family should be forced to spend more than 20 to 25 percent of its income for shelter, these families can afford to pay no more than about $50–$60 a month for housing.

The housing problem facing these families is both simple and tragic. Largely untouched by any existing housing legislation, they are too poor to afford the housing constructed by private builders, yet their income is too high to make them eligible for public housing.

According to the Federal Reserve Board, the average price of new houses for sale in 1948 was between $7,500 and $8,500, requiring monthly payments of approximately $75 to $85. The estimated rental for an average apartment in an FHA rental project is in the neighborhood of $100 a month, including services and utilities. Clearly the overwhelming majority of moderate-income families cannot buy or rent the homes private builders are constructing today.

On the other hand, these families are not eligible for public housing. The average income of families admitted to public-housing projects during the latest period for which figures are available was only $28 a week. Existing programs are clearly not meeting the needs of these moderate-income families.

A number of different proposals have been advanced to deal with this problem. After careful study of these proposals, public interest groups which have been most concerned with this problem, including all the major labor and veterans' organizations, have concluded that the most effective and practical solution is embodied in Senator SPARKMAN'S bill for a cooperative housing program.

This bill makes it possible for cooperative housing projects to be financed by direct loans from the Federal Government at the going Federal rate of interest (now 2½ percent) plus one-half of 1 percent for administration for an amortization period of up to 50 years. Experts in the housing field have estimated that this program would make possible the following types of savings compared with the rent for the average FHA-insured 4½-room apartment:

1. Utilizing the nonprofit cooperative type of organization, $5 a month.

2. Allowing very low vacancy rate comparable to that in public housing, an additional saving of $5 a month.

3. Reduction in operating and maintenance expenses made possible by a maximum of tenant maintenance, $11 a month.

These savings amount to $21 a month, and if private ordinary mortgage terms were to be applied, the resulting rents would average $65–$80 a month—still substantially more than the moderate-income families can afford to pay.

The crucial savings made possible by the provisions of the Sparkman bill are in the financing terms. The reduction in the effective interest rate from the present 4½ percent to 3 percent and the lengthening of the amortization period to 50 years allows a further reduction of about $12 a month. The total savings, therefore, would amount to about $33 a month and would bring the cost down from $85–$100 to $52–$67 a month.

The direct loan feature of the bill has been criticized, but as the Senate Banking and Currency Committee has pointed out, these provisions represent no untried experiment. Direct lending programs by the Federal Government have been in existence for many years and have been of inestimable benefit, particularly to the farm families of our Nation. Direct Federal loans to rural electrification cooperatives at interest rates of 2 percent and with long amortization periods have been made for many years. Direct Federal loans have also been made to farm cooperatives at low interest rates, and to cooperatives of water users for irrigation projects.

The Government also has undertaken direct real-estate loans in the past, and, indeed, provision is made for such loans for other types of housing developments in the Sparkman bill. For the Government to recognize that its lending powers are necessary to meet the housing needs of a large group of families represents simply a continuation of policies which have long been effective in other fields.

The editorial asserts that the proposed cooperative housing program involves some element of subsidy from the taxpayers. This is a contention which we vigorously deny. The fact is that all groups working on this program have insisted from the start that any housing program for moderate-income families must be one which can be carried on completely without subsidy.

For the Government to lend money at the same interest rate at which it borrows it clearly involves no element of subsidy, if it receives an additional amount to cover the cost of administration. In the bill an additional one-half percent interest is included for the purpose, and our calculations indicate that it will be entirely adequate.

Nor do we think that the adoption of this program "might result in substantial losses." The cooperative principle has proved its worth many times over. Unlike a cooperative retail store, for example, families who join this type of cooperative will be continually investing their savings in the housing project. In our opinion, this will assure that losses will be kept at a very low rate.

The American Federation of Labor supports the cooperative housing program contained in S. 2246. To us this seems the only practical solution to a very acute problem, the problem of finding a way whereby the moderate-income families can be helped to provide decent housing for themselves.

We feel that there are certain dangers in applying subsidized housing to moderate-income families. In the cooperative principle, plus the provision for direct loans by the Federal Government at low interest rates, we have a practical solution to meet this pressing problem. It is true that this country has not had extensive experience with cooperative housing, but in the light of foreign experiences, particularly Sweden, we feel confident that a vigorous cooperative housing movement can be successfully organized. We are prepared ourselves to do everything within our power to make certain that this program will be a success.

WASHINGTON.

REMARKS OF SECRETARY OF LABOR MAURICE J. TOBIN AT TESTIMONIAL DINNER FOR HARRY C. BATES, PRESIDENT, BRICKLAYERS, MASONS, AND PLASTERERS INTERNATIONAL UNION, AFL, HOTEL COMMODORE, NEW YORK CITY, THURSDAY, AUGUST 25, 1949

HOUSING AND A LABOR LEADER

We are gathered to pay tribute to a great American leader of labor. The nature of his leadership, and the scope of the good works of this man and his union broadens the topic, however, to a wider, even more important field.

Decent housing, next to adequate food, is topmost among the physical necessities of

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modern man. One might also say that civilization is based on decent housing. Certainly we know that the development of moral and spirtual values goes along with the kind of housing that makes for good families, good children, and good lives.

Since the dawn of history the men who erect dwellings have been in the forefront of man's effort to better his living standards, and his family's health and happiness.

The union and the leader we honor today are the very center of the builders of civilization. They are the bricklayers, masons, and plasterers.

Since 1865, when the war clouds rolled away, this union as a national organization has been helping in the building of a peaceful and prosperous Nation.

Its individual members by the toil of their hands and brains have been contributing daily to the improvement of all our people.

More than that, the union organization through its president, Harry C. Bates, the man we are honoring tonight, has thrown its powerful collective weight behind the movement to speed along more and better habitations for those of our citizens who are now barred from comfortable lives because of their economic status.

Mr. Bates and his union, and the American Federation of Labor Housing Commission of which he is chairman, are among the stoutest supporters of President Truman's housing program. Indeed, it seems to me likely that without the support of Mr. Bates and the federation, the Congress might not have passed the long-range Public Housing Act of 1949. That act is one of the most important laws of this decade. It strengthens our economy as well as providing more than 800,000 new housing units for our crowded population. And Mr. Bates actively, through his expert knowledge of the subject and his testimony before committees of Congress, was a strong leader in that campaign.

Without pausing, Mr. Bates has embarked upon another great forward step in housing—the advancement toward passing of the housing bill now before Congress to make possible the construction of homes by middle-income workers. I have great hopes that this conservative and constructive measure will be enacted into law at this session of the Congress.

I should also take note here of other ways in which the Nation's labor organizations are helping to meet the housing problem. I join my own praise and good wishes to those recently expressed by President Truman in a letter hailing the new union-cooperative housing project inaugurated here by local 3, of the International Brotherhood of Electrical Workers. That project is an illustration of how strong organizations of unions and employers by joint action can meet such problems without Government subsidy. It is a helpful and important contribution, although there are not enough such organizations of sufficient strength to deal with all of the aspects of this great problem.

Mr. Bates' personal record of service to his union and to the public is as long as it is strong. He came up the hard way, through apprenticeship in his native State of Texas, to become a journeyman bricklayer and a member of the union in 1900—49 years ago.

He rose rapidly in his organization, to become president of the Dallas local in 1910. Then he became an international representative of the union and president of its Texas State conference. During the twenties he served as treasurer and as first vice president of the international union.

Mr. Bates was elected to the American Federation of Labor's executive council in 1934, and he became international president of his union in 1935. Since then he has served continuously in both capacities, and his services grow more valuable every year.

During World War II he devoted long and useful hours to the advancement of the war effort. He served on the Labor Advisory Commission of the National Defense Council, as labor adviser for the War Production Board, and as a member of the Wage Adjustment Board, which did such an excellent job in the promotion of wartime construction.

Future historians, in surveying the subject of housing, public and private, during this era of human affairs, will do well to avoid newspaper headlines and concentrate on Harry C. Bates. He is my choice as the "modern spark plug of housing."

[From the American Federation of Labor Weekly News Service for August 16, 1949]

AFL COUNCIL CALLS FOR ACTION TO AID SPOT UNEMPLOYMENT—BACKS TRUMAN'S MOVE, CO-OP HOUSING BILL, PUBLIC WORKS

TORONTO, CANADA.—In an optimistic report on American economic trends, the executive council of the American Federation of Labor urged a three-point program to combat sporadic unemployment.

First, the council gave its endorsement to President Truman's directive that Government agencies increase their purchases in communities seriously affected by factory shut-downs and unemployment.

Second, the council called upon Congress to approve the preparation of a "shelf" of public works projects which could be swung into operation promptly in localities needing a stimulus to business activity.

Third, the council emphasized the need of prompt congressional adoption on the pending housing bill which would authorize low-interest Government loans to cooperatives and nonprofit groups for the construction of moderate-rental apartments acutely needed by the Nation's workers.

At the opening session of its midsummer meeting here, the executive council hailed mounting evidence that business is picking up throughout the Nation.

AFL President William Green told his press conference that the council was especially gratified by reports that unemployment is leveling off and that the backlog of orders for manufactured products is increasing. The banner season in building construction, he said, is helping to revive industrial production generally.

Before adjourning its sessions here, the executive council will participate in shaping future plans for the 1950 congressional election campaign through the machinery of Labor's League for Political Education; review legislative developments affecting labor; formulate AFL's policies on the international labor front in connection with the forthcoming establishment of a world-wide organization of free trade-union centers, and draft its annual report to the October 3 AFL convention at St. Paul, Minn.

Because of the press of work, the council voted to hold regular night sessions in an attempt to wind up the meeting within 1 week.

The text of the statement issued by the council on economic conditions follows:

"The executive council is gratified by cumulative indications that business activity is increasing and that unemployment is leveling off.

"We wish to reiterate at this time that there is no justification for an economic depression in the United States. In fact, we attribute a good deal of the recession talk which was current earlier this year to a deliberate propaganda campaign designed to clamp the brakes on wages.

"While unemployment has now reached a total of 4,000,000 according to Government estimates, employment is still near the high 60,000,000 figure and serious dislocations have occurred only in relatively few localities and in few industries. As a whole business conditions are good and showing improvement.

"Nevertheless when unemployment reaches the highest point since prewar days, it is time for action. We commend President Truman's order to Government agencies to increase purchasing in communities which have been hard hit by factory closings and unemployment. We also emphatically urge that Congress authorize the preparation of a shelf of public works projects as a preparatory and precautionary step. Such projects could then be put into operation to stimulate business activity and create jobs in any locality which may encounter an emergency situation.

"Furthermore, the executive council calls upon Congress to approve before adjournment pending legislation to encourage the construction of moderate rental apartments for families just above the low-income group. This legislation, which would involve no Government subsidies but would authorize low-interest loans to cooperatives and nonprofit groups to build apartments, is badly needed to supplement the public housing and slum-clearance program already approved by Congress. The shortage of rental housing in the $50 and $60 a month level is acute and new construction activity in this field would serve as a stimulus to all of industry."

MIDDLE-INCOME HOUSING

RESOLUTION RECENTLY ADOPTED BY THE STATE CONVENTION, MINNESOTA DEPARTMENT OF THE AMERICAN LEGION, REGARDING THE NEED FOR ADDITIONAL HOUSING LEGISLATION FOR MIDDLE-INCOME FAMILIES AND VETERANS

Whereas the prewar shortage of housing, intensified by the war, has created a housing tragedy in this country which especially strikes at veterans, millions of families live doubled up or in slums, or cannot afford a home of their own because of the failure of the housing industry to meet the needs of the American people, a recent survey shows over 10,000 families live doubled up in St. Paul. The majority are veterans. But Congress has now enacted Federal public housing legislation. This new law makes a beginning toward meeting the housing needs of the people. However, its slum clearance, public housing and farm housing provisions will make only a dent on the problem of rehousing the millions of families who now live in slums, and in providing homes for families now doubled up with others. Its public housing provisions for only 810,000 units in the next 6 years falls far short of actual needs. Its restrictions that allot this housing only to those in the lowest 20 percent income group mean that veterans in the middle-income brackets cannot avail themselves of this housing. No provision is made for families whose incomes are too small to pay the prices charged by private builders but who are above the limit set for occupants of public housing; and

Whereas Senator SPARKMAN has now introduced a bill S. 2246, an omnibus housing bill enlarging the National Housing Act, increasing appropriations for loans to $1,250,000,000, and

Whereas this bill provides for financial assistance to be made available by the Federal Government in the form of long-term loans, at a low rate of interest, for housing projects undertaken by cooperative ownership or other nonprofit housing corporations. This means loans at approximately 3-percent interest with maturities not exceeding 60 years. This means that veterans in the middle-income group could afford a $10,000 home which at a 40-year, low-interest amortization would cut the cost of the monthly payments on such a home to about $40 a month; and

Whereas we are appreciative that our national vice commander, the American Legion, Walter E. Allesandroni, appeared before the Senate Banking and Currency Com-

mittee on July 27, 1949, in support of the general provisions of S. 2246: Therefore, be it

Resolved by this Minnesota Department of the American Legion, in convention assembled at St. Paul, August 11-13, 1949, That we actively work for and support this piece of legislation so urgently needed by veterans and their families, with the following addition—include direct low-cost Government financing to veterans where same cannot be obtained from private sources; that this resolution be forwarded to national convention of American Legion for positive action there, and that copies of this resolution be sent to our Minnesota Senators and Representatives and to the President of the United States.

[From the Washington Post of September 1, 1949]

A COMMUNICATION

(By the Rt. Rev. Msgr. John O'Grady, secretary, National Conference of Catholic Charities)

Now that the low-rent public-housing program for low-income families is getting under way on a large scale, serious consideration is being given to the problem of securing adequate housing for middle-income families. Unfortunately there seems to be some confusion as to just what are the requirements for housing for the middle-income group.

The editorial in the Washington Post of August 26 dealing with this subject defines the middle-income group as those families which are in the $2,000 to $4,000 income bracket. This is certainly a good definition; it includes about 40 percent of all American families.

The basic question is: How much can the families in this income group afford to pay for their homes? There are some widely accepted and simple ratios which give us the answer to this question.

Families in the $2,000 to $4,000 group can afford rents of not more than $40 to $80 a month, or an average of $60. These are maximum figures since they imply that 25 percent of the income dollar will be spent for shelter, whereas the socially desirable expenditure for shelter should be not more than 20 percent. Assuming that under ordinary financing terms, a family should pay not more than twice its annual income in buying a house, middle-income families who wish to buy their own homes can afford to buy houses selling for not more than $4,000 to $8,000, or an average of about $6,000.

Your editorial describes the bill (H. R. 6070) passed last week by the House as being a good middle-income housing bill. The editorial so describes the bill, even though the section relating to direct loans for veterans, which the editorial favors, was deleted from the bill as it passed the House.

The test of whether H. R. 6070 is a good middle-income housing bill is whether it meets the requirements stated above. If it will provide adequate rental housing with rents averaging not more than $60 a month and if it will provide sales housing at selling prices of not more than $4,000 to $8,000, it is a good middle-income housing bill. My concern is that, unfortunately, the bill does not meet these objectives.

The provisions of the bill relating to FHA insurance of mortgages of sales housing make it clear that except for a relatively small amount of sales housing in rural nonfarm areas, the minimum selling price for the sales housing provided in the bill will be $7,000. Even this figure may be increased to $8,000 in any geographic area where the FHA Commissioner finds that cost levels require the higher amount.

It is true that this amount is the maximum allowed by FHA if the mortgagor is to receive the best insurance terms, but experience has shown that the maximum figure in the legislation is actually the minimum in practice. Certainly, none of the mortgage-insurance provisions of the bill aimed at reducing the cost of sales housing below present highly inflated figures.

The only other significant provision of the bill provides for FHA insurance of cooperative housing developments at 4-percent interest for a 40-year amortization period. According to the estimates of the Housing and Home Finance Agency, monthly payments or rents in such developments would be in the neighborhood of $90 to $95. Even assuming that these figures are too high and that additional savings of $15 a month could be made by reducing vacancies to a minimum and by a maximum of tenant maintenance, monthly payments or rents would still be in the neighborhood of $75 to $80 a month.

If we are realistic about this bill, it is perfectly clear that it can provide housing for only the very top level of the middle-income group, but would leave the great majority of middle-income families still untouched by housing legislation.

We have learned to be realistic about meeting the housing problems of low-income families. We recognize that low-income families can afford to pay only about $30 a month for rent, and the low-rent public housing program operates on a down-to-earth basis in full recognition of that fact.

We must display equal realism in meeting the housing problems of middle-income families. We must somehow achieve rents or monthly payments of around $50 to $60 a month.

This problem has been given serious consideration by all of the major labor and veterans' groups, as well as many other public-interest organizations, and some of the members of Congress who have had a foremost part in shaping housing legislation in recent years. They have all come to the conclusion that only by reducing the interest rate and extending the amortization period will it be possible to build housing that moderate-income families can afford. That is why title III of Senator SPARKMAN's bill (S. 2246) as reported out by the Senate Banking and Currency Committee, provides for direct Federal loans to cooperative and other nonprofit housing groups at 3 percent interest, and for an amortization period of 50 years.

We believe that this program represents a realistic approach to middle-income housing. We recognize that in some respects it is a new approach. As a number of supporters of this program have pointed out, the new approach lies not so much in the direct Federal loans or even in the low-interest rate, but in the espousal by these organizations of the cooperative approach as being the solution to the housing problem for large numbers of middle-income families.

This is admittedly a new departure, but one which we think has every chance of success. The fact that the labor and veterans' groups are solidly behind this program represents in itself a very strong indication that if given a chance it will succeed.

STATEMENT OF THE COOPERATIVE LEAGUE OF THE UNITED STATES OF AMERICA, AUGUST 22, 1949

Murray D. Lincoln, president of the Cooperative League, United States of America, told President Truman and the United States Congress that they had to choose between a program to promote home ownership or a program to preserve high mortgage interest rates. Lincoln referred to President Truman's deep interest in home ownership and urged him to support the cooperative housing legislation which is now before the Senate and House.

Lincoln's request in a letter to the President released yesterday, referred to what is known as title III of the middle-income-housing bill which has been reported favorably by the Senate Committee on Banking and Currency. The House committee, however, has indicated its rejection of title III. This title of the bill would create a Cooperative Housing Administration, provide for educational work to maintain sound cooperative principles, and authorize the Government to make mortgage loans to cooperatives at 3 percent or less.

This cooperative housing program was described by Lincoln as an REA-type program because it adapts to housing developments the methods developed by the Government to promote the rural-electrification program. Lincoln reminded the President that the Cooperative League of the United States of America, launched this housing program more than 5 years ago. It now has the support of the American Federation of Labor, the Congress of Industrial Organizations, the International Association of Machinists, some farm organizations, various organizations of veterans, some religious groups, and one public-housing group.

"In my opinion, if that title (title III) is approved by Congress," Lincoln told President Truman, "it will greatly encourage home ownership and provide a sound legislative program to make this possible. On the other hand, if title III is killed, then the decision will have been made that a high interest rate for capital is more important than the encouragement of home ownership."

Senators and Congressmen reported that the strongest lobby ever developed on housing issues has been organized to defeat title III. The Washington Post, ordinarily regarded as being friendly to progressive housing legislation, condemned title III editorially this week. The Post contended that cooperative housing had not been established as successful and that title III provided a subsidy to cooperative housing. Senator JOHN SPARKMAN, of Alabama, chairman of the Senate Housing Subcommittee, immediately challenged the Post by asserting that there was no subsidy proposed and that cooperative housing had been proved to be successful.

Lincoln's letter to the President was as follows:

THE COOPERATIVE LEAGUE
OF THE U. S. A.,
Washington, D. C., August 16, 1949.

The PRESIDENT,
The White House,
Washington, D. C.

DEAR MR. PRESIDENT: I am writing you this letter because of your deep interest in home ownership. As you know, there are two middle-income housing bills, S. 2246 and H. R. 5631, now before Congress. Fundamental to the cause of home ownership is title III of these bills. In my opinion, if that title is approved by Congress it will greatly encourage home ownership and provide a sound legislative program to make this possible.

On the other hand, if title III is killed, then the decision will have been made that a high-interest rate for capital is more important than the encouragement of home ownership.

Our cooperative organizations are deeply concerned about the need for better housing for middle-income groups. We are certain that capital invested in this kind of housing is a sound investment, but we think that it must be made available at an interest rate low enough to encourage such construction.

More than 5 years ago the Cooperative League of the U. S. A. began to plead for the development of an REA-type housing program. We are now asking you and the Congress to support title III of these housing bills because it provides for the kind of housing program we have always supported.

The REA principle has demonstrated its value by providing our American farmers with electricity. You will remember that there was great opposition to this program

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from the electric-power utilities. We are now facing the same kind of opposition to the development of a sound housing program. If our Government is sincerely interested in having families own their homes there should be no objection to making money available to people at a low rate of interest. These bills provide that loans be made available at the cost of money to the Government.

We hear rumors that your Housing and Home Finance Agency is opposed to title III of these bills. Why it should be is difficult to understand.

We ask your support in seeing that title III is not deleted from these bills which are so important for the welfare of all the people.

MURRAY D. LINCOLN.

EXCERPTS FROM HOUSING LAWS OF THE STATE OF CONNECTICUT (COMPILED BY CONNECTICUT STATE HOUSING AUTHORITY, HARTFORD, CONN., AUGUST 1949), PAGES 25–26

Section 10, Act No. 299 (replacing Gen. Stat., Sec. 948): "Moderate Rental Housing Projects: Declaration of Policy. It is hereby declared (a) that in addition to an acute shortage of low income rental housing, there is also a serious shortage in urban, suburban, and rural areas of moderate rental housing and moderate cost housing for families of veterans of World War II and of other citizens of the State of moderate income, endangering the health of such families and constituting a menace to the health, safety, morals, welfare, and comfort of inhabitants thereof; * * * (b) that it is in the public interest that work on housing projects for such families in addition to * * * housing projects for families of low income be commenced as soon as possible in order to alleviate the housing shortage which now constitutes an emergency, and that the building of private homes for such families be encouraged by the use of public funds as mortgage loans at a low rate of interest; (c) that State financial assistance in the form of loans to authorities at low interest rates, guaranties of notes, or a combination thereof, is needed to make housing accommodations available for such families at rentals within their reach; and that the necessity in the public interest for the provisions of sections 10 to 18, inclusive, of this act and the inclusion of housing projects for such families is declared to be a matter of legislative determination."

REPORT OF DIRECTOR OF MASSACHUSETTS STATE HOUSING BOARD, DECEMBER 31, 1948

PAGE 22: A COMPREHENSIVE PROGRAM

(d) The same income group that could be housed with State guaranties without cash subsidy could be housed through cooperatives if low enough interest rates are made available by the Federal Government. Permissive legislation authorizing the establishment of cooperatives should be supported. Consideration should also be given to authorizing the use of this office or local housing authorities in the initiation of such projects and assisting cooperatives by making available administrative staff in the initial stages of any such project.

THE NEW HOUSING COOPERATIVES

Legislation to aid cooperative housing has been on the books in New York State for better than 20 years, but we have remarkably little to show for it except A. E. Kazan's highly successful Amalgamated Clothing Workers development and a few other smaller and generally less successful. More recently things have been looking up for this neglected form of housing. At Bell Park Gardens, the Bayside project planned originally to let 800 veterans parlay a maximum $250 State bonus into cooperative housing, the first families have been notified that they can move in. Considering that this project took longer to promote than it did to build, it may be said that State Housing Commissioner Herman T. Stichman's perseverance has paid off. An addition to Bell Park Gardens is in the making. Not a little encouraged by this success, a group of housing-wise, public-spirited citizens have sponsored the promising Queensview development, on which construction is to begin at once. With the addition of the Amalgamated project, commenced earlier, this makes nearly 3,000 families who have purchased cooperative housing in New York City since the war. Another 2,000 units may be added to this total if the cooperative housing-development in Queens, sponsored by local 3 of the International Brotherhood of Electrical Workers, succeeds.

This is big business. It is good news to a city that still feels the pinch of the housing shortage. We find these developments of particular interest, also, in terms of the agitation in Washington these days for direct loans to housing cooperatives. If the impressive beginning we have made here is indicative, there is less immediate need for Federal legislation and loans, and more for work by cooperative-housing groups, State housing agencies, and help from local offices of the Federal Housing Administration. Some Federal aid may ultimately prove necessary, but nothing is to be gained by driving the cooperative housing idea too far and too fast. Even its oldest and best friends know that. Right now we would like to see a stronger drive on the part of Federal housing officials to encourage housing cooperatives, a little more sympathetic reception by lending institutions, and more zeal by the movement's local organizers. The new housing cooperatives in New York are showing the Nation what can be done without more legislation. That demonstration will not go unheeded.

LEGISLATION RE COOPERATIVES, NEW JERSEY

(Source: State of New Jersey—Housing Acts Approved by the Governor June 14, 1949)

Page 930—C. 55:14H–3. Terms defined:

"e. 'Cooperative' means any incorporated or unincorporated association of three or more persons, not for pecuniary profit, organized pursuant to any law of the State of New Jersey or of the Federal Government for the primary purpose of providing housing accommodations for its members, stockholders and others, and for the operation, management and maintenance of same."

Page 936—C. 55:14H–9. Additional powers of authority:

"9. The authority shall also have power to: * * * b. Enter into agreements, including, but not limited to, agreements of loan, lease, bond and mortgage, contract, guarantee, insurance, or subordination, or any combination thereof, with * * * cooperatives * * * to provide dwelling units for the people of the State in need of housing, by the planning, construction, management and operation of projects including, but not limited to, the clearance, development and redevelopment of blighted or slum areas. Such agreements may be entered into with the same agency or person for one or more housing projects, even though the project has received, or will receive aid from any other source. Such agreements may provide for the sale or transfer of the project and the disposition of proceeds of sale and priorities with reference thereto."

Page 940—C. 55:14H–11. Loan secured by bond and mortgage:

"11. The authority shall require that loans to * * * cooperatives, * * * be evidenced by a bond secured by a mortgage, which shall be a first lien on the project, unless otherwise specifically authorized by the council. Said bond and mortgage shall be on forms approved by the attorney general providing for payments of interest and principal during such term of years as the authority may prescribe. However, in no event shall any loan be for a period more than the period of usefulness of the project, as determined by the authority. No loan shall be in an amount greater than the project cost."

LEGISLATION RE COOPERATIVES IN WISCONSIN

(Source: State of Wisconsin, ch. 627, August 8, 1949)

Section 8. 45.353 of the statutes is created to read:

"45.353. Veterans' cooperative and nonprofit housing. The department may make loans to veterans' nonprofit housing corporations and veterans' nonprofit cooperative housing associations subject to the same provisions applicable to loans under section 45.352 except that section 45.352 (4) (a) shall not apply and the limitations of section 45.352 (4) (b) shall apply only to the cost per dwelling unit."

Section 45.352 (4) (a) reads as follows: "Requires the loan, in addition to his own and other funds available therefor, for the purchase or construction of a home for himself or family.

Section 45.352 (4) (b) reads as follows: "Can show to the satisfaction of the department that the total cost of such home, including land, does not exceed $10,000."

SALARY INCREASES FOR GOVERNORS OF FEDERAL RESERVE SYSTEM—AMENDMENT

Mr. THYE. Mr. President, I understand the next order of business before the Senate will be one of the pay bills. For that reason, I should like to offer an amendment to House bill 1689, a bill to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, in order that it may be available to Senators before the bill is taken up for consideration. This particular amendment deals with salary increases for the Board of Governors of the Federal Reserve System. As I read the bill, it provides an increase of only $1,000 in the salaries of Governors of the Federal Reserve System. That amount does not seem to make sense, when we consider the salary increases proposed for the executive departments, as well as for many of the other boards and agencies of the Federal Government. For that reason, I offer the amendment to House bill 1689.

Mr. GEORGE. Mr. President, if the Senator will yield, I should like to inquire the amount of salary increase he proposes.

Mr. THYE. The pay bill seeks to increase the salaries of Governors of the Federal Reserve System by only $1,000.

Mr. GEORGE. That is correct. I was interested in the same thing, and I wondered whether the Senator was proposing to raise the salaries beyond that.

Mr. THYE. Yes, I am.

Mr. GEORGE. What is the amount the Senator proposes?

Mr. THYE. I propose to raise them to a bracket that would call for a salary of $18,000 a year for the Governors of the Federal Reserve System. That is the purpose of the amendment. I know the bill is the next one to be taken up for consideration.

Mr. GEORGE. I had thought those salaries ought to be fixed at about $20,000. I am glad the Senator is offering the amendment, because the bill provides

salaries now of only $16,000, whereas many officials and assistant secretaries are given tremendous raises in the bill.

Mr. THYE. That is correct. I may say to the distinguished Senator from Georiga, if he shares the conviction that they should receive $20,000, I am most happy. I thought I was really going quite a long way when I proposed $18,000 instead of $16,000.

Mr. GEORGE. I think the members of the Federal Reserve Board ought to receive $20,000. If we are to have competent men at the head of the Reserve System, I do not see how we are going to get them for less than that.

Mr. THYE. I may say to the Senator, I share the conviction which he has just expressed. But I felt that if I recommended $18,000 instead of $16,000, I possibly would succeed. But if the Senator shares the conviction that it should be $20,000, I should like, Mr. President, to modify my own amendment as it has been offered, so as to make the amount $20,000 rather than $18,000.

Mr. GEORGE. I would certainly support it. I had thought of offering an amendment myself to raise the salaries of these officers because they perform a very important function in government.

Mr. THYE. Indeed they do. The Governors of the Federal Reserve System are the supervisors and the men who pass opinion and judgment upon those who, as presidents of some of the larger banks of the United States, draw twice and three times their salary.

Mr. GEORGE. The Senator is entirely correct. If we are going to make anything like the raises proposed in the bill for others—and some of them, I think, are entirely too high, I do not mind saying—we certainly ought to raise these salaries. Twenty-five thousand dollars would not be out of line compared to the salaries fixed for a large group of other officers, in my judgment. But $20,000, I think would be fair, and I should certainly be happy to support it.

Mr. THYE. Mr. President, I then request that my own amendment be modified by inserting $20,000 instead of $18,000.

The PRESIDING OFFICER. The amendment will be modified in accordance with the desire of the Senator.

Mr. THYE. Mr. President, my reason for offering the amendment this evening is that I intend to attend the farm conference at Sioux City on Friday of this week. I was thinking possibly the pay bill would be considered in my absence. That is why I wanted to offer the amendment.

The PRESIDING OFFICER. The amendment, as modified, will be received, printed, and lie on the table.

STABILIZATION OF PRICES OF AGRICULTURAL COMMODITIES—AMENDMENT

Mr. THYE. Mr. President, I desire also to offer an amendment to Senate bill 2522, to stabilize prices of agricultural commodities, known as the Anderson agricultural bill. The purpose of the amendment is to include honey in the act as coming under support-price provisions. The only reason I wish to have honey named in the act is that the honey bee is important to the fruit producers of the Nation and to those engaged in the production of grass seeds, for it is impossible to get proper pollination without the honey bee, and we shall not have the honey bee unless there is a price support. The purpose of the amendment is to assure the producers of fruit and grass seeds in the United States that there will be honey bees to pollinate the crops.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

NOMINATIONS IN THE DIPLOMATIC AND FOREIGN SERVICE

Mr. CONNALLY. Mr. President, I ask unanimous consent that, as in executive session, the Senate confirm the nominations of Diplomatic and Foreign Service officers, ambassadors, and so on, appearing on pages 2 and 3 of the executive calendar. There are quite a number of them.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. WHERRY. Mr. President, there is no objection, but I inquire, does the list start with the first name, Stanton Griffis, of Connecticut?

Mr. CONNALLY. It starts with Stanton Griffis and continues through the list, to and including Erwin W. Wendt, of Illinios.

Mr. WHERRY. There is no objection.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc, and the President will be immediately notified.

RECESS

Mr. CONNALLY. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 48 minutes p. m.) the Senate took a recess until tomorrow, Thursday, September 22, 1949, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate September 21 (legislative day of September 3), 1949:

DIPLOMATIC AND FOREIGN SERVICE

Selden Chapin, of the District of Columbia, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to The Netherlands.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 21 (legislative day of September 3), 1949:

UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION

REPRESENTATIVES OF THE UNITED STATES OF AMERICA TO THE FOURTH SESSION OF THE GENERAL CONFERENCE OF THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION

George V. Allen
Milton S. Eisenhower
Luther H. Evans
Miss Martha B. Lucas
Reinhold Niebuhr

DIPLOMATIC AND FOREIGN SERVICE

AMBASSADORS EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE COUNTRY INDICATED WITH THEIR RESPECTIVE NAMES

Stanton Griffis, to Argentina
Robert D. Murphy, to Belgium.
Joseph C. Satterthwaite, to Ceylon.

To be consuls general of the United States of America

LaVerne Baldwin
Knowlton V. Hicks
James B. Pilcher
James E. Parks

To be consuls of the United States of America

Dean R. Hinton
C. H. Walter Howe
Walter C. Isenberg, Jr.
Fred E. Waller
Leslie L. Lewis

To be secretaries in the diplomatic service of the United States of America

Joseph A. Robinson
Charles Allan Stewart

APPOINTMENT IN THE FOREIGN SERVICE IN ACCORDANCE WITH THE PROVISIONS OF SECTION 517 OF THE FOREIGN SERVICE ACT OF 1946

To be Foreign Service officer of class 2, a consul, and a secretary in the diplomatic service of the United States of America

Henry L. Deimel, Jr.

To be Foreign Service officer of class 3, a consul, and a secretary in the diplomatic service of the United States of America

Sydney L. W. Mellen

To be Foreign Service officers of class 4, consuls and secretaries in the diplomatic service of the United States of America

J. Wesley Adams, Jr.
John E. Utter
Erwin W. Wendt

HOUSE OF REPRESENTATIVES

WEDNESDAY, SEPTEMBER 21, 1949

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Let us harken now to what the Lord saith: He hath showed thee, O man, what is good; and what doth the Lord require of thee, but to do justly, love mercy, and to walk humbly with thy God?

Thou Light of the world, we pray for Thy counsel, that we may keep Thy commandments and deepen our respect for truth, for honor, and for our brother's good name. O take our unused powers, our ideals unfulfilled; widen our horizon, and make our presence in this Chamber an omen of good, a sign of might, and a token that we are pledged to humanity and our Government. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

VETO MESSAGES REFERRED TO COMMITTEES

The SPEAKER. The Chair desires to make an announcement relative to unfinished business on the Speaker's table.

On August 30, 1949, the Speaker pro tempore [Mr. Cox] laid before the House a veto message of the President of the United States on the bill (H. R. 559) to confer jurisdiction upon the United

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States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claims of the city of Needles, Calif., and the California-Pacific Utilities Co. The objections of the President were ordered spread at large upon the Journal.

Without objection, the message, together with the bill, will be referred to the Committee on the Judiciary and ordered to be printed.

There was no objection.

The SPEAKER. On September 9, 1949, the Speaker pro tempore [Mr. Cox] laid before the House a veto message of the President of the United States on the bill (H. R. 3589) to convey to the city of Miles City, State of Montana, certain lands in Custer County, Mont., for use as an industrial site. The objections of the President were ordered spread at large upon the Journal.

Without objection, the message, together with the bill, will be referred to the Committee on Public Lands and ordered to be printed.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include some editorials and articles.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

THE LATE HONORABLE JOHN ELIAKIM WEEKS

Mr. PLUMLEY. Mr. Speaker, it becomes my sad duty to announce that John E. Weeks, former Governor of Vermont and Member of this body in the Seventy-second Congress, died on the 10th day of September in the ninety-sixth year of his life. His funeral was held at Middlebury and he was buried at Salisbury. No man in the long story of Vermont's great men who have deserved and won distinction accorded by their constituents and the country more genuinely or richly merited the tributes of love, affection, and respect than did he.

The place he held in the hearts of all Vermonters is testified to by the press in the articles and editorials appearing incident to his death and funeral.

I include a few such editorials and articles selected at random and make the tribute they pay the memory of Vermont's grand old man my own:

[From the Rutland (Vt.) Herald of September 12, 1949]

MIDDLEBURY, September 11.—The funeral of former Gov. John E. Weeks, 96, who died here yesterday after a 10-day illness, will be held Tuesday at 2 p. m. in Mead Memorial Chapel at Middlebury College, of which he had been a trustee for more than 40 years.

Dr. John M. Thomas, of Rutland, who began his presidency at the college the same year that Governor Weeks was elected a trustee, will officiate, assisted by Dr. Stephen Freeman, vice president of the college.

Burial will be in West Salisbury in the former Governor's home town. The body is at the Weeks home on South Pleasant Street, where friends may call.

The former chief executive died in the house where he had lived since coming to Middlebury in 1912.

Since Mrs. Weeks' death in 1941, a housekeeper had cared for his home. Serving in that capacity for the past few years has been Mrs. Gertrude Stone, a long-time resident of Middlebury.

Governor Weeks had been the oldest of Vermont's five former chief executives. The others are Redfield Proctor, of Proctor; Stanley C. Wilson, of Chelsea; Senator George D. Aiken; and Mortimer R. Proctor, of Proctor.

During his second term as governor, he and Mrs. Weeks celebrated their golden wedding anniversary in Montpelier, and, in 1939, after Governor Weeks' retirement from public office, they observed their sixtieth anniversary in Middlebury.

Among the numerous articles of historical value which Governor Weeks had presented to the Vermont Historical Society during the last few years of his life were scrapbooks containing messages of congratulation from notables throughout the United States which he and Mrs. Weeks had received on their anniversaries.

At that time, it was believed that Governor Weeks was the only chief executive of any State to celebrate his fiftieth wedding anniversary while in office.

Governor Weeks was first elected governor in 1926 by the largest majority ever received by any chief executive of Vermont in a contested election.

BREAKS A TRADITION

Governor Weeks' reelection in 1928, breaking a tradition of more than half a century, was partly due to his work in the program of rebuilding roads and bridges destroyed by the 1927 flood.

During the post flood period, 114 bridges were repaired or built new.

The building of better roads in Vermont was, in Governor Weeks' own opinion, the greatest accomplishment of his administration.

John Eliakim Weeks was born in Salisbury, June 14, 1853, the son of Ebenezer Holland and Elizabeth (Dyer) Weeks.

He was educated at Middlebury High School and, after leaving school, assisted on the home farm for many years.

After leaving active farming, he engaged in the grain business and also dealt extensively in wool and livestock throughout Addison County.

On October 14, 1879, he married Hattie Jane Dyer of Salisbury. Mrs. Weeks died suddenly on July 13, 1941, at the age of 83 after 62 years of close companionship with her husband and keen interest in his activities.

Governor Weeks began his long career in public office in 1884–86, when he became assistant judge of Addison County. In 1888, he represented Salisbury in the legislature and, 4 years later, was elected senator from Addison County.

After moving to Middlebury, he represented that town in the legislature in 1912 and again in 1915, when he was elected speaker of the house.

In 1898, he was selected by Governor Grout to fill the vacancy on the board of trustees of the State industrial school, now the Weeks School.

That was the beginning of 28 years of untiring work in State institutions and their management, all of which showed growth during his tenure of office.

He served as director of State institutions from 1917 to 1923, when he was appointed commissioner of public welfare by Gov. Redfield Proctor.

He remained in that position until 1926, when he resigned to become a candidate for the governorship.

In his home community, as well as in State circles, Governor Weeks held many positions of trust.

For 29 years he was chairman of the Addison County Grammar School Corp., a position he held at the time of his death.

He had been a trustee of Middlebury College since 1908 and in 1941 was made president of the college corporation. When he died he was a trustee of the president and fellows of Middlebury College and chairman of the buildings and loans committee of the group, a trustee of the Ilisley Library Building Fund at the college, and a trustee of the Porter Memorial Hospital Association.

He had been president of the Addison County Trust Co. since it was organized in July 1919, and was the oldest active bank president in New England.

Other positions he had held included director of the national bank in Middlebury for 27 years, director and president of the Addison County Fair Association, a director of the Middlebury Hotel Corp., and a member of the chamber of commerce.

He early won the respect of the community for his outstanding qualities of integrity, sane judgment, and sound sense.

Outside his home community he also held numerous positions of responsibility.

He was, when he died, a director of the Vermont Mutual Fire Insurance Co., a position he had held for 47 years; a director of the Brandon National Bank, a post where he had served for 49 years; a trustee of the Thorpe Camp at Goshen; honorary president of the Vermont Association for the Blind; president of Kurn Hattin Homes at Westminster, and president of the board of trustees of Shard Villa.

Fraternally, he was a member of Union Lodge, Free and Accepted Masons, of Middlebury; Mount Calvary Commandery, Knights Templar; Mount Sinai Temple, Mystic Shrine. In January 1945 he was honored with the 50-year jewel. He was the oldest living member of C. J. Bell Pomona Grange.

In 1912 the honorary degree of master of arts was conferred upon him by Middlebury College.

In 1927 the degree of doctor of laws was conferred upon him by both Middlebury College and Norwich University and the following year he received the same degree from the University of Vermont.

In 1942 he was made an honorary member of the alumni of both Middlebury College and of St. Michael's High School in Montpelier.

John E. Weeks was much loved for his qualities of mind and heart. He was respected as a high type of Vermonter, loyal to his State, honest in all his dealings, and democratic in every thought and action.

He was a devoted churchman, a Congregationalist by birth, who always supported and kept his membership in the church of his youth in Salisbury. He was an honorary deacon of the Middlebury Congregational Church.

His interest in young people was shown by his aid to boys and girls going through school and college and to those seeking to establish themselves in business ventures. He encouraged 4–H work by an annual gift for 19 years at both the Rutland and Champlain Valley fairs.

For many years, he and Mrs. Weeks had felt the need of a library for the Colony House in Rutland, and in 1943, in Mrs. Weeks' memory, he presented a library to the home. He also presented the Weeks School with gifts for the chapel and hospital.

Governor Weeks served in each of his many capacities with honor to himself, his friends, his business associates, the citizens of Vermont and the Nation.

Survivors are two nieces, Mrs. J. W. Estabrook of Brandon and Mrs. Martin Rice of Burlington; and three nephews, George Seeley, of Taunton, Mass., the Rev. Frank Seeley, of Kingston, N. Y., and John W. Goss, of Burlington.

Statements by present and former State officials who knew Governor Weeks follow:

Governor Gibson: "Governor Weeks was a truly great Vermonter. He was a man who knew what it was to earn a living from the earth. He had a tremendous feeling for all things good. He was a real Christian who practiced Christianity in his daily life and did a tremendous amount of good for all kinds of people in the State.

"He will always be remembered for his real and lively interest in the unfortunate of Vermont. Those who had the misfortune to have to be cared for by the State—in the State prison or house of correction, the Weeks School which bears his name, or the State hospital or Brandon State School—all had his keen interest."

Former Gov. Redfield Proctor, a life-long friend of Governor Weeks: "John Weeks for a great many years held some official position in the State. During much of that time he was responsible to a less or greater degree for those for whom the State must care—the feeble-minded, insane, wayward, criminals, and more recently, the cripples. He was deeply interested in this work and sympathetic toward all. Those who are now carrying this on will miss and long remember him."

Former Gov. Stanley C. Wilson, who succeeded Governor Weeks in office: "Governor Weeks won a place in the hearts of Vermonters, not merely by his long life but by his insistence during his active life in working for the high ideals of Vermont people. We can all take pride in his achievements and cherish his memory."

Lt. Gov. Harold J. Arthur, who served as Governor Weeks' executive messenger: "Vermont has lost a faithful exemplar of Christian living. Governor Weeks was one of my best friends, a sound adviser and keenly interested in my advancement and welfare since I served as his executive messenger in 1927. I shall miss him."

Commissioner of Social Welfare W. Arthur Simpson, who was senator during Governor Weeks administration and who was first appointed to the State highway board by the former governor: "Much credit should go to Governor Weeks for what he did for the highway program in Vermont. In the midst of the controversy that had arisen, he seemed to sense the middle ground the people of Vermont would adopt. Many people had been talking about better roads but he and the legislature were the ones who did something."

Representative Gerald Adams, of Marlboro, dean of the Vermont legislature, who served in the 1927 session—"I first became acquainted with Governor Weeks in 1923 when I was first in the legislature and he was director of State institutions, but I got to know him better in 1927 because I helped him put his highway program through the house. He was very sincere in any undertaking he ever attempted and was really 'sold' on what he was trying to accomplish."

[From the Newport Express of September 13, 1949]

A LONG AND USEFUL LIFE

In the death of former Gov. John E. Weeks, Vermont has lost one of the finest citizens this generation has seen. He was a man of exceptional qualities of spirit, of mind, and of physical stamina.

John Weeks was born and educated in Vermont, he spent his entire life in Vermont, dying last week in Middlebury at the advanced age of 96 years. He had been farmer, insurance agent, dealer in farm produce, census enumerator, banker, senate doorkeeper at the statehouse, town representative, State senator, assistant judge, speaker of the Vermont House, director of State institutions, commissioner of public welfare, governor, and Congressman from Vermont to the United States House of Representatives.

This wide field of activity and experience particularly fitted him for public service. Added to these experiences was his deeply religious life, which gave mercy to knowledge, patience to wisdom, persistence in public needs, sympathy with the afflicted, and prayerful consideration of all things. Nothing so fits a person for useful public service as a prayerful life with which there is combined native wisdom, experience, and physical vigor. Above that of most men John Weeks had these qualities.

He was so universally loved and respected that John Weeks was given all the important town offices, and he was the first Governor of Vermont in generations to receive a second election to that high and important office, seeming to prove that in his home town and in a State-wide sense he was esteemed beyond the average man. There are qualities in a character like his which command respect.

John Weeks was Governor of Vermont when the devastating flood of 1927 overwhelmed the State, taking many lives and destroying millions in private and public property. The disaster so affected Governor Weeks that one close to him at the time told the writer that he was distraught for a time. After a few hours of contemplation and prayer his mind was clear. He determined to call a special session of the legislature and recommend to it that the State bond itself to replace town roads and bridges and do what it could to repair the damage done and thereby give the people what comfort and courage such a course would naturally inspire.

It was John Weeks, who, first as Governor, traveled over the State to speak before Granges, young people's groups, religious organizations and every public occasion to which he was invited, anywhere in the State so long as his time and physical possibilities permitted. He believed in keeping in close personal touch with the people, and Vermont Governors since have followed his lead in this respect.

His administration of Vermont's penal institutions, its mental hospital, and charitable efforts were so outstanding that the State honored him by naming the former Vergennes Industrial School for incorrigible youth, the Weeks School, and so it is known today.

As the moving spirit in the former Middlebury Fair, John Weeks made the exhibition a success. It collapsed soon after he withdrew from its active oversight. Until 2 or 3 years ago, and after he was 90 years of age, he had spoken to Rotary clubs and other groups in his part of the State, had been an honored guest at many affairs on many occasions, and always lent dignity and grace to such events. The death of Mrs. Weeks a decade ago was a severe blow to the aging statesman, but with Christian fortitude he kept courageously active.

In the opinion of this column John Weeks was a great man. Not as highly educated as many, not as fluent a speaker as some, not as wealthy as others, his heart was always in the right place and his conscience active for the right. These qualities make for greatness.

[From the Vermont Argus of September 13, 1949]

EX-GOV. JOHN E. WEEKS

With the death of former Gov. John Eliakim Weeks, Vermont has lost one of its most highly esteemed citizens. Governor Weeks gave freely of his time, efforts, and money for the benefit of the State and was one of the most public-spirited men of our time.

Besides serving two terms as chief executive of Vermont, he had also served as Representative in Congress from 1931 to 1933, the last years in which Vermont had two Members in the House of Representatives.

Previous to his election as Governor in 1926, he had been connected with State public office for nearly 30 years, serving first as a member of the board of trustees of the State industrial school at Vergennes and later as director of State institutions and commissioner of public welfare. It was in recognition of these years of service in the field of public welfare and of his interest in youth that the name of the industrial school was changed to the Weeks School by the 1937 legislature.

BREAKS THE MOUNTAIN RULE

Governor Weeks was the first Governor to be reelected since the Mountain rule was established in 1870 and was the first Governor to occupy the executive chair for more than 2 years since the administration of Silas Jennison from 1835 to 1841. His reelection in 1928 broke a tradition of over half a century and was partly due to his work of reconstruction of roads and bridges following the disastrous flood of 1927.

The beginning of hard surface road construction in Vermont dates back to Governor Weeks' administration and the building of better roads in the State was, in his opinion, the greatest accomplishment during the time he was Governor. While in office he fulfilled his campaign promise that if elected and authorized by the people, he would have 40 miles of hard surface roads built each year.

Another accomplishment of the Weeks' administration included the State support of winter maintenance when a bill passed the 1927 legislature appropriating $50,000 to assist towns in maintaining winter roads. A separate motor vehicle department was also created in the same year, the Lake Champlain Bridge Commission was set up and the machinery and money provided for the joint construction of the bridge with New York State.

At the beginning of Governor Weeks' second term, the 1929 legislature provided for the establishment of the first State forest parks; passed the uniform veterans' guardian act; and appropriated $15,000 for the erection of a Vermont building at the Eastern States Exposition. An act was also passed clearing up the constitutionality of the outdoor advertising or billboard law thus bringing approximately $10,000 into the State treasury.

Governor and Mrs. Weeks celebrated their fiftieth anniversary while he was in office and it is believed that he was the only chief executive of any State to hold such a celebration. The couple's sixtieth anniversary was observed in 1939 in Middlebury after Governor Weeks had retired from public office.

Governor Weeks was sincerely loved by Vermonters in all walks of life. His benevolence, kindness, and good deeds will long be remembered by his hosts of friends and acquaintances, and as a public figure he has taken his place in the history of the State.

[From the Addison County (Vt.) Independent of September 16, 1949]

MIDDLEBURY PAYS TRIBUTE TO CITIZEN AND FRIEND—ENTIRE STATE MOURNS PASSING OF FORMER GOV. JOHN E. WEEKS—MIDDLEBURY PAYS TRIBUTE TO FRIEND—MANY FLOWERS. DELEGATIONS AT RITES

Middlebury paid tribute to ex-Gov. John E. Weeks, Tuesday, by closing virtually all business places during the hour of the funeral. The banks and offices closed at noon. Many places had their curtains drawn and while the scores of cars passed through the village going to and from Mead Chapel, Main Street was practically bare of parked vehicles. All flags on State buildings flew at half staff, by order of Governor Gibson.

"GRAND OLD MAN" EULOGIZED AT SIMPLE SERVICES

State officials joined with Addison County friends and neighbors to pay final tribute

UNIVERSITY OF MICHIGAN LIBRARIES

Tuesday afternoon to former Gov. John E. Weeks who died at his Middlebury home last Saturday at the age of 96.

The simple and dignified service was conducted by his close friend and associate, Dr. John M. Thomas, of Rutland, former Middlebury College president, in Mead Chapel on the campus of the college he had loved so well and for which he had long served as a trustee. He had requested that services be held in Mead Chapel. Assisting was Dr. Stephen A. Freeman, vice president of the college and close friend.

The chapel which had been built under the late Governor's supervision as trustee was filled and numerous floral tributes were massed around the chancel.

The body had lain in state in the vestibule preceding the service which was attended by numerous State officials and representatives of institutions and organizations with which Governor Weeks had been affiliated during his long and active life.

The bearers were S. Seeley Reynolds, Sr., Prof. Phelps N. Swett, F. Ray Churchill, and Page S. Ufford, of Middlebury; Edgar J. Wiley and J. R. Leonard, of Brandon, and Lt. Gov. Harold J. Arthur and Levi P. Smith, of Burlington.

Prof. Raymond H. White, Duane O. Robinson, Robert Hope, and James R. Scobie ushered. Mrs. Prudence Fish Bussey, of Vergennes, was at the organ.

Dr. Thomas prefaced his tribute by reading from passages of the Scripture which had been favorites of Governor Weeks and in his eulogy lauded him as a man "who feared God, kept His commandments, and did the very best he could."

The unfortunate were his chief care, he said, and while a long life is not always a blessing, with him it was a great blessing. "To the end many came to say 'thank you' for what you did for me many years ago to change the course of my life."

Dr. Thomas closed his remarks by reciting, to organ accompaniment of "Ten Thousand Times Ten Thousand," the first verse of the hymn, which he had recited at the funeral of Mrs. Hattie Jane (Dyer) Weeks 8 years ago.

FUNDAMENTAL SOURCES

Dr. Freeman also paid tribute to the former chief executive, saying:

"Two fundamental sources help to explain his character. The soil of Vermont and the Christian religion. He was a man of the common people. His thought and expression had the simplicity and directness of the Vermont farmer. His was the true democracy that interests itself in every man, without regard for station.

"Christianity was for him a way of life and he lived it every moment. He cared tremendously that the Christian virtues of honesty and loyalty, faith and trust, clean living, truth and goodness should be preserved in this modern world by holding fast to the teachings of Jesus Christ."

At the close of the service the casket was borne from the chapel along the north walk and the funeral procession was formed that was to take him to his home town of Salisbury and burial beside his wife in West Salisbury Cemetery.

Long before the escorted procession arrived numerous Salisbury friends gathered at the cemetery, including members of the Salisbury Congregational Church of which he had been a lifelong member, and who had honored him along with three others as oldest members of the church 2 years ago.

Dr. Thomas and Dr. Freeman officiated at the committal service, while overhead an unidentified plane dipped its wing in salute.

NATIONAL SECURITY COUNCIL APPROPRIATIONS, 1950

Mr. MAHON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4146) making appropriations for the National Security Council, the National Security Resources Board, and for military functions administered by the National Military Establishment for the fiscal year ending June 30, 1950, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. MAHON, SHEPPARD, SIKES, CANNON, ENGEL of Michigan, and PLUMLEY.

INTERIOR DEPARTMENT APPROPRIATIONS, 1950

Mr. CANNON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3838) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1950, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. KIRWAN, NORRELL, JACKSON of Washington, CANNON, JENSEN, and FENTON.

THIRD DEFICIENCY APPROPRIATION BILL, 1949

Mr. CANNON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5300) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1949, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. CANNON, KERR, RABAUT, TABER, and PLUMLEY.

PURCHASE OF AUTOMOBILES OR OTHER CONVEYANCES FOR DISABLED VETERANS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2115) to authorize payments by the Administrator of Veterans Affairs on purchases of automobiles or other conveyances by certain disabled veterans and for other purposes, with amendments of the House thereto, insist on the amendments of the House, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, if I understand the gentleman's request, this is merely to send the bill to conference.

Mr. RANKIN. Yes, this is merely to send the bill to conference.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. RANKIN, ALLEN of Louisiana, TEAGUE, Mrs. ROGERS of Massachusetts, and Mr. KEARNEY.

SURPLUS AIRPORTS

Mr. DAWSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3851) to amend Public Law 289, Eightieth Congress, with respect to surplus airport property and to provide for the transfer of compliance functions with relation to such property, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 4, line 5, after "aviation", insert ": *And provided further*, That no release, conveyance, or quitclaim shall be executed by the Administrator pursuant to this section except upon the condition that, in the event that the property to which such release, conveyance, or quitclaim relates shall be sold to any third party within 5 years after the date of enactment of this act, the proceeds of such sale shall be devoted exclusively to the development, improvement, operation, or maintenance of a public airport."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. HOFFMAN of Michigan. Mr. Speaker, reserving the right to object, this is one of those bills which makes it easier for private individuals to obtain possession of Government property without adequate compensation. The amendment placed on by the Senate makes that process a little more difficult, and as there is not anything that the minority can do about it, I shall not object.

Mr. MARTIN of Massachusetts. As I understand it, the amendment provides that the property must remain as an airport for at least 5 years?

Mr. HOFFMAN of Michigan. Yes; we keep it for 5 years, and then we let them have it.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. DAWSON]?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. MANSFIELD (at the request of Mr. PRIEST) was given permission to extend his remarks in the RECORD and include two newspaper articles.

Mr. KEOGH (at the request of Mr. BUCHANAN) was given permission to extend his remarks in the RECORD in two separate instances.

Mr. PHILBIN asked and was given permission to extend his remarks in the RECORD and include a resolution.

Mr. CELLER asked and was given permission to extend his remarks in the RECORD on four different subjects; and also to place in the RECORD a statement by Prof. Milton Handler, notwithstand-

ing the estimated cost of the same will be $359.50.

LEAVE OF ABSENCE

Mr. BROWN of Georgia. Mr. Speaker, I ask unanimous consent that leave of absence be granted the gentleman from Georgia [Mr. VINSON], for an indefinite period, on account of official business.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ALLOWANCE FOR TELEPHONE AND TELEGRAPH EXPENSE

Mr. SIKES. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SIKES. Mr. Speaker, the Members of the House operate under a $500 annual limitation for telephone and telegraph bills. By the end of the year, I will be paying telephone and telegraph bills to my constituents, on Government business, out of my own pocket. The Members of the other body can use that much in one blanket announcement, if they wish, and no questions are asked. While I do not condone abuse or extravagance, I do not believe the House wants to limit the effectiveness of its Members by making it impossible for them to carry on important business speedily.

I do not know how others are being affected, but I have personally held down my expenditures for telegrams and telephone service in every way I can, but there is not enough money in my fund to last the rest of the year.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SIKES. I yield.

Mr. RICH. You are getting air mail stamps, and you are privileged to use the post office.

Mr. SIKES. I do not question the gentleman's idea about how he should represent his constituents. I am doing what I think is necessary to the sound representation of my people. I want to give them effective service, which at times requires the use of telephone or telegraph. But the fund allotted for that purpose is clearly insufficient.

The SPEAKER. The time of the gentleman from Florida has expired.

EXTENSION OF REMARKS

Mr. FLOOD (at the request of Mr. LIND) was given permission to extend his remarks in the RECORD and include an editorial from the Polish-American Journal.

Mr. DOYLE asked and was given permission to extend his remarks in the RECORD in three instances, with appropriate accompanying material.

Mr. MARCANTONIO asked and was given permission to extend his remarks in the Appendix of the RECORD and include a radio speech.

Mr. LANE asked and was given permission to extend his remarks in the RECORD in four instances, in each of them to include extraneous matter.

SPECIAL ORDER GRANTED

Mr. LANE. Mr. Speaker, I ask unanimous consent to address the House today for 10 minutes upon the completion of all legislative business and any other special orders heretofore granted.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ALLOWANCE FOR TELEPHONE AND TELEGRAPH EXPENDITURES

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, while I doubt that the gentleman from Mississippi is very anxious to hear what I have to say, I do want to tell him how I get along on that $500 allowance for telephone and telegraph expense, and that it is going to be ample.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN of Michigan. Just a minute. I just make up my mind what I am going to do on bills that are before the House. Then I let my constituents know. If you know your constituents and they know you and your convictions and willingness to stand on them you do not have to wire your home folks every day to find out what they think or what they want you to do. They know almost automatically how you are going to vote on bills that are before the Congress.

Mr. RANKIN. The gentleman is addressing the gentleman from Florida [Mr. SIKES] I assume.

Mr. HOFFMAN of Michigan. I am talking to all these boys who cannot get along on $500 for telephone and telegraph bills.

The SPEAKER. The time of the gentleman from Michigan has expired.

EXTENSION OF REMARKS

Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks in the RECORD and include a letter written to her by the DAV, and copy of a bill which they have asked her to introduce.

MEMBERS' TELEGRAPH ALLOWANCE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I join with the gentleman from Florida [Mr. SIKES] regarding the insufficiency of the Members' allowance for telegrams. Telegrams are often necessary to and from Government departments and to constituents in order to expedite immediate and urgent business matters. There are many matters that often require telegrams such as passports for constituents going to foreign countries, cases of illness and death of men and women in the armed services, claims complicated and long overdue often cannot wait for mail delivery. Often a telegram saves a very valuable piece of property, expedites a claim, and helps enormously in the running of the business of the country. I have never heard a single person object to the allowance for telegrams sent by Congressmen to their constituents for urgent business purposes; they are not political, they are purely for the people's business and interests.

Mr. RICH. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. RICH. The gentlewoman's district is in Massachusetts. She can send a letter every day and it will be there the next day. She does not need any more money; she has enough money, and so do the Members of Congress to take care of their districts with the service we are now rendering.

Mrs. ROGERS of Massachusetts. A telegram often means an enormous amount of difference in money, in time, and in peace of mind to a constituent and is usually greatly appreciated.

The SPEAKER. The time of the gentlewoman from Massachusetts has expired.

EXTENSION OF REMARKS

Mr. SIMPSON of Pennsylvania asked and was given permission to extend his remarks in the RECORD and include an article from Fortune Magazine, entitled "The Incentive Income Tax Plan," by Gwilym A. Price, president of Westinghouse Manufacturing Co.

Mr. HAGEN (at the request of Mr. LEMKE) was given permission to extend his remarks in the RECORD.

Mr. LEMKE asked and was given permission to extend his remarks in the RECORD in three instances and in each to include extraneous matter.

Mr. JAVITS asked and was given permission to extend his remarks in the Appendix of the RECORD in three instances.

THE PEEKSKILL RIOT

Mr. JAVITS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Speaker, vigorous action by the State of New York which has just resulted in the indictment of six participants in the Peekskill riot should be gratifying to Americans everywhere. The local authorities are now having their opportunity—as they should—to demonstrate their ability to enforce the law and bring about respect for the Constitution. The issue is also a much wider one affecting respect for constitutional guarantees to minorities throughout the United States, emphasizing that we expect it as much in the North as in the South.

Those of us in the Congress who opposed the Mundt-Nixon bill and similar legislation have a special duty to see that

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constitutional guarantees are neither flouted nor exploited. I hope that the grand jury action already inaugurated in New York will apply with equal weight to the hoodlums who participated in the riot as well as to any Communist or Communist sympathizers who incited it.

It reminds us that consideration of Federal antilynching legislation has been permitted to lag in a way which is a disservice to the American people. There should be an overriding power in the Federal Government to see that beyond considerations of community or even State the Constitution is honored by all.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, it was not surprising to hear the gentleman from New York [Mr. JAVITS] defend that Communist conclave in New York where Paul Robeson, the Negro Communist, sang the praises of Moscow and criticized the patriotic ex-servicemen who protested.

The American people were not in sympathy with that gang of Communists who composed that traitorous gathering.

When they now undertake to investigate and persecute those ex-servicemen who made that protest, those brave patriots who wore the uniform, who suffered and bled, and who saw their buddies die in two world wars, when they begin to investigate them for trying to break up that Communist meeting, the American people are with the ex-servicemen and not with that Negro Communist and that bunch of Reds who went up there from New York to put on that demonstration.

Mr. MARCANTONIO. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. MARCANTONIO. The gentleman from Mississippi used the word "nigger." I ask that that word be taken down and stricken from the RECORD inasmuch as there are two Members in this House of the Negro race, and that word reflects on them.

The SPEAKER. The Chair understood the gentleman from Mississippi to say "Negro."

Mr. RANKIN. I said "Negro," just as I have said ever since I have been able to talk, and shall continue to say.

Mr. MARCANTONIO. The point of the matter is he used the word "nigger."

Mr. RANKIN. The gentleman from New York is doing more harm to the Negroes than he is good.

If that Negro, Robeson, does not like this country, let him go to Russia, and take that gang of alien Communists with him.

The SPEAKER. The Chair holds that the remarks of the gentleman from Mississippi are not subject to a point of order. He referred to the Negro race, and they should not be ashamed of that designation.

SPECIAL ORDER GRANTED

Mr. HOFFMAN of Michigan asked and was given permission to address the House today for 5 minutes following disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered.

AMENDING THE ACT OF JULY 23, 1947 (61 STAT. 409)

Mr. BLAND. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1824) to amend the act of July 23, 1947 (61 Stat. 409), with Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert "That section 433 (f) of the act of August 4, 1949, is amended to read as follows:

"'(f) In computing length of service for purposes of retirement of personnel of the former Bureau of Marine Inspection and Navigation and Bureau of Customs transferred from those bureaus to the Coast Guard by Executive Order 9083 and by Reorganization Plan No. 3, effective July 16, 1946, who are commissioned, appointed, or enlisted, there shall be included, in addition to all service now or hereafter creditable by law, all service as a civilian employee of the United States within the purview of sections 691, 693, 698, 707, 709–715, 716–719, 720–725, 727–729, 730, 731, and 733 of title 5; and for all purposes of pay, so much of the service as was rendered as a civilian employee in the former Bureau of Marine Inspection and Navigation (including its predecessors, the Bureau of Navigation and the Steamboat Inspection Service), in the Bureau of Customs and in the Coast Guard. Such service for both retirement and pay purposes shall be classified as commissioned, warrant, or enlisted depending upon which status the person assumes upon his entry into the Regular Coast Guard. Service covering the same period shall not be counted more than once.'"

Amend the title so as to read: "A bill to amend section 433 (f) of the act of August 4, 1949."

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the amendment?

Mr. BLAND. The report shows that the proposed legislation would permit the inclusion of time spent as a civilian employee for the purposes of retirement but not for the purposes of pay. The proposed legislation would permit the inclusion of time spent as a civilian employee in the former Bureau of Marine Inspection and Navigation, the Bureau of Customs, and the Coast Guard, for military pay purposes.

Mr. MARTIN of Massachusetts. The beneficiary would actually be in the Government service at all times?

Mr. BLAND. That is true.

Mr. MARTIN of Massachusetts. And he will get full credit for the time he put in for the Government?

Mr. BLAND. That is my understanding.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

The SPEAKER. Under previous order of the House, the gentleman from Massachusetts [Mr. LANE] is recognized for 10 minutes.

AMERICAN TEXTILES HIT AGAIN WHILE THEY ARE DOWN

Mr. LANE. Mr. Speaker, whatever economic sacrifices are called for, in the name of war, peace, or world trade, Washington officials look to the textile industry first, last, and always.

They seem to think that our makers of cloth can go on taking repeated beatings from their own Government without being knocked out.

If further concessions are necessary to encourage world trade the time has come for other industries to share the burden. The textile cities of New England have already sacrificed too much. We have only two alternatives left: either to cut wages or go out of business.

I cannot believe that the Government in its right mind, would force us to these extremities, which we will resist to the utmost. It may be that the Government does not understand the facts of life in New England where so many communities depend for their bread and butter on the sales of woolen worsted goods which they produce.

We do not intend to stand by and see our mill cities drained of their lifeblood and transformed into ghost towns, simply to convenience the Government in its dealings with other nations.

We have been reasonable. We have made concessions. But the time has come to call a halt and insist that our side of the case, involving the whole American textile industry and its tens of thousands of workers, be given some consideration.

The jolly request that we be good fellows about the whole matter and give up our mills and our jobs to bail out other nations is stirring up resentment where I come from. Just because we call ourselves New England is no reason why we should be called upon to make the supreme sacrifice for old England. The United States has been generous beyond comparison in the help it has given, and is giving, to restore other nations to economic health. But there is a limit to what we can do. Other nations must exert themselves and not expect us to carry the major share of the load. The people of New England have reached the conclusion that this give-away policy of our Government must be checked before the United States, or any section of it, is threatened with bankruptcy.

Here are the grim facts in their strange sequence:

First. In the postwar readjustment, the textile industry has suffered most of all. Unemployment has been severe, and after repeated pleas for help, the Government has promised to route orders to distressed areas in order to restore production and recall workers to their machines.

Second. At the same time, the Government has vigorously fought for the extension of the Trade Agreements Act, first passed in 1934, which permits the

President to reduce tariff rates on certain articles if he wins reciprocal concessions from other countries in trade agreements. In the United States Senate last week efforts were made to impose restrictions on the wide powers granted by the House-approved extension bill, but they were defeated. The bill was sent to the White House for signature into law. Under it the President has the arbitrary power to cut tariff rates as much as 50 percent below the 1945 level.

Those of us who foresaw the danger to American textiles pleaded for a peril-points amendment. These are points at which tariff cuts, in the opinion of the Tariff Commission, would be harmful to American industry.

But now all depends upon the President's judgment, even without consulting Congress. The American market for American textiles can be severely depressed to provide an overseas market for some other American industry. In other words, the textile industry, discriminated against, seems chosen to become the "poor relative" of the American industrial family.

All because Great Britain needs a market for her cotton and woolen goods in the United States.

With the tariff barriers down, how can the United States textile worker who earns $1.32 an hour compete with the English worker in the same industry who gets 30 cents an hour?

He cannot.

The Englishman would undersell his product right here in the United States. And do not forget that other nations, with cheaper labor, can put the American worker at a greater competitive disadvantage.

And now we come to step 3, the final blow.

The Anglo-American Conference, seeking ways and means of closing Britain's dollar gap and thereby saving her economy, was held recently in Washington. The United States was the dominant voice, and it was a Cabinet officer of the United States who had much to do with the devaluation of the British pound.

Neither the Congress nor the people were taken into consideration when this drastic step was taken. In the realm of high finance, the effect of this upon the American textile worker was completely ignored.

For again the hard-hit textile industry was hit in the solar plexus. Depression and tariff cuts—apparently these were considered of small concern by the officials of our Government. The British were urged to devalue their pound from 4.05 to 2.80, in terms of American dollars in order to open up American markets to British goods.

What are these goods?

British coal, motor cars, or agricultural products?

Hardly.

British woolens will lead the parade of exports to American stores to make matters worse for our own distressed mills, and the people who depend on these mills for their jobs.

To hold his own against this price-cutting flood, the American manufacturer will have to cut wages and lay off help if he is to stay in business at all. Instead of bundles for Britain, we will need them for the displaced textile workers of New England.

I have no intention of being an apostle of gloom, but I cannot close my eyes to the difficulties under which the producers of woolen and worsted goods are presently operating. The dangers inherent in the lowering of the price of British goods exported to this country, through devaluation of the pound, could very well be the final stroke under which one of our main industries would break.

What are we going to do in the face of this very real threat?

I, personally, will appeal to the President to watch this situation carefully. With the great powers invested in him, he can keep tariff rates on woolens and worsteds at a rate high enough to protect the domestic market from being overwhelmed by an invasion of British textiles.

We can help the British and we can help world trade by spreading British imports to this country over the maximum number of industries possible to cushion the impact on our own economy. Textiles and a few others are in no position to absorb the shock by themselves.

On the theory that it is better to anticipate and thereby avoid, I say that the outcome rests entirely with the President. With clear notice that the peril point for textiles is at hand, even before the further effect of devaluation is felt, I am constrained to inform the President that responsibility for all ill effects that may follow must be shouldered by him. New England hopes that he will provide its important industry with at least a minimum of protection. It cannot forgive him if he fails.

Our textile workers, whose livelihood is at stake, want assurances of adequate protection before and not after the flood.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. LANE. I yield.

Mr. MILLER of Nebraska. I agree 100 percent with what the gentleman has said. I do not know how he voted on the reciprocal trade agreements bill when it was before the House, but I do know it is the policy of the majority side to disregard the peril point in our reciprocal trade agreements.

Mr. LANE. I will inform the gentleman right now, lest we forget, that I voted against the reciprocal trade agreements.

Mr. MILLER of Nebraska. I think the gentleman used good judgment, and so did I. I predict that the present reciprocal trade agreements which have been passed by the other body, if accepted by your side, which has the responsibility in the House of Representatives, will wreak havoc upon the industries of the United States—not only the textile industry but the clock industry and pottery industry and half a dozen other industries.

SPECIAL ORDER GRANTED

Mr. COX. Mr. Speaker, I ask unanimous consent that following the special order granted to the gentleman from Michigan [Mr. HOFFMAN] I may address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The SPEAKER. Under previous order of the House, the gentleman from Michigan [Mr. HOFFMAN] is recognized for 5 minutes.

LABOR "GOON SQUADS"

Mr. HOFFMAN of Michigan. Mr. Speaker, the gentleman from New York [Mr. JAVITS], a Republican, and the gentleman from New York [Mr. MARCANTONIO], American Labor—I think he is—both deplore the rioting and violence which occurred at Peekskill in their home State, where the great Tom Dewey, who was a great prosecutor, is Governor. We can all join the two gentlemen from New York in expressing the hope that violence and rioting will not interfere with free speech or freedom of lawful action, and regret what happened. But what puzzles me is why those two self-styled champions of civil rights, and I do not criticize them nor do I question their sincerity—but what puzzles me is why those two gentlemen, who get so excited at this interruption of a meeting where a Communist is billed to speak, never seem to be concerned when Americans are beaten and sent to hospitals and sometimes to the morgue by labor "goon squads." I hope each of these gentlemen sometime will take the trouble and time to explain to the House why it is that each is so strangely silent about the violence, lawlessness, and rioting of labor "goon squads." Always go to bat when some Communist is deprived of his right. Hundreds of cases have occurred where property has been destroyed, the right of speech denied, and personal violence committed in defiance of the law and court orders by "goons" acting in the name of labor, and I have heard nothing which I can at the moment recall from these two gentlemen or that either of them has protested.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield.

Mr. JAVITS. In the debate on the Mundt-Nixon bill, the very bill I mentioned, I said and I said unequivocally the reason I was vigorously opposed to the bill was I felt it could affect any organization, any church, any trade-union, or any trade association and I will be just as vigorous in the denunciation of anything like that on the floor as the gentleman would.

The gentleman cannot deny that.

Mr. HOFFMAN of Michigan. Mr. Speaker, I decline to yield further to the gentleman.

Mr. JAVITS. The gentleman should admit that.

Mr. HOFFMAN of Michigan. Mr. Speaker, I decline to yield further. The statement is no answer to the question. It is a typical excuse and a typical alibi.

What I am telling the gentleman is that I have never heard him criticize the violence of labor "goon squads." There have been occasions, hundreds of them—I do not know, thousands of them, possibly—but at least I know there are hundreds of them where "goon squads"

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have gone in and beaten up innocent citizens, men and women. Why do you not say something about that?

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield.

Mr. RANKIN. I was one of the supporters of the Mundt-Nixon bill. It was supported by the Committee on Un-American Activities because it was designed to protect this country against communistic attacks. Its object was to save America for Americans.

Mr. HOFFMAN of Michigan. Well, I am not talking solely about Communists. I am talking about violence and lawlessness generally. What I am saying is that if we get this steel strike, and a coal strike, and a railroad strike, and a strike in the motor industry with the usual violence you may find the people doing the very thing that we deplore and disapprove of. They will take the law in their own hands. Meet club with club. That profits no one—solves nothing—injures all.

Mr. RANKIN. I am answering the gentleman from New York [Mr. JAVITS] in his attack on the Mundt-Nixon bill.

It would have protected Christian churches and all other legitimate organizations against the attacks of atheistic communism.

The SPEAKER. The time of the gentleman from Michigan has expired.

EXTENSION OF REMARKS

Mr. DAVIS of Tennessee asked and was given permission to extend his remarks in the RECORD and include a speech recently made by him.

The SPEAKER. Under previous order of the House, the gentleman from Georgia [Mr. COX] is recognized for 10 minutes.

THE PEEKSKILL RIOT

Mr. COX. Mr. Speaker, I ask unanimous consent that I may insert in the RECORD an article by George Sokolsky appearing in the Washington Times-Herald of September 8, last.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COX. Mr. Speaker, in an article that I have inserted in the CONGRESSIONAL RECORD, George Sokolsky, the author, makes the point that the fact that Paul Robeson is a Negro does not exempt him from responsibility for his personal conduct, and that the numerous indecencies of which he has been guilty would not have been suffered except for the fact that he is a Negro. That statement prompts me to ask if there is not a point where the coddling of the disloyal, operating as agents of a foreign power bent upon undermining our Government, should come to an end, and if the protest of war veterans to the meeting in Peekskill, N. Y., August 27, to feature this notorious Negro singer was not an expression of moral indignation on the part of those who love the flag, rather than a riotous display of hate on the part of irresponsible persons?

The rights of free speech and free assemblage are, of course, fundamental rights, but they are subject to the restraints that separate right from wrong, and depend upon attendant circumstances when and where asserted. The enumeration of these rights in the Constitution does not disparage other rights enjoyed by the people. If the natural tendency and probable effect of this assemblage under existing circumstances was to provoke protest and disorder, then it did not come under the protection guaranteed by the first amendment, and if the meeting was in pursuance of an unlawful conspiracy to promote the communistic program, then what was done by veteran vigilantes should not be stigmatized with invalidity.

That demonstration by American veterans against the presence of this particular Negro singer should have been warning that the community of Peekskill was opposed to the principles he advocated. It should have been warning that there was opposition to his denunciation of America and American institutions. It should have been sufficient warning that there was opposition to his alien propaganda. It would have been sufficient warning to any ordinary loyal, law-abiding American citizen, white or black.

Obviously, however, it was not sufficient warning to this notorious Negro singer, for safe from the vigilantes, he issued a defiant declaration that he would return. And, defiantly, he did return a week later. His sympathizers came armed with baseball bats and other weapons. Having been incited to riot, they came prepared for rioting. On that occasion more than 100 persons were injured. There was extensive property damage. But for the presence of a thousand law-enforcement officers, the casualties probably would have included human lives, greater human injury, and greater property damage.

These are the bare facts of the occurrences at Peekskill, normally a placid community, not far from the city of New York, on two successive Sabbath evenings. So far as I have been able to ascertain, no such rioting ever occurred before at Peekskill; for Peekskill, you see, is situated north of the Mason and Dixon's line in an area not referred to as a "trouble area"—a term reserved for opprobrious application generally to cities and communities of the South. Nor was the Ku Klux Klan present, either hooded or unhooded.

The thousands of persons who participated in those demonstrations and riots at Peekskill on both sides are but a part of a great mass of American citizens. Apparently none of them bears any particular individual distinction. One, who did not participate in the demonstrations, who escaped uninjured—the agent provocateur who incited the riot—is a notorious Negro singer. It was not the first time he had incited to riot. It was not the first time he had provoked a mass demonstration. It is a technique with which he is fully familiar, having acquired it at first hand in the school of Communist Russia itself. He is habituated to it.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. RANKIN. That was a Communist demonstration, and they were using this Negro Communist, Paul Robeson, to do the singing.

Those American patriots, those ex-servicemen, were protesting against their lynching of the Constitution of the United States, or undermining and destroying this great Government of ours for which they fought.

Mr. COX. Yes. What is there sacrosanct about this notorious Negro singer that panoplies him with the right to incite to riot in his denunciation of all that is American and his advocacy of communism? Why is he not among the defendants now on trial in the city of New York? Do you know of any white man who thus would be tolerated to provoke mass demonstrations, who would be protected by a thousand law-enforcement officers while he shatters the peace and calm of the Sabbath? Is this particular individual guaranteed freedom to incite to riot?

Under our Constitution this singer is guaranteed the right to appear at Peekskill or anywhere else. He is guaranteed the right to sing. In times of peace he may even propagandize for Russia and against America. And all who want to hear him may assemble for that purpose. A thousand law-enforcement officers will be called out to protect him and them. But has he a legal and constitutional right to incite to riot? Having incited to riot he carefully refrained from subjecting himself to harm. He stole away from the scene of conflict protected by a thousand law-enforcement officers, his hide unscratched.

Once again safe, he now impudently contends that the thousand law-enforcement officers who protected him in his escape from an impassioned group of American veterans failed to perform their duty. Brazenly and insolently he demands the impeachment of the Governor of New York. Rather than the Governor's being impeached for not affording even greater protection, would he not with better propriety be criticized for having provided any protection at all?

How far have we gone in the destruction of our temples—temples built by the founding fathers for the preservation of a glorious national faith? This Negro singer has gone about the land ridiculing and mocking and deriding and denouncing the institutions that have made us a free people. He seeks to destroy those institutions, all the while demanding nonetheless that they protect him in his infamy. Indeed, he now goes further and demands that they accord him the right to remove from office the elected Governor of a great State.

This Negro singer is not ignorant. Indeed, he is cunningly and mischievously intelligent. He has won power over the Negroes of America. He is the self-proclaimed black Stalin, the future head of the black state that is to reach from Virginia to Texas. He conducts his propaganda openly and brazenly and defiantly. He is engaged in force and violence against the peace and safety and security of the Nation, both within and without its borders. Yet he goes about unscathed, unmolested, and unimpeded. With what impunity is this black Stalin cloaked?

Not long ago wise leaders on both sides believed that our racial problem could be

adjusted without violence. Forbearance, tolerance, time, and a decent regard for the rights of each group were considered to be the principles upon which the problem was to be solved. But those principles have been cast aside under the provocation of such leaders as this Negro singer and those who abet him and follow him.

In hundreds of communities throughout the land Negroes, under the guidance of such leaders as this, now are engaged in promoting strife and discord. Contemptuous of our institutions, they nonetheless utilize our Federal courts to demand by law compliance with what they regard as rights, advantages they know cannot be accorded them, and for which they themselves make little or no contribution. They exert organized power over Federal, State, and local governments for the enactment of laws whose execution they know will lead to strife and discord, turmoil and riot.

The Negro singer who provoked the disturbances in placid Peekskill on two successive Sabbaths is openly in conflict with the peace, the safety, and the security of America, the land that gave him the opportunity to develop his talents. Instead of utilizing those talents and his power of leadership over 20,000,000 Negroes for good and for the peaceful adjustment of racial differences, he is engaged in provoking disorder and conflict. He has permitted the blight of communism to do injury to his race. He has changed the badge of communism in America from red to black. He has attainted the Negro in America with the suspicion of disloyalty. He will not destroy the temples of America. They are indestructible. But he will destroy himself and do injury to his race.

I salute the veterans of Peekskill for their manifestation of concern for the thing they love and for the preservation of which they spilt their blood, and for which thousands of their compatriots died. Seeing what is right, let them ever put the law of their hearts to righteous employment and resist all influences that have as their objective the consignment of free America to the wrecks of time.

[From the Washington (D. C.) Times-Herald of September 8, 1949]

THESE DAYS

(By George Sokolsky)

Only one who suffers from race prejudice can forgive Paul Robeson his numerous indecencies, which would never have been tolerated in a white man. The fact that he is a Negro does not exempt him from responsibility for his personal conduct.

He has gone about this land denouncing this country, outraging the sentiments and loyalties of other Americans. He has stated a preference for Soviet Russia; yet he insists upon living in the United States. The earth is large and includes many countries.

No one needs to live in the United States who dislikes this country. Certainly, the Soviet Union or one of its satellites will accept him and even permit him to sing in Othello, which seems to be his frustration.

Naturally, such rioting and counter-demonstrations as occurred in Westchester are bad. Robeson should be permitted to sing or talk, to warble Old Man River, parrot Stalin's lines to his heart's content. He has a constitutional right to make a fool of himself, and this country is still strong enough to suffer its fools.

But moral indignation is also understandable. Men who fought in a war, in which he did not fight, men who have been wounded and have seen their comrades killed, will not lightly accept venomous attacks upon their country by a fellow-countryman who hides behind his self-asserted leadership of the Negroes and who protests every objection to his misconduct on the ground that a Negro should act less loyally, less decently, less manly than a white person.

Were I a Negro, I should reject Robeson's insults by a bop on the nose—and I should regard it as proper to do so. This man is devoting himself to destroying the really great work of bringing about a better relationship in this country between Negroes and whites. He is provoking trouble.

The question here is, who incites to riot, Robeson or those who are morally indignant? He and his Soviet stooges feel that they are entitled to form picket lines everywhere, even to encircle our courts, to shriek their hateful slogans, to denounce and insult American institutions, to outrage the sensibilities of every loyal and decent American, but they reject the right of any American to do unto them as they do unto Americans.

They constantly incite to riot, they constantly stir hate. They constantly place themselves in positions where they provocate, to use one of their terms, street fights, riots, arrests, and even physical violence upon themselves. All that is done so that their masters in the Kremlin may say to Europeans and Asiatics, "Fascist America."

The time has come to face these Communists and their allies for what they are. They are our enemies. They hate us. They are fighting us the world over.

Only recently, one who had been their servant, John T. Pace, confessed that he had been hired by them and used by them to create rioting in Washington during Herbert Hoover's term as President and that a vast propaganda was developed out of the veterans' march on Washington to damage this country. Their hope was that someone would be killed and that that would start riots throughout the country.

How much do we need to take from these creatures? If Paul Robeson were a man, he would have appeared before that first Westchester crowd of veterans and he would have sung the Star-Spangled Banner. Every veteran would have uncovered or he would have stood at attention.

Most of them would have joined in the song. But the coward did not appear, and he could not have sung that anthem with respect and love in his heart.

If you ever see a man spit on the American flag, it is not necessary to call a policeman. It is only necessary to maintain one's self-respect. And this we need to relearn in this land of ours.

So much propaganda has been done to make us love other countries that we have forgotten how to love our own.

We have been made pro-Russian, pro-British, pro-this and pro-that, but what we need most is to be pro-American, to love our land, to respect its traditions, to reverence its flag.

SPECIAL ORDER GRANTED

By unanimous consent, Mr. HOFFMAN of Michigan was given permission to address the House for 10 minutes tomorrow, September 22, 1949, following the legislative business of the day and any special orders heretofore granted.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. WORLEY, Mr. MCMILLAN of South Carolina, and Mr. BRAMBLETT (at the request of Mr. MAHON), for an indefinite period, on account of official business.

To Mr. JONES of Missouri (at the request of Mr. MAGEE), for today, on account of official business.

To Mr. BULWINKLE (at the request of Mr. JONES of North Carolina), for an indefinite period, on account of illness.

To Mr. FLOOD (at the request of Mr. MCCORMACK), for an indefinite period, on account of important business.

To Mr. BARING (at the request of Mr. MCCORMACK), for an indefinite period, on account of illness in the family.

COMMUNICATION ADDRESSED TO THE POLISH EPISCOPACY BY POPE PIUS XII

Mr. MCCORMACK. Mr. Speaker, I ask unanimous consent to address the House and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MCCORMACK. Mr. Speaker, in a forceful letter addressed to the Polish Episcopacy to mark the tenth anniversary of the German invasion of Poland on September 1, 1939, Pope Pius XII consoled the oppressed people of that land in these words:

> This is your merit, this is your badge of nobility: to act strenuously, to suffer with fortitude, to hope invincibly, to accomplish great things.

I quote these apt words of the Holy Father because, to my mind, they epitomize the spirit and faith of the Polish people.

That people and their gallant little nation have long lived with adversity.

It should not be forgotten that 16 days after the 1st day of September 10 years ago Poland suffered another invasion from the east. It is the latter invasion that has persisted.

Poland was the first sacrifice on the profane altar erected by Nazi and Communist despoilers to the idea of joint world domination by a Hitlerite Germany and a Stalinist Russia.

Hitler's Germany lies in the dust, but Poland is now a satellite of Stalin's Russia.

The Poland of 10 short years ago was a different land.

It was a living memorial to the ideals of Woodrow Wilson.

After World War I, the ancient wrongs of repeated partition had been righted by the reconstitution of an integrated Poland.

The Wilsonian political architecture of eastern Europe symbolized the triumph of the idea that small nations were entitled to national independence, complete autonomy and geographical integrity.

In September of 1939, this symbol of the ideals and the idea of Wilson was ruthlessly shattered by the effectuation of the criminal conspiracy between Stalin and Hitler.

Free Poland was invaded and devastated, her territory divided, and her people subjected to an inhuman program of brutalization.

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Though forsaken by friends and prostrated by enemies, the spirit of Poland never flagged.

With an underground at home and a government in exile abroad, the fire of resistance to tyranny burned brightly throughout the dark days of World War II.

Poland, the Polish people, and the Polish Army were preeminent in their loyal and gallant espousal of the cause of democracy.

Paradoxically, Poland knew no real defeat until the day of the triumph of the cause which she represented and for which she fought so bravely.

What panzer divisions, concentration camps, mass deportations, slave labor battalions and human crematories could not accomplish in Poland was finally achieved by the wiles and treachery of communism.

Drained of her life's blood, free Poland succumbed under the crunch of the tyrannous heel of Red fascism.

Today, and once again partitioned, she lies prostrate behind the iron curtain of Soviet suppression.

The tragedy of Poland is that of an ally deserted and a friend betrayed.

It is a tragedy heightened by the stark fact that the present partition and subjugation of Poland is one aimed, not only at her territory but at her culture, her religion, and her national traditions.

It is a tragedy relieved only by the knowledge that, despite centuries of oppression, the people of Poland have clung tenaciously to their faith in justice and their hope of liberty.

That faith and hope are still alive in the breasts of Poles everywhere. They are the virtues through which the Polish nation has survived every conquest and by which it has outlived every dictator.

With that faith and hope, the iron chains of Communist slavery will also be cast off.

With encouragement from the Atlantic nations, with the exertion of every possible influence and aid from the United States, and with their historic reliance in the providence of Almighty God, the Polish people will again find means to reestablish their homeland as a bastion of democracy in eastern Europe.

In this month of their sorrowful anniversaries, our prayers are joined with their hopes that the day of deliverance will be soon at hand.

ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 51 minutes p. m.) the House adjourned until tomorrow, Thursday, September 22, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

931. A letter from the Administrator, General Services Administration, Federal Works Agency, transmitting a draft of a proposed bill entitled "A bill to authorize the appointment of guards, watchmen, or other protective personnel of Federal agencies as special policemen, prescribing their powers as such, and for other purposes"; to the Committee on Public Works.

932. A letter from the Acting Secretary of the Treasury, transmitting a draft of a proposed bill, entitled "A bill to authorize reimbursement to the appropriations of the Bureau of Narcotics of moneys expended for the purchase of narcotics"; to the Committee on Ways and Means.

933. A letter from the Chairman, Export-Import Bank of Washington, transmitting a report of the operations of the Export-Import Bank of Washington as of the close of business June 30, 1949; to the Committee on Banking and Currency.

934. A letter from the Acting Attorney General, transmitting copies of orders of the Commissioner of the Immigration and Naturalization Service suspending deportation, as well as a list of the persons involved; to the Committee on the Judiciary.

935. A letter from Luis Muñoz Marin, Governor of Puerto Rico, transmitting a message expressing sympathy on the death of Congressman Richard J. Welch; to the Committee on House Administration.

936. A letter from ANTONIO FERNÓS-ISERN, Resident Commissioner of Puerto Rico, transmitting a message expressing sympathy on the death of Congressman Richard J. Welch; to the Committee on House Administration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BRYSON: Committee on the Judiciary. House Joint Resolution 23. Joint resolution designating November 19, the anniversary of Lincoln's Gettysburg Address, as Dedication Day; without amendment (Rept. No. 1336). Referred to the House Calendar.

Mr. BRYSON: Committee on the Judiciary. House Joint Resolution 184. Joint resolution authorizing the President of the United States of America to proclaim the first Monday of February as National Children's Dental Health Day; without amendment (Rept. No. 1337). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BATTLE:

H. R. 6178. A bill to provide that the Veterans' Administration hospital being constructed at Birmingham, Ala., shall be named in honor of Gen. William Crawford Gorgas; to the Committee on Veterans' Affairs.

By Mr. BENNETT of Florida:

H. R. 6179. A bill to increase from $45 to $55 the maximum monthly expenditure for any individual which may be counted in determining the amount of the Federal payments to the States for old-age assistance and aid to the blind; to the Committee on Ways and Means.

By Mr. CELLER:

H. R. 6180. A bill to amend the Legislative Reorganization Act of 1946 with respect to the periods of congressional adjournment; to the Committee on Rules.

By Mr. DAWSON:

H. R. 6181. A bill to authorize relief of authorized certifying officers of terminated war agencies in liquidation by the Department of Commerce; to the Committee on Expenditures.

By Mr. FLOOD:

H. R. 6182. A bill relating to education or training of veterans under title II of the Servicemen's Readjustment Act, as amended; to the Committee on Veterans' Affairs.

By Mr. LANE:

H. R. 6183. A bill to authorize the issuance of a special postage stamp in commemoration of George Peabody; to the Committee on Post Office and Civil Service.

By Mr. MARCANTONIO:

H. R. 6184. A bill to provide more adequate relief against unemployment and to increase the national purchasing power by supplementing unemployment compensation payable under State laws, and for other purposes; to the Committee on Ways and Means.

By Mr. PATMAN:

H. R. 6185. A bill to amend the Federal Credit Union Act; to the Committee on Banking and Currency.

By Mr. PHILBIN:

H. R. 6186. A bill to provide for the relief of officers of the Naval Reserve who served as midshipmen at the United States Naval Academy prior to 1913; to the Committee on Armed Services.

By Mr. RANKIN (by request):

H. R. 6187. A bill to amend section 304 of the World War Veterans' Act, 1924, so as to cancel certain indebtedness against Government life-insurance policies held by disabled veterans; to the Committee on Veterans' Affairs.

By Mrs. ROGERS of Massachusetts:

H. R. 6188. A bill to amend Public Law 483, Seventy-eighth Congress, as amended, to equalize pensions payable to dependents of World War I and World War II veterans; to the Committee on Veterans' Affairs.

By Mr. STIGLER:

H. R. 6189. A bill to authorize the commutation of the annual appropriation for fulfilling various treaties with the Choctaw Nation of Indians in Oklahoma, and for other purposes; to the Committee on Public Lands.

By Mr. WICKERSHAM:

H. R. 6190. A bill to establish rearing ponds and a fish hatchery in southwestern Oklahoma; to the Committee on Merchant Marine and Fisheries.

By Mr. WOLCOTT:

H. R. 6191. A bill to increase by $1,000,000,000 the limit on the amount of money the Commodity Credit Corporation is authorized to borrow; to the Committee on Banking and Currency.

By Mr. KLEIN:

H. Con. Res. 135. Concurrent resolution to print as a House document the formal statements offered before the House Committee on Un-American Activities by Jackie Robinson and others on July 13, 14, and 18, 1949; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CAVALCANTE:

H. R. 6192. A bill to record the lawful admission to the United States for permanent residence of Fortunato Salamone; to the Committee on the Judiciary.

By Mr. JAVITS:

H. R. 6193. A bill for the relief of William Weiss; to the Committee on the Judiciary.

By Mr. KEOGH:

H. R. 6194. A bill for the relief of Antonino Valenti; to the Committee on the Judiciary.

H. R. 6195. A bill for the relief of Carlo de Luca; to the Committee on the Judiciary.

By Mr. LESINSKI:

H. R. 6196. A bill for the relief of Peter Horvath; to the Committee on the Judiciary.

By Mr. LYNCH:

H. R. 6197. A bill for the relief of Giovanni Russo; to the Committee on the Judiciary.

By Mr. MILLER of California:

H. R. 6198. A bill for the relief of the First National Bank in Richmond, Calif.; to the Committee on the Judiciary.

By Mr. SADOWSKI:

H. R. 6199. A bill for the relief of Stefan Protasewicz; to the Committee on the Judiciary.

By Mr. DOYLE:

H. J. Res. 351. Joint resolution to authorize the President to issue posthumously to the late John Sidney McCain, vice admiral, United States Navy, a commission as admiral, United States Navy, and for other purposes; to the Committee on Armed Services.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1493. By Mr. MORTON: Petition of Kentucky Society Sons of the American Revolution, petitioning for an independent and impartial investigation of the interstate traffic in subversive textbooks and teaching materials; to the Committee on Rules.

1494. By Mr. LARCADE: Petition signed by Gus Bordelais, A. S. Bourgeois, and 200 other citizens of Iota, La., urging consideration of Hous bills 2135 and 2136 at this session of Congress; to the Committee on Ways and Means.

SENATE

THURSDAY, SEPTEMBER 22, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O God our Father, as in this pavilion of prayer we fling open the shuttered windows of our darkened lives to the light of Thy presence may some broken beams of Thy glory shine upon our daily work. By the adventure of faith may we be victors over life, not victims of it. Teach us that to live worthily we must have a faith fit to live by, a self fit to live with, and a cause fit to live for. Enlarge the sensitive area of our sympathy for the shepherdless multitudes so broken by the burdens and stress of these cruel years. Give us such a vision of the appalling needs of this troubled world as to make us sharers with Thee in saving it from the worst that is in man, to the best that is in Thy will and plan when Thy kingdom comes. In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, September 21, 1949, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting nominations was communicated to the Senate by Mr. Miller, one of his secretaries.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that routine matters may be presented for the RECORD, without debate.

The PRESIDENT pro tempore. Without objection, it is so ordered.

LETTER OF THANKS FROM FORMER VICE PRESIDENT CHARLES G. DAWES

The PRESIDENT pro tempore laid before the Senate a letter from former Vice President Charles G. Dawes, addressed to the Secretary of the Senate, which was ordered to be printed in the RECORD, as follows:

CHICAGO, ILL., *September 15, 1949.*

Mr. LESLIE L. BIFFLE,
Secretary, United States Senate,
Washington, D. C.

MY DEAR MR. SECRETARY: I acknowledge the attested copy of a resolution adopted by the Senate extending greetings and felicitations to me on the occasion of my eighty-fourth birthday and wish to thank the Senate through you for the honor of their remembrance.

Yours,

CHARLES G. DAWES.

REPORT ON ADDITIONAL WITHIN-GRADE SALARY ADVANCEMENTS AS REWARDS FOR SUPERIOR ACCOMPLISHMENT

The PRESIDENT pro tempore laid before the Senate a letter from the Chairman of the United States Civil Service Commission, transmitting, pursuant to law, a report and supporting data covering additional within-grade salary advancements as rewards for superior accomplishment made by the several Government departments and agencies during the fiscal year ended June 30, 1949, which, with the accompanying papers, was referred to the Committee on Post Office and Civil Service.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. PEPPER, from the Committee on Labor and Public Welfare:

S. 2541. A bill to amend the act entitled "An act to establish a Department of Medicine and Surgery in the Veterans' Administration," approved January 3, 1946, as amended, to extend the period for which employees may be detailed for training and research, and for other purposes; without amendment (Rept. No. 1099); and

H. R. 6022. A bill to increase the rates of compensation of certain employees of the Department of Medicine and Surgery of the Veterans' Administration, and for other purposes; without amendment (Rept. No. 1098).

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. GEORGE, from the Committee on Finance:

Joseph H. Lyons, of Mobile, Ala., to be collector of customs for customs collection district No. 19, with headquarters at Mobile, Ala. (reappointment); and

Wesley R. Wirtz, of Baton Rouge, La., to be collector of customs for customs collection district No. 20, with headquarters at New Orleans, La., in place of A. Miles Pratt.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FERGUSON:

S. 2583. A bill for the relief of Roy Albert Hamilton, Sr.; to the Committee on the Judiciary.

(Mr. PEPPER (for himself, Mr. THOMAS of Utah, Mr. MURRAY, Mr. HILL, Mr. NEELY, Mr. DOUGLAS, Mr. HUMPHREY, Mr. WITHERS, Mr. TAFT, Mr. SMITH of New Jersey, Mr. DONNELL, Mr. AIKEN, and Mr. MORSE) introduced Senate bill 2584, to provide for studies of the methods of determining the amount, distribution, and effects of illness in the United States and for conducting periodic inventories of illness by the best methods developed through such studies, which was referred to the Committee on Labor and Public Welfare, and appears under a separate heading.)

By Mr. DULLES:

S. 2585. A bill for the relief of Ilona Kahan, Tibor Kahan, Eva Radnai, Paul Radnai, Agnes Rosenberg, Edit B. Hannach, Eugene Nemes, Elisabeth Kozma, Jenta Rottenberg, Gabor Zipser, Elisabeth Zipser, and Nandor Zipser; to the Committee on the Judiciary.

By Mr. KILGORE (for Mr. MCCARRAN):

S. 2586. A bill for the relief of Delfo Giorgi; and

S. 2587. A bill for the relief of Vittorio Quilici; to the Committee on the Judiciary.

HEALTH SURVEY

Mr. PEPPER. Mr. President, on behalf of myself, the Senator from Utah [Mr. THOMAS], the Senator from Montana [Mr. MURRAY], the Senator from Alabama [Mr. HILL], the Senator from West Virginia [Mr. NEELY], the Senator from Illinois [Mr. DOUGLAS], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Kentucky [Mr. WITHERS], the Senator from Ohio [Mr. TAFT], the Senator from New Jersey [Mr. SMITH], the Senator from Missouri [Mr. DONNELL], the Senator from Vermont [Mr. AIKEN], and the Senator from Oregon [Mr. MORSE], all of whom are members of the Committee on Labor and Public Welfare, I introduce for appropriate reference a bill to provide for studies of the methods of determining the amount, distribution, and effects of illness in the United States and for conducting periodic inventories of illness by the best methods developed through such studies.

The bill (S. 2584) to provide for studies of the methods of determining the amount, distribution, and effects of illness in the United States and for conducting periodic inventories of illness by the best methods developed through such studies, was read twice by its title, and referred to the Committee on Labor and Public Welfare.

Mr. PEPPER. Mr. President, from the Committee on Labor and Public Welfare, I report favorably Senate bill 2584, just introduced, and I submit a report (No. 1097) thereon.

The PRESIDENT pro tempore. The report will be received, and the bill will be placed on the calendar.

AMENDMENT OF INTERNAL REVENUE CODE—AMENDMENT

Mr. TOBEY submitted an amendment intended to be proposed by him to the bill (H. R. 3905) to amend section 3121 of the Internal Revenue Code, which was ordered to lie on the table and to be printed.

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RATES OF BASIC COMPENSATION FOR CERTAIN GOVERNMENT EMPLOYEES—AMENDMENT

Mr. FLANDERS submitted an amendment intended to be proposed by him to the bill (S. 2379) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

THE STEEL DISPUTE—STATEMENT BY SENATOR MYERS AND EDITORIAL COMMENT

[Mr. MYERS asked and obtained leave to have printed in the RECORD a statement prepared by him on the steel dispute, together with various editorials and articles on the same subject, which appear in the Appendix.]

THE NATIONAL SECURITY RESOURCES BOARD AND SMALL BUSINESS—ADDRESS BY RICHARD C. COOKE

[Mr. SALTONSTALL asked and obtained leave to have printed in the RECORD an address regarding the National Security Resources Board and small business, delivered by Richard C. Cooke, assistant to the Director of Production, National Security Resources Board, before the Smaller Business Association of America, in Cleveland, Ohio, September 20, 1949, which appears in the Appendix.]

FEDERAL AID TO EDUCATION—LETTER FROM PAUL B. LAWSON

[Mr. SCHOEPPEL asked and obtained leave to have printed in the RECORD a letter regarding Federal aid to education, addressed to him by Paul B. Lawson, dean of the College of Liberal Arts and Sciences of the University of Kansas, which appears in the Appendix.]

AWARD TO WYALUSING (PA.) ROCKET OF PRIZE FOR COMMUNITY LEADERSHIP

[Mr. MYERS asked and obtained leave to have printed in the RECORD two news articles from the Wyalusing (Pa.) Rocket of September 15, with regard to the award to that newspaper of a prize for community leadership, which appear in the Appendix.]

EXTENSION OF RECIPROCAL TRADE AGREEMENTS ACT—EDITORIAL FROM CHRISTIAN SCIENCE MONITOR

[Mr. MYERS asked and obtained leave to have printed in the RECORD an editorial entitled "Playing a Leader's Part," published in the Christian Science Monitor of September 17, 1949, which appears in the Appendix.]

MILITARY AID LEGISLATION—EDITORIAL FROM CHRISTIAN SCIENCE MONITOR AND LETTER FROM MILTON SAMUELSON

[Mr. MYERS asked and obtained leave to have printed in the RECORD an editorial entitled "Economy in the Arms Program," published in the Christian Science Monitor of September 13, 1949, and also a letter to him, dated September 20, 1949, from Milton Samuelson, of Mauch Chunk, Pa., which appear in the Appendix.]

SPEECH BY CARROLL B. HUNTRESS AT ANNUAL BANQUET OF NEW ENGLAND FUELS INSTITUTE

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD a speech delivered by Carroll B. Huntress, chairman of the National St. Lawrence Project Conference, at the annual banquet of the New England Fuels Institute, at the University of New Hampshire, Durham, N. H., September 14, 1949, which appears in the Appendix.]

UNITED NATIONS POLICE FORCE—STATEMENT BY A. D. QUAINTANCE

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD a statement on the subject of a police force for the United Nations, written by Mr. A. D. Quaintance, attorney, of Denver, Colo., which appears in the Appendix.]

MILITARY ASSISTANCE TO FOREIGN NATIONS

The Senate resumed the consideration of the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

The PRESIDENT pro tempore. The question is on agreeing to the amendments of the Senator from Georgia [Mr. GEORGE] on page 18 of the bill.

The time is to be divided from this time until 6 o'clock p. m.

Mr. LUCAS. Under the unanimous-consent agreement, the time is to be divided equally, to be controlled by the senior Senator from Georgia [Mr. GEORGE] and the senior Senator from Texas [Mr. CONNALLY].

Mr. GEORGE. Mr. President, I yield 45 minutes to the Senator from Iowa [Mr. GILLETTE].

Mr. GILLETTE. Mr. President, less than 10 weeks ago I stood in this body while we were considering the ratification of the North Atlantic Pact and tried to express something of my concern, something of the doubts and fears which assailed me, with reference to the implications inherent in that pact and its possible interpretation and application. I sat here and listened to Senators who expressed grave anxiety that the pact was in effect a military alliance, that it would be so construed, and would commit our Nation to an arms race. I listened to other Senators who scoffed at that suggestion, and repudiated the idea that it in any manner whatsoever constituted a commitment to an arms program, to a military alliance. There were various interpretations, even on the part of those who were speaking in favor of the ratification of the pact. With a great many misgivings, which I expressed at that time, I voted for the pact.

Mr. President, it is startling to reflect that almost within a day of the time the Senate ratified the pact there was sent to the Senate a bill for its implementation, a bill which was drafted in the executive department, undoubtedly reflecting the interpretations which they placed on the measure and our commitments under it, a bill reflecting a position and interpretation so adverse to that held by many Senators that the eminent chairman of the Committee on Foreign Relations, as he stated yesterday on the floor of the Senate, repudiated the bill immediately as not representing, in his estimation, a proper bill for the implementation of America's commitments. The leaders among the Republican members of the Committee on Foreign Relations were quick to state for the public press, and state here for the RECORD, that in no sense of the word did the bill represent their viewpoint, and it was revised and revised again, until it came before us in the form in which we now have it.

Mr. President, that is not the surprising thing, but the surprising thing is that an executive department which aided in the drafting of the North Atlantic Pact, and the legislative department, which was a coadjutor in this work, reached conclusions as to its meaning and its interpretation so diametrically opposite. It is because of the situation in which we find ourselves that I have asked time to make a few statements which have not yet been made, and which I feel should be made with reference to this debate.

Mr. President, another startling thing is that in connection with a measure so momentous in its implication and effect as the one which is now before the Senate, a measure which affects not only the future of America but the future of all the world, there has been a minimum of debate before this body. I am not so naive nor so presumptuous as to think that anything I may say here can have any effect on any Senator's viewpoint, but I do feel that some of these things should be said and be made a part of the RECORD.

Mr. President, in the years since the German and Japanese Armies went down in defeat, our Nation has been devoting itself, as never before in its history, to a gigantic effort to attain what is conceived as national security.

All the money we have spent on peacetime military preparedness programs of the past rolled together amounts to only a fraction of what we now appropriate annually for the purpose of achieving this concept of national security.

Since the end of the Second World War, our expenditures on the Nation's armed forces have grown to the point where they swallow up 34 percent of the Government's annual budget. Appropriations for the Army, Navy, and Air Force in the fiscal years from 1947 through 1950 total more than $46,000,000,000. Research and development of costly new weapons have become a vital function of our country's scientists. Industrial mobilization plans are being worked out to the last detail. We are told by the distinguished chairman of the Senate Armed Service Committee that we keep on hand in the mobilization reserve enough arms and equipment to outfit 4,500,000 men. We are maintaining a Military Establishment—ground force, sea force, and air force—such as no democracy has ever tried to maintain in time of peace.

Yet, in spite of this vast expenditure and this concerted effort to make ourselves militarily strong, we do not yet feel secure.

Are we more secure this year than last year? Will we feel more safe next year at this time than we feel today? Will the day ever come when we will have attained the elusive goal of national security?

Next year we will probably again be called upon to appropriate between thirteen and fifteen billion dollars for our armed forces. The year after that, we shall once more be asked to appropriate

a comparable amount. The following year, the same. When we shall have appropriated these sums for the next 5 years, we will have expended between sixty-five and seventy-five billion dollars on strengthening our own armed forces, on top of the $46,000,000,000 which we have spent so far since the last wartime budget of fiscal year 1946. Will we then, 5 years from now, feel we have achieved national security?

Is national security something we can buy with the exenditure of such and such a number of billions of dollars on our country's military forces? Apparently not, since, as we are told by the proponents of the pending bill, our security does not depend on us alone. We must have allies. We must send a billion dollars' worth of armaments to western Europe, and we must transfer $450,000,000 worth of excess military equipment to our European allies, and we must provide a third of a billion dollars for scattered outposts stretching from Greece through Turkey and Iran to the Philippines and Korea, and, in addition, we must authorize other non-Soviet governments to purchase arms and munitions from our factories on a cash-and-carry basis. But, next year, when the appropriations provided under the Foreign Military Assistance Act shall have all been spent, will we then feel secure?

We know that we will not. We know that at the end of the recent war Russia had 500 fully armed and equipped divisions fighting on the eastern front against Germany, while the greatest number we and our allies could mobilize to fight the Germans on the western front was less than 100 divisions—and this at the height of our war efforts in Europe. We infer from the fact of Russian power in 1945 that once again the masters of the Russian people could put 500 divisions or more into an invasion of western Europe; and we also infer from the same set of facts that we and all our allies in Europe would have difficulty in meeting such a force with even 150 divisions.

Therefore, knowing that western Europe will not have five-hundred-odd divisions with which to defend itself against a possible Russian invasion a year from now, we will still feel insecure. We will realize that the economic strength of western Europe which we have done so much to rebuild, and the armaments which we have sent to bolster their forces, are not sufficient in the face of potential Soviet power.

Consequently we will listen approvingly to requests to extend the military assistance program another year. The year after that—since the balance of power will not have been constituted—we will appropriate more excess arms under the military assistance program. This we will do for many years to come—all the while spending some $15,000,000,000 per annum on our own military forces—because we will not believe ourselves able to achieve national security otherwise.

It will become increasingly apparent that if we really intend to contain Russian power we can leave no gaps in the defense line. A few paltry millions of dollars for Iran will seem ridiculous when the military experts testify how many divisions Russia can throw against Iran, gateway to the Middle East oil fields, the Suez Canal, and Africa beyond.

We must not be surprised, when next year we are asked to extend the military assistance program, to learn that Iran needs not merely a small part of $27,000,000, but a really sizable amount. If Iran is important to our national security, we cannot afford to leave it only partially defended. Then, looking east from Iran, we will be horrified to find how defenseless Afghanistan, Pakistan, Tibet, Nepal, Bhutan, Burma, and even India appear against the might of the Soviet Union. How can we contain Russian power if we leave these strategically vital countries undefended? Will we ever be secure in that area so long as Russia can pour her divisions through the mountain passes down onto the plains of India, or sweep out of south China into Indochina and Siam, down the Malay Peninsula to Singapore, and across the straits into the rich islands of the Netherlands East Indies? Obviously, so long as this is possible, we cannot feel that we have achieved national security.

We will conclude that, so long—and this is important—as there is any point on the Soviet perimeter so weakly defended that there, at that point, the Soviet masters can throw the might of their armies and break through, we are without adequate security.

Naturally, feeling so insecure, we will agree to extending both the time limit on the military assistance program and the scope of its operations until we have covered the entire anti-Communist world.

We will vote more arms assistance each year, and add more countries to the list of eligibles each year. This process will have to continue indefinitely since we will never feel safe while the Soviet Union is still able to break out of her frontiers at any point.

Furthermore—and what is crucial in this process—the Russians will also keep on arming themselves. Their heavy tanks are said to be rolling out of factories at a rate of 3,000 a year. We are told they are producing or will produce thousands of airplanes, and will build scores of new snorkel-type submarines.

The report from the committee which considered the pending bill says that Russia now has 5,000,000 men under arms and has increased her military budget for 1949 by 19 percent over that of 1948. The same process which I have described for the United States is therefore going on in the Soviet Union.

It is conceivable, too, that the Russians, seeing how insecure we feel in spite of all our national and international efforts to arm ourselves and the rest of the non-Soviet world, will decide to step up their present rate of arms production. This stepping-up will be reported to us. We will naturally feel even less secure than we do now. We will be even more willing to grant the requests of the military departments for more and more arms for use at home and abroad.

In fact, on the basis of reports of increased rates of war production in Russia, we will begin to feel so insecure with our miserly military budgets, that we will gladly augment our appropriations for military purposes to twenty-five or thirty billion dollars a year.

All this—and much more than this—we will do in the name of national security. We will do it and continue doing it for as long as we are determined to persist in the search for the most inaccessible and unattainable will-o'-the-wisp ever imagined—absolute military security all over the globe.

We will do this—to use a phrase popular today—in order to "deter any possible aggressor." To "deter" means to "turn aside or discourage through fear." While we are telling ourselves and the world that our purpose is to deter Russian aggression, the Russian dictators will be telling their people about the preparations we are making. They will find new material for stories with which to terrify their subjects about the capitalist-imperialist plot against the fatherland of socialism. The slaves in their factories, the serfs on their land, and the janissaries in their armies will work and sweat and drill all day to prepare their country so that it, too, can deter any possible aggressor. The Soviet people, already totally regimented and controlled, will be so completely militarized that they will not be able even to think of anything but military preparations against the expected aggression. And, of course, it will be easier for the Soviet dictators to convince their ill-informed people of the reality of the menace when they can show films of American arms bristling in the hands of Englishmen, Frenchmen, Danes, Norwegians, Belgians, Dutchmen, Greeks, Turks, Iranians, Filipinos, Koreans, and others along their frontier. They may even be able to point one day to American-equipped German and Japanese armies which, in the interest of our national security, we may be so foolish as to reestablish and rearm. That is being discussed at the present time, as every Senator knows.

Thus, somewhere along the path I am projecting toward the future, the entire globe, all peoples on all continents, on both sides of the iron curtain, will be engaged in what they will consider the most sacred of enterprises—the attainment of national security for the purpose of deterring any possible aggressor.

This description, which I trust has not seemed too fanciful, is a description of an arms race, whatever else others may wish to call it. If, as is argued, passage of the bill before us does not mean we are entering into an arms race because the Russians have already started one, then we certainly will be in an arms race next year when the Russians will once again have raised their rate of arms production and we feel compelled to do likewise. Regardless of who starts it, and regardless of who is responsible for continuing it, it will be an arms race. Regardless of the control, the point of control, or the measure of control in legislative bodies, it is an arms race.

In broad outlines, I have described the course of a competition in armaments,

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showing how the action of one produces an invariable reaction by the other, and the reaction of the other brings still another and greater counteraction by the first. I have suggested nothing that has not previously occurred in similar circumstances in times past—though, happily for those then alive, on a much smaller scale than today. I have suggested nothing that is not inherent and implicit in the preparations being undertaken by Russia and her satellites and by the United States and her allies this very year.

This arms race in which all major powers are involved and to which, in my opinion, the bill before us gives another added push, will end, of course, where all arms races always end.

One question I should like to raise at this time—without the hope of an immediate or well-thought-out response—is this: Have we in the United States decided, in the bottom of our hearts and at the core of our minds, that this road on which we are marching is the road we really intend to follow, knowing where it will lead?

Or is there, somewhere under the eyes of the Lord, another road that we can take, another road that is conceivable and discoverable, on which we and the Europeans and the Latin-Americans and the Africans and the Asians—yes, and the Russian peoples, too—might travel toward another goal than the one that is always found at the end of a race in armaments?

Mr. President, up to now the discussion on the Senate floor of the Foreign Military Assistance Act has been largely concerned with the amount of money which this program should have rather than with the merits of the program itself.

If the military-assistance program is sound, by all means it should have enough funds to operate effectively. If we have doubts about the MAP, or if we feel that it is dangerous and may lead us into an arms race or some similar hopeless snare, we must reject it in toto. I cannot condone experimenting with noxious prescriptions on the grounds that the potions can be watered down so as not to prove fatal. If there is poison in a military-assistance program costing $1,300,000,000, there is poison in a military-assistance program scaled down to half the size.

It is not a question of six hundred million or one billion three hundred million dollars or any other amount, but a question of whether we are going toward peace or war.

During the debate on the North Atlantic Treaty I said that we were taking a step backward. Now I submit that if we pass this bill, H. R. 5895, we will be taking not a mere backward step, but will be embarking on a backward course, committing our country for years to come to a policy of militarism and force which will be so all-consuming as to completely destroy the very values and equities which we seek most to preserve.

An armaments race must inevitably result in total mobilization even though one may temporarily postpone total war. Total mobilization in a peacetime democracy means, finally, both the end of peace and the end of democracy.

The military-assistance program is not a limited operation to rebuild the military vitality of our cosigners of the North Atlantic Pact. It is a down payment on a policy limitless in the sums which it can consume and in the length of its duration. We are not voting the question of a billion or two billion—the dimensions of the MAP are infinity and eternity.

The resources and energies of the United States are not limitless, and it must be the mission of statesmanship to use these resources in the building of a constructive policy.

At present we seem to have abandoned this mission and are seeking to purchase security by setting up a military cornucopia for any country—regardless of its form of government or previous record in international morality—which is ready to pronounce itself a potential foe of the Soviet Union.

If the MAP were a program designed to build the institutions of democracy and free-enterprise capitalism, we would then be creating a genuine bulwark against all totalitarianism and we would have allies capable of joining us in mutual assistance. But this is not the case. Instead we are to subsidize foreign armies whose fire power and capacity to fight will depend substantially upon the bounty of the American people. The will to fight and the reason for fighting against a possible Russian attack are things which we cannot put into crates and boxes and freight to those foreign armies via the MAP, any more than George the Third could inject morale and stamina into the highly trained Hessians whom he hired and sent to the Colonies during the American Revolutionary War.

Once we begin with the MAP, with its first down payment, we will face the fact that next year and in all the years to come, the planes which we have sent abroad have become obsolete; that the armor-plating on the tanks can be pierced by new shells and that the shells of our antitank guns are unable to pierce the armor of the new tanks; that gases have been invented to eat through gas masks and gas masks invented to filter out the new gases. A modern army and air force can become, and have become, obsolete while still in the blueprint stage on the drawing board. We will be opening the trap door on a bottomless pit.

Since the war our idea has been to build ramparts to contain communism. We have put arms in the hands of any and all who promised to make a stand against the expanding Communist doctrine. It is a matter of record that this policy has not succeeded at the strategic points where it has been tried—otherwise, why this new bill that is before us? In Greece, in Europe, in China, we are without victory. Before we continue this course, before we embark on the endless toboggan slide of the MAP, let us at least pause and examine our recent adventures along this line. Let us hold a mirror to our foreign policy of improvisation, and describe what we see.

Last week, our commander in Greece, Lieutenant General Van Fleet, said the war in Greece "is not over—not by a long shot"—which means that 2½ years after we entered Greece, the Communists, if not still winning, are still not defeated. To the extent that they have been weakened, it has been due chiefly to the withdrawal of Tito's help, which he withdrew to concentrate on his quarrel with Stalin. Last year—it has been estimated by those who interest themselves in such statistics—the average cost to the American taxpayer of killing a single Greek guerrilla fighter was over $80,000. We have spent several hundred million dollars in Greece. I am not complaining of that, but the outcome is still unknown. How can we expect that the $1,300,000,000 to be distributed among a dozen other nations by the pending bill will bring more tangible results?

In China we have spent still vaster sums, and the record is more dismal. Here we have poured in more hundreds of dollars' worth of equipment, only to have much of it fall into the hands of the conquering Chinese Communists. The record proves neither that we lost China because we sent too little too late, nor that we are still embroiled in Greece because we were stingy with our money or tardy with our support. We lost in China and we are embroiled in Greece because we have had no real policy but blind force to contain communism.

Yet, despite our failure in China and the cost and the tragedy of this failure, we have included in the MAP the not inconsiderable sum of $75,000,000, characterized as an emergency fund for the general area of China. Such a sober commentator as Walter Lippmann stated on September 19 that the offer to contain communism in Asia for $75,000,000 a year sounds a lot like the man who had the bright idea of selling the Brooklyn Bridge to widows and orphans for a down payment of $2.75. Mr. Lippmann, in the same article, then strikes a more ominous note:

> That cheap price for what is advertised as necessary to the salvation of Asia and the world is open to the gravest suspicion. Can it be, among those who know what they are doing, anything but a scheme to get this country so entangled in the Chinese civil war that, once entangled, it cannot refuse to pay the real costs in money and perhaps in blood? Anyone who is tempted to commit the United States to this intervention will do well to pause, and to take time out to study what happened 30 years ago when the British, the French, the Japanese, and to some extent, the Americans also, intervened in the Russian civil war. They, too, hoped to contain and suppress communism by supplying arms, money, and even troops to anti-Communist generals on the periphery of the vast Russian land mass.

This earlier adventure in containing communism in Asia did not cost $75,000,000, but, according to Mr. Winston Churchill, well over $500,000,000; and, although the Russian Bolsheviks of that day were much weaker and controlled far less territory, it failed miserably and totally, resulting at the same time in what Mr. Lippmann calls the militarization of the Russian revolution. Is this our objective in China?

I insist, Mr. President, that there is nothing in our program in Greece and China which, even if continued on a wider scale, will hold back the 5,000,000

Russian troops who have been so frequently referred to in this debate. The military-assistance program is nothing but a projection of our Greek and Chinese military policy, raised to the level of permanent national doctrine.

Mr. President, has failure so impressed us that we must now elevate it to a national policy and make it the rule for years to come?

At the time of our debate on the North Atlantic Pact, I stated that I would be compelled to vote in the affirmative because the pact had been developed to a point from which there was no return. I was moved by the fact that the United States had already been represented to foreign countries as being committed to the pact, and that it would have seriously embarrassed our national leadership, as well as depreciated our position vis-à-vis the people of western Europe, had the Senate at that late date failed to ratify the treaty. This attitude was roundly criticized by many sincere people who felt that the Senate was abdicating its proper constitutional responsibility in foreign affairs by permitting major policy to be developed to such an extent outside this Chamber that all that remained was for the Senate to perform perfunctory and ceremonial endorsement. One sharp-tongued lady sent me the following telegram:

> If the Senate has deteriorated into a head-nodding group, you can better be replaced by robots to the advantage of the taxpayer.

Without yielding to the point of accepting that harsh dictum, I believe it is obvious that so long as Congress does nothing to create the broad definitions of the national foreign policy, we must continue to be a head-nodding group on foreign-policy matters, approving or rejecting propositions which sometimes are initiated abroad or which originate with so-called experts who are, with the best of good will, in no sense representative of the thinking or interests of the general community of the American people.

It is our default which has reduced us to the role of merely passive deliberation over the plans and programs which are initiated elsewhere.

Continually, we are presented with a dilemma: We are offered a choice between doing nothing and doing the wrong thing. There are those who assume that because one is opposed to the military-assistance program, one therefore is opposed to taking any action at all, and that the only alternative to the military-assistance program is appeasement or surrender. That is most certainly not the truth.

My own objection to the military-assistance program is, not that it seeks positive action or that it spends large sums of money on foreign affairs. I am opposed to the course of this action and to the quality of the negative thinking which it reflects. Of course action must be taken in the international sphere—but what kind of action? Of course a policy must be formulated—but what sort of policy? Of course, a realistic time schedule must be adopted. How else can we measure our accomplishments and assess our progress in terms of expenditure and effort? The alternative is to live in a perpetual state of emergency, spending ever-increasing amounts for military preparedness and shipping overseas the best of our resources.

If our policy is to merit the name of foreign policy, then our actions under that policy must correspond to the purposes that we have set forth. Our plans and programs must lead us toward the goals which we as free people most profoundly desire to reach.

We cannot build simultaneously for peace and war and do it effectively. If we embark on this military-assistance program, we shall gradually be compelled to abandon our plans for the development of a better and more abundant way of life at home and the expansion of free competitive capitalism abroad.

The political implications will be as grave as the moral. We shall have to league ourselves with any and all who fit an expedient purpose. Already we find a school of thought—to which I referred a moment ago—that proposes that our recent enemies, Germany and Japan, should be made into our chief bulwarks against the Russian Army. We have not yet stumbled upon the obvious truth that the only true allies of democracy are democrats—or the equally obvious truth that the more democrats there are in the world and the better their democratic institutions are established—not in the partisan sense, but in the proper political sense—the better it will be for our democratic America.

There is a real danger to the things we hold most dear, but that danger is not exclusively a product of the Kremlin's machinations. Force, the language which Russia is supposed to understand, has failed to check Communist revolutions and aggressions in areas where conditions were ripe. We have demonstrated that we can win against dictatorship so long as we are the political and moral arsenal of true democracy. If we become the arsenal of destruction, it is not at all certain that we will ultimately check communism; but we do know it is certain that we will achieve the destruction of our own democracy.

Mr. President, approximately 100 days from now the first half of the twentieth century will come to an end. It seems to me fitting and proper, on the threshhold of the second half of our century, that we in the Senate of the United States stop for a few moments in our consideration of the military-assistance program before us, and think solemnly and prayerfully of the towering responsibility which our country has had thrust upon it by the century in which we live.

Those of us who have lived through the full span of the first 50 years of this century have seen the sun go down on one great historical epoch—the period of Europe's leadership in world affairs. We have not yet lived long enough, however, to see the sun rise on the next great historical epoch.

The first 50 years of the twentieth century have been years of interregnum between an old world society that existed for centuries in the past and a new world society of the future, the bare outlines of which we can only dimly discern.

We whose adult lives have been passed in this twentieth century have witnessed and participated in the greatest cataclysms in the memory of western man. We have seen the disintegration of vast empires, the overthrow of once-powerful regimes that had endured for centuries, the passing of ancient dynasties in Europe and Asia, and the liquidation of most of the ruling classes that dominated during the age that has ended. The Hohenzollerns, the Hapsburgs, the Romanoffs, the Manchus, kings, czars, emperors, and sultans have been toppled from their thrones. The German, Japanese, and Italian Empires have come and gone, while the Dutch, French, and British Empires are breaking up or being transformed into new types of international unions. With the disappearance of the old familiar faces of the ruling classes of Europe, new faces and new names have emerged from what, in times past, were known as the lower orders. Nothing much anywhere on earth resembles what we knew or thought we knew at the start of the century.

We have been living in western civilization's age of troubles. We have fought two of the greatest wars of all time. We who have survived these wars look back upon them in speechless horror, and regard them, correctly, as the worst holocausts that men have ever brought upon one another.

Our statistics are still too imperfect to give us in exact figures the total number of millions of men, women, and children who have been slaughtered, starved to death, tortured and maimed for life during the first half of our century. There is no measuring rod by which we can gage the value of the treasures, both material and spiritual, that have been destroyed in our time.

So profound and far-reaching have been the upheavals throughout the world in the twentieth century that our own country, young as it is, now appears as one of the oldest and most stable forms of society in the world, the only land on the face of the earth where monstrous and unpredictable crises do not menace the people and their government day and night, year upon year.

Another of the extraordinary phenomena the first half of the twentieth century has produced is the rise of the United States of America to the pinnacle of power, influence, and prosperity within a framework of individual freedom and representative government—a rise appearing all the more remarkable in the midst of a world where nearly all other great nations have declined, lost their dominance, or gone into bankruptcy and oblivion.

On the one hand, the first half of this century has brought the world around us to anarchy and chaos, to mass murder and the organized inhumanity of men toward men, to the destruction of ancient civilizations and the reduction of once-wealthy empires to poverty. On the other hand, this century has provided the American people with an unparalleled and ever-growing measure of the good things of the earth, an ever-increasing power to use these good things for the betterment of themselves and the rest of mankind, and an ever-mounting possibility for fulfilling the promise that

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life holds, or should hold, for every man, woman, and child on earth.

These are things that we in America sometimes tend to forget. We forget that we are one of the few peoples left on earth having a choice in the matter of the future. We, almost alone among men, can decide what kind of world we want for the second half of the twentieth century, and, in deciding, know that our decision will stand, whatever others may think of it. For we have the power and the sources of power to make our decision stand.

If, tomorrow morning, we should choose to destroy every city on the map of the world, we possibly could do so. No physical power anywhere in the world could prevent it, so far as we know, if that were our decision. We shall, of course, never even dream of taking such a step.

If we chose, we could make the second half of the twentieth century so bloody that the years up till 1950 would appear, in retrospect, a peaceful, orderly, and civilized epoch. With atomic, biological, and supersonic weapons we could insure that the year 2000 would witness the extermination of the human race.

Or, if we choose—and, God helping us, we must choose—we can apply the gigantic power at our disposal, the methods of social and economic advancement we have developed, and the energy and intelligence that have brought us to our position of eminence, to lead the world into the next historical epoch—out of the present period of bloody and violent transition into a new age of peaceful progress for all men everywhere. Fantastic? God help us. When millions of our fellow mortals in the extremity of suffering and need, which wars have imposed on them, are stretching out their hands to us for help, have we nothing to put into those hands but guns? Have we nothing to put into those minds and hearts but despair? Have we no message of hope, of guidance, of encouragement for these helpless ones?

Have we nothing to urge other than that they join with us in beating their plowshares into swords and their pruning hooks into spears?

No one can make this decision but America. Likewise, no one can make this decision for America.

Here, in this great historic, deliberative body we must raise our voice. Perhaps the masses of the world's downtrodden will hear us and find strength. Perhaps the slaves will hear us and find hope. Surely, freemen will hear us and find the way.

Mr. CAIN. Mr. President, will the Senator from Georgia yield me approximately 20 minutes?

Mr. GEORGE. I shall be glad to yield, unless——

Mr. CONNALLY. Mr. President——

Mr. CAIN. If it does not suit the purpose of the senior Senator from Texas, of course I shall withdraw the request.

Mr. CONNALLY. I promised to yield time at this point to another Senator. Mr. President, I yield 20 minutes to the Senator from Utah [Mr. THOMAS].

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The Senator from Utah is recognized for 20 minutes.

Mr. THOMAS of Utah. Mr. President, I should like to associate myself with the chairman of the committee in support of all phases of the committee report which has been made to the Senate. Every Member of the Senate knows that we came to a unity of the faith as it were after long deliberation and after striking many compromises. All Senators know that the bill first presented and introduced in the Senate has been vitally changed, and that only the spirit of it remains the same. All Senators know, from the facts which have been alluded to in the speeches delivered on both sides of the debate, that there is much logic in all that has been said. Nevertheless, a reference to history, as the Senator from Iowa [Mr. GILLETTE] has pointed out, gives us a key to the fact that probably under the leadership of America we are again conducting an experiment in trying to bring about democratic conditions in the world, using the philosophy which the world has used throughout all history.

It was a very long time ago that Sophocles caused his heroine, Antigone, to point out the fact that men easily unite for hatred, but seldom, if ever, unite for love. The statement was made to teach a political truth, not to deal in domestic affairs. Transposed, its true meaning is that history shows us that men and nations have time and time again united for war, but have very seldom united for peace.

The question arises in my mind as to whether I am illogically using the illustration which I wish to use. I think not. The arms pact, of course, implies forcible means and the use of instruments of war; but there has never been, in the history of man, a means established by man that was not based upon force in the final analysis. We in America have put force in the background, but we know that the test of our Constitution depends, exactly as did the test of ancient constitutions, on how well the Constitution will carry on in time of war.

Something is being attempted in Europe under military auspices which has always failed under such auspices. I can bring to the recollection of my colleagues a reference which they will all remember. The Senator from Arkansas [Mr. FULBRIGHT] and I submitted a resolution, long before the present discussion arose, looking toward the time when there might be formed a United States of Europe. Senators will remember that in the discussion of the first ECA bill we tried to make the objectives of that resolution function in the objectives of ECA, to bring about the type of unity which would make for breaking down nationalistic barriers in Europe, and cause Europe to think as a unit to a given united end. It was on the theory that the European nations were parties to ECA and should unite in their actions and should understand one another and work on a mutual basis, so that one nation could not be played against another nation. It was suggested that there might be political unity. When Mr. Churchill went to Europe to meet with those who were in favor of a United States of Europe, we were frightened not only because the effort might fail but that he might succeed in doing what we felt might be unwise.

Mr. President, we are trying in a logical way, which is the only way that has ever succeeded, to develop a new theory of defense in Europe. If we put the armed interests of the world, the trained military, to the task, we stand a greater chance of breaking down the old nationalism, the old antagonisms, in Europe, and bringing about in its wake a situation arrived at for the purpose of taking care of a united defense. We stand a better chance of bringing about economic unity and political unity which will make men think of themselves as we think of ourselves, without fear of neighboring states.

We should pay attention to what we have done in the past in the wake of wars. We should think of the armaments which have been used in the building of great nations. We have built the greatest Nation of States the world has ever known. It was right in the midst of the Civil War that Abraham Lincoln signed a bill which was in a great sense a military bill. It was to unite the West with the East, so that never again would a break come between the States. It was justified as a military act. It turned out to be not a military act, to be sure, but to be one of the greatest acts of statesmanship in the history of all times. At about that time Lincoln signed the Land Grant College Act, which had been vetoed by his predecessors, so that democracy and education would go hand in hand with the military in the building up of our Nation.

That is taken from our own history, and we can take another illustration from it. A country's defense is always organized in the minds of its people, as is the case with our defense. So, not because we are militaristic, not because we want to play favorites, we appropriate more lavishly for the military than for anything else. It is the only thing for which we appropriate without question. We trust them to go ahead. Sometimes they succeed and sometimes they fail, but, so far as the history of our own country is concerned, more constructive good has come out of our military action than has come evil. We know that is the way in which the nations of the world are still thinking. We cannot change that philosophy.

We have been told that the reason why the League of Nations failed was that there was no force behind it. When Mussolini challenged the League we discovered that that was probably true. I myself suggested, away back in 1942, that when the United Nations was established it should have a peace force, not to put down great nations, but a peace force to take care of the trusteeships in the hands of the United Nations. I believe at this time that the only peace force the United Nations needs is a peace force sufficient to take care of any free cities that are under its jurisdiction and any trusteeships or mandates that may be under its jurisdiction. Each of the two great world wars started from a small incident.

Let us consider the situation in southern Europe today. History seems to be repeating itself, although, of course,

that never actually happens. There is trouble in the Balkan states. If Europe reunited in the defense of the North Atlantic area so that all of the states, containing approximately 300,000,000 persons, and if all the wealth of western Europe could be brought together, is it not possible that an action by Greece, for instance, against Albania could be controlled and kept in its proper sphere?

Mr. President, the problems with which we have tried to contend since the organization of Europe under the League of Nations have been the problem of trying to identify an aggressor and the problem of uniting the world against aggression. Those two problems mean military thinking, because there can be no aggression and no aggressor unless the aggression which he leads is undertaken by the military. It cannot be stopped in any other way than by uniting the preponderant forces of the nations of the world. We have reached a place where we can identify the aggressor. We have reached a place where the world is willing to accept the theory that any nation which crosses the borders of another nation with an aggressive purpose is an aggressor, and we can condemn it; we can throw the force of the world against it. But we cannot do that unless the world is organized in such a way that it can use its force effectively.

Mr. President, I have mentioned the Civil War. There was one more aspect of the military action of which we have all lost sight because it has sunk into insignificance. It is buried in the past, and bigger things have been done. But does anyone realize what followed in the wake of the building of the transcontinental railway? Next came the geological survey. What kind of a survey was it? It was a survey of the fortieth parallel across the United States. What was it for? It was to develop knowledge about our land and about our country, so that we might take care of our national defense, and ultimately, of course, that we might become strong. The aim of every government of the United States has been to make America strong. That is one of the fundamental aims before us now, and one of the reasons why we are supporting this military pact for the protection of the Atlantic area.

Mr. President, if we are to be successful, we must keep constantly in our vision the great general objective of defense which we are seeking under American leadership. It always will be under American leadership, because when we move into the military sphere the military which shows strength naturally dominates the thinking and the will of peoples. It is American force which will be needed to back up any sort of action, but that force need not be expressed in war as it has not been expressed in war in the past.

Mr. President, I have referred to appropriations. In the whole history of the British Empire the British Parliament has seldom questioned any appropriation for the British Navy, because they put their faith in the strength which the British Navy represented. This is a time when all the nations in the world are in a state of flux, with depreciated currencies, rivalries of various kinds, famine in some places, disorganization everywhere, and poverty the like of which the world has never before seen. Yet there is a ray of hope in it all.

I can see growing out of the Atlantic Pact and the military organization for the defense of the North Atlantic area not only the accomplishment of a real unity which will destroy narrow nationalism but the attainment of such a condition that Europe can again become thoughtful about developing the agencies of trade which are so essential to the well-being of European industry.

The canal system of Europe is one of the backbones of European transportation. The canal system articulates internationally, but is not allowed to function internationally. We tried one experiment after the First World War, when we made an effort to neutralize the Rhine and, to a certain extent, to neutralize the Danube. Since we now have control of a portion of Germany, a great scheme was attempted under the leadership of President Truman, an old scheme revived, to neutralize and make effective the Danube, the Rhine, and the Ludwig Canal through Germany. Not only have we broken down nationalistic rivalries and given each nation a larger objective to which to look forward, but we have made it possible for the nations of the world again to get together around the council table and say, "See here, we cannot leave the Danube, we cannot leave the Rhine, we cannot leave the Ludwig Canal, without making them work and function." By that one act we make it possible to do away with the scarcity of foodstuffs throughout the whole of Europe.

Mr. President, there is the key to European happiness; there is the key to the lowering and elimination of trade barriers. Does anyone believe that if we make the North Atlantic military pact successful trade barriers will not fall just as naturally as that night follows day? Once the advantage of unity is recognized, once the nationalistic strivings of the nations with their neighbors are abandoned, once the flags of all the nations fly peaceably on an exchange basis up and down the great waterways, the people themselves will call the condition good. That is the way to preserve peace, that is the way to build peace.

Mr. President, great things are happening in the world. I tried to point out, before the war was over, that we were going to have an opportunity to experiment in the law of the air. We do not know what the law of the air is going to be; it has not yet developed. I said that when the unconditional surrender of Japan, Italy, and Germany was brought about, we would have three great experimental areas in which we could discover whether or not freedom of the air would be a good thing for the world.

The PRESIDING OFFICER (Mr. ROBERTSON in the chair). The Senator from Utah has 1 minute left.

Mr. CONNALLY. Does the Senator from Utah desire to have more time?

Mr. THOMAS of Utah. No.

Mr. CONNALLY. I should be very glad to grant more time to the Senator.

Mr. THOMAS of Utah. I do not care to interfere with other Senators.

Through experiment, through trying, we sought to discover what the law of the air should be.

Mr. President, for the general debate on the military-aid bill I did prepare an address, and I ask that it be inserted in the RECORD as a part of my remarks at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE POLICY OF MILITARY ASSISTANCE

Mr. President, the military-assistance program now before the Senate is a logical step in the United States policy of assuming active leadership for world peace. That policy developed not recently but over many years out of the successive problems we have had to face as a nation while our world went through a steady contraction brought about principally by technological advances.

Let us go back to the very beginning of our national existence. In the years between the founding of the Nation and the Civil War we followed two main lines of policy. One was to stay clear of European affairs and concentrate on building what was to become the greatest industrial nation on earth. The other was the Monroe Doctrine of 1823 which warned the European powers that we would "consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety." These concepts of the solidarity of the Western Hemisphere and detachment from European affairs sank deep into our consciousness.

It took two world wars to convince the great majority of Americans that isolationism in the world of today is very close to suicide. We know now that the time has passed when a war can be confined to a local area. The step-by-step conquests of Hitler and the domination of eastern Europe by the Soviet Union have taught us that the spirit of conquest feeds on success, and that the only way to prevent wars is to frustrate aggressive moves, whether open or concealed, when and where they appear.

Our action in joining and strongly supporting the United Nations made official our abandonment of isolationism. The active leadership of the United States was, from that time, to be directed toward encouraging a system of collective security among all responsible nations.

We reasoned that the best way to achieve lasting peace would be to have all peace-loving nations agree to a set of rules or laws governing their international behavior, and then set up under a world organization a system for settling disputes among nations peacefully. If that failed, a procedure for collective action by all the peaceful nations against any aggressor nation would be provided. That is the preventive feature of the United Nations. The United Nations, since its founding, has been hampered by the Soviet Union. We are all familiar with the long and futile attempts of the democratic nations to solve various problems in a way that would be agreeable to the Soviets. The fact is that because of Soviet actions new problems have come up which could not be handled effectively through the United Nations. As the only stronghold of democracy which emerged from the war physically undamaged, we are the only nation in a position to act toward a solution of many of these problems. In the past 2 or 3 years, therefore, we have repeatedly taken direct and effective action to prevent the undermining of the United Nations and to guard the peace.

In March 1947 Greece and Turkey, threatened by actions of the Soviet Union

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and its satellites, asked the United States to help them protect themselves by providing sorely needed military assistance. In the United Nations, the Soviet Union was in a position to block any effective action. President Truman, therefore, announced that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures. The Greek-Turkish aid program which followed was one of the first independent acts of the new United States leadership in world affairs and, incidentally, was a tribute to the foresightedness of Congress in recognizing the dangers to our own security in the Greek-Turkish crises and acting forthrightly to protect our own interests.

Here was a forerunner of the present program of military assistance now before the Senate. Our assistance has enabled the legally constituted Greek Government to score repeated successes against the Red-led guerrillas. Who can say that our own security has not been strengthened by this program of planned, coordinated military assistance?

Next we sponsored the European recovery program, begun on April 3, 1948, which was to avert the threat of economic collapse in western Europe, and the danger that totalitarian dictatorships would follow in the wake of that collapse. This great undertaking, although primarily economic in nature, likewise recognized the vital link between European security and our own security, as demonstrated by two world wars.

Shortly before the ERP got under way, the United Kingdom, France, Belgium, the Netherlands, and Luxemburg, deeply disturbed by the Communist coup d'état in Czechoslovakia and by rash Soviet action in Berlin, joined in a collective security arrangement under which they agreed to come to the aid of any member subjected to armed attack. Here was a further opportunity for an effective contribution to European security.

On March 17, 1949, the day the Brussels Treaty was signed, President Truman announced before Congress that this development should have our full support. "I am confident," he said, "that the United States will, by appropriate means, extend to the free nations the support which the situation requires. I am sure that the determination of the free countries of Europe to protect themselves will be met by an equal determination on our part to help them to do so."

Mr. President, the Vandenberg resolution of June 11, 1948, sponsored by the able Senator from Michigan, adopted by a 64 to 4 vote in the Senate, outlined measures by which the United States could act to safeguard free nations against aggression and to insure our own security by regional security arrangements. These measures were based on articles 51 and 52 of the United Nations Charter clearly setting forth the right of individual nations or groups of nations to protect themselves if attacked, and that nations having common interests might join together in arrangements for their mutual protection. The Vandenberg resolution suggested that we encourage the development of such collective security arrangements, and that we associate ourselves, subject to congressional approval, with such arrangements when they are based on full self-help and mutual aid and when they contribute to the security of this country.

We first entered such an arrangement under the Treaty of Rio de Janeiro, which went into effect on December 3, 1948. This treaty was designed to protect the security of the Western Hemisphere by assuring that all countries in that area would take common action in the event of aggression, whether from within or without the hemisphere, against any of them.

In his inaugural address of January 20, 1949, the President outlined four major courses of United States policy to bolster the forces of freedom and help build a peaceful world. Under the third point he declared that the United States "will act to strengthen freedom-loving nations against the dangers of aggression and in addition will provide military advice and equipment to free nations which will cooperate with us in the maintenance of peace and security."

In line with the policy developed under these statements and actions, the United States and Canada entered with the Brussels Pact nations and later five other nations—Norway, Denmark, Iceland, Italy, and Portugal—into discussions which led to the North Atlantic Treaty which was signed on April 4, 1949, and went into effect early in August. The President, transmitting the text of the treaty to Congress, again emphasized the need for continued bold action if peace is to be achieved. He wrote: "We cannot escape the great responsibility that goes with our great stature in the world. Every action by this Nation in recent years has demonstrated the overwhelming will of our people that the strength and influence of the United States shall be used in the cause of peace, justice, and freedom."

This idea expressed by the President was spelled out in some detail by Secretary of State Acheson in a speech made last March on the North Atlantic Pact and the relationship to it of the military assistance program, then in preparation. At that time he said:

"Successful resistance to aggression in the modern world requires modern arms and trained military forces. As a result of the recent war, the European countries joining in the pact are generally deficient in both requirements. The treaty does not bind the United States to any arms program. But we all know that the United States is now the only democratic nation with the resources and the productive capacity to help the free nations of Europe to recover their military strength.

"Therefore, we expect to ask the Congress to supply our European partners some of the weapons and equipment they need to be able to resist aggression. We also expect to recommend military supplies for other free nations which will cooperate with us in safeguarding peace and security.

"In the compact world of today the security of the United States cannot be defined in terms of boundaries and frontiers. A serious threat to international peace and security anywhere in the world is of direct concern to this country. Therefore it is our policy to help free peoples to maintain their integrity and independence, not only in western Europe or in the Americas but wherever the aid we are able to provide can be effective."

The evaluation of our foreign policy, as we have just reviewed it, leads inevitably to a program of military assistance as one of the essential supports of the entire foreign policy structure. Peace, we have learned, is something that must be fought for on several fronts at the same time, since success on one front depends on success on the other fronts. Peace and security for the United States and the free world are inextricably linked with political stability, economic well-being and defensive strength with which to deter aggression by those forces that are dedicated to it in one form or another for the furthering of their own aims at world domination.

We have had a measure of success in our policy actions. However, more and more demands are being made upon us for help, especially military help. In order not to squander our resources we must coordinate the help we are able to give. We must be sure that there is real need for it, that we give first priority to priority needs. The purpose of the military-assistance program is to round out our foreign policy action and to meet in the most effective and least costly way the demands created by the international situation, demands which only we can meet.

Secretary Acheson has summed up the whole point of the decision to give military aid in these words:

"The United States is waging peace by throwing its full strength and energy into the struggle, and we shall continue to do so. To have genuine peace we must constantly work for it. But we must do even more. We must make it clear that armed attack will be met by collective defense, prompt and effective."

The military-assistance program is one part of the price we must pay for peace and security in the present world. It is one of the preventive actions we can take now to avoid the terrible expenditures of another war. Today the free nations hold the initiative in the western world. They are confident that they can and will stand together in defense of their freedom. If we in this country turn aside at this moment from aiding the common defense, we may have to pay a more costly, horrible price at a later date.

Mr. President, the free world of which we are a vital part looks to the Senate for a renewed demonstration of our sincerity in international cooperation and a new evidence of our leadership for world peace in the swift enactment of this program of military assistance.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5268) to amend certain provisions of the Internal Revenue Code; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. COOPER, Mr. MILLS, Mr. CAMP, Mr. LYNCH, Mr. WOODRUFF, Mr. SIMPSON of Pennsylvania, Mr. MASON, and Mr. HOLMES were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5856) to provide for the amendment of the Fair Labor Standards Act of 1938, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. LESINSKI, Mr. BARDEN, Mr. KELLEY, Mr. POWELL, Mr. MCCONNELL, Mr. GWINN, and Mr. BREHM were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 1824. An act to amend section 433 (f) of the act of August 4, 1949; and

H. R. 3851. An act to amend Public Law 289, Eightieth Congress, with respect to surplus airport property and to provide for the transfer of compliance functions with relation to such property.

ORIGIN OF UNITED STATES AIR MAIL SERVICE (S. DOC. NO. 116)

Mr. MCKELLAR. Mr. President, in view of the remarkable growth and development of the uses of airplanes both in peacetime and in war I am taking the liberty of asking unanimous consent to have printed as a Senate document colloquies which took place on the floor of the Senate on May 8, 1918, now more

than 31 years ago, in which an air-mail line for carrying mail between Washington, D. C., and New York was being considered, and also perhaps an experimental air line to far-off Alaska.

I believe a reprint of excerpts from this apparently extemporaneous debate at that time will be of interest not only to the Senators now but to the general public.

Senator William H. King, of Utah, had submitted an amendment to strike out the authority and the $100,000 appropriation for the establishment of an experimental air line or lines. The amendment was not agreed to. The provision setting up this line was agreed to and became the law and the Postmaster General, as authorized, on May 15, 1918, established a line between New York and Washington for carrying the mails and that line has been in use ever since. Air lines were subsequently used to carry the mails to every part of the Union, to all our Territories, and eventually to all of the world. The growth of these air lines and the uses of airplanes in both war and peace has been one of the important developments of all the ages.

Today we accept the advantages and benefits of air mail as a commonplace of everyday life and even now it is being still further improved through experiments with helicopters for their greater maneuverability in unusual landing places, as well as jet plane and even supersonic developments.

I call attention to the fact that the debate in the Senate in May 1918 was engaged in by some of the best-known Senators of that day, some on one side and some on the other. Among them were such well-known Senators as Senator John H. Bankhead, Sr., of Alabama; Senator Shafroth, of Colorado; Senator Wesley Jones, of Washington; Senator Gallinger, of New Hampshire; and in the thick of the fight was the gifted, eloquent, and forceful Senator from Georgia, Mr. Hardwick; and the learned and able Mr. James W. Wadsworth, of New York, who was for a long time United States Senator and is now a Member of the House of Representatives. No more efficient or successful man ever served in either body than JIM WADSWORTH. The leader for the fight for the amendment was, of course, Senator King, of Utah, who was one of the best debaters and one of the ablest and most vigorous speakers the Senate had.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and it is so ordered.

MILITARY ASSISTANCE TO FOREIGN NATIONS

The Senate resumed the consideration of the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

The PRESIDING OFFICER. The question is on agreeing to the amendments proposed by the Senator from Georgia [Mr. GEORGE] to the committee amendment.

Mr. GEORGE. Mr. President, I yield 20 minutes to the junior Senator from Washington [Mr. CAIN].

The PRESIDING OFFICER. The Chair recognizes the Senator from Washington for 20 minutes.

Mr. CAIN. Mr. President, the junior Senator from Washington has had a most difficult time in recent weeks in his effort to determine his vote on the pending business. My only other comparable experience was the 70 air group authorization question, which was before the Senate in April of 1948. On that vote I finally said "No," because I thought the intended program was beyond our national ability to achieve success, and because its adoption was not then in the best interest of the United States. It turned out that my position was right then, and I deeply trust that my present position will be equally as sound. I shall vote "no" on the military arms program for the double reason that I think it will not further our collective ambition and prayer for world peace, and because there are more fundamental issues which must be declared and satisfied before this Nation seeks to establish its first line of military defense in western Europe.

During the three stimulating and crucially important years I have spent in the United States Senate I have voted without exception for every single foreign assistance program which has been before the Senate. In every instance I have thought and hoped that each program possessed more of that which was good than of that which was harmful or unworkable. This is my first encounter with a proposition in which the "calculated risk" runs in reverse. Since first I came to this body the Senate has justified every foreign proposal it has adopted as being a "calculated risk." I have been among those who declared that they ought to be tried. Today, however, it is my thought-out judgment that as a "calculated risk," our Nation can well afford and ought to wait for quite some time before it provides arms for Europe.

I will not speak at length, partly because the Senate leadership seeks to dispose of MAP in a great rush, but I shall, in the words of the senior Senator from Michigan, mean what I say and try to say what I mean.

What actually, do we seek to achieve through the military-arms program, with particular reference to western Europe? Yesterday the junior Senator from New York [Mr. DULLES], provided the Senate with his estimate of the situation. I use his words in an effort to indicate that few among us are actually certain concerning what we are trying to accomplish. From one of his paragraphs, I take the following two sentences:

> The military advises that it would be possible, over the next 3 or 4 years, to build up a military defense establishment on the Continent which, at the end of that time would cause Russia to pause before launching an attack of her own. That seems a chance worth taking at the cost which would be involved.

My understanding of this premise, which seems to be supported by many of my colleagues, is that some Senators actually believe it to be possible to prepare western Europe in 3 or 4 years to withstand or scare off an attack which might be launched by Russia. Nothing, to my mind, could be more totally and wholly and further removed from reality. Every Senator must know that western Europe is far less able to wage war today than it was before World War II began in 1939. If our real intention is to encourage western Europe to get ready to fight there is almost nothing in the proposal in front of us which will realize that objective. Every single proponent of the pending measure agrees that western Europe would require from 35 to 50 divisions even to cause the Russians to hesitate if they were determined to undertake aggressive warfare. Europe today does not possess half the divisions which it must have to conduct a defensive war. The amount of money which we are talking about will not satisfy even the requirements and the needs of the divisions in being. Where does the Senator from New York and other Senators think the additional divisions are coming from? Western Europe is in no position to activate them and nobody in this country has yet said that we have any intention of assuming that obligation.

In the same paragraph from which I have just read, the junior Senator from New York states that approximately 5,000,000 persons are presently under arms in the Soviet Union. Everybody will admit that this military establishment, so far as we know, is well trained, well equipped, and well directed. If our desire is to prepare western Europe to contain or frighten off this juggernaut in 3 or 4 years time, we will not begin to go in the direction of this objective through the proposal which is now under discussion.

It matters not from which direction we look at the problem in a serious effort to determine if our intended western European allies would fight in the event that war comes in the next few years. For planning purposes the only answer we can find is a negative one. In many ways, mostly material ways, our allies were prepared to fight when the last war broke out but the results of that fighting for a long time were almost catastrophic. If we have any remote intention of trying to prepare western Europe for a future conflict, we must recognize how far we must go before our western European allies are ready. Every one of our allies was badly hurt by the last war. We must not overlook this fact, distressing though it may be. Even their will to survive was literally crushed in many instances. In the mass they were "punch drunk" and tired out by the time the war was over. These are the very same people for whom we now seek to provide arms. It is one thing to have a rifle and quite another thing to have the will to use it. It will be years before some of our allies will be mentally, physically, materially, or spiritually prepared to fight, regardless of what the cause may be.

If these allies of ours had their trouble with the Germans in two world wars, what can possibly lead us to believe that they would do a better job in world war III if it comes in the next few years?

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There is no reason to believe this, yet many persons, both in and out of the Congress, believe it to be a fact.

For my own satisfaction, I am going to look backward for just several minutes. I want to be impressed by what happened to our western European allies in the early years of World War II. If I know what they have been, I have a better chance of appreciating what they are likely to be in the several years just ahead.

The Scandinavian campaign lasted from April 9 to June 10, 1940, but in reality was over in 1 day. Denmark offered no resistance. The principal cities of Norway were all occupied on the first day of the campaign. The Nazis used no more than 25,000 men in this campaign. The Norwegian Army of 114,000 was never wholly mobilized. Only six divisions took the field. These were confused and unprepared.

The second campaign against the western allies was opened at dawn May 10, 1940, with simultaneous attacks on Holland, Belgium, and Luxemburg and then against France. Luxemburg offered no resistance. It did not have a regular army and could not put a regiment in the field.

The Germans used 150 divisions, about 2,000,000 men, in the campaign. The French had 2,700,000 men. The British had an expeditionary force of 350,000 men in France. The Dutch and Belgians had about 900,000 men. In 5 days Holland surrendered. In 19 days the Belgians surrendered. On June 22, after 40 days, the French sued for peace. The British expeditionary force retreated to Dunkerque. In the dark hours of 5 nights, May 29 to June 2, a third of a million men were evacuated to England, and the whole world cheered. This was considered a great triumph at the time, but since the war it has been generally agreed that Hitler himself called off the Nazi air forces from Dunkerque and permitted the evacuation. Hitler was interested in the capture of France and the coming Battle of Britain.

The British record on land in the war was an unhappy succession of calamities—Narvik, Dunkerque, Singapore, Greece, Crete, and north Africa. Not until they were joined by Americans in north Africa were the British able to halt and defeat the Nazis. For 2 years General Rommel, with only three German divisions and seven or eight Italian divisions, had shuttled back and forth across north Africa almost at will, using the Italian divisions as a screen similar to a football line and his German troops as a backfield to sweep the ends or dart through the line. The great British victory was the air battle over Britain.

At the close of World War II, the British had 12 and the French had 11 divisions at the front. Canada had 5 and the United States had 63 in Europe and 26 in the Pacific. Today France has seven divisions. The best of these are in colonial service in French Indochina and north Africa. Since the United States equipped these divisions, American arms are going to hold the French Empire. Military leaders discount the Italian Army, such as it is, and will likely be obliged to continue to do so for some time to come. The Italians failed on both sides in the last war. Under Mussolini and with the Nazis they were not a success. Italian troops who joined in with American forces in the Italian campaign were but partially effective.

The Portuguese Army is regarded as a doubtful quantity by our experts. Portugal did not fight in World War II and was only a nominal ally in World War I. The Dutch Army today is interested in holding together the Dutch Empire. The Belgians claim to have an army corps which would be three divisions. Of course, they have it on paper, but what is it in fact? Only one of these divisions is active today. Each division has only one active brigade. The brigades are active with only one regiment, and each regiment is built in reverse.

Does this recitation of history lead Senators to believe that western Europe can become prepared to resist an invader in a short time or that it will actually fight if invaded? We have a right to have our doubts—I wish more persons entertained such doubts—about the capacity of western Europe to fight anything or anybody in the immediate years which lie ahead. The doubts I have are shared, I think, by every man and woman—and there were millions of them—who saw active service in western Europe during the last war. Their opinion ought to be considered.

I have not taken the time to compliment the individual western European fighter. He is just as good and just as brave as are any of us in America. But it takes more than the courage of an individual to win a war once it has begun. The health of a nation's economy, the stability of its political life and the determination of its people win or lose wars. We might provide western Europe with arms sufficient for any given task but we cannot provide her with the more important things she must have and can only secure for herself.

If this arms-to-Europe program is an imperative necessity those who vote for it must acknowledge that our Nation is not prepared to fight and that immediate steps must be taken to strengthen our weaknesses.

I shall mention 10 of the many reasons why attrition would destroy our present military effectiveness in 90 days if America went to war at any foreseeable time in the near future.

First. America's industrial plants are 21 months away from ability to produce weapons for our own and allied forces if Russia should consider rearmament of western Europe as an aggressive act and blow the whistle for world war III. I do not know what Russia is thinking about, but she is going to be thinking differently after the adoption of this program than she was before.

Second. America's armed forces—Army, Navy, Air Corps, Marines, National Guard, and Coast Guard total fewer than 2,000,000 men, of which not more than 1,500,000 are in a state of training and organization in combat units to be an effective fighting force.

Third. A time lag of 18 to 21 months would be necessary to train green men to combat efficiency.

Fourth. Present equipment of our striking force would be badly damaged in 90 days in the high-speed, smashing world war III.

Fifth. The United States—preparing to give away new and surplus arms worth more than a billion dollars—faces a period of from a year to 15 months in which she could not supply her own troops for defense of American shores if faced with the cataclysm of world war III. I should like to hear any of my colleagues or any military man rise and say that I am wrong. On the basis of the facts, they must of necessity say that that statement is correct.

Sixth. Last April the Munitions Board completed a survey of war-production plants, Government and privately owned, to determine how many months would be required to put the United States on a war footing from the date hostilities begin. Every Senator is encouraged—and I say that most respectfully—to study this survey.

Seventh. In the comparatively few plants which have tools installed and trained personnel on hand to produce the items which would be assigned to them, it was found it would take 6 months to produce the first 1,000 war-making units, and more than a year to complete production of 4,000 units.

Eighth. In plants for which engineering plans have been prepared, but no educational orders given or trained personnel put on the job, the first 1,000 units would take 13½ months and more than 18 months would elapse before such plants could produce 4,000 units.

Ninth. In the case of plants with no advance preparation—and this covers a wide field of activity, by far the greater number—a 2-year lapse is indicated before 1,000 units roll off the production line and more than 30 months would expire before such plants produce 4,000 units.

Tenth. The average time required to put the Nation on full war production industrially would be 21 months, and one of the big items in even that slow schedule is men trained for their jobs in adequate numbers to keep up production schedules. Let us not forget, as we consider this and every other related program, that war is a difficult thing to finish once it has been begun.

It is true that we have more than 1,500,000 Americans under arms in the Army, the Navy, the Marines, and the Air Corps. Most of these are superbly armed and highly trained. But they are scattered from Japan to Germany, from the Aleutians to the Azores. They are spread so thin that they are little more than a police force today in a troubled world. Back of them is a National Guard of approximately 350,000 men, but they are far from the status of combat divisions ready for D-day commitment. There is a paper organization of reservists, numbering perhaps two million, but even reserve corps leaders do not consider them capable of battle action with less than a year of intensive training.

As concerns the immediate future, my first concern is with the preparedness of America. Before we attempt to arm Europe, if there is a proven need for more preparedness throughout the free world,

I know that we ought to satisfy our own preparedness requirements. It seems ironic and almost unbelievable that we sometimes spend so much time in attempting to take care of the real or fancied needs of others that we neglect ourselves.

Mr. President, if Russia decides to occupy western Europe, she will not be stopped by any such instrument as MAP. But I think I know at least part of the answer to what is likely to stop Russia, if in fact, as I do not believe she is giving any real thought to going to war against the Western World. Article V of the Atlantic Pact will tend to stop her. This article gave public notice to the world that America would use all of its resources against any enemy which may rise in the future to assault any free nation in the Atlantic area. This declaration impelled the junior Senator from Washington to vote with some enthusiasm for the Atlantic Pact when it was approved by the Senate.

Any potential enemy will be impressed by that declaration, but every potential enemy will only be guided by it if the enemy continues to appreciate that America continues to be the strongest nation on the face of the earth. As long as we are solvent and healthy and vigorous and because of the declaration we have made to the world no possible enemy, including Russia, is likely to engage us in a war.

To me the proposed military-arms program is designed, not to really provide the nations of western Europe with an adequate military preparedness, because it cannot come out of any such program, now or in the future, but to bolster up western Europe's morale. Europe alone can earn this right to a high morale. We cannot give it to them with arms, or through legislation. All I would say to western Europe is that America meant what it said in article 5 of the Atlantic Pact and that every individual and nation deserving of assistance and help should we find it impossible to avoid a future war will get that help when the time comes.

From a long-range point of view it seems to me that MAP is just as negative, naive, wasteful, unimaginative, and futile as it is from a short-term viewpoint. When and how is it going to end? Our potential enemies are not going to cease arming in 4 or 5 years just because we decide by then that we have had enough, that we can no longer afford to send arms to Europe.

The PRESIDING OFFICER. The time of the Senator from Washington has expired.

Mr. CAIN. Mr. President, if other Senators are not prepared to speak, I should like to finish my statement.

Mr. GEORGE. Mr. President, I am glad to yield five additional minutes to the Senator from Wasnington.

The PRESIDING OFFICER. The Senator from Washington is recognized for an additional 5 minutes.

Mr. CAIN. The time has come, I think, for us to tackle the central and fundamental problem of stopping, once and for all, the vicious circle of the armament race and aggression which, if it long continues, is certain to destroy and liquidate all of us from the face of the earth. The present MAP will contribute nothing to that end. Nor will the United Nations, if it remains stymied by Russian vetoes.

When I voted for the North Atlantic Treaty I said that it could be the beginning of something far more effective for our security than an old-fashioned military alliance. It could become the nucleus of a real mutual-defense organization, developed through or within the present United Nations. If we are going to arm the free world, let us first organize the free world—and not just those nations in the Atlantic area. Let them become dependable partners with us in the great struggle to keep the peace, instead of being mere recipients of largess and hand-outs from us. Instead of halfhearted attempts to get ready for world war III let us build an international organization so strong that no potential adversary could challenge it. And let us do this with mutual effort—without the United States being indefinitely the sole supplier of the world.

The Atlantic Pact, with its Atlantic Council and its Defense Committee, may yet develop as a step in that direction. Certainly I hope so. In an effort to steer the Atlantic Pact nations toward that goal, I have joined with the junior Senator from Alabama [Mr. SPARKMAN] and a number of other Senators in submitting an amendment to the present military-assistance program. This amendment points out our fundamental aim of an effective organization for dependable collective security, and earmarks part of the present funds to help achieve that goal. But without such an amendment, MAP is just another drop in a bottomless bucket.

The proposed military-arms program is in danger of becoming an American Maginot line. We must not be led to think that if we send them some armament, the nations of western Europe are going to do the fighting for us. If war comes, we might as well face the fact that we are the ones that are going to do the bulk of the fighting, and prepare ourselves to do it.

I do not believe that war is inevitable. But I am just as strongly convinced that we cannot buy peace on the installment plan, with the present arms program as merely another payment. To win peace, we must organize for it, plan for it, and devote all our energies and determination to that goal. Lip service to a veto-ridden United Nations will not help. Pious hopes which we so often express on this floor that somehow, sometime, everything may come out all right, will not solve the problem.

I stated during the debate on the Atlantic Pact, and I repeat now: The time has come to shift our bipartisan foreign policy from half measures to the central solution of the terrifying problems that now plague the world. The solution is neither appeasement—God forbid—of Soviet Russia nor a war against her; neither a paralyzed United Nations nor dreams of a Utopian world state. The solution is a reconstructed United Nations or a world pact so designed that no nation will be able to rearm for aggression with impunity or attack a divided world with chances of success.

Mr. FLANDERS. Mr. President——

Mr. CONNALLY. Mr. President, I yield 10 minutes to the Senator from Vermont.

Mr. FLANDERS. I thank the Senator from Texas.

Mr. President, the situation we are facing is indeed a difficult one. In view of the North Atlantic Treaty, in view of what I conceive to be our commitments under it, which commitments I may say at the outset I was unwilling to undertake, but which I now conceive this country is committed to, it remains for us to see that those commitments are carried out in the wisest possible way.

I have been very much encouraged by the changes which have been made in the original bill as it came from the administration and the changes which have been made in the process of working over the bill by the joint committee composed of the Armed Services Committee and the Foreign Relations Committee. The bill which has emerged is one which I can support. I can support it as one which carries out the commitments which I consider we made in the North Atlantic Pact.

On the face of the bill, and looking at the bill alone, these commitments are not extensive. A part of the $500,000,000 of these commitments will not become due until the next fiscal year. Between now and then, we shall have the opportunity—and, to my mind, we must take advantage of it—to review completely both our foreign and our military policies and the relationship between them. It is my strong conviction, Mr. President, that if we do give them careful review, we shall be able greatly to reduce—without interfering with the effectiveness of our defense—the intolerable burden of military preparation in which we now have become entangled. I use the word "entangled" advisedly.

So I shall vote for this bill. I shall vote against amendments which would reduce the sum provided by the bill. I hope the bill will pass.

I look at these sums of money and the assistance in the form of matériel given to the foreign nations, signatories to the North Atlantic Pact, as being of value largely for their psychological effect. That psychological effect will be temporary. It will give the foreign nations themselves some encouragement and support, and it will buy for us time in which to come to better conclusions.

I should like to say a few words—in fact, I may not even use all of the 10 minutes which have been allotted to me—in behalf of the amendment which has been proposed by the Senator from Alabama [Mr. SPARKMAN] and other Senators, including the Senator from Washington [Mr. CAIN], who has just spoken, and myself. All of us are very greatly concerned about the impotence, to date, in all major matters, of the United Nations. It has performed singular service on a number of different occasions and in a number of different ways; and some of the services it has performed were of a major nature. As individual instances, I can refer of course to the Russian incursion into Iran in the

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earlier days of the United Nations, the committee which examined the situation in Greece and reported on it, the present attempts—which do not seem to be working out too well—to assist in having Pakistan and India come to some agreement with relation to Kashmir, and to the very successful process by which the differences between the Arabs and the Jews were brought well along the road toward agreement. All of those were very helpful and useful activities on the part of the United Nations. But, for reasons which all of us know, we do not find it making any progress at all on the main problem of helping to establish and to maintain the peace of the world. I shall not discuss at any length what all of us know, namely, that, according to all present indications, there is an irreconcilable difference between Russia and the western nations.

However, Mr. President, I feel that this bill gives us an opportunity to establish one of the fundamental parts of the original United Nations agreement or covenant, although on a smaller basis. To that extent, I believe we now have an opportunity to implement, on a smaller scale, the clauses of the Covenant which provide for the establishment of a police force which will not be under the control of any one nation, but will be devoted to the group of nations which are endeavoring to maintain peace.

To my mind, one of the bad things about the Atlantic Pact was the fact that it was devoted to strengthening the individual arms of the individual nations adhering to the pact. Of course, as has been brought out time and again on the floor of the Senate we have no assurance, and cannot have, that those nations will always retain governments of their present complexion. We cannot be firmly and finally sure that the armed assistance we provide will not fall into hands which may use the arms against our interests, instead of for them. That is one point which has led some of us to propose the amendment lettered "C," to which I have referred.

The other point in that connection is, besides strengthening the United Nations and taking at least a considerable part of our support out of the hands of individual nations, it seems to me to be very important that we gain experience in the use of forces which are at the disposal of the entire group of nations who are to act jointly, instead of being under the command of any one of them. Even with all the nations acting together, each maintaining its present type and form of government, and all concerned with the same problem of mutual defense, there must nevertheless be some difficulty and some negotiation in the application of the forces of any one country to any particular situation which may arise. It would seem that practically it would be exceedingly useful to have a common defense force of considerable size, and we ought to gain the experience of organizing it, putting it into being and using it for the common purposes, rather than for the combined special purposes of any of the group to which the common defense is applicable. It has been suggested—and it was true of the original form in which the amendment was proposed—that it would be necessary to negotiate and sign new treaties. I think that is not the case with the amendment in its present form. So far as I can see the North Atlantic Treaty leaves it entirely open to us to proceed with the amendment, which calls for the establishment of a common force, and which requires that—

> Not less than 10 percent or more than 25 percent of the sums appropriated to carry out the provisions and accomplish the policies and purposes of this title shall be available only for the purpose of furnishing military assistance in the form of equipment, materials, services, or other assistance, to be used in the training and equipment of an Atlantic police force to be recruited from among volunteers who are nationals of European nations except the United Kingdom, France, and Italy.

The PRESIDING OFFICER. The time of the Senator from Vermont has expired.

Mr. CONNALLY. Does the Senator wish more time?

Mr. FLANDERS. About 2 minutes.

Mr. CONNALLY. I yield 2 minutes to the Senator from Vermont.

Mr. FLANDERS. I thank the Senator.

It is quite important that there shall be no taint of overriding national interest attached to this force. I very greatly hope, Mr. President, that in considering the amendment the Senate will conclude, as those of us who support it have concluded, that it is not outside the provisions either of the North Atlantic Treaty or of the bill we are presently considering, and that they will agree with us that it marks a forward step in the common defense which very greatly needs to be taken.

Mr. CONNALLY. Mr. President, I yield 15 minutes to the Senator from Connecticut [Mr. MCMAHON].

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 15 minutes.

Mr. MCMAHON. Mr. President, I listened, as I am sure every other Senator who was present listened, with a great deal of care to the argument which was made by the senior Senator from Georgia [Mr. GEORGE], whose reputation is rightfully of such high caliber and character that when he takes a position, the Members of the Senate give heed to his words. I was very much interested in the Senator's statement yesterday about the necessity of predicating the policy of the United States Government on something other than fear of Russia. No great nation which ever existed based its foreign policy, if it were sensible at all, on anything other than an estimate and an appreciation of the character and kind of government, in the case of a major power, which was contending for control and expansion.

Mr. President, we enunciated the Monroe Doctrine because of fear. We enunciated it because we feared the expansion on this continent of imperially minded nations of Europe of that time. We prepared for the last war, as we have prepared whenever called upon to do so in our history, because we were determined to frustrate the aggressive ambitions of nations who would proceed to take over the domination of the earth. So, Mr. President, when we build our whole foreign policy, we must build it upon an estimation of Russian strength and Russian intentions. We would be untrue to our trust, we would be negligent of our duty, unless we took into account what the Russian bear has done and what all sensible indications are that the Russian bear is getting ready to do. The senior Senator from Georgia stated yesterday he did not anticipate war from the Soviet Union. I do not anticipate war from the Soviet Union. I do not anticipate war from them until they have the wherewithal to make war. But, Mr. President, we must anticipate war from the Soviet Union as soon as they achieve the wherewithal, which consists of a stock pile of atomic bombs.

The senior Senator from Georgia yesterday declared the Russians would be unable to make war. The Senator declared yesterday that in his opinion the transportation system of the Soviet Union was such as to make it impossible for them to make war. A very distinguished foreign-affairs commentator who talked to me the other day, said, "Senator, I do not see how the Soviet Union could deliver the atomic bomb about which you talk so much. They might get a few bombs over the North Pole, but after all, they could not get them here in any quantity, and, terrible though bombs are, certainly two or three of them in the United States would not mean our destruction."

Mr. President, I do not believe I bring any strategic plan to the attention of the Soviet Union when I refer to something which has been pointed out time and time again, and yet is not heeded. If 75 or 100 atomic weapons should be placed in the holds of 75 or 100 tramp steamers, and the steamers should enter American coastal ports, proceed up our great rivers, and the bombs detonated, the result would be that at one and the same time 35,000,000 of our people would be blown into kingdom come, with the resultant paralysis of the United States of America. Does someone say to me that I conjure up a horrible fancy? Tell me why it could not be done. Is it to be supposed that those steamers would be registered under the Russian flag? Rather, is it not to be supposed that they would be registered under the Greek flag, the Italian flag, the British flag, and every other flag? They could steam across the ocean to this country with such bombs, when and if they become available, buried in the hold, cause terrible havoc and destruction.

A very good strategic argument could be made against doing anything in western Europe on the ground; a very good argument could be made against doing a solitary thing, on the basis that the next war, if unhappily it should come, will be an atomic conflict, and we shall have to abandon Europe and depend upon strategic, long-range bombing and atomic weapons in order to win the war. But, Mr. President, once we adopt that concept, we shall abandon 275,000,000 people to their fate, and say to the world that we do not expect to have any allies if such a struggle should come about.

Mr. President, by passing this bill I think we shall serve notice on the Russians and on all others who agree with them that we are uniting indissolubly in a great, demonstrable, effective way, and we shall be showing that the Atlantic Pact is not simply a document on which we might choose to "walk out," but that it is a document which is backed by performance instead of by mere promises.

The day will come when the Soviet Union shall achieve atomic weapons. When that day will be, no man knows, but that it will come is as certain as that I stand on the floor of the Senate today. No matter how many times that statement may be made, there is constantly in the back of the minds of most persons the thought that, while logically it may be true, yet the Russians are barbarians and will not be able to make atomic bombs. If they cannot make atomic weapons, our superiority will remain unchallenged and we shall be able to take care of the situation.

But, Mr. President, if war comes we shall need the united resources of the peoples of western Europe and of this continent. We shall have to redefine what we mean by an act of aggression. We must undoubtedly bring before the conscience of the peoples of the world the fact that the maintenance of atomic stock piles in the face of decent and fair offers to withdraw from that field is the maintenance of an aggressive attitude against the peace of the world, and must be dealt with in the face of that definition.

Mr. President, I have talked, not at too great length, on the floor of the Senate, on previous occasions, regarding the situation. I sometimes feel that what I have said has fallen on rather deaf ears. I remember making a speech in May 1947, in which I called attention to the fact that the negotiations which were proceeding in New York seemed doomed to failure. I remember that in that address I stated that Mr. Baruch had begun the negotiations by saying that this was a race between the quick and the dead, and that while most persons seemed to think it was a very alliterative and very apt phrase, really it was not to be taken too seriously. But, Mr. President, there are undoubtedly people in the world who have taken it seriously. I know that statesmen of western Europe are terribly concerned about the whole atomic problem and situation. I have great hope that through the forging of the kind of defense agreement which we are now in the process of forging we shall achieve even greater recognition of the fact that we have a common stake in the atomic situation, that we shall be able conjointly to go forward in the production of atomic weapons and atomic developments, and that we shall truly be partners in the whole defense situation.

I do not mean to be understood as saying that I wish to establish atomic plants all over western Europe. I was a member of the committee which reported the pending bill, which contains a specific provision barring the transfer of any atomic materials. That would really seem to be our field. But, Mr. President, our European allies, if they are to realize that and to join with us in the effective working out of the partnership, must be convinced of our determination to march shoulder to shoulder with them in their own defense.

Mr. President, I realize that it is most difficult to say that a billion dollars and not $500,000,000 is the proper amount which should be appropriated under this bill, but I would ask those who are wavering about it to remember that man does not live by bread alone, and that there are certain psychological factors involved——

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. McMAHON. May I have two more minutes?

Mr. CONNALLY. Mr. President, I yield two more minutes to the Senator from Connecticut.

Mr. McMAHON. There are psychological factors involved, and there are also factors of morale. We must, it seems to me, do everything we possibly can, within the limits of our own resources, to sustain that morale. We know that the Russians have a great army of 5,000,000 men. As I have said, we do not know when that army will be equipped with atomic weapons; but that it will be so equipped is inevitable. On the other hand, we have atomic weapons, but we do not have a large ground army. It would seem that until we are able, through the United Nations, to resolve the atomic situation, it is most necessary that we carry on our joint defense, having in mind the fact that if the situation is not composed through the United Nations, we shall find it necessary to oppose the Russian ground army, equipped with atomic weapons, with allied ground forces, equipped with atomic weapons. Since the hope for solving the problem through the United Nations is very slim indeed, it would seem to be imperatively necessary that we make a start toward equipping, at least in partial fashion, the ground forces of western Europe, unless we are now prepared to say that we intend to abandon our allies when the attack comes, as it is bound to come in time.

Those of us who have read history know that there never has been an armaments race which has not resulted in war. There was some talk in the committee about the pending bill starting an armaments race. There was some talk during the debate on the Atlantic Pact of starting an armaments race. Of course nothing could be further from the truth. We are not starting an armaments race. All that we are seeing to is that we are properly prepared to meet an attack if and when it comes.

Lest I be misunderstood, I wish to say that I do not believe that war is inevitable. I think it can be prevented if we can succeed in getting the Russians to agree to the atomic proposal. If I am asked how that can be done, I say that I am not sure that it can be done, but that it is the preeminent problem confronting the Government of the United States and its executive department I have no doubt. We must engage in the greatest crusade ever undertaken to disseminate information to the people of western Europe and behind the iron curtain.

If I could venture to be so bold as to advise the President of the United States, I would say again what I said some months ago on this floor, that the signing of this bill might be an excellent occasion for the President to say to Mr. Stalin, "I should like to have a meeting with you. I should like to see it held in Washington. If it cannot be in Washington, I should like to see it held in Stockholm or Paris. But if your situation is such that it cannot be anywhere else, I will come to Moscow and meet with you. But, Mr. Stalin, there is one condition to this meeting to discuss the problems which vex the peace of the world. The one condition is that the Russian people, through the United Nations, understand what I have to say." We must bring home to the Russian people the knowledge that we are not against them and we bear them no ill will or grudge, but rather that our difficulty is with the 14 men in the Kremlin. If Mr. Truman were to make that kind of an offer to Mr. Stalin, it is my belief that Mr. Stalin would refuse. He would refuse because he would not dare let his own people know the truth.

But, Mr. President, a man who moves into my neighborhood and pulls down the shades, posts guards at his doors, and lets no one in or out, is probably hatching something that is not a very good omen for the rest of the community. Of course, that is the situation in Russia today, and we all know it. If we were to say to Mr. Stalin, "We are willing to tell to all the world and to your people our position on atomic bombs, our position upon disarmament," how would it look to the rest of the world if he would say, "No, I cannot let you tell my people what you have to say. Furthermore, I do not even dare let them know what we are going to say." I do not think he would look very good before the bar of world opinion.

Mr. President, it is going to be realized one of these days that we are not dealing with an orthodox situation. We are going to have to do some unorthodox things. We have been doing some unorthodox things. I may be wrong and the Senator from Georgia may be right. I may be wrong in believing that the Soviet Union intends to seek to accomplish the mastery of the whole human race. I may be wrong in believing that they are going to take action against us as soon as they have the means with which to do it. The Senator from Georgia may be right in his optimism and in what is apparently his opinion that either they do not intend to move, or, if they do intend to move, that they cannot move. I say that all the evidence of the last 20 years and more, particularly in the last 5 years, is testimony as to the truth of the belief of the Senator from Connecticut and against the belief of the Senator from Georgia. If there is no danger from Russia at all, then of course it is foolish to support, as the Senator from Georgia supports, a reduced appropriation, or any appropriation at all. But if we are right,

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as I assume the majority of us believe or we would not be engaged in this enterprise at all, then it would seem to be the height of foolishness to cut this appropriation one nickel, because I call attention to the fact that if we cut it, we will pro tanto be reducing the psychological advantage we should derive from the peoples not only of western Europe but of Soviet Russia, in going forward with the commitment which we have chosen to make before the world.

We have been making good progress lately, we have been victorious in Greece and Turkey, we have had some degree of success in western Europe, and this is no time to send a comforting word over there to the effect that we believe that the situation can be taken care by less effective action than we considered necessary a month or 2 months ago.

Mr. President, the pending bill is a most fateful measure. I must confess that I did not take it up with any enthusiasm. But the more I have thought about it, the more convinced I have become that it is a definite step toward winning peace.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. McMAHON. I yield.

Mr. SALTONSTALL. I should like to ask the Senator just one question. The Senator says there is a commitment, and that we cannot cut the appropriation a single nickel. When I voted for the North Atlantic Pact my understanding was that we were going into the pact with a moral commitment to do certain things under certain conditions. There was no commitment on our part to go in for any specific amount of appropriation, for any specific military equipment, at that time. So the moral commitment came under the North Atlantic Pact, and there is no commitment in the pending bill except to carry out that pact in the way we now, as Members of the Congress, think is the wisest. Is not that correct?

Mr. McMAHON. I do not wish to be misunderstood. When I say "commitment," I limit it in this fashion: I am not talking about any legal commitment under the North Atlantic Pact. I am talking about a commitment which it seems to me to be wise to keep, when we suggested, through our military leaders, that if we were going through with this policy at all, the amount in question was the irreducible minimum with which to go forward. That which was in their opinion the irreducible minimum was outlined to us, with their reasoning behind it. The figure was the result of consultations with our allies abroad. It is the figure with which they say we can safely begin our joint defense. On their statement I base the belief that we should start the new-born venture with support in the amount which they have heretofore stated they believe to be necessary.

Mr. SALTONSTALL. But the Senator from Connecticut agrees, does he not, that each Member of Congress can exercise his judgment about that matter independently?

Mr. McMAHON. I am glad the Senator asked that question. Of course, I agree that each Member can exercise his own judgment in that respect. I would be the last to deny that.

Mr. President, if I may be allotted one more minute——

Mr. CONNALLY. I yield one more minute to the Senator from Connecticut.

Mr. McMAHON. I should like to say that I am in complete agreement with the Senator from Georgia who the other day challenged the Senator from Maryland on the point of blindly worshiping anything that comes forth from the Pentagon. That I refuse to do, for if we are talking about saving civilization, let us not forget that civilization means rule by civilians, and not by the military. But, as I see it, there were two decisions to be made, one strategic and the other tactical. The strategic decision was whether or not we should go into this situation at all. On that point I must confess I had my doubts at first. I have been persuaded by some of the things I have adverted to here today. However, when the strategic decision has been made, then with respect to the tactical decision, that is the amount necessary to carry out the strategic decision, I give great credence to the estimate coming from the Pentagon. I shall, therefore, vote against the amendment of the Senator from Georgia to reduce the amount.

Mr. WHERRY. Mr. President——

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska. The Chair understands the Senator from Georgia has allotted 25 minutes to the Senator from Nebraska.

Mr. WHERRY. Mr. President, because of the limitation of time I ask that I be not interrupted while I deliver my prepared speech.

The distinguished Senator from Connecticut [Mr. McMAHON], who just spoke, made the statement that he felt he would support this program at least for one reason, which was the psychological effect it would have upon the rulers of Russia, and in the hope that it might come to the knowledge of the Russian people themselves. If I recall correctly the words of Winston Churchill, he said that the thing which stopped the expansion of communism in Europe was the atomic bomb. My opinion is that the statement to the effect that the ground arm will be nil is not a realistic one; but I do agree with the distinguished Senator from Connecticut that the atomic weapon is the thing that is most frightening, not only to the dictators of Russia, but to the people of Russia. If we are to have a psychological weapon which would appeal to the rulers of Russia, we should preserve the secret of the atomic bomb, and we should be able to finance not only long-range bombers, but also the production of the atomic bomb, so we may continue to have that approach to the preservation of world peace.

Mr. McMAHON. Mr. President, can the Senator from Nebraska, within the limits of his time, yield to me for a simple question?

Mr. WHERRY. Mr. President, I just asked that I not be interrupted until I conclude my speech. If I have any time left after the conclusion of my speech, I shall be very glad to yield to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Nebraska refuses to yield.

Mr. WHERRY. Mr. President, I do not refuse to yield. However, I should like to conclude my speech before yielding, and if any time is left after I have concluded my speech, I shall be glad to yield to the Senator from Connecticut.

Mr. President, the junior Senator from Nebraska is wholeheartedly for national defense, but cannot support the pending bill because he believes it is not the right approach, and will not achieve its purpose. It will cost the American taxpayers billions of dollars without providing effective defense.

It is my belief that the amount recommended by the joint committee is only a shot in the dark. It bears no relation to any fixed foreign policy established by Congress.

While its proponents say it has a bearing on the North Atlantic Treaty, yet it is not even consistent with the terms of that treaty. It has not been presented according to its provisions.

It bears all the marks of a hurry-up, half-baked job done by our State Department. It is my opinion, arising from observations made by military men, that they do not wholeheartedly approve the State Department's approach for defense of western Europe.

This one billion is a figure that has been presented by the State Department working together with other Departments of the Government. It is not a figure that has been worked out by the Atlantic treaty nations under the provisions of article 9.

The junior Senator from Nebraska wants to make his position indelibly clear on this matter of defense of western Europe. I feel the proper approach to the North Atlantic Treaty is to extend the principles of the Monroe Doctrine to the western European nations and to provide military defense for that purpose.

I opposed the North Atlantic Treaty because I felt it was a moral commitment to supply arms according to the recommendation of the Defense Council, but we were told on the floor of the Senate that there was no moral commitment, and that implementation would be accomplished with full freedom of action by Congress. But this freedom of action is foreclosed in the pending measure.

Even before the Security Council is organized we are asked to authorize and, I think, appropriate, over $1,000,000,000 for the interim period. This convinces me there was a moral commitment, even before article 9 was set up to furnish arms to Europe.

It is also my belief that if arms are to be furnished to the Atlantic Treaty nations, they should be furnished in accordance with plans formulated by the Security Council, provided those plans are justified not alone to the President but to Congress, which should be the policy-making branch.

The joint committee recognizes there is some relation of this authorization to

the Security Council. It makes the authorization of $400,000,000 appropriation conditioned upon the agreement of the President to the recommendations of the Security Council to be established under the North Atlantic Treaty.

In other words, the Congress commits itself to the whole program of billions upon billions by appropriating $100,000,000 outright—unconditionally. But in order to get the full authorization approved strings are tied to the four hundred million providing it cannot be spent until recommendations of the Security Council are forthcoming and approved by the President.

And while I am on this point it is my suggestion that an amendment should be offered to section 103 of the bill to require that the recommendations of the Security Council shall be made applicable to contract authorizations, as is required in section 102 for cash appropriations.

The need for such an amendment was brought out during a colloquy on the floor of the Senate between the junior Senator from Michigan [Mr. FERGUSON]——

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. WHERRY. Mr. President, I have already announced that I shall be glad to yield after I have concluded my statement.

Mr. FERGUSON. I may advise the Senator that I propose to offer such an amendment.

Mr. WHERRY. I thank the Senator from Michigan for his observation.

Both sections 102 and 103 should be made subject to justification to Congress, instead of to the President. Otherwise Congress is completely bypassed, and does not have the opportunity to pass upon the merits of the recommendations of the Security Council. Once again, Congress will be abdicating its powers, it will be delegating to the President tremendous authority and placing in his hands authority to dictate the national defense.

Mr. President, I realize that this bill is only an authorization and that appropriations necessarily must follow. It is true this program can be submitted point by point to the scrutiny of the Appropriations Committee. But we on the Appropriations Committee have learned by experience that we are subject to criticism if we appropriate less than is authorized for foreign aid.

Therefore, we ought not to authorize any major sum until we know in fact that the program is necessary, and just, and in keeping with the ability of this Nation to pay.

We cannot have such knowledge until the Security Council has met and has made recommendations in line with the philosophy of the Atlantic Pact.

Senators well remember the long and strenuous debate which took place upon the Atlantic Pact and the great confusion as to whether the pact committed us, morally, to arm the countries of western Europe. We were told that the implementation legislation had nothing to do with the provisions of the pact itself, that one was entirely separate from the other, and that one was not contingent upon the other.

Senators well remember the confusion over the purposes of the Atlantic Pact, how it came about in the first place, and whether it came about because of moral commitments made that we would furnish arms to European countries before getting approval of the Congress.

But the shaky origin of the Atlantic Pact is a Rock of Gibraltar compared to the administration's antiquated, unrealistic, and dangerous military-assistance program in this bill.

If approved, it will fail as an effective war deterrent. Should war come, it will lead to the useless sacrifice of millions of American boys, because it commits us to large-scale ground combat against the Red army. Moreover, the program will dislocate our economy and rob us of our own national defense.

The junior Senator from Nebraska wants to make it very plain that he is in favor of modern military might as a war deterrent against Russia, and I submit my record in support of that statement. I have supported in the Appropriations Committee and on the floor of the Senate a military program that will provide an adequate national defense. I was one who took the lead in the Eightieth Congress in support of the 70-group air force, even against the recommendations of the President. I shall continue to vote appropriations in the interests of national defense.

The junior Senator from Nebraska is in favor of whatever peacetime preparation is required to win the war if it should come. My objection to the proposed program lies in its faulty concept rather than its worthy purpose to keep the peace and to win if war does come.

I am not a militarist. I am not a member of either the Armed Services or Foreign Relations Committees, but I am a member of the Appropriations Committee, and in my service there during the past 7 years I have listened to many military experts in their efforts to justify appropriations.

As a layman I am convinced that the proper concept is one in which the principal reliance is placed in the striking power of the Air Force and in which the armies and navies of the Allies are integrated into defensive forces to defend and supply air and naval bases from which offensive power is unleashed.

The State Department's argument for the pending plan is at complete variance with the trend in modern strategy. It proposes to fight World War I rather than world war III. Any layman who is even a casual student of World Wars I and II knows that the State Department's plan is a gross mistake. And apparently everybody knows that this bill was hatched out by the State Department.

This is how it came about: The State Department invited signatory members of the Atlantic Pact to requisition military equipment with a view to effecting collective security and protecting their frontiers from aggression. The country which would have to bear the main brunt of a Red attack against western Europe is, of course, France. The French General Staff faces the task of planning to hold France's frontiers against land invasion by the Red army.

The junior Senator from Nebraska has been in France before the war and afterward. The French abhor another occupation. They are fearful that if the Red army were to occupy their country French property owners would be liquidated. The French General Staff would be unworthy of the uniform if it did not produce a plan to fight this threatened occupation.

Consequently, the French are requisitioning tanks, guns, infantry weapons, and planes for tactical air support, even though they know, that the Red forces cannot possibly be held on their frontier.

It was a surprise to me on Monday, to learn from the Senator from Maryland [Mr. TYDINGS] that General Bradley feels that 40 or 50 well-equipped divisions in the right places over there could withstand an attack for months, and perhaps turn the whole tide. While I have high regard for General Bradley, so far as I know, this is the first and only statement by a military leader that the frontiers of western Europe could be held against the Red army. Certainly it is at complete variance with the views of many of the officers under General Bradley, whom I have heard frankly and openly admit that the Red army could occupy Europe in 65 days.

By the terms of the Atlantic Treaty we are pledged to come to the assistance of our allies in case they are attacked. Thus, should the Red army strike Allied troops stationed on western Europe's eastern front, because of the State Department assuming the role of a military strategist and asking our allies to requisition ground arms, the United States would automatically be committed to ground combat against the Red army. If we do not join them our allies will say we welshed, and if we do join them it will mean the useless loss of a generation of American boys.

I have heard it said that Stalin's only hope for victory in the event of war lies in just such a contest.

Figures on the last war support these views. When World War II ended there were 63 American divisions on the western front. American forces were assisted by 12 British, 5 Canadian, and 11 French divisions. The total was 91. With the German air force destroyed, our forces were driving the German ground forces back to Germany. On the eastern front, however, the Russians were pushing Hitler's legions westward with 502 divisions.

This Allied effort in the west was our maximum effort for World War II—91 divisions—but the 502 divisions of the Red army did not represent Russia's maximum strength, for Russia had already lost something like 10,000,000 Red soldiers in absorbing the shock of the Nazi army.

I have been told that in the next war Stalin could launch an attack against Europe with 1,000 divisions if he needed them; and based upon the above analysis, Allied ground forces would be outnumbered 10 or 20 to 1.

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This numerical inferiority in ground forces is not the only danger in the administration's military-assistance program. Russia is believed to have about 16,000 combat aircraft. The proponents of the administration's military-assistance program skip any mention of the necessity for an Allied air force to neutralize this 16,000-plane tactical striking force now at Stalin's disposal.

The cost of such an allied air force to insure protection of our ground forces would be too staggering to announce at the moment. This blow, apparently, is to be eased on the American taxpayers gradually.

Yet the lessons of World War II clearly demonstrate that neither armies nor navies can exist unless they control the air above them. The administration's arms program makes the fatal assumption that somehow or other, with numerically inferior forces on the ground and without control of the air, the Red Army could be held out of western Europe.

We have been assured by Secretary of Defense Johnson and General Bradley that no American troops are to be sent in peacetime, but with Britain's principal strength remaining in England the French and other European allies must hold the frontier until American troops arrive.

General Bradley's concept of the war strategy is that the United States will furnish the strategic bombers and the atom bomb for the initial phase. England and our European allies will furnish the tactical air support for the hard core of resistance, which is to be recruited from the ground forces of the western European powers. I think we all agree, with General Bradley's concept of the role of the United States for the initial phase, but this is not what the French expect. I quote from a recent statement of Mr. Monteil, member of the French Chamber of Deputies:

> We have the right to await from our allies all the assistance we need in order to win the first battle.

Obviously our leaders and the French have not reached accord on the initial roles of French and American troops. If this misunderstanding exists now imagine what it will be when and if a war comes. Unless we are there to save them the French and other allies, war-weary from two wars within a quarter century, will scream to high heaven that we have welshed on our obligations.

If the Rhine could be held it would be, for the most part, Americans who would have to do it; and we cannot possibly do this unless the allies have an enormous peacetime garrison located on the Rhine. But to supply our proportion of this garrison would require universal military training in this country. It would hold hundreds of thousands of American youth on permanent foreign service, a duty which has always been repugnant to Americans.

The cost of equipping the ground forces must be borne largely by the United States. If the European economy is so dislocated that every dollar of Marshall-plan money is necessary it is obvious that those countries cannot take on the additional burden of heavy armament. I do not even see how they can afford the $5,000,000,000 for armament which they plan to spend this year.

It costs $400,000,000 to equip a division. Sixty—or, to take General Bradley's figure, 50 divisions—would be the minimum required even to impress Russia with the fact that resistance would be encountered if she were to move westward.

Thus, the outlay for division equipment alone would be a minimum of $20,000,000,000, spread over a period of 4 years, and largely to be borne by the American taxpayers.

This figure makes no provision for the tactical air force absolutely essential for the support of these divisions. And if a reasonable amount of tactical air force is provided by the United States, and certainly our allies will expect it, at least $3,000,000,000 would be required annually.

Unless our boys are to be fed into ground combat without adequate basic training, universal military training in America will have to be established to provide trained men to oppose the Red Army. It has been testified already that universal military training will require $4,000,000,000 annually.

Thus to implement the administration's plan will cost the United States some $12,000,000,000 annually, but this $12,000,000,000 figure is for Europe alone. The European military-assistance program, if carried out, would rob our own national defense; possibly it might wreck it.

Let us never forget that a major objective of Russia is to collapse our economy. Back in 1924, Nikolai Lenin said:

> Some day we shall force the United States to spend itself into destruction.

Mr. President, we are well along with the implementation of Lenin's prophecy. With deficit financing already here, the American people cannot possibly support the administration's arms plan and maintain any semblance of sound economy.

The junior Senator from Nebraska believes in the right kind of European military assistance to keep the peace, and in a collective and integrated military program to win the war, should it come.

The Red army has never been defeated on its home ground. Both Napoleon and Hitler bear mute testimony to this observation. Napoleon invaded Russia with half a million of the finest soldiers ever recruited in Europe. He failed. Hitler struck the Red army with 220 divisions. He failed. He lost 5,000,000 German boys. Russia's natural allies—distance, winter, and manpower—will always come to her rescue against an enemy ground force.

Allied divisions on the Rhine would be no war deterrent for Stalin. They would be too few in number. He has ample manpower, which he is perfectly willing to sacrifice.

The true war deterrent today is the long-range bomber and the atomic bomb. It is absolutely essential to our security that we retrieve American air supremacy. The American taxpayers have no choice except, to buy this essential security, and the junior Senator from Nebraska shall support it with all his ability.

We must also maintain an adequate and professional Army and Navy, in order to have suitable bases, supplied and secure, from which air and naval attack can be unleashed.

These bases, however, cannot be counted upon in western Europe proper. They could not be held. They would be lost to the enemy within a few weeks after the war started.

Bases must be so located that they will have the incidental protection of water or mountains or deserts or combinations of these natural barriers. Bases so located would not be subject to the full weight of an attack by the Red army. They could be defended.

Any policy to contain Russia within her borders must consider her as an entity. A chain of mutually supporting air bases in England, Africa, Alaska, Japan, Okinawa, and the Philippines would enable us to launch air strikes against any target in Eurasia. For the most part, these bases are already built. The cost of keeping them up to battle strength is not great, as compared, to the tremendous appropriation needed for the pending legislation. We need a Navy to supply these bases and to help defend them, and we need an Army to defend them from airborne and triphibious attack. We need allies to help defend these bases. We need plans for allied air and naval power and ground forces to be integrated with our forces in a collective defense. But we must never engage the Red Army in Europe or on her home ground.

In air supremacy and in this chain of strategic bases lies our surest hope of preventing war, and of winning a war, if one does come.

The strategy into which the State Department has led us for our military assistance program—that of combat on the ground—ignores almost entirely the terrific destructiveness of air power. Regardless of what claims are made by branch-loving military people, it was air power which forced the surrender of Japan. The Emperor himself stood in the palace grounds and watched the ruin of Yokohama and Tokyo. He resolved to stop the war then and there, regardless of what happened to him. That resolve was made the last of May 1945; and from that time on, he was in continuous conflict with his military leaders, endeavoring to force them to accept a surrender. Japan lost 66 cities by bombing. It was enough to convince her entire population that surrender was better than additional deadly thrusts from the air which her ground forces—2,400,000 strong—were helpless to influence.

Air power is the natural medium for the genius of America to forge the sinews of war. We have the talent to build and fly the planes better than anyone else in the world. The speed and flexibility of air power and its destructiveness almost defy imagination.

From the chain of bases which I have previously mentioned—in Great Britain, Africa, Alaska, Japan, Okinawa, and the Philippines—air strikes can be unleashed

against any target in Eurasia, and can be continued until that target is destroyed.

Our leaders make a great mistake in stressing defense of frontiers and in their estimates regarding where the initial shock may come in the next war. As a layman, I feel compelled to predict that the first shock of the next war may strike Washington, D. C., itself; it may strike the Pratt-Whitney aircraft plant in Hartford; it may strike New York; it may strike Detroit; and it might strike all these places simultaneously.

If we fail to build air supremacy, it could be that the western European nations would be the ones spared, and our fair country would be devastated. The case history of the military mind gives me confidence to make this prediction. When I recall what happened to Billy Mitchell when he claimed that aerial bombardment would be effective against the fleet, when I think of what happened at Pearl Harbor, and when I recall General Marshall's conference, shortly after Hitler struck Russia, when he claimed the war would last only a matter of a few weeks, I have no hesitancy in maintaining that this military-assistance program endorsed by our military leaders is wrong in concept and will fail.

The better concept is in no wise an abandonment of western Europe. Our Air Force would paralyze Russia's war potential and would punish her from the skies until she surrendered. Destroy Russia's railway bridges, and she cannot distribute food to feed her populations, nor could she deliver coal to keep her people warm. Destroy her oil fields and refineries, and her fuel—the lifeblood of modern war—is gone. Destroy Russia's steel industry and the sinews of modern war are gone. With her population hungry and cold, with the lifeblood and sinews of modern war destroyed, at our leisure and from the skies, we can punish Russia into submission.

Whatever it takes in the way of expenditures to build American air supremacy and an Army and Navy adequate to prepare our air bases for occupancy and to defend them from attack, whatever help we should give our allies for these purposes, I feel that the American people are obliged and willing to spend. But the cost of this program is almost infinitesimal in comparison with the cost to the State Department's concept of ground combat against the Red army.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. WHERRY. Mr. President, let me ask the Senator from Georgia if I may have another minute, please.

Mr. GEORGE. Yes.

Mr. WHERRY. I thank the Senator.

Mr. President, the administration's program, if followed to its completion, will not prevent war. And if war comes, it will lead us into untold losses.

Mr. President, America must remain financially strong if we are to have peace in this world.

From here on, each and every dollar proposed for expenditure must be justified militarily, and should be spent only where we will get the maximum military national defense, not only in Europe, not only in the Pacific, but certainly in the Western Hemisphere and here in the United States.

Mr. MAGNUSON. Mr. President——

Mr. CONNALLY. I yield 10 minutes to the Senator from Washington.

Mr. MAGNUSON. I thank the Senator.

Mr. President, I offer and send to the desk an amendment, which I ask to lie at the desk, ready for vote at the hour fixed under the unanimous-consent agreement.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the desk.

Mr. MAGNUSON. Mr. President, the amendment deals with the so-called shipping provision of the Arms Program Act. The pending bill contains a provision, section 409, which was intended to assure that at least 50 percent of the gross tonnage of any equipment or materials made available under its provision and secured in the United States which are transported on ocean vessels shall be transported on United States flag vessels, if available.

It appears, however, that in working out the language of this provision the wording has been used which is similar to the provision contained in the original Economic Cooperation Act of 1948, prior to its amendment by Public Law 47, Eighty-first Congress, first session. This provision, which was originally placed in the initial ECA Act, was found to be ambiguous and uncertain as to its exact meaning, and it brought on a prolonged controversy with the ECA which was resolved by the amendment I have just mentioned, the second ECA proposal. If used again in the pending bill the same result is likely to occur.

In the amendment to the ECA Act by Public Law 47 it was clearly demonstrated to be the congressional intent that American vessels should participate in the transoceanic transportation of commodities made available under Government-aid programs, to the extent of at least 50 percent of the gross tonnage of such shipments. Such a provision conforming substantially to the ECA law as now amended, was included in House bill 5895, as passed by the House of Reprentatives, August 18, 1949. I strongly believe that a provision in similar language should be now incorporated in the bill under consideration, in order to be consistent with the public policy concerning American shipping as recently declared by the Congress in the amended ECA Act and by the House of Representatives when the bill under consideration was passed by that body.

I offer the amendment, Mr. President, for that purpose. The language submitted is the same language as that included in the House bill, at pages 13 and 14. It will insure that in the military-arms program at least 50 percent of the goods to be sent to Europe for the participating countries will be shipped in American bottoms. I think it is a very reasonable amendment. In connection with the original ECA Act we held long joint hearings with the House Committee on Merchant Marine and Fisheries, in the course of which many proposals were submitted, even proposals to go above 50 percent. As a matter of fact, the question was asked on several occasions of shipping officials, of the Maritime Commission, and of others, "Why not provide that even 100 percent shall be shipped in American bottoms?" But, of course, that would not be sufficiently flexible, because in some cases American ships are not available either under the ECA program or under the military-aid program.

The language now contained in the Senate bill is the language, as I said in my brief prepared statement, which caused so much trouble because of its ambiguity. In other words, when we first put the amendment into the ECA Act, we believed it would insure the 50 percent. Mr. Hoffman and his solicitors for the ECA interpreted the word "rates" to mean "world rates," which in effect would knock out American shipping by geographical areas.

If we are to keep our merchant marine alive, if there is ever to be, within the next 4 or 5 years, a substantial business which would keep the American merchant marine alive, it lies in these two programs.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MAGNUSON. I shall yield in a moment.

The amendment is consistent with the House language and with the language of the ECA bill. I now yield to the Senator from Alabama.

Mr. HILL. I wanted to ask the Senator whether the language he now offers is not the language contained in the House bill?

Mr. MAGNUSON. That is correct.

Mr. HILL. It is the language which the House placed in the bill. I talked to the Senator from Maryland [Mr. TYDINGS], chairman of the Committee on Armed Services, which committee sat jointly with the Committee on Foreign Relations and jointly reported the pending bill. Before the Senator from Maryland left for his trip to Europe, he authorized me to say upon the floor of the Senate, speaking for him, that it was his intention to put into the Senate bill or into the Senate substitute amendment, which is really the bill before us, the House language. It was only through inadvertence that the present language was placed in the Senate bill instead of the language contained in the House bill.

Mr. MAGNUSON. I thank the Senator from Alabama.

The language now in the Senate bill, which was the original language in the initial ECA bill, was highly technical and subject to many interpretations. It was through no fault of Mr. Hoffman that in the beginning he announced he need not comply strictly with the 50–50 provision. After all, he was trying to conduct the ECA program at minimum expense. He claimed particularly with respect to the shipments of coal to France in the early days of the ECA, that French and other foreign ships could transport the coal much cheaper, and it was his duty to lay the coal down on European docks as cheaply as he could. However,

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it had a disastrous effect upon our dwindling merchant marine. Finally, after many conferences with Mr. Hoffman, Mr. Steelman, the Merchant Marine Commission, the State Department, shippers, and representatives of various seamen's unions, we finally reached a solution of the problem by adopting the language of the second ECA bill. The House then adopted the same language. I hope the Senate will accept the amendment. It does a great deal to insure at least a reasonable future for our American merchant marine.

Mr. CORDON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Oregon?

Mr. MAGNUSON. I yield.

Mr. CORDON. I wish to say to the Senator I am happy to associate myself with him in support of the amendment, which is purely a clarifying amendment.

Mr. MAGNUSON. I thank the Senator from Oregon.

Mr. CONNALLY. Mr. President, I yield 20 minutes to the Senator from Florida [Mr. PEPPER].

Mr. MAGNUSON. Mr. President, if the Senator from Florida will yield, I should like to ask the chairman of the Foreign Relations Committee whether it is his intention to have the amendment lie on the table until the vote at 6 o'clock, or could we dispose of it now?

Mr. CONNALLY. I think we had better wait.

Mr. PEPPER. Mr. President, it seems to me the highest considerations of public interest dictate the approval of this measure by the Senate. I believe the proposal directly pertains to the national security by strengthening the frontiers of the national defense. I believe it implements a solemn obligation already assumed by us to guarantee the territorial integrity and security of the European members of the North Atlantic Pact. And I believe the measure will contribute to a more peaceful world. In view of the fact that these high considerations are in my opinion involved; that the measure was initiated by the President of the United States with the active concurrence of the Secretary of State and the Joint Chiefs of Staff, that it has the endorsement of those responsible for our own national security and safety; and that it has, I believe, the overwhelming approval of the country, it should receive the approval of the Congress as well.

Mr. President, I think it is unnecessary to labor the point that the territorial integrity and security of western Europe is vitally related to the national defense of the United States. I think we basically fought the last two great world wars to prevent any major European power of aggressive disposition and attitude from gaining domination of western Europe and thereby access to and control over the waters adjacent thereto. I believe it is now an accepted fact that we would go to war against any major power which should attempt by armed attack to overrun the western European Continent. It was at one time stated that our frontier was upon the Rhine. Perhaps it is. Certainly it is somewhere in the area of the territory in western Europe which we obligated ourselves by the North Atlantic Pact, on our sacred honor, to defend, if need be, by our treasure and our lives. I regard the territory to which we propose to send arms as an American defense frontier, similar in principle, if not identical in character, with any part of the American continental frontier or any of our possessions which lie beyond our continental area or the seas.

It seems to me, therefore, Mr. President, that it is a strange thing to suggest that there is an impropriety in our strengthening the frontiers which are a part of our national security, and, therefore, that there is any more reluctance to spend United States funds in protecting the western European frontier than in protecting any other geographic area regarded as essential to our national safety and security. I put the matter upon no less high ground than that when we strengthen the nations which we regard as essential to our security, we are strengthening the territorial integrity of every part of America. I make no distinction in character and substance between what goes into the express military budget of the United States Government, recently approved in this Chamber, and that which we appropriate through this measure for the strengthening of these outposts of American security.

Mr. President, if this undertaking is essential to our security, certainly we want to make our action as strong as reason will allow and our substance will provide. We provided for our own Military Establishment a few days ago. That is, our military appropriation for fiscal 1950 was approved by this Chamber recently in excess of $12,700,000,000. That is a part of our defense, of course. But the pending measure is also a part of it.

Why did we appropriate $12,700,000,000? Upon whose recommendation did we appropriate it? It was upon the recommendation of the Commander in Chief, the President of the United States, the Secretary of Defense, and the Joint Chiefs of Staff. I voted for that appropriation. I had no other authority. I do not know how many guns, how many tanks, how many rounds of ammunition, how many ships, how many airplanes, or the types of each, we should have, but I relied, as we must do upon the representations of those responsible civilian and military leaders. I relied upon the Armed Services Committee of the United States Senate, as I must do when I pass upon these measures. We have the same responsible and competent testimony in support of this bill as we had in support of the appropriation of $12,700,000,000 for our defense, which we recently approved in the Senate.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. PEPPER. I yield to the distinguished Senator from Massachusetts.

Mr. SALTONSTALL. The Senator has been talking about the defense of our territorial security. Does not the Senator feel there are involved questions having to do with moral security and the strengthening of unity, outside of any defense question?

Mr. PEPPER. That is the essential point I am seeking to make. I thank my able friend from Massachusetts for the suggestion.

What I am saying, Mr. President, is this: It is generally recognized that the area to which I have referred is also essential to our security, and that the nations involved will be fighting an enemy which might attack us.

Mr. President, I say we voted for our own defense budget upon the recommendations of our political and military leaders and of the Armed Services Committee. The same support is back of the bill which is before the Senate today, not for the amendment by which some of our colleagues would propose to reduce the amount. Indeed, the amount originally recommended to us was in excess of the amount reported by the committee in the sum of $160,000,000.

As I have stated, this proposal has the approval of the President of the United States. I personally heard the Joint Chiefs of Staff testify before the Joint Committees on Foreign Relations and Armed Services, all three of them, Admiral Denfeld, General Bradley, and General Vandenberg, who told us they asked, in America's interest, the larger amount which was embodied in the first bill for the North Atlantic nations. They placed on the wall a map and a delineation of the figures to show us every type of equipment to be furnished. They told us they had carefully calculated where it was most needed, where it would go, and where it was to be provided, in the interest of strengthening America's frontiers of security. I say, Mr. President, that not only do we have their testimony, but we have the recommendations of the Committee on Foreign Relations, honorable as it is, and so eminently led by the distinguished Senator from Texas [Mr. CONNALLY], and the approval of the Committee on Armed Services, as well. So we have for the figure that we propose the Senate should adopt as high authority as that which was behind the military appropriation which the Senate approved a few days ago. Only three members of the committee voted against the bill as it has been reported to the Senate. We believe the Senate will accept the recommendations of those high authorities.

My second point is this: I said it would help us to implement the obligation we have assumed under the North Atlantic Pact to defend the territorial integrity of the other members of the North Atlantic Pact group.

Let me say, respectfully, that I am not quite in accord with the able Senator from Georgia [Mr. GEORGE] in the understanding he received of the statement made by the Senator from Maryland [Mr. TYDINGS] when he spoke upon this measure. I understood the able Senator from Maryland, the chairman of the Armed Services Committee, who voted for the bill as reported by the committee, to say that we were obligated to defend the European members of the Atlantic Pact, whether they were weak or strong, whether their weapons were adequate or inadequate, whether they were obsolete or modern, whether they are armed with sticks and stones because they can-

not provide better weapons, or whether they have the acme of modern military equipment and provision. I think he was justified in making that statement, because article 5 provides:

The parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all; and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defense recognized by article 51 of the Charter of the United Nations, will assist the party or parties so attacked by taking forthwith, individually and in concert with the other parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.

As I have said before, Mr. President, I can see nothing wrong with giving a gun to a man who is my neighbor and whom I have already covenanted to defend, if need be, with my life. We have obligated ourselves, on our sacred honor, to help resist any armed attack which might be made upon the soil of the nations signatory to the North Atlantic Pact. Mr. President, how can we but lessen both the danger of attack, as well as our necessity of aiding in its resistance, by giving them means by which they can assist in their own defense and strengthen their own security?

It has been said that the distinguished Senator from Georgia does not anticipate any attack upon the European members of the Atlantic Pact group by the Soviet Union. I share that sentiment. I certainly hope it will never occur. I believe it will not. But by the same token I do not believe the Soviet Union or any other power intends to attack continental United States; yet I voted for an appropriation of $12,700,000,000 a few days ago in the Senate to make it certain that if any nation should attack the United States of America it would be an unsuccessful attack. I do not believe any nation is going to attack us, but I certainly do not offer to my country a shield no stronger than my own confidence that it will not be assaulted. I may be wrong, but I am not willing to risk the security of my country, even on a conscientious conviction, so long as we live in a world where there is no collective security assurance.

Mr. President, someone may say, "But why, if we cannot completely resist any attack that might come, should we do anything at all?" We do not have radar all around the United States. Some say we should have it, and no doubt we should, but because we have not radar all around the perimeter of continental United States does not mean we are not doing anything to protect ourselves from an enemy.

There are many men earnest in their advocacy of an army twice, yea, three times as large as that we have, of an Air Force immeasurably greater than that which is now ours, of a Navy even more colossal than that we possess, and weapons which are even more novel and numerous than those we now have. Because we in our wisdom have limited the budget for military security, for which we voted, to $12,731,000,000, does not mean that we should not have more if we were going to be assured we could hurl back at our borders any attack which might be sprung against us.

Mr. President, with all due deference, it seems to me to be a very illogical argument that because we cannot make some countries completely secure we should not make them as secure as our military leaders, as our best authorities, say we can now make them and should make them, as is contemplated by the pending measure.

Our committee proposed $500,000,000 for expenditure in cash, let us say, and $500,000,000 contract authorizations. It is proposed that the amount be reduced to $300,000,000 in each category. With all sincerity and deference I ask, why $300,000,000? The committee says $500,000,000 in each category. The President and the Joint Chiefs of Staff and the Secretary of Defense set a minimum of $1,160,000,000. We cut off $160,000,000 in the committee. Why cut off $200,000,000 more? What is the basis upon which the reduction is to be made? If the object be but economy, why stop with a reduction of $200,000,000? Why not $300,000,000, and save another $100,000,000 of the taxpayers' money? Or, if we are to make it a token payment, then why not let it be enough with $50,000,000 provided?

Mr. President, has anyone offered to this body the statement of the Joint Chiefs of Staff that the $500,000,000 item should be cut? Have they told us we do not need to furnish the tanks, the airplanes, the machine guns, the ordnance, the ammunition, the ships, the trucks, and the other things which the Joint Chiefs of Staff told us were to be a part of the provision for Europe's defense? I have seen no such testimony. I have not heard of it. I wonder if we are justified in reaching into our own estimation, conscientious as it may be, for a figure to be put alongside the careful, cool calculation of the military minds of the United States, who personally interviewed the leaders of the military establishments of the several countries involved, who have been on the ground, and have given this matter their most earnest and careful consideration.

Mr. President, I therefore respectfully suggest that we probably have already cut the amount below what it should have been cut; we have cut it below what the Joint Chiefs of Staff have recommended personally to the committee. We are now denying them the power to send as much as they said was the minimum. How can we cut it more with confidence or with assurance that we do so with safety?

Mr. President, we are obligated to defend these countries we propose to aid whether they are weak or strong, and I said in the absence of the distinguished Senator from Georgia, who is now in the Chamber, that with all deference to his own understanding, I did not understand the Senator from Maryland quite as he did. I understood the Senator from Maryland to intend to say, and to say, that we had to defend the European members of the Atlantic Pact group whether they were weak or strong. Of course, they must defend themselves to the utmost; they must strive to prepare themselves; but we have been going upon the assumption in this matter that the provision of this extra equipment was beyond their capacity and their power, that they did not have the dollars with which to buy it; they did not have the raw materials out of which to make it; they did not have the machine tools with which to put the materials together; and they had to have them from us, and unless we would let them have such assistance under such an arrangement as that proposed by the pending bill, they cannot get them. It is no new doctrine that a man cannot be held responsible for not doing what is beyond his power.

Mr. President, I say, first, that the provision of these weapons is aid and strength to America's frontier, thereby adding to the security of our own continental area.

Second, it will make it easier for us to implement the solemn obligation to defend these countries, the defense of which we have already assumed by the overwhelming vote of the Senate.

Third, and last, it is my earnest belief and my prayerful hope that this measure will contribute to the peace of the world.

Mr. President, as earnestly as any other Member of this body I want to see the happy day come when we can keep the peace of the world by collective security.

The PRESIDENT pro tempore. The time of the Senator from Florida has expired.

Mr. PEPPER. Mr. President, will the Senator from Texas allow me two or three more minutes?

Mr. CONNALLY. I yield 3 minutes to the Senator.

Mr. PEPPER. But that happy day has not yet dawned. We have not yet a world organization which has a police force. We have not yet an organization which can restrain any would-be aggressor, although God speed the day when that institution, with adequate means, shall hover over a peaceful world.

Mr. President, I do not want my country to have to squander its substance upon destructive weapons and forces, yet in this kind of a world how can we fail to do it? The Soviet Union itself perhaps entertains no sincere doubt about its safety being invaded by any other power, yet we have been told of the magnitude of its might, and we do not question their right to provide it. In this kind of a world, where we have to depend upon individual or group security, it is worse than folly for anybody not to remember, that, after all, self-preservation is the first law of life, and that we have to be capable of self-help in a lawless world or society.

In our own country, when we set up the sheriff and the courthouse, men quit carrying their guns, but in a lawless frontier community we cannot deprive any man of the right of self-defense. So the exigencies of the present situation simply compel us more diligently to pursue methods which will bring honorable reconciliation of the present international strife and conflict.

I regarded with interest the utterances made by our Secretary of State before the Assembly now meeting in New York. God speed the day when every nation, everywhere, shall see the criminal, the

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tragic folly of anything other than the principle of the Golden Rule, to live and let live, to have reciprocal respect, one nation and one people for the well-being and the security of others. But, Mr. President, until that happy day dawns, surely we must continue to provide security as best we can by the method we now have available and at our disposal. I am sure, Mr. President, that all the experience of history shows that the man who petitions for an honorable reconciliation of a conflict is not at a disadvantage if he has strength comparable to that of the one with whom he would carry on an honorable negotiation looking toward an honorable understanding.

So, Mr. President, I believe the adoption of this measure will be another stone in the edifice of a growing peace, bearing the honorable craftsman's mark of our own country.

Mr. TAFT. Mr. President——

Mr. GEORGE. Mr. President, I yield to the Senator from Ohio 25 minutes, or so much of that time as he may require.

Mr. TAFT. Mr. President, the problem we have to consider today is no longer a question of internationalism or isolationism. We are deeply involved in the affairs of Europe. If war comes in Europe, if Russia attacks western Europe, I have no question that we will be in that war, and I think we should be in it. I have heretofore stated my belief that we should definitely—regardless of the Atlantic Pact—have notified Russia of that fact, so that it might prove to be a deterrent to any Russian attack on the countries of western Europe.

But when we consider what international policy we shall pursue in order to advance the cause of peace, in order to stop war in the world, it seems to me we are now departing from the course we have heretofore adopted, and are taking a course which is far more likely to lead to war than it ever is to lead to peace.

Our policy has been to join an international organization, to which it is hoped that in time all nations will be invited to join—an international organization to be guided by the principles of international law and justice, an organization which should act only collectively and only on its own initiative, as might be decided by a majority of the states which are members of the organization.

I was in favor of joining the League of Nations. I was in favor of joining the United Nations. While I do not think that in doing so we entirely carried out the ideals I had in mind, yet I believe there is only one hope for peace in the world, and that is to establish a rule of justice, and behind it to create a public opinion of the world so strong that it will force all nations to back up the decisions made in accordance with that rule of justice. I believe we should agree to an international law binding nations. I believe we should agree to a court able to decide the question whether any nation has violated such law, and that we should join in an enforcement procedure against those who violate it.

But the program we are now considering is the exact opposite of such a program. This is a program to return to the balance-of-power theory which has prevailed in Europe for the past 200 years and which has brought a series of wars. This is a program to substitute for law and justice the force and the might which have heretofore prevailed throughout the world. This is a program by which we undertake to arm half the world against the other half of the world. This is a program under which we start gradually to build up and arm to the teeth every country in the world which may possibly be opposed to Russia, as against Russia and her friends and satellites, who control probably half the territory of the world.

Mr. President, in the first place it seems to me to be fairly obvious that this military assistance program will rather tend toward the incitement of Russia to war than to be a deterrent to war. It would be a deterrent if we told Russia that if she should provoke a war of aggression we would be in the war. I cannot see anything in such a statement except a deterrent. But when we undertake to arm numerous countries, all the way from Norway on Russia's northern boundary, to Iran, on Russia's southern boundary, certainly it will occur to the Russians that if they wait until that arming is completed, they may well be attacked by the countries we have armed.

Mr. President, it is all very well to say that this measure is intended to provide merely defensive armament. There is no difference today between offensive and defensive armament. The best defense is an offense. The moment we are attacked how are we going to defend ourselves? We are going to send an air squadron into the attacking country to destroy its cities from the air. Obviously any arming of western Europe is just as offensive as it is defensive, and the Russians are not going to be deceived.

I was very much interested in the statement made on the Senate floor yesterday by the distinguished junior Senator from New York [Mr. DULLES]. He said:

> Of course, it would be foolish for us to send arms to the continent if Russia were about to invade it.

Well, it would certainly seem to me foolish for us to send arms if Russia is not about to invade it. If Russia were about to attack any nation that would seem to me the only justification for arming that nation. The reason we armed Greece and Turkey was because we believed the Russians were about to attack them.

The junior Senator from New York proceeded:

> That would merely weaken us without creating any new possibility of formidable defense. If, however, there may be a few years before war would seem to Russian leaders to be a desirable alternative to their present methods, then we may have time to redress the military unbalance in Europe, and thus reduce the risk of future war.

So the Russians are to stand still while we redress the military unbalance in Europe, and build up a force which is equal to theirs, which therefore would be perfectly able to attack them, and perfectly able to take away from them any territory they may have today, short perhaps of Moscow, the citadel of their empire.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. TAFT. I will yield for one question only.

Mr. PEPPER. I should like to ask the able Senator from Ohio if he does not think that if the nations of western Europe are dependent upon the United States to help them in the future, and if they indicated any disposition to be aggressive upon their neighbors we would treat them the way we are probably going to treat Greece if she talks about invading some of her neighbors, in which event we would tell her that if she does that, it will mean that we are going to stop the aid we are now giving her?

Mr. TAFT. I say that the Russians may feel that this is the building up of an aggressive force which may attack Russia, and therefore the whole policy is far more likely to lead the Russians to change their policy of no military aggression into a policy of attack before these countries reach the point where they can be no longer attacked. It seems obvious to me that the mere statement of the situation is one which shows very clearly that it is one which is more likely to lead to war than it is to lead to peace.

Mr. President, it is the old armaments race. We have seen it before. We saw it between Germany and England before the First World War. We have seen it at various times in history. In nearly every case the building up of armaments has led somebody to go to war. Countries have increased their armament, they have built up their armies to the point where they have felt, as did the Kaiser, that they must use it. Sooner or later it has always in the past led to war, and I think such action is likely to lead to war today. I think it is completely inconsistent with the United Nations and with our obligations under the United Nations.

The United Nations Charter states clearly in article 1:

> The purposes of the United Nations are * * * to bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace.

It says further in article 2:

> All members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice are not endangered.

This is all from article 2:

> All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations.

The mere fact that the greatest Nation in the world arms a whole series of nations against another nation constitutes a threat. There is no question about the nation against which they are being armed. That in itself is a threat, and may well be so regarded. It is necessarily a threat, no matter how defensive we say the action is, to the territorial integrity of another nation.

Article 51 recognizes the possibility of collective defense. It says:

Nothing in the present charter shall impair the inherent right of individual or collective self-defense if an armed attack occurs against a member of the United Nations.

It seems to me that that very clearly refers to an attack which is actually made. If the United Nations fails to come to the defense of the nation attacked, article 51 recognizes the right of individual or collective self-defense. I certainly do not believe for a moment that it contemplates something entirely contrary to the spirit of the United Nations, such as the arming by one nation of half the other nations of the world against the remaining nations in the world. I think it is a step backward. I think we are entirely abandoning all the progressive steps we have made toward the ideals of peace. We are abandoning them simply because Russia has not gone along. Now we are turning back.

The bill itself seems to me to contain a purely hypocritical adherence to the United Nations.

It reads:

The Congress hereby finds that the efforts of the United States and other countries to promote peace and security in furtherance of the purposes of the Charter of the United Nations require additional measures of support.

Apparently these purposes now require that one nation arm a dozen other nations in the world against the remaining nations.

These measures include the furnishing of military assistance essential to enable the United States and other nations dedicated to the purposes and principles of the United Nations Charter to participate effectively in arrangements for individual and collective self-defense in support of those purposes and principles.

I think the bill contradicts itself on its face. I believe that the effort to show that it is a support for the United Nations is utterly vain, and that in fact it is a complete departure from all the principles which Congress has affirmed.

My difficulty with those who claim that anyone who opposes an international measure is an isolationist is that they seem to feel that no matter what is proposed, no matter how inconsistent it is with a previous international measure, any man who opposes it is necessarily opposed to international cooperation.

The program itself is on its face an ineffective program. Either these arms amount to nothing, or else they involve the expenditure of a tremendous sum of money, either by us or by the other nations.

Furthermore, once we give the arms, we cannot control them. We do not know what kind of government those countries are going to have. We do not know whether the Communists are going to control those governments. We do not know whether the governments are going to be controlled by people who will carry out their obligations under the North Atlantic Pact. The arms which we turn over may be used or may not be used. They may be captured by the Russians. It was suggested by the distinguished Senator from New York [Mr. DULLES] that, if they undertake to invade in the next year or two, they will be. On the whole, I think the program does no more than perhaps encourage those nations, and apply a kind of gadfly to the Russians which may lead them to attack.

But what about our own Nation, and its economy? I suppose that if we wanted to insure the security of the United States we could easily find a program on which we could spend $50,000,000,000 in this country. We were spending $100,000,000,000 a year during the war. If we want perfection, if we want to be sure that we will not be attacked, or that we can repel any attack, if we want absolute security, we can spend an unlimited amount. We can spend $50,000,000,000 here and $50,000,000,000 in Europe. We can spend $100,000,000,000 without any question, if we want to do it.

The difficulty is that we then make ourselves a military state. We then throw away all the other purposes of the establishment of the state. We impose such a burden on the people that they must abandon the purpose to improve our standard of living and build up the country. We must then devote ourselves 100 percent to the military program, just as we did during the actual course of the war. It seems to me that, if we do that, we abandon all the liberty which we have tried to establish in 160 years. Incidentally, we threaten the very economic progress which we have made, because we must then abandon a great many civilian activities in which we have been engaged. We must create an arbitrary condition in which people are no longer interested in finding new methods, new products, new processes, building new plants, and putting more people to work in civilian activities. All that must be subordinated to the military program.

So what we must do is to select. We must decide about how much we can afford for the various programs, and we must select the things which are best. We must exercise a selective process. We have selected certain things to be done. Today we are spending more than half our budget to meet the Russian threat. The estimated expense for national defense in the budget, which has now been somewhat changed, is $14,267,000,000; for international affairs, $6,708,000,000; for the atomic-energy program, which is for the most part devoted to the same war purposes, $725,000,000; or a total of $21,700,000,000. We are now devoting more than half our entire Federal budget to this problem. We have built up our total budget to the point where, with the other necessities, it requires an expenditure of about $11,000,000,000 on past wars, that is, on veterans and on interest on the public debt, and $9,000,000,000 for domestic purposes. We are spending more than half our budget on defense, and I believe that is the limit. When we balance all these things together, I think it is out of proportion compared with what we should properly spend on the general problem of defense. I believe that with less money we could be secure. Certainly it does not seem to me that we can go beyond the point indicated.

We have chosen two programs. First, we have chosen the program of building up our Army, and particularly our Air Force, so that this Nation may be as much protected as any nation can be, so that we will have as good a chance to control the air over other nations as we could possibly have without vastly greater expense.

The distinguished Senator from Florida [Mr. PEPPER] referred to the Joint Chiefs of Staff. What do they say? Are they willing to say that this new program is more important than the Army and Navy budget? No. They will not take a cent out of the Army and Navy budget to apply to this program. They say that the domestic arms program in its entirety is more important to the United States than is the military-assistance program abroad.

We have adopted another program, the ECA program, which is designed to attack the Russian attempt to spread communism. We have chosen that program, which now costs us about $6,700,000,000. I think we have made some cut in it. That program is based upon a theory which is entirely inconsistent with this new program. It is based upon building up the western European countries economically. It is based upon the theory that the most serious threat is not that of military attack by Russia. The distinguished Senator from New York [Mr. DULLES] and others seem to feel that there is not going to be a military attack from Russia, but they feel that the great threat is the spread of communism. So we adopted a program designed to build up the western European countries and restore their economy to such an extent that their soil will be less favorable to the spread of communism. We have succeeded in that effort to a very considerable extent. The purpose of that program is to improve the standard of living of those people, so that they may be happier, so that they may feel that the non-Communist system is successful.

Of course, the moment we embark upon this program, the moment we tell them, "You must arm yourselves to the teeth, and we will give you some of the money to do it," they must divert their means and production from civilian purposes to the construction of armaments. There is no question that that will directly nullify the entire ECA program. It is the old choice. Those people must choose between guns and butter. They cannot have both. The limit of their facilities, whatever it may be, they must apply to one or the other. All the nations of western Europe are spending something on arms; but I say that if a nation is not sufficiently interested in its own defense to be willing to reduce its standard of living to the extent necessary in order to spend money for arms, it will not be sufficiently interested to fight when the time comes.

Now we have gone somewhat further with this entire theory. Besides giving away $6,700,000,000, we now are also encouraging the nations of western Europe to devalue their currencies. Moreover,

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we are reducing our tariffs for them, so that they can more rapidly build themselves up economically. Our whole system is devoted, to a certain extent at the sacrifice of our own welfare, to building up the economies of those countries.

But now there comes along a program which is in almost exact contradiction of the ECA program. Are the ECA officials willing to give up 1 cent in order to apply it to the military-aid program? No, not they. So far as those who believe in that program are concerned and so far as the Administration is concerned, they say, "No." They say that every cent of the ECA program must be applied to that program, rather than to allow any of it to be used for this military-aid program.

Mr. President, the program under the proposal now pending before the Senate is a new program, one of contradiction to the other program. Furthermore, the program now proposed is one of untold possibilities in respect to spending. If we are to arm every country which may be attacked by Russia, we must not only arm the nations of Europe, but we must arm the nations of the Near East and also the nations of the Far East. In other words, there is no limit to the spending possibilities of this tremendous program.

I say we already are spending as much as we can afford to spend on foreign policy. If we enter upon additional spending programs, certainly we cannot be expected to abandon everything at home. To a certain extent we already have sacrificed certain of our home programs. We are now financing various welfare programs in England, at the same time that we are denying ourselves certain things, although of a different nature, that we would like to have in the welfare field. Today our taxes already have reached 25 percent of our national income. Such heavy taxes constitute a serious deterrent to our industries. We cannot maintain full employment and prosperity in our own Nation unless we have a constant increase in the production of goods in the United States, unless there is an incentive for our people to expand their plants and build new plants and develop new products and new methods, all of which have been the cause of the tremendous increase of production in the United States, as compared with the situation in other countries. Today we are the most prosperous Nation in the world because we have had a free economy and that economy has proceeded so well for the reason, among others, that we have not had the tremendous burden of taxation which has existed in other countries. In England, taxation has already reached approximately 38 percent of the national income, as compared with our taxation of approximately 25 percent of our national income, as of a year ago. Combined with the regulation of everything and everyone it has completely bogged down the English economy, until their representatives are here in the United States saying that England must have more help from us.

As I view the taxation situation in the United States, it has reached the point where we cannot increase the total tax burden, and therefore we cannot increase the total burden we are assuming today in our defense operations. If we increase our taxes, we will cripple and bog down the very economic machine which is producing the money which makes it possible for us to carry out this program. If we ever reach the point where we have large-scale unemployment in the United States, not only will we have to abandon this program, but we will also have to abandon the ECA program and everything else in the nature of help to Europe. We were able to undertake the ECA program only because we are such a tremendously wealthy state. But today we have reached the very limit of taxation, if we do not wish to go backward in the economic field.

So, Mr. President, not only does it seem to me that this program is completely wasteful, completely illogical, completely vain in respect to what it proposes to accomplish; not only does it seem to me that it is contrary to every principle we have formerly pursued in our policy in connection with the United Nations; but I also believe it to be a policy which is dangerous to the peace of the United States and the peace of the world.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Georgia [Mr. GEORGE] on page 18.

Mr. CONNALLY. Mr. President, I shall be glad to have time taken at this point by some Senator who will be allotted time by the other side.

Mr. GEORGE. Mr. President, I yield 10 minutes to the Senator from New Jersey [Mr. HENDRICKSON], and I may extend the time allotted to him if it is possible for us to do so.

Mr. HENDRICKSON. Mr. President, I rise to associate myself with the able and distinguished Members of this body who already have committed themselves to support the military-assistance program. In taking this position, I want it clearly understood that I reserve the right to support certain of the amendments which have been offered, and then to support the bill in its final form, either with or without the amendments. I have reached this conclusion with a troubled mind in which, I freely confess, there is still more than a shadow of doubt.

I shall not detain the Senate by stating the reasons for my apprehension. These I have previously expressed in my arguments in the debates on the extension of the European recovery program and on the North Atlantic Treaty. The basic factors are all the same.

At this time, in this brief summary of my convictions on the issue presently before the Senate, I shall reiterate two warnings I have already sounded: First, Can our economy afford it? Second, What next?

As to the first of these, I can only say and with regret, that when we voted on the North Atlantic Treaty it was too late to quarrel about the cost. As at Tehran, Yalta, and at Potsdam, we had been previously committed to the extent that "the horse was stolen," and it was too late to "lock the barn." But, Mr. President, when shall we learn that, after all, the Congress is at least morally responsible for these ill-conceived commitments? We in Congress are the people's representatives and we—especially those of us in the Senate—are charged with the constitutional duty of protecting them against such things. Certainly we cannot escape our responsibilities on the ground that the Executive is responsible for our foreign policy. It is true he makes it; but we of the Congress control the purse strings, and we should be consulted occasionally with respect to our ability to pay. It has been quite apparent in the past 17 years that the Chief Executive of our Government pays not the slightest attention to the will of Congress until his designs have been completed.

Of course, we can afford anything before we can afford a war. If the measure now before us will bring us peace, then it must be supported, whatever the cost. But is the military-aid program even a step toward peace?

That question brings me to my second warning: What next? From my point of view, this phase of the problem is most important, even more important than any steps which thus far in the history of the world have been taken in the interest of world peace.

In the speech which I made on the floor of the Senate on July 13 of this year, on the North Atlantic Treaty, I said:

> The only way I see, Mr. President, to escape the dilemma we are in and the economic ambush which awaits us now, is to find some way to put more power, decisive power, behind peace and freedom, while reducing considerably the cost in money, material, and men.

I conceded that this is a huge order, but, Mr. President, it must be attained if our national economy and our civilization are to survive.

As I see it, Mr. President, the problem we face is not merely military and political; it is also economic and moral. So we must tackle it, big as it is, as a whole. We have been trying to solve it piecemeal, by the extension of the European recovery program, by the North Atlantic Treaty, by military aid, and by the currency talks which have had so much publicity recently.

The military-aid program, like the Atlantic Pact, contains an excellent principle, but poor machinery to carry out this principle. The goal of helping our western European allies to become strong and self-sufficient, of enabling them to resist future aggression, is a goal toward which we all press. For this reason, for this great principle of collective security, I voted for the North Atlantic Pact and shall vote for the bill presently before us. But the machinery contained in the bill to implement this principle is, I feel, woefully inadequate.

We cannot hope to achieve an integrated mutual defense set-up for the Atlantic Pact nations if we dole out arms and equipment to a dozen separate governments. Nor can we hope to gain real security for ourselves and our Atlantic allies by a mere formalization and intensification of the armament race, which the military-aid program will bring about. History has certainly taught us

the bitter lesson that an armament race only has one end—war, sooner or later. If we are to avoid war, we must set our sights much higher than the military-aid program, which is only another half measure, still another stopgap. We must, and right now, face the fact that we cannot indefinitely bear the staggering burden of more and more arms, for ourselves and for Europe. We must devote our thoughts and our energies to providing a cure, rather than a palliative, for the problems that now beset the civilized world. Surely events have shown that in the North Atlantic community the political, military, economic, and moral problems are inextricably interrelated. To tackle these problems separately is to tackle them piecemeal and to achieve only costly palliatives.

Mr. President, there have been some five amendments offered to the pending legislation, three by the distinguished Senator from Georgia [Mr. GEORGE], one by the able Senator from Washington [Mr. MAGNUSON], and a dual-purpose amendment by the distinguished Senator from Alabama [Mr. SPARKMAN], in which the junior Senator from New Jersey is proud to be a cosponsor. It is the present intention of the junior Senator from New Jersey to support all of these amendments for the good and sufficient reason that they all establish safeguards which I deem to be essential. Indeed, it is my considered judgment that with these amendments the bill is greatly improved.

I shall not take the time of the Senate to discuss either the amendments of the senior Senator from Georgia or the amendments of the senior Senator from Washington—they speak for themselves. I do, however, want to discuss very briefly the amendment in which I have joined as a cosponsor. It is, as I have said, a dual-purpose amendment.

The fundamental objective of the amendment is to point out to the world that we do not regard the appropriation of arms to western Europe as an end in itself. Its purpose is to get us back on the track of planning and organizing for peace, rather than for war. In this amendment we reaffirm that our ultimate goal is still a United Nations capable of lifting the back-breaking load of the armament race and preventing aggression anywhere in the world. If the United Nations had even a chance of accomplishing this goal in its present form, we should not be confronted with the present military aid program. It is generally admitted, I think, that the United Nations Charter must be revised to the end that: First, the present paralyzing veto right with respect to the defined matters of aggression and armament for aggression may be eliminated, and second, that effective international control of atomic energy and world-wide quota limitation of production of heavy armament may be established with strict inspection enforcement provisions, and third, that an international police force with proper safeguards for national sovereignty may be established to suppress aggression anywhere in the Atlantic area.

But if such revision proves unattainable, our objective then should be, as the amendment points out, the extension of the principles of the Atlantic Pact into a world pact, open to all nations, with its own workable authority, based on the principle of enforceable law against aggression and preparation for aggression. Such a world pact must, of course, be backed by adequate force—and that means an international police force.

Having stated this general principle, the amendment would earmark part of the present military-aid funds, to start right now to implement this principle. It would say to western Europe that from 10 percent to 25 percent of the funds now appropriated are to be used only for a collective force, the nucleus of an international police force. This Atlantic police force would be composed of volunteers only from the smaller nations which cannot maintain effective forces of their own. It would be under control of the Atlantic Defense Committee, or of some other body set up for this purpose by the Atlantic Pact nations, in which the United States would naturally have a voice. The Atlantic police force would have the great advantage that it could be moved immediately in the event of aggression without waiting for the parliamentary debates of member states.

Naturally, the Atlantic police force by itself would not be strong enough to repel a determined attack from Soviet Russia. But it would be a dependable emergency defense force for the smaller nations, an auxiliary force for the larger pact nations in the event of armed attack, and a symbol of the united determination of the Atlantic Pact nations, as a collective entity, to resist aggression.

The amendment is, among other things, a move in the direction of economy. By organizing the resources of the smaller European nations into one collective force, their defensive strength would not only be immeasurably stronger than it is today, but some of the armament burden would be lifted from the shoulders of the American taxpayer.

But most important is the fact that this amendment would make an immediate start toward the goal of an international police force. We have talked about it for the last several decades. The United States Senate now has a chance to do something about it.

The Senator from Texas [Mr. CONNALLY] stated yesterday that the Atlantic Council and Defense Committee now being set up could set up this Atlantic police force without the necessity of writing it into the present bill. It is true that they could do it. But they would be much more likely to do it if the United States Congress said plainly that this is the way we would like to have at least part of our billions spent. We have, I believe, not only a right, but a duty, to do everything we can to see that our military aid is used in such a way that it provides the maximum security for ourselves and our European allies.

The American people I believe, are becoming increasingly convinced that something better than MAP must be worked out if the Western World is to remain free from war. There are scores of organizations of private citizens, calling on us, who represent them in Congress, to take the lead in building a far stronger international organization, through or within the United Nations. One of them is WOMAN—World Organization of Mothers of All Nations—which is under the chairmanship of Miss Dorothy Thompson and has its national headquarters in New Jersey. Only this morning I received a letter from Mrs. Jane Hayford, director of the group, commending me on my sponsorship of the present amendment. I believe that a great majority of the American people would look with favor on Senate initiative along these lines.

Mr. President, I hold that this amendment would make for a much stronger mutual-defense system for our North Atlantic nations. Certainly, it is not necessary to labor the point that the United Nations Charter needs revision which looks toward a world federation of nations. Nothing short of world government can adequately deal with the removal of the atomic threat or initiate a just and equitable program of world disarmament. By what name we call this system of international security, is unimportant. What is important, and indeed vital to the world, is that we provide a system of world law which will prevent man from destroying himself and all that he has labored to achieve down through the centuries of his existence.

The PRESIDENT pro tempore. The time of the Senator from New Jersey has expired.

Mr. HENDRICKSON. Mr. President, will the Senator from Georgia yield two more minutes?

Mr. GEORGE. I yield two more minutes.

Mr. HENDRICKSON. I thank the Senator.

The PRESIDENT pro tempore. The Senator is recognized for two more minutes.

Mr. HENDRICKSON. Mr. President, to continue with the present inept structure of the United Nations is only to repeat the errors which grew out of the League of Nations.

The Senator from Maryland [Mr. TYDINGS] said the other day that the present military-assistance program would give the United States the "most valuable weapon of all—time." This is true only if we use the precious days and months that we gain, to revise our concept of the United Nations and to make it a truly effective guardian of world peace. I can see no better time to do this than now.

I said on the floor of the Senate, on July 13, that if we continue to muddle on as we have through the past 3 years and continue to whittle along piecemeal with this problem, then we must run the risks that go with frustration, apathy, and despair.

Mr. President, there is no safe and easy way to attain a just and lasting peace. Its paths are long and arduous. They require the highest mettle with which men can be endowed. And so as I add my support to what I consider to be a mere time-saving device, I shall do so with the high hope that the Almighty may endow each of us with new vision,

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new courage, and the unconquerable will to see this effort through to something infinitely better—a world at peace under a union of free nations.

Mr. CONNALLY. Mr. President, I yield 20 minutes to the Senator from Illinois [Mr. LUCAS]. If he needs additional time, I shall be glad to yield it to him.

The PRESIDENT pro tempore. The Senator from Illinois is recognized for 20 minutes.

Mr. LUCAS. I thank the Senator from Texas.

Mr. CONNALLY. Mr. President, I make the point of no quorum.

The PRESIDING OFFICER (Mr. CHAPMAN in the chair. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CONNALLY. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded and that the calling of the roll be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Illinois may proceed.

Mr. LUCAS. Mr. President, I rise primarily to discuss the amendments offered by my distinguished and able colleague, the senior Senator from Georgia [Mr. GEORGE]. I always regret finding myself in opposition to any position which the Senator from Georgia takes. I have the deepest respect for his opinions, and I am frequently swayed to his point of view by the depth and logic of his arguments. On this occasion, however, I find that I cannot agree with my distinguished friend. I do not believe we can afford to take the risk of cutting in half the military assistance which is needed at this time to strengthen the existing forces of western Europe. We have recognized that the security of the United States depends upon the maintenance of free and independent nations in the world.

We know that we cannot survive as an independent and free society if we are totally surrounded by those who would take our freedom from us. We know that any nation exposed on all sides to the economic and military pressures of other nations, which would enslave it, cannot long survive.

By joining with 11 nations in the Atlantic Pact we have recognized that our immediate security depends upon the survival of the free nations of Europe. This bill before us is considered by the framers of our bipartisan foreign policy as absolutely necessary for the continuing independence of these nations and for our own security.

Mr. President, I digress momentarily to pay a tribute to the distinguished Senator from Texas [Mr. CONNALLY], the chairman of the Committee on Foreign Relations, and the distinguished Senator from Michigan [Mr. VANDENBERG], the ranking minority member. I should like also to commend the junior Senator from New York [Mr. DULLES]. These three Senators have been in the forefront for a great number of years in advancing what has seemed to me to be a progressive foreign policy in keeping with our position of leadership, which came to us as a result of a victory in World War II.

When I consider the tremendous amount of experience these Senators have gained throughout all these years by attending one conference after another throughout the world, associating themselves with our friends of democracy, and attempting to find the means to an ultimate successful and enduring peace, and when I take into consideration the knowledge of these distinguished Senators, along with the knowledge of our military experts, as to what is necessary in connection with the adventure in which we find ourselves, it is difficult for me, as a Member of the United States Senate, who cannot under any circumstances follow as closely our foreign relations as can these men whom I consider experts, to be swayed from following the course these gentlemen cut out for their country in connection with the pending measure.

Our foreign policy during recent years has been founded upon recognition of the fact that the defense of America lies in Europe. When we first gave aid to Turkey and Greece we began moving in the direction of a foreign policy unknown to this country before that time. That policy has been successful. Following that, we instituted the Marshall plan, which complemented our program of aid to Turkey and Greece. That, too, has been successful.

Mr. President, I like to refer to what Mr. Hoffman, of the ECA, said before the Committee on Appropriations with respect to the spending of money. I have made this statement before, and it is well to repeat it. I undertake to say that there is no man in America who is more interested in his country than is Mr. Hoffman, the great industrialist from the State of Michigan, who has a big pay roll to meet constantly in his automobile industry, an individual who probably pays more taxes than any Member of the Senate, an individual who is in the upper brackets so far as paying money into the Treasury of the United States is concerned. In his testimony before the committee, this great, patriotic American declared that he would rather see deficit financing in the United States at this particular time than to see the ECA program destroyed. I join in that declaration made by this patriotic citizen of Michigan. Certainly neither Mr. Hoffman nor the Senator from Illinois desires to see any deficit financing if we can keep from it. I am just as much interested in economy as is any other individual, but frequently arguments are made which seem to me to advocate false economy, so far as the future security and safety of this Nation are concerned.

I recall, Mr. President, that just before the end of the war admirals and generals testified before the committees in the Senate that the Japanese war would continue a year beyond the time when it really closed. It was estimated that it would cost $100,000,000,000 more before we would be able to bring the Japanese to their knees. It was only through the dropping of the bomb on Hiroshima and Nagasaki that the Japanese were forced to surrender before the time when the best military experts said victory could be won.

How much more was it estimated the war would cost before we could win the victory? The records show that it was estimated that it would cost another $100,000,000,000 to bring the Japanese to their knees. Would the taxpayers have objected to paying $100,000,000,000 more in order to win victory? Not at all. But here we are in this great reconstruction and rehabilitation period, following the war, attempting to bring something worth while to civilization throughout the earth. Yet there is a tendency to quibble, it seems to me, over a small amount of money.

I realize that there is a calculated risk in what we are doing, but what is the alternative? The alternative is to do nothing constructive—to go back into our isolation shell and build an iron rim around America and say, "Come on, boys, now we will meet you." That is exactly what such an attitude means.

By joining with the free nations of western Europe in the Atlantic Pact we declared to all the world that an attack upon the integrity of any nation in the North Atlantic area will be considered an attack upon the United States. We have agreed to join with these nations in mutually defending the North Atlantic area. The boundaries of this area are in the heart of Europe.

Our recognition of the plain fact that we must keep freedom alive if we shall survive ourselves, that our immediate security begins in Europe, mean nothing if we are not prepared to translate these convictions into action. By this military assistance bill we are taking that action, not for the purpose of carrying on an aggressive war, but for the purpose of telling any aggressor—and we know aggressors do exist in this world—that we are getting ready, in the event they attempt an aggressive war upon us, or upon any one of our allies in the mutual assistance pact into which we entered so solemnly not so long ago.

We cannot approve the principle of giving military assistance, and at the same time offer so little that there is no assistance at all.

I submit that this is the crucial issue raised in these amendments. No Senator who firmly believes in a program of military assistance can support these amendments unless he is fully convinced that the military defense of western Europe can be made secure with but half the aid which our Joint Chiefs of Staff consider a bare minimum.

It is my firm conviction that we cannot on the one hand affirm our belief in military assistance and on the other hand cut by one-half the assistance which our defense authorities believe is necessary.

Mr. President, I cannot take the judgment of United States Senators on what is necessary in the way of arms equipment to implement the pact, as much as I should like to. As I said a moment ago, I am bound to consider seriously the information which has been accumulated by those who formulated this program as well as the military authorities who have been schooled and trained as experts in our national defense in case of an attack by an aggressor. These mili-

tary authorities have done very well in the past, Mr. President. If we think back to World War I we will remember that Pershing and those who worked with him did a very effective piece of work. George Marshall was on Pershing's staff. Many of those who helped to win World War II are now our leaders. General Eisenhower, General Marshall, and General Bradley testified before the committee in behalf of the program represented by the bill before us. It would be quite difficult for me to question the judgment of those men upon this matter.

Mr. President, if Senators do not believe in any military aid at all they should not be in favor of these amendments. I undertake to say that if the Senate adopts the amendments offered by the distinguished Senator from Georgia, we shall have put the plow into the field and our hands to the plow. Yesterday the Senator from Virginia [Mr. BYRD] said we were committing ourselves to a program of 20 years, during which we must appropriate for armaments for these foreign countries, and the distinguished Senator from Georgia [Mr. GEORGE] made the following statement:

> That is the vital mistake which we are making, going all out on a long-term commitment. I say with great respect for my good friend from Michigan [Mr. VANDENBERG] that at least by implication it is a commitment over a long period of time.

These Senators should not try to cut this program in two. If these Senators are opposed to long commitments they should be against the bill in its entirety; they should not attempt to trim the amount by one-half, because if we begin with one-half a billion dollars, as suggested by the able Senator from Georgia, we would have to put our hands to the plow. By approving a program of only one-half the necessary assistance, we are committing America to supply the needs of foreign nations just as much as we would if we appropriated $1,000,000,000. There can be no question about that.

Mr. President, let us examine the military aid which the bill provides. It goes no farther than supplying the minimum needs for arming the existing and authorized forces in western Europe. If there is to be an integrated defense force in Europe, this minimum amount of aid must be given. Any plan for the defense of western Europe must include, as one of its main components, provision for the effective use of the land forces now in existence in France and in her neighboring countries.

General Bradley, in his testimony on the bill, pointed out that any tactical organization for the defense of the North Atlantic requires the strengthening of the land forces in Europe. The United States and Great Britain in such a plan would provide the naval and air power. The countries of western Europe must contribute to the defense of the North Atlantic area through the use of land troops.

Our Joint Chiefs of Staff, in consultation with the military authorities of western Europe, have thoroughly screened the requirements for the putting of these forces on an adequate military footing. Some of the supplies needed by these countries are immediately available in this country. Other essential supplies must be manufactured.

The amendments, by cutting the cash appropriation, would seriously reduce the amount of aid which we could give to these countries immediately. By cutting the contract authority by more than one-half, the amendments would drastically curtail the military assistance which we are planning to deliver in the future. It is easy to see the immediate and long-range affects of this proposal.

Let me emphasize that the cutting of these authorizations by one-half does not simply mean that the effectiveness of the military program in western Europe will be reduced by merely one-half. The supplies which we will furnish under this bill are vital to the effective operation of the whole defense program of western Europe. The cutting of our aid by 50 percent might very well result in the withholding of materials and supplies essential to the whole program. We might by our actions destroy the entire plan of defense.

Assuming that we believe in the principle of military aid, we could still support the amendments if we believed that our Joint Chiefs of Staff, after thorough study, overestimated the immediate needs of Europe by a full 50 percent. We might justify our support of the amendments if we disagreed with the tactical plans of our military experts for the defense of Europe, and concluded for ourselves that there was no need to strengthen their existing land forces.

I cannot indulge in either of these groundless assumptions. I cannot accept the proposition that our military experts and the military authorities of Europe have erred so largely in measuring the defense needs of these countries. I cannot assume that these same experts may have erred in placing considerable dependence upon the ground forces of western Europe.

Of course, we could support the amendments on the grounds that we must economize regardless of the military needs for the defense of the North Atlantic. I cannot subscribe to this view. The survival of free institutions and our very security are at stake, or we would not have entered the North Atlantic Pact.

The military aid program will permit the countries of western Europe to meet swiftly and successfully any internal revolution intended to destroy their free institutions. There are plenty of Communists in France and Italy and some other countries we seek to help. Under this program there will be removed all dangers of the repetition in other European countries of the events that occurred in Czechoslovakia and Poland and which nearly occurred in Italy and France. No nation in the history of the world has ever accepted communism in a free election. It can only come about by invasion or internal revolution. The military assistance program is insurance against both.

Mr. President, the question which presents itself forcibly to me is whether or not the cutting in half of the appropriation, as suggested by the able Senator from Georgia, is the proper thing to do, and I cannot make up my mind that it is. I recall to mind a statement of our former Secretary of State, General Marshall, when he pointed out in his testimony on this bill—I want Senators to listen to this, for it is important—that a hundred million dollars expended in time might save billions later.

Mr. President, I believe that. I believe that the expenditure of the proper amount of money at this time will not only obviate the spending of billions of dollars later, but it may also save American lives.

There are those also who argue that we can safely afford to reduce our aid because they sincerely believe that there is no immediate threat to the peace of the world.

I would never be willing to accept this broad risk. We know that there has been no real peace since the close of the last war. We have seen all the efforts of the United Nations to bring about disarmament and the international control of atomic energy blocked by others. We have seen many free peoples lose their liberties. We are aware of the constant pressures that are being brought against Iran and Turkey. We know that there is loose again in the world forces determined to destroy the liberties of free people. We have no assurance that they may not be turned upon the countries of western Europe still weak from the last war. The fact that there has been no direct invasion of these countries from outside is not a sound basis for concluding that there may never be.

We must recognize the precarious state of the world today and take the steps which we believe necessary to meet any eventuality.

I cannot help but believe that the implementation of the Atlantic Pact, through the adoption of the measure which is now pending before the United States Senate, will form another constructive link in the chain of foreign policy which has been forged on a bipartisan basis during the last 6 or 8 years.

We have reached the point where we cannot turn back. The mantle of world leadership is on our shoulders, whether we like it or not. Under no circumstances can we forsake the Marshall plan. Under no circumstances can we repudiate the commitments which have been made as a result of our international obligations to our friends, the western democracies. Having approved the Atlantic Pact, we must now implement that pact with military aid. In my judgment we must go through with the commitments we made in that pact.

I do not agree that we are committed to a period of 20 years of arming the nations of western Europe. We may have to give them more in time to come, but I am satisfied that every step we have taken in our foreign policy up to now has had a detrimental effect upon the expansion of Russia and her atheistic doctrine of communism, which attemps to spread its poisonous tentacles throughout the world. We have the Kremlin stopped. We have communism

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stopped in its tracks for the moment so far as Europe is concerned. We ought to keep it there. But just as surely as we start down the road in the opposite direction, we give aid and comfort to Stalin and his crowd in Russia. That is exactly what they want.

Mr. President, with the utmost respect for my good friend from Georgia, I sincerely hope that his amendments will be defeated.

Mr. CONNALLY. Mr. President, I yield 7 minutes to the Senator from New York [Mr. DULLES].

Mr. FERGUSON. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I have yielded to the Senator from New York.

Mr. FERGUSON. I wonder if the Senator will yield in order that I may submit certain amendments.

Mr. CONNALLY. It is not necessary for me to yield. The Senator can submit his amendments without my yielding to him.

Mr. FERGUSON. Mr. President, I submit two amendments, one on page 18, line 23, and the other on page 19, line 12.

Mr. CONNALLY. Mr. President, are these the same amendments which the Senator has heretofore discussed?

Mr. FERGUSON. Yes.

Mr. President, I ask unanimous consent that the amendments be printed in the RECORD at this point.

The PRESIDING OFFICER. The amendments will be received, ordered to lie on the table, and be printed, and also printed in the RECORD.

The amendments intended to be proposed by Mr. FERGUSON are as follows:

On page 18, line 23, beginning with the word "the recommendations of", strike out all down to and including the period in line 8 on page 19 and insert in lieu thereof the following: "recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty. The recommendations to which the President may agree shall be limited, so far as expenditures by the United States are concerned, entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority."

On page 19, line 12, after the word "him" and before the comma, to insert "in an appropriation act."

On page 19, line 19, after the period insert the following: "No contract authority which may be granted pursuant to the provisions of this section shall be exercised by the President until such time as he has agreed to recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty."

Mr. FERGUSON. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an explanation of the two amendments which I have submitted.

Mr. CONNALLY. Mr. President, I have not yielded for that purpose.

Mr. FERGUSON. I merely wished to insert in the RECORD my remarks on the amendments, so that there will be an explanation in the RECORD, and it will become part of the legislative history, as though I had delivered the remarks on the floor of the Senate.

Mr. CONNALLY. That is a violation of the rule. The Senator can put the material in the RECORD in the nature of a statement. The rule of the Senate prohibits him from placing anything in the RECORD which he did not say as though he had said it. I have no objection to inserting the statement in the RECORD as a statement, but that is the rule of the Senate.

Mr. FERGUSON. I had asked unanimous consent that the explanation be made a part of the legislative history.

Mr. CONNALLY. I have been very generous with the Senator. I am going to accept his amendment. I do not want to kill time chewing on it when we are going to accept it.

Mr. FERGUSON. Then, Mr. President, I ask unanimous consent that the explanatory statements which I have prepared be printed in the RECORD at this point as statements.

Mr. CONNALLY. I have no objection.

Mr. FERGUSON. Later I shall ask the Senator from Georgia for a minute or two.

Mr. GEORGE. Mr. President, I shall be glad to give the Senator as much time as I can. I am very limited now, however.

There being no objection, the statements submitted by Mr. FERGUSON were ordered to be printed in the RECORD, as follows:

Mr. President, I offer another amendment which is intended merely to clear up a possible ambiguity in the language in section 103 at page 19, line 12, which states that the President may enter into contracts "within the limits of specific authority which may be hereafter granted to him."

It is understood that the anticipated authorization would be that contained in an appropriation measure. Because of the confusion which exists in the Senate with respect to legislation in an appropriation bill, there is reason to fear that such authorization, when offered, might be made subject to a point of order.

To remove any possibility that a point of order might be raised against the authorization the proposed amendment would specifically anticipate it and regularize it as in an appropriation act.

Many persons sympathetic to the need for military assistance to North Atlantic Pact nations have conditioned their support of such a program upon the establishment of integrated mutual defense plans.

May 13, before the Ohio State Bar Association, I said:

"I am not opposed (either) to the arms assistance which collaboration under the pact foreshadows. My only reservation in that respect is that such arms assistance must conform to a basic plan which will assure the greatest and most efficient security to our own national defense. * * * The arms assistance feature of the pact, under the pledge in article 3 of 'continuous and effective self-help and mutual aid' is merely our declaration of how we shall implement the basic announcement of policy. The details and the mode of that implementation must be left solely to the people of the United States through Congress, and any determination on details and method must be in the light of national security. In that determination we must seek the advice of our authorities on national defense strategy and tactics."

July 13, on the Senate floor in debate on North Atlantic Pact ratification, I said:

"In the light of experience under the European recovery program it is fair to inquire rather pointedly, at the outset, into the pact's provision, in article 3, for developing a 'collective capacity to resist armed attack.' Does this mean the pact will be used merely to saddle the American taxpayer with the cost of developing the individual capacity of England to resist, of France to resist, of Belgium, Holland, and Norway to resist? Or will there truly be a common defense which should result in very considerable economies since under those circumstances the substantial navy, air force, and armament of England, France, and the other countries would become a part of the common defense. If it is honestly planned and expected to develop a common defense under the Atlantic Pact this fact can be shown by indicating that on net balance, after some added costs in Europe, there will be a saving in the budget for our Military Establishment. I take the view that the ratification of the pact and the implementation of arms or aid under it are separate and the vote on one does not require a vote on the other."

It has been a disappointment to those who believe arms assistance should be conditioned upon the drafting of comprehensive plans for mutual defense to find that the bill provides for assistance if it merely promotes or facilitates plans for mutual defense.

Section 101 of the bill provides that any assistance to the North Atlantic Treaty nations shall be subject to agreements "designed to assure that the assistance will be used to promote an integrated defense of the North Atlantic area and to facilitate the development of defense plans by the Council and the Defense Committee under article 9 of the North Atlantic Treaty" (p. 18, lines 4–10).

These are the conditions of the aid which are referred to throughout the committee report, the key words being "promote" and "facilitate."

Section 102 of the bill provides that $100,000,000 shall be available to the President for purposes of this title immediately upon appropriation. This aid would be subject only to the conditions specified in section 101. Another $400,000,000 is subject to a condition that it become available "when the President * * * agrees to the recommendations of the Council and the Defense Committee * * * that the obligation and expenditure of such sums for the purposes of this act will promote an integrated defense of the North Atlantic area and will facilitate the development of defense plans by the Council and the Defense Committee (pp. 18–19, lines 22–26).

Section 103 has to do with the $500,000,000 in contract authority and even the condition in section 102, with respect to the President's agreement to Council and Defense Committee recommendations that such aid will promote an integrated defense and facilitate the development of defense plans is omitted here, although it has been submitted that the conditions set forth in section 102 would apply by construction.

The distinction between the availability of assistance under projected defense plans and under actual integrated defense plans is underscored by language which in fact suggests that it might be advantageous not to evolve concrete plans because aid then would be positively restricted to the provisions of the plans.

Section 101 contains language which states "and after the agreement by the Government of the United States with defense plans as recommended by the Council and the Defense Committee, military assistance hereunder shall be furnished only in accordance therewith" (p. 18, lines 10–14).

It has been the contention of some spokesmen for this bill that aid, other than the initial $100,000,000, is conditional upon the

formulation of comprehensive plans. However, the language itself so clearly suggests a contrary conclusion, as I have pointed out in the citations just read, that I believe amendatory language is in order.

Accordingly, I have had drafted and now offer amendments to sections 102 and 103 which clarify the conditions under which the $400,000,000 and the contract authority, if appropriated, may be used by the President.

The amendments which I offer modify section 102 with respect to cash authority and section 103 with respect to contract authority, so that the President shall make the aid available only after he has agreed to recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty.

By these amendments a truly integrated defense is brought into the foreground as the objective of the arms aid program. There is no requirement that integrated defense plans shall be complete and final in their details before the President may extend the bulk of our aid. That might result in needless and dangerous delay. But at the same time there is an avoidance of such vague terms as "promote" and "facilitate," which terms are quite apart from any actual realization of our intention to set up an integrated mutual defense under the North Atlantic Treaty and under this act.

Mr. DULLES. Mr. President, I address myself first for a moment to the amendment which has been submitted by the distinguished Senator from Michigan [Mr. FERGUSON] and accepted by the distinguished chairman of our Foreign Relations Committee. There was colloquy with me yesterday about the language of section 102. I stated then that I thought the drafting was inartistic. I believe that the amendment now proposed clarifies an ambiguity. It makes it clear that the $400,000,000 dealt with by section 102 shall not become available until the Council and the Defense Committee have recommended an integral defense plan and the President has agreed to that plan.

I take it that that does not mean that there must be a final plan in all its details. Obviously, any plans are flexible. We start them gradually, and no one can say when they come to an end. But I take it that it does mean that the principle of an integrated defense must be agreed to, not merely as a theoretical ideal, but as something which will effectively assure that integration will be the basis for the defense plans to be elaborated over the coming years.

Second, I wish to comment upon a statement made yesterday by the distinguished Senator from Georgia [Mr. GEORGE] with reference to Germany. At that time he said:

> Germany alone can give security to western Europe.

That is a statement which, perhaps, as a long-range proposition has merit. But I believe, and I have made clear in the statements I have already made, that I favor this arms program because it seems to me to be the indispensable means of paving the way for bringing back Germany into the family of the western nations. That cannot be done instantly. The record of Germany is too evil, as the Senator from Georgia admitted. Germany has been guilty of too much aggression. There has been too much persecution of religious groups, Jews, Catholics, and Protestants, and it cannot be expected that a weak western Europe which has been subjected to that aggression, which has witnessed that persecution, will now bring Germany back as an equal or superior in military strength.

The first essential to our establishing a western Europe in which Germany will play a decent part is to strengthen the free nations of Europe which have been Germany's victims. That is why I believe that the first thing to do is to rebuild the strength of such continental countries as France, Belgium, and Holland. That is what this bill proposes. The other thing can come along in due course. But we cannot expect those countries to bring into unity with them a Germany which will be more powerful than they are. For a time Germany must be on probation. Let us strengthen first the victims of Germany's aggression, and not Germany herself.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. DULLES. I yield.

Mr. GEORGE. If the Senator will pardon me, I do not wish to take any of his time. I definitely stated that it could not be expected that certain of the nations of western Europe would take Germany back now unless they could be reassured by our positive, definite commitment under the North Atlantic Treaty, that we would prevent aggression on the part of Germany.

Mr. DULLES. The point I was trying to make was that in my opinion it is not enough to say to the peoples of western Europe, "If Germany is guilty of aggression again, we will protect you," and on the basis of that statement build up the military strength of Germany. I believe that the first step, if we are going to build up military strength at all, is not to start by building up military strength in Germany, but to start by building up strength in the nations which have been subjected to aggression by Germany. Then it can be expected that later a second step will come, if, as I devoutly hope, the Germans are regenerated.

Mr. GEORGE. I do not think I am in disagreement with the able Senator.

Mr. DULLES. I am very glad that we are in agreement on that point.

The third point I wish to make is with respect to the question of economy, which has been discussed in great detail, and to which great weight has been given by many Senators. I am in thorough agreement as to the necessity for further governmental economy. I am not in agreement with the proposition that any of these things justify deficit financing. But I have been for this program, and am for this program, because if it is properly handled it can be the greatest economy measure which this country has ever adopted. I have repeatedly stated that if we can build the resources of 350,000,000 people into an integrated defense, that will make defense far less expensive than if each of those countries has to do it alone. This program is talked about as though it would have us give away something in ways which will not help us. Of course, the plan could be mishandled that way; but in view of the amendments which already are to be found in the bill before us and the clarifying amendment now proposed by the distinguished junior Senator from Michigan [Mr. FERGUSON] it seems to me we have made it clear that this money is to be spent only for an integrated defense which will be of as much value to the United States as it will be to any other country.

Mr. President, the pending measure is one for our protection. If this measure accomplishes its purpose, it should enable us to reduce greatly our national-defense expenditures, because we shall have built, on the foundation of 350,000,000 people, an integrated, common defense which will be more effective, less costly, than any defense we can build by ourselves.

So it seems to me that the argument which is made against the pending measure is similar to one which might be made by the people of the State of New York in saying, "We do not want to contribute any longer what we now are contributing for national defense"—which I think is over $3,000,000,000 now—"because not as much as $3,000,000,000 is being spent for national defense in the State of New York." Mr. President, I think nothing approaching $3,000,000,000 per annum is being spent for the distinctive defense in the State of New York, but the people of New York are glad to contribute for the common defense, knowing that wherever the instrumentalities for that common defense are physically located, it will be far better and cheaper for the people of New York to have that strong common defense to which others contribute than for them to build, solely on their own use, their own defense.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. CONNALLY. Mr. President, I said I would accept the so-called Ferguson amendment, to which the Senator from New York [Mr. DULLES] has adverted. By that, I do not mean that I believe in every word that is in the Ferguson amendment or that I believe it should be construed as implying that nothing can be done until the President approves every little detail of the integrated plan, because that would require months. My agreement is limited to the general plan, and not to all details of it. I do agree to the requirement that the President must agree to the integrated plan as outlined by the Council and the Defense Committee and by our own national defense officers. It may be necessary to review the matter in conference. I wish to make that point clear in regard to my view.

Mr. GEORGE. Mr. President, I yield 10 minutes to the Senator from Nevada [Mr. MALONE].

ARMS FOR EUROPE

Mr. MALONE. Mr. President, we have thus far committed ourselves to an expenditure of more than $21,000,000,000 for war during this fiscal year. There is a definite limit to the ability of our people to pay. The Congress of the United States is responsible to the people of the United States for the taxes collected and expended, for whatever purpose they are used.

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Many persons believe we have reached the point where the law of diminishing returns has taken over, and that in the future the higher our taxes, the less tax revenues we shall collect, unless we go into greater inflation.

Mr. President, we are fully cognizant of the fact that we went approximately $2,000,000,000 in the red last year, and that we are going in the red this year at the rate of more than $1,000,000,000 a month. Many persons believe we shall be $15,000,000,000 in the red as a result of the appropriations already made during the present fiscal year.

The amount of money requested in connection with the pending measure is insufficient for any kind of a good job in arming Europe against Russia.

PROGRAM WEIGHED TOGETHER

We must weigh the entire program of the State Department and the executive branch of the Government as announced and outlined and, as far as we can guess, any secret agreements and commitments, which have become customary and commonplace without consulting Congress.

THE INTERNATIONAL CONFERENCE AND SECRET AGREEMENTS

The international conference recently held between representatives of the United States, Canada, and England, was a smokescreen to obscure the importance of the extension of the 1934 Trade Agreements Act, supporting the free-trade policy established by the State Department, then on the Senate floor.

CONGRESS ALWAYS BEHIND EXECUTIVE DEPARTMENT

It seems that we in Congress are always several steps behind the State Department and the executive branch of our Government. We are discussing something that has been agreed upon by the State Department months ago.

In the opinion of many informed people, several additional commitments were made at the international conference, including the following:

First. An agreement with our State Department, without reference to the Congress of the United States, that the ECA agreement and the English loan agreement might be violated to the extent of allowing England to buy wheat from Canada. It is also believed that such agreement might have extended far beyond the purchase of wheat by England and far beyond the purchase of such supplies by England from Canada. Regardless of the provisions of the law passed by Congress, the State Department makes any changes they care to without referring the matter in any way to the legislative arm of the Government, but completely bypasses it.

Second. It is believed that that international conference between the United States, Canada, and England also included an agreement to the effect that we will contract to purchase, over a term of years, strategic and critical minerals and materials from England at a price higher than the market price, and that that agreement applies to tin, manganese, chromite, copra, hemp, and many other articles produced in these English-controlled Far East and African areas which we could secure in South America, when in an emergency the sources of such materials could be defended.

However, apparently we have agreed to abandon such South American sources for those minerals and materials. Does anyone believe we would be able to defend the areas where England will produce those materials or will allow them to be produced, places located for the most part in the Far East or in Africa?

Third. It is believed by many informed people that the agreements at the recent international conference also included an agreement that the United States dollar will be devalued, probably within a year, by means of raising the price of gold from $35 per ounce up to $54 to $70 an ounce, but that in the meantime England will be allowed to purchase a large amount of our gold supply at the $35-an-ounce price, using Marshall plan dollars and ECA dollars in order to profit by the raise in price.

Mr. President, few persons realize that the ECA nations can use the dollars we give them under the Marshall plan to buy our gold, and that the gold will be delivered to them. American citizens cannot do that, of course. A great many persons believe that such commitments have been made; and our own acts in Congress—including excess appropriations driving the real value of the dollar down and costs up—may have made such action necessary.

Fourth. It is believed that as a result of the recent international conference it has been agreed that we will take over a large part of England's wartime obligations in the pound sterling countries, amounting altogether to approximately $13,500,000,000, as well as certain carrying charges in keeping various countries within the sterling-bloc area. That includes such nations as India.

I discussed this matter with Mr. Nehru at some length on the occasion of my inspection of India late in 1948. India has wartime credits of approximately seven or eight hundred million pounds. India has been allowed by England to trade out that credit at the rate of approximately 10 percent a year, or seventy or eighty million pounds a year, or at least the year of my inspection. Under the suspected agreement, we shall inherit that situation. Of course, it applies to many other sterling-bloc nations, in addition to India; the same principle, different only in the degree of its application, will apply to many other nations. Another way to siphon money out of the United States Treasury.

Fifth. It is believed by many persons that at that international conference it was agreed that in devaluing the pound sterling, the Bank of England would retain control of exchanges as they obviously have, and that the use of licenses, quotas, embargoes, and so forth, against the selling of our products within that area may be continued, and that the pound may still have a fixed value, instead of being freely interchangeable on the markets of the world in terms of the American dollar so that it is still a controlled currency.

In other words, under such an arrangement we do not yet have an American dollar standard with freely convertible foreign currencies as is necessary if the pound, franc, guilder, and so forth, is to be used for the purchase of goods in this country.

Sixth. It is believed by many persons that at that international conference we have apparently agreed with England to abandon China to the Communists, and to follow England in her recognition of the Communist Government of China in order to save England's trade foothold in Hong Kong so she may continue her trading with Russia in the European area and with communistic Asia in the western Pacific.

Mr. President, I shall not attempt to discuss these matters in detail at this time, but I intend to discuss them fully at an early date.

SAD EXPERIENCE TEACHES US TO INSPECT THE FIELD OF PLANS

We have learned from sad experience that we cannot take separately the European plans which are being handed to us periodically; that each one has a significance in connection with the others; and that all of them lead to a definite objective, namely, a division of the markets of the United States with the other nations of the world, and in the meantime having the United States make up, each year, in cash, the trade-balance deficits of all the European nations—in other words, slowly reducing our standard of living to the level of the standards of living of the other nations of the world.

We have definitely abandoned the workingmen of America and the investors of this Nation.

PAST PLAN FAILURES TO DO THE JOB

Of course, Mr. President, UNRRA, the International Fund, the World Bank, and the Import-Export Bank were supposed to stabilize the currencies of the world so as to make them interchangeable and to have them based upon sound interchangeable currency. All those plans have been advanced to us by the nations of Europe.

The same is true of the British loan of $3,750,000,000; the Marshall plan in 1948; the ECA plan in 1949; the 1934 Trade Agreements Act, as extended from time to time, now known as the Trade Agreements Act of 1949; and the International Trade Organization, which would include 58 nations, with 58 votes, to which we would assign all our rights to fixed tariffs and import fees for the protection of the workingmen of the United States and the protection of United States investments from the low-wage living standards of the other nations of the world. The Vandenberg resolutions were advanced late in 1948, leading to the North Atlantic Pact in 1949, and now the proposed appropriations for arms for Europe, which is the forerunner of sending our boys and girls to Europe.

DIVISION OF OUR MARKETS—ALL EUROPEAN PLANS

All of these plans have been advanced from Europe—they are not American made and only lead to one great objective and that is the division of the markets which is the basis of the income of this Nation and to level our living standards with that of the world.

We are asked again on the Senate floor for a bipartisan vote to support the arms program. I say again that we cannot have a bipartisan foreign policy until we have a foreign policy that stops at the water's edge.

BIPARTISAN POLICY MYTH

Mr. President, I come now to something which has haunted the Senate ever since I have been a Member of it—the bipartisan policy myth.

There can be no bipartisan foreign policy, first, until there is a foreign policy that stops at the water's edge.

This evident truth was first laid down by the late Senator Carter Glass, of Virginia, when he stated in 1941 that the foreign policy should stop at the water's edge. James F. Byrnes, a former Secretary of State, supported Senator Glass in his pronouncement that the foreign policy should in no way be connected with the domestic economy.

It will be remembered that the Republican conference at Mackinac Island held during the summer of 1941 formally established the principle that the domestic economy policy and the foreign policy must be two separate subjects, and that the State Department should have nothing whatever to do with forming the Nation's economic policy.

However, the present Secretary of State has tied the two together, as witnessed by the testimony of Willard H. Thorp, Assistant Secretary of State, when he appeared before the Ways and Means Committee of the House in January of this year in support of the 3-year extension of the 1934 Trade Agreements Act—selective free trade—just extended by the Senate, when he said:

First. The European recovery program—Marshall plan or ECA—extends immediate assistance on a short-term basis to put the European countries back on their feet.

Second. The 1934 trade-agreements program is an integral part of our overall program for world economic recovery.

Third. The International Trade Organization, upon which Congress will soon be asked to take favorable action provides a long-term mechanism—each part of this program is important. Each contributes to an effective and consistent whole.

Mr. President, the State Department has tied the domestic economy of this Nation to the foreign policy. Yet we have men on the floor of the Senate who still speak of the bipartisan policy.

It definitely places the workingmen of America and the investments of this Nation in direct competition with the low-wage living standards and the slave labor in Europe.

Mr. President, the State Department has tied the domestic economy of this Nation to the foreign policy and would level our national economy with the foreign nations of the world, and yet we have Senators on the floor of the Senate who will speak of a bipartisan policy.

ARMING OF EUROPE—TWENTY TO ONE HUNDRED BILLION DOLLARS

We now come to the proposed arming of Europe. Of course, it is generally conceded that Russia can take Europe in 30 to 60 days, and to prevent it we must outbuild Russia's ground forces.

The only protection that either the countries of Europe or ourselves have is our national defense organization—to the area important to our ultimate peace and safety.

Mr. President, if we do not have a properly set-up defense organization in this country, we have nothing. A great French general, M. Maurice Pottche, who is the head of the French delegation of the United Nations military staff in New York now, says it will cost $100,000,000,000 over a period of years to arm Europe so we can have any kind of defense assurance at all.

The PRESIDING OFFICER. The time of the Senator from Nevada has expired.

Mr. MALONE. Mr. President, will the Senator from Georgia yield about 3 minutes more?

Mr. GEORGE. The time is exceedingly limited. I shall be glad to yield 2 minutes more to the Senator.

Mr. MALONE. I thank the Senator.

Mr. President, no one with whom I have discussed the matter believes that less than $20,000,000,000 to $25,000,000,000 over a 5-year period will even approach the arming of Europe.

VANDENBERG RESOLUTIONS—NORTH ATLANTIC PACT—ARMS FOR EUROPE AND SOLDIERS TO EUROPE

As I said in the debate on the North Atlantic Pact, first we had the Vandenberg resolution late in 1948, which I debated with the senior Senator from Michigan on the floor of the Senate on June 11, 1948. They led to the North Atlantic Pact, Mr. President.

The North Atlantic Pact leads to arms for Europe, the subject of the debate today, and then to the boys and girls going to Europe to use them.

THE INTERNATIONAL COMMODITY CLEARING-HOUSE

I merely want to touch on that for a minute, because it is something that first broke in the news today. Every day a new European plan—all out of Uncle Sam's pocket. Let me read only part of an editorial which appears in the New York Journal of Commerce. It says:

Creation of a $5,000,000,000 international commodity clearinghouse for the purpose of moving surplus agricultural products into world-wide consumption has been proposed to the 58 member nations of the Food and Agricultural Organization of the United Nations by its Director General N. E. Dodd.

This is easily the most ambitious attempt yet made to dethrone the law of supply and demand on an international scale and tops even Henry Wallace's original program of milk for the Hottentots.

It is an admission that, as a result of national programs to raise agricultural prices, world farm production is now headed toward surpluses that soon may prove unmanageable in the principal surplus countries. And that, of course, means first of all us, spelled either in capital or in small letters.

It is an alarming commentary on the drift of economic policy today that, almost as a matter of course, a mechanism is to be set in motion that would completely block the functioning of economic forces in bringing about necessary agricultural adjustments. That is the meaning of the proposed extension of domestic farm supports to more grandiose international support schemes. The new organization, says yesterday's official release, "is intended to permit surplus-producing countries to keep output of agricultural commodities at high levels without resort to restrictive measures, destruction of crops, or dumping devices."

Under such a system one of two things is bound to happen sooner or later, and probably it will be sooner. The Organization's funds will either be frozen in the form of unsalable farm surpluses or in the form of inconvertible currencies.

In either case it can only be a question of time before somebody will have to bail ICCH out. And who else could that be but the United States? So why not call a spade a spade and admit that we are to be inveigled into taking on an added international burden and one that is to be carried into the post-ECA era.

No doubt, a lot of thought has been given to this proposal by the planning experts in the various countries. Yet nobody seems to have noted the glaring contradiction between this scheme and the European recovery plan.

ECA keeps on telling western European countries that they must increase their farm production so that fewer dollars will have to be spent in the future for food imports. Now comes the proposed international commodity clearing house and says that food-importing countries should not strive for what it calls uneconomic self-sufficiency and promises them that, even after the end of ECA, they will be able to buy all the foodstuffs they need with their own currencies, regardless of whether or not these still are inconvertible then.

This seems to us not only a dangerously defeatist attitude but one which tries to commit the United States to additional charity by the back door. Congress should look into this soon and carefully. We thoroughly distrust the hurry with which the UN food organization's high command is trying to rush this proposal through.

Mr. President, I ask to have parts of the New York Times dispatch of September 22, 1949, included in the RECORD, to save time. As usual, we would put up 40 percent of the $5,000,000,000 immediately, with other nations putting up 60 percent, on paper, but actually we will put it all up for the very simple reason that no one else has any money to put in the pot.

The PRESIDING OFFICER. Is there objection to the request?

There being no objection, the excerpts from the dispatch were ordered to be printed in the RECORD, as follows:

FAO ACTS TO SPREAD SURPLUSES OF FOOD—ASKS CREATION OF FIVE-BILLION AGENCY TO DIVERT THEM TO SOFT-CURRENCY COUNTRIES

(By Bess Furman)

WASHINGTON, September 21.—An international commodity clearing house to channel agricultural surpluses, already a serious problem in the hard-currency areas, into the soft-currency deficit countries was proposed to the world today by the Food and Agriculture Organization of the United Nations.

Based on 6 weeks of conference by six international economic experts at FAO headquarters here, this proposal for an entirely new coordinating factor in world trade was made on the responsibility of the Director General of FAO as instructed by the June FAO Council meeting in Paris.

The clearing house would be an action agency of FAO. In a foreword to the 73-page report of the six economic experts, Norris E. Dodd, Director General, strongly urged that it be set up at the November session of the FAO Council. Membership would be voluntary, by legislative action of countries, open to all FAO and United Nations members,

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with special mention made of the desirability of cooperation with the Soviet Union.

The plan calls for $5,000,000,000 in capital, 20 percent of which would be put up by member countries for the international commodity clearing house transactions. The rest, Sir Herbert Broadley, Deputy Director General, told a news conference here, is "to be brought into the kitty if and when it can be used in expanded world trade."

The clearing house would have three functions:

1. Disposing of the surpluses of the next few years. Sir Herbert commented that the aim was to send surpluses into consumption instead of the nations setting up expensive restrictive plans. The $5,000,000,000 contemplated capital, he said, is only double the $2,500,000,000 the United States alone spent in 3 years, 1939 to 1941, on restrictive measures in agriculture.

2. Exercising buying and selling functions in order to stabilize prices as a protection to producers and consumers.

3. Acting as a coordinator of negotiations of international commodity agreements, such as the already concluded International Wheat Agreement, current negotiations on sugar in London, and the proposed rice agreement.

In disposing of surpluses, the clearinghouse would function in two ways: (a) Purchase at reduced prices; (b) buy in the currency of the purchasing country at the going price, holding this currency to the credit of the exporting country until enlarged world trade or restored currency convertibility permitted clearing the account.

MULTIPLE PRICES PROPOSED

Under questioning Sir Herbert said that this plan constitutes a two-price and even perhaps a three-price system, but that in view of the unbalance of world trade, to which the six experts devoted half their report, hard facts would have to be faced realistically. He read aloud a long paragraph from the six experts' report that warned that, lacking such a mechanism as the international clearinghouse, there would be in the near future such a multiplication of restrictive nationalistic devices as to nullify the efforts made to stabilize currencies, stimulate international investment, and expand freer multilateral trade. This, the experts held, would result in restricted production and dumping of surpluses, until the whole laborious and expensive reconstruction effort may collapse as it did after the First World War.

Commodities listed by FAO as likely to be in surplus in the immediate future were: Sugar in Cuba, cereals in North America, fats in the Philippines and the United States, rice in South American countries, cotton, tobacco, and dried fruit in the United States, the dried eggs that the Commodity Credit Corporation now has on hand.

The report warned: "There is every indication that this may be the last opportunity for a thoughtful and anticipatory, as distinct from a crisis action." The experts pointed out that only a few months ago the world was preoccupied with food and fiber shortages because of currency problems. They envisaged a division of world economy into two parts, one-half surpluses, depression, and unemployment, the other half, shortages, hunger to the point of famine, narrowly constricted trade, and frustrated hopes.

NEW PHILOSOPHY ADOPTED

The entire economic philosophy underlying the proposed international commodity clearinghouse represents a changed FAO concept of feeding the world. Where in the past the emphasis has been entirely on raising nutritional levels, by special arrangements if necessary, FAO now shifts to the major objective of promoting better nutrition as a part of a generally higher standard of living through a freer world trade.

The report held that reestablishment of a smoothly functioning system of international exchange in the long run provides the surest and most reliable method of linking world food production and human needs.

Five major fields in which to attack the unbalance of world trade were listed in the report as follows:

1. The maintenance of a high level of production and employment, particularly in the United States because of this country's great importance in the economy of the world.

2. The reduction of trade restrictions, including tariffs and quantitative and monetary restrictions. In particular, the present dollar disequilibrium calls for measures to facilitate access to the United States market.

3. An increase in the standards of productive efficiency, particularly in the countries of western Europe.

4. The provision by private enterprise and by national and international action of large and continuing capital investments by the developed countries in the less developed areas of the world. This is necessary to finance the export of surpluses of the former and the import surpluses of the latter.

5. The restoration of convertible currencies and multilateral transactions as the basis of world trade.

The six experts who joined in the report and blueprint of the clearing house were: John B. Condliffe, professor of economics, University of California, United States; Colin Clark, director, Bureau of Industry and Economics, Queensland, Australia; J. K. Galbraith, director, agricultural and marketing research, Harvard University, United States; D. Ghosh, head of Department of Economics, University of Calcutta, India; Gustavo Polit, economic adviser, Economic Commission for Latin America, Santiago, Chile; A. Radomysler, lecturer, London School of Economics, University of London, United Kingdom.

Emphasis was placed on the fact that the proposed international clearinghouse was sharply different from the earlier world food board proposed by FAO, and that it also was different from any international arrangement for disposing of surpluses previously proposed.

Mr. MALONE. Mr. President, no matter what we may do in Europe, no matter how energetically we push the program, its implementation would take several decades. That is on the basis that all agree on $20,000,000,000 to $25,000,000,000 now, including the necessary appropriation, and if we follow the French general's instructions, $100,000,000,000 if we really want to arm and really stop Russia.

During the time, Europe would still remain open to aggression and doomed to defeat at any time. Moscow would be in position to take over at any time as far as European resistance were concerned.

Our own national defense organization would be the only real defense of Europe or any other area—and we are slighting it to arm Europe.

Informed people say that the Chief of Staff really recommended $30,000,000,000 for our own defense, and the executive department cut it to $15,000,000,000.

In any case little security would be offered for several years, but would merely put a premium on aggression.

The process could of course be speeded up by all-out American aid.

That of course would have to be so large that it would convert American industry into an arsenal and strip the United States of its own defenses—and of its peacetime liberties.

The French general, M. Maure Pettche, estimated that at least $50,000,000,000 would be a moderate calculation of the cost of the United States contribution.

EUROPE HELPLESS FOR 15 OR 20 YEARS

It would require 15 or 20 years to complete a program such as the general contemplated—and in the meantime the whole area could be swallowed up by Soviet Russia anytime they wanted to move, just like the Communists picked up our weapons in China.

Obviously, the United States could not assume such a burden.

AMERICA'S ATOM BOMB AND AIR FORCE ONLY THREAT

The only threat of retaliation for any aggressive action by the Soviet Union in Europe is the atom bomb wielded by America's Air Force.

WHOLE PROPOSAL A WASTE OF MONEY

The whole present proposal is a waste of money—dictated by needs not our own—and it could be the demands of the followers of the British Marxist system.

It could be dictated by the same kind of people who dictated the action at Yalta—where we gave the Russians a foothold in Asia through giving them Manchuria—and gave them a foothold in Europe through giving them Berlin without a means of getting in or out of the place.

Taken with the accompanying series of events it could be an economic Yalta.

We are now crossing ourselves up. We said that the Marshall plan was necessary to raise the standard of living in Europe to avert communism. Now all of Europe devalues its currency and substantially lowers the workingmen's standard of living for trade advantage in the United States.

BOTH CANNOT BE RIGHT—FURTHER REVIEW SOON

Mr. President, the junior Senator from Nevada intends to review these important policies in some detail at the earliest opportunity.

I want to close by saying I shall vote for the amendment presented by the Senator from Georgia, and I shall vote against the bill itself, because in the first place it is inadequate, and second, we have no knowledge of where we are going or what the European nations will do.

Mr. President, the proposal simply makes no sense whatever in defending Europe or any other area.

The PRESIDING OFFICER. The time of the Senator from Nevada has again expired.

Mr. CONNALLY. Mr. President, I yield 20 minutes to the Senator from Michigan [Mr. VANDENBERG].

The PRESIDING OFFICER. The Senator from Michigan is recognized for 20 minutes.

Mr. VANDENBERG. Mr. President, I have already given the Senate the reasons why I believe it is wise and prudent to pass the pending bill for the sake of our peace and the collective peace of a free world. I rise only to comment briefly upon some of the debates and upon some of the amendments.

Mr. President, the primary, overriding purpose of the foreign-aid plans which I have supported during the last

3 years has been to rebuild the independent nations of western Europe as a peaceful barrier to Communist aggression and conquest ultimately aimed at us. I deeply believe this is the sanest and the cheapest investment we could make in our own national security. By cheapest I speak in terms of both blood and treasure. I still believe this is the best way to stop world war III before it starts. Certainly it is cheaper to stop it than to fight it.

There has been understandable controversy over these foreign-aid plans—just as there is today as we approach this critical vote. I respect the motives of those who differ with me. No man can dogmatically say in this connection: "I know that I am right."

But in yesterday's debate those who believe in collective security as the only hopeful approach to peace were identified as "do-gooder internationalists"——

Mr. GEORGE. The Senator looks at me.

Mr. VANDENBERG. Oh, no.

Categorically including the Senate Foreign Relations Committee, and, I suppose, including the great Senate majorities which, in sum total, have voted 356 to 37 on the last five critical and controlling roll calls which have determined contemporary foreign policy. I hasten to add—among 356 are some who will vote against this bill today—as is their right.

Mr. President, to be a do-gooder internationalist might be a compliment—a very great compliment to the traditionally humane instincts of a Nation which can be proud, I hope, of its international unselfishness and good will throughout the century. But I am not misled into believing that any compliment was intended in the current instance.

Of that I do not even inferentially complain. I make this reference only for the friendly purpose of reiterating once more that I wish it might be understood that in the positions which I assume—and in the foreign policies which I support—I profoundly and prayerfully believe, no matter how wrong my judgments, that I am acting primarily in behalf of the definite, specific, concrete welfare and security of my own blessed and precious United States of America.

I believe these policies, supported by the cumulative Senate vote of 356 to 37, reflect the intelligent self-interest of my own country. If I am interested in Europe, it is because I am first interested in my own land, and in America's own self-interest in stopping aggression before it reaches us, and in helping to build independent peace for others as requisite to peace for ourselves. As a famous western judge once said, "I may be in error, but I am not in doubt."

Mr. President, these policies have brought their disappointments and their discouragements, which were to be expected in a world that has been blown apart by two world wars in 25 years. It is necessary to warn our friends abroad that there are limits to our exportable protections and that our friends abroad must step up the "self-help and mutual aid" which we have prescribed as a condition upon our cooperation. I have done that before. I shall do it again. "Intelligent self-interest" works both ways. It involves prudence as well as vision. But, Mr. President, it does involve vision, without which, we are historically warned, the people perish.

Let us not ignore the disappointments and the discouragements; but neither let us ignore the stimulants and the encouragements.

The greatest tribute to the basic success of our foreign-aid plans is the very fact that we Senators enjoy the relative luxury today of discussing them in an atmosphere of relatively relaxed tensions.

The supreme paradox of the moment is that if these plans had been less successful, if Communist aggressions were making progress in moving through western Europe toward America, we would not be here this afternoon comfortably chatting about a relatively few million dollars to be spent on integrating the defenses of our friends. If the plans had been less successful, we would be eagerly welcoming the chance to encourage and strengthen independent allies upon whom we could rely for our own self-interest. We would probably be voting billions of dollars in anticipation of a defensive war which, under these more favorable auspices, is, thank God, progressively becoming less and less probable.

So, Mr. President, my plea to my colleagues is a very simple one. Let us not lose our perspective. Let us not forget what might have been and what might be again. Let not increasing hopes of peace and security blind us to the wisdom and the intelligent self-interest which recommend that we persist in the vigilant activities upon which our hopes have so fortunately fed.

Mr. President, I desire to speak particularly with reference to one or two amendments, if I have the time. The first amendment to which I wish to address myself is that offered by the distinguished Senator from Georgia [Mr. GEORGE] in respect to the size of the appropriation; and there are other amendments of the same sort.

I agree with the distinguished Senator from Georgia that implementations of the North Atlantic Pact under article 3 are far less important in their repressive values than the general commitment of unity against aggression in article 5. I agree with him that the success of the pact is not measured in a few hundred million dollars, more or less, in implementing article 3, although he frankly agrees with me that what we do at this point is of vital consideration.

If the final legislation for this initial appropriation is less rather than more, I agree with him that our partners in this pact should not look upon it as being in derogation of our pledge or our good faith. But I respectfully suggest, Mr. President, that the program as reported represents a careful assessment of realities in respect to a definite objective. If I have heard one thing more than another in the Senate with respect to foreign-aid plans, it has been a prayer that hereafter we shall direct our aid to objectives and then attain the objectives.

What is the objective of this bill? Is it to build toward 50 or 75 divisions on the Rhine through the commitment of our resources to this end? It is not. Is it for us to underwrite western Europe's capacity in being to defeat 5,000,000 invaders? It is not. Such hypotheses would be insufferable.

The objective is substantially to put existing defense forces, already in being, on a basis of efficiency, and to gear these activated forces into the integrated nucleus of defense for the common cause, this common cause, among other things, being the defense of the United States. The objective also is to make possible effective physical as well as moral resistance to internal subversion in those countries.

Those objectives are totally different from the prejudicial objectives which I have heard paraded across this forum as a reason for suspecting the plan which is here submitted.

The joint committee screened these necessities. It reduced the requested appropriation by 14 percent, to begin with. Then it spread it over 2 years instead of 1. Then it tied it down to pact plans which our Commander in Chief shall approve. Then it wrote in an escape clause. Then it categorically denied any commitments, inferential or otherwise, outside the text. Then it arranged to bring the whole subject into free review by the Appropriations Committee; and here is the careful net result.

I respectfully urge that this orderly and precautionary procedure warrants the Senate's confidence in sustaining the committee's recommendation which is tied to the objectives I believe we all had in mind when we ratified the North Atlantic Pact. Even this is not final. It will again pass in review subsequently before the Appropriations Committee, before this bill becomes effective.

I earnestly urge that the committee bill shall stand in this respect, and I reiterate the statement just made by the distinguished junior Senator from New York [Mr. DULLES] that, in the long run, if this measure can even approximate its dedications, it represents the greatest economy of the age.

Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator has 6 minutes.

Mr. VANDENBERG. Mr. President, I wish now to refer to amendment "D" offered by the distinguished Senator from Georgia. On its face, this is a very persuasive amendment. It proposes to require that the defense plans which are evolved in the North Atlantic Council shall be submitted for approval not merely to the Commander in Chief, the President of the United States, but also to the Congress.

Mr. President, I repeat, that is very persuasive on its face. I fully understand the thoroughly laudable purpose of my distinguished friend in insisting that there should be maximum congressional control in respect to these commitments. But there comes a practical point at which congressional controls can no longer be extended if we are seeking a net result. Could we imagine, for

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example, tying an amendment to our defense appropriation of $13,000,000,000 providing that none of it could be used until all the plans of the General Staff had been submitted to Congress for its approval? To publish defense plans is to defeat them in advance. It simply would not work.

Now I wish to come to another matter. I refer to the amendment submitted by a number of Senators who are proposing to require the segregation of a substantial portion of the funds to a new international constabulary which is to be created by voluntary enlistments in certain European countries, entirely outside any previously existing concepts. I understand, again, the good will and the high conscience behind this proposal. The Senators are struggling, I repeat, in good conscience, to propose some plan of reorganization which will come closer to the ideals of the United Nations. They are to be commended for that dedication. Many formulae for this purpose are pending, as we all know. Indeed, the able Senator from Alabama [Mr. SPARKMAN], one of the sponsors of the particular amendment I am discussing, demonstrated in his speech yesterday that there are 43 different formulae pending before the Senate of the United States in respect to diverse and sundry methods of improving the techniques of the United Nations and our mutual approach to collective security.

Mr. President, the pending amendment is in line with these high aspirations, but I respectfully submit that this is not the place to attempt to legislate upon 1 out of 40 or 50 plans which are pending for these great objectives. This amendment would really tear down all the carefully integrated preliminary studies upon which article 3 will be implemented. It even carries an implication that here is a substitute for self-help and mutual aid, the very thing we want to underscore rather than erase.

Furthermore, Mr. President, this fine ideal—and I speak of it with the greatest respect; it is entitled in its time and place to appropriate consideration—would virtually require the renegotiation of the entire enterprise, because nothing of this sort can be ordered by the Senate of the United States without the consent of the authorities in all the associated powers.

Mr. President, since I have felt rather deeply about these three amendments, I wanted to address myself particularly to them in this brief word.

In conclusion, I desire to reiterate that I think the fact that we can sit here this afternoon in comparatively calm, patient peace, and discuss the question of implementing the North Atlantic Pact, without any particular tensions upon us, is the obvious demonstration that our efforts in foreign policy during the past 2 or 3 years have been successful, to that extent at least. I repeat, if it were true that these efforts at collective security were a total failure, if it were true that we did not have any right of reliance upon the sort of plan which we have developed in the Senate in the past 3 years, then this afternoon Communist aggression would be approaching the Atlantic shores on the other side of the sea, and instead of having the relative luxury of dealing this afternoon in a few million dollars abstractly in respect to a protective plan, we would be facing the challenge of all time, and we would be discussing billions of dollars, and infinitely more than that, in the contemplation of our menace.

I repeat, Mr. President, in the language of the able Senator from New York who preceded me, in its long range, if this program and its kindred programs can continue even relatively to succeed, we are offering the Senate of the United States the greatest economic bargain of all time.

Mr. GEORGE. Mr. President, I inquire of the Chair how much time I have left to my credit.

The PRESIDING OFFICER. The Senator from Georgia has remaining 36 minutes.

Mr. GEORGE. I yield to the Senator from Utah, if he desires to occupy the time, 10 minutes.

The PRESIDING OFFICER. The Senator from Utah is recognized for 10 minutes.

Mr. WATKINS. Mr. President, I am convinced, as I previously stated during our debate on the North Atlantic Pact, that the United States is committed under article 3 of that instrument to aid and assist with the rearmament of Europe. I, with others, proposed a reservation to the pact which would have made it clear that we were not so obligated. That reservation was not agreed to. It is now the obligation of the United States to give reasonable aid in the implementation of article 3 of the treaty. The pact is now the law of the land. It is a binding obligation on this country, as well as the other signatory countries.

I shall vote for the two amendments to the pending bill proposed by the senior Senator from Georgia. Even if the cuts are made as proposed in these amendments, there will still be a reasonable contribution to the aid and assistance program provided for in the treaty. As the measure is now written, it provides, in effect—and I believe this cannot be successfully denied—for one-billion-and-eight-hundred-and-some-odd million dollars for the arms program.

I think it should be clear beyond all question that it is beyond the ability of the United States to provide sufficient arms for the European members of the North Atlantic Pact to defend themselves against nations as strong as Russia and her satellites.

While the pending bill is described as a 1-year program, there is not the slightest doubt in my mind that it is only the beginning of a long, costly program for at least 20 years, which will cost the American people many billions of dollars, and will become a burden on our taxpayers too heavy to bear. If we want to make our bankruptcy sure, the way to do it is to vote the initial authorization provided for in this bill and continue on with the measures which logically will follow year after year.

The real purpose of the executive department with respect to our relations with the North Atlantic Pact nations and the rest of the world was revealed in the draft of the bill sent by the Executive through the State Department to the Congress. Under it the President of the United States would become the greatest war lord of all time, and no one can give even a reasonable estimate of the heavy burden that would be placed on us under such a program.

Great credit should go to those members of the Foreign Relations and Armed Services Committees in the Senate and the House who brought about a complete rewriting of the bill. In many features the measure has been greatly improved. There is no longer an open-end authority which would give the President the right to have sent to our allies in the pact and to other nations within the President's discretion vast amounts of armaments and supplies of every kind from our own stores without even counting the cost or accounting to the Congress or the American people.

Those possibilities have been eliminated, yet the measure carries an authorization now which, under the present fiscal condition of the United States and under the economic conditions of our times, is entirely too heavy a burden to bear.

These are some of the reasons why I favor the cuts proposed by the senior Senator from Georgia.

Mr. President, it has been difficult for many Members of the Senate to get the real truth about the threat of a third world war from our State and Defense Departments. We are given only generalities here in the Senate.

A reading of the record made before the committees which considered this bill gives very little light on our commitments and on the program for this year—and practically none for the years to come—yet we all know this is only the beginning of an ever-expanding program and a real armament race which, in the end, in my opinion, can lead only to world war III.

It is unfortunate that we have not been given the facts. Oh, yes, we have been advised we can go to the confidential records of executive sessions of the committees which considered this measure and there get the facts. Members of this body have gone to that record and have been sadly disappointed. When it comes to any real facts, the record discloses that statements were made off the record and the space for the real information is left blank.

It should be noted that members of these committees who have spoken on the floor have categorically stated they have not had information which would indicate the details of the program for this year and none on what is intended beyond the first year of this military program. It seems to me that we are being asked to take entirely too much on faith.

During the war members of the Foreign Relations Committee excused themselves from knowing what was going on by explaining that the President of the United States could not enlighten them because he was too busy winning the war and for the further reason that the information was such that he could not reveal it. As a result of that policy, many mistakes were made which might have been corrected had the Foreign Relations Committees of the Senate and the House been able to function as they should have done.

Altogether, it seems to me what we now have is a case of the blind leading the blind. It will be a miracle if out of this situation we can make the right decisions. It is said we should have full faith and confidence in our officials in the State and Defense Departments and in the President. For one, I would like to have that confidence, but as one who has read at least a part of the record of the past years, I am completely disillusioned. The record as I now read it is one of one colossal blunder after another in the field of diplomacy and global long-range strategy; blunders which have brought us to the critical situation in which we now find ourselves.

I am not going to recite these errors, but I am going to point out that in my opinion the so-called bipartisan policy followed in the Congress has made it almost impossible for a large majority of the members of the minority party to function as they should in operating as a check on the policies proposed by the administration.

From time to time we have been advised to follow our leaders because they are supposed to be informed and they are working in close collaboration with the Defense and State Departments and also with the President.

This so-called bipartisan policy has made it difficult, if not impossible, to present to the people of the United States the real truth about what has happened in the diplomatic field during the war and immediately following it. Many of the advisers in the State Department, including the Secretary of State, were partly responsible for what happened at Tehran, Yalta, Quebec, and Potsdam, and, of course, the present President of the United States is responsible for Potsdam and what has happened since that time.

No one, in my opinion, can point with pride to our diplomatic record in World War II and since that date. One of the best tests of diplomacy is its ability to keep us out of war and from the threats of war, and at the same time, preserve our liberties and our institutions. Judged by this standard, the past 16 years have not been very successful.

Mr. President, it is said repeatedly that we should not criticize unless we have a better program. There is some truth in this, but how can Members of the Congress suggest a better program unless they have more of the facts about our present situation? Since we cannot get all the facts, we can only act and plan in the light of the information we do have.

From the available record as I see it, there should be a decided change in our foreign policy. For too long a time now, Russia has been dictating to America its foreign policy. We have had to accommodate our policy to whatever strategy the Kremlin has decided upon.

Over 2 years ago during the debate on the first Greek-Turkey loan, I made a statement on foreign policy which I would like to review for a moment:

Mr. President, I am voting for this bill with the belief and the hope that this is only the first step; that we shall now come back to the first principles as set forth in the Atlantic Charter not only in Greece and Turkey but in China; that we will reverse the action we took in that nation recently when we decided not to take sides as between the nationalists and the Communists, but decided to get out; that we will redeem our promise made to the Koreans that they shall have their independence; that we shall refuse to make any more agreements with Russia until she gives some evidence that she is willing to honor and respect the agreements she has already made from the days of the Atlantic Charter down to the present time; that as a logical outgrowth of that stand we shall not ratify the treaty with Italy which renders Italy defenseless for a long time to come against a constant threat of the Communist Tito and his government which is a satellite of Russia; that with respect to Germany we make no further agreements of any kind with Russia respecting that nation until such time as Russia honors her past agreements; that we lay all of the facts on the table before the United Nations.

Let us also declare it as our policy that we expect to honor all our agreements and expect other nations to do likewise; that we shall be glad to help Russia attain any of her legitimate ambitions and her necessities by peaceful means. In fact, let us declare to her that as we are a Christian nation, we shall be willing to abide by the doctrine of the Christ, known as the Golden Rule.

I am sure we could all be governed for our good by that doctrine. We could point out that as a matter of international conduct it could be made to work. It might have worked if we had given it a trial at the time, and been the means of bringing about a better understanding among nations, and saving us billions of dollars and untold human suffering.

The PRESIDING OFFICER. The time of the Senator from Utah has expired.

Mr. WATKINS. Mr. President, I ask unanimous consent that there may be printed in the RECORD the remainder of my remarks as I have prepared them.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

FIRM STAND MAY SOLVE PROBLEM

By taking this stand, Mr. President, I sincerely believe we can stop the present ideological war and prevent a shooting war of world war III. Halfway measures, in my opinion, will not do. We must go the full distance. This is a case which requires the boldest of action. By any other methods I believe we court disaster, and I say this notwithstanding the fact that we have the atom bomb. It should be clear that we cannot in any warfare in Europe use the bomb indiscriminately against any nation because we may in doing so have to destroy millions of innocent people who have had no part in the bringing on of the struggle.

Reviewing the events of the last 2½ years, it should be remembered we did not reverse our position in China. We withdrew, leaving China to her fate, and that is true even though we did provide nominal assistance, but in effect it was not an all-out support such as should have been given if we expected to hold China in the list of free nations of the world.

We did ratify the treaty with Italy and now we find that treaty embarrassing to our plans to defend Italy. We prevented Italy from arming to defend herself and now we must carry the burden for the Italians. We have not made a strongly backed move in the United Nations to have all nations frankly state their positions with respect to disarmament and future wars. We have not gone ahead with any strong move to obtain a revision of the United Nations Charter or to bring about a world police force with sufficient power to enforce peace.

We have taken other steps, it is true, but they have not been effective in meeting the over-all global strategy of the Communists.

We think we are winning the cold war, but we are now discovering that the cold war was only a holding operation while the Communists were taking over China and becoming a threat to the rest of Asia and the Far East.

We are preparing to defend our frontiers in Europe and are leaving undefended our frontiers in the Far East. Communism is growing stronger as viewed from an over-all point of view. Given time, Russia and the Communists will consolidate the gains made in Asia. She will find a way to make use of the economic resources she now has at her command. She will be able to make the atomic bomb in large numbers, and then when war comes, and the way things are going now it seems to me war is inevitable, it will be so destructive that there will not be any winners. This is the gloomy prospect we face if we follow our present course.

It is late now to make the bold move we could have made, in my humble opinion, very effectively 2½ years ago, but I still believe it is worth trying, and, if it should not succeed, then we will have to make the hard choice—whether to go on—whether to follow the road we are now traveling to inevitable war when our enemies are stronger—or whether to take the offensive now and make the best use of the advantages which we now possess.

Mr. GEORGE. Mr. President, I reserve the remainder of my time to be used by my colleague, the junior Senator from Georgia [Mr. RUSSELL].

Mr. CONNALLY. Mr. President, only one Senator on our side wishes to speak, and that is the Senator who is now addressing the Chair. As the sponsor of the bill I believe I have the right to close the debate. I understand the Senator from Georgia does not agree with me on that. Since I am a member of the joint committee, and am sponsoring the bill, it seems to me that in all fairness I should have the right to close the debate.

The PRESIDING OFFICER. In the opinion of the Chair, there is no rule that governs that subject. Agreement should be reached between the Senators.

Mr. CONNALLY. I cannot secure an agreement unless someone agrees with me. I should like to have such an agreement. I think it is only fair that we who favor the bill should have the closing argument. That is the practice in the courts of the country.

Mr. GEORGE. Mr. President, I simply state that I am not opposing the whole bill. I have offered certain amendments to the bill, and the amendments are the pending business. It strikes me that, if we wish to do so, we might conclude debate on the pending amendments.

The PRESIDING OFFICER. That is a question which, under the rules of the Senate, the Chair cannot decide.

Mr. CONNALLY. Mr. President, I do not want to kill the time of the Senate. I suppose I shall have to subside and give way to the minority, give way to the amendments.

The PRESIDING OFFICER. The Senator from Texas has 16 minutes remaining.

Mr. CONNALLY. I had 20 minutes. I had 40 minutes originally, and gave the Senator from Michigan 20 minutes, and

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that left me 20 minutes, as I view it. I do not want to be flimflammed by both the Chair and the Senator from Georgia. What is the ruling of the Chair? How much time do I have?

The PRESIDING OFFICER. The Senator has 16 minutes remaining.

Mr. CONNALLY. Very well. I shall have to proceed.

Mr. President, I am very happy indeed that we are approaching the final vote on the bill and all the amendments. I have no prepared speech at this time. I made a prepared speech at the opening of the debate. So I can advert now to only things which have happened during the debate.

One of the important questions before the Senate is the amendment of the Senator from Georgia [Mr. GEORGE], to which I am very violently opposed. In his address the Senator from Georgia stated that there was not a scintilla of factual statement before the two committees which would not leave any honest man freedom of choice as between $1,800,000,000 and $1,300,000,000. Neither of those amounts was carried forward in the bill.

Mr. President, I have the highest regard for the Senator from Georgia as a judge and a lawyer. He says that he has great regard for General Bradley. I have high regard for General Bradley, but not as a lawyer or judge. If I had a legal question to determine, I should be very glad indeed to consult the Senator from Georgia; but if I had a military problem to consider and determine, I am afraid I would have to go to General Bradley to get the best answer.

Mr. President, I shall not consume any time in speaking about the fundamentals of the North Atlantic Treaty. The Senate ratified that treaty by an overwhelming vote. It is now a part of our public policy, to which we are solemnly bound, by reason of its signature and its ratification. I do not contend that we are bound by the North Atlantic Treaty to give any particular amount of aid to any of the countries of Europe. We are bound by article 5 and by article 3 to extend mutual aid and self-help. This bill is mutual aid. We are helping the other nations and they are helping us. The arms placed in the hands of the European countries of the western Atlantic may eventually redound to our benefit as well as their own.

Mr. President, let us see who recommends the bill. The military aspects of the bill were recommended by all three of the Joint Chiefs of Staff—General Bradley, who is Chief of Staff of the Army; Admiral Denfeld, of the Navy; and General Vandenberg, Chief of the Air Force. They are recommended not alone by the Secretary of State, but by the Secretary of Defense. They are recommended by the President of the United States.

What do they say about these plans and these amounts? The President said:

> The recommended program covers the most pressing current needs for military aid.

General Bradley said:

> As spokesman for the Joint Chiefs of Staff I can assure you that every item in this aid is allocated in consonance with our own plans for defense and is the carefully considered minimum to start the forces in being of these countries toward balanced effective strength, and without affecting adversely their economic recovery.

Those are the words of probably the most eminent soldier on this globe, General Bradley. He is not a swivel-chair general. He saw service in France, Italy, and Germany, and distinguished himself as a fighting soldier. What does he say? He says that this is absolutely the minimum amount required to accomplish the objective which we have in mind. What does "minimum" mean? It means that it is the lowest amount that is practicable.

The Senator from Georgia stated that we had no factual matters before the committee to substantiate our position. I challenge him to point out any factual testimony before the committees or elsewhere to support his view with respect to the amendment which he has offered.

The amendment of the Senator from Georgia is simply an arbitrary amendment, picked out of the air. He started with an amendment to cut the amount only $300,000,000. Later he offered another amendment which would cut the amount carried in the bill in half. Why this change of opinion? If he was supported in his first amendment by facts, why did he abandon it and seek a larger cut?

Mr. President, the figures in the bill as reported are supported by the eminent military authorities not alone of our country but of 11 countries yonder, associated with us in the North Atlantic Pact. They have been here. Our Chiefs of Staff went to Europe and talked with the military authorities of all the 11 countries. They are all in agreement with regard to the plan and with regard to the amount of money.

Who else, other than General Bradley, recommends the plan? The Secretary of Defense, Louis Johnson, who ought to know a little about military affairs. He was a soldier in World War I. He has been commander of the American Legion and active in military affairs. Some years ago he was Assistant Secretary of War. He is now Secretary of Defense. He ought to be a pretty fair authority on military matters. What does he say? He says:

> The size of the proposed program has been held to the minimum in the process of its development. In the first place, the net deficiencies of the western European nations and their requests for aid have been limited to balancing the equipment necessary for the forces which they can maintain in the fiscal year 1950.

He further stated:

> Our application of military criteria in the light of the defense planning for the areas concerned has reduced the amount of equipment to be provided to the barest minimum essential to the commencement of a realistic program.

The amount has been held to the barest minimum, says Secretary of Defense Johnson. I lay that down as a factual piece of evidence before the Senate and before the country.

Mr. President, the testimony of all the experts is that these programs have been screened overseas and screened here repeatedly by our military authorities. They all agree that the amount proposed is the minimum amount required to accomplish our objectives.

I have before me the testimony which was given before the committee. In other places, in substances these witnesses repeated the same things. The Secretary of Defense also said:

> I do want to assure you, however, that the requirements of each participating nation have been exhaustively examined in the light of our planning, the capabilities of each nation to help itself, and our ability to furnish the equipment which it needs. No items are included in the program which are not absolutely essential.

The Secretary of State is a pretty capable witness. He is not a professional soldier, but he has had long experience in the State Department as a lawyer. Secretary Acheson said:

> A smaller program I think defeats itself, because what we are trying to do here, as we said before, is to find out what the most pressing deficiencies are and to remedy those as quickly as possible. It does little good to remedy some of the difficulties, if they are vital, and leave others unremedied. If you take a division which needs X articles, and you give them one-half of that amount—

Which the George amendment would do—

> you do not make it an effective division, and it is really very little more effective than it is at the present time.

Then he says:

> It seems to me very clear that this program must be carried out, that there is not a smaller program that can be carried out. I do not know of any.

Mr. President, all of us are aware of the objectives of this program. It is not to enter an arms race. On the other hand, we do not want to accept the defeatist attitude. I repeatedly have heard defeatist sentiments expressed on this floor to the effect: "There is no use, Russia could overrun Europe in 30 days. There is no use in attempting to build up arms against Russia, for she will walk over you when she gets ready to."

Perhaps so, Mr. President, but I do not want Russia to walk over other nations. I think they are entitled to have a life preserver. I think they are entitled to a place in the sun. They are entitled, to the extent of their abilities, to be able to resist attack, and to restore their people and their fair lands to a happy and prosperous state.

Mr. President, the United States cannot avoid its position in the world. We do not seek empire. We do not seek leadership. But we have to live in this world, where other nations live. We have to recognize the facts as they exist. We have to deal with the realities. We know and the rest of the world knows what is in the heart of the Russian leaders. Those leaders have publicly proclaimed that it is their ambition to spread communism all over the earth, by force of arms if necessary.

I do not want the Senate today by its vote to send word to the United Nations, now in session in New York, that the Senate, with the ink still fresh on its signature to the North Atlantic Pact, al-

ready has begun to chisel away at it and to whittle it down, and that with reluctance the Senate is granting a small sum, in the nature of a token contribution, toward the accomplishment of the purposes of the North Atlantic Treaty. I do not want the Senate to send a message leaping across the ocean, to the 11 other nations signatory to the treaty, nations whose representatives were here in Washington only a few days ago, and who already have set up the North Atlantic Council and the Defense Committee: "Revise your plans; tear up your blueprints. We are not going to do what our military leaders and others in Washington told you we would do. We have a new plan, a halfway plan. We are going to save a little money; we are going to be able to tell the people of our country that we are trying to economize."

Mr. President, when it comes to preserving our Government and the other free governments and driving back the Red hordes which would engulf us, a few dollars spent here and there are not extravagance. To the contrary, they are real economy, as was pointed out by the distinguished junior Senator from New York [Mr. DULLES]. In the long run, this program is an economy program, because as the strength of the nations of Europe increases, the pressure upon the United States for its own defense will be lessened and made easier.

Mr. President, would not it be to the advantage of the United States, in case of a war, to have access to Canada, Greenland, and Iceland, dominating the passages of the North Atlantic?

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. CONNALLY. Mr. President, I thank the Senate; and I hope very much that the Senate will reject the George amendment and the other pending amendments, and will vote to pass the bill as reported by the committee.

Mr. RUSSELL. Mr. President, I desire to state at the very outset that during my tenure of office in the Senate, I have supported every proposition that has been advanced to promote the national defense. I am one of the few advocates in this body of universal military training. I voted for the original draft, for lend-lease, to prevent the disbandment of our forces after 12 months, just before Pearl Harbor. I have supported appropriations involving astronomical sums, in my effort to contribute, insofar as in my power lies, to the defense of the United States.

I supported the Atlantic Pact. I did so mainly to give assurance to the nations of Europe that we would come to their aid if attacked, not because I thought it was necessary. I believe that, with or without the North Atlantic Pact, if the Russian armies move into any of the free nations of Europe, including those not in the pact, it would be in our self-enlightened interest to strike at Russia with every means at our command.

I believe I am cognizant of the grave responsibilities which face our Nation today in respect to supporting and promoting the cause of peace and security among the peoples of the earth.

Mr. President, these views increase my regret that my reason and my conscience will not permit me to accept in full the proposal advanced here, which it is argued so earnestly will contribute to the defense of these United States.

If I could believe that this proposal is the only one which will be advanced to require us to contribute to the cause of mutual aid and self-help under the North Atlantic Pact, I could support it. But reason and experience tell me that this bill is but the first of measures which will be brought forward here during each and every year of the life of the North Atlantic Pact, indeed, in time to renew the presently existing North Atlantic Pact, requiring us to expend vast sums of money.

In my opinion this bill will saddle us with the responsibility, over the foreseeable future, for a considerable number of years, of furnishing each year vast quantities of military equipment, costing the United States billions of dollars, to prepare our allies to fight another world war along exactly the same lines of World War II. This bill seeks to prepare the Atlantic Pact signatories to fight a war in this technological age, along the lines World War II was fought and no person who looked over the secret list of the weapons that will be advanced under this arrangement can be other than convinced this program is likely to pour out billions of dollars on weapons that will be well nigh obsolete if war should come again.

This proposition is based upon the idea that we can arm a number of counter-divisions of Italians, Frenchmen, Belgians, and Dutchmen, to match the armies of Russia—the greatest land armies of the earth, that are already equipped to fight World War II again in a third world war, and much of it with equipment that was furnished from the United States during World War II. I shall not undertake to deceive or delude myself with the argument that this is the only request that will be made for expenditures of this nature. In fact, not a single witness who came before the committee even made pretense that this was the only request that would be made of us for other material and arms. On the contrary, while some of them I thought were a little less than candid, all of them who testified stated that this was a continuing program, and only Secretary of Defense Johnson offered any hope that it would end within the next 5 or 6 years.

Mr. President, we have heard a great deal here about mutual aid and self-help, but I believe this program means American aid, and I fear it does not mean a great deal of self-help. There are a great many references in the testimony to the standardization of rifles and cannon and machine guns and trucks and tanks. Whose weapons are going to be standardized? Are we going to standardize the weapons of Belgium or of France or of Italy in this program? Senators know when they refer to standardization it means standardization with American arms and that the weapons that are furnished, with which these divisions will be equipped, will be American weapons, paid for with American dollars.

This language in the bill, that no one can commit us to a continuing program means nothing, because no official of the United States has any right to commit the Congress. We had practically the same language in the first ECA bill, that the furnishing of aid was not to be taken as a commitment to continue aid or to furnish aid to any country. It is merely a little window dressing to make it more palatable to those who might wish to delude themselves with the idea that the money provided in this bill would wind up the program in full.

Mr. President, as I see this bill it is a hopeless adventure upon which we embark; that is, the idea of arming nations of Europe along the lines that the Russian Army is armed, with sufficient material and equipment to enable them to stop the 350 divisions of Russia, if the Kremlin should decide to put them on the march. I think, Mr. President, we would do better to spend some of this money, if we are to regard it as being authorized in the interest of national defense, on building more and larger bombing planes, and the auxiliary planes and fighters to protect them; on the development of atomic energy and other means of mass destruction that will be employed in world war III, rather than risking all this equipment which is to cost us so much in this adventure, placing it where it is likely to fall into the hands of the Russians without having been put to any substantial use.

I hope I say nothing that might give offense to any of our allies, because I have already expressed my willingness to wage war in their defense. But there is a great deal more involved in winning a war than being supplied with weapons, even though they be the most modern weapons. In order to be effective, accompanying those arms must be a will to fight—a will to fight and a willingness to die when you are using those weapons. Talk about stopping the Russians with 50 divisions. Unless the will to fight is there and the willingness to sacrifice and die is there, we would not stop them with 250 divisions, even if it bankrupted the Government of the United States to furnish the equipment.

This program, furnishing equipment of this nature, spending our money on an armaments race of matériel that is largely outmoded for the next war, is playing directly into Russia's hands. Why cannot our allies arm themselves? We were told that Russia was damaged more badly by World War II than any other country. We heard how their mines were flooded, their factories were destroyed, their bridges and their primitive transportation even was destroyed, and then in the next breath we are told that Russia, without any Marshall plan, without any economic aid, has been able to equip 350 divisions down to the last button on the last man's coat. Where is that spirit among our allies, if they are to have the will to fight? They have the industrial equipment. They have the technological know-how that the Russians have never had. Take Belgium, as one of these nations—every sportsman who is able to buy an expensive weapon—does he buy an American shotgun or rifle? He buys a Belgian-made rifle or

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shotgun and he boasts he has the finest weapon on earth. Where is France in this self-help program? The French 75 was the finest piece of artillery in World War I. It was practically the only weapon that was carried over into World War II, and that saw active use, and it came out of France. They have steel in France and the other pact nations. They have the technological know-how that Russia cannot match. They have the advantage of billions of dollars of American aid. If they have the will to work and the will to use the weapons there is nothing that will prevent these countries from arming themselves with the use of counterpart funds, which are available to them under the ECA.

Mr. President there are some nations that are involved in the North Atlantic Pact that are in dire danger every day of going Communist. There are others who have not displayed any will to fight, who displayed no will to fight even in the last war, and yet we would place in their hands, over a period of 20 years, billions and tens of billions of dollars' worth of valuable equipment that the Russians might have fall to them with the firing of only a few shots, and we might find them in the hands of Russians firing upon American boys.

Mr. President, I am willing to support a reasonable program to assist our European friends maintain internal security. That is both important and possible. I am not willing to vote for a measure which in my opinion will lead them to believe that we are embarked upon an undertaking to arm the troops of our European allies to such an extent that they will be able to match Russia's might in ground warfare even on a defensive basis. Such a program in my opinion would disastrously weaken the economy of this Nation. I further believe that it plays into Russia's hands by preparing to fight the kind of war that the Russian General Staff would prefer to wage and which they are already prepared to fight.

No witness testified that the money contained in this bill, nor indeed 10 or 15 times as much as is herein authorized, would do more than slightly delay the onward move of the Russian Armies should the Kremlin decide to put them in motion.

It has been said, Mr. President, that the amount of money provided in this amendment is an arbitrary figure and of course that is more or less true. I submit the fund that was requested in the first instance is likewise an arbitrary figure and should be reduced. Because of the secrecy attached, I shall not go into all the different items that are proposed to be supplied, though I looked them all over very carefully. It seems to me if this program was screened as carefully as we have been told, a great many mistakes were made. There is one very small nation, whose name I shall not call, that is involved in this program. To this very small nation we were preparing to send several hundred binoculars at an expense of $150 a pair. It so happens I have been in that country and I have observed that hundreds of people seen upon the highways have a pair of binoculars slung over their shoulders. Yet this carefully screened program listed several hundred pairs of binoculars at $150 a pair, that are to be sent there.

Mr. President, I cannot accept the argument that this is a carefully screened program, in view of what I have seen with my own eyes. This program drives me back to my original conviction, that without regard to how great military men they may be—and I yield to no man in my admiration of General Bradley, in my appreciation of what he has contributed to the preservation of the United States—that the professional soldier has slight appreciation of the value of a dollar.

Right after the war with Germany I saw thousands of captured binoculars. I do not know where they have gone, but I wish we could resurrect some of the captured German equipment now. They may have been taken by souvenir hunters. But I do know that no carefully screened program would have destined several hundred pairs of binoculars at $150 a pair to one small country, where thousands of the finest binoculars are available.

Such items as this in the list caused me to seriously doubt that this program had been screened at all.

A great deal of this matériel is motorized equipment. There is hardly a recipient country which does not manufacture trucks and all kinds of motorized equipment. Yet, in this allegedly carefully screened and essential program, there is literally hundreds of millions of dollars worth of motorized equipment.

So I say that all the figures involved in the matter are arbitrary. It is a question of whether we shall take the lower figure and spread the program out a little thinner over a long period of years, or establish a precedent at the outset, buy a pig in a poke, and accept the figures which are handed to us. I think it will pay a big dividend in the years to come if we reduce this outlay. If we have any idea that we are going to equip divisions in Europe, if we believe we are going to equip divisions in Italy, France, Belgium, and Holland in sufficient numbers to stop the Russians we should consider the total cost. Our own War Department will tell us that it costs $400,000,000 fully to equip a division with all its auxiliaries. So by a simple mathematical calculation, we can get the idea as to the ultimate cost of the program upon which we are asked to embark.

Mr. President, it has been argued here that we should adopt this program because it will save thousands of American lives. By inference and by innuendo the hope has been held out to the American people that if they will cheerfully acquiesce in the vast expenditures which this entire program will involve, they will save the lives of their sons and they will not be compelled to fight in the next war.

Mr. President, that argument is cruelly unfair to the American people. It is particularly unfair to the mothers of America; in fact, it is almost downright dishonest to make such an argument.

Not a witness who appeared before the committee testified that we could afford to reduce our armed forces by one man upon adoption of this bill. Not one witness who appeared before the committee, civilian or military, testified that it would not require the full contribution of every man, woman, and child in the United States, in blood, in treasure, in sacrifice, in labor, to enable us, even if we completely armed the nations of Europe, to overcome the armies of Russia. The chief argument was that we would buy a limited time to prepare by furnishing these weapons. But even if we furnish enough to arm 10 or 15 divisions, without our allies showing more will to help themselves, I fear that it will not avail us a great deal.

Mr. President, I value American lives much more highly than I value American dollars. The fact that we have a vital working mechanism in this country is the strongest asset of the North Atlantic nations. If it were a mere choice between American lives and American dollars, Mr. President, I would vote today to bankrupt this Nation if I thought we could, by merely appropriating money, save American lives in another war. But we ought to be honest enough today to tell the American people that making appropriations does not mean that they will be spared the horrors of battle if war comes again. I fear the effects of the psychology that may be created throughout the land by those who spread the idea that merely by making appropriations to arm Italy, France, Belgium, and other nations, we shall not be called upon to sacrifice if war should come again, which God forbid.

Mr. President, we may buy some time, or we may not buy a bit of time, because, if through internal convulsions as a result of the operations of the Communist Party within these nations, if through sabotage these weapons were to fall into the hands of the Russians, we would lose time, because they would be better equipped, in my opinion, than they are today.

Mr. President, it has been argued that it is not an expensive program. As I have stated, if only money were involved I should not hesitate one moment to support the program in full. But we have been put on clear notice that the terms "mutual aid" and "self-help" mean American arms furnished by the United States. We are beginning this year with a proposed $2,000,000,000. I have no doubts it will increase in the years ahead.

I have become apprehensive about our spending program, Mr. President, because it seems to be accepted, both in high circles and in the minds of the average person in the United States, that there is little danger in deficit financing. I am afraid of continued deficit financing. I do not go so far as does my distinguished colleague from Virginia [Mr. BYRD] in demanding economy. I can understand how this Nation might well operate at a deficit if we were doing something to build up our physical plant, if we were conserving our soil, if we were reforesting our lands, if we were educating our people, if we were providing for the public health, if we were generating electric power or controlling water or opening up new lands, thereby increasing the capabilities and the physical

plant of the United States for production. I can understand deficit financing of that nature and for those purposes. But I am literally terrified at the prospect of 10 or 12 more years of deficit financing of the doubtful kind this bill proposes to the tune of billions of dollars each year. We not only send dollars overseas, but we deplete our national resources in the products we send abroad. I have been alarmed by the casual manner in which the Congress of the United States looks upon the question of deficit financing.

At least 9 out of every 10 hours of this Congress have been devoted to passing bills which will add to the sum total of our national budget in the years to come. Senators may attack the President of the United States, if they please, for the monumental size of the budget, but I say such attacks are unfair, because the Congress of the United States continues to authorize and direct the executive branch of the Government to increase the budget beyond the national income.

We have this bill before us now. Consider the legislative calendar. The first step is this $2,000,000,000 program, if the amendment be rejected, followed by five bills increasing the pay of the armed services, civilian employees, postal employees, and the executive heads of the Government. We are not simply increasing the budget for 1949; we are increasing it for 1950, 1951, 1952, and on, ad infinitum. As we pass these measures we are taking no steps whatever to bring up the national income to match the expenditure. It has come to the point where Congress on economy is just like Mark Twain about the weather. We talk about economy all the time, but we continue to pass bills which will be reflected in the budget as increased expenditures through the years to come.

Mr President, the distinguished Senator from Texas [Mr. CONNALLY] said that the ink was hardly dry on the North Atlantic Pact, that the United Nations was in session, and he did not want the word to go out that Congress had reduced this appropriation.

A similar argument will be made from the same place, or in the other Chamber, through the next 10 years. We shall still be signatories to the North Atlantic Pact. The United Nations will still be in session, please God. But the question is, To what extent are we obligated to give American aid in the effort to generate self-help?

The VICE PRESIDENT. The Senator has 1 minute remaining.

Mr. RUSSELL. Mr. President, as I see conditions in the world today, it appears to me to be the part of wisdom to spread this kind of spending a little thinner, so that our means will last a little longer. I do not believe our efforts to hold back the Red tide of communism which threatens to engulf the world will be weaker thereby. Indeed, only by keeping America solvent can we hope to postpone or eventually defeat that evil day.

The VICE PRESIDENT. The time of the Senator from Georgia has expired. All time for debate has expired.

The question is on agreeing to the amendments offered by the Senator from Georgia [Mr. GEORGE], which the clerk will state.

The LEGISLATIVE CLERK. On page 18, line 20, in section 102, it is proposed to strike out "$500,000,000" and insert in lieu thereof "$300,000,000", and on page 18, line 22, in section 102, it is proposed to strike out "$400,000,000" and insert in lieu thereof "$200,000,000."

Mr. GEORGE and other Senators asked for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. ELLENDER (when his name was called). On this vote I have a pair with the Senator from Maryland [Mr. TYDINGS]. If the Senator from Maryland were present and voting he would vote "nay." If I were permitted to vote I should vote "yea." I withhold my vote.

Mr. FREAR (when his name was called). On this vote I have a pair with the junior Senator from Wyoming [Mr. HUNT]. If he were present and voting he would vote "nay." If I were permitted to vote I would vote "yea." I therefore withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from Mississippi [Mr. EASTLAND] is absent on public business.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent on official business.

The Senator from Mississippi [Mr. EASTLAND] is paired on this vote with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Tennessee would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business. If present and voting, the Senator from Connecticut would vote "nay."

The Senator from Maine [Mr. BREWSTER], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from South Dakota [Mr. MUNDT] are absent by leave of the Senate.

The Senator from Nebraska [Mr. BUTLER], who is absent by leave of the Senate, is paired with the Senator from Massachusetts [Mr. LODGE], who is absent by leave of the Senate. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Massachusetts would vote "nay."

The Senator from Vermont [Mr. AIKEN], who is absent by leave of the Senate, is paired with the Senator from North Dakota [Mr. YOUNG], who is absent by leave of the Senate. If present and voting, the Senator from Vermont would vote "nay," and the Senator from North Dakota would vote "yea."

The Senator from New Jersey [Mr. SMITH], who is absent on official business with leave of the Senate, is paired with the Senator from Indiana [Mr. CAPEHART], who is absent on official business. If present and voting, the Senator from New Jersey would vote "nay," and the Senator from Indiana would vote "yea."

The result was announced—yeas 32, nays 46, as follows:

YEAS—32

Bricker	Jenner	Maybank
Bridges	Johnson, Colo.	Millikin
Byrd	Johnston, S. C.	Reed
Cain	Kem	Russell
Cordon	Knowland	Saltonstall
Ecton	Langer	Schoeppel
Ferguson	Long	Taft
George	McCarthy	Watkins
Gillette	McClellan	Wherry
Gurney	Malone	Williams
Hendrickson	Martin	

NAYS—46

Anderson	Humphrey	O'Conor
Chapman	Ives	Pepper
Chavez	Johnson, Tex.	Robertson
Connally	Kerr	Smith, Maine
Donnell	Kilgore	Sparkman
Douglas	Leahy	Stennis
Downey	Lucas	Taylor
Dulles	McFarland	Thomas, Okla.
Flanders	McKellar	Thomas, Utah
Fulbright	McMahon	Thye
Graham	Magnuson	Tobey
Green	Miller	Vandenberg
Hayden	Morse	Wiley
Hill	Murray	Withers
Hoey	Myers	
Holland	Neely	

NOT VOTING—18

Aiken	Ellender	McCarran
Baldwin	Frear	Mundt
Brewster	Hickenlooper	O'Mahoney
Butler	Hunt	Smith, N. J.
Capehart	Kefauver	Tydings
Eastland	Lodge	Young

So Mr. GEORGE's amendments were rejected.

Mr. KNOWLAND. Mr. President, I send to the desk an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 18, line 20, it is proposed to strike out "$500,000,000" and insert in lieu thereof "$400,000,000";

On page 18, line 22, to strike out "$400,000,000" and insert in lieu thereof "$300,000,000"; and

On page 19, line 15, to strike out "$500,000,000" and insert in lieu thereof "$400,000,000."

The VICE PRESIDENT. The question is on the amendment to the committee amendment offered by the Senator from California.

Mr. KNOWLAND. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. ELLENDER (when his name was called). On this vote I have a pair with the senior Senator from Maryland [Mr. TYDINGS]. If present and voting, he would vote "nay." If I were permitted to vote I would vote "yea."

Mr. FREAR (when his name was called). On this vote I have a pair with the junior Senator from Wyoming [Mr. HUNT]. If he were present and voting he would vote "nay." If I were permitted to vote I would vote "yea." Therefore I withhold my vote.

The roll call was concluded.

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Mr. MYERS. I announce that the Senator from Mississippi [Mr. EASTLAND] is absent on public business.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent on official business.

The Senator from Mississippi [Mr. EASTLAND] is paired on this vote with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Tennessee would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], who is absent by leave of the Senate, is paired with the Senator from Connecticut [Mr. BALDWIN], who is absent by leave of the Senate on official business. If present and voting, the Senator from Vermont would vote "yea," and the Senator from Connecticut would vote "nay."

The Senator from Indiana [Mr. CAPEHART], who is absent on official business, is paired with the Senator from New Jersey [Mr. SMITH], who is absent on official business with leave of the Senate. If present and voting, the Senator from Indiana would vote "yea," and the Senator from New Jersey would vote "nay."

The Senator from Massachusetts [Mr. LODGE], who is absent by leave of the Senate, is paired with the Senator from North Dakota [Mr. YOUNG], who is absent by leave of the Senate. If present and voting, the Senator from Massachusetts would vote "nay," and the Senator from North Dakota would vote "yea."

The Senator from Maine [Mr. BREWSTER], the Senator from Nebraska [Mr. BUTLER], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from South Dakota [Mr. MUNDT] are absent by leave of the Senate.

The result was announced—yeas 31, nays 47, as follows:

YEAS—31

Bricker	Jenner	Millikin
Bridges	Johnson, Colo.	Reed
Byrd	Johnston, S. C.	Russell
Cain	Kem	Saltonstall
Cordon	Knowland	Schoeppel
Ecton	Langer	Taft
Ferguson	Long	Watkins
George	McCarthy	Wherry
Gillette	McClellan	Williams
Gurney	Malone	
Hendrickson	Martin	

NAYS—47

Anderson	Humphrey	Neely
Chapman	Ives	O'Conor
Chavez	Johnson, Tex.	Pepper
Connally	Kerr	Robertson
Donnell	Kilgore	Smith, Maine
Douglas	Leahy	Sparkman
Downey	Lucas	Stennis
Dulles	McFarland	Taylor
Flanders	McKellar	Thomas, Okla.
Fulbright	McMahon	Thomas, Utah
Graham	Magnuson	Thye
Green	Maybank	Tobey
Hayden	Miller	Vandenberg
Hill	Morse	Wiley
Hoey	Murray	Withers
Holland	Myers	

NOT VOTING—18

Aiken	Ellender	McCarran
Baldwin	Frear	Mundt
Brewster	Hickenlooper	O'Mahoney
Butler	Hunt	Smith, N. J.
Capehart	Kefauver	Tydings
Eastland	Lodge	Young

So Mr. KNOWLAND'S amendment was rejected.

The VICE PRESIDENT. The bill is still open to amendment.

Mr. SPARKMAN. Mr. President, I call up the amendment offered by me on behalf of myself and the Senator from Vermont [Mr. AIKEN], the Senator from Washington [Mr. CAIN], the Senator from Indiana [Mr. CAPEHART,] the Senator from Vermont [Mr. FLANDERS], the Senator from New Jersey [Mr. HENDRICKSON], the Senator from Alabama [Mr. HILL], the Senator from North Carolina [Mr. HOEY], the Senator from Colorado [Mr. JOHNSON], the Senator from South Dakota [Mr. MUNDT], and the Senator from Mississippi [Mr. STENNIS], and ask that it be stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 17, between lines 8 and 9, it is proposed to insert the following:

In furnishing such assistance, the Congress recognizes that a fundamental objective of the policy of the United States, in accordance with paragraph (6) of Senate Resolution 239, Eightieth Congress, should be to seek review of the United Nations Charter at an appropriate time by a general conference called under article 109, or by the General Assembly; and that among the ends of such review should be (a) the elimination of the paralyzing veto-right with respect to defined matters of aggression and armament for aggression; (b) the establishment of effective international control of atomic energy, and world-wide quota limitation of production of heavy armament, with provision for strict inspection and enforcement; and (c) the establishment of an effective international police force, with proper safeguards for national sovereignty. The Congress also recognizes that if revision of the United Nations Charter to attain such ends proves unattainable within a reasonable time, then it should become an objective of the policy of the United States to extend the principles of the North Atlantic Treaty into a world pact open to all nations, having its own workable authority based on the principle of enforceable law against aggression and backed by its own international police force.

On page 20, between lines 19 and 20, insert the following new section:

SEC. 105. Notwithstanding any other provision of this act, not less than 10 percent or more than 25 percent of the sums appropriated to carry out the provisions and accomplish the policies and purposes of this title shall be available only for the purpose of furnishing military assistance in the form of equipment, materials, services, or other assistance, to be used in the training and equipment of an Atlantic police fore to be recruited from among volunteers who are nationals of European nations except the United Kingdom, France, and Italy. The organization and command of such force shall be vested in the Defense Committee of the Atlantic Council, provided for in article 9 of the North Atlantic Treaty, or in some other body subsequently established for such purpose by the nations which are parties to the North Atlantic Treaty. Such Atlantic police force shall be used as a nuclear international police force for the collective defense of the smaller nations which are parties to the North Atlantic Treaty and as an auxiliary to the national armed forces of the larger nations which are parties to such treaty, in the event of armed attack.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. SPARKMAN] for himself and other Senators.

The amendment was rejected.

Mr. FERGUSON. Mr. President, I offer the two amendments which I have heretofore submitted, and which I understand have been accepted by the distinguished Senator from Texas [Mr. CONNALLY].

The VICE PRESIDENT. The Secretary will state the first amendment offered by the Senator from Michigan.

The LEGISLATIVE CLERK. On page 19, line 12, after the word "him" and before the comma, it is proposed to insert "in an appropriation act."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan.

The amendment was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment offered by the Senator from Michigan.

The CHIEF CLERK. On page 18, line 23, beginning with the words "the recommendations of", it is proposed to strike out all down to and including the period in line 8 on page 19 and insert in lieu thereof the following: "recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty. The recommendations to which the President may agree shall be limited, so far as expenditures by the United States are concerned, entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority."

On page 19, line 19, after the period, it is proposed to insert the following:

No contract authority which may be granted pursuant to the provisions of this section shall be exercised by the President until such time as he has agreed to recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. FERGUSON].

The amendment was agreed to.

Mr. MAGNUSON. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Washington will be stated.

The LEGISLATIVE CLERK. At the appropriate place it is proposed to insert the following new section:

SEC. 409. At least 50 percent of the gross tonnage of any equipment, materials, or commodities made available under the provisions of this act and transported on ocean vessels (computed separately for dry bulk carriers and dry-cargo liners) shall be transported on United States flag commercial vessels at market rates for United States flag commercial vessels in such manner as will insure a fair and reasonable participation of United States flag commercial vessels in cargoes by geographical areas.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. MAGNUSON].

The amendment was agreed to.

Mr. MURRAY. Mr. President, I have three amendments lying on the desk. I offer the three amendments and ask unanimous consent that they be consolidated and considered en bloc.

The VICE PRESIDENT. Is there objection to the request of the Senator from Montana that the three amendments which he is offering be consolidated and considered en bloc?

The Chair hears none. The amendments will be stated.

The LEGISLATIVE CLERK. On page 18, line 4, after the word "assistance", it is proposed to delete the period, insert a colon and the following: "*Provided*, That no such assistance shall be furnished to Great Britain so long as she maintains directly, or indirectly, the partition of Ireland."

On page 18, line 14, after the word "therewith", to delete the period, add a colon and the following: "*Provided*, That no part of any such military assistance as may be furnished Great Britain under this title shall be used directly or indirectly for the maintenance or equipment of British military establishments in the partitioned area of Ireland"; and

On page 23, line 7, after the word "Act, to delete the period, add a colon and the following: "*Provided*, That any such agreement concluded with Great Britain shall include a condition that no part of any assistance furnished shall be used directly or indirectly for the maintenance or equipment of British military establishments in the partitioned area of Ireland."

The VICE PRESIDENT. The question is on agreeing to the consolidated amendments offered by the Senator from Montana [Mr. MURRAY].

The amendments were rejected.

Mr. JENNER. Mr. President, I offer my amendment D, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment to the amendment offered by the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 33 between lines 6 and 7, it is proposed to insert the following new section:

SEC. 410. Notwithstanding any other provision of this act, 7½ percent of the funds which may be appropriated pursuant to any authorization for appropriation contained in any title of this act shall be available for expenditure only for the purpose of repairing, rebuilding, or rehabilitating churches, other places of worship, or other religious properties in nations which are eligible for assistance under the provisions of such title. In order to provide for such repairing, rebuilding, or rehabilitation of religious properties, the President is authorized to furnish to any such nation or to any religious organization such building materials, equipment, services, and other assistance as may be required for such purpose or to make grants of funds to be used for such purpose by any such nation or by any organization of a religious nature.

On page 33, line 7, it is proposed to strike out "410" and insert in lieu thereof "411."

On page 34, line 1, it is proposed to strike out "411" and insert in lieu thereof "412."

On page 35, line 15, it is proposed to strike out "412" and insert in lieu thereof "413."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. JENNER] to the committee amendment.

Mr. JENNER. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from Mississippi [Mr. EASTLAND] is absent on public business.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent on official business.

I announce further that if present and voting, the Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Maryland [Mr. TYDINGS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Maine [Mr. BREWSTER], the Senator from Nebraska [Mr. BUTLER], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Massachusetts [Mr. LODGE], the Senator from South Dakota [Mr. MUNDT], and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate. If present and voting, the Senator from Massachusetts [Mr. LODGE] would vote "nay."

The Senator from Connecticut [Mr. BALDWIN] is absent, by leave of the Senate, on official business. If present and voting, the Senator from Connecticut would vote "nay."

The Senator from Indiana [Mr. CAPEHART], who is absent on official business, is paired with the Senator from New Jersey [Mr. SMITH], who is absent on official business, by leave of the Senate. If present and voting, the Senator from Indiana would vote "yea," and the Senator from New Jersey would vote "nay."

The result was announced—yeas 7, nays 71, as follows:

YEAS—7

Byrd	Kem	Wherry
Ecton	McClellan	
Jenner	Malone	

NAYS—71

Anderson	Holland	Myers
Bricker	Humphrey	Neely
Bridges	Ives	O'Conor
Cain	Johnson, Colo.	Pepper
Chapman	Johnson, Tex.	Reed
Chavez	Johnston, S. C.	Robertson
Connally	Kerr	Russell
Cordon	Kilgore	Saltonstall
Donnell	Knowland	Schoeppel
Douglas	Langer	Smith, Maine
Downey	Leahy	Sparkman
Dulles	Long	Stennis
Ellender	Lucas	Taft
Ferguson	McCarthy	Taylor
Flanders	McFarland	Thomas, Okla.
Fulbright	McKellar	Thomas, Utah
George	McMahon	Thye
Graham	Magnuson	Tobey
Green	Martin	Vandenberg
Gurney	Maybank	Watkins
Hayden	Miller	Wiley
Hendrickson	Millikin	Williams
Hill	Morse	Withers
Hoey	Murray	

NOT VOTING—18

Aiken	Frear	McCarran
Baldwin	Gillette	Mundt
Brewster	Hickenlooper	O'Mahoney
Butler	Hunt	Smith, N. J.
Capehart	Kefauver	Tydings
Eastland	Lodge	Young

So Mr. JENNER'S amendment was rejected.

The VICE PRESIDENT. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. The question now is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

Mr. WHERRY and other Senators asked for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. TAYLOR (when his name was called.) On this vote, I have a pair with the senior Senator from Maryland [Mr. TYDINGS]. If the Senator from Maryland were present, he would vote "yea." If I were permitted to vote, I would vote "nay," I withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from Mississippi [Mr. EASTLAND] is absent on public business.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent on official business.

I announce further that if present and voting, the Senator from Mississippi [Mr. EASTLAND], the Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Nevada [Mr. MCCARRAN] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], who is absent by leave of the Senate, is paired with the Senator from North Dakota [Mr. YOUNG], who is absent by leave of the Senate. If present and voting, the Senator from Vermont would vote "yea," and the Senator from North Dakota would vote "nay."

The Senator from Nebraska [Mr. BUTLER], who is absent by leave of the Senate, is paired with the Senator from Massachusetts [Mr. LODGE], who is absent by leave of the Senate. If present and voting, the Senator from Nebraska would vote "nay," and the Senator from Massachusetts would vote "yea."

The Senator from Indiana [Mr. CAPEHART], who is absent on official business, is paired with the Senator from New Jersey [Mr. SMITH], who is absent on official business, by leave of the Senate. If present and voting, the Senator from Indiana would vote "nay," and the Senator from New Jersey would vote "yea."

The Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business. If present and voting, the Senator from Connecticut would vote "yea."

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The Senator from Maine [Mr. BREWSTER], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from South Dakota [Mr. MUNDT] are absent by leave of the Senate.

The result was announced—yeas 55, nays 24, as follows:

YEAS—55

Anderson	Holland	Myers
Bridges	Humphrey	Neely
Chapman	Ives	O'Conor
Chavez	Johnson, Tex.	Pepper
Connally	Kerr	Reed
Donnell	Kilgore	Robertson
Douglas	Knowland	Saltonstall
Downey	Leahy	Smith, Maine
Dulles	Lucas	Sparkman
Ferguson	McCarthy	Stennis
Flanders	McFarland	Thomas, Okla.
Fulbright	McKellar	Thomas, Utah
Graham	McMahon	Thye
Green	Magnuson	Tobey
Gurney	Maybank	Vandenberg
Hayden	Miller	Wiley
Hendrickson	Millikin	Withers
Hill	Morse	
Hoey	Murray	

NAYS—24

Bricker	Gillette	Malone
Byrd	Jenner	Martin
Cain	Johnson, Colo.	Russell
Cordon	Johnston, S. C.	Schoeppel
Ecton	Kem	Taft
Ellender	Langer	Watkins
Frear	Long	Wherry
George	McClellan	Williams

NOT VOTING—17

Aiken	Hickenlooper	O'Mahoney
Baldwin	Hunt	Smith, N. J.
Brewster	Kefauver	Taylor
Butler	Lodge	Tydings
Capehart	McCarran	Young
Eastland	Mundt	

So the bill H. R. 5895 was passed.

Mr. CONNALLY. I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. CONNALLY, Mr. THOMAS of Utah, Mr. PEPPER, Mr. CHAPMAN, Mr. JOHNSON of Texas, Mr. WILEY, Mr. BRIDGES, and Mr. GURNEY.

Mr. CONNALLY. Mr. President, I ask unanimous consent that the bill be printed with the Senate amendment, so the original bill will appear with the Senate amendment.

The VICE PRESIDENT. Without objection, it is so ordered.

LEAVE OF ABSENCE

Mr. THYE asked and obtained permission to be excused from attendance on the sessions of the Senate tomorrow and Monday next.

Mr. HENDRICKSON asked and obtained permission to be excused from attendance on the session of the Senate tomorrow, because of official business.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

NOTICE OF HEARING ON NOMINATION OF WILLIS W. RITTER TO BE UNITED STATES DISTRICT JUDGE FOR UTAH

Mr. MAGNUSON. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Thursday, September 29, 1949, at 10 a. m., in room 424, Senate Office Building, upon the nomination of Willis W. Ritter, of Utah, to be United States district judge for the district of Utah, vice Hon. Tillman D. Johnson, retired. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from Washington [Mr. MAGNUSON], chairman; the Senator from Idaho [Mr. MILLER]; and the Senator from North Dakota [Mr. LANGER].

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and by unanimous consent, the second time, and referred as follows:

By Mr. KNOWLAND:

S. 2588. A bill to provide for the transfer of the Corona Naval Hospital at Corona, Calif., to the Veterans' Administration and for the operation and maintenance of such hospital as a hospital facility for veterans; to the Committee on Armed Services.

By Mr. HOEY (for himself and Mr. GRAHAM):

S. 2589. A bill to continue in effect to June 30, 1950 certain properties and preferences relating to disposal of surplus real estate at Camp Butner, N. C.; to the Committee on Public Works.

(Mr. MAYBANK introduced Senate bill 2590, to amend section 3526 of the Revised Statutes relating to coinage of subidiary silver coins, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

(Mr. PEPPER (for himself, Mr. THOMAS of Utah, Mr. MURRAY Mr. HILL, Mr. NEELY, Mr. DOUGLAS, Mr. HUMPHREY, Mr. WITHERS, Mr. MAGNUSON, Mr. TAFT, Mr. SMITH of New Jersey, Mr. DONNELL, Mr. AIKEN, Mr. MORSE, Mr. TOBEY, and Mr. LANGER) introduced Senate bill 2591, to amend the Public Health Service Act to support research and training in rheumatism and arthritis, multiple sclerosis, cerebral palsy, epilepsy, and blindness, and other diseases, and for other purposes, which was referred to the Committee on Labor and Public Welfare, and appears under a separate heading.)

(Mr. MAYBANK introduced Senate Joint Resolution 130, to authorize the American Battle Monuments Commission to prepare plans and estimates for the erection of a suitable memorial to Gen. John J. Pershing, which was referred to the Committee on Rules and Administration, and appears under a separate heading.)

AMENDMENT OF REVISED STATUTES RELATING TO COINAGE OF SUBSIDIARY SILVER COINS

Mr. MAYBANK. Mr. President, at the request of the Secretary of the Treasury I introduce for appropriate reference a bill to amend section 3526 of the Revised Statutes so as to authorize the Treasury Department to charge the losses incurred in the recoinage of worn and uncurrent subsidiary silver coins, and the cost of distributing silver coins, to the fund which arises from the coinage of silver bullion into coins of nominal value exceeding the cost of the bullion.

The bill (S. 2590) to amend section 3526 of the Revised Statutes relating to coinage of subsidiary silver coins, introduced by Mr. MAYBANK, was read twice by its title, and referred to the Committee on Banking and Currency.

Mr. MAYBANK. By direction of the Committee on Banking and Currency, I report favorably, without amendment, Senate bill 2590, just introduced by me, and I submit a report (No. 1100) thereon.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar.

AMENDMENT OF EXPORT-IMPORT BANK ACT OF 1945 RELATING TO INVESTMENTS ABROAD—REPORT OF A COMMITTEE

Mr. MAYBANK. Mr. President, from the Committee on Banking and Currency, I report favorably, without amendment, the bill (S. 2197) to amend the Export-Import Bank Act of 1945, as amended (59 Stat. 526, 666; 61 Stat. 130), to vest in the Export-Import Bank of Washington the power to guarantee United States investments abroad, and I submit a report (No. 1101) thereon.

However, at this time I wish to emphasize the importance of the objective of this bill. It will be of great value to private enterprise in our country in enabling it to develop the underdeveloped areas of the world, particularly of those located in the lands of our good neighbors in South America. In turn this activity should result in a greater demand for goods manufactured in this country and an increase in employment opportunities for our own citizens both in this country and abroad. As the underdeveloped areas are put into productive use, additional markets will be created in those areas for many products of our country, and trade between those areas on the one hand and areas in my own State and other States of this Nation on the other hand will be encouraged to our mutual benefit. It should be borne in mind that this program will enable North American private enterprise to aid in reducing the dollar shortage in countries which receive the benefits of this program. Working together to provide the type of development required in the underdeveloped areas, the peoples of all countries involved in the program should be able to improve further our good relations abroad and demonstrate the advantages of democracy in operation. Let us not forget that there are also underdeveloped areas in this Nation which need development. While other measures coming before Congress will be designed to meet that objective, the present bill presents the unique opportunity for private enterprise in the United States to carry its benefits to other parts of the world to the mutual advantage of private business, the country in which the investment is made, and our own country and its people. It offers the possibility of a demonstration of dynamic democracy.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar.

MEMORIAL TO JOHN J. PERSHING

Mr. MAYBANK. Mr. President, as a member of the Battle Monuments Commission, I introduce for appropriate reference a joint resolution to authorize the Battle Monuments Commission to prepare plans and estimates for the erection of a suitable memorial to Gen. John

J. Pershing, the former chairman of the Battle Monuments Commission.

The joint resolution (S. J. Res. 130) to authorize the American Battle Monuments Commission to prepare plans and estimates for the erection of a suitable memorial to Gen. John J. Pershing, introduced by Mr. MAYBANK, was read twice by its title, and referred to the Committee on Rules and Administration.

RESEARCH RELATING TO ARTHRITIS, RHEUMATISM, AND OTHER DISEASES

Mr. PEPPER. Mr. President, on behalf of myself, the Senator from Utah [Mr. THOMAS], the Senator from Montana [Mr. MURRAY], the Senator from Alabama [Mr. HILL], the Senator from West Virginia [Mr. NEELY], the Senator from Illinois [Mr. DOUGLAS], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Kentucky [Mr. WITHERS], the Senator from Washington [Mr. MAGNUSON], the Senator from Ohio [Mr. TAFT], the Senator from New Jersey [Mr. SMITH], the Senator from Missouri [Mr. DONNELL], the Senator from Vermont [Mr. AIKEN], the Senator from Oregon [Mr. MORSE], the Senator from New Hampshire [Mr. TOBEY], and the Senator from North Dakota [Mr. LANGER], all of whom are members of the Committee on Labor and Public Welfare, with the exception of the Senator from Washington [Mr. MAGNUSON], the Senator from New Hampshire [Mr. TOBEY], and the Senator from North Dakota [Mr. LANGER], I introduce for appropriate reference a bill to provide for research and training in rheumatism and arthritis, multiple sclerosis, cerebral palsy, epilepsy and blindness, and other diseases, and for other purposes. This bill is sponsored by the Committee on Labor and Public Welfare.

The bill (S. 2591) to amend the Public Health Service Act to support research and training in rheumatism and arthritis, multiple sclerosis, cerebral palsy, epilepsy and blindness, and other diseases, and for other purposes, introduced by Mr. PEPPER (for himself and other Senators), was read twice by its title, and referred to the Committee on Labor and Public Welfare.

Mr. PEPPER. Mr. President, from the Committee on Labor and Public Welfare, I report favorably, without amendment, Senate bill 2591, just introduced, and I submit a report (No. 1102) thereon.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar.

STABILIZATION OF AGRICULTURAL PRICES—AMENDMENT

Mr. WATKINS. Mr. President, inadvertently the names of the Senator from Colorado [Mr. MILLIKIN] and the Senator from California [Mr. DOWNEY] were left off the amendment which I offered a few days ago to Senate bill 2522. I ask unanimous consent that their names be placed on the amendment.

The VICE PRESIDENT. Without objection, the names will be added.

INCREASED COMPENSATION OF CERTAIN GOVERNMENT OFFICIALS—AMENDMENTS

Mr. BRIDGES submitted amendments intended to be proposed by him to the bill (H. R. 1689) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, which were ordered to lie on the table and to be printed.

MILITARY PAY BILL—AMENDMENT

Mr. BRIDGES submitted an amendment intended to be proposed by him to the bill (H. R. 5007) to provide pay, allowances, and physical disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the reserve components thereof, the National Guard, and the Air National Guard, and for other purposes, which was ordered to lie on the table and to be printed.

RATES OF BASIC COMPENSATION FOR CERTAIN GOVERNMENT EMPLOYEES—AMENDMENT

Mr. BRIDGES submitted an amendment intended to be proposed by him to the bill (S. 2379) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes, which was ordered to lie on the table and to be printed.

ADDITIONAL BENEFITS FOR CERTAIN POSTAL EMPLOYEES—AMENDMENT

Mr. BRIDGES submitted an amendment intended to be proposed by him to the bill (S. 1772) to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, compensatory time, and promotion, and for other purposes, which was ordered to lie on the table and to be printed.

FISH RESTORATION AND MANAGEMENT PROJECTS—MOTION TO RECONSIDER

Mr. JOHNSON of Colorado. Mr. President, I enter a motion to reconsider the vote by which the bill (H. R. 1746) to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes, was passed by the Senate on August 27, 1949, and I move that the House be requested to return the bill to the Senate.

This bill passed the Senate on August 27 with several perfecting amendments offered by the Senator from New Jersey [Mr. HENDRICKSON]. Because of a clerical error, the amendment on page 7 of the bill was inserted in line 2 instead of in line 21. The Senator from New Jersey has been consulted and he agrees that the error should be corrected.

The VICE PRESIDENT. Without objection, the House will be requested to return the bill to the Senate, and the motion of the Senator from Colorado to reconsider the vote by which the bill passed will be entered. The Chair hears no objection.

ADDRESSES DELIVERED AT MONETARY CONFERENCE

Mr. MAYBANK. Mr. President, I ask unanimous consent to have printed in the body of the RECORD the address of welcome by President Truman, the address of welcome by the Honorable John Snyder, Secretary of the Treasury, in his capacity as Governor for the United States of the International Monetary Fund and the International Bank for Reconstruction and Development, the address of the Honorable Pierre Mendes, of France, Chairman of the International Monetary Fund, the address of Sir Stafford Cripps, Governor for the United Kingdom, and the address of Mr. Camille Gutt, Managing Director of the fund. These addresses were recently made at the Shoreham Hotel in Washington, D. C., in connection with the second joint session of the International Bank for Reconstruction and Development and the International Monetary Fund.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

ADDRESS BY THE PRESIDENT OF THE UNITED STATES

Secretary of the Treasury, Governor from France, and members of the International Bank for Reconstruction and Development and the International Monetary Fund, it gives me a great deal of pleasure to welcome you again to Washington. I am particularly pleased that you are here at this time. There is nothing in the world that will contribute more to the peace of the world than international cooperation in finance and development, and that is what you are here for—to try to reach the right conclusions for reconstruction, development, and a stable interchange of goods and services on a monetary basis that is satisfactory to all concerned.

One of the principal things I think you have to work out is to do away with the obstacles to international trade. We must exchange on a world basis the services and the goods of all the countries among themselves. We would like for you to buy the things which we think we can make best, and we should buy the things which you can make best. In that way we will have what they call a balance of trade. We will then be on a sound international trade basis, and we can then become on a sound international monetary basis.

I am very much interested in all these things, because it was my privilege to be at San Francisco when the Charter of the United Nations was signed. It has been my privilege to welcome you here, I think, once or twice before. It has been my privilege to welcome the international agricultural people who are interested in the development of the land resources of all the world here at this very hotel not so long ago.

I am vitally interested in the success of the United Nations, and the Government of the United States, as represented by the President and the Congress, is doing everything it possibly can to make the United Nations a going concern for the peace and welfare of the world.

I hope that all of you enjoy your visit here, that you will come to constructive conclusions, as I am sure you will, and that all of you will go back home with an idea of cooperation on a world basis for the welfare of the world as a whole.

Thank you very much.

I have just been presented with a gavel inscribed to me: "To the President of the United States from the International Monetary Fund and the International Bank for Reconstruction and Development." I am informed it is made from the wood of a tree at Bretton Woods.

I certainly appreciate that most highly. I shall put that in my collection, and if ever I have occasion to preside over anything in the future I shall use this gavel.

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ADDRESS BY THE CHAIRMAN, M. PIERRE MENDES, OF FRANCE

Gentlemen, it is not without emotion that I open our fourth annual conference. First of all, I should like to thank my friend, Mr. Maurice Petsche, Finance Minister of my country and Chairman of the Board of Governors of the International Bank, for having requested me to speak on both our behalfs. His gesture was doubtless prompted by the thought that I have had the honor of taking part in all our conferences since Bretton Woods, and that it would give me great pleasure indeed to preside at the first session of an important meeting in the history of our institutions.

In July 1944, while battles were still raging on the beaches of Normandy and on the islands of the Pacific, men of good will and in good faith were getting together in the quiet setting of New England in order to prepare for the reconstruction and prosperity of the world. It is quite obvious that at that time it was impossible for them to visualize with scientific accuracy what the economic situation of the world would be, once the fighting was over. Inevitably, they were thinking of prewar years and were inclined to believe that the future would not differ very much from the past.

Today, we realize that the world has been much more deeply affected by the war than we imagined. The mechanisms which we expected to be promptly restored are not yet functioning. The automatic adjustment of currencies has not yet been resumed, capital markets are no longer playing their traditional part, and balances of payments are in disequilibrium.

That does not mean that our institutions have failed as some people contend, and I should like to show why.

Our institutions have provided us with an indispensable forum in which consultations and debates on questions of international finance can take place. Since Bretton Woods, regular contacts have been maintained, sometimes of a public character, sometimes more discreet, as is indispensable in such a field as ours. Legal procedures have been set up by means of which monetary and financial decisions can be discussed and formulated in common, due account being taken not only of national and limited interests but also of the common world interest. Hence, has come the establishment of a common discipline and the possibility of better coordination between the domestic policies of member countries. From this point of view, our institutions are playing a vital part in the organization of the postwar world.

Everything is not always perfect in that difficult task. Certain obstacles standing in the way of a cooperation which must remain exclusively technical had been foreseen by one of the men to whom we owe the most, Lord Keynes. In the last address which he gave us in Savannah, he already denounced that bad fairy—politics—leaning over the cradle of our infant institutions, among well-wishing fairies, and impeding their action.

But while improvements are desirable, we must not minimize the importance of the technical cooperation existing between the 48 member countries of the bank and the fund, in order to adjust and coordinate their efforts. Those results, although less obvious are, however, as important as the direct financial aid of hundreds of millions of dollars which our two organizations have granted to their members.

That task of technical cooperation has been carried on under sometimes thankless conditions by the excellent staff of our twin institutions and by their chiefs: Mr. Camille Gutt, who has led the fund ever since its birth, with determination, patience, loyalty, and good humor, and Messrs. Eugene Meyer, John McCloy, and Engene Black who have been the successive heads of the bank. The loss which we have incurred in having to part with Mr. McCloy has been compensated only by our satisfaction in greeting as his successor one of his closest associates who is well qualified to further the work which has been so admirably initiated by his predecessors.

The years immediately following the end of the war and which have just ended may be described as a period of emergency repairs. The problem was to restore as quickly as possible the prerequisites of reconstruction. For that purpose production had to be resumed at a satisfactory level in the largest possible number of countries.

That has now been achieved, at least for the world taken as a whole. The level of world production today is above that of prewar years. To a large extent that important achievement has been obtained through that act of farsighted statesmanship, the Marshall plan.

The generosity and boldness which are the characteristics of that momentous measure are particularly remarkable in that, at the time when it was enacted, a serious disequilibrium existed in the United States between supply and demand, as shown by the persistent rise in internal prices. Just as the addition of American goods to European production helped in checking inflation in Europe, their exports from the United States meant an increase in inflationary pressure in this country. Today, the situation is different. But it is easy to imagine what the situation of a large part of the world would have been had it not received the basic supplies provided by the United States, and what that situation would become if the generous American aid were to be discontinued before the end of the critical period.

It would be unfair not to mention as well the great efforts made by the countries devastated by the war.

But production has not been restored to the same levels in all countries, and while it has risen as high as 180 percent of prewar in some parts of the world, it is still below index 80 in others. Such extraordinary diversity in economic recovery creates difficult problems of adjustment which the yearly reports presented in the past by the fund and the bank have described.

Moreover, a different and new problem has risen: While the economic recovery of the countries of the world is far from complete, there has been an important development to the international monetary problem. In certain countries, a seller's market has been replaced by a buyer's market; in other words, effective demand has fallen below production capacity. It indicates the end of the general scarcity of foodstuffs, of raw materials, and of productive resources as a whole. The supply of most goods has been restored in the relatively short period of 3½ years.

While gratifying, such a situation is also the cause of serious worries. From a national point of view, the emergence of a buyer's market entails the danger of unemployment and of serious economic, social, and political consequences. From an international point of view—just as a patient coming out of a severe illness will react most to a sudden shock in those parts of his body which had not fully recovered—the first effect of the buyer's market, as the report of the fund emphasizes, is to increase the disequilibrium in balances of payments, causing great difficulties to certain countries. And it would be futile to hope that exchange stability and freedom of transactions would be durably restored without equilibrium in balances of payment.

That is the problem we have to deal with at the present time. Its different elements are set forth in the annual reports which both our institutions present to this session.

What part can we take in regard to this problem?

Childish illusions have often been entertained in some circles concerning the tasks that the bank and the fund should tackle; it was assumed by some people that the means at the disposal of our institutions were much larger than they are in fact. Yet we should be careful not to fall into the opposite error.

We should not be content with acknowledging the deficiency of our present resources. Faithful to the Bretton Woods spirit, we must be more ambitious. We enjoy really effective means of action, influence, and authority, and it is essential that they should be used to guide the policies of member countries if our civilization is not to be exposed to the strains of inflation on the one hand or to violent deflation on the other hand.

Important discussions have been held on the question of the ability of many countries to resist the reversing of the inflationary pressure of the last years. Some have stated that a deflation would inevitably be followed by extremely serious consequences and would cause profound disruptions and dislocations. Such a view might have been justified if governments, as well as public opinion, counted, as in the past, on the automatic adjustment of economies. In the past, automatic adjustment did take place, but the consequences of economic depressions in the nineteenth century were far less widespread than those that would confront us today. We can hardly rely, therefore, in 1949, upon an automatic return to a balanced economy, unless we are prepared to undergo sufferings of a magnitude such as a modern civilization cannot endure.

What we must aim to is not the substitution of a buyer's market for a seller's market or vice versa, but economic stabilization at full employment excluding the excesses of either a buyer's or a seller's market. Recent economic developments have shown us that, of the fluctuations caused by the wars, the first is not necessarily the most acute or dangerous one. Therefore, it is not too early to turn to a study of the means by which the conditions which have marked the 1930's may be avoided in the future, and to assess the measure in which our institutions might help in stabilizing demand in general and investment in particular.

It is always in the expansion of production and of international trade that solutions to those problems must be found. We should always in the future, as we did in the past, condemn the adoption of methods that led to economic stagnation, to self-sufficiency, and to autarchy, and which result merely in exporting the difficulties of one country to another—the first country not even succeeding in getting rid of them completely.

Whatever the momentary temptations, sometimes understandable among the sufferings of our world, progress cannot be achieved through a policy of egotism and short-sightedness. Progress can only result from the expansion from increased opportunities, both for nations and for men who have suffered so much and for so many years.

That conviction, if it is shared by all of us, and if it inspires our two institutions, will lead us together, after so many difficulties and hazards, toward the rehabilitation of world economy and the building up of a better way of life for men of good will.

ADDRESS BY HON. JOHN W. SNYDER

Mr. Chairman and members of the Board of Governors, it is a real pleasure to welcome you to Washington again, and it is my hope that the sessions of this fourth annual meeting of the Board of Governors of the fund and the bank will prove both pleasant and fruitful.

Our annual conferences are vantage points from which we review the past work of our

two institutions and look ahead to their future endeavors. I think we may say with confidence that in both directions there are signs of a better arrangement of the affairs, national and international, by which we live and prosper.

The past year has witnessed a continuation of postwar adjustments in many fields. No nation has been completely free from the necessity of making these adjustments. Few of the problems involved have proved simple of solution, and we have yet to deal effectively with some of peculiarly difficult nature.

Nevertheless, in the give and take of the readjustment process there has been a net advancement of what we might term the front line of international effort. Extensive progress has now been made in increasing the world's volume of postwar production. Today's more pressing economic problems are largely those relating to trade. On the solutions which we find for these problems will depend in large measure the further expansion of production which we need.

If there was any doubt in any mind 4 years ago that important purposes were waiting to be served by the fund and the bank, that doubt certainly has been erased by now.

To review the record of the Bretton Woods and Savannah and the first Washington deliberations in the light of our knowledge of world affairs today is to be impressed more strongly with the thought that these agencies, dedicated to the coordination of political policies for stabilization and development came none too soon on the international scene.

I have referred on other occasions to the excellence of the fund's equipment for a consultant role. I want to emphasize this again. The fund's experts have accumulated a comprehensive store of factual and technical data covering the whole field of international economics. They are familiar with the part played in economic forces and tendencies by individual countries of the fund-bank group. This information is available for any practical use to which member countries desire to put it. Views expressed by the fund as a consultant are entitled to great respect.

The bank has made considerable progress since our last meeting. It has moved more and more into the field of economic development. It has authorized developmental loans in various parts of the world, and it has sent technical missions to various countries to survey the economic situation and to assist these countries in formulating sound development programs.

As the bank has emphasized in its report, more than financing is needed for economic development. The underdeveloped countries have domestic resources, and they should make the best possible use of these resources in connection with the employment of foreign capital. Technical assistance and advice must be made available, but these countries must also develop their own technical skills so that their enterprises may prosper on a long-range basis. Only in this way will loans provide the borrowing countries with real promise of satisfying their needs without unduly burdening their payments.

The American people attach great importance to the economic development of those areas of the world which have not been able to realize their economic potential. The people and the Government of the United States, having continuing concern with the economic well-being of all peace-loving nations, it is our common cause to expand world trade under conditions which will assure the best utilization of the world's resources toward a high level of employment and rising standards of living.

We look to the international institutions represented at this gathering for earnest and consistent support of programs and policies which will help make possible the realization of these objectives.

ADDRESS BY SIR STAFFORD CRIPPS

Mr. Chairman, before we come to the next stage of our work, I would like to take the early opportunity to express in a very few words the thanks of myself and my fellow governors, if they will allow me to speak for them, for the address with which you have opened our meeting. I think we are all profoundly interested in your address, which has sounded an inspiring note upon which to start our proceedings.

As you have said, we are, I think, all of us, realizing that the world was more deeply affected by the war than many people had imagined, and I am sure that the institutions which are meeting here today to guide and support have a great and constructive part to play in the rehabilitation of the world, which is not yet complete.

I would also like to express our gratitude for the welcome extended to us by the governor of the United States, and how delighted we are to be once more in the friendly atmosphere of Washington.

I am sure we shall find our meetings, both business and personal, most fruitful and pleasant in these happy and congenial surroundings.

In a few moments we shall be giving our attention to the addresses by the managing director of the Monetary Fund, Mr. Gutt, and the president of the International Bank, Mr. Eugene Black.

The former is an old friend of all of us, who has fully conformed in his conduct of the fund to the great reputation he had earned before in many fields.

Mr. Black, though not a stranger to most of us by any means, we welcome as a newcomer to his present appointment. He succeeds our friend, Mr. McCloy, who has been called to other most important business but has left behind him a warm memory in our hearts and a high reputation for his great work to the bank.

And in bidding him Godspeed in his new task, we extend a hand of most cordial welcome to Mr. Black, and assure him of our support in the most important task to which he has set his hand.

Under the leadership of these two men, supported as it must be by the governors from all our several countries the fund and bank will, I am convinced, make fresh progress in the years that lie ahead of us, difficult though that job undoubtedly will be.

The governor of the United States has spoken of his country's attitude toward the ideals which inspire our institutions, and I am sure that I speak for all of us in echoing those sentiments and in expressing the confidence that by unremitting hard work and the refusal to accept any set-backs which may come, we shall approach those objectives which were laid down for us by our founders.

ADDRESS BY THE MANAGING DIRECTOR OF THE FUND, M. CAMILLE H. GUTT

Mr. Chairman, the situation described in this fourth report of the executive directors of the International Monetary Fund is not an unexpected one. The situation which has now emerged was mentioned and commented upon in the very first report issued by the executive directors.

It is essentially, as the preceding speakers have mentioned it, a switching over from a world sellers' market to a world buyers' market. It is, however, more than that: It is the transition from an abnormal, postwar market to a more normal, if not yet fully normal, peacetime market. It reflects itself in the increasing importance of price and demand factors. Although the process has been a gradual one on one hand, and does not yet cover every field of production, on the other hand it has certainly been a dominating feature of the year under review.

Since the end of the war, the essential concern of the countries of the world—especially those directly disrupted or dislocated by war operations or enemy occupation—has been to produce. The restoration of production has now been largely completed and the primary problem is and will be more and more to sell. The traditional role of international trade is thus to be restored.

The primary purposes of the fund are to facilitate the growth of that trade and to eliminate foreign exchange restrictions which prevent it. Temporary restrictions on payments and transfers for current transactions are permitted under conditions described in the articles of agreement but continuous regard must be given by the members and by the fund to those primary purposes. As international trade competition develops, this question will assume increasing importance.

The same may be said of exchange rates. In September 1946 the executive directors reported as follows:

"Because the entire world is in need of goods, some countries may maintain foreign exchange values for their currencies which are not for the time being a great handicap to the sale of their exports, but which prove to be too high when production is revived all over the world and the immediate shortage of import goods is in large part met."

This warning has been repeated in the subsequent reports and its importance will escape no one's attention, especially if it is taken in conjunction with another primary purpose of the fund: the ultimate establishment of a multilateral system of payments.

The very fact that today the material difficulties of war reconstruction and of production have, generally speaking, been solved, throws a particular light upon what else remains to be done. And what remains to be done is perhaps harder than what has been done thus far.

No nation can do it alone. Individual countries may bring to the solution of the remaining problems a considerable and even vital contribution, but a large international effort will be necessary to arrive at a real settlement. This is not the problem of one country, or of one continent. It is a world problem.

Let us not be overimpressed by the technical complications and lose sight of the larger issues which are at stake. International uncertainty does not exist only in the economic sphere. It prevails also in the political sphere.

One of the principal remedies is to restore order in the economic field—which, of course, includes the monetary matters. To allow the present disorder in this field to spread—or even to remain—would be likely to cause an aggravation of existing uncertainties. Thus, if the effort to be made is considerable, the stakes involved make it well worth while.

It is under these serious circumstances that the fund enters its fourth year of existence. Much at this stage is expected from it, possibly more than the restraints of its charter may allow. There are things the fund alone cannot settle. Much, however, can be done with the full good will and cooperation of the members acting in conformity not only with the letter but with the spirit of the fund agreement. It is my earnest wish that this cooperation will materialize and that the hopes placed in the fund will not remain unfulfilled.

ADDRESS OF MR. BLACK, PRESIDENT OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Mr. MAYBANK. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an address by Mr.

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Eugene R. Black, president of the International Bank for Reconstruction and Development, recently made at the Shoreham Hotel in connection with the second joint session of the International Bank for Reconstruction and Development and the International Monetary Fund.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. BLACK. Mr. Chairman and members of the board of governors, this is the third meeting of the board of governors that it has been my privilege to attend, and my first as president of the bank. I am deeply aware of the important responsibilities of this new post, and of the high standards of achievement set by my predecessor, Mr. McCloy. But the sound policies and cooperative relations established under his leadership provide a firm foundation on which we can build the bank's future. I welcome the opportunity to work with you in this task.

The past year has been, I think, a period of substantial progress and accomplishment for the bank. Our activities are summarized at some length in the fourth annual report, and I shall not repeat what is said there. But I do want to touch briefly on a few high spots of our recent operations, and to suggest some possible implications for the bank of broader currents in the world economy.

Most of our loans during the past 12 months have been for projects designed to increase the output of useful goods and services in less-developed countries. These development loans make up a considerable total and, as is indicated in the annual report, negotiations for the financing of a number of other development projects are well advanced. But I must say frankly that the volume of development loans granted to date has not come up to our earlier expectations.

This gap between hopes and performance is partly the result of overoptimism about the length of time it would take to get the bank fully organized—to bring together a competent staff, to define our policies and procedures and make them clear to our member countries, and to gather the economic and technical data necessary for sound decisions. The acceleration of our activity during the past year shows, I think, that this preliminary phase is largely behind us.

More important at present are the difficulties which are more or less universal in underdeveloped countries—the lack of economic data, of experienced personnel, of well-organized projects, of local capital, and all the other deficiencies that are both the cause and the consequence of underdevelopment. It is no accident that the development loans we have made thus far have been mainly to countries where considerable economic and technical advance has already taken place, and to enterprises with a substantial record of experience behind them. The greater the progress a country has already made in development the easier it is for it to progress further; and by the same token it is almost always easier to expand a going concern than a start a new one from scratch.

Yet the essence of successful economic development, and therefore the essential task of the bank, is precisely to bring new enterprises into being and new techniques into effective use in economically retarded areas—and the more retarded the country the more urgent and challenging the task.

I believe we have made good progress in overcoming some of the special difficulties of economic development which are analyzed in the annual report. Through missions to most of our less-developed member countries, we have greatly enlarged our knowledge of their economic problems and needs, their capacity to absorb and service external loans, and the merits of particular development projects. A better understanding now prevails, I think, of the bank's policies and methods; and more and more governments are eliminating legal or procedural obstacles to loans from the bank by taking appropriate action to enable them to incur or guarantee such loans.

Perhaps the most important, through our surveys and discussions with member governments, we are better able to assist the less-developed countries in diagnosing and solving their own problems. Giving advice is not, of course, our primary function. But we have an immediate and vital concern in trying to promote conditions favorable to the success of our loans and to the increase of productive investment from other sources. I believe that one of the most constructive contributions we can make to the progress of development, especially in the least-advanced countries, is to help make available to them the experience of other nations. Moreover, the resulting close and continuous relationship with our members helps to speed up the preparation of development plans and the execution of projects for which bank financing is appropriate.

The initial cultivation of the seeds of development has, therefore, been a somewhat longer task than at first we had hoped. I am confident, however, that we may look forward to an abundant harvest. The first fruits—the loans granted during the past year—are to me the source of considerable satisfaction.

It is also a source of satisfaction that the bank has been able during the past year to make its first loan to one of its members in eastern Europe. The difficulties and uncertainties cited in the third annual report still exist, and have hampered further loans by the bank in that region. But these difficulties have been lessened somewhat by economic developments—notably the increasing availability of manufactured goods in western Europe urgently needed by eastern Europe and the similar availability of essential materials in eastern Europe which are required by the western countries. If these trends continue and political tensions are relaxed, the possibilities for constructive assistance by the bank to its eastern European members should expand considerably.

I am also happy to report that during the past month we have been able to conclude our first loan to one of our Asian member states, and I feel confident that this financing will be followed by other transactions by the bank in that great region of the world. In the Middle East we have not yet consummated any loan, but, as the annual report shows, we have been examining a number of projects in various middle eastern countries, some of which I hope will qualify for bank financing in the relatively near future.

On the other side of the balance sheet for the year, I am sorry to say that we have not succeeded to the extent we had hoped in broadening the international character of the financial resources at the disposal of the bank. I refer in particular to our efforts to obtain additional consents to the use in our lending operations of the 18 percent local currency part of the bank's capital. Apart from the United States, which has made the full amount of its 18-percent currency available, some releases have been made by Belgium, Canada, Denmark, and the United Kingdom. They amount in the aggregate, however, to only slightly more than the equivalent of $12,000,000.

In my judgment, it is extremely important that the bank receive greater help from its members in this connection. The strength of the bank is that it is an international cooperative institution. Its ownership, its purposes, and its responsibilities are shared by all its member nations. We who are familiar with the bank and its basic concepts appreciate, of course, that the international character of the bank's resources is best demonstrated by the fact that no matter in which capital market the bank may borrow, each member country pledges its credit that the bank will meet its obligations. This real but subtle point unfortunately tends to be overlooked by the world at large and there is an increasing disposition to cite the bank's reliance on dollars for lending purposes as evidence that it has only limited international participation.

My experience has been that the most effective answer to these criticisms is to show that the bank is making use of other resources besides dollars and in particular of the 18-percent currencies of members other than the United States. Accepting the reality that the United States must remain the chief potential source of lending capital for the bank for some time to come, I still believe that it is possible for a number of other member governments to make a substantial amount of their 18 percent capital subscription available for lending.

I do not make this plea for larger releases from the 18-percent subscriptions merely to underline the word "international" in our title. We have a definite use for these currencies. So long as inconvertibility continues many countries will be able to repay indebtedness in other currencies although they may not be able to service dollar loans.

It is true that most of the countries from which we would like consent to use their 18-percent subscriptions have pressing investment needs at home and are actually net importers of capital. But many of them still invest substantial sums abroad. I do not think I am asking too much if I call on these countries to make a part of their foreign investment through the medium of the bank.

There is another method by which many of our member countries can add to the international character of the bank's resources and that is to increase the eligibility for investment of the bank's bonds. Through legislative or administrative action in a number of countries, a substantial contribution can be made by our members to the creation of a broader market for those bonds. I attach importance to this matter and I propose to discuss it with you in more detail at a later stage of the meeting.

I should like to turn now to a matter much wider in scope than the bank's own operations but which nevertheless profoundly affects the bank and is of vital concern to all the countries represented at this table. I am speaking of the problem of European recovery.

As was foreshadowed in the bank's annual report a year ago, problems of development have increasingly occupied our attention. Since the last governors' meeting we have made only two small loans to western European countries. Necessarily the principal role in assisting European reconstruction is being played by ECA.

Nonetheless European recovery is of vital importance to the operations of the bank because of the pivotal part played by the great trading nations of Europe in the functioning of the world economy. European purchases and sales abroad have long been a decisive factor in balancing international trade. Unless the European economies can be reestablished on a stable basis the economic position of almost every country, even of those in the dollar area, will be insecure. In passing upon loan applications, whether from countries in Latin America, Asia, the Middle East, or elsewhere, we always come face to face with the necessity for appraising whether the customary trade of these countries with Europe can be reestablished on a satisfactory basis. It is, therefore, no exaggeration to state that the soundness of all our loans is affected by the outcome of the European recovery efforts.

The first objectives of the European recovery program—to expand production and

restore financial stability in the participating countries—have been achieved to an impressive extent. But we must face the fact that, though prewar levels of output have been reached and surpassed and though the menace of inflation has been curbed, progress along these lines alone is no longer enough. It has become plain, I think, that the time has now arrived for making fundamental readjustments in present patterns of trade and production. And if these necessary readjustments are to be made successfully, they must include complementary action by both the European countries and the United States.

So far as concerns the European countries, the most urgent requirement is obviously to sell more of their production abroad, and particularly in dollar markets. In order to accomplish this many things are necessary—but to my mind the most important are to reduce export costs and to make exports to the dollar area at least as attractive to individual producers as sales either in the domestic market or in other foreign markets.

In my judgment there are several lines of action which must be followed to achieve these objectives. The first, which I need not elaborate before this audience, and which is appropriately dealt with at some length in the annual report of the International Monetary Fund, is the establishment of a system of exchange rates which will assist the dollar-deficit countries to compete effectively in world markets, will furnish an incentive to exporters to increase their sales in the dollar area and will encourage importers to buy, to the extent possible, in countries whose currencies they can best afford. I do not underestimate either the complexities or the far-reaching consequences of such action, but I fail to see how it can be avoided.

The second line of approach must be to reduce the domestic costs of production, both by increasing the efficiency of management and labor and by limiting the burden of indirect costs, principally government expenditures, which must be borne by producers. In most countries the level of productivity has already risen substantially since the war, but they still lag far behind the United States and Canada.

It has been pretty well demonstrated, I think, that productive efficiency cannot be brought about merely through governmental edict or exhortation. To make the most effective use of existing productive facilities, real incentives are required, and perhaps most important the pressure of competition. To my mind, one of the most essential steps toward solution of the dollar problem is for the dollar-deficit countries to start clearing away the wilderness of bilateral arrangements, special currency controls, quotas and similar restrictions, both internal and external, which have grown up over the past 20 years to protect inefficient production and trade practices. I don't suggest that this can or should be done overnight. The important thing is to begin now to move—and to move rapidly—toward a freer, more competitive exchange of goods.

The problem of reducing the burden of governmental costs on production is a difficult one, particularly susceptible to controversy and misunderstanding. Since World War II many governments have committed themselves to extensive programs of social welfare. No one can dispute their right to follow this course, if they have the means to undertake it. Unfortunately, however, it has become apparent that many countries cannot now afford ambitious programs of social services without either reducing their living standards in other respects or cutting back their productive investments designed to make possible a better standard of living in the future.

In addition to the necessary reduction in costs, it is important that the European countries undertake vigorous, concentrated measures to broaden their market in the United States and Canada. What is required, I believe, is not only the offer of a greater variety of goods adapted to American tastes and priced attractively, but also a wider and more forceful attack on the attention of the American consuming public.

If the European countries take energetic action along these lines in the months ahead, they should with continued ECA aid be able to make additional significant progress toward true recovery. I regard the continuance of ECA aid essential, but I believe it important that the aid should be so allocated as to give the participating countries the greatest possible incentive to pursue this new course of action. However useful the present method of ERP programing has been to date, I think the time has come when it, too, calls for review. I therefore welcome the announcement by Mr. Hoffman that allocation of ECA aid during the second half of the current fiscal year will be directly related to the performance of the participating countries, acting both individually and collectively through the OEEC, in effectively using the aid and realizing the objectives of the recovery program.

Up to the present time assistance from ECA has been allocated primarily on the basis of the anticipated dollar deficit of the respective countries—the largest shares going to those having the biggest deficits. It is true that, in estimating the deficits, it has been assumed that the countries concerned would take effective action to reduce the dollar gap. Nevertheless, the incentive has tended to be a negative one since the greater the gap the greater the claim for aid, while the smaller the deficit the less assistance was likely to be anticipated. Furthermore, so long as ECA dollars cannot be saved, but only used for current imports, the ERP countries have difficulty in building up adequate foreign-exchange reserves, without which they cannot relax their trade and currency controls or face with confidence the difficult years after 1952.

I know that ECA is fully conscious of this problem and is doing all within its power to encourage the participating countries to carry out the necessary readjustments. I am nevertheless troubled about the situation because I believe that the basic difficulties may not be as readily susceptible of solution if dealt with only within the terms of the powers now available to ECA.

Specifically, I suggest that careful thought be given to the following approach: First, that the share of ECA aid to each participating country be defined as clearly as possible for the remainder of the recovery program, and each country be given assurance that its share will not be reduced if it earns or saves more dollars than had been expected, nor increased if its dollar deficit grows larger; and second, that all restrictions be removed from the use to which ECA dollars may be put so that such dollars will cease to be "soft dollars" and each country will have the opportunity to make the most economic use of the aid provided.

If this approach should prove feasible, it may have most salutary effects. Each country would know how much dollar aid it could count on and, knowing that no further aid could be anticipated, would be encouraged to husband it carefully. Responsibility would be squarely placed upon the participating nations to take the measures necessary for their own recovery.

I should like to emphasize one further point. Action by the dollar-deficit countries, however soundly conceived and vigorously executed, will not suffice to solve the dollar problem unless the United States takes complementary measures. For despite a rather remarkable shift in the attitude of the United States in recent years, some of its policies are still basically inconsistent with its position as the great creditor nation of the world. Modifications of these policies, like those that are necessary in Europe, may injure particular groups or interests within this country, but in my judgment such modifications are essential both to restore the health of the world economy and to maintain America's own prosperity.

United States tariffs provide the most important case in point. Their over-all level has been greatly reduced since the early thirties, but at certain crucial points they remain a barrier to the import of foreign goods. Moreover, producers in other countries fear, with some justification, that if they should succeed in establishing a market for their goods in the United States, their efforts would be negated by new or higher protective tariffs. Even where the level of duties does not exclude foreign goods, they are frequently kept out by unduly complex customs procedures and regulations.

In addition to tariff barriers there are also a number of other types of restrictions designed to protect American companies against foreign competition, which are hardly consistent with the expressed policy and long-range interests of the United States. In my judgment, it does not make good sense for America to encourage the production of goods for the domestic market which could more economically be imported, and certainly all attempts to use the aid programs as a vehicle for dumping surplus goods abroad should be strongly resisted.

I would like to close on a note of guarded optimism. When rationing stopped after the war there was a shortage of many classes of goods. In some cases the shortage was so acute as to drive people to extraordinary lengths to obtain the goods they wanted. It is astonishing how quickly some of these "acute" shortages disappeared when there was a moderately increased flow to the market. To suggest that the dollar shortage can be compared with that of butter would be wishful thinking, but I do believe the world is somewhat in the grip of a "shortage" psychosis. If only—and it is no small "if"—if only we can start on the way toward equilibrium, we may find the effects of returning confidence highly cumulative and our difficulties dispelled more quickly than we dared hope.

EXECUTIVE SESSION

Mr. LUCAS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The VICE PRESIDENT. If there be no reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

UNITED NATIONS

The Chief Clerk read the nomination of Warren R. Austin to be Representative of the United States of America to the fourth session of the General Assembly of the United Nations.

Mr. LUCAS. Mr. President, I have conferred with the minority leader, and at his suggestion all the appointments under the heading of "United Nations" should be passed over temporarily.

Mr. McMAHON. Mr. President, reserving the right to object, I very much dislike to see these appointments passed over tonight. The meeting of the United Nations is in progress now. Unless there is serious objection, I hope we may consider them tonight.

Mr. LUCAS. I certainly agree with the Senator from Connecticut they

UNIVERSITY OF MICHIGAN LIBRARIES

should be taken up, but the distinguished minority leader suggested they should go over until Monday, as there was some objection. But these are very important nominations, and I think their confirmation should not be delayed very much longer.

Mr. WHERRY. It is perfectly agreeable to me if the majority leader wishes to move to take them up Monday.

Mr. McMAHON. Mr. President, the United Nations is in session. One of the nominees is Warren R. Austin, a former Member of the Senate. Another is Philip C. Jessup, who has distinguished himself in the United Nations to a point where he is admired and respected by everyone not only in this country but abroad. He has performed valuable work in connection with the Berlin situation. There is also Mrs. Anna Eleanor Roosevelt. I note also on the list the name of John Sherman Cooper, a gentleman who certainly needs no introduction to Senators. There is also Wilson M. Compton, whom I do not know. I find it difficult to go along with the request to postpone action on the nominations, but if the majority leader wishes them to go over, I shall not insist, though I think it is regrettable.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. BRICKER. The Senator from Connecticut says he does not know Mr. Wilson M. Compton. Mr. Wilson M. Compton is president of the University of the State of Washington. He is one of the distinguished Compton brothers, a brother of Carl and Arthur Compton, and himself a most distinguished and able educator and businessman.

Mr. McMAHON. That simply adds to the testimony I have been trying to give as to the outstanding character of the delegation. I think it is a mistake to pass the nominations over. I do not like it.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. PEPPER. Has any announcement been made as to whether any Senator requested that the nominations be carried over?

Mr. WHERRY. If the Senator will yield——

Mr. LUCAS. I yield.

Mr. WHERRY. I should like the RECORD to show there is no objection on my part to any of the nominations. I know the majority leader so understands. I was attempting to work out, by delaying a bit until Monday, the possibility of confirmation without debate. But now, if the distinguished majority leader wishes, I shall not urge the objection any longer. If he will move to take them up, I shall be glad to have a quorum call, if the Senator will permit it, so that the Senator from North Dakota [Mr. LANGER], who asked me to have the nominations go over until Monday, may be present. That course will be perfectly agreeable to me. If Senators want to remain here tonight and take up the nominations it is agreeable to me.

I have no objection to the nominations. I endorse everything that has been said, but I thought we had an understanding that the nominations should go over until Monday, with the idea that it might eliminate debate.

If it is the will of the Senate that the issue be settled this evening, it is perfectly agreeable to me. I want to cooperate with the majority leader and with those who have said such fine things about these nominees.

The VICE PRESIDENT. The Senator from Illinois asks that the nominations go over. Without objection, they will be passed over.

Mr. LUCAS. Mr. President, the nomination of Mr. Butterworth has been on the executive calendar for a long time. It has been agreed that his nomination will be considered following the disposition of the military pay bill. I think that probably on Monday evening, or at some time on Monday, we should dispose of all these nominations, namely, that of Mr. Butterworth and those who have been nominated for positions with the United Nations. I serve notice at this time that they will all be taken up at some time on Monday.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WHERRY. Mr. President, I am in total agreement with the distinguished majority leader, but I should like to ask a question. Does the Senator mean that the consideration of the nominations will be made the unfinished business, or does it involve a night session?

Mr. LUCAS. I think we should remain after we have discussed the military pay bill, which I shall move to take up in a moment, and on which a vote can probably be taken on Monday. I think we should then proceed to consider the nominations on the Executive Calendar, and conclude their consideration, even if we have to have a night session.

The VICE PRESIDENT. The clerk will read the next nomination on the Executive Calendar.

DEPARTMENT OF COMMERCE

The Chief Clerk read the nomination of Thomas W. S. Davis, of Virginia, to be Assistant Secretary of Commerce.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES COAST GUARD

The Chief Clerk read sundry nominations in the United States Coast Guard.

Mr. LUCAS. Mr. President, I ask that the nominations in the Coast Guard be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

COAST AND GEODETIC SURVEY

The Chief Clerk proceeded to read the nominations in the Coast and Geodetic Survey.

Mr. LUCAS. Mr. President, I ask that the nominations in the Coast and Geodetic Survey be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. LUCAS. Mr. President, I ask that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations will be confirmed en bloc, and, without objection, the President will be notified of all nominations this day confirmed.

MILITARY PAY BILL

The Senate resumed the consideration of legislative business.

Mr. LUCAS. Mr. President, I move that the Senate proceed to consider Calendar No. 741, House bill 5007, known as the military pay bill.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 5007) to provide pay, allowances, and physical disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the reserve components thereof, the National Guard, and the Air National Guard, and for other purposes, which had been reported from the Committee on Armed Services with amendments.

LEGISLATIVE PROGRAM

Mr. LUCAS. Mr. President, I should like to make an announcement. Following the disposition of the military pay bill it is the intention of the majority, under the advice of the Policy Committee, to take up what is known as the executive pay bill, Calendar No. 112, Senate bill 498.

Following that, we hope to take up the postal service bill, Calendar No. 875, Senate bill 1772.

Following that, we hope to take up the Federal employees compensation bill, Calendar No. 843, House bill 3191. These bills are all on the calendar.

For the benefit of Senators who may be interested in one of the bills but may not be interested in another, I make the announcement that those bills will be taken up, one after the other.

There has been some discussion to the effect that possibly one of the bills may be attached to the military pay bill as an amendment. I hope that will not be done. I should like to have all the bills considered on their respective merits.

I make that announcement, Mr. President, in order that we may clarify and expedite the situation.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the distinguished Senator from Nebraska.

Mr. WHERRY. I should like to ask the distinguished majority leader whether, following the debate on the military pay bill, which is now the unfinished business, it is his intention, if the debate be concluded tomorrow afternoon, to proceed with the pay bills as he has listed them, or does he intend to take up the public-works bill, which is known as the Chavez bill?

Mr. LUCAS. Let me answer the distinguished Senator by saying that we have been attempting to get before the Senate Calendar No. 762, Senate bill 2116, providing for the advance planning of public works. In the event there is a lull in the debate on the military pay bill tomorrow, it is the intention of the

majority leader to move to lay aside temporarily the military pay bill and to take up Senate bill 2116.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. PEPPER. I was wondering whether the able majority leader would include in the same category the advance planning bill, Calendar 840, Senate bill 1453, which was reported unanimously and supported by all the members of the Committee on Labor and Public Welfare. It involves providing grants and scholarships for education in the medical, dental, dental hygiene, public health, nursing, and sanitary engineering professions. I think it will take no more than a few minutes for its disposition. If we should have a little lull, I wonder if the Senator would allow that bill also to be considered.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the distinguished Senator from Ohio.

Mr. TAFT. I should like to say that the bill which has the unanimous support of the Committee on Labor and Public Welfare contains a constructive program dealing with medical schools.

Mr. LUCAS. Mr. President, I will say to the distinguished Senator from Ohio and to the distinguished Senator from Florida that if there is a lull in the debate on the military pay bill and the debate on the advance planning of public works bill, we will consider the bill to which the Senators have referred.

REPORT ON AMERICAN AID TO EUROPEAN PEOPLES

Mr. KNOWLAND. Mr. President, will the Senator from Illinois yield?

Mr. LUCAS. I yield to the Senator from California.

Mr. KNOWLAND. Mr. President, from time to time we have heard criticism to the effect that the ECA has not been doing a good job in the work which it has been carrying on in countries throughout the world. It gives me a great deal of pleasure to ask unanimous consent to have printed in the body of the RECORD, as a part of my remarks, a letter which I received from Mr. Glen T. Goodwill, superintendent of schools of Monterey, Calif., together with a newspaper article which appeared in the Monterey Peninsula Herald, showing the very excellent job done by ECA in other nations.

There being no objection, the letter and article were ordered to be printed in the RECORD, as follows:

MONTEREY PUBLIC SCHOOLS,
Monterey, Calif., September 14, 1949.

The Honorable WILLIAM F. KNOWLAND,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR KNOWLAND: During the summer it was my good fortune to have the opportunity to travel in Europe for 2 months. My family and I visited England, Holland, Belgium, France, Italy, and Switzerland. Wherever I went I asked questions concerning the success of the Marshall plan in the respective countries.

During our stay in Venice I was greatly impressed with the splendid job Italians are doing in keeping their people informed concerning the aid they are receiving from the United States. I went through the exhibit along with thousands of other people, mostly Italians, and heard the story of the reconstruction of Italy made possible by help under the Marshall plan. Later I went back to the office of L. L. Rocchi, director of the exhibit, and had an interview with him concerning the benefits of the plan in that country.

My reactions were written in a letter addressed to W. M. O'Donnell, associate publisher of the Monterey Peninsula Herald, and were printed as an editorial on August 10, 1949. Contents of this editorial may be of interest to you as a member of the United States Senate, and a copy is enclosed.

Sincerely yours,

GLEN T. GOODWILL,
Superintendent of Schools.

[From the Monterey Peninsula Herald of Wednesday, August 10, 1949]

MONTEREY EDUCATOR WRITES FIRST-HAND REPORT ON AMERICAN AID TO ITALIAN PEOPLE

(EDITOR'S NOTE.—Glen T. Goodwill, superintendent of Monterey schools, is traveling in Europe this summer with his family. He carries a courtesy press identification card provided by W. M. O'Donnell, associate publisher of the Herald. While visiting in Venice, Italy, recently, Mr. Goodwill had occasion to gather some first-hand impressions on how American aid is helping Italy and how the story of this assistance program is being delivered to the Italian people. His report, which was submitted in the form of a letter to Mr. O'Donnell, is reproduced below as a guest editorial of importance and interest.)

Thousands of people in Venice, Italy, swarmed into the European recovery program office of the Italian Government this week (July 28, 1949) to learn about the success of the Marshall plan in their country.

They saw beautifully prepared charts, photographs, motion pictures, and samples of goods received from the United States of America during recent weeks. One attractive hostess said: "All these things are given to us by the people of the United States—it is not one government helping another, but people who pay taxes in America are helping people of Italy."

L. L. Rocchi, director of the exhibit, said that it had been shown in 25 cities to date and been seen by 7,000,000 people. In addition to this a score of mobile units are at work going into the smaller communities.

The Italian people are being told that without help from the United States it would be impossible for them to make such great progress in the reconstruction of their country.

Mr. Rocchi said: "The Marshall plan is not only an attempt to restore the economy of Europe but will build stronger political-economic conditions which will result in lessening the causes of wars. Europe can get along better with the world on a sound economy—this is the only answer to communism."

Mr. Rocchi further stated that the United States is the only country with the means and the right idea about the future. "They are helping us to help ourselves. Someone must be in charge of this constructive anti-Communist program, and the United States can do it."

During our interview Mr. Rocchi was asked to explain exactly how the ERP functions in his country and gave the following explanation:

Raw materials and goods are received by the Italian Government from America. These goods are sold to industry and on the markets of the country. Funds thus received are placed in the "lire fund" and used for reconstruction. Some 260,000,000,000 lire were allocated for public works during the first year under the program.

More than 1,000,000,000 lire have been spent for reclaimed land in making farms more productive and another billion has been allocated for the rebuilding of the railroads. Two-way tracks have been installed, stations destroyed during the war have been replaced, and bridges repaired. Italy lost 65 miles of bridges during World War II. A housing project for railway workers has also been completed.

Italy has never been able to produce enough corn and wheat for her needs. Hybrid corn seeds from the United States have greatly improved the productivity of that commodity.

The following goods were received from the ERP during the period June 16 to 30: Wheat, corn, coal, crude oil, steel, soya seed, raw cotton, copper, tin plate, iron products, timber, rags, fish, skins, industrial machinery, industrial chemicals, shipyard equipment, office equipment, coffee, electrical equipment, X-ray equipment, synthetic rubber, auto parts, laboratory equipment, and motion picture projection equipment.

It is the responsibility of each country benefiting from ERP funds to advertise those benefits so that the people will understand the program. Italy is doing an excellent job in this respect and paying the bill from the lire fund.

During 1949 Italy has had $1,200,000,000 in imports, of which 50 percent is ERP goods. It is believed by Italian officials that if countries being served by ERP will work together a sound economy can be had by 1952.

NOMINATION OF WILLIAM E. KRENNING

Mr. DOWNEY. Mr. President, will the Senator from Illinois yield?

Mr. LUCAS. I yield.

Mr. DOWNEY. Mr. President, there is upon the Executive Calendar the nomination of William E. Krenning to be postmaster at San Diego, Calif. Objection was heretofore made by the junior Senator from California [Mr. KNOWLAND] to the confirmation of that nomination. I may say to the majority leader that the junior Senator from California has said it would be satisfactory to him to take up this nomination during some lull in the proceedings tomorrow, or on Monday. I understand the junior Senator from California wants to make only a brief statement in connection with it.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. KNOWLAND. Mr. President, it will be perfectly agreeable to me to take up the nomination tomorrow, when I shall have my notes, which I do not have before me at this time.

PREVENTION OF ACCIDENTS IN INDUSTRY

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I should like to ask the majority leader, in case of a lull tomorrow, if he will not agree to have taken up a bill in which I am very much interested? I refer to Calendar No. 854, Senate bill 1439, a bill to provide assistance to State agencies administering labor laws, in an effort to bring about a condition whereby accidents in industry may be lessened. The Committee on Labor and Public Welfare has unanimously reported the bill. It

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was objected to on the regular call of the calendar, but I am very much interested in having it acted on, if there is any possibility of doing so tomorrow.

Mr. LUCAS. I thank the Senator for calling my attention to the bill, and we will take his suggestion under serious consideration in the event we run out of something to do.

Mr. JOHNSTON of South Carolina. My reason for making the statement was that I noticed there were not many speakers ready to proceed today. I can speak on the bill at any time the Senator desires to have it brought before the Senate, if there shall be a lull, and no other Senator is ready to speak.

Mr. LUCAS. I thank the Senator from South Carolina. It is very possible we will get to the bill tomorrow, because the Senate is really transacting business now.

Mr. JOHNSTON of South Carolina. I hope the bill will be considered tomorrow.

RECESS

Mr. LUCAS. Mr. President, I move that the Senate stand in recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 7 o'clock and 2 minutes p. m.) the Senate took a recess until tomorrow, Friday, September 23, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 22 (legislative day of September 3), 1949:

IN THE ARMY

The following-named persons for appointment in the Regular Army of the United States, in the grade of first lieutenant and corps specified, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), and Public Law 625, Eightieth Congress:

John S. Folawn, JAGC, O2069873.
Betty L. Parker, WAC, L900153.
Donald W. Potter, JAGC, O1596169.

The following-named persons for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 391, 80th Cong.):

Lee S. Ablouness, O534192.
Earl C. Acuff, O410157.
Pritchard G. Adams, Jr., O972447.
William A. Allison, O413819.
Victor L. Alvarez, O528434.
Frank H. Armstrong, O1174759.
Cecil H. Baldwin, O413770.
Robert L. Bangert, O470385.
George W. Bass, O965197.
Richard A. Baughman, AO562484.
William D. Bratton, O1053500.
Charles K. Brockett, O1054192.
Marvin L. Bromberg.
Lorence F. Brown, O2018996.
Francis O. Buckman, Jr., C949533.
Burr E. Burgess, O956346.
Michael A. Caponegro, O547356.
Paul N. Casper, O446020.
Louis A. Chateau, O965272.
Maurice L. Clouser, O551765.
Charles S. Collier.
John W. Consolvo, O448987.
Virgil N. Cordero, Jr., O465340.
Edward O. Coursen.
Gordon R. Cubbison, O1167798.
Frederick C. Dahlquist, Jr., O1055569.
Robert C. Dalzell, O477868.
Harold O. Davis, O508157.
John G. Dawson, O971107.
James D. Donnelly, O1649267.
Lawrence E. Driscoll, O955761.
Edward R. Duncan, O452228.
Robert L. Ednie, O495705.
Robert L. Ely, Jr., O402680.
John Fencyk.
Edward J. Flanagan, O1591715.
Paul M. Fletcher, O467846.
James T. Fulghum, O1649458.
Robert D. Funke.
Hugh M. Garner, O485228.
Otis L. Garrison.
Robert B. Gleason, O968594.
Richard Glikes, O539393.
George F. Goodspeed, Jr., O968244.
Francis P. Graves, Jr., O439195.
Robert L. Greer, AO742709.
John B. Haberer, O1180521.
James J. Hagerty, Jr., O1315302.
Turner P. Hall, Jr., O527803.
Edsel F. Hart, O466801.
Ellsworth W. Heidenreich, O1787066.
Arnold R. Henderson, Jr., O967916.
Dennis E. Henricks, O1297724.
Charles J. Heyer, O957529.
James M. Hitchcock, O541287.
Raymond F. Hodgdon, O1036196.
William J. Hord, O964843.
Robert A. Houser, O1050723.
James H. Hutchison, O551535.
Joseph M. Irvine.
Charles L. Johnson, O536615.
George M. Johnson.
Richard Y. Johnston.
Walter F. Jones, O515642.
Edward N. Kaplan, O435645.
Lyman B. Knutson.
Joseph J. Koontz, O1283448.
Gerald E. Ledford, O547861.
William C. Leist, O1290622.
Herbert Lindsay, Jr.
James E. Levins, O970585.
Hoyt R. Livingston, O1303911.
William F. Lorenz, Jr., O400181.
Robert J. Lynch, O418264.
Howard H. Mann, O1313356.
James E. Marshall, O549889.
John H. Mason.
Jack Mayer, O947942.
Thomas F. McCord, O414849.
Francis M. McCullar, O409755.
Charles A. McFadden, O405616.
Daniel F. McNeil.
Sanders D. Middleton, Jr., O547260.
John A. Mittino, C973068.
James R. Mulligan, O514313.
Henry G. Nanz.
James C. Olson, O1107008.
Timothy Osato, C957135.
Gerald L. Perry, Jr., O1289312.
Joseph E. Pizzi, O443942.
William F. Porter, O966456.
David R. Presson, O528265.
Aubrey H. Price, O1633461.
James L. Quinnelly, O422609.
Robert L. Ramsaur, O2210108.
Edward M. Ridlehoover, O1046244.
Robert S. Roberts, O519420.
Joseph G. Robertson, O945882.
Charles E. Sagner, Jr., O2049921.
Terry C. Salt, O389992.
Alfred A. Sanelli, O473544.
William C. Schemmel.
Frank D. Secan, O509859.
Donald A. Seibert, O1038113.
Joseph H. Shaffield, III, O975754.
Norman I. Shapira, O409168.
Francis J. Shearer, Jr., O1546625.
Buren R. Shields, Jr., O1325677.
Everett F. Smalley, Jr., O965496.
Harry E. Smith, O1945950.
Lowell K. Solt, O539515.
Bob F. Spitzmiller, O1291347.
Max R. Stallcup, O949921.
Dan G. Stevens.
Guy Stone, O555986.
Archie W. Summers, O2208550.
John K. Tate, O516122.
Charles E. Taylor, O1303226.
Harold M. Telthorst, O954948.
Henry S. Thigpen, O545668.
Pershing Tousley, O1649649.
Doc L. Triggs, Jr., O956463.
Willie L. Tyus.
Manuel S. Tzouanakis.
Robert O. Van Horn, O413808.
Vincent T. Van Sickel, O512873.
George I. Wagner, O1635451.
James M. Webb, O450649.
James M. Welch.
Robert S. Welch.
Craig T. Wesley, O517605.
Ben O. White, Jr.
Alton G. Williams, O449078.
Robert C. Williams, AO753095.
Kermit J. Wilson, O393859.
Douglas R. Wyllie.
James L. Yacavone, Jr., O1114817.
Herman L. Yeatman, O969960.
John Young III, O768363.
Jerome Zohn, O412316.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 22 (legislative day of September 3), 1949:

DEPARTMENT OF COMMERCE

Thomas W. S. Davis to be Assistant Secretary of Commerce.

UNITED STATES COAST GUARD

To be chief ship's clerks, United States Coast Guard

William V. Albaugh	Herman Crain
Patrick L. Quinn	Harold G. Reinhart
William B. Nagle	William Gass
Marcus A. Sublette	Cornelius F. Rudolph
Mervyn W. Tomlinson	Norman E. Thurlow
Harold B. Lapp	David A. Butler
David L. Kaufman	Napoleon O. Calderoni

COAST AND GEODETIC SURVEY

To be ensigns in the Coast and Geodetic Survey

Arthur E. Greaves, Jr., effective September 21, 1949.

Robert G. Rendall, effective October 21, 1949.

POSTMASTERS

ALASKA

Virginia E. Toussaint, Fort Yukon.

ARKANSAS

James W. Henry, Clarendon.

COLORADO

William D. Pinkerton, Fort Collins.
Merlin C. Ford, Vona.

HAWAII

Nadine M. Rosenberger, Koloa.

IDAHO

Joseph C. Miller, Cataldo.
James A. Crawford, Farragut.

ILLINOIS

Leo V. Anderson, Aurora.
John Haderlein, Chicago.
John F. Carney, Glencoe.
George E. Ruffner, Mason.
Susan C. Graczyk, Medinah.
Gordon F. Bennett, National Stock Yards.

IOWA

Iva A. A. Hanson, Callender.
Lottie V. Tvedte, Dolliver.
Paul A. Thoren, Grundy Center.
Joseph F. Kelly, Harpers Ferry.
Leo C. Kramer, Urbana.

KANSAS

Cecil J. W. McMullen, Norton.
Hugh R. Bomgardner, Palco.

MASSACHUSETTS

Earle A. Brown, Lunenburg.

MINNESOTA

John J. Jaschke, Minneota.
Alban D. Bertrand, Sleepy Eye.

MISSOURI

Claude E. Burkhart, Huntsville.

MONTANA

Aimee M. Pattison, Froid.

NEW JERSEY

Anna Kline, Middlebush.

NEW YORK

Ethel M. Fleury, Constable.
Michael Pasternak, New York Mills.
Winston R. Reel, Schuylerville.

NORTH DAKOTA

Richard W. McCoy, Wildrose.

RHODE ISLAND

Stephen J. Zweir, Jr., Jamestown.

SOUTH CAROLINA

Hiram M. DuPre, Walhalla.
William S. McNeill, Waterloo.

HOUSE OF REPRESENTATIVES

THURSDAY, SEPTEMBER 22, 1949

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

The heavens declare the glory of God and the firmament showeth His handiwork. Day unto day uttereth speech and night unto night showeth knowledge. There is no speech nor language where their voice is not heard.

Blessed Lord, as the day is urgent and the need is country-wide, we beseech Thee to make our public service a sacrament, approaching our duties with clear minds and courageous hearts. Grant that sincerity may inspire our motives, serving our Republic with honesty. Let calmness of spirit prevail, that progress may not be paralyzed or strength wasted.

Do Thou keep our honored Speaker in good health and good cheer, and guide the leaders and the Congress in all their ways. In our Saviour's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

CONTESTED ELECTION CASE—STEVENS v. BLACKNEY (H. DOC. 336)

The SPEAKER laid before the House the following communication from the Clerk of the House, which was read, and, with the accompanying papers, referred to the Committee on House Administration and ordered to be printed:

SEPTEMBER 22, 1949.

The honorable the SPEAKER,
House of Representatives.

SIR: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives for the Sixth Congressional District of the State of Michigan, George D. Stevens against WILLIAM W. BLACKNEY, notice of which has been filed in the office of the Clerk of the House; and also transmit herewith original testimony, papers, and documents relating thereto.

In compliance with the act approved March 1, 1887, entitled "An act relating to contested-election cases," the Clerk has opened and printed the testimony in the above case, and such portions of the testimony as the parties agreed upon or as seemed proper to the Clerk, after giving the requisite notices, have been printed and indexed together with notice of contest, and the answer thereto and original papers and exhibits have been sealed up and are ready to be laid before the Committee on House Administration.

Two copies of the printed testimony in the aforesaid case have been mailed to the contestant and the same number to the contestee, which together with the briefs of the parties, will be laid before the Committee on House Administration to which the case shall be referred.

Very truly yours,

RALPH R. ROBERTS,
Clerk of the House of Representatives.

AMENDMENT OF FAIR LABOR STANDARDS ACT OF 1938

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5856) to provide for the amendment of the Fair Labor Standards Act of 1938, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. LESINSKI, BARDEN, KELLEY, POWELL, MCCONNELL, GWINN, and BREHM.

THE LATE RICHARD J. WELCH

The SPEAKER. The Chair recognizes the gentleman from California [Mr. SHEPPARD].

Mr. SHEPPARD. Mr. Speaker, I wish to pay tribute to a great Californian, and a great American, RICHARD J. WELCH, who died in Needles, Calif., on September 10.

DICK WELCH served 48 years as an elected public servant, and during those years he contributed greatly to the development of the West and California. He was a friend, even though of a different political faith. A Republican, he was a friend of labor, the Government worker, and was a strong advocate of improvement in life for all Americans. He was a friend of public power, good roads, better living facilities, the farmer, and the humblest workingman.

DICK WELCH was born in New York State on February 13, 1869. At the early age of 15, he went to California and worked first on a farm near Freeport, and then at the old Union Iron Works as an iron molder in San Francisco. He trained himself to be an expert machinist, and in 1900 he was named deputy county clerk of the city and county of San Francisco.

DICK WELCH was a constructive man, and his record in the State senate from 1901 until 1913 is replete of his accomplishments to improve working conditions and opportunities for business and working men. While he was a State senator, he also served from 1903 to 1906 as chief wharfinger of San Francisco, and in 1916 he was elected to the board of supervisors and came to Congress in 1926. Today there are only 20 Members of the House of Representatives who were here when DICK WELCH entered the House. Eight of them are of his party, the Republican Party.

From early boyhood to the day he died while en route to Kingman, Ariz., to meet with the Public Lands Subcommittee studying irrigation and reclamation projects of the Colorado River Basin, DICK WELCH was known as a hard worker. For the San Francisco Bay area he accomplished many things. He was the sponsor of the Golden Gate Bridge and is known as the father of that great structure. It was he who introduced the legislation in the board of supervisors which eventually led to its construction. He served as a member of the board of directors of the bridge from its formation in 1928 until he died. DICK WELCH brought many major military and civilian installations to the San Francisco Bay area. He backed the Sunnyvale Air Base in Santa Clara County and was primarily responsible for the establishment of the naval shipyard at Hunters Point. He pointed out the availability of the area which now forms the air force base at Hamilton base in Marin County. He initiated the move for the Federal Office Building at the civic center. He backed the establishment of the marine hospital and the veterans' hospital at Fort Miley.

In the early days of his career in Congress, DICK WELCH was largely credited with having brought about the first increase in pay of poorly paid Government workers. At one time he served as chairman of the House Labor Committee, and during the Eightieth Congress he was chairman of the Public Lands Committee.

He broke with his party on various occasions. He voted against the Taft-Hartley Act, but he was conscientious in his beliefs and was known as a liberal Republican. Oftentimes he called himself a radical Republican. When he was in the State senate, he sponsored a constitutional amendment which provided for workmen's compensation and laws requiring safety measures in construction projects. He also sponsored the 8-hour law for women and children who were employed. During his career, he used his influence which resulted in the development of shipbuilding on the west coast, particularly in the San Francisco area. As a San Francisco city supervisor, he initiated the plans for the Skyline and Bayshore Highways. He also sponsored legislation which deepened and widened San Francisco's harbor approaches to make it a great seaport.

As a Representative of San Francisco's Fifth Congressional District for 23 years, DICK WELCH established a record seldom equaled by any individual Member of this great body. He not only served as a Republican member of the House Public Lands Committee, but also on the Labor and Merchant Marine Committees, and in the last few years he concentrated much of his energy on the development of the Central Valley reclamation project and other reclamation, irrigation, and Indian problems of the western slope of the Rockies.

DICK WELCH was a quiet, gentlemanly person in all of his dealings with his colleagues and his associates. He was a kindly man, a persuasive man, and he was of firm convictions on the issues of the day. He differed with individuals, but there was no rancor. I admired him greatly, although at times we did not see eye to eye on various issues. He was a progressive individual in that he foresaw the needs of the Western States, particularly California. He foresaw the things needed for the great development which has made California come forward

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so fast in the past two scores of years as a home for millions of Americans.

I am proud to have been associated with DICK WELCH. All my sympathy goes to his widow, Sarah, and his son, Garrett.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SHEPPARD. I yield.

Mr. MARTIN of Massachusetts. Mr. Speaker, I join with the gentleman from California in his eulogy of a beloved colleague who has now passed to the Great Beyond. DICK WELCH came to Congress the same year as I did. Throughout the years it has been my privilege to enjoy his friendship and esteem. He was a man of good ability and devoted to serving his day and generation. Born in the East he went to the West at an early age and became a great champion of that section of the country. In a large way, through his efforts and diligent service, the State of California was tremendously aided. DICK WELCH was a splendid legislator, a man of high character and ability. Our country can ill afford the loss of men of his devotion to the public welfare. To his good wife and family goes our sincere sympathy in their hour of bereavement.

Mr. Speaker, with the kind indulgence of the gentleman from California [Mr. SHEPPARD] I should like to ask unanimous consent that all Members may extend their remarks at this point in the RECORD on the passing of our beloved colleague.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. RAYBURN. Mr. Speaker, in the passing of DICK WELCH a real character has gone. No labels fit him because he was just DICK WELCH.

It is distressing to me that I shall not see him again. His friendship was an enriching treasure—generous, friendly, and good was he—his like comes this way too infrequently. With his loved ones I shall miss him always.

Mr. MICHENER. Mr. Speaker, like the other Members of the House, I was shocked and grieved the other morning to read in the national press of the passing of our distinguished, likable, and industrious colleague, DICK WELCH. I was serving in the House when Mr. WELCH entered the Congress. We lived at the same apartment hotel for a number of years and it was my privilege to become well acquainted with DICK WELCH'S splendid wife and family, and I know how much he will be missed by them.

This is a better country because DICK WELCH lived in it. His interest was always in the underdog and in the common man. He always thought in prospect rather than in retrospect. He was a leader of organized labor of the earlier vintage. He was ever proud of the union as he conceived it and was ever ready to advocate and defend the legitimate objectives of trade unionism. He was not a radical. He called himself a Progressive Republican. If more labor leaders entertained DICK WELCH'S concept of the functions and purposes of organized labor, the rank and file union member would be the beneficiary, and the country would be better off. DICK WELCH was conscientious in his work, and his place as a Representative from California will be difficult to fill.

Mr. LEMKE. Mr. Speaker, I, too, wish to pay tribute to our departed friend, Mr. WELCH. It is needless to say that I was shocked as I still vividly remember a conversation I had with him the day before he left for his home. In his passing California lost one of its ablest sons. Mr. WELCH was a coworker and battler with Hiram Johnson. It was the battle for the common man. Throughout the years that I had known Mr. WELCH I considered him one of America's great. I know that San Francisco, the State of California, and the Nation is a better place to live in for his having been.

I know what his loss means to his wife and family, but there is this consolation that the Nation shares the loss with them.

Mr. BARRETT of Wyoming. Mr. Speaker, I was astounded to learn of the sudden death of our esteemed colleague, Hon. RICHARD J. WELCH, of California. During the Eightieth Congress, DICK WELCH, as he was familiarly known, served as chairman of our Committee on Public Lands. It was an honor to be associated with him. He had a long and distinguished record in the Congress. California and the Nation will miss him in the years that lie ahead. He was loyal to his friends and steadfast to his principles. I join my colleagues here today in extending my sincere sympathy to his family and to the people of his State.

Mr. DOYLE. Mr. Speaker and my colleagues, I shall always appreciate the fact that our former colleague, affectionately known as DICK WELCH, from my native State of California, personally came to me on the very first day of the convening of the Seventy-ninth Congress and greeted me most cordially and helpfully. He explained that he had known my own father in the early days of San Francisco and that he had regarded him most highly and was glad that I, the son of his friend, Thomas Doyle, now deceased, was in Congress with him.

And then he proceeded to tactfully and graciously make some suggestions which I soon found to be of utmost value to me as a freshman in Congress. All through the Seventy-ninth Congress my friend, DICK WELCH, was increasingly a real friend and counselor.

Many times during these months of the Eighty-first Congress he would stop me in the hall or come from the Republican side of the House to the Democratic side to greet me and wish me well. And then I had the benefit of serving on the subcommittee of the West Coast Congressional Delegation on Shipbuilding, of which he was the chairman. I remember how, in preparation for a conference at the White House, this distinguished leader of men and legislator of indestructible integrity, gave me the benefit of his long experience and sent to my office copies of reports and hearings of the Committee on Merchant Marine and Fisheries, in order that I might familiarize myself with the historical background relating to the important subject matter with which I was charged as a member of the committee.

Death could have no sting for a gentleman of his earthly service and heavenly rewards. He passed out the bouquets to his colleagues and fellow men while they could smell the fragrance of each blossom in the tributes which he daily gave to us as we were privileged to associate with him. I am confident that his seat in heavenly abode is studded with pearls of precious wisdom and sincere friendship, and hard, honest public service rendered with unselfish integrity.

Mr. ROONEY. Mr. Speaker, I was indeed shocked a few weeks ago over the sudden passing of our beloved colleague, the late Congressman RICHARD J. WELCH, of California.

Congressman WELCH served with great distinction continuously in this House from August 31, 1926, to the time of his death on September 10, 1949. For many years he played an important role in championing the cause of the laboring men and was a recognized leader in the field of labor legislation.

The sincerity of his convictions and the spirit with which he gave his best to every cause that he espoused will long be remembered by this body. He was an elder statesman whose splendid example and advice we cherished. DICK WELCH was tolerant and sympathetic and always conscious of his duties and responsibilities as a national legislator. He was one of those fine upstanding citizens who always stand foursquare for honesty and justice.

I enjoyed DICK WELCH'S friendship and have been inspired by his enthusiasm and sincerity. He always treated me with the greatest kindness. A few years ago when I was on the west coast with the Interior Department subcommittee of the House Committee on Appropriations I had the pleasure of spending some time with him in his home city, San Francisco.

To his good wife and family I extend my deepest sympathy. I am sure that a kind, compassionate providence will comfort them in their great sorrow, positive that the angels have by now led him into paradise.

Mr. WHITE of California. Mr. Speaker, many glowing tributes have been paid to the memory of RICHARD WELCH, and I want to pay my respects to one who was a great and good friend. I could talk long about the accomplishments of DICK WELCH, but this story is now well known in the Congress and among the people he served.

Some men have courage, but lack honesty; while others have honesty, but lack courage. DICK WELCH was both honest and courageous. Although he was a Republican, and I am a Democrat, I had the greatest respect and admiration for him, because he always looked out for the interests of his people.

No more need be said to enshrine the memory of DICK WELCH in the hearts of those who followed his public career than that he served his people well.

Mr. BLAND. Mr. Speaker, I could not be present at the time when there was announced the untimely and lamented departure of my friend, RICHARD J. WELCH, with whom for many years, I served in this House. DICK, as I called him, was a diligent public servant, faith-

ful to every trust, and devoted to the public good. He always sought the measure which best advanced the State and Nation. He considered the public interest at all times above every other contingency.

I served with DICK WELCH as a member of the Committee on Merchant Marine and Fisheries. For many of those years while I served as chairman, he served as the ranking minority member. Consequently, I was with him in many of those years when we considered the Merchant Marine Act, Coast Guard legislation, radio legislation, Ship Sales Act, and other matters coming under the jurisdiction of the Committee on Merchant Marine and Fisheries. DICK was experienced in the subjects of the committee's legislation and he was an invaluable assistant in the work which we were called upon to enact. I called on him freely and, as he was informed on the subjects of our legislation, he helped to guide us in drafting the legislation which we needed. He never tried to play partisan politics and the sole question with him always was the best way in which he could serve the public. DICK WELCH contributed very greatly to the building up of a merchant marine and to the strengthening of our Coast Guard. I loved him as a brother and that love continued to the day of his death. One of the greatest regrets that I had to the plan of reorganization of the comittees in Congress was the loss of DICK in the work of the committee of which I was chairman. When I was in doubt about any matter, I knew that I could rely upon DICK to give me his best judgment and I always found his judgment to be sound.

I cannot in the scope of this speech convey my love, admiration, and friendship for this great soul. I shall be content when my labors here are over, and I shall have left this Chamber, if it can be truthfully said of me, as I now say of DICK WELCH, that his sole thought was the public good, that he lived to do good and to help his fellow man. DICK is gone but his works still live and he will be remembered as one who was never content to follow popular opinion and acclaim, but instead he was one who tried to leave his world better than he found it. He did, and I know that in the Happy Land to which all of us hope some day to go, where virtue is rewarded, DICK has found his reward. Old friend, God bless you, and may your rest be sweet. You are another link that binds me to the land beyond the skies, and where I hope that those of us now serving here may meet in the days when our labors here are over.

DICK WELCH had the "upward look." I feel that if an occasion had arisen similar to that in Stamford, Conn., when there came a day of impenetrable darkness, while the legislature was in session and when the people were alarmed and the impression prevailed that the judgment day was here, DICK would have endorsed most enthusiastically the words of the rugged old Puritan named Davenport, who rose to speak and said:

Mr. Speaker, if the judgment day is about to dawn, I wish to be found at my post of duty. I move that candles be brought in and the legislature continue in session.

It was in that spirit that his last hours were passed, for even as the death angel hovered over DICK, he was discharging his duties, working for his State and Nation and serving his fellow man and his God.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. SHEPPARD. I yield.

Mr. RANKIN. Mr. Speaker, probably no man in the House of Representatives was more intimately associated with DICK WELCH during his term of service in this body than I was.

We fought side by side the long battles for public power, and I came to know him and to appreciate him as one of America's great outstanding individuals and statesmen.

It brought more pain and sorrow to me than I can possibly express when I learned of his untimely passing away.

I always associate him with the Golden Gate near which he lived, and through which his blessed spirit probably passed, to another radiant Easter beyond the gates of night.

May the rolling of the mighty deep
Whose billows round him play,
Bear him to some sacred place,
Some haven far away,
Where the weary soul may find
The bliss for which it sighs;
Where sorrow never lives
And friendship never dies.

Mr. PETERSON. Mr. Speaker, will the gentleman yield?

Mr. SHEPPARD. I yield.

Mr. PETERSON. Mr. Speaker, I join with my colleagues in extending sympathy to the family of our late colleague, DICK WELCH. I am deeply grieved at his passing. It was my privilege to have served with him both on the Committee on Merchant Marine and Fisheries, and on the Public Lands Committee at times when he was chairman of the committee and also when he was ranking member of the committee. He was a pleasant man to deal with. He was kindly and considerate. He was a hard-working man. I have for him a deep and keen affection. He was a fine public servant. He will be missed by those of us who knew him. The Nation joins us in grief at his passing, because of the great services that he rendered to the Nation and particularly to the great West. His public service and his personal friendship will be long remembered by those with whom he came in contact.

He actually died in service. At the time of his death he was en route to join a subcommittee which was studying some important public-land problems. He took a keen interest in the various matters coming before the committee and the House, and was always willing to render service when requested. His passing causes grief and loneliness, but those who loved him can take pride in his character, his life, and his fine service.

Mr. SHEPPARD. Mr. Speaker, I yield to the distinguished gentleman from Vermont [Mr. PLUMLEY].

Mr. PLUMLEY. Mr. Speaker, I shall never forget the day when I met DICK WELCH and Al Carter following a meeting of the Subcommittee on Appropriations for the Navy, at which meeting the committee had turned down the project for the construction of the Alameda base, and I had so voted.

Was it not Kipling who said:

Oh, east is east, and west is west, and never the twain shall meet
Till earth and sky stand presently at God's great judgment seat;
But there is neither east nor west, border nor breed nor birth
When two strong men stand face to face, tho' they come from the ends of the earth!

Kipling or anybody else to the contrary, anyway, these two Californians, Carter and WELCH, certainly went to town and took a Vermont eastern Yankee for a very definite ride. They made it very positively clear to me that I had mistakenly voted against the Alameda project.

So later, convinced by them as to my error, I voted in subcommittee to reconsider the action which had been taken. Alameda became a project and eventually the base it is today. While my vote decided the issue, they were responsible for my voting as I did.

I never have regretted my vote for reconsideration. I have always held both Al Carter and DICK WELCH in highest regard for that they showed me the error of my way.

I think that in the enumeration of the consummation of projects in which DICK WELCH was interested, this Alameda base should be included, although it was not particularly his project. However, he joined, as he always did, with anybody who made any effort to advance the interests of the west coast.

The people of the San Francisco area owe a debt of gratitude they never can repay as they undertake to pay proper tribute of respect to the memory of one of California's great and most loyal sons. In all of this I join.

Mr. SHEPPARD. Mr. Speaker, I yield to the distinguished gentleman from Massachusetts [Mr. MCCORMACK].

Mr. MCCORMACK. Mr. Speaker, I am deeply grieved in the recent death of my dear and valued friend, RICHARD J. WELCH, of California, or DICK WELCH, as we fondly called him.

While DICK WELCH has gone to his eternal sleep, his good deeds, his fine life will always live. It is sad when any Member of the House dies, but it is particularly so when a Member like DICK WELCH passes on. To me, he was the ideal gentleman; the perfect legislator. While DICK WELCH will no longer be with us, and no longer shall we see his familiar face, or meet him, the memory of our late beloved friend will always remain with us.

I have made reference to DICK WELCH being the ideal gentleman. He was kind, charitable, tolerant, and understanding. He possessed and exercised to the greatest degree possible, those fine human attributes that constitute real and sincere nobility of character. He was a man of deep and abiding faith in God and in his fellow man.

During the years, Mrs. McCormack and I would see DICK and Mrs. Welch attending and participating in the celebration of the holy mass in St. Patrick's Church in Washington. The world of

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today would be a much better and happier one to live in if it had more persons like DICK WELCH.

I have also made reference to my dear friend as the perfect legislator. How often during his years of service in this body has he presented evidence of his devotion to his people, of his devotion to the backbone of America—the average person. His knowledge of our Government and its fundamentals, what it stands for, its duties and responsibilities, and of legislation, was profound. His courage was outstanding. He always followed his conscience. He voted his convictions. He did not respond to the voice and pressure of those seeking special privileges at the expense of the people. He did not vote as political expediency dictated. He voted his honest judgment.

DICK WELCH was always found fighting for the best interests of the people. Not only labor, but agriculture, and particularly those interested in flood control, public power, irrigation and reclamation, and conservation of our soil will, as they should, always remember DICK WELCH and his able and courageous service in their behalf in this great and important legislative body.

DICK WELCH and I were very close to each other. His death is a personal loss to me His death affects me very, very much. To state that I shall miss him expresses my thoughts and feelings inadequately and incompletely.

The people of his district might well feel proud of DICK WELCH and the manner in which he served them. I know there is profound sorrow in their minds and hearts in his death. They have repeatedly evidenced their affection for him and their confidence in him by nominating and electing him, both political parties giving him the nomination and election unanimously.

His death is a great loss to his State. It is an irreparable one to our Nation, the country he so intensely loved and served with such ability, courage, and devotion.

To Mrs. Welch, whom he leaves behind, and their love and devotion for each other was known by all, beautiful to see, and an example for all to follow, I extend my deep sympathy in her great loss and sorrow, in which expression Mrs. McCormack joins with me.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SHEPPARD. I yield.

Mrs. ROGERS of Massachusetts. I, too, had the privilege of entering Congress at the same time as DICK WELCH. He was very much beloved by everybody. He was a very courteous gentleman even when we were on opposite sides of a question. I remember one battle in which he won; he probably was right; I thought I was, but he was always friendly, courteous, and most considerate of others. The thing that remains with me in my mind today is the fact of his tireless work when probably he did not feel well in the last year, his tireless, indefatigable industry that he put into everything for his district, for those who needed his help, and for his people. I remember in particular one piece of legislation that would benefit a group in which he was greatly interested; the last thing he ever said to me was: "When is that bill coming out of committee?" He died fighting. Our deepest sympathy goes to his wife, his son, and other relatives.

Mr. SHEPPARD. Mr. Speaker, I yield to the gentleman from Michigan [Mr. LESINSKI].

Mr. LESINSKI. Mr. Speaker, my acquaintance with DICK WELCH dates from the Seventy-third Congress when he was the ranking Republican member on the Committee on Labor. DICK WELCH, first and above all, was for the underdog, and he has worked hard with us to bring about labor legislation and the minimum wage. Everything that has been said about DICK WELCH is fact. I hope that in the days to come the Members of the House and the members of the Committee on Labor will remember his work.

Mr. SHEPPARD. Mr. Speaker, I yield to the gentleman from California [Mr. ALLEN].

Mr. ALLEN of California. Mr. Speaker, I wish to join in this tribute to our late colleague, DICK WELCH, and to express my sympathy to the family he leaves behind.

A few days ago in company with my colleague the gentleman from California [Mr. MILLER] and the gentleman from Arizona [Mr. MURDOCK], I attended the funeral of DICK WELCH in San Francisco and witnessed the great honor that was shown to him by the people of his community, people from all walks of life, who came to St. Mary's Church to pay a final tribute. Officials from all branches of the Government in which he had served, local, State, and national, were present. It was a great tribute to a great Californian.

Mr. SHEPPARD. Mr. Speaker, I yield to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK. Mr. Speaker, I wish to join with my colleagues in paying tribute to our deceased friend, the gentleman from California, Mr. WELCH. Let me say that as a true westerner he died in active service. He was on a field trip with a committee of which I was a member, and I reached the hospital in Needles, Calif., where he died, only a few hours after his passing. Never one to be daunted he had undertaken more than his body could stand, so he died while on duty. We have a western expression—it is not so elegant, but I think one meaning of it applies: "He died with his boots on" in the service of his State and country.

I particularly feel that he was a special friend of mine in that he was attempting to learn all that he could possibly learn about the complicated matters on the Colorado River in pending legislation that he might render a greater service to his country. That was his effort in these final days of his life.

I, too, attended his funeral services in St. Mary's; I, too, noticed the great honor in which he was held by a vast throng. I thought when the pastor took as his text in that service, The Bridge, and gave due credit to Congressman WELCH for sponsoring the great structures that span the Golden Gate and the bay, before he became a Member of this body, that such credit and praise were well placed. Great was the throng and magnificent the services at St. Mary's, but such was not all the offering to him. The evening before, hundreds of his humble neighbors, the little people, came to comfort his family and to recall the many acts of kindness he had done for them through the years.

In the church as through the press, attention was drawn to the fact that he had a great part to play in the development of the Golden State before he came to the Halls of Congress. He had spent a half century building. Of course, the pastor said that Congressman WELCH had built a bridge, the bridge of his life. He laid great stress upon the metaphorical and spiritual meaning as well as the physical building for San Francisco.

It occurred to me, Mr. Speaker, that the finest tribute that could be paid to DICK WELCH was that he gave meaning to that text by his own life. We, in the West and the Nation, have lost heavily by the passing of this elder statesman.

Mr. SHEPPARD. Mr. Speaker, I yield to the gentleman from Nebraska [Mr. O'SULLIVAN].

Mr. O'SULLIVAN. Mr. Speaker, it was with the deepest regret that I learned that our beloved colleague, Congressman RICHARD J. WELCH, of San Francisco, Calif., has ceased to be an actor on life's great stage—had received his last cue and had passed on into the brilliancy of that greater stage whose footlights are the stars of heaven.

I extend to his immediate family and his relatives my sincere sympathy in this, their hour of great bereavement.

I became acquainted with Congressman WELCH on January 3 of this year and can truthfully say that he was the greatest Republican legislator I have ever known in my 66 years of living.

As a final tribute to my departed colleague and friend I repeat, with some revisions, what was said on a like occasion in this House of Representatives many years ago, on behalf of a dead colleague, by a man whose name I have forgotten:

I have seen by night the headlight of a giant locomotive rushing onward through the darkness heedless of danger and uncertainty, and I have thought that the spectacle was grand.

I have seen the lightning flash across the storm-swept sky until night and darkness and the shadow-haunted earth gleamed with noonday splendor, and I have thought that the spectacle was grand.

I have seen the sun come over the eastern hills in glory until leaf and tree and blade of grass sparkled like myriad diamonds in the morning ray, and I have known that the spectacle was grand.

But the grandest thing next to the radiance which flows from the Almighty's throne is the light of a noble and beautiful life shining in benediction upon the destinies of men and finding his home at last in the bosom of the everlasting God.

GENERAL PERMISSION TO EXTEND REMARKS

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent that all Members

may have five legislative days in which to extend their remarks in the RECORD on our late colleague.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

LEGISLATIVE PROGRAM FOR NEXT WEEK

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, may I inquire of the gentleman from Massachusetts [Mr. McCORMACK] what the program will be for next week?

Mr. McCORMACK. May I say first that it is my intention to ask unanimous consent that the House adjourn over until Monday next.

I have nothing for Monday at this time.

Mr. MARTIN of Massachusetts. May I inject an inquiry at this point?

Mr. McCORMACK. I would be very glad to have the gentleman do so.

Mr. MARTIN of Massachusetts. I understand that a petition has been filed to have the FEPC bill made in order on Monday. I think that proper length of time has elapsed. I also understand this petition was inadvertently filed, that the chairman of the committee did not authorize its filing. Would the gentleman make a comment about that and also what we might expect?

Mr. McCORMACK. I have no knowledge of any 21-day discharge petitions being brought up on Monday.

Mr. MARTIN of Massachusetts. I understand it was filed through an error. A clerk in the office of the chairman filed it but it was not the purpose of the chairman to do so. What is the status of the bill?

Mr. McCORMACK. It is my intention on Monday to let any House bills that passed the Senate with amendments be taken from the Speaker's desk by unanimous consent. Quite a few of them have passed. Of course, Monday is discharge day for the 21-day petitions. I have no knowledge of anyone intending to take up any matter where the 21-day petition would apply.

Mr. MARTIN of Massachusetts. I wish it could be cleared up, whether the bill would be called up. I was looking around the Chamber to see the chairman of the committee, but I do not see him at the moment. He was here a few minutes ago. Would the gentleman from Massachusetts endeavor to find out?

Mr. McCORMACK. I am very sorry, but I have no knowledge of it. I have no knowledge of the intention of anyone to call up any such resolution. I am glad the gentleman asked the question, however. Of course, I have no control over that situation. It is a matter of high priority, but I assume anybody intending to do so will consult with me.

Mr. MARTIN of Massachusetts. I wonder if we might ask for a ruling from the Speaker. Could the FEPC bill be called up on Monday, providing the petition was filed without the consent of the chairman of that committee?

The SPEAKER. Only the chairman of the committee may call up a resolution under the 21-day rule.

Mr. MARTIN of Massachusetts. If it is demonstrated that the petition is filed without the consent of the chairman, would that void the petition?

The SPEAKER. Of course, the Chair does not call up any resolution.

Mr. MARTIN of Massachusetts. I see the chairman of the committee now.

Mr. LESINSKI. What is the question?

Mr. MARTIN of Massachusetts. I understand a request that the FEPC bill be called up on Monday was filed by the gentleman or by someone in his office.

Mr. LESINSKI. There was no request made by our committee.

Mr. MARTIN of Massachusetts. Then it is not subject to be called up on Monday?

Mr. LESINSKI. That is right.

Mr. McCORMACK. As I understand any Member can file a request, but it is up to the chairman to call it up.

Mr. MARTIN of Massachusetts. What is the rule?

Mr. McCORMACK. Anyone can file a request, but the only one who can call it up after 21 days is the chairman.

Mr. MARTIN of Massachusetts. As I understand, this was filed under the chairman's name and so printed in the RECORD.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I might say to the gentleman that under the new rule adopted by the House this year any Member can file a resolution which would bypass the Committee on Rules after 21 days. Any Member can file that resolution, but nobody but the chairman of the committee having original jurisdiction of the bill can call it up, and then only on discharge day.

Mr. MARTIN of Massachusetts. I understand from the gentleman from Michigan that he did not file it.

Mr. LESINSKI. The resolution?

Mr. MARTIN of Massachusetts. Yes.

Mr. LESINSKI. Oh, I have filed a regular resolution, but I have not asked for a date.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Pennsylvania.

Mr. RICH. Then when you passed the law at the beginning of this session of Congress taking away the power from the Committee on Rules and placing it in the hands of the chairman, or one of the members of the committee, the chairman of that committee has the right to say when he is going to bring that legislation up; is that the case?

Mr. LESINSKI. Well, it is to be brought up on certain days, and we have no agreement yet on what day we are going to bring it up.

Mr. RICH. Then you are giving more power to the chairman of the committee than you are to the Committee on Rules.

Mr. McCORMACK. Of course, that is not so. I will answer that.

Mr. RICH. That is so.

Mr. McCORMACK. The gentleman may have his own opinion.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have the floor. I would like to ask the chairman of the Committee on Labor one further question. At least, as far as Monday is concerned, he has no intention of calling it up.

Mr. LESINSKI. I have made no arrangements.

Mr. MARTIN of Massachusetts. That does not answer the question.

Mr. LESINSKI. That answers it.

Mr. MARTIN of Massachusetts. Is the gentleman going to call it up?

Mr. LESINSKI. I cannot call it up unless we make arrangements.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. CHURCH. Mr. Speaker, there is so much discussion from the floor without the Members rising that I call for the regular order. I make the point of order.

Mr. MARTIN of Massachusetts. I am yielding to the gentleman from Michigan [Mr. LESINSKI].

Mr. McCORMACK. The gentleman from Massachusetts had asked for a minute to ask me some questions. The program as announced by the majority leader is prepared after contacting the chairmen of the committees. I had assumed that anybody who was going to call up a resolution under the 21-day rule would consult me beforehand. If he did not, I would feel very much distressed and disturbed. No one has consulted me about that, so I can say that as far as I know, although several such resolutions are pending, none is going to be called up on Monday.

I was about to proceed with the program for the rest of the week when this colloquy took place, which seems to me to be unnecessary because as far as I know no resolution is going to be called up under the 21-day rule.

Mr. MARTIN of Massachusetts. I think the people should know what is coming up on Monday.

Mr. McCORMACK. I said that on Monday we would consider any House bills that have passed the Senate with amendments and that can be brought up by unanimous consent.

Mr. MARTIN of Massachusetts. We can be assured that no bill will be called up under the special rule on next Monday?

Mr. McCORMACK. I have no knowledge that any chairman of a committee intends to bring up a bill under those circumstances. Certainly that is as far as I can go.

Mr. MARTIN of Massachusetts. Of course I am not objecting to bringing up any resolution, but we all want to know if it is intended to be brought up.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Mississippi.

Mr. RANKIN. May I say to the gentleman from Massachusetts [Mr. McCORMACK] and the gentleman from Massachusetts [Mr. MARTIN] that we have

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two bills reported from the Committee on Veterans' Affairs that were objected to when we undertook to take them up by unanimous consent. It is my understanding I am to be recognized later under suspension of the rules on those bills.

Mr. McCORMACK. That will not be on next Monday.

Mr. RANKIN. No; that will not be on next Monday, and, of course, I would not attempt to call them up at any time without consulting the majority leader.

Mr. PICKETT. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Texas.

Mr. PICKETT. May I ask the gentleman from Michigan [Mr. LESINSKI], chairman of the House Committee on Education and Labor, if it is or is not his intention to call up for consideration on Monday the resolution regarding the FEPC.

Mr. LESINSKI. Plain "No."

Mr. MARTIN of Massachusetts. We can all understand that language.

Mr. McCORMACK. On Tuesday we will take up the bill H. R. 4495, that has to do with additional benefits for postal workers. On Wednesday there will be the bill H. R. 5931, the Classification Act revision. Both these bills are from the Committee on Post Office and Civil Service.

There is also a bill, H. R. 5557, relating to temporary agricultural workers, and I will announce later when that will be considered. I should like to confer with the chairman of the committee to find out what day is agreeable to him that in turn is agreeable to me. I have been unable to clear that situation with him yet, but the probability is that that bill will come up next week. What other legislation will come up next week I shall later advise my friend and the House.

Mr. MARTIN of Massachusetts. Of course, conference reports can come in at any time?

Mr. McCORMACK. Yes, of course. I mean any other legislation on our regular program for next week. As to that, I shall advise my friend just as soon as possible, and also advise the House.

Mr. MARTIN of Massachusetts. I thank the gentleman.

Mr. McCORMACK. Of course, if there are any matters that can be considered by unanimous consent, after being cleared through the leaders, we will bring them up.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

AMENDMENT OF INTERNAL REVENUE CODE

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5268) to amend certain provisions of the Internal Revenue Code, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. DOUGHTON, COOPER, MILLS, CAMP, LYNCH, WOODRUFF, SIMPSON of Pennsylvania, MASON, and HOLMES.

EXTENSION OF REMARKS

Mr. SHAFER asked and was given permission to extend his remarks in the RECORD.

Mr. JENSEN asked and was given permission to extend his remarks in the RECORD.

Mr. CHURCH asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. D'EWART asked and was given permission to extend his remarks in the RECORD and include a letter addressed to him concerning the bill H. R. 3589 and the veto of that bill by the President.

Mr. DAVIS of Tennessee asked and was given permission to extend his remarks in the RECORD.

FEDERAL AID TO EDUCATION

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. STAGGERS. Mr. Speaker, I would like to quote a short excerpt from an editorial which has appeared in the leading newspapers and magazines of America, such as Life, Saturday Evening Post, Collier's, Time, and Newsweek, and many other national publications:

> The sun won't shine so brightly for America's children in the years to come, a condition brought about by the shameful neglect and indifference of their parents who stood idly by while more than 350,000 school teachers quit their profession between 1939 and 1945. * * * The loss of these teachers has weakened our schools to a frighteningly low level. The harm to America's children is beyond calculation.

What is the remedy for this situation? Federal aid to education. Who is to blame for the lack of Federal aid to education? Just a few of our national leaders here in the House of Representatives. What is the answer? If this condition is not corrected, history will record these men not as leaders but hindrances on the road to America's greatness.

The youth of today are the leaders of tomorrow. Shall they be educated to the best of our ability? The time might be later than we think.

What is Congress going to do about this disgraceful situation?

The SPEAKER. The time of the gentleman from West Virginia has expired.

EXTENSION OF REMARKS

Mr. CELLER asked and was given permission to extend his remarks in the RECORD.

Mr. O'HARA of Illinois asked and was given permission to extend his remarks in the RECORD and include an editorial from the Chicago News and an editorial from the Chicago Sun-Times on the subject of the All Faith Memorial.

Mr. CHESNEY asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. MITCHELL asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous material.

Mr. CHUDOFF asked and was given permission to extend his remarks in the RECORD and include an editorial from the Washington News.

NAVAJO AND HOPI INDIAN TRIBES

Mr. MORRIS submitted a conference report and statement on the bill (S. 1407) to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes.

FLATHEAD INDIAN RESERVATION, MONT.

Mr. MORRIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1976) to authorize the sale of certain allotted inherited land on the Flathead Indian Reservation, Mont., with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

> Line 9, strike out "to Albert Lloyd Helmer."
> Line 10, strike out "of $1,487.50" and insert "to be agreed upon between said owners and the purchaser and approved by the Secretary of the Interior and the tribal council of the Consolidated Salish and Kootenai Tribes of the Flathead Reservation."

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

LULU TWO SPEARS IRON BIRD

Mr. MORRIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3616) authorizing the issuance of a patent in fee to Lulu Two Spears Iron Bird, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

> Page 2, line 1, after "Sheyenne", insert "River Sioux."

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. MORRIS]?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

JEANETTE PEARL BURNS

Mr. MORRIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3886) entitled "An act authorizing the Secretary of the Interior to issue a patent in fee to Jeanette Pearl Burns," with a Senate

amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 6, strike out all after "1", down to and including "less" in line 10 and insert "2, 3, 4 and the south half south half section 5, township 6 south, range 38 east, Montana principal meridian, containing two hundred ninety-nine and eight one-hundredths acres."

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

AGUA CALIENTE INDIAN RESERVATION

Mr. MORRIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5310) entitled "An act to confer jurisdiction on the State of California over the lands and residents of the Agua Caliente Indian Reservation in said State, and for other purposes," together with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 10, strike out "July" and insert "December."

Page 2, line 15, after "easement", insert "not to exceed."

Page 2, line 20, strike out "during" and insert "within the confines of."

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. MORRIS]?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

COUNTY OF BERNALILLO, STATE OF NEW MEXICO

Mr. MORRIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5670) entitled "An act authorizing transfer of land to the county of Bernalillo, State of New Mexico, for a hospital site," with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Line 6, after "Mexico", insert "upon payment by said county of one-half of the appraised fair market value thereof, as determined by the Secretary."

Line 12, after "Mexico", insert ": *Provided*, That if the county of Bernalillo and the Commissioner of Indian Affairs shall enter into a contract or contracts whereby facilities for the treatment of Indians are to be made available at a hospital constructed upon land transferred to the county of Bernalillo under the terms of this act, of a value equal to or in excess of one-half of the appraised fair market value of the property so transferred, the Secretary of the Interior may make such transfer without reimbursement to the Treasury of the United States."

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. EDWIN ARTHUR HALL asked and was given permission to extend his remarks in the RECORD and include an editorial from the Olean Times Herald.

UNFINISHED LEGISLATION

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I returned to Washington unceremoniously yesterday, hurrying down from my district at the call of the House leaders, looking forward to voting on considerable legislation before this session of the Congress closes. I had hoped that before I go back home again I will have an opportunity to vote for a pay raise for postal employees. I understand that is coming up next week, and I am glad to say I will be here to vote for it.

I also looked forward to voting for a universal old-age pension bill at this session, and I hope to have a chance to speak for that.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. EDWIN ARTHUR HALL. I yield.

Mr. RANKIN. Do not leave out the Confederates' pension bill.

Mr. EDWIN ARTHUR HALL. The gentleman will have to include that in his own proposals.

Mr. RANKIN. The bill which I introduced and which passed the House, to increase compensation of service-connected disabled veterans, was reported unanimously by the Senate this morning.

Mr. EDWIN ARTHUR HALL. I am glad to hear that. It is about time. I hope the President will sign it and that we will get this veterans' pension bill enacted into law this session.

The SPEAKER. The time of the gentleman from New York has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. GWINN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[Mr. GWINN addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. RICH asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the Bristol (Pa.) Courier of September 21, 1949, entitled "British Pay for Socialism."

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and in each to include extraneous matter.

Mr. PATMAN asked and was given permission to extend his remarks in the Appendix of the RECORD and to include a certain statement.

The SPEAKER. Under the previous order of the House, the gentleman from Michigan [Mr. HOFFMAN] is recognized for 10 minutes.

A FRIEND OF THE COMMUNISTS OR JUST DUMB?

Mr. HOFFMAN of Michigan. Mr. Speaker, recent undisputed facts raise the question as to whether Dean Acheson, head of our State Department, is a friend of the Communists, seeks to placate them, or is just dumb, or are the rest of us so uninformed we do not see the true situation?

Here are the facts. Consider them. Then draw your own conclusion.

First. The Congress by propaganda has been so thoroughly sold on the military might of Russia and so frightened that, to prevent the spread of communism, it has given billions upon billions of dollars to foreign countries and, some think, so endangered its own national security.

Second. The Senate has adopted the Atlantic Pact which binds the United States to go to the aid, and fight the battles, of any one of 11 other nations.

Third. We have become so involved and entangled in world affairs that now it is contended it is our duty to join in establishing an armed force in Europe and perhaps in Asia confronting the armies of Russia.

Our foreign policy is a blunt announcement to Russia and the Communists that we are ready to wage war—not here in America if we are attacked, but in Europe and perhaps in China, if she, Russia, steps over a certain designated line.

Fourth. Our national security, say our bipartisan, international statesmen, can only be assured if throughout the world we prevent the spread of communism. For the sake of the argument, let us accept that proposition.

Now to stop communism:

Fifth. The State Department, now headed by Mr. Acheson, which deals with foreign governments, has long insisted that we must continue to send money and munitions of war to those countries which are opposed to communism, and is now insisting that the Congress appropriate a billion or more dollars to arm European countries and perhaps Asia.

Sixth. At the moment, pending in the Congress, is legislation, the sole purpose of which is to send out of the United States all those individuals who are engaged in subversive activities, that is, activities which tend to overthrow this Government by force, and to keep out of the United States those in foreign lands who are of like mind.

Seventh. But Mr. Acheson, Secretary of State, who has insisted upon sending dollars and arms to fight communism abroad and who will undoubtedly advocate sending our young men to strengthen a world police, now vigorously opposes the enactment of that legislation which would expel Communists from this country, keep Communists from abroad out of this country, because, he says,

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such legislation would "drastically interfere" with the foreign policy which he advocates.

If our freedom, our national security, is endangered by the spread of communism, should we not fight it here as well as in Europe?

Why weaken ourselves, lessen our ability to provide for our own national defense, by sending dollars and implements of war to confront the Communists in Europe, fail to fight them in China, or permit their agents who are here within our borders to carry on their activities, permit more of Russia's communistic agents to enter this country?

Now, I ask you, are Mr. Acheson and those who support his program friends of the Communists? Or is it possible that they are so dumb that they cannot see the folly of fighting communism 3,000 miles away, while, at the same time, coddling, encouraging, harboring Communist agents here at home?

Or are many of us, as Harry Hopkins said, "just too damned dumb to understand"? What do you think about it? Does Dean Acheson have communistic views or lack common sense? Or do we not know what it is all about?

Certainly, if a group is about to wreck my home, I will kick them out while I yet have the ability, and I will not ask to dinner or give a night's lodging to any others who have a like purpose in mind.

Yesterday, when the bill to rearm western Europe was before the Senate, Senator BYRD noted that it was the twenty-third program for siphoning American money, material, and credit abroad since World War II ended and that, if adopted, it would bring the total of our postwar assistance to foreign nations to $35,000,000,000, while, the Senator predicted, we would here at home this year have a deficit of $5,800,000,000, and a deficit of $7,100,000,000 next year.

I agree with Senator GEORGE, who stated:

> If we are to have a foreign policy under which America can live, it must be a positive American program and not one of fear of Russia and her satellites.

He further said that:

> To the extent you weaken America, you undoubtedly cut the life out of the whole North Atlantic community of states.
>
> The one hope is for America to remain strong and robust and able to make a reasonable contribution from time to time to other nations bound under the same mutual-aid provisions of the North Atlantic Treaty.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. RAMSAY (at the request of Mr. PRIEST), for 10 days on account of illness in family.

ENROLLED BILLS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1824. An act to amend section 433 (f) of the act of August 4, 1949; and

H. R. 3851. An act to amend Public Law 289, Eightieth Congress, with respect to surplus airport property and to provide for the transfer of compliance functions with relation to such property.

ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 55 minutes p. m.) the House, pursuant to its previous order, adjourned until Monday, September 26, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

937. A letter from the Acting Administrator, Federal Security Agency, transmitting a draft of a proposed joint resolution entitled "Joint resolution granting permission to Leslie W. Knott, senior surgeon, Public Health Service, to accept and wear a certain decoration bestowed upon him by the King of Greece;" to the Committee on Foreign Affairs.

938. A letter from the Acting Attorney General transmitting a letter on the case of Remedios Tamayo Hamm, file No. 6170336 CR 22930, requesting that his case be withdrawn from those now before the Congress and returned to the jurisdiction of the Department of Justice; to the Committee on the Judiciary.

939. A letter from the Clerk of the House of Representatives, transmitting papers on a contest for election seat in the House of Representatives for the Sixth Congressional District of the State of Michigan, George D. Stevens against William W. Blackney (H. Doc. No. 336); to the Committee on House Administration and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MORRIS: Committee of conference. S. 1407. An act to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservation, and for other purposes; without amendment (Rept. No. 1338). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BATTLE:

H. R. 6200. A bill to provide for research relating to child life and development; to disseminate information as to the practical application of such research by parents, professional persons, and others and for other purposes; to the Committee on Interstate and Foreign Commerce.

H. R. 6201. A bill to provide for grants to States for maternal and child health and crippled children's services; to the Committee on Ways and Means.

H. R. 6202. A bill to provide for grants to States for maternal and child health and crippled children's services; to the Committee on Ways and Means.

By Mr. JACOBS:

H. R. 6203. A bill to authorize the Secretary of the Air Force to convey certain real property in Marion County, Ind., to the State of Indiana; to the Committee on Armed Services.

By Mr. KING:

H. R. 6204. A bill to implement the International Convention for the Establishment of an International Commission for the Scientific Investigation of Tuna, signed at Mexico City under date of January 25, 1949, by the United States of America and the United Mexican States, and the Convention for the Establishment of an Inter-American Tropical Tuna Commission, signed at Washington under date of May 31, 1949, by the United States of America and the Republic of Costa Rica; to the Committee on Foreign Affairs.

By Mr. WAGNER:

H. J. Res. 352. Joint resolution authorizing the President to proclaim the 7-day period beginning October 23, 1949, as National Air Pollution Abatement Week; to the Committee on the Judiciary.

By Mr. WHITTINGTON:

H. J. Res. 353. Joint resolution authorizing the Commission on Renovation of the Executive Mansion to preserve or dispose of material removed from the Executive Mansion during the period of renovation; to the Committee on Public Works.

By Mr. ROGERS of Florida:

H. Con. Res. 136. Concurrent resolution to seek development of the United Nations into a world federation; to the Committee on Foreign Affairs.

By Mr. JACOBS:

H. Res. 359. Resolution creating a select committee to conduct a study and investigation of the problems of the government of organizations dealing with labor; to the Committee on Rules.

H. Res. 360. Resolution providing for the expenses of conducting the studies and investigations authorized by House Resolution 359, Eighty-first Congress; to the Committee on House Administration.

By Mr. SIMS:

H. Res. 361. Resolution creating a select committee to conduct a study and investigation of the problems of the government of organizations dealing with labor; to the Committee on Rules.

H. Res. 362. Resolution providing for the expenses of conducting the studies and investigations authorized by House Resolution 361, Eighty-first Congress; to the Committee on House Administration.

By Mr. TEAGUE:

H. Res. 363. Resolution for the development of special aircraft for agricultural purposes; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HELLER:

H. R. 6205. A bill for the relief of Gerasimos Nicholas Stathatos and Mrs. Maria Gerasimos Stathatos; to the Committee on the Judiciary.

By Mr. LYNCH:

H. R. 6206. A bill for the relief of Ioan Vasile; to the Committee on the Judiciary.

By Mr. JOSEPH L. PFEIFER:

H. R. 6207. A bill for the relief of Matteo De Marco; to the Committee on the Judiciary.

By Mr. PLUMLEY:

H. R. 6208. A bill for the relief of Giacomo Favetti; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1495. By Mr. BATTLE: Petition of P. P. Fulmer, Trussville, Ala., relative to a grievance of Frederick P. Fulmer in reference to

an application filed for a patent on a parachute; to the Committee on the Judiciary.

1496. By the SPEAKER: Petition of K. P. Koenig and others, Denver, Colo., requesting Congress to amend the Railroad Retirement Act so as to provide needed pension benefits to railroad workers and their families; to the Committee on Interstate and Foreign Commerce.

1497. Also, petition of Interstate Compact Commissioner, Austin, Tex., relative to resolutions passed at a convention at Bismarck, N. Dak., August 24, 1949, in reference to the proper planning in the development and use of our land and water resources; to the Committee on Public Works.

1498. Also, petition of Francis Jean Reuter, Silver Spring, Md., relative to a grievance of Francis Jean Reuter against the Air Corps in reference to a notice of separation; to the Committee on the Judiciary.

SENATE

FRIDAY, SEPTEMBER 23, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Eternal God, in whose peace our restless spirits are quieted, from the flickering torches of our own understanding, we would lift the difficult decisions of the public service into Thy holy light. Grant us inner greatness of spirit and clearness of vision to meet and match the large designs of this dangerous yet challenging day, that we may keep step with the drumbeat of Thy truth which is marching on to a brighter tomorrow when Thy kingdom shall come and Thy will be done in all the earth. In the Redeemer's name we ask it. Amen.

THE JOURNAL

On request of Mr. MAYBANK, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, September 22, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

CALL OF THE ROLL

Mr. MAYBANK. Mr. President, it had been my intention to suggest the absence of a quorum, but if it is agreeable, I will ask unanimous consent that Senators may have leave to insert matters in the RECORD, because some have to catch trains.

The VICE PRESIDENT. The Chair suggests that if a quorum is to be called, it might be better to have it called now, so that Senators who have any routine business to submit may be present.

Mr. MAYBANK. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Holland	Miller
Bricker	Humphrey	Millikin
Byrd	Ives	Murray
Cain	Jenner	Neely
Chapman	Johnson, Colo.	O'Conor
Chavez	Johnson, Tex.	Pepper
Connally	Johnston, S. C.	Reed
Cordon	Kem	Robertson
Donnell	Kerr	Russell
Douglas	Kilgore	Saltonstall
Downey	Knowland	Schoeppel
Ecton	Langer	Smith, Maine
Ellender	Leahy	Sparkman
Ferguson	Long	Stennis
Flanders	Lucas	Taft
Frear	McCarthy	Taylor
Fulbright	McClellan	Thomas, Okla.
George	McFarland	Thomas, Utah
Gillette	McKellar	Tobey
Graham	McMahon	Vandenberg
Green	Magnuson	Watkins
Gurney	Malone	Wiley
Hayden	Martin	Williams
Hill	Maybank	Withers

Mr. LUCAS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. HOEY], and the Senator from Pennsylvania [Mr. MYERS] are absent on public business.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent on official business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Vermont [Mr. AIKEN], the Senator from Maine [Mr. BREWSTER], the Senator from Nebraska [Mr. BUTLER], the Senator from New York [Mr. DULLES], the Senator from New Jersey [Mr. HENDRICKSON], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Massachusetts [Mr. LODGE], the Senator from South Dakota [Mr. MUNDT], the Senator from Minnesota [Mr. THYE], and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

The Senator from Indiana [Mr. CAPEHART] is absent on official business.

The Senator from Oregon [Mr. MORSE] and the Senator from Nebraska [Mr. WHERRY] are necessarily absent.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES] is detained on official business.

The VICE PRESIDENT. A quorum is present.

LEAVE OF ABSENCE

Mr. IVES. Mr. President, in behalf of my colleague, the junior Senator from New York [Mr. DULLES], I request that he be excused from the session of the Senate today, and from the sessions of the Senate during next week.

On behalf of myself I ask that I be excused from the session of the Senate next Monday, September 26.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. BRICKER asked and obtained consent to be absent from the Senate on Monday, Tuesday, and Wednesday of next week.

Mr. HILL asked and obtained consent to be absent from the Senate on Monday next.

On request of Mr. LUCAS, and by unanimous consent, Mr. GRAHAM was excused from attendance on the sessions of the Senate for the next few days.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. O'CONOR, and by unanimous consent, a subcommittee of the Committee on the Judiciary was authorized to sit this afternoon during the session of the Senate.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that routine matters may be presented for the RECORD, without debate.

The VICE PRESIDENT. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred, as indicated:

AMENDMENT OF SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

A letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Soil Conservation and Domestic Allotment Act, as amended (with an accompanying paper); to the Committee on Agriculture and Forestry.

COST OF DAMAGES CAUSED BY MILITARY FORCES AT CERTAIN PUBLIC AIRPORTS

A letter from the Secretary of Commerce, transmitting, pursuant to law, certifications by the Administrator of Civil Aeronautics of the cost of rehabilitation and repair of damages caused by United States military forces at Los Angeles Municipal Airport, Los Angeles, Calif., the Porterville (Calif.), Municipal Airport, and the Alice (Tex.), Municipal Airport (with accompanying papers); to the Committee on Interstate and Foreign Commerce.

PETITIONS AND MEMORIAL

Petitions, etc., were laid before the Senate and referred as indicated:

By the VICE PRESIDENT:

A resolution adopted by the American Legion at its thirty-first annual national convention, Philadelphia, Pa., favoring a strong and adequate merchant marine; to the Committee on Interstate and Foreign Commerce.

A resolution adopted by the City Council of the City of Cambridge, Mass., favoring the enactment of legislation proclaiming October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

A resolution adopted by the board of directors, National Paper Box Manufacturers Association, Philadelphia, Pa., protesting against the enactment of legislation providing compulsory health insurance; to the Committee on Labor and Public Welfare.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GEORGE, from the Committee on Finance:

H. R. 5598. A bill to increase compensation for World War I presumptive service-connected cases, provide minimum ratings for

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service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and redefine the terms "line of duty" and "willful misconduct"; without amendment (Rept. No. 1103).

By Mr. THOMAS of Utah, from the Committee on Labor and Public Welfare:

S. 250. A bill to authorize the Federal Security Administrator to assist the States in the development of community recreation programs for the people of the United States, and for other purposes; without amendment (Rept. No. 1105).

By Mr. SPARKMAN, from the Committee on Banking and Currency:

S. 2560. A bill to amend the Federal Credit Union Act; with an amendment (Rept. No. 1106).

CONVERSION OF NATIONAL BANKS—REPORT OF A COMMITTEE

Mr. MAYBANK. Mr. President, on behalf of the Senator from Virginia [Mr. ROBERTSON], from the Committee on Banking and Currency, I report favorably, without amendment, the bill (H. R. 1161) to provide for the conversion of national banking associations into and their merger or consolidation with State banks, and for other purposes, and I submit a report (No. 1104) thereon.

I referred to this bill on the Senate floor yesterday. I learned this morning that the report to which I addressed my remarks was inadvertently mislaid and did not reach the desk. This bill was ordered reported by the committee by a vote of 7 to 3.

I repeat my request of yesterday that the report not be printed until such time as minority views have been filed in the Senate, and that the minority views, when submitted, which is expected to be before next Wednesday, be printed along with the report filed by the distinguished junior Senator from Virginia [Mr. ROBERTSON].

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar, and, without objection, the request of the Senator from South Carolina to withhold printing of the report is granted.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SALTONSTALL:

S. 2592. A bill for the relief of the Reverend Dimitri Athanas Hacudi; to the Committee on the Judiciary.

By Mr. KERR (for himself and Mr. THOMAS of Oklahoma):

S. 2593. A bill to authorize the commutation of the annual appropriation for fulfilling various treaties with the Choctaw Nation of Indians in Oklahoma, and for other purposes; to the Committee on Interior and Insular Affairs.

(Mr. TAFT introduced Senate bill 2594, to establish a Fair Employment Practice Commission and to aid in eliminating discrimination in employment because of race, creed, or color, which was referred to the Committee on Labor and Public Welfare, and appears under a separate heading.)

By Mr. NEELY:

S. 2595. A bill to provide for the establishment of a Commission on Human Rights in the government of the District of Columbia; to the Committee on the District of Columbia.

(Mr. TAFT introduced Senate bill 2596, relating to education or training of veterans under title II of the Servicemen's Readjustment Act (Public Law 346, 78th Cong., June 22, 1944), which was referred to the Committee on Labor and Public Welfare, and appears under a separate heading.)

(Mr. MCCLELLAN introduced Senate Joint Resolution 131, to require the transmission to the Congress of a balanced budget for the fiscal year 1951, which was referred to the Committee on Expenditures in the Executive Departments, and appears under a separate heading.)

FAIR EMPLOYMENT PRACTICE COMMISSION

Mr. TAFT. Mr. President, I introduce for appropriate reference a bill to establish a Fair Employment Practice Commission, and I ask unanimous consent that the bill, together with an explanatory statement by me of the bill, be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the bill and explanatory statement will be printed in the RECORD.

The bill (S. 2594) to establish a Fair Employment Practice Commission and to aid in eliminating discrimination in employment because of race, creed, or color, introduced by Mr. TAFT, was read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the "Fair Employment Practice Act."

FINDINGS AND DECLARATION OF POLICY

SEC. 2. The Congress hereby finds and declares—

(a) That the denying of employment opportunities to, and discrimination in employment against, properly qualified persons by reason of race, creed, or color is contrary to the principles of freedom and equality of opportunity upon which this Nation is built, deprives the United States of the fullest utilization of its capacities for production and defense, and burdens, hinders, and obstructs commerce.

(b) That it is the policy of the United States to bring about the elimination of discrimination because of race, creed, or color in employment relations.

FAIR EMPLOYMENT PRACTICE COMMISSION

SEC. 3. (a) There is hereby created a commission to be known as the Fair Employment Practice Commission (hereinafter referred to as the "Commission"), which shall be composed of five members who shall be appointed by the President, by and with the advice and consent of the Senate. One of the original members shall be appointed for a term of 1 year, one for a term of 2 years, one for a term of 3 years, one for a term of 4 years, and one for a term of 5 years, but their successors shall be appointed for terms of 5 years each, except that any individual chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he shall succeed. The President shall designate one member to serve as Chairman of the Commission. Any member of the Commission may be removed by the President upon notice and hearing for neglect of duty or malfeasance in office, but for no other cause.

(b) A vacancy in the Commission shall not impair the right of the remaining members to exercise all the powers of the Commission and three members of the Commission shall at all times constitute a quorum.

(c) The Commission shall have an official seal which shall be judicially noticed.

(d) Each member of the Commission shall receive a salary at the rate of $12,000 a year, and shall not engage in any other business, vocation, or employment.

(e) The principal office of the Commission shall be in the District of Columbia, but it may meet and exercise any or all of its powers at any other place and may establish such regional offices as it deems necessary. The Commission may, by one or more of its members or by such agents or agencies as it may designate, conduct any investigation, proceeding, or hearing necessary to its functions in any part of the United States.

(f) The Commission shall have power—

(1) to appoint such officers and employees as it deems necessary to assist it in the performance of its functions;

(2) to cooperate with or utilize regional, State, local, and other agencies and to utilize voluntary and uncompensated services;

(3) to pay to witnesses whose depositions are taken or who are summoned before the Commission or any of its agents or agencies the same witness and mileage fees as are paid to witnesses in the courts of the United States;

(4) from time to time to make, amend, and rescind, in such manner prescribed by the Administrative Procedure Act, such rules and regulations as may be necessary to carry out the provisions of this act;

(5) to serve process or other papers of the Commission, either personally, by registered mail, or by leaving a copy at the principal office or place of business of the person to be served; and

(6) to make such technical studies as are appropriate to effectuate the purposes and policies of this act and to make the results of such studies available to interested Government and nongovernmental agencies.

DUTIES OF THE COMMISSION

SEC. 4. (a) It shall be the duty of the Commission to bring about the removal of discrimination in regard to hire, or tenure, terms, or conditions of employment, or union membership, because of race, creed, or color—

(1) by making comprehensive studies of such discrimination in different metropolitan districts and sections of the country and of the effect of such discrimination, and of the best methods of eliminating it;

(2) by formulating, in cooperation with other interested public and private agencies, comprehensive plans for the elimination of such discrimination, as rapidly as possible, in regions or areas where such discrimination is prevalent;

(3) by publishing and disseminating reports and other information relating to such discrimination and to ways and means for eliminating it;

(4) by conferring, cooperating with, and furnishing technical assistance to employers, labor unions, and other private and public agencies in formulating and executing policies and programs for the elimination of such discrimination;

(5) by receiving and investigating complaints charging any such discrimination and by investigating other cases where it has reason to believe that any such discrimination is practiced; and

(6) by making specific and detailed recommendations to the interested parties in any such case as to ways and means for the elimination of any such discrimination.

(b) The Commission shall at the close of each fiscal year report to the Congress and to the President describing in detail the investigations, proceedings, and hearings it has conducted and their outcome, the decisions it has rendered, and the other work

performed by it, and may make such recommendations for further legislation as may appear desirable. The Commission may make such other recommendations to the President or any Federal agency as it deems necessary or appropriate to effectuate the purposes and policies of this act.

INVESTIGATORY POWERS

SEC. 5. (a) For the purpose of all investigations, proceedings, or hearings which the Commission deems necessary or proper for the exercise of the powers vested in it by this act, the Commission, or its authorized agents or agencies, shall at all reasonable times have the right to examine or copy any evidence of any person relating to any such investigation, proceedings, or hearing.

(b) Any member of the Commission shall have power to issue subpenas requiring the attendance and testimony of witnesses and the production of any evidence relating to any investigation, proceeding, or hearing before the Commission, its member, agent, or agency conducting such investigation, proceeding, or hearing.

(c) Any member of the Commission, or any agent or agency designated by the the Commission for such purposes, may administer oaths, examine witnesses, receive evidence, and conduct investigations, proceedings, or hearings.

(d) Such attendance of witnesses and the production of such evidence may be required, from any place in the United States or any Territory or possession thereof, at any designated place of hearing.

(e) In case of contumacy or refusal to obey a subpena issued to any person under this act, any district court of the United States or the United States courts of any Territory or possession, or the District Court of the United States for the District of Columbia, within the jurisdiction of which the investigation, proceeding, or hearing is carried on or within the jurisdiction of which said person guilty of contumacy or refusal to obey is found or resides or transacts business, upon application by the Commission shall have jurisdiction to issue to such person an order requiring such person to appear before the Commission, its member, agent or agency, there to produce evidence if so ordered, or there to give testimony relating to the investigation, proceeding, or hearing; any failure to obey such order of the court may be punished by it as a contempt thereof.

(f) No person shall be excused from attending and testifying or from producing documentary or other evidence in obedience to the subpena of the Commission, on the ground that the testimony or evidence required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

DISCRIMINATION IN EMPLOYMENT BY THE FEDERAL GOVERNMENT

SEC. 6. The Commission shall make a study and investigation of discrimination in regard to hire, or tenure, terms, or conditions of employment, in the departments and agencies of the Federal Government because of race, creed, or color, and shall recommend to the Congress a specific plan to eliminate it and such legislation as it deems necessary to eliminate it.

WILLFUL INTERFERENCE WITH COMMISSION AGENTS

SEC. 7. Any person who shall willfully resist, impede, or interfere with, any member of the Commission or any of its agents or agencies in the performance of duties pursuant to this act shall be punished by a fine of not more than $5,000 or by imprisonment for not more than 1 year, or both.

The explanatory statement presented by Mr. TAFT is as follows:

STATEMENT OF SENATOR TAFT IN CONNECTION WITH THE INTRODUCTION OF BILL TO ESTABLISH A FAIR EMPLOYMENT PRACTICE COMMISSION

I am today introducing a bill to establish a Fair Employment Practice Commission and to aid in eliminating discrimination in employment because of race, creed, or color.

The bill establishes a Federal Commission of five with power to set up local commissions in all regions throughout the United States. The Commission is authorized to make comprehensive studies in each district to determine how discrimination in that district on grounds of race, creed, and color can best be eliminated, and full employment provided for Negroes and all other minority groups. It is given full power to call witnesses and inquire into specific cases of discrimination, make recommendations, and take every step to secure community interest and cooperation and voluntary compliance by employers and labor unions.

In my opinion the establishment of this Commission is justified by the fact that Negroes do not have the opportunities for employment enjoyed by white men. In many places they are the last to be employed and the first to be laid off. Custom and prejudice interfere with improvement in their position. Substantial progress was made during the war and the temporary Fair Employment Practices Commission, though without legal authority, contributed materially to that progress.

I feel that the compulsory provisions of the bill heretofore introduced in the Senate will hinder progress toward solving the problem rather than achieve it. Few realize how extensive these compulsory provisions are. They are modeled on the "unfair labor practice" provisions of the National Labor Relations Act, and give to anyone who is refused employment or dismissed from a job the right to bring an action against the employer, alleging some motive of discrimination because the applicant or employee is white, black, Protestant, Catholic, Jewish, Czech, Pole, or German. Such motives are always possible to allege, and the question is left for decision to a board which is bound by no rules of evidence, and practically not subject to court review.

Abuses which come about under similar provisions of the National Labor Relations Act led to demands for its amendment by labor organizations themselves. As I see it, the compulsory act, if duplicated in every State as its proponents plan, will finally force every employer to choose his employees approximately in proportion to the division of races and religions in his district, because that will be his best defense to harassing suits. Race and religion will enter into every decision. Catholic institutions, for instance, will have to employ Protestants. The Methodist book concern will have to employ Catholics. White waiters and porters could insist upon most of the work in the pullman sleepers and dining cars. In the long run this board would tell every employer how he must make up his labor force. The bill even includes national origin and ancestry, so that in a city like Cleveland, Ohio, employers could be sued by representatives of every nationality group particularly if they do not have members of that nationality employed in the particular office or plant.

In my opinion any such compulsory measure will create more bad racial and religious feeling than any other method which can be pursued. I think it will do the colored race much more harm than good. Progress against discrimination must be made gradually and must be made by voluntary cooperation and education with encouragement from a Federal board, like that I propose, and State governments and boards, and not by inviting thousands of lawsuits which will get beyond the control even of the Fair Employment Practices Commission itself. A voluntary commission can develop different kinds of plans to increase good colored employment in different cities after studying the local conditions and the character of local industries. The method of solving the problem of Negro full employment in Cleveland may be entirely different from that which should be pursued in New York City or in Atlanta, Ga. No scientific study of the problem has yet been made, and that should be the first task of the boards I propose.

It is true that there may be a few recalcitrant employers, but if local committees are set up and sound plans developed I believe they will be few indeed. If there are a few, perhaps they can be bypassed and employment provided by other means. If the voluntary method fails to continue progress, the Commission is given power to recommend compulsory legislation. I should not oppose it as a last resort. Even then, I doubt if the unfair-labor-practice approach is the proper method of dealing with the situation. For instance, when a comprehensive plan of employment has been made, and efforts at voluntary compliance have failed, the board might be given the right to apply to a court for general approval of the plan, and a court order against an employer whose course of conduct interferes substantially with the success of the plan.

The bill which I am introducing proposes a constructive approach to one of the most difficult problems we face. It is so fair that I believe the opponents should be willing to withdraw their opposition.

BALANCED BUDGET FOR 1951

Mr. MCCLELLAN. Mr. President, I introduce for appropriate reference a joint resolution requiring the transmission to the Congress of a balanced budget for the fiscal year 1951.

The joint resolution is very brief, and I invite the attention of Senators to it. It provides that in addition to the budget required to be transmitted to the Congress by the President under section 201 of the Budget and Accounting Act of 1921, as amended, the President shall transmit to Congress on the first day of the second regular session of the Eighty-first Congress a balanced budget for the fiscal year ending June 30, 1951, which shall set forth in summary and in detail, first, estimates of the receipts of the Government during such fiscal year under laws existing at the time such budget is transmitted; and, second, estimates of expenditures, not in excess of such receipts, for the support of the Government for such fiscal year, under laws so existing. That does not preclude the President from submitting, in addition, any budget he may wish to submit, but it does require him to submit a budget within the anticipated revenues.

The joint resolution (S. J. Res. 131) to require the transmission to the Congress of a balanced budget for the fiscal year 1951, introduced by Mr. MCCLELLAN, was read twice by its title and referred to the Committee on Expenditures in the Executive Departments.

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WEBER BASIN PROJECT (UTAH) REPORT

Mr. WATKINS. Mr. President, I send to the desk the Weber Basin Project (Utah) Report, from the Bureau of Reclamation, under date of July 15, 1949. Inasmuch as this report has been referred to and in effect made a part of Senate bill 2391, which is now public law, having been signed by the President, I ask unanimous consent that this report be referred to the Committee on Rules and Administration to consider the question of having it printed as a Senate document.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah? The Chair hears none, and the request is granted.

ADDRESS BY SENATOR CHAVEZ BEFORE THE KIWANIS CLUB, ALBUQUERQUE, N. MEX.

[Mr. CHAVEZ asked and obtained leave to have printed in the RECORD an address delivered by him at the Kiwanis Club luncheon, Albuquerque, N. Mex., on Wednesday, September 14, 1949, which appears in the Appendix.]

FORCED LABOR IN COMMUNIST RUMANIA—REPORT BY GEN. NICOLAE RADESCU

[Mr. GRAHAM asked and obtained leave to have printed in the RECORD portions of the report of Gen. Nicolae Radescu, former Prime Minister of Rumania, on forced labor in Communist Rumania, which appear in the Appendix.]

ECONOMY IN THE FEDERAL GOVERNMENT—ARTICLE FROM ARKANSAS DEMOCRAT

[Mr. ELLENDER asked and obtained leave to have printed in the RECORD an editorial entitled "An Honorable Failure, Senator," published in the Arkansas Democrat of August 31, 1949, which appears in the Appendix.]

REDUCTION OF GOVERNMENTAL EXPENDITURES—ARTICLE FROM THE KINGMAN JOURNAL

[Mr. REED asked and obtained leave to have printed in the RECORD an article regarding reduction of governmental expenditures, from the Kingman (Kans.) Journal of September 8, 1949, which appears in the Appendix.]

EMPLOYMENT IN THE OIL INDUSTRY—ARTICLE FROM THE OIL CITY (PA.) DERRICK

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an article entitled "One Million Eight Hundred and Eighty Thousand Are Employed by Oil Industry in the United States," published in the Oil City Derrick of September 22, 1949, which appears in the Appendix.]

THE TAFT-HARTLEY ACT AND PENNSYLVANIA VOTERS—ARTICLE BY JOHN M. CUMMINGS

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an article entitled "Taft-Hartley Act 'Chains' Just Didn't Worry Voters," written by John M. Cummings, and published in the Philadelphia Inquirer of September 16, 1949, which appears in the Appendix.]

RESULTS OF ELECTION IN TWENTY-SIXTH PENNSYLVANIA DISTRICT—EDITORIAL FROM OIL CITY DERRICK

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an editorial entitled "Spare the Cheers," published in the Oil City Derrick of September 15, 1949, which appears in the Appendix.]

PROPOSED COLUMBIA VALLEY AUTHORITY—LETTER FROM HON. DENNIS DELLWO

[Mr. ECTON asked and obtained leave to have printed in the RECORD a letter on the aspects of a proposed Columbia Valley Authority, written by Hon. Dennis Dellwo, and published in the Ronan (Mont.) Pioneer of September 8, 1949, which appears in the Appendix.]

KANSAS ANSWERS SOCIALIZED MEDICINE—ARTICLE BY ALVIN S. McCOY AND RALPH H. MAJOR, JR.

[Mr. SCHOEPPEL asked and obtained leave to have printed in the RECORD an article entitled "Kansas Answers Socialized Medicine," written by Alvin S. McCoy and Ralph H. Major, Jr., and published in the September issue of Coronet, which appears in the Appendix.]

FOR NAVAJO KNOWLEDGE—ARTICLE FROM NEWSWEEK

[Mr. WATKINS asked and obtained leave to have printed in the RECORD an article entitled "For Navajo Knowledge," published in Newsweek of September 19, 1949, which appears in the Appendix.]

SCHOOL BELLS TO RING FOR YOUNG NAVAJOS—EDITORIAL FROM THE SALT LAKE TRIBUNE

[Mr. WATKINS asked and obtained leave to have printed in the RECORD an editorial entitled "School Bells To Ring for Young Navajos," published in the Salt Lake Tribune of September 19, 1949, which appears in the Appendix.]

MIDDLE-INCOME HOUSING BILL—INTERVIEW WITH SENATOR SPARKMAN

[Mr. DOUGLAS asked and obtained leave to have printed in the RECORD a résumé of excerpts from a radio interview with Senator SPARKMAN on the subject of the middle-income housing bill, which appears in the Appendix.]

FEDERAL EXPENDITURE AND REVENUE POLICY FOR ECONOMIC STABILITY—STATEMENT BY CONFERENCE OF UNIVERSITY ECONOMISTS

[Mr. DOUGLAS asked and obtained leave to have printed in the RECORD a statement entitled "Federal Expenditure and Revenue Policy for Economic Stability," drafted and unanimously approved by the National Planning Association's Conference of University Economists, September 16–18, 1949, Princeton University, which appears in the Appendix.]

PROPOSED CHANGES IN LAW RELATING TO THE FOREST SERVICE

Mr. WATKINS. Mr. President, I ask unanimous consent to make a short statement with respect to Senate bill 2398 in connection with placing in the record certain correspondence dealing with that bill.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah? The Chair hears none, and it is so ordered.

Mr. WATKINS. Mr. President, in my correspondence I received on September 13 a statement of objection from the National Wool Growers Association which I now desire to place in the RECORD.

Upon receipt of this memorandum of objection, I contacted Mr. Watts, Chief of the Forest Service, and requested that he give me a memorandum explaining the objections and answering them if he could.

The memorandum I received, dated September 19 from the Forest Service, attempts to explain all the objections raised by the National Wool Growers Association. I request that this memorandum also be included in the record at this point.

In addition to these memorandums I have received a number of communications from constituents in my State requesting favorable action on H. R. 5839 which is a companion measure to S. 2398. I now ask unanimous consent to place in the record a few of these telegrams.

There being no objection, the memorandum and other communications were ordered to be printed in the RECORD, as follows:

NATIONAL WOOL GROWERS ASSOCIATION,
Salt Lake City, Utah, September 14, 1949.

Hon. ARTHUR V. WATKINS,
United States Senate,
Washington, D. C.

DEAR SENATOR WATKINS: In accordance with our telegram to you today, enclosed is the position and reasons for the National Wool Growers Association's opposition to H. R. 5839.

It is true that in the hearings held before the House Agricultural Committee on this bill, we did not present a prepared statement, although at the time we did express our disapproval of section 12, which was later changed and on the surface did not seem too bad.

Since that time, however, the introduction of legislation which we feel was definitely proposed by the Forest Service has caused us considerable concern over the trend indicated in this legislation. We therefore feel that this whole question should be thoroughly discussed before the passage of H. R. 5839. We ask that you object to this bill when it appears on the Consent Calendar of the Senate and use your influence to see that the livestock industry has an opportunity to be heard before action is taken.

I think you will find that the reasons for our opposition are clearly stated in our memorandum enclosed.

With kindest personal regards, I am,

Sincerely yours,

J. M. JONES.

NATIONAL WOOL GROWERS ASSOCIATION OPPOSES H. R. 5839 (S. 2398)

SEPTEMBER 13, 1949.

To Members of the United States Senate,
Washington, D. C.:

The bill H. R. 5839 (S. 2398) "to facilitate and simplify the work of the Forest Service, and for other purposes"—the so-called omnibus bill of the Forest Service—covers everything from the purchase of land, aircraft nursery stock, seed and testing materials; collection of money from purchasers of timber for brush disposal; furnishing meals, lodging, bedding, and fuel for users of natural forest resources and recreational activities for a fee; payment for telephone service for persons cooperating with the Forest Service; securing additional funds for propaganda; to requiring grazing permittees to make deposits of money for range improvements. In general, it is a move to lift many congressional and fiscal restrictions imposed upon other Federal agencies.

This bill gives the Forest Service more freedom in spending the taxpayers' money; enhances the ever-creeping power of this bureau; permits assessments of money without limitation on the users of natural resources for certain purposes and permits any residue therefrom to be kept for any use the Forest Service may see fit; bypasses the Appropriations Committee of the Congress, thereby

adding to the tremendous autocratic power of this bureau. The Forest Service is the sole judge of what is in the public interest.

Without attempting to cover the merits and demerits of all sections of the bill, some of which are of value and others doubtful in the manner in which they are presented, I should like to emphasize our main objection to section 12. This section, of course, applies to the range livestock users of the West, and let me say the livestock users are the true conservationists because only through the protection of the annual natural resource, grass, can they maintain their industry.

Certain exceedingly pertinent questions are properly raised in the mind of the range user in connection with section 12:

1. Is the Secretary of Agriculture through his representatives, the Forest Service officials, to be the interpreter of what actions are in the public interest? Is it not possible for him to make such regulations and rules as he sees fit without requesting or securing the advice of those who would foot the bill, the permittees? Would this not be autocratic government?

2 Is it not possible for the Forest Service to establish any fee it may desire for permitting grazing on the national forest? This could easily happen under the pretext of a range resurvey which is now being contemplated and has taken place in the State of Nebraska, where the base fee has been increased from 16 to 28 cents. Cannot the Forest Service say that the established fee will consist of (a) range improvement fee (any amount at their discretion); (b) administration fee (any amount), and require any grazing permittee, without his consent, to make deposits of money (sum in any amount) as a part of the established fee for the use of the range, which in the judgment of the Forest Service is desirable?

There is no check on reasonableness or necessity for such assessment. Any ranger with grandiose or fantastic ideas would have a blank signed check (on the permittee's bank) for any type of work, theoretical or otherwise, that he desired.

Regardless of any excess over actual cost, the permittee would not be entitled to a refund but such excess would be transferred to miscellaneous receipts, forest reserve fund, to be spent for propaganda or for any other purpose.

3. In the light of present arbitrary cancellation of grazing privileges, what assurance would a permittee have that he would enjoy—even for a short time—the improvement for which he paid but had no voice in approving?

4 Wouldn't it be better government, since range users are extremely desirous of securing much needed funds for improvement of forest ranges, to say that a part of the grazing fee shall be used for range improvement "if and when appropriated by Congress"?

It might appear to some that we are supersensitive concerning the administration, without a basic law, of forest land grazing by the Forest Service, for example S. 2409, which would permit 10 percent of all forest receipts, for the past fiscal year about $3,000,000, to be spent by forest officials for recreation without any necessity for congressional approval.

Take for example S. 1820 in terms of its long-range aspects, which could in the foreseeable future give control of vast areas of private land, not only in the West but North, South, and East, to the Forest Service through the medium of placing or withholding of Federal funds from the States in which the lands in question are located. This, in my opinion, is one of the most far-reaching pieces of legislation ever introduced.

It is clearly seen, therefore, that it is not only the creeping power of this bureau in H. R. 5839 (S. 2398) which concerns us, and should all citizens of this country, but the possible picture of the future.

There is no doubt of the Forest Service's strength in molding public opinion (1) by the very nature of its operations, with a propagandist in every little town in the West near a forest area, with regional offices filled with men in strategic locations in the States, and with 160 employees for general administration—a total of 8,000 regional employees; (2) by the tremendous power that goes with a $66,000,000 appropriation. Of the appropriation (around $26,000,000) "for the administration, protection, use, maintenance, improvement, and development of national forests * * *," approximately $23,000,000 (88 percent) is for personal services, covering salaries of 10 regional foresters, 137 forest supervisors, 63 assistant regional foresters, 260 foresters, 535 district rangers, 6 information specialists, and a list of other specialists. Better than a million dollars is actually earmarked for travel; $200,000 for printing and binding. It is little wonder the average layman or even Congress is mystified by the complexity and number of appropriations involved. It is, therefore, easy to assume few if any questions could intelligently be raised in opposition to the Forest Service use of funds.

Because of this already complex operation it seems to us highly desirable that Congress be responsible for the appropriation of all Forest Service funds.

It is assumed that in the next session of Congress or in the near future, the President will present a plan to Congress for reorganization, and we hope simplifying, the administration of the natural resources of this country.

It seems to us highly desirable, when the President's plan is known, for Congress at that time to review thoroughly the problems of Federal land (forest and public lands) administration which at the present time are not interchangeable, and not at this time pass further legislation making it more difficult to reconcile the differences.

We earnestly request that no action by the Senate be taken on H. R. 5839 (S. 2398).

J. M. JONES,
Secretary.

UNITED STATES
DEPARTMENT OF AGRICULTURE,
Washington, D. C., September 19, 1949.

Hon. ARTHUR V. WATKINS,
United States Senate.

DEAR SENATOR WATKINS: Reference is made to Mr. Cardall's letter of September 16, with which he enclosed a letter of September 14 to you from J. M. Jones, secretary of the National Wool Growers Association and accompanying memorandum opposing H. R. 5839 (S. 2398). Mr. Cardall's letter requests an answer to the various objections raised by Mr. Jones.

The memorandum which accompanied Mr. Jones' letter is in part a blanket objection to what he describes as a measure to give more power to the Forest Service which he maintains would not be in the public interest. He enumerates a long list of minor functions covered by the bill and which he implies are new areas of authority for the Forest Service but which, for the most part, are matters as to which the Forest Service already has broad authority which merely needs minor clarification.

It seems to us that the very best answer which can be made to these generalities in Mr. Jones' letter is provided in Senate Report No. 1069 on this measure, from which I quote as follows:

"The purpose of this bill is to make a number of relatively minor changes in the laws relating to the Forest Service which will permit that Service to carry out more efficiently and more effectively the functions and duties imposed on it by Congress.

"The changes and improvements in the laws relating to the Forest Service which are proposed in this bill are the outgrowth of cumulative experience of the Service and are based upon careful study. The changes proposed represent improvements which those charged with the administration of these laws believe that they can and should make in such administration.

"Rather than authorizing the appropriation of additional funds, most of the legislative changes proposed herein are designed to save the Government money, either directly or through more efficient use and administration of existing appropriations. The only authorizations for new appropriations are in section 14 and these are of a character to render more effective and efficient the whole functioning of the Forest Service.

"In reporting the bill in the Eightieth Congress, the committee said:

" 'The committee has gone over the bill very carefully, line by line, and is satisfied that there is not proposed any authorization beyond that actually needed to accomplish the job to be done, and that the enactment of this proposed legislation will greatly improve and render more effective and economical the functioning of the Forest Service.' "

This report makes it evident that the committees of Congress have given very careful scrutiny to this measure and are satisfied that it is designed to make for more effective and efficient government.

Now, with respect to section 12, we are really astonished that any of the stockmen are opposing the provisions of this section. This section of the bill merely confirms a practice which has been in effect under regulations of the Secretary of Agriculture for a great many years with the full knowledge and approval of the stockmen themselves. Under the prevailing practices, part of the fees paid by some permittees for use of the range are placed in a special category and made available for various range improvements which not only serve to facilitate the best management of the public range, but are of great benefit to the permittees themselves in handling their stock on the range and deriving the greatest benefit from their range use. A substantial part of the fund is used for the maintenance of existing range improvements, many of which were installed in cooperation with the stockmen themselves. The stockmen have everything to gain and nothing to lose by the adoption of this section of the bill, and I venture to say that it would be impossible to find more than a handful out of the more than 20,000 grazing permittees who would favor discontinuing the existing practice.

As pointed out on page 9 of the committee report, the principle of this section is the same as that embodied in section 3 of the so-called Knutson-Vandenberg Act of June 30, 1930 (16 U. S. C. 576–b), so that it merely follows a well-established principle which has long had the approval of Congress.

Beginning on page 2 of Mr. Jones' memorandum, he asks certain questions relating to section 12. The answer is that the adoption of this section of the bill would have no bearing whatever on the size of the grazing fees on the national forests. The Department now has complete authority to establish and modify fees, but the stockmen know very well that they have been repeatedly assured that before any general revision of grazing fees is undertaken they will be consulted and the study of possible revision would be carried on in cooperation with them. To repeat, this section would give absolutely no additional authority in relation to fixing fees to that already possessed by the Department of Agriculture.

Again, let me make it clear that there is a definite limit on the amount which any permittee can be called upon to deposit under this proposed legislation, because it is clear in the section itself and in the committee report (p. 2) that deposits under this section

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would be merely a part of the established grazing fee and not in addition thereto.

Because of this latter fact, there is no reason why any excess should be returned to the permittee, as the total amount paid by him would be no more than he is ordinarily required to pay for the use of the range.

Furthermore, any excess which is transferred to miscellaneous receipts forest reserve fund is not available to the Forest Service for any purpose whatsoever but goes into the Treasury and is available for appropriation for any purpose which Congress may decide.

Finally, the intent of this section was quite thoroughly discussed in the House committee hearings and John B. Wilson, who, in his statement, said that he spoke for both the cattlemen and sheepmen, was obviously satisfied that section 12 was desirable and said that on the basis of the understood intent of the bill the cattlemen and the sheepmen would not have any objection. (P. 22 of hearings before Subcommittee No. 3 of the House Agriculture Committee on H. R. 2968 (superseded by H. R. 5839).)

Mr. Jones refers to other bills such as S. 2409 and S. 1820. Both of those bills were introduced on the initiative of their authors, but in any event they have absolutely nothing to do with H. R. 5839, and it seems to us unreasonable to take a position in opposition to a measure which has been found by congressional committees to be in the public interest simply because some other pieces of proposed legislation may contemplate measures with which livestock organizations are not in sympathy.

To conclude as to section 12, it is our feeling that any stockmen who are objecting to section 12 are not only working against their own interests but against the interests of thousands of other stockmen, because a continuation of established practices which this section would confirm will obviously benefit very materially the users of the range as well as the range itself.

And, finally, it seems to us clearly established by the portions of the committee report quoted at the outset of this letter, that it would be against the public interest to allow this proposed legislation to be defeated. Its enactment will measurably improve the protection and administration of many resources of the national forests, in addition to the range resource, which are of great concern to large and important groups of users other than the stockmen.

The enclosures with Mr. Cardall's letter are returned herewith.

Sincerely yours,

LYLE F. WATTS, *Chief.*
By C. M. GRANGER.

SPANISH FORK, UTAH, *September 19, 1949.*
Senator ARTHUR V. WATKINS,
Senate Office Building,
Washington, D. C.:

All members, 170, Spanish Fork Livestock Association, request your support bill S. 2398.

DANIEL A. GULL, *President.*

PROVO, UTAH, *September 20, 1949.*
Senator ARTHUR V. WATKINS,
Senate Office Building:

Have reviewed Senate bill 2398 now pending, and believe that it will provide more practicable procedure in handling of several forest and range management problems. We hope that this measure receives Senate and Presidential approval.

MARK ANDERSON, *Mayor.*

OGDEN, UTAH, *September 20, 1949.*
Senator ARTHUR V. WATKINS,
Senate Office Building:

S. 2398 and companion measure H. R. 5839 now on Consent Calendar in Senate have our full endorsement. Urge your support every way possible. If enacted, economy of Utah and entire Western States will be immediately and progressively advanced. Our conclusion, bill provides proper facilities for expediting the reseeding of western areas so important to livestock economy.

E. J. FJELDSTED,
Secretary, Western States Council.

SALT LAKE CITY, UTAH, *September 19, 1949.*
Senator ARTHUR V. WATKINS,
Senate Office Building:

Urge your active assistance for favorable action on S. 2398. Legislation is essential in watershed and range-conservation program in Utah.

TOM JENSEN,
Secretary, Associated Civics Clubs in Southern and Eastern Utah.

ECONOMY IN THE FEDERAL GOVERNMENT

Mr. FERGUSON. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter which I have received from Mr. Ross Roy, of Detroit, Mich. We in Washington are dealing with large figures, which he calls "boxcar" figures. He has made some research into the question of Federal expenditures. He says, first, that if everyone in the United States cashed in all his life-insurance policies, the total would amount to $44,000,000,000. This would not be enough money to run the Government for 1 year.

Second, if every urban home owner in this country sold his home, the total would amount to $30,000,000,000, just enough to run the Government for 8 months.

Third, if every farmer in the country sold his farm, farm equipment, and livestock, the total would amount to $25,000,000,000. The Government could not run for 7 months on that amount of money.

Fourth, if every industry converted its net working capital into cash, the total would amount to $39,000,000,000. Hardly enough to run the Government for 11 months.

These figures give us an idea as to how much $43,000,000,000 or $45,000,000,000 is when compared with the worth of these various assets of all the people of America.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

ROSS ROY, INC.,
Detroit, Mich., September 20, 1949.
Hon. HOMER FERGUSON,
Senate Office Building,
Washington, D. C.

DEAR SIR: I, as well as dozens of my friends and business associates, was somewhat sickened when I read in the press a few days ago about the action of the Senate in voting against economy in our Federal Government.

I think that the average citizen cares little about how economies are effected but definitely wants to see them effected. In my opinion, the buck passing on whether or not the President should direct individual Government bureaus to effect the economies is beside the point. The fact remains that the present Congress has not voted for economy in government.

I realize that the average person has little conception of boxcar figures such as $45,000,000,000. For your information, however, I would like to point out a few facts which I have had our research department obtain:

1. If everyone in the United States cashed in all of his life-insurance policies, the total would amount to $44,000,000,000. This would not be enough money to run the Government for 1 year.

2. If every urban home owner in this country sold his home, the total would amount to $30,000,000,000. That's just enough to run the Government for 8 months.

3. If every farmer in this country sold his farm, farm equipment, and livestock, the total would amount to $25,000,000,000. The Government could not run for 7 months on that amount of money.

4. If every industry converted its net working capital into cash, the total would amount to $39,000,000,000. That's hardly enough to run the Government for 11 months.

In 1932, Franklin D. Roosevelt, then a Presidential candidate, had this to say about Government spending:

"Any government, like any family, can for a year spend a little more than it earns. But you and I know that a continuance of that habit means the poorhouse."

All of this leads me to ask you one question: Is there room in the poorhouse for 149,000,000 people?

Very truly yours,

ROSS ROY.

AMERICAN INDIAN DAY

Mr. CHAVEZ. Mr. President, today is American Indian Day. The American Indian will be honored and saluted by the press, the radio, the general public, and even official Washington. What the American Indian actually desires is not so much empty honors, not so much saluting by the press, the radio, or the general public, or even official Washington, but to be treated as an American. He would like to see a little better showing of the characteristic fair play of the American people.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a brief statement concerning the American Indian.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CHAVEZ

On this, the 23d day of September 1949, the occasion of the observance of American Indian Day, I am more than pleased to note that the American Indian is being honored and saluted by the press, radio, the general public, and official Washington.

One of the finest tributes that can be paid to the Indian on this important day is the coast-to-coast radio program, The Song of the Tom-Tom, arranged by the Mutual Broadcasting System in conjunction with the Nation-wide Citizens Committee of the National Congress of American Indians and designed to spotlight the cultural aspects of Indian life. Delivering an address commemorating this occasion will be Chief Justice H. B. Johnson, of the Oklahoma Supreme Court, a full-blooded Cherokee Indian. Also paying their respects to the first Americans will be songstress Kay Starr, also of Indian descent, folk singer Burl Ives, Roy Rogers, and Dale Evans.

Besides these tributes, the program will acquaint the Nation's listeners with secret Indian ceremonial rites and tribal songs never before aired. Ted Robertson, producer of the Straight Arrow program, and his assistant, Ray Kemper, devoted months of research gathering these sacred Indian rituals in addition to making a special trip to the Intertribal Indian Ceremonial at Gallup, N. Mex., where thousands of Indians, members of the various North American Indian tribes, were gathered for their annual fiesta. While the Indians were celebrating their holiday,

Robertson and Kemper were busily engaged recording the activities for posterity.

Perhaps all of us are not acquainted with the historical background of real-estate holdings by the Pueblo Indians of my State. The legal title to their lands are contained in land grants to the Pueblos granted as far back as Charles V and Phillip II of Spain. Those grants to the Pueblo Indians have protected them in their real property up to the moment, having been recognized under the short control of New Mexico by Mexico and by the United States. Ever since then they have lived in peace and have known that their titles could not be lost no matter how avaricious the white man might be.

So, as the United States Senator for New Mexico, a State with a large Indian population, I wish to add my thanks and congratulations to Mr. Robertson, Mr. Kemper, the Straight Arrow program, and to persons who gave their time to acquaint the American public with the cultural background of our American Indian life.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT—CONFERENCE REPORT

Mr. JOHNSTON of South Carolina. Mr. President, I submit a conference report on House bill 2944, to amend the Civil Service Retirement Act of May 29, 1930, and I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2944) to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide survivorship benefits for widows or widowers of persons retiring under such Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses, as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, as follows: Restore the matter proposed to be stricken out by the Senate amendment, omit the matter proposed to be inserted by the Senate amendment, and on page 2 of the House bill strike out all after the period in line 1 down through the period in line 7 and insert in lieu thereof the following:

"The life annuity of the officer or employee making such election shall be reduced by 5 per centum of so much thereof as does not exceed $1,500, plus 10 per centum of the balance of such life annuity, and shall be further reduced by three-fourths of 1 per centum of such life annuity for each full year, if any, the designated wife or husband is under the age of sixty at the date of such retirement, but the total reduction shall in no case be more than 25 per centum of such life annuity."

And the Senate agree to the same.

OLIN D. JOHNSTON,
J. ALLEN FREAR, Jr.,
RALPH E. FLANDERS,
Managers on the Part of the Senate.

TOM MURRAY,
JIMMY MORRISON,
EDWARD H. REES,
Managers on the Part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. SALTONSTALL. Mr. President, I would simply like to ask the distinguished Senator from South Carolina if it is a unanimous report, signed by all the Senate conferees.

Mr. JOHNSTON of South Carolina. It is unanimous, and is signed by all the Senate conferees.

Mr. SALTONSTALL. Does it differ very much from the bill as it was passed by the Senate?

Mr. JOHNSTON of South Carolina. It is a little less liberal than the bill as passed by the Senate. The bill as passed by the Senate provided for a deduction of 5 percent of the amount the surviving spouse is left. The conference report would make a deduction of 5 percent on the first $1,500 of the annuity, whatever it may be, each year; and for anything above that amount, the rate will remain the same as provided by the present law. So the conference report is not quite so liberal as the bill as passed by the Senate.

Mr. SALTONSTALL. It was agreed to by all the conferees, was it?

Mr. JOHNSTON of South Carolina. It was.

Mr. SALTONSTALL. Mr. President, I have no objection.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

ATOMIC ENERGY DEVELOPMENT IN RUSSIA

Mr. McMAHON. Mr. President, less than an hour ago the President of the United States issued a statement to the American people which is of transcendent importance. I wish to read it into the RECORD:

I believe the American people, to the fullest extent consistent with national security, are entitled to be informed of all developments in the field of atomic energy. That is my reason for making public the following information.

We have evidence that within recent weeks an atomic explosion occurred in the U. S. S. R.

Ever since atomic energy was first released by man, the eventual development of this new force by other nations was to be expected. This probability has always been taken into account by us.

Nearly 4 years ago I pointed out that "scientific opinion appears to be practically unanimous that the essential theoretical knowledge upon which the discovery is based is already widely known. There is also substantial agreement that foreign research can come abreast of our present theoretical knowledge in time" and, in the three-nation declaration of the President of the United States and the Prime Ministers of the United Kingdom and of Canada, dated November 15, 1945, it was emphasized that no single nation could in fact have a monopoly of atomic weapons.

This recent development emphasizes once again, if indeed such emphasis were needed, the necessity for that truly effective enforceable international control of atomic energy which this Government and the large majority of the members of the United Nations support.

Mr. President, I think the Senate should be informed that, as chairman of the Joint Committee on Atomic Energy, I was advised of this development at about 3:15 o'clock yesterday. Last evening I sent notices to the members of the joint committee to assemble this morning. We did assemble, with the members of the Commission and other officials who are engaged in work of an allied nature, and thoroughly discussed this subject. The committee will, of course, continue to meet after sufficient time for deliberation upon the implications, military and political, which this event brings about.

Mr. MILLIKIN. Mr. President, the news which has been given to us through the distinguished senior Senator from Connecticut [Mr. MCMAHON], and which the Chief Executive has given to the Nation—that Russia has exploded an atomic bomb—is indeed of transcendent importance. The decisions which we shall have to make flowing from that news will be of unsurpassed gravity and fatefulness. I hope we may reach these decisions without fear, without hysteria, and by repelling all thoughtless clamor.

I hope the national decisions which will have to be made, however they may be made, will express the highest level of our national intelligence, our finest instincts for the preservation of the best in humanity, and that the execution of those decisions may be characterized by resolute, undeviating courage.

Mr. FLANDERS. Mr. President, some months ago I submitted a resolution which was referred to the Joint Committee on Atomic Energy. The resolution calls for a unilateral declaration on our part that we will not use the atomic bomb unless it is used against us. Supposing this news to be true, I would now be inclined to suggest that we enter into negotiations with Russia looking to an agreement that neither nation shall use the atomic bomb unless attacked by it.

The VICE PRESIDENT. The Chair assumes that the routine matters referred to in the unanimous-consent agreement are disposed of, and that the matter now before the Senate is House bill 5007. Discussions will proceed on that basis, regardless of the subject.

Mr. McMAHON. Mr. President, I have been aware, since its introduction, of the resolution which has been mentioned by the Senator from Vermont. This is probably as good a time as any to point out that the United States Congress does not need at this late date, nor was it necessary at the time the distinguished Senator offered the resolution, to point out to all the world that the Government of the United States had indicated forthrightly and squarely to all the world that what we wanted to do with atomic energy was to employ it for the benefit of mankind, not for its destruction. I merely make that observation because I think it is important to point out that we did rise to the heights of moral leadership at a time when conditions seemed to demand it, and we did not let 2 or 3 or 4 years go by before we initiated our effort. The great English Socialist, Laski, who certainly bears us no great friendship, was compelled to testify, when we made known our proposals for international control, that one of the finest pages ever written by any country in the history of mankind had thus been written by these proposals. We said to all the world, "Here it is. Let us make use of it together. All we ask are effective safeguards that it shall not be used to destroy us."

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No, Mr. President, our record in this field cannot be challenged or gainsaid. Thank God, now that the time has come which some of us foresaw would come, we can, in the wise words uttered by the Senator from Colorado [Mr. MILLIKIN], proceed to the deliberation of this matter in a way that will do us credit, with nothing whatsoever to be ashamed of in our past.

I can only reiterate the plea of the Senator from Colorado that there be no hysteria.

I wish to reemphasize that our entire atomic program has been based upon the assumption that this very thing would come to pass, because we knew it would come to pass. I call attention to the fact that in 1943, as divulged by the Canadian spy trials, the masters of the Kremlin were busily engaged at that time in securing what knowledge they could of this great secret of nature. Of course it is only to be observed that probably they started their project at that time.

Mr. President, I think that concludes at this time what I have to say on this subject, but I wish again to point out to the Senate that, as individual Senators and as citizens of the United States, of the record thus far written we can be decidedly proud.

Mr. SALTONSTALL. Mr. President, the chairman of the Armed Services Committee is absent. I am a member of that committee. I have listened with a great deal of respect to what the Senators from Connecticut and Colorado have said, and I concur in their statements. The question they have discussed naturally brings to our minds the question of defense. I can only say as a member of the Committee on Armed Services, from the many meetings of that committee which I have attended, in the Pentagon and in the Capitol, that I believe our military leaders are proceeding with deliberateness, with intellectual capacity, with efficiency, and with courage, to plan the defense of this country in any emergency, including the emergency which may be brought more to the fore by the knowledge we have received this morning. I believe the information as to this new development will cause no particular change in their minds, and occasion them no great surprise, and that we may have complete confidence in their proceeding with the defense and security of our country in a way that will give all of us the greatest possible confidence.

Mr. CAIN. Mr. President, I wish to take but a moment. Throughout the debate on the arms-to-Europe proposal, which to my mind was both unduly limited and inadequate, I was troubled, as a citizen and as a Senator, because I thought we were working in a vacuum; we were not in possession of all the facts on which a completely adequate decision could be made for the benefit of the country and the world. Since the Senate passed the military-assistance bill, not a day has passed until we have laid before us a bolt of information so pregnant, so delicate and complicated that it undeniably would have changed what we did yesterday.

I should like to say, as one who thinks we live in an age in which the survival of humanity itself is at stake, that in the future any branch of the Government, or any individual within any branch, either executive or legislative, which has in its possession any information on which accurate decisions must be based should lay it before this body in time for us to consider it before taking action, as we did yesterday; not knowing in that instance what we did or where this Nation and the other countries of the world were going.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. CAIN. I am pleased to yield.

Mr. McMAHON. I will only say to the Senator from Washington that the news which has been divulged now reinforces the belief of the Senator from Connecticut that he voted wisely yesterday.

Mr. CAIN. If the Senator will permit me to respond briefly, I have a perfect understanding of the integrity and views of the Senator from Connecticut. The point I was making, however, is that most Senators, having no knowledge whatever of the announcement which the President was to make this morning, voted yesterday, without information adequate to the task. If we keep on doing that, I wish to state, not alone to my friend, the Senator from Connecticut, but to every other Senator and to every other American citizen, we are going to make mistakes for which there will be no excuse and from which there will be no escape. Any decision which overlooks or ignores facts is a decision not to be trusted. If the President has known for days that the Russians possessed an atomic weapon, I think it incredible that he did not so advise the Senate.

Mr. McMAHON. Did the Senator ever think of the possibility that, had the announcement been made yesterday, which the Senator claims might well have been made, it would have influenced the vote taken at 6 o'clock last night? Does the Senator also realize that the President had to be definitely assured by his advisers as to the definiteness of the information, before making an announcement of this kind and character?

Mr. CAIN. Permit me to say to the Senator that if the information, as released by the President this morning, was a fact, regardless of what anyone would have thought about it in terms of influence, that information ought to have been laid before the Senate before we decided to pursue a course of new and dangerous action for this country and the world.

MILITARY PAY BILL

The Senate resumed the consideration of the bill (H. R. 5007) to provide pay, allowances, and physical disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the reserve components thereof, the National Guard, and the Air National Guard, and for other purposes.

The VICE PRESIDENT. The Chair is advised committee amendments are pending. Does the Senator from Kentucky or the Senator from Illinois wish the committee amendments to be considered first?

Mr. LUCAS. I think perhaps we should start on the committee amendments, if that is agreeable.

The VICE PRESIDENT. Without objection, and in accordance with the custom and precedents, the committee amendments will be considered first, before other amendments are offered. The clerk will state the committee amendments.

The amendments were, on page 2, in the table of contents, under the subhead "Title IV—Provisions relating to retirement, retirement pay, separation and severance pay for physical disability," in section 406, after the word "of", to insert "temporary"; in section 408, after the word "from", to insert "intentional"; on page 9, section 201, in the table entitled "Commissioned Officers", after "0–8", to strike out "$877.50" in each column and insert in lieu thereof "$926.25"; in the line beginning "0–7", to strike out "729.00" in each column and insert in lieu thereof "769.50"; on the same page, in the second table, under the heading "Commissioned Officers," in the line beginning "0–8", to strike out "$877.50" in each column and insert in lieu thereof "$926.25" in each column; in the line beginning "0–7", to strike out "$729.00" and insert in lieu thereof "$769.50" in each column; on page 10, line 3, after the word "officers", to insert "(including warrant officers heretofore retired)"; on page 19, in the table, in the line beginning "0–8", to strike out "$210.00" and insert "$150"; in the line beginning "0–7", to strike out "$210.00" and insert "$150.00"; on page 20, line 2, after the word "duty", to strike out "or may prescribe that members of the uniformed services entitled to receive basic pay who are performing duties, other than those prescribed in subsection (a) of this section, in certain areas or under certain conditions which involve more than ordinary military risk or danger shall, in addition to basic pay, be entitled to receive incentive pay for hazardous duty either at rates not to exceed those prescribed in subsection (b) of this section or at rates not to exceed those prescribed in subsection (c) of this section, as may be determined by the President, in accordance with the pay grade to which assigned or in which distributed for basic pay purposes or their ranks, grades, or ratings, as the case may be"; in section 207, on page 22, line 13, after the word "time", to insert "amounting to more than six years"; in section 302, on page 27, in the table, in the line beginning "E–4 (less than 7 years service) after the footnote number "1" to insert "2", and in the same line, under the column headed "with dependents", to insert "$45.00"; in the next line, after "E–3", to insert "2", and in the same line in the column headed "With dependents", to insert "$45.00"; in the next line, after "E–2", to insert "2", and in the same line in the column headed "With dependents", to insert "45.00"; in the next line, after "E–1", to insert "2", and in the same line, in the column headed "with dependents," to insert "45.00"; at the bottom of the table, after footnote numbered 1, to insert a new footnote, as follows "[2] Considered at all times as

without dependents pursuant to subsection (a) of this section"; in section 402, on page 35, line 14, after the word "the", to insert "intentional"; in line 20, after the words "of the", to strike out "direct"; on page 36, line 22, after the word "the", to insert "intentional"; on page 38, after the words "of the", to insert "intentional"; in line 19, after the words "of the", to strike out "direct"; on page 41, line 1, after the word "based", to insert the following additional proviso: "*Provided further*, That the disability retirement pay of any member whose name is carried on the temporary disability retired list shall, for so long as his name is carried on such list, be not less than 50 per centum of the basic pay upon which the computation is based."

On page 45, after line 14, to strike out:

(h) Disability retirement pay computed on the basis of years of active service shall not be deemed to be a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country within the meaning of section 22 (b) (5) of the Internal Revenue Code, as amended.

And insert in lieu thereof the following:

(h) That part of the disability retirement pay computed on the basis of years of active service which is in excess of the disability retirement pay that a member would receive if such disability pay were computed on the basis of percentage of disability shall not be deemed to be a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed service in the armed forces of any country within the meaning of section 22 (b) (5) of the Internal Revenue Code, as amended.

On page 51, line 5, in the subhead, after the word "of", to insert "Temporary"; on page 53, line 4, in the subhead, after the word "From", to insert "Intentional"; and in section 531, page 100, line 16, after the word "amended", to insert "is hereby repealed."

The amendments were agreed to.

The VICE PRESIDENT. That completes the committee amendments.

The bill is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read the third time.

The bill was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. LUCAS. Mr. President, the Senator from Kentucky desires to make an explanation of the bill.

Mr. CHAPMAN. Mr. President, if we are going to pass the bill——

The VICE PRESIDENT. We are going to pass it pretty quick.

Mr. LUCAS. I have an agreement with the Senator from Nebraska, who is absent, the minority leader, that we will not vote on the bill until Monday.

The VICE PRESIDENT. Very well. Does the Senator from Kentucky wish to be recognized?

Mr. LUCAS. Mr. President, before the Senator from Kentucky is recognized, I propound the following unanimous-consent request: I ask unanimous consent that on Monday, September 26, 1949, at the hour of 5 o'clock p. m., the Senate proceed to vote, without further debate, upon any amendment that may be pending or that may be proposed to House bill 5007, the Career Compensation Act of 1949, and upon the passage of the said bill: *Provided*, That no amendment that is not germane to the subject matter of the bill shall be received.

I ask further unanimous consent that the time between 3 p. m. and 5 p. m. on said day be controlled by the Senator from Kentucky [Mr. CHAPMAN] and the Senator from Massachusetts [Mr. SALTONSTALL], and equally divided.

The VICE PRESIDENT. Is there objection to the request?

Mr. SALTONSTALL. Mr. President, reserving the right to object, I note that a number of Senators are not able to be present today. I believe there will not be much debate on the bill, and I believe the unanimous-consent agreement will be entirely satisfactory, since it will give both sides, in the event opposition develops, an opportunity to discuss the bill for at least 2 hours.

Mr. SPARKMAN. Mr. President, reserving the right to object, may I ask if the bill is still open to amendment?

The VICE PRESIDENT. The Chair was about to announce that, the bill having been read the third time, it will be necessary to set aside that action in order to offer an amendment.

Mr. SPARKMAN. I happen to know that there are on the desk two amendments which have been printed and proposed to be offered by the Senator from Colorado [Mr. JOHNSON].

The VICE PRESIDENT. The Chair is advised that five amendments have been printed. When the Chair asked whether there were amendments to be offered from the floor and none were forthcoming, the third reading of the bill was ordered. Without objection, the order for the engrossment of the amendments and the third reading of the bill will be rescinded, so that amendments may be offered. The Chair hears no objection, and it is so ordered.

Is there objection to the unanimous-consent request proposed by the Senator from Illinois?

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. SALTONSTALL. When the vote is taken on the bill at 5 o'clock, I assume the amendments will be voted upon at the same time.

Mr. LUCAS. The Senator is correct.

Mr. SALTONSTALL. Is it the Senator's intention to take up the Executive Calendar, particularly the nomination of Mr. Butterworth, and other nominations as to which there are some contentions?

Mr. LUCAS. The Senator is correct. That is exactly what the Senator from Illinois proposes to do. Following the disposition of the pending bill on Monday at 5 o'clock, we shall then proceed to the consideration of the Executive Calendar, which includes the nomination of Mr. Butterworth, which has been passed over for some time, as well as nominations for positions in the United Nations, and other nominations on the calendar.

Mr. SALTONSTALL. So there may be an evening session. The session will run until those nominations are determined. Is that correct?

Mr. LUCAS. The Senator is correct.

The VICE PRESIDENT. Is there objection to the unanimous-consent request of the Senator from Illinois? The Chair hears none, and the agreement is entered.

Mr. CHAPMAN. Mr. President, I ask unanimous consent that Mr. Blanford, a member of the professional staff of the House Committee on Armed Services, may be permitted to be on the floor during the consideration of the bill.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. CHAPMAN. Mr. President, this bill is presented by the Committee on Armed Services as a vital, component part of America's program of defensive preparedness. I deeply regret that the able and distinguished chairman of the Committee on Armed Services, the Senator from Maryland [Mr. TYDINGS] is necessarily absent on important business pertaining to our country's national defense. The Senator from Maryland has devoted himself diligently and assiduously to the study and preparation of this bill and has ardently and vigorously supported it in the committee. It is upon his request that I now present it for the consideration of the Senate.

We in the United States are a peaceful people. We abhor offensive war, but we believe in maintaining what George Washington called a "respectably defensive posture." Through the ages idealists have dreamed, saints have prayed, and poets have sung that there would dawn a millennium of universal peace, an era of peace on earth and good will among nations, a time when men would really "beat their swords into plowshares and their spears into pruning hooks," according to the Book of Books. That is a sublime ideal, a beautiful dream.

With many of my colleagues, I have supported every measure which I believed would promote amity among nations and be conducive to international good will. We ought to adhere to the United Nations, support the Atlantic Pact, and fulfill all of our solemn obligations as signatories of those monumental efforts for the prevention of war and the preservation of peace. Yet, until human nature changes and there can be purged from the minds and hearts of people composing nations such attributes as hate, malice, jealousy, envy, cupidity, greed for gain, lust for power, and ambition for conquest, overnight the most fraternal treaty may become a mere scrap of paper, and in one fateful hour the most solemn covenant may dissolve into a rope of sand.

A few short years ago we met the greatest crisis in the history of the world. We have always been a peaceful people, with no militaristic tendency, no desire for war; our highest national ambition always having been to preserve peace and friendship with all the nations of the world. Then we had a challenge to everything closest to our hearts. When that supreme test came we mobilized our human and material resources in building the mightiest military machine

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whose martial rumbling has ever rocked this reeling earth. The greatest armed force the world has ever seen came home, leaving the charred wreckage of German and Japanese cities as stark and bloody monuments to the folly and futility of totalitarianism and world conquest.

Yet, today we stand in the awful shadow of war. We must be prepared against the dangers of war. Preparedness is now, as it has ever been, the surest bulwark against aggression and the best insurance against war.

I have long believed that if the imperial impersonation of ambitious, truculent militarism, Kaiser Wilhelm, and the slimy, grisly, unspeakable Hitler, had realized and had believed that the United States both could and would move into a war for the preservation of civilization, with all of this country's might, neither of them would have started on the road to aggression that enveloped most of the civilized world with flame and led to a condition in which the soil of their own country was seared by the fires and riven by the plowshare of war.

The only language totalitarian people comprehend and the only language ambitious dictators respect is the language which, when translated literally, means the irresistible power of invincible armed force. We cannot again depend on allies to hold an enemy at bay until we can prepare to destroy that enemy, as we did a few years ago. We owe it to our country, to its principles and ideals, to its hopes and aspirations, to everything we hold most dear; we owe it to the mothers and the fathers who must furnish the manpower in time of war; we owe it to the Little Boy Blues who prattle at our knees, wear the little soldier suits and the little sailor suits, and play with little toy guns and little toy swords, to prepare so well that they shall not have to march to a carnival of carnage, as the fathers of most of them did in the recent world war.

In time of war we get most of the best and strongest young men in our country in the service. We would have most of them in service even if we did not have the draft. But in time of peace, when young men are looking for careers, when they are weighing the possibilities of the future, when they are comparing the opportunities of various careers, civil and military, when they are trying to decide whether to take up the profession of arms or some other profession as a career, it is natural and proper that they should consider their obligations, their responsibilities, and their opportunities for service. It is only natural that in that consideration they should take cognizance of the prospect of remuneration and retirement in whatever profession they may choose.

I could call no greater witness than the man whose statement I propose to read now. I have no doubt that when true history is recorded, when this period can be viewed in perspective, the name of Gen. Omar Bradley will be written in the clear blue along with the names of the greatest military captains of all time.

Under date of August 29, 1949, General Bradley wrote to the distinguished majority leader of this body, the Senator from Illinois [Mr. LUCAS], a letter in which he told about his recent trip to Europe. He said that wherever he and his associates, Admiral Denfeld and General Vandenberg, went, they were asked this question: "Will Congress pass the pay bill at this session?" He stated in his letter:

In the minds of the members of the armed forces and their families, it has become more than just a deserving pay raise and a revision of an antiquated structure. It is apparent, from what they have to say, that they believe it has become a mark of uncertainty as to the regard which the Congress and the people hold for those in the service.

I arrive at one inescapable conclusion: Either we place the armed services in a better position to attract and retain competent individuals by enacting the military-pay bill, or we accept a progressive downgrading of the caliber of personnel of the armed services. I am sure you will agree with me that the international position of the United States makes the acceptance of the latter hazardous in the extreme.

I am sure when I ask you to give this particular legislation every opportunity at your command in the Senate I speak for every member of the armed forces, and for their families.

Sincerely,

OMAR N. BRADLEY.

Mr. President, the purpose of the pending bill, H. R. 5007, the Career Compensation Act of 1949, is to establish for the seven uniformed services a compensation pattern which will attract, and retain on a career basis, first-class men and women in the armed services, the Coast Guard, the Coast and Geodetic Survey, and Public Health Service. As a part of that objective the bill proposes a complete revision of the present pay pattern, as well as a long-needed revision of the laws governing physical-disability retirement. It also provides a necessary change from the wartime system of family allowances, and a modification of our wartime system of bonuses for overseas service.

This bill is not simply a piece of "cost-of-living" legislation. The committee does not suggest that the personnel of our uniformed services are not able to eke out a living from the present pay scales. We do contend, however, as I shall attempt to document in the remarks which are to follow, that the present pattern of compensation is rapidly proving itself to be seriously inadequate in attracting a sufficient number of men and women of suitable ability to a career in our uniformed services.

Another quotation I should like to make is from the statement General Bradley made before the Armed Services Committee in the hearings we held on the bill. I shall read only an excerpt from the part of his statement I should like to have included in the RECORD. General Bradley said:

Our great strength in the United States for peace and for war lies in our agriculture, our industry, and our whole economy. But if the armed services are to be called upon to protect in modern, technical, more complex warfare these United States, we must have men of ability, who equal the best men our system of government and way of life can provide.

* * * * * *

There is no need to deceive ourselves, a revision will cost money. Despite the ultimate value of its long-term objectives, its immediate effect means more spending. What we must prove to your satisfaction is that the benefits of a pay revision are worth what it will cost.

Mr. President, that is what the committee proposes to prove. General Bradley continued:

We must explain why premium personnel are essential to the efficient operation of our armed forces and show how an antiquated pay schedule from the horse-trolley age is making it increasingly difficult for us to get and keep quality men for a quality security system.

Mr. President, I ask unanimous consent that there be printed at this point in my remarks the portions of General Bradley's statement before the committee which I shall mark and give to the reporter.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

STATEMENT OF GEN. OMAR N. BRADLEY, CHIEF OF STAFF, UNITED STATES ARMY

General BRADLEY. Mr. Chairman, and member of the committee, if I were to choose an item of legislation which I would particularly wish to testify before your committee, I would select the Career Compensation Act of 1949. Not selfishly, for I have been more than rewarded for my services. The United States Army has permitted me, and thousands like me, to pay my way honorably in a career of service to the Nation. But rather I come to speak for the younger men of this generation, and for the next generation upon whom we must rely for the future security of this Nation.

As I look back over the past 30 years, I believe that the Army's system of professional education, which was revitalized and expanded after World War I, was one of the greatest contributions to the winning of World War II. For it provided us, in our small nucleus of Regular officers and our larger reinforcement of capable National Guard and Reserve officers, with a skilled leadership, competent to face the most difficult tactical and strategic problems thrust upon us.

And as the multitude of postwar problems arose for the armed forces after World War II, it became apparent that new career incentives, to hold, and to attract men who can repeat and improve upon the performance of my generation, would be our first priority problem.

As long as qualified men respond in a free economy to the opportunity for initiative and the prospect of reward, we must offer qualified men in the armed forces compensation comparable to that awaiting their superior capacities elsewhere.

The school system that held the key to our successful leadership will be of little value if it must offer its teachings to succeeding years of enlisted men and officers who are not capable of learning the lessons, and later applying the principles and tactical doctrine devised by that outstanding professional educational system.

Our great strength in the United States, for peace and for war, lies in our agriculture, our industry, and our whole economy. But if the armed services are to be called upon to protect, in modern, technical, more complex warfare, these United States, we must have men of ability, who equal the best men our

system of government and way of life can provide.

Even though you are in complete agreement with the need for an upward pay revision, I realize that other considerations must be weighed carefully by this committee in making its recommendations. Because theirs is the labor that produces the taxes that provide for the Nation's defense, the American people may reasonably ask why it is that the armed forces must at this time add to the existing cost of Government the further burden of a major pay revision.

There is no need to deceive ourselves, a revision will cost money. Despite the ultimate value of its long-term objectives, its immediate effect means more spending. What we must prove to your satisfaction is that the benefits of a pay revision are worth what it will cost.

We must explain why premium personnel are essential to the efficient operation of our armed forces and show how an antiquated pay schedule from the horse-trolley age is making it increasingly difficult for us to get and keep quality men for a quality security system.

* * * * *

And yet at a time when industry was granting its second and third rounds of pay increases, men in the services are waiting patiently and uncomplainingly for the American people to correct their pay scales.

I do not contend—even now—that a man need take the vows of poverty to wear the uniform of his country. But I do contend that first-class men in the military profession today do serve their country because of the satisfaction they find in that service, rather than in any financial rewards they gain from it.

I am sure it was never intended that the wives and children of military men be burdened with continual sacrifice in their living standards because their wage earners elected careers in the armed forces. Too many of our most promising officers and noncommissioned officers are torn in conflict between a choice of duty to their country and duty to their children. We have reached a pathetic condition when men of superior capabilities are unable to satisfy both. And nowhere is this more apparent than among our colonels and commanders who in their prime of life and peak of efficiency find themselves compensated at the pay rates of their fathers in the gaslight age.

* * * * *

Just as success is an American characteristic, so is the ambition to work to the top. In the armed services the top ranks of general and admiral represent the achievement of this success and ambition.

In the discussion of the bill in the House of Representatives great emphasis was placed on the pay of the "brass" and the top-side rank, and some of the remarks uttered under the cloak of equalization vilified the top positions in our armed forces. These comments, which could only tend to cause a rift between officers and men, and which contributed little to the evaluation of the merits of the legislation, I can assure you, were not well taken by the men and women of the Army.

However, since there was also emphasis on economy in the pay of our top echelon of management, I think it is important to call it to your attention. One of the objectives of the Hook Commission was to arrange the pay scale in proportion to the responsibility, and the years of training and specialization that the job demanded, and provide some equalization in compensation with our top executives of business and industry.

Mr. CHAPMAN. Mr. President, the armed services alone represent a capital or plant account investment of $75,000,000,000. They require for their operation an annual budget of approximately $15,000,000,000. In times of peace, as well as in time of war, they are called upon to fulfill responsibilities which are not only complex and difficult, but are vital to our national security. An organization so vast, and charged with responsibility so vital to our way of life, must be led and manned by men who are outstanding in ability, character, patriotism, and courage.

Mr. SALTONSTALL. Mr. President——

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Does the Senator from Kentucky yield to the Senator from Massachusetts?

Mr. CHAPMAN. I yield.

Mr. SALTONSTALL. In our defense establishment, operating this very expensive force, spending a vast sum of money every year, it is necessary to have men of experience. I have before me some figures with relation to the Navy, about which, as a member of the Committee on Appropriations, I was particularly concerned for several years. These figures show that reenlistments in the fiscal year 1949 in the Navy number 31.5 percent, as compared with 81 percent in the fiscal year 1939, and that at the various training stations there were approximately 23,475 recruits every month, and enlisted men to the number of 14,355 were required to work with them. In addition to that, there were 20,395 enlisted men in training at class A and class B schools, and 7,142 men in transit. So a total of 65,357 men of the Navy personnel were engaged either in being trained or in training, or in transit. This represented 17.8 percent of the total enlisted strength of the Navy, and at a pay scale, on an annual basis, of $156,856,800. So that what the distinguished Senator from Kentucky is now saying is extremely important. If we are going to operate this great establishment of ours with efficiency, we must have experienced men, and the turn-over under the present rate is extremely high. Does not the Senator agree with me?

Mr. CHAPMAN. The Senator's statement is entirely correct. I thank the eminent Senator from Massachusetts for his splendid contribution to the discussion. He has had an important part in conducting the hearings and in drafting the legislation, and it has no more able advocate in this body.

PRUDENCE DEMANDS THAT WE SAFEGUARD THE SOURCE OF FUTURE GREAT LEADERS

Mr. President, the military leadership which our officers and men have given to the Nation during two recent world wars has been monumental and superb. Such great leaders as Pershing, Marshall, Eisenhower, MacArthur, Patton, Nimitz, King, Halsey, Vandegrift, Spaatz, Arnold, and many others have written some of the brightest pages in American history. The millions of young Americans who followed them in battle, on land, on sea, and in the air, have in "daring deeds that dazzle faith," glorified American arms and added new luster to every star and every stripe in Old Glory's sacred folds. If we are to "make assurance double sure" that we shall have men of similar caliber to meet any possible future emergency and, more important still, to constitute a deterrent to aggression anywhere in the world, ordinary prudence dictates that we should continually examine our career services in the light of existing conditions, and insure that they attract today the leaders of tomorrow.

LACK OF ADEQUATE COMPENSATION A HANDICAP IN GETTING GOOD PEOPLE

With the end of hostilities in 1945 the Nation began the task of converting our vast temporary wartime Military Establishment into a relatively small permanent organization, geared to the long-time needs of the future. As this conversion process got under way it soon became apparent that the retention of the best of its personnel was a major problem in each of the uniformed services. The problem was not exclusively one of quantity; it primarily was one of quality. Of the millions of men who made up the Nation's mighty war machine, only an astonishingly small proportion from among the very best chose to remain permanently in the armed services. This disturbing situation became apparent as the various officer-integration programs were undertaken. Notwithstanding the fact that adequate numbers of individuals to fill these vacancies were available, the condition remained that the services were retaining only a comparatively small proportion of the more outstanding individuals who had served during the days of war. The several services, as well as the Secretary of Defense, devoted a great deal of study to the ascertainment of the cause of this obvious trend. Out of the numerous and diverse reasons which influence individuals in deciding whether to adopt a military career, it soon became apparent that the outmoded pattern which the services offered in the way of career compensation was a major deterrent in securing adequate numbers of qualified individuals for the postwar establishment.

PRESENT MILITARY PAY STRUCTURE HAS BECOME OUTMODED

There has been no general realinement of the military pay structure for over 40 years. In the meantime there have been numerous piecemeal adjustments within the general framework of the structure, each change having been made in response to a specific situation, but without much thought to the general compensation pattern. As a consequence the laws governing basic pay, special pay, allowances and retirement pay developed along completely uncoordinated lines, to form what is now a literal hodgepodge. It can be fairly stated that the Federal Government today actually has no identifiable plan which governs the career compensation of the uniformed services. The pattern is a legislative crazy quilt. When this situation is measured against the $75,000,000,000 investment involved and the approximately $4,000,000,000 annual pay roll, it becomes obvious that remedial action is imperative.

THE HOOK COMMISSION

In recognition of this need, late in 1947 the then Secretary of Defense, devoted public servant and noble patriot, the late Mr. James Forrestal, appointed

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from among outstanding leaders in civil life an Advisory Commission on Service Pay. Generally referred to as the Hook Commission, out of recognition for its distinguished chairman, Mr. Charles R. Hook, this group of eminent American leaders investigated the situation for over a year before submitting their detailed report. The work of this Commission was carried out with thoroughness and objectivity. It utilized fully the numerous studies which had been in progress for nearly 2 years within the services themselves. It also had available the report of an able committee of the House of Representatives, headed by the able Representative ELSTON, of Ohio. As a result not only of this Commission's painstaking research, but also of the splendid qualifications of the members appointed to the Commission, Mr. Charles R. Hook, head of the American Rolling Mills Co.; Father John J. Cavanaugh, the illustrious president of Notre Dame University; Mr. Keith S. McHugh, vice president of the Bell Telephone Co.; and Mr. Lawrence H. Whiting, of Whiting & Co., the findings of the Hook Commission are regarded as a thoroughly sound foundation upon which to base legislation designed to provide a career-compensation plan for the uniformed services.

HISTORY IN THE HOUSE

In February 1949 a subcommittee of the House Committee on Armed Services, under the capable chairmanship of Representative KILDAY, of Texas, began hearings on a bill drafted to implement the recommendations of the Hook Commission. These hearings lasted for nearly 3 months; the printed record covers over 2,000 pages. The result of this labor—the so-called Kilday bill—was then reported to the full committee, and ultimately to the House, where it was given very critical scrutiny. After considerable debate the bill was referred back to the House Committee on Armed Services. This committee restudied the problem and revised its original bill, with the result that the pending bill, H. R. 5007, was reported back to the House, and was passed by voice vote on June 15, 1949. The Senate committee placed several amendments in the bill which have already been adopted today.

THIS BILL DOES NOT CONTAIN ALL OF THE HOOK PROPOSALS

H. R. 5007 does not propose to implement all of the recommendations of the Hook Commission, nor does it conform exactly to the details of all of the recommendations made by the Commission with respect to the material actually contained in the bill. However, the Hook Commission supported the bill as passed by the House, and as it has been reported to the Senate. The recommendations made by the Commission in the field of nondisability retirement were not included by the House Committee on Armed Services, nor are they included in the Senate version of the bill. The following excerpt from the report explains the committee's position in this matter:

Originally the proposed act contained revisions of voluntary and involuntary retirement laws. The committee was of the opinion that the subject of voluntary and involuntary retirement was so complex, so vast, and would have such far-reaching effects upon the services that an attempt to revise or rewrite these laws should be held in abeyance until some future date, when it could be made as a separate study. Furthermore, it should be remembered that the committee has within the past 8 years carefully considered all of the voluntary and involuntary retirement laws, as indicated by Public Law 305 of the Seventy-ninth Congress and Public Laws 381 and 810 of the Eightieth Congress.

It should be observed that delay in voluntary and involuntary retirement revisions will have no budgetary impact, and for that reason can be permitted. On the other hand, any delay in revision of the physical disability retirement system would have a very serious budgetary impact, and such revision is therefore undertaken in this bill.

THE BILL PROPOSES THREE BASIC CHANGES FROM EXISTING PROCEDURES

Before proceeding to a more detailed discussion of the provisions of the bill I should like to point out what we of the committee regard as the most important basic changes proposed by the bill, of which there are three. The first change deals with the influence of longevity upon rates of compensation. Under existing practices an individual acquires an in-grade increase in compensation amounting to 5 percent of his base pay for each 3 years of service. This increase accrues even though the individual is not promoted, or required to assume any added responsibility. As an example, he might enter the service in the lowest enlisted grade and serve continuously in that grade for 30 years, meanwhile receiving a graduated series of in-grade increases throughout his 30 years of service. The same situation is true in regard to officers.

Mr. SPARKMAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. LONG in the chair). Does the Senator from Kentucky yield to the Senator from Alabama?

Mr. CHAPMAN. I yield.

Mr. SPARKMAN. I wish to commend the able Senator from Kentucky for the fine presentation he is making of this measure, and also the Armed Services Committee for bringing the measure to the floor of the Senate for action.

The able Senator may recall that back in 1945, I believe it was, I was privileged to serve as a Member of the House of Representatives along with the Senator from Kentucky. I was a member of the Military Affairs Committee of the House and was chairman of the subcommittee which handled pay measures. We tried at that time to report a bill which would do somewhat the job which is now sought to be done. The able Senator may recall that we were able to get pay increases for all enlisted grades and for officers through the grade of captain, but we were never able to get any pay increase for officers above that grade. I have long felt that this is a badly needed piece of legislation, and that we have long deferred simple justice to a great many of our most able public servants, those who administer the affairs and look after the business of our armed services. Personally, I wish to express my pleasure at having this legislation finally brought thus far along the road toward successful enactment.

Mr. President, I have long been very much interested in the affairs of the Reserve components of our armed services. I know something of the struggle we have had through the years in trying to build up a proper incentive for our Reserve components, in order to maintain them as a vigorous force in peacetime. I am sure the Senator from Kentucky will agree with me that had we not had the Reserve personnel which we had when we became involved in the last war we would have been greatly set back from where we found ourselves. The Reserve personnel did a wonderful job during that war.

With that in mind, I have been very much attracted by the two amendments proposed by the able Senator from Colorado [Mr. JOHNSON] relating to certain safeguards affecting Reserve components which he apparently feels should be written into the bill. I hope that while the Senator is discussing the bill he will tell us something with reference to whether or not those amendments are needed, or whether such safeguards are already carried in the bill. I think they are matters which certainly ought to be a part of our policy and practice. If needed in the legislation, such amendments ought to be written in affirmatively.

Mr. CHAPMAN. Mr. President, I wish to express my appreciation to the able Senator from Alabama for his statement, to which we have just listened with much interest. He is certainly well qualified to discuss this subject. Well do I remember his outstanding work as a member of the Military Affairs Committee in the House of Representatives in getting through that body the pay bill of 1946, to which further reference will be made during my discussion of the pending bill.

I have always, as has the Senator from Alabama, been deeply interested in promoting the training and welfare of the civilian components of the Army, and I am sure that when the discussion is over, and before the bill is passed, the Senator will agree that the bill deals fairly with all branches of the service. I shall be glad to discuss that subject, and I believe that before we reach the point of consideration of the amendments on Monday it will be possible for us to agree on an amendment covering the subject matter to which he has referred, namely, the subject matter of the amendments proposed by the Senator from Colorado [Mr. JOHNSON].

PRESENT SYSTEM UNSOUND

Such a system as we have been discussing was looked upon by the Hook Commission as being thoroughly unsound in principle. No member of the uniformed forces should constantly accumulate in-grade increases if he proves incapable of qualifying for promotion. The professional or lifetime private, or private first class, or corporal, or junior officer who serves for 30 years without qualifying for promotion is, according to the best military authorities, of very doubtful value to the services. For this reason, insofar as in-grade increases are

concerned the pay scales which are shown on page 9 of the bill tend to level off after a reasonable period of service has expired. For example, it will be noted that enlisted grade E–2, which is that of private, begins at $82.50, rises gradually to $112.50 upon the expiration of 8 years' service and levels off at $120 at the end of 10 years' service. Under present career expectancy the average private will have had repeated opportunities to reach a higher grade long before he has completed even as much as 2 years of service. If he fails to attain a promotion after the completion of 10 years, he is so very inferior to the normal career pattern that it is unwise to continue giving him a pay raise every 3 years for the rest of his service. The same applies to warrant officers and officers. The basic concept of the pay scales which are recommended in this bill demands that increases of pay shall go to those who carry increased responsibilities, and shall not accrue to the individual who is content to forego promotion opportunities and thereby avoid added responsibility. This principle should also eliminate such obvious inconsistencies in present procedures as permit a commander of 30 years' service to receive the same pay as a rear admiral—lower half—having the same period of service. That occurs frequently in our armed services. Insofar as the Army is concerned, the result of this astonishing quirk in the present law is that for every brigadier general there are 10 officers either one or two grades below him who draw the same pay that a brigadier general draws.

That is what has often occurred under this antiquated and outmoded system which has had no general overhauling since 1908.

CHANGES IN PHYSICAL DISABILITY RETIREMENT PROCEDURES

The second major change proposed by this bill has to do with retirements for physical disability. For a great many years it has been the practice in the uniformed services to retire an officer when he is found physically incapable of active service. Retirement practices did not extend to the enlisted grades as a whole. An officer, upon retirement, was given retirement pay equal to 75 percent of his active duty base and longevity pay. My recollection is that that became the law in 1862. After the surrender of Fort Sumter and after the Battle of First Manassas, a few miles from Washington, it was found that there were in the United States Army men holding commissions as captains, and supposed to be in active service in the war, who had passed the age of 70. Such conditions led to the Retirement Act of 1862, and it has been the law ever since. No differentiation was made between the various actual degrees of disability, so long as the disability in fact constituted an incapacity for further active military service. Such an individual was retired, and was entitled to retirement compensation based upon three-fourths of his active-duty pay. The proposed legislation makes a fundamental change, in that it would relate the amount of compensation to the degree of disability. Furthermore, it would establish an incapacity of 30 percent by Veterans' Administration standards as the minimum which could qualify the individual for retirement. A lesser degree of disability would be compensated by the granting of lump-sum "severance pay," instead of long-term retirement pay. Finally, the principle of retirement for physical disability is extended to the enlisted grades on the same relative basis as it is applied to the commissioned grades, and a 5-year "temporary retired list" is established to insure that only permanent disabilities are compensated on a permanent basis. The severance pay to which I refer—for one having less than 30 percent of disability—would be calculated on the basis of 2 months' pay, multiplied by the number of years of active service. In other words, if a man had 5 years of active service, his pay for 2 months would be multiplied by 5, and that would be the lump-sum amount of his pay—in that case, for 10 months. In no case would the total exceed 2 years.

PROVIDING QUARTERS ALLOWANCE IN LIEU OF WARTIME FAMILY ALLOWANCES

The third major change relates to the granting of a money allowance for quarters, in lieu of the so-called family allowance provided pursuant to the Servicemen's Dependents Allowance Act of 1942. The 1942 statute was temporary wartime legislation, which expires upon the termination of the present emergency, as prescribed by the Congress.

During periods of total mobilization, such as occurred during our most recent war, it is necessary to induct into the armed forces numerous individuals who have family responsibilities which are far beyond the military pay scale. The Servicemen's Dependents Allowance Act of 1942 authorized the payment of money allowances based upon the number of dependents. These allowances were paid directly to the dependents, rather than to the individual serviceman. Such a procedure is obviously necessary under conditions of full wartime mobilization, but is far too expensive for the permanent peacetime establishment. For that reason the bill provides for a gradual replacement of the family-allowance program with a permanent-quarters allowance payable only to enlisted personnel of the higher grades. A tabulation of these allowances is shown on page 27 of the bill, and is discussed in detail beginning at the bottom of page 20 of the committee report.

COST ESTIMATES

The cost of this bill to the Government will level off at approximately $304,000,000 annually. For the fiscal year 1950, assuming that the bill becomes effective on October 1, 1949, the cost will be $274,000,000. For the fiscal year 1951, it will be approximately $348,000,000, decreasing until 1953, when it will level off at $304,000,000, based, of course, on the present numerical strength of the armed forces.

Mr. LUCAS. Mr. President, will the Senator yield at this point?

Mr. CHAPMAN. I am glad to yield to the distinguished senior Senator from Illinois.

Mr. LUCAS. Has the Senator advised the Senate of the last time when a military pay raise bill was passed by the Congress? Will the Senator give us that information?

Mr. CHAPMAN. Yes. The last one which was passed was in 1946, but, as stated earlier in this discussion, the last general revision applying to the entire pay pattern was in 1908.

Mr. LUCAS. That is the year I remembered.

Mr. CHAPMAN. Yes; that is correct. It has been 41 years since there has been any general overhauling of the entire compensation plan.

Mr. LUCAS. It seems to me it is long past due

Mr. CHAPMAN. It certainly is. The present system is outmoded and antiquated. All the other amendments to the law since 1908 have been just a little patchwork here and there, leaving a veritable hodgepodge or crazy-quilt effect.

NO BUDGET INCREASE

Mr. President, this measure will not involve any additional budgetary appropriations, because the President of the United States in his budget estimates proposed that there be set aside $400,000,000 for this purpose. In the next fiscal year, as I have just pointed out, the cost of this bill, if enacted, will be only $274,000,000; and when the cost levels off in 1953 it will be $304,000,000 annually—all less than the President's budget.

The variation in cost is due to the effect of gradually reducing family-allowance payments until their final termination on July 1, 1952. During that period appropriations for both pay and quarters allowances for enlisted men will show an increase. This situation results from the fact that some enlisted personnel will receive their present pay plus family allowances either for the duration of their enlistment or until they receive a promotion at which time they will shift to the new pay and quarters allowance.

I should point out, of course, that the preceding cost estimates are based upon present personnel strength. If the size of the present establishment is decreased, the cost will go down; if the size is increased, the cost will go up.

A more detailed analysis which shows the distribution of the major costs of the bill, as well as the cost reductions, appears in the committee report beginning near the bottom of page 3 and running to the top of page 5.

There has been some discussion of the fact that the income-tax exemption for service personnel was terminated effective January 1, 1949. Previously there was an exemption of $1,500 for commissioned officers, with total exemption for enlisted personnel. I do not claim the Congress has not acted in perfectly good faith in eliminating the income-tax exemption for service personnel. It was intended solely as a war measure, but it cannot be sucessfully disputed that its elimination in this period of high living costs has had serious impact on the budget of the average serviceman, and that countless thousands of service personnel have felt keenly and severely the diminution in the amount of their so-called take-home pay. The net result is that, because of the elimination of the income-tax exemption, the Federal Government

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takes back, in the form of income taxes for 1949, an additional $130,000,000 from military pay. With the adoption of the new pay scales provided in the pending bill, the tax recovery by the Government will be increased $65,000,000, making a total of $195,000,000 which the Treasury will receive next year from servicemen's incomes that did not go into the Treasury last year.

OTHER WARTIME LEGISLATION

I think it is appropriate to mention at this point two other pieces of temporary wartime legislation in addition to the elimination of the income-tax exemption, which make it desirable that a prompt revision of the existing pay scales be considered. The system of bonuses for overseas duty in the Army and Air Force, and sea duty in the Navy, needs reexamination in the light of present conditions. During the war, officers were paid a 10 percent bonus for duty at sea or overseas, enlisted men a bonus of 20 percent. This is a very substantial sum, with approximately half of our personnel qualifying, as they do today, under the present bonus system, because approximately half of those in the armed services are now either on the sea or overseas.

Overseas pay was a wartime measure, intended to compensate personnel for the fact that wartime duty outside the continental United States was both hazardous and rugged. At the present time, however, situations in our overseas theaters have changed for the better to a marked extent. In many instances, life overseas is very pleasant indeed; and even sea duty is far less arduous than during hostilities. As a consequence of this change in conditions, it is both appropriate and essential that our very expensive system of wartime overseas bonuses be examined in the light of the more temperate atmosphere in which we are now living. We do not know, though, Mr. President, what change might take place in that atmosphere in the future. We have been engaged in what is referred to generally as a cold war, and our most earnest hope and our most fervent prayer is it may not change into a hot war.

Finally, our $314,000,000 annual bill for family allowances paid under the wartime Servicemen's Dependents Allowance Act needs to be readjusted to peacetime conditions. It has always been the policy—and rightfully so——in our permanent peacetime Military Establishment to select incoming enlisted personnel from among those who have no dependent families. By and large, the incoming recruits for the Regular service average well under 20 years of age, and are unmarried. It has been the custom not to provide married quarters or allowances to the Regular personnel until they have been in the service a sufficient length of time to indicate that they intend to make a career of it. Therefore, only the upper enlisted grades are normally provided with family quarters in the peacetime establishment. But during periods of full mobilization brought about by war the situation is entirely different. Men are inducted into the armed services at ages up to 45 years. Many of these men have obligations and family responsibilities which are far beyond their pay as privates in the Army. The same statement of course applies to equivalent grades in the Navy. It is therefore essential in times of full mobilization that the dependents of servicemen be given an allowance to compensate for the decreased earning power of the head of the family. These wartime allowances are in no sense a part of the servicemen's pay; they are merely a necessary contribution from the Federal Government to avoid hardship. However, now that the hostilities have ended, and only persons having no dependents are being taken into the services in the lower grades, it is essential that the family allowance be gradually phased out of existence, and replaced by a quarters allowance which is related to the ability and responsibility of the serviceman rather than merely to the size of his family. In wartime it is essential to pay some privates well over $200 per month because of their family responsibilities; but in the permanent peacetime establishment we must gradually convert to a more realistic basis which relates pay to responsibility. Also, there is no way absolutely to control the present family allowance plan and to protect the Treasury of the United States.

Before leaving this subject, I should like to discuss——

Mr. CAIN. Mr. President, will the Senator yield at that point?

Mr. CHAPMAN. I am glad to yield to the distinguished Senator from Washington.

Mr. CAIN. I thank the Senator. The distinguished Senator from Kentucky has told us what the bill will cost in the future. Will the Senator tell us how the future cost will compare with the cost of the same Military Establishment in terms of numbers today?

Mr. CHAPMAN. That cost, estimated for the future, is based on a Military Establishment of the same size as that which we now have.

Mr. CAIN. If, therefore, in the future the increased cost of our Military Establishment, in terms of allowances and pay, and so forth, will be roughly $300,000,000, what is it costing us today?

Mr. CHAPMAN. It means that it will cost $304,000,000 more than it is costing us today.

Mr. CAIN. More?

Mr. CHAPMAN. That is correct; and the budget estimate for this purpose was $400,000,000.

Mr. CAIN. May I ask how much money the Treasury will take in, in the future, by reason of the elimination of the income-tax exemption?

Mr. CHAPMAN. As a result of the elimination of the exemption, the Government now collects on present pay scales an additional $130,000,000. The additional income tax collected by the Treasury on the increased pay provided in the pending bill will be $65,000,000.

Mr. CAIN. That is what I am trying to ascertain.

Mr. CHAPMAN. The net increase to the Treasury will amount to $195,000,000.

Mr. CAIN. The pay bill is not an outright increase of $304,000,000, is it?

Mr. CHAPMAN. No; for fiscal year 1950 it is the difference between $270,000,000 and $195,000,000, which would be $75,000,000 actual outright additional cost this year.

Mr. CAIN. I think Senators and other citizens will be exceedingly interested in the return to the Government as the result of the income-tax elimination.

Mr. CHAPMAN. I thank the Senator for the observation.

On page 8 of the committee report, we find this statement:

> It is pertinent to indicate at this point that beginning with January 1949, due to the elimination of the $1,500 income-tax exemption—

And elimination of all exemptions, of course, to enlisted men—

> the Federal Government will take back in the form of personal-income taxes an additional $130,000,000 from military pay. With the new rates provided in this bill this amount will be increased by $65,000,000, to a total of $195,000,000. If this increase in tax revenue is measured against the $302,000,000 increase in the amount paid out, it will be seen that the increased drain on the Federal Treasury is approximately $107,000,000.

Mr. CAIN. The Senator has satisfied my interest, for which I am grateful.

Mr. CHAPMAN. I thank the able Senator for his observation.

Mr. President, before leaving this subject, I should like to invite the attention of the Senate to the very serious dilemma in which the armed services find themselves with respect to this wartime family-allowance program.

If the present program were to be abruptly terminated, the bulk of our enlisted personnel would suffer a hardship which would be nothing short of ruinous, unless such termination carried with it some form of quarters' allowance such as is proposed in this bill. Hence, we are forced to maintain this wartime program simply because we have not enacted its peacetime counterpart.

TITLE BY TITLE EXPLANATION

It might be helpful for me to attempt, at this point, to make a brief explanation of each of the five titles of the bill. I should also like to mention the fact that the committee report contains a detailed explanation of each subsection of the bill. This begins on page 14 of the report and extends to the end, on page 37.

Title I contains a series of definitions which are necessary for a clear and exact interpretation of the other four titles. These definitions conform to existing law, and I cannot at the moment think of any important change which requires special comment.

Title II, which begins on page 8 of the bill, contains the provisions which fix the scales of basic pay, as well as incentive or so-called hazard pay and the various special pays, such as reenlistment bonuses.

Mr. CAIN. Mr. President, will the Senator yield at that point?

Mr. CHAPMAN. I shall be glad to yield to the Senator.

Mr. CAIN. What percentage of the cost of this bill is represented by the so-called hazard or incentive and special pay?

Mr. CHAPMAN. If this bill shall become law, the Government will make an annual saving on those types of pay amounting to $13,000,000.

Mr. CAIN. Do I correctly understand that we are reducing hazard and special pay by approximately $13,000,000?

Mr. CHAPMAN. The Senator from Kentucky will attempt to explain that in detail.

Mr. CAIN. I shall appreciate the Senator's explanation of it.

Mr. CHAPMAN. If I may continue, this title permits a definite break from the heterogeneous and outmoded groups of laws which have grown up over the past 40 years to govern military pay, under the system which has been in effect since the enactment of the present law in 1908.

Furthermore, the recommended scales establish a pattern which is geared to the military career as a whole, rather than simply to one small segment of it. In providing a carefully worked out pay pattern, the bill also makes it possible for the pay roll to be adjusted upward or downward to meet changing economic conditions by simply applying a percentage figure rather than by resorting to a complicated revision of a dozen or more laws.

As I have stated before, this bill does away with the present base and longevity pay and substitutes what is termed "basic pay." The scale of monthly basic pay is shown on page 9 of the bill and is discussed in detail beginning at the bottom of page 15 of the report. I would also invite attention to the table beginning on page 9 of the report, which shows the present basic compensation in dollars per month for all officers, warrant officers, and enlisted men, and the table on page 11, which shows the same information based upon the scales proposed in the pending bill.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CHAPMAN. I shall be glad to yield to the distinguished Senator from Massachusetts.

Mr. SALTONSTALL. This is a very technical bill. If a Member of the Senate wanted to get a true picture of the situation in a quick form, he should look at the tables on pages 9 and 11. Am I correct in that statement?

Mr. CHAPMAN. The Senator is exactly correct. I should like to commend to Senators who would like to have a detailed explanation and comparison of those tables that they read the report. It is very definite and specific, covering the entire subject under discussion.

We have also prepared a series of three illustrative tables, beginning on page 5 of the report, which compare present and proposed scales of basic pay, basic pay and allowances, basic-pay allowances, and flight pay.

I am sure my distinguished colleague from Massachusetts will join with me in recommending that Senators look at those tables also, because they are very informative on this subject.

We feel that the table on page 6 is particularly useful, in that it shows what might be called the take-home effect of the bill as it will apply to the great majority of our service men and women.

A NEW BASIS FOR FLYING PAY

In regard to incentive pay for flying and submarine duty, it will be noted that the old rule of granting a 50 percent increase for these types of duty has been changed in favor of a flat monthly rate, which is shown on page 19 of the bill, and discussed on page 18 of the report. A comparison of the actual effect of the old scale and the new, as applied to representative officer and enlisted grades, appears in the table on page 7 of the report.

SPECIAL PAY FOR DUTY AT SEA OR OVERSEAS

At the present time officers and warrant officers continue to draw the wartime allowance of 10 percent extra pay for duty at sea or overseas, enlisted personnel 20 percent. As I have mentioned previously, the overseas bonus for officers and warrant officers has been eliminated, and that of enlisted personnel placed on a flat monthly rate. These rates for the seven enlisted grades are shown on page 22 of the bill.

REENLISTMENT BONUS

The present law permits a reenlistment bonus of $50 for each year of active service in the enlistment just expired, and is payable upon reenlistment. The proposed scales are on a graduated basis, beginning at $20 per year for a 2-year enlistment, and running to $60 per year for a 6-year enlistment. Also these are to be paid in advance, rather than upon the expiration of the enlistment period, and a lifetime ceiling of four bonuses and a total of $1,440 is provided. This plan is regarded as having particular merit, and is explained in detail beginning on page 19 of the report.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. CHAPMAN. I yield.

Mr. CAIN. May I ask the Senator from Kentucky what the substantial arguments are in favor of flight pay, referred to as being either hazard or incentive pay, for flag and general officers? I ask this question without any prejudice whatsoever to the officers holding such ranks, but I am confused when we talk about flight pay as being incentive or hazard pay, when it seems logical that flag and general officers have less to do with airplanes, for obvious reasons, than do field grades, junior grades, and noncommissioned and private personnel.

Mr. CHAPMAN. I thank the distinguished Senator from Washington for that question, and I shall be glad to endeavor to answer it and to give him my personal thought on the subject in connection with the consideration it had in the committee.

JUSTIFICATION FOR INCENTIVE PAY FOR FLYING

I am convinced that incentive pay, or flying pay, is essential to keep up the morale of our flyers, to maintain the proper kind of personnel, and, particularly, to train the leaders of the future.

Military flying is increasingly hazardous as compared with commercial aviation. Passenger fatalities in commercial aviation during 1946 were only one-sixth of the fatality rate in 1936, yet 6 military pilots were killed in military aviation in 1946 to one civilian pilot. The postwar pilot deaths have increased 25 percent over prewar fatalities, based on the number of deaths per thousand pilots per year.

Maximum combat capability, not safety, must be the primary objective in the development of military aircraft. As a consequence, although we are trying to increase safety, our military requirements—the combat capability feature—keep undoing these efforts. Aircraft with the highest combat performance generally are the most dangerous to fly. Military aircraft must operate under extreme conditions of altitude, speed, and weather.

In fact, the very training a military pilot gets is geared to train him to handle himself in speedy planes at high altitudes and in all kinds of rough weather. Nonscheduled off-airway flying is far more dangerous than flying commercial routes. Dive-bombing, strafing, and other training activities increase the hazards of military flying. The death rate of military pilots in aircraft accidents is three times that of commercial air line pilots employed full time on scheduled flying. The annual aircraft accident rate for the Air Force pilots since the war is 12 per thousand. The death rate of commercial pilots employed full time on scheduled flying is about 4 per thousand.

With jet planes and rocket planes, the dangers to military pilots are increasing continually. With planes flying at supersonic speeds, picture the difficulty and the hazard in the event the engine fails, or something goes wrong, requiring the pilot to either land the plane or bail out.

Military flying even in peacetime is hazardous as compared with other occupations. I need not go into that in detail except to say that the death rate of flying personnel is slightly over five times the death rate in the Ground Forces, or that part of the Air Force devoting their entire time on the ground.

Although aircraft accident rates have decreased due to a vigorous safety program, the death hazard to the individual flyer actually has increased. His exposure to flying hazards has increased because he is required to fly more hours per year in order to retain a military pilot's rating, and because modern combat equipment and tactics have decreased the safety factor.

A pilot's span of life is 12 years less than the nonflyer's. That means that two young men starting out in military life, one a military pilot and the other a ground officer, have a difference of 12 years in favor of the man who remains on the ground. One out of every four military pilots starting at the age of 22 will be dead by the time he is 40. The nonpilots will not suffer this attrition until the age of 61. In addition to the death hazard, flying personnel often suffer permanent ill effects from physical stress of flying under extreme conditions. These statements are all based on actuarial studies.

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Also, military flying is hazardous in wartime as compared with other military duties. Over two-thirds of the Army officers killed in combat during wartime were Air Corps flying officers. As you know, the Air Forces were part of the Army during the World War. Of the 34,645 Army officer combat fatalities during World War II, 24,119 were Air Corps flying officers; more than half of the other casualties, which included all kinds of injuries, in the entire Army were Air Corps flying personnel; more than three-fourths of the officers captured or interned by the enemy were Air Corps flying officers. In addition to the combat fatalities, 16,313 Air Corps flying personnel were killed in noncombat aircraft accidents during World War II. The fatality rate due to noncombat aircraft accidents alone was 15.7 per thousand persons per year. The fatality among nonflying personnel in the Army due to all noncombat causes was 2.4 per thousand persons per year.

Another very important factor to consider in offering incentive pay to flyers is that not only the flyer himself, but his family, as well, is subjected to stresses and strains and worries related to this specialized occupation.

Something has occurred only recently which I am sure the distinguished Senator from Washington has noticed in the newspapers, in connection with the recent hurricanes which developed in the Caribbean Sea and advanced toward the coast of Florida. At least one of them wrought terrific damage. The commercial flyer, the man who flies the air lines, tries to keep away from the paths of such hurricanes, but the flyer in the service is directed to go there and trace down the hurricane, and return and make report. He has hazards which cannot be compared with those of commercial pilots.

SENIOR OFFICERS MUST BE ACTIVE PILOTS

Senior officers, as well as their juniors, must be active pilots. The men who plan Air Force combat missions, the men who are called upon to direct the execution of these missions, must have the viewpoint of the pilot or the copilot sitting in the plane, or a member of the crew, to handle properly his assignment as director of air activities. He cannot be a real leader, nor thoroughly understand what is involved in air operations, unless he has had flying experience himself. The quality of our air arm will be determined by the caliber of its leadership.

If the senior officers are to make decisions on which the lives of flight personnel and the success of their missions will depend, they must be active flyers. They must not lose their grasp, nor be merely synthetic aviators. Our very security may depend upon the direction they give to our air offensive. Success and life, or failure, is in their hands.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. CHAPMAN. I yield to the Senator from Washington.

Mr. CAIN. I should like to have opportunity to pay the Senator from Kentucky a compliment, by saying that he has just given to me the most comprehensive answer to a question I have ever been privileged to receive in this body. I have learned much from what the distinguished Senator from Kentucky has said.

I have but one other brief question. Will the Senator advise us what number of hours must be flown each month or each year in order to qualify a general officer or a flag officer for the flight pay which is presently under discussion?

Mr. CHAPMAN. One hundred hours a year.

Mr. CAIN. I thank the Senator.

Mr. CHAPMAN. I thank the Senator for his question. I should like, for the RECORD, to make a little further answer.

I should like to point out one thing that concerns the future. Our enemies in World War II failed to realize this vital factor of having real air leadership, men who from actual experience and training understood air combat and air warfare. Serious mistakes made by leaders of the German and Japanese Air Forces were contributing factors in our outstanding success, and their dismal failure. Those mistakes were due to the fact that they did not have intimate personal knowledge of the capabilities and limitations of the air weapon which they were responsible for using.

In conclusion, we have studied the problem of flying pay with care, and initially with some skepticism. We feel that the proposition is sound, is justified by facts, and that our recommendations have complete merit.

Mr. CAIN. Mr. President, will the Senator yield further?

Mr. CHAPMAN. I yield to the Senator from Washington.

Mr. CAIN. Would it be safe to say to the American people generally—for many of them have their own doubts, and possess some skepticism—that there is no likelihood, as a result of the passage of the pending bill, that desk officers in any considerable number, so to speak, will benefit in the future from flight pay? I think that is a question which is in the minds of many people, and I should like as best I can to get the viewpoint of the committee for the consideration of myself and others.

Mr. CHAPMAN. There has been a material and substantial cut-back for general and flag officers, and I believe the committee, and I am sure those with whom I have discussed the question, are certain of their position, and feel fully justified in giving to the American people that assurance.

Mr. CAIN. I am extremely grateful, for myself and others, for that answer.

Mr. CHAPMAN. I thank the Senator from Washington.

TITLE III—PROVISIONS RELATING TO ALLOWANCES

Mr. President, this title pertains to the various allowances, which are in addition to any pay which the individual receives.

A basic allowance for subsistence is authorized by section 301 and a basic allowance for quarters by section 302. These allowances conform to the recommendations made by the Hook Commission. The subsistence allowance for officers is at the rate of $42 per month, and differs from present law in that an increased subsistence allowance is not provided for officers having dependents. As regards the basic allowance for quarters, a rather fundamental difference from existing law will be noted in the table which appears on page 27 of the bill. In the past, an increased quarters allowance has been authorized for all officers having dependents; but in the case of enlisted persons, an additional quarters allowance was authorized only to a limited extent, to enlisted men of the three higher grades, and then only when they had dependents. This bill extends to the highest four enlisted pay grades a monthly quarters allowance of $67.50 in cases where there are dependents, and $45 where there are no dependents.

The maximum per diem allowance has been increased from $7 to $9; the maximum mileage allowance from 8 to 10 cents per mile, and the maximum allowance in lieu of transportation has been increased from 5 to 7 cents per mile. These changes bring the uniformed services into agreement with the other Government agencies in this connection, and for the first time apply to enlisted grades on the same basis as to officers.

TITLE IV—A REVISION OF PRESENT PHYSICAL DISABILITY RETIREMENT LAWS

As has been stated before, title IV of this bill proposes a long-overdue modernization of physical disability retirement procedures in the uniformed services. In my opinion, there are four specific provisions which are worthy of special comment.

This over-all modernization is an innovation which, I feel sure, will be welcome and one which, in the judgment of the committee, is fully justified.

DISABILITY RETIREMENT EXTENDED TO ENLISTED PERSONNEL

In the first place, disability retirement is extended to enlisted personnel on the same basis as to officers. Heretofore, an enlisted man could not be retired for physical disability unless he had completed 20 years of service. Those having less than that period of service were simply discharged on a certificate of disability, following which they applied to the Veterans' Administration for compensation. The proposed bill will permit the disabled enlisted man to be retired according to the same criteria as apply to the commissioned officer.

Based on nearly 25 years of experience as a Member of the Congress, I can say that my observation has led me to the conclusion that a very small percentage of those who had been discharged from service in the armed forces with a certificate of disability were ever able to receive any benefits under the veterans' law, because, no matter what the cause was, it was virtually impossible, in most cases, to prove service connection under those circumstances.

A TEMPORARY RETIRED LIST IS PROVIDED

In order for an individual to be permanently retired, it must be established that his disability is actually a permanent one. Very frequently this determination entails a fairly lengthy period of observation. In the meantime, it is improvident from the point of view of the Government to retain the individual on an active-duty status at full pay; on the

other hand, it is unfair to the individual to separate him from the service without definitely clarifying his status. To meet this situation, the bill provides that an individual shall be placed initially on a temporary retired list, and shall be reexamined not less than once every 18 months for a period of not to exceed 5 years. At the end of that time—or sooner, if the facts warrant—the individual is either retired, or is returned to his prior active-duty status. During this transition period he is entitled to retirement pay, which shall not be less than 50 percent of his active-duty pay. This 50-percent minimum applies only to time spent on the temporary list.

RETIREMENT PAY IS RELATED TO THE DEGREE OF DISABILITY

Under the bill the individual receives retirement pay based upon the percentage of his disability, but it cannot exceed 75 percent of his basic pay. A disability of 30 percent, measured according to Veterans' Administration standards, is the minimum which will qualify the individual for retirement. Beginning with this minimum, the degree of disability may be graduated upward in multiples of 10—that is, 40, 50, 60, and so on. Accordingly, an individual with a 40-percent disability receives compensation equal to 40 percent of his active duty basic pay, instead of 75 percent as at present, based on what officers were granted in the old act of 1862. In those cases where an individual is physically disabled for active duty, but the degree of disability is less than 30 percent, a lump-sum severance pay in an amount related to length of service is provided, which, as I stated earlier in the discussion, amounts to 2 months' pay, multiplied by the number of years of service, with a maximum of 24 months of pay, to be given as a lump sum.

DISABILITY ARISING FROM JOB HAZARD IS DIFFERENT FROM NONOCCUPATIONAL HAZARD

This bill introduces the principle of different treatment for disability arising from hazards of the job and disability arising from other causes. If the individual, whether he be a Regular or a non-Regular, has had less than 8 years of service, the disability must be "the proximate result of the performance of active duty," whereas if he has had more than 8 years of service, he may qualify for retirement following a nonoccupational disability, provided, of course, that it was not the result of his own misconduct.

SAVING CLAUSE FOR PERSONS HERETOFORE RETIRED

Section 411 of the bill provides that persons heretofore retired shall not suffer a reduction in their present retirement pay. They may, however, avail themselves of the new pay scales if they can qualify under the more exacting criteria established by the terms of the bill. They can seek to benefit by the provisions of the new law, but they are assured against losing what they already have.

Mr. SALTONSTALL. Mr. President, will the Senator yield to me before he continues?

Mr. CHAPMAN. I am glad to yield to the distinguished Senator from Massachusetts.

Mr. SALTONSTALL. Possibly the Senator has already covered the question I am about to ask, but if so, perhaps for the sake of emphasis, it should be repeated. Is it not true that the bill merely concerns physical disability retirement, and that it does not in any way, shape, form, or manner deal with a retirement for nondisability reasons? That was considered, was it not, to be too technical a subject, which needed further study? Am I not correct?

Mr. CHAPMAN. The Senator is entirely correct. That subject does require further careful study. To have included in the bill retirement for reasons other than physical disability would have had no budgetary impact, but retirement for physical disability does have very serious and important budgetary impact.

Mr. SALTONSTALL. It is also true, as I know the Senator has emphasized, that this measure, for the first time, places the enlisted man and the officer on the same basis for physical disability retirement.

Mr. CHAPMAN. That is correct. I believe the Committees on Armed Services and all of their members have a feeling of justifiable pride in having accomplished that result in both Houses.

Mr. SALTONSTALL. Is it not also true I ask the distinguished Senator from Kentucky, that for the first 5 years in physical disability cases a man is put on a temporary basis, and that he is not permanently retired on any permanent basis until after 5 years, so that that gives him the best possible advantage?

Mr. CHAPMAN. The Senator is entirely correct, and I thank him for his very valuable contribution.

TITLE V—MISCELLANEOUS PROVISIONS AND REPEALERS

Title V consists of 33 sections, most of which contain the usual routine of repealers and other technical changes incident to the new terminology contained in the bill. Three of these sections merit special comment in this brief summary of the terms of the bill.

Section 511 deals with the pay of persons heretofore retired for reasons other than disability. It permits them to continue to receive their present retirement pay, or to elect instead an amount obtained by using the new scales and computing on the basis of 2½ percent per year of service. Both the House committee and the Senate committee were importuned by representatives of a group of nondisability retired officers to change this section so that any officer heretofore retired for nondisability and currently being paid 75 percent of his active pay, should continue on that basis and at the new scales. Both committees rejected this proposal. If such a proposition were agreed to for one group, it would be impossible for the Congress not to grant this very substantial reward to all groups. The request was originally sponsored by a group of several hundred Regular Army officers who were retired for reasons other than physical disability, but were given 75 percent of their active-duty pay regardless of whether they had completed 30 years of service. Actually, there are 614 of those officers involved, and the annual cost of their proposal would be nearly $700,000. To permit this group to apply the 75 percent factor to the new scales would virtually obligate the Congress to grant this privilege to the thousands of disability retirements, who actually have a much more persuasive argument and a much more forceful claim than do the 614 officers, who several years ago were retired for reasons other than physical disability. And if it were applied to the officers, there is no conceivable reason for not applying it to enlisted men, with the result that a very serious increase in cost would ensue.

Section 515 contains provisions designed to protect all persons on active duty from suffering any decrease in compensation as a result of the provisions of this bill prior to July 1, 1952. This section also contains the provisions for phasing out the present family-allowance payments in a reasonable and gradual manner, so as to prevent any hardship for persons currently receiving such payments. In effect, the section provides that there shall be no loss of total compensation, including family allowances now being paid, for a period of 6 months. At the end of that period, certain of the allowances for brothers and sisters and parents begin to terminate, and by 1952 all allowances will have been supplanted by the new quarters allowance provided for in the bill.

Section 533, the last section of the bill, provides that the effective date shall be October 1, 1949.

IS A PAY INCREASE NECESSARY?

I have purposely delayed until this point in my remarks any specific comment as to whether an actual increase in the rates of pay themselves is warranted. I believe all of us will agree that the old system needs a complete overhauling and is badly in need of revision. But should the actual amount of pay be increased?

The Hook Commission examined this aspect of the problem in detail. In undertaking its research that group did not begin with a premise that the need for more pay was a foregone conclusion. Rather, they first made a complete analysis of the pay scales which prevail in industry for positions of comparable responsibility and skill to those in the services. They carried out exhaustive studies of the job requirements as they exist in the services today, and then compared them with job requirements in civil life. They took into full account the retirement plans offered by the Government, as well as the advantages of medical care and other factors which are peculiar to the uniformed establishments. They also considered the special demands which duty in the uniformed forces impose upon the individual. After this completely objective analysis, they compared the pay scales which prevail in industry with the adjusted average pay pattern now prevalent in the uniformed services for positions demanding comparable skill or responsibility.

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Based upon the specific results of this analysis, they unanimously recommended a pay scale which they felt was necessary to attract personnel having the qualifications needed by the services if they are to fulfill their responsibilities. That is the scale which they proposed, and that is the scale presented in the pending bill, except for a reduction of 5 percent for officers, 3 percent for warrant officers, and 2 percent for enlisted men which the bill makes below the Hook recommendations. The House originally made those reductions in the Hook pattern, not because they felt that the original Hook proposals were overly generous, but to meet the budgetary ceiling which they felt it was necessary to impose. The Senate Committee on Armed Services concurred with this action on the part of the House, except that the 10-percent reduction for flag and general officers which appears in the House bill was reduced to 5 percent. The Hook Commission recommended this change in the House version, and the Senate committee concurs in that recommendation.

The validity of the Hook findings that military pay rates are substantially below those prevailing in comparable positions in industry is borne out by the serious difficulties which the services experience in securing, and in keeping, qualified personnel. The rate of resignation among officers is at an all-time high. Only a negligible number of ROTC graduates to whom commissions in the regular services are offered are accepting, whereas in past years the supply of good men actually exceeded the needs of the services.

Speaking from personal experience, prior to 1932 there were 12 counties in the congressional district which I represented. From 1932 until I became a Member of this body on January 3 of this year there were 17 counties in the congressional district which I represented. My personal experience is that, leaving out the war years, I had more applications for appointments to Annapolis and West Point, both from the 12-county district which I first represented and from the 17-county district which I later represented, than I have received as a representative of the 120 counties in the Commonwealth of Kentucky this year. I think that is a significant fact. I do not know what the experience of other Senators has been, but I have heard some say that they have had a similar experience. There are fewer applications now for cadetships and appointments as midshipmen than there were in the prewar peacetime years.

As regards enlisted personnel, reenlistment rates approximate only about 30 percent, as against a prewar figure of 51 percent for the Army and Air Force and 81 percent for the Navy. This decline in reenlistments results in a turn-over which is so serious that at the present time 15 percent of the strength of the armed forces is dissipated in recruiting and recruit training. Many of our more responsible leaders, both civilian and military, have expressed their deep concern over the impairment in the morale of our forces which the present inadequate pay scales are causing. The officers and men in uniform have seen all groups in civil life receive repeated increases in pay over the past 10 years. They are as acutely affected by the rise in the cost of living as any one of us is. Yet, in the face of this set of circumstances, they have suffered an actual decrease in pay, brought about by a chain of events over which they have had no control, and in which they could express no voice. These loyal, stalwart men and women have no right of collective bargaining. They cannot demand relief. They could not strike if they would. They would not strike if they could. They could not, if they would, engage in a slowdown in their vitally important task of insuring their country's national security; and they would not if they could. In the meantime, we demand of them the highest standards in the execution of their functions and their performance of duty. They, in turn, are completely dependent upon us for accurate fact finding as to their legitimate and reasonable requirements, and for appropriate action based upon these facts. This fact finding has been under way for 4 years. It culminated in the findings of the civilian Hook Commission, and the approval of those findings by the House of Representatives in the form of the pending bill. The Senate Committee on Armed Services has reexamined the entire proposition in detail, and recommends that H. R. 5007 be passed.

THIS BILL DOES NOT DISCRIMINATE

Mr. President, there has been in some sections of the press of the country, and in other places, expression of the unsubstantiated and unsupported charge, that this is a bill for the brass, as it has sometimes been expressed. The committee is fully cognizant of the criticism, which originally was expressed on the floor of the House of Representatives, that the first Kilday bill in the House of Representatives did not do enough for the enlisted men. As all Senators are aware, that original bill was recommitted to the House Armed Services Committee; and the pending bill, House bill 5007, was substituted for it. House bill 5007 passed the House of Representatives by voice vote.

The committee holds to the view that the contention that this is a bill which favors the officers at the expense of the enlisted man is completely erroneous. This can be demonstrated in the very outset by simply pointing out that the recommended scales based upon a career of 25 years of military service provide advantages for officers and enlisted men which are within three-tenths of 1 percent of being identical.

Before I discuss this matter further, I should like to call to the attention of the Senate a letter which was written to the Secretary of Defense by General Eisenhower, and which appears at the bottom of page 35 of the committee hearings:

DEAR MR. SECRETARY: I have just learned that the question of revision of service pay is again up for discussion. It occurs to me that I have not, in prior communication or conversation, laid before you my views on this matter which are deep-seated and most emphatic.

There is no element in the Army so important as its leadership, and by this expression I do not refer solely to the highest commander, or even merely to the general officers and colonels. I mean the entire framework of trained men who are responsible for the implementation of the commander's decision, both in the actual crisis of battle itself and in the long process of mobilization, training, and preparation that leads up to battle. The fate of our country has time and again rested in the hands of the officers of its armed forces.

The importance of the leaders has increased with every scientific and technical advance that has made warfare more complicated, more difficult, and more total in character. I firmly believe that at no place else in the world are exemplary qualities of leadership so necessary to success as they are in the modern infantry battle waged with every type and kind of weapon and under conditions where only the skill and ability of commanders, noncommissioned and commissioned, can bring about that concert of action that is absolutely essential to victory.

Our country is making great sacrifices in money and materials to provide a reasonable assurance of security against the possibility of aggression. Unless adequate military leadership is included in these provisions, all these sacrifices, all these expenditures will be futile. Skilled military leadership is the indispensable ingredient to victory. We must insist that the quality of the individual, if selected for entry into the commissioned rank of the armed services, is of the highest. To do this we must provide reasonable incentive.

The present pay and allowance scales of our armed forces are far too small to permit men of ability to serve in noncommissioned and commissioned grades with self-respect and with human regard for their obligations to their families and to themselves. These pay scales are stupidly inadequate—corrective action must be taken without delay or we shall reach the bitter consequences of secondary leadership. Our sons and grandsons deserve better than this—they, if called to the defense of our country, deserve the leadership of able and capable Americans. Our countrymen have died in every corner of the globe, on the land, on the sea, and in the air, to assure that this Nation shall continue to exist as a free republic in which is recognized the essential dignity of the individual. Americans, if faced by aggressive threat in the future, will be equally ready to die, but all those deaths of the past and of the future will be futile unless the organized military forces in which future Americans serve are led by individuals morally, mentally, and physically qualified for the most severe and exhausting test of their capabilities.

Let me reiterate—I believe that unless we immediately provide a decent scale of pay and allowances that will attract good leadership of our military forces, we are foolish and stupid to spend on those forces the many billions of dollars we are now devoting to them. Without skilled leadership a military force is more helpless than if it were inadequately supplied with ration, transport, weapons, and ammunition.

Sincerely,

DWIGHT D. EISENHOWER.

Mr. President, I believe that letter points out a fundamental truth; that is, that in our efforts to insure that enlisted personnel is fairly treated, we must not blind ourselves to the fact that leadership, too, is important, and must be fairly treated. That letter, which I have just quoted, expresses the considered judgment of one of the greatest soldiers that ever led an army of freemen to victory.

Now let us for a moment actually examine the record and see whether this bill favors the officer and neglects the enlisted man. I call attention to the table which appears on page 6 of our report, and I would ask Senators to examine the right-hand column of the table which shows the percentage increase in pay for the various officers, warrant officers, and enlisted men. If we examine the lower third of the table, we see that the percentage increases, reading down from the grade of master sergeant, are 24 percent, 28 percent, 37 percent, and so on down to 69 percent for the corporal having over 7 years' service, based upon the fact that these noncommissioned officers are married career enlisted personnel. Dropping to the bottom portion of the table, we note that the increase for a corporal is 26 percent, and then the figures for the lowest three grades drop to 9 percent, 6 percent, and so on down the column. This was based upon the Hook recommendations. The Hook Commission based their recommendations not only on their actuarial studies, but reached their conclusions by actually talking with many uncoached enlisted men of all three services. It should be noted also that the lowest three enlisted grades have during the relatively recent past received pay increases of over 300 percent, based on the 1908 scales.

Now I would call attention to the percentage increases in pay granted to officers, as shown on the upper third of the table. I believe the Senate will agree that these increases are certainly more modest percentagewise than those granted to enlisted personnel. The committee does not feel that anyone who is familiar with the details of this proposed legislation can, with validity, contend that the Hook Commission, the House of Representatives, or your own committee, have discriminated against our enlisted personnel. Nothing was further from the thoughts, sentiments, or intentions of those groups.

One further thought is this: In addition to setting up a pay scale based upon skill and responsibility, this bill does the following additional things for the enlisted man:

First, it extends to him, for the first time, the same physical disability retirement laws as apply to officers.

Next, it places him on a par with officers in connection with travel and transportation allowances.

Next, it puts him in the same status as officers insofar as quarters allowances are concerned, as soon as he reaches the grade of corporal with 7 years' service, or as soon as he reaches the grade of sergeant, regardless of his length of service.

Next, it provides extra pay for foreign service, although such extra pay is taken away from officers.

In the light of these facts, we cannot agree that this bill is unfair to our enlisted personnel, or is partial to the officers.

Mr. President, it has been the earnest endeavor of your committee to make this bill fair and just to all. It is the sincere hope of the committee that the Senate will accept the views of the committee and will pass the bill. The other groups which have labored diligently on this important and completely worthy proposal, as we regard it, have done well. The Hook Commission, the House Committee on Armed Services, and your own committee have striven to produce a fair piece of legislation to correct many inequities and injustices.

We hope this bill will be enacted as a measure of justice to the men and women of the armed services and as an important measure of national defense for the safety of our homeland and the preservation of peace in the world.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CHAPMAN. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. As one who has listened attentively to the speech of the distinguished Senator from Kentucky, and as one who knows how hard he worked in preparing himself and in assembling all the facts, let me commend him for his thoughtful exposition of this very technical subject.

Mr. CHAPMAN. Mr. President, I thank the Senator from Massachusetts more than I can express in language, for his undeserved compliment. I should like to add that in working a little on this bill, I was seeking only to emulate the example which was set by the eminent Senator from Massachusetts and others of my colleagues on the Committee on Armed Services.

Mr. SALTONSTALL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LUCAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER (Mr. LONG in the chair). Without objection, it is so ordered.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from New Mexico.

LIQUIDATION OF TRUSTS UNDER RURAL REHABILITATION PROGRAM

Mr. ANDERSON. Mr. President, on or about May 25, Senate bill 930 passed the Senate and was recalled from the House, because of the fact that the Senator from Colorado [Mr. JOHNSON] thought there should be an amendment to it. A motion to reconsider was entered and has been on the calendar ever since. I now ask that the votes by which the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, was ordered to be engrossed for a third reading, read the third time, and passed be reconsidered.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. SALTONSTALL. Mr. President, the Senator from New Mexico spoke to me about this matter. I looked up the bill and discussed it with several of the Members on this side of the aisle. I know of no objection to granting the request. Before it is granted, however, I should appreciate it if the Senator would tell us the amendments he proposes to offer to the bill.

Mr. ANDERSON. I shall be happy to do that. The amendments proposed are suggested by the senior Senator from Colorado [Mr. JOHNSON]. The language of the bill, which is a bill to provide for the liquidation of trusts under the old rural rehabilitation program, provides that when a rural rehabilitation corporation made certain applications it should then do certain things. The Senator from Colorado feels it would be much safer if the language provided that "the applicant" must do certain things; and his amendments merely strike out the word "corporation" and insert the word "applicant."

Mr. SALTONSTALL. So that the purpose of the amendment is to assist, and the purpose of the bill is not changed in any way. Is that correct?

Mr. ANDERSON. That is correct. It is a safeguard.

Mr. LUCAS. Mr. President, as I understand, it was the Senator from Colorado [Mr. JOHNSON] who made the motion to reconsider the vote by which the bill was passed.

Mr. ANDERSON. That is correct.

Mr. LUCAS. And the amendments are his amendments.

Mr. ANDERSON. That is correct.

The PRESIDING OFFICER. Without objection, the votes are reconsidered, and the bill is before the Senate.

Mr. ANDERSON. Mr. President, I submit the amendments offered by the senior Senator from Colorado [Mr. JOHNSON].

The PRESIDING OFFICER. The clerk will state the amendments.

The LEGISLATIVE CLERK. It is proposed, on page 2, line 13, strike out "corporation" and insert "applicant."

On page 2, line 14, strike out "corporation" and insert "applicant."

On page 2, line 21, strike out "corporation" and insert "applicant."

On page 2, line 23, strike out "corporation" and insert "applicant."

On page 3, line 4, after "agreements" insert the following: "(conforming to the second sentence of this section)."

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from New Mexico for the Senator from Colorado.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MILITARY ASSISTANCE TO FOREIGN NATIONS

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. MAGNUSON. Mr. President, yesterday, during the consideration of the military aid bill, I submitted an amendment which complied with the House language and clarified the so-called maritime provision of 50–50 tonnage. By inadvertence, when the amendment was read, and the record so shows, the maritime section in the bill should have been

UNIVERSITY OF MICHIGAN LIBRARIES

stricken out and the language of the amendment inserted. As it turns out, the language to strike out the section to which the committee agreed was not read. I have consulted with the Parliamentarian. The bill has not yet been printed nor enrolled, and he suggested that a unanimous-consent request will cure the situation. I have consulted with the Foreign Relations Committee, and I ask unanimous consent at this time, in order to correct the situation referred to, that the vote by which the bill was passed, the vote on the engrossment and third reading of the bill, the vote agreeing to the committee amendment as amended, and the vote agreeing to the amendment of the Senator from Washington, be reconsidered, and that the amendment of the Senator from Washington be deemed to be a substitute for section 409, that it be agreed to, and that the committee amendment as amended be agreed to, that the amendment be engrossed, and the bill be read a third time, and passed.

The PRESIDING OFFICER. Is there objection?

Mr. SALTONSTALL. Mr. President, reserving the right to object, I would say that obviously what the Senator from Washington says is correct, and that the two sections together in the bill would be superfluous.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNITED STATES RESTRAINTS ON VISAS FOR CHINESE

Mr. KNOWLAND. Mr. President, I shall ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, an article entitled "Chinese Won't Soon Forgive Us for Restraints on Visa Seekers," by Clyde Farnsworth, a Scripps-Howard staff writer. I wish to say that the general substance of the article is that, for perhaps the first time in our diplomatic history, a government which is a recognized government of a country has been told that its visas are not alone sufficient for entrance into this country by visitors, including official visitors, but that they must obtain the visa of a third country.

At the proper time, when we are discussing the nomination of Mr. Butterworth, on Monday, I think I shall be able to demonstrate by the presentation of facts that men in high position in the Government of China, and those who under normal diplomatic courtesy would be allowed to enter this country on a visitor's visa, were told they would have to go either to Hong Kong or to Korea to get either a British or a Korean visa in addition to the visa of their own country.

So, Mr. President, I ask unanimous consent to have the article printed at this point in the RECORD, as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CHINESE WON'T SOON FORGIVE US FOR RESTRAINTS ON VISA SEEKERS

(By Clyde Farnsworth)

HONG KONG, September 21.—It may be years before the anti-Communist Chinese can forgive United States diplomatic officials for some of the things they have done recently.

Two incidents rankle most:

1. Premature closing of our Canton consulate, oldest United States diplomatic establishment in China; and

2. Recent State Department orders forbidding political visits to the United States of prominent Chinese.

CANTON DIDN'T FALL

The Canton consulate was closed August 24 by Minister Lewis Clark. According to Mr. Clark's calculations, Canton should have fallen to the Communists 4 weeks ago. It hasn't, but the Americans are gone. Mr. Clark notified the Chinese Foreign Office that United States interests were being transferred to the British consulate at Canton and the United States consulate here.

He said then he had information that the Communists would take Canton within a week. The Foreign Office asked for 24 hours to furnish details of Canton's defenses. Mr. Clark replied that the United States felt, on the basis of past experience, that it was not good for United States diplomatic officials to fall into Red hands.

Following the move, Mr. Clark flew from Hong Kong to Canton a few times in a Navy plane until Vice Adm. Oscar Badger stopped it. Since then First Secretary Robert C. Strong has made occasional commercial flights there.

Now only three American consulates are operating in Nationalist China—Taipeh, Chungking, and Kunming. Diplomatic relations are limited to occasional contacts in Washington between Chinese Ambassador Wellington Koo and the State Department.

POLITICAL VISITS BANNED

The order forbidding political visits to the United States, in effect, has barred entrance by Nationalist spokesmen who conceivably might plead their cause to the American public.

The shut-down of the Canton consulate—established in 1896—amounts to a restraint on visa seekers since they now must go to Hong Kong.

An example is the case of Dr. Hollington Tong, former Information Minister, who asked for a visa to study operations in the United States of the Chinese Central News Agency. It is reported that Dr. Tong, a Missouri University graduate, was told to "find a better reason." He previously had traveled in America without difficulty.

Another case is that of Dr. Hu Shih, philosopher, educator, and former Chinese Ambassador to Washington, who now is teaching at Harvard. Dr. Shih was unaware of the difficulties in obtaining his passport, which he got only after United States Ambassador J. Leighton Stuart personally guaranteed he would not become a public charge.

When Dr. Shih learned of it, he said he would leave American soil and never return. Chinese officials, presumably more interested in "face" than in truth, assured him the reports were not true. Former ambassadors customarily are granted diplomatic visas by the countries where they have served.

SECOND VISAS REQUIRED

Chinese students seeking to study in the United States now are required to have visas to additional countries even though they are registered in American schools. The reason is that the United States some day may be unable to return them to a Red China, and thus wants to shunt them to the countries of their second visas. Many of these students spent 2 months hunting for visas from minor consulates, which often collected handsome fees for their service. Some obtained British visas by buying faked certificates of birth on British soil.

On the other side of the ledger, Ambassador Stuart's secretary, Philip Fugh, recently accompanied him to the United States after their unsuccessful efforts in Nanking to establish diplomatic relations with the Chinese Reds. Mr. Fugh had neither passport nor visa, but apparently the State Department did not consider that trip political.

REFUSAL BY CERTAIN EXECUTIVE OFFICERS TO SUPPLY INFORMATION TO CONGRESS

Mr. KNOWLAND. Mr. President, yesterday I telephoned the Under Secretary of State, Mr. Webb, and called his attention to the reports I have had in reference to the difficulties in regard to the issuance of visas to Chinese. I requested of him a copy of the circular which was sent to our consulates at both Canton and Hong Kong. From the conversation I had with Mr. Webb, I had reason to believe that I would get that information.

Today, my administrative assistant received a call from the Department of State. As a result, I have today addressed the following letter to Mr. Webb:

SEPTEMBER 23, 1949.

Hon. JAMES E. WEBB,
Under Secretary of State,
Department of State,
Washington, D. C.:

DEAR MR. WEBB: On Thursday 22, I telephoned you, asking that you make available to me, instructions which had been sent to the American consuls in Hong Kong and Canton, which stated that visas issued to Chinese, with the exception of the permanent immigration type, would require a visa from a third country.

Today, Friday, September 23, Mr. Hummel, State Department Extension 2666, contacted Mr. Wilson of my office and stated that an official letter would be required before such information could be made available.

In view of the above information, please consider this a request for the instructions mentioned in the first paragraph.

Very truly yours,

WILLIAM F. KNOWLAND.

Mr. President, actually my administrative assistant reported that there was some indication from Mr. Hummel of the State Department, that that information could not be made available to me as a United States Senator because it was classified. Upon inquiry by my staff as to the reason for the classification, since obviously the instructions referred to did not relate to the national defense, the only reaction my staff could obtain was that the information might be embarrassing to the State Department.

Mr. President, as a Member of the Senate of the United States, and upon my responsibility as a United States Senator, I wish to say that if this body continues to let the executive branch of the Government of the United States hide behind an arbitrary iron curtain, then in my opinion we are abdicating our responsibility and authority as United States Senators. So long as I remain in this body, I have no intention of permitting any such thing to be done. The policy of this Government is not a policy of a few appointed executive department members or bureau heads or division chiefs. We are just as much a part of the Government of the United States as they are. We have our responsibilities to the people who send us to the Senate of the United States. Not only do we have responsibilities to the people of our own States, but we have responsibilities to every other citizen of the United States.

I say that in these critical times, when today we had a momentous announcement from the President of the United States, we dare not abdicate our responsibility in any degree. I intend to insist, insofar as it is within my ability so to do, that this body or any Member of this body shall be furnished such information as he feels is necessary in order for him properly to execute his oath of office.

ADVANCE PLANNING OF PUBLIC WORKS

Mr. LUCAS. Mr. President, I move that the pending bill, House bill 5007, be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 762, Senate bill 2116, to provide for the advance planning of public works, which has been reported from the Committee on Public Works, with amendments.

Mr. TAFT. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. TAFT. Such a motion is not in order, I think.

The PRESIDING OFFICER. By unanimous consent it can be done.

Mr. LUCAS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 762, Senate bill 2116.

Mr. TAFT. Mr. President, I have no objection to the passage of the bill as is, but I do have objections to amendments which may be offered and on which there will be a vote. There is not a quorum present, and I question whether the bill should be taken up at this time.

Mr. LUCAS. If there is any question about the amendments, can we have a unanimous-consent agreement to vote on the bill at 2 o'clock on Monday afternoon?

Mr. TAFT. No; I would object to that.

Mr. LUCAS. I do not now know how we are ever going to get the bill before the Senate. This is the third time I have tried to have it taken up.

The PRESIDING OFFICER. The committee amendments on this particular bill have all been agreed to.

Mr. HOLLAND. Mr. President, I did not know the Senator from Ohio was going to make this particular objection. I am sorry he has made it, but I hope that even his objection may be met, and I desire to outline the conditions at this time briefly for the information of the Senate, if I may.

Mr. DONNELL. Mr. President, will the Senator be kind enough to yield to me for a moment to make a very brief statement by unanimous consent, relative to a statement I made on the floor of the Senate a few days ago?

Mr. HOLLAND. I yield for that purpose.

Mr. DONNELL. Mr. President, in the RECORD of September 20, 1949, at page 13064, after referring to the fact that the senior Senator from Ohio [Mr. TAFT] was out of the city and expected to return the next morning, I stated:

> I am informed by a representative of his office that the Senator from Ohio desires to suggest and to move, I assume, the incorporation in this bill of certain provisions relative to emergency school planning, and possibly, though I am not certain as to the latter, school construction.

Mr. President, that statement is in error, and I wish to have the RECORD corrected at this time. As I understand, it is not the intention of the Senator from Ohio to move the incorporation in the bill of the other language, at least I know of no such intention, and I was in error in making this statement. I was quite correct, I think, in pointing out that the Senator does oppose the insertion of the language which is proposed by the Senator from Minnesota [Mr. HUMPHREY] the effect of which would be to remove schools and school construction from the bill.

I observe, as I look over the RECORD, that obviously my own mind was becoming somewhat doubtful as to my initial statement as I proceeded, because I find that I started on page 13065:

> It is my understanding, as indicated, though I say this with some degree of reservation as to the entire accuracy of the statement, that it is the probable purpose of the Senator from Ohio to offer an amendment which would probably have the effect, I think, of affirmatively setting forth in the bill some specific provisions in regard to the construction of schools.

Mr. President, I wanted to make this correction and to state that I was in error in stating that the Senator from Ohio desired to suggest and move the incorporation in the bill of other provisions.

I thank the Senator from Florida.

Mr. HOLLAND. Mr. President, the distinguished senior Senator from Missouri had previously told me of this situation. I had assured him that I felt that there would be no need at all for him to explain the situation to the Senate, but he insisted on so doing. I think his reputation for meticulous adherenc to the truth as he knows it is so well established in the Senate that it was completely superfluous for him to have made this statement, yet I appreciate his having made it.

Mr. DONNELL. I thank the Senator for his statement.

Mr. LUCAS. Mr. President, I have conferred with the junior Senator from Minnesota [Mr. HUMPHREY], who was to offer the amendment on which the Senator from Ohio thought perhaps there would be some debate, or to which he thought there would be some objection, and that under those circumstances a quorum should be present. The Senator from Minnesota has agreed to withdraw the amendment, and offer it when he presents a bill which he reported from the Committee on Labor and Public Welfare.

Mr. TAFT. I withdraw my objection.

Mr. LUCAS. Mr. President, I renew my request that H. R. 5007 be temporarily laid aside and that the Senate proceed to the consideration of Senate bill 2116.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 2116) to provide for the advance planning of public works.

Mr. LUCAS. I yield the floor.

The PRESIDING OFFICER. The amendments of the committee have heretofore been agreed to, and the bill is open to further amendment.

Mr. HOLLAND. Mr. President, I should like to make a few general observations with reference to Senate bill 2116 at this time, and then attempt to answer any questions, if there be any, which Members of the Senate would care to propound.

In the first place, I find myself in somewhat the same situation as that which confronted the senior Senator from Missouri a few minutes ago, in that on one or two occasions on the floor of the Senate I have referred to this bill as being a bill introduced by the distinguished senior Senator from New Mexico [Mr. CHAVEZ], which it certainly is, but also I have said that I had no part in the introduction of the bill, or words to that effect. I find that I was thinking of another measure, and that as a matter of fact, while the distinguished senior Senator from New Mexico is the principal introducer of the bill, I recall now clearly that he invited his associates on the Committee on Public Works, or any of them who cared to do so, to join him in introducing and sponsoring the measure. I was one of those who was happy to accept the invitation. So I find, and I now place this in the RECORD so that no injustice shall be done to anyone, and so that my own previous statement may be corrected, that the bill was introduced by the senior Senator from New Mexico [Mr. CHAVEZ] for himself, and I read from the bill, "for Mr. DOWNEY, Mr. GREEN, Mr. PEPPER, Mr. MCCLELLAN, Mr. HOLLAND, Mr. SPARKMAN, Mr. CHAPMAN, Mr. KERR, and Mr. CAIN," and it so comes on for debate at this time.

Mr. President, having made that statement, let me say that the bill is completely bipartisan, or nonpartisan, that it comes from the Public Works Committee with the unanimous vote of all members of the committee from both parties, and that if it have any feature at all which departs from the completely nonpartisan point of view, I am not familiar with the feature.

Mr. DONNELL. Mr. President, will the Senator yield for a moment?

Mr. HOLLAND. I yield.

Mr. DONNELL. I desire to take this opportunity both to thank the Senator for his very kind remarks about me a few moments ago, and also to state substantially about him what he has said about me. I have known the Senator for years; we each served during a period of time in another official capacity, and I have the greatest respect and confidence in every statement he makes, and I know that whatever he says he thinks is correct.

Mr. HOLLAND. I thank the Senator.

Mr. President, Senate bill 2116, which comes on for consideration today, is in effect a continuance of a quite similar measure which was voted in 1944, and which was determined to be highly useful in the years from that time to June 30, 1947, when the last appropriation under that particular measure, as I understand, was either used, or the time elapsed during which it could be used.

UNIVERSITY OF MICHIGAN LIBRARIES

The measure was adopted as a postwar measure, with the intent of allowing the advancement of Federal funds to States, counties, cities—any subdivision of States—to enable them to plan and prepare for non-Federal public works which were of importance to them.

The provision at that time was a little different from the present one, in that it provided that 90 percent of the entire amount appropriated should be distributed among the several States in proportion to population, whereas only 10 percent was held as a reserve for distribution where it might be most gravely needed, in the judgment of the Administrator. This time, because of the fact that the current recession has made itself felt so much more keenly in some parts of the Nation than in others, it was thought desirable by the Senator from New Mexico, and the others who joined him in introducing the measure—and I may say also that this is, as I understand, an administration measure—to have 25 percent of the total of the amount to be appropriated from time to time available for use in those communities where there might be a graver need of public works than in others, by reason of unemployment, or more acute suffering from the recession in those communities than in other communities of the Nation.

Mr. SCHOEPPEL. Who will determine that?

Mr. HOLLAND. The General Service Administrator, the Administrator of General Services.

Seventy-five percent of funds that may be appropriated under the pending bill is to be distributed among the States in proportion to their population. The other 25 percent as I have stated is available for special consideration in connection with particular needs, and of course the Congress makes the use of that 25 percent available for those special needs as they have been determined by the General Service Administrator.

Mr. President, the thought of the committee and of the introducers of the bill is that this Congress has already enacted into law one important public works measure which provides for planning and site acquisition in the field of post offices and of other needed Federal buildings, such as quarantine stations, public health hospitals, courthouses, and the like.

The Congress has already provided and has enacted into law a measure allowing for a very much needed public-works program in Alaska. The Congress has already, through its several committees, set up a backlog of public works, assuming that measures now in conference can be brought out of conference and can be passed, in the fields of civil functions of the Army engineers, for instance, in the field of public highways, and in other fields where badly needed public works exist all over our Nation.

However, up to this time, since the end of the fiscal year 1947, ending on June 30, 1947, there have been no Federal funds available for advancement to the States, and the local units of government, in order to provide a backlog of plans, engineering programs, and the like, for much needed non-Federal improvements. So this bill is designed to meet that need by making available, during a period of 2 years from the date of the enactment of the measure, a sum not to exceed $100,000,000, and, of course, that sum will be provided from time to time as the need is felt for distribution under the principles which I have already briefly discussed, to the various States and the public units within those States.

It is not contemplated that there will be any final granting or spending of Federal funds, Mr. President and Senators, except that it is recognized that in the very nature of things some of these programs for which advancements will be made, may not be realized, may not be carried out, and in the event that they are not carried out I think the Senate should understand that in those programs the Federal Treasury will have felt the effect of the expenditures, which will not be in such cases repaid. In all other cases wherever there is to be actual construction of these needed non-Federal public works, the requirement of the bill is that at the time of the letting of the contract the Federal advancement shall be repaid by the State or by the appropriate local unit within the State to which the advancement may have been made.

In this particular the bill is exactly like the one of 1944, which I mentioned a while ago, under which a total of some $63,000,000 was advanced, and under which approximately 25 percent of that advancement has already been received back by the Federal Government, due to the fact that those particular projects for which those particular advancements were made have now been let and are either constructed or under process of construction.

I suppose each of us knows most of this program within his own State. Insofar as our State is concerned, this was an exceedingly worth-while program, and it resulted in making available sums of money for advance planning in such matters as the construction of sewage plants, of water plants, of filter plants, or public buildings of one kind or another, including school buildings, which were very badly needed, and which in many cases have now been either constructed or are under construction.

The junior Senator from Florida feels that this is an exceedingly meritorious program, as set up in the bill, and it is for that reason that he recommends it now, his recommendation coming, as already stated, from the unanimous membership of the Public Works Committee.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. HOLLAND. I gladly yield to the Senator from Massachusetts.

Mr. SALTONSTALL. Under the present circumstances and with the present state of affairs in the country with relation to the need for municipal improvements and State improvements, approximately how much of this appropriation for planning does the Senator expect will come back to the Federal Government? It would seem to me that a great deal of it would come back.

Mr. HOLLAND. It is my feeling and my expectation that a great deal of it will come back. The only figures I have which could be at all dependable or would be other than a guess, are the figures furnished by the administrator of this older program, to which I have just referred. Approximately 25 percent of the advancements made under that older program have already been paid back into the Federal Treasury.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. TAFT. The rate of expenditure in that program was about $62,000,000 in 2 years, as I recall. But it ended in 1947, so there has been some accumulation.

My only doubt about the bill was the $100,000,000 figure, but I assume that the Appropriations Committee would probably spread that over 2 or 3 years, and that is why it seemed to me unnecessary to make any objection. The bill provides really only an authorization. I do not understand that there is any proposal that the Appropriations Committee shall recommend an appropriation of $100,000,000 for the current year, and for that reason I withhold any objection to the $100,000,000 figure. I hope it may last for 3 years.

Mr. HOLLAND. The Senator is correct, except that 2 years is the time prescribed under this particular measure.

I have the list here of the actual appropriations made under the other bill, and they were as follows: On May 3, 1945, $17,500,000. December 28, 1945, that is that same year, $12,500,000. On June 21, 1946, $35,000,000. Or a total of $65,000,000.

The final authority for committing expenditures expired June 30, 1947. So that the time in which this sum was available was about 2 years, as the Senator has stated, though as I understand it, the actual work did not get under way until after the war was over. At any rate some $63,000,000-plus was actually used, and I am able to say to the Senator that the staff administering the program advise that there was $33,000,000 more of applications for aid for planning what they regarded as meritorious projects, which were on hand but which they had not been able to service, at the time of the expiration of the authority on June 30, 1947.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. TAFT. Is there any break-down by States of the way in which that money was used? Is that in the record somewhere?

Mr. HOLLAND. I do not believe it is in the record, but I think we have it here, and I shall be very glad to place it in the RECORD. If the Senator will allow me to do so, let me say that if not available here it is available elsewhere, and that I shall be glad to place it in the RECORD.

The listed program which I have on hand relates solely to schools, because I had believed that under the amendment which was to have been offered by the distinguished junior Senator from Minnesota [Mr. HUMPHREY] that that probably would be the subject matter in which the Senator would be most interested, and I did ask to have prepared, and there was prepared, a list showing the applications with reference to schools which had been acted upon and on which

advancements had been made prior to the expiration date, and also a group of the applications in the same field of schools which were pending and could not be serviced at the time. If these would serve the purpose of the Senator——

Mr. TAFT. I suggest the Senator place them in the RECORD.

Mr. HOLLAND. At the suggestion of the Senator from Ohio I am very happy to ask unanimous consent to place in the RECORD at this time, first a table entitled "Estimated Cost of Proposed Schools for Which Advances for Plan Preparation Have Been Approved by State as of August 31, 1949." That means it is brought to date, although the programs had to be approved prior to June 30, 1947.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Estimated cost of proposed schools for which advances for plan preparation have been approved, by States, as of Aug. 31, 1949

State	Number of applications	Amount of plan advances	Total estimated cost
United States	1,963	$14,709,764	$642,162,415
Alabama	10	75,039	3,443,686
Arizona	17	105,513	5,218,269
Arkansas	16	130,375	4,633,803
California	210	1,106,528	47,796,974
Colorado	19	128,493	5,580,647
Connecticut	11	140,550	6,185,002
Delaware			
Florida	12	89,476	5,603,530
Georgia	86	450,481	18,094,423
Idaho	8	51,925	2,891,785
Illinois	61	566,672	27,373,526
Indiana	27	262,310	10,394,214
Iowa	16	196,964	6,011,803
Kansas	45	403,289	13,804,445
Kentucky	45	393,609	16,985,244
Louisiana	17	63,819	1,990,780
Maine	15	90,806	4,503,543
Maryland	39	369,480	20,133,583
Massachusetts	66	588,004	25,587,780
Michigan	64	785,238	47,363,013
Minnesota	22	194,439	7,558,470
Mississippi	26	127,821	5,344,490
Missouri	56	459,268	24,648,970
Montana	13	102,153	4,045,126
Nebraska	18	69,929	2,752,650
Nevada	13	107,134	3,218,603
New Hampshire	29	177,767	6,202,337
New Jersey	123	1,169,152	47,353,620
New Mexico	12	43,023	3,595,081
New York	56	1,244,948	35,974,774
North Carolina	111	372,122	14,633,297
North Dakota	7	46,422	1,788,125
Ohio	126	764,214	32,838,104
Oklahoma	31	241,881	9,116,881
Oregon	30	89,507	4,584,470
Pennsylvania	87	772,924	44,082,005
Rhode Island	6	87,012	3,824,900
South Carolina	59	201,179	9,030,453
South Dakota	2	3,580	281,200
Tennessee	30	208,602	8,147,338
Texas	132	728,554	33,242,864
Utah	9	41,404	1,671,582
Vermont	26	204,844	9,594,878
Virginia	20	342,008	13,417,228
Washington	25	160,127	8,182,585
West Virginia	53	197,781	6,810,892
Wisconsin	34	291,023	13,248,528
Wyoming	12	87,825	5,089,320
Alaska	7	103,150	5,368,250
Hawaii	4	71,000	2,919,254

Mr. HOLLAND. I ask unanimous consent to have placed in the RECORD a second table entitled "Estimated Cost of Proposed Schools for Which Advances for Plan Preparation Have Been Deferred Due to Expiration of Authority or Funds, by State as of August 31, 1949." These lists have been prepared at my request.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Estimated cost of proposed schools for which advances for plan preparation have been deferred due to expiration of authority or funds, by States, as of Aug. 31, 1949

State	Number of applications	Amount of plan advances	Total estimated cost
United States	880	$10,118,705	$290,179,649
Alabama	2	49,005	833,409
Arizona	7	92,680	2,524,135
Arkansas	5	31,636	974,730
California	48	463,663	9,583,680
Colorado			
Connecticut	11	372,970	8,705,246
Delaware			
Florida	10	164,590	5,107,260
Georgia	64	336,404	9,139,921
Idaho			
Illinois	51	661,940	18,191,856
Indiana	49	1,031,820	30,583,527
Iowa	4	12,600	353,950
Kansas	13	77,948	1,900,108
Kentucky	19	116,419	3,225,141
Louisiana	8	97,922	1,569,770
Maine	15	104,025	4,190,340
Maryland	6	200,038	5,267,575
Massachusetts	25	307,534	8,404,992
Michigan	43	290,304	11,515,000
Minnesota	17	177,891	4,576,519
Mississippi	6	150,972	4,172,320
Missouri	24	349,436	18,697,065
Montana			
Nebraska	6	21,209	707,680
Nevada	1	10,000	316,196
New Hampshire	19	163,490	4,701,680
New Jersey	80	1,746,272	44,633,904
New Mexico	1	93,750	2,640,000
New York	31	641,176	16,044,633
North Carolina	13	42,807	1,365,117
North Dakota	3	7,610	203,223
Ohio	30	184,296	5,269,359
Oklahoma	4	30,600	2,033,000
Oregon			
Pennsylvania	23	145,486	4,958,763
Rhode Island	1	55,000	1,529,500
South Carolina	88	497,079	17,522,201
South Dakota	1	1,440	39,000
Tennessee	65	566,410	15,036,324
Texas	38	264,535	8,533,315
Utah	4	42,624	1,250,920
Vermont	4	22,900	577,200
Virginia	2	42,225	1,873,100
Washington	11	176,761	3,845,079
West Virginia			
Wisconsin	17	97,083	2,750,868
Wyoming	1	3,500	90,447
Hawaii	5	162,600	4,238,896
Puerto Rico	4	10,055	457,700

Mr. TAFT. Mr. President, will the Senator further yield?

Mr. HOLLAND. I yield.

Mr. TAFT. My understanding is that the bill expressly states that there is no implied obligation on the part of the Federal Government to contribute to any of the public works for which plans are made.

Mr. HOLLAND. The Senator is correct. There is specific provision in the bill to the effect that the Federal Government shall not be considered to have in any way held forth the offer to contribute to the cost of construction.

Mr. President, I wish to conclude briefly. There are two classes of activities with respect to which this program has particular value. One is the case of local public works which are required to be financed, under the State or local law, or both, by the voting of bond issues by the people. It has been found of very great help in enabling the public to have a clear understanding of what is intended, and to assure itself that the program as intended will actually cover the needs of the community in that particular field of needed public works, by having the plans developed and the cost of fulfillment of the plans estimated reliably before the program is submitted to the vote of the people. I am sure that Senators are all familiar with situations of the type which I have mentioned, in which the public has been reluctant to approve a program until it has specific information that the program will meet its needs and may be financed within a specific amount which the public is willing to vote.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. HUMPHREY. I should like to ask the Senator a question with reference to section 4. I believe the same section was in the previous law. I gather from the wording of that section that the minute any construction is started the full sum of the advance must be repaid.

Mr. HOLLAND. The Senator is correct.

Mr. HUMPHREY. I should like to point out that that has become a very serious handicap and liability in certain communities. For example, I know of a particular instance in which a substantial advance was made to a municipality for the construction of a large hospital. At the time the advance was made it was presumed that the hospital could be constructed for the amount of the bond issue; but as we all know, the cost of hospital construction skyrocketed, and by the time they got ready to build the hospital they could build only about one-third of it. They had to repay the entire amount of planning funds for only a partial job. That seemed to be somewhat of an undue burden and a bit unfair.

I recall another instance, in which plans for a municipal building had been provided under the terms of the former law. When the municipal authorities got around to making changes, they used only a part of the plans, that is, the part pertaining to the new elevator shafts. Yet they had to pay back approximately $90,000 advanced for plans, to construct a $20,000 project. They had not had opportunity to go ahead with the full program.

It was a very serious burden on the community. A $20,000 project required $90,000 worth of plans. The terms of the law were a little exacting. It seems to me that the money ought to be paid back when the project is completed.

Mr. HOLLAND. I thank the Senator for his contribution. Undoubtedly the form of the program was not perfect, and undoubtedly this one will not be perfect. I am sure that specific projects may be found in various parts of the Nation with respect to which the program has not worked to the full satisfaction of all concerned. Yet it is a fact, I think—certainly in my State—that the program has been of very great value to numerous communities. It is regarded as one of the most helpful things which has been done as we approached the postwar period. I suggest to the distinguished Senator that if there is undue hardship in a specific case, if the onus on a particular community is inequitable and too heavy, it

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can, of course, ask for relief, and I am sure that its request would be promptly and sympathetically handled by the appropriate committees of Congress, and that the community could be granted relief from the actual letter of the law or of its agreement.

I am sure that there have been unsatisfactory situations as the Senator has pointed out. However, viewing the program by and large, it seems to the junior Senator from Florida, and I think it appeared to the membership of the Public Works Committee unanimously, that no program that could be thought out by us was more nearly designed to advance to a high state of completion the planning, the doing of the architectural and engineering work, so that a real backlog of needed public improvements may be ready when we reach the time when we need them.

We should all remember that, after all, the local units, or the State itself, if it is the State which is involved, must take the initiative. No program is undertaken except one which is asked for at that level. If there is a State agency involved in the general field, as in the field of school construction, any particular project cannot be accepted here in Washington unless the local project complies with and is a part of the general State program.

Mr. HUMPHREY. Mr. President, will the Senator further yield?

Mr. HOLLAND. I yield.

Mr. HUMPHREY. I did not want my remarks to be interpreted as a criticism of the provisions of the bill, because I am very much for it. I merely wished to point out, for the purpose of the legislative history, that there are instances in which plans are made for large civic-center developments which are all under one project. For example, a project with respect to which an advance of money is made to a municipality may consist of five or six buildings. When the community gets around to constructing one building, it is obligated to pay back all the money advanced for all the plans.

Mr. HOLLAND. The Senator may be correct; but my information is otherwise. I have been advised by the staff of the Public Works Committee and by representatives of the Public Works Administration that in such a case they prefer to have the projects broken down into separate projects. That would relieve the community from a situation such as the Senator has described.

Mr. HUMPHREY. Let me further develop this point with the Senator. For example, instances could be found in which a three- or four-story civic center was planned, to include a public library and a basement, using the portion from the second story down as a parking unit. Obviously the construction of the project starts at the bottom. The community receives perhaps $175,000 for planning. It then goes ahead and begins the project. It starts with the basement unit. Then something happens, and that is as far as it gets. That means that the community must pay back the entire amount of the planning funds, even though the initial investment may not be as much as the planning funds. Many municipalities ran into exactly that sort of situation. I had hoped that this colloquy might result in liberalizing the application of section 4 in instances of hardship. It has not always been easily liberalized.

Mr. HOLLAND. I appreciate the comment of the distinguished Senator. It seems to me that anyone reading the legislative history—at least in the Senate—would come to the conclusion that it is advisable for the local unit of government to break down the projects so far as it is reasonably possible to do it. There is no reason why they cannot be broken down so long as they are susceptible of being divided into separate units.

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. SCHOEPPEL. Let me ask the distinguished Senator from Florida if the history of the development of this type of program has indicated that it is more satisfactory to break the project down into sections than to consider it as a single unit.

Mr. HOLLAND. I am sorry that I cannot answer that question categorically. However, I can answer with assurance that there have been instances in which the projects have been broken down, and that when they are reasonably susceptible of being broken down into separate construction units, that is certainly a permissible way to approach the problem. I am sorry that I cannot give the Senator the information which his question calls for.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. SALTONSTALL. Does not the Senator from Florida, who is a former State official, agree with me that when projects are essentially municipal or State projects in character the State takes a certain pride, and also a degree of responsibility, in paying for its own public works? It is very much better for the Federal Government to have all the money paid back in advance, so that there will be no question about the Federal Government interfering with the building of the works after the plans have been made. If the Senator from Minnesota knows of certain cases in which this system has worked a hardship, such a situation would call for special legislation, as the Senator from Florida pointed out. Does not the Senator agree with that statement?

Mr. HOLLAND. I appreciate the Senator's observations, and I agree entirely with his statement. I think it is highly desirable in the ordinary case for the State or local unit of government to have fully discharged its obligation to the Federal Government, so that it may be entirely free from any control as it proceeds under its own initiative to complete the construction. I thank the Senator for that observation.

Mr. President, I have already mentioned briefly the condition existing—and it exists in many places and in connection with many kinds of needed public construction—where a bond issue has to be voted ahead of time; and I have pointed out the fact that the making of these advancements enables the people to know with much greater certainty and assurance that the program is desirable from their standpoint, and therefore embraces the possibility of adoption of the program.

There is a second class of cases in which this program is almost equally desirable, and that is in connection with a very large group of public-works projects which customarily, these days, are financed on a self-liquidating basis. The question of whether bidders can be obtained for the securities lying behind that construction often depends upon whether it is possible to demonstrate by means of plans, specifications, and estimates that the work can be done and the project can be completed and put in useful condition by means of the expenditure of funds within the amount of money sought to be borrowed. I believe that too much attention cannot be given to that particular point of view, namely, that in many cases it is necessary to have plans, specifications, and, in addition, estimates available if we wish to obtain bids from financial firms which buy securities of that kind, which are self-liquidating. Of course we not only want the communities to get bidders, but we want the bidders to sharpen their pencils so that the public may obtain the lowest possible rates of interest available under existing market conditions. Certainly that purpose is served by having plans, specifications, and estimates available.

Mr. President, I shall not further detain the Senate in regard to this matter. I believe the program is a meritorious one. I believe that all Senators now present join in that view. I hope the Senate will see fit to approve the program and will vote in favor of passage of this bill, Senate bill 2116.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, the committee report on the bill, which is short and to the point.

There being no objection, the report (No. 751) was ordered to be printed in the RECORD, as follows:

The Committee on Public Works, to whom was referred the bill (S. 2116) to provide for the advance planning of public works, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendments consist of striking out the references throughout the bill to the Federal Works Administrator and inserting in lieu thereof "Administrator of General Services," since the functions of the former Federal Works Agency have been transferred by law to the General Services Administration.

The purpose of the bill is to encourage States and other non-Federal public agencies to maintain an adequate reserve of fully planned public works readily available in order that construction may be started promptly, when economic conditions should make such action desirable. This will be accomplished by authorizing the making of advances during a period of 2 years following the date of approval of this act to States and political subdivisions thereof for the purpose of financing the cost of surveys, engineering investigations, and plans preliminary to the construction of local public works such as, but not limited to, schools, other pub.ic

buildings, sewerage works, water-supply systems, and other local public works.

The bill authorizes to be appropriated not to exceed a total of $100,000,000 for the 2-year period. The funds will be allocated among the several States by the Administrator of General Services in the following manner: 75 percent in the proportion of State population to the total United States population, and 25 percent in accordance with the needs of the States as determined by the Administrator. The Administrator would also be permitted to reallocate any remainder of the initial State allocations which cannot promptly be utilized. The committee feels that before any such reallocations are made, the Administrator should allow the States a period of at least 1 year in which to make use of their respective allocations. It is the understanding of the committee that this policy will be followed by the Administrator.

All advances to the public agencies will be repaid in full without interest by those agencies if and when construction of the works planned with those advances is undertaken or started. No advances will be made for any individual project unless it conforms to an over-all State, local, or regional plan approved by competent State or local authorities.

The bill specifically provides that the making of these advances shall not in any way commit the Congress to appropriate funds to undertake the construction of any public works so planned.

This program is in effect a continuation of a similar program authorized in title V of the War Mobilization and Reconversion Act of 1944. That program was developed in anticipation of the need for postwar expansion of public works activities. The program was very successful, and a considerable backlog of planned projects was built up, but in the intervening years it has been substantially reduced through construction of the planned projects. Approximately 25 percent of the Federal funds advanced under that program have already been returned to the Treasury.

The postponement of public works activities during the long war period has accumulated a large need for construction of local public buildings and other community facilities. Estimates of this need range up to $100,000,000,000. This huge accumulation of needs could be used at any time in the future as a cushion against declining economic activity, provided proper preparations are made to place this work under construction when needed. Local agencies, however, frequently, have difficulty in financing the preparation of plans in advance of their preparation for construction, since most local public works financing is handled by means of bond issues covering the entire cost of the project. The proceeds from such bond issues are therefore not available in advance at the time when planning should be undertaken. This bill would permit local agencies to obtain the necessary planning funds and to proceed with all planning phases without the necessity for awaiting financing arrangements for the construction work.

Legislation similar to that contained in this bill was recommended in the President's recent midyear economic report. This bill has been recommended by the Bureau of the Budget and the General Services Administration. The reports of these two agencies on S. 2116 follow:

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., July 18, 1949.

Hon. DENNIS CHAVEZ,
Chairman, Senate Committee on Public Works, Washington, D. C.

MY DEAR SENATOR CHAVEZ: This will acknowledge your letter of June 24, 1949, requesting the views of the Bureau upon S. 2116, to provide for the advance planning of public works.

The Bureau can report to you that the enactment of this legislation would be in accord with the program of the President.

Sincerely yours,

F. J. LAWTON,
Assistant Director.

JUNE 30, 1949.

Hon. DENNIS CHAVEZ,
Chairman, Committee on Public Works, United States Senate.

MY DEAR SENATOR CHAVEZ: This is in response to your letter dated June 24, 1949, requesting my views respecting S. 2116 entitled "A bill to provide for the advance planning of public works."

My considered opinion is that your committee should report favorably on the bill, and I so recommend. Such legislation would be in the public interest and would (1) provide a sound, practicable, and economical procedure for encouraging and stimulating the planning of public works by local public agencies; (2) make available an adequate shelf of fully planned non-Federal public works (exclusive of housing) ready for immediate use in time of economic stress; (3) permit Federal public works, through knowledge of the planned non-Federal public works, to be properly timed to serve the best interests of the Nation; and (4) produce immeasurable benefits to the economy, health, and general welfare of the country as a whole.

As indicated by its title, the bill contemplates Federal aid to States and local public bodies for advance planning of public works. The program authorized under the bill would be similar to that administered by this agency pursuant to title V of the War Mobilization and Reconversion Act of 1944, which latter program received general approval by State, municipal, and other local officials, engineers, architects, contractors, economists, labor unions, and the public. It is anticipated that if S. 2116 be enacted into law it will be received in like manner.

The bill would authorize the making of advances for plan preparation during the 2-year period immediately following the date upon which the legislation is to become effective, and the appropriation of not in excess of $100,000,000 for that purpose. Upon the basis of this agency's experience under the previous advance planning program, we estimate that with the $100,000,000 appropriation there would be planned public works costing in the neighborhood of $3,000,000,000.

The advance planning program envisioned under the bill offers many obvious advantages, including particularly the following:

1. It will permit the development and the maintenance of a reserve shelf of fully planned non-Federal public works ready to be constructed as economic conditions warrant. The experience of the Federal Works Agency indicates that generally many months elapse between the time a city determines to construct a public works project and the date on which construction of the project actually is commenced. Frequently the planning of a public works project consumes more time than its actual construction. With a shelf of fully planned public works, delays in putting men to work on projects can be materially reduced and the stemming of hazardous drops in construction activity can thus be made more effective.

2. The proposed advance planning program has the further advantage of enabling local public bodies to finance the construction of public works at lower costs. Many waterworks systems, sewers, and other public facilities are being financed today through the issuance of revenue bonds. In view of the uncertainty respecting construction costs, private investors are unwilling to commit themselves to the purchase of revenue bonds, in many instances, until the plans have been prepared and a reasonably accurate determination of the cost of the proposed public works has been made. The preparation of the plans and specifications for public works under the proposed program will enable municipalities to obtain reasonably accurate cost estimates and thus will permit them to procure the necessary financing upon more reasonable rates. In addition, the advance preparation of plans and specifications under conditions enabling a municipality to give careful consideration to the many factors involved should eliminate expensive changes during the progress of the work and thus reduce the over-all cost of the project.

3. The advance preparation of plans and specifications for public-works projects which, as the bill provides, are to be integrated in over-all State, local, or regional plans, will result in the construction of public-works projects upon a stable basis and in better-planned communities. This limitation of advances to projects conforming to over-all State, local, or regional plans approved by competent State, local, or regional non-Federal authorities should thus make for far better integration of public facilities than was the case in the past when many public works were built in haphazard fashion without any sound or functional coordination among them.

4. Under the bill, the Federal Government would provide the leadership and encouragement needed to assure the creation of an adequate reserve of State and local public works at a rather nominal cost to the Federal Government. The proposed legislation provides that the advances are to be repaid to the Federal Government when the planned construction is undertaken. Although it is possible that some of the public works planned under the program may not actually be undertaken and some few advances will thereby not be repaid, our experience in the administration of title V of the War Mobilization and Reconversion Act of 1944 indicates that most of the money paid out by the Federal Government will be recovered and that the actual cost to the Federal Government will be relatively small. Every citizen recognizes the value of planning for the future and the importance of insurance in his private affairs. S. 2116 proposes the continuation of a form of planning of attested value in the field of government which, at the same time, affords an inexpensive form of economic insurance.

Section I of the bill contains the salutary proviso that "the making of advances hereunder shall not in any way commit the Congress to appropriate funds to undertake the construction of any public works so planned." A similar provision was also included in the prior law, and was emphasized to the local public bodies to which planning advances were made by incorporation in the advance planning regulations of this Agency.

As of the close of business June 30, 1947, when title V of the War Mobilization and Reconversion Act of 1944 expired, planning advances in the amount of $61,669,079 had been approved by the Federal Works Administrator for the preparation of final plans and specifications for 7,338 local public works projects estimated to cost approximately $2,400,000,000. The types of public works most heavily represented thereby, both in number of projects and in estimated construction costs, were sewer, water, and sanitation facilities, school and other educational facilities. This was to be expected because with the increase in the volume of residential construction the need for sewers, water facilities, and schools becomes acute. Other types for which advances were made include streets, bridges, viaducts and grade separations, airport facilities, hospital and other health facilities, park and other recreational facilities, municipal halls and other public buildings, and miscellaneous public works. It is obvious, therefore, that the Federal funds disbursed were made available to prepare final plans and specifications

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for public works having the greatest utilitarian value. It is anticipated that, if S. 2116 be enacted into law, the public works planned thereunder will be of equal utilitarian value.

When the authority to make new advances under title V of the War Mobilization and Reconversion Act of 1944 expired on June 30, 1947, we had on hand awaiting approval approximately 2,300 applications for advance planning aid. The total funds requested by these applications were approximately $33,000,000. None of these applications could, of course, be approved.

Despite the progress that has been made thus far in building up a shelf of fully planned useful public-works projects at a comparatively nominal cost to the Federal Government, the objectives of title V have not been fully achieved. Plans have been fully completed on 5,580 of the 7,338 approved applications, and 1,477, or over one-fourth of the former total, have been placed under construction. Of the $61,669,079 obligated for advances to complete the plans for the 7,338 projects mentioned above, $14,662,047 has been returned to the Government either in the form of repayments when the projects were placed under construction or recoveries due to cancellations of projects. It is evident, therefore, that the reserve of projects, which was not large enough to meet the public works construction needs of the Nation for even one normal construction year, is fast diminishing and will in time be completely depleted unless steps are taken to see that it is replenished.

This need for the stimulation of advance planning and for maintaining a high level of fully planned public-works projects still exists. The goal should be a continuing and adequate reserve of fully planned public works readily available for use so as to permit the immediate commencement of construction when the economic situation may make such action desirable. It is definitely in the national interest to expand the reserve in order to provide an adequate backlog in times of business recession.

We have been advised informally by the Bureau of the Budget that enactment of S. 2116 would be in accord with the program of the President.

Sincerely yours,

JESS LARSON, *Administrator.*

Mr. HUMPHREY. Mr. President, I wish to say a few words in regard to Senate bill 2116. When the majority leader requested unanimous consent that the bill be brought up for consideration, he was confronted with the observation that consent would be withheld if any amendments were offered.

It had been my intention to propose to the bill an amendment which I think is fundamental and very important, and which I believe many persons throughout the country, particularly those interested in education, believe should have been given consideration. However, in view of the importance of the public works planning bill and the funds provided under it, I felt that it would be imprudent on my part or very inconsiderate, to insist upon my amendment and thereby possibly jeopardize the favorable consideration of this important piece of legislation.

It was for that reason that I acceded to the wishes, and the implorations of some of my colleagues, and was willing to withdraw or withhold the proposed amendment.

I should like to read the proposed amendment, so that Senators may know what was intended. I intended to propose, on page 2, following line 20, the following:

Provided, however, That the authority herein granted shall not apply to the planning of public schools, elementary and secondary, in the event that subsequent legislation authorizing funds for public-school planning and surveys and other purposes is enacted.

In other words, if at a later date legislation pertaining to public-school plans, surveys, and inventories should be enacted, such legislation would have priority over the legislation which has been passed, or which I trust will be passed, namely, Senate bill 2116.

I point out that school superintendents throughout the country, and particularly State superintendents of schools, are very deeply concerned about the nature of planning activities pertaining to public, elementary, and secondary schools. It is my intention, Mr. President, to use all the power at my command and all the influence I can possibly gather to bring up in the Senate a bill which is now on the calendar, Senate bill 2317. I should like to state why I think that bill should be considered and passed, and why I feel that the pending bill does not meet the need. It is because the planning of public educational facilities is an educator's job, not an architect's job. The architect should be in a sense an adviser and consultant to the primary purpose of education. It has been found that in hospital construction serious mistakes were made in the planning of hospitals and clinics because the doctors were not consulted, because the people who were going to use the facilities were not given the position of priority in ultimate planning they ought to have.

What is more important, just so surely as we are on the floor of the Senate today, between now and the next 5 or 6 years requests in great number are going to be made upon the Government of the United States for assistance in public-school building construction. I predict at this hour that unless we develop a type of integrated State-plan program, under which the State department of education correlates its plans, under which it allots and distributes the money, and under which the State department of education will make the final decisions as to a State-wide school-construction program, we will have representatives of every school district in America here beseeching the Congress of the United States for advance planning money and for construction money.

It was the purpose of the amendment which the junior Senator from Minnesota intended to offer to make possible this type of integrated, coordinated State plan, survey, and inventory of school needs. In other words, the bill which I trust will be considered in the not-too-distant future is more comprehensive, as it pertains to schools, than the bill presently before the Senate. I commend the Public Works Committee for the splendid job they have done in this $100,000,000 advance planning fund bill, but I say again that when the majority leader permits us to bring up the other legislation on school construction and school plans, we shall seek your support.

I want merely to cite this fact, that right here in the city of Washington, the Nation's Capital, where the Congress of the United States cannot evade its responsibilities, there is a national disgrace in public education. Swing shifts in Washington, Mr. President. The children of this city cannot even find space in which to attend school, in the great city of Washington. All over America, the same thing is existent.

As I said in our Labor Committee the other day, it ill becomes a government that says it is a government "of the people, by the people, and for the people," to shirk its responsibilities for education. I remember the day I sat in the Senate Chamber, in this room, and in 2½ minutes—in less than 2½ minutes—the Senate voted an authorization for $300,000,000 for wind tunnels—wind tunnels that no one will ever see, except a few engineers. Wind tunnels for testing aircraft—however, when one starts talking about a few school buildings, when one starts talking about the Federal Government assistance in providing these needed facilities, there is opposition—opposition because it appears to be a new departure. Yet this same Government can and does conscript these boys and girls who now need schools. As we have on the floor of the Senate those who say it is not a responsibility of the Federal Government, I press this point, because, as a father, as a citizen, and as an American, I think that one of our first responsibilities is in the matter of education. I do not think the arguments sound very well, Mr. President, when I hear people say we ought not to go into this activity. We go into every other activity. We build roads and hospitals. We are helping build universities now. We are going to have money provided in a bill that will be considered possibly today for grants to universities, to enable them to build research laboratories. Yes, we can give Federal Government assistance so that we can house white mice, or some other kind of animal, to test out a vaccine or a virus. But when it comes to building a public school, or when it comes to providing the funds that may be necessary even for school surveys and inventories, then it seems to go against the principle of separation of local and Federal and State government. Well, it does not go against the principles of the junior Senator from Minnesota, and I repeat, I feel that one of the most important items of legislation that we have on the calendar is Federal aid to provide the funds which are necessary for the construction of schools. We have another Federal education program which is tied up in a very bitter argument, on which there are two sides. But I point out there is no religious question, there is no sectarian question involved as to whether we ought to build public educational facilities; none whatever.

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am happy to yield.

Mr. SCHOEPPEL. I was interested in the remark made by the junior Senator from Minnesota about the condition of schools in Washington, D. C. I feel sure the Senator is aware of the fact

that not too many weeks ago a request was made for $3,000,000 for some kind of celebration in Washington, D. C., which might wel. have been dispensed with and put into the school system, in order to avoid the very thing the Senator is mentioning.

Mr. HUMPHREY. I should be more than glad to concur in giving the $3,000,000 to the schools. I recognize requests have been made all around through the Congress. We are going to vote a budget that I imagine is going to run from forty to fifty billions of dollars, and yet all over the Nation we have the problem of a lack of educational facilities. It is not merely a lack of teachers. It is not only a matter of teachers or teachers' salaries or administrative expenses. We have Quonset schooling in some sections of this country. We put up a tin can with a roof on it, and we call it a school. I repeat, it is right here in this city, where the President of the United States deplored the condition of schools in Washington, D. C. What he should have said—if it is possible for one to correct his President in an official statement—not only that he deplored the condition of overcrowding in the schools of Washington, but that he deplored overcrowding in schools all over America.

I made a commitment to the school officers of the country that I would offer an amendment to give them protection for the kind of plans and educational facilities that they themselves feel are so vital and so important. Unfortunately, that amendment, if offered, would have denied us the chance to vote on this bill, S. 2116. I regret that Senator TAFT objected to my amendment. I withdrew it only to facilitate passage of an important item of legislation.

I repeat, the only reason I withdrew my amendment is because I feel that there are other needs that must be met. I want to commend the distinguished Senator from New Mexico and the distinguished junior Senator from Florida for the presentation of this bill. Let it never be forgotten for a single minute, as long as I am a Member of the United States Senate—I shall be working for Federal aid for school children and school construction, because I think it is vital. I want the American people to know we did not take 2 minutes to spend $300,000,000 to be used in 5 years for wind tunnels. I think we ought to be able to appropriate a few million dollars to provide schools, in order to assure an opportunity for healthy, intelligent, enlightened young Americans.

Mr. SCHOEPPEL. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I am happy to yield.

Mr. SCHOEPPEL. I note the remarks of the junior Senator from Minnesota with reference to wind tunnels. Is the Senator aware that that measure was held up for at least three calendar calls?

Mr. HUMPHREY. I did not recall that specifically, but if I happen to be so enlightened, I appreciate the distinguished Senator from Kansas bringing it to my attention.

Mr. TAFT. Mr. President, I think the issues here are somewhat obscured. The bill which the distinguished Senator from Minnesota is sponsoring, and which will probably come up later, is not a bill for the construction of schools. It is a bill for the planning of schools. We have not decided to put the Federal Government into the business of constructing schools. I do not say that we may not reach that point; but I feel very strongly it is more important that those of us who are interested in education should first have settled the question whether we are going to help the administration of schools.

I think it is most important that the general distribution of school facilities be first considered, particularly in districts where children are left at this time without any education. While the school-building program throughout the country is behind the point at which it should be, because it was delayed by the war, there is no substantial evidence that the States cannot handle it themselves. I repeat, I am not saying we may not come to the time when we shall consider the question of Federal aid to school construction, but there is always the danger in any public-works program that it will be much more expensive. Any public-works program is very likely to result in the expenditure of hundreds of millions of dollars. I am afraid that every Senator and Representative likes to have a monument in his home town to point to as something which he secured for the municipality or State. If any funds are provided, they must go equitably to every school district in the country. The Federal Government, in public-works programs, spends very large sums. I hope we can settle that policy before we proceed further.

The Committee on Labor and Public Welfare, in reporting the bill to which the distinguished Senator has referred, left out the construction end. I do not think we should provide a planning program which impliedly commits us, in effect, to say that we are going on next year to help finance the program, as provided in the original bill and as clearly stated in the committee report. I object to committing the Federal Government, indirectly, to that extent, by simply providing planning money on that basis.

Furthermore, Mr. President, I do not agree with the reasons given by the distinguished Senator from Minnesota. So far as the schools in Cincinnati are concerned, we do not want the Federal Government to have anything to do with planning them. We have a perfectly competent plan. The schools have been designed and planned on a local basis. The idea that there must be a State-aid plan in order to bring about a comprehensive school-construction program simply is not the fact. Each district knows how many children it has to provide for and the general type of school it should have. I think there should be some restrictions to assure that undue expense is not incurred. In general it is not like the State-planned building of hospitals, where no plan was ever previously had, and a private hospital was here, a private hospital there, and a general hospital somewhere else. In my State the school districts resent State interference, and each of them has its own views.

I do not see why we should not postpone the matter until we can decide the question whether we want to help finance school-building construction. Schools can get money for planning, under the Chavez bill, if they need it badly. But I believe the general idea of a new survey of every State to see what kind of schools it should have is not a good one. I think that is primarily the concern of the States and is something which the States are doing very satisfactorily. Incidentally, the States are spending approximately $3,000,000,000 on school construction, which is about one-third of their total expenditures. It is their primary obligation.

Even in the field of assistance to the teachers in the poorer districts of the country I certainly approach it with great trepidation, because it seems to me we are infringing on a function which is primarily a State and local concern. In my opinion we should help them only in cases in which it is clearly proved that they cannot do it themselves. I think that is proved in the case of the operation of schools in many of the poorer States.

Mr. President, what we passed was an equalization bill. I am willing to consider the other bill, but I think it should be postponed until we are willing to consider the substantive question of whether we want to put the Federal Government into a general program of aiding school construction. On that subject I should like to have more information before we act upon it. In the meantime, I do not think we should prescribe a system of planning with the clear implication that we will finance it. That would interfere with the program, because every State will wait until it finds out what we are going to do next year or the year after next. I think we should not commit ourselves at this time to any kind of State aid. I think, impliedly, the bill of the Senator from Minnesota does that. That is why I am against it, not because in time to come I think we should not consider the question of aiding in school building, but I should like to have the other question settled first.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MAGNUSON. I may be incorrect, but I think that in the bill which the Senators are discussing there are some emergency provisions.

Mr. TAFT. I am in favor of the emergency provisions, but I do not believe they should be tied in with this sum for planning all over the country. When that bill comes up—I certainly shall not object to taking it up—I would hope to eliminate the sum provided for planning, and put it through on an emergency basis.

Mr. MAGNUSON. I understand the Senator's position.

CURTAILMENT OF REQUIREMENTS FOR SYNTHETIC RUBBER

Mr. TAFT. Mr. President, I should like, while I have the floor, to make a brief statement on another subject. In the newspapers it has been stated that

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representatives of the State Department and other Government representatives had agreed to curtail the requirements for synthetic rubber in this country in order to help the British to get more dollars.

I protest against that policy. I think our Government is making a tremendous mistake. The Rubber Advisory Committee is meeting today. I should like to read a telegram from Mr. Freedlander, president of the Dayton Rubber Co. and Copolymer Corp., which sets forth the situation as he sees it. He says:

DAYTON, OHIO, *September 20, 1949.*
Hon. ROBERT A. TAFT,
United States Senator, United States Senate, Washington, D. C.:

At meeting Rubber Advisory Committee called by Commerce Department Friday, September 23, which I will attend, will discuss for immediate action a revision of present R-1 order that specifies mandatory use of something over 200,000 tons synthetic rubber per year. State Department in order encourage use natural rubber bringing very strong pressure to either throw out entire R-1 order or modify it to such extent that we feel will be detrimental to best interests of national security and American taxpayer. At present cold rubber which is exceeding all expectations as to its merit is being produced at rate of 180,000 to 200,000 tons per year. Any decrease in mandatory use below this figure will be harmful and may cause an increase in price of synthetic rubber further would have discouraging effect on American scientific progress.

A. L. FREEDLANDER,
President, the Dayton Rubber Co. and Copolymer Corp.

That progress is being made in synthetic rubber. The more it is used, the more it is improved and developed. Last week I went through a rubber plant in Cuyahoga County, Ohio, which manufactures rubber gaskets and rubber strips that go around refrigerators and automobile windows. I was told that they much preferred synthetic rubber for that purpose, that it was easier to work, and that in their business they are now using 70 percent synthetic rubber and 30 percent natural rubber. Of course, their products are probably more susceptible to the use of synthetic rubber. Nevertheless, it is a tremendous development, and one which is going to be very essential for national security in time of war. The program referred to would result in closing down plants, which would be a dead loss to the Government of the United States. The requirements at this time are not unreasonable and are in no way interfering with the manufacture of rubber products.

Furthermore, such an agreement will not help the British workmen or British industry improve their position or sell more products. It is a method to make it necessary to buy more rubber from Malaya, where the workers who produce it are paid approximately 10 cents an hour, or less. The British are getting the advantage of that labor in the production of dollars which they take away from the workers in Malaya and use for the purpose of buying food for the British people.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. PEPPER. I do not have any information on the subject, but I was curious to know whether the able Senator from Ohio knows whether any of the domestic synthetic rubber plants were built by the Government during the war.

Mr. TAFT. I think they were all built by the Government and leased to various operating companies. Of course, a series of plants is required. There are the preliminary plants which make butadiene and styrene. Then there are the plants which put the two together into rubber. It was determined before this conference with the British that it was necessary, in order to keep the industry alive, to manufacture a certain amount of synthetic rubber, and in order to provide the scientific progress necessary to improve such rubber. If it was determined to be necessary then, it is just as necessary today, or more necessary today. So, simply in order to assist Great Britain to get dollars from their Malayan dependencies, I see no reason whatever why we should change our policy affecting national security and the future development and improvement of synthetic rubber, and the gradual development of an industry in this country which will improve the general welfare of the people.

Mr. President, I wish to object very strenuously to the proposal that we in any way modify the present order prescribing certain uses of synthetic rubber.

Mr. PEPPER. Mr. President, I did not contemplate saying anything at all upon this subject, but I most respectfully disagree with the arguments which have just been advanced by the able Senator from Ohio. I think we have come to the time when we have to decide whether we are going to help some of the foreign countries to get dollars through encouraging multilateral trade in some way, which will undoubtedly require some sacrifices from us in our domestic economy, or are going to keep them going by giving them dollars by some sort of a grant arrangement.

Obviously there is a certain amount of sacrifice in either method, but I think we cannot, as a nation, look forward indefinitely to giving people outright grants of our dollars in order that they might buy something, without some form of trade being engaged in. Nor can we contemplate the possibility that we shall let their economies collapse. We simply have to live and let live, but America might as well recognize economically, in respect to foreign trade, that we cannot have our cake and eat it, too. We have to pay something for the privilege of keeping other people in the world able to buy from us and able to trade with us, and able to help us maintain democratic institutions on the earth.

Mr. KEM. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I gladly yield to the Senator from Missouri.

Mr. KEM. The Senator from Florida has referred to the American policy of stimulating multilateral trade, which has been a long-existent policy of this Government, and has been urged in numerous communications from the State Department and other public officials. I should like to ask the Senator from Florida whether he noticed that, as a result of our dollar talks in Washington recently, it was agreed that $175,000,000 of Marshall-plan money should be used to finance a bilateral trade agreement between Great Britain and Canada, executed in 1946, providing for the purchase of a large amount of Canadian wheat for sale to Great Britain. I should further like to ask the Senator from Florida whether he believes that we should sanction and finance a bilateral trade agreement of that kind.

Mr. PEPPER. There are individual hardship cases, of course, and we know that hard cases make bad law. There might be some question about the British using our dollars, furnished under the Marshall plan, to buy Canadian wheat, instead of buying American wheat, as of course we would all like to see them able to do. We would prefer, however, that they be able to buy American wheat with their own earned dollars, rather than dollars we give them. I do not know that we are netting any particular profit when we give them money with which to buy our wheat. At the same time, it must not be overlooked that the Canadians who get the dollars which come from the British purchasers probably will spend those dollars in the United States with some of our people. Possibly they are buying commodities from a large number of people in our country.

The able Senator knows, of course, that the Government does not regard it, and I certainly do not, as the ideal, but we confront a bad situation, and when we sometimes face a bad problem, we have to handle it in the best way we can. Taking the over-all picture into account, I do not believe the Government can be criticized for the honest and somewhat courageous and sacrificial effort it made recently to maintain these other countries which are essential to our kind of a world, and to look forward to the day when they can survive without our having to appropriate and give to them American money. We are looking forward to the day when they can support themselves.

Mr. KEM. That is a hope deferred.

Mr. FERGUSON. Mr. President, I wonder when the Senator expects that day will arrive.

Mr. PEPPER. I do not suppose any of us can with certainty know when that happy day will arrive, but we feel that it certainly will more probably come some day by some such sensible arrangement as that sought to be worked out recently, rather than by pouring money from our Treasury.

Mr. FERGUSON. Mr. President, does not the Senator also appreciate that while they are short of American dollars, they are short of their own dollars because of their methods of production and their socialization?

Mr. PEPPER. Mr. President, there are some other measures which we hope can be passed this afternoon, and I do not care to get far afield into another discussion, but I think it has generally been believed, and I believe it myself, that

Britain would have faced the dollar problem with which she is struggling if she had had Churchill instead of Attlee at the head of the Government, and a tory Government instead of a liberal Government. I do not know but that the nationalization which has taken place has probably helped them to meet the problem rather than worsened their ability. But that is a matter of opinion, and I have no right to assert that my opinion is more correct than that of the able Senator from Michigan.

Mr. KEM. Mr. President, at the rate at which we are progressing, can the Senator give us any estimate as to the size of the American national debt at the time this happy day to which he looks forward arrives?

Mr. PEPPER. I venture to say that the size of the debt will be less if such methods as were adopted here recently in the conference are pursued than if we continue to support the economies of the foreign countries by grants from the Federal Treasury.

Mr. KEM. Can the Senator give any estimate as to what the debt will be at the present rate of progress and with a continuation of present policies?

Mr. PEPPER. I do not know just what the Senator means by "the present rate." The Marshall plan is supposed to run until 1952, and the Senator knows as much as I do about what that plan contemplates over-all. Our other appropriations are made on a year-by-year basis. I do not know of any commitment we have. I do not think at the moment of any commitment we have for foreign aid, except a sort of moral commitment to carry through the Marshall plan up to 1952. The other appropriations are on a year-by-year basis, and what they will amount to will depend on what Congress does year by year.

Mr. KEM. Is it not generally recognized by students of the problem that our foreign friends will not be self-sufficient by 1952?

Mr. PEPPER. There has been some doubt about that, and no doubt the alarm about that matter has led to the action in the last few days in regard to the foreign aid. Instead of being faced in 1952 with the problem, what are we going to do? Are we going to start another Marshall plan, and appropriate more dollars, or are we going to start now to try to help the foreign countries to become self-sustaining by 1952?

Mr. KEM. Was there not a report from the council of the OEEC telling us that the participating countries under the Marshall plan will not be self-sustaining by 1952?

Mr. PEPPER. I do not understand that was a report from Mr. Hoffman.

Mr. KEM. The council of the OEEC.

Mr. PEPPER. The Senator is talking about the European council. They did make such an estimation, and they may be right. Certainly they are better off than they would have been without the Marshall plan, and we hope these later arrangements will make them better off than they are.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. TAFT. As I understand the Senator, he says that he would be willing to shut down a substantial number of these plants in order that the British may secure some dollars through the sale of Malayan rubber. Would the Senator go so far as to say that we ought to close down private plants employing American workmen by reducing the tariff to the point where those plants are put out of business entirely?

Mr. PEPPER. Mr. President, the Senator from Florida did not make such a specific statement as has been just suggested by the Senator from Ohio. The Senator from Florida meant to say that if we are going to stimulate and maintain multilateral trade in the world, if we are going to permit other countries to live and to be self-sustaining, we ourselves have to make certain sacrifices; that economically we cannot have our cake and eat it too; and that if it comes down to a problem of whether we have to make certain concessions by authorizing the President to enter into trade agreements which contemplate reasonable concessions on the part of members of our economy as an alternative to seeing those people abroad collapse, either as our purchasers or our allies, I prefer to see our economy seem to make what appears superficially to be certain sacrifices in the larger interests of a more prosperous world and a more prosperous country.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. PEPPER. Permit me to finish. If there are some synthetic-rubber plants in this country built by the United States Government during the war, as the able Senator admitted a moment ago when I made inquiry, and if it were a question of curtailing perhaps some of those plants as a means of stimulating the multilateral trade to which I refer, that may be a part of the price we have to pay for a democratic and a prosperous world. I do not know how the Senator from Ohio can expect to build a tariff wall around the United States, or expect no units of the American economy to make any sacrifices, and at the same time expect these people to survive as self-supporting economies, unless we are going to make up the deficit out of the Federal Treasury, which will mean that the private interests the Senator is solicitous about will simply have to pay more taxes than they otherwise would be obliged to pay.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. TAFT. In the first place, I have no desire to put up a tariff wall to prevent foreign goods from coming in on a fair basis of competition with goods manufactured in this country. But I do not think we should carry it to an extent of throwing out of work large numbers of American workmen, because I do not see how or where we are going to replace that work. It seems to me that that is the first essential to prevent unemployment in this country.

On this issue two questions are involved. The first is that we need the synthetic rubber for national defense, for the national security, and the second is that we need it in order that it may be available for the constant development of new methods so as to perfect a product which, ultimately I think, will supersede raw rubber. We might as well face the fact now that that will require the importation perhaps of more oil into the United States instead of raw rubber. There are other things that will happen. But if we had never adopted the policy of protecting an industry which was gradually developing and for which we were trying to find new methods of development, we would never have built up the tremendous manufacturing industry we have in the United States and brought about the high standard of living and production we now have.

Mr. PEPPER. Mr. President, I have seen nothing in the press and heard nothing by way of report, which indicates that our Government has made any commitment to close down the synthetic-rubber production of this country. There is simply an agreement to take a certain amount of raw rubber from abroad as a means of stimulating multilateral trade out of which the British and other countries could be able to become self-sufficient.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. TAFT. The Senator is mistaken. We did not agree to take any rubber from abroad. All we did agree to do, if we agreed to do anything, was to cut down the mandatory use of synthetic rubber, thereby necessarily closing down certain synthetic-rubber plants and reducing our production of synthetic rubber to the point where it will be more expensive, and the process of its development cannot be so great.

Mr. PEPPER. The Senator said we agreed to waive the mandatory requirements that we use synthetic rubber.

Mr. TAFT. Yes.

Mr. PEPPER. What did he mean? To allow our purchasers to enter into the market of natural rubber and bring it over here?

Mr. TAFT. We agreed to cut down the mandatory use of synthetic rubber something like 10 or 20 percent.

Mr. PEPPER. That was the subsidy for the synthetic-rubber industry in this country.

Mr. TAFT. No; it was not a subsidy. It was to keep these plants operating so that they would be ready, in case of war, to continue production and so that advantage could be gained from the technical developments which can occur only in actual use of this material, of the product itself. There has been a constant improvement during the past 5 years in the quality of the product, and the plants should be kept in operation in order that the process may continue to develop.

Mr. PEPPER. I can assure the Senator from Ohio, although I know he needs no such assurance, that the Commander in Chief of the Army, the Navy, and the Air Force of the United States, the Secretary of State of the United States, and all those who are subordinate to the Commander in Chief, the President of the United States, are going to take into

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account the national security and the ability of our domestic production to furnish the things we may need for the sinews of our defense. I think we need not fear that those responsible leaders of our Government have been neglectful of those dominant interests of our safety and security.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. TAFT. I am informed that the National Security Council and the people concerned about this proposal are absolutely opposed to it, but that the State Department is urging it upon them as a part of the foreign policy. The policy announced today does not strengthen the hands of those who are standing against this effort to weaken the national security of the United States.

Mr. PEPPER. Mr. President, I will say to the able Senator from Ohio that I am glad that he has chosen the forum of the Senate to attempt to aid some part of our Government that seems to be arguing with other parts of the Government regarding what is governmental policy or what should be governmental policy. I hope that we shall get an accurate report of the proceedings of the discussions here, and maybe through what the Senator has said today he will have served some good purpose. But I dare say that if there is a conflict between bureaus or departments of the Government the President of the United States will be called upon eventually to settle and to reconcile the conflict. I think the able Senator from Ohio can count upon it that the Commander in Chief of the Army and the Navy and the Air Force is no less solicitous than is the Senator for the strengthening of our national security and safety.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. TAFT. One more statement. One other conclusion, whether it was in the actual report or not, is that by taking the proposed step we would increase the demand for raw rubber, and thereby increase the price of raw rubber, but that our failure to buy as much as is produced today has decreased the price. In other words, not only are we going to sacrifice our own plant but we are going to pay more for raw rubber. When we go back and look at the history of the Stevenson cartel, and the way we were held up for the price of raw rubber by the British and Dutch monopoly or combination that was made against us, it would appear that we are going a long way in unselfishness to invite them again to set the price we must pay for raw rubber, of which they have a practical monopoly.

Mr. PEPPER. Mr. President, I do not believe it is the policy of the present administration to foment, to encourage, or to subsidize monopoly. I think the record of this administration, in the Congress and out of the Congress, has been clear on that subject, and that what has been done in this matter is not intended as in aid of or in furtherance of any monopoly in any part of the world.

Mr. KEM. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. KEM. The Senator has spoken fluently, as he always does, about the policy of encouraging Great Britain to set up a system of multilateral trade in a democratic world. I should like to ask the Senator whether he thinks we are furthering such a policy when we encourage Great Britain to enter into bilateral trade agreements with Russia on the one hand and with the Argentine on the other?

Mr. PEPPER. Mr. President, I think the United States, fortunate as it is in its economy and capable of multilateral trade, should not be too unsympathetic with nations who do not have our economic strength, and therefore do not have the capacity of choice that we have. I suppose that if the British could get from us what they bought from Russia, and if they had the dollars with which to buy it they would prefer to buy from us. But does the Senator from Missouri want to vote more money and give Britain more dollars with which to buy in some other country other than our country? I do not suppose the Senator doubts that we have had our differences with Argentina and that our policies perhaps might not be in accord with the policies of the Argentine Government. But if the British people do not have any other source from which to get meat, and they make some arrangement with Argentina by which to get meat, I do not suppose the Senator from Missouri would say, "If you will not buy Argentine meat, I will give you American dollars with which to buy American meat." If the Senator will do that, I have no doubt that he will find willing and ready customers in England to receive both his dollars and our meat.

Mr. KEM. The Senator from Missouri wishes to be recorded in the negative.

Mr. PEPPER. I thought I was correct in my prognosis of the Senator's position.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. CHAVEZ. Does not the Senator from Florida believe that once in a while it is important to consider domestic conditions, instead of worrying about what is going to happen across the seas?

Mr. PEPPER. The Senator is correct.

Mr. CHAVEZ. I suggest to the Senator from Florida, with all due deference to what he has in mind—and I agree with him on many occasions—that he will not need to worry about what is happening with respect to cartels, rubber, or anything else if things go wrong within the United States. The junior Senator from Florida [Mr. HOLLAND] and other members of the Committee on Public Works are trying to do something for the people of this country. I hope we can be allowed to proceed. I enjoy the discussion of these matters, which brings about so much debate, usually proves nothing, but, nevertheless, is entertaining. Will the Senator from Florida allow us to proceed?

Mr. PEPPER. If the Senator from New Mexico does not quit speedily, he will be the one who is retarding the passage of the bill. I am about to make a very few remarks, which will be the last. They will not hold up the pending measure.

ADVANCE PLANNING OF PUBLIC WORKS

The Senate resumed the consideration of the bill (S. 2116) to provide for the advance of public works.

Mr. PEPPER. Mr. President, I am not without interest in this subject. I certainly commend my distinguished junior colleague and the eminent chairman of the committee for what they have done in this field. The senior Senator from Rhode Island [Mr. GREEN] and I introduced a bill on June 27 of this year, looking in the same direction as the bill now before the Senate. We are both very grateful for the privilege of having our names on this measure.

What I rose to say, besides saying that I am strongly in favor of this measure and think it is a very sensible and wise measure against depression, is that the State superintendent of instruction of Florida telegraphed me as follows:

TALLAHASSEE, FLA., *September 23, 1949.*
Senator CLAUDE PEPPER:

Please vote for Humphrey amendment to Senate bill 2116. Unless amended definitely oppose S. 2116 if schools included. Hope you can support S. 2317.

THOMAS D. BAILEY,
State Superintendent.

There are many others in the school field who feel the same way as does our superintendent; but I want the RECORD to show that it is believed that it would be better to pass this bill in its present form than it would be to attempt at this time to amend it in the way the school people feel it should be amended.

However, I wish to state at this time that I am in hearty accord with Senate bill 2317. I commend the distinguished majority leader [Mr. LUCAS] as chairman of the Policy Committee, for the announcement that that bill will be put upon the agenda of measures to be considered before the Congress adjourns. I believe that it is preferable for the school planning survey to be under the jurisdiction of the school authorities. I do not understand that the advocates of this measure oppose such a principle. Some of them, I am confident, are for Senate bill 2317; but they naturally feel that since we do not have Senate bill 2317 before us at the present time, we should go ahead with the bill as it is; and I concur in that sentiment.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide for the advance planning of non-Federal public works."

Mr. LUCAS. Mr. President, the Pennsylvania senior Senator [Mr. MYERS], who is unavoidably detained from the Senate today, is vitally interested in the passage of the legislation to renew the highly successful advance planning program, a program for which he has fought

long and hard over the years. He took a very active part in the Seventy-ninth Congress in helping to get through the initial appropriations to get this program under way.

The senior Senator from Pennsylvania discussed the merits of this bill at some length in a radio address he made to the people of Pennsylvania in his biweekly series of talks over Pennsylvania radio stations during the weekend of August 19 to 21 inclusive.

I ask unanimous consent that there be printed in the RECORD the relevant portions of that address, plus some additional material prepared by him, including a detailed break-down of all of the individual projects in Pennsylvania which figured in the previous program, which this bill would renew, including those which are already under construction and on which the advances of funds for planning purposes have been repaid, showing the locations, type of work, and also similar break-downs on other projects on which planning is completed, and a third group consisting of projects on which planning is not yet completed. A fourth table gives a statistical summary.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

STATEMENT BY UNITED STATES SENATOR FRANCIS J. MYERS, OF PENNSYLVANIA, IN BEHALF OF S. 2116 TO RENEW THE PROGRAM OF ADVANCE PLANNING OF PUBLIC WORKS BY LOCAL COMMUNITIES AND TO AUTHORIZE FEDERAL FUNDS OF $100,000,000 FOR THIS PURPOSE

The excerpts which follow from the radio address I made on this subject several weeks ago cover, in essential form, the importance of this program to the individual communities which have already benefited from it, and indicates in a general way what it will mean to all communities in the State when the fund is reestablished.

There is one very important aspect of this whole matter which was not covered in that radio address because of limitations of time, and it is this:

These loans are designed to put our communities in a position to undertake at a moment's notice necessary long-range public works improvements the construction of which may become immediately advisable in order to provide employment opportunities at a time of economic dislocation or stress.

The necessity for this kind of foresighted mobilization of our resources against depression before depression hits is demonstrated by the experience we had in the pit of the depression when spending programs designed to put people to work very often turned out to be leaf-raking projects and others of no long-range benefit to the community. Much that WPA and other early emergency agencies did was of tremendous long-range value, but only in those instances where the local community had plans which could be used for worth while construction work.

It was testified before the House Committee on Public Works earlier this year on similar legislation that despite the availability of nearly $3,500,000,000 in 1933 for emergency public works to provide employment, it took 18 months to get a mere 100,000 men at work on project sites because of the absence of plans and specifications in advance for this construction work. And, as that witness testified, that was where the made work program was born. Planning in advance would have prevented just about all of the useless projects of those days, and the money we spent would have gone a whole lot further in providing us with enduring and useful community needs.

There is another important aspect of the need for this type of fund. It might well be asked why the local communities themselves do not go ahead and use their own funds for planning work of this kind, particularly since they have to repay the loans we will make under this program whenever they actually start construction on the projects for which they get the advances. The answer to that is quite simple:

Most communities finance their major public improvements through bond issues voted on by the people. The bond issues, once voted, provide the funds not only to do the actual construction work but to do such incidental and necessary work as the engineering planning. Until the bond issue is floated, however, the community in most cases does not have the funds to pay for plans and specifications. By advancing them this money in the form of loans, we enable them to proceed with their planning work at any time, removing the necessity for delay on the planning until the entire project is ready to go into construction.

At the end of this statement appears a break-down showing how many Pennsylvania communities have already repaid the loans which were advanced to them under the previous program, repaid them because they have now placed in construction the projects for which the loans were granted. In individual cases, this work could not today be progressing at the rate it is if these loans had not been made when they were.

The break-down also shows projects in Pennsylvania communities which are now ready for construction because planning work is completed under a loan made by the Federal Government. Another list shows those projects which are now in the planning stage. A fourth listing gives a statistical summary including the number of projects for which loans were requested but for which no funds were available. These tables show graphically the full extent of the operation of the original program in Pennsylvania.

Here is what I said about this program on my radio broadcast of several weeks ago:

"ADVANCE PLANNING OF NECESSARY LOCAL PUBLIC WORKS

"In my previous broadcast 2 weeks ago, I said I would today discuss a matter of great importance to every community in Pennsylvania. I think I had better get to that subject now. It is a bill now before both Houses of Congress to spend $100,000,000 of Federal funds—a sore point, perhaps, among some of my listeners who are already severely disturbed by the amount of Government spending which we are now doing.

"This bill, however, is in a somewhat different grouping from the so-called wasteful and extravagant categories in which so much of our Federal expenditures are placed by critics of the administration. This is money which will, in most instances, come back to the Government in full.

"The bill I am referring to, recently reported out favorably by the Senate Public Works Committee—incidentally, with bipartisan support—would authorize the establishment of a new fund of $100,000,000 to be available to communities all over the Nation as loans for advance planning on necessary public construction work, on highways, sewers, bridges, schools, municipal buildings, and numerous other local public works.

"So that there will be no misunderstanding of the purpose of this program, I think I had better repeat that these are loans—not grants—for engineering planning work—not for construction work, not for a new WPA or PWA, but for drafting of plans and specifications only. There is absolutely no commitment that the Federal Government now—or in the future—intends to pay any part of the construction costs of these projects.

"This is not a new and untried program. Shortly before the end of the war in our historic War Mobilization and Reconversion Act of 1944 a program of this sort was first authorized. The following year, when the appropriation for it came up, the House allowed only $5,000,000 instead of the sixty-five million requested by the administration. One of my first fights in the Senate was in behalf of the full appropriation, which we finally succeeded in getting piecemeal in three separate appropriation bills over a period of 2 years. That money, just about all of it, has been used for the purposes we intended. The program expired in mid-1947, and the Eightieth Congress refused to renew it, unfortunately.

"As a result of that refusal, numerous communities in Pennsylvania were left out in the cold in their efforts to obtain loans for the planning of schools, sewers, bridge improvements, water systems and other necessary, although not immediately urgent, public works. This was particularly true in Luzerne, Lackawanna, and Schuylkill Counties, three of the worst unemployment areas in the State today, where any efforts to create employment through the construction of these necessary facilities would be handicapped now by the failure to have complete plans ready to use.

"On the other hand, the records show, that out of the $65,000,000 made available in 1945 and 1946 school districts in Philadelphia, Punxsutawney, Homestead, Lancaster, and elsewhere have been able not only to plan new buildings, but to start actual construction on them and have paid in full the loans which the Government made. For about a quarter of a million dollars in such loans, these communities, and others, with water or sewer projects under way, were able to plan construction work valued at nearly $20,000,000.

"Furthermore, an additional $203,000,000 worth of construction work, bridges and sewers in Harrisburg, streets and sewers and playgrounds in Pittsburgh, a city hall in Williamsport, and sewage disposal systems in cities and towns along all of our rivers, is all completely planned and ready to go into construction, practically tomorrow. These plans cost a little over $2,000,000. Other advance planning loans totaling a million and a half are being devoted now to similar work in towns like Allentown, Chambersburg, Blairsville, Dubois, Charleroi, Doylestown, Monessen, and many others.

"Almost every community in the State which is conforming to the State's anti-stream-pollution laws has been able to do so only because of the availability of this fund in the past few years in providing money for the necessary preliminary planning work.

"So here is a case of Federal expenditure, of Federal spending, which we seldom think of when we denounce Government spending as such, and yet it is typical of many programs now in our budget, which cost the Government money, but which are in fact investments in a better America, and pay us back manyfold, not only in value received, but in this one program at least, will pay us back virtually dollar for dollar.

"A $2,000,000 sanitation system in Johnstown, a half-million dollar sewage system in Clearfield, 5 schools in Allentown (which will cost about $3,500,000), Wilkes-Barre's $3,000,000 sewage system, and a similar one in Harrisburg, a $7,500,000 one in Scranton, nearly $8,000,000 worth of school construction in Philadelphia—these are sorts of projects to be paid for locally which are speeded toward the construction stage by the Federal program we have had in the past.

"When, as, and if this new bill is passed, and I hope it will be soon, your own community, if it did not do so the last time, or was unable to qualify in the previous program because there were insufficient funds available, should be on its toes and apply early."

UNIVERSITY OF MICHIGAN LIBRARIES

OPERATION OF THE FEDERAL FUND FOR ADVANCE PLANNING OF LOCAL PUBLIC WORKS IN PENNSYLVANIA FROM 1945 TO ITS EXPIRATION IN MID-1947

TABLE 1.—*Estimated cost of proposed public works for the State of Pennsylvania for which advances for plan preparation have been repaid, June 30, 1949*

Applicant	Location	Type of work	Serial No.	Amount of advance	Total public work cost
Nethr. Pr. Township school district	Wallingford	School	1	$13,006	$378,417
School district	Philadelphia	do	2	47,000	3,834,445
Do	do	do	3	75,000	7,755,400
Do	Springfield Township	do	7	1,300	60,772
Jefferson Township school district	Pleasant Hills	do	18	4,070	116,500
Borough Township	Borough Township	do	45	1,050	68,700
King Township school district	Imler	do	51	684	31,502
School district	Somerset	do	95	1,278	128,577
Do	Abington Township	do	115	4,150	237,100
Do	Punxsutawney	do	162	4,000	287,745
Du Bois	Du Bois	Safety building	165	657	78,573
School district	Homestead	School	184	1,970	145,177
Do	do	do	185	1,900	190,997
Landsdale	Landsdale	do	210	700	72,380
School district	Philadelphia	do	217	10,000	838,400
Do	Lancaster	do	243	1,825	191,838
Do	Turtle Creek	do	254	6,000	185,250
Do	Concord Township	do	259	4,300	125,080
Jacobus	Jacobus	Water	266	775	76,850
School district	Aston Township	School	280	2,025	106,840
Flemington	Flemington	Sewer	288	3,800	120,473
Bridgeville	Bridgeville	City hall	336	2,000	133,000
Jersey Shore	Jersey Shore	Sewer	346	625	268,670
Allentown	Allentown	Water	347	31,000	3,000,000
Upper Southampton Township	Upper Southampton Township	do	360	4,012	146,306
Total (25)				223,217	18,568,992

TABLE 2.—*Estimated cost of proposed public works for the State of Pennsylvania for which plan preparation has been completed, June 30, 1949*

Applicant	Location	Type of work	Serial No.	Amount of advance	Total public work cost
School district	Philadelphia	School	4	$37,500	$7,658,200
Lewistown	Lewistown	Sewer	5	8,000	840,682
Beaver	Beaver	do	6	6,000	480,000
School district	Bristol	School	10	11,880	345,710
Do	Prospect Park	do	11	4,850	151,520
Marple Township school district	Broomall	do	12	7,900	235,260
School district	Darby	do	13	5,840	167,913
Glen Norwood school district	Glenolden	do	14	9,240	251,451
Greensburg	Greensburg	Sewer	15	14,781	1,372,798
Beaver	Beaver	Water	16	4,000	153,660
School district	Jefferson Township	School	19	8,300	312,000
Ridley Township school district	Folsom	do	23	10,080	302,540
Harrisburg	Harrisburg	Miscellaneous building	24	450	27,230
Do	do	Bridge	25	1,300	35,000
Do	do	Miscellaneous building	26	750	40,000
Do	do	Sewer	27	65,000	3,250,193
Do	do	Miscellaneous recreation	28	2,700	477,500
Do	do	Bridge	29	1,040	39,900
Barnesboro	Barnesboro	Water	31	4,050	123,530
Chester Township school district	Fentonville	School	38	1,965	65,662
Patterson Heights	Patterson Heights	Street	39	1,125	65,248
New Brighton	New Brighton	Sewer	40	9,564	246,671
Rochester	Rochester	do	44	5,000	315,677
Crescent Township	Crescent Township	Water	47	2,400	161,950
School district	Bristol	School	48	13,000	437,100
Upper Moreland Township	Upper Moreland Township	City hall	50	2,400	96,446
Harmony	Harmony	Sewer	52	375	27,572
Upper Moreland Township	Upper Moreland Township	Sanitation	54	1,000	33,815
Do	do	Sewer	55	4,200	174,265
Pittsburgh	Pittsburgh	Garage	58	18,900	585,000
Do	do	Sewer	60	4,620	92,100
Do	do	Administration building	61	4,938	200,000
Do	do	do	62	5,786	225,000
Do	do	Sewer	64	4,865	117,717
Do	do	do	65	702	52,418
Do	do	do	66	11,800	349,129
Do	do	Street	67	2,004	87,000
Do	do	do	68	6,165	135,000
Do	do	do	69	2,265	88,000
Do	do	Sewer	70	9,080	346,190
Bensalem Township school district	Area-wide	School	73	5,400	432,800
School district	Bridgeport	do	74	6,000	183,214
Ambridge	Ambridge	Sewer	77	10,312	711,367
Freedom	Freedom	do	78	1,800	132,331
Northumberland	Northumberland	do	79	1,000	102,318
Upper Chichester school district	Upper Chichester Township	School	80	3,960	119,987
School district	Norwood	do	82	2,400	85,912
Marple and NTN Township school district	Larchmont	do	84	6,400	209,707
Northampton County	Nazareth Township	Penal welfare	85	30,800	1,792,500
School district	Morrisville	School	88	5,200	161,200
Chartiers Township school district	Washington	do	94	2,250	85,850
School district	Upland	do	96	2,300	70,079
Patterson Township	Patterson Township	Street	98	2,000	40,500
School district	Baldwin Township	School	99	4,446	235,120
Do	do	do	104	4,184	240,380
Pittsburgh	Pittsburgh	Playground	111	5,438	93,000
Do	do	Street	113	4,600	211,000
Do	do	do	114	3,440	113,700
Du Bois	Du Bois	Sewer	118	12,500	468,378
School district	Darby	School	121	6,000	250,000
Mount Union	Mount Union	Sewer	122	2,300	252,370
School district	Arnold	School	123	12,000	735,000
Do	Phoenixville	do	125	7,200	239,000
Do	Hellertown	do	126	4,160	123,960
Lycoming County	Williamsport	City hall	127	41,668	2,372,000
Evansburg	Evansburg	Sewer	131	500	26,615

TABLE 2.—*Estimated cost of proposed public works for the State of Pennsylvania for which plan preparation has been completed, June 30, 1949*—Continued

Applicant	Location	Type of work	Serial No.	Amount of advance	Total public work cost
South Williamsport	South Williamsport	Sewer	137	$4,000	$267,000
School district	Warren	School	140	8,680	433,140
Muncy and Muncy Creek school district	Muncy	do	143	4,160	241,820
Harford Township school district	Harford	do	146	2,700	92,708
Williamsburg	Williamsburg	Water	152	7,155	230,335
Bradford	Bradford	Sewer	164	9,000	957,030
School district	Versailles Township	School	169	13,800	366,500
Blakely	Blakely	Sewer	172	246	14,300
Do	do	do	173	434	30,500
Do	do	Street	175	520	43,002
Newport Township school district	Wanamie	School	179	920	24,480
Northampton	Northampton	Sewer	183	4,000	150,000
School district	Hatboro	School	189	3,255	95,250
Do	do	do	190	1,600	59,156
Smith Township school district	Joffre	do	192	2,689	154,950
Do	Atlasburg	do	193	1,493	85,050
School district	Kutztown	do	203	4,000	148,100
Tyrone	Tyrone	Sewer	204	5,000	443,360
Aliquippa	Aliquippa	do	208	17,324	950,000
Mechanicsburg	Mechanicsburg	do	209	2,000	251,200
Ashland	Ashland	do	212	10,000	442,400
Shippensburg	Shippensburg	do	213	22,000	728,100
Huntingdon	Huntingdon	do	214	20,000	732,548
Allegheny County	County-wide	do	215	150,000	81,052,000
Logan Township	Logan Township	do	218	4,112	320,252
Blakely	Blakely	do	219	9,500	450,295
Lackawanna Township	Lackawanna Township	do	221	10,700	353,973
Wilkes-Barre	Wilkes-Barre	do	234	41,000	3,181,817
Throop	Throop	do	235	774	71,557
Do	do	Street	236	1,399	85,600
Hamburg	Hamburg	Sewer	239	17,172	645,000
Lock Haven	Lock Haven	do	240	10,000	468,796
Do	do	do	241	7,000	311,996
Hyndman	Hyndman	do	242	4,200	163,638
Williamsport	Williamsport	do	244	40,000	2,272,000
Curwensville	Curwensville	do	245	7,000	294,711
Pottstown	Pottstown	do	248	10,000	646,500
Muncy	Muncy	do	249	2,580	134,317
Reading	Reading	Miscellaneous recreation	251	20,000	655,684
Bellwood	Bellwood	Sewer	253	738	57,500
School district	Wilkes-Barre	School	255	30,600	3,125,000
Mifflinburg Borough	Mifflinburg	Sewer	256	3,334	236,203
Hatfield Borough	Hatfield	do	257	2,375	483,900
Jersey Shore	Jersey Shore	do	258	6,118	160,253
Monaca	Monaca	do	260	6,300	413,500
Norwood	Norwood	City Hall	261	2,250	58,413
Phoenixville	Phoenixville	Sewer	262	3,000	475,561
Do	do	Water	263	1,300	102,294
Plains Township	Plains Township	Sewer	264	47,000	1,572,439
Nanticoke	Nanticoke	do	265	23,438	1,146,000
Avis	Avis	do	267	4,600	164,368
Loyalsock Township	Loyalsock Township	do	268	5,925	283,000
Pittston Township	Pittston Township	do	269	9,850	471,204
Duryea	Duryea	do	270	12,750	548,617
Jenkins Township	Jenkins Township	do	271	15,450	865,743
Avoca	Avoca	do	272	10,250	504,143
Exeter	Exeter	do	273	11,500	832,048
Hughestown	Hughestown	do	274	1,300	184,485
Dupont	Dupont	do	275	15,050	900,085
Pittston	Pittston	do	279	22,609	1,179,812
Lemoyne	Lemoyne	do	281	18,000	747,491
Chester	Chester	Water	282	179,480	13,141,500
East Stroudsburg	East Stroudsburg	Sewer	283	7,000	1,709,200
Mill Hall	Mill Hall	do	284	5,000	238,118
Baden	Baden	do	286	5,300	220,398
Punxsutawney	Punxsutawney	do	289	7,375	287,084
Duncannon	Duncannon	do	290	1,200	221,965
Gettysburg	Gettysburg	do	291	1,450	224,464
York	York	do	292	20,000	2,858,875
Sheffield Township	Sheffield Township	do	293	2,500	189,000
Freeport	Freeport	do	294	1,228	160,000
West Newton	West Newton	do	295	2,100	180,000
Brookville	Brookville	do	296	3,700	200,000
Honesdale	Honesdale	do	297	8,000	859,500
Latrobe	Latrobe	do	299	12,000	597,544
South Coatsville	South Coatsville	do	302	3,450	209,357
Spring Grove	Spring Grove	do	303	4,750	296,449
Morrisville	Morrisville	do	304	8,900	1,555,818
Abington Township	Abington Township	Safety building	308	3,400	96,350
Connellsville	Connellsville	Sewer	309	14,800	470,000
Shamokin Dam	Shamokin Dam	do	310	975	110,285
Do	do	Water	311	975	77,330
New Oxford	New Oxford	do	312	2,200	83,804
Bloomsburg	Bloomsburg	Sewer	313	12,000	732,893
School district	Walnutport	School	314	1,950	65,255
Athens	Athens	Sewer	315	14,000	668,176
Coudersport	Coudersport	do	316	7,200	402,909
Catawissa	Catawissa	do	319	4,000	107,185
Derry	Derry	do	320	1,000	57,000
Berwick	Berwick	do	322	3,750	472,988
Columbia	Columbia	do	323	6,454	410,000
North Warren	North Warren	Water	324	3,000	90,000
Mansfield	Mansfield	Sewer	326	2,000	108,479
Donora	Donora	do	328	15,200	704,000
Carmichaels	Carmichaels	Water	329	5,681	180,000
Orbisonia	Orbisonia	Sewer	330	1,050	152,552
Canton	Canton	do	332	9,541	359,740
Marysville	Marysville	do	333	3,200	119,046
White Haven	White Haven	do	334	3,500	128,456
Neville Township	Neville Township	Street	339	11,930	395,455
New Eagle	New Eagle	Sewer	340	6,000	288,044
Scottdale	Scottdale	do	343	13,400	640,000
West Pittston	West Pittston	do	344	3,500	194,245
Jersey Shore	Jersey Shore	do	345	500	42,470
Dauphin	Dauphin	do	348	950	42,146
Brentwood	Brentwood	Safety building	350	6,000	240,650

UNIVERSITY OF MICHIGAN LIBRARIES

TABLE 2.—*Estimated cost of proposed public works for the State of Pennsylvania for which plan preparation has been completed, June 30, 1949*—Continued

Applicant	Location	Type of work	Serial No.	Amount of advance	Total public work cost
Ford City	Ford City	Sewer	351	$14,900	$553,000
Bridgeport	Bridgeport	do	352	4,550	232,932
Monongahela	Monongahela	do	353	11,976	564,248
Delaware County	Ridley Township	do	354	2,700	93,400
Nescopeck	Nescopeck	do	355	1,100	101,666
Meyersdale	Meyersdale	do	356	2,906	80,636
School district	Media	School	357	8,150	234,309
Do	Trainer	do	358	4,200	127,579
Spring Garden Township	Spring Garden Township	Sewer	360	3,700	203,089
Sayre	Sayre	do	361	4,900	272,216
Washington	Washington	do	362	32,340	1,886,000
Springetsbry Township	Springetsbry Township	do	363	2,600	169,388
Scranton	Scranton	do	364	170,000	7,560,417
Ligonier	Ligonier	do	368	2,000	197,000
Saegerstown	Saegerstown	do	370	1,905	83,399
Schuylkill Haven	Schuylkill Haven	do	372	12,500	857,446
Cornplanter Township	Cornplanter Township	do	374	4,500	278,579
Middlebury	Middlebury	do	378	6,500	294,646
School district	Patton Township	School	382	6,750	500,560
Catasauqua	Catasauqua	Sewer	384	19,000	654,077
Hazleton	Hazleton	do	386	35,000	1,663,985
B. Vernon, et al	Belle Vernon	do	387	9,395	500,000
Plymouth	Plymouth	do	388	11,250	614,848
Norristown	Norristown	do	389	15,250	1,871,643
Johnstown	Johnstown	Sewer, water, sanitation	391	35,100	1,745,115
Lehighton	Lehighton	Sewer	394	4,600	1,120,000
Milton	Milton	do	395	6,500	445,750
Midland	Midland	do	398	3,930	339,714
Greenville	Greenville	do	399	3,700	171,030
Plymouth Township	Plymouth Township	do	401	7,700	325,309
Pleasantville	Pleasantville	do	405	700	31,235
Steelton	Steelton	do	407	8,250	550,958
Belle Vernon	Belle Vernon	School	408	1,680	66,248
Wyalusing	Wyalusing	Sewer	409	1,200	30,085
Do	do	do	410	1,625	118,410
Masontown	Masontown	do	411	10,500	404,500
Harrisville	Harrisville	Water	412	1,550	103,050
North York	North York	Sewer	413	4,650	167,211
Titusville	Titusville	do	414	4,800	424,000
Danville	Danville	do	415	4,800	286,529
Mount Wolf	Mount Wolf	do	416	3,850	239,631
Taylor	Taylor	do	419	19,600	545,504
Shillington	Shillington	do	421	19,349	876,740
Millersburg	Millersburg	do	422	2,160	165,476
Wyoming	Wyoming	do	424	8,500	376,971
Matamoras	Matamoras	do	429	7,300	649,650
Glen Rock	Glen Rock	do	434	8,000	317,310
Clearfield	Clearfield	do	437	5,650	182,355
Do	do	do	438	8,000	320,989
Do	do	do	439	1,400	45,085
Cressona	Cressona	do	440	9,100	344,489
Palmer Township school district	Easton	School	441	12,751	290,851
Scranton	Scranton	Bridge	442	1,000	43,610
Laureldale	Laureldale	Sewer	495	9,249	642,384
Total (226)				2,275,080	203,792,043

TABLE 3.—*Estimated cost of proposed public works for the State of Pennsylvania for which planning advances have been approved and plan preparation has not been completed, June 30, 1949*

Applicant	Location	Type of work	Serial No.	Amount of advance	Total public work cost
Wilson school district	Easton	School	9	$8,750	$270,000
School district	Penn Township	do	17	25,965	613,920
Oil City	Oil City	Miscellaneous facilities	20	29,000	900,000
Harrisburg	Harrisburg	Miscellaneous recreation	30	2,250	47,550
School district	Allentown	School	32	28,700	880,000
Do	do	do	33	7,525	230,000
Do	do	do	34	7,350	225,000
Do	do	do	35	20,300	665,000
Do	do	do	36	48,300	1,500,000
Do	Tyrone	do	37	6,300	197,500
Do	Lewistown	do	42	5,240	150,240
Green Tree	Green Tree	Sewer	46	10,000	262,500
Pittsburgh	Pittsburgh	Administration building	63	5,800	169,350
Do	do	Bridge	71	24,000	713,000
Do	do	do	72	22,400	666,000
School district	Beaver	School	90	4,327	254,829
Blair County	County-wide	Penal welfare	91	10,800	375,000
Do	Hollidaysburg	Courthouse	92	7,200	240,000
School district	Baldwin Township	School	100	14,810	430,035
Pittsburgh	Pittsburgh	Miscellaneous recreation	107	30,240	520,160
Do	do	Playground	108	14,070	242,130
Do	do	Miscellaneous recreation	109	7,080	141,160
Do	do	Playground	110	13,440	230,960
Elizabeth Township school district	Greenock	School	117	10,650	293,775
Hilltown Township school district	Blooming Glen	do	119	4,500	121,340
Hopewell Township	Hopewell Township	Sewer	120	2,500	179,000
School district	Chambersburg	School	128	20,000	525,000
Point Marion	Point Marion	Miscellaneous recreation	130	1,500	53,500
School district	West Mifflin	School	132	9,640	540,000
Blairsville	Blairsville	Safety building	147	1,500	53,300
Do	do	City hall	149	200	10,000
School districts	Albion	School	151	2,200	145,000
School district	Morton	do	163	1,400	37,600
Du Bois	Du Bois	City hall	166	613	24,994
Avonworth Union school district	Ben Avon	School	167	16,038	548,600
Blakely	Blakely	Street	171	205	11,090
Do	do	Sewer	174	150	8,275

TABLE 3.—*Estimated cost of proposed public works for the State of Pennsylvania for which planning advances have been approved and plan preparation has not been completed, June 30, 1949*—Continued

Applicant	Location	Type of work	Serial No.	Amount of advance	Total public work cost
Girard Junction school district	Girard	School	177	$1,133	$27,275
Northampton	Northampton	Miscellaneous recreation	181	3,000	160,000
School district	Jermyn	School	182	1,668	106,125
Do	Homestead	do	186	1,040	27,960
Do	do	do	187	10,400	177,600
Do	West Reading	do	188	10,000	332,750
Do	Downington	do	196	4,600	125,000
Landsdale	Landsdale	do	202	5,000	159,100
Whitaker	Whitaker	City hall	205	1,620	45,000
Do	do	Street	206	1,400	57,600
Do	do	Sewer	207	1,500	38,000
School District	Moon Township	School	222	9,600	343,000
Philadelphia	Philadelphia	Hospital	223	131,000	4,401,000
Do	do	Nurses' home	224	26,000	72,000
Do	do	Hospital	225	15,600	464,900
Do	do	Nurses' home	226	12,200	407,000
Do	do	Hospital	227	1,000	37,500
Do	do	Health facilities	228	6,400	243,400
Do	do	Hospital	229	12,800	435,800
Do	do	Penal welfare	230	8,000	270,000
Do	do	do	231	40,000	1,345,300
Do	do	do	232	98,000	3,013,000
Blakely	Blakely	Electric facilities	287	20,000	445,000
Allegheny County	County-wide	Penal welfare	300	222,600	6,000,000
Charleroi	Charleroi	Water	301	5,000	220,000
School district	Manheim	School	327	6,000	138,000
Conway	Conway	Sewer	335	2,900	76,900
West Wyoming	West Wyoming	do	337	8,050	220,853
Jefferson Township	Jefferson Township	City hall	338	800	17,550
Tunkhannock	Tunkhannock	Sewer	359	7,000	180,000
School districts, 8 townships	North Quarryville	School	365	12,600	325,700
Wormleysburg	Wormleysburg	Sewer	366	3,150	119,950
School district	East Norriton Township	School	371	1,250	27,630
Bucks County	Doylestown	do	377	24,000	873,000
California	California	Sewer	381	4,600	139,080
Monessen	Monessen	do	390	31,800	1,068,000
Pittsburgh	Pittsburgh	Miscellaneous facilities	393	250,000	6,550,000
Charleroi	Charleroi	Sewer	402	17,550	495,550
Brownsville	Brownsville	do	404	16,200	478,200
North Charleroi	North Charleroi	do	418	4,800	143,790
Total (77)				1,465,284	42,940,321

TABLE 4.—*Advance planning program—Summary of applications for the State of Pennsylvania, June 30, 1949*

Status	Number	Amount of advance	Total estimated cost [1]
Advances approved, plans not completed	77	$1,465,284	$42,940,321
Advances approved, plans completed	226	2,275,080	203,792,043
Advances repaid, projects under construction	25	223,217	18,568,992
Total advances approved	328	3,963,581	265,301,356
Applications deferred due to expiration of authority or funds	118	1,366,938	42,872,460
Advances canceled July 1, 1947, to June 30, 1949	4	24,800	710,675

[1] Costs increased 25 percent since June 30, 1947.

POSTMASTER AT SAN DIEGO, CALIF.

Mr. DOWNEY. Mr. President, if it is satisfactory to the junior Senator from California [Mr. KNOWLAND], and I can secure unanimous consent, I should like to ask for the consideration and confirmation of the nomination of William E. Krenning to be postmaster at San Diego, Calif. My beloved colleague, the junior Senator from California [Mr. KNOWLAND], has heretofore prevented confirmation of this nomination. I understand that he desires to make a very brief statement of his position with respect to the nomination. It will require only a short time. I ask unanimous consent, as in executive session, for the present consideration of that nomination.

Mr. SALTONSTALL. Mr. President, reserving the right to object, I should like to ask the distinguished majority leader a question. As I understand, if we are to go into executive session, we shall take up the California postmaster nomination, and the nomination of collectors of customs in Alabama and Louisiana, and none of the other nominations will be considered until Monday.

Mr. LUCAS. The Senator is correct; but before we take up the Executive Calendar, I gave notice the other day that we would take up another bill on the Legislative Calendar. If the Senator from California [Mr. DOWNEY] will subside for a few moments I think we can pass that bill.

Mr. DOWNEY. Mr. President, reserving the right to object to the word "subside" I happily yield to the wishes of the majority leader. [Laughter.]

Mr. LUCAS. I shall be glad to substitute a different word when I edit my remarks, if the Senator objects to the word "subside."

FEDERAL AID FOR MEDICAL EDUCATION

Mr. PEPPER. Mr. President will the Senator from Illinois allow me to make a unanimous-consent request that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 840, Senate bill 1453, the medical education bill which was referred to yesterday?

Mr. LUCAS. Certainly.

Mr. PEPPER. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar 840, Senate bill 1453, which was unanimously reported from the Committee on Labor and Public Welfare.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida?

Mr. SALTONSTALL. Mr. President, I have no objection. I understand that the bill was unanimously reported from the committee, and that there will be very little discussion.

Mr. PEPPER. That is correct.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida?

There being no objection, the Senate proceeded to consider the bill (S. 1453) to amend the Public Health Service Act to provide grants and scholarships for education in the medical, dental, dental hygiene, public health, nursing, and sanitary engineering professions, and for other purposes, which had been reported from the Committee on Labor and Public Welfare with an amendment, to strike out all after the enacting clause and insert:

That this act may be cited as the "Emergency Professional Health Training Act of 1949."

SEC. 2. Title III of the Public Health Service Act, as amended (42) U. S. C., ch. 6A, subch. II), is amended by adding at the end thereof the following new part:

"PART II—ASSISTANCE FOR THE EDUCATION OF PROFESSIONAL AND OTHER HEALTH PERSONNEL

"DECLARATION OF POLICY

"SEC. 371. The Congress hereby finds and declares that—

"(a) there is a shortage of physicans, dentists, dental hygienists, nurses, and other health personnel (including hospital administrators) essential to maintaining and improving the Nation's health and this shortage is likely to increase unless present facilities

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and opportunities for training such personnel are strengthened and expanded.

"(b) the cost of providing adequate professional training, and facilities therefor, is so high and the sources of income for schools affording such training are so limited as to render it impossible for such schools to operate at present capacity on a financially sound basis, and as to discourage the construction and equipment of new schools and the expansion of existing schools necessary to relieve the shortage of professionally trained personnel;

"(c) it is, therefore, the policy of the United States to take such steps and to utilize such of its resources as are necessary to provide adequate numbers of individuals trained in the medical, osteopathic, nursing, dental, dental hygiene, hospital administration, and public-health professions (1) by assisting schools which provide such training in meeting their costs of instruction and by giving financial assistance for the construction and equipment of new schools and for the improvement and expansion of existing schools, with a view to providing opportunities for qualified individuals to obtain such training, and (2) by providing scholarships to induce greater numbers of qualified students to train for such professions; and

"(d) it is also the policy of the United States that the financial assistance made available to schools under this part shall be used to supplement, and not to replace, their existing income and resources.

"PAYMENTS TO SCHOOLS FOR COSTS OF INSTRUCTION

"SEC. 372. (a) In order to assist schools of medicine, osteopathy, dentistry, dental hygiene, nursing, and public health, to maintain and increase their enrollments of students, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1950, and for each of the four succeeding fiscal years such sums as may be necessary to make the payments provided in this section. Payments to schools from appropriations under this section may be used to meet the costs (herein referred to as 'costs of instruction') of establishing, maintaining, and enlarging their staffs and of maintaining and operating their facilities (including the acquisition of equipment).

"(b) Payments to schools for any fiscal year shall be based on the number of students enrolled therein for such fiscal year as follows:

"(1) to each school of medicine or osteopathy which provides training leading to a degree of doctor of medicine or osteopathy, $500 for each student enrolled for such training, and, subject to the limitations in subsection (c), an additional $500 for each student so enrolled in excess of its average past enrollment;

"(2) (A) to each school of denistry which provides training leading to a degree of doctor of dental surgery or an equivalent degree, $400 for each student enrolled for such training, and, subject to the limitations in subsection (c), an additional $400 for each student so enrolled in excess of its average past enrollment, and (B) to each school of dental hygiene which provides training leading to a diploma or degree as dental hygienist, $150 for each student enrolled for such training, and, subject to the limitations in subsection (c), an additional $150 for each student so enrolled in excess of its average past enrollment;

"(3) (A) to each university-controlled or college-controlled school of nursing which provides basic or advanced training in nursing for which it grants a baccalaureate or higher degree, $200 for each student enrolled for such training, and, subject to the limitations in subsection (c), an additional $200 for each student so enrolled in excess of its average past enrollment; (B) to each school of nursing which provides basic training leading to a diploma as a professional nurse, $150 for each student enrolled for such training, and, subject to the limitations in subsection (c), an additional $100 for each student so enrolled in excess of its average past enrollment; and (C) to each school of practical nursing which provides training leading to a certificate or diploma as a practical nurse, and which is not eligible for aid under title II of the Vocational Educational Act of 1946, as amended, $100 for each student enrolled for such training and, subject to the limitations in subsection (c), an additional $50 for each student so enrolled in excess of its average past enrollment: *Provided,* That the Surgeon General may, by regulation, permit payments to a school under clause (B) or (C) to be used by such school for scholarships to students in such amounts, for such expenses, and under such conditions as he finds, after obtaining the advice and recommendations of the National Council on Education for Health Professions (hereafter in this part called the 'Council'), to be reasonable in the light of past practices at such school;

"(4) to each school of public health which provides training leading to a graduate degree in fields relating to public health (which may include training leading to a graduate degree in hospital administration), $1,000 for each student enrolled for such training, and, subject to the limitations in subsection (c), an additional $1,000 for each student so enrolled in excess of its average past enrollment.

The total payment to any school pursuant to this section for any fiscal year (excluding, in the case of diploma schools of nursing and schools of practical nursing, payments used by such schools for scholarship aid as authorized in clause (3) of this subsection) shall not exceed 40 percent of the amount determined by the Surgeon General to be costs of instruction in such school for such year (excluding from such costs, the cost of special training projects which are outside the school's regular curriculum and are financed through public or private grants made specifically for such projects, the cost of operation of any hospital, and the cost of research projects).

"(c) (1) Except as otherwise provided in paragraph (3) of this subsection, the number of students enrolled for training in any school which shall be counted for any fiscal year as 'enrolled in excess of its average past enrollment' for purposes of subsection (b) shall be the sum of the numbers by which the enrollment in each year class exceeds the average past enrollment in such class, except that (A) the number so counted for any fiscal year in any class except a first-year class shall not exceed the number so counted in the next lower year class for the preceding fiscal year, and (B) the total number so counted in any first-year class shall not exceed 30 percent of the average past enrollment in such class.

"(2) The average past enrollment in any year class shall be the average of enrollments in such class for the period consisting of the three fiscal years ending June 30, 1947, June 30, 1948, and June 30, 1949, except that if training in a year class was not provided by a school during one or two of the fiscal years in such period, such fiscal year or years shall be excluded in determining the average past enrollment in such class.

"(3) If training in a year class was not provided by a school during any of the three fiscal years ending June 30, 1947, June 30, 1948, and June 30, 1949, but is provided by the school during any fiscal year for which payments are made from appropriations under section 372, all students enrolled for training in such a class shall be counted as 'enrolled in excess of average past enrollment' for purposes of subsection (b).

"(d) For purposes of this section, the number of students enrolled for training in a school, or in a particular year class in a school, for a fiscal year means the number enrolled full time in such school or class for such training, as determined by the Surgeon General in accordance with regulations, for the first semester which commences after the beginning of such fiscal year, except that (1) in the case of schools of dental hygiene only students enrolled full time in the first or second year of training offered by such schools shall be counted, (2) in the case of schools of practical nursing only students enrolled full time in the first year of training offered by such schools shall be counted, and (3) in the case of any school which during a fiscal year provides periods of training less than or in excess of the periods of training customarily provided in schools of the same class, regulations shall provide for the determination of enrollments in such school for such fiscal year in such manner as to take reasonable account of the difference in the rate at which students are thus trained.

"(e) A medical, osteopathic, dental, dental hygiene, nursing, or public health school shall be eligible for payments under this part if it is a public or nonprofit institution, within any of the States, exempt from Federal income taxation, and if it has been approved or accredited by a recognized body or bodies approved for such purpose by the Surgeon General after he has obtained the advice and recommendation of the Council.

"APPROPRIATIONS FOR GRANTS FOR CONSTRUCTION AND EQUIPMENT

"SEC. 373. (a) There are also authorized to be appropriated for the fiscal year ending June 30, 1950, and for each of the four succeeding fiscal years, $5,000,000, to enable the Surgeon General to make grants for construction and equipment to assist in the establishment of new schools and in the improvement and expansion of existing facilities (including teaching hospitals and other related facilities and including equipment thereof) necessary to carry out the purposes of section 371. The Surgeon General, after obtaining the advice and recommendation of the Council, shall make such grants in the order of the estimated importance or value of the construction and equipment in alleviating the shortage of personnel adequately trained in the medical, osteopathic, nursing (other than practical nursing), dental, dental hygiene, and public-health fields: *Provided, however,* That the Surgeon General shall give priority to areas in which facilities are either nonexistent or inadequate. No such grant—

"(1) shall (except as provided in subsection (b)) be in excess of 50 percent of the cost of the construction and equipment with respect to which it is made;

"(2) shall be made with respect to any construction and equipment for which application is not submitted in accordance with the provisions of this part, prior to July 1, 1954.

Funds appropriated pursuant to this section shall remain available for the fiscal year in which appropriated and the two succeeding fiscal years.

"(b) (1) If an application meeting the requirements of section 374 (b) is filed, no payments from appropriations under this section shall be made with respect thereto if it is in connection with the construction and equipment of any facility or part of a facility which constitutes a 'hospital' as defined in section 631 (e) of this act unless an application is also made under section 625 of this act for Federal assistance in the cost of such construction and equipment, and such application is approved under such section, or if disapproved under such section, is disapproved solely for one or more of the following reasons: (A) the project has no or insufficient priority, (B) the project is not

included in the State hospital-construction program, or (C) funds are not available from the State's allotments under section 624.

"(2) Federal payments with respect to the construction and equipment of such project—

"(A) shall be made from appropriations pursuant to this section and not from appropriations pursuant to title VI;

"(B) shall be made in amounts, in the manner and subject to the same conditions as is provided for payments under section 625;

"(C) shall not reduce the unobligated portion of the State's allotment under section 624; and

"(D) shall be subject to recapture as provided in section 625 (e).

"CONDITIONS FOR GRANTS

"SEC. 374. (a) No payments from appropriations pursuant to section 372 for any fiscal year may be made to any school unless such school has filed an application therefor for such year which contains adequate assurance, as determined by the Surgeon General, that—

"(1) such school provides and will provide reasonable opportunity for the admission of out-of-State students;

"(2) such school will, during the period in which it receives such payments, make every reasonable effort to maintain its income for operating expenses from sources other than the Federal Government at a level equal to that which it was receiving before such payments began (or in the case of a new school, at the highest possible level); and

"(3) such school will submit from time to time such reports as the Surgeon General may reasonably require to carry out the purposes of this part, and will comply with such other conditions as may, subject to the provisions of section 382, be prescribed in regulations.

"(b) Payments from appropriations under section 373 may not be made for the construction and equipment of any new school or of any addition to or improvement in an existing school except upon the filing of an application therefor which the Surgeon General determines contains adequate assurances that the school will, upon completion of the construction and equipment and for a period of ten years thereafter, (1) be operated as a public or nonprofit institution exempt from Federal income taxation, (2) be approved or accredited by a recognized body or bodies approved for the purpose by the Surgeon General after he has obtained the advice and recommendation of the Council, and (3) comply with the provisions of subparagraph (1) of subsection (a) of this section.

"PAYMENTS AND WITHHOLDING OR RECAPTURE OF PAYMENTS

"SEC. 375. (a) The Surgeon General, in accordance with regulations, shall determine from time to time the amount to be paid to each school from appropriations under sections 372 and 373 and shall certify to the Secretary of the Treasury the amounts so determined. Upon receipt of any such certification, the Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, pay in accordance with such certification.

"(b) Whenever the Surgeon General, after reasonable notice and opportunity for hearing to a school, finds with respect to payments from appropriations under section 372 or 373 that there is a failure to carry out any assurances given pursuant to section 374 or to comply with regulations under this part, the Surgeon General shall notify such school that further payments will not be made to it from appropriations under such section until he is satisfied that there is no longer any such failure. Until he is so satisfied the Surgeon General shall make no further certification for payments to such school from appropriations under such section.

"(c) If any school with respect to which payments have been made from appropriations under section 373 for the construction and equipment of any building or other facility (other than one to which subsection (b) of such section is applicable) shall, within 10 years after the completion of such construction, fail to carry out any assurances given pursuant to section 374 (b), the United States shall be entitled to recover from the owners of such building or other facility the same percentage of the then value of such building or facility as the amount paid with respect thereto from appropriations under section 373 was of the total cost of such building or facility, such value to be determined by agreement of the parties or by action brought in the district court of the United States for the district in which such building or facility is located.

"APPROPRIATIONS AUTHORIZED FOR SCHOLARSHIPS

"SEC. 376. In order further to increase the number of individuals, adequately trained in the fields of medicine, osteopathy, dentistry, dental hygiene, nursing, public health (including hospital administration), there are hereby authorized to be appropriated for the fiscal year ending June 30, 1950, and for each of the seven succeeding fiscal years, such sums as Congress may determine to be necessary for scholarships awarded pursuant to this part. No funds appropriated pursuant to this section shall be available for any scholarship unless the course of study or training for which it is awarded is begun in or before the first semester which commences after June 30, 1953.

"DETERMINATION OF FUNDS AVAILABLE FOR SCHOLARSHIPS IN EACH FIELD

"SEC. 377. Of the sums appropriated pursuant to section 376 for a fiscal year, such amounts as the Surgeon General shall determine, after obtaining the advice and recommendations of the Council and after considing the relative need for scholarships in each of the health fields in which training is provided by schools referred to in any paragraph of section 372 (b) (other than schools referred to in clause (B) or (C) of paragraph (3)), shall be available for scholarships to be awarded to individuals for the pursuit of such training, except that such scholarships shall be awarded only in fields in which there are not enough qualified applicants to fill enrollments in schools which are approved or accredited as provided in section 379 (b) (2).

"AWARDING OF SCHOLARSHIPS

"SEC. 378. The selection of individuals to be awarded scholarships from funds appropriated pursuant to section 376 shall be made in accordance with regulations providing for such selection on the basis of ability and the extent to which financial assistance is necessary in order to enable qualified individuals to pursue the courses of training for which the scholarships are awarded, and on the basis of such other factors as are appropriate to carry out the purposes of this part. To the extent practicable and consistent with the purposes of this part, such regulations shall also provide for the selection of individuals in a manner which will tend to result in a wide distribution of the scholarships among the States.

"CONDITIONS FOR AWARD OF SCHOLARSHIPS

"SEC. 379. (a) Any students to whom a scholarship has been awarded shall be entitled to continue receiving the amounts thereby provided for only so long as his work continues to be satisfactory, according to the regularly prescribed standards and practices of the educational institution which he is attending.

"(b) (1) No scholarship shall be awarded to any individual for any period during which he is receiving education and training under title II of the Servicemen's Readjustment Act of 1944, as amended.

"(2) Any scholarship awarded under this part to any individual shall be conditioned upon acceptance by a school of his choice which provides the training for which the scholarship is awarded and which is approved or accredited by a recognized body or bodies approved for this purpose by the Surgeon General after he has obtained the advice and recommendation of the Council.

"SCOPE OF SCHOLARSHIPS

"SEC. 380. Scholarships awarded under this part shall include the cost of tuition customarily charged by the school, educational fees, books, and equipment, and such amount for maintenance as the Surgeon General, after obtaining the advice and recommendation of the Council, determines for each school. Such scholarship shall be for a period of time not in excess of that customarily required for completion of the standard course offered by the school.

"REGULATIONS

"SEC. 381. All regulations under this part with respect to payments to schools of medicine, schools of osteopathy, schools of dentistry, schools of dental hygiene, schools of nursing, and schools of public health, and with respect to scholarships, shall be made by the Surgeon General after obtaining the advice and recommendation of the Council.

"GENERAL PROVISIONS

"SEC. 382. (a) Except as otherwise specifically provided in this part, nothing contained in this part shall be construed as authorizing any department, agency, officer, or employee of the United States to exercise any control over, or prescribe any requirements with respect to, the curriculum or administration of any school, or the admission of applicants thereto.

"(b) Nothing in this part shall be construed to authorize the Surgeon General or any State agency to exercise any influence upon the choice by an applicant for, or a recipient of, a scholarship under this part of a course of training or study or of the educational institution at which such course is to be pursued."

NATIONAL COUNCIL ON EDUCATION FOR HEALTH PROFESSIONS

SEC. 3. Section 217 of the Public Health Service Act is amended by adding at the end thereof the following new subsection:

"(h) (1) The National Council on Education for Health Professions shall consist of the Surgeon General, and the Commissioner of Education or his representative, who shall be nonvoting ex officio members, and 10 members (not otherwise in the full-time employment of the Federal Government) appointed without regard to the civil-service laws by the President. The 10 appointed members shall be leaders in the fields of health sciences, education, or public affairs, and 3 of the 10 shall be persons active in the fields of professional health education. The terms of such appointed members shall expire June 30, 1954. The Council shall elect one of its members to act as chairman.

"(2) The Surgeon General shall, with the approval of the Administrator, appoint a special advisory and technical committee for each of the fields of medical, dental, nursing, public health, and osteopathic education, each such committee to consist of members selected from leading authorities in the field of education concerned, and the membership of the committee on nursing education to include leading authorities in the field of hospital administration. The Surgeon General may also appoint such additional advisory and technical committees as may be useful in carrying out his and the Council's functions under part H of title III of this act.

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"(3) Appointed members of the Council, and members of technical and advisory committees who are not officers or employees of the United States, while serving on the business of the Surgeon General or Council, shall receive compensation at rates fixed by the Administrator, but not exceeding $50 per diem, and shall be entitled to receive an allowance for actual and necessary traveling and subsistence expenses while so serving away from their homes.

"(4) The Council shall advise, consult with, and make recommendations to the Surgeon General with reference to matters of general policy and administration arising in connection with the carrying out of his duties under part H of title III. The Surgeon General shall include in his annual report to the Administrator under section 511, and in his special report to the Congress under section 372 (f), a record of consultations with the Council, recommendations of the Council, and comments thereon.

"(5) Not later than January 1, 1952, the Council shall transmit to the Congress its recommendations concerning the extent and nature of support of education of professional and other health personnel (including practical nurses) which should be made available by the Federal Government in order to provide adequate health personnel to meet the health needs of the people. For such purpose, the Council shall conduct such surveys and studies as it deems appropriate, including studies of the financial condition of schools providing education in the health profession, and the relationship of their financial condition to their capacity to maintain and expand student enrollment, studies of the educational costs of such schools and of feasible means of calculating such costs on a uniform or comparable basis, and studies of the extent to which equal opportunity to gain an education in the health professions is afforded all properly qualified students. To the extent practicable in performing its functions under this paragraph, the Council may utilize the services and facilities of the Service, and may procure such information and services from other Federal agencies as are available from them; and, to the extent necessary to perform such functions, it may employ personnel without regard to the civil-service or classification laws and may also contract with other agencies, organizations, and individuals, without regard to section 3709 of the Revised Statutes, for such services and supplies as it finds necessary."

VOCATIONAL EDUCATION IN PRACTICAL NURSING

SEC. 4. The Vocational Education Act of 1946 (60 Stat. 775) is amended by inserting "Title I—Vocational education in agriculture, home economics, trades and industry, and distributive occupations" immediately above the heading of section 1 of such act, by changing the words "this act" wherever they appear in such act to read "this title", and by adding immediately after section 9 the following new title:

"TITLE II—VOCATIONAL EDUCATION IN PRACTICAL NURSING

"DEFINITIONS

"SEC. 201. When used in this title—

"(a) the term 'practical nurse' means a person who is trained to care for subacute, convalescent, and chronic patients under the direction of a licensed physician or under the supervision of a registered professional nurse, or to assist a registered professional nurse in the care of acute illness;

"(b) the term 'State' includes the several States, Alaska, Hawaii, Puerto Rico, the Virgin Islands, and the District of Columbia;

"(c) the term 'Administrator' means the Federal Security Administrator;

"(d) the term 'Commissioner' means the Commissioner of Education of the Federal Security Agency; and

"(e) the term 'State board' means the State board for vocational education.

"STATE PLANS

"SEC. 202. (a) In order for a State to secure the benefits of this title, the State board shall submit, and have approved by the Commissioner, a State plan for practical nurse training. To be approved under this title, a State plan for practical nurse training must provide (1) that such training shall be given under public supervision or control; (2) that the purpose of such training shall be to fit individuals for useful employment as practical nurses; (3) that such training shall be of less than college grade and shall be designed to meet the needs of persons over 16 years of age who are preparing to enter upon or who have entered upon the vocation of practical nursing; (4) that such training shall include such courses of practical training and instruction and such supervised experience as are necessary to meet the minimum requirements of State licensing laws for practical nurses, or, where such laws have not been enacted, that the State board shall establish adequate standards for such training and instruction; (5) that teachers of practical nurse courses in any State shall have at least the minimum qualifications for teachers of such subjects determined upon for such State by the State board, with the approval of the Commissioner; (6) for the availability of professional education courses necessary for the certification of teachers, supervisors, and directors of practical nurse training: *Provided*, That if such training is given under the auspices of the State board, it shall be given, except in the case of teachers of related subjects, only to persons who have had adequate experience in nursing; (7) duties and qualifications for teachers, teacher-trainers, supervisors and directors, and plans for the supervision and direction of practical nurse training; (8) for an advisory council composed of not more than 10 nor less than 6 persons, including not less than two registered nurses, a physician, an educator, a hospital administrator, and such other persons the State may desire, all of whom shall be appointed for overlapping terms of not to exceed 3 years; (9) that the State treasurer (or similar officer) shall be custodian of funds paid to the State under this title and shall pay such funds only on requisition of the State board to such schools as are approved by the board and are entitled to receive payments under the plan; (10) evidence satisfactory to the Commissioner that full compliance with the requirements of this title is authorized under the State laws; (11) that the State board shall make an annual report to the Commissioner on or before September 1 of each year, on such forms and in such manner as the Commissioner may prescribe, on the work done in the State during the preceding fiscal year and the receipts and expenditures of money under the State plan approved under this title; and (12) that the State board has all the authority necessary to carry out the State plan and to cooperate with the Commissioner in the administration of this title.

"(b) The Commissioner shall approve any plan which fulfills the conditions specified in subsection (a) and which he finds is otherwise in conformity with the provisions and purposes of this title.

"AUTHORIZATIONS FOR APPROPRIATIONS

"SEC. 203. (a) For the purpose of assuring more adequate funds for assisting the several States in the development of practical nurse training, there is authorized to be appropriated for the fiscal year beginning July 1, 1949, and for each of the four succeeding fiscal years, $2,500,000 for expenditure in accordance with the provisions of this title.

"(b) There is also authorized to be appropriated for the fiscal year beginning July 1, 1949, and for each of the four succeeding fiscal years such amount as may be necessary for the administration of this title.

"(c) The funds appropriated pursuant to subsection (a) may be used for assisting the several States in meeting the direct costs of maintaining an adequate program of administration, supervision, and teacher training; for salaries and necessary travel expenses of teachers, teacher trainers, supervisors, and directors of practical nurse training and for necessary travel expenses of students taking practical training in a hospital outside the community in which the school is located; for securing necessary educational information and data as a basis for the proper development of programs of practical nurse training; for purchase, rental, or other acquisition and the repair and maintenance of equipment for vocational instruction; for purchase of supplies for vocational instruction; for the costs of operation of necessary buildings; to provide initially for alteration of public buildings to facilitate such training (not to exceed $2,500 per training unit); for promotion of the program and recruitment of students and teachers; and for payments to public or nonprofit private hospitals exempt from income tax under section 101 of the Internal Revenue Code to meet costs incurred by them in affording opportunity to practical nurse trainees for supervised experience in such hospitals: *Provided*, That all expenditures for the purposes set forth in this section shall be made in accordance with the State plan approved under this title.

"PAYMENTS TO STATES

"SEC. 204. (a) Of the amount appropriated for each fiscal year pursuant to section 203 (a), 50 percent shall be allotted by the Commissioner among the States having State plans approved prior to the beginning of such year, in the proportion which the population of each such State bears to the population of all the States having State plans so approved. The remaining 50 percent of such amount shall be allotted by the Commissioner among such of the States having approved State plans as he determines, under regulations prescribed by him with the approval of the Administrator, can make the most efficient use of such funds for the purposes of this title.

"(b) From time to time the Commissioner shall certify to the Secretary of the Treasury for payment to each State such amounts, within the allotment to such State, as shall be necessary to carry out the approved State plan. Upon receipt of any such certification, the Secretary of the Treasury shall, prior to audit or settlement by the General Accounting Office, pay in accordance with said certification.

"(c) Funds appropriated pursuant to this title shall not be paid to any State until a State supervisor of practical nurse training, who is a qualified nurse and who meets the minimum requirements established in the State plan, has been employed.

"REGULATIONS

"SEC. 205. The Commissioner, with the approval of the Administrator, shall make and publish such regulations, not inconsistent with this title, as may be necessary to the efficient administration of its provisions.

"ADMINISTRATION

"SEC. 206. The Commissioner shall perform his functions under this title under the supervision and direction of the Administrator. It shall be the duty of the Commissioner to make, or cause to have made, studies, investigations, and reports for use in aiding the States in training practical nurses and teachers, teacher-trainers, supervisors, and directors of practical nurse training.

"ANNUAL REPORT

"SEC. 207. The Commissioner shall make an annual report to the Administrator con-

cerning the administration of this title, including reports to show the distribution of Federal funds, the activities of the States in the training program, the numbers of persons trained thereunder, and recommendations for such revisions of this title as he deems necessary. The Administrator shall include in his annual report to the Congress such portions of the Commissioner's report as the Administrator deems necessary.

"ADVISORY COMMITTEES

"SEC. 208. The Commissioner may, with the approval of the Administrator, appoint such advisory committees on practical nurse training as he deems necessary to the proper administration of this title. The members of such committees who are not officers or employees of the United States shall serve without compensation, except that while attending conferences or meetings of the committees or while otherwise serving at the request of the Commissioner they shall be entitled to receive compensation at a rate to be fixed by the Administrator, but not exceeding $50 per diem, and shall also be entitled to receive an allowance for actual and necessary travel and subsistence expenses while so serving away from their places of residence.

"WITHHOLDING OR RECAPTURE OF PAYMENTS

"SEC. 209. (a) Whenever any portion of the funds paid to any State under this title has not been expended in accordance with its provisions, a sum equal to such portion shall be deducted by the Commissioner from subsequent payments hereunder to such State and the State shall be held accountable for the full amount so paid plus an amount equal to that withheld.

"(b) The Commissioner may withhold the allotment or payment of any moneys to any State under this title whenever he determines that such moneys are not being expended in accordance with the provisions of this title.

"(c) If any portion of the moneys paid to any State under this title shall, by any action or contingency, be diminished or lost, it shall be replaced by such State, and until so replaced no subsequent payments shall be made to such State under this title. No funds paid to a State under this title shall be applied, directly or indirectly, to the purchase, erection, preservation, or repair (other than alterations) of any building or buildings, or for the purchase or rental of lands, or payment (except as provided in section 203 (c)) to any privately owned or conducted school, college, or other institution."

Mr. PEPPER. Mr. President, I can state very briefly the purpose of the bill. It is generally recognized that in this country we are short of facilities for the training of doctors, dentists, nurses, public-health administrators, sanitary engineers, and certain other technical workers in the health field. The committee in its report has set out at length the need for Federal legislation on this subject. It is generally known that medical education is very expensive. It is estimated that the cost for a medical student is something like $2,200 a year, as compared with $500 a year for the ordinary student.

All over the country there is a great drain upon the sources for the support of medical education. I have before me, which I am authorized to use in the discussion of this subject, a very clear-cut and full statement on the subject by the sponsors of the National Fund For Medical Education, an organization with offices at 535 Fifth Avenue, New York City. Let me read the names of some of those who are associated with that enterprise. I will start with the names of the trustees: Herbert Hoover, S. Sloan Colt, Samuel D. Leidesdorf, and William E. Cotter, who is secretary. Some of the others are Winthrop W. Aldrich, Donald C. Balfour, William B. Bell, and so forth.

That group has this to say, as a preliminary to its effort to establish a national medical education fund to be used in connection with public appropriations for medical education:

The quality of medical care enjoyed by the people of the United States today is unsurpassed by that in any other country.

At this very moment, however, the institutions that produce our skilled physicians, dentists, public-health officers and other workers in the health field are faced with critical financial problems.

These problems are so critical as to threaten seriously their ability to provide the Nation with either the quality or the quantity of trained personnel essential to maintain and improve the health of our people.

Expansion of training facilities and progressive improvement in the standards of education in all health fields are needed if the Nation is even to approach the maximum benefits made possible by modern medical science.

So acute is the financial condition of all our colleges of medicine and related professional schools, that few can continue even their present programs for long without prompt and large-scale financial aid.

Some of these institutions are in immediate danger of closing down for lack of funds.

It is unthinkable that the American public, once they realize the serious financial plight of these important professional schools, will fail to give them the generous financial support they merit in the enlightened self-interest of the Nation.

It is proposed, therefore, to establish a National Fund for Medical Education.

The purpose of the fund is to raise a substantial sum of money annually from the American people in support of medical and health education.

The situation, and the plans to help remedy it through private philanthropy, are outlined briefly on the following pages.

The best solution appears to be to balance Government appropriations with adequate support from private philanthropy. In this way the medical schools would have assured income from two independent sources and maintain their academic and administrative freedom so vital in a democratic society. Government and private philanthropy would be cooperating, as they are now in medical research and in other areas, toward a common goal in making democracy work.

If the Federal Government should appropriate sums in aid of medical education similar to those asked of the Eightieth Congress, some $40,000,000 would be available during the first year of the new law.

This would leave approximately $22,000,000 to be raised from private sources in annual aid of all medical education—

And so forth.

Mr. President, that is almost exactly the amount provided in this bill for direct assistance to medical schools, to enable them to continue to provide medical education.

Let me say this is a 5-year program only, for it is contemplated that before the Federal Government shall launch permanently upon a program of this character, we shall have the results of a study of a National Council on Medical Education, which is provided for in this measure. That Council is obligated by the bill to report to the Government within 3 years. So, when we launch upon the permanent program, we shall have before us the results of the study which will be made by the National Council on Medical Education.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. SALTONSTALL. Perhaps the Senator from Florida is going to discuss it, but I would appreciate it if he will tell us the cost of each of the various titles, for in reading the bill it is rather difficult to ascertain the cost.

Mr. PEPPER. Yes. The bill itself does not provide express authorization, but it lays down categories of aid. Of course, the amount of expense to be met by the Government would depend upon the conditions.

However, I have here, and I should like to present for the RECORD at this time, estimates—which have been carefully formulated—as to what the several items of cost will be. These estimates, if I may say so, are based on data which have been gathered from a long series of conferences with the outstanding representatives of medical education in the United States. I shall incorporate in the RECORD a list of the persons whom the committee consulted on this matter, who came to Washington and discussed it with us, and I shall also include in the RECORD a statement of the positions they hold.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. MAYBANK. I was going to ask the Senator from Florida upon what basis the $40,000,000 will be allotted. Will it be allotted on the basis of the present registration in the various medical schools and colleges throughout the United States?

Mr. PEPPER. The allocation is to be made upon the basis of the average enrollment. Normally, it will be on the basis of the average enrollment for the years 1947–48–49; but if a particular school did not have enrollments for those 3 years, then the basis will be its average enrollment for a shorter period of time. That will be called the average past enrollment, and it will be the basis upon which the school—meaning every public or nonprofit institution in the country—will receive funds. It will receive $500 a year for each student in its average past enrollment. For each additional student the institution may be able to take on, it will receive an additional amount of $500 a year. Of course the purpose is to enable the institutions to take on, if possible, more students than they have accommodated in the past.

Mr. MAYBANK. Mr. President, I wish to thank the Senator from Florida. I am heartily in favor of the bill, and I have already talked to him considerably about it.

The grant of the $500 aid per student, plus $500 for each new student, would be in the nature of Federal aid to education, but under State supervision. Is that correct?

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Mr. PEPPER. It will be under State supervision where there are State institutions. In the case of private institutions not operated for profit, it will be under the management of those institutions.

Mr. MAYBANK. I thank the Senator.

Mr. PEPPER. Of course, it is provided that the Federal Government shall have nothing to do with the curriculum or with control of the institution itself.

Mr. MAYBANK. Mr. President, I wish to congratulate the Senator from Florida for presenting such an able bill.

Mr. PEPPER. I thank the Senator very much. He has manifested great interest in the subject for a long time.

Mr. President, let me give the names of the persons whom the committee consulted on this subject.

Dr. Basil G. Bibbey, professor of dentistry, University of Rochester, and for Dr. Leonard Carmichael, president of Tufts College, representing the American Council on Education.

Dr. Russell W. Bunting, dean of the University of Michigan Dental School.

Let me interpolate that this bill provides for aid in the form of grants and scholarships for education in the medical, dental, dental hygiene, public health, nursing, and sanitary engineering professions.

In the field of public health, the recipients will be public-health administrators and public-health engineering personnel.

In nursing, there are two categories: The professional nurse who is being trained in a professional nursing school; and then the practical nurse, who comes in under the George Varden Vocational Training Act, in the public schools. Two million five hundred thousand dollars a year will be allowed for that purpose.

Mr. SALTONSTALL. Mr. President, what will the approximate total cost be?

Mr. PEPPER. It will be a little over $56,000,000 a year, on the average, for the 5-year period. It will go from forty-odd-million dollars for the first year, up to sixty-odd-million dollars, so that for the 5-year period the average will be approximately $50,000,000 a year.

Mr. SALTONSTALL. That will be for the purpose of scholarships and to assist in educating our young people, and also to stimulate——

Mr. PEPPER. Mr. President, I should have stated at the beginning that there will be three categories of assistance. The first is Federal aid to medical, osteopathic, dental, dental hygiene, nursing, and public-health schools, in the training of personnel. That aid will be extended on the basis I have already stated, namely, instead of providing $500 for each student in those schools, $500 will be provided for each of the students in the average past enrollment of the medical schools; $400 a year in the case of the dental schools; and the rates go down to $150 a year in the case of the nursing schools. That allotment will be made on the basis of the average past enrollment, and a similar amount will be allowed in the case of new or additional enrollments.

So, Mr. President, the first part of the program under this bill will be for the teaching of additional students and to continue with the education of students who have been taught in the past. Aid will be extended on the basis of the average enrollment.

Second, the bill will authorize the enlargement of existing facilities and the provision of new facilities, in the categories mentioned, for training more personnel. Five million dollars a year will be allowed for that purpose. Of course, that means that if it is possible for such institutions to enlarge their classrooms or to increase their teaching facilities, this bill will encourage them to do so. In places where existing facilities are inadequate or where there are no facilities at all at the present time, the bill will permit of the building of new facilities or the enlarging of existing ones. But for that entire job, only $5,000,000 a year is provided.

Mr. SALTONSTALL. Mr. President, will the aid for construction go to private institutions as well as public ones?

Mr. PEPPER. In that respect, the bill is exactly like the hospital bill; the aid will go to private institutions as well as public institutions, if the private institutions are not operated for profit, and if they qualify under the conditions provided in the bill.

The third part of the program is made up of provision for a series of scholarships. The Surgeon General will be permitted to award scholarships to students to permit them to take training in the institutions I have described.

However, on the suggestion of the able Senator from Ohio in the committee, provision is made that scholarships cannot be given except in respect to schools which do not have as many students as their capacity permits them to handle. In other words, at the present time and for the next few years it is contemplated that the only schools with respect to which scholarships will be granted under the bill will be schools of nursing and schools of public health. It is understood that all the other schools already have more applicants than they can possibly train, anyway.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. SALTONSTALL. Who prescribes what the standards of the schools shall be? In other words, who selects the schools?

Mr. PEPPER. The language of the bill makes that very clear. The schools have to be approved by the associations. It reads:

> A medical, osteopathic, dental, dental hygiene, nursing, or public health school shall be eligible for payments under this part if it is a public or nonprofit institution, within any of the States, exempt from Federal income taxation, and if it has been approved or accredited by a recognized body or bodies approved for such purpose by the Surgeon General after he has obtained the advice and recommendation of the Council.

It means for all practical purposes the usual associations that accredit institutions in this country.

Mr. TAFT rose.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. PEPPER. The Senator from Ohio [Mr. TAFT] rose first. I yield to the Senator from Ohio.

Mr. TAFT. Mr. President, I want only to emphasize the fact that to a certain extent this is a temporary program, and that we have set up, as appears on page 51, a National Council of Education for Health Professions, to study this whole subject. We were not satisfied this was the final way, but we faced an emergency situation, and so we created this Council. We provide that not later than January 1, 1952, after making a complete study of the whole matter, it "shall transmit to the Congress its recommendations concerning the extent and nature of support of education of professional and other health personnel." We want a complete study made, and the Council has slightly more than 2 years in which to make it. We can then revise the system if we want to. In the meantime, it appeared that the medical and other schools might well go broke, that some of them might have to shut down, and we would have fewer doctors instead of more doctors. We thought of it as an emergency proposition The construction money, for instance, is $5,000,000 a year. It is not really a program of construction; it is only to enable schools to make such adjustments as may enable them to add needed personnel without much expense. If we started out to build medical schools, it would cost a good deal more than all the construction money the bill provides even to build one or two, or to build two, anyway.

I wanted to emphasize the fact that this is an emergency program to meet a particular situation, and that we are creating the Council for the purpose of making a complete study of the whole matter. A good many doctors and educators were dubious about the wisdom of having the Federal Government involved in the project, yet they could see no other remedy at the present time.

It costs $2,500 a year to educate a medical student. Six hundred dollars is about the limit of the tuition which can be charged. The other $1,900 must be made up by the schools. Their endowment funds bring in a little less interest, and their costs today are twice what they were before the war, as are all other costs; so there is a very serious emergency situation.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. TAFT. The Senator from Florida yielded to me. I shall stop talking.

Mr. PEPPER. No; I should like the Senator to continue, but I should like to interpolate in connection with what he is so well saying, that we have provided in the bill that, so far as possible, the schools that are the beneficiaries of these funds shall continue outside sources of revenue which they have had in the past, as nearly as possible at the former level. Just as in our school legislation and other legislation we have passed, this school aid is not a substitute which can be used to avoid other assistance. We are simply trying to supplement. Am I not correct?

Mr. TAFT. The Senator is correct. We are simply trying to supplement. We do not want the States that are running medical schools to let down on their State appropriations. We want to give more, so they may expand their facilities and educate more doctors than they are now educating.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. MAGNUSON. The Senator mentioned the fact that the bill includes schools of medicine, dentistry, osteopathy, and nursing. I wonder why chiropractic schools were left out of the bill?

Mr. PEPPER. I may say to the Senator the matter of including chiropractic schools was considered in the committee, but, after long deliberation, the committee felt it did not have information at the present time to justify inclusion of such schools. At least that was the vote taken in committee, and it is the present judgment of the committee, although the Senator from Florida can assure the Senator from Washington that he and the committee appreciate the very important character of chiropractic institutions, and are quite aware of the great contributions they are making to the public interest.

Mr. MAGNUSON. I feel so keenly about this that, inasmuch as osteopathy is included in the bill, I shall have to submit an amendment to include schools of chiropractic.

Mr. TAFT. So long as the Senator does not ask for a roll call, I think I have no objection to his offering an amendment.

Mr. MAGNUSON. If I may inquire, has this bill passed the House, or did it originate in the Senate?

Mr. PEPPER. The bill originates in the Senate. However, the members of the opposite committee in the House have been very much interested, and a companion bill has been introduced in the House of Representatives. We are assured this bill will receive most sympathetic consideration when it reaches the House. Will the Senator withhold offering his amendment until we can continue a brief explanation of the bill?

Mr. MAGNUSON. Yes, I shall withhold it. I want to add that, of course, I subscribe wholeheartedly to the purposes of the pending bill. It so happens I had luncheon today with the president of my university, a distinguished medical man, Dr. Raymond B. Allen, who is now on leave to the Secretary of Defense, and engaged in the work of coordinating medical activities of all the services. He was discussing this very bill, and he said, in view of his attendance upon numerous conferences of hospital associations and medical associations, in his opinion we are meeting the real problem through the pending bill. It is the problem of the shortage of doctors, even more so than a shortage of hospital beds and of bricks and mortar, which is seriously affecting our Nation's health, and particularly in view of the hiatus we had of about 6 years when very few medical men were trained. I am not against the bill, but it seems to me on the matter of chiropractic schools, inasmuch as one branch or so-called offshoot of the medical profession, namely, osteopathy, is included, the other principal offshoot ought to be included.

Mr. TAFT. Mr. President, will the Senator from Florida yield to permit me to ask the Senator from Washington a question?

Mr. PEPPER. I yield.

Mr. TAFT. Is the Senator advised as to whether any schools of chiropractic meet the other requirements of the bill as to nonprofit operation? Are they not schools operating for profit?

Mr. MAGNUSON. I do not know. I know some are, and some are not. I know the same thing is true with respect to some of the schools of osteopathy; some operate for profit, some do not.

Mr. HILL. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. HILL. I commend the Senator from Florida for the very devoted work he has done in connection with the bill, and for the very great contribution he has made in bringing it to the floor of the Senate. There is a very definite emergency, even among medical schools which in the past have been regarded as relatively rich. They once had the necessary funds with which to provide the courses young men wished to take in order to prepare for the medical profession. Now, the schools simply do not have the necessary funds. It is true even of schools that once were regarded as rich, and it is true of practically every medical school in the country today, that the schools cannot expand their forces to train more young men and to meet the very acute shortage of doctors, unless they have Federal aid, and unless the funds proposed in the bill are provided. The shortage, instead of becoming less acute each year, will become increasingly more acute, unless we pass the pending bill. The shortage of doctors, dentists, nurses, and medical technicians of all kinds will increase.

I merely desire to associate myself with the Senator from Florida in all he has said in behalf of the bill. I take pride in the fact that I was a member of the committee which previously reported the bill to the Senate. I join with the Senator from Florida in urging its passage.

Mr. PEPPER. Mr. President, I am very grateful for the generous words of the very able Senator from Alabama. However, I desire to emphasize that this bill has the unanimous support of the committee. The name of every member of the Committee on Labor and Public Welfare, including of course the name of the able Senator from Alabama, who has just spoken, appears upon the bill as one of its active authors and sponsors. The distinguished junior Senator from North Carolina [Mr. GRAHAM] has also long been interested in this subject, and his name appears on the bill as one of its introducers and sponsors.

Mr. President, I have here a table which shows the schedules and the type of assistance to be given by the Government under this bill, and the amounts which it is estimated the Government will be required to expend in carrying out and implementing the bill. I ask that it be incorporated in the body of the RECORD at this point in the discussion.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Payments to schools for instruction under proposed amendments of the Public Health Service Act

(Committee Print No. 2, S. 1453, July 29, 1949)

Type of school	1949–50	1950–51	1951–52	1952–53	1953–54
Medicine	$12,825,000	$14,086,000	$15,607,000	$17,516,000	$19,090,500
Dentistry	4,735,600	5,171,200	5,777,200	6,486,800	7,036,000
Dental hygiene	146,700	163,500	169,500	175,200	177,900
Nursing:					
Diploma	10,438,750	11,677,950	13,134,800	15,049,450	16,285,250
Degrees	1,255,600	1,359,600	1,513,800	1,718,600	1,850,600
Advanced degree	1,240,000	1,530,000	1,740,000	1,950,000	2,040,000
Practical	100,200	110,250	120,300	130,500	130,500
Public health	876,000	994,000	1,108,000	1,224,000	1,224,000
Sanitary engineering	35,750	40,750	45,250	50,250	50,250
Osteopathy	1,178,500	1,374,500	1,479,500	1,605,000	1,669,000
Total	32,832,100	36,487,750	40,695,350	45,905,800	49,554,000

5-year total, $205,475,000; average per year, $41,095,000.

NOTES.—(1) In the above calculations, it has been assumed that the 30-percent limit on "incentive expansion" will be reached in 4 years. (2) In addition to the above, $5,000,000 is to be expended annually for assistance to schools in expansion of facilities, and $5,000,000 annually for practical nurse training under amendments to the Vocational Education Act of 1946.

OVER-ALL COSTS

	Average per year	Total 5 years
Scholarships	$7,016,175	$56,129,400
Costs of instruction	41,095,000	205,475,000
Vocational education (practical nursing)	2,500,000	25,000,000
Construction	5,000,000	25,000,000
Total	55,611,175	311,604,400

Mr. PEPPER. Mr. President, I also ask that there be included at this point in the body of the RECORD the names of the medical authorities and institutions with which they are associated, who advised the committee in the formulation of the bill.

There being no objection, the list of names was ordered to be printed in the RECORD, as follows:

Open hearings were held by the Subcommittee on Health of the Senate Committee on Labor and Public Welfare for a week (June 6–10, 1949), giving those who wished

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to testify an opportunity to present their opinions on the provisions of title I of S. 1679 and title VI of S. 1581, which would establish programs of financial aid to education in the health professions. In the impressive body of testimony, given by representatives of educational institutions, professional organizations, and administrators in the fields of medicine, dentistry, public health, and nursing, substantial agreement was expressed on the urgent needs for Federal aid to education and on the objectives of the programs outlined in both bills. It appeared from the testimony, moreover, that with relatively little adjustment of details, the provisions of S. 1679 would be acceptable to the educators in the professions concerned. All witnesses were therefore asked if they could hold themselves available during the following week to discuss with the staff of the Senate Committee on Labor and Public Welfare the changes which they considered necessary to insure endorsement of the bill by the organizations which they represented. All agreed.

Accordingly, during four full days, a series of working sessions with representatives of educational organizations in the respective professions discussed the specific adjustments which would assist the Senate committee in reconciling any differences of opinion on legislative and administrative details of the bill. Dr. Lowell J. Reed, vice president, Johns Hopkins University, served as chairman of the sessions. All meetings were attended by Dr. Carlyle F. Jacobsen, executive dean of the division of health sciences and services of the State University of Iowa, representing the National Association of State Universities; by Mr. William G. Reidy and Mr. Melvin W. Snead of the staff of the Committee on Labor and Public Welfare; and by Dr. W. Palmer Dearing, Deputy Surgeon General, United States Public Health Service, and selected members of his staff.

A full day (June 14) was spent on discussion of provisions for dental education, with the following participants:

Dr. Basil G. Bibbey, professor of dentistry, University of Rochester, and for Dr. Leonard Carmichael, president of Tufts College, representing the American Council on Education.

Dr. Russell W. Bunting, dean, University of Michigan Dental School.

Dr. John P. Burke, dean, Georgetown University Dental School.

Dr. J. Ben. Robinson, dean, University of Maryland Dental School, and Informal Committee of Deans of Dental Schools.

Two full days (June 15 and 16) were devoted to medical education, with the following participants:

Dr. Donald Anderson, secretary, Council on Medical Education and Hospitals, American Medical Association.

Dr. George Berry, associate dean, University of Rochester School of Medicine and Dentistry, and executive council, Association of American Medical Colleges, speaks for Chancelors Wreston, of Brown; Conant, of Harvard; Hutchins, of Chicago, Association of American Universities; Gustavson, of Nebraska, in endorsing statement.

Dr. Joseph C. Hinsey, dean, Cornell Medical School, and chairman, executive council, Association of American Medical Colleges (second day only).

Dr. Victor Johnson, director, Mayo Foundation for Medical Education and Research, and Council on Medical Education and Hospitals, American Medical Association.

Dr. Joseph S. Lawrence, director, Washington office, American Medical Association.

Mr. A. H. Monk, director, Training Facilities Service for Vocational Rehabilitation and Education, Veterans' Administration (second day only).

Dr. William Perkins, dean, Jefferson College of Philadelphia Medical School.

Father William Rooney, professor, Catholic University.

Dr. Dean F. Smiley, secretary, Association American Medical Colleges.

Mr. E. K. Taylor, business manager, College of Medicine, Cornell University (second day only).

Dr. Harvey Stone, Council on Medical Education and Hospitals, American Medical Association.

Dr. Herman G. Weiskotten, dean, Syracuse University College of Medicine, and chairman, Council on Medical Education and Hospitals, American Medical Association.

Mr. Albert V. Whitehall, secretary, Council on Government Relations, American Hospital Association.

Discussion of public-health education was completed in one-half day (morning of June 17) with the following participants:

Dr. Gaylord Anderson, director, School of Public Health, University of Minnesota, and secretary, Association American Schools of Public Health.

Mr. George Brakeley, public relations consultant to Harvard University.

Dr. Thorndyke Saville, dean of engineering, New York University, and vice president, American Society for Engineering Education.

Dr. James S. Simmons, dean, school of public health, Harvard University, and president, Association American Schools of Public Health.

One-half day (afternoon of June 17) was given to nursing education with the following participants:

Miss Edith Beattie, executive secretary, Graduate Nurses' Association, Washington, D. C., and legislative committee, American Nurses' Association.

Mr. George Bugbee, executive director, American Hospital Association.

Miss Olwen Davies, associate director, National Organization for Public Health Nurses, New York City, and legislative committee, American Nurses' Association.

Miss Margaret Foley, executive secretary, Association of Catholic Schools of Nursing.

Miss Deborah Jensen, professor of nursing education, Washington University, St. Louis, Mo., and legislative committee, American Nurses' Association.

Miss Irene Murchison, director, school of nursing at Loretta Heights College, Loretta, Colo., and legislative committee, American Nurses' Association.

Sister Olivia, dean, School of Nursing, Catholic University, Washington, D. C., and legislative committee, American Nurses' Association.

Miss Blanche Pfefferkorn, director of department of studies, the National League of Nursing Education, New York City, and legislative committee, American Nurses' Association.

Mr. Donald Smith, attorney, American Nurses' Association.

Mrs. Eugenia Spaulding, director, division of nursing, Indiana University, Bloomington, Ind., and legislative committee, American Nurses' Association.

Mr. Albert V. Whitehall, secretary, council on government relations, American Hospital Association.

Sister Xavier, director, Mercy Hospital School of Nursing, Grand Rapids, Mich.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. PEPPER. I yield to the distinguished Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I am sure the Senator will recall that I brought to his attention, as well as to that of the other members of the committee, a communication which I had received from Dr. Gaylord Anderson of the University of Minnesota.

There was a question as to the amendment of a certain section of Senate bill 1453, on page 39, where the language reads:

> To each school of public health which provides training leading to a graduate degree in fields relating to public health, which may include training leading to a graduate degree in hospital administration, $1,000 for each student enrolled for such training and, subject to the limitations in subsection (c), an additional $1,000 for each student so enrolled in excess of its average past enrollment.

Here is the query which has been presented by responsible medical men, as to whether, under the appropriations provided for in the bill, to be used in schools of public health, a university, a school, or a college would be authorized to include students who are enrolled in a school of public health, but are taking courses in some other department in the university. For example, let me cite this situation: There may be an enrollee in the school of public health, but the majority of the courses he takes are in other departments such as a department of bacteriology, or a department of chemistry. Those courses would make up his course of study, but the student would not be in the physical plant of a particular school.

Mr. PEPPER. As I understand, the criterion is the curriculum. If the courses are in the curriculum leading to a graduate degree in a particular field, that is the criterion.

Mr. HUMPHREY. Mr. President, I wanted to have that brought out, because a large number of State universities do not have all the students in their particular school. They will take courses in other departments, which lead to a degree from a particular school, such as a school of nursing or a school of public health.

Mr. PEPPER. It is what they take; and not the location of the school, that is the criterion.

Mr. HUMPHREY. I thank the Senator from Florida.

Mr. President, at a later moment I should like to have included in the RECORD some letters, so that the question may be more clearly understood.

Mr. PEPPER. I suggest that the letters be incorporated in the body of the RECORD immediately following my remarks.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. GURNEY. I take it from a hurried reading of the bill that schools which do not give a complete degree are included, such, for instance, as a premedical school. Our State university has a 2-year course which is called a premedical course. I take it that students taking that course in our university would be eligible under this bill.

Mr. PEPPER. I am afraid I must advise the able Senator to the contrary. It applies only to those who are in medical schools as such, and not taking premedical education. It is intended to take hold at that place in the career of a student where he is enrolled and is technically known and recognized as a medical student.

Mr. GURNEY. The Senator will notice that the language is, "leading to a

medical degree." I believe that is about the wording of it.

Mr. PEPPER. I am assuming that that is not a recognized part of the curriculum leading to the granting of a medical degree. I realize that schools may require a certain amount of education preliminary to entering upon technical training. I happened to go to Harvard Law School, and I had to be a college graduate in order to enter that school. But I did not go into the law school until I had enrolled in that subject.

Mr. GURNEY. There are many persons in my State who are making vigorous efforts to establish a complete medical school. The legislature, so far, has not seen fit to appropriate money actually to establish a medical school in South Dakota. Supposing the university should make a request to establish a medical school under the terms of this bill?

Mr. PEPPER. I would say to the able Senator that my State is similarly situated. We do not have a medical school. This bill provides $5,000,000 a year, which, of course, will have to be allocated among the applicants for the enlargement of existing facilities and the establishment of new facilities. I realize that $5,000,000 a year will not go very far. Some of us would have preferred to provide a larger sum, but some felt it would have to be a small amount, because we had not yet received the recommendations of the National Council on Education. But the Senator will have reason to urge that his is an area within the terms of the Humphrey amendment, which provides that aid shall be given first to those areas which are inadequately provided with facilities or in which there are no facilities in existence. So his State can urge upon the Surgeon General that it comes within that preferred category. He can have the assurance that, if there is a hospital as a part of the medical school, he can get his State hospital board to give priority or first preference to that hospital, and it can get 57 cents out of every dollar of construction cost that may be required, if the House of Representatives passes the new hospital bill which the Senate has already passed. So the Senator can tell his State that it can get that much Federal aid in the building of a necessary adjunct. Then the Senator can also look forward, I hope, to the housing bill, which I trust will be passed at this session, which will allow borrowing in connection with the cost of building dormitories and faculty homes at 2½ percent interest over a period of 40 years. In the last analysis, the Senator's State can look forward to $1,000 a student, under this bill, for students who are subsequently enrolled in the medical school, once it is established. So this bill is exceedingly meaningful to an area such as the State of the distinguished Senator.

Mr. GURNEY. The payments are all based on whether Congress appropriates annually the needed funds.

Mr. PEPPER. Yes. This is only an authorization.

Mr. GURNEY. The Senator from Florida says his State does not have a medical school, as such, and I know that my State does not have one. Is there anything in the bill which makes it mandatory that funds be allocated to Florida or to South Dakota?

Mr. PEPPER. No, it is not mandatory, but it is provided in the bill.

Mr. GURNEY. Is it provided that a fair distribution shall be made in different parts of the country? Is there anything like that in the bill?

Mr. PEPPER. On page 43, line 6, under section 373, it is provided:

Provided, however, That the Surgeon General shall give priority to areas in which facilities are either nonexistent or inadequate.

That lays down the principle which would give the State of South Dakota the right to have assistance.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. LUCAS. The Senator says that lays down the principle which would give the State of South Dakota the right.

Mr. PEPPER. I am in error in respect to the State. I thought he was speaking about the State being the applicant. It would also apply to any other applicant.

Mr. GURNEY. I was merely using that as an example.

Mr. LUCAS. It would apply to any applicant in a community where facilities were nonexistent or inadequate.

Mr. PEPPER. That is correct.

Mr. LUCAS. Where they do not have a hospital, or do not have the facilities to which the Senator has referred. I am wondering how broad the word "areas" is, because we keep talking about States all the time.

Mr. PEPPER. The language of the bill is with respect to areas.

Mr. LUCAS. What is an area?

Mr. PEPPER. That will have to be decided by the Surgeon General.

Mr. LUCAS. Should it not be States, instead of areas?

Mr. TAFT. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield to the Senator from Ohio.

Mr. TAFT. I think we should understand very clearly that it would be most uneconomical and most inadvisable to set up a major medical school in every State in the Union. That would mean more medical schools than we could afford to support. It would be well beyond the capacity of some States to support a medical school. The plan which Dr. Parran had for the expansion in the number of medical schools in order to get more doctors, I think, provided for about eight medical schools in the whole country, in addition to those which now exist, so far as new schools were concerned.

This particular grant of $5,000,000 a year was not really intended for new schools. The buildings for a new school would probably cost $5,000,000, or possibly $10,000,000, if the desire is to set them up on a first-class-medical-school basis. This is really intended for use awaiting the report of the Commission on the whole problem of whether we should have new schools or expand old schools. I think this is really intended to make it possible to give the existing schools enough money so that by adding a building or two they could add to the number of students they could handle. I do not think it should be understood or claimed that we are going to provide a medical school for every State in the Union. I think it would be very unwise to do that. There is a proposal for a regional school in Denver to cover four or five States, perhaps. There is the same situation in various other places.

Mr. PEPPER. Mr. President, I do not want the RECORD to remain quite as the Senator from Ohio would have it appear from his statement. Of course, with only $5,000,000 available in a single year, it would not be expected that those making the allocations would take the whole $5,000,000 and give it to an applicant in one particular area and deny any of it to any other applicant. There has to be a matching, 50–50, by the applicant. The Federal contribution cannot exceed 50 percent of the total cost of construction. It does not mean at all that an applicant in South Dakota might not get $250,000, or even half a million. It is all left to the judgment of the Surgeon General, and he will have to survey the picture to determine where the need is.

I do not want the language, which is very clear, to be understood, by interpretation, to exclude from the Surgeon General the power to give assistance in the beginning to medical schools where he might feel that an effort was being adequately made by local people, where the need was great.

Mr. TAFT. Of course, when we come to scholarship, there is a provision for distributing the money among the States. The scholarship provision states:

To the extent practicable and consistent with the purposes of this part, such regulations shall also provide for the selection of individuals in a manner which will tend to result in a wide distribution of the scholarships among the States.

That is somewhat general, but I do not think it could be construed in any other way than to give a State a proportionate share.

Mr. PEPPER. That is correct. There is no geographical requirement of distribution on an equality basis. But we did want to emphasize that the Surgeon General should look over the picture and try primarily to help first those areas where the need was most pressing.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. LUCAS. I agree with the Senator from Florida. Section 373 disagrees with what the Senator from Ohio said with respect to the construction of schools. It is very plain. It provides:

There are also authorized to be appropriated for the fiscal year ending June 30, 1950, and for each of the four succeeding fiscal years, $5,000,000, to enable the Surgeon General to make grants for construction and equipment to assist in the establishment of new schools.

If the Surgeon General makes a determination, under that language, that a new school should be built in South Dakota, I presume it would go there.

Mr. PEPPER. He has authority to do it, undoubtedly.

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Mr. LUCAS. I think perhaps what I said with respect to the word "areas" being changed to "States" was erroneous, because I agree with the Senator from Ohio that perhaps there should not be a medical school in each State. Perhaps it should be in the region, rather than in the State.

Mr. PEPPER. I will call attention to the language in line 24, page 42:

The Surgeon General, after obtaining the advice and recommendation of the Council, shall make such grants in the order of the estimated importance or value of the construction and equipment in alleviating the shortage of personnel adequately trained in the medical, osteopathic, nursing (other than practical nursing), dental, dental hygiene, and public-health fields.

Mr. HUMPHREY. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I wish to get clear the interpretation to be placed upon some items of language in the bill. As I said a moment ago to the Senator from Florida, I did have communications from responsible people who had been before our committee. If the Senator will give me his very close consideration and attention for a moment, I wish to read a portion of a letter from the director of the School of Public Health, University of Minnesota, one of the witnesses before the working committee. I quote from the letter:

As pointed out in an earlier letter to you, section 372 (B) (4) states on page 39, line 4, that grants will be given to "each school of public health which provides training leading to a graduate degree in fields relating to public health." A similar provision appears in lines 7 and 8 of page 38 granting aid to schools of nursing. In my earlier letter I pointed out that of the 10 universities having programs leading to a master's degree, and accredited for such by the American Public Health Association, 8 operated schools of public health, whereas in 2, namely, Yale and Tulane, the program is in a department of preventative medicine and public health of the medical school. Similarly, many of the 31 universities accredited for programs in public health nursing, have their program in some part of the university other than the school of nursing. At Minnesota this is in the school of public health, but at the undergraduate level. In Columbia it is within Teachers College, which is the college of education. I have feared that an overstrict, legalistic interpretation of these two sections might cheat certain universities out of funds unless they were to rearrange their internal organization, so that such programs would be under schools of public health or schools of nursing, respectively.

Obviously, it is not the intent of the bill to prescribe to a university the details of its internal organization. When I discussed this with the working committee, there was agreement as to the intent of the bill and the suggestion was made by the committee that an extra paragraph be inserted which would make it clear that wherever the terms "school of public health," "school of nursing," "school of medicine," etc., were used, they would refer to that portion of a university however named which carried on the type of accredited program referred to in the respective paragraph. On careful examination of the bill I find no such defining clause.

I hope that I am unnecessarily apprehensive and that the clear intent of the bill would outweigh the actual phraseology. Unfortunately I have had enough experience with overstrict legal interpretations that I am still apprehensive lest someone stick to the wording rather than the intent, and certain universities, including the University of Minnesota, be cheated out of funds to which they would otherwise be entitled.

I ask the distinguished Senator from Florida, who has given the bill such splendid leadership and guidance, whether or not the intent of the bill as it is interpreted here by the director of the School of Public Health of the University of Minnesota, Dr. Gaylord W. Anderson, is not that the manner in which the funds are to be distributed by the Surgeon General. Is not that the spirit of the law as well as the letter of the law shall be followed? Would the Senator concur in Dr. Anderson's interpretation?

Mr. PEPPER. My answer to that would be "Yes," and to buttress it with another homely expression, we look at the substance and not the form. The curriculum is the important thing, not whether a particular course happens to be followed in one building or another, in one school or another, nursing school, or other school, referring to that portion of an institution, without name, which carries on the type of accredited program referred to in the respective provisions.

Mr. HUMPHREY. That would be true of the school of public health, too.

Mr. PEPPER. Yes. What we are talking about is the training that leads to a degree by an approved school in the named categories; a curriculum that leads to a degree.

Mr. HUMPHREY. I should like to have printed at this point in the RECORD the two letters I mentioned a moment ago, rather than to have them appear in the RECORD previously. They should follow the colloquy we have just had.

Mr. PEPPER. Mr. President, I ask unanimous consent that the two letters referred to by the Senator from Minnesota be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

UNIVERSITY OF MINNESOTA,
THE MEDICAL SCHOOL,
Minneapolis, August 18, 1949.

Hon. HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR HUMPHREY: This letter is written to you in my dual capacity as Director of the School of Public Health at Minnesota and as secretary of the Association of Schools of Public Health. In both capacities I have been much pleased with and deeply appreciate the active interest you have taken in the bill for aid to education in the health sciences, which currently appears as S. 1453.

The current bill impresses me as excellent, but I have one very minor reservation. As pointed out in an earlier letter to you, section 372 (B) (4) states on page 39, line 4, that grants will be given to "each school of public health which provides training leading to a graduate degree in fields relating to public health." A similar provision appears in lines 7 and 8 of page 38 granting aid to schools of nursing. In my earlier letter I pointed out that of the 10 universities having programs leading to a master's degree, and accredited for such by the American Public Health Association, 8 operated schools of public health, whereas in 2, namely, Yale and Tulane, the program is in a department of preventive medicine and public health of the medical school. Similarly, many of the 31 universities accredited for programs in public health nursing have their program in some part of the university other than the school of nursing. At Minnesota this is in the School of Public Health, but at the undergraduate level. In Columbia it is within Teachers College, which is the College of Education. I have feared that an overstrict legalistic interpretation of these two sections might cheat certain universities out of funds unless they were to rearrange their internal organization, so that such programs would be under schools of public health or schools of nursing, respectively.

Obviously, it is not the intent of the bill to prescribe to a university the details of its internal organization. When I discussed this with the working committee, there was agreement as to the intent of the bill and the suggestion was made by the committee that an extra paragraph be inserted which would make it clear that wherever the terms "school of public health", "school of nursing", "school of medicine", etc., were used, they would refer to that portion of a university, however named, which carried on the type of accredited program referred to in the respective paragraph. On careful examination of the bill I find no such defining clause.

I hope that I am unnecessarily apprehensive and that the clear intent of the bill would outweigh the actual phraseology. Unfortunately I have had enough experience with overstrict legal interpretations that I am still apprehensive lest someone stick to the wording rather than the intent and certain universities, including the University of Minnesota, be cheated out of funds to which they would otherwise be entitled.

I sincerely hope that this bill will come up for action by the Senate during the current session and that at that time this defect may be corrected if, in the eyes of the legal counsel of the Senate, such correction is necessary to accomplish the purpose of the bill. May I assure you of my sincere appreciation and the appreciation of the Association of Schools of Public Health for the interest you have taken in this bill.

Very truly yours,
GAYLORD W. ANDERSON, M. D.,
Mayo Professor and Director,
School of Public Health.

UNIVERSITY OF MINNESOTA,
Minneapolis, Minn., August 30, 1949.

Hon. HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR HUMPHREY: I have been watching with very real interest the progress that is being made in the Senate with reference to aid to schools of medicine, dentistry, nursing, and public health, and have been much pleased with the active support you are giving to this bill. While the present draft reported by the Committee on Labor contains certain elements which I wish were not in it, on the whole I believe it is a very forward step and one of very great potential benefit to the University of Minnesota. I sincerely hope, therefore, that you will be successful in obtaining favorable action on this bill.

There is one aspect of the bill, however, which seems to me to be open to possible misunderstanding; namely, the definition of a school of nursing or a school of public health. It is the obvious intent of the bill that aid shall be given to all institutions carrying on accredited programs in the several fields covered by this legislation. On the other hand, the wording of paragraphs 372 B3 and B4 making specific reference to grants to university-controlled or college-controlled schools of nursing and to schools of public health, respectively, might be interpreted as excluding grants to a university carrying on perfectly satisfactory training programs through parts of the university other than a school of nursing or a school of public health.

For example, at the University of Minnesota, basic nursing is in the school of nursing but public-health nursing is in the school of public health. The majority of the latter students are working for a bachelor's degree, so would not count under the per student grant to schools of public health since this grant is specifically couched in terms of graduate training. Similarly, these students would not count under the nursing provision inasmuch as they are not registered in the school of nursing. During the fall quarter of 1948, 171 such students in public-health nursing were enrolled in the school of public health at Minnesota. Under the obvious intent of the bill, the university would be eligible to receive some $34,000 for these students on the basis of this enrollment but might be cheated out of this because of our form of organization which carried such work as an undergraduate activity of the school of public health. Columbia University would be similarly affected as it carries its public-health-nursing program under teachers' college.

I feel confident that it is not the intent of the bill to deprive universities of merited support because of their form of internal organization, and equally that it is not the intent of the bill that the Federal Government shall compel universities to change their internal form of organization simply to become eligible for grants of this character. It may be that I am unduly apprehensive as to the interpretation that would be put on the bill, but I do feel that it would be desirable to avoid possible misunderstanding through a clarification at this time. I believe such clarification could be achieved by an extra statement somewhere in the bill to the effect that wherever the term "school of medicine," "school of dentistry," "school of nursing," or "school of public health" is used in this bill, it will refer to whatever portion of the university is carrying on a suitably accredited program regardless of designation of the unit. I believe that an amendment of this sort would avoid all possible misunderstanding.

May I assure you of the university's appreciation for the interest you are taking in this bill, and express the hope that it will be acted upon favorably by the Senate.

Respectfully,

J. L. MORRILL, *President*.

Mr. PEPPER. Mr. President, that concludes the explanation I wish to make. I hope the Senate will pass the bill.

Mr. MAGNUSON. Mr. President, I offer an amendment to the bill, on page 42, in line 6, after the word "osteopathic," to insert the word "chiropractic," and at such other places in the bill where the word "osteopathic" occurs. I do this not to delay passage of this important legislation, because I am wholeheartedly in favor of it, as I told the Senator from Florida on the floor. Had the osteopathic institutions not been included, there might have been some merit in leaving out the chiropractic schools. But so long as we have gone into another allied field of healing science, namely, osteopathy, I must say that the situation which prevails respecting osteopathy prevails with respect to chiropractic.

The Senator from Ohio asked me how many profit schools would be involved. The truth is that in both these allied fields of healing science some of the schools are profit schools and some are nonprofit. But, of course, under the provisions of the bill, whether the school be a school of osteopathy or a school of chiropractic, it could be aided only in the event it was a nonprofit school. The bill is limited to nonprofit schools, so those who teach these two healing sciences for profit would not be recipients of the benefits provided by the bill. For that reason I offer the amendment. Had the one not been included in the bill, there might have been some reason to keep them both out, but I cannot see any reason for discriminating between the two healing sciences in this bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. MAGNUSON].

The amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill (S. 1453) was ordered to to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend the Public Health Service Act and the Vocational Education Act of 1946 to provide an emergency 5-year program of grants and scholarships for education in the fields of medicine, osteopathy, dentistry, dental hygiene, public health, and nursing professions, and for other purposes."

EDUCATION OR TRAINING OF CERTAIN VETERANS

Mr. TAFT. Mr. President, I ask unanimous consent to introduce for appropriate reference a bill relating to education or training of certain veterans.

During the last week my attention has been called to what I believe to be two or three extremely arbitrary regulations issued by the Veterans' Administration with relation to trade schools. Those regulations are seriously inconveniencing thousands of veterans. I think they are not in accord with the general terms of the general appropriation bill or the rider to which the Senate agreed voluntarily. I am introducing the bill to correct the present interpretation of the Veterans' Administration of that bill, and other legislation.

I have prepared the bill rather hastily. I am quite willing to modify some parts of it, but I think it is important that Congress act at once on some such bill. I, therefore, introduce the bill and ask that it be appropriately referred.

Mr. LUCAS. Mr. President, I am glad the Senator from Ohio has introduced the bill, because in my State there are a couple of schools which students are now ready to enter, and have heretofore been students under legislation passed by the Federal Government, but through regulation and interpretations made by the Veterans' Administration many hundreds and perhaps many thousands of such students who have been relying upon the Federal law to take care of them in their school work this year, will be thrown out of school. I sincerely hope the committee will act upon the bill with all convenient speed and report it to the Senate, because students are now ready to go to these schools; yet the Veterans' Administration is holding them out because the schools are not on the accredited list, or because some particular organization is complaining that a school does not have the qualifications and the necessary background and so forth. Yet such schools have been operating in my State heretofore. I have not been able to do anything to convince the Veterans' Administration that there is a serious injustice being done these students.

There being no objection, the bill (S. 2596) relating to education or training of veterans under title II of the Servicemen's Readjustment Act (Public Law 346, 78th Cong., June 22, 1944), introduced by Mr. TAFT, was read twice by its title, and referred to the Committee on Labor and Public Welfare.

EXECUTIVE SESSION

Mr. LUCAS. Mr. President, I move that the Senate proceed to consider executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. SPARKMAN in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. THOMAS of Utah, from the Committee on Labor and Public Welfare:

Robert L. Stenburg and sundry other candidates for promotion in the Regular Corps of the Public Health Service.

Mr. MAGNUSON. Mr. President, I have a few remarks I wish to make on another matter. I should like to make those remarks before the Senate proceeds with executive business.

Mr. LUCAS. I should be glad to move that the Senate reconsider my previous motion if the Senator desires to speak now.

Mr. HILL. Mr. President, there are two routine nominations which appear on the back of the Executive Calendar. The two are collectors of customs. I wonder if we could not have them confirmed before the Senator proceeds to make his statement.

Mr. MAGNUSON. Mr. President, my statement will require only 2 or 3 minutes to make.

Mr. HILL. The nominations are routine. If the nominations may be stated we can act upon them quickly.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). The Chair will state that it does not matter whether the Senate is in executive session or not; the Senator from Washington would still be able to make his statement.

Mr. HILL. Certainly. I appreciate that.

Mr. MAGNUSON. I appreciate that when two Senators from Alabama are interested in an executive nomination from their State, one being in the chair and the other on the floor, I do not have much choice in this matter. [Laughter.] So long as one of the men nominated to

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be collector of customs comes from Alabama I appreciate my situation, and I subside momentarily.

The PRESIDING OFFICER. The nominations will be stated.

COLLECTORS OF CUSTOMS

The Chief Clerk read the nomination of Joseph H. Lyons, of Mobile, Ala., to be collector of customs, customs collection district No. 19, with headquarters at Mobile, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Wesley R. Wirtz, of Baton Rouge, La., to be collector of customs, customs collection district No. 20, with headquarters at New Orleans, La.

The PRESIDING OFFICER. Without objection, the nomination is confirmed; and without objection the President will be notified of both confirmations.

Mr. LUCAS. Mr. President, I should like to have the RECORD show that the senior Senator from Alabama asked for the confirmation of Mr. Lyons before the junior Senator, who occupies the chair, "confirmed him."

The PRESIDING OFFICER. Would not the Senator also have the RECORD show that Mr. Lyons is from Alabama?

Mr. LUCAS. There is no doubt about that. I heard the two Senators from Alabama collaborating upon the nomination of this gentleman and moving my good friend, the Senator from Washington, to the rear.

I now yield to the Senator from Washington [Mr. MAGNUSON].

COLUMBIA RIVER DEVELOPMENT

Mr. MAGNUSON. Mr. President, the Senate Public Works Committee now has under consideration a very important rivers and harbors bill, including very vital projects for authorization throughout the entire country. Before the committee is a proposal in the form of a bill—but it can be treated in the nature of an amendment—which includes a great number of projects in the Columbia Basin.

The people of the Pacific Northwest are vitally interested in all phases of Columbia River development. Anything affecting the development of that great river, its tributaries, and related resources affects their lives and their fortunes.

On the Federal level, the Bureau of Reclamation, Corps of Engineers, Fish and Wildlife Service, Department of Agriculture and about eighteen other agencies have resource responsibilities in the Basin. These responsibilities are shared in many ways with State and local government and private organizations.

For many years the Bureau of Reclamation and the Corps of Engineers have been operating in the basin. They have built great dams and irrigation projects. On April 11, this year, they signed an agreement which in effect set up spheres of jurisdiction over the river and its tributaries. In May and June, respectively, they completed and submitted coordinated reports to the Bureau of the Budget. This action was in conformity with Presidential instruction issued in July 1948. Local interests have been almost unanimous in approving this so-called accord between these two departments as to the structures to be built on the great Columbia River and its tributaries.

The Public Works Committee now has before it several proposals which, if enacted, would authorize a part or all of the program embraced by the coordinated Bureau-Corps reports. One of these proposals is a bill S. 1595, introduced by the junior Senator from Washington. Another is S. 2180, sponsored by myself and other Senators. A third is what we might call a committee amendment to the rivers, harbors, and flood-control bill.

This amendment has been developed over the last 4 or 5 weeks through a series of conferences between my office, staff members of Public Works and Interior and Insular Affairs Committees, executive department members, and representatives of a number of private organizations from the Columbia Basin, as well as State and local officials. I am certain that other Senators from basin States have been consulted in this process.

This amendment is a modified version of bills before the committee. It proposes to authorize some 40 projects in the Columbia Basin—projects included in the so-called initial phase of the Bureau-Corps reports. In addition it establishes a Columbia Basin account. Appropriate construction costs, allocated for repayment from power revenues, would be charged to this account. Net power revenues would be credited. Any balances on the credit side would be available for assistance to irrigation projects subsequently approved by the Congress. Under this amendment existing flood-control, reclamation, and Bonneville laws would remain unchanged.

Since early July I have been working to achieve, at this session, authorization of the maximum number of projects possible, in the Columbia Basin. Many conflicting interests have come to light in the process, both in and out of Congress. I believe the amendment I have referred to resolves as many of those conflicts as can be resolved and still leave the basic blueprint for long-range Columbia Basin development. Such a blueprint is essential and will in no way jeopardize subsequent enactment of legislation creating a Columbia Valley Administration.

In order that our efforts on this great project may be a matter of record, I ask unanimous consent to have printed as a part of my remarks: a letter addressed to the chairman of the Public Works Committee on July 8, signed by the junior Senator from Idaho [Mr. MILLER], the senior Senator from Idaho [Mr. TAYLOR], the junior Senator from Oregon [Mr. MORSE], the senior Senator from Oregon [Mr. CORDON], and myself; also a letter I sent to the subcommittee chairman on August 30; the draft of the amendment now under consideration by the Public Works Committee, which is substantially the same amendment I transmitted with my August 30 letter, and an editorial from the Oregon Daily Journal of September 17, 1949, parts of which I agree with and parts of which I disagree with. Surely much of the confusion stems from a misunderstanding as to the purposes of the amendment.

Also I ask unanimous consent to have printed in the RECORD a statement which I issued today to the newspapers and the public in my area, in an effort not only to clear up what our efforts have been before the Public Works Committee now considering the matter, but to clear up any misunderstanding as to the intent and purposes of the proposals before the committee.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
July 8, 1949.

Hon. DENNIS CHAVEZ,
Chairman, Committee on Public Works, United States Senate.

DEAR SENATOR: Your statement of July 7 announced your intention of initiating hearings on July 12 of the Omnibus Rivers and Harbors and Flood Control bill, H. R. 5472, as reported by the House Public Works Committee on July 6.

There is one matter which appropriately could not be included in the House bill, but which has now progressed to the point where it can be considered by your committee. We refer to authorization of the so-called Bureau of Reclamation-Army engineers' coordinated plan for structures in the Columbia Basin and certain contiguous areas. Throughout these hearings your committee correctly differentiated between these proposals and CVA bills. The CVA proposal is primarily concerned with the administration or managerial phase of the problem; the reports of the two Departments place primary emphasis on structures required for the physical development of the area.

Secretary Krug, who spoke for the executive branch of the Government on CVA, recognized this differentiation in his testimony before your committee. He recommended that authorizations included in the two reports proceed promptly so that needed physical developments may not be delayed while the managerial question is under consideration and awaiting final decision.

Testimony by State and Federal officials and by other prominent individuals before your committee and before the House Public Works Committee has been unanimous in support of prompt authorization of the Army and Interior plan. Witnesses have expressed this view freely regardless of their views on the management question.

Two bills now before the Senate are designed to accomplish the authorization of the Interior-Army integrated plan and agreement previously referred to—S. 2180, introduced by Senator MAGNUSON and S. 1595 by Senator CAIN. We respectfully request that your committee give prompt and favorable consideration to adoption of appropriate amendment to H. R. 5472, which will carry out the identical purposes of these bills.

Sincerely,

WARREN G. MAGNUSON,
United States Senator.
BERT MILLER,
United States Senator.
GLEN TAYLOR,
United States Senator.
WAYNE MORSE,
United States Senator.
GUY CORDON,
United States Senator.

UNITED STATES SENATE,
COMMITTEE ON INTERSTATE
AND FOREIGN COMMERCE,
August 30, 1949.

Hon. SHERIDAN DOWNEY,
Chairman, Subcommittee on Rivers and Harbors, Committee on Public Works, United States Senate.

DEAR SENATOR: The rivers and harbors bill, as passed by the House contains on page 24 a section authorizing construction of a dam at Albeni Falls. Attached is an amendment to that section which I would like the subcommittee to consider in the event you do not act favorably on the request contained in the second paragraph of this letter.

Some time ago other Northwest Senators and I addressed a letter to Senator CHAVEZ, urging that an appropriate amendment to the rivers and harbors bill be devised, authorizing projects included in exhibit F of the integrated corps report on the Columbia Basin. Earlier I introduced a bill, S. 2180, and Senator CAIN introduced S. 1595, aimed at accomplishing this objective.

Since introduction of S. 2180, numerous conferences have been held with organizations and individuals vitally interested in basin development. The consensus is that authorizing language along lines of the attached amendment would avoid some of the substantive questions involved in S. 2180 as originally drawn.

I, therefore, urge your subcommittee adopt the enclosed language as an amendment to the rivers and harbors bill. If any questions arise in this regard while the committee is marking up the bill, I will deeply appreciate an opportunity to appear before the subcommittee in an effort to reach a workable solution.

Sincerely,

WARREN G. MAGNUSON,
United States Senator.

DRAFT OF AMENDMENT PROPOSED TO BE MADE TO H. R. 5472

SEC. —. (a) That for the purposes of improving navigation, controlling floods, and conserving and utilizing the waters of the Columbia River and its tributaries for the irrigation of arid and semiarid lands and the generation of hydroelectric power, and for incidental purposes, the physical plan for comprehensive development of the Columbia River Basin reflected in the report of May 2, 1949, by the Commissioner of Reclamation and in the report of June 28, 1949, by the Chief of Engineers entitled "Columbia River and Tributaries, Northwestern United States," all as coordinated by agreement of April 11, 1949, entered into by the Commissioner of Reclamation and the Secretary of the Interior, on the one hand, and the Chief of Engineers and the Secretary of the Army, on the other, is hereby approved and construction of the projects, works, and improvements comprehended within the initial stages therein recommended is hereby authorized to be prosecuted respectively by the Department of the Interior under the supervision and direction of the Secretary of the Interior and by the Chief of Engineers under the supervision and direction of the Secretary of the Army in accordance with the statement of the responsibilities of said agencies denominated Exhibit F and attached to the Digest Agreement on Principles and Responsibilities, Columbia River Basin, enclosed with the letter of April 11, 1949, addressed to the President by the Commissioner of Reclamation, the Secretary of the Interior, the Chief of Engineers, and the Secretary of the Army.

(b) The Secretary of the Interior shall establish a Columbia Basin Account which shall be credited with all net power revenues received from Federal power plants and transmission lines and facilities existing, herein and heretofore authorized, and upon authorization, from such plants, lines, and facilities as may be authorized hereafter by act of Congress, within the Pacific Northwest as that area is defined in paragraph 3 (2) of the recommendations contained in said report of May 2, 1949. Said account shall be charged with all reimbursable construction costs allocated to power and all other reimbursable construction costs assigned for return from power revenues in connection with all projects existing, herein, and heretofore authorized, and, upon authorization, such projects as may be authorized hereafter by act of Congress, within said Pacific Northwest. The Secretary of the Interior shall report to the Congress annually on the status of said account, as of the close of each fiscal year beginning with the fiscal year 1951. Costs and revenues charged and credited to said account, together with estimated costs and revenues, shall be taken into account in fixing rates for the sale of power and energy from Federal projects in said Pacific Northwest. Said rates shall be sufficient to return within a reasonable period of years the costs stated in recommendations numbered 8 (2) (a) and (b) in said report of May 2, 1949, taking into account the application of interest on the power investment to the return of nonpower costs: *Provided*, That said interest shall be at rates not less than those specified in existing applicable laws and not less than 2 percent per annum on any power investment for which existing laws do not specify a minimum rate. Otherwise, nothing in this section shall be construed as repealing, modifying, or affecting in any way the Federal reclamation laws, the act of August 20, 1937 (50 Stat. 731), as amended, the act of December 22, 1944 (58 Stat. 88), or the act of March 2, 1945 (59 Stat. 22), with respect to returns, the deposit of revenues, or the marketing and disposition of power and energy.

(c) Subject to this section and to his area-wide findings regarding the benefits, the allocations of construction and maintenance costs and the repayments by water users, the Secretary of the Interior shall in the prosecution of his activities under this section be governed by the Federal reclamation laws. The Secretary of the Army in prosecuting his activities under this section shall be governed by the laws affecting the prosecution of works for the improvement of navigation and the control of floods.

(d) Projects not specifically herein authorized in the initial stages of the comprehensive plans shall be submitted to the Congress in conformity with the provisions of section 1 of the Flood Control Act of 1944.

(e) There are hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, for the partial accomplishment of the projects, works, and improvements herein authorized: to the Department of the Interior, $500,000,000; and to the Chief of Engineers, Department of the Army, $500,000,000.

(f) The use of waters, in connection with the operation and maintenance of Federal dams and other works in the Columbia River and its tributaries, shall be only such use as does not conflict with any beneficial consumptive use, present or future, in the States drained by said river and its tributaries of such waters for domestic, municipal, stock water, irrigation, mining, or industrial purposes.

(g) Nothing in this section shall be construed to apply to projects of the Bureau of Indian Affairs, or to supersede existing provisions of law relating to the protection and conservation of fish and wildlife.

[From the Oregon Daily Journal of September 17, 1949]

THE CVA GAMBLE

For months, administration representatives who favor a Columbia Valley Administration have delayed and obstructed the regular rivers and harbors appropriation bill and two companion measures (introduced by Senators MAGNUSON and CAIN, of Washington) authorizing the consolidated $3,000,000,000 program of the Army engineers and Bureau of Reclamation for the orderly development of the Columbia Basin.

These forces which have been working quietly behind the scenes have finally come out into the open. They have laid their cards on the table. They have publicly requested, through a letter to the Senate Public Works Committee by William E. Warne, Assistant Secretary of the Interior, that action on the coordinated program be sidetracked in favor of the administration's highly controversial CVA bill.

Warne says President Truman "believes it would be a mistake to include the substance of S. 2180 (the Magnuson version) in the Rivers and Harbors Flood Control bill at this time." He asked for time to make an "executive review."

This is one of the most bizarre deals in the history of Washington politics. First of all, administration forces have delayed the $1,300,000,000 rivers and harbors bill in various ways for 2 months, while they tried to jockey pet bills, including CVA, through the Congress. Finally the House Public Works Committee reported it out in August, but the Rules Committee held it up 21 days, the limit, before it went to the floor of the House for overwhelming approval. Then it went to the Senate, where MAGNUSON and CAIN are seeking to attach their amendment which would give congressional approval to the consolidated river development program to be carried out by existing agencies. One of its features is a Columbia Basin account to be expended at the direction of the Congress and into which power revenues for liquidation of various projects would be placed.

Meanwhile the Bureau of the Budget, apparently at the direction of the President, notified the Senate Public Works Committee that it had the consolidated development bill but asked the committee not to consider it at this time.

Apparently fearing that this bill would win Senate approval, and once approved, might work, thus obviating CVA, the President, through Warne, again took a hand, asking further time for Executive review.

This is indeed a strange request. The President himself directed the Army engineers and the Bureau of Reclamation to consolidate the Army's 308 report for development of Columbia Basin with the Bureau's comprehensive program. This they did last April, the formal agreement being approved by the Secretary of the Army, the Secretary of the Interior, the Chief of the Bureau of Reclamation, and others at interest.

Furthermore the Magnuson and Cain bills also have been consolidated and simplified and have the approval of reclamation and power interests.

One can only conclude that administration proponents of CVA which, incidentally, doesn't have a chance of approval at this session of the Congress, simply decided that the consolidated Army-Bureau program for development of the Columbia River (which they had previously approved) didn't fit into the CVA pattern. Hence their obstruction of both the rivers and harbors bill and the consolidated basin development program which, incidentally, has the approval of both Senators CORDON and MORSE of Oregon.

What this means, of course, is that the CVA clique in the administration and in the

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Congress is willing to delay and gamble with the orderly development of the entire Columbia Basin in their attempt to jam through their valley authority proposal. They are willing to gamble on the serious power shortage in the Pacific Northwest. They are willing to gamble on disastrous flood and to imperil reclamation projects.

This is politics at its worst.

STATEMENT BY SENATOR MAGNUSON ON PROJECTS IN THE COMPREHENSIVE COLUMBIA BASIN PLAN

In order to correct certain misunderstandings I want to make it clear that I am vigorously in favor of obtaining authorization for as many of the projects in the so-called coordinated plan for development of the Columbia Basin as it is possible to get.

This is in reference to the coordinated reports of the Bureau of Reclamation and the Corps of Engineers on development of the Columbia River Basin. I intend to make an appearance before the Senate Public Works Committee next week, and at that time I shall urge that every project which the committee deems it advisable to authorize, be authorized.

Disturbing reports are being circulated to the effect that delay in authorizing these projects is for the purpose of putting the proposed Columbia Valley Administration in first place; and on the other hand that authorization of the 308 report will hamper progress on the proposed CVA. Neither is true, in my opinion. The coordinated plan represents one question; the question of construction. The Columbia Valley Administration involves another question; the question of management. I have introduced legislation calling for both. We intend to hold early hearings in the area concerned on the CVA proposals, at which time all the arguments can be heard.

As for the coordinated plan the Budget Bureau has had the reports before it since last July, and in my judgment, has had sufficient time to act upon them. The projects need authorization. I am conferring with Senator CHAVEZ, Senator CAIN, and other members of the committee, to that end.

THE ARMY AIR FORCE

Mr. MAYBANK. Mr. President, I wish to say a few words this afternoon in connection with the announcement concerning the development of atomic energy, which has been made today. For many years I have supported the 70-group air force. I was one of the few members of the Armed Services Committee who voted this year to maintain the Air Force and to retain for the Air Force the $800,000,000 of universal military training money which was allowed it by the House of Representatives, but which was eliminated by the Senate. The bill is still before the conference, and I hope that every consideration will be given by the conferees on the part of the Senate and conferees on the part of the House to retaining as much money as possible for the Army Air Force.

I realize that I am not a strategist. I deeply appreciate and acknowledge the important work which the Secretary of Defense Louis Johnson has done, having spoken in the past on the subject and having been one of the few Members of the Senate who supported the appropriation for the Army Air Force this year, I want the RECORD to show that I trust that the Air Force will not be neglected in the conference. I hope that the $800,000,000 which was taken away from it, which the House transferred from universal military training, will be retained for the Army Air Force, as our first line of offense and defense.

THE PRESIDENT'S ANNOUNCEMENT REGARDING ATOMIC ENERGY DEVELOPMENT IN RUSSIA

Mr. KNOWLAND. Mr. President, I should like to make a brief statement relative to the announcement by the President today. The Senator from Connecticut [Mr. MCMAHON], Chairman of the Joint Committee on Atomic Energy, indicated that he had been called to the White House yesterday afternoon at 3:30. Upon inquiry I find that the office of the Senator from Iowa [Mr. HICKENLOOPER] was telephoned about 11 o'clock, or perhaps 11:06 yesterday morning, and he was also invited to the meeting at the White House, to be held at 3:30 yesterday afternoon. The Senator from Iowa is out of the city. His office notified the White House that he could not be present at the meeting on such short notice.

In view of the fact that the White House was notified at 11:06 that the Senator from Iowa could not be present, I think it is somewhat regrettable that there could not have been conformity with the general bipartisan policy on a matter of this importance. I think it is to be regretted that the next senior ranking Republican on the joint committee, the Senator from Michigan [Mr. VANDENBERG], was not invited; or, in the event he could not be present, the next ranking Republican Senator, the Senator from Colorado [Mr. MILLIKIN], should have been asked to attend a meeting of that importance. The fourth and most junior Republican member of the joint committee is the junior Senator from California.

I merely mention this because, in the event that other matters of such widespread importance are before the country, the Congress, and the executive branch of the Government, it seems to me that in the absence of the ranking Republican, the next ranking Republican member should be invited, so that the bipartisan policy may be carried out in full.

NOMINATION OF WILLIAM E. KRENNING TO BE POSTMASTER AT SAN DIEGO, CALIF.

Mr. DOWNEY. Mr. President, I ask unanimous consent that, as in executive session, the Senate now proceed to consider the nomination of William E. Krenning to be postmaster at San Diego, Calif. The nomination appears upon the Executive Calendar. It has heretofore been held up by the objection of the junior Senator from California [Mr. KNOWLAND]. In view of the unanimous approval of the appropriate committee, I shall rest upon that.

The PRESIDING OFFICER. The Senate is still in executive session. Is there objection to the request of the Senator from California?

Mr. KNOWLAND. Mr. President, reserving the right to object, I merely wish to point out that I raised no objection regarding Mr. Krenning's competence or capability. My point goes entirely to the question whether or not the civil-service laws enacted by the Congress are being followed by the administrative agencies. I think it is a matter of general public policy about which the Senate should fully inform itself.

Under date of June 24, 1949, I addressed a letter to the Honorable OLIN D. JOHNSTON, chairman of the Senate Committee on Post Office and Civil Service, reading as follows:

JUNE 24, 1949.

Senator OLIN D. JOHNSTON,
Chairman, Senate Committee on Post Office and Civil Service,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: On June 13, 1949, I contacted you regarding the nominations of California postmasters and at that time requested that you withhold action on the nomination of Mr. William E. Krenning as postmaster at San Diego. Since that time I have had correspondence with the Civil Service Commission and the Post Office Department and, for your information, I am enclosing copies of this correspondence.

As a result of a civil-service examination held, presumably in 1948, the Civil Service Commission certified on June 3, 1948, the names of Mr. Joseph F. Silvers and Mr. William E. Krenning. Appeals were received from applicants who took the examination and had been rated ineligible. As a result of an investigation the Commission found that two of the applicants were entitled to military preference and, subsequently, were certified to the Post Office Department on April 26, 1949. As a result of this action the eligible roster for appointment as postmaster at San Diego should consist of:

	Percent
Joseph F. Silvers	79.60
Donald E. Bates	78.20
Lester J. Wadsworth	77.00

Notwithstanding the "choice of three" civil-service regulation, on May 16, 1949, the name of Mr. William E. Krenning was submitted to become postmaster at San Diego.

From the facts that have been made available to me it seems as though an irregularity has been permitted in the selection, since Mr. Krenning was not one of the three on the register and the two veterans were completely disregarded in making the appointment.

It would be appreciated if your committee could look into the case in order to determine whether the appointment was or was not made in accordance with civil-service regulations.

With best regards, I am,
Sincerely yours,
WILLIAM F. KNOWLAND.

I have a letter dated June 13, 1949, from the United States Civil Service Commission, addressed to me, reading as follows:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., June 13, 1949.

Hon. WILLIAM F. KNOWLAND,
United States Senate.

DEAR SENATOR KNOWLAND: Supplementing my letter of June 9, you are informed that on June 3, 1948, we certified the names of two eligibles from the register for first-class postmaster at San Diego, Calif. These eligibles were Joseph F. Silvers and William E. Krenning. As a result of reinvestigation and review, from which we obtained two additional eligibles, the Commission issued a second certificate on April 26, 1949, which contained the names of Joseph F. Silvers, Donald E. Bates, and Lester J. Wadsworth.

As I informed you in my previous letter, the name of Mr. Krenning, who was selected at the time the register consisted of only

two names, has been resubmitted for confirmation by the Senate.

Sincerely yours,

WM. C. HULL,
Executive Assistant.

Furthermore, Mr. President, I hold in my hand the nomination reference and report which sent to the Senate the name of Mr. William E. Krenning, of San Diego, Calif. It is dated May 16, 1949, which was subsequent to the time when the Civil Service Commission had certified the names of three other persons, Mr. Krenning's name being the fourth one.

Mr. President, let me point out that I merely want my able colleagues on the other side of the aisle to realize in what way the law is being violated, in my opinion, both in letter and in spirit, and the precedent they are establishing by so doing.

In conclusion, Mr. President, let me read from the official document, United States Civil Service Commission, Washington, D. C., information regarding postmaster positions filled through nomination by the President for confirmation by the Senate.

I read from page 7:

In filling a vacancy by means of open competitive examination the names of the highest three eligibles resulting therefrom, if the register contains as many as three, are certified. Any one of these three may be selected by the appointing officer. Certification is made without regard to sex unless the Post Office Department specifies sex in its request for certification. The period of eligibility on any register is 1 year from the date of entering the names on the register. The period of eligibility may be extended if it appears that the interests of the service demand such action with respect to the entire register.

I submit, as point No. 1, that Mr. Krenning, able gentleman though he may be, was not one of the top three on the civil-service examination.

I continue to read from this official document:

The Veterans' Preference Act of 1944 provides that an appointing officer who passes over a veteran eligible and selects a nonveteran for appointment shall file with the Civil Service Commission his reasons in writing for so doing, under the provisions of the Veterans' Preference Act, and the Commission shall determine the sufficiency of the reasons submitted. If the reasons given for passing over an eligible veteran and selecting a nonveteran in any given case do not appear sufficient, the Commission is authorized to transmit its findings as to the insufficiency of the reasons to the appointing officer for his consideration, and to send a copy thereof to the veteran eligible or to his designated representative, upon request. This act did not confer upon the Commission any authority to require the appointing officer to take any action toward changing his selection, after consideration of the Commission's findings, so long as it was made in accordance with the civil-service rules.

Mr. President and Members of the Senate, I submit that in this case, two World War veterans were passed over. No reasons were given for passing them over. Not only were they passed over—which might happen in some cases if a third man on the list had been taken—but in this case someone who was not eligible, in my judgment, under the rule of three, was selected.

Of course, Mr. President, at this late hour I do not intend to ask for a quorum. I realize that with the majority party controlling the proceedings in this Chamber, it would be rather a futile gesture to attempt to force this issue by calling the full Senate together. But I wish to point out that a precedent is being established here, both by violating the rule of three and also by violating the Veterans' Preference Act. I believe that precedent is not good for the civil-service laws of the country. I hope that if in the future my party obtains power in the executive branch of the Government, we shall abide by the letter and the spirit of the Civil Service Act.

Mr. DOWNEY. Mr. President, in this case, two lists of eligibles were submitted by the Civil Service Commission to the Post Office Department. The first list of eligibles undoubtedly entitled the Post Office to appoint Mr. Krenning. As I recall—and I wish the Senator to correct me if I am in error—the Post Office Department did submit, on the first list, the name of Mr. Krenning to the Senate; but the Senate failed to act by way of confirmation.

Thereafter, the Civil Service Commission of its own volition prepared a second list, but the Post Office Department claimed it had jurisdiction again to present the name of Mr. Krenning upon the first list. The Post Office Department and the Civil Service Commission procured the opinion of the Solicitor of the Department of Justice, calling for the opinion of the Department of Justice as to whether the Post Office Department acted properly in renewing its nomination of Mr. Krenning, upon the first list, even though a second list had been made. The Department of Justice gave an opinion stating that in its opinion the action of the Post Office Department was legal. The opinion was read before the Committee on Post Office and Civil Service. There was a careful presentation of all the facts in the committee hearings, at which my eloquent colleague appeared, and I believe it is by unanimous vote of the committee that the nomination is now before the Senate.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. DOWNEY. I yield.

Mr. KNOWLAND. I think the Senator has stated additional information which it is well to have in the RECORD. I want to say, however, that the point whereon the junior Senator from California disagrees with the Civil Service Commission and the appointing authority, the Post Office Department, is that on the original list the reason Mr. Krenning's name appeared was because the law was not followed, and two men with veterans' preference did not get the credits to which they were entitled. As the result of complaint being made, followed by a reinvestigation, a new list was compiled which showed that Mr. Krenning was fourth on the list, with two veterans having been passed over. I think that is what the record shows.

Mr. DOWNEY. Mr. President, in fairness to my colleague, who is always ultra fair himself, it appeared, for some reason which was never developed, that the two veterans were not given their proper points and were not properly certified by the Civil Service Commission. But there was no question of fraud raised. No question was raised about the list at that time. The Post Office Department acted, I believe, in the utmost good faith in presenting Mr. Krenning's name.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination?

The nomination was confirmed.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

TRIBUTE TO MARINE CORPS RESERVE OFFICERS ASSOCIATION

Mr. DOUGLAS. Mr. President, as in legislative session, I ask unanimous consent to have printed in the body of the RECORD for the information of Senators a brief tribute to the Marine Corps Reserve Officers Association, together with a fact sheet giving a thumbnail sketch of the accomplishments of that organization.

There being no objection, the statement and accompanying paper were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR DOUGLAS

Mr. President, I would like to pay tribute here today briefly to the Marine Corps Reserve Officers Association, and to its national president, Col. Melvin J. Maas, for many years a distinguished member of the House Naval Affairs Committee, and a pioneer aviator.

Many organizations with which we must deal here in the Congress of the United States serve various special interests, and their officers are highly salaried. Not only do the officers of MCROA not receive any salaries but they serve no special interests other than those of the Marine Corps and national defense. This particular type of special interest is for the benefit of all citizens.

Like many organizations today, MCROA has drawn up a platform of its objectives and its accomplishments, both of which are outstanding. Many Members of the Congress have frequently relied upon the recommendations, advice, and suggestions volunteered by MCROA representatives either in person or before the committees of Congress.

Because of its record since 1926, when it was formed, a record which brings us to the present and its endorsement of our bill, Senate 2177, to provide for a minimum flooring on Marine personnel strength, I feel marines everywhere and also those citizens interested in the Nation's defense, should know more about this small professional guild of civilian reserve officers.

I am glad to supplement these remarks with a brief fact sheet titled "A Word About MCROA" so that all may see what good can be accomplished by other organizations interested in the Nation's welfare, either working alone or in cooperation with other groups.

A WORD ABOUT THE MARINE CORPS RESERVE OFFICERS ASSOCIATION

A professional guild of Marine Corps Reserve Officers, Marine Corps Reserve Officers Association, was organized in 1926 and has existed through the years to promote the best interest of the corps, the country, and the Reserves. The original objectives still guide the present officers of the national council, the officers of some 45 local chapters and the board of directors from each of the Marine Reserve districts. They are:

To foster the advancement of the professional and technical skills of Reserve officers.

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To promote the interest of Reserve officers in the Marine Corps and the interest of the Marine Corps in its Reserve officers.

To speak for Reserve officers before the committees of Congress on matters affecting the corps, particularly in relation to personnel legislation.

To represent and assist individual members at Marine Corps headquarters; and, at all times—

To promote the interests of the Marine Corps to the end that it may best advance the welfare and serve the security of the United States.

In the past when the Reserve program was in its infancy, MCROA—

Induced the corps to prepare a Reserve training program.

Obtained from Congress sufficient funds for training.

Increased training funds by yearly pleas to Congress.

Succeeded in having standards adopted for Reserve commissions.

Fought for and got wartime disability retirement for Reserves.

Managed, in time, to insist upon and get a uniform promotion system.

Initiated, sponsored, and obtained passage of a new basic Reserve law.

In the present, MCROA has continued liaison with HQMC and also—

Called for interservice cooperation and understanding, first among the Reserve associations, at its January 29, 1949, national conference in Chicago.

Continued its fight of 1932 against the enemies of the corps in helping beat down the original form of the Unification Act, subsequently amended.

Triumphed in its demands that consolidation directive No. 1, the Reserve "gag rule," be rescinded by the Department of Defense.

Succeeded in having its voice heard in Congress in recent efforts to amend the Tydings bill and have adequate safeguards given the corps.

Publicized and backed the slogan "6 percent for security," and worked closely with 55 Representatives and 4 Senators in having bills introduced to assure the corps of always having a minimum of 6 percent of total armed force personnel strength.

Arranged to have the Iwo flag raising portrayed in the Inauguration Day parade and in other float parades across the country.

Stood alone in resisting "merger" of all reserve officer associations and is today only one standing alone but working cooperatively with ROA.

Successfully persuaded Congress to pass nondisability reserve retirement act after many years of effort, helping sponsor VTU program.

Pointed out to Congress necessity of reserve disability retirement and testified at length on pay bill as it concerned reserves.

Submitted yearly items for Reserve Policy Board agenda, sat on boards.

Intends to see that country does not forget November 10 birthday.

Is sponsoring a new Reserve Act, giving reserves complete parity with regulars.

Continues the fight against any budget cuts in the corps that are considered disproportionate to funds allotted other services, and hopes Marine Reserve officers will help win today's battles by joining.

RECESS

Mr. LUCAS. Mr. President, as in legislative session, I now move that the Senate stand in recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 5 o'clock and 44 minutes p. m.) the Senate took a recess until Monday, September 26, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 23 (legislative day of September 3), 1949:

ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST

Myron Melvin Cowen, of New York, Ambassador Extraordinary and Plenipotentiary to the Republic of the Philippines, to be the representative of the United States of America to the fifth session of the Economic Commission for Asia and the Far East established by the Economic and Social Council of the United Nations March 28, 1947.

UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

John C. Pickett, of Wyoming, to be judge of the United States Court of Appeals for the Tenth Circuit, to fill a new position.

UNITED STATES DISTRICT JUDGES

Hon. James V. Allred, of Texas, to be United States district judge for the southern district of Texas, to fill a new position.

Ben C. Connally, of Texas, to be United States district judge for the southern district of Texas, to fill a new position.

James M. Carter, of California, to be United States district judge for the southern district of California, to fill a new position.

Harry C. Westover, of California, to be United States district judge for the southern district of California, to fil. a new position.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 23 (legislative day of September 3, 1949):

COLLECTORS OF CUSTOMS

Joseph H. Lyons, to be collector of customs for customs collection district No. 19, with headquarters at Mobile, Ala.

Wesley R. Wirtz, to be collector of customs for customs collection district No. 20, with headquarters at New Orleans, La.

POSTMASTER

CALIFORNIA

William E. Krenning, San Diego.

SENATE

MONDAY, SEPTEMBER 26, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, as toils and turmoils testing our jaded spirits wait with each day's duty, we bless Thy name that at noontide stand these gates of peace that open to a holy shrine of prayer. In a world that lieth in darkness, swept by fitful winds of despair and doubt, we pause at this sheltered sanctuary of Thy grace to make sure that the light within is not dimmed. In this desperate hour when the world's hope of a bright tomorrow is committed to our frail hands, join us to the great company of unconquered spirits who in evil times have preserved the heritage of man's best and whose flaming faith has made their lives as lighted windows amid the encircling gloom. We ask it in the ever-blessed name of that One who is the Light of the World. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Friday, September 23, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, returned to the Senate, in compliance with its request, the bill (H. R. 1746) to provide that the United States shall aid the States in fish restoration and management projects.

The message announced that the House had agreed to the amendment of the Senate to the bill (H. R. 5356) to provide for the conveyance of land to the Norfolk County Trust Co., in Stoughton, Mass.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. KEE, Mr. GORDON, Mr. RIBICOFF, Mr. EATON, and Mr. VORYS were appointed managers on the part of the House at the conference.

CALL OF THE ROLL

Mr. LUCAS. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Holland	Mundt
Anderson	Humphrey	Myers
Bridges	Jenner	Neely
Butler	Johnson, Colo.	O'Conor
Cain	Johnson, Tex.	O'Mahoney
Capehart	Johnston, S. C.	Reed
Chapman	Kem	Robertson
Chavez	Kerr	Russell
Connally	Kilgore	Saltonstall
Cordon	Knowland	Schoeppel
Donnell	Langer	Smith, Maine
Downey	Leahy	Sparkman
Ecton	Lodge	Stennis
Ellender	Lucas	Taylor
Ferguson	McCarthy	Thomas, Okla.
Fulbright	McClellan	Thomas, Utah
George	McFarland	Tobey
Gillette	McKellar	Vandenberg
Green	Magnuson	Watkins
Gurney	Malone	Wherry
Hayden	Martin	Wiley
Hendrickson	Maybank	Williams
Hickenlooper	Miller	Withers
Hoey	Millikin	Young

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Delaware [Mr. FREAR], and the Senator from Montana [Mr. MURRAY] are absent on public business. The Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EAST-

LAND], the Senator from Connecticut [Mr. MCMAHON], and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from North Carolina [Mr. GRAHAM] and the Senator from Alabama [Mr. HILL] are absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from Ohio [Mr. BRICKER], the junior Senator from New York [Mr. DULLES], the senior Senator from New York [Mr. IVES], the Senator from Massachusetts [Mr. LODGE], and the Senator from Minnesota [Mr. THYE] are absent by leave of the Senate.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from Oregon [Mr. MORSE] and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from Vermont [Mr. FLANDERS] is absent on official business.

The VICE PRESIDENT. A quroum is present.

MILITARY AND GOVERNMENT EMPLOYEES' PAY BILLS—COMMUNICATION FROM THE PRESIDENT

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, which was read, as follows:

THE WHITE HOUSE,
Washington, September 26, 1949.

Hon. ALBEN W. BARKLEY,
Vice President of the United States,
Washington, D. C.

DEAR MR. VICE PRESIDENT: The Senate now has under consideration the armed services pay bill and, I understand, expects soon to consider the bills to revise the salary scales of the civilian officers and employees of the Government. I am glad that the Senate is taking up this much needed legislation. However, I have been surprised at some of the reports I have heard concerning objections that are being raised to these bills, particularly as they relate to revision of the salaries of officials holding key executive positions.

This is a matter of such great personal concern to me that I want to take this means of asking the Senate to consider this legislation particularly from my point of view. As I have said many times, the efficient administration of the executive branch of the Government requires well-qualified people for important positions. Because of the inadequate salaries provided for these positions, it has become increasingly difficult for me to get and keep such people. The passage of the legislation now pending in the Senate will help the situation materially. Unless it is passed, my difficulties will be greatly increased. The relatively small cost of this legislation will be repaid many times over in improved efficiency in the operation of the Government.

I have heard that objections are being raised to the executive pay bill on the ground that some of the proposed increases are too high in terms of percentage of the present salaries for the positions involved. The fact is that the proposed salaries are very modest in relation to the responsibilities of these positions. If they appear to be high in relation to the present salaries, that is because the present salaries are ridiculously low. As I recently pointed out, the 15 top executives of a single private corporation in this country are paid more than the aggregate salary now paid to all the 250 or so Federal officers to whom this bill applies.

I have also pointed out that these officers have been passed over time and again when the Congress made adjustments in the compensation of other officers and employees. Senators and Representatives have increased their own compensation by more than 100 percent since 1924, while the salary for many of these executive officers has not been increased at all. Over the same period, the salaries of most Federal judges have also been doubled and the others have been increased by more than two-thirds. Substantial increases have been made recently in the compensation of the President, the Vice President, and the Speaker of the House. Since 1945 the compensation of Federal employees below the top executive level has been increased several times. The total increases range up to 96 percent in the lower grades. Salaries and wages in private industry have also been greatly increased in recent years, while no corresponding increase has been made in the salaries of Federal executives.

The legislation now pending in the Senate to correct this anomalous situation has had long and careful study. It has been considered at length and reported favorably by the Senate Committee on Post Office and Civil Service in both the Eightieth Congress and this Congress. It is in line with the recommendations of the Hoover Commission. It has already passed the House of Representatives. The salary rates provided in the bill passed by the House and reported by the Senate committee are, for the most part, lower than those I recommended. Nevertheless, that bid does provide a reasonably adequate means for meeting this difficult problem. Together with the revisions of the Classification Act proposed in other legislation now pending, it will provide a pattern in which the salaries for different Federal positions have a much more reasonable relationship to the relative responsibilities of those positions than under present law.

In this letter concerning pending pay bills, I have spoken chiefly of the legislation concerning salaries for executive positions, because it is concerning those salaries that the most question appears to have been raised. I wish to point out, however, that all the pending bills are related to one another and that substantial injustices are likely to be done unless the proper relationship between them is maintained.

I urge the Senate to act favorably upon this legislation, which will do so much to help me in properly discharging the duties of my office.

Very sincerely yours,

HARRY S. TRUMAN.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

AMENDMENT OF SOIL CONSERVATION AND DOMESTIC ALLOTMENT AND AGRICULTURAL ADJUSTMENT ACTS

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Soil Conservation and Domestic Allotment Act, as amended, and the Agricultural Adjustment Act of 1938, as amended (with an accompanying paper); to the Committee on Agriculture and Forestry.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the committee on the part of the Senate.

SPONSOR'S ASSURANCE IN FEDERAL AIRPORT GRANTS—RESOLUTION OF LEAGUE OF NORTH DAKOTA MUNICIPALITIES

Mr. LANGER. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution adopted by the 1949 convention of the League of North Dakota Municipalities, held at Minot, N. Dak., relating to the sponsor's assurance in connection with Federal airport grants.

There being no objection, the resolution was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

RESOLUTION IN CONNECTION WITH SPONSOR'S ASSURANCE IN CONNECTION WITH FEDERAL AIRPORT GRANTS, ADOPTED BY THE 1949 LEAGUE OF NORTH DAKOTA MUNICIPALITIES CONVENTION AT MINOT, SEPTEMBER 13, 1949

Whereas section 9 of part III of the sponsor's assurance to be given by municipalities to the Civil Aeronautics Administration precedent to grants for construction and improvement of municipal airports requires that—

"Whenever so requested by the Administrator the sponsor will furnish to any civil agency of the United States, without charges (except for light, heat, and janitor services and similar facilities and services at a reasonable cost thereof) such space in airport

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buildings as may be determined by the Administrator to be reasonably adequate for use in connection with any airport air-traffic-control activities, weather-reporting activities, and communication activities related to airport air-traffic control, which are necessary to the safe and efficient operation of the airport and which such agency may deem it necessary to establish and maintain at the airport for such purposes: *Provided, however,* That the amounts of space the sponsor may be required to furnish for such purposes and on such conditions, shall not be in excess of the maximum amounts prescribed in the grant agreement relating to the project. Such space or any portion thereof will be made available as provided herein within 6 months after receipt of written request from the Administrator. Additional building space for such purposes may be furnished to any civil agency of the United States upon such terms as may be agreed upon between such civil agency and the sponsor"; and

Whereas such sponsor's assurance agreement is an undue burden on municipalities developing municipal airports and is not definite as to the requirements thereof and does not give sufficient time to municipalities to provide space required: Now, therefore, be it

Resolved, by the League of North Dakota Municipalities 1949 Annual Convention, That the Civil Aeronautics Administration be requested to amend said section 9 of part III of such sponsor's assurance agreement; and be it further

Resolved, That copies of this resolution be sent to the Senators and Representatives from North Dakota, to the Administrator of the Civil Aeronautics Administration, to the district airport engineer, Civil Aeronautics Administration for the State of North Dakota, and to the American Municipal Association.

FEDERAL AID FOR AIRPORTS—RESOLUTION OF LEAGUE OF NORTH DAKOTA MUNICIPALITIES

Mr. LANGER. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution adopted by the League of North Dakota Municipalities, at its 1949 convention at Minot, N. Dak., relating to Federal aid for airports.

There being no objection, the resolution was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

RESOLUTION WITH RESPECT TO FEDERAL AID FOR AIRPORTS, ADOPTED BY THE LEAGUE OF NORTH DAKOTA MUNICIPALITIES CONVENTION AT MINOT, SEPTEMBER 13, 1949

Whereas the Federal Government has made available funds for the establishment and improvement of municipal airports in accordance with the Federal Airport Act of 1946; and

Whereas there are more than 40 communities of the 85 listed in the State of North Dakota in the 1949 National Airport Plan which do not have needed airport facilities to care for their aeronautical needs; and

Whereas the aeronautical activities of these communities are seriously handicapped and the safety of many is endangered through lack of proper airport facilities; and

Whereas a large part of the cost of constructing satisfactory airport facilities in the above-mentioned communities and particularly in the smaller communities in the State involves the purchase of land and under the provisions of the Federal Airport Act, 50 percent of the cost of constructing airports is provided but only 25 percent of the cost of purchasing land and developing the sites for the same is so provided: Now, therefore, be it

Resolved by the League of North Dakota Municipalities 1949 Convention, That Congress be requested to amend the Federal Airport Act so as to provide for 50 percent grants to municipalities for land acquisition costs, the same as construction costs; and be it further

Resolved, That copies of this resolution be sent to the Senators and Representatives from North Dakota and to the American Municipal Association requesting their assistance in obtaining such amendment to the Federal Airport Act of 1946.

AMERICAN AID FOR EXPELLEES FROM CZECHOSLOVAKIA

Mr. LANGER. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD, a letter from Josef Totzauer, president, American Aid for Expellees From Czechoslovakia and Other European Countries, New York, N. Y., together with a resolution adopted by that organization on September 10, 1949, at New York City, relating to American aid for expellees from Czechoslovakia.

There being no objection, the letter and resolution were referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., *September 10, 1949.*

Hon. Senator WILLIAM LANGER,
Senate Office Building,
Washington, D. C.

DEAR SIR: Five years have come to pass since the Yalta understanding initiated the greatest crime in history, the expelling of 15,000,000 people from their native homelands. With the signatures by the heads of Soviet Russia, Great Britain, and the United States, the Potsdam agreements became the shield by which revengeful governments could cover their inhuman actions against a helpless civilian population. The German race and German mother tongue of the victims was the only justification of their acts. Their object, as we know now, was loot and malice.

HISTORY'S GREATEST CRIME

Bishop Aloisius Muench, of Fargo, N. Dak., writes: "The forced migration of millions of people is the greatest crime of this age."

A distinguished journalist, Anne O'Hare McCormick, similarly stated on November 19, 1946, in the New York Times: "If allied statesmen had imagined how heavily this wandering mass of helpless people would beat upon themselves, they couldn't have assumed so casually the moral and historic responsibility for the most inhuman decision ever made by governments dedicated to the defense of human rights."

Senator WILLIAM LANGER in a speech in the Senate of the United States, April 5, 1949, made the following remarks on the inhuman mass deportations: "One of the greatest crimes against humanity in all of history, a crime to which we have directly been made a party."

As Senator LANGER said: "It is unbelievable that American representatives should have continued to be parties to these forced mass migrations which incriminate the whole American people as accomplices in mass crimes against humanity. Nowhere in recorded history has such a grim chapter of brutality been written than in the account of what has already taken place in eastern Europe. Already, from 15,000,000 to 20,000,000 have been uprooted bodily from their ancestral homes of a thousand years and thrown into the torment of a living hell, to perish, or to be driven like cattle across the wastes of eastern Europe. Women and children, the old and the helpless, the innocent and the guilty alike have been subjected to cruelties which have never been surpassed, even by the Nazis themselves. Yet, we are now committed to a continuation of these same inhuman policies in the future, although the conscience of the American people cries out against such bestial practices."

DEPORTATIONS IN THE LIGHT OF THE NUREMBERG INDICTMENTS

At this point, it is well to remind ourselves of the charge against the Nazis, entered into the Nuremberg indictments. Count 3, section J, reads: "In certain occupied territories, purportedly annexed to Germany, the defendants methodically and pursuant to plan, endeavored to assimilate these territories, politically, culturally, socially, and economically, into the German Reich, and the defendants endeavored to obliterate the former national character of these territories. In pursuance of these plans and endeavors, the defendants forcibly deported inhabitants who were predominantly non-German and introduced thousands of German colonists."

"NO OBJECTION" TO EXPULSION (ROOSEVELT)

Again referring to war crimes, Mr. LANGER continues: "As far back as November 17, 1944, President Roosevelt agreed in principle to the very procedure which is now listed as a war crime by the Nuremberg tribunal, when, in a letter to Mr. Mikolajczyk, he stated, 'If the Polish Government and people desire in connection with the new frontier of the Polish state to bring about the transfer to and from territories of Poland of national minorities, the United States Government will raise no objection, and as far as practicable, will facilitate such transfer.'"

TOTAL EXPULSION PROPOSED BY CHURCHILL

Churchill, who now sees otherwise, asserted a few weeks later in the House of Commons, on December 15, 1944: "The transference of several millions of people would have to be effected from the east to the west or north, as well as the expulsion of the Germans from the area to be acquired by Poland in the west and the south. For expulsion is the method which, so far as we can see, will be most satisfactory and lasting. I am not alarmed by the large transferences, which are more possible in modern conditions than ever before."

Thus, these once great statesmen played with the lives of innocent and helpless human beings. Not only Anne O'Hare McCormick, Senator Langer, and Bishop Muench were shocked by the cold-bloodedness of those who held the lives of millions in their hands. There were few Americans who did not, when informed, express deep resentment and concern. Mr. Bevin, who had at Potsdam witnessed the signing of the treaty and at Berlin seen with his own eyes the consequent arrival of the tortured, starved expellees from the east, exclaimed: "My God, it is the worst sight one possibly could see."

Accusingly adds Senator LANGER: "Mr. President, of those 15,000,000 persons 5,000,000 are dead." (It would not be exaggerated to add another million or two slave workers to the total.) "Yet, according to the directives of April 28, 1947, we formally agreed to underwrite more inhuman brutality, misery, and death. Mr. President, is it not time that this administration should give an accounting of its policies, and answer to this further charge of betraying American principles?"

ONLY CONGRESS CAN RIGHT THE WRONG

The American Aid for Expellees from Czechoslovakia speaking for many thousand Americans of Sudeten-German origin throughout our land, requests you to define your position on the unratified Potsdam and Yalta agreements by which the expulsions of 15,000,000 victims of hate have been effected. It is definitely against American tradition to participate in genocidal policies and at the same time pretend to be democratic by condemning others guilty of the same criminal action. As taxpayers we beg you to raise your voice in Congress against

further abandoning of these innocent victims to their fate. Let it be our duty as Americans to amend the wrong we have helped to inflict upon the guiltless either by opening our doors to them or making the return to their homeland a future possibility.

As righteous citizens of our democratic America we beg, hope, and believe that our representatives in Washington will make the fight to redress this crime against humanity an ever-present purpose not only in well-expressed phrases, but in effectual deeds.

Sincerely yours,

JOSEF TOTZAUER,
President, American Aid for Expellees From Czechoslovakia and Other European Countries.

RESOLUTION RE EXPELLEE LEGISLATION

Whereas 15,000,000 displaced persons of German ethnic origin were ruthlessly evicted from their homes and deprived of practically all their possessions in expulsions which were sanctioned by the United States, Great Britain, and Soviet Russia, without the consent of Congress; and

Whereas from ten to twelve surviving millions of these displaced persons called expellees are now in Germany and Austria, but are excluded from the care of the IRO (International Refugee Organization) because of their German ethnic origin; and

Whereas these people were for that reason excluded from consideration as displaced persons by the DP Act of 1948, although they have fled or were deported from their native homelands because of their religious beliefs, cultural traditions, or national origins; and

Whereas discrimination on account of race, creed, or nationality is inconsistent with the great and noble traditions of these United States: Therefore be it

Resolved, That the American Aid for Expellees From Czechoslovakia and Other European Countries requests our Congress to do whatever possible to right this wrong to our relatives and friends who were dispossessed and expelled from countries of their birth because of their religious beliefs, their race, or national origin; and be it further

Resolved, That we commend the steps already taken by the McCarran committee toward amendment of section 2 (b) of the DP Act of 1948 to the end that relief measures for displaced persons shall no longer be withheld from expellees because of their ethnic origin; and that expellees and expellee orphans shall hereafter be admitted in fair proportion and on the same terms as other displaced persons.

Unanimously adopted at New York City, September 10, 1949.

AMERICAN AID FOR EXPELLEES FROM CZECHOSLOVAKIA AND OTHER EUROPEAN COUNTRIES,
JOSEF TOTZAUER, *President.*
ROLF TAUWINKEL, *Secretary.*

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. GEORGE, from the Committee on Finance:

H. R. 5332. A bill to amend section 3 of the act of June 18, 1934, relating to the establishment of foreign-trade zones; with amendments (Rept. No. 1107).

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MUNDT:

S. 2597. A bill authorizing the Secretary of the Interior to issue a patent in fee to Clyde Cecil Banks for certain lands; to the Committee on Interior and Insular Affairs.

By Mr. GEORGE:

S. 2598. A bill to authorize reimbursement to the appropriations of the Bureau of Narcotics of moneys expended for the purchase of narcotics; to the Committee on Finance.

By Mr. DOWNEY:

S. 2599. A bill for the relief of Arturo Benetti; and

S. 2600. A bill for the relief of Jan Karszo-Siedlewski; to the Committee on the Judiciary.

By Mr. GREEN:

S. 2601. A bill for the relief of Mrs. Aimee Hoyningen-Huene; to the Committee on the Judiciary.

By Mr. JOHNSON of Colorado:

S. 2602. A bill for the relief of the General Rose Memorial Hospital; to the Committee on the Judiciary.

By Mr. DOUGLAS:

S. 2603. A bill for the relief of Olga Helen Simko and Ilse Steinhauser; to the Committee on the Judiciary.

By Mr. NEELY (by request):

S. 2604. A bill to amend section 5 of the act entitled "An act to authorize the apprehension and detention of insane persons in the District of Columbia, and providing for their temporary commitment in the Government hospital for the insane, and for other purposes," approved April 27, 1904, as amended; and

S. 2605. A bill to make cancer and all malignant neoplastic diseases reportable to the Health Officer of the District of Columbia; to the Committee on the District of Columbia.

By Mr. NEELY:

S. J. Res. 132. Joint resolution proposing an amendment to the Constitution of the United States empowering Congress to grant representation in the Congress and among the electors of President and Vice President to the people of the District of Columbia; to the Committee on the Judiciary.

INVESTIGATION OF ACTIONS OF CERTAIN OFFICIALS OF THE PHILIPPINES RELATING TO AMERICAN BUSINESS INTERESTS

Mr. JENNER submitted the following resolution (S. Res. 174), which was referred to the Committee on Foreign Relations:

Whereas the people of the United States have a total investment in the Republic of the Philippines estimated at $840,000,000, of which $45,000,000 is invested in Philippine Government bonds guaranteed by the United States Government and $95,000,000 is invested in commercial ventures, and $700,000,000 is invested by the Government of the United States; and

Whereas the United States Government has given to the Republic of the Philippines and its people in the form of aid, relief, and war-damage claims approximately $1,000,000,000; and

Whereas the Export-Import Bank has lent to the Republic of the Philippines $75,000,000 and recently made other direct loans to private enterprises in the Philippine Islands; and

Whereas the present Government of the Republic of the Philippines has continued in effect governmental war restrictions to the detriment of American businessmen and enterprises; and

Whereas officials of the Republic of the Philippines have sold United States war-surplus materials turned over to them under the Philippine Rehabilitation Act of 1946 in the black market and to foreign countries for personal profits: Now, therefore, be it

Resolved, That (a) there is hereby established a special committee to be composed of 12 Members of the Senate to be appointed by the President of the Senate, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the manner in which the original appointment was made. The committee is authorized and directed to conduct a thorough and complete study and investigation of action of officials of the Government of the Republic of the Philipppines which has been detrimental to American businessmen and enterprises and to ascertain the advisability of more definitely determining our present and future relations with the Republic of the Philippines in accordance with the Philippine Rehabilitation Act of 1946 and the Philippine Trade Act of 1946.

(b) The committee shall report to the Senate at the earliest practicable date the results of its study and investigation, together with such recommendations as it deems advisable.

(c) For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings; to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Senate during the Eighty-first Congress; to employ such experts and clerical, stenographic, and other assistants; to request such information from any departments and agencies of the Government; to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer such oaths; and to take such testimony and to make such expenditures as it deems advisable. The cost of stenographic services to report the educational material and data on such hearings shall not be in excess of 25 cents per 100 words. The expense of the committee, which shall not exceed $100,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

STABILIZATION OF PRICES OF AGRICULTURAL COMMODITIES—AMENDMENTS

Mr. ANDERSON submitted an amendment intended to be proposed by him to the bill (S. 2522) to stabilize prices of agricultural commodities, which was ordered to lie on the table and to be printed.

Mr. YOUNG. Mr. President, on behalf of myself and the Senator from Georgia [Mr. RUSSELL], I submit an amendment intended to be proposed by us to the bill (S. 2522) to stabilize prices of agricultural commodities, and ask that it be printed and lie on the table. The amendment would provide mandatory 90-percent support for all basic farm commodities when they are either under acreage control or quotas.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table, as requested by the Senator from North Dakota.

Mr. BUTLER. Mr. President, I submit amendments intended to be proposed by me to the bill (S. 2522) to stabilize prices of agricultural commodities, which are on page 4, line 7, to strike out the word "shorn", and on page 4, line 9, to strike out the word "shorn", and I ask unanimous consent that an explanatory statement of the amendments by me be printed in the RECORD.

The VICE PRESIDENT. The amendments will be received, printed, and lie on the table, and, without objection, the statement presented by the Senator from Nebraska will be printed in the RECORD.

The statement is as follows:

STATEMENT BY SENATOR BUTLER ON AMENDMENTS TO S. 2522 SO AS TO CONTINUE "PULLED" WOOL IN PRICE-SUPPORT OPERATIONS FOR WOOL

The proposed amendment merely strikes from page 4, lines 7 and 9, of S. 2522 the

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word "shorn." The original wording of these provisions read "shorn wool", so that by striking the word "shorn" the provisions would read "wool" and would thereby include both "shorn" and "pulled" wool under the term "wool."

"Shorn" wool is wool removed from live sheep by a farmer by shearing.

"Pulled" wool is wool pulled from the pelts of the slaughtered animal consisting usually of slaughtered lambs and aged sheep.

The domestic production of shorn wool for 1948 clean basis was approximately 93,560,000 pounds, or about 230,000,000 grease basis. The domestic production of pulled wool clean basis was approximately 33,552,000 pounds, or about 50,000,000 grease basis.

The process of pulling the wool from the slaughtered pelts is done by wool pulleries. Most meat-packing firms have their own pulleries. There are some independently operated pulleries.

In all previous wool price-support operations pulled wool has been included together with shorn wool. Pulled wool represents approximately 26 percent of the annual domestic production of wool.

The reasons for including pulled wool in any price-support operation for wool are several.

1. All previous as well as the present wool-support program have included pulled wool.

2. "Pulled wool" is as much entitled to Government support as "shorn wool" as the combination of both make up the total domestic production of wool and together they determine the market price for wool which in turn is the basis for the determination of the parity price for wool.

3. Wool pulleries have always been regarded as producers of wool under all previous Government support operations.

4. All price-support benefits which are received by the pulleries on pulled wool are passed on to the wool grower and are reflected in the price the grower receives for his lambs and sheep.

5. It would be most impractical to have the Government price support apply to only 74 percent of the domestic production of wool (shorn) and leaving 26 percent (pulled) free to ruin the open market.

6. There is no question but that the wool grower who sells his lambs and sheep and does not receive any support on the pulled wool indirectly through the pulleries is being discriminated against.

7. The sheep grower places more importance on the price he receives for his lambs and sheep than he does on the price he receives for wool and if pulled wool is not supported like shorn wool the meat packers will be forced to lower their purchase prices of lambs and sheep and the grower would be penalized in the amount received for his lambs and sheep in the approximate amount of 50 to 75 cents per head.

8. If pulled wool were eliminated from the price-support operations it would permit 26 percent of the United States wool production to set the price for the entire wool market in the United States thereby throwing an increased burden on the Government in the nature of increased Government support payments for the 74 percent or the balance of the wool production which would be under the support program as shorn wool.

9. The wool growers of the United States speaking through their association, the National Wool Growers Association, favor and recommend that pulled wool be included in any price-support operation for wool (see testimony of J. M. Jones, secretary, National Wool Growers Association before Special Subcommittee of House Committee on Agriculture, June 7, 1949).

10. The meat packers would not benefit from including pulled wool in the wool support program. The price that the packers pay for the live animal is influenced by what they think they can get for all of the by-products which come from the animal; the meat, the wool, and any other byproduct. If the price the packer receives for any of these products is guaranteed, it influences the price they pay for the animal and this in turn is reflected in a larger price being received by the sheep grower for his sheep.

11. If pulled wool is not included in the price-support program, it would very likely happen that unsupported pulled wool would force the shorn wool producer to sell at a much lower price than otherwise and would result in the Government being compelled to pay considerably larger support payments for shorn wool in order to bring the price of shorn wool up to the support level.

12. The House Agriculture Committee in its report on H. R. 5345 No. 998, page 25, expressed the feeling that production payments to persons other than the producers would be limited so far as is practicable. In the case of pulled wool, however, it is apparent that it would not be practicable to withhold support on pulled wool from the packers as pulled wool represents 26 percent of the total annual production of wool in the United States, therefore, it should be included as it has in the past in any price-support operation for wool for the many reasons stated above.

Attention is called to the fact that the attached amendment does not strike the word "shorn" from line 14 of S. 2522. Therefore this provision which reads "to encourage an annual production of approximately 360,000,000 pounds of shorn wool" (grease basis or about 144,000,000 clean basis) will not be affected by the amendment.

INCREASED COMPENSATION OF CERTAIN GOVERNMENT OFFICIALS—AMENDMENTS

Mr. McMAHON submitted amendments intended to be proposed by him to the bill (H. R. 1689) to increase rates of compensation for the heads and assistant heads of executive departments and independent agencies, which were ordered to lie on the table and to be printed.

Mr. DOUGLAS submitted amendments intended to be proposed by him to House bill 1689, supra, which were ordered to lie on the table and to be printed.

Mr. CORDON submitted an amendment intended to be proposed by him to House bill 1689, supra, which was ordered to lie on the table and to be printed.

Mr. JOHNSON of Colorado (for himself, Mr. CONNALLY, Mr. GEORGE, Mr. MAYBANK, Mr. MCKELLAR, Mr. MCFARLAND, Mr. ROBERTSON, Mr. RUSSELL, Mr. WITHERS, Mr. CHAPMAN, Mr. EASTLAND, Mr. STENNIS, Mr. ELLENDER, Mr. SPARKMAN, Mr. GILLETTE, Mr. HOLLAND, Mr. HOEY, Mr. FULBRIGHT, Mr. BYRD, Mr. TAFT, Mr. FERGUSON, Mr. CAIN, Mr. WHERRY, Mr. BUTLER, Mr. MALONE, Mr. HENDRICKSON, Mr. WATKINS, Mr. JENNER, Mr. SCHOEPPEL, Mr. MARTIN, Mr. KEM, Mr. BRICKER, and Mr. TOBEY) submitted an amendment in the nature of a substitute, intended to be proposed by them, jointly, to the bill (H. R. 1689) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, which was ordered to lie on the table and to be printed.

Mr. CORDON submitted an amendment intended to be proposed by him to the bill (S. 498) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, which was ordered to lie on the table and to be printed.

Mr. MAYBANK. Mr. President, I submit an amendment intended to be proposed by me to the bill (H. R. 1689) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies. This amendment is submitted with the approval of the Board of Governors of the Federal Reserve Board and the Chairman of the Federal Reserve Board. While several members of the committee, including myself, probably do not approve of the bill as it now stands, we do believe, in justice to the Federal Reserve Board and to the Chairman of the Federal Reserve Board, that this amendment should be unanimously submitted from the Committee on Banking and Currency.

The VICE PRESIDENT. The amendment will be received, printed, and ordered to lie on the table.

STATISM AND THE FARMER—ADDRESS BY SENATOR WHERRY

[Mr. WHERRY asked and obtained leave to have printed in the RECORD an address on the subject Statism and the Farmer, delivered by him at the National Republican Farm Conference, in Sioux City, Iowa, September 23, 1949, which appears in the Appendix.]

MEASURES BEFORE CONGRESS—STATEMENT BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD a summary, prepared by him, of major measures pending before Congress, which appears in the Appendix.]

TRIBUTE TO SENATOR LUCAS—ARTICLE BY ERNEST LINDLEY

[Mr. DOUGLAS asked and obtained leave to have printed in the RECORD an article entitled "LUCAS' Stature Is Growing as Senate Majority Leader," written by Ernest Lindley and published in the Brooklyn Eagle for Tuesday, September 20, 1949, which appears in the Appendix.]

GENERAL COAL STRIKE SITUATION—EDITORIAL FROM THE PITTSBURG HEADLIGHT

[Mr. REED asked and obtained leave to have printed in the RECORD an editorial entitled "An Isolated Field," relating to the coal strike situation; published in the Pittsburg (Kans.) Headlight of September 23, 1949, which appears in the Appendix.]

SETTLEMENT OF ALASKA BY VETERANS—EDITORIAL BY FRANK HUTCHINSON

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD an editorial regarding a bill introduced by him providing for the settlement of Alaska by veterans written by Frank Hutchinson, editor of the Lufkin (Tex.) Democrat, which appears in the Appendix.]

SALARIES OF GOVERNMENT EXECUTIVES

[Mr. O'CONOR asked and obtained leave to have printed in the RECORD a letter on the subject Executive Salaries, printed in the Washington Post of September 25, 1949, which appears in the Appendix.]

POINT 4 IS A MUST—EDITORIAL FROM THE NEW YORK TIMES

[Mr. KILGORE asked and obtained leave to have printed in the RECORD an editorial entitled "Point 4 Is a Must," published in the New York Times for September 26, 1949, which appears in the Appendix.]

THUNDER ON THE LEFT—EDITORIAL FROM THE NEW YORK TIMES

Mr. O'CONOR. Mr. President, at a time when our people could very well be

unreasonably alarmed, or possibly even unjustifiably complacent, by reason of recent disclosures indicating that Russia now possesses the atomic bomb, a dispassionate presentation of the situation is most desirable.

The editorial in the New York Times of this morning entitled "Thunder on the Left," reviews the present status of the cold war in atomic energy, so to speak, and points out the vital necessity for a well-reasoned course for the democracies from here on.

I ask unanimous consent that it be inserted in the RECORD at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THUNDER ON THE LEFT

Some 300 years ago a gentleman named Eustace Peachtree wrote: "Among the notionable dictes of antique Rome was the fancy that when men heard thunder on the left the gods had somewhat of special advertisement to import. Then did the prudent pause and lay down their affaire to study what omen Jove intended." Last Friday, in President Truman's announcement that an atomic explosion had taken place in Russia, we moderns heard this thunder. It was an expected thunder, the only doubt being as to how many years would have to pass after the explosions at Hiroshima and Nagasaki before the echoes came back from another quarter. But while we were intellectually prepared, perhaps we were not for the most part emotionally prepared. Now we must gather ourselves together to decide whether in the light of this event we have been and are doing all that we ought to do, or whether there is something else that has not yet been undertaken.

A one-sided atomic war has seemed horrible enough. There are no words to express the horrors of a two-sided atomic war. What are we doing to prevent such a war? We made one effort when we offered to internationalize the atomic weapon. That effort has so far failed. We are making another effort in our concerted attempt, with our allies of the democratic nations, to strengthen ourselves against aggression. Part of this proposed new strength must be military. The North Atlantic Pact, already ratified by the Senate, and the military-aid program, last week accepted almost in full by the Senate, are essential to it. So is and has been our aid to Greece and Turkey. So might be some aid to the democratic forces of the Far East, not excluding the Nationalist remnant of China.

We and our friends are striving in various ways to restore the economic balance and productivity of the Western World. We are trying by such arrangements as the reciprocal trade agreements to set commerce free. Whatever else may be said of the devaluation of the British pound, this step was at least an attempt to prevent the world from being divided into three parts. President Truman's point four, looking toward an expansion of Government-guaranteed private investments abroad, has already had the unanimous approval of a Senate committee and its vast possibilities will be explored during the present session of the United Nations Assembly. Finally, the United Nations itself, still surviving after four nerve-racking years, must continue to be used as an instrument for peace. The very fact that Russia and her satellites, so deeply hostile to the democratic idea as we conceive it, send delegates to the Assembly and argue vehemently, as Mr. Vishinsky did on Friday, for the Soviet point of view, is itself a tribute, however unwilling, to world public opinion.

It is easy in the dark watches of the night to let our fears and our evil dreams outrun our hopes. Even a successful atomic war would be a ghastly nightmare from which not much that we value would emerge unhurt. Yet who can doubt that the human mind, which has been able by the most intricate calculations and the most ingenious devices to unlock the forces of the atom, can also grapple with the forces of human relationships? These days call for genius in statesmanship as genius has been displayed in science. They demand of our leaders more than the very best they have so far given. They demand unflinching courage. They demand unconquerable loyalty to the ideals of human freedom and human dignity. They demand a patience that will not yield in essentials but will not be broken down in the dreary wastes of nonessentials. There is nothing new in what is now required of us. It has merely been written in letters of fire across the leftward sky.

What is true of democracy today was equally true 5 and 10 and 30 and 100 years ago. It may resort to weapons to defend itself. These weapons will grow even more terrible than any we can now conceive. But the democratic strength has never been in weapons. It has never been, and is not, in the atom bomb or in any other use of atomic power or in bacteriological warfare. It is in the hearts of men. Nothing that can happen in Russia can break that strength down. We have had to make it strong for a possible defensive war. But the final victory, the greatest victory of all human history, will be in making it prevail without war.

FISH RESTORATION AND MANAGEMENT PROJECTS

Mr. JOHNSON of Colorado. Mr. President, a few days ago I entered a motion to reconsider the vote by which H. R. 1746, a bill to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes, was passed. The papers have now been returned to the Senate from the House of Representatives, and I desire to have a correction made in the bill, in an amendment which was offered by the able junior Senator from New Jersey [Mr. HENDRICKSON]. Through error his amendment was placed in the wrong part of the bill. The purpose of bringing the bill back is to have the amendment offered by the Senator from New Jersey inserted in the proper place in the bill. In order to take care of the matter, Mr. President, I ask for the adoption of the following order:

On August 27, 1949, prior to the passage of H. R. 1746, a bill to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes, an amendment was adopted, on the motion of the Senator from New Jersey [Mr. HENDRICKSON], inserting on page 7, line 2, after the word "Service" at the end of section 5 the words "and shall be paid by the State as a part of its contribution to the total cost of such works."

This amendment, it appears, should have been inserted on page 7, line 21, after the word "works," so as to make the first sentence of the paragraph read as follows:

"Items included for engineering, inspection, and unforeseen contingencies in connection with any works to be constructed shall not exceed 10 percent of the cost of such works and shall be paid by the State as a part of its contribution to the total cost of such works."

In a further amendment proposed by the Senator from New Jersey, adopted as a substitute for the last sentence of section 4, the word "or" was incorrectly inserted in lieu of the word "for."

In order to correct the above errors, I ask unanimous consent for the adoption of the following order:

"*Ordered*, That the vote on the passage of the said bill, the vote ordering the engrossment of the amendments and the third reading of the bill, and the votes agreeing to the two amendments be respectively reconsidered; that the amendment inserted on page 7, line 2, be transposed to page 7, line 21, following the word 'works,' and that it be agreed to; that in lieu of the word 'or' in the amendment proposed by the Senator from New Jersey [Mr. HENDRICKSON] beginning on page 6, line 8, the word 'for' be substituted and that the amendment as amended be agreed to; and that the amendments be engrossed and the bill read a third time and passed."

The VICE PRESIDENT. Is there objection to the request of the Senator from Colorado? The Chair hears none, and the order is entered.

MILITARY PAY BILL

The Senate resumed the consideration of the bill (H. R. 5007) to provide pay, allowances, and physical disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the reserve components thereof, the National Guard, and the Air National Guard, and for other purposes.

The VICE PRESIDENT. The bill is before the Senate and open to amendment. There is no amendment pending.

Mr. LUCAS. Mr. President, certain amendments to the pending bill have been submitted. As Senators know, under the unanimous-consent agreement we are to vote at 5 o'clock this afternoon. I hope that any discussion upon amendments to the bill can take place at once.

It is possible that we may run out of discussion on the military pay bill. If we do, I intend to ask unanimous consent to take up the deficiency bill, which has been reported from the Appropriations Committee. I should like also to take up some other measure, perhaps one of the other pay bills. However, I dislike very much to take it up before we complete action on the pending bill, unless I can be assured that we can dispose of any other bill which we may take up this afternoon, which I doubt very much. I hope the debate will not run out, but it looks as though it may.

The VICE PRESIDENT. Debate on the pending bill is open until 3 o'clock, after which the time is divided.

Mr. LUCAS. I understand.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. LUCAS. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. The Senator stated on Thursday of last week, I believe, that he would like to take up three or four pay bills. According to the list which I have, there are six pay bills. We are now considering the military pay bill. That leaves five others. With respect to one or two of them, members of the minority party wish to make speeches or offer amendments. I think it would be helpful if the Senator would indicate which of those bills he may wish to take up this afternoon, so that we may have notice.

UNIVERSITY OF MICHIGAN LIBRARIES

Mr. LUCAS. I cannot definitely determine until I know just how much discussion there is to be on the pending measure, or whether there are to be speeches upon extraneous matters. My hope was that we would take up what is known as the executive pay bill following disposition of the military pay bill. There is some opposition to the executive pay bill, and I thought perhaps it might be advisable to take up one of the others in advance of that and see if we cannot perhaps reach some compromise or agreement.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. SALTONSTALL. I believe there is at least one Senator of the minority party who wishes to make a speech—I do not know how long the speech will be—in reference to the so-called post-office pay bill, which I believe is Calendar 850, Senate bill 2379.

Mr. LUCAS. I should like to ask the distinguished Senator from Louisiana this question: In the event we find ourselves, between now and 5 o'clock, in a position where the debate lapses, would the Senator from Louisiana be in a position to have Senate bill 2379 considered?

Mr. LONG. I believe so.

Mr. LUCAS. That is the bill to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government, and so forth.

Mr. LONG. Yes.

Mr. LUCAS. I do not say we could reach a vote on it this afternoon, but at least we might be able to discuss it and make it the pending business momentarily, and then on tomorrow probably dispose of it.

Mr. McFARLAND. Mr. President, is that the classification or the post-office bill?

Mr. LUCAS. It is the classified pay bill.

Mr. McFARLAND. I think I can safely say to the Senator that there is some objection to some of the features of that bill, which probably will take as long to dispose of as will the executive pay bill.

Mr. LONG. Mr. President, it is the impression of the Senator from Louisiana that possibly the executive pay bill would be the best one to come up first, because both the executive pay bill and the classification pay bill proceed upon the assumption that the top officials of the Federal Government are being paid much too little, and that we need a higher standard of pay for them, because they are the ones who have not been included in the pay-increase bills from year to year, although Government employees in the lower pay brackets have been included.

So both bills proceed upon the assumption that the major raise is to come in the pay of the Federal officials in the upper pay brackets, although naturally the great bulk of the additional money to be spent as a result of the enactment of the bills will be in the lower brackets, because there are so many employees in those brackets.

Mr. LUCAS. Mr. President, I assume there will be controversy in regard to those pay bills, but probably little or no controversy in regard to the military pay bill. As to the others, there seems to be some objection by various Senators. It really does not make much difference which pay bill we take up following the one now pending. The reason why I was rather anxious to wait in regard to the executive pay bill was because of the fact that we might be able to compromise, and thus reach some agreement which would not make the executive pay bill so objectionable.

Then, again, the Senator from Vermont [Mr. FLANDERS], who is very much interested in that bill, requested that it go over, because he is unavoidably absent, and will be until tomorrow.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. McFARLAND. One of the difficulties with the classification bill, as has been pointed out by the Senator from Louisiana, is that already some of the classified personnel are receiving more pay than are many of the top officials of the executive departments. If the salaries of the lower-paid classified employees are to be increased again, without an increase in the pay of the top officials, there would be considerable objection.

Personally, I feel that the Senator from Louisiana is correct when he suggests that we should take them up more or less together, but that it would be well to take up the executive pay bill first.

Mr. LONG. As a matter of fact, if the classification pay bill were to pass, and the executive pay bill were not to pass, many of the top officials of the Federal Government would then receive considerably less pay than certain of the personnel working under them.

So it seems to me that the executive pay bill should be passed first.

Mr. TOBEY. Let me suggest that if the classification pay bill were passed and the executive pay bill were not passed, the result would be weeping and wailing and gnashing of teeth. Is that correct?

Mr. LONG. That is correct.

Mr. LUCAS. Mr. President, I have another suggestion; I do not know whether it will meet with the approval of the minority, because no notice of this matter has been given; but I suggest that in the event we find ourselves with nothing to consider, we might take up the calendar for several hours. We could have a quorum call and then consider the calendar for several hours.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. SALTONSTALL. After having discussed the matter with two Members of the minority party who are responsible for inquiring into the bills on the calendar, I understand that they are not ready to have the calendar taken up, and hope they will have until the end of the week.

SUPPLEMENTAL APPROPRIATIONS

Mr. McKELLAR. Mr. President, I suggest that we take up House bill 6008, a bill making supplemental appropriations for the fiscal year 1950. That bill is on the calendar, and I think it can be disposed of very readily. So I hope that appropriation bill may be considered at this time.

Mr. LUCAS. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House bill 6008, the supplemental deficiency bill to which the Senator from Tennessee has just referred.

The VICE PRESIDENT. Is there objection?

Mr. SALTONSTALL. Mr. President, reserving the right to object, let me inquire whether the Senator from Tennessee knows of any Members of the Senate on either side of the aisle who wish to offer any amendments to that bill?

Mr. McKELLAR. Yes; there are several amendments. After the committee amendments are read by the clerk, it will take only a few moments to dispose of them.

Mr. SALTONSTALL. Then I ask the majority leader whether he believes we should have a quorum call in order that all Senators may be advised that we are taking up the appropriation bill. I would suggest the absence of a quorum; and if a quorum call is had, I know of no objection from Senators on this side of the aisle in respect to considering that bill.

The VICE PRESIDENT. Does the Senator from Massachusetts withhold his objection?

Mr. SALTONSTALL. I withhold the objection until after the quorum call is had.

The VICE PRESIDENT. The Senator from Massachusetts wishes to be in a position either to object or not object after the quorum call is had. Is that correct?

Mr. SALTONSTALL. Yes; with the Vice President's help.

The VICE PRESIDENT. Of course, the Vice President cannot be in a position to help either in one way or another in regard to such a matter.

Mr. SALTONSTALL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HOEY in the chair). The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Holland	Mundt
Anderson	Humphrey	Myers
Bridges	Jenner	Neely
Butler	Johnson, Colo.	O'Conor
Cain	Johnson, Tex.	O'Mahoney
Capehart	Johnston, S. C.	Reed
Chapman	Kem	Robertson
Chavez	Kerr	Russell
Connally	Kilgore	Saltonstall
Cordon	Knowland	Schoeppel
Donnell	Langer	Smith, Maine
Downey	Leahy	Sparkman
Ecton	Long	Stennis
Ellender	Lucas	Taylor
Ferguson	McCarthy	Thomas, Okla.
Fulbright	McClellan	Thomas, Utah
George	McFarland	Tobey
Gillette	McKellar	Vandenberg
Green	Magnuson	Watkins
Gurney	Malone	Wherry
Hayden	Martin	Wiley
Hendrickson	Maybank	Williams
Hickenlooper	Miller	Withers
Hoey	Millikin	Young

The PRESIDING OFFICER. A quorum is present. Is there objection to the unanimous-consent request of the Senator from Illinois [Mr. LUCAS] that the unfinished business be laid aside and that

the Senate proceed to the consideration of House bill 6008, the supplemental appropriation bill?

Mr. SALTONSTALL. Mr. President, reserving the right to object, I may say I know of no one on the minority side who wishes to object to taking up the bill at this time.

The PRESIDING OFFICER. Is there objection to the request?

There being no objection, the Senate proceeded to consider the bill (H. R. 6008) making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

Mr. McKELLAR. Mr. President, I ask that the formal reading of the bill be dispensed with, that it be read for amendment, and that the committee amendments be first considered.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the committee amendments.

The first amendment of the Committee on Appropriations was, under the heading "Legislative branch," on page 2, after line 1, to insert:

SENATE

Office of the Sergeant at Arms and Doorkeeper: Effective on the first day of the first month following enactment of this act, the appropriation for salaries of officers and employees of the Senate contained in the Legislative Branch Appropriation Act for the fiscal year 1950 is made available for the compensation of one additional special employee at the basic rate of $1,000 per annum.

The amendment was agreed to.

The next amendment was, on page 2, after line 9, to insert:

For payment to Adelaide R. Hasse for compensation for the compilation of the index digest of the Temporary National Economic Committee, $3,600.

The amendment was agreed to.

The next amendment was, on page 3, after line 5, to insert:

ARCHITECT OF THE CAPITOL

CAPITOL BUILDINGS AND GROUNDS

Senate restaurants: For repairs, improvements, furnishings, and equipment for the Senate Restaurant, Senate Office Building, including personal and other services, $13,500, to be expended by the Architect of the Capitol under the supervision of the Senate Committee on Rules and Administration, without regard to section 3709 of the Revised Statutes, as amended.

The amendment was agreed to.

The next amendment was, on page 3, after line 14, to insert:

Capitol buildings: For an additional amount for "Capitol buildings," $5,000.

The amendment was agreed to.

The next amendment was, under the heading "Housing and Home Finance Agency—Office of the Administrator—Salaries and expenses," on page 6, line 5, before the word "and", to strike out "$2,500,000" and insert "$2,900,000"; in line 7, after the word "exceed", to strike out "two" and insert "three"; in the same line, after the word "vehicles", to strike out "(including the one provided for in the Independent Offices Appropriation Act, 1950)", and in line 9, after the amendment just above stated, to insert a colon and the following proviso:

Provided, That the Administrator may, with the approval of the Director of the Bureau of the Budget, transfer to this account from funds of the constituent agencies such sums as relate primarily to functions which are consolidated in the Office of the Administrator as authorized by said title.

The amendment was agreed to.

The next amendment was, under the subhead "Public Housing Administration," on page 7, line 5, after the word "Administration", to strike out "$4,125,000" and insert "$4,375,000."

The amendment was agreed to.

The next amendment was, on page 7, after line 12, to insert:

NATIONAL CAPITAL SESQUICENTENNIAL COMMISSION

For expenses necessary for the National Capital Sesquicentennial Commission to prepare and carry out a program for the commemoration of the one hundred and fiftieth anniversary of the establishment of the seat of the Federal Government in the District of Columbia, as authorized by the acts of July 18, 1947 (Public Law 203), and May 31, 1949 (Public Law 78), including personal services and rent in the District of Columbia; travel expenses of employees; travel, hotel, and other necessary expenses of the Commissioners; printing, binding, and other related work to be done by contract or otherwise at establishments other than the Government Printing Office; services as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a); and such construction or other expenses as may now be authorized by law; $3,000,000.

The amendment was agreed to.

The next amendment was, on page 8, after line 3, to insert:

UNITED STATES MARITIME COMMISSION

REPAIR OF VESSELS IN NATIONAL DEFENSE RESERVE

For repair of 134 vessels in the national defense reserve pursuant to section 11 (a) of the Merchant Ship Sales Act of 1946 (60 Stat. 41), $25,000,000; of which not more than $804,630 shall be available for administrative expenses and not more than $75,370 shall be available for operation of warehouses.

The amendment was agreed to.

The next amendment was, under the heading "District of Columbia," on page 8, after line 12, to insert:

GENERAL ADMINISTRATION

OFFICE OF THE CORPORATION COUNSEL

For an additional amount for "Office of the corporation counsel," $11,660.

The amendment was agreed to.

The next amendment was, on page 9, after line 16, to insert:

HEALTH DEPARTMENT

MEDICAL CHARITIES

For an additional amount, fiscal year 1948, for "Medical charities" for care and treatment of indigent patients under contracts made by the Health Officer of the District of Columbia and approved by the Commissioners with institutions as follows: Children's Hospital, $1,227; Eastern Dispensary and Casualty Hospital, $50,582.35; Central Dispensary and Emergency Hospital, $51,256.60; in all, $103,065.95.

The amendment was agreed to.

The next amendment was, under the subhead "Settlement of claims and suits," on page 11, line 24, after "(46 Stat. 500)", to strike out "$6,950" and insert "$8,198.03."

The amendment was agreed to.

The next amendment was, under the heading "Department of Agriculture," on page 12, after line 16, to strike out the subhead "Farmers Home Administration."

The amendment was agreed to.

The next amendment was, under the subhead "Farm housing," on page 13, line 8, after "(5 U. S. C. 150)", to strike out "$3,000,000" and insert "$3,100,000."

The amendment was agreed to.

The next amendment was, under the subhead "Forest Service—Emergency reconstruction and repair," on page 13, line 15, after the word "repair", to strike out "$325,000" and insert "$450,000."

The amendment was agreed to.

The next amendment was, under the heading "Department of Commerce—Bureau of the Census—Seventeenth decennial census," on page 13, line 23, before the word "and", to strike out "$7,500,000" and insert "$8,500,000."

The amendment was agreed to.

The next amendment was, under the heading "Department of the Interior—Bureau of Indian Affairs," on page 14, after line 17, to insert:

CONSTRUCTION, BUILDINGS AND UTILITIES

For an additional amount for "Construction, and so forth, buildings and utilities," as follows:

Klamath, Oreg.: $150,000, in accordance with the act of August 19, 1949, Public Law 256.

The amendment was agreed to.

The next amendment was, under the heading "Department of State," on page 19, after line 10, to insert:

PORT-AU-PRINCE BICENTENNIAL EXPOSITION

For carrying out the provisions of the joint resolution of August 19, 1949 (Public Law 251, 81st Cong.), authorizing Federal participation in the International Exposition for the Bicentennial of the Founding of Port-au-Prince, Republic of Haiti, $170,000, to remain available through June 30, 1951.

The amendment was agreed to.

The next amendment was, under the heading "Treasury Department," on page 22, after line 5, to insert:

BUREAU OF THE MINT

MEDAL FOR ALBEN W. BARKLEY, VICE PRESIDENT OF THE UNITED STATES

For carrying out the provisions of Public Law 221, Eighty-first Congress, approved August 12, 1949, $2,500.

The amendment was agreed to.

The next amendment was, under the heading "Title II—Claims for damages and judgments," on page 22, line 17, after the word "in", to insert "Senate Document No. 111, and"; and in line 18, after the word "Congress", to strike out "$568,054.44" and insert "$1,033,748.54."

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments. The bill is open to further amendment.

Mr. THOMAS of Oklahoma. Mr. President, for the Senator from Alabama [Mr. HILL] and myself, and by request of the Committee on Agriculture and Forestry, I offer an amendment which I ask to have read.

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Mr. McKELLAR. That is the amendment which the committee agreed the Senator from Oklahoma should offer from the floor, is it not?

Mr. THOMAS of Oklahoma. That is correct.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 13, after line 17, it is proposed to insert the following:

RURAL ELECTRIFICATION ADMINISTRATION

To carry into effect the provisions of the Rural Electrification Act, as amended, and to provide for rural telephones and other purposes: *Provided*, That the following two paragraphs shall be effective only upon the enactment into law during the first session of the Eighty-first Congress of H. R. 2960, as follows:

Salaries and expenses: For an additional amount for administrative expenses, including personal services in the District of Columbia, $250,000, of which amount $35,000 may be transferred to and made a part of the appropriation for the Office of the Solicitor.

Loans: For loans in accordance with title II and for carrying out the provisions of section 7 of title I, $25,000,000, to be borrowed from the Secretary of the Treasury in accordance with the applicable provisions of section 3 of title I.

Mr. LANGER. Mr. President, will the Senator from Oklahoma explain his amendment?

Mr. THOMAS of Oklahoma. Mr. President, the House recently passed what is known as the rural telephone bill. That bill when it reached the Senate was referred to the Committee on Agriculture and Forestry, which reported it favorably, and it is now on the calendar. Unless it passes the Senate before we adjourn this item would not be in order; but I take it for granted that the bill will be considered and passed before we adjourn. Anticipating that situation, I think the money should be appropriated and be available so that the Administration can prepare the forms and be ready to consider applications as soon as possible after the bill becomes law. For that reason, anticipating favorable final action, I have offered this amendment.

Mr. LANGER. Mr. President, I wish to congratulate the Senator from Oklahoma for his foresight in offering this amendment to the bill. He has done a very fine job in getting the rural telephone bill reported by his committee, and I am certainly delighted that we shall have a chance to vote on this matter today.

Mr. MAYBANK. Mr. President, I was authorized by the Appropriations Committee to submit an amendment, which I will ask the clerk to read.

The PRESIDING OFFICER. The Senator from Oklahoma has the floor.

The question is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was agreed to.

Mr. SPARKMAN subsequently said: Mr. President, a little while ago the Senate adopted to the bill an amendment which was proposed by my colleague, the senior Senator from Alabama [Mr. HILL]. I wish to have the RECORD show at this point that my colleague is absent from the Senate today by leave of the Senate. I know that if he had been present he would have expressed his gratification at the action of the Senate in agreeing to the amendment to make provision for carrying into effect the Rural Telephone Act, in the event that act receives final approval by the Senate and the House of Representatives at this session of Congress. He has worked very hard on that particular legislation. I merely wanted, in his behalf, to express appreciation for the action of the Senate in agreeing to the amendment which he has proposed.

Mr. LANGER. Mr. President, if the Senator will yield, I wish to join in what the Senator from Alabama has stated. Year after year after year his colleague the senior Senator from Alabama [Mr. HILL] has introduced legislation along this line. He perhaps has worked harder for it than any other Member of the Senate. I am sorry he is not here today to see the amendment agreed to.

Mr. THOMAS of Oklahoma. Mr. President, I have another amendment, but I shall be glad to yield to the Senator from South Carolina and offer my second amendment later.

Mr. MAYBANK. It will take only a moment.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from South Carolina [Mr. MAYBANK].

The LEGISLATIVE CLERK. On page 7, after line 4, it is proposed to insert the following:

The second proviso in the paragraph under the heading "Public Housing Administration" in title I of the Independent Offices Appropriation Act, 1950, is hereby repealed as of August 24, 1949.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

Mr. SALTONSTALL. Mr. President, for the sake of the RECORD, will the Senator explain the purpose of his amendment?

Mr. MAYBANK. Mr. President, my amendment would repeal the rider in the Independent Offices Appropriation Act of 1950 which prevents local housing agencies from making any payments in lieu of taxes in excess of those provided for in the original contract between the local housing agency and the Public Housing Administration.

The Senate Appropriations Committee two times this session, in the first deficiency appropriation and in the independent offices appropriation repealed this limitation on payments in lieu of taxes and two times this honorable body concurred. The Housing Act of 1949, Public Law 171, likewise provided for the repeal of this limitation and set forth in full the policy and requirements with respect to payments in lieu of taxes. Both Houses of Congress accepted these provisions and on July 15 it became part of the law of the land.

In spite of this, the conference report on the independent offices appropriation bill recommended the restrictive proviso be included and it was so enacted. While the junior Senator from Alabama [Mr. SPARKMAN] protested vigorously against this action, he did not move to reconsider its adoption because he did not want to delay the urgently needed appropriations in the bill.

In offering this amendment I am trying to undo in this appropriation bill what the Independent Offices Appropriation Act did to undo legislation which this same Congress passed. I am merely attempting, Mr. President, to make the language of this appropraition for the housing agency consistent with the statutory language of the housing act. My amendment if enacted into law, as I hope it will be, will repeal the rider in the Independent Offices Appropriation Act of 1950 as if it were never in effect.

My amendment will end the discrimination in the payments in lieu of taxes as between cities throughout the Nation. All cities will be treated alike, and whether a city receives a fair payment in lieu of taxes will no longer depend on whether some contract was equitably worked out or drawn up at all by someone here in Washington. No longer will cities who are having difficulty meeting the high cost of providing their citizens with the services they require be deprived of a fair and equitable payment because a contract was drawn up 10 or 12 years ago, or that the contract was drawn up when Government costs were low.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a list of projects on which the cooperation agreement and the assistance contract provide for no payments in lieu of taxes.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

PROJECTS ON WHICH THE COOPERATION AGREEMENT AND THE ASSISTANCE CONTRACT PROVIDE FOR NO PAYMENTS IN LIEU OF TAXES

1. These projects will be unable to make any payments in lieu of taxes to the municipalities for the project fiscal year in respect to which annual contribution dates occur during the fiscal year ending June 30, 1950, unless the second proviso in the paragraph under the heading, "Public Housing Administration" in title I of the Independent Offices Appropriation Act, 1950, is repealed.

PUBLIC LAW 412 PROJECTS

Alexandria, Va–4–1, 2.
Ft. Lauderdale, Fla—10–1, 2.
High Point, NC–6–1, 2.
Kinston, NC–4–1, 2.
Lakeland, Fla–11–1.
Macon, Ga–7–1, 2, 2A, 3.
Madisonville, Ky–7–1, 2.
New Bedford, Mass–7–1, 2.
New Bern, NC–5–1, 2.
North Little Rock, Ark–2–1.
San Antonio, Tex–6–1, 1A, 3, 4, 5.
Sarasota, Fla–8–1.
Texarkana, Tex–14–1, 2.
Dallas, Tex–9–1, 2, 5.
Fresno, Calif–6–1, 2, 3.
Hartford, Conn–3–1, 2, 3, 3A.
Holyoke, Mass–5–1.
Houston, Tex–5–1, 2, 4, 5.
Pittsburgh, Pa–1–1, 2, 3.
Twin Falls, Idaho–1–1, 2.
Brownsville, Tex–7–1.
Delaware County, Ind–4–1.
Frankfort, Ky–3–1.
Harrisburg, Pa–8–1, 2.
Kokomo, Ind–7–1.
Louisville, Ky–1–1.
Louisville, Ky–1, 2.
Louisville, Ky–1–3, 4.
Rome, Ga–5–1, 2.
Orlando, Fla–4–1.
Corpus Christi, Tex–9–1, 2, 3.
Great Falls, Mont–2–1.

Helena, Mont–4–1.
Laredo, Tex–11–1.
Muncie, Ind–5–1.
Pensacola, Fla–6–1, 2.
Tampa, Fla–3–1R, 2, 3.
West Palm Beach, Fla–9–1, 2.
St. Petersburg, Fla–2–1.
Allentown, Pa–4–1.
Syracuse, NY–1–1.
Utica, NY–6–1.
Washington, DC–1–1, 2, 4, 7.
Anniston, Ala–4–1.
Charleston, WVa–1–1, 2.
Kingsport, Tenn–6–1, 2.
Raleigh, NC–2–1, 2.
Reading, Pa–9–1.
Wilmington, NC–1–1, 2.
St. Petersburg, Fla–2–1A.
Bristol, Va–2–1, 2.
Paducah, Ky–6–1, 2.
Jacksonville, Fla–1–1, 1A, 2.
Pawtucket, RI–2–1R.
Bridgeport, Conn–1–2.
Biloxi, Miss–5–1, 2, 3.
Brownsville, Tex–7–2.
Daytona Beach, Fla–7–1A.
Daytona Beach, Fla–7–2.
Hattiesburg, Miss–1–1, 2.
Hopewell, Va–5–1.
Honolulu, TH–1–1.
Marietta, Ga–10–1R, 2.
New Britain, Conn–5–1.
Phenix City, Ala–5–1R, 2.
Phoenix, Ariz–1–1, 2, 3.
Spartanburg, SC–3–1, 2.
Waco, Tex–10–1, 2.
Wheeling, WVa–3–2.
Williamson, WVa–8–1, 2.
Athens, Ga–3–1, 1A, 2.
Brunswick, Ga–9–1, 2.
Butte, Mont–3–1.
Columbus, Ga–4–1R, 1RA, 2, 2A.
Fort Wayne, Ind–3–1.
Lexington, Ky–4–1, 2.
Martinsburg, WVa–6–1, 2.
Newport News, Va–3–1.
Baytown (formerly Pelly) Tex–12–1, 2.
Stamford, Conn–7–1.
Mayaguez, PR–4–1, 2.
Ponce, PR–1–1, 2, 3, 4, 5, 7.
Puerto Rico, PR–3–1 to 3–12.
San Juan, PR–2–1, 2, 3, 4.
Daytona Beach, Fla–7–1.
Huntington, WVa–4–1, 2, 3.
Mount Hope, WVa–7–1.
Vincennes, Ind–2–1.
Clarksdale, Miss–7–1.
East Baton Rouge, La–3–1, 2.
Lake Charles, La–4–1, 2.
New Haven, Conn–4–1, 3, 4.
Seattle, Wash–1–1.
Miami, Fla–5–1, 2, 3.
Charlotte, NC–3–1, 1A, 2.
Holyoke, Mass–5–2.
Woonsocket, RI–3–1.
Pittsburgh, Pa–1–4, 5.
Superior, Wis–1–1.
Greenville, SC–4–1.
Lakeland, Fla–11–2.
Dothan, Ala–7–1.
Brownwood, Tex–21–1.
Dallas, Tex–9–3, 4.
Dallas, Tex–9–44.
Houston, Tex–5–7.
Los Angeles County, Calif–2–1, 5, 4.
Mesa, Ariz–5–1.
Sacramento City, Calif–5–1.
Sacramento County, Calif–7–1.
Upland, Calif–9–2.
Providence, RI–1–1, 2.
Fort Wayne, Ind–3–2.
Alexandria, La–23–1, 2.
Galveston, Tex–17–1.
Galveston, Tex–17–2.
Kern County, Calif–6–1, 2.
Oakland, Calif–3–1, 2, 3.
Anaconda, Mont–5–1.
Clallam County, Wash–4–2.
Fayetteville, NC–9–1, 2.
Norfolk, Va–6–3.
Richmond, Va–7–1.
Brownsville, Tex–7–3.
Conway, Ark–6–1, 2.
Fort Smith, Ark–3–1.
Little Rock, Ark–4–1, 2, 3.
Glendale, Ariz–3–1.
Hawaii, TH–1–2.
Richmond, Calif–10–1, 2.
San Bernardino, Calif–19–1, 2.
Santa Barbara County, Calif–21–1.
Tucson, Ariz–4–1.
King County, Wash–2–1.
Seattle, Wash–1–4.
Seattle, Wash–1–5.
Middletown, Conn–9–1.
Bethlehem, Pa–11–1.
New Albany, Ind–12–1, 2.
Albany, Ga–23–1, 2.
Orlando, Fla–4–2.
Pensacola, Fla–6–3.
Lubbock, Tex–16–1.
South San Francisco, Calif–15–1.
Bremerton, Wash–3–1.
Washington, DC–1–3, 6, 9, 11, 12.
Newport, RI–5–1.
Allentown, Pa–4–2.
Hartford, Conn–3–4.

2. In addition to the above, there are a large number of other projects, both Public Law 412 and Public Law 671, in which cooperation agreements and assistance contracts do require some payments in lieu of taxes, but these amounts are less than the amounts authorized by section 305 (b) of the Housing Act of 1949 (Public Law 171, 81st Cong.). The payments authorized in these cases are in various amounts and percentages, such as 2 percent of shelter rent, 2½ percent, 3 percent, etc.; therefore, if the proviso in the Independent Offices Appropriation Act, 1950, is not repealed, the allowable payments in lieu of taxes in these cases would be limited to such smaller amounts or percentages.

3. There is still a third category of cases in which the outstanding assistance contract between the Public Housing Administration and the local authority authorizes payments in lieu of taxes equal to 5 percent, but such outstanding contracts are revisions of earlier contracts which authorized smaller amount or none at all. Under the proviso contained in the Independent Offices Appropriation Act, 1950, which limits the allowable payments in lieu of taxes to amounts contained in the original contract between the Public Housing Administration and the local authority, the payments in lieu of taxes would have to be limited to the lesser amount and the Public Housing Administration would then be in default under the terms of the outstanding revised contracts. The projects falling in this category are the following: Baltimore, Md.; Detroit, Mich.; Norwalk, Conn.; Atlanta, Ga.; Annapolis, Md.; Beverly, N. J.; Jackson, Tenn.; Nashville, Tenn.; Denver, Colo.; Key West, Fla.; Los Angeles, Calif.; New York, N. Y.; Omaha, Nebr.; Springfield, Ill., Trenton, N. J.; Frederick, Md., and McKeesport, Pa.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. MAYBANK].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. NEELY. Mr. President, I move to amend the bill, on page 10, line 12, by striking out "$50,000" and inserting in lieu thereof "$100,000."

I should like to ask the Senator from Arizona [Mr. HAYDEN] if he will make a brief statement of the facts concerning this amendment.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. HAYDEN. Mr. President, my suggestion would be that the chairman of the Appropriations Committee accept this amendment and take it to conference. It has to do with day-care centers, which have been operating from year to year in the District of Columbia. An act of Congress was passed which came out of the District Committee of the House and the District Committee of the Senate, extending it for one more year. The act itself provided that the amount allotted to this work should be $100,000. It was shown in the testimony that the contribution by the parents or guardians of the children would be approximately $50,000. Actually it was approximately $48,000. The House Committee on Appropriations took the view that the amount of money to be appropriated would be equal only to the sum which the parents provided, but inasmuch as the authorizing act contemplated $100,000, perhaps we can persuade the House if we take the matter to conference to adjust it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. NEELY].

Mr. NEELY. Mr. President, necessity commands us and humanity entreats us to adopt the pending amendment. Its defeat would cause irreparable injury and distress to a vast army which is composed of highly praiseworthy working women from the District of Columbia and from practically every State in the Union. Failure to increase the appropriation, as proposed by the amendment which I have proposed would necessitate the closing of a number of service centers which, by caring for the children of these working women, make it possible for their mothers, many of whom are widows, to earn a livelihood both for themselves and their little ones who are wholly dependent upon them. As a result of my conversations with various Senators concerning this important matter, I am convinced that further debate is unnecessary and that the vote in favor of the amendment will be indicative of appropriate senatorial reverence for the Master's admonition "Suffer little children to come unto me, and forbid them not: for of such is the kingdom of God."

Please let me urge that the amendment be approved without dissenting voice or vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. NEELY].

The amendment was agreed to.

Mr. YOUNG. Mr. President, I wish to call up an amendment which was authorized by the Appropriations Committee.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from North Dakota.

The LEGISLATIVE CLERK. On page 15, after line 4, it is proposed to insert:

INTERNATIONAL PEACE GARDEN, NORTH DAKOTA

For the construction of roads, trails, buildings, utilities, and other improvements, including expenses incidental thereto, necessary for completion of the International Peace Garden, North Dakota, $25,000, to remain available until expended: *Provided*, That this paragraph shall be effective only upon the enactment into law during the first session of the Eighty-first Congress of H. R. 2369.

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Mr. YOUNG. Mr. President, the International Peace Garden referred to is sponsored by the State of North Dakota and the Canadian Government. It started previous to World War II. Authorizing legislation for this appropriation passed the House and is now pending in the Senate Committee on Interior and Insular Affairs. I understand it has the approval of that committee. This appropriation cannot be effective until the legislation has been passed by Congress and signed by the President.

I ask unanimous consent to have inserted in the RECORD, as a part of my remarks, a further explanation of the amendment.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

EXPLANATION OF THE BILL, H. R. 2369, TO AUTHORIZE AN APPROPRIATION TO COMPLETE THE INTERNATIONAL PEACE GARDEN, NORTH DAKOTA

The North Dakota State Legislature in 1935 authorized and directed the Governor to accept title to certain lands on the Canadian border to be known as the International Peace Garden, for the purpose of furthering international peace among the nations of the world.

An 888-acre park was established as the result of this legislation and the Canadian Government, urged by the Royal Horticultural Society of London, established a park of approximately 1,300 acres on the Canadian side of the border. The National Park Service, between 1934 and 1941, during the Civilian Conservation Corps program, assisted in development of the park on the American side of the border. The abrupt entry of the United States into World War II, however, and the resulting discontinuance of the Civilian Conservation Corps program, left the International Peace Garden unfinished.

The Dominion of Canada is developing the park on its side of the border and the $100,000 authorized is for the purpose of aiding the State of North Dakota to develop that part of the park in the United States.

The Federal project was on a somewhat larger scale than would have been undertaken by the State without assistance from the National Park Service and the Civilian Conservation Corps, and, therefore, it may be regarded that there is a moral obligation on the part of the Federal Government to assist in the completion of this project.

Mr. SALTONSTALL. Mr. President, do I correctly understand that this is the same type of amendment as that which was passed in connection with the rural telephone provision?

Mr. YOUNG. That is correct.

Mr. SALTONSTALL. Is the bill covering it on the calendar yet?

Mr. YOUNG. No; it is not. The appropriation would not be effective until authorizing legislation is passed.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. YOUNG].

The amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, I offer a second amendment and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Oklahoma.

The LEGISLATIVE CLERK. On page 22, after line 1, it is proposed to insert the following:

BUREAU OF INTERNAL REVENUE

Refund of taxes illegally assessed and paid by Indian wards: For the payment by the Treasury Department of the principal amount of any claim or claims for refund of income taxes filed within the 2-year period permitted by and pursuant to the declared policy of Congress as contained in section 2 of the act of Congress of January 29, 1942 (56 Stat. 21), by or on behalf of any Indian allottee of the class mentioned therein as having been required or permitted to pay any Federal income tax on the rents, royalties, or other gains arising from such allotment during the minority of the allottee, $200,000, to remain available until expended.

Mr. THOMAS of Oklahoma. Mr. President, I wish to make a very brief explanation of the amendment. A bill embodying the substance of the amendment passed the House at this session and is pending in the appropriate committee of this body, but for fear we will not get action on it at this session, I have offered the amendment just read. The House bill provides not only for the payment of claims when approved but for the payment of interest on such claims. This amendment eliminates the interest and provides for the payment of claims only in the event the Treasury Department finds the claims are just. In the early days in my State of Oklahoma all Indian property was taxed by the Federal Government and by the State government. The Indians, of course, complained, because, being wards of the Government, they did not think they should pay taxes. But, in any event, they were forced to pay taxes, and claims for refunds have been presented to the Government many of which have been paid.

There are claims of Indians who were minors at the time the tax was paid, and such Indian minors did not know of their rights, and from time to time the provision for refunds has been extended, but now we ask for a sufficient extension to permit those former minors—now, of course, adults—to have a chance to go into court or before the Treasury Department and present their claims, and if just to secure refunds. If the Treasury determines that the claims are just, they will pay them; if they determine they are not, they will not pay them. That is the whole question involved.

Mr. SALTONSTALL. Mr. President, will the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. The amendment provides for paying the principal of the claims, without the interest, which would amount really to very much more than the principal, because of the time the claims have run. Is that correct?

Mr. THOMAS of Oklahoma. The Senator is correct. The claims having run some 40 years, the interest alone on them would amount to more than the principal. The committee did not see fit to authorize the payment of the interest. We hope to get the matter settled, as it has been pending already for too long—for the 27 years I have been a Member of the Congress to my certain knowledge.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. THOMAS].

The amendment was agreed to.

Mr. HAYDEN. Mr. President, I offer an amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 8, after line 3, it is proposed to insert the following:

NATIONAL LABOR RELATIONS BOARD

The proviso in the paragraph under the heading "National Labor Relations Board" contained in the Third Deficiency Appropriation Act, 1949, shall not be interpreted to include fruit and vegetable packing house workers.

Mr. HAYDEN. Mr. President, the proviso to which the amendment refers, which was included in the third deficiency bill, reads as follows under the heading "National Labor Relations Board":

Provided, That no part of this appropriation shall be available to organize or assist in organizing agricultural laborers or used in connection with investigations, hearings, directives, or orders concerning bargaining units composed of agricultural laborers as referred to in section 2 (3) of the act of July 5, 1935 (49 Stat. 450), and as amended by the Labor-Management Relations Act, 1947 (Public Law 101, approved June 23, 1947), and as defined in section 3 (f) of the act of June 25, 1938 (52 Stat. 1060).

That proviso has been carried in the appropriation bills, in the National Labor Relations Board item, for the past 4 years, and has caused no difficulty of any kind until the present year, when the Board by a ruling decided that agricultural laborers as defined by the act including packing shed workers. Up to last January I believe it was, they had not been included, and whenever there was a dispute in any packing shed in the United States where vegetables or fruits were being loaded the National Labor Relations Board participated and settled the dispute. Where there was a question of an election, to decide what labor organization should represent the laborers, there was no difficulty. But the recent ruling makes it so that if a pear crop, for instance, which must be marketed within a few weeks, is to be gathered, and there should be a quick strike, the Board could not follow the usual methods of arbitration and conciliation which the Board employs in settling controversies of that kind.

My suggestion in offering the amendment is that the Senate adopt the proviso and that it be taken to conference. I do not know that it is entirely perfect, but I am sure that the senior Senator from Oregon [Mr. CORDON], with whom I talked about it in the committee, will agree with me that a very difficult situation would be presented if the new ruling by the Board made it impossible in any way to conciliate or arbitrate or handle a strike in a packing shed which is not a farm operation, and had not been so considered until last January.

Mr. CORDON. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield to the Senator from Oregon.

Mr. CORDON. I hope the Senator will correct me if I am wrong, but as the situation now stands, the prohibition to which the Senator refers would act to prevent any conciliation attempt on the part of the conciliation officials in the case of a strike or a threatened strike. It would leave the parties at arm's length at the one time above all others when any intervention which would succeed in getting the packing sheds working would be most invaluable, and might be the means of saving a whole crop of perishables.

Mr. HAYDEN. That is exactly my understanding of the situation.

Mr. CORDON. As I said to the Senator, I am not certain that the amendment will do exactly what the Senator feels should be done and what the Senator from Oregon feels is advisable, and I think perhaps attention should be given in the conference if the amendment shall be adopted, to a careful checking of the term "packing-house workers," so as to be certain that it does not include operations on the farm which are purely incidental to the agricultural operation itself. I believe the amendment of sufficient importance to go to conference, and I shall support the amendment.

Mr. HAYDEN. I expect to be one of the conferees, and I assure the Senator I shall take the matter up and endeavor to have drafted exactly the right language, so that nothing will be done that has not been done freely heretofore in the past, during all the years this proviso has been upon the statute books, until the recent change in the attitude of the Board.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield to the Senator from Michigan.

Mr. FERGUSON. If the Board is prohibited from using any money in relation to this particular kind of work under the prior provision, how did the case get before it, if it was not allowed to have jurisdiction?

Mr. HAYDEN. I have not the entire history of matters pertaining to this proviso. I tried to confer with a former member of this body, Mr. Murdock, who is a member of the Board, who promised to give me some information about it. It is perfectly clear that this language has not been construed, until recently, to include packing-house workers. It is designed and intended to prevent the organization of agricultural labor, and that is all it is intended for. That means somebody working on a farm, or where a packing shed is alongside a railroad track and men and women are employed putting fruit in boxes or putting lettuce and other vegetables in crates. They are not working on a farm, and never until this recent change of mind on the part of the Board have they been considered agricultural laborers.

Mr. FERGUSON. Up to the present time, have not activities on farms where there were packing houses been considered agricultural?

Mr. HAYDEN. No.

Mr. FERGUSON. The products moved directly from the field to so-called warehouses, where the workers sorted them, and all the workers were treated as farm laborers, were they not?

Mr. HAYDEN. No, not until January of this year. Prior to that time they were not considered to be agricultural workers because they were not employed on the land. They were employed in a building putting fruit in boxes or lettuce or other vegetables in crates.

Mr. CORDON. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield to the Senator from Oregon.

Mr. CORDON. Does the Senator understand, as does the Senator from Oregon, that the testimony before the subcommittee was to the effect that the National Labor Relations Board had deemed that so-called packing-house workers were not included within the prohibition, but had never formally decided the question, and had operated under the assumption that that was the law, until the matter came up to them in two cases, I believe, when they reversed their former position to the extent that they made a decision which in itself, by virtue of its character, prohibited them from hereafter doing what before that they had done on the assumption that they were permitted to do it under the proviso?

Mr. HAYDEN. That is a correct statement. For that reason, if the amendment is adopted, we can take it up with the Board and secure a clear definition so there will be no difficulty about the matter.

Mr. CORDON. Mr. President, will the Senator yield further?

Mr. HAYDEN. I yield.

Mr. CORDON. I may say that that is the view of the Senator from Oregon, and that is the reason he has taken the position he has taken with reference to this provision.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. HOLLAND. I should like to ask the distinguished Senator from Arizona if the adoption of the amendment would mean that jurisdiction would be given to the NLRB over labor in packing sheds and the like handling agricultural products in their original or natural state? If it would so do, in my judgment, it would make a very great departure from the law as it has always been announced and always been interpreted, and I would certainly want to know from the distinguished Senator that the amendment would not have any such result.

Mr. HAYDEN. All I can state to the Senator from Florida is I know that in California, in the Salinas area, and in Arizona, in the Salt River Valley area, where there have been disputes between the packers, those who operate the packing sheds along the railroad track and their workers, the NLRB has adjusted those disputes. The Board has also arranged for elections where there was a doubt as to whether one union or another should represent the workers. They have always considered them not to be agricultural laborers. I am sure that is the situation in California and in Arizona. I cannot say anything about what the situation is in Florida or elsewhere, but I know the statement I have made applies to California and Arizona. After a crop is grown and ready to be shipped, lettuce already picked, or carrots taken out of the ground, ready to be shipped, or if a crop of pears, which are highly perishable, has been picked, if a dispute arose and nothing could be done by way of mediation or conciliation, I know it would be disastrous. In such event, there might arise innumerable difficulties which ought to be straightened out, and such difficulties have been straightened out until recently.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. SALTONSTALL. I should like to ask the Senator if the proposal does not represent a change in the substantive law rather than legislation on an appropriation bill?

Mr. HAYDEN. No; there never has been any substantive law on the subject. But for 4 years we have carried these identical words as a limitation upon the appropriations for the National Labor Relations Board. There is no statute on the subject. The only difficulty that exists now grows out of the recent interpretation of the words to mean more than they were considered to mean by the Board for more than 3 years up until this last year. I can say to the Senator from Florida that certainly I have no desire in the world to confer any additional jurisdiction upon the National Labor Relations Board above and beyond what they exercised prior to last January, and which was customary up to last January. If this amendment goes to conference, if any doubt exists about it, we can straighten it out.

Mr. HOLLAND Mr. President, will the Senator further yield?

Mr. HAYDEN. I yield.

Mr. HOLLAND. While I fully appreciate the objectives of the distinguished Senator from Arizona, and I have no doubt that he does not want to disturb the prevailing law, in my view the adoption of this amendment would very probably do so. The provision in the third deficiency bill which has been referred to, reads as follows, and I quote from page 14 of the bill, lines 11 to 20 inclusive, as follows:

Provided, That no part of this appropriation shall be available to organize or assist in organizing agricultural laborers or used in connection with investigations, hearings, directives, or orders concerning bargaining units composed of agricultural laborers as referred to in section 2 (3) of the act of July 5, 1935, and as amended by the Labor-Management Relations Act, 1947, and as defined in section 3 (f) of the act of June 25, 1938.

Mr. President, my understanding of this problem is that a long dispute has existed behind the insertion of this provision which I have just read, into the various appropriation acts in which it has been placed. It has been placed in such acts by the insistence of Congress, as I understand, to make it clear that Congress has no intention ever to allow

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the National Labor Relations Board to use the appropriation, or to exercise jurisdiction in connection with the organization or the assistance in organizing agricultural laborers, or for investigations, hearings, directives, or orders concerning bargaining units composed of agricultural laborers.

My understanding is based on considerable dealing with this particular situation in the State of Florida, where there has been distinction made between the work in the handling of fruits and vegetables in their native state, or in their natural condition, in which case the workers have been held, as I understand it, to be agricultural laborers, whereas in the case of those who are in the canneries or in the processing plants which change the form of the natural product, the contrary has been held, and the NLRB has been allowed to maintain jurisdiction and to expend Federal funds in assisting in the organization of the latter class of agricultural laborers, as I have mentioned, whereas they have not been permitted to do so at all—either to claim jurisdiction or to expend Federal funds—in connection with the organization or the investigation or arbitration of disputes in the case of the workers in the packing sheds, or packing houses, which handle the fruit and the vegetables in their native state.

What I sincerely fear is that the wording of this amendment as now proposed would operate to defeat the insistence of the Congress throughout the years that the definitions it had insisted upon be interpreted in accordance with the interpretation which I have already suggested, which has distinguished between operations in the packing sheds, where the fruit or vegetables are handled in their natural state, and the operations in the processing plants, where the fruits or vegetables are placed in cans or where they are concentrated or dehydrated or handled in some manufacturing process.

I am very fearful that the adoption of the amendment would completely undo the long stand of Congress, the insistent stand, which it has been attempted, by a nibbling process of interpretations or regulations, to evade. It would, in my judgment, rather dangerously operate against the long stand of Congress along the lines which I have just mentioned.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. FERGUSON. Is not that exactly what the amendment proposes to do—to make such a change?

Mr. HAYDEN. No; not at all. All the amendment proposes to do—I am sorry it had to be prepared hurriedly—is to restore the previous definition of what is an agricultural laborer and to follow procedures which were followed by the NLRB until last January. Up to that time, to my personal knowledge, in Arizona and in California, and I think the Senator from Florida will find it to be true in Florida, where a packing shed is located alongside a railroad track and the fruit or the vegetables are brought to the track, and there are put in the boxes and placed on the train, the workers have not been considered to be agricultural laborers. If the work were done on a farm, however, that would be a very different matter. If I had a packing shed on my farm and I used the same labor I employed to grow the crop to pack it, that would clearly be agricultural labor. The fact is that they are migratory workers. They begin with cantaloups, for example, in the Imperial Valley. They go into the packing sheds, pack the cantaloups in crates, and put them in cars. Then they go to Yuma, then to the Salt River Valley, and then up into Colorado. They follow the crop, and work along the railroad tracks. There have been innumerable disputes, which have been mediated and conciliated, elections have been held, and all that. So I am sure that the Senator from Florida is in error.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. FERGUSON. I think the Senator from Florida has that very thing in mind. These workers pack in boxes the grapefruit, oranges, or other fruit brought in from the farms, along the railroad track or along the highway.

Mr. HAYDEN. Does the Senator from Florida say that the persons he knows about in Florida who do that kind of work are employed on farms?

Mr. HOLLAND. Mr. President, if the Senator will yield, I will state exactly what my understanding is.

My understanding is that in Florida the courts have held, and the law has been understood as distinguishing between workers in a packing house or packing shed where the vegetables or fruits are handled in their native state, and the workers in canneries or concentrating plants. My information is that while there has been contention in other States, that contention has been decided by courts of the highest authority in favor of the doctrine which I have announced. That was the decision, as I understand, in the case of the diGiorgio interests in the State of California, only last year. I believe that the adoption of this amendment would tend to upset the decisions of the courts, which announce the law exactly as we have understood and interpreted it in the Florida courts. As I understand, it has been interpreted in both State and Federal courts in that area. The adoption of this amendment would hold in so many words that fruit and vegetable packing-house workers are not included within the term "agricultural laborers," to my mind making a complete and very serious change in existing law. I know that with reference to the Wages and Hours Act there has been great controversy, and it has been decided exactly as I have stated, namely, that there is a difference between those who are actually manufacturing or processing and those who are handling the fruit or vegetables in their native State.

In my judgment, this simple amendment, offered in the best of faith by the distinguished Senator from Arizona might operate completely to overturn the provisons of both the NLRB Act and the Wages and Hours Act and also to overturn the decisions of very eminent courts in interpreting those acts. So I would not want to see it adopted under the understanding that it did not have that meaning. Let me read the proviso again, for the information of the Senate——

Mr. HAYDEN. Mr. President, if the Senator will allow me to interrupt him, the sole question is this: Is a packing-shed worker handling grapefruit, oranges, lemons, carrots, lettuce, or any other crop, alongside a railroad track, not on a farm, putting them in the packages and placing them in the freight car, an agricultural laborer? If the Senator contends that he is, there is no argument about it. But so far as my personal knowledge is concerned, in my own State and in California such workers have not been considered to be agricultural laborers, because they were not employed by a farmer. They did not work on a farm. They engaged in a business. As I have said, most of them are migratory laborers who follow crops.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. HOLLAND. My understanding has been exactly the contrary. My understanding is that the adoption of this amendment would affirmatively give the National Labor Relations Board jurisdiction over fruit and vegetable workers in packing houses, and also probably bring them within the purview of the Wages and Hours Act. The definition in the Labor-Management Act is one of the specific things affected by this amendment. To my mind, it would be very dangerous to adopt the amendment.

PROPOSED DECENTRALIZATION OF NATIONAL DEFENSE DEPARTMENT

Mr. WILEY. Mr. President, I am sorry to have to interrupt with a collateral matter, but I must attend a conference shortly. I shall take not more than 5 minutes.

Mr. McKELLAR. Mr. President, it will require only half a minute to dispose of the pending bill if we can reach a vote.

Mr. WILEY. Very well, if it may be understood that I may be recognized. I must attend a conference.

Mr. WILLIAMS. Mr. President——

Mr. WILEY. Mr. President, have I the floor?

Mr. WILLIAMS. I have a couple of insertions to place in the RECORD prior to the passage of the bill.

Mr. WILEY. Mr. President, I shall consume only a few minutes. I desire to be heard. I think I was recognized.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. WILEY. Mr. President, the most important news in the last 7 days and perhaps of this entire year has been the confirmation by the President of the atomic-bomb explosion within the borders of Russia. To some of us, the only surprising feature of this news is that it, in turn, should cause such surprise. In other words, it has been common knowledge in many circles here in Washington that there was such a radioactive explosion within the Soviet Union.

For example, in the September 1949 issue of the bulletin Intelligence Digest, which was published prior to the 1st of September, by Mr. Kenneth De Courcy, in London, whom I happen to know personally and whom I have had the priv-

llege of visiting in his home in London and in the country, details were given on the bomb in Russian hands. I personally had made no public reference to this printed news, because quite obviously, until our governmental authorities saw fit to confirm it, it might be considered by some as constituting classified information. In the January issue of the Intelligence Digest, to which I have referred, published by Mr. De Courcy, there was a prediction in relation to the explosion.

Yesterday, following the extensive comments on the atomic-bomb question, I released from my office a letter which I had written to Secretary of Defense Louis Johnson urging the decentralization of our armed services from Washington, D. C. I have pleaded for such action for many years now. As a matter of fact, from the early days of 1939, when I first came to the Senate, I pleaded with our military and industrial leaders in Washington to disperse our major defense installations away from the Capital, from New York City, from Chicago, and other over-congested areas out into the relatively under-populated Middle West, and even far West.

To some people, my repeated requests for decentralization from Washington may have seemed to be scaremongering. We have learned, however, that our worst fears have been confirmed and that any further delay in decentralization is suicidal. I tried to point this out in previous articles which I wrote for the magazine the Reserve Officer here in Washington in February 1948 and February 1949. At this time I ask unanimous consent that there be printed at this point in the CONGRESSIONAL RECORD the text of my release of yesterday.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

WILEY URGES DECENTRALIZATION TO MEET ATOMIC BOMB THREAT—DERIDES "PEACE TALK WITH STALIN"

Senator ALEXANDER WILEY, Republican of Wisconsin, reported today he had written to Secretary of Defense, Louis Johnson, presenting his urgent recommendation for immediate decentralization of the National Defense Department, particularly from the Pentagon Building and other "suicidal target" installations in the Washington area.

WILEY also reported that he has renewed his pleas with the White House and the National Security Resources Board for immediate steps for getting as many key Government personnel and officers out of the Washington area as soon as possible.

WE ARE SUCKERS FOR SOLAR PLEXUS BLOW

"Even had President Truman not announced that there has been an atomic bomb explosion inside Russia, such decentralization is long overdue. For years now, I have pointed out that we are 'centralization chumps' in allowing all of our key industries and our key Government departments to be congregated in Washington, D. C., and a few major production centers. We would be a sucker for a solar plexus atomic blow which could knock our country out of an atomic war a few minutes after such a war started."

The Wisconsin Senator added: "While there is certainly no ground for panic or hysteria, there is ground for action—darn fast."

MERE TALK WITH JOE STALIN WILL NOT BRING PEACE

"It is ridiculous to assume that if President Truman were to merely chat with Joe Stalin and to arrive at some paper agreement that would evaporate away the atomic menace. On the contrary, the atomic cloud will continue to hang over the world, along with the bacteriological warfare cloud, until we have made the United Nations a 100 percent effective international police force. Russia has shown that she regards treaties as mere scraps of paper. An atomic agreement would obviously be kept by her only so long as she felt it within her national interests to do so.

"It is ridiculous too to criticize us for being in an atomic armament race with Russia. It is a fact that such a race exists and will continue. No amount of wishy-washy thinking will eradicate it nor will any so-called peace chat. Our greatest means for preserving peace is still in our invincible armed might, even though we will continue to try to improve the effectiveness of the United Nations."

Mr. WILEY. This morning, after I had issued the release, I received a radiogram from Mr. deCourcy. I should like to read it.

SEPTEMBER 26, 1949.

Senator ALEXANDER WILEY,
United States Senate, Washington:

Have read your memorandum to Johnson with interest. Intelligence Digest published full details coming Russian atomic bomb explosion in January last and said it would be in June. Three weeks ago forecast it had happened. Further information leads me to believe Russia will have big stock pile by 1953 together fleet pilotless aircraft or missiles for use in conjunction. Neither British nor American Governments are adequately informed or taking matters sufficiently seriously. Full information about these matters and plan considered best by those with really full intelligence knowledge is to be published Intelligence Digest November 1 which everyone in America should read. Hope you will do best to press these matters and urge people read full details published November upon which the future existence of Britain and America depends. You are quite right about dispersion from Washington though much more than this will be necessary.

Best regards,

KENNETH DECOURCY.

Mr. President, the morning newspaper presents the thought that a ring has been built by the Russians for discharging their projectiles.

My remarks are not made with any thought of indulging in scare propaganda. However, I think we have had long enough to think things through. When we realize what happened in Japan and when we realize how, through our ingenuity, we have shortened distances, so that today from our outpost in Hawaii or our outpost in Alaska it is possible to come in contact with Russian planes and Russian territory within a comparatively few hours, I believe I would be remiss if I did not bring this radiogram to the attention of the Senate, because I happen to know something about the way the man who sent the radiogram operates. It is nothing for him to send a man into a country for an entire year to investigate details. Of course, he has been 6 or 7 months ahead of the rest of the world in respect to certain important data which finally have come to the knowledge of the world. He was weeks ahead of the President's statement.

Mr. President, what are we going to do about this matter? The problem is one which seems to me, as a legislator, to call for a suggestion that perhaps it is later than we think, and that we should carefully review the wisdom of the present policy of continually building great centralized establishments, as we have been doing, and building larger and larger cities.

In the issue of Newsweek magazine, published this morning, appears a pictogram showing the number of lives that would be lost in one block in New York City if a bomb were dropped there. Yet what are we doing about such matters?

So it seems to me this problem calls, in the first place, for the Armed Services Committee not only to rationalize in regard to the situation but to sit down with the leaders of our military and find out definitely in what direction we are going.

I apologize to the distinguished Senator from Tennessee for taking time on this matter during the consideration of the appropriations bill.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its assistant enrolling clerk, announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 3616. An act authorizing the issuance of a patent in fee to Lulu Two Spears Iron Bird; and

H. R. 3886. An act authorizing the Secretary of the Interior to issue a patent in fee to Jeanette Pearl Burns.

The message also announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 1976. An act to authorize the sale of certain allotted inherited land on the Flathead Indian Reservation, Mont.;

H. R. 5310. An act to confer jurisdiction on the State of California over the lands and residents of the Agua Caliente Indian Reservation in said State, and for other purposes; and

H. R. 5670. An act authorizing transfer of land to the county of Bernalillo, State of New Mexico, for a hospital site.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 1976. An act to authorize the sale of certain allotted inherited land on the Flathead Indian Reservation, Mont.;

H. R. 3616. An act authorizing the issuance of a patent in fee to Lulu Two Spears Iron Bird;

H. R. 3886. An act authorizing the Secretary of the Interior to issue a patent in fee to Jeanette Pearl Burns;

H. R. 5310. An act to confer jurisdiction on the State of California over the lands and residents of the Agua Caliente Indian Reservation in said State, and for other purposes; and

H. R. 5670. An act authorizing transfer of land to the county of Bernalillo, State of New Mexico, for a hospital site.

SUPPLEMENTAL APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 6008) making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona, on page 8, after line 3.

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Mr. McKELLAR. Mr. President, may we have a vote on this question?

Mr. HOLLAND. Mr. President, at this time I raise a point of order against the amendment proposed by the distinguished senior Senator from Arizona, namely, that it is an attempt to write legislation into an appropriation bill.

Mr. HAYDEN. Mr. President, I shall have to concede the point of order.

The PRESIDING OFFICER. The point of order is sustained.

If there be no further amendment to be proposed——

Mr. CHAVEZ. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 14, in line 24, it is proposed to strike out "$98,500" and insert "$154,300."

Mr. CHAVEZ. Mr. President, I dislike very much to bring forward an amendment at this particular time, but it so happened that I was in New Mexico up until Thursday of last week. While I was there I took occasion to visit the Pueblo of Zuni, an Indian pueblo close to the Arizona line. There I saw something which I thought I should discuss with the Senate, especially in connection with an appropriation bill.

Several years ago the Congress appropriated funds for a road and a bridge at this particular pueblo. It is the oldest pueblo in the North American Continent, and the first pueblo to be seen by white men. It was discovered by the Spaniards in 1540. Today 3,000 Indians are living there and in the reservation which was granted to them many years ago. They make their own living. During the recent war 800 of these Indians served in the armed forces of the United States.

Congress appropriated money for the construction of a road and a bridge near the pueblo. I went to the pueblo 2 weeks ago last Sunday. In the middle of an arroyo, there is a bridge, but there is no approach to the bridge. That situation exists because, according to what I am told by the Indian Bureau and according to what the poor Indians have tried to explain to me, Congress did not provide sufficient money for finishing the project. The result is that in the middle of the dry arroyo, which is subject to flash floods, there is a fine bridge, a good concrete structure, but it is without approaches. So the Indians cannot cross it.

All I request by the amendment is that a few thousand dollars be appropriated for constructing the approaches to the bridge, so that the Indians may use it.

Mr. SALTONSTALL. Mr. President, let me inquire whether the additional amount the Senator requests, by means of his amendment, is $50,000.

Mr. CHAVEZ. It is $54,000.

Mr. SALTONSTALL. This matter was not brought up in the committee; was it?

Mr. CHAVEZ. I understand from the Indian Bureau that the need for the additional funds developed quite suddenly. Of course, the need for the additional construction is so palpable, and the present waste of the Government's money is so evident—anyone who goes there and sees the present situation can comprehend at a glance the need for the additional funds now requested—that I decided to bring it before the Senate at this time. This matter was brought up before, but I understand that in committee the amount of the appropriation for roads was reduced, with the result that in this particular instance the necessary funds are not available.

Mr. SALTONSTALL. Is it the Senator's point that the bridge is finished, but there is no way to get to it?

Mr. CHAVEZ. Yes.

Mr. SALTONSTALL. An automobile cannot be driven on the bridge?

Mr. CHAVEZ. It is not even possible to walk on the bridge at the present time unless some boards are put in position first so as to enable people to reach the bridge.

Mr. SALTONSTALL. Is it the position of the Senator from New Mexico that the completion of this project is the responsibility of the Federal Government?

Mr. CHAVEZ. Certainly it is the responsibility of the Federal Government, which has built the bridge and has spent the money for its construction. However, even though flash floods continue to develop in the arroyo, the bridge is not usable as of the present time.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CHAVEZ. I yield.

Mr. LANGER. Is it the understanding that the Indians will do the labor involved in that connection?

Mr. CHAVEZ. The Indians usually do.

Mr. President, the situation in the case of that bridge is that the road leading to it has gone to pieces. I am trying to have money made available in order to protect what the Federal Government already has spent on the bridge. It is a very fine project.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico [Mr. CHAVEZ].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

Mr. WILLIAMS. Mr. President, I shall not unduly delay passage of the bill. I merely want to call the attention of the Senate to the fact that on page 8 of the bill we are appropriating $25,000,000 for the Maritime Commission, as extra money which will be needed to repair 134 vessels now in our national reserve fleet. To keep the record straight, I will place into the RECORD at this point a letter from the Comptroller General indicating why it is that the Maritime Commission now finds it is $25,000,000 short of the amount of funds adequate to carry out this year's business according to law. This is a letter dated July 11, 1949, signed by the Hon. Lindsay C. Warren, Comptroller General of the United States, and addressed to the President of the Senate, in which the Comptroller General, referring to the Maritime's expenditure last year, says that "not less than $25,000,000 must be considered as excessive due to irregular procedures, inaccurate calculations, and unjustifiably liberal interpretations of statutory language." In other words, Mr. Warren points out in the report attached how the Maritime Commission has disbursed $25,000,000 for which it had no authority, which is exactly the amount we are today being asked to replace. I ask unanimous consent to have the letter inserted in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., *July 11, 1949.*

The honorable the PRESIDENT OF THE SENATE.

MY DEAR MR. PRESIDENT: I am transmitting herewith a special report concerning certain agreements entered into by the United States Maritime Commission under which the Government granted construction subsidies and assumed the cost of national defense features in connection with the construction of passenger vessels for private owners. The information contained in this report was disclosed during the regular audit of the financial transactions of the Commission for the fiscal year 1948 conducted by the Corporation Audits Division of this Office and was brought to my attention in advance of the regular audit report because of the serious nature of the disclosures. I concur, without reservation, in the conclusions and recommendations of this report and feel strongly that the Congress should give immediate attention to the matters discussed therein.

The three transactions in question involve the construction of six vessels at a cost to the Commission of approximately $150,000,000 and a sale of the vessels to private interests for approximately $70,000,000. The report indicates that of the resulting contribution of approximately $80,000,000 by the Government toward the cost of these vessels, not less than $25,000,000 must be considered as excessive due to various irregular procedures, inaccurate calculations, and unjustifiably liberal interpretations of statuory language.

Respectfully,

LINDSAY C. WARREN,
Comptroller General of the United States.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Massachusetts?

Mr. WILLIAMS. I yield.

Mr. SALTONSTALL. As one who has been interested in this appropriation, I should merely like respectfully to suggest to the Senator from Delaware that the irregularities have nothing to do with the additional request. The additional request comes at this time because of a difference of opinion between the Maritime Commission and the National Military Establishment as to who should pay for conditioning the 134 merchant vessels. Twenty-five million dollars is involved. I do not question Mr. Warren's opinion; I do not question the statement of the Senator from Delaware; but I do say it has no connection with this appropriation.

Mr. WILLIAMS. Mr. President, the Senator from Massachusetts misunderstood me. I said in the beginning it was not my intention to question the advisability of repairing these vessels. I am merely pointing out why the Maritime Commission finds itself $25,000,000 short at this particular time and why they do not already have adequate funds to carry out the assignment.

I call to the attention of the Senate another incident, wherein another substantial amount has been ignored by the Maritime Commission. Sometime last spring it was called to my attention that the Maritime Commission had been negligent in billing their outstanding accounts. I was advised that substantial amounts were then outstanding, some of them being past due for more than a year and that invoices for these past due accounts had never been mailed to the debtors. On May 12, 1949, I addressed a letter to the Maritime Commission asking the amount of outstanding accounts owed to the Commission which had not been billed, and also the total amount of such accounts which were 1 year old or over. On May 26, 1949, I received a letter from the Maritime Commission, signed by Mr. Grenville Mellen, Vice Chairman, in which, in answer to my question, he stated:

In February 1949 a survey of unbilled accounts receivable was conducted and it was estimated that these receivables would amount to approximately $26,000,000.

In March 1949, 50 employees were assigned to the task of screening all backlog accounts in order to identify all receivables contained therein and to effect the necessary billings. All of these accounts are over 1 year old.

Summarizing we find that in February 1949 the Maritime Commission had outstanding on its books over $26,000,000 which had been owing to the Commission for over 1 year and for which the Commission had never even sent out bills; and again we are told that during the last fiscal year, they paid out in subsidies another $25,000,000 which, according to Mr. Warren, was based upon inaccurate calculations. I think it is time that the appropriate committee look into the Maritime Commission's affairs and insist upon an accounting for all their expenditures. We should determine just who in the Commission is responsible for such loose management and hold him responsible.

The PRESIDING OFFICER. For the information of the Senate, the Chair may say the Senate subcommittee on investigations, of the Committee on Expenditures in the Executive Departments, made the investigation, and that the situation is being corrected very rapidly.

Mr. WILLIAMS. I thank the Presiding Officer for that information but I cannot help feeling concerned with the way the Congress continues to appropriate to an agency which is recognized as being out of line in expenditures of the taxpayers' money. I think we should demand an accounting of every dollar spent in this and every other Government agency.

The PRESIDING OFFICER. We had an investigation, and the Maritime Commission made a showing in accordance with what the Senator from Delaware has stated, that they had outstanding accounts in the amount of $26,000,000, which had not been billed. But with our cooperation, they have placed a large force on it, and they have now reduced the amount so that before very long the bills will all have been sent out.

Mr. WILLIAMS. I thank the Presiding Officer. But what I was trying to point out to the Senate was that if the Maritime Commission had conducted its affairs in a more businesslike manner the $25,000,000 appropriation before us would not have been necessary, because the Commission would have had adequate funds at this time, and I personally feel that it would have been better to withhold this appropriation until their house was placed in order.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 6008) was read the third time and passed.

Mr. McKELLAR. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. HAYDEN, Mr. RUSSELL, Mr. BRIDGES, and Mr. GURNEY conferees on the part of the Senate.

MILITARY PAY BILL

The Senate resumed the consideration of the bill (H. R. 5007) to provide pay, allowances, and physical-disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the Reserve components thereof, the National Guard, and the Air National Guard, and for other purposes.

Mr. JOHNSON of Colorado. Mr. President, I have two amendments to call up on H. R. 5007. I wanted to inquire whether those amendments may now be presented. I do not see the Senator from Kentucky [Mr. CHAPMAN] in the Chamber. I am very anxious for him to be present to discuss the amendments.

Mr. LUCAS. Perhaps we had better have a quorum call.

The PRESIDING OFFICER. The Senate has disposed of the appropriation bill for which the unfinished business was temporarily laid aside. What is the pleasure of the Senate?

Mr. LUCAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Gurney	McCarthy
Anderson	Hayden	McClellan
Bridges	Hendrickson	McFarland
Butler	Hickenlooper	McKellar
Cain	Hoey	Magnuson
Capehart	Holland	Malone
Chapman	Humphrey	Martin
Chavez	Jenner	Maybank
Connally	Johnson, Colo.	Miller
Cordon	Johnson, Tex.	Millikin
Donnell	Johnston, S. C.	Mundt
Downey	Kem	Myers
Ecton	Kerr	Neely
Ellender	Kilgore	O'Conor
Ferguson	Knowland	O'Mahoney
Fulbright	Langer	Reed
George	Leahy	Robertson
Gillette	Long	Russell
Green	Lucas	Saltonstall
Schoeppel	Thomas, Okla.	Wherry
Smith, Maine	Thomas, Utah	Wiley
Sparkman	Tobey	Williams
Stennis	Vandenberg	Withers
Taylor	Watkins	Young

The PRESIDING OFFICER (Mr. McCLELLAN in the chair). A quorum is present.

Mr. JOHNSON of Colorado. Mr. President, I have two amendments to the pending measure which I desire to have acted on. I send up the first amendment, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 46, between lines 4 and 5, it is proposed to insert the following new subsection:

(i) All members of the Reserve components heretofore or hereafter retired or granted retirement pay because of physical disability shall be entitled to the same pay, rights, benefits, and privileges provided by law or regulation for retired members of the Regular services.

Mr. JOHNSON of Colorado. Mr. President, on July 26, I submitted this amendment.

For many years retired personnel of the Regular services have been extended all rights and privileges enjoyed by members of the active forces. They and their dependents have been (a) permitted to make purchases at commissaries and post exchanges; (b) furnished medical attention and hospitalization; and (c) allowed to travel by Army transport.

It is clearly indicated that when enacting laws providing for the retirement of members of the Reserve components disabled in line of duty Congress intended that all retired personnel should receive the same pay, rights, benefits, and privileges. The Navy did not question this apparent intent of Congress. Retired Reserve personnel of the Navy and Marine Corps have been extended all privileges enjoyed by retired Regulars.

The Army took the position that although the act of April 3, 1939, confers upon officers of the AUS entitlement to receive the same retirement pay as that provided for officers of the Regular Army, such law does not accord to officers receiving retirement pay thereunder all other benefits to which retired officers of the Regular Army are entitled by law or regulation. Retired AUS officers and their dependents were denied hospitalization, the privilege of making purchases at commissaries and post exchanges, and travel by transport, all of which were permitted retired Regulars.

On August 1, 1949, the Army agreed to amend the regulations so as to permit all retired personnel to make purchases at commissaries and exchanges. This reversal of position on the part of the Army places all retired personnel on an equal footing with respect to commissary and exchange privileges. It does not, however, extend to AUS officers other rights and privileges enjoyed by retired Regulars.

My amendment will insure equal treatment for all retired because of disability, and it will prevent discrimination in the future by modification of existing regulations.

Mr. President, I call special attention to the fact that my amendment applies

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only to those AUS officers who have been retired because of physical disability.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON].

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. SCHOEPPEL. I should like to ask the distinguished Senator from Colorado a question. Does not the amendment of the Senator from Colorado provide that the members of the National Guard or Reserve shall receive the same disability benefits as the members of the Regular Army during the period of active service in time of war or national emergency?

Mr. JOHNSON of Colorado. Mr. President, I will read the amendment:

(1) All members of the Reserve components heretofore or hereafter retired or granted retirement pay because of physical disability shall be entitled to the same pay, rights, benefits, and privileges provided by law or regulation for retired members of the Regular services.

Mr. SCHOEPPEL. I thank the Senator.

The PRESIDING OFFICER (Mr. MAYBANK in the chair). The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON]. [Putting the question.] The "ayes" have it, and the amendment is agreed to.

Mr. JOHNSON of Colorado. Mr. President, I call up my next amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. Yes; I yield.

Mr. SALTONSTALL. Do I understand that the Chair ruled that the amendment was adopted?

The PRESIDING OFFICER. That is correct.

Mr. SALTONSTALL. Mr. President, I rise to a question of parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SALTONSTALL. Under the unanimous-consent agreement it is my understanding that all amendments to the bill are to be voted on at 5 o'clock today.

The PRESIDING OFFICER. Any amendment that is pending can be voted on before 5 o'clock. Amendments now being offered can be voted upon until 5 o'clock.

Mr. SALTONSTALL. Then I respectfully ask that if the amendment offered by the Senator from Colorado [Mr. JOHNSON] was adopted, the vote by which the amendment was agreed to be reconsidered, because I think the Senator from Kentucky [Mr. CHAPMAN] and I both would like an opportunity to discuss the amendment. It is my understanding of the unanimous-consent agreement——

The PRESIDING OFFICER The Chair will ask the clerk to read the unanimous-consent agreement.

The legislative clerk read as follows:

Ordered, That on Monday, September 26, 1949, at the hour of 5 o'clock p. m., the Senate proceed to vote, without further debate, upon any amendment that may be pending or that may be proposed to H. R. 5007, the Career Compensation Act of 1949, and upon the passage of the said bill: *Provided*, That no amendment that is not germane to the subject matter of the bill shall be received.

Ordered further, That the time between 3 p. m. and 5 p. m. on said day be controlled by the Senator from Kentucky [Mr. CHAPMAN] and the Senator from Massachusetts [Mr. SALTONSTALL] and equally divided.

Mr. SALTONSTALL. Mr. President, it is my understanding that the language "any amendment that may be pending or that may be proposed" is the language which has been used in all other unanimous-consent agreements and that no amendment was to be voted upon before 5 o'clock.

The PRESIDING OFFICER. The Chair is advised by the Parliamentarian that the unanimous-consent agreement applied only to pending amendments. If the Senator from Massachusetts desires to request unanimous consent to reconsider the vote by which the amendment was agreed to, the Chair will put the question.

Mr. SALTONSTALL. I do desire that.

The PRESIDING OFFICER. The Senator from Massachusetts asks unanimous consent that the vote by which the amendment offered by the Senator from Colorado [Mr. JOHNSON] was agreed to be reconsidered. Is there objection to that request? The Chair hears none, and the vote by which the amendment was agreed to is reconsidered.

Mr. JOHNSON of Colorado. Mr. President, I desire to call up my next amendment, lettered "D," and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 36, line 13, it is proposed to strike out the period and insert a colon and the following: "*Provided further*, That any disability shown to have been incurred in line of duty during a period of active service in time of war or national emergency shall be considered to be the proximate result of the performance of active duty."

The PRESIDING OFFICER. Let the Chair propound a question to the Senator from Colorado. Does the Senator agree to the postponement of the other amendment?

Mr. JOHNSON of Colorado. Yes; until 5 o'clock. My understanding is that the Senator from Kentucky [Mr. CHAPMAN] has an amendment which he desires to offer to my amendment.

The PRESIDING OFFICER. Does the Senator wish to continue with his first amendment, on which the vote to agree was reconsidered, or does the Senator desire to take up his next amendment, which has just been stated?

Mr. JOHNSON of Colorado. No. It is my understanding that the present status is that the first amendment I called up is before the Senate.

The PRESIDING OFFICER. That is correct.

Mr. JOHNSON of Colorado. And if any Senator has an amendment to it, he should offer it now.

The PRESIDING OFFICER. The pending amendment is the first amendment which the Senator from Colorado offered in connection with National Guard retirements.

Mr. JOHNSON of Colorado. Yes. I do not want to call up another amendment and have such action in effect annul the action on the first amendment. I still want the first amendment to be voted upon.

Mr. CHAPMAN. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. CHAPMAN. It has been my understanding, and that of every Senator with whom I have discussed this subject, including, I believe, the Senator from Colorado, that these amendments——

The PRESIDING OFFICER. The Chair may say to the Senator from Kentucky that a gentleman's agreement with respect to the matter existed, but there was nothing official.

Mr. CHAPMAN. The unanimous consent agreement provides——

The PRESIDING OFFICER. The unanimous consent agreement deals only with pending amendments, so the Parliamentarian advises the Presiding Officer.

Mr. CHAPMAN. Was not the amendment of the Senator from Colorado the pending amendment?

Mr. JOHNSON of Colorado. It is the pending amendment.

The PRESIDING OFFICER. It is the pending amendment now, but it was not the pending amendment when the agreement was entered into.

Mr. CHAPMAN. It is my understanding that the unanimous-consent agreement requested by the majority leader the Senator from Illinois [Mr. LUCAS], provided for a vote at 5 o'clock on the bill and on all amendments pending, and those to be offered in the future.

The PRESIDING OFFICER. The Parliamentarian advises the Chair that the agreement related not to a vote on amendments offered in the future, but on pending amendments.

Mr. JOHNSON of Colorado. Mr. President, if I may be permitted to say so, my amendment was a pending amendment. It was lying on the desk subject to being called up at the time the bill was taken up, so I think it was a pending amendment.

The PRESIDING OFFICER. The Parliamentarian advises the Chair that the situation is that any amendments can be adopted between now and 5 o'clock that are offered from the floor this afternoon or that were pending; that the unanimous-consent agreement provides that at 5 o'clock the then pending amendments and the bill itself shall be voted on.

Mr. SALTONSTALL. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SALTONSTALL. I was present when the majority leader made his unanimous-consent request, and when the unanimous-consent agreement was entered into. The purpose of that agree-

ment, as I understand, was to permit certain Senators who were away from Washington, attending the Midwestern Conference on Agriculture, to come back today, and the hour was set at 5 o'clock so as to allow them to vote on the bill and on all pending amendments at that time.

The PRESIDING OFFICER. The amendments which were then pending.

Mr. SALTONSTALL. Mr. President, I rise again to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SALTONSTALL. When the agreement was entered into there were no pending amendments. The bill had been read and there were certain amendments lying on the table, but none had been offered. I think the Senator from Kentucky and I both knew of the proposed amendments of the Senator from Colorado. But they were not then actually offered. They were lying on the table when the agreement was made. If we are going to vote on these amendments now, my question is, Does not that violate the agreement which was made?

Mr. CHAPMAN. It certainly violates the intention.

Mr. SALTONSTALL. I am sure that it violates the intention of it.

Mr. JOHNSON of Colorado. Mr. President, it does not make any difference to the Senator from Colorado——

The PRESIDING OFFICER. The Parliamentarian advises the Chair that technically under the agreement any amendment which was pending at 5 o'clock should be voted upon without further debate, together with the bill; but there was no unanimous-consent agreement with respect to any amendment which might be presented before 5 o'clock.

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SALTONSTALL. Would it not be possible under the rules to ask unanimous consent, if that is the understanding, that all amendments which the Senator from Colorado or any other Senator offers shall be voted upon at the same time the bill is voted upon, in order that neither the Senator from Colorado nor any other Senator may lose any rights?

The PRESIDING OFFICER. Would that include any further amendments which may be offered?

Mr. SALTONSTALL. Yes.

The PRESIDING OFFICER. Does the Senator submit that as a unanimous-consent request?

Mr. SALTONSTALL. I do, Mr. President.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts that all amendments which are pending or which may be offered between now and 5 o'clock be voted upon after the hour of 5 o'clock?

Mr. SALTONSTALL. Provided they are germane.

The PRESIDING OFFICER. Provided they are germane. In that event there would be no vote on any amendments until 5 o'clock.

Mr. SALTONSTALL. That is correct.

The PRESIDING OFFICER. And all such amendments must be germane to the bill.

Mr. SALTONSTALL. If that is satisfactory to the Senator from Kentucky.

Mr. MYERS. Mr. President, has the unanimous consent request been agreed to?

The PRESIDING OFFICER. Not yet.

Mr. JOHNSON of Colorado. Mr. President, reserving the right to object——

The PRESIDING OFFICER. The unanimous-consent agreement proposed by the Senator from Massachusetts is to the effect that no amendments now pending or to be offered, which are germane to the bill, shall be voted upon before 5 o'clock, but that at the hour of 5 o'clock they shall be voted upon, together with the bill, without further debate. Is the understanding of the Chair correct?

Mr. SALTONSTALL. The Chair is correct.

Mr. JOHNSON of Colorado. Mr. President, reserving the right to object—and I do not intend to object—I wish to ask whether or not it will be necessary for any Senator desiring to offer an amendment to my amendment to offer his amendment before 5 o'clock?

The PRESIDING OFFICER. The Parliamentarian advises the Chair that it may be offered after 5 o'clock, but there can be no debate on it after 5 o'clock.

Mr. CHAPMAN. Mr. President, I merely wish to state that the unanimous-consent request presented by the distinguished Senator from Massachusetts is, I am sure, exactly in accord with the understanding at the time the majority leader [Mr. LUCAS] submitted his request on Friday afternoon. I am sure that it carries out the original intent.

The PRESIDING OFFICER. The Chair agrees that that is correct; but it was not in the agreement.

Mr. CHAPMAN. Do I correctly understand the Chair to rule that any other amendments, or amendments to amendments, may be offered up until 5 o'clock?

The PRESIDING OFFICER. Or after 5 o'clock, without debate.

Mr. CHAPMAN. Mr. President, will the Senator yield for a question?

Mr. JOHNSON of Colorado. I yield.

The PRESIDING OFFICER. The Senator from Kentucky has the right to offer an amendment at any time, but there is to be no debate after 5 o'clock. If the Senator desires to discuss an amendment before now and 5 o'clock, that is his privilege.

Is there objection to the unanimous-consent request of the Senator from Massachusetts [Mr. SALTONSTALL]? The Chair hears none, and it is so ordered.

Mr. CHAPMAN. I ask the distinguished Senator from Colorado if the intention of the pending amendment is to extend the benefits and privileges to include post exchanges, commissaries, or comparable agencies? Is it proposed to extend the benefits and privileges to members of the Reserve components on the same basis that they are now extended to retired Regular officers?

Mr. JOHNSON of Colorado. Only to AUS officers who have been discharged for disabilities; not to others.

Mr. CHAPMAN. Would that apply to post exchanges, commissaries, or similar agencies maintained by the Military Establishment?

Mr. JOHNSON of Colorado. Air transport, and everything else.

Mr. CHAPMAN. May I ask the Senator what he means by "everything else" in addition to air transport, commissaries, and post exchanges?

Mr. JOHNSON of Colorado. It is intended to give them the same privileges Regular officers have.

Mr. CHAPMAN. Does the Senator intend by that to give them the privilege of admission to Army and Navy hospitals, in addition to the privilege they already have of treatment in veterans' hospitals?

Mr. JOHNSON of Colorado. If they were retired for disability, they would be entitled to everything a Regular officer is entitled to receive. If a Regular officer, retired, were eligible to go to an Army hospital, an AUS officer, retired for disability, would be entitled to go there too.

Mr. CHAPMAN. I shall probably at the proper time offer an amendment to the amendment just referred to by the Senator from Colorado.

Mr. MYERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MYERS. Has there yet been action by the Senate on the unanimous-consent request?

The PRESIDING OFFICER. There was no objection to the unanimous-consent request of the Senator from Massachusetts, which in substance provides that the pending amendment or any other amendments shall be voted upon at the hour of 5 o'clock, together with the bill, without further debate.

Mr. MYERS. Has the Senate acted on that request?

The PRESIDING OFFICER. There was no objection, and the Chair held that that would be the order.

Mr. MYERS. I understood that the unanimous-consent request was withdrawn, but if it has been agreed to, I have no objection.

Mr. JOHNSON of Colorado. Mr. President, I should like to have the clerk read my second amendment.

The PRESIDING OFFICER. The second amendment of the Senator from Colorado will be stated.

The LEGISLATIVE CLERK. On page 36, line 13, it is proposed to strike out the period and insert a colon and the following: "*Provided further*, That any disability shown to have been incurred in line of duty during a period of active service in time of war or national emergency shall be considered to be the proximate result of the performance of active duty."

Mr. JOHNSON of Colorado. Mr. President, I submitted that amendment on July 28.

Unless the bill is amended along the lines proposed by me very few members of the National Guard and the Reserve Corps, other than those actually wounded in combat, will qualify for retirement.

Under section 402 (a) a person with less than 8 years' active service could

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not qualify for retirement unless it could be established that he is physically disqualified for active service by reason of disability shown to be the proximate result of the performance of active duty.

Persons stricken with tuberculosis, heart disease, or other medical conditions before accumulating 8 years' active service could not qualify, as only on the rarest occasion would it be possible for medical boards to determine that such diseases were the proximate result of the performance of active duty. Inasmuch as the National Guard serves only in time of war or national emergency, and since members of the Reserve Corps accumulate little active Federal service except in time of war or national emergency, only a limited number of the non-Regular personnel will be able to meet the 8-year requirement. Seven years and 11 months will not do. It must be 8 years.

It can be assumed that most members of the Regular services who incur disability resulting from disease will, by the time they have undergone prolonged hospitalization, have accumulated 8 years' service. It will not be necessary for them to show that their disabilities were the proximate result of the performance of active duty. Therefore, it can be said that this bill is discriminatory in favor of members of the Regular services.

Under the terms of the bill a Regular with 8 years' peacetime service may be retired for a medical condition while a non-Regular with 7 years' active war service with identical disability could not be retired.

In other words, if a Regular became afflicted with one of these diseases and spent 4 or 5 years in the hospital he would be eligible, but an AUS officer or a National Guard officer who might have served for 11 years, 11 months, and 20 days in active service, if he became retired, would have great difficulty complying with section 402 (a).

Mr. CHAPMAN. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. CHAPMAN. I agree with the Senator from Colorado in his earnest wish to accord equal rights in these matters to the non-Regular officers and the Regular officers, but I believe the Senator probably will agree with me that that should apply only in time of actual warfare. I am thinking about the fact that the Senator's amendment, as now drafted, would apply, as I believe, to the present period, during which we are technically at war, but are not actually engaged in war.

I would appreciate an observation from the Senator on that point.

Mr. JOHNSON of Colorado. Mr. President, today we are more than technically at war. We have many officers and men in foreign lands—in Germany, Japan, Korea, and other places where they are facing grave dangers. Certainly at the present time we are engaged in more than a technical war.

My amendment reads, in part—

Incurred in line of duty during a period of active service in time of war or national emergency—

And so forth. The amendment is confined to "active service in time of war." I do not know how we could distinguish a technical war from an actual war. If the present situation is called a technical war, although we have men in Korea, Japan, Germany, and even in Greece and Turkey, and in other parts of the globe, I would hate to know what real warfare is.

Mr. CHAPMAN. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. CHAPMAN. I think those who have experienced real warfare, as did countless thousands during the recent world war, would think there is a difference between that kind of war and the kind of warfare in which we are engaged at this time.

Mr. JOHNSON of Colorado. Of course, Mr. President, during the recent conflict we had more men on the North American Continent than we had off of it. Even while we were fighting an active war, at that time we had a great many men in the United States. So I cannot see the force of that argument.

Mr. CHAPMAN. I would agree with the Senator if the amendment were drafted so as to apply to what is commonly called a shooting war—in other words, to have the amendment provide, as it now reads:

Provided further, That any disability shown to have been incurred in line of duty during a period of active service in time of war or national emergency—

And then insert at that point—

declared subsequent to the date of enactment of this act—

And then follow with the remainder of the Senator's amendment—

shall be considered to be the proximate result of the performance of active duty.

I would heartily agree with that kind of an amendment. At the proper time I shall probably offer such an amendment to the Senator's amendment.

Mr. JOHNSON of Colorado. Mr. President, as I said a few moments ago, it can be assumed that most members of the Regular services who incur disability resulting from disease will, by the time they have undergone prolonged hospitalization, have accumulated 8 years of service. It will not be necessary for them to show that their disabilities were "the proximate result of the performance of active duty." Therefore, it can be said that this bill is discriminatory in favor of members of the Regular services.

Under the terms of the bill, a Regular with 8 years of peacetime service could be retired for a medical condition, while a non-Regular with 7 years of active war service, and with identical disability, could not be retired. It seems to me that is a rather complete refutation of the arguments presented by the able junior Senator from Kentucky.

Mr. CHAPMAN. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. CHAPMAN. Would not the 7 years' requirement apply to a Regular officer in the same way that it would to an officer who was not a Regular?

Mr. JOHNSON of Colorado. Of course, Mr. President, the way a Regular officer would handle that kind of a situation would be as follows: He would go to a hospital and would stay there 1 year, or 2 years, or 5 years, until he had accumulated his 8 years; and then he would retire and would receive the retirement benefits. That is the way such a situation would be handled.

Under section 402 (a) of the bill, as reported from the Committee on Armed Services, members of the uniformed services would not fare as well as would Foreign Service officers and civil-service employees. A civilian employee may be retired for disability after 5 years' service, and he is not required to show that the disqualifying disability was the proximate result of the performance of his duties. The act of August 13, 1946, provides that any Foreign Service officer who, after a total of not less than 5 years' service, becomes incapacitated for useful and efficient service by reason of injury or disease not due to vicious habits, intemperance, or willful misconduct on his part, shall receive an annuity equal to 2 percent of his average basic pay for the 5 years next preceding the date of his retirement, multiplied by the number of years of service, not exceeding 30 years. This law provides that if the officer has had less than 20 years of service at the time of his retirement his annuity will be computed on the assumption that he had 20 years of service.

This amendment would make eligible for retirement all members of the armed forces determined to be unfit for active service by reason of line-of-duty disability ratable not less than 30 percent under the Veterans' Administration system of rating.

There is no logical reason why a National Guard man or a member of the Reserve Corps with over 7 but less than 8 years' active service, who develops tuberculosis or other disease while in active war service, should be treated less favorably than a member of the military forces with 8 years peacetime service, or a civilian employee with 5 years' service.

The original emergency offices retirement act of May 24, 1928, required that the disability for which retirement was granted resulted directly from "such world war service." The Economy Act, Public Law No. 2, Seventy-third Congress, required that the disability resulting from disease or injury be shown to have directly resulted from the performance of military or naval duty. In each case, the disability had to be 30 percent or more permanently disabling and incurred in line of duty.

There is practically no difference in the requirements of these two acts. In fact, many experts contend the original act is more restrictive. Under the original act, some 7,000 emergency officers were retired. Under the Economy Act, all but approximately 1,500 were removed from the retirement rolls. This was brought about by the difference in interpretation of the two acts and the regulations promulgated by the Veterans' Administration requiring the showing of a causative factor. Under this causative factor requirement, those disabled by disease, regardless of whether

it was incurred in combat, had to show that but for their world war service the disability would not have occurred, and in injury cases they had to show that they were acting under competent orders at the time the disability was received.

House bill 5007, as reported to the Senate, requires—in addition to a showing of 30 percent permanent disability incurred in line of duty—that the Regular, Reserve, or National Guard officer with less than 8 years' active service to show that the disability was the "proximate result of the performance of active duty." This requirement could be given the same interpretation as the language used in the Economy Act of 1933, and would practically eliminate all Reserve and National Guard officers' disability retirement, unless the disability was combat-incurred.

Congress should use definite language, such as that contained in this amendment, and should not leave the interpretation to the whims of the service departments.

Mr. President, let me say that I have received, with respect to this amendment, the following letter from the Disabled American Veterans:

DISABLED AMERICAN VETERANS,
NATIONAL SERVICE HEADQUARTERS,
Washington, D. C., September 22, 1949.

The Honorable EDWIN C. JOHNSON,
United States Senate,
Washington, D. C.

DEAR SENATOR JOHNSON: We of the DAV were gratified to know of your suggested amendment to H. R. 5007 which would insert in line 13, page 36 the language:

"*Provided further,* That any disability shown to have been incurred in line of duty during a period of active service in time of war or national emergency shall be considered to be the proximate result of the direct performance of active duty."

Under the terms of section 402 (a) few persons, other than those with specific injuries or combat wounds, could qualify for disability retirement. Such a plan might be fair and result in no injustices in time of peace when the duties of military personnel are comparable to the activities of persons engaged in civil pursuits. In normal times it is generally known what a soldier or sailor is doing and adequate medical records are made and retained. However, in time of war a large percentage of armed services personnel undergo terrific physical and mental strain, satisfactory medical records are not always prepared, and frequently records are lost or destroyed in combat. Under the terms of the bill a person with less than 8 years active service could not qualify for disability retirement except upon a determination that the disqualifying disease or injury resulted directly from the performance of active duty. Generally speaking, members of the civilian components and junior officers of the regular services will have less than 8 years' active Federal service. Therefore, it can be said that, except for those wounded in action or injured in training, officers and enlisted men who fight our wars and who incur line of duty disability will be put out of the service with severance pay of a few hundred dollars. Few, if any, who develop tuberculosis, various types of heart disease, nephritis, etc., will qualify for retirement pay under section 402 (a) for only on the rarest occasion would it be possible to make a determination that a disease resulted directly from the performance of active duty.

The following will illustrate the unfairness of the proposed legislation: A enters service upon declaration of war and serves throughout the period of hostilities with a combat unit. A year later, while still in active service and serving with occupation forces, he is found to have developed tuberculosis. After hospitalization over a period of many months he is ordered before a retiring board. He has over 7 but less than 8 years' service. Therefore, it must be determined whether his disability resulted directly from the performance of active duty. Medical authorities know that the disease had its inception after his entrance into active service and some time before it was detected. However, they do not know the cause and, therefore, are unable to say that it resulted directly from the performance of active duty. Although totally disabled by reason of line-of-duty disability, he will be denied retirement benefits.

B enters service in peacetime and his duties are not particularly strenuous. During a tour of duty at the Pentagon Building he is found to have some form of heart disease. B has been in service for approximately 7 years at the time he is sent to the hospital. He is kept in the hospital for more than a year, or until he has accumulated 8 years' service and then goes before a retiring board. Being credited with 8 years' service it will not be necessary for B's heart condition to be determined to have resulted directly from the performance of active duty. A determination that his disability was not caused by his own misconduct and that it is not less than 30 percent will entitle him to disability retirement.

With kindest personal regards, I am,
Very sincerely yours,

F. M. SULLIVAN,
Director for National Legislation.

It is to remove such discriminations in the bill that my amendment is offered. I ask unanimous consent to place in the RECORD a latter addressed to the Senator from Montana [Mr. ECTON], signed by E. A. Walsh, major general, National Guard, president of the National Guard Association of the United States.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL GUARD ASSOCIATION
OF THE UNITED STATES,
Washington, D. C., August 15, 1949.

Hon. ZALES N. ECTON,
United States Senate,
Washington, D. C.

MY DEAR SENATOR ECTON: The National Guard Asscciation is in full agreement with many of the recommendations of the Hook Commission, and has gone on record in favor of the passage of the service pay bill, H. R. 5007. However, we do desire to see the bill amended in order that Reserve and National Guard officers on active duty will receive fair treatment in cases of disability incident to active service. It is recalled that the Hook Commission specifically recommended that the principle of equal treatment between corresponding grades of various services and between sexes, as well as between Regulars and Reserves, be followed. Notwithstanding this definite recommendation on the part of the Hook Commission, those gentlemen who have been interested in drawing this piece of legislation have previously violated the principle enunciated above, since under section 402 it is found that members of the Reserve component are not given equal treatment with members of the Regular or professional establishment. We therefore urge you to support an amendment offered by Senator JOHNSON of Colorado, which reads as follows:

"On page 36, line 13, strike out the period and insert a colon and the following: '*Provided further,* That any disability shown to have been incurred in line of duty during a period of active service in time of war or national emergency shall be considered to be the proximate result of the performance of active duty'."

In like manner, we urge you to include a second amendment which would add a new subsection to section 402 to read as follows:

"(i) All members of the Reserve components heretofore or hereafter retired or granted retirement pay because of physical disability shall be entitled to the same pay, rights, benefits, and privileges provided by law or regulation for retired members of the Regular services."

These two amendments will go a long way toward protecting the Reserve officer who may suffer physical disability because of active service. I submit that they are entitled to be fairly treated, and I respectfully request your support of the two amendments quoted above.

Sincerely yours,

E. A. WALSH,
Major General, National Guard,
President.

Mr. JOHNSON of Colorado. Mr. President, I also ask unanimous consent to insert in the RECORD copy of a letter written June 16, 1934, 15 years ago, signed by many of the then Members of the Senate who are still Members; and by many other Senators who are no longer with us, including Pat Harrison, William E. Borah, Carl Hatch, and Hugo Black. I want to read three paragraphs of the letter. It was addressed to the President, the White House. It seems to me the three paragraphs are very much in point in the consideration of the pending bill and of the amendments which I have offered. I read from the letter, as follows:

We are not asking to restore to the emergency officers' list the name of any officer who did not receive his disability in line of duty. We respectfully submit, however, that the regulation requiring the showing of a "causative factor," plus the definition of "causative factor," as one arising from the performance of a specific military duty, is far more restrictive than any Congress had in mind when passing this legislation. It is a requirement impossible to meet in many worthy cases, including practically all cases of functional disease.

What they said then is true today.

Surely, where it is a well-established fact that an officer was seriously disabled by injury or disease while in the service during the war, and that the disability existed to such a severe degree that upon discharge, or soon thereafter, he was rated 30 percent permanently disabled by the Veterans' Administration, these conditions should meet any restrictions which the Government would be justified in requiring to fulfill the intent of the act.

We most earnestly request that Regulation No. 5 and Veterans' Administration Instructions issued pursuant thereto, be changed so that retirement privileges may be continued for those whose disabilities are clearly shown to have been incurred in line of duty while in the active military or naval service during the World War, the Government reserving the right to rebut evidence submitted for the substantiation of such claims.

The letter was signed, as I have said, by many distinguished Senators. I ask unanimous consent to make the letter a part of the RECORD.

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Without objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON MILITARY AFFAIRS,
June 16, 1934.

To the PRESIDENT,
The White House,
Washington, D. C.

DEAR MR. PRESIDENT: We respectfully direct your attention to section 10, Public, No. 2, Seventy-third Congress, Veterans Regulation No. 5, and Veterans' Administration instructions to review boards charged with adjudication of emergency officers' retirement claims.

Under the original Emergency Officers' Retirement Act of May 24, 1928, emergency officers who served during the world war and who had a permanent disability of more than 30 percent incurred in line of duty and found to have resulted directly from such world-war service were retired at three-fourths of their base pay. Section 10 of Public, No. 2, provided that those emergency officers who had a 30-percent disability, incurred in line of duty, would be entitled to continue to receive retirement pay if the disability resulted from disease or injury directly resulting from the performance of military or naval duty. While it is admitted that the language of the act of March 20, 1933, was intended to be more restrictive than the original act, as interpreted, it is our opinion that the Veterans' Administration in the interpretation of the language of section 10, Public, No. 2, has gone far beyond the intent of the Congress. This is evidenced by the estimate of those in charge of the bill that section 10 would result in the saving of approximately $3,000,000 while, as a matter of fact, the saving effected was more than twice this amount.

Section 10 of the act of March 20, 1933, does not contain the words "causative factor" but these words were used in Veterans Regulation No. 5 and Veterans' Administration instructions. Even had they been used in the act it is our belief that the interpretation placed on them by the Veterans' Administration is unwarranted.

Veterans' Administration instructions to review boards charged with adjudication of emergency officers' retirement claims and appeals for continuation of retirement benefits reads in part as follows:

"In addition to the determination that the injury or disease which resulted in the disability for which retirement has heretofore been granted was incurred in line of duty, it must also be determined that the disease or injury or aggravation of the disease or injury directly resulted from the performance of military or naval duty. In making this determination it is required that the officer show a causative factor arising out of the actual performance of duty.

"A disease of mind or body which arises merely in point of time with service, that is, while employed in the active military or naval service, is not sufficient to bring the officer within this requirement. It must be shown that but for the performance of actual duty the injury or disease could not reasonably have been expected to have arisen. The breaking down or degeneration of tissues which might be expected irrespective of the unusual stress or strain incident to the performance of actual military or naval duty, will not be considered a causative factor.

"* * * The disease or injury must be traceable directly to, and the causative factor must directly arise out of, a duty being performed under competent orders. Officers injured while not carrying out duties incident to orders will not be considered as performing military or naval duty during such period."

Acting under the above instructions the boards in the original review of emergency officers' cases eliminated practically all disease cases, notwithstanding the fact that they were found to have been incurred in line of duty and directly connected with their war service and are now being paid compensation for their war-incurred disabilities. Injury cases were denied continuation of retirement benefits where they were unable to show that they were acting under some specific order at the time the injury was incurred, notwithstanding the fact that it was found to have been incurred in line of duty by Army or Navy officials.

The Veterans' Administration claims that this drastic requirement was the intent of Congress, and point to the fact that the words "causative factor," although not in the act, appear in the report of the Finance Committee of the Senate. These words were undoubtedly supplied by officials of the Veterans' Administration, but no explanation was ever made to the committee as to how the words would be interpreted. No member of the Senate Committee on Finance, nor of the Congress, could have had any conception at the time of the passage of the act that such an interpretation would be made. It is this arbitrary interpretation by the Veterans' Administration which has caused most of the existing hardships.

We are not asking to restore to the emergency officers' list the name of any officer who did not receive his disability in line of duty. We respectfully submit, however, that the regulation requiring the showing of a "causative factor," plus the definition of "causative factor," as one arising from the performance of a specific military duty, is far more restrictive than any Congress had in mind when passing this legislation. It is a requirement impossible to meet in many worthy cases, including practically all cases of functional disease.

Surely, where it is a well-established fact that an officer was seriously disabled by injury or disease while in the service during the war, and that the disability existed to such a severe degree that upon discharge, or soon thereafter, he was rated 30 percent permanently disabled by the Veterans' Administration, these conditions should meet any restrictions which the Government would be justified in requiring to fulfill the intent of the act.

We most earnestly request that regulation No. 5, and Veterans' Administration instructions issued pursuant thereto, be changed so that retirement privileges may be continued for those whose disabilities are clearly shown to have been incurred in line of duty while in the active military or naval service during the World War, the Government reserving the right to rebut evidence submitted for the substantiation of such claims.

Sincerely yours,

Robert R. Reynolds, Tom Connally, Pat McCarran, Morris Sheppard, Elmer Thomas, Robert M. La Follette, Jr., Chas. L. McNary, Hiram W. Johnson, Bronson Cutting, Pat Harrison, Borah, Carl A. Hatch, Hugo L. Black, Duncan W. Fletcher, A. H. Vandenberg, W. Warren Barbour, Henry F. Ashurst, B. Wheeler, Elbert D. Thomas, Lynn Frazier, Arthur Capper, Gerald P. Nye, Henrik Shipstead, James Couzens, James J. Davis, E. W. Gibson, David I. Walsh, M. W. Logan, Frederick Steiwer, Walter F. George, Edward P. Costigan, Bennett Champ Clark, Alben W. Barkley, Richard B. Russell, Carl Hayden, H. D. Stephens, Geo. McGill, Augustine Lonergan, Jos. T. Robinson.

Mr. MYERS. Mr. President, I call up my amendment D, and ask that it be read.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The clerk will state the amendment.

The CHIEF CLERK. On page 10, line 4, beginning with the word "shall", it is proposed to strike out all down to and including line 6, and insert in lieu thereof the following: "are hereby assigned to the various pay grades prescribed for warrant officers in subsection (a) of this section, as follows:

Pay grade:	Assignments
W–4	Commissioned and chief warrant officers having over 26 cumulative years of service; and warrant officers having over 30 cumulative years of service.
W–3	Commissioned and chief warrant officers having over 20 cumulative years of service; and warrant officers having over 26 cumulative years of service.
W–2	Commissioned and chief warrant officers having less than 20 cumulative years of service; and warrant officers having over 20 cumulative years of service.
W–1	Warrant officers having less than 20 cumulative years of service.

Mr. MYERS. Mr. President, all the amendment seeks to do is to place warrant officers, so far as defining their pay status is concerned, in the same category as commissioned personnel. Representative PAT SUTTON, of Tennessee, appeared before the Senate Committee on Armed Services in behalf of the amendment, and read a rather lengthy statement. I commend the statement to Members of the Senate. I think he covered the subject. I may say also that he appended to his statement before the Armed Services Committee a memorandum dealing with the amendment, which points out very clearly the need for such an amendment. I do not intend to burden the RECORD by reading Representative SUTTON'S statement, but I do want to refer briefly to it, and to the memorandum, both of which are part of the committee hearings. In his statement, these words were contained:

Under the proposed bill as it stands, unlimited discretion is given the secretary of the department involved to distribute warrant officers to the four pay grades prescribed. While it should be understood that no intimation of unfairness in such distribution is intended by us, nevertheless the possibility exists that at a time when funds run short and desperate measures must be taken to conserve funds, such steps might be absolutely imperative as economy measures, but might also be financially distressing to the warrant officers concerned and their families. When a commissioned officer gets a rank he knows he is going to be paid in accordance with that rank because he has been assigned a pay grade by Congress, under the terms of the bill. It works in almost the same way with the enlisted men for whom classes are set up exactly paralleling the grades of enlisted personnel, even though there is reserved to the secretary the discretion to distribute all enlisted men to the pay grades prescribed. A casual perusal of the pay schedule for enlisted men shows that the grade E–7 would in all probability be assigned to chief petty officers, grades E–6 and 5 and 4 to petty officers of the first, second and third classes; the grades E–3 and E–2 to the seamen and privates first and second class and the other two remaining grades to recruits with more than 4 months of service and less than 4 months' service respectively.

The warrant officers, appear to have no secure provision for assignment to grade. From the House Armed Services Committee, as of June 6, 1949, the following compilation indicates that in the commissioned officers ranks covering all services, more than 15

percent of the commissioned officers have been by law assigned to the upper half of the pay grades, namely, grades O–8 to O–5, both inclusive. This compilation further reveals that warrant officers who have been distributed administratively to the upper half of their pay grades, namely, W–4 and W–3, by reason of an unlimited grant of discretion to the secretary, amount to less than 1 percent of the total number of warrant officers in all of the services.

Thus it is found that almost 25,000 commissioned officers of a total of 174,000 are in the upper half of the grades for commissioned officers, while 112 of a total of 14,400 warrant officers comprise the upper half of the pay grades for warrant officers.

All that this amendment seeks is to afford to those warrant officers who have more than 20 cumulative years of service behind them a distribution to pay grade by Congress rather than by the executive branch of the Government. Upon analysis it will be found that a fair and clean line of demarcation has been fixed and that for the warrant officer who has service amounting to 20 years, the lowest grade is assigned.

Let me summarize, Mr. President, what this amendment, which I offer, will do if it should be enacted into law.

First. Commissioned officers are assigned to pay grades by the act. The moment a second lieutenant or an ensign is commissioned Congress, by this act, insures his assignment to the proper pay grade.

Second. The assignment of warrant officers to pay grades is left to the unbridled discretion of the Secretary.

As a result of Executive assignment of these officers to pay grades the current status of these officers is:

W–4	10
W–3	102
W–2	7,238
W–1	7,000

Third. The contribution of warrant officers to the armed services needs no comment. When war comes, 80 to 90 percent of them are immediately commissioned, due to their qualifications and experience.

Fourth. Under present practices less than 1 percent of the warrant officers are in the upper half of the pay grades prescribed by Congress. More than 40 percent of the enlisted personnel enjoy the upper half of enlisted pay grades. More than 15 percent of the commissioned officers are in the upper half of officers' pay grades.

Fifth. The amendment keeps all warrant officers in the lowest pay grade until 20 cumulative years of service have been given; and prescribes the next to the lowest pay grade for chief warrant officers with less than 20 cumulative years of service.

Sixth. The top pay grade is not reached until after chief warrant officers have more than 26 cumulative years of service and until warrant officers have more than 30 cumulative years of service.

So, Mr. President, this amendment does no more for warrant officers than the act already does for commissioned officers. Congress assigns the pay grades rather than the Secretary of the department concerned.

I think common decency and justice to those men who have rendered such great service to their country in time of war and in time of peace demand the adoption of this amendment.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MYERS. I shall be happy to yield.

Mr. SALTONSTALL. If I correctly understand the Senator's amendment, it gives promotions to warrant officers on the basis of length of service rather than on the basis of efficiency.

Mr. MYERS. I do not think that is altogether correct. As I have said, 80 or 90 percent of warrant officers were commissioned in World War II. Congress has given them some assurance of their pay to commissioned officers. Warrant officers are treated differently. The matter is left entirely to the discretion of the Secretary. I believe they should be treated on the same basis as are commissioned officers.

Mr. SALTONSTALL. I would say to the Senator, if he will permit me, that this is a very technical bill, but, as I understand, the whole theory of the bill is to get efficiency into our military service and to make a military career worth while. The Senator from Pennsylvania has said that the commissioned officer has assurance and the warrant officer has no assurance. As I understand, the commissioned officer who, by his efficiency, goes steadily up the line, receives an advantage, but the officer who does not show himself efficient will have his pay leveled off and will not get an opportunity to go ahead. As I understand, it is the same with a warrant officer. The Senator has said that there is a very small percentage of men in the warrant-officer grade. I am informed that the reason for that is that the Army and the Air Force are just getting going, so to speak, on the subject of making warrant officers, and they have not had an opportunity to get men into that grade on the basis of efficiency.

My question is, if this bill gives the same opportunity for a warrant officer to get to the top of grade 4, is not that better than placing him on a length-of-service basis and eliminating efficiency from warrant officers while we are trying to attain it in the commissioned officers?

Mr. MYERS. A Representative from Tennessee [Mr. SUTTON] who appeared before the Armed Services Committee, brought up in his testimony the Hook Commission Report. As a matter of fact, he telegraphed the members of the Hook Commission as follows:

> Please advise if you would recommend today the same pay scale as was contained in the original Hook Commission Report to the Secretary of Defense in 1948.

Representative SUTTON indicates that each member of the Commission very graciously acknowledged his telegram separately, and they were unanimous in their opinion that the recommendation set up in the Hook Commission Report should be adopted.

It is interesting to note, Representative SUTTON said, that on page 6 of the Hook Commission's Report on career compensation for members of the armed services, very well-defined recommendations were made for the allocation of specific warrant officers to specific pay grades.

Mr. SUTTON stated before the Senate Armed Services Committee as follows:

> That Commission recommended the inclusion of commissioned warrant officers with over 20 years of service, in the Marine Corps, Navy, and Coast Guard, and specially designated chief warrant officers of the Army and Air Force in the top grade for pay purposes. The amendment before you does not go this far with respect to the chief warrant and commissioned warrant officers—it requires that they have over 26 years of service before the top grade is provided. With respect to the second highest pay grade, the Hook report suggests inclusion of commissioned and chief warrant officers with over 10 years of service. Again this amendment does not even go that far, but for this classification, provides over 20 years of service as being requisite for that grade. The Hook report places chief warrant officers and commissioned warrant officers with less than 10 years service in the third highest pay grade. The amendment provides that all chief and commissioned warrant officers with less than 20 years service go into this grade.

I think we can find some support for this amendment in the Hook Commission Report.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. MYERS. I shall be glad to yield.

Mr. LANGER. Was the Senator's amendment submitted to the full committee?

Mr. MYERS. My amendment was not, but Representative SUTTON offered an identical amendment before the Armed Services Committee. Whether it was before the subcommittee or before the full committee, frankly, I cannot say; but this specific amendment was brought to the attention of the Armed Services Committee.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MYERS. I yield.

Mr. SALTONSTALL. I am informed that this amendment was brought to the attention of the full committee.

Will the Senator yield for one more question?

Mr. MYERS. Yes.

Mr. SALTONSTALL. Would the Senator's position on this amendment be affected if he had reason to believe or understood that the status of warrant officers was going to be the subject of legislation next year with relation to providing the same degree of opportunity with reference to warrant officers as now obtains with reference to commissioned officers? I am informed by one of the experts of the House Armed Services Committee that one of the reasons it was left as it was, and the Senator's amendment was rejected in the House committee, was that it froze a situation that would make it impossible to give opportunities for warrant officers in further legislation.

Mr. MYERS. I am not altogether sure that I would agree with the statement that it would deprive warrant officers of those opportunities. This subject was also discussed by Representative SUTTON before the Armed Services Committee, and he said this—and I must agree with

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his statement; I think he answered the question very well at that time:

I realize that the drafters of this bill maintain that they are working on a measure to take care of the warrant officers later. Why later? Are we going to enact this bill, and then, in the next breath, ignore certain provisions contained therein and do a lot of wrangling over a warrant officers' bill? Why not treat all branches of the service alike and include everybody in this one bill?

I agree with him when he said:

Personally, I can see no reason for all of this procrastination over the provisions pertaining to warrant officers.

The committee had the matter before it for some time, and I certainly think the Department could have come before the committee with its recommendations as to warrant officers, and incorporated the entire matter in one paper.

The PRESIDING OFFICER. The hour of 3 o'clock having arrived, the time between now and 5 o'clock is equally divided, and under the control of the Senator from Kentucky [Mr. CHAPMAN] and the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. BRIDGES. Mr. President, will the Senator from Massachusetts allow me 5 minutes?

Mr. SALTONSTALL. I yield 5 minutes to the Senator from New Hampshire.

Mr. BRIDGES. Mr. President, I think the armed services pay bill which is before the Senate most equitable and justified. It provides an adjustment of pay for the armed services which has long been overdue.

In the case of the armed services, it is essential that the key officers in the Defense Establishment be kept in the service rather than be allowed to retire or leave for other occupations, because after all this country cannot maintain a huge standing Army, a huge Air Force, or a huge Navy. We must depend upon having trained personnel in our officer classification and our key enlisted classification, and depend upon Reserve units, and our ability to call into service in time of emergency men to fill out the ranks. I voted for the bill in committee, and I intend to vote for it on the floor of the Senate.

I have offered for consideration an amendment which I think has a great deal of merit. I offered one a few days ago, and offered a substitute for it today. I should like to read it, and then make a brief explanation. It provides for adding at the end of the bill a new section to read as follows:

SEC. 534. The head of each department or independent agency in the executive branch of the Government, having personnel subject to the provisions of this act, is authorized and directed to absorb the increased costs during the fiscal year 1950 resulting from the enactment of this act within any unobligated or unexpended balances in appropriations available to such department or independent agency. For the purposes of the foregoing, in cases where current appropriations have not yet become law, the fiscal year 1950 appropriations shall be considered to be the lesser of the amounts passed by the Senate or House of Representatives as of September 26, 1949.

Mr. President, the purpose of the amendment when it was drafted was to have the armed services absorb, without further cost to the Government, the pay raises which are included in the pending bill.

The situation now is that we have in conference between the House and the Senate the armed-services appropriation bill. There are differences of opinion on various matters, and one of the differences is as to the amount. The amount included in the Senate bill is very substantially under that in the House bill. Then there is another matter which must be taken into consideration, namely, that the President in submitting his budget to the Congress set up an item of some $400,000,000 for military-pay increases.

My first thought was to press for my amendment in this authorization bill. After conferring with various Senators, particularly with some of my colleagues on the Committee on Appropriations, I thought probably the sound action to take would be for me not to offer the amendment or press for it, but to let the matter be worked out in conference between the House and the Senate in the consideration of the appropriation bill, wherein the Senate has reduced the amount of the appropriation substantially, and the Secretary of Defense is under general direction from the Senate and the Committee on Appropriations of the Senate to make certain substantial over-all reductions in military spending.

If the armed services then came forward with a supplemental or deficiency appropriation to cover something beyond the regular appropriation, and another amount to cover the figure in the pending bill under the authority of President's budget, wherein he recommended $400,000,000 for this purpose, because of the lateness of the time I think the matter should be settled as I have indicated.

For this reason, Mr. President, I shall not offer or press the amendment which I have prepared, although I think the amendment is constructive and sound. But on consideration and study—and I have given much attention to the matter today—I think it can be settled and should be settled on an appropriation bill rather than on the pending authorization bill.

Mr. SALTONSTALL. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. As one who, like the Senator, is a member of the Armed Services Committee and the Committee on Appropriations, and having heard the discussion in both committees, I am heartily in accord with what the Senator has in mind. But if my memory serves me correctly, it seems to me that the Senate Committee on Appropriations put back the full amount of the President's budget, and inserted an amendment providing that the Secretary of Defense should reduce the budget by approximately $312,000,000. The amount involved in this authorization is $274,000,000 for the fiscal year 1950. So that it comes within the amount by which the Senate has ordered the Secretary of Defense to reduce. That perhaps may mean that he will not be able to reduce other items by $312,000,000, but at this moment it seems to me to be a matter to be settled in connection with the appropriation rather than to be handled on an authorization bill. Does the Senator agree?

Mr. BRIDGES. I do; it seems to me it should be handled in connection with the appropriation bill. I have seen so many cases where it is said, "If we authorize something, we are under obligation to appropriate." I do not want to get into that category, but, on the other hand, I think that because of the technical situation between the House and the Senate, and in view of the original budget, it would be sound to work the proposition out and reach a solution on the basis proposed.

Apparently the Department of Defense has given the Committee on Appropriations, after considerable study, an indication that they intend to make substantial reductions, and do it forthwith. I do not care to see the matter complicated by my amendment, yet I should like to see the general objective carried out.

Mr. SALTONSTALL. Mr. President, I yield 15 minutes to the junior Senator from Washington [Mr. CAIN].

Mr. CAIN. Mr. President, the junior Senator from Washington will vote in support of the military pay bill for two primary reasons.

I am advised that the proposed pay increases will reasonably equalize the rates of pay as they will prevail between the Military Establishment and other executive branches of the Government. This ought to mean that the Military Establishment will attract adequate personnel in the future, and that those who prefer service in the Military Establishment will not feel required to seek employment in other branches of the Government because of a material difference in the pay scales for comparable assignments.

My second reason, Mr. President, for supporting the pending bill is nothing more than a hope at this time, but a good hope, which I trust will be realized in the near future. Most Senators probably know that the Military Establishment provides free medical care and treatment for the dependents of military personnel. No fees are charged for this service, which covers most of the families of a present military strength of about 1,500,000 men and women in the Army, Navy, and Air Force.

Most Senators probably know that free medical care and treatment is not provided for the dependents of those who are employed by other branches of the Federal Government.

If the military pay bill is approved there is reason to believe that the vast majority of military personnel will be able to pay a reasonable fee for the medical care and treatment which is to be required by their dependents.

Mr. President, I know that serious thought is being given at this time by the medical services branch of the Military Establishment to this problem of dependent care. I think that legislation will be submitted to the Congress in due time. We ought to be conscious, I think, of this

question as we take action on the pending bill.

Everyone seems to agree, Mr. President, that our Military Establishment is short of qualified medical personnel. I know that consideration has been given to the drafting of doctors and dentists.

The most obvious reason for the shortage is the work load which is imposed by the dependent-care situation. I think it is reasonable to suggest that the prevailing work load would be cut fully in half if the dependents of service personnel were placed on a reasonable fee basis. If the work load were substantially reduced there would be no need for increasing the medical personnel of the Military Establishment, and a draft of such personnel would be totally unnecessary.

Should free medical care be continued by the Military Establishment we ought to be clearly aware of what appears to be an undeniable fact, namely, that it would not be possible for the Military Establishment to provide adequate care and treatment for its personnel in the event of a national emergency.

Now is the time to anticipate the requirements of an emergency by establishing a fee basis for the treatment and care of the dependents of military personnel. The approval of the pending bill will encourage the Military Establishment to recommend dependent-care changes which are long overdue.

I thought, Mr. President, the Senate might be concerned with these observations which justify my approval of the pending measure.

Mr. SALTONSTALL. Mr. President, the Senator from Kentucky [Mr. CHAPMAN] is absent at the moment on a conference committee. I believe that neither he nor I know of any further speakers on the pending measure, except himself and myself, and I believe neither of us will require not more than 15 minutes apiece. I hope we may be permitted to present what we have to say at half past 4 rather than to do it now. So, Mr. President, I have no further speaker to offer at the moment.

RECESS

Mr. LUCAS. I move the Senate stand in recess until 4:30 o'clock p. m.

The motion was agreed to; and (at 3 o'clock and 13 minutes p. m.) the Senate took a recess until 4:30 o'clock p. m. today.

On expiration of the recess the Senate reassembled, and was called to order by the Vice President.

MILITARY PAY BILL

The Senate resumed the consideration of the bill (H. R. 5007) to provide pay, allowances, and physical disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the Reserve components thereof, the National Guard, and the Air National Guard, and for other purposes.

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. SALTONSTALL. I understand that half an hour is left for debate, the time to be divided by the Senator from Kentucky and myself. Is that correct?

The VICE PRESIDENT. That is the understanding of the Chair.

Mr. SALTONSTALL. Mr. President, the pending measure, the Army pay bill, is an extremely technical bill. It is very hard to understand.

The bill has been very carefully worked out. It began as an aftermath of the pay increases of 1946, which were designed to induce men to enlist in the Army. After those pay increases went into effect, it was recognized that in some respects great unfairness existed in the old pay scales, which had not been revamped for a long period of time. So Mr. Forrestal and Mr. Patterson got together and approached the President about the matter.

As a result, when Mr. Forrestal was made Secretary of Defense, all the data which had been accumulated were referred to him, and he referred them to the so-called Hook Commission. That Commission worked for a period of more than a year, and submitted a report on which the pending bill is based.

As I see the bill, which is long and complicated, it will do three things, if it is enacted: First, the bill will put the military forces on a career basis. It will give an inducement to a man to perform his duty well and earn promotions. The present law does not relate pay to responsibility, incentive, or ability. For instance, at the present time a brigadier general, a colonel, and a lieutenant colonel with 30 years' service get the same pay. We know that in the present circumstances, particularly in view of the information in regard to atomic energy which was given to us last week, leadership in our military forces is vital. First of all, it will save the lives of our boys and girls in the future, if there ever is another war. In the second place, we are told that we have approximately $75,000,000,000 invested in our armed defenses. So we want leadership to take care of a large investment of that character. In the third place, we are spending approximately $15,000,000,000 a year on our armed services, and of course, we want efficiency and quality of leadership in order that the Nation may be served well in the expenditure of that vast sum of money.

It has been argued that this bill is for "the brass" alone. I should like to point out that since 1908, some 41 years ago, recruits have received 400-percent advances in pay; first grade enlisted men, 116 percent; second lieutenants, 57 percent; majors, 14 percent; and major generals, 11 percent. So the increases in pay since 1908 have gone substantially to the enlisted men.

Second, this bill for the first time extends to enlisted men the same physical disability retirement as that applying to officers.

Third, the bill places enlisted men on a par with officers for travel allowance.

Fourth, the bill gives enlisted men quarters allowances as soon as they reach the grade of corporal with 7 years of service or as soon as they reach the grade of sergeant, regardless of service.

Fifth, the bill will give enlisted men foreign-service pay, although it will take away such pay from officers.

Mr. President, if Senators wish to give only a quick glance at the bill, they will find the nub of the entire bill on page 9.

The bill provides for physical disability retirement on equal terms for all on active service. It does not concern itself with voluntary or involuntary retirement, inasmuch as provisions dealing with such retirement were deliberately left out of the bill for further study. In other words, the bill provides disability retirement pay for enlisted men and officers alike, but does not touch the present law in regard to voluntary or involuntary retirement.

If the law now proposed were in effect today, the retirement cost for officers would be 50 percent less than it is at the present time. That is so because under the law here proposed, disability will be on a graded basis, whereas at the present time all disability is on the basis of 75 percent of the regular or normal pay.

Another thing the bill does is to provide for a phasing out or progressive reduction of the wartime family allowance, replacing the family allowance with a permanent quarters allowance, payable only to enlisted men in the higher grades. The bill puts officers on a ration, on a monthly basis, rather than on a daily basis, and the officers' ration is limited to officers alone. The family allowance, so-called, was a wartime measure which went into effect during the war because we were drafting men at that time, and we had to draft family men as well as single men. So the family allowance was adopted at that time. It was never intended to be retained as permanent law. As I have said, it was intended to cover draftees. This bill would gradually phase out or progressively reduce the family allowance, and would put it on a quarters-allowance basis.

Mr. President, those are the three principal things the bill does, namely, first, provide for pay increases on an efficiency, merit basis; second, provide for physical disability retirement for officers and men alike; and third, provide for a phasing out or progressive reduction of the family allowance, which was a wartime measure, set up a quarters allowance, and put officers on a ration basis in a monthly amount.

As a consequence of those changes, and incidental to them, if you will, the bill will cut the total amount required for hazard pay. It will reduce somewhat the submarine and airplane allowances, but it will not eliminate them.

The cost of the bill will be $274,000,000 for the fiscal year 1950, commencing October 1, 1949; for 1951 it will be $348,000,000; for 1952 it will be $318,000,000; and in 1953 the cost of the bill will level off at $304,000,000. That will be the net increase in cost for personnel which will accrue as a result of the enactment of this bill. I use the word "net" because certain items will be reduced by the bill, such as the family allowance, hazard pay, and several other items.

Mr. President, this bill is an effort to bring order out of the present crazy quilt of our pay system. The bill presents a new pattern. It has had very

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careful consideration, first by the Hook Commission, then by the Office of the Secretary of Defense, and then by the House Committee on Armed Services, from which it was reported to the House, but the House recommitted it for further study by its Committee on Armed Services. Finally, it was reported once more by the House Committee on Armed Services and passed by the House in substantially its present form. The Senate Committee on Armed Services worked for several months over the bill. We went through it line by line, really word by word. We hope we have made some improvements in the bill as it was passed by the House.

As all of us realize, at the present time this country has a world responsibility. So, we have a responsibility to keep strong militarily, to keep strong economically, and to maintain our way of life. One of the most important and most essential things for us to do at the present time is to keep up our military strength, so that we shall be respected as a world power. Today we want good men in our armed forces, just as we want good men in our various civilian jobs.

So far as I know, three amendments have been submitted. I believe there is a fourth, with which I am not familiar. The three amendments which have been submitted, two by the senior Senator from Colorado [Mr. JOHNSON] and one by the senior Senator from Pennsylvania [Mr. MYERS], I hope will all be defeated.

Amendment "D", as offered by the senior Senator from Colorado [Mr. JOHNSON] provides that in time of war or national emergency every disability incurred in line of duty should be regarded as the proximate result of the actual performance of active duty. As worded, the amendment covers disabilities arising from disease as well as those arising from an injury. The Armed Services Committees in both the House and the Senate considered this identical amendment at considerable length during their executive meetings, and both committees took an unfavorable view of the proposition.

As a member of the Armed Services Committee I can assure you that the most painstaking effort was made to see that every individual who incurs a service-connected disability will receive prompt and reasonable compensation. We feel that the bill as it is now written provides a very adequate protection. Further, we feel that this protection is geared to wartime as well as peacetime. We also feel that it treats the Regular and non-Regular in identically the same fashion. The argument that the 8-year requirement in section 402 (b) is discriminatory, has been refuted in detail by the junior Senator from Kentucky [Mr. CHAPMAN]. He has pointed out very clearly that the Regular and non-Regular receive identically the same treatment.

The committee was most critical in its examination of this entire bill to insure against any possible discrimination among the various components of our armed forces, Regular or non-Regular, whether serving voluntarily in time of peace or inducted into the service in time of war. I would be the first person to oppose any slightest shadow of discrimination of this type and it is my considered opinion that the bill as it is now written provides a reasonable and just compensation for all forms of service-connected disability, regardless of the component of the individual, or whether the country is at peace or war. I do not feel that the contention advanced to the committee by the proponents of this amendment, that in the future only persons incapacitated as a result of an injury will receive disability compensation, has the slightest factual support.

The amendment offered by the senior Senator from Colorado [Mr. JOHNSON] lettered amendment "E" is a most appealing proposition. On the surface, it seems simply to provide that retired Regulars shall not receive any benefit not given to retired non-Regulars. Those who originally sponsored the amendment before the committee pointed out that it would give the non-Regular retired individual post exchange and commissary privileges. That point of course, is no longer an issue, since beginning October 1 the new regulations for post exchanges and commissaries specifically provide this form of equality. However the amendment as written goes much further, in that it would authorize AUS officers, certified to the Veterans' Administration for retirement privileges, to go to Army and Navy hospitals, dispensaries and other medical installations. We all insist, of course, and agree, that our disabled service personnel must have the very best hospitalization the Nation can provide. I do not feel that it is the intent of this amendment to imply that our Veterans' Administration hospitals are not providing adequate care, or that the amendment is necessary to insure better medical care; and certainly there was not any claim advanced by the proponents of the amendment that Veterans' Administration hospitals are unsatisfactory. Also, there is no objection to permitting Veterans' Administration and service hospitals to continue to allocate beds to one another, as is now being done, on a space-available basis.

However, as the Senate is aware, hospital beds in Army and Navy hospitals are provided by the Congress primarily for the care of active-duty personnel. At the present time there is a very serious shortage of doctors and dentists in the military service. As a result, service hospitals are today actually unable to provide much of the medical care which it has been their custom for many years to give. The effect of this amendment would be to extend these already overcrowded facilities to some 30,000 additional patients. This amendment was previously considered by the committees both in the House and Senate, and rejected on the basis that it is unwise at this time to subject our military hospitals to this additional load. I would like to take issue with one point which has been made this afternoon. It has been argued that the adoption of this amendment would really not be particularly meaningful, inasmuch as these facilities would be granted only if space were available. I for one am completely unwilling to accept this philosophy. If the Congress grants a "privilege" of using any Government hospital, whether military or nonmilitary, it is to be assumed that we will at the same time accept the responsibility of seeing that these hospitals are available. Otherwise we are making what is virtually an empty promise.

The amendment offered by the senior Senator from Pennsylvania [Mr. MYERS] applies to the grade of warrant officer. With regard to that amendment I may simply say it is my understanding that at the present time the two top grades of warrant officer are new to the Army and the Air Force. They have very few men in those grades. They are getting more men into them. They are working out systems and qualifications for the grades. I am informed it is expected to bring in a bill on this subject at the next session of Congress, only 3 months hence. If we agree to the amendment, we shall thereby freeze the law regarding warrant officers, and we shall put warrant officers back, as I understand, on levels which will be computed on length of service alone. It eliminates the whole theory of efficiency and merit in our armed services. Mr. President, I hope that amendment will also be rejected. I trust therefore that the bill, which is extremely technical, and which has been very carefully worked out, will be passed without amendment.

Mr. AIKEN. Mr. President, has the Senator time remaining in which to answer questions?

Mr. SALTONSTALL. I have 1 minute more. I shall be glad to try to answer.

The PRESIDING OFFICER. The Senator from Massachusetts has 2 minutes remaining.

Mr. AIKEN. Under the second amendment offered by the Senator from Colorado, which the Senator from Massachusetts described, would Reserve officers and guardsmen have the use of hospital facilities for any disability other than that incurred in line of duty?

Mr. SALTONSTALL. I may say in answer to the Senator's question that an officer of the non-Regular components who is injured in line of duty while serving on active duty is entitled to hospitalization at Army installations. However, if he is separated from the service and thereafter incurs a disability he may go to the Veterans' Administration hospitals. I should point out that if the amendment offered by the senior Senator from Colorado [Mr. JOHNSON] should prevail, the procedure which I have just referred to would not be disturbed.

Mr. AIKEN. Suppose he falls downstairs in his own home and breaks a leg; does he then have the benefit of the veterans' hospital?

Mr. SALTONSTALL. He would get the same rights then in a veterans' hospital that any other veteran would have.

The PRESIDING OFFICER. The time of the Senator from Massachusetts has expired.

Mr. BUTLER. Mr. President, will the Senator from Kentucky [Mr. CHAPMAN] yield about half a minute for the purpose of enabling me to offer an amendment?

Mr. CHAPMAN. I yield 1 minute to the Senator from Nebraska.

Mr. BUTLER. Mr. President, I have sent to the desk an amendment, which I ask to have read.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. At the proper place in the bill, it is proposed to insert the following:

Any member who, on the effective date of this act, is a hospital patient and who within 6 months of the effective date of this act, is retired as a result of a physical disability growing out of the injury or disease for which he was hospitalized as of the date of the enactment of this act, may elect to receive benefits computed under the laws in effect on the date preceding the date of the enactment of this act.

Mr. BUTLER. Mr. President, I have reviewed this matter with one of the Senators in charge of the bill and he appears perfectly willing to take the amendment to conference. The purpose of the amendment is to give an officer who is now in a hospital as a result of injury or disease an opportunity to make his final settlement either under the terms of the present law or under the terms of the new act. There could be no material difference, but there might be a trifling difference in favor of the officer.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CHAPMAN. Does the Senator desire more time?

Mr. BUTLER. I think I have made a sufficient statement.

Mr. CHAPMAN. Mr. President, the distinguished Senator from Nebraska submitted the amendment to the consideration of the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Kentucky, and both of us have assured him we are willing to accept the amendment.

Mr. BUTLER. I thank the Senator.

Mr. CHAPMAN. The other amendments—there are three which have been printed—we hope the Senate will defeat. The able Senator from Massachusetts, who has made a magnificent contribution not only to the consideration of this subject and the drafting of the bill in committee but also to its presentation on the floor of the Senate, has already summarized the principal points in the bill, and I shall not repeat any discussion of those points.

I discussed them at some length last Friday, with the assistance of the able Senator from Massachusetts and of other Senators who were on the floor. I feel sure that the justice and equity of the bill will be recognized by the votes of Members of this body, and I hope that the bill will be passed without any amendments, except the one just offered by the Senator from Nebraska.

We consider the pending measure as a part of the great scheme of national defense, that it fits into the pattern of the planned defense of our country along with other important measures already adopted by the Senate, some of which have become law.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. CHAPMAN. I am glad to yield.

Mr. JOHNSON of Colorado. Is the Senator now saying he is opposed to the amendments I offered a short while ago?

Mr. CHAPMAN. I am not opposed to them, with the suggestion I made to the Senator from Colorado, that if he would accept an amendment——

Mr. JOHNSON of Colorado. I cannot accept an amendment.

Mr. CHAPMAN. Then, the Senator from Kentucky is opposed to them. I shall discuss those amendments between now and 5 o'clock.

Mr. JOHNSON of Colorado. If the Senator from Kentucky has amendments to offer to my amendments——

Mr. CHAPMAN. I shall offer them, provided the Senator will accept them, but he says he cannot do that, and so I shall not offer them.

Mr. JOHNSON of Colorado. It is not for the Senator from Colorado to accept amendments. It is for the Senate to do that.

Mr. CHAPMAN. Our position on the post exchange and hospital amendment to which the Senator from Massachusetts ably referred is that we believe it goes much further than its proponents have claimed in discussing it with the committee, and, in fact, that it would be highly discriminatory.

Not only does it deal with post exchange privileges, but it extends to hospitalization as well. We have no objection to extending the same privileges to the post exchanges. In fact, we are, we believe, reliably informed that beginning October 1 the same rights and privileges will be extended to all branches of the service, so far as the post exchanges and commissaries are concerned. We see in the amendment much confusion and very great expenditure of public funds, because, as I interpret the language of the amendment offered by the distinguished Senator from Colorado, it would extend the facilities of Army and Navy hospitals to 32,300 officers who now have the benefit of treatment in veterans' hospitals.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. CHAPMAN. I yield to the Senator from Colorado.

Mr. JOHNSON of Colorado. My amendment does not give to AUS officers who are retired anything which the Regular officers do not have at the present time. I am sure the Senator knows that a retired Regular officer cannot go to an Army hospital unless there are sufficient beds there. If he applies, he is sent to a veterans' hospital, unless the hospital to which he applies has facilities for taking care of him. Under no other circumstances will such a hospital accept a Regular officer, and under no other circumstances will it accept an AUS officer.

Mr. CHAPMAN. I am glad to yield to the Senator. He explained that in his former statement this afternoon. My time is rapidly moving on toward 5 o'clock.

The amendment would add 32,300 officers as additional patients who would have the right to go to Army and Navy hospitals——

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. CHAPMAN. I cannot yield. My time is limited——

Mr. JOHNSON of Colorado. Not a right to go, but a privilege.

Mr. CHAPMAN. A privilege. We shall not quibble over terminology. If we should now adopt the amendment, how, then, could Congress, when the next session convenes, refuse to extend the same privilege to 1,600,000 enlisted men? The result would be indescribable confusion as well as an additional and great burden of expense to the Government, because we would be duplicating in the Navy and Army hospitals a service already being rendered by the veterans' hospitals. We would have a confused pattern. A large number of men could ask for admittance to Army and Navy hospitals, and that is where Congress would meet its next problem, because it would be necessary to build new hospitals and to provide additional thousands upon thousands of beds for those men upon whom would be conferred by the Senator's amendment this new privilege. Veterans' hospitals are provided for their needs, and Army and Navy hospitals for the Regulars.

As to the other amendment which the distinguished Senator has offered, Mr. President, the bill as written would apply equally and fairly to both Regular and non-Regular officers. There would be no discrimination whatever between the two classes. If I could see the slightest chance of discrimination in favor of a Regular officer as against a non-Regular officer in that respect, I would ardently support the amendment offered by the Senator from Colorado. But it does not discriminate. The amendment would completely set aside one of the fundamental changes which this bill proposes to make in the retirement procedure. So long as it is fair and just to all it is carrying out the purpose for which it is intended. The committees of the House and the Senate have labored on this subject for several months during this session of the Congress.

I shall not go further into detail, because the hands of the clock will not permit me. I want to speak briefly regarding the amendment offered by the distinguished Senator from Pennsylvania [Mr. MYERS], which is known as the warrant-officer amendment. This proposal was considered by the House Committee on Armed Services and by the Senate Committee on Armed Services, and was rejected after a thorough examination of its merits.

It proposes to deal with warrant officers purely on the basis of length of service and with absolutely no regard to efficiency. To that extent it would completely set aside the entire philosophy of the labor of the Hook Commission and of the Committees on Armed Services. We must gear promotion and pay to efficiency and responsibility, and not merely to length of service.

Furthermore, the adoption of the amendment would make the pay scale for warrant officers, shown on page 9 of the bill, completely meaningless, in that an individual could not possibly reach a higher grade, regardless of his efficiency, until he had completed a fixed amount of service.

Senators are familiar with the functions of warrant officers. They are men

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who come into the service and who have specialties, who are proficient in special lines of work, and are worth a great deal more to our country if appointed warrant officers, so they can engage in work for which they have been trained and in which they have had experience, than they would be if given rifles and packs on their backs as private soldiers. On the other hand, they are men who do not have academic training or the educational preparation to receive commissions in the Army. One of those men might in a very short time demonstrate such aptitude, ability, and capacity for work in his specialized calling that it would be wrong to keep him near the bottom of the list until he had been in the service for 26 or 28 or 30 years. On the other hand, he might be appointed a warrant officer because of the specialty in which he is supposed to be proficient, and he might never prove to be any more proficient than at the beginning of his enlistment. It might work a great disadvantage to the service of our country if this amendment were adopted.

Mr. President, the Committees on Armed Services of both Houses held exhaustive, thorough, and careful hearings on this important subject. They have viewed it as a part of a great defense system which we believe must be built as the surest preventive of war. It is not just a cost-of-living increase in pay. Every section of the bill, which I discussed in detail last Friday, is designed to contribute to that consummation so devoutly to be wished, that we shall have the greatest defensive military machine the world has ever seen.

I hope this bill, with the amendment offered by the Senator from Nebraska [Mr. BUTLER], will be passed, and that all the other amendments will be rejected. I speak for a large majority of the committee when I make that appeal to the Senate.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. (Mr. GEORGE in the chair). The Secretary will call the roll.

The roll was called and the following Senators answered to their names:

Aiken	Hoey	Miller
Anderson	Holland	Millikin
Bridges	Humphrey	Morse
Butler	Ives	Mundt
Byrd	Jenner	Murray
Cain	Johnson, Colo.	Myers
Capehart	Johnson, Tex.	Neely
Chapman	Johnston, S. C.	O'Conor
Chavez	Kem	O'Mahoney
Cordon	Kerr	Robertson
Donnell	Kilgore	Russell
Douglas	Knowland	Saltonstall
Downey	Langer	Schoeppel
Ecton	Leahy	Smith, Maine
Ellender	Long	Sparkman
Ferguson	Lucas	Stennis
Fulbright	McCarthy	Thomas, Okla.
George	McClellan	Thomas, Utah
Gillette	McFarland	Tobey
Green	McKellar	Watkins
Gurney	Magnuson	Wiley
Hayden	Malone	Williams
Hendrickson	Martin	Withers
Hickenlooper	Maybank	Young

The VICE PRESIDENT. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON], which has been stated.

Mr. LANGER. I ask for the yeas and nays.

The yeas and nays were ordered.

The legislative clerk proceeded to call the roll, and

Mr. AIKEN voted in the affirmative when his name was called.

Mr. JOHNSON of Colorado. Mr. President——

The VICE PRESIDENT. A Senator has answered his name on the roll call. For what purpose does the Senator rise?

Mr. JOHNSON of Colorado. Mr. President, I have two amendments, and it is hard to tell which one we are voting on.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. On page 46, between lines 4 and 5, it is proposed to insert the following new subsection:

(i) All members of the Reserve components heretofore or hereafter retired or granted retirement pay because of physical disability shall be entitled to the same pay, rights, benefits, and privileges provided by law or regulation for retired members of the regular services.

The VICE PRESIDENT. The clerk will continue the roll call.

The legislative clerk resumed the call of the roll.

Mr. FULBRIGHT (when his name was called). On this vote I have a pair with the senior Senator from Maryland [Mr. TYDINGS]. If he were present he would vote "nay." If I were permitted to vote I would vote "yea." I withhold my vote.

Mr. MAGNUSON (when his name was called). Present.

Mr. MARTIN (when his name was called). Mr. President, I ask to be excused from voting on this amendment.

The VICE PRESIDENT. Without objection, the Senator from Pennsylvania will be excused from voting.

Mr. McCARTHY (when his name was called). Mr. President, in view of the fact that I am a Reserve officer, I ask unanimous consent to be excused from voting.

The VICE PRESIDENT. Without objection, the Senator from Wisconsin will be excused from voting.

The roll call was concluded.

Mr. CAIN. Mr. President, on this vote I ask to be excused from voting.

The VICE PRESIDENT. Without objection, the Senator from Washington will be excused from voting.

Mr. JENNER (after having voted in the affirmative). Mr. President, I am recorded in the affirmative. I ask unanimous consent that I may vote "present."

The VICE PRESIDENT. Without objection, the Senator will be excused from voting.

Mr. HENDRICKSON (after having voted in the affirmative). Mr. President, as a Reserve officer, I ask leave to withdraw my vote, and to be excused from voting.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MAGNUSON (after having voted "present"). I ask unanimous consent to be excused from voting. I had voted "present."

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. SPARKMAN. My colleague the senior Senator from Alabama [Mr. HILL], is absent by leave of the Senate. If he were present he would vote "yea" on the pending amendment.

Mr. MYERS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Delaware [Mr. FREAR], the Senator from Connecticut [Mr. MCMAHON], and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Texas [Mr. CONNALLY] and the Senator from Idaho [Mr. TAYLOR] are absent on official business.

The Senator from North Carolina [Mr. GRAHAM] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from Ohio [Mr. BRICKER], the Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], and the Senator from Minnesota [Mr. THYE] are absent by leave of the Senate. If present and voting, the Senator from Minnesota [Mr. THYE] would vote "yea."

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from Ohio [Mr. TAFT] is necessarily absent. If present and voting, the Senator from Ohio would vote "yea."

The Senator from Kansas [Mr. REED], the Senator from Michigan [Mr. VANDENBERG], and the Senator from Nebraska [Mr. WHERRY], are detained on official business. If present and voting, the Senator from Nebraska [Mr. WHERRY] would vote "yea."

The Senator from Vermont [Mr. FLANDERS] is absent on official business.

The result was announced—yeas 50, nays 15, as follows:

YEAS—50

Aiken	Holland	Mundt
Anderson	Humphrey	Murray
Bridges	Ives	Myers
Butler	Johnson, Colo.	Neely
Capehart	Johnston, S. C.	O'Conor
Chavez	Kerr	O'Mahoney
Cordon	Kilgore	Schoeppel
Donnell	Knowland	Smith, Maine
Downey	Langer	Sparkman
Ecton	McClellan	Thomas, Okla.
Ellender	McFarland	Thomas, Utah
Ferguson	McKellar	Tobey
George	Malone	Watkins
Gillette	Maybank	Wiley
Hayden	Miller	Williams
Hickenlooper	Millikin	Young
Hoey	Morse	

NAYS—15

Byrd	Johnson, Tex.	Robertson
Chapman	Kem	Russell
Douglas	Leahy	Saltonstall
Green	Long	Stennis
Gurney	Lucas	Withers

NOT VOTING—31

Baldwin	Eastland	Hill
Brewster	Flanders	Hunt
Bricker	Frear	Jenner
Cain	Fulbright	Kefauver
Connally	Graham	Lodge
Dulles	Hendrickson	McCarran

McCarthy	Reed	Tydings
McMahon	Smith, N. J.	Vandenberg
Magnuson	Taft	Wherry
Martin	Taylor	
Pepper	Thye	

So the amendment of Mr. JOHNSON of Colorado was agreed to.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. MYERS. Mr. President, I call up my amendment lettered "D."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 10, line 4, beginning with the word "shall", it is proposed to strike out all down to and including line 6 and insert in lieu thereof the following: "are hereby assigned to the various pay grades prescribed for warrant officers in subsection (a) of this section, as follows:

Assignments

Pay grade:

W-4....Commissioned and chief warrant officers having over 26 cumulative years of service; and warrant officers having over 30 cumulative years of service.

W-3....Commissioned and chief warrant officers having over 20 cumulative years of service; and warrant officers having over 26 cumulative years of service.

W-2....Commissioned and chief warrant officers having less than 20 cumulative years of service; and warrant officers having over 20 cumulative years of service.

W-1....Warrant officers having less than 20 cumulative years of service.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. MYERS]. [Putting the question.]

The amendment was rejected.

Mr. JOHNSON of Colorado. Mr. President, I call up my second amendment lettered "D."

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 36, line 13, it is proposed to strike out the period and insert a colon and the following: "*Provided further*, That any disability shown to have been incurred in line of duty during a period of active service in time of war or national emergency shall be considered to be the proximate result of the performance of active duty."

Mr. LANGER. Mr. President, on this amendment I ask for the yeas and nays.

The yeas and nays were not ordered.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON]. [Putting the question.] The Chair is in doubt.

Mr. JOHNSON of Colorado. Mr. President, I ask for a division.

On a division, the amendment was agreed to.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. BUTLER. Mr. President, I call up my amendment.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert:

Any member who, on the effective date of this act, is a hospital patient and who within 6 months of the effective date of this act, is retired as a result of a physical disability growing out of the injury or disease for which he was hospitalized as of the date of the enactment of this act, may elect to receive retirement benefits computed under the laws in effect on the date preceding the date of the enactment of this act.

Mr. BUTLER. Mr. President, I should like to have the Senator from Kentucky [Mr. CHAPMAN] make a statement respecting my amendment.

The VICE PRESIDENT. No debate is in order.

The question is on agreeing to the amendment of the Senator from Nebraska [Mr. BUTLER]. [Putting the question.] The Chair is in doubt.

Mr. BUTLER. Mr. President, I ask for a division.

On a division the amendment was agreed to.

The VICE PRESIDENT. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendments, and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 5007) was read the third time and passed.

Mr. CHAPMAN. Mr. President, I ask unanimous consent that the bill, as it was passed by the Senate, be printed with the Senate amendments numbered.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. CHAPMAN. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. TYDINGS, Mr. CHAPMAN, Mr. JOHNSON of Colorado, Mr. GURNEY, and Mr. SALTONSTALL conferees on the part of the Senate.

LOOSE SECURITY POLICIES IN CONNECTION WITH ATOMIC ENERGY PROGRAM

Mr. HICKENLOOPER. Mr. President, the announcement by the President last Friday that Russia had produced an atomic explosion is, of course, ominous news. It means that now at least two major countries in the world will be able to use atomic weapons. We have realized at all times that Russia, or some other countries, would eventually produce atomic weapons, unless reliable world controls were established. The time table has been a matter of dispute, but it was inevitable that without world controls these weapons would, in time, become available to other nations.

Now, in advance of most predictions, an atomic explosion has occurred in Russia. This announcement completely emphasizes one of the vital objectives of my investigation now being conducted in this field. I have constantly stressed over the past 2 years, and especially during the investigation, the vital necessity for the highest degree of security in our own atomic-energy program. I have repeatedly emphasized that security in our atomic program has been treated with indifference.

I have shown that, while the Atomic Energy Act sets up rigid requirements for investigation by the FBI of all employees in atomic energy prior to their employment with access to restricted or secret data, during the past 2½ years this provision has been disregarded by the Atomic Energy Commission. More than 4,000 persons have been employed with access to restricted data without first having been investigated by the FBI. There have been a number of cases in which later investigation, after weeks of employment, has shown employees to be very doubtful security risks.

This policy has provided perfect opportunity either for infiltration by espionage agents or for the employment of persons who are susceptible to the very clever influence of espionage agents. These loose security policies, without doubt, also have resulted in many cases in the disappearance of, or failure to account for, important materials and data in several of our atomic plants.

We must realize that it has been repeatedly announced from official circles that the atomic-energy project has been Russia's No. 1 espionage target. As early as 1943, Russian agents have been working to secure all possible information about our atomic-energy program and processes.

While a number of factors no doubt combined to enable Russia to produce an atomic explosion much in advance of the generally predicted timetable, nevertheless, it is certainly reasonable to believe that these loose security policies of the Atomic Energy Commission have permitted vital information to filter out of this country. I have no doubt that they have helped step up by a very substantial period of time Russia's timetable for the production of an atomic explosion.

I have been repeatedly accused of seeing ghosts around every corner by those who pooh-pooh security, but I have been hoping that through adequate security we could delay as long as possible the time when some other nation would be able to make a bomb, and that in the meantime reliable world control might be established. In fact, the very specific and rigid security requirements set up in the Atomic Energy Act itself were designed with that very protection in mind.

With this news, however, we have a fact which we must face. It means that the world simply must find a reliable method for control of atomic weapons or eventually face a great world catastrophe.

I earnestly hope that this news will cause the Atomic Energy Commission to change certain of its policies and stimulate more vigorous and realistic development of atomic energy. We are, of course, still preeminent in the atomic energy field, but we should be. We must redouble our efforts to increase this leadership, and the world must redouble its efforts to find a solution for peace.

LEGISLATIVE PROGRAM

Mr. LUCAS. Mr. President, before Senators leave, I remind them that some have evidently forgotten that we are about to proceed to consider the Executive Calendar and take up the nominations of Mr. Butterworth and others. I make that announcement because we may be here for some time, and there

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may be a yea-and-nay vote. I hope all Senators will remain.

Mr. KNOWLAND. Mr. President, will the able majority leader yield to me at this point?

Mr. LUCAS. I yield.

Mr. KNOWLAND. I am prepared to go ahead with some remarks on Mr. Butterworth's nomination. I do not know whether the Senator from Illinois wishes to have the nomination considered as in executive session, or whether he wishes the Senate to go into executive session.

Mr. LUCAS. I want to have the nomination considered in executive session.

However, before we go into executive session, I wish to say that, as Senators know, last week I advised the Senate that we would take up one pay bill after another until they were finished. However, there has been some opposition to House bill 1689, a bill to increase the rates of compensation of the heads and assistant heads of executive departments and independent agencies. Senators who are opposing that bill are now in conference with members of the committee reporting the bill, with the hope that a proper and fair substitute may be placed before the Senate.

I feel that the so-called executive pay bill should be next in order after the military pay bill. Consequently I shall ask tomorrow that the Senate proceed to the call of the calendar from the beginning. A number of Senators have been asking me when the calendar would be called, and I have told them that it would be called at some convenient time. I believe that that will be the proper time to call the calendar. Following the call of the calendar we shall then take up Calendar No. 886, which is the so-called executive pay bill.

Mr. President, with that brief announcement I move——

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. LUCAS. I yield.

Mr. SALTONSTALL. In the absence of the minority leader [Mr. WHERRY], I have been asked concerning the farm bill. Some members of the minority may not be present the latter part of the week. They are very much interested in the farm bill. When does the majority leader plan to bring it up?

Mr. LUCAS. The moment we finish the pay bills it is planned to bring up the farm bill, irrespective of what Senators may be absent. It is impossible to accommodate all Senators with respect to various measures. In almost every instance when it is sought to bring up a certain measure one or more Senators say, "Can you not delay it a little while? I expect to be absent from the Senate. I have an important speaking engagement, and I should like to have consideration of the bill delayed." I should like to accommodate all Senators, but we are now getting pretty close to the end of the session. As soon as we finish the pay bills we expect to bring up the farm bill. It is my understanding, from those who should know, that we should not be required to spend more than a day on the farm bill, because I think all Senators are for it.

Mr. SALTONSTALL. So the pay bills will come up in order after the call of the calendar tomorrow?

Mr. LUCAS. The Senator is correct.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. LANGER. Will the distinguished majority leader advise us as to the order in which the pay bills are to be taken up?

Mr. LUCAS. Perhaps we shall proceed next with Calendar No. 875, Senate bill 1772, which is the bill reported from the Committee on Post Office and Civil Service dealing with additional benefits for certain postmasters and others in the postal service. I think the Senator from North Dakota is very much interested in that particular bill. I can assure Senators that as soon as we complete action on the executive pay bill we shall take up the post office pay bill, and then probably the Classification Act pay bill, one after another. So there will be no question that every Senator will have an opportunity to consider and debate all the pay bills.

Mr. LANGER. I thank the Senator.

Mr. SCHOEPPEL. Mr. President, I should like to ask the distinguished Senator from Illinois, the majority leader, about the present understanding in regard to the program tomorrow. There was some confusion in the Chamber at the time when the announcement was made, and I am not entirely clear about it. Will the calendar be called the first thing in the session tomorrow, after the Senate assembles?

Mr. LUCAS. That is correct, and we shall start from the beginning of the calendar.

Mr. SCHOEPPEL. I thank the Senator.

EXECUTIVE SESSION

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The VICE PRESIDENT. If there are no reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

DEPARTMENT OF STATE

The legislative clerk read the nomination of W. Walton Butterworth, of Louisiana, to be Assistant Secretary of State.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to this nomination?

Mr. KNOWLAND obtained the floor.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. LUCAS. A number of Senators have inquired whether we might be able to obtain unanimous consent to vote tomorrow, at 1 o'clock, on the nomination of Mr. Butterworth and also on the nominations of Mr. Austin, Mr. Jessup, Mrs. Roosevelt, and Mr. Cooper to be Representatives of the United States to the fourth session of the General Assembly of the United Nations, and also on the nominations of Mr. Compton, Mr. Cohen, Mr. Fahy, Mr. Hickerson, and Mrs. Rohde, to be alternate representatives. I wonder how the Senator from California feels about such a suggestion.

Mr. KNOWLAND. So far as I am concerned, I would be perfectly willing to agree to have that done, with the voting to start at 1 o'clock. However, there may be other Senators who would not be willing to have such an agreement entered.

Mr. LUCAS. I say to the Senator that I will stay here today just as long as any Senator may wish to have the Senate remain in session, in order that debate on these nominations may proceed.

Mr. KNOWLAND. Is it the understanding that, in the event such an agreement is entered, the calendar will be called immediately following the vote at 1 o'clock?

Mr. LUCAS. Yes.

Mr. KNOWLAND. So such an agreement would provide a full hour for consideration of the nominations, prior to the call of the calendar tomorrow?

Mr. LUCAS. Yes.

The VICE PRESIDENT. Does the Senator from Illinois propose that as a unanimous-consent request?

Mr. LUCAS. Yes, Mr. President; I propose that as a unanimous-consent request.

Mr. SALTONSTALL. Mr. President, will the Senator please restate his request?

Mr. LUCAS. Mr. President, I ask unanimous consent that tomorrow at 1 o'clock p. m., the Senate proceed to vote on the nomination of W. Walton Butterworth, of Louisiana, to be Assistant Secretary of State, and, following that, on all the nominations which have been made by the President as representatives of the United States of America to the fourth session of the General Assembly of the United Nations, including also the nominations of alternate representatives; and that the time between 12 o'clock and 1 p. m. be divided between the distinguished junior Senator from California [Mr. KNOWLAND] and the distinguished senior Senator from Texas [Mr. CONNALLY], respectively.

Mr. KNOWLAND. Mr. President, will the Senator yield at this point?

Mr. LUCAS. I yield.

Mr. KNOWLAND. The only issue I am raising is on the nomination of Mr. Butterworth. So far as I am concerned, I do not oppose confirmation of the other nominations.

Mr. LUCAS. Yes; but the Senator can control the time, regardless of that.

The VICE PRESIDENT. Is there objection to the unanimous-consent request propounded by the Senator from Illinois?

Mr. SALTONSTALL. Mr. President, reserving the right to object, I should like to point out to the majority leader, most respectfully, if I may do so, that the proposed agreement, if entered,

would provide 1 hour tomorrow for the consideration of all the nominations, whereas it seems to me 1 hour should be confined to consideration of the nomination of Mr. Butterworth.

I have not conferred with the Senator from California; but it seems to me that it is possible that if the Senate were to take up the other nominations at this time, before taking up the Butterworth nomination, they could be disposed of rather rapidly; and then the Senator from California could debate tomorrow the nomination of Mr. Butterworth, and the debate at that time could be confined to that nomination.

Mr. LUCAS. Mr. President, do I correctly understand the Senator from Massachusetts to state that he would like to have the Senate proceed now to consider the other nominations?

Mr. SALTONSTALL. I understand that the Senator from North Dakota has very brief remarks to make in that connection, and that then the nominations can be voted on and disposed of.

Mr. LUCAS. If that course will be acceptable to the Senator from California, certainly it is agreeable to me.

Mr. KNOWLAND. It is agreeable to me, unless by so doing I would lose my right to the floor.

Mr. LUCAS. The Senator will not lose his right to the floor, under such circumstances.

But I assume that the Senator from North Dakota would like to speak first.

Mr. LANGER. I should like to speak for less than 1 minute.

Mr. KNOWLAND. I yield for that purpose.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nominations as representatives or alternate representatives of the United States of America to the fourth session of the General Assembly of the United Nations, the nominations to be considered and voted on en bloc; is that correct?

Mr. LANGER. Yes.

Mr. LUCAS. Yes; that is correct.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc.

The nominations considered en bloc are as follows:

Warren R. Austin, of Vermont, Philip C. Jessup, of Connecticut; Mrs. Anna Eleanor Roosevelt, of New York; and John Sherman Cooper, of Kentucky, to be representatives of the United States of America to the fourth session of the General Assembly of the United Nations.

Wilson M. Compton, of Washington; Benjamin V. Cohen, of New York; Charles Fahy, of New Mexico; John D. Hickerson, of Texas; and Mrs. Ruth B. Rohde, of New York, to be alternate representatives of the United States of America to the fourth session of the General Assembly of the United Nations.

Mr. LANGER. Mr. President, I merely wish to say that when I objected the other day to the consideration of these nominations at that time, I did so in order that I might bring forcefully to the attention of the Senate the treatment Germany had received at the hands of the United Nations and the lack of effort in behalf of Germany on the part of the representatives of the United States.

Since then, I have been in consultation with one very distinguished member of this group of nominees, and I am satisfied that that attention will be given to Germany.

I wish further to say that I consider the nomination of John Sherman Cooper, of the State of Kentucky, to be one of the very finest which could have been made.

Mr. WILEY. Mr. President, the other day the Senate Foreign Relations Committee unanimously approved a series of nominations for members of the group comprising United States membership to the General Assembly of the United Nations. I should like to take just a few moments to speak on the splendid qualifications of one of the nominees, our former colleague, the honorable John Sherman Cooper. While I am devoting my attention to him, I would not, of course, in any way detract from the splendid record of his conominees, whose nominations now are before the Senate for confirmation.

Those of my associates who had the pleasure of serving with John Cooper during the Eightieth Congress need hardly be told that here is a man of whom the Blue Grass State and all the United States may, indeed, be proud. The nomination of former Senator Cooper to serve at Lake Success is a splendid demonstration of bipartisan foreign policy on the part of our Democratic President.

John Cooper, we all know, has a distinguished judicial and military career by way of background, in addition to his service in the Senate following the special election in November 1946. John Cooper, who was born in Somerset, Ky., but 48 years ago, served various terms as county judge and circuit judge in Kentucky. In 1942, he enlisted in the United States Army. He received his commission as second lieutenant a year later. He served with the Third Army from July 1944 in Normandy, France, Luxemburg, and Germany.

After the close of the war he served at Munich in the reorganization of the German judicial system. He was discharged as a captain of the United States Army in February 1946. An able lawyer, a keen thinker, a warm personality, a sincere man with a humble approach to life, a deeply religious man—these are but a few of the well-deserved descriptions which come to mind when I mention the name, John Cooper.

I had the pleasure of knowing this distinguished Kentuckian very closely because of his service on the Senate Judiciary Committee during the period of my chairmanship in the Eightieth Congress. No one who followed the work of that group can fail to remember the yeoman service which he unstintingly performed in connection with such matters as the Portal-to-Portal Act and literally dozens of other important bills affecting the Nation's court system and its laws. I came to appreciate at first hand John Cooper's fine legal abilities, but more important than that, I appreciated the statesmanship of his approach. There was nothing of the partisan in him.

John Cooper, while a loyal Republican, analyzed all issues, as each of us should, from the standpoint of the national welfare. That is why in his voting record in the Senate he gained the commendation of Republican and Democrat alike.

He is well qualified to serve at Lake Success in the position left vacant by another great Republican and American, our able colleague, the Senator from New York [Mr. DULLES]. Senator Cooper has seen the problems of Europe at first hand. He has seen the problems of international law. He has seen the meaning of war and why the United Nations must succeed in preventing a third terrible conflagration.

I am sure his nomination will be unanimously approved by my colleagues. It is but one point in a great career in which Senator Cooper will win increasing honors for his State, his Nation, and himself.

The State of Kentucky has a long list of distinguished sons of whom it may be proud, but in the future annals of the Blue Grass State the name of John Sherman Cooper shall have a high and most honored place, as a member of the United States delegation to the United Nations, and in many other important capacities, which I am sure he will fill.

Mr. President, there is a little story which I think those who knew John Cooper will recall. The story came to me when I was visiting in Kentucky. Here was a man whose integrity reached down into the very roots of his being. The story is told of his father's having incurred debt. John Cooper, the young lawyer, assumed payment of that obligation. He bent his back and dug. He had no obligation to pay the debt of his father, except through his inherent sense of what was right. That is the thing, above all else, that should characterize a public servant.

I am happy because I learned to love John Cooper. I found him to possess a keen mind, a lofty appreciation of what was legally right and morally right; and never did he hesitate to throw himself wholeheartedly into his work.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is, Will the Senate advise and consent to the nominations of representatives and alternates to the United Nations? The nominations will be voted on en bloc.

The nominations were confirmed.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

NOMINATION OF W. WALTON BUTTERWORTH TO BE ASSISTANT SECRETARY OF STATE

Mr. LUCAS. Mr. President, I renew my unanimous-consent request with respect to Mr. Butterworth, of Louisiana, only. It is to the end that a vote be taken on the nomination at 1 o'clock tomorrow; the time to be divided as I suggested a few moments ago.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. SALTONSTALL. Mr. President, reserving the right to object, I understand it is agreeable to the Senator from

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California and to the Senator from New Hampshire, who are particularly interested.

Mr. KNOWLAND. That is correct.

Mr. SALTONSTALL. I have no objection.

Mr. BUTLER. Mr. President, may I ask the majority leader whether that automatically postpones the call of the Legislative Calendar until 1 o'clock?

Mr. LUCAS. Until 1 o'clock; that is correct.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

Mr. KNOWLAND. Mr. President, today the Senate has before it the nomination of Mr. W. Walton Butterworth to be Assistant Secretary of State for Far Eastern Affairs. His nomination was reported to the Senate by the Foreign Relations Committee on June 22.

Frankly it is with considerable regret that I find I must oppose the nomination of Mr. Butterworth for this particular office. On my several meetings with him I have found him to be courteous. When I have requested information which he felt able to give it was always supplied very promptly.

My objection to Mr. Butterworth is that he has occupied a position of responsibility in dealing with far eastern affairs at a time when our American policy was following a course leading to disaster for the people of China and perhaps ultimately for the people of the United States.

On the 15th of May 1946, approximately 10 months after VJ-day, when we and our allies had together won the greatest war in all history, Mr. Butterworth arrived in China. His appointment originally called for him to be consul at our embassy at Chungking, but as the capital had moved by that time to Nanking he went directly there and also held the honorary rank as minister.

He was in China from early 1946 to July 1947 at a time when John Carter Vincent was Director of the Division of Far Eastern Affairs. Presumably Mr. Vincent had something to do with the assignment of key personnel in China at this critical period.

He returned to the United States to become Director of Far Eastern Affairs on September 15, 1947. Since that time he has served in that capacity and is relinquishing that position to become Assistant Secretary of State for Far Eastern Affairs, if his nomination is confirmed by the Senate.

Mr. Butterworth has held the position as Director of Far Eastern Affairs during the period of time the State Department was following the policy of "wait until the dust settles" and while communism was making its greatest inroads.

He was holding a responsible position in China during part of the time General Marshall was there as a special emissary of the President of the United States urging the Nationalist Government to take the Communists into the government on a coalition basis. It is only fair to state that it was General Marshall and not Mr. Butterworth who handled most of the negotiations with the Chinese Government seeking to accomplish this directive from the President of the United States.

He held the position as Director of Far Eastern Affairs at a time when the Congress, despite State Department disapproval and lack of interest, took the initiative in providing funds for economic and military aid to China under title 4 of the ECA Act of 1948.

While this bill passed both Houses of Congress and was signed by the President on April 3, 1948, the first arms shipments did not reach China until November of that year after some of the most crucial battles in Manchuria and north China had already been fought.

At a time when we should be and presumably are seeking a new far-eastern policy, bipartisan in character, there has been nominated to the key position of Assistant Secretary of State for Far-Eastern Affairs the man who has, as Chief of the Far Eastern Division during the past several crucial years, been in effect the receiver for our bankrupt policy in that part of the world.

I do not blame Mr. Butterworth for all the errors of omission or commission for there are others in high and low positions who must help shoulder that responsibility. But he was and is the responsible head of the section of our State Department which must accept the criticism or credit for what was done. We cannot expect inspired leadership for a new far-eastern policy from this source.

In view of the President's atomic announcement of Friday, September 23, may God grant there is time to rectify, in part at least, the Asiatic debacle now in the making even while we meet here today.

Boldly and affirmatively we have developed and maintained a foreign policy in Europe. In many of its aspects it has originated or developed as a result of Republican consultation and support. The world knows what that policy is. In my opinion it has the overwhelming support of the American people. It is to help maintain freedom against communism, the most tyrannical and brutal force with which the world has had to contend. It is to support a system of international law and order so that the peace of the world will be secure against aggression, whatever its source.

In China we have had no similar bipartisan foreign policy. To be brutally frank, for the years since the close of World War II we have had no policy that could command the respect or support of the Congress and the Nation.

We have vacillated all over the lot. We have attempted to interfere in China's internal affairs by attempting to force a coalition with the Communists. We have done this subsequent to the time when it was clear that coalition with communism is unworkable except as a means of facilitating complete Communist domination.

The more I have studied the China white paper and the documents left out of it, the less satisfaction I have, as a citizen of this country and as a Senator of the United States, relative to what we have done and what we have failed to do.

With great reluctance I say that our record in China during the past 4 years is not one in which this or future generations of Americans can take pride.

We have broken our word time and time again, we have abandoned a friend and ally in need and we have contributed to the disaster of allowing China, with her 470,000,000 people, to be almost overwhelmed by militant communism, knowing full well that if all of China falls there is little that can be done to save southwest Asia or perhaps the entire continent.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. KNOWLAND. I should prefer not to yield until the close of my remarks.

The PRESIDING OFFICER. (Mr. NEELY in the chair). The Senator from California declines to yield.

Mr. KNOWLAND. We have done this in the face of repeated warnings from Gen. Douglas MacArthur, Admiral Badger, Ambassador Hurley, former Ambassador Bullitt, Generals Wedemeyer and Chennault, as well as many other competent observers.

How much part Alger Hiss played in the shaping of our conduct in China, I do not know. He was present at Yalta, he was associated with the Far Eastern Division for a part of the time he served in our State Department; nor is it clear how much influence the visit of Vice President Henry Wallace to China in June 1944 had on later decisions. Wallace was accompanied by John Carter Vincent, at that time the Chief of the Division of Chinese Affairs of the State Department.

Have all Senators read the letter of resignation of Ambassador Hurley sent to President Truman on November 26, 1945? It can be found on page 581, annex 50, of the China white paper.

I shall ask that the entire letter be printed in the RECORD as part of my remarks. Here is what is said by a man with a distinguished career in service to the United States. He served and had the confidence of three Presidents and of Secretaries of State Hull, Stettinius, and Byrnes. Nor are they the remarks of a man who has been removed from office for he had been asked to return to China as the American Ambassador.

Listen to what he says in his letter of resignation to the President:

> I am grateful to both you and the Secretary of State for the support you have given me and for your kind offer in requesting me to return to China as Ambassador.
>
> In one capacity or another I have been on the perimeter of America's influence since the beginning of the war. During the war I have served in Java, Australia, New Zealand, and generally in the Southwest Pacific, in Egypt, Palestine, the Lebanon, Syria, Transjordan, Iraq, Saudi Arabia, Iran, Russia, Afghanistan, India, Ceylon, Burma, and China. Of all of the assignments China was the most intricate and the most difficult. It is a source of gratification to me that in all my missions I had the support of President Roosevelt, Secretary Hull, Secretary Stettinius, yourself, Mr. President, and Secretary Byrnes.
>
> In the higher echelon of our policy-making officials American objectives were nearly always clearly defined. The astonishing feature of our foreign policy is the wide discrepancy between our announced policies and our conduct of international relations. For instance, we began the war with the prin-

ciples of the Atlantic Charter and democracy as our goal. Our associates in the war at that time gave eloquent lip service to the principles of democracy. We finished the war in the Far East furnishing lend-lease supplies and using all our reputation to undermine democracy and bolster imperialism and communism. Inasmuch as I am in agreement with you and the Secretary of State on our foreign policy, I think I owe it to you as well as to the country to point out the reasons for the failure of the American foreign policy in reaching the objectives for which we said we were fighting the war.

I continue to read from Ambassador Hurley's letter of resignation:

I will confine my remarks in this letter to Asia, although I wish to assure you that I will be at your service in discussing frankly other phases of our international relations. I was assigned to China at a time when statesmen were openly predicting the collapse of the National Government of the Republic of China and the disintegration of the Chinese Army. I was directed by President Roosevelt to prevent the collapse of the Government and to keep the Chinese Army in the war. From both a strategical and diplomatic viewpoint the foregoing constituted our chief objective. The next in importance was the directive to harmonize the relations between the Chinese and American Military Establishments and between the American Embassy in Chungking and the Chinese Government. It will readily appear that the former objective could not be accomplished without the accomplishment of the secondary objective as a condition precedent. Both of these objectives were accomplished. While these objectives had the support of the President and the Secretary of State, it is no secret that the American policy in China did not have the support of all the career men in the State Department. The professional Foreign Service men sided with the Chinese Communist-armed party and the imperialist block of nations whose policy it was to keep China divided against herself. Our professional diplomats continuously advised the Communists that my efforts in preventing the collapse of the National Government did not represent the policy of the United States. These same professional diplomats advised the Communist-armed party to decline unification of the Chinese Communist Army with the National Army unless the Chinese Communists were given control.

Despite these handicaps we did make progress toward unification of the armed forces of China. We did prevent civil war between the rival factions, at least until after I had left China. We did bring the leaders of the rival parties together for peaceful discussions. Throughout this period the chief opposition to the accomplishment of our mission came from the American career diplomats in the Embassy at Chungking and in the Chinese and Far Eastern Divisions of the State Department.

I requested the relief of the career men who were opposing the American policy in the Chinese theater of war. These professional diplomats were returned to Washington and placed in the Chinese and Far Eastern Divisions of the State Department as my supervisors. Some of these same career men whom I relieved have been assigned as advisers to the supreme commander in Asia. In such positions most of them have continued to side with the Communist-armed party and at times with the imperialist bloc against American policy. This, Mr. President, is an outline of one of the reasons why American foreign policy announced by the highest authority is rendered ineffective by another section of diplomatic officials.

Mr. KNOWLAND. What has been done about it? For the period from the date he delivered his letter on November 26, 1945, to the publication of the white paper on August 5, 1949, the administration and not the Congress were in possession of this information.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. KNOWLAND. I should prefer not to yield until I have completed my remarks. Then I shall be glad to yield.

To be fair, I want to make clear that Mr. Butterworth did not arrive in China until the Hurley mission had been completed. He is obviously not one of those included in the Ambassador's indictment. But there were others. Where are they now? Are they still in our diplomatic service? Have they been promoted?

On pages 866 and 867 of his book, Roosevelt and Hopkins, Robert E. Sherwood has this to say about the February 1945 Yalta agreement as it related to China:

Roosevelt said * * * he would send an American officer to Chungking via Moscow to inform Chiang Kai-shek of the agreements. Stalin insisted that these agreements must be put in writing and must contain the statement: "The heads of the three great powers have agreed that these claims of the Soviet Union shall be unquestionably fulfilled after Japan has been defeated."

I continue quoting from Mr. Sherwood's book:

This, in my opinion, was the most assailable point in the entire Yalta record, and the most surprising in that it involved Roosevelt in the kind of firm commitment that usually he managed to avoid. It denied him the postwar "freedom of action" which he valued so highly; for, if China had refused to agree to any of the Soviet claims, presumably the United States and Britain would have been compelled to join in enforcing them.

I have tried to understand how and why we came to abandon China, our friend and ally, and for what purpose and at whose instigation.

While our policies in the prewar years of 1938, 1939, 1940, and 1941 up until December 7 left much to be desired, yet there seems to be no question that our general record was one of support of a free and independent China and sympathy for the problems she faced. In general we held firm to the Hay open-door policy which we have followed since 1899.

Shipments of scrap iron and oil to Japan with State Department consent was, of course, a contrary indication. However, just as there are those now who advocate the gains of doing business with Communist China, so there were governmental and business interests then who thought it wise to do business with Hitler or Tojo. That they were helping to build a war machine that could, in time, be used against us was apparently a calculated risk they were willing to take. It did not make sense to me then and it does not make sense to me now.

While the Yalta agreement of February 1945 violated the letter and spirit of the Cairo Declaration of December 1, 1943, the nine-power treaty of February 6, 1922, the Hay open-door policy which has been basic with us since 1899, and other statements, agreements, and policy decisions it does not, in itself, account for the change of attitude in the executive branch of this Government.

To be sure it helped make possible a Communist stranglehold on Manchuria, opened the way for Russia to supply the Chinese Communists with captured Japanese arms, as well as with other assistance, and made certain that postwar China would not be united except as it might be by militant Communist forces or by more gradual means such as grew out of earlier or subsequent Polish-Czechoslovakian, Bulgarian, Hungarian, or Rumanian satellite experience.

But the Yalta agreement does not in itself account for other official attitudes taken by the executive branch of this Government which under our Constitution has primary responsibility for our foreign policy.

The time of basic change can be fixed as subsequent to the Wallace visit, June 21, 1944, and prior to the Marshall mission entering upon its duties in China, January 1946.

The circumstantial evidence is overwhelming that our fundamental shift in policy took place as a result of or in preparation for the Moscow conference of December 27, 1945, between Mr. Byrnes, Mr. Molotov, and Mr. Bevin, representing the United States, the Soviet Union, and Great Britain.

The white paper gives strong evidence along these lines but the official State Department publication tells only part of the story.

On page 689 of the white paper (Annex 114) is a statement by President Truman on United States policy toward China issued on December 18, 1946. The opening paragraph reads:

Last December I made a statement of this Government's views regarding China. We believed then and do now that a United and Democratic China is of the utmost importance to world peace, that a broadening of the base of the national government to make it representative of the Chinese people will further China's progress toward this goal, and that China has a clear responsibility to the other United Nations to eliminate armed conflict within its territory as constituting a threat to world stability and peace. It was made clear at Moscow last year that these views are shared by our allies, Great Britain and the Soviet Union. On December 27, Mr. Byrnes, Mr. Molotov, and Mr. Bevin issued a statement which said, in part:

"The three foreign secretaries exchanged views with regard to the situation in China. They were in agreement as to the need for a unified and democratic China under the national government for broad participation by Democratic elements in all branches of the national government, and for a cessation of civil strife. They affirmed their adherence to the policy of noninterference in the internal affairs of China."

How often will the free world continue to be mouse-trapped by the Soviet brand of democracy. The so-called peoples democracies in the Soviet satellites are neither democracies nor selected by the people. They owe their being to police state methods under Communist Party discipline. Our Government has a heavy responsibility to millions of Poles, Czechs, Hungarians, Rumanians, Bulgarians, and Chinese, living or dead, for helping to deliver them into the hands of peoples democracies.

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So we have the clue to the events subsequent to December 1945. Was this far-reaching change originated by the foreign ministers at Moscow, or were they merely implementing a prior understanding arrived at in July of that year in Potsdam, or at some earlier time and place? This is not yet clear.

On page 71 of his book Speaking Frankly, former Secretary Byrnes, in discussing the Potsdam Conference, has this to say:

> It is true that following Yalta we had been somewhat disillusioned. Such things as the Bern incident and the Soviet violation of agreements on Poland and Rumania warned us that in the days to come we would encounter serious differences and would have to overcome deep-seated suspicion.

On page 111 of the same book relative to the 1945 Moscow Conference, Byrnes has this to say:

> The meeting opened at 5 p. m., December 16, and at my suggestion Mr. Molotov was made chairman. In recognition of Generalissimo Stalin's concern over the situation in the Far East, I had suggested including on the agenda proposals for the creation of a far eastern commission to function in Washington and an allied council to be located in Tokyo; a paper on the creation of a unified administration in Korea as a prelude to the establishment of an independent Korean Government; and a review of American policy in China, including the disarming of Japanese troops in north China. We agreed also that there would be informal discussions on the Soviet occupation of Manchuria.

In February 1947 the Department of State issued a publication entitled "Making the Peace Treaties: 1941–47." Appendix No. 3 on page 85 of the report by Secretary of State Byrnes on the December 16–26 Moscow meeting of Foreign ministers has this to say:

> Our policy toward China as recently announced by President Truman was discussed at Moscow. We found our allies in substantial accord with that policy. The three governments agreed that the cessation of civil strife and broad participation throughout the national government of democratic elements are necessary to assure a unified, peaceful, and democratic China under the National Government. The three governments reaffirmed adherence to the policy of noninterference in the internal affairs of China. * * * The understanding of the three powers as to policy toward China should assist General Marshall in the mission he has undertaken.

Just how this understanding of noninterference with the internal affairs of China squares with the Marshall mission to force Communists into the government I am at loss to understand. The more confusing our policy becomes when I read from page 229 of Byrnes' book, Speaking Frankly, when he says—and I want Senators to listen closely to this paragraph:

> General Marshall continued his efforts until January 1947, but the warring groups were still no nearer settlement. We then had to decide whether Ambassador Leighton Stuart should continue the efforts to bring the two factions together. John Carter Vincent, Chief of the Far Eastern Division and an experienced Foreign Service officer, took the position that he should not; that if General Marshall could not bring about unity, it would be unwise to ask any other official to force our views upon the factions. I agreed with Vincent.

I call particular attention to the words "force" and "factions." In other words, by the time of the Marshall mission we were treating the legally recognized Government of China as a faction and the revolutionary Communist forces were looked upon presumably as another faction on a parity with the legal Government of China itself.

We now know for the first time that the change must have taken place after November 10, 1945, which eliminates the July Potsdam Conference and the September London Foreign Ministers Conference. For certainly the President of the United States would not have sent a personal message to our wartime ally's President stating, without any reservation, that "he guarantees to continue to support you and the Nationalist Government," if this Nation had been foreclosed from such support by any prior international agreements.

Yet from mid-December on, this Government, despite that friendly message, follows a relentless policy of trying to force Communists into the Government of China.

Why? What is the nature of our agreement or the reasons for our policy that would require such a drastic shift? What individuals helped to formulate the policy, and by what were they motivated? The Senate is entitled to know. Our people should have the facts.

Such an agreement would explain the President's directive to General Marshall on December 15, 1945. It would explain the diligence with which General Marshall, good soldier that he is, carried out his difficult assignment. It would explain the pressures brought on Chiang Kai-shek, ranging from messages from President Truman, conferences by General Marshall, the embargo by this Government of military supplies to the government forces in China, while at the same time the Soviet Army was turning over captured Japanese supplies to the Chinese Communists, and threats to hold back any further economic aid. It would explain the deliberate slow-down on the military-aid program voted by the Congress in April of 1948 with the first ship arriving in November after the most crucial Manchurian battles had been lost by the government forces. It would explain the great reluctance to accept the amendment I offered to the arms implementation bill for the purpose of giving supervised aid to the non-Communist forces in China as we are to the non-Communist forces of the legal Government of Greece.

It would explain why a substantial slow-down has taken place in the ECA China administration of title 4 of the 1948 ECA Act. Over $100,000,000 are being held back in the program for economic aid to non-Communist China. The funds will revert to the Treasury in February of next year if not expended. Fortunately, because of the action by Congress in amending the act this year, the balance must be spent in non-Communist China or not at all. This provision was written in despite the objection of the State Department. It explains why no word of encouragement or hope has gone out from the President or Secretary Acheson to our traditional friends who are fighting with their backs to the wall in a Communist-inspired struggle that has been growing hotter while we waited for the dust to settle.

Yes, it also explains why little encouragement has been given by either Great Britain or the United States to the recent proposal that China lay her case before the United Nations. At an earlier date we discouraged such contemplated action. Do we fear that agreements made at Moscow or elsewhere will be produced that would embarrass this Government? Or is our solicitude for some wartime ally other than China?

It might even help to explain why the letter of June 24, 1949, to the President of the United States and signed by 21 Members of this body protesting any contemplated recognition of the Communists has never, so far as I know, been so much as acknowledged. The letter reads as follows:

JUNE 24, 1949.

HON. HARRY TRUMAN,
The White House, Washington, D. C.

DEAR MR. PRESIDENT: The undersigned Members of the Senate have been greatly concerned by reports that this Government might be contemplating the recognition of the Communist regime in China.

Any such policy would appear to be inconsistent with the position this Government took in Greece and Turkey when the Truman doctrine was enunciated and with the substantial support we have given through the Marshall plan to the nations of western Europe and with the North Atlantic Pact against aggression in western Europe.

Communist control of China means the ultimate negation of the open-door trade policy; loss of freedom and independence in a real sense for the people of China and a major victory for international communism with a corresponding threat to the national security of the United States.

We believe that the time has come for the adoption of an affirmative friendly policy toward the constitutional government of China and the forces opposing communism in that country.

We further believe that this Government should make it clear that no recognition of the Communist forces in China is presently contemplated and that we shall make clear that a free, independent, and non-Communist China will continue to have the friendship and assistance of the United States of America.

Respectfully yours,

WILLIAM F. KNOWLAND, PAT MCCARRAN, STYLES BRIDGES, WARREN MAGNUSON, OWEN BREWSTER, CLYDE REED, SHERIDAN DOWNEY, KARL MUNDT, HOMER FERGUSON, WAYNE MORSE, MILTON YOUNG, RAYMOND BALDWIN, EDWARD THYE, ROBERT A. TAFT, JOHN BRICKER, SPESSARD HOLLAND, RICHARD B. RUSSELL, EDWARD MARTIN, HUGH BUTLER, GUY CORDON, HARRY CAIN.

What other proof do we now have that a basic change took place at or about the time of the December 16–26, 1945, Moscow Conference rather than at Potsdam in July, at the September 1945 Foreign Ministers meeting in London, or at some other meeting?

Recently there came into my hands a booklet published in Communist China entitled "Secret Report on the United States-Chiang Conspiracy" by one Ching Nu-Chi. I exhibit to the Senate a photostatic copy of the booklet. It is published by the New People's Publishing Co., Hong Kong, April 1949.

This document might properly be termed the Chinese equivalent of the Hiss-Chambers "pumpkin papers," which have baffled and greatly concerned the people of the United States.

The author turns out to be a Communist supporter. He secured a position as chief secretary of the Chinese Documents Secretariat. The office of which he was a part handled all types of secret and top-secret Chinese and American documents and did the necessary translations. He handled the same type of work for General Wedemeyer's headquarters and the Marshall mission to China.

From that source then comes the missing link which helps to fix the date of our fundamental change in policy. I have here with me photostats of the booklet in question. It is in Chinese. The translation was made for me, at my request, by an official United States Government agency, and at my suggestion translations of the complete booklet have been turned over to the State Department and the Department of National Defense.

Appendix 1 of this booklet contains the top-secret memorandum c-62-7 10 November 1945 from Wedemeyer to Chiang Kai-shek. This is the message General Wedemeyer was delivering to China. Wedemeyer, having recently gone to the United States for a conference with the President, with the Secretary of State, and with the General Staff, is coming back and is making his call upon the President of China, a friendly ally, and this is what he says:

Following is my report on the conclusions of the latest consultations with Washington:

"Conference with the President.

"C. He guarantees to continue to support you and the Nationalist Government."

Now here is a vital piece of information. For the first time there is disclosed to me, as a United States Senator, the fact that as late as November 10, 1945, after World War II had ended, the present President of the United States had sent a message to Chiang Kai-shek in which "he guarantees to continue to support you and the Nationalist Government." That is a pledge with no reservations.

It is a vital piece of information that should have been included in the China white paper if the American Congress and the country were to be dealt with frankly. Or was the white paper only meant to whitewash the State Department's record of tragic error?

We now have tied down for the first time the approximate date at which the fundamental and far-reaching change took place in our relations with China.

It is most unfortunate that the State Department saw fit to issue the white paper, which is largely meant to whitewash its own decisions and to undermine the legal Government of China at China's most desperate hour. It does not take much imagination to realize how General Washington and his men at Valley Forge would have felt if, during that bitter winter France, for example, had issued a white paper pointing out our faults and our lack of military successes.

Despite what the Executive branch of this Government has done, I, as a Member of the United States Senate, am convinced that in the Congress of the United States and throughout the Nation there is a great reservoir of good will toward a China that should and will be free, independent of foreign domination of any kind, and non-Communist.

Let the administration speak up. Now is the time. Here is the place.

Are the non-Communist forces and the legal Government of China going to get some aid in the fight to keep the whole nation from being Communist-dominated?

If the Government of China brings the facts before the United Nations that Soviet Russia has been assisting a Communist revolutionary movement within China to overthrow the legal Government of China, a fellow member of the United Nations and a permanent member of the Security Council, will she have our assistance or our obstruction?

What is to be our position if on or about October 10 of this year the north China-Manchurian Communist regime proclaims itself a "people's democracy" and is recognized by the Soviet Union and her satellites as the de jure Government of China?

Have we an understanding with the British that for the present we will not extend de jure recognition but will recognize such a regime de facto for the area they control?

What are our intentions relative to trading with the Communist area? Does the prohibited list recently published mean that we will look with favor upon the trade of all other products and that we will no longer recognize the one outstanding success of the National Government of China, the effectiveness of the naval blockade? The effectiveness was amply testified to by Admiral Badger in his appearance before the committee.

Is the Senate of the United States to be kept fully informed or are we to have the unilateral democratic party policy in China and the Far East that has no relation to our bipartisan policy in Europe. Do we make two worlds out of American foreign policy, a free area of free men in Europe and the Middle East and an enslaved Asia with her billion human beings and her vast resources tied down tight to the Soviet orbit? But fairness requires that at the same time we recognize that Mr. Butterworth is in no sense the architect of the course we have followed. By the same token as he would have been entitled to share in part of the credit, he cannot escape part of the blame.

Must we always be limited to receiving information we need and should have after it is 4 years old, as in the case of the Hurley letter of resignation, or 2 years old, as in the case of the vital Wedemeyer report? Must we be limited to getting information from translations of Chinese Communist booklets published 8,000 miles away? This leaves too much to chance. It is not in such a way support can be built for a bipartisan continuing Far East foreign policy which is entitled to have the support of the American people.

As long as the present leadership exists in the formulation of far eastern policy I see no prospect of any substantial support from this side of the aisle, and it is not entitled to substantial support from the other side of the aisle.

Though my voice be the lone voice and my vote the lone vote I could not, in good conscience, place my approval on such a dismal record by voting confirmation of one who occupied a key spot in far-eastern affairs.

How many other reports are there such as the Wedemeyer report of September 17, 1947, which was concealed from the Congress and the people of the Nation until August 5, 1949, almost 2 years later, when it was published in the white paper. Yet the information contained therein would have been invaluable to members of the Senate Foreign Relations Committee and the Armed Services and Appropriations Committees in making decisions.

How long is the Senate of the United States going to permit low and high echelon appointive officials to shape our policies and determine our Nation's destiny as well as people elsewhere while the Senate and the House, elected by the people, are treated at times as though they were not even parts of the same government?

Just as ignorance of the law is no excuse, so too it is no excuse for the Congress to tell the folks back home that they knew nothing about what was going on. It is our business to know. If Congress will use the power at its disposal it can keep itself fully informed. If we, as Members, abdicate our responsibility as a coequal branch of the Government then those who do so cannot disclaim their full share of the blame. Under our system responsibility must always be a corollary to power.

Though this administration may be satisfied with its bankrupt policy in China, the time will come—if it has indeed not already arrived—when the American people will not be. Even the apologists for the State Department admit that our China postwar policy has to date been a failure.

In any responsible government in the world those connected with such a state of affairs would resign or be forced out of office by parliament. Here, it seems, we promote them.

Mr. President, at the conclusion of my remarks I desire to have printed as a part of the record a copy of a letter dated June 24, 1949, signed by 21 Members of the Senate, and addressed to the President of the United States.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 24, 1949.

Hon. HARRY TRUMAN,
The White House,
Washington, D. C.

DEAR MR. PRESIDENT: The undersigned Members of the Senate have been greatly concerned by reports that this Government might be contemplating the recognition of the Communist regime in China.

Any such policy would appear to be inconsistent with the position this Government took in Greece and Turkey when the Truman Doctrine was enunciated and with the substantial support we have given through the Marshall plan to the nations of western Europe and with the North Atlantic Pact against aggression in western Europe.

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Communist control of China means the ultimate negation of the open-door trade policy; loss of freedom and independence in a real sense for the people of China and a major victory for international communism with a corresponding threat to the national security of the United States.

We believe that the time has come for the adoption of an affirmative, friendly policy toward the constitutional government of China and the forces opposing communism in that country.

We further believe that this Government should make it clear that no recognition of the Communist forces in China is presently contemplated and that we shall make clear that a free, independent, and non-Communist China will continue to have the friendship and assistance of the United States of America.

Respectfully yours,

WILLIAM F. KNOWLAND, PAT MCCARRAN, STYLES BRIDGES, WARREN MAGNUSON, OWEN BREWSTER, CLYDE REED, SHERIDAN DOWNEY, KARL MUNDT, HOMER FERGUSON, WAYNE MORSE, MILTON YOUNG, RAYMOND BALDWIN, EDWARD THYE, ROBERT A. TAFT, JOHN BRICKER, SPESSARD HOLLAND, RICHARD B. RUSSELL, EDWARD MARTIN, HUGH BUTLER, GUY CORDON, HARRY CAIN.

Mr. KNOWLAND. Mr. President, I also ask to have printed in the RECORD at this point as a part of my remarks a copy of a letter dated April 29, 1949, addressed to the Senator from Maryland [Mr. TYDINGS], chairman of the Senate Armed Services Committee, and signed by a number of members of the Armed Services Committee who took the initiative in trying to get General Chennault to testify before the committee so that the Congress could at least partially inform itself.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

APRIL 29, 1949.

Senator MILLARD E. TYDINGS,
Chairman, Senate Armed Services Committee, Senate Office Building, Washington, D. C.

DEAR SENATOR: We, the undersigned, members of the Senate Committee on Armed Services respectfully request that you as chairman extend an invitation to Maj. Gen. Claire Chennault, retired, to appear before the Committee on Armed Services on Monday, May 2, or at the earliest convenient date to him thereafter if Monday should not be convenient.

The purpose of hearing General Chennault would be to acquaint the members of the Armed Services Committee with the situation in China as it affects the national security of this country. It would also be our desire to learn from him whether or not military equipment furnished by the United States has been effectively used.

Sincerely yours,

WILLIAM F. KNOWLAND, CHAN GURNEY, LEVERETT SALTONSTALL, RAYMOND E. BALDWIN, WAYNE MORSE, HARRY F. BYRD, RICHARD B. RUSSELL, STYLES BRIDGES, LYNDON B. JOHNSON, VIRGIL M. CHAPMAN, LESTER C. HUNT.

Mr. KNOWLAND. Mr. President, I also ask to have printed in the RECORD at this point as a part of my remarks a copy of a letter signed by a number of Senators and addressed to Hon. Louis Johnson, Secretary of Defense, in which it was requested that both General MacArthur and Admiral Badger be brought before the committee so that we might be at least partially informed of conditions.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AUGUST 9, 1949.

Hon. LOUIS JOHNSON,
Secretary of National Defense, Washington, D. C.

DEAR MR. SECRETARY: In view of the fact that our Chiefs of Staff have visited various European countries and are not likely to have the time to make the same sort of visit to the Far East, we strongly urge that our responsible commanders in the Far East, Gen. Douglas MacArthur and Vice Adm. Oscar C. Badger, be brought home for the purpose of giving testimony before the combined Foreign Relations and Armed Services Committees on the far eastern phases of a problem which is global in character.

We urgently request that this be done immediately so that the benefit of their views may be had prior to final action of the combined committees on Senate bill 2388, "to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations."

Sincerely yours,

WILLIAM F. KNOWLAND, STYLES BRIDGES, H. ALEXANDER SMITH, BOURKE B. HICKENLOOPER, WAYNE MORSE, ALEXANDER WILEY, HARRY F. BYRD, LEVERETT SALTONSTALL, RAYMOND E. BALDWIN, CHAN GURNEY.

Mr. KNOWLAND. I also ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a copy of a memorandum statement signed by Gen. Douglas MacArthur, and sent to the chairman of the House Foreign Affairs Committee, Hon. CHARLES A EATON, giving the viewpoint of that distinguished American on the critical situation in the Far East.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

CHINA-AID PROGRAM

I am grateful to the Committee on Foreign Affairs of the House of Representatives for the confidence reflected in its desire that I appear before it to give my views on American policy in the extension of aid to China. The pressure of my operational duties in the administration of Japan, especially at this time of change in the Japanese Government, however, renders it impracticable for me to leave my post. And even were it otherwise, I gravely doubt that I could give constructive and helpful advice as to details involved in pending aid proposals, which I have not seen nor had any opportunity to study. China, as you perhaps know, is a theater of United States Navy control, outside the scope of my existing authority. I have no representatives there, and, apart from general background knowledge, such detailed information as has been available to me has been derived largely by indirection. Exhaustive investigations of the Chinese situation have been made by responsible United States officials, but these studies are not within my channel of information or command and in consequence I am not adequately familiar therewith. I have furthermore not had the opportunity to visit China for many years. With this background, you will readily perceive I am not in a position to render authoritative advice with reference to the myriad of details on which a definitive policy for this particular area must necessarily rest.

In general answer to your specific questions, I can say without the slightest hesitation that a free, independent, peaceful, and friendly China is of profound importance to the peace of the world and to the position of the United States. It is the fundamental keystone to the pacific arch. Underlying all issues in China is now the military problem. Until it is resolved little progress can be expected toward internal rehabilitation regardless of the extent of outside aid. Once it is resolved, however, there is little doubt but that China's traditional resiliency will provide the basis for rapid recovery to relative stability.

The Chinese problem is part of a global situation which should be considered in its entirety in the orientation of American policy. Fragmentary decisions in disconnected sectors of the world will not bring an integrated solution. The problem insofar as the United States is concerned is an over-all one and can only be resolved on the broadest possible global basis. It would be utterly fallacious to underrate either China's needs or her importance. For if we embark upon a general policy to bulwark the frontiers of freedom against the assaults of political despotism, one major frontier is no less important than another, and a decisive breach of any will inevitably threaten to engulf all. Because of deep-rooted racial and cultural and business ties, we are prone to overconcentrate on happenings and events to our east and to underemphasize the importance of those to our west. America's past lies deeply rooted in the areas across the Atlantic but the hope of American generations of the future to keep pace with the progress of those of the past lies no less in the happenings and events across the Pacific. While fully availing ourselves of the potential to the east, to our western horizon we must look both for hope of a better life through yet untapped opportunities for trade and commerce in the advance of Asiatic races, and threat against the life with which we are even now endowed. For beyond that horizon, upon the outcome of the ideological struggles in which opposing forces are now engaged and the restoration of political, economic, and social stability, rests war or peace, assurance or threat, hope or fear.

The international aspect of the Chinese problem unfortunately has become somewhat clouded by demands for internal reform. Desirable as such reform may be, its importance is but secondary to the issue of civil strife now engulfing the land, and the two issues are as impossible of synchronization as it would be to alter the structural design of a house while the same was being consumed by flame. Friendly and searching as our interest may be in the reformation of China's institutions and practices to bring them closer into line with our own concept of liberty and justice, and right and wrong, the maintenance of China's integrity against destructive forces which threaten her engulfment is of infinitely more immediate concern. For with the firm maintenance of such integrity, reform will gradually take place in the evolutionary processes of China's future.

The flow to China of military supplies, surplus to our own requirements, has been resumed. Additional material support should be measured in equitable relation to such global aid as may be determined upon in the orientation of American policy, without underrating the strategic importance to us, as to the world, of a free and peaceful China, without ignoring her impoverishment and fatigue in consequence of so many years of violent struggle over her soil, without failing accurately to assess her potential in the stability and advancement of our own future standard of life, and without neglecting to recognize our long and friendly relationship, well-tested through years of peace and years of war.

In the determination of our global policy, care must, of course, be exercised to avoid commitment of our resources beyond what we can safely spare—the sapping of our national strength to the point of jeopardy to our own security and the overburdening of our people beyond their capacity to maintain a standard of life consistent with the energies with which they are naturally en-

dowed. For it would be illogical for us to yield our own liberties in the safeguard of the liberties of others—to forfeit our own heritage of freedom in securing the freedom of others. No less illogical would it be to extend our material aid beyond hope of reciprocal repayment through contribution in one form or another to human progress. For it would not serve our purpose merely to create in return for our sacrifice a condition of indigence and mendicancy elsewhere, to become a brake upon human advancement.

It is one of the traditional characteristics of the American people that in times of great crises they have never failed to rise to masterful heights to meet the challenge of the time. Never before has our wise, fearless, and positive leadership of a confused world been more needed as a stabilizing influence. Never before have the American people been more ready to assist others if it be a purposeful sacrifice. For we on American soil bare before the eyes of the entire world the workings of a way of life which despite the veil of confusion and disorder and self-serving ambition is the cherished hope and goal of all mankind. Let us above all else preserve it.

MACARTHUR.

(NOTE.—The above message dispatched to the Hon. CHARLES A. EATON, chairman, Committee on Foreign Affairs, House of Representatives, by radio ZX-40728, dated March 3, 1948, in response to a radio received from him inviting General MacArthur to appear before the Committee on Foreign Affairs to give his views on what American policy should be with respect to proposals of aid to China and other critical areas in the Far East. He also requested that if it were impracticable for the general to appear in person, that he send a statement presenting his views. The radio was released to the press in the United States on March 4, 1948.)

Mr. KNOWLAND. I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a very interesting item which includes both a letter and a memorandum. I wish to read a part of it to the Senate at this time. It was issued on the letterhead of the Communist Party of New York State, and is dated New York, N. Y., March 1, 1949. It is addressed "To all sections and counties."

DEAR COMRADES: Enclosed please find program for action on China policy, as voted upon by a United Front Action Conference on China, held in New York on January 29, 1949.

We are sure that you will find this material not only informative but helpful in planning actions on China in your communities.

A special outline has also been issued by the National Education Committee on Communist Policy in China. This can be secured through orders from our district education department. The outline can be used as the basis for discussion in your sections and branches.

Any inquiries in relation to further activity can be received by writing to the Committee for a Democratic Far Eastern Policy, at 111 West Forty-second Street, New York City.

The letter is signed by May Miller, assistant organizing secretary.

Immediately following the letter there is listed a Program for Action on China Policy as suggested by the Action Conference on China Policy, New York City, January 29, 1949. Listen to this:

PROGRAM OBJECTIVES

1. Demand a congressional investigation.

A. Of the Chinese lobby in Washington, one of the largest spending foreign influences in our Capital not registered as foreign agents.

B. Of the billions of dollars of private accumulation deposited in American banks and investments by Chinese officials and individuals.

2. Demand a new China policy.

A. An end to all forms of American intervention in China and of plans to aid any elements and remnants of the Kuomintang.

B. Preparation by our Government to recognize the government which the people of China are now establishing.

C. Planning now by our authorities for genuine and self-respecting cooperation with the people's government in China, including normal and friendly trade relations free of any political conditions.

3. Get the facts and implications of the Government's China policy to the American people.

I ask unanimous consent that the letter and memorandum be printed in their entirety at this point as a part of my remarks.

There being no objection, the letter and memorandum were ordered to be printed in the RECORD, as follows:

COMMUNIST PARTY OF NEW YORK STATE,
New York, N. Y., March 1, 1949.

To All Sections and Counties:

DEAR COMRADES: Enclosed please find program for action on China policy, as voted upon by a united front action conference on China, held in New York on January 29, 1949.

We are sure that you will find this material not only informative but helpful in planning actions on China in your communities.

A special outline has also been issued by the national education committee on Communist policy in China. This can be secured through orders from our district education department. The outline can be used as the basis for discussion in your sections and branches.

Any inquiries in relation to further activity can be received by writing to the Committee for a Democratic Far Eastern Policy, at 111 West Forty-second Street, New York City.

Comradely yours,

MAY MILLER,
Assistant Organizing Secretary.

PROGRAM FOR ACTION ON CHINA POLICY AS SUGGESTED BY THE ACTION CONFERENCE ON CHINA POLICY, NEW YORK CITY, JANUARY 29, 1949

PROGRAM OBJECTIVES

1. Demand a congressional investigation.

A. Of the Chinese lobby in Washington. One of the largest spending foreign influences in our Capital; not registered as foreign agents.

B. Of the billions of dollars of private accumulation deposited in American banks and investments by Chinese officials and individuals.

2. Demand a new China policy.

A. An end to all forms of American intervention in China and of plans to aid any elements and remnants of the Kuomintang.

B. Preparation by our Government to recognize the government which the people of China are now establishing.

C. Planning now by our authorities for genuine and self-respecting cooperation with the people's government in China, including normal and friendly trade relations free of any political conditions.

3. Get the facts and implications of the Government's China policy to the American people.

IMMEDIATE STEPS FOR CARRYING OUT THE ACTION PROGRAM

1. Get your organization immediately to pass a resolution on China policy (use the enclosed January conference resolution for suggestions). Send copies of your organization's resolution to your Senators and your Congressmen; give it publicity in your organization's publication and elsewhere; send a copy to the Committee for a Democratic Far Eastern Policy.

2. Make use of the "political ammunition" of facts; the American people, if they know, will act.

A. Make a drive to get readers and subscribers to Far East Spotlight, the committee's monthly magazine. This is the indispensable tool for every fighter for a new and friendly policy toward China. Previous sources of reliable information about China and the Far East now have an NAM slant; only Far East Spotlight gives you the positive and encouraging facts about the Chinese people's great and successful fight against American reaction, and keeps you up to date about Washington's evil plans to go on backing reaction in China and the Far East. Subscription: $2 a year. Introductory offer: $1 for 8 months. Members of the CDFEP get this free.

B. Push the sale and reading of Anna Louise Strong's Tomorrow's China. Paper bound, 65 cents; cloth bound, $2. Organizational orders for five or more: 25-percent discount.

C. Have meetings on the China policy issue.

(a) The committee can furnish speakers:

In the New York City area: Telephone the speaker's bureau of the committee any afternoon, Bryant 9-6343.

In California, the San Francisco area: Contact Mr. William Kerner, 1841 Ellis Street, San Francisco.

Los Angeles area: Contact Mrs. Jeanette Orel, 362 South Columbia Avenue, Los Angeles.

(b) Send your organization's own speakers to the briefing session on China. First session: Friday night, February 18, 7:30 sharp. Telephone the committee for registration blanks; Bryant 9-6342. No fee.

You can't fight without facts. Far East Spotlight is your basic source of information. Meetings on China will bring facts to hundreds of others * * *.

3. See to it that the President and the Members of Congress hear from hundreds of individuals on China policy right now.

Order prepared postcards from the committee—1 cent each. Write your own messages. Make calls—in person and by telephone—on your Senators and Congressmen.

4. Have your organization make an immediate contribution to the work of the committee or plan to give a regular (monthly, quarterly, or yearly) contribution.

5. Support the Committee for a Democratic Far Eastern Policy.

A. By becoming members and by getting your friends to join. Membership includes subscriptions to Far East Spotlight.

B. By securing individual contributions for the committee. Your own; your friends; throw a party for the committee.

C. By doing volunteer work at the committee's office, 111 West Forty-second Street, fifth floor—any time, any day.

Every Thursday night the staff is at home to friends who come to help.

The Chinese people are defeating the American reactionaries. So can we.

China policy reveals the over-all character of Washington's foreign policy—it harms the American people.

China policy is directly related to our domestic struggle for homes, for more consumption goods, for lower prices, for increased social security, for healthy international trade, for freedom from depression and militarism.

China shows up the weak spot in our reactionaries' program.

Let's fight on China policy and take advantage of the blow the Chinese people have dealt the American reactionaries.

COMMITTEE FOR A DEMOCRATIC
FAR EASTERN POLICY.

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Mr. KNOWLAND. Finally, Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a memorandum which purports to be from Wedemeyer to Chiang Kai-shek. It is headed "Top Secret Memorandum C–62–7, 10 November 1945." It was published for the first time, so far as I know, in the document to which I have referred, which was pubished in Hong Kong. I ask that it be printed in the RECORD at this point as a part of my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

WEDEMEYER TO CHIANG KAI-SHEK

Your Excellency: 1. Following is my report on the conclusions of the latest consultations with Washington.

2. Conference with the President:

(a) He requested me to inquire after your health.

(b) He states his satisfaction with developments in the present war situation.

(c) He guarantees to continue to support you and the Nationalist Government.

(d) He emphasized that American naval and air personnel in China must be withdrawn at an early date, for in America great pressure is being concentrated on the withdrawal of American (military) personnel from China.

3. Conference with Secretary of State:

(a) He repeated the President's words, promising support to you and the Nationalist Government. But he also declared the President's instructions that the United States positively should not participate in China's military clashes; nor could any facilities be given for the Central Government's actions against rebellious military elements within Chinese territory.

4. Conference with the Joint Chiefs of Staff:

(a) They indicated complete agreement with the President's China policy.

(b) Approved the organization of a military advisory group for China. (See below section 8. for further details.)

(c) Also approved further military aid to China. (See the discussion in section 10 below.)

(d) Stated with emphasis that American troops could not participate in the Chinese civil war. In its relations with the United States, England, France, Union of Soviet Socialist Republics, and other foreign nations, the Chinese Government should maintain an unbiased position. They declared plainly, American military aid to China will cease immediately if evidence compels the United States Government to believe that any Chinese troops receiving such aid are using it to support any government which the United States cannot accept, to conduct civil war, or for aggressive or coercive purposes.

The degree to which China has attained political stability and security under a unified government completely representative of the people will be regarded as the fundamental condition governing the United States economic, military, and other forms of assistance.

The United States Government will from time to time consider the degree to which China has met the aforesaid fundamental condition as the standard according to which to decide whether or not to continue its aid.

(e) It was emphasized that China must strive to reduce its military forces to 50 divisions, and to see that air transport equipment is provided to facilitate their movements.

5. The occupation of Manchuria:

(a) I have been given authority to assist China to carry out the occupation of Manchuria, but not to send Americans to take part in it. The United States Government considers that the occupation of Manchuria should be a matter for consultation between the Chinese and U. S. S. R. Governments.

(b) I consider the occupation of Manchuria a matter of highest importance. But in the movement of Central Government troops, we should make use of internal lines of transportation, and these internal lines of transportation must be entirely safe. For instance, all territory south of the Ch'ang Chiang (Yangtzu River) is already under Central Government control.

Areas north of the Ch'ang Chiang, including Pei-p'ing, T'ien-ching, Ch'in-huang-tao, T'ang-ku, and Ch'ang-chia-k'ou (Kalgan), are still not all under Central Government control. I consider it necessary that all lines of communication in these areas must be controlled by the Central Government before troops can be dispatched northward into Manchuria, and westward into Sinkiang and Suiyuan.

(c) It is suggested that it is not necessary to send troops to Korea and Japan. I have been instructed to inform General MacArthur to this effect. Thus the Central Government will have more troops available with which to stabilize the Chinese situation. I acknowledge that it would add to China's prestige and be in accord with desires of the Chinese people if a token force were sent to occupy Korea and Japan; but the developments of the situation in China are such that Chinese troops can be used only in China proper, in Taiwan, and last of all in Manchuria. It is possible that at some later time, China may properly send a token force to Korea and Japan.

(d) Concerning northern Annam, it is suggested that the Chinese Government consult with the French Government and the Supreme Commander of the Allied Powers, so that the French troops may enter Haiphong and Hanoi.

(e) Troops dispatched to areas north of the Ch'ang Chiang should be supplied with winter clothing and equipment.

(f) Troops sent northward from the Ch'ang Chiang for the protection of the Pei-p'ing—Han-k'ou Railway and the T'ien-ching—P'u-k'ou Railway should be closely followed by police and garrison troops. These latter police and garrison troops should be equipped for preserving the safety of the railway lines, for precautions against destructive attempts, and at all times prepared to repair bridges after the fashion of the German General Todt's organization. Thus, the combat troops need not be retained to guard the railways, and police and garrison troops who are less efficient for combat can assume the responsibility for guarding the railway.

6. Repatriation of Japanese:

(a) According to what I learned in Washington, it is not the intention for the United States to leave American troops indefinitely in China for the purpose of disarming and repatriating the Japanese troops. The American policy is to assist the Chinese Government in planning the repatriation of the Japanese troops and to make use of American sea and air facilities in assisting the disposition of the Central Government troops, to such extent as would not hinder the demobilization of American troops wherever they might be. In accord with this policy, I was able to undertake the air transport of Central Government troops (this work is already finished), and water transportation of Central Government troops (this work is now in progress). But since the American Air Force has been in progress of rapid demobilization, our assistance in the air transport of Central Government troops has been limited, and water transportation likewise. However, I will exhaust every possibility to give air transport equipment, landing craft, and other smaller boats to China for its use so that it may continue the distribution of its troops. In September of last year (1944) in Chungking when the plan for the distribution of the Central Government troops was decided upon in the Chinese-American Joint Staff Conference, we did not anticipate the obstacles that would be encountered (in the course of distribution of troops). Furthermore, we did not foresee the difficulties the Chinese Communists or the Soviet (troops) were to create. The plans adopted were correct at that time; but in view of the present circumstances, the number of troops to be sent to the areas captured and held by the Japanese must be increased.

(b) In order that I may satisfactorily assist and advise you, it is essential that I be thoroughly familiar with the terms of the convention arranged between China and the Soviet Union. I request that a copy of this convention be supplied to me so that I may study it and be able to apprehend its implications; and for the same reason, I request a copy of the agreement entered into between yourself and the Chinese Communists.

As the commanding officer of the American troops (in China), I cannot allow myself or the troops under me to become involved in the vortex of difficulties between the Central Government (on the one hand) and the Chinese Communists, USSR elements and other rebellious elements in the northeast (on the other hand). The instructions I have received from Washington are based on the assumption that the solution of the problems between the Central Government and the Chinese Communists and the Soviet (government) is solely the responsibility of the Chinese Government itself. But as your Chief of Staff, I am very desirous to study the implications of all phases of the problem in order that my views may contribute to the solution of the problems which confront us.

(c) I am informed that there are some 70,000 armed Japanese troops in the Pei-p'ing region. These troops are moving rapidly from place to place in large motor trucks. If these trucks were turned over to the Chinese army, of course they would be of immense usefulness. I have told General Lodge (?) and General Li (or Lee?) that these Japanese soldiers should be disarmed as soon as possible and their motor trucks given to the Chinese army. I believe that if we allow the Japanese soldiers to retain their arms for several months longer (it is already 3 months since the Japanese surrender), we shall see (the development of) an unprecedentedly serious problem. I am strenuously opposed to the use of Japanese troops to resist the Chinese Communists. I believe such a course would be damaging to your reputation both in China and abroad.

(d) It is my recommendation that the repatriation of military and nonmilitary Japanese in regions north of the Ch'ang Chiang should be regarded as the most important thing to be done. By so doing, the responsibility of the Chinese army for dealing with the Japanese may be reduced to a minimum. and then the Chinese troops may be used in plans for safeguarding China's political security. A further consideration is that a severe winter is approaching bringing anxiety concerning food. This will be a serious problem for tens of thousands of Japanese soldiers, and will create difficulties not easy to cope with.

(e) Within this war zone there are many Japanese war criminals. My recommendation is for you to immediately notify the officials in each war zone to arrest all Japanese war criminals who have committed criminal acts against Chinese, Americans, or the people of any other allied country.

(f) The Minister of War has addressed to me a memorandum directing me to order General Lodge (?) to hand over to the Chinese (military authorities) all the Japanese winter equipment, clothing, etc., now stored in T'ien-ching. This I have already instructed General Lodge (?) to do. We should prepare for our records a detailed inventory of these goods with acknowledgment of receipt of same.

WEDEMEYER,
Chief of Staff of the China War Zone.

PUBLIC HEALTH SERVICE

Mr. MYERS. Mr. President, before moving that the Senate take a recess as in executive session, it occurs to me that we might take up the nominations in the Public Health Service to which there is no objection.

The PRESIDING OFFICER. Without objection, the clerk will state the nominations in the Public Health Service.

The legislative clerk proceeded to read sundry nominations in the Public Health Service.

Mr. MYERS. Mr. President, I ask unanimous consent that nominations in the Public Health Service be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc; and, without objection, the President will be notified forthwith of all confirmations.

RECESS

Mr. MYERS. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 32 minutes p. m.) the Senate, in executive session, took a recess until tomorrow, Tuesday, September 27, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 26 (legislative day of September 3), 1949:

FEDERAL TRADE COMMISSION

Lowell B. Mason, of Illinois, to be a Federal Trade Commissioner for a term of 7 years from September 26, 1949. (Reappointment.)

IN THE NAVY

Vice Adm. Harold B. Sallada, United States Navy, when retired, to be placed on the retired list with the rank of vice admiral.

IN THE COAST GUARD

The following officers of the United States Coast Guard Reserve to be commissioned in the United States Coast Guard:

To be lieutenants (junior grade)

Jason S. Kebler
David R. Permar

CONFIRMATIONS

Executive nominations confirmed by the Senate September 26 (legislative day of September 3), 1949:

UNITED NATIONS

REPRESENTATIVES OF THE UNITED STATES OF AMERICA TO THE FOURTH SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS

Warren R. Austin
Philip C. Jessup
Mrs. Anna Eleanor Roosevelt
John Sherman Cooper

ALTERNATE REPRESENTATIVES OF THE UNITED STATES OF AMERICA TO THE FOURTH SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS

Wilson M. Compton
Benjamin V. Cohen
Charles Fahy
John D. Hickerson
Mrs. Ruth B. Rohde

PUBLIC HEALTH SERVICE

PROMOTION IN THE REGULAR CORPS OF THE PUBLIC HEALTH SERVICE

To be senior assistant sanitary engineer (equivalent to the Army rank of captain)

Robert L. Stenburg

To be senior assistant nurse officers (equivalent to the Army rank of captain)

Mary J. Yardley
Mary E. Allen
Elizabeth J. Haglund
Katherine L. Broyles
Ruth I. Webb

HOUSE OF REPRESENTATIVES

MONDAY, SEPTEMBER 26, 1949

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We have heard Thy voice, our Father, and again we come to Thee; let Thy goodness and justice possess us.

O God, we pray today that rivalry among the nations may cease, and veiled pretensions may no longer disturb humanity, and man to man shall brother be. O forever stifle the wicked ambitions of men, that they may live in concord in the clear sunshine of Thy righteousness and mercy.

Grant Thy presence upon the Congress this day, that this august body may be known as constructive servants, exalting our country and making it altogether worthy of praise. In our Saviour's name. Amen.

The Journal of the proceedings of Thursday, September 22, 1949, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 930. An act to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes;

S. 1459. An act to amend the Public Health Service Act and the Vocational Education Act of 1946 to provide an emergency 5-year program of grants and scholarships for education in the fields of medicine, osteopathy, dentistry, dental hygiene, public health, and nursing professions, and for other purposes; and

S. 2116. An act to provide for the advance planning of non-Federal public works.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5895. An act to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CONNALLY, Mr. THOMAS of Utah, Mr. PEPPER, Mr. CHAPMAN, Mr. JOHNSON of Texas, Mr. BRIDGES, Mr. GURNEY, and Mr. WILEY to be the conferees on the part of the Senate.

The message also announced that the Senate had ordered that the Secretary be directed to request the House of Representatives to return to the Senate the bill (H. R. 1746) entitled "An act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2944) entitled "An act to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide survivorship benefits for widows or widowers of persons retiring under such act."

SPECIAL ORDER GRANTED

Mr. DAVENPORT asked and was given permission to address the House today for 15 minutes following disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered.

EXTENSION OF REMARKS

Mr. CROOK asked and was given permission to extend his remarks in the RECORD on the subject United States Obligation to the Polish Nation, and include a resolution by the M. R. Falcons Nest, No. 4, of the Polish Falcons of America at South Bend, Ind.

THE LATE HONORABLE RICHARD J. WELCH

Mr. HAVENNER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HAVENNER. Mr. Speaker, although I was present when the House of Representatives adjourned on September 13 in respect to the memory of Representative RICHARD J. WELCH, whose death had occurred on September 10, the special rules adopted for the 3-day recess schedule then in effect made it impossible for me to address the House or extend my remarks in the RECORD. I therefore ask recognition at this time to pay a tribute to my late colleague and dear friend, whose sudden death has shocked all who knew him.

It was my privilege to be closely associated in Congress for nearly 10 years with DICK WELCH. The district which he represented so ably for more than two decades adjoins my own congressional district in the city of San Francisco. Before his election to Congress 23 years ago, he and I served together as members of the Board of Supervisors of the City and County of San Francisco. So our association has been a long and close one, and I shall always treasure it as one of the finest experiences of my life. DICK WELCH honored me with his friendship and his confidence, and we consulted together on every problem of importance to our neighboring constituencies during all of our joint service in this House.

DICK WELCH had the rare quality of sound judgment, which made his advice invaluable to me, and enabled him to render outstanding service to the people who had elected him as their Representative in Congress for nearly a quarter of a century.

Mr. Speaker, a splendid story about the life work of RICHARD WELCH has been

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written by Miss Ruth Finney, Scripps-Howard correspondent for the San Francisco News. Unquestionably she followed his career in Congress more closely than any other person, except the members of his family, and her understanding and appreciative biography of this good public servant whom she knew so well is one of the finest tributes that any man could have.

The article referred to follows:

For a long time, Representative RICHARD J. WELCH had been carrying a powerful heart stimulant in his pocket as he went about his duties in the House of Representatives. He hadn't talked about it any more than he had talked about the fact of his advancing years. He had been born February 13, 1869. And he had had several operations in recent years, one of them serious.

But he was a fighting Congressman, and the older he grew, the harder he fought.

Many of his colleagues, reaching that age, were very old men, failing in mind and spirit, too tired to care much what went on.

That was not true of Congressman WELCH. His seniority and his experience were tools which he wielded skillfully in behalf of causes in which he believed, and the city which he loved.

Most men grow conservative as they grow older, lose patience with experiments, abandon their earlier fighting faiths. Again, that was not true of DICK WELCH. Some years ago he had thought seriously of retiring from the House, because he loved San Francisco so much, and hated to be away from it most of the year.

STAYED ON TO FIGHT

But he was too much interested in what became of Central Valley project, in whether public power would help pay out the irrigation costs; in whether San Francisco would get a new bay crossing with a chance to survive enemy attack or natural disaster. So he stayed on to fight for those things. No one else could have done the job so well, because he had the prestige in the House that comes only with long service and the friendships which open all the doors.

Mr. WELCH was born in New York State, but came to California when he was 16. He lived on a farm near Freeport, and never forgot what it was like to get a living from the soil.

In San Francisco, he learned to be an iron molder at the old Union Iron Works, and before he left that business, he was a full-fledged machinist. There was a strike and he went out with the others. He never forgot what it was like to be a workman, either.

ENTERED POLITICS

The next step took him into politics as deputy county clerk here, and in November 1900, he was elected to the State senate. In 1903 he became chief wharfinger for the harbor of San Francisco, a post he held for 4 years. He was wharfinger in 1906, through the earthquake and fire, and, in his official capacity, saw more of the terror and of what was done to meet it than most San Franciscans. The horrors of 1906 were at the root of his tenacious fight for a southern bay crossing—another way to get out of San Francisco if disaster should strike again.

In the State senate, Mr. WELCH was author of the constitutional amendment for workmen's compensation, and of that for inspection of weights and measures. He sponsored laws to provide an 8-hour day for women, pensions for widows and orphans, safety measures on construction projects.

Some years after his senate career, he ran for supervisor in San Francisco, and was elected. That was when he began thinking about a bridge across the Golden Gate, and when he organized the first steps for a skyline drive down the peninsula, and Bayshore Boulevard.

ELECTED TO CONGRESS

On August 31, 1926, he was elected to the House of Representatives to succeed Lawrence J. Flaherty, who had died in office. Like Mr. Flaherty, and John I. Nolan who had preceded him, Mr. WELCH asked for and got membership on the House Labor Committee. The first measure he sponsored in Congress raised the rates of pay for Federal workers, with emphasis on the charwomen and others in the lower-salary grades.

He stayed on the Labor Committee until he had climbed the legislative seniority ladder, and all the way through the Roosevelt administration he was ranking minority Member and heartily in favor of all the New Deal labor bills that came along.

In all his service, he never failed to cast a vote for measures that were intended to help workers.

DEMOCRATS ASKED HIS HELP

His stalwart championship of the laboring man's cause drew him into an unusual situation only a few months ago in the midst of Taft-Hartley law battles in the House. Administration leaders turned to Congressman WELCH, the Republican from San Francisco, for a rescue move when their own party couldn't help.

It was Congressman WELCH, at the special urging of Democratic leaders who rose to make the dramatic motion to recommit the Taft-Hartley Act to committee, the only move at that time that could spike a drive towards enactment of another labor law virtually equivalent to the Taft-Hartley. His move carried.

He could have been chairman of the House Labor Committee when the Republicans took over in the Eightieth Congress. He had the seriority for it, and he also had seniority to make him chairman of Merchant Marine and Fisheries, or of the House Public Lands Committee.

TAFT-HARTLEY ACT FOE

He chose the last of these three. He had no stomach for Republican plans for rewriting the Wagner National Labor Relations Act into what later became Taft-Hartley, and he wouldn't have been able to stop them, even as chairman of the committee. He had fought long and hard for shipbuilding on the Pacific coast and for prewar benefits to intercoastal and coastwise shipping. He was years ahead of President Truman in asking for Government steel plants. He wanted them built on the Pacific coast to help the shipbuilding industry there.

But when it came to choosing, DICK WELCH picked the Public Lands Committee because he thought it was most important, just then, to his city and his whole West.

He took on a fight, which lasted as long as he lived, to safeguard the West's resources from destruction and abuse, to conserve its scarce water supply, to develop its power, and to use that power in a way that would help make irrigation water cheap enough for the farmers who needed it so desperately in the valley.

LOVER OF FORESTS

When he talked about saving the West's great forests, he spoke of them with love: "I've seen the best of this country. I was just one generation behind the pioneers. I was able to see the West when it was beautifully wild, when you could go out and pitch a tent, and ride and fish, and there weren't a million automobiles all over everything. I never saw anything as beautiful in Europe."

And another time, about the redwoods:

"They were there when Moses was a baby in the bullrushes and when the Saviour was carrying His cross up Calvary Hill. But these historical facts have no appeal to those who are permitted to slash, slaughter, and destroy the remaining forests in this country."

He was speaking near the close of the Eightieth Congress, in what was to be his last utterance as chairman of Public Lands, and he made it a general plea for selective removal of trees and for reforestation; for more and more development of hydroelectric power to save the country's fast-vanishing oil supplies.

BLOCKED LUMBER INTERESTS

That was not the mood of the Eightieth, and they paid little attention to what the San Francisco Congressman was saying—a fact of which he reminded fellow Republicans after the West's 1948 swing into the Democratic column.

But because he was chairman of Public Lands in the Eightieth, he succeeded in stopping a great variety of measures that at the start of the Congress had seemed likely to pass. He blocked efforts to turn great groves of trees in Olympic National Park over to lumber interests for cutting.

He fought, every inch of the way, for 2 years, against an attempt to rewrite reclamation law in a way that would prevent use of the power interest component to help pay off irrigation water costs in the Central Valley and on other projects. No legislation to repeal the 160-acre clause had a chance in his committee. Nor any bills to give away grazing lands to the States or to private individuals. He fought every measure that proposed higher rates for power generated at public projects and every proposal for selling public power at the busbar.

He sponsored resolutions to explore great adventurous new projects for saving water in the West—a project to divert surplus waters of the Columbia as far south as Los Angeles; a project to dam the Sacramento and San Joaquin Rivers above Mare Island and create a great fresh-water lake there; a project to divert surplus waters everywhere west of the ninety-eighth meridian to the arid lands of Texas, Oklahoma, and other Southwestern States.

LEADER IN CVP FIGHT

After turning over the Public Lands Committee to a Democratic chairman, Representative Welch was just as interested—and worked just as hard—for public power at Folsom Dam, for keeping power costs and irrigation water costs down. He helped organize the floor fight in the House that saved Central Valley's transmission line and steam plant when they were under attack by fellow Republicans.

San Francisco's bridges were very dear to DICK WELCH'S heart. He was proud of the major part he had played in getting congressional approval for the Golden Gate Bridge, and as long as he lived he was a director of the bridge authority. He played a large part also in getting the Bay Bridge authorized and built. And he began well before World War II to work for the construction of a third crossing—this time a southern crossing to serve a different section of the bay region and to further safeguard its people in event of catastrophe. He had hoped to live long enough to see it built.

Only 21 Members of the House had served longer in Congress than DICK WELCH and only 9 of those were Republicans. He was the only man from the West to be honored with such long-continued endorsement from the voters of both parties. He was aware of this and grateful for it, and he never abused the trust.

EXTENSION OF REMARKS

Mr. BOLLING asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Kansas City Times.

Mr. KARST asked and was given permission to extend his remarks in the RECORD.

Mr. BRYSON asked and was given permission to extend his remarks in the RECORD and include a letter and an editorial.

Mr. LARCADE asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Washington Herald.

Mr. SMITH of Wisconsin. Mr. Speaker, on last Thursday I secured permission to extend my remarks in the RECORD and include excerpts. I am informed by the Public Printer that this will exceed 2 pages of the RECORD and will cost $287, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

Mr. DONDERO asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. VURSELL asked and was given permission to extend his remarks in the RECORD and include an address he recently delivered on the United States Constitution at Salem, Ill.

Mr. VELDE asked and was given permission to extend his remarks in the RECORD in two instances; one relating to the security of the United States, and the other an address delivered by former Representative Everett M. Dirksen at Peoria, Ill., September 18, at the time he announced his candidacy for the Republican nomination for United States Senator.

GABRIELSON, BLOW YOUR HORN

Mr. O'SULLIVAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. O'SULLIVAN. Mr. Speaker, the once great Republican Party of the people is in the control now of plunderbunders and the slumberbunders.

The first group is as ferociously active as virus X in an effort to pollute and prostrate the body politic and is just as deadly too, but fortunately not as catching.

The second group are those who are fully cognizant of what is going on, as they hover around the table of modern Dives, not Lazaruslike endeavoring to subsist upon the crumbs which fall from the table, but bad-boy like, snatching the choice morsels from the never-ceasing economic banquet board, and are thus enabled to walk about during their leisure, not like gangling skeletons, but like fat capons with bellies well-rounded. They have the disgusting habit also of falling asleep when the rights of the people are being considered.

The truly American minority of the Republican Party seems to be powerless to do anything to dispossess the plunderbunders and the slumberbunders from their present control in order to preserve the contemplated and desirable two-party system of our Republic, and I guess that they have no choice but to leave their present bad and odious company and join the Democratic Party for a proper way of life.

From the State of Iowa comes the whopping news that the plunderbunders and the slumberbunders have now announced that they intend to carry on a rip-snorting, fighting campaign to regain possession and control of the Congress of the United States.

I now suggest a proper marching tune for them, suggested by an old Negro spiritual, "Gabrielson blow your horn, blow, blow, blow that horn." However do not be credulous as to think that the walls of modern Jericho will again fall down when Gabrielson blows his horn but on the contrary Gabrielson and the whole Republican Party will fall down again and go tumbling into the political discard, perhaps for keeps.

SPECIAL ORDERS GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 3 minutes today following any special orders heretofore entered.

Mr. HOFFMAN of Michigan asked and was given permission to address the House for 10 minutes on tomorrow at the conclusion of the legislative program of the day and following any special orders heretofore entered.

VETERANS' ADMINISTRATION

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs ROGERS of Massachusetts. Mr. Speaker, the Veterans' Administration has issued some very arbitrary and bungling regulations regarding the training of GI's in schools and colleges. As a result some of them will not get their compensation perhaps even until January. They will have another month in order to file their applications if they want to change from one college to another, but as a result of the mistake some of them will not get their compensation checks for their training for some time. I am very much disturbed by the delays in payments by the Veterans' Administration. The veterans need the money immediately when it is due. They are unable to wait several months with the uncertainty of not receiving it. I have asked General Gray to take whatever action is necessary in order to correct the situation.

EXTENSION OF REMARKS

Mr. MICHENER asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. ANGELL asked and was given permission to extend his remarks in the RECORD and include extraneous matter.

Mr. McGREGOR asked and was given permission to extend his remarks in the RECORD and include two newspaper articles.

Mr. POULSON asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. HOFFMAN of Michigan asked and was given permission to extend his remarks in the RECORD.

BACTERIOLOGICAL WARFARE

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. MILLER of Nebraska. Mr. Speaker, humanity has always been afraid of the unknown. We have been afraid of the atomic bomb and the damage it might do. With the announcement that Russia has exploded an atomic bomb, this secret is no longer the monopoly of our country. It may help clear the atmosphere. It was not unexpected. Scientific knowledge is universal knowledge. The thinking of some liberals in this country undoubtedly hastened the day that Russia would have the secrets of the bomb. It is common knowledge that we ship thousands of pounds of uranium ore to Russia, and from the investigations into the spy ring in Canada, we know that quantities of purified uranium were flown to Moscow.

It seems likely that the arms race will be renewed, with each country trying to develop more deadly and scientific means for destruction. I am of the opinion, Mr. Speaker, that with the full development of the atomic bomb, it will soon fall into the same classification as that of poison gas. Neither side used poison gas in the last war, and the reason is well known. It does seem that large standing armies and navies, and similar types of warfare, may well be made obsolete through the development of other means of destruction.

Mr. Speaker, now that the secrets of the atomic bomb are known, we must give some attention to the deadly destruction which can be caused by bacteriological and virus warfare. It is a known fact that the technique of germ warfare has developed to a place in which it could be used to effectively destroy large masses of people. Wars, in the future, unlike those of the past, will not be directed against just the military, but against the entire population. Our country is particularly vulnerable with the use of bacteria and virus in attacks upon the masses. I am thinking now of the ease with which agents, who are known enemies of our country, could plant the live virus and its media, in the open water supplies upon which half of the cities of the United States must depend. We allow these enemies of our way of life to move freely about the country. How easy it would be to contaminate these waters. The present use of chlorine and other similar methods to kill bacteria would be ineffective against these virulent germs.

Mr. Speaker, I understand that around Peekskill, N. Y., there are several Communist camps. It is a known fact that the cities below this area depend upon the surface waters from this area for their water supply. If Russia is the one we fear, and a war should come, how easy it would be for these subversive agents to kill and demoralize the population of large areas.

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It seems to me that the Congress should take definite steps for protection against bacteriological warfare. Laws should be enacted to take care of and put into custody these known subversive individuals. A careful check should be made of water supplies and open reservoirs upon which cities depend for their water. I suggest, Mr. Speaker, that we have been lax and apathetic about this approach to our defense.

The only hope that I can see is that of definitely outlawing through the United Nations, the use, not only of poison gas and the atomic bomb, but virus warfare. Perhaps the awfulness of the next war will force those who represent the world at the United Nations to take definite steps in outlawing the use of these death-dealing weapons. In the meantime, we should be on our guard.

EXTENSION OF REMARKS

Mr. RICH asked and was given permission to extend his remarks in the RECORD and include an article on the Panama Canal.

ARMS AID TO ATLANTIC PACT NATIONS

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, the President in a very timely statement has said that the atomic bomb is now available to Russia. He knew when to say that, because now all the radios and newspapers are talking about the atomic bomb and what it is liable to do. Why did the President make that statement at this time? Because he wanted us to give $1,400,000,000 to arm all the countries signatory to the Atlantic Pact, one of the most ridiculous and asinine things a nation could do. We talk war and get ready for war and we all want peace.

What would happen if Russia came over here and armed Cuba? What would happen if Russia came over here and armed Mexico? It would be like sticking a dagger right into the heart of our Nation. We would be suspicious and skeptical of her motives.

I think it is the most untimely thing that could happen to the American people. I ask that the House of Representatives not yield on the question of increasing the authorization for these arms. We should not give them a nickel to arm any foreign country in peacetime. War, war, war is inevitable if you arm those foreign countries, and eventually the arms may be used against us.

You armed Russia to the tune of $12,500,000,000 under lend-lease; you gave China over $2,000,000,000 to arm themselves. Do you wish now we had not? Why is not that lesson enough? Do not let the President scare the American people to go along with such a scheme. Every Member of Congress who votes for it will surely rue the day. God save America; give us the spirit of brotherly love; help us to help ourselves and keep our nose out of foreigners' troubles and attend to our own business.

NATIONAL FARMERS' DAY

Mr. GRANT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. GRANT. Mr. Speaker, I have today introduced a joint resolution requesting this Congress to authorize and designate a national day, emphasizing the importance of agriculture, to be known as Farmers' Day.

From time to time the Congress has authorized and set apart certain days of the year in commemoration of the birthday of some great person, or has designated certain days in commemoration of special events in the history of our Nation.

In 1894, the first Monday of September in each year was made a legal public holiday to be known as Labor's Holiday. While those who follow the pursuits of agriculture are laborers, the day has in actual practice come to be celebrated more by the industrial worker. The farmers of the Nation are glad that such day has been designated and they often join with their fellow workers in the celebration of this day.

The Legislature of the State of Alabama recently approved the following Senate joint resolution:

Whereas a well-balanced economic development of this Nation is essential to the present and prospective general welfare of all the people; and

Whereas the present and prospective development of a balanced economy demands the encouragement and development of all agricultural pursuits and enterprises; and

Whereas the continued development and well-being of the entire country depends on a sound agricultural program on parity with other pursuits; and

Whereas agricultural groups should have equal recognition and encouragement along with all other national groups and interests: Therefore be it

Resolved by the senate (the house of representatives concurring)—

1. That the Congress is hereby respectfully urged to enact legislation locking to the establishment of a national day emphasizing the paramount importance of agriculture, to be known as Farmers' Day, in recognition of the importance of agriculture in a balanced national economy.

2. That a duly attested copy of this resolution be sent by the Secretary of State to the Secretary of Agriculture, Speaker of the House of Representatives, President pro tempore of the Senate and to the Members of the Congress from Alabama.

Approved September 17, 1949.

While agriculture has always been the basic wealth of our Nation, its true importance has not been recognized by Congress and the Nation generally until the past few years. We all know and recognize that if this Nation is to be prosperous, that we must have a prosperous agriculture. A panic, or recession, is first felt in the agricultural sections of the Nation, and then certainly but surely it expands and extends to the industrial sections. When the farmer makes money, he freely spends it for goods manufactured in other parts of the Nation. A prosperous industrial section cannot exist without a prosperous agricultural nation. When an unbiased history is written of the late war, it will give the farmer proper credit for the part that he played in the victory. This can be done without reflecting upon the great work done by others in the industrial sections.

While it is true that we could not have armed our fighters and those of our allies without the great records of production on the assembly lines which turned out jeeps, arms, airplanes, ships, and other munitions of war, at the same time these could not have been produced were it not for the fact that the farmers of the Nation were producing the food and fiber that were sent to the front and which was consumed by those in the industrial sections. This production, which was in ever mounting tonnage, was produced under great handicaps, because many young men from the farms were at the front, and old men, women, and children came to the rescue. There was a great shortage of fertilizer, farm equipment, and other necessities used by the farmers, but in spite of these handicaps and by hard work, they met the challenge by increased production.

So it is fitting and proper that some day during the year be set aside in order that the Nation may pay tribute to the tillers of the soil. The first Wednesday of each October is only a suggested day. It would be practically impossible to set aside any certain day in the year that would apply equally to all sections of the country; however, the early fall is generally the harvest season of the year. If anyone has other dates to suggest, I am sure that the committee to which this resolution is being referred will be glad to hear from them.

EXTENSION OF REMARKS

Mr. WILLIAMS (at the request of Mr. DAVIS of Georgia) was given permission to extend his remarks in the RECORD and include extraneous matter.

HON. ANTON MACIEJEWSKI

Mr. GORDON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. GORDON. Mr. Speaker, the news of the untimely death of Hon. Anton Maciejewski on Sunday September 25 comes with a shocking suddenness, and brings grief and regret to all who were associated with him in the Seventy-sixth and Seventy-seventh Congresses.

My sincere sympathy goes to his widow and to his family, and I think we all join in the sentiment that his life and character may be always a sustaining memory to them.

MUTUAL DEFENSE ASSISTANCE ACT OF 1949

Mr. KEE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military as-

sistance to foreign nations, with amendment of the Senate thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. RICH. Mr. Speaker, reserving the right to object, I would like to ask the gentleman whether this is the bill which was passed in the other body on Friday relative to the appropriation of $1,400,000,000 to arm foreign nations?

Mr. KEE. This is the military-assistance bill.

Mr. RICH. What is going to be the attitude of the conferees on the part of the House so far as insisting on the amount which we voted for here? Or are we going to agree to give the other body their way in voting for $1,400,000,000 for that purpose? It is just $1,400,000,000 too much.

Mr. KEE. I can only speak for one conferee of the House, and I do not desire to comment on his attitude. And I could not possibly comment on the attitude of the other members.

Mr. RICH. I heard on the radio yesterday that one of the Members of the other body, who is a leader over there, said he is going to stick up for the full amount of $1,400,000,000 to arm all these countries of the North Atlantic Pact and that is in the face of a statement made by the President that they have an atomic bomb now in Russia. If there is anything that would make a country use an atomic bomb on any other country, this bill that you are putting through is the very thing that will do it. It is inflaming all the world now. Instead of talking peace, peace, peace, you are going to get us into war, war, war, if you put this bill through. You ought to know better. The House of Representatives ought to know better. The Senate of the United States ought to know better. The President of the United States ought to know better. We ought to try to get peace in a peaceful way instead of trying to arm all the countries of the world. That surely means war. Mr. Speaker, it is wrong to pass such legislation as this. You know it. The President knows it, and so do all sensible thinking people. Yet you talk war and want peace.

In the name of good common sense, let us hold it up. Stop our arming the world.

Mr. Speaker, I think we ought to object to this bill going through. I want to know whether the conferees are going to pass this legislation and agree to this $1,400,000,000. I do not want any more warmongering in this Nation of ours. You have been doing it too long.

Mr. Speaker, therefore, I object. Let us stop it. Let us stop it now.

CONVEYANCE OF LAND TO NORFOLK COUNTY TRUST CO. IN STOUGHTON, MASS.

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5356) to provide for the conveyance of land to the Norfolk County Trust Co. in Stoughton, Mass., with a Senate amendment, and agree to the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 4, after "sell", insert: "at an appraised fair market value."

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. WHITTINGTON]?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, this Senate amendment provides that the Government shall get a fair value for the property, and I have no objection to that at all.

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

AID TO STATES IN FISH RESTORATION AND MANAGEMENT PROJECTS

The SPEAKER laid before the House the following request from the Senate of the United States:

Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (H. R. 1746) entitled "An act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes."

The SPEAKER. Without objection, the request of the Senate is granted.

There was no objection.

EXTENSION OF REMARKS

Mr. TABER asked and was granted permission to extend his remarks in the RECORD and include the monthly economic letter of the Northeast Foundation.

THE FISCAL SITUATION

Mr. TABER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. TABER]?

There was no objection.

Mr. TABER. Mr. Speaker, I am placing in the RECORD the monthly economic letter to the Northeast Farm Foundation because it shows how the enormous spending that is going on in this country is affecting the ordinary citizen. I hope that everyone will read it. Unless we take it upon ourselves to hold back and reduce these appropriations that have been made and that are being proposed, the United States is going to run in the red for the fiscal year 1950 at least $5,000,000,000. We cannot raise our taxes any higher than they are now. The burden upon the ordinary citizen is getting to the point where the deficit alone is running to the tune of $35 a year for every man, woman, and child in the United States. It is about time that the Congress of the United States woke up and began to realize its responsibilities.

The SPEAKER. The time of the gentleman from New York [Mr. TABER] has expired.

CIVIL SERVICE RETIREMENT ACT

Mr. MURRAY of Tennessee submitted a conference report and statement on the bill (H. R. 2944), "An act to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide survivorship benefits for widows or widowers of persons retiring under such act," for printing in the RECORD.

VETERANS' HOSPITAL FOR NEGRO VETERANS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 6034) to provide for the establishment of a veterans' hospital for Negro veterans at the birthplace of Booker T. Washington in Franklin County, Va.

The Clerk read the title of the bill.

Mr. RICH. Mr. Speaker, reserving the right to object, what is the bill?

Mr. RANKIN. This is the Booker Washington Hospital bill.

Mr. McCORMACK. I may say that the gentleman from Mississippi has conferred with the gentleman from Massachusetts. The bill is a deserving one.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is hereby authorized and directed to acquire at the birthplace of Booker T. Washington in Franklin County, Va., a suitable site and erect thereon a hospital for Negro veterans.

SEC. 2. The sum of $5,000,000 is authorized to be appropriated for the purpose set forth in section 1 of this act.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. McCORMACK asked and was given permission to extend his remarks in the Appendix of the RECORD in three separate instances.

Mr. KEE. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and include a letter addressed by me to the Secretary of State and also his reply.

Mr. RICH. Mr. Speaker, reserving the right to object, I wish to ask the gentleman from West Virginia a question with reference to his request to send the Mutual Defense Assistance Act to conference. My reason for objecting as I did was to see if we could be sure that if the bill went to conference it would be brought back to the House with the chance for the House to agree or to object to the increase of the House amount for arming those countries, $700,000,000, to $1,400,000,000 as proposed by the Senate. What I want to do is to assure the House having a vote on that.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield.

Mr. McCORMACK. I may say to the gentleman from Pennsylvania that when request is made to send a bill to conference it is assumed that the conferees are going to meet in free conference. That is all you can expect. Last week we sent to conference several bills relating to the Committee on Appropriations of which the gentleman from Pennsylvania is a member. The first principle of a conference between the two bodies is that it be

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a free conference. Not only the gentleman from West Virginia, but all the conferees on the part of the House are going into that conference with free and open minds in an effort to adjust the differences which exist between the two branches.

Mr. RICH. May I say to the majority leader that I heard on the radio that some Senators were going to hold out for the full amount. If they make a public statement to the effect that they are going to insist on $1,400,000,000, I want to know that it is assured that the House of Representatives will have an opportunity to say whether or not they will accept that amount.

Mr. McCORMACK. All I can say to my friend, the gentleman from Pennsylvania, is that neither he nor I are responsible for what somebody in the other body says. So far as this branch of Congress is concerned, we are going about things in an orderly way. The bill must first be taken from the Speaker's desk, the Senate amendments disagreed to, and the bill sent to conference. This can be done at this stage only by unanimous consent. The House conferees are going into conference with free and open minds. We are thus preserving the integrity of the House and the dignity of our position.

Mr. RICH. Mr. Speaker, I do not want to harass the House nor do I want to make it difficult, but I want to emphasize my belief that we have got to stop this business of arming foreign countries. Such a course can react only to the detriment of America, and I want to save America; I do not want to do the thing that is going to wreck our country. I know that this legislation is just the kind of legislation that will wreck any country. When we arm the countries of Europe right near Russia, what do you think Russia has in mind? Suppose Russia aided in arming Cuba, Mexico, and some other countries close to America, what would we think? Your answer is the same as mine. We cannot do this; it is wrong and will only lead to war, increase our tax load, wreck us financially, and in every other way. Stop it, I say. Stop it now.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia to extend his remarks and include the matter indicated?

There was no objection.

MUTUAL DEFENSE ASSISTANCE PACT ACT OF 1949

Mr. KEE. Mr. Speaker, I renew my request to take from the Speaker's table the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

Mr. RICH. Mr. Speaker, reserving the right to object, I hope that the gentleman from West Virginia and the conferees will bring the bill back to the House in such shape as to give the House an opportunity to vote on the proposition of whether they are going to increase the amount the House voted, that is the sound thing to do. Let the votes of 435 Members determine that points, not 3 or 5 conferees of our House. I will vote against increasing it for I voted against giving them anything to arm any European country. If we arm any let it be our own.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. KEE, GORDON, RIBICOFF, EATON, and VORYS.

GULF-TO-LAKES SLACK WATERWAY

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include a telegram, also a statement which I made before a Senate committee.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, we have a measure in conference which means more to the people of the Nation as a whole than anything else that has come up in recent years. I refer to the inland waterway known as the Tennessee-Tombigbee which will provide a slack water route from the Gulf of Mexico to the Great Lakes, by way of the Illinois River, as well as to Pittsburgh, Pa., by way of the Ohio, to St. Louis, Minneapolis, and St. Paul by way of the Mississippi, and to Kansas City, Omaha, and Sioux City by way of the Missouri.

It is very necessary for national defense. It will cut the water distance from the Gulf of Mexico, at Mobile, Ala., to Oak Ridge on the Tennessee River, where our atomic bomb plant is located, by 800 miles, and will cut the cost of transportation from the Gulf to Oak Ridge by about 75 percent, give us an additional water route from Oak Ridge to the sea, and contribute more to our national defense than any other project of its kind that has yet been proposed.

On Saturday last I received a long telegram from a man in Detroit, Mich., who is operating a barge line which hauls automobiles down to the Ohio River, and ships them by barge down the Ohio and the Mississippi to the Gulf, as well as into the Tennessee River, in which he says:

> We are very much disturbed to learn that the Tombigbee project is not receiving full support.
>
> Every month Commercial Barge Lines is transporting via Mississippi and Tennessee waterways upward of 15,000 Michigan-made automobiles along with other freight which goes by highway to Ohio River ports and thence by water to southern customers.
>
> These Michigan manufacturers and their customers in the South have a real stake in the further economies which this waterway would provide and we sincerely hope you will lend your full support.
>
> COMMERCIAL BARGE LINES, INC.,
> F. CAREY, *President*.

From a standpoint of transportation, it will mean more to the States of Michigan, Ohio, Illinois, Indiana, Kentucky, West Virginia, and Pennsylvania, as well as to Missouri, Kansas, Iowa, Nebraska, North and South Dakota, Minnesota, Wisconsin, and all the other States in the West and South, than any other project of its kind that has ever been proposed.

It will provide them with a slack, or still, water route all the way up from the Gulf of Mexico, and at the same time save the swift current of the Mississippi for downstream traffic.

In fact it will provide a downstream route on the Tennessee River from the point where this project intersects the Tennessee at or near the northern boundary of Mississippi and Alabama 215 miles to Paducah, Ky., on the Ohio River, and then 47 miles down the Ohio to Cairo, Ill.

The round trip from Cairo down to New Orleans, then across to Mobile along the intercoastal waterway, then up this slack water route to the Tennessee, then down that stream and the Ohio back to Cairo is 1,768 miles; of which 1,131 miles will be downstream and the rest of it in slack water.

The Army engineers say there is not another place on the face of the earth where such a project can be constructed—where they can transfer the traffic from one major watershed to another with so much ease, so little expense, and such tremendous savings in transportation costs and distances, to say nothing of its value for national defense.

The Senate has provided $2,500,000 to begin work on this great project, and we are insisting that the House conferees accept the Senate provision.

We were told last year to wait until there was unemployment in that area before beginning this work.

That time has now arrived. Owing to the ravages of the boll weevil and the closing of the coal mines, that entire section, where this work is to be done, is faced with the worst condition of unemployment those people have known for more than 30 years.

We are appealing to the Congress to accept the Senate amendment.

I appeared before the Senate committee when this appropriation was being considered, and I am going to insert at this point the statement which I made then.

Remember that this project is already authorized by law. It is just as sure to be constructed as the world stands, and the sooner it is constructed the better it will be for the welfare of all our people and for the safety of the country.

My statement before the Senate committee follows:

Senator THOMAS. Congressman RANKIN.

STATEMENT OF HON. JOHN E. RANKIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

GENERAL STATEMENT ON TENNESSEE-TOMBIGBEE RIVERS PROJECT

Representative RANKIN. Mr. Chairman, in the beginning, let me say that I agree with the gentlemen who have spoken on the Coosa-Alabama project.

I also want to say to the distinguished Senator from South Dakota, Senator GURNEY, that I agree with him on the development of the Missouri Valley area. Recently, I checked up on that proposition, and found that the power that could be generated on the Missouri River and its tributaries would be a minimum of 20,000,000,000 kilowatt-hours a year.

Senator GURNEY. I do not know what the kilowatt-hours are, but the ultimate installed capacity is 1,400,000 kilowatts.

Representative RANKIN. I checked with the Federal Power Commission a day or two ago and was informed that the entire area would produce a minimum of at least 20,000,000,000 kilowatt-hours of hydroelectric power a year.

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You measure your electricity that is used by the ultimate consumer, by the kilowatt-hour. That would be more than the Tennessee Valley Authority now produces. It produces about 15,000,000,000 kilowatt-hours a year.

Senator THOMAS. You multiply the amount of kilowatts first by 24, which gives the kilowatt-hours per day, then you multiply by 365 for the kilowatt-hours a year.

Representative RANKIN. If you want to run the day around, there are 8,760 hours, I believe, in a year. So a kilowatt running the entire year would amount to 8,760 kilowatt-hours.

When I came to Congress and I started in this fight in 1921, the people of this country used 37,000,000,000 kilowatt-hours of electricity a year. Last year, 1948, we used 336,000,000,000 kilowatt-hours. We now have 394,000,000 kilowatt-hours of hydropower going to waste, every year, a large portion of which is in the Missouri Valley area.

I wish to express to the distinguished Senator from South Dakota my interest in that development, because that is more power than the people in the entire area are now using. I have those figures in my pocket. I could give them to you, State by State, but it is not necessary to take up the time of the committee for that purpose.

Senator GURNEY. Congressman RANKIN let me say that I have always been, since I have come to the Senate, a supporter of the north-bound channel of the barge line there that takes in Tombigbee. I feel that it is worth while.

AMOUNT REQUESTED

Representative RANKIN. I know that and I am grateful, Senator. I remember your support of it all through the years, and I remember your statements for it on the floor of the Senate.

Now, let me say to you in the beginning that the Army engineers say they would like to have $5,000,000 to start this project now. I am not quoting anybody, individually, but that is what they say they would like to have to start with.

If this amendment is inserted in the Senate, I do not have the slightest doubt but that it will be retained in the House.

Let me show you where we are. I brought this map down to show you. You can see from those rivers there that it is almost a duplicate of this map except the lines are made heavier in order that you might more easily see what we have at stake.

Somebody said the other day that there is only a foot or two of water in this river. Where I am pointing is the confluence of Browns and Mackys Creeks, which join to form the Tombigbee about 25 miles from the Tennessee River. My father used to go to Walkers Ridge just below that point on a steamboat that came all the way from Mobile. There is a slight sand ridge between those two rivers, the Tennessee and the Tombigbee, and for more than a hundred years the Army engineers refused to approve this project, because they said they would have to have lifts both ways, and there was no water supply at the summit.

PICKWICK DAM

But in 1938, the Tennessee Valley Authority built the Pickwick Dam on the Tennessee just below the mouth of the Yellow Creek, and raised the water level 55 feet. The Army engineers made a new survey and came back and said that would solve the problem. They could cut through that sand ridge and put the summit of the project in the Tennessee River.

That would give us a slack or still water route for returning or upstream traffic to the Tennessee River, and a downstream route from that point 215 miles to Paducah on the Ohio River or 262 miles to Cairo on the Mississippi.

Mr. Chairman, in order that the Members may have these figures before them, I am inserting four tables here as part of my remarks, which show the savings this project will provide.

As I said, they have been worked out by the Army engineers, and can be thoroughly relied upon.

MULTIPLE PROJECT BENEFITS

Here is a table showing the cost per ton and the savings per ton this project will provide on the fuel bill alone, for upstream traffic:

Comparison of costs per ton of upstream traffic

From—	To—	Cost via Mississippi per ton	Cost via Tennessee-Tombigbee per ton	Average savings per ton
New Orleans, La.	Cairo	$2.62	$1.32	$0.70
	Paducah	2.10	1.26	.84
	Tennessee-Tombigbee junction	2.42	.99	1.43
Mobile, Ala.	Cairo	2.39	.95	1.44
	Paducah	2.47	.89	1.58
	Tennessee-Tombigbee junction	2.79	.62	2.17
Port Birmingham, Ala.	Cairo	2.96	.95	2.01
	Paducah	3.04	.89	2.15
	Tennessee-Tombigbee junction	3.36	.62	2.74
Demopolis, Ala.	Cairo	2.68	.67	2.01
	Paducah	2.76	.61	2.15
	Tennessee-Tombigbee junction	3.08	.34	2.74
Columbus, Miss.	Cairo	2.83	.51	2.32
	Paducah	2.91	.46	2.45
	Tennessee-Tombigbee junction	3.23	.17	3.06
Aberdeen, Miss.	Cairo	2.88	.46	2.42
	Paducah	2.96	.40	2.56
	Tennessee-Tombigbee junction	3.28	.13	3.15
Fulton, Miss.	Cairo	2.93	.41	2.52
	Paducah	3.01	.35	2.66
	Tennessee-Tombigbee junction	3.33	.08	3.25

Here is a table showing the cost and the savings on a barge load or tow of 3,500 tons.

I might say here, that except on the traffic from the larger cities such as Pittsburgh, Chicago and Detroit, a majority of the traffic, at least until recently, was handled by these 3,500-ton tows.

Showing cost per tow of barges carrying 3,500 tons, and showing savings via Tennessee-Tombigbee

From—	To—	Cost via Mississippi per tow of 3,500 tons	Cost via Tennessee-Tombigbee per tow of 3,500 tons	Average savings per tow of 3,500 tons
New Orleans, La.	Cairo	$7,070	$4,620	$2,450
	Paducah	7,350	4,410	2,940
	Tennessee-Tombigbee junction	8,470	3,465	5,005
Mobile, Ala.	Cairo	8,365	3,325	5,040
	Paducah	8,645	3,115	5,530
	Tennessee-Tombigbee junction	9,765	2,170	7,595
Port Birmingham, Ala.	Cairo	10,360	3,325	7,035
	Paducah	10,640	3,115	7,525
	Tennessee-Tombigbee junction	11,760	2,170	9,590
Demopolis, Ala.	Cairo	9,380	2,345	7,035
	Paducah	9,660	2,135	7,525
	Tennessee-Tombigbee junction	10,780	1,190	9,590
Columbus, Miss.	Cairo	9,905	1,785	8,120
	Paducah	10,185	1,575	8,610
	Tennessee-Tombigbee junction	11,305	595	10,710
Aberdeen, Miss.	Cairo	10,080	1,610	8,470
	Paducah	10,360	1,400	8,960
	Tennessee-Tombigbee junction	11,480	455	11,025
Fulton, Miss.	Cairo	10,255	1,435	8,820
	Paducah	10,535	1,225	9,310
	Tennessee-Tombigbee junction	11,655	280	11,375

Here is another table which the Army engineers have worked out showing the cost per tow of barges carrying 14,000 tons, and the savings which these barges would provide.

As I pointed out, these larger barges are being used more and more as time goes on.

Showing cost per tow of barges carrying 14,000 tons and showing the savings via the Tennessee-Tombigbee

From—	To—	Cost via Mississippi per tow of 14,000 tons	Cost via Tennessee-Tombigbee per tow of 14,000 tons	Average savings per tow of 14,000 tons
New Orleans, La.	Cairo	$28,280	$18,480	$9,800
	Paducah	29,400	17,640	11,760
	Tennessee-Tombigbee junction	33,880	13,860	20,020
Mobile, Ala.	Cairo	33,460	13,300	20,160
	Paducah	34,580	12,460	22,120
	Tennessee-Tombigbee junction	39,060	8,680	30,380
Port Birmingham, Ala.	Cairo	41,440	13,300	28,140
	Paducah	42,560	12,460	30,100
	Tennessee-Tombigbee junction	47,040	8,680	38,360
Demopolis, Ala.	Cairo	37,520	9,380	28,140
	Paducah	38,640	8,540	30,100
	Tennessee-Tombigbee junction	43,120	4,760	38,360
Columbus, Miss.	Cairo	39,620	7,140	32,480
	Paducah	40,740	6,300	34,440
	Tennessee-Tombigbee junction	45,220	2,380	42,840
Aberdeen, Miss.	Cairo	40,320	6,440	33,880
	Paducah	41,440	5,600	35,840
	Tennessee-Tombigbee junction	45,920	1,820	44,100
Fulton, Miss.	Cairo	41,020	5,740	35,280
	Paducah	42,140	4,900	37,240
	Tennessee-Tombigbee junction	46,620	1,120	45,500

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Now let me show what all this means.

Let us take the river systems that are affected above this project. Just forget us local people for the time being. As I said to a man the other day, this project would be worth more in dollars and cents to Detroit, Mich., than to the district I represent. It will be worth far more in dollars and cents to Pittsburgh, Pa., or Cincinnati, Ohio, than to the district I represent. It will be worth far more in dollars and cents to the city of St. Louis or Chicago or Kansas City or Minneapolis or St. Paul or to Memphis or New Orleans than it will to the district I represent.

This bottleneck of our whole internal waterway system just happens to be in my district.

LOCKS AND DAMS

Now, there are 47 locks and dams on the Ohio River between Cairo and Pittsburgh. Then there are 13 locks and dams on the Monongahela and 8 on the Allegheny. All that traffic is simply stymied behind the swift current of the Mississippi River, so far as their returning, or north-bound traffic, is concerned.

In addition to that, on the upper Mississippi we have 26 locks and dams providing a splendid navigation channel all the way up to Minneapolis and St. Paul, Minn.

On the Illinois River we have seven locks and dams, extending our inland waterway system into the Great Lakes.

All those locks and dams together cost more than $400,000,000, and yet they are virtually isolated for want of the very connection this project will provide.

On the Missouri River, a 9-foot channel is being developed up to Sioux City, Iowa. This project will be worth untold millions of dollars to the people of that area.

We get our grain from that section. The State of Mississippi, and I dare say the State of Alabama, raises no wheat. The same thing is true of Louisiana, Georgia, Tennessee, and all the other States in that part of the South.

They ship it down to us in barges. Those barges can come down the Mississippi flying, and so can these barges from Pittsburgh, Chicago, Minneapolis, and St. Paul; but when they start back here is the trouble. It is 869 miles from Cairo to New Orleans. That is the finest inland waterway in the world for downstream traffic, and the worst for upstream traffic.

You see, when that river is running 5½ or 6 miles an hour your barges cannot move against it. All they can do is stand still and burn up gasoline. A barge only moves about 5½ miles an hour in still water. We have an intercoastal waterway protected by a chain of islands here, extending all the way from Florida to the Mexican line. It is 156 miles from New Orleans to Mobile along this intercoastal waterway—which, of course, is in slack or still water.

This Tombigbee inland waterway is already completed up to Demopolis, Ala., at the mouth of the Warrior River, where I am pointing on the map. Eighteen locks and dams are to be provided between Demopolis and the Tennessee River.

It will be 481 miles from Mobile up this Tombigbee route to the Tennessee River. That will be in still water, just as this is still water up the Ohio River behind those 47 locks and dams between Cairo, Ill., and Pittsburgh, Pa. When you get to the Tennessee River, it is downstream 262 miles to Cairo, Ill., or 215 miles to Paducah on the Ohio River.

So the traffic will come down the Mississippi River to New Orleans and then go across to Mobile along this intercoastal waterway, then back up inland waterway to the Tennessee River, then downstream to Paducah, that is the traffic going up to the Ohio River, or downstream to Cairo for the traffic going to the upper Mississippi, the Missouri, the Illinois, or the Great Lakes.

This project was unhesitatingly approved by the Ohio Valley Improvement Association of which Mr. Walter M. Larence, of Cincinnati, I believe, is the chairman. He was down here the other day. When the Rivers and Harbors Congress met here, Mr. Larence was on the committee, and they put at the head of the projects they recommended this Tennessee-Tombigbee inland waterway.

There is a firm in Pittsburgh that is engaged in the transportation business. They own a string of barges that come down the Ohio and the Mississippi Rivers bringing materials produced in Pittsburgh, such as steel, farm machinery, and other manufactured products. When they go back they take oil, bauxite, sulfur, salt, lumber, cottonseed meal, and other materials they need.

This firm is tremendously interested, because they realize what it would mean for their returning traffic.

I am going to give you the figures on that in just a moment, but first I want to say one other thing.

Nobody need kid themselves; if we ever have another war, it is going to be fought with airplanes and atomic bombs. The greatest defense project the world has ever known is the Oak Ridge project on the Tennessee River. This inland waterway will cut the water distance between Oak Ridge and New Orleans by 650 miles, and between Oak Ridge and Mobile by 806 miles, and at the same time give us two outlets to the sea instead of one.

In addition to that, it will give us slackwater route into the Tennessee River and cut the cost of transportation from the Gulf to the Tennessee by more than 75 percent or from $2.79 to 62 cents a ton.

Now, I am going to take some of the barges they handle here, the big ones, because they are drifting rapidly toward the use of 14,000-ton barges. However, I am going to insert some tables showing the savings on smaller loads also.

DISTANCES INVOLVED

Senator STENNIS. Before you leave that, will you retrace your route there from Cairo, Ill., to New Orleans and back to Cairo, and give us that mileage?

Representative RANKIN. Yes; let's take the traffic going downstream from Cairo, Ill. We will say a barge comes down the Missouri River, or down the upper Mississippi, or down the Illinois River, or down the Ohio River. They all come through Cairo.

Going from Cairo to New Orleans, you go downstream 869 miles. That is said to be the finest inland waterway on earth; and I think is is. I have never found one to equal it.

Then it is 156 miles across along the intercoastal waterway from New Orleans to Mobile. If I make a mistake, I want Colonel Jewett, the Army engineer who is sitting near me, to correct me. I do not want to mislead the committee.

It is 481 miles from Mobile to the Tennessee River, of which portion 221 is already developed up to the mouth of the Warrior River at Demopolis.

When you get to the Tennessee River it is 215 miles downstream to Paducah on the Ohio, and 47 miles from Paducah down the Ohio River to Cairo.

In other words, the round trip is 1,768 miles. Of that 1,768 miles, 1,131 or approximately two-thirds of it is downstream, and the rest of it is in slack water. The Army engineers tell me—and I am quoting every engineer that has studied this question from General Reybold, General Feringa, General Wheeler, to our distinguished company here today, Colonel Jewett—they tell there is not another place on the face of the earth, nor can they find a place on the face of the earth where a project of this kind can be constructed so that you can transfer the traffic from one major watershed to another with so much ease, so little expense, and such tremendous savings in transportation costs and distances.

Some fellow up in the House got up and said, "My God, JOHN RANKIN is the only man on earth that could have found a project that would be downstream both ways."

But I did not make this project. I did not build these rivers. De Soto discovered the upper Tennessee River more than 400 years ago. He came down it to where Guntersville now stands. He left it there and went down to Tuscaloosa, got into a fight with the Indians and came back across to the site of the present city of Memphis.

He thought it was the same stream. De Soto's map shows the Tennessee River curving southward and making the Mississippi. I have a copy of his map in my files now.

Now let us see what this project will mean. Let us take the 14,000-ton barges. Here is one [pointing to the picture on the map] coming down from Detroit, Mich. It is loaded with automobiles and accessories. It is evidently coming from Detroit. It is coming out of the Great Lakes down the Illinois River.

Here is one coming from Pittsburgh, Pa., loaded with the manufactured products of Pittsburgh.

Here is one over here that is coming, I believe, down the Missouri. I do not know what it is loaded with; probably with grain or beef or other products that those people out in that area produce.

Suppose that 14,000-ton barge gets to New Orleans; what does it cost to go back? If it goes back by way of the Mississippi River to Cairo, it will cost $28,280, for its fuel bill alone.

Going back via Tombigbee and the Tennessee to Cairo the cost would be $18,480, or a saving of $9,800 on its fuel bill alone.

Senator GURNEY. That is about one-third.

Representative RANKIN. That is about right.

Suppose it is going back to Pittsburgh or to Cincinnati or Wheeling or to any point on the Susequehanna or the Monongahela it would cut the cost from $29,400 to $17,640, saving $11,760 on its fuel bill alone going back to any point on the Ohio River, or its tributaries.

Suppose it is going into the Tennessee; suppose we are in an emergency and it is going back to Oak Ridge, on the Tennessee River; it will cut the cost from $33,680 to $13,860, or a saving of $20,020, on the fuel bill alone. That is from New Orleans.

Every 14,000-ton barge that goes into the Tennessee River from New Orleans via this route would save $20,020 on its fuel bill alone, or two-thirds, as Senator GURNEY said.

Suppose it is going from Mobile, carrying a load of that bauxite, we will say, that they are bringing in from South America, or salt or lumber or cottonseed meal, hulls, anything that they take back in those barges; going back from Mobile to Cairo, the cost would be reduced from $33,460 to $13,300 just on the fuel bill alone, a saving of $20,160.

Now, that means every barge that is going, not only to Cairo, but to Chicago, any point on the Great Lakes, or the upper Mississippi, all the way up to Minneapolis, St. Paul, anywhere up the Missouri River to Sioux City, Iowa.

Suppose it is going the other way. We will say that it is going to Pittsburgh, Pa.

The fuel bill would be cut from $34,580 to $12,460, or $22,120. That could be the saving on its fuel bill alone. That is a 14,000-ton barge going from Mobile all the way up to Pittsburgh, or to any other point on the Ohio or any of its tributaries.

Suppose it is going into the Tennessee River; your cost would be cut from $39,060 down to $8,680, or a saving of $30,380 on its fuel bill alone. That is for material, we will say, that is going to supply our defense plant at Oak Ridge or any other point on the Tennessee River.

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Now, let us go a little further. We have this Tombigbee developed up to Demopolis, I want to say, too, that one of these things these barges takes back is oil. A man from Pittsburgh, talking to me the other day, said, "We are hauling this machinery and other manufactured articles down. We are hauling oil back."

One of the biggest oil fields that has been discovered in recent years is just to the west of Demopolis, Ala. The biggest oil well ever brought in east of the Mississippi River was in Jasper County, Miss., about where I am pointing at this time. It produced a thousand barrels of oil a day, and I am told that no other well has ever been brought in east of the Mississippi that produced that amount.

By the way, this is the saving that the Birmingham traffic would enjoy, because every vessel from Birmingham has to come down the Warrior to Demopolis to go either way. These things I am referring to will apply to traffic going from Birmingham or Demopolis. Let us see what they amount to.

Going from Demopolis to Cairo, the cost will be cut from $97,520 on one of these 14,000-ton barges to $9,380, or a saving of $28,140 on its fuel bill alone.

In other words, that barge going back to Detroit, Mich., would save $28,140 on its fuel bill alone. That barge going to Pittsburgh would save $34,440, or have its fuel bill cut from $40,740 to $6,300, a saving, as I said, of $34,440.

These figures are worked out by the Army engineers; they are not my figures.

If it were going into the Tennessee, supplying oil or other materials, we will say to the Oak Ridge project, the cost would be cut from $43,120 to $4,760, or a saving of $38,360 on its fuel bill alone.

Now, you talk about water development, traffic-transportation development, but nowhere else on earth can the same amount of money bring the same benefits to the people of this vast area, all the Missouri River Valley, all the way up the Mississippi River, all the way up the Illinois into the Great Lakes and along the Great Lakes, all the way up the Ohio River to Cincinnati, Wheeling, Pittsburgh, and up the Monongahela or the Allegheny, and then along the Tennessee River all the way up to Oak Ridge or to Knoxville. There is not another project on earth, and there cannot be one found or constructed that will produce such benefits. The nearest we have ever found was a connection between the Don and Volga in Russia, and it does not have the benefit of the downstream traffic both ways for two-thirds of the distance.

The Senator from South Dakota asked what would happen to it if it went back to the House. I do not have the slightest doubt but that the House will sustain it. I have talked to many Members since this bill was up before. They say that, if the Senate gives us an appropriation for this project, it will be sustained in the House.

All we are asking is that you give us a reasonable amount. I would like to see you provide 5 or 10 million dollars. I think we ought to have that amount. The Army engineers could start with a smaller amount.

But I think it is imperative that we construct this project now as rapidly as possible.

ESTIMATED TOTAL COST

Senator THOMAS. What will it cost, all told?

Representative RANKIN. The latest estimate I see is $116,000,000. Someone said that the advance in the cost of labor and also the advanced cost of materials would probably run it up to $136,000,000 all told.

By the way, they would employ 5,000 people, and we seem to be heading into unemployment in this country, in every section of it.

Senator ELLENDER. What size channel is that?

Representative RANKIN. Nine-foot channel with a 12-foot base, you understand, in the locks, so that if you want to increase it to 12, that could be done.

Senator ELLENDER. According to the figures you have just given us, I would assume that if goods are to be sent from Pittsburgh to Mobile, it would be more profitable to go by way of New Orleans.

Representative RANKIN. That is right.

Senator ELLENDER. Although there is about 200 miles difference.

Representative RANKIN. You can go from Pittsburgh to New Orleans without spending a nickel, if you go with the current, and that current is pretty fast after you reach the Mississippi. That stream sometimes runs 6 or 7 miles an hour. That traffic would go down the river, down the Mississippi River to New Orleans, and then it would go back through this slack-water route. In other words, the traffic would move counterclockwise.

Senator ELLENDER. You said there are several locks up there?

Representative RANKIN. Eighteen locks and dams between Demopolis and the Tennessee River.

PROPOSED CHANNEL WIDTH

Senator THOMAS. How wide would the channel be?

Representative RANKIN. I believe it is 170 feet.

Senator STENNIS. Is that large enough to take care of all normal traffic?

Representative RANKIN. Yes.

By the way, when this project was first before the Senate and the House, they recommended locks 75 feet long and 475 feet wide, and there was a good deal of complaint about it by people along the Ohio and the Illinois and the upper Mississippi for the simple reason that all the locks on those streams, and the locks at Pickwick and at Gilbertsville on the lower Tennessee, are 110 by 600 feet. So the Army engineers went back, made a new survey at the request of the Members of the House, and they have made these locks all 110 by 600 feet, so that they will carry all the traffic that can travel any of the rest of these streams.

Senator GURNEY. The only difference we would be short if we approved this $136,000,000 project would be the difference between the 9-foot and 12-foot channel. We would later have to deepen it to 12 feet probably.

Representative RANKIN. We might do it, but we could do it; there would be no trouble about that.

The project has already been approved. It was approved in the Senate by a vote of 44 to 21 and by the House by a good majority, in 1946.

It is already written into the law.

Senator GURNEY. For a 9-foot or 12-foot channel?

Representative RANKIN. Nine foot with 12 feet over the sills so it can be deepened to 12 feet if necessary. That will put it as deep as the current stream along the Mississippi, the Ohio, the Illinois, and the intercoastal canal.

As I said, we people in my district will probably get less benefit out of it than St. Louis, Pittsburgh, Memphis, New Orleans, Chicago, Minneapolis, or St. Paul. It will not only benefit all these areas here along these streams that are now seeking an outlet; the people on the Ohio River during last year or 2 years ago had a mass meeting to figure out some way to get an outlet to the sea.

Well, this will provide exactly what they are seeking.

Senator STENNIS. Will this 9-foot channel take care of all these barges about which you are talking?

Representative RANKIN. Yes; it will take care of every one of them.

Then, in addition to that, it will take care of all this traffic along the Great Lakes from Detroit and Cleveland. In addition to that, it will take care of the traffic along the Gulf of Mexico from Florida clear around to the border of Mexico. We have that Intracoastal Waterway that is protected behind a string of submerged islands, and these barges can go down and go either way. It simply completes the missing link in the greatest inland waterway system in the world.

I want to thank the committee for your kindness. I do not want to take up all your time. You have been very generous. We have some more gentlemen here who would like to be heard.

Senator ELLENDER. It has been most interesting.

Representative RANKIN. Thank you, Senator.

I do want to say this. The last time I discussed this project with the President, he said, "John, I am just as much interested in that project as you are."

Thank you.

Senator THOMAS. Thank you, Congressman RANKIN.

The Senate committee recommended, and the Senate approved, an amendment providing $2,500,000 to begin this work.

We are appealing to the Members of the House to approve this amendment, in order that we may get started on the construction of this, the greatest project of its kind on earth, and one that means more to the people throughout the great Mississippi Valley—from Pittsburgh, Pa., to Brownsville, Tex.; from New Orleans, La., to Minneapolis and St. Paul; from Mobile, Ala., to Chicago, Ill.; and from Pensacola, Fla., to Sioux City, Iowa—than anything else that could be done at this time.

One that will go a long way toward relieving the distress which unemployment is bringing to that section of the country where this project is to be constructed, and one that will contribute greatly to our national defense by providing an additional, short, slack-water route from the Gulf of Mexico to our atomic bomb plant at Oak Ridge, Tenn.

This is an all-American project and one that will benefit all the American people.

Let us begin its construction at the earliest possible moment.

SPECIAL ORDER

The SPEAKER pro tempore (Mr. MILLS). Under special order heretofore entered, the gentleman from Pennsylvania [Mr. DAVENPORT] is recognized for 15 minutes.

Mr. DAVENPORT. Mr. Speaker, in the light of world-shaking events which have recently transpired the issue which I intend to bring before this House today may not seem to you to be of great importance but I can assure you that millions of people in the United States and throughout the world do consider it of great significance. I refer to the diplomatic status of the representation of Ireland in this country and of the United States in Ireland. How is it that countries like Afghanistan, Pakistan, Honduras, Costa Rica and Nicaragua and 40 or more smaller countries have ambassadorial status here and we have Embassies in their countries and yet we have only a legation in Ireland and they have only a legation here? Now facts and figures bear out that the number of Americans who were born in Ireland and the number of Americans of Irish descent is vastly greater than those Americans or descent from any one or from all of these

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countries and I feel that it is high time that we looked into what appears to be discrimination and have the situation corrected. Bear in mind that we have in this country 13,500,000 people whose grandparents were born in Ireland. We have in the United States over 30,000,000 people with some Irish blood. There are in this country more than 270,000 people natives of Ireland. When you add to these population figures the indisputable historical facts concerning the tremendous contribution made by the Irish people to the establishment of our independence and to our growth to the world's foremost power we cannot but realize that we Americans owe a debt of gratitude to the Irish—and it is time that we recognized it. Mr. Speaker and colleagues, let us not forget that approximately 40 percent of the American Revolutionary Army was composed of Irish immigrants. They not only swelled the ranks but they led the ranks and no fewer than 19 generals in the Continental Army were of Irish birth or blood. The first armed attack for American independence on land was made by Maj. Gen. John Sullivan who stormed Fort William and Mary and captured British armaments which were used by our forces at the Battle of Bunker Hill. It was Jeremiah O'Brien who started the hostilities at sea when he and his five stalwart sons leading a band of neighboring patriots put out to sea in their fishing boats, boarded and captured the English warship *Margaretta*. An infuriated English admiral dispatched two vessels to recapture the *Margaretta*. The O'Briens gave battle and succeeded in capturing the two British warships which were sent out to capture them. And gentlemen, no American can ever forget that the father of the American Navy, Commodore John Barry, commanded the American battleship, the *Lexington*, the first officially commissioned American fighting ship in the Revolutionary War. It is no wonder then that Lord Mountjoy arose before the English Parliament to explain the cause of England's defeat in these remarkable words:

America was lost by Irish emigrants.

I should not have to tell you of the great, the rich, the important contribution made to American democracy by Irish immigrants and by men and women of Irish descent from all walks of life—in the military, in education, in science, in labor, in business and in the professions. Ten Irishmen were signers of the Declaration of Independence and the American Presidents of Irish descent were Andrew Jackson, James Polk, James Buchanan, and Woodrow Wilson. Stonewall Jackson, master strategist of the Confederate Armies, was of Irish descent as were Generals Sheridan and Meade of the Northern Army. Cyrus McCormick, who invented the harvesting machine, and Samuel Morse, who developed modern telegraphy, were Irish. Robert Fulton, whose father came from Kilkenny, developed steam navigation. John R. Holland was the inventor of the submarine.

My fellow Members, if there is any nation in the world deserving of sovereignty it is the Irish Nation: But I wish to point out that no country can enjoy complete sovereignty if within its borders there is a foreign power occupying territory and maintaining military establishments.

Mr. Speaker, it is my intention to offer two resolutions before this session is over: First, to raise the status of United States representation in Ireland to that of an Embassy, and the other to have this House memorialize the British Parliament to end the partition of Ireland.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. DAVENPORT. I yield to the very distinguished gentleman from Massachusetts, one of America's foremost Americans of Irish descent.

Mr. McCORMACK. May I say to the gentleman from Pennsylvania with regard to the ambassadorial status that on September 1, 1949, I addressed a letter to Secretary of State Acheson, and that I inserted it in the RECORD today, and it will appear in the Appendix. There are only a few countries that do not have ambassadorial status. Siam and a lot of other countries have ambassadorial status. It seems to me upon the facts that our country should immediately take action to elevate our diplomatic relationship with Ireland to ambassadorial status. There are only a few countries left without ambassadorial status, and they might well be given consideration. I assume the gentleman has a list of those countries that do have ambassadorial status and those that do not. Some of the countries with which our relationship is now that of a Minister are greater in population and power and influence in world affairs than some of those that have ambassadorial status. I thoroughly agree with the gentleman, and I think that should be done as quickly as possible.

On the partition question, the serious mistake made there was that the British Parliament passed a law that the people of the northern counties could themselves not pass upon the question of whether or not they wanted partition. They took that power away from the people and left it only to the Parliament of what are known as the Ulster counties. The British Parliament itself did that, which, to me, seems to be a grave injustice.

As to the ambassadorial status, that is something which rests exclusively within the control of our country, and it should be taken care of at once.

Mr. DAVENPORT. I thank the gentleman from Massachusetts. He has said everything I could have said on this issue with much greater clarity than I could have expressed it. I now propose to speak on my second resolution. Partition is the sole remaining issue between Ireland and her neighboring isle. Its solution would end the century-old struggle that the Irish people have waged for liberty and self-determination. It is obvious that, by bringing about a solution of this question, the United States would render a service not merely to Ireland and Britain but to the world democracy.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. DAVENPORT. I yield to the gentleman from Pennsylvania.

Mr. RICH. I was just wondering why we should pass any resolution here trying to tell Britain or Ireland what kind of a government they should have.

Mr. DAVENPORT. I am not trying to tell England what kind of a government they should have. We are approaching this in a most friendly manner. If you read the New York Times of yesterday you might have seen there an editorial that England has to do a big selling job in order to keep up the volume of its exports because of the devaluation of the pound. Now, the best selling job that England could do in America, with millions and millions of Americans of Irish descent, if they want to build up acceptance of their trade here, is to end the partition of Ireland now.

Mr. RICH. I would like to say to the gentleman that I am not here defending England—God forbid—because England is pulling the wool over our eyes now more than she has ever before. They are taking our dollars from us so fast that after a while there will not be any left.

Mr. DAVENPORT. The gentleman is using up my time. Let us go on with the question of partition of Ireland.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. DAVENPORT. I yield.

Mr. EBERHARTER. I think the gentleman is certainly an eloquent champion of the descendants of the great Irish people and of the country of Ireland. I am certain the Members of the House are enjoying his talk this morning very, very much. It will give them cause for a good deal of thought and consideration.

Mr. DAVENPORT. I thank the gentleman from Pennsylvania. I know that he is a staunch friend of Ireland and will do everything in his power to end the partition of the Irish Republic. And now Mr. Speaker, I would like to appeal to Britain to take action to undo the partition of Ireland. So that the world may know that they acknowledge that the principle on which they call upon the Cominform to abandon aggression, shall rule their own actions. If the unification of the country were to be brought about, the Irish people would wholeheartedly and enthusiastically cooperate with the other great democratic nations in their efforts to support and defend the ideals for which they all stand. On the strategic side it is indisputable that Ireland, the last outpost of Europe and the nearest bastion of Europe to America, could best be used as a base for the defense of western Europe against aggression as a unit. A divided Ireland, containing in the partitioned area hundreds of thousands of persons detesting the regime under which they are forced to live, would constitute a grave danger to the successful operations of the military command there.

The essence of democratic rule lies in the right of the people of a nation to determine democratically by their free votes, their form of government and their internal affairs, without outside interference. It was the infringement of this rule which was largely responsible for the last war and which is now responsible for much of the tension existing in Europe today. Interference in the affairs of another nation, whether it be by Germany, Russia, or by Britain, is destructive of the

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basis upon which democratic government rests and must lead to friction.

The Irish people should be allowed to determine their own affairs democratically and of their own free will, without interference by Britain. The fact that Britain succeeded, over 25 years ago, in retaining a corner of the island and that she has since occupied it, in no way entitled her to divide the historic Irish nation and to pretend that the island now consists of two separate nations.

In conclusion, Mr. Speaker, as I said before, I would like to see the United States representation in Ireland raised to the rank of an embassy and that the first ambassador be accredited to a United Ireland from our United States. I wish to conclude with a poem written by one of the finest of all American poets, a man of Irish descent, John Boyle O'Reilly:

No treason we bring from Erin—nor bring we shame nor guilt!
The sword we hold may be broken, but we have not dropped the hilt!
The wreath we bear to Columbia is twisted of thorns, not bays:
And the songs we sing are saddened by thoughts of desolate days.
But the hearts we bring for freedom are washed in the surge of tears:
And we claim our rights by a people's fight outliving a thousand years.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. DAVENPORT. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I rise to congratulate the gentleman on his very eloquent, very effective, and very convincing statement. I heartily agree with him. I think our representation should be raised to ambassador at once.

Mr. DAVENPORT. I thank the gentlewoman.

Mrs. ROGERS of Massachusetts. They should have an ambassador. The Irish have made a very great contribution.

Mr. DAVENPORT. That will be the first step toward ending the partition which will always be a thorn in the side of democracy all over the world. I fought for the fulfillment of the partition of Palestine to guarantee a free and independent Israel. Let us do the same thing for Ireland.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. DAVENPORT. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I, too, favor any movement which will bring about the abolition of partition because I am sure it is the only existing cause for friction between Ireland and Great Britain.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. DAVENPORT. I yield to the gentleman from California.

Mr. McDONOUGH. I congratulate the gentleman. I believe he has brought up a very vital and very important matter. The State Department of the United States should take serious note of his statement in the House today. There is no country in the world more entitled to this status than Ireland. And furthermore, I have stated in the House and I repeat that I favor a definite and a complete separation of all of Ireland and Great Britain. And I heartily agree with my colleague the gentleman from Pennsylvania [Mr. DAVENPORT], that the contribution of Americans of Irish descent to our democracy, our culture, and to our national welfare is deserving enough of our gratitude for the United States to take an active part in furthering the cause that would end the unjust partition of Ireland.

Mr. O'SULLIVAN. Mr. Speaker, will the gentleman yield?

Mr. DAVENPORT. I yield to the distinguished Representative from Nebraska.

Mr. O'SULLIVAN. I wish to commend the distinguished gentleman on his timely and well-considered remarks. The splendid sincerity manifested by you in making your remarks made a deep impression upon me and I am sure all of your other colleagues. You have caused everyone with a drop of Irish blood in their veins, and there are millions of them in the United States of America, to remember the land of their ancestry. It might not be amiss for all of us to recite here and take to heart again the great poem of Thomas Moore, Remember Thee, which is as follows:

Remember thee! Yes, while there's life in this heart,
It shall never forget thee, all lorn as thou art;
More dear in thy sorrow, thy gloom, and thy showers,
Than the rest of the world in their sunniest hours.

Wert thou all that I wish thee, great, glorious, and free,
First flower of the earth, and first gem of the sea,
I might hail thee with prouder, with happier brow,
But, oh! Could I love thee more deeply than now?

No, thy chains as they rankle, thy blood as it runs,
But makes thee more painfully dear to thy sons—
Whose hearts, like the young of the desert-bird's nest,
Drink love in each life-drop that flows from thy breast.

I feel that this is the time when the land of saints and scholars should also have an ambassador. If Haiti and other countries of similar standing are accorded that right, then certainly we are wrong in not granting an ambassadorship to Ireland. The matter of world recognition of a united Ireland concerning which the gentleman spoke, also arose during the time of President Wilson, when the promise was made that small nations were to be recognized, and were to be accorded self-government, but the Irish delegation was never received by President Wilson at all and that fact cast a pretty baleful shadow over his political future, I assure you, and helped his memory sink almost into oblivion.

I received a telegram the other day wherein a party suggested that we should accept the Dominion of Canada from England to pay the war debts she owes to us. I immediately replied and told him what I thought we ought to do was to take the northern counties of Ireland, which are being kept from united Ireland, in payment of the war debts, and then give the counties forthwith back to Ireland and everyone would get along much better and be happier I am sure.

Mr. DAVENPORT. I thank the eloquent gentleman from Nebraska. This has been a great day for the Irish cause in this House. Let us keep up the good fight until we win a sure victory for the cause of democracy and the end of the partition of Ireland so that she may take her rightful place among the great democratic nations of the earth.

The SPEAKER pro tempore (Mr. MILLS). Under previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 4 minutes.

AIRCRAFT CARRIERS AND THE ATOMIC BOMB

Mrs. ROGERS of Massachusetts. Mr. Speaker, before President Truman made the announcement, many persons in the United States believed that Russia had the know-how of the atomic bomb. I think many felt that the United States was very careless in allowing the number of persons into our country which they did to study our war-production methods. But that is past history. I rise today to ask the Congress if they will not reconsider and authorize the building of the big carrier, the production of which was stopped sometime ago. I would favor not only the building of the one carrier which was authorized, but I would authorize the building of two carriers. How can we take any chances? It is only recently that some of the armed forces, so far as I can tell, have come to the realization that a very large percentage of the earth's surface consists of water.

Certainly none of the armed forces has anything yet that can or will take the place of the carrier. When you consider the carrier is two or three times the length of an ordinary football field, you realize the tremendous extent of it, and you realize the number of planes that can take off from that carrier.

Do you not believe, as I do, that Russia would hesitate a great deal to use the atom bomb if she felt that we had numerous carriers of those dimensions? I do not believe Russia would be so reckless in throwing her atom bombs if she realized how many she would have to throw and how effective those airplane carriers could be.

That leads me to another point, Mr. Speaker, and that is the rather horrible fear that many have and which those in the Navy have in raising their voices against scrapping of our Navy. Those in the Navy and elsewhere are afraid of reprisals. Already there have been many reprisals against those who had the courage to speak. I talked to Secretary Knox and other high-ranking naval officials before Pearl Harbor, several times, about the plight of the Navy then, and what I considered was the danger. After Pearl Harbor, Secretary Knox and also those high-ranking naval officers talked with me, and one of them said, "I am deeply humiliated."

I know Secretary Forrestal was very anxious about Russia. I talked with him

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many times about national defense. He spoke of his fear of Russia. I believe Mr. Forrestal died largely of a broken heart because he felt that the Navy was being dangerously weakened.

What can we do without our United States Navy? America has been asleep. It was asleep after the First World War, and I believe America is asleep today. We like to fool ourselves. We like to lull ourselves into a sense of false security. What is it if we do waste the money for one or two additional carriers? We had much better take a chance of wasting a few dollars than to weaken our national defense.

Mr. WHITE of Idaho. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. WHITE of Idaho. Does the gentlewoman think that the Russian Navy is any match for the English Navy today?

Mrs. ROGERS of Massachusetts. I think Russia is very strong in her submarines, and is generally considered so. But we do not want to give Russia a chance to develop her Navy. Certainly every means should be taken to stop her using the atom bomb.

Mr. WHITE of Idaho. I am in accord with the gentlewoman's statement.

The SPEAKER pro tempore (Mr. MILLS). The time of the gentlewoman from Massachusetts has expired.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted, as follows:

To Mr. SHORT (at the request of Mr. ARENDS) for an indefinite period, on account of official business in district.

To Mr. BLAND (at the request of Mr. GARY) for an indefinite period, on account of illness of himself and in his family.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1453. An act to amend the Public Health Service Act and the Vocational Education Act of 1946 to provide an emergency 5-year program of grants and scholarships for education in the fields of medicine, osteopathy, dentistry, dental hygiene, public health, and nursing professions, and for other purposes; to the Committee on Interstate and Foreign Commerce.

ENROLLED BILLS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1976. An act to authorize the sale of certain allotted inherited land on the Flathead Indian Reservation, Mont.;

H. R. 3616. An act authorizing the issuance of a patent in fee to Lulu Two Spears Iron Bird;

H. R. 3886. An act authorizing the Secretary of the Interior to issue a patent in fee to Jeanette Pearl Burns;

H. R. 5310. An act to confer jurisdiction on the State of California over the lands and residents of the Agua Caliente Indian Reservation in said State, and for other purposes; and

H. R. 5670. An act authorizing transfer of land to the county of Bernalillo, State of New Mexico, for a hospital site.

ADJOURNMENT

Mr. YOUNG. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 54 minutes p. m.) the House adjourned until tomorrow, Tuesday, September 27, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

940. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation entitled "A bill to amend sections 7, 8, 9, and 12 of the Soil Conservation and Domestic Allotment Act, as amended, and sections 388 (a) and 392 (a) of the Agricultural Adjustment Act of 1938, as amended"; to the Committee on Agriculture.

941. A letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation entitled "A bill to amend the Soil Conservation and Domestic Allotment Act, as amended"; to the Committee on Agriculture.

942. A letter from the President, Board of Commissioners, District of Columbia, transmitting a draft of a proposed bill entitled "A bill to amend section 5 of the act entitled 'An act to authorize the apprehension and detention of insane persons in the District of Columbia, and providing for their temporary commitment in the Government Hospital for the Insane, and for other purposes,' approved April 27, 1904, as amended"; to the Committee on the District of Columbia.

943. A letter from the executive assistant to the Secretary of Agriculture, transmitting certifications by the Administrator of Civil Aeronautics of the cost of rehabilitation and repair of damages caused by the United States military forces at certain public airports; to the Committee on Interstate and Foreign Commerce.

944. A letter from the Chairman, United States Civil Service Commission, transmitting a consolidated report on additional within-grade salary advancements as rewards for superior accomplishment made by the several Government departments and agencies during the fiscal year ended June 30, 1949; to the Committee on Post Office and Civil Service.

945. A letter from the Acting Secretary of Agriculture, transmitting the annual report of settlement of debts due Farmers Home Administration in excess of $1,000 which have been settled during the fiscal year 1949; to the Committee on Agriculture.

946. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the fiscal year 1950 and prior fiscal years in the amount of $5,373,057.31 and contract authorization in the amount of $8,000,000, together with certain proposed provisions pertaining to existing appropriations (H. Doc. No. 338); to the Committee on Appropriations and ordered to be printed.

947. A letter from the President, Board of Commissioners, District of Columbia, transmitting a draft of a proposed bill entitled "A bill to make cancer and all malignant neoplastic diseases reportable to the Health Officer of the District of Columbia," to the Committee on the District of Columbia.

948. A letter from F. B. Pareja, provincial assessor, Province of Cebu, Republic of the Philippines, transmitting a letter informing the Congress of certain services he rendered to the war internees during the occupation of the Philippines by the Japanese; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MURRAY of Tennessee: Committee of conference. H. R. 2944. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide survivorship benefits for widows or widowers of persons retiring under such act; without amendment (Rept. No. 1339). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALBERT:

H. R. 6209. A bill to authorize the commutation of the annual appropriation for fulfilling various treaties with the Choctaw Nation of Indians in Oklahoma, and for other purposes; to the Committee on Public Lands.

By Mr. CHATHAM:

H. R. 6210. A bill to continue in effect to June 30, 1950, certain priorities and preferences relating to disposal of surplus real estate at Camp Butner, N. C.; to the Committee on Expenditures in the Executive Departments.

By Mr. CROOK:

H. R. 6211. A bill amending Public Law No. 106, Seventy-ninth Congress; to the Committee on Post Office and Civil Service.

By Mr. DOUGHTON:

H. R. 6212. A bill to amend section 5 of the Federal Firearms Act; to the Committee on Ways and Means.

H. R. 6213. A bill to authorize reimbursement to the appropriations of the Bureau of Narcotics of moneys expended for the purchase of narcotics; to the Committee on Ways and Means.

By Mr. JACKSON of Washington:

H. R. 6214. A bill authorizing the adjustment of contracts for the sale of timber on the national forests, and for other purposes; to the Committee on Agriculture.

By Mr. McCORMACK:

H. R. 6215. A bill to authorize the construction of a research laboratory for the Quartermaster Corps, United States Army, at a location to be selected by the Secretary of Defense; to the Committee on Armed Services.

By Mr. MORRISON:

H. R. 6216. A bill amending Public Law No. 106, Seventy-ninth Congress; to the Committee on Post Office and Civil Service.

By Mr. RANKIN (by request):

H. R. 6217. A bill to provide greater security for veterans of the Spanish-American War, including the Boxer Rebellion and Philippine Insurrection, in the granting of out-patient treatment by the Veterans' Administration; to the Committee on Veterans' Affairs.

By Mr. VAN ZANDT:

H. R. 6218. A bill to provide that the 7th day of December in each year is to be a legal holiday, and for other purposes; to the Committee on the Judiciary.

By Mr. YOUNG:

H. R. 6219. A bill to provide that the loyalty review board shall conduct its proceedings in accordance with the rules of evidence prescribed in the Federal rules of criminal procedure; to the Committee on Post Office and Civil Service.

H. R. 6220. A bill to provide that loyalty adjudication proceedings under Executive

Order 9835 shall be conducted in accordance with the rules of evidence prescribed in the Federal rules of criminal procedure; to the Committee on Post Office and Civil Service.

By Mr. GRANT:

H. J. Res. 354. Joint resolution designating Farmers Day; to the Committee on the Judiciary.

By Mr. KEE:

H. J. Res. 355. Joint resolution to alleviate suffering and assist in reconstruction of earthquake-devastated areas in Ecuador; to the Committee on Foreign Affairs.

By Mr. DAWSON:

H. Res. 364. Resolution providing that funds made available out of the contingent fund of the House by House Resolutions 88, 127, and 252 to the Committee on Expenditures in the Executive Departments shall also be available for expenses incurred outside the continental limits of the United States; to the Committee on House Administration.

By Mr. MORTON:

H. Res. 365. Resolution creating a select committee to conduct a study and investigation of the problems of the government of organizations dealing with labor; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Alabama, relative to Senate Joint Resolution 103, a joint resolution urging the enactment of legislation establishing a national day emphasizing the paramount importance of agriculture, to be known as Farmers Day; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARTLETT:

H. R. 6221. A bill to authorize the sale of certain public lands in Alaska to the This-Side-of-Heaven Children's Home for use as a children's home; to the Committee on Public Lands.

H. R. 6222. A bill for the relief of R. J. Scheuerman, Daniel Fuller, W. Hardesty, and John M. Ward; to the Committee on the Judiciary.

By Mr. CAVALCANTE:

H. R. 6223. A bill to record the lawful admission to the United States for permanent resident of James Ermini; to the Committee on the Judiciary.

By Mr. FLOOD:

H. R. 6224. A bill for the relief of Mozart Rottman; to the Committee on the Judiciary.

By Mr. HALE:

H. R. 6225. A bill for the relief of Mrs. Aimee Hoyninger-Huene; to the Committee on the Judiciary.

By Mr. HOFFMAN of Illinois:

H. R. 6226. A bill for the relief of Mrs. Nora Lewis; to the Committee on the Judiciary.

H. R. 6227. A bill for the relief of Nicholaos Eugenios Christofalos; to the Committee on the Judiciary.

By Mr. MURRAY of Tennessee:

H. R. 6228. A bill for the relief of Dr. Chao-Jen Chen, Dr. Janet Wang Chen, Eleanor Chen; to the Committee on the Judiciary.

By Mr. POULSON:

H. R. 6229. A bill for the relief of Luis Eduardo Equizabal; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1499. By Mr. HOPE: Petition of Norman L. Bass, of Hoisington, Kans., and others, requesting that Congress take further steps to curtail communism and to increase under the world recovery plan the shipping of agricultural products, food, and clothing to all needy and Christian countries; to the Committee on Foreign Affairs.

1500. By Mr. DOYLE: Petition signed by Mrs. C. D. Rasmussen, together with 42 residents of Long Beach, Calif., requesting passage of the bill H. R. 2428 (S. 1847) to prohibit the transportation of alcoholic-beverage advertising in interstate commerce and the broadcasting of alcoholic-beverage advertising over the radio; to the Committee on Interstate and Foreign Commerce.

1501. By Mr. RICH: Petition of McKean County (Pa.) Medical Society, urging the Congress of the United States to refrain from imposing upon the citizens of the Nation any form of compulsory health insurance or any system of medical care designed for national bureaucratic control; to the Committee on Interstate and Foreign Commerce.

1502. By Mr. SADLAK: Resolution adopted by the Columbian Federation of New Britain, Conn., consisting of 35 Italian-American societies and clubs with a membership of 15,000 Italo-American citizens, urging support in the final disposition of Italian colonies by returning the former colonies to Italy; to the Committee on Foreign Affairs.

1503. By the SPEAKER: Petition of C. Chambers and others, Orlando, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1504. Also, petition of T. S. Kinney and others, Orlando, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1505. Also, petition of Bertha Miller and others, Orlando, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1506. Also, petition of W. T. Winter and others, Jacksonville, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1507. Also, petition of Mrs. John Linserman and others, St. Petersburg, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

SENATE

TUESDAY, SEPTEMBER 27, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met, in executive session, at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, bowing for a hallowed moment at this shrine of Thy grace we acknowledge before Thee that our lives are like restless pools. We are disturbed by the social turmoil of our times, burdened by many anxieties, tempted to cynicism by human cruelty and tyranny, often disheartened by human folly which seems to profit so little by bitter reaping. We would lay our problems and tasks before Thee, not to escape them but praying for Thy empowering so that with strength and courage we may carry them with a new gallantry. In a divided and violent world make us among those whom the generations to come shall call blessed, because our records shall write our names among today's peacemakers. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. CONNALLY, and by unanimous consent, the reading of the Journal of the proceedings of Monday, September 26, 1949, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed a bill (H. R. 6034) to provide for the establishment of a veterans' hospital for Negro veterans at the birthplace of Booker T. Washington in Franklin County, Va., in which it requested the concurrence of the Senate.

LEAVE OF ABSENCE

On request of Mr. FERGUSON, and by unanimous consent, Mr. VANDENBERG was granted indefinite leave of absence.

NOMINATION OF W. WALTON BUTTERWORTH TO BE ASSISTANT SECRETARY OF STATE

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination of W. Walton Butterworth to be Assistant Secretary of State? Under the unanimous-consent agreement, the time between now and 1 o'clock is divided equally, to be controlled by the Senator from Texas [Mr. CONNALLY] and the Senator from California [Mr. KNOWLAND].

Mr. KNOWLAND. I yield 10 minutes to the senior Senator from New Hampshire [Mr. BRIDGES].

The VICE PRESIDENT. The Senator from New Hampshire is recognized for 10 minutes.

Mr. BRIDGES. Mr. President, I shall vote against the confirmation of W. Walton Butterworth to be an Assistant Secretary of State of the United States.

By the nomination of Mr. Butterworth, the President of the United States and those who advise him regarding the men who should direct our relations with the other nations of the world stubbornly continue to darken the pages of American diplomacy.

I refer, Mr. President, to the complete failure of American diplomacy in China.

I refer, Mr. President, to the inescapable truth that the Government of the United States must shamefully but forthrightly plead guilty to much of the blame for the tragic fact that China is today largely Communist controlled.

It would take hours to relate the whole China story and our Government's vacillating role in it. I do not attempt to relate the whole story but only a few of the high lights with Mr. Butterworth's significant association with them.

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Mr. President, when history writes the final chapter regarding the struggle between the forces of free China and Chinese Communists, I have no doubt it will state the conclusion that free China lost its fight right here in Washington. Our Government can seek now to dodge the blame if it chooses but it cannot destroy the accumulated facts which make up the indictment.

The United States emerged from World War II not only the victor in history's most bitter conflict but also as the nation to which all free peoples looked for continuing leadership toward a better world. We have exercised that leadership with credit in some respects.

We early recognized that Russia—a nation we befriended when her back was to the wall because we thought she would use her strength for peace—was reverting to her plan for world domination by the forces of Communist slavery. Free peoples everywhere were given new courage by our alertness. But what has happened?

We have used our money and our resources effectively against the spread of communism in the western area of the world, and, generally speaking, we have done a good job. At the same time we have refused effective aid in the Far East. Opinion is growing that perhaps the reason for such great progress for freedom in the west is the decision of the Kremlin to concentrate its drive in the east. In any event, China, in large part, has fallen to Communist control, and the security of America is threatened from the rear.

Mr. President, what gave such impetus to the Communist drive in China? The foremost factor has been the persistent refusal of the Department of State and the President to extend effective aid to free China, and especially when free China was in a position to use such aid to her own advantage and toward the better safety of our country. Even after the Congress of the United States acted by legislating a China-aid program the Executive and his departments for some reason did not follow through in time.

The United States Government went so far as to try to force free China into an alliance with Communist China. Our Government went so far as to insist that free China form a coalition government to include China's Communist leaders. The President of the United States and our Department of State were convinced, it seems, that Chinese Communists represented only some harmless agrarian movement which would inure to the benefit of China and the free world. Even after men serving under the direction of the Joint Chiefs of Staff identified Chinese Communists as direct agents of Moscow our Department of State refused to recognize the truth.

Our Government persisted in its blindness throughout the China crisis and by its refusal to act gave encouragement to Communist domination of the eastern area of the world. There is no question at all now, Mr. President, that Communist conquest of China has been directed from Moscow. There is no question at all now, Mr. President, whether Chinese Communists are an agrarian force or a totalitarian dictatorship. There is no question at all now, Mr. President, that we failed free China, our friend, and by our inaction have helped to establish in China a government which looks upon America and the rest of the free world through the eyes of Moscow.

I do not wish to deal in personalities today. I am merely pointing to the pattern and now want to ask one simple question. Should those who have been associated with America's blundering attitude toward China be promoted?

Mr. President, when the United States is at war and a general of one of our armies fails miserably in an assignment, he is relieved of his command. If a general imperils the safety and security of his troops and country unduly, if he fails to measure up to the kind of leadership victory requires, he is stripped of his authority to lead. There is no pussyfooting, no hesitation. Certainly there is no promotion to a higher position from which he can endanger his country to an even greater degree.

Apparently our Department of State has a different standard of action. We are in the cold war, Mr. President. Whether we win the cold war and establish peace and security for the United States depends upon the intelligence, ability, and courage of those who represent our Government in the Department of State and the Foreign Service. Upon our victory in the cold war depends the future security of the American people and free peoples everywhere in the world. The stakes are just as high as they are in years of armed conflict. We cannot afford to gamble with men who have been a part of a tragic failure. The Senate may go along, Mr. President, but I certainly shall not do so.

I have no objection to Mr. Butterworth on personal grounds. But I am shocked by the American failure of which he is a symbol. Where has Mr. Butterworth been as the United States Government has blundered its way to complete diplomatic defeat in China, Mr. President? He has been either in China itself or at the Department of State in charge of far-eastern affairs, or of other affairs, in the Department. Through all of these war and postwar years Mr. Butterworth has been in day-to-day contact with the Chinese problem. To what degree he is personally responsible for the advice which has resulted in our mistakes in China, almost unceasing, I do not know. But I do know that America has not heard him speak out against the policy of the Government.

As I see it, Mr. President, this is an opportunity for the Senate of the United States to express itself against America's failures in the delicate field of foreign policy. This is an opportunity for the Senate to say to the world that it is shocked by our Government's vacillation toward a problem upon the solution of which might well depend the future of our civilization.

I am not condemning Mr. Butterworth as a person but rather as a symbol of a policy which has failed. I want to make very clear, Mr. President, that I make a differentiation and distinction between Mr. Butterworth as a person and as a symbol. He is a symbol of the tragic fall of free China. Confirmed by the Senate as an Assistant Secretary of State, he can be little else but a symbol of our Government's intention to continue to close its eyes to the darkness which has fallen over the East and from which the clouds of war may move on even to us.

I am opposed to this symbol of failure and blindness and darkness. I am opposed to promoting a man whose record so far as the Senate knows is void of objection to a policy which has helped establish in China a kind of government and life completely antagonistic to everything in which I believe.

Mr. CONNALLY. Mr. President, I yield 10 minutes to the Senator from Louisiana [Mr. ELLENDER].

The VICE PRESIDENT. The Senator from Louisiana is recognized for 10 minutes.

Mr. ELLENDER. Mr. President, the Senate so far has heard from two of the main opponents of Mr. Butterworth, and nothing has been said or even intimated that would reflect against the character, the ability, or the Americanism of the nominee. The only indictment made against Mr. Butterworth by my distinguished friend the Senator from New Hampshire, who has just spoken, stands as a symbol of the policy which has developed in China and therefore he should be denied confirmation. He has in no way connected Mr. Butterworth with deeds or acts that would show him to be responsible for conditions now existing in China.

My good friend the Senator from California [Mr. KNOWLAND] who spoke yesterday, stated that his objection to Mr. Butterworth stems from the fact that, and I quote from his speech:

> He has occupied a position of responsibility in dealing with far-eastern affairs at a time when our American policy was following a course leading to disaster for the people of China and perhaps ultimately for the people of the United States.

I wish to say that my good friend is in error in making that statement, for the simple reason that the policy respecting China had been decided upon long before Mr. Butterworth ever set foot in Nanking. I am glad the Senator from California absolved my friend Mr. Butterworth, after reading a letter from Mr. Hurley wherein Mr. Hurley had blamed many of the so-called career diplomats for the condition in China. I quote from his speech on the subject:

> To be fair, I want to make clear that Mr. Butterworth did not arrive in China until the Hurley mission had been completed.

Mr. Butterworth was appointed to his assignment in China 2 years after General Marshall had been there. As I will point out later, General Marshall was the guiding hand in the establishment of our policy in China soon after VJ-day. Since the general relinquished his post in China, he was made Secretary of State and I am wondering why the attack now being made against Mr. Butterworth was not lodged against General Marshall instead. It does not seem just to make of the nominee, a career diplomat, a whipping boy of our China policy.

What was Mr. Butterworth's connection with General Marshall at the time General Marshall was in China? Mr.

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Butterworth arrived in Shanghai in May 1946, as I stated a while ago, and proceeded direct to Nanking, to which the Embassy had recently been moved from Chungking. He was not attached to General Marshall's mediatory mission and did not participate in the negotiations connected with that mediatory effort. He was assigned to China for the purpose of taking immediate charge of the Embassy, and it was in fulfillment of these duties that he served as Minister-Counselor during his assignment in China. He was instructed in July 1947 to return to the United States for consultation. After a period of consultation, and the usual leave of absence, he became, on instructions of the Secretary of State, Director of the Office of Far Eastern Affairs on September 15, 1947.

Mr. Butterworth remained in China a little more than a year, and for my good friends now to put the whole responsibility of the Chinese policy on his shoulders is simply to use him as a scapegoat.

Mr. President, I wish to say a few words about the nominee and how he grew up in the atmosphere of diplomacy. I have known Dr. Butterworth, the father of this young man, for more than 40 years, and a finer man has never lived. He is a prominent child specialist and has been practicing in New Orleans for many, many years. His son, the nominee, grew to manhood in most advantageous surroundings.

Mr. Butterworth was born in New Orleans, La., on September 7, 1903, and attended the New Orleans Academy and the Lawrenceville Preparatory School, Lawrenceville, N. J. He received a cum laude degree from Princeton University in 1925 and subsequently attended Oxford University as a Rhodes scholar, where he remained for 2 years. Having passed the examinations for the Foreign Service, he entered the Service as a vice consul on May 17, 1928.

In terms of types and posts of assignments, Mr. Butterworth's career has been typical of the professional Foreign Service officer; in terms of the standards of performance, he is, without question, one of the best officers the Service has produced. As a junior officer he performed the myriad administrative and consular duties required of newcomers of the Service. However, his marked flair for reporting on commercial and political activities, his acumen in handling of negotiations on politico-economic matters and his capacity for representational work were quickly recognized by the Department and led to important assignments in the economic and political fields at a relatively early age. Mr. Butterworth has served at Singapore, Ottawa, London, Lisbon, Madrid, and Nanking. Prior to his Nanking assignment he was in Madrid, and had been there for some time, and had absolutely nothing to do with what was developing or what was happening in China, as I previously stated.

Mr. Butterworth's first assignment in the Service was that of vice consul at Singapore where he performed the usual duties of a junior officer in the consular service and began to acquire a considerable reputation as a reporter on commercial matters. His superior officers at Ottawa, his next post of assignment, confirmed the earlier estimate of his capacity in economic and political reporting. The excellence of his performance at these posts and his educational background led to his assignment as secretary at the Embassy in London in December of 1933.

Mr. Butterworth remained in the London Embassy for 7 years. His work on financial and economic problems brought him numerous commendations. It might be worth noting that the Secretary of the Treasury gave Mr. Butterworth a great deal of praise for his analyses of the financial situation, the authenticity of his information, and the reliability of his reports. His reporting was characterized by the Secretary of the Treasury as "indispensable."

In addition to his reporting, Mr. Butterworth had opportunity to prove his competence in politico-economic negotiation. His success in negotiating a cotton-rubber agreement with the British in 1940, the first major stock-piling arrangement effected by this Government, brought him special commendation from Secretary Hull. During the early days of the war he made many valuable contributions in negotiations with the British Ministries of Supply and Economic Warfare and Treasury in connection with raw materials required by the United States.

In April of 1941, after 12 years of overseas service, Mr. Butterworth was loaned to the Department of Commerce as special assistant to the Secretary. Here his work with the Federal Loan Agency and the Board of Economic Warfare brought him special commendations. His record led to his selection as the representative of the United States Commercial Company to Portugal and Spain, which post he assumed in June of 1942.

In the latter assignment, Mr. Butterworth was responsible for negotiations for the exchange of commodities between the United States and Spain and Portugal. Upon the successful completion of this mission, a mission most vital to our war effort, Mr. Butterworth was assigned in April 1944 to the Madrid Embassy as counselor, which was then the only United States Embassy on the continent of Europe and a key post due to the presence of the Germans in the Pyrenees. His work as Chargé d'Affaires during the Ambassador's absence confirmed his reputation as one of the outstanding officers of the Service.

Mr. Butterworth's next assignment was that of counselor of embassy of Nanking, where he arrived in May 1946. He assumed immediate charge of the Embassy and played a decisive role in bringing to a successful conclusion the negotiations for a treaty of friendship, commerce, and navigation which reaffirmed the rights of Americans and their property in China, and which was ratified by the Senate last year. His performance of this most difficult job during one of the most critical periods of China's history so impressed Secretary Marshall that he was brought back to the Department and appointed in September 1947 as Director of the Office of Far Eastern Affairs, a position which he occupies at present.

Throughout the course of an extraordinarily successful career Mr. Butterworth continued to impress his colleagues, superiors, and other governmental officials with his earnestness, loyalty, business acumen, and political sagacity. As a senior officer of the Department he was called upon to advise the Secretary of State from time to time, and, to the extent his advice was accepted, he can be said to have played a part in the formulation of our foreign policy. However, his final responsibility, and one he discharged well, was in the implementation of the policy decided upon, whatever its nature.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. CONNALLY. Mr. President, I yield two additional minutes to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a biography of Mr. Butterworth.

There being no objection, the biography was ordered to be printed in the RECORD, as follows:

Butterworth, W. Walton: born New Orleans, La., September 7, 1903; Lawrenceville preparatory school graduate; Princeton University, B. A. 1925; University of Dijon, France, summer 1925; Rhodes scholar, Worcester College, Oxford University, 1925–27; applied Foreign Service officer unclassified and vice consul of career May 17, 1928; assigned to the Foreign Service School May 24, 1928; vice consul at Singapore January 18, 1929; Foreign Service officer at Ottawa July 15, 1932; secretary in the Diplomatic Service July 16, 1932; third secretary at Ottawa July 22, 1932; at London December 5, 1933; class 8, July 1, 1934; consul January 22, 1935; special representative of Treasury Department for Stabilization Fund Operations 1935–41; class 7 and second secretary at London, April 1, 1936; class 6, May 1, 1938; class 5, March 1, 1940; to the Department February 18, 1941; detailed to the Department of Commerce April 11, 1941; member, Advisory Commission on Trade Policy in Relation to the Lend-Lease Program, 1942; class 4, June 1, 1942; second secretary at Lisbon and Madrid June 4, 1942; director general in charge of operations, United States Commercial Company in Spain and Portugal, June 4, 1942, to March 28, 1944; first secretary at Lisbon and Madrid, July 29, 1942; member of staff, North African Economic Board, Algiers, May 1943, counselor of embassy at Madrid, March 28, 1944; class 3, July 16, 1944; class 2, August 13, 1945; counselor of embassy at Chungking, January 2, 1946; with the personal rank of ministers, January 8, 1946; at Nanking, April 1, 1946; Foreign Service officer of class 2, November 13, 1946; class 1, May 15, 1947; to the Department August 6, 1947; director, Office of Far Eastern Affairs, September 15, 1947; class of career minister, November 10, 1947; married.

Mr. ELLENDER. Mr. President, my good friends the Senator from California [Mr. KNOWLAND] and the Senator from New Hampshire [Mr. BRIDGES] have placed on the shoulders of Mr. Butterworth much of the responsibility for our China policy. I believe that the letter of transmittal from the Secretary of State to the President, dated July 30, 1949, of the so-called white paper demonstrates that this condition in China started many years before Mr. Butterworth ever came on the scene. I ask unanimous consent to have printed in the RECORD at this

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point as a part of my remarks a quotation from the letter of transmittal, beginning on page X and ending at the bottom of page XI of the volume which I have before me, entitled "United States Relations With China."

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

When peace came the United States was confronted with three possible alternatives in China: (1) it could have pulled out lock, stock and barrel; (2) it could have intervened militarily on a major scale to assist the Nationalists to destroy the Communists; (3) it could, while assisting the Nationalists to assert their authority over as much of China as possible, endeavor to avoid a civil war by working for a compromise between the two sides.

The first alternative would, and I believe American public opinion at the time so felt, have represented an abandonment of our international responsibilities and of our traditional policy of friendship for China before we had made a determined effort to be of assistance. The second alternative policy, while it may look attractive theoretically and in retrospect, was wholly impracticable. The Nationalists had been unable to destroy the Communists during the 10 years before the war. Now after the war the Nationalists were, as indicated above, weakened, demoralized, and unpopular. They had quickly dissipated their popular support and prestige in the areas liberated from the Japanese by the conduct of their civil and military officials. The Communists on the other hand were much stronger than they had ever been and were in control of most of North China. Because of the ineffectiveness of the Nationalist forces which was later to be tragically demonstrated, the Communists probably could have been dislodged only by American arms. It is obvious that the American people would not have sanctioned such a colossal commitment of our armies in 1945 or later. We therefore came to the third alternative policy whereunder we faced the facts of the situation and attempted to assist in working out a modus vivendi which would avert civil war but nevertheless preserve and even increase the influence of the National Government.

As the record shows, it was the Chinese National Government itself which, prior to General Hurley's mission, had taken steps to arrive at a working agreement with the Communists. As early as September 1943 in addressing the Kuomintang Central Executive Committee, the Generalissimo said, "We should clearly recognize that the Communist problem is a purely political problem and should be solved by political means." He repeated this view on several occasions. Comprehensive negotiations between representatives of the Government and of the Communists, dealing with both military cooperation and civil administration, were opened in Sian in May 1944. These negotiations, in which Ambassador Hurley later assisted at the invitation of both parties between August 1944 and September 1945, continued intermittently during a year and a half without producing conclusive results and culminated in a comprehensive series of agreements on basic points on October 11, 1945, after Ambassador Hurley's departure from China and before General Marshall's arrival. Meanwhile, however, clashes between the armed forces of the two groups were increasing and were jeopardizing the fulfillment of the agreements. The danger of wide-spread civil war, unless the negotiations could promptly be brought to a successful conclusion, was critical. It was under these circumstances that General Marshall left on his mission to China at the end of 1945.

As the account of General Marshall's mission and the subsequent years in chapters V and VI of the underlying record reveals, our policy at that time was inspired by the two objectives of bringing peace to China under conditions which would permit stable government and progress along democratic lines, and of assisting the National Government to establish its authority over as wide areas of China as possible. As the event proved, the first objective was unrealizable because neither side desired it to succeed: the Communists because they refused to accept conditions which would weaken their freedom to proceed with what remained consistently their aim, the communization of all China; the Nationalists because they cherished the illusion, in spite of repeated advice to the contrary from our military representatives, that they could destroy the Communists by force of arms.

The second objective of assisting the National Government, however, we pursued vigorously from 1945 to 1949. The National Government was the recognized government of a friendly power. Our friendship, and our right under international law alike, called for aid to the Government instead of to the Communists who were seeking to subvert and overthrow it. The extent of our aid to Nationalist China is set forth in detail in chapters V, VI, VII and VIII of the record and need not be repeated here. The National Government had in 1945, and maintained until the early fall of 1948, a marked superiority in manpower and armament over their rivals. Indeed during that period, thanks very largely to our aid in transporting, arming, and supplying their forces, they extended their control over a large part of North China and Manchuria. By the time General Marshall left China at the beginning of 1947, the Nationalists were apparently at the very peak of their military successes and territorial expansion. The following year and a half revealed, however, that their seeming strength was illusory and that their victories were built on sand.

Mr. ELLENDER. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks another excerpt from the same letter, beginning at the bottom of page XV and ending near the top of page XVI.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

It has been urged that relatively small amounts of additional aid—military and economic—to the National Government would have enabled it to destroy communism in China. The most trustworthy military, economic, and political information available to our Government does not bear out this view.

A realistic appraisal of conditions in China, past and present, leads to the conclusion that the only alternative open to the United States was full-scale intervention in behalf of a government which had lost the confidence of its own troops and its own people. Such intervention would have required the expenditure of even greater sums than have been fruitlessly spent thus far, the command of Nationalist armies by American officers, and the probable participation of American armed forces—land, sea, and air—in the resulting war. Intervention of such a scope and magnitude would have been resented by the mass of the Chinese people, would have diametrically reversed our historic policy, and would have been condemned by the American people.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks some correspondence between the then Ambassador, J. Leighton Stuart, and the State Department, regarding the Chinese situation. One might be able to trace the origin of all this difficulty in China from this correspondence. I ask that excerpts from Ambassador Stuart's telegram of July 30, 1948, be printed in the RECORD at this point, beginning on page 277 of the volume to which I have referred, and ending at the top of page 278.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

We can be quite certain that no amount of military advice or material from us will bring unity and peace to China unless indeed there are reforms sufficiently drastic to win back popular confidence and esteem. That these could even be attempted by those now in power or that the improvements could be rapid and radical enough to reverse the prevailing attitude is scarcely to be hoped for. But without this assurance the intention to give increased military aid ought to be carefully considered in all its implications. Even under the most hopeful conditions such aid would probably require some 2 years or more from next January to accomplish its objective in view of the basic necessity of training new divisions and of recovering lost territory and morale.

Mr. ELLENDER. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks excerpts from the State Department's telegram to Ambassador Stuart, in October 1948, appearing at the bottom of page 282 and the top of page 283 of the volume to which I have referred; also at the bottom of page 283, and continuing on page 284.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Your report of August 10 states there is no longer faith that the present Government can bring a return to an even bearable standard of living without some radical reorganization; that without the Generalissimo disintegration seems inevitable, yet long experience with him suggests that he is no longer capable of changing and reforming or discarding inefficient associates in favor of competent ones; that one would expect the Government to clutch at any means of improving the situation but it ignores competent military advice and fails to take advantage of military opportunities offered, due in a large part to the fact that the Government and the military leadership continue to deteriorate as the Generalissimo selects men on the basis of personal reliability rather than military competence; and that there is awareness of the desperate military situation yet no evidence of the will or capability to cope with it.

In your report of August 20 you state that General Barr's advice to the Generalissimo on specific problems arising from the conduct of current military operations has in general been ignored and that the grave difficulties encountered by General Barr in the accomplishment of his mission originate entirely in the failure of the Chinese high command to perform its functions.

* * * * *

Recent Nationalist military reverses support the foregoing picture. Tsingtao's report of October 1 states that the majority of Government troops at Tsinan did not want to fight, while those that did fight found their position made impossible by the disaffected, and that the Government forces at Tsinan had ample ammunition and food, and assurance of further supplies in the event of a protracted siege. Mukden's report of October 19 gives a similar picture of the fall of Chinchow, stating that the early collapse of

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Chinchow's defenses was caused by the defection of two divisions of the Government's Ninety-third Army. The fall of Changchun was similarly aided by the defection of Government units. In each case the fall of the cities was reportedly accompanied by the loss of considerable quantities of military matériel through the defection and surrender of sizable numbers of Government troops.

* * * * *

In summary, adoption of a course of increased aid would violate all basic considerations underlying American policy toward China, would involve the United States directly in China's civil war, would commit this Government to underwriting the Chinese Government militarily and economically at a cost which it would be impossible to estimate at a time when the United States has heavy commitments throughout the world in connection with foreign-aid programs and would not, in the light of appraisals of the situation submitted by the Embassy and consular offices in China over a period of several months, achieve its avowed objectives.

Mr. ELLENDER. Mr. President, I also ask to have printed in the RECORD at this point as a part of my remarks excerpts from Secretary Marshall's statement to the Committees on Foreign Affairs and Foreign Relations in executive session, on February 20, 1948.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Considering the military aspects of the problem it was clear from VJ-day in 1945 that the Chinese Government was confronted by a military situation which made it, in the opinion of virtually every American authority, impossible to conquer the Communist armies by force.

* * * * *

We have had many proposals for this Government to support the Chinese military program. That is easy to say, but extraordinarily difficult and dangerous to do. It involves obligations and responsibilities on the part of this Government which I am convinced the American people would never knowingly accept. We cannot escape the fact that the deliberate entry of this country into the armed effort in China involves possible consequences in which the financial cost, though tremendous, would be insignificant when compared to the other liabilities inevitably involved.

* * * * *

All of the foregoing means, at least to me, that a great deal must be done by the Chinese authorities themselves—and that nobody else can do it for them—if that Government is to maintain itself against the Communist forces and agrarian policies. It also means that our Government must be exceedingly careful that it does not become committed to a policy involving the absorption of its resources to an unpredictable extent once the obligations are assumed of a direct responsibility for the conduct of civil war in China or for the Chinese economy, or both.

* * * * *

We must be prepared to face the possibility that the present Chinese Government may not be successful in maintaining itself against the Communist forces or other opposition that may arise in China. Yet, from the foregoing, it can only be concluded that the present Government evidently cannot reduce the Chinese Communists to a completely negligible factor in China. To achieve that objective in the immediate future it would be necessary for the United States to underwrite the Chinese Government's military effort, on a wide and probably constantly increasing scale, as well as the Chinese economy. The United States would have to be prepared virtually to take over the Chinese Government and administer its economic, military, and governmental affairs.

Strong Chinese sensibilities regarding infringement of China's sovereignty, the intense feeling of nationalism among all Chinese and the unavailability of qualified American personnel in the large numbers required argue strongly against attempting any such solution. It would be impossible to estimate the final cost of a course of action of this magnitude. It certainly would be a continuing operation for a long time to come. It would involve this Government in a continuing commitment from which it would practically be impossible to withdraw, and it would very probably involve grave consequences to this Nation by making of China an arena of international conflict. An attempt to underwrite the Chinese economy and the Chinese Government's military effort represents a burden on the United States economy and a military responsibility which I cannot recommend as a course of action for this Government.

* * * * *

At present the Chinese Government is not only weak but is lacking in self-discipline and inspiration. There is little evidence that these conditions can be basically corrected by foreign aid. In these circumstances, any large-scale United States effort to assist the Chinese Government to oppose the Communists would most probably degenerate into a direct United States undertaking and responsibility, involving the commitment of sizable forces and resources over an indefinite period. Such a dissipation of United States resources would inevitably play into the hands of the Russians, or would provoke a reaction which could possibly, even probably, lead to another Spanish type of revolution or general hostilities.

In these circumstances, the costs of an all-out effort to see Communist forces resisted and destroyed in China would, as indicated above, be impossible to estimate; but the magnitude of the task and the probable costs thereof would clearly be out of all proportion to the results to be obtained.

Mr. ELLENDER. I submit, Mr. President, that Mr. Butterworth should be confirmed. The excerpts that I have just had inserted in the RECORD as part of my remarks show who dictated and formulated our present China policy. Mr. Butterworth had nothing to do with the formulation of that policy. I repeat, he should not be made the scapegoat or the whipping boy of whatever policy has been established in China.

Mr. KNOWLAND. Mr. President, I yield 10 minutes to myself.

Mr. President, I am sorry that there is not a larger attendance of Senators, because this is an important subject. I am sure that, with the many problems with which Members of the Senate have to contend, not all Senators have been able to go thoroughly through the white paper issued by the State Department. For the benefit of the country and of such Senators as may have occasion to read the CONGRESSIONAL RECORD, I think it is important that we supply the facts upon which the decisions of history can be made.

Recently there came into my hands the English edition of the International Press Correspondence, Theses and Resolutions of the Sixth World Congress of the Communist International. This was published on the 12th of December 1928. I wish to read a couple of paragraphs, because they show that the Department of State and any persons responsible for the foreign policy of this country had ample warning as to the events which were to take place in China, and what the objectives of international communism would be.

I read from page 1672 of the official document of the World Communist Party. Paragraph 33 is as follows:

In China, the future growth of the revolution will place before the party as an immediate practical task the preparations for and carrying through of armed insurrection as the sole path to the completion of the bourgeois-democratic revolution and to the overthrow of the power of the imperialists landlords and national bourgeoisie—the power of the Kuomintang.

Under existing circumstances, characterized by the absence of a revolutionary impulse among the wide masses of the Chinese people, the general line of the party must be the struggle for the masses.

The carrying through of this line under the conditions of the strengthening of the anti-imperialist movement of a certain revival of the strike struggle and of the continuing peasant activity, demands from the party the exertion of all its strength for gathering, consolidating, and uniting the proletariat around the basis slogans of the party.

That was back in 1928. There was ample notice for the State Department and those who decide the policy of this Government.

I also wish to place in the RECORD at this point a portion of the note which this Government handed to Japan just prior to Pearl Harbor. There were several conditions relating to China in the note which we gave to Ambassador Nomura and the special Ambassador Kurusu, who was here at the time.

Paragraph 3 reads as follows:

The Government of Japan will withdraw all military, naval, air, and police forces from China and from Indochina.

Paragraph 4 reads as follows:

The Government of the United States and the Government of Japan will not support—militarily, politically, economically—any government or regime in China other than the National Government of the Republic of China with capital temporarily at Chungking.

Japan never formally answered these proposals, the answer coming, of course, with the attack upon the American battle fleet and installations at Pearl Harbor. But we thought it sufficiently important to the security of this country to risk going to war in the Pacific by handing that note to Japan, because it has been a part of our historic foreign policy since 1899, if not before that time, that the independence and security of China were of direct concern to the American people.

The able Senator from Louisiana has placed in the RECORD—and I am glad that he did—excerpts from the letter from Mr. Acheson transmitting to the President the white paper. I think we should underline several paragraphs of that letter. Reading from page XVI of the letter of transmittal, the following will be found:

The unfortunate but inescapable fact is that the ominous result of the civil war in China was beyond the control of the Government of the United States. Nothing that this country did or could have done within the reasonable limits of its capabilities

could have changed that result; nothing that was left undone by this country has contributed to it. It was the product of internal Chinese forces, forces which this country tried to influence but could not. A decision was arrived at within China, if only a decision by default.

That is hardly a statement one would expect from the leading exponent of our foreign policy—an effort to make a general disclaimer that there was nothing we could have done, because that would rather indicate that the mission of General Marshall to China was futile in its origin, which, of course, simply does not make sense.

But listen to this: Mr. Acheson says, regarding the future of China:

And however ruthlessly a major portion of this great people may be exploited by a party in the interest of a foreign imperialism, ultimately the profound civilization and the democratic individualism of China will reassert themselves and she will throw off the foreign yoke.

In other words, that is a rather belated recognition that the Communist forces in China are ruthless, that they will enslave the people of China. However, that recognition is coming very, very late in the entire process.

Finally we have this admission:

It will necessarily be influenced by the degree to which the Chinese people come to recognize that the Communist regime serves not their interests but those of Soviet Russia and the manner in which, having become aware of the facts, they react to this foreign domination.

Mr. President and Members of the Senate, this indictment is against the very Communist forces which the Secretary of State and the President of the United States directed General Marshall, good soldier that he was, to go to China and attempt to force down the throats of the government of that friendly power. This is the same Soviet-dominated Communist group which we now say will ruthlessly oppress the people of China, just as Communist groups have ruthlessly oppressed the Poles, the Czechs, the Hungarians, the Rumanians, and every other group in regard to which we have had a share of the responsibility for turning them into the hands of that type of ruthless Communist "people's democracy" police state.

Mr. President, the record is clear that we not only attempted to influence, but we attempted to force upon the Government of China the coalition with that type of police state, doctrinaire, Communist group.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. FERGUSON. I wonder whether the Senator from California will agree that the language used by the Secretary of State—namely, that in the future the Chinese may be able to throw off the yoke of Moscow or of the Kremlin—in effect is an indication that it will take another civil war in China to counteract what is happening there today.

Mr. KNOWLAND. I think the record is clear regarding the chances of any of these people, whether it be the people of Poland or of Czechoslovakia or of Latvia or of Lithuania or of Estonia or of any other satellite country or of any country that has been absorbed by the Communists to overcome the oppressor, for when the police state controls the army, the air force, and the secret police, it is almost impossible for men once free to regain their freedom.

Mr. FERGUSON. And if they do regain it, it will have to be by way of civil war. Is that correct?

Mr. KNOWLAND. There can be no question about it.

The VICE PRESIDENT. The Senator from California has half a minute remaining.

Mr. KNOWLAND. Very well; I yield two more minutes to myself.

Mr. President, I wish to have printed in the RECORD as a part of my remarks—I shall not read it, because of the limitation of time—the statement beginning "According to the best information I can get," which is from a radio broadcast by the Senator from Maryland [Mr. TYDINGS], a distinguished member of the Democratic Party and chairman of the Armed Services Committee of the Senate of the United States. In that broadcast the Senator from Maryland took direct issue with the statements in the white paper that the Chinese Government forces and the non-Communist forces were not fighting for their very existence, and the Senator from Maryland based what he said upon information which he had received as chairman of the Armed Services Committee. I ask that that portion of his statement be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the excerpt from the statement was ordered to be printed in the RECORD, as follows:

Senator TYDINGS. According to the best information I can get, not only from men like Admiral Badger, but from other sources that are reliable, this has been overpublicized and exaggerated to an almost unbelievable extent. There is no doubt about it that at times Nationalist forces have surrendered to the Communists. There is no doubt about it that at times Communist forces have surrendered to the Nationalists; but to create the picture in the American mind that the Chinese Nationalists have just surrendered willy-nilly without fighting is to do the Nationalist army a great disservice in the field of truth. Quite often, some of these armies have had little or no equipment; some of these Nationalist armies have had very little in the way of ammunition. Of course, if you have nothing to fight with and are surrounded or threatened with attack, you surrender a little more quickly than if you have the means to resist. Where the Nationalist forces have had good equipment and good ammunition, they have fought with a great deal of courage and a great many sacrifices. Indeed, in some of the battles the losses have been very high on both sides, showing that this idea of the Nationalists always surrendering easily is ill-founded. It is my belief that the Nationalists, where they have been equipped, have fought pretty well, and these stories about fully equipped Nationalist forces going over to the Communists have been exaggerated out of all proportion and in most cases are totally untrue.

Mr. BLOCK. Senator, is Russia behind the Chinese Communists?

Senator TYDINGS. I don't think there's any doubt that Russia is behind them. I don't think there is any doubt that Russia is sympathetic and reasonably supporting these Communist forces. Indeed, the leaders of the Communist forces in China have been briefed and schooled to a considerable extent in Moscow and other places in Russia and are sympathetic to the Communist doctrine. A large proportion of the masses who follow the Communist cause are not indoctrinated and simply do it because they believe they will be better off by following the Communists than they would by remaining as they are. Many of them are quickly disillusioned as soon as they see what the Communist leadership brings them.

Mr. BLOCK. With what type of arms are the Communists equipped?

Senator TYDINGS. They are mostly equipped with Japanese arms, the arms that the Japanese surrendered at the end of World War II. A good many of these Japanese arms were in those parts of China that Russia occupied right after the surrender. In addition to that, there were a good many Japanese arms scattered over other parts of China, and when Japan surrendered these fell into the hands of the Communists. It is these arms principally that the Communists are now fighting with.

Mr. BLOCK. Have there been any recent setbacks suffered by the Communists?

Senator TYDINGS. Yes; even in recent weeks. The Nationalists have taken on the Communists in southern China and have beaten them up pretty well. They have captured a considerable number of good troops from the Communists, but this is only a temporary victory. I doubt very much if the Nationalists are strong enough to resist the overwhelming numbers of the Communists who are moving into south China. But where they have met them head-on, they have given an excellent account of themselves and in many cases frustrated their advance, at least temporarily.

Mr. KNOWLAND. Mr. President, I also ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a letter which I addressed to Mr. Butterworth under date of May 6, 1949, a copy of his reply, and a copy of the memorandum which was the testimony given by General Marshall before the House Foreign Affairs Committee, wherein the question of the American embargo against arms to the Chinese National forces and the non-Communist forces of China came up. At the very time when we were exercising an embargo which helped to undermine the chances of survival of the National Government of China, the Soviet forces in Manchuria were turning over the supplies of the Japanese to the Kwan Tung Army—supplies which have been estimated to be sufficient to last an army of a million men for 10 years, and at a time when, by our various peace committees, we were letting the Communist armed forces escape from the encirclements in which the Chinese Government forces had them, and go to Manchuria to rearm themselves.

There being no objection, the letters and memorandum were ordered to be printed in the RECORD, as follows:

MAY 6, 1949.

Mr. W. WALTON BUTTERWORTH,
Director for Far Eastern Affairs,
Department of State,
Washington, D. C.

DEAR MR. BUTTERWORTH: Your letter of May 2, together with the enclosed information, has been received and I wish to thank you for sending it to me.

You may rest assured that I also enjoyed the opportunity of discussing the China situation with you.

Sincerely yours,

WILLIAM F. KNOWLAND.

Approved For Release 2005/02/17 : CIA-RDP57-00384R000100040001-1

DEPARTMENT OF STATE,
Washington, May 2, 1949.

The Honorable WILLIAM F. KNOWLAND,
United States Senate.

MY DEAR SENATOR KNOWLAND: You may recall during our conversation at lunch with Senator SMITH on April 27 my informing Senator BREWSTER that I would supply him pertinent information regarding purchases by the Chinese Government of military matériel in the United States and the ban placed on the export of such matériel during General Marshall's mission to China. In the belief that you might find this information of interest, I am enclosing a copy of the memorandum which I am forwarding to Senator BREWSTER.

I enjoyed having an opportunity to discuss the China situation with you and hope that you will feel free to get in touch with me if I can be of any service in this regard.

Sincerely yours,

W. WALTON BUTTERWORTH,
Director of Far Eastern Affairs.

MEMORANDUM

The prohioition on the export of munitions from the United States to China was placed at a time when the truce between the armies of the Chinese Government and the Chinese Communists was breaking down and hostilities were increasing on a wide scale. In this connection Secretary Marshall's testimony before the House Committee on Foreign Affairs on February 20, 1948, is of interest. Certain portions of the testimony follow:

"Mr. VORYS. As I understand it, we had an embargo for 10 months on shipment of arms to China and then the ammunition that we did authorize to be shipped, which they purchased, has not gotten to the troops yet. Now, why is that?

"Secretary MARSHALL. Do you mean the original embargo and then the later developments?

"The embargo was in August 1946, and the release was in May of 1947.

"Mr. VORYS. That is about 10 months.

"Secretary MARSHALL. Yes.

"Mr. VORYS. As I understand it, the so-called Generalissimo ammunition which was authorized to be shipped has not gotten to the troops yet. I am informed that part of it had not left the United States. Now, why is that? They cannot fight without ammunition.

"Secretary MARSHALL. That is quite evident.

"This particular matter is a shipping proposition. Mr. Butterworth can give you some of the details but I can state some of the things offhand.

"In the first place, the embargo was placed in August, I think, of 1946, by me, because at that time the situation was threatening to break down entirely. The fighting in north China had been held pretty largely in abeyance since the agreements reached on January 10, 1946, except in Manchuria, where a new focus of fighting had developed.

"In the endeavor to mediate this, and prevent its spreading all over north China, we were put in the position of acting in a mediatory position on the one hand and shipping in military supplies on the other. At that time the Chinese Government had sufficient munitions for their armies and there was no embarrassment to them.

"There were incidents, such as the explosion of the dump in Shanghai, and more particularly the very heavy reported losses of munitions to the Communist forces by defeats suffered in the field by the Government forces. When the release date was given, which was effected by taking off any refusal to grant export licenses——

"Mr. VORYS (interposing). I may have used the word 'embargo' improperly.

"Secretary MARSHALL. It was, in effect, an embargo on military supplies. There were amendments to that in relation to spare parts for airplanes, and items of that sort.

"Of course, there was a great deal that was coming in through the surplus-property transactions, to the degree that we could reach a settlement with the Chinese authorities who were negotiating the surplus-property agreements.

"Then we come to the period in May, when that export-license embargo was removed. Since that time I think there was only one important commercial contract made by the Chinese Government."

The prohibition on the export of munitions from the United States or its Pacific bases to China became effective in the United States on July 29, 1946, and in the Pacific in mid-August 1946. On October 22, 1946, the ban was modified to permit the Chinese to purchase civilian end-use items under the 8⅓-group program for the Chinese Air Force and on October 31, 1946, the far eastern field office of the OFLC was authorized to notify the Chinese Government that it was ready to negotiate the sale of such civilian end-use items. The Chinese informed the OFLC that they were interested in procuring these items only if eventual provision of combat items for this program was likewise assured, though the civilian end-use items would have been valuable in the maintenance and operation of transport planes and airport installations. The Chinese concluded no contracts covering these items until over a year later on November 6, 1947.

In April and May 1947, prior to the lifting of the ban on the export of arms and ammunition, the United States Marines turned over (abandoned) to Chinese Government forces in north China considerable quantities of small arms and artillery ammunition. These and similar transfers continued during the summer months until by early September approximately 6,500 tons of ammunition had been transferred at no charge to the Chinese.

On May 26, 1947, the Secretary of State directed that the prohibition on the issuance of export licenses covering the shipment of arms and ammunition be removed. On the same date the Chinese were informed that the Department would approve the sale to China of 130,000,000 rounds of surplus 7.92 rifle ammunition, and would approve applications for export licenses for transport planes and for spare parts for all equipment, including combat items previously transferred under the 8⅓-group program.

Subsequent to this date the Chinese on June 25, 1947, purchased the 130,000,000 rounds of 7.92 rifle ammunition for $656,499.27 or 10 percent of procurement cost. Shipment of this ammunition was made from Seattle on July 14 and August 11, 1947.

In July 1947, the Chinese expressed a desire to purchase 43 C–47 aircraft but wanted these considered part of the 8⅓-group program. Since the quota of C–47's under the program had been fulfilled, the Chinese were informed that transport planes would be made available through normal surplus channels. The Chinese signed a contract with the War Assets Administration for the purchase of 150 C–46's on December 22, 1947, purchasing, for $5,000 each, planes which had a procurement cost of $232,000 each.

As indicated above, the contract covering civilian end-use items in the Pacific for the 8⅓-group program was concluded on November 6, 1947, at 12½ cents on the dollar.

On December 9, 1947, the Chinese Government signed a commercial contract for 6,500,000 rounds of .50 caliber ammunition.

On December 16, 1947, the Chinese were informed of the availability of surplus ammunition and explosives and combat matériel including combat planes for the 8⅓-group program. A contract was signed on January 30, 1948, for the purchase at 17½ cents on the dollar of all surplus stocks in the United States, including Hawaii, available for the 8⅓-group program, except combat aircraft, which were available and were separately negotiated. (This contract was revised on March 16, 1948.) The Chinese, following negotiations with the OFLC, had concluded on January 7, 1948, an open-end contract for the purchase of all surplus ammunition in the Marianas at the nominal cost of 1 cent on the dollar.

On January 31, 1948, a contract supplementing that of November 6, 1947, was signed covering the sale of surplus combat equipment in the Pacific applicable to the 8⅓-group program, the ammunition component being sold at the nominal cost of 1 cent on the dollar.

On April 29 and June 11, 1948, contracts were signed covering the sale of surplus ammunition located on Hawaii.

On May 22, 1948, a contract was concluded for the sale of the surplus ammunition remaining in the Pacific and not included in previous contracts. The bulk of the ammunition covered by this contract was located at Okinawa.

Mr. KNOWLAND. Mr. President, I also ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, articles from the New York Times and the New York Herald Tribune of September 24, 1949, entitled, respectively, " 'People's' Democracy" and "China's 'People's Republic.' "

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times of September 24, 1949]

"PEOPLE'S" DEMOCRACY

In announcing the framework of the Communist regime in China Mao Tze-tung and his colleagues have clung to the familiar brand of double talk. It is to be the "people's" government, the "people's" democracy, the "people's" millennium. Just where this fits into Mao's July declaration that China was to have a "democratic dictatorship" is not explained. For that matter Mao and his comrades have not bothered to enlighten the Chinese, or us, on what is democratic about a dictatorship or how those two antithetical words happened to get into one propaganda phrase in the first place.

We have had ample demonstration of the fatuous falsehood of "people's" government in eastern Europe. If the Chinese Communists are as intelligent as they are supposed to be they must know that the myth has been exploded, internationally, and that the slogans must be for internal consumption only. They may hope, however, to give some comfort to those Americans who still persist in seeing some sort of vague social revolution in the Communist military conquest of China. They are at least keeping up the front of popular rule in their nomenclature, if not in their practice.

The thesis that the mass of the Chinese populace has flocked to the support of the Communist invaders because of their disgust with the undemocratic processes of the Kuomintang cannot survive candid inspection. The mass of the Chinese populace, as such, have never supported any government since the Ming dynasty, if they did then. Government, good or bad, has been endured and ignored. The Chinese revolution that began in 1911 was a controlled movement, not a grass fire. By the same token, the Communist "revolution" has been an organized invasion, not a spontaneous revolt.

The "people's" council, called to Peiping, was not elected; it was appointed by the Communist rulers. No "people's" mandate has given authority to Mao Tze-tung, Liu Shao, or Chu Teh. They are in China as military conquerors, supported by and alined to an external imperialism, that of the Soviet Union. They have already given ample and

vivid demonstration of what happens to the "people's" voice if it is so misguided as to be raised in opposition.

The Communist leaders in China have shown clearly enough that they are under no illusions about the popular base for their dictatorship. They have taken and are taking no chances. Rule by the "people" means rule by a tiny select coterie which, in turn, is careful to proclaim its loyalty to the Soviet Union. The fiction of "democracy" may be harmless on its face, but it is a matter of gravity whenever the "people's" regime demands recognition and so long as some Americans persist in explaining as a phenomenon of social upheaval what has been merely the triumph of well-organized, well-disciplined, and well-supplied force.

[From the New York Herald Tribune of September 24, 1949]

CHINA'S "PEOPLE'S REPUBLIC"

It is extremely interesting to note the manner in which the Chinese Communists have duplicated the proceedings of other Soviet satellites in establishing their "People's Republic of China." There is the usual tribute to Russian leadership, the usual attack on imperialism, and the usual infusion of non-Communist stooges into the governmental organization to create, if possible, the impression that here is a popular front of all progressive elements in China. One would imagine that some bureaucrat in the Kremlin had dug into a file labeled "People's Republics," brought out the standard blueprint, and telegraphed it to Mao Tse-tung (or whoever acts in his name on behalf of the Politburo) with instructions to substitute "China" wherever the name of Bulgaria, Poland, Hungary, Rumania, or Czechoslovakia appeared.

But China is not Poland or Hungary or a Balkan state, and even Yugoslavia, as the Kremlin has learned by unhappy experience, will not fit easily into a Russian pattern. Mao may go through the motions which Moscow ordains, insofar as the window-dressing of a People's Republic is concerned, but when it comes to decisions affecting the timeless way of Chinese life, the ingrained prejudices, philosophy, and aspirations of stubborn millions, the pat phrases and devices derived from Marx, by way of Lenin and Stalin, will not do. The peasant who wants land, and some peace and security in which to till it, is not an embittered intellectual or industrial worker whose imagination has been captured by the Marxist analysis of capitalism. He is not to be won to the People's Republic by a vision of collective farms or state ownership of the means of production. So Liu Shao-shi, member of the Chinese Politburo, rebuked those advanced students of Marxism at the People's Political Consultative Conference at Peiping who wished to write "the future socialism of China into the common program."

"The taking of serious Socialist steps in China," said Liu, "is a thing of the rather far future." He had no doubt that these steps would eventually be taken, but now they might cause confusion. The present program calls for governmental and military machinery, and economic, cultural, and educational policies—a rather stark case in which the dictatorship of the proletariat is summoned into existence without the socialism that ostensibly it was intended to serve.

To be sure, the Russian mujik who fought for the Bolsheviks in the Russian civil war did not realize that the land which he hoped to gain through their aid would be taken from him by them as soon as they were strong enough to do so. And that hour of strength came with uncanny speed. The same may occur in China. But the main point, so far as the world outside China is concerned, is that a Communist dictatorship, subservient to Russia, has formally come into being in that vast extent of China which is subject to the Chinese Red forces. The chief threat to a democratic world will not come from the political changes which may take place in that ancient land, but the effectiveness with which a predatory power establishes itself in control. In that light the statements of Liu have only a short-term significance.

Mr. CONNALLY. Mr. President, I yield 10 minutes to the Senator from Arkansas [Mr. FULBRIGHT].

The VICE PRESIDENT. The Senator from Arkansas is recognized for 10 minutes.

Mr. FULBRIGHT. Mr. President, I wish to say a few words in regard to Mr. Butterworth. I hope I may clarify the situation a little.

I think the fundamental defect in the argument of the Senator from California and other Senators is that they are assuming that the policy they condemn has been made by Mr. Butterworth. I am unable to see that they have established any connection between Mr. Butterworth and the policy of which they disapprove. I do not think it is material or relevant to try to defend that policy. The fact is that Mr. Butterworth had little, if anything, to do with the policy which has been condemned so vigorously here.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. FULBRIGHT. My time is very limited, but I yield for a question.

Mr. BRIDGES. I wish to ask just one question. The Senator has said that no connection has been shown between Mr. Butterworth and the far-eastern policy. Certainly the fact that he supervised the Far Eastern Division shows a connection, does it not?

Mr. FULBRIGHT. His heading of the Far Eastern Division, began quite recently. I wish to be very specific about the timing. I think the point which has been made by the Senator from California should have been raised, if the blame is to be put where it should be, in connection with the confirmation of the nomination of the present Secretary of State or in connection with General Marshall or with some of those who were actually in charge. I want to draw particular attention to exactly what the record and experience and positions of Mr. Butterworth in recent years have been. These are the accurate records, taken recently from the Department of State's files:

He entered the Foreign Service in 1928. That early period has already been described. Although I have before me a statement regarding it, I think I shall skip over that portion.

He was assigned, shortly after the United States entered the war, as a Secretary of Embassy in both Madrid and Lisbon and as Director General of the U. S. Commercial Company, an RFC subsidiary, for the Iberian Peninsula. In this dual capacity, he was charged with the responsibility of the wartime economic and financial arrangements, including the preclusive buying of strategic materials, throughout the Iberian Peninsula. That is the one program which should be a matter of debate and inquiry here if we are challenging his ability, because that was a very important one, and, generally speaking, I think it was very well handled. He was an expert in financial matters. He had had prior experience in London.

Shortly before the invasion of Normandy, he became counselor of the Embassy at Madrid, where he remained until he was transferred to China. He proceeded to China, not via the United States, but via Suez, arriving in Shanghai in May 1946; and he proceeded directly to Nanking, where the capital had recently been moved from Chungking. He was not attached to the mediatory mission of General Marshall, who had arrived in China in December 1945. General Marshall came back to the United States for consultation in March 1946, and returned to China in April 1946. Mr. Butterworth did not participate in the negotiations connected with that mediatory effort, when the incidents took place which the Senator from California has criticized so vigorously. Mr. Butterworth had nothing whatever to do with that effort by the State Department and General Marshall.

Mr. Butterworth was in immediate charge of the Embassy, and it was in this connection that he served as Minister-Counselor during his assignment in China. He was not a policy-making man. He was not the man to whom Gen. Patrick Hurley was referring in his criticism of what went on in China. That was 2 or 3 years prior to this time. The defect in the argument of the Senator is that he is assuming a connection between Mr. Butterworth and the policies of which he disapproves. It is an effort to ascribe guilt by association. Because Mr. Butterworth later came into the picture, he is to be held responsible for everything done prior to that time in China, and during all of that time, primarily, in the Department of State.

Mr. Butterworth was instructed in 1947 to return to the United States for consultation, and after a period of consultation and leave, he became, on the instructions of the Secretary of State, Director of the Office of the Far Eastern Affairs in the Department of State, on September 15, 1947. So we find Mr. Butterworth proceeding for the first time to China in April 1946. He left there in September 1947. Prior to that time both Mr. Hurley's experience which has been described very graphically here and General Marshall's mission had occurred. In part there was overlapping, but Mr. Butterworth certainly cannot in any reasonable sense be held responsible for the effect, whatever it may have been, of General Marshall's mission.

I do not think it at all proper to try to ascribe to Mr. Butterworth the blame, if there is reason for blame, for the failure of our policy in China. During his 21 years of service, from 1928 until now, he served only about 15 months in China. His principal qualifications, his principal experience has been in the financial field, as representative of the United States Commercial Company, a subsidiary of Reconstruction Finance Corporation, in Spain, and he was the special representative of the Treasury Department for stabilization-fund operations in

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London from 1935 to 1941. To ascribe to him the failure of a political policy seems to me to be completely unwarranted. There is no justification for trying to put the blame for the failure of that policy on Mr. Butterworth. As I say, of course, General Marshall is a great figure and a great general, and I suppose people hesitated to criticize him for the results in China. But if blame is to be ascribed, it certainly must be ascribed either to General Marshall or to the Department of State, which was giving him instructions. It could not be ascribed to a relatively minor official of the Department, serving as Minister-Counselor. He was not even an ambassador. I think anyone who is familiar with the present operations of our foreign service should know that the Minister-Counselor of an embassy does not determine the over-all policy. He carries out orders. The policy is determined in the Department of State, on the advice perhaps of the Ambassadors, at times, but not on the advice of the Minister-Counselor. On his record, I can see no kind of reasonable criticism that can be ascribed to him.

As a personal matter, it happens that I have known Mr. Butterworth personally since 1925. I knew him when he was in Oxford. He was an outstanding scholar, possessed of a very pleasing personality. He is what I would call one of the most genuine Americans I have ever known. To those who have not seen Mr. Butterworth, I may say he is a very fine-looking man and has a fine presence. He has none of the defects sometimes ascribed to our State Department officials, who are called the striped-pants boys, and so on. He is not a man of that kind. In fact, I can think of no other man I have known in the Department who is better qualified to be a top official in the Department of State than is Mr. Butterworth. I think it would be a great reflection upon the judgment of the Senate to single out this man, who has devoted his whole life—and a very excellent one, too—to patriotic service, and ascribe or attribute to him a policy, with the formulation of which he had absolutely nothing to do. In the one short period of 15 months, whatever he did in China was of an administrative nature. I do not think there is the slightest evidence that he was responsible for the formulation of the policy.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Massachusetts?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. How responsible was Mr. Butterworth for the appointment of some of the persons in the Far Eastern Division of whom we have heard considerable criticism at various times? He was head of the Far Eastern Division from 1947 on, was he not?

Mr. FULBRIGHT. I call to the attention of the Senator the fact that the criticism I have heard from the Senator from California, related first to the period of Mr. Hurley's experience in 1943 and 1944, while Mr. Butterworth was in Lisbon and Madrid, and was occupied with his duties there. Then General Marshall went to China. The decisions which, I think, resulted in the failure of our policy were made during the period when General Marshall was there. Mr. Butterworth entered the picture in 1947, after those decisions had been made. By that time the failure of the effort to bring about a coalition had become evident. Whether that was a good policy may be a point to argue about. I, myself, have been inclined to think the effort was a misguided one and a poor one. My only point is that Mr. Butterworth had nothing to do with the formulation of that policy. Every one of those who have been criticized so severely by Mr. Hurley and others had been appointed before Mr. Butterworth came into the Office of Far Eastern Affairs.

So, I believe, when we look at this man's education, which is of the very best, his experience and his gradual but steady advancement in the service, it would be impossible to find a better qualified or higher type of career officer in our whole Government, certainly in our Foreign Service, than is Mr. Butterworth. There has never been the slightest criticism of Mr. Butterworth personally. In the committee, in the discussion of Mr. Butterworth, the same sort of process of guilt by association was used, because the China policy had failed. Now it is argued that, he being the head and director of the Office of Far Eastern Affairs, therefore it is all his fault. What is completely overlocked is that he came into that position after the decisions were made which have resulted in a failure of our policy in that area.

I think it entirely unwarranted to bring into this picture Mr. Hurley's experience and his criticism of the Department. It took place while Mr. Butterworth was in Spain, and yet it is obvious that the only reason it was brought up here was that there was an effort to prejudice him or to leave the implication in our minds that in some way Mr. Butterworth was responsible for the conditions about which Mr. Hurley complained. I do not see that there can be any justification for an attack of that kind upon Mr. Butterworth and his qualifications for this particular position.

When we consider his all-around experience, for example, in Singapore in 1929, in Ottawa, in London, and then in Lisbon and Spain, I think we would be very hard-pressed to find a man who has had a broader experience or who is better qualified to be an Assistant Secretary of State. I know of no instance in which he has appointed an official or made a policy to which can be ascribed the sad situation in China. He came in as an administrative officer after that period. Had he been in the Far East from 1944 on, I should say his opponents might have some reason to attribute the policy to him.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. What I meant was the persons who were appointed in the Far Eastern Division. Did Mr. Butterworth make those appointments?

Mr. FULBRIGHT. I do not think he did. He has been there only since 1947. The persons whom I have heard criticised were in that Division before 1947.

The VICE PRESIDENT. The time of the Senator from Arkansas has expired.

Mr. FULBRIGHT. I think the record is clear that both of the criticisms which have been made pertain to a policy in effect prior to Mr. Butterworth's entrance into that particular office.

Mr. KNOWLAND. Mr. President, I yield myself 5 minutes.

I think the point raised by the able Senator from Massachusetts is a good one. In the speech which I made last night I tried to make it perfectly clear that the particular criticism which Ambassador Hurley raised was not directed at Mr. Butterworth, and, in fairness, I want to make the RECORD perfectly clear. But I think the pertinent question which the able Senator from Massachusetts has raised is this, that for the period from 1947 until this time Mr. Butterworth has been the head of the Far Eastern Division. He has been nominated to be the Assistant Secretary of State for Far Eastern Affairs. In view of the fact that the State Department and the President have had this information from Ambassador Hurley for a period of 4 years, what steps have been taken by Mr. Butterworth, in his responsible position, to clear out of the Department those who Ambassador Hurley charged had undermined the American policy in China, and had deliberately gone against the instructions of both President Roosevelt and President Truman? So far as I know, that information has never been presented to the Senate of the United States.

Mr. President, I want to read at this time an editorial which appeared in the Washington News of September 22, 1949, which is labeled "New Red Republic":

NEW RED REPUBLIC

The Communist proclamation announcing establishment of a new "People's Republic of China" should be an occasion for rejoicing in the State Department's Office of Far Eastern Affairs, which has been working toward that end since 1944.

While unsuccessful in its efforts to persuade the United States Army to arm the Chinese Reds during the war, this Far Eastern Affairs Office succeeded in ending American assistance to the Nationalist Government.

Since then it has done everything in its power to undermine Nationalist prestige and morale. The white paper recently published by the State Department was typical.

When the Nationalist capital was moved from Nanking to Canton, Ambassador J. Leighton Stuart was left in Nanking. Then he was recalled to the United States. Minister Lewis Clark followed up by closing the Canton consulate and notifying the Chinese Foreign Office that American interests there had been transferred to the British consulate.

This was the next thing to withdrawing our recognition from the Nationalists. And it is just two steps removed from formal recognition of the new Red regime.

The Canton consulate was the oldest United States diplomatic establishment in China. Its closing was damaging to Nationalist morale at a critical moment, as it may have been intended to be. For, on his departure, Mr. Clark explained that he had information the city would be in Communist hands within a week. That was August 24, and the city hasn't fallen yet. But America added nothing to its reputation in the Far East by taking a powder in this manner while the British stayed on.

This run-out may rise to haunt us in the days to come, for the East has a long memory.

Mr. President. I wish to read to the Senate a letter which I today addressed to Secretary of State Acheson. It is as follows:

SEPTEMBER 27, 1949.

The Honorable DEAN ACHESON,
Secretary of State,
State Department,
Washington, D. C.

DEAR MR. SECRETARY: Yesterday, by telephone, my office requested from the office of Mr. Ernest A. Gross, of the State Department, that we be supplied with copies of all agreements and protocols signed at the Moscow Conference of Foreign Ministers held December 16–26, 1945.

Pursuant to this request there was sent to us the following documents:

One of these (marked by me as "A") is the radio address of Secretary of State Byrnes made at 10 p. m., eastern standard time, December 30, 1945.

The second (marked "B") is a State Department publication which contains the above-mentioned radio address, plus what is entitled "Soviet-Anglo-American Communiqué" and "Report on Moscow Meeting of Foreign Ministers."

The third document (marked "C") is entitled "Moscow Agreement, 1945," which appears to contain the same information as in Document No. B, without the Byrnes radio address.

The inquiry, which, as a Member of the Senate of the United States, I wish to address to you, is this: Are there any agreements or protocols relating to China and the Far East——

The VICE PRESIDENT. The Senator's time has expired.

Mr. KNOWLAND. I yield the remainder of my time to myself.

I continue to read from the letter to the Secretary of State:

Are there any agreements or protocols relating to China and the Far East that were agreed to or signed at the Moscow Foreign Ministers Conference December 16–26, 1945, which are not included in these documents which were furnished me by the State Department?

On page 121 of his book, Speaking Frankly, former Secretary of State James F. Byrnes states as follows: "Members of the staff were asked to prepare the protocol to be signed by the three Foreign Ministers. This was completed about 2:30 in the morning, and in a formal meeting there were nine copies that each of us had to sign. Mr. Bevin signed first and the papers were passed to me. After signing, I arose to say goodby to a member of the British delegation seated near me."

I would appreciate it very much if this information could be furnished me at the earliest possible date.

With best personal regards, I remain,
Sincerely yours,

WILLIAM F. KNOWLAND.

Mr. President, in conclusion, I merely wish to say that no one has charged Mr. Butterworth alone with being responsible for our Chinese policy, but, just as he, as head of the Far Eastern Division, was entitled to take some of the credit for whatever success he may have had as the responsible head of that Division for 2 years, as a man who has been nominated to be Assistant Secretary of State for Far Eastern Affairs, he cannot escape some of the responsibility for a policy which has not only endangered all the free people of China, but may very well have endangered the peace of the world and the security of the United States.

The VICE PRESIDENT. The time of the Senator from California has expired.

Mr. CONNALLY. Mr. President, I yield 3 minutes to the Senator from Utah [Mr. THOMAS].

The VICE PRESIDENT. The Senator from Utah is recognized for 3 minutes.

Mr. THOMAS of Utah. Mr. President, I do not know Mr. Butterworth personally. I do not know the State from which he comes. My first contact with him was in connection with his appearance before the Committee on Foreign Relations. There I found him capable and thoroughly understanding. I have had experience with persons who were supposed to be experts on the Far East, for much of my lifetime, and I think I can judge men about as well as can anyone else. I think Mr. Butterworth proved that he was not only well informed, but that his judgment in regard to China's past and China's present, at that time, was extremely good. Whenever there was a technical question propounded to him he was able to answer it, and whenever there was some question dealing with the great controversy that was then going on with reference to China, he was as well informed as are most of the representatives of the State Department. As to his knowledge of communism I know nothing. I do know that his knowledge at one particular time was not so great as was that of some other persons regarding the threat of communism.

Mr. President, I shall vote for the confirmation of his nomination. I shall do so knowing that the State Department and the Secretary of State have made no mistake in entrusting to Mr. Butterworth the increased authority he is to have.

The VICE PRESIDENT. The Senator from Texas has 1 minute remaining.

Mr. CONNALLY. I had 7 minutes, and I gave 3 to the Senator from Utah.

The VICE PRESIDENT. The Chair does not think the Senator had 7 minutes.

Mr. CONNALLY. I was told by the Parliamentarian that I had 7 minutes.

The VICE PRESIDENT. The Senator from Arkansas ran over his time.

Mr. CONNALLY. I did not know that. I yielded him only so much time.

Mr. President, I cannot add anything that is of advantage to the Senate. The Senator from California does not claim that Mr. Butterworth is responsible for the policy in China. What has that policy been? To give China more than $2,000,000,000 of the money of the people of the United States in an effort to help her. We have never taken a position of helping the Communists. General Marshall spent more than a year in China. He was not sitting at a desk in Washington; he was in China, endeavoring to help the Nationalist government. That is the reason he went there. But he was not successful in all respects.

We hear talk about General Hurley. I have nothing against General Hurley, but he left China before Butterworth went to China. The general could not have been referring to Butterworth, because Butterworth was not there when Hurley was there.

The VICE PRESIDENT. The Senator's time has expired. All time for debate has expired.

Mr. CONNALLY. Mr. President, I make the point of no quorum.

Mr. WHERRY. Mr. President, will the Senator withhold the point in order that I may address a parliamentary inquiry to the Chair?

Mr. CONNALLY. Yes; I withhold it.

Mr. WHERRY. I thank the Senator.

The VICE PRESIDENT. The Senator fron Nebraska will state his inquiry.

Mr. WHERRY. Is a motion in order to recommit the nomination to the standing committee which reported it?

Mr. CONNALLY. It is not.

The VICE PRESIDENT. Under precedents which are of long standing, such a motion is not in order, and has been held so many times.

Mr. WHERRY. Is that because the unanimous-consent agreement is inviolate, and no motion can be made at this time under the unanimous-consent agreement?

The VICE PRESIDENT. The theory of the ruling seems to have been that a unanimous-consent agreement of this sort deprives Senators of the right to make such a motion at all. That is what presiding officers held for a long period of years. While the present occupant of the chair is not impressed with the logic of the original ruling, it has been followed by all presiding officers since it was made, and the present occupant of the chair is not disposed to disturb it.

Mr. WHERRY. Mr. President, in all sincerity I wish to propound another parliamentary inquiry, because I think our rules should remain inviolate if possible. If a motion to adjourn were made, would it be in order?

The VICE PRESIDENT. A motion to adjourn is theoretically always in order, but the Chair would not like to pass upon that question until such a motion were made and the Chair could consider it.

Mr. WHERRY. There is no intention on the part of the junior Senator from Nebraska to obstruct the vote, and I am not going to make the motion, but is there a difference between a motion to adjourn and any other motion any Senator might like to make, as outlined in rule XXII, if a motion could be made at this time? Is there any precedent against it?

Mr. CONNALLY. Mr. President, I make the point of order that that is speculative.

The VICE PRESIDENT. The Parliamentarian advises the Chair that some years ago a similar question arose, and that the Chair held that a motion to adjourn could not be made when the hour for voting had arrived under a unanimous-consent agreement. In one former precedent the unanimous-consent agreement to vote included the right to make a motion to recommit to the committee the matter under consideration.

Mr. WHERRY. Then, in the case of any future unanimous-consent agreement, in order to preserve the right to make a motion to recommit, or any other motion, it will be necessary to make it a part of the provisions of the unanimous-consent request?

UNIVERSITY OF MICHIGAN LIBRARIES

The VICE PRESIDENT. That would seem to follow from the precedent heretofore set and all the other precedents holding that in the absence of such a provision a motion could not be made.

Mr. WHERRY. I should like to propound another parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. Recently, on August 29 last, the junior Senator from Nebraska took the exact position which the distinguished occupant of the Chair has taken, with relation to an amendment offered by the Senator from Arkansas [Mr. McCLELLAN] to the military appropriation bill. I am quite satisfied that the distinguished occupant of the Chair will recall that at the beginning of the session I addressed a parliamentary inquiry as follows:

Inasmuch as the Senate has agreed to vote on the McClellan amendment at 2 o'clock, is a point of order good against the McClellan amendment now, since an agreement has been made to vote upon it?

The distinguished Vice President first said he thought that possibly it would not be good, but afterwards, in the colloquy which developed between the Senator from Arkansas, the Senator from Illinois, and the Senator from Nebraska, the distinguished Vice President held that a point of order could be made. An appeal was taken, the appeal was lost, and the decision stood.

My parliamentary inquiry now is, What is the difference between a point of order being made prior to vote under a unanimous-consent agreement, and a motion being made or any other parliamentary procedure being followed, in view of the fact that I interpret the observations of the distinguished occupant of the Chair to mean that the unanimous-consent agreement is inviolate, that it cannot be abridged except by another unanimous-consent agreement to set it aside.

The VICE PRESIDENT. In the case cited by the Senator the Chair held, as he recalls, that the agreement to vote at a certain hour did not prevent Senators making a point of order against an amendment. That position cannot be taken in this case, because no amendment can be offered to a nomination, which is either to be confirmed or not to be confirmed.

Mr. WHERRY. That was not the point I was making. As I understand, the point is that a motion to recommit is not in order because of the unanimous-consent agreement. The parliamentary inquiry I made was, is there a difference in value between a point of order because the right to make the point was not preserved in the unanimous-consent agreement, and the case of the so-called McClellan amendment? That is the point I am making, is there any difference?

The VICE PRESIDENT. The Chair thinks there is a difference, from a parliamentary viewpoint, between a point of order made against an amendment to a bill and a motion to recommit a nomination. The Chair thinks there is a difference, because there is no way to amend a nomination. There is no point of order that can be made against an amendment to a nomination because no one can make such an amendment. The Chair recalls that in the case cited he held, and he still adheres to the view, that a mere agreement to vote on a bill and all amendments which might be pending or might be offered, without further debate, did not deprive a Senator of the right to make a point of order against the validity of an amendment in the first instance, and the Chair now upholds that decision.

Mr. WHERRY. So that it is the opinion of the present occupant of the chair that it is unnecessary to provide in a unanimous-consent agreement the right to make a point of order, that that goes with it, so far as amendments are concerned?

The VICE PRESIDENT. Yes.

Mr. WHERRY. But in the case of the nomination of a person, a motion to recommit is not in order?

The VICE PRESIDENT. Of course, it is always difficult and probably erroneous for a presiding officer to render decisions on speculative situations which may arise in the future. Based upon the ruling of the Chair on the occasion referred to, and the vote of the Senate to sustain the ruling, the Chair would feel that it is not necessary to include in a unanimous-consent agreement to vote at a certain hour on a bill the preservation of the right of Senators to make a point of order.

The question is, Will the Senate advise and consent to the nomination of W. Walton Butterworth to be Assistant Secretary of State?

Mr. CONNALLY. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hill	Mundt
Anderson	Holland	Murray
Bridges	Humphrey	Myers
Butler	Ives	Neely
Byrd	Jenner	O'Conor
Cain	Johnson, Colo.	O'Mahoney
Capehart	Johnson, Tex.	Pepper
Chapman	Johnston, S. C.	Reed
Chavez	Kem	Robertson
Connally	Kerr	Saltonstall
Cordon	Kilgore	Schoeppel
Donnell	Knowland	Smith, Maine
Douglas	Langer	Sparkman
Downey	Long	Stennis
Ecton	Lucas	Taylor
Ellender	McCarthy	Thomas, Okla.
Ferguson	McClellan	Thomas, Utah
Frear	McFarland	Tobey
Fulbright	McKellar	Watkins
George	McMahon	Wherry
Gillette	Magnuson	Wiley
Green	Malone	Williams
Gurney	Martin	Withers
Hayden	Maybank	Young
Hendrickson	Miller	
Hickenlooper	Millikin	

The VICE PRESIDENT. A quorum is present.

The question is: Will the Senate advise and consent to the nomination of W. Walton Butterworth, of Louisiana, to be Assistant Secretary of State?

Mr. WHERRY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. HOEY], and the Senator from Rhode Island [Mr. LEAHY] are absent on public business.

The Senator from North Carolina [Mr. GRAHAM] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. McCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from North Carolina [Mr. GRAHAM] is paired on this vote with the Senator from Ohio [Mr. BRICKER]. If present and voting, the Senator from North Carolina would vote "yea," and the Senator from Ohio would vote "nay."

The Senator from Rhode Island [Mr. LEAHY] is paired with the Senator from Maine [Mr. BREWSTER]. If present and voting, the Senator from Rhode Island would vote "yea," and the Senator from Maine would vote "nay."

I announce further that if present and voting, the Senator from Maryland [Mr. TYDINGS] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from Ohio [Mr. BRICKER], who is absent by leave of the Senate, is paired with the Senator from North Carolina [Mr. GRAHAM]. If present and voting, the Senator from Ohio would vote "nay," and the Senator from North Carolina would vote "yea."

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from Ohio [Mr. TAFT], who is necessarily absent, is paired with the Senator from Minnesota [Mr. THYE], who is absent by leave of the Senate. If present and voting, the Senator from Ohio would vote "nay," and the Senator from Minnesota would vote "yea."

The Senator from Maine [Mr. BREWSTER], who is absent by leave of the Senate, is paired with the Senator from Rhode Island [Mr. LEAHY]. If present and voting, the Senator from Maine would vote "nay," and the Senator from Rhode Island would vote "yea."

The Senator from Vermont [Mr. FLANDERS] is detained on official business.

The Senator from Oregon [Mr. MORSE] is necessarily absent.

The result was announced—yeas 49, nays 27, as follows:

YEAS—49

Aiken	Holland	Myers
Anderson	Humphrey	Neely
Byrd	Johnson, Colo.	O'Conor
Chapman	Johnson, Tex.	O'Mahoney
Chavez	Johnston, S. C.	Pepper
Connally	Kerr	Robertson
Cordon	Kilgore	Smith, Maine
Douglas	Long	Sparkman
Downey	Lucas	Stennis
Ellender	McClellan	Taylor
Frear	McFarland	Thomas, Okla.
Fulbright	McKellar	Thomas, Utah
George	McMahon	Tobey
Gillette	Magnuson	Wiley
Green	Maybank	Withers
Hayden	Miller	
Hill	Murray	

NAYS—27

Bridges	Hickenlooper	Millikin
Butler	Ives	Mundt
Cain	Jenner	Reed
Capehart	Kem	Saltonstall
Donnell	Knowland	Schoeppel
Ecton	Langer	Watkins
Ferguson	McCarthy	Wherry
Gurney	Malone	Williams
Hendrickson	Martin	Young

NOT VOTING—20

Baldwin	Hoey	Russell
Brewster	Hunt	Smith, N. J.
Bricker	Kefauver	Taft
Dulles	Leahy	Thye
Eastland	Lodge	Tydings
Flanders	McCarran	Vandenberg
Graham	Morse	

So the Senate advised and consented to the nomination of W. Walton Butterworth, of Louisiana, to be Assistant Secretary of State.

The VICE PRESIDENT. Without objection, the President will be notified of the confirmation of the nomination.

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. BYRD, from the Committee on Armed Services:

Maj. Gen. Alfred Maximilian Gruenther, O12242, United States Army, for appointment as Deputy Chief of Staff for Plans and Combat Operations, United States Army, with the rank of lieutenant general;

Maj. Gen. Anthony Clement McAuliffe, O12263, Army of the United States (brigadier general, U. S. Army), for appointment as Chief of the Chemical Corps, United States Army, and for appointment as major general in the Regular Army of the United States;

Edna L. Cox and sundry other persons for appointment in the Regular Army of the United States;

John S. Folawn and sundry other persons for appointment in the Regular Army of the United States;

Jim Vance Alexander and sundry other officers for promotion in the United States Air Force;

Rear Adm. Arthur H. Dearing, Medical Corps, United States Navy, for permanent appointment to the grade of rear admiral in the Medical Corps of the Navy;

Rear Adm. Clifford A. Swanson, Medical Corps, United States Navy, for temporary appointment to the grade of rear admiral in the Medical Corps of the Navy; and

Eleanor M. Bach and sundry other citizens for permanent appointment to the grade of second lieutenant in the Marine Corps.

TRANSACTION OF ROUTINE BUSINESS

The Senate resumed the consideration of legislative business.

Mr. LUCAS. Mr. President, I ask unanimous consent that Senators be permitted to introduce bills and resolutions, and submit matters for printing in the RECORD, without debate.

The VICE PRESIDENT. Without objection, it is so ordered.

PETITION

Mr. GILLETTE presented a petition of sundry citizens of Des Moines, Walnut, Grimes, and Polk City, Iowa, all railway employees, praying for the enactment of legislation to amend the railway pension law so that it will be optional for such employees to receive their retirement annuity on reaching the age of 60 and having 20 years of railroad service or 30 years of service, regardless of age, which was referred to the Committee on Labor and Public Welfare.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHAPMAN, from the Committee on Armed Services:

S. 2290. A bill to authorize an appropriation for the making of necessary improvements in the cemetery plots at the Blue Grass Ordnance Depot, Richmond, Ky.; without amendment (Rept. No. 1108).

By Mr. O'MAHONEY, from the Committee on Interior and Insular Affairs:

H. R. 2369. A bill to authorize an appropriation to complete the International Peace Garden, North Dakota; without amendment (Rept. No. 1109).

BILL INTRODUCED

Mr. CORDON (for himself and Mr. MORSE) introduced a bill (S. 2606) to authorize the construction of a dam and dike to prevent the flow of tidal waters into Otter Slough, Douglas County, Oreg., which was read twice by its title, and referred to the Committee on Public Works.

CONVERSION OF NATIONAL BANKS—MINORITY VIEWS

Mr. DOUGLAS (for himself, Mr. TAYLOR, and Mr. FLANDERS), members of the Committee on Banking and Currency, submitted minority views on the bill (H. R. 1161) to provide for the conversion of national banking associations into and their merger or consolidation with State banks, and for other purposes, which were ordered to be printed with the majority report (No. 1104).

STABILIZATION OF PRICES OF AGRICULTURAL COMMODITIES—AMENDMENTS

Mr. AIKEN submitted amendments intended to be proposed by him to the bill (S. 2522) to stabilize prices of agricultural commodities, which were ordered to lie on the table and to be printed.

INCREASED COMPENSATION OF CERTAIN GOVERNMENT OFFICIALS — AMENDMENTS

Mr. McCLELLAN submitted amendments intended to be proposed by him to the bill (H. R. 1689) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, which were ordered to lie on the table and to be printed.

Mr. FERGUSON submitted an amendment intended to be proposed by him to the amendment in the nature of a substitute intended to be proposed by Mr. JOHNSON of Colorado (for himself and other Senators) to House bill 1689, supra, which was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

At the end of the substitute insert the following new section:

"SEC. 8. (A) With a view to bringing the estimated Federal expenditures within estimated Federal receipts for the fiscal year ending June 30, 1950, the President is authorized and directed to make such reductions in the amounts to be expended by all agencies from any and all appropriations and funds made available prior to the expiration of the first regular session of the Eighty-first Congress, for expenditure in such fiscal year, as will in the aggregate equal not less than 5 percent nor more than 10 percent of the total amounts estimated for expenditure in the budget for the fiscal year 1950 by all agencies, as adjusted to conform with the total amounts estimated for expenditure under appropriations and funds actually made available prior to the expiration of such session: *Provided*, That any reduction in amounts estimated for expenditure brought about as a result of reductions made by Congress in the aggregate appropriations and funds made available to any agency below the aggregate of estimates submitted in said budget (including amendments thereto) for such agency, shall be used for the purpose of computing (1) the aggregate reduction required to be made under this section, and (2) the over-all limitations specified in this section with respect to such agency; and in carrying out this section the President is requested to give appropriate consideration to reductions made by Congress in the appropriations and funds made available to any agency.

"(B) As used in this section—

"(1) The term 'appropriations and funds made available' shall include the amount of any borrowing authority estimated for in the budget for the fiscal year 1950; and

"(2) The term 'agency' means any executive department, independent establishment, or corporation which is an instrumentality of the United States.

"(C) In order to accomplish the reductions in expenditures required by this section, the President is authorized to direct any officer in the executive branch of the Government to refrain from creating, notwithstanding any other provision of law, any obligation or commitment which would require an expenditure during the fiscal year 1950, under any appropriation, fund, contract authorization, or borrowing authority over which such officer exercises administrative control, in such amounts as he may deem necessary. No such officer shall create any obligation or commitment under any borrowing authority which would require an expenditure during the fiscal year 1950 in excess of any estimate included in the budget (or in excess of any estimate under any authority included in any act of Congress enacted after the submission of the budget for the fiscal year 1950) with respect to such obligation or commitment for such fiscal year or in excess of any amount established by direction of the President under the authority contained in this section; except that the President is authorized to waive the prohibition contained in this sentence in individual cases upon the happening of some extraordinary emergency or unusual circumstance.

"(D) Such reductions shall be made in a manner calculated to bring about the greatest economy in expenditure consistent with the efficient operation of the Government.

"(E) No reduction of expenditures required herein shall have the effect of reducing by more than 20 percent the estimated expenditures by any agency from appropriations and funds made available prior to the expiration of the first regular session of the Eighty-first Congress.

"(F) The President shall cause (a) the total amounts estimated for expenditure in the fiscal year 1950 (adjusted as provided in subsection A), (b) the amount of the reduction directed by him in obligations or commitments (as provided in subsection B), and (c) the amount of the reduction in each appropriation or fund account, to be certified to the Secretary of the Treasury, and shall make a detailed quarterly report thereon to the Congress within 15 days after the expiration of each calendar quarter during such fiscal year. The amounts so certified shall not be expended, or, in the case of contract authorizations and borrowing authority, the authority shall not be exercised to the extent of the reduction. The President shall also include in the quarterly report to Congress the actual figures showing the number of

UNIVERSITY OF MICHIGAN LIBRARIES

Federal employees at the beginning of the quarter and the estimated number of Federal employees at the close of the quarter."

AMENDMENT OF DISPLACED PERSONS ACT—AMENDMENT

Mr. MYERS. Mr. President, on behalf of myself and the distinguished junior Senator from Illinois [Mr. DOUGLAS], I submit for appropriate reference an amendment intended to be proposed by us jointly, to the bill (H. R. 4567) to amend the Displaced Persons Act of 1948, as an immediate and necessary step toward an ultimate constructive solution to the so-called German ethnic expellee question.

The Displaced Persons Act, passed by the Eightieth Congress in 1948, was used as the vehicle for amending part of our existing immigration law to provide that one-half of the German and Austrian immigration quotas should be devoted to admitting into the United States political exiles of German blood from eastern Europe. The combined German and Austrian quotas available to expellees under last year's amendment totaled somewhat more than 13,000 persons annually, and after a year's experience under that law, we are forced to conclude that the hastily drawn amendment has failed almost completely to achieve the purpose for which it was designed.

Instead of issuing a thousand or so visas a month to expellees, as the law provided, somewhere around 700 expellees have reached America thus far in 1949—a fact which in itself affords convincing proof that the law has been unworkable.

We propose in our amendment, then, to make this annual quota of 13,000 persons a workable quota which will, in fact, admit that number of people. In submitting our amendment at this time, we wish to invite discussion and comment prior to calling up Senate Resolution 160 to discharge the Judiciary Committee from further consideration of H. R. 4567, the amendments to the Displaced Persons Act passed by the House of Representatives earlier this session.

Our amendment to give us a workable immigration quota for expellees is aimed at carrying forward in somewhat more express detail an intent set forth in H. R. 4567 at the time it passed in the House. Section 9 of H. R. 4567 recognizes that the expellee proviso in last year's DP Act has proven unworkable, and to alleviate the deadlock, the House provided that the contract-labor clause ordinarily applying to immigrants shall not apply in the instance of the German ethnic expellee.

Frankly, after a rather thorough investigation of the entire question, both the junior Senator from Illinois and I have reached the conclusion that the provision of the House bill does not go far enough to assure the effective use of the expellee quota.

Our amendment spells out in detail two additional and affirmative guaranties that the quota will be filled. First, that assurances of support for expellees to warrant that they will not become public charges once they have reached America can now be given by organizations instead of individuals alone, as is now the law. This is identical to the provision in the present DP law which permits organization assurances for DP's and has proven so successful in the operation of that program during the past year under a law which has been exceedingly difficult to administer.

Our second guaranty will establish a fund amounting to approximately $2,500,000 in the coming year with which to pay the costs of transportation for expellees from Germany or Austria to the United States. This provision, too, is comparable to that contained under the DP program whereby the International Refugee Organization is currently paying transportation costs for DP's.

Our amendment, in addition, makes several other refinements which we feel will aid in making the expellee quota effective. We are waiving, in the instance of expellees, the costs of head taxes and visas, and are providing that the administration of the expellee quota be transferred to the Displaced Persons Commission because it is our feeling that the question of the German ethnic exiles presents a problem much more closely associated with the duties of the Commission than it is with the conventional operation of our immigration program. Certainly the expellees share with DP's the common problem of being people driven from their homelands and forced to make their way as best they can in an alien land.

In connection with the studies made in drafting our amendment we have made certain that we are not opening up a loophole through which may pour Nazis, Nazi sympathizers, Communists and fellow travelers, or any other breeders of hatred, discrimination, or oppression. The administration of the expellee quota will be governed by the same screening safeguards which today are in operation in filtering out these same groups who may have accumulated in the DP camps of Europe. The safeguards have been effective, and I cannot see any reason why the identical precautions will not work equally as well in the operation of the expellee quota.

We feel strongly that the steps proposed in our amendment are essential if we are to carry out in any effective fashion the intent of the Congress last year in establishing a priority for expellees. As I have already said, our intent of last year has not been carried out, and acting now in the light of experience, we are suggesting what seems to us to be the necessary minimum to assure that expellees now eligible for admission to the United States shall in fact be permitted to get here.

This is, of course, no long-range solution to the expellee question. Much added study will be necessary but our proposal today represents something on which we can take immediate action, and is, we feel, completely compatible with the spirit and motives with which the American people have faced their responsibilities in dealing with the tremendous problems posed by millions of Europeans who have been displaced and driven into exile as a consequence of Fascist or Communist oppression.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on the Judiciary.

PROTECTION AGAINST MISBRANDING AND FALSE INVOICING OF FUR PRODUCTS AND FURS—AMENDMENTS

Mr. JOHNSON of Colorado submitted amendments intended to be proposed by him to the bill (H. R. 5187) to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs, which were referred to the Committee on Interstate and Foreign Commerce, ordered to be printed, and to be printed in the RECORD, as follows:

On page 7, beginning with the comma following "paragraph" in line 4, strike out all down to and including "processed" in line 6.

On page 8, beginning with "unless" in line 6, strike out all down to and including "processed" in line 8.

On page 9, beginning with line 9, strike out all down to and including "processed" in line 11.

HOUSE BILL REFERRED

The bill (H. R. 6034) to provide for the establishment of a veterans' hospital for Negro veterans at the birthplace of Booker T. Washington in Franklin County, Va., was read twice by its title, and referred to the Committee on Labor and Public Welfare.

SMALL BUSINESS, FAIR TRADE, AND THE FAIR DEAL—ADDRESS BY SENATOR HUMPHREY

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an address on small business, fair trade, and the Fair Deal delivered by him before the fifty-first annual convention of the National Association of Retail Druggists, on September 22, 1949, which appears in the Appendix.]

ADDRESS BY SENATOR MARTIN AT ANNUAL CONVENTION OF NATIONAL ASSOCIATION OF STATE AUDITORS, COMPTROLLERS, AND TREASURERS

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an address delivered by him at the annual convention of the National Association of State Auditors, Comptrollers, and Treasurers, at Atlantic City, N. J., on September 19, 1949, which appears in the Appendix.]

HAPPENINGS IN WASHINGTON—ADDRESS BY SENATOR MARTIN

[Mr. MARTIN asked and obtained leave to have printed in the RECORD a radio address entitled "Happenings in Washington—Program No. 8," recently delivered by him, which appears in the Appendix.]

UNITED STATES, A CHRISTIAN NATION, SHOULD MAKE ANOTHER BID FOR PEACE—ADDRESS BY SENATOR WATKINS

[Mr. WATKINS asked and obtained leave to have printed in the RECORD a radio address entitled "United States, a Christian Nation, Should Make Another Bid for Peace," delivered by him on September 25, 1949, which appears in the Appendix.]

ECONOMY IN GOVERNMENT—STATEMENT BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD a statement prepared by him on the subject of the demand by American public opinion for economy in Government, which appears in the Appendix.]

INDEPENDENCE NATIONAL HISTORICAL PARK—STATEMENT BY JAMES M. MYLES

[Mr. MYERS asked and obtained leave to have printed in the RECORD a statement by James M. Myles, vice president of the Operative Plasterers and Cement Finishers International Association of the United States and Canada, urging the full appropriation of $4,435,000 authorized to be appropriated for Independence National Historical Park, Philadelphia, Pa., which appears in the Appendix.]

THE MEANING OF "STATISM"—ARTICLE BY JOSEPH HENRY

[Mr. MYERS asked and obtained leave to have printed in the RECORD an article entitled "Statism," written by Joe Henry and published in the Machinist for September 22, 1949, which appears in the Appendix.]

STATE OF EUROPE—ARTICLE BY ROSCOE DRUMMOND

[Mr. MYERS asked and obtained leave to have printed in the RECORD an article entitled "State of Europe—Communist Bug-a-boo Deflated," written by Roscoe Drummond and published in the Christian Science Monitor of September 24, 1949, which appears in the Appendix.]

BRITISH FARMING AS AN ECONOMIC ASSET—ARTICLE BY HARRY FERGUSON

[Mr. BUTLER asked and obtained leave to have printed in the RECORD an article entitled "British Farming as an Economic Asset," written by Harry Ferguson and published in the Washington Post of September 10, 1949, which appears in the Appendix.]

GOVERNMENT SUIT AGAINST THE GREAT ATLANTIC & PACIFIC TEA CO.—EDITORIAL COMMENT

[Mr. SALTONSTALL asked and obtained leave to have printed in the RECORD an editorial entitled "Sin of Low Prices," published in the Boston Herald of September 19, 1949, and an editorial entitled "A & P Suit" published in the Washington Post of September 26, 1949, which appear in the Appendix.]

THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION—ARTICLE FROM CHRISTIAN SCIENCE MONITOR

[Mrs. SMITH of Maine asked and obtained leave to have printed in the RECORD an article entitled "Keep Your Eye on the Turtle," written by Josephine Ripley and published in the Christian Science Monitor of September 14, 1949, which appears in the Appendix.]

LEAKAGE OF ATOMIC-ENERGY SECRETS

[Mr. O'CONOR asked and obtained leave to have printed in the RECORD a statement by George N. Craig, national commander of the American Legion, relative to possible leakage of atomic secrets, which appears in the Appendix.]

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. CONNALLY, and by unanimous consent, the Committee on the Judiciary was authorized to meet during the session of the Senate today.

On request of Mr. NEELY, and by unanimous consent, the Committee on the District of Columbia was authorized to sit tomorrow afternoon while the Senate is in session.

OMAHA PUBLIC POWER DISTRICT—ARTICLE AND EDITORIAL FROM OMAHA WORLD HERALD

Mr. BUTLER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a news item published in the September 26, 1949, issue of the Omaha World Herald, with reference to the fine record made by the Omaha Public Power District, together with an editorial on the same subject, from the same newspaper.

There being no objection, the article and editorial were ordered to be printed in the RECORD, as follows:

OPPD HAILED FOR EXCELLENT MANAGEMENT—KANSAS CITY ENGINEERING FIRM GIVES VERDICT AFTER 2-YEAR STUDY

(By Emmett Curry)

One of the country's leading engineer firms declares that "management of the Omaha Public Power District is of the highest caliber."

That is one of many accolades handed to the district's directors and operating management by Burns & McDonnell, Kansas City, Mo. That company, OPPD's consulting engineers nearly 3 years, made a 2-year study of district operations for the trustee for the holders of OPPD bonds.

Burns & McDonnell found:

"Policies formulated by the directors are sound and conservative.

"Practices established by the executive division are fair, equitable, and in keeping with the standard of other well-managed utilities of equivalent scope."

COMPETENT EMPLOYEES

"With personnel obtained largely from the predecessor company, the employees are unusually competent and know their jobs well.

"Rates are adequate to assure high-grade electric service at the lowest cost commensurate with efficient and reliable operation of the system and sound management of the business.

"The management has provided for future as well as for present-day operations. The district is well insured—$22,577,334 coverage. Its records are well kept."

Planned improvements have been endorsed by the engineering concern, which has no other interest in construction. Customers are benefiting from public ownership, Burns & McDonnell pointed out several times.

BUSINESS EFFICIENT

"Conduct of the district's business is apparently more efficient than the general utility average," the engineering concern noted. "Savings resultant from economical operation are being returned to the consumers in the form of reduced costs for electric service."

Rates were found to be equitable among the various classes of consumers.

After the $1,250,000 annual rate cut was put into effect in April 1948, residential use jumped nearly 9 percent. The average domestic user took advantage of lower rates with more labor-saving devices in the home.

Omaha residential rates rank third from the bottom among seven cities in this area. In comparison with Lincoln, Denver, Kansas City, Des Moines, Wichita, and Sioux Falls, Omaha commercial rates are fourth from the bottom and industrial rates are third from the low.

DEVELOPMENT ENCOURAGED

"This comparatively low-cost industrial service has made possible and has encouraged industrial development in Omaha," said Burns & McDonnell.

The engineers remarked that "the district pays more for coal than the average, due to geographical location, relative remoteness from prime sources of energy supply, etc. In spite of this, operation is so efficient that over-all operating expenses are below the national average."

OPPD is in the midst of an $18,500,000 expansion program which has been fully endorsed by the engineers.

"Barring unforeseen conditions," said the concern, that development, plus power from the Nebraska public power system and an interconnection agreement with Kansas Gas & Electric Co. "will provide a well-planned and adequate source of power."

TWO RECOMMENDATIONS

Burns & McDonnell came up with only two minor recommendations.

One was technical: That quarterly or semi-annual operating table ratios be prepared for the directors and executive division.

The other was that the district continue to take off-peak power from the Nebraska hydro system. That would cut OPPD fuel costs and permit most efficient operation of OPPD plants.

OPPD: OUTSTANDINGLY GOOD

Understandably bankers want to know how thing are going with concerns to which they lend money. The bankers who floated the Omaha Public Power District's bonds made sure that they would know. They put into the bond agreement a provision that an independent firm of consulting engineers should make a thorough check of OPPD's operations once a year and give them a written report.

The report for the year 1948, a document running to 93 pages and full charts and tables has just been filed by the engineers, Burns & McDonnell, of Kansas City.

Their conclusion as to OPPD's operation: Outstandingly good.

OPPD's system, which is owned by the people living in the district, had total assets of $57,829,000 at the end of 1948, the Burns & McDonnell report states.

In 1948 the system accumulated net earnings of $2,688,480.

This brought the total of accumulated net earnings, from the time of acquisition in late 1946 to the end of 1948, to $5,486,838—profit for the owners.

This was achieved despite the fact that on April 1, 1948, OPPD reduced its residential rates so as to save its customers $1,250,000 annually.

Of OPPD's management the report states:

"The management * * * is of the highest caliber. The policies formulated by the directors are sound and conservative, and the practices established by the executive division are fair, equitable, and in keeping with the standards of other well-managed utilities. * * * With personnel largely obtained from the predecessor company, the employees are unusually competent. * * *"

Of OPPD's rates:

"The rates charged for service are adequate to assure high-grade electric service at the lowest rate commensurate with efficient and reliable operation. The (1948) rate reduction was made possible by economies of operation and not by any reduction in quality of service or any deferment of financial obligations or system maintenance."

Of how OPPD compares with other electric systems, mostly privately owned:

"In nearly every case the district's operating ratios are above national averages, and in many cases they approach the optimum ratios."

OPPD, the report goes on, is making adequate provision for the future.

In 1948, because it had been impossible to get new generating equipment during and immediately after the war, the district was skating on thin ice indeed. According to the standard method of figuring capacity, OPPD's reserve was a minus 7,000 kilowatts. This was made up by overloading equipment and by obtaining power from private companies and from the Nebraska hydro system.

Late this summer, with a new generator at last operating, OPPD had a reserve of 19,000 kilowatts.

In 1951, when another new generator should be installed as part of a 4-year, $18,-

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500,000 improvement program, the reserve will go up to 41,000 kilowatts. That should carry the system until 1954.

Omahans familiar with OPPD's operations know that the district was extremely fortunate in the executives it took over from the Nebraska Power Co. J. E. Davidson, Roy Page, F. E. Smith, and Frank Moylan are accounted as among the ablest operating men in the country. They have provided continuing direction and leadership for the system.

And back of them is OPPD's genuinely remarkable board. It includes or has included some of Omaha's most capable businessmen—men for the most part who had a hand in making Omaha's electric system publicly owned, and who want to see it properly launched. Such men as J. M. Harding, Charles D. Saunders, Samuel L. Cooper, and Carl A. Swanson have spent much of their time on OPPD matters as a civic duty.

If the time should come when OPPD no longer presents a challenge to public service by leading businessmen, there will be danger that it will go to seed. Other utilities have, and the task of bringing them back is always difficult and costly.

If OPPD is to maintain its truly remarkable record, able, nonpolitical, business-trained men will have to continue to offer their services for its board. And the people of Omaha will have to see to it that they are chosen.

LETTER FROM MARYLAND STATE BANKING DEPARTMENT IN RE H. R. 1161

Mr. O'CONOR. Mr. President, I wish to bring to the attention of the Senate a letter received from the State Banking Department of Maryland, in which it is made known that not only the Maryland State banking commissioner and his deputy, but also the members of the National Association of Supervisors of State Banks throughout the country, are interested in H. R. 1161, recently reported by the Senate Banking and Currency Committee and now on the Senate Calendar.

I ask unanimous consent that the letter from the deputy bank commissioner of Maryland be appended herewith as part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE BANKING DEPARTMENT,
Baltimore, Md., September 23, 1949.

Hon. HERBERT R. O'CONOR,
Senate Office Building,
Washington, D. C.

DEAR SENATOR O'CONOR: I am taking this opportunity to again bring to your attention H. R. 1161, which has recently been voted out of the Senate Banking and Currency Committee.

Commissioner Tawes and myself, as well as the respective members of the National Association of Supervisors of State Banks throughout the country are vitally interested in this measure, as we believe it provides for the correction of a long-standing injustice, as pertains to State banking institutions, and would do much to continue to assure the survival of the dual banking system in this country.

We trust that you may find it convenient to extend your complete support to the passage of this bill during the present session.

With warm personal regards, I am,

Very truly yours,

JOHN D. HOSPELHORN,
Deputy Bank Commissioner.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6008) making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON, Mr. KERR, Mr. RABAUT, Mr. TABER, and Mr. WIGGLESWORTH were appointed managers on the part of the House at the conference.

The message also announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H. R. 734. An act for the relief of Curtis R. Enos;

H. R. 3618. An act for the relief of the legal guardian of Marcia Moss Carroll, a minor, and Charles P. Carroll; and

H. R. 4306. An act for the relief of Zora B. Vulich.

The message further announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 1620. An act for the relief of Robert E. Bridge and Leslie E. Ensign;

H. R. 1694. An act to provide for the return of rehabilitation and betterment of costs of Federal reclamation projects;

H. R. 1746. An act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes; and

H. R. 5007. An act to provide pay, allowances, and physical disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the Reserve components thereof, the National Guard, and the Air National Guard, and for other purposes.

ENROLLED BILL SIGNED

The message also announced that the speaker had affixed his signature to the enrolled bill (H. R. 5356) to provide for the conveyance of land to the Norfolk County Trust Co. in Stoughton, Mass., and it was signed by the Vice President.

THE CALENDAR

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of the calendar.

The VICE PRESIDENT. For the consideration of bills to which there is no objection?

Mr. LUCAS. We are to start from the beginning of the calendar.

The VICE PRESIDENT. Does the Senator wish to consider bills to which there is no objection?

Mr. LUCAS. That is correct.

The VICE PRESIDENT. Without objection, the motion is agreed to. The Secretary will state the first business on the calendar.

BILLS PASSED OVER

The bill (S. 130) to provide for the demonstration of public library service in areas without such service or with inadequate library facilities; was announced as first in order.

Mr. SCHOEPPEL. Over.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The bill will be passed over.

The bill (S. 206) relating to the immigration status of the lawful wives and children of Chinese-treaty merchants was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

On objection, the bill was passed over.

JAMES G. SMYTH

The bill (S. 196) for the relief of James G. Smyth, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General is authorized and directed to allow credit in the account of James G. Smyth, collector of internal revenue, first district of California, in the sum of $143,000, representing the value of certain wine stamps which have been unintentionally lost or destroyed by his office.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (S. 45) for the relief of the owners and operators of certain gold mines which were closed or the operations of which were curtailed by War Production Board Limitation Order L–208 was announced as next in order.

Mr. HENDRICKSON. Mr. President, I object, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 110) to broaden the cooperative extension system as established in the act of May 8, 1914, and acts supplemental thereto, by providing for cooperative extension work between colleges receiving the benefits of this act and the acts of July 2, 1862, and August 30, 1890, and other qualified colleges, universities, and research agencies, and the United States Department of Labor was announced as next in order.

Mr. DONNELL. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 498) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

On objection, the bill was passed over.

The joint resolution (S. J. Res. 25) proposing an amendment to the Constitution of the United States relative to equal rights for men and women was announced as next in order.

Mr. RUSSELL. Over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 734) to provide for the appointment and compensation of counsel for impoverished dependents in certain criminal cases in the United States district courts was announced as next in order.

Mr. RUSSELL. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 2660) to prohibit the parking of vehicles upon any property owned by the United States for postal purposes was announced as next in order.

Mr. LANGER. Over.

The PRESIDING OFFICER. The bill will be passed over.

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THE OLEOMARGARINE BILL

The bill (H. R. 2023) to regulate oleomargarine, to repeal certain taxes relating to oleomargarine and for other purposes was announced as next in order.

SEVERAL SENATORS. Over.

Mr. FULBRIGHT. Mr. President, if the objection may be withheld for a moment, I should like to ask the majority leader when he plans to bring up this bill, Calendar 288, House bill 2023.

Mr. LUCAS. In reply to the inquiry made by the Senator from Arkansas, I should advise him that some time ago the Policy Committee unanimously agreed to postpone consideration of the oleomargarine bill until the second session of the present Congress. When we return here early in January the oleomargarine bill will be one of the first bills to be given consideration.

Mr. FULBRIGHT. Do I correctly understand that it will be the first bill to be considered?

Mr. LUCAS. The Senator is correct. When we return the oleomargarine bill will be the first bill to be considered by the Senate.

Mr. FULBRIGHT. I thank the Senator.

Mr. WHERRY. Mr. President, of course that is a firm commitment on the part of the majority, which, of course, is their own problem. I should like to ask the distinguished majority leader, however, if it is his intention to bring up any of the civil-rights measures before this session is concluded?

Mr. LUCAS. There is a possibility of it.

Mr. WHERRY. If it is not brought up at this session, would the majority leader ask unanimous consent that the antilynching bill be brought up, say, as the second order of business during the next session.

Mr. LUCAS. The Senator from Illinois will take up with the policy committee all the suggestions now being made by the distinguished Senator from Nebraska, and we will tell him later exactly what we propose to do with respect to the civil-rights measures. If my good friend would use his influence with the committee with respect to the poll-tax bill, and get it out of committee, we might do something about the poll-tax bill.

Mr. WHERRY. Mr. President, will the Senator yield for a further inquiry?

Mr. LUCAS. I yield.

Mr. WHERRY. I may say to the distinguished Senator that if he will ask the chairman of the subcommittee to hold hearings on the measure, that will be very helpful. The last time the Rules Committee met, I moved to report the bill, but hearings were requested by the majority side.

Mr. LUCAS. I understand how interested the Senator from Nebraska is in the poll-tax bill, the antilynching bill, the FEPC bill, and similar measures.

Mr. WHERRY. That is correct.

Mr. LUCAS. I can assure him that before the Eighty-first Congress concludes, he will have an opportunity to prove some of the assertions he has been making over the country and over the radio in respect to how many Members of the Senate will vote for the FEPC bill, for the poll-tax bill, and for similar bills.

Mr. WHERRY. Will that be the first session or the second session, may I ask the majority leader?

Mr. LUCAS. It may be the first session or it may be the second session. Is that an answer?

Mr. WHERRY. No; that is very indefinite.

Mr. LUCAS. I knew the Senator from Nebraska would not agree to that, but that is the best answer I can give him.

Mr. WHERRY. I thank the Senator. I think that is true; I think that is the best answer the majority leader can give.

Mr. LUCAS. Yes; it is the best answer, and it is one that satisfies the Senator from Illinois and the majority, and I am sure it satisfies most of the minority.

Mr. WHERRY. Of course, Mr. President, it probably does satisfy the majority, the Senators on the other side of the aisle, so far as the civil-rights proposed legislation is concerned. But I should like to suggest to the distinguished Senator from Illinois that if he will now ask unanimous consent to have the civil-rights bill brought up, I am sure he will find that consent will be given by all Senators on this side of the aisle.

Mr. LUCAS. Mr. President, the Senator from Nebraska may have an opportunity to vote on civil rights before this session concludes. The Senator is pushing me a little along that line. I know exactly what he is attempting to do. He is not fooling anyone here, neither is he fooling the country, in respect to his position in regard to civil rights. He can keep on pushing a little, and he will have his desire in respect to FEPC and probably in respect to the antilynching bill, because the Senator from Illinois is in favor of both those bills, and they will be brought up in due course.

Does the Senator from Nebraska wish to ask me another question?

Mr. WHERRY. Yes. I ask the Senator from Illinois to request unanimous consent to have the civil rights bill brought to the Senate as the first measure in the second session of the Eighty-first Congress. Will the majority leader put such a unanimous request?

Mr. LUCAS. Mr. President, why does not the Senator from Nebraska want to have it considered now, at this session?

Mr. WHERRY. Because the Senator from Illinois already stated that he did not know whether he could do it at this session or at next session. Inasmuch as the majority leader is now making up the calendar to be taken up at the next session, and has made the suggestion that the oleomargarine bill be taken up as the first measure, I am perfectly agreeable to having the civil-rights bill taken up as the first measure of the second session of the Eighty-first Congress. If the distinguished majority leader will ask unanimous consent now to have the civil-rights bill, which has been reported from the Judiciary Committee, taken up as the first piece of proposed legislation in the second session of the Eighty-first Congress, he will be able to obtain unanimous consent at this time, so far as Senators on this side of the aisle are concerned.

Mr. FULBRIGHT. Mr. President, I call for the regular order.

Mr. LUCAS. Mr. President, let me answer the Senator from Nebraska for a moment, please.

The Senator from Nebraska is tremendously interested in the so-called antilynching bill. He wants now to let the country know that he is attempting to organize the program for the majority in the second half of the Eighty-first Congress.

Mr. FULBRIGHT. Mr. President, I call for the regular order.

The PRESIDING OFFICER. On objection, House bill 2023 has been passed over. The regular order is called for, and the clerk will state the next measure on the calendar.

BENEFITS UNDER CIVIL SERVICE RETIREMENT ACT

The bill (S. 878) to provide certain benefits for annuitants who retired under the Civil Service Retirement Act of May 29, 1930, prior to April 1, 1948, was announced as next in order.

Mr. WHERRY. I object.

Mr. LUCAS obtained the floor.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

Mr. LUCAS. Mr. President, I have the floor, and I do not yield for a parliamentary inquiry.

Let me say that the Senator from Nebraska is vitally interested in the antilynching bill and he is vitally interested in the FEPC bill and he is vitally interested in the poll-tax bill. He is attempting now, at the close of the session, to lay down a policy to be carried out during the next session, insofar as what the majority will do is concerned. Mr. President, whenever we want the advice of the Senator from Nebraska in regard to what the majority will do, either at this session or at the next session, we shall invite him to the meeting of the Democratic policy committee. But we on this side of the aisle are controlling the kind of program we are going to put through at this session and at the next session, and we do not need any advice; we do not need any counsel or any Nebraska wisdom to tell us what we on this side of the aisle can or cannot do. That is my answer to the Senator from Nebraska.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. What bill was just called as next in order?

The PRESIDING OFFICER. Calendar No. 294, Senate bill 878, has been called.

Is there objection to the present consideration of the bill?

Mr. WHERRY. Mr. President, has disposition been made of the bill?

The PRESIDING OFFICER. It has not yet been disposed of.

Mr. WHERRY. Mr. President, I ask unanimous consent that Senate bill 91, Calendar No. 458, a bill to provide for the better assurance of the protection of persons within the United States from lynching, and for other purposes, be taken up by the Senate as the second

piece of proposed legislation to be considered at the second session of the Eighty-first Congress.

Mr. McCLELLAN. I object.

The PRESIDING OFFICER. Objection is heard. Is there objection to the present consideration of Senate bill 878, Calendar No. 294?

Mr. HENDRICKSON. Mr. President, reserving the right to object, let me say I understand that the Senator from South Carolina [Mr. JOHNSTON] has amendments to overcome objections heretofore raised.

Mr. JOHNSTON of South Carolina. Mr. President, at the time when this bill was reached at a previous call of the calendar, the senior Senator from Delaware [Mr. WILLIAMS] had an amendment. Since then, the amendment has been studied. Under the amendment it would cost a quarter of a million dollars merely to make the investigation called for. It is the opinion that it would not cost anywhere near that much to pay annuities to the persons concerned.

Therefore, under those circumstances, I could not agree to the amendment.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. WILLIAMS. Mr. President, I showed the amendment to the Senator from South Carolina about 2 months ago. At that time he agreed to the amendment. This is the first notice I have had that he disagrees. I ask that the bill be passed over.

The PRESIDING OFFICER. Objection is heard.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to have printed at this point in the RECORD a letter which is signed by Warren B. Irons, Chief of the Retirement Division. I wish to have the letter printed in the RECORD in order to bring to the attention of the Senate what the Retirement Division has to say in regard to the amendment we have been discussing. I request that the letter be printed in the RECORD for the information of the Members of the Senate.

The PRESIDING OFFICER. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AUGUST 4, 1949.

Mr. WILLIAM BRAWLEY,
Assistant Staff Director, Committee on Post Office and Civil Service, United States Senate.

DEAR MR. BRAWLEY: Reference is made to the proposed amendments to bill S. 878.

The amendments are of the exact import as that offered by Senator WILLIAMS when the Senate considered H. R. 4127 (now Public Law 426, 80th Cong.) on January 23, 1948, on the floor of the Senate (see p. 488, CONGRESSIONAL RECORD). This amendment was agreed to by the Senate but eliminated by the conference committee.

It has been consistently the policy of Congress to extend the application of any new formula for computing annuities to persons already retired. The amendment of February 28, 1948, advisably introduced a new approach with regard to individuals already retired. In lieu of recomputation, Public Law 426 provides a flat percentage increase or the right of choosing a benefit for a survivor. Congress adopted this approach rather than recomputation because it recognized that it is difficult to convert an apple into an orange. The annuity formula included in Public Law 426 was based upon length of service and average salary while the formula under which most of the people had been previously retired was based primarily on contributions to the fund and service limited to 30 years. Many other features of the retirement law were changed by Public Law 426, many of which bear either directly or indirectly upon the new annuity formula, all being intended to simplify administration and make the law more understandable to the average employee.

The adoption of the proposed amendments would defeat the aim of simplification and would require a review and recomputation of the vast majority of 125,000 annuitants on the roll as of April 1, 1948. The administrative problems proposed by the amendments bear serious consideration and are as follows:

1. Public Law 426 set no limitation as to years of service that might be considered in determining the amount of annuity. Under the old law 30 years was the maximum service that could be counted for annuity purposes under two of the three methods of computation prescribed. The vast majority of the 125,000 retired prior to April 1, 1948, had their annuities computed under one of these methods. Since there was no limitation as to years of service, no effort was ever made to verify service in excess of 30 years. In most instances the alleged service in excess of 30 years was rendered many years prior to enactment of the original retirement act and at a time for which accurate records were not kept or are not now available. Verification at this late date of that old service would place a great strain upon the facilities of this division.

2. In all computations under one of the formulas of the old law, and in most instances under another, it was unnecessary at time of retirement to determine the exact average salary. Recomputation under this bill would require determination of the exact average salary in all cases. This would necessitate the verification of salary rates which were not material in the original computation.

3. Passage of these amendments at this time would require reconsideration of military service. Under Public Law 426 full credit for military service is allowed without deposit. Under the old laws crediting of military service varied. In many cases it was not credited if the individual did not choose to pay for it. In other instances he would choose to pay for it. This would now have to be recomputed and service credit granted free. I might cite one minor comparison in regard to military service. Under the prior law the employee who had 5 years of service, including civilian and military service, was eligible to annuity. Under Public Law 426, he has title to annuity only if he has 5 years of civilian service, exclusive of military service. The operation of this feature retroactively as proposed by these amendments conceivably could eliminate certain individuals from the retired rolls.

4. Public Law 426 provides that if an individual has not paid for all of the service he has the choice of paying for it at the time of retirement or having retirement annuity reduced by one-tenth of the amount of deductions, plus interest. The old law provided somewhat similar choice but the reduction was arrived at by actuarial factors which, in some instances, was greater than one-tenth and in other instances was less than one-tenth.

5. Public Law 426 provides for nonforfeiture annuities only. The old law granted the right of choice between a forfeiture and nonforfeiture annuity. Under the proposed amendments, I don't know how we would convert a forfeiture annuity to a nonforfeiture annuity.

6. Public Law 426 provides that those individuals retired between the ages of 55 and 60 with 30 years of service shall be entitled to an annuity but reduced 3 percent for each year the individual is under the age of 60. The old law permitted such individuals to retire before the age of 60 but provided for reduction on an actuarial basis.

The foregoing are merely some of the complications that arise when we try to compare an apple with an orange. Passage of the amendments would require this division to review each of 125,000 cases which were on the rolls prior to April 1, 1948. To be effective, this review should be accomplished within a reasonably short time after approval of the amendment and be done by competent and well-trained adjudicators. We could not rely upon newly recruited personnel to accomplish this task. It has been conservatively estimated that we would require a deficiency appropriation for personal services of a minimum of $250,000.

Under the proposed amendments if the retired annuitant elects a survivorship benefit his annuity shall be compared with the annuity he would be entitled to under Public Law 426. If Public Law 426 produces lesser annuity, that individual's annuity shall be reduced. We have no way, of course, of estimating how many individuals would choose a survivorship annuity. We can say, however, that of the 100,000 individuals on the rolls who did not choose a survivorship annuity last year that at least 70,000 now receive a higher annuity than they would receive under Public Law 426. It would be the individuals in the lower annuity brackets who would receive the greatest reduction comparatively.

Sincerely yours,

WARREN B. IRONS,
Chief, Retirement Division.

Mr. WILLIAMS. Mr. President, in further reference to the printing in the RECORD of the letter from Mr. Irons, I merely wish to point out that Mr. Irons is the same person who reported, last year, that Senate bill 637 would not cost anything, but later he reports that Senate bill 878, a similar bill, will cost a quarter of a million dollars.

The PRESIDING OFFICER. Objection is heard to the present consideration of Senate bill 878.

The clerk will state the next measure on the calendar.

CONCURRENT RESOLUTION AND BILL PASSED OVER

The concurrent resolution (S. Con. Res. 33) suspending the legislative budget pending further study, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

Mr. SCHOEPPEL. Mr. President, reserving the right to object, I note that a request has been lodged with the junior Senator from Kansas that the concurrent resolution be passed over. Therefore, I ask that it be passed over.

The PRESIDING OFFICER. The concurrent resolution will be passed over.

The clerk will state the next measure on the calendar.

The bill (S. 1086) for the relief of the Dixie Margarine Co., a Tennessee corporation, of Memphis, Tenn., was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. HENDRICKSON. Mr. President, I ask that the bill go over until the next call of the calendar.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

Mr. KILGORE. Mr. President, is there any information the Senator from New Jersey desires? I can furnish information in regard to the bill. It is very similar to a bill which recently was passed.

Mr. HENDRICKSON. Mr. President, I have objected to the consideration of the bill on previous occasions. I object at this time and ask that the bill be passed over until the next call of the calendar.

The PRESIDING OFFICER. Objection has been heard, and the bill has been passed over.

The clerk will call the next measure on the calendar.

BILL TEMPORARILY PASSED OVER

The bill (S. 178) for the relief of Carl Piowaty and W. J. Piowaty was announced as next in order.

Mr. PEPPER. Mr. President, I ask that the bill be temporarily passed over.

The PRESIDING OFFICER. Is there objection?

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. What happens to a bill that is temporarily passed over? Are we operating under a rule whereby we can return to such a bill?

The PRESIDING OFFICER. Under the request of the Senator from Florida, he could request that the bill be recalled at the end of the calender.

Mr. WHERRY. At the end of the calendar?

The PRESIDING OFFICER. That is correct.

By unanimous consent, the bill is temporarily passed over.

BILLS PASSED OVER

The bill (S. 1464) to amend the provisions of the Agricultural Adjustment Act relating to marketing agreements and orders was announced as next in order.

Mr. HENDRICKSON. By request, I ask that the bill go over.

The PRESIDING OFFICER. Objection is heard.

The bill (S. 1536) to authorize advances in pay to personnel of the Army, Navy, Air Force, and Marine Corps upon permanent change of station, and for other purposes, was announced as next in order.

Mr. SCHOEPPEL. Mr. President, there is a similar bill on the calendar, Order No. 737. I should like to request that this bill be passed over until we reach Calendar 737.

Mr. WHERRY. Mr. President, I suggest the bill which is Order No. 737, House bill 4050, be taken up in connection with Order No. 411, Senate bill 1536, unless the Senator wishes to object to both of them.

Mr. SCHOEPPEL. It is not that I want to object to both of them. I desire to note an objection to Calendar 411, Senate bill 1536.

The PRESIDING OFFICER. Objection is heard.

The bill (S. 1393) to promote the national defense and to contribute to more effective aeronautical research by authorizing professional personnel of the National Advisory Committee for Aeronautics to attend accredited graduate schools for research and study, was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. SCHOEPPEL. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1955) to authorize certain persons to accept decorations tendered them by the United Kingdom for services rendered the Allied cause during World War II, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. LANGER. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 595) relating to the internal security of the United States was announced as next in order.

On objection, the bill was passed over.

The bill (H. R. 1243) to amend the Hatch Act was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. HENDRICKSON. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 458) to provide for a survey of physically handicapped citizens was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. SCHOEPPEL. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 91) to provide for the better assurance of the protection of persons within the United States from lynching, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

PURCHASE OF FARMING LAND FOR LEAVENWORTH PENITENTIARY

The bill (S. 1730) to authorize the purchase of additional farming land for Leavenworth Penitentiary was announced as next in order.

The PRESIDING OFFICER. The Chair calls attention to the fact that a companion bill (H. R. 4585) is on the calendar as order No. 545. Is there objection to substituting the House bill for the Senate bill and now considering the House bill?

There being no objection, the bill (H. R. 4585) to authorize the purchase of additional farming land for Leavenworth Penitentiary was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill (S. 1730) is indefinitely postponed.

BILLS PASSED OVER

The bill (S. 12) to amend the Civil Aeronautics Act of 1938, as amended, was announced as next in order.

Mr. MYERS. Over.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

The bill (H. R. 4080) to unify, consolidate, revise, and codify the Articles of War, the Article, for the Government of the Navy and the disciplinary laws of the Coast Guard and to enact and establish a Uniform Code of Military Justice, was announced as next in order.

Mr. LANGER. Over.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

PERMANENT NATIONAL COMMISSION ON INTERGOVERNMENTAL RELATIONS—BILL PASSED OVER

The bill (S. 1946) to establish a permanent National Commission on Intergovernmental Relations was announced as next in order.

The PRESIDING OFFICFR. Is there objection?

Mr. LUCAS. Over.

Mr. O'CONOR. Mr. President, will the able majority leader withhold his objection temporarily?

The PRESIDING OFFICER. Does the Senator from Illinois withhold his objection temporarily?

Mr. LUCAS. I withhold it temporarily.

Mr. O'CONOR. I should like to ask the distinguished Senator from Illinois whether there is any intention on his part to suggest consideration of this very important bill before the expiration of the first session of the Eighty-first Congress?

Mr. LUCAS. I shall be glad to hear anything the Senator from Maryland may wish to say on the subject.

Mr. O'CONOR. If the Senator will allow me to say a word, the bill, as the Senator undoubtedly knows, has been sponsored by 30 Members of the Senate, from both sides of the aisle. It had the unanimous approval of the committee. It is in accordance with the recommendations of the Hoover Commission. We think it deserves consideration by the Senate. Will the distinguished senior Senator from Illinois give thought to the possibility of its early consideration?

Mr. LUCAS. We shall be delighted to hear the Senator from Maryland at our policy committee meeting tomorrow, if he desires to come.

Mr. O'CONOR. I should like very much to do so.

The PRESIDING OFFICER. The bill will be temporarily passed over.

JOINT RESOLUTION AND BILL PASSED OVER

The joint resolution (S. J. Res. 108) to reduce expenditures in government for the fiscal year 1950 consistent with the public interest was announced as next in order.

Mr. MYERS. Over.

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The PRESIDING OFFICER. Objection is heard, and the joint resolution will be passed over.

The bill (S. 2093) to amend the United Nations Participation Act of 1945 to provide for the appointment of representatives of the United States in the organs and agencies of the United Nations, and to make other provision with respect to the participation of the United States in such organization, was announced as next in order.

Mr. HENDRICKSON. Mr. President, I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

BILL PLACED AT FOOT OF CALENDAR

The bill (S. 1915) for the relief of Viktor A. Kravchenko was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. TAYLOR. Over.

The PRESIDING OFFICER. Objection is heard.

Mr. MUNDT. Mr. President, if the Senator would make that a temporary reservation until the end of the session, so we can talk to him about the bill, I should appreciate it.

Mr. TAYLOR. I would be glad to have the Senator explain the bill.

Mr. MUNDT. Mr. President, will the Senator allow the bill to be passed over temporarily?

Mr. TAYLOR. That will be all right with me.

The PRESIDING OFFICER. Without objection, the bill will be placed at the foot of the calendar.

BILL PASSED OVER

The bill (H. R. 3946) to promote the national defense and to contribute to more effective aeronautical research by authorizing professional personnel of the National Advisory Committee for Aeronautics to attend accredited graduate schools for research and study, was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. SCHOEPPEL. Over.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

Mr. LUCAS. Mr. President, am I correct in thinking we have missed Calendar Order 545, the bill (H. R. 4585)?

The PRESIDING OFFICER. The Chair advises the Senator that the bill (H. R. 4585) was substituted for the bill (S. 1730), Calendar Order 464, and was passed. The House bill was a duplicate of the Senate bill. The Senate bill was indefinitely postponed.

CONVEYANCE OF LAND TO SAN FRANCISCO

The Senate proceeded to consider the bill (S. 862) authorizing the Secretary of the Army to convey certain lands to the city and county of San Francisco, which had been reported by the Committee on Armed Services with an amendment to strike out all after the enacting clause and insert:

That the Secretary of the Army is authorized to convey by quitclaim deed to the city and county of San Francisco, for public park and recreational purposes, forty-two acres of land, more or less, in the city and county of San Francisco, State of California, being that portion of the Fort Funston Military Reservation situated north of the northerly boundary of land heretofore transferred by the Secretary of the Army to the Veterans' Administration, the exact description of land to be conveyed to be determined by the Secretary of the Army.

SEC. 2. The deed of conveyance authorized by section 1 of this Act shall provide as follows:

a. That the United States shall reserve to itself the right to use and occupy for so long as is necessary all those living quarters and appurtenances thereto now located within the area to be conveyed, together with the free and full right of ingress to and egress from said quarters.

b. That the city and county of San Francisco shall grant to the State of California the use, for a period of 99 years, of approximately seven acres of the land herein provided for conveyance for the purpose of erection thereon by the State of California of National Guard facilities.

c. That there shall be reserved to the United States the existing water lines running through the property for so long as the use thereof may be required.

d. That there shall be reserved to the United States, for use by the Veterans' Administration, a twenty-five foot easement along the easterly portion of the property, the exact location of which to be determined by the city and county of San Francisco, the Department of the Army, and the Veterans' Administration.

e. That there shall be reserved to the United States such additional easements, of whatsoever nature, as may be determined necessary by the Secretary of the Army.

f. That there shall be reserved to the United States all interest in and to any oil, mineral, or fissionable material in said land.

g. For such other terms, conditions, restrictions, and reservations as the Secretary of the Army shall deem necessary to protect the interests of the United States.

SEC. 3. In the event of breach by the grantee of any of the terms, conditions, restrictions, and reservations contained in said deed, or if the property authorized for conveyance by section 1 of this Act is used for any purpose other than mentioned in this Act, then title to the property shall revert to the United States and, in addition, all improvements made by the city and county of San Francisco or the State of California shall vest in the United States without payment of compensation therefor.

The PRESIDING OFFICER. There is a House bill on the same subject, Calendar Order 616, House bill 5328.

Mr. KNOWLAND. Mr. President, I have an amendment which has been suggested by the Veterans' Administration. It is short, and I desire to read it:

In the committee amendment, on page 3, line 2, after the word "facilities", insert a comma and the following:

"Such grant to be upon condition that the activities of the National Guard on such land shall not be of such nature as would, in the judgment of the Administrator of Veterans' Affairs, interfere with the care and treatment of patients in the Veterans' Administration hospital to be erected on land adjacent to the 42-acre tract referred to in section 1 of this act, not precluding, however, the following activities: (1) The construction of National Guard facilities; (2) the operation of motor vehicles; (3) the assembling, moving, or passage of uniformed personnel."

I send the amendment to the desk.

Mr. WHERRY. Mr. President, does the distinguished Senator from California know whether or not the distinguished Senator from Oregon is interested in this bill?

Mr. KNOWLAND. Yes. I have a statement from the Senator from Oregon that I should like to put into the RECORD at this time. It was telephoned to me, and I shall read it:

Senator MORSE wants Senator KNOWLAND to introduce as part of his remarks Secretary Gray's letter in which Secretary Gray makes clear that they are receiving more than 50 percent of the appraised value.

This is a statement the Senator from Oregon [Mr. MORSE] wants to make:

In fact, as I study the record I am satisfied the Government is getting full value for the property. Therefore I withdraw my objection.

I ask, Mr. President, as part of my remarks, and in accordance with the statement of the Senator from Oregon [Mr. MORSE], that Secretary Gray's letter be printed in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 29, 1949.

Hon. WILLIAM F. KNOWLAND,
United States Senate,
Washington, D. C.

DEAR SENATOR KNOWLAND: Reference is made to your letter of July 27, 1949, in which you request additional information with respect to the value of the property which will be conveyed by S. 862, a bill "Authorizing the Secretary of the Army to convey certain lands to the city and county of San Francisco," and the value of the benefits which would be received by the Government as a result of the conveyance.

As stated in the original Department of the Army report on S. 862, the land and buildings which would be conveyed to the city and county of San Francisco has an estimated value of $362,314. This figure represents a land value of approximately $185,000 and $177,314 as the estimated value of the buildings on the premises.

In answer to your question as to whether, in the opinion of this Department, the Government is receiving from the city and county of San Francisco and the State of California value equal to or in excess of 50 percent of the appraised value of the subject property, I would like to again review the benefits which would accrue to the Federal Government.

(a) The Department of the Army will retain the use of 15 sets of living quarters on the premises, with the agreement that the city of San Francisco will furnish 8 sets of quarters elsewhere in San Francisco if the Army is subsequently requested to vacate the quarters at Fort Funston. The minimum cost to the city of San Francisco of constructing 8 sets of quarters is estimated to be $120,000.

(b) The State of California will furnish armory facilities on the property to be conveyed, at a cost of $290,000. Further, as a part of the general agreement, the State of California will convert the Palace of Fine Arts Building into an armory, at an estimated cost of $250,000. Inasmuch as these facilities will be available for joint use of the civilian components in the area, and will be constructed at no cost to the Federal Government, it is considered that at least 1,600 individuals of the Reserve components will be afforded training facilities in addition to the 1,600 members of the California National Guard, for whom the facilities are to be constructed. On that basis, the minimum value to the Federal Government would be $270,000.

(c) As provided in S. 862, the city and county of San Francisco will convey to the United States certain easements required by the Army and the Veterans' Administration. It is impossible to place definite money value on these conveyances since it is not known at this time exactly what easements will be required. They will, however, be of considerable value to the United States.

From the foregoing it may be seen that the United States will in fact receive benefits from the proposed conveyance in excess of 50 percent of the appraised value of the property.

Sincerely yours,

GORDON GRAY,
Secretary of the Army.

The PRESIDING OFFICER. The Senator from New Jersey had offered an amendment to the bill, on a previous occasion.

Mr. KNOWLAND. What I suggest, Mr. President, is that the bill be amended as I have suggested, because it is the amendment we have been working on. Then, I hope we can get unanimous consent to substitute the Senate bill as amended for the House bill.

Mr. HENDRICKSON. I submit an amendment, and ask to have it read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. At the end of the amendment submitted by the Senator from California, after the word "personnel", to insert a colon and the following proviso: *"Provided,* That such grant shall not be effective until the Governor of the State of California shall certify in writing to the Secretary of Defense that such land is needed by the State of California for the purpose of a site for a National Guard Armory and for training the National Guard or for other related military puposes and that such land is suitable for such purposes."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey to the amendment of the Senator from California.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from California as amended.

The amendment, as amended, was agreed to.

The amendment of the committee, as amended, was agreed to.

The PRESIDING OFFICER. There is a House bill on the same subject, Calendar 616, House bill 5328. Is there objection to the consideration of House bill 5328?

There being no objection, the Senate proceeded to consider the bill (H. R. 5328) authorizing the Secretary of the Army to convey certain lands to the city and county of San Francisco.

The PRESIDING OFFICER. Without objection, the House bill will be amended by striking out all after the enacting clause and inserting the Senate bill, as amended. The Chair hears no objection, and the amendment is agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The PRESIDING OFFICER. Without objection, Senate bill 862 is indefinitely postponed.

BILLS AND RESOLUTIONS PASSED OVER

The bill (S. 1498) to amend the Natural Gas Act, approved June 21, 1938, as amended, was announced as next in order.

Mr. LANGER. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1165) to provide relief for the sheep-raising industry by making special quota immigration visas available to certain alien sheepherders was announced as next in order.

Mr. DOUGLAS and other Senators. Over.

The PRESIDING OFFICER. The bill will be passed over.

The resolution (S. Res. 58) to amend the Senate rules by creating a standing committee on small business, was announced as next in order.

Mr. BYRD and other Senators. Over.

The PRESIDING OFFICER. The resolution will be passed over.

The joint resolution (S. J. Res. 2) proposing an amendment to the Constitution of the United States providing for the election of President and Vice President, was announced as next in order.

Mr. SCHOEPPEL. Over.

The PRESIDING OFFICER. The joint resolution will be passed over.

AUTHORIZATION OF AMERICAN RIVER BASIN DEVELOPMENT, CALIFORNIA

The Senate proceeded to consider the bill (H. R. 165) to authorize the American River Basin development, California, for irrigation and reclamation, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs, with amendments.

Mr. SCHOEPPEL. Mr. President, this is a bill to which I understand certain amendments have been submitted. I think I am correct in saying that the Senator from California [Mr. DOWNEY] has agreed to them.

Mr. DOWNEY. That is correct. I have agreed, as has the junior Senator from California [Mr. KNOWLAND].

The PRESIDING OFFICER. The clerk will first state the committee amendments.

The committee amendments were, on page 2, line 1, after the word "development", to strike out "and"; and in the same line, after the word "recreation", to insert "navigation."

The amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SCHOEPPEL. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The LEGISLATIVE CLERK. It is proposed to strike out on page 1 the words following the word "the" on line 7; to strike out on page 1, lines 8, 9, 10; to strike out on page 2, lines 1 and 2; and to insert in lieu thereof "same purposes as described and set forth in the act of Congress of August 26, 1937 (50 Stat. 850)"; and on page 2, line 18, after the word "lines" and before the "semicolon", to strike out "to power load centers" and insert "to the nearest practical interconnection with the Central Valley project transmission system."

Mr. O'MAHONEY. Mr. President, I should like to have that amendment explained.

Mr. DOWNEY. Mr. President, shall I explain the amendment?

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. DOWNEY. The titling of the act was a technical matter, and it was not in accordance with the original Central Valley Act. Objections have been made to the provision for the building of transmission lines on the ground that the authorization is too broad. The amendment which is here offered provides that the Federal Government shall build transmission lines from the Folsom project to connect with the Government's power system of the Central Valley project. The amendment is agreeable to everyone concerned, including the Bureau of Reclamation.

Mr. O'MAHONEY. The Bureau of Reclamation has no objection, has it?

Mr. DOWNEY. That is correct.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. DOWNEY. I yield.

Mr. LANGER. Is any part of the land involved owned by the Kern County Land Co.?

Mr. DOWNEY. None of it is owned by the Kern County Land Co. It is located several hundred miles from the Kern County Land Co.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

NATIONAL CAPITAL PARK AND PLANNING COMMISSION

The Senate proceeded to consider the bill (S. 1931) to amend the act of June 6, 1924, as amended, relating to the National Park and Planning Commission, which had been reported from the Committee on the District of Columbia, with an amendment.

The PRESIDING OFFICER. The committee amendment was agreed to on July 26, on the previous call of the calendar.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act approved June 6, 1924, entitled "An act providing for a comprehensive development of the park and playground system of the National Capital" (43 Stat. 463), as amended, is hereby further amended by substituting sections 1 to 8, inclusive, reading as follows, for section 1 of such act, as amended, and by renumbering sections 2, 3, and 4 of such act, as amended, as sections 9, 10, and 11, respectively:

"SECTION 1. The National Capital Planning Commission.—

"(a) Creation of Commission: The National Capital Planning Commission is hereby created as the central planning and coordinating agency to secure the appropriate and orderly development and redevelopment of the National Capital and its environs, and

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the conservation of the natural and historical features thereof. To this end the National Capital Planning Commission, hereinafter referred to as the Commission, shall plan, provide guidance, and promote cooperation for the general purpose of accomplishing a coordinated, adjusted, and harmonious development of the area, which will achieve the character and appearance consonant with the nature and function of the National Capital, and will, in accordance with present and future needs, best promote public health, safety, morals, order, convenience, prosperity, and the general welfare, as well as efficiency and economy in the process of development. As used in this act, the word "environs" includes Montgomery and Prince Georges Counties in Maryland and Arlington and Fairfax Counties in Virginia, and all cities now or hereafter existing in Maryland or Virginia within the geographical area bounded by the outer boundaries of the combined area of said counties: *Provided, however,* That whenever it becomes necessary in the national interest to locate any Federal development or project at any place within any other county or city in Maryland or Virginia any part of which is within a distance of 50 miles from the District of Columbia, the Commission shall extend its plans or planning studies, guidance, and cooperation so as to include the area in any such county or city affected by such development or project.

"(b) Purpose of Commission: It is the purpose of this act to obtain the maximum amount of cooperation and correlation of effort between the departments, bureaus, commissions, and other agencies of the Federal and District of Columbia Governments and the State and local authorities of Maryland and Virginia in carrying out the provisions of this act. The said Federal and District governmental agencies therefore shall look to the Commission and utilize it as the central planning agency as hereinafter set forth. To this end plans, data, and records, or copies thereof, shall be made available to the Commission upon its request by such Federal and District governmental agencies; and the Commission shall likewise furnish plans, data, and records, or copies thereof, to Federal and District of Columbia governmental agencies upon request.

"(c) Composition of Commission: The Commission shall be composed of—

"(1) the Chief of Engineers of the Army, the Engineer Commissioner of the District of Columbia, the Architect of the Capitol, the Director of the National Park Service, the Federal Works Administrator, and the chairmen of the Committees on the District of Columbia of the Senate and the House of Representatives, any of whom if unable to serve in person may designate a representative to serve as a member of the Commission in his stead.

"(2) five eminent citizens well qualified and experienced in city planning, at least one of whom shall be a bona fide resident of the District of Columbia, to be appointed by the President: *Provided,* That appointive members of the National Capital Park and Planning Commission in office on the effective date of this amendatory act shall serve out their unexpired terms, as members of the Commission, in lieu of an equal number of members provided for in this paragraph (2). The terms of office of other members first appointed under this paragraph (2) shall be so fixed by the President that the term of one of such five members will expire on April 30 of each of the following years, namely, 1950, 1951, 1953, 1954, and 1955, and thereafter the terms of office shall expire every 6 years following such dates, respectively. Any member of the Commission appointed under this paragraph (2) shall, the expiration of his term notwithstanding, continue as a member, if his successor has not taken office, pending the appointment and qualification of the successor; and

"(3) three eminent citizens, one each from Maryland, Virginia, and the District of Columbia, to be nominated by the Governors of Maryland and Virginia, and the Commissioners of the District of Columbia, respectively, and appointed by the President. The terms of the members first appointed hereunder shall expire on April 30, 1950, for the Virginia member, April 30, 1951, for the Maryland member, and April 30, 1952, for the District of Columbia member, and therafter the terms of office shall expire every 6 years following such dates, respectively.

Any person appointed to fill a vacancy shall be appointed only for the unexpired term of the member whom he shall succeed. The appointive members of the Commission shall receive no compensation as such, but shall be paid $10 per diem in lieu of subsistence and be reimbursed for the cost of travel when attending meetings of the Commission or engaged in investigations or other specific duties pertaining to its activities.

"(d) Officers and employees of Commission: The Commission may elect its own Chairman and such other officers as it deems desirable. The Commission is authorized to employ an executive officer, or in its discretion to designate from time to time one of the members of the Commission to serve as executive officer, and to employ a Director of Planning and such other technical and administrative personnel as may be necessary. Without regard to section 3709 of the Revised Statutes, the civil service or classification laws, or section 5 of the act of April 6, 1915 (5 U. S. C. 55), the Commission may employ, by contract or otherwise, and at such rates of compensation as it may determine, the services of city planners, architects, engineers, and other experts or organizations thereof, as may be necessary to carry out its functions.

"(e) Advisory and coordinating committees: The Commission shall have the authority to establish, by and with the consent of the agency concerned as to its representation, such advisory and coordinating committees, representing the proper agencies of the Federal and District of Columbia Governments and of State and local authorities in Maryland and Virginia, as may be necessary or helpful to obtain the maximum amount of cooperation and coordination of effort among the departments, bureaus, commissions, and other agencies of the Federal and District Governments, and State and suburban authorities, in order that the National Capital and its environs may be developed in accordance with the comprehensive plan.

"SEC. 2. Comprehensive Plan for the National Capital and Environs.—

"(a) Preparation and adoption: The Commission is hereby charged with the duty of preparing and adopting a comprehensive, consistent, and coordinated plan for the development of the National Capital and its environs. Such plan shall show the Commission's recommendations for the said development and may include, among other things, the general location, arrangement, character, and extent of highways, streets, bridges, viaducts, subways, major thoroughfares, and other facilities for the handling of traffic; parks, parkways, and recreation areas, and the facilities for their development and use; public buildings and structures, including monuments and memorials, public reservations or property, such as airports, parking areas, institutions, and open spaces; land use, zoning, and the destiny or distribution of population; public utilities and services for the transportation of people and goods or the supply of community facilities; waterway and water-front development; redevelopment of obsolescent, blighted, or slum areas; neighborhood areas; projects affecting the amenities of life, the preservation and conservation of natural scenery and resources, and features of historic and scientific interest and educational value; and all other proper elements of city and regional planning. The plan may include appropriate maps, plats, charts, tables, and descriptive, interpretive, and analytical matter, economic and social aspects, and trends of urban development, and such functional and sectional plans as the Commission deems necessary or desirable.

"(b) Progressive adoption, amendment or review: The Commission may, as the work of preparing the comprehensive plan progresses, adopt a part or parts thereof and from time to time amend, extend, or add to the plan. To develop and maintain the plan, and to keep its recommendations up to date, the Commission shall review periodically all elements and adopt such revisions as in its judgment may be required.

"(c) Purposes of the plan: The primary purpose and effect of the plan is to aid the Commission in the performance of its duties and to guide the accomplishment of a coordinated, comprehensive, adjusted and systematic development of the National Capital and its environs.

"(d) Consultation with interested agencies: Prior to the final adoption of the comprehensive plan or any element thereof, or any subsequent revision, the Commission shall present such plan, element, or revision to the appropriate Federal or District of Columbia authorities, requesting that comment and recommendations be submitted within 30 days or such longer period as the Commission may specify. Presentation of proposed revisions may at the Commission's discretion be made annually in a consolidated form. The said recommendations shall not be binding on the Commission, but it shall give careful consideration to such views and recommendations as are submitted prior to final adoption. The Commission may, in addition and at its discretion, periodically provide opportunity by public hearings, meetings, or conferences, exhibitions and publication of its plans, for review, comments, criticisms, and suggestions by nongovernmental agencies or groups, and encourage the formation of one or more citizen advisory councils.

"The Commission may, as to the environs, make recommendations to and act in conjunction and cooperation with such representatives of the States of Maryland and Virginia and their local authorities concerned with the planning of the environs as may be within its functions and means. The Commission may enter into such commitments and agreements with said representatives as the Commission deems necessary to effectuate the adoption of the various elements of the plan and secure its realization.

"SEC. 3. Proposed developments and improvements.—

"(a) Consultation with Commission: In order to insure the comprehensive planning and orderly development of the National Capital and its environs, each Federal and District of Columbia agency prior to the preparation of construction plans for public improvements or to commitments for the acquisition of land, to be paid for in whole or in part from Federal or District funds, shall consult and advise with the Commission in the preparation by the agency of plans, programs, and regulations which affect the plan and development of the National Capital or its environs: *Provided, however,* That the Commission shall determine in advance the type or kinds of plans, improvements, or acquisitions which do not need to be submitted for review by the Commission as to conformity with its plans. After receipt of such plans, maps, and data, it shall be the duty of the Commission to make a preliminary report and recommendations to the agency or agencies concerned within 20 days, unless by mutual agreement there is an extension of time. If, after having received and considered the report and recommendations of the Commission, the agency

does not concur, it shall so advise the Commission with its reasons therefor, and the Commission shall submit a final report within 30 days. After consideration of this final report the agency may proceed to take action in accordance with its legal responsibilities and authority.

"(b) Exceptions: The procedure prescribed in subsection 3 (a) hereof shall not apply to projects within the Capitol grounds or to structures erected by the National Military Establishment during wartime within military, naval, or Air Force reservations, except that the appropriate defense agency shall consult with the Commission as to any developments which materially affect traffic or require coordinated planning of the surrounding area.

"(c) Approval of buildings of the government of the District of Columbia: The provisions of section 16 of the act approved June 20, 1938 (52 Stat. 802), are extended to include public buildings erected by any agency of the District of Columbia government within boundaries of the central area of the District as said central area may be defined and from time to time redefined by the concurrent action of the Commission and the Board of Commissioners of the District of Columbia.

"(d) Approval of buildings and land use in environs: Within the environs, the location, height, bulk, number of stories, and size of Federal and District government buildings; the provision for open space in and around the same; and the general uses of land by any agency of the Federal or District governments, shall be subject to the approval of the Commission, unless such construction has been specifically approved by an act of Congress. In carrying out this subsection 3 (d) the Commission shall, so far as practicable, seek the advice of the appropriate local or regional planning agency having jurisdiction over the affected part of said environs.

"SEC. 4. Thoroughfare plan.—

"(a) Preparation and adoption of thoroughfare and transportation plans.—As elements of the comprehensive plan described in section 2 above, the Commission shall prepare a major thoroughfare plan and a public transportation plan. The major thoroughfare plan may include established and proposed routes. Following the preparation and adoption by the Commission of the major thoroughfare plan, that part of the plan within the District of Columbia shall be submitted to the Board of Commissioners of the District of Columbia and if approved by them shall be deemed to be the approved plan. Revisions in the major thoroughfare plan shall similarly require the adoption by the Commission and approval by the Board of Commissioners of the District of Columbia. The public transportation plan for the area within the District of Columbia shall be prepared, adopted, approved, or revised in the same manner as prescribed in subsection 4 (a) hereof except that the Joint Board provided for in section 6 (e) of the District of Columbia Traffic Act, 1925, as amended (sec. 606 (e), title 40, D. C. Code), shall be responsible for its approval and approval of subsequent revisions. Revision of the major thoroughfare plan and the public transportation plan within the District of Columbia may be proposed by the Commission and may also be proposed by the Board of Commissioners of the District of Columbia in respect to the thoroughfare plan and by said Joint Board in respect to the public transportation plan.

"(b) Thoroughfare plan for environs: The Commission, in consultation with the Public Roads Administration and the appropriate State and local authorities, shall prepare and from time to time amend or extend a thoroughfare plan for the environs, which shall be coordinated with that for the District of Columbia and may include existing or proposed highways. Following the approval of such plan by the Commission, it shall be submitted to the Public Roads Administration as a guide to portions of the plan included or to be included in the Federal aid highway system and treated in the same manner as is provided in subsection 3 (a) hereof.

"SEC. 5. Six-year public works program: The Commission shall maintain a 6-year program of public-works projects. To this end each Federal agency and the Board of Commissioners of the District of Columbia shall submit to the Commission in the first quarter of each fiscal year a copy of its advance program of capital improvements within the National Capital and its environs. The Commission may also request similar submission from appropriate State and other public agencies in the environs. Based upon such proposals, together with its own estimate of general requirements, the Commission shall prepare and keep up to date its program of capital improvements, which shall be available for the consideration of the proper District and Federal budgeting and appropriating authorities.

"SEC. 6. Zoning and subdivision functions:

"(a) Review of amendments of zoning regulations and maps: It shall be the duty and function of the Commission to make a report and recommendation to the Zoning Commission of the District of Columbia on proposed amendments of the zoning regulations and maps as to the relation or conformity of such amendments with the comprehensive plan of the District of Columbia. For this purpose, the Commission shall be furnished the necessary maps and records, including the reports of the Zoning Advisory Council, a reasonable time in advance of the public hearing on said amendment or amendments.

"(b) Proposed zoning regulation and zoning map amendments: It shall be the duty of the Commission at its discretion to submit to the said Zoning Commission proposed amendments to the zoning regulations or the zoning map for said District.

"(c) Further report on zoning matters: When requested by a properly authorized representative of the Commission, the Zoning Commission may recess for a reasonable period of time any public hearing held by it to consider a proposed amendment to the zoning regulations or map, in order that the Commission or its representative may have an opportunity to present to the Zoning Commission a further report on the proposed amendment.

"(d) Zoning Committee: The functions vested in the Commission pursuant to this section may, to such extent as the Commission shall determine, and subject to confirmation by the Commission, be performed by a committee of the Commission which shall be known as the Zoning Committee and shall consist of the Chairman of the Commission who shall be chairman of such committee, and of not less than two other members of the Commission designated by the Commission for the purpose. The number of members serving on the Zoning Committee may be varied from time to time.

"(e) Recommendations as to platting and subdividing of lands: Any proposed change in or addition to the regulations or general orders regulating the platting and subdividing of lands and grounds in the District of Columbia shall first be submitted to the Commission by the Board of Commissioners of the District of Columbia for report and recommendation prior to adoption by such Board. Should the Board not concur in the recommendations of the Commission, it shall so advise the Commission with its reasons therefor and the Commission shall submit a final report within 30 days. After consideration of this final report, the Board may proceed to take action in accordance with its legal responsibilities and authority. It shall be the duty of the Commission to submit any proposed changes in or amendments to the general orders that the Commission considers appropriate and the Board of Commissioners shall treat the amendments proposed in the same manner as other proposed amendments.

"SEC. 7. Transfers from predecessor agency: All other functions, powers, and duties of the National Capital Park and Planning Commission, including those formerly vested in the Highway Commission established by the act of March 2, 1893 (27 Stat. 532), together with the personnel, records, property, and unexpended balances (available or to be made available) of appropriations, allocations, and other funds of the National Capital Park and Planning Commission, are hereby transferred to the Commission.

"SEC. 8. Appropriations: There are hereby authorized to be appropriated, out of any moneys in the Treasury of the United States not otherwise appropriated and in any appropriate appropriation act other than the annual District of Columbia Appropriation Act, such sums as may be necessary to carry out the provisions of sections 1 to 7 of this act, as amended, any existing provisions of law to the contrary notwithstanding."

CONSOLIDATION OF GENERAL APPROPRIATION BILLS

The Senate proceeded to consider the concurrent resolution (S. Con. Res. 18) providing for the consolidation of general appropriation bills, and for other purposes, which had been reported from the Committee on Rules and Administration, with amendments, on page 1, at the beginning of line 7, to strike out "subsection" and insert "subsections"; and on page 5, after line 8, to insert:

(d) The Secretary of the Treasury is authorized when requested by the chairman of the Committee on Appropriations of the Senate or by the chairman of the Committee on Appropriations of the House of Representatives to transmit to said chairman, as soon as possible, a current estimate of the over-all Federal receipts for the ensuing fiscal year.

So as to make the concurrent resolution read:

Resolved by the Senate (the House of Representatives concurring), That, effective on the first day of the second regular session of the Eighty-first Congress, the joint rule of the Senate and of the House of Representatives contained in section 138 of the Legislative Reorganization Act of 1946 is amended by adding at the end thereof the following new subsections:

"(c) (1) All appropriations for each fiscal year shall be consolidated in one general appropriation bill to be known as the 'Consolidated General Appropriation Act of ,' (The blank to be filled in with the appropriate fiscal year). The consolidated general appropriation bill may be divided into separate titles, each title corresponding so far as practicable to the respective regular general appropriation bills heretofore enacted. As used in this paragraph the term 'appropriations' shall not include deficiency or supplemental appropriations, appropriations under private acts of Congress, or rescissions of appropriations.

"(2) The consolidated general appropriation bill for each fiscal year, and each deficiency and supplemental general appropriation bill containing appropriations available for obligation during such fiscal year, shall contain provisions limiting the net amount to be obligated during such fiscal year in the case of each appropriation made therein which is available for obligation beyond the close of such fiscal year. Such consolidated general appropriation bill shall also contain

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provisions limiting the net amounts to be obligated during such fiscal year from all other prior appropriations which are available for obligation beyond the close of such fiscal year. Each such general appropriation bill shall also contain a provision that the limitations required by this paragraph shall not be construed to prohibit the incurring of an obligation in the form of a contract within the respective amounts appropriated or otherwise authorized by law, if such contract does not provide for the delivery of property or the rendition of services during such fiscal year in excess of the applicable limitations on obligations. The foregoing provisions of this paragraph shall not be applicable to appropriations made specifically for the payment of claims certified by the Comptroller General of the United States and of judgments, to amounts appropriated under private acts of Congress, to appropriations for the payment of interest on the public debt, or to revolving funds or appropriations thereto.

"(3) The committe reports accompanying each consolidated general appropriation bill, and any conference report thereon, shall show in tabular form, for information purposes, by items and totals—

"(A) the amount of each appropriation, including estimates of amounts becoming available in the fiscal year under permanent appropriations;

"(B) estimates of the amounts to be transferred between such appropriations;

"(C) estimates of the net amount to be expended in such fiscal year from each appropriation referred to in clause (A);

"(D) estimates of the net amount to be expended in such fiscal year from the balances of prior appropriations;

"(E) the totals of the amounts referred to in clauses (C) and (D); and

"(F) estimates of the total amount which will be available for expenditure subsequent to the close of such fiscal year from the appropriations referred to in clause (A).

The committee reports accompanying each deficiency and supplemental appropriation bill containing appropriations available for obligation or expenditure during such fiscal year, and each appropriation rescission bill, and any conference report on any such bill, shall include appropriate cumulative revisions of such tabulations.

"(4) The committee reports accompanying each consolidated general appropriation bill, and any conference report thereon, shall show in tabular form, for information purposes, for each wholly owned Government corporation or other agency of the Government which is authorized to receive and expend receipts without covering such receipts into the Treasury of the United States and which uses a checking account maintained with the Treasurer of the United States for that purpose (A) the estimated expenditures (other than retirement of borrowing) to be made out of such checking account for the fiscal year, (B) the estimated receipts (other than borrowing) to be deposited in such checking account for such fiscal year, and (C) the difference between (A) and (B).

"(5) The provisions of paragraphs (2), (3), and (4) shall not be applicable to appropriations of trust funds or to transactions involving public-debt retirement.

"(6) No general appropriation bill shall be received or considered in either House unless the bill and the report accompanying it conforms with this rule.

"(7) The Appropriations Committees of the two Houses may hold hearings simultaneously on each general appropriation bill or may hold joint hearings thereon.

"(d) The Secretary of the Treasury is authorized when requested by the chairman of the Committee on Appropriations of the Senate or by the chairman of the Committee on Appropriations of the House of Representatives to transmit to said chairman, as soon as possible, a current estimate of the over-all Federal receipts for the ensuing fiscal year."

The amendments were agreed to.

Mr. SALTONSTALL. Mr. President, do the amendments fill in the blank dates which are in the resolution?

The PRESIDING OFFICER. They do not.

Mr. SALTONSTALL. Mr. President, how can we pass a resolution with blank dates in it?

The PRESIDING OFFICER. The filling in of the blanks will be determined by the year in which the appropriation bill is passed.

Mr. SALTONSTALL. I am heartily in favor of the resolution; but I wondered what the effect would be on the next budget. It seems to me that the dates should be fixed.

The PRESIDING OFFICER. This is a concurrent resolution. It has to be adopted by the House before it can become effective.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. BYRD. The blank date will be the date fixed when the resolution becomes effective.

Mr. SALTONSTALL. Is it the opinion of the Senator from Virginia that the resolution is in proper form at this time?

Mr. BYRD. Yes.

Mr. SALTONSTALL. May I ask the Senator from Virginia if it would not be wise to fix some date when it is to become effective?

Mr. BYRD. It changes from year to year. Next year it will be consolidation of appropriation bills for 1950; the following year it will be for 1951.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The resolution, as amended, was agreed to.

SALARIES OF TEACHERS AND SCHOOL OFFICIALS OF THE DISTRICT OF COLUMBIA

The bill (H. R. 2437) to amend the act entitled "An act to fix and regulate the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia, and for other purposes," approved July 7, 1947, was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (H. R. 3368) to amend sections 356 and 365 of the act entitled "An act to establish a code of law for the District of Columbia, approved March 3, 1901," to increase the maximum sum allowable by the court of the assets of a decedent's estate as a preferred charge for his or her funeral expenses from $600 to $1,000, was announced as next in order.

Mr. LANGER. Over.

The PRESIDING OFFICER. The bill will be passed over.

INVESTMENT OF INSURANCE FUNDS IN THE DISTRICT

The bill (S. 1490) to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the International Bank for Reconstruction and Development was announced as next in order.

Mr. LANGER. Over.

Mr. FREAR. Mr. President, is it Calendar No. 621 to which the Senator objects?

Mr. LANGER. That is correct.

Mr. FREAR. Mr. President, will the Senator withhold his objection?

Mr. LANGER. Yes.

The PRESIDING OFFICER. The Senator from Delaware is recognized for 5 minutes.

Mr. FREAR. I shall not take that long.

The purpose of the bill is to authorize insurance companies organized within the District of Columbia to invest in securities issued or fully guaranteed by the International Bank for Reconstruction and Development. At the present time national and other commercial banks in the District of Columbia and trust funds in the District of Columbia are permitted to invest in such securities, but the applicable statutes have the effect of prohibiting such investment by insurance companies.

When the bank began operations on June 25, 1946, the statutes regulating institutional investment in most jurisdictions throughout the country had the effect of prohibiting investment in the International Bank's securities, as no such organization as the International Bank was contemplated at the time those statutes were drafted. Since that date a very large number of jurisdictions, by legislation or administrative ruling, have authorized such investment.

Legislation of a similar nature has been enacted by the following States: California, Illinois, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Nebraska, New Jersey, New York, Pennsylvania, Virginia, and West Virginia.

The bill is purely permissive and does not require any company to make any such investment.

Mr. LANGER. Mr. President, I object. I do not believe in taking money belonging to policyholders and investing it in a corporation.

The PRESIDING OFFICER. The bill will be passed over.

BILL PASSED OVER

The bill (S. 843) for the relief of S. M. Price was announced as next in order.

Mr. SCHOEPPEL. Over.

The PRESIDING OFFICER. The bill will be passed over.

RELIEF OF CERTAIN CONSULTANTS OF THE FOREIGN ECONOMIC ADMINISTRATION

The Senate proceeded to consider the bill (H. R. 1950) for the relief of certain consultants formerly employed by the Technical Industrial Intelligence Committee of the Foreign Economic Administration, and for other purposes.

Mr. HENDRICKSON. Mr. President, reserving the right to object to the consideration of the bill, I send to the desk two amendments and ask to have them stated.

The PRESIDING OFFICER. The clerk will state the amendments.

The LEGISLATIVE CLERK. It is proposed to strike out on page 2, lines 14 and 15, and to insert in lieu thereof the following:

SEC. 3. No certificate or statement as to such items furnished such employees shall be required of them: *Provided*, That this section shall not be construed to waive the filing by such employees of any certificate or statement required to be submitted under existing law or regulation with reference to their per diem allowance exclusive of such items as defined in section 1.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from New Jersey [Mr. HENDRICKSON].

The LEGISLATIVE CLERK. It is proposed to strike out on page 5, line 10, and the period, and to insert "and shall be made within 1 year after the enactment of this act."

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

SALES AND USE TAXES ON CIGARETTES

The bill (H. R. 195) to assist States in collecting sales and use taxes on cigarettes was announced as next in order.

Mr. LANGER. Mr. President, may we have an explanation?

Mr. KILGORE. Let the bill go over.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

Mr. GEORGE. Mr. President, I do not see the majority leader present, but I imagine this bill will get a place on the calendar of business to be transacted at this session. I hope the policy committee will give consideration to that request at the meeting tomorrow.

Mr. MYERS. Mr. President, I can assure the Senator that the matter will be brought to the attention of the Policy Committee at its regular meeting tomorrow.

Mr. GEORGE. Mr. President, this is a bill to assist the States in collecting sales and use taxes on cigarettes, by requiring shippers in interstate commerce to report to the taxing authorities of the States into which cigarettes are sent the necessary data upon which to base assessments and collection of State cigarette taxes. It does not do more than that. It does involve a question of policy, but there is a question of avoidance of the payment of the tax on cigarettes in some States, and in some of the States the tax has gone up to as high as 8 cents a package.

Mr. KILGORE. Mr. President, my reason for asking that the bill go over was that I want it taken up when it can be discussed, because it does involve a matter of policy.

Mr. ANDERSON. Mr. President, I merely wish to say to the Senator from Georgia that I have had strong representations from my State, where the taxing officials are very anxious that this type of bill be enacted. They have no way whatever of enforcing their State laws, if they fail to have cooperation from the Federal Government. This is one of the rare instances in which the Federal Government refuses to cooperate with the States. If a State wants to know what any man's income is, the Federal Government will supply the information to the State at once, but if it wants to know who is shipping in a package of cigarettes in violation of law, the Federal Government takes the position that it is not willing to cooperate. The Government is willing to let a State have the income-tax return of every man and corporation, but it is not willing to let the State know who brings in a carton of cigarettes in violation of the law. It is one place where the Federal Government refuses to cooperate with the States.

Mr. GEORGE. Mr. President, there is a good deal of pressure from more than a majority of the States, and that pressure is being exerted on the chairman of the Committee on Finance. I hope the policy committee will consider placing the bill upon the calendar of business. Its consideration will not take very long.

Mr. KILGORE. I wish to say to the Senator from Georgia and the Senator from New Mexico that one reason why I want the policy determined is illustrated by the fact that in the past when my State was dry and the Federal Government could license people to sell whisky in the State and yet refuse to acquaint the State authorities with that fact, and such condition still exists as to many more articles than cigarettes.

Mr. ANDERSON. Mr. President, if the Senator from Georgia will yield further, I wish to point out that merchants in the States are being handicapped by the inability of the States to enforce the laws. People can engage in the mail-order business of shipping cigarettes into a State in order to avoid the tax, although the merchant is trying to help in the collection of taxes. Many people are deprived of the benefit of old-age payments by the failure to have the tax collected. To deny the States cooperation is a disservice to those who depend on these taxes for old-age benefits, as is the case in many of the States of the Union. I think it is too bad that a bill like this should not be considered.

The PRESIDING OFFICER. The time of the Senator from Georgia has expired.

Mr. HENDRICKSON. Mr. President, I wish to associate myself with the distinguished Senator from Georgia in his request and to join the distinguished Senator from New Mexico in the statement he has made concerning the bill.

Mr. SALTONSTALL. Mr. President, I wish to add my word to those of the other Senators. We in Massachusetts would like to see this bill passed.

The PRESIDING OFFICER. Objection having been heard, the bill will be passed over and the clerk will state the next order of business.

Mr. FLANDERS. Has objection been made?

The PRESIDING OFFICER. Objection was heard.

Mr. LANGER. Mr. President, I did not object to the bill. I asked for an explanation.

The PRESIDING OFFICER. Is there objection?

Mr. KILGORE. I object.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

BILL PASSED OVER

The bill (H. R. 3905) to amend section 3121 of the Internal Revenue Code was announced as next in order.

Mr. LANGER. I should like to have an explanation of the bill.

Mr. GEORGE. Mr. President, I should like to have the bill considered, but I do not think it should be considered under the 5-minute rule. The bill itself is very simple, but a large number of amendments have been offered dealing with excise taxes, and I do not think it should be taken up on the call of the calendar.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

RESTOCKING AND CONSERVATION OF GAME IN THE EGLIN FIELD RESERVE

The bill (H. R. 2418) to authorize restocking, propagation, and conservation of game in the Eglin Field Reserve, was announced as next in order.

Mr. SCHOEPPEL. Over.

Mr. HOLLAND. Mr. President, I ask the distinguished Senator to withhold his objection for a moment.

Mr. SCHOEPPEL. Very well.

Mr. HOLLAND. Mr. President, this bill affects a bombing reservation at Eglin Field, Fla. The Eglin Field Reservation is a great area taking in most of two counties of Florida which was formerly the Choctawhatchee National Forest. It happens to be a splendid hunting and fishing territory, and special licenses are sold by the Air Force to citizens who desire to hunt and fish there.

The whole question is whether or not the license fees, which have accumulated to about $10,000, and subsequent fees can be used for restocking the area with fish and game. The only problem that presents itself is that, in most such projects, the Fish and Wildlife Service is brought into play.

In this particular project the Air Force itself is the only agency which can properly handle this responsibility, because the range is used for service bombing, and at the time it is being so used no one can go on it. There are, likewise, certain areas from time to time where there are unexploded, undetonated bombs which have to be blocked off and policed, and it would be improper for anyone except the Air Force to say at what time the property shall be used, and under what conditions.

I hope the Senator will withdraw his objection, because as it is, the money is accumulating, without authority to the Air Force to use it for the purpose for which it was intended, and for which the Comptroller has not agreed to have it used, that is, to restock the area with fish and game. It is an exceedingly minor matter, but I see no other reasonable way in which it can be handled. I hope the distinguished Senator will withdraw his objection.

Mr. SCHOEPPEL. I may suggest to the junior Senator from Florida that

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certain amendments might remove some of the objections. The bill might be passed to the foot of the calendar.

Mr. HOLLAND. I shall be happy to have that done, but I hope the Senator will permit the bill to be passed, because otherwise the funds will accumulate, and not be used for the reasonable purpose for which they were intended.

The PRESIDING OFFICER. The bill will be passed over to the foot of the calendar.

LEASING OF SCHOOL LANDS IN WYOMING FOR MINERAL PURPOSES

The bill (S. 805) to amend section 5 of the act approved July 10, 1890, as amended, relating to the admission into the Union of the State of Wyoming, so as to permit the leasing of school lands within such State for mineral purposes for terms in excess of 10 years, was announced as next in order.

Mr. O'MAHONEY. Mr. President, there are two identical bills on the calendar. One is Senate bill 805, Calendar 673; and the other is House bill 2678, Calendar No. 674. I ask that the House bill be considered and passed, and that the Senate bill be indefinitely postponed.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H. R. 2678) to amend section 5 of the act approved July 10, 1890, as amended, relating to the admission into the Union of the State of Wyoming, so as to permit the leasing of school lands within such State for mineral purposes for terms in excess of 10 years, was considered, ordered to a third reading, read the third time, and passed.

Mr. O'MAHONEY. Mr. President, I ask that Senate bill 805 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, the Senate bill is indefinitely postponed.

Mr. O'MAHONEY. Mr. President, I ask that the committee report on Senate bill 805, Report No. 674, be printed in full in the RECORD at this point.

There being no objection, the report (No. 674) was ordered to be printed in the RECORD, as follows:

The Senate Committee on Interior and Insular Affairs, to whom was referred the bill (S. 805) to amend section 5 of the act approved July 10, 1890, as amended, relating to the admission to the Union of the State of Wyoming, so as to permit the leasing of school lands within such State for mineral purposes for terms in excess of 10 years, having considered the same, report favorably thereon without amendment and with the recommendation that the bill do pass. An identical bill, H. R. 2678, which was referred to this committee, is also reported favorably without amendment.

This bill amends section 5 of the act providing for the admission of the State of Wyoming into the Union so as to permit Wyoming to issue mineral leases for periods of over 10 years on land granted to the State by said act. No expenditure of Federal funds is required.

This bill would permit the State to issue mineral leases on school land granted to the State under the enabling act beyond the present 10-year limitation for so long thereafter as mineral production continues. This conforms to the provisions in section 17 of the Federal Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended. A similar amendment has been made to the respective enabling acts of Montana and Washington and is proposed for the State of Idaho.

The bill was introduced by Senator HUNT of Wyoming, who appeared before the committee urging its adoption. The Senator pointed out that in his experience as Governor of Wyoming he found that oil development was retarded on State lands by reason of the fact that explorations are now being carried to such great depths and at such tremendous expense that potential prospectors were discouraged from making necessary investments when limited to 10-year leases.

The favorable report of the Interior Department to the chairman of the committee under date of June 9, 1949, is hereinbelow set forth in full and made a part of this report as follows:

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D. C., June 9, 1949.

Hon. JOSEPH C. O'MAHONEY,
Chairman, Committee on Interior and Insular Affairs,
United States Senate.

MY DEAR SENATOR O'MAHONEY: This is in reply to the request of your committee for a report on S. 805, introduced by Senator LESTER C. HUNT, a bill to amend section 5 of the act approved July 10, 1890, as amended, relating to the admission into the Union of the State of Wyoming, so as to permit the leasing of school lands within such State for mineral purposes for terms in excess of 10 years.

I have no objection to the enactment of the bill.

S. 805 would amend section 5 of the enabling act for Wyoming (act of July 10, 1890, 26 Stat. 222) so as to permit Wyoming to issue mineral leases for periods of over 10 years on land granted to that State by the said act. At present, the term of such leases on the grant lands may not exceed 10 years.

Section 4 of the enabling act granted to Wyoming sections 16 and 36 in every township for the support of the common schools. Section 5 of the enabling act authorized the leasing of the grant lands for periods of not more than 5 years. Under section 13 of that act, mineral lands were exempted from the grant, but Congress extended the grant to mineral lands under the act of January 25, 1927 (44 Stat. 1026, 43 U. S. C., sec. 870). The act of February 25, 1934 (48 Stat. 350), amended the enabling act to authorize the issuance of mineral and other leases for a term not longer than 10 years instead of the 5-year limitation in section 5 of the original enabling act. This bill would eliminate all limitations with respect to the term of mineral leases.

The statutory limitation in the act of July 10, 1890, as amended, with respect to the term of mineral leases is in conformity with the former provisions of section 17 of the Federal Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended March 4, 1931 (46 Stat. 1523). The limitation provision in the Mineral Leasing Act has been amended, however, by the act of August 21, 1935 (49 Stat. 674), and the act of August 8, 1946 (60 Stat. 951; 30 U. S. C., sec. 226), so that section 17 of the Mineral Leasing Act now provides that oil and gas leases shall be issued for a definite term and shall continue so long thereafter as oil or gas is produced in paying quantities.

I know of no reason which would militate against eliminating the existing provision which limits the term for mineral leases on school lands, as has already been done with respect to oil and gas leases on the public domain. Since this Department does not have jurisdiction over the lands after the State's title has become fixed, however, I feel that the matter of liberalizing the enabling act poses a policy question for congressional rather than departmental consideration.

Since I understand your committee desires to hold an immediate hearing on this bill, this report has not yet been submitted to the Bureau of the Budget. I am, therefore, unable to advise you, at present, concerning its relationship to the program of the President.

Sincerely yours,

WILLIAM E. WARNE,
Acting Secretary of the Interior.

VALIDITY OF LAND TITLES UNDER RECLAMATION LAWS

The bill (S. 1606) to authorize the Secretary of the Interior to determine the validity of titles to lands acquired in the administration of the reclamation laws, was announced as next in order.

Mr. KILGORE. Mr. President, reserving the right to object, this bill would take from the Lands Division of the Department of Justice a substantial portion of its jurisdiction and duties. Consideration of this proposal should be given by the Committee on the Judiciary before it is considered in the Senate. Therefore, I move that the bill S. 1606, Calendar 685, be recommitted to the Committee on the Judiciary.

Mr. O'MAHONEY. Mr. President, when this bill was reached on the last call of the calendar, the chairman of the Committee on the Judiciary made allusion to the same situation to which the Senator from West Virginia now refers. I suggest that the bill be permitted to remain on the calendar while the Committee on the Judiciary makes its study. There is no need for taking the bill off the calendar. I think perhaps if we keep the bill on the calendar it may stimulate prompter action by the committee.

Mr. KILGORE. It is rather irregular, however, to study a bill which is not in committee.

Mr. O'MAHONEY. The procedure is perfectly clear. The same thing has been done on several occasions. I hope the Senator will not make the motion, because the understanding which was reached by the chairman of the Committee on Interior and Insular Affairs with the chairman of the Committee on the Judiciary, I think, will amply cover the situation.

Mr. KILGORE. I regret I cannot agree with my distinguished colleague from Wyoming.

The PRESIDING OFFICER. The Senator from West Virginia [Mr. KILGORE] has moved that the bill be recommitted to the Committee on the Judiciary.

Mr. WATKINS. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. KILGORE. Mr. President, I object to the consideration and passage of the bill at this time.

The PRESIDING OFFICER. The bill will be passed over.

BILLS PASSED OVER

The bill (S. 660) to amend the act of June 27, 1944, Public Law 359, and to preserve the equities of permanent classified civil-service employees of the United States, was announced as next in order.

Mr. SCHOEPPEL. Mr. President, because of the importance of this measure, and the controversy which developed over it, I do not think it should be passed under the 5-minute rule.

The PRESIDING OFFICER. Objection is heard. The bill will be passed over.

The bill (S. 1031) amending Public Law 49, Seventy-seventh Congress, providing for the welfare of coal miners, and for other purposes, was announced as next in order.

Mr. SCHOEPPEL. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

TRAVEL EXPENSE ALLOWANCE FOR GOVERNMENT EMPLOYEE WITNESSES

The bill (H. R. 4875) to amend title 28 of the United States Code relating to travel expense allowances for Government employee witnesses, was considered, ordered to a third reading, read the third time, and passed.

JACK PHILLIPS

The bill (H. R. 1672) for the relief of Jack Phillips, was considered, ordered to a third reading, read the third time, and passed.

ESTATE OF JAMES B. STIRLING, DECEASED

The Senate proceeded to consider the bill (H. R. 605) for the relief of the estate of James B. Stirling, deceased, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and to insert:

That jurisdiction is hereby conferred upon the United States District Court for the Northern District of New York to hear, determine, and render judgment upon the claim of Robina Stirling, as administratrix of the goods, chattels, and credits of James B. Stirling, deceased, for compensation for the death of the said James B. Stirling, which resulted from being struck by a Department of Justice automobile on New York State Route 5, Albany-Schenectady Road, Albany County, N. Y., on September 8, 1944.

SEC. 2. Suit upon such claim may be instituted at any time within 6 months after enactment of this act, notwithstanding the lapse of time or any statute of limitations. Proceedings for the determination of such claim, and appeals from and payment of any judgment thereon, shall be in the same manner as in the case of claims over which such court has jurisdiction under the provision of section 1346 of title 28 of the United States Code.

Mr. HENDRICKSON. Mr. President, I offer an amendment to the committee amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 2, line 14, after the word "claim", it is proposed to strike out the word "may" and to insert in lieu thereof the word "shall."

On page 2, line 14, after the words "instituted at any", it is proposed to strike out the word "time."

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (S. 1976) for the relief of Mrs. Juan Antonio Rivera, Mrs. Raul Valle Antelo, Mrs. Jorge Diaz Romero, Mrs. Otto Resse, and Mrs. Hugo Soria, was announced as next in order.

Mr. SCHOEPPEL. Over.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF SECTION 6 OF FEDERAL AIRPORT ACT—BILL PASSED OVER

The bill (S. 1284) to amend section 6 of the Federal Airport Act, was announced as next in order.

Mr. FLANDERS. Mr. President, at the last call of the calendar I asked to have this bill passed over. I ask to have it passed over again, but it is not my expectation or desire that the proposed legislation shall not be passed. I think there will be an opportunity before the next call of the calendar to put it into such shape that it will be satisfactory to everyone concerned.

The PRESIDING OFFICER. Objection is heard.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Vermont withhold his objection for a moment? Of course, if the Senator objects to consideration of the bill, I will have to accede.

Mr. FLANDERS. I shall withhold my objection for a moment.

Mr. JOHNSON of Colorado. Mr. President, this is a very worth-while measure. I am afraid that if the Senator objects to it now the consequence thereof will be that the bill will not be enacted. The purpose of the bill is to unfreeze funds which are now frozen, and to use them where they are badly needed in improving airports. Will the Senator from Vermont consent that the bill go to the foot of the calendar?

Mr. FLANDERS. I will say to the Senator from Colorado that I have so many irons in the fire at the moment that I would not be able to say now whether I would be free to take it up at that time. Briefly, I may state the nature of the objection, which is, that the practice with respect to this particular matter should follow as nearly as possible the same practice as is followed in the distribution of Federal highway funds.

Mr. JOHNSON of Colorado. If I may reply to the Senator, this is the difficulty: Appropriations which are made for the building of airports and the improvement of airports are divided into two classes by the law. Seventy-five percent of them go into one class, and that amount is allocated on the basis of the area of the State and the population of the State to the population area of the whole United States. Then 25 percent of it is allocated by the Administrator of Civil Aeronautics on the basis of need.

It so happens that about one-quarter of the States are unable to use at the present time the 75 percent which has been allocated to them. So the funds are frozen. But the over-all need in the United States for airport improvement is very great. The bill places the ratio 60 to 40 instead of 75 to 25, and retains the two categories, but it also protects the State which has lost some of the frozen funds. They are no good to the State anyway, because they are frozen, and they lie here in the Treasury. But the bill would protect the State from which these funds have been taken by restoring to it, whenever it is ready with a particular project, a project on which the money is ready to be spent. The State is protected in the bill, and the money can be spent for that purpose. It is not lost to them. The bill simply provides a means of getting some action with respect to the money which has been appropriated by the Congress for a very worthy and badly needed program.

Mr. FLANDERS. Mr. President, I come from one of the States which has matched every dollar of Federal funds, and I shall have to give a little more thought to the matter of reducing the formula of allocation from 75 to 60 percent, in view of the interest of my State.

The PRESIDING OFFICER. Objection is heard.

Mr. HENDRICKSON. Mr. President, as a matter of information, I think Senators interested ought to know that the Senate Calendar committee of the minority has been working on amendments which, when cleared, I think will satisfy everyone.

The PRESIDING OFFICER. The bill will be passed over.

ADVANCES OF PAY TO CERTAIN MEMBERS OF THE ARMED FORCES

The bill (H. R. 4050) to authorize advances of pay to personnel of the armed services upon permanent change of station, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 1536, Calendar 411, will be indefinitely postponed.

BILLS PASSED OVER

The bill (H. R. 4708) to amend the United Nations Participation Act of 1945 was announced as next in order.

Mr. LANGER. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1681) to prohibit the picketing of courts was announced as next in order.

Mr. LANGER. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1837) to amend the Trading With the Enemy Act was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. SCHOEPPEL. Mr. President, I object, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2319) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to the Republic of Korea was announced as next in order.

Mr. LANGER. Over.

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The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2294) to amend the Contract Settlement Act of 1944, so as to authorize the payment of fair compensation to persons contracting to deliver strategic or critical minerals or metals in cases of failure to recover reasonable costs, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1741) to extend the unemployment allowance benefits of the Servicemen's Readjustment Act of 1944 for a period of 2 years was announced as next in order.

Mr. SCHOEPPEL. Over.

The PRESIDING OFFICER. The bill will be passed over.

APPOINTMENT OF PAUL A. SMITH AS REPRESENTATIVE TO COUNCIL OF THE INTERNATIONAL CIVIL AVIATION ORGANIZATION

The bill (H. R. 4829) to authorize the President to appoint Paul A. Smith as representative of the United States to the Council of the International Civil Aviation Organization without affecting his status and perquisites as a commissioned officer of the Coast and Geodetic Survey, was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (H. R. 4406) to provide for the settlement of certain claims of the Government of the United States on its own behalf and on behalf of American nationals against foreign governments, was announced as next in order.

Mr. SCHOEPPEL. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 2886) to provide for the killing of starlings in the District of Columbia, was announced as next in order.

Mr. HENDRICKSON. Mr. President, by request, I object.

The PRESIDING OFFICER. The bill will be passed over.

INCREASE OF SUBSISTENCE EXPENSES ALLOWED JUDGES—BILL PASSED OVER

The bill (S. 48) to amend title 28, United States Code, section 456, so as to increase to $15 per day the limit on subsistence expenses allowed to justices and judges traveling while attending court or transacting official business at places other than their official stations, and to authorize reimbursement for such travel by privately owned automobiles at the rate of 7 cents per mile, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. WHERRY. Mr. President, I ask that the bill be temporarily passed over until I can consult with the Senator from New Hampshire.

The PRESIDING OFFICER. Is there objection to the bill being placed at the foot of the calendar?

Mr. KILGORE. Mr. President, let me say to the distinguished Senator from Nebraska——

Mr. WHERRY. Mr. President, I withdraw the objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. DOUGLAS. Mr. President, I wonder if we might have an explanation of the bill?

Mr. KILGORE. Mr. President, there is a companion bill. I think it is House bill 2166, Calendar 932. I ask that the House bill be considered.

The PRESIDING OFFICER. Is there objection to the consideration of House bill 2166, Calendar 932?

There being no objection, the Senate proceeded to consider the bill (H. R. 2166) to amend title 28, United States Code, section 456, so as to increase to $15 per day the limit on subsistence expenses allowed to justices and judges while attending court or transacting official business at places other than their official station, and to authorize reimbursement for such travel by privately owned automobiles at a rate of not exceeding 7 cents per mile.

Mr. KILGORE. I ask that the House bill be amended by striking out all after the enacting clause and substituting the text of Senate bill 48 as proposed to be amended by the committee.

Mr. DOUGLAS. Mr. President, do I correctly understand that whereas ordinary Government employees receive $9 a day for traveling expenses, it is proposed to give judges $15 a day?

Mr. KILGORE. Not to exceed $15. They must keep an actual expense account.

Mr. DOUGLAS. If an allowance is made not to exceed $15, is it not probable that $15 will generally be claimed?

Mr. KILGORE. Judges have always received more than other employees. There is a certain dignity to their position which has always entitled them to receive a little more.

Mr. DOUGLAS. Mr. President, I shall have to object.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

EXEMPTION OF CERTAIN LANDS FROM EXCESS-LAND PROVISIONS OF THE FEDERAL RECLAMATION LAWS

The Senate proceeded to consider the bill (S. 1385) providing that excess land provisions of the Federal reclamation laws shall not apply to certain lands that will receive a supplemental water supply from the San Luis Valley project, Colorado, which was read as follows:

Be it enacted, etc., That the excess-land provisions of the Federal reclamation laws shall not be applicable to lands which now have an irrigation water supply from sources other than a Federal reclamation project and which will receive a supplemental supply from the San Luis Valley project, Colorado.

Mr. DOUGLAS. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will be stated.

The LEGISLATIVE CLERK. In line 7, before the period, it is proposed to insert a colon and the following: *"Provided, however,* That in lieu of the acreage limitation contained in such provisions, the lands in such project provided with an additional water supply from said project shall be subject to a limitation of 480 acres: *Provided further,* That the provisions of this act are intended to meet the special conditions existing in the San Luis project, Colorado, and shall not be considered as altering the general policy of the United States with respect to reclamation project land limitations."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois.

Mr. MAGNUSON. Mr. President, I ask the Senator from Illinois if he is convinced that this amendment would protect the rights which now exist in other irrigation districts.

Mr. DOUGLAS. It is expressly stated that the situation of the San Luis project is an exception, and does not constitute a fundamental change in the irrigation law imposing a limitation of 160 acres of land to be serviced with water.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois.

The amendment was agreed to.

Mr. LANGER. Mr. President, may we have the amendment read again? I could not hear it.

The PRESIDING OFFICER. The amendment will again be stated.

The LEGISLATIVE CLERK. In line 7, before the period, it is proposed to insert a colon and the following: *"Provided, however,* That in lieu of the acreage limitation contained in such provisions, the lands in such project provided with an additional water supply from said project shall be subject to a limitation of 480 acres: *Provided further,* That the provisions of this act are intended to meet the special conditions existing in the San Luis project, Colorado, and shall not be considered as altering the general policy of the United States with respect to reclamation project land limitations."

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (H. R. 2432) restoring to tribal ownership certain lands upon the Colville Indian Reservation, Wash., and for other purposes was announced as next in order.

Mr. WILLIAMS. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 75) authorizing the construction, operation, and maintenance of a dam and incidental works in the main stream of the Colorado River at Bridge Canyon, together with certain appurtenant dams and canals, and for other purposes, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 806) authorizing the erection of a monument to Sacajawea was announced as next in order.

Mr. LANGER. Over.

The PRESIDING OFFICER. The bill will be passed over.

COMPENSATION FOR CERTAIN EMPLOYEES OF THE GOVERNMENT — BILL PASSED OVER

The bill (H. R. 3191) to amend the act approved September 7, 1916 (ch. 458, 39 Stat. 742), entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," as amended, by extending coverage to civilian officers of the United States and by making benefits more realistic in terms of present wage rates, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. HENDRICKSON. Mr. President, reserving the right to object, I should like to ask if the Senator from Illinois [Mr. DOUGLAS] expects to propose an amendment to meet the objections of the Senator from Oregon [Mr. MORSE].

Mr. DOUGLAS. Mr. President, in view of the fact that the distinguished majority leader says that this bill will be listed for discussion and action immediately after the postal service pay bill, and in view of the importance of the subject, I think we should have a longer time for discussion than would be permitted under the 5-minute rule, so I suggest that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

CONVEYANCE TO TEMPLE METHODIST CHURCH, SAN FRANCISCO, CALIF., OF CERTAIN FEDERALLY OWNED PROPERTY

The Senate proceeded to consider the bill (S. 384) to authorize the Commissioner of Public Buildings to convey to the Temple Methodist Church, a nonprofit corporation, of San Francisco, Calif., a portion of the federally owned building known as 100 McAllister Street, San Francisco, Calif., and for other purposes, which had been reported from the Committee on Public Works, with amendments, on page 1, line 3, after the word "the", to strike out "Commissioner of Public Buildings" and insert "Administrator of General Services"; on page 2, line 5, after the word "the", to strike out "Commissioner of Public Buildings" and insert "Administrator of General Services"; in line 7, after the word "the" where it occurs the second time, to strike out "Commissioner of Public Buildings" and insert "Administrator of General Services"; in line 11, after the word "conveyed", to strike out "final" and insert "the"; in the same line, after the word "decision", to strike out "thereon shall be made by the Federal Works Administrator" and insert "of the Administrator thereon shall be final"; after line 13, to strike out:

SEC. 3. The Commissioner of Public Buildings is authorized to lease to the Temple Methodist Church the two rooms on the second floor in the east wing of the building fronting on McAllister Street, for such period as the Government holds title to the property and for a consideration of $1 per year.

After line 19, to strike out:

SEC. 4. The Commissioner of Public Buildings is authorize to lease to the Temple Methodist Church additional space on the third and fourth floors of the east wing of the building for such period as the Government holds title to the property and at rates charged for comparable commercial space.

On page 3, at the beginning of line 1, to strike out "SEC. 5. The Commissioner of Public Buildings" and insert:

SEC. 3. The conveyance authorized by the first section of this act shall be made only if (a) the property authorized to be conveyed is vacated by the cashier's division of the office of the collector of internal revenue for the first district of California within 10 years from the date of enactment of this act, and (b) notice of its desire to purchase such property is given by the Temple Methodist Church within 6 months from the date of receipt of notification that such property has been so vacated, which notification shall be promptly given by the Adminstrator of General Services.

After line 11, to insert:

SEC. 4. During any period within which any portion of the building referred to in the first section of this act is owned or occupied by the United States, or any department or agency thereof, the Administrator of General Services.

So as to make the bill read:

Be it enacted, etc., That the Administrator of General Services is hereby authorized and directed to convey to the Temple Methodist Church, of San Francisco, Calif., for a consideration of $100,000, such portions of the federally owned building at 100 McAllister Street, San Francisco, Calif., located generally in the west wing thereof, as he determines were formerly used for church purposes and can be conveyed without adversely affecting the use or disposal of the remainder of said building by the Government. The conveyance shall be upon such terms as the Administrator of General Services may deem to be in the public interest.

SEC. 2. In the event that the Administrator of General Services and the Temple Methodist Church are unable to agree on the terms of the conveyance, or on the portion of said building to be conveyed, the decision of the Administrator thereon shall be final.

SEC. 3. The conveyance authorized by the first section of this act shall be made only if (a) the property authorized to be conveyed is vacated by the cashier's division of the office of the collector of internal revenue for the first district of California within 10 years from the date of enactment of this act, and (b) notice of its desire to purchase such property is given by the Temple Methodist Church within 6 months from the date of receipt of notification that such property has been so vacated, which notification shall be promptly given by the Administrator of General Services.

SEC. 4. During any period within which any portion of the building referred to in the first section of this act is owned or occupied by the United States, or any department or agency thereof, the Administrator of General Services is authorized to furnish utility services to the conveyed property at the cost thereof and upon such further terms as he may deem in the public interest.

The amendments were agreed to.

Mr. HENDRICKSON. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New Jersey will be stated.

The LEGISLATIVE CLERK. On page 1, line 6, it is proposed to strike out the words "for a consideration of $100,000" and substitute in lieu thereof "at the appraised fair-market value."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey.

The amendment was agreed to.

Mr. WILLIAMS. Mr. President, I ask that the bill go over at this time.

The PRESIDING OFFICER. All the amendments to the bill have been agreed to.

Mr. DOWNEY. Mr. President, I ask the Senator to reserve or withhold his objection.

Mr. WILLIAMS. Mr. President, I wish to study the amendment. Perhaps I shall withdraw the objection. But at the present time I object to the passage of the bill.

Mr. DOWNEY. Mr. President, I wonder whether the Senator would agree to have the bill go temporarily to the end of the calendar. The bill was under consideration for many months by the Committee on Public Works. After we had unanimously agreed to it, we were in consultation for some time with the members of the minority calendar committee; and upon the preparation of certain amendments by that committee, which amendments have been adopted, we were assured by the committee that it would make no objection.

If the Senator from Delaware would withhold his objection, I would appreciate it very much.

Mr. WILLIAMS. Mr. President, I have no objection to having the bill go to the foot of the calendar. However, I wish to point out that, as the Senator from California knows, the building originally was an office building which the church in San Francisco built, and now the church is trying to repurchase a portion of the office building, for the purpose of using it as a church. But, if I am not mistaken, the Government would still have approximately $2,500,000 invested in the office building. If the lower portion of the office building were occupied as a church, that would ruin the value of the building as an office building. I do not think the Government had any business buying the building in the first place; but under the circumstances, I question the wisdom of having a church buy back a part of it.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

The clerk will state the next measure on the calendar.

COMPENSATION OF CERTAIN EMPLOYEES OF THE PANAMA CANAL

The bill (S. 2226) relating to the compensation of certain employees of the Panama Canal was announced as next in order.

Mr. HENDRICKSON. May we have an explanation of the bill, Mr. President?

Mr. JOHNSTON of South Carolina. Mr. President, when the Congress passed the bill giving to Federal employees in the District of Columbia and to other Federal Government employees in the United States a $330 increase in pay, the Panama Canal employees did not receive that increase. This bill provides for that payment to them.

Mr. HENDRICKSON. I wonder whether the Senator from South Caro-

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lina can give us an estimate of the annual cost of the bill.

Mr. JOHNSTON of South Carolina. I do not have information as to the exact cost, but the cost per month is not large.

Mr. HENDRICKSON. Does the Senator know how many employees there are in the Panama Canal Zone?

Mr. JOHNSTON of South Carolina. I do not have the record before me at this time.

I think the Senator was on the committee when we discussed this matter. The committee was unanimous in reporting the bill, according to my recollection.

Mr. HENDRICKSON. I have no objection, but I think we should have an estimate of the cost.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time and passed, as follows:

Be it enacted, etc., That the additional compensation to which policemen, firemen, and school teachers employed by the Panama Canal are entitled by reason of the enactment of the act entitled "An act to increase the compensation of certain employees of the municipal government of the District of Columbia, and for other purposes," approved June 30, 1949, shall commence as of the first day of the first pay period which began after June 30, 1948.

SEC. 2. No retroactive compensation shall be payable by reason of the enactment of this act in the case of any person who is not an employee of the Panama Canal on the date of enactment of this act, except that such retroactive compensation shall be paid a retired employee for services rendered between the first day of the first pay period which began after June 30, 1948, and the date of his retirement.

BASIC COMPENSATION FOR CERTAIN GOVERNMENT EMPLOYEES — BILL PASSED OVER

The PRESIDING OFFICER. The clerk will state the next measure on the calendar.

The bill (S. 2379) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. HENDRICKSON. Mr. President, I think this bill is too important to be passed during the call of the calendar. Therefore, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HENDRICKSON. Mr. President, let me say that although I objected, I am in complete sympathy with the purposes of the bill. I think, however, it should be considered in connection with the other pay bills. I think it is too important to be passed under the 5-minute rule during the call of the Consent Calendar.

Mr. WHERRY. Mr. President, is this not one of the pay bills which is to be considered immediately following the call of the calendar?

Mr. HENDRICKSON. I would say the bill should be considered along with the other pay bills, as they come along, one after another.

Mr. WHERRY. That is correct.

The PRESIDING OFFICER. The bill will be passed over.

BILLS PASSED OVER

The bill (H. R. 1758) to amend the Natural Gas Act approved June 21, 1938, as amended, was announced as next in order.

Mr. LANGER. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1439) to provide for assistance to State agencies administering labor laws in their efforts to promote, establish, and maintain safe work places and practices in industry, thereby reducing human suffering and financial loss and increasing production through safeguarding available manpower was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

ADDITIONAL BENEFITS FOR CERTAIN POSTMASTERS AND EMPLOYEES IN THE POSTAL FIELD SERVICE—BILL PASSED OVER

The bill (S. 1772) to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, compensatory time, and promotions, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. HENDRICKSON. Mr. President, reserving the right to object, let me say that I am in complete sympathy with the purposes of the bill, but I think it should be considered in connection with the other pay bills. I think it is too important to be passed under the 5-minute rule.

Mr. WHERRY. This is one of the pay bills which are to be considered immediately following the call of the calendar, is it not?

Mr. HENDRICKSON. I would say the bill should be considered along with the other pay bills, as they come up, one after another.

Mr. WHERRY. That is correct.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

LEASES OF PUBLIC LANDS BY IDAHO FOR EDUCATIONAL PURPOSES.

The bill (H. R. 4943) to amend the act providing for the admission of the State of Idaho into the Union by increasing the period for which leases may be made of public lands granted to the State by such act for educational purposes was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

EXECUTIVE PAY BILL—BILL PASSED OVER

The PRESIDING OFFICER. The clerk will state the next bill on the calendar.

The bill (H. R. 1689) to increase the rates of compensation of the heads and assistant heads of executive departments and independent agencies was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. WILLIAMS. Mr. President, I think this bill should be made the next order of business following the call of the calendar, along with the other pay bills.

Mr. WHERRY. Mr. President, I ask unanimous consent that we may return to Senate bill 1772, Calendar No. 875, in order that I may state that I did not object to the present consideration of the bill. I simply stated that I understood that it was contemplated that it was one of the pay bills which was to be brought up for consideration following the call of the calendar. If the Senate cares to have the bill passed during the call of the calendar, that will be perfectly agreeable to me.

Mr. HENDRICKSON. Mr. President, that was my thought in interposing the objection. But since then I have discussed the matter with the Senator from North Dakota. After having an explanation of the bill and of what has been done in connection with it, I think it would be perfectly agreeable to have the bill taken up.

The PRESIDING OFFICER. Is there objection to the request to return to Calenda: No. 875, Senate bill 1772?

Mr. HENDRICKSON. Mr. President, I wish the RECORD to show that I have withdrawn my objection.

Mr. WILLIAMS. Mr. President, the other day the majority leader said that immediately following the call of the calendar he would have the Senate take up the series of pay bills, and included in them was House bill 1689, which was just called, and also Senate bill 1772, the bill to which the Senator from Nebraska has just asked to have the Senate return. I think all these pay bills should be considered at one time, as the majority leader indicated it was his intention to do, with one pay bill to follow immediately after another. So I shall ask that all the pay bills go over until that time.

The PRESIDING OFFICER. Objection is heard to the request of the Senator from Nebraska.

Objection is also heard to the present consideration of House bill 1689, and the bill will be passed over.

The clerk will state the next measure on the calendar.

BILLS AND CONCURRENT RESOLUTION PASSED OVER

The bill (S. 2246) to amend the National Housing Act, as amended, and for other purposes, was announced as next in order.

Mr. SCHOEPPEL. Mr. President, by request, I ask that the bill go over.

The PRESIDING OFFICER. Objection being heard, the bil' will be passed over.

The bill (H. R. 5327) to continue until the close of June 30, 1950, the suspension of duties and import taxes on metal scrap, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. Let the bill go over.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

The clerk will state the next measure on the calendar.

The concurrent resolution (H. Con. Res. 62) creating a Joint Committee on Lobbying Activities was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. Objection being heard, the concurrent resolution will be passed over.

AIRPORT PROJECTS IN THE VIRGIN ISLANDS

The bill (S. 2360) to amend the Federal Airport Act so as to authorize appropriations for projects in the Virgin Islands was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 5 (c) of the Federal Airport Act is amended to read as follows:

"(c) For the purpose of carrying out this act with respect to projects in the Territories of Alaska and Hawaii, and in Puerto Rico and the Virgin Islands, annual appropriations amounting in the aggregate to $20,000,000 are hereby authorized to be made to the Administrator over a period of seven fiscal years beginning with the fiscal year ending June 30, 1947. The appropriation for any such fiscal year shall remain available until June 30, 1953, unless sooner expended. Not to exceed 5 percent of any such annual appropriation, as specified in the act making such appropriation, shall be available to the Administrator for necessary planning and research and for administrative expenses incident to the administration of this act with respect to projects in the Territories of Alaska and Hawaii, and in Puerto Rico and the Virgin Islands; and the amount so available shall be deducted from such appropriation for purposes of determining the amount thereof available for grants for projects therein. Of the total amount available for such grants, 45 percent shall be available for projects in the Territory of Alaska, 25 percent shall be available for projects in the Territory of Hawaii, 25 percent shall be available for projects in Puerto Rico, and 5 percent shall be available for projects in the Virgin Islands."

SAMUEL M. INMAN—BILL PASSED OVER

The bill (S. 73) for the relief of Samuel M. Inman was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GEORGE. Mr. President, there is an important amendment to be offered to the bill. I would not care to take up the amendment in the absence of the chairman of the Judiciary Committee. I thought I would have an opportunity to confer with him before the call of the calendar. However, he is away, as the Senate knows.

Therefore, I ask that the bill go over, without prejudice, until his return.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

LANDS ON THE CABAZON, AUGUSTINE, AND TORRES-MARTINEZ INDIAN RESERVATIONS IN CALIFORNIA

The Senate proceeded to consider the bill (H. R. 4584) to provide for disposition of lands on the Cabazon, Augustine, and Torres-Martinez Indian Reservations in California, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 6, in line 13, after the word "amount" to strike out "acquired" and insert "(not to exceed $5,000) required."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. SCHOEPPEL. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amount will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out, on page 6, lines 23–25; to strike out, on page 7, lines 1–14; to change subsection "(c)" to subsection "(b)", and to insert in lieu thereof the following:

SEC. 8. (a) That any restricted Indian land, whether individually or tribally owned may be leased by the Indian owners in accordance with the provisions of section 4 of the act of June 25, 1910 (36 Stat. 856), and such lands of deceased Indians may be leased for the benefit of their heirs or devisees as provided for by the act of July 8, 1940 (54 Stat. 745).

Also to strike out, on page 8, line 6, after the word "advance" the words "unless so provided in the lease.", and insert a "period", and to change subsection "(d)" to subsection "(c)."

Also to strike out, on page 8, lines 7–11.

Mr. LANGER. Mr. President, I object to the present consideration of the bill. Let it go over.

The PRESIDING OFFICER. Does the Senator object to the amendment?

Mr. LANGER. Mr. President, I object to the amendment. I may say that I went out there and made a thorough investigation of the Torres-Martinez Indian land. I think it is a crime the way those Indians in California have been treated. I am going to object and continue to object until this matter is debated on the floor of the Senate.

Mr. DOWNEY. Mr. President, let me say that I am totally at a loss to understand what the distinguished Senator from North Dakota is talking about. This bill is clearly for the benefit of the Indians, and it will make their lands much more valuable. Passage of the bill is desired by the tribal council and by the Department of the Interior. If the Senator knows something that is not known by the Committee on Interior and Insular Affairs, of course we should be happy to be apprised of the facts he has in his possession.

Mr. LANGER. Mr. President, if the Senator will yield for a question, does he mean to tell the Senate that the chief of the Torres-Martinez group agreed to this proposal?

Mr. DOWNEY. I am informed that the tribal council of the Indians owning this land agreed to it. Who the chief of any particular tribe is or what he may have said, I do not know. It would seem to me to be a bill which would give the lands of these Indians the very valuable benefits of the Coachella irrigation system. Without this bill, the Indian lands would be excluded from the benefit of irrigation. If the Senator has any facts which have not been divulged to me or to the other representatives of California, or to the Department of the Interior, I, of course, would be happy to know them. We think the bill is essential for the benefit of the Indians themselves.

Mr. LANGER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from North Dakota for a question?

Mr. DOWNEY. I yield.

Mr. LANGER. The 300 members of the Torres-Martinez Tribe, living in abject poverty, advised me when I was there that before any arrangement could be made in order to get water on the Indian land, the land was turned over or agreed to be turned over to white men. In the neighboring town of Palm Springs, where an Indian had had a parking lot for 36 years when he died—and the Secretary of the Interior made an order that all the land was community property—believe it or not, they took that little parking lot away from the widow of the Indian.

I have no objection to the bill coming up for a vote, any time the Senator wishes, so far as I am concerned. But I believe the Senate ought to be advised as to what is taking place in the case of the Torres-Martinez Tribe.

Mr. DOWNEY. Mr. President, in view of the further comments of the distinguished Senator from North Dakota, let me say that the Government has recently completed an irrigation system in that area known as the Coachella. There are within the physical boundaries of that area large holdings of Indian lands which are virtually worthless. The Indians are living in poverty. We have endeavored to work out this highly technical bill in such a way that the poverty of the Indians may be relieved and they may be given the benefits of irrigation. Under the fundamental law, lands belonging to the Indians cannot be subject to any lien, including the lien of an irrigation district, and we have here endeavored to devise a system under which, very safely, securely, and economically, all of us believe the Indians may be given the benefit of irrigation rights.

I may say the law was under careful consideration for some time. I have heard no such facts advanced by anyone as are now being advanced by the senior Senator from North Dakota, and I shall be most happy if he will lay before me the particular facts upon which he relies in making the extraordinary charges he has here made.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. DOWNEY. I am very happy to yield.

Mr. LANGER. I suggest that the Senator investigate the situation. In the middle of the tract there is a beautiful date farm, operated by the Indians. I suggest the Senator look at that tract

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with the beautiful house on it. A white man got it for $100 a year, including all the dates. That one deal convinced me the Indians there had been systematically robbed for years.

Mr. DOWNEY. Mr. President, if I may make a further comment, I know nothing about the incident of which the Senator speaks; but it has absolutely no connection with the provisions of the bill. It has nothing to do with it. I may say further that there on the desert lands the Indians have rented 1 acre or 2 acres on which someone has made improvements, at much expense, and from which Indians may be getting considerable revenue, whereas they would not otherwise be getting any. Of course, the land might have looked very valuable to someone who knew nothing about it and did not know that all the burden of the expense of building the beautiful home and the date farm had been borne by white men, if that is the fact.

The PRESIDING OFFICER. The time of both Senators has expired.

Mr. LANGER. Mr. President, I merely want to say that the farm consists of 28 acres of very valuable land, and is located near a little town called Indio.

The PRESIDING OFFICER. As the Chair understands, objection is made.

Mr. LANGER. I object.

The PRESIDING OFFICER. The bill will be passed over.

EXCHANGE OF CERTAIN LANDS IN NORTH CAROLINA

The bill (H. R. 2876) to effect an exchange of certain lands in the State of North Carolina between the United States and the Eastern Band of Cherokee Indians, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

CONSTRUCTION AT MILITARY AND NAVAL INSTALLATIONS

The bill (S. 2440) to authorize certain construction at military and naval installations, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. I ask that the bill go over.

Mr. SALTONSTALL. Mr. President, if the Senator from New Jersey will kindly withhold his objection for a moment, and reserve his right to object, I should like to say that this bill involves $634,000,000 of authorizations which undoubtedly should be carefully considered. I should also like to call to the attention of the Senator the fact that there is approximately $130,000,000 worth of housing construction in Alaska which is vitally important. I hope the bill will not be passed over for too long a time.

Mr. HENDRICKSON. Mr. President, it was not the intention of the junior Senator from New Jersey to delay action on the bill for any extended length of time, but I think it is a type of legislation which should be carefully considered. That was the only reason for my objection.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. HENDRICKSON. I yield.

Mr. MAGNUSON. I merely want to join with the Senator from Massachusetts in what he has said, because the major portion of the bill involves the question of military housing in Alaska. The situation in Alaska is very acute. It has been brought to the attention of the public in the past 2 or 3 weeks, particularly with respect to the acute situation in the Aleutian Islands and at some of the air bases. I hope we can get together on the bill. It involves a great deal of money.

Mr. HENDRICKSON. I shall be very glad to keep in mind the statement made by the Senator from Washington.

The PRESIDING OFFICER. Objection having been made, the bill will be passed over.

BILL PASSED OVER

The bill (H. R. 2166) to amend title 28, United States Code, section 456, so as to increase to $15 per day the limit on subsistence expenses allowed to justices and judges while attending court or transacting official business at places other than their official station, and to authorize reimbursement for such travel by privately owned automobiles at a rate of not exceeding 7 cents per mile, was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. DOUGLAS. I object.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT

The Senate proceeded to consider the bill (H. R. 5465) to amend section 4 of the Civil Service Retirement Act of May 29, 1930, as amended.

Mr. HILL. Mr. President, I have an amendment on the desk, which I call up. I should like to have the attention of the distinguished Senator from South Carolina, the chairman of the committee.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Alabama.

The LEGISLATIVE CLERK. It is proposed to strike out lines 10 and 11, and insert:

SEC. 2. The amendment made by the first section of this act shall not apply in the case of any referee in bankruptcy holding that office on or after July 1, 1947, but in no case shall the life annuity of any such referee exceed $10,000.

SEC. 3. The amendment made by the first section of this act shall be effective as of April 1, 1948.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. HILL].

Mr. WILLIAMS. Mr. President, I object to the adoption of this amendment, because it completely nullifies what the bill undertakes to do. The amendment is not recommended by the Civil Service Commission, as has been represented heretofore on the floor of the Senate. I have a letter dated September 2, signed by Harry B. Mitchell, Chairman of the Civil Service Commission, in which he says the Commission does not recommend this particular amendment to the bill, and he further points out in the letter that the practical effect of the amendment will be to render the first section of the bill inoperative in its application to referees in bankruptcy.

Mr. President, this bill was sponsored to clear up a situation wherein a person would receive $17,500 annually from the retirement fund for a contribution of only $7.43. This amendment, if adopted, will merely reduce that amount to $10,000. In my opinion, such a person is not entitled to $10,000.

The PRESIDING OFFICER. Objection to the amendment is heard.

Mr. JOHNSTON of South Carolina. Mr. President, it is important that we pass some legislation on this question. I think every Senator realizes that fact. We find a situation in which some persons in the past who have been on the pay roll for only a short length of time are able then to retire and receive $5,000 or $6,000 or $7,000 annually from the retirement fund.

Mr. WILLIAMS. Mr. President, does the Senator claim that the adoption of this amendment would clarify that situation?

Mr. JOHNSTON of South Carolina. I will say, after studying this amendment, that I would be glad to take it to conference. It is an amendment to a House bill.

Mr. WILLIAMS. The Civil Service Commission has already stated that it wants the bill as it is. The Commission points out that the man referred to is not entitled to $10,000 a year, and I am opposed to the amendment.

Mr. President, I ask for the yeas and nays on this amendment.

Mr. HILL. Mr. President, will the Senator yield to me?

Mr. WILLIAMS. I yield.

Mr. HILL. The truth is that the amendment does not in any way interfere with the purposes or intent of the bill. The bill was introduced, as the Senator knows, to prevent a man from paying small sums into the retirement fund and then drawing large retirement benefits under the retirement law. Is not that correct?

Mr. JOHNSTON of South Carolina. That is correct.

Mr. HILL. All this amendment does is to protect the rights of those who are now receiving retirement benefits and who, unless this amendment be adopted, would be very much reduced in their benefits. The amendment was not offered with any view of affecting them. It was simply offered, as the Senator from South Carolina has said, to keep employees from paying in small amounts and then receiving great benefits. It was not introduced with any idea of taking away rights and benefits which employees are enjoying. Therefore, I think the amendment should be adopted.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HILL. The bill was introduced to prevent a certain person from drawing certain benefits. The amendment would permit the original purpose of the bill to be carried out 100 percent, and would protect the employees in the benefits which they are now enjoying and which should not be taken away from them.

Mr. WILLIAMS. Mr. President, if the amendment is agreed to, it still would allow a ceiling of $10,000 on annuities, and that is what I object to.

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The PRESIDING OFFICER. Consent has been given to the consideration of the bill. When an amendment is brought up, one Senator cannot stop the consideration of the amendment. It is open to a vote.

Mr. WILLIAMS. I ask for the yeas and nays on the amendment. I also have a parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. WILLIAMS. In the event the amendment is adopted, could I still object to the consideration of the bill later?

The PRESIDING OFFICER. Yes.

Mr. WILLIAMS. I have no objection to a vote on the amendment. I ask for the yeas and nays, and shall vote against it.

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, may we have the amendment read?

The PRESIDING OFFICER. For the information of the Senate, the clerk will again state the amendment.

The LEGISLATIVE CLERK. It is proposed to strike out lines 10 and 11, and to insert:

SEC. 2. The amendment made by the first section of this act shall not apply in the case of any referee in bankruptcy holding that office on or after July 1, 1947, but in no case shall the life annuity of any such referee exceed $10,000.

SEC. 3. The amendment made by the first section of this act shall be effective as of April 1, 1948.

Mr. SALTONSTALL. Mr. President, may I say to the Senator in charge of the bill that I, as one Senator, am completely in ignorance of how to vote intelligently on this amendment. There is a great difference of opinion. I most respectfully ask that we be not asked to vote without a further explanation or without an understanding of that on which we are voting. I hope the bill may go over at this time, in the interest of orderly procedure.

The PRESIDING OFFICER. The yeas and nays have been ordered. If the Senator from Delaware objects to the consideration of the bill, that may decide the question.

Mr. WILLIAMS. Mr. President, I do not object to the consideration of the bill. I want the bill passed but without the amendment.

Mr. McCARTHY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCARTHY. After the vote is had on this amendment, can objection be made to consideration of the bill?

The PRESIDING OFFICER. The Chair so understands.

Mr. HUMPHREY. Mr. President, I should like to bring to the attention of the Senate the fact that if this bill is objected to and is passed over on the calendar, the Government of the United States will be paying a considerable sum of money to a man who is totally undeserving. The Government will be paying $17,000 a year as a minimum annuity to a man who has put into the fund something like five or six dollars.

Mr. HILL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HILL. That is an argument for the passage of the bill. The amendment does not affect that situation.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. ANDERSON. The amendment obviously protects someone.

Mr. HUMPHREY. Yes.

Mr. HILL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HILL. The amendment protects only those who are already on the retirement roll. It prevents them from being unfairly and unjustly reduced in their benefits. The purpose of the bill is to prevent a person who pays into the retirement fund a very small sum receiving a large sum, but the bill is so worded that without my amendment an injustice will be done to persons who are fairly and squarely on the rolls.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. HILL. If I have the floor, I shall be glad to yield.

Mr. HUMPHREY. Mr. President, do I not have the floor?

The PRESIDING OFFICER. The Senator from Minnesota has the floor.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SALTONSTALL. I should like to ask the Senator from Alabama as to his understanding of the amendment and what will be the effect if we vote for it or against it.

Mr. HILL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HILL. A vote adopting the amendment will not affect the purpose of the bill at all. The purpose of the bill is to prevent an employee who pays a small amount into the retirement fund from receiving a much larger amount in retirement pay. All the amendment does is to protect those who in good faith are receiving retirement benefits so that their benefits will not be reduced when there is no reason or justification for their reduction, and there would be taken from them something to which they are entitled under existing law.

Mr. SALTONSTALL. Are they making the regular payments?

Mr. HILL. Yes; they come regularly under the law.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. LONG. Mr. President, I must oppose this amendment, but the reason why I must oppose it is that I know there is one person who is a referee in bankruptcy who has paid $800 into the fund and who is drawing $8,000 a year out of it, and will continue to do so indefinitely. I do not feel that I can consent that a person putting up such a small amount as $800 should be entitled to draw $8,000 year after year from the Federal Government. I do not think the retirement law contemplated referees in bankruptcy, or any such return for such a small amount paid into the fund. The bill without the amendment is certainly better than it would be with the amendment.

Mr. HUMPHREY. I should like to ask the Senator from Louisiana whether the substance of the amendment was not considered in full by the Committee on Post Office and Civil Service.

Mr. LONG. The committee carefully considered it, and it realized that if the committee would not accept the amendment it meant that the bill would be defeated, but the committee thought it was better to turn down the amendment and have the bill defeated than to accept the amendment.

Mr. WILLIAMS. Mr. President, I agree with the Senator from Louisiana [Mr. LONG]. The amendment was considered by the committee, and was turned down on the assumption that it would ruin the bill. While it does correct the situation to a certain extent, it still leaves a large loophole in the retirement system.

The example called to the attention of the committee was that of a man who had paid only $7.43 into the fund and under the present law would get $17,500 annuity the rest of his life. If the amendment offered by the Senator from Alabama is agreed to, it is true he will be reduced to $10,000, but if it is defeated and the bill is passed without the amendment, he will be further reduced to $1,900, which I might say, in my opinion, is more than he is entitled to. This bill goes a long way toward correcting a loophole in our retirement system. I think the amendment should be rejected and that the bill should be passed.

Mr. HILL. Mr. President——

The PRESIDING OFFICER. The time of the Senator from Delaware has expired.

The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. HILL]. The yeas and nays have been offered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], the Senator from Rhode Island [Mr. GREEN], the Senator from Idaho [Mr. MILLER], the Senator from West Virginia [Mr. NEELY], the Senator from Utah [Mr. THOMAS], and the Senator from Kentucky [Mr. WITHERS] are detained on official business.

The Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. HOEY], and the Senator from Rhode Island [Mr. LEAHY] are absent on public business.

The Senator from North Carolina [Mr. GRAHAM] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. McCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from Ohio [Mr. BRICKER], the junior Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], the Senator from Minnesota [Mr. THYE], and the

Senator from Michigan [Mr. VANDENBERG], are absent by leave of the Senate.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from Oregon [Mr. MORSE], and the Senator from Ohio [Mr. TAFT], are necessarily absent. If present and voting, the Senator from Ohio would vote "nay."

The Senator from New Hampshire [Mr. BRIDGES], the Senator from South Dakota [Mr. GURNEY], the Senator from Kansas [Mr. REED], the Senator from Wisconsin [Mr. WILEY], and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

The result was announced—yeas 8, nays 58, as follows:

YEAS—8

Downey	Kilgore	Russell
Hill	McMahon	Sparkman
Johnson, Tex.	Pepper	

NAYS—58

Aiken	Hickenlooper	Maybank
Anderson	Holland	Millikin
Butler	Humphrey	Mundt
Byrd	Ives	Murray
Cain	Jenner	Myers
Capehart	Johnson, Colo.	O'Conor
Chapman	Johnston, S. C.	O'Mahoney
Cordon	Kem	Robertson
Donnell	Kerr	Saltonstall
Douglas	Knowland	Schoeppel
Ecton	Langer	Smith, Maine
Ellender	Long	Stennis
Ferguson	Lucas	Taylor
Flanders	McCarthy	Thomas, Okla.
Frear	McClellan	Tobey
Fulbright	McFarland	Watkins
George	McKellar	Wherry
Gillette	Magnuson	Williams
Hayden	Malone	
Hendrickson	Martin	

NOT VOTING—30

Baldwin	Gurney	Reed
Brewster	Hoey	Smith, N. J.
Bricker	Hunt	Taft
Bridges	Kefauver	Thomas, Utah
Chavez	Leahy	Thye
Connally	Lodge	Tydings
Dulles	McCarran	Vandenberg
Eastland	Miller	Wiley
Graham	Morse	Withers
Green	Neely	Young

So Mr. HILL's amendment was rejected.

The PRESIDING OFFICER. If there be no further amendment to be offered, the question is on the third reading and passage of the bill.

Mr. WHERRY. Mr. President, may I ask the distinguished chairman of the committee if the bill meets with the approval of the Civil Service officials?

Mr. JOHNSTON of South Carolina. Mr. President, the bill meets with their approval. For the information of the Senator I will say that I introduced a similar bill, without the amendment offered by the Senator from Alabama, which the civil service officials asked that I introduce.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

The bill (H. R. 5465) was ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 1390) to authorize the conveyance to the State of California of easements for the construction and maintenance of a toll highway crossing and approaches thereto over and across lands of the United States in the vicinity of San Francisco Bay, Calif., and for other purposes, was announced as next in order.

Mr. DOWNEY. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1596) to authorize the Postmaster General to enter into special agreements for certain switching service by railway common carriers, and for other purposes, was announced as next in order.

Mr. SCHOEPPEL. Over.

The PRESIDING OFICER. The bill will be passed over.

The bill (S. 17) to authorize the Secretary of the Interior to issue patents for certain lands to certain settlers in the Pyramid Lake Indian Reservation, Nev., was announced as next in order.

Mr. HUMPHREY. Over.

The PRESIDING OFFICER. The bill will be passed over.

GRANTS FOR SURVEY OF ELEMENTARY AND SECONDARY SCHOOL FACILITIES—BILL PASSED OVER

The bill (S. 2317) to authorized grants to the States for surveying their need for elementary and secondary school facilities and for planning State-wide programs of school construction; and to authorized grants for school construction, for advance planning of school facilities, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. By request, I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. MAGNUSON. Mr. President, because the bill is so important I wonder if the Senator from New Jersey would feel free to suggest to the Senate who made the objection.

Mr. HENDRICKSON. I am glad to do so. It was the distinguished Senator from Ohio [Mr. TAFT].

Mr. HUMPHREY. Mr. President, I understand that the majority leader has placed this bill on the list for consideration of the Senate on its own merits, with extended debate.

BILL PASSED OVER

The bill (H. R. 6070) to amend the National Housing Act, as amended, and for other purposes, was announced as next in order.

Mr. SPARKMAN. Over.

The PRESIDING OFFICER. The bill will be passed over.

STRATEGIC AND CRITICAL ORES, ETC.

The bill (S. 2105) to stimulate exploration for and conservation of strategic and critical ores, metals, and minerals, and for other purposes, was announced as next in order.

Mr. WILLIAMS. Over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. O'MAHONEY. Mr. President, I desire to give notice that at an appropriate time I shall move that the Senate proceed to the consideration of this measure.

PROHIBITION OF PICKETING UNITED STATES COURTS

The bill (H. R. 5647) to prohibit the picketing of United States courts was announced as next in order.

Mr. WHERRY. Mr. President, on behalf of the Senator from North Dakota [Mr. LANGER], I ask that the bill be passed over. I ask, Mr. President, that it go to the foot of the calendar.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nebraska that the bill be passed over and placed at the foot of the calendar? The Chair hears none, and it is so ordered.

Mr. ELLENDER. Mr. President, I serve notice that at the first opportunity I shall move that the Senate take up the bill for consideration. I desire further to state that I have already discussed the matter of taking up the bill for consideration at an early date with both the majority and the minority leaders of the Senate.

BILL PASSED OVER

The bill (S. 240) to stimulate the exploration, production, and conservation of strategic and critical ores, metals, and minerals and for the establishment within the Department of the Interior of a Mine Incentive Payments Division, and for other purposes, was announced as next in order.

Mr. WILLIAMS. Over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. HOLLAND. Mr. President, a parliamentary inquiry. As to the two or three bills which have gone to the foot of the calendar, I wish to inquire whether this is the appropriate place to call them and consider them, or is the proper place to do so upon completion of the call of all bills on the calendar.

The PRESIDING OFFICER. The bills which have gone to the foot of the calendar will be called after the entire calendar has been called.

GRANT TO CITY OF LOS ANGELES OF CERTAIN RIGHTS-OF-WAY

The Senate proceeded to consider the bill (H. R. 5764) to authorize the granting to the city of Los Angeles, Calif., of rights-of-way on, over, under, through, and across certain public lands.

Mr. SCHOEPPEL. Mr. President, I send to the desk an amendment to the bill which I ask to have stated.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 7, it is proposed to strike out the period and to insert in lieu thereof a colon and the following: "*Provided further*, That the Secretary of the Interior shall fix, and the city shall pay, a reasonable sum or sums to the United States as consideration for the grant of the permanent rights-of-way described in section 6 of this act."

Mr. DOWNEY. Mr. President, on behalf of the Committee on Interior and Insular Affairs, I accept the amendment offered by the Senator from Kansas which I regard as a desirable improvement on the bill, for its language insures

that the Government will receive reasonable payment or payments as consideration from the city of Los Angeles for the grant of the rights-of-way over the Federal lands described in the bill, and the interests of the Government will be unmistakably protected.

The Senator from Kansas has correctly observed that section 1 of the bill authorizes the Secretary of the Interior to grant permanent rights-of-way over public lands of the United States. The Senator has pointed out the bill should make certain, either by a clarifying amendment or, preferably, by its legislative history, that the Secretary of the Interior is vested with the sole power to act, not only for himself but also in behalf of the Secretary of Agriculture, with respect to lands under the latter's jurisdiction.

I invite the Senate's attention to the opening language of the bill, where it is stated:

That the Secretary of the Interior be, and he is hereby authorized to grant to the city of Los Angeles permanent rights-of-way, etc.,

By the act of February 1, 1905, (33 Stat. 628) certain jurisdiction of the national forests was transferred from the Secretary of the Interior to the Secretary of Agriculture, but the question has remained as to whether matters pertaining to the title to public lands, including the granting of permanent easements over the national forests, remained in the Secretary of the Interior or had been transferred to the Secretary of Agriculture. This question has been before the two departments, and has been considered by the Attorney General on numerous occasions.

I invite the Senate's attention to the language in the report of the committee where it states:

The rights-of-way will be issued by the Secretary of the Interior, subject, however, to such conditions as the Secretary of Agriculture deems necessary to protect the interests of the United States in the management of the national forests. In view of the relatively small area of national forest land traversed, it appears desirable in this instance to have the rights-of-way issued by one department. The committee, however, does not intend this as a precedent with respect to rights-of-way over national forests generally. It is understood that the question of control and issuance of rights-of-way over national forests may be the subject of general legislation at a future date.

Mr. President, I want to make the point clear as a matter of legislative history, that the intent of the Congress, in this particular case, is that the Secretary of the Interior is authorized to grant for the Government, on behalf of himself and on behalf of the Secretary of Agriculture, the permanent rights-of-way described in section 6 of the bill to the city of Los Angeles.

In closing, I want to thank the able Senator from Kansas for his contributions to our thinking on this legislation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas [Mr. SCHOEPPEL].

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read the third time.

The bill was read the third time and passed.

DEVELOPMENT OF HYDROELECTRIC POWER AT FALCON DAM ON THE RIO GRANDE—BILL PASSED OVER

The bill (H. R. 5773) to authorize the carrying out of the provisions of article 7 of the treaty of February 3, 1944, between the United States and Mexico, regarding the joint development of hydroelectric power at Falcon Dam, on the Rio Grande, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. Mr. President, reserving the right to object, may we have an explanation of the bill?

Mr. JOHNSON of Texas. Mr. President, this bill was introduced in the House of Representatives by Representative BENTSEN, from the Rio Grande Valley. It was approved by the Foreign Affairs Committee of the House and unanimously passed the House of Representatives on August 23, 1949.

The purpose of the bill is to authorize the negotiation of an agreement between the United States and Mexico for the joint construction, operation, and maintenance of a hydroelectric plant at Falcan Dam, on the Rio Grande.

The United States and Mexico entered into a treaty in 1944 to undertake equitably to apportion the waters of the Rio Grande. It is provided in article 7 of the treaty that before any works are undertaken they must have the approval of the Congress; $9,000,000 has been appropriated to the International Boundary and Water Commisison. The Bureau of Reclamation has made plans to install two power plants, and money has been appropriated to construct this dam. However, before an agreement can be negotiated with Mexico Congress must give its approval.

It is my understanding that the bill was considered by the Foreign Relations Committee of the Senate and favorably reported by that great committee, without objection. The senior Senator from Texas [Mr. CONNALLY] reported the measure, but at the moment he is engaged in the conference on the arms bill.

Mr. HENDRICKSON. I wonder if the distinguished Senator from Texas could explain to the Senate why we have in this appropriation an unexpended balance of $7,900,000?

Mr. JOHNSON of Texas. Negotiation of agreements by the International Boundary and Water Commission, between the United States and Mexico, as to the location of the dam and the allocations of capacities in the reservoir for various purposes, as well as the general and detailed plans for the dam, have required a considerable period of time between the representatives of the two countries. I think that is the reason that this money, although it has been appropriated, has not been reached, and for that reason it is unexpended.

Mr. HENDRICKSON. I thank the distinguished Senator from Texas.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. AIKEN. Over.

The PRESIDING OFFICER. The bill will be passed over.

EVERGLADES NATIONAL PARK, FLA.

The Senate proceeded to consider the bill (H. R. 4029) to authorize the Secretary of the Interior to procure for the Everglades National Park with available funds, including those made available by the State of Florida, the remaining lands and interest in lands within the boundary agreed upon between the State of Florida and the Secretary of the Interior, within and a part of that authorized by the act of May 30, 1934 (48 Stat. 816), and within which the State has already donated its lands, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, to strike out all after the enacting clause and insert:

That, in order to consolidate the Federal ownership of lands within the boundary set forth in deed No. 19035 executed December 28, 1944, by the trustees of the Internal Improvement Fund of the State of Florida, and accepted by the Secretary of the Interior on March 14, 1947, for Everglades National Park purposes, the said Secretary is hereby authorized, within the aforesaid boundary and with any funds made available for that purpose, to procure lands or interests therein by purchase or otherwise, subject, however, to the right of retention by owners of lands, interests in lands, interests in oil, gas, and mineral rights, or royalties, their heirs, executors, administrators, successors, or assigns (hereinafter referred to as "owners"), at their election, of the following:

(1) The reservation until October 9, 1958, of all oil, gas, and mineral rights or interests, including the right to lease, explore for, produce, store, and remove oil, gas, and other minerals from such lands: *Provided*, That if on or before said date, oil, gas, or other minerals are being produced in commercial quantities anywhere within the boundary set forth in aforesaid deed No. 19035, then in that event the time of the reservation as set forth in this subsection shall automatically extend for all owners, regardless of whether such production is from land in which such owners have an interest, for so long as oil, gas, or other minerals are produced in commercial quantities anywhere within said boundary. To exercise this reservation, the owners, their lessees, agents, employees, and assigns shall have such right of ingress and egress to and from such lands as may be necessary; and

(2) After the termination of the reserved rights of owners as set forth in subsection (1) hereof, a further reservation of the right to customary royalties, applying at the time of production, in any oil, gas, or other minerals which may be produced from such lands at any time before January 1, 1985, should production ever be authorized by the Federal Government of its assigns.

SEC. 2. Unless consented to by an owner retaining the reservation set forth in subsection (1) of section 1 hereof, no action shall be taken by the Federal Government during the period of such reservation to purchase, acquire, or otherwise terminate or interfere with any lease or leases which may be applicable to said owner's lands.

SEC. 3. Any reservations retained under the provisions of subsection (1) of section 1 hereof shall be exercised by the owners subject to reasonable rules and regulations which the Secretary may prescribe for the

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protection of the park, but which shall permit the reserved rights to be exercised so that the oil, gas, and minerals may be explored for, developed, extracted, and removed from the park area in accordance with sound conservation practices. All operations shall be carried on under such regulations as the Secretary may prescribe to protect the lands and areas for park purposes.

SEC. 4. In any action caused by the Secretary of the Interior to be commenced for the acquisition of lands under the provisions hereof, reasonable diligence shall be exercised by him to ascertain whether owners elect to retain reservations in accordance with the provisions of this act. If, after the exercise of such reasonable diligence, owners cannot be located, or do not appear in judicial proceedings to acquire the lands, so that it may be ascertained whether they desire to retain reservations in accordance with the provisions hereof, the Secretary may acquire the fee simple title to their lands free and clear of reservations as set forth in subsections (1) and (2) of section 1 hereof.

The amendment was agreed to.

Mr. SCHOEPPEL. Mr. President, I should like to ask the distinguished Senator from Wyoming [Mr. O'MAHONEY] two questions. Will he explain the effect of the cut-off date set forth in the committee amendment, terminating the reservation of gas and mineral rights on Otober 9, 1958? Then, will the Senator please explain the protection proposed to be given with respect to royalty rights, to private owners whose lands are acquired under the terms of the bill?

Mr. O'MAHONEY. Mr. President, on behalf of the Committee on Interior and Insular Affairs, I can say in response to the inquiry of the Senator from Kansas that the Everglades National Park will include lands owned by the State of Florida and lands upon which there are presently existing mineral rights. The National Park Service felt that those rights should all be terminated as of a given date in 1956. The owners of the various mineral claims, however, felt that since some of the leases apparently extended to 1963, that would be unfair.

The Senate Committee on Interior and Insular Affairs held extended hearings. The State of Florida was represented. The National Park Service was represented. The mineral claimants were represented. The chairman of the committee asked the various parties interested in the bill to see if they could not compose their differences, and they did. The date fixed in the bill is one which was agreed upon with respect to all persons interested.

With respect to the matter contained in subsection 2, the State of Florida itself, being the sovereign upon the lands which it had conveyed for inclusion in the park, retained the right to develop the oil if oil should be discovered in the future. Therefore it was the judgment of the committee that the private mineral claimants should have a similar right, and for that purpose the committee wrote in the provision contained in this paragraph.

Mr. SCHOEPPEL. I thank the Senator for that explanation.

Mr. HOLLAND. Mr. President, if I may make one correction in the statement of the distinguished Senator from Wyoming the reservation of the State of Florida is a reservation solely of the proprietary rights in the oil in the event that the oil is ever produced, in the sole discretion of the Federal Government.

Mr. O'MAHONEY. The Senator is quite right.

Mr. HOLLAND. Mr. President, I should like, on behalf of my distinguished colleague, the senior Senator from Florida [Mr. PEPPER] and myself, to ask the chairman of the committee two questions which are understood between us, but which we wish to have in the RECORD.

Some of the property owners have found fault, not with the provisions of the bill, but with a certain recital in the report of the committee, which uses the words "and to quiet title thereto." It is with reference to those words that these questions are presented.

I ask the distinguished chairman first, does the Senate committee report, No. 968, on the first page, lines 3 and 4 from the bottom of the page, reading "and to quiet title thereto" refer to the substantive rights of known parties holding title deraigned from the State of Florida's Trustees of the International Improvement Fund, or does it refer merely to section 4, which allows the Secretary of the Interior to acquire the fee simple title to lands of record owners who cannot be located after the exercise of reasonable diligence?

Mr. O'MAHONEY. It refers only to section 4.

Mr. HOLLAND. I thank the Senator.

The second question is this: With reference to certain lands which are referred to frequently as "sovereignty lands," but on which there are now claims to private title and ownership, does the answer of the distinguished Senator apply with the same effect to those lands?

Mr. O'MAHONEY. It does.

Mr. HOLLAND. I thank the Senator.

Mr. WHERRY. Mr. President, reserving the right to object, first I wish to express my belief in the Everglades National Park project. I sat with the committee which considered it on two or three occasions—I think a year ago and 2 years ago. I wonder if all the differences have been cleared up with respect to mineral rights.

Mr. O'MAHONEY. I think they have been completely settled.

Mr. WHERRY. So there is no doubt about that?

Mr. O'MAHONEY. There is no doubt about it.

Mr. WHERRY. How large is the area proposed to be embraced in the park?

Mr. HOLLAND. Mr. President, the area within the 1944 boundaries, which is what is referred to in this particular bill and in the amended bill, is much smaller than the area within the original boundaries, and amounts to something more than a million acres. The State of Florida granted by gift approximately 450,000 acres of land and over 500,000 acres of water, and left, as I recall, approximately 400,000 acres of land for acquisition, but gave to the Federal Government $2,000,000 with which to acquire that land.

Mr. WHERRY. That is correct.

Mr. HOLLAND. Acquisition has proceeded very satisfactorily. But now it becomes necessary for suits to be brought in some cases where the owners cannot be discovered, and for suits to be brought in other cases where apparently mutual agreement cannot be reached. Apparently that is the purpose of the bill as amended.

Let me say that the State of Florida, through its entire congressional delegation, is exceedingly grateful to the chairman of the committee and to the other members of the committee for the exceedingly painstaking way in which they went into this matter and insisted upon settlement of the differences between the interested parties as a basis for action on the bill.

Mr. O'MAHONEY. The Senator is very kind.

Mr. WHERRY. Mr. President, a situation arose a year ago relative to the mineral rights. I am sure the distinguished Senator will recall it. I am interested in it because I have been in the Everglades and I think it has great possibilities. Let me ask what appropriation will be requested from the Federal Government.

Mr. O'MAHONEY. None whatever.

Mr. WHERRY. Not for the acquisition?

Mr. O'MAHONEY. Not for the acquisition.

Mr. WHERRY. The appropriation will be by the State authority; is that correct?

Mr. O'MAHONEY. Yes, by the State. That will cover it.

Mr. WHERRY. I am interested in that, of course, as I was when the bill came before the committee.

In that respect, I think the bill constitutes a saving which is entirely proper to be made.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

HORACE J. FENTON

The bill (S. 621) for the relief of Horace J. Fenton was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. JOHNSTON of South Carolina. Mr. President, I ask that the bill be passed over until the junior Senator from Connecticut [Mr. BALDWIN] is present.

Mr. McMAHON. Mr. President, if the Senator from South Carolina will withhold his objection, let me say that my colleague has communicated with me and has asked me to explain the bill if any objection is raised.

So I hope the Senator from South Carolina will withdraw his objection.

Mr. JOHNSTON of South Carolina. Mr. President, I withdraw the objection. The only reason I objected was that the junior Senator from Connecticut said he

wanted to explain the bill a little more fully than it is explained in the report, so that when the bill goes to the House, there will be a full report on it.

But if the senior Senator from Connecticut wishes to have the bill considered at this time, that will be satisfactory to me.

Mr. McMAHON. Mr. President, I have a memorandum which has been sent to me by the junior Senator from Connecticut [Mr. BALDWIN]. I should like to read it; it will not take long to read it to the Senate. After it is read, perhaps the Senator from South Carolina will withdraw his objection.

Mr. JOHNSTON of South Carolina. I shall not object, if the reading of the memorandum will result in placing in the RECORD what the junior Senator from Connecticut wanted to have in the RECORD.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. WHERRY. Let me inquire whether the memorandum was prepared after the junior Senator from Connecticut [Mr. BALDWIN] communicated with the Senator from South Carolina.

Mr. McMAHON. I believe so.

Mr. JOHNSTON of South Carolina. I wish it understood that my only interest is in the Senator's desire to have the RECORD contain a more complete explanation than is given by the report.

Mr. McMAHON. Mr. President, the memorandum reads as follows:

The Navy Department's report to the committee was adverse to the passage of this bill. Their objections were that termination was necessitated by the reduction in teaching staff because of the reduced quota of midshipmen; no physical disability was incurred by Mr. Fenton while employed and, therefore, there was no reason why he should receive the additional compensation. When claimant's services were terminated, no provision of law granted retirement to Academy professors and instructors; the Naval Academy files show no contractual or other obligation under which Mr. Fenton would be entitled to additional compensation.

What the Navy Department, in this report, failed to state is the fact that the passage of this bill would not establish a precedent. A memorandum dated April 6, 1948, from the Office of the Judge Advocate General to Captain Houser, then Navy Department liaison officer to the Senate Armed Services Committee, stated: "Similar provision was made in 1934 for Professor des Garennes" (48 Stat. (pt. II) 1330, approved May 3, 1934).

Another point the report to the committee failed to bring out is that while at the time when Mr. Fenton was separated from the Academy, there was no provision of law granting retirement benefits to Academy professors and instructors, yet about a year after Mr. Fenton's separation, civilian employees of the United States Naval Academy were covered by such retirement benefits.

Since retirement benefits have heretofore been granted another who was separated from the Academy at the same time Mr. Fenton was let out; since almost immediately after his separation the benefits which he hereby seeks were granted to his fellow associate; and since because of his age, 75 years, the amount of retirement benefits involved cannot necessarily be very great, Senator BALDWIN respectively asks favorable consideration of this bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized and directed to pay to Horace J. Fenton, formerly an associate professor at the United States Naval Academy, the sum of $100 per month for the remainder of his life, beginning with the month in which this act is approved, chargeable to such appropriations as may be made for the payment of retirement annuities to civilian members of the teaching staff of the United States Naval Academy and post graduate schools.

ANNUAL- AND SICK-LEAVE BENEFITS TO PART-TIME EMPLOYEES

The bill (H. R. 2619) to extend the benefits of the annual- and sick-leave laws to part-time employees on regular tours of duty and to validate payments heretofore made for leave on account of services of such employees was announced as next in order.

Mr. SCHOEPPEL. Mr. President, may we have an explanation of the bill, please?

Mr. HUMPHREY. Mr. President, a brief explanation of the bill is as follows: The bill provides, as its title indicates, the benefits of annual and sick leave to part-time employees who have a workweek of 5 days, but who may be working, let us say, 2 or 3 hours each day. The bill has the purpose of validating some payments made by the Library of Congress several years ago to part-time employees who subsequently were severed from the Federal service.

It appears that the Librarian of Congress was of the opinion that the law permitted him to pay annual- and sick-leave benefits to part-time employees. A little later the Comptroller General ruled—in November 1943, I believe—that only full-time employees were entitled to annual- and sick-leave benefits.

Thus we have a situation involving, I think, some 6,000 employees who have received payment from the Federal Government for annual and sick leave, which payments would be considered their liability; in other words, they would have to return the money to the Federal Government unless this bill should be enacted.

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SCHOEPPEL. Can the distinguished Senator give us some idea of the probable cost of the bill, if enacted?

Mr. HUMPHREY. Yes. The Civil Service Commission estimated that the annual cost of pro rata annual and sick leave for the part-time employees covered by the bill would be approximately $2,286,200. Of course, I point out that that is the cost in theory, not in practice. It should be made plain, as the committee report states, that that figure represents the actual money value of such leave, rather than the additional cost to the Government, because it was pointed out at the committee hearings that, by and large, the cost of the bill could be absorbed by the agencies concerned. In other words, instead of having the part-time employees replaced at the time when they took their annual leave or their sick leave, there would simply be a doubling up on the work. So, actually, no additional appropriation would be required, but the transaction would be primarily a bookkeeping matter.

Mr. SCHOEPPEL. I thank the Senator.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

PHYLLIS HERTZOG

The bill (S. 1097) for the relief of Phyllis Hertzog was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, upon application made by Phyllis Hertzog, of Cresson, Pa., the United States Maritime Commission is authorized and directed to accept the withdrawal of resignation tendered by the said Phyllis Hertzog and made effective as of December 30, 1944, and to place her in a leave-without-pay status effective as of such date.

EXCHANGE OF LANDS AND IMPROVEMENTS IN GRAND RAPIDS, MINN.

The bill (H. R. 2015) to authorize the Secretary of Agriculture to convey and exchange certain lands and improvements in Grand Rapids, Minn., for lands in the State of Minnesota, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

EXCHANGE OF CERTAIN LANDS IN IOSCO COUNTY, MICH.

The bill (H. R. 5601) to authorize the exchange of certain lands of the United States situated in Iosco County, Mich., for lands within the national forests of Michigan, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. Mr. President, reserving the right to object, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The first question is, Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. HENDRICKSON. Mr. President, I now offer the amendment to which I have previously referred; and I send it to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, in line 4, before the "period", it is proposed to insert a "colon" and the following proviso:

Provided, That if the mayor or other appropriate official of said town of East Tawas certifies in writing to the Secretary of Agriculture that any such lands authorized to be exchanged will be used for public purposes, the value of the lands to be accepted in exchange therefor by the Secretary of Agriculture shall be of a value at least equal to the sum of (1) the value of such lands used for

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nonpublic purposes, and (2) 50 percent of the value of such lands used for public purposes: *Provided further*, That if, at any time during the 5-year period after such exchange, such lands originally used for public purposes cease to be so used, title thereto shall revert to the United States unless said town of East Tawas pays or transfers to the United States money, lands, or other valuable consideration equal to 50 percent of the value (computed as of the date of such exchange) of such lands.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

Mr. WHERRY. Mr. President, I should like to ask why the amendment is added to this bill? It apparently was unnecessary in the bill just preceding it on the calendar.

Mr. AIKEN. Mr. President, I may explain that this land, acquired by the city of Grand Rapids, Mich., as I understand, was taken under a tax lien and did not cost the city anything. Therefore, it seems only reasonable they should pay full value for the United States site.

Mr. WHERRY. That is fine.

FINANCIAL ASSISTANCE TO HOMESTEAD ENTRYMEN

The Senate proceeded to consider the bill (H. R. 2514) to enable the Secretary of Agriculture to extend financial assistance to homestead entrymen, and for other purposes, which had been reported from the Committee on Agriculture and Forestry, with an amendment, on page 2, line 8, after the word "loan", to insert "or any other loan made under the Bankhead-Jones Farm Tenant Act, as amended, or the act of August 28, 1937, as amended, to the owner of a newly irrigated farm in a reclamation project."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

EXTENSION OF BENEFITS OF BANKHEAD-JONES ACT TO PUERTO RICO—BILL PASSED OVER

The bill (H. R. 4090) to extend the benefits of section 23 of the Bankhead-Jones Act to Puerto Rico, was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. SCHOEPPEL. Mr. President, reserving the right to object, I should like to ask the sponsor of this measure to explain the bill. I note there is no report or comment from the Department of the Interior.

Mr. THOMAS of Oklahoma. Mr. President, all the bill purports to do is extend to Puerto Rico the same benefits under the Bankhead-Jones Act which have been extended to other Territories, such as Hawaii. Puerto Rico is a very poor country, and only a small portion of the children there have any facilities for education. The bill is intended, if it is carried out, to afford them the maximum benefits as a Territory. That is the entire purpose of the bill, so far as the committee understands.

The PRESIDING OFFICER. Is there objection?

Mr. BUTLER. Mr. President, I was going to ask the Senator from Oklahoma whether he knows any reason why the Virgin Islands should not also be included.

Mr. THOMAS of Oklahoma. No; I know of no reason why they should not also be included.

Mr. BUTLER. I shall not offer an amendment to the bill at this time, but I see no reason why the benefits should not also apply to the Virgin Islands.

Mr. THOMAS of Oklahoma. I think such laws should be extended to all our Territories, when requested. I would have no objection to the offering of such an amendment. Still, this is a departmental bill, and no request was made for the inclusion of the Virgin Islands.

Mr. SCHOEPPEL. Mr. President, may I inquire of the distinguished Senator from Oklahoma whether he would have any objection to the bill going over until the next call of the calendar, in order that we may satisfy two or three inquiries which have been made? Rather than object, I would rather leave it that way, if it is agreeable.

Mr. THOMAS of Oklahoma. I have no objection. The only thing is, it delays for that length of time whatever benefits might accrue to the people of Puerto Rico. I have no objection.

The PRESIDING OFFICER. The bill will be passed over.

ANGOSTURA UNIT OF THE MISSOURI BASIN PROJECT

The bill (H. R. 2538) to authorize completion of the land development and settlement of the Angostura unit of the Missouri Basin project, notwithstanding a limitation of time, was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. TOBEY. Mr. President, I inquire who were the sponsors of the bill?

Mr. GURNEY. Mr. President——

Mr. TOBEY. The Senator from South Dakota may be able to answer. Is this the source of supply of the famous Angostura bitters?

Mr. GURNEY. I believe not. I think it is an Indian name.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

NORBECK WILDLIFE PRESERVE

The bill (H. R. 3926) to rename a game sanctuary in the Harney National Forest as the Norbeck Wildlife Preserve, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

EXTENSION OF THE BENEFITS OF CERTAIN LAWS TO ALASKA—BILL PASSED OVER

The bill (H. R. 212) to extend to the Territory of Alaska the benefits of certain acts of Congress, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. HENDRICKSON. Mr. President, reserving the right to object, I should like to ask the sponsor of the bill whether it is in the same general category as Calendar No. 987, House bill 4090.

The PRESIDING OFFICER. Can the Senator from Oklahoma explain the bill?

Mr. THOMAS of Oklahoma. I prefer that the bill go over.

The PRESIDING OFFICER. Does the Senator prefer to have the bill go over to the next calendar call?

Mr. THOMAS of Oklahoma. That is correct.

The PRESIDING OFFICER. The bill will be passed over.

BILL PASSED OVER

The bill (H. R. 133) to amend section 2 of the act approved June 20, 1936, entitled "An act to extend the benefits of the Adams Act, the Purnell Act, and the Capper-Ketchum Act to the Territory of Alaska, and for other purposes," was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. SCHOEPPEL. Mr. President, may this bill be passed over until the next call of the calendar? It is somewhat in the category of the preceding bill.

The PRESIDING OFFICER. The bill will be passed over.

ARTHUR O. FISHER

The bill (S. 44) for the relief of Arthur O. Fisher was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws, Arthur O. Fisher, of New York City, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of June 16, 1947, the date of his last entry into the United States, upon payment of the required visa fee and head tax. Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the nonpreference category of the first available immigration quota for nationals of Czechoslovakia.

PRIMITIVO URCELAY-RUIZ

The bill (S. 46) for the relief of Primitivo Urcelay-Ruiz was announced as next in order.

Mr. MILLIKIN. Mr. President, reserving the right to object, I notice in today's New York Herald Tribune the following article:

REFINED LEAD PRICE IS CUT THREE-EIGHTHS CENT A POUND—REDUCTION IS FIRST ONE SINCE MIDSUMMER

The price of refined lead was reduced three-eighths cent a pound by a leading custom smelter here yesterday, bringing the quotation for lead delivered New York basis to 14¾ cents a pound. It was the first cut in the lead price since midsummer when it began its recovery from a 12-cent level to which it had dropped from a postwar peak of 19½ cents which ruled from November 1948 to March of this year.

The reduced price for lead follows the offering in domestic markets of foreign metal,

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including substantial tonnage from Yugoslavia, at slightly less than the domestic quotations. Trade authorities here have estimated that offerings of foreign lead in this market may increase as a result of the devaluation of sterling and other outside currencies.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

Mr. HENDRICKSON. Mr. President, speaking on the bill, I wonder whether the distinguished Senator from West Virginia would give us an explanation. I understand the Department of Justice is opposed to the bill.

Mr. KILGORE. Oh, no. No, the Department of Justice has cleared it. This cancels deportation proceedings in the case of this man of the unpronounceable name. He came in as a contract laborer, has overstayed, and desires now to be accepted as an immigrant. The bill would permit him to do that. He cannot under the law be permitted to remain any longer as a contract laborer. This bill would permit him to be admitted as a permanent entry, as of the date of his actual entry, upon payment of proper fees.

Mr. WHERRY. Is he charged to some quota?

Mr. KILGORE. No, I do not think so. He came in as a contract laborer.

Mr. WHERRY. He came in, did he, on a temporary visa?

Mr. KILGORE. That is correct, as a contract laborer.

Mr. WHERRY. Why should he be admitted to citizenship, unless he is charged to a quota?

Mr. HENDRICKSON. If the Senator is asking me, I should say the answer might be this——

Mr. KILGORE. Just a moment. He will be charged to the Spanish quota, when it comes through, but it would permit him to remain, now that he is here.

Mr. HENDRICKSON. Did I correctly understand the Senator to say the Department of Justice had withdrawn its opposition?

Mr. KILGORE. There is no opposition now as shown by the report. I am confident the Subcommittee on Immigration would not have reported the bill had there been an objection, without at least stating it in the report.

Mr. HENDRICKSON. I quote from the report a paragraph of a letter from the Acting Assistant to the Attorney General:

> The beneficiary of this bill is one of many persons who are unable to gain admission to the United States for permanent residence because of oversubscribed quotas and there appear to be no circumstances in this case that would justify granting him a preference over thousands of aliens who must await their turn for immigration visas.

I construe that as opposition.

Mr. KILGORE. That happens frequently. They say there is no objection, other than that it is purely a question of policy. Are we going to let him remain now, or are we going to ship him back and let him await his place in the quota? He is working in Nevada. The committee has been pretty strict on that sort of thing.

Mr. HENDRICKSON. Was the committee unanimous in its report, in the face of the opposition?

Mr. KILGORE. The Committee on the Judiciary was, yes. I do not know about the Subcommittee on Immigration. I am not a member of that subcommittee.

Mr. WHERRY. Mr. President, if I may ask a further question of the distinguished Senator from West Virginia, is this man a Mexican?

Mr. KILGORE. No, he is Spanish. I thought he was a Mexican.

Mr. WHERRY. That is what I understood the Senator to say, that he was a Mexican, but was being charged to the Spanish quota.

Mr. KILGORE. No, he is Spanish, and will be charged to the Spanish quota.

Mr. WHERRY. Is the Spanish quota now filled? How can he be charged to the Spanish quota, if it has been filled?

Mr. KILGORE. No. The bill further provides the appropriate quota deduction shall be made from the Spanish quota. We have frozen many quotas, I may say. I am not sure about the Spanish quota, but a great number of quotas have been frozen. I imagine the Spanish quota has also been frozen, because of the strained relations now existing.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (S. 46) for the relief of Primitivo Urcelay-Ruiz was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Attorney General of the United States be, and is hereby, authorized and directed to cancel deportation proceedings in the case of Primitivo Urcelay-Ruiz, of central Nevada, legally admitted as a contract laborer, but who has remained in the United States longer than permitted by law and regulations and that this alien shall be considered as having been admitted for permanent entry as of the date of his actual entry on the payment of the visa fee of $10 and a head tax of $8.

Upon the enactment of this act the Secretary of State shall instruct the proper quota-control officer to deduct one number from the Spanish quota for the first year that the said Spanish quota is available.

FAWN S. LOUIE

The bill (S. 47) for the relief of Fawn S. Louie was announced as next in order.

Mr. HENDRICKSON. Mr. President, here, again, we have the opposition of the Department of Justice. I am wondering if it is good policy for the Senate to pass these bills and grant relief in certain cases in which the Department is opposing such relief, probably for very good reasons.

Mr. KILGORE. Mr. President, the Department does not oppose it. It says, "We are unable to recommend the passage of the bill."

Mr. HENDRICKSON. As I understand the case, the man involved has a place to which to return. He has a business in China. No real harm would be done if the bill should not be passed, because his family lives in China——

Mr. KILGORE. Except the fact that the area in which they live is occupied by Communists. It might be rather dangerous for him to return.

Mr. HENDRICKSON. The report shows that he resides in Hong Kong. I do not think the Communists have taken that point yet.

Mr. KILGORE. Not yet, but they are very close to it.

Mr. HENDRICKSON. It is a matter of policy, Mr. President. I call it to the attention of the Senate for whatever value it may have.

Mr. KILGORE. In all cases exceptional reasons have to be shown to the committee.

Mr. WHERRY. Mr. President, may I ask as to the quota in this case?

Mr. KILGORE. It is oversubscribed. We only recently established a quota for China, and it was oversubscribed. The quota of China is vastly disproportionate to the quota for European countries.

Mr. HENDRICKSON. Mr. President, I hope that in this instance the person who will be benefited under this bill is clear of any taint of communism.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That for the purposes of the immigration and naturalization laws, the alien Fawn S. Louie shall be held and considered to have been lawfully admitted to the United States for permanent residence as as of September 7, 1947, the date on which he was admitted as a visitor, upon payment of head tax and visa fee. Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

ALEXY W. KATYLL AND IOANNA KATYLL

The Senate proceeded to consider the bill (S. 112) for the relief of Alexy W. Katyll and Ioanna Katyll, which had been reported from the Committee on the Judiciary, with an amendment on page 1, line 8, after the numerals "1946", to insert "upon payment by each of them of $18, which is the amount of their visa fee and head tax", so as to make the bill read:

Be it enacted, etc., That in the administration of the immigration and naturalization laws, Alexy W. Katyll and Ioanna Katyll, of San Francisco, Calif., who were admitted into the United States on temporary visas, shall be deemed to have been lawfully admitted into the United States for permanent residence as of July 18, 1946, upon payment by each of them of $18, which is the amount of their visa fee and head tax.

SEC. 2. Upon the enactment of this act, the Secretary of State is authorized and directed to instruct the proper quota-control officer to make appropriate deductions from the nonpreference category of the proper immigration quota or quotas.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 139) for the relief of Guillermo Chacartegui was announced as next in order.

Mr. SCHOEPPEL. Mr. President, reserving the right to object, I note that

this bill provides that a Spanish citizen may remain in this country as a temporary visitor, so long as he remains in the sheep industry as a sheepherder. Frankly, I think that establishes a bad precedent, and I must object.

Mr. KILGORE. Mr. President, may I say for the information of the distinguished Senator from Kansas that I am informed the citizen referred to is a Basque. There is a law permitting Basque sheepherders to come into this country. I am told that Basques are the only persons who can be got to handle great flocks of sheep. This bill grants permission for him to remain so long as he is a sheepherder, with a limitation, however, of 5 years. He does not become a permanent citizen.

Mr. SCHOEPPEL. It seems to me that a person who comes in under the dignity of a law passed by the Congress of the United States certainly should not have that kind of a limitation placed on him. If he has the proper qualifications to entitle him to come in, I fail to see——

Mr. KILGORE. I will say to the distinguished Senator from Kansas that this has frequently been done. Most of the contract labor from other countries comes in with special passports to work on certain jobs. We brought farm labor into the South during the war on special passports to do certain jobs.

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. KILGORE. I yield.

Mr. SCHOEPPEL. The bringing in of agricultural labor was under wartime restrictions, was it not?

Mr. KILGORE. Yes.

Mr. SCHOEPPEL. This is an entirely different matter.

Mr. KILGORE. Along the border, persons from Mexico have been permitted to come over on temporary passports to pick or to cultivate cotton, and then to return to Mexico.

Mr. SCHOEPPEL. I would say to the distinguished Senator that so far as I am personally concerned, I should much prefer to have this bill passed over until the next call of the calendar.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. KILGORE. I yield.

Mr. TOBEY. The desire is to get sheepherders into the country. Why not stop the machinations by which the displaced persons bill is being kept from consideration by the Senate? There probably are many sheepherders included among displaced persons.

Mr. KILGORE. That is beyond my control.

Mr. TOBEY. I do not know whether it is or not. I think the Senator has control. I should like to see him exercise his function and not permit one Senator to bar consideration.

The PRESIDING OFFICER. The bill will be passed over.

LLOYD D. LYLES

The Senate proceeded to consider the bill (S. 321) for the relief of Lloyd D. Lyles, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 6, after the words "sum of", to strike out "$404.57" and insert "$231.69", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lloyd D. Lyles, of Asheville, N. C., the sum of $231.69 in full satisfaction of his claim against the United States for the difference between the salary paid him under grade CAF–2 by the General Accounting Office for the period December 5, 1947, to January 24, 1948, and the salary of grade CAF–8, the duties of which he performed during such period after having been erroneously separated from the higher grade: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DONALD FRANCIS WIERDA

The Senate proceeded to consider the bill (S. 570) for the relief of Donald Francis Wierda, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 6, after the words "sum of", to strike out "$37,789.21" and insert "$10,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Donald Francis Wierda, a citizen of California, the sum of $10,000, in full satisfaction of his claims against the United States (1) for compensation for permanent personal injuries sustained by him as a result of an automobile accident which occurred on November 22, 1945, near Antwerp, Belgium, when an automobile driven by him was struck by a United States Army vehicle, and (2) for reimbursement for medical, hospital, and other expenses or losses incurred by him as a result of such accident: *Provided*, That no part of the amount appropriated in the act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

REIMBURSEMENT OF PUGET SOUND BRIDGE & DREDGING CO.

The bill (S. 736) for the reimbursement of Puget Sound Bridge & Dredging Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Navy, out of funds heretofore appropriated for public works, Bureau of Yards and Docks, is hereby authorized to pay to the Puget Sound Bridge & Dredging Co., as one of the contractors under contract NOy-3570, an amount not to exceed $9,789.63 as reimbursement for, and in full settlement of all claims against the United States on account of, the loss of its supplies aboard the dredge *Everett* on or about September 24, 1942, and the loss of its scow *No. 11* on or about November 16, 1943, without negligence or fault in either case while in transit upon the open sea for the purposes of the contract: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

SISTERS ANTOINETTE COMETTI ET AL.

The bill (S. 753) for the relief of Sisters Antoinette Cometti, Mary Gibin, Angela Pelosin, Emma Ghisleni, Elisabetta De Caterin, and Onorina Franzina was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws Sisters Antoinette Cometti, Mary Gibin Angela Pelosin, Emma Ghisleni, Elisabetta De Caterin, and Onorina Franzina, who were admitted to the United States on temporary visas, shall be deemed to have been lawfully admitted to the United States for permanent residence as of the dates of their last entries, on payment of the required visa fees and head taxes.

SEC. 2. The Secretary of State is authorized and directed to instruct the proper quota-control officer to deduct six numbers from the nonpreference category of the first available quotas for nationals of Italy.

MRS. MARIE Y. MUELLER

The bill (S. 866) for the relief of Mrs. Marie Y. Mueller was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Attorney General is authorized and directed to discontinue any deportation proceedings and to cancel any outstanding order and warrant of deportation, warrant of arrest, and bond, which may have been issued in the case of Mrs. Marie Y. Mueller, of Spokane, Wash. The said Mrs. Marie Y. Mueller, who has resided in the United States since 1933, shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or such warrants and order have issued.

SEC. 2. Notwithstanding any provision of the immigration laws, the said Mrs. Marie Y. Mueller shall be considered as having been lawfully admitted into the United States for permanent residence as of October 1, 1933, upon the payment by her of the visa fee of $10 and the head tax of $8.

GLADYS INEZ GREENWOOD

The Senate proceeded to consider the bill (S. 914) for the relief of Gladys Inez Greenwood, which had been reported from the Committeee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Gladys Inez Greenwood, of New London, Conn. (widow of Col. Donald R. Greenwood, O–6290, U. S. Army, who died on July 7, 1946, at Hot Springs,

Ark., while en route under Army orders to La Jolla, Calif., his official residence of record), an amount equal to the travel allowance to which she would have been entitled had her husband not died at Hot Springs and had he completed his journey to La Jolla, Calif., his official residence of record: *Provided*, That no part of the amount appropriated in this act in excess of 19 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary not withstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOE GRECO

The Senate proceeded to consider the bill (S. 951) for the relief of Joe Greco, which had been reported from the Committee on the Judiciary, with an amendment on page 2, after line 10, to strike out section 4, as follows:

SEC. 4. The provisions of section 307 (a) of the Nationality Act of 1940 (U. S. C., title 8, sec. 707) which require good moral character during all the periods of residence for naturalization purposes, shall not hereafter be held to apply to Joe Greco, on account of his testimony in naturalization proceedings in 1946 regarding his former conviction.

So as to make the bill read:

Be it enacted, etc., That the Attorney General is authorized and directed to discontinue any deportation proceedings and to cancel any outstanding order and warrant of deportation, warrant of arrest, and bond, which may have been issued in the case of Joe Greco, of Tampa, Fla. From and after the date of enactment of this act, the said Joe Greco shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and order have issued.

SEC. 2. In the administration of the immigration laws, the said Joe Greco shall be considered as having been lawfully admitted to the United States for permanent residence as of the date of his last entry, upon payment of the required head tax and visa fee.

SEC. 3. Upon the enactment of this act, the Secretary of State is authorized and directed to instruct the proper quota-control officer to deduct one number from the nonpreference category of the first available quota for nationals of Italy.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MILTON BUECHLER

The bill (S. 1088) for the relief of Milton Buechler was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay out of any money in the Treasury not otherwise appropriated, to Milton Buechler, of Norfolk, Va., the sum of $270. The said Milton Buechler, under contract No. N–151s–76187, dated August 20, 1946, purchased a Fordson tractor and harrow from the Navy Department, and the amount above specified represents loss suffered by him by reason of the fact that such equipment was so rusted, broken, or lacking in parts as to be beyond repair for any use: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000.

THEODORE CONSTANTIN TRANCU AND WIFE

The bill (S. 1305) for the relief of Theodore Constantin Trancu and his wife was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted etc., That in the administration of the immigration and naturalization laws, Theodore Constantin Trancu and his wife, Anne Denise, shall be held and considered to have been lawfully admitted into the United States for permanent residence as of the date of their last entry into the United States upon payment of the required head taxes and visa fees.

SEC. 2. The Secretary of State is authorized and directed to instruct the proper quota-control officer to deduct appropriate numbers from the nonpreference category of the proper immigration quota or quotas.

PIERRE E. LEFEVRE

The Senate proceeded to consider the bill (S. 1310) for the relief of Pierre E. Lefevre, which had been reported from the Committee on the Judiciary, with an amendment to strike out all after the enacting clause, and insert:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay out of any money in the Treasury not otherwise appropriated, to Pierre E. Lefevre, Army Serial Numbered 6139983, of 557 Chestnut Street, in Manchester, N. H., the sum of $2,500, in full settlement of all claims against the United States for damages sustained by him by reason of his having been illegally arrested and confined by the Army on the erroneous ground of absence without leave after he had been honorably discharged from the Army at Fort Devens, Mass., on October 7, 1945: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading read the third time, and passed.

G. H. LAZARUS, JR., AND JESSE F. BEWLEY

The bill (S. 1353) for the relief of G. H. Lazarus, Jr., and Jesse F. Bewley, was announced as next in order.

Mr. HENDRICKSON. Mr. President, reserving the right to object, may we have an explanation of the bill? I should like to invite the attention of the Senate to the fact that it involves a rather substantial sum of money for services.

Mr. CHAPMAN. Mr. President, early in 1941 there was an announcement by the National Inventors Council that the armed services were badly in need of an improved gun mount. Mr. Harry Lazarus, Jr., and Mr. Jesse F. Bewley, of Bowling Green, Ky., read the announcement and began work on a mount. They submitted it to high ranking officers of the United States Army, and were sent by those officers to various military posts—Aberdeen, Md., Fort Knox, Ky., Camp Hood, Tex., and other Army installations. It is true that the mount never was officially accepted and adopted by the Army. Nevertheless, the committee says in its report, after holding very thorough and careful hearings, which I had the privilege of attending:

Gen. C. T. Harris and Col. S. J. Green, two members of the military who were intimately associated with the various phases of the tests, expressed the belief that the Army had incurred at least an ethical obligation and that Mr. Lazarus should be compensated for the money he expended in his attempt to sell the military on his gun mount. Col. John K. Boles, who was not able to be present at the hearing, has submitted an affidavit, dated August 22, 1949, in which he reiterates his faith in the mount and his belief that it is a marked improvement over current models.

The testimony adduced at the hearing makes it abundantly clear that a man, impelled by the most worthy motives, was encouraged and aided by members of the military in his efforts to secure adoption of his gun mount. It is probably quite true that the persons furnishing the encouragement were without direct authority to encourage, or contract, for the goods and services which were rendered. However, the claimant is not a lawyer, and the committee is convinced that he did what any other man in his circumstances might well have considered reasonable.

The committee, despite the adverse reports rendered by the Army and the Attorney General, are inclined to concur in the views expressed by the Army officers directly concerned and recommend that these claimants be reimbursed for what amounts to performance under a contract implied in fact.

Mr. President, I shall make a brief reference to some of the tests which were made, which I believe were sufficient to convince reasonable men that these inventors were acting in good faith, and that they were being encouraged in these tests by men speaking with authority in the Military Establishment. I shall refer to just a little of what occurred.

Arrangements were made by Colonel Green and certain Coast Artillery officers, through instructions from Colonel Gerhart, to look at the working model and they inquired of Lazarus and Bewley if they had considered making a shooting model, which would carry as large a gun as a 50-caliber machine gun. To this inquiry Lazarus and Bewley answered that they could build a shooting model. Consequently, they returned to Kentucky and produced such shooting model. After the shooting model had been tested by Lazarus and Bewley and certain other individuals in whom they placed confidence as judges of the practicability and feasibility of a shooting model, Lazarus made arrangements to test the model on the range at Fort Knox, Ky. These arrangements were made by Col. D. G. Barr, at the time chief of staff of the Armored Force headquarters at Fort Knox. This test was held in Ociober

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1941, and Capt. E. B. Lagrew—now Colonel Lagrew—was assigned to test-fire the mount. At the firing of this test by Colonel Lagrew, there came the first official request to Lazarus and Bewley relative to shooting tests and demonstrations of their mount. Col. George H. Rarey, at the time head of the Trial and Development Board of the Armored Force Board, having observed the demonstration, immediately requested a full trial and development program to be set up by Colonel Kelley, president of the Armored Force Board.

Lt. Gen. Jacob L. Devers, then major general and in charge of Armored Force headquarters at Fort Knox, heard of the tests of the gun mount and requested Lazarus to return it to Knox for him to be able to see the mount, and from the record it made he recommended that the mount be taken to Aberdeen Proving Grounds, Md. This occurred on January 2, 1942. Following this recommendation of Lieutenant General Devers, arrangements were made through Lt. Col. W. R. Gerhart of Ordnance for a test to be held at Aberdeen Proving Grounds, and Lazarus was directed on January 14, 1942, to contact Lieutenant General Gerhart as to what would need to be provided for the proposed demonstration and testing of the mount. On January 20, 1942, Lazarus and Bewley transported their mount to Aberdeen for the first Aberdeen test.

Shortly after this test, Bob Nichols, shooting editor of the well-known magazine Field and Stream, without revealing the nature of the gun mount, published an article in that magazine relative to its shooting features. Col. William L. Kennedy, then director of training, Air Corps, Harlingen Army Gunnery School, Harlingen, Tex., read the article, contacted Mr. Nichols, expressed interest in the mount, and requested Mr. Nichols to reveal to him the name of the person who had conceived and constructed the mount. Mr. Nichols then furnished Colonel Kennedy such information. Colonel Kennedy then contacted Mr. Lazarus by telephone and requested him to transport the mount to Harlingen, Tex.

Mr. President, I submit that patriotic citizens, eager and anxious to aid the Government, to make their inventive genius available for the defense of our country, in this case were acting in good faith in following instructions of these colonels, who held high positions in the Ordnance Gunnery School. They did not make any inquiry as to the exact authority these men had to speak for the Department of Defense. They were acting in good faith. They have submitted itemized statement, and the Committee on the Judiciary has recommended that they be paid their actual expenses for transporting this mount 57,000 miles on a truck in response to requests from high-ranking Army officers, and also for their actual subsistence during this travel. Those amounts were deducted from their income-tax returns. As to their loss of time from their regular business, the committee eliminated that item from the bill.

Mr. HENDRICKSON. Mr. President, I should like to read into the RECORD what the War Department has had to say about this case. I quote from the committee report:

> The premises upon which relief is sought in this bill are not supported by the facts. None of the expenses involved in the development, transportation, and testing of the Lazarus gun mount were incurred at the request, express or implied, of any responsible representative of the War Department. Likewise, no service was rendered to the War Department or the Army by Mr. Lazarus or Mr. Bewley at the request, express or implied, of any responsible representative of the War Department.
>
> In time of war or great national emergency many inventors present ideas to the Military Establishment with respect to new weapons or improvements over weapons in use. Some are accepted, while many are rejected because they are either impracticable or constitute no improvement over existing weapons. To provide compensation for every inventor who presents a mechanical device or weapon to the Military Establishment for services rendered and expenses incurred in connection with the manufacture, transportation, and testing of his device or weapon would commit the Government to an impracticable policy. The enactment of the proposed legislation would result in the presentation of a great number of claims similar in principle for the payment of which no legal liability on the part of the United States exists, and the appropriation of public funds for the payment of such claims could not consistently be avoided without discrimination in favor of the present claimants.
>
> In the light of the foregoing facts and circumstances there is no justifiable basis whatsoever for an appropriation for the relief of these claimants. It is, accordingly, recommended that the proposed legislation be not favorably considered.
>
> Sincerely yours,
>
> HOWARD C. PETERSEN,
> *Acting Secretary of War.*

Mr. President, in view of that recommendation, I shall have to oppose the bill.

Mr. CHAPMAN. Mr. President, will the Senator from New Jersey yield?

Mr. HENDRICKSON. I gladly yield to the Senator from Kentucky.

Mr. CHAPMAN. In my explanation I referred to the fact that the Department of the Army had made an unfavorable report. I said that notwithstanding that unfavorable report, the Senate Committee on the Judiciary recommended payment of the claim after careful and thorough hearing, after questioning some of the high-ranking officers who had spoken for the Government in directing these men to transport this mount and make tests of it all over the country, requiring the transportation of the mount 57,000 miles. Each time they went it was not on their own initiative, but it was after they had been authorized to go by some high-ranking Army officer in a gunnery school, or in the Ordnance Department.

I do not doubt that these men had no authority to commit the Army on this proposition, but the committee was satisfied, from the testimony, that these inventors acted in good faith; that they were not merely seeking to promote some mechanical nostrum they claimed to have invented. I may say to the distinguished Senator from New Jersey that, to my personal knowledge, within the past week the Department of Defense has again showed interest in this gun mount, and, I understand, is probably going to make some additional tests of it. But these men have spent their own money in traveling. If the average good citizen of America had been told by the colonel in command of an activity in connection with gunnery and marksmanship. "Yes, bring the mount to Texas," or "to take it back to Maryland, or to Fort Knox," he would have been recreant of his duty as a good citizen in time of war if he had not carried it to the point designated and paid his own expenses in doing so. All the committee is recommending is that the actual travel expenses and subsistence expenses be paid, when the tests were made on the recommendation of men who appeared to be responsible officials.

Mr. HENDRICKSON. Mr. President, I am very much impressed by the able argument made by the distinguished Senator from Kentucky, but I do not think we can constitute ourselves as a court of equity and dispose of the many claims which come to our attention. I think the bill we are discussing presents another example of the fact that we must set up a judicial authority to consider such claims as this one. I think the Senate Committee on the Judiciary, or certain members of it, including the distinguished Senator from West Virginia, are in favor of working out a plan whereby a judicial body can be set up to dispose of such claims, under rules of law.

Mr. CHAPMAN. Mr. President, the bill was submitted to the only judicial body to which the Senate submits proposed legislation, which is the Committee on the Judiciary, and an able subcommittee consisting of the Senator from Washington [Mr. MAGNUSON], the Senator from Mississippi [Mr. EASTLAND], and the Senator from Indiana [Mr. JENNER], examined the matter thoroughly, looked the witnesses in the face, and made this report to the full Committee on the Judiciary, our only judicial body in the Senate, and that committee reported it for the calendar of the Senate.

Mr. HENDRICKSON. Mr. President, I do not wish to be discourteous, but I feel I must ask that the bill go over until the next call of the calendar. Meanwhile I should like to consult with the Department of Defense and see if we cannot alter their position on the matter.

The PRESIDING OFFICER. Objection is heard. The bill will be passed over.

MRS. AURORA M. HARTMAN AND HER TWO DAUGHTERS

The bill (S. 1376) for the relief of Mrs. Aurora M. Hartman and her two daughters was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws, Mrs. Aurora M. Hartman and her two daughters, Evelyn and Dorothy May, all of Denver, Colo., shall be held and considered to have been lawfully admitted into the United States for permanent residence as of the date of their last entry into the United States, upon payment of the required head taxes and visa fees.

SEC. 2. The Secretary of State is authorized and directed to instruct the proper quota-control officer to deduct three numbers from the nonpreference category of the first available immigration quota for nationals of the Philippines.

MARIA MARGARETE OTTO

The bill (S. 1413) for the relief of Maria Margarete Otto was announced as next in order.

Mr. WHERRY. Mr. President, reserving the right to object, is this a relief measure in an amount of money, or does it deal with an immigration question?

Mr. KILGORE. Mr. President, this bill deals with a German-born girl who was not a Nazi or a Nazi sympathizer, and who married an American merchant seaman in Germany. She is his wife, but cannot come to America because the American consul in Germany has denied her a visa. However, she is the wife of an American citizen, a merchant seaman. The bill would simply give her the right which I personally think the consul should have given to her in Germany.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1414) for the relief of Maria Margarete Otto, which had been reported from the Committee on the Judiciary with an amendment on page 2, line 4, after the word "citizen," to strike out "If she is found otherwise admissible under the immigration laws, an immigration visa may be issued and admission granted to the said Maria Margarete Otto under this act upon application hereinafter filed," so as to make the bill read:

Be it enacted, etc., That in the administration of the immigration laws, relating to the issuance of immigration visas for admission to the United States for permanent residence and relating to admissions at ports of entry of aliens as immigrants for permanent residence in the United States, that provision of section 3 of the Immigration Act of 1917, as amended (U. S. C., title 8, sec. 136 (c)), which excludes from admission into the United States "persons who have been convicted of or admit having committed a felony or other crime or misdemeanor involving moral turpitude," shall not hereafter be held to apply to Maria Margarete Otto (nee Maria Margarete Hortz), the wife of Charles S. Otto, an American citizen.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ROBERT B. WORKMAN

The Senate proceeded to consider the bill (S. 1449) for the relief of Robert B. Workman, which had been reported from the Committee on the Judiciary with an amendment on page 1, line 6, after the words "sum of", to strike out "$5,531.71" and insert "$4,125", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Robert B. Workman, of Lincoln, Maine, the sum of $4,125, in full satisfaction of his claim against the United States for reimbursement for household and personal effects destroyed on December 17, 1938, when the station building in which he was residing with his family while serving as an employee of the Civil Aeronautics Authority at the United States Airways Communication Station, Knight Field, Evanston, Wyo., was destroyed by fire caused by a defective flue and chimney in the communication station: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALFRED F. BOSCHE

The bill (S. 1532) for the relief of Alfred F. Bosche was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That notwithstanding the provisions of section 404 of the Nationality Act of 1940, Alfred F. Bosche, an honorably discharged veteran of the United States armed forces, shall be held and considered to have retained his United States citizenship regardless of any period of residence outside the United States.

HARRY COMBER

The Senate proceeded to consider the bill (S. 1534) for the relief of Harry Comber, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 5, after the name "Harry", to strike out "Comber the sum of $492.05, with accrued interest from date due to date paid. Such sum shall be reimbursement of a like amount expended by the said Harry Comber for automobile services rendered as an employee under the Public Works Administration during the years 1933 and 1934, in the city of Los Angeles, State of California, under the direction of F. E. Trask, State engineer of California, and an advisory board composed of Hamilton H. Cotton, Franck Havenner, E. F. Scattergood, and Justus Wardell" and insert "of 1531 East Wilson Avenue, Glendale, Calif., the sum of $488.05, in full satisfaction of his claim against the United States as compensation for use of his automobile during the years 1933 and 1934, in the State of California, under the direction of the Public Works Administration and/or the Civil Works Administration and/or F. E. Trask, State engineer of California and/or an advisory board composed of Hamilton H. Cotton, Franck Havenner, E. F. Scattergood, and Justus Wardell: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Harry Comber, of 1531 East Wilson Avenue, Glendale, Calif., the sum of $488.05, in full satisfaction of his claim against the United States as compensation for use of his automobile during the years 1933 and 1934, in the State of California, under the direction of the Public Works Administration and/or the Civil Works Administration and/or F. E. Trask, State engineer of California, and/or an advisory board composed of Hamilton H. Cotton, Franck Havenner, E. F. Scattergood, and Justus Wardell: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ERNEST E. HEINTZ

The Senate proceeded to consider the bill (S. 1552) for the relief of Ernest E. Heintz, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That in the administration of the immigration laws, relating to the issuance of immigration visas for admission to the United States for permanent residence and relating to admissions at port of entry of aliens as immigrants for permanent residence in the United States, that provision of section 3 of the Immigration Act of 1917, as amended (U. S. C., title 8, sec. 136 (c)), which excludes from admission into the United States persons who have been convicted of or admit having committed a felony or other crime or misdemeanor involving moral turpitude, shall not hereafter be held to apply to Ernest E. Heintz, of Windsor, Ontario, Canada.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RIYOKO SATO

The bill (S. 1702) for the relief of Riyoko Sato, was considered, order to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That notwithstanding the provisions of section 13 (c) of the Immigration Act of 1924, as amended, or any of the other provisions of the immigration laws relating to the exclusion of aliens ineligible to citizenship, the Attorney General is authorized and directed to permit the entry into the United States for permanent residence of Riyoko Sato, the Japanese fiancée of William F. Corkery, a citizen of the United States and an honorably discharged veteran of World War II: *Provided*, That the administrative authorities find that the said Riyoko Sato is coming to the United States with a bona fide intention of being married to William F. Corkery and that she is found otherwise admissible under the immigration laws. In the event the marriage between the

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above-named parties does not occur within 3 months after the entry of said Riyoko Sato, she shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 19 and 20 of the Immigration Act of February 5, 1917 (U. S. C., title 8, secs. 155 and 156).

HANS JURGEN SCHWEIKERT

The Senate proceeded to consider the bill (S. 1894) for the relief of Hans Jurgen Schweikert, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That in the administration of the immigration and naturalization laws Hans Jurgen Schweikert, Tubingen, Wurttemberg, Germany, shall be deemed to be the child of his great-uncle, who is an American citizen and veteran of World War II. If he is further otherwise admissible under the provisions of the immigration laws, he shall be granted the status of a nonquota immigrant.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JACKSON RILEY HOLLAND

The bill (S. 2084) for the relief of Jackson Riley Holland was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That for the purposes of the immigration and naturalization laws, Jackson Riley Holland, who is the adopted child of Walter Jackson Holland and Margaret Edna Holland, husband and wife, and who are native-born American citizens, shall be deemed to be the child of said Walter Jackson Holland and Margaret Edna Holland and shall, if otherwise admissible under the immigration laws, be granted the status of a nonquota immigrant.

PENELOPE COROLYN COX

The Senate proceeded to consider the bill (S. 2100) for the relief of Penelope Corolyn Cox, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That Penelope Corolyn Cox, who is presently residing in Canada and who was born in India of British parents, shall be deemed to have been born in Great Britain.

Mr. HENDRICKSON. Mr. President, I call attention to the fact that the Department of Justice opposes this type of legislation. I should like to have an explanation of the bill.

Mr. KILGORE. Mr. President, the explanation I have to give is that no matter how much justification is presented for the passage of such a measure, dealing with immigration, the Department of Justice almost invariably opposes anything which does not comply strictly with the code. No matter how justifiable a case may be, unless it complies strictly with the code, objection is made.

Some time ago evidence was introduced in connection with an immigration case, showing that it would be highly dangerous for the individual involved to be sent back across the sea. Some persons may say that the committee does not report adversely on any cases. Let me say, Mr. President, that what happens in the committee is that the bills are studied for months, all the records are obtained. The staff acts on them, and the committee acts on them, and discusses each case, and if we think there is just reason for overriding the recommendation of the Department we proceed to do so.

Mr. WHERRY. Mr. President, I may say to the distinguished Senator from West Virginia that I recall the very forceful argument which was presented by the Senator from Nevada [Mr. McCARRAN] in behalf of Order No. 570, Senate bill 1165, in an effort to have a few sheepherders brought to the United States. Certainly Nebraska is very much interested in obtaining the help of some sheepherders. That bill was objected to. Today we have had before us scores of cases in which immigrants are proposed to be admitted, beyond the quota measure, in some cases protests being made by the departments; yet it is sought to bring in such individuals by special legislation. It seems to me there is no system about the matter whatever.

So far as I am concerned, if the Senator does not want to permit the sheepherders to be brought in, I have made my last argument in favor of having them brought in. I should like to see sheepherders brought in. Our farmers need them. But we cannot have them brought in. Yet the Senator has just stated that Mexican labor is brought into the United States to help pick fruit and vegetables, under an emergency law, and then they are returned to Mexico when they have completed their work. We have tried to have a few sheepherders brought to Nebraska, Wyoming, and Utah, but we have not succeeded in our efforts. Senators who wish to object have a right to do so. I am not complaining of any objection that may be made. I repeat, that there appears to be no rhyme or reason for what we are doing here in acting on bills which grant special dispensation to certain individuals, whereas we cannot succeed in having a relatively small number of sheepherders brought to the United States, I cannot fathom the methods that are being used.

Mr. KILGORE. I may say to the Senator from Nebraska that the Committee on the Judiciary is trying to have the sheepherders brought to the United States. The Senator addresses his remarks to me. He should address his remarks to those Senators who have objected, not to the Committee on the Judiciary. His remarks should be addressed to Senators who make objections every time the bill providing for bringing in sheepherders comes up. The Committee on the Judiciary tries to defend that bill whenever it is reached on the calendar.

Mr. WHERRY. I was not addressing myself to the Judiciary Committee. I was addressing my remarks to the Senate as a whole.

Mr. KILGORE. I thank the Senator for that statement. I was not even given a chance to explain the bill when it was reached on the calendar today, it was passed over so fast.

Mr. WHERRY. As I have said, my objection comes about by reason of the fact that there is no consistent plan. In a certain case an individual comes to the United States on a temporary visa. We grant him permanent citizenship because he is a laborer, and probably is entitled to permanent citizenship. But he comes in over and above the quota. However, because of the fact that he is here, rather than send him back he is given permanent citizenship. As I have said, if we are to have a quota basis for immigration, let us adhere to it. On every call of the calendar we find the same situation arising.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill (S. 2100) was ordered to be engrossed for a third reading, read the third time, and passed.

ALAMO IRRIGATION CO.

The Senate proceeded to consider the bill (S. 2119) for the relief of the Alamo Irrigation Co., which had been reported from the Committee on the Judiciary with an amendment, to strike out all after the enacting clause and insert:

That interest which accrued on said note from August 7, 1946, to June 17, 1947, in the sum of $1,193.50 is hereby waived and the Secretary of Agriculture is authorized and directed to cause the proper entries to be made in the accounting records of the Department of Agriculture to effect such waiver.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to, as follows:

Whereas Alamo Irrigation Co., of Alamo, Nev., under date of August 7, 1946, executed its promissory note to the United States for $46,200 for moneys advanced on that date by the United States for the purpose of lining its irrigation canals and installing therein certain turn-out structures pursuant to an act of August 23, 1937, entitled "An act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes" (50 Stat. 869); and

Whereas Alamo Irrigation Co. was not permitted to use the funds advanced unless countersigned by a duly authorized representative of the Secretary of Agriculture; and

Whereas Alamo Irrigation Co. was unable to obtain bids within the limits of available funds for lining the canals and was further delayed from the use of such funds by the necessity of transporting irrigation water until the 1947 crops were matured: Therefore.

HENRIQUE SANTOS

The Senate proceeded to consider the bill (S. 2429) for the relief of Henrique Santos, which was read as follows:

Be it enacted, etc., That notwithstanding the provisions of section 3 (a) of the act of September 16, 1940 (54 Stat. 896), as amended, Henrique Santos shall not be denied the privilege of becoming a naturalized citizen of the United States, provided he is otherwise eligible under the naturalization laws.

Mr. SCHOEPPEL. Mr. President, I note that in the committee report no reference whatever is made to either the

Department of Justice report or the report of any other department. May we have an explanation of this omission?

Mr. KILGORE. Mr. President, I will say to the distinguished Senator that the explanation I would have to give comes under the secrecy rule to such a very great extent that I could not make it. This man rendered very valuable service to the United States Government. I am not at liberty to disclose the agency for which he was working. He is highly recommended for the extremely valuable service he performed for this country during the war and immediately following.

Mr. SCHOEPPEL. May I ask the distinguished Senator, if that is the category under which this gentleman is seeking citizenship, whether the Department could not at least have indicated that it had no objection?

Mr. KILGORE. It is not the same department. We are still operating under the formal objection. If he does not come within the very strict ruling, the law is not departed from. Every case that comes before us is a case in which objection is filed because the person involved cannot be brought within the rule. The Senator may remember that I had a most difficult time getting the bill through to allow Dr. Lui, the Chinese nuclear physicist, to enter the country. The Department was getting ready to ship her back to the interior of China, into the hands of the Communists, despite the fact that the Atomic Energy Commission, the Joint Committee on Atomic Energy, and every other Government agency interested recommended that she be allowed to enter. Yet it was proposed to ship her back into the interior of China.

Mr. SCHOEPPEL. May I ask the Senator whether the report of the committee was unanimous in this case?

Mr. KILGORE. It was.

Mr. WHERRY. Mr. President, reserving the right to object, what is so secret about this case that the Senator from West Virginia cannot tell the Senate about it? That is apparently the basis upon which citizenship is to be granted.

Mr. KILGORE. I have never yet known of anything which took place in an executive session which did not get out.

Mr. WHERRY. Does it have to do with the Atomic Energy Commission?

Mr. KILGORE. No.

Mr. WHERRY. With the military service?

Mr. KILGORE. I shall be glad to tell the distinguished Senator from Nebraska or any other Senator privately.

Mr. WHERRY. On that basis, anyone could get in. A Senator could rise and say, "This is secret, and we ought to give this man citizenship."

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SISTER ELIZABETH KENNY

The Senate proceeded to consider the joint resolution (S. J. Res. 105) to provide unrestricted entry privileges for Sister Elizabeth Kenny, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That Elizabeth Kenny, also known as Sister Elizabeth Kenny, a native of Warrialda, New South Wales, Australia, and a resident of Australia, be, and hereby is, granted the privilege of entering the United States as a temporary visitor as often or as frequently as she may desire to enter, notwithstanding that under the provisions of section 3 of the Immigration Act of 1924, as amended, she would be classed an "immigrant," and notwithstanding that at the time of such entry or entries she does not possess an immigration visa, passport visa, transit certificate, or other document entitling an alien to present himself for admission to the United States.

SEC. 2. That, inasmuch as the said Elizabeth Kenny was registered and fingerprinted on four occasions, in accordance with the provisions of title III of the Alien Registration Act, 1940, as amended, and, in view of the exemption from the presentation of certain documents granted to the said Elizabeth Kenny by this act, none of the provisions of title III of the Alien Registration Act, 1940, shall apply, henceforth, to the said Elizabeth Kenny.

SEC. 3. That the provisions of section 2 of the Immigration Act of 1917, as amended, relating to the levying, collection, and payment of a tax of $8 for every alien entering the United States, shall not apply to the said Elizabeth Kenny.

SEC. 4. That the provisions of section 15 of the Immigration Act of 1924, as amended, respecting the duration of stay and the maintenance of exempt status of a temporary visitor, shall not apply to the said Elizabeth Kenny.

SEC. 5. That nothing in this act shall relieve the said Elizabeth Kenny from complying with all of the other laws of the United States respecting the admission of aliens to, the exclusion of aliens from, and the departure of aliens from, the United States.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

MIKE CLIPPER

The bill (H. R. 584) for the relief of Mike Clipper, was considered, ordered to a third reading, read the third time, and passed.

COL. DAVID R. WOLVERTON

The bill (H. R. 588) for the relief of Col. David R. Wolverton, United States Army, retired, was considered, ordered to a third reading, read the third time, and passed.

LOUISE PETERS LEWIS

The Senate proceeded to consider the bill (H. R. 683) for the relief of Louise Peters Lewis, which had been reported from the Committee on the Judiciary with an amendment on page 2, line 6, after the word "and", to strike out "Germany" and insert "Germany: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

MRS. MARY A. BAILEY

The bill (H. R. 695) for the relief of Mrs. Mary A. Bailey was considered, ordered to a third reading, read the third time, and passed.

CLAIM OF FRANK HAEGELE

The Senate proceeded to consider the bill (H. R. 733) to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Frank Haegele, which had been reported from the Committee on the Judiciary with an amendment on page 2, line 10, after the name "United States Code" to insert: "*Provided*, That nothing in this act shall be construed as an inference of liability on the part of the Government of the United States."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

CLAIM OF EDWARD GRAY, SR., AND OTHERS

The Senate proceeded to consider the bill (H. R. 752) conferring jurisdiction upon the United States District Court for the Eastern District of Michigan to hear, determine, and render judgment upon the claim of Edward Gray, Sr., Edward Gray, Jr., Bertha Mae Gray, Bertha Patmon, and Lindsay Gardner, all of the city of Hamtramck, Wayne County, Mich., which had been reported from the Committee on the Judiciary with an amendment, on page 2, line 14, after the word "amended", to insert ": *Provided*, That the passage of this act shall not be construed as an inference of liability on the part of the Government of the United States."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

GEORGE M. FORD

The Senate proceeded to consider the bill (H. R. 1019), for the relief of George M. Ford.

Mr. SCHOEPPEL. Mr. President, I note that two departments of the Government strenuously object to this claim. May we have an explanation?

Mr. KILGORE. Mr. President, this bill was originally considered by a subcommittee of one, consisting of the Senator from North Dakota [Mr. LANGER], and was reported favorably. It was then referred to a subcommittee of three, consisting of the Senator from Michigan [Mr. FERGUSON], the Senator from Maryland [Mr. O'CONOR], and former Senator McGrath, of Rhode Island. This sub-

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committee also reported the bill favorably.

I read from the report:

The purpose of the proposed legislation is to pay the sum of $750 to George M. Ford, of Birmingham, Ala., for compensation for personal injuries sustained by him on November 19, 1943, while he was a member of the volunteer auxiliary police unit, United States Citizens Defense Corps, Birmingham, Ala.

The claim was originally denied administratively on the ground that the work in which the claimant was engaged at the time of the injury, the loading and unloading of scrap, was not a part of his official duties as a member of the auxiliary police unit, United States Citizens Defense Corps.

A subcommittee hearing on this claim was held on July 15, 1949, and it is the view of the committee that inasmuch as the work in which the claimant was engaged at the time of his injury was work which he had been called upon by the officials of his unit to perform, there are persuasive equities for the payment of the claim in the amount of $750. There are persuasive arguments in his behalf. He was requested to load the scrap by the head of the unit, although it was not a part of the duty of that unit, and in so doing he was injured. The $750 would pay doctor bills and hospital bills.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

RELIEF OF LEGAL GUARDIAN OF MOODY L. SMITHERMAN, JR., AND MOODY L. SMITHERMAN

The bill (H. R. 1020) for the relief of the legal guardian of Moody L. Smitherman, Jr., a minor, and Moody L. Smitherman was considered, ordered to a third reading, read the third time, and passed.

MRS. ETHEL BARRINGTON MacDONALD

The bill (H. R. 1033) for the relief of Mrs. Ethel Barrington MacDonald was considered, ordered to a third reading, read the third time, and passed.

EDGAR BARBRE

The bill (H. R. 1097) for the relief of Edgar Barbre was considered, ordered to a third reading, read the third time, and passed.

KING V. CLARK

The Senate proceeded to consider the bill (H. R. 1106) for the relief of King V. Clark, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 5, after the words "the sum of" to strike out "$4,500" and insert "$3,500."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

ETHEL ROTH

The bill (H. R. 1447) for the relief of Ethel Roth was considered, ordered to a third reading, read the third time, and passed.

JOSEPH R. GREGORY

The Senate proceeded to consider the bill (H. R. 1458) for the relief of Joseph R. Gregory, which had been reported from the Committee on the Judiciary with amendments, on page 1, line 6, after the words "the sum of", to strike out "$3,898.26" and insert "$1,811.79"; on page 2, line 4, after the word "by", to strike out "military maneuvers held in the State of Louisiana in 1941, and by"; and in line 6, after the word "in", to strike out "1941 and."

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

CLAIM OF MIGUEL A. VIERA

The Senate proceeded to consider the bill (H. R. 1474) to confer jurisdiction upon the United States District Court for the Southern District of New York to hear, determine, and render judgment upon the claim of Miguel A. Viera for damages sustained as the result of an accident involving a United States Army truck at Leghorn, Italy, on January 11, 1946, which had been reported from the Committee on the Judiciary with amendments, on page 1, line 7, after the word "accident", to insert "allegedly"; and on page 2, line 8, after the word "amended", to insert ": *Provided*, That the passage of this act shall not be construed as an inference of liability on the part of the Government of the United States."

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

MRS. MARY CAPODANNO

The bill (H. R. 1484) for the relief of Mrs. Mary Capodanno, and the legal guardian of Vincent Capodanno was considered, ordered to a third reading, read the third time, and passed.

MRS. DORA FRUMAN

The Senate proceeded to consider the bill (H. R. 1637) for the relief of Mrs. Dora Fruman, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 6, after the words "the sum of", to strike out "$15,000" and insert "$25,000."

Mr. HENDRICKSON. Mr. President, reserving the right to object, I wonder if I may ask the sponsors of this bill why the Senate committee raised the amount of damages from $15,000, as provided by the House, to $25,000.

Mr. KILGORE. Mr. President, I was not present at the committee meeting when this bill was approved and the amount was increased. The reason why the amount was increased was the fact that the evidence developed before the committee indicated that she required a great amount of care because she cannot control the actions of the normal functions of the body at all, and someone must be with her at all times. In other words, she has no control over the action of the bowels, or anything else. She is in very bad condition. That is why the amount was raised. It was felt that due to the possible expectancy of life and the amount of care involved, the amount should be increased above what the House had allowed.

Mr. HENDRICKSON. Will the Senator from West Virginia be good enough to inform the Senate just how this lady was injured?

Mr. KILGORE. She fell on the steps of the post office. There was soapy water on the steps which was exactly the same color as the steps, and she could not even tell that they were wet. In stepping out of the post office, she slipped on the soapy water. Unquestionably there was negligence. The area either should have been marked off or the water should have been mopped up before people were permitted to go there. She was injured by a fall at that spot.

Mr. HENDRICKSON. I wonder whether she was in the employ of the Government or was engaged in performing service for the Government at the time of her injury.

Mr. KILGORE. No; the accident occurred in a post-office building, and she was simply a citizen who was going to the post office.

Her hospital expenses to date have been in excess of $11,000.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. KILGORE. Certainly.

Mr. WHERRY. What about negligence? Was negligence admitted on the part of the Government?

Mr. KILGORE. Yes; it was admitted that the whole thing was negligently handled, and that protection should have been afforded. She was the victim of the negligence of the post-office authorities there or the people who handled the work.

Mr. WHERRY. How long ago did the accident happen?

Mr. KILGORE. On August 14, 1942.

Mr. WHERRY. Since that time, she has had hospitalization and doctor's care; is that correct?

Mr. KILGORE. Yes; she has had over $11,000 in hospital bills alone.

Mr. HENDRICKSON. I assume that the subcommittee was unanimous in its report. Is that correct?

Mr. KILGORE. My information is that it was; yes.

Mr. HENDRICKSON. And it was unanimous in regard to the amount of relief to be granted; is that correct?

Mr. KILGORE. I think so.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

MAURICE J. SYMMS

The bill (H. R. 1666) for the relief of Maurice J. Symms was considered, ordered to a third reading, read the third time, and passed.

COHEN GOLDMAN & CO., INC.

The bill (H. R. 1794) for the relief of Cohen Goldman & Co., Inc., was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. WHERRY. Mr. President, may we have an explanation of the bill? The amount involved seems to be rather large.

Mr. KILGORE. The purpose of the bill is to pay a garment manufacturer for loss and damage sustained on a contract with the Government. The Court of Claims reached a finding that he was entitled to the relief; but that finding still does not give him the money; the Congress has to pass a bill providing the money, in carrying out the order of the Court of Claims.

Mr. WHERRY. Very well; I have no objection.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

HOWARD E. GIROUX

The bill (H. R. 1800) for the relief of Howard E. Giroux was considered, ordered to a third reading, read the third time, and passed.

MITSUO HIGA AND HILO SUGAR CO.

The Senate proceeded to consider the bill (H. R. 1864) for the relief of the legal guardian of Mitsuo Higa, a minor, and Hilo Sugar Co., which had been reported from the Committee on the Judiciary with an amendment on page 1, line 6, after the word "to", to strike out "the legal guardian of Mitsuo Higa, a minor" and insert "Mitsuo Higa."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act for the relief of Mitsuo Higa and Hilo Sugar Co."

FRANK G. MOORE

The bill (H. R. 2075) for the relief of Frank G. Moore was considered, ordered to a third reading, read the third time, and passed.

HELEN MORREN

The bill (H. R. 2457) for the relief of Helen Morren was considered, ordered to a third reading, read the third time, and passed.

NICHOLAS C. KALCOUTSAKIS

The bill (H. R. 2921) for the relief of Nicholas C. Kalcoutsakis was considered, ordered to a third reading, read the third time, and passed.

DR. LEON L. KONCHEGUL

The bill (H. R. 2928) for the relief of Dr. Leon L. Konchegul was considered, ordered to a third reading, read the third time, and passed.

Mr. WHERRY. Mr. President, House bill 2928, Calendar 1045, has just been passed; has it not?

The PRESIDING OFFICER. Yes.

Mr. WHERRY. I ask unanimous consent that the vote by which the bill was passed be reconsidered, and that we return to the bill, so that I may be permitted to ask a question about it.

The PRESIDING OFFICER. Without objection, the vote by which the bill was passed is reconsidered; the bill is now before the Senate.

Mr. WHERRY. Mr. President, I should like to ask the distinguished Senator to tell us something about the relief that is requested in the case of Dr. Leon L. Konchegul.

Mr. KILGORE. He came to the United States on a student's visa.

Mr. WHERRY. I suppose this is another case of bypassing the quota until the time comes when his admission can be charged to the quota. Is that correct?

Mr. KILGORE. He is here under an internship at St. Elizabeths Hospital, a public institution; and he has two more years to stay. The purpose of the bill is to permit him to stay.

Mr. WHERRY. Inasmuch as an internship is involved, I shall not object.

The PRESIDING OFFICER. The question is on the passage of the bill.

The bill was passed.

MAURICE G. EVANS

The Senate proceeded to consider the bill (H. R. 3081) for the relief of Maurice G. Evans, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the estate of Maurice G. Evans, deceased, of Bakersfield, Calif., the sum of $6,500, in full settlement of all claims against the United States for the personal injury and death of the said Maurice G. Evans as a result of an accident involving an Army vehicle which occurred at the intersection of Kern Island Road and Taft Highway, Kern County, Calif., on October 24, 1944: *Provided*, That no part of the amount appropriated in this act shall be paid or delivered to or received by any subrogee: *And provided further*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

JURISDICTION REFERENCE TO COURT OF CLAIMS OF CLAIM OF MRS. ZELMA INEZ CHEEK

The bill (H. R. 3252) to confer jurisdiction upon the United States Court of Claims to hear, determine, and render judgment upon the claim of Mrs. Zelma Inez Cheek was considered, ordered to a third reading, read the third time, and passed.

VIVIAN NEWELL PRICE

The bill (H. R. 3405) for the relief of Vivian Newell Price was considered, ordered to a third reading, read the third time, and passed.

ALFRED BAUMGARTS

The bill (H. R. 3413) for the relief of Alfred Baumgarts was considered, ordered to a third reading, read the third time, and passed.

JURISDICTION OF CLAIM OF MABEL COLLIVER

The bill (H. R. 3499) to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Mabel Colliver, was considered, ordered to a third reading, read the third time, and passed.

ELEANOR P. SIMMONDS

The bill (H. R. 3534) for the relief of Eleanor P. Simmonds, as administratrix of the estate of Norman B. Simmonds, deceased, was considered, ordered to a third reading, read the third time, and passed.

MRS. KATHERINE GEHRINGER

The Senate proceeded to consider the bill (H. R. 3598) for the relief of Mrs. Katherine Gehringer, which had been reported from the Committee on the Judiciary with amendments, on page 1, line 9, after the word "injuries", to insert "and property damage"; and in line 10, after the word "when", to strike out "she" and insert "an automobile owned by her husband, John Gehringer, Sr., now deceased, and which she was then driving."

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (H. R. 3718) for the relief of George Seeman Jensen was announced as next in order.

Mr. SCHOEPPEL. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

CECIL E. GORDON

The bill (H. R. 3810) for the relief of Cecil E. Gordon was considered, ordered to a third reading, read the third time, and passed.

ALEXIS LEGER—BILL PASSED OVER

The bill (H. R. 3816) for the relief of Alexis Leger was considered, ordered to a third reading, read the third time, and passed.

Mr. SCHOEPPEL subsequently said: Mr. President, out of order, I ask unanimous consent that the vote by which House bill 3816, Calendar 1055, was passed, be reconsidered. I wish to note objection to the bill.

The PRESIDING OFFICER. Without objection, the vote is reconsidered.

Does the Chair correctly understand that the Senator from Kansas asks that the bill be passed over?

Mr. SCHOEPPEL. Yes, please.

The PRESIDING OFFICER. Objection being heard, the bill will go over.

Mr. KILGORE. Does the Senator ask that the bill go over because he wishes information which I may be able to supply?

Mr. SCHOEPPEL. I think not.

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Mr. KILGORE. Does the Senator wish more time to study the bill?

Mr. SCHOEPPEL. Yes; please.

Mr. KILGORE. Very well.

The PRESIDING OFFICER. Objection has been heard, and the bill is passed over.

CARL C. BALLARD

The bill (H. R. 3863) for the relief of Carl C. Ballard was considered, ordered to a third reading, read the third time, and passed.

BUNGE NORTH-AMERICAN GRAIN CORP. AND OTHERS

The Senate proceeded to consider the bill (H. R. 4094) for the relief of Bunge North-American Grain Corp., the Corporacion Argentina de Productores de Carnes, Herman M. Gidden, and the Overseas Metal & Ore Corp., which had been reported from the Committee on the Judiciary with amendments, on page 1, line 3, after the word "the", to strike out "Secretary of the Treasury" and insert "General Accounting Office"; at the beginning of line 10, to strike out "pay" and insert "certify payment to"; on page 2, line 1, after the word "for", to strike out "their" and insert "the moving"; in line 2, after the word "costs", to strike out "or damages, consequential, incidental, or otherwise" and insert "if any"; in line 3, after the word "claimants", to insert "allegedly"; and in the same line, after the word "suffered", to insert "directly or indirectly."

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

KATHERINE H. CLAGETT

The bill (H. R. 4165) for the relief of Katherine H. Clagett was considered, ordered to a third reading, read the third time, and passed.

JAN LIGA

The bill (H. R. 4186) for the relief of Jan Liga was considered, ordered to a third reading, read the third time, and passed.

DORA M. BARTON

The Senate proceeded to consider the bill (H. R. 4414) for the relief of Dora M. Barton, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 5, after the word "of", to strike out "$15,000" and insert "$11,861.66."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

ELMO SODERGREN

The bill (H. R. 4556) for the relief of the estate of Elmo Sodergren was considered, ordered to a third reading, read the third time, and passed.

MRS. SARAH E. THOMPSON

The bill (H. R. 4563) for the relief of Mrs. Sarah E. Thompson was considered, ordered to a third reading, read the third time, and passed.

JURISDICTION OF CLAIM OF EUNICE HAYES AND OTHERS

The bill (H. R. 4564) to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Eunice Hayes, Kathryn Hayes, and Florence Hayes Gaines, was considered, ordered to a third reading, read the third time, and passed.

J. D. LECKY

The bill (H. R. 4777) for the relief of J. D. Lecky was considered, ordered to a third reading, read the third time, and passed.

HARRY FUCHS

The bill (H. R. 4792) for the relief of Harry Fuchs was considered, ordered to a third reading, read the third time, and passed.

MRS. JACK J. O'CONNELL

The bill (H. R. 4889) for the relief of Mrs. Jack J. O'Connell, was considered, ordered to a third reading, read the third time, and passed.

JURISDICTION OF CLAIM OF HILDA LINKS AND OTHERS

The Senate proceeded to consider the bill (H. R. 5148) to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon the claim or claims, of Hilda Links and E. J. Ohman, partners, and Fred L. Kroesing, all of Anchorage, Alaska, which had been reported from the Committee on the Judiciary with an amendment on page 2, line 17, after the word "court", to insert a colon and the following proviso: *"Provided*, That the passage of this act shall not be construed as an inference of liability on the part of the Government of the United States."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MRS. GIOVANNA FOLLO DISCEPOLO—BILL PLACED AT FOOT OF CALENDAR

The bill (H. R. 5299) for the relief of Mrs. Giovanna Follo Discepolo was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. SCHOEPPEL. Mr. President, reserving the right to object, may we have an explanation of the bill? In particular, I should like to note that, if I remember correctly, this person voted in the Italian elections and forfeited the right she had to American citizenship. I should like to have an explanation as to why the bill should be passed.

Mr. KILGORE. She lost her citizenship by marriage to a citizen of Italy. It is a matter of the loss of her citizenship, which she now seeks to regain. Her people all live in the vicinity of Boston and in Connecticut. That is the basis of the bill.

Mr. SCHOEPPEL. Mr. President, I should like to ask the distinguished Senator whether this individual did not exercise her rights in voting in the Italian elections and thereby indicated that she was relinquishing her rights in the United States?

Mr. KILGORE. Oh, yes. She voted in the Italian elections. She became a citizen by marriage, and also expatriated herself by voting. That is what puts her in a little different category. As a citizen of Italy, she participated in the election.

Mr. SCHOEPPEL. Can the distinguished Senator give us the views of the State Department on the matter? Is there a report from the State Department?

Mr. KILGORE. I do not think we have a report from the State Department on the bill. All the committee had was the report of the Attorney General. He is supposed to check up with the other departments on all such matters to obtain full information.

Mr. SCHOEPPEL. Will the distinguished Senator have any objection to this measure going over to the next calendar call, in order to have the matter checked into in one other particular?

Mr. KILGORE. Oh, no.

Mr. SALTONSTALL. Mr. President, if the Senator will yield, this bill was introduced by a Representative from Boston. I do not have the list here, but I understand this lady either has relatives in Boston, or lives there herself; that she returned to Italy temporarily, and that the bill is a meritorious one. If the Senator has any specific objections, I shall try to get the answers for him, if he will let the bill be put at the foot of the calendar.

Mr. SCHOEPPEL. I have asked that it go over to the next calendar call. There is another matter or two about which I was in doubt, in making the inquiry.

Mr. SALTONSTALL. Mr. President, is the Senator willing to let the bill go to the foot of the calendar?

Mr. SCHOEPPEL. Yes, I am willing to have that done.

The PRESIDING OFFICER. Without objection, the bill will be placed at the foot of the calendar.

MAX SCHLEDERER

The bill (H. R. 5353) for the relief of Max Schlederer was considered, ordered to a third reading, read the third time, and passed.

MRS. HILDA DE SILVA

The bill (H. R. 5375) for the relief of Mrs. Hilda De Silva was considered, ordered to a third reading, read the third time, and passed.

MRS. CLAUDIA WEITLANNER

The bill (H. R. 5539) for the relief of Mrs. Claudia Weitlanner was considered, ordered to a third reading, read the third time, and passed.

BELLE ISLE CAB CO., INC.

The bill (H. R. 5582) for the relief of Belle Isle Cab Co., Inc., was considered, ordered to a third reading, read the third time, and passed.

JOE D. DUTTON

The bill (H. R. 5777) for the relief of Joe D. Dutton was considered, ordered

to a third reading, read the third time, and passed.

MRS. TOSHIKO KEYSER

The bill (H. R. 5851) for the relief of Mrs. Toshiko Keyser was considered, ordered to a third reading, read the third time, and passed.

D. A. SULLIVAN & SONS, INC., ET AL.

The resolution (S. Res. 165) referring the bill H. R. 1598 to the Court of Claims was considered and agreed to, as follows:

Resolved, That the bill (H. R. 1598) entitled "A bill for the relief of D. A. Sullivan & Sons, Inc., and Thomas F. Harney, Jr., doing business as Harney Engineering Co.," now pending in the Senate, together with all the accompanying papers, is hereby referred to the Court of Claims; and the court shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28 of the United States Code and report to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand as a claim, legal or equitable, against the United States and the amount, if any, legally or equitably due from the United States to the claimant.

RUTGERS UNIVERSITY

The resolution (S. Res. 166), referring Senate bill 1111, a bill for the relief of Rutgers University, to the Court of Claims, was considered and agreed to, as follows:

Resolved, That the bill (S. 1111) entitled "For the relief of Rutgers University," now pending in the Senate, together with all the accompanying papers, is hereby referred to the Court of Claims; and the court shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28 of the United States Code and report to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand as a claim, legal or equitable, against the United States and the amount, if any, legally or equitably due from the United States to the claimant.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

The concurrent resolution (S. Con. Res. 65) favoring the suspension of deportation of certain aliens, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

Mr. KILGORE. Mr. President, this suspends deportation pending investigation. There are certain questions of law to be interpreted.

The PRESIDING OFFICER. Is there objection?

There being no objection, the concurrent resolution was considered and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress favors the suspension of deportation in the case of each alien hereinafter named, in which case the Attorney General has suspended deportation for more than 6 months.

A-6984669, Abrahamson, Karen Elizabeth (nee Thompson).

A-6313428, Anaya, Maria De La Luz, or Concepcion Rodriguez.

A-5325046, Andreanchich, Giachino, or Jim Andren.

A-4767186, Asapansa-Johnson, Josephus Milton, or Comma, Asapansa-Johnson.

A-6171150, Bageris, Helen George or Bagheris (nee Alexopoulou).

A-6409853, Barron-Juarez, Angel, or Angel Barron.

A-2299741, Bournias, Eleftherios, or Elliftherios or Louis Terry or Louis George Bournias.

A-6323045, Camacho, Cresencio Pesina.

A-5330164, Campo, Sebastian, or Sebastian Campa.

A-2439084, Casella, Maria Angela, maiden name Fasciani, former marriage D'Amore or Maria Angela Trato.

A-2734730, Chiu, Chen Sung, or Chui Chen Sung or Sung Chui Chen.

A-2734733, Chen, Hsui-Hua (nee Wu).

A-5546379, Chow, Che Keung.

A-5096710, Ciccone, Maria (nee De Martino or Maria Pastifina or Maria Villano or Roza Puma or Parente or Jennie Esposito or Jenni Capuana).

A-5802945, Cosman, George William or Kosman, George William or Gregory or Casman, George William.

A-5257536, Da Silva, Francisco Honorato.

A-6359674, De Cortez, Felicitas Moreno, or Felicitas Moreno-Escobedo.

A-3199498, De Guzman, Maria Encarnacion Gutirrez, or Encarnacion Gutierrez De Guzman or Encarnacion Arroyo.

A-6678250, Delegeorge, George Thomas, or George Athamasios Delegeorge or Georgios Deligeorgis.

A-2265366, De Trejo, Concepcion Gonzalez Vda.

A-4644006, Diaz, Jose Maria.

A-3386208, D'Onofrio, Loretta (nee Penna).

A-6758013, Dulak, Josefa.

A-6363826, Economou, Venizelos.

A-5910166, Erbe, Emilie Franziska, or Emmy Erbe.

A-6299823, Evangelos, Despina.

A-9632385, Fadl, Mostafa Ahmad Aboud, or Ahmed Mostapa Fadl or Ahmed Mustapha Fadl or Ahmed Musthapah Fadl or Ahmed Mistafa Fadl.

A-4396077, Felix, Alpheus Jeremiah Strickland, or Alpheus Jeremiah Felix.

A-5244319, Fiebiger, Babette Hacker (nee Babette Hacker).

A-5455041, Flores, Silvestre, or Angel Silvestre Flores or Crescencio Reza or Soltero Delfin or Crescencio Reva or Jose Marquez.

A-3215985, Foster, Henry, or Harry Foster.

A-4316224, Garcia, Francisca Mendez, or Francisca Meniez.

A-5438264, Glatzel, Ferdinand Salvatore.

A-3235926, Ging, Neng Shwen, or Neng Swen Ging (alias Nelson Ging).

A-5722749, Glikis, Traintafilos, or Ross Glikis.

A-5973526, Gurrobat, Thomas Gianan.

A-4084838, Hurowitz, Sam (alias Owsej Urowecz or Owziej Urowicz).

A-6289201, Hutchinson, George Earl Wilfred, or George Wilfred Hutchinson.

A-6277526, Jahren, Signe Marie, or Signe Jahren Valentino.

A-5329911, Jurjan, Sybill or Sibille Zihle (nee Stankevitz).

A-1089454, Karaviotis, Ioannis, or John Karas.

A-3597193, Lawyer, Eric Sorabji, or Erachsaw Sorabji Lawyer.

A-5998781, Leahey, Suzanne, or Suzzane Krauss or Suzanne De Body or Suzanne De Strasser or Suzanne Bernstein.

A-3429868, Lehr, Fridolf Alarik, or Fridolf Lihr.

A-9776950, Limberator, Iraklis Panagiotis, or Hercules Limberatos or Iraklis Libby.

A-3400353, Lorenzo, Manuel Alvarez, or Manuel Alvarez.

A-1373722, Maneiro, Manuel Arcos.

A-6185632, Marcoida, Juan Hoyos.

A-6829451, Mata, Luis, or Louis Mata.

A-1737124, Metaxas, Kleanthis Dionysios.

A-6268702, Muntean, Cornelia Filip.

A-6268703, Muntean, Stella or Steluta.

A-5966968, Mykulak, Peter.

A-3054661, Nakamura, Chieko or Chiye.

A-3444333, Nielsen, Dagmar Charlotte (nee Sander formerly Henriksen).

A-4211025, Pappargyris, George Nicholas, or Gergios Nicholas Pappargyris.

A-4961418, Pearson, Dudley Augustas, or Dudley Pearson.

A-1319046—Pedersen, Jens Peder Albinus, or Jens Pedersen.

A-5110903, Perhauz, Carlo Mario.

A-5263012, Petrincich, Francesco.

A-4441964, Pohl, Heinrich August.

A-6316336, Pontarolo, Ellen Laura (nee Gillanders or Ellen Laura McMurry or Ellen Laura Vonkeister).

A-7043063, Railton, Susan Ann, or Sarah Virginia Railton.

A-7043064, Railton, Timothy John Reid.

A-3460108, Rasso, Carmen Mary Ramirez, or Carmen M. Ramirez.

A-7030531, Rasso, Alfredo N., or J. Alfredo Rasso.

A-4894010, Root, Jeanne Rose (nee Jeanne Rose Albinelli).

A-4909124, Rosi, Cleofe, or Mario Rose.

A-4056177, Rouse, Herbert Newton.

A-6389239, Samuels, Frances Louise, or Frances Louisa Samuels (alias Franca Luisa Sparano or Franca Sparano).

A-5968589, Samuray, Salih Behcet.

A-6131542, Saucedo, Alfonso Campusano, or Alfonso Saucedo.

A-6877591, Schmitt, Fraser Jasper.

A-5107271, Seoane, Eugenio, or Eugenio Calvo Seoane.

A-3015787, Serenil, Clara Briseno, or Clara Briseno-Ogaz or Clara Briseno or Clara Ogaz.

A-6980380, Shanda, Elsie Zamora, or Elsie Zamora Salas (maiden name).

A-6853358, Simony, Marie Anne (nee Brady).

A-5916809, Sodeikat, Otto August Wilhelm or Sodiekat.

A-4575269, Staine, Antonio.

A-6397810, Szulc, Judel, or Judel Schultz.

A-2240218, Tavarez, Librada, or Librada Tavarez-Loya or Librada Loya.

A-1442007, Toong, David.

A-4947821, Tosini, Cesare Alessandro, or Chester Tosini.

A-1117158, Troutlein, William.

A-3458632 Uddin, Rahan.

A-1896007, Wang, Philip, or Philip Wong or Philip Sheng Ping Wang or Sheng Ping Wang.

A-3166180, Wlodarski, Waclaw Ignacy, or Walclaw Ignacy Wodarski or Wodarsky.

A-2227526, Zen, Osman Ben, or Osman Zen.

A-5944186, Ziemba, Eustachio, or Eustachius, or Stanislaus or Stanislaw or Stanley Ziemba.

MARY THOMAS SCHIEK

The bill (H. R. 3300) for the relief of Mary Thomas Schiek was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. SCHOEPPEL. Mr. President, I note that the original amount allowed in the House bill was $35,000. It may seem peculiar, but I want to point out that the history of this case discloses that the claimant in this case is incapacitated completely, and will probably be incapacitated for the rest of her life. A little while ago the Senate passed a measure raising the amount from $15,000 to $25,000, in a case which to my way of looking at it is not nearly so meritorious as this one. Here was a woman, as I understand from the records, who was serving the Government as a Red Cross nurse, subjecting herself to the incidental hazards. I should like to know from the

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distinguished Senator from West Virginia why the amount was reduced from $35,000 to $25,000?

Mr. KILGORE. I may say to the Senator from Kansas——

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. KILGORE. I should like first to answer the question of the Senator from Kansas before other questions are asked.

Mr. McCARTHY. If I may give the Senator further information, I should like him to know that I am going to move to amend the committee amendment by striking out the $25,000 and inserting $50,000. I shall explain why, after the Senator from West Virginia has answered the question of the Senator from Kansas.

Mr. KILGORE. I may say the committee fixed the amount. It is not a question in my own opinion, and it was not a question in the mind of the committee as to whether the claimant worked for the Government or was a part of the Government, as a citizen. In the other case, the claimant was a citizen and had a right to the protection of the Government. The conditions were identical, and we awarded identical amounts. It is not a matter of whether someone has a little better claim as to the amount. It is a question as to the amount of damages. To be perfectly frank, $25,000 is, I believe, about the largest amount for damages ever awarded by the Senate Judiciary Committee, certainly in the 8 years I have been here, on injury claims of any kind. It is the first time I have ever seen a bill come from the committee that exceeded $14,000 or $15,000. The two cases were identical in the requests and in the effects and in the surrounding conditions. The committee therefore felt the same amounts should be awarded in both cases.

Mr. McCARTHY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his inquiry.

Mr. McCARTHY. Is this the proper time to move to amend the committee amendment?

The PRESIDING OFFICER. It is the proper time to offer an amendment to the committee amendment.

Mr. McCARTHY. Mr. President, I move to amend the committee amendment by striking out "$25,000" and inserting "$50,000." In connection with the amendment, I should like to point out that I am very intimately aware of the circumstances. The Senator from West Virginia [Mr. KILGORE] is, I believe, slightly in error when he says both situations are identical. It will be understood that I do not question the award of $25,000 in the previous case; I think the woman was entitled to it. However, the situation here is entirely different. This claimant was a Red Cross nurse. While serving in India a truck tipped over and injured her. She went to the hospital. The doctor at Calcutta who originally treated her, according to the later hospital report—and I quote from the committee report—"the Calcutta hospital found gross negligence and malpractice had occurred at the Three Hundred and Seventy-second Field Hospital." What happened originally was this: She went to the base hospital. The doctor said to her, "You are not hurt." Mr. President, may I have the attention of the Senator from West Virginia? I am sure if he is aware of these facts he will not object to the increase. The doctor said to her, "You are not hurt." He would not give her an X-ray. Finally he consented to X-ray her on condition she could climb onto the X-ray table herself. She could not do that. She was semiparalyzed from her hips down. The doctor X-rayed her and said there was nothing wrong with her. He discharged her. He said to her, "It is just merely imagination. You are a crybaby." He abused her terribly. According to the information contained in the committee report, she went to the Calcutta hospital, where she was X-rayed. It was found that her back was broken in two places. They found the sacrum badly fractured. They found that one of the main nerves had been impinged, because of the malpractice in the original hospital. As of today, 4 years later, if I may quote from the committee report:

> Approximately 4 years after the accident she is still unable to walk more than two blocks without exhaustion and will slide off an average chair unless her feet are supported. She cannot wear ordinary shoes, but only soft-soled slippers. Because of weakness and atrophy of muscles she is unable to sit or lie in any one position for more than a short period, is still incapable of properly controlling urine and feces and must spend most of her mornings caring for these functions.

So, Mr. President, we have in this case a woman who cannot walk, who cannot sit in a chair, and cannot control her urine or her bowels. The report says that manifestly her injuries and disability will leave her totally disabled for the rest of her life. This case does not compare with the one in which we allowed $25,000. The woman involved in that case had a bad hip. She was an older woman. The question is, How much is this young woman damaged? According to the committee report, she was earning $50 a week in the Boston Store in Milwaukee. The testimony was that she could have returned to the job when she left the service. Fifty dollars a week, spread over the years, would amount to $50,000. We are not attempting to give this woman charity. Her injuries are due to the negligence of the driver of the Army truck. She was on duty. This woman will not be able to work again. She has been denied the happiness of being married and raising a family. I think it would be unconscionable to reduce her damages to $25,000.

Mr. President, I have been a circuit judge and I have passed on cases of similar character. If a jury in my court had given this girl less than $50,000 I would have set the verdict aside, definitely, as being inadequate. I do not think $50,000 is adequate compensation in this case.

I seriously urge that the Senate accept the figure of $50,000.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. KILGORE. I ask for the yeas and nays.

Mr. MAYBANK. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAYBANK. On a call of the calendar under unanimous consent, is it in order to ask for a yea-and-nay vote?

The PRESIDING OFFICER. The Chair will state that it is in order.

Mr. McCARTHY. Mr. President, I am sure that if I can give the Senate a complete picture of this tragic case——

Mr. MAYBANK. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. McCARTHY. Certainly.

Mr. MAYBANK. I should like to have the Chair clarify the question. Is it in order to have a yea-and-nay vote on a matter involved in the call of the calendar when it is being called by unanimous consent?

The PRESIDING OFFICER. The Chair will state that it is in order. As a matter of fact, there has already been a yea-and-nay vote on an amendment.

Mr. MAYBANK. I understand that, Mr. President, but this is the first time in my 8 years as a Member of the Senate that I have known of a yea-and-nay vote during the call of the calendar.

The PRESIDING OFFICER. Any question is subject to a yea-and-nay vote if requested by a sufficient number of Senators.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. If this amendment should be agreed to, would it be in order to ask that the bill be passed over?

The PRESIDING OFFICER. Yes.

Mr. McCARTHY. Mr. President, may I ask the Senator from West Virginia if he will consent to accept this amendment and take it to conference? The Senator has a legal background and is just, honest, and fair. Here is a woman who is hopelessly and tragically crippled. She is a young girl; she has 40 or 50 years to live. The sum of $25,000 to take care of her hospital bills would be completely dissipated in the next 8 or 10 years. That is entirely wrong. I should like to have the Senator from West Virginia take the amendment to conference and urge the acceptance of the $50,000 figure and insist upon it.

Mr. KILGORE. Mr. President, in connection with matters of this kind, I have seen some pretty hot "dog fights" on the floor of the Senate. I remember five cases from the State of Maine, and no doubt the Senator from Michigan [Mr. FERGUSON] remembers them. They involved persons who were injured because a Navy pilot dove into a group of employees of a shipyard. Many of them were crippled for life.

In this case I felt that the committee went further than it had ever gone before. Why should we make a particular exception of one case?

Mr. McCARTHY. Will the Senator agree with me that the measure of damages is not within the discretion of this body? If the Government is to blame for an injury, then the measure of damages consists of what the injured person

normally would have earned during her life expectancy, plus the cost of hospitalization, plus a reasonable amount for loss of enjoyment of life. There is nothing included in this case for loss of enjoyment of life. I am sure the Senator will agree that it is not in our discretion. We have the duty to say how much she has lost, how much the Nation owes her. This is not a case of charity; it is a debt we owe. The question is, How much do we owe in this case? If we have cheated someone in the past by giving him only $5,000 when he was entitled to $10,000 or $15,000, it is time we stopped. It is time that we compensated injured persons in full. Giving this girl $25,000 is like picking a figure out of a hat.

Mr. KILGORE. Mr. President, people elect to come to the Congress of the United States to try to get bills through. Why do they not elect to go to the Court of Claims, where they have rights? This is a tort case.

Mr. McCARTHY. Mr. President, I am sure the Senator does not mean that. The report points out that this lady has no other redress. She could sue the private who was driving the truck, who, of course, has no money. She could sue the physician who was guilty of malpractice, and who apparently has no money. Congress is the only place to which she can come. When she does, we should not say, "We will give you half the amount that is coming to you," because in the past we have treated someone else in that way.

Mr. KILGORE. I still cannot consent. I withdraw my request for the yeas and nays, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin. [Putting the question.]

Mr. McCARTHY. I ask for a division.

The Senate proceeded to divide.

The PRESIDING OFFICER. The amendment is rejected.

Mr. McCARTHY. Mr. President, I ask for the yeas and nays. I have a parliamentary inquiry——

The PRESIDING OFFICER. The Chair thinks that it is too late to call for the yeas and nays.

Mr. McCARTHY. Is not the Chair obliged, in a case like this, to say "It appears that the amendment is rejected," before he says that it is rejected?

The PRESIDING OFFICER. That is not necessary on a division, because the count is accurate; it is not a question of judgment, which would be the case on a viva voce vote.

Mr. McCARTHY. Is it possible to get a yea-and-nay vote after a division?

The PRESIDING OFFICER. After the result is announced, it is too late to request the yeas and nays.

Mr. LUCAS. Mr. President, I demand the regular order.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. WHERRY. I wish to speak on the bill itself. I thought the amendment had been rejected.

The PRESIDING OFFICER. The question now is on the committee amendment.

Mr. WHERRY. That is, for $25,000?

The PRESIDING OFFICER. It is an amendment which proposes to reduce the $35,000 allowed in the House bill to $25,000.

Mr. WHERRY. What was the evidence upon which the committee determined to reduce the amount from $35,000 to $25,000?

Mr. KILGORE. We had two similar cases before us, and we figured that the damages were about the same.

Mr. WHERRY. I was on the Committee on Claims for several years, as the Senator will recall.

Mr. KILGORE. I may say to the Senator that I was not on the subcommittee that heard the evidence, and I did not hear the evidence. All I heard was in the full committee.

Mr. WHERRY. I agree that it is very difficult, sitting on a committee, to weigh all the evidence. We rely on affidavits and testimony that is offered. But it seemed to me that inasmuch as the claim was reduced from $35,000 to $25,000, there should be some evidence to warrant the reduction, regardless of what someone else was paid.

Mr. KILGORE. The Senator is no doubt aware of the fact, if he ever served on the Committee on Claims, that almost universally we have to equalize matters that come from the House of Representatives. The claims to which I referred were pending at about the same time. The subcommittee passed on the bill, the full committee went over it, and said, "Here is a claim for an identical situation, in which $25,000 was allowed. We will allow $25,000 in this case."

Mr. McCARTHY. Mr. President, I move that the committee amendment be amended by striking out the figure "$25,000" and inserting the figure "$45,000", and I ask for the yeas and nays on the amendment.

Mr. FULBRIGHT. Mr. President, I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

BILL PASSED OVER

The bill (H. R. 5839) to facilitate and simplify the work of the Forest Service, and for other purposes, was announced as next in order.

Mr. LUCAS. Over.

Mr. McCARTHY. Mr. President, recurring to order of business 1080, House bill 3300, unless the Senator from Arkansas can point out some objection which he has to justify the request that the bill go over, I shall object to all other bills on the consent calendar.

Mr. LUCAS. Mr. President——

The PRESIDING OFFICER. Does the Senator object to the bill just called?

Mr. McCARTHY. If the Senator has some reason for objecting to House bill 3300 on its merits, and will tell me why, very well; otherwise I shall object to any other bill being considered. This is a matter which has been kicking around for 4 years. The claimant is a woman who is crippled for life. The committee has reported that she is entitled to compensation. The Army, according to the committee report, says it is a meritorious claim. The committee recognizes that this woman has no source of income. She is hopelessly crippled. The committee says there was gross malpractice—and I quote from the report in saying that.

If the Senator from Arkansas has some reason for being against the bill on the merits, very well. If his is an arbitrary objection, then I shall object to any and all other bills on the consent calendar.

Mr. TOBEY. Mr. President——

Mr. LUCAS. So far as order of business 1082, House bill 5839, is concerned, I object, and we can move on to the next bill.

The PRESIDING OFFICER. The bill to which the Senator refers goes over. The clerk will state the next order of business.

RURAL TELEPHONES

The bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes, was announced as next in order.

Mr. AIKEN. Mr. President, what happened to Calendar 1082, House bill 5839?

The PRESIDING OFFICER. It has just been objected to.

Mr. AIKEN. I ask the Senator from Illinois, who objected to the bill, if he will withhold his objection.

Mr. LUCAS. I am objecting for the Senator from Wyoming [Mr. O'MAHONEY], who had to leave.

Mr. AIKEN. I wonder if the Senator will withhold his objection until I may present a statement from the Senator from Minnesota [Mr. THYE].

Mr. LUCAS. I shall be delighted to do that.

Mr. AIKEN. I simply ask to have the statement of the Senator from Minnesota printed in the RECORD, and I should like to say, for myself, that the objection to this bill seems to be simply a continuance of the long-time war between the grazing interests and the Forest Service. Both the cattlemen and sheep grazers advised the Committee on Agriculture and Forestry that they wanted to be heard on the bill. The chairman set a date for them to be heard, but no representative from either organization showed up. Apparently they feel that the best way to kill the legislation is simply to refuse unanimous consent for its consideration.

The Committee on Agriculture and Forestry, very properly, I think, when the opponents failed to show up and present any testimony, reported the bill unanimously. The bill legalizes, beyond question, things which are being done now by the Forest Service and which are approved by the Comptroller General. The Comptroller General's office, however, feels that the authorization should be made clear in the law. For instance, there is one item which permits a fire tower to be constructed on private land, and other things like that.

I am sorry that the grazing interests saw fit to object to the bill, because I do not think they will gain anything by it in the long run. Apparently it is simply an effort to impede the work of the Forest Service in any way possible.

I ask to have the statement of the Senator from Minnesota printed in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

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There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR THYE

The bill (H. R. 5839) to facilitate and simplify the work of the Forest Service, which will make it possible for that Service to carry out more effectively and efficiently the functions and responsibilities placed upon it by Congress, was introduced by Representative WALTER K. GRANGER and passed by the House on August 15, 1949.

I introduced a companion bill (S. 2398) in the Senate on August 8. The Senate committee reported favorably on the bill on September 13.

Public hearings on the bill were conducted by the House Committee on Agriculture and Forestry and the report of this committee was, after careful study, accepted by the Senate committee.

The committee report recommending the bill includes the following statement:

"The committee has gone over the bill very carefully, line by line, and is satisfied that there is not proposed any authorization beyond that actually needed to accomplish the job to be done, and that the enactment of this proposed legislation will greatly improve and render more effective and economical the functioning of the Forest Service."

On July 1, 1949, at the hearings conducted by the House Committee on Agriculture and Forestry, Mr. John B. Wilson, of Wyoming, appeared before the committee as a representative of both the cattlemen and the sheepmen. At that time Mr. Wilson raised a question concerning the wording of section 12. This was clarified by a committee amendment and Mr. Wilson endorsed it as representative of the cattlemen and sheepmen.

My bill, S. 2398, is identical in every respect with the bill H. R. 5839 which passed the House by unanimous consent.

It now appears that some stockmen are opposed to the bill. For what reason I am unable to understand. However, there are a number of stockmen urging favorable action. A large number of other individuals and groups have expressed interest in enactment of the legislation.

I am convinced that there is no valid reason for objection by any group. The stockmen have much to gain and nothing to lose by the enactment of this bill.

The legislation will measurably simplify and facilitate the work of the Forest Service. It will greatly improve and render more effective and efficient the functioning of that Service.

The legislative changes proposed are constructive and essential. The proposed changes will inconvenience no one. They will merely simplify and facilitate the work of the Forest Service in the Department of Agriculture; cut out some unnecessary red tape and make possible more efficient and economical use of the funds appropriated by Congress. The bill is in the public interest. I, therefore, respectfully urge that S. 2398 be approved by unanimous consent.

Mr. LUCAS. Mr. President, I should like to add just one word to what the Senator from Vermont has said. As I recall, the bill was reported unanimously from the Committee on Agriculture and Forestry, and I merely made objection on the call of the calendar on behalf of the Senator from Wyoming [Mr. O'MAHONEY]. I am a member of the Committee on Agriculture and Forestry, and am in favor of the bill on its merits, and we will probably consider it before we adjourn.

Mr. AIKEN. As I understand, other Senators from the grazing States have been asked to object also.

The PRESIDING OFFICER. The bill goes over. The clerk will state the next bill by title.

The bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. McCARTHY. Mr. President, reserving the right to object, I should like to ask the Senator from Arkansas whether he objects at this time to returning to Calendar 1080, H. R. 3300, so that we may vote on the bill. I think it is very important that we vote on it.

Mr. LUCAS. Mr. President, we are not going to legislate in this hall by duress and coercion. I do not know what the Senator from Arkansas wants to do, but so far as the majority leader is concerned, if the Senator from Wisconsin, merely because the Senator from Arkansas exercises a privilege and a right which he has to object to a bill and have it go over, wants to take offense and object to every other bill on the calendar, it is all right with me. So far as I am concerned, I am not going to make any bargain of that kind whatsoever as to important measures which are now on the Senate calendar.

Mr. McCARTHY. Mr. President, I made a request of the Senator from Arkansas, and I desire to know whether he objects to returning to Calendar 1080 so that we may vote on the bill on its merits. To me it is an important measure, and I should like to get a vote on the bill. I have a motion pending. I am not threatening or coercing, but if there is to be an arbitrary objection to a bill on some ground other than on its merits, if I am to be denied a vote on the bill, then I believe that I am justified in objecting to any other bills providing for personal relief, because they are all in the same category. Any bill that provides for personal relief for any individual is in the same category with H. R. 3300, and I shall—and I think I am justified in doing so—object to considering any of them until we can get a vote on all of them.

Mr. FULBRIGHT. Mr. President, what the Senator does about other bills is perfectly within his right. But I served on this committee for 3 years. The amount granted by the committee in this case is to my knowledge the largest amount that has ever been granted to a person in an injury case. We used to have very appealing cases for consideration, in which the committee thought it was straining itself to give $10,000, and prior to that time for many years I think $5,000 was the top amount.

There is no way to set an exact measure upon either death cases or personal-injury cases. But as a matter of policy and precedent, I think the committee is extremely generous in this case. As I said, the amount granted by the committee is the highest amount I know of. I do not think we would be on safe ground if we were to set aside the judgment of the committee, and establish a precedent by raising the figure to $50,000.

I have no objection to passing the bill as reported by the committee. I know the case is a very meritorious one. It appeals to one's sentiments, and all that. But I think the Senate would be getting into very deep water if it were to override the committee which has had the opportunity to weigh the case. As a former member of the committee I must support the committee's position respecting the case. The place to make the argument the Senator is making is, I believe, before the committee, because it acts in this case as a court of equity, as was referred to earlier today by some Senator.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. McCARTHY. Apparently the Senator misunderstood my request. I am not asking Senators to vote for my motion. I am asking that Senators have an opportunity to vote on my motion.

Mr. FULBRIGHT. The Senator was granted one vote. I had no objection to that. I have no objection to a vote being taken now. But I cannot stand by and permit the amount to be raised to $45,000 or $50,000. I stand on the committee's bill. I think the amount granted by the committee is very generous.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. McCARTHY. Let me tell the Senator what I have in mind doing. No. 1, I intend to move to increase the amount to $45,000. If that is defeated, then I intend to move that the House figure be accepted, the figure of $35,000. I realize that the Senator is completely honest when he says, "I differ with you, and I believe $25,000 is enough."

Mr. President, here is a matter which has been kicked around for 4 years. I am asking that Senators be given the right to have this question voted on. A Senator objected to the bill when it was reached on the calendar and said he wanted it to go over. That is practically saying we will not even consider the merits of this personal-injury relief case. I ask the Senator from Arkansas if he will consent to return to House bill 3300, Calendar No. 1080, so that we may have a vote upon the merits of the bill.

Mr. FULBRIGHT. I am perfectly willing to return to House bill 3300, Calendar 1080, but I cannot agree to have an amount larger than the committee amount inserted in the bill. I am perfectly willing to withdraw any objection to its present consideration and passage with the amount in the bill which the committee recommended. I must object to any amount greater than the amount granted by the committee. I am not taking an arbitrary position. The committee has already passed upon this question.

Mr. President, I yield the floor.

Mr. KILGORE. Mr. President, I should like to speak for a part of 5 minutes. I hope speeches will be limited to 5 minutes. Discussion has extended for 15 or 20 minutes on the bill, instead of 5.

I should like to invite the Senate's attention to one fact. While it is true I am a very young man as a lawyer—at least that has been inferred recently—I have seen many damage suits tried, and I discovered that in a damage suit resulting from an accident case, when it finally ends the claimant receives about

50 percent, whereas when an appropriation is made by Congress in an accident case, the one who is injured receives the full amount. It is not necessary for him to pay any portion of it to another person—to a lawyer, for example. That is one reason we have been watching these cases carefully. An appropriation of $25,000 is about the equivalent to a judgment in court of $50,000, because the litigant may have to go to the Supreme Court, or to the circuit court of appeals usually to sustain the judgment. The sum recommended by the committee is not so small a sum as it has been made to appear here.

Mr. LUCAS. Lawyers get at least 33⅓ percent in damage cases.

Mr. KILGORE. At least that, if not more.

Mr. TOBEY. Mr. President, I have been a Member of the Senate for a good many years, and something has happened today in the Senate which I do not like. The Senate of the United States is supposed to be a body of dignity, and to act according to the rules of parliamentary procedure. As I sat here and listened to the call of the calendar, I heard the bill which is under discussion called, and objection was made by the Senator from Arkansas [Mr. FULBRIGHT]. A motion was made by the junior Senator from Wisconsin [Mr. MCCARTHY], which was defeated under parliamentary procedure, and the vote on the motion was unanimous. Thereupon my colleague, the junior Senator from Wisconsin, did not play ball, but placed a block across the road. He said in effect, "You cannot pass any more bills because of my objection." That is not the way for Senators to act. Senators should follow parliamentary procedure. We should continue to legislate under parliamentary procedure. Shame on any man who tries to put through legislation by means of duress and threat. I make that statement very emphatically. It will indeed be a sad hour in the Senate when any Senator can say, "I will hold up the progress of the Senate unless you do what I want you to do." Such action is entirely unworthy of any Senator.

Mr. MCCARTHY. Mr. President, in view of the statement made by the Senator from Arkansas [Mr. FULBRIGHT] I move that the Senate return to Calendar 1080, House bill 3300.

The PRESIDING OFFICER. The motion is not in order.

Mr. MCCARTHY. Mr. President, I ask unanimous consent that the Senate return to House bill 3300. I understand the Senator from Arkansas has withdrawn his objection. I ask the Senate to return to that bill so I may have a vote on the merits of my position on that bill.

Mr. LUCAS. Mr. President, before we vote, I wish to say that I think the proper procedure, in view of the fact that the bill was passed over, is to let it go to the foot of the calendar and return to it after the call of the calendar has been completed. I shall not object if what the Senator asks is done at that time. But it seems to me that we should now proceed to complete the call of the calendar. I think that is the proper procedure. That is what we should do. There is no point in returning now to the bill.

The PRESIDING OFFICER. Does the Senator from Wisconsin so modify his request that the bill go to the foot of the calendar?

Mr. MCCARTHY. If I have the assurance of the Senator from Arkansas that he has no objection to it being done in the manner I have suggested.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MCCARTHY. I yield.

Mr. FULBRIGHT. I have no objection to returning to the bill. I want to make it clear that I object to increasing the amount above the amount recommended by the committee. I have no objection, however, to returning to the bill. As I said, I object to it being passed containing an increased amount. In other words, if the amendment prevails I must object to the bill. I thought I made that clear previously.

Mr. MCCARTHY. Will the Senator while we are continuing with the call of the calendar turn to pages 10 and 2 of the bill and read them? If he will read those two pages of the bill I am sure he will support my motion to increase the amount to $50,000.

Mr. FULBRIGHT. I shall be very glad to read those pages.

The PRESIDING OFFICER. Without objection, the Senate will return to House bill 3300, Calendar 1080, and without objection that bill will go to the foot of the calendar.

The clerk will state the next bill on the calendar.

RURAL TELEPHONES

The bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes, was announced as next in order.

Mr. WHERRY. That bill has been passed over, has it not?

The PRESIDING OFFICER. No. House bill 5839, Calendar 1082, was passed over.

Mr. WHERRY. I beg the Chair's pardon.

The PRESIDING OFFICER. Is there objection to the present consideration of House bill 2960?

Mr. MCCARTHY. Mr. President, reserving the right to object—and I believe this is the only way I can bring this matter before the Senate—I shall take advantage of the 5-minute rule to read for 5 minutes from page 10 of the committee report in the case of Mary Thomas Schiek. I begin reading in the middle of the account, because the first part is largely preliminary. I read as follows:

I couldn't move nor bend at the waist, though I tried. When the nurse would bring in the pan of bath water she would put it on the table and depart. When I asked her to help me her reply was, "If you wanted a bath bad enough you could do it yourself," and she would not stay. It was over 100° there in Bengal in June most of the time. They refused to wash my hair, saying, "When you want it washed bad enough so that you'll stand up, then you can wash it in the shower." It was 6 weeks before they would wash it.

Senators will understand this is the woman whose back was broken, telling this story to us.

Finally I asked them to turn me over so that I could rest my back and try to sleep at night. One night, about 7:30, the pillows shifted so that my hips were twisted into a painful position. I could not move nor turn myself and after I had endured it for about an hour or so, I asked for the nurse. There was only one nurse on duty in the entire hospital at night so that it was some time before she could come. Her name was Lieutenant Ford. By the time she came I was sobbing, but making no noise. As she came to the door, I drew in my breath and it caught in a sob. Without entering the door she said, "Well, that settles it. I wouldn't do anything for a crybaby, and no one else is to either." She left and I lay in that position all night.

Bear in mind that this woman was lying there with her back broken.

One day Major McDevitt came in—

He was the man whom the Army found guilty of malpractice.

One day Major McDevitt came in and said, "Well, let's see you walk." I had not had even my head elevated at this time, nor sat up, but he and a nurse forced me into a sitting position. The pain was extreme and I fell back on the bed. "That's the end," said Major McDevitt, "I wouldn't be bothered helping anyone who was such a baby about a little thing like sitting up." And he refused to come to see me for 4 days.

Bear in mind that this was a woman who had two vertebra in her back broken—according to the Army report—her sacrum smashed, and her nerves so badly impaired that she could not control her bowels or urine. This was the treatment she got:

After 4 weeks of this had continued I asked for him again and told him that surely there must be something the matter with me, that people just don't lie helpless and in severe pain when they want to get back to their job, unless something is the matter. He was very cross. "Well, g——, we'll prove it to you. We'll take more X-rays and then you'll see that there is nothing the matter with you except that you are a stubborn baby."

They took more X-rays. They would not help me onto the high X-ray table. Major McDevitt said, "You asked for these X-rays and now, d——, you can climb on the table yourself." They told me that the X-rays showed nothing and they hoped I was satisfied now.

Those were the X-rays which showed nothing, according to the doctor—X-rays which the hospital later proved showed that this woman had a smashed back, a smashed sacrum, and nerves so badly impaired that 4 years later she cannot walk.

They insisted that I sit up in a wheel chair. I wanted to try, but it was very painful.

* * * * * *

Finally they discharged me. Major McDevitt wrote a letter to Red Cross, saying that I had only superficial abrasions and that I had shown slow progress because I would not help myself. He said I would be ready for duty in 3 weeks.

I returned to my base. I could not walk alone, was still incontinent, and had severe pain. I returned 7 miles to the hospital daily for 1 week for physiotherapy, driving a jeep at Major McDevitt's suggestion. Sometimes someone would drive me; sometimes I drove

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alone, stopping beside the road when the pain was too great. At the end of the week the treatments stopped.

As a result of Major McDevitt's letter, I was recalled into Red Cross headquarters in Calcutta and sent out on another assignment, on the 7th of August.

Then she goes on to relate how she finally was taken to the hospital in Calcutta, where she got competent medical care, and that since that time she has never walked.

Mr. President, I realize that my 5 minutes are about up. I ask the Senator from Arkansas to refer to that part of the statement on page 9, showing how this girl, who was crippled, with a broken back, and who could not walk, was put into a room with no nursing care and no medical care. She tells how the lizards, toads, and scorpions crawled over her. None of this has been contradicted. The doctor who later treated her at Calcutta said that this was the most inexcusable and shameful case of malpractice he had ever seen.

The PRESIDING OFFICER. Is there objection to the present consideration of House bill 2960?

Mr. SCHOEPPEL. Mr. President, may we have a brief explanation of this measure?

Mr. THOMAS of Oklahoma. Mr. President, this bill has passed the House in the form of an amendment to the REA Act. The REA will administer this law, if it is enacted.

The bill proposes to appropriate funds with which to make loans to rural telephone cooperatives on the same basis on which the REA now operates. The bill passed yesterday carries $250,000 for administration and $25,000,000 for making loans, when and if this bill passes.

The interest rate is the same as that of the REA, not more than 2 percent. This proposed law will be administered on the same basis as the present REA. It will be under the same head. Mr. Wickard will supervise both in the event this bill is passed.

Mr. SCHOEPPEL. There is no specific amount mentioned, but it will be subject to applications being made and passed on by the Department, will it not?

Mr. THOMAS of Oklahoma. That is correct. No one can tell how much money may be necessary to be appropriated hereafter to carry into effect the provisions of the bill. It depends on the number of applications and the size of the applications, over the years.

Mr. HOLLAND. Mr. President, I have in my office two amendments which I wish to propose. I suggest that the bill be passed to the foot of the calendar. I had no idea that the Senate would take up this bill on the call of the calendar, and therefore I do not have my file with me. If the bill can be passed to the foot of the calendar, I shall be ready in a few minutes with my amendments. I am supporting the bill, and I think the amendments will not be found to be hurtful in any way.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed in the RECORD at this point some remarks pertaining to this bill.

There being no objection, Mr. FULBRIGHT's statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR FULBRIGHT

I am glad to support H. R. 2960, a bill authorizing the Rural Electrification Administrator to make loans for the purpose of financing the improvement, expansion, construction, acquisition, and operation of facilities to render telephone service in rural areas.

The telephone is no longer a luxury, if, indeed, it ever was. In cities and towns it has become a necessity, a routine instrument in business and social life. If this is so, how much more necessary is it in rural areas where other means of communication is so much more difficult.

Better rural roads and the rural electrification program have helped to ease the burdens and labors of farm life, but the comparative isolation of the farm still makes difficult communication with neighbors, the doctor, the veterinarian and the businessmen from whom supplies are bought and to whom the products of the farm are sold. This disadvantage is often of tremendous importance, as in the case of illness or accident. And it may be decisive to the success or failure of many months work, as in the case of repairs to machinery, market news, and so on.

The farm is not merely a home, it is also a business establishment, the most important type of business in our economy. It is difficult to imagine, in this day, any other type of business attempting to operate efficiently without telephone service.

We are concerned with the migration of young people from the farms in increasing numbers. In the cities we are concerned with overcrowding and slums. One of the ways to help this situation is to make farm life more attractive, as well as more profitable, by decreasing its isolation, and enabling the farmer to enjoy the comforts and conveniences of community life.

Evidence is conflicting as to whether the number of farm telephones has increased or decreased in the past several years. But it is obvious that, regardless of this, telephone service has not kept pace with other develments, such as rural electrification, nor has it kept pace with the increase in telephone service in cities and towns. For example the United States Census of Agriculture of 1945 shows only 7 percent of the farms in Arkansas reported as having telephone service. Furthermore, there is every evidence that the service which now exists has not been maintained, that in many cases it has not only failed to keep pace with technical developments, but is in worse condition than when originally installed.

In contrast with this situation, we have the success of the rural electrification program, largely by reason of the REA.

Department of Agriculture figures show that in 1934 only 1.2 percent of Arkansas farms received central station electric service. In 1948 this percentage was 54.4 percent of the farms—an increase of 3,571.5 percent.

The success of REA is ample justification for giving it authority to make loans to provide for rural telephone service.

This bill will be a step in the direction of providing rural people equality of opportunity with the rest of the Nation.

EXCERPTS FROM LETTERS

"We in this area are greatly handicapped in marketing our tomatoes because we do not have telephone service.

"We sure need a telephone in this country as we live some 25 miles from a doctor. The phone would be of great help. In case of an accident or sickness the doctor could get to the patient by the time we could get word to him now.

"I am a farmer and stockraiser and I have serious need of a telephone. I quite often have to make special trips to town—which is 8 miles distant—to secure farm supplies, tractor fuel, or a veterinarian, when if I had a telephone, I could call and have these services delivered to my door, without quitting my work. I have waited for the past 12 years trying to get a telephone.

"We would like to have a telephone. Have had application in for over 5 years. Please do what you can to help us."

From a member of the Arkansas Public Service Commission:

"I am informed that the committee has reported out what we know as the Poage bill, which has to do with rural telephone systems through loans similar to the REA loans.

"From my point of view I, of course, could not understand this legislation as well as you, and I am not attempting to pass on its merits or demerits. I would like to express my personal views and wishes to you for whatever they may be worth. I feel that a rural telephone system in Arkansas which is comparable with the REA would be one of the greatest steps forward in developing our rural areas that has been taken since REA was inaugurated. Our State is practically without rural telephone service, and we could have a part in developing a telephone policy that would set up an ideal system for the State as we look forward to its development. I have discussed this proposition with numerous rural people and find them enthusiastic in support thereof."

THE ELKINS TELEPHONE CO.,
Elkins, Ark., June 23, 1949.

Senator FULBRIGHT.
Senator MCCLELLAN of Arkansas.

DEAR SIRS: Having learned about the prospects of providing a bill for loans to independent telephone companies on low rate of interest and long-time terms of 35 years to pay back, I am writing you to urge this bill through. We of the independent companies need such help and very much so—since individually we are not financially able to build lines to all of our people now in or within our franchises.

Lines need repairs, and extension over territory not before reached. This can be done and farmers aided in great ways by having it made possible to have phones. I know we would be able to do this and do it properly by borrowing. This, of course, cannot be done from other loan systems to any advantage to us. We have to pay loans back before the system pays it out. Now the loans talked of through this system similar to the REA loans appeals to me greatly. I hope and pray you will make every effort to aid it through.

I expect to borrow if such a loan passes. I know it means growth and actually serving the people as we should according to our franchises.

Kindest regards for you and your success. I am,

Sincerely yours,

OLEY W. A. DRAVES,
Owner and Manager the Elkins Telephone Co., Elkins, Ark.

The PRESIDING OFFICER (Mr. HILL in the chair). Without objection, the bill will be passed to the foot of the calendar.

EXCHANGE OF WILDLIFE REFUGE LANDS IN THE STATE OF WASHINGTON

The bill (H. R. 3420) to authorize the exchange of wildlife refuge lands within the State of Washington, was considered, ordered to a third reading, read the third time, and passed.

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EQUALIZATION OF PAY AND RETIREMENT BENEFITS IN THE REGULAR COAST GUARD

The Senate proceeded to consider the bill (S. 2477) to equalize pay and retirement benefits of certain classes of commissioned officers appointed to the Regular Coast Guard, which had been reported from the Committee on Interstate and Foreign Commerce with an amendment to strike out all after the enacting clause and insert:

That title 14, United States Code, is amended by inserting the following new section immediately following section 433 thereof:

"434. Personnel appointed as constructors:

"In computing length of service of a person commissioned under the provisions of section 8 of the act entitled 'An act to readjust the commissioned personnel of the Coast Guard, and for other purposes,' approved July 3, 1926 (44 Stat. 817), there shall be included, in addition to all service now or hereafter creditable by law, for all purposes of retirement, all services as a civilian employee of the United States within the purview of sections 691, 693, 698, 707, 709–715, 716–719, 720–725, 727–729, 730, 731, and 733 of title 5; and for all purposes of pay, so much of such service as was rendered as a civilian employee in the Coast Guard. Service covering the same period shall not be counted more than once."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend title 14, United States Code, so as to equalize pay and retirement benefits of a certain class of commissioned officers of the Coast Guard."

PAYMENT OF ANNUAL LEAVE TO CERTAIN OFFICERS AND EMPLOYEES

The bill (S. 2350) to amend the act of August 8, 1946, relating to the payment of annual leave to certain officers and employees, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act of August 8, 1946 (60 Stat. 938), is amended by the addition of section 2, reading as follows:

"SEC. 2. (a) If an officer or employee who under section 1 of this act would have been entitled to receive a lump-sum payment as compensation for annual leave is deceased, the payment shall be made to his estate.

"(b) The compensation provided for in section 1 of this act shall be for all accumulated or current accrued annual leave which would have been due the officer or employee under the leave regulations in effect on the date of the expiration of the Bituminous Coal Act of 1937 (50 Stat. 72) had he remained in the service immediately following the expiration of the Bituminous Coal Act until the expiration of such annual leave and which has not been granted him or for which he has not otherwise received credit or compensation.

"(c) Notwithstanding the period provided in section 1 of this act for the filing of notices of election to receive lump-sum payments as compensation for annual leave, such payments may be made if a notice of election has been or is filed by an officer or employee, or the duly authorized representative of the estate of an officer or employee who is deceased, before the expiration of 180 days after the enactment of this section 2.

"(d) Any payments heretofore made which are in conformity with the provisions of this act, as amended, are ratified.

"(e) There is authorized to be appropriated not to exceed $3,052.26 for the purpose of making payments under this act, as amended."

COMPENSATION FROM DUAL EMPLOYMENTS UNDER THE UNITED STATES

The Senate proceeded to consider the bill (S. 2351) to simplify and consolidate the laws relating to the receipt of compensation from dual employments under the United States, and for other purposes, which had been reported from the Committee on Post Office and Civil Service, with amendments, in section 3, on page 2, line 19, after the words "on account of", to strike out the misspelling of "service" and insert "service" spelled correctly; and in line 25, after "U. S. C., title," to strike out "3" and insert "37", so as to make the bill read:

Be it enacted, etc., That unless otherwise specifically authorized by law, any person receiving compensation from any office or position, appointive or elective, under the United States or any department or agency thereof, including Government-owned or controlled corporations, or under the government of the District of Columbia, shall not be eligible to receive compensation from any other such office or position except to such extent as will not cause the combined amounts actually received for any period of time to exceed the rate of $5,000 per annum: *Provided*, That when the compensation of either office or position amounts to or exceeds the rate of $5,000 per annum such person shall be eligible to receive the compensation of either office or position, as he may elect.

SEC. 2. For the purpose of this act, an hourly rate, other than an hourly rate which is paid as a proportionate part of an annual rate, shall be multiplied by 2,080 to obtain an equivalent annual rate for the position; and a daily rate, other than a daily rate which is paid as a proportionate part of an annual rate, shall be multiplied by 260 to obtain an equivalent annual rate for the position.

SEC. 3. As used in this act, the phrase "compensation from any office or position" shall be construed to include any basic salary, wages, or other emolument, including permanent additions such as statutory pay increases, but excluding any temporary additions such as overtime pay or night differential, for or on account of service as a civilian officer or employee of the United States, or any department or agency thereof, including Government-owned or controlled corporations, or of the government of the District of Columbia, and retired pay on account of services as a commissioned officer in any of the services specified in the Pay Readjustment Act of 1942 (U. S. C., title 37, sec. 101 and the following), but nothing in this act shall be construed to apply to retired pay of enlisted men or warrant officers of such service retired for any cause, nor to retired pay of Regular, Reserve, or temporary commissioned officers retired for disability incurred in combat with an enemy of the United States or for disabilities resulting from an explosion of an instrumentality of war in line of duty during an enlistment or employment as provided in Veterans Regulation No. 1 (a), part I, paragraph I.

SEC. 4. The provisions of this act may be suspended by order of the President during any period of national emergency when in his opinion the public interest would be served by making the services of Federal officers and employees available for additional duty.

SEC. 5. (a) All laws or parts of laws inconsistent with the provisions of this act are hereby repealed, and such repeal shall include but shall not be limited to the following acts and parts of acts:

(1) Section 2 of the act of July 31, 1894 (28 Stat. 205, as amended by the act of May 31, 1924, 43 Stat. 245); section 6 of the act of July 30, 1937 (50 Stat. 549); and the act of June 25, 1938 (52 Stat. 1194), relative to the holding of two offices (U. S. C., title 5, sec. 62).

(2) Section 6 of the act of May 10, 1916 (39 Stat. 120), as amended by the act of August 29, 1916 (39 Stat. 582), relative to double salaries (U. S. C., title 5, secs. 58 and 59).

(3) Section 212 of the act of June 30, 1932 (47 Stat. 406), as amended by section 3 of the act of July 15, 1940 (54 Stat. 761), relative to limitation of retired pay received for commissioned service when combined with civilian salary (U. S. C., title 5, sec. 59a).

(4) Revised Statutes, section 1763, relative to the receiving of compensation from more than one office.

(5) Revised Statutes, section 1764, relative to additional compensation for extra services (U. S. C., title 5, sec. 69).

(6) Revised Statutes, section 1765, relative to additional compensation to any person whose salary is fixed by law or regulation (U. S. C., title 5, sec. 70).

(7) Section 7 of the act of June 3, 1896 (29 Stat. 235), relative to retired officers of the Army and Navy employed on river and harbor improvements (U. S. C., title 5, sec. 63).

(8) Section 9 of the act of October 6, 1917 (40 Stat. 384), relative to teachers in the public schools of the District of Columbia who are also employed as teachers of night schools and vacation schools (U. S. C., title 5, sec. 61).

(9) Act of July 8, 1918, section 1 (40 Stat. 823), last paragraph under the heading "Public Schools", relative to employees of the community center department of the public schools of the District of Columbia (U. S. C., title 5, sec. 61).

(10) Act of June 25, 1920, section 1 (41 Stat. 1017), ninth paragraph under the heading "Public schools," relative to employees of the school garden department of the public schools of the District of Columbia (U. S. C., title 5, sec. 61).

(11) Act of February 17, 1922 (42 Stat. 373, the proviso to paragraph heading "Bureau of the Budget," relative to retired officers of the Army, Navy, Marine Corps, or Coast Guard, appointed to offices in the Bureau of the Budget (U. S. C., title 5, sec. 64).

(12) Section 6 of the act of March 3, 1925 (43 Stat. 1108), relative to employees of the Library of Congress receiving additional compensation from trust funds (U. S. C., title 5, sec. 60).

(13) Section 1 of the act of March 1, 1929 (45 Stat. 1441), as amended by the act of June 11, 1942 (56 Stat. 353, Public Law 605, 77th Cong.), and the act of December 23, 1944 (58 Stat. 922, Public Law 555, 78th Cong.), relative to dual employment of postal employees (U. S. C., Supp. V, title 39, sec. 136).

(14) Act of January 22, 1932, section 3, fifth sentence (47 Stat. 5), relative to employees of the Reconstruction Finance Corporation (U. S. C., title 15, sec. 603).

(15) Act of July 1, 1942 (56 Stat. 467, Public Law 642, 77th Cong.), relative to custodial employees of the Board of Education of the District of Columbia.

(16) Act of June 28, 1944, section 1 (58 Stat. 575), first paragraph, third proviso, under the heading "Finance Department, Finance Service, Army," and similar provi-

sion in the act of July 3, 1945, section 1 (59 Stat. 386), first paragraph, third proviso, under the heading "Finance Department, Finance Service, Army," and the act of July 16, 1946, section 1 (60 Stat. 543), first paragraph, third proviso, under the heading "Finance Department, Finance Service, Army," relative to retired military personnel on duty at the United States Soldiers' Home (U. S. C., Supp. V, title 5, sec. 59b).

(17) Act of August 10, 1946 (60 Stat. 978, Public Law 718, 79th Cong.), relative to appointment of retired officers in the Veterans' Administration.

(b) The act of June 16, 1938 (52 Stat. 752, Public Law 645, 75th Cong.; U. S. C., title 28, sec. 569), is amended by striking out "$3,000 per annum" in the last line and substituting "$5,000 per annum."

(c) Nothing in this act, however, shall be construed to modify or repeal any of the following:

(1) Act of August 1, 1941 (55 Stat. 616, Public Law 202, 77th Cong.), as amended by the act of April 7, 1942 (56 Stat. 200, Public Law 517, 77th Cong.), and the act of November 12, 1945 (59 Stat. 584, Public Law 226, 79th Cong.), relative to receipt of payment for annual leave by civilian employees who enter the armed forces, and receipt of compensation in civilian positions by military personnel on terminal leave from the armed forces (U. S. C., title 5, Supp. V., secs. 61a, 61a-1, a-f).

(2) Naval Reserve Act of June 25, 1938, section 4, third proviso (52 Stat. 1176), relative to members of the Naval Reserve receiving pay and allowances from civilian positions concurrently with pay and allowances under that act (U. S. C., title 34, sec. 853b).

(3) Public Law 153, Eightieth Congress, approved July 1, 1947, section 1 (b), relative to concurrent receipt of civilian pay and pay and allowances under laws relating to the Officers' Reserve Corps and the Enlisted Reserve Corps.

(4) Public Law 153, Eightieth Congress, approved July 1, 1947, section 2, relative to concurrent receipt of civilian pay and pay and allowances under provisions of law relating to the National Guard.

Mr. SCHOEPPEL. Mr. President, I should like to ask the sponsor of this measure for a brief explanation. I note that there is no report by any of the agencies involved.

Mr. HUMPHREY. Mr. President, will the Senator please repeat his inquiry?

Mr. SCHOEPPEL. I should like to say to the distinguished Senator from Minnesota that I note that there is no report by any of the Federal agencies on this measure. I should like to have a brief explanation.

Mr. HUMPHREY. The Civil Service Commission has strongly recommended this measure. I have a letter from the Acting Director of the Bureau of the Budget in reference to the bill. He generally approves. However, he makes one observation which I think should be entered in the RECORD. I quote from the letter of Mr. F. J. Lawton, Acting Director of the Bureau of the Budget:

> There are, however, minor imperfections in the bill, and we do not yet have sufficient information to correct them. For example, in section 3, reference is made to certain exemptions for disabilities resulting "from an explosion of an instrumentality of war." This concept was undoubtedly valid and broad enough to insure general applicability at the time of its original enactment. Now, however, there are other categories of military hazard which even by broad construction of language could not be brought within the meaning of those words and which are equally deserving as a basis for exemption.

Other than that, so far as the Post Office Department and other departments of Government are concerned, since the bill has general application we felt that the recommendation of the Civil Service Commission, which really had inspired the legislation, was the important recommendation to be considered. That is the one agency of government from which we ought to hear.

Mr. SCHOEPPEL. I ask the distinguished Senator from Minnesota about how many persons would be affected by this bill?

Mr. HUMPHREY. It would be rather difficult to make an estimate, in view of the fact that it is rather difficult to know who would be eligible for dual employment, or who would be assigned for dual employment.

The situation which brought about the bill is this: We have had employees in Federal agencies who have been assigned to two or more jobs, and they have collected the salaries from all the jobs to which they have been assigned. That is not true in every instance, but it is true in some instances. The purpose of the bill is to provide that when a Government officer is assigned to two or more jobs, at salaries above $5,000, he must elect the salary which he wishes to receive. For example, if there were a salary on one job of $8,000, and on another job of $8,500, he could not receive $16,500. He would have to make his choice as between the $8,000 salary and the $8,500 salary. I am sure there would be no doubt as to which he would choose.

The objective was to do away with the cumulative aggregate total salaries going to one man, who would be performing several jobs which had separate salary classifications.

Mr. SCHOEPPEL. I ask the distinguished junior Senator from Minnesota whether this bill would affect the rights of war veterans who might be disabled, and who might be employed in the categories mentioned.

Mr. HUMPHREY. No; there is a specific exemption for veterans who have been disabled. I think there was an amendment to be proposed in that connection.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. On behalf of my colleague, the senior Senator from Alabama [Mr. HILL] and myself, I wish to offer an amendment to this bill.

The PRESIDING OFFICER. The committee amendments should first be considered, and they will be stated.

The amendments of the committee were, on page 2, in line 19, after the words "account of", to strike out "servic" and insert "service"; and in line 25, after the word "title", to strike out "3" and insert "37".

The amendments were agreed to.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I am glad to yield for a question.

Mr. FULBRIGHT. I notice that the report states that the ceiling is raised from $2,500 to $3,000. I thought the bill raised the ceiling to $5,000. Is the report incorrect?

Mr. HUMPHREY. There was a typographical or printing error in the report. I am glad the Senator has pointed it out. The ceiling will be raised from $2,500 to $5,000.

Mr. FULBRIGHT. Was not the ceiling formerly $3,000?

Mr. HUMPHREY. No; it was $2,500.

Mr. FULBRIGHT. I should like to ask a further question. There is a retired doctor who now is working for the Veterans' Administration. Would the new ceiling of $5,000 apply to him? He has retirement pay from previous service as a doctor, and he now is employed by the Veterans' Administration as a doctor. Would the ceiling of $5,000 apply to him?

Mr. HUMPHREY. It would not, according to my understanding of the bill. I believe he would still be eligible for the pension and would be able to obtain the salary assigned to him.

Mr. FULBRIGHT. In addition to his retirement pay?

Mr. HUMPHREY. That is my understanding.

Mr. SPARKMAN. Mr. President, I now offer and send to the desk the amendment I previously mentioned, which is offered on behalf of my colleague, the senior Senator from Alabama [Mr. HILL] and myself.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, in line 9, it is proposed to strike out the period at the end of the line, insert a comma therefor, and insert the following: "nor to retired pay of any officer, warrant officer, or enlisted person retired under provision of title III of Public Law 810 of the Eightieth Congress, as amended, when such retirement is effected during the time such person is so employed as to otherwise come under the provisions of this act as set forth in section 1 hereof."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

> *Be it enacted, etc.*, That unless otherwise specifically authorized by law, any person receiving compensation from any office or position, appointive or elective, under the United States or any department or agency thereof, including Government-owned or controlled corporations, or under the government of the District of Columbia, shall not be eligible to receive compensation from any other such office or position except to such extent as will not cause the combined amounts actually received for any period of time to exceed the rate of $5,000 per annum: *Provided*, That when the compensation of either office or position amounts to or exceeds the rate of $5,000 per annum such person

shall be eligible to receive the compensation of either office or position, as he may elect.

SEC. 2. For the purpose of this act, an hourly rate, other than an hourly rate which is paid as a proportionate part of an annual rate, shall be multiplied by 2,080 to obtain an equivalent annual rate for the position; and a daily rate, other than a daily rate which is paid as a proportionate part of an annual rate, shall be multiplied by 260 to obtain an equivalent annual rate for the position.

SEC. 3. As used in this act the phrase "compensation from any office or position" shall be construed to include any basic salary, wages, or other emolument, including permanent additions such as statutory pay increases, but excluding any temporary additions such as overtime pay or night differential, for or on account of service as a civilian officer or employee of the United States, or any department or agency thereof, including Government-owned or controlled corporations, or of the government of the District of Columbia, and retired pay on account of services as a commissioned officer in any of the services specified in the Pay Readjustment Act of 1942 (U. S. C., title 37, sec. 101 and the following), but nothing in this act shall be construed to apply to retired pay of enlisted men or warrant officers of such service retired for any cause, nor to retired pay of Regular, Reserve, or temporary commissioned officers retired for disability incurred in combat with an enemy of the United States or for disabilities resulting from an explosion of an instrumentality of war in line of duty during an enlistment or employment as provided in Veterans Regulation No. 1 (a), part I, paragraph I, nor to retired pay of any officer, warrant officer, or enlisted person retired under provision of title III of Public Law 810 of the Eightieth Congress, as amended, when such retirement is effected during the time such person is so employed as to otherwise come under the provisions of this act as set forth in section 1 hereof.

SEC. 4. The provisions of this act may be suspended by order of the President during any period of national emergency when in his opinion the public interest would be served by making the services of Federal officers and employees available for additional duty.

SEC. 5. (a) All laws or parts of laws inconsistent with the provisions of this act are hereby repealed, and such repeal shall include but shall not be limited to the following acts and parts of acts:

(1) Section 2 of the act of July 31, 1894 (28 Stat. 205, as amended by the act of May 31, 1924, 43 Stat. 245); section 6 of the act of July 30, 1937 (50 Stat. 549); and the act of June 25, 1938 (52 Stat. 1194), relative to the holding of two offices (U. S. C., title 5, sec. 62).

(2) Section 6 of the act of May 10, 1916 (39 Stat. 120), as amended by the act of August 29, 1916 (39 Stat. 582), relative to double salaries (U. S. C., title 5, secs. 58 and 59).

(3) Section 212 of the act of June 30, 1932 (47 Stat. 406), as amended by section 3 of the act of July 15, 1940 (54 Stat. 761), relative to limitation of retired pay received for commissioned service when combined with civilian salary (U. S. C., title 5, sec. 59a).

(4) Revised Statutes, section 1763, relative to the receiving of compensation from more than one office.

(5) Revised Statutes, section 1764, relative to additional compensation for extra services (U. S. C., title 5, sec. 69).

(6) Revised Statutes, section 1765, relative to additional compensation to any person whose salary is fixed by law or regulation (U. S. C., title 5, sec. 70).

(7) Section 7 of the act of June 3, 1896 (29 Stat. 235), relative to retired officers of the Army and Navy employed on river and harbor improvements (U. S. C., title 5, sec. 63).

(8) Section 9 of the act of October 6, 1917 (40 Stat. 384), relative to teachers in the public schools of the District of Columbia who are also employed as teachers of night schools and vacation schools (U. S. C., title 5, sec. 61).

(9) Act of July 8, 1918, section 1 (40 Stat. 823), last paragraph under the heading "Public Schools," relative to employees of the community center department of the public schools of the District of Columbia (U. S. C., title 5, sec. 61).

(10) Act of June 25, 1920, section 1 (41 Stat. 1017), ninth paragraph under the heading "Public schools," relative to employees of the school garden department of the public schools of the District of Columbia (U. S. C., title 5, sec. 61).

(11) Act of February 17, 1922 (42 Stat. 373), the proviso to paragraph heading "Bureau of the Budget," relative to retired officers of the Army, Navy, Marine Corps, or Coast Guard, appointed to offices in the Bureau of the Budget (U. S. C., title 5, sec. 64).

(12) Section 6 of the act of March 3, 1925 (43 Stat. 1108), relative to employees of the Library of Congress receiving additional compensation from trust funds (U. S. C., title 5, sec. 60).

(13) Section 1 of the act of March 1, 1929 (45 Stat. 1441), as amended by the act of June 11, 1942 (56 Stat. 358, Public Law 605, 77th Cong.), and the act of December 23, 1944 (58 Stat. 922, Public Law 555, 78th Cong.), relative to dual employment of postal employees (U. S. C., Supp. V, title 39, sec. 136).

(14) Act of January 22, 1932, section 3, fifth sentence (47 Stat. 5), relative to employees of the Reconstruction Finance Corporation (U. S. C., title 15, sec. 603).

(15) Act of July 1, 1942 (56 Stat. 467, Public Law 642, 77th Cong.), relative to custodial employees of the Board of Education of the District of Columbia.

(16) Act of June 28, 1944, section 1 (58 Stat. 575), first paragraph, third proviso, under the heading "Finance Department, Finance Service, Army", and similar provisions in the act of July 3, 1945, section 1 (59 Stat. 386), first paragraph, third proviso, under the heading "Finance Department, Finance Service, Army," and the act of July 16, 1946, section 1 (60 Stat. 543), first paragraph, third proviso, under the heading "Finance Department, Finance Service, Army," relative to retired military personnel on duty at the United States Soldiers' Home (U. S. C., Supp. V, title 5, sec. 59b).

(17) Act of August 10, 1946 (60 Stat. 978, Public Law 718, 79th Cong.), relative to appointment of retired officers in the Veterans' Administration.

(b) The act of June 16, 1938 (52 Stat. 752, Public Law 645, 75th Cong.; U. S. C., title 28, sec. 569), is amended by striking out "$3,000 per annum" in the last line and substituting "$5,000 per annum."

(c) Nothing in this act, however, shall be construed to modify or repeal any of the following:

(1) Act of August 1, 1941 (55 Stat. 616, Public Law 202, 77th Cong.), as amended by the act of April 7, 1942 (56 Stat. 200, Public Law 517, 77th Cong.), and the act of November 12, 1945 (59 Stat. 584, Public Law 226, 79th Cong.), relative to receipt of payment for annual leave by civilian employees who enter the armed forces, and receipt of compensation in civilian positions by military personnel on terminal leave from the armed forces (U. S. C., title 5, Supp. V, secs. 61a, 61a–1, a–f).

(2) Naval Reserve Act of June 25, 1938, section 4, third proviso (52 Stat. 1176), relative to members of the Naval Reserve receiving pay and allowances from civilian positions concurrently with pay and allowances under that act (U. S. C., title 34, sec. 853b).

(3) Public Law 153, Eightieth Congress, approved July 1, 1947, section 1 (b), relative to concurrent receipt of civilian pay and pay and allowances under laws relating to the Officers' Reserve Corps and the Enlisted Reserve Corps.

(4) Public Law 153, Eightieth Congress, approved July 1, 1947, section 2, relative to concurrent receipt of civilian pay and pay and allowances under provisions of law relating to the National Guard.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from the Civil Service Commission answering any questions which may arise. I also ask unanimous consent to have printed at this point in the RECORD a copy of the committee report.

There being no objection, the letter and the report (No. 1075) were ordered to be printed in the RECORD, as follows:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., July 15, 1949.

The VICE PRESIDENT,
United States Senate.

SIR: The Civil Service Commission respectfully submits for your consideration a draft of bill to simplify and consolidate the laws relating to the receipt of compensation from dual employments under the United States.

Section 2 of the act of July 31, 1894, as amended (5 U. S. C. 63), provides:

"No person who holds an office the salary or annual compensation attached to which amounts to the sum of $2,500 shall be appointed to or hold any other office to which compensation is attached unless specially heretofore or hereafter specially authorized by law; but this shall not apply to retired officers of the Army, Navy, Marine Corps, or Coast Guard whenever they may be elected to public office or whenever the President shall appoint them to office, by and with the advice and consent of the Senate. Retired enlisted men of the Army, Navy, Marine Corps, or Coast Guard retired for any cause, and retired officers of the Army, Navy, Marine Corps, or Coast Guard who have been retired for injuries received in battle or for injuries or incapacity incurred in line of duty shall not, within the meaning of this section, be construed to hold or to have held an office during such retirement."

Section 6 of the act of May 10, 1916, as amended (5 U. S. C. 59), provides:

"Unless otherwise specially authorized by law, no money appropriated by this or any other act shall be available for payment to any person receiving more than one salary when the combined amount of said salaries exceeds the sum of $2,000 per annum, but this shall not apply to retired officers or enlisted men of the Army, Navy, Marine Corps, or Coast Guard; or to officers and enlisted men of the Organized Militia and Naval Militia in the several States, Territories, and the District of Columbia."

Section 212 of the act of June 30, 1932, as amended (5 U. S. C. 59a), provides:

"(a) After the date of the enactment of this act no person holding a civilian office or position, appointive or elective, under the United States Government or the municipal government of the District of Columbia, or under any corporation, the majority of the stock of which is owned by the United States, shall be entitled, during the period of such incumbency, to retired pay from the United States for or on account of services as a commissioned officer in any of the services mentioned in the Pay Adjustment Act of 1922 (U. S. C., title 37), at a rate in excess of an amount which, when combined with the annual rate of compensation from such civilian office or position, makes the total rate from both sources more than $3,000; and when the retired pay amounts to or exceeds

UNIVERSITY OF MICHIGAN LIBRARIES

the rate of $3,000 per annum such person shall be entitled to the pay of the civilian office or position or the retired pay, whichever he may elect. As used in this section, the term 'retired pay' shall be construed to include credits for all service that lawfully may enter into the computation thereof.

"(b) This section shall not apply to any person whose retired pay, plus civilian pay, amounts to less than $3,000: *Provided*, That this section shall not apply to Regular or emergency commissioned officers retired for disability incurred in combat with an enemy of the United States or for disabilities resulting from an explosion of an instrumentality of war in line of duty during an enlistment or employment as provided in Veterans Regulation No. 1 (a), part I, paragraph I."

Numerous decisions of the Comptroller General have been necessary to determine the application of one or more of these statutes to specific cases, particularly in cases of employment of retired officers. It will be noted that each of these dual-compensation statutes, more than one of which may apply to the same case, have different exemption provisions.

The Commission believes not only that these dual compensation statutes should be brought into harmony, for ease of administration, with the same exemptions, and the same maximum on dual compensation in all cases affected, but that the maximum should be liberalized in view of present-day salaries and living costs.

Such legislation, in order to clear the books of inconsistent statutes, would also involve the repeal of the following statutory provisions:

Section 1763, Revised Statutes:

"No person who holds an office, the salary or annual compensation attached to which amounts to the sum of $2,500, shall receive compensation for discharging the duties of any other office, unless expressly authorized by law."

Section 1764, Revised Statutes (5 U. S. C. 69):

"No allowance or compensation shall be made to any officer or clerk, by reason of the discharge of duties which belong to any other officer or clerk in the same or any other Department; and no allowance or compensation shall be made for any extra services whatever, which any officer or clerk may be required to perform, unless expressly authorized by law."

Section 1765, Revised Statutes (5 U. S. C. 70):

"No officer in any branch of the public service, or any other person whose salary, pay, or emoluments are fixed by law or regulations, shall receive any additional pay, extra allowance, or compensation, in any form wha ever, for the disbursement of public money, or for any other service or duty whatever, unless the same is authorized by law, and the appropriation therefor explicitly states that it is for such additional pay, extra allowance, or compensation."

The act of June 16, 1938 (Public Law 645, 75th Cong., 52 Stat. 752), dealing only with certain personnel of United States district courts, contains a $3,000 limitation on certain dual employments. If the general dual compensation statutes are to be liberalized, this specific limitation probably should be increased to the same figure. The statute reads:

"No clerk or deputy clerk or assistant in the office of the clerk of a United States district court shall receive any compensation or emoluments through any office or position to which he may be appointed by the court, other than that received as such clerk, deputy clerk, or assistant, whether from the United States or from private litigants, and the acceptance of payment for personal services from private litigants shall be deemed a vacation of their appointments, but clerks of United States district courts, their deputies and assistants, who are or may be appointed United States commissioners, may receive compensation for both offices in an aggregate amount not exceeding the rate of $3,000 per annum."

The enclosed draft of proposed legislation would repeal the dual compensation statutes quoted above, and substitute a uniform maximum of $5,000 per annum on combined salaries, or combined salary and retired pay. The present exemption of retired pay of retired enlisted men from such limitations would be continued. The retired pay of retired warrant officers, who are now construed to hold an office within the meaning of section 2 of the act of July 31, 1894, but who are not subject to the $3,000 limit of section 212 of the act of June 30, 1932, would be specifically excepted from the $5,000 limitation on retired pay combined with salary. The only retired commissioned officers whose retired pay would be excepted from the limitation would be the same class now excepted from the $3,000 limitation, namely, those whose retirement is "for disability incurred in combat with an enemy of the United States or for disabilities resulting from an explosion of an instrumentality of war in line of duty during an enlistment or employment as provided in Veterans Regulation Numbered 1 (a), part I, paragraph I."

Section 5 (c) (1) of the proposed legislation would save from repeal certain statutes which permit civilian employees who enter active military service to be paid for their annual leave concurrently with the receipt of military pay, and permit military personnel on terminal leave from the armed forces to hold civilian positions and receive compensation therefrom. Section 5 (c) (2), (3), and (4) would save from repeal certain statutes which permit members of Reserve organizations to be carried on paid annual leave while engaged in paid training duty, or to be carried on paid leave from active duty in the Reserves while on paid duty in a civilian position.

There are some statutory provisions which now except certain employments from one or more of the existing dual compensation statutes. The proposed legislation would specifically repeal all the exceptions of which we know, in order to avoid future ambiguities. We have not included in the proposed draft any exceptions for specific agencies or employments, since we cannot assume that an exception to the proposed liberalized limitation is necessary on the basis that an exception to one or more of the existing dual compensation statutes was enacted at some time in the past. This is particularly true in the case of exceptions to the $2,500 limitation of the 1894 statute and the $2,000 limitation of the 1916 statute. Those statutes actually prevent the second employment in cases subject to their coverage, whereas the proposed $5,000 limitation would permit dual employment, but limit the amount of additional compensation which may be received from the second employment.

A provision is contained in the draft (section 4) which would permit the $5,000 limitation to be suspended by order of the President during any period of national emergency when in his opinion the public interest would be served by making the services of Federal officers and employees available for additional duty. During the recent war Government departments would frequently have been aided by using part-time services of employees of other departments, or services of retired officers, but were prevented from doing so by the dual compensation statutes. Section 4 would authorize the President to permit such use of services without any limit in such times of national emergency.

In view of the foregoing, the Commission recommends enactment of the enclosed draft of proposed legislation. It is believed that economy to the Government would result if the law regarding dual compensation were simplified so that departments no longer would encounter continual difficulties in insuring that the various restrictions are observed.

The Commission, in accordance with established procedure, has been informed by the Bureau of the Budget that there would be no objection to the submission of the proposed legislation for the consideration of the Congress.

Sincerely yours,

HARRY B. MITCHELL,
President.

(By direction of the Commission.)

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 2351), to simplify and consolidate the laws relating to the receipt of compensation from dual employment under the United States, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill do pass, as amended.

STATEMENT

The stated purpose of S. 2351 is to simplify and consolidate the laws relating to the receipt of compensation from dual employment under the United States. At present this subject is dealt with by various and unrelated statutes, as is demonstrated by section 5 of the bill which enumerates these statutes, with a brief description of each, and provides either for their repeal, amendment, or that they shall be unaffected.

Section 1 of the bill provides that, unless otherwise specifically authorized by law, any person receiving compensation from any office or position, appointive or elective, under the United States or any department or agency thereof, including Government-owned or controlled corporations, or under the government of the District of Columbia, shall not be eligible to receive compensation from any other such office or position except to such extent as will not cause the combined amounts actualy received for any period of time to exceed the rate of $5,000 per annum. It is provided, however, that when the compensation of either office or position amounts to or exceeds the rate of $5,000 per annum such person shall be eligible to receive the compensation of either office or position, as he may elect.

This section continues the policy of the present law, that when the total salary or annual compensation of two offices is below a certain figure, one person may hold both offices. (See sec. 2 of the act of July 31, 1894, as amended, 5 U. S. C. sec. 62; (1938) 39 Op. Atty. Gen. 197.) It has been said that the traditions and usages of government recognize the policy and propriety of employing, when necessary, the same person at the same time in two distinct and not incompatible capacities. *Landrum* v. *U. S.* ((1880), 16 C. Cl. 74). The proposal in section 1 of the bill, however, raises the salary or compensation ceiling from the present rate of $2,500 per annum to $5,000 per annum. Moreover, proposed section 1 does not, as does the present law previously referred to, forbid the holding of two offices to which compensation is attached except when the combined compensation is below a certain figure, but instead simply provides that when the compensation of either office or position amounts to or exceeds the rate of $5,000 per annum such person shall be eligible to receive the compensation of either office or position, as he may elect. Thus the proposed provision is limited strictly to the purpose of preventing dual compensation, not dual office holding. This purpose was said also to be the basic intent of the present law. (See *Pack* v. *U. S.* ((1906), 41 C. Cl. 414).)

Section 2 of the bill provides that for the purposes of the proposed law, an hourly rate, other than an hourly rate which is paid as

a proportionate part of an annual rate, shall be multiplied by 2,080 to obtain an equivalent annual rate for the position; and a daily rate, other than a daily rate which is paid as a proportionate part of an annual rate, shall be multiplied by 260 to obtain an equivalent annual rate for the position.

Section 3 of the bill further provides that as used in the bill, the phrase "compensation from any office or position" shall be construed to include any basic salary, wages, or other emolument, including permanent additions such as statutory pay increases, but excluding any temporary additions such as overtime pay or night differential, for or on account of service as a civilian officer or employee of the United States, or any department or agency thereof, including Government-owned or controlled corporations, or of the government of the District of Columbia.

Section 3 of the bill also provides that the phrase "compensation from any office or position," as used in the bill, shall be construed to include retired pay on account of services as a commissioned officer in any of the services specified in the Pay Readjustment Act of 1942 (37 U. S. C. sec. 101 et seq.), but that nothing in the bill shall be construed to apply to retired pay of enlisted men or warrant officers of such service retired for any cause, nor to retired pay of Regular, Reserve, or temporary commissioned officers retired for disability incurred in combat with an enemy of the United States or for disabilities resulting from an explosion of an instrumentality of war in line of duty during an enlistment or employment as provided in Veterans Regulation No. 1 (a), part 1, paragraph 1. In connection with this portion of section 3 of the bill, attention may also be called to section 212 of the act of June 30, 1933, as amended (5 U. S. C. sec. 59a), reading as follows:

"(a) After June 30, 1932, no person holding a civilian office or position, appointive or elective, under the United States Government or the municipal government of the District of Columbia or under any corporation, the majority of the stock of which is owned by the United States, shall be entitled, during the period of such incumbency, to retired pay from the United States for or on account of services as a commissioned officer in any of the services mentioned in title 37, at a rate in excess of an amount which when combined with the annual rate of compensation from such civilian office or position, makes the total rate from both sources more than $3,000; and when the retired pay amounts to or exceeds the rate of $3,000 per annum such person shall be entitled to the pay of the civilian office or position or the retired pay, whichever he may elect. As used in this section, the term "retired pay" shall be construed to include credits for all service that lawfully may enter into the computation thereof.

"(b) This section shall not apply to any person whose retired pay, plus civilian pay, amounts to less than $3,000: *Provided*, That this section shall not apply to regular or emergency commissioned officers retired for disability incurred in combat with an enemy of the United States or for disabilities resulting from an explosion of an instrumentality of war in line of duty during an enlistment or employment as provided in Veterans Regulation No. 1 (a), part 1, paragraph 1."

It will be noted, therefore, that section 3 of the proposed bill, taken together with section 1, would substantially continue the policy of the present law, above quoted, with refinements, but would raise the ceiling from $2,500 to $3,000. The proposed bill also makes it clear that the prohibitions do not encompass the retired pay of enlisted men or warrant officers.

Section 4 of the proposed bill provides that the provisions of the bill may be suspended by order of the President during any period of national emergency when, in his opinion, the public interest would be served by making the services of Federal officers and employees available for additional duty.

Section 5 of the bill is the repealing provision heretofore mentioned. It also contains an enumeration of certain measures either to be amended or unaffected by the proposed bill.

Although the various Federal agencies were requested, at the time of the introduction of this bill, to submit reports, no reports have been received. However, the Civil Service Commission, in its request for the introduction of the bill, stated that the Bureau of the Budget has no objection to the proposed submission of this legislation for the consideration of the Congress.

AMENDMENTS

To correct a misspelled word, strike out "servic" line 19 of page 2, and insert in lieu thereof the word "service."

To correct a typographical error, strike out the figure "3", line 25 on page 2, and insert in lieu thereof the figure "37."

Mr. HENDRICKSON. Mr. President, was there any objection to the bill from any veterans' organization?

Mr. HUMPHREY. None was reported to the committee.

Mr. HENDRICKSON. Was any veterans' organization recorded favorably in regard to the bill?

Mr. HUMPHREY. I do not recall that representatives of any veterans' organization testified before the committee. However, the bill was before the committee for a considerable length of time, and ample opportunity was afforded for testimony to be given on behalf of veterans' organizations.

Mr. HENDRICKSON. Were they notified?

Mr. HUMPHREY. They were.

APPLICATION OF CIVIL SERVICE RETIREMENT ACT TO OFFICERS AND EMPLOYEES OF COLUMBIA INSTITUTION FOR THE DEAF

The PRESIDING OFFICER. The clerk will state the next measure on the calendar.

The bill (H. R. 86) to amend the Civil Service Retirement Act so as to make such act applicable to the officers and employees of the Columbia Institution for the Deaf was announced as next in order.

Mr. McCARTHY. Mr. President, reserving the right to object to the consideration of House bill 86, Calendar 1088, I should like to say that I regret having to make a record in this fashion in regard to Calendar 1080, House bill 3300, but it is the only way I can do so.

I should like to have the attention of the Senator from West Virginia [Mr. KILGORE] and the Senator from Arkansas [Mr. FULBRIGHT], if I may.

I wish to call attention to a brief paragraph on page 3 of the committee report; and at such time as House bill 3300, Calendar 1080, is called up for action, I should like to have those Senators answer in regard to this matter. I ask this question because the committee action seems to be different from the committee's report. The committee says:

The committee further notes that the House of Representatives took these recommendations under advisement——

Mr. KILGORE. Mr. President, a parliamentary inquiry: Does the 5-minute rule apply? If so, can it be extended for successive periods of 5 minutes on the same subject, throughout the calling of the calendar?

The PRESIDING OFFICER. Let the Chair state that the rule of germaneness does not apply. During the call of the calendar, whenever a bill is called up, any Senator is privileged to speak for 5 minutes on that particular bill.

Mr. KILGORE. At that particular time?

The PRESIDING OFFICER. Yes.

Mr. KILGORE. On any subject?

The PRESIDING OFFICER. Yes; germaneness is not required.

Mr. KILGORE. Very well.

Mr. McCARTHY. Mr. President, I may say that I dislike to have to make a record in this fashion, but it is the only way I know to bring this matter to the attention of Senators. I should like to have the Senator from West Virginia listen to this, if he will; and I may say I may have to take an additional period of 5 minutes, but I hope that will be all.

The Senate committee reduced the amount provided by the House from $35,000 to $25,000. However, on page 3 of the committee report the following appears as a statement of the committee; I shall quote the language, and at the proper time I shall ask for an explanation:

The committee further notes that the House of Representatives took these recommendations under advisement, but nevertheless passed the bill in the amount of $35,000. This committee agree with the House of Representatives in its recommendations of payment of $35,000, because of the total and permanent disability of this young lady, and also because it is aware that had this young lady been a member of the Women's Army Corps she would have—

Mr. President, I wonder if I may have the attention of the Senator from Arkansas? He has been objecting to my amendment on the ground that it does not conform with what the committee has recommended. I am calling attention to the fact that on page 3 of the report the committee has said that it agrees with the House of Representatives in its recommendation of payment of $35,000.

However, I find that there is now before the Senate a committee amendment which would reduce the amount to $25,000.

I wonder if the Senator will listen to what I have to say, so that he will inform me why we now find that although the committee report says the committee agrees with the House figure of $35,000, and considers it proper, yet there is now before the Senate a committee amendment providing an entirely different and considerably smaller amount.

I read now from the committee report:

This committee agrees with the House of Representatives in its recommendation of payment of $35,000, because of the total and permanent disability of this young lady, and also because it is aware that had this young lady been a member of the Women's Army Corps she would have been eligible for retirement under the provisions of law applicable to that organization and would have received for the rest of her life a disability retirement pay of approximately $1,600 per year in addition to the fact that she would at all times thereafter be entitled to hospitalization and medical care at Government expense.

UNIVERSITY OF MICHIGAN LIBRARIES

My question of the Senator from West Virginia and of the Senator from Arkansas is this: In view of the fact that the committee says it agrees with the House and thinks that $35,000 is the proper amount, why is there now before the Senate a committee amendment which would reduce the amount to $25,000?

I would greatly appreciate it if either of the Senators would take 5 minutes to explain this matter, if he can do so.

Mr. KILGORE. I will explain it in less than 5 minutes.

That happens to be a piece of gross carelessness on the part of the committee staff. I have just consulted with our chief counsel about the matter. That figure happened to be copied from the report of the subcommittee, which was amended by the committee as a whole. Through negligence on the part of the committee staff, the figure $35,000 was left in, and was not changed to $25,000.

Mr. McCARTHY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCARTHY. When a committee report shows that the committee has taken a position contra to an amendment pending before the Senate, can the amendment pending before the Senate be presented as a committee amendment?

In that connection, I want to call the attention of the Senator from West Virginia to the fact that this is not merely the changing of a figure from $35,000 to $25,000. The language is, "We agree with the House," when the House set it at $35,000. So striking out the "$35,000" and inserting "$25,000" does not make sense.

My parliamentary inquiry, Mr. President, is this: When the committee report says the committee has agreed with the House bill, as is, can we then have submitted to the Senate as a committee amendment something which is contrary to that report?

The PRESIDING OFFICER. The Chair states it is the bill that is controlling. The report is merely explanatory of the bill, and as has been explained by the Senator from West Virginia, there was a mistake made in preparing the report. But the bill as stated by the clerk showed the amendment as the committee reported it.

Mr. LUCAS. Mr. President, I hope we shall be able to move along and make some progress in calling the calendar, without having 5-minute speeches upon a particular bill every time a new bill is called. I understand and appreciate the fact that any Senator has a right to talk 5 minutes on every bill that comes up. But I want to advise my good friend from Wisconsin that he is jeopardizing the interest that this lady has in the bill by continually talking about it, continually raising points of order. The first thing he knows, some Senator is going to object completely to the bill. I hope we can get along, because I think everybody understands the question. It has been debated pro and con here now for the past hour. I hope we can make some progress in calling the calendar, because we are going to remain until we finish it.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. McCARTHY. I gather from what the Senator has said, he is trying to inform the Senator from Wisconsin that if the Senator from Wisconsin fully informs the Senate of the merits of the bill—and to me it is an important bill——

Mr. LUCAS. I am sure it is.

Mr. McCARTHY. Let me finish—that the Senator is in effect telling me that either he or someone else is going to prevent passage of the bill.

Mr. LUCAS. No; not at all.

Mr. McCARTHY. If that be true, I assure the Senator from Illinois that I think my duty is to inform the Senate fully on the merits of the bill. It only concerns one person, I realize, a service woman, but I intend to make the RECORD absolutely clear so that any Senator reading the RECORD will understand why I have insisted that the Senate at least adopt the House figures, if not my figure of $50,000.

Mr. LUCAS. May I inquire of the Senator from Wisconsin whether he appeared before the committee to present these facts?

Mr. McCARTHY. The Senator from Wisconsin did not appear before the committee. All the necessary facts were presented to the committee. The committee's own report shows that this is a most aggravated case of personal injury. I did not appear before the committee because I knew the committee had all the facts before it. I saw to it that the committee had submitted to it all the facts.

Mr. LUCAS. I am surprised that my friend from Wisconsin would make such a vigorous effort upon the floor of the Senate, apparently on the spur of the moment, in connection with this important claim, and not have appeared before the committee to present all the facts. He, undoubtedly, with his persuasiveness, could have convinced the committee they were wrong. But now he comes here and every time we take up a new bill, we hear a new argument upon this particular case. I say it is somewhat strange to me that my friend from Wisconsin failed to appear before the committee to present these facts.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. McCARTHY. Of course, I knew that the subcommittee, as the Senator from West Virginia said, had recommended what looked like a fairly reasonable amount. I knew the committee report said "We agree" with that figure, and there was no reason for me to appear before the committee. I assumed the committee as a whole would do what committees are wont to do, follow the committee's report. I find now there is an injustice being done, and, even though it is to but one person, I have no choice whatever but to rise here to present the facts to the Senate. If Senators say they disagree with me and vote down my position, well and good. All I ask of the Senate is that it pass upon this question and do something for a woman who has been crippled for 4 years.

Mr. WHERRY. Mr. President, I ask for the regular order.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

The bill before the Senate is House bill 86, to amend the Civil Service Retirement Act so as to make such act applicable to the officers and employees of the Columbia Institution for the Deaf.

Mr. WILLIAMS. Mr. President, I have an amendment to offer to the bill, which I ask to have read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed, on page 2, between lines 4 and 5, to insert the following new section:

SEC. 3. Section 4 (e) of such act is amended by inserting before the period at the end thereof a comma and the following: "and, in the case of employees of the Columbia Institution for the Deaf, the basic salary, pay, or compensation shall include only that portion of the compensation which is paid from Federal funds."

On page 2, line 5, strike out "Sec. 3" and insert in lieu thereof "Sec. 4."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware.

Mr. JOHNSTON of South Carolina. Mr. President, as chairman of the Committee on Post Office and Civil Service, I am going to take this amendment to the free conference. I do not know at this time how it affects the bill, or how much it will reduce or increase the amount, but I promise the Senator I shall carry the amendment to conference.

Mr. WILLIAMS. I may say to the Senator, as to the cost, there is no cost involved. The amendment merely provides the employees of this institution may use in the computation of their annuity only that portion of their salary which is paid by the Government. As all Senators know, those employees receive a part of their salary from outside sources. Deductions are not made except from that portion which they receive from the Government. Therefore they can only use that same amount in the computation. I thank the Senator.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. WHERRY. Is it not still necessary for the Senate to adopt the amendment?

The PRESIDING OFFICER. That is correct. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS].

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

REHEARING OF BELLOWS FALLS HYDROELECTRIC CORP. CASE

The joint resolution (S. J. Res. 58) providing for a rehearing in the matter of the Bellows Falls Hydroelectric Corp. (project No. 1892), known as the Wilder Dam project, and a review of any order of the Federal Power Commission, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

Mr. McCARTHY. Mr. President, reserving the right to object—and I can assure the Senate I do not enjoy delaying the work of the Senate, but the Schiek case is important—I desire to read briefly from page 2 of the committee report. I shall start on page 1, so we will have the complete history:

It appears that Miss Schiek received injuries on May 27, 1945, in Bengal Province, India, while in the service of the American Red Cross, while riding in an Army truck, which overturned, throwing Miss Schiek out. She was immediately taken to the Three Hundred and Seventy-second Station Hospital of the United States Army where she remained for 48 days. Charles H. McDevitt, Jr., chief of the surgical service, discharged her on July 21, 1945, stating that he could find no reason for her constant pain, found no serious injuries, and believed she would be ready for active duty in 2 weeks. Shortly thereafter, she collapsed in Calcutta and was taken by ambulance to the One Hundred and Forty-second General Hospital there. Maj. Helman C. Wasserman was in charge of her case. His office is now at 4500 Olive Street, St. Louis, Mo.

The Calcutta Hospital found gross negligence and malpractice had occurred at the Three Hundred and Seventy-second Field Hospital and that Miss Schiek actually had received the following injuries which had been overlooked—severe transverse fracture of sacrum, fracture of the pelvis, fracture of the process of lumbar four and five, midlateral ribs broken, severe injuries to the cauda equina and sacro nerves, no sensation in the lower part of the extremities, inability to walk, unable to control bowels or urine, atrophy of muscles of leg.

The claimant was removed to Halloran Hospital, Staten Island, N. Y., in the fall of 1945. Consultation by Capt. John J. Lowrey, February 5, 1946, suggested ability to return to work in 3 or 4 months. Further examination by same doctor in May 1946 suggested further total disability for 6 months, examination October 1946 by the same doctor suggested inability to work for at least an additional year. In November of 1947, Dr. Wasserman examined Miss Schiek, and stated that "these restrictions will remain and your future life will undoubtedly have to be regulated by these handicaps."

Approximately 4 years after accident she is still unable to walk more than 2 blocks without exhaustion and will slide off an average chair unless her feet are supported. She cannot wear ordinary shoes, but only soft-soled slippers. Because of weakness and atrophy of muscles she is unable to sit or lie in any one position for more than a short period, is still incapable of properly controlling urine and feces, and must spend most of her mornings caring for these functions. Any earning capacity that claimant will have will be restricted to what she can do in her own home. Prior to enlisting in the service of the American Red Cross, Miss Schiek was employed by the Boston Store, Inc., of Milwaukee. Robert A. Heinz, assistant promotion director there, has written that Miss Schiek would have been rehired if physically able to resume her duties and would earn between $45 and $50 per week. As it is, she earns nothing.

Claimant does not come under the provisions of the Federal Tort Claims Act and may not institute suit for her injuries because the accident took place in India, outside of the continental limits of the United States, and her only relief must necessarily come from Congress. Her claim has been examined administratively in the War Department, and on February 20, 1948, C. O. Wolfe, colonel, Judge Advocate General's Department, Chief, Claims and Litigation Division, and T. L. Borom, lieutenant colonel, Judge Advocate General's Department, Assistant Chief, Claims and Litigation Division, Department of the Army, wrote to the claimant's counsel, "The Department of the Army can take no administrative action on your client's claim."

On March 12, 1948, claimant's counsel, in an interview with above-named Lieutenant Colonel Borom at the War Department, was told that the War Department could not take action because the claim did not involve property damage, medical expense, or hospital bills. He stated that the War Department felt Miss Schiek had a most meritorious claim and undoubtedly had received very severe injuries in the accident which were not recognized during her 48 days in the Three Hundred and Seventy-second Field Hospital, and that the War Department would approve any sum which Congress felt would properly compensate Miss Schiek for the injuries and disability which manifestly will leave her totally disabled for the rest of her life.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SCHOEPPEL. Mr. President, does the Senate have before it Calendar No. 1089, Senate Joint Resolution 58?

The PRESIDING OFFICER. The Senator is correct.

Mr. SCHOEPPEL. I desire, by request, to object to the consideration of this joint resolution.

Mr. AIKEN. Will the Senator withhold his objection until I make a brief statement?

Mr. SCHOEPPEL. Yes.

Mr. AIKEN. Mr. President, I understand the resolution is objected to by the senior Senator from Kansas [Mr. REED]. He had informed me that he would object. The resolution relates to the licensing of the Bellows Falls Hydro-Electric Corp. The purpose of the bill is well stated in the report of the committee. The report says:

It is not the purpose of this joint resolution to substitute the judgment of Congress for that of its agent, the Federal Power Commission, or to place any restrictions upon the power of the courts to adjudicate the matters in controversy. The purpose is to reinvest a substantial group of citizens with rights for orderly review before the Federal Power Commission and the courts. These rights, under a purely technical and procedural requirement of the law, have been lost to such citizens through extenuating circumstances and through no fault of their own.

I may add that through the passage of this joint resolution the State of Vermont also intends to appeal to the courts with regard to the granting of licenses by the Federal Power Commission. A very small amount of power is involved. There is simply the difference of 5 feet in the height of the dam, and several thousand acres of land, mostly class I land, is involved.

A thorough hearing was held on the joint resolution by the Public Works Committee last year. It was reported unanimously and was passed by the Senate, but failed to receive action in the House. This year it was referred to the Committee on Interstate and Foreign Commerce and was reported favorably, with the single exception of the Senator from Kansas. Although I shall not make any motion at the end of the call of the calendar, I shall, at the first opportunity, move to bring the bill before the Senate for action, because it is intended simply to correct an injustice which the people of Vermont and New Hampshire have suffered through no fault of their own, as the report states.

The PRESIDING OFFICER. Objection being heard to the consideration of the joint resolution, it will be passed over.

ACTIVE-DUTY STATUS OF CERTAIN OFFICERS OF THE ARMY AND AIR FORCE

The bill (H. R. 4767) to clarify the active-duty status of certain officers of the Army of the United States and the Air Force of the United States was considered, ordered to a third reading, read the third time, and passed.

CONVEYANCE OF LANDS TAKEN FROM W. W. STEWART BY THE UNITED STATES

The bill (H. R. 3864) to convey certain lands taken from W. W. Stewart by the United States was considered, ordered to a third reading, read the third time, and passed.

TERMINAL LEAVE PAY FOR CERTAIN OFFICERS OF THE NAVY AND MARINE CORPS

The bill (H. R. 540) to provide terminal leave pay for certain officers of the Navy and Marine Corps, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

RELEASE OF LAND TO LOS ANGELES COUNTY

The bill (H. R. 524) to provide for the release of all the right, title, and interest of the United States in a certain portion of a tract of land conditionally granted by it to the county of Los Angeles was considered, ordered to a third reading, read the third time, and passed.

JOINT RESOLUTION PASSED OVER

The joint resolution (H. J. Res. 230) authorizing the Secretary of the Navy to construct, and the President of the United States to present to the people of St. Lawrence, Newfoundland, on behalf of the people of the United States, a hospital or dispensary for heroic services to the officers and men of the United States Navy was announced as next in order.

Mr. SCHOEPPEL. Mr. President, I ask that the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

LOAN OF CERTAIN EQUIPMENT TO THE BOY SCOUTS OF AMERICA

The bill (H. R. 5342) to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment to the Boy Scouts of America for use at the Second National Jamboree of the Boy Scouts was considered, ordered to a third reading, read the third time, and passed.

EXTENSION OF OFFICER RETIREMENT BENEFITS

The bill (S. 2559) to authorize the extension of officer retirement benefits to certain persons who while serving as enlisted men in the Army of the United States during World War II were given battlefield promotions to officer grade and were incapacitated for active service as a result of enemy action was announced as next in order.

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Mr. CAIN. Mr. President, I wonder if I may inquire of the junior Senator from Texas [Mr. JOHNSON] if it is not a fact that provisions in the pay bill which was passed yesterday will take care of this situation.

Mr. JOHNSON of Texas. No; I think not. Representatives of the Department of the Army came before the committee and stated that there were approximately 30 or 40 cases involved, and that the Navy had taken care of their cases, that the Marine Corps had taken care of their cases. This proposed legislation is to take care of the members of the Army and the Air Force. The boys were given spot promotions, but before the red tape was completed they were wounded, so that, instead of being retired as second lieutenants, although they were entitled to wear the insignia of second lieutenants, they had not received their formal commissions, and instead of being treated as second lieutenants they can draw only Veterans' Administration benefits.

Representatives of the Navy and of the Marine Corps came before the committee and recommended the enactment of the bill.

Mr. CAIN. I raise the question merely because I have recently had an interest in such a case as the Senator has mentioned. Several days ago the Office of the Secretary of Defense called to say that the matter would be taken care of and provided for in the pay bill which was passed yesterday. I know the Senator will be interested to determine whether that is correct.

Mr. SCHOEPPEL. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. I yield.

Mr SCHOEPPEL. Did I correctly understand the Senator to say that consideration was given to men in the Navy and Marine Corps under similar circumstances?

Mr. JOHNSON of Texas. Yes. They have already been taken care of.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the bill (S. 2559) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That any person who while serving on active duty as an enlisted man in the Army of the United States at any time during the period between December 7, 1941, and September 2, 1945—

(1) was appointed or recommended by his commanding officer or superior military authority for a battlefield appointment as a commissioned officer in the Army of the United States;

(2) while performing the duties of a commissioned officer, was injured in line of duty incident to combat with the enemy;

and who, subsequently to being so injured as a result of that appointment or recommendation was ordered to active duty as a commissioned officer in the Army of the United States, or the Air Force of the United States, shall, if he is found by an Army or an Air Force retiring board to be incapacitated for active service and to have sustained such incapacity as the result of the injury which was incurred by him in line of duty incident to combat with the enemy while he was performing the duties of a commissioned officer and if the finding of the retiring board is approved by the President, be entitled to receive the same retirement benefits to which he would be entitled under the provisions of section 5 of the act of April 3, 1939, as amended, if he had been serving as a commissioned officer in the Army of the United States at the time he incurred such injury.

SEC. 2. No additional or back pay or allowances for any period prior to the date of enactment hereof shall accrue to any person solely by reason of the enactment of this act.

COUNSEL FEES AND EXPENSES IN THEODORE G. BILBO ELECTION CASE

The resolution (S. Res. 168) to pay certain counsel fees and expenses in investigating the right of Theodore G. Bilbo to a seat in the Senate for the term beginning January 3, 1947, was considered and agreed to, as follows:

Resolved, That the Committee on Rules and Administration be authorized to expend from the contingent fund of the Senate $6,000 for the full payment of counsel fees and expenses incurred in carrying out the duties imposed upon it by subsection (O) (1) (D) of rule XXV of the Standing Rules of the Senate to consider the question whether Mr. Theodore G. Bilbo was entitled to take his seat in the Senate to which he was elected for the term beginning January 3, 1947.

CONVEYANCE OF CERTAIN LAND AND BUILDINGS TO THE STATE OF RHODE ISLAND

The Senate proceeded to consider the bill (S. 2491) providing for the conveying of land and buildings at Fort Philip Kearney Military Reservation to the State of Rhode Island, which had been reported from the Committee on Banking and Currency with an amendment.

Mr. HENDRICKSON. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. There is a committee amendment pending. The committee amendment will be stated first.

The amendment was on page 2, line 10, after the word "all", to strike out "appurtenances" and insert "improvements", so as to make the bill read:

Be it enacted, etc., That the Housing and Home Finance Administrator is authorized and directed to convey by quitclaim deed to the Board of Trustees of State Colleges of the State of Rhode Island without consideration all right, title, and interest of the United States in and to so much of the land, constituting the site of an existing stone house and a former dock, located in the northeast corner of the former Fort Phillip Kearney Military Reservation, Narragansett, R. I., which site is generally described as follows: Lying east of a line beginning at a point in the northerly boundary of said reservation due south of the southwest corner of a tract of land presently owned by the Board of Trustees of State Colleges and extending due south for three hundred feet; and north of a line extending eastwardly from the southerly end of said three-hundred-foot line in a line parallel to the northerly boundary of said reservation for a distance of approximately six hundred and ninety feet to Narragansett Bay; together with all improvements thereon excepting therefrom the pump house and water, sewer, and electric systems, together with necessary easements therefor: *Provided*, That the Board of Trustees of State Colleges of the State of Rhode Island shall within one hundred and twenty days of the enactment of this act furnish the Public Housing Administration with a survey satisfactory to said Administration of said land and easements.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will state the amendment offered by the Senator from New Jersey.

The LEGISLATIVE CLERK. It is proposed, on page 1, line 4, to insert after the word "convey" and before the word "by" the following: "upon receipt of consideration from the Board of Trustees of the State Colleges of the State of Rhode Island equivalent to 50 percent of the appraised value of United States property hereinafter described."

On page 1, line 6, it is proposed to strike out the following: "without consideration."

Mr. MAYBANK. Mr. President, may I ask the distinguished Senator from New Jersey the purpose of his amendment?

Mr. HENDRICKSON. It is to bring the matter into conformity with the rule followed all through the session to require the local agency or government which is acquiring Federal property to pay 50 percent of the appraised value.

Mr. MAYBANK. I shall not object to the amendment, but the bill was approved unanimously. The fact is that the piece of property involved is not worth very much. If we paid 50 percent of nothing, we should not have to pay very much.

Mr. President, I ask unanimous consent that the report of the committee on this bill be printed in the RECORD at this point.

There being no objection, the report (No. 1087) was ordered to be printed in the RECORD, as follows:

The Committee on Banking and Currency, to which was referred the bill (S. 2491) providing for the conveying of land and buildings at Fort Philip Kearney Military Reservation to the State of Rhode Island, having considered the same, reports favorably thereon with an amendment and recommends that the bill do pass.

GENERAL STATEMENT

The bill would authorize and direct the Federal Housing Agency to convey, without consideration, to the Board of Trustees of State Colleges of the State of Rhode Island all right, title, and interest of the United States to the site of the stone house and former dock in the northeast corner of the former Fort Philip Kearney Military Reservation, Narragansett, R. I., together with the improvements thereon except certain utilities and easements for such utilities. The board of trustees would be required within 120 days after enactment of the bill to furnish the Public Housing Administration a satisfactory survey of the land and easements.

This land with the building on it is a small portion of the Fort Kearney Military Reservation which was transferred by the War Assets Administration to the Housing and Home Finance Administration for veterans temporary housing purposes pursuant to the title V of the Lanham Act, as amended. The transfer of the stone house (which is at present unused) together with the underlying and adjacent land described in the bill would not adversely affect the housing project since the easements for necessary utilities serving the project are reserved in the bill, or would it in any way interfere with the operation and management of the temporary housing project.

Rhode Island State Colleges is ready to carry out a number of important investigations and studies in applied fisheries in cooperation with the Fish and Wildlife Service, and oceanographic investigation and studies in cooperation with the United States Navy, and related studies and investigations of importance and value to the United States Government. To do so, however, it is necessary to have a year-round field laboratory with docking facilities, and the present laboratory adjoining the stone house and property to be transferred is only usable part of the year and has no docking facilities. The stone house would provide a permanent winter laboratory.

The land and facilities to be transferred are urgently needed because of the time required for conditioning the stone house for use as a laboratory during the forthcoming winter.

AMENDMENT

The word "appurtenances" on page 2, line 10, of the bill is amended to read "improvements," for the purpose of clarity.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FLORIDA KEYS AQUEDUCT COMMISSION

The Senate proceeded to consider the bill (S. 489) to authorize the refund to the Florida Keys Aqueduct Commission of the sum advanced for certain water facilities, and for other purposes, which had been reported from the Committee on Armed Services with amendments, on page 3, line 15, after the word "supplying", to insert "such water", and in line 19, after the word "receipts" and the period, insert "No agreement or amendment of an agreement shall be entered into by the Secretary of the Navy under the authority of this section or section 3 of this act until such time as the Secretary or a representative of the Secretary designated by him has consulted with the Armed Services Committees of the Senate and of the House of Representatives with respect to all details of such agreement or amendment of an agreement", so as to make the bill read:

Be it enacted, etc., That (a) upon such terms and conditions not inconsistent with this act as may be satisfactory to the Secretary of the Navy and to the Board of Directors of the Reconstruction Finance Corporation and to the Florida Keys Aqueduct Commission, the Secretary of the Navy is authorized to cancel the agreement entered into by the Department of the Navy on March 18, 1941, pursuant to authority contained in title III of the First Supplemental National Defense Appropriation Act, 1941 (54 Stat. 608), with the Florida Keys Aqueduct Commission, a public agency of the State of Florida (hereinafter referred to as "the commission"), for the construction, operation, and maintenance of a water-supply system and a water-distribution system to serve Federal Government and other consumers in the Florida Keys.

(b) Such cancellation shall be conditioned upon—

(1) the surrender to the Department of the Navy of all right, title, and interest, if any, of the commission in and to the water-supply system constructed or in the course of construction in accordance with such agreement and to the receipt of water under the existing provisions of such agreement;

(2) the payment by the Department of the Navy to the commission of the sum of $1,096,392.91, which sum is the amount heretofore paid by the commission to or for the account of the Department of the Navy pursuant to such agreement; and

(3) the furnishing by the commission of satisfactory assurances that such sum will be employed by the commission to retire bonds heretofore issued by the commission under the terms of a trust indenture, dated September 1, 1941, between the commission and the First National Bank of Miami, Florida.

(c) There is hereby authorized to be appropriated to the Department of the Navy, out of any moneys in the Treasury not otherwise appropriated, not more than $1,096,392.91 for disbursement pursuant to subsection (b) (2) of this section.

SEC. 2. Upon cancellation of such agreement of March 18, 1941, the Secretary of the Navy shall enter into an agreement which may thereafter be amended from time to time by the parties thereto, whereby the Department of the Navy will supply water from such water-supply system to the commission under such terms and conditions and for such compensation as the Secretary and the commission shall determine to be proper. Of the proceeds received for any such water so supplied, an amount representing the cost to the Government of supplying such water may be credited to the appropriation or appropriations currently available for the supply of such water and any remaining balance shall be covered into the Treasury to the credit of miscellaneous receipts. No agreement or amendment of an agreement shall be entered into by the Secretary of the Navy under the authority of this section or section 3 of this Act until such time as the Secretary or a representative of the Secretary designated by him has consulted with the Armed Services Committees of the Senate and of the House of Representatives with respect to all details of such agreement or amendment of an agreement.

SEC. 3. In order to safeguard the rights of the commission and the Reconstruction Finance Corporation pertinent to agreements heretofore made by the commission in connection with the leasing of facilities for the distribution of water or in connection with the issuance of its bonds payable from the revenues from the sale of water, the commission and the Secretary of the Navy may, in lieu of canceling the agreement of March 18, 1941, and entering into a new agreement as provided in sections (1) and (2) of this act, amend the agreement of March 18, 1941, to accomplish the purposes of this act: *Provided*, That the amended agreement shall provide for the same conditions as are imposed by clauses (1), (2), and (3) of subsection (b) of section 1. From time to time, further amendments or new agreements regarding the water supply may be made, when deemed desirable by the Secretary and the commission, and that all other provisions of this act shall be equally applicable in the event of amendment of the agreement of March 18, 1941, as in the event of its cancellation.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONSTRUCTION AND IMPROVEMENT OF SCHOOL BUILDINGS IN HOOPA, CALIF.

The bill (H. R. 554) to provide for the construction, extension, and improvement of school buildings in Hoopa, Calif., was considered, ordered to a third reading, read the third time, and passed.

ANTHONY CHARLES BARTLEY

The bill (H. R. 6006) for the relief of Anthony Charles Bartley was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2522) to stabilize prices of agricultural commodities, was announced as next in order.

Mr. CAPEHART. Over.

The PRESIDING OFFICER. The bill will be passed over.

RESEARCH LABORATORY FOR THE QUARTERMASTER CORPS

The Senate proceeded to consider the bill (S. 2382) to authorize the construction of a research laboratory for the Quartermaster Corps, United States Army, at a location to be selected by the Secretary of Defense, which had been reported from the Committee on Armed Services with an amendment, on page 2, line 1, after the word "site", to strike out "will" and insert "shall", so as to make the bill read:

Be it enacted, etc., That there is hereby authorized to be appropriated not to exceed $11,000,000 for the acquisition of land and for the construction thereon of a research laboratory for the Quartermaster Corps, United States Army, at a location to be selected by the Secretary of Defense, and for such utilities and appurtenances thereto as, in the judgment of the Secretary of the Army, may be necessary in connection therewith. The site shall be chosen on the basis of recommendations of an impartial ad hoc committee of experts to be appointed by the Research and Development Board.

Mr. SCHOEPPEL. Mr. President, may we have a short explanation of the bill?

Mr. SALTONSTALL. Mr. President, last year there was introduced by the Senators from Pennsylvania a bill providing for the construction of a Quartermaster Corps research laboratory in Philadelphia, and a bill by the Senators from Massachusetts for a similar institution to be constructed in Massachusetts. A hearing was held by the subcommittee of the Committee on Armed Services, and the subcommittee recommended that Massachusetts be the site. The Armed Services Committee recommended that bill to the Senate, but because of objection the bill was never acted on, and died.

Obviously we will never get a quartermaster research laboratory if we cannot agree on the place where it is to be placed. This year both Senators from Pennsylvania, both Senators from Massachusetts, and both Senators from New York, agreed to introduce the measure which is now before the Senate, which will permit the site to be chosen by an expert committee in the Department of Defense. Whatever site they agree on as the proper one will be selected.

Mr. President, the pending bill is an authorization bill for the construction of a research laboratory. The appropriation will have to come at a later time. The need for such a research laboratory was obvious during the last war, and I shall not go into that unless some Senator wishes to have me do so. I hope the bill may become law.

I see the distinguished senior Senator from Pennsylvania on his feet. I assure

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him, through you, Mr. President, that Massachusetts has worse weather, more variable weather, than Pennsylvania, and it is the proper place for this research laboratory. Philadelphia is not. But we shall not go into that argument further tonight.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. MYERS. I sat on the committee, and I have heard it said that Florida has better weather than California, and that California has better weather than Florida. I do not wish to debate whether Boston or Philadelphia has the worst weather, and that therefore the laboratory should be located at one or the other. The bill was reported by the Armed Services Committee unanimously, was it not?

Mr. SALTONSTALL. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ADJUSTMENT OF IRRIGATION CHARGES ON FLATHEAD INDIAN IRRIGATION PROJECT, MONTANA

The bill (H. R. 4986) to amend an act entitled "An act to provide for the adjustment of irrigation charges on the Flathead Indian irrigation project, Montana, and for other purposes," approved May 25, 1948, was considered, ordered to a third reading, read the third time, and passed.

MEDICAL SERVICES TO NON-INDIANS IN INDIAN HOSPITALS

The bill (H. R. 4815) to provide for medical services to non-Indians in Indian hospitals, and for other purposes, was announced as next in order.

Mr. HUMPHREY. Over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. HUMPHREY. Let me say that my reason for asking that the bill go over is that there is an amendment which I should like to discuss with the distinguished Senator from Montana [Mr. ECTON]. I have no basic opposition to the bill, and I am sure we can reconcile any differences there may be.

The PRESIDING OFFICER. Objection having been heard, the bill goes over.

CONCURRENT RESOLUTION PASSED OVER

The concurrent resolution (S. Con. Res. 14) to investigate matters affecting the Presidential election and succession, was announced as next in order.

Mr. WHERRY. Over.

The PRESIDING OFFICER. The concurrent resolution will be passed over.

INCREASE OF SALARIES IN DEPARTMENT OF MEDICINE AND SURGERY, VETERANS' ADMINISTRATION

The bill (H. R. 6022) to increase the rates of compensation of certain employees of the Department of Medicine and Surgery of the Veterans' Administration, and for other purposes, was announced as next in order.

Mr. SCHOEPPEL. Mr. President, may I ask about how many employees this bill would affect?

Mr. AIKEN. About 7,000.

Mr. SCHOEPPEL. I have no objection.

There being no objection, the Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2584) to provide for studies of the methods of determining the amount, distribution, and effects of illness in the United States and for conducting periodic inventories of illness by the best methods developed through such studies, was announced as next in order.

Mr. WHERRY. Over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. HILL. Was there objection to Senate bill 2584?

The PRESIDING OFFICER. There was a request that the bill go over.

Mr. HILL. Let me ask who requested that it go over.

Mr. WHERRY. I have been asked by a Senator to have it go over until he could be on the floor. He is not here at the present time.

Mr. HILL. I am sure that when the Senator comes there will be no objection. I wonder if I might ask that the bill go to the foot of the calendar.

Mr. WHERRY. That will be all right.

Mr. HILL. I make that request.

The PRESIDING OFFICER. Without objection, the order will be changed, and the bill will go to the foot of the calendar.

TRAINING AND RESEARCH, DEPARTMENT OF MEDICINE AND SURGERY, VETERANS' ADMINISTRATION

The Senate proceeded to consider the bill (S. 2541) to amend the act entitled "An act to establish a Department of Medicine and Surgery in the Veterans' Administration," approved January 3, 1946, as amended, to extend the period for which employees may be detailed for training and research, and for other purposes, which was read, as follows:

Be it enacted, etc., That section 13 (b) (1) of the act of January 3, 1946, as amended (59 Stat. 678; 38 U. S. C. 151), is amended to read as follows:

"(b) (1) The Administrator is authorized to place in schools of the Army, Navy, and Public Health Service, and in civil institutions of learning, with the consent of the authorities concerned, full-time professional, technical, and medical administrative employees of outstanding ability employed in the Department of Medicine and Surgery, other than temporary employees appointed under section 14 (a) of this act, on duty for a period not to exceed 280 days in a year, for the purpose of increasing their professional knowledge or technical training in fields of medical education, research and related sciences, and occupations or their proficiency in medical administrative techniques and which will materially contribute to the medical care and treatment of veterans and the more effective functioning of the Department of Medicine and Surgery: *Provided*, That the number of any one class of employees placed upon such duty at any one time shall not exceed 5 percent of full-time personnel of such class employed in the Department: *And provided further*, That no full-time employee with less than 2 years of experience in the service of the Veterans' Administration shall be placed upon such duty for a full academic year or the equivalent thereof."

Mr. SCHOEPPEL. Mr. President, may we have an explanation of the bill? As I understand, it extends the period of training, and is a basic change from the present act.

Mr. HUMPHREY. Mr. President, I know the distinguished senior Senator from Florida intended to be present and to reply to any question which might be asked regarding this bill. The basic object of the bill is to provide sufficient time for members of the medical staff who may be designated by the Veterans' Administration to take a course of training. The present law limits the training to 30 days, and I think the pending bill would give them 8 or 9 months, so that if they were sent to the National Cancer Institute or to the heart training school they would have a full year to get the full course of specialized training.

Mr. SCHOEPPEL. Mr. President, if my memory is correct, the bill would lengthen the period from 90 days to 280 days.

Mr. HUMPHREY. That is correct.

Mr. SCHOEPPEL. Can the distinguished Senator from Minnesota tell me what provision, if any, is made in the event those participating might leave the service within the 280 days, or might leave this type of activity? Will the Government be reimbursed, or is any condition attached?

Mr. HUMPHREY. I must refer that particular question to the distinguished Senator from Florida. The designation would be by administrative order, and I imagine that the conditions which would prevail would be that a person in an assignment would be under obligation to complete the assignment, and also have a period of time in the service following it. I think such a provision is in the bill. The Senator from Florida, who is now present, was in charge of the bill, and I was merely filling in until he could reach the floor.

Mr. SCHOEPPEL. I might ask the Senator from Florida whether the persons assigned to the training would be required to remain in the service.

Mr. PEPPER. Oh, yes; indeed. The bill would affect personnel already in the service, and it would merely allow them to be detailed to places where they can get better training, so that they can become more competent to discharge their duties. It does not provide for any expense or any outlay, but merely authorizes the assignment of such persons to institutions where they can get the proper instruction to make them more competent. The bill was unanimously reported by the Committee on Labor and Public Welfare, and I hope the bill will be passed.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2197) to amend the Export-Import Bank Act of 1945 as amended (59 Stat. 526, 666, 61 Stat. 130) to

vest in the Export-Import Bank of Washington the power to guarantee United States investments abroad was announced as next in order.

Mr. SCHOEPPEL. Over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. MAYBANK. Mr. President, may I ask that the bill be placed at the foot of the calendar and be taken up later?

Mr. CAPEHART. What does the Senator mean by having the bill placed at the foot of the calendar? Does he mean that it is to be taken up again today?

Mr. MAYBANK. Yes; I should like to have it taken up again today.

Mr. CAPEHART. I object to that.

The PRESIDING OFFICER. On objection, the bill will be passed over.

RESEARCH AND TRAINING IN RHEUMATISM AND ARTHRITIS, ETC.

The bill (S. 2591) to amend the Public Health Service Act to support research and training in rheumatism and arthritis, multiple sclerosis, cerebral palsy, epilepsy, and blindness, and other diseases, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. Mr. President, reserving the right to object, I wonder if the distinguished Senator from Florida [Mr. PEPPER] would give us an estimate of the cost of the bill?

Mr. PEPPER. Mr. President, of course it would be the amount the Congress might appropriate. There is no amount provided for in the authorization. But it is like the other institutions in the National Institute of Health in that respect. At the present time we have institutes with respect to cancer research, heart research, dental research, and in certain general fields of research. The bill proposes to add two separate additional institutions, one, to deal with arthritis, rheumatism, and diseases of that character, and metabolic diseases, and, two, to deal with what are called neurological diseases, that is, cerebral palsy, epilepsy, and multiple sclerosis. The able Senator from New Hampshire [Mr. TOBEY] was one of the authors of the bill providing for metabolic research. We took several bills and put them together and contemplated that the general research in the general neurological field would be carried on in this particular institute.

I should like Senators to understand that probably the net effect would be to add only one new institute to the institutes of health that now exist, because the Surgeon General, Dr. Scheele, appeared before the committee and explained that he would eliminate one of the institutes that now is dealing with biological diseases, and carry on that research in the future under this first institute which deals with rheumatism and arthritis and metabolic diseases.

I will say to the able Senator from New Jersey that this is a field wherein very little, if anything, has been done in the past, where research is very fruitful and very much needed, and it will be up to the applicants for funds to justify to the Appropriations Committees of the Senate and House, and, of course, to the Bureau of the Budget, the appropriations they request in the future.

Mr. HENDRICKSON. I thank the Senator from Florida.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 2591 was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the purpose of this act is to improve the health of the people of the United States through the conduct of researches, investigations, experiments, and demonstrations relating to the cause, prevention, and methods of diagnosis and treatment of arthritis and rheumatism, multiple sclerosis, cerebral palsy, epilepsy and blindness, and other diseases; assist and foster such researches and other activities by public and private agencies, and promote the coordination of all such researches and activities and the useful application of their results; provide training in matters relating to such diseases; and develop and assist States and other agencies in the use of the most effective methods of prevention, diagnosis, and treatment of such diseases.

ESTABLISHMENT OF ADDITIONAL INSTITUTES

SEC. 2. (a) The heading of title IV of the Public Health Service Act (42 U. S. C., ch. 6A) is amended to read "Title IV—National Research Institutes."

(b) Title IV of such act is further amended by adding immediately after part C the following new part:

"PART D—NATIONAL INSTITUTE ON ARTHRITIS, RHEUMATISM, AND METABOLIC DISEASES, NATIONAL INSTITUTE ON NEUROLOGICAL DISEASES AND BLINDNESS, AND OTHER INSTITUTES

"SEC. 431. (a) The Surgeon General shall establish in the Public Health Service an institute for research on arthritis, rheumatism, and metabolic diseases, and an institute for research on neurological diseases (including epilepsy, cerebral palsy, and multiple sclerosis) and blindness, and he shall also establish a national advisory council for each such institute to advise, consult with, and make recommendations to him with respect to the activities of the institute with which each council is concerned.

"(b) The Surgeon General is authorized with the approval of the Administrator to establish in the Public Health Service one or more additional institutes to conduct and support scientific research and professional training relating to the cause, prevention, and methods of diagnosis and treatment of other particular diseases or groups of diseases whenever the Surgeon General determines that such action is necessary to effectuate fully the purposes of section 301 with respect to such disease or diseases. Any institute established pursuant to this subsection may in like manner be abolished and its functions transferred elsewhere in the Public Health Service upon a finding by the Surgeon General that a separate institute is no longer required for such purposes. In lieu of the establishment pursuant to this subsection of an additional institute with respect to any disease or diseases, the Surgeon General may expand the functions of any institute established under subsection (a) of this section or under any other provision of this act so as to include functions with respect to such disease or diseases and to terminate such expansion and transfer the functions given such institute elsewhere in the Service upon a finding by the Surgeon General that such expansion is no longer necessary. In the case of any such expansion of an existing institute, the Surgeon General may change the title thereof so as to reflect its new functions.

"ESTABLISHMENT OF NATIONAL ADVISORY COUNCILS

"SEC. 432. (a) The Surgeon General is also authorized with the approval of the Administrator to establish additional national advisory councils to advise, consult with, and make recommendations to the Surgeon General on matters relating to the activities of any institute established under subsection (b) of section 431, or relating to the conduct and support of research and training in such disease or group of diseases (except a disease or group of diseases for which an institute is established under any provision of this title other than section 431 (b)) as he may designate. Any such council, and each of the two councils established under section 431 (a), shall consist of the Surgeon General, who shall be chairman, the chief medical officer of the Veterans' Administration or his representative and a medical officer designated by the Secretary of Defense, who shall be ex officio members, and of 12 members appointed without regard to the civil-service laws by the Surgeon General with the approval of the Administrator. The 12 appointed members shall be leaders in the field of fundamental sciences, medical sciences, education, or public affairs, and six of such twelve shall be selected from leading medical or scientific authorities who are outstanding in the study, diagnosis, or treatment of the disease or diseases to which the activities of the institute are directed. Each appointed member of the council shall hold office for a term of 4 years except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term and except that, of the members first appointed, three shall hold office for a term of 3 years, three shall hold office for a term of 2 years, and three shall hold office for a term of 1 year, as designated by the Surgeon General at the time of appointment. None of such 12 members shall be eligible for reappointment until a year has elapsed since the end of his preceding term.

"(b) In lieu of appointment of an additional advisory council upon the establishment pursuant to subsection (b) of section 431 of an additional institute or upon expansion pursuant to such subsection of the functions of an institute, the Surgeon General may expand the functions of an advisory council established under section 431 (a) or any other provision of this act so as to include functions with respect to the particular disease or diseases to which the activities of the additional institute or the expanded activities of the existing institute are directed. In the case of any such expansion of an existing council, the membership thereof representing persons outstanding in activities with which the council is concerned may be changed or increased so as to include some persons outstanding in the new activities. Any new council established under subsection (a) of this section or any expansion of an existing council under this subsection may be terminated by the Surgeon General at, before, or after the termination of the new institute or expansion of the existing institute which occasioned such new council or expansion of an existing council. In the case of any such expansion of an existing council, the Surgeon General may change the title thereof so as to reflect its new functions.

"FUNCTIONS

"SEC. 433. (a) Where an institute has been established under this part, the Surgeon General shall carry out the purposes of section 301 with respect to the conduct and support of research relating to the disease or diseases to which the activities of the institute are directed (including grants-in-aid for drawing plans, erection of buildings, and acquisition of land therefor), through such institute and in cooperation with the national advisory council established or expanded by

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reason of the establishment of such institute. In addition, the Surgeon General is authorized to provide training and instruction and establish and maintain traineeships and fellowships, in such institute and elsewhere, in matters relating to the diagnosis, prevention, and treatment of such disease or diseases with such stipends and allowances (including travel and subsistence expenses) for trainees and fellows as he may deem necessary, and, in addition, provide for such training, instruction, and traineeships and for such fellowships through grants to public and other nonprofit institutions. The provisions of this subsection shall also be applicable to any institute established by any other provision of this act to the extent that such institute does not already have the authority conferred by this subsection.

"(b) Upon the appointment of a national advisory council for an institute established under this part or the expansion of an institute pursuant to this part, the duties, functions, and powers of the National Advisory Health Council with respect to grants-in-aid for research and training projects relating to the disease or diseases to which the activities of the institute are directed, shall terminate."

NATIONAL ADVISORY COUNCILS

SEC. 3. (a) Effective January 1, 1950, section 217 (a) of the Public Health Service Act is amended to read as follows:

"(a) The National Advisory Health Council, the National Advisory Cancer Council, the National Advisory Mental Health Council, the National Advisory Heart Council, and the National Advisory Dental Research Council shall each consist of the Surgeon General, who shall be chairman, the chief medical officer of the Veterans' Administration or his representative and a medical officer designated by the Secretary of Defense, who shall be ex officio members; and 12 members appointed without regard to the civil-service laws by the Surgeon General with the approval of the Administrator. The 12 appointed members of each such council shall be leaders in the fields of fundamental sciences, medical sciences, or public affairs, and 6 of such 12 shall be selected from among leading medical or scientific authorities who, in the case of the National Advisory Health Council, are skilled in the sciences related to health, and in the case of the National Advisory Cancer Council, the National Advisory Mental Health Council, the National Advisory Heart Council, and the National Advisory Dental Research Council, are outstanding in the study, diagnosis, or treatment of cancer, psychiatric disorders, heart diseases, and dental diseases and conditions, respectively. In the case of the National Advisory Dental Research Council, four of such six shall be dentists. Each appointed member of each such council shall hold office for a term of 4 years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of the members first taking office after January 1, 1950, shall expire as follows: Three shall expire 4 years after such date, three shall expire 3 years after such date, three shall expire 2 years after such date, and three shall expire 1 year after such date, designated by the Suregon General at the time of appointment. None of the appointed members shall be eligible for reappointment within 1 year after the end of his preceding term, but terms expiring prior to January 1, 1950, shall not be deemed 'preceding terms' for the purposes of this sentence."

(b) Subsection (b) of such section is amended to read as follows:

"(b) The National Advisory Health Council shall advise, consult with, and make recommendations to, the Surgeon General on matters relating to health activities and functions of the Service. The Surgeon General is authorized to utilize the services of any member or members of the Council, and where appropriate, any member or members of the national advisory councils established under this act on cancer, mental health, heart, dental, rheumatism, arthritis, and metabolic diseases, neurological diseases and blindness, and other diseases, in connection with matters related to the work of the Service, for such periods, in addition to conference periods, as he may determine."

(c) Effective January 1, 1950, subsections (c), (d), (f), and (g) of such section are repealed, and subsection (e) of such section is redesignated subsection "(c)". Terms of office as members of national advisory councils pursuant to such section subsisting on December 31, 1949, shall expire at the close of business on such day.

(d) The heading of such section is amended to read as follows: "National Advisory Councils".

(e) Subsection (e) of section 208 of such act is amended to read as follows:

"(e) Members of the National Advisory Health Council and members of other national advisory councils established under this act, other than ex officio members, while attending conferences or meetings of their respective councils or while otherwise serving at the request of the Surgeon General, shall be entitled to receive compensation at a rate to be fixed by the Administrator, but not exceeding $50 per diem, and shall also be entitled to receive an allowance for actual and necessary traveling and subsistence expenses while so serving away from their places of residence."

GENERAL PROVISIONS

SEC. 4. (a) Section 406 of the Public Health Service Act is amended to read as follows:

"OTHER AUTHORITY

"SEC. 406. This title shall not be construed as limiting (a) the functions or authority of the Surgeon General or the Public Health Service under any other title of this act, or of any officer or agency of the United States, relating to the study of the prevention, diagnosis, and treatment of any disease or diseases for which a separate institute is established under this act; or (b) the expenditure of money therefor."

(b) Section 208 of such act is amended by adding at the end thereof the following new subsection:

"(i) The Administrator is authorized to establish and fix the compensation for, within the Public Health Service, not more than 30 positions, in the professional and scientific service, each such position being established to effectuate those research and development activities of the Public Health Service which require the services of specially qualified scientific or professional personnel: *Provided*, That the rates of compensation for positions established pursuant to the provisions of this subsection shall not be more than $15,000 per annum, and shall be subject to the approval of the Civil Service Commission. Positions created pursuant to this subsection shall be included in the classified civil service of the United States, but appointments to such positions shall be made without competitive examination upon approval of the proposed appointee's qualifications by the Civil Service Commission or such officers or agents as it may designate for this purpose."

(c) Sections 415, 425, and 426 of the Public Health Service Act are hereby repealed.

The PRESIDING OFFICER. The Senator from New Hampshire rose a moment ago. Did he desire recognition?

Mr. TOBEY. Mr. President, I had intended to speak before the bill was passed. I will now say just a few words, though that may be anticlimactic. To my colleagues on the other side of the aisle I call attention to the statement of one of the great leaders of our party that it should be the aim of our country to bring about a better and improved human society, rather than merely a great economic system; that we should aim for increased production and greater efficiency, but to the end that we may have a happier home life in America.

Mr. President, into my home some years ago there came a blow. A beloved daughter of mine was stricken with the hellish disease, multiple sclerosis. No one in the world knows what causes this disease. It is a most hellish disease. There are more cases of multiple sclerosis in the United States than there are cases of polio. When one is stricken with multiple sclerosis it means the wheel chair for the remainder of life, until death. It is a progressive disease. It is a subtle and a terrible disease. Those suffering from it, as I said, end up in the wheel chair and finally in death.

Mr. President, those who have seen persons suffering from this dreadful disease realize that we must do everything we can by way of research to discover treatments and cure, and to give new hope and courage to those afflicted with it.

In the hearing before the Murray subcommittee there were 68 multiple sclerosis patients in wheel chairs or on crutches. Many were spastic. Let me use the words of the late John B. Gough, who had been a drunken bum, and who, after he had been converted, when passing along the street saw another man lying drunk in the gutter, said, "There, but for the grace of God, lies John B. Gough."

Mr. President, as we sit here as Members of the Senate of the United States, I say we do not come sufficiently in touch with such things as these. I have seen many cases of multiple sclerosis. This dread disease has been in my home. We can act to do something to bring courage and faith to the sufferers from the disease. When, in the providence of God, this country has the science and the talent and the money, we would be derelict indeed in our duty if we were to be in any neglectful in doing what can be done to bring about better means of treatment and cure for those who suffer from these diseases.

Mr. President, I appear for this legislation, which has now been passed, and record my support thereof in the name of countless sufferers from multiple sclerosis, amounting to 500,000 tragic cases in the United States. For the past 3 years I have had set up in my office a research clearing house where cases and information regarding multiple sclerosis have been handled. Thousands of letters have come in asking that something be done to help these unfortunates. Something has been done and by passing the bill today we bring new hope to many, many thousands. We are doing something for suffering humanity, something far above an attempt to secure votes at election time.

Mr. President, I say that the action of the Senate in passing the bill redounds to its credit in the hearts and souls of countless Americans who have an interest in these sufferers, sufferers who,

but for the grace of God, might be you or might be me, or any one of our beloved ones. I am glad the bill has been passed.

COINAGE OF SUBSIDIARY SILVER COINS

The bill (S. 2590) to amend section 3526 of the Revised Statutes relating to coinage of subsidiary silver coins was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 3526 of the Revised Statutes, as amended (U. S. C., 1946 edition, title 31, sec. 335), is hereby further amended to read as follows:

"SEC. 3526. In order to procure bullion for the silver coinage authorized by this title, other than the silver dollar, the superintendents, with the approval of the Director of the Mint, as to price, terms, and quantity, shall purchase such bullion with the bullion fund. The gain arising from the coinage of such silver bullion into coin of a nominal value exceeding the cost thereof shall be credited to a special fund denominated the silver-profit fund. This fund shall be charged with the wastage incurred in such coinage, with the recoinage loss on silver coins recoined pursuant to section 9 of the act approved March 14, 1900, chapter 41 (31 Stat. 48), as amended (U. S. C., 1946 edition, title 31, sec. 320), and with the cost of distributing silver coins. The balance remaining to the credit of this fund shall be from time to time, and at least twice a year, covered into the Treasury of the United States."

INCREASE IN COMPENSATION FOR WORLD WAR I PRESUMPTIVE SERVICE-CONNECTED CASES

The bill (R. R. 5598) to increase compensation for World War I presumptive service-connected cases, provide minimum ratings for service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and redefine the terms "line of duty" and "willful misconduct," was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. HENDRICKSON. Mr. President, reserving the right to object, I wish to say that the remainder of the bills on the calendar came in late, without committee reports. I do not think there has been ample time to study any of them. I feel inclined to object, unless Senators sponsoring the bills will make thoroughgoing explanations.

Mr. GEORGE. Did I understand the Senator to object to House bill 5598?

Mr. HENDRICKSON. Yes; I said I was inclined to object unless Senators who were sponsoring the bill would make a thoroughgoing explanation, because the bill and the remaining bills came late and were without reports, so we have not had time to make an ample study of any of them.

Mr. GEORGE. Mr. President, I very much hope that we may consider the bill. Let me make a statement respecting it. The House has passed two general veterans bills at this session. One is a very ambitious bill covering the whole of the armed services, veterans of both wars. This bill is, however, a bill which deals with existing compensable cases, and it merely provides certain increases.

Mr. HENDRICKSON. Mr. President, I withhold any objection to this bill.

Mr. GEORGE. Mr. President, the bill does certain things, and I think the Senate would like to understand what they are. There is one expensive provision in the bill, but it is a provision which gives to the widows and to the children of deceased veterans certain increases in their present allowances. For instance, under present law a widow without a child receives $75. Under present law a widow with one child received $100, with $15 additional for each child. The bill changes that by giving to the widow with one child $105 per month, with $25 for each additional child. That is, it increases the allowance to the widow by $5 a month, and increases the allowance for additional children by $10, from $15 to $25. It does not increase the pension of a total orphan, because in the bill last year we fixed that compensation rather liberally. It does not increase any of the other benefits payable to widows and children of veterans of the several wars. The total cost of that item runs rather high. Nevertheless, in the light of advancing living costs, it was deemed by the committee advisable to make that change.

Another provision in the bill gives to veterans with presumptively service-connected disabilities, and who now receive 75 percent of the compensation which they would receive if they had been able to establish their service-connected disabilities without the use of the presumption, 100 percent instead of 75 percent. The committee and the House agreed on the point that there was no good reason in morals why a veteran who could establish his disability only by resort to presumption under the law of the land should not receive 100 percent for the degree of disability as rated by the Veterans' Administration.

It will be remembered that the old Economy Act eliminated, in the first instance, nearly all the compensation payable to veterans. That compensation has been restored, with this single exception. When the restoration was made we saw fit to say that the presumptively service-connected disability cases should receive 75 percent of the amount which they would receive if the service-connected feature of the disabilities were established other than by the presumption. They had actual disability. They were frequently unable, because of the absence of records in World War I, to establish by positive proof the service connection with their disability, but the Congress itself gave to the veteran a presumption, in certain extremely dangerous illnesses and disabilities, and the Veterans' Administration recognized that in its regulations. So this bill does not add anyone to the rolls, but it gives to the veteran whose disability is presumptively service-connected about $12 a month more for total disability. It increases his allowance from 75 percent to 100 percent of the disability allowance which he would draw; and so on, through the scale.

The bill also increases by about 8.7 percent the compensation now payable to veterans, from the basic 10-percent rating which entitles a veteran to compensation up to total disability. For example, a veteran whose disability is rated at 10 percent now draws compensation of $13.80 a month. The bill would increase it to $15. Under existing law one who is rated 20 percent disabled draws compensation of $27.60. The bill would increase it to $30; and so on up to total disability. One who is rated totally disabled now draws $138 a month. The bill would increase his compensation to $150. There is an average increase of about 8.7 percent.

All the veterans' organizations without exception have endorsed the bill. I should be perfectly fair and say that they insisted on a greater increase, but they have all endorsed the bill. The Senate committee did not see fit to change the bill, but adopted it as the House approved it.

There are some other changes in existing law made by the bill, but I have called attention to the principal changes. I now call attention to one last change in existing law. It would not add greatly to the expense.

Under existing law if a veteran who is confined under a court-martial sentence or under the order of a civil court is killed or injured, he is denied compensation, because under paragraph 8 of Veterans Regulation No. 10 it is provided that the injury or disease incurred during military or naval service will be deemed to have been incurred in line of duty, and not the result of the veteran's own misconduct, except in certain instances. Among those instances is the case which I have last stated, in which the veteran, at the time of his injury or death, was confined under a court-martial sentence or under the order of a civil court.

The committee heard evidence on this question, and we had some very deplorable examples presented to us. In one case a veteran was incarcerated in the barracks for a very minor offense. The guard suddenly went off balance and beat up the veteran, and finally killed him. His dependents were denied compensation because it was said that he was under sentence of a court martial, and therefore could not receive it.

What the committee has done is to provide that if the injury is received, or death results while he is confined under a court-martial sentence which does not carry with it dismissal from the service or dishonorable discharge, and if the injury or death results while he is serving a civil sentence for a mere misdemeanor not reaching the grade of felony under the law of the jurisdiction which imposed the sentence, he shall be entitled to receive compensation.

We have tried to preserve, and by this bill we will preserve, the right of the veteran and his dependents to such compensation as the law allows in all cases in which he receives his injury or dies as a result of some criminal offense by another while he is serving a court-martial sentence which does not carry with it dismissal from the service or dishonorable discharge, or if he is merely serving a civil sentence, as in the case in which a veteran off duty might be arrested because he was intoxicated. It is obvious that his offense in these two classes of cases did not contribute to

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his death, and it is obvious also that his death or injury was not the result of any willful misconduct on his part, in the sense that his injury or death was not the proximate result of the minor offense for which he was court martialed or for which he was arrested by civil authorities.

After careful consideration, and after rather full hearings, the Finance Committee decided to recommend to the Senate approval of the bill. So I hope that the Senate will pass it.

Mr. HENDRICKSON. Mr. President, I thank the distinguished Senator from Georgia for his very complete explanation.

The PRESIDING OFFICER. Is there objection to the present consideration of House bill 5598?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (H. R. 1161) to provide for the conversion of national banking associations into and their merger or consolidation with State banks, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 250) to authorize the Federal Security Administration to assist the States in the development of community recreation programs for the people of the United States, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2560) to amend the Federal Credit Union Act was announced as next in order.

Mr. HENDRICKSON. Over.

The PRESIDING OFFICER. The bill will be passed over

The bill (H. R. 5332) to amend section 3 of the act of June 18, 1934, relating to the establishment of foreign trade zones was announced as next in order.

Mr. DONNELL. Mr. President, reserving the right to object, I desire to call attention to the fact that this bill contains a committee amendment denominated section 2, which, in my opinion, is of such far-reaching consequence as a precedent that it is unwise on the call of the calendar to take up the bill at this time with that provision in it.

The effect of section 2 of the bill was called to my attention in a telegraphic message from Mr. Howard I. Young, of St. Louis, Mo., who is president of the American Mining Congress. He did not sign the message in that capacity, but he signed it in his personal capacity. I may say I have great confidence in his judgment. He pointed out, in the course of his message to me, that, as he put it, the "rider"—

permits shipping of domestic zinc ores into foreign country, namely, Canada, for conversion into metal and then permits metal to be reshipped into United States duty-free.

He then says in his message:

This is against the interests of American industry and establishes a precedent that, in my judgment, would be very dangerous in a number of manufacturing lines other than mining and smelting.

Obviously, Mr. President, the apprehension of Mr. Young, I think, is well founded, because if this amendment were to be adopted as a precedent, even though a report of the committee disclaims it as a precedent, I take it that in fact it would become a precedent; and it would mean that Congress was establishing a principle by which raw material might be shipped out of the United States to some other country, there manufactured by the use of cheap labor, and then brought back into the United States duty free. The particular portion of the Revenue Act which is referred to in section 2 is the free list; and the effect of the bill, as I have indicated, is to place zinc metal upon the free list, although the work upon it in the smelter would be done on foreign soil.

I take it, for illustration, that in the case of textiles, if we were to adopt this precedent, it might be said by some persons, "Let us export the raw material to Quebec, where there is cheap labor, and let it be manufactured there into the finished product, and then returned to the United States duty-free."

Likewise, Mr. President, in the case of zinc ore or other ores, it would be entirely possible for them to be transported from the southwestern part of the United States, perhaps from Arizona or western Texas, into Mexico, and there smelted by the use of cheap labor, and then returned to our country duty-free, upon the free list, thus making competition with our own more highly paid labor; and it might well be impossible to meet such competition.

So, by reason of the far-reaching effect of the amendment as a precedent, although I have no objection at all to having the Senate in due time consider the question, with proper opportunity for debate, I suggest most respectfully that the bill should not be taken up on the Consent Calendar. Therefore, I object.

Mr. GEORGE. Mr. President, will the Senator withhold his objection for a moment?

Mr. DONNELL. I withhold the objection temporarily.

Mr. GEORGE. Will the Senator permit me to say that it has been represented to me that the proponents of this amendment probably will be willing to withdraw it without prejudice, because they might subsequently consider it at the next session of Congress, at a time when there might be full opportunity to consider it.

If the distinguished Senator will permit me to do so, I should like to say in this connection that the committee itself was in some doubt about this amendment. I see now in the Chamber various members of the Finance Committee, including the distinguished Senator from Pennsylvania [Mr. MARTIN], who will agree with me, I am sure, when I say that we were in some doubt about the amendment, not because in this particular case it could not be justified, but because it might become a precedent which might lead to trouble in the future.

I myself would not wish to withdraw the amendment; but if it is agreeable to the proponents of this particular amendment—and let me say it is the only amendment offered to the bill—I would gladly join in the request that the Senate disagree to the amendment; and if the amendment is removed from the bill, then the Senate could proceed to pass the bill in the same form in which it was when it was passed by the House of Representatives. I think there can be no reasonable objection to the bill as it was passed by the House of Representatives, because it contains only certain important but more or less minor amendments to the Foreign Trade Zone Act.

In this connection, I wish to say that the Senator from Nevada [Mr. MCCARRAN] at first offered this amendment in behalf of himself and the junior Senator from Washington [Mr. CAIN], or perhaps both of the Senators from Washington, but certainly on behalf of the junior Senator from Washington [Mr. CAIN], whom I see now on the floor; and it was urged before the committee by the junior Senator from Washington, in the absence of the Senator from Nevada, when the amendment was actually considered by the committee.

Mr. President, I realize that perhaps the bill with this amendment ought not to be pressed upon the Senate. But if the amendment is eliminated, I hope there will be no objection to the bill as it was passed by the House of Representatives.

Mr. DONNELL. Mr. President——

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). The time of the Senator from Missouri has expired.

Mr. DONNELL. Mr. President, I should like to obtain unanimous consent to speak for an additional minute.

Mr. WHERRY. Mr. President, I ask unanimous consent that the distinguished Senator from Missouri be permitted to have 2 minutes of additional time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DONNELL. I thank the Senator.

Mr. President, I may say that I have not studied the other portion of the bill. I should not, in view of my lack of knowledge of it, interpose objection, because doubtless other Senators have studied the bill. So far as I personally am concerned, if the amendment is withdrawn, I would not object to having the Senate act upon the bill at this time.

Mr. CAIN. Mr. President, the junior Senator from Washington had originally joined with the senior Senator from Nevada [Mr. MCCARRAN] in offering the amendment. Both of us are pleased that no criticism was made of the amendment. Both of us are conscious that concern is shared by some that a precedent would be established if the amendment were adopted.

The senior Senator from Nevada and I are hopeful that in due time, preferably in the early part of the next session, the subject matter of this amendment will be

reconsidered. The junior Senator from Washington has so been assured by the senior Senator from Georgia [Mr. GEORGE].

I think I can safely speak for the senior Senator from Nevada [Mr. MCCARRAN], although, as all of us know, he is in Europe at this time. I think he would have me say for him, as I wish to say for myself, that as the authors of this amendment, and deep though our disappointment is that it is not to prevail now, we have no disposition of any kind to hold in jeopardy the basic legislation to which it was proposed to be attached. So, with the permission of the senior Senator from Georgia, I should like to withdraw the amendment at this time.

Mr. GEORGE. Mr. President, I have already indicated that I would have no objection to joining in such a request.

Mr. AIKEN. Mr. President, let me point out another side of the picture which has been painted by the Senator from Missouri. I come from a State where large quantities of minerals and metals are being lost every year because there is no way to recover them. In my State byproducts from mines, particularly copper mines, cannot be recovered except by the electrolytic process, and there simply is not sufficient power in the northeastern area of the United States to permit the recovery of millions of dollars' worth of metals which are going to waste each year. Certain interests have been strong enough to prevent the development of power in the northeastern United States in adequate quantities to permit the recovery of those metals.

Over the border, a few miles away in the Province of Quebec, there is available power which, if it could be used to recover these metals and minerals, would be sufficient for that purpose. But the trouble is, when the ore is sent there to be smelted, it cannot come back across the border without payment of exorbitant tariffs.

I am sorry the amendment has been withdrawn from the bill. I do not know what the rest of the bill is, but it is the amendment that appeals to me because I know it would mean so much to my own State, and so much to the country as a whole, if the metals could be saved instead of being lost. I certainly hope that in the near future the Congress will take some such action as that proposed by the amendment because I believe the strength and the security of our country depend upon using to the fullest extent our available resources instead of destroying them. But I hope even more that those who today have blocked the development of power in the northeastern section of the United States will see that the security of their country depends upon the development of power and will change their minds and help strengthen their country instead of blocking these developments.

Mr. HUMPHREY. Mr. President, I send to the desk an amendment to the bill H. R. 5332.

Mr. DONNELL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Chair states there is a committee amendment which has to be disposed of before the amendment will be in order.

Mr. DONNELL. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. DONNELL. Is the amendment to section 2 withdrawn?

The PRESIDING OFFICER. The amendment has not yet been acted upon by the Senate. The amendment is still in the bill.

Mr. CAIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAIN. How may the amendment be removed from the bill?

The PRESIDING OFFICER. By the Senate disagreeing to it, if that is the wish of the Senate. Is there objection to the present consideration of the bill?

Mr. DONNELL. Mr. President, reserving the right to object, I do object, unless this amendment shall be withdrawn.

Mr. AIKEN. Mr. President, I object, anyway.

The PRESIDING OFFICER. Does the Senator object to the consideration of the bill?

Mr. AIKEN. Yes.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

IMPROVEMENTS IN CEMETERY PLOTS AT BLUE GRASS ORDNANCE DEPOT, RICHMOND, KY.

Mr. CHAPMAN. Mr. President, I ask unanimous consent for the present consideration of the Senate bill 2290.

Mr. LUCAS. Mr. President, a number of bills have now been passed to the foot of the calendar, and I think we should take up the bills in the order in which they appear upon the calendar. If we do that, we shall first return to Calendar No. 382.

Mr. PEPPER. Mr. President, I understand these were to be called up in the order in which they were originally called.

The PRESIDING OFFICER. The Chair understood the Senator from Kentucky to be making a unanimous-consent request in accordance with an understanding with the majority and minority leaders, to bring up a bill which is not yet on the calendar.

Mr. CHAPMAN. That is true.

The PRESIDING OFFICER. And which will be reported to the calendar; so it is not yet a question of returning to any bill on the calendar.

Mr. LUCAS. Very well.

The PRESIDING OFFICER. The Senator from Kentucky will complete his unanimous-consent request.

Mr. CHAPMAN. I have asked unanimous consent, Mr. President. I discussed the matter earlier in the session with both the distinguished majority leader and the distinguished minority leader, and also with the distinguished Senators from New Jersey and Kansas. It is a bill which was reported by the Committee on Armed Services at what will probably be its last meeting for the session.

During the recent war, the Government acquired some 12,000 or 14,000 acres of the best farm land in Madison County, Ky., for the establishment of the Blue Grass Ordnance Depot, which is now becoming a permanent installation of the Department of the Army. The tract of land consisted of approximately 140 farms, some of which were small farms with modest farm homes. Some of the homes were magnificent old-fashioned southern mansions. That section of Madison County was inhabited largely by people who were of the old pioneer stock. Many of those farms were occupied and operated by families whose ancestors had lived on the land since the earliest days of Kentucky. Some of them had come there as contemporaries of Daniel Boone, who built Fort Boonesborough in the county of Madison. Those people did not complain when the Government took their land and homes for military use. They were glad to send their sons to wear the country's uniform in the war. I have in mind one father and mother whose ancestors are buried in that land, who gave six sons to the World War, and whose seventh son is now a midshipman at Annapolis.

When the Army engineers took over those farms, although it was not written in the deeds of conveyance, I have personal knowledge that they agreed with the owners of the farms that, at the proper time, suitable provision would be made for reinterment in an appropriate manner of the bodies of the people who were buried in the numerous old-fashioned family burying grounds near the homes and on the farms, according to an old custom in that section of the country. As a result there were disinterred approximately a thousand white people and probably 800 or 900 colored people, who in the course of the past 150 years had been buried in the family burying grounds. They put them in two improvised and very inadequate cemeteries. The engineers wanted to carry out their promises in good faith, but when they investigated they found that they had no legal authority to provide suitable burying grounds in compliance with the Government's moral obligation.

The bill was reported by the Committee on Armed Services with the approval of the Department of the Army and the recommendation of the Bureau of the Budget, to authorize the appropriation of $6,100 to put the cemeteries in proper condition.

The PRESIDING OFFICER. The clerk will state the bill by title.

The CHIEF CLERK. A bill (S. 2290) to authorize an appropriation for the making of necessary improvements in the cemetery plots at the Blue Grass Ordnance Depot, Richmond, Ky.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the sum of $6,100 is hereby authorized to be appropriated to be expended under the direction of the Secretary of the Army and the supervision of the

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Chief of Engineers for the relocation of, and the making of necessary improvements in the cemetery plots at the Blue Grass Ordnance Depot, Richmond, Ky.

JOINT DEVELOPMENT OF HYDROELECTRIC POWER AT FALCON DAM ON THE RIO GRANDE

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to return to Calendar 978, House bill 5773. The Senator who made the objection has since agreed to withdraw it.

The PRESIDING OFFICER. The clerk will state the bill by title.

The CHIEF CLERK. A bill (H. R. 5773) to authorize the carrying out of the provisions of article 7 of the treaty of February 3, 1944, between the United States and Mexico, regarding the joint development of hydroelectric power at Falcon Dam, on the Rio Grande, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

AMENDMENT OF FOREIGN TRADE ZONE ACT

Mr. McCARTHY, Mr. HUMPHREY, Mr. MYERS, and Mr. LUCAS addressed the Chair.

The PRESIDING OFFICER. Before recognizing the Senator from Wisconsin, the Chair may say that he is informed by the Senator from Wisconsin that the objection to the last bill on the calendar has been withdrawn, and it is the intention at this time to ask unanimous consent to return to that bill.

Mr. McCARTHY. It is Order No. 1118, House bill 5332. That is my request, Mr. President.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 5332) to amend section 3 of the act of June 18, 1934, relating to the establishment of foreign-trade zones, which had been reported from the Committee on Finance, with an amendment, on page 6, after line 4, to insert a new section 2, as follows:

SEC. 2. (a) Paragraph 1615 of the Tariff Act of 1930, as amended (U. S. C., 1946 ed., title 19, sec. 1201, par. 1615), is further amended by redesignating subparagraph (h) thereof as subparagraph (i) and by inserting a new subparagraph to read as follows:

"(h) Zinc in blocks, pigs, or slabs, when entered, or withdrawn from warehouse, for consumption by or for the account of a person who within 60 days before such entry or withdrawal has exported to any foreign country, without remission or refund of duty and without benefit of draw-back, zinc-bearing concentrates produced in the United States: *Provided*, That the total weight of all entries and withdrawals under this subparagraph of zinc by any person shall not exceed at any time 85 percent of the weight of the zinc content of concentrates exported by him within the specified 60-day period."

(b) This section shall be effective as to such merchandise entered, or withdrawn from warehouse, for consumption on or after the thirty-first day following the date of its enactment.

The amendment was rejected.

Mr. WHERRY. Mr. President, is that the amendment we were to disagree to?

The PRESIDING OFFICER. That is correct.

Mr. WHERRY. And the amendment has now been disagreed to?

The PRESIDING OFFICER. That is correct.

Mr. HUMPHREY. Mr. President, may I call up my amendment?

Mr. CAIN. Mr. President, I should like to send to the desk another amendment to the bill, which has been discussed with the senior Senator from Georgia, and which I think is acceptable to him.

The PRESIDING OFFICER. The Chair wishes to say the Senator from Minnesota [Mr. HUMPHREY] had previously sent to the desk an amendment, which had been held pending disposition of the committee amendment.

Mr. CAIN. I beg the Chair's pardon. I thought the amendment was to another bill.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, before the amendment is read, may I say it is presented in behalf of the Senator from Wisconsin [Mr. McCARTHY], the Senator from Nebraska [Mr. WHERRY], and myself. It has been discussed with the distinguished chairman of the Finance Committee, and, as I understand, the chairman of the committee said he would take it to conference with his approval and with his help.

Mr. DONNELL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The clerk will first state the amendment.

Mr. DONNELL. Mr. President, may I ask what the Senate is now considering?

The PRESIDING OFFICER. House bill 5332, the last bill on the calendar. It is being considered now without the amendment to which the Senator from Missouri objected.

Mr. DONNELL. Without the amendment?

The PRESIDING OFFICER. That is correct.

Mr. DONNELL. Mr. President, another parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DONNELL. Am I correct in understanding that the amendment, that is to say, to section 2 of the bill H. R. 5332, has been rejected?

The PRESIDING OFFICER. The Senator is correct, and now an amendment has been proposed by the Senator from Minnesota [Mr. HUMPHREY] on behalf of himself, the Senator from Nebraska [Mr. WHERRY], and the Senator from Wisconsin [Mr. McCARTHY]. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed on page 6, following line 6, to add a new section, as follows:

SEC. 4. Paragraph 1519 of the Tariff Act of 1930, as amended, is hereby amended by adding at the end thereof a new subparagraph to read as follows:

"G. The President shall establish such regulations on the importation of furs and fur articles as are determined necessary by the Tariff Commission to prevent serious injury to the domestic fur-producing industry."

The PRESIDING OFFICER. Is there objection?

Mr. MAYBANK. Mr. President, I object for the reason that I do not think such an amendment should be attached to the bill at this late hour. There were objections to the consideration of Order No. 1111, Senate bill 2197. I ask the distinguished majority leader if he can bring up the point-4 program at this time. If he does not want to bring it up, I shall object to any bill brought up out of order.

The PRESIDING OFFICER. The Chair was in error in asking if there were objection. The Chair should have put the question on the amendment.

The question is on agreeing to the amendment offered by the Senator from Minnesota.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Washington [Mr. CAIN].

The LEGISLATIVE CLERK. It is proposed to amend paragraph 1803 of the Tariff Act of 1930, as amended, by adding at the end thereof the following new subparagraph:

(3) Evergreen Christmas trees.

This section shall be effective as to articles entered for consumption or withdrawn from warehouses for consumption on or after the first day of the first month which begins more than 10 days after the date of enactment of this act.

Mr. LUCAS. Mr. President, do I correctly understand that the Senator from Washington has talked with the Senator from Georgia [Mr. GEORGE] with reference to this amendment?

Mr. CAIN. I have, and the Senator from Georgia has agreed to accept this amendment, partly for the reason that in the form of a bill it was passed by the House in the last session of Congress, and partly because the Treasury Department approves the removal of the import duty.

Mr. LUCAS. Did the Senator from Georgia agree to accept the amendment?

Mr. CAIN. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An act to amend section 3 of the act of June 18, 1934, relating to the establishment of foreign-trade zones, to encourage the development of new domestic sources of zinc ores, and for other purposes."

Mr. DONNELL. Mr. President, there was much confusion a few moments ago when the quick action was taken. I do not mean that in any unpleasant sense; perhaps I was slow, but I want to understand what was done. Am I correct in understanding that section 2 of House bill 5332, namely, the committee amendment, has been withdrawn and an amendment has been proposed by the Senator from Washington, which has

been adopted, and that the amendment with respect to Christmas trees is included?

The PRESIDING OFFICER. The Chair will state that section 2, or the committee amendment, was rejected by the Senate. Then the amendment offered by the Senator from Minnesota, the Senator from Nebraska, and the Senator from Wisconsin, was adopted by the Senate.

Mr. DONNELL. The one relating to furs?

The PRESIDING OFFICER. Yes. Then an amendment offered by the Senator from Washington [Mr. CAIN] was adopted by the Senate. Then the bill, as amended, was passed.

GUARANTY OF AMERICAN INVESTMENTS IN FOREIGN COUNTRIES

Mr. MAYBANK. Mr. President——

The PRESIDING OFFICER. The Senate will now return to the bills which have been passed to the foot of the calendar. The clerk advises the Chair that he has the bills in order, and, if it is agreeable to the Senate, they will be reported in order.

Mr. MAYBANK. Mr. President, the so-called point-4 bill has been mentioned. It is not my intention, as the author of the bill, to call it up this evening, but I wanted to ask the distinguished majority leader if he would attempt, after the pay bills have been considered and passed in the next few days, to bring up that very important bill in which the President of the United States, business people, and others are interested.

Mr. LUCAS. In reply to the inquiry of the Senator, I will say that we shall, without doubt, bring up the bill known as the point-4 bill, reported unanimously by the Committee on Banking and Currency, for the consideration of the Senate.

Mr. CAPEHART. Mr. President, I should like to say a word with regard to Senate bill 2197. That bill, in my opinion, is poorly drawn. The bill does not provide what the committee report states is its purpose. I should like to invite the attention of the Senate to page 2 of the bill and to the words "to guarantee United States private capital invested in productive enterprises abroad which contribute to economic development in foreign countries against risks peculiar to such investments."

Mr. President, that could mean anything. The author of the bill maintains that it means only to guarantee the convertibility of currency. If that is what the author of the bill means, let him say so.

Mr. MAYBANK. Mr. President, the clerk of the committee sent to every member of the committee a copy of the full hearings and asked him to read them. We held a meeting and the bill was unanimously reported.

Mr. CAPEHART. I was not a member of the subcommittee.

Mr. MAYBANK. The hearings were held by the full committee, and the Government officials, bankers, and businessmen were heard.

Mr. CAPEHART. Mr. President, I am opposed to the bill. It is dangerous. It is badly worded, and I shall fight it, and shall be ready to do so at any time the majority leader wishes to bring it up.

I did not particularly like the attitude of the chairman of the Banking and Currency Committee when he stood on the floor a moment ago and said he would object to the consideration of every bill, unless this bill were passed.

Mr. MAYBANK. I beg the Senator's pardon——

Mr. CAPEHART. I apologize to the able Senator from South Carolina, if I have misquoted him.

Mr. MAYBANK. I never said such a thing as that which the Senator from Indiana attributes to me. I have objected to the consideration of no bill today. I objected to one amendment, because the distinguished Senator from Georgia [Mr. GEORGE] was not present, but when I found out that he was in agreement with the amendment suggested by the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Washington [Mr. CAIN] I withdrew my objection.

Mr. CAPEHART. Mr. President, the able Senator stated on the floor of the Senate—I heard him—that he would object to taking up the amendment, section 2, because Order No. 1111, Senate bill 2197, had been objected to. Then the able Presiding Officer put the question on the amendment, and it was rejected. I stand on my ground that that is what happened.

Mr. MAYBANK. If the Senator will further yield——

Mr. CAPEHART. I do not like the idea, when a Senator seriously and sincerely objects to a bill of some other Senator saying, "Well, if you are going to object to that, I shall object to something else." I am sincere when I say that the bill I am discussing is one which should be considered. It should be debated, because when this Nation starts guaranteeing foreign investments—and that is what the bill does, that is what it says, though perhaps its sponsors do not mean that—when this Nation starts guaranteeing private investments in foreign countries, I say that the United States Senate should take a good look at the measure, that it should be debated, and that we should know what we are doing before we enact such a law.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. MAYBANK. Mr. President, I appreciate very much what the Senator from Indiana has said about the importance of understanding fully what we may do in connection with any matter relating to what he refers to as guaranteeing foreign investments. The distinguished majority leader rose on the floor and suggested to the Acting President of the Senate that the bills which had been passed over and were at the foot of the calendar be taken up in their order. It was then that I rose and objected to the amendment on a bill because it was not in order. I said I objected until I could make the statement I made about Senate bill 2197. It was only after the Senator from Illinois, the majority leader, had stated that we would take the bills up in the order in which they had been placed at the foot of the calendar. I made the statement not as an objection to any bill. I did not object to any bill. I made the statement that I did not intend to ask the Senate to bring up Senate bill 2197 tonight, and when I objected to the amendment, I only objected to it because the Senator from Illinois, the majority leader, had first suggested that bills be brought up in the order in which they had been placed at the foot of the calendar. It was then that the Senator from Kentucky came in and said he had a bill referring to lands in Kentucky which had not been objected to, which was agreed upon by the majority and minority leaders. I certainly never said that I intended to object to all bills and all amendments unless some bill which was unanimously reported from the Committee on Banking and Currency was considered tonight. I am in agreement with the Senator from Indiana, as I told him a short while ago, that we would not bring the bill up tonight, but that we intended to bring the bill up at a later date.

I hope the RECORD will be clear that the Senator from Illinois suggested that the bills at the foot of the calendar would be taken up in their order. It was then that I rose only on an amendment. I am certain that the Presiding Officer does not suggest that I was out of order.

Mr. CAPEHART. Mr. President, I certainly wish to withdraw any statement I made if it in any way offends the Senator from South Carolina.

Mr. MAYBANK. I appreciate that, because I have great respect for the Senator from Indiana. When I rose it was because the Senator from Illinois had made his suggestion.

CARL PIOWATY AND W. J. PIOWATY

The PRESIDING OFFICER. The clerk will state by title the first bill passed over.

The LEGISLATIVE CLERK. A bill (S. 478) for the relief of Carl Piowaty and W. J. Piowaty.

Mr. SCHOEPPEL. Over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. PEPPER subsequently said: Mr. President, I wish to inquire whether there could be any mistake about Order of Business 382, Senate bill 478. I have been told it was passed over.

The PRESIDING OFFICER. Calendar 382, Senate bill 478, was passed over.

Mr. PEPPER. I thought there might have been a mistake in that. I ask unanimous consent that the bill be called again, so that there may be a correction of any possible mistake, if there was no objection.

Mr. SCHOEPPEL. Mr. President, objection was made. I lodged the objection pursuant to a request.

Mr. PEPPER. I thank the Senator. I did not understand that there was objection to the bill. That is why I was a little surprised, because I thought some Senators who previously had considered an objection were not pressing it, and I thought perhaps the bill might have been passed.

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VIKTOR A. KRAVCHENKO

The PRESIDING OFFICER. The clerk will state the next bill passed over.

The LEGISLATIVE CLERK. A bill (S. 1915) for the relief of Viktor A. Kravchenko.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Attorney General is directed to record the admission to the United States on August 18, 1943, at Niagara Falls, N. Y., of the alien Viktor A. Kravchenko, as a lawful admission for permanent residence. In the administration of the immigration laws, the said Viktor A. Kravchenko shall not be regarded as having been at any time prior to the enactment of this act a person within the provisions of the act of October 16, 1918, as amended (U. S. C., 1940 ed., title 8, sec. 137), or those parts of sections 9 and 19 (a) of the act of February 5, 1917, as amended (U. S. C., 1940 ed., title 8, secs. 136 and 155 (a)), which relate to aliens who advocate or teach the unlawful destruction of property or anarchy, or the overthrow by force or violence of the Government of the United States or of all forms of law or the assassination of public officials, or similar classes, and he may be naturalized, if otherwise eligible, regardless of the provisions of section 305 of the Nationality Act of 1940, as amended (U. S. C., 1940 ed., title 8, sec. 705).

SEC. 2. Upon the enactment of this act, the Secretary of State shall reduce by one number the quota of the alien's nationality for the fiscal year then current or next following.

RESTOCKING AND CONSERVATION OF GAME IN EGLIN FIELD RESERVE

The PRESIDING OFFICER. The clerk will state by title the next bill passed over.

The LEGISLATIVE CLERK. A bill (H. R. 2418) to authorize restocking, propagation, and conservation of game in Eglin Field Reserve.

Mr. HOLLAND. Mr. President, when this bill was reached earlier in the afternoon the Senator from Kansas [Mr. SCHOEPPEL] objected. Since that time he has shown me an amendment in the nature of a substitute bill which is perfectly all right, and which both my colleague and I will gladly accept in lieu of the House bill which was pending.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objecton, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and to insert:

That the Secretary of the Air Force is hereby authorized and directed to carry out a program of planning, development, maintenance, and coordination of wildlife, fish, and game conservation and rehabilitation in the Eglin Field reservation in cooperation with the Secretary of the Interior through the Fish and Wildlife Service. The Secretary of the Air Force is hereby authorized and directed to adopt suitable regulations for such conservation and rehabilitation in accordance with a general plan agreed upon between the Secretary of the Air Force and the Secretary of the Interior including provisions for the restocking, propagation and conservation of game and fish in said reservation. Such regulations shall provide for the issuance of hunting and fishing permits to individuals and shall require the payment of a nominal fee thereof, which fees shall be utilized for restocking, propagation, and other related wildlife activities in said reservation. Such regulations shall not be inconsistent with, insofar as possible, the law and regulations of the State of Florida relating to hunting and fishing.

SEC. 2. That the Secretary of the Air Force is hereby authorized and directed to expend a sum equal to all sums heretofore or hereafter accumulated by the Air Force from money collected through the sale of game permits in the Eglin Field Reservation prior to and after the adoption of the program authorized by this act for the purposes of said program. Proper accounting of funds thus expended shall be made at the direction of the Secretary.

SEC. 3. That the Department of the Air Force is held free from any liability to pay into the Treasury of the United States upon the operation of said program authorized by this act any funds which may have been or hereafter be expended by the United States Air Force to carry out the purposes of said program, and which expenditure has been properly accounted for to the Comptroller General of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HOLLAND. Mr. President, I should like to ask the distinguished Senator one question.

Mr. SCHOEPPEL. I yield.

Mr. HOLLAND. Is it correct, as I understand it to be, that the sole function of the Fish and Wildlife Service under the proposed substitute is advisory, consultative?

Mr. SCHOEPPEL. The Senator is correct.

Mr. HOLLAND. I thank the Senator.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to promote effectual planning, development, maintenance, and coordination of wildlife, fish and game conservation, and rehabilitation in the Eglin Field Reservation."

Mr. CORDON. Mr. President, referring to Order of Business 651, House bill 2418, for which a substitute bill was offered, does the substitute provide that permits for fishing or hunting on the reserve are open without discrimination to anyone? I shall clarify my question further by asking whether they are open to members of the armed services alone, or to civilians or others who may request permits.

Mr. HOLLAND. Permits are to be issued to all hunters or fishermen who apply. The reason why the Air Force has to have complete jurisdiction in the matter is because this area is a bombing range, where the Air Force uses active, live service ammunition, and it is not safe except at such time as the Air Force clears it for occupancy. Therefore it has to be supervised rigidly by the Air Force rather than by any other agency.

BILL PASSED OVER

The PRESIDING OFFICER. The clerk will state the next bill passed over.

The LEGISLATIVE CLERK. A bill (S. 384) to authorize the Commissioner of Public Buildings to convey to the Temple Methodist Church, a nonprofit corporation, of San Francisco, Calif., a portion of the federally owned building known as 100 McAlister Street, San Francisco, Calif., and for other purposes.

The PRESIDING OFFICER. Is there objection?

Mr. WILLIAMS. Over.

The PRESIDING OFFICER. The bill will be passed over.

BILL PASSED OVER

The PRESIDING OFFICER. The next bill passed to the foot of the calendar will be stated.

The bill (H. R. 5647) to prohibit the picketing of United States courts was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. CAIN. Mr. President, reserving the rights to object, what was the calendar number, please?

The PRESIDING OFFICER. Calendar No. 968.

Mr. CAIN. I have a list of the bills which have been cleared by the minority leader, and I have no objection.

Mr. SCHOEPPEL. I believe an objection was lodged against the bill by the Senator from North Dakota [Mr. LANGER]. I note he is absent from the Chamber. I should be loath to withdraw the objection to the measure, although I myself do not object.

The PRESIDING OFFICER. The bill will be passed over.

The clerk will call the next bill passed to the foot of the calendar.

MRS. GIOVANNA FOLLO DISCEPOLO

The bill (H. R. 5299) for the relief of Mrs. Giovanna Follo Discepolo was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. The clerk will call the next bill passed to the foot of the calendar.

MARY THOMAS SCHIEK

The bill (H. R. 3300) for the relief of Mary Thomas Schiek was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment on page 1, line 5, to strike out "$35,000" and insert in lieu thereof "$25,000."

Mr. McCARTHY. Mr. President, I move to amend the committee amendment by striking out "$25,000" and inserting in lieu thereof "$40,000."

Mr. President, I am not going to take more than a few minutes of the Senate's time on this matter. I ask unanimous consent, however, to have printed in the RECORD at this point a letter from the injured girl, Mary Thomas Schiek, to Mr.

Walter Lee, of the Judiciary Committee of the House of Representatives.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MILWAUKEE, WIS., *May 24, 1949.*

Re H. R. 3300.

Mr. WALTER LEE,

Judiciary Committee, House of Representatives, Washington, D. C.

DEAR MR. LEE: I hope you will forgive me for bothering you, because, since your name appears on the copies of the letters which Mr. Charles Boyd has sent me, I would like to consult you about my case.

I am writing concerning the request for a statement of my present condition.

I am worn out and discouraged at the thought of more examinations; I have been through years of undressing for one doctor after another. They cannot tell me anything. They cannot encourage me. They merely ask me questions, put down answers, and tell me it is too bad that I was so injured.

Ever since the doctors explained to me that these were to be permanent handicaps, I have tried to adjust to them and make the most of a bad deal—since I do have to live with my beat-up self for a long time.

Isn't it adding insult to injury to have me continually asked to prove my disabilities?

Here I've been trying to make my wobbly gait as inconspicuous as is possible considering that one can't hide a cane. I pretend I don't care if I can't wear shoes like other people because my feet are shriveled up. Out of respect for family and friends, I have tried not to force my disabilities upon them any more than necessary.

The day the letter came asking for proof of my disability, I had tried to walk a block and a half to the drug store; by the time I got back, even with the steel brace I wear, my back was so bad that the tears were running down my face—and I'm not the cry-easy kind—and then I was greeted by a letter wanting to know if I were still disabled.

I have tried so hard to be very honest about this whole case, Mr. Lee, and if I had gotten well, I surely would have dropped the case. There have been so many delays and problems and so many discussions about whether or not I am disabled that I am beginning to think that people thought I had made all this up, as though I were trying to do something dishonest, as though I were asking for a favor I did not deserve—instead of merely asking for justice from a group of wise and understanding men.

Mr. Lee, all the things in the old reports are still true. I certainly cannot work, even at a sitting-down job, because I cannot sit on a chair through a meal without my special cushion. My legs are still spastic in certain positions, and I have to call someone in the night to straighten them. The old shooting pains are still there and the feet are still cold and shrunken. The areas without sensation are still numb, and unless I look where I am to sit, I may miss the chair. The spine is still crooked at the bottom; the muscles have not filled in there and it is very obvious.

These have not changed; nor have the things outsiders cannot see but which are cruelest to bear—the great fatigue and the gnawing pain. I have to sleep long hours at night as well as in the afternoon. The littlest exertion exhausts me—and when one is tired one is less able to bear the pain.

Some people might like being forced to live in low gear, but I find it a frustrating, useless, and unproductive existence.

I've talked too long for a business letter, but I wanted a chance to explain. Couldn't you tell the men on the committee that my condition is unchanged? They'd believe you. They know I told the truth about that horrible nightmare of the treatment in India. They must believe that or they would not even be considering the case, so why can't they believe me now, and save me the embarrassment of these endless examinations.

I don't suppose Mr. Casper and Mr. Boyd would think it very businesslike of me to bother you, but to me, my back isn't just business—it's my life, so I was sure you'd be kind enough to read this and I know I feel better talking directly to you.

Couldn't you just tell them that there need be no more examinations? I am so weary and worn with all this that I should be deeply grateful.

Sincerely,

MARY THOMAS SCHIEK.

Mr. McCARTHY. Mr. President, briefly, I believe all Senators who are now present have been present all afternoon, so there is no need to rehash the facts in this case. The case deals with a girl serving with the Red Cross who was crippled for life, according to the Army and according to the committee report, because of the combined negligence of a truck driver in India and a doctor who, according to the committee report and according to the Army, was guilty of gross negligence and malpractice.

The girl, 4 years after the injury, is unable to control her bowel movements and cannot control her urine. She can walk a block or so, according to the committee report. She cannot sit in a chair without special braces on her feet; otherwise she will fall out of her chair.

She had a job before the war which paid her $2,600 a year. She cannot now work at that job. She has a life expectancy of roughly 38 years. The figure of $40,000 would give her about $1,000 a year. She had previously been earning $2,600 a year. So the $40,000 is entirely insufficient for her needs, and it does not provide anything to cover her pain and suffering, and the loss of the ordinary pleasures of life. Compensation for any such losses has been entirely thrown out the window.

The amount of $40,000 would mean much less than half her annual earnings over the period of her life expectancy. That is the way it is proposed to pay her for her injury. No statements have been made on the Senate floor indicating that hers is a charity case. It is not a charity case. It is the paying of a debt to this girl. We should not pay her less than we owe her. The Nation—I say the Nation, not the Senate—would be dishonest if it paid her less than it owed her.

Mr. HILL. The House allowed her $35,000, did it not?

Mr. McCARTHY. Yes.

Mr. HILL. The House examines such claims very carefully. I can say that as one who served there for a considerable period of time. They no doubt considered that money is not worth as much today as it was 2 years ago.

Mr. McCARTHY. The Senator is correct. The figure proposed by the committee 2 years ago would be about the same as $35,000 or $40,000 today.

Mr. President, the girl is crippled. The Army said she was not at fault. The committee said she was not at fault. For hospital care, nurses' care, and doctors' care, the sum of $25,000 would not last for many years. I ask that she be given $40,000. I do not ask for a yea-and-nay vote. It would require too long to have such a vote taken. I do, however, ask for a division on the question.

Mr. KILGORE. Mr. President, I feel under an obligation to defend the action of the Judiciary Committee on this claim. When I first came here we were paying $5,000 for such cases. I may say in passing that great play has been made of the word "malpractice." We have three and a half million employees in the United States Government. The taxpayers are paying the amount this girl will receive. If a private hospital had a doctor who was guilty of malpractice, that would be a different proposition, because the doctor and the hospital are paid for the services rendered.

A great play has also been made to the effect that she deserves more than another woman living in Philadelphia, a citizen and a taxpayer herself, who was injured.

Mr. President, I have the utmost sympathy for this girl, but I say with all due respect to my very good friend the Senator from Alabama [Mr. HILL], that the House Claims Committee has changed very materially since the Senator from Alabama left the House. If Senators could see some of the claims bills which come to the committee they would be surprised that the committee reports anything. The House says in effect, "We will get this through and leave it to the Senate to try to equalize the amount."

The payment we propose to make in this case is the highest payment that has ever been recommended by the Judiciary Committee of the United States Senate.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. KILGORE. I did not interrupt the Senator, and I decline to be interrupted. The Senator interrupted me while I was speaking before. I want to keep my thoughts connected, as I allowed the Senator to keep his thoughts connected.

Mr. President, the members of the Judiciary Committee are obliged to think of precedents. We have established a precedent by setting the figure at $25,000. We did not see the witnesses. We did not have an opportunity to talk to the doctors. We were simply obliged to decide the case on letters and evidence of that kind.

Usually we have to overrule the departments and recommend against them. In this case the Department recommended $15,000. But inasmuch as the committee decided to vote $25,000, I on the floor intend to stick to that decision of the committee, although I think we are establishing a very bad precedent.

As I said heretofore, the distinguished Senator from Wisconsin has talked about damage suits. I have practiced law a little in my time, and I have tried a few damage cases. I will leave it to any lawyer on the floor of the Senate if a litigant who wins a damage suit gets more than about 50 percent of what the jury awards, by the time he pays his expert witnesses and other fees. Such cases must be taken by lawyers on a contingent-fee basis because most of the clients are too poor to advance money to pay the legal expenses. The lawyer

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must take such cases on the contingent-fee basis and gamble on the outcome.

Mr. President, I say that the amount of $25,000, fixed by the committee, is the equivalent of about $50,000 judgment in any court.

If the Senate of the United States wants to do otherwise than as the committee has recommended, very well. But I think that if we are going to increase the amount above that recommended by the committee, the bill should be handled on the floor as a special measure, and debated on its merits. I have insisted for a long time that these cases should be tried out in a court. So far I have been unable to secure any action either in the committee or on the part of the Senate. I think such cases as this should be submitted to the United States district court for a finding of the facts, where the one who makes the recommendation has an opportunity to see and hear the witnesses testify. That is my feeling about the matter.

Mr. McCARTHY. Mr. President, before the Senator yields the floor, if he will——

Mr. KILGORE. Wait a minute.

Mr. McCARTHY. I simply wish to ask that the Senator, before he yields the floor——

Mr. KILGORE. I decline to yield, as I said to the Senator before when he rudely interrupted.

This is the way I feel about the matter, Mr. President: I hate to have claimants set their sights now on $40,000, then on $50,000, and then on $100,000. There are today 500 or 600 bills in the committee. I think we must realize that we are establishing policies here. We are going a great distance and far afield when a claim which merited a $5,000 payment in 1941 is meriting a $40,000 payment in 1949. What will it merit in 1952, in 1959, or in 1960? Precedents are always thrown in our faces. It will be said, "You voted so much in such and such a case, and you cannot give us less than that."

We must realize that we cannot presuppose malice on the part of the Government. We did not hear from the doctor. We do not know who the doctor was. He did not testify. We have only the word of one doctor against that of another. One doctor says that there was malpractice. If the doctor were being sued for malpractice, I doubt if the other doctor would make the same statement. I think it would be like the case which happened in my own State. A man's leg had been set backward, and when the case of malpractice was tried all the doctors swore how much better off the man was than before because he could not be tracked in the snow if he were getting away from his still. [Laughter.] I think we would run into a similar situation. The same doctor would not say that it was malpractice if he were called upon to testify in a suit.

So I urge Senators to be careful. If we are to start raising our sights and jacking things up, let us be prepared to bear the consequences; and let no Senator who votes for this amendment ever yell "economy" in my ears again.

The PRESIDING OFFICER. The time of the Senator from West Virginia has expired.

Mr. McCARTHY. Mr. President——

The PRESIDING OFFICER. The Senator from Wisconsin has used his time on the bill.

Mr. CAIN rose.

The PRESIDING OFFICER. Does the Senator from Washington wish to be heard?

Mr. CAIN. Mr. President, I should like to make one observation, if I may. I have no disposition to delay the Senate at this late hour, but I think this is an important question. I am constrained to believe that it should not be decided by a handful of Senators. I should like to suggest the absence of a quorum.

Mr. McCARTHY. Mr. President, will the Senator withhold his suggestion of the absence of a quorum? We are getting along toward the end of the year. This woman has lived for 4 years now. She has no means of support whatsoever. If the Senator asks that this bill go over, it means that she will wait another year.

I should like to ask the Senator a question before he suggests the absence of a quorum. Am I not correct in the statement that it is not a question of precedent, whether we would like to give $5,000, $10,000, or $15,000? The measure of damages when one injures another does not depend upon whether the damages must be paid by the taxpayers or by a private hospital.

It seems that tonight the Senator from West Virginia is determined to remember the taxpayers, which is an unusual position for him to find himself in. I have seen him vote for every appropriation which has been presented to the Senate. But regardless of whether the payment is being made by the taxpayers or a private hospital when someone is injured the rule of damages is not within the discretion of any man. The rule of damages is to make the injured person whole again. Would a figure of $5,000 make this lady whole financially? If that is true, then it would be wrong to give her $6,000 or $4,000. She can never be made whole physically. If $20,000 is required to make an injured person whole, it is wrong to give him $21,000 or $19,000. It is wrong to dwell on the figure of $25,000, and say that we are setting a precedent. We should ask ourselves only one thing. How badly was this woman injured? The committee found that she was crippled for life. How much was she making a year? What is her life expectancy? Our duty is to try to make her whole financially; $40,000 does not even begin to make her whole financially. Does not the Senator agree with me that that is the correct measure of damages, rather than the measure which operates depending upon whether the taxpayers are paying, or whether a private hospital is paying? That is the measure which the Senator from West Virginia would seek to apply.

Mr. CAIN. Mr. President——

Mr. KILGORE. Mr. President, if I may interrupt at this point, I should like to refute the statement made by the Senator from Wisconsin. I did not infer what he states. I said that we could not impute the evil intent of malpractice to the United States Government by adoption, which I think is the impression which was sought to be created in the minds of Senators. The United States Government cannot be charged with malpractice, even if some very foolish and careless doctor in the service of some branch of the armed forces does something which he should not have done.

Mr. CAIN. Mr. President, this question has been before the Senate for the better part of the afternoon. I feel that obviously the distinguished Senator from Wisconsin is entitled to a vote on his amendment. For the reason that many Senators on both sides of the aisle who are interested in this question are not now present, I believe that they ought to be called back here to vote on this question if a vote is to be called for before the Senate takes a recess this evening.

I ask the counsel and opinion of my distinguished friend, the majority leader.

Mr. LUCAS. Mr. President, I hope the Senator, before he suggests the absence of a quorum, will permit the two other bills which are on the calendar to be considered. I hope that we may be able to consider Calendar No. 1083, House bill 2960, and Calendar No. 1109, Senate bill 2584, before a quorum call is had in connection with Calendar No. 1080. I doubt if we can get a quorum at this late hour. I have told a number of Senators that they could go home, and that there would probably be no quorum call and no further votes.

I view of the fact that the Senator from Arkansas [Mr. FULBRIGHT] has notified the Senator from Wisconsin that if his amendment is agreed to he will object to further consideration of the bill at this time, it seems to me that we are wasting time discussing the amendment.

As I understand, the parliamentary situation is such that if the amendment is adopted, objection can then be made to the bill, and it will go over. In view of the statement which was made by the Senator from Arkansas, and in view of what the acting chairman of the Judiciary Committee has said, I think the Senator from Wisconsin is really wasting his time in trying to get his amendment through.

Mr. McCARTHY. Mr. President, I should like to ask the Senator from Washington if it is not true that all Senators who are interested in the various bills which are coming up at the end of the calendar are present? I sincerely hope that the Senator from Washington will not insist upon a quorum call at this time. If Senators were interested, they would be present.

Mr. CAIN. Mr. President, the Senator from Washington can hardly insist upon his suggestion of the absence of a quorum, for the very logical reason that the distinguished majority leader has quite properly encouraged Senators to leave. I withdraw the suggestion of the absence of a quorum, but only for that reason. I still feel strongly that every Senator, in the face of what has become an issue, ought to be provided with an opportunity to vote yes or no.

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Mr. KEM. Mr. President, I think the position of the Senator from Washington is entirely logical. I do not believe that the amount should be fixed by a vote taken with the small number of Senators who are now present on the floor of the Senate.

As the Senator from West Virginia has said, this is an important precedent. If we adopt the amendment of the Senator from Wisconsin and fix the amount at $40,000, it will undoubtedly be urged in future cases as a precedent. It will be urged whether or not the bill is finally passed. For that reason I ask the Senator from Wisconsin to withdraw his amendment, or not to insist that it be acted upon at this time. If he is unwilling to do so, and if the vote is to be taken, I am constrained to suggest the absence of a quorum.

Mr. McCARTHY. Mr. President, I cannot withdraw my amendment.

I may say, incidentally, that this is not my bill. I first introduced it at the request of a former Representative from Milwaukee, Mr. Kersten, a Republican. I have introduced it this time at the request of the Democratic Representative from Milwaukee [Mr. BIEMILLER]. He feels very strongly about this bill. The original bill which I introduced 2 years ago provided for a payment of $25,000. I thought this girl was going to recover. The Democratic Representative in the House who has sponsored this measure has convinced me that she is much more seriously injured than the report of the committee indicates. I promised everyone concerned that I would bring this question to a vote and have the Senate say yes or no. I must do that. I cannot withdraw my amendment. That would be action on my part which would take away $10,000, $15,000, or $25,000, which this woman should have, just as though I reached in her pocket and stole it. So I cannot withdraw the amendment.

Mr. HENDRICKSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HENDRICKSON. Are we operating under the 5-minute rule or not?

The PRESIDING OFFICER. The Senate is supposed to be operating under the 5-minute rule. It has been rather loosely applied. The Senator from Wisconsin has used his 5 minutes on this particular subject, and the same thing is true of every other Senator who has spoken once. Under the 5-minute rule Senators are allowed to speak not more than once, nor longer than 5 minutes, on a bill or on a particular amendment.

Mr. LUCAS. Mr. President, I ask unanimous consent that House bill 3300, Calendar No. 1080, be temporarily passed over, and that the Senate proceed to the consideration of House bill 2960, Calendar No. 1083.

The PRESIDING OFFICER. Is there objection?

Mr. McCARTHY. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HILL. Mr. President, I do not think the Senator should object, and I do not believe he will if he will yield to me for a moment and hear me on this matter. We have been most gracious in trying to help him in connection with the bill in which he is interested, and we have been most sympathetic in that connection. I voted for his amendment. Just because he was not able to have his amendment adopted, I hope he will not object to the request for the consideration of House bill 2960 at this time.

Mr. McCARTHY. Mr. President, I shall be glad to withdraw objection if I can have assurance from the majority leader that the bill in which I am interested will be acted upon tonight.

Mr. LUCAS. Mr. President, it will be acted upon one way or another; I can assure the Senator that.

Mr. McCARTHY. Then why should we take up another measure now? I wish to stay here and act upon the bill to which the Senator from Alabama has referred, but I see no reason to set aside at this time the bill which I have been discussing.

Mr. FULBRIGHT. Mr. President, I call for the regular order.

The PRESIDING OFFICER. The regular order is the consideration of the amendment offered by the Senator from Wisconsin.

Mr. SCHOEPPEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SCHOEPPEL. What disposition has been made of House bill 2960, Calendar No. 1083?

The PRESIDING OFFICER. It has not yet been reached on the recall.

The question now before the Senate is the amendment of the Senator from Wisconsin to House bill 3300.

Mr. McCARTHY. Mr. President, I withdraw my objection.

Mr. LUCAS. Then I renew my unanimous-consent request for the present consideration of House bill 2960, Calendar No. 1083.

The PRESIDING OFFICER. Is there objection?

Mr. SCHOEPPEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SCHOEPPEL. Are we now considering House bill 2960, Calendar No. 1083?

The PRESIDING OFFICER. The pending question is on agreeing to the unanimous-consent request propounded by the Senator from Illinois to have House bill 3300, Calendar No. 1080, temporarily laid aside, and to have the Senate proceed to the consideration of House bill 2960, Calendar No. 1083.

Mr. SCHOEPPEL. I object.

The PRESIDING OFFICER. Objection is heard.

The question recurs on the amendment offered by the Senator from Wisconsin to House bill 3300.

Mr. McCARTHY. On this question, I ask for a division.

Mr. KEM. Mr. President, I suggested the absence of a quorum.

The PRESIDING OFFICER. The Chair understood that the Senator from Missouri intended to suggest the absence of a quorum if that matter came up.

Mr. KEM. I said I was constrained to suggest the absence of a quorum; that was the language I used.

Mr. CAIN. Mr. President, will the Senator temporarily withhold his suggestion of the absence of a quorum?

Mr. KEM. Yes.

Mr. LUCAS. Mr. President, before a quorum call is had, let me say that I advised at least 10 or 12 Senators that there would be no vote upon any of these measures. Before we have a quorum call, I shall be compelled to object to all the remaining bills on the calendar, because obviously we cannot get a quorum.

Mr. HILL. Mr. President, will the Senator yield to me?

Mr. LUCAS. First, Mr. President, let me say that I must keep faith with the Senators whom I promised no votes would be taken. Little did I realize we would get into a situation of this kind. It simply goes to show that one should never promise any Senators anything in respect to a vote in the Senate. I doubted that we would ever have a yea-and-nay vote on any of these bills; I believed that either they would be passed or objection to them would be made.

Consequently, I shall be a little embarrassed if there is to be a quorum call, I may say to the Senator from Missouri.

Mr. HILL. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. HILL. I fully understand and appreciate the Senator's position at this hour of the night, for it is now 7:30 p. m. However, there are only two or three bills left on the calendar.

I wonder whether it can be agreed that when we meet at 12 o'clock tomorrow, we can consider those bills, by unanimous consent. It could not possibly take long to dispose of those two or three bills.

Mr. LUCAS. No; I could not agree to that. Either we shall finish with these bills tonight or they will have to go over until the next call of the calendar, because we have other business to take up tomorrow.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. If objection is made now to the consideration of House bill 3300, Calendar 1080, that will dispose of that bill for the present; will it not?

The PRESIDING OFFICER. An objection to the bill at any time prior to its final passage would cause the bill to go over.

Mr. FULBRIGHT. Mr. President, I ask that that bill be passed over.

Mr. McCARTHY. Mr. President, may I ask the Senator to withhold his objection until I can point out that earlier in the day we had an agreement that he would not object, but would allow us to reach a vote on the bill.

Mr. FULBRIGHT. But it is obvious now that we cannot obtain a vote on it. It is not that I object to having a vote on it; I do not object to having a vote taken on it. But we have reached a stalemate.

Mr. McCARTHY. Mr. President, let me inquire whether I am correct when I say that earlier today the Senator from Arkansas agreed with me that he would not object to having a vote taken on the bill, although he now objects.

Mr. FULBRIGHT. I said I had no objection if the Senator wanted a vote

on the bill, but that if the amendment were adopted, I would be forced and constrained to object to the passage of the bill. I said that twice. But I have no objection to having a vote taken on it if the Senator wishes to have a vote.

Mr. KILGORE. Mr. President, in order to avoid embarrassment on the part of any Senator, I object.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

Mr. SCHOEPPEL. Mr. President, let me say in respect to my objection in connection with the unanimous-consent request for the present consideration of House bill 2960, Calendar No. 1083, that that objection was by request on the part of two Senators.

Mr. LUCAS. May I inquire who are the two Senators.

Mr. SCHOEPPEL. The junior Senator from Pennsylvania [Mr. MARTIN] is one.

Mr. LUCAS. Mr. President, I may say that we shall, at some time before the session closes, take up that bill and consider it, because it has been reported, I believe, unanimously by the Committee on Agriculture and Forestry, and it is a very important bill. It will be one of the bills which we shall consider before we finish the session.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. HOLLAND. Mr. President, I would simply like the record to show that the junior Senator from Florida has secured from his office the two amendments he mentioned earlier today when he requested that this bill go to the foot of the calendar, and they have been discussed with the distinguished chairman of the Committee on Agriculture, with the Senator from Vermont, and with the Senator from Alabama, who I believe is the principal author of the companion Senate bill. They are perfecting amendments, purely and simply, and are agreeable to those with whom they have been discussed. Let me further say that, so far as the Senator from Florida is concerned, he has no objection whatever to the consideration and passage of that bill.

The PRESIDING OFFICER. Does the Senator submit the amendments, to be printed and lie on the table?

Mr. HOLLAND. Yes; I ask that that be done.

The amendments intended to be proposed by Mr. HOLLAND to the bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes, were ordered to lie on the table and to be printed.

Mr. MARTIN. Mr. President, I wish to announce that I am opposing the present consideration of Calendar 1083, House bill 2960, not on the merits of the bill, but because the hour is now late and many Senators have left the Chamber. Several Senators have discussed the bill with me and have said it should receive careful consideration. So my objection is not to the bill on its merits, but because I think this proposed legislation should have the careful consideration of the Senate.

The PRESIDING OFFICER. Objection having been made, the bill is passed over.

STUDIES OF ILLNESS IN THE UNITED STATES

The PRESIDING OFFICER. The clerk will state the one remaining bill which has previously been placed at the foot of the calendar.

The LEGISLATIVE CLERK. A bill (S. 2584) to provide for studies of the methods of determining the amount, distribution, and effects of illness in the United States and for conducting periodic inventories of illness by the best methods developed through such studies.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. McCARTHY. Mr. President, reserving the right to object, in view of the fact that I understand that my bill will not be voted on tonight because of the fact that there is a shortage of Senators on the floor, I shall now suggest the absence of a quorum.

Mr. PEPPER. Mr. President, will the Senator withhold his suggestion of the absence of a quorum for a moment?

Mr. McCARTHY. I shall be glad to withhold it temporarily.

Mr. PEPPER. Let me say that this bill was reported unanimously by the Committee on Labor and Public Welfare.

Mr. McCARTHY. Is it the last bill previously passed over, to be taken up at the foot of the calendar?

Mr. PEPPER. Yes; it is the last one.

Mr. McCARTHY. Then I withdraw my suggestion of the absence of a quorum.

Mr. PEPPER. I thank the Senator very much.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 2584) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Surgeon General of the Public Health Service shall (1) study, through ample surveys and other appropriate means, methods of ascertaining the amount and distribution of chronic and other diseases, injuries, and handicapping conditions in the population of the United States in relation to (a) type of disease, injury, or handicapping condition, (b) age, sex, race, and usual occupation, (c) length of time that persons so afflicted are prevented from carrying on their usual occupations or activities, and (d) other relevant factors relating to such persons and their families; (2) determine from these studies the best method of obtaining periodic, reliable estimates of the amount and distribution of chronic diseases, injuries, and handicapping conditions; and (3) report to the Congress, within 18 months after the date of enactment of this act, the results of such studies.

SEC. 2. To assist in carrying out the provisions of this act, the Surgeon General, through the Federal Security Administrator, shall request the cooperation of the State health departments in the various States, and such other Federal, State, and local government agencies as he may find appropriate, and he shall consult with nongovernmental associations and experts in planning and carrying out such studies and inventories.

SEC. 3. There is authorized to be appropriated not to exceed $200,000, to remain available until expended, for the studies authorized under this act.

SEC. 4. The functions of the Surgeon General under this act shall be performed by him, or by such officers or employees of the Public Health Service as he may designate, under the supervision and direction of the Federal Security Administrator.

SEC. 5. As used in this act, the terms "State" and "United States" include the District of Columbia, Hawaii, Alaska, Puerto Rico, and the Virgin Islands.

The preamble was agreed to.

RECESS

Mr. LUCAS. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 39 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, September 28, 1949, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate September 27 (legislative day of September 3), 1949.

DEPARTMENT OF STATE

W. Walton Butterworth, to be Assistant Secretary of State.

HOUSE OF REPRESENTATIVES

TUESDAY, SEPTEMBER 27, 1949

The House met at 12 o'clock noon.

Rev. Brian A. McGrath, S. J., Georgetown University, Washington, D. C., offered the following prayer:

Almighty and Everlasting God who knowests the desires of our hearts, grant to us this day an abundance of Thy wisdom, prudence, and fortitude. Illumine our minds that we may know the way to Thy peace. Strengthen our souls that we may firmly follow in pathways of justice. Give us the grace of Thy holy spirit that we may in charity and patience seek out and discover what is best for the welfare of our country and the world.

Grant that keeping always in mind Thy commandments we may in true faith accomplish the work to which we are dedicated, and in Thee find peace for ourselves, our fellow countrymen, and the whole world. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 1746. An act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is

requested, a bill of the House of the following title:

H. R. 5007. An act to provide pay, allowances, and physical disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the Reserve components thereof, the National Guard, and the Air National Guard, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TYDINGS, Mr. CHAPMAN, Mr. JOHNSON of Colorado, Mr. GURNEY, and Mr. SALTONSTALL to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 6008. An act making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MCKELLAR, Mr. HAYDEN, Mr. RUSSELL, Mr. BRIDGES, and Mr. GURNEY to be the conferees on the part of the Senate.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States No. 50–8.

ZORA B. VULICH

Mr. CELLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4306) for the relief of Zora B. Vulich, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Line 5, strike out "1945" and insert "1944."

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, what is the gentleman's request?

Mr. CELLER. To concur in the Senate amendment to a private immigration bill. The effect of the Senate amendment is merely to change the verbiage for clarification. The bill facilitates admission into the United States of a widow of a Yugoslav flier killed in action while serving the Fifteenth Air Force in the European theater of operations.

Mr. MARTIN of Massachusetts. And the gentleman agreed to the Senate amendment?

Mr. CELLER. Yes.

Mr. MARTIN of Massachusetts. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendment was agreed to and a motion to reconsider was laid on the table.

FISH RESTORATION AND MANAGEMENT PROJECTS

Mr. THOMPSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1746) to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 4, strike out "that" and insert "that,".

Page 2, line 6, strike out "act" and insert "act,".

Page 3, line 16, after "purposes", insert ", and such preliminary or incidental costs and expenses as may be incurred in and about such works".

Page 3, line 25, after "1941,", insert "as heretofore or hereafter extended and amended,".

Page 5, line 6, strike out "manner;" and insert "manner,".

Page 6, line 8, strike out all after "purposes." down to and including "States." in line 12, and insert: "So much of any sum not allocated under the provisions of this section for any fiscal year is hereby authorized to be made available for expenditure to carry out the purposes of this act until the close of the succeeding fiscal year, and if unexpended or unobligated at the end of such year such sum is hereby authorized to be made available for expenditure by the Secretary of the Interior in carrying on the research program of the Fish and Wildlife Service in respect to fish of material value for sport recreation."

Page 7, line 21, after "works", insert "and shall be paid by the State as a part of its contribution to the total cost of such works."

Page 8, lines 19 and 20, strike out "constructive" and insert "construction."

Page 10, line 8, strike out "purposes" and insert "provisions."

Page 11, line 4, after "and", insert "not exceeding."

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the amendments?

Mr. THOMPSON. Yes; I shall be pleased to. The amendments do not change the effect of the bill at all but are merely clarifying.

Mr. MARTIN of Massachusetts. And the committee has acted upon them?

Mr. THOMPSON. The committee has acted unanimously to accept the Senate amendments.

Mr. MARTIN of Massachusetts. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

MILITARY PAY BILL

Mr. KILDAY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5007) to provide pay, allowances, and physical disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the Reserve components thereof, the National Guard, and the Air National Guard, and for other purposes, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, strike out "Sec. 406. Termination of disability retirement pay." and insert: "Sec. 406. Termination of temporary disability retirement pay."

Page 2, strike out "Sec. 408. Physical disability resulting from misconduct or willful neglect." and insert: "Sec. 408. Physical disability resulting from intentional misconduct or willful neglect."

Page 9, in first table under the heading "Commissioned Officers", strike out "$877.50 | $877.50 | $877.50 | $877.50 | $877.50 | $877.50" and insert: "$926.25 | $926.25 | $926.25 | $926.25 | $926.25 | $926.25".

Page 9, in first table under the heading "Commissioned Officers", strike out "729.00 | 729.00 | 729.00 | 729.00 | 729.00 | 729.00" and insert: "769.50 | 769.50 | 769.50 | 769.50 | 769.50 | 769.50 | 769.50".

Page 9, in second table under the heading "Commissioned Officers", strike out "$877.50 | $877.50 | $877.50 | $877.50 | $877.50 | $904.50" and insert: "$926.25 | $926.25 | $926.25 | $926.25 | $926.25 | $954.75".

Page 9, in second table under the heading "Commissioned Officers", strike out "729.00 | 729.00 | 729.00 | 729.00 | 756.00 | 783.00" and insert: "769.50 | 769.50 | 769.50 | 769.50 | 798.00 | 826.50".

Page 10, line 3, after "officers", insert: "(including warrant officers heretofore retired)."

Page 19, second column of table, line 1, strike out "$210.00" and insert "$150.00".

Page 19, second column of table, line 2, strike out "210.00" and insert "150.00".

Page 20, line 2, strike out all after "duty" down to and including "be" in line 14.

Page 22, line 13, after "time" insert: "amounting to more than six years".

Page 27, after "service[1]" where it appears the second time in table, insert "[2]".

Page 27, after "E–3" in table, insert "[2]".

Page 27, after "E–2" in table, insert "[2]".

Page 27, after "E–1" in table, insert "[2]".

Page 27, second column of table, after "67.50" strike out "------" and insert "45.00."

Page 27, second column of table, after "67.50" strike out "------" and insert "45.00."

Page 27, second column of table, after "67.50" strike out "------" and insert "45.00."

Page 27, second column of table, after "67.50" strike out "------" and insert "45.00."

Page 27, under table, insert:

"[2] Considered at all times as without dependents pursuant to subsection (a) of this section."

Page 35, line 14, after "the", insert "intentional."

Page 35, line 20, strike out "direct."

Page 36, line 13, after "title", insert ": *Provided further*, That any disability shown to have been incurred in line of duty during a period of active service in time of war or national emergency shall be considered to be the proximate result of the performance of active duty."

Page 36, line 22, after "the", insert "intentional."

Page 38, line 15, after "the", insert "intentional."

Page 38, line 19, strike out "direct."

Page 41, line 1, after "based:", insert "*Provided further*, That the disability retirement pay of any member whose name is carried on

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the temporary disability retired list shall, for so long as his name is carried on such list, be not less than 50 percent of the basic pay upon which the computation is based:".

Page 45, strike out lines 11 to 16, inclusive, and insert:

"(h) That part of the disability retirement pay computed on the basis of years of active service which is in excess of the disability retirement pay that a member would receive if such disability pay were computed on the basis of percentage of disability shall not be deemed to be a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed service in the armed forces of any country within the meaning of section 22 (b) (5) of the Internal Revenue Code, as amended."

Page 45, after line 16, insert:

"(i) All members of the Reserve components heretofore or hereafter retired or granted retirement pay because of physical disability shall be entitled to the same pay, rights, benefits, and privileges provided by law or regulation for retired members of the Regular services."

Page 50, line 17, after "OF", insert "TEMPORARY."

Page 52, line 15, after "FROM", insert "INTENTIONAL."

Page 52, line 20, after "his", insert "intentional."

Page 57, after line 19, insert:

"SEC. 415. Any member who, on the effective date of this act, is a hospital patient and who within 6 months of the effective date of this act is retired as a result of a physical disability growing out of the injury or disease for which he was hospitalized as of the date of enactment of this act, may elect to receive retirement benefits computed under the laws in effect on the date preceding the date of enactment of this act."

Page 100, line 9, after "amended", insert ", is hereby repealed."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. ARENDS. Mr. Speaker, reserving the right to object, may I ask the gentleman from Texas if he will kindly explain the changes in this bill?

Mr. KILDAY. Mr. Speaker, there are a number of amendments to the proposed Career Compensation Act of 1949 which passed the Senate and I will be happy to discuss them briefly with the House in order that they may be apprised of the changes made by the Senate.

Let me say at the outset that most of the amendments are technical in nature and do not affect the substance of the bill. However, I feel that I should explain most of the amendments at least briefly.

An important change was made in the hazardous-incentive pay—that is, flight and submarine pay—for general officers. This figure, originally $210 a month in the House bill, was reduced to $150 a month by the Senate. Thus, flag and general officers who are entitled to hazardous-duty pay for flying or submarine duty have been reduced by $60 per month.

In addition, a change was made in the pay schedule for general officers. The House will remember that when the pay bill, after recommittal, was again reported to the House a percentage reduction had been applied to the original pay scales. Flag and general officers had been reduced 10 percent and all other officers 5 percent. The Senate reduced the reduction for general officers from 10 percent to 5 percent, which, in effect, in the bill now before you, means that all officers receive a reduction of 5 percent from the original pay schedules proposed by the Hook Commission. The net effect is to increase the pay of general and flag officers by about $50 a month over that contained in the House bill, although this does not reflect the marked decrease in hazard pay for these officers.

The Senate made other changes, such as adding the words "including warrant officers heretofore retired" in the section permitting the Secretary to distribute warrant officers for basic-pay purposes. This is purely a clarifying amendment.

On page 20 of the proposed bill you will note that the Senate struck out the authority of the President to extend incentive-hazardous-duty pay to other groups in time of war, which, in effect, reserves this right to the Congress. Thus, as amended, the subsection now permits the President to suspend the incentive-hazardous-duty pay for any or all hazardous duty in time of war, but removes the authority of the President to prescribe it for other hazardous duties in time of war.

The Senate also eliminated the word "direct" from the original House language which required that in retirement cases the disability must have been incurred as the "proximate result of the direct performance of active duty." The Senate felt that the elimination of the word "direct" would clarify the language, which they felt was otherwise somewhat obscure.

Furthermore, the Senate added a proviso which permits personnel placed on the temporary disability retired list to be assured of a minimum of 50 percent of their basic pay while in that status. The House bill granted those on the temporary disability retired list pay based upon their percentage of disability. Thus, the difference is that under the Senate amendment a person with a 30- or 40-percent disability will receive 50 percent of his basic pay rather than 30 or 40 percent. For all practical purposes this will have no effect upon the cost of the bill.

Section 402 (d), on page 39, as amended, permits a person who is retired for physical disability under the bill to elect retired pay computed on the basis of years of service or on the basis of percentage of disability. Neither determination can result in pay exceeding 75 percent of basic pay. Section 402 (h) as passed by the House provided that disability retired pay computed on years of service would be subject to income tax in toto. The Senate revised this subsection so as to provide that when disability retired pay is computed on the basis of years of service, only that part in excess of that amount the individual would have received had his retired pay been computed on the percentage of disability would be subject to income tax. For example, an individual with 24 years of service and a 30-percent disability would be entitled to 60 percent of active duty pay if his retired pay were computed on the basis of years of service, and 30 percent if his retired pay were computed on the basis of the percentage of his disability. If the individual elected to have his retired pay computed on the basis of years of service, then under the amendment adopted by the Senate the 30 percent would be tax exempt and the remaining 30 percent would be subject to tax.

The amendments that I have discussed so far were all adopted by the Senate Armed Services Committee and were unanimously accepted on the Senate floor. In addition, the bill was amended three times on the floor of the Senate. Of these amendments, one grants to all members of the Reserve components heretofore or hereafter retired or granted retirement pay because of disability the same pay, rights, benefits, and privileges provided by law or regulation for retired members of the Regular services. This, in effect, puts members of the Reserve components retired for physical disability on an equal basis with retired members of the Regular services with respect to post exchange, commissary, and hospitalization benefits.

The second amendment provides that in time of war or national emergency a disability incurred in line of duty shall be considered to be the proximate result of the performance of active duty. This, in effect, grants to all personnel in time of war disability coverage without regard to length of service.

Finally the Senate adopted on the floor an amendment which permits a person now in the hospital who is retired for physical disability within 6 months of the effective date of the act to elect to be retired under the old law or under the proposed law.

Mr. Speaker, there are other technical amendments clarifying in nature which in no way affect the substance of the proposed bill. We have discussed these amendments fully and they are acceptable to the subcommittee of the House Armed Services Committee charged with the responsibility for this legislation. They do not detract from the effectiveness of the original legislation, and, in fact, in most instances are excellent clarifications or modifications to the bill.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. As I understand it, the bill in the form in which it comes before us would still represent a savings of approximately $110,000,000 from the form of the bill that was originally presented to the House and then recommitted to the committee for further study?

Mr. KILDAY. That is substantially correct. The only difference here is about $2,000,000.

Mr. ARENDS. Mr. Speaker, I withdraw my reservation of objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, reserving the right to object, will there be an opportunity to vote on this bill?

Mr. KILDAY. We have voted on the bill. The amendments which were adopted in the Senate leaves practically nothing to go to conference.

Mr. HOFFMAN of Michigan. We will get no opportunity to vote on the bill then?

Mr. KILDAY. My request was that the House agree to the Senate amendments.

Mr. HOFFMAN of Michigan. Mr. Speaker, I want to be recorded as against the bill, that is all.

Mr. JOHNSON. Mr. Speaker, I am happy that the Senate passed almost the identical bill that the House did when it enacted H. R. 5007, increasing the pay of the armed services. It happened that I was a member of the subcommittee which held the hearings that resulted in the drafting of H. R. 5007. We gave exhaustive consideration to every section of the bill. It was the first major adjustment of pay in the armed services in 40 years and under the leadership of our subcommittee chairman, Mr. KILDAY, we wrote a good bill.

It was wise for us to accept the Senate amendments, so the bill may become law on October 1, 1949, the date fixed in the bill for the increases to take effect. It happens that I am slightly disappointed that the flight-pay provisions we placed in the bill were reduced by the Senate. However, the change is not great and it is compensated by the fact that a slight reduction which we gave to general and flag officers was reduced so that the reduction in the pay schedule from the original bill, which was recommitted to the committee, is now the same percentage for all members of the service. It is easy and in some places popular to jump on the "brass." But we must remember that these men are the leaders who must safeguard us and our institutions in times of national peril. They have measured up to their responsibility in the past. If we criticize and snipe at the military leaders, it may be that the kind of young men whom we need and who will be our leaders in the next generations and the others to follow will not be attracted to the armed services. Leaders are as important in the military field, if not more so, as they are in any other field of endeavor. In that field we cannot come out second; we must win. Otherwise we will perish as a free and independent nation and the liberties and opportunities that we now enjoy and which we cherish so much will be lost to each one of us. I am happy I had a small part in helping draft this bill and still more pleased that it will become the law of the land.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

PURCHASE OF AUTOMOBILES OR OTHER CONVEYANCES FOR DISABLED VETERANS

Mr. RANKIN submitted the following conference report and statement on the bill (S. 2115) to authorize payments by the Administrator of Veterans' Affairs on purchases of automobiles or other conveyances by certain disabled veterans and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 1340)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2115) to authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans, and for other purposes, having met, after full and free conference, have been unable to agree.

J. E. RANKIN,
OLIN E. TEAGUE,
BERNARD W. KEARNEY,
Managers on the Part of the House.

CLAUDE PEPPER,
LISTER HILL,
PAUL H. DOUGLAS,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2115) to authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans, and for other purposes, met with the managers on the part of the Senate and report that they have been unable to agree.

J. E. RANKIN,
OLIN E. TEAGUE,
BERNARD W. KEARNEY,
Managers on the Part of the House.

ROBERT E. BRIDGE AND LESLIE E. ENSIGN

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1620) for the relief of Robert E. Bridge and Leslie E. Ensign, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 1, line 6, strike out "$308.08" and insert "258.08."

Page 1, line 7, strike out "$272.56" and insert "$222.56."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

CURTIS R. ENOS

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 734) for the relief of Curtis R. Enos, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 4, line 7, after "heirs", insert ": *Provided*, That any suit brought under the authority granted herein shall be instituted within 6 months from the date of enactment of this act."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, may I ask the gentleman to explain this amendment?

Mr. LANE. This is a clarifying amendment. It merely amends one section. It does not change the effectiveness of the bill in any way as passed by the House.

Mr. MARTIN of Massachusetts. It does not change the effect at all?

Mr. LANE. Not at all.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

MARCIA MOSS CARROLL

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3618) for the relief of the legal guardian of Marcia Moss Carroll, a minor, and Charles P. Carroll, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 7, strike out "$14,859.24" and insert "$15,202.24."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman please explain this amendment?

Mr. LANE. I will yield to the gentleman from Ohio [Mr. JENKINS] for that purpose.

Mr. JENKINS. I might say that when the House passed the bill there was one item in which the proof was not sufficient before the House committee; the receipts were not available, but the Senate committee got the receipts and added $200 or $300 to it. That is all there is to it.

Mr. MARTIN of Massachusetts. The amount is increased $200 or $300?

Mr. JENKINS. Yes, a small amount.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

FEDERAL RECLAMATION PROJECTS

Mr. PETERSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1694) to provide for the return of rehabilitation and betterment of cost of Federal reclamation projects, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 3, after "determine.", insert "No such determination of the Secretary

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of the Interior shall become effective until the expiration of 60 days after it has been submitted to the Committee on Interior and Insular Affairs of the Senate and the Committee on Public Lands of the House of Representatives."

Amend the title so as to read: "An act to provide for the return of rehabilitation and betterment costs of Federal reclamation projects."

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the amendment?

Mr. PETERSON. This is the bill that was discussed with the gentleman yesterday. It provides that before it shall take effect it shall be filed with the Committee on Public Lands and the Committee on Insular Affairs and Territories 60 days in advance. It does the same thing the House bill does, except it delays the taking effect of it.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. GWINN (at the request of Mr. WADSWORTH) was given permission to extend his remarks in the RECORD on the postal pay bill.

Mr. WADSWORTH asked and was given permission to extend his remarks in the RECORD and include a speech he delivered at the dedication ceremonies of the Clarence Hancock Airport, Syracuse, N. Y., September 19.

Mr. VELDE asked and was given permission to extend his remarks in the RECORD and include two editorials.

Mr. BOGGS of Delaware asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. JACKSON of California asked and was given permission to extend his remarks in the RECORD and include two articles.

GOVERNMENT SPENDING

Mr. CLEVENGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CLEVENGER. Mr. Speaker, the Census Bureau predicts a population of 150,000,000 people in 1950. That means the Federal Government is spending $1 per weekday per person, a virtual head tax of $1 per day. On Sundays and holidays there is no respite, for on those days the poor souls step up to pay $2 for State and local levies. Surely the time is here for this to stop. A head tax is a discouraging thing for an American baby to start out under.

EXTENSION OF REMARKS

Mr. HOFFMAN of Michigan. Mr. Speaker, I rise to a question of personal privilege, or the privilege of the House or, in the alternative, to make a unanimous-consent request.

On yesterday the gentleman from Louisiana secured permission to extend his own remarks in the RECORD by inserting an editorial from the Washington Times-Herald. I mean the editorial was inserted.

Following his request, I secured permission through a unanimous-consent request to extend my own remarks and insert the same editorial as a part thereof in the RECORD.

This morning I received a letter which reads as follows:

UNITED STATES GOVERNMENT
PRINTING OFFICE,
Washington, D. C., September 27, 1949.

Hon. CLARE E. HOFFMAN,
House of Representatives,
Washington, D. C.

MY DEAR MR. HOFFMAN: Your extension of remarks entitled "It Is Not Too Late," is returned herewith as it contains an editorial which is a duplication of an extension of Hon. HENRY D. LARCADE, JR., of Louisiana, appearing in the Appendix of the RECORD of September 26, 1949.

Very truly yours,
JOHN J. DEVINY,
Public Printer.
By H. D. MEROLD,
Director of Planning Service.

That course is commendable where the second extension is merely a duplication, but in this particular case, Mr. Speaker, I had three pages of my own remarks. Now, just because I quote from an editorial, or use something that someone else has used, is no reason why a gentleman down in the Printing Office should take it upon himself to censor or exclude a part of my remarks from the RECORD.

I confess I do not know how to properly raise the point. Whether a simple request now that my remarks be printed will get them in the RECORD, or whether if I follow that procedure tomorrow morning I will get another letter from the gentleman saying that the editorial or part of it has been used and my talk is out.

Under his theory, if one Member quoted from the President's annual message, another could not get his own remarks in if he used the same quotation.

One of the purposes of World War I was to make world-wide freedom of expression. If a Member of Congress is to have his remarks, made on the floor of the House, censored or excluded from the CONGRESSIONAL RECORD just because he comments upon an editorial or, for that matter, a President's message, which has before been printed in the RECORD, it is time we learned of the rule and took proper measures to end the practice, if it be a practice.

My parliamentary inquiry—I guess that is what it is—is, what do I do about this situation?

I do not wish to go to the trouble of raising a question of privilege of the House, followed by a resolution directing the Printing Office to incorporate in the RECORD the talk I made or subsequent remarks which I or others may make.

The SPEAKER. The matter is entirely up to the Joint Committee on Printing. The Chair would suggest that the gentleman take it up with the Joint Committee on Printing, because they are the policy makers with reference to matters of this kind.

Mr. HOFFMAN of Michigan. It would not need the appointment of a special investigating committee or a resolution of the House?

The SPEAKER. The Chair would not think that would be necessary in this instance.

Mr. HOFFMAN of Michigan. I did not think so, either, but I thought perhaps a word from the Parliamentarian to the printer would save my hunting up the Committee on Printing.

Anyway, Mr. Speaker, I ask unanimous consent that my remarks as offered on yesterday, including the editorial, be printed in the Appendix of the RECORD.

The SPEAKER. If nobody else objects, the Chair certainly will not.

Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. COTTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

[Mr. COTTON addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. BURDICK asked and was given permission to extend his remarks in the RECORD and include a quotation from a letter on the farm situation.

Mr. LANE asked and was given permission to extend his remarks in the RECORD in two instances, and include extraneous matter.

Mr. ROGERS of Florida asked and was given permission to extend his remarks in the RECORD and include an editorial.

PERMISSION TO ADDRESS THE HOUSE

Mr. O'SULLIVAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

[Mr. O'SULLIVAN addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. PHILBIN asked and was given permission to extend his remarks in the RECORD in three instances and to include several editorials and newspaper articles.

MUTUAL DEFENSE ASSISTANCE ACT OF 1949

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

UNIVERSITY OF MICHIGAN LIBRARIES

Mr. RICH. Mr. Speaker, on yesterday I rather objected to the arms bill going to conference, fearing that the conferees would swallow, hook, line, and sinker, the proposal of the other body to spend $1,400,000,000 to start out on a program to arm the world. From the newspaper reports, it did not take very long, apparently, for our House Members, or at least the majority of them, to swallow that bill, hook, line, and sinker. Now they want us to do likewise. It seems to me if there was ever a time in the history of our country when we ought to be careful of what you are doing now is the time. When you start out arming all the nations of the world, it is a new venture for America. When you arm all these countries, it is just looking for trouble. We gave Russia $12,500,000,000 under lend-lease, and now we wish we had not. We gave China $2,000,000,000, and now we wish we had not. You are going to spend billions of dollars in Europe. You will wish you had not. You are sinking America financially. You are starting out on a war measure in peacetime that certainly will get us into war. You say we are a peace-loving Nation. If so, why do you do the things that get you into war? "We may not be fools, but we do the things fools would do." This bill spells financial difficulties to our people. It means more taxes. It means war. It has not one scintilla of sense in it. It is just too bad to think you Members of Congress would vote for such legislation. Your people will hold you accountable.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

EXTENSION OF REMARKS

Mr. WEICHEL asked and was given permission to extend his remarks in the RECORD.

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD in three instances.

TEMPORARY AGRICULTURAL WORKERS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to proceed for 30 seconds.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McCORMACK. Mr. Speaker, last week when I announced the legislative program, I gave indication that this week the bill (H. R. 5557) relating to temporary agricultural workers might be taken up. I wish to advise the House that that bill will not be taken up.

CALL OF THE HOUSE

Mr. KILDAY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 200]

Allen, Ill.	Beckworth	Bolton, Ohio
Allen, La.	Bennett, Mich.	Bonner
Anderson, Calif.	Bland	Bosone
Baring	Blatnik	Bramblett
Barrett, Pa.	Boggs, La.	Brooks
Brown, Ohio	Gregory	Norblad
Buckley, N. Y.	Gwinn	Norton
Bulwinkle	Harden	O'Konski
Burnside	Harvey	Phillips, Calif.
Byrne, N. Y.	Hays, Ohio	Poage
Chelf	Hébert	Poulson
Chudoff	Herter	Powell
Cole, N. Y	Hinshaw	Rains
Cooley	Hoeven	Ramsay
Crawford	Horan	Reed, Ill.
Crosser	Huber	Reed, N. Y.
Curtis	Irving	Richards
Davies, N. Y.	Jenison	Riehlman
Deane	Judd	Rogers, Mass.
Dingell	Kean	Roosevelt
Dondero	Kee	Sadowski
Donohue	Keefe	Scott, Hugh D. Jr.
Douglas	Keogh	Short
Eaton	King	Smith, Ohio
Eberharter	Klein	Steed
Elston	Kunkel	Tauriello
Engle, Calif.	LeCompte	Thomas, N. J.
Feighan	Lovre	Vinson
Fellows	McMillan, S. C.	Walter
Fernandez	McMillen, Ill.	White, Calif.
Fisher	McSweeney	Willis
Flood	Mack, Ill.	Wilson, Tex.
Garmatz	Mansfield	Winstead
Gillette	Martin, Iowa	Wolcott
Gilmer	Moulder	Wood
Gore	Multer	Woodhouse
Gossett	Murphy	Worley
Green	Murray, Wis.	

The SPEAKER. On this roll call 312 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

SPECIAL ORDER GRANTED

Mr. HOFFMAN of Michigan asked and was given permission to address the House for 10 minutes on tomorrow, at the conclusion of the legislative program of the day and following any special orders heretofore entered.

EXTENSION OF REMARKS

Mr. SHAFER asked and was given permission to extend his remarks in the RECORD in two instances, and to include editorials.

MILITARY-ASSISTANCE BILL

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have until midnight tonight to file a conference report on H. R. 5895, the military-assistance bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I desire to make a brief announcement of importance to the Members, that if the conference report on the military-assistance bill is filed by midnight tonight it is our intention to bring it up in the House tomorrow.

CALENDAR WEDNESDAY BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SUPPLEMENTAL APPROPRIATION BILL, 1950

Mr. CANNON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6008) making supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. CANNON, KERR, RABAUT, TABER, and WIGGLESWORTH.

CIVIL FUNCTIONS APPROPRIATION ACT, 1950

Mr. CANNON. Mr. Speaker, I offer a privileged motion, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. CANNON moves that the managers on the part of the House, at the conference on the disagreeing votes of the two Houses on the bill H. R. 3734, be, and they are hereby, instructed to recede from their disagreement to Senate amendments Nos. 2, 7, 14, and 15, and agree thereto with amendments in the amounts of $196,539,690 on amendment No. 2, $365,030,400 on amendment No. 7, $67,000,000 on amendment No. 14, and $3,600,000 on amendment No. 15, respectively, in order to provide for the following projects in the amount set opposite each, namely:

Rivers and harbors

CONSTRUCTION

Alabama: Demopolis lock and dam, Warrior system	$1,000,000
Alaska:	
Nome Harbor	701,000
Wrangell Narrows	343,000
Arkansas:	
Arkansas River and tributaries:	
Bank stabilization, Little Rock to mouth	600,000
Bank stabilization below Dardanelle	500,000
Morrilton cut-off	250,000
California:	
Crescent City Harbor	481,000
Monterey Harbor	45,520
Sacramento River	1,700,000
San Diego River and Mission Bay	2,200,000
Connecticut:	
Mianus River (Cos Cob Harbor)	79,500
New Haven Harbor	250,000
Pawcatuck River, R. I. and Conn	68,500
Delaware:	
Harbor of refuge, Delaware Bay	120,000
Indian River Inlet and Bay	320,000
District of Columbia: Potomac River, north side of Washington Channel	375,000
Florida:	
Intercoastal Waterway, tributary channels: Okeechobee-Cross Florida waterway	300,000
Jim Woodruff lock and dam, Apalachicola River	7,500,000
St. Andrew Bay	125,000
St. Johns River, Jacksonville to ocean	900,000
Tampa Harbor	500,000
Georgia: Savannah Harbor	450,000
Illinois:	
Illinois waterway: Mouth to mile 291	250,000
Mississippi River between Ohio and Missouri Rivers:	
Chain of Rocks	9,000,000
Regulating works	750,000
Mississippi River between Missouri River and Minneapolis (exclusive of St. Anthony Falls)	750,000

Iowa:	
Missouri River, Kansas City, Mo., to Sioux City, Iowa	$2,500,000
Mississippi River between Missouri River and Minneapolis. (See same project under Illinois.)	
Kentucky:	
Cumberland River, Ky. and Tenn.: Cheatham lock and dam	1,400,000
Ohio River, Ky., W. Va., and Ohio, open-channel work	250,000

Mr. CANNON (interrupting the reading of the motion). Mr. Speaker, in view of the fact that this has been printed in the RECORD, I ask unanimous consent that the further reading of the motion be dispensed with except for the last paragraph.

Mr. TABER. Mr. Speaker, I did not know about this motion until just a few moments ago. I think the motion should be read in its entirety. Therefore, I object, Mr. Speaker.

(The Clerk continued the reading of the motion.)

CALL OF THE HOUSE

Mr. GAVIN (interrupting the reading of the motion). Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Pennsylvania makes the point of order that a quorum is not present. The Chair will count. [After counting.] One hundred and ninety-nine Members are present; not a quorum.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 201]

Allen, Ill.	Flood	Murray, Wis.
Allen, La.	Fogarty	Norblad
Anderson, Calif.	Garmatz	Norton
Barden	Gathings	O'Konski
Baring	Gillette	Phillips, Calif.
Barrett, Pa.	Gilmer	Poage
Bates, Ky.	Gore	Powell
Beckworth	Green	Rains
Bennett, Mich.	Gregory	Ramsay
Bland	Gwinn	Reed, Ill.
Blatnik	Harden	Reed, N. Y.
Boggs, La.	Harvey	Rhodes
Bolton, Ohio	Hays, Ohio	Richards
Bonner	Hébert	Richlman
Bosone	Hill	Rogers, Mass.
Boykin	Hinshaw	Roosevelt
Brambiett	Hoeven	Sadowski
Brooks	Hoffman, Ill.	Sasscer
Brown, Ohio	Horan	Scott,
Buckley, N. Y.	Huber	Hugh D., Jr.
Bulwinkle	Irving	Shafer
Burnside	Judd	Short
Byrne, N. Y.	Kean	Smathers
Chatham	Keefe	Smith, Ohio
Chelf	Keogh	Steed
Chudoff	Kilburn	Tauriello
Cole, N. Y.	Kirwan	Teague
Cooley	Klein	Thomas, N. J.
Crawford	Kunkel	Towe
Crosser	LeCompte	Vinson
Curtis	Lovre	Walter
Davies, N. Y.	Lucas	Weichel
Dawson	McMillan, S. C.	Werdel
Deane	McMillen, Ill.	Whitaker
Dingell	McSweeney	White, Calif.
Donohue	Mack, Ill.	Willis
Douglas	Mansfield	Wilson, Tex.
Eaton	Martin, Iowa	Wolcott
Elston	Miller, Nebr.	Wood
Engle, Calif.	Moulder	Woodhouse
Feighan	Multer	Worley
Fellows	Murphy	

The SPEAKER. On this roll call 303 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CIVIL FUNCTIONS APPROPRIATION ACT, 1950

The SPEAKER. The Clerk will continue the reading of the motion.

The Clerk read as follows:

Louisiana:	
Calcasieu River and Pass	$900,000
Intracoastal Waterway, Apalachee Bay, Fla., to Mexican border (New Orleans district)	2,500,000
Pearl River, La., and Miss.	1,250,000
Waterway from Empire to Gulf of Mexico	500,000
Maine:	
Cape Porpoise Harbor	45,500
Josias River	33,500
Portland Harbor	206,000
Maryland:	
Baltimore Harbor and channels	650,000
Chester River	16,400
Honga River and Tar Bay	42,000
Massachusetts:	
Boston Harbor	400,000
Fall River Harbor	800,000
Menemsha Creek, Martha's Vineyard	72,700
Michigan:	
Port Sanilac Harbor	360,000
St. Mary's River:	
Power plant	1,700,000
Navigation features	1,000,000
Traverse City Harbor	325,000
Minnesota:	
Baudette Harbor	24,500
Hastings, small-boat harbor at	34,270
Mississippi River between Missouri River and Minneapolis. (See same project under Illinois.)	
St. Anthony Falls	1,717,000
Two Harbors (Agate Bay)	1,000,000
Mississippi: Pearl River, Miss., and La. (See same project under Louisiana.)	
Missouri:	
Missouri River, Kansas City to the mouth	2,250,000
Mississippi River between Ohio and Missouri Rivers. (See same project under Illinois.)	
Mississippi River between Missouri River and Minneapolis. (See same project under Illinois.)	
Micsouri River, Kansas City to Sioux City. (See same project under Iowa.)	
Montana: Missouri River at Fort Peck	2,500,000
Nebraska: Missouri River, Kansas City to Sioux City. (See same project under Iowa.)	
New Jersey:	
Newark Bay, Hackensack and Passaic Rivers	800,000
New York and New Jersey channels	1,260,000
Shark River	150,000
New York:	
Buffalo Harbor	550,000
Dunkirk Harbor	350,000
Great Kills Harbor	114,500
Hudson River	100,000
Hudson River Channel	400,000
New York Harbor, entrance channels and anchorage areas	412,000
New York and New Jersey channels. (See same project under New Jersey.)	
North Carolina: Stumpy Point Channel	32,500
Ohio:	
Cleveland Harbor	$1,500,000
Ohio River open channel work. (See same project under Kentucky.)	
Oregon:	
Columbia River at Bonneville	1,250,000
Columbia and lower Willamette Rivers below Vancouver, Wash., and Portland, Oreg	150,000
Coos Bay	850,000
Depoe Bay	400,000
McNary lock and dam, Columbia River, Oreg., and Wash	35,000,000
Umpqua River	100,000
Yaquina Bay and Harbor	35,000
Snake River, Oreg. and Wash. (See same project under Washington.)	
Pennsylvania:	
Monongahela River, locks 2	3,500,000
Schuylkill River (culm removal)	400,000
Rhode Island:	
Harbor of refuge at Point Judith and Point Judith Pond	160,000
Providence River and Harbor	190,000
Pawcatuck River, R. I. and Conn. (See same project under Connecticut.)	
South Carolina:	
Shipyard River	300,000
Winyah Bay	400,000
Tennessee: Cumberland River, Ky. and Tenn. (See same project under Kentucky.)	
Texas:	
Clear Creek and Clear Lake	54,700
Galveston Harbor	175,000
Houston ship channel	800,000
Intracoastal waterway, Apalachee Bay, Fla., to the Mexican border (Galveston district): Harlingen, channel to	550,000
Sabine-Neches waterway	750,000
Trinity River	687,000
Virginia:	
Bransons Cove, lower Machodoc River	28,600
Norfolk Harbor	500,000
York Spit Channel	400,000
Washington:	
Chief Joseph Dam, Columbia River	5,000,000
Grays Harbor and Chehalis River	650,000
Columbia River at Bonneville. (See same project under Oregon.)	
Columbia and lower Willamette Rivers, Wash. and Oreg. (See same project under Oregon.)	
McNary lock and dam, Columbia River, Oreg. and Wash. (See same project under Oregon.)	
West Virginia:	
Morgantown lock and dam, Monongahela River	2,800,000
Ohio River open channel work. (See same project under Kentucky.)	
Wisconsin:	
Ashland Harbor	45,000
Port Wing Harbor	20,000
PLANNING	
Alabama:	
Alabama-Coosa Rivers, Ala. and Ga	200,000
Upper Columbia Lock and Dam, Ala. and Ga., Chattahoochee River	200,000
Arkansas:	
Arkansas River and tributaries, Arkansas and Oklahoma	500,000

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Arkansas—Continued	
Overton-Red River waterway, Arkansas and Louisiana	$50,000
California: Halfmoon Bay	75,000
Florida: New River	10,000
Illinois: Calumet-Sag Channel	100,000
Kentucky: Dover Lock and Dam	116,000
Michigan:	
Au Sable River	8,000
Hammond Bay Harbor	22,000
Harrisville Harbor	24,000
Point Lookout Harbor	20,000
Texas: McGee Bend Dam, Angelina River	200,000
Virginia: Norfolk Harbor, disposal area	50,000
Washington: Lower Monumental Lock and Dam, Snake River	225,000
OTHER ITEMS	
Maintenance	53,000,000
Operating and care	22,000,000
Examinations and surveys	1,200,000
Contingencies	1,300,000
Removing sunken vessels	300,000
Survey of northern and northwestern lakes	310,000
Prevention of debris in New York Harbor	360,000
California Debris Commission	15,000
Salaries, Office, Chief of Engineers	575,000
Printing for River and Harbor Board	40,000
River and Harbor Board expenses	440,000
Beach Erosion Board expenses	600,000
Work under sec. 3, River and Harbor Act, Mar. 2, 1945	300,000
Transfer to U. S. Geological Survey	200,000
Transfer to Fish and Wildlife Service	1,200,000
Flood control	
CONSTRUCTION	
Arkansas:	
Bayou Bodcau Reservoir, Ark. and La. (See Louisiana.)	
Blakely Mountain Reservoir	2,300,000
Blue Mountain Reservoir	35,700
Bull Shoals Reservoir, Ark. and Mo	12,777,500
Carden's Bottom drainage district No. 2	270,000
Conway County levee districts Nos. 1, 2, and 8	96,000
Conway County levee district No. 6	11,000
Crawford County levee district	300,000
Little Rock to Pine Bluff	333,000
Narrows Reservoir	3,460,000
Nimrod Reservoir	59,500
Norfolk Reservoir, Ark. and Mo	744,100
Red River levees and bank stabilization below Denison Dam, Ark., Tex., and La	520,900
West of Morrilton	595,300
California:	
Cherry Valley Reservoir	520,900
Farmington Reservoir	1,700,000
Folsom Reservoir	3,100,000
Isabella Reservoir	2,350,000
Los Angeles County drainage area (exclusive of Whittier Narrows Reservoir)	6,500,000
Merced County stream group	175,000
Pine Flat Reservoir	7,000,000
Sacramento River and major and minor tributaries	600,000
Whittier Narrows Reservoir	4,000,000
Colorado:	
Cherry Creek Reservoir	900,000
John Martin Reservoir	100,000
Connecticut:	
Hartford	70,000
Norwich	290,000
Florida: Central and southern	$1,500,000
Georgia:	
Allatoona Reservoir	6,750,000
Clark Hill Reservoir, Ga. and S. C	13,000,000
Macon	240,000
Idaho:	
Heise Roberts area	250,000
Lucky Peak Reservoir	3,000,000
Illinois:	
Coal Creek drainage and levee district	547,000
Columbia drainage and levee district	372,100
East St. Louis and vicinity	520,900
Farm Creek Reservoir	1,860,200
Grand Tower drainage and levee district	669,700
Mounds and Mound City	450,000
Prairie du Rocher and vicinity	700,000
Preston levee and drainage district	200,000
Reevesville	100,000
Rosiclare	250,000
Wood River drainage and levee district	425,000
Indiana:	
Cagles Mill Reservoir	2,500,000
Cannelton	250,000
Delphi	80,000
Indianapolis (Fall Creek section)	750,000
New Albany	1,600,000
Iowa:	
Chariton River, Mo. and Iowa. (See Missouri.)	
Coralville Reservoir	2,455,500
Dry Run	355,000
Little Sioux River	372,100
Missouri River agricultural levees. (See Kansas.)	
Kansas:	
Fall River Reservoir	250,000
Hulah Reservoir, Okla. and Kans. (See Oklahoma.)	
Kanopolis Reservoir	218,000
Kansas City, Mo. and Kans.	5,000,000
Missouri River agricultural levees, Kansas, Missouri, Iowa, and Nebraska	5,952,700
Kentucky:	
Ashland	744,100
Covington	1,041,700
Dale Hollow Reservoir, Tenn. and Ky. (See Tennessee.)	
Dewey Reservoir	900,000
Hawesville	650,000
Louisville	4,092,500
Maysville	744,100
Newport	2,200,000
Russell	185,000
Taylorsville	45,000
Uniontown	120,000
Wolf Creek Reservoir	15,030,700
Louisiana:	
Aloha Rigolette area	500,000
Bayou Bodcau Reservoir, Ark. and La	360,000
Jonesville	105,000
Lake Pontchartrain	540,000
Mermentau River	1,500,000
Red River levees and bank stabilization below Denison Dam. (See Arkansas.)	
Shreveport	825,000
Maryland:	
Cumberland, Md., and Ridgeley, W. Va	744,100
Savage River Reservoir	1,265,000
Massachusetts:	
Adams	350,000
Birch Hill Reservoir	40,000
Holyoke	240,000
North Adams	350,000
Riverdale	450,000
Tully Reservoir	130,000
Michigan:	
Mount Clemens	270,000
Ren Run	500,000
Minnesota:	
Red Lake and Clearwater Rivers	$1,116,100
Red River of the North, S. Dak., N. Dak., and Minn	744,100
Missouri:	
Chariton River, Mo. and Iowa	400,000
Clearwater Reservoir	60,000
East Poplar Bluff and Poplar Bluff	85,000
Kansas Citys, Mo. and Kans. (See Kansas.)	
Missouri River agricultural levees. (See Kansas.)	
Norfolk Reservoir, Ark. and Mo. (See Arkansas.)	
Perry County levee districts 1, 2, and 3	744,100
Nebraska:	
Harlan County Reservoir	11,250,000
Missouri River agricultural levees. (See Kansas.)	
Missouri River, Kensiers Bend, Nebr., to Sioux City, Iowa	380,000
Omaha	1,500,000
New Hampshire: West Peterboro Reservoir	330,000
New Mexico: Conchas Reservoir	35,000
New York:	
Almond Reservoir	200,000
Arkport Reservoir	30,000
East Sidney Reservoir	800,000
Elmira	1,475,000
Hoosick Falls	350,000
Mount Morris Reservoir	4,836,600
Olean	744,100
Portville	520,900
Syracuse	600,000
Whitney Point Reservoir	290,000
North Carolina: Buggs Island Reservoir, Va. and N. C	15,500,000
North Dakota:	
Baldhill Reservoir	210,000
Garrison Reservoir	27,500,000
Homme Reservoir	475,000
Mandan	36,000
Oahe Reservoir, S. Dak. and N. Dak. (See South Dakota.)	
Red River of the North. (See Minnesota.)	
Ohio:	
Burr Oak Reservoir	1,150,000
Cincinnati	650,000
Delaware Reservoir	900,000
Dillon Reservoir	1,277,600
Ironton	215,000
Massillon	1,860,000
Muskingum River Reservoirs	1,550,000
West Fork of Mill Creek Reservoir	1,041,700
Oklahoma:	
Canton Reservoir	165,000
Denison Reservoir, Tex. and Okla	650,000
Fort Gibson Reservoir	12,000,000
Fort Supply Reservoir	116,500
Great Salt Plains Reservoir	31,000
Hulah Reservoir, Okla. and Kans	4,248,000
Polecat Creek	900,000
Tenkiller Ferry Reservoir	5,500,000
Wister Reservoir	77,500
Oregon:	
Cottage Grove Reservoir	140,000
Detroit Reservoir	9,500,000
Dorena Reservoir	2,500,000
Fern Ridge Reservoir	190,000
Lookout Point Reservoir	9,500,000
Milton Freewater	640,000
Willamette River (bank protection)	450,000

Mr. CANNON (interrupting the reading of the motion). Mr. Speaker, I ask unanimous consent to withdraw my motion.

Since this motion was introduced we have had a message from the Senate asking for a conference. In view of that fact we would rather suspend action on it at this time, and I ask unanimous consent to suspend further proceedings under the motion.

Mr. HOFFMAN of Michigan. Mr. Speaker, reserving the right to object, is this an economy move on the gentleman's part? I have had several letters asking me to get behind the gentleman's economy move, and I just want to know if this is a part of his drive for economy.

Mr. CANNON. It is entirely in the interest of economy.

The items tabulated in the motion are $90,000,000 under the Senate figures, and the ultimate cost of the remainder of the bill is half a billion dollars under the Senate amendments.

Mr. HOFFMAN of Michigan. I thank the gentleman.

The SPEAKER. The gentleman from Missouri [Mr. CANNON] asks unanimous consent to withdraw his motion. Is there objection?

There was no objection.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication, which was read:

SEPTEMBER 26, 1949.

Hon. SAM RAYBURN,
Speaker, House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: Due to the many pressing obligations I have at this time which will preclude, and which from time to time in the past have precluded, my actively participating in the activities of the United States Territorial Expansion Memorial Commission, I should like to tender my resignation from the committee, effective as of this date.

Let me take this occasion to commend the members for the fine job they are doing, and wish them well in their future undertakings on behalf of the Commission.

With warm personal regards, I am

Sincerely yours,

ALBERT THOMAS.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

ADDITIONAL BENEFITS FOR CERTAIN POSTMASTERS, OFFICERS, AND EMPLOYEES IN THE POSTAL FIELD SERVICE

Mr. SABATH. Mr. Speaker, I call up House Resolution 319 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the day succeeding the adoption of this resolution, a special order me, and is hereby created by the House of Representatives for the consideration of H. R. 4495. That on said day the Speaker shall recognize the Representative from Pennsylvania, ROBERT J. CORBETT, to call up H. R. 4495, a bill to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, and promotion, and for other purposes, as a special order of business, and to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of said H. R. 4495. After general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the Member of the House requesting the rule for the consideration of said H. R. 4495 and the Member of the House who is opposed to the said H. R. 4495, to be designated by the Speaker, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill, and the amendments thereto, to final passage, without intervening motion, except one motion to recommit. The special order shall be a continuing order until the bill is finally disposed of.

With the following committee amendment:

Strike out all after the enacting clause and insert the following:

"That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration of the bill (H. R. 4495) to provide additional benefits for certain postmasters, officers, and employees in the postal service with respect to annual and sick leave, longevity pay, and promotion, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit."

Mr. SABATH. Mr. Speaker, this is the postal employees' pay bill. Notwithstanding the fact that a majority of the Members have signed a petition to bring this bill before the House, I feel that many Members are not familiar with all of its provisions. I appreciate that they are extremely busy on other very important matters. Therefore I have gone to the extent of going over the provisions of the bill in order to inform the Members what it actually provides.

In the first place we will take 1 hour on the rule and then have 2 hours for general debate. After that the bill will be considered under the 5-minute rule.

Section 1 of the bill increases annual leave of employees, postmasters, and officers from 15 days to 20 days. Cost, $25,700,000.

Section 2 provides advancement in grades for employees not now covered by law. It covers 50,000 custodial employees, elevator conductors, special-delivery messengers, and others. Cost is estimated at $8,000,000 annually.

Section 3 (a) and (b) increases entrance salary for clerks and carriers from $2,550 to $2,900.

An employee with less than 1 year service will receive an increase of $350 a year.

An employee with 2 years of service will receive an increase of $250 a year.

Promotions are provided for all employees who served prior to July 1, 1945.

Total employees affected by section 3 is 61,525 and the total cost of this section will be $38,250,000.

Section 4 provides for $150 per annum increase for employees, officers, and postmasters and affects 516,000 employees, including substitutes.

Section 4 also provides for a 5-cents per hour increase of hourly part-time employees, which takes in substitutes and temporary employees, charwomen, and others. Postmasters will receive a 5-percent increase in their annual salaries.

Total cost of section 4 is $75,000,000 annually.

Section 5 provides allowance of $100 annually for uniforms for carriers, elevator conductors, and special-delivery boys. One hundred and twenty-five thousand employees are affected and the estimated cost is $12,500,000.

The total annual cost of this legislation is $159,450,000.

Mr. Speaker, the consideration of this bill has been delayed for the reason that there was a great deal of objection to these increases. The Civil Service Commission, the Post Office Department, as well as the Bureau of the Budget made objection to some of the provisions and they thought, and our committee believed, that the committee having jurisdiction of this matter should try to include in the bill provisions for increased rates to reduce the tremendous deficit in the Post Office Department. Unfortunately, the deficit for 1948 is $533,932,000, made up as follows:

The second-class mail, publications, newspapers, magazines, and so forth, cost the Government $223,861,000 above what the users pay for the service.

Third-class mail, which includes parcel-post packages, 8 ounces and under, costs the Government $118,231,000 more than is received in revenue.

Parcels post, covering material over 8 ounces, catalogs issued by mail-order houses and large chain stores, books, heavier packages, and so forth, shows a deficit of $107,992,000. Controlled circulation publications show a deficit of $580,000.

Special services, which include special delivery, money orders, postal notes, registered mail, insured mail, and c. o. d. mail show a deficit of $90,701,000.

The total deficit for 1948 was $533,972,000, as I stated before.

The Committee on Rules was of the opinion, and urged, that the Committee on Post Office and Civil Service bring in a bill making increases in the postal rates in order to bring about a reduction in this great deficit.

There is great opposition to increasing rates on parcel-post packages, as well as to the increases for other services which the Department feels are warranted and justifiable in order to reduce this huge deficit. When the proposal to inaugurate parcel-post service was advanced under the leadership of Mr. David Lewis, of Maryland, with whom I cooperated wholeheartedly, the express companies were mulcting American shippers with excessive charges for their service. This brought about the adoption of legislation, in 1916, creating the parcel-post service in the Post Office Department over the most strenuous opposition of the three or four express companies then operating.

It was designed to facilitate the shipment of small packages by the independent businessman to the average American family. It was immediately seized upon by the rapidly growing mail-order houses and large chain stores until today they are the chief beneficiaries of this low-cost means of shipping, as well as of the huge deficit now suffered by the Post Office Department in the conduct of this service and paid for by the taxpayer.

Today a 15-pound package shipped from New York to Boston requires 41 cents postage; the express rate is $1.24. The same package shipped from New York to San Francisco requires $1.78 postage; the express rate is $3.10.

We should take into consideration the fact that these benefits inure, to a great extent, to large corporations who are making tremendous profits from the savings they make over the rates they would be obliged to pay the privately operated express companies. These large corporations are strenuously opposing the slight increase proposed in parcel-post rates.

The cost to the Government of carrying the hundreds of magazines that enter the mails is roughly $190,000,000. When you examine these magazines you find that 90 percent of their content is high-powered advertising. These magazines are detrimental to the small independent businessman and manufacturer who cannot afford to pay $1,000 to $2,000 a page for advertising. In his limited field of operation it does not justify him to advertise in these national circulation outlets. Yet, he is required to meet the competition of these giants who utilize this service. The general public does not derive any benefit whatever.

The mail-order houses and large chain stores advertise in these high-cost magazines, first, to get their products and their name before the public, and second, because they can reduce their income taxes at the expense of the Government by charging it to the cost of doing business and adding it to the cost of their product, and at the same time deducting it from their income taxes. The advertising does not cost them anything; the Government and the public pay for it—the taxpayer carries the load.

Naturally, I am not in favor of large increases on publications issued by religious, scientific, educational, and fraternal organizations, but I have maintained, and I maintain now, that the beneficiaries of such advertising and the owners of these large publications, who are the first to criticize Government expenditures and demand reduction in taxes, should be charged postal rates that will at least meet the cost of the service rendered. Due to the influence they have been able to exert they have prevented the establishment of equitable rates for the wonderful service that has been rendered by the greatest governmental agency we have. The postal service is extremely efficient and economical in its operation, especially under this Democratic administration.

Many of you can recall when, under Republican administration, tremendously high prices were paid for land and for the construction of post offices, and also the collusion on the part of the Department at that time with the real-estate operators that increased the rental on leased post offices from 50 to 100 percent. I am sure some Members still remember the scandal that attended the St. Paul post-office lease where the rental received in 3 years was twice the actual cost of construction of the building leased. There were many similar cases but time does not permit me to mention them.

I, for one, am indeed proud of the splendid record of this great institution under, as I stated, this Democratic administration.

It was in the hope, as I said earlier, that the Post Office and Civil Service Committee would include provisions in this bill for increases in second-, third-, and fourth-class rates, that the granting of a rule was postponed a few weeks. I fully appreciate that my demands for the increase of rates on these magazines will not be viewed with favor, but I feel it my duty to call attention to these facts so that the postal employees—whom I firmly believe agree with my viewpoint—would understand the real issues involved. I want these great publications to pay fair rates for the splendid services they are receiving—not to bring about profit to the Government, but that the actual cost of the service be met.

I have served too long not to realize that anyone trying and doing what he believes his duty is subjected to criticism, but I feel that I have only performed my solemn duty to the people who have so many times elected and reelected me, and to my country, which more than offsets the criticism on the part of even those who have found fault with the delay in bringing this bill to the floor. And this criticism will not deter me in the future from doing what I consider is right and just. As to these various organizations of postal workers may I say humbly that I have, during all the years of my service, been extremely fair in aiding, advocating, and voting for legislation in their behalf.

This is an important bill to postal workers. I regret it is impossible to secure action on several other bills affecting postal employees, one of which is H. R. 87. Personally, I have always favored a fair and reasonable living wage or salary to all employees. I have not deliberately or willfully delayed the rule for the consideration of H. R. 87, as chairman of the Committee on Rules. My record speaks for itself. I have always supported and been sympathetic toward legislation in the interest of postal employees. But they must realize they cannot, all at once and in these trying days, get all they have asked for. In conclusion I wish to say that I believe in economy and efficiency, but I also believe in fair compensation and living wages, especially when it concerns the men who served with courage during the last war.

I want to congratulate the Committee on Post Office and Civil Service upon the work it has done. I know their trials and tribulations. They were confronted with the same problems that we were. I have been attacked, assailed, condemned, and criticized, but as I said before, I feel that I have done my duty by the House of Representatives, by my country, and also by these people who are attacking and assailing me.

Mr. Speaker, I am in favor of the rule. I hope the rule will be adopted. Due to a meeting of the Committee of Rules this afternoon, it may not be possible for me to be on the floor when the final vote on this bill is taken. I want to take this opportunity to state that I am in favor of the passage of this bill and intend to so vote unless I am detained in committee.

I now yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN] and reserve the balance of my time.

Mr. MARTIN of Massachusetts. Mr. Speaker, I am in favor of the rule and the bill which it brings to the consideration of the House. I know of no opposition to it.

Mr. Speaker, I reserve the balance of my time.

Mr. SABATH. Mr. Speaker, I yield such time as he may require to the gentleman from New York [Mr. ROONEY].

Mr. ROONEY. Mr. Speaker, it is my sincere hope that this House will overwhelmingly and immediately pass the pending resolution which makes in order the bill, H. R. 4495 providing additional benefits for our loyal and efficient postal employees with respect to their annual leave, longevity pay, increased compensation, and promotions.

It surely is high time that something is being done and some steps are being taken to grant these employees some increase in pay, however modest, and other necessary additional benefits.

I submit that postal employees should no longer be forced to seek extra jobs in order to eke out an adequate income for the support of their wives and families. The continued increase in living costs has placed a serious burden on these faithful public servants and in far too many instances it has been necessary for their wives to seek employment in order to supplement to some extent their family budget. This is in my opinion a most deplorable situation and the only partial remedy for it is prompt action on this legislation. H. R. 4495 would at best modestly reward our postal workers who daily perform such indispensable tasks for the citizens of every State in the Union.

Let us immediately pass this rule and proceed to consideration of H. R. 4495 so that we may have a favorable vote on final passage before the afternoon is out. It is the least we can do for the most efficient group of employees in Government service.

Mr. SABATH. Mr. Speaker, I now yield to the gentleman from Texas [Mr. LYLE], who I understand originally drafted the bill and helped the committee tremendously. He is not seeking any special credit for the splendid work which he has done, but I feel we should hear from him. I yield to the gentleman from Texas [Mr. LYLE] such time as he may require.

Mr. LYLE. Mr. Speaker, I take this time to say that I favor the rule and favor the bill.

I am worried about one thing. Oftimes, in our enthusiasm to do some-

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thing for the postal workers, we injure them. I sincerely believe that it is in the interest of the postal employees that there should be no attempt made to enlarge the scope of this bill. It is difficult enough in times like this to pass constructive legislation that will be helpful to Federal employees. I fear that if, in our enthusiasm, we attempt to go further than this bill, we will only hurt the postal employees.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. LYLE. I yield.

Mr. HOFFMAN of Michigan. I have been looking at the report. Am I correct in assuming that the Post Office Department, the Bureau of the Budget, and the Civil Service Commission are all against this bill?

Mr. LYLE. That is my understanding.

Mr. HOFFMAN of Michigan. Yet the committee is in favor of it?

Mr. LYLE. Well, I am very proud of this Congress, that it is not run by the Civil Service Commission or the Post Office Department or by the executive departments.

Mr. HOFFMAN of Michigan. Then, am I correct in assuming that, for once at least, in the history of the Eighty-first Congress we find three departments advocating an economy move and the Congress ignoring their suggestion?

Mr. LYLE. I cannot say whether you are correct or not, but I think this Congress has the wisdom to know whether or not it wants this type of legislation. I do think that the reports of the bureaus are often helpful, but the day that they become controlling on the Congress we have given up the rights of the people.

Mr. HOFFMAN of Michigan. Then if the Members of Congress want to get the greatest political benefit out of this legislation, should we not wait until 1950, when the campaign is on? If a vote is to produce political support, should it not be cast just before election?

Mr. LYLE. The gentleman must do what he thinks best. I am thinking about the postal employees and I am thinking about the country; not elections.

Mr. HOFFMAN of Michigan. That is an alibi always available.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. LYLE. I yield.

Mr. SABATH. I take it that this committee and this House does not want to play politics with this important legislation. All they are trying to do is to aid underpaid employees, and at the same time bring about increased revenues from the second-, third-, and fourth-class services.

Mr. LYLE. That is correct.

Mr. Speaker, I urge the adoption of the rule and the adoption of the bill.

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution as amended.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution as amended.

The resolution was agreed to.

Mr. MURRAY of Tennessee. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration of the bill (H. R. 4495) to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, and promotion, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 4495, with Mr. SIKES in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the terms of the resolution, the gentleman from Tennessee [Mr. MURRAY] is recognized for 1 hour; and the gentleman from Kansas [Mr. REES] is recognized for 1 hour.

The gentleman from Tennessee.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield myself such time as I may desire, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MURRAY of Tennessee. Mr. Chairman, this bill amends, in certain respects, Public Law 134, a reclassification postal bill passed by the Congress in the Seventy-ninth session in July 1945. It is not a general reclassification bill. It is just an amendment to the present reclassification bill.

I might say that when Public Law 134 was passed in 1945 it was the first general reclassification of the postal salary structure since 1925, a period of 20 years.

I wish first briefly to discuss the provisions of this bill: Section 1 increases the annual leave of postal employees from 15 days to 20 days, with a maximum of accrued leave of 60 days.

Section 2 provides three additional grades for all postal employees for longevity purposes, who were not granted such grades under Public Law 134. This section, which will give longevity grades, three in number, of $100 increase for each grade to employees who do not now have any longevity grades or who have only two longevity grades, will affect about 50,000 employees, including principally custodial employees, special-delivery messengers, employees in the Division of Equipment and Supplies, and clerks in third-class offices. Groups of employees, such as clerks, city letter carriers, and motor-vehicle employees, railway mail clerks, and rural carriers already have three longevity or meritorious grades, and for that reason they are not affected by section 2 of this bill.

Longevity grades are for long, faithful service. Under Public Law 134 various postal employees are grouped in certain automatic grades with the exception of postmasters and supervisory employees. For instance, the clerk and city carrier groups which comprise about 325,000 employees or about two-thirds of all the postal employees have 11 automatic grades; rural carriers have 11 automatic grades; the motor vehicle service employees have the same number of grades. Some of the other groups have six, seven, eight, and nine grades. These longevity grades amount to this: After an employee has been in the top automatic grade of his group for 3 years he then receives No. 1 longevity grade. After he stays in No. 1 longevity grade for 5 years he then receives No. 2 longevity grade. After he serves in longevity grade No. 2 for 7 years he then advances to No. 3 meritorious or longevity grade. Each longevity grade carries an increase of $100 in salary.

The cost of this provision, section 2, will be about $8,000,000. As an example, under this section which gives longevity grades to those employees who have no longevity grades or have only two longevity grades let us take the special-delivery messenger who today has no longevity grades. His group has nine automatic grades. His starting salary now is $2,450. Under present law they will reach the ninth automatic grade which carries a salary of $3,250. Then by spending the requisite number of years in the service they will get three additional longevity grades and their salary will then be $3,550. This bill also gives a general increase of $150 to all employees, so that would make the top salary of the special messenger $3,700. I will give you another example of the operation of section 2: Laborers, head charmen, and head charwomen have seven automatic grades under present law; they start at a salary of $2,150. When they reach the seventh automatic grade their salary is $2,750. Under this bill they will have three longevity grades in addition. When the laborers, head charmen and head charwomen reach the third longevity grade they will get the salary increase of $150 under this bill a salary of $3,200.

Section 3 provides that employees appointed to a regular position will go to grade 3 and that employees now in either grade 1 or 2 will advance to grade 3. This provision will cost $13,000,000.

In other words, this bill starts every employee who is in an automatic grade up to the third grade, which means an increase of $200 to the starting employee. Then in addition too, the bill gives him an increase of $150 in salary which means that the starting salary of the employee will have a $350 increase. If an employee now is in his first year, in grade 1, this bill puts him to grade 3. Thereby his salary will be increased $200 by the promotion to grade 3 and also with the $150 general increase under this bill his increase will be $350. Employees now in grade 2 will get a salary increase of $250. Employees who are in automatic grade 3 or higher automatic grades will get an increase of $150 under this bill.

The bill also provides that employees in the postal service may count all service before July 1, 1945, in figuring their promotion to the three longevity or meritorious grades. This will cost $25,250,000 per year.

In other words, by giving these employees who have served a long number of years credit for their past service, any clerk or carrier in a first- or second-class post office with 23 years or more service today will be immediately entitled to be placed in the top meritorious grade, the salary of which will be $4,000, which will give them an immediate increase of $450.

Section 4 of the bill provides an increase of $150 for all postal employees with the exception of fourth-class postmasters who get a 5-percent increase, and hourly and substitute employees who will get an increase of 5 cents per hour. This section will cost around $75,000,000.

Section 5 provides that employees who are required to wear uniforms, such as city carriers, will be furnished uniforms up to the amount of $100 per year by the Postmaster General. At the present time those employees of the postal service who are required to wear uniforms must pay for their own uniforms.

These are the general provisions of the bill that has been reported out. After the bill was reported out, the committee decided to offer an amendment to the bill on the floor of the House which would provide three meritorious grades for all postmasters and supervisory employees after 13 years', 18 years', and 25 years' service, respectively. In other words, a supervisor who is an assistant postmaster or who is a foreman or who is a superintendent of mails or who is superintendent of the postal finance or money orders, if he has been in the postal service for 25 years, under this bill gets an increase of $450, which consists of $300 for the three longevity grades and $150 salary increase. Many of the supervisors have performed a long service. They have come up from the ranks. They started out as clerks and carriers and have been promoted to supervisory positions. Many of them already have 25 years' service. If they do they will get an increase of $450 under this bill. For 18 years' service they will get an increase of $350 and for 13 years' service they will be given an increase of $250.

The cost of this bill with the committee amendment, which gives longevity grades to postmasters and supervisors, is estimated by the Post Office Department at $167,500,000.

The bill as reported by the committee is different from the bill as introduced. The bill as introduced provided that the postal employees should have 26 days annual leave and 15 days sick leave. Our committee provided 20 days annual leave and left the sick leave at 10 days.

The bill provided that the first four grades should be eliminated. Our committee decided to eliminate only the first two grades.

The bill provided that all efficiency ratings should be eliminated. Our committee removed that from the bill.

The bill also provided for four longevity grades. Our committee cut that down to three longevity grades.

The bill originally introduced did not provide increases for fourth-class postmasters and hourly substitute employees, and our committee made allowance for fourth-class postmasters and such employees as already described. The original bill would have cost $237,000,000—and our committee has revised it so as to reduce the cost to $167,000,000.

This bill carries various raises for different employees, as I have stated. All employees, except fourth-class postmasters and your hourly employees, will get at least $150 increase. Other employees who are now in the first grade will get $350 increase. Employees in the second grade will get $250 increase. All postmaster supervisors who have been in the service 25 years will get $450 increase. New employees will have a starting salary at an increase of $350.

I now wish to make some references to the history of this legislation. During the present session over 60 bills providing various salary increases and sundry benefits for postal employees have been introduced in the House. The proposed salary increases ranged from $1,100, $800, $650, and downward. Our committee appointed a subcommittee to consider these sixty-odd bills, the maximum cost of which would have been over $1,500,000,000. Our subcommittee consisted of nine members. I was the chairman of the subcommittee. We had hearings for several weeks on these many bills. We were trying to go about the matter in a sensible manner and were endeavoring to write a bill that would be fair, just, and equitable, but right in the midst of the hearings a discharge petition was filed in the House to discharge our committee from the consideration of H. R. 4495, the bill now under consideration. Two hundred and eighteen Members of the House saw fit to sign this discharge petition and, mind you, when the 218 Members signed that discharge petition the bill contained many more benefits than the bill as finally reported out by the House committee.

What was the situation then? Two hundred and eighteen Members had signed the petition to discharge our committee. What else could your subcommittee do except to try to reach some kind of hurried decision and report out a bill on account of the discharge petition. The subcommittee reported out to the full committee a bill calling for $100 increase to all employees and providing for the elimination of the first two grades. It had nothing about longevity grades; it had nothing about increases in annual leave, and when the report of the subcommittee was made to the full committee, giving only these two benefits—the $100 increase and the elimination of the first two grades—the full committee refused to approve the report of the subcommittee and added these other additional benefits which I have enumerated.

The report of the subcommittee is the same as the bill in the other body today. The bill reported out by the Post Office and Civil Service Committee in the other body provides only for $100 increase and the elimination of the first two grades.

I regret that our committee was not given proper time to bring out a more equitable, more thorough, and a better considered bill than we have here before us today due to the 218 Members signing the discharge petition. It is unfortunate that we were unable to report out a general reclassification postal bill removing any inequities, injustices, or inequalities in the Postal Classification Act of 1945. I am sure that if we had been given appropriate time we could have brought out a much better bill and one that would have been much fairer.

This is the position the Postmaster General, the Director of the Budget, and the Civil Service Commission took all along: "They said that they were opposed to any further flat increases since the flat increases which Congress has already given have distorted and unbalanced the entire classification structure." They favored a general revision of the Postal Classification Act of 1945, removing inequities and inequalities therein.

Let us see what we have given the postal employees in the way of benefits. By the passage of Public Law 134 in 1945 we gave practically all employees an increase of $400. The supervisory employees and the postmasters in the higher brackets received more than that. Then, in 1946, we gave them another $400 increase across the board, and this last year we gave them another flat increase of $450. This makes three across-the-board flat increases, amounting to $1,250. In addition, these employees have received at least two automatic promotions in the service, and, today, the great majority of postal employees have received at least an increase of $1,450 since July 1, 1945.

A city carrier or a clerk who was drawing $2,100 in 1945 is now drawing $3,550. Under this bill, when the clerk or carrier serves the required time for the longevity grades, the salary will be $4,000. A clerk or carrier who was receiving $1,700 in 1940 is now receiving $3,550 without the increase in this bill; all postal employees have received from 60- to 65-percent increases since 1945.

I am sorry our committee could not be granted the time to bring out a better considered bill on account of the discharge petition. This is a makeshift bill. What do all of these flat increases across the board since 1945 do to our classification structure? They absolutely make the scales out of balance as far as the classification is concerned. When you give $1,250 in flat salary increases to every employees from the top to the bottom, except the fourth-class postmasters and hourly employees, which we have done since 1945, do you not know that by doing so you have unbalanced the classification picture? Do you not know that if we are to have a proper classification structure we should first evaluate the duties of the positions and the responsibilities of the positions? Do not the members of the committee agree that when you give the lowest one of the employees $1,250 and the top one $1,250 without regard to the duties and responsibilities and importance of their positions, you are then throwing out of kilter and balance altogether the classification structure?

The Postmaster General came before our subcommittee and said specifically that our committee should take the time to draft a revision of Public Law 134 for the purpose of wiping out any inequities and inequalities. But we have not been given time to do that.

I wish I were here presenting a bill to the House that was a thorough reclassification of Public Law 134, instead of this makeshift bill today. You see the situation in which the committee has been. We had to take hasty action and bring out this compromise bill after 218 Members of the House had signed a petition

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discharging our committee from further consideration of the bill. I felt that our committee should act in a hurry and bring out some kind of a bill before the discharge petition could be brought up under the rules of the House.

Mr. WITHROW. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Tennessee. I yield.

Mr. WITHROW. I have listened to the gentleman's statement very carefully. I would like to know whether the gentleman, as chairman of the committee is opposed to this bill or in favor of it.

Mr. MURRAY of Tennessee. I say it is not a well-considered bill. I say I regret the committee did not have time to bring out a bill thoroughly revising the classification law of 1945 so as to remove the inequities. I say I think we have been extremely liberal with our postal employees during the last 4 or 5 years with regard to salary increases.

Mr. WITHROW. Are you opposed to the bill?

Mr. MURRAY of Tennessee. I do not like all provisions of the bill but I am going along with the committee. My position on this is that I think it is my duty as chairman of the committee to present to you the arguments and views of those who are in favor of the bill and those who do not like the bill in its entirety so that the committee may have both sides in considering what action should be taken.

Mr. FULTON. Mr. Chairman, will the gentleman yield for a question?

Mr. MURRAY of Tennessee. I am glad to yield to the gentleman.

Mr. FULTON. Is it not true that this bill was first filed in January of this year and that therefore the committee has had since January of 1949?

Mr. MURRAY of Tennessee. Oh, the gentleman is so wrong. The bill was filed in May of this year.

Mr. FULTON. I understand further that the subcommittee having jurisdiction of this bill did not even meet prior to the filing of the discharge petition at the desk.

Mr. MURRAY of Tennessee. The subcommittee met within a few weeks after this bill was introduced and held hearings for at least a month before the discharge petition was filed.

Mr. FULTON. May I ask the gentleman, then, would he check with his committee, because I was advised from the committee that that was the case, so that if you are saying one thing as chairman of the committee, might it not be wise to poll your committee members who have said otherwise?

Mr. MURRAY of Tennessee. I do not think that is necessary because I stand upon my statement I make as chairman of this committee.

Mr. REES. Mr. Chairman, I yield myself 10 minutes.

The chairman of the committee has made a clear analysis of this bill. He has given you a brief history leading up to its consideration today. I should like to add that the chairman of our committee gave all parties who wanted to be heard a chance to express their views on this bill. With all deference, I want to say there has been considerable misunderstanding with regard to hearings on this proposed legislation.

I believe the record will show that hearings on this bill began June 28, 1949. It might be well to note that about 70 or 80 Members of Congress appeared before our committee and testified in support of it. The amended bill before you today does not meet all requests of those employed in the postal service. I do think, however, that this measure is fair and equitable, and with amendments that I shall offer, the bill should be approved by the House.

In view of statements that have just been made, I think a little further discussion with respect to the history of this bill will be helpful. The original H. R. 4495 was introduced in the House on May 3, 1949. It had the approval of the legislative representatives of the post-office clerks, the carriers, and others employed in the postal service. The representatives of these groups came before our committee and testified in support of the bill as written.

About the only major changes requested were made by the supervisors who were not, as they believed, sufficiently covered under the terms of the bill. As I have stated, the original H. R. 4495 was introduced May 3, 1949. Hearings on the bill began June 28, 1949.

When the hearings on H. R. 4495 began, the committee did not have the benefit of the views of the Bureau of the Budget and the Post Office Department. However, in connection with bills providing flat increases in the pay of postal employees, the committee had adverse reports from the Bureau of the Budget and the Post Office Department.

Under date of April 28, 1949, the Postmaster General stated:

> It is believed that no proposals for general salary increases for postal employees should be considered favorably unless accompanied by provisions for increasing the postal revenues sufficiently to offset the estimated costs of the increased expenditures.

The Director of the Bureau of the Budget stated:

> With respect to postal pay rates, it is estimated that the pay acts of 1945, 1946, and 1948 resulted in an average increase in the base-pay rates in the postal service of from 60 to 65 percent. Under the circumstances it would appear that if the Congress is desirous of making any general upward adjustment of salaries paid under the Classification Act and the Postal Pay Acts, such adjustments should be made only after a thorough study of the need and justification for further pay increases. For these reasons I must advise you that the proposed bills cannot be considered in accord with the program of the President.

Despite the failure of the executive branch to report to the committee on H. R. 4495, the committee conducted extensive hearings and made a study of the legislation insofar as time permitted. It was not until July 29 and July 30, only 5 days before the committee reported H. R. 4495, that the Postmaster General and the Bureau of the Budget submitted their reports on the bill. These reports were adverse. The Postmaster General stated:

> The Department does not recommend the enactment of these measures because of the provisions that (1) they discriminate against substitute and part-time employees and postmasters of the fourth class; (2) provide dual longevity for promotions; (3) increase the estimated postal deficit for the year 1950 about 61 percent; and (4) not in the best interests of the postal service.

The Postmaster General further stated that the enactment of this legislation could not be considered to be in accord with the program of the President.

The Bureau of the Budget stated in connection with H. R. 4495 that it does not believe that the Congress should give favorable consideration to the legislation.

The Civil Service Commission reported its adverse views on the legislation on August 5, the same day the bill was reported.

The committee has attempted to remove some of the inequities and discriminations in H. R. 4495 but sufficient time was not had for the committee to give adequate consideration to the comprehensive and complicated pay structure in the postal service in order to prepare a bill which is completely equitable to all employees.

It seems to me that the committee will probably have to give further consideration to these particular problems at the proper time. I think that statement is probably important, to try to set some of the Members straight with regard to the history of this legislation.

Briefly among other things the bill provides for a 5-day increase in annual leave. This is an effort to even up with other Federal employees.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the distinguished gentleman from Indiana, a former member of the House Civil Service Committee who has always shown deep interest in employees in Government service.

Mr. HALLECK. I understand that Federal employees generally have 26 days annual leave.

Mr. REES. That is correct.

Mr. HALLECK. It has occurred to me that probably justice would indicate that postal employees should be brought in line with the practice generally prevailing. Is there some reason why the postal employees are not thought to have the same right to the 26 days received by other Federal employees?

Mr. REES. It is my information that the Post Office Department has up to this time, and even presently, expressed opposition for the reason, they claim, that postal employees are usually working at or near home while other employees—in large number at least—are employed away from home, and when they have their vacations a considerable time is lost in going from the place of employment home and returning to the place of employment.

Mr. FULTON. Mr. Chairman, will the gentleman yield for a question?

Mr. REES. Briefly.

Mr. FULTON. To be fair to the committee chairman, the gentleman from Tennessee [Mr. MURRAY] I will try to point out what the delay has been.

Mr. REES. If the gentleman wishes to ask a question, I will be glad to yield; if he wishes to make a statement I will yield time for him to do that later on.

Mr. FULTON. I wish to do it by asking a question. When did the subcommittee finish its consideration of the bill? What date?

Mr. REES. I do not know the exact date, but it was during the first days of August.

Mr. FULTON. Does the chairman of the committee know? By the report I notice that the date of reporting the bill was early in August.

Mr. REES. I believe it is August 5. If that is not correct, I will correct it later.

I yield to the chairman of the committee.

Mr. MURRAY of Tennessee. I might state that the report of the committee was filed on August 5. As I recollect, the report of the subcommittee to the full committee was filed either 1 or 2 days before that time.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. REES. I yield myself four additional minutes and do not yield further at this time.

The CHAIRMAN. The gentleman from Kansas is recognized for four additional minutes.

Mr. REES. In addition to the 5-day annual leave there is a provision for $150 flat increase in salary with proportionate increases for certain employees and a percentage increase for fourth-class postmasters. Then, as the chairman has just suggested, it provides three longevity grades to those who do not now have such grades; and under an amendment which I understand the gentleman from Tennessee will submit on behalf of the Committee, it will give longevity grades to those as well as to postmasters and supervisors. The bill will also permit postal employees with long years of service to count all of their service toward their promotion in the additional longevity grades.

We are also establishing a procedure; we are furnishing uniforms to those postal employees required to wear them, providing that the Postmaster General may either furnish them or permit their purchase by individual employees within the limitation in either case of $100 a year.

The bill also provides for the elimination of the first two grades of the regular employees. It is with this particular provision that I should like to deal at some length. Under the language of the bill as written the first two grades are eliminated only for those employees having regular appointments. I believe it was the thought of many who testified, and Members of this House who testified, that raising the entrance salary included all employees of the postal service, but such is not the case. If the bill is passed in its present form it will again create an inequity in the classes of those employees described as substitute employees or who may be described as temporary employees. They are the ones who start normally as substitutes. For example, a clerk in the custodial service who today starts in at $2,550 a year would, after the passage of this bill, start at $2,750 a year, plus the $150 flat increase to all employees.

The same is true in the case of mechanics, laborers, firemen, clerks in the division inspection office, and others. However, in the case of the vast number of operating employees in the postal service, these men who are actually moving the mail, you will find they enter the service as substitutes. Their entrance salary has not been raised one bit by virtue of the elimination of the first two grades for regular employees. You will find that we will have created two separate salary standards. You will find many employees refusing to take substitute appointments and waiting their turn for a regular appointment. Many substitutes may thus remain substitutes for years without an opportunity for a regular appointment. Substitutes in offices where there are vacancies for regular appointments will be rapidly promoted to the third grade. However, those in offices where there are no such vacancies will not enjoy the increases believed by many to be established under this section. These operating employees that I am speaking of are the letter carriers, the post-office clerks, the railway-mail clerks, and the motor-vehicle employees.

At the proper time, I will propose an amendment raising their entrance salaries along with the raise in the entrance salaries provided for custodial employees and others which I have mentioned. My amendment is as follows:

On page 9, line 1, strike out the words "to a regular position" and on page 9, lines 5 and 6, strike out the words "to a regular position."

This amendment is in harmony with the objective of the bill which is to raise the entrance salary for employees in the postal service. There is much merit to raising their entrance salary. In this respect I might point out that when the pay increase was passed for other Federal employees in 1945, we raised the salaries of the positions, and the employees entering after the effective date of that act received the benefit of the higher entrance salary. In the same year, Public Law 134 was passed for postal employees. This, instead of raising the salaries of the positions, raised the salaries of the individuals. The result was that the entrance salary remained the same as it was prior to the enactment of the law. This is what we are seeking to correct under the terms of section 3 (a) and (b).

Without my amendment, more than 100,000 deserving postal workers, those in the lower grades, will certainly be disappointed. I hope my amendment will receive unanimous support.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from California.

Mr. JOHNSON. What will be the amount they will be raised?

Mr. REES. The entrance salary will be $2,900.

Mr. JOHNSON. What will be the amount of the raise to the group?

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. REES. Mr. Chairman, I yield myself three additional minutes.

Mr. HARRIS. What is the starting salary now?

Mr. REES. Two thousand three hundred and fifty dollars.

Mr. WHITAKER. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Kentucky, one of the hard-working members of our committee.

Mr. WHITAKER. In answer to the gentleman from Pennsylvania [Mr. FULTON], may I ask the gentleman if before the subcommittee at least 65 Congressmen appeared and testified?

Mr. REES. That is correct, and although considerable time was required we were glad to have their views.

Mr. WHITAKER. And probably 15 more filed statements.

Mr. REES. It is my understanding that about 65 or 70 Members of this House requested the opportunity to appear before our committee. Every Member of the House was accorded that privilege. The distinguished gentleman now asking these questions was a member of that subcommittee.

Mr. WHITAKER. I want the gentleman to know that the subcommittee did do a little work.

Mr. REES. I appreciate very much the gentleman's statement. As I have read, the gentleman from Kentucky [Mr. WHITAKER] is one of the diligent, hard-working members of the subcommittee.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Illinois, a former member of the Committee on Post Office of the House and an active and influential member of it.

Mr. MASON. I want to know the reason for eliminating the first two grades of the classification for these postal employees.

Mr. REES. The reason given is it is believed that the entrance salary is too low to attract qualified people to these jobs, the attempt being to get men and women who are particularly well qualified. It is said by those who are familiar with the problem that the Post Office Department is unable to secure employees at a low salary as compared with other positions. They also tell us the starting salary is out of line and too low.

Mr. MASON. Those are not the facts. They are just stated as facts. The chairman of the committee now, the gentleman from Tennessee, and the gentleman from Virginia who was chairman at the time we wrote this Reclassification Act, worked for at least 4 months in revamping the entire classification of the postal officials. We did a job that was commended by every postal employee in this country. Twenty-four years had gone by without a reclassification. Now they come along and want to cut off the very essential things that we thought we had accomplished by making this a career proposition, attracting the young 18-year-old high-school graduates at the beginning and giving them promotions all the way up.

Now you are cutting off those two grades and saying, "We do not want any young high-school graduates; we want mature, grown-up, married men who must have more than that to start with

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as postal employees." That is exactly what this thing does.

Mr. REES. I would like to say to the gentleman the first two grades number approximately 49,000, approximately 10 percent of all of the employees in the postal service.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Michigan.

Mr. MICHENER. As I understand the gentleman, the elimination of the first two grades primarily does just one thing: It increases the starting point of new employees.

Mr. REES. That is correct.

Mr. MICHENER. Question No. 2. That starting point today, under existing law, is how much?

Mr. REES. Two thousand five hundred and fifty dollars.

Mr. MICHENER. If this bill becomes law, what will that starting point be?

Mr. REES. It will be $2,550, plus $200; $2,750, plus $150; or $2,900.

Mr. MICHENER. The starting point will be $2,900?

Mr. REES. That is correct.

Mr. MICHENER. Does that apply alike to all employees? For instance, take clerks, carriers, and assistant janitors?

Mr. REES. That is correct, except a few who are in custodial service. There may be a few others.

Mr. MICHENER. Let us take the assistant janitors.

Mr. REES. It applies to all salaried employees, except a comparatively few.

Mr. MICHENER. Well, what is the lowest salary?

Mr. REES. Those who are on a straight salary.

Mr. MICHENER. Are the janitors on a straight salary?

Mr. REES. Some of them are salaried and some of them are hourly employees.

Mr. MICHENER. I received a letter inquiring about this, and it was claimed to me that if this bill becomes a law, the assistant janitor, wherever he might be, in a small town, will be given more pay than the local bank cashier or the local school teacher.

Mr. REES. The janitor in the gentleman's home town, I think, is on an hourly basis and will get an increase of 5 cents per hour. There may be a few who get salaries now, if on salary basis, of $2,150 per annum. That is possible, but the salary may be more. All salaried employees will receive an increase of $150 per annum under this bill.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield such time as he may desire to the gentleman from Louisiana [Mr. MORRISON].

Mr. MORRISON. Mr. Chairman, as a member of the Post Office and Civil Service Committee, I am pleased to rise in support of this measure which is, in my judgment, one of the most liberal and far-reaching bills for the benefit of our faithful postal employees to reach the floor of the House in recent years.

My only regret is that in some respects it does not go as far as it should toward eliminating the inequities between postal employees and other Federal employees and because the inequities it seeks to correct were not corrected by legislation in the last Congress. Ever since the passage of Public Law 134, which is the basic classification and salary act of the postal service, it has been obvious to those of us close to the problem that many inequities still remain as far as our postal employees are concerned. May I enumerate some of them.

First, we find postal employees receiving only 15 days annual leave and 10 days sick leave while other Federal employees receive 26 days annual leave and 15 days sick leave. Secondly, when Public Law 134 was passed, the entrance salary in the postal service was not increased while the Federal Employees Pay Act of 1945, which was passed almost concurrently, did increase the entrance salary for other Federal employees. Within the postal service itself, we find some employees receiving 3 extra longevity grades while others receive 2 and many do not receive any at all.

The terms of Public Law 134 precluded employees of long years of service from receiving full credit for these many years of faithful service toward their longevity promotions. The net result of this situation is that these older employees who have built the postal service to the fine, efficient organization that it is today, cannot aspire to reach the top grade provided for their particular classification. In my judgment, simple justice would require that these faithful public servants receive the same consideration as new employees coming into the service who can look forward to reaching the maximum grade.

Letter carriers, elevator operators, and many other employees in the postal service who are required to wear uniforms while on duty must provide these uniforms from their own funds. Many Federal agencies provide the uniforms when they require their employees to wear them. In my judgment, it is high time that these inequities as between Federal employees and postal employees and as between the various groups of postal employees, should be remedied.

H. R. 4495 will go a long way toward correcting these situations. It will provide an additional 5 days annual leave; it will eliminate the first two grades for regular employees and, in effect, increase the starting salary by $200; it gives flat increases in salary to all employees of $150 per year. This increase, incidentally, is the amount that, in my judgment, should have been given at the time we enacted salary-increase legislation last year. In other words, the provisions of Public Law 900, Eightieth Congress, should have granted a $600 a year flat increase rather than the $450 a year flat increase that was provided in that law. Such an increase was required to give postal employees their proper salaries, taking into consideration the increased cost of living.

Under the terms of H. R. 4495, employees of long years of service in the postal service can count all of that service toward the so-called meritorious grades and those employees who do not now receive such grades will be given three meritorious grades. Under a committee amendment, this benefit is extended as well to postmasters and supervisors.

We are also providing in this bill that the Postmaster General furnish uniforms for those employees who are required to wear them in their postal duties. He may, under the terms of the bill, in the alternative, authorize the employees to purchase the uniforms and reimburse them. There is a limitation on either procedure of $100 per year.

I am pleased to support this measure and I hope that it will receive the approval of this House. It is a just recognition of the service of our faithful postal workers and, on its merits, it will remove many inequities affecting the salaries, classifications and annual leave of postal employees.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Chairman, the chairman of the committee and my colleagues who have spoken before me with respect to H. R. 4495 have outlined the purposes and provisions of this bill. In brief, it proposes to increase the annual leave of postal employees by 5 days, give employees an increase of $150 a year in annual compensation with proportionate increases for hourly and part-time employees and fourth-class postmasters. It grants three additional grades for meritorious service to those postal employees who do not now receive them. The bill also permits employees of long service in the postal service to count all of this service toward their automatic and meritorious promotions and, finally, the bill gives a uniform allowance to those postal employees who are required to wear uniforms.

As the author of the bill, I do not take the position that it is without defects. In my time in Congress, I have not seen any pieces of legislation, regardless of the length of time considered, which were completely flawless. I might point out, for example, that Public Law 134, which this bill amends, was a bill which was given careful consideration for many months. Yet, in the final analysis, there remained inequities and discriminations in Public Law 134 which made this bill necessary.

I might say that as this bill was originally introduced, it probably did a better job toward removing these inequities than as amended. For example, when I introduced this bill it provided for 26 days' annual leave and 15 days' sick leave for postal employees. This would have placed the postal employees on the same annual- and sick-leave schedules as the rest of the 1,500,000 Federal employees. I cannot see why postal employees should be discriminated against.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from California.

Mr. JOHNSON. What is the reason for that disparity of 6 days in the leave, if there is any real reason for it?

Mr. MILLER of California. I believe that historically it was believed that members of the postal service enjoyed

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greater tenure of service, had a more secure job. The time was then fixed at 15 days of annual and 10 days of sick leave. Since then the Government has expanded materially and we have come to give the other million and a half Government employees in the classified and other services 26 days' annual leave and 15 days' sick leave. We have lagged with respect to the postal employees. All we are trying to do is catch up.

Mr. JOHNSON. The gentleman has been a member of this committee for a number of years and has given mature consideration to this kind of legislation?

Mr. MILLER of California. Yes.

Mr. JOHNSON. Is it the gentleman's mature opinion now that we ought to give the postal employees 26 days, the same as the other civil-service employees?

Mr. MILLER of California. It is my opinion that they should be on a parity with the other civil-service employees, and there should be no discrimination in the public service. However, as a member of the committee, the committee having recommended this bill, I am going to support it as a matter of principle and will beat down any effort to change the committee's report, although I reserve the right in the future, say at the next session of Congress, to take such steps as I may deem necessary to bring the leave status of the postal employees into line with that of the other employees.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Pennsylvania.

Mr. FULTON. In the gentleman's opinion, then, this is a well and carefully considered bill? The gentleman has said the bill has been given consideration for many months by the committee.

Mr. MILLER of California. It has been before the committee since last May. It is a matter that is not entirely new. These matters have been considered from time to time not only in committee but by this Congress. It is one of those problems with which all the Members of Congress are more or less familiar. There is a difference of philosophy and a difference of approach. I think the approach we are taking now is a good one.

Mr. FULTON. Do I understand correctly that the gentleman meets the criticism made by the chairman of the committee, that the committee did not have an opportunity to go into the bill sufficiently, by saying that the committee did give it careful consideration? Some of us want to know.

Mr. MILLER of California. I was not on the subcommittee but the bill was before the committee. They were familiar with its provisions. For the gentleman's benefit, I may say that I was not the original author of this bill. The gentleman from Texas [Mr. LYLE], who served on the Post Office Committee in the Seventy-ninth Congress, who worked diligently and hard, and who is as familiar with post-office legislation as any man in this House, introduced the bill H. R. 4395. He and I served together on the Post Office Committee in the Eightieth Congress. At his suggestion I introduced the bill H. R. 4495, which is a duplicate of his bill. I can speak only for myself, but I think the bill has had sufficient consideration.

Mr. FULTON. I thank the gentleman for his good statement, because it is reassuring to many Members of Congress who are interested in knowing the answer to that question.

Mr. MILLER of California. As it was amended, postal employees will be receiving a 5-day increase in annual leave but no increase in sick leave and there still will remain an inequity in that respect.

When Public Law 134 was passed, while the employees then on the rolls all received an increase in salary, the entrance salary of $1,700 remained the same. We are eliminating at least a part of this inequity by eliminating the first two grades. As I introduced the bill, it would have eliminated the first four grades, thus placing postal employees on a par with other Federal employees who had their entrance salary raised the time adjustments were made in the respective salary grades.

The bill provides an increase of $150 annually for postmasters, officers, and employees in the postal service who are paid on an annual basis. There is an increase of 5 cents per hour for hourly employees and 5 percent for fourth-class postmasters. This is the only salary provision in this bill and one which, in my judgment, is moderate and which the postal employees richly deserve.

When Public Law 134 was passed, it did not give employees then on the rolls credit for all of their years of service toward meritorious grades. This was because the Comptroller General ruled that employees were required to serve in the highest automatic grade before they could count any time toward their meritorious promotions. This means that under the present law postal employees of 25 or 30 years service can never hope to attain the highest grade. It also means that postal employees of 25 or 30 years service are in the same pay status as those who only had 10 years of service when Public Law 134 was passed. A provision permitting these employees with long years of service to count that service for their meritorious grades is a deserving and well-merited provision.

This bill provides also for giving postal employees a uniform allowance or providing them with uniforms in an amount not to exceed $100 a year. Postal employees have not been given a uniform allowance while the most of the other agencies of the Government furnished uniforms for the custodial and guard forces who are required to wear uniforms.

This bill will correct these many inequities and while it may not be perfect, it is giving the postal employees increased annual leave, a deserving salary increase, permitting them to count all of their seniority for salary purposes, raising the entrance salary by $200 a year, and providing longevity grades for those postal employees who do not have them, we would not be justified in permitting these obvious inequities to exist pending extended hearings.

May I point out that at the last session of Congress this very same committee reported a bill recommending to the House that it grant an increase of $560 a year to the postal employees. The House took the position that that was too much and in the concluding days of the Eightieth Congress it adopted a $450-a-year raise. The present flat raise merely seeks to correct the inequality arising out of the omission of the last Congress.

In closing I would like to say something about the relation of postal rates to postal pay. In my opinion there is no relation whatever between what we pay people in the Post Office Department and postal receipts. If the Post Office Department had control over rates, if it could fix its own rates, then we might hold someone responsible. But we, the Congress, fix those rates. If we fail to fix an adequate rate to cover the services given, surely we are not going to take the difference out of the hides of the people whom we hire to do the job. Until the Congress sees fit to adopt rates commensurate with the services given, and to eliminate some of the subsidies, both hidden and direct, charged to the Post Office Department, I think it is a poor plea for people to stand on this floor and try to deny to faithful employees an adequate salary on the grounds that the Post Office Department incurs a deficit.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield.

Mr. ABERNETHY. Am I correct in saying that the Post Office Department lost $500,000,000 in its operation last year?

Mr. MILLER of California. That is correct.

Mr. ABERNETHY. Could the gentleman tell me whether or not that situation will prevail at the end of this fiscal year?

Mr. MILLER of California. I misunderstood the gentleman. That will prevail at the end of this fiscal year. I thought you said the anticipated deficit would be $500,000,000.

Mr. ABERNETHY. Would there be added to that the cost of this particular legislation?

Mr. MILLER of California. Those figures anticipate this legislation, so far as I know. As you understand, these figures are rough estimates, they are not something that you can fix accurately.

Mr. ABERNETHY. Assuming this bill becomes law, then, am I correct in saying that the Post Office Department will go into the red about $700,000,000 or more?

Mr. MILLER of California. No. I think they will go in the red about $500,000,000, with this bill. On the other hand, if we take the $100,000,000 that we pay the air lines and the $160,000,000 that we pay the newspapers, we can quickly eliminate some of these inequities.

Mr. WAGNER. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield.

Mr. WAGNER. Can you tell us whether or not the Postmaster General opposed his own pay raise when it was before this committee?

Mr. MILLER of California. I will let the gentleman answer his own question because it is obvious.

Mr. WAGNER. As a matter of fact, he did not. Is that not correct?

Mr. MILLER of California. He did not.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield.

Mr. GROSS. Is it not true that the Postmaster General, when he appeared before the Appropriations Committee in June, said that if the postal employees had been given this $150 increase last year they would not be back here now asking for it?

Mr. MILLER of California. I do not recall about that.

Mr. SCUDDER. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield.

Mr. SCUDDER. I am very much in favor of this increase in salary for these men, and the time they are going to be allowed for sick leave and vacation. You consider this a very equitable and fair bill for the postal employees at this time, do you?

Mr. MILLER of California. I tried to make my position clear—that I did not think it was the ideal bill, but it is one that I was willing to accept as a matter of compromise. I think it would do much to increase the morale of the Post Office Department. May I say that when I was home I talked to a postman who works in my district. He told me that once upon a time he was proud to know the men with whom he worked, but they came and went so fast and they were of such caliber now that he was not even interested in learning who they were. That is not a good situation to have in the Post Office Department.

The CHAIRMAN. The time of the gentleman from California [Mr. MILLER] has again expired.

Mr. REES. Mr. Chairman, I yield 5 minutes to the gentlewoman from New York [Mrs. ST. GEORGE]

Mrs. ST. GEORGE. Mr. Chairman, I rise in support of this legislation.

Mr. Chairman, I feel that the bill has been thoroughly discussed and very ably explained, both by my chairman and by the ranking member, so I am going to confine myself to one portion of the bill which I think corrects a great inequity. That is section 5, which will provide that the postal employees, special-delivery messengers, motor-vehicle employees, custodial guards, elevator operators, and watchmen, and others who are compelled by their duties to wear uniforms, shall either be furnished those uniforms or shall receive compensation not to exceed $100 per annum. This seems to be a very self-evident injustice that should be corrected. After all, soldiers, sailors, and all other Government employees who are compelled to wear uniforms are not expected to furnish them. Even with this $100 this bill provides, the whole cost will hardly be covered, because the postal employee needs shoes, and if any of you have watched the rural carriers and others walking the streets you will know that they need several pairs per annum. I yield to the distinguished author of the bill.

Mr. MILLER of California. I just wanted to call attention to the fact that it is notorious that most men are hard on clothes. The carrying of a big leather bag wears them out. These men are required to have at least two summer and two winter uniforms. It is a great drain upon these people.

Mrs. ST. GEORGE. The gentleman is entirely correct; and, besides that, these employees represent the United States Government and for that reason they should be properly clothed and their uniforms should be in good condition.

Mr. REES. Mr. Chairman, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield to the gentleman from Kansas.

Mr. REES. I call attention to the fact that the gentlewoman from New York who now has the floor submitted legislation during the Eightieth Congress on this subject matter but her bill was reported adversely by the Postmaster General. Is not that correct?

Mrs. ST. GEORGE. I thank the gentleman; that is entirely correct.

Mr. REES. I am very glad it is included in this legislation.

Mrs. ST. GEORGE. It has been well said by the distinguished gentleman from Texas that while the reports of the Bureau of the Budget, the Civil Service Commission, and the Postmaster General serve a most useful purpose, still we of the Congress cannot be entirely governed by those reports. It is also well to remember that this Congress is spending and has spent a great deal of money. If we are going to quibble about such a sum as $160,000,000—and this bill will increase the postal deficit by that amount—we must remember that we may well be accused of straining at a gnat and swallowing a camel. I believe that at this time that we should take care of our postal employees.

I regret also that other civil service employees are not included in an over-all bill, but it seemed an impossibility to get such a measure through at this session of the Congress. I am also glad to hear the distinguished author of the bill say that at some future date he may introduce amendments that will increase the annual and sick leave so that our postal employees will be brought up to the same level as other Government employees.

I believe this legislation has been carefully considered. I admit there are differences, and honest differences, of opinion; nevertheless, it seems to me that the majority of this Congress is in favor of adequate compensation for postal employees, and also in view of the money that has been lavishly spent by this Government, that these servants who have been faithful over so many years should not be penalized by the fact that the Post Office Department does run at the present time at a $500,000,000 deficit. The two things cannot hang together. These people must have a living wage; they must have right and proper annual and sick leave; they must be taken care of even if the Post Office Department runs at a deficit. That is true of most of our Government departments.

Mr. REES. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. CORBETT].

Mr. CORBETT. Mr. Chairman, I rise in support of this bill because it is my studied conviction it is good legislation and that the postal employees deserve this raise which the bill will grant.

I may point out to the members of the committee that legislation affecting the salaries of postal employees has been constantly before the committee since it was in existence. I introduced legislation last January on the subject, as did many other members of the committee.

I may say also that this bill represents very much less than the original bills asked for. There were proposals introduced last January to increase postal salaries by as much as $550. This bill contains an over-all increase of only $150. Granting that for some few veteran postal employees the increase will be as much as $450, in the main, taking the estimated cost of the bill and the total number of employees, it will be found that the over-all increase is less than $300 on the average.

Mr. Chairman, there has been a great deal of talk about the postal deficit. I believe it needs to be emphasized and reemphasized to the Members of the House that we have proceeded to raise the salaries of top-flight executives, we have passed the military pay raise bill, we have considered other pay raises despite the fact that the Federal Government is facing an anticipated deficit of $5,000,000,000. Why, then, should we single out a group of employees that happen to work for a department which charges for its services and say that those individuals shall not get a raise because this particular Department is not operating at a profit?

It seems to me that if there is an argument against the postal employees on account of the deficit then that argument applies with double emphasis and doubled effect to all the other employees of the Federal Government whether they be top flight or custodial employees.

We ought to note this and note it for long remembrance. The deficit in the Post Office Department as submitted by the cost accounting system is not an accurate figure. How much of that deficit is true and how much is imaginary I do not know, and I do not believe anyone else knows. We do know that penalty mail and franked mail represents over $100,000,000 of this so-called deficit. We also know that the post office provides all kinds of services to other Government agencies which are not charged for. We know that subsidies are paid to some extent. As has been ably pointed out by those who have preceded me, the anticipated deficit in the Post Office Department is not a proper basis on which to determine wages and salaries and it never can be.

I would like to emphasize furthermore that when this bill has been passed I am sure we will have raised the level of the postal employees to a point where we have established a good program for them which will attract and will hold capable employees in what is the finest department in our Government.

Mr. DAVENPORT. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield to the gentleman from Pennsylvania.

Mr. DAVENPORT. May I ask the gentleman from Pennsylvania if it is not true that the turn-over in labor in the Post Office Department is abnormally high because the matter of pay is so inadequate; therefore increasing the cost of training these people in the postal service?

Mr. CORBETT. That is a very good point. I am sorry I cannot give the gentleman the exact figures, but we do know the withdrawals from the service are abnormally high. The gentleman who comes from one of the greatest industrial districts in the United States will agree with me, I am sure, on these facts, that of all large groups of employees in these United States the postal employees have had less of an increase in comparison with the increased cost of living than any others, taking for example steel, coal, glass, and the like.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield such time as he may desire to the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Chairman, I am supporting this legislation and feel that it is justified. In the Eightieth Congress I introduced a bill to provide a pay increase of $600 for employees of the Post Office Department. I felt at that time that the increased cost of living justified a pay raise of $600 for these workers. The Eightieth Congress did not grant the entire amount, but provided a raise of only $450. The $150 provided in this bill will bring the salary increase of these employees up to the figure which I thought would have been adequate in 1947. There has been some increase in the cost of living since that time, which, in my opinion, is an additional reason why this increase should be granted now.

I regret that there has been any discrimination against postal employees with reference to annual leave. I do not think it is fair that postal employees have had only 15 days annual leave while other Federal employees have had 26 days annual leave. This bill does not place them on a par with other Federal employees, but at least the 20 days annual leave provided in this bill is an improvement over the present annual leave provisions.

I am particularly interested in section 2 of this bill, which provides three additional grades for meritorious and faithful service, and that provision of section 2 which provides that beginners in the postal service will start at a salary two grades higher than the present starting salary. It has been a matter of considerable disappointment to me to notice that in the past few years the starting salaries of postal employees have not been high enough to attract people into the postal service. I believe that the postal service has suffered because of it, and I sincerely hope that this bill will pass, and that the $200 per year added to the starting salary will be sufficient to attract bright and capable young men into a career of postal service.

I am glad also that this bill makes provision for some increase for fourth-class postmasters. I do not think the increase provided in this bill is adequate for fourth-class postmasters, but at least it is something.

Section 5, which provides for a $100 per year uniform allowance, is something which, in my opinion, has been long overdue. The carriers are required to wear uniforms prescribed by the Department. The carrying of the heavy and cumbersome mail bags is very wearing on these uniforms. The public expects these carriers to make a presentable, neat appearance, and I wholeheartedly favor this uniform allowance.

I believe that the House Post Office and Civil Service Committee could have worked out a fairer and more comprehensive bill if the committee had had more time to consider this legislation and perfect it. However, as it is, much time and study was given to this legislation. I feel that it deserves not only the support of the House Post Office and Civil Service Committee, but the entire Congress, and I am supporting all the provisions of the bill.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. DOLLINGER].

Mr. DOLLINGER. Mr. Chairman, I am happy to speak in favor of H. R. 4495, the bill now before the House. I am sure that other Members of the House feel as I do, and are willing and anxious to help our faithful postal employees.

This bill provides for a modest salary increase, credit to career employees toward their longevity grade, increase of 5 days in vacation and uniform allowance of $100 a year. While in my opinion, the bill does not go far enough, it is a step in the right direction.

We know that during the war, when postal employees could have gone into private industry and earned very large sums, they remained faithful to their jobs and their duty to their country. They carried their increased burdens of work cheerfully and gladly. They have asked no reward, but they are asking that they be given adequate pay for the work they do, and which is necessary for them to have in order that they may meet the greatly increased costs of living.

The increase of 5 days in vacation is only fair, as other Federal employees are allowed 26 days vacation, and there is no logical excuse for allowing one group of Federal employees less leave than another. Our postal employees have every right to demand that they have the same consideration shown them as is given Federal employees in other branches of our Government.

Other benefits provided in the bill are necessary and merited, and constitute no more than the recognition our loyal postal employees justly deserve. As I stated before, the bill does not adequately take care of our postal workers, and I trust that Congress will see fit to extend additional benefits to them as soon as it is possible to do so.

Mr. REES. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. HAGEN].

Mr. HAGEN. Mr. Chairman, I have no apologies to make in supporting this legislation; in fact, I very strongly and enthusiastically support and favor it. As the author of H. R. 4595, which is very similar to the Lyle bill, H. R. 4395, and the Miller bill, H. R. 4495, I am, of course, especially interested in this revised Miller bill known as the Corbett amendment, initiated, sponsored, and supported by my colleague, the gentleman from Pennsylvania, Representative ROBERT CORBETT. Representative CORBETT led the fight all the way through for this needed and worthy legislation and deserves our extreme thanks, I am sure. He also deserves and no doubt will receive the appreciation of all postal groups and organizations throughout the country.

There seemed to be some undue delay in the consideration of postal salary bills which were introduced early in this session of Congress. However, I want to say this, the chairman of our committee and the ranking member of our committee, although they in some cases disagreed with some of the provisions of this sort of legislation, at no time, in my opinion, unduly delayed the consideration of it. They were divided on some things and they disagreed on others in a proper and correct way, I thought, but nevertheless came along with us so that now we do have this bill up for consideration.

However, I thought there were some factors involved which delayed consideration unnecessarily. For instance, while the Miller bill was introduced on May 3, no reports were received from the departments from 1 to 2 months or more. For instance, in the case of the Office of the Postmaster General, we received a report dated July 29. In the case of the report from the Executive Office of the President we received a report dated July 30, and in the case of the Civil Service Commission, a report dated August 5.

So many of us felt that the petition method might expedite the consideration of these bills. A petition was filed, and I was one of the first signers of it, and 218 Members of the House quickly signed that first petition. Later another petition was filed on the revised Corbett amended Miller bill, H. R. 4495, and within a matter of a few days 218 Members of the House signed that petition.

I ask you to keep this fact in mind. These first bills were far more liberal to the postal workers than the bill now under consideration. This revised bill, in my opinion, represents the very minimum salary increases and other benefits that we should give these loyal postal workers. So, I certainly am going to oppose any effort that might be made toward reducing these benefits, but I will support any efforts made to increase them, such as the one mentioned by the gentleman from Indiana [Mr. HALLECK]. He pointed out that the postal workers will not get, even after this bill is passed, as much annual leave of 26 days as all other Federal Government workers do receive and enjoy. I will gladly support that amendment if it is offered. Some time in the future we should certainly correct that injustice, because this bill does not grant the full 26 days annual leave.

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Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. HAGEN. I yield to the gentleman from Indiana.

Mr. HALLECK. As the gentleman has just suggested, I happen to believe that the increase in leave should be such as to bring it in line with the other employees of the Government. But, do I understand, generally speaking, as far as the House is concerned, there has been substantial agreement on this bill, as reported by the committee, as a compromise measure, with the result that in all probability any amendment that might be offered would not be favored, in view of the fact that this is a compromise?

Mr. HAGEN. The gentleman is correct. It is generally the opinion of the committee, in my view, that this bill should be passed as reported by the committee now, and any corrective measures for additional benefits to be considered and developed at a later date. For instance, it is thought that if a more liberal bill was provided for at this time, there may be the possibility of a Presidential veto, and also possibly opposition on the part of the other body which passed a less liberal and less satisfactory measure than the one we are considering here today, the Corbett conceived H. R. 4495.

But, bear in mind that 218 Members of the House did approve it by signing a petition, and many more were willing and ready to sign to bring up a bill which provided more liberal benefits than this bill provides. There should be no opposition to the passage of this measure here today.

The postal organizations and the public as well without exception that I have heard, favor and support this measure. This should be very popular and acceptable legislation to vote for and to support.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. HAGEN. I yield to the gentleman from California.

Mr. McDONOUGH. The gentleman speaks about a revision of the bill on which we originally signed the discharge petition. Is this bill any different from the bill on which we signed the last discharge petition, to bring it out from the Rules Committee?

Mr. HAGEN. The gentleman makes a very good point. The original bill was the Lyle, Miller, and Hagen bill, which was quite different from the bill we are presently considering. The last petition was on the revised Corbett-Miller bill, which is substantially the bill we are considering today.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. O'BRIEN].

Mr. O'BRIEN of Michigan. Mr. Chairman, I am in favor of H. R. 4495. It provides for the Post Office Department personnel 20 days' annual leave. It adjusts the longevity provisions of existing law so that, first, three longevity grades of $100 per annum each are created for employees now excluded from longevity provisions; second, the two lowest longevity grades of Public Law 134 of the Seventy-eighth Congress are eliminated and the third existing grade establishes the entrance salary; third, credit for past service is given in the computation of longevity. It provides a $150 per annum salary increase or 5 percent increase for hourly and part-time employees and for fourth-class postmasters.

It provides up to $100 per year allowance for uniforms. The increase is reasonable and the modifications of existing law on the subject of longevity are in the interest of an equitable adjustment and the need for such adjustment has been justified by experience. The present bill will not make postal employment highly remunerative but it will help the employees cope with the needs of supporting themselves and their families.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RHODES].

Mr. RHODES. Mr. Chairman, this bill contains provisions which will give postal employees a modest pay increase and would correct some inequities which have worked a hardship on many workers in the postal service.

The elimination of the two lowest classifications will be a step toward correction of inequities which is long overdue. There seems to be no reasonable justification for the many classifications which now exist. Eliminating the two lowest will mean more pay for the lowest salary employees.

Some very interesting testimony was presented to the House Post Office and Civil Service Committee by postal employee organizations which showed that many postal employees are compelled to accept additional employment on a part-time basis in order to supplement their incomes.

I consider it a reflection on our Government when Federal employees are paid salaries so low that they cannot support their families on a minimum standard of decency.

Elimination of the two lowest grades, together with a general increase of $150 per year and an annual uniform allowance of $100 will be a modest increase to all postal employees. This will be especially helpful to the younger men in the service. Many of them now find it difficult to meet the high costs of supporting their families at salaries paid to lower grade postal employees.

The additional benefits proposed in H. R. 4495 in respect to sick leave, longevity, and promotion will be a modest reward for the older workers in the postal service.

I believe this legislation should be passed. It will help the economy by putting more purchasing power into the hands of people who will spend it for their every day needs.

It is not fair to hold back this legislation to await an increase in postal rates. Nor is it fair to point to the Post Office deficit.

Postal employees render a great service to the Nation and are entitled to an adequate pay, regardless of the size of the Post Office deficit.

It is clear to all who are interested enough to want to know that the big deficit is due to many conditions which do not reflect on the management and operation of the Post Office Department.

If we deduct the subsidies paid to newspapers, magazines, railroads, and other private enterprises and discount the cost of franking privileges and free service to other Government agencies, we begin to realize that the Post Office is not only the biggest business in the world, but also the most efficient, considering the size of the task.

There is no sound or valid argument against the provisions contained in H. R. 4495. It deserves the support of every Member of this House.

Mr. REES. Mr. Chairman, I yield 3 minutes to the gentleman from Connecticut [Mr. SADLAK].

Mr. SADLAK. Mr. Chairman, the time allotment obviously prevents a lengthy discussion on my part or the setting forth of many reasons why I, as a member of the great Committee on Post Office and Civil Service, believe H. R. 4495 should and will pass in this House overwhelmingly.

Some of my arguments necessarily agree and coincide with those of my colleagues who have preceded me in the well of the House, but I would like, in addition, to comment on the compromised bill as it now appears before us, especially on the annual-leave provision which now for the postal employees is advanced to 20 days while their sick-leave allowance remains at 10 days—this in comparison with the 26 and 15 days, respectively, enjoyed by all other Federal workers.

To mention the uniform allowance which in Connecticut and the New England States, because of the four seasons, is a large out-of-pocket expense which the Government ought to assume as it does for the military who are required to wear certain specified types of uniform.

Much could be said by me for this entire legislation, Mr. Chairman, because I listened intently and made inquiry of the many witnesses who appeared before our subcommittee conducting the hearings. Incidentally, Mr. Chairman, there were many Members of the House who appeared before the committee, and it provided for me an additional opportunity to learn the names of more of the Members who were not here during the Eightieth Congress. When the hearings are available—I understand they now are on the presses—they will confirm that I missed only one hearing on the 75 so-called benefit bills that were considered in connection with the reporting of H. R. 4495 and the reclassification bill that is scheduled for tomorrow.

May I, however, having this opportunity, urge the Members who have not done so to visit the post offices in your districts to observe first-hand the processes or steps that speed on to its ultimate destination an envelope that was deposited in a mail box or a package that was weighed in at the parcel-post window. There is much more to this great post-office organization than the carrier delivering the mail to your home or office—there are the various clerks, supervisors, inspectors, drivers, mechanics, trucks, garages, sorting schemes, conveyor belts, train schedules, transportation of all kinds, and so on, that are the cogs and means that finally bring

the addressee the mail. In this connection, I understand from a newspaper story a few days ago that the National Broadcasting Co. plans shortly to tell stories over the air of the various phases of the postal service, and such ought to prove to be of great interest to us and the listeners while providing entertainment.

Mr. Chairman, there is some question regarding the elimination of the first two pay grades under this bill. It is difficult to obtain permanent postal employees in many of our large cities because of the entrance salary. This provision tends to overcome what is a serious problem in the larger post offices and will bring into the service the type of reliable permanent employees needed. The greater number of these new employees are war veterans with families who cannot afford to accept the permanent status without supplemental outside work by themselves or their wives.

There also is complaint that the large-office worker and the smaller-office employee receive identical salaries, since their duties are the same, and that this results in some controversy in smaller communities because the pay of a post-office employee therein is frequently larger in comparison with that of a bank teller or a school teacher. However, Mr. Chairman, I know of no way that this can be overcome by this particular legislation and suggest it is not a matter to be resolved in connection with today's proposal to enact H. R. 4495. My time having expired, I urge the passage of H. R. 4495 as it will be amended by the Post Office Committee amendments.

Mr. REES. Mr. Chairman, I yield such time as he may require to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman, I am strongly in favor of this legislation. Its purpose is to rectify in certain particulars the injustices that now exist in the postal service. It is my opinion that postal employees are entitled to as good working conditions, salaries, and so forth, as now applies to other Government employees. Why the present discriminations should exist I do not know. There is no justification for them. This bill seeks to remedy many of these inequities.

The bill now before us provides additional benefits for employees in the field service of the Post Office Department with respect to annual leave, longevity pay, increased compensation, and promotions.

Section 1 increases the annual leave of postal employees to 20 days, to be cumulative to a maximum of 60 days. At the present time postal employees receive 15 days annual leave. This increase brings annual leave for postal employees more nearly in line with such leave benefits enjoyed by other Federal employees, who receive 26 days annual leave. I am of the opinion that this bill should be amended to grant 26 days instead of the 20 days which is provided for in the bill. It should be realized that postal employees in many instances perform a service that takes them out into all types of weather. All of this is conducive to sickness. Therefore, it would seem that there is more reason for sick leave in the case of postal employees than for those in most any other category of service. However, it can be said that the bill as presented to the House is a step in the right direction. I hope that the House will at no late date see the justice of granting to postal employees an annual sick leave equal to that now given to other Federal employees.

Sections 2 and 3 provide additional grades for meritorious and faithful service for those postal employees who are not granted such grades under present law. It is provisions of this kind that will make the postal service one that will result in greater continuity of service so necessary for the maintenance of the high efficiency now prevailing. The provisions of these sections enable employees to attain that higher rank that long service entitles them to have. This is especially important to employees of long service when it comes to time of retirement. It will enable them to obtain a rank and retirement benefits commensurate with their long and faithful service.

Section 4 provides for an increase in compensation for employees paid on an annual basis—except fourth-class postmasters—of $150 per annum, for hourly or part-time employees at the rate of 5 cents per hour, and for fourth-class postmasters 5 percent of their basic annual compensation. A comparison of salaries paid to postal employees with salaries paid to other Federal employees shows that postal employees are badly underpaid. They have been the forgotten man in a very real sense. It is encouraging to realize that Congress is now awakening to this fact, although it is very discouraging to realize that the raises they are getting from year to year by legislation is only partial. Legislation should be passed that would once and for all put the salaries of these employees on a basis commensurate with other employees and having regard to the present high cost of living.

Section 5 is a very worth while and proper provision. This will in effect be a raise in salary. It provides that when postal employees are required to wear a uniform, such uniforms will be provided by the Post Office Department, or individuals may be authorized to purchase them and be reimbursed. There is a limitation of expenditures or reimbursement for uniforms for each employee of $100 annually. It is inconceivable that men in the postal service have through all the years been compelled to purchase their own uniforms. It has been a common practice for all employees, State, county, and municipal, required to wear uniforms, to have them supplied by the agency of government employing them. It is right and just that it should be done.

Throughout the years the postal employees have rendered outstanding service. Their honesty and efficiency has been recognized by all. The treatment they have received has been far below what they deserved. I am pleased to have this opportunity of supporting legislation that will correct some of the deficiencies and prove beneficial to these faithful and conscientious Federal employees.

Mr. REES. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. SCUDDER].

Mr. SCUDDER. Mr. Chairman, I wish to rise in support of H. R. 4495 which is now under consideration and is in a form amended by the Committee on Post Office and Civil Service.

I felt that the postal employees were overdue in an adjustment of their compensation; therefore, I signed the discharge petition No. 8, which would bring this bill on the floor. Subsequent to signing this petition, the bill was referred to the Rules Committee, and again I signed petition No. 18 to withdraw this bill from the Rules Committee.

The bill, as originally introduced, was considerably more liberal than the amended bill which now is before the House. However, on inquiry of both the committee and the author of the bill, and from the statements which I have heard made on the floor today, I feel that the bill as now amended is a fair compromise and brings the postal employees in line with other Federal employees, excepting perhaps that the leave of absence for postal employees should be brought in line with that allowed other governmental employees.

The argument has been made that the Post Office Department is going in the red in an amount in excess of $500,000,000, and that we could not make this adjustment in face of that condition. I believe the responsibility of Congress is to adjust compensation in accordance with the service rendered, and it is also their responsibility that if a department or agency is running in the red, to adjust rates to eliminate that condition.

The allowance made for sick leave and uniforms, I believe, is in line with common practice. I believe the passage of this bill will better the service and increase the morale of these employees. I believe further that the level of the post-office employees will be raised and will make more desirable this service to younger men.

I trust that this bill may have the unanimous support of the entire Congress to the end that these worthy employees may be extended the benefit to which they are entitled.

Mr. REES. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Mr. Chairman, I rise in support of H. R. 4495, a bill to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, and promotion, and for other purposes. This is much-needed legislation and is highly deserved by the postal employees which are covered by it. The Post Office and Civil Service Committee has had this type of legislation under consideration for sometime, has held rather extensive hearings on this and related subjects, and now recommends that the bill pass. I join with committee members in urging favorable action by the House.

As has been pointed out during the debate the annual leave for employees covered is increased to 20 days, to be cumulative to a maximum of 60 days. While this does not bring the annual leave into line with the 26 days accorded Federal employees, yet it is an increase over the

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present leave of 15 days. It is hoped that the committee will at some near future date bring in amendments to public law which will grant additional increases. This the committee has indicated it will do.

The bill provides three additional grades for meritorious and faithful services for those postal employees who are not provided for under present law. Such a provision has considerable merit and should be adopted.

Section 4 of the measure provides for an increase in compensation for (1) postmasters, officers, and employees in the postal service paid on an annual basis of $150 per year, (2) for hourly or part-time employees at the rate of 5 cents per hour, and (3) for fourth-class postmasters of 5 percent of their basic annual compensation. This is a modest increase and no Member of the House should find difficulty in supporting it.

Another section of the bill provides that when postal employees are required to wear uniforms, they shall either be furnished by the Department, or the individuals may be authorized to purchase them. A limitation of $100 annually is fixed. This is a reasonable and justified provision. The wear and tear on the clothing of these employees is great, and they should not be required to stand the burdensome expense thereof.

The measure has other provisions which have been discussed by other Members and I shall not touch upon them here. Suffice to say that the bill should pass, and I trust that the House will act favorably upon it in justice to those faithful employees who deserve our best consideration.

Mr. REES. Mr. Chairman, I yield such time as he may desire to the gentleman from Kentucky [Mr GOLDEN].

Mr. GOLDEN. Mr. Chairman, of all the great departments of our Federal Government, there are none that render more everyday needful service to the American people than the Post Office Department. Furthermore, of all of our Federal employees, it is my opinion that the men and women who work in the post office and are city and rural mail carriers stay on the job longer and work harder than any other group of Federal employees.

This bill will give to them modest increases in salaries and bring their earnings more in line with the greatly increased cost of living that has occurred in the last few years. The Post Office and Civil Service Committee is fully aware of the great services performed by the postal employees and, in order that we may afford them adequate compensation so that many who are now in the service and many who desire to enter the service may make a lifetime career, I feel that the passage of this bill at this time is absolutely necessary.

The efficient operation of the Postal Department is essential to the economic welfare of our Nation. Prompt and accurate handling of the great volume of mail promotes all sorts of business and adds to the national income. Men and women who devote their lives to this service are entitled to a respectable income so that they can be independent of all side jobs and other incomes and devote their entire time to this great service. The fact that we further provide incentive increases in salaries and classifications will cause many trained and efficient Federal employees to remain in the service and will thereby again not only continue the great good that the Post Office Department renders to the American people, but will cause an improved service through these Federal employees. The city and rural mail carriers who benefit from this legislation have to go in all sorts of weather. The clerks and personnel in the post offices of our Nation stay on the job long hours each day and any citizen anywhere in America can send and receive important mail with the full confidence that such mail will receive prompt, careful, and safe transportation to any point within the United States or outside of the United States.

I think it will be a great encouragement and inspiration to the fine group of men and women who have chosen the postal service as a career to recognize their worth to the Nation and to pass this bill by a substantial majority.

Mr. McDONOUGH. Mr. Speaker, I ask unanimous consent to extend my remarks at this point the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McDONOUGH. Mr. Chairman, I am happy to vigorously support the bill (H. R. 4495) to provide many long-deferred benefits to postal employees. I have worked for the passage of this legislation since it has been before the Post Office and Civil Service Committee for consideration.

I signed the Walsh discharge petition which I had hopes would be acted upon by the House, when that failed, because the committee reported the bill out to the Rules Committee, where it was bogged down, I then signed the Corbett discharge petition which brought about the consideration of this bill today.

I regret that this bill does not provide a larger increase in pay for postal employees; they deserve it because in my opinion there is no other group of Federal employees who work harder and under such poor and inadequate conditions than postal employees. No other group of Federal employees have been more loyal and more dependable. The postal employees cannot bargain collectively nor can they strike like other craftsmen or labor unions. They can only appeal to Congress for their needs and Congress has neglected them too long.

I trust that the Congress will in the future give the proper and expedient consideration to the postal employees who are entitled to better working conditions and other facilities equal to that of employees in similar types of work in private industry. I am confident that this bill will pass and I hope it will be acted upon speedily by the Senate so that it can soon be put into full force and effect.

Mr. REES. Mr. Chairman, I now yield 5 minutes to the gentleman from Wisconsin [Mr. WITHROW].

Mr. WITHROW. Mr. Chairman, I am wholeheartedly in favor of the bill under consideration, H. R. 4495. I am not particularly interested in how it came to the floor of this House. I do know it is being considered at this time because there is a crying demand by those working in the postal service of our Federal Government for much-needed relief.

The Postal Department should not be treated differently from any other department of our Government. Its employees are entitled to the same standards of living. These standards are reflected in the amount of salary received for their work. When we are considering an increase for the employees in the Commerce Department we do not ask if their budget is balanced. When the employees of the Agricultural Department ask for a raise in pay we do not ask if their budget is balanced. As a matter of fact, we have been totally unfair toward the Department in expecting it to meet its obligations from its appropriations when all sorts of extraordinary expenses are piled high, thus forming a drain upon its income. I wonder that the deficit is not even more than $325,000,000 this year.

In any event, I find myself entirely opposed to withholding from the postal employees the fair play they should receive in better salaries and in working conditions and at the same time confronting these employees with this ever-mounting deficit as the reason why we should not pass pending legislation.

At the same time, the public is entitled to know the whole truth and nothing but the truth on the subsidy issue—just what is being paid to whom for what services to the Government. I doubt that any Member of the Congress has these answers.

Eminently unfair is the threat to increase postal rates or even to lower them, unless and until we know by what amount the postal system fails to discharge its duties with the operating funds its receives and the revenues it produces—minus the subsidies.

We can find ways and means of authorizing direct appropriations to the cause of subsidies and not clutter up the orderly process of delivering the mails with all kinds of extraneous matter. Least of all must we retard the even flow of justice to the postal employees by using the postal deficit as an excuse.

I appreciate the desirability of balancing the postal budget, however, I realize that that cannot be done until the encumbrances which are forced upon that Department are credited to the proper departments. As an example, the Hoover report stated that more than $100,000,000 in free services are rendered by the Postal Department to other departments of the Government, including the Members of the Senate and the House. I have no complaint as to the advisability of granting these services, however, I feel that it is manifestly unfair to charge the Postal Department with the administering of these services and not credit the service to their account. The cost of these services should be charged to the departments that receive the service.

In my opinion, the same yardstick should be applied to all the departments that is applied to the Post Office Department. Particularly in view of the fact

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that it is in reality a service department and has done more to develop this great Nation of ours than any other one Government agency.

The Postal Department is essentially a service department and since its inception has been so regarded. The Postal Department, I say again, has done more to develop this Nation than any other department of our Federal Government.

At the present time we are utilizing its employees to sell United States Government bonds for the Federal Government. Likewise, we are using its employees to sell postal-savings stamps. Repeatedly, we have used the employees in making conservation surveys, crop surveys, and cattle surveys, and not more than 10 years ago we used the employees of this very important department in taking the farm census.

I respect the gentleman from Tennessee [Mr. MURRAY] as chairman of our committee, however, I do not agree with him at all times. He is very much concerned that if enacted into law, this measure which provides for an increase of $150 across the board, would throw the Classification Act entirely out of balance. However, the gentleman from Tennessee, Chairman MURRAY, was very little concerned over an increase of $100 across the board as contained in the Senate committee recommendation.

This meritorious legislation should be immediately passed by this body in the interest of good government. I sincerely hope that it will not be amended in such a manner as to injure its effectiveness, and likewise I sincerely hope it will not meet with unnecessary delays.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. WALSH].

Mr. WALSH. Mr. Chairman, as you know, I was the author of the first discharge petition, and I am certainly offering no apologies here for that action. At the time the discharge petition was filed, around the 17th day of July, it appeared that the House of Representatives would adjourn statutorily upon the 31st day of July. I have no criticism of the committee for their conduct or the manner in which the hearings were held, but it was very obvious at that time that if we were to have action on the bill at this session, it would be by a discharge of the committee as it would be at least several months from that time before the committee could or would act and it would be impossible for us to have the bill presented to the House for consideration during this session of Congress. At the time I filed the discharge petition it was also obvious that the membership of this House were wholeheartedly behind this legislation; this fact was quickly verified for within three legislative days from the time the discharge petition was placed upon the Speaker's desk 218 signatures had been affixed. I do not think that has anything to do with the debate on the question of whether or not it was needed; nevertheless, I do feel that the discharge petition did speed up this legislation. We are all proud of that fact, and I think there is little likelihood that this bill will be defeated.

Let me say to the Members present that the need for this legislation is now, not next year. We all receive letters from the people in our districts, from these employees of the Government in our postal service pointing out their needs. In my opinion, a letter carrier making $2,550 a year with a family of four or five children is having a tough time of it. He wants the Congress of the United States to act now, not next year, as the need is now. I know; I have a wife and three children and I have great difficulty balancing my budget. I feel that we have a responsibility to these people who are carrying our mails and who are working in our post offices. There is no greater or more loyal service in our Nation today among our Government employees than in the postal service, and I for one am proud to support this legislation. I am confident that it will be enacted into law.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. DAVENPORT].

Mr. DAVENPORT. Mr. Chairman, there are 495,000 employees serving the public in the United States post offices. They, together with their families, total up to millions of law-abiding, hard-working American citizens. They represent a sizable segment of the Nation's population. It is an important segment, reaching into every city, village, and hamlet.

No one has better expressed the spirit of the post office and what it means to the national economy than Charles Sumner, noted public figure of the past, who wrote as follows:

> Of all existing departments, the post office is most entitled to consideration, for it is the most universal in its beneficence. That public welfare which is the declared object of all the departments appears here in its most attractive form. There is nothing which is not helped by the post office. Is business in question? The post office is at hand with invaluable aid, quickening and multiplying its activities. Is it charity? The post office is the Good Samaritan, omnipresent in all the highways of the land. Is it the precious intercourse of friends? The post office is carrier, interpreted, handmaid. Is it education? The post office is schoolmaster, with school for all and scholars by the million. Is it the service of the Government? The post office lends itself so completely to this essential work that the national will is carried without noise to the most remote corners and the Republic becomes one and indivisible. Without the post office there would not be that national unity with irresistible guaranty of equal rights to all which is the glory of the Republic.

Yes; it is the postal employee who is "the ambassador of Uncle Sam to the American home." He, in what he represents, is one of the most important persons in the life of every American.

It is imperative, therefore, that he be permitted to earn an adequate livelihood. It is important that he be able to decently and adequately feed, clothe, and shelter his family. But he has not had this opportunity in the past many years. In spite of the admittedly inadequate pay raise given him recently, he is still debt-ridden. He is still forced to work at other jobs to the detriment of his health and well-being. He is still unable to give his children the opportunities enjoyed by so many others.

The passage of H. R. 4495 means much to the postal employee. It means much more to the welfare of the entire Nation. Why? Let me tell you why.

First. Many postal employees are now working at part-time jobs. According to labor experts, an increase of a few hundred dollars annually in many of the low-pay public employment categories—such as the post office—would "take most of these part-time workers out of the competitive employment market. This, they point out, would result in a general economic improvement that would more than offset the additional cost of government." In these days of rising sporadic unemployment this would be an important factor in alleviating such unemployment.

Second. Increased wages to postal employees will mean increased spending. Most postal employees have done without many necessities they need in the home, such as refrigerators, washing machines, clothing, and a host of others. With increased wages they will be able to buy some of these articles, thus creating a totally new market and providing a new stimulus to business. It is important to remember that this is a potential market of millions of new customers.

Third. Presently, it is increasingly difficult to secure personnel for the Post Office because of low beginning salaries and the generally inadequate pay schedule. Furthermore, the labor turn-over is abnormally high. The expense involved in training postal employees to that high degree of efficiency so necessary to the expeditious handling of the mails is doubled and trebled when such highly trained employees leave the service. Actually it would be a measure of economy to so increase postal salaries that labor turn-over will be reduced to the minimum. Furthermore, with the increasing of low starting salaries, the postal service will be able to attract the very highest type of personnel, who will be eager to make the service their career, if they can earn an adequate living.

Fourth. Also, such a salary increase may mean much to the future of America. The hundreds of thousands of children in postal families will not be denied their chance in life to secure an adequate education, which may even include college, because of the inability of their parents to support them while they are pursuing their education. Those thousands of boys and girls presently attending high school, who desire to enter schools of higher education, and who now are unable to do so because of their parents' need, may be able to do so, if Congress grants an adequate postal-salary increase. This will mean a better-educated, a better-trained group of citizens, who will some day guide the destinies of our Republic. The rewards of an adequate postal-salary increase, in this instance, are incalculable.

Fifth. Such salary increase will strengthen the morale of all postal employees, who have long labored under

increasingly difficult financial conditions. And, as it is well known, it is the satisfied employee who is the best employee.

Sixth. To those who say that salary increases would not be now in the interests of economy, I reply that inadequate salaries, in the long run, are not true economy. Rather, such economy should be secured by eliminating unnecessary services and improving the necessary activities of the Postal Department.

Therefore, it is for the above-enumerated reasons that I earnestly request the passage of H. R. 4495. It is a necessary bill. It should be enacted into the law of the land.

Mr. REES. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, having served on the Committee on Post Office and Civil Service for 10 years, I know what is involved in this bill. I favor many of the provisions of this bill but not all. I am violently opposed to that provision of the bill which would place all new appointees in the postal service in grade 3 to start out with. When we built the Reclassification Act several years ago we made 11 different grades, we doubled the number of grades in the postal service. Then we gave 3 other grades in the line of longevity, which made 14 grades in the postal service; and we did that in order to make it a career, in order to attract the young chap right out of high school, 17 or 18 years of age, into the postal service, and let him start on this promotional ladder. In this bill they are seeking to cut out two of those lower grades. They are going to do this: They are going to give the high-school graduate of 17 or 18 years of age a bigger salary to start out with in the postal service than the average high-school teacher of the United States gets.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. MASON. I yield to the gentleman from Mississippi.

Mr. WILLIAMS. I may say that I feel very much like the gentleman does about this. Perhaps these legislatively supported raises during the past few years have made a reclassification bill absolutely necessary. I shall support this legislation, in the hope that the Senate might brush it up a bit. However, along the lines the gentleman just spoke, may I say that I called the National Educational Association a few minutes ago and was advised that for the school year 1947–48 the national average teacher salary was $1,995. The entrance salary under this bill for a common laborer, which is a janitor in a second-class post office, will be in excess of $2,500.

Mr. MASON. The entrance salary in this bill will be upped from $2,550 to $2,900, which is more than the average high-school teacher gets.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. REES. Mr. Chairman, I yield the gentleman one additional minute.

Mr. MASON. Mr. Chairman, the high-school boy leaving his classes, graduating from high school, will start at a salary higher than his high-school teacher gets. I think that breaks into this career service and I think it ought to be corrected. I am going to offer an amendment to the bill to strike that provision of the bill which does away with this grade in the postal service.

Mr. CROOK. Mr. Chairman, will the gentleman yield?

Mr. MASON. I yield to the gentleman from Indiana.

Mr. CROOK. I was very much interested in the statement in regard to the annual salary of teachers of the United States being $1,900 on the average. I consider that the average salary of school teachers of the United States has nothing to do with this bill. It is a shame and a crime against the American citizenship that we have tolerated such miserably low salaries for school teachers.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. REES. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I had not intended to refer to the subject mentioned by my distinguished colleague from Illinois, but it does seem to me the fact that teachers are miserably underpaid is no reason why we should add to that burden on our economy by miserably underpaying the post-office employees. I would join with the gentleman in a most vigorous effort to help raise the level of teacher salaries which we feel are so low as to imperil the educational, indeed the general standards of the upbringing of American youth upon whom this very complicated future which we are peering into will substantially depend.

I have one point to make which induced me to ask for time from the chairman. First I think it should be specified that from a great survey made of some 10,000 post-office clerks by their own national federation it appeared that some 30.9 percent of all of them had to seek additional employment on a part-time basis to get along and that about 28.3 percent had to find jobs for their wives in order to get along themselves.

The second point which I think is important is this: There are two schools of philosophy. One says the Post Office Department is a Government agency. If it is, then the Government ought to have the dignity and the responsibility to pay its people decently. On the other hand, if it is a business concern, none of us would tolerate an inefficient business concern taking its inefficiency and its losses out of the wages of its workers. We would insist that such a business go out of existence. This particular firm cannot go out of business, and, therefore, I think the burden is upon those who feel it is an inefficient business firm to fight for legislation which will make it solvent. I do not think that is any reason why the legitimate demands of the people who work for this business concern should be blocked. I hope this legislation will pass today.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Iowa.

Mr. GROSS. I would like to make the observation that if the Federal Government would quit milking tax moneys from the States they would have some money to pay their teachers.

Mr. JAVITS. I thank the gentleman for his observation.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. REES. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, we people who want justice for the postal employees are here today to urge the passage of the Miller bill, H. R. 4495. I heartily favor this legislation and shall vote for it.

This bill is necessary as a first step. First, it removes many discriminations in the postal service which are not discriminations in other civil-service grades in the Government. Secondly, it gives an increase in compensation, which is just a partial increase, of $150 on the average, as well as eliminating the two lowest grades, advancing all employees to grade 3. Third, it gives additional annual leave which certainly is welcome and deserved.

I had heard that there was a possible estimated deficit of probably $500,000,000 in the Post Office Department. The answer to such possible deficit is, that if this Congress will adopt the recommendations of the Hoover Commission, we will then save $3,000,000,000 in the next fiscal year, which is a saving of six times the possible deficit of the Post Office Department. The American people will get efficiency by making the postal service a career service and a tax reduction by passing this bill and the Hoover Commission recommendations. Increased efficiency in the postal facilities will gain not only a better service, but a better standard of living for those employees.

I believe if this administration can afford to finance operas for European cities, then Congress and the American people certainly can afford a wage that will buy shoes and provide a better standard of living for our postal employees. The argument that teachers are also not well paid, is no argument against giving these postal employees an adequate level of living or decent wages. Our trouble is that possibly the postal employees have given such quiet, efficient, and regular service in bringing the mails to the front doors of our homes all over the United States that Congress has consistently overlooked them in the past.

In conclusion, may I say that I agree with the gentleman from California [Mr. MILLER] when he said that Congress has lagged with the postal employees, and all we are doing is trying to catch up by this bill. I heartily agree with that statement and urge my colleagues to vote for this bill.

May I say further in conclusion that I believe it is not entirely the committee's fault that this measure lagged because, as was pointed out here, the report from the Civil Service Commission was only made to the committee on August 5, the day the committee reported out the bill. The report by the executive office of the

President, the Bureau of the Budget, was delayed until July 30, 1949, just 6 days before the committee reported the bill out, and the office of the Postmaster General only made its report on July 20, 1949. I believe that from the time the committee received the report of the subcommittee, and started working on it, that they did an expeditious job. But I am one of those who signed the petition to discharge the committee to obtain quick action on this bill to increase the pay of postal employees and feel that it aided in getting this legislation on the floor.

Mr. REES. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. JOHNSON].

Mr. JOHNSON. Mr. Chairman, I am pleased to support H. R. 4495 which gives certain pay increases and other benefits to postal employees. I have consistently supported adjustments upward in the pay schedule of postal employees.

The leave benefits per annum are increased from 15 to 20 days. I think it should be increased to 26 days, the same as we give to general civil-service employees. No logical reason has been given why the postal people should not have the same leave as other Federal employees.

Another matter in which I have been interested since 1920 is that all postmasters in the larger offices be recruited from career postal employees. There is no reason why these men who are devoting their life to the postal service should not be able to look forward to holding the top job in the post office. The appointments should be taken out of politics and placed strictly on a merit basis. Some day we may, I hope, enact the necessary legislation to bring that sort of a postal system.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield myself such time as I may desire.

Mr. Chairman, I wish to reiterate my opening statement to the effect that I do not think this is the best-considered bill that could be brought out by our committee. It is a compromise bill. I voted in the committee against several of the provisions in the bill as reported out. I favored the report of the subcommittee, but the majority of the full committee would not adopt the report of the subcommittee and reported out the bill now before your committee. I lost out in the fight, but I am going along with my committee. I was in the minority. I am going to support the bill because it comes from the committee of which I have the honor to be chairman, although I do not look with favor upon certain provisions of the bill.

For instance, why do I say that the bill is not well considered and is not the best bill we could bring out? You take this provision about longevity grades. Longevity grades are for long and faithful service, and there should be a uniform, standard period of time for all longevity grades for all employees.

What do we have in this bill? Those employees who have only six automatic grades get their first longevity grade in 6 years. Think of that—putting an employee on longevity in 6 years. The employee who has seven automatic grades gets his first longevity grade in 7 years. The group of employees who have 11 grades, such as the city clerks and the city carriers in the first- and second-class post offices, get their first longevity grade at 11 years. The postmasters and supervisors begin getting their first longevity grade in 13 years.

Therefore, instead of having a uniform period for all longevity grades for all employees, you have some employees beginning to get their longevity pay in 6 years while others wait until 13 years. There ought to be just one set time of longevity for all these employees.

Something has been said here to the effect that we should not regard the deficit in fixing postal salaries. There are some who contend that we should have no regard for the deficit of our Post Office Department. They say the Post Office Department is a service agency, and you should not have any more concern about the deficit of that Department than you should about the Department of Agriculture or the Department of Commerce, because they, too, are service agencies.

I do not subscribe to that school of thought. It is true that the Post Office Department is a service agency, but it should be run, operated, and conducted upor business principles. I think those who use the mails for profit for business purposes should pay their proper part in carrying the burden of the cost of the Post Office Department.

At the close of the fiscal year ending June 30, 1949, the deficit of the Post Office Department was $549,700,000, practically $550,000,000. This bill, with amendments, of course, will make the deficit more than $730,000,000. I am disturbed over the ever-growing deficit in our Post Office Department.

I am very much interested in this Congress passing a postal rate bill which will provide fair and adequate increases in certain classes of mail to help offset part of the cost of this bill. Your committee held hearings for 3 or 4 months on the postal-rate question. We expect to report out a bill, or at least I hope so, at our executive committee meeting next Thursday. I trust the Members will show the same interest in the passage of the postal rate bill, which will provide around $125,000,000 additional revenue to help pay part of this increase we are voting today, as they have shown in this bill.

Mr. Chairman, I yield such time as he may desire to the gentleman from Minnesota [Mr. MCCARTHY].

Mr. MCCARTHY. Mr. Chairman, the principal point of debate on this bill is not the deficit in the Post Office Department. It is not the deficit in the Federal budget. It is the point of whether or not the pay increases proposed in this bill are fair and just. The deficit in the Post Office Department has been used as a red herring. It was dragged out during the last campaign in an attempt to discredit the administration. It has been used again in opposition to pay increases for postal employees. There are two things to be kept in mind in considering the postal deficit. First, that the Post Office Department has been and remains basically a service agency. It was not expected when it was established, nor has a tradition developed since that time, that the Post Office Department was to pay its own way or make a profit for the Government. Revenue considerations have been secondary to service. In the second place, a large part of the postal deficit is, insofar as the Post Office Department is concerned, a matter of accounting entries. The expense of carrying mail free for the Members of Congress and for the various Government agencies and departments is charged to the Post Office Department rather than to the respective agencies or persons. The deficit of the Post Office Department is increased further by hidden subsidies to the air lines and possibly also to steamship companies and railways. The responsibility of meeting this deficit rests on the whole population of the country, not upon the employees of the Post Office Department. The same is true of the general Federal deficit.

The important question for us in considering this bill is whether or not the postal-employee pay increases proposed in this bill are justified. I hold that they are, and for these reasons: The cost-of-living argument as it regards postal employees still carries weight. Last year's increase was not adequate to meet the increased costs of living of postal employees, and the evidence of a prospective fall in the cost of living does not indicate that this differential will soon be removed.

In addition to the cost-of-living argument, the comparative argument used so effectively in support of the military pay bill fortifies the case of the postal employees. The record shows that salaries now being paid to postal employees and to civil-service employees generally do not compare favorably with what is being paid in private industry, nor with what is being paid to Army personnel at the present scale, much less at the scale provided in the military pay bill which has been passed by both the House and the Senate.

I urge the passage of this bill.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield such time as he may desire to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE of Idaho. Mr. Chairman, I signed the discharge petition to bring this bill to the floor for consideration. I am for the bill and will vote for it.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. DOYLE].

Mr. DOYLE. Mr. Chairman, I am surprised to hear the gentleman from the great State of Illinois [Mr. MASON] on the Republican side of the aisle, argue that he was opposed to these raises in pay in this bill, H. R. 4495, for the beginners in the postal service, because such raises would mean these postal employees would then be earning more per year than the salary of the average high-school teacher in our schools. His fallacious argument causes me to say that we should not continue the national disgrace of drastically underpaying our post-office employees, merely because we have not yet corrected the equally disgraceful and dangerous habit of allowing

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thousands upon thousands of school teachers in America to be mistreated economically because we fail in terms of pay to either recognize their real strategic worth to the perpetuation of our American way of life. These teachers shape the destiny of American youth in a very large degree. The gentleman may be speaking in terms of sincerity, but his argument lacks either soundness in logic or relevancy to the purposes of bill, H. R. 4495.

During the Seventy-ninth session of Congress I also spoke before the Post Office Committee in support of adequate raises for the post-office employees. I have seen with my own eyes the false economy of our errors to date in this matter.

The Eighteenth Congressional District of California, which I have the honor to represent, expects that the men and women of the postal service, who so promptly and loyally serve them, shall be paid a dignified and adequate financial compensation and shall have a more reasonable annual and sick leave. I shall vote to reward their faithful and patriotic service, by voting "aye" on this bill. This bill should have a unanimous approval.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. MITCHELL].

Mr. MITCHELL. Mr. Chairman, it is with great concern regarding the need for remedial action on postal employee wages that I urge favorable action on this postal salary increase legislation under consideration today. I refer to H. R. 4495. It has been my desire to place the facts relating to the necessity for this measure before the Congress.

On March 24, 1949, I wrote Chairman MURRAY, of the House Post Office and Civil Service Committee, and based my request for action on pay legislation on the cost of living in my congressional district, the First District in the State of Washington. In that letter I wrote:

> I know personally of cases where the normal living costs of Federal families have been met only by the enforced employment of additional family members—frequently of the mother, who cannot justifiably be spared from the supervision of children. One postal carrier, a personal acquaintance, was forced to spend many night hours playing in an orchestra to meet family expenses. This being insufficient, the mother of his two small children also sought daytime employment.

On July 22, 1949, I submitted testimony to committee pointing out the basic need of our Federal employees for more adequate salaries. In that testimony, I quoted an employee survey in order to indicate the rapid rate in the cost of living increase. This condition was forcing the reduction of the individual employee's backlog of savings of cash and war bonds at a startling rate. Referring to the latest information available at that time, I told the committee that the Bureau of Labor Statistics, in a survey of all major cities, had rated Seattle as second high in the cost of living index. According to the Bureau of Labor Statistics figures for June 1947, the cost of goods and services in the Seattle city worker's family budget was $3,054 per year.

According to statistics recently released by the United States News and World Report from this same Bureau, the Seattle family of four today requires $3,544 for what is defined as a "modest but adequate" annual budget.

But let us contrast this with figures from an informed survey of classified and unclassified employees in the Seattle Post Office. The average annual salary, according to the survey, was $2,755.92. The average postal employee in Seattle is receiving $788 less than what the Bureau of Labor Statistics defines as a "modest but adequate" budget. According to the survey, the great majority of Seattle Post Office employees' salaries ranged from $1,750 to $3,650, consequently very few are above the point where they can break even. Furthermore, those in the lowest classification are $1,794 below an adequate family income.

Mr. Chairman, with the cost of living rising in 1947 and 1948, the inaction of the Eightieth Congress made life difficult for the low-salary bracket Federal employees. The survey mentioned indicated that 23 percent of the employees had to work on extra jobs in order to meet family living costs. It indicated that 37 percent of the post office employee wives were obliged to work and were thus taken away from their homes and family duties. The survey further indicates that 77 percent of the employees have been forced to draw on their savings accounts in order to meet the current high cost of living. May I add that 21 of the remaining 23 percent indicated that their savings had been dissipated.

The survey found that 60 percent of the employees have been forced to cash their war savings bonds. This development taking place almost simultaneously with the Treasury Department's plan for the most extensive bond selling drive in history is indeed derisive. Without a cost of living pay raise, the one-fifth of the postal employees in this one city who have been forced to cash $624,456 worth of bonds will be in no position to assist the drive.

The survey concludes that 95 percent of the employees were, during this past year, forced to augment their Post Office salaries by either (1) working on a part time job, (2) wife was obliged to work, (3) drawing on their savings accounts, (4) cashing war savings bonds, or (5) borrowing money.

Mr. Chairman, the findings of this survey speak more clearly than I can as to the financial need of Government employees.

Mr. Chairman, it is my hope that this Congress will act now to bring Federal wages into better relationship with the cost of living. A forward step can be taken today by passing H. R. 4495.

Mr. MURRAY of Tennessee. Mr. Chairman, I have no further requests for time on my side.

Mr. REES. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That section 6 of the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the postal service; to establish uniform procedures for computing compensation; and for other purposes." approved July 6, 1945, as amended, is hereby amended to read as follows:

"ANNUAL AND SICK LEAVE

"SEC. 6. (a) Postmasters and employees shall be granted 26 days' leave of absence with pay, exclusive of Saturdays, Sundays, and holidays, each fiscal year, and sick leave with pay at the rate of 15 days a year, exclusive of Saturdays, Sundays, and holidays, to be cumulative. Sick leave shall be granted only upon satisfactory evidence of illness in accordance with regulations to be prescribed by the Postmaster General: *Provided*, That the 26 days' leave shall be credited at the rate of 2⅙ days for each month of actual service: *Provided further*, That classified substitute employees, under such regulations as the Postmaster General may prescribe, shall be granted the same rights and benefits with respect to annual and sick leave that accrue to regular employees in proportion to the time employed in a pay status: *And provided further*, That in no event shall a classified substitute employee be credited during a 12-month period with more than 26 days' annual and 15 days' sick leave.

"(b) The authorized absence of a rural carrier on Saturdays which occurs within or at the beginning or end of a period of sick or annual leave of five or more days' duration (or 4 days' duration if a holiday falls within or at the beginning or end of the period of sick or annual leave) shall be without charge to such leave or loss of compensation: *Provided*, That Saturdays occurring in a period of annual or sick leave taken in a smaller number of days may at the option of the carrier be charged to his accrued leave and when so charged he shall be paid for such absence."

SEC. 2. Section 25 of such act of July 6, 1945, as amended, is hereby amended to read as follows:

"SEC. 25. (a) Except as provided in subsection (b), allowable service under this act shall be only such continuous active service as has been rendered and shall not include previous periods or terms of employment, except that in the case of employees who have been separated or shall hereafter be separated from the field service of the Post Office Department for military duty, or to comply with a war transfer as defined by the Civil Service Commission, the periods or terms of such service immediately preceding entry into military service or immediately preceding such transfer, as well as the time engaged in military service and service on war transfer, shall be construed as allowable service, and pro rata credit shall be given for the time engaged in military service and service on war transfer for each year of such service.

"(b) In recognition of longevity of service, the compensation of each employee to whom this act applies, except employees paid on an hourly basis, shall be increased by $100 at the completion by such employee of 10, 13, 17, and 22 years' service, respectively. Such increases in compensation shall be in addition to all other compensation to which such employee may be entitled. For the purposes of this subsection, all service heretofore or hereafter rendered in the postal field service by such employee shall be credited."

SEC. 3. (a) Each employee in the postal field service on June 30, 1949, whose original appointment to a regular position was to a grade lower than grade 5 under such act of July 6, 1945, as amended, and who has not progressed to grade 5, shall, as of July 1, 1949, be placed in grade 5.

(b) Each person whose original appointment to a regular position in the postal field

service is made after June 30, 1949, shall be placed in grade 5.

(c) For purposes of promotion with respect to any grade in which more than 1 year of satisfactory service is required for promotion to the next higher grade under such act of July 6, 1945, as amended, any officer or employee (1) who has attained the highest grade in which not more than 1 year of satisfactory service is required for promotion to the next higher grade, and (2) who had to his credit before July 1, 1945, a period of service which is greater than the total period of service required for placement in the next grade higher than the grade specified under clause (1), shall have credited to him, as faithful and meritorious service performed in grade, such part of such greater period of service as is in excess of such total period of service specified under clause (2).

SEC. 4. (a) All postmasters at post offices of the first, second, and third classes, and officers and employees in the postal field service who are paid on a per annum basis shall receive additional compensation at the rate of $150 per annum.

(b) Subsection (a) shall take effect on the first day of the first pay period which begins after the date of enactment of this act.

SEC. 5. (a) Section 3867 of the Revised Statutes is hereby amended to read as follows:

"SEC. 3867. The Postmaster General may prescribe a uniform to be worn by city and village delivery letter carriers, special-delivery messengers, motor-vehicle employees, custodial guards, elevator operators, and watchmen. Each such employee for whom a uniform is prescribed shall be paid an allowance of $100 per annum for purchase of uniforms."

(b) Section 1730 of title 18 of the United States Code is hereby amended to read as follows:

"§ 1730. Uniforms of Carriers.

"Whoever, without authorization, wears any uniform or badge prescribed by the Postmaster General to be worn by employees in the postal field service, shall be fined not more than $100 or imprisoned not more than 6 months, or both."

SEC. 6. (a) Existing efficiency rating systems for appraisal of the service of officers and employees in the postal field service are hereby abolished. No efficiency rating system shall hereafter be established.

(b) Subsection (a) shall not be held to prevent the discharge of any such officer or employee for unsatisfactory service.

Mr. MASON (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open for amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Strike out all after the enacting clause, and insert the following:

"That section 6 of the act entitled 'An act to reclassify the salaries of postmasters, officers, and employees of the postal service; to establish uniform procedures for computing compensation; and for other purposes', approved July 6, 1945, as amended, is hereby amended to read as follows:

"'ANNUAL AND SICK LEAVE

"'SEC. 6. (a) Postmasters, officers, and employees shall be granted 20 days' leave of absence with pay, exclusive of Saturdays, Sundays, and holidays, each fiscal year, and sick leave with pay at the rate of 10 days a year, exclusive of Saturdays, Sundays, and holidays, to be cumulative, except that no postmaster, officer, or employee shall be permitted to accumulate more than 60 days' annual leave. Sick leave shall be granted only upon satisfactory evidence of illness in accordance with regulations to be prescribed by the Postmaster General: *Provided*, That the 20 days' leave shall be credited at the rate of 1⅔ days for each month of actual service: *Provided further*, That classified substitute employees, under such regulations as the Postmaster General may prescribe, shall be granted the same rights and benefits with respect to annual and sick leave that accrue to regular employees in proportion to the time employed in a pay status: *And provided further*, That in no event shall a classified substitute employee be credited during a 12-month period with more than 20 days' annual and 10 days' sick leave.

"'(b) The authorized absence of a rural carrier on Saturdays which occur within or at the beginning or end of a period of sick or annual leave of five or more days' duration (or 4 days' duration if a holiday falls within or at the beginning or end of the period of sick or annual leave) shall be without charge to such leave or loss of compensation: *Provided*, That Saturdays occurring in a period of annual or sick leave taken in a smaller number of days may at the option of the carrier be charged to his accrued leave and when so charged he shall be paid for such absence.'

"SEC. 2. (a) In the case of employees (except employees paid on an hourly basis) for whom additional grades for faithful and meritorious service are not provided in such act of July 6, 1945, as amended, there are hereby established three additional grades. Each such employee promoted to each such additional grade shall receive an increase in compensation of $100 per annum. Each such employee shall be promoted (1) to the first such additional grade after 3 years of faithful and meritorious service in the highest automatic grade, (2) to the second such additional grade after 5 years of such service in the first additional grade, and (3) to the third such additional grade after 7 years of such service in the second additional grade.

"(b) In the case of employees for whom only two additional grades for faithful and meritorious service are provided in such act of July 6, 1945, as amended, there is hereby established a third additional grade. Each such employee promoted to such third additional grade shall receive an increase in compensation of $100 per annum. Each such employee who performs faithful and meritorious service for 7 years in the higher additional grade provided in such act of July 6, 1945, as amended, shall be promoted to such third additional grade.

"SEC. 3. (a) Each employee in the postal field service on the day before the day on which this act takes effect, whose original appointment to a regular position was to a grade lower than grade 3 under such act of July 6, 1945, as amended, and who has not progressed to grade 3, shall, as of the effective date of this act, be placed in grade 3.

"(b) Each person whose original appointment to a regular position in the postal field service is made on or after the effective date of this act shall be placed in grade 3 at the time of such appointment.

"(c) For purposes of promotion with respect to any grade in which more than 1 year of satisfactory service is required for promotion to the next higher grade under such act of July 6, 1945, as amended, any officer or employee (1) who has attained the highest grade in which not more than 1 year of satisfactory service is required for promotion to the next higher grade, and (2) who had to his credit before July 1, 1945, a period of service which is greater than the total period of service required for placement in the next grade higher than the grade specified under clause (1), shall have credited to him, as faithful and meritorious service performed in grade, such part of such greater period of service as is in excess of such total period of service specified under clause (2).

"SEC. 4. (a) All postmasters, officers, and employees in the postal service whose rates of compensation are prescribed by such act of July 6, 1945, as amended, shall receive additional compensation at the rate of $150 per annum: *Provided*, That employees paid on an hourly or part-time basis shall receive additional compensation at the rate of 5 cents per hour: *Provided further*, That postmasters at post offices of the fourth class shall receive additional compensation at the rate of a sum per annum equal to 5 percent of their basic annual compensation.

"(b) Subsection (a) shall not apply to skilled-trades employees of the mail-equipment shops, job cleaners in first- and second-class post offices, and employees who are paid on a fee or contract basis.

"SEC. 5. (a) Section 3867 of the Revised Statutes is hereby amended to read as follows:

"'SEC. 3867. The Postmaster General may prescribe a uniform dress to be worn by city and village delivery letter carriers, special-delivery messengers, motor-vehicle employees, custodial guards, elevator operators, and watchmen. The Postmaster General shall furnish uniforms to each such employee for whom a uniform dress is so prescribed, of a cost not to exceed $100 per annum with respect to each employee, except that, in any case where in his judgment it is in the interest of the postal service, he may authorize such employees, or any of them, to purchase uniforms individually and shall reimburse each such employee purchasing uniforms pursuant to such authorization for the cost thereof, but reimbursement to any such employee shall not exceed $100 per annum."

"(b) Section 1730 of title 18 of the United States Code is hereby amended to read as follows:

"'SEC. 1730. Uniforms of Carriers.

"'Whoever, without authorization, wears any uniform or badge prescribed by the Postmaster General to be worn by employees in the postal field service, shall be fined not more than $100 or imprisoned not more than 6 months, or both.'

"SEC. 6. This act shall take effect on the first day of the first pay period which begins after the date of its enactment."

Mr. MURRAY of Tennessee (interrupting the reading of the committee amendment). Mr. Chairman, I ask unanimous consent that the committee amendment be considered as read.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MURRAY of Tennessee. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. MURRAY of Tennessee to the committee amendment: On page 7, line 11, strike out the words "employed in a pay status" and insert in lieu thereof the words "on the roll."

The amendment to the committee amendment was agreed to.

Mr. MURRAY of Tennessee. Mr. Chairman, I offer another amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. MURRAY of Tennessee to the committee amendment: Page 8, after line 23, insert the following:

"(c) In recognition of longevity of service—

"(1) the basic annual compensation of (A) each postmaster at a post office of the first,

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second, or third class, and (B) each officer or employee to whom such act of July 6, 1945, as amended, applies, who is in a single salary grade with no provision for automatic promotion, shall be increased by $100, and

"(2) the basic annual compensation of each postmaster at a post office of the fourth class shall be increased by 5 percent, upon completion by such postmaster, officer, or employee of 13, 18, and 25 years of service, respectively. Such increases in compensation shall be in addition to all other compensation to which such postmaster, officer, or employee may be entitled. For the purposes of this subsection, all service heretofore or hereafter rendered in the postal field service by such postmaster, officer, or employee shall be credited."

The amendment to the committee amendment was agreed to.

Mr. MURRAY of Tennessee. Mr. Chairman, I offer another amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. MURRAY of Tennessee to the committee amendment: On page 11, line 7, strike out the word "carriers" and insert in lieu thereof the words "postal employees."

The amendment to the committee amendment was agreed to.

Mr. REES. Mr. Chairman, I offer an amendment to the committee amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. REES to the committee amendment:

On page 9, line 1, strike out the words "to a regular position."

On page 9, lines 5 and 6, strike out the words "to a regular position."

Mr. REES. Mr. Chairman, this is the amendment I discussed earlier in the day. It is in accord with the objectives of the bill, to raise the salaries of substitutes, in line with those who are regarded as being regularly employed.

Substitute employees may be employed for a considerable period of time before they are named as regular employees. Some of them are employed for a year, or 2 or 3 or 4 years. There was one case which was called to my attention of a man who was employed for 10 years and was still a substitute employee. He was working regularly, and had been for a long time, but classified as a substitute employee. There are approximately 100,000 in this class—about 20 percent of the entire group. My amendment simply provides that substitute employees may be included under the act.

I cannot understand why those who drafted the measure did not include this group of people. In my opinion, they are just as deserving of this consideration as those who are classified as regular employees.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Iowa.

Mr. JENSEN. Is it not a fact that substitute employees must hold themselves in readiness at all times for a call to duty?

Mr. REES. That is correct. And they are required to be just as well qualified as regular employees.

Mr. JENSEN. And if they are not on hand when the call to duty is made, they are penalized, and possibly the second time they are taken off the list?

Mr. REES. That is frequently done.

Mr. JENSEN. Now, because of that very thing, I believe the gentleman's amendment is entirely justified, because we could not carry on the mails in the manner in which they are presently carried were it not for the substitute mail carriers and clerks who hold themselves in readiness at all times and in every emergency. So I hope the committee will agree to the gentleman's amendment.

Mr. REES. Without the amendment there are approximately 100,000 deserving substitute employees who will be left out. If you approve this legislation for regular employees, there could be little justification in leaving this group out. Many of them have been employed for periods as long as those classified as regulars.

Mr. MURRAY of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the distinguished chairman of our committee.

Mr. MURRAY of Tennessee. How much will your amendment cost?

Mr. REES. This amendment, I am informed, will cost approximately $12,800,000, but it involves 20 or 25 percent of all of the employees in postal service. You are spending $158,000,000 under the bill, and it seems to me that this group of people is just as deserving as other employees in the postal service.

Mr. MURRAY of Tennessee. This bill, with the amendment to the committee amendment just adopted, will cost about $167,000,000, and with the cost of your amendment it will make it cost nearly $180,000,000. Does your amendment cover only classified substitutes?

Mr. REES. Classified substitutes.

Mr. MURRAY of Tennessee. It does not cover the temporary employees?

Mr. REES. Yes; it would include the temporary employees. Even though temporary employees work for only a few days, or possibly 3 or 4 weeks, they perform the same service as those regularly employed.

Mr. MURRAY of Tennessee. What do you do about those temporary carriers who are appointed for only 2 or 3 weeks? Would they be included?

Mr. REES. That is correct. It seems to me you would have a considerable amount of difficulty in administering the act if you leave out what is described as temporary employees. Furthermore, there are comparatively few of them.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the distinguished gentleman from Ohio, who has always been interested in the problems of employees in the postal service, as well as other Government employees.

Mr. JENKINS. Is it not true that the situation you are trying to correct in this amendment is the one situation that has brought more complaint and more dissatisfaction in the postal service than anything else?

Mr. REES. This is one of the problems that has created a considerable amount of complaint. Many substitute employees tell us that they have been employed for 4, 5, 6, or even 10 years, some of them longer than those classified as "regulars," and yet do not receive all of the benefits accorded those in the regular service.

My amendment is justified. It should be adopted.

Mr. McDONOUGH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Kansas. I believe there should be no discrimination between the regular and the temporary employees.

And while we are discussing the question of the pay of postal employees, I would like to say a word about the totally inadequate, hazardous, dangerous, and insanitary conditions in which many postal employees have to work. I do not know how many of the Members have taken the time to go into branch post offices in their congested areas, but I have. I have gone into some of these small branch post offices in congested city areas, and I will tell you frankly that private industry would not be permitted to keep their employees in the poorly lighted branch post offices with insanitary conditions in which we, the United States Government, ask our postal employees to work.

I know of a condition in the city of Los Angeles where they have to sort the mail in cardboard boxes outside of the building that is leased for postal purposes. I know of branch post offices where the light provided is so inadequate that it has affected the eyesight of the employees who work there. I know of places where there is not sufficient drainage around the branch post offices; the water runs in on the floor and the people have to work with wet feet all day. That is inexcusable. I introduced a bill that is before the Committee on Post Office and Civil Service to insist upon a change of specifications where the Post Office Department goes out to lease a building if it cannot buy, if it has not the money to buy, where it leases a building for a branch post office, the specifications are not lived up to, they have not enough light, they have not enough air, the employees are forced to work in quarters that, as I said, private industry could not tolerate because of State industrial commissions and welfare commissions.

So I am very much in favor of this bill and the amendment offered by the gentleman from Kansas.

Let me call the attention of the membership to this other matter that we should go into very soon, and I hope the committee will take up my bill and give some consideration to it, because the employees of the postal service are deserving of better working conditions, better pay, and better all-around conditions than they are now receiving at the hands of the Congress.

Mr. Chairman, I yield back the balance of my time.

Mr. MURRAY of Tennessee. Mr. Chairman, I think the amendment is fair. In view of the other provisions of the bill I see no reason why substitute and temporary employees should not be accorded equal treatment. As far as I am concerned I will accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas to the committee amendment.

The amendment was agreed to.

Mr. MASON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MASON: Strike out all of lines 5, 6, 7, and 8 on page 9.

Mr. MASON. Mr. Chairman, I shall read the lines that my amendment would strike:

Each person whose original appointment to a regular position in the postal field service is made on or after the effective date of this act shall be placed in grade 3 at the time of such appointment.

Mr. Chairman, that simply means that every starting employee in the postal department from now on will be started in grade 3. What is the result? Under present conditions the starting salary in grade 1 is $2,550. They will start under this bill at $2,900.

These 11 classifications, plus the 3 for longevity, were drafted in order to make a career service out of the postal department. They were drafted to attract into the service at the lower level the promising high-school graduates of this country. These classifications were not drafted to have a man with 4, 5, or 6 children to support come in at that lower grade. The high-school graduate of 17 or 18 does not have any children to support. We want him in there in order to work up through these steps in this classification ladder.

Mr. Chairman, in my opinion, we are spoiling the career program by increasing those in the first grade. We are giving the starting employee more than we are giving anyone else all along the line. We are giving them an increase of $350, which is more than anyone else in the service gets.

I hope my amendment will be agreed to.

Mr. MILLER of California. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois.

Mr. Chairman, the matter of striking out the two lower grades is a compromise at the present time. The original bill called for striking out the four lower grades. This is a realistic approach to the problem. To my way of thinking, striking out the two lower grades only goes half way, but, like the chairman, I am accepting this as a compromise measure so far as the will of the committee is concerned.

Now, this theory of having high-school graduates enter the postal service sounds nice and looks good on paper, but it is not so good based on facts. The people who are being attracted to this type of work are men with families. The entering grades are very unrealistic today. They mean a take-home pay of less than $35 a week to postal employees. I submit that is not very much.

I decry the fact, as does the gentleman who was an educator, that the average salary of high-school teachers is so extremely low. I am happy to say that in my State it is not in that low category. I think he makes a very good argument for Federal aid to education and I shall support him on that when the time comes but that is not a proper matter to consider here. We are trying to do something for the underpaid postal workers, something to make their work more attractive to them.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Illinois.

Mr. MASON. I do not want the gentleman to think that I am making an argument for Federal aid to education, because I have argued against that proposition as a school man.

Mr. MILLER of California. I am very much surprised, I am somewhat chagrined to think that the gentleman is not realistic enough to appreciate that the only way he can help take care of the salaries of teachers in those States that are so impoverished they cannot do it any other way is through Federal aid. I am somewhat chagrined to think that my good friend, with whom I had the pleasure of serving on a committee, has taken such a very reactionary stand. But again we are not now debating that problem.

As I said, I think his argument is unrealistic. There is no relation between the salary of teachers and the salary of postal employees. We are trying to attract to this service people who will give an efficient performance, people who will be devoted to and interested in the service. That is the way it must be done. I sincerely hope that the gentleman's amendment is defeated.

Mr. CORBETT. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. MURRAY of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield to the gentleman from Tennessee.

Mr. MURRAY of Tennessee. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I object.

Mr. CORBETT. Mr. Chairman, I will be very brief. I believe there is just one point that needs explaining regarding the elimination of the two lower grades.

There is pending before the Committee on Rules a bill, H. R. 87, which would provide for the elimination of up to the four lowest grades for veterans of the armed services who have entered the postal service. I believe since we are trying to be realistic we may as well recognize that almost 100 percent of the new employees that have been hired since the war have been veterans. They have been, in many cases, veterans with families, and the starting grade was regarded as much too low to give them a proper standard of living. I cannot agree with the gentleman who served with such distinction on the committee that this is going to ruin the career program. It will simply mean that the employees would reach the top grade 2 years sooner and would start at a salary $200 higher. So, therefore, in consideration of the fact that these new employees are mostly veterans, that the starting salary has been too low in relation to the incomes of other groups and that the request for the elimination of the two lowest grades is a mighty reasonable compromise, I urge that the amendment be defeated.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall not take my 5 minutes, but I want to rise today to say that I am happy to support this bill, and I will go right down the line with it. I appeared before the committee, and I think they deserve a great deal of credit for the fine work they have done. I am glad to see that this postal pay raise bill is finally up here today so that we can all vote for it.

I am not going to inject a sour note into this debate. I am, however, going to point out the probability that since we will have passed this bill here today, there will be those who will come forward immediately and say that we have got to balance the budget and therefore it is going to be necessary to raise the postal rates. In other words, they are going to attempt to raise the penny post card according to the information I get. They are going to try to double the penny post card to raise it to 2 cents, a thing which I think would be the most outrageous, diabolical thing that was ever put on the shoulders of the American people. It is just like a sales tax, whether you like it or not, or whether you like to admit it or not. It is making the poor man, in this instance, pay the tax that the rich man ought to assume. You are depriving the average citizen of sending a message out that he can do today for a penny, and he will have to do it for 2 cents if you double the cost of the penny post card.

I am not going to argue about the possible necessity, of raising certain classes of postal mail. I am saying here and now, just as I said on previous occasions, that it comes with poor grace on any future legislation, motion, or measure that is brought on the floor of this House if this argument is used, "Well, we have raised the salaries of the postal employees. Let us saddle the American taxpayers by doubling the penny post card" and use that as a lame excuse. I do not think you can get away with it by doing this. We are going to raise the postal employees' salaries here today, a thing we should have done a long time ago. But, we have got to face the fact that there will be immediately a fight raised on the issue of attempting to balance the budget by doubling the penny post card. It is the only thing that the American rank and file have left to send messages at low cost. Let us give them that privilege and opportunity and not take a chance of bringing in future legislation to destroy that prerogative which they now enjoy.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MURRAY of Tennessee. Mr. Chairman, I move that all debate on the pending amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentle-

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man from Illinois [Mr. MASON] to the committee amendment.

The amendment to the committee amendment was rejected.

The CHAIRMAN. The question is on the committee amendment as amended.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SIKES, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4495) to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, and promotion, and for other purposes, pursuant to House Resolution 319, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. McDONOUGH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mr. McDONOUGH. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. The Chair thinks a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 333, nays 2, not voting 96, as follows:

[Roll No. 202]

YEAS—333

Abbitt	Bolling	Chudoff
Abernethy	Bolton, Md.	Church
Addonizio	Boykin	Clemente
Albert	Breen	Clevenger
Allen, Calif.	Brehm	Cole, Kans.
Andersen, H. Carl	Brown, Ga.	Colmer
	Bryson	Combs
Andresen, August H.	Buchanan	Cooper
	Buckley, Ill.	Corbett
Andrews	Burdick	Cotton
Angell	Burke	Coudert
Arends	Burleson	Crook
Aspinall	Burton	Cunningham
Auchincloss	Brynes, Wis.	Dague
Bailey	Camp	Davenport
Barden	Canfield	Davis, Ga.
Barrett, Wyo.	Cannon	Davis, Tenn.
Bates, Ky.	Carlyle	Davis, Wis.
Bates, Mass.	Carnahan	DeGraffenried
Battle	Carroll	Delaney
Beall	Case, N. J.	Denton
Bennett, Fla.	Case, S. Dak.	D'Ewart
Bennett, Mich.	Cavalcante	Dollinger
Bentsen	Celler	Dolliver
Biemiller	Chelf	Dondero
Bishop	Chesney	Doughton
Blackney	Chiperfield	Doyle
Boggs, Del.	Christopher	Durham
Eaton	Kerr	Poulson
Eberharter	Kilburn	Powell
Elliott	Kilday	Preston
Ellsworth	King	Price
Engel, Mich.	Kirwan	Priest
Evins	Kruse	Quinn
Fallon	Lane	Rabaut
Fenton	Lanham	Rankin
Fernandez	Larcade	Redden
Fisher	Latham	Rees
Fogarty	LeFevre	Regan
Forand	Lemke	Rhodes
Ford	Lesinski	Ribicoff
Frazier	Lichtenwalter	Rich
Fugate	Lind	Rivers
Fulton	Linehan	Rodino
Furcolo	Lodge	Rogers, Fla.
Gamble	Lucas	Rooney
Gary	Lyle	Roosevelt
Gathings	Lynch	Sadlak
Gavin	McCarthy	St. George
Golden	McConnell	Sanborn
Goodwin	McCormack	Sasscer
Gordon	McCulloch	Scott, Hardie
Gorski, Ill.	McDonough	Scrivner
Gorski N. Y.	McGrath	Scudder
Gossett	McGregor	Secrest
Graham	McGuire	Shafer
Granahan	McKinnon	Sheppard
Granger	Mack, Wash.	Sikes
Grant	Macy	Simpson, Ill.
Gross	Madden	Simpson, Pa.
Hagen	Magee	Sims
Hale	Mahon	Smathers
Hall, Edwin Arthur	Marcantonio	Smith, Kans.
	Marsalis	Smith, Wis.
Hall, Leonard W.	Marshall	Spence
	Martin, Mass.	Staggers
Halleck	Mason	Stanley
Hand	Merrow	Stefan
Hardy	Meyer	Stigler
Hare	Michener	Stockman
Harris	Miles	Sullivan
Harrison	Miller, Calif.	Sutton
Hart	Miller, Md.	Taber
Havenner	Miller, Nebr.	Tackett
Hays, Ark.	Mills	Talle
Hedrick	Mitchell	Taylor
Heffernan	Monroney	Teague
Heller	Morgan	Thomas, Tex.
Herlong	Morris	Thompson
Herter	Morrison	Thornberry
Heselton	Morton	Tollefson
Hill	Moulder	Towe
Hinshaw	Murdock	Trimble
Hobbs	Murray, Tenn.	Underwood
Hoffman, Ill.	Murray, Wis.	Van Zandt
Holifield	Nelson	Velde
Holmes	Nicholson	Vorys
Hope	Nixon	Vursell
Howell	Noland	Wadsworth
Hull	Norrell	Wagner
Jackson, Calif.	O'Brien, Ill.	Walsh
Jackson, Wash.	O'Brien, Mich.	Weichel
Jacobs	O'Hara, Ill.	Welch
James	O'Hara, Minn.	Werdel
Javits	O'Sullivan	Whitaker
Jenison	O'Toole	White, Calif.
Jenkins	Pace	White, Idaho
Jennings	Passman	Whitten
Jensen	Patman	Whittington
Johnson	Patten	Wickersham
Jonas	Patterson	Wier
Jones, Ala.	Perkins	Wigglesworth
Jones, Mo.	Peterson	Williams
Jones, N. C.	Pfeifer, Joseph L.	Wilson, Ind.
Judd		Wilson, Okla.
Karst	Pfeiffer, William L.	Winstead
Karsten		Withrow
Kearney	Philbin	Wolverton
Kearns	Phillips, Tenn.	Wood
Keating	Pickett	Woodruff
Kee	Plumley	Yates
Kelley	Polk	Young
Kennedy	Potter	Zablocki

NAYS—2

Hoffman, Mich.	Wheeler

NOT VOTING—96

Allen, Ill.	Buckley, N. Y.	Donohue
Allen, La.	Bulwinkle	Douglas
Anderson, Calif.	Burnside	Elston
Baring	Byrne, N. Y.	Engle, Calif.
Barrett, Pa.	Chatham	Feighan
Beckworth	Cole, N. Y.	Fellows
Bland	Cooley	Flood
Blatnik	Cox	Garmatz
Boggs, La.	Crawford	Gillette
Bolton, Ohio	Crosser	Gilmer
Bonner	Curtis	Gore
Bosone	Davies, N. Y.	Green
Bramblett	Dawson	Gregory
Brooks	Deane	Gwinn
Brown, Ohio	Dingell	Harden
Harvey	Mansfield	Sadowski
Hays, Ohio	Martin, Iowa	Scott, Hugh D., Jr.
Hébert	Multer	
Hoeven	Murphy	Short
Horan	Norblad	Smith, Ohio
Huber	Norton	Smith, Va.
Irving	O'Konski	Steed
Kean	O'Neill	Tauriello
Keefe	Phillips, Calif.	Thomas, N. J.
Keogh	Poage	Vinson
Klein	Rains	Walter
Kunkel	Ramsay	Willis
LeCompte	Reed, Ill.	Wilson, Tex.
Lovre	Reed, N. Y.	Wolcott
McMillan, S. C.	Richards	Woodhouse
McMillen, Ill.	Riehlman	Worley
McSweeney	Rogers, Mass.	
Mack, Ill.	Sabath	

So the bill was passed.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Gilmer with Mr. Hoeven.
Mr. Brooks with Mr. Crawford.
Mr. Hébert with Mr. McMillen of Illinois.
Mr. Boggs of Louisiana with Mr. Norblad.
Mr. McMillan of South Carolina with Mr. Reed of Illinois.
Mr. Allen of Louisiana with Mr. Gillette.
Mr. Huber with Mr. Curtis.
Mr. Multer with Mr. Lovre.
Mr. Tauriello with Mr. Riehlman.
Mr. Davies of New York with Mr. Smith of Ohio.
Mrs. Douglas with Mr. Bramblett.
Mrs. Norton with Mr. Harvey.
Mr. Dingell with Mr. Phillips of California.
Mr. Hays of Ohio with Mr. Martin of Iowa.
Mr. Rains with Mrs. Harden.
Mr. Keogh with Mr. O'Konski.
Mr. Gregory with Mr. Reed of New York.
Mr. Sabath with Mr. Allen of Illinois.
Mr. Walter with Mr. Brown of Ohio.
Mr. Mack of Illinois with Mr. Kunkel.
Mr. Murphy with Mr. Kean.
Mr. Byrne of New York with Mr. Keefe.
Mr. Buckley of New York with Mr. Short.
Mr. McSweeney with Mr. Wolcott.
Mr. Bonner with Mr. Elston.
Mr. Garmatz with Mr. LeCompte.
Mr. Vinson with Mr. Anderson of California.
Mr. Richards with Mrs. Bolton of Ohio.
Mr. Green with Mr. Cole of New York.
Mr. O'Neill with Mr. Horan.
Mr. Donohue with Mr. Hugh D. Scott, Jr.
Mr. Barrett of Pennsylvania with Mrs. Rogers of Massachusetts.
Mr. Cooley with Mr. Fellows.
Mr. Blatnik with Mr. Gwinn.
Mr. Feighan with Mr. Thomas of New Jersey.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent that all members may have five legislative days to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

REFORESTATION AND REVEGETATION OF FOREST AND RANGE LANDS OF THE NATIONAL FORESTS

Mr. COLMER, from the Committee on Rules, reported the following privileged resolution (H. Res. 369, Rept. No. 1345), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on

the State of the Union for the consideration of the resolution (S. J. Res. 53) to provide for the reforestation and revegetation of the forest and range lands of the national forests, and for other purposes. That after general debate, which shall be confined to the resolution and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the resolution shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the resolution for amendment, the Committee shall rise and report the resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

AID TO THE REPUBLIC OF KOREA

Mr. COLMER, from the Committee on Rules, reported the following privileged resolution (H. Res. 368, Rept. No. 1344), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5330) to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to the Republic of Korea. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. GATHINGS. Mr. Speaker, some time ago I received unanimous consent to extend my remarks in the RECORD and include a manuscript entitled "Harnessing the Wind for Electric Power." I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost $205, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

Mr. CELLER asked and was given permission to extend his remarks in the RECORD.

Mr. COUDERT asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. McGRATH asked and was given permission to extend his remarks in the RECORD.

SPECIAL ORDER GRANTED

Mr. CANFIELD asked and was given permission to address the House tomorrow for 5 minutes, following any special orders heretofore entered.

EXTENSION OF REMARKS

Mr. LATHAM asked and was given permission to extend his remarks in the RECORD and include an article, notwithstanding the fact that it is estimated by the Public Printer to exceed two pages of the RECORD at a cost of $184.50.

Mr. JUDD asked and was given permission to extend his remarks in the RECORD and include extraneous material.

Mr. KEATING asked and was given permission to extend his remarks in the RECORD in two instances and include editorials.

Mr. RODINO asked and was given permission to extend his remarks in the RECORD and include an editorial.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HUGH D. SCOTT, JR. (at the request of Mr. SIMPSON of Pennsylvania), for the balance of the week, on account of official business.

To Mrs. ROGERS of Massachusetts (at the request of Mr. MARTIN of Massachusetts), indefinitely, on account of illness in her family.

To Mr. MULTER (at the request of Mr. McGRATH), for an indefinite period, on account of important business.

To Mr. KEOGH (at the request of Mr. McGRATH), for an indefinite period, on account of important business.

ENROLLED BILLS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 5356. An act to provide for the conveyance of land to the Norfolk County Trust Co., in Stoughton, Mass.

BILLS PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 1976. An act to authorize the sale of certain allotted inherited land on the Flathead Indian Reservation, Mont.;

H. R. 3616. An act authorizing the issuance of a patent in fee to Lulu Two Spears Iron Bird;

H. R. 3886. An act authorizing the Secretary of the Interior to issue a patent in fee to Jeanette Pearl Burns;

H. R. 5310. An act to confer jurisdiction on the State of California over the lands and residents of the Agua Caliente Indian Reservation in said State, and for other purposes; and

H. R. 5670. An act authorizing transfer of land to the county of Bernalillo, State of New Mexico, for a hospital site.

ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 49 minutes p. m.) the House adjourned until tomorrow, Wednesday, September 28, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

949. A communication from the President of the United States, transmitting a proposed provision pertaining to an administrative expense authorization of the Housing and Home Finance Agency for the fiscal year 1950, together with an amended budget program (H. Doc. No. 339); to the Committee on Appropriations and ordered to be printed.

950. A letter from the Secretary, Department of the Air Force, transmitting the annual report of the Department of the Air Force, pursuant to Public Law 560, Eightieth Congress (providing for furnishing transportation for certain Government and other personnel, and for other purposes, for the period July 1, 1948, through June 30, 1949); to the Committee on Armed Services.

951. A letter from the Assistant Secretary of Agriculture, transmitting a report on the agricultural experiment stations for the fiscal year ended June 30, 1948; to the Committee on Agriculture.

952. A letter from the Secretary of the Interior, transmitting a volume containing the acts of the ninth special session of the Sixteenth Legislature of Puerto Rico, December 20 to 21, 1948; to the Committee on Public Lands.

953. A letter from the Archivist of the United States, transmitting a report on records proposed for disposal and lists or schedules covering records proposed for disposal by certain Government agencies; to the Committee on House Administration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. RANKIN: Committee of conference. S. 2115. An act to authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans, and for other purposes; without amendment (Rept. No. 1340). Ordered to be printed.

Mr. HART: Committee on Merchant Marine and Fisheries. H. R. 3419. A bill to amend the Merchant Ship Sales Act of 1946; with an amendment (Rept. No. 1342). Referred to the Committee of the Whole House on the State of the Union.

Mr. BARING: Committee on Public Lands. H. R. 5872. A bill to extend the boundaries of the Toiyabe National Forest in the State of Nevada; with an amendment (Rept. No. 1343). Referred to the Committee of the Whole House on the State of the Union.

Mr. SABATH: Committee on Rules. House Resolution 368. Resolution for consideration of H. R. 5330, a bill to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to the Republic of Korea; without amendment (Rept. No. 1344). Referred to the House Calendar.

Mr. MADDEN: Committee on Rules. House Resolution 369. Resolution for consideration of Senate Joint Resolution 53, joint resolution to provide for the reforestation and revegetation of the forest and range lands of the national forests, and for other purposes; without amendment (Rept. No. 1345). Referred to the House Calendar.

Mr. KEE: Committee of conference. H. R. 5895. A bill to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations; without amendment (Rept. No. 1346). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HART: Committee on Merchant Marine and Fisheries. H. R. 3605. A bill to provide for the documentation of the Cana-

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dian-built vessel *North Wind* owned by a citizen of the United States; without amendment (Rept. No. 1341). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ELLSWORTH:

H. R. 6230. A bill to direct the Secretary of the Interior to convey certain land to school district No. 5, Linn County, Oreg.; to the Committee on Public Lands.

H. R. 6231. A bill to authorize the construction of a dam and dike to prevent the flow of tidal waters into Otter Slough, Douglas County, Oreg.; to the Committee on Public Works.

By Mr. NIXON:

H. R. 6232. A bill to provide for the transfer of the Corona Naval Hospital at Corona, Calif., to the Veterans' Administration and for the operation and maintenance of such hospital as a hospital facility for veterans; to the Committee on Armed Services.

By Mrs. NORTON:

H. R. 6233. A bill to incorporate the Girl Scouts of the United States of America, and for other purposes; to the Committee on the District of Columbia.

By Mr. PATTEN:

H. R. 6234. A bill to establish the Arizona Desert National Park, Ariz., and for other purposes; to the Committee on Public Lands.

By Mr. PETERSON:

H. R. 6235. A bill to provide an accelerated program for surveying and mapping of the United States, its Territories and possessions, and for other purposes; to the Committee on Public Lands.

By Mr. ROONEY:

H. R. 6236. A bill to enable the mothers and widows of deceased members of the armed forces now interred in cemeteries outside the continental limits of the United States or in Alaska to make a pilgrimage to such cemeteries; to the Committee on Armed Services.

By Mr. STAGGERS:

H. R. 6237. A bill to provide for the establishment of a Commission on Human Rights in the government of the District of Columbia; to the Committee on the District of Columbia.

By Mr. WHITTINGTON:

H. R. 6238. A bill to authorize the appointment of guards, watchmen, or other protective personnel of Federal agencies as special policemen, prescribing their powers as such, and for other purposes; to the Committee on Public Works.

By Mr. GRANAHAN:

H. R. 6239. A bill relating to education or training of veterans under title II of the Servicemen's Readjustment Act, as amended; to the Committee on Veterans' Affairs.

By Mr. DENTON:

H. R. 6240. A bill to authorize the appointment of a district judge for the northern and southern districts of Indiana; to the Committee on the Judiciary.

By Mr. HOWELL:

H. R. 6241. A bill to authorize the return of Mexican flags captured during the war with Mexico; to the Committee on Foreign Affairs.

By Mr. LUCAS:

H. R. 6242. A bill to prevent the entry of certain giant snails into the United States; to the Committee on Agriculture.

By Mr. ZABLOCKI:

H. J. Res. 356. Joint resolution to authorize the President to lend to the Food and Agriculture Organization of the United Nations funds for the construction and furnishing of a permanent headquarters, and for related purposes; to the Committee on Foreign Affairs.

By Mr. JUDD:

H. J. Res. 357. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

By Mr. ROOSEVELT:

H. J. Res. 358. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

By Mr. CHURCH:

H. J. Res. 359. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

By Mr. BIEMILLER:

H. J. Res. 360. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

By Mr. MILES:

H. J. Res. 361. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

By Mr. WICKERSHAM:

H. J. Res. 362. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

By Mr. WERDEL:

H. Res. 366. Resolution creating a select committee to conduct a study and investigation of the problems of the government of organizations dealing with labor; to the Committee on Rules.

H. Res. 367. Resolution providing for the expenses of conducting the studies and investigations authorized by House Resolution 366, Eighty-first Congress; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOGGS of Delaware:

H. R. 6243. A bill for the relief of Vasilios Kostas; to the Committee on the Judiciary.

By Mr. DOYLE:

H. R. 6244. A bill for the relief of Mrs. Shizuko Yamane; to the Committee on the Judiciary.

By Mr. HAVENNER:

H. R. 6245. A bill for the relief of Anthony Stavrinides; to the Committee on the Judiciary.

By Mr. MACK of Washington:

H. R. 6246. A bill for the relief of Bror Rainer Heikel; to the Committee on the Judiciary.

By Mr. MILES:

H. R. 6247. A bill authorizing transfer of land and improvements thereon by the Secretary of the Interior to New Mexico State Fair; to the Committee on Public Lands.

By Mr. O'TOOLE:

H. R. 6248. A bill for the relief of Manuel Nogueira Alves; to the Commitee on the Judiciary.

By Mr. JOSEPH L. PFEIFER:

H. R. 6249. A bill for the relief of Fernando Do Carmo Vincente Ferreira; to the Committee on the Judiciary.

By Mr. SASSCER:

H. R. 6250. A bill for the relief of Johanna A. Stoots; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1508. By Mr. SMITH of Wisconsin: Resolution of the board of supervisors, Kenosha County, Wis., petitioning the Congress to amend the present social-security laws and regulations in order that Federal reimbursement for persons residing in county homes for the aged may be immediately forthcoming; to the Committee on Ways and Means.

1509. By the SPEAKER: Petition of Norberto Somera, Vigan, Province of Ilocos Sur, Republic of the Philippines, relative to his claim arising out of his maltreatment while a prisoner of war of the Imperial Japanese Government; to the Committee on Interstate and Foreign Commerce.

SENATE

WEDNESDAY, SEPTEMBER 28, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, all the ways of our need lead to Thee; our deepest cravings but drive us to Thy everlasting arms. Thou alone art our refuge and our strength.

Help us to command this new day, meeting its joys with gratitude, its difficulties with fortitude, its doubts with faith. Direct our steps. Guard us from error. Deliver us from all evil. Help us to sit where others sit, seeing life's tangled skein through the eyes of those less fortunate than ourselves. So make us faithful ministers of this stricken generation. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MCKELLAR, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, September 27, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H. R. 4495) to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, and promotion, and for other purposes, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. MCKELLAR. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Ferguson	Johnson, Tex.
Anderson	Flanders	Johnston, S. C.
Bridges	Frear	Kem
Butler	Fulbright	Kerr
Byrd	George	Kilgore
Cain	Gillette	Knowland
Capehart	Green	Langer
Chapman	Gurney	Leahy
Chavez	Hayden	Long
Connally	Hendrickson	Lucas
Cordon	Hickenlooper	McCarthy
Donnell	Hill	McClellan
Douglas	Holland	McFarland
Downey	Humphrey	McKellar
Eastland	Ives	McMahon
Ecton	Jenner	Magnuson
Ellender	Johnson, Colo.	Malone

Martin	Pepper	Thomas, Utah
Maybank	Reed	Thye
Miller	Robertson	Tobey
Millikin	Russell	Watkins
Morse	Saltonstall	Wherry
Mundt	Schoeppel	Wiley
Murray	Smith, Maine	Williams
Myers	Sparkman	Withers
Neely	Stennis	Young
O'Conor	Taylor	
O'Mahoney	Thomas, Okla.	

Mr. MYERS. I announce that the Senator from North Carolina [Mr. GRAHAM] is absent by leave of the Senate.

The Senator from North Carolina [Mr. HOEY] is absent on public business.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from Ohio [Mr. BRICKER], the Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from Ohio [Mr. TAFT] is necessarily absent.

The VICE PRESIDENT. A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that Senators be permitted to introduce bills and joint resolutions, present petitions and memorials, and incorporate routine matters into the RECORD, without debate.

The VICE PRESIDENT. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

LAWS ENACTED BY LEGISLATURE OF PUERTO RICO

A letter from the Secretary of the Interior, transmitting, pursuant to law, copies of acts of the Ninth Special Session of the Sixteenth Legislature of Puerto Rico, December 20 to December 21, 1948 (with an accompanying document); to the Committee on Interior and Insular Affairs.

REPORT ON TRANSPORTATION FURNISHED CERTAIN GOVERNMENT AND OTHER PERSONNEL

A letter from the Secretary of the Air Force, transmitting, pursuant to law, a report on transportation furnished certain Government and other personnel, for the period July 1, 1948, through June 30, 1949 (with an accompanying report); to the Committee on Armed Services.

REPORT ON AGRICULTURAL EXPERIMENT STATIONS

A letter from the Assistant Secretary of Agriculture, transmitting a printed copy of a report on agricultural experiment stations for the fiscal year ended June 30, 1948, to be substituted for the typewritten copy transmitted to the Senate on January 3, 1949 (with an accompanying report); to the Committee on Agriculture and Forestry.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. O'MAHONEY, from the Committee on Interior and Insular Affairs:

H. R. 5170. A bill to further the policy enunciated in the Historic Sites Act (49 Stat. 666) and to facilitate public participation in the preservation of sites, buildings, and objects of national significance or interest and providing a national trust for historic preservation; without amendment (Rept. No. 1110); and

H. R. 5184. A bill to approve contracts negotiated with the Belle Fourche Irrigation District, the Deaver Irrigation District, the Westland Irrigation District, the Stanfield Irrigation District, the Vale Oregon Irrigation District, and the Prosser Irrigation District, to authorize their execution, and for other purposes; with an amendment (Rept. No. 1111).

By Mr. MILLIKIN, from the Committee on Interior and Insular Affairs:

S. 2364. A bill to provide for the utilization as a national cemetery of surplus Army Department-owned military real property at Fort Logan, Colo.; with an amendment (Rept. No. 1112).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DOWNEY:

S. 2607. A bill for the relief of Jeanette Cristopoulas; to the Committee on the Judiciary.

By Mr. JOHNSTON of South Carolina:

S. 2608. A bill for the relief of Dr. Kun Ken Hu; to the Committee on the Judiciary.

By Mr. KILGORE:

S. 2609. A bill to provide a system for the treatment and rehabilitation of youth offenders, to improve the administration of criminal justice, and for other purposes; to the Committee on the Judiciary.

By Mr. IVES:

S. 2610. A bill for the relief of Szewel and Dwojra Tukaczynski; and

S. 2611. A bill for the relief of Roland Roger Alfred Boccia, also known as Roland Barbera; to the Committee on the Judiciary.

By Mr. HILL (for himself and Mr. SPARKMAN):

S. 2612. A bill to provide that the Veterans' Administration hospital being constructed at Birmingham, Ala., shall be named in honor of Gen. William Crawford Gorgas; to the Committee on Labor and Public Welfare.

By Mr. LANGER:

S. 2613. A bill for the relief of Magnanlal N. Patel and Khushal Dahya Patel;

S. 2614. A bill for the relief of O. O. Haugen; and

S. 2615. A bill for the relief of Abdul Barick; to the Committee on the Judiciary.

INCREASE IN LIMIT OF EXPENDITURES BY COMMITTEE ON BANKING AND CURRENCY

Mr. MAYBANK submitted the following resolution (S. Res. 175), which was referred to the Committee on Rules and Administration:

Resolved, That the Committee on Banking and Currency hereby is authorized to expend from the contingent fund of the Senate, during the Eighty-first Congress, $10,000 in addition to the amount, and for the same purposes, specified in section 134 (a) of the Legislative Reorganization Act approved August 2, 1946.

STABILIZATION OF PRICES OF AGRICULTURAL COMMODITIES—AMENDMENT

Mr. GILLETTE submitted an amendment intended to be proposed by him to the bill (S. 2522) to stabilize prices of agricultural commodities, which was ordered to lie on the table and to be printed.

INCREASED COMPENSATION OF CERTAIN GOVERNMENT OFFICIALS—AMENDMENTS

Mr. MAYBANK. Mr. President, I submit amendments intended to be proposed by me to the amendment in the nature of a substitute intended to be proposed by the Senator from Colorado [Mr. JOHNSON] (for himself and other Senators) to the bill (H. R. 1689) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, and I ask unanimous consent that the amendments be printed and printed in the RECORD, together with a resolution adopted by the Federal Advisory Council of the Federal Reserve System and an editorial from the Washington (D. C.) Post of Thursday, September 22, 1949.

The VICE PRESIDENT. The amendments will be received, printed, and lie on the table, and, without objection, the amendments, together with the resolution and editorial, will be printed in the RECORD. The Chair hears no objection.

The amendments submitted by Mr. MAYBANK are as follows:

On page 2, line 1, after the word "That", insert "(a)."

On page 2, line 2, strike out "and" and insert in lieu thereof a comma; and after "Secretary of Defense", insert "and of the Chairman of the Board of Governors of the Federal Reserve System."

On page 2, between lines 3 and 4, insert a new subsection as follows:

"(b) The rate of basic compensation of the members (other than the Chairman) of the Board of Governors of the Federal Reserve System shall be $20,000 per annum."

The resolution and editorial presented by Mr. MAYBANK are as follows:

RESOLUTION OF THE FEDERAL ADVISORY COUNCIL OF THE FEDERAL RESERVE SYSTEM WITH RESPECT TO H. R. 1689, SETTING NEW SALARY SCHEDULES FOR VARIOUS GOVERNMENT OFFICIALS

The Federal Reserve System is this country's central bank. Its decisions are of grave importance for the Nation's well-being. They influence the trend of business and employment.

The Board of Governors of the Reserve System is the top command of the System. It should be manned by the ablest and best-qualified people in the country. When the System was set up, the salaries of the Board were placed at the same level as members of the Cabinet and that relationship has been continued until the present.

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H. R. 1689 would break this sound tradition by treating the Board simply as a minor regulatory agency. This would lower the prestige of the Board and make it much more difficult to persuade able men to be its members. It would impair its influence upon banks and the public and cripple it for its essential service to the Nation.

We recommend that members of the Board be placed on a higher salary level, preferably $20,000.

[From the Washington (D. C.) Post of September 23, 1949]

EXECUTIVE SALARIES

Interspersed among the long-needed salary boosts for top Government officials in the executive pay bill now before the Senate are several damaging inconsistencies. Perhaps the most glaring of these concern members of the Board of Governors of the Federal Reserve System and the Atomic Energy Commission. Persons in these important positions would be given a sort of demotion to fourth rank in the Federal pay scale.

Under the new schedule approved by the House, it is proposed to raise the salary of Federal Reserve Governors from $15,000 to $16,000. The fallacy in this is that at $15,000 the Governors are on a par with Cabinet officers, their salaries having been maintained at that level as a matter of historical policy; whereas in the new scale, which provides large raises for members of many regulatory agencies, Federal Reserve Governors would be dropped in rank to that of the Architect of the Capitol. Certainly this is a slight to the position of the men who are charged with such tremendous responsibility for the functioning of the banking system. Moreover, it is a foolish limitation, since the salaries of the Governors are paid not by the Government but by member banks of the Federal Reserve System.

A similar consideration applies to the Atomic Energy Commission. Members other than the Chairman now receive $15,000, and the Chairman is paid $17,500. These salaries are well up the Federal scale. Yet under the bill the chairman would be elevated merely to $18,000 and the other members to $16,000. This anomaly shows a warped perspective in Congress, for the vast atomic-energy project is the Government's largest single enterprise and the men who preside over it are responsible for the expenditure of more money than most Federal departments.

Senator MAYBANK plans today to ask the Banking and Currency Committee to sponsor an amendment raising the salaries of Federal Reserve Governors to $20,000. Such a salary is commensurate with the dignity of these positions and deserves full congressional support. We hope that someone with a like appreciation of values will come to the rescue of the Atomic Energy Commission.

HOUSE BILL PLACED ON THE CALENDAR

The bill (H. R. 4495) to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, and promotion, and for other purposes, was read twice by its title, and ordered to be placed on the calendar.

BRITISH WELCOME FULBRIGHT STUDENTS—ARTICLE BY MELITA SPRAGGS

[Mr. FULBRIGHT asked and obtained leave to have printed in the RECORD an article entitled "British Welcome Fulbright Students," written by Melita Spragga, staff correspondant of the Christian Science Monitor, and published in the Christian Science Monitor of recent date, which appears in the Appendix.]

SOCIALISM—EDITORIAL BY RUFUS WOODS

[Mr. MAGNUSON asked and obtained leave to have printed in the RECORD an editorial on the subject of socialism, written by Rufus Woods, editor of the Wenatchee (Wash.) Daily World, which appears in the Appendix.]

THE GOLDEN RULE TO INFLATION—ARTICLE BY WALTER WINCHELL

[Mr. MAGNUSON asked and obtained leave to have printed in the RECORD an article entitled "The Golden Road to Inflation," written by Walter Winchell and published in the New York Daily Mirror of September 22, 1949, which appears in the Appendix.]

REAL FEDERAL ECONOMIES CALL FOR PUBLIC SUPPORT—ARTICLE BY HERMAN A. LOWE

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an article entitled "Real Federal Economies Call for Public Support," written by Herman A. Lowe and published in the Philadelphia Inquirer of September 10, 1949, which appears in the Appendix.]

FREEDOM AND THE FARMER—ADDRESS BY SENATOR TAFT

[Mr. BUTLER asked and obtained leave to have printed in the RECORD a radio address entitled "Freedom and the Farmer," delivered by Senator TAFT on September 16, 1949, which appears in the Appendix.]

NOTICE OF HEARING ON NOMINATION OF JAMES M. CARTER TO BE UNITED STATES DISTRICT JUDGE, SOUTHERN DISTRICT OF CALIFORNIA

Mr. KILGORE. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Wednesday, October 5, 1949, at 10 a. m., in room 424, Senate Office Building, upon the nomination of James M. Carter, of California, to be United States district judge for the southern district of California, to fill a new position. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from West Virginia [Mr. KILGORE], chairman, the Senator from Washington [Mr. MAGNUSON], and the Senator from Michigan [Mr. FERGUSON].

NOTICE OF HEARING ON NOMINATION OF JOHN C. PICKETT TO BE JUDGE OF THE UNITED STATES COURT OF APPEALS, TENTH CIRCUIT

Mr. KILGORE. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Wednesday, October 5, 1949, at 10 a. m., in room 424, Senate Office Building, upon the nomination of John C. Pickett, of Wyoming, to be judge of the United States Court of Appeals for the Tenth Circuit, to fill a new position. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from West Virginia [Mr. KILGORE], chairman, the Senator from North Carolina [Mr. GRAHAM], and the Senator from North Dakota [Mr. LANGER].

NOTICE OF HEARING ON NOMINATION OF JAMES V. ALLRED, OF TEXAS, TO BE UNITED STATES DISTRICT JUDGE, SOUTHERN DISTRICT OF TEXAS

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Wednesday, October 5, 1949, at 10 a. m., in room 424, Senate Office Building, upon the nomination of James V. Allred, of Texas, to be United States district judge for the southern district of Texas, to fill a new position. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from Mississippi [Mr. EASTLAND], chairman, the Senator from Maryland [Mr. O'CONOR], and the Senator from Missouri [Mr. DONNELL].

NOTICE OF HEARING ON NOMINATION OF BEN C. CONNALLY, OF TEXAS, TO BE UNITED STATES DISTRICT JUDGE, SOUTHERN DISTRICT OF TEXAS

Mr. O'CONOR. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Wednesday, October 5, 1949, at 10 a. m., in room 424, Senate Office Building, upon the nomination of Ben C. Connally, of Texas, to be United States district judge for the southern district of Texas, to fill a new position. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from Maryland [Mr. O'CONOR], chairman, the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Indiana [Mr. JENNER].

NOTICE OF HEARING ON NOMINATION OF HARRY C. WESTOVER, OF CALIFORNIA, TO BE UNITED STATES DISTRICT JUDGE, SOUTHERN DISTRICT OF CALIFORNIA

Mr. GRAHAM. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Wednesday, October 5, 1949, at 10 a. m., in room 424, Senate Office Building, upon the nomination of Harry C. Westover, of California, to be United States district judge for the southern district of California, to fill a new position. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from North Carolina [Mr. GRAHAM], chairman, the Senator from West Virginia [Mr. KILGORE], and the Senator from North Dakota [Mr. LANGER].

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LEAVES OF ABSENCE

Mr. CAIN asked and obtained leave to be absent from the sessions of the Senate on Thursday and Friday of this week.

Mr. AIKEN asked and obtained leave to be absent from the sessions of the Senate tomorrow and Friday of this week.

Mr. MARTIN asked and obtained leave to be absent from the sessions of the Senate beginning at 4 o'clock this afternoon until Monday next.

FEDERAL DEPOSIT INSURANCE CORPORATION—BANK SHORTAGE IN TOWN OF SPENCERVILLE, IND.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement which I have prepared in respect to the Federal Deposit Insurance Corporation, in connection with the closing of a bank at Spencerville, Ind.; also an article by Robert P. Vanderpoel, financial editor of the Chicago Herald-American.

There being no objection, the statement and article was ordered to be printed in the RECORD, as follows:

Mr. President, I have here an article by Robert P. Vanderpoel, financial editor of the Chicago Herald-American, on the merits of that great institution, the Federal Deposit Insurance Corporation.

The article is of particular interest to me since it was prompted by activities of the FDIC in connection with a bank shortage in the town of Spencerville, Ind.

In addition, I attach further significance to the article, because it was through the splendid legislative ability and statesmanship of the esteemed Senator from the neighboring State of Michigan that the Federal Deposit Insurance Corporation came to pass.

The people of Spencerville, Ind., like all the people in this great Nation whose bank deposits today rest under the protective arm of the FDIC, should recall that it was on December 23, 1932, when Senator ARTHUR H. VANDENBERG first introduced the general bill which was to lead to the formation of the FDIC.

I remember that Senator VANDENBERG, whose foresightedness in this bill was recognized by Senate colleagues of both parties, met with objections to his program by the late Franklin Delano Roosevelt who became President of the United States during the time the bill rested in the Senate.

The record shows that the White House objection to the bill continued even to the Vandenberg amendment calling for Federal deposit insurance up to $2,500 for each account.

In fact, the late President Roosevelt wrote the House and Senate conferees as follows: "I must again express to you my definite feeling that the Vandenberg amendment must be rejected in toto."

Luckily for the people in Spencerville, Ind., and throughout the United States, the Vandenberg amendment remained in the bill upon passage despite the Roosevelt objection.

Bank-deposit insurance was thereby inaugurated on January 1, 1934, under the Vandenberg amendment to the Banking Act of 1933.

On July 25, 1935, Senator Carter Glass said in a speech on the floor of the Senate:

"When it was first proposed to establish the insurance of deposits fund, the President of the United States and his then Secretary of the Treasury, Mr. Woodin, were very emphatically and bitterly opposed to it.

"They said they would not stand for it. But representations were made to both of them that this was certainly the most available, if not the only, constitutional way of bringing about approximately a desirable unified bank system in the country."

Mr. President, Senator VANDENBERG has been referred to by Chairman Crowley of the Federal Deposit Insurance Corporation as the father of bank-deposit insurance and on September 30, 1944, the Saturday Evening Post had this to say about the founding of Federal Deposit Insurance:

"It seems only fair to suggest, therefore, that New Dealers who claim Federal Deposit Insurance as their exclusive contribution to the national welfare should put in parentheses some such qualifying phrase as 'stuffed down F. D. R.'s throat by Senator A. H. VANDENBERG, Republican, Michigan.'"

Mr. President, on behalf of those Indiana depositors whose bank accounts were untouched in that recent shortage, I want to introduce at this time the article by Mr. Vanderpoel as thanks and a tribute to Senator VANDENBERG:

[From the Chicago Herald-American of September 24, 1949]

"BANK FAILS BUT TOWN IS SERENE

"(By Robert P. Vanderpoel, financial editor)

"In northeastern Indiana there is the little town of Spencerville. It is one of those typical American cross-roads towns with a few stores, a grain elevator, and a small bank.

"Spencerville, with its population of 310, isn't really large enough to support a bank, but it was always a great convenience to the merchants and in particular to the neighboring farmers. In fact, the bank was called the Farmers and Merchants State Bank. It had total deposits of around $550,000. The president and vice president of the bank were community leaders who had no hand in the actual operation of the institution. This job was left to the cashier, C. G. Rectenwall.

"This week the bank examiners appeared and Rectenwall disappeared, with an apparent shortage in his accounts of between $60,000 and $100,000.

"If this had happened in the days before 1932, a great cloud would be hanging over this entire farming community today. The bank would be closed, depositors would be downcast, there would be many cases of real hardship, and jitteryness would spread fanlike over the whole northeastern portion of the State and into Ohio. As it is, the bank is open, depositors have been assured that there will be no loss to anyone and future banking facilities will be supplied by the Auburn State Bank, in nearby Auburn.

"FDIC PROTECTS DEPOSITORS

"This happy state of affairs was made possible because of the Federal Deposit Insurance Corporation, which made arrangements for the transfer and guaranteed all deposits. Maple T. Harl, Chairman of the FDIC, states that this is the 410th situation into which the FDIC has moved to protect depositors in an insured bank that encountered difficulties.

"It represents a long step forward from the jungle days of the twenties, when bank failures were occurring in large numbers, frequently bringing economic paralyzation to entire communities, with its disrupting effects extending over ever-widening areas.

"The bankers of those days gone by fought Federal insurance of deposits, declaring that it would make for unsound banking and bankrupt the Federal Government. The bankers of today know that insurance of deposits is probably the greatest blessing that has come to the banking business of the country in its history.

"There are still a few banks which do not carry this insurance. We think their managements are foolish, but no more foolish than their depositors."

THE ST. LAWRENCE SEAWAY—STATEMENT BY SENATOR WILEY

Mr. WILEY. Mr. President, yesterday I released from my office a statement in protest against a most unjustified talk made by the chief lobbyist against the St. Lawrence seaway. His talk was inserted in the CONGRESSIONAL RECORD by my good friend and colleague, the senior Senator from New Hampshire [Mr. BRIDGES], with whom I find it necessary to disagree on this issue.

I ask unanimous consent that the text of my release be printed at this point in the CONGRESSIONAL RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

WILEY DENOUNCES HUNTRESS ANTISEAWAY TALK; PROMISES SEAWAY ACTION NEXT JANUARY

An antiseaway talk made by the chief lobbyist against the St. Lawrence seaway has been bitterly denounced by Wisconsin's Senator ALEXANDER WILEY, cosponsor of the waterway resolution.

WILEY condemned as "a vicious smear against the seaway, against the Middle West, against Canada, and New York State," a talk which had been delivered by Mr. Carroll Huntress, Chairman of the National St. Lawrence Project Conference. Huntress had spoken at the annual banquet of the New England Fuels Institute which was held in Durham, N. H., on September 14. This speech was inserted in the CONGRESSIONAL RECORD by Senator STYLES BRIDGES of New Hampshire another seaway opponent on Thursday, September 22, 1949.

"Mr. Huntress' arguments are compounded of one part stale baloney, one part smear sauce, and one part scare spice," WILEY said, "Huntress has repeated all of the long disproved, moth-eaten charges which opponents have been making against the seaway for 30 years."

WE NEED MARSHALL PLAN WITH CANADA

WILEY said that the Huntress smear will prove to seaway advocates the abysmal depths to which opponents will go to hunt up phony accusations against the seaway. "I will insist," said WILEY, "that the Foreign Relations Committee report on seaway legislation in the second session of the Eighty-first Congress which will open next January. The Foreign Relations Committee seems to have found time to report every other important bill pending before it, designed to donate money abroad. Well, it's time that we had a Marshall plan for the United States and Canada by completing this 2,347 mile seaway from Duluth on Lake Superior to the Gulf of the St. Lawrence. Nine of the 18 locks are already completed.

SEAWAY HELPFUL TO DEFENSE

We dare not leave this greatest project on the North American continent uncompleted, now that we are faced with the threat of an expanding, aggressive Russia armed with terrible new weapons of warfare. The Joint Chiefs of Staff have confirmed the seaway as helpful to United States defense.

WILEY, who had led proseaway forces in the unsuccessful fight in 1948 which ended in a 57–30 defeat, denounced Huntress for questioning the good faith of our friendly neighbor to the North, Canada, as regards completion of its share of the seaway works. "Let me point out to Mr. Huntress," WILEY said, "that Canada has actually completed a greater proportion of her share of the seaway works than we have of our share, even though she is much smaller in size than our own country."

SEAWAY ELECTRICITY INVALUABLE

"Huntress, too, foolishly questions whether seaway power is important, even though atomic energy desperately requires electricity for production. Huntress ignores, too, the fact that during the war the War Production Board had what amounted to an informal embargo on the expansion of war production in the New England area because sufficient electricity was even then unavailable. The power facilities in the seaway will have a total capacity of 2,200,000 horsepower with an annual average output of over 13,000,000,000 kilowatt-hours of electricity. This is about as much as was produced in the entire United States before the First World War. The development will be the second largest dam project in the world with the exception of Grand Coulee."

SEAWAY INVALUABLE TO FARMING

WILEY continued: "Huntress lightly dismisses the value of the seaway to United States agriculture. Let him ask the American Farm Bureau Federation, the National Grange, and the Farmers' Union, and they will shove his phony statistics back at him because they have proven that the midwestern farmer will benefit tremendously by inexpensive transportation of agricultural commodities."

HUNTRESS' SOCIALIST SMEAR DENOUNCED

WILEY particularly attacked Huntress' attempt to smear the seaway as constituting socialism. "We can do no greater disservice to the cause of free enterprise than if certain confused thinkers continue to denounce every important public improvement as socialistic," said WILEY. "If the St. Lawrence seaway with its great help to the 50,000,000 people in the valley of the Great Lakes is collectivistic, then the automobile is socialistic because it replaced the horse and buggy and created millions of new jobs.

"If this is socialism," added WILEY, "then Herbert Hoover, who spoke before my Foreign Relations subcommittee on behalf of the seaway, is a Socialist. So are outstanding leaders of the United States Chamber of Commerce, like Julius Barnes (three times chamber president) and other great midwestern figures, who have unanimously endorsed the waterway. So, too, every Wisconsin Legislature in the past quarter of a century is socialistic because they have all endorsed the seaway."

The Wisconsin Senator also stated that "as usual, Mr. Huntress has made the completely contradictory charges that, on the one hand, the seaway would not be used to any great extent and, on the other hand, that it would take away traffic from Atlantic and Gulf ports. "Actually," said WILEY, "the seaway will be used just as the Soo locks are used to a greater extent than even the Panama Canal. Ours is such an expanding nation that there will be more than enough traffic for both the seaway and all existing port facilities."

WE WILL WIN THE SEAWAY FIGHT

WILEY stated that seaway proponents can take heart from the fact that Huntress "moaned": "This is no tea party, and we must score every time. The proponents need win only once." Thus, said WILEY, "Mr. Huntress has admitted that in spite of their efforts to kill the seaway it will not die because it's founded upon economic justice for the Nation and the Midwest. We will win in the seaway fight. The forces of evil, of narrowness, of provincialism cannot indefinitely prevail."

J. F. T. O'CONNOR

Mr. LANGER. Mr. President, I regret to announce the death of the Hon. J. F. T. O'Connor, formerly a resident of North Dakota, and lately a Federal Judge in the State of California.

In my opinion, Mr. President, the entire country suffered an irreparable loss this morning in the death of Judge J. F. T. O'Connor, at Los Angeles, Calif.

This outstanding man was educated in North Dakota, a graduate of the university of North Dakota, and later a graduate of Yale University. In his youth, like Demonsthenes, he had a severe case of stuttering in his speech. He went out into the pastures at his father's farm home near Grand Forks, N. Dak., placed a pebble in his mouth, and practiced and practiced—until he became the foremost orator in our State, and later the professor of oratory at Yale University. It was the first evidence of the iron will that Mr. O'Connor possessed.

He was elected a member of the North Dakota Legislature, served several terms, and there made an outstanding record. Later, he was a candidate for Governor of North Dakota on the Democratic ticket, and was defeated by less than 2 percent of the vote. Later he was the Democratic candidate for United States Senator from North Dakota. At the Democratic national convention shortly thereafter, he was one of the party managers for the campaign of William G. McAdoo for the presidency, and, after Mr. McAdoo was defeated, became his law partner in California.

Later, when Franklin Roosevelt became President, and declared the bank holiday, at a time when some elements were loudly shouting for the nationalization of all banks, and when the life savings of literally millions of people were hanging in the balance, President Roosevelt selected J. F. T. O'Connor for the Comptroller of the Currency; and Mr. O'Connor made a record so remarkable that, although he handled billions upon billions of dollars, there was not even a whisper of any scandal or taint of crookedness or graft.

After completing that job magnificently, President Roosevelt nominated him for the position of Federal judge in the southern district of California; and he was unanimously confirmed by the Senate.

During all the time when I was Governor of the State, he was a colonel on my staff; and one of his most prized possessions was his certificate of appointment as colonel, which he hung in the various offices he occupied in the different jobs for which he was selected. North Dakota citizens were very proud, indeed, of Mr. O'Connor and the fine record he made. He was perhaps the outstanding Democrat in our State. Whenever North Dakota citizens needed help in Washington or in California, J. F. T. O'Connor was the fireman who came to the rescue. He was able, honest, hardworking, and one of the most brilliant debaters in the Nation, an outstanding Comptroller of the Currency, a merciful judge, and an affectionate friend.

The State of North Dakota, the State of California, and the Nation will miss him indeed.

INCREASE OF COMPENSATION OF CERTAIN EXECUTIVE OFFICERS

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of House bill 1689, to increase the rates of compensation of the heads and assistant heads of executive departments and independent agencies.

The motion was agreed to, and the Senate proceeded to consider the bill (H. R. 1689) to increase the rates of compensation of the heads and assistant heads of executive departments and independent agencies, which had been reported from the Committee on Post Office and Civil Service with an amendment to strike out all after the enacting clause and to insert:

That the rate of basic compensation of the head of each executive department, of the Secretary of Defense, and of the Administrator for Economic Cooperation shall be $25,000 per annum.

SEC. 2. (a) The rate of basic compensation of the Comptroller General of the United States, the Chairman of the Council of Economic Advisers, the Director of the Bureau of the Budget, the Chairman of the National Security Resources Board, the Federal Security Administrator, the Administrator of Veterans' Affairs, the Administrator of General Services, the Housing and Home Finance Administrator, each under secretary of an executive department, the Assistant to the Attorney General, the Solicitor General of the United States, and the First Assistant Postmaster General shall be $20,000 per annum.

(b) Section 105 of title 3 of the United States Code is amended to read as follows:

"COMPENSATION OF SECRETARIES AND EXECUTIVE, ADMINISTRATIVE, AND STAFF ASSISTANTS TO PRESIDENT

"§ 105. The President is authorized to fix the compensation of the six administrative assistants authorized to be appointed under section 106 of this title, of the Executive Secretary of the National Security Council, and of five other secretaries or other immediate staff assistants in the White House Office as follows: Two at rates not exceeding $20,000 per annum, three at rates not exceeding $18,000 per annum, and seven at rates not exceeding $16,000 per annum."

(c) The first sentence of section 106 of title 3 of the United States Code is amended to read as follows: "The President is authorized to appoint not to exceed six administrative assistants and to fix their compensation in accordance with section 105 of this title."

SEC. 3. (a) The rate of basic compensation of the Chairman of the Atomic Energy Commission, the Chairman of the Munitions Board, the Chairman of the Research and Development Board, the Deputy Administrator for Economic Cooperation, the Assistant Comptroller General of the United States, the Assistant Director of the Bureau of the Budget, the Deputy Administrator of Veterans' Affairs, the Comptroller of the Currency, and the Chairman of the Board of Directors of the Reconstruction Finance Corporation shall be $18,000 per annum.

(b) The first sentence of section 603 of title 28 of the United States Code (relating to the salary of the Director of the Administrative Office of the United States Courts) is amended to read as follows:

"The Director shall receive a salary of $16,000 a year."

(c) The rate of basic compensation of the Public Printer, the Librarian of Congress, the members (other than the Chairman) of the Council of Economic Advisers, the Director of Central Intelligence, the Federal Mediation and Conciliation Director, the

Assistant Federal Security Administrator, Director, Federal Bureau of Investigation, and the Deputy Under Secretaries of State shall be $17,500 per annum.

SEC. 4. The rate of basic compensation of the members of the Board of Governors of the Federal Reserve System; members of the Home Loan Bank Board; the Public Housing Commissioner; the Federal Housing Commissioner; the Director of Aeronautical Research of the National Advisory Committee for Aeronautics; members of the Civil Aeronautics Board; the Chairman of the Board of Directors of the Export-Import Bank of Washington; members of the Federal Communications Commission; members of the Board of Directors of the Federal Deposit Insurance Corporation; members of the Federal Power Commission; members of the Federal Trade Commission; members of the Interstate Commerce Commission; members of the National Labor Relations Board; members of the National Mediation Board; members of the Railroad Retirement Board; members of the Securities and Exchange Commission; members of the Board of Directors of the Tennessee Valley Authority; members of the Civil Service Commission; the Chairman of the United States Maritime Commission; members of the United States Tariff Commission; members (other than the Chairman) of the Atomic Energy Commission; the General Counsel of the National Labor Relations Board; the Architect of the Capitol; and the Deputy Administrator of General Services shall be at the rate of $16,000 per annum.

SEC. 5. (a) The rate of basic compensation of the Housing Expediter; the Director of Selective Service; the Assistant Architect of the Capitol; members of the Displaced Persons Commission; members of the Indian Claims Commission; members of the War Claims Commission; members of the Philippine War Damage Commission; each Assistant Secretary of an executive department (including the Fiscal Assistant Secretary of the Treasury); each Assistant Attorney General; the Assistant Solicitor General of the United States; the Counselor of the Department of State; the Second, Third, and Fourth Assistant Postmasters General; the Associate Federal Mediation and Conciliation Director; the Deputy Director of Central Intelligence; the Philippine Alien Property Administrator; the Chief Assistant Librarian of Congress; the Deputy Public Printer; members (other than the Chairman) of the Board of Directors of the Export-Import Bank of Washington; members (other than the Chairman) of the Board of Directors of the Reconstruction Finance Corporation; members (other than the Chairman) of the United States Maritime Commission; the Commissioners of the United States Court of Claims; and of the Governors of Alaska, Hawaii, the Virgin Islands, and the Panama Canal shall be at the rate of $15,000 per annum.

(b) The second sentence of section 603 of title 28 of the United States Code (relating to the compensation of the Assistant Director of the Administrative Office of the United States Courts) is amended to read as follows: "The Assistant Director shall receive a salary of $15,000 a year."

(c) The rate of compensation of the Legislative Counsel of the House of Representatives and of the Legislative Counsel of the Senate shall be $12,000 per annum.

SEC. 6. In any case in which the chairman or other head of a board or commission and the other members of such board or commission receive the same rate of basic compensation under this act, and such chairman or other head has important duties or responsibilities not imposed upon other members of such board or commission, the President is authorized in his discretion to fix the compensation of such chairman or other head at the rate of $18,000 per annum.

SEC. 7. The applicable appropriation for the fiscal year ending June 30, 1950, shall be available for payment of compensation at the rate established for any position by or pursuant to this act unless it is specifically provided that such appropriation shall not be available for such purpose.

SEC. 8. This act shall take effect on the first day of the first pay period which begins after the date of enactment of this act.

Mr. LONG. Mr. President, for the past 5 months the Pay and Classification Subcommittee of the Committee on Post Office and Civil Service has been studying the need for higher salaries among the top officials of the Federal Government. The committee has found that there were serious inequities and great inadequacies in the salaries paid at the top level to those charged with the responsibility of managing and operating our Federal Government.

Congress has been realistic with those employees who are in the lower brackets. The increase in their cost of living has been recognized, and Congress has wisely advanced their salaries. Our legislative employees have had a cost-of-living adjustment amounting to approximately a 35-percent increase. The average postal worker has had an increase of approximately 64 percent, and other employees in the classified service have had similar pay raises. These increases were entirely justified and necessary as a result of the increased cost of living and the higher income taxes.

By contrast, the officials of the President's Cabinet have not had a pay raise since 1925. The increase in the cost of living as well as the increase in income taxes have left them with a net purchasing power equal to less than one-half of what their salary would command two decades ago. It is no more than ordinary justice that these salaries should be restored to the same relative level which Congress approved when it provided for them in 1925.

It is in the interest of our Government to provide salaries adequate to attract properly qualified personnel to positions of the highest importance, requiring the utmost of managerial skill and efficiency. The President of the United States has frequently complained that he found it most difficult to retain the best Federal employees in important positions; and, upon resignation of important officials who accepted more lucrative private employment, our Chief Executive finds it most difficult to find qualified replacements.

Today we are confronted with glaring illustrations of this shortcoming. Congress created the position of Chairman of the National Security Resources Board and provided a salary of $14,000. The President of the United States recommended a man for that position, a former United States Senator who enjoyed the respect and esteem of the Members of this body. Yet the Committee on Armed Services refused to recommend confirmation of this appointment upon the basis that the qualification to serve as a United States Senator did not indicate that a person had the special qualifications necessary for a position of such transcendent importance. The result is that this extremely important position of Chairman of the National Security Resources Board, entrusted with the task of mobilizing the resources of America for its own defense and salvation, goes begging.

On the other hand, we have another extremely important position, requiring a man of high patriotism and proven ability in the position of Chairman of the Munitions Board, a position paying $14,000. The President of the United States on this occasion sought a man whose qualifications were unchallenged, a vice president of the United States Steel Corp., serving at a salary of $70,000 per year, and worth every penny of it, as a management official of that great corporation. The President of the United States offered that man a position of vastly greater importance and responsibility at a salary so meager that, because the appointee was not of unlimited means, and because he needed a substantial income for the support of himself and his family, it was necessary for the appointee to retain his connection with that great corporation. And so Mr. Ilgenfritz, without any reflection on his ability or integrity, was refused confirmation by the Senate. No one expects to pay for the services of such a man what that man could earn from private employment. There are few, if any, members of the President's Cabinet who would not be qualified to draw more than $25,000 from the proper private employment. Yet, the caliber of men to be expected for Cabinet positions should be at least equal to that of the greatest industrial and professional leaders of America; and we find those men paid a mere fraction of the income of outstanding businessmen. Far from their having been raised in pay as their responsibilities grew and their duties were enlarged, and as the Government took on vast additional tasks and responsibilities, many of these men have found that their salaries, after taxes, have less than half of their former purchasing power.

The United States suffers from this failure to pay for proper management. Any good business expects to pay whatever is required for the most efficient management. As the President has already pointed out, one large corporation pays 15 of its executives more than the bill proposes to pay the entire 239 employees charged with the management of our vast Government. The bill presents what the committee considers the barest minimum to attract men of proven ability into the important positions of the Federal service.

As presented by the committee, the bill would cost $1,200,000, and, after allowing for the income taxes to be collected by the Government, the net Federal expenditure would be less than $800,000. It should immediately assist the President in filling several important vacancies with men of proven ability who otherwise might not be available. It should also guarantee the retention of the best-qualified Federal executives in their present positions. It should result in steady improvement in efficiency and reduction of governmental cost. This expense of $1,200,000 is small for the benefits to be expected. Compare it to the $600,000,000 increase in post-office pay alone since 1945. At one-half of 1 percent of the pay increases for the Post

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Office Department alone, and approximately two-tenths of 1 percent of the pay increases for the Federal service since 1939, this bill should assure enormous improvements in efficiency over a period of time and steady reduction of governmental cost.

The pay herein proposed would suggest a top bracket of $25,000 for members of the President's Cabinet, a second bracket of $20,000 for under secretaries and persons of similar rank and responsibilities, with lesser brackets for subordinate positions down to the pay of $15,000.

It is proposed that a new Classification Act now pending on the calendar would fix the top pay for the classified service at $15,000. In view of the relative difficulty of arriving at the salary for each position in the classified service, the committee has recommended that Congress should not attempt to fix the salary for any classified position where the salary would be $15,000 or less. This has been done in the effort to avoid the endless confusion and bickering and the consideration of additional positions which might be cast upon Congress by an attempt to adjust greater numbers of salaries within bureaus. Thus, the committee has recommended the deletion of a large number of positions which would command a salary of $15,000, in the House bill, feeling that these positions should be cared for in the proposed classification bill. It is the understanding and agreement within the committee that, if no classification bill is passed, the Senate conferees will agree to include the positions recommended by the House in the bill as passed by that body.

The committee would also emphasize that a steady improvement of the caliber of management officials within the Federal service should do more than save money for the taxpayer. It should make working conditions more pleasant within the Federal service generally. Employees invariably prefer to work for the more efficient, better-qualified supervisors and department heads. Above all, the taxpayer, who is demanding more efficient government, can expect to receive far better service than he now obtains. The pay roll of the United States now stands at approximately $6,000,000,000 per year. The committee proposes to invest in better management a gross of $1,200,000, which, after allowing for taxes, would be a net cost of about $800,000. This would be approximately one-hundredth of 1 percent, or, to put it a different way, approximately $1 for better management on every $10,000 spent in Federal pay. The investment should result in substantial improvements in efficiency.

Mr. KEM. Mr. President, will the Senator yield?

Mr. LONG. I yield for a question.

Mr. KEM. I should like to ask the Senator how soon we may expect this better management if the bill is passed.

Mr. LONG. I am coming to that at this point. I have some examples to cite. We have already had some examples of ways in which Cabinet officers can economize. Even the slightest improvement in procedure or administration would repay this investment a hundredfold. Less than 1 month ago Mr. Louis Johnson, Secretary of Defense, put into effect an economy measure which will save the Federal Government every day of the year more money than this entire top-pay bill would cost. If, by obtaining better officials in positions of highest responsibility, one other man could be obtained who would effect 1 percent of the savings Mr. Louis Johnson has recently put into effect, the bill would have paid for itself three times over.

Mr. KEM. Mr. President, will the Senator further yield?

Mr. LONG. I yield.

Mr. KEM. Is the Senator suggesting that a change be made in the office of Secretary of Defense if the bill is passed?

Mr. LONG. No. I am suggesting that if we could find men in any of the other positions in the Federal Government who could put into effect a saving of 1 percent of what Mr. Louis Johnson, Secretary of Defense, has saved, 1 percent of the saving which Mr. Johnson has already made would pay for this top-pay bill three times over, assuming that men of better ability and qualifications could save in other departments as Mr. Johnson has saved in the armed services.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WILLIAMS. Do I correctly understand that the Senator is suggesting that we place at the head of the other executive agencies men more nearly on a par with Secretary Johnson, rather than the ones we now have?

Mr. LONG. If we could obtain in any of the major Federal agencies men of better managerial efficiency who could economize in government by better management, this bill should pay for itself a thousand times over.

Mr. KEM. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. KEM. Is the Senator in a position to assure us that such changes will be made within a reasonable time?

Mr. LONG. I have no way of assuring that. I am not making the appointments. But certainly I suggest that a man with the qualifications of Mr. Ilgenfritz, who receives $70,000 a year from the United States Steel Corp., must have proved that he could save the United States Steel Corp. at least $70,000, or a greater amount.

Mr. KEM. The Senator is not proposing that the salary of the position to which Mr. Ilgenfritz was appointed be made $70,000 a year; is he?

Mr. LONG. Not at all. I do not think he would have expected $70,000 a year if he had gone to work for the Federal Government.

Mr. KEM. Has the Senator any information as to what salary would have lured Mr. Ilgenfritz into the public service?

Mr. LONG. Certainly not. I cited him merely as an example. The nomination of one man who received $15,000 as a United States Senator was rejected by the Senate because the Senate did not believe he had the special qualifications necessary for the position to which he had been appointed. On the other hand the nomination of a man whose qualifications no one doubted, was also rejected because he was a man of proven ability, and could not accept a $14,000 job when that was the only compensation he would receive. I do not say this bill would make it possible for that man to serve the Federal Government, but I say that if we could pay a salary as high as $18,000 or $20,000, we should be able to get a much better man than we could by paying a salary of $14,000.

Mr. FLANDERS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MAGNUSON in the chair). Does the Senator from Louisiana yield to the Senator from Vermont?

Mr. LONG. I yield.

Mr. FLANDERS. Would not the Senator think it reasonable that if the top executive pay bill is passed, the burden will then be more nearly on the Senate, when considering the confirmation of nominations, to determine whether the nominee has the necessary capacity, than is now the case? Is it not true that at the present time the Chief Executive is more or less confined to picking either a man of wealth or someone of mediocre ability who is used to a small salary? Recognizing that as one of the facts of life, has not the Senate tended more or less automatically to confirm nominations, except in special cases? Would not provision for reasonable salaries give the Senate the right and the duty to examine more carefully the qualifications of the nominees than has been the case in the past?

Mr. LONG. I would say so. I would certainly agree with the Senator from Vermont.

Furthermore, Mr. President, my impression, after having served less than 1 year in the Senate, is that the least contest in regard to nominations arises in connection with Presidential appointments of men who are relatively unknown. But a man who has done something in the course of his lifetime, usually has provoked some controversy in the past, and the nomination of such a person seems to provoke controversy in the Senate. Of course, it is possible to find many men who will prove their ability after they serve in the particular jobs to which they may be appointed; but it seems to me that if what is needed is a man qualified to handle several billion dollars of the Federal Government's money—citing that merely as an example—we should obtain the services of a man of proved ability, rather than the services of an unproved man. I am sure the Federal service has in it a number of men who have proved their qualifications and ability while they have served in their Government jobs. But when it comes to obtaining the services of men who already have proved their qualifications, I do not think it is possible to get such men to serve the Government unless they happen to have independent incomes which make it possible for them to sacrifice their ordinary salaries while they are working for the Government.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. LONG. I am happy to yield.

Mr. CAIN. Is the Senator from Louisiana in a position to inform the Senate concerning the number of positions for which salary increases will be granted under the terms of the bill, and which are subject to confirmation by the Senate? I ask that question in keeping with the question previously asked by the distinguished junior Senator from Vermont [Mr. FLANDERS], because it is my understanding that only a handful of the total number of Government offices we are discussing at this time involve nominations which ever will come before the Senate for confirmation.

Mr. LONG. It is my guess that at least half or two-thirds of the positions for which the salaries are to be raised under the terms of the pending measure involve nominations which will come before the Senate for confirmation, although I cannot be sure of that.

Mr. CAIN. I thank the Senator.

Mr. LONG. The Senator will see a list of the positions in the hearings.

Mr. FLANDERS. Mr. President, if the Senator will permit an interruption, let me say that I asked to have that question investigated; and I find that under the bill now before the Senate, practically all the positions involve nominations which will come before the Senate for confirmation. That is true of almost 100 percent of the positions covered by the bill; I think it is true of 100 percent of them, in fact.

Mr. LONG. Mr. President, offhand I can think of very few of them which would not involve nominations which would come before the Senate for confirmation.

In conclusion, Mr. President, I desire to point out that the Subcommittee on Pay and Classification began consideration of the various pay bills before it early in May. From then until these bills were reported to the Senate last month, the committee, in addition to the extensive hearings which it held, had many, many executive sessions, during which it considered all the bills now on the calendar, each in relation to the other. We conscientiously endeavored to present to the Senate a basic structure which we believed to be sound and in the best interests of efficient government, beginning with the top executive and going down the ladder to the most menial task in the Federal service. Each of these bills—the one now before us, and the reclassification bill and the postal bill, which are to be considered subsequently—complements the others.

In the course of our consideration we have sought and obtained the best advice available to us. The end result of our labors may not be perfect, and certainly I would not claim perfection for it. On the other hand, I think the Senate should know that the committee has reported to it three bills which it believes are of transcendent importance to an able management and a loyal performance of the functions of our vast Federal establishment.

Mr. CAIN. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add a new section, as follows:

9. (a) The compensation of Senators, Representatives in Congress (other than the Speaker), Delegates from the Territories, and the Resident Commissioner from Puerto Rico, elected or appointed after the date of the enactment of this act, shall be the same as the compensation of the heads of the executive departments.

(b) Subsection (b) of section 601 of the Legislative Reorganization Act of 1946 shall not apply in the case of any person entitled to receive compensation under the provisions of subsection (a).

The PRESIDING OFFICER. The Chair asks the Senator from Washington whether he wishes the amendment to be considered as the pending question for action at this time?

Mr. CAIN. It is my understanding that the committee amendments should first be acted upon.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CAIN. Certainly.

Mr. LONG. There is a substitute to be brought before the Senate, in the form of an amendment to be offered by approximately 30 Senators. In view of the fact there is a strong likelihood that the substitute will be adopted, I suggest to the Senator from Washington that he offer his amendment as an amendment to the substitute when it comes before the Senate.

Mr. CAIN. I shall be pleased to be guided by the Senator's suggestion.

Mr. FLANDERS. Mr. President, I should like to suggest that it may be that the substitute will not be adopted. Certainly it will not be adopted on the basis of any reason, logic, or analysis.

Mr. LONG. I suggest that the Senator from Washington offer his amendment both to the bill and to the substitute. Otherwise, under the rules, the Senator from Washington would be precluded from offering his amendment to the bill itself, if the substitute were to fail of adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington [Mr. CAIN].

Mr. CAIN. Mr. President, if it is permissible, I would submit the amendment at this time, to have it lie on the table and be called up later as an amendment to either of the measures then before the Senate.

The PRESIDING OFFICER. That is permissible; and in the meantime the amendment will lie on the table.

Mr. CAIN. I thank the Chair.

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. I have at the desk an amendment, which I propose to offer. My thought was that I would wait until the general substitute amendment was acted upon; and then, if it was adopted, I would inquire whether it was subject to amendment; and, if so, I would offer my amendment to the substitute.

The PRESIDING OFFICER. The Parliamentarian advises the Chair that if the substitute is adopted, that will preclude the offering of any further amendments to the bill.

Mr. McCLELLAN. Then my amendment would have to be offered to the substitute while the substitute was pending. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. McCLELLAN. Let me inquire, further, whether the substitute is now the pending question.

The PRESIDING OFFICER. The pending question is on agreeing to the committee substitute, but not the substitute referred to by the Senator from Louisiana.

Mr. McCLELLAN. Mr. President, in order further to clarify the parliamentary situation, let me make a further inquiry: If the amendment in the nature of a substitute, which is not the committee amendment, is offered in lieu of the committee amendment, which is the Senate bill, then when the amendment in the nature of a substitute is offered, it will be proper, will it not, to consider amendments to it, and at that time my amendment would be in order?

The PRESIDING OFFICER. It would be proper; yes. But once the substitute is finally adopted, the bill will not be open to further amendment.

Mr. McCLELLAN. I thank the Chair.

Mr. CAIN. Mr. President, the junior Senator from Washington is strongly inclined to vote against the pending measure, but he is satisfied that the amendment which has just been offered will immeasurably improve House bill 1689.

This amendment, Mr. President, has been designed to accomplish two things:

(a) It provides that compensation shall be the same as between the heads of executive departments and Members of the Congress.

(b) It seeks to eliminate the $2,500 tax-exempt expense money which presently is provided to every Senator and Representative in Congress.

Mr. President, I have no personal interest of any kind in securing an increase in my compensation as a Senator at this time. I think this is not the time to grant increases in the annual compensation for the heads and assistant heads in departments and independent agencies or for Members of the Congress. It seems unmistakably clear to me that we shall do our Government and our country a disservice if we agree with the President that executive branch salaries ought to be materially increased at this period. We can only provide such increases from money which our Public Treasury simply does not possess. Should we grant the proposed increases, we shall only further cheapen the value of our dollar. If the pending measure is approved, the President and the Congress will be in no position intelligently to argue against a fourth round of wage increases for all of industry. Our collective mission today ought to be that of tightening our spending belt and searching for ways through which a greater purchasing power can be restored to our currency. If the measure before the Senate is approved, we shall be giving a green light to indulgence, to profligate spending, and to more and larger raids on the Public Treasury.

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Mr. LUCAS. Mr. President, will the Senator yield?

Mr. CAIN. My prepared statement, I may suggest to my friend, the majority leader, is quite brief, and, as I am concerned with its continuity, I should like to finish without interruption.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. JOHNSTON of South Carolina. There is just one question, though, in relation to what the Senator has already said, which I should like to have cleared up. Did the Senator make the statement that this amendment proposes to increase in any way the amounts set forth in the House bill or in the amendments to the Senate bill?

Mr. CAIN. I am speaking to my amendment, which if it is added to a bill and the bill is passed by the Congress and signed by the President, will result in an increase in the compensation of Members of Congress equal to the increase granted to executive heads of the Government departments.

It so happens, Mr. President, that I largely live from the compensation I receive as a United States Senator. I have a young and relatively expensive family. I maintain adequate living accommodations in Washington, D. C., and a rather large home in Washington State. There are few Members of this body who could so enjoy and benefit from additional compensation, but in the face of all this I shall not be a party to asking for something which at this time the taxpayers of this country cannot afford to give me as a Senator.

Mr. President, I can speak only as a single individual. A majority of the Members of the Senate may wish to approve Senate bill 1689. If this be their wish, I fervently hope that the Senate will accept the amendment I have offered. The amendment would help to retain a balance between the executive and legislative branches of the Government. Its adoption will say to people everywhere that both of these branches of Government are equally important. Should the amendment fail to be adopted, the resulting lack of balance, prestige, and influence between the executive and legislative branches of the Government will eventually bring lasting harm to our people. Power follows money, and if the heads of the executive branch receive compensation which is substantially higher than our own the public will rapidly begin to agree that Government actually consists of only the executive branch.

I make no pretense, Mr. President, of being the sort of a Senator I should like to be. I wish I might be much more intelligent than I am and possessed of a greater depth and scope of knowledge. But that, Mr. President, is beside the point. The office of a Senator of the United States is just as important as any office in this land can be, now or at any time in the future.

Mr. LONG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Louisiana?

Mr. CAIN. I should be very glad to answer any of the questions my friend from Louisiana may have, but preferably at the conclusion of what remains of a brief statement. However, I yield.

Mr. LONG. How much is the Senator proposing that a United States Senator or Representative in Congress shall receive? I understand the amendment applies to them. Is that correct?

Mr. CAIN. Yes. The amendment, which was read, simply provides that Members of Congress shall receive in the future equal compensation to that which is approved by the Congress and the President for the heads of the executive branch of the Government.

Mr. LONG. That applies to a Cabinet officer, I assume.

Mr. CAIN. It applies only to Cabinet officers. I have not used a figure, because I have not the slightest idea what the wish of the Senate will be eventually.

Mr. McCLELLAN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Arkansas?

Mr. CAIN. I am pleased to yield.

Mr. McCLELLAN. The amendment offered by the Senator, as I understand, would increase the salaries only of Members of Congress who are elected or appointed after the passage of the bill. Is that correct?

Mr. CAIN. That was not my understanding, as the amendment was prepared by our legislative counsel.

Mr. McCLELLAN. As I read it, it says:

> The compensation of Senators, Representatives in Congress (other than the Speaker), Delegates from the Territories, and the Resident Commissioner from Puerto Rico, elected or appointed after the date of enactment of this act, shall be the same as the compensation of the heads of the executive departments.

I call the attention of the Senator to that fact. If it is correct, then a new Senator might be appointed to fill a vacancy, and he would draw $22,500, while the rest of us continued to draw the same salary we are now receiving. Am I correct?

Mr. CAIN. My reaction to the observation just made by the Senator from Arkansas is simply this: If the Congress were to agree that it was right and proper for a parity of compensation to obtain as between executive branch heads and Members of the Congress, they would very readily agree that such increase in compensation for Members of the Congress should be made effective as of the passage of any legislation on the subject. The amendment which I have offered, if it does not achieve the purpose I have just referred to, can be most easily amended during the course of the debate.

Mr. McCLELLAN. If the Senator will yield further, I simply wanted to call his attention to it. As it is now worded, I placed that construction upon it. I do not think any of us would want to agree to vote for a law which would allow an appointee coming into the Senate tomorrow or next week to fill a vacancy, to receive $22,500, while we continued to draw $12,500.

Mr. CAIN. I am grateful for the expression of the Senator from Arkansas. It goes without saying that the Members of the Senate, if they agree in whole or in part with the amendment which has been offered, will make such changes in it as they may deem appropriate.

Mr. KEM. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Missouri?

Mr. CAIN. Certainly.

Mr. KEM. I should like to ask the Senator whether, if the words "elected or appointed after the date of enactment of this act" were eliminated from section 9 (a) of the amendment, it would not meet the objection raised by the able Senator from Arkansas?

Mr. CAIN. I should rather refer that question to our legislative counsel, though my lay opinion is the Senator's observation is correct.

As the President needs better qualified and more highly trained personnel to serve his purposes, the people ought always to try to send more competent individuals to the Congress of the United States. If it is necessary to raise executive salaries in order to attract the right kind of administrative personnel, it is likewise proper to raise legislative salaries in order that more Americans whose training and backgrounds are adequate to the responsibilities will be encouraged to seek seats in the Congress.

The twentieth century has witnessed world-wide abdication by the people of their dearly bought right to control the power of the Executive. The people have everywhere surrendered to the personal government of the Commander in Chief. They have forgotten that any people accepting personal government thereby undermine the congressional wall protecting them against the arbitrary will of the Executive. In recent years we have seen a monumental growth in personalized government in this Nation. More and more people have been added to the executive side of Government who, by the very nature of things, become less and less responsible and responsive to the will of the people. The historic function of a legislative body in a free country, as I understand it, was to impose restraints on the power under the control of the executive head. It was the legislative function to define in detail the restraints to be heeded by the Executive and precisely to define the channels through which the Executive would dispose of the vast resources at his command. In recent years as a result of "must" legislation, artificial emergencies, foreign crises, and lump-sum appropriations, the Executive in our Nation has been arrogating to himself the power to determine these restraints and these channels. We have become careless, Mr. President, and we have been responsible for granting greater powers to the Executive than he had need of or deserved.

Quite obviously, I do not refer to the President as an individual person, but

as the executive head of the Nation, the President of the United States.

If the pending measure is approved without the adoption of the amendment which I have offered, we shall take one more step in the direction of making big executive government all-powerful and all-consuming. If we understand the imperative need for restraining the executive, we shall provide that branch of our Government with no unfair advantage. To pass the pending measure without the amendment in question is to weaken our own ability to do business on equal terms with the executive branch of the Government. This would be a tragic and completely unnecessary blunder of the first order.

If the amendment were adopted, Mr. President, there would be no right and no need for Members of the Congress to accept the prevailing $2,500 tax-exempt sum. If the amendment were adopted, we could well afford to pay taxes on every dollar of our income which is provided by our employers, the citizens of the land. I personally believe that this tax-exempt item ought to be done away with whether salaries are increased or if they remain where they are. I do not like presently to spend time in defending or explaining a situation which I hold to be bad public policy.

I hold in my hand, Mr. President, an analysis of House bill 1689. It states the position, its present salary, its proposed salary, and the percentage increase involved. This analysis speaks for itself. I think that many a Senator and Representative has not seen this analysis and that the average citizen has no knowledge whatsoever of what it contains.

In order to help a little, Mr. President, in providing the public with information concerning how we desire to manage their public business, I ask unanimous consent that the analysis to which I have referred be made a part of my remarks at this point in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

Analysis of percentage pay increase in executive agency pay-increase bill

Position	Number	Present	H. R. 1689 proposed by the Senate	Percentage of increase
Secretary, Department of Agriculture	1	$15,000	$25,000	66⅔
Secretary, Department of Commerce	1	15,000	25,000	66⅔
Secretary, Department of Interior	1	15,000	25,000	66⅔
Attorney General, Department of Justice	1	15,000	25,000	66⅔
Secretary, Department of Labor	1	15,000	25,000	66⅔
Secretary, Department of Defense	1	15,000	25,000	66⅔
Secretary, Department of the Air Force	1	15,000	25,000	66⅔
Secretary, Department of the Army	1	15,000	25,000	66⅔
Secretary, Department of the Navy	1	15,000	25,000	66⅔
Postmaster General, Post Office Department	1	15,000	25,000	66⅔
Secretary, Department of State	1	15,000	25,000	66⅔
Secretary, Treasury Department	1	15,000	25,000	66⅔
Administrator for Economic Cooperation	1	20,000	25,000	25
Comptroller General of the United States	1	12,000	20,000	66⅔
Chairman, Council of Economic Advisers	1	15,000	20,000	33⅓
Director, Bureau of the Budget	1	10,000	20,000	100
Chairman, National Security Resources Board	1	14,000	20,000	43
Administrator, Federal Security Agency	1	12,000	20,000	66⅔
Administrator of Veterans' Affairs	1	12,000	20,000	66⅔
Administrator, General Services Administration	1	(1)	20,000	----------
Housing and Home Finance Administrator	1	16,500	20,000	21
Under Secretary, Department of Agriculture	1	10,330	20,000	94
Under Secretary, Department of Commerce	1	10,000	20,000	100
Under Secretary, Department of Interior	1	10,330	20,000	94
Under Secretary, Department of Labor	1	10,330	20,000	94
Under Secretary of Defense	1	12,000	20,000	66⅔
Under Secretary, Department of the Air Force	1	10,000	20,000	100
Under Secretary, Department of the Army	1	10,000	20,000	100
Under Secretary, Department of the Navy	1	10,000	20,000	100
Under Secretary, Department of State	1	12,000	20,000	66⅔
Under Secretary, Treasury Department	1	10,330	20,000	94
Assistant to Attorney General, Justice	1	10,330	20,000	94
Solicitor General of United States, Justice	1	10,330	20,000	94
First Assistant Postmaster General, Post Office	1	10,330	20,000	94
White House officials designated by the President (12):				
6 administrative assistants	----------	(1) 15,000	(2) 20,000	33⅓–74
The Executive Secretary, National Security Council	----------	(1) 12,000	(3) 18,000	
5 other secretaries or immediate assistants	----------	(9) 10,330 (1) 10,000	(7) 16,000	
Chairman, Atomic Energy Commission	1	17,500	18,000	3
Chairman, Munitions Board	1	14,000	18,000	29
Chairman, Research and Development Board	1	14,000	18,000	29
Deputy Administrator for Economic Cooperation	1	17,500	18,000	3
Assistant Comptroller General of United States	1	10,330	18,000	74
Assistant Director, Bureau of Budget	1	10,330	18,000	74
Deputy Administrator of Veterans' Affairs	1	10,330	18,000	74
Chairman, Board of Directors, RFC	1	15,000	18,000	20
Comptroller of the Currency	1	15,000	18,000	20
Director, Administrative Office of United States Courts	1	10,330	16,000	55
Public Printer	1	$10,330	$17,500	69
Librarian of Congress	1	10,330	17,500	69
Members, Council of Economic Advisers	2	15,000	17,500	16⅔
Director, Central Intelligence	1	14,000	17,500	18
Federal Mediation and Conciliation Director	1	12,000	17,500	46
Assistant Federal Security Administrator	1	10,330	17,500	69
Director, Federal Bureau of Investigation	1	14,000	17,500	18
Deputy Under Secretary of State	2	10,330	17,500	69
Members, Board of Governors, Federal Reserve Board	7	15,000	16,000	6⅔
Members, Home Loan Bank Board	3	15,000	16,000	6⅔
Public Housing Commission	1	15,000	16,000	6⅔
Federal Housing Commissioner	1	15,000	16,000	6⅔
Director, Aeronautical Research, National Advisory Committee for Aeronautics	1	10,330	16,000	55
Members, Civil Aeronautics Board	1	12,000	16,000	33⅓
Do	4	11,500	16,000	39
Chairman, Board of Directors, Export-Import Bank of Washington	1	15,000	16,000	6⅔
Members, Federal Communications Commission	7	10,000	16,000	60
Board of Directors, Federal Deposit Insurance Corporation	2	15,000	16,000	6⅔
Members, Federal Power Commission	5	10,000	16,000	60
Members, Federal Trade Commission	5	10,000	16,000	60
Members, Interstate Commerce Commission	11	12,000	16,000	33⅓
Members, National Labor Relations Board	5	12,000	16,000	33⅓
Members, National Mediation Board	3	10,000	16,000	60
Members, Railroad Retirement Board	3	10,000	16,000	60
Members, Securities and Exchange Commission	5	10,000	16,000	60
Board of Directors, Tennessee Valley Authority	3	10,000	16,000	60
Members, Civil Service Commission	3	10,000	16,000	60
Chairman, U. S. Maritime Commission	1	12,000	16,000	33⅓
Members, U. S. Tariff Commission	6	10,000	16,000	60
Members, Atomic Energy Commission	4	15,000	16,000	6⅔
General Counsel, National Labor Relations Board	1	12,000	16,000	33⅓
Architect of the Capitol	1	10,330	16,000	55
Deputy Administrator of General Services	1	----------	16,000	----------
Housing Expediter	1	12,000	15,000	20
Director of Selective Service	1	12,500	15,000	25
Assistant Architect of the Capitol	1	9,985	15,000	50
Members, Displaced Persons Commission	3	10,000	15,000	50
Members, Indian Claims Commission	3	10,000	15,000	50
Members, War Claims Commission	3	12,000	15,000	25
Members, Philippine War Damage Commission	3	12,000	15,000	25
Assistant Secretary, Department of Agriculture	1	10,305	15,000	46
Assistant Secretary, Department of Commerce	2	10,000	15,000	50
Assistant Secretary, Department of Interior	2	10,330	15,000	45
Assistant Secretary, Department of Labor	3	10,330	15,000	45
Assistant Secretary, Department of Air Force	2	10,000	15,000	50
Assistant Secretary, Department of the Navy	2	10,000	15,000	50
Assistant Secretary, Department of the Army	2	10,000	15,000	50
Assistant Secretary, Department of State	8	10,330	15,000	45

[1] Salaries for these positions have not yet been established by the President in accordance with Public Law 152, 81st Cong.

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Analysis of percentage pay increase in executive agency pay-increase bill—Continued

Position	Number	Present	H. R. 1689 proposed by the Senate	Percentage of increase
Assistant Secretary, Department of the Treasury		$10,330	$15,000	45
Fiscal Assistant Secretary, Department of the Treasury	1	10,330	15,000	45
Assistant Attorney General, Department of Justice	3	10,330	15,000	45
Do	3	10,305	15,000	45
Do	1	10,000	15,000	50
Assistant Solicitor General, Justice	1	10,330	15,000	45
Counselor, Department of State	1	10,330	15,000	45
Second Assistant Postmaster General	1	10,330	15,000	45
Third Assistant Postmaster General	1	10,330	15,000	45
Fourth Assistant Postmaster General	1	10,330	15,000	45
Associate Federal Mediation and Conciliation Director	1	10,330	15,000	45
Deputy Director, Central Intelligence	1	10,000	15,000	50
Philippine Alien Property Administrator	1	10,000	15,000	50
Chief Assistant, Librarian of Congress	1	10,330	15,000	45
Deputy Public Printer	1	10,330	15,000	45
Members, Board of Directors, Export-Import Bank of Washington	3	12,000	15,000	25
Members, Board of Directors, RFC	4	12,500	15,000	20
Members, U. S. Maritime Commission	4	10,000	15,000	50
Commissioners, U. S. Court of Claims	13	9,707	15,000	55
Governor, Alaska	1	10,330	15,000	45
Governor, Hawaii	1	10,330	15,000	45
Governor, Virgin Islands	1	10,330	15,000	45
Governor, Panama Canal	1	10,000	15,000	50
Assistant Director, Administrative Office of U. S. Courts	1	9,707	15,000	55
Legislative Counsel, House of Representatives	1	12,000	12,000	0
Legislative Counsel, Senate	1	12,000	12,000	0
Compensation of chairman or other head of board or commission having important duties or responsibilities not imposed upon other members of such board or commission may be fixed by the President at $18,000:				
Archivist of the United States	1	$10,000	$15,000	50
Administrator, Production and Marketing Administration	1	10,330	15,000	45
Commissioner of Internal Revenue	1	10,330	15,000	45
Director, Bureau of Prisons	1	10,330	15,000	45
Commissioner of Public Roads	1	10,330	15,000	45
Commissioner of Public Buildings	1	10,330	15,000	45
Commissioner of Community Facilities		10,330	15,000	45
Commissioner of Immigration and Naturalization	1	10,330	15,000	45
Administrator of Civil Aeronautics	1	12,000	15,000	25
Administrator, Rural Electrification Administration	1	10,330	15,000	45
Commissioner for Social Security	1	10,330	15,000	45
Commissioner of Reclamation	1	10,330	15,000	45
Chief, Soil Conservation Service	1	10,330	15,000	45
Commissioner of Customs	1	10,330	15,000	45
Commissioner of Narcotics	1	10,330	15,000	45
Governor, Farm Credit Administration	1	10,000	15,000	50
Chief Forester, Forest Service	1	10,000	15,000	50
Administrator, Farmers Home Administration	1	10,000	15,000	50
Manager, Federal Crop Insurance Corporation	1	10,330	15,000	45
Special Assistant to Secretary of Defense	3	10,000	15,000	50
Director, Bureau of Federal Supply	1	10,330	15,000	45

Mr. CAIN. Mr. President, in conclusion and summary, and without prejudice to anyone, I point out that the Fourth Assistant Postmaster General, the Deputy Public Printer, the Archivist of the United States, the Housing Expediter, and the Assistant Architect of the Capitol, together with members of the Displaced Persons Commission and of the Philippine War Damage Commission, are to receive, if the bill before us be passed without amendment, compensation equal to that of Members of the Congress. Scores of other assistants and under secretaries of one agency or another are to be provided with compensation substantially higher than our own. May I publicly inquire if this makes real sense of any kind?

For my part, I think that to approve the bill as it is before us, without amendment, would bring a further lessening of the ability to cooperate, among other things, between the executive and legislative branches of the Government, and it would in due time make of this great body almost a meaningless institution.

I hope, Mr. President, that my amendment will be adopted in order that our Government shall not become more lopsided than it is today. Should the amendment be adopted, I hope that we will defer consideration of the amended bill. This is a day, it seems to me, which calls for sacrifices, particularly from leaders. On the basis of our conduct we continue to be at war on the domestic front, both at home and abroad. Until that war has been concluded, successfully I hope, I think we, who are charged with leadership, have no right of any kind to ask for more than our national income, which comes from the people of America, can safely provide.

Mr. KEM. Mr. President, will the Senator yield?

Mr. CAIN. I gladly yield to the Senator from Missouri.

Mr. KEM. As I understand the amendment of the Senator from Washington, it is based on the proposition that under the Constitution there are three coordinate branches of the Federal Government.

Mr. CAIN. That is precisely correct.

Mr. KEM. The Senator from Washington envisions a condition, if the bill as proposed should be passed, in which the legislative department may become an inferior branch of the Federal Government.

Mr. CAIN. History tells us that under similar circumstances through decades and centuries gone by, that has always been a result.

Mr. KEM. The Senator feels that the people generally may consider that the ability and service of Members of the Congress are worth what they themselves place on them as a matter of compensation. Is that correct?

Mr. CAIN. I agree; and, further, I think it is a tragic thing that even in the year 1949 there is a disposition on the part of too many Americans—perhaps Members of Congress are partly deserving of that attitude—to hold as being of far greater importance the executive side of our Government. I speak, may I say to my good friend from Missouri, only as an individual, but I feel very strongly with reference to this subject.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. CAIN. I shall be pleased to yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Does the Senator from Washington realize that the comparative purchasing power of a $10,000 income for a single man in 1939 was $9,520, and that in 1948 the purchasing power was only $4,559.28?

Mr. CAIN. I want to say, if I may, to the Senator from South Carolina, that I understand those figures conclusively. But for us, charged as we are with managing, among other things, the financial budgets and fiscal activities of this great Nation, to increase our salaries materially in this day, is only to play to our own weaknesses, is only an admission and a declaration to the American people that we are never going to make any attempt to breathe any hard purchasing power back into our currency.

From my point of view—and this is the reason why I oppose executive pay increases as vigorously as I do—I think affirmative action by the Senate would be encouragement to 158,000,000 Americans to ask for what they have not got, from anybody from whom they can get it, and a pattern of indulgence and continuing extravagance would be set by the Government of which we are all a part.

Mr. KEM. Mr. President, will the Senator yield?

Mr. CAIN. I yield to the Senator from Missouri.

Mr. KEM. It is true that the purchasing power of the dollar in the pocket of a Member of Congress is exactly the same as the purchasing power of the dollar in the pockets of the members of the executive branch, is it not?

Mr. CAIN. The Senator from Missouri, as is most often the case, has spoken the truth.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. CAIN. I am pleased to yield.

Mr. FLANDERS. I am a little bit puzzled by the Senator's outright opposition, apparently, to the bill as it comes from the committee, and also his arguments in favor of raising very greatly the salaries of Representatives and Senators. I wonder if the two things are not very closely connected.

Mr. CAIN. I think they are identical. If we increase compensation for one branch, let us make certain to do it for the other.

Mr. FLANDERS. I wondered if they were connected in this way, that the amendment was intended to make the amended bill unpalatable and impossible.

Mr. CAIN. I would not think so. It seems to me that this bill in some form has a good chance of being approved. The administration has publicly asked for it. The administration has many friends in the Congress, both in the House and in the Senate. There are certainly disposed to follow any absolute suggestion made by the President of the United States. I think there is an excellent chance that the bill will pass, and all I am suggesting is that it could be materially improved, if the Congress sees fit to pass it, for the ultimate and continuing benefit of the American people.

Mr. FLANDERS. Mr. President, I should like to ask the Senator from Washington, further, about the amounts suggested in his amendment, which seem to me to be so great as to be difficult to sustain. The Senator referred to the evidence of history, stated that the legislative department tended to decay, I judged, in the face of great disparity between the salaries of members of the legislative body and of the executive branch. There may be in our minds the thought that perhaps the legislative body in Great Britain is decaying at this time, but certainly during the recent period, and up until now, as it is at the present time, the disparity between the Cabinet Minister in Great Britain and the member of Parliament has been far greater than it is in our case.

Mr. CAIN. I am not qualified to speak on the particular example to which the Senator has just addressed himself. I feel that nations have decayed, in terms of history, when there has come about an unbalance as between the executive and the legislative branches of any government. That only partly results from a disparity in wages or compensation. It largely comes about when the legislative body abdicates from its authority and its function to impose restraints on the spending of government. No government since the beginning of time has ever successfully lived over a period of time whose financial attitude toward life has been comparable to ours during the period through which we have lived in recent years.

Mr. FLANDERS. I should like to inquire whether the Senator from Washington voted last Monday for the bill increasing the pay of the members of the armed services by $300,000,000?

Mr. CAIN. That is a very interesting and leading question. I did, and I did it for two reasons, if I may answer the question. I did it because I had reason to believe that in passing that bill we would place the members of the Military Establishment, in a general way, on an equal footing, across the board, with civil servants employed by the Government in the hundreds of thousands. In addition I drew the attention of the Senate to the fact—I do not care whether we call it socialized medicine or what we call it—that free medical care has, since the Indian wars, I suppose, been given to the dependents of military personnel. I suggested that if we would discontinue that free medical care and place the dependents on a reasonable fee basis, we could save in a short time more than was carried by the bill. But, more important, we would improve the medical service which is now being somewhat inadequately extended to the dependents of military personnel, because of the prevailing work load. We would also make unnecessary a further consideration of the drafting of American doctors and dentists into the armed services, and we would prepare ourselves for an emergency which we could not begin to meet today with the limited number of doctors at the disposal of the Military Establishment, and in the face of the free or socialized medicine which is being granted. Those are the reasons why I voted for the bill to which the Senator has referred.

Mr. FLANDERS. I might say that, while I was absent when the vote was taken, I would have voted for the bill, but on the same grounds as those on which I am supporting the pending bill.

I now wish to come to one other question with the Senator from Washington. It has struck me that the proposal of the Senator from Washington is a completely new undertaking in legislative and administrative history, and that there is no basis in history for making the legislative salaries on a level with those of Cabinet officers. Furthermore, it seemed rather clear to me that if this amendment were to be agreed to, and the salaries of the Cabinet members were materially raised, as is proposed in the amendment by way of substitute, we would have very hard work, in spite of our best efforts, in explaining ourselves to the American public.

Realizing the sentiment which exists, and which I think has a valid basis, with regard to the salaries of Representatives and Senators, I had prepared an amendment which raised those salaries to $20,000, still below the Cabinet level, which I think is justified by experience, by history, and otherwise. I did this with some doubt, but in view of what seemed to me to be the prevailing sentiment on this side of the Capitol, which has been shown quite plainly here, not so much in discussions on the floor as in personal discussions, committee discussions, and the like. I wonder whether the Senator would be willing to come down to that figure, and let it stand or fall with the bill.

Mr. CAIN. I offered the amendment in order that it would arouse the interest and concern of Senators. It has obviously aroused the concern of the Senator from Vermont. He is now addressing himself to the amendment. The amendment will remain as it has been offered for the reason that I feel it should so remain and be called up for consideration, and it can be changed in any way which suits the majority wish of this body.

May I say one other thing to the Senator from Vermont? We are very good friends. What the Senator said a moment ago interested me greatly. The Senator said that one of the reasons he did not look too kindly upon this proposal was that the Senator would not know how to explain it to the American people. I am not jumping to a conclusion, but I am saying that is an approach as if we had a pure democracy in America. It has been my concept of this Government that it is a Republic, that the legislative branch is charged with the responsibility of carrying on the public's business, because we have available to us much more information than does the general public, and that whatever we feel is right ought to be done. Then we assume the task of going forth and justifying what we have done to the American people. We should not ever deny ourselves taking any action or following a line of conduct because of our thought that, however good it might be, we might not be able to explain our conduct to those at home.

Mr. FLANDERS. Mr. President, I might say with reference to the increase in salary, whether to the amount suggested in the amendment of the Senator from Washington or the lower amount suggested in the amendment which I shall offer in due time, that we have to remember, first, that this is one thing which will cost the country a good deal of money. The salaries in the bill itself will be absorbed in present appropriations, but the increase will actually cost money.

Mr. CAIN. It is true, is it not, that wherever the increases proposed come from they will cost somebody something?

Mr. FLANDERS. They will cost nothing on this year's appropriations.

Mr. CAIN. They will cost moneys which otherwise would be spent for other purposes.

Mr. FLANDERS. And perhaps unwisely.

Mr. CAIN. Indeed, sir.

Mr. FLANDERS. I should like to say a word further, if the Senator will bear with me, and that is that with regard to salaries I have talked with some of the Members of this body who are on the far liberal side, if I may use that word, for the word "liberal" is a difficult word to define, but I think if I mention names it would be realized that I am talking about the westernmost liberals in this body——

Mr. WILEY. East or West?

Mr. FLANDERS. Well, I am facing north—who have admitted rather difficult personal financial situations on the present salary basis. So since these admissions come from that direction, I, who sometimes think I am in the center, and sometimes think I am on the right, and sometimes—excuse me, I always think I am in the right; I do not mean to raise that question—I have felt there was some justification for raising this question, and that was my reason for having an amendment prepared for that purpose.

I thank the Senator from Washington.

Mr. CAIN. I very much appreciate the observations made by the Senator from Vermont. May I ask if the Senator from Vermont has in mind offering an amendment to raise congressional salaries to $20 000?

Mr. FLANDERS. Yes; to raise them to $20,000.

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Mr. CAIN. I should like to say again to the Senator from Vermont and other Senators who may be interested, that I saw fit not to mention any dollar figure. From my point of view I do not think that is the most fundamental point at issue. I believe that in the long run it would be for the best interests of our country to secure and maintain an equality of compensation as between the handful of men who are charged with the grave responsibility of managing the executive side of our business, and those in the legislative branch, who obviously bear an equally heavy responsibility for so designing legislation that it can be precisely carried out by the Executive for the greatest good of the greatest number in America.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. CAIN. I yield.

Mr. WATKINS. Does the Senator know why the committee did not recommend the increase for Members of Congress?

Mr. CAIN. I am only guessing, but I think it is a fair guess: They had before them a proposal the title of which was the executive pay bill, which does not in itself have a connotation covering the legislative side. It is without prejudice that I have offered my amendment as being something which was not within their purview as of the time they considered the question.

Mr. FLANDERS. May I make one more observation, I ask the Senator from Washington?

Mr. CAIN. No one could possibly enjoy the Senator's observations any more than I, sir. I hope the Senator will.

Mr. FLANDERS. The substitute amendment struck me immediately, in connection with the question of congressional pay, because of the scale which is set forth and which provides for salaries for Cabinet members of $22,500 and no gradation between that and the next lower figure of $15,000.

Mr. CAIN. I beg the Senator's pardon. Is the figure the Senator has referred to, $22,500, the correct figure?

Mr. FLANDERS. That is my recollection. Am I wrong? That is my recollection?

Mr. CAIN. I thought it presently has been suggested that the salaries of executive heads be increased to $25,000.

Mr. FLANDERS. I am referring to the amendment in the way of a substitute.

Mr. CAIN. I see, sir.

Mr. FLANDERS. It struck me at once that there must be some reason other than the natural reason of a good scale of salaries in providing the big gap from $22,500 down to $15,000. I could conceive of nothing that would lead to the bill being drawn in that form except a decision on the part of those who drew it up to the effect that the salary of the Representative and the salary of the Senator was the controlling element. Having reached the conclusion that that was the only possible reason for putting the bill in that form, it was my desire to remove that dam which had been erected, or that manhole cover, or whatever it may be called, and put congressional salaries at such a point that a reasonable bill could be drawn up rather than have such a far-reaching bill based on that one single illogical item.

Mr. CAIN. While the Senator from Vermont is suggesting, it seems to me, that this is a vitally important question before us, and will be dealt with at some length. I hope he will respond to this question which I pose to myself within the rules of the Senate: I wonder if the Senator from Vermont, at the time he calls up his amendment to increase the compensation of Senators and Representatives to $20,000 a year, is at the same time going to suggest that we remove the prevailing $2,500 tax-exempt item?

Mr. FLANDERS. That would be expected. If it is not involved in the amendment as drafted, I am surprised. In other words, we fix a new salary for Senators and Representatives, and in that new salary we say nothing about the tax-free expense account. It might be necessary to add something to the bill to make sure. I should suppose that in the Senator's amendment he would do the same thing.

Mr. CAIN. One reason I ask the question is that the legislative counsel advises me that separate action would be required to remove the $2,500 tax-exempt item.

Mr. FLANDERS. Could not such a provision be put in the same amendment?

Mr. CAIN. It is so provided by subsection (b) of my amendment.

Mr. FLANDERS. I find that the removal provision is also included in my amendment.

Mr. CAIN. The Senator from Vermont and the Senator from Washington are certainly in agreement on removing that tax-exempt item; and we have suggested two different approaches in an effort to reach parity.

Mr. FLANDERS. Mr. President, with regard to the relationship between Cabinet salaries and legislative salaries, Cabinet salaries are as they were 15 or 20 years ago, while the salaries of Senators and Representatives have been increased since that time. So, so far as the 1948 dollar is concerned, Senators and Representatives have taken care of themselves but have not taken care of members of the Cabinet.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. CAIN. I yield.

Mr. WILEY. I wish to compliment the distinguished Senator from Washington on the very lucid statement he has made with regard to the salary situation. I did not rise to add to or detract from what he has said in that connection. When I entered the Chamber he was mentioning something which to me is very significant. He brought out the fact that there are those in Government and outside the Government who apparently continually have as an objective in their lives taking away from the legislative branch the very distinctive and powerful position it occupies in our form of government.

Lincoln said that the danger to the Government is from within. There are those among newspaper men, columnists, editorial writers, and members of the executive branch, and others in various places in our economy, who feel that it is their function continually to bore into and deteriorate some branch of Government. Those are factors which we must look out for. It is the old Hitler technique of divide and conquer.

In order to make it concrete, let me say that I am satisfied that the Senator from Washington feels that the distinction in salary may add to the pressure which is already apparent in some directions, to diminish or attempt to diminish the effectiveness of the legislative branch. I am satisfied that unless something is done to make plain to our people the significance of maintaining the legislative branch as the check and balance in Government, it will not be long before that branch of government loses the position it now occupies.

The Senator was speaking of salaries. There has been a change in world conditions and a change in our economy. At the time when salaries of Senators and Representatives were $10,000, we had a national income of $70,000,000,000. Today we have a national income of more than $200,000,000,000. If something is not done to reinstate in the confidence of the American people the significance and importance of the legislative branch, there is danger to the continuity of our Government.

I am very sorry at times to see even the Chief Executive take the position that it is his function to make remarks in relation to the legislative branch which have a very disintegrating effect. Personally I feel that under our concept of government, a tripartite arrangement under which the Executive performs administrative and executive functions, he could well stay in that field, and we in the legislative branch could well stay in our field. There should be criticism only when the executive or the legislative branch invades the field of the other. That has been my theory ever since I came to Washington.

I compliment the distinguished Senator from Washington because he has brought so clearly before us the importance of maintaining the legislative branch in all its integrity and vitality, in order that the Government may be preserved.

Mr. CAIN. Mr. President, I feel constrained to respond in very simple language to what the Senator from Wisconsin has just said. He has called attention to an old and very much overworked, but certainly an important idea. I believe with him that the Congress of this great Nation is the last best hope of mankind.

Mr. WILEY. The Senator is correct.

Mr. CAIN. Mr. President, I have submitted this amendment in good faith, because I am determined not to be a party in any way, shape, or form, to any movement which is likely to minimize the potential importance of the legislative branch of the Government in the eyes of the American people, for whom we all work. They send us here. We represent them as best we can. If there is to be a future worth living in, it will be because responsible and responsive men in such bodies as this enact legislation under

which adequate command and administrative and executive decisions can be made.

I certainly believe that the least the Senate will feel constrained to do is to devote several very dear hours to a rather thoughtful look at the substance of the idea which, without any pride of authorship, I have offered to the Senate.

Mr. President, I ask unanimous consent for permission to so perfect my amendment so that if the amendment prevails, and if the executive pay bill is passed, the salaries of both the executive branch heads and Members of Congress will take effect upon the passage of the legislation.

The PRESIDING OFFICER. The Senator has the right to modify his own amendment.

Mr. FLANDERS. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Vermont will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to add a new section, as follows:

SEC.—. (a) The compensation of Senators, Representatives in Congress (other than the Speaker), Delegates from the Territories, and the Resident Commissioner from Puerto Rico shall be at the rate of $20,000 each.

(b) Subsection (b) of section 601 of the Legislative Reorganization Act of 1946 is hereby repealed.

(c) This section shall take effect on the first day of the second regular session of the Eighty-first Congress.

Mr. FLANDERS. Mr. President, is it in order to consider my amendment at this time?

The PRESIDING OFFICER. It is in order.

Mr. FLANDERS. I should like to suggest the absence of a quorum previous to the discussion of my amendment.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator withhold his suggestion of the absence of a quorum for a moment?

Mr. FLANDERS. Certainly.

Mr. JOHNSTON of South Carolina. Does not the Senator think it would be better to discuss the bill first, and then take up the amendment?

Mr. FLANDERS. I will say to the Senator from South Carolina that there has been some question in my mind as to whether to speak on the bill or on the substitute amendment, to which what I have to say so largely applies. Since the Senator from South Carolina is in charge of the bill, I think it might be well for me to seek his advice.

Mr. JOHNSTON of South Carolina. I think it would be well to discuss the bill in general first, and then discuss the Senator's amendment.

The PRESIDING OFFICER. The amendment of the Senator from Vermont can still remain pending.

Mr. WILLIAMS. Mr. President, will the Senator from Vermont withhold his suggestion of the absence of a quorum for a moment longer?

Mr. FLANDERS. Certainly.

Mr. WILLIAMS. Do I correctly understand that the amendment just offered is an amendment to the bill itself?

Mr. FLANDERS. That is correct.

The PRESIDING OFFICER. It is an amendment to the committee amendment.

Mr. FLANDERS. It is an amendment to the committee amendment.

Mr. WILLIAMS. Would an amendment to the substitute be in order at this time?

The PRESIDING OFFICER. The substitute not yet having been proposed, such an amendment would not be in order at this time.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. FLANDERS. I yield to the Senator from Louisiana.

Mr. LONG. Would it not be in order for the Senator to offer his amendment to the substitute at such time as the substitute sponsored by approximately 30 Senators is offered? In the event the substitute is defeated, the bill will still be open to amendment, and the Senator could offer his amendment at that time.

The PRESIDING OFFICER. The Senator from Vermont may offer his amendment to either the bill or the substitute.

Mr. FLANDERS. As a matter of fact, Mr. President, I have two amendments, one in form to be offered to the bill, and one in form to be offered to the substitute. So I come with a gun in each hand, so to speak.

The PRESIDING OFFICER (Mr. ANDERSON in the chair). Both of them may be pending.

Mr. FLANDERS. Mr. President, I yield the floor to the Senator from South Carolina.

The PRESIDING OFFICER. Does the Senator from Vermont withdraw his suggestion of the absence of a quorum?

Mr. FLANDERS. I do, unless the Senator from South Carolina would like to have me renew it.

Mr. JOHNSTON of South Carolina. Mr. President, I think it best for the Senator from Vermont not to renew it at this time.

Mr. FLANDERS. Very well.

Mr. JOHNSTON of South Carolina. Mr. President——

The PRESIDING OFFICER (Mr. STENNIS in the chair). The Senator from South Carolina is recognized.

Mr. JOHNSTON of South Carolina. Mr. President, the task before us in considering House bill 1689, a bill which would increase the compensation of the top-level Federal officials, is a significant one. Through its passage, this Congress can make a lasting contribution to the cause of better, more efficient Government. For the first time it will provide the Federal Government with an equitable and realistic pay scale for the men charged with the grave responsibility of operating the largest and most challenging enterprises in the world today.

The President has summarized the need for this measure in his message to Congress:

In recent years the difficulty of obtaining and holding the best qualified citizens for official positions has definitely impaired the Government service. This condition has now progressed to the point where it constitutes a serious threat to the efficiency of the Government.

Mr. President, we should not allow this situation to continue. The grave responsibilities we have undertaken in the postwar world and the resulting impact of governmental programs and expenditures upon our national life make it imperative that we take every necessary step to make available to Government the best possible administrative and managerial talent and leadership. There are approximately 240 of these top executive positions. Most of them are filled by men appointed by the President and confirmed by the Senate.

As a result of half a century of piecemeal legislation, the pay structure for the top positions in the Federal establishment is chaotic. Until now there has been no attempt to analyze, review, and adjust these salaries on a coordinated basis. While the Federal Government has paid little or no attention to the compensation of its executives, American business has forged ahead in establishing realistic and equitable pay scales for its top managers. Increasingly, planned executive compensation has been substituted for guesswork or for systems that have grown "like Topsy."

Comparing the compensation received by Federal and other executives, both public and private, immediately dramatizes the issue. It is almost embarrassing to compare top Government salaries with top salaries in comparable positions in industry or even with salaries in other levels of Government service. Representative industrial corporations, both large and small, pay their presidents from three to six times the $15,000 salaries received by our Cabinet officers.

It is both surprising and shocking to find that salaries for comparable positions in State and local governments are in many cases considerably higher than those paid to top Federal executives. In the State of New York, for example, the attorney general and State auditor receive $20,000 annually, each. The budget or finance officer receives $16,500; the secretary of state, $15,000; and the superintendent of public works and buildings, $17,500.

In the field of municipal government the contrast is equally striking. In 12 of our largest cities, 46 officials make more than $15,000, our Cabinet level rate of pay. In New York City alone eight city officials, including the mayor, receive annually $20,000 or more in salary. Six city managers of cities of between 250,000 and 500,000 population receive salaries averaging $19,000.

When top Federal jobs are compared to jobs in private enterprise, the salary discrepancy becomes even more apparent. One illustration that has been used is the case of the Administrator of Veterans' Affairs. This official is responsible for programs affecting 19,000,000 veterans and for a management job involving more than 200,000 employees and annual expenditures of nearly $7,000,000,000. A hospital program 100 times

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greater than that of the Mayo Clinic is only one of his responsibilities. Another is the administration of an insurance program as large as that of the Metropolitan Life Insurance Co., probably the largest in the Nation. For these and other responsibilities, the greatest government on earth pays a mere $12,000.

There can be no question that these top Federal positions are among the biggest and most responsible in the country today. The welfare and security of our Nation and the best interest of our people demand that the Government be able to recruit and retain in these positions men who are as broad-gaged, driving, and able as any to be found. Yet, in the face of these facts, the Government in competing for these top-bracket people, for which the labor market is always tight, in most instances has salaries of only $10,000 a year to offer.

All of us recognize, of course, that our Government cannot compete dollar for dollar with private enterprise. There is no question that there are other compensating factors which must be considered. Not the least of these is the deep satisfaction which comes from public service. Federal service offers rare opportunities for service to the Nation, prestige, and a stimulating challenge to initiative and resourcefulness. Yet it is short-sighted policy and poor economy to maintain a pay structure which requires that Federal officials either have independent incomes or make undue sacrifices to remain in public service. That is the issue which faces us today.

Mr. President, how much should an able man have to sacrifice, how much should he be penalized for remaining in public service? It is shocking to think that this Government imposes a penalty for public service. Yet that is the effect of inadequate salaries. It is a matter of fact that too often those choosing to remain in public service or those entering public service at such levels have been forced to dig deeply and dangerously into their life savings in order to stay on.

Furthermore, our pay structure today is fraught with inequities arising from unplanned and piecemeal legislation over the years. A cursory examination will show how obsolete our structure has become. Many of our top salaries were set years ago, and adjustments which would place them in their proper relationship to competing salaries elsewhere have not been made. To illustrate this, I point out the Cabinet salary was established in 1925. Some salaries, such as those for the Federal Trade Commissioners, were established as far back as 1914. Again using the Veterans' Administrator as an example, his salary was established in 1930. Since then the veteran load has increased from $4,000,000 to $19,000,000, and new veteran legislation, undreamed of in prewar days, has been enacted.

These are only a few illustrations of our failure to review periodically the responsibilities and duties of our top officials so as to assure ourselves that the salaries paid them are reasonable. It is a fact that comprehensive and over-all consideration has never in our Nation's history been given to the problem of the pay of top officials. It can be the historic privilege of this Congress to enact legislation eliminating the bewildering and illogical maze of pay relationships and establishing adequate salaries for our top executives. This action would also provide a basis for an intelligent revision of the Classification Act, which we are to consider following our disposition of the pending measure. By increasing the salaries of agency heads, this bill will make possible the fixing of higher maximum salaries for some key subordinates, such as the bureau chiefs, whose salaries will be fixed under the Classification Act.

The bill, H. R. 1689, which we have before us for consideration, was reported favorably by the Senate Post Office and Civil Service Committee on August 9, after long and thorough consideration of the problem. The top-pay problem has been studied for a year and a half by a subcommittee of the Post Office and Civil Service Committee, composed of our distinguished colleagues, the Senator from Vermont [Mr. FLANDERS], the Senator from Connecticut [Mr. BALDWIN], and the Senator from Maryland [Mr. O'CONOR].

Extensive hearings were held by the subcommittee in December 1948, and as a result Senate bill 103 was introduced by the distinguished senior Senator from Illinois. To assure passage of the bill before January 20, S. 103 was amended on the Senate floor, limiting the bill to increases in compensation for the President, the Vice President, and the Speaker of the House of Representatives. The unenacted portions of S. 103 were then introduced by the Senator from Illinois [Mr. LUCAS] as S. 498, which was favorably reported by the full Post Office and Civil Service Committee on March 18, 1949.

House bill 1689, as recommended by the committee, differs from S. 498 principally in the proposed coverage of positions and the proposed rates of pay.

Concerning the position coverage, the situation is this: S. 498 proposed to fix the rates of pay for certain bureau-chief positions. This was also true of H. R. 1689 as passed by the House. In this connection, the committee reexamined the question of covering positions other than those of heads and assistant heads of agencies. As stated in its report on H. R. 1689:

> The committee has evaluated all information available to it as a result of the long study made of the salaries of top Government officials. It is unanimous in its conclusion that its original recommendation to limit the coverage of a bill to increase the salaries of top executives to those whose responsibilities included the making of policy decisions was sound.

While there are many responsible positions below the policy-making level, the committee is of the opinion that the rates of pay for these positions should be fixed under the provisions of the Classification Act. This will assure the Congress that the rates of pay fixed for such positions are fair in the light of the responsibilities attached to them. For the Congress to study each of the several hundred positions at this level and determine the relative responsibility involved, let alone agree in committee on a fair rate of pay for each of them, would be an impossible task. Therefore, no attempt has been made to deal with the additional 3,000 positions paying $9,975 and above, originally studied by the committee, which recommended that pay rates for positions below the level of the heads or assistant heads of executive departments and agencies be fixed under the Classification Act.

The proposals contained in Senate bill 2379, now on the Senate Calendar for consideration, would increase the maximum salary under the Classification system to $15,000, which will make possible the fixing of that rate of pay for positions of bureau-chief level where the immediate responsibilities justify it.

It is the highest obligation of this Congress to provide our President with all the tools necessary to carry out his responsibilities for managing and directing the executive branch as efficiently as possible.

There is solid support for taking favorable action on the pending bill and the principles it embodies. H. R. 1689, as amended, represents the best judgment of the Senate Post Office and Civil Service Committee. The principles it embodies are consistent with the recommendations of the President and spokesmen from the Executive Office, other representatives of the executive branch, the Hoover Commission, competent persons from private industry, and representatives of various employee organizations.

In his request to the Congress, the President asked for speedy action to increase the salaries of top officials. He also indicated what he considered to be a fair salary scale for the positions. He proposed salaries ranging from $17,500 to $22,500 for heads and assistant heads of the independent agencies, boards, and commissions, and $25,000 for Cabinet positions.

Most of the salaries provided by H. R. 1689 are lower than those specified by the President. While the passage of H. R. 1689 will not meet precisely the President's specifications, the committee believes the salaries provided are reasonable and consistent with the aims of the President in requesting the increases mentioned. Most important of all, salaries of the caliber provided for in H. R. 1689, as amended, will not require unreasonable sacrifices on the part of persons wishing to serve the Government.

I am sure the President appreciates the problems facing the Congress in considering legislation of this kind. I am also certain he will feel that the Senate has taken an important step forward in passing House bill 1689, as amended.

In recent years Congress itself has repeatedly recognized the need for higher pay, if we are to attract and keep in Government our ablest citizens by establishing at higher levels the salaries for the top executive positions in many of

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our newly created agencies. For example, the position now held by ECA Administrator Hoffman was established at $20,000 over a year ago. That held by David Lilienthal as Chairman of the Atomic Energy Commission was established at $17,500 some 3 years ago.

Advances have also been made on a piecemeal basis with respect to other special jobs in particular agencies.

While each of these moves was a necessary step, the fact that each case was considered separately, rather than on a coordinated basis, has produced the inequities already mentioned.

Unless action is taken on the whole top-level pay problem as proposed in House bill 1689, as amended, the salary structure of the entire Federal Government will become increasingly outdated and inadequate. The Congress must establish a pay system for all levels in the Federal service, based on the relative responsibilities and importance of the various positions. Passage of House bill 1689, as amended, would accomplish this purpose and provide a sound basis for all subsequent action by the Congress with respect to this question.

It is surely a special responsibility of the Congress to take action of this kind, for, after all, it is the Congress which has often been the severest critic of the executive branch. We have time and again pointed out examples of extravagance and inefficiency. We ourselves must share the blame if we deny to the President and his administration the power to secure and keep the caliber of men needed to manage with full effectiveness the Government of the United States.

Considering the vital importance of this group of jobs to the effectiveness of the Federal Government as a whole, it is encouraging to note that the costs of pay increases necessary to correct the present situation are small when compared to the benefits which will accrue over the years. It is estimated that increasing the compensation of the approximately 240 top-bracket positions covered in the bill will cost $1,240,000 annually.

In the opinion of those who have studied the problem, the costs involved in not taking the steps provided for in this bill are many times greater than the outlays required to implement it. There is the general cost to our society, if our Government is not fully effective in view of the tremendous role it must play in these times. The cost of losing our most able administrators and the ensuing costs when we are not able to fill the vacated jobs with equivalent talent is heavy. There are the great and unfortunate costs which occur when we lose individuals who have gained experience just at the time when they were ready to be most useful. Finally, there is involved the whole problem of recruiting talented young people. The losses in training costs and future effectiveness are great when we fail to attract our most able young men and women because of an unattractive top-level salary scale.

Mr. President, I should like to invite the Senate's attention at this time to some statistics. I have two exhibits. The first one is a statement of the comparative purchasing power of a $10,000 salary income for a married man, his wife, and two children, for the 10-year period 1939 through 1948. It will be noted, from a glance at this exhibit, that a $10,000 salary in 1939 was taxed $343, so that after taxes the man had $9,657, which had a purchasing power of $9,657.

In 1948, on the same salary, he paid taxes amounting to $1,264.16. The balance, after taxes, was $8,735.84. The dollar valuation had decreased to 58.1 percent, which gave him a purchasing power of only $5,075.52.

It will be found that for a single man, receiving a $10,000 salary for the 10-year period from 1939 through 1948, the taxes were greater.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks the two exhibits to which I have referred.

There being no objection, the exhibits were ordered to be printed in the RECORD, as follows:

Comparative purchasing power of $10,000 salary for the 10-year period, 1939 through 1948

MARRIED MAN, WIFE, AND TWO CHILDREN

Calendar year	Salary income	Federal income tax	Balance after tax	Percent dollar value [1]	Purchasing power
1939	$10,000	$343.00	$9,657.00	100.0	$9,657.00
1940	10,000	400.00	9,600.00	99.2	9,523.20
1941	10,000	1,117.00	8,883.00	94.5	8,394.44
1942	10,000	[2] 1,914.00	8,086.00	85.3	6,897.35
1943	10,000	2,175.53	7,824.47	80.4	6,290.87
1944	10,000	2,020.00	7,980.00	79.2	6,320.16
1945	10,000	2,020.00	7,980.00	77.4	6,176.52
1946	10,000	1,719.50	8,280.50	71.4	5,912.28
1947	10,000	1,719.50	8,280.50	62.4	5,167.03
1948	10,000	1,264.16	8,735.84	58.1	5,075.52
Average, 10 years	10,000	1,469.27	8,530.73	81.4	6,941.44
Suggested increase to produce 10-year average purchasing power	14,000	2,100.00	11,900.00	58.0	[3] 6,900.00
Suggested increase to produce 1939 value purchasing power	20,400	3,800.00	16,600.00	58.0	[3] 9,600.00

SINGLE MAN

Calendar year	Salary income	Federal income tax	Balance after tax	Percent dollar value [1]	Purchasing power
1939	$10,000	$480.00	$9,520.00	100.0	$9,520.00
1940	10,000	520.00	9,480.00	99.2	9,404.16
1941	10,000	1,492.50	8,507.50	94.5	8,039.59
1942	10,000	[2] 2,390.00	7,610.00	85.3	6,491.33
1943	10,000	2,741.60	7,258.40	80.4	5,835.75
1944	10,000	2,570.00	7,430.00	79.2	5,884.56
1945	10,000	2,570.00	7,430.00	77.4	5,750.82
1946	10,000	2,185.00	7,815.00	71.4	5,579.91
1947	10,000	2,185.00	7,815.00	62.4	4,876.56
1948	10,000	2,152.70	7,847.30	58.1	4,559.28
Average 10 years	10,000	1,928.68	8,071.32	81.7	6,594.20
Suggested increase to produce 10-year average purchasing power	15,000	3,700.00	11,300.00	[3] 58.0	6,600.00
Suggested increase to produce 1939 value purchasing power	24,600	8,200.00	16,400.00	58.0	9,500.00

[1] Dollar value obtained from Bureau of Labor Statistics.
[2] 75 percent of tax relieved in 1943, placing taxpayer on pay-as-you-go plan.
[3] These figures adjusted to nearest even $100.

Mr. JOHNSTON of South Carolina. Mr. President, in closing, the implication of this bill which is most important should be spoken of. This is a bill which can make a very significant contribution toward preserving and actually toughening the fibers of our democracy. We want for these positions men who are equipped by capacity and experience to serve, rather than those who can afford financially to do so. For if we fail to provide financial returns sufficient to attract the able men who are not independently wealthy, we shall be forced to limit top appointments to those having private fortunes. We have been forced to depend too often in the past on wealthy men. It is not that we have failed to secure in many cases the highest, most public-interest-motivated service from such men. It is the fact that leadership drawn exclusively from a financial elite is incompatible with our democratic system.

If we in the Congress truly believe in the principle that men should have the opportunity to rise to the highest positions which their ability will permit, it is our responsibility to provide a realistic pay scale, which will allow Government to compete on a reasonable basis for its personnel with all other enterprise.

Mr. JOHNSTON of South Carolina subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks some figures showing the salaries paid to Members of Congress over a period of years in the past, and the salaries paid to Cabinet members.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

	Per day
Members of Congress:	
Until 1817	$6
1817–55	8
	Per annum
1855–65	$3,000
1865–1907	5,000
1907–25	7,500
1925–47	10,000
1947–present	12,500
Cabinet:	
1817–53	[1]
1853–73	8,000
1873–74	10,000
1874–1907	8,000
1907–25	12,000
1925–present	15,000

[1] No uniformity (not more than $3,000).

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Vermont [Mr. FLANDERS] to the committee substitute.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. McCLELLAN. I should like to get clear in my mind how much the bill as reported by the Senate committee will increase the annual cost of government.

Mr. JOHNSTON of South Carolina. It will increase it $1,242,000 annually.

Mr. McCLELLAN. How does that compare with the increases contained in the bill as it passed the House?

Mr. JOHNSTON of South Carolina. Under the House bill costs would be increased $1,254,000.

Mr. McCLELLAN. So that the Senate version increases the cost of government a little less than the House version of the bill?

Mr. JOHNSTON of South Carolina. The Senate bill is slightly lower. The bill as passed by the House increases Government costs $1,254,667.20. As proposed by the Senate committee, the increase is $1,242,426.20.

Mr. McCLELLAN. So, the Senate figure is about $12,000 less than the House figure?

Mr. JOHNSTON of South Carolina. The Senate committee figure is about $12,000 less than the figure in the bill as it passed the House.

Mr. McCLELLAN. I do not know whether the Senator is familiar with the amendment in the nature of a substitute, but I should like to know what the pending amendment in the nature of a substitute will increase the cost of government.

Mr. JOHNSTON of South Carolina. We have not fully analyzed the Senator's amendment, but the cost would be considerably less.

Mr. McCLELLAN. It is not my amendment; it is an amendment sponsored by some 30 Senators.

Mr. LONG. Mr. President, will the Senator yield on that point?

Mr. McCLELLAN. Perhaps the Senator from Colorado can give us the answer.

Mr. JOHNSON of Colorado. Our best estimate is that the substitute would cost $1,000,000, which would be $254,000 less than the House bill figure, and $242,000 less than the Senate committee bill.

Mr. JOHNSTON of South Carolina. That seems to be pretty well in line. We have not analyzed it.

Mr. JOHNSON of Colorado. That is an estimate.

Mr. LONG. Mr. President, from the best calculation I have been able to work out, the substitute offered by the Senator from Colorado would reduce the gross amount by about half a million dollars, from $1,200,000 to about $700,000.

Mr. WHERRY. Mr. President, in order to have the RECORD straight, what is the total amount of increase of the appropriation in the bill as it passed the House?

Mr. JOHNSTON of South Carolina. The increase in the bill as it passed the House is $1,254,667.20.

Mr. WHERRY. What is the increase in the Senate committee bill—the one which the distinguished Senator is now discussing?

Mr. JOHNSTON of South Carolina. The increase in the Senate committee bill is $1,242,426.20.

Mr. WHERRY. What is the increase in the substitut bill?

Mr. JOHNSTON of South Carolina. No one knows exactly. Some of the authors say it increases the amount by at least a quarter of a million dollars, but, personally, I would think it would be a little more than that.

Mr. JOHNSON of Colorado. A quarter of a million dollars is a very conservative estimate.

Mr. WHERRY. So that the net amount would be about $750,000?

Mr. JOHNSON of Colorado. Between $750,000 and $1,000,000.

Mr. WHERRY. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont [Mr. FLANDERS] to the committee substitute.

Mr. JOHNSON of Colorado obtained the floor.

Mr. LONG. Mr. President, will the Senator from Colorado yield for a question?

Mr. JOHNSON of Colorado. I yield to the Senator from Louisiana.

Mr. LONG. It is my understanding that the Senator from Colorado proposes to offer a substitute to the committee amendment, and I shall ask unanimous consent that the substitute be considered before the perfecting amendments to the committee amendment, and that in the event the substitute shall be adopted, the substitute then be open to perfecting amendments from the floor.

The PRESIDING OFFICER. Is there objection?

Mr. WHERRY. The substitute would be an amendment to the committee amendment, would it not? A parliamentary inquiry. If the substitute is an amendment to the committee amendment, then there can be no doubt about amendments being offered in the second degree and being permitted.

The PRESIDING OFFICER. The substitute is offered from the floor in lieu of the committee substitute. Is that correct?

Mr. JOHNSON of Colorado. My understanding of the parliamentary situation is that if the substitute bill is offered and adopted, it cannot then be amended.

The PRESIDING OFFICER. Under the general procedure, that is correct.

Mr. JOHNSON of Colorado. What we are asking is that the substitute amendment to the committee amendment be agreed to, and that we have unanimous consent to perfect it after it has been agreed to, contrary to the regular rule.

Mr. WHERRY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. Is not a substitute amendment, before it is substituted for the committee amendment, open to amendment?

Mr. JOHNSON of Colorado. Yes.

Mr. WHERRY. Why can we not proceed on that basis, and when the substitute is perfected, offer it as a substitute for the committee amendment? Then no Senator will be foreclosed from offering an amendment to the substitute.

The PRESIDING OFFICER. That is the regular procedure.

Mr. WHERRY. I do not want in any way to obstruct, I want to cooperate 100 percent with the distinguished Senator from Colorado. If there is some consideration different from what I have stated, I should like to know it.

Mr. LONG. May I explain my request for unanimous consent?

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. There are many amendments which have been offered to the committee amendment. The entire bill is in the nature of a committee amendment to a House bill. It would be a useless waste of time for us to vote on all these amendments and perfect the committee amendment only to find the substitute adopted. If the substitute should be defeated, the committee amendment would once again be open to amendment, and all amendments could be voted on. On the other hand, it would likewise be a useless waste of time for us to debate amendments to the substitute only to see the substitute defeated. Therefore, in order to save the time of the Senate, I ask that the substitute be considered prior to the perfecting amendments to the committee amendment, and then if the substitute is adopted, that it then be open to amendments of a perfecting nature.

The PRESIDING OFFICER. Is there objection?

Mr. McCLELLAN. Reserving the right to object——

Mr. JOHNSON of Colorado. Mr. President, the point is, as the Senator from Louisiana has pointed out, that it seems to us that it would clarify everything if we could find out what the main bill is on which we are working. There are a great many amendments, and we do not want to foreclose any of them. We do not want to shut out any amendment or the consideration of any amendment. The difficulty is that we are dealing with a double-headed animal, and we do not know which head is going finally to prevail. If we can determine whether the substitute or the committee amendment is to be the bill, it seems to me it will help everyone having amendments, if he can offer them to the bill which will finally be adopted.

Mr. McCLELLAN. Mr. President, I wish to make the observation that I have no objection personally to the procedure which has been suggested, but the parliamentary situation was clarified this morning with reference to amendments being offered. The unanimous-consent agreement would permit the substitute to be adopted, and if the majority of the Senate adopted it, we would be working on one bill. I have no objection to that except it has occurred to me that a number of Senators who may have amendments to offer, are absent from the Senate Chamber. They are not here to take part in deciding what the Senate should do.

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Mr. JOHNSON of Colorado. Let me say, Mr. President, that they would be protected.

Mr. McCLELLAN. I have no objection——

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. JOHNSTON of South Carolina. I should like to have included in the request that if any Senator has an amendment on the desk, he will be permitted to offer it to the substitute, if the substitute be adopted. That would protect the rights of Senators who have amendments at the desk.

The PRESIDING OFFICER. The Chair rules that such an amendment could be offered to either the substitute or to the committee amendment.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. WHERRY. I want the unanimous-consent request to include the provision that if the proposed procedure is followed, amendments may be offered to the substitute; and that if the proposal to adopt the substitute does not prevail, the amendments may be offered to the committee amendment. That is, that amendments may be offered to whichever of the two should be adopted.

Mr. JOHNSON of Colorado. That is the purpose of the request.

Mr. LONG. That is the effect of the request; that at no stage shall any Senator be shut off from offering his amendments to whatever happens to be before the Senate, whether it be the substitute or the committee amendment.

The PRESIDING OFFICER. Of course, the Senate understands that if the Johnson substitute should be adopted that disposes of the committee amendment. That is the way the Chair understands it.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. WHERRY. It is the understanding of the minority leader that if the substitute prevails it will be open and subject to amendment as if it were the committee bill itself.

The PRESIDING OFFICER. Yes; that is correct.

Mr. WHERRY. So no Senator would be foreclosed either if the substitute prevails or if the committee amendment prevails; amendments can be offered to either one which prevails, and no Senator will be shut off from offering amendments.

Mr. McCARTHY. Mr. President, will the Senator yield to me?

Mr. JOHNSON of Colorado. I yield.

Mr. McCARTHY. I wish to see if I am correct in my understanding of the situation. Normally, under the rule, after a substitute is offered and accepted, it being an entire substitute measure, no more amendments can be offered. The effect of the unanimous-consent request is that Senators be given opportunity to offer amendments to the substitute and that no Senator's right to offer amendments shall be cut off by entering into the unanimous-consent agreement.

Mr. JOHNSON of Colorado. As I understand the situation, if my substitute is adopted by the Senate, then, under the rule, no amendment can be offered to it. We want to reverse that situation and leave the substitute open to amendment.

Mr. McCARTHY. The request also provides that if the Senator's substitute is not adopted, then the committee amendment will be open to amendment.

Mr. JOHNSON of Colorado. Yes. That is so under the Senate rule.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request that the Johnson substitute be open to amendment in the event it is agreed to?

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. WILLIAMS. I understand that if the request is agreed to, a motion to recommit the bill would be in order at any time?

The PRESIDING OFFICER. Yes. That is always in order. Is there objection to the unanimous-consent request?

Mr. WHERRY. Mr. President, reserving the right to object, I wish to say that any other applicable motion would be in order. I want to say now for the benefit of the distinguished Senator from Delaware that the unanimous-consent request includes the provision that if, prior to the time of taking the vote, a motion to recommit is made, it will be in order.

The PRESIDING OFFICER. The Chair so understands. Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Colorado. Mr. President, I desire to call up the amendment in the nature of a substitute offered by me on behalf of myself and other Senators, and I ask that it be stated.

The PRESIDING OFFICER (Mr. MAGNUSON in the chair). The amendment will be stated. The Chair suggests to the Senator from Colorado that perhaps he would rather have the substitute printed in the RECORD in full without reading.

Mr. JOHNSON of Colorado. I would just as soon have the substitute read. It is not too long.

The PRESIDING OFFICER. The amendment in the nature of a substitute offered by the Senator from Colorado [Mr. JOHNSON] for himself and other Senators will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and insert in lieu thereof the following:

That the rate of basic compensation of the head of each executive department and of the Secretary of Defense shall be $22,500 per annum; the rate of basic compensation of the Under Secretary of Defense shall be $20,000 per annum.

SEC. 2. (a) Section 105 of title 3 of the United States Code is amended to read as follows:

"COMPENSATION OF SECRETARIES AND EXECUTIVE, ADMINISTRATIVE, AND STAFF ASSISTANTS TO PRESIDENT

"§ 105. The President is authorized to fix the compensation of the six administrative assistants authorized to be appointed under section 106 of this title, of the Executive Secretary of the National Security Council, and of five other secretaries or other immediate staff assistants in the White House Office as follows: Two at rates not exceeding $20,000 per annum, three at rates not exceeding $18,000 per annum, and seven at rates not exceeding $15,000 per annum."

(b) The first sentence of section 106 of title 3 of the United States Code is amended to read as follows——

Mr. BRIDGES. Mr. President, I should like to make an inquiry.

The PRESIDING OFFICER. What is the purpose of the Senator's inquiry?

Mr. BRIDGES. In the reading of the amendment the distinguished Senator from Delaware and I noted that the clerk read language which is not contained in the printed substitute we have. Is that correct?

Mr. JOHNSON of Colorado. There are a few perfecting amendments.

The PRESIDING OFFICER. The Chair will state that the clerk is reading the amendment in the nature of a substitute offered by the Senator from Colorado. The Chair does not know whether the substitute which the clerk is reading is the same as the printed substitute in the hands of Senators.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. Is not the question of the distinguished Senator from New Hampshire in order, as to whether the language of the substitute being read by the clerk is different from the language of the printed substitute?

The PRESIDING OFFICER. It is in order for the Senator from New Hampshire to ask the question he did. The clerk will continue to read.

The legislative clerk resumed and concluded reading the amendment, as follows:

"The President is authorized to appoint not to exceed six administrative assistants and to fix their compensation in accordance with section 105 of this title."

(c) The rate of compensation of the Chief of Staff of the Joint Committee on Internal Revenue Taxation shall be $15,000 per annum.

SEC. 3. (a) The rate of basic compensation of the Comptroller General of the United States, the Director of the Bureau of the Budget, the Chairman of the National Security Resources Board, the Federal Security Administrator, the Administrator of Veterans' Affairs, the Administrator of General Services, the Deputy Under Secretaries of State, each under secretary of an executive department, the Assistant to the Attorney General, the Solicitor General of the United States, the First Assistant Postmaster General, the Chairman of the Munitions Board, the Chairman of the Research and Development Board, the Public Printer, the Librarian of Congress, the Director of Central Intelligence, the Federal Mediation and Conciliation Director, the Director of the Federal Bureau of Investigation, the Director of Aeronautical Research of the National Advisory Committee for Aeronautics, the members of the Civil Aeronautics Board, the administrator of Civil Aeronautics, the members of the Federal Communications Commission, the members of the Federal Power Commission, the members of the Federal Trade Commission, the members of the Interstate Commerce Commission, the members of the National Labor Relations Board, the

members of the National Mediation Board, the members of the Railroad Retirement Board, the members of the Securities and Exchange Commission, the members of the Board of Directors of the Tennessee Valley Authority, the members of the Civil Service Commission, the members of the United States Tariff Commission, the General Counsel of the National Labor Relations Board, the Architect of the Capitol, each assistant secretary of an executive department (including the Fiscal Assistant Secretary of the Treasury), each Assistant Attorney General, the Counselor of the Department of State, the Philippine Alien Property Administrator, members of the Board of Directors of the Export-Import Bank of Washington, members of the Board of Directors of the Reconstruction Finance Corporation, members of the United States Maritime Commission, the Governors of Alaska, Hawaii, the Virgin Islands, and the Panama Canal, the Commissioner of Internal Revenue, the Commissioner of Public Roads, Administrator, Rural Electrification Administration, the three special assistants to the Secretary of Defense, shall be at the rate of $15,000 per annum.

(b) The first sentence of section 603 of title 28 of the United States Code (relating to the salary of the Director of the Administrative Office of the United States Courts) is amended to read as follows:

"The Director shall receive a salary of $15,000 a year."

SEC. 4. (a) The rate of basic compensation of the Assistant Comptroller General; the Assistant Director of the Bureau of the Budget; the Deputy Administrator of Veterans' Affairs; the Assistant Federal Security Administrator; the Deputy Administrator of General Services; the Housing Expediter; the Director of Selective Service; the Assistant Architect of the Capitol; members of the Displaced Persons Commission; members of the Indian Claims Commission; members of the War Claims Commission; members of the Philippine War Damage Commission; the Assistant Solicitor General of the United States; the Second, Third, and Fourth Assistant Postmaster General; the Associate Federal Mediation and Conciliation Director; the Deputy Director of Central Intelligence; the Chief Assistant Librarian of Congress; the Deputy Public Printer; the Commissioners of the United States Court of Claims; the Archivist of the United States; the Administrator, Production and Marketing Administration; the Director of the Bureau of Prisons; the Commissioner of Public Buildings; the Commissioner of Community Facilities; the Commissioner of Immigration and Naturalization; the Commissioner for Social Security; the Commissioner of Reclamation; the Chief, Soil Conservation Service; the Commissioner of Customs; the Commissioner of Narcotics; the Governor of the Farm Credit Administration; the Chief Forester of the Forest Service; the Administrator of the Farmers Home Administration; the Manager of the Federal Crop Insurance Corporation; and the Director of the Bureau of Federal Supply, shall be at the rate of $14,000 per annum.

(b) The second sentence of section 603 of title 28 of the United States Code (relating to the compensation of the Assistant Director of the Administrative Office of the United States Courts) is amended to read as follows: "The Assistant Director shall receive a salary of $14,000 a year."

(c) The rate of compensation of the Legislative Counsel of the House of Representatives and of the Legislative Counsel of the Senate shall be $12,000 per annum.

SEC. 5. Except as provided in the first section and in section 2, nothing contained in this act shall be construed to increase by more than 50 percent the rate of basic compensation of any office or position, or to increase any such rate to an amount in excess of $15,000 per annum.

SEC. 6. The applicable appropriations for the fiscal year ending June 30, 1950, shall be available for payment of the compensation at the rate established for any position by or pursuant to this act unless it is specifically provided that such appropriation shall not be available for such purpose.

SEC. 7. This act shall take effect on the first day of the first pay period which begins after the date of enactment of this act.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. BRIDGES. I should like to ask the distinguished Senator from Colorado if he will indicate to the Senate the differences between the substitute as read by the clerk and the printed substitute which is in the possession of Senators. I point out to the distinguished Senator from Colorado that as I understood the reading of the substitute it referred to the Under Secretary of Defense. I believe that should be the Deputy Secretary of Defense in the final wording of the bill.

Mr. JOHNSON of Colorado. The Senator is correct. It should be the Deputy Secretary of Defense instead of the Under Secretary of Defense.

The PRESIDING OFFICER. Without objection, the clerks will be authorized to change the word "Under" to the word "Deputy."

Mr. JOHNSON of Colorado. That is the correct title.

Mr. President, I shall read the changes in the substitute, if Senators will follow their copies.

On page 2, line 3, change the period to a semicolon after the words "per annum" and add these words:

The rate of basic compensation of the Deputy Secretary of Defense shall be $20,000.

On page 2, between lines 20 and 21, add the following new paragraph:

(c) The rate of compensation of the Chief of Staff of the Joint Committee on Internal Revenue Taxation shall be $15,000 per annum.

On page 3, line 1, after the comma following "Services" this language is inserted:

The Deputy Under Secretaries of State.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. WHERRY. Is that in the singular or plural? Is it "Secretaries" or "Secretary"?

Mr. JOHNSON of Colorado. "Under Secretaries."

Mr. WHERRY. It is in the plural.

Mr. JOHNSON of Colorado. Yes.

On page 4, line 21, the language "the Deputy Under Secretaries of State" is stricken out.

Those are the only changes in the substitute.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. WILLIAMS. It is my understanding that an amendment to the substitute would be in order at this time.

The PRESIDING OFFICER. The Chair will say to the Senator from Delaware that the substitute has not yet been voted upon. An amendment to the committee amendment is in order. If the Senator merely wishes to present his amendment and have it lie on the table, that may be done. By unanimous consent it has been agreed by the Senate that amendments to either the substitute or the bill, depending upon which prevails, will be in order.

Mr. WILLIAMS. Either before or after?

The PRESIDING OFFICER. Either before or after.

Mr. WILLIAMS. I send to the desk an amendment to the substitute.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. McFARLAND. It was my understanding that we were to vote on the substitute first, and that no amendments were to be offered before the vote on the substitute. Then, after the vote on the substitute, if the substitute prevails, amendments may be offered to the substitute. If the substitute should not prevail, amendments could be offered to the committee amendment. It was the unanimous-consent agreement, as I understood it, that no amendments were to be offered until after the vote.

The PRESIDING OFFICER. The Senator from Arizona is correct. The Chair understood that the Senator from Delaware merely wishes to present his amendment and have it lie on the table until the substitute offered by the Senator from Colorado [Mr. JOHNSON] is disposed of.

Mr. WILLIAMS. That is perfectly satisfactory to me.

The PRESIDING OFFICER. The amendment offered by the Senator from Delaware will be received and lie on the table.

Mr. JOHNSON of Colorado. Mr. President, as we all very well understand, legislation is a matter of compromise, resolving differences between us and trying to arrive at something which is satisfactory to the majority.

In connection with this executive pay bill for the Federal Government service, we found great controversy in regard to the amount of the salaries which should be paid. Different schools of thought and many different ideas prevail and have prevailed among Senators. There was, and is now, a group of Senators who feel that the bill should be recommitted to the Committee on Expenditures in the Executive Departments.

The pending bill was more or less brought forth by the Hoover Commission. The Senate Committee on Expenditures in the Executive Departments, headed by the very able senior Senator from Arkansas [Mr. MCCLELLAN], as chairman, has considered all the Hoover Commission's proposals on this subject. The committee has gone over them backwards and forwards. Since this subject was dealt with by one of the proposals of the Hoover Commission, there are a great many Senators who believe that committee should go over the salary list and the proposed salary expenditures provided by the Hoover Commission report, and should submit a report to the

Senate. There is no question at all that the Senate Committee on Post Office and Civil Service has a legal right to report the bill; there cannot be any question at all about that, for the rule is explicit on that point. But inasmuch as the Hoover Commission had made a proposal on this subject, it was felt that an exception should be made in regard to the reference of the bill, and that the Senate Committee on Expenditures in the Executive Departments should have some voice in the matter. So, Mr. President, there was, and still is, a large group of Senators who feel that a matter of the importance of this measure should be referred to that committee for its review and recommendations.

Mr. President, we now are drawing, we hope, to the close of the present session; we hope this session of Congress will not continue for more than a few weeks longer, at the most. So it is evident that bills which are recommitted at this time, for further study and consideration, may be going to a graveyard, so far as the possibilities of having them acted on by the Congress at the present session are concerned.

There are a great many Senators who feel that Congress should increase the pay in many of the categories of positions in the executive departments. So there was some objection to having the bill recommitted, so that it would again be before the committee, perhaps for so long a period of time that no legislation at all on the subject would be enacted at this session. So we were able to work out what we regard as a compromise.

I think most Senators feel that in many cases the executive departments are badly underpaid. Certainly that is my feeling; I believe that increases in salaries should be made. However, in my opinion we should be very careful not to overdo the increase in salaries, particularly at a time when our budget is not balanced, and at a time when it seems quite likely that for this fiscal year we shall have a deficit of perhaps $8,000,000,000. So it seems that we should go very slowly in respect to this matter.

Furthermore, we know that a demand for a fourth round of wage increases is sweeping the country at the present time. In that connection, there is considerable unrest among the workingmen and the labor organizations in the United States. None of them are asking for great wage increases but they are asking for some increases.

The bill reported from the Committee on Post Office and Civil Service called for 100-percent salary increases in some categories, and for 66⅔-percent increases in many others. Those are sizable increases. Of course, a 100-percent increase in salary is a very large increase.

So, Mr. President, in working out this compromise we tried to be modest in regard to the increases in salaries we proposed, but at the same time to be fair.

Of course, all of us realize that the action taken at this time will not be the final action which Congress will take on this subject, for undoubtedly future Congresses will deal with it. We also realize that if inequities exist in the present substitute and compromise—although I doubt whether any do exist—they can be dealt with and rectified by Congress at a subsequent time.

I wish to read one section of the substitute—section 5—which in a way states the position of a great many of the Members of this body:

SEC. 5. Except as provided in the first section and in section 2, nothing contained in this act shall be construed to increase by more than 50 percent the rate of basic compensation of any office or position, or to increase any such rate to an amount in excess of $15,000 per annum.

Mr. President, a few moments ago the Senator from Vermont [Mr. FLANDERS] was speculating on where the $15,000 limitation came from. He surmised that it must have been fixed because $15,000 is the salary of Members of Congress. So far as I am concerned, speaking only for myself on that point, he is correct; the $15,000 limitation placed on salaries in this measure is the limitation now fixed by law for the compensation of the Members of Congress.

Of course, Mr. President, there are in the Capital of the Nation a great many commissions which are considered to be arms of the Congress. They exercise quasi-legislative and quasi-judicial functions and powers. There are seven or eight of them, as I recall, including the Interstate Commerce Commission, the Federal Communications Commission, the Federal Trade Commission, the Federal Power Commission, and several others. I believe there are approximately eight such commissions which generally are considered by governmental experts to be arms of the national legislature. In other words, those commissions and the commissioners serving under the law creating them are the creatures of the Congress. Under the pay bill which was reported from the Committee on Post Office and Civil Service, many of those commissioners would be paid salaries higher than the salaries paid to Members of Congress. To a great many of us, it would be very offensive to have the top officials of a creature of the Congress receive more pay than that received by the Members of the body which created it, and also in view of the fact that such an agency does work which is less important than the work done by the Congress itself. Certainly the Congress must develop policies for the entire country, whereas the commissions deal merely with a small fragment of the country and a small fragment of the total economy of the country. Therefore, to many of the Members of Congress it would be severely offensive to have the top officials of such Government agencies receive salaries greater than the salaries of Members of Congress; at least, such a situation would be most offensive to me.

I again call attention to section 5 of the proposed substitute, which provides that the rate of compensation of any office or position shall not be increased by more than 50 percent. That is a rather good-sized increase. There are certain exceptions to the increase, but they can be counted on the fingers of one hand. Other than that, we have tried to hold the increase to 50 percent or less of the basic compensation which any office or position now pays.

We then adopted an over-all ceiling of $15,000. I say to the very able Senator from Vermont [Mr. FLANDERS], to the other Members of the Congress, and to the people generally, that the figure of $15,000 was not picked out of the air at random. It was selected deliberately, because it is the present and current salary of Members of Congress. In many instances it amounts to a 50-percent increase in the compensation of officials in the executive department. In almost every instance that is true. They are now paid $10,000, and when we increase them to $15,000, it is a 50-percent increase. That is a sizable increase.

I started to say a while ago we are having a fourth round of wage demands. I have not heard of any of these wage demands urging a 50-percent increase. The Nation has been shocked in some instances because as much as 20, 25, and 30 percent has been asked. Such increases have been felt to be extremely high. Those were the increases mentioned for bargaining purposes. Those who demanded them expected to sit around a table and to hear management whittle them down. But they did not start with 50 percent. In the case of Federal employees there is no such arrangement. They do not sit around a bargaining table. They do not have to deal with management. We are going to decide the matter, and we are not setting the figure high in the expectation that it is going to be reduced. We are now fixing the final figure, and, as I have said, an increase of 50 percent is a very sizable increase.

Furthermore, most of the wage demands made by the workers of the country include demands for pension, retirement pay, compensation of one kind and another, and all such things. I point out to the Senate, to the Congress, and to the people of the country, that employees in the executive department of the Government have one of the most liberal retirement programs and one of the most liberal pension programs to be found in the country. I think it is right that it should be that way. I think we should assume leadership in that respect. But the persons who are to participate in those pension and retirement programs do not pay the entire cost of the programs. They pay a part of it, but the larger part of the payments are assumed by the Government of the United States. That is as it should be. I am very much in favor of it. I think it is very desirable. I believe it is a splendid thing for the Government of the United States to set an example of that kind for the country in the payment of employees. But employees in the executive department of the Government do not have to come forward to ask for a liberal retirement plan and a liberal pension plan. We have already provided such plans, and they are liberal.

I refer again to the substitute as a compromise; which is what it is. We tried to bring Members of the Senate together and to prepare a measure on which they could agree. A good compromise never suits everyone. Frequently it does not suit anyone. But we think we have worked out something that is

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equitable, just, and generous. We think it should be adopted by the Senate.

Mr. LANGER. Mr. President——

The PRESIDING OFFICER. Before the Senator from North Dakota is recognized, the Chair announces, for the benefit of Senators, that the question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Colorado [Mr. JOHNSON], for himself and several other Senators.

Mr. LANGER. Mr. President, the astounding and extraordinary proposal of the distinguished Senator from Colorado [Mr. JOHNSON] simply amazes me. Under the La Follette-Monroney Act, it is specifically provided that the Committee on Post Office and Civil Service shall have jurisdiction of "the status of officers and employees of the United States, including their compensation, classification, and retirement." The Senator's proposition now is to refer the bill to the Committee on Expenditures in the Executive Departments. His position is that that committee must be consulted.

Why did not the distinguished Senator appear before our committee? For nearly 2 years the distinguished Senator from Vermont [Mr. FLANDERS] conducted hearings. There was not a day when the Senator from Vermont and the Senator from Connecticut [Mr. BALDWIN], as a majority of the Republican members at that time, and Senator O'CONOR, of Maryland, would not have been glad to hear the distinguished Senator. He now offers an amendment. Who are the cosponsors of the amendment? Did the distinguished Senator from Colorado ever appear before our committee? Did the Senator from Texas [Mr. CONNALLY] ever appear? Did the Senator from Georgia [Mr. GEORGE] ever appear? Did the Senator from South Carolina [Mr. MAYBANK] ever appear? Did the Senator from Arizona [Mr. MCFARLAND] ever appear to say "We have a good proposition here"? Did the Senator from Virginia [Mr. ROBERTSON] ever appear? Did the Senator from Georgia [Mr. RUSSELL] ever appear? Did the Senator from Kentucky [Mr. WITHERS] ever appear? Did the Senator from Kentucky [Mr. CHAPMAN] ever appear? Did the Senator from Mississippi [Mr. EASTLAND] ever appear? Did the Senator from Mississippi [Mr. STENNIS] ever appear? Did the Senator from Louisiana [Mr. ELLENDER] ever appear? Did the Senator from Alabama [Mr. SPARKMAN] ever appear? Did the Senator from Iowa [Mr. GILLETTE] ever appear? Did the Senator from Florida [Mr. HOLLAND] ever appear? Did the Senator from North Carolina [Mr. HOEY] ever appear? Did the Senator from Arkansas [Mr. FULBRIGHT] ever appear? Did the Senator from Virginia [Mr. BYRD] ever appear? Did the Senator from Ohio [Mr. TAFT] ever appear? Did the Senator from Michigan [Mr. FERGUSON] ever appear? Did the Senator from Washington [Mr. CAIN] ever appear? Did the Senator from Nebraska [Mr. WHERRY] ever appear? Did the Senator from Nebraska [Mr. BUTLER] ever appear? Did the Senator from Nevada [Mr. MALONE] ever appear? Did the Senator from New Jersey [Mr. HENDRICKSON] ever appear? Did the Senator from Utah [Mr. WATKINS] ever appear? Did the Senator from Indiana [Mr. JENNER] ever appear? Did the Senator from Kansas [Mr. SCHOEPPEL] ever appear? Did the Senator from Pennsylvania [Mr. MARTIN] ever appear? Did the Senator from Missouri [Mr. KEM] ever appear? Did the Senator from Ohio [Mr. BRICKER] ever appear? Did the Senator from New Hampshire [Mr. TOBEY] ever appear?

The Committee on Post Office and Civil Service is a pretty good committee, Mr. President. Apparently Senators sponsoring the amendment do not think so. But I will put the distinguished Senator from Vermont against any one of the cosponsors of the substitute amendment. He sat as chairman of the subcommittee day after day, week after week, month after month, for nearly 2 years. During this time every department appeared before this committee, of which the Senator from Connecticut [Mr. BALDWIN] and the Senator from Maryland [Mr. O'CONOR] were members.

The Democratic member on the committee was the Senator from Maryland. Over a year went by. This year, the distinguished Senator from South Carolina [Mr. JOHNSTON] appointed, I thought, an extraordinarily good committee. Its chairman was the Senator from Louisiana [Mr. LONG]. The Senator from Minnesota [Mr. HUMPHREY] is on it. There are other members of the committee, some of whom have had experience for the past year and a half. Yet, Mr. President, although the law says the Committee on Post Office and Civil Service shall have full jurisdiction of "the status of officers and employees of the United States, including their compensation, classification, and retirement," what do we find? We find an attempt to discharge the committee. That is exactly what it amounts to. It amounts to saying the committee is incompetent, although it is a good committee. I am a member of it. Mr. President, I voted against the executive pay bill when it came up in committee unless the employees in the lower brackets are included. I am not for it unless they are included in the bill.

Nevertheless, a majority of the committee voted to report the bill. There was a minority of two Senators. I was joined by the distinguished Senator from Montana [Mr. ECTON]. To my amazement, after the very fine work done by the subcommittee headed by the distinguished Senator from Louisiana [Mr. LONG], and after extended hearings, when witness after witness appeared, including representatives of the Bureau of the Budget and the heads of all the departments, including the Civil Service Commission, the distinguished Senator from Colorado says that in some cases the increases amount to 100 percent. If certain individuals have not had an increase in salary since 1925, why should they not be increased 100 percent?

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. FLANDERS. Some of them have not had an increase since 1912.

Mr. LANGER. That is correct.

Certain Senators are totally ignorant of the facts. They have not been present at the hearings; they have not appeared. It would be just as sensible if the Committee on Post Office and Civil Service should draw up a bill dealing with interstate and foreign commerce, of which committee the distinguished Senator from Colorado is a member.

So, Mr. President, I want to make it plain that there have been conducted long and extended hearings, resulting in many volumes of testimony. The distinguished Senator from Virginia [Mr. BYRD] was a member of the committee when we debated as to what should be done. If the bill is not satisfactory, of course it can be amended. But I cannot understand why, Mr. President, of a group of Senators, none of whom offered a single amendment, none of whom was sufficiently interested to appear before the committee, come forward at this time and are offering an amendment in the nature of a substitute and making the suggestion that it should be referred to the Committee on Expenditures in the Executive Departments, taking it out of the hands of the Committee on Post Office and Civil Service.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. JOHNSON of Colorado. I am sure the Senator misunderstood my remarks.

Mr. LANGER. I listened very carefully to them.

Mr. JOHNSON of Colorado. This is a substitute bill. The proposal is not to send it to any other committee. There was sentiment in this body to send it to the Committee on Expenditures in the Executive Departments for study, but I followed it up by stating very clearly that the law provides that the committee which the Senator from North Dakota represents should report the bill to the Senate. But there is a sentiment in the Senate which inclines to the view that it should be sent to the Committee on Expenditures in the Executive Departments for review by that committee.

That is what I said, and I do not want the Senator to change my statement.

Mr. LANGER. Let me say to the distinguished Senator that there is a great deal of sentiment in the Senate against sending so much money to England or to some other foreign nation, but no Senator has ever proposed that a bill reported by the Committee on Foreign Relations should be referred to the Committee on Post Office and Civil Service or to some other committee.

Mr. JOHNSON of Colorado. The bill providing for the arms program, which was reported by the Committee on Foreign Relations, was voted on by that committee and the Committee on Armed Services. It was considered and voted on by both committees.

Mr. LANGER. That is one exception. The question arose on the Senate floor, and it was agreed that the two committees should hold joint sessions and consider the bill.

But I am proud, Mr. President, of the Committee on Post Office and Civil Service. In my opinion, it matches any

committee of the Senate. Let me read the names of its members:

OLIN D. JOHNSTON, of South Carolina, who has been the Governor of his State.

KENNETH MCKELLAR, of Tennessee, the dean of the Senate.

The place of the Senator from Maryland [Mr. O'CONOR] was taken by the Senator from Minnesota [Mr. HUMPHREY], who has been an outstanding mayor of one of our largest cities.

FRANK P. GRAHAM, of North Carolina, an outstanding citizen, named by the President time and time again to go upon foreign missions in behalf of our country.

MATTHEW M. NEELY, of West Virginia, who has been a Member of the Senate previously, and who has been Governor of his State on several occasions and also served several terms in Congress.

J. ALLEN FREAR, JR., of Delaware, one of the oustanding businessmen of that State.

I leave myself out.

Next, RALPH E. FLANDERS, of Vermont, who has been decorated by the Society of Engineers of the United States and who is one of the great statesmen of the century.

Then we have RAYMOND E. BALDWIN, of Connecticut, who has been Governor of his State.

Next, there is EDWARD J. THYE, of Minnesota, who has been Governor of that State, has been a member of the State legislature, and is a good Republican.

Next, ZALES N. ECTON, of Montana, one of the outstanding citizens of that State, and who has for years had experience in the legislature of his State.

ROBERT C. HENDRICKSON, an outstanding citizen of the State of New Jersey.

Mr. President, it seems to me to be ridiculous, in view of the outstanding character of the men who compose the committee, even to suggest that some other committee should consider this bill.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. MAYBANK. I wish to express my regret that I could not be present to hear all of the Senator's statement.

Mr. LANGER. I will say, in conclusion, that I do not know of any subcommittee which has ever worked harder on a bill than has the subcommittee referred to. I commend especially the distinguished Senator from Louisiana [Mr. LONG], who has done an outstanding job, although I do not agree with his conclusions, and I voted against the bill.

Mr. MCCLELLAN. Mr. President, will the Senator yield?

Mr. LANGER. I yield to the distinguished Senator from Arkansas.

Mr. MCCLELLAN. I do not know whether the Senator is advised, but I want to assure him that as chairman of the Committee on Expenditures in the Executive Departments, neither the chairman nor any member of the committee, so far as I know, ever sought to have the bill sent to that committee. There was some discussion of it, but there was no action on the part of the committee or on the part of the chairman to take this bill away from the jurisdiction of the Committee on Post Office and Civil Service. Frankly, I am very happy that the responsibility of doing that did not fall upon us.

Mr. LONG. Mr. President, I should like to explain that, as chairman of the subcommittee which considered this bill, it was the feeling of the Senator from Louisiana, as well as of the members of the subcommittee, after a careful study of all the persons involved, that the bill as reported by the committee was entirely proper, and that no salary was recommended which was too high. I should say, however, that a number of Senators did not share that feeling, as indicated by the fact that there were more than 30 Senators who felt they should join either in a substitute bill or should oppose the pay bill as reported by the committee. Most of the Senators who were opposed to the bill as reported by the committee were agreed that there should be increases in many cases, and that holders of many positions deserved substantial increases. They were willing to compromise on the amendment which is before us. That is not the feeling of the Senator from Louisiana. He prefers the bill as reported by the committee. Nevertheless, feeling that the bill would probably not pass, in view of the sentiment of many Senators who felt that some increases were too great, and in an effort to pass some legislation on the subject, the Senator from Louisiana and a majority of the members of the Committee on Post Office and Civil Service were willing to agree that if the substitute were adopted, the members of the committee would stand behind the substitute and insist upon it. Upon that basis we would be willing to accept this amendment.

That is not the feeling of some members of the committee. The Senator from Vermont [Mr. FLANDERS] was opposed to the amendment, and he reserved the right to oppose it. I assume there will be a vote on the amendment, in which event we shall know whether we are to proceed on the substitute or on the committee amendment as proposed.

The proposed salaries have been scaled down in the substitute. The original bill would cost about $1,200,000. If the substitute were adopted, it would reduce by about half a million dollars the gross expense of the bill, to about $700,000. Cabinet officers would be reduced to salaries of $22,500, which would be $2,500 less each. The undersecretaries, in the next bracket, in section 2 (a), would be reduced to $15,000, as virtually everyone in the bill would be under a ceiling of $15,000. Nevertheless, there would be an increase of as much as 50 percent for a good many.

There are some whose salaries under the original bill would have been substantially increased, who would have no increases at all under the substitute. For example, the head of the Atomic Energy Commission is already receiving $17,500. That being the case, he would receive no further increase, since $15,000 is as high as the authors of the substitute felt they should go for persons who are not members of the President's Cabinet. Likewise the Housing and Home Administrator is already receiving $16,500, and would not be raised beyond that. Several are now getting $15,000, and therefore their salaries would not be increased.

As I have said, the junior Senator from Louisiana feels that there are some inequities in the substitute, and he feels that it is inadequate for the great majority of the positions. Nevertheless, he feels that it would be much better than no bill whatsoever, and he feels that in the event the substitute is not adopted there will probably be no law to raise the pay of those in the top categories of the Federal service. Therefore he feels it would be in the best interests of the Federal service for the substitute to be adopted.

Mr. LANGER. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield to the Senator from North Dakota.

Mr. LANGER. Is there anything in the substitute which could not be offered as an amendment to the bill the committee reported?

Mr. LONG. Naturally any of these positions could be covered by individual amendments, if any Senator saw fit to offer such an amendment.

Mr. LANGER. In other words, the substitute is drawn up by a group of Senators who are not members of the committee, who are totally ignorant of the kind of work the testimony shows the heads of some of the departments and agencies do, a group of men who do not know whether in some of the departments, as the Senator from Vermont has said, there has not been an increase since 1912. They have offered a substitute which would raise some a thousand dollars here or some a thousand dollars there, without considering each individual item, so that members of the subcommittee or others could debate the proposition, and tell them what the evidence was that was adduced before the committee. Is not that correct?

Mr. LONG. I would not completely agree with that. I feel sure that there has been substantial study of this problem by the authors of the substitute. I believe they have studied the committee hearings and the committee report. This matter was also before the Senate, as the Senator from North Dakota recalls, at the very beginning of this session, and there was considerable discussion of it at that time. Certain general theories were followed by the authors of the substitute, one of them being that no position should have an increase of more than 50 percent; in other words, that a Cabinet officer who is now receiving $15,000 should not receive an increase of more than 50 percent, which would make the salary $22,500.

Mr. THYE. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield to the Senator from Minnesota.

Mr. THYE. One reason for the particular bill now before the Senate, and one reason for the subcommittee's study of all the salaries of the various executives within the Federal departments, was a desire to make the salaries in some manner consistent one with another. In recent years, when a new bureau was created, the salary, which may have been fixed in accordance with similar salaries

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in private employment, might have been two or three thousand dollars above that of a man in another department whose responsibilities and duties were almost identical. So consideration was given to the fact that the Government has grown over a period of years, and salaries and jobs have been created with no thought or concern of consistency with the other departments.

The question came before the committee, and a subcommittee was appointed, which made a long and extensive study in an attempt to balance salaries and recommend a salary schedule that was reasonably consistent.

There is more involved than merely a question of the salary one draws today, since the question of retirement enters the picture. A man may be receiving today a salary of $10,000, whose job is as important as that of a man receiving a salary of $15,000, but if both men retire as of today, one will receive a much lower amount in his retirement check than the man with the higher salary. So the Committee on Post Office and Civil Service tried to make a consistent and intelligent study of the whole question, and to come before the Senate with a bill having some relation to the different positions, insofar as the importance of the jobs was concerned.

If we are to disregard all the time and study given in an attempt to level off inconsistencies in salary ranges, then Congress can go ahead and adopt some type of substitute or some type of amendment. But if we are to be consistent, we should take the bill before the Senate somewhat in the form in which the committee reported it. I will say, however, not as a member of the subcommittee, but for the subcommittee, that they devoted an enormous amount of study and spent a great deal of time on public hearings to arrive at the bill they reported.

Mr. LONG. Mr. President, I agree with much of the sentiment expressed by the Senator, and I should prefer the committee bill. Nevertheless, I point out to the Senator that there is not so much inequity in the substitute as some seem to think. For example, if one will look at pages 5 and 6 of the committee report, wherein are listed the salaries most officials would have, it will be found that there is not a variation of more than a thousand dollars between what the substitute proposes and what the committee itself recommends. In many cases, the amount provided in the substitute is exactly the same as what the subcommittee recommended.

Mr. McFARLAND. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield to the Senator from Arizona.

Mr. McFARLAND. As a matter of fact, the authors of the substitute took the work of the committee as a basis for the amendment, did they not?

Mr. LONG. That is correct.

Mr. McFARLAND. And it carries out only two principles, one the $15,000 limitation, and the other the 50-percent-limit increase, with a few exceptions. The substitute probably could have been offered as an amendment, but it is better parliamentary practice to offer it as a substitute, although, in truth and fact, it is an amendment to the committee bill. I for one wish to express my appreciation of the hard work the committee has done on the bill.

Mr. President, no one can get everything he wants on a bill of this kind. There must be compromises, and if the amendment in the nature of a substitute shall be adopted on the floor of the Senate, it will not be the first time such a thing has happened in the United States Senate.

It comes down to this question, Are we going to accept this proposal as a compromise? There will be another session of Congress, but the Government officials covered by the bill should have some increase in salary now. All of us will concede that the substitute does not entirely meet our thoughts in regard to salary increases. There is no intent on the part of those who have joined in the substitute to reflect in any way upon the good work of the committee. I would say to my colleagues who have just spoken that I have heard both of them offer amendments to bills when they were not members of the committees which reported the bills. The Senate is a Committee of the Whole, so to speak, and it is the best committee we have.

Mr. LONG. Mr. President, I should like to state further that upon analyzing the changes the substitute proposes in the committee amendment, aside from the Cabinet officers' salaries, and the salaries of those immediately under the Cabinet officers in responsibility, the changes for the most part have been no more than approximately a thousand dollars one way or the other, and about one-third of the salaries recommended by the committee have not been changed at all. The Cabinet officers have been pared down by the substitute from a top salary of $25,000 to $22,500.

The substitute proposes to pare down the salaries of under secretaries and with respect to positions such as that of the Comptroller General of the United States and similar others to $15,000. The Comptroller General is now receiving $12,000.

The majority of the positions which would be reduced in section 2 (a) to $15,000 are now paying only $10,330. Those positions are presently filled. Adoption of the substitute will mean a raise in pay of approximately 50 percent for most of those now holding those positions.

Coming now to the White House group: Those occupying such position would receive almost identically the same pay as was recommended by the committee, with the exception that the six who would have received $16,000 under the committee recommendation would be reduced $1,000 to $15,000.

Under the substitute the next group, which includes the Chairman of the Atomic Energy Commission, for the most part would receive three or four thousand dollars less than the committee has recommended.

From there on the change is no more than a reduction of $2,500 for the next class. The remainder of the substitute changes the salary of no one more than $1,000.

The change proposed by the substitute is not very great. It reduces by about one-half million dollars the cost of the bill. I believe I have stated that the bill, even if the substitute amendment offered by the Senator from Colorado were adopted, would be a very good bill, and would do much for the Federal service by increasing the pay of the positions involved.

Mr. McFARLAND. Mr. President, I am happy to join with the Senator from Colorado and other Senators sponsoring the substitute. As has been stated on the floor of the Senate, it is in the nature of a compromise. Almost all legislation passed by the Congress of the United States is in the nature of a compromise. I have frequently seen my views go out the window and the views of other Senators substituted for mine because other Senators did not agree with me. We are now trying to reach an objective. As has been well stated, there should be some increases in salaries in the executive department of the Government. But, as also has been well stated, in these times, when the Government of the United States is trying to stabilize prices and stabilize wages, many Members of the Senate express the view that it would be difficult for them to go home to their constituents and explain why they voted for 100-percent increases in salaries.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. McFARLAND. I yield.

Mr. PEPPER. Does the able Senator from Arizona happen to have the figures to show how much would be the total amount of the increases represented by the original bill?

Mr. McFARLAND. The Senator from Louisiana [Mr. LONG] has the figures. The adoption of the substitute would mean practically a saving of one-half million dollars to the Government of the United States.

Mr. PEPPER. The able Senator from Illinois [Mr. DOUGLAS] refers me to the fact that the increase proposed is $1,242,426.20. Is that substantially correct?

Mr. JOHNSTON of South Carolina. That is the amount contained in the Senate committee bill. The amendment now before the Senate cuts some four or five hundred thousand dollars from that amount.

Mr. PEPPER. Will the Senator yield further?

Mr. McFARLAND. I yield.

Mr. PEPPER. What would be the total amount of the increase if every penny contemplated by the original bill was voted by the Congress? It is a little less than one and a quarter million dollars, is it not?

Mr. JOHNSTON of South Carolina. That is true.

Mr. PEPPER. And the able Senator from Arizona and his associates would save about four or five hundred thousand dollars of that amount?

Mr. McFARLAND. Yes.

Mr. President, as an example of what some people think about 100 percent increases in salary, I should like to have printed in the RECORD, as a part of my remarks, a syndicated article by Robert S. Allen, which appeared in some 52 newspapers throughout the United States. A Washington newspaper is a subscriber to the syndicate, but for some

reason it did not see fit to give the people of Washington the benefit of reading Mr. Allen's article.

Mr. LANGER. Mr. President, reserving the right to object, I should like to ask whether Mr. Allen appeared as a witness before the committee and testified?

Mr. McFARLAND. I was not present at the committee hearings and do not know whether he did or did not.

Mr. LANGER. I have no objection.

Mr. McFARLAND. Mr. President, I ask unanimous consent that the article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ROBERT S. ALLEN REPORTS SENATE DEMOCRATIC LEADERS UNEASY OVER BILL TO HIKE UPPER-LEVEL GOVERNMENT SALARIES

WASHINGTON, September 15.—Senate Democratic leaders have privately become uneasy over that little-mentioned administration bill to boost upper-bracket Government salaries 50–66 percent. Reason for these backstage qualms is a growing fear the measure may prove a delayed-action political bombshell in next year's congressional elections.

Virtually nothing has been heard about this bill since it was steam-rollered through the House 3 months ago, aided by a large number of absentees. Both these absentees and the blanket of silence in the Senate are not accidents.

The Congressmen ducked because they didn't want to be on record on this potentially explosive issue. The carefully maintained Senate silence is due to the same reason.

There is political dynamite in the bill on several scores.

One is the general settling down of the national economy with its accompanying considerable body of unemployed, the decline in farm prices, and labor's difficulties in putting over a fourth wave of pay increases. Another is a bill to raise the pay of low-income civil-service workers, such as postal employees, only $117–$129 a year.

This is not an administration measure. In fact, it has got as far as it has only through "grass roots" pressure. In contrast to the administration's bill carrying $5,000–$10,000 increases, the civil-service measure is politically embarrassing.

TRUMAN ARGUMENT

Big dough: President Truman's argument for his bill is that it is necessary to persuade high-calibered men to take key appointive jobs.

This was the contention used in the House and it will be repeated in the Senate. It may prove equally effective there. But the going will be a lot rougher than it was in the House, where the bill was skidded through under a tightly restricted debate rule. There will be plenty of discussion in the Senate. That's why Democratic leaders are worried.

They know two things:

One, that Republican strategy is to let the administration take full responsibility for this measure. Two, that the salary increases will look mighty big out on the hustings.

Regardless of the merits of the increases, they tower startlingly against the income of the average voter, particularly to the farmer whose prices are down, the jobless, the worker who didn't get a pay raise, and civil-service employees who will get $125, if they get it.

Proposed boosts: What little has been said about the bill has been carefully focused on Cabinet salaries. These are $25,000 from $15,000 for secretaries; $20,000 from $10,000–$12,000 for under secretaries; $15,000 from $10,000 for assistant secretaries.

Actually, they are only a small part of the measure.

UNKNOWN FEATURE

It covers a wide range of executive positions, including the White House staff.

These are some of the juiciest boosts of all.

At present, one presidential assistant gets $15,000 another $12,000, and 10 others $10,000. Under the bill, two would get $20,000, three $18,000 and seven $16,000.

In contrast to that open-handedness, the pay of the Chairman of the Atomic Energy Commission would be increased only $500; from $17,500 to $18,000.

Another unknown feature of the bill is a yuletide hand-out to congressional employees. This has been eased into the bill in the Senate. It was done for the express purpose of improving its chances in the chamber.

It is administration bait to win over Senators who are leery of the bill.

Under this provision, maximum pay for legislative employees would be raised from $10,330 to $12,500. That is the same as the taxable salary of Members of Congress. They also get $2,500 tax-free for expenses.

The following are some of the other pay boosts:

Chairman of the National Security Resources Board, $20,000 from $14,000; Executive Secretary of National Security Council, $18,000 from $12,000; Chairman of Munitions Board, $18,000 from $14,000; Librarian of Congress, $18,000 from $10,300; Federal Communications Commissioners, Federal Trade Commissioners, Federal Power Commissioners, National Labor Relations Board, etc., $16,000 from $10,000; General Counsel of Labor Board, $16,000 from $12,000; Chairman of Council of Economic Advisers, $20,000 from $15,000; Comptroller-General, $20,000 from $12,000; Director of the Budget, $20,000 from $10,000.

The full list covers two and one-half, small type, closely printed pages, and includes 239 top offices with a total of $1,242,426.20 in pay increases.

Mr. LUCAS. Mr. President, will the Senator yield to me to make an announcement?

Mr. McFARLAND. Yes.

Mr. LUCAS. Mr. President, in the earlier part of the afternoon, I talked with a number of Senators, and we thought perhaps the Senate could finish action on the bill by not later than 5 o'clock. I understand some other amendments are to be debated. I hope we can finish the bill before we leave tonight. If necessary we will have to run a little later than usual in order to try to finish the bill. I merely make that announcement so Senators can make their plans accordingly.

Mr. McFARLAND. I will say to the Senator from Illinois that so far as the junior Senator from Arizona is concerned he will use very little time. I also hope we can arrive at an early vote.

Mr. WHERRY. Mr. President, will the Senator from Arizona yield so I may make an inquiry of the majority leader?

Mr. McFARLAND. I yield.

Mr. WHERRY. I appreciate the fact that it is very difficult to say how long the Senate might continue discussion of the bill, but does the majority leader mean to indicate that, if it is necessary to have a night session, it is his intention to conclude action on the bill tonight?

Mr. LUCAS. The Senator from Nebraska is correct. That is what I want to do. If necessary we will have a night session. I am trying to conclude action on the bill today.

Mr. McFARLAND. Mr. President, I do not want to use too much of the time of the Senate. When I yielded I was trying to point out the necessity of stabilizing industry and stabilizing wages in the United States. I do not know how any Senator can say to labor, "You are not entitled to an increase in your wages," and at the same time vote for 100-percent increases in salaries in the executive departments.

Mr. President, I agree that some of these salaries need to be equalized. For that reason we have largely accepted the work of the committee which considered the bill. If salaries are not properly equated it is not the fault of those who have offered the substitute. I shall not criticize them if they have made mistakes. The problem is a large one and we cannot expect to correct all mistakes in one bill.

Mr. President, many persons have come to me and said that the salary of this particular official or that particular official should be raised or should be lowered. The substitute is not entirely satisfactory to the junior Senator from Arizona; but I want to see a bill enacted. I think some salary increases are desirable. I think I know what the majority of Senators think about the legislation as it was originally introduced. The question is whether the Senator from Vermont [Mr. FLANDERS] is willing to have a bill at all.

In considering the compromise, those of us who had worked upon the substitute found that there were some salaries which ought to be a little higher, and some which we thought ought to be a little lower. It was pointed out to me that we must accept the work of the Committee on Post Office and Civil Service as a basis for the bill. For that reason we adopted the amendment in the nature of a substitute, which accepts the work of the committee as a basis.

I think that committee probably should give further study to this problem. This is not the last word. This is not the last session of Congress. We are going to have a second session of this Congress, and we are going to continue to have sessions of Congress after that. But in the meantime those of us who wanted to see increases in salaries, but who did not want to go too far in one bill, have been willing to submit this substitute.

I thank the junior Senator from Louisiana [Mr. LONG], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Minnesota [Mr. THYE] and others who have taken what I think is the broader view of this matter, and have been willing to compromise some of their views, as we have been willing to compromise ours.

I think there is no question that if this compromise had not been arrived at, the bill would have been recommitted to some committee. The Senator from North Dakota [Mr. LANGER] has spoken about his committee. I do not blame him for being jealous of the jurisdiction of his committee. He has done a great deal of hard work on that committee, and I compliment him. But I want to say to the Senator from North Dakota that

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there are other committees which deal just as intimately, or perhaps more intimately, with some of the agencies and departments, and are just as familiar with the work of the departments as is the Committee on Post Office and Civil Service.

Mr. President, I had not intended to make a speech on the bill. I thought it was pretty well agreed that we would go along with the substitute. When the chairman of the subcommittee who worked on this legislation, and who knew what would happen on the floor of the Senate, agreed to it, I thought we could all go along, and then perhaps in later legislation we could correct some of the inequities, if there are inequities. Various persons have come to me and said, "This person ought to have his salary raised," or "This amendment should be offered." They wanted me, as one of the sponsors of the substitute, to agree to it. I say that if we are to have legislation on this subject we must take the work of the committee as a basis and depend on the able committee to make corrections in the future if corrections are needed. I hope that we will not prevent deserving persons from receiving increases in salary.

Mr. President, it is the opinion of the junior Senator from Arizona that a 50-percent increase in salary is a good substantial increase. If the bill had not been introduced containing increases of 100 percent in certain cases, without exception Government employees would have been tickled to death to receive a 50-percent increase. Rather than get into a turmoil and not have any legislation at all, I hope the Senate will adopt the substitute; and if we have any views in regard to the salary of someone else being increased or reduced, we can consider that question in the future.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

MILITARY ASSISTANCE TO FOREIGN NATIONS—CONFERENCE REPORT

Mr. CONNALLY submitted the conference report on the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations.

(For conference report, see pp. 13546–13548 of the House proceedings for September 27, 1949.)

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. CORDON. Mr. President, may I inquire from the Senator from Texas if he will make a brief statement with reference to the substantial result of the conference?

Mr. CONNALLY. Mr. President, I may say to the Senator that the press has carried pretty fully the results of the conference. The House and Senate conferees met, and after full discussion for 2 days the House conferees receded on the amendment as to the amount, and adopted the amount which the Senate had accepted.

The House conferees also agreed to the Chinese amendment, which was not in the House bill. There was a provision for $75,000,000 to be used in China and the general area of China.

Those are the main points of difference. There were some technical textual changes adopted, which I shall be glad to discuss, but they are of no great consequence. On the main points there is entire agreement. I think the House conferees voted 4 to 1 for the position of the Senate on those two questions. It was a very satisfactory conference from the standpoint of the Senate, because the bill is practically the Senate version as it passed the Senate several day ago. I do not care to discuss the conference report further unless some Senator wishes to ask a question about it.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WHERRY. I notice a statement in the press this morning with reference to the conference report. I have before me a copy of the New York Times which states that—

> Other changes agreed on were as follows: 1. To stipulate that the President should cease giving military aid if and when the General Assembly of the United Nations, or the Security Council, should decide that such aid did not promote peace.

The article goes on to state that formerly the Security Council had been mentioned, but now it is extended to the United Nations.

The point I wish to ask the distinguished Senator from Texas about is this: Does that set a precedent, or is that a new position taken by the United Nations which may in some way make our own national defense system subject to the United Nations?

Mr. CONNALLY. The Senator speaks about setting a precedent.

Mr. WHERRY. I am not sure that the press report is accurate. First, I ask if that was one of the agreements which was entered into. As I understand, one of the agreements in the conference report, if the press article is correct, stipulates that the President should cease giving military aid if and when the General Assembly of the United Nations or the Security Council should decide that such aid did not promote peace.

Mr. CONNALLY. I shall state to the Senator what was done in the conference. It was done on the insistence of several Members who are of the same political persuasion as the Senator from Nebraska.

As the Senate passed the bill, it provided that if such assistance would contravene any decision of the Security Council of the United Nations, or if the President otherwise determined that provision of assistance to any nation would be inconsistent with the obligation of the United States under the Charter of the United Nations, the President should refrain from giving assistance to any nation against which the United Nations had taken preventive or enforcement action. We inserted "if the President determines that provision of such assistance would contravene." That was put in for the purpose of not interfering with the United Nations, if it had issued some order about enforcement action. We would not, in the face of that, furnish assistance if the President found that it would interfere with the operation of the United Nations in carrying out its enforcement action.

On the insistence of several members of the committee, this language was inserted at the end of that provision: "or in respect of which the General Assembly finds the continuance of such assistance is undesirable."

I may say to the Senator that it would take a two-thirds vote in the General Assembly to bring that provision into operation, and we concluded that we did not think that would ever be likely or even really possible. So we did not oppose the insertion of that language.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. PEPPER. Is it not true that the Greek-Turkey aid bill carries a provision that that program will stop if the Security Council requests that it be stopped?

Mr. CONNALLY. I do not recall at the moment.

Mr. PEPPER. I think I am correct when I say that this is not the first instance of an effort on our part to keep our program consistent with the United Nations program.

Mr. CONNALLY. Of course, from my point of view, there is no danger that this provision would establish a precedent, because this bill is such an individualistic one and is so different from any other measure that it cannot be invoked as a precedent in regard to anything else. This provision was inserted simply so as to have us live up to our obligations under the United Nations Charter, and not to permit interference with any program of the United Nations or with any activity of the United Nations in carrying out its enforcement functions. So it was in the interest of international harmony that we inserted that language.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WHERRY. I wish to say that the observation made by the Senator from Florida brings to my mind that the Security Council was the organization mentioned previously, whereas under this provision such authority is extended to the United Nations. The point I wish to have made clear is whether that would foreclose in any way our carrying out of the commitments, if we wish to call them that, which we have made, on the part of the United States in the North Atlantic Treaty, or would it in any way involve a curtailment of our own defenses if something which we decided to do in our own defense were judged by the

nations across the water not to be in the interest of their defense?

Mr. CONNALLY. Mr. President, does the Senator from Florida wish to answer that question?

Mr. PEPPER. I shall answer, although, of course, I know I cannot do so as well as the able chairman of the committee can.

But the Senator will recall the concern which many Members of Congress have had about these programs, lest they be regarded as being outside the United Nations and contradictory of the objectives of the United Nations. So on the part of those who have been advocating these proposals, there has been a consistent policy to try to shape them in such a way that it would be clear, beyond peradventure of doubt, that the program would be carried on in harmony with the United Nations, not in contradiction of it. That is all this provision amounts to.

Mr. CONNALLY. Mr. President, I may say to the Senator that I do not think this provision would conflict with any of our obligations or agreements under the North Atlantic Treaty, because they are not in conflict with such a policy at all.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield.

Mr. LANGER. Does the conference report contain any provision dealing with the dismantling of factories in Germany?

Mr. CONNALLY. No; there is nothing in this measure dealing with that subject. It is now being handled by the proper authorities.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LUCAS. In respect to the last statement made by the Senator from Texas, if I read paragraph (c) of section 405 correctly, let me say that it has nothing whatever to do with the North Atlantic Pact, but it deals solely with the United Nations Organization. If I read the conference report correctly, all it will do will be to give the General Assembly of the United Nations an opportunity to take action, if they deem that in certain cases assistance on the part of this country is undesirable.

Mr. CONNALLY. The Senator is correct, except that they will not take the action. The President of the United States will take the action if they make a finding that such assistance on the part of the United States is so and so and so and so. But, after all, the authority still will reside in the President of the United States.

Mr. LUCAS. Obviously so.

It seems to me that all the conferees were attempting to do was to further protect the rights of the United Nations Organization.

Mr. CONNALLY. That is true.

Mr. LUCAS. In order to answer the criticism of those who say that by our action in connection with the North Atlantic Treaty we were undermining the United Nations Organization. It seems to me that the conferees were giving further proof to that group that, after all, regardless of what we are doing in the way of international help and assistance through the North Atlantic Pact or through any other agency, we still definitely believe in the United Nations Organization. In other words, our action in giving the General Assembly of the United Nations this opportunity to declare when assistance on our part is undesirable, and to make such a report to the President, further demonstrates our good faith so far as the United Nations is concerned.

Mr. CONNALLY. The Senator is entirely correct. We were meticulous in preserving the attitude of noninterference or nonconflict with the United Nations, because we are bound by the treaty and we wish to preserve that attitude.

Mr. President, I do not anticipate any difficulty in regard to this particular provision, because if a situation which developed became so aggravated as to cause the representatives of two-thirds of all the members of the United Nations to make a finding contrary to the continuation of any such assistance on our part, I do not think we would be indifferent to that finding, even if this language were not contained in the measure now being considered by us.

Mr. President, I yield the floor.

Mr. WHERRY. Mr. President, I do not intend to press further the point which has just been under discussion, because the distinguished chairman of the committee already has given his reasons why that particular provision has been made a part of the conference repart. Of course, I have not had time to read the report. However, inasmuch as it is certain to be adopted in any event, no doubt it is unnecessary for me to examine it now.

Again I wish to call to the attention of the Members of the Senate the news release which has been mentioned. It states that the conference report provides that the President should cease to give military aid if and when the General Assembly of the United Nations or the Security Council decided that such aid would not promote peace. Even though such a decision were reached in an endeavor to prevent the undermining of the United Nations or its prerogatives, yet to my mind such an agreement or provision seems to be going rather far, in that in such case the General Assembly of the United Nations, according to the news release, and not the President—although I hope the conference report will provide that the President shall have that power—would have this right.

Of course, the fact that a two-thirds vote would be required is important, and I agree with the distinguished Senator from Texas that that is a considerable requirement. On the other hand, the same principle would be involved, and such a provision might be interpreted as giving the United Nations right to foreclose something which we in the United States might wish to do as a country in protecting our own national defense, whereas the United Nations might not agree in such case, if the aid furnished by us extended beyond the borders of our own country. So I wish to point out that phase of the matter. I feel that if that provision is inserted in the conference report there will be some question as to whether we can continue to control our own national defense or whether it will be, at least in some degree, subject to determination by the United Nations as to what our action should be.

Mr. President, I do not wish the conference report to be adopted until I can make a further statement of my position in regard to our national defense.

News that Russia has achieved an atomic explosion makes abundantly evident these conclusions:

First. The atomic bomb is of no value to Russia unless it can be delivered. Only American mastery of the air can prevent this delivery. America must have mastery of the air to deliver her own atomic bomb. Mastery of the air is a strong guarantee against another war.

Second. Expenditure of billions of dollars of the American taxpayers' money in a foredoomed futile effort to stop Russia at the borders of western Europe with ground forces is a reckless waste of America's limited resources.

Third. Whatever secrets of know-how in development of atomic weapons the United States still possesses must be guarded more diligently now than ever before.

Fourth. Psychological campaigning, in which the Russian people are told the peaceful purposes of the United States and encouraged to have a liberal government themselves, should be greatly expanded, because bad ideologies can be destroyed only by education in the blessings of representative republican government. While I have opposed the approach in certain instances, in the way of money so used in the Voice of America, if we are going to continue to appropriate to that agency it seems to me it should be along the lines of this suggestion, rather than according to the present system.

Mr. President, the hour has struck for hard thinking. This is a crucial, decisive moment and the people must speak emphatically for the guidance of their highly placed public servants.

Complacency now would be suicidal.

That is the way I feel about it. Anyone else may feel as he chooses. I highly respect the observations, opinions, and judgment of the distinguished chairman of the Committee on Foreign Relations and of every member of the committee. I am not taking exceptions to their judgments and their personal beliefs. But, just as the arguments have been presented here so seriously by those who are interested in atomic energy and the possibilities of the atom bomb and its security, and just as the distinguished chairman of the Committee on Foreign Relations has felt that ground aid is necessary, just so the junior Senator from Nebraska very humbly feels that there is an approach to our national defense and to the peace of the world that does not follow along the line of implementing the ground armies of western Europe or possibly elsewhere.

I think it is fumbling and bungling that have led America to its present hour of vital decisions. America is now reaping the whirlwind of the shameful betrayals at Quebec, Tehran, and Yalta; all confirmed at Potsdam. There can be no lasting peace until these sins are washed away.

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Since the war, according to the statement of the senior Senator from Virginia, America has poured, or will have poured when the projects are complete, $35,000,000,000 in cash and goods abroad, in a patchwork of panaceas tied to a zigzag foreign policy.

With the Federal Government operating in the red at the rate of $40,000,000 per day, again quoting figures presented by the distinguished senior Senator from Virginia, Government spending at an all-time peacetime high, and the national debt skyrocketing toward the wartime peak, thinking people, those who are keeping tab on what goes on in Washington, know that money alone cannot solve our problems. They know this high-living spending cannot go on indefinitely without wrecking our country. They know there must be some purpose and direction to Government spending for defense if America is to get a dollar's worth of defense for every dollar spent.

Hush-hush statements by highly placed Government officials that America is still far ahead of Russia in development of atomic weapons is comforting, but it is no answer to the fundamental necessity for defense works, which will be effective in keeping the peace through notice that America is prepared and impregnable in case any would-be aggressor goes on the prowl before brotherly love becomes universal.

Overshadowing as the atomic bomb is as a war weapon, there are other bombs that are very effective and there are other weapons such as long-range rockets.

The bill to arm Atlantic Treaty countries, now in its final stage of passage by Congress, sets the pattern for rearming treaty nations. It is a wrong approach, because it emphasizes establishment of huge ground forces in western Europe, when the main emphasis should be put on air power.

It is the wrong approach, because it will drain American taxpayers of billions upon billions of dollars in a wasteful, ineffective policy. I think it could not be worse if it had been "planned in Russia."

The policy of making western Europe an armed camp—at the expense of the American taxpayers—fits the propaganda line of the Kremlin. The Kremlin is using the rearming of western Europe to scare the Russian people and make them supple to the will of the dictators. Through fear propaganda they hold the freedom-loving Russian people in the dictator's grip.

If the United States bends its efforts to prepare for a ground war with Russia, should the latter attack any or all Atlantic Treaty countries, it will mean the loss of a generation of American boys on European soil. Figures of the last war support these views. When World War II ended there were 63 American divisions on the western front. American forces were assisted by 12 British, 5 Canadian, and 11 French divisions. The total was 91. With the German Air Force destroyed, our forces were driving the German ground forces back to Germany. On the eastern front, however, the Russians were pushing Hitler's legions westward with 502 divisions. This Allied effort in the west was our maximum effort for World War II—91 divisions. But the 502 divisions of the Red Army did not represent Russia's maximum strength, for Russia had already lost about 10,000,000 Red soldiers in absorbing the shock of the Nazi Army.

Military observers believe that the next war—God forbid it shall ever come—Stalin could launch an attack against Europe with 1,000 divisions. Thus the Allied ground forces would be outnumbered 10 or 20 to 1.

The numerical inferiority in ground forces is not the only danger in the administration's military-assistance program. Russia is believed to have about 16,000 combat aircraft. The cost of building an Allied tactical air force able to neutralize Stalin's 16,000-plane tactical striking force is staggering.

Yet the lessons of World War II demonstrate that neither armies or navies can exist unless they control the air above them.

We have been assured by Secretary of Defense Johnson and Gen. Omar Bradley that no American troops are to be sent in peacetime, but with Britain's principal strength of necessity remaining in England to meet a likely Red airborne invasion, the French and other European allies must hold the frontier until American troops arrive.

I quote from a recent statement of Mr. Monteil, member of the French Chamber of Deputies, which I quoted in a speech about a week ago:

> We have the right to await from our allies all the assistance we need in order to win the first battle.

If the Rhine could be held, it would be for the most part Americans who would have to hold it, and we cannot possibly do this unless the Allies have an enormous peacetime garrison on the Rhine. To supply our proportion of such a garrison would require universal military training in this country.

The cost of equipping the ground forces must be borne largely by the United States. According to the testimony before the committee, it costs $400,000,000 to equip a single division. Sixty—or, to take General Bradley's figure, 50—divisions would be the minimum required even to impress Russia with the fact that resistance would be encountered if she moves westward.

Thus, the outlay for division equipment alone would be a minimum of $20,000,000,000, spread over a period of 4 years, and that does not include the cost of a tactical air force, which would be at least $3,000,000,000—again coming chiefly from the American taxpayers over the next few years.

The futility of the military-assistance bill, with its emphasis upon ground forces, must be apparent to anyone in the light of the announcement by President Truman that Russia has achieved an atomic explosion. Obviously, this requires a realistic approach to the entire defense policy.

In modern lightning-like warfare, in which planes can be flown over the North Pole and nonstop halfway around the world, America must allocate ample funds for the technical development of defensive measures, such as a radar screen to detect oncoming planes and intelligence agencies to ascertain the potential enemy's plans.

Advocates of the pending military-assistance bill constantly harp on the argument that western Europe would feel the first shock of war, if it comes.

The first shock—and possibly the decisive shock—might be to the United States, with our National Capital, New York, Boston, Hartford, Philadelphia, Pittsburgh, Detroit, Chicago, Seattle, Portland, San Francisco, Los Angeles, Houston, or even New Orleans receiving the first bombs from Russian planes.

Argument that only a suicide plane could get through to bomb America is shallow. America must be prepared against even suicide planes.

Remember Hiroshima and Nagasaki.

The wisdom of establishing our strategic air command at Omaha, in the heart of America looking east, west, north, and south in preparedness, is being borne out by events.

Agitation among military men to transfer much of the great Boeing air plant at Seattle to Wichita, Kans., as a strategic preparedness move, is significant.

It points directly to our defenses in Alaska. Are they strong and capable of holding Alaska? Evidence that all is not secure in Alaska comes to hand. The Senate Appropriations Committee has received testimony that Alaskan defenses are inadequate.

If the United States is to be defended effectively, Alaska must be held secure against possible attack.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MAGNUSON. I am glad the Senator has mentioned the Alaskan matter. I am sure, if he feels that way about it, he will join with us in the bill which is now on the calendar for a military public-works program in Alaska in connection with building up many defense projects.

Mr. WHERRY. Mr. President, I thank the Senator for that observation. In answer to the Senator, I may say that the Senator from Nebraska, since he has been a Member of the Senate, has never stinted on appropriations to the Military Establishment. Certainly with respect to the 70-group air force, when it was announced, and before it was even brought to the attention of the Senate, the junior Senator from Nebraska took a position in favor of it. The Senator from Nebraska introduced the military housing bill which, if passed, will solve, to a great extent, problems all over the country. Whether it will do so in Alaska, I am not sure, although the Federal Housing Authority and the military have said they would cooperate. I hope that in Alaska advantage will be taken of the bill which I have introduced, and that the installations which are necessary will be constructed there.

Mr. MAGNUSON. Mr. President, will the Senator further yield?

Mr. WHERRY. I shall be glad to yield.

Mr. MAGNUSON. With regard to our own domestic defenses, it is my firm opinion that the Senate should not think of taking a recess until it has disposed of the matter of radar and other detection devices, which has been left hanging in the air in this session of Congress.

Mr. WHERRY. I thank the Senator. I was never more sincere in my life than I am this afternoon when I say that I think the approach in protecting western European nations should be along the lines which I am suggesting, and that to commit ourselves to the establishment of ground forces over a period of 20 years will bankrupt this Nation and will not provide the necessary defense we need to protect this country and to maintain the peace of the world.

The true war deterrent today is the long-range bomber. The American taxpayer's sound, sensible choice is to buy this essential security.

America must also maintain an effective Army and Navy, in order to have suitable bases, supplied and secure, from which air and naval attack can be unleashed.

These bases cannot be counted upon if all are in western Europe, though it would be wise to junk the administration's present fatuous policy toward Spain, and open the way for establishment of air bases in Spain.

Spain is anti-Communist. Unlike France, Spain is not infested by hundreds of thousands of Communists, who stand ready to sabotage any preparedness or war effort that might be made.

Bases must be so located that they will have the incidental protection of water or mountains or deserts, or combinations of these natural barriers. Bases so located would not be subject to the full weight of an attack by the Red Army. They could be defended.

Any policy to contain Russia within her borders must consider her as an entity, a solid mass of territory and population.

A chain of mutually supported air bases in England, Africa, Alaska, Japan, Okinawa, and the Philippines would enable us to launch air strikes against any target in Eurasia.

For the most part these bases are already built. The cost of maintaining them and keeping them up to battle strength is not great, compared to the tremendous appropriations needed for the pending legislation.

America needs a navy to supply these bases and to help defend them, and America needs an army to defend them from airborne and triphibious attack.

America needs allies to help defend these bases.

America needs plans for allied air and naval power and ground forces to be integrated with our forces in a collective defense.

But America should never engage the Red Army in Europe, or on her home ground, until our air power has pulverized the source of the Red Army's strength.

Destroy Russia's railway bridges, and she cannot distribute food to feed her population, nor can she deliver coal to keep her people warm.

Destroy all her oil fields, refineries, and munitions plants—the lifeblood of modern war—and Russia is gone.

With her population hungry and cold, with the lifeblood and sinews of modern war destroyed, we can punish Russia into submission by bombing.

Napoleon tried to whip Russia with ground forces. He failed.

Hitler tried it. He failed.

Russia's vastness, her dependable ally of extreme winters, and her reckless disregard for human life, Russia's own people, make the ground approach tragic.

There is still another weapon in our arsenal to prevent another war; a weapon that is rusty but still available, and it is more powerful than all other weapons combined.

That is our convincing psychological weapon—truth.

Tell the Russian people, who do not want war as people everywhere do not want war, the wonders that have been accomplished by our American Republic for the prosperity, happiness, and contentment of our people.

Assure the Russian people, to whom the truth has been denied, that these blessings will flow to them if they have a liberal government that believes the people should be the masters of their government and not its slaves.

Stop spending the American taxpayers' money for the ill-conceived ground defense of western European frontiers. Put our money into American air power. This is the bastion of our defense and in it lies the effective protection of western Europe—a mighty air armada with land and sea support ready and poised to strike.

Above all, keep our own representative republican government pure and undefiled by socialism, fascism, and all the other alien ideologies of statism that the administration at Washington is trying to fasten upon the American people.

Along these roads, a realistic preparedness policy against attack from without and cleansing of our own Government of alien-minded planners, lies the greatest measure of prosperity and peace for America and for all mankind.

Mr. President, obviously this conference report is going to be adopted almost unanimously.

The junior Senator from Nebraska believes that the tremendous implications of the action about to be taken will become more generally known as time passes and this great problem of national defense is more thoroughly weighed and explored by the Congress, in the light of disclosure on the atomic bomb, since this measure began its way through Congress.

The arms and other military equipment provided for in this bill could be used for the useful purpose of maintaining internal security among the receiving countries, and to that extent they will be helpful in maintaining the domestic stability of those countries if properly managed.

This is the first authorization, but it should be the last appropriation in line with the futile pattern for the building of ground forces in western Europe, in an effort to obtain superiority over the potential enemy in a ground war.

The United States has given its solemn word to the countries now in the Atlantic Treaty that the United States will help them with all its power and with all its might, should any of them ever be attacked by an aggressor nation. This word the United States will keep, but it seems to the junior Senator from Nebraska that the prudent, wise course of preparedness, sound in the light of modern warfare and within the ability of the United States to finance and maintain, is along the line just outlined by the junior Senator from Nebraska upon the advice of men who have given many years to study of such matters.

Mr. President, as I said in the beginning of my remarks, I am giving merely my own opinion as the junior Senator from Nebraska. I have no quarrel with those who believe that the money should go for ground forces. They are sincere in their belief. It seems to me that what I have suggested is the proper approach, and that instead of committing ourselves now to ground forces in western Europe, with all the implications I have recited, such action will prove futile, it will drain the American taxpayers of their money, it will rob us of the defense we so desperately need and will need, namely, supremacy of the air, and the control of the power to deliver atomic bombs if and when it becomes necessary.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. DOWNEY. Mr. President, I want the floor, but I do not care to delay the adoption of the conference report, if any Senator desires to speak on it.

Mr. FERGUSON. Mr. President, I wish to say a few words on the conference report.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. FERGUSON. Mr. President, I wish to comment very briefly on the conference report on the military-assistance bill, H. R. 5895.

It is a great source of satisfaction to all those who have premised their support of the military-assistance program upon a principle of mutual and truly integrated defense for the North Atlantic Treaty nations, that the conferees have accepted the condition precedent for the bulk of our aid which was written into the Senate version of the bill. When I say "the bulk of our aid," I include all but the first hundred million dollars of the program.

It will be recalled that the Senate provided that beyond the $100,000,000 of immediate or interim assistance the aid contemplated for the European nations should be available only after the President "agrees to recommendations for an integrated defense of the North Atlantic area," and so forth.

The conferees changed the word "agrees" to "approves," which, in my opinion, strengthens the condition as connoting that the President must not merely accept passively but must positively endorse the recommendations for

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an integrated defense which are laid before him by the treaty's Council and Defense Committee. In fact, the word "approve" is defined to mean "to sanction officially; to ratify; confirm; accept as satisfactory." So the word "approves" will be even a stronger word than "agrees."

Mr. President, as one who has been vitally interested in this proposition, I want to cite the statement of the House conferees in their report, when they said:

> No provision of the legislation is of greater importance than the language referring to that portion of the authorization contingent upon the development of integrated defense in the North Atlantic area.

The provision referred to, Mr. President, is the heart and core of the entire bill. If the act is justified, it is justified to the extent that it protects the security of the United States. In the North Atlantic Treaty, and in the military-assistance program, we adopt the premise that our security is promoted by a common defense. The provision in the bill assures us that the aid we give, if faithfully executed, can only serve the common defense and our own security by requiring an integration.

It was my opinion when the bill passed the Senate last Thursday that this provision was the crux of the act. The announcement on Friday that Russia now possesses the atomic secret emphasizes its importance as perhaps nothing else could have done. It is important as never before that our substance not be dissipated in any manner. It is vital as never before that the resources which we can spare for the development of a common cause be coordinated and integrated with the mission of our National Military Establishment.

There has been a great deal of confusion over the meaning of an integrated defense. It has been suggested that it means perfectly formulated plans. I do not think that our insistence upon integration implies such perfection of detail. As the House conferees have reported:

> A completely articulated and unified defense plan * * * cannot be struck off in a moment. This is a development which must be evolved through many stages and which must be reckoned in years rather than weeks or months.

In contrast to that concept of a formulated plan, integration is a principle. It is a principle of unification. It is a principle which insists that all planning be toward unity, and in this case the common defense which we have set up as a bulwark of our national defense.

It is a principle of crystallization. It commences where something concrete has evolved and crystallized. From that point forward it insists that future evolution shall be in accordance with the same crystallized pattern.

It is the principle with which we have entrusted the President of the United States to carry out a common cause in our own interest.

Mr. President, when I was in Stockholm recently at the meeting of the Interparliamentary Union a Communist member of the Finnish delegation attacked the United States and the nations associated in the North Atlantic Pact as being guilty of aggression. The Senator from Michigan, as a delegate from the United States Senate and Congress, felt that he was compelled and that it was his duty to permit no such attack upon the United States to be made without an answer, and without an insistence on telling not only that Finnish delegate but all the other delegates that the United States of America was not and would not be an aggressor nation, that the signing of the Atlantic Pact was not an act of aggression, that the Atlantic Pact merely said to the world and printed across the sky in large letters the message that the United States of America was willing to defend itself and the other countries who joined in the Atlantic Pact in case of aggression by any other nation, and that anything we did in carrying out that plan would be merely setting up a defense program under which we could defend not only America but the other nations.

Mr. President, I am of the opinion that the Members of the Senate and the other nations are not implementing this program as an act of aggression. It is preparation for a defense. As we now face in America and in the world the possibility of an atomic war, we must have a common defense with those who believe and feel as we do.

If we carry out the principles of this program as implemented and as set forth in the conference report, we are preparing for a common defense. We are not preparing to be aggressors against Russia or any other nation. The United States of America wants to defend herself and those who are with her in this treaty, but not to undertake aggression or aggressive action in any form.

It is necessary, however, that in preparing for defense—should the United States or any of the signatory nations be attacked—they may be able not only to defend themselves, but able to carry on so that they may win the battles for the principles for which we stand. As I see it, that is what we should do and are here trying to do, namely, to defend America and defend the area which is now established as a part of America's defense.

I hope that when the President finds these plans to be for the common defense he will have in mind what the Senate has said, what the conference report says, and what is very vital to the defense of America, which is that it be a common defense rather than a preparing of each nation as it may desire to be prepared.

The PRESIDING OFFICER (Mr. McCLELLAN in the chair). The question is on agreeing to the conference report.

Mr. CONNALLY. Mr. President, I shall detain the Senate for but a couple of minutes. The reason I take the floor now is because of the comments of the Senator from Michigan concerning the requirement in the bill, and as mentioned in the conference report, respecting the President's action on these integrated plans. The bill sets forth the amount and so on:

> One hundred million dollars shall be immediately available upon appropriation, and not to exceed $400,000,000 shall become available when the President of the United States approves recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty. The recommendations which the President may approve shall be limited—

And so on. Mr. President, when approval by the President of the integrated plans is required, that does not mean that he has to approve every little detail which may be set forth, because that would involve months of delay. It does mean, however, that he shall approve the general outline and the over-all outline of a plan which contemplates an integrated-defense system of all the countries which are parties to the North Atlantic Treaty. The report of the House conferees to the House mentions that very clearly. I read from it as follows:

> The members of the committee of conference are aware that a completely articulated and unified defense plan among the participating nations cannot be struck off in a moment. This is a development which must be evolved through many stages and which must be reckoned in years rather than weeks or months.
>
> Since the members of the committee of conference recognize that the development of detailed defense arrangements may require considerable time, and it is to be expected that work on and changes in these plans will continue over the coming years to meet changing conditions, it is not their intention that integrated defense plans shall be developed in detail before the President may extend assistance under the bill. That would result in needless and dangerous delay.
>
> Moreover, to expect the formulation of a plan which could be called a final or complete plan would be unwise and unrealistic. Military developments in the North Atlantic area should be dominated by dynamic rather than static concepts and by flexibility rather than rigidity.

Mr. President, I hope very much that the Senate will approve the conference report by a decisive majority. It carries out the concept of the North Atlantic Treaty. It does not ignore, but aids, the defense of the United States. If Senators will look at the map, will they not find it to be important to the United States to be associated with, or have associated with it the great dominion to the north of us, Canada, which on the one side stretches out to Alaska and faces the Orient, and on the other side reaches out to Greenland and Iceland and to the passages of the North Atlantic? Will it not be valuable to the United States to have associated with it Greenland and Iceland, and the opportunities which they afford for great bases? Will it not be to our advantage to have in the western part of Europe at least some opposition to the Red tide which threatens to engulf those countries? Will it not be to our advantage to have them on our side? Farther down, in the case of Italy and the Mediterranean and the islands which belong to Portugal in the Atlantic, which dominate great areas of transport, will it not be to the advantage of the people of the United States to have these nations on our side?

Mr. President, I call for a vote.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. LANGER. Mr. President, the distinguished junior Senator from Nebraska a few minutes ago stated that the report would be adopted unanimously.

Mr. WHERRY. No, Mr. President, I do not believe I made that statement. If I did make it, I will say I meant to say it would be adopted almost unanimously.

Mr. LANGER. Although there may not be a vote on the question, I wish to say that I am opposed to the adoption of the report.

Mr. WHERRY. Mr. President, if I did not use the word "almost", I use it now.

Mr. LANGER. I simply wish to say that the senior Senator from North Dakota will vote "No" on this question.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

INCREASE IN COMPENSATION OF CERTAIN EXECUTIVE OFFICERS

The Senate resumed the consideration of the bill (H. R. 1689) to increase the rates of compensation of the heads and assistant heads of executive departments and independent agencies.

Mr. DOWNEY. Mr. President——

Mr. FLANDERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FLANDERS. Is it not true that the junior Senator from Illinois [Mr. DOUGLAS] had the floor when the proceedings on the pay bill were interrupted by the presentation of the conference report?

Mr. DOUGLAS. I am glad to yield to the Senator from California.

Mr. DOWNEY. Mr. President, I am very happy to have the distinguished Senator from Illinois have the floor. I may say to the Senator from Vermont that the Senator from California wanted to proceed.

Mr. DOUGLAS. I am very glad to yield to the Senator from California.

Mr. DOWNEY. Mr. President, I shall occupy the floor for not more than 2 or 3 minutes.

Mr. President, it seems to me that the pending substitute to the committee amendment is a rather insufficient bill, and I shall regret to see it pass in its present form. I think there are two rather manifest inequities in the proposed substitute. Salaries below $15,000 in the executive branch are increased more or less liberally. No one in receipt of $15,000 or upward would receive any increase whatsoever under the substitute. I do not think that appeals to our sense of justice.

Furthermore, chairmen of boards, upon whom is imposed much heavier responsibility and burden of work than upon the members, will, under the substitute, as we will probably pass it, receive the same salary, to wit, $15,000 a year.

I have discussed with my good friend, the senior Senator from Colorado, the proposal that some plan be worked out to increase the salaries of men presently receiving $15,000 or upward, and to give some advantage to chairmen of the various boards as compared with the members. The Senator from Colorado has assured me that he believes it absolutely essential that such an amendment should not be adopted. He says it would impair the plans that have been made by a large number of Senators, and delay matters, and I have no disposition at this late point in the consideration of the bill to delay by attempting to secure a vote upon the amendment I had intended to propose.

The distinguished Senator from Colorado has assured me that at some future time, which may not be too long away, he personally would be committed to a further bill for the top executives.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. DOWNEY. As soon as I have finished my sentence I shall yield. The Senator has assured me he would make an effort to rectify the inequity which I believe to exist in the bill. I have found several other Senators who have also stated to me that while they are supporting the pending substitute they realize that it is not entirely adequate, and they will be sympathetic to a further consideration of this problem sometime in the near future.

I am now very happy to yield to the Senator from North Dakota.

Mr. LANGER. Of course, the Senator is familiar with the La Follette-Monroney Act, which provides that the Committee on Post Office and Civil Service shall have complete charge of the status of officers and employees of the United States, including their compensation, classification, and retirement. I should like to know, therefore, of what value is the assurance of the distinguished senior Senator from Colorado, or any other Senator who is not a member of this committee, that he is going to consider the subject at some future time? Would it not be just as sensible for me to say that at some future time I am going to consider some of the great bills dealing with foreign relations?

Mr. DOWNEY. As always, the questioning of the Senator from North Dakota is very penetrating and very difficult to answer in logical form. Therefore I am compelled to take another moment or two on the floor of the Senate.

I have already discussed with the distinguished Senator from Louisiana [Mr. LONG] his opinion on this subject. I have also consulted other members of the committee who took the position that they doubted the possibility of such an amendment being adopted. Inasmuch as I was proposing an amendment to the substitute sponsored by a very distinguished bloc of Senators under the leadership of the distinguished Senator from Colorado, I went to him to discuss a proposed amendment to his substitute. If I have been guilty of any impropriety or any violation of the rights of Senators who are members of the Committee on Post Office and Civil Service, for whom I have the deepest respect, admiration, and affection, I regret it, and I apologize.

Mr. LANGER. I could not imagine the Senator being guilty of any impropriety. I remember that when the distinguished senior Senator from California was chairman of the same committee he was very jealous of the jurisdiction of the committee. If my memory serves me correctly, upon one occasion I rose on the floor of the Senate and asked that a bill which had been referred to another committee be recalled and sent to the Civil Service Committee. I assure my good friend that all I am trying to do is to protect the integrity of the committee. Two years ago, when the Republicans were in power, it was attacked. At that time the Republicans took from the Civil Service Committee the matter of considering the proper compensation of all the officials and employees of our Government.

Mr. DOWNEY. The distinguished Senator from North Dakota has heaped coals of fire upon my head. Again I apologize to all the members of the Post Office and Civil Service Committee if I have been guilty of any impropriety in addressing my remarks to my distinguished friend from Colorado [Mr. JOHNSON].

Mr. DOUGLAS. Mr. President, I rise in opposition to the amendment offered by the distinguished Senator from Colorado and others of our colleagues and in support of the bill originally reported by the committee. In the course of my remarks I shall offer a suggestion which I think would remove one of the objections advanced by the group which is sponsoring the substitute.

We are operating a $40,000,000,000 corporation in the United States, and we need as competent and skilled men as we can get to direct the administrative affairs of our Government. Salary is not the chief item which attracts men into the Government service. But we want to make it possible for able men who do not have independent fortunes to serve the Nation. Therefore the scale originally proposed by the committee seems to me to be thoroughly reasonable, and in itself to involve no great expense to the Federal Government.

The two objections to this measure which are advanced by the group of Senators who are advocating the substitute are, first, that the proposal of the committee would cost about one and a quarter million dollars a year; and secondly, that the proposal calls for the salaries of Under Secretaries, heads of independent agencies, and certain other officials to be greater than the salaries paid to Senators and Representatives.

So far as the first objection is concerned, namely, the added cost of one and a quarter million dollars a year, I shall offer at the appropriate time an amendment providing that any increases in salary shall be absorbed in the general expenses of the departments or agencies in which the increases are granted, so that the net effect of my amendment, if adopted, would be to remove any additional cost either of the original measure or of the substitute proposed by the Senator from Colorado. Under my amendment there would be absolutely no additional cost. Certainly we can save one and a quarter million dollars from governmental administrative costs. In fact, I believe that we can

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save 100 or 200 times that amount. This suggestion, I think, should therefore remove one of the objections advanced by the group of distinguished Senators who are supporting the substitute.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. WILLIAMS. Does the Senator from Illinois propose to make the effective date of the bill after these savings have been put into effect, or prior thereto?

Mr. DOUGLAS. The amendment will carry with it the provision that the total budget for the agencies shall be diminished by the amount of the increases, so there will be no net increase for the current fiscal year.

Mr. WILLIAMS. Under the terms of the bill the effective date is upon the passage of the bill; and naturally the salary increases would automatically go into effect.

Mr. DOUGLAS. During the remainder of the year the departments and agencies would be required to effect decreases equal in amount to the added salaries paid to the officials in question.

Mr. WILLIAMS. I want to understand the amendment thoroughly. Do I correctly understand that in the event any department of the Government should not absorb the increases in its current budget, the salary increases would be canceled?

Mr. DOUGLAS. I think that would be proper, if it could be done.

Mr. KEM. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. KEM. I should like to ask the Senator whether the proposed increases in salary would be only for the current year?

Mr. DOUGLAS. No. As I understand it, the proposed increases begin in the current year, but will continue in the future unless action to the contrary is taken.

Mr. KEM. If the increase is absorbed in the current budget, what assurance have we that that will continue to be the case? What assurance have we that it will not be added to the expenses of the respective departments in years to come?

Mr. DOUGLAS. I hope the Appropriations Committee will be able to scrutinize the budgets of the departments and see that they are reduced in future years by this amount.

Mr. KEM. The able Senator from Illinois is a student of government. Does his observation and experience lead him to the belief that it will be possible to do so?

Mr. DOUGLAS. I am a very inexperienced navigator in these stormy seas, but I will say to the Senator from Missouri that with careful scrutiny on the part of the Appropriations Committee, I think it could be done.

Mr. KEM. I know from the Senator's writings that he is a very experienced observer. I should like to pay tribute to him in that respect. I ask him again if his observation leads him to the belief that it will be possible for the Appropriations Committee so to handle its affairs that this increase will be absorbed in years beyond the current year.

Mr. DOUGLAS. I think so. As a matter of fact, it is my own observation that the executive staffs of most of the departments and agencies are inflated and swollen and the reductions could be made there instead of being distributed over a department as a whole.

Mr. KEM. I have no doubt that theoretically it is possible; but the question I am addressing myself to is this: I want to know whether the Senator believes that that would be a practical possibility.

Mr. DOUGLAS. It would seem so to me.

Mr. President, the one tacit objection, therefore, to the original bill, which I think remains, is based on the feeling—not always expressed, but perhaps real—that the heads of the independent agencies and the Under Secretaries should not receive more pay than Senators and Representatives in Congress. I shall not debate that point. I merely say that I do not believe this should be a controlling element in our decision. I believe we should decide how to get the best executive talent for the Government, and we should leave our own fate to the good judgment of the people of the United States.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I am very glad to yield.

Mr. KEM. I should like to ask the Senator whether he believes that the present juncture in our economic affairs is an appropriate time to increase the salary expense of the Federal Government.

Mr. DOUGLAS. Not the total salary expense; no, sir. That is why I am going to propose the amendment, so that there will be no increase in the total salary bill. But I think it is a time when we should try to attract the best possible executive brains into the leading administrative posts.

Mr. KEM. Any Senator who believes, based upon his observation and experience, that it would not be possible to absorb the added increase, should, in the opinion of the Senator from Illinois, vote against the bill. Is that correct?

Mr. DOUGLAS. I shall let that matter be decided according to the good judgment and conscience of each Member of the Senate, including the Senator from Missouri, who I know has a very active and sensitive conscience and will be guided by it.

Mr. FLANDERS obtained the floor.

Mr. LONG. Mr. President, if the Senator will yield to me, I would suggest the absence of a quorum.

Mr. THYE. Mr. President, I, too, would suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Vermont yield for that purpose?

Mr. FLANDERS. I do.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hill	Mundt
Anderson	Holland	Murray
Bridges	Humphrey	Myers
Butler	Ives	Neely
Byrd	Jenner	O'Conor
Cain	Johnson, Colo.	O'Mahoney
Capehart	Johnson, Tex.	Pepper
Chapman	Johnston, S. C.	Reed
Chavez	Kem	Robertson
Connally	Kerr	Russell
Cordon	Kilgore	Saltonstall
Donnell	Knowland	Schoeppel
Douglas	Langer	Smith, Maine
Downey	Leahy	Sparkman
Eastland	Long	Stennis
Ecton	Lucas	Taylor
Ellender	McCarthy	Thomas, Okla.
Ferguson	McClellan	Thomas, Utah
Flanders	McFarland	Thye
Frear	McKellar	Tobey
Fulbright	McMahon	Watkins
George	Magnuson	Wherry
Gillette	Malone	Wiley
Green	Martin	Williams
Gurney	Maybank	Withers
Hayden	Miller	Young
Hendrickson	Millikin	
Hickenlooper	Morse	

The PRESIDING OFFICER. A quorum is present.

Mr. FLANDERS. Mr. President, I wish to speak in opposition to the amendment offered as a substitute to the committee bill. In doing so, I shall first address myself for a few moments to the committee bill itself.

In my judgment, for efficiency and economy in Government the bill before us, H. R. 1689, is a primary necessity. There seems to be no disagreement on the principle involved in the measure. Everyone believes that the salaries of the positions covered, some of which were set over 40 years ago, should be increased. Most of the threat to the bill stems from a few dissatisfied office holders who feel that their prestige has been injured because the bill does not provide them an increase as large as some rival bureaucrat. It would be foolish for us to allow this fringe bickering to jeopardize a very important piece of legislation.

Aside from this, various Members of this body have had special or personal knowledge of the good work of one or another official, and feel that his position should have special attention salary wise. More than this, some of us feel that this or that official is a dud, or worse, and we therefore object to raising his salary at all.

I may say to the Members of this body that administrative efficiency and justice are thrown overboard in a salary bill drawn to reward personal virtues or punish personal shortcomings. Persons come and go. The job itself is the only just measure of salary, and the pending bill is drawn on the basis of justice.

To those Senators, therefore, who have suggested that the salaries of individual positions be changed from the levels set in the bill, I urge that they consider the tremendous amount of careful study that has gone into its drafting. The Senate Post Office and Civil Service Committee has studied the problem for over a year and a half. We have tried to arrive at as fair a salary scale as possible. At the same time the Hoover Commission made a similar study and its chairman, the Honorable Herbert Hoover, appeared before our committee

and urged the passage of a measure substantially the same as the bill now before the Senate. Although many Senators may find what they consider minor flaws in the bill, I plead with them to support it because of the broad principle of good government involved.

At the present time, the United States Government must pick its leaders from among the rich or the mediocre. Among the limited number of high-caliber men, only those of wealth can afford to hold an executive position because of the present low-salary levels. Jobs go begging because there are not enough qualified men who can afford to make the financial sacrifice involved. Often when jobs are filled, it is necessary to appoint mediocre men, resulting in poor and wasteful administration. This is a fundamentally dangerous situation in a democracy. The Government should be able to attract the best men possible, regardless of personal fortunes.

Mr. KEM. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Vermont yield to the Senator from Missouri?

Mr. FLANDERS. I yield.

Mr. KEM. Does the Senator consider the present executive departments of the government to be manned by mediocre men who are carrying on the governmental affairs in a wasteful manner?

Mr. FLANDERS. From the standpoint of my own personal judgment, and not for publishing abroad in the RECORD, I believe I could point my finger at a considerable number of mediocre men.

Mr. KEM. Does the Senator feel that if the salaries were increased as the Senator proposes, those mediocre men would be immediately moved out of the government?

Mr. FLANDERS. I may say to the Senator from Missouri, that I do not feel that they would be immediately moved out of the government. It is a long-range bill. I feel that if the bill is passed there will devolve on the Senate of the United States, when it comes to confirm appointees, a rather more serious duty than has devolved upon it in the past. We have taken it for granted that the Government would have to take what it could get. If the bill is passed the Administration will not have to take what it can get, in the sense of picking out the nearest man who happens to be acquainted with someone or other, or the first name who comes to mind. If the pending bill is passed, with the salaries proposed, the Senate will have the duty to a greater extent than before, instead of passing on nominees almost automatically, of examining the qualifications of each man. We shall have provided the means whereby capable men can be obtained. The responsibility would rest more strongly than in time past on the body of men in this Chamber.

Mr. KEM. Mr. President, will the Senator yield for another question?

Mr. FLANDERS. I yield.

Mr. KEM. The Senator has come to the United States Senate after a long and successful career in business. Are there not certain other rewards incident to public service, other than the purely monetary compensation?

Mr. FLANDERS. I think the next paragraph of my statement will afford, perhaps, an adequate reply.

I am not saying that the Government can or should try to compete with salaries paid in private industry. Any man who has Government employment in high places must be willing to make a sacrifice for his country's good. But the sacrifice must not be a punishing one.

I do not know whether that answers the Senator's question.

Mr. KEM. I think it does. I am glad the Senator has in mind what seems to me to be a very important consideration in this connection.

I should like to ask the Senator another question. He has referred to an important principle of government involved in this bill. I should like to ask him if there is any more important principle of government than that of solvency in the Government itself.

Mr. FLANDERS. I agree with that thoroughly, and I am coming to that point a little later.

Mr. KEM. I am sorry to have anticipated the Senator's remarks.

Mr. FLANDERS. It is no secret that Governor Dewey felt that he would be unable to bring his "team" to Washington unless executive salaries were substantially increased. I think we must all admit, when we look at the operations of that time, that they did a swell job within what was sometimes termed the "fringe of their references."

For several months before the election the Governor discussed the problem with various Members of Congress and early congressional action would have been certain had the results of the election been different. However, I feel very strongly that no administration should be handicapped by an inability to get good men for key positions.

President Truman has repeatedly asked Congress for action on executive salaries. His letter to the Vice President which was read yesterday outlines in the strongest terms the pressing need for prompt action.

I should like to point out that the Senate passed day before yesterday a military-pay bill on the grounds that the large increases in the top brackets were necessary in order to retain good men as leaders of the armed services. It would be inconsistent of the Senate to accept the military-pay bill and reject the executive-pay bill. Some extremely awkward situations would be created. In the military-pay bill, as passed by the Senate, major generals receive a total compensation of $17,270 a year.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. McFARLAND. Was not the limit in the military pay bill a 50 percent increase for the top men?

Mr. FLANDERS. I do not carry that in my mind at the moment, so I am dealing only with specific figures.

Mr. McFARLAND. The report was that it was a 50 percent limitation. That is the basis of this civil bill.

Mr. FLANDERS. The Department of Defense informs me that major generals normally report to and are subordinate to assistant secretaries of the component military bodies. Yet at the present time, these Assistant Secretaries receive only $10,948, or almost $7,000 less than do the men who work for them. Even under the executive pay bill, the assistant secretaries would be raised to only $15,000, still well below the salaries of their subordinates.

I interpolate that I believe we should sustain the principle of the responsibility of the military to the civil authorities, rather than the reserve.

Having passed the military pay bill, if we fail on this civil bill, we may be asked and may ask ourselves whether the time has at last arrived in this old democracy when the armed forces are elevated above the civilian population—

Mr. KEM. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield, in spite of the fact that the Senator interrupted one of the most brilliant passages in my speech. I, nevertheless, yield.

Mr. KEM. I am sorry. I shall wait and permit the Senator to proceed, and then shall ask him to yield.

Mr. FLANDERS. I shall finish the paragraph, and then I shall yield to the Senator.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. WATKINS. Does not the Senator think he should repeat the sentence in which he was interrupted?

Mr. FLANDERS. I shall go back to the beginning of the sentence.

Having passed the military pay bill if we fail on this civil bill, we may be asked and may ask ourselves whether the time has at last arrived in this old democracy when the armed forces are elevated above the civilian population, when the glamor of uniforms, insignias, and medals has blinded us to faithful service in civilian capacities which the founding fathers, in our Constitution, and our great statesmen, in their practice, put over the military force, not beneath them.

I now yield to the Senator from Missouri.

Mr. KEM. I agree with the Senator from Vermont that that is a very eloquent passage.

The Senator from Washington [Mr. CAIN] spoke with almost equal eloquence earlier in the afternoon with reference to the relative position of the legislative and executive branches of the Government.

Mr. FLANDERS. I shall come to that, also. I have everything in this speech.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. WATKINS. I noted the Senator stated that some subordinates who are under the supervision of other persons receive much higher salaries than their superiors. It is not true that a board of directors conducts the affairs of a corporation, and that the aggregate of all the salaries of the members of the board of directors would not be even a tenth of the salary of the manager or of possibly thousands of employees of the corporation, and yet they are directed by the same board of directors?

Mr. FLANDERS. I will say to the Senator from Utah, that, unfortunately, I

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have been a member of quite a large number of board of directors. I wish I could say that those boards direct. In general, they do not. They are a sort of volunteer fire department which goes into action when something perfectly terrible takes place. Only disaster stirs the ordinary board of directors into action. That is when they have to choose a new president and a new executive outfit because things are going so badly. In some cases, using the example of Montgomery Ward, even then they cannot accomplish anything.

I shall proceed.

As to voting against this bill on grounds of economy, that can scarcely be done without red faces on the part of those who voted for the military pay bill. Senators cannot vote more than $300,000,000 in the form of military pay increases, refuse to vote on the ground of economy a little more than a million dollars in the form of civil pay increases, and then expect to get any credit for economy on the 300 to 1 ratio.

I speak of that with some feeling, because, while I would have voted for the military pay bill had I been present, I would have done so on exactly the same grounds on which I ask the Senate to vote on the civil pay bill. The justification for one is the justification for the other. Any Senator who votes for $300,000,000 and then starts to "cheese pare" on $1,200,000, brings to my mind a situation which might be described in this way: The town bully goes by, and a boy disappears in the brush until the bully is safely out of sight. Then a small boy comes by, and the boy in the brush comes out and beats him up. That is what we are doing here.

Mr. KEM. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield to the Senator from Missouri.

Mr. KEM. Does the Senator feel that the suggestion made by the Senator from Arizona [Mr. MCFARLAND], that the same principles apply to the pending bill as apply to the military pay bill, is entirely out of order?

Mr. FLANDERS. That is the 50-percent increase. That, I think, is not in order as to some of the salaries which have been so low in comparison for so many years. Furthermore, it is impossible to apply in setting up any orderly graded system of salaries based on responsibility.

Mr. KEM. Would it not be entirely logical to give them a maximum of 50-percent increase in pay now, and later make any further adjustments which seem necessary? Is there not a danger that it might disturb the equilibrium of some other branches of the Government if we applied increases so rapidly and in such a large amount?

Mr. FLANDERS. The equilibrium is now disturbed.

Mr. THYE. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. THYE. There was one thought which was in the mind of the Committee on Post Office and Civil Service—at least, it was in my own mind—when that committee was studying the proposed salary increases, and that was to wipe out the inequities and attempt to adjust salaries so that they would be consistent with the salaries in different divisions or in different departments in accordance with the responsibility carried by the positions. I think that if we fix a positive ceiling of 50 percent on increases we are not going to wipe out inequities, but are going to freeze them by that action.

Mr. FLANDERS. I agree with the observations of the Senator from Minnesota.

The issue involved in this bill is the recommendation of the Hoover Commission. The Hoover Commission reported that our present salary levels for top Government executives are unrealistic, and urged action to correct a situation that could, in the words of the report, result in "danger to the welfare and security of the country, as well as in immense financial losses."

It is time for the Senate to act. I urge every Member to support this move for good and efficient Government.

Mr. KEM. Mr. President, will the Senator from Vermont yield?

Mr. FLANDERS. I yield to the Senator from Missouri.

Mr. KEM. The Hoover Commission recommended certain increases and, it also recommended certain savings in the expenses of the Government.

Mr. FLANDERS. It did.

Mr. KEM. We found it practically impossible to effect the savings, yet every time any of the increases are before the Senate we have the Hoover Commission report trotted out as a reason for the increase. I should like to ask the Senator from Vermont whether he believes the Hoover Commission would recommend the increases in view of the fact that little or no attention was being paid to the savings.

Mr. FLANDERS. Mr. President, I will say, in answer to the very pertinent question of the Senator from Missouri, that as I have seen the reports of the Hoover Commission, and have studied them to the extent I have been able to study them, the carrying out of the reports and the consequent savings seem to fall into two categories. One relates to reorganizations of the various branches of the Government, which can result in savings. They do not automatically result in savings, but they can result in savings which could not easily be attained without the reorganizations.

We have had reorganization bills presented, for most of which we have voted, but some of which we have voted against; and so far as my own voting against them was concerned, it was because the plans presented seemed to have in them either things which were contrary to the Hoover report, or to be barren of the possibility of savings.

The other point through which savings have occurred is better administration. Item No. 1 means having better administration. Item No. 2 means curing some of the age-old bad practices of the Federal Government, and I should like to tell the Senate that in framing the second of the pay bills, to wit, the reclassification bill, the Civil Service Committee has given serious consideration to reorienting the efforts of the administrators of the various bureaus and groups.

For example, it eliminates the possibility of the head of a group of workers obtaining a higher salary by getting more employees under his supervision. Senators would be astonished to know, as I saw when I was with the War Production Board, that one minor official would raid the job of another so as to have more employees in his office and thus get a higher salary. That practice has gone on for years. It will not go on under the new bill.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield to the Senator from Oregon.

Mr. CORDON. By "the new bill" does the Senator refer to the bill we are considering?

Mr. FLANDERS. No. I refer to bill No. 2, from the Commitee on Post Office and Civil Service, the reclassification bill.

Mr. CORDON. I shall be happy to read it. I have known of the particular condition to which the Senator has referred, and I shall be glad to see the approach of the committee to curing it.

Mr. FLANDERS. The second bill goes on from the point where the pending bill stops. Furthermore, it provides procedures whereby not merely the heads of various groups, but members of the groups themselves, can benefit from demonstrated economies. That is a new idea in the Federal Government, and I hope that in looking at the reclassification bill, which I assume will follow the pending bill, Senators will note that the Committee on Post Office and Civil Service has not been idle in the matter of trying to implement the Hoover report.

Mr. KEM. Will the Senator yield again?

Mr. FLANDERS. I yield to the Senator from Missouri.

Mr. KEM. I did not mean to suggest that the committee had been idle, but I meant to suggest that the results have been almost nil.

Mr. FLANDERS. I agree with the Senator from Missouri that the results have not been too satisfactory. I was merely pointing out to the Senator from Missouri that we were trying to change the conditions many of which had produced the unsatisfactory results, and were leaving the door open for better performance in the future, under better administrators.

The notion that this bill should be whittled down in the interest of economy leaves me dead cold, for the reasons I have just described. It leaves me dead cold, and, as I have said, should leave some others with red faces. Perhaps that statement is unparliamentary. If so, I withdraw it.

Economy is not subserved, in my judgment, by the amendment in the nature of a substitute.

Mr. KEM. Mr. President, will the Senator yield further?

Mr. FLANDERS. I yield, but I ask the Senator to remember that I have withdrawn my unparliamentary remark.

Mr. KEM. I merely wish to ask whether it would raise the Senator's temperature any for me to suggest to him that the Federal debt has increased from

$252,000,000,000 as it was at the beginning of the Eightieth Congress, to something over $256,000,000,000, as it was at the time of the last statement I saw. I should like to ask the Senator whether he can view with equanimity that situation while at the same time he is addressing the Senate and asking it to increase the compensation of officials of the Government?

Mr. FLANDERS. With regard to that, let me suggest that I have come to the conclusion, in observing the work of the Senate in cutting down appropriations and reducing the costs of the Government, that the Senate tends to focus on peanuts. The Senate is focusing on peanuts at the present moment. I do not personally enjoy focusing on peanuts, and that is why I made proposals for cutting $2,000,000,000 from the military appropriation bill. That is not peanuts. I believe thoroughly that it can be done. I believe it can be done even with all we know now about the atomic bomb. I believe it can be done without weakening our defense, and I suggest that instead of focusing on peanuts, we focus on things of that sort. As a matter of fact, the pending bill addresses itself to economy instead of against it.

Mr. KEM. Mr. President, will the Senator further yield?

Mr. FLANDERS. I yield to the Senator from Missouri.

Mr. KEM. I think the Senator will agree that I have supported most if not all the moves toward economy which have been before the Senate since I have been a member of it.

Mr. FLANDERS. I am sure of that.

Mr. KEM. I have done so because I have been concerned about the solvency of the Government of the United States, and it seems to me that the argument the Senator is making now is the same argument that has been made each time an effort has been made to resist an increase in the expenses of the Government.

The Senator from Illinois suggested a few minutes ago that if we pass the pending bill and increase the salaries affected, they can be absorbed into the budgets of the respective departments. It seems to me perfectly plain that these salary items will become untouchable in the justifications of the appropriations for the departments as long as the salaries are in effect. We are not increasing them merely for this year. We are increasing them with the idea that the increases will be permanent. I ask the Senator where he thinks moves toward restoring the solvency of the Government of the United States are to be undertaken.

Mr. FLANDERS. I may first say to the Senator from Missouri that I have joined him in voting for "peanuts." I have probably absorbed as many peanuts as any man on this floor, and I believe in attending both to the "peanuts" and to the big things. But I do not believe in the idea that our duty is done in chewing up peanuts and not paying attention to the larger items. I also wish to say that so far as this bill is concerned it directs itself immediately, directly, and forcibly to the long-range job of holding down the expense of government.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield to the Senator from Oregon.

Mr. CORDON. I am sure that if we are dealing with "peanuts" the Senator desires to have the peanuts reasonably equitably divided.

Mr. FLANDERS. That is true.

Mr. CORDON. I should like to inquire of the Senator whether the committee gave any consideration during its year and one-half of study to the position of the Administrator of the Bonneville Administration? The reason I ask the question is that I note among other officials whose salaries are proposed to be raised in the committee's amendment is that, for instance, of the Assistant Librarian of Congress, and, I believe, the Assistant Architect of the Capitol, and so forth.

I call the Senator's attention to the fact that the Administrator of the Bonneville Power Administration has been responsible, since 1937, for the construction and operation of more than $130,000,000 worth of electrical transmission lines, for the integration of an electrical-distribution system covering two entire States and a portion of a third, including the pooling of all electrical energy in the area; that the Administrator is directly responsible for a business operation which is charged with the obligation of repaying to the Federal Government—I cannot give the Senator the exact number of millions of dollars, but it runs into the tens of millions of dollars of Federal money invested in the Bonneville Dam and the Grand Coulee Dam; that the Administrator has collected more than $150,000,000 for the Federal Treasury; that he has made an enviable record of maintaining the repayment schedule and doubling the repayment schedule, with interest at 3 percent, and is continuing now to develop that vast electrical empire, the office being one of the few offices which operates a business and turns money back into the Treasury, rather than being obligated only not to exceed the amount of money appropriated to it for expenditure.

In view of those things, I ask the Senator from Vermont if any consideration was given to that most important office, or, if not, will the Senator explain why not?

Mr. FLANDERS. I believe I can explain to the Senator from Oregon the basis on which the bill was drawn. Being a bureau head, the Administrator of the Bonneville Dam would come under the second bill. In general, the pending bill relates to offices which require the President to submit the names to the Senate for confirmation, plus a very few names which are distinctly congressional appointments, such as the Architect of the Capitol and the Librarian and Assistant Librarian, who would be taken care of under no other category. But, in general, if Senators will look at the bill as relating to officials whose appointment requires confirmation by the Senate, they will have the picture of the basis on which it is drawn.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. LANGER. I may say to my distinguished friend from Oregon that the Administrator of the Bonneville project is taken care of in Senate bill 2375.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. CORDON. Do I understand the Senator from Vermont to say that all the offices named in the committee amendment are offices the appointments to which require Senatorial confirmation?

Mr. FLANDERS. All with the exceptions, I believe, which I noted; that is, those who are officers directly of the Congress itself, such as the Architect and the Librarian—and I remember now one other case which was provided for in the bill, because it comes under no other separate category, namely the case of the administrative officers of the Federal courts.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. CORDON. May I inquire then of the Senator whether the offices which were eliminated in the Senate committee version of the bill but were included in the House bill were offices the appointees to which do not require such confirmation?

Mr. FLANDERS. That is my recollection, and I know they are contained in the second bill.

Mr. CORDON. Is that one of the bills which has been reported?

Mr. FLANDERS. It is the next bill in order.

Mr. CORDON. Would it be out of order to inquire of the Senator why we could not get all the civil salaried officers in one package?

Mr. FLANDERS. That was considered, and the committee voted otherwise; and I would have to refer to other Senators as to the reasons for separating the two bills.

Mr. CORDON. It could not be that it might create less controversy and less opportunity for comparison.

Mr. FLANDERS. No; I think that would not be a justified assumption, because the two bills are drawn up with reference to each other, so that they make a completed whole in their order.

Mr. CORDON. Will the Senator yield to the Senator from Oregon to make the observation that if they make a completed whole, the whole should be presented to the Senate for its consideration.

Mr. FLANDERS. I do not find any great reason for disagreeing with the Senator from Oregon.

Now I want to come to the question of economy; of the opposition to the bill, and the preference for the substitute amendment as a matter of economy. It seems to me to have a slightly humorous tinge, as I have tried to explain.

Mr. KEM. Mr. President, will the Senator yield?

Mr. FLANDERS. Does the Senator wish me to withdraw something I have said? If so, I shall be glad to do so.

Mr. KEM. Does the Senator also look with humor on the present financial condition of his country?

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Mr. FLANDERS. I trust that the Senator will absolve me in his mind from any feeling of that sort.

Mr. KEM. I could not help but wonder how far the Senator was willing to consider the matter a joke.

Mr. FLANDERS. The humor seems to me to lie in this: Almost invariably the attention of the Senate, the oratory, and the hours of debate are focused on small appropriations. That is where the humor lies.

Mr. KEM. Mr. President, will the Senator further yield?

Mr. FLANDERS. I yield.

Mr. KEM. Was the Senator present when the ECA appropriation bill was passed?

Mr. FLANDERS. I was present at the time.

Mr. KEM. The Senator did not find any dearth of objection at that time, did he?

Mr. FLANDERS. There was no dearth of objection.

Mr. KEM. Was the Senator sufficiently advised as to the position of those who opposed that legislation?

Mr. FLANDERS. I was advised, and felt that they were carrying out the mandate for which they had been elected.

Mr. KEM. When the able Senator from Arkansas [Mr. MCCLELLAN] was pressing his so-called economy amendment was the Senator present on the floor of the Senate?

Mr. FLANDERS. I was present and voted for it.

Mr. KEM. Did the Senator feel that the reasons for that amendment were not fully expounded by the Senator from Arkansas and other Senators who joined in support of it?

Mr. FLANDERS. I agreed with them, and voted for it.

Mr. KEM. There is no use in continuing this discussion further. I think the Senator sees what I have in mind. In view of that fact, I will ask the Senator whether or not it is fair to say that when large appropriations are before this body and when efforts are made to save large sums, the reasons in support of such efforts are fully presented by Members of this body.

Mr. FLANDERS. The specific criticisms which I would offer as one Senator relate to the military pay bill, which went through apparently without objection—I was not present on Monday—by an overwhelming vote; and the armed services appropriation bill itself, which I am satisfied could have had a very great reduction to the benefit of the country and the national debt, and without decreasing our national security.

Mr. KEM. Will the Senator agree with me that if that is what he had in mind, the language which he used was rather inappropriate?

Mr. FLANDERS. I will withdraw anything the Senator wishes me to withdraw. It does not seem to be inappropriate as I look back upon it in retrospect, because we do not challenge the big appropriations.

Mr. KEM. I understood the Senator to say that there was a dearth of oratory whenever big appropriation bills were before this body.

Mr. FLANDERS. If I said that, I withdraw it. Let me say that when some big bills are before the Senate there is a dearth of oratory. I hope that will clear up this little situation satisfactorily.

Mr. KEM. I am entirely satisfied.

Mr. FLANDERS. The other point to which the amendment in the nature of a substitute addresses itself is worthy of our consideration. As was stated by its principal proponent, the Senator from Colorado [Mr. JOHNSON], with whom I vote more frequently than I vote with other Members across the aisle, there is involved the question whether anyone except members of the Cabinet should receive a larger salary than do Senators and Representatives.

As I stated earlier in the afternoon, I have sent to the desk an amendment raising the salaries of Senators and Repsentatives. As I stated earlier, I have heard observations from a number of Senators and Representatives to the effect that the expenses of this office, to one who does not have an independent income, are very serious. They often exceed the income. I grant that there is justice in the belief that to perform their duties satisfactorily Senators and Representatives should have larger salaries. I am not quite sure that I would want to subscribe to the idea that if we do not receive larger salaries no one else should. Let us lay that aside.

Mr. KEM. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. KEM. Would the Senator apply to the United States Senate the same line of reasoning he has applied to the executive departments of the Government? Does he believe that if the compensation were increased the ability of the Senate would be raised proportionately?

Mr. FLANDERS. I think there is a little difference between a Senator and an Under Secretary, let us say, or a Secretary. In the one case the Senator runs for the job, and in the other case the administration runs for the man. So there is a little difference.

Mr. KEM. Mr. President, will the Senator further yield?

Mr. FLANDERS. I yield.

Mr. KEM. May I ask the Senator if his anteroom is not sometimes filled with applicants running for places in the executive departments of the Government?

Mr. FLANDERS. So far as I have observed, those who are running I would not have.

Mr. KEM. Mr. President, will the Senator further yield?

Mr. FLANDERS. I yield.

Mr. KEM. Would the Senator say that those who run are not sometimes hired?

Mr. FLANDERS. That is the pool from which the administration is forced to pick much of its talent. By the way, I would not want to leave in the record the idea that no one who seeks a Government job is worthy of the job. If I left that impression I wish to erase it. Let me say that in general the best men are sought after, rather than offering themselves.

Let us get back to the matter of salaries of Senators and Representatives. There is on the desk an amendment which I submitted this afternoon, which it seems to me should eliminate the objection which is raised to the bill in its present form and permit a bill to be passed in which there is not a sudden abyss between the salary paid to a Secretary and the salary paid to an Under Secretary, which evidences in its very form a complete illogicality. If a Secretary is worth $22,500—and on rare occasions a Secretary has been known to be the front stuffed-shirt of the organization—then the Under Secretary, who really organizes and does the work, is worth more than $15,000. One can only excuse that wide gap for the reason named by the Senator from Colorado, when he said frankly that he did not believe—and I agree with him—that those men had to be of any higher caliber than Members of the Senate and House ought to be. So I submitted this amendment raising the salaries of Members of the Senate and House to $20,000 in the belief that thereby the valid objection to the committee bill would be eliminated.

I have done a little calculating on that subject, and this is the result: The present congressional salary is $12,500. The tax-free expense account is $2,500. For a bachelor without dependents, if there be such in this august body, the taxes take out $2,604 from the $15,000 total, leaving a net salary after taxes of $12,396. I have felt all along that the tax-free exemption, while perhaps a justifiable expedient under the circumstances, was not something to be welcomed, not something to be accepted for its own sake, when all the other officers of the government, with the exception of the President, have to pay the very high expenses of their office out of their salaries. So my amendment was drawn up to make the entire $20,000 subject to income tax.

When I came to figure it out, I was surprised to find how little change was made in the take-home pay. A $20,000 salary is subject to a tax of $5,623, leaving a net salary, after taxes, of $14,377, which is only $1,981 over the present net take-home pay. That is lower than I expected the net take-home pay would be for a gross salary of $20,000. So I shall ask permission to modify my amendment by changing the figure $20,000 to $22,500. As thus modified, the amendment would provide the same amount as that provided by the amendment of the Senator from Washington; and if the amendment in the nature of a substitute is adopted, the result will be to grant a net pay increase of $3,856 for each Senator and Representative in Congress.

However, let me call attention to the fact that $3,856 would be the total increased cost to the government. The additional cost to the government will not be the difference between $15,000 and $22,500, or $7,500, because the government will get back in taxes more than half of the $7,500. So the net additional cost to the government in the case of increasing the salary of each Senator and Representative to a gross of $22,500 would be $3,856.

So, Mr. President, on the assurance that I shall ask to have my amendment

brought up at the conclusion of the vote on the amendment in the nature of a substitute, if it is voted down, let me say I hope the Members of the Senate will be willing to take a new look at the amendment now before us, and will decide that the original bill as thus amended will be better.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Does the Senator from Vermont request that his amendment be modified in that way at this time?

Mr. FLANDERS. I do.

The PRESIDING OFFICER. The amendment will be modified accordingly.

Mr. O'CONOR. Mr. President, by way of preface, let me say that just 8 months ago, in conjunction with the Senator from Vermont [Mr. FLANDERS], I had the experience of handling on the floor of the Senate the so-called top-executive pay bill, which at that time included proposed salary increases for the President of the United States, the Vice President, and the other key officials of the Government. In conjunction with the Senator from Vermont, at that time I promised that, so far as we were able to do so, we would come before the Senate at a later date with a bill which had received the careful attention of the committee, and would submit, in several steps, the various proposals designed to meet the over-all situation, and which would be coordinated, so that the complete picture would be available to the Senate at one time, and the Senate might act in the light of the recommendations in respect to salaries for the various levels of employment within the Federal Government.

It is in pursuance of that promise, and following that action by the committee headed by the able junior Senator from South Carolina [Mr. JOHNSTON], that I undertake to present these remarks to the Senate at this time on the pending measure.

Mr. President, it goes without saying that the Members of the Senate, and of the Congress generally, are anxious to see Federal employees compensated on the most generous basis consistent with the condition of the Public Treasury and the duties and responsibilities of the various positions in question.

There is general agreement, too, I am convinced, among our citizenry, as well as among Members of Congress, that any pay increases that it may be possible to grant should be given with absolute impartiality, on all levels of government, particularly where inequities may exist in comparison with the salaries of employees at other levels.

The bill now under consideration is the successor to several previous measures which have been considered in committees and on the Senate floor in the interest of the top-bracket officials of the Federal Government. It was originally conceived and developed as a result of long months of study, starting in 1947, by a Senate committee, in conjunction with officials of the Bureau of the Budget and of the Civil Service Commission, for the specific purpose of setting up reasonably adequate and compensating salaries to attract and retain in the Govenment service competent officials.

The proposals also were intended to be an integral part of a general reclassification and revaluation of Federal positions on all levels. They were to be part and parcel of a completely integrated Federal pay system which would afford to all employees a fair remuneration based on the service performed and the responsibilities involved.

Further, this completely revised pay program was intended not only to correct the inequities that have developed in the past through unplanned and piecemeal legislation but also to establish a pattern to which future pay legislation might conform. Thus, a Federal policy of adequate compensation for all employees based on the comparative importance and responsibility of the duties performed would be furthered and, it was hoped, perpetuated.

The matter has been discussed so often, here on the floor, in committee, and elsewhere, that it seems hardly necessary now to stress the urgent need for a schedule of compensation which will make it possible to induce officials of the highest competence to assume the direction and supervision of the many important Government activities which affect so directly the everyday lives of all our citizens.

Occasionally men of means are available and willing to make the financial sacrifices necessary to devote their capabilities to the public service. At times, however, the competence which is sought and vitally needed in these high Federal posts must be sought in competition with higher wages offered by industry. All too often, as a result, the Government fails to secure the right man for the job. Or, as has happened all too frequently in the recent past, Government cannot retain experienced, capable public officials because industry is willing to pay wages so much more attractive that the officials sought cannot afford to refuse them.

There was thus, a certain high purpose behind, and much effort and study put into the development of the top executives' pay bill which, after various amendments, has now come before us for discussion. Previously the Senate subcommittee, consisting of the distinguished Senator from Vermont [Mr. FLANDERS], the distinguished Senator from Connecticut [Mr. BALDWIN], and the junior Senator from Maryland, on the basis of the studies made by the Government agencies, and together with facts and opinions developed at the hearings throughout 1947 and 1948, came to the conclusion that the bill for adjusting top executives' pay should have definite limits. I may add that the work done under the able Senator from South Carolina [Mr. JOHNSTON] and the work of the subcommittee headed by the junior Senator from Louisiana [Mr. LONG] has followed in that course.

Members of the subcommittee were convinced that while it was desirable, and even of major importance, that other officials than the 200-odd mentioned in the bill should receive increased compensation, this particular bill was not the vehicle by which such increases should be conveyed. It was felt that all such officials could and would be taken care of in the general reclassification bill then in course of preparation. Parenthetically I may say that is the bill to which reference has been made previously, and which is to be considered, according to the Senator from Illinois, our majority leader, in short order.

Certain modifications of the original purpose and intent of S. 103 were made in committee and when the bill reached the floor. The companion bill in the House, H. R. 1689, likewise underwent certain modifications in that body and was further amended before being reported out by the Senate Post Office and Civil Service Committee. In general, however, the bill conformed to the original intent of its sponsors, which was to include the top-bracket officials, and to establish their rates of compensation, as far as was humanly possible, on the sole basis of relative importance and responsibilities.

It seems to be entirely reasonable, I am convinced, to ask the Members of the Senate to keep in mind the original and important purpose which this bill was proposed to accomplish. Certainly anyone will agree that the existing system of pay among higher Government employees, where department and agency heads are held down to rigid pay limits while in a great number of cases their subordinates receive considerably more money, is not in accord with good business principles, nor does it serve to maintain morale. Neither is it encouraging or inspiring to able, conscientious department and agency heads to know that positions of inferior responsibility and importance sometimes rate higher pay because of special legislation which went into effect either when the specific position was established or at some more recent date.

Every person who seeks the utmost efficiency in Government—and under this head will be classed the great mass of taxpayers in the country—has a right to expect that the Congress will make every effort to handle such important matters as these on the same basis as does industry, where rates of compensation invariably are based upon a comparison between the work and responsibilities involved.

Mr. KEM. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Missouri?

Mr. O'CONOR. I yield.

Mr. KEM. In private industry, is not the ability of the employer to pay taken into consideration in fixing compensation?

Mr. O'CONOR. Undoubtedly it is.

Mr. KEM. Does the Senator know of any private business or private industry whose budget was unbalanced and whose debt was probably equal to its entire assets, that would consider a salary increase under such circumstances?

Mr. O'CONOR. I agree with the Senator from Missouri that that is, of course, a major consideration. But I may point out that if the purpose which we had in mind were to be effected, namely, that it would increase the efficiency of government, I think the amount proposed is

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relatively small. The total amount involved in the legislation as proposed by the committee represents one three-hundredths of 1 percent of the budget. I am not disturbed as to the budget's being thrown out of balance if the bill is enacted, when I firmly believe that if it is put into effect and if its purpose is obtained, then the resultant efficiency of the Government will more than make up for the expense involved.

Mr. KEM. Mr. President, will the Senator yield for a further question?

Mr. O'CONOR. I yield.

Mr. KEM. Does not the Senator have in mind that the pending measure is one of a series of bills, and that, if the pending measure is passed, it will be taken as a precedent for the others?

Mr. O'CONOR. I recognize that, although I might append to my answer the statement that already this body has voted favorably upon the military pay bill, which, of course, is somewhat connected with this entire schedule.

Mr. KEM. Could the Senator enlighten us as to the amount that would be involved per annum in the series of bills involving the Executive Department of the Government?

Mr. O'CONOR. I have certain figures on that topic, if the Senator will bear with me and allow me to develop them. I have that information.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. O'CONOR. I yield.

Mr. HUMPHREY. In reference to the question asked by the distinguished Senator from Missouri, whether private business, finding itself in some financial distress or difficulty, would raise salaries or establish a new salary schedule for a competent and efficient management, I wonder whether that has not been the practice of many private business establishments. Is the Senator familiar with the practice?

Mr. O'CONOR. I know of instances similar to those to which the Senator refers. I agree with his position.

Mr. HUMPHREY. Is it not true, in the reorganization of a railroad or other public utility, instead of cutting down the salary schedule of those in managerial positions, they oftentimes increase the salaries substantially, in the hope of getting a better grade of personnel to reform and reorganize the business?

Mr. O'CONOR. That is undoubtedly true. I may say also that our committee had before it instances of some of the most capable men in the Federal service being compelled to leave because they could not maintain themselves on the salaries then being paid.

Mr. HUMPHREY. Mr. President, will the Senator yield for a further question?

Mr. O'CONOR. I yield.

Mr. HUMPHREY. Have there not been instances since the war of very competent business people who have had a great desire to serve their country and who have performed efficient service during the period of the war, who have stated publicly they could not afford to live in Washington, they could not afford to take a job in the public service, because of the costs involved and the inadequacy of the salary?

Mr. O'CONOR. That is undoubtedly correct. I may say, in addition to the public statements which were made, a subcommittee composed of the Senator from Vermont [Mr. FLANDERS], the Senator from Connecticut [Mr. BALDWIN], and myself, had some other instances before them of persons who did not make public their personal situation, but who were compelled to withdraw from the Government.

Mr. KEM. Mr. President, will the Senator yield?

Mr. O'CONOR. I yield.

Mr. KEM. As I understood, the Senator replied to the inquiry of the Senator from Minnesota that in numerous cases insolvent corporations had lifted themselves out of the hole by increasing the salaries of their employees. Can the Senator, for the enlightenment of the Senate and the public, give us some specific instances in which that has been done?

Mr. O'CONOR. I might say to the Senator that I know of instances of corporations which were not financially strong and which were not operating too successfully, in their attempt to regain financial stability, making such moves as the Senator from Minnesota has described.

Mr. KEM. Mr. President, will the Senator yield?

Mr. O'CONOR. I yield.

Mr. KEM. I understood the Senator from Minnesota to refer to railroads which tried to bring themselves out of bankruptcy.

Mr. O'CONOR. I did not so understand.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. O'CONOR. I yield.

Mr. HUMPHREY. In order that we may have the record correct, the Senator from Minnesota referred to financial organizations, private business institutions, which may have found themselves in some financial duress or difficulty, but which, at the same time, saw fit, in the name of good management, to revise their wage pattern in order to bring in new and better qualified employees. I think one of the best instances of that kind is the Milwaukee Railroad, which was at one time in receivership. It did get itself out of receivership, it did put itself on a paying basis, and it did not go around trying to pinch the penny and squeeze the eagle in trying to save a few dollars on the management, but it got a good management which yielded results.

Mr. O'CONOR. I agree with the remarks of the Senator.

Mr. KEM. Mr. President, will the Senator yield further?

Mr. O'CONOR. Mr. President, I should prefer to finish my statement. I do not want to foreclose my friend from Missouri, but if he will bear with me until I conclude my remarks——

Mr. KEM. I have only one more question.

Mr. O'CONOR. I yield.

Mr. KEM. I should like to ask whether the Senator feels that if these salaries are increased there will be an immediate change in the heads of the executive departments?

Mr. O'CONOR. I do not think that overnight that situation will result.

Mr. President, the amendment in the nature of a substitute will, I believe, interfere seriously with the attainment of the objective of adequate and comparative compensation which is so necessary to the efficient functioning of Government. However, if the pay increases to be voted are based on hurried judgment rather than upon facts developed after careful study, history undoubtedly will repeat itself. By that I simply mean that the new rates of pay established, instead of setting an orderly pattern for future pay legislation, will serve but to invite a continuing scramble among agency and department heads and subordinate officials in future Congresses for piecemeal legislation which will take care of particular individuals without regard to the complete pay picture.

Should this amendment in the nature of a substitute be enacted it would destroy for the majority of positions included in the bill the relationships which were established in the bills reported by the Senate Post Office and Civil Service Committee beginning with Senate bill 103.

In a number of instances it would establish discrepancies quite as glaring as any now existing. For instance, such major officials as the Administrator of Veterans' Affairs, the Comptroller General, the chairman of the Munitions Board, and the Director of the Budget would be paid less than some of the administrative assistants to the President.

Congress has recognized that $15,000 is not the proper ceiling for executive salaries where the responsibilities and importance of duties are outstanding. With respect to the Administrator and Deputy Administrator of Economic Cooperation, for instance, compensation was set, under legislation passed April 3, 1948, at $20,000 and $17,500 respectively; also, the chairman of the Atomic Energy Commission, whose rate of pay was fixed at $17,500 in 1946, and the Administrator of the Housing and Home Finance Agency, whose compensation was fixed at $16,500 by amendment to the Housing Act on August 10, 1948.

Much is made of the fact that some of the salary increases in the bill reported by the Senate committee would be large in comparison to the current compensation for the posts in question. In all justice, however, it must be borne in mind that the recent salary revision acts of the last 3 years have totally ignored the executive group in which many of the salaries have not been increased 1 cent in 25 or more years.

Therefore, the increases proposed, as compared to the ridiculously low salaries now in effect, do loom large. The only criticism that can be leveled, however, is at the lack of attention to these salaries in recent years. For certainly the salalaries proposed, in comparison to positions of sometimes relatively minor importance in industry are still, if not adequate, at least anything but generous for the responsibilities involved.

Under the measure as reported out by the Senate Committee on Post Office and Civil Service the total increases would be

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just a fraction under one-fourth million. It would be a slight investment, indeed, for the continuing dividends in increased competence among Government officials which would surely result.

Under the committee reported bill positions of bureau chief rank would be paid at rates established under the Classification Act of 1923, as it was proposed to be amended by Senate bill 2379. The principles of concentrating on the heads and assistant heads of departments and agencies have been indorsed by the Hoover Commission, the representatives of the executive branch, and employee organizations generally, and sponsored by the President of the United States.

It would appear that the Congress would be taking a much wiser step if it were to accept the proposals which would preserve the relationships between the positions covered in the bill on the basis that they were established by the Post Office and Civil Service Committee after 2 years of intensive study of the problem, and consultation with persons in the executive branch, the Hoover Commission, and others who were in a position to advise them on the matter.

It should be noted also that Congress, in passing House bill 5007, the military pay bill, has increased the salaries of the top level military staff to such an extent that the relationships in the military agencies particularly will be considerably distorted unless the bill is adjusted to follow the committee's recommendations concerning the positions of the under and assistant secretaries of those departments.

It will be most unfortunate, I believe, after all the thought and effort put into the development of the proposals embodied in the bill as reported by the committee, to accept a substitute which disregards the main purpose and intent of the movement to give adequate pay to high Federal officials on a coordinated and justly comparative basis.

Mr. President, I ask unanimous consent that two editorials which are in line with this contention be printed in the RECORD at this point in my remarks.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star of September 27, 1949]

FOR FEDERAL PAY EQUITY

Although President Truman's appeal to the Senate for pay-bill action was concerned particularly with the plight of underpaid key executives, it contained an effective argument for passage of other bills designed to bring the over-all Federal pay structure into balance. The increase in military pay voted by the Senate yesterday will shore up a badly sagging part of the structure. Executives' pay is another weak spot that needs strengthening, not only as an act of simple justice to a deserving group of employees, but in the interest of Government efficiency.

The whole Federal pay framework is a patchwork product, unbalanced by piecemeal repairs over the years. As Mr. Truman pointed out, Congress has increased its own compensation by more than 100 percent since 1924. Raises recently were voted the President, the Vice President, and the Speaker of the House. Civil-service employees generally have had several cost-of-living increases and they would receive additional small benefits from the pending reclassification bill. The military services have been granted an increase after many years of shameful neglect.

But many of the Government's top-level administrators and specialists have had no pay boost whatever during long years of invaluable service. There has been criticism of the size of the increases which would be given some of these key personnel. Mr. Truman answered this criticism succinctly when he declared in his message to Vice President Barkley that the proposed scale seems high in relation to present salaries only because the latter are ridiculously low. It reflects no credit on the Government to find that the aggregate income of 15 executives of one private corporation is more than that of all the approximately 250 Federal executives who would be included in the pay adjustment. This contrast explains why so many of these important public servants have accepted jobs in industry—a loss which the Government can ill afford.

The Senate can slow down, if not halt, the exodus of valuable key men from the Federal departments by lifting their pay rates to the reasonable level provided in the House-approved legislation. It can, moreover give the entire civil-service salary structure a much-needed modernization by passing the reclassification bill. And a more complete job can be done in the pay-balancing field by enactment at this session of the judiciary pay bill, which still languishes in committee. For Federal judges are still grossly underpaid in relation to their heavy responsibilities.

[From the Washington Post of September 25, 1949]

BUTCHERED PAY

A wholly deplorable whittling mania has struck the executive pay bill in the Senate. Under the pretense of economy, a powerful faction has laid down a rule that no pay raise shall exceed 50 percent and that, aside from the members of the Cabinet and a few White House aides, executive appointees shall not receive more than $15,000 a year. The effect is to upset the neat balance that had been attained in the House bill (with some few exceptions) as a result of the recommendations of the President and the Hoover Commission.

The Senate compromise would trim members of the Cabinet from the $25,000 allowed in the House bill to $22,500. Under secretaries and various other high administrative officials would be bounced down from the $20,000 level provided in the House bill to $15,000. This seems particularly harsh because it would reduce men carrying extensive responsibility to the level of the Commissioner of Public Buildings and members of the Indian Claims Commission. In other words, the intermediate bracket of high salaries would be wiped out.

This arbitrary slash can be explained only by pettiness on the part of Members of the Senate. Apparently some Senators are not willing to permit under secretaries and the heads of administrative agencies to earn more than they do. Such petty jealousies have often interfered with equitable salary adjustments in the past, but we had hoped that, with big government an actuality demanding the best brains that can be hired, legislators would rise above such peanut considerations.

Of course, it does make a bad impression to raise any official's salary more than 50 percent at any one time. But sharp increases were recommended only because top-flight executives' salaries have been stationary for a quarter of a century. Congress was merely asked to make up for its past neglect. It cannot dodge that responsibility by pleading economy, for it is estimated that, considering the increased taxes that these officials would pay, the House bill would cost only about $800,000 a year. For that sum the Government could reasonably expect to buy many million dollars worth of increased efficiency. Before voting on this shabby compromise, we hope the Senate will sharpen its recollection of the age we are living in. If this compromise were to become law, the exodus from the Government service would be sizable, and there would be widespread demoralization. By any test of stewardship this vital subject deserves better treatment.

Mr. KEM. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. SPARKMAN in the Chair). Does the Senator from Maryland yield to the Senator from Missouri?

Mr. O'CONOR. I yield.

Mr. KEM. I should like to ask the Senator what the cost of the series of bills involving increases in executive departments will be?

Mr. O'CONOR. It is my understanding that this bill will entail an outlay of approximately $1,200,000; that the reclassification bill, which is to follow, represents an over-all outlay of approximately $110,000,000; and that the postal bill——

Mr. KEM. The whole amount will be approximately $400,000,000 a year, will it not?

Mr. O'CONOR. No. It will be approximately $110,000,000 all told.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. O'CONOR. I yield.

Mr. WILLIAMS. Does the Senator include the postal bill on the Senate calendar?

Mr. O'CONOR. Yes.

Mr. WILLIAMS. As it passed the House it would amount to approximately $120,000,000.

Mr. O'CONOR. That is not my understanding. It is $63,000,000 at this time.

Mr. LUCAS. Mr. President, I should like to make an effort to get a unanimous-consent agreement to vote upon this bill and all amendments thereto. A number of Senators have requested that I try to see if we can vote tomorrow afternoon. If that could be arranged, we could possibly get away a little more quickly than I thought we might. If not, of course, we shall have to stay and try to thrash it out this evening.

I should like to propound this unanimous-consent request:

Ordered, That on the calendar day of the 29th of September 1949, at the hour of 2 o'clock p. m., the Senate proceed to vote, without further debate, upon the present amendment or substitute, which is the Johnson amendment, and at the hour of 4 o'clock to vote on any amendments that may then be pending or that may thereafter be proposed to House bill 1689 to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, and upon the final passage of the said bill: *Provided*, That the term "bill" shall also include any amendment in the nature of a substitute: *Provided further*, That no amendment that is not germane to the subject matter of the said bill shall be received.

Ordered further, That the time between 12 o'clock and 4 o'clock on said day shall be equally divided and controlled, respectively, by the Senator from Louisiana [Mr. LONG] and the Senator from Colorado [Mr. JOHNSON].

Mr. WHERRY. Mr. President, reserving the right to object——

Mr. JOHNSTON of South Carolina. Mr. President, what is the hour?

Mr. LUCAS. To vote at 2 o'clock on the pending substitute, and at 4 o'clock on all amendments which are now offered or which may be offered before that time.

Mr. WHERRY. Mr. President, a moment ago I discussed with the distinguished majority leader the parliamentary situation with reference to this particular bill. Already, by unanimous consent, as the Chair well knows, we have agreed to take up the Johnson substitute, which has to be voted on before an amendment can be offered to that substitute. So that there are several amendments which cannot be brought up and voted upon until the Johnson substitute is out of the way. For that reason I ask the distinguished majority leader if he would object to this sort of a unanimous-consent agreement, namely—and I am quite satisfied the hour for the vote on the Johnson amendment at 3 o'clock would be satisfactory——

Mr. McMAHON. Two o'clock.

Mr. WHERRY. I am trying to suggest an hour which will not be objectionable to those who want it fixed at 3 o'clock. I am merely asking that the majority leader consider this suggestion, and see if we can reach an agreement, making the hour 3 o'clock for a vote on the Johnson amendment. Then I would not be adverse to making a unanimous-consent agreement for a vote at, say, not later than 5 o'clock, that is to say, to take the other amendments up as fast as they could be brought up. I am quite satisfied that if the majority leader could see his way clear to make such a request, the amendments could all be voted on before 5 o'clock. The Johnson amendment is one amendment which I am sure can be gotten out of the way, then we can have an idea as to what we will do with the other amendments.

Mr. LUCAS. I expected to have the Senate meet at 11 o'clock in the morning, and that would give us the same amount of time the Senator from Nebraska has in view. I have not made the unanimous-consent request; I am merely discussing what I shall propose if there is no objection.

Mr. KEM. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. KEM. I should like to be heard for not over 10 minutes tomorrow on a matter which is not germane to the measure before the Senate. I should like to have it understood that I would be permitted to make the statement, and that the time would not be charged to either side.

Mr. FERGUSON. Mr. President, will the Senator from Illinois yield?

Mr. LUCAS. I yield.

Mr. FERGUSON. Am I to understand that the unanimous-consent agreement would prevent any amendments to the bill or the substitute which were not germane?

Mr. LUCAS. That is correct.

Mr. FERGUSON. Then, I could not consent to the unanimous-consent request.

Mr. LUCAS. That is the usual provision we can expect to be requested by those who are interested in protection, so far as civil-rights legislation is concerned.

Mr. FERGUSON. The amendment to the substitute the Senator from Michigan has in mind has already been filed.

Mr. McFARLAND. Mr. President, could not the request be amended to make exceptions of the amendments which have already been offered and are on the table?

Mr. WHERRY. Mr. President, some amendments might be taken up which have not yet been offered.

Mr. McFARLAND. I am talking about germaneness.

Mr. FERGUSON. Those which have already been filed to either the substitute or the bill itself.

Mr. AIKEN. Mr. President, will the Senator from Illinois yield?

Mr. LUCAS. I yield to the Senator from Vermont.

Mr. AIKEN. Does the majority leader intend to bring up the farm bill immediately after the vote on the pending bill?

Mr. LUCAS. No; after we get all the pay bills out of the way.

Mr. AIKEN. Has the Senator any idea when that will be?

Mr. LUCAS. The only reason I am trying to get a unanimous-consent agreement is in order that we might take up the other pay bills. I should like to stay here tonight and get the pending bill out of the way, but there is a ball game on, and there are some who have social engagements.

Mr. AIKEN. I shall have to object to the unanimous-consent request anyway. I have more important business than a ball game, and I know that if anyone wants to go to a ball game things are arranged for his convenience, but if Senators have other things, matters are not arranged.

Mr. BRIDGES. Mr. President, I had understood earlier that the majority leader stated that we were going to remain in session until the consideration of the pending bill was finished. I know a great many Senators have adjusted their plans and are ready to stay. I should like to have the Senate stay and finish the consideration of the bill, and if the Senator does not want to finish it tonight, for some reason, we could take up some of the other pay bills.

Mr. LUCAS. I withdraw the unanimous-consent request.

Mr. McCLELLAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Cordon	Fulbright
Anderson	Donnell	George
Bridges	Douglas	Gillette
Butler	Downey	Green
Byrd	Eastland	Gurney
Cain	Ecton	Hayden
Capehart	Ellender	Hickenlooper
Chapman	Ferguson	Hill
Chavez	Flanders	Holland
Connally	Frear	Humphrey
Ives	McMahon	Saltonstall
Jenner	Magnuson	Schoeppel
Johnson, Colo.	Malone	Smith, Maine
Johnson, Tex.	Maybank	Sparkman
Johnston, S. C.	Miller	Stennis
Kem	Millikin	Taylor
Kerr	Morse	Thomas, Okla.
Kilgore	Mundt	Thomas, Utah
Knowland	Murray	Thye
Langer	Myers	Tobey
Leahy	Neely	Watkins
Long	O'Conor	Wherry
Lucas	O'Mahoney	Wiley
McCarthy	Pepper	Williams
McClellan	Reed	Withers
McFarland	Robertson	Young
McKellar	Russell	

The PRESIDING OFFICER. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its assistant enrolling clerk, announced that the House had agreed to the following concurrent resolutions, in which it requested the concurrence of the Senate:

H. Con. Res. 126. Concurrent resolution authorizing the Committee on Ways and Means to have printed additional copies of parts 1 and 2 of the Social Security Act amendments of 1949 hearings; and

H. Con. Res. 132. Concurrent resolution authorizing the printing of 10,000 additional copies of House Report No. 1300 on H. R. 6000, a bill to extend and improve the Federal old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

INCREASE IN COMPENSATION OF CERTAIN EXECUTIVE OFFICERS

The Senate resumed the consideration of the bill (H. R. 1689) to increase the rates of compensation of the heads and assistant heads of executive departments and independent agencies.

Mr. PEPPER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PEPPER. Am I correct in assuming that the substitute to the committee bill is the pending question before the Senate?

The PRESIDING OFFICER. The so-called Johnson substitute to the committee bill is the pending question.

Mr. PEPPER. Mr. President, on the 26th of this month the President of the United States addressed a letter upon this subject to the Vice President, in the course of which the President said:

> The legislation now pending in the Senate to correct this anomalous situation—

That is, the situation whereby the responsible members of the executive branch of the Government, who would be covered by this bill, were receiving grossly inadequate compensation—

> has had long and careful study.

I am continuing to quote from the President's letter to the Vice President.

Mr. KILGORE. Mr. President, will the Senator yield for a question?

Mr. PEPPER. I yield.

Mr. KILGORE. In the case of overtime, pay, and $330, and various other things in the way of bonus pay, is the pay situation in this bill considered the total pay or is it considered as the base pay as in the Johnson substitute?

Mr. PEPPER. Mr. President, I am not able to answer the question. I think it would be better answered by the able Senator from Arizona [Mr. McFARLAND].

Mr. McFARLAND. The limits set in the substitute bill are total pay.

Mr. KILGORE. That was the question I was asking; if it is the total pay or whether it is a base pay, which is grossly disproportionate to the actual total take-home pay.

Mr. McFARLAND. No, it is the gross pay; the totals in the bill are gross pay.

Mr. PEPPER. I assume that in each case in the committee bill the amount listed is the gross compensation to be received by the employee named, and the same is true in the substitute.

Mr. KILGORE. I may explain to the Senator from Florida that I want to make that point of record. The substitute, as I said, does not contain anything specifically in the way of limitation. I want to make sure as to whether or not there is any limitation.

Mr. McFARLAND. I believe that the so-called basic pay applies largely to the legislative employees. Those covered in this bill are executive employees.

Mr. JOHNSTON of South Carolina. When we speak of base pay, that is something which has to do only with legislative employees. So far as pay is concerned, when we speak of it in an appropriation bill for the various employees of the Government, the term "base pay" applies only to legislative employees.

Mr. PEPPER. Mr. President, I continue to quote from the letter of the President to the Vice President:

> The legislation now pending in the Senate to correct this anomalous situation has had long and careful study. It has been considered at length and reported favorably by the Senate Committee on Post Office and Civil Service in both the Eightieth Congress and this Congress.

Both the Eightieth Congress and the Eighty-first Congress have considered this subject. That means that a committee with a Republican majority reported favorably, and a committee with a Democratic majority reported favorably upon the same subject, that is, a suitable increase in the compensation of the chief executive officials of the Government.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. DONNELL. I should like to ask the Senator a question, based on the question asked a few minutes ago about the base pay. I should like to be sure that I correctly understand the situation. I should like to have the attention of the Senator from South Carolina [Mr. JOHNSTON].

I notice that throughout the bill is the expression "rate of basic compensation." It occurs in connection with the Atomic Energy Commission, the Chairman of the Munitions Board, the Public Printer, the Librarian of Congress, members of the Board of Governors of the Federal Reserve System, and quite a long list. It occurs likewise in the next section. I wish to understand clearly what it was that was elicited a few minutes ago as to the meaning of the bill on the subject of applicability of the term "rate of basic compensation."

Mr. PEPPER. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. From what bill is the Senator reading?

Mr. DONNELL. From House bill 1689.

Mr. JOHNSTON of South Carolina. Is that the amendment to the bill?

Mr. DONNELL. It is the committee amendment.

Mr. JOHNSTON of South Carolina. By that is meant the gross amount which the officer receives in salary.

Mr. DONNELL. What is the meaning of the expression "rate of basic compensation" if it refers to the gross pay?

Mr. JOHNSTON of South Carolina. It was the intention of the committee when it was put in the bill that that should refer to the gross pay of the employee, whoever he happened to be.

Mr. DONNELL. Mr. President, will the Senator from Florida yield so that I may ask a further question?

Mr. PEPPER. I yield.

Mr. DONNELL. May I inquire if the legislative counsel of the Senate has been consulted as to whether the language so used carries into effect the intent of the committee in the committee amendment to which the Senator from South Carolina refers?

Mr. JOHNSTON of South Carolina. The language refers to the basic pay which they receive. Of course, there are deductions from that pay. There are retirement-fund deductions and there are also income-tax deductions. But to start with, that is the basic pay which they will receive.

Mr. PEPPER. In other words, if I may interpolate, they will get no more than the amount specified in the bill.

Mr. JOHNSTON of South Carolina. That is true.

Mr. DONNELL. I appreciate the statement of the Senator.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. KILGORE. I am very grateful to the Senator from Missouri for raising that point, because those words had me worried. The question of basic pay as it is used in the statute books has not been completely understood. Frequently when we are considering basic pay and additions thereto, we find a situation in which the gross pay is much greater than the basic pay. I wanted to get in the RECORD a statement as to whether the pay set forth in the committee amendment to the bill constituted the gross pay—which I think is a much better expression—of the various officials enumerated in the amendment, as compared to base pay plus various accretions thereto.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. McFARLAND. As one of the cosponsors of the substitute, I can state that the same language was used in the substitute as was used in the bill. It was our interpretation and our intent that the provision referred to the gross pay. Of course, the deductions to which the Senator from South Carolina has referred must come out of that pay.

Mr. DONNELL. Mr. President, may I inquire further if the legislative counsel of the Senate has been consulted as to whether the use of the expression "the rate of basic compensation" carries into effect the intent of the committee as expressed by the Senator from Arizona?

Mr. McFARLAND. So far as the substitute is concerned, the legislative counsel drafted the substitute, and those were our instructions as to what we wanted. I presume that would be his opinion if he were here to give it.

Mr. DONNELL. I thank the Senator.

Mr. PEPPER. Mr. President, I was quoting from the letter of the President to the Vice President. The President said:

> The legislation now pending in the Senate to correct this anomalous situation—

That is, the situation whereby many of the responsible executive heads of the Government have long been underpaid—

> has had long and careful study. It has been considered at length and reported favorably by the Senate Committee on Post Office and Civil Service in both the Eightieth Congress and this Congress.

The clerk is checking it, but the information I have is that the amounts recommended in the Eightieth Congress, when the Republican Party was in control and had the majority, were larger than the amounts recommended in the Eighty-first Congress. So the Committee on Post Office and Civil Service is not going beyond—indeed, it is not reaching up to—the recommendations carefully made on this subject by its predecessor, the comparable committee in the Eightieth Congress, when the majority happened to be on the other side of the aisle, indicating that the opinion is shared by both major parties that the responsible executive officers of the Government should have increased compensation beyond that which they are now receiving.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. LUCAS. In view of what the Senator has said, I think the RECORD should show, if it does not show up to this time, that the bill was introduced by the able Senator from Ohio [Mr. TAFT] in June 1948. Under the terms of that bill there was not a single official, with the possible exception of two, who would not have received more money than the Johnson substitute would afford them. The Taft bill was comparable with the bill which was originally reported by the Committee on Post Office and Civil Service. I think perhaps the Taft bill provisions were slightly lower, but that bill passed the Senate in the Eightieth Congress.

Mr. PEPPER. So not only did the Committee on Post Office and Civil Service agree to substantially the committee bill, but the Senate itself, in the Eightieth Congress, passed substantially the committee bill which is now before the Senate for consideration.

Mr. LUCAS. The Senator is correct.

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Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. McFARLAND. Does the Senator mean to say that that bill passed the Senate?

Mr. LUCAS. As I understand, the record will show that the Taft bill passed the Senate last year.

Mr. McFARLAND. One of the bills did not pass the Senate.

Mr. LUCAS. I am talking about the Taft bill.

Mr. McFARLAND. Is the Senator referring to the Taft-Hartley bill?

Mr. LUCAS. No; I am not talking about the Taft-Hartley bill. The Senator knows more about that than I do. I am talking about the bill which was introduced by the able Senator from Ohio in June 1948. There was no objection at that time on the part of those on the Republican side of the aisle who are now fighting this bill tooth and nail. The reason was that the Republicans expected a victory in the November election. They wanted the same kind of men in the Government to aid the Republican Chief Executive and others who would serve under him as the present Chief Executive has requested this Congress to provide. There can be no question about that. I have all the figures before me, in a chart which has been prepared by the Policy Committee staff, which demonstrates beyond question of doubt that the bill introduced by the Senator from Ohio was pretty much in line with the bill reported by the Committee on Post Office and Civil Service, and provided much more, I will say to my friend from Florida, than the pending Johnson amendment provides. If the Senator desires to take a look at the figures, he is welcome to do so.

Mr. PEPPER. I thank the able majority leader for giving the Senate this information. I was about to inquire whether these data had been placed in the RECORD, or whether the majority leader might think it appropriate to place them in the RECORD.

Mr. LUCAS. I expect to do so at the proper time.

Mr. PEPPER. I am very glad to have the information.

Continuing to read from the letter of the President to the Vice President:

> The legislation now pending in the Senate to correct this anomalous situation has had long and careful study. It has been considered at length and reported favorably by the Senate Committee on Post Office and Civil Service in both the Eightieth Congress and this Congress.

In his letter the President of the United States said:

> It is in line—

In other words, this bill is in line; that is what the President was supporting—

> with the recommendations of the Hoover Commission.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. AIKEN. As a member of the Hoover Commission, I should like to say that, to the best of my recollection, the Hoover Commission never fixed the levels to which salaries should be raised. It simply specified that they should be at such level as would attract the right kind of men.

Mr. PEPPER. I have no doubt that is what the President meant to say in his letter, when he said that—

> It—

Meaning the bill—

> is in line with the recommendations of the Hoover Commission.

He does not say the Hoover Commission recommended a certain schedule of salaries. But I ask the Senator if it is a fact that the Hoover Commission recommended that the salaries paid to officials of the executive branch of the Government should be such as would attract competent persons.

Mr. AIKEN. That is entirely correct.

But let me ask the Senator from Florida whether he expects that if the proposed schedule of salaries is put into effect, new persons would come to Washington to take the places of the present heads of the executive departments; or does the Senator simply expect that the present officials would receive increases in pay?

Mr. PEPPER. I should say that both would occur. I think that in the case of replacements, larger salaries would probably attract higher types of executives and more competent persons; and those who now are serving in such positions, and who would continue to serve as such, probably would be stimulated to a better sense of duty if they received more adequate compensation.

Mr. AIKEN. Does not the Senator from Florida believe that at the present time we have the very highest type of men at the head of the various executive agencies?

Mr. PEPPER. Yes; I do. But I expect to cite authority of a competent sort to the effect that we are losing many of these persons, and that we should provide salaries which will attract desirable persons when replacements occur.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. FLANDERS. With regard to the Hoover Commission and this bill, let me say that, if my memory serves me correctly, we had no recommendations from the Hoover Commission for specific salaries. However, on the basis of general recommendations of Mr. Hoover and his associates, the salaries in this bill were raised somewhat higher than the salaries provided by the bill as it was originally prepared for the Eightieth Congress. So the bill does represent a conference with the Hoover Commission.

Mr. PEPPER. Mr. President, I am very glad to know that the Hoover Commission not only generally approved the objective of the bill, but, more specifically, the bill itself.

I continue to read from the President's letter:

> It has already passed the House of Representatives.

Mr. President, I hear it said by some persons who favor the substitute that this is not a bill for economy. Who is it that levies taxes primarily but the House of Representatives? Who is it who speaks as the body closest to the people but the House of Representatives? Who is it who is accountable to the people every 2 years but the House of Representatives? Yet the House of Representatives has passed this bill—not the substitute, but the bill. I shall point out that there is hardly any difference between the bill which was passed by the House of Representatives and the bill which the Committee on Post Office and Civil Service has recommended to the Senate.

Mr. LONG. Mr. President, will the Senator yield?

Mr. PEPPER. I yield to the able Senator from Louisiana.

Mr. LONG. Discussion has developed as to what the Hoover Commission had recommended. If the Senator has seen the study made by the Eightieth Congress in regard to the compensation of top Government officials, particularly the hearings held on December 13 and 14, he will note the statement of John Stevenson, who was chairman of the task force on Federal personnel management of the Commission on the Organization of the Executive Branch of the Government, and the Senator will note that Mr. Stevenson testified before the Committee on Post Office and Civil Service, as shown at page 61 of the hearings, to the effect that they would recommend or suggest a salary of $150,000 for the President, $50,000 for the Vice President, $35,000 for Justices of the Supreme Court, $25,000 for the Speaker of the House of Representatives, $20,000 for Senators and Representatives, $25,000 for the heads of executive departments, $20,000 for Under Secretaries, $17,500 for Assistant Secretaries, and $17,250 for the heads of independent agencies and for members of boards and commissions.

So there is the statement of the chairman of the task force of the Hoover Commission, recommending, as I understand, salaries almost identically in line with those recommended by the Senate Committee on Post Office and Civil Service.

Mr. PEPPER. It so appears by a comparison of the figures just given by the Senator from Louisiana with the figures contained in the bill itself. I thank the able Senator very much.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. AIKEN. I should like to point out that we should not confuse reports of the task forces of the Hoover Commission with reports of the Commission itself, because time after time the Commission did not adopt the recommendations of the task forces.

In this case, I believe the Commission did not adopt the figures recommended by the task force, but the Commission merely recommended that the salaries be such as to attract the right type of men.

I bring up that point now because I am sure the Senator from Louisiana would not agree with some of the other task-force reports which also were

turned down by the Commission or which resulted in divided recommendations.

Mr. LONG. The Senator from Louisiana disagrees with some of the final recommendations, I may say, but the bill embodies what we thought the Hoover Commission would recommend.

Mr. AIKEN. I wish to point out that in this case the task-force reports should not be regarded as reports of the Commission itself.

Mr. PEPPER. Mr. President, cannot we agree that the task force of the Hoover Commission dealing specifically with this subject did recommend substantially a scale of compensation identical with that recommended by the Senate Committee on Post Office and Civil Service, insofar as the classes involved are in question; and, secondly, cannot we agree that the Hoover Commission as a whole recommended the principle of an increase in compensation which would attract and keep in the Government service competent personnel?

Mr. AIKEN. Mr. President, I hope the Senator from Florida will not place too much emphasis on the recommendations of the task force, however, because sooner or later we shall have before us, I am sure, recommendations of task forces of the Hoover Commission with which the Senator from Florida will find himself very much in disagreement. So I hope the Senator from Florida will not try to get the Senate to accept the recommendations of the task forces in general, or even in any one particular instance.

Mr. PEPPER. I thank the Senator.

Mr. President, the Senator from Florida has supported a good many, in fact, I think all, of the recommendations of the Hoover Commission which have come to the Senate, and no doubt will support a great many more of them. But of course he does not blindly commit himself to them without knowing what the recomendations are.

But I was calling attention to the fact that the President of the United States has emphasized, in addressing the Vice President, that certainly the Hoover Commission has recommended, in principle, at least, the bill which is before the Senate and which was reported to the Senate by the Committee on Post Office and Civil Service; and the Senator from Louisiana has added information concerning the conclusions of the task force. This information is presented to us for whatever it may be worth; I merely call the task force as an expert witness, and of course the jury does not have to agree with its views or testimony; but I call as an expert witness the task force, and I am glad to have the Senator from Louisiana the medium through which that expert witness is presented. For whatever it is worth, I think the Senate should know that the task force specifically dealing with this subject has recommended salary scales almost identical with those which are recommended by the committee.

Mr. AIKEN. Yes; the Senator from Florida is correct in saying that the task force has recommended substantially the salary increases recommended for Government executives by the committee; but I hope that not too much emphasis will be placed upon task force reports, because it will be found that one of them recommends that all power developed at generating plants constructed by the Government should be sold at the bus bar—which would mean a monopoly for the private interests, at the expense of the consumers and the taxpayers.

Mr. PEPPER. I am sure the Senator from Vermont and I would probably be together in not agreeing with the Hoover Commission on that subject, but I though it was important that some of those who put special emphasis upon the recommendations of the Hoover Commission should know what the recommendations of the Commission are.

Mr. AIKEN. That is right—recommendations of the Commission. But please let us not confuse the recommendations of the task force with the recommendations of the Commission.

Mr. PEPPER. I thank the Senator for suggesting the care we should exercise in distinguishing between the two. I continue reading from the President's letter to the Vice President:

> The salary rates provided in the bill passed by the House and reported by the Senate committee are, for the most part lower than those I recommended.

I was about to call attention to the fact that the Senate Committee on Post Office and Civil Service recommended almost identically the bill passed by the people's representatives, the House of Representatives. These are the only differences, Mr. President: On page 4 of the committee report, a comparison of the House bill and the Senate committee bill appears. In the first category of section 1, they are all identical, the Senate and House bills allowing $25,000 a year for the Cabinet and certain additional secretaries. In fact, the only differences listed on that page and the succeeding pages 5 and 6, are, as I have noted them, in respect to the Housing and Home Finance Administrator. The House bill carried $18,000 a year for him, and the Senate committee would give him $20,000, a $2,000 increase.

The next distinction I notice is in respect to the Chairman of the Board of Directors of the Reconstruction Finance Corporation. The House gave that very able Chairman only $16,000 a year, and I think the Senate committee very wisely raised it to $18,000 a year. Let Senators contemplate the gigantic task the Chairman has, as a lending agent of the Government, contrasted to the heads of most banks of the country comparable in size and responsibility; and, in contrast, the salary he would receive if he got $18,000 a year, with what the head of a great bank in any of our great cities receives. It is another difference of $2,000 a year.

Another instance is the Comptroller of the Currency. The Senate committee raised the salary $2,000 a year over that provided in the House bill. In the case of the Director of the Administrative Office of the United States Courts, the Senate committee raised his salary $1,000 a year, from $15,000 to $16,000.

In respect to members of the Home Loan Bank Board, the House left them at $15,000. The Senate raised it to $16,000. In respect to the Public Housing Commissioner the House left him at the salary in the present law of $15,000. The Senate committee raised it $1,000. In respect to the Federal Housing Commissioner, the House did not raise his $15,000 salary under the present law, but the Senate committee raised him $1,000, to $16,000.

Mr. President, I do not notice another difference in nearly a whole page of positions listed, until I come to the following one: The Commissioner of the United States Court of Claims, in the House bill, was not raised from his present salary of $9,707. The Senate committee raised his salary to $15,000 a year. That is about $6,000 a year increase.

The next difference is the Assistant Director, administrative officer of the United States courts. The House raised that gentleman from $9,707 to $10,000 a year, and the Senate raised him to $15,000. All the other cases are cases in which the Senate put the individual or the position under the classified civil service. But altogether, except when the Senate put them under the classified civil-service rules, the House gave them in each case a specific increase in salary of about $5,000 a year. The total number of differences between the Senate and House bills is nine—nine minor differences. I am confident the total of the Senate committee excess over the House bill would not reach $50,000 for the 239 officials. So I think I am justified in saying that for all practical purposes the Senate committee has recommended to the Senate the bill of the House of Representatives has already passed.

The President of the United States goes on to say that the House bill, and therefore the Senate committee bill, is less than the President of the United States has recommended. So what do we have? We have almost identically the recommendations of the Hoover Commission task force; we have the bill, as recommended by the committee, passed by the House of Representatives; we have the bill adopted and approved in principle by the Hoover Commission; and we have a schedule in excess of the committee bill and the House bill recommended by the President of the United States.

Mr. President, I think that is pretty good evidence in favor of the schedule we are now considering. I think the Chief Executive of the United States, elected by the people, concurred in by the voice of the people's representatives, the House of Representatives, concurred in by the task force of the Hoover Commission, almost identically, and concurred in, in principle, by the Hoover Commission, is pretty good evidence for this honorable body to have before it and upon which it might well act in the decision of this matter.

The President continues:

> Nevertheless, that bill does provide a reasonably adequate means for meeting this difficult problem. Together with the revisions of the Classification Act proposed in other legislation now pending, it will provide a pattern in which the salaries for different Federal positions have a much more reasonable relationship to the relative re-

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sponsibilities of those positions than under present law.

Reading from another portion of the President's letter to the Vice President:

I have also pointed out that these officers—

That is, officers who for all practical purposes, are the Government of the United States, for, if I have the exact figure, they encompass 239 of the principal executives of the greatest government in the world. These officers, as a practical matter, make the primary decisions, which become the decisions, the official conduct, of the Government of the United States. They are the officials of whom we are talking. The President says further:

I have also pointed out that these officers have been passed over time and again when the Congress made adjustments in the compensation of other officers and employees. Senators and Representatives have increased their own compensation by more than 100 percent since 1924.

I have heard it said here we ought not to increase the compensation of these officials by such a large percentage.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. PEPPER. I shall yield in a moment. It may not be, as the President says in another part of the letter, irrelevant to inquire what they were getting before the raise. If the percentage is large, it may condemn, not the increase, but the amount they were getting before the increase. That is where the emphasis should go, upon our inadequacy in the past, not upon the excess with which we now propose to act. I now yield to the able Senator from Arizona.

Mr. McFARLAND. The Senator mentioned the fact that Members of Congress are close to the people. Does the Senator think that the people of Florida would favor a 100-percent increase for persons now receiving $10,000 a year? Would they vote for that, if it were left up to them?

Mr. PEPPER. I think the people of my State, as, presumably, the Representatives from my State, who, at least, voted that way, appreciate the good old principle that we generally do not get something for nothing, and that ordinarily the maxim is that we get what we pay for. The people of the United States have come to recognize that the greatest business they have is the public business. They have had enough dealings with Federal officials to want to sit down and talk to a man of competence, responsibility, and character. When they come to Washington to see someone, they want to talk to a man who is big enough for his job, who is capable of making the right decision, and who has the courage to make it.

It so happens, Mr. President, that I am running for the Senate next year; I hope, successfully, and naturally I do not want to displease my constituents, but I am not afraid to say to the people of Florida that it is not too much to pay Cabinet officers, such as the Secretary of Defense, spending colossal sums of money, $25,000 a year, when they pay me more than half that much. I am not afraid to tell those people about the men who hold these responsible positions, such as the Comptroller General of the United States. Is not he the man who checks up upon the expenditure of public money and sees to it that it is spent according to law and that it is not stolen or thrown away? Is it not worth $20,000 a year to pay that man to do that job? Would we want in that job a man who was not worth $20,000?

Mr. President, with the rates of compensation now being paid, a man does not have to be too big a man to receive $20,000 a year as a private professional man or as a business executive. I shall show, from a Government witness of repute and responsibility, something of the disadvantage the Government has in competing with private concerns for responsible executives.

So I say to my able friend, Yes, the people of the United States are willing to pay reasonable and decent salaries to their public officials. They want them to do the sort of job they have a right to expect from their public officials.

Mr. President, the President said:

Senators and Representatives have increased their own compensation by more than 100 percent since 1924, while the salaries for many of these executive offices have not been increased at all.

If we want to leave it to the people, if the able Senator from Arizona wants the people to be the jury, as to whether they think some of these executive officials are just as much entitled to increased compensation over a period of time as is Congress, I am not too sure they would decide in favor of the Congress. The truth of the matter is that I do not know of any retribution which the people have taken upon the Congress for having courage to adopt the pay scales for Members of Congress and other executives of the Government. We have increased the salaries of the President of the United States, the Vice President, and the Speaker of the House. Has any Senator received any remonstrance of any volume from his constituency regarding that action taken by us? The salary of the President had remained at $75,000 a year as long as I can remember. In another bill passed recently we increased the compensation of the armed forces. Have we had any tirade of denunciation from our constituencies? I have not heard of any.

The Congress, a few years ago, increased the salaries of its Members from $7,500 a year to $10,000 a year. I am told that there was not a roll call in connection with that matter. I imagine Members of Congress were a little diffident about having it appear in the RECORD that they were increasing their own salaries from $7,500 a year to $10,000 a year. They were entitled to that salary increase, and no subsequent Congress has ever repealed it, and I have never heard of it in any election. I have never been condemned for not introducing a bill to reduce congressional salaries to $7,500 a year.

Mr. President, I had the honor of being a member of the Committee on the Reorganization of Congress. That committee made numerous recommendations that cost more, in terms of dollars. Yet, what was public opinion? The people wanted to make Congress more efficient; they wanted Congress to do a better job; they wanted us to have better staffs. I believe I am correct in saying that we have better staffs, and we are making a greater expenditure for staffs than was the case before that bill was passed. Has Congress received denunciation? It has received not denunciation, but commendation. We have provided ourselves with executive assistants. They receive salaries of $10,000 a year. Have any Senators within the sound of my voice received a protest from their constituencies because they have hired men to help them with their responsible work and are paying them $10,000 a year? I do not recall a single letter which I have ever received on the subject, nor do I recall that any citizen has ever remonstrated with me for having voted the money to enable Senators to have executive assistants.

We have increased the compensation of the employees in our offices, but I have heard nothing in criticism of us for having done so. On the contrary, the reorganization committee had before it some of the leading businessmen of the country, as well as some of the leading civic organizations, some of the most public-spirited citizens, who urged us to spend a little more money immediately as a good investment for the American people in a better Congress, and in greater efficiency in the Congress of the United States.

Mr. President, I say, therefore, that the people are principally interested in our doing a good job. They are principally interested in the Government of the United States being efficient and competent.

Some of us disagree with regard to undertaking a certain program. Some of us may think it is desirable, and others may think it is undesirable, but I believe we can all agree that we want the best men for the positions, that the Government of the United States is a colossal enterprise, a huge undertaking of almost immeasurable proportions, and that to operate the Government of the United States is a challenging task for which only able and competent people should have the responsibility.

Mr. President, this bill is not a panacea. Conditions are not going to change overnight. We do feel, however, that, generally, its influence will be to bring better men and women into the service of the Government of the United States, to make the Government more efficient and, in the long run, more economical.

Mr. LUCAS. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield.

Mr. LUCAS. How much longer does the Senator from Florida think his address will take?

Mr. PEPPER. Not over 15 minutes.

Mr. LUCAS. Will the Senator suspend long enough so that I may submit a unanimous-consent request?

Mr. PEPPER. Certainly.

Mr. LUCAS. Mr. President, I ask unanimous consent that on the calendar day of the 29th of September 1949, at not later than the hour of 2:30 o'clock p. m., the Senate proceed to vote without further debate on the Johnson amendment

in the nature of a substitute for the bill (H. R. 1689) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, and that the time between 12 o'clock and 2:30 o'clock on said day shall be equally divided, and controlled, respectively, by the Senator from Louisiana [Mr. LONG] and the Senator from Colorado [Mr. JOHNSON].

The PRESIDING OFFICER. Is there objection?

Mr. AIKEN. There is, Mr. President; I object.

Mr. WHERRY. Mr. President, will the Senator from Florida yield that I may propound an inquiry?

Mr. PEPPER. I yield.

Mr. WHERRY. I am wondering if the distinguished majority leader, in view of the fact that tomorrow will be Thursday—and I am only suggesting this—will give some idea of when he feels the farm bill may be taken up.

Mr. LUCAS. Just as soon as we finish the pay bills we are going to take up the farm bill. I cannot tell how long the pay bills will take. I thought we would have the pending pay bill out of the way today. We will not take up the farm bill probably until about next Wednesday, if the other pay bills take as long as the pending bill has taken.

Mr. WHERRY. In order to expedite progress, will the Senator state that the farm bill will be taken up next Monday, or not earlier than next Monday, in view of the fact that all the other pay bills have to be taken up this week?

Mr. LUCAS. I can say to the Senator from Nebraska that there are other bills we can take up besides the farm bill. We can take up the telephone bill, which would not take very long, or take up several other small bills, if necessary.

Mr. WHERRY. If the distinguished majority leader could satisfy the distinguished Senator from Vermont, who desires to be here when the farm bill is taken up, but who has made plans which might take him away on Friday, that the farm bill would be taken up Monday, I am satisfied the unanimous-consent agreement could be reached.

Mr. LUCAS. I desire to accommodate the able Senator from Vermont, because he is one of the very influential members of the Committee on Agriculture and Forestry, and certainly has cooperated with the farm groups in the past. I want him here, of course, when the farm bill is debated, and he desires to be here, I know. My hope had been that we could get the farm bill up on Friday of this week. I am trying to bring about an adjournment of Congress as soon as possible. I am doing all I can in that direction, but every time I propose a unanimous-consent agreement, I find objection, which usually comes from the other side of the aisle.

Mr. WHERRY. Mr. President, I made my suggestion in sincerity. If we are to go into the question of objections, and who is objecting, that is a different story. I say to the majority leader that there is plenty of legislation to take up which will not hold up the program. It might be advantageous if he could make an announcement about the farm bill, but if he is not inclined to do so, I want him to know that this side is ready to cooperate, and we can proceed with the debate on the pending bill and finish it.

Mr. AIKEN. Mr. President, I objected to the unanimous-consent request as a protest against what is apparently a dual code of ethics in the field of senatorial courtesy. I have been a Member of the Senate 9 years, and I have noticed that when a Democrat wants to go to a horse race or to a ball game or has any other excuse, the routine of the Senate is adjusted to suit his convenience.

Mr. LUCAS. That was not true in the last 2 years.

Mr. AIKEN. It should not be true at all. I am glad the Senator recognizes that it has been true all the time except for the past 2 years.

However, on the strength of the announcement by the majority leader last week that the farm bill would be taken up Monday of this week, I assured certain organizations with which I had long standing appointments to speak to them on Thursday and Friday, that inasmuch as the farm bill was to be taken up Monday of this week—and I had no reason to doubt the announcement of the majority leader—I would keep my engagements. When I found it was not coming up, I merely asked that the farm bill not be taken up Thursday or Friday of this week, and I did not get anywhere with the request. That was the only request I have made of that nature in the 9 years I have been a Member of the Senate, and I came to the conclusion that there was a dual code of ethics in that field. That is why I objected.

I think we can all remain here tonight, Democrats and Republicans alike, and remain here tomorrow and the next day and over Sunday, and talk our heads off. I think the trouble is that I have been too cooperative with the other side of the aisle, and I am beginning to find that it does not pay very well.

Mr. LUCAS. Mr. President, I regret that my good friend from Vermont has used that kind of a premise to a discussion of the farm bill. I do not quite understand his reference to a dual code of ethics. Certainly at no time since I have been majority leader have I ever denied the Senator from Vermont any accommodation he sought. It is true, perhaps, that I did make a statement along the line he suggests about the farm bill some time ago, but I said at the time we were going to take up the farm bill after we disposed of the pay bills. It seemed to me that we probably would dispose of the pay bills tomorrow. With a full realization that all Senators, including Republicans and Democrats, want the Senate to adjourn as soon as possible, I thought we would finish the pending measure today, and probably another pay bill tomorrow. I thought we could take the farm bill up and probably pass it Friday, and we would have that much water over the dam.

Mr. President, I am going to accommodate the Senator from Vermont. I do not want him to make any charges against me. I have had enough of them hurled at me since I have been majority leader, and I do not want one to come from my friend from Vermont, because I like him too well. So I am going to say to him that we will not take up the farm bill before Monday under any circumstances. It might be Tuesday, judging from the manner Senators are debating the pay bills. If the pay bill in which the Senator from North Dakota is much interested causes as much trouble as the pay bill now under consideration, we will take a week on it.

Mr. LANGER. If we run out of work, I suggest the Senator take up the telephone bill and dispose of it.

Mr. LUCAS. That is a very good suggestion, and I shall certainly give it consideration.

Mr. AIKEN. Mr. President, if the Senator from Florida will yield——

Mr. PEPPER. I yield.

Mr. AIKEN. I should like to say that I appreciate the action of the majority leader very much indeed, and as a slight token of my appreciation, I shall withdraw my objection to the unanimous-consent request.

Mr. LUCAS. That is very kind of the Senator. I knew I could finally get the Senator to withdraw the objection in some way.

Mr. YOUNG. Mr. President, I myself shall object. This is the first time I have ever objected to such a request. I myself have speaking engagements for next week.

Mr. LUCAS. Another farmer heard from. [Laughter.]

Mr. WHERRY. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield to the Senator from Nebraska.

Mr. WHERRY. Apparently the unanimous-consent request is not going to be agreed to, and I ask the distinguished majority leader now if he may not be able to give us information as to how long the Senate will remain in session this evening.

Mr. LUCAS. I should like to have a vote on the Johnson substitute as soon as the Senator from Florida concludes, but I do not think the Senator from North Dakota is going to let us do that.

Mr. LANGER. I understand there are three or four other Senators who desire to speak, and I desire to speak for a little while.

Mr. LUCAS. The Senator has a list of three or four more?

Mr. LANGER. Three or four.

Mr. WHERRY. Will the majority leader tell us how late he expects the Senate to remain in session tonight? Some of the Senators have to get their dinners.

Mr. BRIDGES. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield to the Senator from New Hampshire.

Mr. BRIDGES. I think the Senator from Illinois, the distinguished majority leader, earlier in the day said in good faith that we were going to finish the pending bill tonight, that we were going to remain here until it was through. Many Senators on both sides of the aisle accepted what the Senator said in good faith, because they thought that when he made his statement he meant it. I still think he meant what he said, and I hope we will remain here and finish up these bills, rather than adjourn and go to the Boston Red Sox game or any-

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where else. I think the Senate should have precedence. If the Senator from Illinois had not made this statement, Senators would not have gone on with their plans, but they took him at his word, and I think we should now proceed.

Mr. LUCAS. Mr. President, it is perfectly agreeable to the Senator from Illinois that the Senate proceed. I have been deluged with protests against holding a night session, and Senators have been trying in every conceivable way to get a unanimous-consent agreement so that we could vote on the Johnson amendment at 2:30 o'clock tomorrow afternoon, and they could take as long as they wanted to on the bill. I am willing to remain as long as any Senator desires to speak. Apparently we cannot secure a unanimous-consent agreement.

Mr. McFARLAND. Mr. President, as one Senator, I do not expect to go to any ball game, but I should like to see the unanimous-consent agreement entered into. It has been my experience that we do not gain anything by long night sessions. When the distinguished majority leader stated that we would stay here until we finished the bill all of us believed—at least the junior Senator from Arizona believed—that we would complete action on the bill before 6 o'clock, and that under any circumstances we would be through with it before this time of day. As the evening goes on I find that the tempers of Senators get on edge and we simply do not accomplish anything.

Mr. LUCAS. I am not mad at anybody.

Mr. McFARLAND. Perhaps the Senator is not mad at anybody; in fact, I am sure he is not; but as the evening wears on, it is our experience that we do not get anywhere. I hope the distinguished Senator from North Dakota will not offer any objection to the vote being taken tomorrow. I think the Senate will reach a vote more quickly if we can agree to voting at some time tomorrow, than in any other way. If I thought a vote could be reached by continuing to stay in session tonight, I should be glad to have the Senate stay in session.

Mr. LUCAS. The Senator from Arizona is correct in respect to what those in charge of the bill thought they could do in the way of passing it. It was suggested to me that we could get through around 5 o'clock this afternoon. Some Senators thought we might secure unanimous consent to vote at 3 o'clock this afternoon. It was because of that sort of an understanding that I said we would stay here until we finished the bill. I thought we would surely finish it before this time.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. YOUNG. I have made all my speaking engagements and other engagements subject to cancellation when there was important work on the floor of the Senate. I believe other Senators could do the same. I am becoming sick and tired of sticking around here day after day while other Senators are away.

Mr. LUCAS. I have canceled several engagements myself in order to remain on the floor of the Senate.

Mr. President, I will make the unanimous consent request once more and see whether it is objected to. I renew my unanimous consent request, Mr. President.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Mr. President, reserving the right to object, I believe it would be more proper that the time be controlled by the Senator from Vermont [Mr. FLANDERS] rather than by the Senator from Louisiana, since the Senator from Vermont has led the fight on the particular phase of the matter we are now discussing. The Senator from Louisiana had discussed, and more or less tentatively agreed, to compromise this matter on the basis of the substitute, and the Senator from Vermont was very much opposed to it. I feel it would be appropriate and proper that the control of the time against the substitute be in the hands of the Senator from Vermont.

Mr. LUCAS. Mr. President, I modify my unanimous-consent request to that effect.

The PRESIDING OFFICER. The Senator from Illinois has modified his unanimous-consent request in line with the suggestion made by the Senator from Louisiana.

Is there objection to the request?

Mr. SALTONSTALL. Mr. President, may we have the request stated again, so there will be no question about it.

The PRESIDING OFFICER. Will the Senator from Illinois restate his request?

Mr. LUCAS. Mr. President, I ask unanimous consent that on the calendar day of the 29th of September, 1949, at not later than the hour of 2:30 o'clock p. m., the Senate proceed to vote without further debate on the Johnson amendment in the nature of a substitute for the bill (H. R. 1689) to increase the rate of compensation of the heads and assistant heads of executive departments and independent agencies, and that the time between 12 o'clock and 2:30 o'clock on said day shall be equally divided and controlled, respectively, by the Senator from Vermont [Mr. FLANDERS] and the Senator from Colorado [Mr. JOHNSON].

Mr. SCHOEPPEL. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LUCAS. Mr. President, I regret to have taken so much of the time of my friend from Florida, who has been very patient. I want him to know that I am exceedingly grateful for allowing me to present the unanimous-consent request.

Mr. SALTONSTALL. Mr. President, will the Senator from Florida yield so I may ask the majority leader one more question?

Mr. PEPPER. I yield.

Mr. SALTONSTALL. Can the majority leader give us any indication of how long the session will last tonight?

Mr. LUCAS. I will say to my friend the Senator from Masachusetts that I cannot give him any indication.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. NEELY. Mr. President, let me urge the able majority leader [Mr. LUCAS] to announce positively and irrevocably that he will keep the Senate in continuous session until the pending bill is passed. The net result of such an announcement would be as follows: The eminent Senator from Florida [Mr. PEPPER], whose words are always "like apples of gold in pictures of silver," would complete his eloquent address which has been interrupted by numerous inquiries and comments. Subsequently unlimited, tedious, tasteless verbosity, which is obviously in process of incubation, would be repressed to extinction "unwept, unhonored, and unsung."

Mr. LUCAS. Well, I am willing to stay here until the bill is passed.

Mr. NEELY. If the Senator will say he intends to do that we will be through by midnight. Otherwise we will be here till morning.

Mr. LUCAS. I do not quite understand the logic of the Senator's statement that if I say that we are going to stay here until the bill is passed it will be passed by midnight. I cannot understand the logic of the Senator. I do not see how that result would follow.

Mr. NEELY. Certain Senators desire to postpone the final vote till tomorrow or Friday. These will talk as long as they believe that a filibuster will induce the majority leader to grant the desired delay. But if the distinguished Senator from Illinois will only demonstrate a firm determination to obtain a vote on the bill before recess, the filibusters will subside in order to procure a few hours' sleep before the beginning of another trying day.

Mr. WILLIAMS. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield.

Mr. WILLIAMS. I do not understand the reference of the Senator from West Virginia to a filibuster, because the speeches made today have all been in favor of the bill—unless it be possible that those who are speaking in favor of the bill are trying to talk it to death, which, of course, they are not doing.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. SALTONSTALL. I respectfully say to the majority leader that I have a great deal of sympathy with what the Senator from West Virginia has said. I think it is very doubtful if a vote will be obtained on the substitute tonight, when Senators' tempers are on edge. I think the vote should be taken when Senators are quiet and calm. I think very little will be gained by staying here after the Senator from Florida finishes his fine address. So far as I am concerned, I will, if necessary, stay here until 5 o'clock tomorrow morning, but, as the majority leader knows, we would accomplish very little by such procedure.

I do not quite agree with the Senator from West Virginia that if the majority leader says we are going to vote on this bill tonight, we will vote on it, because I have a feeling that that will not take place. However, I do not know. In the

interest of calm and thoughtful and deliberate consideration of the subject, I hope we will listen attentively to the Senator from Florida—and I, for one, am always glad to listen to him; I wish I had his ability to speak and were able to phrase my sentences as he phrases his—and when the Senator from Florida finishes I hope the Senate may recess until tomorrow. I believe we will get further along if we do so.

I ask the Senator from Illinois, the majority leader, to excuse me, but what I have said is not by way of a question; it is a statement.

Mr. LUCAS. It is a very good statement.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. BRIDGES. I think there is a good deal in what the distinguished Senator from West Virginia has said. I think his words, which are "like apples of gold in pictures of silver," are true. If the Senator from Illinois says we are going to stay here until the bill is passed, of course, it will be passed. We have made our plans to remain tonight, and there is no reason why we should not do so.

Mr. SCHOEPPEL. Mr. President, will the Senator from Florida yield?

Mr. LUCAS. Does the Senator from Kansas want to withdraw his objection?

Mr. SCHOEPPEL. No, I will not withdraw my objection at this point. I merely want to make an observation. The distinguished majority leader made a statement this afternoon which some of us took on full faith and credit. We believed the majority leader intended to do what he said he would do. I want to see whether the Senator really meant what he said. Some Senators had engagements for tonight which they cancelled on the basis of the Senator's statement. Some of us, as was said by the distinguished Senator from North Dakota [Mr. YOUNG], have remained here faithfully in attendance, and I think it is about time for us to consider getting down to business and quitting a lot of this horseplay, and complete action on the bill. I am becoming rather sick and tired of listening every few days to the statement, "Well, if this thing or the other thing should happen we may adjourn." So far as I am concerned, I can remain here until tomorrow, or until the bill is voted up or down. When the majority leader says we will vote, so far as I am concerned, I am willing to stay tonight and vote.

Mr. LUCAS. I am thankful that the Senator does not care when the Senate adjourns. That is what I want him to say. That will probably help me in my thinking in the future. If I could be successful in getting more Senators to make a similar statement it would be of help to me because we have much work to do. There are many bills on the calendar, and we can stay and work on them for a long, long time. So far as I am concerned, we will stay here until the bill is passed.

The PRESIDING OFFICER. The Senator from Florida has the floor.

Mr. PEPPER. Mr. President, as an encouragement to those who hereafter may be called upon to make a charitable dispensation to their fellows——

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. WHERRY. I wish to thank the distinguished Senator from Florida for his patience during this attempt to obtain a unanimous-consent agreement. I suggest that all the colloquy during the time he yielded follow the remarks of the distinguished Senator.

Mr. PEPPER. I was about to say—and the Senator from Nebraska now gives me greater encouragement to say it—that if I have been guilty of any dispensation of kindness, the rewards I have received in the shape of the generous utterances of the Senator from West Virginia [Mr. NEELY], the Senator from Massachusetts [Mr. SALTONSTALL], and now the Senator from Nebraska [Mr. WHERRY] have more than compensated for such small sacrifice as I may have made. I commend that example to those who may hereafter be called upon to dispense kindness to their fellows. Let them be assured that the bread of kindness cast upon the waters will come back manyfold.

Mr. NEELY. Mr President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. NEELY. Mr. President, I hope that everyone who receives the RECORD will read the lofty, tuneful utterances which have just fallen from the eloquent lips of the illustrious Senator from Florida. I believe that those who read his words will be reminded of the passage of Scripture in which it is said, "The people that stood by, and heard it, said that it thundered; others said, 'An angel spake to him'."

Mr. PEPPER. I am sure that it is the address of the able Senator from West Virginia to which those words should be applied. I have never heard more moving eloquence than I have heard from his lips in this Chamber. Surely eloquence never sprang from a warmer heart.

Mr. President, I have only a few more words to say. I have no desire to delay disposition of the bill. I was reading from the President's letter to the Vice President. The President stated that he had heard objections to the bill on the ground that some of the increases were too high in terms of percentages of present salaries. He added:

> The fact is that the proposed salaries are very modest in relation to the responsibilities of these positions.

I take one example, the Secretary of Defense. Consider the power of that official over the Military Establishment, for which in recent weeks the Congress has voted nearly $13,000,000,000. Yet we are quibbling over whether to pay him $22,500 or $25,000 a year. If we err, at least let us err on the side of complimenting the man by believing that he is worth $25,000 instead of $22,500.

The President continued:

> If they appear to be high in relation to the present salaries, that is because the present salaries are ridiculously low. As I recently pointed out, the 15 top executives of a single private corporation in this country are paid more than the aggregate salary now paid to all the 250 or so Federal officers to whom this bill applies.

Think of that, Mr. President. One single corporations pays its 15 top executives more than the aggregate salaries now paid to all the 250 or so Federal officers to whom this bill applies. The United States Government must compete with that private corporation in getting good men. A few days ago we had the spectacle of an executive, a vice president of a great corporation, being unable to work for the Government of the United States unless we allowed him by law to continue to receive the salary which he was being paid by his company. I voted for the proposal, contrary to my inclination, because I felt that the President of the United States had confidence that that man would do a good job.

I recognized the man's individual problem. He had his own fixed overhead of personal expenses to be met. He had a family to be maintained at a certain level of living. He had retirement benefits to be considered, as well as the security of his old age. I can understand his personal problem in not wanting to give up the salary which he was receiving from his company and work for the Government at $14,000 a year.

What was the position to which it was proposed to appoint that man? He was to be the head of the agency charged with procurement of military matériel and the provision of facilities. In substance, he would have dealt with nothing less than the security of America. The security of our country would have been very vitally in his hands. Yet the President of the United States had to humiliate himself, as it were, by making the extraordinary request that this man be permitted to continue to receive his private compensation. Obviously, Senators and others were concerned about a man being paid by two masters, when there might be a conflict of interest. So I do not quarrel with any Senator who voted the other way. Surely if we are to attract to the public service capable men, they must have adequate compensation, either in honor or in rewards of some other character, or in security.

I hear men talk about private enterprise, and the lure of reward which must always be offered. It is said that we must not stifle incentive. Mr. President, the element of incentive applies to those who work for the public as well as to those who serve private interests. The way we haggle with our public servants, denounce them, accuse them, discredit them, and disparage them hardly encourages such individuals, upon the ground of adulation, to seek public service. People go about the country calling them bureaucrats and seeking to discredit them. One hearing the references which are made by some persons to men who give their lives to the public service would conclude that they are little above the criminal class, or the class of delinquents. So I say that I think the President is right in calling attention to the fact that executives of the United States Government deserve more adequate compensation.

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To what end does the President of the United States ask us to support the action of our committee, which has labored so long upon this subject, and the action of the same committee in a previous Congress, as well as the action of our sister body, the House of Representatives? Upon what basis does he make that request? I think it is all summed up in this sentence from the letter of the President to the Vice President:

The relatively small cost of this legislation will be repaid many times over in improved efficiency in the operation of the Government.

Mr. President, we are not merely trying to give someone a hand-out. This is not an undeserved subsidy. It is an appropriation in the public interest. It is a good investment in the public service.

Mr. President, I should like to read a few quotations from the testimony of a man who brought this matter very practically to the attention of the committee. I refer to the testimony before the committee in January 1948 of the then Secretary of Agriculture, a man who is now one of the distinguished Members of this body. I refer to the Senator from New Mexico [Mr. ANDERSON]. He said:

I suppose from the standpoint of serving society best I think they should, but from a standpoint of doing a job, I think you must give attention to all wage brackets. The relative security which was available to all these people 10 years ago should be available again. As a matter of fact, the people who are in our $10,000-a-year bracket were sort of passed over, as you know, the last time there was an increase. The result is that we have a great many people in the Department drawing $10,000 a year and the group under them also drawing $10,000 a year.

He was talking about the Department of Agriculture, which is handling colossal problems.

And then there are the people under those drawing $9,975 a year, and the man who is heading up the work rather feels that the assumption of extra responsibility—the extra work and years that he has put in—fail to bring him any return at all. I have become interested in this because I have been trying to see what happens to some of the top personnel in the Department of Agriculture. I lost many men upon whom I have come to rely very, very much and when you are dealing with operations—the size of operations conducted by the Commodity Credit Corporation which is one of the branches of the Department of Agriculture—you can see that the scale of salaries that those people receive is all out of line with the salaries paid by industrial and private organizations to their employees. For example, our Commodity Credit Corporation has a capital structure about the size of General Motors, has larger inventories, and has about the same volume of sales. We realize that when they print the list of top-salaried people of the country every year that a great many General Motors officials are on the list. You will find several people—very capable people—and I am not regretting the salaries they pay—getting $200,000 and $300,000 a year, and yet here we are with an organization as large as General Motors and nobody gets over $10,000 a year.

I had it put up to me in another way by an executive of Marshall Field. When we first started to make our studies of inventories we wanted to change our inventory procedures because we had to build our procedures rapidly during the war. We had certain quantities of grain, etc. * * * I brought from Marshall Field one of their top executives to whom they pay a salary beyond what the Department will ever pay and he said that we should establish some inventory controls. He went to work and he said "The first thing we got to do is to find a man to run this and we have to pay him at least $40,000."

When he told me that I said, "Can you imagine me appearing before congressional committees and asking that we pay $40,000 a year to an individual." He then pointed out to me that our inventory was 70 times as large as the inventory of Marshall Field, and they paid their inventory man $20,000 a year while we paid our man $8,000.

We deal with food in the Commodity Credit Corporation, and we have as much business as the 10 largest food and soap companies within the United States put together—General Mills, General Foods, etc., add them all together and we have as much business as all of them added together. I don't have to tell you that there are people connected with those companies who draw a great deal more than $10,000 a year. Our people are steadily in competition with them. I am not trying to say that we should be allowed to match salaries with them. What I would like to see is that they be brought within the same standard of living that they are accustomed to; that they were living under 10 years ago, or prior to the war, which would permit them to educate their children and live like they were used to in the past. They ought to now have some sort of financial reward that makes them possible again to occupy that same financial standard they had before the war. We lose people because they see an absolute limit to their efforts in Government service, and they recognize that that absolute limit does not bring them the same relative degree of independence and the same relative degree of ability to maintain their families as they would like to maintain them—as they did only a short time ago.

About 3 weeks ago we lost a man who was head of our Commodity Credit Corporation.

This is an official of the Government of the United States talking, a man who, as Secretary of Agriculture, had charge, in a supervisory capacity, over the Commodity Credit Corporation. Mr. ANDERSON then said:

I know of my own personal knowledge that several firms have talked to ———— in the past 4 or 5 years trying to persuade him to join the staff of any one of these organizations.

I interpolate at this point to inquire, could we blame such a person if he left the Government service to take a better job?

Mr. ANDERSON further said:

The point is this, that year by year if you are with a private concern you probably receive an increase in pay commensurate with the rise in the cost of living, but when a man stays with the Government and year by year living conditions continue to rise—as they have been—a man gets a relatively lesser salary, because if you remember at a fixed level of $10,000 if the cost of living keeps moving up, you yourself are going backward instead of forward. I am of the opinion—and I have always believed this—that if I could have said to him, "I will take what you were making just prior to the war and I will ask the Congress to restore to you your relative position" that he would have been delighted to have stayed with us at $13,000 a year, or $14,000 a year, or $15,000 a year. In other words, I don't think he needed or desired the $25,000 a year that he took.

Mr. President, I wish to refer now to a few more illustrations of this point, because I am reading from the testimony of the man who had the responsibility for conducting a part of the Government of the United States:

Topping the list of employees who have left between 1945 and 1947—the very top man is that of ———. I was using him to help me in food allocations. You can appreciate the fact that in dealing with food allocations you have to have someone who has the background and who is well acquainted with * * * etc. He had been with Department for 7 years, but left a short time ago. * * * Going with State abroad, where allowed certain allowances. They also have permission to pay salaries which are higher than our $10,000 a year limit. * * *

In REA, there was ———, an assistant administrator, who had done a very good job—such a good job, in fact, that someone has gone to him and told him "You shouldn't remain in Washington. You should come to the State of Iowa where we will make it worth while and you will not be deprived of all these pleasures"—so he goes.

All through the Department there are situations of that nature. I only say to you this, Senator, that I feel we should raise these lower brackets—yes—I think it is impossible for a person who is married to even think of trying to live on a salary of $2,000 a year, and it is pretty bad that more than half of the employees in the Department of Agriculture are in grades that start at less than $3,000 a year—but I also hope that you won't, if you present any legislation, overlook the plight of these men who are very fine officials, who have done magnificent work for this Government and who ought to be rewarded.

Let me tell you one thing that got under my hide very much. The Coca-Cola Corp. offered one of our top scientists, Dr. ——— a position. He had been with us a great many years. He was with the Department, I think, for 22 years. He had contributed tremendously to the program of utilization of products. Heaven knows what his work was worth to the American farmer. It was worth way more than he was ever paid. So acute was that man's conscience and his fidelity to his Government responsibility that he refused to talk to the Coca-Cola Corp. He said, "I can't talk to you. I am an employee of the Government. The Government spent a long time training me for these responsibilities. You will have to go and ask and get permission before you can talk to me." I was floored when that man even refused to negotiate until they had come in and approached me—because we had no contract with him. It was just his sense of loyalty to the Government. * * * I told them very frankly that if they were going to pay a big salary—fine—but if they were just going to give him peanuts compared to what we were giving him, I would try to persuade him to stay. We were giving him $9,000. That was the top that we could give him. They went to him and offered him in excess of $30,000—$36,000, I think, was the figure—about four times at least what we were able to pay him—and yet he wouldn't even think about it until I had released him. That's loyalty that you cannot buy, Senator. * * * I think something should be done for that kind of loyalty, not to try to give him a comparative increase, but we should offer them enough merely to bring them back to doing the things that they were accustomed to before the war, and 10 and 15 years ago.

Take the case of Mr. ———. He was with the Department for 33 years, 6 months and 20 days. He was within four more years of retirement. A group of people representing the fresh fruit and vegetable industry came to him and offered him a position as director here in Washington. It was a position that he had to accept immediately—that had to be filled right away—a position that would probably never come his way again. He had to take it or someone else would get it, and it

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was a wonderful opportunity. He came into the office and talked to me about it. I told him that I would regret to see him leave and to see the Department lose such a valuable man—he was one of our oldest and most valuable employees—and his advice was priceless—

That is the word his superior used—

but I recognized that it was an injustice to tell him to stay with the Department because this was an opportunity which he had to accept at once, so I reluctantly said to him that I would have no objection to his leaving and that he had my complete good wishes. It was worth a good deal to him to think about his eligibility for pension rights but when you consider that the cost of living was catching up with him and his earning power and earning capacity was diminishing he decided that he made the correct move in accepting this other position.

I can assure you, Senator, that I can go through this long list one by one and read off the names of people, maybe not as prominent as some of these that I have talked about, but individuals who have been with us for 20 years—18 years—15 years—who have reached the point where their wide knowledge of Government programs and their experience with Government activities is of tremendous value to us and who had to leave. When it becomes necessary to compete against private industry, we will never perhaps be able to compete with their top officials, but you give to these men something else that they treasure, and that is that they like perhaps the scientific approach that they may follow in the Government without too great an interference * * *, but you absolutely must do something about giving them the opportunity to live the way they are accustomed to living—the way they lived 10 and 15 years ago, and before the war. We face strong competition with these other companies; but when the Government has a job in which the official can make a mistake that would cost the Government $100,000,000 then we had better have a man in there with some administrative ability.

A mistake costing $100,000,000. We had better have a man in there with some administrative ability.

That is my only reason for saying that, while I request and will appreciate anything that you can do for the people in the lower brackets, still I hope that substantial justice will be done for this other group of individuals in the higher brackets.

Mr. President, there is some other testimony I think pertinent, given by this distinguished colleague. Rather than detail it myself, I ask unanimous consent that the part I did not read appear in the body of the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. PEPPER. Mr. President, what is the difference between the substitute and the committee bill? It is not great. The total amount saved, according to the statement of the Senator from Arizona, is $400,000 or $500,000. For how many people, Mr. President? Two hundred and thirty-nine of the top executives of the United States. That is the figure the able Senator from Louisiana gave—about 239. All the substitute proposes to save in dollars, in direct salary, is some $400,000 or $500,000. But, Mr. President, what do we lose in better government that we would get by a little greater recognition of these employees, such as the pending bill would give? These 239 men, and perhaps women, as I said, to a very large extent every year are spending of the people's money $35,000,000,000, nearly $40,000,000,000, with our present budget. The Senator has already given us the infinitestimal percentage of the budget they would get altogether, and even less would be the increase in the compensation which the pending bill carries with it.

Let us see, Mr. President. In the first place, take the category of about 12 or 14 of the Cabinet officers and the principal executives of the United States in the executive branch. The Senate committee would give them $25,000 a year; the substitute, $22,500. Shall we for the difference risk the disagreement and the delay that might ensue with the sister body in the future consideration on the matter? Are we disposed for that small difference to repudiate a committee that studied so diligently and so hard upon this measure—a difference with our sister body and with the President and with the Hoover task force, and with the principle declared by the Hoover Commission?

For the next category, the cases of about 15, such as the Comptroller General of the United States, the Chairman of the Council of Economic Advisers, the Director of the Bureau of the Budget, the Chairman of the National Security Resources Board, the Administrator of the Federal Security Agency, the Administrator of Veterans' Affairs—spending $6,000,000,000 a year—for that category of officials, the under secretaries of the principal departments of the Government, what does the substitute do? It cuts from the salaries of these officials $5,000 a year that would be provided by the committee bill and the House bill.

The committee and the House and the President and the Hoover task force would give them $20,000 a year. The substitute proposes to save $5,000 a year from the salary of each of these men. Is it worth it, Mr. President? And while the substitute would allow for the White House officials assisting the President the same amount as is provided by the Senate committee, nevertheless they wisely, I think, provide the same amount for those officials.

But, Mr. President, in the next category of cases they make no distinction. As we go down the scale they group together the Chairman of the Atomic Energy Commission, the Chairman of the Munitions Board, the Chairman of the Research Development Board, and about the last 50 or 75 executives. Instead of a sliding scale beginning with $18,000 a year, as the Senate committee and the House of Representatives provide, the substitute would put all of that category in one class, $15,000 a year; that much, and no more.

Mr. President, I think all of us recognize the administrative desirability of having the officials under an executive receive less than he receives. It is a part of the recognition of the position of the superior that he shall receive more. If he does not get more, it is generally supposed he does not deserve more, and he does not have the prestige that comes from occupying a superior position. Yet, for some reason, the substitute would completely ignore all the study which has been devoted to this matter by the committee and by the House, that there should be gradations in a group—$18,000 a year for the Chairman of the Atomic Energy Commission, and officials of comparable responsibility, dropping down to $17,500, and then to $16,500, and then $16,000, to $15,000, and then finally down to $12,000. Instead of the sensible gradation which the House and the Senate committee have presented, apparently without any deep study of the subject, at least any with which I have been acquainted, the Senators offering the substitute bracket them all together under the scale of $15,000 a year.

Mr. President, I see no reason why we should reject the committee's work, which seems to be on its face so obviously sensible, and reject the judgment of the sister body for a program which at least seems to be illogical in not recognizing some distinction in the several positions.

So, Mr. President, I venture to say the committee has acted wisely. They have acted upon study and understanding. They brought us a result which appears to be a common-sense recommendation. The fact that they concur in the judgment of the sister body and the Hoover task force, and that their recommendation is even somewhat below the recommendation of the President of the United States, would seem to justify me, as a Senator not on the committee, in not proposing to a contest with their judgment, and to accept the recommendation they have made.

Mr. President, it is unnecessary to remind the Senate of the magnitude of the power and responsibility of the Government of the United States of America. This blessed Government of ours is not alone accountable for the destiny of this country, but our kind of world rests upon its shoulders. If the men occupying the positions for which we are today providing compensation should fail, America fails. Their decisions, Mr. President, make the world tremble, less certain of its high destiny, or more assured that it is going gloriously, prosperously, and peacefully ahead.

Mr. President, I am glad I have an opportunity to support such salutary recommendations as are presented to the Senate by the eminent Committee on Post Office and Civil Service.

EXHIBIT A

(After chairman quotes certain figures.)

I would approve of that, Mr. Chairman, but I still believe that there are positions in these various agencies that sometimes need special treatment. I think, for example, that we ought to have an opportunity on occasion to go back to our committees—Legislative, Appropriations, Civil-Service Committee—and ask for special exemption for particular jobs, such as the head of the Commodity Credit Corporation, or the Assistant Secretary. We have people who are doing experimental work in our laboratories * * * that I hope may have a chance to get somewhat more adequate compensation. I would support, however, everything that is being done here; but I just thought that there should be one slight provision that would permit us to come before the various committees and ask for a few exempted positions, such as the man who operates the Commodity Credit Corporation.

I recently spoke to a very fine individual who makes a lot more money than the Pres-

ident of the United States and tried to get him to come down and take the job, and he asked me a series of questions. He said, "How much would I be getting?" I said $10,000 a year. He said, "What would the next two or three people under me be getting?" I said $10,000 a year. He said, "What about the men under those men?" I said $10,000 a year. Then he said, "I don't know what you need me for." The point is that there was nothing that marked him off. That man wasn't concerned particularly about the salary he would receive, but if the salary had been $15,000 and the people under him were to receive $10,000 he would have thought that he had some recognition and responsibility.

The CHAIRMAN. Mr. Secretary, under this bill, the head of that Commodity Credit Corporation would get $17,500.

Mr. ANDERSON. That would be sufficient, because it would make a differential there.

The CHAIRMAN. The next man under him would get $15,000 a year.

Mr. ANDERSON. That range would be satisfactory as far as I am concerned. I think that would permit us to get and to keep the type of men we need.

The CHAIRMAN. We will be very grateful to you if you will have your chief counsel come in and see Mr. Riley. If he wants to change the language in the bill in any way we would be delighted to have his suggestions to cover the Department of Agriculture. We want to be sure that the language covers the Department of Agriculture the same as any other department. You know, it is quite a difficult problem to take care of every one of these departments. They have so many different titles—under secretary, assistant secretary, etc.—and we will be delighted to amend this bill to protect you, because we want you to have the best help you can get at a decent salary.

Mr. ANDERSON. Thank you very much, Senator.

[U. S. Department of Agriculture, Office of the Secretary, Washington, January 14, 1948]

SECRETARY ANDERSON ADDRESSES ECONOMIC CLUB OF NEW YORK

"Loss of competent executives and specialists from Government has become an important national problem which is especially pressing in the current period of heavy governmental responsibility in the international economic field and the search for business-executive types to aid in Marshall plan administration," Secretary of Agriculture CLINTON P. ANDERSON said tonight in a talk before the Economic Club of New York.

Speaking on the subject "1948—A Year of Decision," Secretary ANDERSON declared that success of the economic recovery program is vital to the people of the United States as well as to the people of Europe.

"We are leaving indecision behind us," he said. "We see clearly that world trade cannot flow without rehabilitation in Europe and that our own economy requires world trade. We see, too, that our aid to European rehabilitation will cost us less in the long run than failure to provide that aid now."

Declaring that "we as a people are ready to make our decision to engage in the greatest peace-building program in history," Mr. ANDERSON directed attention to the importance and difficulties of good administration in carrying out the recovery program.

To illustrate, he discussed current administrative problems of the Government, pointing out that they are all connected with European recovery program because various agencies will have responsibilities in the recovery program and also because any new agency will meet the same problems with which the Government is now confronted.

"Those who think bureaucrats are fair targets for any sort of reckless accusation tend to undermine the Government they say they want to improve," Secretary ANDERSON said. "Reckless accusations can help to make Government become what its worst critics claim it is. Continual sniping and carping, combined with rigid low limits on salaries of top-grade people, discourage even the tough-hided public servant. He might continue to take one or the other of the handicaps because he takes pride in public service. But the combination of unrealistic criticism and low pay for heavy responsibility becomes too much to take. The man in whom the Government has invested time and money building up experience and skill to do a job for the people finally accepts a more lucrative offer or simply chucks the job to get a little freedom. You can't blame him. Even the shrewdest subversive elements couldn't think of a more effective way to discredit and undermine good government. And yet the damage is done by well-meaning citizens who really want efficient, business-like administration, as well as by individuals who seek to discredit others as a means of gaining political advantage. I don't see the logic in demanding business-like administration and at the same time making it almost impossible to achieve.

"Let's look at this personnel matter strictly from the dollars-and-cents straight business viewpoint," he suggested. "This is a realistic viewpoint because there are many common standards for public and private business administration even though it is true that you can't run Government exactly like a private company any more than you can run your company exactly like Government.

"One common need is competent personnel. If you're a businessman you know that a man who is inefficient or has bad judgment can cost you many times his salary. That fact will apply in the European-aid program just as surely as in any private business. A good salary for a good man is a fine investment that returns manyfold. You raise salaries and pay bonuses and do various things to keep your good men with you and to satisfy their natural desire for personal progress and satisfaction.

"I can't do that for the top men in the 'firm' I head. My board of directors says nobody in the career ranks is worth more than $10,000, regardless of his responsibility and regardless of what he's worth to somebody else. Up to that salary, a person can advance and he can have cost-of-living increases. But not the top people—not the two-tenths of 1 percent of our full-time USDA people who carry the greatest responsibility. Most Government workers have had pay raises in recent years to make up for rises in prices and business wages. Those who were making $8,000 before the rises are now up to $10,000. The jobs that paid $10,000 before the rises would now pay between $12,000 and $13,000 if they had had comparable increases. But they have had none. Remember that the cost of living is higher in Washington than in any other city, and $10,000 there lacks a whole lot of being as much as it would be in Albuquerque or Omaha.

"One standard in business is to pay in accordance with responsibility. You and your people are probably also responsible for a great deal of other people's money. In our 'firm' we work with other people's money altogether. We're not told just to do our best with it but to accomplish certain specific results, and, of course, we have to account for every penny. I could tell you about our great research establishment from which business as well as agriculture benefits. Or about our trusteeship and management of national forests of tremendous value. Or about our soil-conservation, rural-electrification, and credit programs. Or about our service and regulatory work.

"However, I want to use an example that is more comparable to private business. This is the Commodity Credit Corporation—one corporation in one department of Government.

"The CCC is not the biggest corporation in the world, but from the standpoint of varied types of operation and magnitude combined, probably no private corporation can equal it. On the average from 1942 through 1946, it had slightly more total assets than General Motors, inventories twice as big, and almost as big volume of sales. CCC also had subsidy, loan, and purchase activities for which there is no basis for comparison in private industry. I'm not pleading for the topside General Motors salary schedule in CCC. That would sound fantastic. But I call your attention to the fact that a recent study of executive salaries in industry showed that more than 65 percent of those in a large sample were higher than $50,000 in 1944. I simply raise the question as to why we think the talent to run Government business is worth so much less than the same kind of ability in other fields.

"To get a close comparison of CCC in the agricultural field, you have to combine 10 of the largest corporations purchasing, processing, and distributing agricultural products. Ten of the leading food and tobacco companies together had smaller average total assets from 1942 through 1946 than did CCC. Altogether their average inventories were only slightly larger. CCC sales averaged 81 percent as large. Incidentally, CCC sales in that period equaled 10 percent of the Nation's retail food and drink business.

"Commodity Credit Corporation has shrunk somewhat since the end of the war, but it is still a big business, and it evidently will have heavy responsibilities in carrying out the European recovery program.

"The average total assets of CCC from 1942 through 1946 were more than $2,000,000,000. Aside from the Secretary of Agriculture, the CCC business is conducted by men who make $10,000 and less. We lost one of our best and most experienced CCC businessmen the other day to a grain firm that does only a tiny fraction of as much business but can pay much more salary. I am sure this man had many previous opportunities to take better jobs outside but stuck loyally to his public post until he felt he could make the sacrifice no longer.

"The Department of Agriculture has lost one-sixth of its top-grade people through resignations in the last 2 years. We have also lost a big percentage from the next lower grade. There's something wrong with a Government salary scale for top administrative officials when business firms can regularly afford to pay anywhere from half again as much to four times as much. It means that business gets the pick of the administrative talent of the country and your Government business for which you pay taxes can't compete. We do not and could not make up for our problems in top management by increasing employment in lower brackets. Incidentally, our total employment is smaller than that of various private firms that do less business.

"Another characteristic of good business administration is summed up in the word 'confidence.' You need the confidence of the people you do business with, and to succeed a business needs mutual confidence between employer and employee. How far would you get if you said to your employees: 'You may be worth $15,000 but I'll pay you 10. On top of that, I'm suspicious of you. I think you're a liar and a cheat. Now do your best for me.

"Unfortunately, that's too often what the public employees have to put up with. One of the charges in the great grain 'snoop' now going on in Washington was that around 200 Government employees were running a speculative pool in Chicago. Businessmen know that no grain firm would handle such a pool and I know the Government employees would not join it. But the charge is made with a straight face.

"Recently you have heard all sorts of wild charges about 'inside information' in the

commodity markets. If anybody bothered to study the situation, he would readily understand that there is no such thing as inside information.

"Knowledge of how we operate would in itself answer most charges.

"This morning not a person living knows how much grain the Department would buy today or whether we would buy any. Nobody knows whether we will buy any tomorrow. The buyers themselves don't know until they see the offers they get. Our general plans for the year have been announced. As soon as we decide the amounts to be shipped to individual countries for given periods that information is made public. We're receptive to offers every day, but our buyers never go into the market and bid for a certain amount or at a stated price. They have general instructions as a guide in accepting offers. As a rule, they pay only the going price already set by private trade and undertake to accept no offers that would bull the market. I am proud of the fact that our methods are so fair that nobody has had the temerity to attempt to smear the good name of those who actually carry on the buying. Note also that we buy in advance of our needs so that we don't have to bid above the market in order to fill a ship. Each week we announce our purchases to everybody at the same time through press releases. The mere fact that we are buying a substantial share of the total supply obviously is a demand factor that influences price, but we have deliberately and successfully sought to keep our operations from causing rapid fluctuations in price. I think you will find that our operations in any week or month have caused less fluctuation in price than somebody's rumor of a dust storm or a good rain. You can also be sure that Government buying for export has had far less effect on the markets than would have resulted from competitive scrambling by individual representatives of the importing countries.

"By the very nature of our operations and the fact that we publicly announce our plans and operations fully, anyone interested can learn every salient fact about our purchase programs.

"It is significant that the snide references and innuendoes you hear regarding so-called inside information come from political sources rather than from responsible businessmen who deal in grain and who know our procedures.

"In fact, you may recall that the decision to subpena me for testimony on grain trading was announced by the Republican policy committee in the Senate before the Appropriations Committee had voted on the question. It was a party matter first and an official committee matter second.

"The Nation needed the shock administered recently by Chancelor Robert M. Hutchins, of the University of Chicago, when he advised faculty members and graduates not to enter Government service.

"He has rendered a public service by calling attention to the undesirable conditions public servants encounter. We must correct those conditions. Regardless of who the elected officials are, or what party they may represent, Government needs its share of the best talent in the country. Able, well-educated, well-trained people are among our greatest national resources on which business and industry systematically draw. Government must have access to these human resources too.

"If mediocrity isn't good for private business, how can it be countenanced in public business serving the interests of all the people?"

Secretary ANDERSON also took account of frequent charges of Government propaganda.

The Department of Agriculture was created to gather and disseminate information, he pointed out. "A large share of the work Congress directs us to do is authorized for the sole purpose of giving new facts to farmers, consumers, and industrial concerns. Neither research nor action programs can produce results worth the money if you don't keep the public informed. Citizens depend on us for information. For example, our bulletin room alone gets 3,000 letters a day. And yet the Department people are frequently criticized for doing the very job they have been ordered to do.

"Strangely enough, some of those who shout loudest that the Government ought to tell the people more are the most vociferous in charging us with issuing propaganda, especially in election years."

[Excerpts from introductory statements by Secretary of Agriculture CLINTON P. ANDERSON in his Agriculture Department appropriation bill, 1949; House committee, January 26, 1948]

PROBLEM OF RETAINING KEY PERSONNEL

Perhaps our most difficult personnel problem is one which is not directly related to the enforced reductions. I refer to the cumulative effect of losing top-grade executives and specialists. In the Department of Agriculture as well as in other parts of the Government, the difficulty of holding competent people in the higher grades has become an important national problem. This is a critical period for democracy, and in our determined effort to stimulate economic recovery abroad, and in many other ways to build a lasting peace, the Government carries heavy responsibilities. The effectiveness of our unprecedented efforts depend in great measure on our having competent people to direct the work. At all times, Government is so closely related to our individual welfare that we cannot afford less than the best possible personnel. Today that is even truer than usual. But look what is happening.

We are losing many of our top people after long experience in the Department, losing them when their experience and training should pay greatest dividends. For example, we lost an even 100 years of experience through just four resignations of men you know. The men are C. W. Kitchen, Tom Stitts, O. E. May, and Carl Farrington, who left for much higher salaries than we could offer. They had worked their way up to positions of major responsibility through long service in the Department, the periods ranging from about 20 to 33 years.

The most recent and regrettable resignation was that of Carl Farrington, who carried primary responsibility for the work of the Commodity Credit Corporation. He took a job at a much better salary than the $10,000 we could pay him with a grain company that probably does a very good business but which does not begin to compare with CCC in size and responsibility. In fact CCC had an average total assets in the years 1942 through 1946 larger than the combined assets of 10 of the biggest food and tobacco corporations. * * *

We are losing scientists as well as executives.

At the northern regional research laboratory in Peoria, Ill., we lost, since 1943, 2 heads from * * * 1 from * * * and have lost at least 11 section heads or other key scientists. In general, these men receive in their new jobs two or three times the salary paid at the laboratory.

Why do competent people leave the Government? As I understand it, they have two main reasons—and it's the combination of the two that often does the damage: One is the $10,000 limit on salary; the other is the endless barrage of criticism mixed heavily with insinuations that some Government employees feel amount to slander. Many people who could take either the sacrifice of money or the indignities of office finally succumb to the combination.

Everybody can help relieve the one problem by refraining from reckless abuse of our public servants.

Congress can relieve the other problem by easing the restraint on salaries in the top grades. Even to give the top people the same percentage increases that have been granted other Federal workers in recent years would help considerably. That would bring the salary for the highest grades up to between $12,000 and $13,000. If action is not taken, Government can become what its worst critics claim it is.

LOSS OF KEY PERSONNEL

Mr. DIRKSEN. I readily understand the problem and I have wondered many times about the solution. You mention two things as being responsible for key people so often leaving the Government. The first, of course, is the indignities and the insinuations that come and the second is the matter of salary.

I want to say for the record that I rather subscribe to the idea that there are a good many people who do not come into the Government and a good many people who leave the Government because they get everlastingly tired of somebody impugning their motives and having the label of bureaucrat applied to everybody. I have mentioned that many times publicly in different parts of the country.

* * * * *

Mr. ANDERSON. I do not know, Mr. Chairman, what other members of the Cabinet would say about it, but if I could hold onto the people that are able to do the job for me—the people that I need to have to get the job done—that would be far more important to me than the salary that I, myself, might draw as a member of the Cabinet. We have to have some way, I think, of measuring the increase in the cost of living and the value of the dollar.

Perhaps we need to have an automatic yardstick that would raise and lower in case the shifts were of sufficient size. But I do know that we would have retained some of the people whom we have lost had there been an opportunity to come even close to measuring the changes there have been in the cost of living.

May I just use the case of Carl Farrington since I have mentioned him in my manuscript. I think that Farrington, who long remained in the Department with less money than he could have gotten outside, would have continued his Government career and enjoy that career if there had been an opportunity for him to have had just enough to do the things he thought he ought to do at his time in life and with his responsibility.

Mr. DIRKSEN. I think probably there is an answer to this salary problem; there must be. When all is said and done, the Government of the United States is the largest corporate enterprise in any time or generation.

* * * * *

Mr. SHEPPARD. You have developed something very interesting, but there are some other factors involved here that are rather disturbing. For example, there is a man out in California that was drafted by State Department and the Department of Agriculture jointly, if my information is correct, a man who was academically well grounded and functioned in the capacity of agriculture in several of its ramifications over a long period of time. That man has been trying to get himself associated with Government because he likes the work and because he has a private income. From what I can learn about the gentleman he has definitely both business and legal qualifications. He does not even get any responses to letters that he has sent in. What is the answer to a situation of that kind? * * *

Mr. ANDERSON. I cannot give you an answer to that. I can say to you only that I got a letter a few days ago after I had made a

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talk in New York in which I stressed the difficulty of obtaining people, from a man who said that he was a little surprised to hear what I said: That he was drawing a salary equal to that made by the President of the United States, but that he would be willing to work for $10,000 a year if he could help us out during this emergency and he has an answer right now. I will be glad to check your case. * * *

* * * * *

REFERENCE MADE TO CUBAN SUGAR GROWERS—PEGGED TO COST-OF-LIVING INDEX

It does seem to me as we have automatic promotions because of the length of service, and qualified service, we might have some automatic adjustments in Federal pay rates on the basis of general increases in the cost of living in a certain measurable size, and then certain drops, perhaps in those bonus payments—regarding them frankly as cost-of-living bonuses—in case the cost of living came down again. I think it is very important that a person working in Government does not have to stop and calculate each month whether the cost of food he intends to buy is going to go up or down. I do not think there is a single private industry that is not raising wages in recognition of the cost-of-living increases. I think the Government is going to have to do something about it.

Now the proposal steadily comes in—raise all salaries $800 or something of that nature. That does not take care of this problem of the $10,000 a year man.

Mr. SALTONSTALL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Humphrey	Maybank
Anderson	Ives	Mundt
Bridges	Johnson, Colo.	Myers
Butler	Johnson, Tex.	Neely
Byrd	Johnston, S. C.	O'Mahoney
Chapman	Kem	Pepper
Cordon	Kerr	Russell
Donnell	Kilgore	Saltonstall
Douglas	Knowland	Schoeppel
Ecton	Langer	Smith, Maine
Ferguson	Leahy	Sparkman
Flanders	Long	Stennis
Frear	Lucas	Taylor
Fulbright	McClellan	Thye
Green	McFarland	Watkins
Hayden	McKellar	Wherry
Hickenlooper	McMahon	Williams
Hill	Magnuson	Young
Holland	Malone	

The PRESIDING OFFICER (Mr. HUMPHREY in the chair). A quorum is present.

Mr. LANGER. Mr. President, what I have to say will be very brief. I wish first of all to read the names of the members of the Committee on Post Office and Civil Service. The chairman is OLIN D. JOHNSTON, of South Carolina; then there are KENNETH MCKELLAR, of Tennessee; RUSSELL B. LONG, of Louisiana; MATTHEW M. NEELY, of West Virginia; J. ALLEN FREAR, JR., of Delaware; HUBERT H. HUMPHREY, of Minnesota; FRANK P. GRAHAM, of North Carolina. Those are the Democrats.

The Republicans consist of RALPH E. FLANDERS, of Vermont; RAYMOND E. BALDWIN, of Connecticut; EDWARD J. THYE, of Minnesota; ZALES N. ECTON, of Montana; JOHN FOSTER DULLES, of New York; and myself. Every member of the committee was present when the bill was considered and ordered to be reported. I will say to the Senate that the committee is certainly an average committee of this body.

Some time ago we adopted the La Follette-Monroney Act, which gave certain powers to the Committee on Post Office and Civil Service. The second power has to do with—

The status of officers and employees of the United States, including their compensation, classification, and retirement.

That is entirely subject to this committee. The Committee on Expenditures in the Executive Departments, to which the distinguished Senator from Colorado said the bill might be referred for study, has absolutely no jurisdiction of the subject of any kind or character. The bill might just as well be referred, so far as legality is concerned, to the Committee on Foreign Relations.

I want to read again the power the committee has relative to compensation. It has the power over—

The status of officers and employees of the United States, including their compensation, classification, and retirement.

The first power is that the Committee on Post Office and Civil Service shall have jurisdiction, full and complete, of the Federal civil service generally.

The third power is over—

The postal service generally, including the railway-mail service and measures relating to ocean-mail and pneumatic-tube service, but excluding post roads.

In addition to that, it has jurisdiction over the postal-savings banks, census, and the collection of statistics generally, and the National Archives.

Mr. President, what is proposed by the so-called Johnson substitute? We have before us House bill 1689, an act to increase the rates of compensation of the heads and assistant heads of the executive departments and independent agencies. That is a matter which comes squarely under the jurisdiction of the Committee on Post Office and Civil Service, and is a matter having to do entirely with compensation.

It is very significant that a short time ago in this body a petition was filed to discharge the Committee on the Judiciary from further consideration of the bill relating to displaced persons. That is the first time, since 1932, I believe, that such action has been proposed. That petition has set an example; it has set a precedent. Those who have filed the petition have not gotten very far in the discharge of the committee from consideration of the bill. I will say that when the matter comes up for consideration there are at least four of us who are going to be here morning, noon, and night to fight that petition. I hope that by that time a good many more Senators will join us. But the precedent which was set by filing that petition encouraged certain Senators to offer the pending substitute.

Mr. President, a few Senators 2 years ago tried to run the Senate, and did not quite succeed, although they tried hard, and that resulted in the defeat of the Republican Party. They tried, and tried hard, after our committee had worked for nearly a year and a half on a pay bill, to defeat it. I have here in my hand the testimony on the subject so any Senator who wants to look at it can see it. It contains chart after chart prepared by various departments at great cost and expense, itemizing the work of every single Federal employee. What did the Republican Party do? The policy committee sent the Senator from New Hampshire [Mr. BRIDGES], then the distinguished chairman of the Appropriations Committee, to the Committee on Civil Service. He did not know whether the committee was working and dealing with a bill to pay decently many persons who had worked for the Government for many, many years. He admitted he knew nothing about the matter. I was chairman of the committee at that time. He did not ask the chairman of the committee whether he could appear before the committee. He did not announce his coming. The committee always met on Tuesday. One morning at 10:30 o'clock in walked the distinguished chairman of the Republican-dominated Appropriations Committee. What did he say to us? Did he inquire of a single Republican colleague as to how much the pay raise should be, if any? Did he inquire of anyone when he came in as to the merits of the bill? Oh no. He said "We are going to appropriate not more than one-half billion dollars." We showed him that some persons were to have their salaries increased $600 or $700 a year. We showed to him the cases of veterans who were working in the mail-handling department of the United States Post Office. We told him of veterans who had fought at Tarawa and Guadalcanal, and who had testified before the committee that they were receiving $1,950. Yet he was not the least bit interested. He said the Republican Party had received a mandate to reduce expenses, and that one-half billion dollars would be appropriated, and not a single cent more.

When I went to the chairman of the Republican policy committee and asked that the members of my committee be given an opportunity to be heard and to present the proof in company with very fine Senators on that committee, the majority of them Republicans, men like the distinguished Senator from Vermont [Mr. FLANDERS], the distinguished Senator from Connecticut [Mr. BALDWIN], and other fine members of the committee, the chairman of the Republican policy committee denied us even the opportunity to appear before his committee.

Mr. President, I worked and helped to carry my State for Willkie. The Republicans carried the State for Dewey. Yet, even only a few weeks before Mr. Dewey was campaigning for the Presidency we were not given the opportunity, as members of the committee, of appearing before our Republican policy committee.

At that time I said, and I say it again, that I do not believe in the system of having a Republican or a Democratic policy committee consisting of but a few men. The Senator from Vermont [Mr. AIKEN] was not a member of the policy committee last year, the Senator from Oregon [Mr. MORSE] was not a member of it, the Senator from New Hampshire [Mr. TOBEY] was not a member, the Senator from North Dakota was not a member of it.

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The only satisfaction we finally got was that one newspaper in Pennsylvania wrote us up and said that we were sons of the wild jackass and I was the king of the wild jackasses. The committee did not need our bunch. They did not need anyone who was progressive as a member of that committee. They had the votes for President of the United States all counted. They knew, or thought they knew that Truman did not have a chance.

Mr. President, we witnessed a spectacle on the Senate floor when our committee acted and some of us led the fight for a decent pay bill. One of the Republican Senators rose and asked the chairman of the committee to move over on the Democratic side. The head of the Republican policy committee objected to unanimous consent to take that bill up. The representatives of 2,000,000 persons, heads of various organizations, came before the committee and testified. Some of them came as far as 2,500 miles to testify. But that did not mean anything to some Senators. They did not even read the testimony. So far as the Republican policy committee is concerned, the Committee on Post Office and Civil Service might just as well not have existed.

We took testimony day after day. The testimony consists of 607 pages in fine type. Among the witnesses who were called were Senators, Representatives, and heads of various organizations such as messenger organizations, letter carrier organizations, motor vehicle organizations, and veterans organizations.

The sponsors of the substitute paid no more attention to that testimony than they are paying today to the two reports which we have before us now. I venture the assertion that not a single Senator who signed this amendment, which has the effect of discharging our committee, ever read the testimony; but they know all about it. They do not need any advice from any member of the committee, either on the Democratic side or the Republican side.

So we find these Senators, Democrats and Republicans, joined together in a so-called coalition. They set themselves above all other Senators. They include some southern Dixie Democrats and some reactionary Republicans and a few others. They joined together to discharge the Post Office and Civil Service Committee. Here are their names: The Senator from Colorado [Mr. JOHNSON], the Senator from Texas [Mr. CONNALLY], the Senator from Georgia [Mr. GEORGE], the Senator from South Carolina [Mr. MAYBANK], the Senator from Tennessee [Mr. MCKELLAR], the Senator from Arizona [Mr. MCFARLAND], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL], the junior Senator from Kentucky [Mr. WITHERS], the senior Senator from Kentucky [Mr. CHAPMAN], the Senator from Mississippi [Mr. EASTLAND], the Senator from Mississippi [Mr. STENNIS], the Senator from Louisiana [Mr. ELLENDER], the Senator from Alabama [Mr. SPARKMAN], the Senator from Iowa [Mr. GILLETTE], the Senator from Florida [Mr. HOLLAND], the Senator from North Carolina [Mr. HOEY], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Virginia [Mr. BYRD], the Senator from Ohio [Mr. TAFT], the Senator from Michigan [Mr. FERGUSON], the Senator from Washington [Mr. CAIN], the junior Senator from Nebraska [Mr. WHERRY], the senior Senator from Nebraska [Mr. BUTLER], the Senator from Nevada [Mr. MALONE], the Senator from New Jersey [Mr. HENDRICKSON], the Senator from Utah [Mr. WATKINS], the Senator from Indiana [Mr. JENNER], the Senator from Kansas [Mr. SCHOEPPEL], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Missouri [Mr. KEM], the Senator from Ohio [Mr. BRICKER], and the Senator from New Hampshire [Mr. TOBEY].

I repeat that I do not believe one of those Senators ever read the testimony given before our committee. Certainly none of them ever discussed it with me, as the ranking Republican member of the committee. Not one of the Republican Senators in that list ever consulted with me as the ranking Republican member of the committee. But when the election rolls around, we are expected to carry our respective States.

When the farm vote was needed, they sent for our colleague GEORGE AIKEN, of Vermont, and told him to go out and get the farm vote for the Republican Party. But when the Republican policy committee decides upon its policy, GEORGE AIKEN is very conveniently forgotten. They do not need him in the Republican policy committee. They need GEORGE AIKEN when they want the votes of Progressives.

Mr. President, the substitute is so carelessly drawn that the Senator from Colorado [Mr. JOHNSON] who offered it, has filled the pages with words written in. So even the Senators whose names appear on the amendment did not agree to the amendment which is offered. Modifications of the substitute were written in on the floor of the Senate this afternoon. On page 2, line 3, after the words "per annum" certain words are written in. On page 2, between lines 20 and 21, further language is written in. The language written in extends out into the margin. On page 4 a portion of the amendment is stricken out.

That is the kind of legislation which it is proposed to have the Senate approve, after men like the Senator from Vermont [Mr. FLANDERS], the Senator from Connecticut [Mr. BALDWIN], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. HUMPHREY] and others spent many days drafting a decent bill. If they think they are going to put it over without a protest from the Senator from North Dakota, they do not know the Senator from North Dakota. That is all there is to that.

Let us consider some of the testimony which was offered. Take the testimony of Mr. William Doherty, the man who is at the head of an organization of some 90,000 letter carriers. Of course, Senators have not read it. Not a single Senator who signed his name to the so-called substitute ever talked with him. They do not know what he stands for. Mr. Doherty's testimony is very clear and explicit. He says that he is not in favor of the executive pay bill giving increases to men receiving $10,000 or more, unless those in the lower brackets are included. They are very reasonable in their requests.

I shall not take the time of the Senate tonight to read the testimony for 2 or 3 hours. I offered to vote tomorrow at 2:30, with the expectation that the Senate would take a recess and reconvene at noon tomorrow, each side to take an hour or an hour and a quarter to present its arguments.

The distinguished Senator from Vermont [Mr. FLANDERS] has explained the bill as well as it can be explained. I am against the bill. I voted against it in committee. The reason I am against it is that I made a motion to try to include those in the lower brackets in the same bill. One distinguished Senator asked this afternoon, "Why did we vote yesterday to increase military pay, all by itself?" The Senator from Vermont could not explain it. I cannot explain it either. I do not know why the proposals for pay increases were placed in four or five bills, when they all relate to the same subject matter. However, military pay was considered in a separate bill. Now we have before us the bill to increase salaries in the executive departments for those receiving $10,000 or more. They are treated separately. They are sacrosanct. They are the big fellows. Why should not the poor man who is receiving only $200 or $300 a month be considered in the same bill along with all the others?

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. LANGER. I yield.

Mr. LONG. Is it not true that since the war the average postal worker has received an increase of 64 percent, while most of those covered by the pending bill have not received an increase in pay for two decades, or since 1924? The purchasing power of their salaries is now only about half what it was when Congress established their salaries, back in 1925.

Mr. LANGER. It is also true, I will say to the Senator from Louisiana, that the Democratic Party, in its platform at Philadelphia, said that the Eightieth Congress was the worst in all history. It was so stated by the President. It was called the very worst Congress in history. Yet that very worst Congress did more for Federal employees in general and for postal employees in particular than any Congress has ever done. We raised the salaries of postal employees by $450. The Republican Party raised them by $330, but the Democrats in their campaign, said, "That is nothing. It is insignificant, and does not amount to anything." So the people, trusting the Democratic Party, elected a majority of them to the House and the Senate. After a long and extended hearing, what did the Democratic Party bring forth? An increase of $100. The Republican Party did four and a half times as well as did the Democratic Party. Not only that, but I say to my distinguished friend, the Senator from Louisiana, that Mr. Truman came out in the campaign opposed to any kind of a pay bill at all. That is the record of the Democratic Party, in its treatment of Federal employees and it is a disgraceful record.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. LANGER. I yield.

Mr. LONG. Is it not true that the Eightieth Congress—of course I was not in the Senate then—increased salaries and cut taxes, all at the same time; but now the Republicans expect the Democratic Congress to balance the budget?

Mr. LANGER. Mr. President, let me say to my distinguished friend that the Republican Party lowered taxes; it took 7,000,000 of the very poorest people in the United States off the tax rolls.

Mr. LONG. It took a great many of the well-to-do taxpayers off the tax rolls, too; did it not?

Mr. LANGER. Mr. President, when it comes to the well-to-do ones, what did the Republican Party do? It took off the tax rolls just enough to keep the country sufficiently prosperous to pay the debt which the previous administration, the Democratic Party administration, in the past had piled on the backs of the taxpayers of the country. That is the record.

Mr. LONG. And raised salaries, all at the same time?

Mr. LANGER. Of course, we raised salaries, because some of the Government workers were so poor, they were being paid so little, that they had not had enough to eat under the Democratic administration; they were starving to death. So we had to give them enough salary so that they could keep body and soul together. If the Senator from Louisiana does not believe that, let him refer to the record; in fact, I will read it to him, if he wishes. The record shows, for instance, that a number of witnesses came before our committee and said they had not gotten butter more than once a month, and they had not had any meat at all, that they tried to live on the stuff that is called hamburger in this section of the country. Under the Democratic administration many people selling hamburger put sawdust in it, to try to make it stick together. But in the part of the country from which I come, in North Dakota, where people get good beef, when they make a sandwich and use real beef, a sandwich of that sort can be picked up and handled, and it will not fall apart. But the stuff that is sold for hamburger in the part of the country around Washington is like soup; it cannot be handled with a fork, but a spoon must be used.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. AIKEN. The Senator from North Dakota will not forget, I am sure, that at the Department of Agriculture cafeteria, the employees found they were being served lard colored yellow to look like butter.

Mr. LANGER. Yes; all that testimony is in the record. If the distinguished Senator from Louisiana will read the record, he will find that hundreds of witnesses testified in that connection, and he will be shocked to read the testimony of people who had to take more sick leave than they were normally given, because—and I say this in all sincerity—they were not earning enough money to be able to keep body and soul together. All that testimony is in the record.

For instance, let the Senator read in the record the testimony of a considerable number of witnesses with fine war records. The Senator from Louisiana has had a fine record himself. How could we ask a veteran who fought at Okinawa and now is attempting to make a living for himself and his wife and child to get along with a meager salary of $1,950? In the record there is the testimony of many Government employees who have worked under such conditons—hundreds upon hundreds upon hundreds of them.

Mr. LONG. Mr. President, will the Senator yiled?

Mr. LANGER. I yield.

Mr. LONG. I am certain that the Congress was right in raising Post Office salaries; but I point out that in the last session of the Eightieth Congress, as I understand the situation, Congress increased all post-office salaries, but made no arrangements to obtain more revenues in the Post Office Department, so now we find that, as a result of the action of the Eightieth Congress, the Post Office Department has the greatest deficit in all its history—in fact, a deficit of $500,000,000, which we are trying to work out now.

Mr. LANGER. Mr. President, I say to my distinguished friend the Senator from Louisiana that he simply has not read the laws enacted by the Eightieth Congress. On the very last night of the session, when we passed this law, the distinguished Senator from Vermont—I am sure he will substantiate this statement—was chairman of the subcommittee which met with the House conferees; and before we passed a bill giving even a nickel increase in the salaries, we passed a revenue bill raising more revenue, so that every single penny of the pay increase was obtained by increased revenues in that way. That is the record of the Republican Party.

Much as I may disagree in the case of certain issues which come before us, when it comes to the matter of post-office clerks and post-office employees, we not only did that but we had the help of one of the great and honorable Members of the Senate of the United States, the Honorable KENNETH MCKELLAR, the dean of the Senate, who voted with us and helped us and gave us the benefit of his advice time and time again. As a matter of fact, the committee was nonpartisan. We did not let politics enter into our considerations. But if the Republican Party is going to be blamed for everything that is bad about the Eightieth Congress, then this is one place where the Republican Party should be given credit for what it did.

Mr. LONG. Mr. President, if the Senator says that sufficient additional revenue was raised to pay the increases granted in salaries, I should like to ask how it is that today there is a $500,000,000 deficit in the Post Office Department, the greatest deficit in the history of the Post Office Department?

Mr. LANGER. The answer is the simplest thing in the world: Today there are a great many incompetent Democrats in charge of governmental affairs. That is the answer. [Laughter.]

All over the country the same thing is occurring, in Indiana just as in Illinois, and just as in practically every other State. If there is a good ward politician, he is made postmaster. That has happened in Indiana. In another State, for instance, a bartender was appointed to the post office, although he knew nothing about running the post office, except that once in a while he had gone to the post office to purchase stamps, and he knew that the ordinary stamps cost 3 cents a piece. That is a typical case of what has resulted in the case of many of the recent appointments.

The committee conducted an investigation of the situation in the Post Office Department. I am sorry the distinguished Senator from Louisiana was not here at that time. The Senate set aside $35,000 for a Post Office investigation. A committee was sent out to conduct the investigation, and it organized and had a staff, and investigated the situation in many parts of the United States, north, south, east, and west. What did we find? In Vermont we found this situation: In a town in Vermont an examination for postmaster was called. It happened that only three Republicans qualified; no Democrat qualified. The result was that, very promptly, another examination was given. Again only three Republicans qualified. Therefore, a third examination was given. When it was found that one Democrat had passed that examination, he was appointed postmaster. [Laughter.] My distinguished friend, the Senator from Vermont [Mr. FLANDERS] brought that matter to our attention.

Mr. LONG. Mr. President, is it not true that usually it is the ranking Republican member of the committee who moves that the postmaster nominations be confirmed, practically every time the Senate meets? Why does he move to have the nominations of all these incompetent Democrats confirmed, if the case is as he has just stated it?

Mr. LANGER. Let me say that the Senate committee could not reject any postmaster who is appointed, for postmasters are nominated by the President. The committee cannot reject them. We can hold up confirmation temporarily, but what happens then? The Senator from Michigan knows what happened in his State when we held up confirmations of postmasters: The persons who have been nominated are immediately appointed to serve as acting postmasters, and as acting postmasters, they draw the same salary they would draw as the regular postmaster. We tried to do something there, but that was the result with which we were confronted.

Mr. President, I ask the Senator from Louisiana please not to misunderstand me. There are a great many fine post-office employees, both Republicans and Democrats. So I do not wish to be misunderstood; I am not assaulting the Post Office Department from that point of view.

One of the explanations for the Post Office deficit is that many large publications, such as Time, Fortune, Life, and some of the others, cause a deficit each year of approximately $9,000,000, as the Senator from Louisiana knows, and the

taxpayers of the United States have to put up that money, for magazines which in some cases charge as much as $5,000 or, in some cases, as much as $20,000 for a page of advertising. That situation is utter nonsense, Mr. President. We tried to report a bill calling for a change in that situation, but we were not able to get anywhere. The distinguished Senator from Louisiana has been trying to have a change made in that situation, but he has not gotten any further than I got 2 years ago. It seems that when some beautiful pictures of some distinguished men, usually Senators, are printed on the front covers of certain of those magazines, those great men become a little bit partial, possibly. [Laughter.] I do not make that as an allegation, but perhaps as a suggestion. Perhaps they become a little partial. One distinguished man had his picture published on the front cover of all those magazines and some of them published it twice.

And that is not all. When the Marshall plan was drawn up, $15,000,000 was proposed to be set aside in order to help out the newspapers and various magazines, such as Newsweek and some of the other publications I have mentioned. When some Senators objected to having that done, the plan was broadened to include the radio and one or two other things. When the objection continued, the proposal was finally reduced to $10,000,000. So the United States sent $10,000,000 of the United States taxpayers' money abroad for the benefit of those magazines, which already have a subsidy of $9,000,000 a year, so far as paying their own expenses is concerned.

As I have said, I do not propose to take very much of the time of the Senate. I do wish to call to the attention of the Senate the fact that, for example, Paul Castiglione, legislative representative of the National Federation of Post Office Motor Vehicle Employees, appeared before our committee and showed the sort of starvation wages many of the post office employees were being paid. For instance, in Los Angeles, where the population is increasing at the rate of approximately 125,000 a month, the situation in the case of the post office employees is desperate. Some of the letter carriers testified that they now carry twice as much mail as they formerly carried. Of course, it is necessary to put on additional men. A Senator will rise on the floor and say we are increasing the number of Federal employees. Of course their number is being increased, when the population of the city is increasing at the rate of 125,000 a month. During the drought, the State of Kansas lost over 100,000 population. The State of South Dakota lost about 120,000 population, and the State of North Dakota a little more than that. In all States there has been a tendency for men to gravitate to the cities. When 15 or 20 families are taken off a rural free delivery route, it is necessary to keep the mail route running anyway. The expenses cannot be cut down. It is still necessary to keep the mail going. Senators know the trend has been for farmers to leave the farms and move into the cities.

I take the attitude which was taken by my friend, the distinguished Senator from Tennessee [Mr. McKELLAR]. He was formerly chairman of the committee having charge of the public roads. I know of the fine work the distinguished Senator has done. Yet a few weeks ago he was called a demagogue by one of the magazines which is receiving a part of the $10,000,000 ECA fund. The statement was made that he was a demagogue, one of the worst Senators in the United States. Yet, Mr. President, it was the Senator from Tennessee [Mr. McKELLAR] who, under President Wilson, got us the public roads system in the United States. He got the first appropriation, which, as I remember now, consisted of $26,000,000, and for the first time in the history of the United States we found the Federal Government sending money into the various States for public roads. So I say I have had the help of this distinguished Senator from Tennessee in my work. I had it all the time I was chairman. He was the ranking Democratic member of the committee.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. WATKINS. Was the Senator reading from the substitute amendment the names of reactionaries?

Mr. LANGER. I did not say they were all reactionaries.

Mr. WATKINS. Did the Senator include the name of the Senator from Tennessee? I thought he did.

Mr. LANGER. No, I did not say he was a reactionary. I said he was a southern Democrat—a Dixiecrat.

Mr. WATKINS. I want to be sure the Senator did not put the Senator in the reactionary class—with me, for instance.

Mr. LANGER. The Senator knows that I know him so well—in some ways the Senator from Utah is very, very liberal; in other ways he is not so liberal. [Laughter.] In any event, I like him.

Mr. WATKINS. I wanted to be sure just where the Senator placed the Senator from Tennessee, whether he was a reactionary, and whether the Senator was talking about this great man or someone else. I wanted to be sure about it.

Mr. LANGER. My distinguished friend from Tennessee is one of the fathers of the TVA—one of the real fathers of it—one of the men who helped promote it, from its inception until now. He has been misrepresented in the press. One gets the impression from reading the newspapers that the Senator from Tennessee was opposed to TVA. As a matter of fact, he worked for it. He organized it and did everything he could to promote TVA legislation. I ask the Senator from Tennessee, is not that correct? Did not the Senator do everything he could for it? I yield to the Senator from Tennessee.

Mr. McKELLAR. I thank the Senator for the kind things he has said, and I am very happy to say I have always been a stanch friend of TVA. I got every dollar of the money through the Committee on Appropriations for that great undertaking. I thank the Senator.

Mr. LANGER. I am glad to have that statement from the distinguished Senator. I would not for the world have anyone believe that all those who sponsor the substitute amendment are reactionaries. I would not do that, because there are too many of them, to begin with. I simply say they are a part of a coalition of southern Democrats and so-called conservative Republicans, organized to obtain control of the Senate, to take control away from the President of the United States and from the majority leader. I think perhaps that is expressing it in a much better way. I do not think anyone will deny this. Perhaps they are justified; perhaps they are not. That is up to them. It is a matter for the individual conscience of each of the Senators. Each one decides for himself, just as we decide on our votes.

In any event, I simply want to say in conclusion that by adopting the substitute we shall be setting a bad example. If the substitute is adopted, it means that the Senator from Nevada [Mr. McCARRAN] and the Judiciary Committee are going to be very much weakened when the question comes up of discharging the committee.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. WHERRY. Inasmuch as the Senator has just made the observation about the discharge of the committee, I should like to make it indelibly clear that as one of the sponsors of the substitute I did not permit my name to be added on the theory that my vote or my opinion about the substitute involved a discharge of the committee. I think the distinguished Senator will agree with me that in all my experience in the Senate I have been reluctant to discharge a committee. I do not know that I have ever voted to discharge a committee. I might have, but I cannot call it to mind at the moment. The work which had been done by the committee was brought to my attention. I understood that the reductions which were made in the substitute were largely on a basis paralleling the committee work. I felt that I, as a Senator, had a perfect right to vote to make a revision in the schedules contained in the bill on that basis. That is why I became one of the sponsors of the amendment.

I make that statement for the reason that the distinguished Senator has mentioned a resolution which has heretofore been offered to discharge the Judiciary Committee, of which the Senator from Nevada [Mr. McCARRAN] is chairman, in connection with the displaced persons bill. I shall judge it on its merits. When the vote comes on the Johnson amendment, I am going to judge it on its merits, and it will not be with the idea in mind that I am casting a vote to discharge the committee from further consideration of the bill.

Mr. LANGER. I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado. [Putting the question.]

Mr. FLANDERS. Mr. President, I ask for the yeas and nays.

Mr. WHERRY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Holland	Malone
Anderson	Humphrey	Maybank
Bridges	Ives	Mundt
Butler	Johnson, Tex.	Myers
Byrd	Johnston, S. C.	Neely
Chapman	Kem	O'Mahoney
Cordon	Kerr	Pepper
Donnell	Kilgore	Russell
Douglas	Knowland	Saltonstall
Ecton	Langer	Schoeppel
Ferguson	Leahy	Sparkman
Flanders	Long	Taylor
Frear	Lucas	Thye
Fulbright	McClellan	Watkins
Green	McFarland	Wherry
Hayden	McKellar	Williams
Hickenlooper	McMahon	Young
Hill	Magnuson	

The PRESIDING OFFICER (Mr. MAYBANK in the chair). A quorum is present.

Mr. LUCAS. Mr. President, before a vote is taken on the Johnson substitute I should like to make a brief statement with respect to night sessions. It may be that we may have other night sessions before adjournment of the first session of the Eighty-first Congress. When we have night sessions, and it is announced that we shall have them, those who are in charge of the restaurant should be able to have sufficient waiters to serve Senators. It is my understanding that the management did not have waiters in the restaurant tonight to serve Senators when they went into the restaurant for dinner. I hope the chairman of the Committee on Rules and Administration will make some investigation as to what went on in the restaurant tonight. If the management of the restaurant cannot arrange to serve Senators who desire to stay for a night session and eat dinner in the restaurant, then we had better get a new management. That is all I have to say about that subject.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WHERRY. I am a member of the Committee on Rules and Administration. The Senator from Arizona [Mr. HAYDEN], the chairman of the committee, is not present. In my capacity as a minority member of that committee I will say that I believe that if sufficient notice of a night session can be given the restaurant management and the employees, we will not experience the difficulty which was experienced tonight, of the help having left, and a night session being held thereafter. I am not criticizing anyone.

Mr. LUCAS. I will say that I gave sufficient notice.

Mr. WHERRY. There is plenty of help in the Senate restaurant. Personally, I think those in charge and those working in the restaurant have done good work. If the majority leader gives ample notice of a night session I am satisfied that the restaurant will give Senators proper service.

Mr. LUCAS. I do not know what more notice could be given than I gave this afternoon. The notice given by me I believe was sufficient to enable those who have such matters in charge to notify the restaurant management, which as I understand is something which is always done when we are to have a night session. I think Senators should be served properly in the restaurant when we have a night session.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LUCAS. As I understand, the substitute offered by the Senator from Colorado [Mr. JOHNSON] is the pending question.

The PRESIDING OFFICER. The Senator is correct.

Mr. LUCAS. So far as I am concerned, Mr. President, I am ready to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute for the committee amendment, offered by the Senator from Colorado [Mr. JOHNSON], for himself and other Senators.

Mr. LONG and other Senators asked for the yeas and nays.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I shall detain the Senate for only 1 minute. The amendment in the nature of a substitute was offered as a compromise. It was offered by Senators, many of whom would have been opposed to any raise in pay whatsoever had the amount recommended by the committee been the only alternative. As chairman of the subcommittee, I personally was willing to accept the substitute, because I felt that failure to reduce to some extent the schedule carried in the committee bill would probably result in no pay bill for top officials being passed during the present session. It may be that the bill would be recommitted, as my friend the Senator from North Dakota [Mr. LANGER] feared, or it may be that the bill would be defeated. In either event, I thought we would be in a better position by having the top officials' bill trimmed down slightly than by having no bill whatever for top officials. Therefore, I personally agreed to the substitute.

Mr. McFARLAND. Mr. President, on behalf of the sponsors of the substitute, I thank the junior Senator from Louisiana [Mr. LONG] for his attitude and his remarks. Senators who are really interested in helping those in the executive departments will certainly vote for the substitute.

Mr. CORDON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CORDON. If the substitute be adopted at this time, does the unanimous consent agreement under which it now comes up out of order provide that it may thereafter be perfected or amended?

The PRESIDING OFFICER. The Senator is correct.

Mr. CORDON. It would simply be substituted for the committee amendment, and stand in the same position as the committee amendment itself?

The PRESIDING OFFICER. The Senator is correct.

Mr. CORDON. Mr. President, may I make an inquiry of the distinguished junior Senator from Arizona [Mr. McFARLAND] in connection with the submission of the substitute for the committee amendment? Is there at this time any agreement between the sponsors of the substitute and the committee, or the chairman——

The PRESIDING OFFICER. The Chair will say to the Senator from Oregon that is not a parliamentary inquiry.

Mr. CORDON. I am not now addressing the Chair. I am addressing the junior Senator from Arizona.

Is there any agreement at this time that Senators who are for the amendment will resist any amendments to the substitute amendment?

Mr. McFARLAND. Certainly, I would feel duty bound to resist such amendments if they propose increasing salaries above the limits therein set.

Mr. CORDON. I have in mind an amendment for the addition of another agency to the list set out in the substitute. I understand that the junior Senator from Arizona is not required to answer my question. I ask him whether there is any agreement by which those who are in accord on the substitute will resist any change in the list of agencies in the substitute.

Mr. McFARLAND. There is no agreement. I have not talked with the cosponsors in regard to that matter. I can speak only for myself. There is no agreement, if that is what the Senator wishes to know.

Mr. CORDON. I thank the Senator.

The PRESIDING OFFICER. The yeas and nays having been ordered, the clerk will call the roll.

Mr. AIKEN. Mr. President, will the Chair state the question?

The PRESIDING OFFICER. The question is on agreeing to the so-called Johnson substitute for the committee amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. AIKEN (when his name was called). On this vote I have a pair with the Senator from New Hampshire [Mr. TOBEY]. If present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I therefore withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], the Senator from California [Mr. DOWNEY], the Senator from Louisiana [Mr. ELLENDER], the Senator from Georgia [Mr. GEORGE], the Senator from Iowa [Mr. GILLETTE], the Senator from Colorado [Mr. JOHNSON], the Senator from Idaho [Mr. MILLER], the Senator from Montana [Mr. MURRAY], the Senator from Maryland [Mr. O'CONOR], the Senator from Virginia [Mr. ROBERTSON], the Senator from Mississippi [Mr. STENNIS], the Senator from Oklahoma [Mr. THOMAS], the Senator from Utah [Mr. THOMAS], and the Senator from Kentucky [Mr. WITHERS] are necessarily absent.

The Senator from North Carolina [Mr. GRAHAM] is absent by leave of the Senate.

The Senator from Mississippi [Mr. EASTLAND] is absent because of illness.

The Senator from North Carolina [Mr. HOEY] is absent on public business.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

On this vote, the Senator from Mississippi, who would vote "yea" if present, is paired with the Senator from California [Mr. DOWNEY], who would vote "nay" if present.

On this vote, the Senator from Colorado [Mr. JOHNSON], who would vote "yea" if present, is paired with the Senator from Utah [Mr. THOMAS], who would vote "nay" if present.

On this vote, the Senator from Georgia [Mr. GEORGE], who would vote "yea" if present, is paired with the Senator from Maryland [Mr. O'CONOR], who would vote "nay" if present.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], the Senator from Louisiana [Mr. ELLENDER], the Senator from Iowa [Mr. GILLETTE], the Senator from North Carolina [Mr. HOEY], the Senator from Montana [Mr. MURRAY], the Senator from Virginia [Mr. ROBERTSON], the Senator from Mississippi [Mr. STENNIS], and the Senator from Kentucky [Mr. WITHERS] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from Ohio [Mr. BRICKER], the Senator from Washington [Mr. CAIN], the Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate. If present and voting, the Senator from Ohio [Mr. BRICKER], the Senator from Washington [Mr. CAIN], and the Senator from Pennsylvania [Mr. MARTIN] would each vote "yea."

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from Ohio [Mr. TAFT] who is necessarily absent is paired with the Senator from Oregon [Mr. MORSE] who is also necessarily absent. If present and voting, the Senator from Ohio would vote "yea" and the Senator from Oregon would vote "nay."

The senior Senator from Indiana [Mr. CAPEHART] and the junior Senator from Indiana [Mr. JENNER] are absent on official business. If present and voting, the junior Senator from Indiana [Mr. JENNER] would vote "yea."

The Senator from New Jersey [Mr. HENDRICKSON], the Senator from Colorado [Mr. MILLIKIN], and the Senator from Wisconsin [Mr. WILEY] are detained on official business. If present and voting, the Senator from New Jersey [Mr. HENDRICKSON], the Senator from Colorado [Mr. MILLIKIN], and the Senator from Wisconsin [Mr. WILEY] would each vote "yea."

The Senator from New Hampshire [Mr. TOBEY] is absent on official business, and his pair has been announced by the Senator from Vermont [Mr. AIKEN].

The Senator from Wisconsin [Mr. MCCARTHY], the Senator from South Dakota [Mr. GURNEY], the Senator from Kansas [Mr. REED], and the Senator from Maine [Mrs. SMITH] are necessarily absent. If present and voting, the Senator from Wisconsin [Mr. MCCARTHY], the Senator from South Dakota [Mr. GURNEY], and the Senator from Maine [Mrs. SMITH] would each vote "yea."

The result was announced—yeas 36, nays 16, as follows:

YEAS—36

Anderson	Hickenlooper	Magnuson
Bridges	Hill	Malone
Butler	Holland	Maybank
Byrd	Ives	Mundt
Chapman	Johnston, S. C.	O'Mahoney
Cordon	Kem	Russell
Donnell	Kerr	Saltonstall
Ecton	Kilgore	Schoeppel
Ferguson	Long	Sparkman
Frear	McClellan	Watkins
Fulbright	McFarland	Wherry
Hayden	McKellar	Williams

NAYS—16

Douglas	Langer	Pepper
Flanders	Leahy	Taylor
Green	Lucas	Thye
Humphrey	McMahon	Young
Johnson, Tex	Myers	
Knowland	Neely	

NOT VOTING—44

Aiken	Gurney	O'Conor
Baldwin	Hendrickson	Reed
Brewster	Hoey	Robertson
Bricker	Hunt	Smith, Maine
Cain	Jenner	Smith, N. J.
Capehart	Johnson, Colo.	Stennis
Chavez	Kefauver	Taft
Connally	Lodge	Thomas, Okla.
Downey	McCarran	Thomas, Utah
Dulles	McCarthy	Tobey
Eastland	Martin	Tydings
Ellender	Miller	Vandenberg
George	Millikin	Wiley
Gillette	Morse	Withers
Graham	Murray	

So the amendment in the nature of a substitute for the committee amendment, offered by Mr. JOHNSON of Colorado, for himself and other Senators, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WILLIAMS. Mr. President, on behalf of the Senator from Washington [Mr. CAIN] and myself I offer to the Johnson substitute the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Delaware will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out section 7 of the Johnson substitute and insert in lieu thereof the following:

This act shall take effect on the date on which the President declares that it is expected, on the basis of estimated revenues and expenditures, that the revenues of the Federal Government for the fiscal year in which such proclamation is made will equal or exceed its expenditures for such fiscal year.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS] on behalf of himself and the Senator from Washington [Mr. CAIN] to the so-called Johnson substitute.

Mr. WILLIAMS. I ask for the yeas and nays on this amendment.

The yeas and nays were ordered.

Mr. LUCAS. Mr. President, does the Senator intend to explain the amendment?

Mr. WILLIAMS. Oh, yes.

Mr. WHERRY. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. WILLIAMS. Mr. President, this amendment merely proposes to do exactly what it states, namely, strike out the effective date of the bill, as it now appears in the substitute, and make the bill, if enacted, effective on the day when the President says that, based upon the estimated revenues and estimated expenditures, the budget of the United States for that fiscal year will be in balance.

We have heard a great deal said about the desire to balance the budget. I do not know of a Member of the Senate who has not stood upon the floor of the Senate and made eloquent speeches in favor of a balanced budget. In this connection let me say that we are not necessarily speaking of a million and a quarter dollars of additional expenditure for salaries, for this bill if enacted will establish a policy in regard to wages paid in the Government service; and if the bill is passed, it is inconceivable that Senators will not vote to pass all other bills proposing increases in Government salaries. Everyone knows that to be true. There are now on the calendar and ready for action measures which the majority leader will move to have taken up immediately after the pending measure is acted upon, four or five other pay-increase bills, calling for the expenditure of around $300,000,000 for salary increases. Furthermore, there are 26 agencies of the Federal Government for which no salary increases are at present provided or called for. They are listed in section 202 of Senate bill 2379. I now ask unanimous consent to have section 202 of that bill printed at this point in the RECORD, so as to show the list of the 26 agencies of the Government for which no salary increases are presently proposed, all of which will be applying for similar salary increases.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

SEC. 202. This act shall not apply to—

(1) the field service of the Post Office Department, for which the salary rates are fixed by Public Law 134, Seventy-ninth Congress, approved July 6, 1945, as amended and supplemented;

(2) the Foreign Service of the United States under the Department of State, for which the salary rates are fixed by the Foreign Service Act of 1946, as supplemented by Public Law 160, Eighty-first Congress, approved July 6, 1949;

(3) physicians, dentists, nurses, and other employees in the Department of Medicine and Surgery in the Veterans' Administration, whose compensation is fixed under Public Law 293, Seventy-ninth Congress, approved January 3, 1946;

(4) teachers, school officers and employees of the Board of Education of the District of Columbia, whose compensation is fixed under the District of Columbia Teachers' Salary Act of 1947, as supplemented by Public Law 151, Eighty-first Congress, approved June 30, 1949;

(5) officers and members of the Metropolitan Police, the Fire Department of the Dis-

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trict of Columbia, the United States Park Police, and the White House Police;

(6) lighthouse keepers and civilian employees on lightships and vessels of the Coast Guard, whose compensation is fixed under Public Law 143, Eighty-first Congress, approved June 29, 1949;

(7) positions and employees in recognized trades or crafts, or other skilled mechanical crafts, or in unskilled, semiskilled, or skilled manual-labor occupations (except such employees in positions to which the Classification Act of 1923, as amended, now applies, the duties of which involve the maintenance and operation of public buildings and associated equipment or the performance of work in scientific or engineering laboratories as aides to scientists or engineers), and employees in the Bureau of Engraving and Printing the duties of whom are to perform or to direct manual or machine operations requiring special skill or experience, or to perform or direct the counting, examining, sorting or other verification of the product of manual or machine operations;

(8) officers and members of crews of vessels, whose compensation shall be fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates and practices in the maritime industry;

(9) employees of the Government Printing Office whose compensation is fixed under Public, No. 276, Sixty-eighth Congress, approved June 7, 1924;

(10) civilian professors, lecturers, and instructors at the Naval War College and the Naval Academy whose compensation is fixed under Public Law 604, Seventy-ninth Congress; senior professors, professors, associate and assistant professors, and instructors at the Naval Postgraduate School whose compensation is fixed under Public Law 303, Eightieth Congress; and the Academic Dean of the Postgraduate School of the Naval Academy whose compensation is fixed under Public Law 402, Seventy-ninth Congress;

(11) aliens or persons not citizens of the United States who occupy positions outside the several States and the District of Columbia;

(12) the Tennessee Valley Authority;

(13) the Inland Waterways Corporation;

(14) the Alaska Railroad;

(15) the Virgin Islands Corporation;

(16) the Central Intelligence Agency;

(17) employees who serve without compensation or at nominal rates of compensation;

(18) employees none or only part of whose compensation is paid from appropriated funds of the United States: *Provided*, That with respect to the Veterans' Canteen Service in the Veterans' Administration, the provisions of this paragraph shall be applicable only to those positions which are exempt from the Classification Act of 1923, as amended, pursuant to Public Law 636, Seventy-ninth Congress, approved August 7, 1946, as amended;

(19) employees whose compensation is fixed under a cooperative agreement between the United States and (A) a State, Territory, or possession of the United States, or political subdivision thereof, or (B) a person or organization outside the service of the Federal Government;

(20) student nurses, medical or dental interns, residents-in-training, student dietitians, student physical therapists, student occupational therapists, and other student employees, assigned or attached to a hospital, clinic, or laboratory primarily for training purposes, whose compensation is fixed under Public Law 330, Eightieth Congress, approved August 4, 1947, or section 14 (b) of Public Law 293, Seventy-ninth Congress, approved January 3, 1946, as amended by Public Law 722, Eightieth Congress, approved June 19, 1948;

(21) inmates, patients, or beneficiaries receiving care or treatment or living in Government agencies or institutions;

(22) experts or consultants, when employed temporarily or intermittently in accordance with section 15 of Public Law 600, Seventy-ninth Congress, approved August 2, 1946;

(23) emergency or seasonal employees occupying positions of uncertain or purely temporary duration, or who are employed for brief periods at intervals;

(24) persons employed on a fee, contract, or piecework basis;

(25) persons who may lawfully perform their duties concurrently with their private profession, business, or other employment, and whose duties require only a portion of their time, where it is impracticable to ascertain or anticipate the proportion of time devoted to the service of the Federal Government;

(26) positions for which rates of basic compensation are individually fixed, or expressly authorized to be fixed, by any other law, at or in excess of the regular maximum rate of the highest grade established by this act.

Mr. WILLIAMS. Mr. President, whatever action we take in respect to granting salary increases for Government employees in connection with the pending measure will be used as an argument for the salaries of Government employees all the way down the line. We cannot increase the salaries of the top Government employees unless we increase the salaries of all Government employees.

I wish to point out that during the past 20 years there has seldom been a time when the Government's budget has been balanced; since 1930 there have been only 2 years when the budget has been balanced. It is out of balance now. Since 1914, the Government's budget has been balanced only 12 times, and I may say that all those 12 times occurred when the Republican Party was in control of the Congress or in control of the executive departments.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. WILLIAMS. I yield.

Mr. LONG. Based on the statement the Senator has just made, I take it that the Senator from Delaware means to say, by his amendment, that the proposed increase in salaries will go into effect when the Republican Party takes over again. Is that correct?

Mr. WILLIAMS. I hope we shall not have to wait that long before we can balance the budget. [Laughter.] However, if past performance of the Democratic Party is any indication in regard to the time that will be required, what the Senator from Louisiana has suggested might very well prove to be the case.

Mr. President, the Government of the United States is unquestionably the largest corporation in the world It employs 2,000,000 persons. Whatever action the Senate takes on this measure will to a great extent determine the action to be taken in reference to the proposed fourth round of wage increases.

Recently, when a steel strike was threatened, the President appointed a fact-finding board to determine whether wages in the steel industry should be increased. I wish to read to the Senate some of the recommendations of that board, and to state some of the reasons it gave for turning down the requested salary increases.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield, although I should like to have a vote on this amendment reached very quickly.

Mr. KILGORE. I noted the Senator's statement that the United States Government is the largest corporation in the world. I wonder how the salaries paid to our Government officials compare with the salaries paid by the du Pont Corp. and various other corporations.

Mr. WILLIAMS. I say to the Senator from West Virginia that the salaries of the employees of the United States Government are a thousand times higher than the salaries paid by the du Pont Corp., if we take into consideration the difference between deficit of the United States Government and the way the United States Government operates, as compared to the earning power of the du Pont Corp. and the way that corporation operates.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. WATKINS. Is the du Pont Corp. in the red, and has it been running in the red for years?

Mr. WILLIAMS. If that were true, I do not think that corporation would be advocating a salary increase at the present time.

Mr. President, the fact-finding board appointed by the President said:

(1) While the Board's findings and recommendations are based on the facts and figures of the steel industry alone, there is a probability that a wage-rate increase in steel would be urged as a pattern to be followed in other industries; this in turn might well cause price dislocations, with adverse effects on the general economy and on the steel industry itself.

It went on to say that—

(3) While there may be conditions in particular industries which require correction through wage-rate adjustments, in general it seems desirable at this time to stabilize the level of wage rates. In the steel industry we have not found such conditions or inequities and, for all the reasons stated, do not believe there should be a wage-rate adjustment now.

In other words, the fact-finding board bases its recommendations primarily on the fact that it does not wish to touch off a fourth round of wage increases, which is exactly what we, as the largest employer in the United States, tonight are proposing to do here in the Senate.

As I have said before, all Members of the Senate have advocated a balanced budget. That recommendation is to be found in all political party platforms. I wish to read, in case it has been forgotten, a portion of the Democratic Party's platform in reference to a balanced budget. I shall read first that part of the Democratic Party platform in 1932, when it took over the Federal Government, at a time when the expenses of the Government were about $4,500,000,000. Here is the quotation from the Democratic Party's platform at that time:

We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices,

consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government, and we call upon the Democratic Party in the States to make a zealous effort to achieve proportionate result.

Mr. President, I may assume that this amendment also has the endorsement of the President of the United States, Mr. Harry Truman, because he appeared before a joint session of the Congress recently and made this statement:

One of the most important factors in maintaining prosperity is the Government's fiscal policy. At this time, it is essential not only that the Federal budget be balanced, but also that there be a substantial surplus to reduce inflationary pressures, and permit a sizable reduction in the national debt, which now stands at $252,000,000,000.

Surely he must have meant what he said.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. MUNDT. I think the Senator from Delaware has a very intriguing and worth-while amendment. In looking over the list of those for whom salary increases are proposed, I notice that it includes the Director of the Budget, the Assistant Director of the Budget, many of the Treasury Department officials, and virtually all the persons who compile the recommendations which are sent to Congress in regard to proposed expenditures. It seems to me that if we make the proposed salary increases contingent upon the achievement of a balanced budget, that might be a very logical inducement for those persons to recommend intake and outgo which would bring the budget into balance.

Mr. WILLIAMS. That is the purpose of my amendment, Mr. President. It would act as an incentive.

The PRESIDING OFFICER. Does the Senator from Delaware yield for a question, or does he yield the floor? The Senator from Delaware has the floor.

Mr. MUNDT. Mr. President, I asked a question.

Mr. WILLIAMS. I am interested in answering the question.

The PRESIDING OFFICER. The Chair did not understand it to be a question.

Mr. McCLELLAN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Delaware yield the floor?

Mr. WILLIAMS. No, Mr. President, the Senator from Delaware does not yield the floor. I should like to answer the question, if the Chair will permit.

The PRESIDING OFFICER. Does the Senator from Delaware yield for a question?

Mr. WILLIAMS. I yield.

Mr. MUNDT. Mr. President, will the Senator yield for a question?

Mr. WILLIAMS. I yield.

Mr. MUNDT. My question is whether the Senator from Delaware agrees with the deductions I just spoke into the RECORD.

Mr. WILLIAMS. Yes, I agree with them, and I may say the Director of the Bureau of the Budget, the Postmaster General, and several other heads of departments who are recommended for salary increases have all recommended against the increases contained in some of the other pay bills. The President himself recommended against it, in the beginning.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. WILLIAMS. And there is nothing in the record that I have seen, and nothing in the committee report——

The PRESIDING OFFICER. Does the Senator yield?

Mr. WILLIAMS. I shall yield in a minute. There is nothing in the report that indicates that the Director of the Bureau of the Budget has approved the other bills. I yield to the Senator from South Dakota for a question.

Mr. MUNDT. In other words, does the Senator from Delaware feel that if the matter should be handled in the way he proposes, it would serve to give salary increases as a sort of incentive for efficient service and would promote efficiency and economy in the Government?

Mr. WILLIAMS. I do. We, as Members of the Congress, and as directors of this great corporation, face a situation in which the budget has gone out of balance. It is in the red, and we seem absolutely unable to balance it. Every time we have tried to cut an appropriation of any department we have had the experience of that department propagandizing all over the country against our attempt to reduce expenditures. This amendment would put them in such a position that if they continued their propaganda they would be at the same time lobbying against their own salary increase.

Mr. MUNDT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from South Dakota?

Mr. WILLIAMS. I yield.

Mr. MUNDT. Is it not true that the handling of the increases in salary in the fashion the Senator from Delaware has in mind would bring it into direct conformity with the reports and recommendations of the Hoover Commission, which, as I understand, has not only advocated increases in salary, but also a balancing of the budget?

Mr. WILLIAMS. It would, and I may say if the amendment is adopted, I am going to support the salary increases, because I think it is a wonderful thing to put this incentive plan before the 2,000,000 Government employees, whereby, instead of working against a balanced budget, each of them would be working for it. It would promote greater efficiency in the Government.

Mr. MUNDT. I am glad to join with the Senator with respect to the amendment.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. McCLELLAN. I understood the Senator from Delaware to quote the President of the United States on some particular matter.

Mr. WILLIAMS. That is correct.

Mr. McCLELLAN. I did not understand the Senator to identify the occasion or the time when the President made the statement. Will the Senator please do so for the RECORD, inserting the time and the circumstances under which the President of the United States made the statement?

Mr. WILLIAMS. I shall be glad to do so. I thought I did it before. The President made the speech, addressing the joint session of the Congress, on January 5, 1949. It is to be found at page 75 of the CONGRESSIONAL RECORD. I shall read the statement, at the Senator's suggestion:

One of the most important factors in maintaining prosperity is the Government's fiscal policy. At this time, it is essential not only that the Federal budget be balanced, but also that there be a substantial surplus to reduce inflationary pressures, and permit a sizable reduction in the national debt, which now stands at $252,000,000,000.

Mr. WATKINS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Utah?

Mr. WILLIAMS. I yield.

Mr. WATKINS. Did I correctly understand the Senator to say that the Bureau of the Budget has not approved the pending measure?

Mr. WILLIAMS. That is correct on the succeeding bills. That is shown by a statement in one of the reports, which states that the Bureau of the Budget was opposed to the enactment. I was talking with the Post Office Department this afternoon, and they said they were unalterably opposed to the increase in salary of postal employees, until such time as the committee came before the Senate and produced methods of raising the additional revenue to pay for the increases. I commend Mr. Donaldson, the Postmaster General, for that position.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. WILLIAMS. In a moment.

The PRESIDING OFFICER. The Senator from Delaware has the floor.

Mr. WILLIAMS. The Post Office Department is out of balance now. It was out of balance for the fiscal year 1949 about $551,000,000. In 1950 it estimated it will be out of balance about $407,000,000. The bill that has passed the House increases its expenditures about $180,000,000, and the bill on the Senate Calendar increases it $61,000,000. If either bill passes, there will be a further deficit in the Post Office Department. The Postmaster General's office advised they were opposed to these increases to it until such time as we increase postal rates to take care of the additional requirements.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. FLANDERS. I should like to inquire of the Senator from Delaware what bill he is talking about.

Mr. WILLIAMS. I am speaking about all the salary-increase bills, since I feel that we should consider them as a group.

Mr. FLANDERS. Is the Senator speaking about the bill which is before the Senate at the moment?

Mr. WILLIAMS. As I said in the beginning, the bill which is before us is only one of many pay bills, and that the action which we take on the pending bill

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should indicate our action on all the bills. I cannot conceive of any Member of the Senate voting for an increase as provided in the pending bill, unless he intends to carry it on through. For that reason I feel that whatever action we take on the pending bills will, in effect, commit us to a policy which calls for over-all increased expenditures of more than $300,000,000.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. FLANDERS. Has the Senator any information to the effect that the Bureau of the Budget is against the bill we are considering tonight.

Mr. WILLIAMS. No, not this particular bill, perhaps because the pending bill carries their increases in salaries. [Laughter.]

But the Bureau of the Budget is against the increases contained in bills in which they are not personally interested.

Mr. FLANDERS. Mr. President, is the Bureau of the Budget against the Reclassification Act?

Mr. WILLIAMS. No.

Mr. FLANDERS. Is not the Bureau of the Budget under the Reclassification Act?

Mr. WILLIAMS. The most of their employees are. But does the Senator mean to tell me that the Bureau of the Budget has endorsed all these pay-raise bills?

Mr. FLANDERS. We have worked in close contact with the Bureau of the Budget on the two bills which are before the Senate, the bill for the top pay, executive pay, and the reclassification bill.

Mr. WILLIAMS. Mr. President, the Bureau of the Budget has not endorsed these other bills, except the bills——

Mr. MYERS, Mr. MUNDT, Mr. FLANDERS, and Mr. WATKINS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Delaware yield; and if so, to whom?

Mr. WILLIAMS. I yield first to the Senator from Pennsylvania.

Mr. MYERS. Does the Senator from Delaware mind mentioning the specific bill which the Bureau of the Budget has opposed or recommended against? Is the Senator referring to the postal-increase bill?

Mr. WILLIAMS. I shall tell the Senator which one I am referring to.

Mr. MYERS. Is the Senator referring to the postal-increase bill?

Mr. WILLIAMS. Just a moment; I shall get the report. I shall read first from the bill, Calendar No. 875, Report No. 871, on page 7 of the report. It is from a letter written by Frank J. Lawton, Acting Director of the Bureau of the Budget. I quote their reference to that particular bill:

> In light of these comments, the Bureau of the Budget does not believe that the Congress should give favorable consideration to this bill.

Mr. MYERS. Which bill is that?

Mr. WILLIAMS. It is Senate bill 1772.

Mr. MYERS. I was not referring to the number of the bill, but what is the subject of the bill? Will the Senator mind informing us?

Mr. WILLIAMS. It is a bill (S. 1772) to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, compensatory time, and promotion, and for other purposes.

Mr. MYERS. Is the Senator referring to the bill which was before the House of Representatives yesterday?

Mr. WILLIAMS. No; I am referring to the bill on the Senate Calendar.

Mr. MYERS. Did the Bureau of the Budget recommend against that bill?

Mr. WILLIAMS. They recommended against the bill S. 1772, which is scheduled to come before the Senate as soon as we dispose of the pending bill.

Mr. MYERS. Is it a bill similar to that which was before the House of Representatives yesterday?

Mr. WILLIAMS. I cannot say. I have not seen the bill which was before the House. It has not been printed as yet.

Mr. MYERS. The Senator understands, does he not, that a pay bill was passed by the House of Representatives yesterday.

Mr. WILLIAMS. Oh, yes; and, since the Senator from Pennsylvania has endorsed it, he should be familiar with its contents.

Mr. MYERS. A bill to increase postal salaries, was it not?

Mr. WILLIAMS. Yes.

Mr. MYERS. And I am sure the Senator knows that only two Members out of the entire membership of 435 Representatives of the House voted against the bill.

Mr. WILLIAMS. And there may be but one Member of the Senate who thinks the budget ought to be balanced, but I still feel that it should be balanced, even though the Senator from Pennsylvania does not.

Mr. MYERS. I understand the Senator believes that the executive agencies, and officials of the executive agencies, should not have an increase in salary until the budget is in balance.

Mr. WILLIAMS. Yes. I do not think it will take long to do it if they are really sincere in their expressions to achieve some economy.

Mr. MYERS. How long does the Senator think it might take?

Mr. WILLIAMS. If the Senator from Pennsylvania and his colleagues will assist us in cutting the appropriations, it will be but a very short time.

Mr. MYERS. Mr. President, will the Senator yield further?

Mr. WILLIAMS. I yield to the Senator from Pennsylvania.

Mr. MYERS. Of course, the Senator knows that I voted against many of those amendments. The Senator knows that the Senate of the United States refused, by a record vote, to reduce the appropriation bills. The Senator knows that, does he not?

Mr. WILLIAMS. I know it, but I supported the cuts; what did you do?

Mr. MYERS. Then why does the Senator seek to punish these men in the executive agencies, when the Senate of the United States itself refused to balance the budget?

Mr. WILLIAMS. Why put it that way?

Mr. MYERS. I put it that way. I think the Senator from Delaware seeks to punish these men in the executive agencies because the Senate of the United States did not have the intestinal fortitude itself to balance the budget. The Senator says that if his amendment shall prevail, he will vote for this bill. But his amendment may not prevail. Congress had the opportunity to balance the budget, but refused to do it. I do not think the Senator is fair in punishing these men in the executive agencies who, he himself says, deserve an increase in salary.

Mr. WILLIAMS. Mr. President, in answer to the Senator from Pennsylvania, I want to repeat that I am not seeking to punish these employees; as I said before, I voted for the budget cuts. If the Senator voted against them because, as he said, he did not have intestinal fortitude to vote for the cuts, that is his excuse; it is not mine.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. MYERS. Mr. President, will the Senator yield further?

Mr. WILLIAMS. I yield first to the Senator from Vermont, and then I shall yield to the Senator from Pennsylvania.

Mr. FLANDERS. I wonder if the Senator from Delaware would subscribe to this idea which has just come into my mind within the last 5 minutes. I have on the table an amendment which, under the circumstances, I was not preparing to bring up. It is an amendment to raise the salaries of Representatives and Senators. I wonder if the Senator from Delaware would agree with me that it might be well to bring up that amendment and vote on it, provided the Senate and the House balance the budget.

Mr. WILLIAMS. Yes. I do not think that the Members of Congress should have any increase until the budget is balanced. The directors of this great corporation certainly should not expect, when it is so many billions of dollars "in the red," to increase their salaries by borrowing money from the taxpayers. We should either balance the budget now or say that we have no intention of balancing it and stop talking.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. MYERS. Does the Senator from Delaware indicate to the Senate that the Budget Bureau opposed the bill which is now before the Senate?

Mr. WILLIAMS. No.

Mr. MYERS. Why did the Senator mention the Budget Bureau as in opposition to certain of these pay bills?

Mr. WILLIAMS. Whatever action we take on this bill we should be prepared to follow through with respect to the 2,000,000 employees. We are establishing tonight a policy as to whether we want to increase the salaries of those 2,000,000 Federal employees, and I quoted the Budget Bureau as opposed to some of the succeeding increases. Certainly the Senator from Pennsylvania has no

intention of just increasing the salaries of just a handful of top executives.

Mr. MYERS. Many of the executives have not received a pay increase for many years, long before there was inflation in this country.

Mr. WILLIAMS. That is true. But all of these bills are related.

Mr. MYERS. The Senator knows that many employees who are now receiving salaries of $10,000 a year had their salaries fixed in 1925.

Mr. WILLIAMS. Perhaps have not had an increase since that time. But I remind you again except for the past 2 years it has been nearly that long since we operated without a deficit.

The argument has been used that the Hoover Commission recommended these salary increases. That is true. But in another part of the report of the Hoover Commission, which has been almost completely overlooked by the administration, the Hoover Commission reported that by making certain economies we could save $4,000,000,000. If the administration is sincere—and the Senator from Pennsylvania should know whether it is sincere or is not sincere—in the statement that they are going to put these economies into effect, then the salary increases will go into effect in the very near future because with these economies we can balance the budget.

Mr. MYERS. Will the Senator indicate how soon that $4,000,000,000 can be saved, as recommended by the Hoover Commission?

Mr. WILLIAMS. If the Senator wants me to do it, I should be glad to sit down with him and discuss it. I suggest first the Senator read the recommendations of the Hoover Commission.

Mr. MYERS. Mr. President, will the Senator yield further?

Mr. WILLIAMS. Yes.

Mr. MYERS. I have read many of the recommendations of the Hoover Commission, but in the Senate of the United States I have found that when a recommendation of the Hoover Commission comes into conflict with a Senator's own interest in his own particular district or State the Hoover Commission recommendations go out the window. Representatives of chambers of commerce, all of whom recommend that we accept the Hoover Commission report in toto, come to Washington with reference to a flood-control project affecting their districts and forget entirely about the Hoover Commission recommendations.

Mr. WILLIAMS. Is the Senator speaking of the Senator from Delaware?

Mr. MYERS. No; not the Senator from Delaware, particularly, but many other Senators. There is before my subcommittee a bill which the Hoover Commission has recommended. I have found Senators on both sides of the aisle who are in favor of economy who have said that in that particular matter the Hoover Commission is wrong.

Mr. WILLIAMS. That has happened many times on the floor of the Senate. That is why I think the only way we can stop it is to leave these salary increases as an incentive which they can get when we balance the budget.

Mr. MYERS. Dangling before whom?

Mr. WILLIAMS. Before 2,000,000 Government employees.

Mr. MYERS. This bill does not apply to 2,000,000 Government employees.

Mr. WILLIAMS. They will be covered before we get through with all pay bills.

Mr. MYERS. How many employees do those bills cover—2,000,000?

Mr. WILLIAMS. No. Not yet.

Mr. MYERS. The Senator said there were 2,000,000 Government employees.

Mr. WILLIAMS. Either the Senator did not hear what I started to say, or he was not paying attention. I placed in the RECORD a list of 26 other agencies which are not covered by these bills. The Senator from Pennsylvania knows full well that before we are through, once this policy is established, they are going to be asking an increase in salary.

Mr. MYERS. The bill before the Senate at the present time, which we are discussing tonight, and the bills which we will take up in the next few days, cover how many Federal employees?

Mr. WILLIAMS. Roughly speaking, I should say approximately one and a half million employees.

Mr. MYERS. Roughly speaking?

Mr. WILLIAMS. How many does the Senator from Pennsylvania think will be covered?

Mr. MYERS. I should say around a million and a half employees.

Mr. WILLIAMS. There are approximately a half million postal employees. I think approximately eight hundred thousand or nine hundred thousand——

Mr. LANGER. One million seven hundred thousand.

Mr. WILLIAMS. Then I placed in the RECORD tonight a list of 26 other agencies.

Mr. MYERS. Mr. President, will the Senator yield further?

Mr. WILLIAMS. I yield.

Mr. MYERS. Does the Senator believe that the employees who are covered by this bill are entitled to an increase in salary?

Mr. WILLIAMS. If we had the money to pay them it would be different.

Mr. MYERS. The Senator believes they are entitled to an increase in salary, does he not?

Mr. WILLIAMS. Not if we do not have the money to pay them. As a director of a corporation the Senator from Pennsylvania surely would not increase his pay roll $400,000,000 or $500,000,000 if he did not have the money to pay the employees. We have a Government which we must keep solvent.

Mr. President, I quote the President of the United States and I quoted the Democratic platform of 1932. I now think it would be a good idea to quote the Democratic platform of 1948:

> We pledge the continued maintenance of those sound fiscal policies which under Democratic leadership have brought about a balanced budget and reduction of the public debt by $28,000,000,000 since the close of the war.

Of course, the Democrats failed to give the Eighteth Congress any credit for balancing the budget.

I should like to read another statement from the Democratic platform:

> We believe that a party platform is a covenant with the people, to be faithfully kept by the party when entrusted with power, and that the people are entitled to know in plain words what that party stands for.

The Democratic Party claims to stand for a balanced budget. The President of the United States has called on Congress for a balanced budget, and I say it is up to Congress to cooperate and give him a balanced budget.

I intend to offer my amendment in connection with all salary-increase bills. They should all be treated alike. As the Senator from Pennsylvania knows, last year when we were talking about reducing the number of employees in one of the departments, half the employees in the Customs Bureau in Philadelphia were laid off and we were threatened with a complete shutdown in the Customs Bureau. That was an implied threat against our effort to reduce their appropriations.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware. The yeas and nays have been ordered.

Mr. LONG. Mr. President, I should like to say a word about the amendment, which obviously would kill the bill, so far as this year is concerned.

Mr. WILLIAMS. Will the Senator yield?

Mr. LONG. Not at this particular moment. I shall be happy to yield after I have said a word.

It was my understanding that we would pass a top pay bill. Obviously this amendment, and several others of a similar nature, would completely kill any possibility of a pay raise at this time.

Mr. WILLIAMS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator declines to yield.

Mr. LONG. If we desire to punish some one because he failed to balance the budget, there is one logical body to punish, namely, both the House and the Senate. If we held up our own salaries until we balanced the budget, we could be sure that next year we would balance the budget. We would be punishing the guilty parties. But here we have those who agreed to the measure, a majority of those on the subcommittee, and members on the committee who studied the matter, agreeing that people who have every right to a pay raise should get it, people who had nothing whatsoever to do with the budget not being in balance. It is proposed that we punish them because we appropriated too much money.

In the Eightieth Congress there was a great tax reduction bill. Regardless of the merits of that bill, everyone will agree that Congress did reduce taxes by about four or five billion dollars. If that bill had not been passed, obviously, we might have had a balanced budget.

Mr. MILLIKIN and Mr. WILLIAMS addressed the Chair.

Mr. LONG. One minute. I shall yield as soon as I get through with my remarks.

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. LONG. I would say that if the United States Senate had not passed the arms-implementation program, if it had not passed the aid-to-Europe measure, and many other programs for which Sen-

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ators saw fit to vote, naturally the Congress would not have appropriated so much money, and we would have come nearer to having a balanced budget. I feel it is unfair to punish someone else for something for which Congress is responsible.

Some Senator said that the Bureau of the Budget did not approve Senate bill 1772. That is correct; the Bureau did not approve the bill as it was written. As it was sent to the Congress that bill would have cost about $358,000,000. The Bureau at that time said it was too much. The Committee on Post Office and Civil Service, and the subcommittee of which I was chairman, recommended that about three-fourths of the benefits be stricken from the bill. So the bill now would cost about $68,000,000 instead of $358,000,000; in other words, about one-fifth of what the bill would have cost otherwise.

If the desire is to economize and save money, this is not the bill through which to do it, because this bill involves only about $700,000, after the sponsors of the substitute had their way, and reduced the salaries.

Mr. WILLIAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Delaware?

Mr. LONG. I yield.

Mr. WILLIAMS. The Senator said he thought this amendment was an indirect way of killing the bill. Are we to understand that the Senator from Louisiana means that if we adopt this amendment these salary increases would never go into effect because we are not going to have a balanced budget any time in the near future?

Mr. LONG. I would say that if we adopt this amendment these increases will not go into effect this year, because we have not raised nearly as much money as we have appropriated.

I am a member of a committee that is charged with the responsibility of balancing the expenditures and the income. I am a member of the Committee on Post Office and Civil Service, and my committee has recommended pay increases, although the Post Office is in the red. I would say that certainly I personally am not in favor of going deeper and deeper into the red, when the Post Office already has a $500,000,000 deficit. But why should we penalize someone else when Congress is to blame? If we do not want to go further in the red, we could vote for some rate bill and make it possible to bring in enough money to pay the salaries.

Mr. WILLIAMS. The Senator says his committee is responsible for the fact that the budget of the Post Office is not balanced. What has he done, or what has the committee done, to remedy the situation?

Mr. LONG. I did not say I was responsible for it. As a member of the committee I have done everything in my power to raise the postal rates, and hold down pay bills, so that we would have some chance of bringing up postal receipts, and having the budget balanced.

Mr. WILLIAMS. Does not the Senator agree that if we adopt this amendment, which provides that the raises shall go into effect when the budget is balanced, we are complying with the request of the Postmaster General, who says he will not increase the salaries until the budget is balanced.

Mr. LONG. I understand the Postmaster General's position. He has not been willing to endorse any of the pay bills because he would like to see more revenue coming in. I personally will support a postal rate bill that will bring the Post Office Department an additional hundred million dollars, or even one to bring an additional $200,000,000.

Mr. WILLIAMS. Since the Postmaster General has taken the position that he does not want the postal employees to have increases until such time as the Department's budget is balanced, does not the Senator think it is fair to put the same condition on him, that he shall not get his salary increased until he balances the budget?

Mr. LONG. No; I do not think that is fair.

Mr. WILLIAMS. After all, the Senator will admit that some of this balancing of the budget programs could be achieved through savings in the Postal Department itself, will he not?

Mr. LONG. I think I could find no better illustration to show the unsoundness of the amendment than the very example the Senator has brought up. The Postmaster General was before us day after day after day, all year long, begging us to raise the postal rates, fighting all the pressure groups. He has been standing firm with the postal groups against pay raises, asking us to balance income with expenditures. Only because Congress will not let him have raises in postal rates does he find that he cannot balance the budget.

Mr. WILLIAMS. Is it not a fact that one of the reasons why there is so much trouble—and I know the Senator has worked to get a postal increase bill out that would be fair and reasonable—is that the half million postal employees, through their organizations, have been instructed to work against a postal increase? Did not their representatives appear before the Senator's committee in the hearings and testify against the postal increase?

Mr. LONG. Many of them did. I do not know definitely why they have never supported an increase in postal rates. I will agree with the Senator. But he cannot say that about the Postmaster General, and he cannot say that about those in the Post Office Department directly under the Postmaster General, the first, second, third, and fourth assistants. Those men have done everything they could, but it is because Congress would not let them have their way that they have not been able to eliminate the postal deficit.

Mr. WILLIAMS. Does not the Senator agree that one reason for not letting them have their way is the fact that this gigantic lobby, built up a lot of pressure against your proposals, and if we put this amendment on this bill, we will reverse that procedure. We will not have the postal employees' representatives coming in and advocating increased expenditures and at the same time opposing openly the increases which the committee is trying to put into effect.

Mr. LONG. On the other hand, let us look at the amendment as it would apply to the post office. The Senator is proposing to punish the one person who has done everything possible to balance the budget, including coming to Congress and asking us to do our part, and because Congress fails to do its part, it is proposed that we punish the Postmaster General.

Mr. WILLIAMS. Does not the Senator from Louisiana agree with me that while the Postmaster General has advocated increased postal rates—and I will give him credit for it, he has been very fair about it—is it not also true that he has failed to put into effect many economies in his own Department which could be put into effect? Does the Senator think it is necessary that we have over half a million employees to handle the mail when we operated the whole Government with that number 15 or 16 years ago?

Mr. LONG. No. I attempted to determine from the Postmaster General what additional efficiencies might be put into effect, and I was not able to find any, as a member of the committee. There might be some I could not find, but I find that the efficiency has steadily improved in the Post Office Department, and that the main difficulty in the Post Office is that Congress has voted to increase salaries, and that is 84 percent of the postal expenses, and since the war Congress has voted postal-pay increases of about 64 percent, hundreds on top of hundreds of millions of dollars, and has not voted for any major rate increase.

How in the world can Senators vote to keep increasing by enormous amounts the Post Office Department salaries and at the same time not vote to raise some of the postal rates? If Senators say they want to hold the salaries down generally, they might be correct. But here Senators propose to punish the one man who has done all things in his power to wipe out the Post Office Department deficit.

Mr. WILLIAMS. Mr. President, will the Senator yield for another question?

Mr. LONG. Yes.

Mr. WILLIAMS. I think the Senator from Louisiana will agree with me that the Postmaster General has not done everything he could do to cut his budget in his own Department. The Hoover Commission made many recommendations whereby a more efficient organization could be set up, and where savings could be effected. Does the Senator know of one single instance today where anything recommended by the Hoover Commission has been put into effect, or even started, with the exception of the proposed salary raise?

Mr. LONG. I have sat in the committee and heard the Postmaster General explain why many of the recommendations would not work. For example, the Hoover Commission recommended the use of standard trucks. The Postmaster General found that the trucks would not be acceptable for post office work, and explained why, very obviously, they would not work. I have not seen any recommendations which the Postmaster General has not carried out, where they

could work. On the other hand, he established conclusively to me that some of the recommendations would cost additional millions of dollars, instead of producing savings.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WILLIAMS. Is not that typical of the same response that Senators have been receiving from the heads of every Government agency when they come before Senate committees? Does not the Senator remember that the other day the Senator from Arkansas [Mr. McCLELLAN] placed in the RECORD some of the testimony taken before his committee where the heads of various agencies came before the committee and endorsed all the proposals of the Hoover Commission for increase in salaries, endorsed all that part of the program which would give them additional secretaries and additional personnel, but they were very reluctant to put into effect any economies?

Mr. LONG. The best I can recall is that since the war, since 1945, postal salaries in the Post Office Department have been increased more than $600,000,000 by Congress. That is my offhand recollection. The Post Office Department is about $500,000,000 in the red. We increased salaries by $600,000,000 and the Post Office is $500,000,000 in the red. The Postmaster General agreed it was necessary to increase salaries, just as salaries were increased everywhere else, but the postal rates should also have been increased, but nothing was done about them.

Mr. WILLIAMS. Is it not a fact that the Senator has just criticized Congress for doing in the past years exactly what the Senator is advocating our doing here tonight?

Mr. LONG. With respect to this particular bill, I do not think so.

Mr. HUMPHREY. Mr. President, I think we have witnessed a very strange situation on the floor of the Senate tonight, when one of our distinguished colleagues has tried to compare the Government of the United States with a corporation. I will say, with all due respect for the distinguished Senator from Delaware, that the Government of the United States is not a corporation. The thinking he has demonstrated by what he has said on the floor of the Senate tonight indicates that he believes it is.

Mr. President, in a corporation the manager sets the policy. The board of directors sets the policy of the corporation. But the poor little stockholders in a corporation, some of the nonvoting stockholders, holders of class A stock, class B stock, preferred-stock holders, holders of all the "gimmicks" that can be put into a corporation by law, have little or nothing to say about the policies of the corporation. I think it should be clear that the Government of the United States is a Government of the people, by the people, and for the people, not a Government of stockholders and coupon clippers.

Mr. President, we have heard tonight a charge made against one of the most efficient officers of our Government. I dare say there is no more efficient officer in the Government service than Mr. Donaldson. He came up from the ranks. He did everything an individual would be supposed to do in a private corporation, in coming up from the ranks. He literally pulled himself up by his bootstraps. He earned his place as head of the Department by his long and efficient service. The President was applauded for appointing someone who knew his business as did Mr. Donaldson. The President appointed him to be Postmaster General, something which was heralded throughout the Nation.

As my distinguished friend and colleague, the Senator from Louisiana has said, Mr. Donaldson has been before the committee again and again trying to do everything in his power to strengthen and improve the Post Office Department.

Mr. President, I say it is not right and just for any Senator on the floor of the Senate to criticize a man who has given a life of service to his country, and say that Mr. Donaldson should have brought about an increase in postal rates. That can be done in the du Pont Co. It can be done in General Motors. It can be done in all the big corporations of this country, where a few of the big boys can get together and determine whether they are going to give pensions or not to their employees; where a half a dozen men can determine whether to raise the price of steel $5 a ton and reduce it $4.75 next week and squeeze the American people out of millions in extra profits, as the United States Steel Corp. did.

Mr. President, the United States Government is not a corporation. There are those who would have it act as one. But I say it is a government of the people—a government dedicated to serving the people.

I think the facts are crystal clear that it is our job as a Congress to legislate, and it is not our job as a Congress to penalize individuals who are underpaid, who have not had a pay raise in two decades.

I will further say that Congress has been more liberal with itself than with the executive department. The Congress has raised its own pay. We gave ourselves $2,500 tax-exempt. We have on prior occasions lifted the salary schedule of the Congress and the classified service.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. HUMPHREY. Not yet.

The PRESIDING OFFICER. The Senator from Minnesota declines to yield.

Mr. HUMPHREY. I shall not yield at this particular moment.

Mr. President, I listened to the charge made against the postal employees. It is very easy to make charges against these fine people. Who is it that has been lobbying before the Post Office and Civil Service Committee? Who are those who do not want a raise in postal rates? Let me inform my colleagues who they are: McGraw-Hill Publishing Co., Time, Look, Life, the Saturday Evening Post, Collier's, McCall's, and the Ladies' Home Journal. The ones representing those publications do not want any raise in postal rates. Those who write editorials against subsidies, who talk about free enterprise, and how subsidies will destroy the morale of the American people are here pleading for a Federal subsidy every day. Believe me, such publications have lobbyists. They do not have a poor little business agent running around representing them on a salary of $300 a month. They have a battery of clever attorneys and public-relations men appearing before the committee and working on the committee until we are weary. They say to the committee, "If you raise the postal rates, you will drive us out of business." These free enterprisers that criticize the Fair Deal and President Truman say, "Without a subsidy, we cannot live." They do not want subsidies for the farmers. They do not want them to have any additional raise in pay for the workers. There are Senators who do not want the Government employees doing an honest job receive a decent salary. But they will be the first ones, Mr. President, to point the finger at anyone who happens to have a little job on the outside, if he is also working for the Federal Government.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I want to conclude and then I will yield.

The PRESIDING OFFICER. The Senator from Minnesota declines to yield.

Mr. HUMPHREY. Mr. President, some Members of the United States Senate have tried to have a decent salary paid to men working in the Department of Justice. In a recent case brought by the Government against the American Can Co. and the Continental Can Co., two of the biggest monopolies in this country, who have the whole market rigged, so far as tin cans are concerned, what do we find? Two or three Government attorneys drawing less than $10,000 a year are fighting dozens of highly paid corporation lawyers. Yet some may wonder why the American people are being taken for a ride.

I was chairman of a subcommittee which was trying to get a fair break for the American people against an increase in rail mail rates. The railroads of this country are asking for an 85-percent increase in railroad mail rates. How many attorneys did the Government have to help us? Two attorneys. Neither one of them were receiving as much as $10,000 a year. How many attorneys were down here representing the American Railway Association? The room was not large enough to hold them. Every railroad in America had a high-priced attorney down here fighting a little bill. Mind you, the railroads of the country would not even give the Postmaster General the information necessary to defend the public interest. It took months, as Senators know, to get a bill out that was half emasculated by the time it got out. Why? Because the Government stands helpless before powerful organizations which can bring to their service hundreds of high-priced, able, capable, and intelligent people. The Senator from Louisiana, in a spirit of fairness and compromise, grand legislator that he is, was willing to take this compromise substitute amendment to the pending bill in order to get an execu-

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tive pay bill through. In the face of his spirit of fairness, Senators come along with all the crippling, emasculating amendments they can think of. Now a few words about the budget.

There are two ways to balance the budget. One is to cut expenses, which we will not do. The other is to raise taxes. I am not talking about the little fellows, either. I happen to know, for example, that the United States Steel Corp. is making more money now than it made last year. The big corporations of the country, whose representatives are screaming against the Fair Deal, are getting fatter and fatter and richer and richer. Despite all the subsidies, and so-called inefficiency of the Fair Deal, they never made more money in their lives. From 1940 to 1948 they made $108,000,000,000 after taxes. Did anyone ever ask you what you made after taxes? There may be a few today in Washington who have been asked that question, but in Minnesota no one ever asks, "What did you make after taxes?" At least, that question is never asked among those with whom I associate—and there were enough of them to elect me to the Senate.

Look back to 1933 and the depression years. Who was down here begging for help before the ordinary people of America ever got a chance? Who were the first people to get public assistance? Thirteen billion dollars in RFC loans went to bail out the railroads, the insurance companies, and the banks. After we took care of the big fellows we said, "Perhaps we ought to provide for a school-lunch program, but not too much. Perhaps we ought to have a WPA, or a soup line, but not too much."

When any of the big outfits get into trouble they move into Washington, rent a fine suite of rooms and go after help. They do not need any 5 percenters. They have plenty of 100 percenters. They know every keyhole in town, and everyone who is behind it. So when the time comes, they get the help they need.

Either we are for good government or we are not. We do not get good government by having Government employees who are poorly paid. The best way to make a crook is to deny someone an opportunity to be an honest man. The best way to have inefficiency is to pay the kind of salaries which invite inefficiency.

What does this bill do to the budget? It adds $700,000. That is all it does. If we need the $700,000, let us tax the du Pont Co. $700,000 more. They can afford it. Or let us tax some other corporation another $700,000. It will not go out of business. Perhaps we should ask for $700,000 from the Scripps-Howard newspapers, or from the Time-Life-Fortune publications. They have been getting a subsidy. However, this $700,000 can be absorbed in existing appropriations. Senator DOUGLAS will propose such an amendment.

Those who cry the most about our Government are the ones who have benefited most. The postal employees never got rich from it.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LONG. So far about all we have been able to get from the magazines which enjoy a Government subsidy is $15,000,000 in the postal-rate bill. If the Senator from Delaware [Mr. WILLIAMS] would like to get the $700,000, I would suggest that he go along with us and help us get another $50,000,000 from the big magazines.

Mr. HUMPHREY. Why does not the distinguished Senator from Delaware [Mr. WILLIAMS] propose an amendment to increase the rates on those magazines and newspapers which have been receiving a heavy postal subsidy?

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. WILLIAMS. The Senator from Minnesota has pointed out that the magazines, Fortune and others, have been living off the Federal Government subsidies to which he referred. He voted for them, and I voted against them.

Mr. HUMPHREY. I am very sorry to remind the Senator from Delaware that so far as the junior Senator from Minnesota is concerned he did not vote for them.

Mr. WILLIAMS. I am speaking of the subsidy under the ECA, to help those magazines.

Mr. HUMPHREY. We are talking about postal rates.

Mr. WILLIAMS. I am talking about subsidies.

Mr. HUMPHREY. We are talking about whether they can use the American mail system advantageously to send their magazines through the mails.

Mr. McCLELLAN. Mr. President——

Mr. WILLIAMS. Mr. President, will the Senator further yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield, and if so, to whom?

Mr. HUMPHREY. I yield to the Senator from Arkansas.

Mr. McCLELLAN. The Senator said that we had two alternatives, either to cut expenses or to increase taxes. In all candor, in the present fiscal situation of the Government, does not the Senator agree that it will require both to balance the budget?

Mr. HUMPHREY. The Senator from Minnesota does not believe in a balanced budget at this hour, nor is he afraid to say so. Enlightened business management does not believe in a balanced budget every year. I want to join with the enlightened businessmen, and not with the radicals. The enlightened Committee for Economic Development, a committee of businessmen, recently made a public statement to the effect that they did not believe that the budget had to be balanced every year. They believe that the budget should be balanced over a period of time, but that it did not need to be balanced every year.

Mr. McCLELLAN. Mr. President, will the Senator further yield?

Mr. HUMPHREY. I yield.

Mr. McCLELLAN. I am very happy the Senator has yielded to me. The Senator says that he does not believe in a balanced budget.

Mr. HUMPHREY. No, I did not say that. I said that I did not believe in a balanced budget this year. A balanced budget can be obtained only by reduction in expenditures—which we have not done—or increased taxes, which I believe to be an unwise policy at this time.

Mr. McCLELLAN. The Senator referred to the statement of 10 or 12 college professor economists who said that we must not take a balanced budget as a criterion. I want to say to the Senator from Minnesota and to the Senate and to the people of the United States that that philosophy would wreck any government that ever existed, and if we follow it we are headed for catastrophe.

Mr. HUMPHREY. I think the record of history will reveal that there have always been those who have viewed with alarm, and seldom enough of those who have pointed with pride. When Washington was President it was said that the country was headed for catastrophe. When Jefferson was President, it was said that the country was headed for catastrophe. The same thing was said when Jackson was President. Anyone who ever amounted to anything was always leading the country into catastrophe. There are some people who have fun looking around for Mr. Catastrophe. We have never had a President who did something for the American people who was not accused of leading the Nation into disaster. That list includes Washington, Jefferson, Jackson, Lincoln, Theodore Roosevelt, Woodrow Wilson, Franklin D. Roosevelt, and Harry Truman — Republicans and Democrats. Whenever they did anything for the people they were leading the country down the road to statism, or leading it into bankruptcy. Something was always going wrong.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. FLANDERS. If I may be permitted to say so, I have an intimate knowledge of the Committee for Economic development, having been chairman of its research committee until the time when I came to the Senate. I have intimate knowledge of the meeting of the 12 professors to which reference was made, because I was present. Let me say that the Committee for Economic Development would agree, without question, that we should have a balanced budget at this time. The 12 professors agree that we should be balancing the budget at this time. I agree that we should be balancing the budget at this time.

Mr. HUMPHREY. The Senator from Minnesota will say that the Committee for Economic Development tells us that we should balance the budget, but it does not say that we should not increase taxes to do it, and possibly trim some expenses. There is a great hue and cry about taxes. Personally I do not like to vote for higher taxes nor do I favor a tax increase now. If we had not had the Eightieth Republican Congress' tax-reduction bill at a time when we had inflation—and, believe me, there is no economist in America who recommended the tax-reduction bill when we had the worst inflation we ever had—we would have had a balanced budget today.

But the theoreticians cannot predict Joe Stalin, or what the hot and cold war is going to be like. They cannot predict the necessity for arms aid. They cannot predict how we may have to step up our atomic bomb production.

In conclusion, I have been surprised, as a freshman Senator, to hear so many Senators on the floor of the Senate talk as though the world were at peace. I did not read any speeches by Senators during the war about balancing the budget at that time, when the rich were getting richer. No one told us that we ought to balance the budget then. The idea was to sell bonds—to tax, to be sure, to raise as much as possible from taxes, but to sell American bonds. Uncle Sam was selling his own bonds and undertaking to pay the interest on them.

How many Senators believe that the war is over? I think we ought to have a roll call on that question. How many people think the war is over? I am one of those who does not believe that it is over. I do not believe that it will be over until every veteran has had his wounds healed. I do not believe that the war will be over until the world has not only ceased firing but is ready to live in peace again. To talk as though the war were over shows immaturity of judgment. As a matter of fact, the war is a long way from being over. So long as there is insecurity in the world, so long as we are still rebuilding the cities of Europe, so long as we are still trying to help our own people heal up the wounds resulting from the last war, the war is not over and we cannot expect to have a normal fiscal policy.

To talk about an unbalanced budget and to talk about Federal expenditures as if they were a disease and a bad thing, when we are trying to bind up the wounds resulting from the last war and when we are investing in peace, seems to me to be a ridiculous way to talk about the fiscal policy of the Government.

I am not ashamed of the fact that I favor and have favored the Marshall plan. If we had not had the Marshall plan there would not be one free country in Europe today. I am one of those who think we should be willing to spend as much for peace as we have been willing to spend when we are beset by the sacrifices incident to engaging in war. If we were at war now there would not be a single argument against the appropriation of vast sums of money. In 1945 there was not a dissenting vote in the case of the appropriations needed for the war. Certainly if we are willing to appropriate for war, we should be willing to appropriate for peace. Even in 1942, when things did not look very good, and when things did not look very good at the time of the Battle of the Bulge, Congress kept on appropriating money, because that was the only hope.

I submit that we must take the same gamble for peace. I am not at all ashamed of the fact that I have favored the Marshall plan and the plan for arms for Europe. Not only did I favor them, but if they were brought up again I would vote for them again. Moreover, Mr. President, I am not at all ashamed of the fact that I am in favor of adequate salaries for the working people of America, salaries sufficient to enable them to pay their bills, so that we can have as strong an America and as strong a democracy as ours should be.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HICKENLOOPER. Does the Senator from Minnesota remember a time, about 7 months ago, when he was attending a private dinner given by the Cowles brothers, at one of the hotels, when the Senator from Minnesota made an impassioned plea in advocating the subsidizing of the press and of the magazines of the country, and said they performed a public service?

Mr. HUMPHREY. Yes, indeed.

Mr. HICKENLOOPER. Does the Senator remember saying at that time that the Government should subsidize those publications?

Mr. HUMPHREY. Mr. President, I am very happy that the Senator from Iowa has brought that to my attention, because the Senator from Minnesota does not think the post office is a business. I do not think the Government is a business. If it is a business, then we should get ourselves cash registers.

This is not a business. To be sure, I believe in free speech and I believe in free speech enough to believe that we have to pay the price for it. I believe we cannot expect every person on a rural mail route to pay the cost of the rural-mail delivery. There may be some Members of the Senate who would wish to have the rural-mail delivery placed on a pay-as-you-go basis; but if they take that position, let them go tell that to the folks on the rural-mail routes and lines.

I am in favor of the magazines. Many of them carry wonderful advertisements which give us fine ideas about where to go when we take a vacation—if we ever get away from here long enough so that we can take a vacation. [Laughter.]

What I said to those publishers was, "Why in the world do you keep on writing editorials about subsidies and about not wanting subsidies, when you do not object to subsidies for yourselves? There may be some persons who favor having everything in the Government conducted on a pay-as-you-go basis, and who favor having every agency and activity of the Government stand on its own feet, on a rugged individualism basis; but our people do not favor that. Today many business activities are on a subsidy basis—shipping, aviation, agriculture. Since that is so, I want to give everyone a break; and I want to help the newspapers, too. I want to help the Cowles newspapers. They are fine newspapers. As a matter of fact, Mr. Cowles is a splendid and enlightened man. I have the highest regard for him. He does not always agree with me, and I do not always agree with him; but I am perfectly willing to help him. But I do not want people who share his political philosophy to come here on the floor of the Senate and attempt to harangue the Postmaster General for being inefficient and for not having a balanced budget—as if he had anything to do about it; after all, we in Congress appropriate the money—when the Postmaster General is saying to the Cowles newspapers and to all the other newspapers and publications in America what needs to be done if we are to have free speech in America.

Mr. McFARLAND. Mr. President——

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. LUCAS. Mr. President, will the Senator yield to me?

Mr. McFARLAND. I yield.

Mr. LUCAS. I ask unanimous consent that when the business of the session this evening is concluded, the Senate stand in recess until tomorrow at 12 o'clock.

Mr. WILLIAMS. I object. I do not see any need for a recess before the vote is taken on the amendment.

Mr. LUCAS. Mr. President, if the Senator will further yield, let me say that I simply wish the record to note that one more simple unanimous-consent request made by the Senator from Illinois has been objected to.

Mr. WILLIAMS. And I also wish to have the record note that the reason why the request was made is that the Senator from Illinois knows a quorum is not present in the Senate this evening.

Mr. McFARLAND. Mr. President, I shall use only about 3 minutes' time. I wish to make a very brief statement in regard to this amendment.

As one of the sponsors of the substitute, which, of course, is a compromise, I feel it is my duty to oppose this amendment to it. I do not agree with everything that has been said on either side of the aisle in this long discussion, much of which had nothing to do with the pending amendment. But I wish to say that I think the Senator from Louisiana has been very fair. He has put forth an honest effort to help obtain a reasonable increase of salary for the top employees in the executive departments. However, his effort has not been directed solely toward an increase in salary, but it has been directed partly toward an equalization of salary.

Certainly it would be unfair to add such an amendment as the pending one to the bill, when only recently we have passed a military pay bill to which we did not add such an amendment, and only shortly before that we passed a bill increasing our own salaries, but did not add to that bill an amendment similar to the one now pending.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. McFARLAND. I yield.

Mr. LUCAS. As I recall, we voted to increase our salaries at a time when there was not a balanced budget, either.

Mr. McFARLAND. I am glad the Senator made that point.

Mr. President, I favor a balanced budget. I wish to go on record as favoring a balanced budget. I admit that I voted for a great many appropriations which perhaps other Members of the Senate thought should not have been voted for and should not have been passed by the Congress. But, likewise, I voted against a decrease in taxes. So my record has been consistent in that regard.

This evening we have agreed to a compromise which will save the people of the United States half a million dollars a year, or in 10 years will save $5,000,000. That is a substantial saving, although it is true it is not a great deal as compared to many of the large amounts the Government spends. It is very small as compared to a great many of the governmental expenditures. However, it takes the "peanuts" about which the Senator

UNIVERSITY OF MICHIGAN LIBRARIES

from Vermont was talking, to make the big sums. If we are simply to begin to say, "This amount is not very much, and is not worth bothering with," we never will have a balanced budget.

Mr. President, this is not the time to attach an amendment like the pending one to this bill. I hope that those who joined in sponsoring the compromise will help vote down the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware, offered to the amendment offered by the Senator from Colorado [Mr. JOHNSON] for himself and other Senators. On this question the yeas and nays have been ordered, and the clerk will call the roll——

Mr. LUCAS. Mr. President, if I may be recognized at this time, I think perhaps as the leader of the Democratic Members of the Senate, I should say a word or two in connection with the bill and the amendment.

The strange thing about some of this debate is that on yesterday we passed a military pay bill which will cost the taxpayers of the United States $300,000,000. There was no controversy over our action yesterday such as we are witnessing today over a little bill here involving $700,000.

Mr. WILLIAMS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Delaware?

Mr. LUCAS. I am sorry, I do not yield to the Senator. He has had the floor long enough this evening. [Laughter.] Besides, the Senator makes a speech every time he asks a question. I should like to take just a little time now, without yielding. The Senate yesterday considered a $300,000,000 pay bill, and it was passed, not by a yea-and-nay vote, but merely by a voice vote. Yet here we spend almost 2 days on a pay bill affecting the top officials in the executive branch of the Government who are charged with the responsibility of running our Nation's $40,000,000,000 business.

Mr. President, tomorrow we shall pass another bill, the postal pay bill. We saw what the House of Representatives did yesterday on that bill—only two Members of the House voted against it. I do not know how many votes there will be against it in the Senate; not very many, perhaps.

What happened last year when our Republican friends were in charge of the Congress of the United States? Did they have a pay bill at that time? Did they have an executive pay bill? Do Senators recall who introduced the pay bill? It was none other than the distinguished Senator from Ohio [Mr. TAFT] who introduced it, in June 1948. No doubt many Senators have forgotten about the bill. I did not hear all the furore over that 1948 executive pay bill that I have heard over this one tonight. There were four titles to the Taft bill. Title I increased the basic pay rates of postal employees by $450 a year. Title II provided for general increases in the salaries of classified employees, and added a new classification grade for professional and scientific employees.

This top grade, under the Classification Act, would have paid a maximum of $13,000. Title III of the Taft bill was substantially the same as the executive pay bill, which was reported by the Committee on Post Office and Civil Service. Title IV provided for increasing the pay of legislative and judicial employees. That is a brief summary of the bill, and when that bill introduced by the distinguished Senator from Ohio is analyzed and its salary increases compared with the increase in salaries contained in the bill reported by the Committee on Post Office and Civil Service, they will be discovered to be almost identical, and a substantial increase over the Johnson substitute.

Mr. IVES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from New York?

Mr. LUCAS. I yield.

Mr. IVES. The Senator from New York would like to ask the Senator from Illinois whether he does not think in all fairness to the able Senator from Ohio he should point out that at the time the able Senator from Ohio was promoting such legislation, we had a balanced budget by a large margin.

Mr. LUCAS. Oh, yes. I knew someone was going to ask that. It is true.

Mr. IVES. The Senator from New York is not out of sympathy with the Senator from Illinois on the matter. It is merely a matter of fairness to the distinguished Senator from Ohio.

Mr. LUCAS. There is no doubt about it at all. But I go back to the situation in the Senate when we raised the salaries of Senators. We did not then have a balanced budget. I heard no serious objection at that time to an increase in our own pay. I do not recall what Senators, if any, voted against raising their own salary at that time.

The Senator from Colorado raises his hand. That is an indication the Senator opposed the increase. But there were very few who voted against raising their own salaries, and there are those on the other side of the aisle who are now suggesting the offering of an amendment to this bill to increase salaries of Members of Congress at this particular time, notwithstanding the fact that we have had so much talk about the balancing of the budget—as though that were the real cause for not passing a pay bill. That is a snare and a delusion. The truth of the matter is that those on the other side of the aisle who were in favor of the Taft pay increase bill last year are tonight not in favor of a pay bill, primarily because they want, if they can, to continue to hinder and make difficult the work of the man in the White House at the present time. President Truman said the Eightieth Congress was the worst in history, and the gentlemen on the other side of the aisle have attempted to make this Congress the worst in history. I do not blame them for their attempt, as the result of what President Truman said in his campaign. He was successful. Senators on the other side have a right to play politics. But do not lay it on to economy that Senators are against the pending bill. That argument is a lot of tommyrot, Mr. President, and everyone knows it, when Senators who yesterday voted $300,000,000 to increase the military pay without a controversy tonight talk about economy on a little $700,000 bill.

Who was it who struck out title III of the Taft bill in 1948? Was it a Republican who got up and offered the motion to cut out the increase in the executive pay? No. It was a Democrat—the Senator from Virginia [Mr. BYRD]—who offered the amendment that struck out the executive pay increase at that particular time.

And why did the Senator from Ohio [Mr. TAFT] offer the bill at that time? He was right in attempting to increase these salaries. But at that time the Senator thought, as other Republicans thought, that the Republicans were going to win the election and place a Republican in the White House. The distinguished Senator from Ohio saw at that particular time that what was needed was better men in the executive branch of the Government of the United States. He wanted the person who he believed would become President to be in a position to obtain them. Perhaps the Senator from Ohio, himself, believing that he might be the man who would become President of the United States, wanted to be in a position to employ capable and competent men to operate the Government. That is the reason the Senator from Ohio introduced the bill at that particular time. It was a sound reason then, it is sound today.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. LUCAS. In a moment. What were all the people who are now objecting, doing at that time, when the bill was debated on the floor of the Senate? There was not a word of protest on the other side of the aisle. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. From all reports we heard at this time last year, is it not true that the man who thought he was going to be President, Mr. Dewey, was giving more thought and consideration at that time to whether he could get good men in executive positions for the amount allowed by the law now on the statute books, which provided $15,000 for the men that would head up his executive positions, than to anything else? Was that not giving him more trouble than anything else? He thought he was already elected. He was not worrying about the election. But he was studying whether he could get efficient men into office at the salaries provided for them. Is that not true?

Mr. LUCAS. The Senator is absolutely correct. The statement was made at various times by Governor Dewey. He had a right to talk about it, and every individual who is interested in the executive branch of the Government, with all its responsibilities, has a right to consider this very important question. Everyone knows we cannot compete with the industries of the country from the standpoint of obtaining capable executives, as a result of the insufficient salaries we pay to such executives.

Mr. President, I want to place in the RECORD at this time a chart giving a comparison of recent executive pay bills,

showing the present pay of all the heads of the different agencies. It also shows the amounts carried in House bill 1689, as it passed the House, and the amounts contained in the bill as reported in the Senate. It further shows the salaries proposed under the substitute offered by the Senator from Colorado [Mr. JOHNSON]. Finally it shows the amounts contained in the bill introduced in June 1948, by the distinguished Senator from Ohio [Mr. TAFT]. It is an interesting comparison. It will be of interest to any Senator who desires to examine it.

The PRESIDING OFFICER. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparison of recent executive pay bills

Position	Present	H. R. 1689, as passed by the House	H. R. 1689, proposed by the Senate	Substitute bill of Senator Johnson (Colorado)	Bill proposed by Senator Taft, June 1948
Sec. 1 (Senate proposal):					
Head of each executive department (Cabinet officers)	$15,000	$25,000	$25,000	$22,500	$20,000
Administrator for Economic Cooperation	20,000	20,000	25,000		
Comptroller General of the United States	12,000	20,000	20,000	15,000	18,000
Chairman, Council of Economic Advisers	15,000	20,000	20,000		
Director, Bureau of the Budget	10,000	20,000	20,000	15,000	18,000
Chairman, National Security Resources Board	14,000	20,000	20,000	15,000	
Administrator, Federal Security Agency	12,000	20,000	20,000	15,000	18,000
Administrator, Veterans' Affairs	12,000	20,000	20,000	15,000	18,000
Administrator, General Services Administration [1]	(1)	20,000	20,000	15,000	
Housing and Home Finance Administrator	16,500	18,000	20,000		18,000
Under Secretary of each executive department	10,000–12,000	20,000	20,000	15,000	18,000
Assistant to Attorney General, Justice	10,330	20,000	20,000	15,000	18,000
Solicitor General of the United States, Justice	10,330	20,000	20,000	15,000	18,000
First Assistant Postmaster General, Post Office	10,330	20,000	20,000	15,000	18,000
Sec. 2 (b) (Senate proposal):					
White House officials designated by President:					
6 administrative assistants	(1)15,000	(2)20,000	(2)20,000	(2)20,000	18,000
The executive secretary, National Security Council	(1)12,000	(3)18,000	(3)18,000	(3)18,000	16,500
5 other secretaries or other immediate assistants	(9)10,330	(7)16,000	(7)16,000	(7)15,000	15,000
	(1)10,000				
Sec. 3 (a) (Senate proposal):					
Chairman, Atomic Energy Commission	17,500	18,000	18,000		18,000
Chairman, Munitions Board	14,000	18,000	18,000	15,000	16,500
Chairman, Research and Development Board	14,000	18,000	18,000	15,000	16,500
Deputy Administrator for Economic Cooperation	17,500	18,000	18,000		
Assistant Comptroller General of the United States	10,330	18,000	18,000	14,000	16,500
Assistant Director of the Bureau of Budget	10,330	18,000	18,000	14,000	16,500
Deputy Administrator of Veterans' Affairs	10,330	18,000	18,000	14,000	16,500
Chairman, Board of Directors, Reconstruction Finance Corporation	15,000	16,000	18,000	15,000	16,500
Comptroller of Currency	15,000	16,000	18,000		
Sec. 3 (b) (Senate proposal): Director, Administrative Office United States courts	10,330	15,000	16,000	15,000	16,500
Sec. 3 (c) (Senate proposal):					
Public Printer	10,330	17,500	17,500	15,000	16,500
Librarian of Congress	10,330	17,500	17,500	15,000	16,500
Members (other than chairman) Council of Economic Advisers	15,000	17,500	17,500		
Director of Central Intelligence	14,000	17,500	17,500	15,000	
Federal Mediation and Conciliation Director	12,000	17,500	17,500	15,000	16,500
Assistant Federal Security Administrator	10,330	17,500	17,500	14,000	
Director, Federal Bureau of Investigation	14,000	17,500	17,500	15,000	
Deputy Under Secretaries of State	10,330	15,000	17,500	14,000	
Sec. 4 (Senate proposal):					
Members, Board of Governors, Federal Reserve System	15,000	16,000	16,000		
Members, Home Loan Bank Board	15,000		16,000		15,000
Public Housing Commissioner	15,000		16,000		15,000
Federal Housing Commissioner	15,000		16,000		15,000
Director of Aeronautical Research, National Advisory Committee for Aeronautics	10,330	16,000	16,000	15,000	
Members, Civil Aeronautics Board	12,000	16,000	16,000	15,000	16,500
Chairman, Board of Directors, Export-Import Bank of Washington	15,000	16,000	16,000	15,000	16,500
Members, Federal Communications Commission	10,000	16,000	16,000	15,000	16,500
Board of Directors, Federal Deposit Insurance Corporation	15,000	16,000	16,000		16,500
Members, Federal Power Commission	10,000	16,000	16,000	15,000	16,500
Members, Federal Trade Commission	10,000	16,000	16,000	15,000	16,500
Members, Interstate Commerce Commission	12,000	16,000	16,000	15,000	16,500
Members, National Labor Relations Board	12,000	16,000	16,000	15,000	16,500
Members, National Mediation Board	10,000	16,000	16,000	15,000	16,500
Members, Railroad Retirement Board	10,000	16,000	16,000	15,000	16,500
Members, Securities and Exchange Commission	10,000	16,000	16,000	15,000	16,500
Board of Directors, Tennessee Valley Authority	10,000	16,000	16,000	15,000	16,500
Members, Civil Service Commission	10,000	16,000	16,000	15,000	16,500
Chairman, U. S. Maritime Commission	12,000	16,000	16,000	15,000	16,500
Members, U. S. Tariff Commission	10,000	16,000	16,000	15,000	16,500
Members (other than Chairman) Atomic Energy Commission	15,000	16,000	16,000		16,500
General Counsel, National Labor Relations Board	12,000	16,000	16,000	15,000	16,500
Architect of the Capitol	10,330	16,000	16,000	15,000	15,000
Deputy Administrator of General Services [1]	(1)	16,000	16,000	14,000	
Sec. 5 (a) (Senate proposal):					
Housing Expediter	12,000	15,000	15,000	14,000	
Director of Selective Service	12,500	15,000	15,000	14,000	
Assistant Architect of Capitol	9,985	15,000	15,000	14,000	
Members, Displaced Persons Commission	10,000	15,000	15,000	14,000	16,500
Members, Indian Claims Commission	10,000	15,000	15,000	14,000	16,500
Members, War Claims Commission	12,000	15,000	15,000	14,000	16,500
Members, Philippine War Damage Commission	12,000	15,000	15,000	14,000	16,500
Under Secretary of Defense	14,500			20,000	
Assistant Secretary of each Executive Department	10,000–10,330	15,000	15,000	15,000	15,000
Fiscal Assistant Secretary, Department of Treasury	10,330	15,000	15,000	15,000	
Assistant Attorney General, Department of Justice	10,000–10,330	15,000	15,000	15,000	15,000
Assistant Solicitor General, Department of Justice	10,330	15,000	15,000	14,000	
Counselor, Department of State	10,330	15,000	15,000	15,000	15,000
Second, Third, and Fourth Assistant Postmasters General, Post Office	10,330	15,000	15,000	14,000	15,000
Associate Federal Mediation and Conciliation Director	10,330	15,000	15,000	14,000	
Deputy Director, Central Intelligence	10,000	15,000	15,000	14,000	
Philippine Alien Property Administrator	10,000	15,000	15,000	15,000	
Chief Assistant Librarian of Congress	10,330	15,000	15,000	14,000	15,000
Deputy Public Printer	10,330	15,000	15,000	14,000	15,000
Members (other than Chairman) Board of Directors, Export-Import Bank of Washington	12,000	15,000	15,000	15,000	16,500
Members (other than Chairman) Board of Directors, Reconstruction Finance Corporation	12,500	15,000	15,000	15,000	16,500
Members (other than Chairman) U. S. Maritime Commission	10,000	15,000	15,000	15,000	16,500
Commissioners, U. S. Court of Claims	9,707		15,000	14,000	11,270
Governors of Territories	10,000–10,330	15,000	15,000	15,000	16,500
Sec. 5 (b) (Senate proposal): Assistant Director, Administrative Office of United States Courts	9,707	10,000	15,000	14,000	15,000
Sec. 5 (c) (Senate proposal):					
Legislative counsel, House of Representatives	12,000	12,000	12,000	12,000	
Legislative counsel, Senate	12,000	12,000	12,000	12,000	

[1] Salaries for these positions have not yet been established by the President in accordance with Public Law 152, 81st Cong.

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Comparison of recent executive pay bills—Continued

Position	Present	H. R. 1689, as passed by the House	H. R. 1689, proposed by the Senate	Substitute bill of Senator Johnson (Colorado)	Bill proposed by Senator Taft, June 1948
Positions deleted by Senate Committee:					
Archivist of the United States	$10,000	$15,000		$14,000	
Administrator, Production and Marketing Administration	10,330	15,000		14,000	
Commissioner of Internal Revenue	10,330	15,000		15,000	
Director, Bureau of Prisons	10,330	15,000		14,000	
Commissioner of Public Roads	10,330	15,000		15,000	
Commissioner of Public Buildings	10,330	15,000		14,000	
Commissioner of Community Facilities	10,330	15,000		14,000	
Commissioner of Immigration and Naturalization	10,330	15,000		14,000	
Administrator of Civil Aeronautics	12,000	15,000		15,000	
Administrator, Rural Electrification Administration	10,330	15,000		15,000	
Commissioner for Social Security	10,330	15,000		14,000	
Commissioner of Reclamation	10,330	15,000		14,000	
Chief, Soil Conservation Service	10,330	15,000		14,000	
Commissioner of Customs	10,330	15,000		14,000	
Commissioner of Narcotics	10,330	15,000		14,000	
Governor, Farm Credit Administration	10,000	15,000		14,000	
Chief Forester, Forest Service	10,000	15,000		14,000	
Administrator, Farmers Home Administration	10,000	15,000		14,000	
Manager, Federal Crop Insurance Corporation	10,330	15,000		14,000	
Three special assistants to the Secretary of Defense	10,000	15,000		15,000	$15,000
Director, Bureau of Federal Supply	10,330	15,000		14,000	
Federal Works Administrator	12,000				18,000
Board of Commissioners, District of Columbia	10,000				16,500
Assistant Federal Works Administrator	10,000				16,500

Mr. LUCAS. One more word, Mr. President, and I am through.

The Senator from Louisiana [Mr. LONG] and the Senator from South Carolina, the distinguished Chairman of the Committee, have entered into a compromise with other Members of the Senate on a pay bill. It is not what I want, Mr. President; it is not as much as I believe we should have; but, nevertheless, it is an increase in salaries, and it does give some help to those persons employed in the executive branch of the Government. I hope the pay bill will pass. I hope that no emasculating amendment will be put on the bill. I plead with the Democrats as well as the Republicans who are anxious to see more efficiency in Government obtainable only by having better employees, to defeat each and every emasculating amendment, such as the one offered by the Senator from Delaware. It is an absurd and ridiculous amendment, so far as giving any increase in pay is concerned. We all know that if this amendment were adopted the pay bill would be dead. That is exactly what the Senator from Delaware wants. He wants to kill it by indirection rather than by voting against the bill directly. It is the same old story—the same type of attack we have in connection with practically every bill which comes before the Senate.

Mr. LONG. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from Louisiana.

Mr. LONG. I hope the Senator realizes that this amendment is to be offered to each pay bill, and that if Senators want to be consistent with themselves and with their country, they would have to vote for it. There are some persons who are not going to be fooled by it. The post-office workers are not going to be fooled by it. The post office workers have a way of voting, too, and they are smart enough to know that it is a move to kill their pay bill, just as it is a move to kill every pay bill.

Mr. LUCAS. It is strange that the amendment was not offered in connection with the military pay bill. I am anxious to see which Senators vote for this amendment to this particular bill and which Senators vote for the same amendment on other pay bills.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. President, I should like to reply very briefly to the Senator from Illinois [Mr. LUCAS] and the Senator from Minnesota [Mr. HUMPHREY].

I made the statement that there could be greater efficiency in the Post Office Department and every other executive department, and I stand by it. The Senator from Minnesota said he did not agree with me in my statement that the business of the Government could be compared with that of a great corporation, because he pointed out that in a corporation there are many little stockholders who have nothing to do except to hold their stock, and they cannot express their opinion. If that is his definition of a corporation, then certainly the Government is a corporation, because we are here as a board of directors, and there are 140,000,000 people outside who are paying the running expenses of the Government and who have very little to say as to how we are throwing away their money.

The business of this Government should be operated on the basis of any other business that is not spending any more money than we are taking in.

The Senator from Minnesota said he was in favor of a balanced budget some time, but not at this particular time. Well I ask, What better time than now? For 17 years that the budget has been out of balance, and it remained unbalanced until the Republican Party came into power last year. Sooner or later we shall have to balance the budget. It is true that for several years it has been predicted that if we did not balance the budget we would have trouble, but so far we have not had it. But that same warning was advanced in every country in the world, including England, and was passed by until we saw those countries go down the road to bankruptcy preceded by the deflation of their currencies. We do not want that to happen here. Unless we balance the budget, it can happen.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. WILLIAMS. I yield.

Mr. LONG. The Senator has been thinking about this for some time. If he was in favor of balancing the budget, why did he not offer his amendment when the military pay bill was being considered? Why did he not offer it to the bill providing for a $300,000,000 increase for the armed forces?

Mr. WILLIAMS. I will answer the Senator from Lousiana by saying this. What we are considering is not an amendment to a certain bill; we are considering it as a matter of policy on all civilian employees. I agree that what we do here we should be ready to carry through in connection with all civilian Federal employees—those in the armed forces are in a different category in that many of them are drafted into service.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WILLIAMS. I should like to finish, because the hour is late.

I should like to say that we are voting tonight on a matter of great importance. The question of whether we balance the budget is very important, so far as this Nation is concerned. The Senator from Minnesota [Mr. HUMPHREY] singled out corporations in my State and suggested levying special taxes against them, so that he, as a champion of the little man, could give little men some money, becouse he so loves the little man. I should like to say first that as a Delawarian we we are proud of the du Pont Co. Had it not been for corporations such as the du Pont Co. the United States of America could not have won the last war. I am not at all ashamed to stand on the floor of the Senate and defend their record during the last war or the record they have made in the development of our Nation. In my State we are proud of them and all the other great corporations which are a part of this great country of ours.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. WILLIAMS. Not at this time.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. WILLIAMS. It has been pointed out that the top officials would get a salary increase of $5,000 to $7,000 under the pending measure but the Senator from Minnesota [Mr. HUMPHREY] made much of the fact he was such a great champion of the little man. Now I want to show what some of the little men would receive under these bills supported so earnestly by the junior Senator from Minnesota [Mr. HUMPHREY].

Referring to page 16 of Report No. 847, we find that 19,000 of these little men will get an increase of only 10 cents a day. We find that another 21,617 Government employees, little men—these employees are in the lowest brackets—will get an increase of a little less than 20 cents a day. There are 150,519 little men in the lowest bracket who will get an increase of a little less than 30 cents a day.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WILLIAMS. In just a moment. Let us complete this record on just how much you think of the little men. We find that 199 of these lowest-paid employees, under the bills proposed, will get an increase of a little less than 2 cents a day. We find that 47,906 other employees will get an increase of a little less than 12 cents a day. We find that 16,728 will get an increase of approximately 24 cents a day. There is no use in kidding ourselves; these bills are primarily for the top executives. I agree that we should have a higher caliber of men in the Federal service, and the only way we can get them is to pay higher salaries. But I think we should demand of those men some service and some economies, and if they do not intend to put into effect in their departments the economies which they can put into effect, they are not entitled to a salary increase. I know of no better way than to make these increases contingent upon a balanced budget. In that way we will balance the budget for the American taxpayers, and at the same time these employees will receive their salary increases.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. FERGUSON. Is it not true that the President of the United States, if he so desired, could so cut expenses that he alone could balance the budget, and the Senator's amendment could go into effect?

Mr. WILLIAMS. Yes; and I think that the only way the budget will ever be balanced is for the President of the United States to pass the word down to the executive departments that they must cut the expenses in their departments.

Secretary of Defense Johnson has started out and is doing a wonderful job, and no one has heard me complain about what he has done, no matter how many employees he has laid off in the State of Delaware. I shall support him in his efforts, and I hope that others in the executive branch will follow his example.

Mr. President, before we vote on this amendment, I ask unanimous consent to have inserted at this place a part of the Democratic platform of 1948, and by this vote we can see whether or not they meant it.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[Excerpt from the Truman program, Democratic platform, 1948]

FISCAL POLICIES

We pledge the continued maintenance of those sound fiscal policies which, under Democratic leadership, have brought about a balanced budget and reduction of the public debt by $28,000,000,000 since the close of the war.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware [Mr. WILLIAMS]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll, and Mr. AIKEN voted in the negative when his name was called.

Mr. WHERRY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. There has been an answer by one Senator.

Mr. LANGER. A point of order. The Senator from Vermont [Mr. AIKEN] has already answered.

The PRESIDING OFFICER. The Senator from Vermont [Mr. AIKEN] having voted, there cannot be a quorum call.

Mr. WHERRY. I ask unanimous consent that a quorum call be had on this important vote.

The PRESIDING OFFICER. Is there objection?

Mr. LANGER. I object.

The PRESIDING OFFICER. The clerk will continue the call of the roll.

Mr. AIKEN. Mr. President, the unanimous-consent request does not void the vote which I cast, does it?

The PRESIDING OFFICER. It does not. The Senator from Vermont voted "nay." The minority leader, the Senator from Nebraska [Mr. WHERRY], requested a quorum call, but there was objection to it.

The legislative clerk resumed and concluded the calling of the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], the Senator from California [Mr. DOWNEY], the Senator from Louisiana [Mr. ELLENDER], the Senator from Georgia [Mr. GEORGE], the Senator from Iowa [Mr. GILLETTE], the Senator from Colorado [Mr. JOHNSON], the Senator from Tennessee [Mr. MCKELLAR], the Senator from Idaho [Mr. MILLER], the Senator from Montana [Mr. MURRAY], the Senator from Maryland [Mr. O'CONOR], the Senator from Virginia [Mr. ROBERTSON], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Utah [Mr. THOMAS] are necessarily absent.

The Senator from North Carolina [Mr. GRAHAM] is absent by leave of the Senate.

The Senator from Mississippi [Mr. EASTLAND] is absent because of illness.

The Senator from North Carolina [Mr. HOEY] is absent on public business.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], the Senator from North Carolina [Mr. GRAHAM], the Senator from Montana [Mr. MURRAY], the Senator from Maryland [Mr. O'CONOR], and the Senator from Utah [Mr. THOMAS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from Ohio [Mr. BRICKER], the Senator from Washington [Mr. CAIN], the Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate. If present and voting, the Senator from Ohio [Mr. BRICKER], the Senator from Washington [Mr. CAIN], and the Senator from Pennsylvania [Mr. MARTIN] would each vote "yea."

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from Ohio [Mr. TAFT] who is necessarily absent is paired with the Senator from Oregon [Mr. MORSE] who is also necessarily absent. If present and voting, the Senator from Ohio would vote "yea" and the Senator from Oregon would vote "nay."

The senior Senator from Indiana [Mr. CAPEHART] and the junior Senator from Indiana [Mr. JENNER] are absent on official business.

The Senator from New Jersey [Mr. HENDRICKSON] is detained on official business and is paired with the Senator from Maine [Mrs. SMITH] who is necessarily absent. If present and voting, the Senator from New Jersey would vote "yea" and the Senator from Maine would vote "nay."

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Wisconsin [Mr. MCCARTHY] and the Senator from Kansas [Mr. REED] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

The result was announced—yeas 17, nays 39, as follows:

YEAS—17

Bridges	Frear	Millikin
Butler	Gurney	Mundt
Byrd	Hickenlooper	Watkins
Cordon	Kem	Wherry
Ecton	McClellan	Williams
Ferguson	Malone	

NAYS—39

Aiken	Douglas	Hayden
Anderson	Flanders	Hill
Chapman	Fulbright	Holland
Donnell	Green	Humphrey

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Ives	Lucas	Russell
Johnson, Tex.	McFarland	Saltonstall
Johnston, S. C.	McMahon	Schoeppel
Kerr	Magnuson	Sparkman
Kilgore	Maybank	Stennis
Knowland	Myers	Taylor
Langer	Neely	Thye
Leahy	O'Mahoney	Withers
Long	Pepper	Young

NOT VOTING—40

Baldwin	Hendrickson	O'Conor
Brewster	Hoey	Reed
Bricker	Hunt	Robertson
Cain	Jenner	Smith, Maine
Capehart	Johnson, Colo.	Smith, N. J.
Chavez	Kefauver	Taft
Connally	Lodge	Thomas, Okla.
Downey	McCarran	Thomas, Utah
Dulles	McCarthy	Tobey
Eastland	McKellar	Tydings
Ellender	Martin	Vandenberg
George	Miller	Wiley
Gillette	Morse	
Graham	Murray	

So Mr. WILLIAMS' amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOUGLAS. I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert a new section as follows:

SEC. 8. The head of each department or independent agency in the executive branch of the Government, having personnel subject to the provisions of this act, is authorized and directed to absorb the increased costs during the fiscal year 1950 resulting from the enactment of this act within any unobligated or unexpended balances in appropriations available to such department or independent agency. For the purposes of the foregoing, in cases where current appropriations have not yet become law, the fiscal year 1950 appropriations shall be considered to be the lesser of the amounts passed by the Senate or House of Representatives as of September 28, 1949.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois.

Mr. DOUGLAS. Mr. President, the proposal is self-evident. It seeks to absorb the $700,000 or more of increases which are provided in the Johnson-McFarland amendment by decreases in the pay rolls or other expenses in the departments where these increases have been given, so that if this amendment is put into effect there will be no increase in the total budget. This can obviously be done very easily. It will not require that anyone be fired. It can be done merely by not filling some of the vacancies.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. SALTONSTALL. The Senator has said the amount will come from decreases in the pay rolls. Does the amendment confine this unused appropriation to pay rolls alone, or to all the appropriations of the departments?

Mr. DOUGLAS. The Senator is correct. According to the wording of the amendment the savings will not be confined purely to payments for personal services.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS].

Mr. WHERRY and other Senators asked for the yeas and nays, and they were ordered.

Mr. LONG. Mr. President, in view of the fact that only $700,000 is involved, the committee would be glad to accept the amendment and take it to conference. I do not think it is necessary for Senators to go on record as voting on the amendment, as the committee will gladly take it to conference.

Mr. GURNEY. Mr. President, I should like to ask the Senator from Illinois what the last sentence in the amendment means. I fear that it may result in a continuing appropriation.

Mr. DOUGLAS. The intention was to cover those appropriations which have not yet been passed by the two bodies.

Mr. GURNEY. For the RECORD let me read the last sentence in the Senator's amendment:

For the purposes of the foregoing, in cases where current appropriations have not yet become law, the fiscal year 1950 appropriations shall be considered to be the lesser of the amounts passed by the Senate or House of Representatives as of September 28, 1949.

Mr. DOUGLAS. I propose to eliminate the last sentence. There is some ambiguity in that language.

The PRESIDING OFFICER. Does the Senator from Illinois ask unanimous consent to eliminate that language?

Mr. WHERRY. Mr. President, the Senator can modify his own amendment by withdrawing the language.

The PRESIDING OFFICER. The Senator cannot modify his amendment except by unanimous consent, because the yeas and nays have been ordered.

Mr. WHERRY. That is true. Mr. President, I ask unanimous consent that the Senator be permitted to modify his amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment is modified as requested by the Senator from Illinois.

The yeas and nays have been ordered.

Mr. LUCAS. Mr. President, the Senator from Louisiana is willing to take the amendment to conference, so apparently there is no reason for the yeas and nays.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the order for the yeas and nays be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question is on the amendment offered by the Senator from Illinois [Mr. DOUGLAS], as modified.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 15, before the word "seven", it is proposed to strike out the word "and"; and at the end of the same line it is proposed to strike out the period, insert a comma, and the following: "and two legislative assistants at rates not exceeding $12,500 per annum."

Mr. SPARKMAN. Mr. President, the amendment relates to that part of the bill which has to do with the staff members of the White House. It relates to the two legislative assistants to the President. Those positions were created by Executive order after the President had sent the message to the Congress asking for the pay increase, and therefore when the bill was studied by the committee the two positions were not included. The ones occupying those positions now receive $10,000 each, which is the same amount the administrative assistants to the President receive. The substitute raises the pay of the administrative assistants to $15,000. My amendment seeks to raise the pay of the two legislative assistants to $12,500.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama [Mr. SPARKMAN].

Mr. McFARLAND. Mr. President, I wish to call the attention of the Senate to the fact that these two amendments were not included in the original bill. If we begin to add individuals who are not included in the original bill, after we have voted to adopt the compromise amendment, I do not know when we will complete action on the bill. Several Senators have spoken to me about various employees whose salaries they would like to see increased, but who have been omitted. There are some whose salaries I should like to see increased. But if we must compromise we must compromise, and if we do not hold ourselves down to the compromise I do not know when we will get through. Senators have come to me and said, "If you will vote for this proposal I shall offer my proposal." The result will be that we will be back where we were originally. I think we ought to vote down such amendments. We gave the White House what it asked for with one exception, and that is we made a cut from $16,000 to $15,000 in the case of the seven assistants. Otherwise it is exactly what was requested.

Mr. LONG. Mr. President, will the Senator yield?

Mr. McFARLAND. I yield.

Mr. LONG. I am in sympathy with much of what the Senator has to say. However, I suggest to him that there was an oversight both in the House and in the Senate. Unlike the other Federal workers, these workers are not classified. The others could be increased to $12,500, under the classification bill as it is proposed to be passed. I am thinking of all the other workers with respect to whom representations have been made by the Senator from Arizona and the Senator from Louisiana. All of them can be taken care of under the classification bill if it is passed.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. McFARLAND. I yield.

Mr. JOHNSTON of South Carolina. I invite the attention of the Senator to the fact that these two positions have been created since the bill was introduced in the House and since the committee held hearings. That is the only

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reason why I would favor adding these two positions.

Mr. McFARLAND. Mr. President, I talked with some of those at the White House, and no one said anything to me about these two men. It was a late hour in the day when they made up their minds that they wanted an increase for these positions. I do not know whether the President wants it or whether he is opposed to it. If we start making additions, I do not know where we will end. I should like to see these workers receive a raise, but we must hold the line or we shall be back where we started.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. SPARKMAN] to the Johnson substitute for the committee amendment.

Mr. SPARKMAN. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. CONNALLY], the Senator from California [Mr. DOWNEY], the Senator from Louisiana [Mr. ELLENDER], the Senator from Georgia [Mr. GEORGE], the Senator from Iowa [Mr. GILLETTE], the Senator from Colorado [Mr. JOHNSON], the Senator from Tennessee [Mr. McKELLAR], the Senator from Idaho [Mr. MILLER], the Senator from Montana [Mr. MURRAY], the Senator from Maryland [Mr. O'CONOR], the Senator from Virginia [Mr. ROBERTSON], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Utah [Mr. THOMAS] are necessarily absent.

The Senator from North Carolina [Mr. GRAHAM] is absent by leave of the Senate.

The Senator from Mississippi [Mr. EASTLAND] is absent because of illness.

The Senator from North Carolina [Mr. HOEY] is absent on public business.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. McCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

I announce further that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], the Senator from Montana [Mr. MURRAY], and the Senator from Utah [Mr. THOMAS] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from Ohio [Mr. BRICKER], the Senator from Washington [Mr. CAIN], the Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from Ohio [Mr. TAFT] and the Senator from Oregon [Mr. MORSE] are necessarily absent.

The senior Senator from Indiana [Mr. CAPEHART] and the junior Senator from Indiana [Mr. JENNER] are absent on official business.

The Senator from New Jersey [Mr. HENDRICKSON], and the Senator from Wisconsin [Mr. WILEY] are detained on official business.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Vermont [Mr. FLANDERS], the Senator from Wisconsin [Mr. McCARTHY], the Senator from Kansas [Mr. REED], and the Senator from Maine [Mrs. SMITH] are necessarily absent. If present and voting, the Senator from Maine [Mrs. SMITH] would vote "yea."

The result was announced—yeas 28, nays 26, as follows:

YEAS—28

Aiken	Johnson, Tex.	Neely
Bridges	Johnston, S. C.	O'Mahoney
Chapman	Kerr	Pepper
Cordon	Langer	Saltonstall
Douglas	Leahy	Sparkman
Green	Lucas	Taylor
Hill	McMahon	Thye
Holland	Magnuson	Withers
Humphrey	Maybank	
Ives	Myers	

NAYS—26

Anderson	Hickenlooper	Mundt
Butler	Kem	Russell
Byrd	Kilgore	Schoeppel
Donnell	Knowland	Stennis
Ecton	Long	Watkins
Ferguson	McClellan	Wherry
Fulbright	McFarland	Williams
Gurney	Malone	Young
Hayden	Millikin	

NOT VOTING—42

Baldwin	Gillette	Morse
Brewster	Graham	Murray
Bricker	Hendrickson	O'Conor
Cain	Hoey	Reed
Capehart	Hunt	Robertson
Chavez	Jenner	Smith, Maine
Connally	Johnson, Colo.	Smith, N. J.
Downey	Kefauver	Taft
Dulles	Lodge	Thomas, Okla.
Eastland	McCarran	Thomas, Utah
Ellender	McCarthy	Tobey
Flanders	McKellar	Tydings
Frear	Martin	Vandenberg
George	Miller	Wiley

So Mr. SPARKMAN's amendment to the Johnson substitute for the committee amendment was agreed to.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The amendment to the substitute for the committee amendment is open to further amendment.

Mr. MAYBANK. Mr. President, I have an amendment at the desk in connection with the Federal Reserve Board. It is an amendment which is unanimously recommended by the Committee on Banking and Currency. It provides increases in salaries for the Chairman of the Federal Reserve Board and the Governors of the Federal Reserve Board. The cost to the American taxpayers will be not one cent. The bankers will pay the cost.

Some time ago a similar amendment to the original bill was submitted by the distinguished Senator from Minnesota [Mr. THYE]. I offer this amendment with the unanimous approval of the Committee on Banking and Currency and because of the request of the bankers of the United States, so that the Federal Reserve Board's prestige may not be impaired.

I ask that my amendment be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from South Carolina to the substitute for the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 1, after the word "That", insert "(a)".

On page 2, line 2, strike out "and" and insert in lieu thereof a comma and after "Secretary of Defense" insert ", and of the Chairman of the Board of Governors of the Federal Reserve System".

On page 2, between lines 3 and 4, insert a new subsection as follows:

(b) The rate of basic compensation of the members (other than the Chairman) of the Board of Governors of the Federal Reserve System shall be $20,000 per annum.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina to the substitute for the committee amendment.

Mr. MAYBANK. Mr. President, I realize that the hour is late. I do not intend to discuss the amendment at any length.

Earlier in the day I placed in the RECORD a letter from the bankers of the United States in favor of paying increased salaries to the Chairman and other members of the Federal Reserve Board.

I do not request a yea-and-nay vote on this amendment; I do not wish to delay the Senate. My only request is that those in charge of the bill take the amendment to conference, because in view of the present monetary situation in the world, I believe that the Federal Reserve Board is of outstanding importance to the welfare of our country and of the world as a whole.

Mr. President, I shall conclude my remarks in a moment because, of course, the hour is late.

I merely wish to state that this amendment is submitted by me with the unanimous approval of the Banking and Currency Committee, after the bankers of the United States and other persons interested in the welfare of the Federal Reserve Board and in the credit of the United States went on record favoring such an increase in the salaries of the members of the Federal Reserve Board, realizing that the Federal Reserve Board and its Governors set the fiscal policies and the policies governing the money exchanges in this changing world.

So I ask that those in charge of the bill take the amendment to conference, and there study it and consult with those who are interested in the welfare of America. Of course it should be pointed out that not a nickel of the taxpayers' money will be used to pay any of these salaries; the salaries of the Board of Governors of the Federal Reserve System are paid by the banks participating in that System.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. LANGER. How many of the directors would receive a salary of $22,500, under the terms of the amendment?

Mr. MAYBANK. Only the Chairman of the Federal Reserve Board.

Mr. LANGER. What does the amendment propose in regard to the salaries of

the other members of the Board of Governors of the Federal Reserve System?

Mr. MAYBANK. Under the amendment, only the Chairman would receive a salary of $22,500. The governors coming from the six or seven districts throughout the United States, who are the Governors of the Federal Reserve System, and who meet in Washington and set the policies, would be paid $20,000, under the amendment.

Mr. LANGER. Would the Senator mind stating to the Senate in a few words—I realize that the hour is late—just how such increased salaries would be paid without costing the taxpayers of the United States anything?

Mr. MAYBANK. Of course the matter is somewhat involved, because the bankers pay taxes. But the Governors of the Federal Reserve System are paid and the Federal Reserve System is run by means of collections from the banks throughout the United States that participate in the Federal Reserve System and pay certain fees. The bankers of the United States have asked that this increase be made in these salaries; and the bankers pay the fees.

For instance, the banks in North Dakota who participated in the Federal Reserve System pay such fees. The money represented by the fees may be obtained from other sources, but the banks pay the fees.

Mr. LANGER. In other words, under this amendment, the fees charged to the bankers in North Dakota will be increased; is that correct?

Mr. MAYBANK. No; there will be no increase in the fees. In North Dakota there is a great surplus resulting from the payment of such fees. The crops in North Dakota have been good, just as the crops in South Carolina have been.

Mr. LANGER. The whole arrangement sounds like legerdemain, to me.

Mr. MAYBANK. I say to my good friend the Senator from North Dakota that the members of the committee are unanimous about this matter. We have had fairly good crops in the past few years, and we hope we shall have even better ones in future years.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. SALTONSTALL. What is the present salary of the Chairman of the Federal Reserve Board and the other members of the Board of Governors?

Mr. MAYBANK. If this amendment is not adopted, the salary will be $16,000 a year, according to the compromise.

Mr. THYE. The present salary is $15,000.

Mr. MAYBANK. The Senator from Minnesota is correct; the compromise for the committee amendment calls for a salary of $16,000 for these officials of the Federal Reserve System, and that will be the salary which they will receive unless my amendment is adopted.

Mr. THYE. If the compromise substitute for the committee amendment goes into effect, the salaries for these officials will be $16,000. However, their present salaries are $15,000.

Mr. MAYBANK. That is correct. And my amendment will increase their salaries to $20,000, to be paid by the banks.

Mr. SALTONSTALL. Mr. President, if we adopt the substitute, which calls for salaries of $16,000 for these officials, the Board of Governors of the Federal Reserve System will be paid salaries in line with the salaries of other officials whose salaries will be increased as a result of this measure. Is that correct? The substitute for the committee amendment called for salaries of $16,000 for these officials, and now the Senator from South Carolina has proposed an amendment to increase those salaries to $20,000.

However, if the salaries of the top officials in the executive branch of the Government are to be established at $17,500, then the Members of the Board of Governors of the Federal Reserve System should not be paid salaries in excess of that amount.

Mr. MAYBANK. I will not say that. Of course, I was presiding at the committee meeting, and did not have a chance to study the proposal to decrease the salaries originally proposed.

I may say that unless my amendment is adopted to the substitute for the committee amendment the salaries for the members of the Federal Reserve Board will be lower than they should be. My amendment would only put their salaries in the category in which they should be, making them comparable to the salaries of the Comptroller General and similar Government officials.

Mr. THYE. Mr. President, this amendment is a good one, and I hope it will be accepted.

Senators perhaps will recall that when I offered the first amendment, the Senator from Georgia [Mr. GEORGE] also expressed the hope that the amendment would be approved. So I certainly hope my colleagues will concur and adopt the amendment.

Mr. McFARLAND. Mr. President, this is just another example of what will happen if we begin to depart substantially from the compromise. Already some Members of the Senate have said that the thing to do is to move to recommit the bill.

We already have entered into a compromise. I do not speak against an increase in the salaries of the members of this particular board or agency, but I point out that we have worked out a compromise, and now it is a question of either putting the compromise into effect or abandoning it.

If we are going to have the compromise, we must adhere to it. Several Senators have said that they have amendments to offer. If we begin to adopt amendments to the compromise, soon we shall find that we have adopted so many amendments to it that we shall have wasted all this time, for at that point we shall find that we are trying to write the bill on the floor of the Senate. If that is to be done, we might just as well begin to consider a motion to recommit the bill.

Mr. LONG. Mr. President, if we are to pass the bill, we shall have to stay as close as possible to the compromise which has been offered. I am frank to say that a number of Senators who joined in the compromise felt that it was about as far as they would be willing to go in respect to a pay raise bill.

If we begin to add amendments to the compromise—amendments offered first by one Senator and then by another, perhaps in many cases offered by Senators who have no intention of voting for the bill on the final vote—I am fearful that we shall not be able to pass any bill on this subject.

Under the compromise, no one except a few members of the White House group and a mere handful of the persons around the President and the President's Cabinet would receive salaries of over $15,000, unless they are already being paid more than that.

But this amendment would put the salaries of the members of the Federal Reserve System above the salaries of all other Government employees. So far as I know, everyone who has called upon me regarding the question of increasing the salaries of the officials of the Federal Reserve System is worried, not about offending those officials, but the concern is that they shall not be paid smaller salaries than other Government officials are paid.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MAYBANK. The Senator from Louisiana is absolutely correct. The governors of the Federal Reserve System are not interested in the salaries they are paid, but the bankers of the United States are concerned with the prestige of the Federal Reserve Board throughout the world.

Mr. LONG. I would say that the members of the Board of Governors of the Federal Reserve System already are receiving salaries as large as the salaries of United States Senators. They are receiving salaries larger than most Government salaries; in fact, their salaries are as large as any paid in the Government, except those paid the members of the President's Cabinet. I think that is sufficient for them.

So I think we should agree on a bill which can be passed.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina to the substitute for the committee amendment.

Mr. LANGER. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. SPARKMAN. Mr. President, I have a great deal of sympathy with the statements which have been made about adopting amendments in covering individual cases. At the same time, I understand the position of the able chairman of the Banking and Currency Committee, in asking that the pay increase be given to members of the Federal Reserve Board.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. SPARKMAN. Just a minute, and I will yield. I want to say, however, inasmuch as the able chairman of the Banking and Currency Committee has presented the amendment, I feel that in all fairness I should offer an amendment to his amendment, and at this time I move to amend the amendment proposed

by the Senator from South Carolina, so as to include, on a parity with members of the Board of the Federal Reserve System, the members of the Board of Directors of the Federal Deposit Insurance Corporation.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I offer that amendment at this time.

Mr. MAYBANK. Mr. President, will the Senator yield? The Senator is taking very unfair advantage of me. His amendment was rejected in the committee. I offered this amendment, because the committee had ordered me to do so.

Mr. SPARKMAN. Mr. President, I have the floor. Let me state——

The PRESIDING OFFICER. Just a moment. The clerk will state the amendment. Does the Senator from Alabama have the amendment in writing?

Mr. SPARKMAN. No, I do not; because I do not have the amendment of the Senator from South Carolina in writing.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama to the amendment offered by the Senator from South Carolina.

Mr. SPARKMAN. Mr. President, let me say, with all due deference to the able chairman of the committee, I am not disputing him. What he has said is correct. The matter was brought up in the Banking and Currency Committee at the meeting a few days ago. The chairman will recall I said at the time that if the amendment were offered to include members of the Federal Reserve Board I felt bound to offer one to raise the salaries of the members of the Board of the Federal Deposit Insurance Corporation.

Mr. MAYBANK. The Senator offered the amendment in committee.

Mr. SPARKMAN. I did, and it lost on a tie vote. The amendment offered by the chairman was carried by a vote of 5 to 4. That is the way it was—a tie vote on the amendment affecting the Federal Deposit Insurance Corporation Board and the amendment affecting the Federal Reserve Board carried by a vote of 5 to 4.

Mr. MAYBANK. Mr. President, if the Senator will yield, was any bankers' organization going to pay the money?

Mr. SPARKMAN. Yes. Mr. President, since my good friend, the able Senator from South Carolina has brought it up, let me say that exactly the same people who pay the fees with which members of the Federal Reserve Board are paid, pay a fee with which members of the Federal Deposit Insurance Corporation are paid.

Mr. MAYBANK rose.

Mr. SPARKMAN. Let me finish my statement, please. I want to read to the Senate a telegram from the American Bankers' Association on the subject. It was addressed to me, and I am sure every other member of the Banking and Currency Committee received a similar telegram. Mr. President, may we have order? I think it is important that Senators hear this telegram.

The PRESIDING OFFICER. The Senate will be in order. All conversation on the Senate floor will cease.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LUCAS. I should like to announce that, the moment we vote on these two amendments, we shall take a recess until tomorrow, provided Senators agree with me to do that. I merely advise Senators to that effect.

Mr. SPARKMAN. Mr. President, I certainly am eager to hurry along, but I do want to read the telegram, and I hope Senators will listen to it. It reads as follows:

WASHINGTON, D. C., *September 27, 1949.*

Hon. JOHN J. SPARKMAN,
United States Senate:

In the consideration of H. R. 1689 and S. 498 the American Bankers Association favors the maintenance of parity as to compensation as between the Board of Governors of the Federal Reserve System and the directors of the Federal Deposit Insurance Corporation. Including the Comptroller of the Currency who is a director of the Corporation. The Federal Reserve System and the FDIC and the office of the Comptroller of the Currency are operated without the employment of any Government funds. Maintenance of the Federal Reserve System and the Federal Deposit Insurance Corporation, including the Comptroller of the Currency on a parity basis as to their compensation is very important. If the compensation of the Board of Governors is to be increased then the compensation of the FDIC directors and the Comptroller of the Currency should also be adjusted in order to maintain parity of compensation. The American Bankers Association favors any adjustment of compensation for all three agencies just so parity of compensation is maintained. It is sincerely hoped that Congress will maintain this parity which we believe is in the public interest.

EVANS WOLLEEN, Jr.,
President, American Bankers Association.

Mr. President, let me say that at this time members of the Board of the Federal Deposit Insurance Corporation and members of the Federal Reserve Board receive exactly the same pay.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. FERGUSON. The telegram does not necessarily advise that we increase the salaries, does it?

Mr. SPARKMAN. Not at all.

Mr. FERGUSON. It says that if they are increased, the two boards and the Comptroller of the Currency should be on a parity, does it not?

Mr. SPARKMAN. Yes.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MAYBANK. With deep respect and admiration for my colleague and associate on the Banking and Currency Committee, I merely want to say I appreciate what he has said about the Federal Deposit Insurance Corporation. I believe in the FDIC. I knew Mr. Crowley when he organized the FDIC. I have only the utmost respect and regard for his thoughts. But I want to remind my distinguished friend from Alabama that only last year we raised the pay of each member of the FDIC Board $5,000. The Senator will not disagree with me on that.

Mr. SPARKMAN. That is correct.

Mr. HOLLAND. Mr. President, will the Senator from Alabama yield for a question?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Florida?

Mr. SPARKMAN. I yield.

The PRESIDING OFFICER. The Chair is going to invoke the rule now that a Senator may yield for a question only.

Mr. SPARKMAN. I yield.

Mr. HOLLAND. Mr. President, my question to the distinguished Senator from Alabama is this: Does he not realize that the amendment proposed by the distinguished chairman of the Banking and Currency Committee was drawn up to be offered to, and was designed to apply to the committee substitute, which would have fixed the salaries of Cabinet members at $25,000 instead of $22,500, so that the amendment would not accomplish the purpose intended, if adopted as an amendment to the substitute bill which the Senate has now accepted.

Mr. SPARKMAN. Of course, at the time the able Senator drew the amendment, only the committee bill was pending. As I understood, he amended the amendment so as to make it fit the substitute.

Mr. MAYBANK. No; I modified it——

The PRESIDING OFFICER. The Senate will be in order. We shall follow the regular order. The Senator from Alabama has yielded for a question only.

Mr. SPARKMAN. Mr. President, the Senator propounded a question. I have said it is true the amendment was drawn to fit the original bill, but was so modified as to make it applicable as I understand to the substitute. So that, as it now stands, according to my understanding, the Chairman of the Board would get $22,500 and the members of the Board would get $20,000 each. I am not asking to change the part relating to the Chairman at all, but what I am proposing to do is to so amend it that the three members of the Federal Deposit Insurance Corporation, one of whom is the Comptroller of the Currency, will draw the same amount of pay the members of the Federal Reserve Board will draw. I do not offer it to affect the Chairman's pay at all.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield for a question.

Mr. MAYBANK. I want to ask the Senator a question. Does the Senator from Florida have the amendment which I offered this morning, or does he have——

Mr. SPARKMAN. I assume he has the amendment which is lying on the table, and the only one which has been printed.

Mr. HOLLAND. Mr. President, may I say for the information of the distinguished Senator that I went to the legislative clerk and got the amendment which was read, and examined it. The figures in the amendment showed a proposed salary for the Chairman of the Federal Reserve Board of $22,500, which is identical with the provision for Cabi-

UNIVERSITY OF MICHIGAN LIBRARIES

net officers, and for the members of the Federal Reserve Board, $20,000. The amendment seems to have been drawn to be offered at the time the committee substitute was presented.

Mr. MAYBANK. The Senator is correct.

Mr. SPARKMAN. Mr. President, the Senator from Michigan [Mr. FERGUSON] was absolutely correct when he said that the recommendation of the American Bankers Association is not necessarily in favor of an increase in salary, but for the maintenance of parity.

I should like to say a word about the responsibilities of the two systems. Many people have the idea that there is a great deal more responsibility on the part of Federal Reserve Board members than there is on the part of Federal Deposit Insurance Corporation members. Just the opposite is true. There are 14,000 banks which are insured under the Federal Deposit Insurance Corporation. The deposits total $153,000,000,000. They represent the deposits of 90,000,000 Americans. Those are the banks which are under the supervision of the Federal Deposit Insurance Corporation.

Let us see about the examination of the accounts. It is understood that the national banks are examined under the supervision of the Comptroller of the Currency. State banks which are members of the Federal Reserve System are examined by Federal Reserve examiners, but all other nonmember State banks which are insured in the Federal Deposit Insurance Corporation are examined by the Federal Deposit Insurance Corporation's examiners. The Comptroller of the Currency examines 4,987 banks. The Federal Deposit Insurance Corporation examines 6,711 banks. The Federal Reserve Board examines 1,913 banks.

If Senators will look at the House report, they will see that there are only 545 employees of the Federal Reserve Board, with a budget of $3,357,000. If they will compare that with the Federal Deposit Insurance Corporation, it will be seen that there are twice as many employees, 1,065, with a budget of $5,546,000. It will be found that there is more work, more responsibility, more banks to supervise, more banks the accounts of which have to be examined, more intimate contact with the average everyday person all over the country, on the part of the Federal Deposit Insurance Corporation, than there is in connection with the Federal Reserve Board, which, after all, does not have intimate contacts with the people, but operates only through the 12 Federal Reserve banks.

Mr. President, I am not arguing against the Federal Reserve Board. I want to make that clear. What the able Senator from South Carolina has said is correct, that the banks of the country pay for the service out of the fees levied on them. But the same thing is true of the Comptroller of the Currency, and the same thing is true of the Federal Deposit Insurance Corporation. I simply say to the Senators that the American Bankers Association, which works with these organizations and with the banks, recommends that parity be maintained among the three different agencies having to do with banks.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. SPARKMAN. In a moment.

I say that, measured in any way we want to measure it, the Federal Deposit Insurance Corporation is certainly entitled at least to parity with the Federal Reserve Board. That is all my amendment seeks to accomplish.

I now yield to the Senator from Arizona.

Mr. McFARLAND. The truth of the matter is that the people who borrow the money pay for it, do they not?

Mr. SPARKMAN. It is paid for by fees levied on the banks.

Mr. McFARLAND. The banks get their money from people who borrow money from them, do they not?

Mr. SPARKMAN. If interest is earned, of course.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. McCLELLAN. Will the Senator please state what he is recommending in his amendment?

Mr. SPARKMAN. I am recommending that the same treatment be accorded the members of the Federal Deposit Insurance Corporation, the three Directors, as will be accorded the members of the Federal Reserve Board. If, under the amendment of the Senator from South Carolina, Senators are going to vote for the Maybank amendment, then they should vote for my amendment. I do not ask Senators to support my amendment and not support the amendment offered by the Senator from South Carolina, but I ask for parity. The Maybank amendment would give $22,500 to the Chairman of the Federal Reserve Board and $20,000 to each member. I am not asking to disturb the chairmanship, but I think we should give $20,000 to each Director of the Federal Deposit Insurance Corporation.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MAYBANK. I desire to make it very clear to the Senate tonight that there is no Maybank amendment. I never suggested any increase for any Government employee or anyone else. I offered the amendment as the chairman of the Banking and Currency Committee, in the name of the committee. I offered it because the committee asked me to offer it, not because I wanted to do it, because I was against the bill when it came to the Senate. I thought it was outrageous in the increases for which it provided. I offered the amendment purely and simply because the committee asked me to offer it.

The PRESIDING OFFICER. The Senator from Alabama has the floor and he yielded only for a question.

Mr. MAYBANK. Mr. President——

SEVERAL SENATORS. Vote! Vote!

Mr. MAYBANK. Mr. President, I have great affection for the Senator from Alabama, and I have nothing against the Federal Deposit Insurance Corporation. I have nothing against the Senator's amendment, but the amendment which I offered was offered because the committee asked me to offer it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama to the amendment offered by the Senator from South Carolina. (Putting the question.)

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from South Carolina. (Putting the question.)

The amendment was rejected.

Mr. LUCAS. Mr. President, may I inquire as to the number of amendments that remain?

Mr. FERGUSON. The junior Senator from Michigan has one.

Mr. LUCAS. The Senator from Arkansas has one, and the Senator from Michigan has one——

Mr. BRIDGES. The Senator from New Hampshire has three.

Mr. WHERRY. Mr. President, I checked a moment ago, and there are seven or eight amendments.

The PRESIDING OFFICER. There are 16 amendments on the table.

RECESS

Mr. LUCAS. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 12 o'clock midnight), the Senate took a recess until tomorrow, September 29, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 28 (legislative day of September 3), 1949:

DIPLOMATIC AND FOREIGN SERVICE

The following-named persons, now Foreign Service officers of class 2 and secretaries in the diplomatic service, to be also consuls general of the United States of America:

Jacob D. Beam, of New Jersey.
John F. Huddleston, of Ohio.
Charles F. Knox, Jr., of New Jersey.

The following-named persons, now Foreign Service officers of class 3 and secretaries in the diplomatic service, to be also consuls general of the United States of America:

Walter P. McConaughy, of Alabama.
William A. Smale, of California.
Kenneth J. Yearns, of the District of Columbia.

William C. Affeld, Jr., of Minnesota, now a Foreign Service officer of class 4 and a secretary in the diplomatic service, to be also a consul of the United States of America.

The following-named persons, now Foreign Service officers of class 5 and secretaries in the diplomatic service, to be also consuls of the United States of America:

David I. Ferber, of Arizona.
Merlin E. Smith, of Ohio.

The following-named Foreign Service reserve officers to be secretaries in the diplomatic service of the United States of America:

Joseph Leeming, of Massachusetts.
E. Wilder Spaulding, of Connecticut.

William D. Wright, of Tennessee, a Foreign Service reserve officer, to be a consul of the United States of America.

The following-named Foreign Service staff officers to be consuls of the United States of America:

Robert C. Johnson, Jr., of Pennsylvania.
George D. Whittinghill, of New York.

COLLECTOR OF CUSTOMS

James E. Manahan, of St. Albans, Vt., to be collector of customs for customs collection district No. 2, with headquarters at St. Albans, Vt. (Reappointment.)

HOUSE OF REPRESENTATIVES

WEDNESDAY, SEPTEMBER 28, 1949

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, the ruler of the world's destiny, speak to us today in the sacred silences of our thoughts. Clear our judgments and reveal unto us our whole duty, and charge us fearlessly to follow the truth.

Blessed Lord, hearken unto the cry of our Nation's needs, and shed Thy light upon all perplexed problems; let Thy peace penetrate the clouds of controversy and touch and brighten every industry. There is no wrong that cannot be righted and no strife that cannot be solved by free obedience to our Christian principles.

We pray in the name of Him who walked the troubled waters of sin and sorrow and opened the way to wider horizons of strength and attainment. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 524. An act to provide for the release of all the right, title, and interest of the United States in a certain portion of a tract of land conditionally granted by it to the county of Los Angeles;

H. R. 540. An act to provide terminal leave pay for certain officers of the Navy and Marine Corps, and for other purposes;

H. R. 554. An act to provide for the construction, extension, and improvement of school buildings in Hoopa, Calif.;

H. R. 584. An act for the relief of Mike Clipper;

H. R. 588. An act for the relief of Col. David R. Wolverton, United States Army, retired;

H. R. 695. An act for the relief of Mrs. Mary A. Bailey;

H. R. 1019. An act for the relief of George M. Ford;

H. R. 1020. An act for the relief of the legal guardian of Moody L. Smitherman, Jr., a minor, and Moody L. Smitherman;

H. R. 1033. An act for the relief of Mrs. Ethel Barrington MacDonald;

H. R. 1097. An act for the relief of Edgar Barbre;

H. R. 1447. An act for the relief of Ethel Roth;

H. R. 1484. An act for the relief of Mrs. Mary Capodanno, and the legal guardian of Vincent Capodanno;

H. R. 1666. An act for the relief of Maurice J. Symms;

H. R. 1672. An act for the relief of Jack Phillips;

H. R. 1794. An act for the relief of Cohen, Goldman & Co., Inc.;

H. R. 1800. An act for the relief of Howard E. Giroux;

H. R. 2015. An act to authorize the Secretary of Agriculture to convey and exchange certain lands and improvements in Grand Rapids, Minn., for lands in the State of Minnesota, and for other purposes;

H. R. 2075. An act for the relief of Frank G. Moore;

H. R. 2437. An act to amend the act entitled "An act to fix and regulate the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia, and for other purposes," approved July 7, 1947;

H. R. 2457. An act for the relief of Helen Morren;

H. R. 2538. An act to authorize completion of the land development and settlement of the Angostura unit of the Missouri Basin project, notwithstanding a limitation of time;

H. R. 2619. An act to extend the benefits of the annual- and sick-leave laws to part-time employees on regular tours of duty and to validate payments heretofore made for leave on account of services of such employees;

H. R. 2678. An act to amend section 5 of the act approved July 10, 1890, as amended, relating to the admission into the Union of the State of Wyoming, so as to permit the leasing of school lands within such State for mineral purposes for terms in excess of 10 years;

H. R. 2876. An act to effect an exchange of certain lands in the State of North Carolina between the United States and the Eastern Band of Cherokee Indians, and for other purposes;

H. R. 2921. An act for the relief of Nicholas C. Kalcoutsakis;

H. R. 2928. An act for the relief of Dr. Leon L. Konchegul;

H. R. 3252. An act to confer jurisdiction upon the United States Court of Claims to hear, determine, and render judgment upon the claim of Mrs. Zelma Inez Cheek;

H. R. 3405. An act for the relief of Vivian Newell Price;

H. R. 3413. An act for the relief of Alfred Baumgarts;

H. R. 3420. An act to authorize the exchange of wildlife refuge lands within the State of Washington;

H. R. 3499. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Mabel Colliver;

H. R. 3534. An act for the relief of Eleanor P. Simmonds, as administratrix of the estate of Norman B. Simmonds, deceased;

H. R. 3810. An act for the relief of Cecil E. Gordon;

H. R. 3863. An act for the relief of Carl C. Ballard;

H. R. 3864. An act to convey certain lands taken from W. W. Stewart by the United States;

H. R. 3926. An act to rename a game sanctuary in the Harney National Forest as the "Norbeck Wildlife Preserve," and for other purposes;

H. R. 4050. An act to authorize advances of pay to personnel of the armed services upon permanent change of station, and for other purposes;

H. R. 4165. An act for the relief of Katherine H. Clagett;

H. R. 4186. An act for the relief of Jan Liga;

H. R. 4556. An act for the relief of the estate of Elmo Sodergren;

H. R. 4563. An act for the relief of Mrs. Sarah E. Thompson;

H. R. 4564. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Eunice Hayes, Kathryn Hayes, and Florence Hayes Gaines;

H. R. 4585. An act to authorize the purchase of additional farming land for Leavenworth Penitentiary;

H. R. 4767. An act to clarify the active-duty status of certain officers of the Army of the United States and the Air Force of the United States, and for other purposes;

H. R. 4777. An act for the relief of J. D. Lecky;

H. R. 4792. An act for the relief of Harry Fuchs;

H. R. 4829. An act to authorize the President to appoint Paul A. Smith as representative of the United States to the Council of the International Civil Aviation Organization without affecting his status and perquisites as a commissioned officer of the Coast and Geodetic Survey;

H. R. 4875. An act to amend title 28 of the United States Code relating to travel expense allowances for Government employee witnesses;

H. R. 4889. An act for the relief of Mrs. Jack J. O'Connell;

H. R. 4943. An act to amend the act providing for the admission of the State of Idaho into the Union by increasing the period for which leases may be made of public lands granted to the State by such act for educational purposes;

H. R. 4986. An act to amend an act entitled "An act to provide for the adjustment of irrigation charges on the Flathead Indian irrigation project, Montana, and for other purposes," approved May 25, 1948;

H. R. 5299. An act for the relief of Mrs. Giovanna Folio Discepolo;

H. R. 5342. An act to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment to the Boy Scouts of America for use at the Second National Jamboree of the Boy Scouts;

H. R. 5353. An act for the relief of Max Schlederer;

H. R. 5375. An act for the relief of Mrs. Hilda De Silva;

H. R. 5465. An act to amend section 4 (e) of the Civil Service Retirement Act of May 29, 1930, as amended;

H. R. 5539. An act for the relief of Mrs. Claudia Weitlanner;

H. R. 5582. An act for the relief of the Belle Isle Cab Co., Inc.;

H. R. 5598. An act to increase compensation for World War I presumptive service-connected cases, provide minimum ratings for service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and redefine the terms "line of duty" and "willful misconduct";

H. R 5773. An act to authorize the carrying out of the provisions of article 7 of the treaty of February 3, 1944, between the United States and Mexico, regarding the joint development of hydroelectric power at Falcon Dam, on the Rio Grande, and for other purposes;

H. R. 5777. An act for the relief of Joe D. Dutton;

H. R. 5851. An act for the relief of Mrs. Toshiko Keyser;

H. R. 6006. An act for the relief of Anthony Charles Bartley; and

H. R. 6022. An act to increase the rates of compensation of certain employees of the Department of Medicine and Surgery of the Veterans' Administration, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 86. An act to amend the Civil Service Retirement Act so as to make such act applicable to the officers and employees of the Columbia Institution for the Deaf;

H. R. 165. An act to authorize the American River Basin development, California, for irrigation and reclamation, and for other purposes;

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H. R. 605. An act for the relief of the estate of James B. Stirling, deceased;

H. R. 663. An act for the relief of Louise Peters Lewis;

H R. 733. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Frank Haegele;

H. R. 752. An act conferring jurisdiction upon the United States District Court for the Eastern District of Michigan to hear, determine, and render judgment upon the claim of Edward Gray, Sr., Edward Gray, Jr., Bertha Mae Gray, Bertha Patmon, and Lindsay Gardner, all of the city of Hamtramck, Wayne County, Mich.;

H. R. 1106. An act for the relief of King V. Clark;

H. R. 1458. An act for the relief of Joseph R. Gregory;

H. R. 1474. An act to confer jurisdiction upon the United States District Court for the Southern District of New York to hear, determine, and render judgment upon the claim of Miguel A. Viera for damages sustained as the result of an accident involving a United States Army truck at Leghorn, Italy, on January 11, 1946;

H. R. 1637. An act for the relief of Mrs. Dora Fruman;

H. R. 1864. An act for the relief of the legal guardian of Mitsuo Higa, a minor, and Hilo Sugar Co.;

H. R. 1950. An act for the relief of certain consultants formerly employed by the Technical Industrial Intelligence Committee of the Foreign Economic Administration, and for other purposes;

H. R. 2418. An act to authorize restocking, propagation, and conservation of game in the Eglin Field Reservation;

H. R. 2514. An act to enable the Secretary of Agriculture to extend financial assistance to homestead entrymen, and for other purposes;

H. R. 3081. An act for the relief of the estate of Maurice G. Evans;

H. R. 3598. An act for the relief of Mrs. Katherine Gehringer;

H. R. 4029. An act to authorize the Secretary of the Interior to procure for the Everglades National Park with available funds, including those made available by the State of Florida, the remaining lands and interest in lands within the boundary agreed upon between the State of Florida and the Secretary of the Interior, within and a part of that authorized by the act of May 30, 1934 (48 Stat. 816), and within which the State has already donated its lands, and for other purposes;

H. R. 4094. An act for the relief of Bunge North-American Grain Corp., the Corporacion Argentina de Productores de Carnes, Herman M. Gidden, and the Overseas Metal and Ore Corp.;

H. R. 4414. An act for the relief of Dora M. Barton;

H. R. 5148. An act to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon the claim, or claims, of Hilda Links and E. J. Ohman, partners, and Fred L. Kroesing, all of Anchorage, Alaska;

H. R. 5328. An act authorizing the Secretary of the Army to convey certain lands to the city and county of San Francisco;

H. R. 5332. An act to amend section 3 of the act of June 18, 1934, relating to the establishment of foreign-trade zones;

H. R. 5601. An act to authorize the exchange of certain lands of the United States situated in Iosco County, Mich., for lands within the national forests of Michigan, and for other purposes; and

H. R. 5764. An act to authorize the granting to the city of Los Angeles, Calif., of rights-of-way on, over, under, through, and across certain public lands.

The message also announced that the Senate had passed bills, a joint resolution, and concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. 44. An act for the relief of Arthur O. Fisher;

S. 46. An act for the relief of Primitivo Urcelay-Ruiz;

S. 47. An act for the relief of Fawn S. Louie;

S. 112. An act for the relief of Alexy W. Katyil and Ioanna Katyil;

S. 196. An act for the relief of James G. Smyth;

S. 321. An act for the relief of Lloyd D. Lyles;

S. 489. An act to authorize the refund to the Florida Keys Aqueduct Commission of the sum advanced for certain water facilities, and for other purposes;

S. 570. An act for the relief of Donald Francis Wierda;

S. 621. An act for the relief of Horace J. Fenton;

S. 736. An act for the reimbursement of Puget Sound Bridge & Dredging Co.;

S. 753. An act for the relief of Sisters Antoinette Cometti, Mary Gibin, Angela Pelosin, Emma Ghisleni, Elisabetta De Caterin, and Onorina Franzina;

S. 866. An act for the relief of Mrs. Marine Y. Mueller;

S. 914. An act for the relief of Gladys Inez Greenwood;

S. 951. An act for the relief of Joe Greco;

S. 1088. An act for the relief of Milton Buechler;

S. 1097. An act for the relief of Phyllis Hertzog;

S. 1305. An act for the relief of Theodore Constantin Trancu and his wife;

S. 1310. An act for the relief of Pierre E. Lefevre;

S. 1376. An act for the relief of Mrs. Aurora M. Hartman and her two daughters;

S. 1385. An act providing that excess-land provisions of the Federal reclamation laws shall not apply to certain lands that will receive a supplemental water supply from the San Luis Valley project, Colorado;

S. 1413. An act for the relief of Maria Margarete Otto;

S. 1449. An act for the relief of Robert B. Workman;

S. 1532. An act for the relief of Alfred F. Bosche;

S. 1534. An act for the relief of Harry Comber;

S. 1552. An act for the relief of Ernest E. Heintz;

S. 1702. An act for the relief of Riyoko Sato;

S. 1894. An act for the relief of Hans Jurgen Schweikert;

S. 1915. An act for the relief of Viktor A. Kravchenko;

S. 1931. An act to amend the act of June 6, 1924, as amended, relating to the National Capital Park and Planning Commission;

S. 2084. An act for the relief of Jackson Riley Holland;

S. 2100. An act for the relief of Penelope Corolyn Cox;

S. 2119. An act for the relief of the Alamo Irrigation Co.;

S. 2226. An act relating to the compensation of certain employees of the Panama Canal;

S. 2290. An act to authorize an appropriation for the making of necessary improvements in the cemetery plots at the Blue Grass Ordnance Depot, Richmond, Ky.;

S. 2350. An act to amend the act of August 8, 1946, relating to the payment of annual leave to certain officers and employees;

S. 2351. An act to simplify and consolidate the laws relating to the receipt of compensation from dual employments under the United States, and for other purposes;

S. 2360. An act to amend the Federal Airport Act so as to authorize appropriations for projects in the Virgin Islands;

S. 2382. An act to authorize the construction of a research laboratory for the Quartermaster Corps, United States Army, at a location to be selected by the Secretary of Defense;

S. 2429. An act for the relief of Henrique Santos;

S. 2477. An act to amend title 14, United States Code, so as to equalize pay and retirement benefits of a certain class of commissioned officers of the Coast Guard;

S. 2491. An act providing for the conveying of land and buildings at Fort Phillip Kearney Military Reservation to the State of Rhode Island;

S. 2541. An act to amend the act entitled "An act to establish a Department of Medicine and Surgery in the Veterans' Administration", approved January 3, 1946, as amended, to extend the period for which employees may be detailed for training and research, and for other purposes;

S. 2559. An act to authorize the extension of officers' retirement benefits to certain persons who while serving as enlisted men in the Army of the United States during World War II were given battlefield promotions to officer grade and were incapacitated for active service as a result of enemy action;

S. 2584. An act to provide for studies of methods of determining the amount, distribution, and effects of illness in the United States and for conducting periodic inventories of illness by the best methods developed through such studies;

S. 2590. An act to amend section 3526 of the Revised Statutes relating to coinage of subsidiary silver coins;

S. 2591. An act to amend the Public Health Service Act to support research and training in arthritis and rheumatism, multiple sclerosis, cerebral palsy, epilepsy, and blindness, and other diseases, and for other purposes;

S. J. Res. 105. Joint resolution to provide unrestricted entry privileges for Sister Elizabeth Kenny;

S. Con. Res. 18. Concurrent resolution providing for the consolidation of the general appropriation bills, and for other purposes; and

S. Con. Res. 65. Concurrent resolution favoring the suspension of deportation of certain aliens.

SWEARING IN OF A MEMBER

The SPEAKER. The Chair lays before the House a communication from the Clerk of the House.

The Clerk read as follows:

SEPTEMBER 28, 1949.

The Honorable the SPEAKER,
House of Representatives.

SIR: A certificate of election in due form of law showing the election of the Honorable JOHN P. SAYLOR, as a Representative-elect to the Eighty-first Congress from the Twenty-sixth Congressional District of the State of Pennsylvania, to fill the vacancy caused by the death of the Honorable Robert L. Coffey, is on file in this office.

Very truly yours,

RALPH R. ROBERTS,
Clerk of the House of Representatives.

Mr. SAYLOR appeared at the bar of the House and took the oath of office.

FOREIGN-AID APPROPRIATION

Mr. GARY. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill (H. R. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

LEGISLATIVE PROGRAM FOR BALANCE OF THE WEEK

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I take this time to ascertain the program for today and for the balance of the week.

Mr. McCORMACK. The first order of business today will be the conference report on the military-aid bill. Thereafter the reclassification bill.

Tomorrow will be Senate Joint Resolution 53, the reforestation bill; and after that, it is the intention to adjourn over from Thursday until Monday.

Mr. MARTIN of Massachusetts. We will take up conference reports that are filed?

Mr. McCORMACK. Oh, yes; if they are ready. And then adjourn over until Monday.

The SPEAKER. If the conference report on the ECA has been agreed upon, it will be taken up?

Mr. McCORMACK. Conference reports naturally will be taken up tomorrow.

EXTENSION OF REMARKS

Mr. BIEMILLER asked and was given permission to extend his remarks in the RECORD and include a speech made on yesterday by the President of the United States.

Mr. KELLEY asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. RHODES asked and was given permission to extend his remarks in the RECORD and include an article from the Metal Polisher.

Mr. MOULDER asked and was given permission to extend his remarks in the Appendix concerning the Government's price-support program for the 1948 corn crop.

Mr. HOWELL asked and was given permission to extend his remarks in the RECORD and include an editorial.

THE REPUBLICAN PARTY

Mr. O'SULLIVAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'SULLIVAN. Mr. Speaker, since thinking over the incident of the Republican Party, muddled and without a program, appearing recently eye to eye to the midwest farmers to formulate a farm program by word of farmers' mouths only, I have discovered a very good reason for this unnatural phenomenon, and I am now sure that the reason for their visual approach was because the Republican Party can no longer take the pulse beat of the Nation's farmers because it lost both hands during the last national election, and also its heart and a part of its head, thus having the rare distinction of being the first political amputee in the United States. Some suggest, however, that the amputation would have been more satisfactory to all and much better for the country if it had occurred so as to shorten its stature exactly by a head, in good old Middle Age fashion.

The SPEAKER. The time of the gentleman from Nebraska has expired.

EXTENSION OF REMARKS

Mr. LARCADE asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. DOUGHTON asked and was given permission to extend his remarks in the RECORD and include a statement made by the President on September 26 at the signing of the Reciprocal Trade Agreement Act of 1949.

Mr. DOUGHTON asked and was given permission to extend his remarks in the RECORD and include an article from the New York Times, entitled "A Red Letter Day for Mr. Hull."

Mr. HARRISON asked and was given permission to extend his remarks in the RECORD in two instances.

Mr. DOLLINGER asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. CANFIELD asked and was given permission to extend his remarks in the RECORD and include the story of Dr. Allen Dumont.

Mr. HOPE asked and was given permission to extend his remarks in the RECORD.

Mrs. ST. GEORGE asked and was given permission to extend her remarks in the RECORD and include an article by Edna Lonigan.

REPUBLICAN FARM CONFERENCE

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOEVEN. Mr. Speaker, in the judgment of unbiased observers, the Republican Farm Conference held at Sioux City, Iowa, on September 23 and 24, 1949, was an outstanding success. Over 3,500 dirt farmers attended the meetings and 18 Members of Congress were present, including 7 Members of the Senate and 11 Members of the House. Over 100 witnesses from 15 different States testified.

One of the interesting features of the Conference was the presence of a large number of young GI farmers and their wives. It is this young group who testified who spoke out in favor of our private enterprise system and most emphatically declared that they wanted a minimum of Government interference in a long-range farm program.

Very little sentiment was expressed for the so-called Brannan plan. In fact, only two witnesses recommended such a program for agriculture. Even the president of the Farmer's Union of Nebraska testified that he found very little sentiment for the Brannan plan among Farmer's Union members in his own State.

Farmers came to the conference voluntarily in response to an open invitation to be present. They expressed themselves freely and the Members of Congress only listened. In contrast to the Brannan meeting at Des Moines last June which was packed with Government employees and labor leaders, the Sioux City conference was thoroughly a farmer's meeting. The farmers were asked what they wanted in the line of a permanent farm program and no attempt was made to shove a predigested package of cure-all down their throats.

A transcript will be made of the hearings and the same will be made available to those who are interested. Republican Members of Congress have now been put on notice as to what the farmers of the Midwest, at least, want in the line of a long-range program for agriculture. The farmers' proposals and views no doubt will be reflected in proper legislation to be presented by Republican Members of Congress at an early date. One thing is certain, and that is that the American farmer is tired of stop-gap farm legislation. He wants a long-range agricultural program enacted without delay. He wants a sound and sensible program which can have the support of all elements of our economy and, lastly, he wants a program completely divorced from politics.

EXTENSION OF REMARKS

Mr. SADLAK asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. WHITE of Idaho asked and was given permission to extend his remarks in the Appendix of the RECORD in two separate instances and in each to include extraneous matter.

Mr. PRESTON asked and was given permission to extend his remarks in the Appendix of the RECORD in two separate instances and in each to include extraneous matter.

Mr. MURRAY of Wisconsin asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and to include a letter and table from the Department of Agriculture.

Mr. SCUDDER asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article on the Pacific-coast fishing industry which appeared in the Humboldt Standard of Eureka, Calif., under date of September 19, 1949.

SPECIAL ORDER GRANTED

Mr. MILLER of Nebraska asked and was given permission to address the House for 10 minutes on tomorrow, September 29, following the legislative business of the day and any special orders heretofore entered.

THREAT TO THE FISHING INDUSTRY OF THE PACIFIC COAST

Mr. SCUDDER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

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Mr. SCUDDER. Mr. Speaker, I am wondering how long we can continue to support the peoples of the world and continue by short-sighted policy to disrupt our industries and throw our laboring men out of employment. I have letters from the Pacific coast, and particularly from my district, which inform me that, effective October 1, the Quartermaster Corps will stop buying fish in America for our armed forces in the South Pacific.

We have a large fishing industry on the Pacific coast representing millions of dollars in investment and many thousands of employees. This industry has been supplying the Army and Navy with fresh fish. This order will cause 25,000 fishermen on the Pacific coast to be put out of employment, and many allied interests will be affected.

I hope you may see fit to help me, and concur in the McCarran amendment to H. R. 4146 to instruct our services to purchase fresh fish and other American products in America. It is about time for us to start thinking American and acting to preserve America, and get away from the fuzzy idea that we can lift everybody in the world up to our standard. Let us be practical for a bit and not forsake our own economy.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include certain excerpts from publications.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

[Mr. RANKIN addressed the House. His remarks appear in the Appendix.]

EXTENSION OF REMARKS

Mr. SCRIVNER asked and was given permission to extend his remarks in the RECORD and include a newspaper article relating to farm prices.

Mr. LANE asked and was given permission to extend his remarks in the RECORD and include a very interesting article.

Mr. MADDEN asked and was given pemission to extend his remarks in the RECORD and include an editorial from the Gary Post Tribune.

Mrs. DOUGLAS (at the request of Mr. HOLIFIELD) was given permission to extend her remarks in the RECORD in five instances.

SPECIAL ORDERS GRANTED

Mr. MADDEN asked and was given permission to address the House on tomorrow for 15 minutes following disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered.

Mr. HOFFMAN of Michigan asked and was given permission to address the House on tomorrow for 10 minutes following disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered.

CALL OF THE HOUSE

Mr. CAVALCANTE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 203]

Allen, Ill.	Flood	Murphy
Allen, La.	Garmatz	Nixon
Anderson, Calif.	Gilmer	Norblad
Baring	Gore	Norton
Barrett, Pa.	Granger	O'Konski
Bland	Green	Pfeifer,
Blatnik	Gregory	Joseph L.
Boggs, La.	Harden	Phillips, Calif.
Bolton, Ohio	Harvey	Phillips, Tenn.
Bonner	Hays, Ohio	Poage
Bosone	Hébert	Powell
Brambiett	Horan	Rains
Breen	Huber	Ramsay
Brooks	Irving	Reed, Ill.
Buckley, N. Y.	Jacobs	Reed, N. Y.
Bulwinkle	Kean	Richards
Burke	Keefe	Richlman
Burnside	Keogh	Rogers, Mass.
Celler	King	Rooney
Chatham	Klein	Sadowski
Christopher	Kunkel	Scott,
Cole, N. Y.	Latham	Hugh D. Jr.
Colmer	Lesinski	Short
Cooley	Lovre	Smith, Ohio
Crawford	Lyle	Steed
Crosser	McCarthy	Tauriello
Curtis	McDonough	Taylor
Davies, N. Y.	McMillan, S. C.	Thomas, N. J.
Davis, Tenn.	McMillen, Ill.	Vinson
Deane	McSweeney	Walter
Dingell	Mack, Ill.	Whitaker
Donohue	Macy	Willis
Douglas	Magee	Winstead
Eberharter	Mansfield	Withrow
Elston	Marshall	Wolcott
Engle, Calif.	Martin, Iowa	Woodhouse
Feighan	Morrison	Worley
Fellows	Multer	

The SPEAKER. Three hundred and eighteen Members are present, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

MUTUAL DEFENSE ASSISTANCE ACT OF 1949

Mr. KEE. Mr. Speaker, I call up the conference report on the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the statement of the managers.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 1346)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That this Act may be cited as the Mutual Defense Assistance Act of 1949".

"FINDINGS AND DECLARATION OF POLICY

"The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common interest. The Congress hereby finds that the efforts of the United States and other countries to promote peace and security in furtherance of the purposes of the Charter of the United Nations require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. These measures include the furnishing of military assistance essential to enable the United States and other nations dedicated to the purposes and principles of the United Nations Charter to participate effectively in arrangements for individual and collective self-defense in support of those purposes and principles. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to obtain agreements to provide the United Nations with armed forces as contemplated in the Charter and agreements to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

"The Congress hereby expresses itself as favoring the creation by the free countries and the free peoples of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

"The Congress recognizes that economic recovery is essential to international peace and security and must be given clear priority. The Congress also recognizes that the increased confidence of free peoples in their ability to resist direct or indirect aggression and to maintain internal security will advance such recovery and support political stability.

"TITLE I

"NORTH ATLANTIC TREATY COUNTRIES

"SEC. 101. In view of the coming into force of the North Atlantic Treaty and the establishment thereunder of the Council and the Defense Committee which will recommend measures for the common defense of the North Atlantic area, and in view of the fact that the task of the Council and the Defense Committee can be facilitated by immediate steps to increase the integrated defensive armed strength of the parties to the treaty, the President is hereby authorized to furnish military assistance in the form of equipment, materials, and services to such nations as are parties to the treaty and have heretofore requested such assistance. Any such assistance furnished under this title shall be subject to agreements, further referred to in section 402, designed to assure that the assistance will be used to promote an integrated defense of the North Atlantic area and to facilitate the development of defense plans by the Council and the Defense Committee under article 9 of the North Atlantic Treaty and to realize unified direction and effort; and after the agreement by the Government of the United States with defense plans as recommended by the Council and the Defense Committee, military assistance hereunder shall be furnished only in accordance therewith.

"SEC. 102. There are hereby authorized to be appropriated to the President for the period through June 30, 1950, out of any moneys in the Treasury not otherwise appropriated, for carrying out the provisions and

accomplishing the policies and purposes of this title, not to exceed $500,000,000, of which not to exceed $100,000,000 shall be immediately available upon appropriation, and not to exceed $400,000,000 shall become available when the President of the United States approves recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty. The recommendations which the President may approve shall be limited, so far as expenditures by the United States are concerned, entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority.

"SEC. 103. In addition to the amount authorized to be appropriated under section 102, the President shall have authority, within the limits of specific contract authority which may be hereafter granted to him in an appropriation Act, to enter into contracts for carrying out the provisions and accomplishing the policies and purposes of this title in amounts not exceeding in the aggregate $500,000,000 during the period ending June 30, 1950, and there are hereby authorized to be appropriated for expenditure after June 30, 1950, such sums as may be necessary to pay obligations incurred under such contract authorization. No contract authority which may be granted pursuant to the provisions of this section shall be exercised by the President until such time as he has approved recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty.

"SEC. 104. None of the funds made available for carrying out the provisions of this Act or the Act of May 22, 1947, as amended, shall be utilized (a) to construct or aid in the construction of any factory or other manufacturing establishment outside of the United States or to provide equipment or machinery (other than machine tools) for any such factory or other manufacturing establishment, (b) to defray the cost of maintaining any such factory or other manufacturing establishment, (c) directly or indirectly to compensate any nation or any governmental agency or person therein for any diminution in the export trade of such nation resulting from the carrying out of any program of increased military production or to make any payment, in the form of a bonus, subsidy, indemnity, guaranty, or otherwise, to any owner of any such factory or other manufacturing establishment as an inducement to such owner to undertake or increase production of arms, ammunition, implements of war, or other military supplies, or (d) for the compensation of any person for personal services rendered in or for any such factory or other manufacturing establishment, other than personal services of a technical nature rendered by officers and employees of the United States for the purpose of establishing or maintaining production by such factories or other manufacturing establishments to effectuate the purposes of this Act and in conformity with desired standards and specifications.

"TITLE II

"GREECE AND TURKEY

"SEC. 201. In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, not to exceed $211,370,000 to carry out the provisions of the Act of May 22, 1947, as amended, for the period through June 30, 1950.

"TITLE III

"OTHER ASSISTANCE

"SEC. 301. The President, whenever the furnishing of such assistance will further the purposes and policies of this Act, is authorized to furnish military assistance as provided in this Act to Iran, the Republic of Korea, and the Republic of the Philippines.

"SEC. 302. There are hereby authorized to be appropriated to the President for the period through June 30, 1950, out of any moneys in the Treasury not otherwise appropriated, for carrying out the provisions and accomplishing the purposes of section 301, not to exceed $27,640,000.

"SEC. 303. In consideration of the concern of the United States in the present situation in China, there is hereby authorized to be appropriated to the President, out of any moneys in the Treasury not otherwise appropriated, the sum of $75,000,000 in addition to funds otherwise provided as an emergency fund for the President, which may be expended to accomplish in that general area the policies and purposes declared in this Act. Certification by the President of the amounts expended out of funds authorized hereunder, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for the amounts expended.

"TITLE IV

"GENERAL PROVISIONS

"SEC. 401. Military assistance may be furnished under this Act, without payment to the United States except as provided in the agreements concluded pursuant to section 402, by the provision of any service, or by the procurement from any source and the transfer to eligible nations of equipment, materials, and services: *Provided*, That no equipment or materials may be transferred out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States or is needed by the reserve components of the armed forces to meet their training requirements.

"SEC. 402. The President shall, prior to the furnishing of assistance to any eligible nation, conclude agreements with such nation, or group of such nations, which agreements, in addition to such other provisions as the President deems necessary to effectuate the policies and purposes of this Act and to safeguard the interests of the United States, shall make appropriate provision for—

"(a) the use of any assistance furnished under this Act in furtherance of the policies and purposes of this Act;

"(b) restriction against transfer of title to or possession of any equipment and materials, information or services furnished under this Act without the consent of the President;

"(c) the security of any article, service, or information furnished under this Act;

"(d) furnishing equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other eligible nations to further the policies and purposes of this Act.

"SEC. 403. (a) Any funds available for carrying out the policies and purposes of this Act, including any advances to the United States by any nation for the procurement of equipment and materials or services, may be allocated by the President for any of the purposes of this Act to any agency, and such funds shall be available for obligation and expenditure for the purpose of this Act in accordance with authority granted hereunder or under the authority governing the activities of the agency to which such funds are allocated.

"(b) Reimbursement shall be made by or to any agency from funds available for the purpose of this Act for any equipment and materials, services or other assistance furnished or authorized to be furnished under authority of this Act from, by, or through any agency. Such reimbursement shall include expenses arising from or incident to operations under this Act and shall be made by or to such agency in an amount equal to the value of such equipment and materials, services (other than salaries of members of the armed forces of the United States) or other assistance and such expenses. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

"(c) The term 'value', as used in subsection (b) of this section, means—

"(1) with respect to any excess equipment or materials furnished under this Act, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

"(2) with respect to any nonexcess equipment or materials furnished under this Act which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment and materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

"(3) with respect to any nonexcess equipment or materials furnished under this Act which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

"(4) with respect to any equipment or materials furnished under this Act which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under this Act, all parts, accessories, or other materials used in the course of such repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency.

"(d) Not to exceed $450,000,000 worth of excess equipment and materials may be furnished under this Act or may hereafter be furnished under the Act of May 22, 1947, as amended. For the purposes of this subsection, the worth of any excess equipment or materials means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment or materials owned by the furnishing agency.

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"SEC. 404. The President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, except such powers or authority conferred on him in section 405 and in clause (2) of subsection (b) of section 407.

"SEC. 405. The President shall terminate all or part of any assistance authorized by this Act under any of the following circumstances:

"(a) If requested by any nation to which assistance is being rendered;

"(b) If the President determines that the furnishing of assistance to any nation is no longer consistent with the national interest or security of the United States or the policies and purposes of this Act; or

"(c) If the President determines that provision of assistance would contravene any decision of the Security Council of the United Nations, or if the President otherwise determines that provision of assistance to any nation would be inconsistent with the obligation of the United States under the Charter of the United Nations to refrain from giving assistance to any nation against which the United Nations is taking preventive or enforcement action or in respect of which the General Assembly finds the continuance of such assistance is undesirable.

"(d) Assistance to any nation under this Act may, unless sooner terminated by the President, be terminated by concurrent resolution by the two Houses of the Congress: *Provided*, That funds made available under this Act shall remain available for twelve months from the date of such termination for the necessary expenses of liquidating contracts, obligations, and operations under this Act.

"SEC. 406. (a) Any agency may employ such additional civilian personnel without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as the President deems necessary to carry out the policies and purposes of this Act.

"(b) Notwithstanding the provisions of Revised Statutes 1222 (U. S. C., title 10, sec. 576), personnel of the armed forces may be assigned or detailed to noncombatant duty, including duty with any agency or nation, for the purpose of enabling the President to furnish assistance under this Act.

"(c) Technical experts and engineering consultants, not to exceed fifteen persons at any one time, as authorized by section 15 of the Act of August 2, 1946 (U. S. C., title 5, sec. 55a), required for the purposes of this Act, may, if the President deems it advantageous for the purposes of this Act and if in his opinion the existing facilities of the agency concerned are inadequate, be employed by any agency performing functions under this Act, and individuals so employed may be compensated at rates not in excess of $50 per diem.

"(d) Service of any individual employed as a technical expert or engineering consultant under subsection (c) of this section shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, and 284 of United States Code, title 18, of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service.

"(e) For the purpose of carrying out the provisions of this Act, there may be employed not to exceed three persons at a rate of compensation not to exceed $15,000 and one person at a rate of compensation not to exceed $16,000. Any person so employed shall be appointed by the President, by and with the advice and consent of the Senate.

"SEC. 407. (a) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946 (60 Stat. 755).

"(b) The President may perform any of the functions authorized under section 401 of this Act without regard to (1) the provisions of title 10, United States Code, section 1262 (a), and title 34, United States Code, section 546 (e); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

"SEC. 408. (a) Notwithstanding any other provision of law, the Reconstruction Finance Corporation is authorized and directed, until such time as appropriations shall be made under the authority of this Act and the Act of May 22, 1947, as amended, to make advances not to exceed in the aggregate $125,000,000 to carry out the provisions of this Act and the Act of May 22, 1947, as amended, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder from funds made available for the purposes of this Act and the Act of May 22, 1947, as amended.

"(b) Funds made available for carrying out the provisions of title I shall be available for the expenses of administering the provisions of this Act and of the Act of May 22, 1947, as amended. Whenever possible the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred, as provided in subsection (d).

"(c) Whenever he determines that such action is essential for the effective carrying out of the purposes of this Act, the President may from time to time utilize not to exceed in the aggregate 5 per centum of the amounts made available for the purposes of any title of this Act for the purposes of any other title. Whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate, and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

"(d) Upon approval by the President, any currency of any nation received by the United States for its own use in connection with the furnishing of assistance under this Act may be used for expenditures for essential administrative expenses of the United States in any such nation incident to operations under this Act and the amount, if any, remaining after the payment of such administrative expenses shall be used only for purposes specified by Act of Congress.

"(e) The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials or services to nations designated in title I, II, or III of this Act, or to a nation which has joined with the United States in a collective defense and regional arrangement: *Provided*, That, prior to any such transfer or the execution of any such contracts, any such nation shall have made available to the United States the full cost, actual or estimated, of such equipment, materials, or services, and shall have agreed to make available forthwith upon request any additional sums that may become due under such contracts.

"(f) Any equipment or materials procured to carry out the purposes of title I of this Act shall be retained by, or transferred to, and for the use of, such department or agency of the United States as the President may determine in lieu of being disposed of to a nation which is a party to the North Atlantic Treaty whenever in the judgment of the President of the United States such disposal to a foreign nation will not promote the self-help, mutual aid, and collective capacity to resist armed attack contemplated by the treaty or whenever such retention is called for by concurrent resolution by the two Houses of the Congress.

"SEC. 409. That at least 50 per centum of the gross tonnage of any equipment, materials, or commodities made available under the provisions of this Act, and transported on ocean vessels (computed separately for dry bulk carriers and dry cargo liners) shall be transported on United States flag commercial vessels at market rates for United States flag commercial vessels in such manner as will insure a fair and reasonable participation of United States flag commercial vessels in cargoes by geographic areas.

"SEC. 410. The President, from time to time, but not less frequently than once every six months, while operations continue under this Act, shall transmit to the Congress reports of expenditures and activities authorized under this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

"SEC. 411. For the purpose of this Act—

"(a) The terms 'equipment' and 'materials' shall mean any arms, ammunition or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply, or item that would further the purposes of this Act or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels.

"(b) The term 'mobilization reserve', as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the armed forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

"(c) The term 'excess', as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

"(d) The term 'services' shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

"(e) The term 'agency' shall mean any department, agency, establishment, or wholly owned corporation of the Government of the United States.

"(f) The term 'armed forces of the United States' shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the reserve components thereof.

"(g) The term 'nation' shall mean a foreign government eligible to receive assistance under this Act.

"SEC. 412. Whoever offers or gives to anyone who is now or in the past two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, or services under this Act, and whoever, being or having been an employee or officer of the United States in the past

two years, solicits, accepts, or offers to accept any such commission, payment, or gift, shall upon conviction thereof be subject to a fine of not to exceed $10,000 or imprisonment for not to exceed three years, or both.

"SEC. 413. If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby."

And the Senate agree to the same.

JOHN KEE,
THOMAS S. GORDON,
A. A. RIBICOFF,
CHARLES A. EATON,
JOHN M. VORYS,
Managers on the Part of the House.

TOM CONNALLY,
ELBERT D. THOMAS,
CLAUDE PEPPER,
ALEXANDER WILEY,
VIRGIL M. CHAPMAN,
LYNDON B. JOHNSON,
STYLES BRIDGES,
CHAN GURNEY,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5895) to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for the differences explained below, and except for clarifying, clerical, and necessary conforming changes, the conference substitute is the same as the House bill.

The point of primary interest is that of the amounts of money involved in the authorizations. These are summarized as follows:

	House bill	Senate amendment	Conference agreement
North Atlantic Pact countries:			
Appropriation	$580,495,000	$500,000,000	$500,000,000
Forward Contracting	None	500,000,000	500,000,000
Subtotal	580,495,000	1,000,000,000	1,000,000,000
Greece and Turkey	211,370,000	211,370,000	211,370,000
Iran, Republic of Korea, Republic of the Philippines	27,640,000	27,640,000	27,640,000
"General area" of China (emergency fund)	None	75,000,000	75,000,000
Total	819,505,000	1,314,010,000	1,314,010,000

The specific differences between the House and Senate versions and the resolutions thereof in the conference agreement are set forth in order below:

Citation (sec. 1)

The House bill would permit the citation of the act as the "Mutual Defense Assistance Act of 1949." The Senate version would change this to the "Foreign Military Assistance Act of 1949." The conference agreement contains the language of the House version.

Findings and declaration of policy

The House bill and the Senate amendment are generally alike in the affirming of the policy of the United States to achieve international peace and security through the United Nations to the end that armed forces shall not be used except in the common interest, and in the finding that the efforts of the United States and other countries to promote peace and security in furtherance of the purposes of the Charter of the United Nations require additional measures of support. The Senate version differs from the House bill in referring to Senate Resolution 239, Eightieth Congress, not mentioned in the House bill, and in omitting a specific reference, contained in the House bill, to "the principle of continuous and effective self-help, and mutual aid" as a principle underlying the program envisaged. In the respects noted, the conference agreement is in keeping with the language of the House bill.

The House bill contains an expression of encouragement of a joint organization, consistent with the principles of the United Nations Charter, among the free countries and free peoples of the Far East. The Senate amendment contains no such expression. The conference agreement is consistent with the House version in this regard. It omits, however, a specific reference to United States participation. This omission does not prejudice the question of such participation. The United States' substantial interest in a far eastern solution is manifested in section 303 of the conference agreement.

Both the House bill and the Senate amendment restate the policy of the United States to seek agreements to provide the United Nations with armed forces as envisaged in the Charter and to obtain agreements for universal regulation and reduction of armaments under adequate guaranties. The differences are mainly rhetorical. The House bill refers to "armed forces as contemplated in the Charter." The Senate bill refers to them as "provided by the Charter." This difference has been settled by the acceptance of the language of the House version.

The House bill refers to agreements for "universal control of weapons of mass destruction." The Senate amendment contains no such specific reference. This difference has been settled by accepting the language of the House version.

The House bill refers to armed forces as included within the hoped-for agreements for regulation and reduction of armaments. The Senate amendment does not contain this specification. This difference has been settled by accepting the language of the House version.

The House bill refers to "adequate safeguards to protect complying nations against violation and evasion." The Senate amendment refers to "adequate and dependable guaranty against violation." This difference has been settled by the acceptance of the language of the House version.

Basic principles underlying military assistance in the North Atlantic area (sec. 101)

In both the House bill and the Senate amendment military assistance in the North Atlantic area is premised upon the principles of the North Atlantic Treaty and the mutual defense measures anticipated as developments of the Council and the Defense Committee to be established in pursuance of article 9 of the treaty. The Senate amendment further premises such assistance upon agreements between the United States and the recipient countries designed to assure that the assistance will be used to promote integrated defense of the North Atlantic area and to facilitate the development of defense plans as contemplated in article 9 of the treaty. The Senate version further stipulates that after the United States agrees to such defense plans assistance must be in accord therewith. The conference agreement adopts the language of the Senate version, adding phrase from the House bill—"to realize unified direction and effort"—as a requirement for the agreements.

The principle of unity of the defense arrangements in the North Atlantic area is discussed in the portion of this statement immediately following.

Authorization of appropriations for military assistance in the North Atlantic area (sec. 102)

The House authorized a sum not to exceed $580,495,000 to be appropriated for military assistance to eligible countries in the North Atlantic area during fiscal year 1950—a reduction of 50 percent in the amount requested. The Senate authorized $500,000,000 in appropriations and $500,000,000 in contract authorizations, a reduction of $160,990,000 from the requested amount. The Senate provided that not to exceed $100,000,000 would be immediately available and that the balance would become available only "when the President of the United States agrees to recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty."

The Senate added the following:

"The recommendations to which the President may agree shall be limited, so far as expenditures by the United States are concerned, entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority."

The contract authorization is discussed in the portion of this statement immediately below, relating to section 103.

The conference agreement embodies the essential principle of the Senate amendment with respect to contingent authorization, but requires the President to "approve" rather than "agree" to integrated defense measures before the balance over $100,000,000 may become available.

The purpose of the 50-percent cut made by the House was primarily to insure prompt action on integrated defense arrangements. Since the House vote in August, action has been taken; the North Atlantic Council has been formed, and planning is proceeding. The Senate amendment would insure integration by the contingency provisions in sections 102 and 103. In agreeing to these provisions the members of the committee of conference believe that they satisfy the primary objective which the House had in mind: the assurance that the assistance program be used in a positive way to bring about integrated defense.

The principle involved is that, after the $100,000,000 emergency assistance, integration must precede further assistance.

No provision of the legislation is of greater importance than the language referring to that portion of the authorization contingent upon the development of integrated defense in the North Atlantic area. If a design to that purpose is soon forthcoming, the first great development in the international pattern which this legislation seeks to promote can be said to have been achieved. If such a development should lag—if its course should be retarded by narrow vision and traditional national ambitions among the parties to the North Atlantic Treaty—then the high purposes of this legislation, and with them the hope for security among the peoples of the North Atlantic, may be said to have come to a bitter disappointment.

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Contribution of military resources to an integrated defense of the North Atlantic is a prudent investment for the American people. Contribution of military resources to a congeries of national military establishments, each devoted to its own particular national interests, would be no investment but merely a futile expenditure. The American people are strong in their will to support the former development. They cannot afford, however, to make a vast commitment to parcel out the resources of this country to support an array of national military establishments among which unity of purpose, unity of defense planning, unity of direction, and unity of execution are theoretically in prospect rather than actually in existence. It is not enough for integration to be on order. It must soon be on hand.

The intent of the committee of conference in agreeing to the Senate words "recommendations for an integrated defense of the North Atlantic area," is as follows:

The members of the committee of conference are aware that a completely articulated and unified defense plan among the participating nations cannot be struck off in a moment. This is a development which must be evolved through many stages and which must be reckoned in years rather than weeks or months.

Since the members of the committee of conference recognize that the development of detailed defense arrangements may require considerable time, and it is to be expected that work on and changes in these plans will continue over the coming years to meet changing conditions, it is not their intention that integrated defense plans shall be developed in detail before the President may extend assistance under the bill. That would result in needless and dangerous delay.

Moreover, to expect the formulation of a plan which could be called a final or complete plan would be unwise and unrealistic. Military developments in the North Atlantic area should be dominated by dynamic rather than static concepts and by flexibility rather than rigidity.

It is important to distinguish between a defense plan and defense planning. The former term conveys the idea of a static arrangement. The latter term conveys the idea of the evolving schemes—differing in detail from one stage to the next but constant in over-all purpose—under which the North Atlantic nations are to pool their military resources.

What is essential is that the planning that takes place among the North Atlantic nations be premised from the outset on the principle of unity of defense. That means differentiation of functions among the parts in relation to an all-inclusive unity.

Each nation must do its part, as determined by its position and its resources, in relation to the common security of all. No one nation in the group must aspire to perpetuate or expand its various military components for purely national considerations. Each must recognize its obligation to balance its forces in relation to the needs of the whole area in which common defense has been pledged. For some this may require submission to a secondary status in certain types of armament. For some it may require specialization in military activities that would not be preferred if a free choice were made on a purely national basis. All must be willing to give up those preferences which are characteristic of purely national defense but which are not in keeping with the common defense of the area. This principle of unity must be undertaken early and thenceforth rigorously applied.

As soon as possible, the essentials of the pattern of area defense based upon individual national specialization must be agreed to and the assignments thereunder made. This principle must be riveted into the base of the North Atlantic defense structure. Once this pattern has been developed and agreed to, it must be the governing formula for the assistance program here envisaged. That is the intent behind the language which makes the bulk of the authorized assistance contingent upon recommendations, acceptable to the United States, for integrated defense of the North Atlantic area.

As soon as the proper authorities established under the North Atlantic Treaty have arrived at an agreement which the President approves as warranting the conclusion that integration will thenceforth be the basis for, and the governing principle of, subsequent stages of defense planning in the North Atlantic area, the conditions will have been fulfilled and the entire authorized amount will become available.

It is the hope of the committee of conference that such an agreement will be promptly reached. Until this is done the President has the duty of withholding all but $100,000,000.

Contract authorization related to military assistance in the North Atlantic area (sec. 103)

The House bill contains no provision for contract authorization. The Senate amendment includes an authorization for forward contracting not exceeding $500,000,000 in the aggregate for military assistance during fiscal year 1950 to eligible nations which are parties to the North Atlantic Pact. Subsequent appropriations to meet related obligations are authorized. A governing principle is stated as follows:

"No contract authority which may be granted pursuant to the provisions of this section shall be exercised by the President until such time as he has agreed to recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty."

The conference agreement retains the essentials of the Senate version in respect to contract authorization. It substitutes the verb "approve" for the verb "agree" in relation to Presidential review of the North Atlantic undertakings.

Restrictions on use of funds (sec. 104)

The Senate amendment would forbid the use of funds provided for under the contemplated act or under the act providing for assistance to Greece and Turkey for any of the following purposes: construction, maintenance, or equipping (other than with machine tools) of any manufacturing establishment outside the United States; compensation of any person not an officer or employee of this Government for services rendered such an establishment; redress of losses in trade incurred abroad through the diversion of production to the purposes of the envisaged program. The House bill does not include an equivalent provision. The provision is included in the conference agreement.

Assistance to the Republic of Korea (sec. 301)

The House bill authorizes military assistance to "the Republic of Korea." The Senate amendment omits the words "the Republic of". The conference agreement contains the language of the House version. This language makes it clear that the assistance authorized is to be extended only to the government now in control of the Korean peninsula below the thirty-eighth parallel.

Assistance in the "general area" of China (sec. 303)

The Senate amendment includes an authorization, not included in the House bill, of $75,000,000 for expenditure to accomplish in the "general area" of China "the policies and purposes declared in this Act." The provision takes cognizance of "the concern of the United States in the present situation in China." This provision is retained in the conference agreement. Four observations are in point concerning this provision.

First, note should be taken of language contained therein which says that the $75,000,000 sum shall constitute "an emergency fund for the President," whose certification of expenditures related thereto "shall be deemed a sufficient voucher for the amounts expended." It should be understood that this provision for confidential use of the funds is governing over any inconsistent restriction regarding administration which may be contained elsewhere in the legislation.

Second, the term "general area" may require explanation. This phrase is somewhat more restrictive than would be the phrase "the Far East." At the same time it is not intended that the phrase be interpreted as confining use of the funds to China proper. In view of the difficulty of defining in advance all of the contingencies which may develop in the unfolding situation in China, the members of the committee of conference attempted no greater precision than is contained in the term "general area." This term, however, is to be interpreted in relation to the phrase: "the concern of the United States in the present situation in China." The area envisaged is the area which bears immediately upon that situation, and which is borne upon immediately by that situation. It is consonant with the unusual flexibility in the authority given to the President by this provision that China and the other countries in that general area should be only generally designated in order that the scope of assistance might be largely determined through experience as needs arise.

Third, it should be noted that the form of assistance is not limited. It may be in any form which will conduce to realizing the "policies and purposes" declared in the legislation.

Fourth, in contradistinction to other authorizations in this legislation, the authorization in question is not confined to the fiscal year 1950.

Restriction on behalf of the national security of the United States (sec. 401)

Both the House bill and the Senate amendment contain provisos to protect the national security of this country from being prejudiced by operations under the military assistance program.

The House version would forbid transfer of equipment and material in event of determination by the Secretary of Defense, after consultation with the Joint Chiefs of Staff, that such transfer would be detrimental to United States national security or would involve equipment or material required by United States forces.

The Senate version would require in advance of transfer a determination "that such transfer would not be detrimental to the national interest of the United States." The determination, moreover, would be made by the Secretary of Defense and the Joint Chiefs of Staff rather than by the former after consultation with the latter.

The language of the conference agreement is in keeping with the House bill in leaving the determination to the Secretary of Defense after consultation with the Joint Chiefs of Staff. It is the view of the committee of conference that this is more clearly consistent with the principles of authority in the Department of Defense than would be the requirement for a collective decision of the Secretary and the Joint Chiefs of Staff. The language of the conference agreement otherwise reflects the House version.

Agreements with eligible nations (sec. 402)

The House bill would require agreements to be entered into with eligible nations or groups of eligible nations "in connection with the furnishing of assistance." The Senate amendment would require such agreements "prior to" such furnishing of assistance. In this respect the conference agreement embodies the Senate language.

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The House bill lists the principles to be covered in the agreements. The Senate amendment does likewise but adds the qualifying phrase "where applicable". The conference agreement is consistent with the House version.

The list of principles in the House bill includes a stipulation that relevant assistance be "in furtherance of" the policies and purposes of the act. In the Senate version the phrase "in a manner consistent with" is substituted for the phrase "in furtherance of". The conference agreement is consistent with the House version in this regard.

The list of principles in the House bill includes a restriction subjecting to the President's consent the transfer by any recipient country of information furnished in connection with the program. The Senate version omits this. The conference agreement is consistent with the House version in this regard.

The list of principles in the House bill includes "the security of any article, service, or information furnished under this Act." The Senate version omits this. The conference agreement is consistent with the House version in this regard.

The list of principles in the House bill includes the qualification "consistent with the Charter of the United Nations" in relation to reciprocal and mutual assistance as a principle to be covered in the agreements. The Senate version omits this qualification. The conference agreement is consistent with the House version in this regard.

Valuation of assistance (sec. 403 (c))

The House bill and the Senate amendment agree in making replacement cost in general the basis for computing value of equipment and materials from mobilization stocks. The House bill would, however, permit the President, after consultation with the Secretary of Defense and the Joint Chiefs of Staff, to set original cost as the basis for items taken from mobilization stocks above minimum mobilization requirements (that is to say, mobilization stocks above the level required during the first year of mobilization). The Senate amendment would permit a similar exception, subject to a certification by the Secretary of Defense that "it is not necessary fully to replace such equipment or materials in the mobilization reserve". The Senate language also contains a specific provision that the cost of repair, rehabilitation, or modification of excess equipment or materials should be taken into consideration in the valuation thereof. The conference agreement reflects the language of the Senate version.

Distribution of excess equipment and materials

Section 403 (d) of the Senate amendment contains the following standard: "The excess equipment and materials furnished under this Act shall, with due regard to the programs of military assistance operated under this Act, be distributed equitably among the various nations * * *." This language is not retained in the conference agreement. The committee of conference came to the conclusion that it would not be in keeping with the principles of the program to include language which might imply that assistance would be distributed in accordance with some equitable right. The governing principle must be the common strategic strength and not the particular equitable interests of particular nations.

Liquidation of operations in event of termination of assistance (sec. 405 (d))

The Senate amendment contains a proviso, not contained in the House bill, making funds available for twelve months for liquidation purposes in event of termination of assistance by presidential or congressional action. The conference agreement includes the language of the Senate version.

Employment of additional civilian personnel (sec. 406 (a))

Both the House bill and the Senate amendment would permit the employment by any agency of additional personnel necessary in the administration of the contemplated program without regard to section 14 (a) of the Federal Employees Pay Act of 1946. The House bill requires the President to determine the necessity of such employment of additional personnel. The Senate bill includes no such provision for presidential determination. The conference agreement contains the language of the House version. This language is included with the intention of strengthening the central control of the program as a means of insuring economical administration.

Employment of experts and consultants (sec. 406 (c))

With regard to the employment of experts and consultants, as authorized by section 15 of the act of August 2, 1946, the Senate version limits their number to 15 at any one time and specifies that they must be "technical" experts and "engineering" consultants. It omits the language contained in the House bill permitting the employment of expert and consultant organizations. The conference agreement contains the language of the Senate version.

Employment of top-level personnel (sec. 406 (e))

In authorizing the employment of one person at a rate of compensation not to exceed $16,000 and of three persons at a rate not to exceed $15,000 in the administration of the envisaged program, the Senate amendment adds a requirement for Presidential appointment and senatorial confirmation of such persons. The conference agreement includes this requirement.

Administrative expenses (sec. 408 (b))

The Senate amendment contains a requirement, not included in the House bill, that "whenever possible the expenses of administration of this Act * * * be paid for in the currency of the nation where the expense is incurred * * *." This provision is included in the conference agreement.

Use of residual foreign currency funds (sec. 408 (d))

The Senate amendment contains a provision, not specified in the House bill, that foreign currency funds received in connection with the furnishing of assistance under the contemplated program and left over after the payment of local administrative expenses shall be used only for purposes specified by the Congress. This provision is included in the conference agreement.

Disposition of equipment and materials in event of termination of assistance (sec. 408 (f))

The Senate amendment empowers the President to designate the agency of the United States Government to receive equipment or materials procured for the program but not delivered because of termination of the program by Presidential or congressional action. No equivalent provision is contained in the House bill. This provision is included in the conference agreement.

Definitions (sec. 411)

To the definitions contained in the House bill the Senate amendment adds definitions of the terms "mobilization reserve" and "excess" as used with respect to equipment and materials involved in the contemplated program. These definitions are retained in the conference agreement.

JOHN KEE,
THOMAS S. GORDON,
A. A. RIBICOFF,
CHARLES A. EATON,
JOHN M. VORYS,
Managers on the Part of the House.

Mr. KEE. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, the report of the managers on the part of the House at the conference on the sections of H. R. 5895, in disagreement between the two Houses of the Congress, to the reading of which you have given your attention, is a full, complete and comprehensive statement of the action of the conferees.

It not only discloses the action taken by the full conference committee upon all matters in disagreement, but it also sets forth a clear explanation of the reasons for the position taken by the managers on the part of the House upon each and all of the issues they were required to resolve.

As in all like cases, the final agreement was reached by compromise. Upon some of the matters in disagreement, final accord was reached by reluctant surrender on the part of the House conferees, after long and earnest debate. Other issues were resolved through the yielding of the conferees of the other body, also following debate. Many other provisions in disagreement were adjusted through amendments drafted at the conference table, to the wording of which conferees from both Houses contributed.

As a result of this earnest effort to reach a mutual and satisfactory agreement, the conferees of the House bring to the floor today a report signed by all the conferees. There is no dissent.

As you no doubt noted from the statement of the House managers, the Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for the differences, more in phraseology than meaning, and except for clarifying, clerical, and necessary conforming changes, the conference substitute is the same as the House bill.

It is undoubtedly true that the Members of both Houses are more interested in the amount of the appropriations authorized by the bill than in any other provision. May I briefly state the facts.

Following is a comparison of the provisions of the House and Senate bills in respect to the authorization of appropriations to carry out the purposes of the legislation:

	House bill	Senate amendment
North Atlantic Pact countries:		
Appropriation	$580,495,000	$500,000,000
Forward contracting	None	500,000,000
Subtotal	580,495,000	1,000,000,000
Greece and Turkey	211,370,000	211,370,000
Iran, Republic of Korea, Republic of the Philippines	27,640,000	27,640,000
"General area" of China (emergency fund)	None	75,000,000
Total	819,505,000	1,314,010,000

It will be noted that the authorizations are the same in both bills, with the exception that the House bill did not carry the provision of $500,000,000 for forward contracting. Your conferees accepted the Senate amendment, as shown in this

respect. There is certainly every justification for our action.

As we all are aware, when this bill was on the floor of the House for consideration and before its passage, there was an amendment offered to the measure cutting the amount authorized to be appropriated by one-half. That amendment was adopted by the House. When this bill went to the Senate and was considered in that body, the Senate took a different attitude. As I have stated, the other body adopted the figures in the House bill, then added $500,000,000 for forward contracting.

We all know the reason for the House cut in the amount of the appropriation was stated clearly upon the floor of the House to be that the House was in doubt as to the manner in which the full amount would be expended, and feared that it would be spent without there being a definite plan of an integrated defense formulated by the countries signatory to the North Atlantic Pact.

No plan of defense had been formulated at the time the bill came before the House. It was the intention of the House to appropriate only half of the money for use during the first year, and then come back at the following session of this Congress and review the action of the countries benefiting under this act in formulating plans for a united and integrated defense.

The fact of the matter is that these plans could not be made at this time. It may possibly be months before all of the plans can be completed. When plans for the integrated defense of 12 great countries of this earth are prepared, they are not final and complete, ever, until it becomes necessary to use them. It would therefore be impossible for the plans to be presented at this Congress in a final and complete form. Nor would it be possible for plans for an integrated defense to be presented at the next Congress. But the other body, taking a far view of the matter proceeded to insert in the bill, not a provision for the appropriation to 1 year's operation, which would have undoubtedly doomed the program to failure, but the body inserted a clause providing for $500,000,000 to use for forward contracting. Otherwise, there would have been no chance, opportunity, or authority to make any contracts for future deliveries of military supplies which were necessary. The other body inserted, first an amendment called the Ferguson amendment, which limited the amount of money to be expended by the President, or appropriated for immediate expenditure to $100,000,000. Then the body inserted a provision that the other $400,000,000, which was authorized for forward contracting, would be made available to the President only after his approval of the recommendations for an integrated defense of the North Atlantic area, which may be made by the Council of the Defense Committee to be established under the North Atlantic Treaty.

This amendment by the other body changed the whole tenor and effect of the act passed by the House. It did not, as you notice, follow the pattern of the original House bill and provide for the appropriation of the full amount of over $1,000,000,000 at once, but it provided for an appropriation of possibly a little over one-half of that amount, and then for making available $100,000,000 for immediate use by the President under the forward contracting clause and reserving the other $400,000,000 until the President had approved and agreed to plans for an integrated defense.

When we were confronted with this attitude and this wise provision on the part of the other body in recognizing the absolute importance of having some provision of this character in the act, we of the House conferees, after debate and full explanations, receded from the position taken by the House and adopted the plan provided by the Senate bill.

The conferees believe that these provisions absolutely protect the Nation in this matter and also provide for the House the very means that they wanted to have provided when they supported what is known as the Richards amendment. In other words, it gives the House an opportunity to review what is done under the appropriations made in this bill and under the provision reserving $400,000,000 until this plan for an integrated defense has been formulated.

I hope the report will be agreed to.

The SPEAKER. The gentleman has consumed 10 minutes.

Mr. KEE. I yield myself one additional minute, Mr. Speaker.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield.

Mr. RICH. Is there any agreement whereby we are obligated to continue appropriations after 1950?

Mr. KEE. None whatever.

Mr. RICH. Nothing whatever?

Mr. KEE. Nothing whatever.

Mr. RICH. Is there any obligation on the part of the signatory nations to this pact whereby they contribute to the arming of their own nations in proportion to the amount that we give them?

Mr. KEE. As you well know, there is nothing in this bill, nor was there in the Senate bill, to that effect, but we have assurance from the members of the pact and those other nations which will be beneficiaries under this bill—and that statement was made and reiterated on the floor of the House—that they will contribute from five to seven times the amount of our contribution. That, I take it, is a definite obligation.

Mr. RICH. For arming their own nations?

Mr. KEE. For arming their own nations.

Mr. RICH. From five to seven times the amount that we have appropriated?

Mr. KEE. From five to seven times the amount that we have appropriated.

The SPEAKER. The time of the gentleman from West Virginia has again expired.

Mr. KEE. Mr. Speaker, I yield 10 minutes to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Speaker, I am voting for this conference report. I was for a military-aid policy 2 years ago. I was for it 6 weeks ago when this Mutual Defense Assistance bill passed the House. Although I am not happy about many provisions in this conference report, and voted in conference against a number of provisions, I am going to support the conference report. It represents the best compromise I could get to implement a policy I approve.

The reported dropping of the A-bomb in Russia has influenced the thinking of all of us. I have found 3 different views in Congress as to how it should affect this legislation. There are those who say this proves that there is no use of our going ahead with any plan for arming ground forces in Europe. There are those who say that we ought to furnish merely a token supply of arms as evidence of our good will, but that it is futile to go farther than that now. My own view is that the dropping of the A-bomb makes prompt action by the North Atlantic countries imperative; that this is no time for half-way measures on either side of the Atlantic. The conference report carries out my idea.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. VORYS. Yes; I yield.

Mr. CHURCH. Does the gentleman mean dropping the A-bomb or what the President said?

Mr. VORYS. Well, the President's report of an explosion in Russia is what I referred to.

The bill as it comes from conference is an improvement in many ways on the bill that left the House, in my judgment. It cuts out the creation of an armament industry over there to the subject to capture or sabotage. On the matter of China it is a mild improvement, in that there is at least a token amount for China, although the House voted no amount. The language favoring some sort of joint organization in the Far East is left in the bill. The "anti-deep freeze" criminal provision I offered on the floor of the House is retained in the bill. In most cases of differences, the House provisions were retained throughout the bill.

The crucial matter, however, involves the amount. It is raised $419,505,000 over the amount in the House bill, and it is down $160,990,000 from the orginal requested amount.

The amount is furnished in two bites, $500,000,000 in authorized appropriations and $500,000,000 in contract authorization, but the contract authorization must be passed on by the Committee on Appropriations; thus the Congress continues to have control over all of it. The amount is also limited by the Ferguson amendment to which reference has been made. I wish to discuss it a little.

Let us remember that 6 weeks ago when the House acted on this bill there were 209 voting for the Richards amendment cutting the amount for Europe in half, and 151 against the amendment. On passage of the bill there were 238 for; 122 against. There were 118 Members who voted to cut it 50 percent and then also voted not to have any bill at all. There were 147 Members who voted against cutting it but voted for the final bill. There were 91 Members who voted for the cut and then voted for the bill. I was one of those. Obviously, the 91 of us have the balance of power on this bill. How we vote on this conference report determines whether this bill passes or not. Can those of us who voted

for the cut and then for the bill, conscientiously support the bill as it comes from conference?

Here was why we proposed the cut in the House. I am reading from the minority views filed by my colleagues, Messrs. RICHARDS, BURLESON, and myself, on August 15; and I used these same words in my remarks on the floor on August 17:

> By implementing half of the proposed plan at this time we are showing our good faith, our willingness to go forward. By reserving action on the other half we will in effect give notice to all of the governments concerned, including our own, to come up soon with an agreed over-all plan.

I think it is fair to say that that proposition influenced the vote of many of the 91 Members of this House to vote for the cut and vote then for the bill in August. But what have we brought back 6 weeks later? We can report action in that the North Atlantic Council has been formed and the Defense Committee is in process of formation. They do not yet have their recommendations ready. Meantime comes this report that Russia has the A bomb, which will influence various Members in different ways. In my judgment, the answer to it is that we must not take halfway measures here or permit half-way measures in Europe.

I think that the Ferguson amendment, which was changed slightly and then agreed to in conference, carries this out. I refer you to pages 12 and 13 of the conference report and beg your earnest consideration of the language therein contained which describes the Ferguson amendment. You will note on page 12 that the President is authorized to use $100,000,000 for immediate emergencies, and that the balance will become available only—

> When the President of the United States agrees to recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee.

In conference we provided that the President must "approve" rather than merely "agree to" the recommendations for integrated defense.

What do those words: "Recommendations for an integrated defense of the North Atlantic area" mean? Again I call your attention to page 13 of the conference report. The time allotted me will not permit my reading all of it, but we have spelled out there the intent of the committee of conference in the use of these words. We recognize that a defense plan which would work 6 months from now might not work 90 days later on. What is needed is not a static plan, but a dynamic system of integrated defense. To ask the President to approve the plans would mean nothing because the plans might be outmoded by a change in the military situation shortly afterward. Therefore we have spelled out the sort of integration we feel this legislation requires. I quote from the bottom of page 13:

> As soon as possible, the essentials of the pattern of area defense based upon individual national specialization must be agreed to and the assignments thereunder made. This principle must be riveted into the base of the North Atlantic defense structure. Once this pattern has been developed and agreed to, it must be the governing formula for the assistance program here envisaged. That is the intent behind the language which makes the bulk of the authorized assistance contingent upon recommendations, acceptable to the United States, for integrated defense of the North Atlantic area.
>
> As soon as the proper authorities established under the North Atlantic Treaty have arrived at an agreement which the President approves as warranting the conclusion that integration will thenceforth be the basis for, and the governing principle of, subsequent stages of defense planning in the North Atlantic area, the conditions will have been fulfilled and the entire authorized amount will become available.
>
> It is the hope of the committee of conference that such an agreement will be promptly reached. Until this is done the President has the duty of withholding all but $100,000,000.

That is as near as your conferees could come to reserving the review which the 50-percent cut, obviously arbitrary, was intended by the action of the House to insure.

I believe this language, this report, plus the action which our unprecedented cut has precipitated in the past 6 weeks, will carry out the intention of the majority of the House to require united mutual defense.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Minnesota.

Mr. JUDD. Is it not a fact that the basic reason the gentleman from Ohio and others of us worked for the 50-percent cut was not primarily for economy reasons, but rather to make sure that the countries involved would develop utmost unity of effort and integration of planning without which the program cannot succeed no matter how extensive our aid?

Mr. VORYS. That is absolutely correct. I have just read to the House the quotation which the gentleman and I prepared, together with our two Democratic colleagues, 6 weeks ago to that effect.

Mr. JUDD. Therefore, our primary objective was to keep American contributions under our own control until they did their part in achieving the unification that is necessary for success. The conference report does keep this aid program under the control of the President, although not under the Congress, until they fulfill their part of the bargain; is that not true?

Mr. VORYS. Yes; to put it in a homely fashion, the action of the House urged by my colleague, myself, and others, was to apply a "chestnut bur," if I may use a figure of speech, in the appropriate way to the European powers who had shown a reluctance to get together. Action in the past 6 weeks would indicate that the bur has been performing its appropriate function.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. KEE. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, it was stated by the President yesterday that those who are not in favor of his program are 160 years behind the times. Fiddledeedee. It was 175 years ago that the Declaration of Independence was signed. At that time our forefathers decided they wanted to be separated from the countries of Europe so that they could live here and have freedom, liberty, independence, and the right to worship God as they saw fit.

During this period of 175 years we have enjoyed the greatest prosperity that has been the lot of any nation in the world. The American people enjoy all the liberties and freedoms of the country which they founded and which they have tried to make one of the best in the world. We raised the standard of living so that this country is far above any nation in the world, so far as living is concerned, for all of our people. We have the highest standard of living of all people. Why wreck it?

Now, we seem to be the envy of other nations. Of course, we should, if possible, without destroying our own Nation, try to help other people. That is the Christian spirit. I do not object to that in any sense. But, we have come to the point in our national life when, after several world wars, when we talk about being one of the most peace-loving nations in the world, we are today one of the greatest warmongering nations in the world, as I view it, because in the last few years that is about all we have been trying to do; talking about war and getting into war and getting other people into war until we are trying to balance the budget of all the nations of the world except a few, and getting them into the greatest war-building machinery-program that has ever taken place in all the history of the world. Remember the silver-toned voice saying, "I promise you mothers again and again and again I will not send your sons to fight on foreign soil." We got into war and the way you are going you will get there again.

Mr. Speaker, we have a debt today of $256,000,000,000; that is, as of September 22. Last year we were $1,555,000,000 to the good at this time. This year we are in the red $1,668,000,000, or a difference in the operation of the Government this year of over $3,220,000,000 more in the red. That is the difference now in what we are trying to do in the greatest spending period in the history of mankind of any nation, and it is our Nation now that is in that position. This administration today is the greatest squandering administration of all history. Truman can beat all the world in spending.

Now, let us see what we are talking about doing. We signed the Atlantic Pact. We talk about peace. What do we want? Well, we talk about peace and we want peace and everybody thinks that is a thing we ought to have. But, no, we are not trying to get peace by peaceful means; we are only trying to demand peace of the nations of the world by war methods, by appropriating certain sums of money to build up the war machines of all the nations that signed the North Atlantic Pact. I think it is one of the most disgraceful, dishonorable things that America has ever undertaken, to go out and say that we are a peace-loving nation and at the same time tax our people to the very limit for war. You will get war, war, war in what you

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are doing. We are going the limit in every way. We know how to build the greatest fighting machine in all history for our own Nation and other nations. When you talk peace and want peace and then go at it in the way we are doing, how can we think we are going to have peace? You are only inviting another great war, and you will be responsible because of the deeds you are doing and the acts and the manner in which you are trying to participate in getting all those other countries to spend, as the chairman said, five or six times as much money now as we are going to spend to arm each of those nations. How can they afford to get that amount of money unless we give it to them through ECA? They need it for bread and butter and clothing. They are only going to get that money to build these great war machines when we hand it to them under the ECA program. Another bad program. Look at Great Britain. We gave them $1,500,000,000 this year. They are over here now wanting more money to keep their socialistic government alive, and we are going to go over there now and arm them to the teeth and ask them to spend five to six times as much money as we are spending for them. They want everything they can get from us. Does it make sense? Does it sound sensible? I tell you right here that this Committee on Foreign Affairs, to my knowledge, is just as bad as anything that I know of in our country today. There is one member of the committee, however, who is trying to keep us out of war, but you other members want to watch what you are doing. Our State Department is just as bad. It is wrecking us by inches sure as the sun shines. England is getting from us wheat. We have a billion bushels surplus. The State Department now says to us, "Keep our wheat, do not reduce our supply; but England takes the money and buys their wheat from Canada. Can you beat that. The President will now cut down tariffs under the Reciprocal Trade Agreements Act again and close our factories and put our men out of work. Can you beat that. Oh, we are not smart; we are dumb. We may not be fools but we do the things fools would do. You will tax, tax, tax our people and destroy them. It means bankruptcy, disaster, misery for America from the New Deal, Fair Deal, or raw deal of the Truman administration. America, I say, wake up, ere its too late. Vote this report down. Stop it now.

The SPEAKER. The time of the gentleman from Pensylvania has expired.

Mr. KEE. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Speaker, I rise as a member of the Committee on Foreign Affairs of the House and a fellow member of the Pennsylvania delegation with my good friend, BOB RICH. I appreciate the height of his oratory and the sincerity of his opinion. However, I may say that I slightly disagree with his conclusions, because the name of this act has even been changed from the Foreign Military Assistance Act to make it emphasize mutual-defense assistance.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. FULTON. I will be very glad to yield to my friend from New York, with whom I also disagree.

Mr. MARCANTONIO. Does the gentleman try to convey the idea that the change of the title of the act changes its objective? Is the objective any different in the conference report than it was in the original bill?

Mr. FULTON. I should like to ask the gentleman a question in answer. If the great state of Russia had used the same words, "mutual defense assistance," would that make any change in the gentleman's argument, or does he think they are insincere? Because, may I point out to the gentleman, the great state of Russia in its mutual defense assistance pacts has used the very words about which the gentleman is complaining.

Mr. MARCANTONIO. It is not a question of words, it is a question of objective. The gentleman is begging the question I have asked.

Mr. FULTON. I do not think the words make any difference.

Mr. MARCANTONIO. Regardless of name, we are dealing with the objective of the legislation which is before the House of Representatives.

Mr. FULTON. Then does the gentleman from New York believe that if we are dealing with objectives, and Russia and ourselves now have the same label for our mutual-defense assistance, we are wrong and Russia is right, or Russia is wrong and we are right, or we are both wrong? What is the gentleman's position?

Mr. MARCANTONIO. I will say to the gentleman this, that there is not a single difference between the Soviet Union and the United States which cannot be peacefully resolved without the sacrifice of a single American interest or a single American principle. The gentleman's way, the way the gentleman is proposing, and that he has been supporting right along, is the way of war, and not of peaceful resolution.

Mr. FULTON. May I add that the gentleman likewise is begging my question. He is not answering it, because he has not said whether Russia is right and we are wrong or we are right and Russia is wrong, or we are both wrong. What are we?

Mr. MARCANTONIO. I will say this, that there are certain differences on which——

Mr. FULTON. No; just answer my question. Who is right and who is wrong?

Mr. MARCANTONIO. You cannot answer a generality by yes or no, you have to answer on specific issues one by one.

Mr. FULTON. Is America right on this issue?

Mr. MARCANTONIO. On the issue of the Atlantic Pact we are definitely wrong.

Mr. FULTON. And is Russia wrong?

Mr. MARCANTONIO. Let me answer the gentleman's question.

Mr. FULTON. Is Russia wrong?

Mr. MARCANTONIO. Let us not use the word "America" in this instance because it is not the American people who are wrong here, it is those who are trying to lead the American people to war who are wrong.

Mr. FULTON. The gentleman has said America is wrong on the Atlantic Pact.

Mr. MARCANTONIO. I did not say America is wrong, I have stated that the State Department and those behind its policies are wrong, not that the country is wrong. Let us draw the distinction.

Mr. FULTON. Is Russia wrong on its mutual-defense assistance pacts with its satellites?

Mr. MARCANTONIO. I do not know of any mutual defense assistance pacts that the Soviet Union has entered into which constitute aggression. The gentleman cannot prove one.

Mr. FULTON. I certainly can.

Mr. MARCANTONIO. The gentleman cannot, and he knows it.

Mr. FULTON. I point out the one with Bulgaria. The gentleman once said on the floor of this House to me, when we first brought up the Greek-Turkish program, that if I could prove to him that Russia was doing the same thing Russia would be wrong. I proved it to the gentleman, and he never answered.

Mr. MARCANTONIO. The gentleman never proved it. If the Soviet Union or Great Britain or Italy or France or any country in the world should engage in this program in which our leaders are engaging, then I say that that nation would deserve the condemnation of the world.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Pennsylvania.

Mr. RICH. Suppose Russia came over and armed the West Indies and Cuba and Mexico, what would we think?

Mr. FULTON. If Russia moved into certain territories that were peaceful territories and not under threat, we would think it would be aggression, but on the other hand, if there is a country such as Russia with 210 divisions up to their full strength, and more efficient than they were during the war, and she has shown no reason why she has not reduced her military strength since the war, and has been deploying those divisions in otherwise peaceful countries, when they were not under threat by anybody, then that is a warlike aim to certain people of this country, and it should be met not with a striking force but with a bland defensive force for protection.

This bill, may I say to the gentleman, is simply a bill for defense and integration of defense of the North Atlantic area under the North Atlantic Treaty.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. KEE. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. SMITH].

Mr. SMITH of Wisconsin. Mr. Speaker, I want to be fair to my opposition to the bill before us—the military-assistance program. I believe that the President's bomb scare of last week was made with the idea of influencing this legislation. I also believe that this measure is designed to shore up a slipping economy. The papers last night carried the

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story that 100,000 people will be employed to administer the program. This is further evidence of New Deal strategy to cover up a dismal failure in foreign policy.

It is recognized, Mr. Speaker, that when diplomacy fails, the army takes over. The President's demand for the legislation is a confession of abject failure in international relationships.

I repeat what I said during the debate on this bill, that it will not protect European countries against Russian Armies and it will only provide another rat hole for American taxpayers' dollars.

The President's report on the Russian bomb makes this legislation all the more nonsensical. Russia's achievement in making a bomb means that the United States no longer can prevent western Europe from being attacked. That is what a group of atom-bomb scientists said in Chicago last Saturday. Dr. Harold C. Urey, Nobel prize winner and discoverer of heavy water used in atomic reactors, said:

> Western Europe from here on is at the mercy of Russia. If peace is preserved it will not be because we can prevent western Europe from being attacked.

This is advice from the experts, Mr. Speaker. If they are right, then we are not justified in passing this bill. If the New Deal is wedded to a spending program, than let us spend this $1,300,000,000 on that 70-group air force and not pour it down a European rat hole.

Mr. Speaker, James P. Warburg recently said, referring to our foreign policy:

> We are betting $6,000,000,000 a year on a constructive policy for peace and then we take out 18 billion a year insurance against the failure of our own effort. We have got our bet and our hedge upside down.

Continuing, he said:

> No policy can succeed that straddles two conflicting theories as to the nature of the world crisis and then go galloping off on two horses headed in the opposite directions.

This is a correct appraisal of the Truman foreign policy; it is a scorching indictment of it. We are riding in one direction in western Europe. In Asia we go in the other direction.

Let us kill this bill by sending it back to committee.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. KEE. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Speaker, before starting my remarks with respect to this conference report, which I intend to support and which I believe the House should support, I would like to pay my respects to the argument of my colleague from New York [Mr. MARCANTONIO]. He said we could, if we would, compromise all our differences with the Soviet Union peacefully. What is implied in that is that the United States does not want to settle its difficulties with the Union of Soviet Socialist Republics peacefully. I certainly hope and expect that we can do so peacefully; the question is, How do we get to a fair settlement? I am afraid the example of Berlin makes it necessary to add as a corollary to the statement of the gentleman from New York [Mr. MARCANTONIO], "If we would give in to the Soviet Union on everything that it wants, including removing ourselves and substituting the Soviet Union for ourselves in every place in the world where we are fighting to preserve freedom and democracy, notably Berlin."

Now, as to the thesis of this particular conference report. In the discussion of this particular conference report by my colleague the gentleman from Wisconsin, he has made what I think is perhaps the best argument that can be made against the confirmation of this report, to wit, Russia has the atom bomb, according to the announcement of the President—it may be an inartistic one; it may be one that they have already used up; they may be 5 or 10 years behind us in atomic development—but they have something. Therefore we must reappraise.

But my colleague did not counsel that we reappraise. He counseled that we stop. He said we must capitulate; we must give the Russians the victory over democracy because, he says—not the Russians, not the President—but my colleague says they have nullified our advantage in the possession of the atomic bomb.

The people of the United States are ready for no such adventure, in my opinion; nor should they be. We have no right to capitulate on any such basis, for this reason: If the Russians can make us stop because of the President's announcement that there has been an atomic explosion in the Soviet Union, if they can make us stop the successful, bipartisan foreign policy which has produced the foreign-assistance program, the European recovery program, the Atlantic Pact, and the military-aid program, the Russians will have succeeded beyond their wildest dreams, because they will have given every nation in the world which has lined up with the democracies, the right to stop and make a new choice, and this time that choice may be for the Soviet Union instead of the world's democracies and the United States.

What have the European recovery program, the Atlantic Pact, and the whole United States bipartisan foreign policy accomplished so far? Let us look at that before we stop. Communism nipped in the bud in Italy and Turkey; the blockade of Berlin broken; Trieste pacified; Indonesia on the way to pacification; great progress in Kashmir, Indochina, and Malaya; all countering democracy's very great and very real losses in China.

And very important, who are having the troubles now? We? No. The Soviet Union. They are having their troubles with Yugoslavia. The Yuogoslavs know better than we do how strong the Soviet Union is, even with the claim of the atomic bomb, and still, from every appearance, they are going toward the side of the free peoples and away from the Soviet Union.

No, my friends, if they could make us stop today, if we were unwise enough to yield today on the evidence that we have, only that there has been an atomic explosion in the Soviet Union—an event we expected at the most in a few years anyhow—they will have won without a fight. There is nothing worse that we could do than to capitulate today.

On the contrary, I compliment my colleagues on the conference committee. They have asserted the dignity, the strength, and the resolution of the American people in signing this conference report. This is a shot that will be heard around the world, and will have a superior effect at this time to the report of the atomic explosion in the Soviet Union.

Mr. SMITH of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. SMITH of Wisconsin. Does the gentleman believe this is a peace move or a move toward war?

Mr. JAVITS. I believe it is a peace move, for this reason, and even the gentleman will agree with me, that the Soviet Union understands and respects only one thing, namely, strength, and resolution; not weakness, not our stopping now just when they want to stop. They would like nothing better than to have us stop. That is what the gentleman would have us do.

Mr. SMITH of Wisconsin. Then, how will this program stop Russia's moving in western Europe?

Mr. JAVITS. This will stop them because it strengthens the resolution of the people of western Europe to resist. Nobody ever claimed that this program would stop the mechanized divisions of the Soviet Union. All we said was that you need this addition to the European recovery program, and everything else that we are doing, to fortify the morale of the people of Europe so that they felt the self-respect, dignity, and nationhood, which would give them the will to give resistance to any Communist tide.

Would the gentleman rather that they fell down and expired in front of the Soviets or that they give some resistance?

The SPEAKER. The time of the gentleman from New York [Mr. JAVITS] has expired.

Mr. KEE. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Speaker, with all due respect to the gentleman from New York [Mr. JAVITS], I think the Members on both sides of this question will have to admit that we have just heard from him some more double talk. Using the word "peace" he has uttered the most warlike double talk that has ever been uttered in this House. He talks peace, but he means war. What is more, the rationale that has been used by the gentleman from New York [Mr. JAVITS] is identical with the rationale that was used by the Berlin-Rome-Tokyo Axis Powers for their warfare upon the Soviet Union and the rest of the world. The gentleman from New York [Mr. JAVITS] skillfully avoids the fact that we are rebuilding another Nazi Germany in pursuance of this foreign policy which he supports.

This policy which this bill implements is not a peace policy. It is a war policy and no amount of words can disguise it.

It is high time that we took an inventory and examined what has been the basis of this policy. Originally it was sold to the American people on the basis of the secrecy of the atomic bomb. We

had a monopoly on it. It was a secret. Therefore, we were told that we could advance by it and extend the domination of Wall Street finance monopoly all over the world. Now it is no longer a secret, so we no longer have any security in secrecy. What then is the answer that you now give? You say: "Let us have more atomic bombs than the Soviet Union." So you establish what proposition? You establish an atomic bomb race, and this particular piece of legislation merely implements an atomic bomb race policy; it implements that policy by sending weapons and money for weapons to the various rulers of Europe and the Chiang Kai-shek dictatorship in China.

What has this policy meant to the people of the United States? First of all, it has not meant security, it has been proven that there can be no security in secrecy, history has established that an armaments race has never brought any security to any nation. But what has it done to our economy? It has thrown us into a war economy. We are expending approximately $24,000,000,000 for war purposes, more than 50 percent of the national budget. And what has happened? The gentleman from New York [Mr. JAVITS] told us about alleged political victories in Yugoslavia, Trieste, and so on. Let us see what these so-called victories have meant for the people all over the world—2,500,000 unemployed in Italy which is the equivalent to 9,000,000 unemployed in the United States. The British workers the other day as a result of devaluation of the pound had their wages depressed by 30 percent. The same story for the French worker. And what has it meant to the American working people? Let us look at the Truman formula on wages. The President's steel fact-finding board has given that formula, it states: "No wage increases throughout this country." Despite any temporary leveling off we find unemployment increasing. These are the wages of the sins of the Marshall plan, of the Truman doctrine, and of this Atlantic Pact. But beyond all, this piece of legislation reveals the bankruptcy of our foreign policy.

I repeat what I said to the gentleman from Pennsylvania [Mr. FULTON], the arguments that are made here that you cannot deal with Russia are spurious arguments offered to sell and support a war policy. I still state that there are no differences that cannot be peacefully resolved between the Soviet Union and the United States without the sacrifice of a single interest or principle of the American people. I say that we must now recognize that the atomic bomb must be outlawed and that the outlawry must be placed under the control of a strong United Nations. That is a peace policy; that is a policy in the interests of the American people; that is a policy in the interests of the security and defense of the American people. Can anyone here say that the security and defense of America depends on the outcome of an armaments race? Can anybody here say that the security and defense of cities like my own city depend upon the fact that we may have more atomic bombs than Soviet Union? This is insanity; this is an insane war that you force on the world. I pray that the sins of this insanity will not fall upon either this generation or any other American generation.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. KEE. Mr. Speaker, I yield 3 minutes to the gentleman from Connecticut [Mr. RIBICOFF].

Mr. RIBICOFF. Mr. Speaker, I think world events in recent days make it very important to consider the remarks of the gentleman from New York [Mr. MARCANTONIO]. He talks as if there were nothing between Russia and the United States that could not be solved except for the intransigence of the United States. Basically, since the end of the war the United States has shown time and time again its complete willingness to do something for the good of the entire world as well as itself. We have been making sacrifices year in and year out and pouring out our wealth for the benefit of all mankind and not just ourselves.

May I ask the gentleman from New York [Mr. MARCANTONIO], to point out to me one concrete example where Russia has indicated her good faith in the welfare of the world and not in her own aggrandizement and aggression? Will the gentleman from New York point out one instance of their good faith to this House?

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from New York.

Mr. MARCANTONIO. Yes. The Soviet Union and the United States both established their good faith in San Francisco when they signed the United Nations Charter. The Soviet Union and the United States collaborated in the most difficult war in the history of mankind. I say that those two specific actions were in good faith and are the foundation, for a peaceful resolution of our problems within the framework of a strong United Nations. Such action will guarantee the outlawing of the atomic bomb. What you support here as a substitute for a realistic peace program is an armament race and war.

Mr. RIBICOFF. I have heard the gentleman speak on the floor of this House time and time again. He is usually specific. But in answer to my query we have nothing but generalities. It is not what was said in the United Nations or in the Charter at San Francisco. It is what Russia's actions have been since that time. Talk is easy but actions count. Russia has done nothing.

I want to point out to the gentleman that in the findings and declaration of policy of this act adopted long before the knowledge that Russia had the atomic bomb appears the following language:

> The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common interest. The Congress hereby finds that the efforts of the United States and other countries to promote peace and security in furtherance of the purposes of the Charter of the United Nations require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. These measures include the furnishing of military assistance essential to enable the United States and other nations dedicated to the purposes and principles of the United Nations Charter to participate effectively in arrangements for individual and collective self-defense in support of those purposes and principles. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to obtain agreements to provide the United Nations with armed forces as contemplated in the Charter and agreements to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

When the United States through the Acheson and Baruch reports indicated a desire for universal control of the atom bomb, there was complete refusal by Russia to go along. We continued time and time again to indicate our willingness to do something about the world situation, but what did we get in return from Russia? We got in return a lot of double talk and again aggrandizement.

Mr. Speaker, I say it is time for Russia to show a concrete example of what she wants to do because on our part we have shown time and time again our good faith and our good intention.

The SPEAKER. The time of the gentleman from Connecticut has expired.

Mr. KEE. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. JACKSON].

Mr. JACKSON of California. Mr. Speaker, in recent days the world has seen great and momentous developments. Somewhere within the confines of the Soviet Union, if we are to place credence in newspaper and radio reports, an atom bomb has been exploded. Overnight, if this is truly the case, an entirely new and highly volatile situation confronts the world today.

During the course of debate in the House on this bill I opposed the measure with every resource at my command. I oppose it now and my opposition is even more determined because of the new global developments. The proponents of arms aid to western Europe say that because the Soviet Union now has the atom bomb there exists a more compelling reason why we should pass this legislation, legislation which comes back to the House from another body not in the reduced form in which it left the House but in its original and expensive form and shape.

I contend that the very explosion of the Soviet bomb has made even more futile any concept of the defense of western Europe on the ground. If the French, the Italians, and the rest of the signatory nations to the Atlantic Treaty had the will to fight a week ago, that will to fight on the ground against all of the force and fury of the atom bomb has certainly been decreased tremendously in the last few days. There is only one answer, in my opinion, to this new threat to the peace of the world. We can continue to plod toward war through the mud in an ox cart, or we can think in terms of our national security, our national safety, and our national welfare in terms of an air armada second to none, in terms of an effective and modern counterforce to meet this new threat.

For my part I intend to vote against accepting the conference report and I know that in that vote I will be joined by a great many veterans of this House who went through the last war and who know what war today really means.

Mr. DAVIS of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. JACKSON of California. I yield to the distinguished gentleman from Wisconsin.

Mr. DAVIS of Wisconsin. Mr. Speaker, I knew that the position taken by the gentleman from California was completely sound when this bill first came to the floor of the House; I think it is completely sound today, and I want to associate myself with the statement he has made.

Mr. JACKSON of California. I thank the gentleman.

Mr. POTTER. Mr. Speaker, will the gentleman yield?

Mr. JACKSON of California. I yield to the gentleman from Michigan.

Mr. POTTER. I wish to concur in the thoughts expressed by the gentleman from California, and also observe that since the atomic blast that Russia has demonstrated in the past few weeks, as announced by the President, now is the time for us to greatly increase our air power. That is our true defense.

Mr. JACKSON of California. I thank the gentleman.

The SPEAKER. The time of the gentleman from California has expired.

Mr. KEE. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Speaker, I am impressed with the feeling that probably not in my 25 years' experience has this House faced a graver responsibility in a vote than it faces this afternoon. I am completely conscious of all the difficulties of approach to this problem. I am in full sympathy with the right and will fight to the last ditch for every man who opposes this legislation to exercise that right. But, for myself, I am convinced that we are facing as grave a responsibility at this moment as we have in many long years. An adverse decision of this House today on the pending legislation will go over the world with a reverberation as appalling as was the explosion of the Russian bomb the other day.

Mr. Speaker, I have only 3 minutes, and I wish simply to point out one fact of supreme import. We are in possession of the most destructive agency the world has ever known, the atomic bomb. Our control of that agency is distinguished by the fact that the American people are governed by moral principles and a sense of responsibility and an absence of jungle cruelty in their attitude toward their fellow men. The Russians are in possession of that same destructive agency today, but their Government has departed altogether from the high moral quality of many of the millions of their people. Their Government has absolutely no morals; no moral restraint. It has a program of world conquest, with the United States as the ultimate end of that conquest. It is restrained by no moral considerations, by no humanitarian ideals. It is as cruel as the jungle and, as for me, if it were the last vote I ever make, I will vote for the adoption of this legislation in the hope that it will have some effect, at least, in encouraging the people of this country and of the rest of the world to stand for righteousness, and fellowship, and security, and against the hideous monster of communism that is the Communist world policy. I am going to vote for this legislation, and I hope you will do the same.

Mr. KEE. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. GORDON].

Mr. GORDON. Mr. Speaker, I saw several accounts in the press, and I heard several radio news broadcasts, to the effect that the House members of the committee of conference on the mutual defense assistance program had given in on the question of the amount of the authorization because of the stimulus received from the news that the Soviet Union had developed atomic energy to the point where its use by the Russians in warfare might be an immediate factor in the world power situation.

Let me say to the contrary that the question of atomic power never entered into our discussions of the amount of aid to be authorized for the North Atlantic Pact countries.

Atomic power was discussed in one relationship. It was discussed only in regard to this: The House bill included in its statement of policy a reference to the objective of the United States to bring about international agreements regarding control of weapons of mass destruction. The Senate amendment omitted this. It was agreed to restore it in the conference agreement. The expressed feeling was that the recent news about Russian accomplishments in atomic science gave added point to the aspiration of all civilized men that this weapon, and other weapons of like character, be brought under international control.

Now to get back to the question of the amount. When the House voted to cut by half the amount of the authorization for the North Atlantic countries, it was apparent from the debate that the proponents of the reduction included two general points of view. First was the viewpoint that opposed all such assistance. Second was the viewpoint, based on prudence, that such assistance should be premised on the assurance that this country—indeed all the peoples of the North Atlantic community—shall get something concrete in the way of unity of planning and execution in their military undertakings. This latter view I might call the wait-and-see view. It did not want the United States to go into this program all the way until it could be established that the other countries would engage in the undertaking in the same spirit.

Now, I do not appeal to those whose opposition to the mutual-defense undertaking is outright and unyielding. Their opposition to this measure will obviously be all the greater because of the fact that this conference agreement contains a larger authorization than did the version passed originally by the House.

I do appeal, however, to those who maintain the wait-and-see point of view. I believe the conference bill should satisfy their reservations.

No other part of the conference deliberations was so painstaking and so thoroughgoing as the part dealing with the provision for a contingent authorization—the contingency being an agreement among the participating nations in the North Atlantic scheme to pool their resources in an integrated defense undertaking. The conference bill allows $100,000,000 for a starter. The rest of the billion will not be forthcoming until our President is satisfied that integration of defense is an actuality—not merely a nice-sounding phrase.

We allow 10 percent as a beginning. We reserve the 90 percent until a satisfactory beginning has been made. I mean a beginning that is satisfactory to us—one that will give our President, this Congress, and the American people a solid assurance that unity has become a vital principle of action, not just a standard slogan, among the North Atlantic nations who are parties to the pact.

Surely this should reassure those who have had fears—fears that I respect and that I in nowise wish to discredit—that the mutual defense assistance program might eventuate into nothing more than another expenditure program.

Let me say a word about the rest of the bill. The conferees worked diligently and in good spirit. There was none of the spirit that the House should stand fast on certain language just because it was House language. There was no feeling of pridefulness or possessiveness about the senatorial conferees, either. All of us tried to bring into the conference agreement the best elements of the two respective versions. We did not keep a box score. We were not seeing whether the Senate or the House would make the better score. We were striving only to get the best possible score for the American people.

I think we did. It is a better bill than the version passed by either House. It is a better bill than the drafts sent up here by the administration. We have tightened it up at a dozen different points. I believe this conference agreement deserves the support of every Member of this body who believes that the day of a haphazard defense is gone.

Mr. KEE. Mr. Speaker, I yield the remaining time to the gentleman from Massachusetts [Mr. MCCORMACK].

Mr. McCORMACK. Mr. Speaker, we are Members of the greatest legislative body in the world. This bill is before us as a result of the operation of the orderly processes of democratic institutions. The gentleman from Ohio [Mr. VORYS] and the gentleman from Minnesota [Mr. JUDD] now support the conference report. It is as a result of the processes of our institution of government operating in connection with this bill. There was consideration of the bill in the committee in the House and in the House itself. Then the bill went to the Senate committee and to the Senate itself. Then it went to conference, where the differences between the two Houses were adjusted. In this final step now pretty general agreement has been reached among those who believed in affirmative action at the outset of the legislative

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journey of this bill but who disagreed honestly as to some of the methods that should be employed in accomplishing its maximum effect.

One of my friends who opposes the bill said we should "Stop, Look, and Listen." To him I say "yes." As I stand here, my mind goes back over 160 years, approximately, of the history of our country in its constitutional form. That was no accident. The men who established our form of government recognized that only where there was belief in God could our form of government exist. I am talking as a practical fellow taking the journey of life but believing firmly what I express. They believed we were either going to have a government in accordance with the law of God, or we were going to have a government at the will of a tyrant.

You and I are the inheritors of that belief. Generations have gone by and our Nation has grown great. The world has changed. The inventive genius of man has brought about great changes, some good and some destructive. You and I have the task and the duty and the responsibility in our day of doing the best we can to preserve that which was established and which previous generations of Americans have passed on to us.

We have to consider our duty in the light of the world condition as it exists today. We are faced with a civilization that is antireligion, anti-God. Ours is a civilization that has its origin in God Himself. Whether we are Catholic, Protestant, or Jew, we believe in God, and that is the origin of our way of life.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. JUDD. The argument has been made that because of the recent revelation that the Soviets have mastered the secret of making the atomic bomb we should reverse the basic policy voted by this House only 6 weeks ago. If we were now to reverse that action, just because of the discovery of the bomb by Russia, would not that be interpreted universally as meaning the United States is withdrawing its support from the free countries of western Europe, and there would be nothing they could do except call Mr. Molotov or his agents in to take over? Russia would be in a position to win without effort the greatest victory in history. I do not like everything in the conference report, but our only choice now is to carry out this proposed program with the greatest possible efficiency and despatch, or lose all the ground gained in Europe in the last 2 years and give the greatest possible blow to the friends and boost to the enemies of our free way of life.

Mr. McCORMACK. Let us go back: A year and a half ago we had reached the last line of defense of our civilization in Europe—Italy and France. If either Italy or France fell, all of Europe would go communistic. Is there any Member here who thinks that if any country in Europe went communistic a year and a half ago or now that it would be for the best interests of the United States of America? Would it be consistent with our national interests? My friend, the gentleman from New York [Mr. MARCANTONIO] talks about the United States being to blame. Who has 5,000,000 men under arms? Who has a powerful air force? Who is building powerful submarines? Who has imposed their will upon Poland, Czechoslovakia, Rumania, Bulgaria, Hungary, and Austria and other countries? Who refuses to permit free elections? Who has done that? Who has presecuted men and women because they believe in God? Who has persecuted Catholics and Protestants, Jews, and persons of all creeds? Who has persecuted the bishops of those churches and the ministers? Where does fear exist in the world? At least we are free men and free women here. We may disagree on legislation, but thank God we have a Government where we are free men and free women and this is due to the fact that we have a Nation and a people, as a whole, who belief in God and His law and His word. This legislation—a calculated risk I agree—is necessary in order to resist not only the forces of destruction but it is necessary to arouse and consolidate the moral forces that represent western civilization and the religious world.

Mr. KEE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks at this point in the RECORD on the pending matter.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. JOHNSON. Mr. Speaker, I intend to support the recommendations of the House conferees on H. R. 5895, referred to in the conference report as the Mutual Defense Assistance Act of 1949.

It seems to me that we must support these recommendations. We are struggling hard through this and other steps to move toward a peaceful world. It is essential, I believe, that we support those who may be our associates, should trouble arise. We must not now appease, weaken, or buckle, even though Russia may have the atomic bomb. Only through strength and firmness can we hope to make any progress in our negotiations for peace.

Let us look back and see what happened in the twenties. We won the war, but we threw away the peace which should have descended upon the world following the collapse of Germany. We refused to take any responsible part in world affairs. We contented ourselves on holding a disarmament conference, of which I am very proud, and later of passing the Kellogg-Briand pact, wherein we and the other nations outlawed war. But we drifted and became weak and had no standing in the international field. Just when we should have been strong and the real leader in that postwar period we became weak and ineffective and relied on negotiating, by not being a strong, vigorous member of the international family. Many men think if we had joined the League of Nations and taken a leading part in it, as our position entitled us to, we might have steered the world toward peace. We let our military power drop to practically nothing. Through weakness and appeasement and indifference we permitted the warlike nations, through dictators, to build up war machines which finally struck at us.

Now we are 30 Soviet vetoes behind and we find half of the world under the domination of an oligarchy which is trying to enslave the rest of the world. We are the only strong vigorous power who can furnish the leadership to retain and hold the liberty that is left in the world. Do not think we will be immune to trouble should our liberty-loving allies fall under the domination of the power-mad group trying to take over and dominate the entire world. I want the word to go out that America is standing firm and is strong enough to take care of herself and help her friends. We are not living in the world that was in existence before 1939. We are today living in a small, tightly knit, and explosive world. We are in danger, but through strength and firmness we can unite those who love liberty and finally bring stability and peace to the world. Through strength and firmness, we can see the dim outlines of peace and in time we can build it so it will be the normal condition of this war-weary world. That is why I think we should follow the plan suggested by our conferees. I congratulate them on their fine work and hope with all my heart that we can carry it out by giving them a rousing vote of confidence today.

Mr. KEE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

Mr. SMITH of Wisconsin. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. SMITH of Wisconsin. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. SMITH of Wisconsin moves to recommit the conference report to the committee of conference.

Mr. KEE. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. SMITH of Wisconsin. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 113, nays 214, answered "present" 1, not voting 104, as follows:

[Roll No. 204]

YEAS—113

Abernethy	Coudert	Hill
Allen, Calif.	Dague	Hoeven
Andersen, H. Carl	Davis, Wis.	Hoffman, Mich.
Angell	D'Ewart	Hull
Arends	Dolliver	Jackson, Calif.
Barden	Dondero	Jacobs
Barrett, Wyo.	Ellsworth	James
Beall	Fallon	Jenison
Bennett, Mich.	Fenton	Jenkins
Bishop	Fisher	Jensen
Boggs, Del.	Ford	Kearns
Brehm	Gavin	Larcade
Brown, Ohio	Gillette	LeFevre
Burdick	Goodwin	Lemke
Byrnes, Wis.	Gossett	Lichtenwalter
Case, S. Dak.	Graham	McConnell
Chiperfield	Gross	McCulloch
Church	Gwinn	McDonough
Clevenger	Hagen	McGregor
Cole, Kans.	Halleck	Marcantonio
	Hand	Martin, Mass.

Mason	Rich	Tackett
Meyer	Rivers	Talle
Miller, Nebr.	Sadlak	Towe
Morris	St. George	Van Zandt
Morton	Saylor	Velde
Nelson	Scott, Hardie	Vursell
Nicholson	Scrivner	Weichel
Norrell	Scudder	Werdel
O'Hara, Minn.	Secrest	White, Calif.
Passman	Simpson, Ill.	Whitten
Philbin	Simpson, Pa.	Wier
Plumley	Smith, Kans.	Williams
Potter	Smith, Wis.	Wilson, Ind.
Poulson	Stefan	Winstead
Powell	Stockman	Withrow
Rankin	Sutton	Wood
Rees	Taber	Woodruff

NAYS—214

Abbitt	Granger	Mills
Addonizio	Grant	Mitchell
Albert	Hale	Monroney
Andrews	Hall,	Morgan
Aspinall	Edwin Arthur	Moulder
Auchincloss	Hall,	Murdock
Barrett, Pa.	Leonard W.	Murray, Tenn.
Bates, Mass.	Hardy	Murray, Wis.
Battle	Hare	Nixon
Beckworth	Harris	Noland
Bennett, Fla.	Harrison	O'Brien, Ill.
Bentsen	Hart	O'Brien, Mich.
Biemiller	Havenner	O'Neill
Blackney	Hays, Ark.	O'Sullivan
Bolling	Hedrick	O'Toole
Bolton, Md.	Heffernan	Pace
Brown, Ga.	Heller	Patman
Bryson	Herlong	Patten
Buchanan	Herter	Patterson
Buckley, Ill.	Heselton	Perkins
Burke	Hinshaw	Peterson
Burleson	Hobbs	Pfeiffer,
Burton	Hoffman, Ill.	William L.
Camp	Holifield	Phillips, Tenn.
Canfield	Holmes	Pickett
Cannon	Hope	Polk
Carlyle	Howell	Preston
Carnahan	Jackson, Wash.	Price
Carroll	Javits	Priest
Case, N. J.	Jennings	Quinn
Cavalcante	Johnson	Rabaut
Chelf	Jones, Ala.	Redden
Chesney	Jones, Mo.	Regan
Christopher	Jones, N. C.	Rhodes
Chudoff	Judd	Ribicoff
Clemente	Karst	Rodino
Colmer	Karsten	Rogers, Fla.
Combs	Kearney	Roosevelt
Cooper	Keating	Sasscer
Corbett	Kee	Sheppard
Cotton	Kelley	Sikes
Cox	Kennedy	Sims
Crook	Kerr	Smathers
Cunningham	Kilburn	Spence
Davenport	Kilday	Staggers
Davis, Ga.	King	Stanley
Dawson	Kirwan	Steed
DeGraffenried	Kruse	Stigler
Delaney	Lane	Sullivan
Denton	Lanham	Thomas, Tex.
Dollinger	LeCompte	Thompson
Doughton	Lesinski	Thornberry
Doyle	Lind	Tollefson
Durham	Linehan	Trimble
Eaton	Lodge	Underwood
Elliott	Lucas	Vorys
Engel, Mich.	Lyle	Wadsworth
Evins	Lynch	Wagner
Fernandez	McCarthy	Walsh
Fogarty	McCormack	Welch
Forand	McGrath	Wheeler
Frazier	McGuire	White, Idaho
Fugate	McKinnon	Whittington
Fulton	Mack, Wash.	Wickersham
Furcolo	Madden	Wigglesworth
Gamble	Magee	Wilson, Okla.
Gary	Mahon	Wilson, Tex.
Gathings	Marsalis	Wolverton
Golden	Merrow	Yates
Gordon	Michener	Young
Gorski, Ill.	Miles	Zablocki
Gorski, N. Y.	Miller, Calif.	
Granahan	Miller, Md.	

ANSWERED "PRESENT"—1

O'Hara, Ill.

NOT VOTING—104

Allen, Ill.	Bates, Ky.	Boykin
Allen, La.	Bland	Bramblett
Anderson, Calif.	Blatnik	Breen
Andresen,	Boggs, La.	Brooks
August H.	Bolton, Ohio	Buckley, N. Y.
Bailey	Bonner	Bulwinkle
Baring	Bosone	Burnside
Byrne, N. Y.	Horan	Rains
Celler	Huber	Ramsay
Chatham	Irving	Reed, Ill.
Cole, N. Y.	Jonas	Reed, N. Y.
Cooley	Kean	Richards
Crawford	Keefe	Riehlman
Crosser	Keogh	Rogers, Mass.
Curtis	Klein	Rooney
Davies, N. Y.	Kunkel	Sabath
Davis, Tenn.	Latham	Sadowski
Deane	Lovre	Sanborn
Dingell	McMillan, S. C.	Scott,
Donohue	McMillen, Ill.	Hugh D., Jr.
Douglas	McSweeney	Shafer
Eberharter	Mack, Ill.	Short
Elston	Macy	Smith, Ohio
Engle, Calif.	Mansfield	Smith, Va.
Feighan	Marshall	Taurielio
Fellows	Martin, Iowa	Taylor
Flood	Morrison	Teague
Garmatz	Multer	Thomas, N. J.
Gilmer	Murphy	Vinson
Gore	Norblad	Walter
Green	Norton	Whitaker
Gregory	O'Konski	Willis
Harden	Pfeifer,	Wolcott
Harvey	Joseph L.	Woodhouse
Hays, Ohio	Phillips, Calif.	Worley
Hébert	Poage	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Blatnik for, with Mr. Vinson against.

Mr. Hébert for, with Mr. Keogh against.

Mr. Engle of California for, with Mr. Garmatz against.

Mr. Willis for, with Mr. Klein against.

Mr. Davies of New York for, with Mrs. Douglas against.

Mr. Sadowski for, with Mr. Murphy against.

Mr. Teague for, with Mr. Bonner against.

Mr. Smith of Ohio for, with Mr. Taylor against.

Mr. Reed of Illinois for, with Mrs. Bolton of Ohio against.

Mr. Allen of Illinois for, with Mr. Joseph L. Pfeifer against.

Mr. Elston for, with Mr. Walter against.

Mr. Harvey for, with Mr. Multer against.

General pairs until further notice:

Mr. Huber with Mrs. Rogers of Massachusetts.

Mr. Gilmer with Mr. Horan.

Mr. Rains with Mr. Jonas.

Mr. Richards with Mr. Short.

Mr. Taurielio with Mr. Hugh D. Scott, Jr.

Mr. McSweeney with Mr. Norblad.

Mr. Mansfield with Mr. Phillips of California.

Mr. Dingell with Mr. Reed of New York.

Mr. Feighan with Mr. Riehlman.

Mr. Byrne of New York with Mr. Fellows.

Mr. Brooks with Mr. Cole of New York.

Mr. Bailey with Mr. Crawford.

Mr. Allen of Louisiana with Mr. Kean.

Mrs. Norton with Mr. Walcott.

Mr. Whitaker with Mr. Shafer.

Mr. Worley with Mr. Sanborn.

Mr. Morrison with Mr. Macy.

Mr. Flood with Mr. Kunkel.

Mr. Cooley with Mr. Latham.

Mr. Deane with Mr. Anderson of California.

Mr. Donohue with Mr. August H. Andresen.

Mr. Breen with Mr. Bramblett.

Mr. Hays of Ohio with Mr. Martin of Iowa.

Mr. Gregory with Mr. Curtis.

Mr. Green with Mr. Keefe.

Mr. Gore with Mr. Lovre.

Mr. Bland with Mr. McMillen of Illinois.

Mr. McMillan of South Carolina with Mr. O'Konski.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the conference report.

Mr. KEE. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 224, nays 109, answered "present" 1, not voting 98, as follows:

[Roll No. 205]

YEAS—224

Abbitt	Granahan	Mitchell
Addonizio	Granger	Monroney
Albert	Grant	Morgan
Andrews	Gwinn	Moulder
Aspinall	Hale	Murdock
Auchincloss	Hall,	Murray, Tenn.
Barrett, Pa.	Edwin Arthur	Nixon
Bates, Ky.	Hall,	Noland
Bates, Mass.	Leonard W.	Norrell
Battle	Hardy	O'Brien, Ill.
Beckworth	Hare	O'Brien, Mich.
Bennett, Fla.	Harris	O'Neill
Bentsen	Harrison	O'Sullivan
Biemiller	Hart	O'Toole
Blackney	Havenner	Pace
Bolling	Hays, Ark.	Patman
Boykin	Hedrick	Patten
Brown, Ga.	Heffernan	Patterson
Bryson	Heller	Perkins
Buchanan	Herlong	Peterson
Buckley, Ill.	Herter	Pfeiffer,
Burke	Heselton	William L.
Burleson	Hinshaw	Phillips, Tenn.
Burton	Hobbs	Pickett
Camp	Hoffman, Ill.	Plumley
Canfield	Holifield	Polk
Cannon	Holmes	Preston
Carlyle	Hope	Price
Carnahan	Howell	Priest
Carroll	Jackson, Wash.	Quinn
Case, N. J.	Javits	Rabaut
Case, S. Dak.	Jennings	Redden
Cavalcante	Johnson	Regan
Chelf	Jones, Ala.	Rhodes
Chesney	Jones, Mo.	Ribicoff
Christopher	Jones, N. C.	Rodino
Chudoff	Judd	Rogers, Fla.
Clemente	Karst	Rooney
Combs	Karsten	Roosevelt
Cooper	Kearney	Sadlak
Corbett	Kee	Sasscer
Cotton	Kelley	Scudder
Cox	Kennedy	Sheppard
Crook	Kerr	Sikes
Cunningham	Kilburn	Sims
Davenport	Kilday	Smathers
Davis, Ga.	King	Smith, Va.
Dawson	Kirwan	Spence
DeGraffenried	Kruse	Staggers
Delaney	Lane	Stanley
Denton	Lanham	Steed
Dollinger	LeCompte	Stigler
Doughton	LeFevre	Sullivan
Doyle	Lesinski	Thomas, Tex.
Durham	Lind	Thompson
Eaton	Linehan	Thornberry
Elliott	Lodge	Tollefson
Engel, Mich.	Lucas	Trimble
Evins	Lyle	Underwood
Fernandez	Lynch	Vorys
Fisher	McCarthy	Wadsworth
Fogarty	McCormack	Wagner
Forand	McGrath	Walsh
Ford	McKinnon	Welch
Frazier	Mack, Wash.	Whitten
Fugate	Madden	Whittington
Fulton	Magee	Wickersham
Furcolo	Mahon	Wigglesworth
Gamble	Marsalis	Wilson, Okla.
Gary	Martin, Mass.	Wilson, Tex.
Gathings	Merrow	Winstead
Golden	Michener	Wolverton
Gordon	Miles	Yates
Gorski, Ill.	Miller, Calif.	Young
Gorski, N. Y.	Miller, Md.	Zablocki
Gossett	Mills	

NAYS—109

Abernethy	Byrnes, Wis.	Graham
Allen, Calif.	Chiperfield	Gross
Andersen,	Church	Hagen
H. Carl	Clevenger	Halleck
Andresen,	Cole, Kans.	Hand
August H.	Colmer	Hill
Angell	Coudert	Hoeven
Arends	Dague	Hoffman, Mich.
Barden	Davis, Wis.	Hull
Barrett, Wyo.	D'Ewart	Jackson, Calif.
Beall	Dolliver	Jacobs
Bennett, Mich.	Dondero	James
Bishop	Ellsworth	Jenison
Boggs, Del.	Fallon	Jenkins
Bolton, Md.	Fenton	Jensen
Brehm	Gavin	Kearns
Brown, Ohio	Gillette	Larcade
Burdick	Goodwin	Lemke

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McGregor	Rich	Towe
Marcantonio	Rivers	Van Zandt
Marshall	St. George	Velde
Mason	Saylor	Vursell
Meyer	Scott, Hardie	Weichel
Miller, Nebr.	Scrivner	Werdel
Morton	Secrest	Wheeler
Murray, Wis.	Shafer	White, Calif.
Nelson	Simpson, Ill.	White, Idaho
Nicholson	Simpson, Pa.	Wier
O'Hara, Ill.	Smith, Kans.	Williams
O'Hara, Minn	Smith, Wis.	Wilson, Ind.
Passman	Stefan	Withrow
Philbin	Stockman	Wood
Potter	Sutton	Woodruff

ANSWERED "PRESENT"—1

Morris

NOT VOTING—98

Allen, Ill.	Feighan	Murphy
Allen, La.	Fellows	Norblad
Anderson, Calif.	Flood	Norton
Bailey	Garmatz	O'Konski
Baring	Gilmer	Pfeifer,
Bland	Gore	Joseph L.
Blatnik	Green	Phillips, Calif.
Boggs, La.	Gregory	Poage
Bolton, Ohio	Harden	Rains
Bonner	Harvey	Ramsay
Bosone	Hays, Ohio	Reed, Ill.
Brambiett	Hébert	Reed, N. Y.
Breen	Horan	Richards
Brooks	Huber	Riehlman
Buckley, N. Y.	Irving	Rogers, Mass.
Bulwinkle	Jonas	Sabath
Burnside	Kean	Sadowski
Byrne, N. Y.	Keating	Sanborn
Celler	Keefe	Scott,
Chatham	Keogh	Hugh D., Jr.
Cole, N. Y.	Klein	Short
Cooley	Kunkel	Smith, Ohio
Crawford	Latham	Tauriello
Crosser	Lovre	Taylor
Curtis	McGuire	Thomas, N. J.
Davies, N. Y.	McMillan, S. C.	Vinson
Davis, Tenn.	McMillen, Ill.	Walter
Deane	McSweeney	Whitaker
Dingell	Mack, Ill.	Willis
Donohue	Macy	Wolcott
Douglas	Mansfield	Woodhouse
Eberharter	Martin, Iowa	Worley
Elston	Morrison	
Engle, Calif.	Multer	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Vinson for, with Mr. Blatnik against.

Mrs. Bolton for, with Mr. Reed of Illinois against.

Mr. Keogh for, with Mr. Hébert against.

Mr. Taylor for, with Mr. Smith of Ohio against.

Mr. Garmatz for, with Mr. Engle of California against.

Mr. Dingell for, with Mr. Morris against.

Mr. Keating for, with Mr. Allen of Illinois against.

Mr. Mansfield for, with Mr. Elston against.

Mr. Klein for, with Mr. Harvey against.

Mrs. Douglas for, with Mr. Willis against.

Mr. Morrison for, with Mr. Davies of New York against.

Mr. Joseph L. Pfeifer for, with Mr. Sadowski against.

Additional general pairs:

Mr. Gilmer with Mr. Cole of New York.

Mr. Brooks with Mr. Latham.

Mr. Huber with Mr. Kunkel.

Mrs. Norton with Mr. Crawford.

Mr. Multer with Mr. Horan.

Mr. Murphy with Mr. Short.

Mr. Rains with Mr. Hugh D. Scott, Jr.

Mr. Green with Mrs. Rogers of Massachusetts.

Mr. Allen of Louisiana with Mr. Norblad.

Mr. Cooley with Mr. Fellows.

Mr. Feighan with Mr. Riehlman.

Mr. Bailey with Mr. Lovre.

Mr. Mack of Illinois with Mr. Macy.

Mr. Tauriello with Mr. Jonas.

Mr. Hays of Ohio with Mr. Kean.

Mr. McGuire with Mr. Phillips of California.

Mr. Gregory with Mr. Reed of New York.

Mr. Richards with Mr. Sanborn.

Mr. Walter with Mr. Martin of Iowa.

Mr. Flood with Mr. McMillen of Illinois.

Mr. Deane with Mrs. Harden.

Mr. Whitaker with Mr. Curtis.

Mr. Donohue with Mr. Bramblett.

Mr. Bonner with Mr. Anderson of California.

Mr. Worley with Mr. Wolcott.

Mr. McMillan of South Carolina with Mr. Keefe.

Mr. Boggs of Louisiana with Mr. O'Konski.

Mrs. ST. GEORGE and Mr. JAMES changed their votes from "yea" to "nay."

Mr. MORRIS. Mr. Speaker, I have a live pair with the gentleman from Michigan [Mr. DINGELL]. If he were present he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REVISION OF CLASSIFICATION ACT OF 1923, AS AMENDED

Mr. SABATH. Mr. Speaker, I call up House Resolution 346 and ask for its immediate consideration.

The Clerk read the resolution, as follows.

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5931) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes. That after general debate which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, after many years and much effort we finally have before us a reclassification bill. The last Classification Act was passed in 1923, 26 years having elapsed before any action has been taken.

The rule provides for 2 hours of general debate and is an open rule, after which the bill will be taken up under the 5-minute rule, and an opportunity will naturally be given to the Members, if they are so inclined, to offer amendments and to speak on them. However, I believe, from a careful reading and study of the bill, that there cannot be much improvement regardless of how desirous a Member may be of bringing about improvement in this legislation after these many years.

The bill covers 885,000 positions represented by 31 grade classifications which, under this bill, are reduced to 18 grades, namely, by 13.

The new pay rates range from $2,186 for grade 1 and a ceiling of $15,000 is set for the top grade, 18. From grades 1 to 10, salaries for employees in the crafts, protective service, and custodial service, are fixed from $2,120 to the maximum of $4,900.

The administrative procedure for classifying positions is made more simple and uniform.

Authority for classifying or allocating positions is vested in the Civil Service Commission, and the departments and agencies must make allocations of positions in accordance with the standards set by the Civil Service Commission, which will eliminate the principle of taking care of friends on the inside or the pets of some of the administrators.

I, for one, have not been very favorably inclined toward the civil-service law, because when people enter the classified service, within a few years, unfortunately, they feel that they own the Government, as manifested by an attitude of arrogance and independence, generally speaking. They fail oftentimes to give the service, help, and assistance to Members who have to ask for information requested by their constituents. Many times I have observed that some of these gentlemen who have been in the service for many years are indifferent; yes, they resent any Member of Congress coming and asking for information—not for favors, but just for information. Nevertheless we do have the civil service with us, and I think it would be better for the protection of the vast majority of honest and well-meaning employees under the conditions that frequently prevail where the inside gentlemen, as I said before, manage to take care of their "pets" regardless of whether they are deserving or have the ability or really have the required number of years of service behind them.

Therefore, I feel that this bill is in the right direction. I have some other information concerning the bill, but in view of how splendidly the chairman of the committee explained the bill yesterday, which was to provide an increase in postal pay, I know that he again will explain each and every provision of the bill more clearly, yes, and more intelligently than I am able to do since I only had 3 days and nights to study the bill.

Therefore, I am not going to impose myself upon the membership any longer, feeling that nearly every one of us should be, and probably will be, in favor of passing the rule and at the same time passing this much-needed and greatly delayed legislation.

Mr. Speaker, with that I conclude my remarks, reserving the balance of my time, and ask unanimous consent to revise and extend my remarks.

The SPEAKER pro tempore (Mr. CAVALCANTE). Is there objection to the request of the gentleman from Illinois [Mr. SABATH]?

There was no objection.

Mr. SABATH. Mr. Speaker, I now yield 30 minutes to the gentleman from Massachusetts [Mr. HERTER].

Mr. HERTER. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, so far as I know there is no objection whatever to the rule on this side. This rule is an open rule and provides for 2 hours general debate on H. R. 5931. That bill reclassifies the Civil Service, an action which is long overdue. The Reclassification Act was passed in 1923. Since 1923 there have been piecemeal changes, but no general Reclassification Act. While the bill appears to be highly technical I am sure that when Members of the committee explain it to the House, it will be quite clear.

The bill has been reported, I believe, with the unanimous approval of the Committee on Post Office and Civil Service, with the possible exception of one amendment which may be offered from this side. I hope the rule will be adopted.

Mr. SABATH. Mr. Speaker, I now yield 5 minutes to the gentleman from Tennessee [Mr. SUTTON].

Mr. SUTTON. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

THE REPUBLICANS' SIOUX CITY FARM POW-WOW

Mr. SUTTON. Mr. Speaker, it is seldom that I have an opportunity to congratulate the Republican Party. In fact, it is seldom that anyone has such an opportunity.

At long last, however, such an opportunity has come. It has been provided by the recent Republican farm program meeting in Sioux City, Iowa.

I wish to congratulate the Republican Party first of all for having the good sense to abandon the Aiken farm price cut-back program. Recognizing that the voters had repudiated this monstrosity fathered by the Republican-controlled Eightieth Congress, the party leadership virtually kept it hidden away in a dark corner throughout the so-called hearings at Sioux City. In fact, they asked the people to forget that the critter existed. They even boasted that they had no program to offer the people. Thus, they draw the curtain on one of their biggest mistakes of recent years. I congratulate them for realizing their mistake.

As the Good Book says, if you have a mote in your eye you should attend to it before you start looking after the beam in the eye of somebody else. The Republican Party is trying to get rid of its price-support mote, and we can all rejoice.

I also wish to congratulate the Republican Party for its exhibition of another virtue—the virtue of consistency. Whatever critics may say in condemnation of the Republican Party, they can never accuse it of pulling surprises. It has a record of perfect consistency in attacking every progressive measure for farm prosperity and never offering a constructive program of its own. That record remained inviolate at Sioux City. The Republican leaders are proud of the record. They asked the people to notice that they had no constructive program to offer. I am sure the people did notice, and I congratulate the Republican Party for its candor as well as its consistency.

I have high hopes for the results of the Sioux City meeting. I am sure that if the Republican leadership listened to a representative group of Iowa farmers, they return to us with straight thoughts and a sincere determination to assist in the preservation of farm prosperity and national well-being which have been brought about under Democratic Party leadership. If they listened attentively to the real dirt farmers of the Middle West, the Republican leadership returns to us, I am sure, with a firm resolve that never again must the Republican Party fiddle while the farmers burn corn—as they did when corn was cheaper than coal for fuel. If they listened attentively to the middle-western farmers, they could not have failed to hear the principles and objectives of farmers in the West, East, and the South as well. For farmers of America today are united. They are united in support of the principles which have been put into effect by the Democratic Party for many years and which are serving as our guide in the development of farm policy for the present and future prosperity of our Nation.

For myself and many other members of the Democratic Party, I must say that the many hearings, the many months of talking it over, the millions of words of official testimony, have seemed to provide sufficient guidance to the Congress. However, if it has seemed to our Republican brethren that some matters were not sufficiently clear, if it has seemed to them that they could clear their minds by holding more party consultations, then we of the Democratic Party gladly bear with them while they attempt to get their thinking straightened out. We not only sympathize with their difficulty but again congratulate them upon realizing the extremity of their need and seeking to become better informed.

We trust that our Republican friends return to us greatly refreshed.

We hope they return with a firm resolve to reject the blandishments of those who offer the easy answers to farm problems—those who say that farm prices cannot be held at a decent level—those who say we cannot hope to eat our abundant food supplies but can only hope to use them for fuel or divert them to some other low-price outlet.

As a father welcomes home a prodigal son, we welcome our returning Republican brethren and invite them to join with us now in legislating a farm program which will prevent further serious declines in farm prices, a program which not only provides a fair level of support but also covers the commodities which are most important to farm income, a program which encourages consumption as well as production, a program which gives the consumer a break while assuring justice to the farmer—in short, a program which offers to all the people a fair deal.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has expired.

Mr. HERTER. Mr. Speaker, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL].

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include certain extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ANGELL. Mr. Speaker, Congress continues to ignore the urgent needs of America's aged. Some time ago those of us sponsoring legislation for security of the aged and the disabled and handicapped citizens of America filed petition No. 15 for the discharge of the committee from further consideration of H. R. 2135, the Townsend social security legislation. A large number of our colleagues have signed this petition, believing that the petition method is the only way to get action on legislation for the relief of these distressed citizens at this session of the Congress. I most respectfully urge all of my colleagues who have not done so to sign this petition now in order that the legislation may be considered before adjournment.

The United States is a nation with only one-sixteenth of the earth's population, and only 6 percent of the world's area, but it produces nearly seven-sixteenths of the world's goods. Our people own 46 percent of the world's electric power; 48 percent of its radios; 54 percent of the telephones; 59 percent of its steel capacity; 60 percent of its life insurance; 85 percent of its automobiles; with the most schools, the most churches, and the best health record. Yet we refuse to provide meager subsistence for our aged.

The distress of thousands of our aged was brought out today by the case of an 82-year-old fisherman and his wife, 2 years his junior, in a news item appearing in the Washington Daily News, from which I quote:

TOO SHY TO HITCHHIKE, OLDSTERS WALK 400 MILES

BATON ROUGE, LA., September 28.—An 82-year-old Florida fisherman and his faithful 80-year-old wife took a much-needed rest here today after walking most of the 400 miles from Dallas, Tex., because they were too embarrassed to ask for rides.

Mr. and Mrs. George Hunter are on their way home to Apalachicola, Fla., after an unsuccessful trip to the Dallas veterans' hospital seeking an abdominal operation for the aged man.

The elderly couple ran out of money at Dallas and started hitchhiking home a month ago. But they were not forward enough to be successful hitchhikers, so they walked nearly all the way to Baton Rouge.

"We've never asked for anything in our lives," Hunter said, "and we couldn't be starting it this late. So we just took rides when people stopped and offered them."

THIRTY CENTS LEFT

Very few motorists stopped. And some of those who did merely told the couple that they were "too old to be out on the highway" and then drove on, Hunter said.

The couple said they had only $9 left when they left Dallas, and they spent that for food. They had 30 cents when they arrived here.

They carried no luggage and had only the clothes they wore. Hunter was clad in a worn blue shirt and blue trousers, and his wife wore a plain brown cotton dress.

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Hunter's rubber boots were badly worn and his slender wife's tennis shoes were about gone. But the couple appeared to be in good physical shape after their strenuous trek.

GET BUS TICKETS

Hunter, a short, compactly built man with a shock of white hair, seemed spry and healthy despite the abdominal ailment for which he sought an operation.

His wife, several inches taller, was thin and looked more tired than her husband. But she said she would stick with him.

"We were married when George was 20 and I was 18," she said, "and we've never been separated in 62 years. We don't aim to be separated now."

The pair won't have to walk the remaining 480 miles of their journey home. Their case came to the attention of Salvation Army Director Capt. A. C. Sigmon here, and he provided money and bus tickets to Apalachicola.

It is significant that the fact-finding board appointed by the President recently to consider the wage dispute between the United States Steel Corp. and its workers reported as follows:

The concept of providing social insurance and pensions for workers in industry has become an accepted part of modern American thinking. Unless Government provides such insurance in adequate amount, industry should step in to fill the gap.

Government * * * has failed to provide social insurance for industrial workers generally, and has supplied old-age retirement benefits in amounts which are not adequate to provide an American minimum standard of living.

This is in line with the findings of many commissions and social-security experts who have considered the problem of social security not only for workers but for the aged, handicapped, and disabled. Ex-President Hoover, Chairman of the Commission for the Organization of the Executive Department, in considering this important problem in a letter to Chairman DOUGHTON of the Ways and Means Committee under date of April 6, 1949, said:

I wish to say at once that I strongly favor Government provision for protection of the aged and their dependents.

The problem before the Nation is to obtain a workable system, with a minimum of administrative cost, a minimum of bureaucracy, adjusted to the economic strength of the country which gives an assurance of security to this group. In my view, we have not yet found that system.

I should like to make two general observations:

1. There is an illusion about the whole Federal old-age and survivors insurance. Because the taxes on pay rolls are paid into a trust fund and paid out without appropriation by Congress, there is an idea that these are neither taxes nor Federal expenditures. They are just as much a burden upon our national economy as any other tax or any other Government expenditure. Also, pay-roll taxes, however justifiable, are, like all other taxes, a burden on the standard of living of the whole Nation. A considerable part of the pay-roll taxes paid by employers in the long run is passed to the people as a whole in prices, and a considerable part of the taxes paid by wage earners is passed on by demands for increased wages.

THE PRESENT SYSTEM

1. The old-age problem has been thrust upon the Federal Government largely by the great increase in longevity. Its dimensions are indicated by the fact that there will be by 1950 about 11,000,000 persons over 65 years of age. They will increase in numbers absolutely and relatively, both with the increase in population and with the constantly advancing protections to health.

Recently, Mr. Arthur J. Altmeyer, Commissioner of the Social Security Administration, said:

When the Social Security Act was passed, in 1935, the basic idea was that contributory social insurance would be a first line of defense against destitution. It was expected that, as time went on, Federal and State governments would have less and less of a burden under the public-assistance laws. Today, however, the number of needy persons receiving public assistance is greater than it has been at any time since the passage of the Social Security Act. Moreover, the number of aged persons receiving public assistance is nearly twice as great as the number of persons receiving benefits under the Federal old-age and survivors insurance system.

It is also true that the largest proportion of persons receiving what we call general assistance, as distinguished from old-age assistance, aid to the blind and aid to dependent children, consists of persons who are suffering from physical disability. If our social-insurance system covered disability, we would be able to reduce considerably the burden on States and localities for providing this general assistance.

These findings all sum up to the one conclusion that, as Mr. Hoover said, we have not yet found a workable and satisfactory system of social security for the protection of our elderly citizens and the disabled and handicapped. The sponsors of H. R. 2135 firmly believe that it will meet these needs and fill the gap now existing in social security. H. R. 2135 is a self-financing noncontributory retirement system under which beneficiaries will receive annuities as a matter of right without reference to charity or prior contributions. It is Nation-wide and covers all citizens 60 years of age or over. It is a pay-as-you-go system. Annuities will be paid currently out of currently raised revenues. Sums received by annuitants must be spent within 30 days. The existing system of old-age and survivors insurance and old-age assistance is abolished, together with the pay-roll tax for financing old-age and survivors insurance.

Under the existing law under old-age and survivors insurance the average benefits are approximately $25 per month according to the latest data available from social-security records. To obtain this payment the worker and the employer would have to make contributions over a long period of time. On the other hand, the average of old-age assistance—not available to those under the retirement plan but given only on a claim of need—was some $16 more per month than the old-age and survivors insurance payments. Recipients of relief now exceed by nearly 1,500,000 the insured workers who are drawing benefits. In the month of October last the number granted cash on the basis of need totaled 2,469,372 as against 1,016,303 retired workers receiving old-age insurance. This experience is directly opposite to that contemplated when the Social Security Act was enacted. It was erroneously believed that gradually all old-age beneficiaries would come under the provisions of the old-age and survivors insurance program and those receiving assistance on the basis of need would be gradually reduced and eventually eliminated.

Annuities should be offered with neither the stigma of charity nor of poverty. They should be offered as a matter of right as dividends from the national wealth the aged have helped to create. The system should be one to replace the complicated, arbitrary, and inequitable provisions of the existing law. It should be one which will have a stimulative effect upon our economy and one which will help to make available jobs to all the young who will replace the aged as the latter move into retirement at a decent standard of living.

Only noncontributory pensions will meet the needs of those now grown old who are in need because of past neglect in providing an adequate contributory retirement system. Since at the time the system was adopted most of the States were financially unable to assume the burden of so many aged who moved from State to State and onto Federal relief rolls, it was deemed proper to continue to provide Federal aid to States to provide relief to those aged who were in need.

Much of the argument in support of our plan stems from the limited coverage and inadequate benefits of the present system. For example, most of today's aged who are not working, left the labor force before they could build up rights to benefits under OASI. And even among the young and still employed, under the present OASI system, there is no coverage for jobs in agriculture, domestic service in private homes, Federal, State, and local government employees and workers in religious, charitable, and certain other nonprofit organizations, the self-employed, and many others. About one-third of the workers engaged in employment are not covered by the system; and of the 78,700,000 living persons with OASI wage credits at the end of 1948, about 40,500,000 were neither fully nor currently insured on the basis of their wage records, and hence were not protected under the programs.

In appealing for the enactment of social security legislation, the Townsend program, we have been met with the argument that it will involve heavy expenditures and that the economy of the country will not permit this additional tax burden. However, I call attention to the expenditures that the United States has made overseas in the postwar years which aggregate in grants and credits to March 31, 1949, $21,817,766,769. These expenditures were made for the avowed purpose of aiding and rehabilitating the war-torn countries and distressed nations of the Old World to assure a stable and peaceful world to preserve our own national security and welfare. Can it be said that this great Nation that is able in the course of 4 years to expend this huge sum for the peoples in foreign nations, is not at the same time

able to provide assistance to our own old people and disabled, which will enable them to meet the meager demands of simple living and provide for them shelter, food and medical care?

When old age comes, with it comes the need for medical attention as well as food and shelter. I note in an article appearing in today's press by Dr. T. R. Van Dellen under the title "How To Keep Well" the statement "Oldsters have various degenerative disorders to contend with. As the result of arteriosclerosis affecting the coronary arteries and the vessels leading to the kidneys and brain, diseases of these organs can be anticipated. Cancer, pneumonia, and influenza also are partial to this group."

The following tabulation shows in detail the expenditures of foreign grants and credits and the purposes for which they were made:

Summary of utilized foreign grants and credits by the U. S. Government by program, July 1, 1940, to June 30, 1945; July 1, 1945, to Mar. 31, 1949

Type of assistance	War period, July 1, 1940, to June 30, 1945	Postwar period, July 1, 1945, to Mar. 31, 1949	Total, July 1, 1940, to Mar. 31, 1949
Total	$48,705,422,414	$21,817,766,769	$70,523,189,183
Grants	47,705,695,057	11,823,201,371	59,528,896,428
Economic cooperation		2,430,775,941	2,430,775,941
European recovery		2,297,055,614	2,297,055,614
Chinese aid		131,854,221	131,854,221
Korean aid		1,866,106	1,866,106
Civilian supplies (military)	813,554,525	3,475,789,305	4,289,343,830
Lend-lease	46,310,700,000	1,285,300,000	47,596,000,000
Relief	148,216,275	3,620,658,175	3,768,874,450
Interim aid		558,539,558	558,539,558
UNRRA	82,696,421	2,577,076,591	2,659,772,912
Refugee assistance	3,356,720	127,657,541	131,014,261
International Children's Emergency Fund		48,352,195	48,352,195
American Red Cross	62,163,134	10,435,361	72,598,495
Post-UNRRA (Public Law 84)		298,596,929	298,596,929
Other grants	433,224,257	1,010,677,950	1,443,902,207
Greek-Turkish aid		474,212,605	474,212,605
Philippine rehabilitation		302,525,428	302,525,428
Chinese stabilization	380,406,157	119,593,843	500,000,000
Chinese military aid		86,798,534	86,798,534
Inter-American aid	52,818,100	27,547,540	80,365,640
Credits	999,727,357	9,994,565,398	10,994,292,755
Loans	906,860,236	6,993,676,440	7,900,536,676
Economic cooperation		756,690,396	756,690,396
Export-Import Bank	489,484,928	2,408,882,017	2,898,366,945
British loan		3,750,000,000	3,750,000,000
Other loans	417,375,308	78,104,027	495,479,335
Property credits and commodity programs	92,867,121	3,000,888,958	3,093,756,079
Surplus property		1,257,474,902	1,257,474,902
Lend-lease	92,867,121	1,285,300,000	1,378,167,121
Merchant ships		229,001,030	229,001,030
Occupied areas—commodity programs		229,113,026	229,113,026

Sources: Latest releases from Department of Commerce, Department of State, Treasury, Export-Import Bank, National Military Establishment, RFC, Maritime Commission, UNRRA, plus official tabulations by the Legislative Reference Service, Library of Congress.

The Ways and Means Committee has proposed a bill making extensive amendments to the existing social-security legislation. Under it, if adopted, pay-roll taxes will be substantially increased. The following shows the comparison of the increases with the existing law:

RISING PAY-ROLL TAXES

Present law: Worker and employer pay on wages up to $3,000 a year:

	Each	Total
	Percent	*Percent*
Through 1949	1	2
1950-51	1½	3
1952 and on	2	4

Proposed law: Worker and employer pay, on wages up to $3,600 a year:

	Each	Total
	Percent	*Percent*
1950	1½	3
1951-59	2	4
1960-64	2½	5
1965-69	3	6
1970 and on	3¼	6½

Higher social security (retired worker and wife, both 65)

If worker's average monthly wage was—	He gets per month—			
	In retiring after 10 years of insured employment		In retiring after 20 years of insured employment	
	Now	Proposed	Now	Proposed
$50	$33	$39	$36	$40
$100	41	79	45	80
$150	50	87	54	91
$200	58	94	63	99
$250	66	102	72	107
$300	66	110	72	116

This proposal of the Ways and Means Committee fails to solve the old-age problem. It leaves millions of oldsters out in the cold entirely and many others in dire need.

Mr. Speaker, in order to deal justly with this large group of our citizenry, the aged, disabled, and handicapped, I most sincerely appeal again to each of you who have failed to sign Discharge Petition No. 15 to do so at once, that this humane legislation may be brought to the floor for consideration before we adjourn and go home and relief be given to these neglected citizens whose humble needs are now denied them.

Mr. SABATH. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. McCORMACK] 1 minute to answer that question.

Mr. McCORMACK. The fact remains that the Sioux City meeting was a failure as far as the farmers were concerned; for it presented the amazing situation of asking the farmers what responsible men in public life should do when men in public life should do the leading and try to formulate public opinion. The farmers who attended that 21- or 22-State meeting had the Republican Members of Congress who attended listening and not undertaking to lead and frankly to advise them what their own views were. The fact remains that the only thing the farmers ever got; the only consideration the farmers ever got was under the Democratic Party; and the Sioux City meeting broke up with no action taken. As far as the Republican Members who attended were concerned, they were listening rather than having the courage to tell the American farmers who attended that meeting just how they felt themselves; in other words, the result was entirely negative.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. ARENDS. Just speaking for myself as an individual Member of Congress I would welcome the opportunity of having had former Secretary ANDERSON tell us what he thought about the farm program.

Mr. McCORMACK. But that was a Republican meeting. Had you invited him I think he would have been very glad to go because if there is anything we Democrats like it is to be invited to a Republican meeting where we have an opportunity of influencing some honest Americans whom we might enlighten in the political truth and whom we might convert to the true way.

Mr. SABATH. Mr. Speaker, while I do not think it deserves any answer on my part, nevertheless I wish to make this observation. The gentleman from Kansas refers to the gentleman from Massachusetts.

Mr REES. And the gentleman from Chicago.

Mr. SABATH. Let me tell him that if it had not been for the gentleman from Massachusetts and the gentleman from Chicago and many other gentlemen from the large cities I doubt very much if the gentlemen living in the country sections would have been able to obtain the passage of legislation that has aided the farmers as much as it has under the guidance, assistance, and cooperation of the gentleman from Massachusetts, and of Members from Boston, New York, Philadelphia, Chicago, and other cities, because those representatives have the interest of the people at heart, not only the laboring people and the small-businessmen, but farmers as well, because they feel that if the farmer is prosperous then the city workers will derive some benefit,

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because when the farmer can buy shoes and clothing for his children and implements for his farm naturally that creates business, creates employment, and the man in the country also derives a great deal of benefit. In view of that fact you gentlemen should be grateful to the Members from the large cities who have at all times during all the years that I have been here aided the program to bring about better conditions for the farmers.

If the convention that was held in Iowa had been fair, what those farmers should have done was to have adopted a resolution thanking the Democratic Party for the great prosperity which they enjoy due to the Democcratic legislation that was enacted during the years under President Roosevelt and now under President Truman.

That is all I care to say. I hope that is enough for you Republicans representing some of the rural sections, and I hope that this in the future will bring you to realize that you owe something to the people of the cities that are with you at all times; and when legislation in the interest of the country is brought here that you someday, sometime, will vote with us in behalf of better conditions in the interests of the country and the masses in general.

Mr. CARROLL. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Colorado.

Mr. CARROLL. I want to verify what the gentleman has just stated. As a matter of fact, I traveled into northern Colorado up into the agricultural area, and met with 75 farm leaders. I found the very situation to exist that has been explained here; that is, they were thankful to the city people for voting a power program that would give them electricity, rural electrification, and so forth. This is from all of the farmers in that area. It is true as I traveled on my way through Kansas that I found the prosperous conditions which the gentleman has mentioned as a result of the program of the Democratic Party. I commend the gentleman for his forthright statement.

Mr. SABATH. I thank the gentleman for the additional information he has given.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. I wonder if the gentleman will tell the House when the Sabath-McCormack farm bill, solving all of the problems of agriculture, will be introduced? We are all looking for some measure that will solve the problems of agriculture. When is the gentleman going to introduce the bill? I know his heart bleeds for the poor farmer.

Mr. SABATH. We had a bill up for consideration just a few weeks ago that we tried to pass that was to the interest of the farmers, to the people, and to the consumers of the Nation, but the gentleman has no interest in them. He has only one pledge, that is all. Instead of helping the farmers he invariably brings about conditions that are detrimental to them.

Mr. BROWN of Ohio. Is it the gentleman's explanation that the majority leader, the Democratic leader of the House, and the chairman of the powerful Rules Committee in the person of the gentleman now speaking, have been unable to get a Democratic House to go along with them and pass farm legislation? Is that the gentleman's complaint?

Mr. SABATH. I do not have to tell the gentleman because he knows that he is one of those who brings about conditions which mislead some of our Democratic Members from the South who vote with him. I know they are now commencing to realize that they have been misled and they are coming back.

Mr. BROWN of Ohio. Is the gentleman apologizing for his Democratic colleagues and saying they are misled, that they are so weak they do not know their own minds, that they are susceptible to being misled by Republicans?

Mr. SABATH. You gentlemen are so clever, so shrewd, so able to mislead the American people that I do not wonder but what you have misled some of the Members on our side because they somehow or other believed that you could not be so bad as to fill them with so much misinformation which makes them vote the wrong way on some of these bills sometimes. But those things are over, they now realize their mistakes and they are going to join hands with all the other good Democrats. From now on you will not be able to control the House.

Mr. BROWN of Ohio. May I thank the gentleman for his compliment and say that I can now understand why the soil of Illinois is so rich.

Mr. SABATH. I thank the gentleman for his flattering remark and now appreciate why the pastures of Ohio are so verdant.

Mr. Speaker, does not the gentleman from Ohio [Mr. BROWN] recall that during the closing days of the last Republican administration in 1932 and early in 1933 the farmers of Wood County, Ohio, rose in protest against court orders and were at the courthouse steps threatening to hang the common-pleas judge?

Does he not recall that the farmers of his own State and other States unfortunately at that time were interfering with the orderly foreclosure processes of the law? The reason was that they were not making enough money to pay the interest on their mortgages and their taxes.

The gentleman knows, I know, and everyone knows, that farmers are not radicals. At that time they were helpless and hopeless, they knew nothing of mob violence, but their protests were made because their farms were being taken away from them due to their inability, as I have stated, to pay taxes and interest and principal payments on their mortgages.

What took place in Ohio also took place in Iowa, when the farmers armed themselves with pitchforks and shotguns to resist sheriffs seizures of their farms and even placed a noose around a judge's neck.

Mr. Speaker, I wonder why the Republican members who were present at the recent grass roots conference in Sioux City, Iowa, did not call attention to the condition of the farmers in the years 1930, 1931, 1932, and early 1933. It is not possible that their memories are so short-lived, or did they conveniently forget to mention them?

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The fact is that parity legislation is a Democratic measure?

Mr. SABATH. Why, of course.

Mr. McCORMACK. The further fact is that price supports is a Democratic measure?

Mr. SABATH. Of course.

Mr. McCORMACK. The further fact is that the carry-over legislation passed after the war was a Democratic measure?

Mr. SABATH. It was.

Mr. McCORMACK. The fact is that in 1931 and 1932 when the country was going into bankruptcy with the Republicans in control they did not do anything about it?

Mr. SABATH. The gentleman is right as usual, of course. The Republicans never passed a bill that was in the interest of the farmers. I know what the conditions were under the Republican administration from 1932 until the Democrats came into control, when corn was selling for 19 cents, wheat for 29 cents, and hogs and cattle for 3 cents a pound. I know all those things.

It remained for the Democratic Party to bring about prosperity for the farmers, and I am grateful to my party that they have done so well by them and by the country.

Mr. BROWN of Ohio. Would the gentleman advise the House what the price of corn in Chicago is today?

Mr. McCORMACK. The only thing I know, it is not 17- or 18-cent corn, is it?

Mr. SABATH. No; it is not.

Mr. McCORMACK. Not the Republican price.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Illinois.

Mr. ARENDS. Let me say that in the same State that the gentleman comes from—and I happen to live in the Corn Belt—that today the farmers are worried about the price of corn they will receive, because there are not sufficient storage facilities available, because of the unavailable space on the markets, and that with the 85-cent corn they receive they must take into consideration the 58-cent dollar, and with an income-tax bracket that they never had before, and with tractors still selling at $2,200 that used to sell for $1,100, I ask, Where is the farmer so well off today? The gentleman ought to know. He lives in Illinois.

Mr. SABATH. I remember, and my colleague remembers, that the farmers did not worry very much about the income tax under the Hoover Republican administration. They had no profit left to pay any income tax, and I feel that the majority of them now are pleased and gratified that they are so prosperous that they can contribute their part toward the country and that they are in a position to pay income tax. Answering

the gentleman with respect to his statement as to the lack of storage facilities, he well knows that we passed a bill at this session to provide additional facilities to take care of as much of the surplus as is possible.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman knows that before we get through with this corn harvest we will have a billion bushels of surplus corn. The gentleman from Illinois and the gentleman from Massachusetts are likely to have corn running out of their ears before they will be able to take care of that surplus.

Mr. SABATH. Let me say that we will have a surplus in corn, and I am mighty glad, and again, the Democratic party made that possible, because they, through the Department of Agriculture, have been aiding, helping and assisting the farmers to bring about an increased crop of corn as well as other crops, and I am again grateful for that, and I hope that we will at all times have a surplus instead of a shortage of food and grains.

Mr. CARROLL. Mr. Speaker, if the gentleman will yield further, the gentleman is very correct. I find this among farm groups, that they are increasingly concerned about the great corn surplus, and I find that they have confidence in the present Democratic leaders; not that they understand the solution to the whole problem, but they are confident that they are working in the farmers' interest; they are confident that they are trying to stabilize the farm income so that we can continue to have over $200,000,000,000 in national income.

Mr. SABATH. I again thank the gentleman.

Mr. Speaker, I repeat that during the administrations of President Franklin Delano Roosevelt and Harry S. Truman the farmers of our Nation have enjoyed prosperity. We have gone a long way. And now, with the explanations I have made, which I hope will do the Republicans some good, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. MURRAY of Tennessee. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5931) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 5931, with Mr. COMBS in the Chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield myself 20 minutes, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MURRAY of Tennessee. Mr. Chairman, the purpose of this bill is to simplify and to modernize the Classification Act of 1923, as amended, which governs the pay rates and classifications of more than one-third of the employees in the Federal service.

This legislation has received most careful and deliberate consideration. It is the result of 15 months' study by the House Post Office and Civil Service Committee. H. R. 4169, the predecessor bill to the bill under consideration, was the subject of many months of diligent staff work. I should like to pay tribute to the late Col. Edward J. McCormack, who was a member of the professional staff of the committee until his death, and who tirelessly gave his time and great experience to this legislation. Also, Mr. George M. Moore, counsel of our committee, and the other members of the committee staff are to be commended for their staff work in preparing the revision of the Classification Act of 1923.

The committee was assisted by Dr. Ismar Baruch, Chief of Personnel Classification Division, Civil Service Commission, during these many months. Dr. Baruch is, in my judgment, one of the finest and most capable men in our Government service. His vast experience in the personnel field has provided the committee with the most able technical assistance in the preparation of this legislation.

After H. R. 4169 was introduced on April 11, 1949, after many months of study, extensive hearings were conducted and technical revisions were made in the legislation and a clean bill was introduced, H. R. 5931, which was approved by the House Post Office and Civil Service Committee on August 5.

I am pleased to advise the members that I can wholeheartedly and enthusiastically endorse this legislation because it is a well-considered bill and the product of prolonged study and deliberation.

The bill covers 885,000 positions, of which approximately 115,000 are in the crafts, protective, and custodial schedule and 770,000 under the general schedule. The 115,000 employees in the CPC schedule comprise messengers, laborers, guards, and craftsmen. The 770,000 positions under the general schedule comprise the major clerical, administrative, fiscal, professional, technical, and subprofessional positions. The larger group of positions under the general schedule are in the four lowest grades composed mostly of clerks, stenographers, and typists. There are 371,000 positions or over 37 percent of the Federal service in the four lowest grades of the general schedule.

Under title VI the 8 grades in the professional and scientific service, the 8 grades in the subprofessional service and the 15 grades in the clerical, administrative, and fiscal service, or a total of 31 grades, will be merged into a new general schedule consisting of 18 grades.

As provided for in section 603, the annual pay rates for the new general schedule grades are from $2,186 per annum at the beginning of grade 1 to a ceiling of $15,000 per annum at grade 18. The 10 grades in the present crafts, protective and custodial service have been revised into 10 new grades providing salaries from $2,120 annually to $4,900 per annum at the top of grade 10, except that CPC–1, with only 199 positions, provides a pay rate of from $1,510 annually to $1,870 annually. The present CPC–1, whose pay rates are between $1,410 and $1,732 per annum include boy and girl messengers between the ages of 16 and 18 years, and housekeepers who are wives of teachers in the Indian Service.

The average annual increase in compensation for the employees covered by the bill will be $113.60. However, in the lowest three grades, which include the positions of about one-third of those covered by the bill, the average increase will be approximately $120 annually. Adequate provision is made to assure that every employee will receive an increase in compensation through the initial adjustment to the new grades.

Under titles III and IV, the administrative procedure for classifying the 885,000 positions covered by the bill is made simpler and more uniform, and a better relationship is established between the classification functions of the Civil Service Commission and such functions in other departments and agencies of the Government.

Under existing law the classification of positions in the departmental service differs from the classification of the positions in the field service. In the departmental service, under existing procedures, control in the departmental service is centered on mandatory preaudit by the Civil Service Commission of classification actions proposed by the departments and agencies. Under Executive Order 9512 dated January 16, 1945, which extended the principles of the Classification Act to positions in the field service, control is centered on post-audit of actions by the Commission of classification actions of the departments and agencies, but the Commission has no authority to compel the departments and agencies to comply with its recommendations. Under the provisions of the bill, existing procedures are vastly improved. A uniform policy is extended to both the departmental and field service. Under published classification standards promulgated by the Civil Service Commission after consultation with the departments and agencies, authority for making the initial classification actions is delegated to the departments and agencies with respect to both the departmental and field service. The Civil Service Commission, however, under the bill, is vested with mandatory enforcement powers over the departments and agencies on a post-audit basis, to make certain that the application of the classification standards are complied with on a uniform basis throughout the Federal service.

Under title V authority is given to the Commission to determine the degree to which classification standards are being observed. The Commission is given enforcement power, (1) to correct erroneous actions upon appeal either by

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an individual employee or by the department or agency concerned, or on the Commission's own initiative; and (2) to withdraw or suspend the department's authority to take action without prior approval by the Commission when such department is not adhering to the standards provided for.

When the departments and agencies are conforming with the classification standards their allocatiton of positions will be official for pay and personnel purposes without prior approval of the Commission, except in grades 16, 17, and 18 of the general schedule. Under section 505, no position may be placed in or removed from grade 18—$15,000 annally—except by the President upon recommendation of the Commission. No position may be placed in grade 16—$11,500 to $12,500—or in grade 17—$13,000 to $14,000 annually—except by action of or after prior approval by the Commission.

The legislation will cover about 25,000 more employees than are now subject to the Classification Act of 1923, as amended.

Generally, positions whose salaries are now fixed on an annual basis under the pay schedules of the Classification Act of 1923, as amended, will continue under the provisions of the bill. These include the vast majority of employees in the executive departments and agencies except the following which are now exempt from the provisions of the Classification Act: 516,000 employees in the postal field service; 489,000 crafts, trades, and labor employees whose wages are fixed by so-called wage boards in accordance with prevailing wage rates in the communities in which they are employed; the Foreign Service of the United States; physicians, dentists, and nurses in the Veterans' Administration; teachers, school officials, and employees of the Board of Education of the District of Columbia; officers and members of the Metropolitan Police and Fire Departments of the District of Columbia; the United States Park Police; the White House Police; lighthouse keepers and civilian employees on lightships and vessels of the Coast Guard; civilian professors, lecturers, and instructors at the Naval War College, the Naval Academy, and Naval Postgraduate School; aliens or persons not citizens of the United States who occupy positions outside of the United States; Tennessee Valley Authority; the Inland Waterways Corporation; the Alaska Railroad; the Virgin Islands Corporation; the Panama Railroad; the Central Intelligence Agency; emergency and seasonal employees; persons employed on a fee, contract, or piecework basis; and positions for which rates of basic compensation are individually fixed by any other law at or in excess of the maximum scheduled rate of the highest grade established by the bill.

The following wholly owned Government corporations not now subject to the Classification Act will fall within the coverage of the bill: Federal Intermediate Credit Banks, Production Credit Corporation, Federal Farm Mortgage Corporation, and Regional Agricultural Credit Corporations under the Department of Agriculture; Federal Prison Industries, Inc., under the Department of Justice; Institute of Inter-American Affairs, State Department; Export-Import Bank of Washington; Federal Savings and Loan Insurance Corporation and Home Owners' Loan Corporation, under Housing and Home Finance Agency; and the Reconstruction Finance Corporation.

Also the following agencies, now exempted, would be covered: Atomic Energy Commission, Displaced Persons Commission, Philippine War Damage Commission, and United States Soldiers Home.

In addition, customs clerks, whose pay is now fixed by the Bacharach Act of May 29, 1928, as amended, and immigration inspectors, whose pay is now fixed by the Reed-Jenkins Act of May 29, 1928, as amended, would come under the bill, as well as a large number of individual exemptions in organic or appropriation acts such as exemptions for attorneys, engineers, experts, and so forth, in certain agencies would be repealed by implication and the positions brought within the bill.

The only sizable group which is now covered by the Classification Act of 1923, as amended, which would be exempt under the provisions of the bill, is the clerical mechanical service, consisting of 3,864 employees of the Bureau of Printing and Engraving who are workers on manufacturing or mechanical processing operations. The committee believed that it would be more beneficial for these employees to be paid, as are other highly skilled craftsmen in the Government, on the basis of prevailing wage rates in the areas in which they work. The purpose is to bring about a closer relation between the pay rates for this group and pay rates for skilled craftsmen in the same bureau or pay rates generally in the Government Printing Office.

Section 602 of the bill contains new definitions of the 18 general schedule grades and the 10 crafts, protective and custodial grades. Compared with existing grade definitions in the Classification Act of 1923, the language defines a better progression of difficulty and responsbility factors from grade to grade, and eliminates existing clauses and phrases which emphasize size of unit or number of persons supervised.

Also section 303 provides substantive law which is now contained in appropriation laws, setting forth congressional policy to the effect that no appropriated funds shall be used to pay the salaries of Federal employees who are placed in supervisory positions solely on the basis of the size of the group or the number of employees supervised.

Under title VII, the bill provides three types of step increases within each grade of the general schedule and the crafts, protective and custodial schedule. The first two types of step increases are already authorized by existing law. They are within-grade promotions or periodic step increases—Ramspeck increases—and within-grade promotions as a reward for superior accomplishment. The bill authorizes a minor change in existing law for the waiting period between the periodic or Ramspeck increases. At present where the step increases are less than $200—grades 1 through 10—the waiting period is 12 months, and where the step increases are $200 or more the waiting period is now 18 months. The bill provides that where the waiting period is 12 months it shall be 52 calendar weeks, and where the waiting is 18 months it shall be 78 calendar weeks.

In section 703 a new provision grants step increases—longevity increases—for all employees in all the CPC grades and in grades GS–1 ($2,120) to GS–10 ($5,750), inclusive.

Employees in such grades will be entitled to a longevity increase for each 3 years they serve after reaching the top of their grade, but not more than 3 such longevity increases will be granted any one employee in any single grade. In order to be entitled to such longevity increase, the employee must have served in the same grade at the maximum scheduled rate (or at a higher rate) for 3 years. He must have an efficiency rating of "good" or better, and his service and conduct must be satisfactory. In the aggregate he must have rendered 10 years of service in his position or in positions of equivalent or higher class or grade. The longevity increases will be in the amount of the within-grade step increases, for example, $60, $70, $80, $100, and $125.

Section 9 of the Classification Act of 1923, as amended, relating to the efficiency rating system and efficiency rating boards of review is reenacted in title IX. During hearings on this legislation, representatives of the Bureau of the Budget and the Civil Service Commission stated that following their study of the recommendations of the so-called Hoover Commission they would make recommendations to the Congress with respect to a complete revision of the efficiency rating system. Inasmuch as these recommendations have not yet been made, the committee believed that the present efficiency rating system which contains full protection for the employees to have their efficiency ratings reviewed by an impartial board should be retained until more study could be given this matter.

Hearings were conducted with respect to this legislation, at which time representatives of the Federal employees' organizations appeared and endorsed the provisions of the bill. Representatives of the Civil Service Commission and the Bureau of the Budget testified in favor of the enactment of this legislation, and there is no known objection to its enactment.

The annual cost of the legislation based upon the 885,000 positions covered will be $100,500,000 for the adjustment to the new schedules. In addition, the provisions of the bill granting longevity increases will cost an additional $800,000 the first year; $1,900,000 the second year; $5,700,000 the third year; $6,700,000 the fourth year; $7,700,000 the fifth year; $8,800,000 the sixth year; $9,800,000 the seventh year; $10,800,000 the eighth year; and $12,000,000 additional the ninth and subsequent years.

Title X of the bill repeats the provisions of existing law which prohibit discrimination on account of sex, marital status, race, creed, or color and makes certain that the application of the veterans preference provisions of other laws is not interfered with. It also authorizes the Commission to issue the necessary regu-

lations for the administration of the act and directs the Commission to prepare and submit to the President and the President to submit to the Congress an annual report with respect to the rates of compensation and the administration of the bill.

The effective date of the titles of the bill having to do with actual payment of money is the first day of the first pay period beginning after the date of enactment. Other provisions are to take effect upon enactment.

The title also safeguards against reduction in pay of any present employee not now subject to the Classification Act whose position is brought under the bill. A period of not to exceed 6 months is provided within which such a position shall be classified in its appropriate grade.

The bill contains provisions carrying out several of the recommendations of the Commission on the Organization of the Executive Branch of the Government, the so-called Hoover Commission. The bill represents the first complete revision and modernization of the Classification Act in 26 years, and repeals laws and parts of laws which are obsolete or which are in conflict with the provisions of the legislation.

Section 1101 of the bill raises the aggregate compensation ceiling of the Federal Employees' Pay Acts of 1945, 1946, and 1948 from $10,330 to $10,500. In view of the readustment of the pay schedules for the employees covered by the bill to a ceiling of $15,000 per annum, the only effect of this provision is to raise the ceiling for legislative and judicial employees to $10,500 per annum.

In readjusting the pay rates of the Classification Act of 1923, the committee gave careful study to the findings of the President, the Bureau of the Budget, and the Civil Service Commission that the pay increase acts of 1945, 1946, and 1948 had distorted the present pay schedules.

From 1930 until July 1, 1945, the only change in the basic rate schedules of the Classification Act was a small increase in the first two grades of the subprofessional service and the first eight grades of the crafts, protective, and custodial service.

On July 1, 1945, the Federal Employees Pay Act of 1945 became effective. This contained a pay-increase formula which raised rates of basic compensation as follows: 20 percent on the first $1,200, 10 percent on the next $3,400, and 5 percent on the remainder, subject to a $10,000 ceiling. The average increase was 15.9 percent. This range of increases varied from 20 percent at the floor of the schedules to 8.9 percent at the ceiling.

On July 1, 1946, additional increases were authorized by the Federal Employees Pay Act of 1946. This act provided a 14-percent increase but not less than $250 (unless more than 25 percent), subject to a $10,000 ceiling. The average increase was 14.2 percent. The range of increases varied from 25 percent at the very lowest rate to 2 percent at the ceiling.

On July 11, 1948, a further Classification Act increase was authorized by the Postal Rate Revision and Federal Employees Salary Act of 1948. This was a flat increase of $330, subject to a $10,330 ceiling. The average increase was 11 percent. The range of increases varied from 30.6 percent at the floor to 3.3 percent at the ceiling.

Thus, the combined over-all effect of the recent classification pay revision, comparing the rates in effect in July 1948, with those in effect during the period from 1930 to 1945 is approximately a 46 percent increase, due to rate changes only. The distortion in the pay rates which has been caused by granting flat increases on top of varied percentage increases at various pay rates has been corrected by the adjustment in pay rates contained in the bill.

The bill repeals the Classification Act of 1923, as amended, and will be known as the Classification Revision Act of 1949.

I trust the Members will support this legislation with the amendments which I shall offer exempting the Atomic Energy Commission and certain Government corporations from the bill.

I have prepared a statement showing a comparison between the proposed and existing pay rates covered by the bill, which will be included as a part of my remarks.

H. R. 5931, Classification Revision Act, 1949—Revision of Classification Act salary schedules—Comparison of proposed and existing pay scales

[Proposed grades and rates are italicized. Present rates are immediately below the corresponding proposed rate. The amount of increase or decrease of the proposed rate over the present rate is shown immediately below these rates.]

Grade	Present service and grade											Steps	Number of employees in grade
	P	SP	CAF										
1				*($2,186)*	*$2,186*	*$2,206*	*$2,346*	*$2,426*	*$2,506*	*$2,586*	*$2,666*	*$2,666*	6×80	19,000
		1		2,020	2,086	2,152	2,218	2,284	2,350	2,423				
			1		2,086	2,152	2,218	2,284	2,350	2,423		2,498		
		2				2,152	2,218	2,284	2,350	2,423	2,573	2,498		
				166	100	114	128	142	156	163	93	108		
2				*2,584*	*2,464*	*2,544*	*2,624*	*2,704*	*2,784*	*2,864*			6×80	121,817
		3	2	2,284	2,250	2,423	2,498	2,573	2,648	2,724				
				100	114	121	126	131	136	140				
3				*2,600*	*2,680*	*2,760*	*2,840*	*2,920*	*3,000*	*3,080*			6×80	150,819
		4	3	2,498	2,573	2,648	2,724	2,799	2,874	2,949				
				102	107	112	116	121	126	131				
4				*2,824*	*2,904*	*2,984*	*3,064*	*3,144*	*3,224*	*3,304*			6×80	99,020
		5	4	2,724	2,799	2,874	2,949	3,024	3,100	3,175				
				100	105	110	115	120	124	129				
5				*3,075*	*3,200*	*3,325*	*3,450*	*3,575*	*3,700*	*3,825*			6×125	67,574
	1	6	5	2,974	3,100	3,225	3,351	3,476	3,601	3,727				
				101	100	100	99	99	99	98				
6				*3,451*	*3,576*	*3,701*	*3,826*	*3,951*	*4,076*	*4,201*			6×125	29,208
		7	6	3,351	3,476	3,601	3,727	3,852	3,978	4,103				
				100	100	100	99	99	98	98				
7				*3,827*	*3,952*	*4,077*	*4,202*	*4,327*	*4,452*	*4,577*			6×125	65,939
	2	8	7	3,727	3,852	3,978	4,103	4,228	4,354	4,479				
				100	100	99	99	99	98	98				
8				*4,200*	*4,325*	*4,450*	*4,575*	*4,700*	*4,825*	*4,950*			6×125	13,172
			8	4,103	4,228	4,354	4,479	4,605	4,730	4,855				
				97	97	96	96	95	95	95				
9				*4,600*	*4,725*	*4,850*	*4,975*	*5,100*	*5,225*	*5,350*			6×125	53,942
	3		9	4,479	4,605	4,730	4,855	4,981	5,106	5,232				
				121	120	120	120	119	119	118				
10				*5,000*	*5,125*	*5,250*	*5,375*	*5,500*	*5,625*	*5,750*			6×125	6,937
			10	4,855	4,981	5,106	5,232	5,357	5,482	5,608				
				145	144	144	143	143	143	142				
11				*5,400*	*5,600*	*5,800*	*6,000*	*6,200*	*6,400*				5×200	30,288
	4		11	5,232	5,482	5,733	5,984		6,235					
				168	118	67	16		165					
12				*6,400*	*6,600*	*6,800*	*7,000*	*7,200*	*7,400*				5×200	24,204
	5		12	6,235	6,474	6,714	6,953	7,192						
				165	126	86	47	8						
13				*7,600*	*7,800*	*8,000*	*8,200*	*8,400*	*8,600*				5×200	11,159
	6		13	7,432	7,671	7,911	8,150	8,389						
				168	129	89	50	11						
14				*8,800*	*9,000*	*9,200*	*9,400*	*9,600*	*9,800*				5×200	4,474
	7		14	8,509	8,808	9,108		9,407	9,706					
				291	192	92		193	94					
15				*10,000*	*10,250*	*10,500*	*(10,500)*	*10,750*	*11,000*				4×250	1,666
	8		15			10,305	10,330							
						195	170							
16				*11,500*	*11,750*	*12,000*	*12,250*	*12,500*					4×250	
17				*13,000*	*13,250*	*13,500*	*13,750*	*14,000*					4×250	
18				*15,000*										

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H. R. 5931, Classification Revision Act, 1949—Revision of Classification Act salary schedules—comparison of proposed crafts, protective, and custodial schedules and existing CPC pay scales

[Proposed grades and rates are italicized. Present rates are immediately below the corresponding proposed rate. The amount of increase or decrease of the proposed rate over the present rate is shown immediately below these two rates]

Grade	Present service and grade—CPC								Steps	Number of employees in grade
1		*$1,510*	*$1,570*	*$1,630*	*$1,690*	*$1,750*	*$1,810*	*$1,870*	6×60	199
	1	1,410		1,500	1,588		1,660	1,732		
		100		130	102		150	138		
2		*2,180*	*2,180*	*2,260*	*2,330*	*2,400*	*2,470*	*2,540*	6×70	26,182
	2	2,020	2,086	2,152	2,218	2,284	2,350			
		100	104	108	112	116	120			
3		*2,252*	*2,332*	*2,412*	*2,492*	*2,572*	*2,652*	*2,732*	6×80	21,512
	3	2,152	2,218	2,284	2,350	2,423	2,498			
		100	114	128	142	149	154			
4		*2,450*	*2,530*	*2,610*	*2,690*	*2,770*	*2,850*	*2,930*	6×80	16,728
	4	2,350	2,423	2,498	2,573	2,648	2,724	2,799		
		100	107	112	117	122	126	131		
5		*2,674*	*2,754*	*2,834*	*2,914*	*2,994*	*3,074*	*3,154*	6×80	8,579
	5	2,573	2,648	2,724	2,799	2,874	2,949	3,024		
		101	106	110	115	120	125	130		
6		*2,900*	*3,980*	*3,060*	*3,140*	*3,220*	*3,300*	*3,380*	6×80	15,523
	6	2,799	2,874	2,949	3,024	3,100	3,175	3,250		
		101	106	111	116	120	125	130		
7		*3,125*	*3,225*	*3,325*	*3,425*	*3,525*	*3,625*	*3,725*	6×100	9,059
	7	3,024	3,100	3,175	3,250	3,351	3,476	3,601		
		101	125	150	175	174	149	124		
8		*3,400*	*3,525*	*3,650*	*3,775*	*3,900*	*4,025*	*4,150*	6×125	3,819
	8	3,225	3,351	3,476	3,601	3,727	3,852	3,978		
		175	174	174	174	173	173	172		
9		*3,775*	*3,900*	*4,025*	*4,150*	*4,275*	*4,400*	*4,525*	6×125	1,208
	9	3,601	3,727	3,852	3,978	4,103	4,228	4,354		
		174	173	173	172	172	172	171		
10		*4,150*	*4,275*	*4,400*	*4,525*	*4,650*	*4,775*	*4,900*	6×125	1,134
	10	3,978	4,103	4,228	4,354	4,479	4,605	4,730		
		172	172	172	171	171	170	170		

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Tennessee. I yield.

Mr. WHITE of Idaho. How much of an increase in Government expenditures will be occasioned by this bill?

Mr. MURRAY of Tennessee. I overlooked that. The cost of this bill, since it provides an average increase of $113 per person per annum, will be about $100,000,000 per year.

Mr. WHITE of Idaho. Is this bill limited to postal employees or does it cover all employees?

Mr. MURRAY of Tennessee. This bill does not deal with postal employees at all. We have two classification acts, we have one for postal employees and another for all other Federal employees. This classification bill covers employees other than those in the postal service and other than those whose salaries or wages are fixed by wage boards.

Mr. WHITE of Idaho. Then this bill will not affect the cost of postal charges at all?

Mr. MURRAY of Tennessee. Oh, no; this bill has no connection with the postal service or with postal charges or with the salaries or compensation of postal employees.

Mr. WHITE of Idaho. Does it extend to the military?

Mr. MURRAY of Tennessee. No.

Mr. WHITE of Idaho. It just covers civilian employees?

Mr. MURRAY of Tennessee. It applies to civilian employees in the Military and Naval Establishments, of course, but it does not apply to the officers and enlisted men of the armed services. It applies to all civilian employees in our armed services.

Mr. WHITE of Idaho. I can appreciate that the committee and the chairman have done a great deal of work and given a great deal of consideration to this measure, and I commend them, but I did want to have some information on the over-all picture of the bill. I thank the gentleman.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Tennessee. Gladly.

Mr. ALBERT. Did I understand that one of the provisions of this bill eliminates the necessity of a supervisory employee's having a large number of persons under him in order to get a higher grade? Is that right?

Mr. MURRAY of Tennessee. That is right.

Mr. ALBERT. I think that is a commendable change in the law, and I want to congratulate the gentleman on this bill.

Mr. MURRAY of Tennessee. And I may say another thing about this bill, that the authority for allocating positions covered by the bill is vested in the Civil Service Commission. However, in the interest of efficiency and to improve existing operations the departments or agencies are authorized to allocate positions in the various grades established by the bill in accordance with published standards promulgated by the Civil Service Commission. Their action, however, is subject to the review of the Civil Service Commission; and if the Civil Service Commission sees that any particular department or agency is not carrying out the prescribed standards and regulations set out by the Civil Service Commission, then the Commission can withdraw or suspend the department's authority to take action without prior approval by the Commission.

Mr. BENNETT of Florida. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Tennessee. I yield.

Mr. BENNETT of Florida. I have a message here. I hate to interrupt the gentleman's presentation but I wish to ask him about it. This message was handed to me, as I say, and it deals with professional grade P–2. I do not know whether the person who sent me this message was misinformed or not but he seems to feel that this grade will get no chance of promotion.

Mr. MURRAY of Tennessee. Undoubtedly that person is misinformed, for employees in that grade will receive an increase under this bill. It especially provides that their salaries shall not be reduced. The purpose of the bill is to give them an increase according to the classified service.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. REES. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, the legislation under consideration which will simplify and modernize the Classification Act of 1923, as amended, is the final product of many months of study which began during the Eightieth Congress.

At the time the last Federal Employee Pay Act was considered by the House and Senate conferees in June 1948, it was determined that an extensive revision of the Classification Act of 1923 was necessary, and the conferees agreed that a study should be made with a view toward the enactment of legislation similar to the bill under consideration. Accordingly, the House Post Office and Civil Service Committee, of which I then had the honor of being chairman, began a study of this problem in cooperation with the representatives of the Civil Service Commission and the Bureau of the Budget. This study was completed early in January 1949, and the distinguished chairman of our committee the gentleman from Tennessee [Mr. MURRAY] introduced the bill H. R. 4169.

Extensive hearings were conducted with respect to this legislation by a subcommittee of our committee upon which I had the privilege of serving. The subcommittee made its recommendations to the full committee and the committee approved H. R. 5931, which is under consideration today.

The main purpose of the legislation is to revise the pay rates and classifications of more than 885,000 employees in the Federal service. The pay schedules have been simplified and the 31 existing grades in the professional, subprofessional, and clerical, administrative and fiscal service have been combined into 18 new general schedule grades. In other words, the bill combines 31 existing grades and then adds 3 additional grades.

Under the provisions of the bill approved by the committee, the pay rates of the new general schedule are between $2,186 per annum at the beginning of grade 1 to a ceiling of $15,000 per annum at grade 18. The crafts, protective, and custodial service is provided with 10 grades from $2,120 annually to $4,900 per annum, except that CPC–1 provides pay rates between $1,510 and $1,870 annually. This grade includes only 199 positions—boy and girl messengers and housekeepers who are wives of teachers in the Indian service.

The average annual increase in compensation provided for the employees covered by the bill is $113.60; however, in the lowest grades the committee provided increases which average approximately $120 annually.

The distinguished chairman the gentleman from Tennessee [Mr. MURRAY], who has spent a great deal of time and effort in preparing this legislation, deserves the commendation of the Members for his work. He has ably presented reasons for the enactment of this legislation. With the exception of several provisions, I agree with him.

Under the provisions of the bill three new grades are established above the present $10,330 ceiling. These are: Grade 16, $11,500–$12,500 per annum; grade 17, $13,000–$14,000 per annum; and grade 18 at a single annual salary of $15,000.

According to the proponents of this provision the justification for the establishment of these three new grades is to provide salaries which will be attractive to highly qualified persons outside of the Federal service who do not now seek Federal employment. If I believed that the persons who will fill these positions would be brought in from the outside with highly technical and specialized skills which are not now available to the Federal Government, I would see some reason for the addition of these grades. However, in my judgment, and according to information I received during consideration of the bill, most of those who will fill these positions are in the Federal service and are now making between $8,000 and $10,330 per annum. The simple fact is that if this legislation becomes law, the salaries of such employees will be increased, not only in the amounts provided for in the bill, but also will be increased from $1,000–$4,000 annually, depending upon where their positions are allocated in grades 16, 17, or 18.

Permit me to state that I wholeheartedly endorse the objective of the legislation in revising the antiquated Classification Act, its outmoded definitions and procedures. However, I do not believe that such legislation should be used as a vehicle through which to give large and hidden increases in salaries to employees who are now making $8,000–$10,000 per annum.

At the appropriate time I shall propose an amendment to this legislation eliminating proposed grades 17 and 18, and changing the pay rates of grade 16 to $11,000–$12,000 per annum.

This would provide a salary ceiling of $12,000 per annum as compared with the ceiling in the bill of $15,000 per annum. Allow me to point out that the annual salary ceiling for positions covered by this legislation is now $10,330. I believe that to increase this ceiling at this time by $5,000 a year is inconsistent with the main purpose of the legislation and unwarranted by the facts presented to the committee.

The remaining provisions of the bill are meritorious. The benefits to all Federal employees are many. Provision is made for an appeal by any Federal employee of his job classification to the Civil Service Commission. The bill embraces about 25,000 more employees than are now subject to the Classification Act of 1923, as amended. Each of these 25,000 employees will benefit by their inclusion under the bill.

A new provision which I wholeheartedly endorse provides longevity increases for certain Federal employees, particularly those in the lower grades, who find themselves in "blind alley" jobs from which there is no opportunity for advancement to higher grades. Such employees who reach the top of their grade will receive longevity increases equal to the amount of their within-grade increases at the end of 3 years, and three such increases may be given.

In the initial adjustment to the new grades and in providing promotions to higher grades, each employee covered by the bill will receive an increase in salary although such increases vary in amount.

As the distinguished chairman pointed out, lengthy hearings were conducted with respect to this bill at which time representatives of the Federal employees organizations endorsed the bill, and the Civil Service Commission and the Bureau of the Budget indicated their approval.

I urge the members to support this legislation with amendments which I shall offer.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Michigan.

Mr. DONDERO. May I ask whether or not this bill affects the secretarial staff of the Members of Congress?

Mr. REES. It does not affect legislative employees. They are in a different group.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Georgia, who has at all times shown deep interest in improvement in Federal employment.

Mr. COX. I wonder if the gentleman's committee considered the subject matter of the amendment the gentleman now speaks of intending to offer.

Mr. REES. Yes. I will say to the gentleman that the proposal I intend to offer today was submitted to the full committee.

Mr. COX. Are we to understand that the gentleman's committee rejected that proposal, insisting on the fixing of the salary as stated in the bill, $15,000?

Mr. REES. The statement of the gentleman from Georgia is correct.

Mr. COX. There is something of a feeling that prevails here and there to the effect that the civil service is pretty much of a confounded humbug.

Mr. REES. I have heard similar criticism on a number of occasions.

Mr. COX. I wonder if the gentleman's committee will ever get around to considering the question of enacting some kind of legislation that will reduce the number of personnel now so high as to provide three men for one job? Is it not reasonable to hope that the gentleman's committee will at some time propose legislation which will reduce personnel at least to two men for one job?

Mr. REES. I appreciate the gentleman's views. I am just as deeply concerned as he is with respect to the duplication of positions in Government. I agree with the gentleman that in a large number of our agencies we have many unnecessary employees. There is too much overstaffing in many of the agencies of Government. It comes about largely by duplication of effort and because of inefficiency and failure to organize these various agencies properly. The commitee has dealt with it, and I have personally dealt with it. I have spoken on the floor of the House a number of times about it. During the Eightieth Congress our committee conducted investigations on this subject matter. We had a staff that went into the problem and made reports and recommendations. The Civil Service Committee of the Seventy-ninth Congress also made an effort to deal with this question. Attempt was made to bring about some reduction in force in the various departments of the Government, and to bring a little more order out of chaos.

I am in accord with the gentleman's feelings in regard to this matter, and I still hope that our committee may give more attention to this question. I know the distinguished chairman of this commitee is very much in accord with the gentleman's views in that respect.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the distinguished gentleman from Nebraska, who at various times has expressed his views on the floor of the House with regard to this question.

Mr. MILLER of Nebraska. The gentleman has made a fine statement in connection with this bill. It has often occurred to me that there are sometimes too many drones on the country's pay roll who hide behind civil service to protect their inefficiency. Whether that can be corrected by legislation or not I

UNIVERSITY OF MICHIGAN LIBRARIES

do not know. The question I want to pose to the gentleman is this. I believe in the first paragraph of his remarks he said that this reclassification bill covers 885,000 people. How are the other million or more employees in the Federal service covered?

Mr. REES. We have three general groups. We have the postal service, comprising approximately 500,000. Then we have these 885,000 classified employees. Then we have what are known as wage board employees. Also another group of several thousand that are in special classes. ECA, for instance, has quite a number of them, and so do TVA and other groups of that nature. There are several of those that are not included under the provisions of this bill. There are a comparatively few under civil service. I would say a large share of these groups are patterned very much after the Classification Act with respect to salaries paid.

Mr. MILLER of Nebraska. Will the gentleman say, then, that they have their own form of civil service?

Mr. REES. No, I would not say that, but because of the special or different work they do they have been put into different groups. However, they follow pretty much the civil service rules and regulations.

Mr. MILLER of Nebraska. But they are still not under civil service?

Mr. REES. They are not under the Civil Service Classification Act.

Mr. MILLER of Nebraska. These classifications do not affect them?

Mr. REES. That is correct. Consideration was given to each and every group as to whether they should be included. We have included quite a number who were heretofore outside the Civil Service Classification Act.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from California.

Mr. McDONOUGH. Will the adoption of this bill throw the other groups out of line with the wage rates?

Mr. REES. No, it will not.

Mr. McDONOUGH. In other words, by the adoption of this bill we will then have to give consideration to the adjustment of classifications of other groups.

Mr. REES. No; we will not.

Mr. McDONOUGH. In other words, you mean the adoption of this bill will coordinate the situation?

Mr. REES. That is correct. It will, to a considerable extent.

Mr. GOLDEN. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman, a member of my committee.

Mr. GOLDEN. Can the distinguished gentleman give us some idea as to how much his amendment would save under the $100,000,000 which it is estimated the bill will cost as it presently stands?

Mr. REES. I made inquiry downtown just a little while ago with officials in the Civil Service Commission, and the answer was approximately $5,000,000. Another estimate was $4,200,000.

Mr. GOLDEN. Do you have some idea as to the number of employees who will be affected and limited to the $12,000 ceiling?

Mr. REES. Probably 800.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Michigan.

Mr. DONDERO. Perhaps I did not understand the gentleman's answer, but someone has said here that this bill costs about $110,000,000 a year.

Mr. REES. The cost of the bill, as announced by the chairman of the committee, is approximately $100,000,000. The saving on my amendment is estimated at $5,000,000.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Ohio.

Mr. VORYS. A minute ago the gentleman mentioned one group that I would like to know more about. In almost every bill that I can remember, which created new agencies, either war agencies or any other agencies, since I have been in Congress, there is a paragraph to this effect: "Without regard to the Civil Service Act of 1923, the President or the Administrator"—or whoever it might be—"may appoint personnel."

The argument has been brought up here by the departments that they cannot get the necessary competent personnel promptly and retain them if they have to comply with the civil-service law. My colleague, the gentleman from Georgia, has brought out criticism which we hear concerning the civil service. Here is a repeated criticism of the civil service by the Congress, joined in by the Executive, in which we have a pattern which provides that when we want something done expertly and in a hurry, we do not use the civil service. Now, why should not the Committee on Post Office and Civil Service do one of two things—either change the civil-service law so that we can secure competent people promptly, or rise on the floor of the House and oppose these paragraphs that I have mentioned, which appear in every one of these bills, as they come along.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield.

Mr. COX. With respect to the exception provided for in most bills which are adopted by the House, I judge that the first purpose is to insure getting somebody who is peculiarly fitted for the job in question, and that the second purpose is to give the person having the appointing power some degree of discretion in the selection of his associates or in the selection of persons who are, in his judgment, best suited for the job in question.

Mr. VORYS. And another thing, to give the person who has the responsibility and makes the selection some authority to fire the person if such person is incompetent.

Mr. COX. I agree with the gentleman in that statement.

Mr. REES. In reply to the statement of the gentleman from Ohio, may I say that on each and every occasion, so far as I know, when bills have come before the House, where these exceptions are made, including the ECA bill, I have objected to taking those positions out of the civil service. But the excuse or reason given was because of the particular kind of work they were doing and because of the fact that they were only temporarily employed, it was for the best interests of the Government to leave them out of civil service. One of the great reasons, of course, during the war period was that they could not recruit those people fast enough and could not get them promptly enough if they had to go through what they describe as the slow procedure of civil service. I should state, however, that there are some employees that were not included under classified civil service that will be included under the provisions of this bill.

I am in general accord with the views of the gentleman from Ohio [Mr. VORYS] with respect to this matter.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Iowa, a member of our committee.

Mr. GROSS. Does the gentleman mean to say that ECA is only a temporary proposition?

Mr. REES. I am not passing on that question at all. I hope it is. I think most of the Members of this House trust that it will be. I wish I knew the answer to that question.

I wish to say again that I endorse the provisions of this bill, with the exception of the provision to which I have called attention, and I trust at the proper time I may have the support of this committee on my amendment.

One further thing: One of the reasons given for putting this up to $15,000—and those who oppose my views will express their opinions regarding that—is because they say it will bring it in line with the so-called Presidential bill that passed this House several weeks ago and is now pending in the Senate. I tried to secure some reductions in that measure. You may recall that bill provided that approximately 200 Presidential appointees would receive salaries ranging from $15,000 to $25,000.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. REES. I yield myself one additional minute, Mr. Chairman.

I am informed the question of salaries for so-called top-flight Presidential appointees is presently being considered in a bill pending in the other body. That body may make provisions for a ceiling of $12,000 or $15,000. Even so, that should not be a controlling factor in dealing with the problem here. Let me say in closing that I realize the administration is insisting that the $15,000 ceiling be retained in this particular bill and would therefore be opposed to my amendment of $12,000. I still think an increase all the way from $1,000 to $4,000 for those

presently employed in civil service is out of line and unnecessary.

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Chairman, I ask unanimous consent that my colleague [Mr. MORRISON] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MORRISON. Mr. Chairman, I rise in support of H. R. 5931, a bill establishing a standard schedule of rates of basic compensation for those employees of the Federal Government who are paid under the fixed rates of the Classification Act of 1923.

This bill is the product of careful study and consideration by the House Post Office and Civil Service Committee. I am pleased to have been a member of the subcommittee which considered this legislation and recommended the bill under consideration to the full committee.

Extensive hearings were conducted at which time the committee heard the testimony of officials of the Civil Service Commission, the Bureau of the Budget, and the representatives of the fine Federal employee organizations, notably the American Federation of Government Employees and the American Federation of Federal Employees. The witnesses unanimously agreed that this legislation was desirable, and although modest in providing basic increases in compensation, the bill represents a modernization and simplification of the provisions of the Classification Act of 1923.

The bill covers approximately 880,000 positions in the Federal service. The 31 grades in the existing professional and scientific service, the subprofessional service, and the clerical, administrative, and fiscal service will be merged into a new general schedule consisting of 18 grades.

The annual pay rates for the new general schedule are from $2,186 per annum at the beginning of grade 1 to a ceiling of $15,000 per annum at grade 18. The present crafts, protective, and custodial service has been revised into 10 grades providing salaries from $2,120 annually—$1,510 annually for boy and girl messengers—to $4,900 per annum in the top rate of grade 10.

The average annual increase in compensation for the employees covered by the bill will be $113.60. However, in the lowest three grades containing the positions of almost 300,000 employees the average annual increase will be approximately $120.

The existing administrative procedure for classifying the positions covered by the bill is made more efficient and uniform and a better relationship is established between the classification functions of the Civil Service Commission and such functions in the other departments and agencies of the Government. Under published classification standards promulgated by the Civil Service Commission after consultation with the departments and agencies, authority for making the initial classification actions is delegated to the departments and agencies in both the departmental and field service. The Commission, however, is vested with mandatory enforcement powers over the departments and agencies on a post-audit basis to make certain that the application of the classification standards are complied with uniformly throughout the Federal service.

Reviewing authority is given to the Commission to determine the degree to which classification standards are being observed. The Commission is given enforcement power (1) to correct erroneous actions upon appeal either by an individual employee or by the department or agency concerned, or on the Commission's own initiative; and (2) to withdraw or suspend the department's authority to take action without prior approval by the Commission when such department is not adhering to the standards provided for.

The bill provides for the establishment of three new grades in the general schedule, GS–16, 17, and 18. These grades, where the annual compensation is between $11,500 and $15,000, were established in conformity with the recommendations of the Hoover Commission, which found that the present salary schedule in the Federal service is outmoded and woefully inadequate to provide pay rates sufficiently attractive to bring highly specialized persons into the Federal service.

The Government has suffered in the past because of its failure to provide salaries sufficiently attractive to bring into the service those who are needed to perform essential Government work. In this atomic age where private industry is paying its employees salaries between $10,000 and $20,000 annually for the same type of work in specialized, scientific and professional fields, it is imperative that the Congress provide a modernized and adequate pay structure to meet the responsibilities of the Government.

The distinguished chairman of the committee, the gentleman from Tennessee [Mr. MURRAY], has covered in detail the provisions of the bill which extend the coverage of the Classification Act to additional positions in the Federal service. In each case the committee weighed carefully the implications of the added coverage and additional exemptions. They were recommended to the committee by the Civil Service Commission and endorsed by the Bureau of the Budget. In my judgment, the bill provides a pay structure which will be of advantage to all of the agencies and positions which are now covered by it.

The bill provides additional advantages for the classified Federal employees. Under present procedure, only an employee in the departmental service had the right to appeal his classification to the Civil Service Commission. Under the terms of the bill, all employees, including those in the field service—62 percent of the Federal employees—will be extended this right of appeal.

A new provision grants longevity increases to employees in all the CPC grades and in the grades GS–1 to GS–10, inclusive. Employees in such grades will be entitled to a longevity increase for each 3 years they serve after reaching the top of their grade, but not more than 3 such longevity increases will be granted any one employee in any single grade. In order to be entitled to such longevity increase, the employee must have served in the same grade at the maximum scheduled rate (or at a higher rate) for 3 years. He must have an efficiency rating of "good" or better, and his service and conduct must be satisfactory. In the aggregate he must have rendered 10 years of service in his position or in positions of equivalent or higher class or grade.

The provision granting these longevity increases will be of great advantage to those Federal employees, particularly in the lower grades, who find themselves in "blind alley" jobs after many years of service from which there is no promotion.

As has been stated, the bill represents the first complete revision and modernization of the Classification Act in the past 26 years. The salary increases provided for in the pay acts of 1945, 1946, and 1948 have, according to the reports of the Civil Service Commission and the Bureau of the Budget, so distorted the present pay structure that this revision of the pay rates is absolutely necessary to remove inequities and to prevent further distortion. The Federal employees have only received basic pay increases since 1939 of approximately 46 percent, which, in my judgment, is woefully inadequate in view of the tremendous increase in the cost of living. The bulk of these Federal employees live in the larger cities and are confronted constantly with the increased cost of living. I believe that the modest increases provided in the bill are fully justified on the basis of the information presented to our committee.

I wholeheartedly endorse this legislation, and urge that the Members pass this vital legislation.

Mr. MILLER of California. Mr. Chairman, what we are trying to do in this present legislation is to develop and encourage a sound career service. That is one of the things that the Commission for the Reorganization of the Executive Branch of the Government stressed in its report on Personnel Management. It is one of the things that will make for greater efficiency in the Federal Government.

This bill, after all, is a bill that sets standards of pay. It has nothing to do presently with the number of employees who are engaged to do a certain job. That is not the function of the Civil Service Committee. That is the function of the Appropriations Committee or the appropriate legislative committee. We have nothing to do with the number of

UNIVERSITY OF MICHIGAN LIBRARIES

employees necessary in any branch or segment of government. The work that comes before the Post Office and Civil Service Committee in the fixing of standards for jobs and the remuneration of those jobs.

Since 1930 the number of employees in the Government has risen about 250 percent. Roughly, there were about 300,000 employees in all categories of government under the classification act at that time. Today there are in excess of 885,000. That means that the laws and regulations, the machinery set up to handle this group, has had superimposed on it a huge and new volume of work that makes the machinery inadequate.

Over 20 years ago, in 1923, we passed the Classification Act. Since that time it has been amended in major fashion and on numerous occasions minor amendments have been added. In fact, it has been amended in almost every Congress until it has become a hodgepodge. You now need a slide rule or a calculating machine to compute the salaries. For instance, you start with a base salary set up in the 1923 act, to it you add 20 percent of the first $1,200, plus 10 percent of the difference between $1,200 and $4,600, plus 5 percent in excess of $4,600, plus 14 percent, and then an added $330. You find it very clear, and amusing. We have increased salaries on a percentagewise basis, we have added increase after increase until they are all out of kilter and all out of gear. This bill aims to correct that, to provide a more orderly way of handling the payment of public employees by the establishment of a number of grades into which they shall fall, and the consolidation of four grades into two new grades, the general service grade and the professions.

I believe that the slight increase in the bill is justified, because all it does is to bring into line the classified employees with the pay raise that was given the postal employees in the closing days of the Eightieth Congress which, frankly, was not a well-considered move. The recommendations of the committee of which my colleague, the gentleman from Kansas, has just spoken were disregarded in the closing days of that session and out of the air was grabbed a figure of $330 a year. All the slight adjustment upward in this bill does is to bring that pay scale back into balance with the recommendations that have been made heretofore by this committee.

Much has been said about the new grades that have been added in the general service category taking them up to grade 18. Presently the top salary in Government is $10,330 a year; it is $10,000 plus the flat $330, and that did not apply up and down the line. We have the inconsistency of where men promoted to the top job in an agency have had to take a reduction because the salary of the top official was fixed by statute, whereas the salary of the secondary or deputy position was fixed by the Classification Act. The classic example is that of the Director of the Budget. When the present Director of the Budget stepped out his deputy director had to take a salary cut from $10,330 a year to $10,000 a year when he became Director. In other words, the Deputy Director draws more than the Director does. There are a number of cases throughout the Federal service where because of this salary ceiling and this unnatural way in which we have raised salaries, underlings, in many cases six and seven of them, draw the same salary as does the chief of the bureau. If you remember the personnel management report of the Commission on the Organization of the Executive Branch of the Government it was the thought of the Commission that after a person had reached $8,000 a year, to all intents and purposes he was at the top of the grade; he could expect no promotion and no additional salary although that rating was at least three grades below the top rating to which he could eventually aspire—empty honors. What we are trying to do in this bill is to relieve the pressure at the ceiling and to allow some expansion that will permit a more rational fixing of salaries in the scale from the bottom to the top.

Someone has spoken about exempting certain agencies of the Government from the operations of the Classification Act. Agencies were exempted from the Government because in the emergency it was hoped that recruitment would be easier and a more liquid control could be had by the head of the agency; but the emergency is over and we seek now in an orderly way to bring back into the civil service and under the Classification Act many such exempt agencies where the employees can be established in proper relation to one another.

In the great increase in employment by the Government new machinery for recruitment must be devised. Once upon a time it was the responsibility of the Civil Service Commission to give examinations to qualify people for public employment. The load is now so great it no longer works too well. So it has become necessary to decentralize. The matter of recruitment was made the responsibilities of the agencies.

What we seek to do by this bill is to decentralize the recruitment to the agency under the broad supervision of the Civil Service Commission, reserving to the Civil Service Commission the right to withdraw the privilege if it is abused in the agency. It is a step in the right direction in trying to handle this vast problem. It is one that was recommended by the Hoover Commission as a step necessary in clarifying the present muddled merit system which exists in the Federal Government.

This bill is not perfect, as is the case with any legislation that is brought in here. However, it is a foundation upon which can be built as time goes on more rational legislation and developed gradually a better approach to the problem of securing for the Federal Government competent, loyal, efficient employees.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Classification Revision Act of 1949."

TITLE I—DECLARATION OF POLICY

SEC. 101. It is the purpose of this act to provide a plan for classification of positions and for rates of basic compensation whereby—

(1) in determining the rate of basic compensation which an officer or employee shall receive, (A) the principle of equal pay for substantially equal work shall be followed, and (B) variations in rates of basic compensation paid to different officers and employees shall be in proportion to substantial differences in the difficulty, responsibility, and qualification requirements of the work performed and to the contributions of officers and employees to efficiency and economy in the service; and

(2) individual positions shall, in accordance with their duties, responsibilities, and qualification requirements, be so grouped and identified by classes and grades, as defined in section 301, and the various classes shall be so described in published standards, as provided for in title IV, that the resulting position-classification system can be used in all phases of personnel administration.

TITLE II—COVERAGE AND EXEMPTIONS

SEC. 201. (a) For the purposes of this act, the term "department" includes (1) the executive departments, (2) the independent establishments and agencies in the executive branch, including corporations wholly owned by the United States, (3) the Administrative Office of the United States Courts, (4) the Library of Congress, (5) the Botanic Garden, (6) the Government Printing Office, (7) the General Accounting Office, (8) the Office of the Architect of the Capitol, and (9) the municipal government of the District of Columbia.

(b) Subject to the exemptions specified in section 202, and except as provided in section 204, this act shall apply to all civilian positions, officers, and employees in or under the departments.

SEC. 202. This act shall not apply to—

(1) the field service of the Post Office Department, for which the salary rates are fixed by Public Law 134, Seventy-ninth Congress, approved July 6, 1945, as amended and supplemented;

(2) the Foreign Service of the United States under the Department of State, for which the salary rates are fixed by the Foreign Service Act of 1946, as supplemented by Public Law 160, Eighty-first Congress, approved July 6, 1949;

(3) physicians, dentists, nurses, and other employees in the Department of Medicine and Surgery in the Veterans' Administration, whose compensation is fixed under Public Law 293, Seventy-ninth Congress, approved January 3, 1946;

(4) teachers, school officers, and employees of the Board of Education of the District of Columbia, whose compensation is fixed under the District of Columbia Teachers' Salary Act of 1947, as supplemented by Public Law 151, Eighty-first Congress, approved June 30, 1949;

(5) officers and members of the Metropolitan Police, the Fire Department of the District of Columbia, the United States Park Police, and the White House Police;

(6) lighthouse keepers and civilian employees on lightships and vessels of the Coast Guard, whose compensation is fixed under authority of Public, No. 383, Seventy-fifth Congress, approved August 26, 1937, or Public Law 143, Eighty-first Congress, approved June 29, 1949;

(7) employees in recognized trades or crafts, or other skilled mechanical crafts, or in unskilled, semiskilled, or skilled manual-labor occupations (except such employees who are engaged in the maintenance and operation of public buildings and associated equipment or perform work in scientific or engineering laboratories as aides to scientists or engineers), and employees in the Bureau of Engraving and Printing the duties of whom are to perform or to direct manual or machine operations requiring special skill or experience, or to perform or direct the counting, examining, sorting, or other verification of the product of manual or machine operations, whose compensation shall be fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates;

(8) officers and members of crews of vessels, whose compensation shall be fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates and practices in the maritime industry;

(9) employees of Government Printing Office whose compensation is fixed under Public, No. 276, Sixty-eighth Congress, approved June 7, 1924;

(10) civilian professors, lecturers, and instructors at the Naval War College and the Naval Academy whose compensation is fixed under Public Law 604, Seventy-ninth Congress, approved August 2, 1946; senior professors, professors, associate and assistant professors, and instructors at the Naval Postgraduate School whose compensation is fixed under Public Law 303, Eightieth Congress, approved July 31, 1947; and the Academic Dean of the Postgraduate School of the Naval Academy whose compensation is fixed under Public Law 402, Seventy-ninth Congress, approved June 10, 1946;

(11) aliens or persons not citizens of the United States who occupy positions outside the several States and the District of Columbia;

(12) the Tennessee Valley Authority;

(13) the Inland Waterways Corporation;

(14) the Alaska Railroad;

(15) the Virgin Islands Corporation;

(16) the Central Intelligence Agency;

(17) employees who serve without compensation or at nominal rates of compensation;

(18) employees none or only part of whose compensation is paid from appropriated funds of the United States: *Provided*, That with respect to the Veterans' Canteen Service in the Veterans' Administration, the provisions of this paragraph shall be applicable only to those positions which are exempt from the Classification Act of 1923, as amended, pursuant to Public Law 636, Seventy-ninth Congress, approved August 7, 1946, as amended;

(19) employees whose compensation is fixed under a cooperative agreement between the United States and (A) a State, Territory, or possession of the United States, or political subdivision thereof, or (B) a person or organization outside the service of the Federal Government;

(20) student nurses, medical or dental interns, residents-in-training, student dietitians, student physical therapists, student occupational therapists, and other student employees, assigned or attached to a hospital, clinic, or laboratory primarily for training purposes, whose compensation is fixed under Public Law 330, Eightieth Congress, approved August 4, 1947, or section 14 (b) of Public Law 293, Seventy-ninth Congress, approved January 3,, 1946, as amended by Public Law 722, Eightieth Congress, approved June 19, 1948;

(21) inmates, patients, or beneficiaries receiving care or treatment or living in Government agencies or institutions;

(22) experts or consultants, when employed temporarily or intermittently in accordance with section 15 of Public Law 600, Seventy-ninth Congress, approved August 2, 1946;

(23) emergency or seasonal employees whose employment is of uncertain or purely temporary duration, or who are employed for brief periods at intervals;

(24) persons employed on a fee, contract, or piecework basis;

(25) persons who may lawfully perform their duties concurrently with their private profession, business, or other employment, and whose duties require only a portion of their time, where it is impracticable to ascertain or anticipate the proporton of time devoted to the service of the Federal Government;

(26) positions for which rates of basic compensation are individually fixed, or expressly authorized to be fixed, by any other law, at or in excess of the maximum scheduled rate of the highest grade established by this act.

SEC. 203. The Civil Service Commission, hereinafter referred to as the "Commission," is authorized and directed to determine finally the applicability of sections 201 and 202 to specific positions, officers, and employees.

SEC. 204. (a) The classes of employees whose compensation is authorized by section 3 of the Legislative Pay Act of 1929, as amended (46 Stat. 38; 55 Stat. 615), to be fixed by the Architect of the Capitol without regard to the Classification Act of 1923, as amended, are authorized to be compensated without regard to this act.

(b) This act shall not apply to any officer or employee of the Office of the Architect of the Capitol whose compensation is fixed by any other law.

(c) Sections 202 and 203 shall not apply to the Office of the Architect of the Capitol.

TITLE III—BASIS FOR CLASSIFYING POSITIONS

SEC. 301. For the purposes of this act, the term—

(1) "position" means the work, consisting of the duties and responsibilities, assignable to an officer or employee;

(2) "class" or "class of positions" includes all positions which are sufficiently similar, as to (A) kind or subject-matter of work, (B) level of difficulty and responsibility, and (C) the qualification requirements of the work, to warrant similar treatment in personnel and pay administration; and

(3) "grade" includes all classes of positions which (although different with respect to kind or subject-matter of work) are sufficiently equivalent as to (A) level of difficulty and responsibility, and (B) level of qualification requirements of the work, to warrant the inclusion of such classes of positions within one range of rates of basic compensation, as specified in title VI.

SEC. 302. (a) Each position shall be placed in its appropriate class. The basis for determining the class in which each position shall be placed shall be the duties and responsibilities of such position and the qualifications required by such duties and responsibilities.

(b) Each class shall be placed in its appropriate grade. The basis for determining the grade in which each class shall be placed shall be the level of difficulty, responsibility, and qualification requirements of the work of such class.

SEC. 303. No appropriated funds shall be used to pay the compensation of any officer or employee who places a supervisory position in a class and grade solely on the basis of the size of the group, section, bureau, or other organization unit or the number of subordinates supervised. Such factors may be given effect only to the extent warranted by the work load of the organization unit and then only in combination with other factors, such as the kind, difficulty, and complexity of work supervised, the degree and scope of responsibility delegated to the supervisor, and the kind, degree, and character of the supervision actually exercised.

TITLE IV—PREPARATION AND PUBLICATION OF STANDARDS

SEC. 401. (a) The Commission, after consultation with the departments, shall prepare standards for placing positions in their proper classes and grades. The Commission is authorized to make such inquiries or investigations of the duties, responsibilities, and qualification requirements of positions as it deems necessary for this purpose. In such standards the Commission shall (1) define the various classes of positions that exist in the service in terms of duties, responsibilities, and qualification requirements; (2) establish the official class titles; and (3) set forth the grades in which such classes have been placed by the Commission. At the request of the Commission, the departments shall furnish information for and cooperate in the preparation of such standards. Such standards shall be published in such form as the Commission may determine.

(b) The Commission shall keep such standards up to date. From time to time, after consultation with the departments to the extent deemed necessary by the Commission, it may revise, supplement, or abolish existing standards, or prepare new standards, so that, as nearly as may be practicable, positions existing at any given time within the service will be covered by current published standards.

(c) The official class titles so established shall be used for personnel, budget, and fiscal purposes, but this requirement shall not prevent the use of organizational or other titles for internal administration, public convenience, law enforcement, or similar purposes.

TITLE V—AUTHORITY AND PROCEDURE

SEC. 501. (a) Notwithstanding section 502, the Commission shall have authority, which may be exercised at any time in its discretion, to—

(1) ascertain currently the facts as to the duties, responsibilities, and qualification requirements of any position;

(2) place in an appropriate class and grade any newly created position or any position coming initially under this act;

(3) decide whether any position is in its appropriate class and grade; and

(4) change any position from one class or grade to another class or grade whenever the facts warrant.

The Commission shall certify to the department concerned action taken by the Commission under paragraphs (2) or (4). The department shall take action in accordance with such certificate, and such certificate shall be binding on all administrative, certifying, pay-roll, disbursing, and accounting officers of the Government.

(b) Any employee or employees (including any officer or officers) affected or any department may request at any time that the Commission exercise the authority granted to it under subsection (a) and the Commission shall act upon such request.

SEC. 502. (a) Except as otherwise provided in this title, each department shall place each position under its jurisdiction and to which this act applies in its appropriate class and grade in conformance with standards published by the Commission or, if no published standards directly apply, consistently with published standards. A department may, whenever the facts warrant, change any position which it has placed in a class or grade under this subsection from such class or

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grade to another class or grade. Such actions of the departments shall be the basis for the payment of compensation and for personnel transactions until changed by certificate of the Commission.

(b) The Commission shall, from time to time, review such number of positions in each department as will enable the Commission to determine whether such department is placing positions in classes and grades in conformance with or consistently with published standards.

SEC. 503. Whenever the Commission finds under section 502 (b) that a position to which this act applies is not placed in its proper class and grade in conformance with published standards or that positions for which no standards have been published are not placed in classes and grades consistently with published standards, it shall, after consultation with appropriate officers or employees of the department concerned, place each such position in its appropriate class and grade and shall certify such action to the department. The department shall take action in accordance with such certificate, and such certificate shall be binding on all administrative, certifying, pay-roll, disbursing, and accounting officers of the Government.

SEC. 504. (a) Whenever the Commission finds that any department is not placing positions in classes and grades in conformance with or consistently with published standards, it may revoke or suspend in whole or in part the authority granted to the department under section 502 and require that prior approval of the Commission be secured before an action placing a position in a class and grade becomes effective for pay roll and other personnel purposes. Such revocations or suspensions may be limited, in the discretion of the Commission, to (1) the departmental or field service, or any part thereof; (2) any geographic area; (3) any organization unit or group of organization units; (4) certain types of classification actions; (5) classes in particular occupational groups or grades; or (6) classes for which standards have not been published.

(b) After all or part of the authority of the department has been revoked or suspended, the Commission may at any time restore such authority to the extent that it is satisfied that subsequent actions placing positions in classes and grades will be taken in conformance with or consistently with published standards.

SEC. 505. (a) No position shall be placed in grade 16 or 17 of the General Schedule except by action of, or after prior approval by, the Commission.

(b) No position shall be placed in or removed from grade 18 of the General Schedule except by the President upon recommendation of the Commission.

SEC. 506. The Commission may (1) prescribe the form in which each department shall record the duties and responsibilities of positions to which this act applies and the places where such records shall be maintained, (2) examine these or any other pertinent records of the department, and (3) interview any officers or employees of the department who have knowledge of the duties and responsibilities of such positions and information as to the reasons for placing a position in any class and grade.

TITLE VI—BASIC COMPENSATION SCHEDULES

SEC. 601. There are hereby established the following basic compensation schedules for positions to which this act applies:

(1) A "General Schedule," the symbol for which shall be "GS," in lieu of the professional and scientific service, the clerical, administrative, and fiscal service, and the subprofessional service specified in section 13 of the Classification Act of 1923, as amended; and

(2) A "Crafts, Protective, and Custodial Schedule," the symbol for which shall be "CPC," in lieu of the crafts, protective, and custodial service specified in such section.

SEC. 602. (a) The General Schedule shall be divided into grades of difficulty and responsibility of work, as follows:

GENERAL SCHEDULE

Grade GS–1 includes all classes of positions the duties of which are to perform, under immediate supervision, with little or no latitude for the exercise of independent judgment, (1) the simplest routine work in office, business, or fiscal operations, or (2) elementary work of a subordinate technical character in a professional, scientific, or technical field.

Grade GS–2 includes all classes of positions the duties of which are (1) to perform, under immediate supervision, with limited latitude for the exercise of independent judgment, routine work in office, business, or fiscal operations, or comparable subordinate technical work of limited scope in a professional, scientific, or technical field, requiring some training or experience; or (2) to perform other work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–3 includes all classes of positions the duties of which are (1) to perform, under immediate or general supervision, somewhat difficult and responsible work in office, business, or fiscal operations, or comparable subordinate technical work of limited scope in a professional, scientific, or technical field, requiring in either case (A) some training or experience, (B) working knowledge of a special subject matter, or (C) to some extent the exercise of independent judgment in accordance with well-established policies, procedures, and techniques; or (2) to perform other work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–4 includes all classes of positions the duties of which are (1) to perform, under immediate or general supervision, moderately difficult and responsible work in office, business, or fiscal operations, or comparable subordinate technical work in a professional, scientific, or technical field, requiring in either case (A) a moderate amount of training and minor supervisory or other experience, (B) good working knowledge of a special subject matter or a limited field of office, laboratory, engineering, scientific, or other procedure and practice, and (C) the exercise of independent judgment in accordance with well-established policies, procedures, and techniques; or (2) to perform other work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–5 includes all classes of positions the duties of which are (1) to perform, under general supervision, difficult and responsible work in office, business, or fiscal administration, or comparable subordinate technical work in a professional, scientific, or technical field, requiring in either case (A) considerable training and supervisory or other experience, (B) broad working knowledge of a special subject matter or of office, laboratory, engineering, scientific, or other procedure and practice, and (C) the exercise of independent judgment in a limited field; (2) to perform, under immediate supervision, and with little opportunity for the exercise of independent judgment, simple and elementary work requiring professional, scientific, or technical training equivalent to that represented by graduation from a college or university of recognized standing but requiring little or no experience; or (3) to perform other work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–6 includes all classes of positions the duties of which are (1) to perform, under general supervision, difficult and responsible work in office, business, or fiscal administration, or comparable subordinate technical work in a professional, scientific, or technical field, requiring in either case (A) considerable training and supervisory or other experience, (B) broad working knowledge of a special and complex subject matter, procedure, or practice, or of the principles of the profession, art, or science involved, and (C) to a considerable extent the exercise of independent judgment; or (2) to perform other work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–7 includes all classes of positions the duties of which are (1) to perform, under general supervision, work of considerable difficulty and responsibility along special technical or supervisory lines in office, business, or fiscal administration, or comparable subordinate technical work in a professional, scientific, or technical field, requiring in either case (A) considerable specialized or supervisory training and experience, (B) comprehensive working knowledge of a special and complex subject matter, procedure, or practice, or of the principles of the profession, art, or science, involved, and (C) to a considerable extent the exercise of independent judgment; (2) under immediate or general supervision, to perform somewhat difficult work requiring (A) professional, scientific, or technical training equivalent to that represented by graduation from a college or university of recognized standing, (B) previous experience, and (C) to a limited extent, the exercise of independent technical judgment; or (3) to perform other work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–8 includes all classes of positions the duties of which are (1) to perform, under general supervision, very difficult and responsible work along special technical or supervisory lines in office, business, or fiscal administration, requiring (A) considerable specialized or supervisory training and experience, (B) comprehensive and thorough working knowledge of a specialized and complex subject matter, procedure, or practice, or of the principles of the profession, art, or science involved, and (C) to a considerable extent the exercise of independent judgment; or (2) to perform other work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–9 includes all classes of positions the duties of which are (1) to perform, under general supervision, very difficult and responsible work along special technical, supervisory, or administrative lines in office, business, or fiscal administration, requiring (A) somewhat extended specialized training and considerable specialized, supervisory, or administrative experience which has demonstrated capacity for sound independent work, (B) thorough and fundamental knowledge of a special and complex subject matter, or of the profession, art, or science involved, and (C) considerable latitude for the exercise of independent judgment; (2) with considerable latitude for the exercise of independent judgment, to perform moderately difficult and responsible work, requiring (A) professional, scientific, or technical training equivalent to that represented by graduation from a college or university of recognized standing, and (B) considerable additional professional, scientific, or technical training or experience which has demonstrated capacity for sound indep ndent work; or (3) to perform other work of equal importance,

difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–10 includes all classes of positions the duties of which are (1) to perform, under general supervision, highly difficult and responsible work along special technical, supervisory, or administrative lines in office, business, or fiscal administration, requiring (A) somewhat extended specialized, supervisory, or administrative training and experience which has demonstrated capacity for sound independent work, (B) thorough and fundamental knowledge of a specialized and complex subject matter, or of the profession, art, or science involved, and (C) considerable latitude for the exercise of independent judgment; or (2) to perform other work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–11 includes all classes of positions the duties of which are (1) to perform, under general administrative supervision and with wide latitude for the exercise of independent judgment, work of marked difficulty and responsibility along special technical, supervisory, or administrative lines in office, business, or fiscal administration, requiring (A) extended specialized, supervisory, or administrative training and experience which has demonstrated important attainments and marked capacity for sound independent action or decision, and (B) intimate grasp of a specialized and complex subject matter, or of the profession, art, or science involved, or of administrative work of marked difficulty; (2) with wide latitude for the exercise of independent judgment, to perform responsible work of considerable difficulty requiring somewhat extended professional, scientific, or technical training and experience which has demonstrated important attainments and marked capacity for independent work; or (3) to perform other work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–12 includes all classes of positions the duties of which are (1) to perform, under general administrative supervision, with wide latitude for the exercise of independent judgment, work of a very high order of difficulty and responsibility along special technical, supervisory, or administrative lines in office, business, or fiscal administration, requiring (A) extended specialized, supervisory, or administrative training and experience which has demonstrated leadership and attainments of a high order in specialized or administrative work, and (B) intimate grasp of a specialized and complex subject matter or of the profession, art, or science involved; (2) under general administrative supervision, and with wide latitude for the exercise of independent judgment, to perform professional, scientific, or technical work of marked difficulty and responsibility requiring extended professional, scientific, or technical training and experience which has demonstrated leadership and attainments of a high order in professional, scientific, or technical research, practice, or administration; or (3) to perform other work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–13 includes all classes of positions the duties of which are (1) to perform, under administrative direction, with wide latitude for the exercise of independent judgment, work of unusual difficulty and responsibility along special technical, supervisory, or administrative lines, requiring extended specialized, supervisory, or administrative training and experience which has demonstrated leadership and marked attainments; (2) to serve as assistant head of a major organization involving work of comparable level within a bureau; (3) to perform under administrative direction, with wide latitude for the exercise of independent judgment, work of unusual difficulty and responsibility requiring extended professional, scientific, or technical training and experience which has demonstrated leadership and marked attainments in professional, scientific, or technical research, practice, or administration; or (4) to perform other work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–14 includes all classes of positions the duties of which are (1) to perform, under general administrative direction, with wide latitude for the exercise of independent judgment, work of exceptional difficulty and responsibility along special technical, supervisory, or administrative lines which has demonstrated leadership and unusual attainments; (2) to serve as head of a major organization within a bureau involving work of a comparable level; (3) to plan and direct or to plan and execute major professional, scientific, technical, administrative, fiscal, or other specialized programs, requiring extended training and experience which has demonstrated leadership and unusual attainments in professional, scientific, or technical research, practice, or administration, or in administrative, fiscal, or other specialized activities; or (4) to perform consulting or other professional, scientific, technical, administrative, fiscal, or other specialized work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–15 includes all classes of positions the duties of which are (1) to perform, under general administrative direction, with very wide latitude for the exercise of independent judgment, work of outstanding difficulty and responsibility along special technical, supervisory, or administrative lines which has demonstrated leadership and exceptional attainments; (2) to serve as head of a major organization within a bureau involving work of comparable level; (3) to plan and direct or to plan and execute specialized programs of marked difficulty, responsibility, and national significance, along professional, scientific, technical, administrative, fiscal, or other lines, requiring extended training and experience which has demonstrated leadership and unusual attainments in professional, scientific, or technical research, practice, or administration, or in administrative, fiscal, or other specialized activities; or (4) to perform consulting or other professional, scientific, technical, administrative, fiscal, or other specialized work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–16 includes all classes of positions the duties of which are (1) to perform, under general administrative direction, with unusual latitude for the exercise of independent judgment, work of outstanding difficulty and responsibility along special technical, supervisory, or administrative lines which has demonstrated leadership and exceptional attainments; (2) to serve as the head of a major organization involving work of comparable level; (3) to plan and direct or to plan and execute professional, scientific, technical, administrative, fiscal, or other specialized programs of unusual difficulty, responsibility, and national significance, requiring extended training and experience which has demonstrated leadership and exceptional attainments in professional, scientific, or technical research, practice, or administration, or in administrative, fiscal, or other specialized activities; or (4) to perform consulting or other professional, scientific, technical, administrative, fiscal, or other specialized work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–17 includes all classes of positions the duties of which are (1) to serve as the head of a bureau where the position, considering the kind and extent of the authorities and responsibilities vested in it, and the scope, complexity, and degree of difficulty of the activities carried on, is of a high order among the whole group of positions of heads of bureaus; (2) to plan and direct or to plan and execute professional, scientific, technical, administrative, fiscal, or other specialized programs of exceptional difficulty, responsibility, and national significance, requiring extended training and experience which has demonstrated exceptional leadership and attainments in professional, scientific, or technical research, practice, or administration, or in administrative, fiscal, or other specialized activities; or (3) to perform consulting or other professional, scientific, technical, administrative, fiscal, or other specialized work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

Grade GS–18 includes all classes of positions the duties of which are (1) to serve as the head of a bureau where the position, considering the kind and extent of the authorities and responsibilities vested in it, and the scope, complexity, and degree of difficulty of the activities carried on, is exceptional and outstanding among the whole group of positions of heads of bureaus; (2) to plan and direct or to plan and execute frontier or unprecedented professional, scientific, technical, administrative, fiscal, or other specialized programs of outstanding difficulty, responsibility, and national significance, requiring extended training and experience which has demonstrated outstanding leadership and attainments in professional, scientific, or technical research, practice, or administration, or in administrative, fiscal, or other specialized activities; or (3) to perform consulting or other professional, scientific, technical, administrative, fiscal, or other specialized work of equal importance, difficulty, and responsibility, and requiring comparable qualifications.

(b) The Crafts, Protective, and Custodial Schedule shall be divided into grades of difficulty and responsibility of work, as follows:

CRAFTS, PROTECTIVE, AND CUSTODIAL SCHEDULE

Grade CPC–1 includes all classes of positions the duties of which are to run errands, to check parcels, or to perform other light manual tasks with little or no responsibility.

Grade CPC–2 includes all classes of positions the duties of which are to handle desks, mail sacks, and other heavy objects, and to perform similar work ordinarily required of unskilled laborers; to pass coal; to clean office rooms; to perform regular messenger work with little responsibility; or to perform other work of equal difficulty and responsibility and requiring comparable qualifications.

Grade CPC–3 includes all classes of positions the duties of which are to perform, under immediate supervision, custodial or office labor work with some degree of responsibility; to operate paper-cutting, canceling, envelope-opening, or envelope-sealing machines; to fire and keep up steam in low-pressure boilers used for heating purposes, and to clean boilers and oil machinery and related apparatus; to operate passenger automobiles or light-duty trucks; to pack goods for shipment; to work as leader of a group of charwomen; to perform messenger work and do light manual or office-labor tasks with some responsibility; to carry important

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documents from one office to another, or attend the door and private office of a public officer; or to perform other work of equal difficulty and responsibility and requiring comparable qualifications.

Grade CPC–4 includes all classes of positions the duties of which are to perform, under general supervision, custodial work of a responsible character; to guard office or storage buildings; to supervise and direct a force of unskilled laborers; to fire and to keep up steam in high-pressure boilers and to operate other equipment used in connection with such boilers; to perform general, semimechanical, new, or repair work requiring some skill with hand tools; to work as craft or trade helper; to operate heavy-duty trucks, semitrailers, or tractor trailers; to operate a passenger automobile for a department head or officer of comparable rank; to attend the door of a private office of a department head or officer of comparable rank; or to perform other work of equal difficulty and responsibility and requiring comparable qualifications.

Grade CPC–5 includes all classes of positions the duties of which are to guard property of great value while in transit; to supervise the operation and maintenance of a low-capacity heating plant and its auxiliary equipment; or to perform other work of equal difficulty and responsibility and requiring comparable qualifications.

Grade CPC–6 includes all classes of positions the duties of which are to have immediate direction of a detachment of building guards; to perform the work of a skilled mechanic; to repair office appliances; or to perform other work of equal difficulty and responsibility and requiring comparable qualifications.

Grade CPC–7 includes all classes of positions the duties of which are to assist in the general supervision of a force of building guards; to work as leader of a group of skilled mechanics; or to perform other work of equal difficulty and responsibility and requiring comparable qualifications.

Grade CPC–8 includes all classes of positions the duties of which are to have general supervision over a force of building guards; to supervise the operation of a mechanical shop; to direct skilled mechanics and other employees engaged in the operation and maintenance of equipment providing heating, ventilating, air conditioning, power, and sanitation in one or more public buildings; or to perform other work of equal difficulty and responsibility and requiring comparable qualifications.

Grade CPC–9 includes all classes of positions the duties of which are to direct supervisory and office assistants, mechanics, guards, elevator operators, laborers, janitors, and other employees engaged in the custody, maintenance, and protection of a public building; or to assist in the direction of such employees when engaged in similar duties in a group of buildings; or to perform other work of equal difficulty and responsibility and requiring comparable qualifications.

Grade CPC–10 includes all classes of positions the duties of which are to direct supervisory and office assistants, mechanics, guards, elevator operators, laborers, janitors, and other employees engaged in the custody, maintenance, and protection of a group of public buildings; or to perform other work of equal difficulty and responsibility and requiring comparable qualifications.

SEC. 603. (a) Except as provided in subsection (c) (2), the rates of basic compensation with respect to officers, employees, and positions to which this act applies shall be in accordance with the schedules of per annum rates contained in subsections (b) and (c) (1).

(b) The compensation schedule for the General Schedule shall be as follows:

Grade	Per annum rates						
GS–1	$2,186	$2,266	$2,346	$2,426	$2,506	$2,586	$2,666
GS–2	$2,384	$2,464	$2,544	$2,624	$2,704	$2,784	$2,864
GS–3	$2,600	$2,680	$2,760	$2,840	$2,920	$3,000	$3,080
GS–4	$2,824	$2,904	$2,984	$3,064	$3,144	$3,224	$3,304
GS–5	$3,075	$3,200	$3,325	$3,450	$3,575	$3,700	$3,825
GS–6	$3,451	$3,576	$3,701	$3,826	$3,951	$4,076	$4,201
GS–7	$3,827	$3,952	$4,077	$4,202	$4,327	$4,452	$4,577
GS–8	$4,200	$4,325	$4,450	$4,575	$4,700	$4,825	$4,950
GS–9	$4,600	$4,725	$4,850	$4,975	$5,100	$5,225	$5,350
GS–10	$5,000	$5,125	$5,250	$5,375	$5,500	$5,625	$5,750
GS–11	$5,400	$5,600	$5,800	$6,000	$6,200	$6,400	
GS–12	$6,400	$6,600	$6,800	$7,000	$7,200	$7,400	
GS–13	$7,600	$7,800	$8,000	$8,200	$8,400	$8,600	
GS–14	$8,800	$9,000	$9,200	$9,400	$9,600	$9,800	
GS–15	$10,000	$10,250	$10,500	$10,750	$11,000		
GS–16	$11,500	$11,750	$12,000	$12,250	$12,500		
GS–17	$13,000	$13,250	$13,500	$13,750	$14,000		
GS–18	$15,000						

(c) (1) The compensation schedule for the Crafts, Protective, and Custodial Schedule shall be as follows:

Grade	Per annum rates						
CPC–1	$1,510	$1,570	$1,630	$1,690	$1,750	$1,810	$1,870
CPC–2	$2,120	$2,190	$2,260	$2,330	$2,400	$2,470	$2,540
CPC–3	$2,252	$2,332	$2,412	$2,492	$2,572	$2,652	$2,732
CPC–4	$2,450	$2,530	$2,610	$2,690	$2,770	$2,850	$2,930
CPC–5	$2,674	$2,754	$2,834	$2,914	$2,994	$3,074	$3,154
CPC–6	$2,900	$2,980	$3,060	$3,140	$3,220	$3,300	$3,380
CPC–7	$3,125	$3,225	$3,325	$3,425	$3,525	$3,625	$3,725
CPC–8	$3,400	$3,525	$3,650	$3,775	$3,900	$4,025	$4,150
CPC–9	$3,775	$3,900	$4,025	$4,150	$4,275	$4,400	$4,525
CPC–10	$4,150	$4,275	$4,400	$4,525	$4,650	$4,775	$4,900

(2) Charwomen working part time shall be paid at the rate of $2,400 per annum, and head charwomen working part time at the rate of $2,540 per annum.

(d) Whenever payment is made on the basis of a daily, hourly, weekly, or monthly rate, such rate shall be computed from the appropriate annual rate specified in subsection (b) or (c) by the method prescribed in section 604 (d) of the Federal Employees Pay Act of 1945.

SEC. 604. (a) For the purpose of making initial adjustments to the classification grades provided in this act, positions which are required to be compensated in accordance with this act and which were immediately prior to the effective date of this title in the professional and scientific service, the subprofessional service, the clerical, administrative, and fiscal service, or the crafts, protective, and custodial service of the Classification Act of 1923, as amended, are hereby allocated to corresponding grades of the General Schedule or the Crafts, Protective, and Custodial Schedule as set forth below:

Service and grade of the Classification Act of 1923, as amended				Corresponding new grade	
Professional and scientific service	Subprofessional service	Clerical, administrative, and fiscal service	Crafts, protective, and custodial service	General schedule	Crafts, protective, and custodial schedule
	1			GS–1	
	2	1		GS–1	
	3	2		GS–2	
	4	3		GS–3	
	5	4		GS–4	
1	6	5		GS–5	
	7	6		GS–6	
2	8	7		GS–7	
		8		GS–8	
3		9		GS–9	
		10		GS–10	
4		11		GS–11	
5		12		GS–12	
6		13		GS–13	
7		14		GS–14	
8		15		GS–15	
			1		CPC–1
			2		CPC–2
			3		CPC–3
			4		CPC–4
			5		CPC–5
			6		CPC–6
			7		CPC–7
			8		CPC–8
			9		CPC–9
			10		CPC–10

(b) The rates of basic compensation of officers and employees to whom this act applies shall be initially adjusted as follows:

(1) In all cases where the number of pay rates within a grade specified in this act is the same as in the corresponding grade of the Classification Act of 1923, as amended, employees shall have the same relative pay rate of the new grade, except as provided in paragraphs (2) and (10) of this subsection.

(2) Employees in grade 2 of the subprofessional service immediately prior to the effective date of this title, at the first, second, third, fourth, fifth, sixth, and seventh rate shall have the second, third, fourth, fifth, sixth, and seventh rate, respectively, of grade 1 of the General Schedule.

(3) Employees in grade 1 of the crafts, protective, and custodial service immediately prior to the effective date of this title, at the first, second, third, fourth, and fifth rate shall have the first, third, fourth, sixth, and seventh rate, respectively, of grade 1 of the Crafts, Protective, and Custodial Schedule.

(4) Employees in grades 2 and 3 of the crafts, protective, and custodial service immediately prior to the effective date of this title, shall have the same relative pay rate of the first six rates of grades 2 and 3, respectively, of the Crafts, Protective, and Custodial Schedule.

(5) Employees in grade 4 of the professional and scientific service and grade 11 of the clerical, administrative, and fiscal service immediately prior to the effective date of this title, at the first, second, third, fourth, and fifth rate shall have the first, second, third, fourth, and sixth rate, respectively, of grade 11 of the General Schedule.

(6) Employees in grade 5 of the professional and scientific service and grade 12 of the clerical, administrative, and fiscal service immediately prior to the effective date of this title, at the first, second, third, fourth, and fifth rate shall have the first, second, third, fourth, and fifth rate, respectively, of grade 12 of the General Schedule.

(7) Employees in grade 6 of the professional and scientific service and grade 13 of the clerical, administrative, and fiscal service immediately prior to the effective date of this title, at the first, second, third, fourth, and fifth rate shall have the first, second, third, fourth, and fifth rate, respectively, of grade 13 of the General Schedule.

(8) Employees in grade 7 of the professional and scientific service and grade 14 of the clerical, administrative, and fiscal service immediately prior to the effective date of this title, at the first, second, third, fourth, and fifth rate shall have the first, second, third, fifth, and sixth rate, respectively, of grade 14 of the General Schedule.

(9) Employees in grade 8 of the professional and scientific service and grade 15 of the clerical, administrative, and fiscal service immediately prior to the effective date of this title, at the first and second rate of the grade

shall have the third rate of grade 15 of the General Schedule.

(10) Employees receiving a rate of basic compensation, authorized by law, immediately prior to the effective date of this title, in excess of the appropriate new rate of the grade as determined under paragraphs (1) to (9), inclusive, may continue to receive such rate so long as they remain in the same position and grade, but when any such position becomes vacant, the rate of basic compensation of any subsequent appointee shall be fixed in accordance with this act.

SEC. 605. Any increase in rate of basic compensation by reason of the enactment of this title shall not be regarded as an "equivalent increase" in compensation within the meaning of section 701.

TITLE VII—STEP INCREASES

SEC. 701. (a) Each officer or employee compensated on a per annum basis, and occupying a permanent position within the scope of the compensation schedules fixed by this act, who has not attained the maximum scheduled rate of compensation for the grade in which his position is placed, shall be advanced in compensation successively to the next higher rate within the grade at the beginning of the next pay period following the completion of (1) each 52 calendar weeks of service if his position is in a grade in which the step-increases are less than $200, or (2) each 78 calendar weeks of service if his position is in a grade in which the step-increases are $200 or more, subject to the following conditions:

(A) That no equivalent increase in compensation from any cause was received during such period, except increase made pursuant to section 702;

(B) That his current efficiency rating is "good" or better than "good";

(C) That the service and conduct of such officer or employee are certified as being otherwise satisfactory by the department; and

(D) That the benefit of successive step-increases shall be preserved, under regulations issued by the Commission, for officers and employees whose continuous service is interrupted in the public interest by service with the armed forces or by service in essential non-Government civilian employment during a period of war or national emergency.

(b) The term "good" as used in this title shall have the same meaning as when used in the systems of efficiency rating established pursuant to title IX of this act.

SEC. 702. (a) Within the limit of available appropriations and in accordance with standards promulgated by the Commission, each department is authorized, subject to prior approval by the Commission (except as provided in subsection (b)), to make additional step-increases as a reward for superior accomplishment, but no officer or employee shall be eligible for more than one such additional step-increase within each of the time periods specified in section 701 (a).

(b) The Commission is authorized to delegate to any department the authority to make the additional step-increases provided for in this section, without prior approval in individual cases by the Commission. The Commission may withdraw or suspend such authority whenever review of such actions by the Commission indicates that standards promulgated by the Commission have not been observed, and may restore such authority whenever it is satisfied that subsequent actions will be taken in conformance with such standards.

(c) Each department shall report to the Commission all actions taken under this section, together with the reasons therefor. The Commission shall submit an annual report to Congress covering the numbers and types of actions taken under this section.

SEC. 703. (a) Subject to subsection (b), and as a reward for long and faithful service, each department shall grant an additional step-increase (to be known as a longevity step-increase) beyond the maximum scheduled rate of the grade in which his position is placed, to each officer or employee for each 3 years of continuous service completed by him at such maximum rate or at a rate in excess thereof authorized by this section without change of grade or rate of basic compensation except such change as may be prescribed by any provision of law of general application.

(b) (1) No officer or employee shall be entitled to a longevity step-increase while holding a position in any grade above grade 10 of the General Schedule.

(2) No officer or employee shall receive a longevity step-increase unless his current efficiency rating is "good" or better than "good", and his service and conduct are certified as being otherwise satisfactory by the department.

(3) No officer or employee shall receive more than one longevity step-increase for any 3 years of continuous service.

(4) Each longevity step-increase shall be equal to the largest step between any two consecutive rates of the grade in which the position of the officer or employee is placed.

(5) Not more than three successive longevity step-increases may be granted to any officer or employee.

(6) The officer or employee shall have had, in the aggregate, not less than 10 years of service in the position which he then occupies, or in positions of equivalent or higher class or grade.

(c) When an officer or employee, receiving basic compensation at a rate in excess of the maximum scheduled rate for his grade under section 604 (b) (10), section 1005 (b), or any other provision of law, is eligible for his first longevity step-increase beyond the maximum rate of such grade he shall—

(1) receive total basic compensation which is equal to the basic compensation at the maximum scheduled rate for his grade plus such first longevity step-increase, or

(2) continue to receive compensation at such rate in excess of the maximum scheduled rate for his grade, if the compensation at such rate is higher than the total basic compensation specified in paragraph (1).

In case any such officer or employee receiving compensation under paragraph (2) is eligible for a subsequent successive longevity step-increase, he shall—

(A) receive the same total basic compensation which he would be entitled to receive after such subsequent longevity step-increase, if his total basic compensation had, at the time he was eligible for his first longevity step-increase, been determined under paragraph (1), or

(B) continue to receive compensation under paragraph (2) if such compensation is higher than the total basic compensation specified in paragraph (A).

SEC. 704. In computing length of service for the purposes of this title, service immediately preceding the effective date of this title shall be counted toward (1) one step-increase under section 701 and one additional step-increase under section 702, or (2) longevity step-increases under section 703, as the case may be.

SEC. 705. This title shall not apply to the compensation of persons appointed by the President, by and with the advice and consent of the Senate.

TITLE VIII—GENERAL COMPENSATION RULES

SEC. 801. All new appointments shall be made at the minimum rate of the appropriate class or grade.

SEC. 802. (a) The rate of basic compensation to be received by any officer or employee to whom this act applies shall be governed by regulations issued by the Commission in conformity with this act when—

(1) he is transferred from a position to which this act does not apply;

(2) he is transferred from any position to which this act applies to another such position;

(3) he is demoted to a position in a lower class or grade;

(4) he is reinstated, reappointed, or reemployed;

(5) his type of appointment is changed;

(6) his employment status is otherwise changed; or

(7) his position is changed from one class or grade to another class or grade.

(b) Any officer or employee who is promoted or transferred to a position in a higher class or grade shall receive basic compensation at the lowest rate of the higher class or grade which is at least one step-increase above his existing rate of basic compensation. If, in the case of any officer or employee so promoted or transferred who is receiving (1) one or more longevity step-increases under section 703, or

(2) basic compensation at a rate in excess of the maximum scheduled rate for his grade under section 604 (b) (10), section 1005 (b), or any other provision of law, there is no rate in such higher class or grade which is at least one step-increase above his existing rate of basic compensation, he shall receive (A) the maximum scheduled rate of such higher grade, or (B) his existing rate of basic compensation, if such existing rate is the higher.

TITLE IX—EFFICIENCY RATINGS

SEC. 901. (a) The Commission shall establish and may revise uniform systems of efficiency ratings for the appraisal of the service of officers and employees in positions in the classes and grades provided by this act. Such systems shall set forth degrees of efficiency which shall constitute ground for (1) the recognition of outstanding performance, (2) the granting of increases in the rate of compensation, (3) continuance at the existing rate of compensation, (4) decrease in the rate of compensation of officers and employees who at the time are above the middle rate for the grade in which their positions are placed, and (5) removal from the position or dismissal from the service.

(b) Each department shall rate in accordance with such systems the efficiency of each officer or employee under its jurisdiction. Ratings shall be open to inspection by representatives of the Commission and by officers and employees of the department in accordance with regulations issued by the Commission. Each officer or employee shall have the right to inspect the detailed report of his own rating.

(c) Reductions in compensation, removals from positions, or dismissals from the service shall be made by the departments whenever the efficiency ratings warrant.

SEC. 902. (a) There shall be established in each department one or more boards of review each of which shall be composed of three members. One member, who shall serve as chairman, shall be designated by the Commission; one member shall be designated by the department concerned; and one member shall be designated by the officers and employees of the department concerned in such manner as may be determined by the Commission.

(b) Alternate members shall be designated in the same manner as their respective principal members. The boards of review shall meet at the call of their respective chairmen for the purpose of considering and

UNIVERSITY OF MICHIGAN LIBRARIES

passing upon the merits of such efficiency ratings assigned to officers and employees as may be submitted to such boards of review as hereinafter provided.

(c) Any officer or employee shall, upon written request to the chairman of the appropriate board of review of his department, be entitled as a matter of right to a hearing and a review by such board of review of his efficiency rating. At the hearing the officer or employee, and such representative as he may designate, and such representatives of the department as may be designated by the department, shall be afforded an opportunity (1) to submit orally or in writing any information deemed by the board of review to be pertinent to the case, and (2) to hear or examine, and reply to, any such information submitted to such board by other parties. After any such hearing the board may make such adjustment in any such efficiency rating as it may find to be proper.

TITLE X—GENERAL PROVISIONS

SEC. 1001. The Commission is hereby authorized to issue such regulations as may be necessary for the administration of this act.

SEC. 1002. The Commission shall prepare and submit to the President an annual report with respect to the rates of compensation under, and the administration of, this act. The President shall submit an annual report to Congress which shall contain, among other matters, such recommendations, based upon the report of the Commission, as he may deem advisable.

SEC. 1003. In the administration of this act, there shall be no discrimination with respect to any person, or with respect to the position held by any person, on account of sex, marital status, race, creed, or color.

SEC. 1004. Nothing in this act shall be construed to affect the application of officers and employees to whom this act applies of the veteran-preference provisions in the Civil Service Act, as amended, and the Veterans' Preference Act of 1944, as amended.

SEC. 1005. (a) Except as provided in subsection (b)—

(1) titles VI, VII, VIII, and XI shall take effect on the first day of the first pay period which begins after the date of enactment of this act;

(2) all other provisions of this act shall take effect upon enactment.

(b) With respect to any position which, immediately prior to the date of enactment of this act, is not subject to the Classification Act of 1923, as amended (including positions in grade 9 of the professional and scientific service or in grade 16 of the clerical, administrative, and fiscal service referred to in section 13 of such act), but to which this act applies, this act shall take effect on a date specified by the Commission, but not later than the first day of the first pay period which begins after 6 months following the date of enactment of this act. An officer or employee occupying any such position on such effective date, and receiving basic compensation at a rate in excess of the appropriate rate of the grade in which such position is placed, shall continue to receive basic compensation without change in rate until (1) he leaves such position, or (2) he is entitled to receive basic compensation at a higher rate by reason of the operation of title V or VII. When such position is vacated by such officer or employee, the rate of basic compensation of any subsequent appointee shall be fixed in accordance with this act.

SEC. 1006. Whenever reference is made in any other law to the Classification Act of 1923, as amended, such reference shall be held and considered to mean this act. Whenever reference is made in any other law to a grade of the Classification Act of 1923, as amended, such reference shall be held and considered to mean the corresponding grade shown in section 604 in this act.

SEC. 1007. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

TITLE XI—MISCELLANEOUS PROVISIONS

SEC. 1101. (a) Section 603 (b) of the Federal Employees Pay Act of 1945, as amended, is hereby amended by striking out "$10,330" and inserting in lieu thereof "$10,500."

(b) Section 7 (b) of the Federal Employees Pay Act of 1946, as amended, is hereby amended by striking out "$10,330" and inserting in lieu thereof "$10,500."

(c) Section 303 (c) of the Postal Rate Revision and Federal Employees Salary Act of 1948 is hereby amended by striking out "$10,330" and inserting in lieu thereof "$10,500."

SEC. 1102. The following laws and parts of laws are hereby repealed:

(1) The Classification Act of 1923, as amended;

(2) Public Resolution No. 36, Sixty-eighth Congress, approved June 7, 1924 (43 Stat. 669);

(3) Public, No. 555, Seventieth Congress, approved May 28, 1928 (45 Stat. 776), as amended;

(4) Public, No. 523, Seventy-first Congress, approved July 3, 1930 (46 Stat. 1003), as amended;

(5) Sections 505, 506, 507, 508, and 509 of the Economy Act, approved June 30, 1932 (47 Stat. 416);

(6) Sections 3, 4, 5, 6, and 7 of Public, No. 830, Seventy-sixth Congress, approved November 26, 1940 (54 Stat. 1212), as amended;

(7) Public Law 200 (except section 6 thereof), Seventy-seventh Congress, approved August 1, 1941 (55 Stat. 613);

(8) Public Law 694, Seventy-seventh Congress, approved August 1, 1942 (56 Stat. 733);

(9) Title IV of the Federal Employees Pay Act of 1945, approved June 30, 1945 (59 Stat. 298); and

(10) Sections 2 and 12 of the Federal Employees Pay Act of 1946, approved May 24, 1946 (60 Stat. 216, 219).

SEC. 1103. All laws or parts of laws inconsistent with this act are hereby repealed to the extent of such inconsistency.

With the following committee amendments:

(a) Page 3, line 17, insert after the semicolon the following: "and positions in or under the Department of State which are (A) connected with the representation of the United States to international organizations, and (B) specifically exempted by law from the Classification Act of 1923, as amended, or any other classification or compensation law."

(b) Page 33, line 9, strike out "(2) and (10)" and insert in lieu thereof "(2), (10), and (11)."

(c) Page 34, line 2, strike out "sixth", where it appears the second time, and insert in lieu thereof "seventh."

(d) Page 36, line 3, insert "and paragraph (11)," before "may."

(e) Page 36, after line 7, insert the following:

"(11) Employees in grade 1 of the subprofessional service immediately prior to the effective date of this title, at the first, second, third, fourth, fifth, sixth, and seventh rate shall have the first, second, third, fourth, fifth, and sixth rate, respectively of grade 1 of the General Schedule."

The committee amendments were agreed to.

Mr. MURRAY of Tennessee (interrupting reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered read, and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MURRAY of Tennessee. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MURRAY of Tennessee: Page 6, after line 11, insert the following:

"(17) the Atomic Energy Commission;

"(18) Production Credit Corporations;

"(19) Federal Intermediate Credit Banks;

"(20) the Panama Railroad Company;

"(21) teachers, school officers, and members of the Police and Fire Departments of the Panama Canal, whose rates of compensation are fixed by the Governor of the Panama Canal with reference to the rates of compensation for similar positions in the municipal government of the District of Columbia;" and renumber paragraphs (17) to (26), inclusive, as paragraphs (22) to (31), inclusive.

The amendment was agreed to.

Mr. REES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. REES: Page 15, strike out lines 3 to 8, both inclusive.

Page 15, line 9, strike out "Sec. 505" and insert in lieu thereof "Sec. 505."

Page 25, strike out beginning with line 24 through line 18 on page 26.

Page 26, line 19, strike out "GS–17" and insert in lieu thereof "GS–16."

Page 27, strike out beginning with line 12 through line 4 on page 28.

Page 32, in the table following line 2, strike out:

GS–16	$11,500	$11,750	$12,000	$12,250	$12,500
GS–17	$13,000	$13,250	$13,500	$13,750	$14,000
GS–18	$15,000				

And insert in lieu thereof the following:

GS–16	$11,000	$11,250	$11,500	$11,750	$12,000

Mr. REES. Mr. Chairman, this is the amendment I discussed a few minutes ago before the bill was read for amendment. This bill, as has been stated by the chairman and by myself, is a reclassification bill reclassifying the positions of various jobs in the Government. There are 31 general classifications of positions. This bill reduces these classifications to 15 and then adds 3 more, making 18. Under the additional grades provided in the bill, the present ceiling of $10,330 would be lifted to $15,000. My amendment strikes out the two top pay scales and limits the ceiling to $12,000. Under my proposal, there would be 16 classifications instead of 18. In other words, under this bill, you lift the ceiling from the $10,000 figure to $15,000. I am willing to go along for some slight increases and adjustments, but I do not see any occasion at all for lifting the ceiling clear up to $15,000.

The principal reason given before our committee was that it would bring this legislation in line with the bill that was passed by the House some time ago and is still pending over in the other body. Under that bill, certain employees, probably 200 in number, should have salaries all the way from $15,000 to $25,000. That bill has not yet passed the other body.

It is presently under discussion over there.

It seems to me if you put a ceiling of $12,000 on these salaries you are going high enough. You should not increase the salaries of these people all the way from $1,000 to $4,000 each. Those in the Government who get from $8,000 to $10,000 now are the same ones you would put up to $15,000.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Georgia.

Mr. COX. I want to get clear in my mind, and I think other Members would like to have it clear in their minds, just what the difference is between the views of the gentleman as expressed in his amendment and the views of the committee as expressed in the pending bill. In other words, as I understand the gentleman, the bill proposes to increase the ceiling from $10,000 to $15,000 in certain classes. The gentleman thinks the $5,000 increase is too much. He thinks that in view of the prevailing circumstances in the country and the condition of the Treasury an increase of $2,500 is sufficient. Therefore, he proposes to place the ceiling at $12,500. Is that the difference between the gentleman's views as expressed in his amendment and the views of the committee as expressed in the bill now pending?

Mr. REES. The gentleman is correct, except it is $12,000 instead of $12,500. Under this bill you will pay $15,000 to whatever number of persons the agencies may see fit to place in these different categories, and, as far as I can find out, they will be the same ones who are now getting $8,000, $9,000, and $10,000. They will be pushed up into these other grades. I do not know how many of them there are. An estimate of 600, 700, or 800 was given to me by the agencies downtown. It is only an estimate. That is a matter that will be handled by the various agencies.

Do not misunderstand me. The bill does provide that these employees shall meet certain requirements in order to fill these positions, but as far as I know you are going to have the same employees you have at present, many of whom are entitled to some increases in pay. It seems to me an increase of $4,000 or $5,000 is a little high. I cannot see how you are going to improve your Government by drastic increase in salaries of these people as provided in this bill. I trust this committee will see fit to approve my amendment.

Mr. MURRAY of Tennessee. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I hope this amendment will be voted down for several reasons. The first is that if the amendment should be adopted it would be in direct conflict with the action this House took on H. R. 1689, which is what is known as the top-flight pay bill. In that bill we placed the lowest salary at $15,000, and included therein a number of bureau heads. There are other bureau heads who should also be in the three top grades of this classification bill.

These three grades of $11,500 up to $15,000 carry out the recommendations of the Hoover Commission, which said that our Government must give adequate salaries in order to get highly efficient trained personnel in our Government. As you know, up until last year the top salary in the executive position was $10,000. We gave employees below that raises right along, but we pegged the top salary at $10,000. Last year we raised it to $10,330. Who will be in these three grades? They comprise the heads of the most important bureaus of our Government, who are to be selected by the Civil Service Commission. They are to be men who are highly trained with special scientific and technical knowledge. With the present limitation of $10,330 our Government today cannot get certain highly trained, scientific specialists in emergencies. What has Congress done over the last 3 years? In 1947 the Congress approved a bill providing for 45 professional or scientific positions in the National Military Establishment with salaries of from $10,000 to $15,000. In 1948 the Congress authorized the Economic Cooperation Administration to employ 25 persons with salaries in excess of $10,000, but not to exceed $15,000. During the same session in 1948 the Congress authorized the Department of Agriculture to appoint five technical experts and scientists with salaries not to exceed $15,000 to conduct certain researches. In 1949 the Congress authorized salaries of from $10,000 to $15,000 for 10 positions involving professional and scientific work in the National Advisory Committee for aeronautics. This year the Congress also authorized three professional or scientific positions in the Central Intelligence Agency at salaries not to exceed $15,000. So, instead of having to pass these special acts, why not, in cases where highly trained specialists are needed, give the Civil Service Commission and our President the right to use these three high brackets. In grades 16 and 17 the personnel can only be placed by the Civil Service Commission itself and in grade 18 only our President can appoint anyone. That grade provides a salary not to exceed $15,000. So, I beg of you to stand by our committee. This same amendment was proposed in our committee and was overwhelmingly voted down. The Hoover Commission recommended this kind of legislation, as proposed by your committee. The President has asked for it and our Civil Service Commission has asked for it. So I appeal to the Members to let these three grades stay in just as our committee has recommended to you.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, my only reason for asking for time on this question is that this question of pay for the classified personnel is a problem which the Subcommittee on Appropriations dealing with the independent offices of the Government has before it every year. During our hearings the past year we had this problem presented: Because we had a classified schedule up to $10,330, we have some employees in the top grades of the classified service who are getting approximately $300 more than the heads of the division in which they worked. For example, the Commissioner of Public Buildings and the head of the Public Roads Administration had salaries fixed at $10,000 per year by statute. Yet, they had men under them who were getting $10,300. It was argued that we should do something about that. So, pending the passage of the top-flight executive pay bill, we proposed to increase the salary of these men to $12,000, so that they would not be directing people who were getting more pay than they were. Then, along came the top-flight executive pay bill which the House approved, and which is now in another body. As passed by the House, many executives would get salaries of $17,000, $18,000 and $20,000.

So, in the independent offices appropriation bill, the Senate struck out this $12,000 provision for the Commissioner of Public Roads and the Commissioner of Public Buildings. In conference, we concurred in that because we anticipated that the executive pay bill would pass the other body. Now, however, within the past 2 or 3 days, many Members of this House must have read what I have read in the newspapers; that is, that 34 Members of a certain other body are sponsoring a revision in that executive pay bill, to place in it a ceiling of $15,000, except for Members of the Cabinet, where it could be $22,500. If I understand the situation correctly, the committee prepared this pending bill to fit that executive pay bill, and used the $15,000 ceiling, with the expectation that there would be some executive salaries of $18,000 or $20,000. Apparently that situation no longer prevails, and if we pass this bill with a $15,000 ceiling, we will be bringing the classified employees up to the ceiling that will exist for the executives when the other bill gets through the other body. Then we will be right back where we started, with the top people in the classified grades getting the same as the executives over them.

So it seems to me that the amendment offered by the gentleman from Kansas [Mr. REES], is very well considered. It establishes a ceiling at $12,000, which would leave a little room between them and the pay of their chiefs.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. COX. The point that the gentleman has just made points out the fallacy of the argument of the gentleman from Tennessee [Mr. MURRAY] when he says that the adoption of this bill would be in conflict with the bill passed by the House some few days ago.

Mr. CASE of South Dakota. The only way it would be in conflict would be to

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adopt the bill as the committee has recommended it.

Mr. COX. Since the gentleman has yielded to me, I should like to say further, with reference to the statement made by the gentleman from Tennessee [Mr. MURRAY] that if we are ever to manifest any sort of concern on the question of economy, now is the time to begin. I have a feeling that to raise the pay of these people in these certain classes from $10,000 to $12,000 is liberal treatment.

Mr. CASE of South Dakota. I am sure the gentleman from Georgia shares with me a high respect for the gentleman from Tennessee. I think that what the gentleman from Tennessee said would be correct as to relationship, if the other body were going to pass the other bill in the form in which we sent it over to them. But I am sure that Members have read what I read, that a certain distinguished gentleman from Illinois has said it would be necessary to accept the proposal sponsored by his fellow 34 Members in the other body in order to get that bill passed. Now, let us not get the situation out of kilter again. Let us adopt the amendment suggested by the gentleman from Kansas and keep the proper relationship between those in the classified service and those at the head of the bureaus.

The CHAIRMAN. The time of the gentleman from South Dakota [Mr. CASE] has expired.

Mrs. ST. GEORGE. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, it has been well said that the Hoover Committee report and the Hoover Commission recommendations have been to a great extent followed in this bill. Nevertheless, it is well to remember that the Hoover Commission did not specify any specific salary raises. It is also true that many Members, not only of this House but of this committee, objected to some of the very exaggerated raises written in the bill that was recently passed in this House, which was for the top salaries in the executive branch.

That bill is now resting in the other body, and there is very good reason to think that it will be reconsidered there and greatly changed. If this bill is passed without the amendment offered by the gentleman from Kansas, it will in fact throw this whole salary schedule out of kilter once more, because we will be paying salaries of $15,000 and probably having some of the salaries in the executive branch brought down again to that original level. For that reason I think we should give very careful consideration to the amendment offered by the gentleman from Kansas. It is my earnest hope that the House will vote favorably on this amendment. Let us not carry these salary raises too far. It is very well to have the salary raises at the lower branches of the Government and at the foot of the pyramid, but let us be a little more careful how we act on the top salaries.

I trust this amendment will pass.

Mr. Chairman, I yield back the balance of my time.

Mr. MILLER of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the Committee on the Post Office and Civil Service, through its subcommittee and again acting as the whole committee, considered this matter very carefully. It is the judgment of the Committee on the Post Office and Civil Service that the recommendations of the committee as contained in the report and the bill are sound legislation and I commend them to you. That is the finding of the committee. Now let us see what arguments have been made against this sound finding. First, that the newspapers have carried the story that 34 Members of the other body have gone on record against certain provisions of another bill related indirectly to this one and that they are going to reduce the salary scales to a lower level. I do not know that this body has ever followed the other body or that we are forced to follow the other body. We are here and we have a responsibility. This House passed a bill setting the lower bracket in the high top-flight grades at $15,000 a year. This bill is drawn consistent with that bill, and I am asking you to be consistent now and to adopt this bill.

This bill has to go to the other body. If it takes the action that it is reported that it will take or that it is expected by some that it will take when this bill gets over there, then the bills will have to go to conference. But if we follow the gentleman from Kansas who at the time the bill H. R. 1689, the top-flight pay bill, was passed tried to insert an amendment reducing the salaries to $12,500, which amendment was defeated we tie our hands. Should such an amendment be adopted, then our hands would be tied and we could do nothing in case the reported or suggested action of the other body is taken.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield.

Mr. REES. And the amendment offered by the gentleman from Kansas is in line with the amendment submitted today; that is correct, is it not?

Mr. MILLER of California. That is correct.

Mr. REES. And is in line with the proposal that the gentleman suggested be considered in the other body.

Mr. MILLER of California. I do not think there is any question of that, although I do not know that it is being considered in the other body. I have seen lots of things in the newspapers about which I do not know very much and to which I do not give credence.

Mr. REES. I disagree with the bill; nevertheless, that is the situation today.

Mr. MILLER of California. I have said that the gentleman is consistent, and I have said that he tried to reduce the amount in the bill that is now before the Senate and was unsuccessful in doing it in the House.

Mr. REES. And the result is it will cost $5,000,000 more.

Mr. MILLER of California. His amendment was defeated. I am merely asking this House to adhere to the precedent it has established and again defeat the amendment offered by the gentleman from Kansas.

Mr. MURRAY of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield.

Mr. MURRAY of Tennessee. The gentleman from Kansas has referred to a cost of $5,000,000. I have here a letter from the Civil Service Commission dated September 23, 1949, which states that the cost for the top three grades will be relatively small. It is estimated that the cost of these three additional grades will be $1,350,000 annually. I will ask the gentleman whether this amendment was not considered by our committee and overwhelmingly defeated by the committee?

Mr. MILLER of California. That is right; not only that, but if this amendment prevails it will destroy the very careful scheduled relationship of the grades that has been determined and set up by this committee.

Mr. MURRAY of Tennessee. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. Chairman, I have watched the pay bills go through this House. I have watched Members line up to sign in great eagerness discharge petitions to give tens of thousands of employees a pay raise. These raises were politically popular because of the large number of employees involved.

But on this question raised by the gentleman from Kansas, you are not going to win any large number of votes—because only a very few employees are involved.

It applies perhaps to only a few hundred men at the top of our career Government service, men who have devoted a lifetime in the Government service managing departments, if you please, that in many cases are 10 to 20 times bigger than General Motors, Ford, and A. T. & T. put together.

Yet we are training these men in Government only to lose them to private industry because the rewards in Government service for reaching the peak of service to this country are not in any way commensurate with those paid by private business.

If you want to be penny wise and pound foolish vote for the amendment offered by the gentleman from Kansas.

Any businessman will tell you that it is absolutely unwise to pay small salaries to the man at the head of your concern on whom you must depend to get economy and good management.

Government, like private business, is going to get exactly what it pays for. You cannot tell me that you may hire departmental executives in this day and age to run mammoth organizations employing tens of thousands of employees for less than a good automobile salesman can make in a metropolitan center.

I say to you that the cost of this bill in order to pay the men at the peak of our Government service, career men, if you please, will be the best money that this Congress can vote. You are not going to get many thousands of people writing you letters to encourage you to vote for these larger sums, but good business management, efficiency and ability, as well as good economy for this Government, I say, demands in this day and age good executives if you expect to save tens of millions in connection with Government operations that otherwise will be wasted because of inefficient executives. Government today is costing the people of this country more than $40,000,000,000 a year. Second-rate top career men will add to this expense—will make economy impossible. We need well-paid executives and fewer employees. A good executive can and will account for the savings of millions by using fewer employees.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Kansas.

Mr. REES. I think the gentleman understands that these are not executives which we are considering under this bill. They come under the top flight bill that we considered some time ago.

Mr. MONRONEY. I understand that.

Mr. REES. These are not executives at all.

Mr. MONRONEY. I understand perfectly what the gentleman is saying because the executives he mentions are appointed by the President of the United States. These men here are the civil-service people who are selected on a nonpartisan basis, who started to work at a low level in Government, who have devoted their lifetime to work up to the top of this Government career service.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from California.

Mr. MILLER of California. These are the bureau heads and the assistant bureau heads who have come up in the Government and on whom we must depend for efficiency in Government operations.

Mr. MONRONEY. The gentleman is correct. There are involved only a limited number of positions. These jobs are going to be guarded carefully. The Appropriations Committee has absolute and complete control on how many of these high-level jobs are to be created and they can only be filled when the need for them arises.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. The gentleman compared the salaries in the Government service with those in General Motors.

Mr. MONRONEY. No; the gentleman is quite wrong.

Mr. HOFFMAN of Michigan. I was wondering whether the gentleman had taken into consideration the fact that General Motors officers were returning a profit to the stockholders of that concern while the Government was being operated in the red all the time.

Mr. MONRONEY. What I said was that these men at the head of agencies employing tens of thousands of employees and handling many hundreds of millions of dollars are making less money than a good automobile salesman can make in a metropolitan center. I do not think you are going to attract the kind of talent you want if you do not pay them adequately.

Under the present system, which causes us to lose our best men out of Government, we are running a training school, really, for business, by giving these men training in Government. When they show promise and ability, then they are hired away by private industry, and we have only the second raters remaining. Unless the reward and compensation in Government jobs can attract and keep men of ability, you will continue to hear complaints about Government waste and inefficiency. The cost of increasing the top-flight carrier salaries will be minor compared to the savings it should produce by eliminating thousands of unnecessary and unneeded employees. The Hoover committee recognized this and that was why one of its principal recommendations was that top career service be paid commensurate with the management job. I ask that the amendment of the gentleman from Kansas be defeated.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired. All time has expired.

The question is on the amendment offered by the gentleman from Kansas [Mr. REES].

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 70, noes 81.

Mr. REES. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. REES and Mr. MURRAY of Tennessee.

The Committee again divided; and the tellers reported that there were—ayes 90, noes 94.

So the amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COMBS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5931) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes, pursuant to House Resolution 346, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WILSON of Indiana. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and thirty-two Members are present, a quorum.

So the bill was passed.

A motion to reconsider was laid on the table.

EGLIN FIELD RESERVATION

Mr. SIKES. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 2418) to authorize restocking, propagation, and conservation of game in the Eglin Field Reservation, with an amendment of the Senate thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That the Secretary of the Air Force is hereby authorized and directed to carry out a program of planning, development, maintenance, and coordination of wildlife, fish, and game conservation and rehabilitation in the Eglin Field Reservation in cooperation with the Secretary of the Interior through the Fish and Wildlife Service. The Secretary of the Air Force is hereby authorized and directed to adopt suitable regulations for such conservation and rehabilitation in accordance with a general plan agreed upon between the Secretary of the Air Force and the Secretary of the Interior, including provisions for the restocking, propagation, and conservation of game and fish in said reservation. Such regulations shall provide for the issuance of hunting and fishing permits to individuals and shall require the payment of a nominal fee therefor, which fees shall be utilized for restocking, propagation, and other related wildlife activities in said reservation. Such regulations shall not be inconsistent with, insofar as possible, the law and regulations of the State of Florida relating to hunting and fishing.

"SEC. 2. That the Secretary of the Air Force is hereby authorized and directed to expend a sum equal to all sums heretofore or hereafter accumulated by the Air Force from money collected through the sale of game permits in the Eglin Field Reservation prior to and after the adoption of the pro-

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gram authorized by this act for the purposes of said programs. Proper accounting of funds thus expended shall be made at the direction of the Secretary.

"SEC. 3. That the Department of the Air Force is held free from any liability to pay into the Treasury of the United States upon the operation of said program authorized by this act any funds which may have been or may hereafter be expended by the United States Air Force to carry out the purposes of said program, and which expenditure has been properly accounted for to the Comptroller General of the United States."

Amend the title so as to read: "An act to promote effectual planning, development, maintenance, and coordination of wildlife, fish and game conservation and rehabilitation in the Eglin Field Reservation."

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the amendment?

Mr. SIKES. Mr. Speaker, the amendment which has been offered by the other body is as to a game-management bill for the Eglin Air Force Reservation, a bill which requires no expenditure of Government funds. The other body amended the bill so that the Fish and Wildlife Service would be consulted in game-management activity and so that the State game laws would be observed in carrying on the game- and fish-management operations.

Mr. MARTIN of Massachusetts. That is the only change in the bill?

Mr. SIKES. That is the only change in the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. FOGARTY asked and was given permission to extend his remarks in the RECORD and include an address by the Reverend Robert J. Slavin, O. P., president, Providence College, notwithstanding the fact that it exceeds the limit set by the Joint Committee on Printing and is estimated by the Public Printer to cost $246.

Mr. HAVENNER asked and was given permission to extend his remarks in the RECORD and include a resolution.

LOUISE PETERS LEWIS

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 683) for the relief of Louise Peters Lewis, with an amendment of the Senate thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 6, after "Germany" insert: ": *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, the amendment merely inserts the usual attorney's-fees provision?

Mr. LANE. That is correct.

Mr. MARTIN of Massachusetts. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. RIVERS asked and was given permission to extend his remarks in the RECORD in two instances and in each to include a magazine article; in one instance, notwithstanding the fact that the insertion exceeds the limit fixed by the Joint Committee on Printing and is estimated by the Public Printer to cost $106.25.

Mr. PATTERSON asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

SPECIAL ORDERS GRANTED

Mr. CHURCH asked and was given permission to address the House for 5 minutes tomorrow after the disposition of business on the Speaker's desk and the conclusion of any special orders heretofore granted.

Mr. POTTER asked and was given permission to address the House on Monday next for 10 minutes, following the legislative business of the day and any other special orders heretofore entered.

EXTENSION OF REMARKS

Mr. JAVITS asked and was given permission to extend his remarks in the RECORD in two instances and include certain newspaper material.

TO REGULATE AND IMPROVE THE CIVIL SERVICE OF THE UNITED STATES

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3826), an act to amend the act of January 16, 1883, to regulate and improve the Civil Service of the United States, with a Senate amendment, disagree to the Senate amendment and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. MURRAY]? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. MURRAY of Tennessee, Mr. MILLER of California, and Mr. REES.

The SPEAKER. Under previous order of the House, the gentleman from New Jersey [Mr. CANFIELD] is recognized for 5 minutes.

STOCK PILING OF STRATEGIC AND CRITICAL MATERIALS

Mr. CANFIELD. Mr. Speaker, in national security matters, we are—to paraphrase Thomas Jefferson—all Republicans, all Democrats. In matters of defense we can no longer afford the luxury of disagreement. In a world of power politics only the strong survive. We love peace. But our world leadership, our ability to maintain the peace, depend upon our ability to punish an aggressor with destructive war.

We are united in our determination to guard the blessings of our democracy and our economy, which alone contain within themselves the capacity for further improvement. We are united in the face of a challenge to our strength and to our way of life.

Last Friday the President made public the fact that Soviet Russia has also solved some of the problems of atomic energy. Three and a half years ago Dr. Oppenheimer declared that once the Soviet Union was able to produce atomic bombs she could do so faster than we. We must bend every effort to meet this challenge.

The Senate version of the armed services appropriation bill, now in conference, contains a rider to take away $275,000,000 of contract authority which we authorized last June for the purchase of strategic and critical materials for the stock pile. I am sure that every Member of this body will see, as I do, the unwisdom, the inappropriateness, of this action at this time.

I call to the attention of this body that every tank we give in the military-aid program contains tungsten, copper, chromium, vanadium, manganese, nickel, rubber, asbestos, and many other materials we are stock piling. We cannot preserve our world leadership if our resources are drained off. And yet the Senate Appropriations Committee report directs the Munitions Board to restrict its contracting abroad for strategic and critical materials. This directive must be rescinded by our conferees if we are to replace the strategic materials we are sending abroad.

The President—our Commander in Chief—has written to Members of both Houses of Congress, calling attention to the urgent need for strengthening our reserves of strategic materials. He wrote:

> Since the presentation of the stock-piling program to the Congress, and more particularly since its consideration by the Senate Appropriations Committee in connection with the armed services appropriation bill, certain new and highly significant factors have increased the importance of continuing the program originally authorized.

These factors, he said, were "of such importance" that they "should be before the conference committee when it examines the Senate rider."

One of these factors was surely the military-aid program. A second is the spread of unrest and communistic influences in materials-producing areas. A third factor—and every one of these elements has come about since the stock-pile budget for 1950 went to Congress—a third factor is the collapse of the British pound. The latest, and most significant, is the disclosure that Russia has the atomic bomb.

I have constantly advocated prudence and care in the spending of public moneys. But I do not consider the stock pile an expenditure. It is an investment, a recoverable asset, an insurance policy with an over-the-counter value. More than that, the mere accumulation of our stock pile serves other national purposes as well. Dollars spent overseas for the stock pile, said the President, "would at the same time be of significance in helping to meet the critical dollar-sterling situation."

This House is invested with a grave responsibility. The Senate has voted to reduce the rate of stock piling. The Senate Appropriations Committee report instructs the Munitions Board to abstain from long-term contracts overseas. We must not recede from the stand we took last June. The stock-pile program was in the national security interest when we appropriated for it. It has grown in importance in the short time since then. I ask every Member of the House, in the interest of the national security, to insist upon striking out the Senate rider, and removal of the restrictive language from the Senate report.

Mr. D'EWART. Mr. Speaker, will the gentleman yield?

Mr. CANFIELD. Gladly.

Mr. D'EWART. The Committee on Public Lands, Subcommittee on Mining, has held extensive hearings on this matter of acquiring strategic minerals. We realize its importance and the need for the acquisition of those minerals. I hope that, if this provision does get to conference, that the gentleman from New Jersey will use his best efforts to see that everything possible is done to permit the development of those needed strategic materials in our own country—chromium, manganese, and minerals that we have in this country but which under the buy-American clause we have not been developing.

The SPEAKER. The time of the gentleman from New Jersey has expired.

ADDITIONAL COPIES OF HEARINGS ON THE SOCIAL SECURITY ACT AMENDMENTS

Mr. STANLEY. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged resolution, House Concurrent Resolution 126, authorizing the Committee on Ways and Means to have printed additional copies of parts 1 and 2 of the Social Security Act Amendments of 1949 hearings (Rept. No. 1347), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Ways and Means of the House of Representatives be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies each of part 1 and part 2 of the hearings, held before said committee during the current session relative to the Social Security Act Amendments of 1949.

With the following committee amendment:

Page 1, line 7, after the comma insert the words "including an index."

Mr. JENKINS. Mr. Speaker, will the gentleman from Virginia yield?

Mr. STANLEY. I yield.

Mr. JENKINS. I wish to ask the chairman of the Committee on Ways and Means if this is in accordance with what we agreed upon in our committee?

Mr. DOUGHTON. Yes; it was agreed to in our committee. The clerk of the committee informed me that this publication is practically exhausted, yet he has a great number of requests for the publication. The committee was of the opinion that we should have this additional number.

Mr. JENKINS. How many copies of the bill have been printed?

Mr. DOUGHTON. How many copies of the bill?

Mr. JENKINS. Yes; do we have enough of those?

Mr. DOUGHTON. We have a sufficient number of copies of the bill, but the report is entirely exhausted; we do not even have enough copies for Members of the House; and the hearings are exhausted. There has been an unprecedented demand for both the report and the hearings.

Mr. JENKINS. The bill, of course, is a very heavy bill, over 200 pages. To have to print additional copies would be very expensive.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. STANLEY. I yield.

Mr. COOPER. We do not require additional authority to have extra copies of the bill printed, but we do require authority to have additional copies of the report and the hearings printed.

Mr. DOUGHTON. We have requested additional copies of both the report and the hearings.

Mr. JENKINS. I think this is a reasonable request in view of the very great interest in this matter.

Mr. LECOMPTE. Mr. Speaker, will the gentleman yield?

Mr. STANLEY. I yield.

Mr. LECOMPTE. Does the gentleman have another resolution dealing with additional copies of the report?

Mr. STANLEY. That resolution will be offered following the disposition of the pending resolution.

The SPEAKER. The question is on the committee amendment.

The amendment was agreed to.

The resolution was agreed to and a motion to reconsider was laid on the table.

ADDITIONAL COPIES OF HOUSE REPORT NO. 1300

Mr. STANLEY. Mr. Speaker, by direction of the Committee on House Administration I call up House Concurrent Resolution 132 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Ways and Means of the House of Representatives be, and is hereby, authorized and empowered to have printed 10,000 additional copies of House Report No. 1300, current Congress, being the committee report on the bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes, 5,000 of which shall be for the use of the said committee and the remaining 5,000 of which shall be for the use of the House of Representatives document room.

The House concurrent resolution was agreed to and a motion to reconsider was laid on the table.

PRAYERS OFFERED BY ACTING CHAPLAIN, DR. JAMES P. WESBERRY

Mr. STANLEY. Mr. Speaker, by direction of the Committee on House Administration I call up House Resolution 354 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there be printed as a House document the prayers offered by the Acting Chaplain, Dr. James P. Wesberry, at the opening of the daily sessions of the House of Representatives of the United States, Eighty-first Congress, from July 27, 1949, to August 26, 1949, inclusive, together with the remarks of the Honorable JAMES C. DAVIS in the House of Representatives on July 28, 1949, relative to the Acting Chaplain, Dr. James P. Wesberry.

The resolution was agreed to and a motion to reconsider was laid on the table.

CLERK IN CHARGE OF BRANCH POST OFFICE IN THE CAPITOL

Mr. STANLEY. Mr. Speaker, by direction of the Committee on House Administration I offer a privileged resolution providing for an increase in salary for an employee of the House of Representatives.

The Clerk read the resolution (H. Res. 370), as follows:

Resolved, That effective October 1, 1949, there shall be paid out of the contingent fund of the House until otherwise provided by law compensation at the basic rate of $2,300 per annum to the clerk in charge of the branch post office in the Capitol, so long as the position is held by the present incumbent.

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Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. STANLEY. I yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. A minority employee was overlooked in connection with the general increases several months ago, and I understood that his request was deferred until January because no further action was going to be taken at this session on salary increases. How is that consistent with the policy adopted by the committee in connection with this bill?

Mr. STANLEY. The person for whom this increase is requested has charge of the post office over in the Capitol. He is rated as a messenger. His responsibilities there are far greater than those of a messenger. He was overlooked.

Mr. MARTIN of Massachusetts. I am not disputing this particular case and I am glad to see him get an increase, which I am sure he merits, but I am wondering how this Republican minority employee was left out of the shuffle until January.

Mr. STANLEY. No resolution for such an increase was introduced or brought to the attention of the committee.

Mr. MARTIN of Massachusetts. It has not been brought to the attention of the committee?

Mr. STANLEY. No resolution was presented to the Subcommittee on Accounts.

Mr. MARTIN of Massachusetts. There must be something wrong somewhere. I will look into the matter.

The SPEAKER. The question is on the resolution.

The resolution was agreed to and a motion to reconsider was laid on the table.

COMMITTEE ON PUBLIC WORKS

Mr. STANLEY. Mr. Speaker, by direction of the Committee on House Administration I offer a privileged resolution, House Resolution 339, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of conducting the investigations and surveys authorized by House Resolution 326, Eighty-first Congress, incurred by the Committee on Public Works acting as a whole or by subcommittee, not to exceed $15,000, including expenditures for the employment of experts, special counsel, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by said committee, signed by the chairman thereof, and approved by the Committee on House Administration.

The resolution was agreed to and a motion to reconsider was laid on the table.

FUNDS AVAILABLE FOR INVESTIGATION

Mr. STANLEY. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution, House Resolution 364, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the funds made available out of the contingent fund of the House by House Resolutions 88, 127, and 252, of the Eighty-first Congress, to the Committee on Expenditures in the Executive Departments, acting as a whole or by subcommittee, shall also be available for expenses incurred by said committee or subcommittees outside the continental limits of the United States.

The resolution was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON WAYS AND MEANS

Mr. STANLEY. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution, House Resolution 333, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of conducting the studies and investigations, authorized by House Resolution 293, Eighty-first Congress, incurred by the Committee on Ways and Means, acting as a whole or by subcommittee, not to exceed $50,000, including expenditures for the employment of such experts, clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee or subcommittee, signed by the chairman of the committee, and approved by the Committee on House Administration.

With the following committee amendment:

Page 1, line 5, strike out the sum and insert "$25,000."

The committee amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mr. MANSFIELD (at the request of Mr. JACKSON of Washington) to attend UNESCO conference as a congressional delegate.

To Mr. TAURIELLO (at the request of Mr. GORSKI of New York) for an indefinite period, on account of official business.

To Mr. DAVIS of Tennessee (at the request of Mr. PRIEST) for remainder of week, on account of official business.

SENATE BILLS REFERRED

Bills, joint resolution, and concurrent resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 44. An act for the relief of Arthur O. Fisher; to the Committee on the Judiciary.

S. 46. An act for the relief of Primitivo Urcelay-Ruiz; to the Committee on the Judiciary.

S. 47. An act for the relief of Fawn S. Louie; to the Committee on the Judiciary.

S. 112. An act for the relief of Alexy W. Katyll and Ioanna Katyll; to the Committee on the Judiciary.

S. 196. An act for the relief of James G. Smyth; to the Committee on the Judiciary.

S. 321. An act for the relief of Lloyd D. Lyles; to the Committee on the Judiciary.

S. 489. An act to authorize the refund to the Florida Keys Aqueduct Commission of the sum advanced for certain water facilities, and for other purposes; to the Committee on Armed Services.

S. 570. An act for the relief of Donald Francis Wierda; to the Committee on the Judiciary.

S. 621. An act for the relief of Horace J. Fenton; to the Committee on Armed Services.

S. 736. An act for the reimbursement of Puget Sound Bridge & Dredging Co.; to the Committee on the Judiciary.

S. 753. An act for the relief of Sisters Antoinette Cometti, Mary Gibin, Angela Pelosin, Emma Ghisleni, Elisabetta De Caterin, and Onorina Franzina; to the Committee on the Judiciary.

S. 866. An act for the relief of Mrs. Marine Y. Mueller; to the Committee on the Judiciary.

S. 914. An act for the relief of Gladys Inez Greenwood; to the Committee on the Judiciary.

S. 951. An act for the relief of Joe Greco; to the Committee on the Judiciary.

S. 1088. An act for the relief of Milton Buechler; to the Committee on the Judiciary.

S. 1097. An act for the relief of Phyllis Hertzog; to the Committee on Post Office and Civil Service.

S. 1305. An act for the relief of Theodore Constantin Trancu and his wife; to the Committee on the Judiciary.

S. 1310. An act for the relief of Pierre E. Lefevre; to the Committee on the Judiciary.

S. 1376. An act for the relief of Mrs. Aurora M. Hartman and her two daughters; to the Committee on the Judiciary.

S. 1385. An act providing that excess-land provisions of the Federal reclamation laws shall not apply to certain lands that will receive a supplemental water supply from the San Luis Valley project, Colorado; to the Committee on Public Lands.

S. 1413. An act for the relief of Maria Margarete Otto; to the Committee on the Judiciary.

S. 1449. An act for the relief of Robert B. Workman; to the Committee on the Judiciary.

S. 1532. An act for the relief of Alfred F. Bosche; to the Committee on the Judiciary.

S. 1534. An act for the relief of Harry Comber; to the Committee on the Judiciary.

S. 1552. An act for the relief of Ernest E. Heintz; to the Committee on the Judiciary.

S. 1702. An act for the relief of Riyoko Sato; to the Committee on the Judiciary.

S. 1894. An act for the relief of Hans Jurgen Schweikert; to the Committee on the Judiciary.

S. 1915. An act for the relief of Viktor A. Kravchenko; to the Committee on the Judiciary.

S. 1931. An act to amend the act of June 6, 1924, as amended, relating to the National Capital Park and Planning Commission; to the Committee on the District of Columbia.

S. 2084. An act for the relief of Jackson Riley Holland; to the Committee on the Judiciary.

S. 2100. An act for the relief of Penelope Corolyn Cox; to the Committee on the Judiciary.

S. 2119. An act for the relief of the Alamo Irrigation Co.; to the Committee on the Judiciary.

S. 2226. An act relating to the compensation of certain employees of the Panama Canal; to the Committee on Merchant Marine and Fisheries.

S. 2290. An act to authorize an appropriation for the making of necessary improvements in the cemetery plots at the Blue Grass Ordnance Depot, Richmond, Ky.; to the Committee on Armed Services.

S. 2350. An act to amend the act of August 8, 1946, relating to the payment of annual leave to certain officers and employees; to the Committee on Post Office and Civil Service.

S. 2351. An act to simplify and consolidate the laws relating to the receipt of compensation from dual employments under the United States, and for other purposes; to the Committee on Post Office and Civil Service.

S. 2360. An act to amend the Federal Airport Act so as to authorize appropriations for projects in the Virgin Islands; to the Committee on Interstate and Foreign Commerce.

S. 2382. An act to authorize the construction of a research laboratory for the Quartermaster Corps, United States Army, at a location to be selected by the Secretary of Defense; to the Committee on Armed Services.

S. 2429. An act for the relief of Henrique Santos; to the Committee on the Judiciary.

S. 2477. An act to amend title 14, United States Code, so as to equalize pay and retirement benefits of a certain class of commissioned officers of the Coast Guard; to the Committee on Merchant Marine and Fisheries.

S. 2491. An act providing for the conveying of land and buildings at Fort Phillip Kearney Military Reservation to the State of Rhode Island; to the Committee on Banking and Currency.

S. 2541. An act to amend the act entitled "An act to establish a Department of Medicine and Surgery in the Veterans' Administration," approved January 3, 1946, as amended, to extend the period for which employees may be detailed for training and research, and for other purposes; to the Committee on Veterans' Affairs.

S. 2559. An act to authorize the extension of officers' retirement benefits to certain persons who while serving as enlisted men in the Army of the United States during World War II were given battlefield promotions to officer grade and were incapacitated for active service as a result of enemy action; to the Committee on Armed Services.

S. 2584. An act to provide for studies of methods of determining the amount, distribution, and effects of illness in the United States and for conducting periodic inventories of illness by the best methods developed through such studies; to the Committee on Interstate and Foreign Commerce.

S. 2590. An act to amend section 3526 of the Revised Statutes relating to coinage of subsidiary silver coins; to the Committee on Banking and Currency.

S. 2591. An act to amend the Public Health Service Act to support research and training in arthritis and rheumatism, multiple sclerosis, cerebral palsy, epilepsy, and blindness, and other diseases, and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. J. Res. 105. Joint resolution to provide unrestricted entry privileges for Sister Elizabeth Kenny; to the Committee on the Judiciary.

S. Con. Res. 18. Concurrent resolution providing for the consolidation of the general appropriation bills, and for other purposes; to the Committee on Rules.

S. Con. Res. 65. Concurrent resolution favoring the suspension of deportation of certain aliens; to the Committee on the Judiciary.

ADJOURNMENT

Mr. EVINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 22 minutes p. m.) the House adjourned until tomorrow, Thursday, September 29, 1949, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. STANLEY: Committee on House Administration. House Concurrent Resolution 126. Concurrent resolution authorizing the Committee on Ways and Means to have printed additional copies of parts 1 and 2 of the Social Security Act amendments of 1949 hearings; with an amendment (Rept. No. 1347). Ordered to be printed.

Mr. STANLEY: Committee on House Administration. House Concurrent Resolution 132. Concurrent resolution authorizing the printing of 10,000 additional copies of House Report No. 1300 on H. R. 6000, a bill to extend and improve the Federal old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes; without amendment (Rept. No. 1348). Ordered to be printed.

Mr. STANLEY: Committee on House Administration. House Resolution 354. Resolution to print the prayers offered by the Acting Chaplain, Dr. James P. Wesberry, at the opening of the daily sessions of the House of Representatives of the United States, Eighty-first Congress, from July 27 to August 26, 1949, inclusive; without amendment (Rept. No. 1349). Ordered to be printed.

Mr. STANLEY: Committee on House Administration. House Resolution 370. Resolution providing an increase in salary for an employee of the House of Representatives; without amendment (Rept. No. 1350). Ordered to be printed.

Mr. STANLEY: Committee on House Administration. House Resolution 339. Resolution providing expenses for conducting the investigations and surveys authorized by House Resolution 326 of the Eighty-first Congress; without amendment (Rept. No. 1351). Ordered to be printed.

Mr. STANLEY: Committee on House Administration. House Resolution 364. Resolution providing that funds made available out of the contingent fund of the House by House Resolutions 88, 127, and 252 to the Committee on Expenditures in the Executive Departments shall also be available for expenses incurred outside the continental limits of the United States; without amendment (Rept. No. 1352). Ordered to be printed.

Mr. STANLEY: Committee on House Administration. House Resolution 333. Resolution providing for the expenses of conducting the studies and investigations authorized by House Resolution 293, Eighty-first Congress; with an amendment (Rept. No. 1353). Ordered to be printed.

Mr. GARY: Committee of conference. H. R. 4830. A bill making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes; with an amendment (Rept. No. 1354). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GOSSETT:

H. R. 6251. A bill to amend the Tariff Act of 1930 to limit importations of petroleum and petroleum products; to the Committee on Ways and Means.

By Mr. HALE:

H. R. 6252. A bill to establish and maintain a domestic gold coin standard; to restore the right of American citizens to own gold and gold coins; to return control over the public purse to the people; to restrain further deterioration of our currency; to enable holders of paper money to redeem it in gold coin on demand; to open up foreign trade through the channels of private enterprise; and for other purposes; to the Committee on Banking and Currency.

By Mr. MARCANTONIO:

H. R. 6253. A bill to provide for the mobilization of the scientific resources and the knowledge of the United States for the purpose of seeking the causes and cure of poliomyelitis, and to provide for the cure, treatment, and rehabilitation of victims of poliomyelitis; to the Committee on Interstate and Foreign Commerce.

By Mr. TEAGUE:

H. R. 6254. A bill relating to education or training of veterans under title II of the Servicemen's Readjustment Act (Public Law 346, 78th Cong., June 22, 1944); to the Committee on Veterans' Affairs.

By Mr. YATES:

H. R. 6255. A bill to authorize the appointment of two additional district judges for the northern district of Illinois; to the Committee on the Judiciary.

By Mr. CLEMENTE:

H. R. 6256. A bill to amend section 302 of the Army and Air Force Vitalization and Retirement Equalization Act of 1948; to the Committee on Armed Services.

By Mr. MURDOCK:

H. R. 6257. A bill to provide a comprehensive and adequate water resources basic-data program; to the Committee on Public Lands.

By Mr. RANKIN:

H. R. 6258. A bill to amend subparagraph (c), paragraph I, part I, of Veterans Regulation No. 1 (a), as amended, to establish a presumption of service connection for chronic and tropical diseases becoming manifest within 3 years from separation from service; to the Committee on Veterans' Affairs.

By Mr. PETERSON:

H. R. 6259. A bill to provide for the installation of a carillon in the Arlington Memorial Amphitheater, Arlington National Cemetery, Fort Myer, Va., in memory of World War II dead; to the Committee on Public Lands.

By Mr. KING:

H. J. Res. 363. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

By Mr. SIKES:

H. J. Res. 364. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

By Mr. WALSH:

H. J. Res. 365. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CELLER:

H. R. 6260. A bill for the relief of the New York Institute of Criminology, Inc.; to the Committee on the Judiciary.

By Mr. DOLLINGER:

H. R. 6261. A bill for the relief of Regina Meir Shaoul Shashoua; to the Committee on the Judiciary.

H. R. 6262. A bill for the relief of Ezra Sassoon Ezra Sassoon and Mrs. Masouda Sassoon; to the Committee on the Judiciary.

By Mr. HEFFERNAN:

H. R. 6263. A bill for the relief of Leonidas Ioanis Drogaris; to the Committee on the Judiciary.

By Mr. HELLER:

H. R. 6264. A bill for the relief of John Dionysios Theodoracopoulos and Mando John Theodoracopoulos and Panagiottis Theodora-

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copoulos and Charilaos Theodoracopoulos; to the Committee on the Judiciary.

By Mr. HOFFMAN of Illinois:

H. R. 6265. A bill for the relief of Carlos Franco; to the Committee on the Judiciary.

By Mr. KING:

H. R. 6266. A bill to provide for the conveyance of certain property to the Wilmington Community Center, Wilmington, Calif.; to the Committee on Banking and Currency.

By Mr. RHODES:

H. R. 6267. A bill for the relief of Efstatheos Gasparis; to the Committee on the Judiciary.

By Mr. SABATH:

H. R. 6268. A bill for the relief of Hesa Marmorian and Michel Marmorian; to the Committee on the Judiciary.

By Mr. SHEPPARD:

H. R. 6269. A bill for the relief of W. B. Edwards and certain other persons and estates in Riverside and San Bernardino Counties, Calif.; to the Committee on the Judiciary.

By Mr. STEFAN:

H. R. 6270. A bill to authorize the sale of certain allotted inherited land on Winnebago Indian Reservation, Nebr.; to the Committee on Public Lands.

By Mr. YATES:

H. R. 6271. A bill for the relief of Hamako Amano; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

1510. The SPEAKER presented a petition of Faustino F. Cruz, Quezon, Neuva Ecija, Philippine Islands, applying for compensation for the lost life of his brother, Carlos F. Cruz, who was killed by the Japanese military forces in their garrison at Licab, Nueva Ecija, Philippine Islands, which was referred to the Committee on Interstate and Foreign Commerce.

SENATE

THURSDAY, SEPTEMBER 29, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Almighty God who desirest truth in the inward parts, keep us, we beseech Thee, from the folly of attempting to deceive Thee, unto whom all hearts are open and all desires known. As those whose powers are dedicated to the Nation's weal, make us ever faithful to each challenging duty, loyal to every high claim, responsive to the human needs of this suffering earth. Setting a seal upon our lips so that no thoughtless words of ours shall sting or harm another, valiantly may we meet this day's waiting tasks with kindness and cheerful good will. We ask it in that Name which is above every name. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, September 28, 1949, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 683. An act for the relief of Louise Peters Lewis; and

H. R. 2418. An act to authorize restocking, propagation, and conservation of game in the Eglin Field Reservation.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 3826) to amend the act of January 16, 1883, an act to regulate and improve the civil service of the United States; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MURRAY of Tennessee, Mr. MILLER of California, and Mr. REES were appointed managers on the part of the House at the conference.

The message further announced that the House had passed a bill (H. R. 5931) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. LUCAS. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Hill	Morse
Bricker	Hoey	Mundt
Bridges	Holland	Murray
Butler	Humphrey	Neely
Byrd	Ives	O'Conor
Chapman	Johnson, Colo.	O'Mahoney
Chavez	Johnson, Tex.	Pepper
Connally	Johnston, S. C.	Reed
Cordon	Kem	Robertson
Donnell	Kerr	Russell
Douglas	Kilgore	Saltonstall
Downey	Knowland	Schoeppel
Eastland	Langer	Smith, Maine
Ecton	Leahy	Sparkman
Ellender	Long	Stennis
Ferguson	Lucas	Taft
Flanders	McCarthy	Taylor
Frear	McClellan	Thomas, Okla.
Fulbright	McFarland	Thomas, Utah
George	McKellar	Thye
Gillette	McMahon	Tobey
Green	Magnuson	Watkins
Gurney	Malone	Wherry
Hayden	Maybank	Williams
Hendrickson	Miller	Withers
Hickenlooper	Millikin	Young

Mr. LUCAS. I announce that the Senator from North Carolina [Mr. GRAHAM] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Pennsylvania [Mr. MYERS] is absent on public business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Vermont [Mr. AIKEN], the Senator from Maine [Mr. BREWSTER], the Senator from Washington [Mr. CAIN], the Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The senior Senator from Indiana [Mr. CAPEHART], the junior Senator from Indiana [Mr. JENNER], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The PRESIDENT pro tempore. A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that Senators be permitted to introduce bills and joint resolutions, present petitions and memorials, and submit routine matters for the RECORD and the Appendix, without debate.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred, as indicated:

REPORT OF BOARD OF ACTUARIES OF CIVIL SERVICE RETIREMENT AND DISABILITY FUND

A letter from the Chairman of the United States Civil Service Commission, transmitting, pursuant to law, the twenty-eighth annual report of the Board of Actuaries of the Civil Service Retirement and Disability Fund for the fiscal year ended June 30, 1948 (with an accompanying report); to the Committee on Post Office and Civil Service.

UTILIZATION OF WATERS OF COLORADO AND TIJUANA RIVERS AND RIO GRANDE BELOW FORT QUITMAN, TEX.

A letter from the Acting Secretary of State, transmitting a draft of proposed legislation to provide certain authorizations for the Department of State and the United States Section of the International Boundary and Water Commission, United States and Mexico, in carrying out the functions of the Commission and to facilitate compliance with the provisions of the treaty between the United States of America and the United Mexican States signed at Washington on February 3, 1944, relating to the utilization of the waters of the Colorado and Tijuana Rivers and of the Rio Grande below Fort Quitman, Tex., and for other purposes (with an accompanying paper); to the Committee on Foreign Relations.

REPORT OF DISTRICT OF COLUMBIA REDEVELOPMENT LAND AGENCY

A letter from the Chairman of the District of Columbia Redevelopment Land Agency, reporting, pursuant to law, on its operations and expenditures for the immediately preceding fiscal year; to the Committee on the District of Columbia.

PETITION

The PRESIDENT pro tempore laid before the Senate a resolution adopted by the American Legion, in convention assembled at Philadelphia, Pa., commending the Members of Congress for their loyal and patriotic endeavors on behalf of the progress of the country and for

their Americanism and support of American ideals and way of life, which was referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GEORGE, from the Committee on Finance:

S. 2598. A bill to authorize reimbursement to the appropriations of the Bureau of Narcotics of moneys expended for the purchase of narcotics; without amendment (Rept. No. 1113).

By Mr. CHAVEZ, from the Committee on Public Works:

S. J. Res. 129. Joint resolution to authorize the Commission on Renovation of the Executive Mansion to preserve or dispose of material removed from the Executive Mansion during the period of renovation; without amendment (Rept. No. 1115).

By Mr. DOWNEY, from the Committee on Public Works:

S. 2002. A bill to provide a method of financing the acquisition and construction by the city of Duluth of certain bridges across the St. Louis River, and for other purposes; with amendments (Rept. No. 1114).

By Mr. O'MAHONEY, from the Committee on Interior and Insular Affairs:

S. 2195. A bill to authorize the Palisades Dam and Reservoir project, to authorize the north side pumping division and related works, to provide for the disposition of reserved space in American Falls Reservoir, and for other purposes; with amendments (Rept. No. 1116).

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of Herbert I. Hinds, of Oklahoma, to be United States marshal for the eastern district of Oklahoma, which was referred to the Committee on the Judiciary.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. O'CONOR (for Mr. TYDINGS):

S. 2316. A bill for the relief of Mrs. R. H. Kelley; to the Committee on Armed Services.

By Mr. LANGER:

S. 2617. A bill for the relief of Ermalinda Mary Pizzuto; and

S. 2618. A bill for the relief of Fred P. Hines; to the Committee on the Judiciary.

By Mr. BRIDGES:

S. 2619. A bill to authorize the improvement of Portsmouth Harbor and the Piscataqua River, N. H., and for other purposes; to the Commitee on Public Works.

By Mr. McCARTHY:

S. 2620. A bill for the relief of Chyon Yong Yun; to the Committee on the Judiciary.

By Mr. CONNALLY:

S. J. Res. 133. Joint resolution authorizing the return to Mexico of the flags, standards, colors, and emblems that were captured by the United States in the Mexican War; to the Committee on Foreign Relations.

HOUSE BILL PLACED ON CALENDAR

The bill (H. R. 5931) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes, was read twice by its title, and ordered to be placed on the calendar.

INCREASE IN LIMIT OF EXPENDITURES BY COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. O'MAHONEY submitted the following resolution (S. Res. 176), which was referred to the Committee on Rules and Administration:

Resolved, That the Committee on Interior and Insular Affairs hereby is authorized to expend from the contingent fund of the Senate, during the Eighty-first Congress, $10,000 in addition to the amount, and for the same purposes, specified in section 134 (a) of the Legislative Reorganization Act approved August 2, 1946.

AMENDMENT OF EXPORT-IMPORT BANK ACT OF 1945 RELATING TO INVESTMENTS ABROAD—AMENDMENT

Mr. MAYBANK. Mr. President, I submit an amendment intended to be proposed by me to the bill (S. 2197) to amend the Export-Import Bank Act of 1945, as amended (59 Stat. 526, 666, 61 Stat. 130), to vest in the Export-Import Bank of Washington the power to guarantee United States investments abroad, and request that it be printed and lie on the table.

As originally introduced, S. 2197 empowered the Export-Import Bank to guarantee United States private capital invested abroad "against risks peculiar to such investments."

It was stated in the committee report on the bill that the risk of inconvertibility was clearly within the purview of the bill and would be covered in the event any guaranties were to be issued. It was further stated in the report that although other risks, such as expropriation and physical destruction incident to war, were within the purview of the bill, further study was necessary to determine whether in fact these were risks against which guaranties should be offered. In the hearings on the bill it was explained by witnesses for the bank and others that at the outset of the program convertibility alone would be covered but that further study and experience might demonstrate the necessity and feasibility of broadening the coverage to include risks of expropriation and war.

The question has been raised as to the advisability of vesting in the bank such broad authority as is encompassed in the language "risks peculiar to such investments" despite the legislative history that the risks intended to be covered thereunder were limited to those mentioned above. Accordingly, it is now proposed to change the bill by striking therefrom the words "against risks peculiar to such investments" and substituting in lieu thereof the following: "by assuring either or both (i) the conversion into United States dollars of foreign currency derived from an investment and (ii) compensation in United States dollars for loss resulting from expropriation, confiscation, or seizure."

The effect of this change is to limit the bank to guarantee United States investors against two contingencies. The bank would be empowered to guarantee that a United States investor might obtain United States dollars for foreign currencies. The bank would also be empowered to guarantee a United States investor against loss resulting from expropriation, confiscation, or seizure.

The bill, of course, does not make it mandatory on the bank to issue any guaranties. Nor does it require the bank to issue guaranties against both of the contingencies of inconvertibility and expropriation. It may guarantee against one of such contingencies alone or both.

The PRESIDENT pro tempore. The amendment submitted by the Senator from South Carolina will be received, printed, and lie on the table.

SPEECH BY CRAWFORD H. GREENEWALT BEFORE NATIONAL PRESS CLUB

[Mr. WILLIAMS asked and obtained leave to have printed in the RECORD the speech delivered by Crawford H. Greenewalt, president, E. I. du Pont de Nemours & Co., before the National Press Club on September 29, 1949, which appears in the Appendix.]

BUSINESS WOMEN'S WEEK—EDITORIAL FROM KENNEBEC JOURNAL

[Mrs. SMITH of Maine asked and obtained leave to have printed in the RECORD an editorial entitled "Business Women's Week," published in the Kennebec Journal of Augusta, Maine, which appears in the Appendix.]

THE POINT-4 PROGRAM AND THE ATOMIC BOMB—ARTICLE BY ANNE O'HARE McCORMICK

[Mr. KILGORE asked and obtained leave to have printed in the RECORD an article by Anne O'Hare McCormick, entitled "The Point-4 Program and the Atomic Bomb," published in the New York Times of September 28, 1949, which appears in the Appendix.]

LABOR UNIONS SHOULD BE SUBJECT TO ANTITRUST LAWS?—ADDRESS BY SENATOR ROBERTSON—LEAVE OF ABSENCE

Mr. ROBERTSON. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD the remarks I have planned to make this evening in Richmond at the National Affairs Forum dinner under the auspices of the Richmond Chamber of Commerce; and, in order that I may have the privilege of delivering those remarks in Richmond, I ask unanimous consent to be excused from attendance on the session of the Senate after 3:30 o'clock today.

The PRESIDENT pro tempore. Without objection, the requests made by the Senator from Virginia are granted.

[The address by Mr. ROBERTSON appears in the Appendix.]

LEAVES OF ABSENCE

Mr. REED. Mr. President, some weeks ago my wife, who lives in our home place at Parsons, Kans., fell and hurt her shoulder. I did not think her injury was very serious and hoped that she would recover from the effects of the injury. She has not done so. She is confined to her bed every day. We have been married nearly 60 years, Mr. President, and I feel that I ought to be with her. So I ask unanimous consent that after this week I be permitted to be absent from the sessions of the Senate to be at home with my wife.

The PRESIDENT pro tempore. Is there objection? The Chair hears none,

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and the request of the Senator from Kansas is granted.

Mr. FLANDERS asked and obtained consent to be absent from the Senate tomorrow, Friday, September 30, and Monday, October 3.

REGULATION AND IMPROVEMENT OF CIVIL SERVICE

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 3826), to amend the act of January 16, 1883, an act to regulate and improve the civil service of the United States, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. JOHNSTON of South Carolina. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. JOHNSTON of South Carolina, Mr. HUMPHREY, and Mr. ECTON conferees on the part of the Senate.

PRINTING OF ADDITIONAL COPIES OF HEARINGS RELATING TO SOCIAL SECURITY ACT AMENDMENTS OF 1949

The PRESIDENT pro tempore laid before the Senate House Concurrent Resolution 126, which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Ways and Means of the House of Representatives be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies each of part 1 and part 2 of the hearings, including an index, held before said committee during the current session relative to the Social Security Act amendments of 1949.

Mr. HAYDEN. I move that the Senate concur in the concurrent resolution.

The motion was agreed to.

PRINTING OF ADDITIONAL COPIES OF HOUSE REPORT NO. 1300 RELATING TO FEDERAL OLD-AGE AND SURVIVORS INSURANCE SYSTEM

The PRESIDENT pro tempore laid before the Senate House Concurrent Resolution 132, which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Ways and Means of the House of Representatives be, and is hereby, authorized and empowered to have printed 10,000 additional copies of House Report No. 1300, current Congress, being the committee report on the bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child-welfare provisions of the Social Security Act, and for other purposes, 5,000 of which shall be for the use of the said committee and the remaining 5,000 of which shall be for the use of the House of Representatives document room.

Mr. HAYDEN. I move that the Senate concur in the concurrent resolution.

The motion was agreed to.

USE OF MARSHALL PLAN FUNDS FOR BRITISH PURCHASES OF CANADIAN WHEAT

Mr. KEM. Mr. President, a few days ago I had occasion to refer in the Senate to the decision of Administrator Hoffman to permit $175,000,000 of Marshall plan funds to be used to pay for wheat purchased by the Government of Great Britain from the Government of Canada under a bilateral trade agreement made in 1946. It will be recalled that this action was taken with the full approval of Secretary of Agriculture Brannan.

Since my remarks were made, I have received communications about the matter from many persons interested in the well-being of American agriculture. Their statements have brought home to me the fact there are several points in connection with the deal and its purported justification by Messrs. Hoffman and Brannan which should be cleared up. Conversations with a number of my colleagues from the Wheat States have indicated a similar interest on their part.

In the hope of clearing up some of these points, I wrote a letter to Mr. Hoffman yesterday, which because of the interest expressed by other Senators, I should like to read:

SEPTEMBER 28, 1949.

HON PAUL G. HOFFMAN,
Administrator, Economic Cooperation Administration, Washington, D. C.

MY DEAR MR. HOFFMAN: This is in reference to your recent decision, approved by Secretary of Agriculture Brannan, to permit Great Britain to use $175,000,000 of Marshall plan money to pay for Canadian wheat, which she contracted to buy from Canada under a bilateral trade agreement made in 1946.

You have stated in justification of your action that, "Our agreement to finance $175,000,000 worth of Canadian wheat will reduce the drain on these holdings (the United Kingdom gold and dollar holdings) by a corresponding amount."

As I understand, Great Britain has three primary sources of dollars: (1) her earnings through exports to dollar areas, (2) Marshall plan assistance, and (3) her dollar and gold reserves. Obviously your action in permitting Britain to spend Marshall plan dollars for Canadian wheat will not increase the total amount of dollars available to her from any of these three sources. How will your action, therefore, reduce Britain's over-all dollar deficit with hard currency countries? How will Britain's over-all dollar position be improved as a result; or, in other words, how will the drain on her dollar supply be reduced?

You will recall that when you appeared before the Senate Appropriations Committee on June 16, 1949, you stated: "We think it is extremely important, and Dr. FitzGerald can testify more accurately on that than I can, we think that it is important that the European countries buy their wheat from the United States" (hearings, p. 366).

You will also recall that Senator WHERRY raised the question as to how ECA would absorb a possible reduction in the amount of funds requested for the fiscal year ending June 30, 1950. As a result of this inquiry, on June 16, 1949, you made available to the Appropriations Committee a detailed memorandum entitled "ECA forecast of effects on European recovery program of $1,000,000,000 and $500,000,000 cuts in ECA appropriation." According to this memorandum (hearings, p. 361) large reductions in ECA-financed exports of agricultural commodities, including wheat, from the United States would have been necessitated by reductions in the ECA appropriation in the amounts proposed.

A table was also inserted in the record at the request of Senator MCKELLAR entitled "ECA Program for Food and Agricultural Commodities, United Kingdom" (hearings, p. 385). This table shows, among other things, that at the time it was submitted the ECA program for 1949–50 contemplated that a total of $325,000,000 in food and agricultural products would be exported from the United States to Great Britain, and that these exports would be financed by ECA dollars.

I would appreciate it if you would advise me in detail the amounts and types of products, agricultural and otherwise, which appeared in your justification tables as contemplated exports from the United States to Great Britain under ECA during 1949–50, but which it is now contemplated will not be exported and paid for out of ECA funds.

I am sending a copy of this letter to Secretary Brannan.

With great respect, I am,

Sincerely yours,

JAMES P. KEM.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. KEM. I yield.

Mr. WHERRY. I suggest to the distinguished Senator from Missouri that the question I am about to ask is premised on the paragraph in the letter in which reference is made to the question which I asked ECA Administrator Hoffman about how ECA would absorb the impact if a reduction were made in the amount of funds requested for the fiscal year ending June 30, 1950, as related to the supply of food at that particular moment. I also brought up at that time the question of cheese. What is the effect of removing the limitation so that $175,000,000 of ECA funds can be used for other purposes, so far as food supplies in this country are concerned? If the $175,000,000 can be used for any other purpose for which Great Britain desires to use it, is it not a fact that that eliminates the mandatory requirement that the Administrator must buy agricultural products in this country if such agricultural products are in surplus?

Mr. KEM. I agree with the Senator absolutely. I cannot see it any other way. As it is, our warehouses are full of wheat, our bins are full of wheat. As has been said, wheat is running out the farmers' ears. It does not require any knowledge of wheat market operations or conditions to see what $175,000,000 spent to buy American wheat for export to Great Britain at this time would do in our demoralized markets.

Mr. WHERRY. The distinguished Senator will recall the negotiations relative to the wheat agreement. I ask the Senator if he recalls the number of bushels of wheat the United States was allocated under the provisions of the wheat agreement, the purchase of which in the United States is mandatory.

Mr. KEM. No I do not remember that.

Mr. WHERRY. As I recall, it was approximately 169,000,000 bushels.

Of course, what the price will be in the future, no one knows; but let us say it will be somewhere around $2. The distinguished Senator knows what the purchase of approximately $300,000,000 worth of wheat would do in connection with the entire quota which is to be purchased from the United States under the wheat agreement. If $175,000,000,

which is reaching upward toward that amount, is now to be used to purchase any products that Great Britain wishes to purchase—and Great Britain can purchase Canadian wheat through the use of her sterling funds—what will that do to the surplus, if any, or to the market price of wheat in this country, if the program is carried out as now planned?

Mr. KEM. It is bound to have a depressing effect, as I understand the wheat market has gone off since that program was announced. I cannot help but feel that Mr. Hoffman stated the exact fact when he appeared before the Senate Appropriations Committee and said:

> We think it is extremely important that the European countries buy their wheat from the United States.

He saw that clearly then. What I should like to know is what has changed his mind since he testified before the Appropriations Committee.

Mr. WHERRY. Mr. President, I wish to suggest to the Senator that I think that is a very interesting question, and should be answered.

I should like to ask a further question, if the Senator will yield.

Mr. KEM. I am glad to yield.

Mr. WHERRY. I am sure the Senator heard the remarks of my colleague, the distinguished senior Senator from Nebraska [Mr. BUTLER], during the debate on the extension of the so-called Reciprocal Trade Agreements Act. At that time, he pointed out very forcefully that the surplus of wheat, as it continues to grow, not only causes a depressing situation on the wheat market, but makes it mandatory that the United States bolster with price supports the present floors under grain. In view of those observations, I ask the Senator—because he comes from Kansas City, Mo., and is acquainted with the wheat market—what his opinion is of that situation, and whether he does not believe that not only does it require the use of our taxpayers' money to pay for the floor under wheat, but also, in reality, that we are attempting to establish the price of wheat on the world market.

Mr. KEM. It seems so to me. Moreover, we are asking the American wheat growers to cut back their production, whereas this year Canadian farmers will plant 12 percent more wheat. Nevertheless, our Secretary of Agriculture is asking United States Producers to cut back their wheat production in a substantial amount.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. YOUNG. Does not the Senator agree that, in effect, the American program gives the Canadian wheat farmer a better price support than it gives the American wheat farmer? The Senator has just pointed out that the Canadians are increasing their wheat production, whereas the United States farmers have to decrease their wheat acreage, on the average, 17 percent. The Canadians sell their wheat for $2 under this deal, while our International Wheat Agreement price is $1.50 a bushel. Besides that, is it not true that Canada has a smaller per capita debt than has the United States and has a smaller income tax than has the United States?

Mr. KEM. Yes; that is exactly true.

Mr. YOUNG. I should like to read two questions and answers from the hearings held last spring by the Senate Committee on Agriculture, in which the Senator from Missouri took a very able part. The investigation at that time was at my request and as a result of the purchase of 354,000,000 bushels of wheat in Canada last fall and winter. Question arose as to the legality of that transaction.

The chairman of the committee, the distinguished senior Senator from Oklahoma [Mr. THOMAS], asked this question of Dr. FitzGerald, of ECA:

> Before you answer Senator ELLENDER'S question, let me clarify: Is it not a fact that these funds—

He had reference to ECA funds—

> have two purposes: First, that no nation receiving our money shall make purchases outside the United States unless they can get the product outside cheaper or as cheap as they can get it in the United States; second, if the product has been declared surplus in the United States then they must buy it in the United States?
>
> Are those two restrictions in the law?

Here is Dr. FitzGerald's answer:

> Yes, sir. With a proviso on the second restriction, sir, that if the commodity, which is surplus in the United States, is available in quantities adequate to meet the requirements of all the participating countries. Something may be surplus in the United States which is not physically available for shipment to the participating country at the time in which that supply is urgently needed by such country. This is the case for wheat needed by the United Kingdom.

That was the excuse which ECA gave at that time and which Secretary Brannan gave, namely, that although wheat was in surplus in the United States, it was not available for shipment to the United Kingdom. I thought that was a very thin excuse at the time as wheat was available here in any amount.

I should like to read from the hearings the opinion of the Secretary of Agriculture on the same question of legality. This is the answer to the question asked by the junior Senator from Missouri as to the legality of the purchase of wheat in Canada at that time.

> Secretary BRANNAN. Whenever we declare a commodity in surplus, under section 112 of the ECA Act, then the European aid countries have to buy that commodity in this country if ECA dollars are used.

That was Secretary Brannan's answer at that time.

A little later the following occurred:

> Senator KEM. You are reporting that wheat is a surplus commodity?
>
> Secretary BRANNAN. All right. We are reporting that wheat is a surplus commodity.

So, according to the statement of Secretary Brannan and the statement of Dr. FitzGerald, of the ECA, I would gather that the Canadian wheat transaction was wholly illegal.

I wonder whether the Senator from Missouri will agree with me as to that.

Mr. KEM. I think it is admitted in the purported correspondence between Secretary Brannan and Administrator Hoffman, which is attached to the press release which was issued under date of September 15, that wheat is in surplus supply in the United States at the present time, whether or not it has been formally declared so. Mr. Brannan says in his letter, in effect, that a surplus of wheat is now on hand. As I understand the correspondence, they are now relying on another provision of the ECA law, a provision which gives the Administrator the right to buy in other countries commodities which are in surplus supply in the United States, when in his opinion to do so would be in furtherance of the purposes of the act. He does not work it out for us; he does not tell us why this Canadian wheat deal is in furtherance of the purposes of the act. At least his statement, from my point of view, is unconvincing.

Mr. YOUNG. Judging from the deals which have been made, it would appear that the authorizing legislation means nothing whatsoever. Last January, the ECA found an excuse for the purchase of 354,000,000 bushels of wheat from Canada in the previous fall. Their excuse then was the unavailability of American wheat; but now it is a different story.

Mr. KEM. It seems to me that the Senator from North Dakota is quite correct: That whatever the Administrator wants to do, his lawyers seem to be able to find in the act language to justify the action proposed.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

Mr. KEM. I am glad to yield.

Mr. WHERRY. The question is prompted by the observation of the distinguished Senator from North Dakota, in the question just asked of the junior Senator from Missouri, that last fall the ECA Administrator found it possible to buy 50,000,000 bushels of wheat from Canada.

Mr. YOUNG. Three hundred and fifty-four million bushels.

Mr. WHERRY. Was it 354,000,000 bushels?

Mr. YOUNG. It was a $354,000,000 purchase.

Mr. WHERRY. With reference to the last quota, a group of Senators waited upon the Secretary, or perhaps corresponded with him, to ask him under what section of the statute it could be done. I personally was in contact with his office, having in view the fact that under the Young amendment wheat had been declared surplus in the United States. As I recall the conversation, the distinguished Secretary of Agriculture stated there were not sufficient cars to take the wheat to the seaboard, and because of lack of transportation he arrived at the determination that there was not a surplus of wheat available in the United States. Does the Senator remember that?

Mr. KEM. Yes; but my recollection is he did not put it on the basis of a lack of cars.

Mr. WHERRY. He put it on the basis of a lack of bottoms, did he not?

Mr. KEM. Yes; he put it on the basis of a crowded condition in the American ports.

Mr. WHERRY. The ports on the eastern seaboard?

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Mr. KEM. Yes; but he failed entirely to explain why American wheat could not be exported through Canadian ports.

Mr. WHERRY. Or from any other ports?

Mr. KEM. Yes.

Mr. WHERRY. There is one other question I should like to ask, in view of the observation made with reference to the ability of the Secretary, through his attorney, to find loopholes by which to bypass the laws of Congress. I obtained this information only from the press, so I do not know whether the Secretary actually made the statement. But with reference to the interpretation, under which the Secretary of Agriculture is now releasing $175,000,000 for the purpose of buying Canadian wheat, I understood he was relying on the phrase "as far as practical." Does the Senator know of that interpretation?

Mr. KEM. My knowledge is based upon what I have read in the official release. I am frank to say I found it somewhat difficult to understand. It requires a good deal of interpretation and translation into everyday English. I was tempted to wonder whether language was being used to conceal thought. However, the notion I get is that they are relying on the phrase in the ECA act which gives the Administrator the right to buy in other countries products which are in short supply here, when he regards such action as being in furtherance of the purposes of the act.

Mr. WHERRY. That is about the same statement I made. His reliance was upon the interpretation of the phrase "as far as practical."

Mr. KEM. Yes.

Mr. WHERRY. If the Senator will yield further, there is one other question I should like to ask in view of the observation made.

Mr. KEM. I am very glad to yield.

Mr. WHERRY. Does the Senator feel that the interpretation is in accord with what the Congress intended when it passed the act, namely, that if agricultural products were declared surplus in this country, it became mandatory upon the ECA director to buy such surplus agricultural products within the United States?

Mr. KEM. I do not hesitate to say I think the interpretation is directly contrary to the spirit of the legislation. I think every Member of the Senate who voted for the bill understood that when agricultural commodities were in surplus supply in the United States, ECA orders would be filled here. Support for the act was secured in the cloakrooms and elsewhere upon the basis of that argument.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. KEM. I am glad to yield.

Mr. CORDON. Mr. President, the Senator from Oregon was greatly concerned with the release of the statement with reference to the diversion of $175,000,000 of ECA funds for the purchase of wheat in Canada—so greatly concerned that he asked Mr. Hoffman to discuss it personally. The information the Senator received from Mr. Hoffman was to the effect that the agreement for the use of $175,000,000 of ECA funds for the purchase of wheat in Canada would not reduce the purchases of American wheat under the agreement by so much as one dollar; that the purpose sought to be achieved by the agreement was that of eliminating, for both Great Britain and ECA, the interminable accounting necessary in connection with the purchase in this country by Great Britain of $175,000,000 worth of various, sundry, and divers commodities, materials, equipment, and supplies in small amount, each of which purchases requires the same accounting procedure, the same checking procedure as does the single purchase of $175,000,000 worth of wheat.

The statement of Mr. Hoffman—and I have just called his office to see whether I am correct and whether I would be authorized to quote it on the floor of the Senate—is that the contract for the purchase of the wheat from Canada by Britain was at the time a preexisting contract; that the purchase would have been made by Britain in Canada with free dollars in any event; that the free dollars which would have gone for that purchase will now go for purchases in this country of $175,000,000 worth of such minor items as those to which I have referred; and that, in addition, the agreement contemplates the purchase in the United States by Britain of an additional $30,000,000 worth of wheat which was not contemplated. I am advised also that a part of the agreement contemplated an agreement by Canada to review its present bars against importation into Canada from this country of fresh fruits and vegetables, and that on yesterday some relief was had in that line, and that more is expected. Today I took the matter up again in order to be certain about it. I thought perhaps the Senator would like to have the statement before him at this time so that he might consider it.

Mr. KEM. Yes. That is approximately the statement made by Mr. Hoffman in his press release, and it is wholly unconvincing. I shall be glad to tell the Senator why.

Mr. CORDON. May I interrupt the Senator further?

Mr. KEM. Yes.

Mr. CORDON. I think no one who sat on the Appropriations Committee tried more searchingly to get at all the facts with reference to the operation of ECA than did the Senator from Oregon, who was at least critical all the way through the examination and sought in every way possible to determine the extent to which the plan was succeeding the extent to which America was getting the protection the act itself gave to the country. The answers, at least to the extent that one may depend upon the veracity and responsibility of Mr. Hoffman, were adequate to the Senator from Oregon. The Senator from Oregon has full confidence in the Administrator in that respect.

Mr. KEM. Mr. President, the Senator from Oregon and I talk the same language. I think he can understand me. I certainly have no difficulty in understanding him.

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. KEM. I shall yield in a moment. I should like to say to the Senator from Oregon that what he has said is, to a large extent, the explanation made in the official press release. While the Senator has stated it quite clearly, and more clearly than it is stated in the press release, it adds nothing affirmatively to our knowledge of the situation. Mr. Hoffman, in the first place, says it is an existing agreement. That is true. It is a bilateral agreement made in 1946, which at that time deprived the American wheat producer of a market which was traditionally his.

It was received by the American wheat producers with chagrin because it was made only shortly after the British had received a so-called loan from us of approximately $4,000,000,000, and only shortly after the Secretary of the Treasury, Mr. Vinson, and others who were arguing for the loan, had said, in effect, "If the loan is made, it will prevent a discrimination by Britain through bilateral trade agreements which she otherwise will make." In other words, they got the money and then they announced, some 10 days later, that this bilateral trade agreement, which must have been under negotiation at the very time the Secretary of the Treasury was justifying to the American people the loan by the statement that it would prevent discrimination in foreign trade by the British.

As I understand, the Senator from Oregon argues that the $175,000,000 will come back to America in other ways, that other commodities and various things will be bought in this country with the money, ostensibly by the Canadian people. I should like to point out to the Senator from Oregon——

Mr. CORDON. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. CORDON. The Senator misunderstood my statement. While I think that as a matter of necessity, resulting from the fact that dollars from the United States are United States dollars, some times, under some conditions, $175,000,000 or any other dollars circulating around the world must come back to the United States. But the Senator from Oregon did not intend to convey the thought that the $175,000,000 aid to Canada would then come back and take the place of $175,000,000 of ECA funds. Not at all. The thought which the Senator intended to convey was that the $175,000,000 which was released was $175,000,000 which would have been spent in this country by Britain for the purchase of various supplies and commodities in small amounts; that instead of making that type of purchase the British will make the same amount of purchases in free dollars in this country, offsetting the $175,000,000 which would have been used for that purpose, that the full amount of wheat that was scheduled to be sold in the first instance will still be sold, and there will be an additional $30,000,000 worth sold under the agreement.

Mr. KEM. If the Senator will permit me to say so, it seems to me that that is

a case where mere assertion is nugatory. To say $175,000,000 worth of wheat will be bought in this country is one thing, but to say that Mr. Hoffman has the money to buy $175,000,000 worth of wheat is quite another thing. He has spent $175,000,000 for Canadian wheat which the Congress intended him to spend for American wheat. According to the Senator from Oregon he says the British will buy $175,000,000 worth of American wheat just the same. I should like to know, with the British dollar shortage what it is, where they are going to get $175,000,000 to buy American wheat just the same.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. CORDON. If the Senator from Oregon understood correctly, the $175,000,000, if one may say that every dollar is earmarked for a specific purpose, is $175,000,000 not earmarked for wheat. In the total program established to aid Britain there was so much for various food items——

Mr. KEM. That is in the justification.

Mr. CORDON. So much for other types of raw products, including equipment, machinery, and other things of that sort. The $175,000,000 represented that portion of the total amount which would have been dedicated to the so-called chip-and-whetstone purchases which now will be made with free dollars. If the Senator will recall, in the presentation made to the committee it was clearly brought out that the amount of ECA aid furnished to Britain represented a deficit in the amount of purchases Britain must make here, over and above the amount she could make make with her own free dollars.

Mr. KEM. The Senator's appropriations committee screened the amount very carefully and required the Administrator to furnish a justification for each item. He has accounted for every dollar he has. He has no $175,000,000 lying around loose. If he takes $175,000,000 which was intended for a certain purpose, and buys Canadian wheat with it, then he must cut back the purchase of something else. He must cut down on clothes pins from Maine, or butter from Minnesota, or fruit from Oregon. We have given him a fabulous amount of money, and it is all covered by the justification. If he uses it for one thing, he does not have it for another. I do not understand that he is going to cut back other purchases and get $175,000,000 more with which to buy American wheat. If he means that, that is not what he said in his justification or in his press release. His argument has heretofore been, in effect that the $175,000,000 to be used for the purchase of Canadian wheat will come back to the United States, because the Canadians will use it to buy other products in the American market. At the same time, with all due deference to Mr. Hoffman, that may be all right for the beneficiaries of the Canadian trade, but it does not help the American wheat farmer, who sees surpluses piling up, to know that manufacturers and producers of other commodities are going to enjoy a profitable business with Canada.

Mr. CORDON. Mr. President, will the Senator further yield?

Mr. KEM. I yield.

Mr. CORDON. I think the Senator will recall—I am giving the rough, overall figures—that the showing was that the total imports into Britain from this country would amount to more than $2,000,000,000; that all available dollar assets which could be applied to purchase those imports were set against them, and that the difference between those available imports, which we may term free dollars owned by Britain, and the total amount of value of imports, represented the allocation of ECA funds. It is those original free dollars, as I understand the picture, which will be used to purchase in this country the items which are set forth in the justification and which I term "chip and whetstone" items, in lieu of the use of ECA funds, and ECA funds will be applied to purchase not only the same amount of wheat set forth in the justification, but, in addition, the agreement calls for the purchase of $30,000,000 worth.

Mr. KEM. Even admitting that what the Senator says is a correct statement of Mr. Hoffman's position, it seems to me it is entirely illogical from the standpoint of the American wheat producer for this reason: If, instead of buying $175,000,000 worth of wheat he has funds available to buy $350,000,000 worth of wheat, we would much prefer that he should do so.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. YOUNG. In effect, what we are doing is giving Britain $175,000,000 to carry out her bilateral trade agreement against us. We are financing it. That leaves the Canadians in a position to sell their surplus wheat to England in exchange for available dollars England will have as a result of this deal. Canada can keep on increasing their production, while we are required to reduce ours. They will get rid of their surpluses with free dollars, and, in the meantime, if the British buy all the wheat they have agreed to buy from the United States, we will have to loan them more dollars.

Mr. KEM. As I recall the statement of Mr. Hoffman in his correspondence with Secretary Brannan, it was that the British would buy $30,000,000 worth of wheat in the United States. If he has raised the ante to $175,000,000, I had not heard about it.

Mr. CORDON. The statement is that they will buy $175,000,000 worth, plus $30,000,000 worth. I do not believe the Senator from Oregon made himself clear.

Mr. KEM. I am afraid he did not.

Mr. CORDON. If the Senator will yield, I shall endeavor again to explain.

Mr. KEM. I yield.

Mr. CORDON. The situation existing before the agreement was that this year, out of free dollars, the ability to purchase on their own account, it was contemplated that $175,000,000 would be spent for Canadian wheat. That was out of free dollars. At the same time it was contemplated that $175,000,000 of the ECA aid would be spent by Britain for sundry and divers articles in this country.

Had the agreement not been made, the $175,000,000 of British free dollars would have been spent to purchase Canadian wheat, and $175,000,000 of ECA funds would have been used to purchase various items. They relieved both parties of the difficulty incident to clearing each and every minor purchase by taking the $175,000,000 of ECA funds and putting it on wheat, and putting the other purchases in the regular flow of commerce between the two nations.

Mr. KEM. If the idea which Mr. Hoffman intended to convey was that the British would buy in the American market $175,000,00 worth of wheat, why did he say in his letter that they would buy $30,000,000 worth of wheat?

Mr. CORDON. I have not seen his letter. His information to me was that in addition to the purchases of ECA, they would buy $30,000,000 worth additional.

Mr. KEM. I will hand the Senator the letter in a moment.

Mr. CORDON. That was my understanding.

Mr. SCHOEPPEL. Mr. President, will the Senator from Missouri yield?

Mr. KEM. I yield to the Senator from Kansas.

Mr. SCHOEPPEL. I was interested in the remarks made by the junior Senator from Missouri about the cut-back in the acreage of wheat in this country. I am sure the Senator knows that my State of Kansas is one of the large wheat-producing States of the country. I wonder if the Senator knows that the farmers in my State have been cut back from 38 to 70 some percent in their wheat acreage in many cases. I have received numerous letters inquiring about what the effect will be if the ECA is going to allow not only the $175,000,000 purchase which has been referred to by the Senator, but additional purchases of wheat down the line in Canada when we have surpluses in the United States. Many Kansas farmers were thinking in terms of much of this wheat being purchased by ECA funds in the United States of America so long as we have these declared surpluses.

I am very much interested in what the Senator has had to say, and what the reply he receives from the Administrator will be like, because as I view it—and I wish to bring this to the attention of the Senator—the agricultural people in my State naturally feel that purchases of $175,000,000 worth of wheat from Canada will take that much of a potential purchase from this country, and that they are likely to be called upon again to reduce their wheat acreage in an area which is naturally favorable to the raising of wheat. Has the Senator from Missouri any observation to make on that?

Mr. KEM. That is very interesting, and I cannot see how, when the Administrator deprives the wheat growers of Kansas of their proportion of a market that was rightfully theirs under the spirit of the ECA Act, he can justify his action to the wheat growers of the Senator's State.

Mr. SCHOEPPEL. I might say to the distinguished Senator, further, that any number of letters from my State to

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the junior Senator from Kansas have made this inquiry, "Will we be expected to cut back further our acreage, when the Canadian farmers have taken a very small cut, if any?"

Mr. KEM. They have taken none at all. They have increased their acreage 12 percent.

Mr. SCHOEPPEL. I am fully aware of that, but apparently the information has gone out in some of the wheat-producing areas of my States that the Canadian farmer is expected to take a cutback. I ask the Senator if he has any information along that line. My information is to the effect that the Canadian farmers have increased their production of wheat.

Mr. KEM. That is my information. They have increased their acreage, which should in normal course result in a larger production of wheat.

Mr. YOUNG. Mr. President, if the Senator will yield, at my request a staff member of the Committee on Agriculture and Forestry called the Canadian Minister about a week ago, and he informed the staff member that they had no plans in Canada for cutting acreage.

Mr. KEM. My information is that plantings this year will be 12 percent more than last year.

Mr. President, I should like to invite the attention of the able Senator from Oregon to this statement in the letter of Mr. Hoffman to Secretary Brannan dated September 13, 1949. He said:

> As part of the general arrangements under which it is proposed that ECA funds be used to finance part of the United Kingdom purchases of Canadian wheat, the United Kingdom has agreed to purchase directly from the United States some $30,000,000 worth of United States wheat.

If the agreement was that they were to purchase $175,000,000 worth of wheat, as the Senator says, why did Mr. Hoffman in his letter to Secretary Brannan refer to it as $30,000,000 worth?

Mr. CORDON. Mr. President, will the Senator yield?

Mr. KEM. I am glad to yield.

Mr. CORDON. My understanding of it is that that agreement for the purchase of $30,000,000 worth of wheat is an agreement to purchase that amount out of free dollars in England, making it that much more than the purchase which will be made by ECA funds, which are not free dollars in England.

Mr. KEM. Does the Senator want the Senate and the public to understand that out of this deal the American wheat grower will get a market for 175,000,000 bushels of wheat, to be paid for out of ECA funds, plus $30,000,000 worth of wheat to be paid for out of free British dollars?

Mr. CORDON. I want to be perfectly clear about it, and if I am in error, I want publicly to state that I did not understand the two conversations I had, though I still think I did. My understanding is that this arrangement will give to the wheat producers of the United States the same amount of exports to Britain they would have gotten had the agreement not been made, and that they will get in addition $30,000,000 of wheat exports to Britain that will be paid for by British free dollars.

Mr. KEM. Does the Senator understand that Mr. Hoffman made some agreement with the British subsequent to his letter of September 13, 1949, which was attached to the final release?

Mr. CORDON. The Senator has no knowledge of the chronology or the number of agreements. His inquiry went to the result of the agreement, and he cannot be specific as to whether it was in one agreement or seven.

Mr. KEM. I should like to ask the Senator from Oregon whether he has read the official release issued by the ECA Administration under date of September 15, 1949, which appears in the CONGRESSIONAL RECORD of September 21, 1949, at page 13098.

Mr. CORDON. The Senator has not read the official release, but read the statements in the newspapers.

Mr. KEM. I will also ask the Senator whether he has read the letter addressed by Mr. Hoffman to Secretary Brannan under date of September 13, 1949?

Mr. CORDON. He has not.

Mr. KEM. I ask the Senator if he will be good enough to read those documents, and then tell us whether he is still of the opinion that the transaction is as he has stated it.

Mr. CORDON. The Senator will be happy to do that, and also will endeavor to bring the statement here over the signature of the Administrator to answer the specific question.

Mr. KEM. I will ask the clerk to furnish the Senator with a copy of the RECORD of September 21, 1949.

Mr. YOUNG. Mr. President, will the Senator from Missouri yield?

Mr. KEM. I yield to the Senator from North Dakota.

Mr. YOUNG. Regardless of the statement put out by Paul Hoffman, which looks plausible on the face of it but does not make a bit of sense to me, so long as the United States Government finances the export of Canadian surpluses, the Canadians are going to keep increasing their acreages and so long as the farmers in the United States are required to reduce acreages, the American farmer is going to lose and the Canadian farmer stand to gain by the whole process.

Mr. KEM. I do not see how it can possibly be otherwise.

Mr. THYE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. THYE. The statement of the Senator from North Dakota [Mr. YOUNG] furnishes an entirely clear-cut explanation of what the wheat producer in the United States is confronted with and what is now happening in Canada and will continue to happen. The Canadian producer of wheat will increase his acreage planted yearly, and the producer of wheat in the United States will be confronted with a reduction in his acreage. Everyone of us who has had past experience in wheat acreage has already been notified of a great reduction in the number of acres we will be allowed to plant, either as winter wheat in the fall of 1949 or what will be wheat planted in the spring of 1950. We are faced with that situation.

Unless we can change the policy of those administering the ECA purchases and get some common sense into their performances or into their policy, so that they will see to it that American taxpayers' dollars are not used to finance the production of crops in other countries, and then request the producers of wheat or other grain or any other commodities here to reduce their program of production—unless we can change the policy and get some common sense into this program the American taxpayer will pay the bill, our national agricultural economy in the United States will be shrunken, and the producers in other countries of the same commodities which we ourselves shrink in our own country will expand their production, whether it be in the South American countries, in Canada, or some other foreign country.

Mr. President, I am very happy the junior Senator from Missouri [Mr. KEM] is going into this question so thoroughly as he is. I want to say to the able Senator from North Dakota [Mr. YOUNG] that he made a clear-cut statement when he outlined what was happening in Canada and what will naturally happen, as a result, to the producers of wheat in the United States.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. McCARTHY. The Senator has been speaking about wheat. Of course, the rye situation ties in very closely to the wheat situation. I wonder if the Senator is aware that after the Army had placed with the Commodity Credit Corporation a very sizable order for American rye, the Commodity Credit Corporation refused to fill that order. Why I do not know. Ten Senators addressed a letter to Secretary Brannan about 2 months ago, and asked him to explain that situation. For some reason he ignored the letter. It was signed by 10 of the Senators from wheat- and rye-producing States.

Moreover, I wonder if the Senator is aware of this further situation: After the Army occupation forces found they could not purchase rye in this country, in view of the fact that the Commodity Credit Corporation is the purchasing agency for the Army—and the Commodity Credit Corporation says it will not do so even though rye is now down to about 70 percent of parity—the occupation forces were forced originally to purchase 200,000 tons, roughly 8,000,000 bushels, of rye from Poland and the Russian Ukraine. They could not do that directly, of course, so it was done in this fashion: England needed American corn to feed her livestock, our occupation forces needed rye to feed the people in the occupied territories, so, instead of having England purchase the corn from the United States as she normally would, our Army purchased the corn from this country, and purchased rye from the Russian Ukraine and Poland, and traded that for the corn.

When that occurred, 10 Senators signed a letter addressed to Secretary

Brannan and asked him about the Brannan plan for the Russian Ukraine, asking him why he was not purchasing American rye instead of Russian rye, and asked him for a detailed account of that transaction. He has not seen fit yet to answer that letter. I wonder if the Senator from Missouri is aware of that situation?

Because of the failure or refusal of the Commodity Credit Corporation to purchase American rye, the occupation forces have been forced to buy 65,000 tons of rye from Hungary, and another 100,000 tons of rye from the Russian Ukraine, which just about fills the needs of the occupation forces for rye in that area of the world. So, the action of the Commodity Credit Corporation, which, of course, operates directly under Mr. Brannan, has been to give the area behind the iron curtain a market for 365,000 tons of rye plus another 50,000 tons which had been negotiated prior to that, making a total of 415,000 tons, which would be about 16,000,000 bushels of rye, while the American farmer is holding his rye in his bin because the price is so extremely low, which in turn depresses the price of wheat.

I wonder if the Senator is aware of that situation, or if he has any comment to make on it. It seems to me that ties in quite thoroughly with this whole program which is injuring the American farmer. I do not mind so much when it is being done for the benefit of the Canadian farmer, but when it is being done for the benefit of the farmer behind the iron curtain it seems to me to be a very serious matter.

Mr. KEM. I agree that it is carrying the good-neighbor policy very far; perhaps farther than the American rye grower will care to go.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. WHERRY. I do not quite understand the explanation with respect to the free money and the ECA money. My understanding is that the ECA money was appropriated on the basis of the $175,000,00 to be spent for wheat in the the United States. It is my feeling that if Britain intended to use $175,000,000 of free dollars to buy wheat, and then asked for a release from that promise, an attempt should have been made in the committee to justify the purchase of $350,000,000 worth of wheat—I do not mean with ECA funds—but that number of bushels certainly would have been talked about in the justification of the needs of Great Britain and her complete food requirements. I did not get that impression.

While everyone has a right to his own interpretation, and Mr. Hoffman can make his own interpretation, and no doubt has made a very convincing interpretation to the distinguished Senator from Oregon [Mr. CORDON], for whom I have the profoundest respect, yet in my experience on the committee I did not find any allocations set up on that basis. It is my feeling that the justification for the wheat purchases under ECA funds would require $175,000,000.

Now what has happened? Mr. Hoffman has decided to release those funds for other purposes. I do not understand that even he has to spend dollars in Canada. My feeling is he might use the $175,000,000 for other purposes entirely than the purchase of wheat. He is not bound to use it for the purchase of wheat. He can buy wheat on a sterling arrangement with the Canadians if he so desires.

But that is not all. After all, the interpretation which has been made vitally affects those producing wheat and selling wheat, and it certainly affects the acreage question in this country.

I should like to ask this question: Has it not been the interpretation of those who deal in the markets, both the farmers and the elevator owners, that what has occurred has depressed the market? It has been their interpretation that the fact that this wheat is not being purchased in the United States is the one thing that has leveled off the market so that the price of wheat is lower than possibly it might otherwise have been.

Mr. KEM. Mr. President, I think the general idea in the minds of the growers and the dealers in wheat is that at the dollar talks in Washington it was the desire to do something for Britain, and that those who took part in the talks looked around and decided to do something for Britain at the expense of the American wheat grower. He was picked out, or perhaps picked on. The general feeling is that Messrs. Hoffman and Brannan should be just to the American farmer before they are generous with their British friends.

Let me remind the Senator from Nebraska that the table which was introduced in the RECORD at the request of the Senator from Tennessee [Mr. MCKELLAR] which is entitled "ECA Program for Food and Agriculture Products, United Kingdom," and which appears at page 385 of the Appropriations Committee hearings, shows that the ECA program for 1949–50 contemplated that a total of $325,000,000 in food and agricultural products would be exported from the United States to Great Britain, and that these exports would be financed by ECA dollars.

Mr. YOUNG. Mr. President, will the Senator further yield?

Mr. KEM. I yield.

Mr. YOUNG. The able Senator from Wisconsin [Mr. MCCARTHY] made some observations on the rye situation. I should like to comment further on that situation.

Under our Reciprocal Trade Agreements Act the rye tariff was reduced from 15 cents to 7 cents. Even so, under the acts of 1938 and 1948, the Secretary of Agriculture could have reduced imports if he had desired to do so, if they were interfering with the price-support program. He refused to do so. Our wheat farmers in North Dakota could shift to rye very well, because it is one of the surest crops we can raise. By Secretary Brannan's action he has practically forced us out of the rye business entirely. He has caused additional millions of dollars to be spent by the Commodity Credit Corporation in support of rye prices, as rye is far below the support price, bringing only about a dollar a bushel to the farmer. It is almost equal to wheat as a bread food.

Moreover, our imports were a little more than 6,000,000 bushels, and our exports were a little more than 5,000,000 bushels, which is a sorry picture. The farmers of my area are very bitter towards Secretary Brannan as a result of his action, as rye could easily have a price now far above support levels.

Mr. MCCARTHY. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. MCCARTHY. I call this to the attention of the Senator from North Dakota. I should like to have his comment thereon.

Does the Senator recall the day when the Senator from North Dakota [Mr. YOUNG], the senior Senator from Minnesota [Mr. THYE], and I believe the junior Senator from Minnesota [Mr. HUMPHREY], together with the Senator from Wisconsin, called upon Mr. Brannan in regard to this situation? We called his attention to the fact that the price of rye was far below the support figure. We called his attention to the fact that there has been an unusual picture every year. When the farmer attempts to sell his rye around tax time, for some unknown reason there is an artificial depression of the rye market. That continues until the speculator has the rye, and then rye prices always rise.

I called the Secretary's attention to the fact that there were 6,000 rye farmers in the State of Wisconsin. According to the figures of the Department, of the 6,000 rye farmers only 1 or 2 were under the support program. At that time we were talking about the terrible beating our farmers were taking because of the unusual activities on the part of the Commodity Credit Corporation. At that time the Secretary made the statement—he may have been joking, and I should like to think he was, but, as the picture has developed, I begin to doubt seriously that he was—that "This will teach your farmers to come under our support program next year."

Mr. YOUNG. I remember the statement, and I think it was a very inappropriate statement for the Secretary of Agriculture to make. He indicated a philosophy of holding down prices. The farmers, in order to get any kind of price at all, would have to take a loan under the program, and have little or no chance of ever being able to sell on the cash market at a price above support levels.

Mr. MCCARTHY. I wonder if the Senator will agree with me that the statement which the Secretary had the nerve to make before four Senators from farming States, that "This will teach your farmers to come under our support program next year" indicated that he was not interested in the farmer, but in his program. He was interested in increasing his control and bureaucratic power. If he were really concerned about the farmer, he would not have been gloating because the market would give him more power next year. He would be worried about trying to help the farmer.

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Mr. YOUNG. It indicates the philosophy of the Secretary of Agriculture. Apparently he does not aim to use the price-support program at support levels, but he aims to use it as a maximum price-fixing program. There is a general feeling among our farmers that the Secretary's action in many price-support fields indicates that he is purposely trying to wreck our entire present program so that someday he can get his Brannan plan, or dole plan.

Mr. KEM. I ask the Senator from North Dakota if he does not feel that a very critical situation may develop when the period of the loans runs out, if the price of wheat is not above the loan price, and the wheat is taken over by the Government. Will not the problem of dealing with that surplus be extremely difficult?

Mr. YOUNG. Perhaps next year when the Commodity Credit Corporation must come back to Congress for additional funds there will be criticism from columnists, radio commentators, and from editors of newspapers all over the United States. I think much of it could be avoided if we would take care of our own farmers first, rather than the farmers of other nations.

Mr. KEM. I should like to ask the Senator if in his opinion $175,000,000 expended at this juncture to buy American wheat for export to Great Britain would not help our market situation very much? I assume Mr. Hoffman's financial problem is the same as that of anyone else. If he spends his money in one way he does not have money to spend in another way.

Mr. YOUNG. Is the Senator asking if it would help the American farmer?

Mr. KEM. Yes.

Mr. YOUNG. In my opinion, if the $175,000,000 worth of purchases were made in the United States, the price of wheat would be above support levels, and the Commodity Credit Corporation would not have to spend a dollar in support of wheat prices.

Mr. THYE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. THYE. Would it not have been true also a year ago, in August 1948, that if the ECA purchases had been made in the United States, rather than in the Canadian wheat market, we might never have found the wheat market slipping and sliding below the parity price at that time? In other words, the fact that purchases were made offshore, or away from the United States, depressed the wheat market to the point where the producer was looking for an opportunity to store his wheat and take the commodity loan rather than sell it on the open cash market as of that date. The storage problem in the United States was aggravated. The situation lent itself to the political argument which was made day after day, that there were no storage facilities available to the producer in which to store his wheat; that their hands were tied, and that they could not in any sense assist the producer by furnishing him storage facilities.

The very action of buying wheat in another country and leaving surplus wheat lying in the United States lends itself to a political argument. In the event that wheat is bought elsewhere and our huge surplus of wheat is left to fill up the temporary storage facilities now being constructed, if we continue to fill our terminals, of course it will have a depressing effect upon our wheat markets. We cannot have three or four hundred million bushels of wheat as a surplus above any conceivable domestic consumption without breaking the market. It will have its effect upon the wheat market of another year, if we carry the surplus over into the calendar year 1950.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. YOUNG. Along the same line as the observations of the able Senator from Minnesota, from July 1, 1949, up until the time the $175,000,000 wheat deal was made with Canada, purchases by the Commodity Credit Corporation for ECA in the grain markets were practically nil. As soon as this agreement was made the Commodity Credit Corporation started buying, and, of course, through its rather heavy purchases, raised the price of wheat. It appears this was done to keep the market from breaking as a result of the Canadian wheat deal. As a result the price of wheat has gone up 4 or 5 cents a bushel. It proves that the Commodity Credit Corporation practically controls the price of wheat. If for some political reason it wishes the price to go up, it can make purchases. If it wishes it to go down, it can hold off making purchases for several months, which I believe it has done at times.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. CORDON. The Senator from Oregon would like to say that there is no Member of this body who would object more strenuously than the Senator from Oregon to a violation by ECA of the direct and unequivocal provisions of the ECA Act. If $175,000,000 is found to have been diverted to the purchase of wheat outside the United States, at a time when even the Secretary of Agriculture admits that there was a wheat surplus in the United States, that is the worst type of malfeasance in office, in the opinion of the Senator from Oregon, and certainly requires condemnation from everyone. The Senator said his understanding is that that is not the case. I wish to assure the Senator from Missouri that the Senator from Oregon is now going to come back with the thing in writing, over the signature of the ECA Administrator.

Mr. KEM. I thank the Senator from Oregon for his fine, forthright statement.

Mr. ECTON. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. ECTON. With the permission of the Senator from Missouri, I should like to ask the Senator from Oregon a question.

Mr. KEM. Certainly.

Mr. ECTON. Are we to understand from what the distinguished Senator from Oregon has told us that $175,000,000 worth of wheat would have been purchased from Canada, even if Mr. Hoffman had not authorized it?

Mr. CORDON. Yes; it would have been purchased from Canada by Britain with free American dollars owned by Britain; that is right.

Mr. ECTON. In other words, $175,000,000 worth of wheat would have been purchased from Canada, regardless of whether there was an ECA. Is that correct?

Mr. CORDON. Well, regardless of whether there was this intervening agreement.

Mr. ECTON. Yes.

Mr. CORDON. I cannot state what would have happened if there had not been ECA aid in the first place. That would be in the realm of speculation.

Mr. ECTON. Mr. President, if the Senator from Missouri will yield further, I should like to have a further comment from the Senator from Oregon.

Mr. KEM. I yield.

Mr. ECTON. Is there any possibility that Mr. Hoffman granted that permission because he probably would be able, under the currency exchange, to purchase more bushels of wheat from Canada for the same amount of money—$175,000,000—than he could purchase in this country?

Mr. CORDON. If the statements made to me are as I understand them, that factor had no bearing whatever because of the fact that the full amount of purchases will be made in the United States anyway.

Mr. ECTON. So the exchange rate had nothing to do with the transaction. Is that the Senator's understanding of the matter?

Mr. CORDON. Yes; that is my understanding.

Mr. ECTON. I thank the Senator.

Mr. YOUNG. Mr. President, will the Senator yield for a further question?

Mr. KEM. I yield.

Mr. YOUNG. Here is the way I analyze the situation: The $175,000,000 allowed the British to make good the bilateral-trade agreement to purchase wheat in Canada at $2 a bushel. That left the British free to use their free dollars to buy surplus wheat in Canada, and that puts the Canadian Government in a good position, for apparently they will have no surplus of wheat and will need no wheat acreage-reduction program. In fact, they plan to increase their production of wheat, whereas here in the United States we have a surplus of wheat on hand, and the United States wheat farmers have to reduce their wheat acreage; and, in addition, there is a cost of several hundred millions of dollars to the United States Government to carry out the price-support program.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. KEM. I yield.

Mr. WHERRY. Is it not also true that the United States support of the price of wheat at the support price permits the Canadians to get a higher price than they would have gotten if the situation

had been reversed? Is not that an advantage to the Canadians, in addition to the advantage they have because of the purchase of wheat in Canada?

Mr. KEM. Of course.

Mr. BUTLER. Mr. President, will the Senator yield to me?

Mr. KEM. I yield.

Mr. BUTLER. I was going to ask if it is the view of the Senator that the ECA money was supposed to have been spent for American supplies?

Mr. KEM. Absolutely. That is very clearly the spirit of the ECA Act.

Mr. BUTLER. That was clearly my opinion of it. As a result, a few days ago I submitted a resolution, signed by myself and several other of my colleagues, declaring that it was the intent of the Senate to have that done. That resolution was referred to the Committee on Foreign Relations, and perhaps will rest there quietly until the end of the session, whereas it should have been referred to the Committee on Agriculture.

I also ask the Senator if he has noticed the effect that the devaluation of the pound has had on the wheat market in the two countries, Canada and the United States?

Mr. KEM. No; I have not. But I think it would be interesting to have that point brought out. I hope the Senator from Nebraska will do so.

Mr. BUTLER. Grains are selling at prices from 5 to 10 cents a bushel higher in Canada, whereas just across the line, in Montana and Minnesota, and in adjoining States, there has been a price decline. So we are suffering a penalty both going and coming.

Mr. WHERRY. Mr. President, in regard to the resolution which has been mentioned, let me say that I happen to be one of the conferees on the ECA bill. The suggestion was made that we should take up that matter with the conferees and should have the renewal of the ECA Act state clearly what was stated in the original act in that connection. Of course, I should like to have the objective of the resolution of the senior Senator from Nebraska carried out. However, it should be pointed out that Congress indelibly wrote into the act itself that in the event there was surplus agricultural production in the United States, the ECA was to buy such surplus commodities in the United States. How could that instruction be made any clearer? Could it be done?

Mr. KEM. I do not think so. I think the language is reasonably plain. The intention of Congress was clear. It is unfortunate that certain weasel words found their way into the authorization act, and of course they have been relied upon by the lawyers, in this instance.

Mr. WHERRY. So it simply comes down to the point that the law is just as good as the administration of it is; and no matter how strongly the Congress may assert its intention and its purpose, if the ECA wishes to ignore the will of Congress, it will find loopholes to permit that to be done.

Mr. KEM. I think it is incumbent upon Congress to see to it that all such loopholes are closed at the first opportunity.

Mr. President, I wish to express the hope that Mr. Hoffman will make available to the Senate and to the public generally a more complete, a more understandable and, I may say, a more satisfactory explanation of this transaction than has so far been given.

I yield the floor.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 2042) to authorize the Secretary of the Interior to complete construction of the irrigation facilities and to contract with the water users on the Buffalo Rapids project, Montana, increasing the reimbursable construction cost obligation, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2944) to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide survivorship benefits for widows or widowers of persons retiring under such act.

The message further announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 4029. An act to authorize the Secretary of the Interior to procure for the Everglades National Park with available funds, including those made available by the State of Florida, the remaining lands and interest in lands within the boundary agreed upon between the State of Florida and the Secretary of the Interior, within and a part of that authorized by the act of May 30, 1934 (48 Stat. 816), and within which the State has already donated its lands, and for other purposes; and

H. R. 5764. An act to authorize the granting to the city of Los Angeles, Calif., of rights-of-way on, over, under, through, and across certain public lands.

The message also announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 165. An act to authorize the American River Basin development, California, for irrigation and reclamation, and for other purposes;

H. R. 1950. An act for the relief of certain consultants formerly employed by the Technical Industrial Intelligence Committee of the Foreign Economic Administration, and for other purposes; and

H. R. 5134. An act to promote development in cooperation with the State of Colorado of the fish, wildlife, and recreational aspects of the Colorado-Big Thompson Federal reclamation project.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 524. An act to provide for the release of all the right, title, and interest of the United States in a certain portion of a tract of land conditionally granted by it to the county of Los Angeles;

H. R. 540. An act to provide terminal leave pay for certain officers of the Navy and Marine Corps, and for other purposes;

H. R. 554. An act to provide for the construction, extension, and improvement of school buildings in Hoopa, Calif.;

H. R. 584. An act for the relief of Mike Clipper;

H. R. 588. An act for the relief of Col. David R. Wolverton, United States Army, retired;

H. R. 683. An act for the relief of Louise Peters Lewis;

H. R. 695. An act for the relief of Mrs. Mary A. Bailey;

H. R. 734. An act for the relief of Curtis R. Enos;

H. R. 1019. An act for the relief of George M. Ford;

H. R. 1020. An act for the relief of the legal guardian of Moody L. Smitherman, Jr., a minor, and Moody L. Smitherman;

H. R. 1033. An act for the relief of Mrs. Ethel Barrington MacDonald;

H. R. 1097. An act for the relief of Edgar Barbre;

H. R. 1447. An act for the relief of Ethel Roth;

H. R. 1484. An act for the relief of Mrs. Mary Capodanno and the legal guardian of Vincent Capodanno;

H. R. 1620. An act for the relief of Robert E. Bridge and Leslie E. Ensign;

H. R. 1666. An act for the relief of Maurice J. Symms;

H. R. 1672. An act for the relief of Jack Phillips;

H. R. 1694. An act to provide for the return of rehabilitation and betterment costs of Federal reclamation projects;

H. R. 1746. An act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes;

H. R. 1794. An act for the relief of Cohen, Goldman & Co., Inc.;

H. R. 1800. An act for the relief of Howard E. Giroux;

H. R. 2015. An act to authorize the Secretary of Agriculture to convey and exchange certain lands and improvements in Grand Rapids, Minn., for lands in the State of Minnesota, and for other purposes;

H. R. 2075. An act for the relief of Frank G. Moore;

H. R. 2418. An act to promote effectual planning, development, maintenance, and coordination of wildlife, fish, and game conservation and rehabilitation in the Eglin Field Reservation;

H. R. 2437. An act to amend the act entitled "An act to fix and regulate the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia, and for other purposes," approved July 7, 1947;

H. R. 2457. An act for the relief of Helen Morgen;

H. R. 2538. An act to authorize completion of the land development and settlement of the Angostura unit of the Missouri Basin project, notwithstanding a limitation of time;

H. R. 2619. An act to extend the benefits of the annual and sick-leave laws to part-time employees on regular tours of duty and to validate payments heretofore made for leave on account of services of such employees;

H. R. 2678. An act to amend section 5 of the act approved July 10, 1890, as amended, relating to the admission into the Union of the State of Wyoming, so as to permit the leasing of school lands within such State for mineral purposes for terms in excess of 10 years;

H. R. 2876. An act to effect an exchange of certain lands in the State of North Carolina between the United States and the Eastern Band of Cherokee Indians, and for other purposes;

H. R. 2921. An act for the relief of Nicholas C. Kalcoutsakis;

H. R. 2928. An act for the relief of Dr. Leon L. Konchegul;

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H. R. 2944. An act to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide survivorship benefits for widows or widowers of persons retiring under such act;

H. R. 3252. An act to confer jurisdiction upon the United States Court of Claims to hear, determine, and render judgment upon the claim of Mrs. Zelma Inez Cheek;

H. R. 3405. An act for the relief of Vivian Newell Price;

H. R. 3413. An act for the relief of Alfred Baumgarts;

H. R. 3420. An act to authorize the exchange of wildlife refuge lands within the State of Washington;

H. R. 3499. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Mabel Colliver;

H. R. 3534. An act for the relief of Eleanor P. Simmonds, as administratrix of the estate of Norman B. Simmonds, deceased;

H. R. 3618. An act for the relief of the legal guardian of Marcia Moss Carroll, a minor, and Charles P. Carroll;

H. R. 3810. An act for the relief of Cecil E. Gordon;

H. R. 3863. An act for the relief of Carl C. Ballard;

H. R. 3864. An act to convey certain lands taken from W. W. Stewart by the United States;

H. R. 3926. An act to rename a game sanctuary in the Harney National Forest as the "Norbeck Wildlife Preserve," and for other purposes;

H. R. 4050. An act to authorize advances of pay to personnel of the armed services upon permanent change of station, and for other purposes;

H. R. 4165. An act for the relief of Katherine H. Clagett;

H. R. 4186. An act for the relief of Jan Liga;

H. R. 4306. An act for the relief of Zora B. Vulich;

H. R. 4556. An act for the relief of the estate of Elmo Sodergren;

H. R. 4563. An act for the relief of Mrs. Sarah E. Thompson;

H. R. 4564. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Eunice Hayes, Kathryn Hayes, and Florence Hayes Gaines;

H. R. 4585. An act to authorize the purchase of additional farming land for Leavenworth Penitentiary;

H. R. 4767. An act to clarify the active-duty status of certain officers of the Army of the United States and the Air Force of the United States, and for other purposes;

H. R. 4777. An act for the relief of J. D. Lecky;

H. R. 4792. An act for the relief of Harry Fuchs;

H. R. 4829. An act to authorize the President to appoint Paul A. Smith as representative of the United States to the Council of the International Civil Aviation Organization without affecting his status and perquisites as a commissioned officer of the Coast and Geodetic Survey;

H. R. 4875. An act to amend title 28 of the United States Code relating to travel-expense allowances for Government employee witnesses;

H. R. 4889. An act for the relief of Mrs. Jack J. O'Connell;

H. R. 4943. An act to amend the act providing for the admission of the State of Idaho into the Union by increasing the period for which leases may be made of public lands granted to the State by such act for educational purposes;

H. R. 4986. An act to amend an act entitled "An act to provide for the adjustment of irrigation charges on the Flathead Indian irrigation project, Montana, and for other purposes," approved May 25, 1948;

H. R. 5007. An act to provide pay, allowances, and physical disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the reserve components thereof, the National Guard, and the Air National Guard, and for other purposes;

H. R. 5299. An act for the relief of Mrs. Giovanna Follo Discepolo;

H. R. 5342. An act to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment to the Boy Scouts of America for use at the Second National Jamboree of the Boy Scouts;

H. R. 5953. An act for the relief of Max Schlederer;

H. R. 5375. An act for the relief of Mrs. Hilda De Silva;

H. R. 5465. An act to amend section 4 (e) of the Civil Service Retirement Act of May 29, 1930, as amended;

H. R. 5539. An act for the relief of Mrs. Claudia Weitlanner;

H. R. 5582. An act for the relief of the Belle Isle Cab Co., Inc.;

H. R. 5598. An act to increase compensation for World War I presumptive service-connected cases, provide minimum ratings for service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and redefine the terms "line of duty" and "willful misconduct";

H. R. 5773. An act to authorize the carrying out of the provisions of article 7 of the treaty of February 3, 1944, between the United States and Mexico, regarding the joint development of hydroelectric power at Falcon Dam, on the Rio Grande, and for other purposes;

H. R. 5777. An act for the relief of Joe D. Dutton;

H. R. 5851. An act for the relief of Mrs. Toshiko Keyser;

H. R. 5895. An act to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations;

H. R. 6006. An act for the relief of Anthony Charles Bartley; and

H. R. 6022. An act to increase the rates of compensation of certain employees of the Department of Medicine and Surgery of the Veterans' Administration, and for other purposes.

INCREASE OF COMPENSATION OF CERTAIN EXECUTIVE OFFICERS

The Senate resumed the consideration of the bill (H. R. 1689) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies.

Mr. WHERRY. Mr. President, it is the understanding that we are about to take up the McClellan amendment. Therefore, I now suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Ecton	Hill
Bricker	Ellender	Hoey
Bridges	Ferguson	Holland
Butler	Flanders	Humphrey
Byrd	Frear	Ives
Chapman	Fulbright	Johnson, Colo.
Chavez	George	Johnson, Tex.
Connally	Gillette	Johnston, S. C.
Cordon	Green	Kem
Donnell	Gurney	Kerr
Douglas	Hayden	Kilgore
Downey	Hendrickson	Knowland
Eastland	Hickenlooper	Langer
Leahy	Morse	Sparkman
Long	Mundt	Stennis
Lucas	Murray	Taft
McCarthy	Neely	Taylor
McClellan	O'Conor	Thomas, Okla.
McFarland	O'Mahoney	Thomas, Utah
McKellar	Pepper	Thye
McMahon	Reed	Tobey
Magnuson	Robertson	Watkins
Malone	Russell	Wherry
Maybank	Saltonstall	Williams
Miller	Schoeppel	Withers
Millikin	Smith, Maine	Young

The PRESIDENT pro tempore. A quorum is present.

Mr. McCLELLAN. Mr. President, I call up an amendment which I have on the table and ask that it be stated.

The PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. On page 6, after line 15 of the substitute amendment for the committee amendment, it is proposed to insert a new section, as follows:

That, in addition to the budget required to be transmitted to Congress by the President under section 201 of the Budget and Accounting Act, 1921, as amended, the President shall transmit to Congress on the first day of the second regular session of the Eighty-first Congress a balanced budget for the fiscal year ending June 30, 1951, which shall set forth in summary and in detail (1) estimates of the receipts of the Government during such fiscal year under laws existing at the time such budget is transmitted, and (2) estimates of expenditures, not in excess of such receipts, for the support of the Government for such fiscal year under laws so existing.

Mr. McCLELLAN. Mr. President, this amendment is identical with Senate Joint Resolution 131 which I introduced on the 23d day of September. I may say that other Senators have joined with me as cosponsors in offering the amendment. They are the junior Senator from Michigan [Mr. FERGUSON], the senior Senator from Virginia [Mr. BYRD], both Senators from Mississippi, and possibly other Senators. But those of us who are interested in this amendment and who sponsor and offer it as an amendment to the bill, feel that the fiscal situation of the Government is such that, although it may be unpleasant, yet it is the duty of the Congress to begin giving it serious consideration, and not only to think about it, but to try to do something about it.

Mr. President, I shall not take much time to discuss this. It is quite simple and easily understood. We have had economy discussions during this session of the Congress on other measures and on other amendments to various bills, and we all know what the facts are. I say, however, that since the general economy resolution—Senate Joint Resolution 108—was introduced throughout the consideration of it and discussion of it from time to time, the situation with respect to a deficit in our finances has not improved. It has definitely become more aggravated. In other words, the best estimates at this time are that we shall have at least a $5,000,000,000 deficit this fiscal year. That is the most conservative figure that is generally mentioned. There are those who anticipate a much larger deficit during this fiscal year. Some very competent observers foresee a deficit of six to eight billion dollars.

At the time the joint resolution—Senate Joint Resolution 108—was first presented it was anticipated that the deficit would be in the neighborhood of $3,000,000,000. It is now quite apparent that the deficit will greatly exceed that amount, with no prospect—and I say this without fear of successful contradiction by anyone—with no immediate prospect in sight that the situation will improve to any extent whatsoever during the following fiscal year. Therefore we are simply driving in the direction of a tremendously increased public debt and setting a standard of living for the Government which our revenues, under present tax laws, will not support. I do not believe that even an increase in the rate of taxation will be adequate to meet the operating costs of government during the next fiscal year on the basis of present spending.

So, Mr. President, I have conscientiously felt, and I believe many other Members of this body agree with me, that the whole responsibility for the fiscal affairs of the Government does not rest alone upon the Congress. I think the President must share and must accept some of the responsibility, though I concede the Congress does have the final responsibility. But we try to work cooperatively with the President and with the executive branch of the Government, and therefore we have enacted laws to require the President of the United States annually to submit to the Congress a budget of expenditures and of anticipated receipts as a guide to the Congress and as information to the Congress in order to enable it to make proper and adequate appropriations, and also to know how much money will be available for expenditure to meet the operating expenses of government.

This amendment simply provides that the President shall submit a budget in which he writes out the nature of the expenditures and sets out in one column, for instance, an expenditure for forestry for the Department of Agriculture or for some other item, and then in the next column indicates the amount which he recommends should be appropriated for that purpose. To carry out this amendment it would be necessary only to add another column to the budget. When the President sends in his regular budget, with the recommendations as to expenditures, the purpose of the amendment is to have him submit along with the budget he recommends a balanced budget, as he would balance it if the Congress were unwilling to authorize deficit spending. That is all it means. It would simply mean another column in the regular annual budget and if in order to balance the budget he would not make a particular expenditure, he would omit it from that column, and if he would make it, he would insert the figure in both columns.

Therefore when the budget comes to the Congress, we will have not only what we now have—that would not be interfered with at all; we will have the same character of budget we have now—but we will also have another column, in which certain expenditures will be omitted in order to show how we can balance the budget if the Congress does not want to indulge in deficit spending.

Mr. President, what would be furnished would be a source of information to the Congress. It would be counsel from the source from which we get advice all the time with reference to expenditures. It would be counsel and information from that agency of the Government which the Congress has created to do this very job. I have maintained all along that the Bureau of the Budget is competent and should be able to indicate to the Congress those expenditures which are least essential and those which are most essential, or indispensable. Therefore it would be a guide to the Congress and to the Appropriations Committees in trying at least to hold down expenditures. It would not be binding upon the Congress any more than the existing budget is binding, but it would serve as a guide, it would serve as an indication, it would be an expression of the judgment of the Bureau of the Budget as to where cuts could best be made and interfere least in essential governmental services.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. JOHNSTON of South Carolina. Speaking of reports such as that suggested by the Senator in his amendment, a great many States of the Union do have a similar practice. In case the appropriations amount to more than the revenues, the governors of the States have a right to include and designate some expected revenue which they hope the legislatures will provide for. Why does not the Senator put such a provision as that in the amendment, and put some responsibility on the House and the Senate to raise revenue to balance the budget? That is the only objection I see to the amendment.

Mr. McCLELLAN. Of course, the President sends in messages repeatedly with reference to tax legislation, and there is no occasion to have the recommendations put in the budget. He might desire to revise them at any time.

I merely wish to have Congress get the advantage of the thinking of the administration, of the Budget Bureau itself, when it prepares the budget, as to what items in the budget are the least necessary, and can be dispensed with if the Congress is to make cuts.

Mr. JOHNSTON of South Carolina. I am not talking against the Senator's amendment at this particular time; I am merely asking for information, as to whether what I have suggested should not also be included.

Mr. McCLELLAN. There is nothing to keep the President from recommending an increase in taxes at any time.

Mr. FERGUSON. Mr. President, is there not impliedly included in such a provision what Congress should do in raising the revenue?

Mr. McCLELLAN. Certainly.

Mr. JOHNSTON of South Carolina. The amendment refers to the existing law, and that implies that if the President merely carried out what is suggested by the Senator, he would not suggest an increase in taxes.

Mr. McCLELLAN. The amendment also requires an estimate of the receipts.

Mr. JOHNSTON of South Carolina. Under existing law.

Mr. McCLELLAN. Yes; under whatever laws exist at the time.

Mr. LONG. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield to the Senator from Louisiana.

Mr. LONG. I have discussed this matter with the Senator from Arkansas, and there is much logic in what he has to say. We have not had a chance to fully study the amendment. It is not completely relevant to the bill, and if it looked as though it would kill the bill, I would not agree to it, but I believe it might be a suggestion that would be of benefit, and I am willing to take the amendment to conference.

Mr. McCLELLAN. I am glad the Senator agrees to take it to conference. I am sincere about the amendment, and I hope that in conference the Senator will give it the same serious consideration with which I plead for the amendment now. I shall expect the Senate conferees to retain this provision in the bill.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am glad to to yield to the majority leader.

Mr. LUCAS. As I understand, under the amendment, in addition to the budget transmitted under section 201 of the Budget and Accounting Act, as amended, the President, would transmit to Congress a balanced budget for the fiscal year ending June 30, 1951.

Mr. McCLELLAN. That is correct; it does not go beyond that date.

Mr. LUCAS. What would be the Senator's position in the event that the Congress of the United States should oversubscribe the budget by half a billion dollars, we will say? In other words, the President submits a budget in line with what the President thinks is correct, but the Congress oversubscribes it half a billion or a billion dollars. That is not unusual in the Congress, as the Senator knows. What position would the Senator take about our attempting to act on that half-billion- or billion-dollar oversubscription by the Congress?

Mr. McCLELLAN. Mr. President, if I understand the question of the able majority leader, I may say that the Congress may well appropriate more than the balanced budget figure. I anticipate we probably may have to do so for the next 2 or 3 years. But this amendment would merely enable us to make all the cuts we possibly could make, with the advice and counsel of the Bureau of the Budget as to where cuts could be made and interfere the least with the essential United States Government services.

Mr. LUCAS. That does not quite answer my question. We will assume the President of the United States sends to Congress a balanced budget for the year ending June 30, 1951, under the present law. Congress does not pay any attention to what the President says with respect to a balanced budget, but proceeds, after hearings before committees on various and sundry bills, to bring in, not

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a balanced budget, but a budget unbalanced to the extent of three-quarters of a billion dollars. What would the Senator from Arkansas recommend with respect to raising that three-quarters of a billion dollars in order to keep the budget balanced, as the Senator from Arkansas wants done, and as everybody else wants done?

Mr. McCLELLAN. If we can ever get the deficit down, and the expenditures of the Government down, to such a point that I can foresee that by increasing taxes we will be able to balance the budget, I shall be ready to increase taxes, but I am unwilling to continue to increase taxes, and keep pyramiding taxes upon taxes, until we take at least a part of the other necessary step, namely, to cut expenditures, because if expenditures keep rising above any taxes we can raise, there is no hope ever of a balanced budget. If I can see that by raising taxes and holding down expenditures we can balance the budget, I shall be ready to raise taxes.

Mr. LUCAS. If I understand the Senator correctly, under that set of facts he would be willing to support a tax bill which would take care of any increase the Congress of the United States thought was necessary over and above the balanced budget that was sent to the Congress by the President of the United States.

Mr. McCLELLAN. I cannot make a committal without reservations, but I will say to the Senator that I would be concerned about it to the extent that I would be willing to see taxes raised in an effort to meet the situation. I cannot say how much of a raise there would be, or where the particular increase in taxes should be applied, but I am sincere about this. I do not believe we can ever balance the budget again except by two means. We have to work from both ends of the line. We are ultimately going to have to increase taxes, that seems inevitable; but we must work from the other end, too, and bring expenditures down and endeavor to make the two things meet. Otherwise we will never be able to raise taxes sufficiently to overtake the continuing and ever-increasing high costs of Government.

Mr. LUCAS. Mr. President, I do not altogether disagree with the able Senator from Arkansas, but the question raised by the Senator from South Carolina [Mr. JOHNSTON] is an important one, in view of the wording of the amendment. For a long time I have watched Congress at work, as has the Senator from Arkansas, and when pressure is exerted on Congress, whether it be for a postal pay increase bill, or a military pay increase bill, or a civil-functions bill, or some other bill in which Members of Congress are vitally interested, they do not have any hesitancy in voting additional appropriations, regardless of what the budget may be. It seems to me that if the Senator is sincere—and of course I know he is sincere in what he is attempting to do here—it would be absolutely consistent with his position to see to it that Congress never appropriated a dime more than the balanced budget submitted by the President of the United States. If Congress did appropriate more than the balanced budget submitted by the President, the Senator would be in a position to say, "All right, if Congress appropriates more than the balanced budget I am willing to do anything that is necessary in the way of increasing taxes to take care of the additional amount the Congress has appropriated."

Mr. McCLELLAN. Mr. President, I think there is merit in what the able Senator from Illinois has said. I think I have stated my position clearly. There are limits to raising taxes beyond which we should not go. It is not merely a matter of the tax rates; it is a matter of revenues that will be produced. If increased revenues would not be produced by imposition of a higher tax rate, it would be inadvisable to impose a higher tax rate. I wish to point that out clearly. But so long as taxes can be raised to produce increased revenues to meet the necessary cost of government, and while the Government is operating as economically as it can operate to carry on the essential services, I believe we ought to raise taxes to meet any additional cost, and not continue to operate at a deficit.

Mr. MILLIKIN. Mr. President, will the Senator yield

Mr. McCLELLAN. I yield.

Mr. MILLIKIN. It is conceivable, is it not, that the raising of taxes might be a fatal thing to the economy of the country, under some circumstances?

Mr. McCLELLAN. That is what I have said. That is something which must be taken into account when the question is considered.

Mr. MILLIKIN. When the economy of the country is in a certain condition, particularly if the country is in a state of recession, an increase in taxes might very well plunge us from a recession into a real depression, might it not?

Mr. McCLELLAN. I think there is that possibility. There may be a strong probability of it. I believe the matter of raising taxes has to be considered under the economic conditions which exist at the time. If such taxes as are now imposed were imposed in a period of depression, such as we had along in the 1930's, it might aggravate the depression and paralyze our economy.

Those are circumstances which must be considered from year to year as we deal with the fiscal affairs of our Government both in making expenditures and also in raising revenues.

Mr. MILLIKIN. Mr. President, I think the distinguished Senator made a very wise observation a while ago to the effect that taxes, if I understood the Senator correctly, have a direct relationship to the state of our economy. What we want is a healthy economy which can produce the revenue we need, and when we impose taxes under such circumstances as to destroy a healthy economy we are multiplying our difficulties at both ends of the problem.

Mr. McCLELLAN. That is the point I made; that an increase in rates does not necessarily produce additional revenue.

Mr. MILLIKIN. Mr. President, will the Senator further yield?

Mr. McCLELLAN. I yield.

Mr. MILLIKIN. An increase in the tax rate may produce the same result here as has been produced in Great Britain, where the Government has destroyed the source of capital, where there is not enough venture capital to supply the machines to increase the production of the workers so as to compete in the markets of the world.

Mr. McCLELLAN. Mr. President, I am sure many of us feel deep concern about the trend of our Government, and I think we all feel a pretty strong sense of individual responsibility about it. We may have different views about some particular measures, of course. That is only natural. But I do believe that it is imperative—and I say that advisedly—I say the situation makes it imperative that the Congress and the President give their best in statesmanship to deal effectively with this problem.

Mr. MILLIKIN. I agree entirely with the Senator.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am glad to yield.

Mr. LUCAS. In view of what the able Senator has said with respect to certain conditions existing in the country at a time, which would make it dangerous to raise taxes—and I subscribe to that theory—I ask the Senator if it is not true that the same conditions may exist, which would make it almost impossible for the President to send to the Congress at the end of each fiscal year a balanced budget.

Mr. McCLELLAN. I agree with the Senator, and I point out to the Senator that my proposal is an experiment. The amendment provides that this be done for only 1 year. Let us try it. Let us see if it will be helpful to us. Let us see if by having a budget submitted to Congress in that manner it will help the Congress, and help to inform the Congress as to how to economize, so far as possible.

Mr. LUCAS. The able Senator from Arkansas is proceeding on the theory that a certain situation will exist at a particular time. I am glad the Senator from Colorado raised the question he did, because it fits hand in glove with the situation involved in the Senator's amendment, as I see it, because if the Senator's amendment should become law, no one will be able to know in advance what the conditions in the country may be when the President sends up a so-called balanced budget.

Mr. McCLELLAN. Mr. President, I will say to the Senator that, of course, if the country should meet with a catastrophe before that time, and it would be impossible to submit a balanced budget, or if we were near to such a situation it is time to do something about it. It would then be more necessary to do something about it than even I have emphasized this afternoon.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. MILLIKIN. If the cold war warms up it might become impossible to balance the budget. But as I understand the Senator's amendment, it would show where the cutting would have to

be made, if it was thought possible to make a cut.

Mr. McCLELLAN. Exactly.

Mr. MILLIKIN. There would be no mandate on Congress to do it. Is that not correct?

Mr. McCLELLAN. That is correct. And it would not impede or hinder the President in any way in submitting the budget which he conscientiously feels ought to govern the Congress in making appropriations.

Mr. MILLIKIN. When the Congress looks at the budget, if it would be apparent that in order to balance the budget it would be necessary to cut the guts out of the military program, that would be the question in our decision at that time, would it not?

Mr. McCLELLAN. Yes.

Mr. President, we have got to do something about this excess spending, and this amendment is one way to begin doing something about it.

Mr. LONG. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. LONG. It might also mean that Congress could do it in some other way. It might be that the President would think that the arms-implementation program was more important than the public-works program of the United States, and it might be that Congress would want to look at the situation to see whether it thought the public-works program was more important than the arms-implementation program. The President should indicate perhaps where the cut could best be made.

Mr. McCLELLAN. Let us consider the present fiscal year, for example. It is perfectly obvious that expenditures are going to exceed revenues. I am not trying to absolve the Appropriations Committee or the Congress from any responsibility they have. But, after all, it is the President who recommends and requests the Congress to appropriate money for the executive department to spend. Therefore, I do not think it imposes any undue burden upon the President or upon the Bureau of the Budget, to make such recommendations, nor do I believe it places undeserved responsibility upon the President to have him indicate to the Congress where, if we are going to make cuts, it would be advisable and less hurtful to make them.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. FERGUSON. Does not the Senator feel that this is merely an attempt by Congress to obtain the expert advice of the President and the Budget Director?

Mr. McCLELLAN. That is exactly right. That would be the result.

Mr. FERGUSON. The amendment proposes that the President give his expert opinion as to where cuts could be made, if revenues do not equal expenditures. Congress may disagree with the President's opinion. Congress may say that it believes a cut ought to be made somewhere else than the President suggests. But we would have in advance his expert opinion as to how the budget could be balanced, if it were to be balanced, for the best interest of the Nation. Is not that correct?

Mr. McCLELLAN. That is correct. Let me say to the Senator that, of course, the Congress could ignore the budget or any part of it if it wished to do so. It can do that now.

Let me point out to the Senate how much we have come to rely upon the Bureau of the Budget for counsel about the fiscal policies of the administration. When a public-works project, a flood-control project, or a public-building project is sought to be authorized in a bill, before the Congress acts upon it, nine hundred and ninety-nine times plus out of a thousand that project has been submitted to the Bureau of the Budget, and the Bureau of the Budget advises whether the construction or authorization of the project is within the policies of the President. That has considerable influence upon the Congress. We frequently turn down projects because the Bureau of the Budget does not approve them.

Mr. FERGUSON. That happens almost daily in the Appropriations Committee.

Mr. McCLELLAN. Not only in the Appropriations Committee but also in the legislative committees. Certainly it happens in the Public Works Committee. We have come to rely upon the Bureau of the Budget. It is the best source of information we have, and, therefore, I believe that we should have the advantage of further counsel from that source.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. SALTONSTALL. I should like to ask one question. If the Senator has already covered the subject, I hope he will not repeat. I have not been present to hear all his remarks.

I have in mind that in the budget message this year the President included $400,000,000 to cover the pay increases of the military. That was not existing law at the time, but he included it as a part of his budget. Assuming that the Senator's amendment becomes law, how would an item like that be handled?

Mr. McCLELLAN. The President would submit it just as he has always done. He submits the budget just as he wants it; but he would be required to submit another budget along with it.

Mr. SALTONSTALL. If he wished to do so, he could include the item in his balanced budget as a part of the appropriations which he thought should be made.

Mr. McCLELLAN. He could.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. McCLELLAN].

Mr. LUCAS. Mr. President, I have no objection to the amendment.

The PRESIDENT pro tempore. Without objection, the amendment to the amendment is agreed to.

The committee amendment is open to further amendment.

Mr. FERGUSON. Mr. President, on behalf of the Senator from Arkansas [Mr. McCLELLAN], the Senator from New Hampshire [Mr. BRIDGES], and myself, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment offered by the Senator from Michigan will be stated.

The LEGISLATIVE CLERK. At the end of the substitute it is proposed to insert the following new section:

SEC. 8. (A) With a view to bringing the estimated Federal expenditures within estimated Federal receipts for the fiscal year ending June 30, 1950, the President is authorized and directed to make such reductions in the amounts to be expended by all agencies from any and all appropriations and funds made available prior to the expiration of the first regular session of the Eighty-first Congress, for expenditure in such fiscal year, as will in the aggregate equal not less than 5 percent nor more than 10 percent of the total amounts estimated for expenditure in the budget for the fiscal year 1950 by all agencies, as adjusted to conform with the total amounts estimated for expenditure under apropriations and funds actually made available prior to the expiration of such session: *Provided*, That any reduction in amounts estimated for expenditure brought about as a result of reductions made by Congress in the aggregate appropriations and funds made available to any agency below the aggregate of estimates submitted in said budget (including amendments thereto) for such agency, shall be used for the purpose of computing (1) the aggregate reduction required to be made under this section, and (2) the over-all limitations specified in this section with respect to such agency; and in carrying out this section the President is requested to give appropriate consideration to reductions made by Congress in the appropriations and funds made available to any agency.

(B) As used in this section—

(1) The term "appropriations and funds made available" shall include the amount of any borrowing authority estimated for in the budget for the fiscal year 1950; and

(2) The term "agency" means any executive department, independent establishment, or corporation which is an instrumentality of the United States.

(C) In order to accomplish the reductions in expenditures required by this section, the President is authorized to direct any officer in the executive branch of the Government to refrain from creating, notwithstanding any other provision of law, any obligation or commitment which would require an expenditure during the fiscal year 1950, under any appropriation, fund, contract authorization, or borrowing authority over which such officer exercises administrative control, in such amounts as he may deem necessary. No such officer shall create any obligation or commitment under any borrowing authority which would require an expenditure during the fiscal year 1950 in excess of any estimate included in the budget (or in excess of any estimate under any authority included in any act of Congress enacted after the submission of the budget for the fiscal year 1950) with respect to such obligation or commitment for such fiscal year or in excess of any amount established by direction of the President under the authority contained in this section; except that the President is authorized to waive the prohibition contained in this sentence in individual cases upon the happening of some extraordinary emergency or unusual circumstance.

(D) Such reductions shall be made in a manner calculated to bring about the greatest economy in expenditure consistent with the efficient operation of the Government.

(E) No reduction of expenditures required herein shall have the effect of reducing by more than 20 percent the estimated expenditures by any agency from appropriations and

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funds made available prior to the expiration of the first regular session of the Eighty-first Congress.

(F) The President shall cause (a) the total amounts estimated for expenditure in the fiscal year 1950 (adjusted as provided in subsection A), (b) the amount of the reduction directed by him in obligations or commitments (as provided in subsection C), and (c) the amount of the reduction in each appropriation or fund acccunt, to be certified to the Secretary of the Treasury, and shall make a detailed quarterly report thereon to the Congress within 15 days after the expiration of each calendar quarter during such fiscal year. The amounts so certified shall not be expended, or, in the case of contract authorizations and borrowing authority, the authority shall not be exercised to the extent of the reduction. The President shall also include in the quarterly report to Congress the actual figures showing the number of Federal employees at the beginning of the quarter and the estimated number of Federal employees at the close of the quarter.

Mr. FERGUSON. Mr. President, I shall not unduly consume the time of the Senate in explanation or argument on behalf of this amendment. I am glad to state that the senior Senator from Arkansas [Mr. McCLELLAN] and the senior Senator from New Hampshire [Mr. BRIDGES] join me in offering this amendment. I was glad to be associated with the able senior Senator from Arkansas in connection with the previous amendment, because I believe it is a step in the right direction, in order that Congress may have advice from the executive branch prior to the submission of appropriation bills, and the opinion of the President as to a balanced budget.

The provisions of this amendment are altogether clear to the Senate, I am sure. It embodies the terms of Senate Joint Resolution 108, the so-called McClellan resolution. That resolution is in effect the culmination of several bills which were introduced early in the session in order that the budget might be balanced, and in order that the Congress might reach the point where it could ascertain the revenues and expenditures with a view to balancing the budget. The amendment has been modified in accordance with the suggestion of my distinguished colleague from Michigan [Mr. VANDENBERG], to provide for the recognition of any reduction from budget estimates which might be made by the Congress in its appropriations.

The McClellan resolution, whose terms are embodied in this amendment, was reported from the Senate Committee on Expenditures in the Executive Departments as a bipartisan resolution, with the names of 30 Senators affixed to it as sponsors. I was glad to be one of the sponsors. It was the same resolution which 63 Senators, by petition, sought to bring before the Senate for action. Its terms were those which were approved August 29 by a record vote, 49 Senators voting in favor of it, with 9 of the 19 absent Senators either paired or declared for it, when it was offered as an amendment to the military appropriation bill. However, it failed of adoption at that time because it was held to be subject to a point of order, being legislation on an appropriation bill, and therefore requiring a two-thirds vote. It did receive the vote of a clear majority of this body, however.

Mr. President, because of the Rules of the Senate, appropriation bills may not contain legislation unless the legislation is approved by a two-thirds vote. That was the reason for the requirement of a two-thirds vote in connection with that amendment. However, no such rule applies to an amendment to the pending legislation. The amendment is now before the Senate, like any amendment to any legislative measure, and only a majority vote is required to enact the amendment into law.

Just as the terms of this amendment are familiar to Senators, I am sure that the arguments regarding it are also familiar. However, I should like to review some pertinent facts.

The present session of Congress assembled in an atmosphere dominated by a state of inflation in the Nation. The budget for fiscal 1950 was conceived in that atmosphere. Early action on appropriation measures by the House, by Senate committees and even by the Senate as a whole in some cases was undertaken in that atmosphere.

Suddenly the economic winds changed. An atmosphere of deflation, recession, disinflation, or whatever we may choose to call it, was created. In the face of that shift of the economic winds a number of us were able to bring before Congress our arguments for the need of trimming the Government's fiscal sails.

Although the appropriation machinery was already in motion, we sought to slow it up by offering a succession of reduction and recommital motions on appropriation bills which reached the Senate.

We were unsuccessful, but only by narrow margins.

One of the few cogent arguments that were then presented against our efforts was a plea that instead of doing the job piecemeal, we should pause at the end of the session and then should review the needs. That was not a partisan move; to the contrary, it was supported bipartisanly, by Senators on both sides of the aisle, because the fiscal policy of the United States must receive the support of both sides if it is going to be a sound policy and for the general welfare of all the people. When the argument was advanced that we should do the entire job at the end of session, when we could review the needs, I feel that many Senators were able to take refuge in that argument from a growing national demand for governmental economy.

There are some Members of the Senate who hope that we are now nearing the end of this particular session The time for such a review as was earlier proposed is now at hand. The issue, as it has been from the first, is whether we shall make a determined effort to avoid deficit spending.

Mr. President, there are two methods of avoiding deficit spending. One is to increase taxes in order to meet the spending budget; the other is to cut the spending to match the income. I know of no Member of the Senate who today is, in effect, advocating an increase in taxes sufficient to meet the expenditures budget. Therefore, if we are going to balance the budget, we must face the alternative, which is to reduce the Government's expenditures sufficiently to make them meet the Government's income.

The appropriation process for the present session is now almost complete. The last congressional action on appropriations, including yesterday's conference agreement on the ECA appropriations, shows that we shall cut appropriations below the budget by approximately $1,720,000,000. But we must recognize first that that amount, even if translated into expenditures reductions, would not be sufficient to balance the current budget. The Government ended the last fiscal year on July 1 with a deficit of about $800,000,000. The daily Treasury statement for September 26 shows us running, at this moment and, not quite 3 months into the fiscal year, about $1,100,000,000 behind last year. The ultimate deficit, unless we here take steps to curb it, is anybody's guess, but is probably a minimum of $3,000,000,000.

More important than a knowledge of the amount of any appropriations reductions is the necessity for us to recognize that they do not represent reductions in expenditures. It is expenditures which must be reduced if there is to be any real progress toward balancing the budget. The senior Senator from New Hampshire [Mr. BRIDGES] has pointed out on another occasion that appropriations cuts for a given year are reflected in expenditures reductions in a ratio of only about 1 to 6. Carry-over funds and other appropriating and accounting practices account for the difference.

The fact that it is expenditures which must be cut in order to achieve a balanced fiscal policy is tied closely to one argument that has frequently been used against the proposal contained in my amendment. That argument runs to the effect that by calling upon the President to achieve a balanced budget the Congress is abdicating its responsibilities.

I concede that in a perfectly organized appropriating process, the Congress can assure a balanced budget, at least over a period of years. But I want to point out that Congress has no control over expenditures, other than to set a ceiling by means of establishing the amount of the appropriations. Expenditures are purely an executive function, within the ceiling thus set. Therefore, if the budget can be balanced only by a reduction of expenditures, it is not an abdication of congressional responsibility, but an assertion of executive responsibility, which will do the job. In other words, it becomes a dual responsibility: One is for Congress to appropriate, and the other is for the President, within the amount of the appropriations, to control the expenditures. Therefore, in order to have a balanced budget, the President can cut the expenditures to fit the income.

Congress has the constitutional power to direct the Executive to discharge the expenditures function in a manner which will carry out the enactment of a congressional policy. The granting of discretionary expenditure power to the Executive is not uncommon. In the

arms-assistance bill we authorized the expenditure of $100,000,000, subject to such discretionary power.

Further, Mr. President, in connection with the pending bill at yesterday's session, the distinguished Senator from Illinois [Mr. DOUGLAS] submitted an amendment which, in effect, would require the President to pay the amount of the increased salaries set forth in the bill from the present appropriations. This in effect is saying to the President, "It is within your discretion to save the money on other expenditures, and apply it to these increases, because Congress now assumes that these increases are more important than some of the expenditures already provided for in the appropriation bills. We shall allow you the discretion of determining the least necessary items in the budget."

The same thing happened in connection with the armed services appropriation bill, in which we directed the Secretary of Defense to use his discretionary power in rescinding $433,000,000 of the appropriation which was granted to him.

Mr. President, another argument against the proposal we now advance is that because of the various fixed obligations on the part of the Government, it is not possible for the President to accomplish the over-all budget reduction which is directed by the amendment. Now I know of no person in the United States whom I consider a more competent authority on the Federal budget than the senior Senator from Virginia [Mr. BYRD]. On the floor of the Senate on August 29, the Senator from Virginia stated his unqualified opinion that "$4,500,000,000, and more, could be intelligently deleted from the expenditures estimated for the fiscal year 1950 without impairment of a single necessary Federal function, service, or activity."

Mr. President, if it is possible, as I believe it to be, to reduce the budget $4,500,000,000 without the impairment of a single necessary Federal function, service, or activity, then certainly we should adopt this amendment, so that the President of the United States can carry out the mandate of Congress and exercise the power to determine, in his discretion, where reductions can be made without the impairment of the necessary Federal functions, services, or activities.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. FERGUSON. I yield.

Mr. LONG. What does the Senator estimate the revenues for this year will be?

Mr. FERGUSON. I should estimate that the revenues will be from $36,000,000,000 to $38,000,000,000.

Mr. LONG. What is the Senator's estimate of the expenditures, authorized by Congress for this year?

Mr. FERGUSON. A little more than $43,000,000,000.

Mr. LONG. On that basis, then, even the top figure the Senator names, which would be 10 percent—I understand he said 5 or 10 percent, but basing it on 10 percent—it would not balance the budget, would it? My impression is the President would be directed, as the effect of the amendment, to cut to 10 percent in order to balance the budget. But if the deficit is more than 10 percent, he would have to take the top figure of 10 percent, the over-all 10 percent cut, would he not?

Mr. FERGUSON. That is correct. That is as near as the Congress can get to it at the present time. There certainly would be a saving of from $3,000,000,000 to $4,000,000,000. In fact, it would be $4,000,000,000, but I am taking into account certain items which cannot be cut; for instance, the item of judges' salaries, which constitutionally cannot be cut. But there are other items in the Judiciary budget which can be cut by the President.

Mr. LONG. Is it not true that at the time the Senator offered the resolution in the early part of the session we had not yet voted for arms implementation and certain of the other spending programs which have come on since that time, and that, at that time, it looked as if a mere 5-percent reduction would balance the budget?

Mr. FERGUSON. That is correct.

Mr. LONG. Does it not now look as if not even a 10-percent cut would balance the budget, but that it would take more than a 10-percent cut? I wonder whether the Senator would feel that he should increase the percentage stated in the resolution to 10 or 15, instead of 5 or 10, if he actually wants to balance the budget?

Mr. FERGUSON. No; I still think, if the President will take the proposal and carry it out fairly, which I know he will do if it is adopted, and will make reductions up to 10 percent, we shall come very near to having a balanced budget. That is my best judgment at this time. If, as the senior Senator from Arkansas says, the deficit is going to be greater than $5,000,000,000, naturally 10 percent of $43,000,000,000 will only give $4,300,000,000, and therefore the budget will not be balanced. The deficit probably will be somewhere between $3,000,000,000 and $5,000,000,000. I hope it will be as little as $3,000,000,000. Let us hope conditions will become even better in the next 3 or 4 months than they have been in the past, so that tax revenues may be sustained. The income of the people determines the income of the Government. By taxation we are in effect merely taking profits out of business and individual labor. That is what taxes amount to. It is profit out of labor and business and industry as a whole. If business is not good, the Government is not going to get profits, for taxes represent profits.

Mr. LONG. The point I had in mind was that the proposed amendment speaks of a cut of 5 or 10 percent as though it were flexible. Actually there is no flexibility under present circumstances. As I see it, it is a flat 10-percent cut, or a directive to cut the budget by a flat 10 percent, rather than a flexible schedule, as though we were going to arrive at how much it would take to balance the budget. It seems to me from the Senator's statement that even a 10-percent cut would not completely balance the budget.

Mr. FERGUSON. I think we should leave the discretion to the President. I think he knows, through the Bureau of the Budget and through the Bureau of Internal Revenue, what he can anticipate from day to day. At least, he has the facilities to know far better than we can. It is for him to say, on the basis of his knowledge and through the Bureau of the Budget, to the particular heads of the executive branch, "We must make a further cut" or "We can now spend a little more," as the income or the profit, as I called it a moment ago, referring to taxes, is coming in, as the revenues are coming in.

Mr. LONG. It seems to me the Senator in drafting the original resolution has made an oversight, in that he has not raised his sights as the deficit has grown greater, as he should have done, if he actually wanted to balance the budget by means of the resolution.

Mr. FERGUSON. I am sure if I increased it to 15 percent, I would not now obtain the vote of the junior Senator from Louisiana.

Mr. LONG. I feel sure the Senator from Michigan is certain he would not obtain the vote of the Senator from Louisiana in either event.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. MILLIKIN. I wonder whether I may ask the distinguished Senator from Michigan whether the Appropriations Committee has given consideration to the fact that our money allocations in connection with the ECA program for expenditure abroad will now buy perhaps 25 or 30 percent more than when the money was allocated, and whether any rescission measures are in prospect?

Mr. FERGUSON. The Appropriations Committee, I may say, did not consider that in the conference, so far as I learned at the meeting. But I appreciate that in view of the devaluation of the British pound there can be bought today almost 30 percent more with the appropriated funds than could previously be bought.

Mr. MILLIKIN. In the sterling area, while the percentage varies with varying competitive conditions, roughly speaking it is possible to buy 30 percent more, and in any devaluing area it is possible to buy as much more as the devaluation amounts to. Is that not correct?

Mr. FERGUSON. That is correct. In other words, if one takes an American dollar into India and buys goods with it, which the ECA program does, it will buy about 30 percent more than it would have bought when we passed the ECA bill. There can be no doubt about that.

Mr. MILLIKIN. I have no suggestions to make to the Appropriations Committee, in which I have great confidence, but there, it seems to me, is a source of very substantial savings.

Mr. FERGUSON. Mr. President, that, in effect, is what we are asking the President to do through the amendment. He can reduce the ECA and yet not reduce the purchases one iota.

Mr. MILLIKIN. Exactly.

Mr. FERGUSON. He can reduce some other parts of the budget, without reducing the purchases one iota.

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Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. MILLIKIN. The same principle applies to any of our military expenditures which may be made in the devaluing areas, does it not?

Mr. FERGUSON. Yes; so that the picture is different from what it was at the beginning. But that was not considered yesterday. I think much of that has been wiped out, so far as foreign programs are concerned at the moment, and so far as Congress is concerned, by the announcement that Russia had an atomic explosion. That announcement had a effect upon the conference, I am satisfied. But I think we have to discount that. We should have anticipated it. We should have been preparing as if it had become an established fact, and therefore it should not create panic in the fiscal policy of the United States.

Mr. President, I was going to say I knew of no one who advocated deficit spending. I shall have to change that to say that upon the floor of the Senate last night the junior Senator from Minnesota [Mr. HUMPHREY] advocated deficit spending. But he is the only one, so far as I know, who on the Senate floor actually advocates deficit spending.

Mr. LUCAS. Mr. President, will the Senator yield for a question?

Mr. FERGUSON. I yield.

Mr. LUCAS. The Senator well knows, does he not, that a very distinguished citizen of Michigan, Mr. Hoffman, before a committee of which the Senator is a member, stated that before he would see ECA go down he would advocate deficit spending?

Mr. FERGUSON. I was present at the meeting at which Mr. Hoffman said that; yes. I think I understand him. In effect, he said that if he had a choice between ECA and deficit spending, he thought, for the good of the world, he would prefer deficit spending. I cannot agree with Mr. Hoffman on that, because I think we can accomplish both the purposes of ECA and a balanced budget. I believe we can have ECA doing as much good as it will do now, and yet not have deficit spending. There has been a great change in the value of the dollar. As I said, I know of no one, except the junior Senator from Minnesota, who advocates deficit spending on the floor of the Senate. The opponents of the pending amendment are merely apologists for deficit spending.

The job of balancing the budget can be done. It can be done by the President under the pending amendment, if he will exercise the intelligence and the will at his command. We are instructing the President that it is our belief, in the name of sound fiscal policy, which is our first line of defense in a troubled world, that he should so apply his effort.

Mr. President, this amendment is not offered for the purpose of defeating this bill, but the junior Senator from Michigan very sincerely does want the amendment to become the law of the land. It is not offered to a bill which the junior Senator from Michigan has any reason to believe might be vetoed, because that prospect would defeat the very thing which the junior Senator from Michigan is advocating.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. MILLIKIN. Is it not a fact that this same amendment, when it was last offered, received a majority of the votes of the Senate?

Mr. FERGUSON. That is correct.

Mr. MILLIKIN. So we cannot associate the majority of the votes of the Senate with the defeat of the bill.

Mr. FERGUSON. That is correct. So far as I know, the junior Senator from Arkansas and the junior Senator from Colorado, like myself, are not saying they want to defeat the bill by the attachment of this amendment. We merely want to see the amendment adopted by any device possible. This amendment should be made a part of the law of the land. It should be attached to this bill in order that it may go to conference, so that the House may act upon it. I do not know how long this session may continue, and whether there will be any other opportunity to get action on this proposal.

Mr. MILLIKIN. Mr. President, will the Senator further yield?

Mr. FERGUSON. I yield.

Mr. MILLIKIN. I am sure our colleagues will appreciate the fact that as stated by the distinguished junior Senator from Louisiana [Mr. LONG], the pending bill has now a more modest scope than it had when it was originally introduced.

Mr. FERGUSON. That is correct.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield to the distinguished majority leader.

Mr. LUCAS. The Senator from Michigan says he does not want to defeat the pay bill, but he knows full well that in the event this bill should pass and the President should veto it, which I think he will, if it contains this amendment, the pay bill would be defeated. Why, considering all the bills which have been passed since we previously worked on this same problem, has the Senator from Michigan waited until this hour to offer this amendment?

Mr. FERGUSON. I will say to the distinguished majority leader that the junior Senator from Michigan will ask unanimous consent to withdraw this amendment if the distinguished leader of the majority will make it the regular order of business following the consideration of the bill.

Mr. LUCAS. That does not answer my question at all.

Mr. FERGUSON. It answers the Senator's question.

Mr. LUCAS. Not at all. I asked the Senator why it was that during all the time since we debated the same proposition previously—and since that time we have considered and passed probably 140 private and public bills—the Senator has not offered this amendment, but has waited until this hour. He waits until the executive pay bill is considered before he offers a proposal of this kind. His amendment would be just as germane to any other bill we have considered as it is to this bill. I should like to know why the Senator has not offered his amendment before, and why he has waited until this time to offer it.

Mr. FERGUSON. It was attempted to be attached to the military appropriation bill. That was an appropriate place.

Mr. LUCAS. That is correct.

Mr. FERGUSON. Here is an expenditure bill which the President of the United States says is essential. This amendment is just as essential as is increasing the pay of employees in the executive branch, the very persons who will have it within their power——

Mr. LUCAS. Mr. President, will the Senator yield further?

Mr. FERGUSON. I yield.

Mr. LUCAS. The Senator knows that his amendment is not germane, and he knows that he could have attached his amendment to any other bill which has been considered during the past 6 weeks, and yet, for some reason or other—and I think I know what it is—the Senator waits until this hour before he offers his amendment to this particular bill. The Senator knows full well that if his amendment should be adopted, the executive pay bill would be dead.

Mr. FERGUSON. I submit that the Senator from Michigan does not know that.

Mr. LUCAS. I know it.

Mr. FERGUSON. Then the Senator has knowledge which the Senator from Michigan does not possess.

Mr. LUCAS. I certainly have.

Mr. FERGUSON. I take it for granted that the President of the United States has indicated to the majority leader that he will not allow the Congress to ask him or direct him to reduce the expenditures of the Government between 5 and 10 percent, and if it seeks to do so, he will veto the will and also the policy of the Congress of the United States. Do I correctly understand the Senator's statement?

Mr. LUCAS. The President of the United States takes the same position as that which the Senator from Illinois takes, that it is not the responsibility of the President of the United States to do the job which the Senator from Michigan would authorize and direct him to do by this amendment. The Senate and the House of Representatives have the power to do it. We have voted for appropriation bills, one after another, and have refused to make the cuts which should be made by the Congress if there are to be cuts in appropriations. I do not think the Senator from Michigan is responsible for that, because he voted consistently for a cut of 5 to 10 percent. But the majority of the Senate did not do that. Yet, the Senator from Michigan now seeks to have the majority advise the President of the United States and to place responsibility upon him, when it is our solemn duty and responsibility to do it ourselves. The Senator knows it is our duty.

Mr. FERGUSON. It is no more our duty than was what we did last night when we adopted the amendment of the junior Senator from Illinois [Mr. DOUGLAS], and when we in effect said to the President of the United States, "We will give you this increase, provided you

pay it out of the present budget." That is exactly what we are doing by this kind of an amendment. We are saying to the President, "Reduce expenditures within the total appropriations and return to the Treasury the amount you reduce the expenditures, as indicated in this bill."

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. WILLIAMS. I should like to ask the Senator from Michigan if he is aware of the fact that the reason why this amendment was not attached to the military appropriation bill, where it would have been more appropriate, as the Senator from Illinois has just pointed out, was because the Senator from Illinois raised a point of order against attaching it to that bill.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. LUCAS. Of course, the Senator from Delaware has missed the point entirely, which perhaps is not unusual.

Mr. WILLIAMS. Does the Senator from Illinois dispute that statement?

Mr. LUCAS. Mr. President, what I am talking about is a very simple proposition. The Senator from Michigan could have attached his amendment to the military pay bill day before yesterday.

Mr. FERGUSON. That is correct.

Mr. LUCAS. He can attach it tomorrow to the post-office pay bill, or to any other bill.

Mr. FERGUSON. That is correct.

Mr. LUCAS. But, lo and behold, he waits until we have before us the executive pay bill before he offers it. Why did not the Senator offer it day before yesterday to the military pay bill?

Mr. FERGUSON. Let me ask the Senator from Illinois a question. If he were in my place and wanted the amendment to become a part of the law of the land, would he not select this particular bill, rather than to select some other bill?

Mr. LUCAS. I know why the Senator selects this bill.

Mr. FERGUSON. Because he thinks it will pass.

Mr. LUCAS. I do not think he will fool any Senators on the Democratic side of the aisle simply because on a previous occasion some of them happened to vote for his amendment. They will not be deluded by this kind of an amendment at this time.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. SALTONSTALL. Is it not true that there is a distinction between the military pay bill and any other bill of which the Senator from Michigan can think which has come up since the Senator from Michigan last offered his amendment? The bills now coming along are outside the President's budget as it was submitted, while the military pay bill had an amount included in the budget to cover it. That is not true of this bill.

Mr. FERGUSON. That is correct.

Mr. SALTONSTALL. So is it not a fair statement to make that this is one of the first bills, if not the first bill, since the Senator from Michigan previously offered his amendment which is not within the amount contained in the President's budget?

Mr. FERGUSON. Mr. President, that is a very logical statement. The Senator from Massachusetts states an actual fact. There is no doubt that many Members of the Senate desire that this amendment become the law of the land. Let us take the picture as we find it today. Sixty-three Senators have requested the senior Senator from Illinois [Mr. LUCAS], the distinguished majority leader, to make the resolution which is now offered as an amendment the order of business, so that the Senate of the United States might vote upon it. Yet here we are, some of us hope, in the last throes of the session—of course, hope springs eternal in the human breast—and we are of the opinion that the time has come when we should adopt this proposal.

Why should we wait and act on it the last day of the session, when it might be vetoed and not become the law of the land? I think Congress has to use some discretion and judgment; it should not act blindly; it should not say and do things which are foolish and ineffectual. But is not the balancing of the budget one of the duties of the Congress? Should the Members of Congress miss the opportunity to make this amendment the law of the land? I think not.

Sometimes ulterior motives are attributed. But when a measure is so important as the one we are considering, certainly the motives behind it cannot be considered as bad. I have said to the distinguished Senator that I shall ask unanimous consent to withdraw the amendment now if he will make it the order of business following the pending bill. But the answer is "no," because he has word from the President of the United States that this shall not become the law of the land.

Mr. President, as a Congress we can be a rubber stamp, and accept the direction that certain legislation is "must" legislation, but here we get the reverse dictum, this is "must not" legislation, this shall not become the law of the land. In other words, America will not have a balanced budget in 1950. The President of the United States says it shall not.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Holland	Mundt
Bricker	Ives	Murray
Bridges	Johnson, Colo.	Neely
Butler	Johnson, Tex.	O'Conor
Byrd	Johnston, S. C.	O'Mahoney
Chapman	Kem	Pepper
Connally	Kerr	Russell
Cordon	Kilgore	Saltonstall
Donnell	Knowland	Schoeppel
Douglas	Langer	Smith, Maine
Downey	Leahy	Sparkman
Eastland	Long	Stennis
Ecton	Lucas	Taft
Ferguson	McCarran	Thomas, Okla.
Flanders	McClellan	Thomas, Utah
George	McFarland	Thye
Gillette	McKellar	Tobey
Green	McMahon	Watkins
Gurney	Magnuson	Wherry
Hayden	Malone	Williams
Hendrickson	Martin	Young
Hickenlooper	Millikin	
Hoey	Morse	

The PRESIDENT pro tempore. A quorum is present.

The question is on the amendment of the Senator from Michigan [Mr. FERGUSON] for himself, the Senator from Arkansas [Mr. MCCLELLAN] and the Senator from New Hampshire [Mr. BRIDGES], to the committee amendment, as amended.

Mr. FERGUSON. Mr. President, I wish to modify the amendment on page 1, line 2, after the word "expenditures", to insert "as nearly as practicable", so as to read:

With a view to bringing the estimated Federal expenditures as nearly as practicable within estimated Federal receipts for the fiscal year ending June 30, 1950, the President is authorized and directed—

And so forth. Then on page 4, line 17, I modify the amendment after the word "year" by striking out the period and adding "after its passage"; because we are now within a day or two of the end of the first quarter.

The PRESIDENT pro tempore. The amendment will be modified accordingly.

Mr. LONG. Mr. President, I desire to say only one or two words about the amendment. The 5- and 10-percent cut amendment is obviously becoming one of the standard ways of defeating a bill. It was my understanding before I came to Congress that one of the standard ways of defeating a measure was to hang a civil-rights rider onto it. If a Senator wanted to kill a certain measure he would endeavor to attach a civil-rights rider to it, and if he were successful in so doing, it would result in the bill ultimately being killed.

Certainly some of the appropriation measures, such as the military appropriation bill, had to be passed. We must adequately defend the country. If a rider such as this amendment were hung on that appropriation bill probably the President would have signed it, and the amendment would have become law. A majority of us have an understanding that we are going to pass a top officials pay bill, and probably the hanging of the proposed rider on the bill would kill it, that is, if it should remain in the bill when it went to the President, because the President has gone to the country and has explained to the country that he considered such a proposal unwise and unsound, and he would not sign a bill containing such a rider.

Mr. President, I do not believe we should try to play Indian giver; that is, give something to somebody and then try to take it back again. The Senator from Michigan has been consistent. He has voted to give only so and so much money to the departments in the first place, and has voted against many of the spending programs, so if he wants to take back some money which other Senators have voted to spend, he is at least consistent in his position. But I do not think it can be said that it would be consistent on the part of many Senators who have voted to spend more and more money, if they should endeavor to take a part of the money back, after they themselves have voted to spend it. I myself have perhaps voted for the spending of too much money. Had I

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voted for one or two more reductions I might be able to say that I, by my vote, had tried to balance the budget.

However that may be, we have entered into a compromise in an effort to pass some kind of a top-pay bill. It will cost the Federal Government only $700,000. Therefore, in view of the small cost, I believe that if we want to pass the bill we should go ahead and pass it without attaching any more crippling amendments to it.

I have agreed on behalf of the subcommittee—and speaking also for the committee—that we would take the McClellan amendment, requiring the President to submit a balanced budget, as well as any other budget he may submit, showing where he would make reductions if he had to balance the budget. Congress will have the final voice. It will be left up to Congress to say whether or not we are to have a balanced budget. We have gone more than half way in accepting the McClellan amendment, and I think that is enough.

Mr. McFARLAND. Mr. President, I want the Senator from Louisiana to know that so far as the junior Senator from Arizona is concerned, he entered into the compromise in good faith and expects to vote against this amendment. I hope that the amendment will be defeated.

However, it is no more than fair to state, as Senators know, that the junior Senator from Arizona opposed this same amendment to another bill, partially on the ground that it involves a constitutional question. I invite the attention of Senators to the fact that the Committee on Post Office and Civil Service is not the proper committee to consider such legislation as is involved in the pending amendment. If it were introduced in the form of legislation, it would not be referred to the Committee on Post Office and Civil Service. Neither would the corresponding committee in the House be the proper committee to consider such legislation. Therefore, the conferees would be considering something of which they did not have original jurisdiction. This amendment has no place in the bill, and should be voted down.

As I stated yesterday evening, I am in sympathy with Senators who wish to balance the budget.

However, it must be done in the proper manner. Members of Congress must assume their responsibility and be willing to reduce appropriations in order to balance the budget. We should not try to delegate to the President the constitutional power vested in the Congress. We would be the first to criticize the President if he were trying to usurp our powers, and we would criticize him rightfully. I believe that we should guard our powers, and that we should not ask the President to do something which we ourselves are not willing to do. I hope that the pending amendment will be voted down, for the good of the Government of the United States, because we have a responsibility.

As I previously stated, this bill is more than a salary-increase bill. It is an equalization of salaries, and it is our duty not to attach crippling amendments to it after we have entered into a compromise. The junior Senator from Arizona has stood by us and voted with us. We entered into the compromise in good faith, and it is up to us to stand by him. So far as the junior Senator from Arizona is concerned, he expects to do so.

Mr. LUCAS. Mr. President, I should like to say one word in conclusion. The sole question is whether or not the Senate desires to pass for the executive branch of the Government an executive pay bill. As has been stated here time and time again, we have entered into a compromise arrangement. In my opinion, the great majority of Members of the Senate are satisfied with the bill which has been substituted for the original bill. The vote last night, which was almost 2 to 1 for the Johnson substitute, indicated that the Senate desires an executive pay bill at this session of the Congress.

I have talked with the President about the pay bill, as well as about the amendment offered by the Senator from Michigan. The President was desirous of having passed the bill which was originally reported by the Committee on Post Office and Civil Service. He regretted that he could not get that bill through the Congress. I advised him that I did not believe it could be done, and that he should accept the substitute. The President stated that he would accept whatever bill was passed by the Congress.

If we tie the pending amendment to the executive pay bill, in my humble judgment the President will never accept it. The principle involved in the pending amendment is far more important, from a number of viewpoints, than the pay bill itself. I hope that Democrats and Republicans alike who believe that the "5 and 10" proposal has been debated long enough in the Senate, and who feel as I do, seriously, that it has no business in a bill of this kind, will vote against the pending amendment.

Senators know that the amendment is not germane. They know that there have been innumerable bills before the Congress since we previously discussed this question, to which this amendment could have been attached. However, the junior Senator from Michigan bided his time and waited for an opportunity to offer his amendment to the executive pay bill in the hope that he could kill the bill. That has been the hope of those on the opposite side all through this debate, as is shown by the statements which have been made during the debate.

The pending amendment is just as bad as the amendment offered by the Senator from Delaware [Mr. WILLIAMS], so far as killing the pay bill outright is concerned. I sincerely hope that Senators who desire to see an executive pay bill passed will vote against the pending amendment, because it has no place in this bill.

The PRESIDENT pro tempore. The question is on agreeing to the modified amendment offered by the Senator from Michigan [Mr. FERGUSON] to the committee amendment as amended.

Mr. FERGUSON, Mr. LONG, and other Senators asked for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Delaware [Mr. FREAR], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Virginia [Mr. ROBERTSON], the Senators from Idaho [Mr. MILLER and Mr. TAYLOR], and the Senator from Kentucky [Mr. WITHERS] are detained on official business.

The Senator from Louisiana [Mr. ELLENDER] is absent because of illness in his family.

The Senator from North Carolina [Mr. GRAHAM] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Pennsylvania [Mr. MYERS] is absent on public business.

The Senator from North Carolina [Mr. GRAHAM] is paired on this vote with the Senator from Washington [Mr. CAIN]. If present and voting, the Senator from North Carolina would vote "nay," and the Senator from Washington would vote "yea."

The Senator from Alabama [Mr. HILL] is paired on this vote with the Senator from Kansas [Mr. REED]. If present and voting, the Senator from Alabama would vote "nay," and the Senator from Kansas would vote "yea."

The Senator from Minnesota [Mr. HUMPHREY] is paired on this vote with the Senator from Pennsylvania [Mr. MARTIN]. If present and voting, the Senator from Minnesota would vote "nay," and the Senator from Pennsylvania would vote "yea."

The Senator from Pennsylvania [Mr. MYERS] is paired on this vote with the Senator from Massachusetts [Mr. LODGE]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from Massachusetts would vote "yea."

I announce further that if present and voting, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Kentucky [Mr. WITHERS], and the Senator from Idaho [Mr. TAYLOR] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The senior Senator from Indiana [Mr. CAPEHART] and the junior Senator from Indiana [Mr. JENNER] are absent on official business.

The Senator from Vermont [Mr. AIKEN], who is absent by leave of the Senate, is paired with the Senator from Wisconsin [Mr. WILEY] who is absent on official business. If present and voting,

the Senator from Vermont would vote "nay," and the Senator from Wisconsin would vote "yea."

The Senator from Washington [Mr. CAIN], who is absent by leave of the Senate, is paired with the Senator from North Carolina [Mr. GRAHAM]. If present and voting, the Senator from Washington would vote "yea," and the Senator from North Carolina would vote "nay."

The Senator from Massachusetts [Mr. LODGE], who is absent by leave of the Senate, is paired with the Senator from Pennsylvania [Mr. MYERS]. If present and voting, the Senator from Massachusetts would vote "yea," and the Senator from Pennsylvania would vote "nay."

The Senator from Pennsylvania [Mr. MARTIN], who is absent by leave of the Senate, is paired with the Senator from Minnesota [Mr. HUMPHREY]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Minnesota would vote "nay."

The Senator from Kansas [Mr. REED], who is detained on official business, is paired with the Senator from Alabama [Mr. HILL]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Alabama would vote "nay."

The result was announced—yeas 28, nays 39, as follows:

YEAS—28

Bricker	Gurney	Mundt
Bridges	Hendrickson	Saltonstall
Butler	Hickenlooper	Schoeppel
Byrd	Ives	Taft
Cordon	Kem	Tobey
Douglas	Knowland	Watkins
Eastland	McCarthy	Wherry
Ecton	McClellan	Williams
Ferguson	Malone	
George	Millikin	

NAYS—39

Anderson	Johnston, S. C.	Murray
Chapman	Kerr	Neely
Connally	Kilgore	O'Conor
Donnell	Langer	O'Mahoney
Downey	Leahy	Pepper
Flanders	Long	Russell
Gillette	Lucas	Smith, Maine
Green	McFarland	Sparkman
Hayden	McKellar	Stennis
Hoey	McMahon	Thomas, Okla.
Holland	Magnuson	Thomas, Utah
Johnson, Colo.	Maybank	Thye
Johnson, Tex.	Morse	Young

NOT VOTING—29

Aiken	Graham	Myers
Baldwin	Hill	Reed
Brewster	Humphrey	Robertson
Cain	Hunt	Smith, N. J.
Capehart	Jenner	Taylor
Chavez	Kefauver	Tydings
Dulles	Lodge	Vandenberg
Ellender	McCarran	Wiley
Frear	Martin	Withers
Fulbright	Miller	

So Mr. FERGUSON'S modified amendment to the committee amendment, as amended, was rejected.

Mr. BRIDGES. Mr. President, to the committee amendment, as amended, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 5 of the committee amendment, as amended, after the semicolon in line 15, it is proposed to insert: "the Assistant General Counsel of the Treasury for the Bureau of Internal Revenue."

Mr. BRIDGES. Mr. President, let me say that I offer this amendment in my own behalf and in behalf of the junior Senator from Maryland [Mr. O'CONOR].

In the Treasury Department there is one of the most important bureaus, one of the most important agencies, of our Government, namely, the Bureau of Internal Revenue, the agency which collects the taxes which the Government spends.

I notice that in the substitute for the committee amendment—and let me say that I intend to support it, so I am proceeding in good faith in regard to it—there are included provisions for salary increases for the counsel for the National Labor Relations Board and for similar officials. I think some of the most important jobs in the United States today are in the Treasury Department, for the general counsel of the Treasury and the chief counsel for the Bureau of Internal Revenue pass on the grave problems involved in collecting in excess of $40,000,000,000 in taxes.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. LONG. Does the amendment relate to the general counsel of the Treasury or to the assistant general counsel of the Treasury?

Mr. BRIDGES. There is a general counsel of the Treasury Department and there is an assistant counsel of the Treasury Department for the Bureau of Internal Revenue. The particular amendment now before us relates to the latter position. I intend to follow it with an amendment relating to the salary of the general counsel of the Treasury Department, because the salaries of both offices should be comparable.

Mr. O'CONOR. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. O'CONOR. Is it not a fact in regard to the two offices to which the Senator refers, that the persons holding them occupy unique and particularly important positions, in that they are appointees directly of the President?

Mr. BRIDGES. They are.

Mr. O'CONOR. Mr. President, will the Senator yield further?

Mr. BRIDGES. I yield.

Mr. O'CONOR. Is it not also a fact that by Executive order the chief counsel of the Treasury Department in the absence of the Secretary of the Treasury acts in his stead in certain situations, both in national and international fiscal problems, under authority vested in him by the President?

Mr. BRIDGES. It is. Mr. President, in order to handle the matter expeditiously, on behalf of the distinguished Senator from Maryland [Mr. O'CONOR] and myself, I send to the desk the other amendment relative to the general counsel of the Treasury Department, and ask unanimous consent that both amendments may be considered at the same time, because the same issue is involved.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. GEORGE. Mr. President, will the Senator yield for a question?

Mr. BRIDGES. I yield.

Mr. GEORGE. Is the Senator talking about the general counsel for the Treasury?

Mr. BRIDGES. Yes.

Mr. GEORGE. Or is he talking about the chief counsel for the Bureau of Internal Revenue?

Mr. BRIDGES. There are two amendments. They cover both.

Mr. GEORGE. Is the Senator speaking of the general counsel or the chief counsel, or is he speaking of their assistants?

Mr. BRIDGES. I ask to have both amendments read.

The PRESIDENT pro tempore. The clerk will state the amendments.

The CHIEF CLERK. The first amendment to the committee amendment, as amended, proposes, on page 5, at the end of line 14, to insert: "the general counsel for the Department of the Treasury."

The second amendment to the committee amendment, as amended, proposes, on page 5, after the semicolon in line 15, to insert: "the assistant general counsel of the Treasury for the Bureau of Internal Revenue, also known as chief counsel of the Bureau of Internal Revenue."

Mr. GEORGE. Mr. President, will the Senator yield for another question?

Mr. BRIDGES. I yield.

Mr. GEORGE. What salary would they draw under the amendments?

Mr. BRIDGES. They would draw $14,000 under the amendments. They would be put in the second salary bracket, the $14,000 class.

Mr. GEORGE. I am not yet sure whether the Senate is talking about the chief counsel in the Office of the Commissioner of Internal Revenue.

Mr. BRIDGES. I am.

Mr. GEORGE. The chief counsel?

Mr. BRIDGES. Yes.

Mr. GEORGE. To be specific, Mr. Oliphant?

Mr. BRIDGES. Yes.

Mr. GEORGE. And he would draw only $14,000, is that correct?

Mr. BRIDGES. $14,000. Mr. Lynch, the general counsel in the Treasury Department, would draw $14,000. They both draw $10,000 now.

Mr. GEORGE. Are they included in the bill as it now stands?

Mr. BRIDGES. They are not included in the bill.

Mr. GEORGE. I join with the Senator. Both should be included in the bill.

Mr. BRIDGES. I thank the Senator.

Mr. GEORGE. While I am on my feet, I desire to make this statement: When it comes to a political office, I am not much impressed by the many statements I have heard, because in the case of a purely political appointment, the appointee is actuated by any one of two or three motives. He may have an urge for public service, and if so, it is unnecessary to pay him too much money. That sort of aspiration or purpose cannot be purchased with money. Or he may have a

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political purpose to serve; in which case there is no need of greatly increased salaries. Or he may be interested solely in the money he is to receive; and if that be true, in a democracy, in my judgment, the salary should be kept within a reasonable figure. I am now thinking of the political office.

But on the business side of government, there should be, and we should have the courage to pay, a higher scale of salaries. When it comes to the management of such things as banking institutions, the Treasury Department, the general counsel of the Treasury, or to the office of chief counsel of the Bureau of Internal Revenue, or possibly the assistant to the general counsel, and others handling business matters, I think it is altogether a different proposition, because ordinarily those men are not dominated by political motives. They are not working for political preferment, and while they may have the desire, the intent, and the purpose to serve the public interest, they are to be distinguished always, in my judgment, from those who hold purely political appointments, under a democratic form of government. So if the Senator's amendments apply to the chief counsel for the Treasury and to the chief counsel of the Bureau of Internal Revenue, I certainly think they should receive the salaries indicated, not less than those salaries.

Mr. BRIDGES. I thank the Senator.

Mr. O'CONOR. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. O'CONOR. Is it not a fact that unless the Senator's amendment prevails, under the bill as now written bureau chiefs in the Treasury Department will receive a greater sum than the general counsel, who ordinarily is considered on a different level, and who in the absence of the Secretary of the Treasury acts as Secretary, and is over the bureau chiefs?

Mr. BRIDGES. That is correct. The salaries of all the bureau chiefs will be higher than the salary of the general counsel.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. LONG. What salary are those two persons drawing at the present time?

Mr. BRIDGES. I should assume they are making $10,330.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. LANGER. Can the distinguished Senator tell us the salary of the general counsel for the Federal Deposit Insurance Corporation?

Mr. BRIDGES. No; I do not have it.

Mr. LANGER. Does the distinguished Senator believe that the counsel for the FDIC ought to receive a comparable sum?

Mr. BRIDGES. I have not looked into it. In connection with the work of the committees, I have come in contact with the Treasury Department, which has done a fine job in the over-all collection of tax money. Beyond that, I have not given study to the subject in which the Senator is interested.

Mr. LANGER. In the case of a man like Charlie Oliphant, who has a job connected with a business literally running into billions and billions of dollars, and who handles cases involving millions and millions of dollars, with one or two of which I am personally familiar, I do not think a salary of $14,000 is sufficient. I certainly want to join with the distinguished Senator in asking for the increase.

Mr. BRIDGES. I thank the distinguished Senator from North Dakota. In order to clarify the situation, I turn to the Congressional Directory, at page 330. Under the Office of General Counsel for the Treasury are listed:

General Counsel—Thomas J. Lynch.
Chief Counsel for the Bureau of Internal Revenue—Charles Oliphant.

Those are the official titles.

I think the issue is clear. The Senate and the House of Representatives of the United States this year recognized the importance of the money-collecting agency. We gave substantially more collectors and agents to the Bureau of Internal Revenue. That agency collects more than 95 percent of all the revenue of the United States. The cost of collection in the year 1949 amounted to only 51 cents per $100. There were 91,723,748 tax returns filed in 1947; 93,744,662 in 1948. It is an enormous job, and the Bureau has a tremendous responsibility. As the distinguished Senator from Georgia [Mr. GEORGE] and the distinguished Senator from Maryland [Mr. O'CONOR] have said, it is certainly a division of the Government which is on a slightly different basis from some of the others. I hope very sincerely that, having offered the amendments in entire good faith, they may be accepted. These positions held by outstanding men, doing an excellent job, should be recognized by adoption of these amendments.

Mr. LONG. Mr. President, I must object to this amendment, for the same reason as that interposed to many others. Of course, I am not personally opposed to these officials receiving $14,000 or $15,000. But the majority of the Members of the Senate have felt that it is too much. One looking at the schedule and the positions could say all these officials or at least many of them, certainly, are well entitled to more than they are now getting.

As the Classification Act was originally drawn salaries could go up to $15,000. Members of the Senate seemed to be opposed to that, and opposed to a higher figure than $12,500. The two attorneys to whom reference has been made would be entitled to have their salaries raised to about $12,500, if the classification ceiling were raised. They would be entitled to have themselves properly classified and brought up to $12,500. But if we are to start making exceptions of this kind, there will be just one after another, and each one represents an important position. But they do fall within the classified service, and such ceiling as we have fixed for the classified service I feel should fairly apply to them. Otherwise, we would never have an end to the number of exceptions which would come under the bill.

We tried in drawing the top pay bill in the first place to fix a high ceiling on the classified service, namely, $15,000. We felt that, rather than have the Congress quibbling about fixing the salary for each man in the entire Federal service, occupying a position which someone thought was important, it would be better to let the Civil Service Commission attempt to fix the salaries of such people within certain limits. I feel the positions referred to in this instance should necessarily fall within the salary schedule fixed at the very top of the classified service, wherever we can fix it. The committee has recommended $15,000. There will be an amendment offered, which I believe will be generally agreed to, to reduce that limit to $12,500. That would mean for these officials an increase of approximately $2,500. It will mean a 20-percent increase in pay if the classification bill passes.

I believe the positions covered by this amendment are no more entitled to special consideration than are many of the other positions which will be considered later, such as the chairman of the Atomic Energy Commission.

Mr. O'CONOR. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. O'CONOR. May I ask the Senator how he justifies the inclusion in the substitute bill of bureau chiefs in the Treasury Department who are now considered not in the same classification with the general counsel, because the general counsel may act as Assistant Secretary or may act in place of the Secretary, by Executive order, and under the bill the bureau chiefs are to receive $14,000, while under the proposal which the Senator is discussing, the general counsel will receive only $12,500.

Mr. LONG. The Senator places much reliance upon the fact that one of these persons might act as chief in case the chief is absent. In what other department would that not apply?

Mr. O'CONOR. I beg the Senator's pardon; I said he might act in place of the Secretary of the Treasury.

Mr. LONG. We have agreed that none of these assistants should receive more than a certain amount, and that no assistant shall receive more than does a Member of Congress. Many of these assistants have extremely important functions to perform, but it is expected that someone will have to take the place of another when absent, whoever he may be. I do not think that calls for any special consideration. When a Senator is out of his office, his administrative assistant acts for him, but that does not necessarily indicate what the administrative assistant should be paid.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. BRIDGES] for himself and the Senator from Maryland [Mr. O'CONOR].

WITHHOLDING OF INFORMATION WITH REFERENCE TO THE ARMED SERVICES

Mr. MORSE. Mr. President, I shall take only about 2 minutes to discuss a

matter which is purely irrelevant, so far as the pending bill is concerned, but which is not irrelevant insofar as the public interest is concerned.

I read this morning in the Washington Post, with great concern, an article by John G. Norris, entitled "Navy Cramps Admirals in B–36 Inquiry." I wish to speak as a member of the Armed Services Committee of the Senate on that subject. I wish to say that I deprecate any attempt within the Military Establishment to cramp a thorough investigation of any military matter of vital concern to the welfare of the American people. In my judgment, a full disclosure in regard to the B–36 inquiry is the only type of disclosure that will make the American people feel satisfied and confident that they are receiving the facts in regard not only to the B–36, but in regard to the operation of the entire Military Establishment. As one who has fought hard for unification in the Military Establishment, I want to recall to the Senate the fact that the record of the committee against muzzling of military personnel who are called to testify before congressional committees is perfectly clear. Those of us who sponsored the Unification Act made it very clear to the American people that channels of information with regard to the operation of the Military Establishment would not be closed as the result of unification. We went a long way, as far as we could, as members of the committee, to make perfectly clear that we would resist any attempt to impose any sort of censorship on the part of any segment of the Military Establishment over military personnel which might have some facts to offer to the American people.

Mr. President, I do not know what the facts are regarding the B–36. I wish to make very, very clear that I have complete confidence in Secretary Symington. He can be trusted to present any information requested of him by the Congress. I do not know what the facts are in regard to supercarriers, but I want to say that the American people are entitled to have the facts. With the world situation what it is, Mr. President, if there is anyone in the Military Establishment who can present facts that justify the building of carriers in order to strengthen the security of this Nation, I want the facts established and the carriers built. When I picked up the newspaper this morning and read such a disturbing article as that of Mr. Norris I became convinced that someone should speak out against any attempt to censor possible evidence. Mr. Norris is a very reliable reporter, Mr. President. As I read through his article and became convinced that it in all probability is based upon substance, I decided to say here on the floor of the Senate that any attempt on the part of the high Navy command, including the Secretary of the Navy himself, to restrict this inquiry, is not in the public interest. Unless we can have some assurance, Mr. President, that this article does not represent Navy policy I shall, at the next meeting of the Armed Services Committee of the Senate, demand an entire investigation of it. So long as I am a member of that committee I am going to insist that the channels of information, so far as the operation of our Military Establishment is concerned, be kept open to the American people. If there is any basis in fact for this newspaper story then it is clear that the channels are being closed.

Mr. President, I ask unanimous consent to have printed as a part of my remarks the entire article, because it speaks for itself. I hope we can have early assurance that no one is being muzzled in the Navy Department if he has any facts to present to the American people in regard to either the B–36 or the supercarrier.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NAVY CRAMPS ADMIRALS IN B–36 INQUIRY

(By John G. Norris)

Apparently under pressure from above, the Navy is planning to sharply curtail its prepared "side of the case" in the congressional B–36 investigation.

Navy Secretary Francis Matthews, said Capitol Hill sources, has ordered naval officer witnesses to make no mention of the B–36 bomber in testifying before the House Armed Services Committee when that group resumes its probe next Wednesday.

This would rule out any evidence in refutation of Air Force claims for the controversial bomber. It has been reported that more than one admiral had planned testimony along this line.

MAY LIMIT WITNESSES TO FOUR

These same congressional sources also said that Matthews contemplates limiting the Navy's witnesses to four top admirals and may hold them to a defense of the place of the Navy under current and future world conditions.

Where the reported pressure came from is not known, but it was established that two members of the B–36 probe investigation staff called on Matthews Tuesday to discuss the Navy's presentation of testimony.

They are reported to have warned the Secretary that the agenda of the probe probably will be drastically cut when the committee reconvenes next week.

CROMMELIN MAY NOT APPEAR

Should the Navy's list of witnesses be confined to top admirals, this would bar Capt. John G. Crommelin from being heard—unless the committee insisted on calling him. Crommelin set off a controversy by charging that Pentagon chiefs are undermining the national security by hamstringing naval aviation. He demanded a congressional investigation.

Admiral William (Bull) Halsey and other admirals urged that the House committee hear what Crommelin has to say.

According to the word received by some Members of Congress, the four admirals selected to give the Navy's limited presentation are Admiral Louis Denfeld, Chief of Naval Operations; Admiral Arthur W. Radford, commander in chief of the Pacific Fleet; Admiral William H. P. Blandy, commander in chief of the Atlantic Fleet, and Admiral Richard Conolly, commander of European-Mediterranean forces.

In June, the House committee voted unanimously on an eight-point agenda for its investigation. Point 1 was to establish the truth or falsity of the charges made against the B–36 and defense chiefs. The committee concluded that they were unfounded. It has partially established the source of the charges—point 2.

The other points call for determining: (1) Whether the B–36 is a satisfactory bomber; (2) whether the cancellation of the Navy's superaircraft carrier was a wise decision; (3) whether the Air Force is neglecting tactical aviation in its emphasis on strategic bombing; (4) can two of the three armed services determine the weapons of the third; (5) is the present emphasis on strategic bombing sound; (6) all other pertinent questions.

Navy partisans on the committee have urged that because top Air Force chiefs gave detailed testimony in support of their concepts of warfare, they should hear the Navy's side fully. Army and Air Force chiefs, however, content that such questions should be left for the Joint Chiefs of Staff and the new Weapons System Evaluation Group, and have brought pressure to close off the hearings without going into the latter points on the agenda.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed without amendment the following bill and joint resolution of the Senate:

S. 2372. An act to amend the Atomic Energy Act of 1946; and

S. J. Res. 53. Joint resolution to provide for the reforestation and revegetation of the forest and range lands of the national forests, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4830) making appropriations for foreign aid, for the fiscal year ending June 30, 1950, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 7 and 14 to the bill, and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 1, 8, 10, and 16 to the bill, and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate.

INCREASE OF COMPENSATION OF CERTAIN EXECUTIVE OFFICERS

The Senate resumed the consideration of the bill (H. R. 1689) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire for himself and the Senator from Maryland. [Putting the question.]

Mr. BRIDGES. Mr. President, I ask for a division.

The Senate proceeded to divide.

The PRESIDING OFFICER. On a division, the amendment is rejected.

Mr. BRIDGES. Mr. President, I ask for the yeas and nays.

Mr. JOHNSON of Colorado. Mr. President, the result has already been announced.

Mr. BRIDGES. Mr. President, the parliamentary procedure is that following a vote a division may be requested, and following a division the yeas and nays may be requested.

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The PRESIDING OFFICER. That is before the announcement of the result is made.

Mr. BRIDGES. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 5 of the committee amendment as amended, after the semicolon in line 19, it is proposed to insert: "the Associate Director of the Federal Bureau of Investigation."

Mr. BRIDGES. Mr. President, with reference to this particular amendment, there is included in the original bill the Deputy Director of centralized intelligence. There is one great investigating agency in this country which tops them all, namely, the Federal Bureau of Investigation. If we are going to increase the salary of the Deputy Director of the Central Intelligence Agency, there is no reason on God's green earth why we should preclude the Associate Director of the Federal Bureau of Investigation. It is only common sense, and if the amendment is not adopted, the bill will be discriminatory. I do not believe the Senate of the United States wants that to occur. No one wants to stand on the floor of the Senate and argue against the Federal Bureau of Investigation. This is a simple case of justice.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. McMAHON. For whom in the Bureau does the amendment provide?

Mr. BRIDGES. The Associate Director of the Federal Bureau.

Mr. McMAHON. Mr. Tolson?

Mr. BRIDGES. Yes.

Mr. McMAHON. Mr. President, I should like to endorse the amendment which has been offered by the Senator from New Hampshire. We cannot divorce the personality from the position in our consideration of whether or not we should be for an amendment or against it. I have known Mr. Tolson for many years. He has given a lifetime of career service in the Department of Justice. He has had a splendid record in the service of the Government. Certainly I believe he is entitled to the salary proposed if anyone in the Government is. His position, as the First Assistant to the Director, Mr. Hoover, imposes on him heavy and grave responsibilities. Much more onerous than those borne by many gentlemen who are given preferment in the bill. I would suggest to the Senators in charge of the bill that they should accept this amendment.

Mr. MUNDT. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield to the Senator from South Dakota.

Mr. MUNDT. I personally desire to associate myself with the statement of the Senator from Connecticut and the Senator from New Hampshire concerning this particular amendment. As a Member of another body for many years, I engaged in close contact with the FBI, and know that in times when the Director is ill or incapacitated Mr. Tolson serves as the Director. It seems to me a very unwarranted discrimination against the FBI to pay the Associate Director of the Central Intelligence Agency a salary higher than that paid the Associate Director of the FBI. I hope that the Senator from New Hampshire will press the point and if it appears that a yea-and-nay vote is necessary, that we have one. I think in these crucial days we can certainly ill afford to lose the services of members of the FBI at the top level who are responsible for protecting what is left of internal security in America. We can ill afford to take a chance on that. This comes under the heading, I believe, of national defense, on which we have spent a tremendous amount of money, and I think we should be able to agree unanimously on this corrective amendment.

Mr. LONG. Mr. President, in the organization of our Government there is a substantial difference between the Central Intelligence Agency and the FBI. The FBI is a division of the Department of Justice, and Central Intelligence is a separate agency. The Deputy Director of Central Intelligence is so situated that he would be in command of an independent agency, while in the pattern of organization of the Department of Justice, the Associate Director of the FBI would be about fifteenth in the chain of command down the line.

Under the classification bill, the official referred to would be one of many who would be considered for about a 20-percent increase. If the classification bill is enacted, Mr. Tolson could be substantially raised in pay over what he is now receiving.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from New Hampshire.

Mr. BRIDGES. Does the Senator mean to stand on the floor of the Senate and say that he does not put the Federal Bureau of Investigation on the same footing with the Central Intelligence Agency? Does he not think it is as important? I do not believe the Senator wants to take that position.

Mr. LONG. The Senator well knows that the Central Intelligence has been set up as an absolutely independent agency, and the FBI is a subdivision of the Department of Justice. That is the only basis for distinction between the Deputy Director of the Central Intelligence Agency and the Associate Director of the FBI. Central Intelligence is an independent agency as distinguished from the FBI, which is a subdivision of a department.

Mr. BRIDGES. Does not the Senator feel that the Federal Bureau of Investigation is as important to this Nation as is the Central Intelligence Agency?

Mr. LONG. I personally agree with the Senator's suggestion; it is true; but once we break down the general pattern of this bill, which relates more or less to the chain of command, as in an army or navy, and let the thing become a hodgepodge, then we shall be called upon to determine whether a man at Bonneville is more important than a man in TVA, whether the Treasury is more important than Justice, or whether the military is more important than all the rest put together. Once we break away from the general rule that the head of a department is entitled to so much regardless of what his department may be, we naturally bring about a general hodgepodge and must pick out each individual in the Federal Government and say how much he should receive without any standards to follow.

Mr. THYE. Mr. President, what the Senator from Louisiana has just said is indicative of one reason why I objected yesterday to the substitute amendment. I felt that it was a hodgepodge, that the Committee on Civil Service and the Senator from Louisiana, as chairman of the subcommittee, had made a long and deep study of the problem. Then, on a moment's notice, I might say, we were informed of an agreement to a substitute which did not carry out in a consistent manner the attempt to wipe out inequities and injustices in the pay schedules of certain classified positions, because similar positions created in recent years have invariably carried a much higher salary scale and increase than those which were established in the earlier period of the Government.

In the Committee on Civil Service we endeavored to make salaries consistent with each other in their relation to the importance of the positions. I was fearful that in the substitute measure an error would be committed. The Senator from New Hampshire, in his amendment, is trying to correct what may be an injustice in the pay schedule or classification of this particular position.

I support the Senator from New Hampshire in his amendment.

Mr. BRIDGES. Mr. President, let us look at the substitute amendment. We have talked about the Deputy Director of the Central Intelligence Agency. The Chief Assistant Librarian of Congress is included in the substitute. Is not the Associate Director of the Federal Bureau of Investigation as important as the Assistant Librarian of Congress? By what stretch of the imagination are we to include the Assistant Librarian of Congress in the bill and exclude this very important official of the Government? Why exclude the Chief Counsel of the Treasury Department? Why exclude the man who passes on the collection of all taxes? Why exclude the associate head of the Federal Bureau of Investigation, which organization is guarding day and night the security of the Nation, and include the Assistant Librarian of Congress? That is bunk, and every Senator, after thoughtful consideration, knows it to be bunk. Think of including the Assistant Librarian of Congress and excluding the Associate Director of the Federal Bureau of Investigation.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BRIDGES. Certainly.

Mr. LONG. May I suggest to the Senator the inconsistency of the two arguments he is making? He is setting up

one position against another. He has just gotten through offering an amendment providing an increase for the general counsel of the Department of the Treasury, because that official would serve as Secretary in the very unusual, almost inconceivable, situation, when not only the Secretary but also the Under Secretary were absent. He argued that it might be conceivable he would be over someone who was ordinarily over him; therefore, he should have the same pay in the chain of command, and now the Senator says the chain of command should mean nothing in the pay schedule.

Mr. BRIDGES. Let me say to the Senator that in answer to a question from the distinguished Senator from Maryland, I did say that that was true of the general counsel for the Treasury. But that was not at all my argument for the Chief Counsel of the Treasury Department or the Chief Counsel of the Bureau of Internal Revenue.

Mr. LONG. Did not the Senator agree that that was a good argument though, when the Senator from Maryland suggested it?

Mr. BRIDGES. I agreed, but that was not my basic argument. My basic argument was the importance of the job in handling the money involved.

Mr. President, I am for the bill. But instead of simply sitting here and stubbornly saying, "We are not going to change it," if we can improve the bill I say we ought to do so. I see in the bill provision for the counselor of the Department of State, the Philippine Alien Property Administrator, the Deputy Public Printer, and so on. Then Senators propose to refuse to include in the bill the Associate Director of the Federal Bureau of Investigation, who is guarding the security of the country day and night, 24 hours a day. To my mind that is bunk, and nothing can be said on the floor to change it.

Mr. President, let Senators look over the bill. There is no question that those who framed the substitute framed it in good faith, and as I have said, I am for it.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. JOHNSON of Colorado. The substitute bill, so far as these classifications are concerned, in spite of what the Senator from Minnesota suggested a moment ago, is taken directly from the bill which was reported by the committee. Not one single position is changed in it. If Senators will read the bill advocated by the Senator from Vermont [Mr. FLANDERS] they will find in the substitute the same classifications, one after another in regular order, and word for word, line for line, and paragraph for paragraph. The substitute bill does not do the thing the Senator from Minnesota said it did at all. We relied on the bill sponsored by the Senator from Vermont. Long hearings were held on it. The committee worked out the provisions of the bill carefully. Those of us who helped draft the substitute bill were unable to tell what offices and positions were covered by the classified civil service. We took the committee's word for it. We thought the committee had worked it all out. We simply copied the substitute from the committee bill, changing only the amount of pay, not the names, not the officers, not the positions which should be included in the bill, according to the committee. There are two bills; one is the civil-service bill and the other is the executive salary bill. We relied on the committee to make the proper separation.

Mr. BRIDGES. Mr. President, my point is that we approach the bill in good faith. Certainly I am going to support the substitute bill. But instead of Senators sitting here and stubbornly saying, "That is it; we are not going to change it," if the bill can be improved by equalizing the inequalities which now exist, then the constructive thing to do is to improve it in that manner. If any Senator thinks he can convince me that the Deputy Director of the Central Intelligence Agency, or the Deputy Public Printer, or the Assistant Librarian of Congress, or anyone of 15 or 20 others are more important than the Associate Director of the Federal Bureau of Investigation, I should like to have him try to do so.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. McFARLAND. I call the Senator's attention to the fact that this official is a civil-service employee. There is a great deal of difference between a civil-service classified employee and the other employees we are considering in this bill. Civil-service classified employees can be considered when the next bill comes before the Senate. If each Senator endeavors to have his own pet brought within the bill we will be here for 2 weeks considering it.

I can agree with some things the Senator has said. I do not say the bill is perfect. But the committee classified the individuals involved. I believe those who are under civil service should not be considered in this bill. That is our point. If we continue in the manner we are doing now, and Senators try to have this one and the other one included in the bill, we can be here for 2 months picking out civil-service employees and putting them under the bill because there are many thousands of civil-service employees, and each Senator has a friend whose salary he would like to see increased—one may be from Arizona, one from New Mexico, and another from New York, and so on. I am sure any Senator can make out a good case for each one he would like to have included in the bill. Where will we wind up, Mr. President, if we should begin to pick out civil-service employees here and there and put them in the bill?

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. McCARTHY. Unfortunately, I was not on the floor when the Senator from New Hampshire began to discuss this matter. I wonder if he has pointed out to the Senate the fact: First, that Mr. Tolson has been in the Bureau for 22 years; second, that when Mr. Hoover is absent Mr. Tolson then has the most important job in the whole Nation.

Several months ago Mr. Hoover was sick for about 3 months. Mr. Tolson at that time had to manage the FBI. That Bureau has no politics in it whatsoever, which is certainly a distinction around Washington at this time. Before his 22 years of service in the Bureau he served 8 years with the War Department as confidential secretary to three different Secretaries of War. He is a man with a most extensive background. While he has not said so publicly, or to me or to any other Senator, I assume that a man of his background, his capacity, his capability certainly could command a much larger salary in any number of outside jobs than he is now receiving.

I agree with the Senator from Arizona [Mr. McFARLAND] that perhaps this particular job technically should be brought in under another bill, but looking at it from the practical standpoint, we find the Deputy Director of the Central Intelligence Agency receiving a salary of $14,000. Mr. President, it seems to me it would be wrong to say to the assistant to Mr. Hoover—an assistant who has done such a phenomenally outstanding job—"You belong in a lower pay category."

I am not sure whether the Senator from New Hampshire has pointed out that one of the things which are peculiar to the FBI, and luckily so, is that no individual receives undue credit. The Department receives credit for what any man does. As a result the outstanding work of Mr. Tolson in individual cases has not been brought to the attention of the public.

For example, when the whole Touhy gang escaped, Mr. Hoover, with Mr. Tolson assisting, personally took charge of the case. They were in active charge of the apprehension of the Touhy mobsters, and killed two and captured the rest. Both Mr. Hoover and Mr. Tolson were in the front line in that case.

In the Bremerton kidnaping case, in the apprehension of Karpis, in the very atrocious Bailey Cash kidnaping case in Florida, Mr. Hoover, with Mr. Tolson assisting, took charge personally. I do not mean they were in charge only technically, but they carried guns and picked up the kidnapers and mobsters. Mr. Tolson has done work in the field which the ordinary investigator does. Moreover, in Mr. Hoover's absence Mr. Tolson is able to handle the administration of this vast Bureau and do it well.

Mr. President, I believe it would be completely wrong to say to such a man "You belong in a lower category than does another man in a parallel position in Central Intelligence Agency."

Mr. JOHNSON of Colorado. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. JOHNSON of Colorado. I wonder if the Senators are losing track of the fact that in the classified civil service employees are given longevity pay? Mr.

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Tolson has worked for many years, and because he has worked for many years he will receive the very top pay under the classified civil service. Senators with their good intentions may be doing Mr. Tolson a disservice by placing his position in the executive pay bill when it actually belongs in the civil service classification bill, which is not before the Senate at the present time.

Mr. McCARTHY. Mr. President, I believe the Senator will agree with me that no department has done more, prior to and during the war, to safeguard this Nation than has the FBI. I believe the Senator will agree with me that that is due largely to the work of Mr. Hoover and his assistant, Mr. Tolson. As all Senators know, the FBI is one agency to which no Senator would think of going and saying "Put my friend on. Give him a job." No Senator would ever think of saying that to Mr. Hoover or Mr. Tolson. That agency is entirely free from politics. The only way a young man can get a job in the FBI is on the basis of his ability. That is because of the competence of the men heading it. As Senators will recall, there was a time, before Mr. Hoover took over the Bureau and it was under Mr. Burns, when it was the most politics-ridden bureau in the Government. If we inadequately pay the men who head that Bureau, if we, in effect, insult the Associate Director by saying, "You are not as competent as the Associate Director of the Central Intelligence Agency and you should not get the same salary." we are in danger of losing the competent men we have, and putting the FBI back to the days when it operated under Mr. Burns.

Mr. ANDERSON. Mr. President, I have been greatly interested in this general subject, because if there is any subject with respect to which I can go back a long way in my record, it is the subject of trying to increase salaries in the executive departments. I was in favor of it at a time when it was supposed to be contrary to administration policy to advocate salary increases, at a time when we were trying to economize. If the Senator from North Dakota [Mr. LANGER] were present, he would recall that I appeared as Secretary of Agriculture before his committee and testified in favor of increases at a time when that was supposed to be contrary to the policy of the administration.

I believe that if we continue to try to load down the bill with "nice people" before long we shall have a bill which will be recommitted. If that is the purpose, I think it could easily succeed.

I have heard it said that Mr. Tolson has been with the FBI for 22 years. That is conceded. But I do not believe that we are basing the salaries of Cabinet officers on the number of years they have served as heads of their respective departments. Would it be suggested that a man like Mr. Ickes, who served as Secretary of the Interior for a longer period than any other man ever occupied that office, should have received more money than the Secretary of State, who was changed every few months for a while? I do not believe so. I do not believe that we can measure these things in terms of the capacity of a particular person who occupies a certain position at a particular time. I think it is unfortunate to have this issue dragged in.

I have never commented on the work of the FBI. I am not one of those who believe that everything that is done by the FBI is perfect. While it may be regarded as extremely unpopular to express the belief that not everything it has done has been perfect, I wish to say that the Congress appropriated $700,000 to investigate subversive activities and at the conclusion of the investigation the report of the FBI did not disclose a single individual who was definitely said to be subversive.

A committee of the House of Representatives of which I happened to be a member was appointed to study the report of the Dies committee and to report on the charges which the Dies committee had made against hundreds of Americans. The very first witness we heard was J. Edgar Hoover, who appeared at a closed session. Therefore, I suppose there is no written testimony; but I assure Senators that the answer we got over and over again was that the FBI merely investigates; it does not convict.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. CORDON. The very essence of the responsibility of the FBI is that of investigation. The judiciary takes care of the matter from the time the facts are submitted. I have seldom seen a case go to judgment without the facts. The facts are brought into court through the work of the Federal Bureau of Investigation.

Mr. ANDERSON. If they submitted facts, that would be extremely interesting. However, I have read their reports, and they read something like this: "The witness A says that a certain man saw Susie Jones, who came to his house after dark. The curtains were drawn. Witness B denies it." What are the facts? No facts are submitted. There is a difference of opinion in every case. So I say that while the FBI has been a fine and creditable institution, it is one thing to stand here and say that this man should be given a pay increase because he has been in the Department for 22 years——

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. TOBEY. The reference to "Susie" brings to mind the title of the old song. Perhaps the reason that investigation was not pushed was, in the words of the old song, "If you knew Susie like I know Susie." [Laughter.]

Mr. ANDERSON. Unfortunately I did not know Susie, and I was unable to judge.

Mr. President, if we want to start reforming the bill and correcting all inequities, I should like to start with the 60,000 employees of the Department of Agriculture. For example, in this bill we do not find the Director of the Agricultural Research Administration. Recently we enacted a bill known as the Hope-Flannagan bill, providing for agricultural research.

Within the past few months there has been a change in the entire administration of the Research and Marketing Act. It has been transferred to the Agricultural Research Administration, headed by Dr. P. V. Cardon. If there are more distinguished employees of the United States Government than Dr. Cardon, I am not acquainted with them. Yet no one would think to place his position in this bill, because he does not have under him a stream of people running over the country. He has not been in that position for 22 years, but he has been there for a long time.

Some years ago one of the most valuable men, far below Dr. Cardon in the Department, was a man named Dr. May, the head of the laboratory at Peoria, Ill. Dr. May had been for many years in charge of that laboratory. A great American industrial organization asked him if he would resign his position and enter their employment. I have told this story before, but it typifies to me the type of "mute and glorious Miltons" who work in the Department of Agriculture and in other departments. It is not confined to that Department.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. ANDERSON. In a moment.

When a representative of that great industrial concern came to see Dr. May and offered him a job at $30,000 a year when he was receiving $9,000 a year, although he was not possessed of great financial resources, his reply was that he could not consider it until the Secretary of Agriculture had first been approached and had given his permission that he might leave the job. He was not tied to the United States Government by a contract. Yet that man's character was so high and his loyalty was so great that he would not even talk to the representative of the industrial concern until I had been consulted.

He finally left the Department because I realized that I must permit him to leave. He had a family coming along, with children ready for college, and he was unable adequately to take care of them. That man was receiving $9,000 a year in the Department. He moved to a $30,000 job. Within the past year his salary has been increased.

Yet Dr. Cardon, who was his superior, stayed in the Department at $10,000 a year; and because he does not have a glamorous reputation, not a soul wants to raise his pay.

I have not attempted to amend the bill so as to increase the compensation of officials of that character, because I feared that if I did so we would fail in the effort to increase the salaries of others who are deserving.

I wish it could have been possible for a Cabinet officer to receive $25,000 a year. I am sorry that in the substitute that salary was reduced to $22,500 a year; but rather than try to increase it to $25,000, I voted for the committee substitute, because I think it is important that something be done. It is on that basis that I shall oppose the effort to bring

Clyde Tolson under the terms of this bill.

I now yield to the Senator from Oregon.

Mr. CORDON. I thank the Senator. Let me say first that the Senator from New Mexico has just said something on the floor of the Senate which sadly needed saying during this debate. He has called atention, out of his own experience, to a great group of honest, faithful, and efficient servants of the United States who have never had the recognition which they deserve, and never will have it, save as they get it from some superior, such as the Senator was as Secretary of Agriculture, who personally knows of the devoted service which they have rendered.

Mr. President, the vice of this bill is that it is a bill to put a price on a title, and not to pay for services rendered on the basis of value received. Unless, as a result of all the appeals coming to us, that situation is remedied, I shall regret a vote in favor of this segment of the entire pattern. It may well be that, step by step, we can achieve justice for everyone; but if we stop here, we shall have done worse than that.

Mr. ANDERSON. I thank the distinguished Senator from Oregon. What he has just said encourages me.

Mr. President, I have repeatedly tried to point out that some of the persons hidden away in the Departments are extremely wise and extremely wonderful servants of the Government. I recall that when the sugar problem fell into my lap in the summer of 1945, and when I was sorely perplexed to try to understand the conflicting reports which came to me, a man telephoned my office, and talked to my secretary, and said, "I wonder if the Secretary of Agriculture would talk to me about sugar. I have never spoken to a Secretary of Agriculture. For more than 20 years I have been in the Department. Perhaps I presume a little bit to ask if I may come to see the Secretary of Agriculture; but I wonder if he would talk to me for a few minutes."

He was given an interview. He brought me a chart which was the most illuminating document in relation to the supplies of sugar and the effects of various wage-scales in various countries upon the importation of sugar into the United States I have ever seen or ever had submitted by any sugar authority. For my purposes, it gave me far more information than all that had been gathered in the course of several intensive studies which had been made by some very distinguished men. That man, who for 20 years had made a specialty of tropical plant diseases, and particularly diseases affecting sugar, never before in all that long time had been permitted to put his foot inside the office of the Secretary of Agriculture. We shall not find in this bill provision for increasing his salary.

I say that I could go through the bill and point out that the man who is in charge of the Production and Marketing Administration and has the responsibility for $4,850,000,000 is treated exactly the same, so far as salary is concerned, as the man who, under his direction, heads the Federal Crop Insurance Corporation. Oh, yes; it is easy to talk about these wage scales; but we should realize that in 1 year the Production and Marketing Administration and the Commodity Credit Corporation, of which that man also is president, had a larger group of sales and actually made more money that year than did General Motors. Yet if rumor is not incorrect, two or three persons on the pay roll of General Motors are paid more than $9,000.

We shall not try to remedy that situation by boldly taking that man's salary out of the limited category in which it now is and increasing it, because to do so might disturb the equilibrium. I am not quarreling with that attitude, although I should like to see his salary increased. But neither shall I agree to jeopardize the whole system by agreeing to make a special exception, by way of an increase in salary, in the case of a nice guy like Clyde Tolson, who also is an extremely efficient administrator.

Mr. McCARTHY. Mr. President, there is no Member of the Senate for whom I have more respect than the junior Senator from New Mexico [Mr. ANDERSON]. However, I wonder if he is not doing the FBI an injustice. In connection with the discussion of the FBI, I think it should be pointed out that it was not the task of the FBI to decide what individuals or organizations were subversive. The Attorney General assigns the FBI the task of gathering information on persons or organizations, as requests may be made of it by the Attorney General. The Attorney General is the one who issued the list of subversive organizations. The FBI did not list those organizations as being subversive; it did not do so, because that was not its job. The FBI merely presented to the Attorney General all the information it could obtain about those organizations. If John Jones was suspected of being subversive, it was not the function of the FBI to act as a court and to pass on the sufficiency of the evidence produced, but the FBI was assigned the task of obtaining all possible evidence in that connection. For instance, the FBI might list among the information it obtained, "On such and such a date, John Jones was seen at such and such a place." It was not the task of the FBI to decide anything about the loyalty of that particular person or any other person or group.

So when it is pointed out that the FBI did not charge anyone with being subversive, I think the Senator who makes that point is not being fair to the FBI, because that was not the FBI's job. The Attorney General said to the FBI, "Get all the available evidence, and then my Department will decide what organizations are subversive and what individuals should be prosecuted."

So I think it should be clear that we are not condemning the FBI for not doing a job which was not assigned to it.

Mr. ANDERSON. Mr. President, I do not wish to be unfair to the FBI, and of course it is true that their letter of instructions did not direct them to determine which persons or organizations were subversive. On the other hand, if they could not determine that, who could? The Department of Justice could not do anything in such matters, because there was nothing conclusive. So if the FBI could not make that determination, there was no other agency which could do it. It seems to me that somewhere along the line there might have been someone who could say "We know this man does thus and so, and therefore we believe he might be regarded as an undesirable citizen."

I do not mean to imply that, in the main, the work of the FBI has not been extremely good. I was only trying to say that it seems to be charcteristic that we develop our "sacred cows," and we think that nothing should be said against them. If Senators will look at the great study the FBI made of subversive organizations in the United States, and will read carefully their report, which I delight in possessing, I think Senators will find that there was no decision at any time, at any place, on any organization or individual.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. ANDERSON. I yield.

Mr. LANGER. Does not the Senator think the FBI earned the thanks of the entire country when it captured the eight saboteurs who had come to the United States by submarine, and captured them before they could do any damage to industrial plants in the United States?

Mr. ANDERSON. Mr. President, I do not wish the distinguished Senator to misunderstand me. I think we owe a great debt of gratitude to the FBI for that performance and for many other of its performances. I merely wish to say that there are in the Government departments many persons to whom we owe a great debt of gratitude; and if we are to start paying off debts of gratitude, let us do so in the case of all Government employees who have done good jobs in the past 25 years. But it we fail to do that, then we have to do what the Senator from Louisiana has been pointing out—namely, go down the line of command and increase salaries on that basis, not on the basis of individual outstanding and efficient service.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. LANGER. Is it not true that the committee bill, for which the substitute has been submitted, was thoroughly considered over a period of 2 years; that Mr. Hoover appeared before the committee at that time and told the committee all about the work of the FBI, and that we likewise had testimony from the head of every Government department, including the distinguished junior Senator from New Mexico, then the Secretary of Agriculture, who himself appeared before the committee and told us about a man who was working in the Department of Agriculture and was being paid $10,000, and subsequently was hired by a firm in Minneapolis which paid him $25,000? Does not the Senator honestly think the committee which went into the most minute detail in respect to every department of the Government knew more about that subject than did the gentlemen who submitted the substitute?

Mr. ANDERSON. Yes, I do; but I say that provision for increasing the salary of that particular man was not contained in the original bill, either. There-

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fore, if the Senator believes that in the measure now before the Senate we should not attempt to single out for salary increases particular Government servants who have done excellent jobs, then no doubt the Senator should support the position the Senator from Louisiana and I are taking, in which event he could not support the amendment offered by the Senator from New Hampshire. I wish to be consistent. I say now to the Senator from North Dakota, as I said before, in his absence, that I appeared before his committee and testified as a Cabinet officer; and I have greatly appreciated the support he gave, by his investigation, to the morale of the departments, because employees in the departments came to me and said, "Thank God we have some people in Congress who are interested in us"; and they were kind enough to say that they also enjoyed having a boss in their Department who was interested in what happened to them. I have publicly and privately thanked the Senator from North Dakota for what he did.

I do not want to hold the floor any longer. I simply say I believe we must proceed to consider this question on the basis of positions, not personalities. Mr. Tolson is a fine man, a splendid gentleman. He probably is entitled to every dollar the amendment would provide. But I can give the names of 50 people in the Department of Agriculture, whose names the Senator has never heard, who are equally entitled to increased compensation.

Mr. THYE. Mr. President, a short time ago the senior Senator from Colorado [Mr. JOHNSON] said there was only one change made in the substitute proposal, and that was a change in the salary range rather than in the classification. I have gone through both measures, the bill which was introduced, which was reported by the committee and the substitute.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. THYE. In a moment. Let me carry through, please; then I shall be most happy to yield. It is utterly impossible to follow through and determine what the substitute measure proposes in relation to the bill which came to the Senate floor as the committee bill.

For example, I call the attention of the Senate to section 4, on page 9 of the bill which was introduced as House bill 1689. If we look on page 4, section 4 of the substitute measure, we hardly recognize the language. Comparing it with the language in the section of the original bill, it is utterly impossible to arrive at any intelligent understanding of the two provisions. It is that which I call hodge podge, and which makes the bill in its present form almost impossible.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. THYE. Yes, indeed; I am happy to yield.

Mr. LONG. If the Senator will point out to me the provisions which he feels do not make sense? I believe I might be able to explain to him what the authors of the substitute had in mind in relation to the original bill, because I feel the substitute bears a substantial relationship, in fact a very close relationship to the committee bill. There were certain reasons why certain things were done, one of the main reasons being the feeling that the salary of no one except a Cabinet officer, by virtue of the bill, should be raised to exceed that of a United States Senator or a Member of the House of Representatives. That was one general rule of thumb which was followed. If the Senator will refer to the instances he has in mind, I believe I probably could clear the matter up for him and remove his doubts on some points.

Mr. THYE. Mr. President, I call the attention of the junior Senator from Louisiana to the language in section 4 of the substitute measure. I also call his attention to the language of section 4 of the original measure. Let him read them for himself and determine whether there is any similarity, word for word, line for line, paragraph for paragraph.

Mr. LONG. I am sure they are not line for line the same, but will the Senator refer me to the particular items to which he objects? Possibly I can explain to him, insofar as the differences between the two measures are concerned, what the logic was in arriving at the particular differences.

Mr. THYE. Mr. President, I must call the attention of the junior Senator from Louisiana to the fact that although it was explained to us that the only change made was the change in the salary levels or the salary figures, if one attempts to compare the two bills, and read them line for line and paragraph for paragraph it is impossible to find in the substitute the various classifications and positions listed in such a way as to be understandable.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. THYE. Yes, indeed; I am happy to yield.

Mr. JOHNSON of Colorado. I am glad the Senator will yield. If the Senator will find any position in the bill which came from the committee, I shall show him the same position in the substitute bill. Of course, as I tried to say a moment ago, we did change them around and group them in different salary brackets. We could not have the same sections, of course. We had to move them about in order to maintain some sort of order, and not to have an assistant or deputy getting more money than the head of the department.

Mr. THYE. Then, Mr. President, I may say to the senior Senator from Colorado that the regrouping and reclassifying make it most difficult to understand the classifications, the groups put into them, and the amount of salary. The Senator stated they were regrouped and reclassified.

Mr. JOHNSON of Colorado. There were a few variations, of course. The substitute is not identical with the original bill, but the positions are identical. I am talking about the positions.

Mr. THYE. Mr. President, that is my criticism of the substitute measure, that in the regrouping and reclassification one is at a loss to know whether all have been regrouped, whether all have been reclassified, or whether some have been dropped and others placed in a higher classification. For example, on page 9, section 4 of the original bill, we find the rate of basic compensation of members of the Board of Governors of the Federal Reserve System, members of the Home Loan Bank Board, the Public Housing Commissioner, the Federal Housing Commissioner, the Director of Aeronautical Research of the National Advisory Committee on Aeronautics, members of the Civil Aeronautics Board, the chairman of the board of directors, and so on. I could go on to the next page and read further. If we turn to section 4, page 4, of the substitute bill, we find an entirely different classification. For example, we do not know how the Board of Governors of the Federal Reserve System were classified. That is my purpose in calling attention to the substitute measure. It leaves one in doubt as to whether it is a hodgepodge or whether it has been consistently arranged, so that the intent of the committee, after much study, has been fully carried out in the substitute measure. The bill has always been subject to amendment, I agree. I personally have offered an amendment, and I shall offer other amendments to the next classified service pay schedule, possibly, but the fact is that a whole substitute measure now lies before the Senate to take the place of what originally was the bill recommended by the committee.

Mr. JOHNSON of Colorado. Mr. President, if the Senator will yield, of course the positions he finds in one section of the original bill will be found in one section or another of the substitute bill.

Mr. THYE. May I ask a question?

Mr. JOHNSON of Colorado. Yes.

Mr. THYE. Where?

Mr. JOHNSON of Colorado. What position is the Senator referring to?

Mr. THYE. I shall confine the question to those listed under section 4 of the original bill. Where are they listed in the substitute bill? I am calling the Senator's attention to how difficult it is to follow the substitute measure.

Mr. JOHNSON of Colorado. Most of those positions are placed in the $15,000 category; some of them, in the $14,000 category.

Mr. THYE. Where is the language which indicates they are so placed?

Mr. LONG. Mr. President, if the Senator will yield, many of those officials are already receiving $15,000, and they were not included in the substitute, because there is no use passing a law to fix a man's salary at the same point at which it has already been fixed by previous law. They were therefore simply omitted.

Mr. THYE. I call that to the attention of the chairman of the subcommittee. It is difficult to follow this measure, because no mention is made in the substitute of some of the provisions contained in the original bill.

Mr. LONG. May I point out to the Senator, it is necessarily that way. The committee report would have explained it, if the substitute had been the committee's action. But since it was not the committee's action, there was no basis

for a committee report explaining the differences between the two. If the Senator would like to know all the officials left out of the substitute because they were receiving the same salary they would receive by virtue of the bill, I could list them for him.

Mr. THYE. That is exactly the question, because there are many who are in doubt as to whether the substitute measure represents the convictions of the Committee on Post Office and Civil Service, which devoted so much time to the study of the entire matter.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. THYE. Indeed, I am happy to yield.

Mr. MAYBANK. I merely want to say to the distinguished Senator from Minnesota, I think both he and I made a mistake last evening in connection with the Board of Governors of the Federal Reserve System, because I had been led to believe that their salaries had been increased to $16,000. I so stated on the floor in answer to the Senator from Massachusetts [Mr. SALTONSTALL]. I think the distinguished Senator from Minnesota understood that, or believed that was in the substitute bill. I now find there has been no raise whatever. I was going to ask unanimous consent to have the statement which I made corrected in the RECORD.

I will say further to the Senator from Minnesota that I intended to introduce a separate bill with respect to the Federal Reserve Board. The Federal Reserve Board costs the Government nothing, and it has prestige throughout the world. I was highly shocked this morning to find out how difficult it was to follow the changes in the bill and the substitute amendment. The Senator from Minnesota and I both had difficulty in understanding it.

Mr. THYE. It was the language in reference to those who had been omitted that left us in doubt as to the intention. If there had been some explanation it would have been much easier for us to follow it through and know what had been done as to the specific groups which had been omitted.

Mr. LONG. Mr. President, I hope we shall be able to go on with this bill. I did not draft the substitute. I attempted to study it to see that it would not completely cast out the basis upon which the committee had worked.

I have here a comparison of salaries as recommended by the commitee, and what they are at the present time.

There were certain rules followed by the drafters of the substitute. Aside from five White House positions, and aside from the Cabinet, they felt that through this bill, no one should receive more than $15,000. There are quite a few persons who are already receiving more than $15,000. That being the case, since their salaries are not going to be increased, there was no reason for placing them in the bill.

I do not believe it would be very difficult for the Members of this body, especially those who signed their names to the substitute, to see what the general purpose and theory were in drafting the bill.

Mr. President, we have spent much time today. It is because we spend so much time that the Senate is occasionally criticized. We have been here a full working day, and we have disposed, once again, of the Ferguson amendment. It has been voted on five or six times in the past, and each time it has been defeated. We have spent a couple of hours discussing whether the general counsel and the counsel of the Treasury Department should have their salaries increased to $14,000 or whether $12,500 would be enough. We have argued whether Clyde Tolson should receive $14,000 or $12,500. I do hope we can proceed with the bill. If we discuss every official who some Senator knows to be particularly deserving, we can be here all the rest of this year and all of next session, because there are many competent persons whose capabilities and virtues could be extolled. The only way we can arrive at a result is to try to work out a form of organization and make the salaries fit that pattern. I must commend the distinguished Senator from Virginia [Mr. BYRD], for the reason that when he saw the substitute he had an analysis made by departments, starting with the department head, the assistants, and so on down the line. I think he found a few inconsistencies—not many.

Mr. Clyde A. Tolson is Associate Director of the Federal Bureau of Investigation, which is a very important bureau. Since it is not an independent agency, we would not logically treat a bureau within a department as we would treat an independent agency.

The Tennessee Valley Authority is an independent agency and has been since it was established. Bonneville is not an independent agency. It falls within the Department of the Interior.

So we shall hear argument as to how much more important Bonneville is than is TVA, although one is a subdivision of the Department of the Interior and the other is an independent agency. But if we drift away from following some general pattern, and discuss how important someone's job may be, and what wonderful efficiency a particular individual has, we shall never pass a pay-increase bill. I hope, Mr. President, we can follow a pattern and vote on the bill.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. LONG. I yield the floor.

Mr. LANGER. I should like to ask the Senator a question. The Senator said he had a list of all persons who receive $15,000. Would the Senator mind reading their names?

Mr. LONG. I would say to the Senator that they are in the report. Those receiving salaries of $22,000 or $22,500 are listed first. As the Senator will see, the list comprises two and a half pages of fine print. I should be glad to show it to the Senator, or to have it inserted in the RECORD.

Mr. LANGER. With the substitute bill there is no report.

Mr. LONG. Mr. President, I ask unanimous consent to have inserted at this point in the RECORD a list of the positions which, under this bill, would receive an increase in salary, and the extent of the increase, as well as those which would receive no increase. The table compares the present pay of the various positions and the pay as passed by the House, as recommended in the original Senate version, and as provided in the substitute adopted last night by the Senate.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I.—*Positions affected by H. R. 1689, describing present pay, amounts proposed in H. R. 1689, as passed by the House, and the effect of the Senate amendments to this proposal*

Position	Number	Present	H. R. 1689 as passed by the House	H. R. 1689 proposed by the Senate	Substitute amendment
Sec. 1:					
Secretary, Department of Agriculture	1	$15,000.00	$25,000	$25,000	$22,500
Secretary, Department of Commerce	1	15,000.00	25,000	25,000	22,500
Secretary, Department of the Interior	1	15,000.00	25,000	25,000	22,500
Attorney General, Department of Justice	1	15,000.00	25,000	25,000	22,500
Secretary, Department of Labor	1	15,000.00	25,000	25,000	22,500
Secretary, Department of Defense	1	15,000.00	25,000	25,000	22,500
Secretary, Department of the Air Force	1	15,000.00	25,000	25,000	22,500
Secretary, Department of the Army	1	15,000.00	25,000	25,000	22,500
Secretary, Department of the Navy	1	15,000.00	25,000	25,000	22,500
Postmaster General, Post Office Department	1	15,000.00	25,000	25,000	22,500
Secretary, Department of State	1	15,000.00	25,000	25,000	22,500
Secretary, Department of the Treasury	1	15,000.00	25,000	25,000	22,500
Administrator for Economic Cooperation	1	20,000.00	20,000	25,000	----------
Sec. 2 (a):					
Comptroller General of the United States	1	12,000.00	20,000	20,000	15,000
Chairman, Council of Economic Advisers	1	15,000.00	20,000	20,000	----------
Director of the Bureau of the Budget	1	10,000.00	20,000	20,000	15,000
Chairman, National Security Resources Board	1	14,000.00	20,000	20,000	15,000
Administrator, Federal Security Agency	1	12,000.00	20,000	20,000	15,000
Administrator of Veterans' Affairs	1	12,000.00	20,000	20,000	15,000
Administrator, General Services Administration	1	----------	20,000	20,000	15,000
Housing and Home Finauce Administrator	1	16,500.00	18,000	20,000	----------
Under Secretary, Department of Agriculture	1	10,330.00	20,000	20,000	15,000

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TABLE I.—*Positions affected by H. R. 1689, describing present pay, amounts proposed in H. R. 1689, as passed by the House, and the effect of the Senate amendments to this proposal*—Continued

Position	Number	Present	H. R. 1689 as passed by the House	H. R. 1689 proposed by the Senate	Substitute amendment
Sec. 2 (a)—Continued					
Under Secretary, Department of Commerce	1	$10,000.00	$20,000	$20,000	$15,000
Under Secretary, Department of the Interior	1	10,330.00	20,000	20,000	15,000
Under Secretary, Department of Labor	1	10,330.00	20,000	20,000	15,000
Under Secretary of Defense	1	12,000.00	20,000	20,000	15,000
Under Secretary, Department of the Air Force	1	10,000.00	20,000	20,000	15,000
Under Secretary, Department of the Army	1	10,000.00	20,000	20,000	15,000
Under Secretary, Department of the Navy	1	10,000.00	20,000	20,000	15,000
Under Secretary, Department of State	1	12,000.00	20,000	20,000	15,000
Under Secretary, Department of the Treasury	1	10,330.00	20,000	20,000	15,000
Assistant to the Attorney General, Justice	1	10,330.00	20,000	20,000	15,000
Solicitor General of the United States, Justice	1	10,330.00	20,000	20,000	15,000
First Assistant Postmaster General, Post Office	1	10,330.00	20,000	20,000	15,000
Sec. 2 (b):					
White House officials designated by the President:					
Six administrative assistants	12	(1) 15,000.00	(2) 20,000	(2) 20,000	(2) 20,000
The Executive Secretary, National Security Council		(1) 12,000.00	(3) 18,000	(3) 18,000	(3) 18,000
Five other secretaries or other immediate assistants		(9) 10,330.00	(7) 16,000	(7) 16,000	(7) 15,000
		(1) 10,000.00			
Sec. 3 (a):					
Chairman, Atomic Energy Commission	1	17,500.00	18,000	18,000	----------
Chairman, Munitions Board	1	14,000.00	18,000	18,000	15,000
Chairman, Research and Development Board	1	14,000.00	18,000	18,000	15,000
Deputy Administrator for Economic Cooperation	1	17,500.00	18,000	18,000	----------
Assistant Comptroller General of the United States	1	10,330.00	18,000	18,000	14,000
Assistant Director of the Bureau of the Budget	1	10,330.00	18,000	18,000	14,000
Deputy Administrator of Veterans' Affairs	1	10,330.00	18,000	18,000	14,000
Chairman, Board of Directors, Reconstruction Finance Corporation	1	15,000.00	16,000	18,000	----------
Comptroller of the Currency	1	15,000.00	16,000	18,000	----------
Sec. 3 (b): Director, Administrative Office of the U. S. Courts	1	10,330.00	15,000	16,000	15,000
Sec. 3 (c):					
Public Printer	1	10,330.00	17,500	17,500	15,000
Librarian of Congress	1	10,330.00	17,500	17,500	15,000
Members (other than Chairman), Council of Economic Advisers	2	15,000.00	17,500	17,500	----------
Director of Central Intelligence	1	14,000.00	17,500	17,500	15,000
Federal Mediation and Conciliation Director	1	12,000.00	17,500	17,500	15,000
Assistant Federal Security Administrator	1	10,330.00	17,500	17,500	14,000
Director, Federal Bureau of Investigation	1	14,000.00	17,500	17,500	15,000
Deputy Under Secretary of State	2	10,330.00	15,000	17,500	14,000
Sec. 4:					
Members, Board of Governors, Federal Reserve System	7	15,000.00	16,000	16,000	----------
Members, Home Loan Bank Board	3	15,000.00	----------	16,000	----------
Public Housing Commissioner	1	15,000.00	----------	16,000	----------
Federal Housing Commissioner	1	15,000.00	----------	16,000	----------
Director of Aeronautical Research, National Advisory Committee for Aeronautics	1	10,330.00	16,000	16,000	15,000
Members, Civil Aeronautics Board	1	12,000.00	16,000	16,000	15,000
	4	11,500.00	16,000	16,000	15,000
Chairman, Board of Directors, Export-Import Bank of Washington	1	15,000.00	16,000	16,000	----------
Members, Federal Communications Commission	7	10,000.00	16,000	16,000	15,000
Board of Directors, Federal Deposit Insurance Corporation	2	15,000.00	16,000	16,000	15,000
Members, Federal Power Commission	5	10,000.00	16,000	16,000	15,000
Members, Federal Trade Commission	5	10,000.00	16,000	16,000	15,000
Members, Interstate Commerce Commission	11	12,000.00	16,000	16,000	15,000
Members, National Labor Relations Board	5	12,000.00	16,000	16,000	15,000
Members, National Mediation Board	3	10,000.00	16,000	16,000	15,000
Members, Railroad Retirement Board	3	10,000.00	16,000	16,000	15,000
Members, Securities and Exchange Commission	5	10,000.00	16,000	16,000	15,000
Board of Directors, Tennessee Valley Authority	3	10,000.00	16,000	16,000	15,000
Members, Civil Service Commission	3	10,000.00	16,000	16,000	15,000
Chairman, United States Maritime Commission	1	12,000.00	16,000	16,000	----------
Members, United States Tariff Commission	6	10,000.00	16,000	16,000	15,000
Members (other than Chairman), Atomic Energy Commission	4	15,000.00	16,000	16,000	----------
General Counsel, National Labor Relations Board	1	12,000.00	16,000	16,000	15,000
Architect of the Capitol	1	10,330.00	16,000	16,000	15,000
Deputy Administrator of General Services	1	----------	16,000	16,000	14,000
Sec. 5 (a):					
Housing Expediter	1	12,000.00	15,000	15,000	14,000
Director of Selective Service	1	12,500.00	15,000	15,000	14,000
Assistant Architect of the Capitol	1	9,985.80	15,000	15,000	14,000
Members, Displaced Persons Commission	3	10,000.00	15,000	15,000	14,000
Members, Indian Claims Commission	3	10,000.00	15,000	15,000	14,000
Members, War Claims Commission	3	12,000.00	15,000	15,000	14,000
Members, Philippine War Damage Commission	3	12,000.00	15,000	15,000	14,000
Assistant Secretary, Department of Agriculture	1	10,305.00	15,000	15,000	15,000
Assistant Secretary, Department of Commerce	2	10,000.00	15,000	15,000	15,000
Assistant Secretary, Department of the Interior	2	10,330.00	15,000	15,000	15,000
Assistant Secretary, Department of Labor	3	10,330.00	15,000	15,000	15,000
Assistant Secretary, Department of Air Force	2	10,000.00	15,000	15,000	15,000
Assistant Secretary, Department of Navy	2	10,000.00	15,000	15,000	15,000
Assistant Secretary, Department of Army	2	10,000.00	15,000	15,000	15,000
Assistant Secretary, Department of State	8	10,330.00	15,000	15,000	15,000
Assistant Secretary, Department of the Treasury	2	10,330.00	15,000	15,000	15,000
Fiscal Assistant Secretary, Department of the Treasury	1	10,330.00	15,000	15,000	15,000
Assistant Attorney General, Department of Justice	3	10,330.00	15,000	15,000	15,000
	3	10,305.00	15,000	15,000	15,000
	1	10,000.00	15,000	15,000	15,000
Assistant Solicitor General, Department of Justice	1	10,330.00	15,000	15,000	14,000
Counselor, Department of State	1	10,330.00	15,000	15,000	15,000
Second Assistant Postmaster General, Post Office	1	10,330.00	15,000	15,000	14,000
Third Assistant Postmaster General, Post Office	1	10,330.00	15,000	15,000	14,000
Fourth Assistant Postmaster General, Post Office	1	10,330.00	15,000	15,000	14,000
Associate Federal Mediation and Conciliation Director	1	10,330.00	15,000	15,000	14,000
Deputy Director, Central Intelligence	1	10,000.00	15,000	15,000	14,000
Philippine Alien Property Administrator	1	10,000.00	15,000	15,000	15,000
Chief Assistant Librarian of Congress	1	10,330.00	15,000	15,000	14,000
Deputy Public Printer	1	10,330.00	15,000	15,000	14,000
Members (other than Chairman), Board of Directors, Export-Import Bank of Washington	3	12,000.00	15,000	15,000	15,000
Members (other than Chairman), Board of Directors, Reconstruction Finance Corporation	4	12,500.00	15,000	15,000	15,000
Members (other than Chairman), U. S. Maritime Commission	4	10,000.00	15,000	15,000	15,000
Commissioners, U. S. Court of Claims	13	9,707.00	----------	15,000	14,000
Governor, Alaska	1	10,330.00	15,000	15,000	15,000
Governor, Hawaii	1	10,330.00	15,000	15,000	15,000
Governor, Virgin Islands	1	10,330.00	15,000	15,000	15,000
Governor, Panama Canal	1	10,000.00	15,000	15,000	15,000

TABLE I.—*Positions affected by H. R. 1689, describing present pay, amounts proposed in H. R. 1689, as passed by the House, and the effect of the Senate amendments to this proposal*—Continued

Position	Number	Present	H. R. 1689 as passed by the House	H. R. 1689 proposed by the Senate	Substitute amendment
Sec. 5 (b): Assistant Director, Administrative Office of the U. S. Courts	1	$9,707.00	$10,000	$15,000	$14,000
Sec. 5 (c):					
Legislative counsel, House of Representatives	1	12,000.00	12,000	12,000	12,000
Legislative counsel, Senate	1	12,000.00	12,000	12,000	12,000
Sec. 6:					
Compensation of chairman or other head of board or commission having important duties or responsibilities not imposed upon other members of such board or commission may be fixed by the President at $18,000.					
Archivist of the United States	1	10,000.00	15,000	----------	14,000
Administrator, Production and Marketing Administration	1	10,330.00	15,000	----------	14,000
Commissioner of Internal Revenue	1	10,330.00	15,000	----------	15,000
Director, Bureau of Prisons	1	10,330.00	15,000	----------	14,000
Commissioner of Public Roads	1	10,330.00	15,000	----------	15,000
Commissioner of Public Buildings	1	10,330.00	15,000	----------	14,000
Commissioner of Community Facilities	1	10,330.00	15,000	----------	14,000
Commissioner of Immigration and Naturalization	1	10,330.00	15,000	----------	14,000
Administrator of Civil Aeronautics	1	12,000.00	15,000	----------	15,000
Administrator, Rural Electrification Administration	1	10,330.00	15,000	----------	15,000
Commissioner for Social Security	1	10,330.00	15,000	----------	14,000
Commissioner of Reclamation	1	10,330.00	15,000	----------	14,000
Chief, Soil Conservation Service	1	10,330.00	15,000	----------	14,000
Commissioner of Customs	1	10,330.00	15,000	----------	14,000
Commissioner of Narcotics	1	10,330.00	15,000	----------	14,000
Governor, Farm Credit Administration	1	10,000.00	15,000	----------	14,000
Chief Forester, Forest Service	1	10,000.00	15,000	----------	14,000
Administrator, Farmers Home Administration	1	10,000.00	15,000	----------	14,000
Manager, Federal Crop Insurance Corporation	1	10,330.00	15,000	----------	14,000
Special Assistants to the Secretary of Defense	3	10,000.00	15,000	----------	15,000
Director, Bureau of Federal Supply	1	10,330.00	15,000	----------	14,000

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. McCARTHY. I should like to invite the Senator's attention to something which he may have overlooked. The Senator has made a very good argument with regard to following a pattern. I am not going off on tangents and offer amendments. The Senator has listed all those persons who will receive $15,000——

Mr. LONG. I did not list them.

Mr. McCARTHY. They are listed. There is a listing of all who will receive $15,000. In that listing we find the Director of the Federal Bureau of Investigation and the Director of Central Intelligence. In other words, in section 3 the Directors of both those agencies are made co-equal so far as salaries are concerned. I wonder if this is not an oversight:

We turn to section 4 in which the $14,000 men are listed. The salary of the Deputy Director of Central Intelligence is made $14,000 a year. However, there is omitted the assistant to a man who in the previous section is to receive $15,000. I wonder if it is not much more of a logical pattern to say that in view of the fact that the Director of the Bureau of Investigation and the Director of Central Intelligence shall be coequal, so far as salary is concerned, the assistant or deputy directors should be equal, so far as salary is concerned.

Mr. LONG. The reason is that there are various and sundry people pushing up against the $15,000 limit that is proposed here. There are people of various degrees of responsibility coming up to that limit. One of them happens to be the head of an independent agency whose assistant could be included logically, and the other happens to be the head of a bureau which falls within one of the departments.

Mr. McCARTHY. I am afraid the Senator did not get my thought. In section 3 there are listed a vast number of bureau heads who would get the $15,000 salary. In section 4 are listed practically all assistants to the $15,000 a year man, and they will get $14,000. My question is, was it an oversight that in section 4 the assistant to the head of the FBI was not included? I think it is a direct slap in the face of that man when he is singled out and eliminated. In other words, we are not following the pattern.

Mr. LONG. I am sure the Senator well knows that the Hoover Commission said that it was taking a slap at the FBI not to make it an independent agency. It was recommended that it be an independent agency, but there it is as a part of the Department of Justice, and in the scale of the organization of the Government it is further down the line than an independent agency. Mr. J. Edgar Hoover should be raised to $15,000, and there are several other cases in which people in comparable positions were pushed up who were in the departments, but the independent agencies could have one additional person, and therefore the Central Intelligence Agency could have the one assistant at $14,000.

Mr. McCARTHY. Finally, in section 3 it is provided that, regardless of whether the FBI is an independent agency or what it is, the head of that agency shall be placed in the $15,000-a-year class, in the same class with the head of the Central Intelligence Agency. I think that was rightly done. In the next section it is provided that practically all the assistants to these bureau or agency heads who are getting the $15,000, shall be paid $14,000. Practically the only assistant, or deputy, whatever he may be called, who has been eliminated, is the Associate Director of the FBI, and I wonder why he was singled out. The Senator says we must follow a pattern, that we cannot go off on tangents. The Senator is going off on a contradictory tangent when he says that here is a vast number of men—I have not counted them, perhaps 60 or 70—who will get $15,000 a year and all of their assistants except in the case of the FBI will get $14,000.

Mr. LONG. The reason is that the general theory of the bill is that the assistant to the assistant is not included. In the top pay bill are included many assistants, and in this particular case J. Edgar Hoover would be looked upon as an assistant to the Attorney General and placed in the same $15,000 category with other assistants. But Mr. Tolson is an assistant to the assistant, and therefore, in trying to line them up as to where they stand in the formal organization, the FBI is a subdivision of the Department of Justice, and the assistant to the head of the Bureau would not be included.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Oregon.

Mr. CORDON. Does the Senator feel that it is more important to tie a brass tag on a title than it is to pay for services rendered on the basis of value received?

Mr. LONG. I completely agree with the Senator's idea, and I agree to the justice and merit of the case he is espousing, that a man should get what he is worth, and should be paid in accordance with the service he is performing. But when we attempt to fix the salary for a position, it is the position and not the man that has the salary attached. If we try to analyze the importance of each individual we will never have a top pay bill, because I know of no standard on which everyone could agree.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Arizona.

Mr. McFARLAND. Is it not a fact that if Mr. Tolson were paid upon the basis of the bill passed by the House yesterday, the classification bill, he would receive $15,000?

Mr. LONG. That is correct.

Mr. McFARLAND. We do not know what the Senate will do, but the truth is that Mr. Tolson is in the other bill, and belongs in the other bill.

Mr. LONG. Logically he does.

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Mr. MUNDT. Mr. President, I wish to take just a very few minutes to correct what I am very much afraid may be a false impression which the country generally might get from the remarks of the Senator from New Mexico [Mr. ANDERSON] in discussing the FBI. Knowing the Senator as I do, and having served with him so long in the other body, I know he shares with me my high regard for the FBI. I am afraid that an erroneous conclusion might be drawn by the hasty reader of the CONGRESSIONAL RECORD, to the effect that not only was the Senator critical of the FBI, as I know he was not, but that he was charging to them a dereliction of duty, as I am sure he would not do.

I think the country generally fails to recognize the part the FBI plays in the whole picture of the loyalty investigation, as well as from the standpoint of checking other serious threats against the security of this country. We know the FBI is an investigating agency, that it makes the evidence it finds available to the appropriate authorities, who enforce the law and prosecute someone charged with crime. The FBI is not, never has been, and in my opinion should not be, an evaluating agency, taking the facts which it itself finds and serving as a jury to determine what the punishment should be. It conveys the facts to others. Others then have the responsibility to act.

When we made available some $700,000 for the loyalty check, which was very tardily engaged in, which certainly should have been engaged in energetically long before, I do not want the record to stand unchallenged that nobody was removed from Government office because of that FBI check. The $700,000 were not wasted. The FBI did make its examination, it did make its check, it did supply the information to the proper sources, which were the departments involved in employing the disloyal people who were checked. Just this week the news stories came out in the Washington newspapers reporting that more than 250 disloyal Government employees were removed as a consequence of the FBI check, removed as a consequence of the information which the FBI made available to Government department heads, finding the information and turning it over, and the people being removed then by departmental action.

Therefore I do not think that the FBI should by any remote chance of misinterpretation be charged before the country as having conducted a $700,000 investigation which produced no results.

Not only that, but many times more than the two-hundred-and-some-odd disloyal people removed by their superiors on the basis of the facts found by the FBI also resigned their positions voluntarily when they discovered that they were being checked against disloyalty and subversive lists published by the Attorney General and their own records of disloyal utterances and actions.

So, Mr. President, the FBI has fulfilled its duty well, as it always does, and I am sure that the Senator from New Mexico had that in mind. I simply wanted to make it clear to those who might not understand the situation.

Mr. ANDERSON. Mr. President, I agree fully with what the Senator from South Dakota has said. The only thing I regret is that the burden had to fall back upon administrative officials to make decisions which it was difficult for them to make. I am sure that sometimes people had the finger pointed at them when it should not have been, and possibly others escaped entirely.

Mr. MUNDT. I went through the same mental metamorphosis myself as a Member of the other body when I started introducing the resolutions, which have now become routine in our foreign-aid program, providing that personnel engaged in foreign-aid programs must be certified by the FBI. My first resolutions on the House side provided that the FBI should check and should certify as to the loyalty of such persons.

I think it was the senior Senator from Texas [Mr. CONNALLY] who said in the conference report that the FBI should not have that authority. It did not want it. It said it was entirely out of its appropriate sphere of activity. So in conference we modified my security amendment to provide that the FBI should make the check and the ECA authorities take its findings into consideration in making its appointments.

I did not want anyone to feel that the organization which has done such a remarkable job in peacetime and war as the FBI has performed might be charged with having spent some $700,000 uselessly.

Now just a word or two on the amendment before us. The amendment is a simple one. Are we by our roll-call action going to include the Associate Director of the FBI on the same level as the Deputy Director of the Central Intelligence Agency? That is the issue. Clyde Tolson happens to be the individual involved. But this is not a discussion of whether Clyde Tolson, the man, deserves a $2,000 or a $4,000 increase.

We were told repeatedly during the course of the debate that this was not only a pay-raise bill, but that this was a bill to equalize disparities and inequalities, that this was a bill to adjust and adjudicate gross inequalities which have existed. Well, Mr. President and Senators, here you are. You have such an inequality now before you for consideration. Here is a gross and a grievous inequality. This is the chance and now is the time and here is the bill to correct that inequality. Do we want to freeze and establish an organization table, of which the Senator from Louisiana has spoken so fluently and so effectively? Do we want to freeze an organization table with staggered legs, one leg the Director of the Central Intelligence Agency at a certain level, the other leg the Director of the FBI at the same level, and over here at the other edge of the table the Deputy Director of the Central Intelligence Agency at still another level, and then saw off the FBI leg halfway up? I think the table should stand on all four legs on a sound and equitable basis.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. McFARLAND. The Senator is aware, is he not, that under the bill passed by the House yesterday Mr. Tolson would receive $15,000. Would the Senator want to place him in another bill and reduce his salary to $14,000?

Mr. MUNDT. The bill now provides that he is excluded from the $14,000. I want to put him in the $14,000 level exactly the same as the Deputy Director of the Central Intelligence Agency.

Mr. McFARLAND. I do not know what the Senate will do with the bill passed by the House. What I say to the Senator is that Mr. Tolson belongs in the other bill. He is in the other bill. According to the House version he will receive $15,000.

Mr. MUNDT. By "the other bill" the Senator is not referring to the substitute, the Johnson amendment, on which we are now acting?

Mr. McFARLAND. No. I refer to the classified civil-service bill. If the amount in that bill is reduced to $12,500, Mr. Tolson will receive $12,500. But it is our contention that Mr. Tolson would do better if permitted to go along under the classified civil-service bill; he is an employee. As a classified employee he has certain rights and benefits that he might not otherwise receive if his job were placed within the scope of the pending bill.

Mr. MUNDT. By including him in the pending bill we would not in any way change his relationship in that connection. We would simply be fixing him at a salary level which is commensurate with and equal to that of a man doing the same kind of job in the Central Intelligence Agency, and with the same responsibility.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. LONG. Actually, would it not solve the whole question if, rather than putting him in a pay raise bill, making an exception of him in this connection, we carried out the Hoover recommendation to make the FBI an independent agency, and placing the FBI on the same basis as the Central Intelligence Agency?

Mr. MUNDT. I have been through that argument a great many times. We have had numerous discussions of that subject in the other body of Congress. The FBI itself does not believe it should be an independent agency. The FBI believes it can function better in the relationship it now has, which is a workable and effective relationship, because in wartime and in peace it has demonstrated its effectiveness. No President has tried to play politics with it. It has been out of partisan politics.

We are confronted with one big question. Are we going to hogtie ourselves, are we going to place ourselves in a strait-jacket, because it might be necessary to make an exception in a case where an exception should be made in order to equalize a situation, in order to

correct an injustice, which is what has been said is the purpose of the bill? Now is the time to do it, and for all time we can then have these two great investigative agencies on a coordinate basis.

Mr. President, I appeal to Senators to correct the inequality which exists, not because Mr. Tolson is involved, but because we would establish a pattern of equality, we would do what is fair and right. I urge the adoption of the amendment offered by the senior Senator of New Hampshire.

Mr. CORDON. Mr. President, I rise in support of the pending amendment, and in denunciation of the pending measure, and of the method by which it has arrived at the point where it now is, and to apologize for having voted for the deal which was made, as evidenced by the substitute for the committee amendment.

Let me say first, Mr. President, that I entered into the consideration of this matter viewing it as a necessary chore to be done, as an act of simple justice to a group of employees of the Federal Government. I did not feel that there was any particular call to shed crocodile tears over those who were holding positions of political preferment. In that respect I am in entire agreement with my distinguished friend the senior Senator from Georgia [Mr. GEORGE].

Mr. President, I should like to have supported the bill. I should like to have supported the suggested amendment which would have placed the third coordinate division of Government, the Congress, on a level with the second level of another coordinate division, the executive. I think perhaps it would be unwise to attempt that at this time, otherwise I should, and then I should oppose the bill in its present shape and with its present history.

Mr. President, we have clearly now before us the evil of this type of compromise where, in order to get something done on the record we appear to be willing to shut our eyes to the cause of equity.

I have witnessed strange things during this debate; apologies from those who prepared the compromise or substitute bill, and apologies from those who accepted it; acknowledgments from both sides that it is not what it purports to be, with clear evidence that it is shot through with inequities. I regret my vote for it.

At least the committee which brought out the original bill had some kind of pattern. Today we do have a first-class jigsaw puzzle scrambled in it. That is perfectly clear from a casual glance at the substitute. We might have had a good bill, Mr. President, if those who reached the agreement had not concluded to close their minds to any argument, to close their minds to any proof, however strong, of the inequities existing in the bill, if they had been willing to accept amendments when the proof showed they were not only desirable but compelling, if the job was to be done which was sought to be done.

Mr. President, I had intended to offer an amendment to the bill to correct a manifest injustice. I shall not offer it, but I desire to discuss it because it exemplifies one of the injustices here being done. I would not have offered the amendment to the original bill. The Senator from Vermont [Mr. FLANDERS] gave a rational explanation for the type of bill which was offered. There was reason for the exclusion of a Federal position of real importance; but when the substitute came along the pattern which had been set up and followed by the committee had become scrambled. The reasons the committee had for the action it took ceased to be applicable because the facts were different.

There was added to the substitute a series of positions in government which were not in the original or committee bill but were left out because they could all be taken care of, and equity as between them and among them could be done, in connection with other legislation. A portion of those taken out were included in the substitute; a portion were excluded. The result is that we have before us now a measure which will either require the Civil Service Commission to undo what we do here today, or require reconsideration at a later time at the hands of the Congress, if we are to pay taxpayers' money for value received and use that yardstick as our measure.

Mr. President, there is included in the bill, and there was included in the committee amendment, the Tennessee Valley Authority Board. That group has certain duties which are generally known. In the Pacific Northwest we have the Bonneville Power Administration, with a single Administrator instead of a board. We have there an organization of government engaged in business. We have there an investment in hydroelectric facilities in two dams the over-all cost of which exceeds a quarter of a billion dollars. We have an investment in transmission facilities alone in that area of $109,000,000. We have 3,455 miles of high-power transmission lines and 93 major switching stations covering two States and part of a third. That agency has done a gross business and received a gross income since 1938 of $149,313,052, which has been paid into the Federal Treasury, not taken out. Of that there has been credited to the Bureau of Reclamation $43,618,680; to the credit of Bonneville Dam to repay the initial capital cost, $29,208,000; to be credited against $109,000,000 in transmission facilities, $68,937,958.

Mr. President, that is big business. That represents the outstanding electric operation in government in the United States. The Administrator of the Bonneville Power Administration is the director of a construction agency, in the first instance, which will spend this year in additional capital investment approximately $30,000,000. He will presently have the additional duty of distributing from two dams more power than the total generated and distributed by the Tennessee Valley Authority area as a whole. He is responsible for integration and distribution of all the electric power in two States and part of a third at this time. That power is pooled. As a result the power serves more than 3,500,000 people.

He is not an appointee to carry out directions of the Secretary of the Interior, in the sense that the Secretary appoints his assistants and others. He holds his position by virtue of a special act of Congress. That act set his salary in 1937 at $10,000 a year. He was not included in the committee bill. He is not included in the substitute. Nor, under the proposed legislation which will follow this, if I am to take the facts as they have been given on the other side, can he get a salary approximating the lowest set here of $14,000 a year. I cite that only as one example of the thing we are doing.

Mr. President, I shall not offer an amendment. I prefer to let this matter go, and let that office take its place with that of others who are equally deserving and who will be equally prejudiced by the action taken on this bill.

In the past few days we have seen one offer after another of amendments to the bill. Every one of them that I have heard presented was absolutely sound. A showing was made of services, not titles—services warranting the salary requested in the amendment. Perhaps the title was not quite as high as some of the titles set by those who have agreed to the substitute amendment, but the job which is done, the value received by the American people, would entitle the holder of the office to the salary requested in the amendment which was presented, in every instance that has come to my attention.

Mr. President, I regret that we are faced with a situation in which those who have agreed upon the substitute solely for the purpose, as they have stated, of getting a bill, have taken the position that they must not open the bill to any amendment with reference to any particular office, and that even though it is not good legislation, even though it will result in unfair discrimination to Government service, still, in order to get some bill passed, they must act on that basis.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. CORDON. I yield to the Senator from Colorado.

Mr. JOHNSON of Colorado. I thank the Senator.

Mr. President, the Senator understands, of course, that the provision made by the substitute is identical with the provision made by the original bill, insofar as concerns the two matters the Senator is now discussing.

Mr. CORDON. I do not so understand.

Mr. JOHNSON of Colorado. The Senator from Oregon submitted to the substitute his amendment providing for inclusion of increases in the salaries paid to certain Bonneville officials, did he not?

Mr. CORDON. I would have submitted it, had I had an opportunity to have it given consideration. I am not going to submit it.

Mr. JOHNSON of Colorado. Certainly neither measure contained provision for increasing the salaries of Bonneville officials, and neither measure contained provision for increasing the salary of the office that is covered by the amendment of the Senator from New Hampshire. Is that not correct?

Mr. CORDON. That is correct. To that extent they have similar character-

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istics: Both of them were wrong in that respect.

Mr. JOHNSON of Colorado. Mr. President, I say to the Senator from Oregon that those of us who were very active in drafting the substitute followed the pattern of the committee bill.

Mr. CORDON. Let me suggest to the Senator that the pattern of the original bill was to increase the salaries of a certain group of high-level Government officials, but to leave out provision for increasing the salaries of other Government officials, leaving them to be fixed by certain standards subsequently to be set, and that is not the way the substitute is drawn.

Mr. JOHNSON of Colorado. We included provision for increasing the salaries of the positions covered by the committee bill.

Mr. CORDON. That is correct—and then added others.

Mr. JOHNSON of Colorado. We left out provision for those that were not covered by the committee bill.

So far as I am concerned, I have no objection to the Senator's amendment and I have no objection to the amendment of the Senator from New Hampshire. I do not see anything wrong with either of them.

Mr. CORDON. I thank the Senator from Colorado for retaining an open mind in regard to the matter.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. CORDON. I yield to the Senator from Arizona.

Mr. McFARLAND. I think the Senator will admit that we have tried our best to work out a bill which will be fair to everyone. We included in the compromise provision for increasing all salaries which were covered by the original bill. It was the thought of the committee that provision for salary increases for the other officials was included in the classified-service-pay bill. We do not know what will happen in respect to the classified-service-pay bill, of course.

Let me suggest that so far as I am concerned, I would be willing to have these two amendments accepted and taken to conference, and then see how the classified-service-pay bill comes out. It may be that the Senator would not want the salaries of the officials now being considered to be covered by this measure, if it turns out that they will be placed in a better class under the classified-service-pay bill. Of course, they have retirement benefits which no one else in the Government has, except in the case of the Intelligence Division of the Treasury Department.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CORDON. I yield.

Mr. LANGER. I wish the Senator to know that I object to having that kind of deal made on the floor of the Senate.

Mr. McFARLAND. Mr. President, it is not a deal; I am simply stating what I would be willing to have the conferees do, because the conferees on this bill probably will be the same Senators as the conferees on the classified-civil-service-pay bill. I would be happy to have the matter worked out in that manner.

Let me say that so far as I am concerned, I do not want the Senator to think we are not trying to work out a bill which will benefit everyone. I simply say it is very difficult, on the floor of the Senate, to work out satisfactory provisions for the various employees in the various classes.

Our choice in drafting the substitute was limited to the bill originally reported by the Senate Committee on Post Office and Civil Service or to the bill passed by the House.

The Senator from Arizona has no objection to having the two amendments under discussion taken to conference.

Mr. CORDON. Mr. President, I now refer to the committee report. I call attention to page 3 of the report, paragraph 8. At that point there appears a list of a group of positions, including the Director of the Bureau of Federal Supply, and ending with three special assistants to the Secretary of Defense, all of which positions were covered by the bill as it came from the House of Representatives, and all of which were deleted when the Senate committee reported the bill to the Senate. In that respect, the committee followed a pattern which it had set, and in the report it said that the salary increases for all those positions would be handled in a succeeding bill, the language being:

> This amendment would drop these positions from the bill.
>
> While most of these positions are of great importance and responsibility, they are in all cases below the level of the head of a department or independent agency and should be considered as positions coming within the position-classification bill, S. 2379, now on the Senate Calendar for consideration.

I shall read the list:

> 8. The Director of the Bureau of Federal Supply; Administrator, Production and Marketing Administration; Commissioner of Internal Revenue; Director of the Bureau of Prisons; Commissioner of Public Roads; Commissioner of Public Buildings; Commissioner of Community Facilities; Commissioner of Immigration and Naturalization; Administrator of Civil Aeronautics; Administrator, Rural Electrification Administration; Commissioner for Social Security; Commissioner of Reclamation; Chief, Soil Conservation Service; Commissioner of Customs; Commissioner of Narcotics; Governor of the Farm Credit Administration; Chief Forester of the Forest Service; Administrator of the Farmers Home Administration; Manager of the Federal Crop Insurance Corporation; the three Special Assistants to the Secretary of Defense.

As to those positions, the committee felt that, although they were important, they should be graded as to their importance and their salary level by applying yardsticks to be set up by the committee.

Yesterday the Senate, with the mistaken vote of the Senator from Oregon, elected not to follow that pattern, but to take from this group either all or a major portion—I have not determined which is the fact—and restore to the bill provision for increasing those salaries, and thus let the Congress state those salaries, but with no provision of a yardstick.

If there be question as to whether there was a yardstick, let us examine the list. We find among those who will have a congressional mandate for a salary of $14,000, the Archivist of the United States, whose position was abolished and integrated with the General Service Administration by this very Congress, whose chief duty is that of a glorified filing clerk, and whose chief responsibility is met when he locks the door at the end of the day. Under such a provision, he would receive a salary of $14,000 a year, whereas a man operating a business which has brought into the Federal Treasury one-hundred-and-forty-odd million dollars ranks below him; and such an arrangement is considered logical.

Mr. President, let us consider the Deputy Public Printer. I suspect that he may have some real chores. I have had little experience with that office. Ordinarily the Public Printer is a political appointee, and the Deputy Public Printer has to know the job and has to run it. So I think he should be paid an adequate salary.

Let us consider the Chief Forester of the Forest Service. I know the present holder of that office, and I highly regard him. But he is chief of a service that has been in existence for over 40 years. Its policies certainly have been fixed during that period of time. To my knowledge its operations are decentralized in the States where the forest lands are situated. The trees which were growing when he took over that office—and when it was established, for that matter—for the most part are growing yet, and will continue to grow. The practices in regard to the administration of those 175,000,000 acres have been established for generations.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. CORDON. I yield.

Mr. MILLIKIN. And getting worse so far as oppression of the livestock growers is concerned.

Mr. CORDON. I thank the Senator. [Laughter.] The point I want to make is, I should like to see the yardstick by which the salary necessity of these offices was measured as compared, let us say, to the Associate Director of the Federal Bureau of Investigation or the Administrator of the Bonneville Power Administration, or a dozen others we might mention.

Mr. President, let us take another look at what we have here. Among the high top boys, the ones clear at the top, let us take a look. The Governor of the Virgin Islands, whose job would be tantamount to that of the mayor of the city of Frederick, Md., so far as population is concerned, receives $15,000 a year under this substitute. We are not going to question that too much. After all, he does have the title of governor. We, by the way, do not have a chance to confirm him. I should like to have had a chance to confirm the present governor, however, because he is doing a grand job—not too big a job to do; but he is doing everything that is done there.

I shall not go into the rest of them. Senators have read them all. They know there is not rhyme or reason so far as measuring the value of services is concerned. It may be that in time we can so reorganize the executive departments

as to bring the duties of the job up to the salary of the job; we may be able to do it. It is not being done in this bill. Mr. President, I have never made a motion of this kind before. I am not going to argue it beyond simply presenting it, but because to me the inequities here being done call for it, when the present matter is concluded I expect to make it.

I shall support the amendment offered by the Senator from New Hampshire.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire.

Mr. BRIDGES. Mr. President, I suggest the absence of a quorum.

Mr. McCARTHY. Mr. President, if the Senator will withhold the suggestion, I understand the Senator from Louisiana and the Senator from Arizona are willing to take the amendment to conference.

Mr. LONG. I am willing to take it to conference, if the Senate will abide by the judgment of the conferees on the issue. It might become necessary in considering it to strike out both the Deputy Director of Central Intelligence as well as the Associate Director of the FBI, so that neither one would get mad at the other. It might come back the same as it is. But if the Senate will abide by the judgment of the conference, I am willing to go ahead and take it to conference and see whether we can work something out on it.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MUNDT. I take it the Senator recognizes the principle that the compensation of the two deputies should be equalized at whatever level it is put.

Mr. LONG. Certainly.

The PRESIDING OFFICER. The committee accepts the amendment.

Mr. CORDON. I move that the bill be recommitted.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. LUCAS. Are there other amendments?

The PRESIDING OFFICER. There are other amendments which have been offered but not called up.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAGNUSON. With reference to the last amendment, I do not think the committee can accept an amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. HOLLAND. Mr. President, will the Senator from Oregon withhold his motion?

Mr. CORDON. I withhold the motion until the bill is perfected so far as may be.

Mr. HOLLAND. Mr. President, I should like to offer an amendment for myself and for the senior Senator from New Hampshire [Mr. BRIDGES].

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 2, line 3, after the word "annum", it is proposed to strike out the period, insert a semicolon, and add the following: "the rate of basic compensation of the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force shall be, respectively, $18,000 per annum."

Mr. HOLLAND. Mr. President, and Members of the Senate, if I may make brief remarks upon the amendment, I should like to say I am very sure the members of the committee, in reporting the committee substitute, and also the sponsors of the so-called Johnson substitute, which was adopted in place of the committee substitute, never intended to omit from the provisions of the bill the three military department secretaries; that is, of the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force. However, the bill as now being debated, in my humble judgment entirely omits those three secretaries. I have checked the matter with the distinguished Senator from Colorado, the Senator from Arizona [Mr. McFARLAND], the Senator from Louisiana [Mr. LONG], the Senator from Vermont [Mr. FLANDERS], and various other Senators, and the judgment of all of us is that, without question, the bill now being debated, namely, the Johnson substitute, does in its legal effect completely eliminate the Secretaries of the three military departments.

In order that the RECORD may briefly show why that should be the case, I should like to make this statement at this time. When the original bill was drawn in the House of Representatives and later when the report upon the bill was filed, last May, the three Secretaries were the heads of executive departments, by law at that time, and therefore were included within section 1 of the House bill, which has been continued in identical words in the committee substitute and the Johnson substitute. They were included under general words that simply brought into the measure the heads of executive departments.

In the meantime, however, Mr. President, the so-called Tydings bill was passed, which accomplished further unification of the military forces, and was approved by the President on August 10, 1949. In order that the RECORD may be clear, I should like to quote two provisions of the law, which make it, I think, as clear as could be made, that the bill as now debated does omit these three important officials entirely. The first provision I quote is subsection (b) of section 4 of the so-called Tydings measure, which formally is known as the National Security Act Amendments of 1949. The section reads as follows:

> There shall be within the Department of Defense (1) the Department of the Army, the Department of the Navy, and the Department of the Air Force, and each such Department shall on and after the date of enactment of the National Security Act Amendments of 1949 be military departments in lieu of their prior status as executive departments.

I shall not quote the rest of the section.

Mr. KNOWLAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from California?

Mr. HOLLAND. I yield.

Mr. KNOWLAND. By the Senator's amendment, is he putting the three Secretaries of the Departments of Defense on a parity with Cabinet officers, or is he putting them at a different amount?

Mr. HOLLAND. I may say to the Senator I am not. I am suggesting $18,000 per year for each of them, and while I realize there might be some difference of opinion as to the proper amount, I think the distinguished Senator will see that under the so-called Tydings bill, it is very clear that their status is between that of the Deputy Secretary of Defense, which is dealt with in this bill, and the assistant secretaries; and under this bill the Deputy Secretary is allowed the salary of $20,000 a year, and the Assistant Secretaries are allowed salaries of $15,000 a year. So the Senator from New Hampshire and I suggest a salary of $18,000. I understand, after discussion with a number of Senators, that it is thought that that salary fairly reflects the status of these three important officials under the provisions of the Tydings bill.

Mr. KNOWLAND. Mr. President, I want to say to the Senator, if he will yield, that I had not caught the figure and I think it is important that they be put in their proper relationship with others doing comparable work. Since they are no longer members of the President's Cabinet, they should not be on the Cabinet level.

Mr. HOLLAND. I thank the Senator from California.

I should like to quote one additional provision from the Tydings bill. It is found in paragraph (b) of section 203 of that bill, and it gives the relative positions of the various high-ranking officials of the Department of Defense as created under the new bill. I read:

> The Assistant Secretaries—

It sets up three Assistant Secretaries—

> The Assistant Secretaries shall perform such duties and exercise such powers as the Secretary of Defense may prescribe and shall take precedence in the Department of Defense after the Secretary of Defense, the Deputy Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force.

This seems to make very clear provision for the sequence of relative importance and authority, coming down from the Secretary of National Defense to the Deputy Secretary of National Defense, then to the Secretary of the Army, the Secretary of the Navy, the Secretary of the Air Force, and finally to the three Assistant Secretaries of National Defense. It is the suggestion in the amendment offered by the distinguished Senator from New Hampshire and myself, approved, as I understand, by a good many other Senators on both sides of the aisle, that the figure of $18,000, which is between $20,000 as prescribed for the Deputy Secretary of Defense under the provisions of the substitute amendment offered by the Senator from Colorado [Mr. JOHNSON] for himself and other Senators, and the

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provision for assistant secretaries of $15,000, would be a fair figure. If the Senate differs from that, of course, the Senator from New Hampshire and I simply wanted to invite attention to this situation, because we felt very sure it was not the intent of the committees to leave these three important positions out of consideration.

For the information of the Senate, I want to say that the figure of $18,000 represents a 20-percent increase for those three officials, since they now draw salaries of $15,000 under existing law. I believe that is a more modest increase, perhaps, than those which are given to some of the other high-ranking officials.

I should like to say in closing the reasons why I am entirely clear and why all of us who have looked into the subject are entirely clear that it was not intended by anyone to leave these officials out of consideration. The House committee report brackets them as coming under section 1 of the House bill. Senators will recall that at the time that bill was drawn these officials were the heads of executive departments. Likewise in the report of the Senate committee it will be found, on page 4, that the committee likewise continues to refer to those three heads of the three military departments as included within section 1 of the bill, meaning that they were merely following the path which had been laid down in the House. It is easy to understand how that could have happened. I think no one is at fault in the matter, and I should think that all of us would want to bring about this proposed change.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. SALTONSTALL. I should like to ask the Senator whether the Deputy Secretary of Defense is covered?

Mr. HOLLAND. He was not covered by the committee bill, but the bill offered by the Senator from Colorado and his associates did cover him. I believe it is not in the printed copy, but if the Senator from Massachusetts will check at the desk of the reading clerk he will find written in, I presume, in the handwriting of the Senator from Colorado [Mr. JOHNSON], a provision that the Deputy Secretary of National Defense shall draw a salary of $20,000 per year.

Is that correct?

Mr. JOHNSON of Colorado. That is correct.

Mr. HOLLAND. So that the amendment offered by the Senator from New Hampshire and myself would come immediately after that provision for the Deputy Secretary of National Defense.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. JOHNSON of Colorado. The so-called Tydings bill made one other change. I should like to call attention to page 4, lines 10 and 11, in which reference is made to the three special assistants to the Secretary of Defense. Under the Tydings bill those offices have been discontinued. If they are left in this bill it might have the effect of re-creating them. So I have an amendment prepared along the line of the Senator's suggestion as to the offices of Secretaries of the Army, Navy, and Air Force, to strike from the language of the bill the three special assistants to the Secretary of Defense. Under the Tydings bill, as I say, they were discontinued and there are no such offices at this time.

Mr. LONG. Mr. President, both amendments will be accepted by the committee. This is an oversight which occurred because when the Tydings bill went into effect it was provided that the Secretaries of the Army, Navy, and Air Force should receive compensation at the rate of $14,000 a year, or such other compensation as may hereafter be provided by law for under secretaries in executive departments. If the salaries of under secretaries are now fixed at $15,000, that would automatically be the salary. I think the conference could definitely consider this amendment and see how we can line these persons up and arrange the schedule properly.

Mr. SALTONSTALL. Mr. President, will the Senator yield further?

Mr. HOLLAND. I yield.

Mr. SALTONSTALL. We have now a Deputy Secretary of Defense and also assistant secretaries to the Secretary of Defense. What about assistant secretaries in the military departments? I do not think they are covered. Why should not secretaries of military departments be covered also?

Mr. HOLLAND. I am not able to answer the question of the distinguished Senator.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. LONG. The Assistant Secretary of Defense, the Under Secretaries of Defense, and Assistant Secretaries of the Army, Navy, and Air Force receive compensation at the rate prescribed by law for assistant secretaries of executive departments, which in this case is set at $15,000. They would automatically be increased, as assistant secretaries in executive departments are increased, to $15,000.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. LUCAS. Mr. President, I want to commend the Senators who have discovered this situation and have offered an amendment to cure it. It was called to my attention yesterday by the Under Secretary of Defense that these three officers were not being taken care of. I suggested that he get in touch with certain Senators. It was an oversight, and I want to commend the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Florida [Mr. HOLLAND] for taking this action.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from New Hampshire and the Senator from Florida is adopted.

Also, without objection, the amendment offered by the Senator from Colorado is adopted.

Mr. DOUGLAS. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 3, lines 22 and 23, it is proposed to strike out the words "the general counsel of the National Labor Relations Board," and on page 5, after the semicolon on line 5, insert the words "the general counsel of the National Labor Relations Board."

Mr. DOUGLAS. Mr. President, the effect of the amendment would be to reduce the salary of the general counsel of the National Labor Relations Board from $15,000, as in the Johnson amendment, to $14,000. At present all the members of the National Labor Relations Board and the counsel for the Board receive $12,000. The Johnson amendment proposes to raise all of them to $15,000. This amendment would keep the members of the Board at $15,000, but would reduce the counsel to $14,000. I think it is based on a very sound principle, that in America the judicial branch of the Government should be superior to the prosecuting branch. I do not know of any administrative board where the counsel gets as much as the members of the board, and I think it would be a very salutary thing if we established a principle in connection with the National Labor Relations Board that counsel should be one grade below the members of the Board itself.

I know that by the Taft-Hartley law the counsel was put on an equality with the members of the Board, but it is very interesting that in both the THOMAS bill and the Taft-Hartley bill, which were introduced in June, the counsel of the Board was assigned to a more subordinate position.

Mr. President, I hope the amendment may be agreed to.

Mr. IVES. Mr. President, I join the Senator from Illinois in the statement he has just made regarding his amendment. I think this is a very arbitrary set-up, from the standpoint of orderly organization. By the terms of the Taft-Hartley Act the counsel in his general activities is supposed to be subordinate to the Board. Only in complaint cases does he act independently. The way in which the whole operation has been conducted, the counsel himself has been more or less coequal with all the members of the Board, and a great many conflicts have occurred. I think this amendment would go a long way toward straightening that out. I am strongly in favor of the amendment.

Mr. LONG. Mr. President, in view of the fact that this would be reducing a salary rather than raising one, I am willing to accept the amendment and take it to conference.

Mr. TAFT. Mr. President, it seems to me that it was a mistake to reduce the salary of the counsel. There has been conflict, certainly, and so far as I was concerned, I was willing to have a change in the whole set-up, but the House has refused to pass a bill which the Senate passed, and probably it will not be passed. So long as the 1947 law remains in full effect, the counsel's position is fully as important as the positions of the different members of the Board. In fact, his responsibility in initiating prosecutions is probably greater. His single responsibility is probably greater than that of any one member of the Board. Of course, his

one position is not so important as those of the five members of the Board put together, but he has certain independent functions, and it seems to me that to change the law and reduce his salary below those of the Board, on the theory that he is not as important as the Board, and ought to take their orders, is a great mistake.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. HOLLAND. Can the distinguished Senator apprise the Senate as to what the provision was in the original act with reference to whether or not the members of the Board and the counsel had equal salaries or unequal salaries?

Mr. TAFT. I am afraid I cannot.

Mr. IVES. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. IVES. They had equal salaries. The understanding definitely was, and I am sure the able Senator from Ohio will bear me out, that the counsel actually was a part of the set-up of the National Labor Relations Board, although the Board itself was supposed to be superior.

Mr. TAFT. He was given different functions from those of the Board. He has various independent functions. He decides certain questions. He may ultimately be overruled by the Board, just as a Cabinet officer may be overruled by the Supreme Court of the United States, but his functions are independent functions, and I see no reason why we should change the provision made in the original law for equal salaries, or why we should take a special shot at the counsel for the Board.

Mr. IVES. In the first place, the Senator from New York would like to point out that he does not take the position he assumes in this case because of any personalities which may be involved. Perhaps because of personalities conditions have arisen which we are endeavoring to have corrected. Nevertheless, under the terms of the Taft-Hartley Act the general counsel is subordinate, in effect, to the Board itself. The terms of the act call him "general counsel of the Board," and in section 3 (d) it is stated:

> He shall have such other duties as the Board may prescribe.

Therefore, outside of his special functions, which are granted him in the act, namely, the matter of complaint cases, he is subordinate to the Board.

Mr. TAFT. Mr. President, we attempted in the act to separate the judicial and prosecuting functions of the National Labor Relations Board. One of the great complaints against the Board was that it had initiated complaints, and then tried the complaints which it had initiated. So we separated the functions to a certain extent, and gave to the counsel for the Board the right to determine when prosecutions should be initiated and when they should not be initiated. That is a most important function, and I should think in many respects equal to the functions of the Board. The counsel is subordinate to the Board in certain other fields, also in the fact that ultimately, as the courts may overrule his decisions, the Board might overrule his decisions. But that does not mean that he does not have as important a function as those of the members of the Board.

Mr. DOUGLAS. Mr. President, I should like to point out that in Federal courts the judges receive higher salaries than the Federal attorneys who practice before the courts, and its seems to me the same principle should be carried over into this situation.

Furthermore, we are not proposing to decrease the functions of the general counsel. That would have to be done by statute. But we are trying to make clear the principle that the judicial branch of the Government is superior to the prosecuting branch. We are not being ungenerous to the general counsel. His salary is being increased from $12,000 to $14,000. We are merely saying that in terms of prestige we should not put the counsel on the same level with the administrative tribunal before whom he practices.

Mr. TAFT. Let me say, finally, that the act is what put them on the same level. The original act put them on the same level, and I believe that in the distribution of their functions they were put on the same level.

I do not defend Mr. Denham. In fact, I have criticized him very materially, and we proposed various changes in the set-up, which unfortunately the House and the administration apparently were opposed to putting into the law. But so long as they do not put them into the law, so long as in the original act we gave the counsel power and separated the powers, it seems to me we should not take an indirect shot at the prestige of the general counsel in the prosecution function by reducing his salary below that of the members of the Board.

Mr. HUMPHREY. Mr. President, I take pleasure in joining with the distinguished Senator from Ohio in his elucidation of the powers of the general counsel of the National Labor Relations Board. I think it is true that no one man in government has such complete and arbitrary power as an officer of the Government, exclusive of the President of the United States, as the general counsel of the National Labor Relations Board. If the purpose of the bill is to pay men for their arrogance, to pay men for their power, and to pay men for their ability to use the weapon of the law, then I would say he surely should get $15,000 a year.

I might say to my distinguished friend from Illinois that while he feels that the judiciary should be supreme, and while I should like to concur with him that that is good reasoning, the Taft-Hartley law does not go that far. The general counsel of the National Labor Relations Board has much more power than the National Labor Relations Board members, and I think we perhaps should give him $15,000, in view of the tremendous power he has. However, since there has been such a hue and cry about economy, even this old spender, the junior Senator from Minnesota, has been affected by it. So I join with my economizing friend, the junior Senator from Illinois, and I stand with him today for the $14,000 pay rate, still leaving with Mr. Denham the power he possesses; because I do not think we ought to take everything from Mr. Denham; but simply take $1,000 away from him in the name of economy.

Mr. President, I am sorry to see one part of the Republican side of the aisle—there are several parts of it; one part being now the spending part—so confused over the bill. The Fair Deal spenders are now becoming the economizers, and the anti-Fair Dealers are becoming the spenders.

I shall conclude by saying, let us leave Mr. Denham with his power. I think that will flatter him enough, and he will be able to eke out with $14,000 a year, since there has been a slight reduction in living costs.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DOUGLAS] to the committee amendment, as amended.

Mr. TAFT. Mr. President, I ask for a division.

The PRESIDING OFFICER. A division is called for.

The Senate proceeded to divide.

The PRESIDING OFFICER. On a division, the amendment is rejected.

Mr. DOUGLAS. I ask for the yeas and nays.

Mr. O'CONOR. Mr. President, a parliamentary inquiry. The Chair had not announced the decision, had he?

Mr. LANGER. The Chair had announced the result of the vote.

The PRESIDING OFFICER. The Chair had announced that the amendment was rejected. Therefore the yeas and nays cannot be called for at this time.

The committee amendment, as amended, is open to further amendment.

Mr. JOHNSTON of South Carolina. Mr. President, I offer a perfecting amendment on page 2, line 11, to strike out "five" and insert in lieu thereof "seven." That is to take care of the two White House secretaries who were added.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Carolina [Mr. JOHNSTON].

The amendment was agreed to.

The PRESIDING OFFICER. Are there further amendments to be offered?

Mr. McMAHON. Mr. President, I have at the desk an amendment which would call for an increase in the salary of the Chairman of the Atomic Energy Commission from $17,500 to $22,500, the level of Cabinet officers. The amendment would further provide for an increase in salaries of the four other Commissioners from $15,000 to $20,000. I shall not call up the amendment for a vote.

Mr. President, I wish to proceed with a brief word of explanation. When the Commission was created the report of the Special Senate Committee on the proposed bill stated:

> A salary of $17,500 per annum for the Chairman and $15,000 for the other Commissioners has been set to indicate that the duties and responsibilities of these positions are comparable to those on the highest level of the Government administration.

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When I explained the bill on the floor of the Senate I stated, as follows:

S. 1717 would give the principal responsibility for the control and development of the atomic energy to a Commission of five civilians of unquestionable caliber appointed by the President, with the advice and consent of the Senate and responsible to the President and the Congress. These men would devote their entire time and attention to the responsibilities of their high position. They would serve at salaries comparable to those on the highest level of Government.

Mr. President, I believe this statement has been underlined by events and needs no emphasis from me. The responsibilities borne by this Commission are greater, in my opinion, than those borne by any other commission under the United States Government. Upon their performance of their duties may well rest the ultimate defense of the United States of America. I do not believe that if I were to speak for an hour in this Chamber I could more greatly emphasize the importance of the duties of these Commissioners. However, Mr. President, I have in mind the fact that those in charge of the bill seem determined not to advance the salaries of any Commissioners, no matter what commissions they may be members of, to more than $15,000. I feel, therefore, that now is perhaps not the opportune occasion to bring this matter to a vote in the Senate.

I shall, however, introduce a bill providing for an increase in these salaries. The bill will, of course, be referred to the Joint Committee on Atomic Energy, and I feel that after a consideration by the committee it will be reported to the Senate. I serve notice, Mr. President, that at that time there will be a full debate upon the question, and that I shall insist that the question be decided by the Senate.

Mr. LANGER. Mr. President, by what possible authority could the bill the Senator proposes to introduce be referred to the Joint Committee on Atomic Energy or to any other committee than the Committee on Post Office and Civil Service, which has jurisdiction and authority over the subject of Federal employees of every kind and description?

Mr. McMAHON. Mr. President, I am not going to debate that question with the Senator from North Dakota. The Presiding Officer at the time the bill is introduced will make that decision, advised, I presume, by the Parliamentarian. I suggest to my good friend the Senator from North Dakota that he consult the act, and then I shall be glad to discuss the matter with him.

The PRESIDING OFFICER. Are there further amendments to be offered?

Mr. DOUGLAS. Mr. President, I send to the desk another amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, lines 22 and 23, it is proposed to strike out "the general counsel of the National Labor Relations Board."

On page 5, at an appropriate place in section 4 (a) after the semicolon it is proposed to insert "the general counsel of the National Labor Relations Board $14,500."

Mr. DOUGLAS. On that amendment I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Illinois [Mr. DOUGLAS] to the committee amendment, as amended.

The amendment was rejected.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill H. R. 1689 was read the third time.

Mr. CORDON. Mr. President, earlier this afternoon I discussed what I felt were some of the glaring imperfections in the bill as it is now before the Senate. I am pleased to note that there has been shown a greater willingness to consider amendments than there was shown earlier in the debate. I believe the bill is a better bill at this minute because of that. However, the major defect in the bill has not yet been met. I refer to the fact that the group of officers set forth in section 4 of the substitute bill contains the group that in the committee report it was felt should be left for the salaries to be fixed by the Civil Service Commission in accordance with the responsibility involved.

I understand that as to the group included in the substitute there will be no opportunity for the Civil Service Commission to act because the Congress will have acted and set the figure, but as to others who may perform duties of equal or greater importance as compared to those mentioned in the bill, the Civil Service Commission will have authority to consider, measure, and determine the amount of compensation to be paid to the holders of those offices. But I have understood from statements made during the debate that it is expected that the maximum which may be so paid will be reduced from $14,000 to $12,500. My understanding is—and I shall presently hope to get word from the sponsor of the bill on the floor—that a part of the compromise which has been made includes the setting of this ceiling in the next bill, which will be to take care of the classified group. I should like to know if that is a fact.

Mr. LONG. The Senator is correct.

Mr. CORDON. In other words, we are faced with a majority of the Senate which has made its agreement in advance with reference to the ceiling to be placed in that bill.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CORDON. I shall be happy to yield in a moment. I want all the information I can get.

Mr. LONG. I will say to the Senator that by all means he is not speaking for the majority, so far as I know——

Mr. CORDON. Mr. President, I ask for order. I shall be glad to yield if the Senator will wait a moment. I want him to help me, because I do not want to be put in the position of making a motion which I dislike very much to make. I recognize that the motion would fail, but that is immaterial; I do not want to make it, and I do not want to be placed in a position in which I feel that I must make it.

What I am trying to get at—and I hope the Senator will help me—is whether we may hope that we shall find open minds on the floor of the Senate in discussing the ceiling which may be placed in such a bill, so as to do the greatest measure of justice we can do to those who are doing the real job of handling the business of the Federal Government but who do not happen to have the important titles which they might have had.

What can the Senator say to help me?

Mr. LONG. Mr. President, I will say to the Senator that I consider that the majority of Members of the Senate had already agreed among themselves that they would not pass the top-pay bill reported from the committee. Certain Senators felt that they were in favor of a pay raise, felt that it was justified, but not to the extent the committee had recommended, and therefore felt that they would have to oppose the bill reported from the committee. Some of those Senators agreed to the substitute which was offered, more or less as a compromise on the committee bill.

My understanding was that certain Senators who had considered the matter and talked to other Senators were to go to the other Senators and see if they would be willing to accept the compromise as a final bill, if the committee would agree to it. Most members of the committee were willing to agree; but not the entire committee. I believe that a majority of those who offered the substitute were willing to agree, as was shown by the votes on the floor of the Senate, and as was shown by the vote when the substitute was offered. A large number of Senators—even including some of those who sponsored the substitute—may vote against the substitute when the bill comes up for a final vote. Few, if any, Senators have bound themselves by any agreement, although it is my understanding that all these salaries were to be pared down so that an assistant secretary, instead of receiving $20,000, would receive $15,000. When we lowered that salary $5,000 it was understood that we would lower the others to the point where those at the top of the classified service would not receive $15,000.

I intend to offer an amendment to reduce the top salaries under the classification bill to $12,500 instead of $15,000. The committee felt that if a man were to receive $15,000 under the general classification bill, it would not be a good idea to raise the issue of how much that person should receive by putting him in at $15,000 in the top-pay bill. As illustrated by some of the arguments we have heard on the floor today, a Senator would pick out one particular person and say, "Here is a man I want to include. He is more important than John Jones, who is in the bill." For that reason we felt that those who would be able to get as much under the classification bill should get it under that bill, rather than under the top-pay bill, prolonging the debate as to what each individual should receive.

Positions such as that of Director of the Bureau of Federal Supply, Commissioner of Internal Revenue, Commissioner of Public Roads, and others, were

positions which the committee felt were entitled to every cent of $15,000, but because they could be given $15,000 under the proposed classification bill, the committee felt that they should be left out of this bill. The House felt that they should be put in at $15,000. Therefore, since a reduction in the classification bill might mean that those persons could not receive more than $12,500, it was felt that they should be included in this bill, if there was strong prospect of the ceiling being lowered in the classification bill.

Mr. CORDON. I should like to inquire how the Senator understands the compromise. Certainly I do not expect Senators who have made an agreement to violate it, but I should like to know what the agreement is with reference to the forthcoming bill dealing with the classified or civil-service group. If that is a part of a fixed, ironclad agreement, and if we may not have an opportunity to ask Senators to vote their judgment because they have committed themselves in advance, I should like to know it. I hope that is not the case.

Mr. LONG. I personally feel that I have committed myself. I believe that two other Senators have committed themselves. I do not know of any other Senator who has committed himself to vote for the $12,500 ceiling in the classification bill.

Mr. CORDON. Mr. President, in view of the leniency which has been shown here late this afternoon, I feel that we may have the opportunity, in connection with the next bill, to present the equities involved.

I wish to say to my colleagues that I am not discussing a position out in the Pacific Northwest. That is an example, and nothing more. I am seeking to have a law which will do ordinary justice, a law which will not in itself force discrimination. I want to see if we can set up some type of mechanics whereby there can be investigation and finding as to the value of services, with authority to fix a salary commensurate with those services, when compared with the salaries which the Congress itself has fixed for other positions.

In view of the statement which has been made and the situation which has developed here with reference to other amendments, I shall not make a motion to recommit. But I want the Senate to understand that I will do everything in my power to see that the bill which takes care of the classified civil-service group is liberal enough so that justice can be done without reference to official titles.

Mr. LANGER. Mr. President, I want the RECORD to show that I intend to vote against the bill, for the reason that I believe we have taken up the matter of increased pay wrong end to. We have increased the pay of members of the armed forces in the amount of $311,000,000, and now we are increasing the pay of the big fellows who have a great deal of influence.

I hold in my hand the Classification Act. In connection with the next bill which we are to take up, there are nearly 9,000 employees who are going to receive the great increase of $28. In another group there are about 4,000 who are going to receive an increase of $14. Another group is to receive an increase of $6.48. Another group, of nearly 13,000 are going to receive——

Mr. LONG. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. LONG. I am sure the Senator realizes that some of those are not too good examples. There is one group consisting of 648 persons out of the entire Federal service of 2,000,000. The group of 648 out of 2,000,000 is the example which the Senator selects. I would be willing to accept an amendment to give them an extra $60, to make sure that the 648 are taken care of.

Mr. LANGER. That was not the platform of the Democratic Party. The Democratic Party promised to help the little fellow. The little fellow was going to be helped, according to the Democratic Party platform. But in the classified service pay bill we have, not 200 or 600, but 835,000 Federal employees. After the Eightieth Congress, which was so strongly condemned by the President, raised the salary of the average Federal employee $330 a year and the average postal employee $450 a year, the Eighty-first Congress proposes that their salaries be raised in the neighborhood of $100 a year, on the average.

Not only that, but I object to having the Senate take up first the bill proposing salary increases for the top officials, and leaving to the last the matter of increasing the salaries of the employees in the lower brackets.

As a matter of fact, Mr. President, all salary increases should have been included in one bill. There is no sense or rhyme or reason in taking up in one bill, first, proposed salary increases for Government officials being paid $10,000 a year or more, and then leaving to whatever action subsequently may be taken the salary increases for the employees in the lower brackets, with the result that perhaps their salaries will be increased only a few cents or a few hundred dollars. Such treatment certainly is not equitable and is not what was promised to the Federal workers by the Democratic administration.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. CORDON. Let me say to the Senator that I agree entirely that Congress could have done a better job if it had had a one-package bill for all salary increases, so that it could know what was contemplated in the over-all pattern in the matter of salary changes for civilian Government employees.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment as amended.

The committee amendment as amended was agreed to.

The PRESIDENT pro tempore. The question now is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDENT pro tempore. The bill having been read the third time, the question is, Shall it pass? [Putting the question.]

The "ayes" appear to have it.

Mr. LUCAS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. LUCAS. I announce that the Senators from Virginia [Mr. BYRD and Mr. ROBERTSON], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Idaho [Mr. MILLER], the Senator from West Virginia [Mr. NEELY], the Senator from Alabama [Mr. SPARKMAN], the Senator from Mississippi [Mr. STENNIS], and the Senator from Oklahoma [Mr. THOMAS] are detained on official business.

The Senator from Louisiana [Mr. ELLENDER] is absent because of illness in his family.

The Senator from North Carolina [Mr. GRAHAM] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Pennsylvania [Mr. MYERS] is absent on public business.

On this vote, the Senator from Alabama [Mr. SPARKMAN], who would vote "yea" if present, is paired with the Senator from Oklahoma [Mr. THOMAS], who would vote "nay" if present.

I announce further that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from North Carolina [Mr. GRAHAM], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], the Senator from Pennsylvania [Mr. MYERS], the Senator from West Virginia [Mr. NEELY], the Senator from Mississippi [Mr. STENNIS], and the Senator from Maryland [Mr. TYDINGS] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business. If present and voting, the Senator from Connecticut would vote "yea."

The Senator from Vermont [Mr. AIKEN], the Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate. If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from Massachusetts [Mr. LODGE], and the Senator from Pennsylvania [Mr. MARTIN] would vote "yea."

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "yea."

The Senator from Indiana [Mr. JENNER] and the Senator from Wisconsin [Mr. WILEY] are absent on official business. If present and voting, the Senator

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from Wisconsin [Mr. WILEY] would vote "yea."

The Senator from Washington [Mr. CAIN], who is absent by leave of the Senate, is paired with the Senator from Indiana [Mr. CAPEHART], who is absent on official business. If present and voting, the Senator from Washington would vote "nay," and the Senator from Indiana would vote "yea."

The Senator from Missouri [Mr. KEM] and the Senator from Kansas [Mr. REED] are detained on official business.

The result was announced—yeas 52, nays 14, as follows:

YEAS—52

Anderson	Ives	Murray
Bridges	Johnson, Colo.	O'Conor
Chapman	Johnson, Tex.	O'Mahoney
Connally	Johnston, S. C.	Pepper
Donnell	Kerr	Russell
Douglas	Kilgore	Saltonstall
Downey	Knowland	Schoeppel
Eastland	Leahy	Smith, Maine
Flanders	Long	Taft
Frear	Lucas	Taylor
Fulbright	McCarthy	Thomas, Utah
George	McClellan	Thye
Gillette	McFarland	Tobey
Green	McKellar	Watkins
Hayden	McMahon	Withers
Hill	Magnuson	Young
Hoey	Maybank	
Holland	Morse	

NAYS—14

Bricker	Gurney	Millikin
Butler	Hendrickson	Mundt
Cordon	Hickenlooper	Wherry
Ecton	Langer	Williams
Ferguson	Malone	

NOT VOTING—30

Aiken	Humphrey	Neely
Baldwin	Hunt	Reed
Brewster	Jenner	Robertson
Byrd	Kefauver	Smith, N. J.
Cain	Kem	Sparkman
Capehart	Lodge	Stennis
Chavez	McCarran	Thomas, Okla.
Dulles	Martin	Tydings
Ellender	Miller	Vandenberg
Graham	Myers	Wiley

So the bill H. R. 1689 was passed.

Mr. JOHNSTON of South Carolina. Mr President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. JOHNSTON of South Carolina, Mr. LONG, Mr. HUMPHREY, Mr. LANGER, and Mr. FLANDERS conferees on the part of the Senate.

Mr. JOHNSTON of South Carolina. I also ask that the bill be printed as amended.

The PRESIDENT pro tempore. Without objection, it is so ordered. Without objection, Senate bill 498 will be indefinitely postponed.

PROGRAM FOR TOMORROW

Mr. LUCAS. Mr. President, before the Chair recognizes the Senator from Tennessee for the purpose of presenting a conference report upon the ECA appropriation bill, I desire to advise the Senate that tomorrow we shall proceed to the consideration of Senate bill 1772, which is a bill to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, compensatory time, and promotion, and for other purposes. It is hoped we may finish that bill, take up the bill (H. R. 2379) to establish a standard of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes; and pass both of them tomorrow afternoon. I am sure we shall not have so much trouble with those two bills, because there is a tremendous amount involved in the bills and a great number of people who vote in the respective States are vitally interested in them. I do not believe we shall have nearly so much trouble with those two bills as we had with the $700,000 executive pay bill we have been debating for 2 days; at least, I hope not. If we can finish the bills tomorrow, we shall take a recess until Monday; but whether we do or do not, we shall not have a Saturday session. Is that agreeable to the Senator from California? I see him smiling.

APPROPRIATIONS FOR FOREIGN AID—CONFERENCE REPORT

Mr. McKELLAR. Mr. President, I submit the conference report on House bill 4830, an act making appropriations for foreign aid, for the fiscal year ending June 30, 1950, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER (Mr. FULBRIGHT in the chair). The clerk will read the report.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4830) making appropriations for foreign aid, for the fiscal year ending June 30, 1950, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 15.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 6, 9, 13, and 17, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$350,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed by said amendment insert ", of which not more than $25,000 shall be available to the Administrator for any further action he may consider advisable to carry out the provisions of section 115 (f) of the Economic Cooperation Act of 1948, as amended by the act of April 19, 1949 (Public Law 47)"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$912,500,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$42,500,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 7, 8, 10, 14, and 16.

KENNETH MCKELLAR,
CARL HAYDEN,
ELMER THOMAS,
RICHARD B. RUSSELL,
STYLES BRIDGES,
CHAN GURNEY,
HOMER FERGUSON,
KENNETH S. WHERRY,
Managers on the Part of the Senate.

J. VAUGHAN GARY,
CHRISTOPHER C. MCGRATH,
SIDNEY R. YATES,
CLARENCE CANNON,
JOHN TABER (except as to Nos. 3 and 7),
R. B. WIGGLESWORTH,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report submitted by the Senator from Tennessee.

The report was agreed to.

Mr. McKELLAR. I ask that the Chair lay before the Senate the action of the House of Representatives on certain amendments in disagreement.

The PRESIDING OFFICER (Mr. FULBRIGHT in the chair) laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 4830, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
September 29, 1949.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 7 and 14 to the bill (H. R. 4830) making appropriations for the foreign aid for the fiscal year ending June 30, 1950, and for other purposes, and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 1 to said bill and concur therein with the following amendment: In lieu of the matter proposed to be inserted by said amendment, insert:

"LEGISLATIVE BRANCH

"SENATE

"Contingent expenses of the Senate

"Joint Committee on Foreign Economic Cooperation: For salaries and expenses of the Joint Committee on Foreign Economic Cooperation, as authorized by Public Law 472, Eightieth Congress, as amended by Public Law 47, Eighty-first Congress, including per diem and subsistence expenses, without regard to the Travel Expense Act of 1949, approved June 9, 1949, from October 2, 1949, to June 30, 1950, $110,000: *Provided*, That the amount herein appropriated shall include all expenses necessary to liquidate the affairs of the Joint Committee not later than June 30, 1950."

That the House recede from its disagreement to the amendment of the Senate numbered 8 to said bill and concur therein with the following amendment: In lieu of the matter proposed to be inserted by said amendment, insert:

"The Administrator shall utilize such amounts of the local currency allocated pursuant to section 115 (h) of Public Law 472, Eightieth Congress, as amended, as may be necessary, to give full and continuous publicity through the press, radio, and all other

available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer."

That the House recede from its disagreement to the amendment of the Senate numbered 10 to said bill and concur therein with the following amendment: In lieu of the matter proposed to be inserted by said amendment, insert:

"CHINESE STUDENTS

"The President is authorized and directed to allocate to the Secretary of State not to exceed the sum of $4,000,000 out of any unobligated balance of the amount made available under section 12 of the act entitled 'An act to amend the Economic Cooperation Act of 1948,' approved April 19, 1949 (Public Law 47, Eighty-first Congress), to be used, under such regulations as the Secretary of State may prescribe, for necessary expenses of tuition, subsistence, and return passage to China for selected citizens of China to study in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purposes of this paragraph; such amount to remain available until expended."

That the House recede from its disagreement to the amendment of the Senate numbered 16 to said bill and concur therein with the following amendment: In lieu of the matter proposed to be inserted by said amendment, insert:

"SEC. 202. During the fiscal year ending June 30, 1950, the Department of the Army is authorized to operate the Morgantown Ordnance Works at Morgantown, West Virginia, the Ohio River Ordnance Works at West Henderson, Kentucky, and the San Jacinto Ordnance Works at San Jacinto, Texas, and to use the appropriation herein made for government and relief in occupied areas for the production of anhydrous ammonia for the manufacture of nitrogenous fertilizer materials or nitrogenous compounds for its use in the occupied countries and for sale for use in the Republic of South Korea. From the proceeds of materials sold there shall be credited to the appropriation for 'government and relief in occupied areas' an amount equivalent to the cost of production of such materials and any balance to miscellaneous receipts of the Treasury. Section 205 of Public Law 793, Eightieth Congress, and any other laws in conflict herewith, are repealed effective June 30, 1949."

Mr. McKELLAR. I move that the Senate agree to the amendments of the House to the amendments of the Senate numbered 1, 8, 10, and 16.

The motion was agreed to.

Mr. WHERRY. Mr. President, I should like to ask the distinguished chairman of the conferees to give a brief statement about the "watchdog committee" and also the dismantling amendment. I think it would be of interest to Senators.

Mr. McKELLAR. The amount allowed for the "watchdog committee" was lessened considerably, and it was agreed to.

Mr. WHERRY. But it is continued, is it not, for 1 year?

Mr. McKELLAR. It is continued for 1 year. The dismantling proposal was rewritten, making the dismantling proposition permissive, and it was then agreed to.

Mr. LUCAS. I congratulate the Senator from Tennessee for finally accomplishing a long, difficult task.

Mr. McKELLAR. It took a long time. I may also report from the Committee on Appropriations that after 4 months of conference, the only difference in the civil-functions bill, which is important to all Senators, is a difference of $150,000 out of many, many million dollars.

Mr. WHERRY. Eight hundred million dollars.

Mr. McKELLAR. I am very hopeful we can reach a final agreement tomorrow. I hope to be able to submit the conference report and have the bill passed tomorrow.

Mr. LUCAS. That is very encouraging, I may say to the Senator from Tennessee.

NATIONAL-STATE BANK CONVERSION—MERGER BILL

Mr. KILGORE. Mr. President, I should like to invite the attention of the Senate to a letter I have received from the Department of Banking in the State of West Virginia urging that the Senate take favorable action on House bill 1161, recently reported by the Senate Banking and Currency Committee and now on the Senate Calendar. I ask unanimous consent that this letter from the Commissioner of Banking, Mr. John H. Hoffman, be printed in the RECORD as part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF WEST VIRGINIA,
DEPARTMENT OF BANKING,
Charleston, September 26, 1949.

Hon. HARLEY M. KILGORE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR KILGORE: I have been advised that the Senate Banking and Currency Committee voted favorably on H. R. 1161 (the national-State bank conversion-merger bill).

This bill is of utmost importance to the banking department of this State and all other State banking commissions, and I sincerely hope that you will be able to support this bill.

With kindest personal regards, I am,

Very truly yours,

JOHN H. HOFFMAN,
Commissioner of Banking.

ADDITIONAL BENEFITS FOR CERTAIN POST OFFICE EMPLOYEES

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1772 to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, compensatory time, and promotion, and for other purposes.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1772) to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, compensatory time, and promotion, and for other purposes, which had been reported by the Committee on Post Office and Civil Service with amendments.

EXECUTIVE SESSION

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. If there be no reports of committees, the clerk will call the Executive Calendar.

THE ARMY

The legislative clerk read the nomination of Maj. Gen. Anthony Clement McAuliffe, to be Chief of the Chemical Corps, United States Army, and for appointment as major general in the Regular Army of the United States.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Maj. Gen. Alfred Maximilian Gruenther, to be Deputy Chief of Staff for plans and combat operations, United States Army, with the rank of lieutenant general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk proceeded to read sundry other nominations in the Regular Army of the United States.

Mr. LUCAS. Mr. President, I ask that these nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

UNITED STATES AIR FORCE

The legislative clerk proceeded to read sundry nominations in the United States Air Force.

Mr. LUCAS. Mr. President, I ask unanimous consent that these nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

THE NAVY

The legislative clerk read the nomination of Rear Adm. Arthur H. Dearing, Medical Corps, United States Navy, for permanent appointment to the grade of rear admiral in the Medical Corps of the Navy.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Rear Adm. Clifford A. Swanson, Medical Corps, United States Navy, for temporary appointment to the grade of rear admiral in the Medical Corps of the Navy.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. LUCAS. Mr. President, I ask that these nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc, and, without objection, the President will be notified of all confirmations made this day.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WHERRY. Did the Senate confirm the nomination of General Gruenther?

Mr. LUCAS. It did.

Mr. WHERRY. I wanted to be sure that his confirmation was included. I did not hear the name read.

UNIVERSITY OF MICHIGAN LIBRARIES

RECESS

Mr. LUCAS. Mr. President, as in legislative session, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 52 minutes p. m.) the Senate took a recess until tomorrow, Friday, September 30, 1949, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate September 29 (legislative day of September 3), 1949.

UNITED STATES MARSHAL

Herbert I. Hinds, of Oklahoma, to be United States marshal for the eastern district of Oklahoma, vice Granville T. Norris, term expired.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 29 (legislative day of September 3), 1949:

IN THE ARMY

APPOINTMENTS IN THE UNITED STATES ARMY

Maj. Gen. Anthony Clement McAuliffe, O12263, to be Chief of the Chemical Corps, United States Army, and for appointment as major general in the Regular Army of the United States.

Maj. Gen. Alfred Maximilian Gruenther, O12242, to be Deputy Chief of Staff for Plans and Combat Operations, United States Army, with the rank of lieutenant general.

APPOINTMENTS IN THE REGULAR ARMY OF THE UNITED STATES

The following-named persons for appointment in the Regular Army of the United States in the grade of first lieutenant, and corps specified, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), and Public Law 625, Eightieth Congress:

John S. Folawn, JAGC, O2069873.
Betty L. Parker, WAC, L900153.
Donald V. Potter, JAGC, O1596169.

The following-named persons for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

Lee S. Abiouness, O534192.
Earl C. Acuff, O410157.
Pritchard G. Adams, Jr., O972447.
William A. Allison, O413819.
Victor L. Alvarez, O528434.
Frank H. Armstrong, O1174759.
Cecil C. Baldwin, O413770.
Robert L. Bangert, O470385.
George W. Bass, O965197.
Richard A. Baughman, AO562484.
William D. Bratton, O1053500.
Charles K. Brockett, O1054192.
Marvin L. Bromberg.
Lorence F. Brown, O2018996.
Francis O. Buckman, Jr., O949533.
Burr E. Burgess, O956346.
Michael A. Caponegro, O547356.
Paul N. Casper, O446020.
Louis A. Chateau, O965272.
Maurice L. Clouser, O551765.
Charles S. Collier.
John W. Consolvo, O448987.
Virgil N. Cordero, Jr., O465340.
Edward O. Coursen.
Gordon R. Cubbison, O1167798.
Frederick C. Dahlquist, Jr., O1055569.
Robert C. Dalzell, O477868.
Harold O. Davis, O508157.
John G. Dawson, O971107.
James D. Donnelly, O1649267.
Lawrence E. Driscoll, O955761.
Edward R. Duncan, O452228.
Robert L. Ednie, O495705.
Robert L. Ely, Jr., O402680.
John Fencyk.
Edward J. Flanagan, O1591715.
Paul M. Fletcher, O467846.
James T. Fulghum, O1649458.
Robert D. Funke.
Hugh M. Garner, O485228.
Otis L. Garrison.
Robert B. Gleason, O968594.
Richard Glikes, O539393.
George F. Goodspeed, Jr., O968244.
Francis P. Graves, Jr., O439195.
Robert L. Greer, AO742709.
John B. Haberer, O1180521.
James J. Hagerty, Jr., O1315302.
Turner P. Hall, Jr., O527803.
Edsel F. Hart, O466801.
Ellsworth W. Heidenreich, O1787066.
Arnold R. Henderson, Jr., O967916.
Dennis E. Henricks, O1297724.
Charles J. Heyer, O957529.
James M. Hitchcock, O541287.
Raymond F. Hodgdon, O1036196.
William J. Hord, O964843.
Robert A. Houser, O1050723.
James H. Hutchison, O551535.
Joseph M. Irvine.
Charles L. Johnson, O538615.
George M. Johnson.
Richard Y. Johnston.
Walter F. Jones, O515642.
Edward N. Kaplan, O435645.
Lyman B. Knutson.
Joseph J. Koontz, O1283448.
Gerald E. Ledford, O547861.
William C. Leist, O1290622.
Herbert Lindsay, Jr.
James E. Levins, O970585.
Hoyt R. Livingston, O1303911.
William F. Lorenz, Jr., O400181.
Robert J. Lynch, O418264.
Howard H. Mann, O1313356.
James E. Marshall, O549889.
John H. Mason.
Jack Mayer, O947942.
Thomas F. McCord, O414849.
Francis M. McCullar, O409755.
Charles A. McFadden, O405616.
Daniel F. McNeil.
Sanders D. Middleton, Jr., O547260.
John A. Mittino, O973068.
James R. Mulligan, O514313.
Henry G. Nanz.
James C. Olson, O1107008.
Timothy Osato, O957135.
Gerald L. Perry, Jr., O1289312.
Joseph E. Pizzi, O443942.
William F. Porter, O966456.
David R. Presson, O528265.
Aubrey H. Price, O1633461.
James L. Quinnelly, O422609.
Robert L. Ramsaur, O2210108.
Edward M. Ridlehoover, O1046244.
Robert S. Roberts, O519420.
Joseph G. Robertson, O945882.
Charles E. Sagner, Jr., O2049921.
Terry C. Salt, O689992.
Alfred A. Sanelli, O473544.
William C. Schemmel.
Frank D. Secan, O509859.
Donald A. Seibert, O1038113.
Joseph H. Shaffield III, O975754.
Norman I. Shapira, O409168.
Francis J. Shearer, Jr., O1546625.
Buren R. Shields, Jr., O1325677.
Everett F. Smalley, Jr., O965496.
Harry E. Smith, O1945950.
Lowell K. Solt, O539515.
Bob F. Spitzmiller, O1291347.
Max R. Stallcup, O949921.
Dan G. Stevens.
Guy Stone, O555986.
Archie W. Summers, O2206550.
John K. Tate, O516122.
Charles E. Taylor, O1303226.
Harold M. Telthorst, O954948.
Henry S. Thigpen, O545668.
Pershing Tousley, O1649649.
Doc L. Triggs, Jr., O966463.
Willie T. Tyus.
Manuel S. Tzouanakis.
Robert O. Van Horn, O413808.
Vincent T. Van Sickel, O512873.
George I. Wagner, O1635451.
James M. Webb, O450649.
James M. Welch.
Robert S. Welch.
Craig T. Wesley, O517605.
Ben O. White, Jr.
Alton G. Williams, O449078.
Robert C. Williams, AO753095.
Kermit J. Wilson, O393859.
Douglas R. Wyllie.
James L. Yacavone, Jr., O1114817.
Herman L. Yeatman, O969960.
John Young III, O768363.
Jerome Zohn, O412316.

The following-named persons for appointment in the Regular Army of the United States in the grades and corps specified, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), title II of the act of August 5, 1947 (Public Law 365, 80th Cong.), Public Law 36, Eightieth Congress, and Public Law 625, Eightieth Congress.

To be majors

Edna L. Cox, WAC, L909002.
Anthony J. Di Cello, MC, O331939.
Charles W. Moulton, MC, O422005.

To be captains

John F. Shay, MC, O474238.

To be first lieutenants

Farrell B. Anderson, JAGC, O404882.
James A. Ball, MC, O964462.
David G. Berger, MC, O948528.
Stephen J. Berte, MC, O1716627.
James G. Borman, MC, O958449.
Robert B. Giffin, Jr., MC.
William H. Hall, MC, O960465.
George B. Hamilton, MC, O965829.
William H. Harper, MC, O937008.
Richard B. Johnson, MC, O967875.
Robert J. Johnson, MC.
James E. Lamb, Jr., MC, O961691.
Wallace L. Lancaster, DC, O959936.
Nicholas Mallis, MC.
James H. Noble, MC.
Richard R. Nolen, MC, O964464.
Gerald R. Nowlis, MC, O961449.
Jack W. Passmore, MC, O967413.
Roger J. Reynolds, MC, O1736060.
Joel H. Richert, MC, O965457.
Merle C. Rideout, Jr., JAGC, O1181427.
Joel L. Roth, MC, O962719.
Emmett J. Ryan, MC.
Daniel F. Smoak, Jr., JAGC, O419028.
John W. Southworth, MC.
Joe L. Spann, MC, O963145.
Robert M. Taylor, MC, O961694.
Byron M. Walls, MC.
William L. Wilson, MC, O961696.

To be second lieutenants

Helen L. Black, ANC, N792179.
Lillian Dunlap, ANC, N735464.

The following-named persons for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

Robert E. Cook	Russell J. Moon
Raymond S. Gordon	Charles R. Pack
Lewis S. Hay	Denzil L. Pritchard
James M. Herbert, Jr.	Blaine E. Twitchell
John S. McInerny	Robert J. Wilson

UNITED STATES AIR FORCE

The nominations of Jim Vance Alexander, 12215A, and other officers, for promotion in the United States Air Force, under the provisions of sections 502 and 509 of the Officer

Personnel Act of 1947, and the single nomination of Dorothy A. Fouquet to be first lieutenant (Women's Medical Specialists), under the provisions of section 107 of the Army-Navy Nurses Act of 1947, which were confirmed today, were received by the Senate on September 9, 1949, and appear in full in the Senate proceedings of the CONGRESSIONAL RECORD for that day under the caption "Nominations," beginning with the name of Jim Vance Alexander, appearing on page 12766, and ending with the name of Dorothy A. Fouquet, which is shown on page 12767.

IN THE NAVY

Rear Adm. Arthur H. Dearing for permanent appointment to the grade of rear admiral in the Medical Corps of the Navy.

Rear Adm. Clifford A. Swanson for temporary appointment to the grade of rear admiral in the Medical Corps of the Navy.

IN THE MARINE CORPS

The following-named female citizens for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to qualification therefor as provided by law:

Eleanor M. Bach	Essie M. Lucas
Anna F. Champlin	Joan Morrissey
Virginia M. Johnson	Betty J. Preston
Doris V. Kleberger	

HOUSE OF REPRESENTATIVES

THURSDAY, SEPTEMBER 29, 1949

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in heaven, whose goodness faileth never, Thy love is round about us; do Thou enable us by our endeavors to prove the gift. Allow not Thy rich blessings to be selfishly appropriated, giving nothing in return. Enable us at all times to give our strength to the weak, our substance to the poor, our sympathy to the suffering, and our hearts to the Saviour. So shall our walk be close with Thee, in companionship with the Christ, who gave us a new commandment, that we should love one another.

The Lord God bless our America forever, and may the Master be our inspiration for all time, and Thine shall be the glory. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5895) entitled "An act to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations."

CITY OF LOS ANGELES, CALIF.

Mr. PETERSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5764) to authorize the granting to the city of Los Angeles, Calif., of rights-of-way on, over, under, through, and across certain public lands, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 7, after "Act", insert: ": *Provided further*, That the Secretary of the Interior shall fix, and the city shall pay, a reasonable sum or sums to the United States as consideration for the grant of the permanent rights-of-way described in section 6 of this act."

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

EVERGLADES NATIONAL PARK

Mr. PETERSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4029) to authorize the Secretary of the Interior to procure for the Everglades National Park with available funds, including those made available by the State of Florida, the remaining lands and interest in lands within the boundary agreed upon between the State of Florida and the Secretary of the Interior, within and a part of that authorized by the act of May 30, 1934 (48 Stat. 816), and within which the State has already donated its lands, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: "That, in order to consolidate the Federal ownership of lands within the boundary set forth in deed No. 19035 executed December 28, 1944, by the trustees of the Internal Improvement Fund of the State of Florida, and accepted by the Secretary of the Interior on March 14, 1947, for Everglades National Park purposes, the said Secretary is hereby authorized, within the aforesaid boundary and with any funds made available for that purpose, to procure lands or interests therein by purchase or otherwise, subject, however, to the right of retention by owners of lands, interests in lands, interests in oil, gas, and mineral rights, or royalties, their heirs, executors, administrators, successors, or assigns (hereinafter referred to as 'owners'), at their election, of the following:

"(1) The reservation until October 9, 1958, of all oil, gas, and mineral rights or interests, including the right to lease, explore for, produce, store, and remove oil, gas, and other minerals from such lands: *Provided*, That if on or before said date, oil, gas, or other minerals are being produced in commercial quantities anywhere within the boundary set forth in aforesaid deed No. 19035, then in that event the time of the reservation as set forth in this subsection shall automatically extend for all owners, regardless of whether such production is from land in which such owners have an interest, for so long as oil, gas, or other minerals are produced in commercial quantities anywhere within said boundary. To exercise this reservation, the owners, their lessees, agents, employees, and assigns shall have such right of ingress and egress to and from such lands as may be necessary; and

"(2) After the termination of the reserved rights of owners as set forth in subsection (1) hereof, a further reservation of the right to customary royalties, applying at the time of production, in any oil, gas, or other minerals which may be produced from such lands at any time before January 1, 1985, should production ever be authorized by the Federal Government of its assigns.

"SEC. 2. Unless consented to by an owner retaining the reservation set forth in subsection (1) of section 1 hereof, no action shall be taken by the Federal Government during the period of such reservation to purchase, acquire, or otherwise terminate or interfere with any lease or leases which may be applicable to said owner's lands.

"SEC. 3. Any reservations retained under the provisions of subsection (1) of section 1 hereof shall be exercised by the owners subject to reasonable rules and regulations which the Secretary may prescribe for the protection of the park, but which shall permit the reserved rights to be exercised so that the oil, gas, and minerals may be explored for, developed, extracted, and removed from the park area in accordance with sound conservation practices. All operations shall be carried on under such regulations as the Secretary may prescribe to protect the lands and areas for park purposes.

"SEC. 4. In any action caused by the Secretary of the Interior to be commenced for the acquisition of lands under the provisions hereof, reasonable diligence shall be exercised by him to ascertain whether owners elect to retain reservations in accordance with the provisions of this act. If, after the exercise of such reasonable diligence, owners cannot be located, or do not appear in judicial proceedings to acquire the lands, so that it may be ascertained whether they desire to retain reservations in accordance with the provisions hereof, the Secretary may acquire the fee simple title to their lands free and clear of reservations as set forth in subsections (1) and (2) of section 1 hereof."

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. MILLER of Nebraska. Mr. Speaker, reserving the right to object, this is with reference to the Everglades Park in Florida?

Mr. PETERSON. Yes.

Mr. MILLER of Nebraska. Has the issue as to the oil rights been finally resolved?

Mr. PETERSON. Yes; it has been finally resolved and the reservation of rights and interests in such oil lands is for a longer time than was provided in the House bill.

Mr. MILLER of Nebraska. What changes does it make as compared to the House bill?

Mr. PETERSON. It steps up the reservation date to 1958. The House had made it 1956. The House bill provided in the event that oil, gas, or minerals are discovered on such lands, or units of which it may be a part, the reservation would extend for so long as oil, gas, or minerals are being produced from said unit. But the Senate enlarged upon that and provided that if oil was found anywhere in the area itself, that is the unacquired area, it would extend to all of this area. As a result of the hearings of the other body, the group that had protested in the House agreed to this, and in the other body accepted it in writing.

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I had a letter from the property owners this morning asking us to accept it.

Mr. MILLER of Nebraska. Does that satisfy the small landowner who may have some oil wells?

Mr. PETERSON. Yes, sir. I had a letter from them. They are quite pleased. It went a little further normally than I would have gone. But in order to meet a practical situation it pleased them, and I am sure it will work out all right.

Mr. MILLER of Nebraska. Mr. Speaker, I withdraw my reservation of objection.

Mr. RICH. Mr. Speaker, reserving the right to object, does the Department of the Interior approve this legislation?

Mr. PETERSON. The Department of the Interior approved it. I conferred with them and they approved of it. They feel it will work out all right.

Mr. RICH. There is no objection from the Department of the Interior on this legislation?

Mr. PETERSON. That is correct.

Mr. LARCADE. Mr. Speaker, reserving the right to object, I would like to ask the gentleman the question whether or not the bill makes any admission that the Federal Government has any superior or paramount rights with respect to oil in the State?

Mr. PETERSON. No. We have the same view as the gentleman holds on that question.

Mr. LARCADE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

AMERICAN RIVER BASIN DEVELOPMENT

Mr. PETERSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 165) to authorize the American River Basin development, California, for irrigation and reclamation, and for other purposes, with amendments of the Senate thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 7, strike out all after "the" where it appears the first time over to and including "purposes" in line 2, page 2, and insert "same purposes as described and set forth in the act of Congress of August 26, 1937 (50 Stat. 850)."

Page 2, line 18, strike out "to power load centers" and insert "to the nearest practical interconnection with the Central Valley project transmission system."

Page 3, line 24, after "Clara," insert "San Joaquin,".

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the amendments?

Mr. PETERSON. Mr. Speaker, these amendments are, more or less, what might be called technical amendments. In the House bill we spelled out the purposes, saying "irrigation * * *" and so forth. The other body struck that out and referred to irrigation act by section. Then we had provided that the transmission line would be to power-load centers and they say "to the nearest practical interconnection with the Central Valley project transmission system." In other words, they use specific wording where we had used more or less general wording.

Mr. MARTIN of Massachusetts. The members of the committee on both sides agree to the amendments?

Mr. PETERSON. That is correct. Both sides agree to the amendments. As the gentleman will recall I conferred with the ranking member and the author of the bill as well as the Department.

Mr. MARTIN of Massachusetts. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the report of the gentleman from Florida?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

COLORADO-BIG THOMPSON RECLAMATION PROJECT

Mr. PETERSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5134) to promote development in cooperation with the State of Colorado of the fish, wildlife, and recreational aspects of the Colorado-Big Thompson Federal reclamation project, with amendments of the Senate thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 5, after line 16, insert:

"SEC. 6. Nothing herein shall be construed as repealing or otherwise altering the laws governing the administration of the national forests as far as they affect the lands withdrawn in connection with the project nor as abrogating the authority of the Secretary of Agriculture with respect to the administration of such lands: *Provided*, That with the concurrence of the Secretary of Agriculture and subject to such reasonable conditions as he may deem necessary in the protection and management of the national forests, national-forest lands within the reservoir area but not actually used and needed for protection or operation of any reservoir or reclamation works may be developed hereunder."

Page 5, line 17, strike out "6" and insert "7."

Page 6, line 9, strike out "7" and insert "8."

Page 6, line 18, strike out "8" and insert "9."

Page 7, line 1, strike out "9" and insert "10."

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the amendment?

Mr. PETERSON. Mr. Speaker, this bill was introduced by our colleague the gentleman from Colorado [Mr. HILL]. The purpose of the bill is to promote the development and cooperation with the State of Colorado of certain recreational areas. In the original bill we never intended, and I do not think the wording was broad enough to cover forests in any sense of the word. But the Forest Service wanted to be sure about that. Therefore, the other body placed a provision in the bill specifically providing that it would not cover forests unless the Forest Service entered into the agreement. That is in accord with our wishes and what we thought we had spelled out in the original bill. It is somewhat of a limitation in order to be sure that we have spelled out in the bill what we intended to provide. The author of the bill and both departments are in accord.

The SPEAKER. Is there objection to the request of the gentleman from Florida [Mr. PETERSON]?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

BUFFALO RAPIDS PROJECT, MONTANA

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2042) to authorize the Secretary of the Interior to complete construction of the irrigation facilities and to contract with the water users on the Buffalo Rapids project, Montana, increasing the reimbursable construction cost obligation, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arizona [Mr. MURDOCK]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain this measure?

Mr. MURDOCK. Yes. There is an identical House bill introduced by the gentleman from Montana [Mr. D'EWART]. We are asking to take up the Senate bill at this time because of the fact that that bill has been passed by the Senate and we could thereby save some time.

I would like to ask the gentleman from Montana [Mr. D'EWART] to make an explanation of this matter.

Mr. D'EWART. Mr. Speaker, this has to do with a small pumping irrigation project on the Yellowstone River in the State of Montana that was originally started under WPA. It has now been turned over to the Bureau of Reclamation for completion of the project.

There are two units in this particular bill, one requiring $830,000 to complete, and the other $730,000 to complete. The bill has been passed by the Senate. It was unanimously recommended for passage by the Committee on Irrigation and Reclamation in the House.

The users in the district desire completion of this project, which needs certain facilities that were not put in by the WPA, certain corrections in the irrigation that was not done correctly under WPA. This bill will provide the necessary authorization to complete the project by the Bureau of Reclamation.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. RICH. Was this started by WPA without the advice and consent of the Bureau of Reclamation?

Mr. D'EWART. It was under the WPA program, the relief program, started several years ago. I am not advised as to that particular point.

Mr. RICH. Does the Bureau of Reclamation now recommend that the projects be completed?

Mr. D'EWART. The Bureau of Reclamation definitely recommends the completion of the project. In fact, it is about two-thirds or three-quarters completed now. Without this authorization and an accompanying bill that is in the agricultural bill, we cannot complete the project. The one that is in the Committee on Agriculture has to do with the transfer of credits with regard to the construction of buildings and homes on the tract.

Mr. RICH. Will this be transferred to the Bureau of Reclamation, to look after, after it is completed?

Mr. D'EWART. It will be transferred to the Bureau of Reclamation for repayment.

Mr. MURDOCK. The bill has been reported unanimously by the Committee on Irrigation and Reclamation of the House.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Arizona [Mr. MURDOCK]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized to complete the construction of irrigation facilities, including necessary drainage works, on the first and second divisions of the Buffalo Rapids project, Montana, as approved by the President under authority of the act of May 10, 1939 (53 Stat. 685), and the act of October 14, 1940 (54 Stat. 1119), as amended: *Provided*, That of the funds heretofore or hereafter expended for such construction an amount equal to $60 per irrigable acre as determined and announced by the Secretary of the Interior upon completion of the project shall be reimbursable by the water users over a repayment period of not to exceed 60 years, and provision for the recovery thereof and for payment of the operation and maintenance costs of the irrigation and drainage features of the project shall be made by a contract or contracts satisfactory to the Secretary of the Interior.

SEC. 2. To carry out the purposes of this act, the Secretary of the Interior is hereby authorized to allot any moneys available from appropriations heretofore made to the Department of the Interior for "water conservation and utility projects" and "water conservation and utilization projects," and there is hereby authorized to be appropriated to the Department of the Interior, out of any money in the Treasury not otherwise appropriated, such sums of money as may be necessary to complete the project.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

AMENDING THE CIVIL SERVICE RETIREMENT ACT OF MAY 29, 1930

Mr. MURRAY of Tennessee. Mr. Speaker, I call up the conference report on the bill (H. R. 2944) to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide survivorship benefits for widows or widowers of persons retiring under such act, and I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 1339)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2944) to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide survivorship benefits for widows or widowers of persons retiring under such act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, as follows: Restore the matter proposed to be stricken out by the Senate amendment, omit the matter proposed to be inserted by the Senate amendment, and on page 2 of the House bill strike out all after the period in line 1 down through the period in line 7 and insert in lieu thereof the following: "The life annuity of the officer or employee making such election shall be reduced by 5 per centum of so much thereof as does not exceed $1,500, plus 10 per centum of the balance of such life annuity, and shall be further reduced by three-fourths of 1 per centum of such life annuity for each full year, if any, the designated wife or husband is under the age of sixty at the date of such retirement, but the total reduction shall in no case be more than 25 per centum of such life annuity." And the Senate agree to the same.

TOM MURRAY,
JIMMY MORRISON,
EDWARD H. REES,
Managers on the Part of the House.

OLIN D. JOHNSTON,
J. ALLEN FREAR, JR.,
RALPH E. FLANDERS,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2944) to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide survivorship benefits for widows or widowers of persons retiring under such act, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Subsection (b) of section 4 of the Civil Service Retirement Act of May 29, 1930, as amended, provides that the annuity of an officer or employee electing the survivorship benefits of such subsection shall be equal to 90 percent of the annuity such officer or employee would otherwise receive. The House bill did not change this provision. The Senate amendment increased the annuity payable under this subsection to 95 percent of the full annuity.

The House recedes with an amendment which provides that the annuity of an officer or employee electing survivorship benefits shall be reduced by 5 percent of the first $1,500 of such annuity, plus 10 percent of the balance of such annuity.

TOM MURRAY,
JIMMY MORRISON,
EDWARD H. REES,
Managers on the Part of the House.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

RELIEF OF CERTAIN FORMER EMPLOYEES OF THE FOREIGN ECONOMIC ADMINISTRATION

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill H. R. 1950, for the relief of certain consultants formerly employed by the Technical Industrial Intelligence Committee of the Foreign Economic Administration, and for other purposes, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, strike out lines 14 and 15 and insert:

"SEC. 3. No certificate or statement as to such items furnished such employees shall be required of them: *Provided*, That this section shall not be construed to waive the filing by such employees of any certificate or statement required to be submitted under existing law or regulations with reference to per diem allowances exclusive of such items as defined in section 1."

Page 5, line 9, after "items", insert "and shall be made within 1 year after the enactment of this act."

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

FOREIGN AID BILL

Mr. GARY. Mr. Speaker, I call up the conference report on the bill, H. R. 4830, making appropriations for foreign aid, for the fiscal year ending June 30, 1950, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the the request of the gentleman from Virginia?

There was no objection.

The Clerk read the statement of the managers on the part of the House.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 1354)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 15.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 6, 9, 13 and 17, and agree to the same.

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Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$350,000"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the matter proposed by said amendment insert: ", of which not more than $25,000 shall be available to the Administrator for any further action he may consider advisable to carry out the provisions of section 115 (f) of the Economic Cooperation Act of 1948, as amended by the Act of April 19, 1949 (Public Law 47)"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert: "$912,500,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$912,500,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 7, 8, 10, 14, and 16.

J. VAUGHAN GARY,
CHRISTOPHER C. MCGRATH,
SIDNEY R. YATES,
CLARENCE CANNON,
JOHN TABER (except as to Nos. 3 and 7),
R. B. WIGGLESWORTH,
Managers on the Part of the House.

KENNETH MCKELLAR,
CARL HAYDEN,
ELMER THOMAS,
RICHARD B. RUSSELL,
STYLES BRIDGES,
CHAN GURNEY,
HOMER FERGUSON,
KENNETH S. WHERRY,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4830) making appropriations for Foreign Aid for the fiscal year ending June 30, 1950, and for other purposes, submit the following report in explanation of the conference report as to each of such amendments, namely:

Amendment No. 1: Reported in disagreement.

Amendment No. 2: Strikes out provision of the House making available $125,000 for expenditures of a confidential character during the fourth quarter of the fiscal year 1949, as proposed by the Senate.

Amendment No. 3: Appropriates $3,628,380,000 as proposed by the Senate instead of $3,568,470,000 as proposed by the House.

Amendment No. 4: Appropriates $350,000 for expenditures of a confidential nature for the fiscal year 1950 instead of $500,000 as proposed by the House and $200,000 as proposed by the Senate.

Amendment No. 5: Includes a modified provision of the Senate making available the amount of $25,000 for carrying out the provisions of section 115 (f) of the Economic Cooperation Act of 1948, as amended. The modification is included to make the provision permissive rather than mandatory.

Amendment No. 6: Eliminates provision of the House permitting the obligation and expenditure of the appropriation for the Economic Cooperation Administration during the period July 1, 1949, to May 15, 1950, as proposed by the Senate.

Amendment No. 7: Reported in disagreement.

Amendment No. 8: Reported in disagreement.

Amendment No. 9, relating to assistance to Greece and Turkey: Appropriates $45,000,000 as proposed by the Senate instead of $50,000,000 as proposed by the House.

Amendment No. 10: Reported in disagreement.

Amendment No. 11, relating to Government and Relief in Occupied Areas, administered by the Department of the Army: Appropriates $912,500,000 instead of $925,000,000 as proposed by the House and $900,000,000 as proposed by the Senate.

Amendment No. 12: Establishes a limitation of $42,500,000 for administrative expenses for Government and Relief in Occupied Areas instead of $45,000,000 as proposed by the House and $40,000,000 as proposed by the Senate.

Amendment No. 13: Eliminates a provision of the House for Government and Relief in Occupied Areas permitting the employment of individuals without regard to certain existing laws, as proposed by the Senate.

Amendment No. 14: Reported in disagreement.

Amendment No. 15: Eliminates provision of the Senate stipulating that when travel for purposes of Government and Relief in Occupied Areas is performed by members of the armed forces such travel expenses shall be paid out of the appropriation for that purpose, as proposed by the House.

Amendment No. 16: Reported in disagreement.

Amendment No. 17: Corrects section number.

J. VAUGHAN GARY,
CHRISTOPHER C. MCGRATH,
SIDNEY R. YATES,
CLARENCE CANNON,
JOHN TABER (except as to Nos. 3 and 7),
R. B. WIGGLESWORTH,
Managers on the Part of the House.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. GARY. I shall be glad to yield.

Mr. RICH. This conference report deals with the bill appropriating money for ECA, does it not?

Mr. GARY. Yes.

Mr. RICH. What amount have the conferees brought back to the House?

Mr. GARY. I shall make a complete explanation of the conference report, and I now yield myself 20 minutes for that purpose.

The SPEAKER. The gentleman from Virginia is recognized for 20 minutes.

Mr. GARY. Mr. Speaker, I doubt if there has been a single bill before the Congress this session that has been deliberated as carefully as the measure now before you. I notice from the papers of yesterday that it was reported that the House had completely capitulated to the Senate and that the conference report is a great Senate victory. I am not here to claim victory for either side. I do want to say to the House, however, that your managers did not capitulate to anybody. This bill has been in conference for 2 months. The conferees have had numerous sessions. I think the results which we present to you today can be called an honest and reasonable compromise of the differences betwen the two Houses of Congress.

Mr. Speaker, this bill contains several items. In the first place it embraces appropriations for the Economic Cooperation Administration for the last half of the last quarter of the fiscal year 1949. The budget request for that quarter was $1,074,000,000.

When the bill left the conference that quarter had ended. We knew the exact expenditures. They consumed approximately $1,074,000,000. Therefore, the Senate made no changes in that figure and the figure as it appears in the conference report is exactly as it was enacted by the House and approved by the Senate without any change.

The next item was appropriations for the ECA for the fiscal year 1950. It will be recalled that the House cut the estimates on those appropriations approximately $600,000,000. The House appropriated for the ECA for the fiscal year 1950, $3,568,470,000. You will recall that there was considerable debate on the floor of the House as to the propriety of cutting the funds by that amount. We finally agreed to allow the funds to remain as reported out of the committee with a cut of $600,000,000, but placed a provision in the bill allowing the Administrator, with the approval of the President, to spend these funds within 10½ months if it became necessary.

When the bill reached the Senate that body increased those figures in cash approximately $60,000,000 and made a cash appropriation of $3,568,380,000, and, in addition to that, it authorized loans from the Treasury of $150,000,000. Those Treasury loans will be advanced to the ECA on loans that the ECA makes to these countries on self-liquidating projects, or at least on security. They are really loans.

This increased the House figures approximately $210,000,000, but the Senate struck out of the bill the provision permitting the Administrator to spend these funds in 10½ months, if necessary, so that the Senate appropriation was placed entirely on a 12-month basis. As a matter of fact, when we go into the conference we all agreed that a 12-month basis was preferable, and consequently on that item there never was any real dispute as to those funds. The House accepted the Senate figures. The real dispute came over two items in the bill.

You will recall that the House definitely instructed its managers that it should insist upon abolition of the so-called watchdog committee. That is the joint committee of the Senate and the House which was created last year to watch the activities of the ECA. That committee had allotted to it last year two-hundred-and-sixty-and-some-odd thousand dollars. They asked this year for, and the Senate allotted them, $344,000. Your conferees felt that this committee was unnecessary. The House felt that it was unnecessary, because it instructed us to fight for its abolition. I want to say to you that I do not think any managers ever carried out the instructions of the House with greater force than did your managers in this instance, but we finally reached an impasse, and we got to a point where this one item of the watchdog committee was blocking any agreement upon the entire bill. We got this concession, and here is

what we decided on. Instead of giving them $344,000 to operate on next year, we in this bill gave them $110,000 to liquidate, and it is definitely understood and provided and written into the bill that the committee shall liquidate its activities as of June 30, 1950. It is also definitely understood that they shall liquidate this committee next year. Obviously, you just cannot abolish this committee overnight. They have their agents all over the world, in Europe and in other sections, checking up on the ECA. Those people have got to be brought back home. The affairs of the committee have got to be settled in an orderly manner. We feel that the amount allowed in this bill, rather than perpetuating this committee, simply gives it an opportunity to liquidate its activities in an orderly process.

There was one other feature in this bill over which there was some controversy, and there it was not a question of the amount. It was more a question of the principle involved. The Senate had put in a clause providing that $25,000 of the appropriation might be used to resurvey the question of dismantling plants in Germany. That, today, is one of the most highly controversial questions in the entire European situation. As a matter of fact, a survey was made by General Clay when he was in charge in Germany. They decided that certain plants should be dismantled. When we created the ECA, the Congress insisted on a resurvey of that entire question. The Economic Administrator, Mr. Hoffman, appointed one of the ablest committees that he could find in this country to go over and make a study. That committee went over and made a study; it made a report. The United States alone does not control that problem. It is a problem that has to be decided in conference with Great Britain and with France. But, as the result of this resurvey a new agreement was entered into, whereby 159 plants that had been previously ordered to be dismantled were permitted to remain. Now, as to the $25,000 that was put into this bill, it was doubtful under this language whether it would require the ECA to go back and make a resurvey. If it is necessary, it ought to be done. But, the House conferees felt that this was largely an administrative matter and that the House should not dictate to the ECA officials as to what they should do in this matter; consequently, we finally agreed upon the language which reads as follows: "of which not more than $25,000 shall be available to the Administrator for any further action he may consider advisable to carry out the provisions of section 115 (f) of the Economic Cooperation Act of 1948, as amended by the act of April 19, 1949."

That means that we appropriate the $25,000, but we leave it entirely within the discretion of the Administrator as to whether or not it shall be used, and as to whether the resurvey shall be made.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Pennsylvania.

Mr. RICH. Since the report that was made in reference to the dismantling of these plants, if we do not have the real authority to prohibit that, are they working with Great Britain and France now to permit them to let those plants remain?

Mr. GARY. That is a very live question in Europe at the present time. I can assure the gentleman that the State Department, the ECA, and all the agencies dealing with foreign aid are giving their best attention to it and collaborating with Great Britain and France with reference to its proper solution.

Mr. RICH. This committee that you have watching the spending of this money——

Mr. GARY. Not that we have; that the Senate has.

Mr. RICH. You are going to liquidate that committee?

Mr. GARY. Yes.

Mr. RICH. Was not the committee of any service in trying to keep from squandering the money that we have given to these people for certain purposes?

Mr. GARY. The House subcommittee that handled this bill and others in the House have been unable to see that any benefits at all have been derived from that committee. For that reason, we insisted upon its abolition, and the House sustained us, because we had a vote on it in the House and the managers were instructed to insist that the committee be abolished.

Mr. RICH. The gentleman is satisfied now that the Director of ECA is spending this money to advantage, but to the advantage of whom?

Mr. GARY. I personally am satisfied that he is spending this money in the best interest of the United States and of world recovery. I do not know of any person for whom I have greater respect, particularly as to his ability, than Mr. Hoffman, who is the Administrator of the ECA. I think he has an exceptionally efficient organization. He has able staff members. In my judgment he is doing a magnificent job in the administration of these funds.

Mr. RICH. I understand the sum total is $3,628,000.

Mr. GARY. I have not finished. I have several other items to discuss. Then I will give the sum total.

Mr. RICH. That is to be spent in either 10½ months or 12 months, as the Administrator sees fit?

Mr. GARY. The 10½ months provision is out. It is now for 12 months.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. GARY. I yield.

Mr. CASE of South Dakota. When the Select Committee on Foreign Aid came back from Germany and Austria they made a specific recommendation with reference to this dismantling program. Following that the House adopted a resolution of inquiry which went into this matter, and they did that after getting some unsatisfactory responses. I am a little surprised to find that the gentleman says that it is now made permissive rather than mandatory to continue this survey of this dismantling program.

We used to have an expression out our way that he who pays the fiddler calls the tune. I am disturbed to have the gentleman from Virginia say that the United States cannot exercise a very potent voice in this dismantling program. We put up 90 percent of the dollar cost that Britain had when we took over the English zone. In addition to taking that over, here we provide this whole program of foreign aid. I am unable to understand why we cannot specifically say that the dismantling program, which interferes with the recovery of western Europe and increases the bill that we pay, shall be suspended.

Mr. GARY. The gentleman misquoted me. I did not say the United States did not have a potent voice. I said it was a matter to be decided in agreement with Great Britain and France. There have been numerous conferences on the subject. I think the problem will be worked out to the entire satisfaction of all parties. Certainly, insofar as this bill is concerned, the provision which has been written into the bill by the conferees will permit that to be done.

Mr. CASE of South Dakota. What assurance did the gentleman get from Mr. Hoffman as to the policy to be followed? Is the Humphrey committee continued?

Mr. GARY. The committee got no assurances. It asked Mr. Hoffman for no assurances with respect to this matter. It has to be handled by the Administrator of ECA, that is, by the new United States Administrator in Germany, Mr. McCloy. Mr. McCloy has just taken over his duties in Germany as the gentleman knows, and he ought to have time to study the question. It also involves matters in which the State Department is interested. We did not feel that the Congress should attempt to dictate to those agencies as to how they shall settle their problems. We felt that we should give them the means whereby they can use their facilities for settling them amicably and properly.

Mr. CASE of South Dakota. Under the ECA Act and in the resolution of inquiry adopted by the House we did attempt to say to them what they should do.

Mr. GARY. And that has been done.

Mr. CASE of South Dakota. We did not leave it to them.

Mr. GARY. That has been done. A survey was made in accordance with the provisions of the law. A report was made and a new agreement was perfected. If we continue to agree with the other nations and then go back and continuously insist on a review of those agreements, soon the United States will be labeled abroad, along with Russia and other countries, as a nation that will not stick by its agreements. Certainly we do not want that to happen.

Mr. CASE of South Dakota. But that should not prevent us from seeking modifications of the Potsdam agreement and any other agreements as conditions change. In fact, this whole business of our putting up these funds for European aid and recovery in western Germany is a change from first agreements.

Mr. GARY. Those are matters for the administration to determine.

Mrs. ST. GEORGE. Mr. Speaker, will the gentleman yield for a question?

Mr. GARY. I yield.

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Mrs. ST. GEORGE. Is this $25,000 to be used at the discretion of Mr. Hoffman, or of Commissioner McCloy, or at the discretion of both those gentlemen?

Mr. GARY. It is out of Mr. Hoffman's appropriation, and therefore it must be used at the discretion of Mr. Hoffman.

But, may I say to the gentlewoman that Mr. Hoffman and Mr. McCloy and the State Department are all collaborating very closely and working together in the handling of this very, very difficult problem.

Mrs. ST. GEORGE. Are the other conferees on the part of the House satisfied that Great Britain has stuck to her part of the agreements on the dismantling program?

Mr. GARY. That is a problem which our committee did not go into.

Mrs. ST. GEORGE. I think that problem should have been gone into.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. GARY. I yield.

Mr. GROSS. Is the $25,000 provision for entertainment still in this bill?

Mr. GARY. So far as I know there has been no question raised as to that.

Mr. GROSS. Then it is still in the bill; is that correct?

Mr. GARY. It is still in the bill. There has not been any question raised on that item.

May I say to the gentleman from Pennsylvania, with reference to the total figures: In addition to the items which I have mentioned, the bill, as passed by the House voted $50,000,000 for aid to Greece and Turkey. The other body cut that to $45,000,000. We agreed to the figures of the Senate and the amount recommended by the conferees is $45,000,000. The other item is for government and relief in the occupied areas, what is known in common parlance as GARIOA. That is for the support of the government in Germany and Japan. The House voted for that item the sum of $925,000,000. The other body voted $930,000,000. We split the difference on that item and the conferees' report contains the recommendation of $912,500,000. In addition to that there is one item in the bill in reappropriation of $4,000,000 for the education of Chinese students, making a total, including the $150,000,000 loan, of $5,813,740,000.

Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I am going to tell a few things that this conference report does, first, and then I am going to tell you just exactly what I think about the situation.

On the first amendment there is agreement, $110,000 for the continuance, over the next 9 months, of the Joint Investigating Committee. That committee has done a great deal toward keeping the ECA within bounds and having them comply with the law. It initiated the investigation of the German steel situation, which finally resulted in the appointment of the Humphries committee. That saved probably close to a billion dollars worth of steel plants in Germany. The committee first sent over Mr. Wolfe, the chief representative in Europe of the United States Steel Corp. He made a very careful investigation of the situation. That was followed by the Humphries committee. What has been saved has come directly from the operations of that committee.

The first item of $1,074,000,000 was not in dispute.

The next item, amendment No. 3, the Senate figure was agreed to, adding $60,000,000 to the over-all figure of $3,568,470,000.

Amendment No. 5 provides the $25,000 that would permit the Administrator to go further into the question of dismantling. I am satisfied that those at the head of the ECA and the head of our representation in Germany at the present time realize that the dismantling performance ought to be stopped, and that Germany ought to be put on a self-sustaining basis just as soon as she can be. We should not permit dismantling and then send money over there to replace the things that have been dismantled. That does not make sense in the slightest degree.

Amendment No. 6 continues the operation absolutely for a year, without the 10½-month provision that was written in on the floor of the House.

Amendment No. 7 is in disagreement. That adds $150,000,000 to the over-all funds available, and it is to be used for loans. It is absolutely unnecessary, because they can make loans out of the funds that are already provided. The picture is this: During 17 months, down to the end of August, the total shipments by ECA to these countries was $4,872,000,000. That means $286,000,000 a month. The appropriations carried in this bill for ECA including this $150,000,000, makes $4,852,000,000 to cover what is called the period of 15 months. That means $323,000,000 a month, or $37,000,000 a month more than they have been spending before, which is perfectly ridiculous, because this program was laid out on a 4-year basis with the understanding that it would be tapered off after the first period was over. Instead of tapering off we are adding, if this thing goes through, $37,000,000 of shipments a month, or nearly $450,000,000 for the period. That means that if this thing was going to be done on a straightforward basis that we ought not to be adding all that money now.

There is involved here not only this money, but also this amendment in disagreement; there is involved this whole situation as to whether or not they shall be given so much money that the money will be spent by the Administrator to maintain that Socialistic party in power in Great Britain. At the present time the British are spending $2,000,000,000 a year for food subsidies, and they are spending $1,000,000,000 a year for socialized medicine; and it all comes back on our necks and the necks of our taxpayers. What are we going to do? We are scheduled at the present time according to the latest Treasury statement, with a deficit for the first 3 months of this fiscal year of $1,394,000,000, which means a deficit of $5,500,000,000 for the year. There are just two ways this deficit can be overcome. One is by reduction in appropriations and greater care on the part of Congress in providing funds to be spent; the other is by increasing taxes. Let me say to you that the biggest part of those taxes and that tax increase has got to come out of a reduction in the exemption granted to individuals and an increase in the tax that will come out of withholding money from the pay rolls of the poor people. You can bleed the rich to a certain extent, but in order to meet a $5,000,000,000 deficit you have got to bleed the poor as well, and the biggest part of the take will come out of the poor. That is the situation that we are in at this time. It seems to me that we should begin to be careful about the amounts of money we provide, that we should refuse this $150,000,000 that is involved in the amendment in disagreement and which will come up after the conference report has been acted on where the increase involved in ECA is $60,000,000. Personally I shall vote against the conference report on the whole thing.

I shall not ask for a roll call because it is a small item that is involved, but when it comes to the vote on the amendment in disagreement which involves the $150,000,000 I am going to ask for a roll call on that because I believe we ought to turn it down here in the House of Representatives.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. GARY. Mr. Speaker, I yield the gentleman five additional minutes.

Mr. SMITH of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. What effect, if any, will the devaluation of the foreign currencies have upon this whole program? Is it going to take less dollars now to furnish the things that they are buying?

Mr. TABER. If they will come to, over in these countries, and not try to increase costs, it will enable them to purchase more, but they have got to have a different attitude toward the whole thing. Great Britain has been the major manufacturer of textile machinery, the very best that there was, but her own plants have not been equipped with that machinery. In other words, she has allowed her plants to run down instead of keeping them up. She has been spending her money on developing a welfare state and a socialistic program. They have not in good faith gone ahead and rehabilitated their industry and their general situation and that is what the ECA should insist on right along with every dollar that is spent over there instead of frittering it away on things that destroy them and destroy the morale of their people.

Mr. JENNINGS. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Tennessee.

Mr. JENNINGS. The gentleman from New York has just made a challenging, an unanswerable argument and statement of fact. I wonder if this matter could be referred to the people of this country in a referendum whether or not there would be enough votes in favor of

a thing like this—a monstrosity, an outrage upon the American people—to wad a shotgun?

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. In view of the fact that we are going to have a $5,500,000,000 deficit, as the gentleman stated, I am wondering what the deficits of these countries are going to be which we are aiding? Perhaps our deficit is larger than theirs and appropriating money for this purpose is like the blind leading the blind. I am just wondering how long the American people can continue with this type of program.

Mr. TABER. We are going to be blind unless we stop this sort of business.

Mr. GARY. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Virginia.

Mr. GARY. May I ask the gentleman from Tennessee [Mr. JENNINGS], who spoke about a referendum whether he has forgotten the referendum of last fall?

Mr. JENNINGS. That was not a referendum on a cockeyed scheme like this.

Mr. TABER. You will get plenty of referendum about the time you increase the taxes and rob the poor of the money that it takes to carry on this performance.

Mr. GARY. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 1, line 7, insert:

"LEGISLATIVE BRANCH

"SENATE

"Contingent expenses of the Senate

"Joint Committee on Foreign Economic Cooperation: For salaries and expenses of the Joint Committee on Foreign Economic Cooperation, as authorized by Public Law 472, Eightieth Congress, as amended by Public Law 47, Eighty-first Congress, including per diem and subsistence expenses, without regard to the Travel Expense Act of 1949, approved June 9, 1949, $344,000: *Provided*, That this appropriation shall be available from and including July 1, 1949, for the purpose provided herein. All obligations incurred during the period between July 1, 1949, and the date of the enactment of this act in anticipation of such appropriation are hereby ratified and confirmed if in accordance with the terms hereof."

Mr. GARY. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. GARY moves that the House recede from its disagreement to the amendment of the Senate numbered 1 and concur in the same with an amendment, as follows:

"LEGISLATIVE BRANCH

"SENATE

"Contingent expenses of the Senate

"Joint Committee on Foreign Economic Cooperation: For salaries and expenses of the Joint Committee on Foreign Economic Cooperation, as authorized by Public Law 472, Eightieth Congress, as amended by Public Law 47, Eighty-first Congress, including per diem and subsistence expenses, without regard to the Travel Expense Act of 1949, approved June 9, 1949, from October 2, 1949, to June 30, 1950, $110,000: *Provided*, That the amount herein appropriated shall include all expenses necessary to liquidate the affairs of the Joint Committee not later than June 30, 1950."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 7: Page 5, line 1, insert: ": *Provided further*, That the Administrator is authorized to issue notes from time to time during the fiscal year 1950 for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate $150,000,000, for the purpose of allocating funds during such fiscal year to the Export-Import Bank of Washington for assistance on credit terms under the provisions of said act; and the provisions of paragraph (2) of section 111 (c) of said act shall, to the extent applicable, be applicable to the notes authorized to be issued in this proviso and to all functions of the Administrator, the Secretary of the Treasury, and the Export-Import Bank of Washington in extending the assistance provided for herein."

Mr. GARY. Mr. Speaker, I move that the House recede and concur in the Senate amendment and yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I can see no reason for the adoption of this additional $150,000,000. Without it, we will have $4,702,000,000, or $323,000,000 a month, to ship over the 15-month period, from the 1st of last April to the 30th of next June. Previous shipments have amounted to $286,000,000, on the average, a month. That means that without this amendment there will be in this period an increase of $27,000,000 a month over the previous period. If you add this $150,000,000 onto the bill, it means an increase up to $333,000,000 from $286,000,000, average, or $37,000,000 a month increase.

Now, I have been willing to meet any reasonable obligations that we have to help the rest of the world in distress, as well as former allies, or prospective allies should hostilities occur, but unreasonable figures I cannot support. I am, therefore, going to ask for a roll call on this motion. I hope that the Members of the Congress will get to the point where they will realize the necessity for economy if the United States is going to survive right side up. We cannot go on with continued deficit spending and unbridled grants of money that there is absolutely no excuse for. I hope the House will reject this additional $150,000,000 at this time.

Mr. GARY. Mr. Speaker, I yield 5 minutes to the gentleman from Nebraska [Mr. MILLER].

Mr. MILLER of Nebraska. Mr. Speaker, it seems to me the Members of the House ought to support this attempt to cut $150,000,000 from this bill. I say this because these so-called loans are a fake and farce. Why borrow money when you can get it for nothing?

Let us together survey the spending on the foreign aid program in this country since the end of the war. Through 23 different foreign aid programs we have spent $35,000,000,000 of the people's money. I just figured up this morning what it means to the little town of Grand Island, Nebr., with 20,000 people. It means they have bonded themselves for nearly $5,000,000. Many towns are hesitant about bonding themselves for $50,000 or $100,000 for swimming pools or schools or public improvements, yet we here in Congress without any hesitation bond our people, and believe me it is a bond, a debt they cannot escape.

Does anyone in this House think your people in a city of 20,000 would vote a bond of $5,000,000 to send aid across the seas? They recognize they must help people, and they do. When the Friendship Train went through Nebraska and throughout the country people contributed large amounts, and they would do so again, for those who are hungry and in need of clothing and medicine. But this type of program cannot go on forever.

Since the end of the war we have spent $177,000,000,000 in running our Government. That is more than our Government cost us in the first 152 years of our existence. Yes; we are spending three and one-third billions a month. That is more than the Civil War cost us in 4 years. Yes; during that first 152 years we have had several wars and depressions. Oh, we can spend ourselves into destruction, we can knock ourselves out in our own gymnasium. The power to tax is the power to destroy. I tel' you that my people at home are looking at Congress and asking that we spend less money.

Half of our budget is military spending and foreign aid programs, about $23,000,000,000. In 1939, when we thought we were preparing for war, we were spending less than $1,000,000,000 on the military. Today it is $15,000,000,000 or $16,000,000,000. There was no foreign-aid program then. Where are you going to end? Are you, as representatives of your people, going to continually vote large sums of money which finally will result in spending ourselves into destruction?

Mr. Speaker, we are bleeding ourselves white. We just cannot waste our resources all over the world with no promise of a fair return.

We will have a deficit this year of five-billion-plus dollars—more than all the nations we seek to help. It is like the blind leading the blind.

I shall support the effort to cut the amount of this bill and will then vote against ECA. I feel we cannot risk this spending. We face bankruptcy.

CALL OF THE HOUSE

Mr. McGRATH. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. WHITTINGTON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

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The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 206]

Abbitt	Flood	Morrison
Allen, Ill.	Fulton	Multer
Allen, La.	Furcolo	Murphy
Bailey	Garmatz	Norblad
Baring	Gathings	Norton
Barrett, Pa.	Gilmer	O'Konski
Beall	Goodwin	Pfeifer,
Bland	Gore	Joseph L.
Blatnik	Granahan	Pfeiffer,
Boggs, Del.	Green	William L.
Boggs, La.	Gregory	Philbin
Bolling	Hall,	Phillips, Calif.
Bolton, Ohio	Leonard W.	Poage
Bonner	Hand	Powell
Bosone	Harden	Rains
Boykin	Hare	Ramsay
Bramblett	Harvey	Reed, Ill.
Brooks	Hays, Ohio	Reed, N. Y.
Buckley, N. Y.	Hébert	Ribicoff
Bulwinkle	Hedrick	Richards
Burke	Hefferan	Riehlman
Burnside	Heller	Rogers, Mass.
Byrne, N. Y.	Hoffman, Ill.	Roosevelt
Carlyle	Hope	Sadowski
Celler	Horan	Scott, Hardie
Chatham	Howell	Scott,
Chudoff	Huber	Hugh D., Jr.
Cole, N. Y.	Irving	Short
Corbett	Javits	Smathers
Coudert	Kearns	Smith, Ohio
Crawford	Kennedy	Staggers
Crosser	Keogh	Steed
Dague	King	Tauriello
Davies, N. Y.	Klein	Taylor
Davis, Tenn.	Kunkel	Thomas, N. J.
Dawson	Lane	Towe
Deane	Latham	Vinson
Dingell	Lichtenwalter	Walter
Donohue	Lodge	Whitaker
Douglas	Lovre	White, Idaho
Eaton	McMillan, S. C.	Willis
Eberharter	McMillen, Ill.	Withrow
Elston	McSweeney	Wolcott
Engle, Calif.	Mack, Ill.	Wolverton
Evins	Macy	Wood
Feighan	Mansfield	Woodhouse
Fellows	Marcantonio	Worley
Fernandez	Martin, Iowa	

The SPEAKER. On this roll call 294 Members answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN AID

Mr. GARY. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, I want to assure the membership that I had nothing to do with this roll call. I also want to say that talking economy in Government is just about like pouring a glass of water over Hoover Dam. You know, a winner never quits and a quitter never wins, so let us hope we will get some place now on this bill and this conference report. Let us get some economy in Government for goodness' sake. Anything you can save ought to be a welcome dollar to the American taxpayer. When you come to realize that you have given to foreign countries over $92,000,000,000 in the last 10 years and that you will never get any of it back, it seems to me you Members of Congress that voted for all that money ought to be ashamed of yourselves. You ought to think of your taxpayers and the poor fellows who pay the bill when they start to weep some of these days. Stalin said a few years ago, "The way America is going to wreck itself is by spending itself to death." I think we are doing a pretty good job in that respect, and if he is not right I will be fooled, because something has got to stop you.

What are you doing here today? You have a conference report here where you are going to spend $6,000,000,000 more for people in foreign countries. Do you not think it is about time for you to look after the American people and stay back home and tend to your own business? I certainly do.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield.

Mr. HOFFMAN of Michigan. Did not the House look after that pretty well yesterday and the day before?

Mr. RICH. The House has tried to look after them some, but we have a body on the other side of the Capitol that is bringing over so many appropriations and increasing them for these foreign-aid elements we cannot stand it. There is a limit to spending. Yesterday you passed a bill carrying $1,400,000,000 to arm the countries of the world. That was terrible. You who voted for that, wait until your people back home get after you for that. You talk peace but get us in another war. Now you are going to spend $6,000,000,000 more here for foreign aid, when we need to take care of our own people. It just is not right. It just does not make sense. It is not just. We cannot stand more taxes, but you will force more on our people.

I hope you will wake up pretty soon, or else I hope that the people of this country, if they want to look after their country and continue with the American form of government, will wake up. America must get some economy in our Government soon or it is a wreck ahead.

I know the Members of the House do not want to hear me say these things but I think it is my duty. You are tired of listening to talk about economy, and I do not blame you for that, but I want to get you to realize your responsibilities. Cannot the Members of Congress realize that the Treasury Department today has an indebtedness of $256,000,000,000? Last year at this time it was $251,000,000,000. You are taking this country on the greatest joy ride any nation ever had. This is the greatest spending administration in the history of the world. Stop it, stop it, stop it I say. You are wrecking our Nation.

Mr. GARY. Mr. Speaker, I yield to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD following the disposition of this conference report.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. GARY. Mr. Speaker, I yield such time as he may desire to the gentleman from Nebraska [Mr. STEFAN].

CARLOS P. ROMULO—PROPHET AND PATRIOT

Mr. STEFAN. Mr. Speaker, less than 2 weeks ago, the General Assembly of the United Nations elected a member of the delegation from the Republic of the Philippines to preside over their current and coming deliberations. The new President received an overwhelming majority. No man among them was more deserving of their confidence than the man to whom they gave the highest honor within their power. That man was Carlos P. Romulo.

"General Romulo"—as many of us knew him—was and is, at one and the same time, a prophet and a patriot. These two allied traits were so well blended in his courageous character that even his closest associates could not tell where the prophet ended and where the patriot began.

When he looks down from his chair upon the representatives of the most powerful nations of the world, he is not alone. His spiritual forefathers are beside him—Sergio Osmeña, Manuel Quezon, Jose Rizal. Their examples lead him. Their inspiration impels him. Knowing that—yes, and knowing him—we Americans can count ourselves fortunate indeed that General Romulo has been given the position of responsibility which he so richly deserves.

He left Bataan among the last to escape the ruthless violence of aggressor Japan. He would have given anything he had if only he could have stayed behind with Wainwright's heroes and with his own beloved people. He would have gone willingly on the March of Death. Instead, he left the Philippines—his ultimate destination, the United States. Carlos Romulo had made his choice. He elected to lead his people on the March of Life. The years which have intervened between the tragedy of Bataan and his latest triumph have proved the inherent rightness of his choice.

During General Romulo's enforced exile, his mind and his heart were never idle. Book after book emerged from his tireless typewriter. The American people read them. Magazine articles which he wrote found their way into millions of American homes. His eloquence charmed American ears from Portland to Pensacola. Our own writers, our own orators, were telling their countrymen that this was a global war. Unfortunately—to most of them, then, as it is to all too many now—Europe was their globe. Romulo made the American people face east. It is to his credit, not to ours, that what he did was almost a one-man job.

Romulo's words, written and spoken, were prophecy. But, when he splashed through the surf to Leyte with Gen. Douglas MacArthur, his deeds were the deeds of a patriot. In the campaign which followed he consecrated his body to the liberation of the Philippines even as he had formerly devoted his mind and his talents to the same high cause. His hand helped raise Manila, the Pearl of the Orient, phoenixlike from her own ashes. His keen judgment went far toward setting his fine people on the road to recovery, the pathway to peace.

This prophet, this patriot, came back to the United States after the war as a distinguished official of his free nation. None of us who saw, who heard, will ever forget how Americans received him. A hundred thousand Americans cheered as one when General Romulo rose from beside lately liberated General Wainwright to address the multitude on the Monument Grounds. A sacred hush held the throng as they listened to what he had to say to them. Other speeches have been

forgotten. This one will never be. No one among his vast audience could help but feel that he loved America and Americans. No one there could help but feel that—no matter how much he loved America and Americans—he loved the Philippines and the Filipinos more.

General Romulo was great in defeat. He was equally as great in victory. In these facts lie the key to the noble character of this brilliant and accomplished man.

Mr. Speaker, what General Romulo was and is points the way to what we should be now and ought to be in the future. Some Americans enjoy calling themselves "internationalists" and "citizens of the world." Yet, the General Assembly of the United Nations confers their choicest office upon a man who never wanted to be, never pretended to be, anything else except a Filipino patriot.

Let Americans look to General Romulo. Let all of us devote our lives to these United States. Not by cringing apology—but by undeviating patriotism—can this Nation attain to its destined high place in international councils and justly earn the plaudits of the world.

Mr. GARY. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Speaker, I regret to find myself in disagreement with my beloved colleague the gentleman from New York [Mr. TABER]. I agree thoroughly with the general observations he made a few moments ago, but I disagree with his conclusion as to how we should vote on the pending motion. I am going to vote for the motion.

This is a proposal that $150,000,000 of ECA funds be earmarked exclusively for loans. For the past 2 years I have attempted to make sure that they would progressively in this program increase the pay-back money and reduce the giveaway money. I delight in the fact that the conference have gotten away from this 10- and 15-month juggling and, instead, have gotten squarely to the fiscal-year basis, and then made a 10-percent cut in the ECA request. Within the 90 percent which is allowed is the $150,000,000 for loans.

This conference on ECA funds has been going on 4 or 5 months, and to me it is inconceivable that the conferees are going to cut it any more than 10 percent. I want to see in this bill an amount exclusively for loans. Of course, they can make loans from the rest, but we know they will not. In 1948 I made the proposal that we make $1,000,000,000 out of the $5,000,000,000 exclusively for loans and guaranties. This year on the floor of the House I attempted to earmark 20 percent of the total exclusively for loans and guaranties. I was defeated. Now we have at least $150,000,000 that they cannot use unless they make loans and unless they get those countries to pay us back. I do not believe we should strike that principle from the bill. Therefore, I am going to support the proposal to require that $150,000,000 of the 90 percent that they originally requested shall be exclusively for loans.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield.

Mr. TABER. As I understand the language this $150,000,000 is over and above the $3,628,000,000 that is carried in amendment No. 3 and is not a part of it at all. That is the way the language reads.

Mr. VORYS. If I have been misinformed, I would like to be corrected. But I understand that the amount in the conference report for appropriation, plus this $150,000,000 for loans is 10 percent below the amount requested for the fiscal year 1950. Am I right or wrong in that statement?

Mr. GARY. The gentleman is right. It is a 10 percent reduction. The gentleman is exactly right. The amounts in the bill, including the $150,000,000 equal 90 percent of the requested fund.

Mr. VORYS. Then the proposition is clear. These conferees after battling over this thing for months, have agreed upon a 10 percent cut below the amount requested for the fiscal year 1950 in which I concur. Of the 90 percent that they have left, $150,000,000 is going to be exclusively for loans. It cannot be giveaway money. In that I concur. Of course the rest of it could be loans. But we have learned from cruel experience that if you give ECA authority to give money by either loans, grants, or guarantys, it is going to be by grants. Therefore, I want to see at least $150,000,000 of this in loans now as we are reaching the middle of the Marshall plan. As a matter of fact, I would rather see a great deal more of it made as loans, and not as giveaway money.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. GARY. Mr. Speaker, I yield 3 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Speaker, let us get this thing straight. Not every Member, I know, can get a copy of the bill at this time. But I have a copy. The other body has put in two amendments with which we are dealing in this discussion.

Looking at page 4, I see Senate amendment No. 3. The big figure for the ECA appropriation in the House was $3,568,470,000. The other body increased that to $3,628,380,000. That is an increase of $60,000,000. That increase has already been agreed to in the conference report which has been adopted.

Now we are dealing with a separate amendment, amendment No. 7, which appears on page 5, which authorizes the Administrator to issue notes for purchase by the Secretary of the Treasury in an amount of $150,000,000.

That is a separate amendment and is an increase in the total funds over and above the $60,000,000 increase already agreed to.

I do not think anyone will dispute that these are two separate amendments, and this amendment that we are dealing with now means an additional increase of $150,000,000 over the $60,000,000 already agreed to.

If this $150,000,000 were to be subtracted from $3,628,000,000, then it could be said that we were converting part of the cash appropriation for gifts into loans. But that is not the situation. We are making two increases. We have already agreed to $60,000,000 cash gift increase and now the motion offered by the gentleman from Virginia [Mr. GARY] would have us agree to a further increase by adding $150,000,000 for loans.

Mr. GARY. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. GARY. Will the gentleman point out to the House that the House figure was for 10½ months, whereas the Senate figure is for 12 months? Let us be fair in the whole situation.

Mr. CASE of South Dakota. Yes; I think that is permissive, but even so, that would give them more than they have been spending each month.

Mr. WIGGLESWORTH. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. WIGGLESWORTH. The House figure was for 12 months, with the proviso that if necessary it could be used in the period of 10½ months. If Mr. Hoffman succeeded in making the House figure good for the entire period of 12 months, then the Senate figure is $210,000,000 above the House figure.

Mr. CASE of South Dakota. Yes; sixty million plus one hundred and fifty million. So here we are to vote upon a second increase over the House figure. It is not a conversion of part of that amount into loans; it is an additional item of one hundred and fifty million for loans.

The SPEAKER. The time of the gentleman from South Dakota has expired.

Mr. GARY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this is a very serious matter but not a complicated one, and there is no use in trying to make it so.

The budget estimates for the ECA for the fiscal year 1950 were slightly over $4,000,000,000. That was the request that was made of the Congress. The House cut those funds $600,000,000, which was approximately 15 percent, to the figure $4,568,470,000. But the House provided that, if necessary, they could spend those funds within 10½ months, which meant that they would have given them, if necessary, the amount that they requested. The House figures were on the basis of 10½ months, to give them substantially what was requested, if necessary.

The bill went to the Senate. The Senate insisted that the 10½-month provision be eliminated, and that we put this appropriation on a 12-month basis. Therefore they made an increase so that the decrease in the House, which would have crippled the ECA would be slightly modified. Instead of increasing them $200,000,000 and making the cuts $400,000,000, they increased the cash appropriation approximately $60,000,000 and then gave the ECA authority to make $150,000,600 in loans. Those loans will be made through the Export-Import Bank, and that bank has had a remarkable record in the liquidation of loans. So that of all the money we have appropriated, this is money we can expect

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to get back. They provide, of course, that the ECA shall find projects to make sound loans upon, to the extent of $150,000,000. They have made a survey and they now think they can secure $150,000,000 in sound loans. If we are going to cut this appropriation at all, certainly we should not cut the loan provision that we are going to get back. If there is going to be any cut, it should have been in the cash amounts that we obtained.

Including the $60,000,000 increase in cash that the Senate made, and the $150,000,000 in loans, the amount that is provided in the conference report at the present time is $400,000,000 less than the budget request. Let us get that straight. It means that if this bill is adopted there has been, even with the $150,000,000, a 10-percent cut in ECA funds for the fiscal year 1950.

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. GARY. Mr. Speaker, I move the previous question on the motion.

The SPEAKER. The question is on the motion of the gentleman from Virginia to recede and concur in Senate amendment No. 7.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 118, noes 87.

Mr. TABER. Mr. Speaker, I object to the vote on the ground there is not a quorum present, and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and thirty-eight Members are present, a quorum.

Mr. TABER. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 177, nays 124, not voting 131, as follows:

[Roll No. 207]

YEAS—177

Addonizio	Dawson	Jackson, Wash.
Albert	DeGraffenried	Jacobs
Anderson, Calif.	Delaney	Johnson
Andrews	Denton	Jones, Ala.
Aspinall	Dollinger	Jones, Mo.
Bailey	Doughton	Jones, N. C.
Bates, Ky.	Doyle	Judd
Bates, Mass.	Durham	Karst
Battle	Elliott	Karsten
Beckworth	Fallon	Kean
Biemiller	Fernandez	Keating
Bolton, Md.	Fisher	Kelley
Boykin	Fogarty	Kerr
Breen	Forand	Kilday
Brown, Ga.	Frazier	King
Buchanan	Fugate	Kirwan
Buckley, Ill.	Gary	Kruse
Burke	Gathings	Lanham
Burleson	Gordon	Lesinski
Burton	Gorski, Ill	Lind
Camp	Gorski, N. Y.	Linehan
Canfield	Gossett	Lucas
Cannon	Granger	Lyle
Carnahan	Grant	McCarthy
Carroll	Hale	McCormack
Case, N. J.	Hardy	McGrath
Cavalcante	Harris	McGuire
Chelf	Harrison	McKinnon
Chesney	Hart	Madden
Christopher	Havenner	Magee
Clemente	Hays, Ark.	Mahon
Combs	Hedrick	Marsalis
Cooley	Herlong	Marshall
Cooper	Herter	Merrow
Cox	Heselton	Michener
Crook	Hobbs	Miles
Davenport	Holifield	Miller, Calif.
Davies, N. Y.	Holmes	Mills
Davis, Ga.	Hope	Mitchell
Monroney	Preston	Thomas, Tex.
Morgan	Price	Thompson
Moulder	Priest	Thornberry
Murdock	Quinn	Tollefson
Murray, Tenn.	Rabaut	Trimble
Nixon	Regan	Underwood
Noland	Rhodes	Vorys
O'Brien, Ill.	Rodino	Wagner
O'Brien, Mich.	Rogers, Fla.	Walsh
O'Hara, Ill.	Rooney	Welch
O'Neill	Sasscer	Wheeler
O'Sullivan	Sims	Whitten
O'Toole	Smathers	Wickersham
Pace	Smith, Va.	Wier
Patman	Spence	Wilson, Okla.
Patten	Stanley	Wilson, Tex.
Perkins	Stigler	Winstead
Peterson	Sullivan	Yates
Pickett	Sutton	Young
Polk	Teague	Zablocki

NAYS—124

Abernethy	Gross	Passman
Allen, Calif.	Gwinn	Patterson
Andersen, H. Carl	Hagen	Phillips, Tenn.
Andresen, August H.	Hall, Edwin Arthur	Potter
Angell	Halleck	Poulson
Arends	Hill	Powell
Auchincloss	Hinshaw	Rankin
Barden	Hoeven	Redden
Barrett, Wyo.	Hoffman, Mich.	Rees
Bennett, Fla.	Hull	Rich
Bennett, Mich.	Jackson, Calif.	Rivers
Bishop	James	Sadlak
Blackney	Jenison	St. George
Boggs, Del.	Jenkins	Sanborn
Brehm	Jennings	Saylor
Brown, Ohio	Jensen	Scrivner
Bryson	Jonas	Scudder
Burdick	Kearney	Secrest
Byrnes, Wis.	Kearns	Shafer
Case, S. Dak.	Keefe	Sikes
Chiperfield	Kilburn	Simpson, Ill.
Church	Larcade	Simpson, Pa.
Clevenger	LeCompte	Smith, Kans.
Cole, Kans.	LeFevre	Smith, Wis.
Colmer	Lemke	Stefan
Cotton	McConnell	Stockman
Cunningham	McCulloch	Taber
Curtis	McDonough	Tackett
Davis, Wis.	McGregor	Talle
D'Ewart	Mack, Wash.	Towe
Dolliver	Martin, Mass.	Van Zandt
Dondero	Mason	Velde
Ellsworth	Meyer	Vursell
Engel, Mich.	Miller, Md.	Wadsworth
Fenton	Miller, Nebr.	Weichel
Ford	Morris	Werdel
Gamble	Morton	White, Calif.
Gavin	Murray, Wis.	Wigglesworth
Gillette	Nelson	Williams
Golden	Nicholson	Wilson, Ind.
Graham	Norrell	Woodruff
	O'Hara, Minn.	

NOT VOTING—131

Abbitt	Eberharter	Kunkel
Allen, Ill.	Elston	Lane
Allen, La.	Engle, Calif.	Latham
Baring	Evins	Lichtenwalter
Barrett, Pa.	Feighan	Lodge
Beall	Fellows	Lovre
Bentsen	Flood	Lynch
Bland	Fulton	McMillan, S. C.
Blatnik	Furcolo	McMillen, Ill.
Boggs, La.	Garmatz	McSweeney
Bolling	Gilmer	Mack, Ill.
Bolton, Ohio	Goodwin	Macy
Bonner	Gore	Mansfield
Bosone	Granahan	Marcantonio
Bramblett	Green	Martin, Iowa
Brooks	Gregory	Morrison
Buckley, N. Y.	Hall, Leonard W.	Multer
Bulwinkle	Hand	Murphy
Burnside	Harden	Norblad
Byrne, N. Y.	Hare	Norton
Carlyle	Harvey	O'Konski
Celler	Hays, Ohio	Pfeifer, Joseph L.
Chatham	Hébert	Pfeiffer, William L.
Chudoff	Heffernan	Philbin
Cole, N. Y.	Heller	Phillips, Calif.
Corbett	Hoffman, Ill.	Plumley
Coudert	Horan	Poage
Crawford	Howell	Rains
Crosser	Huber	Ramsay
Dague	Irving	Reed, Ill.
Davis, Tenn.	Javits	Reed, N. Y.
Deane	Kee	Ribicoff
Dingell	Kennedy	Richards
Donohue	Keogh	Riehlman
Douglas	Klein	Rogers, Mass.
Eaton	Smith, Ohio	White, Idaho
Roosevelt	Staggers	Whittington
Sabath	Steed	Willis
Sadowski	Tauriello	Withrow
Scott, Hardie	Taylor	Wolcott
Scott, Hugh D., Jr.	Thomas, N. J.	Wolverton
Sheppard	Vinson	Wood
Short	Walter	Woodhouse
	Whitaker	Worley

So the motion was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Boggs of Louisiana for, with Mr. Hare against.

Mr. Morrison for, with Mr. Hand against.

Mr. Garmatz for, with Mr. Dague against.

Mr. Vinson for, with Mr. Lichtenwalter against.

Mrs. Douglas for, with Mr. Kearns against.

Mr. Evins for, with Mr. Smith of Ohio against.

Mrs. Bolton of Ohio for, with Mr. Hoffman of Illinois against.

Mr. Byrne of New York for, with Mr. Marcantonio against.

Mr. Feighan for, with Mr. Allen of Illinois against.

Mr. Mansfield for, with Mr. Reed of Illinois against.

General pairs until further notice:

Mr. Whittington with Mr. Wolverton.

Mr. Eberharter with Mrs. Rogers of Massachusetts.

Mr. Gilmer with Mr. Norblad.

Mr. Hébert with Mr. Macy.

Mr. Willis with Mr. Beall.

Mr. Abbitt with Mr. Cole of New York.

Mr. Granahan with Mr. Thomas of New Jersey.

Mr. Lane with Mr. Wolcott.

Mr. Barrett of Pennsylvania with Mr. Withrow.

Mr. Donohue with Mr. Taylor.

Mr. Chudoff with Mr. Short.

Mr. Huber with Mr. Coudert.

Mr. Tauriello with Mr. Elston.

Mr. Ribicoff with Mr. Goodwin.

Mr. Staggers with Mr. Leonard W. Hall.

Mr. Hays of Ohio with Mr. Horan.

Mr. Richards with Mr. Hardie Scott.

Mr. Green with Mr. Reed of New York.

Mr. Gregory with Mr. Harvey.

Mr. Rains with Mr. Eaton.

Mrs. Norton with Mr. Bramblett.

Mr. Furcolo with Mr. Fellows.

Mr. McSweeney with Mr. Phillips of California.

Mr. McMillan of South Carolina with Mr. William L. Pfeiffer.

Mr. Deane with Mr. Hugh D. Scott, Jr.

Mr. Dingell with Mr. Crawford.

Mr. Flood with Mr. Kunkel.

Mr. Engle of California with Mr. Latham.

Mr. Philbin with Mr. Lovre.

Mr. Walter with Mr. Martin of Iowa.

Mr. Whitaker with Mr. Corbett.

Mr. Allen of Louisiana with Mr. Riehlman.

Mr. Bonner with Mr. Plumley.

Mr. Wood with Mr. McMillen of Illinois.

Mr. Brooks with Mr. O'Konski.

Mr. Worley with Mr. Fulton.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 8: Page 5, line 14, insert: "The Administrator shall utilize such amounts of the local currency allocated pursuant to section 115 (h) of Public Law 472, Eightieth Congress, as amended, as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples

of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer: *Provided*, That quarterly reports for the fiscal year 1950 shall be made to the Congress by the Administrator of the program undertaken pursuant to this section."

Mr. GARY. Mr. Speaker, I move that the House recede and concur with an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. GARY moves that the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by said amendment, insert:

"The Administrator shall utilize such amounts of the local currency allocated pursuant to section 115 (h) of Public Law 472, Eightieth Congress, as amended, as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer."

The SPEAKER. The question is on the motion offered by the gentleman from Virginia [Mr. GARY].

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 10: Page 6, line 16, insert:

"CHINESE STUDENTS

"The President is authorized and directed to allocate to the Secretary of State the sum of $4,000,000 out of any unobligated balance of the amount made available under section 12 of the act entitled 'An act to amend the Economic Cooperation Act of 1948', approved April 19, 1949 (Public Law 47, 81st Cong.), to be used, under such regulations as the Secretary of State may prescribe, for necessary expenses of tuition, subsistence, and return passage to China for selected citizens of China to study in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purposes of this paragraph; such amount to remain available until expended."

Mr. GARY. Mr. Speaker, I move that the House recede and concur with an amendment, which I send to the Clerk's desk.

The Clerk read, as follows:

Mr. GARY moves that the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by said amendment, insert:

"The President is authorized and directed to allocate to the Secretary of State not to exceed the sum of $4,000,000 out of any unobligated balance of the amount made available under section 12 of the Act entitled "An Act to amend the Economic Cooperation Act of 1948," approved April 19, 1949 (Public Law 47, 81st Cong.), to be used, under such regulations as the Secretary of State may prescribe, for necessary expenses of tuition, subsistence, and return passage to China for selected citizens of China to study in accredited colleges, universities, or other educational institution in the United States approved by the Secretary of State for the purposes of this paragraph; such amount to remain available until expended."

The SPEAKER. The question is on the motion.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 14: Page 12, line 2, insert the following: ": *Provided further*, That when the Department of the Army, under the authority of the act of March 3, 1911, as amended (10 U. S. C. 1253), furnishes subsistence supplies to personnel of civilian agencies of the United States Government serving in Germany, payment therefor by such personnel shall be made without regard to the 10 per centum additional charge required by said Act, but payment for subsistence supplies by such personnel shall be at the same rate as is paid by civilian personnel of the Department of the Army serving in Germany."

Mr. GARY. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 16: Page 13, line 23, insert the following:

"SEC. 202. During the fiscal year ending June 30, 1950, the Department of the Army is authorized to operate the Morgantown Ordnance Works at Morgantown, W. Va., the Ohio River Ordnance Works at West Henderson, Ky., and the San Jacinto Ordnance Works at San Jacinto, Tex., for the production of anhydrous ammonia for the manufacture of nitrogenous fertilizer materials or nitrogenous compounds for its use in the occupied countries and for sale for use in the Republic of South Korea. From the proceeds of materials sold there shall be credited to the appropriation for 'Government and relief in occupied areas' an amount equivalent to the cost of production of such materials and any balance to miscellaneous recepits of the Treasury. Section 205 of Public Law 793, Eightieth Congress, and any other laws in conflict herewith, are repealed effective June 30, 1949."

Mr. GARY. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. GARY moves that the House recede from its disagreement to the amendment of the Senate numbered 16 and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by said amendment insert:

"SEC. 202. During the fiscal year ending June 30, 1950, the Department of the Army is authorized to operate the Morgantown Ordnance Works at Morgantown, W. Va., the Ohio River Ordnance Works at West Henderson, Ky., and the San Jacinto Ordnance Works at San Jacinto, Tex., and to use the appropriation herein made for 'Government and relief in occupied areas' for the production of anhydrous ammonia for the manufacture of nitrogenous fertilizer materials or nitrogenous compounds for its use in the occupied countries and for sale for use in the Republic of South Korea. From the proceeds of materials sold there shall be credited to the appropriation for 'Government and relief in occupied areas' an amount equivalent to the cost of production of such materials and any balance to miscellaneous receipts of the Treasury. Section 205 of Public Law 793, Eightieth Congress, and any other laws in conflict herewith, are repealed, effective June 30, 1949."

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

TRUMAN'S DRIVE TO WIN THE 1950 ELECTION IS ON AND THE CONSUMER-TAXPAYER WILL PAY THE COST

Mr. HOFFMAN of Michigan. Mr. Speaker, there was a time in the history of our country when vote-buying politicians and special privilege-seeking groups carried on their activities under cover. Then the public roundly condemned the individual or group which sought support or special privilege through the use of private or public funds.

As proof, we have but to recall the case of Senator Newberry, who did no more than use his own money to publicize his candidacy. Because he spent not illegally but too liberally, he was convicted of a criminal offense by a Federal jury in Michigan. That conviction was reversed, the Supreme Court of the United States declaring him guiltless, but nevertheless he was publicly discredited and humiliated.

NEW DEAL, FAIR DEAL IMPAIR INTEGRITY

But more than 16 years of the New Deal and the Fair Deal have so seduced some of the voters, destroyed their sense of decency, aroused their greed and avarice, destroyed their perspective, that today the purchasers of votes are not only out in the open, publicly hawking their wares from group to group, without being repudiated by decent, honest, law-abiding citizens, but they have been remarkably successful in selling a program of unsound policies which, if followed through to the logical end, will ultimately destroy our Republic.

While the people still clung to the sound, old-fashioned thought that public office was a public trust, a balanced budget, a sound governmental policy, a world-wide depression following World War I brought to this country unemployment, a threat of financial disaster.

Promising a 25-percent cut in Federal expenditures, economy and efficiency in Federal Government, and a continuation of a sound currency, Franklin Delano Roosevelt decisively defeated President Hoover and won an overwhelming victory.

Within 6 months the gold standard was repudiated, the economy program forgotten. The policy later known as the tax and tax, and spend and spend, and elect and elect program of Harry Hopkins was adopted and followed through.

It was a frank announcement that the New Deal would extend special privileges in return for political support.

The program to tax all and to spend the money to purchase the support of first one group and then another was used first by one Federal Governmental activity, then another. First one segment or group of the people was given special consideration, special favors, then another group was courted and favored.

A FALSE FRONT

Always the real purpose, which was the purchase of political support, was concealed under a humanitarian cloak.

UNIVERSITY OF MICHIGAN LIBRARIES

Each move was advertised as an effort to correct some injustice, equalize some inequality, take care of some acknowledged need, though all the time the real underlying purpose was to secure the political support of those who were at the moment being benefited. Always were the people given to understand that the benefits conferred, the spending, were not costing the taxpayer anything, that the money was Federal money and, saps that we are, altogether too many of us refused to recognize the hard fact that the Federal Government has no money other than that which it collects from the taxpayer; that the taxpayer's dollar never gets back to him until it has been trimmed and shaved to half or two-thirds its original size or value.

In addition to proposing to wipe out inequality, correct real or fancied injustices, the New Deal employed the age-old subterfuge of attempting to create class feeling, array citizens of one race or creed against those of another. It attempted, and with all too great a degree of success, to create antagonism between employer and employee. Knowing that always the many have less than the few—that those who have less are sometimes envious of those who have more, in one form or another, the New Deal advocated a policy of taking from those who have to give to those who have less.

Disastrous as was the inevitable result of the New Deal program, compared with the present Truman program, it had one merit—it proposed to do good to everyone. It excluded no one. It governed the citizen's life from the cradle to the grave, and there were indications that even after the voter's death, his heirs might expect benefits if they remained faithful and voted the New Deal ticket.

The New Deal program of taxing and spending, of paying a man to carry stones from one side of the road to another and then to carry them back again, of paying the farmer to kill the little pigs and some of the old sows, while letting the papa hog go merrily on his way, bringing into being new generations of little pigs to be killed and paid for, of paying the farmers for the grain they did not plant, was nonsensical, brought us all to the verge of national bankruptcy.

From national bankruptcy and a depression, which it may be is the only real remedy for our present foolish, enlarged spending program, while General Marshall was horseback riding, the Japs, striking at Pearl Harbor, rescued us, and the war gave our economy a shot in the arm which ended unemployment, called for the expenditure of billions of new, additional dollars.

The fighting over, all legitimate excuses or reasons for spending having ceased, the President employs the legal fiction that we are still at war, that we have a duty to clothe, feed, house and educate the rest of the world. He makes the absurdity that the war still exists his excuse for continuing the spending necessary to retain himself and his party in power, and a spineless, inefficient Eighty-first Congress meekly idles away its time in Washington, little by little adopting the corrupt political tactics of the infamous Pendergast gangster machine—applying on a national scale the old, infamous tactics, maneuvering and vote purchasing of the Tammany, Pendergast, Capone outfits.

FAIR DEAL VINDICTIVE

The Fair Deal differs, at least in one respect, from the New Deal—the New Deal proposed to take in and benefit everyone without cost to anyone. The Fair Deal plays favorites, giving preference to the politically powerful, to those who defy and flout law and order.

Both the New Deal and the Fair Deal, with public funds, rewarded their political friends. The New Deal, except on one or two occasions, was not excessively vindictive. Except for a few attempted purges and its persecution of businessmen and Martin Dies and those who were fighting the Communists, it did not constantly seek to punish individuals.

It occasionally made a pretense of selecting outstanding, qualified citizens for public office. The Fair Deal, while rewarding its political stooges, is vindictive and would consign to the lower regions all those who refuse to follow its corrupt practices. It makes no pretense whatever of selecting public servants because of their ability, qualifications, or loyalty to the Republic.

SHAMELESS

The New Deal endeavored, except on a few occasions, to maintain a front of respectability. The Fair Deal, never having had any sense of decency itself, having grown up like a mushroom out of the corrupt Pendergast political machine, does not even attempt to cloak its maneuvering with fitness for office or respectability when appointments to public positions are made.

The Fair Deal now has difficulty in finding excuses for the further expenditure of public funds.

For other than direct war expenditures, the administration has used close to $35,000,000,000, taken from, or to be taken from, the taxpayers to aid foreign nations. Just how much of the thirty-five billion ostensibly authorized to aid foreign nations to really fight communism, was spent to fortify the administration's political position here at home, is problematical.

With a public debt of around $250,000,000,000, in addition to its foreign spending, the administration continues to look for ways and means to spend the taxpayers' dollars here at home in return for support at the polls.

EXCESSIVE TAXES CONTINUED

Wartime taxes like the tax on travel, the so-called luxury taxes, taxes imposed to carry on a fighting war, taxes imposed because it was said our national safety, our future security was at stake, are still being exacted from the people and used for political purposes.

Mr. Truman and his advisers still cling to the Hopkins program to tax and tax, and spend and spend, and elect and elect.

MORE MONEY FOR OFFICEHOLDERS

Perhaps the people have forgotten that about the first thing the Eighty-first Congress did was to add $25,000 to the President's salary and to give him another $50,000 tax-exempt hand-out. The wasteful, extravagant spending by the bureaucrats became so great that even some of Mr. Truman's most loyal supporters became nauseated and started to expose it.

Nor were Members of Congress guiltless of using public funds for private purposes. Louis W. Johnson, Secretary of Defense, perhaps made uneasy by the too frequent use by legislators of the armed services transportation facilities, thought he would call a halt. But when the move to expose the unjustifiable expenditure of public funds for private purposes threatened to break into the open, it was suddenly realized that the pot was about to call the kettle black, and the Secretary, the armed services and the congressional investigators, discovering that each had hold of the hot end of the same poker, dropped it and the public which pays the shot is still in the dark on this phase of the wasting of their tax money. If the secret ways and means of creating and developing the atomic bomb had been as well kept as is the secret of wasteful spending by the executive and the legislative departments, the United States of America would still be the sole possessor of that destructive weapon.

The New Deal's idea of using public funds to purchase political support was twice condemned by committees of a Democratic-controlled Congress, but it was so successful that today the spenders do not even seek to cover up their corrupt political methods. A gift of scarce deep freezers to those in a position to grant special favors seems to create no more criticism than would the gift of a posy to one's hostess. The President's military aide, when it is suggested that the 5-percenters are following improper practices, casually announces that he knows 300 of them here in Washington.

CHANGED PUBLIC OPINION

And so it is that some people—altogether too many of them—have come to regard the individual who still believes that a public office is a public trust, that a legislator is a servant of his constituents, obligated to render service to the Nation and to his district, is neglecting his opportunities if he does not use tax dollars to keep himself in power, vote in favor of the pressure groups which turn on the heat.

PRESIDENT FOSTERS DISCONTENT

And who of all men is arraying class against class, preaching discontent, using his power and public funds to build up a political organization which may make easy a dictatorship, destroy our liberty and our freedom, impose upon us socialism, perhaps in the end, communism?

No one but the President himself, the Honorable Harry S. Truman. Mr. Truman's utter disregard of the interests of the Republic, of constitutional government, has been conclusively shown by his appointments to public office, his sponsorship of issues which create discord. Time and again, he has selected for positions requiring ability and self-sacrifice, those who were his personal friends, who, to say the least, have never shown any distinguishing qualifications to discharge the duties which they were

appointed to assume. No need to particularize or to name the individuals. A public-spirited press has made clear the reasons for not a few of Mr. Truman's appointments to high positions.

SYMPATHETIC TOWARD COMMUNISM

The New Deal did much to foster communism. The State Department under the New Deal became, and it still is under Mr. Truman, notoriously staffed by left-wingers. More than one instance of communistic leanings by individuals in that Department has been publicly exposed. As late as the last campaign and since, Mr. Truman has himself given support to the Communists in this country, to the Communists in Federal employ, by characterizing the drive to oust them as a red herring.

Only recently, Dean Acheson, appointed Secretary of State by President Truman who had every opportunity to know Acheson's views, opposed legislation designed to oust and keep out of the United States those engaged in subversive activities—a position which, if I took it, would subject me to the criticism of being a traitor to my country.

GOVERNMENT BY SPECIAL INTERESTS

Not only does Mr. Truman seek to build up his political power by unfit appointments to public office, but he brazenly acts as the tool of those who are defying the law, seeking special privileges. It is a matter of common knowledge, demonstrated by Mr. Truman's conduct, that he acts as a spokesman for Phil Murray and the CIO. Until recently, the CIO has numbered among its officers and agents known Communists. To date, Phil Murray, so far as I have been able to learn, has never condemned lawlessness, bloodshed, rioting, defiance of court orders, when practiced by the goon squads owing allegiance to the union of which he is president.

LAWLESSNESS CONDONED

Yet, Phil Murray sits at the right hand of the President and apparently dictates many of his policies. It is difficult to learn, in view of the circumstances, whether Murray gets his ideas of not condemning violations of law from the President, or whether the President follows Murray's lead.

EVADES LAW ENFORCEMENT

One thing is sure, though the Taft-Hartley Act is the law of the land, though the President said on at least one occasion that he would follow it, he now, instead of abiding by its provisions and using it in connection with the threatened steel strike, seeks to evade it by his appointment of a fact-finding board.

When the Chief Executive of the land—the President of the United States—publicly evades a law which he has sworn to uphold, the harmful effect of his act is incalculable. Instead of being amazed by and wondering why the youth of the land disregard the law, the people might well turn toward Washington—the Executive Mansion—and consider the conduct of the first citizen of the world.

The daily papers carry the information that the union officials representing the steelworkers are pessimistic, that they think a strike in the steel industry must come unless steel accepts their demand that workers in the steel industry are entitled to a pension as well as sick and accident benefits, to be paid for by the steel industry. Like demands are being made by the employees of the Ford Motor Co. Apparently employees of Chrysler and of General Motors and, later, all organized industrial workers, will make similar demands.

PUTS HEAT ON EMPLOYER

The President is attempting to force steel to grant the demands of the CIO, whose officers claim his election is due to their efforts.

It is not too much to expect that steel, struck by the CIO, pressured by the Federal Government, will ultimately grant the union's demands and—and please do not forget this, Mr. Taxpayer—pass the cost along to the consumer.

PENSIONS FOR FEW—PAID FOR BY ALL

John L. Lewis, for the benefit of the members of his union, has already gone from a tax of 5 cents a ton to 20 cents a ton—paid by the coal users—and by factory owners using coal, passed on to you—to obtain special beneficial pensions of $100 a month for the members of his union.

Pensions, as security for old age, are a good thing, but they should be paid for, in part at least, by the recipients.

Perhaps the only reason for steel's opposition to the payment of pensions is the thought that if the cost of steel goes too high, the market for it may be lessened. Certainly, steel, the coal operators, the motor industry and, in fact, any other large industry, will not absorb the cost of either an increase in wages or the granting of a pension. Each and every employer, if he be required to pay a pension or pay an increase in wages, must either go out of business or add the cost to his selling price, pass it along to the consumer.

Nor should the farmers who receive a subsidy jump to the erroneous conclusion that it is a gift from heaven and without cost to them. As taxpayers, they contribute. Nor do all those who produce from the soil receive a subsidy.

Mr. Truman, during his last campaign, berated the Eightieth Congress—he now apparently thinks the Eighty-first, his Congress, is worse—and falsely charged that the farmers' lack of storage was due to legislation enacted by the Eightieth Congress.

The administration then had the authority and the money to provide storage. But it sought to pinch, and it did pinch, the farmers, assuming that they would, as many of them did, vote against the Republican Party, in favor of Mr. Truman.

Elected, he now proposes to aid the farmers, to relieve their distress, by using the method which he might have used prior to the last election.

And, in addition, he is advocating the adoption of the Brannan farm program. By it he proposes to pay the producer of certain crops the difference between the price which that crop will bring on the open market and what the administration thinks the farmer should have received for it.

By so doing, he says, the farmer will get more for what he sells, the consumer will pay less for what he buys.

That may be true, but the cost of the program, the difference between what the product is worth and the price paid, will be paid by taxpayers generally.

Why not put the shoe on the other foot? It would be just as sensible for the Government to say that the price of wheat, for example, when sold by the farmer should be double what it is but that, when the consumer buys a loaf of bread, and pays double price, half of what he pays should be repaid to him by the Government.

One thing is absolutely certain. When a Federal dollar is given to someone—given, I say—it is the dollar for which someone else worked and saved.

GOVERNMENT ALWAYS TAKES ITS CUT

The unsoundness of the argument that the Federal Government should give tax dollars to the members of first one group, then another, lies in the cold, hard fact that the Federal Government has no money except the tax dollars which everyone must pay, and there is no equality or justice in taking your tax dollar and giving it to me unless I have earned it, have returned to the Federal Government a dollar's worth of service.

But let us get back to the thought with which I started. That is that the New Deal and the Fair Deal have so confused the people, so long taken them down the broad and easy road which, in nations, leads to national bankruptcy and the loss of the individual's liberty, that the inherent honesty of the American people has become so impaired that they look with too great a degree of tolerance upon the President's use of his high office and public funds to strengthen and further his own political ambition.

Permit me to again cite his current activities which prove he has either no conception of the responsibility, or no intention of carrying out the duties, imposed upon him as the chief law-enforcing executive officer.

From the daily press we learn that we are threatened with strikes which may injuriously affect the public welfare. We are on the verge of Nation-wide coal and steel strikes, of strikes in the motor industry. A railroad strike is on, and there are almost innumerable threats of strikes throughout the land.

Organized labor claims that it elected Harry S. Truman and to date, so far as I know, he has not denied that statement.

Labor's top officials are welcomed at the White House. They threaten strikes which will cause Nation-wide unemployment and throw upon the public the burden of aiding in the support of hundreds of thousands of unemployed, unless their demands for an increase in compensation and pensions to be paid for by the employer, in the end by the consumer taxpayer, are granted.

In return for their support at the last election, these union leaders now insist that they are entitled to the support of the President and the executive Federal departments controlled by him in their

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dispute with the steel industry—and they are getting it.

Instead of assuming and carrying out the duty imposed upon him of using the law of the land—the Taft-Hartley Act—which he promised to enforce, in an effort to reconcile the dispute between employees and employers, the President, to please his political supporters, bypassing the Taft-Hartley Act, appointed a fact-finding board which was without power or authority to hand down a decision—a decision that was not binding upon anyone.

The purpose was to secure public support for the President's political adviser and supporter, Phil Murray.

The President expressly stated that the findings of that board would not be binding upon either party. His statement was accepted at its face value by both labor and industry. But the union officials now, without repudiation by the President, are insisting that the board's finding on the matter of pensions be accepted as the basis for negotiation.

Thus we find that the President, of all people, is lined up with Phil Murray and the motor industry's union representatives. He is putting the heat on industry to grant pensions to the members of the unions, to be paid for in the first instance by the employer, but ultimately by not only the consumer of certain products but by everyone.

Make no mistake about the accuracy of that statement. Even though you do not buy a pound of coal or an automobile, the price of everything you eat, wear, or use is increased to some extent by the cost of every increase in wages, salary, or pension.

The President is using the power of the Federal Government to obtain and hold the support of certain groups of organized labor. The cost of his program to purchase labor support through the granting of special privileges you will pay.

The President is assisting the CIO and certain other unions to establish a labor government. If once organized labor is established here, we as a people will lose our liberty and our freedom, just as the people of England have lost their freedom. And our Government, like the English Government, will be dependent upon other nations for the welfare of its people. Unfortunately, unlike England, there is no other nation, no Uncle Sam, no Santa Claus, to whom we might turn in our distress.

AMENDMENT OF ATOMIC ENERGY ACT OF 1946

Mr. DURHAM. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 5884) to amend the Atomic Energy Act of 1946.

Mr. HINSHAW. Mr. Speaker, reserving the right to object, will the gentleman from North Carolina explain the bill? There is a unanimous report on the bill, there is no objection on our side.

Mr. DURHAM. Mr. Speaker, this bill is necessary because at the time the original Atomic Energy Act was passed the Air Corps was not constituted by law. The Vandenberg amendment created the liaison committee between the military and the Commission. At the present time the Air Corps is charged with the mission of carrying out atomic attack and should have representation on this committee. This amendment gives them authority to place a man on the committee.

The bill also gives the President optional authority to appoint a military man if he cares to do so. At the present time the head of the liaison committee is a civilian, but under this amendment the President can appoint either military personnel or a civilian to be chairman of the liaison committee. The amendment was reported unanimously from the Joint Atomic Committee.

Mr. HINSHAW. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. DURHAM. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2372) to amend the Atomic Energy Act of 1946.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 2 (c) of the Atomic Energy Act of 1946 is amended to read as follows:

"(c) Military Liaison Committee: There shall be a Military Liaison Committee consisting of a chairman, who shall be the head thereof, and of a representative or representatives of the Departments of the Army, Navy, and Air Force, detailed or assigned thereto, without additional compensation, in such number as the Secretary of Defense may determine. Representatives from each of the three Departments shall be designated by the respective Secretaries of the Army, Navy, and Air Force. The committee chairman shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at a rate prescribed by law for the Chairman of the Munitions Board. The Commission shall advise and consult with the committee on all atomic-energy matters which the committee deems to relate to military applications, including the development, manufacture, use and storage of bombs, the allocation of fissionable material for military research, and the control of information relating to the manufacture or utilization of atomic weapons. The Commission shall keep the committee fully informed of all such matters before it and the committee shall keep the Commission fully informed of all atomic-energy activities of the Department of Defense. The committee shall have authority to make written recommendations to the Commission on matters relating to military applications from time to time as it may deem appropriate. If the committee at any time concludes that any action, proposed action, or failure to act of the Commission on such matters is adverse to the responsibilities of the Department of Defense, derived from the Constitution, laws, and treaties, the committee may refer such action, proposed action, or failure to act to the Secretary of Defense. If the Secretary concurs, he may refer the matter to the President, whose decision shall be final."

SEC. 2. Section 2 (d) of the Atomic Energy Act of 1946 is amended by striking out "Army or the Navy" and inserting in lieu thereof, "Army, Navy, or Air Force."

SEC. 3. Section 2 (d) of the Atomic Energy Act of 1946 is also amended by inserting at the end thereof the following two sentences: "Likewise, notwithstanding the provisions of any other law, any active or retired officer of the Army, Navy, or Air Force may serve as chairman of the Military Liaison Committee established by subsection (c) of this section, without prejudice to his commissioned status as such officer. Any such officer serving as chairman of the Military Liaison Committee shall receive, in addition to his pay from the United States as such officer, an amount equal to the difference between such pay and the compensation prescribed in subsection (c) of this section."

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill was laid on the table.

A motion to reconsider was laid on the table.

SPECIAL ORDERS GRANTED

Mr. MASON asked and was given permission to address the House on Monday next, October 3, 1949, for 30 minutes following disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered.

Mr. VORYS asked and was given permission to address the House on Monday next, October 3, 1949, for 15 minutes following disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered.

Mr. PATMAN asked and was given permission to address the House on Monday next, October 3, 1949, for 40 minutes following disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered.

EXTENSION OF REMARKS

Mr. FENTON asked and was given permission to extend his remarks in the RECORD and include a speech by Mr. BROWN of Ohio before the Pennsylvania Medical Society.

Mr. McDONOUGH asked and was given permission to extend his remarks in the RECORD and include a short article.

Mr. JONAS asked and was given permission to extend his remarks in the RECORD and include excerpts from an address by Mr. Thomas Robertson.

Mrs. ST. GEORGE asked and was given permission to extend her remarks in the RECORD and include an article by Col. Patrick Miller, formerly consultant to General Robertson of the British military government in Berlin in reference to the dismantling of German plants.

Mr. PATTERSON asked and was given permission to extend his remarks in the RECORD.

Mr. LEMKE asked and was given permission to extend his remarks in the RECORD in three instances and include a short article from a newspaper.

Mr. ADDONIZIO asked and was given permission to extend his remarks in the RECORD and include an essay by George J. Chryssikos entitled "Thomas Jefferson," notwithstanding that it exceeded two pages of the RECORD, and, according to the Public Printer, cost $195 to print.

Mr. BOGGS of Delaware asked and was given permission to extend his remarks in the RECORD.

Mr. LIND asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD and include a statement by William C. Doherty made before a subcommittee of the House Post Office and Civil Service Committee.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SIGNING OF ENROLLED BILLS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday next the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. BLAND (at the request of Mr. SHEPPARD) was given permission to extend his remarks in the RECORD on the late Richard J. Welch.

REFORESTATION AND REVEGETATION OF THE FOREST AND RANGE LANDS OF THE NATIONAL FORESTS

Mr. MADDEN. Mr. Speaker, by direction of the Rules Committee, I call up House Resolution 369 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (S. J. Res. 53) to provide for the reforestation and revegetation of the forest and range lands of the national forests, and for other purposes. That after general debate which shall be confined to the joint resolution and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the joint resolution for amendment, the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. MADDEN. Mr. Speaker, this bill which this resolution makes in order comes before us from the Committee on Agriculture with a unanimous vote of all the members of that committee. It provides for a reforestation and revegetation program for our national forests. There are approximately 80,000,000 acres of commercial timberland in our national forests, and about 4,000,000 acres of this timberland is submarginal and nonproductive. This condition is caused by reason of forest fires and lack of care on the part of previous owners of this land. The forestry department has had over 40 years' experience in rehabilitating submarginal lands. This resolution, with the bill that follows, will authorize a program wherein the Government can launch on a 15-year program to make productive approximately 4,000,000 acres of fertile, but at the present time, submarginal land in our forest reserves.

This bill also provides for reestablishing into a productive state about 4,000,000 acres of grazing land in our national forests. It is estimated that it will take about 2 or 3 years to restore this unproductive grazing land, and after these 4,000,000 acres are restored, it is estimated that there will be approximately 5 to 10 times the present food production from this acreage.

If rehabilitation of these areas were left to nature, it would take generations before this valuable grazing land could be restored, and consequently the country would be deprived of the production from this land in the shape of meats, grains, vegetables, and what not. At the present time the Government is expending approximately $1,300,000,000 in rehabilitating our forest lands, and about $800,000,000 in revegetation of our range lands. Reforestation and revegetation is not a new policy, but in reality it has been going on for some time. It has been almost 50 years ago, under President Teddy Roosevelt's administration, that it began. One of the pioneers in reforestation was Gifford Pinchot, one of Teddy Roosevelt's Cabinet members. The program authorized by this resolution will be the first major effort on the part of our Government to reforest, revegetate, and reclaim on a major scale.

I do not think there is any opposition to the rule and I now yield 30 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. CHURCH].

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CHURCH. Mr. Speaker, President Truman may be convinced that he owes a political debt to certain labor-union monopolists. But no political debt—real or imaginary—to any minority pressure group should be paid at the expense of the American people as a whole.

The current strike in the coal industry is rapidly producing a critical shortage of coal. It is beginning to affect every segment of our national economy. Within a few weeks the available stock piles of coal will be exhausted. As winter sets in millions of our people will be without coal to heat their homes. Having no coal to ship, the railroads and the truckers are already laying off employees, and here and there throughout the country, where the shortage is already acute, plants are beginning to shut down.

This approaching crisis, with all the hardship and suffering it involves for millions of innocent people, can be avoided. There is a remedy. I appeal to the President to invoke immediately the national emergency provisions of the so-called Taft-Hartley Act in the current coal strike.

In this appeal I believe I am expressing the sentiment of the majority of the Members of Congress, and I have today introduced a concurrent resolution to express formally this opinion to the President.

By using the machinery provided by the Taft-Hartley Act for such emergencies as this, where our national health and safety are imperiled, the President can obtain the continued production of coal for at least a period of 80 days. Within that time there will be opportunity to obtain a peaceful settlement of this dispute.

If President Truman does not use the authority vested in him by law to secure a continued production of coal until a peaceful settlement of the dispute is reached, he must bear the responsibility for the millions of homes that will be without coal this winter, and he must bear the responsibility for the widespread unemployment that is rapidly growing as the wheels of industry stop turning because of the lack of fuel. He must also bear the responsibility for the killings and bloodshed that are daily taking place in the coal-mining areas.

As of September 1, the Bureau of Mines estimated that we had stock piles of 65,000,000 tons of coal. This was 4,000,000 tons less than was stock-piled as of August 1.

The country normally consumes around 40,000,000 tons a month. With production rapidly declining, it can be readily seen that in a few weeks the country will be without coal. Within a few weeks our homes will be without heat. Within a few weeks our whole national economy will come practically to a standstill.

All this can be avoided if the President will but exercise the authority vested in him. I consider it his duty to do so.

For reasons of his own, he may not like the Taft-Hartley Act. The labor-union monopolists may not like it. But it is the law of the land. On three definite occasions we, who represent the people, voted for the law. We voted twice to put it on the statute books, and we voted this year to keep it on the books.

It provides a remedy for this critical situation. I appeal to the President to use it, and I ask the House to pass the resolution I have today introduced memorializing him to use this authority we have given him.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. CHURCH. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. For several years under the Marshall plan and the relief plans we have been shipping a lot of coal to England and other countries. I understand that if this strike is prolonged in the United States

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it is the plan to let the British ship coal into this country and get American dollars for it under the devalued pound. The English people will supply the coal, and our miners will be thrown out of work.

Mr. MADDEN. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

REPUBLICANS' SIOUX CITY FARM MEETING

Mr. PATMAN. Mr. Speaker, it was heartening to read in the press recently that the Republican leaders were having a meeting in Sioux City for the purpose of agreeing on a good farm program. I kept up with the proceedings the best I could through the daily press. I am sorry their efforts resulted in a miserable failure.

BRANNAN PLAN

We have a program that I believe is a good one. I am personally for the Brannan plan. If our Republican friends can get up a better plan, possibly we would adopt it. I am anxious to consider any program that will aid agriculture and keep our country in a prosperous condition.

We all know that without the farmers being prosperous the Nation cannot be prosperous. It is absolutely compulsory that we have good farm prices and good wages in order to have prosperity in our Nation. We cannot pay this huge national debt of more than $250,000,000,000 unless we have a high national income. There is only one way to have a high national income, and that is through good farm prices and good wages.

President Truman has asked for a national income of $300,000,000,000 by 1953. I hope we are able to attain that objective. If we are successful in reaching an annual national income of $300,000,000,000, that will increase our tax revenue by $15,000,000,000 a year under present rates. I mean under present rates we will have that much additional revenue. But the time has come when the Republican Party must either take the responsibility for antifarmer cooperative measures sponsored by some of its Members in Congress, or they must repudiate these efforts of insurgency within their own ranks to destroy the effectiveness of farmer cooperatives in their efforts to maintain a stable and healthy agriculture.

John H. Davis, who is executive secretary of the National Council of Farmer Cooperatives, was invited to attend and make a statement at the Sioux City meeting. Mr. Davis pointed out to that meeting, and I am quoting what he said:

> Farmers have become concerned over the antifarmer cooperative bills and activities of certain Republican Congressmen and Senators whose activities and bills apparently have been condoned by the leadership of the party.

There is a prominent leader stating to the Republican leaders that they believe the opposition to the farmer cooperatives is condoned by the leadership of their party, that is, by the leadership in the Republican Party. Mr. Davis laid it on the line in regard to Republican efforts to hamstring farmer cooperatives. He told the GOP leaders that farmers have a right to know just where the Republican Party stands in regard to this matter. Personally, I agree with Mr. Davis. I think our Republican friends should answer Mr. Davis. I did not see anything about his statement in the press at all and I have not seen any answer given by the leaders of the Republican Party. I believe the time has come in the interest of good farm legislation for the Republican leaders to speak out and say whether or not they are behind the movement to destroy farmer cooperatives or whether they are against that movement. I hope that a good farm bill will be agreed upon by the Republicans. Then we can put these plans side by side and use the deadly parallel and can determine which plan is best. I certainly hope they do not go along and just criticize the bills proposed by our administration and not propose any farm legislation themselves, since farm legislation is vital.

ACHE AND HOPE

During our last Republican administration under President Hoover, the farmers struggled. They ached; they pained. But they had hopes. They had hope in the future that they would have better times and better prices, and that they would be able to get along much better. So they just ached and hoped. Now I trust that our Republican friends do not compel us to rely upon the Aiken-Hope bill as the only salvation for the farmers of the country.

Mr. WADSWORTH. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Speaker, I am greatly interested in the resolution now before the House being Senate Joint Resolution No. 53 and wholeheartedly favor its adoption. It provides for the reforestation and revegetation of the forest and range lands of the national forests. This subject is close to my heart because of my State and because of the interest shown by many people in my district on this very subject. In the early days of the Republic, the Library of Congress informs me, we had some 822,000,000 acres of forest lands. About 600,000,000 acres still remain, but most of it is denuded of forests. What is needed, as I see this problem, is that the Congress should consider in the near future a program of Federal and State cooperation to augment or supplement what is intended to be done by this resolution now before the House.

One of the things badly needed, especially in Michigan, and I am sure it applies to other Midwestern and Eastern States, is the question of providing seedlings or young trees in cooperation with State organizations, to plant or replant these acres of denuded forest lands. Out of some 16,000,000 acres of cut-over lands, on which nothing is growing now, nearly 20 percent of it is within the State of Michigan.

Minnesota has done a great deal, in this field and some of the other Midwestern States as well. I would like to give to the House some of the figures given to me by the Legislative Reference Service of Congressional Library on this very subject. It advises me that out of some 1,600,000,000,000 board-feet of lumber still remaining in this country, we are depleting it at the rate of about 18,500,000,000 board-feet of lumber every year. In other words, it does not take very much of a mathematician to figure out if that rate continues the time is not far distant when the lumber resources of the United States will have been completely exhausted.

One thing that can be done to augment or supplement what we are trying to do by this program, is to encourage, through the States, and civic organizations in cooperation with the Federal Government, the replanting of many millions of these acres on which nothing remains now except rotting pine stumps, as in the State of Michigan.

I believe there are many civic organizations that would be interested and happy to lend assistance and take over the replanting of acres of this land as a privilege and civic duty, if given an opportunity to do so. I believe sportsmen's organizations are greatly interested from the standpoint of conservation, recreation, and reforestation of the cut-over lands. In my home county of Oakland, the second largest county in Michigan in population, there is one organization of some 8,000 sportsmen. It is called the Oakland County Sportsmen's Association. The director or manager of that organization, Mr. Ray Harrington, has discussed this matter with me and is doing something in the field of conservation to provide reforestation in Michigan. He is an enthusiastic friend and advocate of this type of program. What applies to my State applies to every State in the Union where they have had forests.

I think much can be done if we would carry out such a suggestion. In my State the thing that is needed most is seedlings and seeds so these organizations might assist in replanting the thousands of acres upon which nothing exists but which are now barren wastes.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. McCORMACK. Will the gentleman kindly repeat the number of board feet available, and the exhaustion each year, as I am deeply interested in it.

Mr. DONDERO. The figures furnished me by the Congressional Library are 1,600,000,000,000 board-feet which is being depleted at the rate of 18,500,000,000 board-feet annually.

The SPEAKER. The time of the gentleman from Michigan [Mr. DONDERO] has expired.

Mr. MADDEN. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. WIER].

Mr. WIER. Mr. Speaker, I want to join with my colleague, the gentleman from Michigan [Mr. DONDERO], in the same objectives that he has laid before the House today. The gentleman made mention of the State of Minnesota, which I have the honor, in part, to represent in this House.

I served 6 years in the State legislature, and I have some knowledge of this problem as it occurred during the thirties.

Those of you who have had the opportunity to travel over the beautiful State of Minnesota probably have seen the wasteland in the northern section of our

State. The timber barons in the early days had almost completely stripped the northern part of the State of lumber, leaving the stumps as monuments to that stripping. Many people, because of the beauty of the country and the wonderful lakes, felt they could buy some of that denuded land and make a livelihood on it.

During the depression years of the thirties, thousands and thousands of the so-called former forest land, what we call the bog lands, reverted to the State because it was impossible to grow a thing. Even vegetables will not grow on many thousands of these acres. The only thing that will grow is trees of the type indigenous to the area. That is the only thing that can be planted or replanted to bring an income to the people of that part of the State.

The State of Minnesota in the last 4 years has initiated a program along this line, but with the large mass of this bog land and with the great need for reforestation it is a bigger job than the State of Minnesota itself can handle. This Congress will contribute greatly to the income not only of the State of Minnesota but also to the Nation as a whole by bringing back the forests through the replanting of these thousands and thousands of acres.

Many of our school districts were affected by this disintegration of the land from individual ownership to State ownership because land was the only thing from which they could get cash for their districts. Since the land has reverted to the State they have lost this source of income and it has become necessary for the State of Minnesota to supplement their revenues. Reforestation can bring back the value of this vast area. We are all interested in the problem, but it is too great for the State of Minnesota to handle by itself.

I know all Members here were and are deeply concerned with the shelter belt program of reforestation that was started a number of years ago, to extend from Texas to the Canadian line. I have great hopes that that project will succeed.

I ask your efforts in support of this bill.

The SPEAKER. The time of the gentleman from Minnesota has expired.

Mr. WADSWORTH. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. McDONOUGH].

Mr. McDONOUGH. Mr. Speaker, I ask unanimous consent to proceed out of order for the time allotted to me.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McDONOUGH. Mr. Speaker, I do appreciate the importance of the bill before the House, but I wanted to speak for these few minutes on a subject that I am vitally interested in.

IRELAND IS ENTITLED TO A FULL AMBASSADOR FROM THE UNITED STATES

Mr. Speaker, I was very much interested in the recent discussion about the lack of an Ambassador from the United States to the Republic of Ireland by my colleague, the gentleman from Pennsylvania [Mr. DAVENPORT]. I have long been interested in this matter and only hope that the State Department will take note of what has been said on the floor of this House and very promptly remedy the situation.

No nation has proven a better friend to the United States through the centuries than has Ireland. This is being emphasized today in all of our discussions about the Marshall plan in Europe, where Ireland has frequently taken the lead in trying to bring about an effective application of the principles for which the Marshall plan stands. Ireland has taken the forefront in urging increased production in Europe together with increased multilateral trading, which is most important.

Contrary to the British view of increasing dollar earnings and reducing dollar purchasing, Mr. MacBride, Minister for External Affairs in Ireland, has advocated a closer method of planning and cooperation between European countries and the United States, Australia, and Canada, in order that excess production anywhere may find proper distribution and beneficial consumption. The British program will but lead to underconsumption, reduced employment, and finally an economic collapse.

Despite the leadership assumed by Ireland in the European problems, a leadership which has been directly alined with the program of our own State Department and the ECA, nevertheless Ireland appears to be completely ignored by the State Department. The lack of proper representation, by way of an Ambassador, is but one of the things which does not seem to concern our diplomatic officials.

Irish affairs in the State Department have always been combined with the British desk, instead of being given their proper recognition as a distinct unit to be handled separately. Irish affairs and Irish economic reports and problems should be entitled to separate handling and direct control, rather than being confused with British matters.

As for the matter of partition, the State Department has consistantly refused to so much as consider the matter. The fact that partition has existed in Ireland for less than 30 years, that it is a very recent innovation, seems not to concern our diplomats. Yet the problems of Indonesia, Pakistan and other countries always receive a very prompt and attentive ear, as well as a loud voice crying out in their behalf from our State Department.

Certainly it is no more right for Great Britain to continue her imperialistic control of the six counties of Northern Ireland, than it is for Holland to attempt to continue her domination of Indonesia by force of arms, regardless of the wishes of the people of that country. So it is with Ireland, where the majority of the population of the country overwhelmingly desire a united Ireland under one government free from outside control of any sort. And it is the people of the whole country who alone have the right to make this decision.

There are those who contend that a small minority in the north of Ireland should not be compelled to join with the people of the south. On the contrary it is the right of the majority of the people in any democratic system, who have the right to determine the method and system of government. Naturally the rights of the minority must be protected against any unlawful restraints, as has been done in the constitution which has been established as the law of the land in Ireland. Throughout the 26 counties, oppression and unjust restraint have been forever eliminated as far as minorities are concerned so long as the constitution is enforced and respected, as it has been since its adoption.

The same situation does not exist in the northern six counties, where oppression of an existing minority group there is too well known to require comment by me. Suffice it to say that at long last the Belfast government has seen fit to repeal many of the tyrranical provisions of the Special Powers Act which has been on their statute books since the creation of this so-called nation. Not only have those provisions been on the statute books, but they have been put into practice all too frequently. With their repeal, I trust that it will bring to an end the power to imprison one without charge, to hold a prisoner thus indefinitely without trial, and to deny the writ of habeas corpus.

There is no better time than now for our State Department to assume the position of leadership, which is theirs, and to carry into effect the wishes that have been expressed by so many on this floor. Now is an appropriate time for the United States to raise the status of our representative in Ireland to that of ambassador, and in so doing likewise to make representations to Great Britain that we desire that they bring to an end the unjust partition of Ireland. The two can well go hand in hand, and I trust that we may soon witness a united Ireland, taking her rightful place among the nations of the world, a friendly Ireland, who has so often aided our cause and championed our freedom loving principles.

Mr. WADSWORTH. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. CANFIELD. Mr. Speaker, I rise to present to the House a story written by headlines in the press of our Capital City within the last several days.

First. "Senate votes to cut funds already appropriated for stock piling by $275,000,000."

Second. "President reports atomic explosion in Russia."

Third. "Nation's Capital still without plans for meeting A-bomb attack."

Fourth. "Senate votes $3,000,000 for big birthday celebration in Washington next year."

The President and our Commander in Chief does not like the idea of the Senate slashing our stock-piling program at this time. Nor do I. If we ruin our stock pile now there may be no birthday parties tomorrow.

Congressional inquiry will establish that sufficient funds for the birthday

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party have already been pledged. Twice the House has rejected this hand-out. I am sure it will do so again.

If we are going to use stock-piling funds for other purposes, I can think of many more appealing than the Senate has in mind.

Mr. WADSWORTH. Mr. Speaker, I yield such time as he may desire to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL of Michigan. Mr. Speaker, I am intensely interested in reforestation. I have planted 277,750 trees on my plantation since 1941. I can tell you more ways how not to plant trees than any man in Michigan.

I want to take this time to speak about some of the things that are being done along the line of reforestation. The Manistee National Forest is located in my district. We are now beginning to see the results of the planting of thousands and thousands of trees by the CCC in that area. That organization did a magnificent job. We will soon be harvesting some of those trees in the way of posts and smaller timbers.

Several weeks ago I had the privilege of attending the tenth anniversary of the Ottawa County, Mich., soil conservation district, which, I am told, was the first district to be organized in America. Dr. Bennett, Chief of the United States Soil Conservation, attended that meeting.

The gentleman from Michigan [Mr. FORD] was also there. That group of farmers in that little county planted more than 14,000,000 trees during those 10 years. I wish you could have gone with us inspecting those trees. We saw Norway pine growing there 10 feet high on what was formerly barren sand-drift lands.

Adjacent to this district is the South Muskegon, Mich., soil conservation district. That district has also done a wonderful job. They have planted millions of trees in areas which were very barren. The land that had gone back to the State for taxes today is at a premium. It is now back upon the tax rolls and is paying its part of the burden of State government.

They have in those two districts some of the finest nurseries I have ever seen.

The South Muskegon Conservation District has the older nursery. I have yet to find trees, Mr. Speaker, grown by the national forests or the State forests or the State conservation departments that compare with the trees grown by the South Muskegon Soil Conservation district in that little county in Michigan. They have run-off plants; they have everything there that goes to make up a wonderful district. Ottawa County Soil Conservation District has 1,350 cooperators. If that kind of work could be done in the other 3,000 counties in the United States, it would be a wonderful step forward in soil conservation and reforestation in America.

Mr. Speaker, Congress has not done its part toward furnishing funds for reforestation. This money for reforestation is coming back; there is no question about that. I was raised in northern Michigan. I worked in the lumber camps in my boyhood days. I saw the last of the pine go and the first of the hardwood come into production. My father sold maple logs, the finest in the country, 3½ feet through, for $3.50 a 1,000 board feet, delivered at the mill. I have watched the forest fires denude the areas and burn up the slash and destroy the soil underneath it that had accumulated for centuries. These areas should be and must be reforested.

I want to say a word for Dr. Bennett, Chief of the United States Soil Conservation Department. Dr. Bennett has done and is doing a splendid job all over America. His name will go down in American history as the father of soil conservation. He is making a real contribution toward soil conservation and reforestation in America.

Mr. FORD. Mr. Speaker, will the gentleman yield?

Mr. ENGEL of Michigan. I yield to the gentleman from Michigan.

Mr. FORD. I wish to join in the statement of the gentleman from Michigan in complimenting the West Ottawa Soil Conservation District as well as the South Muskegon County Soil Conservation District. I also want to say that the people in that particular area of Michigan are deeply indebted to the gentleman from Michigan [Mr. ENGEL] for his untiring efforts to achieve success along those lines.

Mr. ENGEL of Michigan. I thank the gentleman.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. MADDEN. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (S. J. Res. 53) to provide for the reforestation and revegetation of the forests and rangelands of the national forests, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of Senate Joint Resolution 53, with Mr. HAYS of Arkansas in the chair.

The Clerk read the title of the joint resolution.

By unanimous consent, the first reading of the joint resolution was dispensed with.

Mr. COOLEY. Mr. Chairman, I yield myself one-half minute.

Mr. Chairman, this joint resolution was passed by the Senate and came to the House and was referred to the House Committee on Agriculture. It was unanimously reported by that committee. It was considered by a subcommittee of which the gentleman from Utah [Mr. GRANGER] was the chairman. I am sure the joint resolution was thoroughly considered and is a meritorious piece of legislation.

Mr. Chairman, I yield 8 minutes to the gentleman from Utah [Mr. GRANGER].

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield.

Mr. HOFFMAN of Michigan. Mr. Chairman, I ask unanimous consent to insert my own remarks in the RECORD at the conclusion of the legislative program of today.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. GRANGER. Mr. Chairman, I do not think it is necessary for me to take much time this afternoon. It is certainly gratifying to know there are so many people in the country who are becoming conservation-minded and especially interested in the revegetation of our forest lands.

The greatest natural resource in all the world, the greatest natural resource of man, is grass, and akin to that is our forests. Grass does not only furnish food and fiber for the sustenance of human existence, but it is the bulwark against erosion and against floods. Some day we will become conscious of the necessity of spending more money on our lands, to plant grass and trees which will lessen the necessity of spending great amounts of money for flood control. The same is true of our national forests.

The tree is one of the greatest assets of humanity. We do not think of it in that light, perhaps, but it furnishes more labor and brings more comforts to humanity than nearly any other thing that grows in the soil. This being true, we, as a people, have been negligent and have done very little both as individuals and as communities to preserve this great heritage. That is what this legislation is for, as the gentlemen from Michigan [Mr. DONDERO and Mr. ENGEL] so ably pointed out. It is to formulate a program which we have not had before. We have had hit-and-miss programs and hit-and-miss appropriations. But this legislation contemplates a long-range, well-thought-out program for the planting of trees and grass.

It was only forty-odd years ago that we became conscious that we had to preserve these resources. We brought into existence at that time the National Forest Service which had for its purpose the protection of these great resources. As a Congress and as individuals we have done very little and have spent very little money to replant trees and to plant grass, seeming to assume they were indestructible. Now we are finding out the fallacy of this assumption. The time is here when we can no longer swing the double-edged ax and cut down the trees and denude our forests without replanting the trees.

This bill is simply an authorization to spend over a period of years about $13,000,000 for the next 15 years in a concerted effort to revegetate our forests and our range lands.

I hope the committee will see fit to give this resolution their unqualified support.

We have before us now the Senate resolution. The gentleman from Montana [Mr. MANSFIELD] had an identical bill which the committee had under consideration. We considered the bill, as the chairman of our committee has said, very carefully. It was unanimously passed by the subcommittee of which I am chairman and unanimously passed by the great Committee on Agriculture. It is

a bill which has for its purpose the revegetation of public lands—lands that belong to all the people of the country.

I might say in answer to a question raised by the gentleman from Michigan [Mr. DONDERO], when he said that we ought to do something more by way of State cooperation. We do have such a bill which has to do with cooperation between the States and Federal Government and which has to do entirely with private forests. There is a sufficient amount of money authorized in that bill, which was passed by this body, to afford adequate fire protection, and for the production and planting of seedling trees. We are in hopes that the bill will be passed by the other body and finally become the law of the land.

Our committee, during this session, I believe, has considered more forestry legislation than we have in many years. I think the people are conscious that we need soil conservation and conservation of our range lands and our forest lands. I believe we can justify the authorization of this program.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield.

Mr. COOLEY. I wish to call the attention of the gentleman to the fact, to the end that the Members may be advised, that House Joint Resolution 167, to which the gentleman referred was introduced by the gentleman from Montana [Mr. MANSFIELD] on February 16, quite some time before the bill was introduced in the other body. Both of those measures were before the House committee. Consideration was given to them and we reported the Senate resolution for the reason that the Senate resolution had already been passed by the other body. That is correct, is it not?

Mr. GRANGER. That is true, Mr. Chairman.

Mr. COOLEY. Further, the bill which we now have before us, being unanimously reported, would in all probability have passed on the Consent Calendar, but for the amount of money involved?

Mr. GRANGER. That is correct.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield.

Mr. DONDERO. There is one thing I believe may be of interest to the House and which I omitted to mention. The Eastern and the Middle Western States contain three-quarters of the forest lands of the Nation with only one-quarter or one-third of the lumber resources of the Nation. That indicates to what extent the forest lands have been denuded in at least two-thirds of the country.

Mr. GRANGER. I think that is true. I thank the gentleman for his contribution.

The CHAIRMAN. The time of the gentleman from Utah [Mr. GRANGER] has expired.

Mr. GRANGER. Mr. Chairman, I ask unanimous consent that the remarks of my distinguished colleague from Montana [Mr. MANSFIELD] may follow my remarks at this point in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MANSFIELD. Mr. Chairman, Senate Joint Resolution 53 was introduced in the Senate by Senator ANDERSON and passed unanimously. It is identical with House Joint Resolution 167 which I introduced in the House.

This is a very important measure, because, after all, the Forest Service is the guardian of much of our natural resources, and if we do not do something along the lines of reforestation and revegetation, this property which is held in trust for the people of the United States is going to become more and more worthless. On the other hand, if we authorize this measure and the funds are forthcoming, it will mean that practically worthless property today will become of increasing value as the years go on.

Eighty million acres of the Nation's commercial timberlands and 83,000,000 acres of the Nation's important grazing lands are found in the national forests. These timberlands annually supply 4,000,000,000 feet of forest products through 27,000 sales transactions, and the demand for national forest timber is increasing steadily. These grazing lands are the sole or main source of summer range for 10,000,000 cattle and sheep grazed by 30,000 livestock permittees whose livelihood is wholly or partially dependent upon a continuing supply of range forage. Many communities are dependent on the utilization of these national forest resources.

These same lands also comprise the principal source of water supply for domestic, irrigation, and industrial purposes for thousands of communities, farms, and industries.

The national forests contain a substantial acreage of timberland that is either denuded or badly understocked. Some of this acreage will come back naturally to desirable tree growth, but over 4,000,000 acres of the commercial timberlands must be reforested artificially if the potential capacity of the lands is to be utilized for the production of forest products. This land is widely distributed. There is a sizable job of reforestation in north Idaho and western Montana in the extensive old burns. Even larger areas of land acquired after clearcutting and burning are still in need of replanting in the Lake States. The Pacific Northwest, California, and the Southern States are other regions where extensive reforestation is needed on the national forests.

The continued heavy demand for lumber and other timber products continues and is resulting in a terrific drain upon our forest resources. We should take every measure feasibly within our means to keep our commercial timberlands in a continuous productive condition.

Four million acres of these range and watershed lands are in a seriously depleted condition from the standpoint of both soil stability and forage production. In their present condition, they are producing nowhere near the amount of forage they should. Moreover, serious erosion hazards that in some cases affect entire communities are being created. Beyond question, there is immediate and pressing need for a program designed to check the present downward trend in both soils and vegetation and to restore the depleted areas to maximum productivity.

Range and watershed rehabilitation can be accomplished in many cases by drastic reductions in livestock use—in some cases remove all livestock—and wait for nature to go about the task in her own way. Her way, as we all know, is long and laborious. In some areas, decades will be required to do the job if nature is left to her own devices. And even then the results would fall far short of what could be accomplished by other means. Such procedure would obviously be insufficient, wasteful, and unconstructive. Moreover, it would defeat the very worthwhile objective of doing everything possible to provide additional forage for livestock.

Though there is no way of avoiding substantial reductions in livestock numbers in many national forest ranges for protection of watersheds and the range itself, the need for reduction can be reduced through a plan-wise program of revegetation. There is no longer the slightest doubt about the practicability of such an undertaking. The Forest Service has already demonstrated that many depleted range and watershed areas can be restored to production within 2 or 3 years and made to support from 5 to 10 times the number of livestock now carried.

Our flood-control activities, the building of all of these reservoirs for the generation of power or for flood control or the improvement of navigation, or greatly extending our irrigated areas, are all affected by the condition of the mountain watersheds from which the major portion of the water flow comes. So that, from the standpoint of watershed treatment alone in the western part of the country, a much more rapid reforestation coverage and revegetation program would be a fine investment as a corollary to these other very extensive undertakings in which the Government is now engaged.

Up to the present time, the Forest Service is enabled to plant about 35,000 acres a year, and a little arithmetic will show, with 4,000,000 acres to plant, that it would take well over 100 years to do the job. On the revegetation end, with the money which is now provided, they can plant between 75,000 and 100,000 acres a year with range reseeding, so that it will take in the neighborhood of 40 to 50 years. So it is obvious that under our present financing of programs we will move ahead very, very slowly.

The revegetation undertaking is self-liquidating in that, according to experience so far, it will return at least 5 percent interest on the investment and in many cases, over a reasonable period of time, will retire the investment in range reseeding, because it greatly increases, of course, the carrying capacity of the national forest land which is reseeded, and that means a much larger revenue from a given area of national forest land arising from the permittee use by domestic livestock.

The major part of the reforestation and revegetation job can be accomplished in 15 years. A program of this size and duration, if carried through without in-

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terruption, will result in the cheapest and most efficient manner of handling this job. This work must be done eventually. Continued postponement of the job will result in the work being more costly and the benefits further delayed into the distant future. This joint resolution would place Congress on record as recognizing the need for an accelerated program of reforestation, range and watershed revegetation. It would also authorize appropriation of the funds needed to carry out such a program.

Mr. HOPE. Mr. Chairman, I yield such time as he may desire to the gentleman from Montana [Mr. D'EWART].

Mr. D'EWART. Mr. Chairman, I am very much interested in this resolution, having at one time served as a member of the Forestry Service on a national forest just north of Yellowstone Park. I know the need for this reforestation and revegetation.

Montana has a number of national forests and they support and extensive timber industry and provide summer range for a large number of cattle and sheep. Reseeding of the ranges where that is necessary and reforestation has been carried on in my State for a number of years both on federally owned lands and on private. The reseeding has been very successful in restoring ranges that have been destroyed or depleted either by overuse or by the plow. We know that this work can be successfully undertaken in our State and that the results will more than repay the money spent in this kind of work. It is hoped that reseeding will provide an answer on ranges where cuts in livestock numbers have been found necessary so that it will not be longer necessary to reduce numbers. We know that tree planting is the quickest answer to burned over timber areas.

I believe this legislation is in the Nations interest and as such should receive the approval of this House.

I ask unanimous consent to revise and extend my remarks, Mr. Chairman.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Chairman, this is a meritorious bill that should be passed in the interest of the general economy of the country. When we look into the future we know how vital our lumber and timber resources are to the country as a whole.

Mr. Chairman, I asked for 5 minutes of this time to speak somewhat about farm legislation, but I was hoping the gentleman from Texas [Mr. PATMAN] would be present, because I wanted to direct my remarks to him. The gentleman from Texas [Mr. PATMAN] said he favored the Brannan bill, but since he has left the Chamber, I will withhold my remarks at this time until he can be present, so that I may have the privilege of discussing the Brannan bill that he desires.

Mr. Chairman, I therefore yield back the balance of my time.

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. SIKES].

Mr. SIKES. Mr. Chairman, I do not think there is much controversy in the House where forestry legislation is concerned. I believe that this body fully recognizes the importance of sound forestry practices. The bill that is now before us will implement and advance sound forestry in this country, and I heartily support it.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY of Wisconsin. Mr. Chairman, sometimes I wonder whether Wisconsin is one of the States of the Union or whether it is going to be treated as a stepchild or a poor relative. I am more and more impressed with the advance of my State when I realize, day after day, just like this piece of legislation, that Wisconsin has been one of the leaders, as far as this phase of American agriculture is concerned. Over 20 years ago the leadership was taken by the paper-mill people. As you probably know, Wisconsin is dotted with some of the most splendid paper and pulp mills which you can find anywhere in the country. They had foresight and they acquired a lot of this cheap land and went ahead and planted hundreds of acres of trees many years ago.

The Legislature of the State of Wisconsin, even the last legislature, provided, as I remember, that the taxes will not be over 20 cents an acre on the land that has been reforested. There must be provisions for fencing it, and that has been one of the reasons why the program has not advanced any faster than it has. Of course, during the war it could not advance. There is not any doubt in the mind of anyone who knows anything about the lumber industry, about the tremendous wealth which any township or county or State can acquire by having a stand of merchantable timber. When you realize that even on the stump you can get $50 an acre for it standing, for many classes of timber, it is some indication of the possibility as far as financial returns are concerned. There is, however, another consideration that is cropping up. I am calling your attention to it because it is in the works; it will come over in due course and we will take it up at an early date. It happens to deal with Christmas trees. It is in the works and will be taken up in a few days. You can pass it. I do not know how we could stop it, but we stopped it last year under unanimous consent. But there is a Christmas tree business that is really of advantage to the United States. Thousands and thousands of trees are being brought into Chicago from Michigan, and into Detroit, and they are making quite a business of Christmas trees. According to law you are not supposed to cut your trees as immature as they must be for Christmas trees, for the price they bring on the first sale does not nearly compensate for the loss of growth. But there is a large Christmas tree market and a large Christmas tree business, and, as I say, this bill will soon be before us dealing with the general welfare of the people and the Christmas tree business.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield.

Mr. AUGUST H. ANDRESEN. I was under the impression that certain people in Dutchess County, N. Y., said they could produce enough Christmas trees to take care of the needs of the country. The gentleman is familiar with that great project up there, I am sure.

Mr. MURRAY of Wisconsin. Well, we were raising trees a long while before we heard about Dutchess County, N. Y.; as a matter of fact, we had been raising them for many years before that. But the Christmas-tree business is becoming a business as much as farming, although there does not happen to be any of it to speak of in my district. Naturally there is a possibility, but I do not think it will happen, of going into the Christmas-tree business in connection with this reforestation. Many people are doing it, and many people are looking forward to taking this legitimate profit from the Christmas-tree business. But I take it for granted that under this bill the objective is not going to be the Christmas-tree business. The objective is going to be the reforestation of this land with the type of timber adapted to the land and for the general welfare of the whole United States.

Mr. COOLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. O'SULLIVAN].

Mr. O'SULLIVAN. Mr. Chairman, I realize that there is not much controversy as far as the passage of this well-considered bill is concerned. This bill was passed by the other body without a dissenting vote. It was considered by the Committee on Agriculture of the House, of which I am a member, and there were no dissenting votes against same; it passed the committee unanimously. From what Members on both sides of the aisle have said heretofore, I am sure no one will disagree with this bill in any particular. It is the first bill to be considered by the Eighty-first Congress which has the unanimous approval of every Member of the House. It provides for extensive reforestation and the planting of areas to grass. It is a great measure as far as preventing erosion by wind is concerned and erosion by water.

It is hard for one to realize that in the ages past all of the hills fringing both banks of every main river in the North, West, and Middle West areas were made by wind erosion. Particles of earth swept across the country by winds became soaked with moisture as they passed over rivers and fell again to earth on the opposite side of the river they passed over. Maurice Kirby, a geologist for the Army engineers, some years ago demonstrated to me that certain soils on the south side of the Platte River in Nebraska came from Kansas, Oklahoma, and Texas, and that certain soils on the east bank of the Missouri River came from Colorado, Wyoming, Montana, and other western points, and that certain soil on the west bank of the Missouri River came from Illinois and other eastern States. These soil deposits were carried by the prevailing winds of ages ago and even up to today. Near a schoolhouse at Missouri Valley, Iowa, he demonstrated that a portion of that soil

came from Loveland, Colo. The soil samples were identical. Wind erosion is not new to the United States of America. The Dust Bowl is as old as creation itself. Progressive thinking and legislation like that which we are now considering will stop soil erosion by wind. Present-day civilization will cure an old ill by tree and grass planting.

In view of the fact that there is not any partisan contention here today which has to be met, I wish to make a literary contribution of a great man to this body by reading one of the finest articles on grass which, in my opinion, was ever written. It was penned by that master juggler of words, the great, truly Republican Senator from Kansas, John J. Ingalls. I wish to read copiously from the excellent speech which he made upon the subject Blue Grass:

BLUE GRASS

Attracted by the bland softness of an afternoon in my primeval winter in Kansas, I rode southward through the dense forest that then covered the bluffs of the north fork of Wildcat. The ground was sodden with the ooze of melting snow. The dripping trees were as motionless as granite. The last year's leaves, tenacious lingerers, loath to leave the scene of their brief bravery, adhered to the gray boughs like fragile bronze. There were no visible indications of life, but the broad, wintry landscape was flooded with that indescribable splendor that never was on sea or shore—a purple and silken softness, that half veiled, half disclosed the alien horizon, the vast curves of the remote river, the transient achitecture of the clouds, and filled the responsive soul with a vague tumult of emotions, pensive and pathetic, in which regret and hope contended for the mastery. The dead and silent globe, with all its hidden kingdoms, seemed swimming like a bubble, suspended in an ethereal solution of amethyst and silver, compounded of the exhaling whiteness of the snow, the descending glory of the sky. A tropical atmosphere brooded upon an arctic scene, creating the strange spectacle of summer in winter, June in January, peculiar to Kansas, which unseen cannot be imagined, but once seen can never be forgotten. A sudden descent into the sheltered valley revealed an unexpected crescent of dazzling verdure, glittering like a meadow in early spring, unreal as an incantation, surprising as the sea to the soldiers of Xenophon as they stood upon the shore and shouted, "Thalatta." It was blue grass, unknown in Eden, the final triumph of nature, reserved to compensate her favorite offspring for the loss of the old upon the banks of the Tigris and Euphrates.

Next in importance to the divine profusion of water, light, and air, those three great physical facts which render existence possible, may be reckoned the university beneficence of grass. Exaggerated by tropical heats and vapors to the gigantic cane congested with its saccharine secretion, or dwarfed by polar rigors to the fibrous hair of northern solitudes, embracing between these extremes the maize with its resolute pennons, the rice plant of southern swamps, the wheat, rye, barley, oats, and other cereals, no less than the humbler verdure of hillside, pasture, and prairie in the Temperate Zone, grass is the most widely distributed of all vegetable beings, and is at once the type of our life and the emblem of our mortality. Lying in the sunshine among the buttercups and dandelions of May, scarcely higher in intelligence than the minute tenants of that mimic wilderness, our earliest recollections are of grass; and when the fitful fever is ended, and the foolish wrangle of the market and forum is closed, grass heals over the scar which our descent into the bosom of the earth has made, and the carpet of the infant becomes the blanket of the dead.

As he reflected upon the brevity of human life, grass has been the favorite symbol of the moralist, the chosen theme of the philosopher. "All flesh is grass," said the prophet; "My days are as the grass," sighed the troubled patriarch; and the pensive Nebuchadnezzar, in his penitential mood, exceeded even these, and, as the sacred historian informs us, did eat grass like an ox.

Grass is the forgiveness of Nature—her constant benediction. Fields trampled with battle, saturated with blood, torn with the ruts of cannon, grow green again with grass, and carnage is forgotten. Streets abandoned by traffic become grass-grown like rural lanes, and are obliterated. Forests decay, harvests perish, flowers vanish, but grass is immortal. Beleaguered by the sullen hosts of winter, it withdraws into the impregnable fortress of its subterranean vitality, and emerges upon the first solicitation of spring. Sown by the winds, by wandering birds, propagated by the subtle horticulture of the elements which are its ministers and servants, it softens the rude outline of the world. Its tenacious fibers hold the earth in its place, and prevent its soluble components from washing into the wasting sea. It invades the solitude of deserts, climbs the inaccessible slopes and forbidding pinnacles of mountains, modifies climates, and determines the history, character, and destiny of nations. Unobtrusive and patient, it has immortal vigor and aggression. Banished from the thoroughfare and the field, it abides its time to return, and when vigilance is relaxed, or the dynasty has perished, it silently resumes the throne from which it has been expelled, but which it never abdicates. It bears no blazonry of bloom to charm the senses with fragrance or splendor, but its homely hue is more enchanting than the lily or the rose. It yields no fruit in earth or air, and yet should its harvest fail for a single year, famine would depopulate the world.

One grass differs from another grass in glory. One is vulgar and another patrician. There are grades in its vegetable nobility. Some varieties are useful. Some are beautiful. Others combine utility and ornament. The sour, reedy herbage of swamps is baseborn. Timothy is a valuable servant. Redtop and clover are a degree higher in the social scale. But the king of them all with genuine blood royal, is bluegrass. Why it is called blue, save that it is most vividly and intensely green, is inexplicable; but had its unknown priest baptized it with all the hues of the prism, he would not have changed its hereditary title to imperial superiority over all its humbler kin.

Taine, in his incomparable history of English literature, has well said that the body of man in every country is deeply rooted in the soil of nature. He might properly have declared that men were wholly rooted in the soil, and the character of nations, like that of forests, tubers, and grains, is entirely determined by the climate and soil in which they germinate. Dogmas grow like potatoes. Creeds and carrots, catechisms and cabbages, tenets and turnips, religion and rutabagas, governments and grasses, all depend upon the dew point and the thermal range. Give the philosopher a handful of soil, the mean annual temperature and rainfall, and his analysis would enable him to predict with absolute certainty the characteristics of the nation.

* * * * *

The primary form of food is grass. Grass feeds the ox; the ox nourishes man; man dies and goes to grass again; and so the tide of life, with everlasting repetition, in continuous circles, moves endlessly on and upward, and in more senses than one, all flesh is grass. But all flesh is not bluegrass. If it were, the devil's occupation would be gone.

There is a portion of Kentucky known as the bluegrass region and it is safe to say that it has been the arena of the most magnificent intellectual and physical development that has been witnessed among men or animals upon the American continent, or perhaps upon the whole face of the world. In corroboration of this belief, it is necessary only to mention Henry Clay, the orator, and the horse Lexington, both peerless, electric, immortal. The ennobling love of the horse has extended to all other races of animals. Incomparable herds of high-bred cattle graze the tranquil pastures; their elevating protoplasm supplying a finer force to human passion, brain, and will. Hog artists devote their genius to shortening the snouts and swelling the hams of their grunting brethren. The reflex of this solicitude appears in the muscular, athletic vigor of the men, and the voluptuous beauty of the women who inhabit this favored land. Palaces, temples, forests, peaceful institutions, social order, spring like exhalations from the congenial soil.

All these marvels are attributable as directly to the potential influence of bluegrass as day and night to the revolution of the earth. Eradicate it, substitute for it the scrawny herbage of impoverished barrens, and in a single generation man and beast would alike degenerate into a common decay.

I will not burden the House further by reading all of this splendid speech but wish to recommend to the Members of this body that they read same in toto at their own leisure, because I believe it gives you a true appreciation of what a great part grass now plays and has always played in the history not only of this Nation, but in the history of all the nations of the world.

Mr. HOPE. Mr. Chairman, I yield 2 minutes to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Chairman, I favor the objectives of this legislation which provides for reforestation and revegetation of our national forests and range lands. I also wish to thank the committee in charge of this bill for accepting my amendment to keep shelter belts in another measure. These tree plantings, I wish to report, are doing very well and are appreciated all over the Plains States. This kind of Plains States forestation should be expanded.

Regarding this legislation one need only to fly over the national parks and the country of the Pacific Northwest to learn that this legislation is badly needed. To give importance to land in general, I include in my remarks an excellent editorial printed in the Portland Oregonian:

EUROPEAN PEASANTRY BEHIND RISE OF TITOISM

One who flies from Portland across the United States, over the Atlantic and on into Europe—in comparatively clear weather so that the pattern of land and sea is visible—has a soul-shaking experience.

One achieves, from the land forms below, a new realization of what it means to be an American—to be a citizen of a country which came late upon the world scene and which developed itself on the basis of stubbornly idealistic and democratic principles. First there are the infinite vistas of our western side of the continent. The Cascades raise their isolated peaks; the great wheat ranches of the inland empire pass below; the plateaus and cases of Idaho lift toward the

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Continental Divide; then there is the coasting down over the Great Plains to the flats and rolling hills of the Middle West. And all this time—half way across North America—there seem to be no habits of development, and especially of agriculture, that confine the human spirit. The fences run every which way, and on heroic scale. This is the West as history has left it to us, and it is very real—very important in the psychology of the Nation and the world.

Then in the Middle West one encounters the division of the land into quarter sections. Beneath the plane are the generous squares and oblongs of the agriculture resulting from the homestead period—and as matters have turned out these divisions have been remarkably efficient. * * * On over Indiana, Ohio, and Pennsylvania, where the pattern gradually dissolves, where the fields become smaller and less regular in size, yet still adequate. One seems to be moving back into history as the fields below diminish. Yet even on the east coast, back of Washington, Philadelphia, New York, and Boston, where truck gardens press close in their eagerness to supply these metropolitan centers, there remains something of American expansiveness. The constructions on the east coast are informative but not sufficient to prepare one for Europe.

Suppose one flies into Europe over Brittany—the peninsula which France extends farthest into the sea. Here are the little hedgerow-guarded fields which cost so many American lives in 1944. These little fields—drifting below the traveler's plane—are shocking in their age and in their implacability. They existed in the Middle Ages; so it is this way now.

One goes on over France, over Germany, over Czechoslovakia, over Austria, down above Italy.

Below, always, are the "plots" so alien to American thinking. In our country we excitedly allotted the greater part of a continent in accordance with the pressures and our thinking at the time; in Europe they have these small ancient divisions of the land based upon conditions now long since extinct. So we have the difference between the European peasant and the American farmer.

What we do not understand over here is that a single furrow in Europe can be an international incident. They do not understand us; we do not understand them. They note every blade of grass along the roadside and bring an animal to eat it. No American has ever thought of a single blade of grass.

So it is most difficult for Americans to appreciate that much of what is taking place in Europe results from a problem which we have never even recognized.

Our agriculture has been free to conform to the techniques of the new day. European agriculture has had no such freedom. The land was divided and subdivided centuries ago, and the population then multiplied to the maximum the land would bear under hoe-and-shovel operation. If tractors were introduced, where would the people go? This is the difference between peasantry and farming.

Actually, this dilemma of outworn methods in a modern world dominates the thinking of much of Europe, and especially of such Russian satellites as Rumania, Bulgaria, Hungary, and Poland, operating beyond the industrialized centers of the continent. The production per rural resident is about seven times as great in modernized Denmark as in Rumania, Bulgaria, or Poland, and five times as great as in Hungary. Here are millions and millions of people attached to an overworked soil, and unable to relinquish the soil to modernization because they have no place to turn.

Much of the Russian appeal to these countries has been based upon the idea of industrialization. The Communist agents have promised that capital would be provided for factories, power plants, and rolling mills. The peoples no longer would live in rural serfdom. The populations could be drained off into industry, with its higher standards of living. And this in turn would raise the rural standards.

Such was the promise, and since it was accompanied by military force, there wasn't much to do but dream the best dreams possible. Especially since faraway America—the only power capable of competing with Russia—was constitutionally incapable of understanding the desperation of the peasant situation. That is what took place, with very little noting in the United States.

Now, however, Tito has led Yugoslavia into revolt against Russian pressure, and examination of Tito's purposes is leading to a general study of the problem of central and eastern Europe.

The reality seems to be that Yugoslavia, which was tentatively a satellite country, shared the promises of industrialization with the other states, and Russia failed to make good. So Tito, who is quite an individualist, and his people, who are probably, per capita, the toughest on earth, struck off for themselves and to invite help from the west. (Yugoslavia has a greater variety of resources than the other states named. It is reported that industrialization is getting under way there, despite Russia, with a notable influx of peasants and hill people to the cities.)

Meanwhile, the discovery that Tito is economically disappointed rather than ideologically outraged, has led students to attempt to determine whether Russia has done better with her more pliant satellites.

Apparently not, so far as one can penetrate behind the iron curtain. There is no evidence that she has been willing to spare from her own economy any capital with which to keep the promises of industrialization which she made when she extended her controls over Poland, Rumania, Bulgaria, and Hungary. And Czechoslovakia—already industrialized when Russia took over—she is ruthlessly draining.

However, it is not enough that Russia has failed and probably will fail—that Yugoslavia is in revolt and that the closer satellites might be ready for revolt if they had the opportunity.

The problem on which Russia really based her western thrust—and which we in America did not understand—is still unsolved. Beneath the plane the little plots of ground are unaltered, with men hoeing and women leading individual animals to individual blades of grass. It is only in Yugoslavia there seems to be the hoped-for industrial ferment, and that is only through a combination of independence and appeal to the west.

What, specifically, is the answer to the Balkans and associated areas? Here live many of the world's most creative and uncontrollable people under intolerable conditions. The blue Danube forever runs red.

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK. Mr. Chairman, I am heartily supporting this legislation as I have been working in this direction for the more than a dozen years I have been a Member of this body. In no part of this great country can grass and trees be appreciated more than in the State from which I come. We know their commercial value, their economic value, and their esthetic value as well. We appreciate their lack or their loss and are all the more anxious to restore them.

Of all the valuable books furnished by the Department of Agriculture as year books, I think the last two stand among those at the top. The year book for 1948 is entitled "Grass," and the year book for 1949 is entitled "Trees." Of course, each contains a world of information and scientific knowledge gained in the past and each points the way for a greater and more prosperous future. This legislation to promote progress in developing these two basic natural resources of vegetation and forests, with which other basic resources are so intimately mingled, will give meaning to those books and, what is far more important, will help to give substantial foundation to our natural wealth and national economy.

Mr. HOPE. Mr. Chairman, I am very much gratified that this measure is receiving such splendid support. It is not an involved question or one that requires lengthy explanation. It is a very important measure, however, one of the most important conservation measures, I will say, that has come or will come before this Congress.

In this legislation we are dealing with the property of all the people of the United States—our national forests. The money we will put into those forests under this legislation in the way of reforestation and revegetation will be put in on an investment basis, an investment that will pay liberal returns not only in the way of conservation and watershed protection but in an increase in the carrying capacity of our ranges and in the yield of timber in the years to come.

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE of Idaho. Mr. Chairman, I am heartily in favor of this legislation. I think it is a great investment to reseed the land with both timber and grass, so that we may have both timber and range. Idaho is 72 percent federally owned. My State of Idaho will reap great benefits from this measure, as will the people as a whole, in the production of wool, meat, and timber. This is a very constructive measure, and it has my full support.

The CHAIRMAN. The Clerk will read the joint resolution for amendment.

The Clerk read as follows:

Whereas the national forests of the United States contain approximately 80,000,000 acres of the Nation's commercial timberlands and approximately 83,000,000 acres of the Nation's important grazing lands; and

Whereas these national-forest lands comprise the principal source of water supply for domestic, irrigation, and industrial purposes for thousands of communities, farms, and industries, and good forest and other vegetative cover is essential for watershed protection; and

Whereas these lands annually supply approximately 4,000,000,000 board-feet of forest products through 27,000 sales transactions and the demand for national-forest timber is steadily increasing; and

Whereas these lands are the sole or main source of summer range for 10,000,000 cattle and sheep grazed by 30,000 livestock permittees whose livelihood is wholly or partially dependent upon livestock grazed on national-forest ranges; and

Whereas these lands contain over 4,000,000 acres of denuded and unsatisfactorily stocked timberlands and an additional 4,000,000 acres of seriously depleted range lands; and

Whereas all of these lands are potentially capable of producing an important part of the timber and forage needs of local communities, and contributing to the protection of watersheds, thereby alleviating flood damage and insuring a continuing water supply, increasing opportunity for local employment, bringing greater stability to local communities, and increasing returns to counties in the national forests from their share of national forests receipts, together with other benefits; and

Whereas these lands will not restock or revegetate satisfactorily or within a reasonable time except through reforestation and revegetation or other measures to induce restocking or revegetation; and

Whereas it is practical to reforest these denuded and unsatisfactorily stocked timberlands and revegetate these seriously depleted range lands in a period of 15 years; and

Whereas it is necessary to provide reasonable continuity of reforestation and revegetation programs in order to insure effective, efficient, and economical operations: Therefore be it

Resolved, etc., That it is the declared policy of the Congress to accelerate and provide a continuing basis for the needed reforestation and revegetation of national-forest lands and other lands under administration or control of the Forest Service of the Department of Agriculture in order to obtain the benefits hereinbefore enumerated.

SEC. 2. For the purpose of carrying out the provisions of this joint resolution on national-forest lands and other lands under the administration or control of the Forest Service of the Department of Agriculture, including the acquisition of land or interests therein for nurseries, there is hereby authorized to be appropriated to remain available until December 31 of the ensuing fiscal year, $3,000,000 for the fiscal year ending June 30, 1951; $5,000,000 for the fiscal year ending June 30, 1952; $7,000,000 for the fiscal year ending June 30, 1953; $8,000,000 for the fiscal year ending June 30, 1954; $10,000,000 for the fiscal year ending June 30, 1955; a like amount for each subsequent year through the fiscal year ending June 30, 1965, and thereafter such amounts as may be needed for reforestation; and $1,500,000 for the fiscal year ending June 30, 1951; $1,750,000 for the fiscal year ending June 30, 1952; $2,000,000 for the fiscal year ending June 30, 1953; $2,500,000 for the fiscal year ending June 30, 1954; $3,000,000 for the fiscal year ending June 30, 1955; a like amount for each subsequent year through the fiscal year ending June 30, 1965, and thereafter such amounts as may be needed for range revegetation.

Mr. BARRETT of Wyoming. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of this resolution. Over 400,000,000 acres in the 11 Western States belong to the United States. Some 80,000,000 acres under the control and dominion of the Forest Service is presently used for grazing. The Forest Service has made drastic cuts in the permitted numbers of livestock running on the forest ranges of the West during the past 30 years. The stockmen using the forests during the summertime are obliged to provide range and feed elsewhere for the balance of the year. As a result of these reductions, countless stockmen have found it impossible to carry on their operations economically and have been obliged to go out of business. This program is long-past overdue. It is estimated that it will take at least 15 years to complete it. It should have been instituted a quarter of a century ago. I have repeatedly urged additional appropriations for reseeding and revegetation of these national forest lands. A year ago, I offered an amendment on the floor of the House to increase the appropriation for reseeding by $250,000. That amendment was adopted. I am hopeful, Mr. Chairman, that appropriations pursuant to this authorization will be provided so that a systematic program can be carried out to revegetate the 4,000,000 acres of forest lands that are unproductive for one reason or another at the present time.

Mr. Chairman, over a year ago, our Committee on Public Lands made an exhaustive study of the grazing use of the forest lands and as a result thereof, issued its report unanimously recommending:

First. That the Forest Act be amended to provide that grazing, recreation, and wildlife be made basic uses of national forest lands.

Second. That advisory boards on the national forest be given legal status.

Third. That the present policy of transfer cuts be discontinued, and that any cuts that may be necessary be made for protection purposes only.

Fourth. That the Forest Service undertake a vigorous program of range improvement including (a) water development, (b) reseeding, (c) fencing, and (d) rodent and poisonous weed control.

Fifth. That the Forest Service undertake a policy that will enable the permittees to participate in and contribute to a greatly extended range-improvement program.

Strange as it may seem, the basic law establishing the national forest reserves and authorizing the administration of these lands by the Forest Service fails to provide for grazing as one of the basic uses of these lands. It seems to me, Mr. Chairman, that along with this legislation, Congress should provide for many other badly needed range improvements. A constructive program should be evolved for the intelligent utilization of the grass resources of our western forests so that the livestock industry will be encouraged to produce more rather than less. The fences on our national forests are in a deplorable condition. Adequate appropriations for fencing should be made so that the Forest Service might effect better management of their lands by means of rotation grazing. There should be additional appropriations for widespread development of water resources so that the forage a considerable distance from running water can be harvested and gathered by livestock.

The appropriations for rodent control and predators is wholly inadequate. If the forest ranges of the West are improved along these lines and if legislation is enacted establishing forest advisory boards and defining their duties and writing into the law regulations governing range improvements and the determination of grazing fees, and providing for public hearings on proposed rules and regulations for the administration of grazing, then, Mr. Chairman, we would be a long way on the road to a proper solution of the present controversy involving these matters. It would bring about a government by law rather than government by men in this field, and in the long run, such a procedure would prove far more satisfactory to both the Forest Service and the people of the West.

Mr. Chairman, without a question of a doubt, this is a step in the right direction. It seems to me, Mr. Chairman, that this legislation should bring a new era to the administration of our national forest lands. In order to more easily accomplish the objectives of this legislation and to bring other much needed improvements on our forest ranges, the United States Forest Service should make every possible effort to obtain the cooperation of all of the people using those lands. A constructive program providing for basic legislation for the grazing use of the forest lands and definite laws for the administration of these lands will assuredly prove to be in the interest of all the people.

Mr. CHRISTOPHER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not think I have ever seen gentlemen on the floor of this House in as complete agreement as they are today. I am very glad of that fact. I do not believe I have been in the House when everyone seemed to be in a better humor. That is another thing I am glad about. For once we seem to be agreed that we have a piece of legislation that should be adopted.

I also am in complete agreement with that legislation.

I have always loved the grass and the trees and the soil. During the recess of this House I stood behind a glass and ran a terrace line on a 50-acre field out in Missouri that needed to have its face lifted. Before I left home and came back here about 70 percent of the work of lifting the face of that field was completed.

Soil conservation is like the itch. You catch it. Once you get it, it is hard to get rid of. I am glad of that. I do not think we should get rid of it.

Men have loved the soil and have given lip-service to soil conservation for years. I am glad that this House today is ready to give something more than lip-service to the conservation of our soil and our acres of forest resources. Our soil is a heritage that was given us by our forefathers. The prime reason we are the most prosperous Nation in the world today is because we have a greater acreage of fertile soil for the population than any nation in the world. The Department of Agriculture says we have 3½ acres of good farm land for every man, woman, and child in the United States. I mean tillable land; not the kind of land that needs reforesting, but good farm land. We ought to conserve it. We also ought to save and conserve our forest lands and our forest resources.

If I have not forgotten it, I should like to repeat to the gentlemen of this House a little poem that I learned in my youth. For fear that I would put it somewhere where I could not find it, I think I have

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it committed to memory, and I will attempt to give it to you today for whatever it may be worth:

My father was a mountaineer,
His fist was a knotty hammer,
He was fleet on his feet as a running deer,
And he spoke with a Yankee stammer.

My mother, she was merry and brave,
And thus she came to her labor;
A pine tree tall was her doctor grave,
And a tumbling stream was her neighbor.

Now some are wrapped in beds of silk
And down like a godling's scion,
But I was cradled on bows of pine
In the skin of a mountain lion.

And some are born 'neath lucky stars,
But never a boy more lucky,
For I cut my teeth on "money musk"
In the bloody ground of Kentucky.

When I grew tall as the Indian corn
My father had little to lend me—
Just a bullet mold and a powder horn
And a woodman's skill to defend me.

I lost my boyhood when I found my wife—
A girl like a Salem clipper,
She stood as straight as a hunting knife,
And her eyes were bright as the dipper.

We sowed our sons on the wagon trails,
A fruitful and goodly muster;
Our oldest fell at the Alamo,
Our baby died with Custer.

The letter that told it burned my hand,
But I sighed and said, "So be it";
But I couldn't live when they plowed the sod;
It broke my heart to see it.

I saddled a red unbroken colt
And rode him into the day there,
And he threw me down like a thunderbolt
And rolled on me as I lay there.

I heard the hunter's whistle blow
As they tried in vain to rouse me,
And I died in my boots like a pioneer,
And the buffalo graze around me.

Now my youth comes back like the rains in spring,
And my sons like the wild geese flying,
And I sleep at peace in my prairie soil,
And I am quite content in dying.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HAYS of Arkansas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration Senate Joint Resolution 53 to provide for the reforestation and revegetation of the forest and range lands of the national forests, and for other purposes, pursuant to House Resolution 369, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the third reading of the Senate joint resolution.

The joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FAIR DEAL FRAME-UP—RESULT OF CIO STEEL DISPUTE IS VITAL

Mr. HOFFMAN of Michigan. Mr. Speaker, this is a fateful hour for the American people.

The events of the next several days on the steel-labor front may well decide the kind of a future they are to enjoy—or endure.

They very easily could lose their freedom and become regimented robots in a welfare state, under a Fascist labor government.

Such a calamity is possible because only a mere handful of our people regard the situation as being that serious; because only a few are alert to the dangers which beset our free institutions.

To most, it appears to be simply a question as to whether the steel companies can be induced to accept the recommendations of the President's "fact finders," or will Mr. Philip Murray and his steelworkers call a strike.

After all, the American people have faced, and have survived, many hundreds of serious strikes in the past.

In view of this it may be difficult for some to believe that so simple a circumstance as the issues behind a threatening steel strike should be so pregnant with grave consequences to our country and its people. Yet, a fair consideration of the facts which surround this situation will convince the most confirmed skeptic that very dangerous developments can result from the "findings" of the so-called fact-finding board.

FACT-FINDING BOARD BIASED—FINDINGS DECEPTIVE

The amazing thing is that, although the board's decisions settled nothing, and even precipitated a serious crisis, little, if anything, has been said by way of criticism concerning the obvious bias of the board and its lopsided, reckless recommendations.

Instead, President Truman declares: "The recommendations of the board have been accorded widespread acclaim and approval as a statesmanlike formula for fair and equitable settlement of the disputes in the steel industry."

If this were true, there would have been a quick settlement, and there would have been no need for the President to intervene for a third time to stave off the strike dead line.

The alleged "widespread acclaim and approval" of the board's recommendations is greatly exaggerated. The President was merely parroting Mr. Murray, who had the gall to declare that "public opinion" approved of the board's decision, and therefore, the steel companies would have to surrender unconditionally before Mr. Murray would trouble himself to send emissaries to talk about a new contract.

Fortunately, the steel companies refused to be intimidated; and so Mr. Truman had to inject himself into the situation again to "save face" for Mr. Murray.

The President's evasion of the Taft-Hartley law, his appointment of an extralegal fact-finding board, the character of his appointees to that board, the tricky way in which the board maneuvered to give Mr. Murray all that he wanted, and, at the same time, wrote a record that implied a contrary decision, and an apparent concern for the welfare of the companies and the country, the timely interventions by the President, and the arrogant and overbearing attitude of Mr. Murray throughout the whole situation, suggests connivance, conspiracy.

On the basis of the supporting evidence, this combination of circumstances has all the earmarks of a Fair Deal frame-up.

The fact is, the American people have been witnessing, from expensive front row seats, one of the slickest pieces of a dramatic stage play ever presented to divert an anxious audience. There was to have been a happy ending, but something went wrong with the plot; and now the action is building up to a tragic climax—a crippling steel strike, which, if it comes, will wreak havoc in hundreds of related industries, and which, together with the current coal strike, could disrupt our economy completely, bring on a depression, wreck the world recovery program, and insure the success of communism in Europe and Fascist statism in the United States.

The report of the so-called fact-finding board was a clever piece of work. It fairly oozed apparent fairness, reasonableness, sweetness and light, and suggested compromise, get-together, talk-it-over, but behind all this, hedged in with legalistic loopholes was the mischievous recommendation for an industry-wide noncontributory pension—a most revolutionary departure from the established and traditional American policy of self-reliance and private initiative under our free-enterprise system.

The "fact finders" recommended this noncontributory pension in spite of the fact that they say in their report: "The board is scarcely in a position after this concentrated hearing to say precisely what should be done on pensions."

In the matter of pensions and welfare insurance the board urged collective bargaining, not now, but after an intensive study, and yet it recommended a 10-cent per-hour commitment by the companies before any study had been made. And they did this after declaring in their report to the President: "No one can state with certainty what they (the companies) can afford now. Much depends on future conditions."

PHONY FACT FINDING

Taken as a whole, it was phony fact-finding—a biased report in favor of the union. It was nothing more nor less than a go-ahead signal for camouflaged "fourth round" demands on industry generally—a circumstance which threatens the economic stability of the Nation.

Spokesmen for the steel companies already have explained that they cannot fully accept the board's recommendations regarding pensions. They contend, for one thing, that it would be economically impossible to absorb the stupendous costs without passing them on to the consuming public in higher prices, which, in turn, would result in a sharp decline in sales, and bring mass unemployment and depression.

It was a "smooth" report, replete with double talk. It said, for instance, that "the subject of pensions is not bargainable at this time," and it declared, also, that "the subject of pensions is bargainable under the law." In fact, the report was so carefully and cleverly phrased that most people missed its true significance, which was the big idea. The

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way in which the board used astute truisms to emphasize economic fundamentals as applied to the steel industry and to the country—and then proceeded to ignore them in its recommendations—was positively ingenious.

For example, the board correctly declared that a wage raise in steel probably would be urged as a pattern to be followed in other industries for a "fourth round" increase, and that "this in turn might well cause price dislocations, with adverse effects on the general economy and on the steel industry itself." How true!

Yet the board recommended pensions and social insurance at a cost amounting to almost 90 percent of the wage raise demand.

THE TAXPAYING CONSUMER PAYS

No matter what the award is called—pensions or pay hikes—the increased costs to industry will have the same effect on the Nation's economy. Higher wages or higher wage costs, what is the difference? The taxpaying consumer pays.

If, as the President's board recommended, the full cost of pensions and social insurance is to be imposed upon employers in steel, it is true also that this probably will be the pattern forced upon the rest of American industry. David Dubinsky, head of the huge International Ladies' Garment Workers Union, already has announced that company-financed pension funds will be demanded in all future contracts. And the electrical workers are demanding a $500 "package."

Will not all this cause "price dislocations, with adverse effects on the general economy," which the board's report declared would be the result of an almost equal wage increase? Of course it will.

It will add $3 per ton to the price of steel, with similar price increases in other industries all along the line, or it will mean bankruptcy for most of the smaller, and many medium-sized companies.

The principle of Government-coerced, noncontributory pensions and other benefits is just another example of the dangerous trend toward the welfare state, with its get-something-for-nothing philosophy.

And when people get something for nothing they always want more and more.

With the employer compelled to pay the whole cost, there would be no end to the pressure for one round after another of increases in the amount of the benefits. When John L. Lewis made his first pension and welfare deal with the Government it was financed through a 5-cent levy on each ton of coal mined. The next year it was raised to 10 cents per ton. Last year it was boosted to 20 cents. And this year Lewis expects to have it raised to 40 cents per ton, or else.

PENSIONS FOR FRIVILEGED GROUPS

From now on, if the fact finders' noncontributory recommendation on pensions and welfare is accepted and becomes the pattern for industry, the employers will face demands for two raises every time a new contract is negotiated.

But more important is the fact that acceptance of the steel board's "findings" would establish a new national labor policy, outside the law. First, it would mean the end of collective bargaining, with the Government fixing wages and working conditions. Second, it would mean that the "security" of the worker in sickness, disability, and old age will be the sole responsibility of the employers for as long as they can stay in business under these and similar handicaps.

Government control of wages would be one more step in the direction of the welfare state, which National Commander George N. Craig, of the American Legion, declares would suppress individual liberty and lead to communism.

That the recommendations of the President's board should be slanted in the direction of statism is not too surprising, and should have been expected, since Judge Samuel I. Rosenman, one of the leading architects of the Fair Deal's welfare-state program, was a member of the so-called fact-finding board.

In this situation we are faced with a threat to the survival of constitutional government. It is a question of whether or not our American system and way of life are to be replaced with the forms and fanaticisms of fascism.

The issue is whether we are to have free collective bargaining—the settlement of disputes by talking things over—which is the American way, or will wages, hours, working conditions, profits, and prices be fixed arbitrarily by Government, which is fascism? And fascism is statism.

There can be no wage control without price and profit control; and it makes little difference whether these arbitrary decisions are made as the ukase of a benevolent or unscrupulous dictator, or issue from biased boards in an atmosphere of political skulduggery, to be imposed through official pressure or bureaucratic blackmail.

Government wage, price, profit, and pension control will spell the end of the American system; and the inevitable result will be the complete regimentation of our economy; our Government will become a corporate state, and our people will become subservient slaves after the pattern of Hitler's Brown Fascists, Mussolini's Black Fascists, and Stalin's Red Fascists.

In the face of such an alarming possibility, the immediate question is: Are the American people going to continue to govern themselves through their elected representatives, or is the Executive, by political maneuver, going to permit the labor bosses to run this country—and ruin it?

CIO WINS VICTORY

There is another point that should be clarified. When the steel board turned down the union's "demand" for a wage increase, the public was given the false idea that this was a great victory for the steel companies. And many people concluded, therefore, that the board was honest, fair, and unprejudiced, and that it must have been very careful and objective in considering the issues.

But sometimes things are not all they seem to be.

The press agents of the CIO did a great job in connection with this. As a result, the "fact-finders" got a lot of unwarranted praise for their seeming courage, and Mr. Murray and the steel workers got themselves a lot of misplaced sympathy and a great deal of undue credit for their apparent sportsmanship in gracefully accepting the board's denial of union demands for a wage increase.

One syndicated "liberal" columnist, Marquis Childs, helped to popularize this fallacy by writing:

> The consensus of opinion is that the board * * * made proposals that were in the interest of the general welfare * * * the union's request for a fourth-round wage increase was flatly rejected. This was a bitter pill to swallow. Philip Murray, the union head, took it with as good a grace as possible, emphasizing the pension and social-insurance provisions recommended by the board.

The truth is, and the "fact-finders" surely knew, that the union never expected to get a wage increase. The "demand" for higher wages was a straw man put up to make the union's case more impressive and to give the board something to turn down.

Furthermore, the Presidential board gave the steel workers more than their leaders expected to get in the way of pensions and social insurance. And the point should be made that union leaders never are modest in their expectations.

Just before the steel board began its hearings, Victor Riesel, a national labor columnist, interviewed the union leaders at their headquarters in the Commodore Hotel in New York and reported:

> Because straight cash increases are hard to get, they want hidden raises in the form of security * * * the prediction is that the Presidential fact-finding board * * * will come up with a gimmick-filled insurance package for steel workers worth about 8 cents.

The board gave them their "hidden raise" in a 10-cent package.

So, instead of favoring management, the "fact finders" actually went overboard in behalf of the union. It was a union victory, carefully arranged by a biased board that was unduly prounion, and whose chairman, Dr. Carroll Daugherty, has been closely associated with CIO leaders.

The board's decision was so satisfactory to the extreme left wing of the CIO that Communist Harry Bridges immediately suggested that President Truman appoint a fact-finding board in the Hawaiian strike situation.

The reaction at the steel union's headquarters in Pittsburgh, when details of the board's "finding" were received, was equally enthusiastic. On the scene at the time, Columnist Riesel told his readers from coast to coast:

> There was laughter in the room. But serious talk, too, which explained why the steel-union leaders and rank and file believe they won:
>
> 1. The board gave them the most basic of all their demands—a recommendation that the companies from now on alone pay for all social-welfare plans. This noncontributory system is the one arrangement the steel companies feared most.
>
> 2. Pensions have been uppermost in the steelworkers' minds. Everywhere I went the young steel men backed up their elder union brothers on the issue. Now the CIO believes the principle of company payment of pensions has been set for all American industry.

This pension "grab" would raise the economic status of one highly organized minority of 16,000,000 AFL and CIO workers at the expense, and to the detriment, of all consumers and all other workers, especially the forty-odd million employed mainly by "small business," and, particularly, groups like the farmers who have no way of adding the cost of pensions and "fringe" benefits to the products of their work, but who, nevertheless, will have to pay their share of this "fourth round" increase in labor costs which will be added to the price of everything they buy.

There are 6,000,000 farm families, but there are many, many more millions of middle-class people who have either "fixed" wages, as in the case of "white collar" workers, or steadily declining incomes derived from rents, dividends, and interest. These people, likewise, have no way of forcing somebody else to provide them with pensions and social insurance, yet they, also, will have to carry part of the financial burden these "fourth round" benefits will impose upon every American.

The steel board's decision amounts to a labor cost increase of $200,000,000 for just one union in just one industry. By the time the auto workers, the electrical workers, the textile workers, and a few of the others get through with their "fourth round" demands, the American people will be paying literally billions in increased labor costs.

EMPLOYER-PAID PENSIONS MEAN HIGHER PRICES

The so-called fact finders knew all this when they made their recommendations. They know that increased costs mean increased prices, which, in a falling market such as steel and other industries have been experiencing, will cause a decline in sales, result in expanding unemployment, and lead to depression.

Why, then, did the "fact finders" make such a decision?

A good look into their backgrounds may offer a clue.

It should be abundantly clear that the American people always are deeply concerned about the plight of labor in every strike situation.

Every good citizen sympathizes with the aspirations of the working man; but when the welfare of labor as a whole, and the future well-being of our country, are threatened by the reckless and untimely demands of a few arrogant labor bosses, who are concerned only with the continued maintenance of their own prestige and power, who insist upon being a law unto themselves, and who threaten dire consequences unless their demands are met, it is time to speak out in protest, especially when, in a situation such as this, through their political power, they have been able to wangle from the President a tricky, cleverly conceived contrivance that was nothing more than a booby trap for the steel companies.

FACT-FINDERS' DECISION PLANNED

Also, there is some indication, and considerable evidence, that a sinister conspiracy lurks in the background.

This is not to accuse President Truman of having consciously conspired to bring about a result that threatens the very existence of the Republic. Assume our President always wants to do the patriotic thing. Nevertheless, as a result of his peculiar political psychology, it appears that he unwittingly has become involved with factors and factions which menace the stability and safety of our Government.

Some of those whose influence evidently prevailed with the President, directly or indirectly, are motivated by their own lust for power, while others are openly or secretly committed to building some kind of a collectivist society upon the ruins of the American system.

What difference would it make whether this collectivist society turned out to be Communist, Socialist, or Fascist?

In this regard it must not be forgotten that, in the case of Russia, militant Socialists became Communists; in the case of Germany, frustrated Socialists became Nazis; in the case of Italy, embittered Socialists became Fascists; and in the United States, hopeful Socialists, Communists, and left-wing labor bosses became New Dealers, Fair Dealers, and plotting politicians, and while they called themselves "progressives" and "liberals."

A conspiracy is not easy to prove. Conspiracies are not hatched in the open; they are plotted in secret, behind closed doors. The conspirators, with a proper sense of guilt, are careful not to talk too much, and when they talk it is strictly in confidence to trusted friends.

So the only time such plotting comes to light is when somebody breaks a confidence, and begins to boast, or when a trusted friend innocently drops a hint, and people of intelligence put two and two together.

Just how the leak occurred is anybody's guess, but in the first week of July, long before President Truman made any public move in the steel situation, the Prentice-Hall weekly newsletter stated:

> White House is busy informally denying persistent rumors that President Truman and CIO's Philip Murray have made a deal. Rumors, particularly rife in AFL circles, are: President has promised Murray if steel strike is called he will intervene; ask suspension until fact-finding board acts. Fact-finding board, already chosen on paper, will find steel workers entitled to welfare system as good as Big John Lewis' miners enjoy in steel mines.

One may believe or disbelieve this revealing item, but developments so far, including the board's decision, tend to verify the truth of the story. Furthermore, the make-up of the so-called fact-finding board was very definitely in line with any suggestions or recommendations Mr. Murray could have made to the President.

In view of the nature of the board's decision, it is extremely important that the American people be told just how these men came to be appointed, and who recommended them.

While there is a good reason to suspect, and conclusive evidence to show that members of this so-called fact-finding board have been unduly prolabor in their sympathies, it should be understood, beyond any peradventure of a doubt, that prolabor sympathy is not to be regarded unfavorably.

Nevertheless the members of any fact-finding board must be strictly impartial. They should be neither prolabor nor pro-management.

It follows then that since the members of this board in their past experience have shown bias in favor of labor or prejudice against management either by word or deed or association, they never should have been appointed, and should not have been permitted to sit in judgment in this dispute between the CIO and the steel companies.

A review of their backgrounds supports the conviction that the President could have achieved the same ultimate results, and would have been no more unfair, if he had appointed as fact finders Walter Reuther and Robert Nathan, with John L. Lewis as chairman.

BACKGROUND OF FACT FINDERS—MR. COLE

Perhaps the least biased member of this so-called fact finding board is David Laurence Cole, a New Jersey lawyer who has specialized in labor cases and the arbitration of labor disputes in the textile industry. The New York Daily Mirror on July 21, 1949, said editorially that "Cole has a good and a bad reputation, depending upon whom you talk to and who thinks he got a good or a raw deal."

Mr. Cole was at one time the attorney for a group of silk manufacturers, but his appointment by Gov. Charles Edison to the chairmanship of the New Jersey Mediation Board on the insistence of union leaders is in itself an indication that he could have been slightly prejudiced in labor's behalf.

Another circumstance that suggests suspicion of undue prolabor bias is the fact that Mr. Cole, who graduated from Harvard Law School as David Cohen, studied under, and was exposed to the influence of, Justice Felix Frankfurter, whose left-wing leanings and sympathy for labor radicals are so well known, all of which may or may not have seriously affected Mr. Cole's thinking.

Also of significance is the fact that in 1944, when a commercial agency investigated Mr. Cole, its report stated that he knew CIO leader Irving Abramson "rather well" and was a "friend of Sidney Hillman."

Sidney Hillman was at various times a Socialist and a Communist, but he was always a labor fanatic, and was never accused of being friendly with anybody who was not on labor's side.

A more direct indication of where this Mr. Cole stands is found in his previous service to labor as an administration appointee. He was a member of another fact-finding board at the time when John L. Lewis got such a bountiful break in his pension dispute last year. And he was chairman of a War Labor Board panel in 1944 which pretended to preserve the wartime wage "freeze" in principle, but destroyed it in practice by giving the union its demands through a subterfuge by granting what are commonly referred to as "fringe" benefits—a device not unlike that employed in the present instance.

BOARD MEMBER ROSENMAN

Consider another "fact finder."

One has but to recall the warmly prolabor and pointedly anticapitalist

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speeches made by Franklin D. Roosevelt, most of which were written by Samuel I. Rosenman, to get an idea regarding the extreme prolabor leanings and sympathies of the second member of the President's panel.

Samuel I. Rosenman is just as biased as the New Deal and Fair Deal administrations have been favorable to the labor bosses, and antagonistic to business and industry, because their public attitudes represent the behind-the-scenes influence and subtle left-wing counseling of Samuel I. Rosenman and his clique of like-minded advisers.

Few people remember, but it was Samuel I. Rosenman who organized and spark plugged the original "brains trust" which came to Washington with Mr. Roosevelt in 1933, determined to "make America over" into a socialist state.

It may be argued that, as a lawyer, Judge Rosenman has represented business clients and therefore he is familiar with industry problems and would have been expected to be fair to industry. But as far as the public knows he has had only three such clients. He represented the pinball-game manufacturers, the mainstays of the gambling racket, who are hardly representative of American industry. He was counsel for a group of fur manufacturers, most of whom were left-wingers. He was legal adviser to Henry J. Kaiser, fair-haired boy of the New Deal, and favored recipient of Government loans by the millions. A friend of CIO labor bosses, Kaiser has a grudge against the steel companies who are involved in this dispute with the CIO, and he is president of the only steel company that was not threatened with a strike at this time.

Because of his close and friendly association with one of the disputants, the CIO, Judge Rosenman, as a jurist and a member of the bar, should have disqualified himself and should have declined to serve in a capacity which called for impartial judgment of the facts at issue.

Just how close Judge Rosenman is to the CIO was indicated in a news story published in the New York Daily Mirror on July 24, 1944, which appeared under the headline "Slate Rosenman for court of appeals as sop to CIO."

One paragraph of this story read:

> As a sop to disgruntled CIO leaders, still furious over rejection of Wallace, party strategists plan to designate former Supreme Court Justice Rosenman, confidential personal aide to F. D. R., to succeed Harlan Rippey, Democrat, retired, * * * naming Rosenman, close to Sidney Hillman and other radical leaders, would be a sop to the pro-Wallace elements.

The appointment of ghost-writer Rosenman as a "fact finder" was an inspiration, for whatever he lacked in knowledge about economics and the steel industry—and he knows practically nothing about either—he made up for in providing weasel words to phrase the board's report in such demagogic overtones as to make it appear that acceptance of the recommendations of the board is essential to the welfare of our country.

In so cunningly phrasing the board's argument, it was hoped, no doubt, that it would be easy to force the recommendations upon the steel companies, regardless of the ultimate consequences to the American people and their institutions.

BOARD CHAIRMAN CARROLL ROOP DAUGHERTY

Anyone familiar with the writings of the board's chairman, Dr. Carroll R. Daugherty, could have predicted that the board would come to a conclusion that bodes ill for our country and its people.

Moreover, it is fairly certain that those responsible for the appointment of Dr. Daugherty were familiar with his published views.

It follows, then, that many people were well aware in advance that the board would resort to expediency in its decision.

In his book, "Labor Problems in American Industry," Dr. Daugherty explained exactly what would happen. He wrote:

> Arbitrators of labor disputes have to decide in their own minds what is a fair return for employers and what is a fair return for employees, and their decisions must reconcile the two. * * * It is a known fact, however, that there are no universal profits or wage principles which arbitrators can or do follow. A great many of their decisions are made on the split-the-difference, expediency basis. They may claim to have weighed carefully the evidence on each side, * * * but in most cases what they really weigh is public opinion and the relative strength of the disputants.

Since President Truman constantly insists that public opinion is demanding his prolabor program, and his wholehearted backing of the labor bosses greatly strengthens their position, it would not have been difficult to predict the result of the alleged "fact finding" by this biased board.

CHAIRMAN DAUGHERTY PREDICTS END OF CAPITALISM

Anyone who has read Dr. Daugherty's books could have anticipated that the decision of the so-called "fact finders" would result eventually in higher prices, unemployment, vanishing profits, and the destruction of the American system. For he likewise explains—just substitute "wage costs" for "wages"—in "Labor Problems in American Industry":

> If an award were to fix wages at a high level, employers, feeling that they are entitled to a certain level of profits, would act in such a way as to protect this level; they would either raise prices, thus reducing real wages and harming consumers, or cut costs by introducing labor-displacing machinery, thus causing more unemployment and paying total wages no greater than before. To really help the workers, therefore, the State would have to compel employers to accept lower returns, and such a step might well presage the end of capitalism.

Dr. Daugherty does not deplore such a possibility, in fact he considers this end inevitable, for he goes on to say:

> Whether or not this result would be a calamity is beside the point. The fact remains that such a situation would be reached sooner or later.

Since Dr. Daugherty believes that "so long as wealth remains distributed in marked unevenness, workers will continue to want more," and contends, in his book: "It is undoubtedly true that the workers' grievances" are "greater in importance and number" than those of employers and the public, and declares that "most of the concessions * * * would have to come from the employers," it should have been only too obvious how Dr. Daugherty's board was going to decide this fateful issue.

It appears that Dr. Daugherty was not much of a "joiner," but every time he did stray from academic pursuits he managed to get himself involved with some rather potent Red characters. Back in the early thirties, he became chummy with a top-flight Communist propagandist, Harvey O'Connor, to whom Dr. Daugherty was such an inspiration that O'Connor proceeded to dedicate his vicious anticapitalist book, "Mellon's Millions"—1933—to "C. R. D."—Carroll Roop Daugherty.

O'Connor was a delegate to the Soviet Union in 1928, and in 1938 was identified as a member of the Communist Party in sworn testimony before the Special House Committee on Un-American Activities. O'Connor managed the Washington Bureau of the Federated Press, the Communist News Service, and has been a contributor to leading Communist publications, including the New Masses and the Daily Worker. He was, also, an instructor at the Abraham Lincoln School, cited as an adjunct of the Communist Party by Attorney General Tom Clark.

Harvey O'Connor's wife, Jessie Lloyd O'Connor, is the daughter of William Bross Lloyd, who was a founder of the American Communist Party. She has an equally long record of service to the party, and was a member of the board of directors of the Abraham Lincoln School.

Now, in 1949, Dr. Daugherty sits in judgment on the steel companies, which got a good going over in the book, "Mellon's Millions" because Mellon interests have huge holdings in the steel industry. Harvey O'Connor is now a propagandist for the CIO.

JOINS SOCIALIST MOVEMENT

In 1934, Dr. Daugherty joined a Socialist outfit in Pittsburgh called "The League for Social Justice," which ran a Red school with classes on "proletarian literature," Marxism, and so forth. Dr. Daugherty became a member of the executive committee of this organization, and serving with him on this committee, and also as vice chairman, was Dr. Bryn J. Hovde, who now heads the Socialist-Communist New School for Social Research in New York, which had Hans Eisler, brother of the Moscow agent, Gerhardt Eisler, on its faculty until he fled the country recently under threat of deportation.

Back in Pittsburgh days, Dr. Hovde had a friend named James H. Doelson, who happened to be a cousin of Earl Browder, and a charter member of the Communist Party. Some years later it was discovered that Mr. Doelson had been appointed an instructor in the workers' education schools under the WPA, and that the "party name" listed on his membership card in the Communist Party was "Franklin D. Roosevelt." Government records show that in his application for the job, Doelson gave Dr. Hovde's name as his reference.

"The League for Social Justice" went out of business shortly after Miss Rose M. Stein, its executive secretary, went to Washington to become an assistant investigator on the staff of the munitions

investigation, of which Alger Hiss, now accused of having stolen State Department secrets for the Communist spy ring, was counsel.

A few years later, Dr. Daugherty also went to Washington, but before he left Pittsburgh, he practically insured the success of the CIO drive to organize the steel industry.

It appears that the Rockefeller Foundation, which gave Dr. Hovde's "New School" some $20,000 to help pay Hans Eisler's salary, approached the Brookings Institution, suggesting cooperation in making a survey of the iron and steel industry. The result was that the Brookings Institution and the Falk Foundation, whose funds come from Weirton Steel, Blaw-Knox and other steel enterprises, financed the survey, and Dr. Carroll Daugherty did the job from the "labor" angle.

When the survey was completed, the Falk Foundation gave a dinner in Pittsburgh on February 15, 1937, at which a summary of the results was made public. The summary proved to be so one-sided in favor of labor, however, that the Falk Foundation immediately announced that, while it had provided funds, it had no control over the manner in which the survey was conducted, and that it did not endorse or assume responsibility for the conclusions reached.

Responsible public reaction was so bad that, on the following day, Dr. Ralph J. Watkins of the University of Pittsburgh, who directed the survey, felt called upon to issue a clarifying statement which said:

> In my talk I made it abundantly clear that neither the Falk Foundation nor the Brookings Institution had any responsibility whatsoever for the analysis made or the conclusions reached. The responsibility rests on the three authors, each in his own field, and on myself.

Dr. Daugherty, therefore, was responsible in his field of "Labor" for the recommendation that the workers in the steel industry should be organized, that they should be organized on a vertical (CIO) rather than a craft (AFL) basis; that collective bargaining should be on a national scale; and that safeguards be provided for "industrial democracy" under which "the workers are accorded participation in measures affecting their welfare."

WRITES AS UNION ADVOCATE

One may agree or disagree with these recommendations, made just as the CIO was beginning its drive in the steel industry, but the fact remains that Dr. Daugherty appeared to be writing as an advocate of the unions, and of the CIO in particular.

Therefore, he could not have been expected to act impartially in this dispute between the steel industry and the CIO, especially since his "findings" coincided in almost all details with the organizing motif and policy demands of the CIO in the steel industry.

When the CIO used Communist organizers in the campaign to unionize steel, it may even have been influenced by the recommendations of Dr. Daugherty's "survey" that the writings of Communist District Organizer John Steuben, who later went to work for the CIO's steelworkers' organizing committee, and Jack Stachel, national organizing director of the Communist Party, were suggested reading.

Dr. Daugherty specifically listed Steuben's "Strike Strategy Lessons Learned by Canton Steel Men," which appeared in the Communist Daily Worker, and Stachel's "Our Trade-Union Policy," published in the party's monthly, "The Communist."

An indication that Dr. Daugherty's whole effort was altogether in line with left-wing ideology can be seen in the fact that the "survey" was immediately condensed and published as a pamphlet by a radical outfit in New York called the Public Affairs Committee, Inc. This organization was founded by Evans Clark, one of the first employees of the Soviet Information Bureau in the United States, and Frederick Vanderbilt Field, "angel" for Red movements and enterprises and writer for the Communist Daily Worker.

The condensed version of Dr. Daugherty's "study" was written by Maxwell S. Stewart, former instructor at the Moscow Institute and one-time associate editor of the Moscow Daily News, who has 52 listings in Government files for his connections with movements cited as Communist or Communist fronts by either the Committee on Un-American Activities, or the Department of Justice, or both.

As a result of his "survey" Dr. Daugherty and his thinking must have come to the attention of some important left wingers in the Government, for shortly thereafter he found himself in Washington on the taxpayers' pay roll as chief economist of the Wage and Hour Division of the Department of Labor.

Dr. Daugherty next came to public notice when he was named by the Committee on Un-American Activities as a member of the Washington branch of the American League for Peace and Democracy, the leading and most notorious of the Communist fronts, so branded by both Attorneys General Francis Biddle and Tom Clark.

COMEMBER WITH COMMUNIST LEADER EARL BROWDER

Earl Browder, then general secretary of the Communist Party was vice chairman of this organization, and among Dr. Daugherty's fellow members in the Washington branch was Robert R. Nathan, now the economist for the CIO, who testified before Dr. Daugherty's board.

If it be contended that Dr. Daugherty became innocently involved with this Communist front, a brief review of developments at the time when Dr. Daugherty's name was made public, on October 25, 1939, is in order.

Chairman Martin Dies, of the Un-American Activities Committee, said on that day:

> The fact that these Government employees * * * apparently continued their membership long after this organization was exposed as being communistic justified, in the committee's opinion, the publication of this list.

Three nights later, Chairman Dies told a radio audience that the American League for Peace and Democracy had been thoroughly and continually exposed in statements to the press and in public speeches, which began with sensational testimony at open hearings in August 1938, more than a year before.

He charged that the league "has fostered sabotage in our basic and war industries. It was intended to serve as a reserve force for the espionage activities of the Communist Party. It was intended as a recruiting agency for spies of the Soviet Government in the United States."

Two of Dr. Daugherty's fellow members in this Washington branch were Gregory Silvermaster and Nathan Witt, both named in the Communist spy ring investigation as leaders in the Communist apparatus within the Government.

ASSOCIATED WITH CIO GENERAL COUNSEL

In this same year, Dr. Daugherty, along with Lee Pressman and a few Communists and Communist-fronters, organized a Washington branch of another Red front called "Films for Democracy." Dr. Daugherty became a member of the executive board of four members, and Mr. Pressman, who joined the Communist Party when he served under Henry Wallace in the Department of Agriculture, and whose wife later got on the pay roll of the Soviet Embassy, became treasurer. Last year, Pressman was also named in the Communist spy-ring investigation.

The meetings of "Films for Democracy" were held in the Washington Book Shop, which Attorney General Biddle branded as a Communist front, and which Attorney General Clark has cited as both subversive and Communist.

Aside from the subversive angle, the significant thing here is that at the time when Dr. Daugherty and Lee Pressman were working together in this Communist front, Pressman was general counsel for the CIO, and shortly thereafter, and up to last year, he served, also, as attorney for the steelworkers union.

Dr. Daugherty's Communist-front affiliations may be just another "red herring" to President Truman, but his close association with CIO leaders most certainly disqualified him from sitting in judgment in a dispute in which the CIO was involved.

Everyone knows that a hue and cry attended the exposure of the Government employees who were members of the American League for Peace and Democracy and other Communist fronts.

There is no possibility that anyone named on the list was not sufficiently put on notice to be wary of such affiliation in the future. And yet, just a few months after his original Red-front affiliation had been publicly exposed, Dr. Daugherty had joined a new Communist front, and was actively supporting its work.

A report of the Committee on Un-American Activities declares:

> When the American League for Peace and Democracy was disbanded in February 1940 the Washington Committee for Democratic Action was set up to take its place as the chief Communist-front organization in Washington. With only a few exceptions, the leading personnel was carried over from the old organization to the new one.

Dr. Daugherty was not one of the "exceptions." He not only became a member of the new organization, but almost immediately thereafter, when plans were announced for a Conference on Civil Rights, to be held in early April, Dr. Daugherty became one of the sponsors along with Doxey Wilkerson, now national educational director of the Communist Party, and Gardner Jackson, who in that same year paid $105 for a batch of forged letters in the vicious plot to "frame" Chairman Martin Dies, and who was reimbursed by Dr. J. Raymond Walsh, then research director of the CIO, who had engaged Jackson to put the Un-American Activities Committee out of business.

ASSOCIATED WITH GENERAL SECRETARY OF CIO

This "Conference on Civil Rights," was really a joint CIO-Communist Party affair. The speakers included CIO General Counsel Lee Pressman, James B. Carey, secretary of the CIO, and Elizabeth Gurley Flynn, a member of the national committee of the Communist Party.

The Washington Committee for Democratic Action was the Washington branch of the National Federation for Constitutional Liberties, both of which have been cited as Communist fronts by both Attorneys General Biddle and Clark. Mr. Biddle, in a "strictly confidential" memorandum, advised all Government agency heads that the "method of operation" of the parent organization was "like that of the International Labor Defense, the legal arm of the Communist Party with which it is closely affiliated."

To be overly friendly, to publicly endorse, or to be in close association with Communist and pro-Communist labor bosses, or with leaders of the Communist Party, implies prejudice against, and even antagonism to, business, industry, management, free enterprise, and the American economic system. By his associations and affiliations, Dr. Daugherty showed such prejudice and antagonism.

He gave voice to his animus against American industry and our social order when he went to New York in February 1940 to deliver the baccalaureate address at Hunter College. He told the 674 graduating seniors that, if a healthy attitude toward democracy was to be maintained, "industrial or labor democracy must accompany and be an integral part of political democracy."

"Democracy," Dr. Daugherty said, "will mean very little to a man who spends most of his waking hours under conditions which are akin to despotism."

When Dr. Daugherty thinks that highly paid American labor, in the middle of a war boom, was working "under conditions * * * closely akin to despotism," obviously imposed by American employers and the American system, it was to be expected that he would give scant consideration, in his capacity as a "fact finder" as to whether or not a decision heavily weighted in favor of labor, would seriously impair the stability of the companies and the security of our system of society and government.

It may have seemed fantastic and alarmist when, during the past several weeks, some newspapers, and some of the companies' witnesses, hinted at, or openly warned that, the naming of these alleged "fact finders" and their "recommendations" might well lead to the establishment of a Fascist pattern that would result in the regimentation of both labor and industry. Those warnings now can be repeated on the basis of subsequent developments.

Dr. Daugherty's thinking in this direction can be seen in another of his associations and activities.

WORKED ON FASCIST SCHEME FOR UNITED STATES

During the year after Pearl Harbor, Dr. Daugherty was too busy to give any attention to the war effort. Instead, he was working on a scheme to transform our free economy and republican Government into a totalitarian state.

As a special economic consultant for the National Resources Planning Board, he was working with Dr. Eveline Burns, a Socialist and Communist-fronter, a protégé of Prof. Harold Laski, and a former member of the faculty of the Fabian Socialist London School of Economics, putting the finishing touches to a heaven-on-earth-from-the-cradle-to-the-grave fantasy, which was being prepared for imposition upon the American people. This program was made public in 1943, but the war prevented its being put into action. Now, Dr. Daugherty's board and its alarming decision may well be the first step in reviving this fantastic and dangerous scheme.

Representative Ross Rizley, of Oklahoma, gave a clear picture of what the Burns-Daugherty program would mean to the American people when on March 11, 1943, he told Congress that the scheme "entirely supplants the incentive motive and the free-enterprise system, and contemplates a planned and controlled economy based upon restriction, direction, management, and complete supervision of all business, industry, agriculture, and labor by the Government."

It would seem that enlightened labor leaders, interested in the welfare of the members of their unions, would be the first to protest any move that implies "restriction, direction, management, and complete supervision of * * * labor by the Government." But the labor bosses in this dispute apparently are primarily interested in more power for themselves. Seemingly, they would be willing to see Fascist statism imposed upon the American people because, just now, they happen to be riding high in the saddle, and they are certain that when such a totalitarian system comes they will be the dictators, either openly or behind the scenes.

Back in 1943, Representative Noah Mason, of Illinois, also had something to say in Congress about the Burns-Daugherty program. He declared: "The 'cradle-to-the-grave' security plan is a scheme to give the Federal Government control of every activity of the Nation * * * it means just exactly the situation in Italy today, what Germany has today, what Russia has today, and no matter by what name you call it, the word 'totalitarian' covers it."

Any man who was responsible, in any part, for such an un-American program could not have been impartial in considering the problems of American industry under the American system of free enterprise. Dr. Daugherty just had to be biased in his decision.

ASSOCIATED WITH CIO RESEARCH DIRECTOR

In 1945 Dr. Daugherty again joined in another Red project—this time with Dr. J. Raymond Walsh, then research director for the CIO. It had a high-sounding name: "The Institute of Labor Studies." Its purpose was to sell the labor viewpoint to the public. It published two monthly bulletins; one on "American Labor in the War," the other on "Labor Views on Current Issues." It published, also, a handbook called: "Yearbook of American Labor," to which Dr. Daugherty was one of the contributors.

Dr. J. Raymond Walsh, a member of the Communist Party, was one of the six trustees of the "Institute" all of whom have Communist or Communist-front records listed in Government files.

Dr. Daugherty was a member of the Research Advisory Board of 17 members, 15 of which were cited 429 times for their Communist or Communist-front affiliations, which included numerous connections with organizations cited as Communist and subversive by the Department of Justice.

If a clerk in a Government department had a Communist record anything like the foregoing, the President's Loyalty Board would have had him thrown off the public pay roll before one could say "Soviet America."

Why should not every citizen in the service of the Government be accorded the same treatment, even presidential appointees to fact-finding boards?

The President was imposed upon when Dr. Daugherty was recommended to him. Would Mr. Truman have appointed Dr. Daugherty had he known of his Communist-front affiliations and his association in these Communist movements, with the economist for the CIO, with the secretary of the CIO, with the research director of the CIO, with the general counsel of the CIO, and the attorney for the steelworkers' union?

In the face of all the foregoing, it is obvious why the pension recommendations of the "fact finders" are unsound and unjust, and why they have the united opposition of the steel companies.

If the rank and file of American labor and of the steelworkers' union could have their say without fear of reprisal from their union bosses, they would scorn a victory won under such circumstances and sponsorship. They want to win pensions and other benefits honestly in the American tradition of fair play.

But Mr. Murray wants the issue decided, not on the basis of justice and sound reasoning but on a test of strength—the CIO backed by the Fair Deal administration against the steel companies and the public.

CIO POWERFUL—PUBLIC HELPLESS

The administration is powerful. The CIO, with its strike weapon, also is powerful. The steel companies are at a decided disadvantage. The public is confused, inarticulate, and helpless.

The present discussions between the companies and the unions are carried on, not in the spirit of true collective bar-

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gaining, but under the threat of a costly strike, and in the face of coercion and pressure from the political partners of the labor bosses in Government agencies and in the White House, and, it may be added, at the expense of the tax-paying consumer.

It is impossible to predict the outcome. Right and justice do not always triumph under such circumstances. Nevertheless, to impose the noncontributory pension upon the steel industry by any means would be unfair and un-American.

STEEL COMPANIES DESERVE NO SPECIAL CONSIDERATION

Our concern is not for the plight of the steel companies, as such. They deserve no special consideration in this situation, because it is partly of their own making. They did not have the courage, the "guts," to resist the extra-legal demands of President Truman. They chose not to fight for principle, for right, for law. They supinely surrendered, accepted a "pig in a poke," and jeopardized, unwittingly, no doubt, the interest and welfare of their stockholders, their employees, and all their fellow citizens, because the biased decision of this so-called fact-finding board will affect every American adversely and quite probably disastrously.

It may be contended that, because of the tremendous impact of the White House upon public opinion, it would have been difficult and futile for the companies to have refused the President's demand that they accept his Board's intervention. There are some few politically minded citizens who would be influenced by the White House regardless of the facts and merits of the case, but such an argument, in general, would insult the intelligence or the vigilance of the American people.

PUBLIC WOULD APPLAUD MEN WITH BACKBONE

By and large, the American people believe in justice and fair play. They resent the constant harassment of industry; and they are sick and tired of seeing public officials pushed around or cajoled by the threats or promises of powerful and power-hungry labor bosses. They would approve and applaud any man or any group of men who had the Americanism, the manhood, the courage, the backbone, and the spunk to speak out, and to do battle for the economic and political principles that made America great.

If the steel companies yield to the CIO's demands, if they give in, if they accept the recommendations of the fact-finding board, then labor government will have come to the United States—labor government in the Socialist tradition, and tinged with fascism.

Thenceforth the Government will employ similar servile boards or other stratagems to fix and control wages, pensions, prices, and profits; management will do as it is told to do by a blundering bureaucracy; then will follow "nationalization" and the erstwhile owners and investors in industry never again will get a dividend or control their businesses. Meanwhile, all our freedoms will be slowly strangled by the grasping iron hand of a ruthless Fascist statism.

This is no time to surrender. Now is the time to fight.

Now is the time to defend American institutions with as much intelligence, as much spirit, as much fervor, and as much daring as our forefathers had when they pledged to this same cause of American freedom and independence their lives, their fortunes, and their sacred honor. The duty to make that fight rests upon the public as well as upon the steel industry.

EXTENSION OF REMARKS

Mr. DONDERO asked and was given permission to extend his remarks in the Appendix of the RECORD on the subject Our Forest Resources and Reforestation.

Mr. POULSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD in three instances and include extraneous matter.

ESTATE OF JAMES B. STIRLING

Mr. DENTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 605) for the relief of the estate of James B. Stirling, deceased, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That jurisdiction is hereby conferred upon the United States District Court for the Northern District of New York, to hear, determine, and render judgment upon the claim of Robina Stirling, as administratrix of the goods, chattels, and credits of James B. Stirling, deceased, for compensation for the death of the said James B. Stirling, which resulted from being struck by a Department of Justice automobile on New York State Route 5, Albany-Schenectady Road, Albany County, N. Y., on September 8, 1944.

"SEC. 2. Suit upon such claim shall be instituted within 6 months after enactment of this act, notwithstanding the lapse of time or any statute of limitations. Proceedings for the determination of such claim, and appeals from and payment of any judgment thereon, shall be in the same manner as in the case of claims over which such court has jurisdiction under the provision of section 1346 of title 28 of the United States Code."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

FRANK HAEGELE

Mr. DENTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 733) to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Frank Haegele, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 2, line 10, after "Code", insert: ": *Provided*, That nothing in this act shall be construed as an inference of liability on the part of the Government of the United States."

Mr. MICHENER. Mr. Speaker, reserving the right to object, there are several of these bills. They are all private bills that have already passed the House, and the Senate has amended them as suggested. Is that true?

Mr. DENTON. That is correct. The amendments are all clarifying amendments except two which reduce the amounts approved by the House.

Mr. MICHENER. They have been gone over by the subcommittee and there is no objection as far as the committee is concerned.

Mr. DENTON. That is correct.

The SPEAKER. Is there objection to to the request of the gentleman from Indiana?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

EDWARD GRAY ET AL.

Mr. DENTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 752) conferring jurisdiction upon the United States District Court for the Eastern District of Michigan to hear, determine, and render judgment upon the claim of Edward Gray, Sr.; Edward Gray, Jr.; Bertha Mae Gray; Bertha Patmon; and Lindsay Gardner, all of the city of Hamtramck, Wayne County, Mich., with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 14, after "amended", insert ": *Provided*, That the passage of this act shall not be construed as an inference of liability on the part of the Government of the United States."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

KING V. CLARK

Mr. DENTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1106) for the relief of King V. Clark, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 5, strike out "$4,500" and insert "$3,500."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

JOSEPH R. GREGORY

Mr. DENTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1458) for the relief of Joseph R. Gregory, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 6, strike out "$3,898.26" and insert "$1,811.79."

Page 2, lines 4 and 5, strike out "military maneuvers held in the State of Louisiana in 1941, and by."

Page 2, line 6, strike out "1941 and."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

MIGUEL A. VIERA

Mr. DENTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1474) to confer jurisdiction upon the United States District Court for the Southern District of New York to hear, determine, and render judgment upon the claim of Miguel A. Viera for damages sustained as the result of an accident involving a United States Army truck at Leghorn, Italy, on January 11, 1946, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 7, after "accident", insert "allegedly."

Page 2, line 8, after "amended", insert ": *Provided*, That the passage of this act shall not be construed as an inference of liability on the part of the Government of the United States."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

MITSUO HIGA

Mr. DENTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1864) for the relief of the legal guardian of Mitsuo Higa, a minor, and Hilo Sugar Co., with Senate amendments thereto and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 6, strike out "the legal guardian of Mitsuo Higa, a minor" and insert "Mitsuo Higa."

Amend the title so as to read: "An act for the relief of Mitsuo Higa and Hilo Sugar Co."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

ESTATE OF MAURICE G. EVANS

Mr. DENTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3081) for the relief of the estate of Maurice G. Evans with Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That the Secretary of the Treasury be, and he is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the estate of Maurice G. Evans, deceased, of Bakersfield, Calif., the sum of $6,500, in full settlement of all claims against the United States for the personal injury and death of the said Maurice G. Evans as a result of an accident involving an Army vehicle which occurred at the intersection of Kern Island Road and Taft Highway, Kern County, Calif., on October 24, 1944: *Provided*, That no part of the amount appropriated in this act shall be paid or delivered to or received by any subrogee: *And provided further*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

MRS. KATHERINE GEHRINGER

Mr. DENTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3598) for the relief of Mrs. Katherine Gehringer, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 9, after "injuries", insert "and property damage."

Page 1, line 10, strike out "she" and insert "an automobile owned by her husband, John Gehringer, Sr., now deceased, and which she was then driving,".

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

BUNGE NORTH-AMERICAN GRAIN CORP. ET AL.

Mr. DENTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4094) for the relief of Bunge North-American Grain Corp., the Corporacion Argentina de Productores de Carnes, Herman M. Gidden, and the Overseas Metal & Ore Corp., with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 1, line 3, strike out "Secretary of the Treasury" and insert "General Accounting Office."

Page 1, line 9, strike out "pay" and insert "certify payment to."

Page 1, line 10, strike out "their" and insert "the moving."

Page 2, line 1, strike out "or damages, consequential, incidental, or otherwise," and insert "if any,".

Page 2, line 2, after "claimants", insert "allegedly."

Page 2, line 2, after "suffered", insert "directly or indirectly."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

HILDA LINKS AND E. J. OHMAN

Mr. DENTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5148) to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon the claim or claims of Hilda Links and E. J. Ohman, partners, and Fred L. Kroesing, all of Anchorage, Alaska, with Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 16, after "court", insert ": *Provided*, That the passage of this act shall not be construed as an inference of liability on the part of the Government of the United States."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. O'SULLIVAN asked and was given permission to extend his remarks in the RECORD and include an editorial.

ABOLITION OF THE POLL TAX IN SOUTHERN STATES

Mr. DAVENPORT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

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Mr. DAVENPORT. Mr. Speaker, several weeks ago a hot and bitter debate took place on the floor of this House: the bill to abolish the poll tax in seven Southern States was up for consideration. The bill passed the House and went to the Senate and that is perhaps the last we'll hear of it until the same bill comes up in the House again next year, or in 1950. Five times the same bill to abolish the poll tax has passed the House and five times the Senate has squelched it.

I consider the poll tax to be one of the most important issues facing the American people. Without free elections there cannot be a free America. The result of the poll tax is to keep the poor from voting or to keep the Negroes from voting, or both. If you keep the poor from voting you are making a joke of Jefferson. If you prevent the Negroes from voting you are making a joke of Lincoln. If you do both of these things you make a joke of the American idea.

I have stated on the floor of this House and I repeat and I will continue to hammer this fact home until the poll tax is abolished: This issue is not one of States rights. It is whether a narrow group of bigoted men will continue to control the political destiny of their States by restricting the suffrage of American citizens. The issue is whether each and every American has equal protection of the law. No State has the right to deny to any American the right to vote because he is poor or because of his race. These are individual rights guaranteed to all Americans under our Constitution.

Mr. Speaker, since the poll tax Senators by their filibustering have overridden the Constitution; right of not only the 10,000,000 who are deprived of voting in the seven southern poll tax States but of the 140,000,000 people in this country which elected a Congress pledged to repeal the Taft-Hartley bill, pass a broadened social security law, guarantee civil rights to all regardless of race, creed or color, provide adequate housing, lower prices, retain rent control and provide full employment, it is certainly up to the fighting liberal Members of Congress to stop the sabotage of Truman's Fair Deal; and one of the most effective means is to guarantee the right to vote to every American.

Therefore, Mr. Speaker, I have prepared a House resolution and have placed it in the hopper today, a resolution that calls for the setting up of a committee of seven for the purpose of investigating the prevention of American citizens from voting for reasons of race or color in any of the 48 States.

My resolution reads as follows:

Creating a select committee to conduct an investigation and study of the denial by States of the right of American citizens to vote

Resolved, That there is hereby created a select committee to be composed of seven Members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the same manner in which the original appointment was made.

The committee is authorized and directed to conduct a full and complete investigation and study of the extent to which the right of citizens of the United States to vote is denied or abridged by any State on account of race, color, or previous condition of servitude.

The committee shall report to the House (or to the Clerk of the House if the House is not in session) on or before March 31, 1950, the results of its investigation and study, together with such recommendations as it deems advisable. If the committee finds that the right of citizens of the United States to vote is denied or abridged by any State on account of race, color, or previous condition of servitude, the committee shall propose a reduction, to be made in accordance with section 2 of article XIV of the Constitution of the United States, in the number of Representatives apportioned to such State.

For the purpose of carrying out this resolution the committee, or any subcommittee thereof authorized by the committee to hold hearings, is authorized to sit and act during the present Congress at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, to hold such hearings, and to require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as it deems necessary. Subpenas may be issued under the signature of the chairman of the committee or any member of the committee designated by him, and may be served by any person designated by such chairman or member.

PROGRAM FOR NEXT WEEK

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MICHENER. Mr. Speaker, will the distinguished majority leader tell the House what the program for next week is?

Mr. McCORMACK. I will be very glad to.

Monday is Consent Calendar day. There will also be two suspensions. In addition, there will be H. R. 5903, amending the Hospital Survey and Construction Act, and the advance-planning bill.

Tuesday the Private Calendar will be called. If a satisfactory rule is reported out of the Committee on Rules, we will bring up the social-security bill thereafter.

That is the program for next week. If there are any other announcements to make, I will make them as early in advance of any bill coming up as is possible. Of course, conference reports are always in order.

Mr. MICHENER. If the rule is satisfactory on social security, I take it that it is the plan to bring it up on Tuesday?

Mr. McCORMACK. Yes.

Mr. MICHENER. The gentleman does not care to expatiate on the word "satisfactory," does he?

Mr. McCORMACK. I was hoping my friend would let that slip over. To be perfectly frank, we are hopeful that the Committee on Rules will report out a closed rule on this very important bill.

Mr. MICHENER. The gentleman is always frank.

Mr. McCORMACK. I always like to be when the direct inquiry is made of me and when I have knowledge in response to it.

Mr. MICHENER. I thank the gentleman.

EXTENSION OF REMARKS

Mr. McGRATH (at the request of Mr. DAVENPORT) was given permission to extend his remarks in the RECORD.

Mr. STEFAN asked and was given permission to revise and extend the remarks he made in committee and include an editorial.

Mr. ANGELL asked and was given permission to extend his remarks in the RECORD and include an article appearing in the Portland Oregonian on the Columbia Basin development.

Mr. COUDERT (at the request of Mr. HOEVEN) was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. MURRAY of Wisconsin asked and was given permission to extend his remarks in the RECORD and include a memorandum by Mr. Hugh Mitchell of the American Federation of Labor.

Mr. ELLSWORTH asked and was given permission to extend his remarks in the RECORD and include an editorial.

SPECIAL ORDER GRANTED

Mr. AUGUST H. ANDRESEN asked and was given permission to address the House for 1 hour on Tuesday next following any special orders heretofore entered on the subject of farm legislation.

The SPEAKER. Under previous order of the House, the gentleman from Nebraska [Mr. MILLER] is recognized for 10 minutes.

LET THE TRUTH BE TOLD

Mr. MILLER of Nebraska. Mr. Speaker, President Truman, in his speech at Pittsburgh, Pa., on September 5 of this year, and again at Des Moines, Iowa, said, and I quote:

The Eightieth Congress attacked the national policy for making the benefits of electrical power available to the public instead of the privileged few. It had objected to reclamation programs and cut down our efforts to bring low-cost electricity to farmers and other people.

Evidently the President is referring to the loan authorizations made to REA by the Eightieth Congress. The statement has no basis in fact and it should not go unchallenged. What are the facts, Mr. Speaker? You and everybody else can find them on page 409 of the budget submitted to the Eighty-first Congress. These figures show that the Eightieth Congress authorized the REA to borrow from the United States Treasury, and loan to districts, $800,000,000. It further shows that $118,900,000 of this eight hundred million was held over for this year. Because of this surplus of funds the Bureau of the Budget estimated that REA could use only three hundred and fifty million this year, but this Congress, on a strictly nonpartisan basis, authorized an additional one hundred and fifty million for its use if it found the need.

I would point out, Mr. Speaker, that the $800,000,000 authorized for REA by the Eightieth Republican Congress amounts to 42 percent of all the funds voted for this program in the 15 years of its entire existence. Mr. Speaker, we should remember that the moneys authorized for REA are paid back by these farm cooperatives, with interest. It is not like our foreign give-away programs. In fact, Mr. Speaker, this terrible Eightieth Republican Congress authorized more money for REA than did the Democratic controlled Seventy-seventh, Seventy-eighth, and Seventy-ninth Congresses. Does this sound like the Eightieth Congress "cut down our efforts to bring low-cost electricity to farmers and other people"? Why should the President of the United States resort to such misstatement even in a political speech? Who of his advisers furnishes such false information? Who writes his speeches? Why do they not let him tell the people the truth, or, at least, not say anything? The development of our natural resources is not a partisan political matter, but is a national policy.

Again, I would direct your attention to the misstatement made in these speeches. The President said, "It (the 80th Cong.) had objected to reclamation programs." The fact is the Eightieth Congress appropriated more money for reclamation and flood control than had any previous Congress in history. But let us go back a little. We need only to go back to what happened a day after the Seventy-ninth Democratic Congress adjourned. On August 3, 1946, after the Seventy-ninth Congress had adjourned, with all appropriation bills for development of our natural resources passed and signed by the President, he issued his freeze order, and I quote: "A moratorium and screening procedure for all Federal construction programs." What did it do to reclamation? It stopped construction including the work of the Army engineers in flood control. Yes, the appropriations had been approved by the Budget Bureau, passed by the Congress, and signed by the President in the presence of a score of the Members of Congress. Pictures were taken and pens were passed out to the sponsors of the bills. The President stated it was a "great forward stride," but a short time later he made the program inoperative, without consultation with or approval of the Congress. With one scratch of his pen he slowed down the whole works. Now he tries to throw the blame on the Eightieth Congress.

In the light of his past performance what can we now expect? The President is asking Congress to appropriate billions of dollars more than we can possibly collect in taxes. Will he, after Congress adjourns, issue another moratorium and take to the hustings, shouting that he is the only one who saves the Nation from bankruptcy? He claimed he has this power under the old War Powers Act. This act still stands and, if Congress concedes this authority, there is no limit to what he may do, and Congress will no longer control the purse strings as provided by the Constitution. What are we coming to when the President plays fast and loose with the truth and uses the development of our natural resources as a political football? I am wondering if his advisers have adopted the Hitler technique that a lie, told over and over again, will soon be accepted as the truth.

Mr. Speaker, I again thrust back into the teeth of those who write the speeches for the President, his words, "The Eightieth Congress attacked the national policy for making the benefits of electric power available to the public instead of the privileged few. It had objected to reclamation programs and cut down our efforts to bring low-cost electricity to farmers and other people." I maintain these are bold-faced misstatements that will not stand the blazing light of public scrutiny. Yes, I recommend that the President's political henchmen, in writing future speeches for him, adhere to the facts and the truth.

The SPEAKER. Under previous order of the House, the gentleman from Indiana [Mr. MADDEN] is recognized for 15 minutes.

POLAND—KATYN—JUSTICE

Mr. MADDEN. Mr. Speaker, today I wish to recall to the attention of the Members of Congress a massacre which will be recorded as one of the most brutal, vicious, and flagrant breaches of international obligations between two nations in the history of the world.

I refer to the murdering of almost 5,000 Polish prisoners of war in the Katyn Forest by the communistic Government of Russia sometime during 1940.

I had the privilege of addressing a large mass meeting on September 18, 1949, at the White Eagle Hall, Gary, Ind., protesting the fact that our Government and the United Nations have not demanded that a complete investigation be made to determine all the facts, circumstances, and reasons why the Soviet Government committed such a violent breach of international law upon the soldiers of a neighboring nation. In justice to the memory of great Polish patriots and statesmen like Kosciusko and Pulaski, and the thousands of soldiers of Polish descent who have valiantly rallied to the American flag during all our wars, proper steps should be taken to in some way reveal and expose the perpetrators of the crimes committed at Katyn in 1940. We should not forget that Poland was the first nation to receive the attack of two gigantic dictator war machines. For months Poland received the blasts of Hitler's panzer divisions and also the Soviet pounding from the east and heroically fought back as it has for centuries to preserve liberty and freedom.

I am hereby submitting for the consideration of Congress a resolution unanimously adopted by the citizens assembled in Gary, Ind., on September 18, 1949:

We, American citizens, assembled en masse on September 18, 1949, in Gary, Ind., at a memorial service honoring the memory of the Polish soldiers, massacred in Katyn Forest and unaccountably missing from the camps of Starobielsk and Ostashkov, Soviet Russia, in complete accord with and sanction of the prominent Polish circles in Great Britain and Italy, and Americans of Polish descent in number greatly exceeding six million—with sincere faith in the fulfillment of the Inter-Allied Declaration on Punishment of War Criminals, which declaration was formerly signed in London, January 13, 1942, and solemnly pledged thereto by the Big Three—that is, the United States, Great Britain, and Russia: We do hereby unanimously resolve:

1. We Americans of Polish origin, heirs to the legacy of patriotic devotion bequeathed us by the immortal Kosciusko and Pulaski—and ever loyal defenders of the Star Spangled Banner of our democratic United States, herewith this day—with respectful insistence—submit to the prompt attention of the Government of the United States, of our honorable President of the United States, Harry S. Truman, and of every right-minded individual citizen of the United States—to the most heinous crime committed in the spring of 1940 in the prison camps in Soviet Russia, namely, at Katyn Forest, where 4,500 Polish prisoners of war have been wantonly murdered and at the camps of Starobielsk and Ostashkov, where 10,500 Polish prisoners of war have mysteriously disappeared and are as yet wholly unaccounted for—respectfully and rightfully demanding that the Government of the United States through its authorized representative at the Assembly of the United Nations:

(a) Demand the establishment of a duly constituted legal international tribunal, having as its end, purpose and sole function the impartial investigation of the mass murder and the just meting out of full punishment to those found guilty of and responsible for the transportation of 4,500 Polish prisoners of war from the camp of Kosielsk to the Katyn Forest and there wreaking upon them a prearranged and organized mass murder, so inhumanly brutal and so brutally inhuman, as to be without parallel in the many shameful records of man's inhumanity to man;

(b) Demand the impartial investigation of the circumstances surrounding the mysterious disappearance of Polish prisoners of war, who in the spring of 1940 were held in Soviet prison camps, to wit, 4,000 in Starobielsk and 6,500 in Ostashkov—and having fully and impartially determined the whereabouts of those 10,500 graves, mete out due justice, punishment, and satisfaction conformable with the enormity of a crime that weighs heavily and shamefully upon the conscience of the entire civilized Christian world.

2. We demand that a new international tribunal—fully equipped to abide by and to administer justice to those found guilty of and responsible for the brutal crimes of Katyn, Starobielsk, and Ostashkov—should not commit the two same glaring errors, so patent at Nuremberg at the time of conducting the trial of the crimes perpetrated upon the Polish war prisoners held in Soviet camps in the spring of 1940:

(a) "Nemo judex in causa sua," no one can be judge in his own case. This is a fundamental and universally accepted legal principle. Contrarily and unfairly, among the appointed judges at the Nuremberg Tribunal, there sat a representative of the Soviet Union, which government is obviously one of the two criminal suspects in the brutal Katyn affair.

(b) The prosecution at the Nuremberg trials was prevented from submitting the mass of material evidence accumulated and brought forward by the party most concerned and most interested, namely, Poland. By Poland—in clear, unequivocal language—is meant the Polish Government-in-exile in London, which was then recognized by the United States and the united democratic nations as the only duly valid, authorized, and functional Polish Government at the time of the perpetration and disclosure of the crime.

3. In conclusion, we demand that the Soviet Government of Russia accept the pro-

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posal set forth by the Polish Government-in-exile in 1943, namely, that the International Red Cross be authorized and empowered to investigate thoroughly—without prejudice or partiality—the circumstances of the organized mass murder and to submit the findings and results of its thorough investigation to an international tribunal.

This fair and impartial procedure—in the name of justice, decency and humanity—is the crying demand arising from the very graves of 15,000 innocent victims, ruthlessly, wrecklessly and wantonly murdered for no other crime—than the crime of unselfishly loving and loyally serving their country.

GARY, IND., *September 18, 1949.*

Resolution committee: Frank A. Spychalski, chairman; Wincenty Pasinski, chairman, press committee; Rev. Joseph Jaworski; John Ziemba, president, Council 127, Polish National Alliance; Frank Jurkowski, commander, Post 15, Polish Army Veterans Association; Andrew Pikula, chairman, organization committee; Stefania L. Opawska, veteran, World War II.

(Mr. MADDEN asked and was given permission to revise and extend his remarks and include a resolution.)

LEAVES OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SMITH of Ohio (at the request of Mr. MCGREGOR), for an indefinite period, on account of illness.

To Mr. RIBICOFF (at the request of Mr. FORAND), until November 10, on account of official business.

To Mr. KEATING for 2 weeks (from September 30, 1949 through October 15, 1949) on account of official business.

To Mr. WOLVERTON (at the request of Mr. MARTIN of Massachusetts) for today on account of official business.

ENROLLED BILLS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 524. An act to provide for the release of all the right, title, and interest of the United States in a certain portion of a tract of land conditionally granted by it to the county of Los Angeles;

H. R. 540. An act to provide terminal-leave pay for certain officers of the Navy and Marine Corps, and for other purposes;

H. R. 554. An act to provide for the construction, extension, and improvement of school buildings in Hoopa, Calif.;

H. R. 584. An act for the relief of Mike Clipper;

H. R. 588. An act for the relief of Col. David R. Wolverton, United States Army, retired;

H. R. 683. An act for the relief of Louise Peters Lewis;

H. R. 695. An act for the relief of Mrs. Mary A. Bailey;

H. R. 734. An act for the relief of Curtis R. Enos;

H. R. 1019. An act for the relief of George M. Ford;

H. R. 1020. An act for the relief of the legal guardian of Moody L. Smitherman, Jr., a minor, and Moody L. Smitherman;

H. R. 1033. An act for the relief of Mrs. Ethel Barrington MacDonald;

H. R. 1097. An act for the relief of Edgar Barbre;

H. R. 1447. An act for the relief of Ethel Roth;

H. R. 1484. An act for the relief of Mrs. Mary Capodanno, and the legal guardian of Vincent Capodanno;

H. R. 1620. An act for the relief of Robert E. Bridge and Leslie E. Ensign;

H. R. 1666. An act for the relief of Maurice J. Symms;

H. R. 1672. An act for the relief of Jack Phillips;

H. R. 1694. An act to provide for the return of rehabilitation and betterment costs of Federal reclamation projects;

H. R. 1746. An act to provide that the United States shall aid the States in fish restoration and management;

H. R. 1794. An act for the relief of Cohen, Goldman & Co., Inc.;

H. R. 1800. An act for the relief of Howard E. Giroux;

H. R. 2015. An act to authorize the Secretary of Agriculture to convey and exchange certain lands and improvements in Grand Rapids, Minn., for lands in the State of Minnesota, and for other purposes;

H. R. 2075. An act for the relief of Frank G. Moore;

H. R. 2418. An act to promote effectual planning, development, maintenance, and coordination of wildlife, fish and game conservation, and rehabilitation in the Eglin Field Reservation;

H. R. 2437. An act to amend the act entitled "An act to fix and regulate the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia, and for other purposes," approved July 7, 1947;

H. R. 2457. An act for the relief of Helen Morren;

H. R. 2538. An act to authorize completion of the land development and settlement of the Angostura unit of the Missouri basin project, notwithstanding a limitation of time;

H. R. 2619. An act to extend the benefits of the annual and sick leave laws to part-time employees on regular tours of duty and to validate payments heretofore made for leave on account of services of such employees;

H. R. 2678. An act to amend section 5 of the act approved July 10, 1890, as amended, relating to the admission into the Union of the State of Wyoming, so as to permit the leasing of school lands within such State for mineral purposes for terms in excess of 10 years;

H. R. 2876. An act to effect an exchange of certain lands in the State of North Carolina between the United States and the Eastern Band of Cherokee Indians, and for other purposes;

H. R. 2921. An act for the relief of Nicholas C. Kalcoutsakis;

H. R. 2928. An act for the relief of Dr. Leon L. Konchegul;

H. R. 2944. An act to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide survivorship benefits for widows or widowers of persons retiring under such act;

H. R. 3252. An act to confer jurisdiction upon the United States Court of Claims to hear, determine, and render judgment upon the claim of Mrs. Zelma Inez Cheek;

H. R. 3405. An act for the relief of Vivian Newell Price;

H. R. 3413. An act for the relief of Alfred Baumgarts;

H. R. 3420. An act to authorize the exchange of wildlife refuge lands within the State of Washington;

H. R. 3499. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Mabel Colliver;

H. R. 3534. An act for the relief of Eleanor P. Simmonds, as administratrix of the estate of Norman B. Simmonds, deceased;

H. R. 3618. An act for the relief of the legal guardian of Marcia Moss Carroll, a minor, and Charles P. Carroll;

H. R. 3010. An act for the relief of Cecil E. Gordon;

H. R. 3833. An act for the relief of Carl C. Ballard;

H. R. 3864. An act to convey certain lands taken from W. W. Stewart by the United States;

H. R. 3926. An act to rename a game sanctuary in the Harney National Forest as the "Norbeck Wildlife Preserve," and for other purposes;

H. R. 4050. An act to authorize advances of pay to personnel of the armed services upon permanent change of station, and for other purposes;

H. R. 4165. An act for the relief of Katherine H. Clagett;

H. R. 4186. An act for the relief of Jan Liga;

H. R. 4306. An act for the relief of Zora B. Vulich;

H. R. 4556. An act for the relief of the estate of Elmo Sodergren;

H. R. 4563. An act for the relief of Mrs. Sarah E. Thompson;

H. R. 4564. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Eunice Hayes, Kathryn Hayes, and Florence Hayes Gaines;

H. R. 4585. An act to authorize the purchase of additional farming land for Leavenworth Penitentiary;

H. R. 4767. An act to clarify the active-duty status of certain officers of the Army of the United States and the Air Force of the United States, and for other purposes;

H. R. 4777. An act for the relief of J. D. Lecky;

H. R. 4792. An act for the relief of Harry Fuchs;

H. R. 4829. An act to authorize the President to appoint Paul A. Smith as representative of the United States to the Council of the International Civil Aviation Organization without affecting his status and perquisites as a commissioned officer of the Coast and Geodetic Survey;

H. R. 4875. An act to amend title 28 of the United States Code relating to travel expense allowances for Government employee witnesses;

H. R. 4889. An act for the relief of Mrs. Jack J. O'Connell;

H. R. 4943. An act to amend the act providing for the admission of the State of Idaho into the Union by increasing the period for which leases may be made of public lands granted to the State by such act for educational purposes;

H. R. 4986. An act to amend an act entitled "An act to provide for the adjustment of irrigation charges on the Flathead Indian irrigation project, Montana, and for other purposes," approved May 25, 1948;

H. R. 5007. An act to provide pay, allowances, and physical disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the Reserve components thereof, the National Guard, and the Air National Guard, and for other purposes;

H. R. 5299. An act for the relief of Mrs. Giovanna Follo Discepolo;

H. R. 5342. An act to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment to the Boy Scouts of America for use at the Second National Jamboree of the Boy Scouts;

H. R. 5353. An act for the relief of Max Schlederer;

H. R. 5375. An act for the relief of Mrs. Hilda De Silva;

H. R. 5465. An act to amend section 4 (e) of the Civil Service Retirement Act of May 29, 1930, as amended;

H. R. 5539. An act for the relief of Mrs. Claudia Weitlanner;

H. R. 5582. An act for the relief of the Belle Isle Cab Co., Inc.;

H. R. 5598. An act to increase compensation for World War I presumptive service-connected cases, provide minimum ratings for service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and redefine the terms "line of duty" and "willful misconduct";

H. R. 5773. An act to authorize the carrying out of the provisions of article 7 of the treaty of February 3, 1944, between the United States and Mexico, regarding the joint development of hydroelectric power at Falcon Dam on the Rio Grande, and for other purposes;

H. R. 5777. An act for the relief of Joe D. Dutton;

H. R. 5851. An act for the relief of Mrs. Toshiko Keyser;

H. R. 5895. An act to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations;

H. R. 6006. An act for the relief of Anthony Charles Bartley; and

H. R. 6022. An act to increase the rates of compensation of certain employees of the Department of Medicine and Surgery of the Veterans' Administration, and for other purposes.

ADJOURNMENT

Mr. MADDEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 7 minutes p. m.), under its previous order, the House adjourned until Monday, October 3, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

954. Under clause 2 of rule XXIV, a letter from the Chairman, District of Columbia Redevelopment Land Agency, transmitting the Annual Report of the District of Columbia Redevelopment Land Agency, on its operations and expenditures for the immediately preceding fiscal year, pursuant to Public Law 592, Seventy-ninth Congress, was taken from the Speaker's table and referred to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WHITTINGTON: Committee on Public Works. H. R. 5133. A bill authorizing the Kentuck Drainage District to construct, maintain, and operate a dam and dike to prevent the flow of tidal waters into Kentuck slough; without amendment (Rept. No. 1355). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHITTINGTON: Committee on Public Works. H. R. 5674. A bill to extend the authorized maturity date of certain bridge revenue bonds to be issued in connection with the refunding of the acquisition cost of the bridge across the Missouri River at Brownville, Nebr.; without amendment (Rept. No. 1356). Referred to the House Calendar.

Mr. HOBBS: Committee on the Judiciary. H. R. 1185. A bill to incorporate the National Safety Council; without amendment (Rept. No. 1357). Referred to the House Calendar.

Mr. HOBBS: Committee on the Judiciary. H. R. 5002. A bill to incorporate the Reserve Officers Association of the United States; without amendment (Rept. No. 1358). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CLEMENTE:

H. R. 6272. A bill to preserve the citizenship of nationals of the United States who voted in the 1948 Italian elections; to the Committee on the Judiciary.

By Mr. PATTERSON:

H. R. 6273. A bill relating to education or training of veterans under title II of the Servicemen's Readjustment Act (Public Law 346, 78th Cong., June 22, 1944); to the Committee on Veterans' Affairs.

By Mr. SMATHERS:

H. R. 6274. A bill to authorize aid to needy American nationals in connection with their repatriation from foreign countries, and for other purposes; to the Committee on Foreign Affairs.

By Mr. STIGLER:

H. R. 6275. A bill to require that general appropriation acts provide funds for a period of two fiscal years, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. WILSON of Oklahoma:

H. R. 6276. A bill to authorize the extension of officers' retirement benefits to certain persons who, while serving as enlisted men in the Army of the United States during World War II, were given battlefield promotions to officer grade and were incapacitated for active service as a result of enemy action, and for other purposes; to the Committee on Armed Services.

By Mr. ANDERSON of California:

H. R. 6277. A bill to give discharges to the members of the Russian Railway Service Corps organized by the War Department under authority of the President of the United States for services during the war with Germany; to the Committee on Armed Services.

By Mr. ABERNETHY (by request):

H. R. 6278. A bill to make cancer and all malignant neoplastic diseases reportable to the Health Officer of the District of Columbia; to the Committee on the District of Columbia.

H. R. 6279. A bill to amend section 5 of the act entitled "An act to authorize the apprehension and detention of insane persons in the District of Columbia, and providing for their temporary commitment in the Government Hospital for the Insane, and for other purposes," approved April 27, 1904, as amended; to the Committee on the District of Columbia.

By Mr. WHEELER:

H. R. 6280. A bill to exempt public schools from certain provisions of Public Law 266, Eighty-first Congress; to the Committee on Veterans' Affairs.

By Mr. WHITTINGTON:

H. R. 6281. A bill to provide for certain improvements relating to the Capitol Power Plant, its distribution systems, and the buildings and grounds served by the plant, including proposed additions; to the Committee on Public Works.

By Mr. HOLIFIELD:

H. J. Res. 366. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

By Mr. LUCAS:

H. J. Res. 367. Joint resolution to establish a National Children's Day; to the Committee on the Judiciary.

By Mr. CHURCH:

H. Con. Res. 137. Concurrent resolution memorializing the President to invoke national emergency provisions of labor management Relations Act, 1947, to the Committee on Education and Labor.

By Mr. DAVENPORT:

H. Res. 371. Resolution creating a select committee to conduct an investigation and study of the denial by States of the right of American citizens to vote; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. H. CARL ANDERSEN:

H. R. 6282. A bill for the relief of Mrs. Eivor Anne-Britt Jedlund; to the Committee on the Judiciary.

By Mr. ANDERSON of California:

H. R. 6283. A bill for the relief of Johny Nielsen; to the Committee on the Judiciary.

By Mr. BOGGS of Delaware:

H. R. 6284. A bill for the relief of Philip E. Keech; to the Committee on Post Office and Civil Service.

By Mr. CELLER:

H. R. 6285. A bill for the relief of Jacob A. Hale; to the Committee on the Judiciary.

By Mr. DOYLE:

H. R. 6286. A bill for the relief of Mrs. Vivian M. Graham and Mr. Herbert H. Graham; to the Committee on the Judiciary.

By Mr. JENNINGS:

H. R. 6287. A bill for the relief of Dr. George Alexandros Chronakis; to the Committee on the Judiciary.

By Mr. KARST:

H. R. 6288. A bill conferring jurisdiction upon the Court of Claims of the United States to render judgment on certain claims of the Frazier-Davis Construction Co. against the United States; to the Committee on the Judiciary.

By Mr. STANLEY:

H. R. 6289. A bill for the relief of Mrs. Maretta Gallimore; to the Committee on the Judiciary.

SENATE

FRIDAY, SEPTEMBER 30, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Almighty God, who in the former times didst lead our fathers forth into this land, give Thy grace to us their children in these days of crisis and of vital decisions. Endue with the spirit of wisdom those who by the people have been trusted with responsibility and authority in these troublous times. For the preservation of liberty, for the defeat of all tyranny, for the opportunity still to be free souls, for the redemption of democracy from its failures, for the establishment of a just and lasting peace on the earth we lift our hearts to Thee, O God of our salvation.

In the quietness of this hallowed moment we ask for the consolations of Thy grace upon the honored Member of this body who this hour is sitting so suddenly in the shadow of a poignant grief, as he mourns the passing from his sight and side of the dear companion of the years, whose life was full of beauty and truth. We thank Thee for the triumphant certainty of our faith that what we call death is but the portal to a larger room in the Father's many-mansioned house.

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Bring us all at last to the homeland of Thine eternal love. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, September 29, 1949, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H. R. 605. An act for the relief of the estate of James B. Stirling, deceased;

H. R. 733. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Frank Haegele;

H. R. 752. An act conferring jurisdiction upon the United States District Court for the Eastern District of Michigan to hear, determine, and render judgment upon the claim of Edward Gray, Sr.; Edward Gray, Jr.; Bertha Mae Gray; Bertha Patmon; and Lindsay Gardner, all of the city of Hamtramck, Wayne County, Mich.;

H. R. 1106. An act for the relief of King V. Clark;

H. R. 3081. An act for the relief of the estate of Maurice G. Evans; and

H. R. 5148. An act to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon the claim or claims of Hilda Links and E. J. Ohman, partners, and Fred L. Kroesing, all of Anchorage, Alaska.

The message also announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 1458. An act for the relief of Joseph R. Gregory;

H. R. 1474. An act to confer jurisdiction upon the United States District Court for the Southern District of New York to hear, determine, and render judgment upon the claim of Miguel A. Viera for damages sustained as the result of an accident involving a United States Army truck at Leghorn, Italy, on January 11, 1946;

H. R. 1864. An act for the relief of the legal guardian of Mitsuo Higa, a minor, and Hilo Sugar Co.;

H. R. 3598. An act for the relief of Mrs. Katherine Gehringer; and

H. R. 4094. An act for the relief of Bunge North-American Grain Corp., the Corporacion Argentina de Productores de Carnes, Herman M. Gidden, and the Overseas Metal & Ore Corp.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (H. R. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. LUCAS. I suggest the absence of a quorum.

Mr. MORSE. The majority leader need not have a quorum call on my account.

Mr. LUCAS. I think we should have a call at this time.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Holland	Mundt
Butler	Ives	Murray
Byrd	Johnson, Colo.	Myers
Chapman	Johnson, Tex.	Neely
Chavez	Johnston, S. C.	O'Conor
Connally	Kem	O'Mahoney
Cordon	Kerr	Pepper
Donnell	Kilgore	Reed
Douglas	Knowland	Robertson
Downey	Langer	Russell
Eastland	Leahy	Saltonstall
Ecton	Long	Schoeppel
Ferguson	Lucas	Smith, Maine
Frear	McCarthy	Sparkman
Fulbright	McClellan	Stennis
George	McFarland	Taylor
Gillette	McKellar	Thomas, Okla.
Green	McMahon	Thomas, Utah
Gurney	Magnuson	Thye
Hayden	Malone	Watkins
Hendrickson	Maybank	Wherry
Hickenlooper	Miller	Williams
Hill	Millikin	Withers
Hoey	Morse	Young

Mr. MYERS. I announce that the Senator from Louisiana [Mr. ELLENDER] is absent because of a death in his family.

The Senator from North Carolina [Mr. GRAHAM] is absent by leave of the Senate.

The Senator from Minnesota [Mr. HUMPHREY] is absent on public business.

The Senator from Wyoming [Mr. HUNT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate on official business.

The senior Senator from Vermont [Mr. AIKEN], the Senator from Maine [Mr. BREWSTER], the Senator from Washington [Mr. CAIN], the Senator from New York [Mr. DULLES], the junior Senator from Vermont [Mr. FLANDERS], the Senator from Massachusetts [Mr. LODGE], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from New Jersey [Mr SMITH] is absent on official business with leave of the Senate.

The senior Senator from Indiana [Mr. CAPEHART], the junior Senator from Indiana [Mr. JENNER], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The junior Senator from Ohio [Mr. BRICKER], the senior Senator from New Hampshire [Mr. BRIDGES], the senior Senator from Ohio [Mr. TAFT], and the junior Senator from New Hampshire [Mr. TOBEY] are necessarily absent.

The VICE PRESIDENT. A quorum is present.

DEATH OF MRS. HELEN DONNELLY ELLENDER

Mr. LONG. Mr. President, I am sure that this entire body joins me in the distress which I feel on the passing of Mrs. Helen Donnelly Ellender, the wife of my senior colleague from Louisiana.

Mrs. Ellender was an exemplary lady, possessed of every trait which we expect of a fine woman. I have known her since my own childhood, and often visited in her home. She was the mother of a son who is one of the outstanding young doctors of Louisiana, a gentleman who reflects obvious credit upon his parents.

It was fitting that Mrs. Ellender was chosen by the wives of the Senators to be president of the Senate Ladies this year, because she had always devoted such time as could be spared from the duties of her home to civic and charitable service. During the war, when I visited Washington, I found that she was completely engrossed in Red Cross work, to make life more pleasant and in some cases more bearable for servicemen away from home, as well as the sick and the injured. This was typical of Mrs. Ellender. Mrs. Ellender was exemplary of the Senate wives whose influence does so much to give us better government.

We mourn her passing and we share the loss sustained by her husband and her family.

Mr. WHERRY. Mr. President, I join with the junior Senator from Louisiana in extending condolences and deepest sympathy to the senior Senator from Louisiana [Mr. ELLENDER] and his family upon the death of Mrs. Ellender. In doing so I know I speak the sentiments of the entire membership of the Senate, though I speak especially for the Members on this side of the aisle. At this moment we would have our colleague from Louisiana know that we are thinking of him and our hearts go out to him in this sad hour of his and his family's bereavement.

When the Wherry family came to Washington, one of the first Senate families we met was the Ellender family. Mrs. Wherry and I have always highly prized the hospitality and the friendship of Senator and Mrs. Ellender.

Mrs. Ellender was an extremely efficient woman. Her capabilities have already been mentioned by the junior Senator from Louisiana. She served gracefully and well as the head of the organization of Senate Ladies. She was a woman of gracious and charming personality and of a very sweet character.

I join with the distinguished junior Senator from Louisiana in extending to our colleague our deepest sympathy in this hour of bereavement.

Mr. LUCAS. Mr. President, I wish to express my grief at the untimely death of the very lovely and charming wife of the senior Senator from Louisiana. It was only about 3 weeks ago, shortly after she and her husband returned from Europe, that I had an opportunity to talk with her about the trip overseas. Her death came as a distinct shock to me. It also came as a distinct shock to Mrs. Lucas, who loved her as a very dear friend.

As president of the Senate Ladies, Mrs. Ellender served with a fine distinction which aroused the admiration and affection of all who had the privilege of knowing her. She had the warm personality, the graciousness, and the sense of responsibility which are the attributes of a true lady. I know that Members of the Senate and their wives will miss her very much in years to come. Her memory will never be erased from our minds and hearts. I convey to her distinguished

husband, the senior Senator from Louisiana, and the Ellender family, my condolences and sympathy in their hour of bereavement.

Mr. McFARLAND. Mr. President, I wish to join with the majority leader in expressing my very profound and sincere sympathy for our colleague, the senior Senator from Louisiana. No greater loss ever comes to any man than has come to our distinguished colleague. Mrs. Ellender was a noble and beautiful soul. She was loved by all who knew her. It is a matter of deep satisfaction to me that she counted my family as among her multitude of friends. To know her was to love and respect her. Words, at a time like this, become meaningless but I cannot avoid expressing in my humble way the deep sympathy my family and I have for our esteemed colleague in his hour of sorrow.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that Members of the Senate be permitted to introduce bills and resolutions, and submit routine matters for the RECORD, without debate.

The VICE PRESIDENT. Without objection, it is so ordered.

AUDIT REPORT OF FEDERAL PUBLIC HOUSING AUTHORITY

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the audit of the Federal Housing Authority for the fiscal year ended June 30, 1946, which with the accompanying report, was referred to the Committee on Expenditures in the Executive Departments.

PETITION

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from the New York Chapter of the Federal Career Employees Association, signed by I. H. Stillman, president, Brooklyn, N. Y., praying for the enactment of the bill (S. 660) to amend the act of June 27, 1944, Public Law 359, and to preserve the equities of permanent classified civil-service employees of the United States, which was ordered to lie on the table.

REPORTS OF COMMITTEE ON BANKING AND CURRENCY

Mr. FREAR. Mr. President, from the Committee on Banking and Currency, I report favorably Senate bills 1175 and 2006, and I submit reports thereon.

The VICE PRESIDENT. The reports will be received, and the bills will be placed on the calendar.

The bills were ordered to be placed on the calendar, as follows:

S. 1175. A bill to amend the Home Owners' Loan Act of 1933 with respect to mutual savings banks; with amendments (Rept. No. 1117); and

S. 2006. A bill to amend the Home Owners' Loan Act of 1933, with respect to Federal savings and loan associations; with amendments (Rept. No. 1118).

REPORT OF COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. FREAR. Mr. President, from the Committee on Post Office and Civil Service, I report favorably, with an amendment, the bill (S. 1103) to readjust postal rates, and I submit a report (No. 1119) thereon, which is a copy of the original report.

I should like to apologize for not being able to submit the original of the report on the bill. Last evening, unfortunately, as I was down town, stopping for dinner, I parked my automobile on L Street. When I came back the window of the car was broken and the clothing, including the original of the report, was missing. I do not know what the police activity is in the District of Columbia, nor do I know what the judicial activity is in the District of Columbia, when the perpetrators of such deeds are apprehended.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. RUSSELL:

S. 2621. A bill to provide for the furnishing of quarters at Brunswick, Ga., for the United States District Court for the Southern District of Georgia; to the Committee on the Judiciary.

By Mr. KILGORE:

S. 2622. A bill for the relief of certain aliens from Finland; to the Committee on the Judiciary.

By Mr. ANDERSON:

S. 2623. A bill for the relief of Bedrich (Fritz) Schick; to the Committee on the Judiciary.

By Mr. MILLER:

S. 2624. A bill for the relief of Mrs. Ralph W. Prouty; to the Committee on the Judiciary.

By Mr. HOLLAND:

S. 2625. A bill for the relief of Ivo Marsak; to the Committee on the Judiciary.

By Mr. STENNIS:

S. 2626. A bill to amend subsection 216 (c) of the Motor Carrier Act, 1935, to require the establishment by motor carriers of reasonable through routes and joint rates, charges and classifications; to the Committee on Interstate and Foreign Commerce.

(Mr. MORSE introduced Senate bill 2627, to provide certain budgetary and tax adjustments needed for sustained economic expansion under a free competitive enterprise system, which was referred to the Committee on Finance, and appears under a separate heading.)

By Mr. McCARTHY:

S. 2628. A bill for the relief of Mrs. Antiopi J. Antonakis; to the Committee on the Judiciary.

INCREASED COMPENSATION OF CERTAIN GOVERNMENT EMPLOYEES — AMENDMENT

Mr. CORDON. Mr. President, on yesterday I discussed what I believed to be certain injustices to servants of the Federal Government which will result from the passage of the pay bill yesterday. I send to the desk an amendment intended to be proposed by me to the bill (S. 2379) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes, to correct those injustices, and ask that it be printed and lie on the table.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

STABILIZATION PRICES OF AGRICULTURAL COMMODITIES—AMENDMENTS

Mr. ANDERSON. Mr. President, in considering some amendments to the farm bill it was discovered that there was difficulty in connection with corn quotas. I have asked the Department of Agriculture to explain that difficulty. I would appreciate it if the explanation could be printed in full in the RECORD at this point, along with the amendments. I, therefore, ask unanimous consent that the letter from the Department of Agriculture to me explaining the difficulty over the 1949 and 1950 situation, together with the proposed amendments, intended to be proposed by me to the bill (S. 2522) to stabilize prices of agricultural commodities, which I send to the desk for appropriate reference and printing, be printed in full in the RECORD at this point.

The VICE PRESIDENT. The amendments will be received, printed, and lie on the table, and, without objection, the letter and amendments will be printed in the RECORD.

The letter and amendments are as follows:

UNITED STATES
DEPARTMENT OF AGRICULTURE,
PRODUCTION AND
MARKETING ADMINISTRATION,
Washington, D. C., September 30, 1949.

Hon. CLINTON P. ANDERSON,
United States Senate.

DEAR SENATOR ANDERSON: It now appears that the supply of corn is such as to call for farm marketing quotas for the 1950 crop of corn under the Agricultural Adjustment Act of 1938, as amended. The deferred effect of the amendments made by the Agricultural Act of 1948 makes it legally impossible to proclaim corn quotas. These amendments do not take effect until January 1, 1950. Several changes were made in the provisions relating to corn-marketing quotas, but the one which presents the most serious difficulty relates to the date of the proclamation of quotas.

The applicable provision of law now in effect and which will remain in effect until January 1, 1950, provides for the proclamation of marketing quotas on corn during the calendar year (prior to September 15) in which the crop is grown, that is, during the calendar year 1950 for the 1950 crop of corn. Thus, under the law now in effect quotas on the 1950 crop of corn cannot be proclaimed prior to January 1, 1950. On that date there becomes effective an amendment contained in the 1948 act which would require that quotas for any crop of corn be proclaimed not later than November 15 of the calendar year preceding the year in which the crop will be grown. This would mean that the last date for proclaiming quotas on the 1950 corn crop under the 1948 act amendment would be November 15, 1949. Therefore, the Department is without authority to proclaim marketing quotas for the 1950 crop under either the present law or the new law which will take effect January 1, 1950.

It is recommended that the Congress correct this situation by enacting the necessary legislation to permit the proclamation of corn-marketing quotas for the 1950 crop if the supply situation warrants such action.

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The law requires the establishment of farm acreage allotments as a basis for determining farm-marketing quotas.

These allotments have not been established for a number of years and a great deal of work remains to be done before acreage allotments can be established for the 1950 crop. In order to afford ample time to give farmers notice of their farm acreage allotments prior to the referendum, which is required to be held within 20 days after quotas are proclaimed, it is recommended that the date for proclaiming quotas on the 1950 crop be extended to February 1, 1950. Thereafter, the November 15 date contained in the 1948 act amendment would be satisfactory.

It is also recommended that marketing quotas be authorized whenever the total supply exceeds the normal supply by more than 10 percent instead of the 20 percent contained in the 1948 act amendment. The retention of the 20 percent in the 1948 act amendment appears to us to permit the accumulation of a burdensome surplus before marketing controls could be put into operation. In order to guard against any possible shortage of corn as a result of the operation of marketing quotas, it is recommended that the definition of normal supply be changed to increase the carry-over allowance from 7 to 15 percent of the estimated domestic consumption and exports.

It is suggested that these necessary changes be made by amendment to Senate bill 2522 and a draft of such an amendment is enclosed.

In order that this letter may reach you before the Senate considers S. 2522, we have not had time to obtain the usual clearance from the Bureau of the Budget.

This same information has been sent to Senator THOMAS and to Congressman COOLEY.

Sincerely yours,

F. K. WOOLLEY,
Deputy Administrator.

AMENDMENTS SUBMITTED BY MR. ANDERSON TO S. 2522

On page 14, line 12, strike out "10 per centum in the case of corn" and insert in lieu thereof "15 per centum in the case of corn."

On page 14, between lines 12 and 13, insert the following:

"(d) Section 322 (a) of such act, as so amended (relating to corn marketing quotas), is amended (1) by striking out "20 per centum" and inserting in lieu thereof "10 per centum", and (2) by adding at the end thereof the following: "With respect to the 1950 crop of corn the proclamation required by this section may be made, notwithstanding the foregoing, at any time prior to February 1, 1950."

"(e) Section 328 of such act, as so amended (relating to corn acreage allotments), is amended by striking out 'reserve supply level' and inserting in lieu thereof 'normal supply.'

"(f) Notwithstanding any other provision of law, section 203 of the Agricultural Act of 1948 shall become effective upon the enactment of this act."

AMENDMENT OF DISPLACED PERSONS ACT OF 1948—AMENDMENT

Mr. DOUGLAS. Mr. President, on behalf of the Senator from Pennsylvania [Mr. MYERS] and myself, I submit for appropriate reference an amendment intended to be proposed by us, jointly, to the bill (H. R. 4567) to amend the Displaced Persons Act of 1948, and request that it be printed.

The amendment authorizes the Government of the United States to join in a conference with the respective nations for the purpose of studying and making recommendations for a satisfactory solution of the problem of persons of German ethnic origin who were expelled from Germany and Austria. This is to complete the original amendment which the Senator from Pennsylvania and I submitted a few days ago, providing for an appropriation of two and a half million dollars to meet the cost of transporting approximately 13,500 Germans of ethnic origin to this country.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on the Judiciary.

CHANGE OF REFERENCE

On motion by Mr. THOMAS of Utah, the Committee on Labor and Public Welfare was discharged from the further consideration of the bill (S. 281) to insure the maintenance of full employment in the United States, and it was referred to the Committee on Banking and Currency.

THE WELFARE STATE—ADDRESS BY SENATOR FERGUSON

[Mr. WILLIAMS asked and obtained leave to have printed in the RECORD a radio address entitled "The Welfare State," delivered by Senator FERGUSON on September 17, 1949, which appears in the Appendix.]

MILITARY HOUSING—EDITORIAL FROM THE WASHINGTON POST

[Mr. MAGNUSON asked and obtained leave to have printed in the RECORD an editorial entitled "Military Housing," published in the Washington Post of recent date, which appears in the Appendix.]

STATE SALES TAX LAWS—ARTICLE FROM HELENA (MONT.) INDEPENDENT RECORD

[Mr. ECTON asked and obtained leave to have printed in the RECORD an article entitled "Four TVA States Have Enacted Sales Tax Laws," published in the Helena (Mont.) Independent Record, of September 19, 1949, which appears in the Appendix.]

LEAVE OF ABSENCE

Mr. SALTONSTALL asked and obtained consent to be absent from the Senate from 3:30 o'clock this afternoon until Monday next.

LEGAL GUARDIAN OF LENA MAE WEST, A MINOR

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 1285) for the relief of the legal guardian of Lena Mae West, a minor, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. KILGORE. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. GRAHAM, Mr. MAGNUSON, and Mr. JENNER conferees on the part of the Senate.

REVISION OF TAX LAWS—LABOR DISPUTES

Mr. MORSE. Mr. President, I am very sincere when I express the view that I personally regret breaking into the debate on the pending measure to deliver what will be my major speech in this session of the Congress, on the question of taxes. However, I had prepared this speech prior to going to Oregon several weeks ago, but because of an injury I have not been in physical condition to deliver it prior to this time.

Because I wish to make this speech a matter of record for whatever consideration it can possibly receive before the adjournment of this session of Congress—which I hope will be by October 15—I feel, in view of my heretofore expressed position on the tax issue, that I would be unfair to myself and to my record if I did not made the speech at this time.

Before proceeding to discuss the question of taxes, I wish briefly to comment on another matter.

I am sure that Members of the Senate noted yesterday from the press reports that at The Dalles, Oreg., violence broke out as a result of an attempt to unload a barge containing pineapples from the Hawaiian Islands, declared to be "hot cargo" by the longshoremen's union.

I think every Member of the Senate, at least—and I should be surprised if not everyone in the State of Oregon—is perfectly aware of the fact that the junior Senator from Oregon has always taken a firm and unequivocal position against any form of violence in labor disputes. Not only have I taken that position in public utterances, but I have taken it in written decisions involving labor disputes. Before I comment on a telegram of subtle criticism I have received from a citizen of my State, I wish once again to restate my position that American labor has everything to lose and never anything to gain by a resort to violence in a labor dispute, I care not how strong the provocation may be. Violence in a labor dispute cannot be reconciled with government by law and order. To the contrary, it is government by mob rule. This Government of ours, on the local, the State, and the Federal level, must never hesitate to use whatever forces of Government may be necessary in a given situation to end violence against the law, which is what the exercise of violence in a labor dispute is.

However, Mr. President, some weeks ago, following a proposal by Mr. Ching, Director of the National Conciliation and Mediation Service, that the Hawaiian dispute be arbitrated, the junior Senator from Oregon, as well as some other members of the Senate Committee on Labor and Public Welfare, joined in the suggestion that the Hawaiian dispute be arbitrated. The Senator from California [Mr. KNOWLAND] introduced a bill which, in effect, proposed arbitration of the Hawaiian dispute. That bill was cosponsored by the Senator from Washington [Mr. CAIN], the senior Senator from California [Mr. DOWNEY], the Senator from New York [Mr. IVES], and the junior Senator from Oregon. Subsequently there was a hearing before the Committee on Labor and Public Welfare, at which hearing appeared counsel for the Hawaiian employers and Mr. Bridges, representing the longshoremen's union.

No committee could have tried harder than did our committee to bring the opposing sides in that dispute to the adoption of some peaceful procedure, such as mediation and, if necessary, arbitration, for the settlement of that dispute. But our efforts failed. Subsequent efforts on the part of Mr. Ching failed; and the parties continued to resort to the jungle law of force—in that case, economic force—for the determination of the dispute. At the time, several of us warned that there was great danger that the dispute might spread to the west coast. I expressed the view then, and I repeat it today, that there are in Hawaii forces that would like to see it spread to the west coast. It now appears that that danger is becoming a reality.

Mr. President, in my judgment, now—right now—is the time for the Federal Government to take jurisdiction of that dispute. For months, I have held that the Federal Government should have taken jurisdiction of the dispute in Hawaii. I disagreed with the distinguished Senator from Ohio [Mr. TAFT] as to the applicability of the Taft-Hartley law to the Hawaiian dispute. The emergency provisions of the Taft-Hartley law, in my judgment, are applicable to the Hawaiian dispute if they are applicable to any dispute. My views regarding what I consider to be the limitations of the emergency disputes section of the Taft-Hartley law are well known. The distinguished Senator from New York [Mr. IVES] and I did our best, by way of two proposals this year, either one of which I think would have been a great improvement over the emergency disputes section of the Taft-Hartley law, to revise the provisions of that law in respect to emergency disputes. But we failed. So today, Mr. President, the emergency disputes section of the Taft-Hartley law is the law applying to such disputes.

At the time of the debate on the Taft-Hartley law, I said that although I was opposed to its passage, nevertheless, once it was passed, no Member of the Senate would urge its consistent application more than would the junior Senator from Oregon. I repeat that today. In my judgment the administration has been derelict in what I think is its clear duty, under the Taft-Hartley law, in not having applied the provisions of that law to the Hawaiian dispute long before now. I call upon the administration today to proceed to apply the Taft-Hartley law to the Hawaiian dispute before an even greater spread of that dispute to the west coast, tying up the maritime industry of the west coast, comes to pass. I think the violence which already has occurred in the maritime industry on the west coast is sufficient cause for the Federal Government to move in immediately on that dispute, to the end of seeking to bring the parties together eventually in a final determination of the dispute on its merits.

The calling of a Federal board of inquiry, as provided by the Taft-Hartley law, in connection with that dispute at least will serve to afford us an authentic Federal view of the merits of the case. It is to be hoped that such an authentic Federal view will then cause the parties to agree either to accept the findings of fact of such a board, as provided for under the Taft-Hartley law, or to negotiate a collective-bargaining agreement between themselves, based upon its findings.

Unfortunately, Mr. President, my consistent position over the years that major labor disputes in the United States should be submitted, in the last analysis, to voluntary arbitration if the parties cannot reach agreement through any other procedure, rather than to resort to economic action by way of strike, to the great detriment and injury of the public, has been misinterpreted and misrepresented by some of my critics in my home State. They would seek to give the impression that the junior Senator from Oregon is biased in favor of the longshoremen's union, whereas the record is perfectly clear that his work as arbitrator on the west coast in connection with the maritime industry has been accepted as impartial, on the part of both shipowners and union. These critics fail to point out that the junior Senator from Oregon has consistently proposed arbitration in major disputes, irrespective of the industry involved; and therefore his proposal, some weeks ago, of arbitration of the Hawaiian dispute was entirely consistent with proposals which he has made over the years for a similar procedure for the settlement of other major disputes.

However, Mr. President, I wish to mention—but only briefly; and I mention it only because some of my colleagues in the Senate have spoken to me about it, the last being the senior Senator from Missouri [Mr. DONNELL]—that an editor of a lumber digest in the State of Oregon, a man by the name of C. C. Crow, who apparently represents the segment of the lumber industry in the State that seeks to oppose my reelection to the Senate, published an irresponsible editorial in his magazine some weeks ago, seeking to give the impression that the junior Senator from Oregon is a bedfellow of the president of the International Longshoremen's Union, Mr. Bridges. His editorial is so irresponsible and so contrary to fact, Mr. President, that I do not propose to dignify it by presenting a bill of particulars against it, other than to issue a general and complete denial of his misrepresentations. I am satisfied that those who know my record will not be misled by such irresponsible statements as are contained in the editorial.

Before my campaign in Oregon for reelection to the Senate of the United States is over, my friends can be sure that the people of Oregon will be well informed as to my position in regard to the general principle of arbitration of labor disputes on a voluntary basis, short of compulsory arbitration, if we can avoid it.

Mr. KNOWLAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. STENNIS in the chair). Does the Senator from Oregon yield to the Senator from California?

Mr. MORSE. I yield.

Mr. KNOWLAND. I should like to say to the able Senator from Oregon it has been the observation of the junior Senator from California for the 4 years he has been a Member of the Senate that the Senator from Oregon has been impartial in his dealings with questions as between labor and management; he has been just as free and as quick to criticize extremist points of view in management as in labor, and at the same time has taken the very constructive viewpoint in my judgement that the Government of the United States should be the impartial umpire rather than a player on one of the teams. In my association with the able Senator from Oregon I have found that his first consideration has been the public welfare, and I believe it was this consideration which motivated him in joining with me and with other Pacific coast Senators in introducing the bill to which he has referred. We recognized the great harm which would be done to a great many innocent people in the Territory of Hawaii if the strike continued for a long period of time, and that the very thing which the Senator has mentioned, that the strike might spread to the Pacific coast, was one of the reasons for our deciding that such legislation would be in the public interest.

Mr. MORSE. Mr. President, I should be less than human if I did not tell the Senator from California that I am deeply moved by the confidence in me just expressed by him on the floor of the Senate. I sincerely hope I can earn and deserve the tribute which he has paid me. I want to say to the Senator from California I think he performed a great service, not only for the people of the west coast but for the Nation, when he introduced his proposal for the settlement of the Hawaiian dispute. In my opinion time has proved the Senator from California right in regard to the matter. I hope the administration will recognize, before it is too late—and it is almost too late now, Mr. President—that the principle advocated by the Senator from California in connection with the Hawaiian dispute should have been made the administration's policy.

Mr. DONNELL and Mr. LANGER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oregon yield; and if so, to whom?

Mr. MORSE. I yield first to the Senator from Missouri.

Mr. DONNELL. Mr. President, I take this opportunity to say a word. The editorial to which the distinguished Senator from Oregon has alluded recently came into my possession It reflects upon the sincerity of my good and close friend, the junior Senator from Oregon, who has been addressing us. I read it with indignation. I want to say to the Senate, and to the people of the United States and elsewhere in the world, wherever they may be, that I have observed from the very beginning of my friendship with the Senator from Oregon his fine qualities of sincerity and courage and integrity, and I resent any statement which may be made, editorially or other-

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wise, that reflects upon those fine qualities.

Mr. DOUGLAS and Mr. LANGER rose.

Mr. DONNELL. Mr. President, I do not always agree with the Senator from Oregon. In fact, there are many instances in which his vote and mine, and his expressions and mine, have been contrary one to the other. But I want to pay this tribute to my friend and to this great statesman, the junior Senator from Oregon.

While I am on my feet, I should like to say I am sure Members of the Senate join with me in extending a welcome to him back in our midst, after the serious accident which recently befell him. We admire his courage and his fine qualities in standing here today—I have no doubt, at least somewhat to his own personal discomfort. I do not know of that; it may not be a discomfort; but I know he comes here with a cane, and I know the Senator would not be deterred by any considerations of personal discomfort in expressing his views courageously at any time. I thank the Senator for yielding.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I prefer not to yield at the moment.

The PRESIDING OFFICER. The Senator from Oregon declines to yield.

Mr. MORSE. Mr. President, I merely want to say I appreciate very much the fine tribute the Senator from Missouri has paid me. I did not make these statements to bring forth support for my position from my colleagues, but such friendship as the Senator from California and the Senator from Missouri have just demonstrated—and we all know they are men of sincere convictions—is exceedingly and deeply appreciated by me. I cannot at this time say more than that, except to thank them for the statements of confidence.

Mr. President, I do not care to yield further, because I do not want to embarrass the RECORD with expressions of friendship. In my campaign in the State of Oregon I am going to meet the labor issue head-on, stand on the logic of my arguments, and let the people decide.

Mr. President, one more word in regard to the Hawaiian labor difficulty. Mr. Crow last night sent me a wire asking me to make a public statement as to my position on the incident which occurred at The Dalles yesterday. Because I do not feel that I can give anyone cause to believe that I would hesitate for a moment to make a public statement on this issue, even though it is requested under the type of telegram which I shall read in a moment, I decided to make the statement and send it to Mr. Crow. But in order that there may be an official record of the statement, Mr. President, I take the time of the Senate to read both Mr. Crow's telegram and my answer. The telegram from Mr. Crow, editor of the Lumber Digest, is as follows:

PORTLAND, OREG., *September 29, 1949.*

Senator WAYNE MORSE,

Senate Office Building:

Now that your Communist protégé, Harry Bridges, has sent his brigands inland in Oregon to dump into the Columbia River the first real cargo of offshore merchandise that has ever passed through the expensively built locks at Bonneville, I would like to have your opinion by wire collect for publication as to what you think of this action.

C. C. CROW.

I replied last night to his telegram as follows:

Your wire plus your recent editorial represents such gross irresponsibility on your part in respect to your statements about me that I could not possibly expect you to make a fair presentation of my position on any issue. You know that you are guilty of deliberate misrepresentation when you represent that Bridges is a protégé of mine. You know very well that my work as arbitrator on the water front was impartial and that I never hesitated to render a decision against Bridges and his union when the evidence in the case showed them to be in the wrong. You know that my appearance in the Bridges deportation cases was under subpena and that my testimony under the rules of evidence imposed by the court was limited to Bridges' conduct in my arbitration courtroom. You know that there probably is no one in the entire country who has had jurisdiction over cases involving Bridges who has been more critical of many of his labor policies and of his political philosophy than I have been over the years. You know that in 1944 the Bridges group opposed my election to the Senate at the Oregon CIO convention yet you continue to make your wild charges of misrepresentation concerning me. I regret it very much particularly because I refuse to believe that innately you mean to be as irresponsible in your attacks upon me as your outbursts in fact have been. As to the violence at The Dalles you know that I have always stood against the use of violence in labor disputes. Labor can never hope to win a fair consideration of its side of the case in any labor dispute by resorting to violence. Government by law and order cannot survive by resorting to mob action and violence. My information about violence at The Dalles is based entirely upon Associated Press dispatches which I read yesterday afternoon and on basis of those dispatches you should know without my telling you that I would thoroughly disapprove of a resorting to violence on the part of the pickets. Weeks ago members of the Labor Committee of the Senate warned against the danger of Hawaiian dispute spreading to west coast. We urged parties to dispute to try to settle their differences through mediation under direction of Cyrus Ching who I consider to be the greatest labor mediator in our country. We urged that if parties could not settle their dispute through mediation they agree to let Ching appoint an arbitrator whose decision would be final and binding. In my opinion we proposed a solution which is in conformity with system of peaceful procedures for the settlement of labor disputes and with the sound principle of government by law. Cyrus Ching thought so too. In fact he proposed arbitration of the dispute long before any of us on the Senate Labor Committee proposed it. If the parties had resorted to voluntary arbitration weeks ago this dispute would have been settled and difficulties flowing from it would not have created problems for us on the west coast. If those difficulties spread the Federal Government will undoubtedly be called upon to assume jurisdiction and if that happens then in the last analysis the case will probably be settled on basis of some form of compulsory arbitration. I think proposals that were made by Senate committee were much sounder as a matter of public policy than an extension of Federal jurisdiction but I shall not hesitate to vote for an extension of Federal jurisdiction over this dispute if the west coast becomes threatened with a maritime tie-up.

I hope, Mr. President, that that exchange of telegrams will at least make clear to the people of Oregon the position of the junior Senator from Oregon, both in respect to his uncompromising opposition to any violence being used in a labor dispute in America and to his firm conviction that as the last step, rather than as a resort to economic action, parties in labor disputes should turn to voluntary arbitration.

I wish now, Mr. President, to turn my attention to my views on the tax issue.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LANGER. Mr. President, I ask unanimous consent that the prepared speech of the junior Senator from Oregon be read by the clerk.

Mr. MORSE. No, Mr. President; I prefer to read it myself, because I shall extemporize. I am sorry if I have given the Senator the impression that I am not in good physical strength. I can speak at length, but I do not intend to speak at length. I appreciate the friendly and kindly suggestion of the Senator from North Dakota.

Mr. President, in July 1947 I offered to the Senate a series of tax proposals that were based largely upon the recommendations of the Committee for Economic Development. These proposals were in the form of amendments to the tax-reduction bill which was subsequently vetoed by President Truman.

Today I once again offer to the Senate a series of tax proposals based upon the recommendations of the Committee for Economic Development. This time, however, instead of waiting for a tax bill to emerge from committee, I have embodied my ideas in the form of a bill. I am perfectly aware of the constitutional provision that all bills for raising revenue shall originate in the House of Representatives and I am not proposing that either the Senate committee or the Senate act upon my recommendations until after a tax bill has been passed by the House of Representatives. However, I am not content to wait until the House has taken action. I know of no reason why Members of the Senate cannot make revenue proposals that will at least give the House of Representatives something to consider.

My bill is divided into six titles.

Title I attempts to establish a number of budgetary principles and practices which will make it easier to develop tax policies on a businesslike basis.

Title II provides for the repeal of certain excise taxes.

Title III provides for accelerated amortization on private investment and plant capacity.

Title IV provides for the averaging of business losses over a 5-year period.

Title V provides for the elimination of tax exemption on future Federal, State, and municipal securities.

Title VI sets up a temporary commission, along the same lines as the Hoover Commission, to propose fundamental revisions in the entire Federal, State, and local tax structure.

In preparing this bill, I have tried to outline a series of proposals that call for immediate action. These proposals

have been so long considered and well debated that there is no reason for delay. The provisions of the first five titles of my bill fall into this category. But there are also a number of other extremely important proposals upon which immediate action may not be feasible. Back in 1947 I suggested action on some of them, such as measures to relieve small corporations from the burden of double taxation, to eliminate double taxation on stock dividends and insurance benefits, to provide proper equity in the treatment of earned income and capital-gains income, and to improve the balance between personal-income taxes and estate and gift taxes.

I pointed out then, and I repeat today, the need for lowering the rates and broadening the base of inheritance taxes. I remember that in the 1947 debate I expressed a conviction, which I still hold, that any tax doctrine or principle which is based upon the premise of soak the rich is an unsound tax principle, because basic to our free-economy system is the notion that through ambition and incentive in America men can accumulate wealth, and that the Government will not follow a tax program based upon any principle of confiscation. Rather, taxpayers should have the right to rely upon the assurance that their Government will remain within the framework of a fair tax structure based upon the principle of ability to pay. Such a tax principle is quite a different thing, Mr. President, from a tax principle based upon the discriminatory principle of soaking the rich.

On certain other important questions—such as the raising of personal exemptions and the rates of personal income and corporation taxes—I have not yet made up my mind. All these questions merit real consideration in an integrated fashion. Such consideration would unquestionably be given to them by the temporary Bipartisan Tax Commission provided for in title VI.

A BUSINESSLIKE BUDGET

In November 1947 the Committee for Economic Development published a historic statement on national policy. This statement was entitled "Taxes and the Budget: A Program for Prosperity in a Free Economy." This document should be required reading for every Member of Congress.

Before outlining its tax proposals, the CED recognized that it was necessary to establish a sound framework of budgetary principles and practices. The first section of its program, therefore, outlines a businesslike budgetary policy. In the same manner, title I of my bill attempts to establish a businesslike budgetary framework within which sound tax policies can be developed.

The CED report contains a devastating attack both on "the annually balanced budget policy" and "the managed compensatory budget policy." It proposes what is called a "stabilizing budget policy," and recommends that we "should set tax rates to balance the budget and provide a surplus for debt retirement at an agreed high level of employment and national income. Having set these rates, leave them alone unless there is some major change in national policy or condition of national life." Section 101 of my bill clearly rejects both the annually balanced budget system and the managed compensatory budget. It proposes that we agree upon the objective of achieving a total national output of at least $300,000,000,000, valued at current prices, in 4 or 5 years. It further provides that "tax rates should be set to balance the budget and provide a surplus for the systematic reduction of the national debt as the economy expands to meet this goal." When tax rates are set to achieve this objective they would not be subject to any major change unless there is some major change in national policy or condition of national life.

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point in my remarks the appropriate excerpts from the CED tax report dealing with budget policy.

The PRESIDING OFFICER (Mr. DONNELL in the chair). Is there objection?

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

ANNUAL BUDGET BALANCING

The annual-balance policy cannot be made to work, and the effort to make it work accentuates inflations and depressions. With its inevitable break-down, fiscal policy becomes a mere day-to-day expedient.

This program requires that, whenever a decrease in the national income is forecast, tax rates must be raised or expenditures cut, or both, to prevent a budget deficit. Whenever the forecast of higher national income promises larger surpluses, it not only permits but invites a cut in tax rates and a rise in expenditure programs. On the record the program meant tax cuts in the prosperous twenties, and tax increases in the depressed thirties.

The implications of such a program are clear.

(a) Tax rates and expenditure programs will be changed at times and in directions most harmful to high employment and stable prices. When incomes are low and unemployment is widespread, tax rates must be raised and Government expenditures cut. In boom times the program welcomes tax reductions and new expenditures.

(b) Annual budget-balancing policy does not in the long run promote Government economy. The program allows a growth of public expenditures in boom times, without any increase of tax rates, even with a decrease in tax rates. The policy does not furnish steady pressure against the initiation of unnecessary expenditures; the pressure it does provide, to end entrenched expenditure programs in depressions, is certain to be ineffective.

(c) The system dissipates the potentially large surpluses of good times and strives vainly for balance in bad times. In a fluctuating economy this program will not result in debt reduction.

(d) To carry out the program requires a degree of accuracy in forecasting fluctuations in business activity that has not been achieved in the past and that is not possible now.

(e) The program involves irregular and unpredictable variations of tax rates, with unsettling effects upon business and personal planning.

THE MANAGED COMPENSATORY BUDGET POLICY

The theory of the managed compensatory budget is simple. Whenever employment is judged about to be below a high level, taxes should be cut and expenditures increased by the amount necessary to prevent the forecast from coming true. Whenever prices seem about to be above the proper level, tax rates must be raised and expenditures cut.

Dependence upon accurate forecasting of business fluctuations is even greater for the compensatory budget than for the annually balanced budget. If forecasting is inaccurate, the compensatory budget could easily increase fluctuations rather than moderate them.

Like the annually balanced budget system, the compensatory program encourages increased expenditure programs without higher tax rates at some stage of the business cycle. However, whereas the annually balanced budget plan opens the door to new spending in boom times, the compensatory plan opens the door in depression—actual or forecast. In either case the effect upon Government economy is likely to be the same—periods of rapid increases in spending, followed by futile efforts at retrenchment and a generally excessive upward drift of expenditures.

If the managed compensatory system is to make any progress toward reducing the debt, it must count upon creating large surpluses in prosperous periods by raising taxes and cutting expenditures. But expenditures resist downward change and taxes resist upward change. In the present state of economic forecasting, it will always be possible to make out a plausible case that depression is around the corner. Such a prediction will permit both unpleasant alternatives to be avoided, since under the managed compensatory theory the forecast of depression requires lower tax rates and higher expenditures. This system offers no realistic hope of debt reduction.

Under this plan, as under the annual-balance plan, tax rates are subject to frequent and unsettling changes.

THE STABILIZING BUDGET POLICY: WHAT IT IS

The key to a program that will promote stability, Government economy, and debt reduction without requiring impossible accuracy of forecasting business fluctuations is this:

Set tax rates to balance the budget and provide a surplus for debt retirement at an agreed high level of employment and national income. Having set these rates, leave them alone unless there is some major change in national policy or condition of national life.

Tax rates, by themselves, do not determine how much revenue will be collected. The rates merely say, for example, that revenue will be $9 per gallon of liquor sold, $38 per $100 of corporate profits, $50 per $100 of individual taxable income within a certain bracket, and so on. How much will be collected with these rates depends upon the amount of liquor sold, the amount of corporate profits, and the amount of individual incomes. Since all of the important elements of the tax base are closely related to the national income, collections under any system of unchanging tax rates will be larger as the national income rises and smaller as the national income falls.

Some kinds of Government expenditures also tend to vary automatically with economic conditions. Unemployment compensation payments are the outstanding case. When unemployment rises these payments also rise, and when unemployment drops the payments decline. In addition, some expenditures—such as public works—may be advanced or held back to meet changing economic conditions within the limits of an agreed total expenditure program.

With tax rates set to yield a moderate surplus at high-employment national income larger surpluses will result when the national income is above that level. At lower national incomes the surplus will be smaller and below some point there will be deficits.

Under this system, surpluses arising when national income goes above the standard

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high-employment level should not be used to increase expenditures. Likewise, a reduction of tax rates without a corresponding reduction of expenditures would be contrary to the policy, regardless of the actual surplus at the actual national income (subject to exceptions that will be stated below).

A direct consequence of the stabilizing budget principle is that fluctuations in the national income do not call for fluctuations in tax rates, or in expenditures except for the automatic response of some expenditure items. However, changes in tax rates or expenditures will be appropriate under rome circumstances. If, for example, improvement of the international situation should lead to a substantial reduction in annual expenditure for defense, a lowering of tax rates would be appropriate. Similarly, if a new program is to be adopted that will substantially raise the annual level of Federal spending, higher tax rates will be required.

Three exceptions should be noted to the general principle that tax rates and expenditures should only change up or down in step with each other:

1. With a growing population and rising productivity, the national income at high employment will gradually rise. Therefore, the yield of a constant system of tax rates at the standard high-employment national income will also slowly and steadily increase. This gradual increase of tax yield will permit, without higher tax rates, some gradual increase in normal Government expenditure that may accompany the growth of the population and the national income. Moreover, as the economy grows into higher income levels, the amount of debt reduction consistent with high employment and stable prices may increase also; if so, the increased yield of the tax system should be retained for that purpose. Any readjustment of tax rates made possible by the long-time growth of the tax base should be made at reasonable intervals, say, 5 years, in order to avoid the unsettling effects of annual rate changes.

2. From time to time an urgent need may arise for an extraordinary expenditure that is large in amount but known to be temporary. It would probably be undesirable to raise tax rates sharply in order to finance such expenditures currently, and then to cut tax rates when the expenditure ceases. A plan for meeting these expenditures over a somewhat longer period would therefore be appropriate. This plan might take the form of a smaller tax rate increase, extended over a longer period.

If the expenditure is in the form of loans, the repayments may provide the source from which the expenditure will, in the end, be met. Whatever the plan for ultimately financing the expenditure, any immediate inflationary consequences of the expenditure should be offset by anti-inflationary borrowings. Outlays under a program for foreign rehabilitation may fall within this exception.

3. The recommendations of this report are presented in the belief that, if they are combined with appropriate measures in other fields, economic fluctuations can be confined to moderate departures from a high level. Yet it would be foolhardy to ignore the possibility that we may again confront an economic crisis of great magnitude—either severe depression or major inflation. Some extraordinary action must and will be taken if such a crisis appears. An emergency congressional reduction or increase in tax rate (perhaps with a fixed, automatic termination date) would then be one of the most effective and least dangerous of the available courses.

Mr. MORSE. Mr. President, section 202 of my bill is entitled "Distinction Between Federal Investment and Operating Expenditures." It provides that in presenting the annual budget to Congress a sensible distinction be made between regenerative and recoverable expenditures on the one hand and operating expenditures on the other hand. A good deal of the current nonsense which is being talked about the budget flows from a failure to make the logical distinction between capital investment and administrative costs of the Government. This is a distinction that every business makes in its own budget, and if the Government of the United States is to be run on a businesslike basis, it should be made in the Government's budget.

One should not confuse this provision with suggestions that have occasionally been made for a capital budget. A capital budget would require that an evaluation be made of every piece of Federal property, including desks, typewriters, filing cabinets, and buildings. I should like to point out that this section does not provide for a capital budget. It provides, rather, for an organization of the annual budget message in such a fashion as to provide Congress with an appraisal of the value and validity of proposed expenditures.

REPEAL OR REDUCTION OF CERTAIN EXCISE TAXES

The CED's report recommended gradual elimination of excise taxes. It pointed out that eventually "all excises except those on alcoholic beverages, tobacco, and gasoline should be eliminated." It suggested that a small number of excise taxes be eliminated immediately to pave the way toward a more general repealing action.

I urged this action, Mr. President, in 1947. I urged it again in 1948. I was rather a lone voice in support of that recommendation in the Senate of the United States in those years. I am very happy to note that since 1947 an increasing number of my colleagues, including the distinguished chairman of the Senate Committee on Finance, the Senator from Georgia [Mr. GEORGE], have now come to a point of view which, on principle at least, appears to be almost identical with the point of view I expressed in 1947 in respect to excise taxes.

Thus I take great encouragement in the fact that apparently when we come once again to real grips with a final determination of the problem of the tax revision, I shall have substantial support for the position I took both in 1947 and 1948, when I recommended the adoption of the recommendations of the report on taxes of the Committee for Economic Development.

Title II of my bill attempts to carry out this general approach. It provides for the repeal of taxes on baby oil and baby powder, on purses, handbags, and pocketbooks, on the transportation of both persons and property, on matches, on electric-light bulbs, and on electric, gas, and oil appliances. It provides for the repeal of war tax rates on jewelry, furs, toilet preparations, and long-distance telephone and telegram, cable and radio messages, and reductions in admissions taxes. It provides for the reduction of the tax on photographic apparatus and supplies.

The excise taxes that would be reduced or repealed constitute a fixed charge that tends to reduce the consumption of articles and services taxes. Their repeal would promote expansion of the industries affected and increase employment in these industries.

Mr. President, I have checked in the CONGRESSIONAL RECORD the debates at the time the excise taxes were first imposed. In my opinion, a promise of the Congress is as sacred as the promise of an individual. The word of the Congress I believe should be as redeemable as the word of an individual. Any Senator who will take the trouble to go into the congressional debates at the time these taxes were imposed cannot deny what I now state to be the truth—that they were imposed as wartime measures, chiefly for the purpose of exercising controls over an economy which had become characterized by scarcity. They were imposed, in my judgment, as I interpret the record, with a clear promise on the part of the Congress that, come the end of the war, they would be removed. They were never imposed, in the primary consideration, as revenue-producing measures, but as economic control measures, for directing the economy of the country into war channels so that we could devote our full attention to the production of goods necessary for the successful prosecution of the war.

Let us face the cold, ugly, economic fact, Mr. President, that they have become revenue-producing taxes, and I wonder if that is not why it is so difficult to get the politicians to remove them.

The facts would seem to indicate that about 19 cents out of every Federal revenue dollar now comes from excise taxes. That is a lot of money. But the fact, Mr. President, that in application they have gradually shifted from taxes for the control of a wartime economy of scarcity into revenue-producing taxes is no justification for the Congress not carrying out what I think was a clear moral commitment on its part when these taxes were enacted. I add that I think they are unsound taxes, for I believe they hamstring business incentive because, in my opinion, they are unfairly discriminatory in nature.

So I am once again in this bill urging the repeal of many of them, urging great reductions in all of them, and also urging a thorough study by a bipartisan commission, which title VI of my bill seeks to create, of the whole problem of excise taxes.

The total annual revenue which would be lost if the terms of my bill should become law would be about $1,000,000,000. If we abolished all excise taxes, or greatly reduced all of them, I would be the first to admit that the amount would exceed $1,000,000,000. However, I think I have made a good and proper start in the bill for the handling of the vexatious excise tax problem.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table which lists the estimated revenue loss by each class of items. The table does not include an estimate of revenue loss resulting from the proposed reduction in admission taxes.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Tax	Present rate	New rate	Annual revenue loss
	Percent	*Percent*	
Jewelry	20	10	$88,000,000
Furs	20	10	35,000,000
Toilet preparations	20	10	40,000,000
Baby oil, baby powder, etc.	20	0	5,000,000
Luggage	20	10	37,000,000
Handbags, wallets, etc.	20	0	28,000,000
Long-distance telephone	25	20	70,000,000
Telegraph messages	25	15	
Photographic apparatus	25	10	20,000,000
Photographic supplies	15		
Electric-light bulbs	20	0	27,000,000
Electric, gas, and oil stoves, heaters, etc.	10	0	80,000,000
Matches:			
Plain	(1)	0	10,000,000
Fancy	(2)	0	
Transportation of persons	15	0	245,000,000
Transportation of property	3	0	372,000,000
Total excise tax reduction			1,057,000,000

[1] 2 cents per M.
[2] 5 cents per M.

Mr. MORSE. Mr. President, it should be remembered, however, that estimates of direct revenue lost through the reduction or repeal of excise taxes can be very misleading. These taxes are taxes on consumption. They are regressive taxes that are not based upon the ability to pay and that in most instances do not take into account the financial resources of the persons paying the tax. Therefore, they operate to restrain the very economic expansion which provides the basis for high tax revenues. The net effect of these reductions for the economy would be extremely wholesome. To the extent that they stimulated an expansion in national income they would produce additional tax revenue in the form of personal income-tax payments and corporation tax payments.

It should be noted that my bill does not propose the repeal of all excise taxes. However, I am convinced that most excise taxes should be repealed and all others should be substantially reduced. The Congress has fallen into the bad habit of imposing excessive excise taxes on some commodities whose producers lack very much political strength. The nature of some of these commodities, such as alcoholic beverages and tobacco, make the producers thereof easy victims for excessive excise taxes because few politicians are willing to displease the groups that seek to use the tax structure as a means of controlling the consumption of such commodities.

As a teetotaler and a nonsmoker, I object to the misuse and abusive use of the tax structure as a device for attempting to control the consumption of liquor and tobacco. In the first place, experience shows that such taxes do not prohibit or control the use of these commodities to any great degree. In fact, excessive excise taxes encourage illicit trade in liquor.

In the second place, it is wrong in tax principle to use excise taxes as a device for trying to accomplish an aim of reducing consumption of such commodities. If it is the will of the people that consumption control be attempted, then it should be done by direct legislation on the subject and not by indirection through an abuse of the excise-tax principle. I heartily agree that fair and reasonable excise taxes should be imposed on liquor and tobacco for revenue purposes, but I think the existing taxes are too high and represent a form of penalty or fine on the production of those commodities which cannot be reconciled with the principle of taxation for revenue purposes.

Likewise, I think gasoline is being overtaxed. Such excise taxes have in them the inherent danger of setting a precedent or pattern for a Federal sales tax. As I have said before in the Senate, I think a Federal sales tax or any general sales tax is the politician's escape from responsibility for developing a sound fiscal program for the Government. It is a soak-the-poor tax, and I am just as much opposed to tax proposals based upon the unsound principle of soak the poor as I am to the various attempts to kill business incentive in America by adopting soak-the-rich confiscatory tax schemes.

INCENTIVES FOR PRIVATE BUSINESS INVESTMENT

Now what about the effects of my bill from the standpoint of being an incentive for private business investment? The CED program also proposed that the plan developed during the war of allowing accelerated amortization for private investment and plant capacity be adapted to peacetime use.

Mr. President, I ask unanimous consent to have printed at this point in my remarks a quotation from the CED's proposal on accelerated amortization.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The CED's proposal on accelerated amortization reads as follows:

"A great deal of confusion surrounds the question of annual depreciation rates, and business has been hampered by restrictive regulations affecting depreciation. So long as the total charges do not exceed the original cost of business assets, there can be little difference to the Government in the long run whether such costs are written off slowly or rapidly. The ability to amortize assets rapidly provides an important stimulus for the purchase of new and more efficient equipment. The committee believes that, within the limits of reason, business management should be permitted to use its own judgment in establishing depreciation rates."

Mr. MORSE. Mr. President, title III of my bill provides that for tax purposes business firms can amortize new investments in new facilities over a period of not less than 5 years. The term "facility" is defined to mean any "facility, building, machinery, or equipment, or part thereof, the construction, rehabilitation, erecting, installation, or development of which adds to, or improves the efficiency of, productive capacity."

I am sure that this proposal will evoke broad support among the business community, particularly from these small and independent producers who need an incentive of this type to put them into a stronger competitive position in relation to the big monopolistic enterprises which currently exercise such a dominating force in American economic life.

AVERAGING OF BUSINESS LOSSES

The CED tax program pointed out that the treatment of fluctuating incomes in business losses is one of the most important of all tax proposals.

With the present method of annual accounting for income tax, the report states:

An individual whose income varies from year to year pays a larger income tax than one whose income is stable, even though over a period of, say, 5 years, their total incomes are the same. Similarly, a corporation which in its first years operates at loss, then gradually works its way into the black, may find after 6 or 7 years that it has paid substantial taxes even though its net results for the period are a loss.

This discrimination is a penalty tax upon the most venturesome and forward-looking economic activity. It is precisely the risky enterprises and new businesses that are likely to experience wide fluctuations of incomes and intermittent losses. Averaging of incomes and lengthening of the period for carrying forward business losses will greatly reduce this penalty upon enterprise, with little loss in Government revenue.

Under the present tax laws the net operating losses of business concerns may be carried back and applied against the income of two preceding years. Also any unabsorbed balance may be carried forward against the income of the two following years. This system has two defects.

First, the present period over which losses can be averaged is not long enough. My bill remedies this defect by providing for a 5-year offset period. This period would seem to be sufficient to allow the losses in bad years to be offset against the income of more prosperous years.

Second, the present combination of carry-backs and carry-forwards is not only difficult to understand and administratively complex but also discriminates against new businesses. A new business by definition has no history of tax payments over the past 2 years and can benefit only from carry-forward provisions. Therefore, my bill eliminates the carry-backs completely and provides for income averaging through the simple device of carry-forwards over a 5-year period.

This provision would be of invaluable assistance to new enterprises and to small-business concerns throughout the country. The big monopolistic concerns in America have ample means of protecting themselves against fluctuations in economic conditions. My bill will help give small business and new business an equivalent form of protection.

FEDERAL, STATE, AND MUNICIPAL SECURITIES

The CED tax report takes a strong position against the present system of exempting State and municipal bonds from Federal income taxes. Let me quote what it says against this extremely important and highly controversial point:

The present tax system not only penalizes risk-taking but also gives tax inducements for safety-seeking. Interest on State and municipal bonds is exempt from Federal income tax. These untaxed securities attract the savings of the very persons to whom we ordinarily must look for a large share of the flow of venture capital—those persons in the high-income brackets. Denial of tax exemp-

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tion to future State and local bond issues will gradually eliminate this highly uneconomic discrimination.

Accordingly, title V of my bill would terminate, effective January 1, 1951, the issuance of State and local governmental securities exempt from Federal income taxes and Federal securities exempt from State and local income taxes. It would leave the tax-exempt status of securities issued prior to that date and outstanding on that date unaffected. To clear the way for extending the benefits of this legislation to State and local governments the language of this amendment would give the Federal Government's consent to nondiscriminatory State and local income taxation of securities issued after the end of this year by the United States, its Territories, and the District of Columbia.

This reform in our tax structure is long overdue, in my opinion, and has been urged repeatedly by men and women in all walks of life, in all sections of the country, and without regard to political affiliation. The arguments in support of this overdue tax reform are numerous, but I will mention at this time only three.

I mentioned those three arguments in 1947 when, in a speech on taxation, I urged the adoption of this identical recommendation of the Committee for Economic Development. However, I shall repeat those arguments again today:

First. Tax-exempt securities prevent the equitable distribution of the tax burden because they make it possible for some people, especially those with large and very large incomes, to escape all or part of their income-tax liability. As a result, Federal and State governments are prevented from giving full application to the principle of ability to pay in their taxes. To make matters worse, the tax benefit derived from tax exemption is not uniformly distributed among those who avail themselves of it. Its value increases as the individual's income increases.

It is a rich man's escape. It is an escape for the very, very rich man. It is a hole in our tax structure which should be plugged, and plugged quickly by Congress by the adoption of my bill.

Second. Another important argument in favor of this legislation concerns the effect of tax exemption on the general functioning of our economy. So long as individuals with large incomes are able to invest their capital in tax-exempt securities, they are discouraged from making investments in enterprise involving risk.

I take the position that if people of the United States enjoy the right and the advantage of making great profits out of our private-property economy, they owe something to that economy. I say, Mr. President, that in the interest of the system itself—and I refer to the private-property system, the men of wealth of America have an obligation to keep that system working for the benefit of all our people by making their money work in productive enterprises. They should not be allowed to take a run-out on their obligations to promote an ever-expanding economy, by sinking their dollars in tax-exempt securities.

Third. This provision would increase Federal and State income-tax revenue gradually over the years as the volume of tax-exempt securities already outstanding diminished and would reach a peak when all presently outstanding tax-free securities matured and were redeemed. The increased income-tax revenue would help counterbalance whatever revenue losses might be incurred by reductions in excise taxes and would afford an opportunity for eliminating some of the other inequitable taxes in our tax system.

My proposal on tax-exempt securities is a proposal which carries out the principle to be found in the recommendation of the Committee for Economic Development on this subject. I know of no good reason why the amendment that seeks to bring to an end tax-exempt securities should not be agreed to by the Senate. It is a proposal in line with the underlying philosophy of the Finance Committee's report of 1947, namely, that we need to encourage incentive, we need to encourage the expanding of our economy, and we need to encourage new business. You and I know, Mr. President, that so long as we make tax-exempt securities and bonds available, the money invested in them will be invested in competition with risk capital. What we need, and the economic cry of the hour, is a greater expenditure and investment of risk capital; and so I ask, why not now? If it be sound in theory, why not adopt the proposal now? We have had 2 years in which to consider it. I pleaded for it in both 1947 and 1948. I ask now, Is there any good reason for not adopting it at this time? It is not mine, in the sense that it is original with me; it is recommended by the Committee for Economic Development, the soundness of whose report I do not hear questioned on the floor of the Senate by anyone. I have not found it seriously questioned throughout the country.

FUNDAMENTAL REVISION IN THE TAX STRUCTURE

Mr. President, what about the need for a fundamental revision in the tax structure? As I indicated earlier, my bill does not attempt to deal with all the many problems presented by our present tax system. It does not deal with the problem of double taxation on small corporations, with the problem of equity in the treatment of earned income and capital-gains income, and the balance between personal-income taxes and estate and gift taxes. It does not deal with the all-important question of the rates of personal income and corporation taxes. Nor does it deal with the very vital question of plugging the innumerable loopholes in our tax structure. I favor all of the recommendations of the Committee for Economic Development on these tax problems just mentioned. However, I am willing to submit them to the commission called for in title VI. Further, my bill does not attempt to provide any solution for the many undesirable overlappings between the Federal tax structure and the tax systems of our State and local governments.

In fact, I think the problem of serious overlapping of tax programs carried on by our local, State, and Federal governments constitutes one of the most serious tax problems which faces the American people. It is on such a problem as this that we need the advice of the type of bipartisan tax commission which title VI of my bill proposes to create.

I do not have ready answers for the solution of these problems, but of this I am convinced: There is developing among the American people today a great resentment in regard to overlapping tax structures. There is much evidence of a form of tax revolt in America. There is much evidence that an increasing number of our people are reaching the conclusion that the tax structure is inequitable and unfair. The American people want to pay their way, but they resent injustice, even when injustice is imposed by the Government itself.

I think the situation is giving rise to some ethical problems among our people. I think tax evasion is rampant in America, due to an interesting characteristic of the American people. When an American thinks an injustice is being done him, he tends to protect himself by taking advantage of every technicality and loophole he can find in the law. As a result of growing resentment to tax inequities, we observe the spectacle in America today, in regard to this tax problem, of very moral people—people of the finest character, people who are generally honest—trying to figure out ways and means of beating the Government, so to speak, by taking advantage of every technicality which the tax laws make available to them.

Mr. President, I do not share the view that we can have our people resorting to subterfuge in regard to one problem and not have it affect the level of national morality in respect to their conduct generally. I am informed by many tax experts, by tax lawyers, and by those who are in a position to know something about the facts concerning out-and-out tax evasion itself, that there is a shocking amount of deliberate tax evasion—not the type of evasion which is within the law, by taking advantage of every conceivable technicality and legal subterfuge, but out-and-out dishonest failure to pay the taxes due. Many people apparently are banking on the fact that the odds of getting caught by the overworked Bureau of Internal Revenue are in favor of the taxpayer.

We know, as we discuss our appropriations problems with the Bureau of Internal Revenue, that the Bureau of Internal Revenue is highly cognizant of this fact. So I say that if my premise is sound—and I believe it to be—that the inequities of our present tax structure are such that they are stirring up resentment among our people, then I say it behooves us to do something about it immediately.

Title VI of my bill proposes to do something about it. It proposes to give us the benefit of a tax commission similar in nature to the Hoover Commission, which commission would proceed for 18 months to make a thoroughgoing study of the Nation's entire tax structure, with the objective in view of submitting a report recommending an overhauling of the entire tax structure to the end of eliminating the gross inequities now prevalent within it.

Mr. McCARTHY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Does the Senator from Oregon yield to the Senator from Wisconsin?

Mr. MORSE. I prefer to finish my presentation first.

Mr. McCARTHY. I was merely going to comment on the fact that we are very happy to see the Senator again.

Mr. MORSE. I thank the Senator for his kindness.

Mr. President, these overlappings of taxes imposed by local, State, and Federal governments, in my judgment, need to be corrected without further delay in the interest of our taxpayers. Of course, each governmental interest has its own problems in that connection. All of us know that the local community is confronted with the problem of raising sufficient revenue to meet its local needs; and, of course, the State and Federal Governments have corresponding problems. But the overlappings resulting from the separate systems of taxes imposed by the local, State, and Federal governments constitute a serious type of double taxation in the United States of America.

My bill does not attempt to provide any solutions for the many undesirable overlappings between the Federal tax structure and the tax systems of our State and local governments. Its substantive provisions are limited to those proposals that have been so well worked out by the Committee for Economic Development and so long considered by Government officials, Members of Congress, and tax experts throughout the country that there is no reason for further delay.

However, there is also no reason for delay in dealing with the other and more difficult problems I have listed.

Everyone seems to be agreed that we need a fundamental and thoroughgoing revision of our Federal tax structure. Everyone seems agreed that we must reexamine the relationship between Federal, State, and local taxes. In fact, no one seems able to talk or write on taxes today without paying lip service to these two needs.

But nothing has been done. During the war it was said, "When the reconversion period comes, then we'll buckle down to the question of fundamental tax revision."

During the reconversion period it was said, "As soon as the transition is over, then we'll buckle down to the job of tax reform."

Today people are saying, "Yes, it ought to be done, but where is the emergency; why not wait until a little later?"

I, for one, Mr. President, believe we made a mistake during the war period in not giving more attention to our postwar tax problems. I believe we made the same mistake during the period of reconversion; and, to a large extent, the present uncertainties in the business world are the price we are paying for our neglect. I believe that today, more than 4 years after the collapse of Japan, there is no longer any excuse for avoiding fundamental tax revisions.

I do not pretend to have any full-blown panacea. There is no man in this country who could, by himself, develop a satisfactory solution to this tremendous problem. However, I am convinced that my bill, if enacted, will remove many of the gross inequities in the tax structure and will provide a great incentive to much-needed new wealth-creating business enterprises.

During the first half of 1949 the Federal Government collected over $41,000,000,000 in total cash receipts from the public. State and local governments collected about $15,000,000,000 in cash receipts from the public. In other words, we are dealing here with a national structure which during the first part of this year resulted in more than $56,000,000,000 in cash receipts flowing from the public to the Federal, State, and local governments. Clearly, this is no small problem to be handled in a small way. It is a big problem—one of the biggest we have ever faced—to be handled only in a big way.

My proposal is that we handle this question in the same way that we handled the reorganization of the executive branch of the Federal Government, namely, by setting up a temporary bipartisan commission to make a complete examination of the entire subject and to report to the President and the Congress thereon within 18 months.

In the field of Government reorganization, the reports of the Hoover Commission have already proved their worth.

In the field of fundamental tax revision, given the appointment of the proper kinds of men, a similar commission could also serve to point the way toward definitive action.

Under my proposal a special bipartisan commission would be created to "examine the Federal, State, and local tax structures and policies with a view to determining whether and to what extent such structures and policies are a deterrent to sustained economic expansion of private investment and consumer purchasing power consistent with necessary public investment and social services." Special attention would be given to the necessity of providing adequate financial resources for the financing of Federal, State, and local governmental functions. This commission would consist of 18 members, 6 of whom would be selected by the President, 6 by the President of the Senate, and 6 by the Speaker of the House of Representatives. The commission would be required to report in full to the President and the Congress within 18 months after the appointment of its members, and would then pass out of existence.

Thus, in closing, Mr. President, I have outlined the major provisions of the six titles of my tax bill—provisions based upon the tax-reform recommendations of the Committee for Economic Development. I shall once again wait for arguments from Members of Congress against these recommendations, on their merits. But having twice before offered them, I have yet to hear in the debates in Congress any substantial argument against a single one of these proposals. The fact is that some of my colleagues in the course of debate have said, "The tax recommendations of the Senator from Oregon are meritorious, but they belong to a tax-revision bill, not to a tax-reduction bill."

Mr. President, it will be recalled that both in 1947 and in 1948 we were dealing with so-called tax-reduction bills. I wish to say that tax-reduction bills based upon juggling the percentage rates of the tax structure will never bring to the American people the needed tax relief, for which they are crying, because the type of tax-reduction bill which is based upon a manipulation of tax rates only tends to cheapen the dollar. That has been our experience, I submit, with such tax-reduction action as we have taken. If we wish to provide the American people with the tax relief to which they are entitled, if we wish to provide incentive to venture capital, so that it will invest in new business, and thus will create new wealth from which we shall get new taxes, and new jobs, too, then we must come to grips with the entire problem of a revision of the tax structure, to the end of cleaning out of it by the roots the gross tax inequities which the tax experts of the United States uniformly agree exist in our Federal tax structure. It is only by an elimination of these inequities that we can give to the American people a tax structure truly based upon ability to pay.

On the basis of that premise and that contention, I send to the desk the draft of my proposed tax bill, which I ask to have printed at this point in my remarks and referred to the appropriate committee.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

There being no objection, the bill (S. 2627) to provide certain budgetary and tax adjustments needed for sustained economic expansion under a free competitive enterprise system, introduced by Mr. MORSE, was read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc.—

SHORT TITLE AND TABLE OF CONTENTS

SECTION 1. This act, divided into titles and sections according to the following table of contents, may be cited as the Budget and Tax Adjustment Act of 1950:

Title I—Budgetary policies

Sec. 101. A balanced budget and debt retirement in an expanding economy.
Sec. 102. Distinction between Federal investment and operating expenditures.

Title II—Repeal or reduction of certain excise taxes

Sec. 201. Repeal of tax on baby oil, baby powder, etc.
Sec. 202. Repeal of tax on purses, handbags, pocketbooks, etc., and reduction of rate of tax on luggage.
Sec. 203. Repeal of tax on transportation of persons.
Sec. 204. Repeal of tax on transportation of property.
Sec. 205. Repeal of tax on matches.
Sec. 206. Repeal of tax on electric-light bulbs.
Sec. 207. Repeal of tax on electric, gas, and oil appliances.
Sec. 208. Reduction of tax on photographic apparatus.

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Sec. 209. Repeal of war-tax rates on jewelry, furs, toilet preparations, and long-distance telephone and telegraph, cable, and radio messages and reduction of admissions taxes.
Sec. 210. Effective date of amendments made by this title.

Title III—Amortization incentive for private enterprise

Sec. 301. Amortization deductions over a period of not less than 60 months.

Title IV—Five year averaging of business losses

Sec. 401. Carry-overs of net operating loss.

Title V—Elimination of tax exemption on future Federal, State, and municipal securities

Sec. 501. Taxability of interest on future Federal, State, and local obligations, etc.

Title VI—Fundamental revision of the tax structure

Sec. 601. Special bipartisan tax commission.

TITLE I—BUDGETARY POLICIES

A BALANCED BUDGET AND DEBT RETIREMENT IN AN EXPANDING ECONOMY

SEC. 101. (a) In order that Federal expenditures and the Federal tax system can most effectively contribute to sustained economic expansion under a free competitive enterprise system with due regard for the welfare and security of all the people, both expenditures and tax policy should be measured more carefully than in the past in terms of their effects upon the whole economy, and those policies which stimulate private investment, production, employment, and purchasing power, either directly or indirectly through useful and regenerative public projects, should be given priority. The objective should be to balance the budget and provide for the orderly reduction of the national debt under conditions of maximum employment, production, and purchasing power, while realizing that this objective is unattainable when economic activity is declining or when resources of plant and manpower and materials are substantially lying idle. Tax rates should be set to achieve this objective and should not be subjected to any major change unless there is some major change in national policy or condition of national life.

(b) Toward these ends the Annual Economic Reports of the President and/or Economic Reviews of the Council of Economic Advisers shall set forth in broad outline a 6-year estimate of desirable levels of Federal expenditures and receipts related to such total national product and income over these years as would be consistent with maximum employment, production, and purchasing power. The minimum goal shall be a national output of $300,000,000,000, valued at current prices, within 4 or 5 years, and at that level of output to raise sufficient revenues annually to balance the budget and to provide a surplus for the systematic reduction of the national debt.

DISTINCTION BETWEEN FEDERAL INVESTMENT AND OPERATING EXPENDITURES

SEC. 102. Federal budgetary practice shall be revised to distinguish between operating and capital expenditures, and in transmitting to the Congress the estimates called for in section 201 of the Budget and Accounting Act of 1921, as amended, the President shall, to the extent and in such detail as may be feasible, (a) separate operating expenditures from capital, developmental, and recoverable expenditures, and (b) estimate of capital, developmental, and recoverable expenditures by agencies and/or purposes for the six ensuing fiscal years.

TITLE II—REPEAL OR REDUCTION OF CERTAIN EXCISE TAXES

SEC. 201. Repeal of tax on baby oil, baby powder, etc.

Section 2402 (a) of the Internal Revenue Code (tax on toilet preparations) is hereby amended by striking out the period at the end thereof and by inserting in lieu thereof the following: "(except baby oils, baby lotions, baby powders, or similar preparations designed primarily for use in the care of infants).".

SEC. 202. Repeal of tax on purses, handbags, pocket books, etc., and reduction of rate of tax on luggage.

Section 1651 (a) of the Internal Revenue Code (retailer's excise tax on luggage, etc.) is hereby amended to read as follows:

"(a) Tax: There is hereby imposed upon the following articles (including in each case fittings or accessories therefor sold on or in connection with the sale thereof) sold at retail a tax equivalent to 10 percent of the price for which so sold:

"(1) Trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing-suit bags, brief cases made of leather or imitation leather, and salesmen's sample and display cases.

"(2) Toilet cases and other cases, bags, and kits (without regard to size, shape, construction, or material from which made) for use in carrying toilet articles or articles of wearing apparel."

SEC. 203. Repeal of tax on transportation of persons.

Subchapter C of chapter 30 of the Internal Revenue Code (tax on transportation of persons) is hereby repealed.

SEC. 204. Repeal of tax on transportation of property.

Subchapter E of chapter 30 of the Internal Revenue Code (tax on transportation of property) is hereby repealed.

SEC. 205. Repeal of tax on matches.

Section 3409 of the Internal Revenue Code (tax on matches) is hereby repealed.

SEC. 206. Repeal of tax on electric-light bulbs.

Section 3406 (a) (10 of the Internal Revenue Code (tax on electric-light bulbs and tubes) is hereby repealed.

SEC. 207. Repeal of tax on electric, gas, and oil appliances.

Section 3406 (a) (3) of the Internal Revenue Code (tax on electric, gas, and oil appliances) is hereby repealed.

SEC. 208. Reduction of tax on photographic apparatus.

Section 3406 (a) (4) of the Internal Revenue Code (tax on photographic apparatus) is hereby amended by striking out "25 percent;" ; and by striking out "15 percent" and by inserting in lieu thereof "10 percent."

SEC. 209. Repeal of war tax rates on jewelry, furs, toilet preparations, and long-distance telephone and telegraph, cable, and radio messages and reduction of admissions taxes.

Section 1650 of the Internal Revenue Code (war tax rates of certain miscellaneous taxes) is hereby amended by striking out everything after the colon and by inserting in lieu thereof the following:

"Section	Description of tax	Old rate	War-tax rate	New reduced rate
"1700 (a)	Admissions	1 cent for each 10 cents or fraction thereof.	1 cent for each 5 cents or major fraction thereof.	1 cent for each 20 cents or major fraction thereof.
"1700 (b)	Permanent use or lease of boxes or seats	11 per centum	20 per centum	10 per centum.
"1700 (c)	Sales of tickets outside box office	11 per centum	20 per centum	10 per centum.
"1700 (e)	Cabarets, roof gardens, etc	5 per centum	20 per centum	10 per centum.
"1710 (a) (1)	Dues or membership fees	11 per centum	20 per centum	10 per centum.
"1710 (a) (2)	Initiation fees	11 per centum	20 per centum	10 per centum."
"2800 (a) (1)	Distilled spirits	$6 per gallon	$9 per gallon	
"2800 (a) (3)	Imported perfumes containing distilled spirits	$6 per gallon	$9 per gallon	
"3030 (a) (1)	Still wines:			
	(1) Not over 14% of alcohol	10 cents per gallon	15 cents per gallon	
	(2) Over 14% and not over 21% of alcohol	40 cents per gallon	60 cents per gallon	
	(3) Over 21% and not over 24% of alcohol	$1 per gallon	$2 per gallon	
"3030 (a) (2)	Sparkling wines, liqueurs, and cordials:			
	(1) Champagne or sparkling wine	10 cents per half-pint or fraction thereof.	15 cents per half-pint or fraction thereof.	
	(2) Artifically carbonated wine	5 cents per half-pint or fraction thereof.	10 cents per half-pint or fraction thereof.	
	(3) Liqueurs, cordials, etc	5 cents per half-pint or fraction thereof.	10 cents per half-pint or fraction thereof.	
"3150	Fermented malt liquors	$7 per barrel	$8 per barrel	
"3268	Billiard and pool tables; and bowling alleys	$10 per year per table; $10 per year per alley.	$20 per year per table; $20 per year per alley.	
"3465 (a) (2) (A)	Leased wires, etc	15 per centum	25 per centum	
"3465 (a) (2) (B)	Wire and equipment service	5 per centum	8 per centum	

SEC. 210. Effective date of amendments made by this title.

(a) The amendments made by sections 201, 202, 205, 206, 207, and 208 shall take effect on the first day of the first month which begins more than 20 days after the date of the enactment of this act.

(b) The amendments made by sections 203 and 204 shall apply to amounts paid on or after the first day of the first month which begins more than 20 days after the date of the enactment of this act for transportation on or after such first day.

(c) That part of the amendment made by section 209 which relates to the taxes imposed by section 3465 of the Internal Revenue Code (tax on telegraph, telephone, radio, and cable facilities) shall apply in the case of amounts paid pursuant to bills rendered on or after the first day of the first month which begins more than 20 days after the date of the enactment of this act for services for which no previous bill was rendered, except that such an amendment shall not apply with respect to such services as were rendered more than 2 months before the first day of the first month which begins more

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than 20 days after the date of the enactment of this act; that part of the amendment made by section 209 which relates to taxes imposed by section 3469 of the Internal Revenue Code (tax on transportation of persons, etc.) shall have the same effective date as the amendment made by section 203; and the remainder of the amendment made by section 209 shall take effect on the first day of the first month which begins more than 20 days after the date of the enactment of this act.

TITLE III—AMORTIZATION INCENTIVES FOR PRIVATE ENTERPRISE

SEC. 301. Amortization deductions over a period of not less than 60 months.

(a) For the purpose of maintaining private investment, production, and employment, and encouraging their sustained expansion, any taxpayer at his election and upon receipt of a certificate of approval as provided for under subsection (d) shall be entitled, in lieu of depreciation deductions allowable under the Internal Revenue Code, to a deduction for amortization over any period that he elects of not less than 60 months (or for one-half of the depreciation period allowable under the Internal Revenue Code in the case of assets having a life of 60 months or less) with respect to any facility, as defined in subsection (c), completed after the enactment of this act, or completed prior to its enactment to the extent that the investment in such facility has not been depreciated under the Internal Revenue Code: *Provided*, That (1) the total deduction for amortization for any facility shall not exceed the total deductions allowable under the Internal Revenue Code, and (2) it is not the intention of the Congress that a facility for which an amortization deduction authorized in this section is claimed shall thereafter be reamortized for the purpose of computing costs either for wage or price purposes.

(b) The amortization deduction shall begin at the election of the taxpayer as to any such facility with the month following the month in which the facility was completed or with the succeeding taxable year and, as to any facility completed prior to the enactment of this act, with the first month or taxable year beginning after its enactment. Such election shall be declared in the return for the taxable year in which the deduction is to begin and shall be accompanied by a copy of the certificate of approval provided for in subsection (d).

(c) The term "facility" means any facility, building, machinery, or equipment or part thereof, the construction, rehabilitation, erection, installation, or development of which adds to, or improves the efficiency of, productive capacity.

(d) The President shall establish a committee to issue certificates of approval for those facilities as defined in subsection (c) for which amortization deductions authorized in this section are sought. Such committee may prescribe such forms, rules, and regulations as it may determine necessary.

(e) The basis for computing gain or loss on the sale of the facility for which an amortization deduction authorized in this section has been claimed shall be the basis allowable under the Internal Revenue Code as adjusted by the amount of the depreciation claimed under this section.

TITLE IV—FIVE YEAR AVERAGING OF BUSINESS LOSSES

SEC. 401. Carry-overs of net operating loss.

(a) Section 122 (a) of the Internal Revenue Code (relating to definition of net operating loss) is amended to read as follows:

"(a) Definition of net operating loss: As used in this section, the term 'net operating loss' means the excess of the deductions allowed by this chapter over the gross income, with the adjustments provided in subsection (d). For such purpose a net operating loss is to be computed under the law applicable to the taxable year of such net operating loss."

(b) Section 122 (b) of the Internal Revenue Code (relating to amount of carry-back and carry-over) is amended to read as follows:

"(b) Amount of net operating loss carry-over: If for any taxable year beginning after December 31, 1950, the taxpayer has a net operating loss, such net operating loss shall be a net operating loss carry-over for each of the five succeeding taxable years, except that the carry-over in the case of each of the succeeding taxable years after the first succeeding taxable year shall be the excess, if any, of the amount of such net operating loss over the net income for the intervening taxable year or years computed, under the law applicable to such years, (A) with the adjustments provided in subsection (d) (1), (2) and (4) and (B) by determining the net operating loss deductions for such intervening taxable year or years without regard to such net operating loss or the net operating loss of a year subsequent to the taxable year, and without regard to any reduction specified in subsection (c)."

(c) Section 122 (c) of the Internal Revenue Code (relating to amount of net operating loss deduction) is amended to read as follows:

"(c) Amount of net operating loss deduction: The amount of the net operating loss deduction shall be the aggregate of the amounts of the net operating loss carry-overs to the taxable year reduced by the amount, if any, by which the net income computed with the adjustments provided in subsection (d) (1), (2), (3), and (4) exceeds, in the case of a taxpayer other than a corporation, the net income (computed without such deduction), or, in the case of a corporation, the normal-tax net income (computed without such deduction)."

(d) Section 122 (d) of the Internal Revenue Code (relating to exceptions, additions, and limitations) is amended—

(1) By striking out "The exemptions, additions, and limitations referred to in subsections (a), (b), and (c) shall be as follows; and inserting in lieu thereof "The adjustments referred to in subsections (a), (b), and (c) shall include the following exceptions, additions, and limitations"; and

(2) By striking out paragraph (6).

(e) Carry-backs and carry-overs from years beginning before January 1, 1951: Despite the provisions of subsection (b) of this section the provisions of section 122 (b) prior to its amendment by this section shall remain in force for the purposes of the determination of the carry-backs and carry-overs of a net operating loss from any taxable year beginning before January 1, 1951; such determination to be made as if subsection (b) had not been enacted.

TITLE V—ELIMINATION OF TAX EXEMPTION ON FUTURE FEDERAL, STATE, AND MUNICIPAL SECURITIES

SEC. 501. Taxability of interest on future Federal, State, and local obligations, and so forth.

(a) Limitation on tax-free interest: Section 22 (b) (4) of the Internal Revenue Code (relating to tax-free interest) is hereby amended by inserting after the word "obligations" in clause (A) of the first sentence thereof the following: ", issued before January 1, 1951."

(b) Consent to State and local taxation: The United States hereby consents to the taxation, under an income tax on interest upon obligations, issued on or after January 1, 1951, of the United States, any Territory, possession, or political subdivision thereof, or the District of Columbia, by any duly constituted taxing authority having jurisdiction to tax such interest if such taxation does not discriminate against such interest because of its source. The provisions of this subsection shall, with respect to any such obligations be considered as amendatory of and supplementary to the respective act or acts authorizing the issue of such obligations, as amended and supplemented.

(c) Amendment to the Public Debt Act of 1941: Section 4 (a) of the Public Debt Act of 1941, as amended, is hereby amended by inserting in the first sentence thereof, after the words "agency or instrumentality thereof" the following: ", or on or after January 1, 1950, by any Territory, possession, or political subdivision thereof, or the District of Columbia."

TITLE VI—FUNDAMENTAL REVISION OF THE TAX STRUCTURE

SPECIAL BIPARTISAN TAX COMMISSION

SEC. 601. There is hereby created a special bipartisan commission to examine the Federal, State, and local tax structures and policies with a view to determining whether and to what extent such structures and policies are a deterrent to sustained economic expansion and to make recommendations for such structures and policies as will provide appropriate incentives for needed expansion of private investment and consumer purchasing power consistent with necessary public investment and social services and with special attention to the provision of adequate financial resources for the financing of Federal, State, and local governmental functions. The Commission shall consist of 18 members. The President shall select six members, three of whom shall be officials of the executive branch of the Federal Government, and shall designate the Chairman of the Commission. The President of the Senate shall select six members, three of whom shall be Members of the Senate. The Speaker of the House of Representatives shall select six members, three of whom shall be Members of the House of Representatives. The Commission may establish a special subcommission to assist it with its investigation of the State and local tax structures and policies and such other subcommission as it determines necessary to assist it with special tax problems, and shall consult with appropriate organizations of State and local officials. The Commission shall report in full to the President and the Congress within 18 months after its members have been appointed, shall have the authority to borrow such personnel from the executive agencies of the Federal Government or from the committees of the Congress, or to hire without regard to the civil-service laws or the Classification Act of 1923, as amended, such additional personnel as it needs, and its private members may be compensated at the rate of $40 for each day spent in meetings of the Commission or upon work for the Commission. Payments to the members of the Commission, and for the services of such employees as it may hire or borrow shall not exceed $5,000,000. The Commission shall cease to exist upon the submission of its full report to the President and the Congress.

Mr. MORSE. I yield the floor.

ADDITIONAL BENEFITS FOR CERTAIN POST-OFFICE EMPLOYEES

The Senate resumed the consideration of the bill (S. 1772) to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, compensatory time, and promotion, and for other purposes.

The PRESIDING OFFICER. The amendment of the committee will be stated.

The amendment of the Committee on Post Office and Civil Service was, to strike out all after the enacting clause and insert:

That (a) all postmasters, officers, and employees in the postal field service whose rates

of compensation are prescribed by the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the postal service; to establish uniform procedures for computing compensation; and for other purposes," approved July 6, 1945, as amended, shall receive additional compensation at the rate of $100 per annum: *Provided*, That employees paid on an hourly or part-time basis shall receive additional compensation at the rate of 2½ cents per hour: *Provided further*, That postmasters at post offices of the fourth class shall receive additional compensation at the rate of a sum per annum equal to 2½ percent of their basic annual compensation.

(b) This section shall not apply to skilled-trades employees of the mail-equipment shops, job cleaners in first- and second-class post offices, and employees who are paid on a fee or contract basis.

SEC. 2. (a) Each employee in the postal field service on the day before the day on which this act takes effect, whose original appointment to a regular position was to a grade lower than grade 3 under such act of July 6, 1945, as amended, and who has not progressed to grade 3, shall, as of the effective date of this act, be placed in grade 3.

(b) Each person whose original appointment to a regular position in the postal field service is made on or after the effective date of this act shall be placed in grade 3 at the time of such appointment.

SEC. 3. This act shall take effect on the first day of the first pay period which begins after the date of its enactment.

The PRESIDING OFFICER. The question is on agreeing to the committee substitute, which is open to amendment.

Mr. LONG. Mr. President, as Senate bill 1772 was originally introduced, it would have cost approximately $319,000,000. This would have been in the form of pay raises and additional benefits for postal employees. After carefully considering all the benefits and also considering about the question of how much the Federal Government could afford to spend this year in terms of pay raises, the committee came to the conclusion that the maximum benefits could probably be obtained by having a $100 flat increase for all employees in the postal service, and by eliminating the two lower grades. The bill originally proposed the elimination of four lower grades. Elimination of the two would mean that the starting salary in the Post Office Department would be $2,850, when considered in connection with the additional $100 pay increase. This would be in line with the proposed classification bill which will be brought up shortly hereafter, under which the average pay increase will be about $125 for Federal employees, although under that bill there will not be a flat increase of $125, but rather a varying scale which attempts to assure better management to the Federal Government and to rectify certain inequities which now exist in the general classification schedule. For purposes of brevity, I ask that the committee report be printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the report (No. 871) was ordered to be printed in the RECORD, as follows:

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 1772) to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, compensatory time, and promotion, and for other purposes, having considered the same, report favorably thereon, with amendments, and recommend that the bill, as amended, do pass.

The amendment is as follows:

"Strike out all after the enacting clause and insert the following:

" 'That (a) all postmasters, officers, and employees in the postal field service whose rates of compensation are prescribed by the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the postal service; to establish uniform procedures for computing compensation; and for other purposes," approved July 6, 1945, as amended, shall receive additional compensation at the rate of $100 per annum: *Provided*, That employees paid on an hourly or part-time basis shall receive additional compensation at the rate of 2½ cents per hour: *Provided further*, That postmasters at post offices of the fourth class shall receive additional compensation at the rate of a sum per annum equal to 2½ percent of their basic annual compensation.

" '(b) This section shall not apply to skilled-trades employees of the mail-equipment shops, job cleaners in first- and second-class post offices, and employees who are paid on a fee or contract basis.

" 'SEC. 2. (a) Each employee in the postal field service on the day before the day on which this act takes effect, whose original appointment to a regular position was to a grade lower than grade 3 under such act of July 6, 1945, as amended, and who has not progressed to grade 3 shall as of the effective date of this act, be placed in grade 3.

" '(b) Each person whose original appointment to a regular position in the postal field service is made on or after the effective date of this act shall be placed in grade 3 at the time of such appointment.

" 'SEC. 3. This act shall take effect on the first day of the first pay period which begins after the date of its enactment.

" 'Amend the title so as to read: "A bill to provide additional compensation for postmasters, officers, and employees in the postal field service, and for other purposes." ' "

PURPOSE OF THE AMENDMENT

The purpose of the amendment is to strike out the language of the bill, as introduced, and insert new language, which was agreed to by the committee.

STATEMENT

The purpose of the legislation is to provide additional benefits for postmasters, officers, and employees in the field service of the Post Office Department with respect to increased compensation and elimination of the lowest two grades in the postal service.

Section 1 provides for an increase in compensation: (*a*) For postmasters, officers, and employees in the postal service paid on an annual basis (except fourth-class postmasters) of $100 per annum; (*b*) for hourly or part-time employees at the rate of 2½ cents per hour; and (*c*) for fourth-class postmasters of 2½ percent of their basic annual compensation.

It is estimated that the cost of section 1 (a) will be $48,000,000 annually.

Subsections (a) and (b) of section 2 provide that employees in the postal service, when appointed to a regular position, will be placed in grade 3 and those who are presently in regular positions in the postal service at a grade lower than grade 3 will be placed in grade 3. The effect of these two subsections is to eliminate the lowest two grades for regular employees in the postal service.

It is estimated that the cost of subsections (a) and (b) of section 2 will be $13,000,000 annually.

Section 3 establishes the effective date of this legislation as the first day of the first pay period beginning after the date of its enactment.

It is estimated that the total annual cost of this legislation will be $61,000,000. As originally introduced, S. 1772 would have cost $319,000,000 annually.

The reports of the Post Office Department, dated July 29, 1949; the Bureau of the Budget, dated August 8, 1949; and the Civil Service Commission, dated May 19, 1949, which are favorable in part, are as follows:

Mr. SALTONSTALL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Massachusetts?

Mr. LONG. I yield.

Mr. SALTONSTALL. Is the Senator, so far as he is concerned, as the one in charge of the bill, through, so to speak? Is he ready for a vote?

Mr. LONG. The Senator from Louisiana is ready for a vote, unless some other Senator cares to discuss the bill.

Mr. SALTONSTALL. The Senator will agree with me we should have a quorum call before a vote is taken, of course, will he not?

Mr. LONG. Yes. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LUCAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded and further proceedings under the call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment in the nature of a substitute, reported by the committee, which is open to amendment.

Mr. LONG. Mr. President, in order to correct the RECORD, a few moments ago I said that entrance salaries would be increased to $2,850 in the postal service. There is one slight exception to that, which is in connection with the lowest entrance salary applicable to 20,000 persons who are clerks in fourth-class post offices and who are now receiving $2,050. Those persons would, under the bill, receive a $100 increase.

Mr. LUCAS. Mr. President, I desire to address a question to the Senator from South Carolina [Mr. JOHNSTON] and the Senator from Louisiana [Mr. LONG].

During the past 4 or 5 years a problem of wage adjustment has periodically been brought to my attention by various postal supervisors. It seems that the postal supervisors are the only employees in the entire Federal service whose salaries have not been increased as much as 30 percent over salaries received in 1925. At the same time, clerks and other employees, who are under the direction of postal supervisors, have received pay increases so that in many instances these workers receive more than do the supervisors.

Everyone who has considered the problem seems to concede that something should be done. But thus far nothing has been done, and the bill I introduced, Senate bill 892, has not been reported to the Senate.

I have been told that the Postmaster General, the Bureau of the Budget, and the Senate Post Office and Civil Service Committee have all agreed that there should be further study before such a bill can be properly prepared. It seems that the postmasters are in the same situation as the supervisors and that any attempt to adjust the salaries of the supervisors without considering the postmasters would get the entire postal pay structure out of line. I have been informed that hearings are to be held to consider the entire pay structure of the postal system.

What assurance can the Senators give me and the many postal supervisors and postmasters vitally interested in this matter that a bill which properly adjusts the salaries of postal supervisors will be reported for discussion in the early part of the next session?

Mr. JOHNSTON of South Carolina. Mr. President, I should like to reply, as chairman of the committee, that a subcommittee is now making a study of the particular matter which the majority leader has brought to our attention. It is my intention to push the investigation and have the bill reported from the committee early next year. I do not believe we will be ready for a report at this session, with possible adjournment in the next 2 or 3 weeks. It is my bill, and, naturally, I am interested in it. It is Senate bill 1978.

Mr. LUCAS. Mr. President, I appreciate the reply made by the able Senator from South Carolina. It seems to me, after a close and careful analysis of the situation existing with respect to these particular postal supervisors, that they are now being discriminated against, when we compare what they are receiving with what other postal employees are receiving.

Mr. JOHNSTON of South Carolina. I agree thoroughly with the majority leader. They have been neglected, and they should be paid more than they are receiving at the present time. That is especially true of the third- and fourth-class postmasters throughout the United States. It is probably more true of them than of the first- and second-class postmasters. But they all need the attention of the committee. It is a question which requires deep study in order not to throw everything out of line.

Mr. LUCAS. I am particularly interested in the postal supervisors.

Mr. JOHNSTON of South Carolina. My statement applies also to the postal supervisors.

Mr. LUCAS. I thank the Senator.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The question is on agreeing to the committee substitute, which is open to amendment.

Mr. DOUGLAS. Mr. President, may I ask whether the committee has finished presenting its amendments?

Mr. JOHNSTON of South Carolina. Yes.

Mr. LONG. This is a committee amendment in the nature of a substitute. I suggest that the Senator offer his amendment, if he has an amendment which he wishes to offer.

Mr. DOUGLAS. Mr. President, I think we all feel deeply indebted to the chairman of the Committee on Post Office and Civil Service [Mr. JOHNSTON of South Carolina] and also to the very distinguished Senator from Louisiana [Mr. LONG]. I want to compliment them for their ability, and do not want to throw any monkey-wrenches into the machinery.

There are many considerations, however, which I think we should bear in mind before we finally pass this bill. The first is that, according to the report of the Postmaster General, there is a deficit in the Post Office for the fiscal year 1948–49 amounting to approximately $551,000,000. I understand the pay increases which will be provided by the pending bill will amount to $61,000,000. I have studied the postal-rate bill which has been submitted by the committee, but on which no formal date has been set for action. So far as I can tell, the added revenues from the postal rate bill will amount to only a little more than $100,000,000. So, Mr. President, if we were to pass both bills in their present form, the deficit would be reduced by only $40,000,000 and would probably still be at the rate of more than $500,000,000 for the fiscal year 1949–50 unless revenues increase during this time.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to call the attention of the junior Senator from Illinois to the fact that we increased postal rates last year, and for 1948–49 the Department has received by way of revenues only about one-half the amount of the increase put into effect at that time.

The deficit for this particular fiscal year is estimated to be somewhere in the neighborhood of $407,000,000, instead of the figure stated by the junior Senator from Illinois.

Mr. DOUGLAS. If the two measures relating to the postal service are passed, the deficit, according to the Senator's figures, will be at least somewhere in the neighborhood of $360,000,000; and if no postal-rate increase is provided, it will amount to approximately $470,000,000, instead of the $250,000,000 which was called for in the President's budget as submitted in January.

Mr. JOHNSTON of South Carolina. That is true.

Mr. DOUGLAS. Mr. President, I appreciate the difficulties under which the committee is laboring, in that the whole problem of the postal service must be considered, one bill at a time, but I think that before we pass a postal salary-increase bill we should look at the whole picture. Certainly I do not want to contemplate the Post Office Department running a deficit of $360,000,000 a year, of $470,000,000 a year, or possibly in excess of $500,000,000 a year. I think that is an extremely unhealthy situation, and it would seem to me that at least two steps should be taken. The first is that we should put pressure on the Post Office Department to reduce some of its operating expenditures. It may be that the Hoover Commission made extravagant claims about the economies which could be brought about if their proposals were put into effect. I understand that they issued a press statement that they could save from $200,000,000 to $300,000,000. I think that estimate is quite likely exaggerated. But the detailed report of the Hoover task force states that in its judgment net economies of $80,000,000 could be put into effect without any elaborate purchase of equipment and that this could be done by administrative reorganization.

Mr. LONG. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. LONG. I hope the Senator will look into the hearings on a proposed increase of postal rates wherein the Postmaster General discussed some of the proposals of the Hoover Commission. The Postmaster General explained in very great detail why two particular proposals would not save the Government money, but rather would cost the Government an additional $5,000,000, or some such figure, in addition to the present expense.

For example, one of the recommendations was that the organization of the Post Office should be decentralized throughout the United States and that 12 branch offices should be established. The Postmaster General felt that would only confuse the administration and greatly impede the management of the Post Office and final decisions on matters which would be referred to Washington. Therefore, he thought that this recommendation would cost additional millions of dollars, instead of saving money.

He discussed certain other recommendations, and his conclusion was that those particular ones would result in a loss of money to the Government. I believe he did state that some of the recommendations had been considered even before the Hoover task force suggested them, that some had been put into effect, and that certain other economies would be brought about, but he could not see any enormous savings.

Mr. DOUGLAS. Mr. President, I may ay to the Senator that I naturally have a very high opinion of the Postmaster General, since in addition to possessing unquestioned ability he is a distinguished citizen of my State, but it seems to me extraordinary that when the Post Office Department had total expenditures in the last year of approximately $2,100,000,000, they could not effect any economies.

Unless I can be convinced that I am wrong, I intend to propose an amendment which will ask that a portion of the cost of the salary increase be absorbed in operating economies in the Post Office, so that the net cost of the pending bill will be only $30,000,000, instead of the $61,000,000 required by the scale proposed by the committee.

Mr. LONG. Mr. President, I would point out to the Senator that, to the best of my understanding, 84 percent of the Post Office expenditures are for personnel. In view of that fact, the Senator's proposals would be very much in line with the proposed amendment of the Senator from New Hampshire [Mr. BRIDGES], who suggested that the Post Office Department should be required to absorb the entire cost by reduction of personnel. Actually, in view of the fact that 84 percent of the postal expense is for personnel, and that probably very

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little could be saved in supplies, the saving would necessarily be borne by a reduction of personnel.

Mr. DOUGLAS. I was not aware of the amendment contemplated by the Senator from New Hampshire. My amendment is not so stringent as his. My amendment merely proposes that half the cost be borne by operating economies.

Of course, it is true, as the Senator has said, that five-sixths of the postal expenditures are in the form of personnel costs, and that the salary scale per person is fixed by statute, but the statute does not fix the number of persons who must necessarily be employed. From time to time on the floor of the Senate, we have pointed out that about 3 percent of governmental employees die each year, that another 2 or 3 percent are retired because of age, and there are also numerous voluntary separations. So that without being unduly severe on anyone, there certainly could be a shrinkage of the personnel of approximately 2 or 3 percent during the course of the year. This would pay for the salary increases provided in the bill before us and would reduce the tremendous deficit by that much.

Mr. LONG. So far as the committee is concerned, if the Senator would care to offer an amendment on behalf of himself and the Senator from New Hampshire, to absorb the entire cost by reduction of personnel, I should be willing to take it to conference, and consult the Postmaster General, and if it seemed there was a possibility of working it out, we would attempt to bring it back in the final report.

Mr. DOUGLAS. I appreciate the courtesy of the Senator from Louisiana. There is just one thing that makes me a bit fearful about the Senator's statement. He said he would try to bring it back if the Postmaster General approved.

Mr. LONG. No; I said we would consult him. If I said that it would require the Postmaster General's approval, I did not have that in mind. I said that unless the Postmaster General convinced us that it was more or less impossible, we would keep it in the bill.

Mr. DOUGLAS. I understand the Postmaster General advised the Senator from Arkansas [Mr. MCCLELLAN] that he could make virtually no operating economies in the Post Office Department and that virtually every proposal advanced by the Hoover Commission was impracticable. Unless he has had a change of heart, that is probably the position he will again take.

If the Senator from Louisiana can convince me that he will go into the conference as a militant soldier, prepared to fight for these savings in the conference committee, and not merely accept it as a formal amendment, that is fine, because I know there is no more doughty warrior than the junior Senator from Louisiana. But if he goes in as a faint-hearted soldier of the common good, I would not feel so happy about the situation.

Mr. LONG. The junior Senator from Illinois has joined the junior Senator from Louisiana in opposing a conference report when it was not satisfactory, and I believe that it would be just as well for the Senator from Illinois, if he were not satisfied with the conference report, to oppose it at the time it was brought in, after the conference committee had had a chance to consider and work on the matter.

Mr. DOUGLAS. Am I to understand that the committee would be willing to accept the amendment previously suggested by the Senator from New Hampshire?

Mr. LONG. Yes.

Mr. DOUGLAS. I do not know whether or not the Senator from New Hampshire would add his endorsement to the suggestion of the Senator from Louisiana.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. Sitting for the time in the chair of the minority leader, the amendment of the Senator from New Hampshire was handed to me. I should like to inquire whether it is the same as the amendment the Senator from Illinois is considering offering.

Mr. DOUGLAS. My amendment is much milder in character. I propose that the Department absorb only one-half the cost. I did not know that the amendment of the Senator from New Hampshire was printed. I was not trying to kidnap the child of a Senator from across the aisle.

Mr. SALTONSTALL. Am I to understand the committee is willing to accept the amendment of the Senator from New Hampshire?

Mr. LONG. Yes.

Mr. SALTONSTALL. Then I suggest that the Senator from Illinois offer it in his name, and the name of the Senator from New Hampshire.

Mr. DOUGLAS. Would the Senator from New Hampshire object to having his name coupled with mine?

Mr. SALTONSTALL. I will take that responsibility.

Mr. DOUGLAS. Mr. President, my attention has been called to another fact, that the amendment of the Senator from New Hampshire calls for a reduction in personnel only, whereas my amendment calls for absorption of the total costs and not merely personnel costs.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. SALTONSTALL. I would be willing to take the responsibility, in the name of the Senator from New Hampshire, for any modification the Senator from Illinois cared to make of the amendment. I am sure it would be acceptable.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. LONG. I would suggest that insofar as his amendment is concerned, the Senator will find that the only place where he can bring about any economy, under the laws as they are today, is in the personnel. Eighty-four percent of the Post Office expense is that of personnel. The next 11 percent, bringing the total up to 95 percent of the entire cost, is transportation. The Postmaster General is advocating a law which would make it possible for him to save some money in transportation, but unless and until Congress will pass such a law nothing can be done substantially to reduce the cost of transportation.

Mr. DOUGLAS. My amendment does not limit the economies to the personnel, but merely provides that the total costs shall be reduced. If they cannot be reduced on other items they can be reduced on personnel. I therefore send the amendment to the desk and offer it on behalf of myself and the senior Senator from New Hampshire [Mr. BRIDGES].

The PRESIDING OFFICER. The Chair understands that the Senator from Illinois and the Senator from New Hampshire are offering an amendment which the clerk will state.

The CHIEF CLERK. At the end of the committee amendment it is proposed to insert a new section as follows:

SEC. —. The Postmaster General is authorized and directed to absorb all of the increased costs during the fiscal year 1950 resulting from the enactment of this act within any unobligated or unexpended balances in appropriations available to such department or independent agency.

Mr. PEPPER. Mr. President, I am not going to object or precipitate a contest about this matter, but I simply want to register my personal opposition to such a method of meeting these increases in salaries. The Congress is supposed to legislate for the country. If these salary increases are justifiable, we should vote them. If they are not, we should repudiate them. If we think the appropriations for the departments are excessive, we should cut them. If we think they are deficient, we should increase them.

I am reluctant to associate myself with just a blow in the dark against the Department with the imperative behind it that somehow, and somewhere, in a realm the Congress evidently is not aware of and not disposed to explore, there will be a means of accomplishment. So if there is a vote on this amendment, with all the respect and regard I have for its author, I should like to be recorded as voting against it.

Mr. DOWNEY. Mr. President, I should like to associate myself with the remarks made by the eloquent Senator from Florida. I think the whole policy of procedure, as envisaged in this sort of action, is not sound or logical.

I often think that the Post Office Department is the most marvelous institution in America. I can place a 3-cent stamp on a letter here and have it picked up from my office, taken to the depot, and sorted, carried 3,000 miles away, and delivered at any home in the State of California. When I want to have delivered a telephone message or a telegraphic message it costs me dollars.

I think the efficiency of the Post Office Department as an agency in American life is unparalleled. I do not believe it can be matched by any system of private budgeting. Yet some would say that if we are going to pay the postal workers the wages to which they are entitled—and that is the only moral standard of this bill—we can do it only if we make receipts balance output.

The Post Office Department provides for the Federal Government a huge free

franking service. It provides a tremendous service for the whole Nation in educational and informational matters by reason of the cheap rates at which it carries newspapers, magazines, and books throughout the country. Under such conditions, where service at a cheap rate—a penny or two or three or five pennies—is what is wanted, if it is contended that we cannot give that service, worth billions of dollars, to the American people and pay a decent wage, and, therefore, cannot increase the wage of postal workers, I am at a loss to understand the logic back of the contention.

Mr. President, I have had a rather wide experience in post-office and civil-service matters. I pay my tribute to post-office workers. I know something about the efficiency of the men who drive the trucks and sort the mail and deliver it to our homes. I do not believe that in any private business in the United States there can be found any higher labor efficiency than is found among the postal workers of America. They work their full hours. They carry their heavy burdens. They are vigilant and faithful. I agree wholly with the Senator from Florida that this is an unrighteous kind of proposal.

In this bill there should be only one consideration: Are the postal workers entitled to this increase? If the answer is yes, then in some other place and in some other time let us endeavor, if we can, to reduce the personnel, which I doubt if we can, or to increase the income. But let us not, in effect, say to the postal workers of America, "Yes, we are going to give you a scanty raise"—I repeat, a scanty raise—but, in effect we are going to say, "your personnel must be reduced so that the lesser number of personnel will balance the higher pay to you."

I doubt if that is a just sort of procedure, and I for one do not think it will be acceptable to the postal workers of the United States.

Mr. O'MAHONEY. Mr. President, I desire to be recognized in order that I may make a public statement of my opposition to this amendment. I can testify from personal experience, because I became First Assistant Postmaster General by the appointment of Mr. Roosevelt at the beginning of his term in March 1933. I did not know very much about the postal service when I became First Assistant, except as a beneficiary of what it does. I took for granted the delivery of mail, not only first-class mail and air mail, but parcel post and all the other services performed by those who are employed in the Post Office Department and in the post offices throughout the United States.

This Department was established under Benjamin Franklin before the formation of the Union itself, as a service to the people of the United States, and I am very happy to be able to say that I know that there never has been a time when the postal workers have abandoned the high purposes of service which were established in the earliest days. As I say, I took the service of the Post Office Department for granted; but it was not very long before I realized the very high morale of all those who are employed in this service, from top to bottom. I take a great deal of satisfaction in the fact that the present Postmaster General began as a letter carrier and was finally appointed Postmaster General. He was the first service man in the history of the Department to become the head of the Department.

Mr. President, let no one forget that Mr. Donaldson has been before the committees of both Houses of Congress urging upon the Congress that postal rates should be increased in order to wipe out the deficit. He has wanted to balance the budget. He has wanted to abolish the deficit. He has been unable to do it, only because Congress has not been willing to grant the increases in rates which he has suggested.

I do not criticize the committee. The committee is probably right in its decision not to bring in a bill increasing postal rates. I have not had the opportunity to go into that subject, but the fact is that the Congress, having the opportunity to increase the revenues of the postal department, has decided not to do so. Are we therefore going to say that those who are employed in the postal service shall not receive the compensation which conditions around them in the cities in which they serve indicate that they should have, and that the Postmaster General shall be compelled to diminish the service which this department and its field offices render to the people of the United States? It seems to me that there is no logic in it.

This is merely another exemplification of the argument we have heard here without end since the beginning of the consideration of the appropriation bills. Members of Congress complain about the fact that the expenses of carrying on the policies which we all want are so great that they exceed the revenues which we ourselves are willing to require.

Yesterday the Senate approved the conference report on the ECA, approving an appropriation in excess of $5,000,000,000. Why did we do that? Because it was the judgment of the overwhelming majority of Members of both Houses that in the public interest and in the interest of the world the ECA expense should be incurred. Now are we going to make a gesture of extracting the cost of that service to the world from the workers in the Post Office Department? Merely to state the question, it seems to me, is to indicate its absurdity.

If we want to balance the budget, let us do the things which are necessary to balance the budget. There are two things which we can do. We can stop the extraordinary expenditures which we undertook in order to establish world peace, or we can increase the revenues of the Government so as to pay for the expenditures for national defense and world rehabilitation, which we all know to be a requirement imposed upon the people of the United States by destiny itself. We cannot turn back from this great obligation which has fallen upon the freest people in the world, the people who have established the highest living standards in the world because they have been free. We cannot turn back within our own shores, and say, "We will live to ourselves alone." Since we will not do that, why undertake a gesture by saying to the letter carriers, the post-office clerks, the post-office inspectors, and others who handle the mail, "You must pay the cost of the burden by suffering the rejection of a request for increased compensation."

I am sure that there is not a Member of this body who, if he would look into the conditions existing in his home city, would not find that most of the postal employees are receiving compensation which is less than that which they could receive outside. I know that that is true in my State, and I am sure that it is true elsewhere.

Mr. President, I trust that the amendment will be rejected.

Mr. THYE. Mr. President, on the surface the amendment seems perfectly logical. It seems to be an act of economy. But I should like to ask the Senator from Illinois [Mr. DOUGLAS] in what manner the economy can be absorbed within the Post Office Department so as to permit the postal employees to receive the salary increase which the bill prescribes. The Postmaster General could in no sense determine whether he could effect the economy within a period of 1 year, 6 months, or even 3 months. Therefore he would be jeopardizing his own position if he were to permit the salary increases to go into effect, because he is in no position to tell at the outset that he can effect the proposed economy in the course of the next year. Therefore it is not sound legislation to enact, and I do not know how it could be administered if it were enacted.

I am for economy. On the surface the amendment seems to be an act of economy, and therefore we should all be for it. But again I ask, How is the Postmaster General to administer the act if it is incumbent upon him to effect savings within his Department during the course of the next year so as to absorb the increased cost which these salary increases will place upon the Post Office Department?

I should like to ask the distinguished junior Senator from Illinois in what manner the Postmaster General can bring about an economy so as to save enough money to pay for this increased cost? I should also like to ask how will Congress ultimately determine, at the end of the year, that the Postmaster has lived up to the provisions of the amendment?

Mr. DOUGLAS. Mr. President, as the very able senior Senator from Minnesota knows, I am not an expert on the Post Office Department. I am not a member of the Committee on Post Office and Civil Service, and I do not pretend to be an authority on postal matters. However, I have studied with some care the task force report on the post office which was prepared by the so-called Hoover Commission. This report, I believe, has found a good deal of support, particularly from Members on the other side of the aisle. May I remind my good friend from Minnesota that, on page 66 of the task force report, the committee headed by Mr. Heller stated that there could be net savings of more than $80,000,000 a year at the present volume and at current wages and salary levels;

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and that, in addition, there could be a further saving of $60,000,000 if certain capital investments were made. I am not proposing any capital investments. I am merely following the report of the group of experts that $80,000,000 a year could now be saved. The proposal of the Senator from New Hampshire and myself merely calls for economies of $60,000,000.

Mr. THYE. I will say to the junior Senator from Illinois, in reply to his reference to the Hoover Commission's report, that we most certainly hope that the provisions and recommendations of the Hoover Commission report will be carried out. So far as actual capital outlays are concerned to provide the equipment necessary to bring about an economy in the operation of the Post Office Department, that question becomes a question of whether the Postmaster General will have the funds available to enable him to make the initial outlay to permit him to effect the desired economy in the operation of the Department.

But the point which comes to my mind is simply that the reorganization plan for the postal service and the Post Office Department should go into effect regardless of whatever the Senator from Illinois and I may do in the Senate Chamber this afternoon. However, the Senator's amendment would tie a certain condition and string to the salary increase for the postal employees, and that would always leave in the mind of the public and of this legislative body and of the Postmaster General a question as to whether the Postmaster General has entirely complied with the act in respect to bringing about sufficient economies in the personnel expenditures of the Post Office Department to permit him to say that he has complied with the intent of the amendment.

Mr. DOUGLAS. I say to the Senator from Minnesota that the amendment certainly will put pressure upon the Postmaster General to reduce costs. That is its purpose. But it will not take away from the postal workers the pay increases provided in this bill. Those pay increases will still go into effect, but the amendment will simply say that if the increase is given, there will also be an obligation upon the Postmaster General to effect some of the economies which the Hoover Commission's task force said could be effected—and, incidentally, said could be effected without any appreciable capital investment.

Mr. THYE. Mr. President, in reply, I would say that the Postmaster General and every other public official who has ever taken an oath of office is under such a mandatory obligation at all times to administer his position or job and authority to the best of his ability and to save every penny he possibly can save, that there is no necessity for adding that specific amendment as a sort of kite's tail to the bill providing the postal employees with salary increases which are long overdue.

I am reluctant to see the bill amended by the addition of a provision which would always enable us to point our finger at the Postmaster General and say to him, "You did not fulfill the intent of Congress in the administration of your Department in the past year to the extent of bringing about the economy which the amendment intended that you should bring about."

Mr. President I say further in connection with the discussion regarding economy in the postal service that the Hoover Commission's report was entirely in order in proposing improvement in the financial and administrative operations of the Post Office Department. It was pointed out to the members of the Post Office and Civil Service Committee without denial that because of red tape and the required filling out of forms it costs the Post Office Department $10 to execute a 10-cent purchase. If that is so, and if the complexity of regulations applying to all transactions in the Post Office Department is such that even the replacement of a simple spring on a screen door of a post office must be handled strictly in accordance with the most minute specifications and regulations, then I know that the Post Office Department can bring about considerable economies by eliminating red tape and duplication. That point was emphasized again and again in connection with discussions of the requirement that postmasters comply with certain regulations which are imposed by the Post Office Department.

So I say there is room for economy and for adjustment in the administrative policies and practices of the Post Office Department, but I do not believe the adoption of this particular amendment will bring about reorganization in the postal operations so as to result in such economy. I believe that economy needs to start at the top, not in connection with a salary increase for the postal employees.

Mr. DOWNEY. Mr. President, I know that all the Post Office personnel are gratified at the statement made by the senior Senator from Wyoming [Mr. O'MAHONEY]. Probably there is no one in the Congress of the United States who can speak with greater authority on postal matters than can he.

Mr. President, I shall not belabor this argument. I wish to state briefly an experience I had which exemplifies, to me, not only the magnificent service rendered by the Post Office Department, and its unquestioned efficiency but the true greatness of American democracy: During the war years, when we had a very involved and technical income-tax law before the Congress, one day, when I came into my office, I found on top of my mail, where it was placed by one of the members of my staff, a one-cent postal card which had been mailed in the city of San Diego. The message on that postal card was typewritten, and the man who sent it had very boldly signed his name and address. The message he wrote on the postal card took only two or three lines, but it carried quite a punch:

> My Dear Senator DOWNEY, I hope you roast a thousand years in hell for every minute I have wasted over my income-tax report.

Mr. President, I knew that would be a long, long punishment for me, if he could have his wish. But I thought of what was connected with that incident: For a single penny, a man can mail a postal card from his home in San Diego, have it gathered up, sorted at the post office, put on a train, transported 3,000 miles across the rivers and mountains and plains, delivered in Washington, and placed on top of a Senator's desk. If that is not excellent service for 1 cent, I do not know what could be. But, Mr. President, the great lesson which I derived from that incident was that there was a citizen of the United States who was willing to write an open message, so the whole world might read it, telling his Senator to go to hell. Could anything show greater democracy than that? [Laughter.]

Mr. ECTON. Mr. President, as a member of the Committee on Post Office and Civil Service, I wish to say that in my opinion the adoption of this amendment would be a great mistake. Since I have been a member of the Senate, I believe I have been about as economy-minded and have voted for reductions in expenditures about as consistently as has any other Member of the Senate. I, for one, have the greatest respect for the ability and the desire of the distinguished junior Senator from Illinois [Mr. DOUGLAS] to bring about economies in the operations of the Government; but when he realizes what his amendment would do to the entire postal service, I believe he will be willing to withdraw it; and I trust that he will withdraw it. As the Senator from Minnesota has stated, although the amendment on its face looks plausible, yet its effect would be to require the entire personnel of the Post Office Department, including every employee with a family and every employee in the lower income brackets, to succeed in achieving $100 worth of economy in the operations of the Post Office Department before he could receive the little salary increase of $100 provided by the pending bill. If the amendment would result in placing that requirement upon the Postmaster General or the other officials who conduct the postal system, that would be a different matter; but that is not how the amendment would operate.

Mr. President, in my opinion this amendment, if adopted, would result in utter chaos throughout the entire personnel of the postal system. It would undermine the morale of the post office employees. There is no question in my mind as to that, for the simple reason that the amendment provides that in the postal service, economies or reductions in expenditures sufficient to offset the salary increases provided by this bill must be made. What is going to happen immediately in the case of a postal clerk, rural route carrier, or mail carrier, wherever he may be employed throughout the length and breadth of the land, when he hears that we have adopted this amendment? He will begin to wonder, and say to himself, "Well, I have been on the job consistently, religiously and faithfully for years. I have delivered, on time, and in the right mailbox, every letter given to me. I have attended to my business. I have gone through rain and sunshine to fulfill my duties. What can I do to increase my efficiency?" He will also begin to wonder whether he will be one of those who will lose their jobs,

so that a dozen others may receive the additional $100. In my opinion, to adopt the amendment would be a tragedy.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. ECTON. I yield.

Mr DOUGLAS. Is the Senator from Montana aware of the fact that the death rate among Government employees is approximately 3 percent a year, that a further 3 percent of the employees retire because of age, and that there are also a large number of voluntary separations, so that the reduction in cost of 3 percent could probably be effected without the forced dismissal of a single person by simply failing to fill all the vacancies that occur?

Mr. ECTON. In answer to the Senator from Illinois, I may say if I were a postal employee I certainly should hate to go about my work day after day wondering who was going to become old or who was going to die, in order that I might get a $100 increase in my salary.

Mr. DOUGLAS. Mr. President, will the Senator yield further?

Mr. ECTON. I yield.

Mr. DOUGLAS. Is the Senator from Montana aware of the fact that it would not be necessary for a postal worker to bump off any one of his fellow workers, and that he could merely trust to the law of averages to bring these things about?

Mr. ECTON. I still think it would not be very conducive to a happy state of mind, even to have to contemplate such things.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. ECTON. I yield.

Mr. LANGER. In other words, if a rural-mail carrier died, his position would not be filled, and the farmers would go without their mail. Is that the idea?

Mr ECTON. That is correct.

Mr. LANGER. That would be the effect of the amendment, would it not?

Mr. ECTON. Yes.

Mr. LANGER. That is what it would mean, if a letter carrier died and no one were appointed to fill his place.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. ECTON. I yield.

Mr. DOUGLAS. Is the Senator from Montana aware of the fact that the Senator from North Dakota, in his usual charming way, is again spreading a baited trap for me, and that all this could be accomplished without displacing anyone, simply by a consolidation of routes and better coordination of work within offices? It is unnecessary either to fire specific employees or to leave the farmers without their mail. A sufficient amount of fat can be taken out of the system in order to provide these increases.

Mr. ECTON. Mr. President, in conclusion I merely want to observe that in my humble opinion it would be much better to have no pay raise bill, carrying a little increase of $100 to postal employees, rather than to adopt the amendment. It would be much better to have no pay raise bill rather than to put strings such as this on it. We must remember that the little extra $100 which would go to the postal employees would go to people who are residents of the communities they serve and which they helped to build. They remain there year in and year out. They raise their families. They are all in the lower-income brackets.

I did not support the pay raise bill which was passed yesterday, for the simple reason that I think it is much more important to increase the pay of people in the $1,800 or $2,000, or $2,100 class, than it is to increase the pay of those in the $10,000 bracket and above. People who get $10,000 and above may have periodically a difficult time to get along and make ends meet, but they do not have nearly so tough a time getting along with their obligations and with the expenses of their families as does the man who is in the $1,800 or $2,000 class.

Mr. President, I renew my expression of appreciation of the remarks of the junior Senator from Illinois. I think he would do himself justice, and would do all of us justice, if he would withdraw his amendment.

Mr. JOHNSTON of South Carolina. Mr. President, I do not want to have any Senator act under a misapprehension. Personally, I am not in favor of the amendment offered by the junior Senator from Illinois, simply because I do not think it could be effectively administered by the Post Office Department. Let us consider the Post Office Department for a few moments. We have at the present time an aftermath of the war, and there is no question that there is a shortage of equipment. Equipment amounts to only about 16 percent of the expenditures of the Post Office Department, but it enters into the picture just the same. On the streets of the city of Washington anyone can see in use today by the post office trucks which have been in operation for 20 or more years. During the war the Post Office Department could not buy new equipment. The Department, as Senators will recall, ran on a balanced budget during the war. It was made possible by continuing to use old equipment in an effort to get along. Now the equipment is in such condition that it cannot be used any longer.

The total expenditure of the Post Office Department for the current year is approximately $2,100,000,000. We anticipate postal revenue of approximately $1,700,000,000. Therefore, it is anticipated there will be a deficit of about $400,000,000. But we should bear in mind—and I want to call it to every Senator's attention—that not many rural routes can be operated on a self-sustaining basis. Not many of them can pay their own way, but remember that penalty and franking privileges, aside from numerous other things, today ride the Post Office Department to the extent of $150,000,000. Aviation rides the post office. The railroads ride the post office. Do Senators know that even the courthouses throughout the United States are kept up, the windows washed, and the floors scrubbed at the expense of the Post Office Department? We, therefore, cannot hope to balance the postal budget. A bill now pending, if enacted, would increase postal revenue by approximately $100,000,000.

I wanted it to be clear on the record, so far as I am concerned, that we offered to take this amendment to conference, but under the condition that it would be studied and if it would bring about the desired economy and not jeopardize the postal workers, I would favor it. I am for increases in the salary of postal workers, and if this amendment would jeopardize them I would not want to let it remain in the bill. I do not think the junior Senator from Illinois would want to do that.

That is all we agreed to do—to take it to conference, but if we found that economies would not be effected by it, then I would not be for the amendment.

Mr. PEPPER. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PEPPER. I am very much gratified to hear the statement made by the distinguished chairman of the committee. I know he has given serious consideration to the subject, and I am very much impressed with the wisdom of his statement.

I wanted to ask the able Senator two questions. One is this: Some of us were very much disappointed to see the amount of the increase in this bill reduced to the $100 level, which I believe prevails throughout the bill. I believe the House bill provided for a considerably greater increase than did the Senate bill.

Mr. JOHNSTON of South Carolina. Yes.

Mr. PEPPER. This matter is going to conference, I assume. I want to say to the able Senator that if he loses the battle to the House, this is one Senator who will be very grateful at the defeat of even his good friend. I think, if the Senator would allow his own personal views to prevail, and, I suspect, the private views of other members of the committee, they will take every opportunity to increase the amount beyond the $100 meager minimum which has been added to the bill.

If the Senator will yield further, my other question is this: Is there anything in this bill or in the House bill which provides for the right of a postal worker to retire after 30 years of service and to receive retirement benefits?

Mr. JOHNSTON of South Carolina. This bill does not carry any retirement features. There is a retirement bill pending.

Mr. PEPPER. Mr. President, will the Senator yield further?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PEPPER. I have heard it said that the House bill, though I have not had any chance to study it, does contain a provision relative to longevity. Does the Senator recall whether it provides for retirement after 30 years of service?

Mr. JOHNSTON of South Carolina. My recollection is that the House bill does not contain any retirement features.

Mr. PEPPER. Will the Senator allow me to express my own opinion that it would seem to be very laudable public policy and a very fine example for private enterprise and for other agencies of the Government for the postal service to set the example of permitting retirement after 30 years of service. I believe it

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should prevail under the railroad retirement law.

Mr. JOHNSTON of South Carolina. Persons in the employ of the Government can retire after 25 years of service.

Mr. PEPPER. Yes; but their benefits are diminished.

Mr. JOHNSTON of South Carolina. Yes—provided they have not reached a certain age.

Mr. PEPPER. My thought was that it makes no difference what the age of the worker may be. When he has worked 30 years, it is my view that he should be permitted to retire and to receive the full retirement benefits. In this age, the productivity per man-hour being what it is, I believe any man or woman who puts in 30 years of faithful service in any one field or job is entitled to retire from gainful employment and to receive retirement assurances, and then to step out of that position and open it to a younger person who might come in to make his or her own career.

I hope the committee will give consideration to that subject when an opportunity is afforded.

Mr. JOHNSTON of South Carolina. I am glad to say that the committee is giving consideration to reducing the number of years necessary for retirement. Bills have been passed by the Senate this year which reduce the time considerably in some instances. We are giving our attention to the subject. Of course there is a limit to what we can do. The retirement fund at this time contains more than $3,000,000,000. There are approximately 2,000,000 workers. We have to take into consideration the amount coming into the fund. The Government is paying into that fund. I, for one, intend to give the subject the study which the Senator from Florida has suggested. Last year the amount was increased $300 for those who had already retired, or $25 a month, whichever was the lesser amount. We shall continue to study the subject.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the distinguished Senator from Wyoming.

Mr. O'MAHONEY. I want to be sure that I did not misunderstand the Senator from South Carolina. The Senator did not say that he was willing to take this amendment to conference, did he?

Mr. JOHNSTON of South Carolina. The Senator from Louisiana [Mr. LONG] agreed to take it to conference, but so far as I am concerned, I want——

Mr. O'MAHONEY. I hope the Senate will reject this amendment. I did not intend to speak upon the matter when I came in, but I now have before me the text of the amendment, and I certainly do not want a message going forth from the Senate of the United States that we are going to decrease the personnel of the Post Office Department for the purpose of securing economies through which to pay an increase in salaries which every worker should be paid.

Mr. LONG. The Senator is mistaken.

Mr. O'MAHONEY. No; the Senator from Wyoming knows precisely what he intends to say, and I think he will demonstrate, even to the satisfaction of the Senator from Louisiana, that this amendment does precisely what the original amendment proposed.

I say, Mr. President, I do not want a message to go forth to the country from the Senate of the United States, even by the acceptance of an amendment with the purpose of sending it to conference, that we even think of making up the increase by discharging employees.

This is the language of the original amendment. It is printed as an amendment intended to be proposed by Mr. BRIDGES to the bill—S. 1772—to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, compensatory time, and promotion, and for other purposes, namely, at the end of the bill add a new section as follows:

SEC. 4. The Postmaster General is directed to make such reduction in the personnel of the postal service as may be necessary to effect a saving in the salary cost of such service approximately equal to the amount by which such costs are increased by reason of the enactment of this act.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Will the Senator pardon me a moment——

Mr. DOUGLAS. The Senator is reading the wrong amendment.

Mr. O'MAHONEY. If the Senator will be patient with me, he will understand that I know precisely what is before us.

That amendment was such a bald, plain statement of an intention to discharge employees so as to make possible an increase of salary to those who remained, that Senators who sponsored it were unwilling to say so in such plain, unvarnished language. So it was revised. This is the revision:

The Postmaster General is authorized and directed to absorb all of the increased costs during the fiscal year 1950 resulting from the enactment of this act within any unobligated or unexpended balances in appropriations available to such department or agency.

What are the unobligated balances of the Post Office Department? What are the unexpended appropriations of the Post Office Department? They are the appropriations to pay the salaries of personnel. So this is merely an exercise in semantics. We are not willing to say in plain, unvarnished, blunt language that we want personnel discharged, but instead of that we direct the Postmaster General not to use the unexpended and unappropriated balances—and these words I interpolate—for the payment of personnel.

Mr. President, the amendment should be defeated.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS] and the Senator from New Hampshire [Mr. BRIDGES] to the committee substitute. [Putting the question.]

The amendment was rejected.

Mr. DOUGLAS. Mr. President, I wonder if the chairman of the Committee on Post Office and Civil Service can give us any assurance as to whether plans have been made for bringing up the postal rate increase bill after this bill is passed.

Mr. JOHNSTON of South Carolina. Mr. President, that bill has been reported from the committee. So far as taking up bills on the floor of the Senate is concerned, I think that is left to the majority leader. I have not gotten the right-of-way, or a clear way, and of course it is a question for the majority leader as to what bills will be brought up, and whether we can bring this bill up today.

Mr. DOUGLAS. Mr. President, as the chairman of the Committee on Post Office and Civil Service well knows, I have a very close and intimate feeling of affection for our majority leader, the senior Senator from Illinois, and I know he will do everything possible to protect the United States. I do hope that the minority leadership will, however, join with the majority leader in getting this postal rate raise bill on the calendar at this session. Let us try to see just what we are doing and where we are.

The total deficit for the coming year will probably be at least $5,000,000,000. We have just added $60,000,000 to this deficit, and there is a possibility that the House proposal for a $180,000,000 increase will be accepted in conference. We have now refused to provide any counter-balancing economies, and the Post Office Department seems to be headed for a deficit of at least $460,000,000, for the current year and possibly more.

Every time one rises and proposes economies, it is apparently implied that he is attacking the American home, doubting the efficiency of labor, attacking the American way of life, frowning on the beautiful sunsets of the west coast, and disapproving of the aurora borealis.

Mr. DOWNEY and Mr. THYE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Illinois yield, and if so, to whom?

Mr. DOUGLAS. I yield to the Senator from California.

Mr. DOWNEY. We would not doubt the beauty of the golden fields of the Middle West, I suppose.

Mr. DOUGLAS. They are very beautiful, and I am glad to have the Senator pay tribute to them. If he will join me in viewing them, perhaps his heart will be moved toward economizing.

Mr. THYE. Mr. President, will the Senator yield for a comment beyond a question?

Mr. DOUGLAS. I yield.

Mr. THYE. I should like to say to the very able and distinguished junior Senator from Illinois, as a member of the Committee on Post Office and Civil Service, that at our last regular committee meeting the committee gave considerable thought and discussion to the question of a postal-increase bill. I wish to say, as one who talked against the amendment which the junior Senator from Illinois offered, that I insisted that the Civil Service Committee report the postal-rate-increase bill at its last committee meeting, because I felt that we justly could impose a postal rate increase and thereby wipe out any increased deficit

the salary bill would bring about. I definitely felt that without the postal rate increase we would place the postal employees' salary bill in jeopardy. So I wish to assure the junior Senator from Illinois that the postal-rate-increase bill is on its way, and I am surprised that it has not been reported to the floor of the Senate as of this day, because it was my understanding that it would be reported before the postal employees' salary bill was to be considered, so that we would have both bills before us.

Mr. LUCAS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The junior Senator from Illinois has the floor.

Mr. LUCAS. I happen to be chairman of the Democratic policy committee, and I should like to know just where the Senator from Minnesota got his information.

Mr. JOHNSTON of South Carolina. Mr. President, may I clear up the situation?

Mr. THYE. Mr. President, will the Senator——

The PRESIDING OFFICER. The junior Senator from Illinois has the floor.

Mr. THYE. Will the junior Senator from Illinois yield so that I may answer the distinguished majority leader?

Mr. DOUGLAS. I yield.

Mr. THYE. I would say to the distinguished majority leader that I thought Senators on the Democratic side were somewhat of a team, and that if one Senator spoke he would have the support of the team. It was our assurance that the bill would be given the right-of-way in the Senate Chamber, and I think that the chairman of the Committee on Post Office and Civil Service, now on his feet, will possibly answer why the bill has not been reported as of today.

Mr. JOHNSTON of South Carolina. Mr. President——

The PRESIDING OFFICER. The junior Senator from Illinois has the floor.

Mr. JOHNSTON of South Carolina. I wish to answer——

The PRESIDING OFFICER. Just a moment. The junior Senator from Illinois has the floor. Does he yield?

Mr. DOUGLAS. I am very glad to farm out my time to my colleagues.

The PRESIDING OFFICER. Does the Senator yield; and if so, to whom?

Mr. DOUGLAS. I am very glad to yield to the Senator from South Carolina for any comment which he may care to make.

Mr. JOHNSTON of South Carolina. Replying to the Senator from Minnesota, I should like to say that if he will but recall, in the committee at the time the ranking Republican member of the committee asked time within which to write a minority report, and that the committee report not be filed until he had prepared his views. I think he will verify that. The report was filed today, it is now on the desk, and I believe the Senator from North Dakota will say that what I have stated is what took place.

Mr. THYE. Mr. President, will the very distinguished junior Senator from Illinois yield?

Mr. DOUGLAS. I yield temporarily.

Mr. THYE. The ranking minority member of the committee, the distinguished Senator from North Dakota [Mr. LANGER], asked that he might have until Thursday of this week, which was yesterday, in which to file the minority report, and it was for that reason I said I understood that the postal-rate-increase bill would be before the Senate at the time it considered the salary-increase bill. I think I am entirely in order, and that I have not misstated, nor have I exaggerated. I am sure that the chairman of the committee will support me when I say that I am in order, and that I have not exaggerated or misstated the facts.

Mr. JOHNSTON of South Carolina. That is entirely correct.

Mr. LUCAS. Mr. President, I want the floor in my own right.

The PRESIDING OFFICER. The junior Senator from Illinois has the floor.

Mr. LUCAS. I do not want my colleague farming out the time. It is against the rules.

The PRESIDING OFFICER. Does the junior Senator from Illinois yield the floor?

Mr. DOUGLAS. No. There is no one to whom I would rather yield than to my senior colleague.

I should merely like to mention this point, if I may, that the postal deficit now, if the pending bill is unaccompanied with any postal raise bill, will certainly be $460,000,000 for the current fiscal year, and if the House proposal should be finally accepted, the deficit will be $570,000,000 to $580,000,000.

The Senate has turned its back on getting operating economies. The only thing left now is to get the revenues increased, and the Postmaster General, in his testimony before the Senate committee, pages 4 to 16, indicated a postal rate scale which would reduce these deficits. He pointed out that second-class mail matter, newspapers and magazines, probably cost the Government, for the fiscal year that has just passed, $247,000,000, for which the Government collected in revenue only $40,000,000. This meant a subsidy of $207,000,000 to the newspapers and magazines. He pointed out that there was a loss of $129,000,000 on third-class matter, such as circulars and advertising material, and a loss of $82,000,000 on parcel post. He proposed a scale of rates which would reduce the deficit to approximately $250,000,000. This is more than ample to meet the cost of Government and legislative mailing, air subsidies, cost of building maintenance to house other governmental offices, and so forth. Indeed, it is probable $150,000,000 would be sufficient for this purpose. I do not say that the entire deficit should be wiped out, I am willing to have a temporary deficit of $150,000,000 or so to meet the cost of these services until a better method of bookkeeping can be worked out. But it is improper for us to let the deficit run to between three hundred and sixty and five hundred and eighty millions of dollars. In my judgment we should both reduce costs and increase rates. You have just turned down my attempt to reduce costs. I hope we will not shirk the problem of increasing rates and revenues. Otherwise we are taking a toboggan ride into disaster. It seems to me that if we are going to protect the United States of America we must cut down the postal deficit from its present enormous total.

It is a little bit annoying that every time I get up and try to cut down this deficit some Senator should say these savings should not be effected now but at some other time or place. The time is now and the place is here. I, therefore, hope very much that the postal rate problem will be brought up in the present session.

I will now be very glad to yield to my friend and colleague from Illinois.

Mr. LUCAS. Mr. President, I want to make one or two remarks with respect to what the senior Senator from Minnesota [Mr. THYE] said as to his understanding concerning the bringing up of the postal rate bill. The bill we are considering has been on the calendar since August 8, 1949. I think the RECORD will show that I have consistently said on the floor of the Senate, following the decisions of the policy committee, not once but at least three times, that we will consider the pay bills one after the other; that we would take up the military bill first, then the executive pay bill, and so on.

So far as concerns the postal rate bill which was reported yesterday, it had nothing to do with the decision of the policy committee in taking up the various bills. I do not know where the Senator from Minnesota obtained his information. He did not obtain it from the policy committee, which makes the decisions upon what shall and shall not come before the Senate. The policy committee will take up this matter probably next Tuesday.

I am frank to say that there is considerable interest in the postal rate bill on the part of those who are concerned about third-class postal matter. I think there will be quite a little debate upon that bill when it comes to the floor, if it should come to the floor, because I am satisfied in my own mind, from what I can understand about it, that the bill contains many inequities and inequalities as far as certain third-class rates are concerned. Many persons and concerns will go out of business if the bill shall become law.

Mr. LONG. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from Louisiana.

Mr. LONG. Undoubtedly the Senator from Illinois is correct in the statement he has just made. In that particular category we find situations where, in order to permit a man to make a dollar, the Government must lose five dollars. That is, generally, the theory. We have felt that if a man's business was of such a nature that it cost the Government five dollars for him to make one dollar profit it might be just as well to let that person go out of business, and that, even if the Government had to hire him, it would be a gain for the Government.

I believe if the Senator examines the bill he will find that the most serious inequities are in the failure of the bill to bring the second-class rates for news-

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papers and magazines up to even a fraction of what the expense to deliver such publications happens to be.

Mr. LUCAS. I think there is much in what the Senator from Louisiana has said. If the Congress really wants to raise the postal rates, that is where it should be done, if the Congress has the courage to do so.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. LANGER. I wish to say that the distinguished Senator from Illinois is absolutely correct. In my opinion the postal rate bill, as it has been reported, is chuck-full of inequities. For that reason I am filing minority views. For example, Mr. President, it is proposed to take away, for the first time in the history of America, the penny postal card from the poor people, and say that such cards cannot be used for advertising purposes. That to my mind is almost a sin.

Mr. LUCAS. Just think what would have happened to the Senator from California [Mr. DOWNEY] if such a law had been in effect. Perhaps the one who sent to him the card to which he referred a while ago never could have told the Senator where to go, if the mail rate on postal cards had been 2 cents instead of 1 cent.

Mr. President, I do not care to discuss the question any longer. I merely rose to let my good friend, the senior Senator from Minnesota, know that wherever he obtained his information, he went to the wrong place. I am sure he knows where to go if he wants information about the arrangement respecting the bills. I simply did not want to permit his statement to go unchallenged. I will say this is the first time I heard anyone say anything about bringing up the postal rate bill. I heard my colleague, the junior Senator from Illinois, insist that we bring up the bill at this particular session; yet it was reported only yesterday. Many Senators wish to get away from Washington. We may bring up the bill for consideration or we may not, all depending on what the policy committee says.

Mr. THYE. I did not seek the information. The information came to me.

Mr. LUCAS. The Senator from Minnesota has been around the Senate long enough to know where to go if he wants to obtain accurate information, and he must not take misinformation when he knows he can go to the proper fountainhead and secure accurate information.

Mr. President, I ask for a vote.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment to Senate bill 1772.

The amendment was agreed to.

Mr. MYERS. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement on the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY UNITED STATES SENATOR FRANCIS J. MYERS, OF PENNSYLVANIA, ON PAY-INCREASE LEGISLATION FOR POSTAL WORKERS

Mr. President, as one who has carried the mail, sorted mail, jumped off and on package trucks, and has experienced in his lifetime the sore feet and aching back which are frequently the occupational ills of the postal worker, as one whose father was a career employee of the United States postal service, I cannot too strongly express my own conviction that the postal workers are deserving of the very best working conditions and wage conditions which can be provided for them.

There is no doubt in my mind that the Senate will follow the lead of the House in granting some sort of wage increase for the postal workers. Everyone is agreed, I believe, that such an increase in pay is well merited and overdue. The only question before the Senate is whether the bill we pass will be an adequate bill, a fair bill, an equitable bill, the kind of bill which was passed by the House, or whether it will be a marked-down and generally not satisfactory substitute.

I favor the House bill. I think it is a better bill. I think it goes further than the bill reported out by the Senate committee in providing merited increases for the postal workers, and in providing such other deserved benefits such as a liberalization to 20 days of the present 15-day annual leave, such as an allowance for the purchase of uniforms, such as liberalized longevity allowances. The House bill also, through an amendment added from the floor, abolished long-standing discrimination against the so-called substitute employees, who are in many cases permanent employees for all practical purposes.

I think it might well be noted that the vote in the House on this legislation was 332 to 2. I think that is a pretty good indication of the merits of any piece of legislation. There was no recommit motion in the House by which any Members of the other body might have indicated opposition to major features of the bill, while at the same time voting for the passage of the bill. That, I think, is significant and would certainly indicate that there was not significant opposition in the House against any of the major features of the legislation. Had there been a close recommit vote, the lop-sided vote which accompanied the final passage of the bill by the House would not have been nearly as significant as it is.

I realize that there is concern over the continuing deficits of the Post Office Department, but I don't think that is a legitimate reason to punish the postal worker for a good job well done, any more than it would be to punish any Federal employee salary-wise for fiscal and budgeting conditions in his agency which are beyond his control.

On this matter of annual leave, even with the increase of 5 days provided in the House bill, the postal worker is still at a great disadvantage compared to all other civil-service employees.

The uniform allowance provided in the House bill is not any more than a very belated recognition of an obviously unfair situation.

I have, as I said, worked in many of the jobs in the Philadelphia post office when I was going to college. I found a team spirit in the post office among postal employees which was hard to beat anywhere, a spirit of loyalty and conscientiousness and faithfulness to their jobs and to the public trust they carry, which was simply remarkable. These people work hard for their modest salaries, and deserve, certainly, the modest sort of recognition for their work which a fair bill, such as the House bill, would accord them.

I therefore vigorously support the provisions of the House bill, and I trust that it will be substituted in conference for the Senate bill.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that I may be permitted to place at this point in the RECORD a statement on the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. President, when this bill was before committee I indicated both by formal statement and informal discussion with various Members my general support of an increase in pay for postal employees.

At that time many of us were hopeful that facts developed by the committee would convince the Membership that increases in excess of the $100 contained in the bill as it now stands were justified. It is my personal conviction that the provisions of the House bill are more in line with the needs and circumstances confronted by postal employees. The House bill authorizes an average increase of $150 per year, and collateral-liberalized provisions add up to approximately $40 per year in addition.

I have long contended that Federal employees as a general proposition are underpaid for the public service they perform. In the long run an adequate pay scale will attract to the service personnel of sufficient quality and caliber to actually pay for these increases through greater efficiency. In the long run it is my belief that greater efficiency will actually produce a net reduction in over-all cost in the postal service.

Despite the fact that the bill as reported by the Senate committee does not do all that I had hoped would be done, I nonetheless wanted to take this opportunity to indicate to the Senate and again to the committee members my strong support.

The PRESIDING OFFICER. For the information of the Senate the Presiding Officer will say that he is advised that House bill 4495, calendar No. 1121, is an identical bill. Is it the pleasure of the chairman of the committee to move that the Senate proceed to consider the House bill at this time?

Mr. JOHNSTON of South Carolina. Yes, Mr. President. I move that the Senate proceed to consider House bill 4495.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 4495) to provide additional benefits for certain postmasters, officers, and employees in the postal field services with respect to annual and sick leave, longevity pay, and promotion, and for other purposes.

Mr. JOHNSTON of South Carolina. I now move to strike out all after the enacting clause of the House bill and to insert in lieu thereof the language of the Senate committee amendment which has just been agreed to.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina to strike out all after the enacting clause and to insert in lieu thereof the language of the Senate bill, as perfected.

Mr. RUSSELL. Mr. President, if that motion is adopted, does it mean the bill will not be open to amendment?

The PRESIDING OFFICER. That is the understanding of the present occupant of the chair. Does the Senator from Georgia wish to offer an amendment?

Mr. RUSSELL. I have no amendment, Mr. President.

Mr. SALTONSTALL. I understand that the language which the Senator

from South Carolina now moves to substitute for the House language is the language of the bill, as amended, on the same subject matter, which we have just discussed and voted on?

Mr. JOHNSTON of South Carolina. That is correct.

The PRESIDING OFFICER. The Senate has just taken up for consideration House bill 4495. The motion of the Senator from South Carolina is to strike out all after the enacting clause and to insert in House bill 4495 the Senate bill as perfected. The question is on the motion of the Senator from South Carolina.

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill H. R. 4495 was read the third time, and passed.

The title was amended so as to read: "A bill to provide additional compensation for postmasters, officers, and employees in the postal field service, and for other purposes."

Mr. JOHNSTON of South Carolina. Mr. President, I move that the Senate insist upon its amendment, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. JOHNSTON of South Carolina, Mr. LONG, Mr. HUMPHREY, Mr. LANGER, and Mr. THYE conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, Senate bill 1772 is indefinitely postponed.

Mr. JOHNSTON of South Carolina. Mr. President, I ask that the House bill as passed, be printed, showing the Senate amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

CAPITAL INVESTMENTS BY THE PETROLEUM INDUSTRY

Mr. O'MAHONEY. Mr. President, a subcommittee of the Joint Committee on the Economic Report held its first session this week, in its study of the investment problem in the United States.

The first witness was the president of the Standard Oil Co. of New Jersey, Mr. Eugene Holman. He made a most significant statement, namely, that during the 5-year period from 1945 through 1949 the petroleum industry in the United States had invested, for the expansion of plant, equipment, and the extension of property, more than $11,000,000,000. This expenditure of $11,000,000,000 by the petroleum industry during 5 years was more, according to Mr. Holman's testimony, than the entire expenditures for such purposes by the domestic petroleum industry from the beginning through the year 1948. Of course, it is obvious that that amounts to an expenditure, on the average, of $2,200,000,000 each year for 5 years.

To me the most interesting feature of this statement was the explanation by Mr. Holman that the reason for this tremendous expenditure by the petroleum industry was to keep up with consumer demand. In other words, the purchasing power of the masses of the people of the United States created the market during those 5 years for a record expenditure by a great industry. Of course, during all this time the petroleum industry has been operating at a profit.

The testimony of Mr. Holman is of such significance and so important that I ask unanimous consent that it be printed in full in the body of the RECORD, at this point, as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY EUGENE HOLMAN, PRESIDENT, STANDARD OIL CO. (NEW JERSEY), BEFORE THE INVESTMENT SUBCOMMITTEE OF THE JOINT COMMITTEE ON THE ECONOMIC REPORT, WASHINGTON, D. C., SEPTEMBER 27, 1949

My name is Eugene Holman. I am the president of Standard Oil Co. (New Jersey), and have been associated with that firm for 30 years. On behalf of my company I welcome this opportunity to talk with the subcommittee on the important subject of investment.

Jersey Standard is an American company which has engaged actively in business in the United States and in many other parts of the world for many years. Since the end of the war, Jersey Standard and its affiliates have spent for capital purposes amounts equivalent to approximately one and one-half billion dollars here and in foreign countries. On the basis of wide experience we recognize certain principles and influences affecting investments. Some of these factors are peculiar to oil. Our product, for example, is one requiring heavy capital outlay just to find. And its discovery is only the beginning of the need for capital investment. Many of the factors I shall mention, however, apply to all American enterprises conducting business at home or abroad.

Of course, the fundamental basis of investment is the making of profits. Profits both create and attract capital funds which are the source of investments.

It seems plain that economic well-being is directly dependent on the flow of capital funds. These funds make jobs for those who build productive equipment. They make jobs for those who operate the equipment and who distribute the products to consumers. And they give consumers more and better goods. Investment creates both goods and—no less important—the purchasing power to buy goods.

Investment—even in established businesses—must be relatively continuous. What are the reasons behind the need for a continuing flow of investment funds into our economy? There are many, among which I would name these as important:

1. The rise of consumer demand. As populations grow and as living standards rise, consumer demand is increased. To keep pace with consumer demand calls for more capital investment with which additional productive capacity can be built.

This continuing need to meet rising consumer demand has been one of the main factors influencing my company's decisions to make unusually heavy investments for productive facilities in the recent past. Consumers in the United States, for example, want 86 percent more petroleum products now than they did in 1938. In areas where affiliates of our company operate abroad, they want 61 percent more.

2. The replacement of worn-out and obsolete equipment. Even apart from the growth of consumer demand, there is a need for investment just to replace worn-out plants. It is a case of having to run just to stand still.

3. The insurance of adequate raw material supplies. You are aware of the time, money, and effort required to find oil and get it into the hands of consumers. As oil from a given field is used up, new fields must be found. We know there is enough oil in the world for generations to come, but we would not consider ourselves as meeting our obligations unless we made every effort to continue to locate this oil.

4. The necessity to meet competition. The American oil industry has been characterized by great technical vigor. Much as we would like to, we do not have all the good ideas in the business. When one of our competitors puts a new idea into practice, we often must make heavy investments to meet the new competition. Conversely, when we develop something new, our competitors must also invest to meet our advantage. This characteristic of American industry is not found to so high a degree anywhere else in the world. We believe it accounts largely for our Nation's industrial leadership. The highly competitive nature of the oil industry is one of the great stimulants to its large capital outlays.

5. The need to provide new products or services developed by research. Petroleum is a complex raw material. Our company is always looking for—and sometimes finds—useful new products which can be made economically from it. Large new sums must be invested to manufacture and distribute such a new product.

The oil industry in the post-war period has been engaged in the greatest capital expenditures program in its history. The magnitude of its undertakings is measured by the fact that from 1945 through 1949 the industry will have spent for additions to property, plant, and equipment in the United States a total of over $11,000,000,000, equal to about two-thirds of the industry's entire gross investment in this country at the end of 1944.

I gather that this committee is interested in the specific as well as the broad principles influencing investment policies, and I think it will be of interest to you gentlemen to have a description of some points considered by our board when contemplating a possible investment. Many of these considerations apply to domestic investments. But because I understand this subcommittee is presently interested in the opinions of those companies active in foreign areas, I shall speak mainly of investment problems abroad.

Foreign investment by Jersey Standard and its affiliates, in some cases, involves placing dollar funds in a foreign affiliate. Such dollars, of course, eventually find their way back to the United States to pay for exports of American goods. In other cases, equipment may be purchased in this country and sent to the affiliate abroad. In still other instances, the affiliate may plow back its own earnings, or funds may be raised abroad either through loans or by selling stock to local investors. Often a combination of methods is used.

In the oil business, we must of necessity make large investments abroad. One reason is the nature of our supplies. Oil deposits have been placed by nature in many sections of the globe, often far from the main centers of use. We have to invest money to find and produce from these scattered areas.

Not only in the producing end of the business but in refining also, the place of investment is affected by the location of crude supplies in relation to the markets for products. For example, as a result of rising European demand and the development of Middle East sources of crude, our affiliates are building increased refining capacity in Europe. Expanding United States refineries to supply these markets would be inefficient. It would mean bringing crude from Eastern Hemisphere sources, refining it, and shipping the products back to customers in Europe, Africa, or Asia.

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A good example of this kind of activity is the present refinery development at Fawley, England, by Anglo-American Oil Co., an affiliate of Jersey Standard. The Fawley refinery is presently undergoing expansion from its previous capacity of 18,000 barrels of crude per day, to 110,000 barrels. Jersey Standard and Anglo-American are jointly making a $150,000,000 investment in this refinery expansion.

The most obvious consideration for our Board in studying a prospective investment, of course, is whether it will make a profit.

This involves a large number of factors including the level of sales which seems likely for our products and getting paid for those sales. Of Jersey's total sales about half are made overseas. To a large extent, the oil sold overseas is produced and refined outside the United States. Consequently the problem of getting paid for oil sold abroad is vital to us. Today one of our main worries is caused by the difficulties—actual and prospective—in getting paid for our goods in currencies which we can use or which we can convert into useful funds.

This problem is not new but it has grown much worse during the past 10 years or so, mainly because sterling is no longer convertible into dollars. Foreigners would like to buy from the United States generally far more than Americans are interested in buying from them. Because of the unbalance which results, foreign nations have set up a complex network of regulations. In most countries it is impossible for an American company to sell its goods freely, to arrange for payment freely, or to invest freely. Dividends from a foreign affiliate may often not be convertible to dollars or only in limited amount.

These exchange control regulations are strangling international trade. Their tendency is exactly the opposite of the sound ECA purpose to restore world economic health by stimulating and freeing the flow of goods. Not only is the well-being of a particular country lowered by today's operation of exchange controls, but the effects spread out to the rest of the world. Western European customers, for example, cannot import today as much petroleum as they would like because they cannot pay for it. Their countries have set up import restrictions and exchange controls. Obviously this hindrance to sales reduces the willingness to make investments.

Exchange controls are not used in all cases simply as an aid to the rationing of petroleum or the conservation of dollars. In certain cases the operation of exchange control places American companies at a disadvantage compared with foreign companies. For example, American companies are unable to sell oil for sterling today. Some countries, though unable or unwilling to pay dollars for petroleum, would be able and willing to pay American companies in sterling. We on our side would be willing to accept sterling payment provided we were able to put these funds to use. We do not believe that permitting us to operate in sterling would occasion any important dollar drain on the United Kingdom. We hope that the current intergovernmental discussions of financial aspects of oil will establish a basis on which American oil companies can work out with the British Government a solution to these problems.

Another question our board will consider in studying investments concerns political risk—whether continuity of government may be so completely broken that contracts entered into under one government may be abrogated under a succeeding one, or whether there may be danger of actual expropriation.

To give an illustration, an affiliate of Jersey Standard had been active in Hungary since 1934. It discovered and produced the only petroleum ever found in commercial quantities in that country. It paid substantial royalties to the Hungarian Government. During the war the property was severely damaged. Last year our affiliate was expropriated by the Communist Government of Hungary, which tried to justify its action by false accusations. At the time of the seizure of our properties this affiliate had invested amounts with a book value of $20,000,000—not including the crude discovered but not produced—and had taken only $206,000 in dividends from its investments.

Another question will be whether a particular nation, even though it does not break contracts nor seize property, may impose so many burdens and restrictions upon an enterprise as to make investment unattractive. Such measures might be the fixing by law of unrealistic price or wage levels, thus, making it impossible to operate at a profit; import or export barriers; high taxes. With respect to the latter, we all know that a government attempting to increase its revenue by higher and higher taxes may actually decrease its revenue by weakening the enterprises upon which taxes are levied.

The burdens I refer to may arise from ideological causes, or they may be expedients adopted as apparent—and I emphasize apparent—solutions to economic difficulties which a nation is going through. In either case, however, they will obviously discourage investment; also, such burdens may not be actually in existence but merely threatened. In this case, although the possibility of burdensome controls and taxes may not wholly prevent investment, it certainly will act as a retarding factor.

Then there is the problem of government monopoly. Some of the nations of Latin America furnish illustrations. For example, the government may forbid private business concerns to explore for, or produce, petroleum in the country. The country's economic problems probably cannot be solved without the liquid energy provided by oil, yet the absence of an atmosphere healthy to free investment prevents development of its oil resources.

In contrast with such a situation, you gentlemen are all aware of the current development of Canadian oil resources by private enterprise. Imperial Oil Ltd., our affiliate in that country, spent over $20,000,000 before finding oil. But oil was found and Imperial now contemplates an additional investment of several times that amount to develop its find. Already substantial reserves have been located. This development will be a great contribution to the Canadian economy.

In summary, the two most important deterrents to Jersey's investment abroad nowadays are: First, increasing difficulty in trading among nations which arises from restrictions on convertibility of currencies, and, second, the nationalistic tendency of some governments not to allow Americans or other foreigners to take part in the oil business.

Countries in the process of raising their living standards offer choices as to where investments will be made. Our board, like the board of any United States enterprise, is inclined to make investment where it is most welcome. Often this may mean passing up the chance to invest in a country where exchange problems are too complex, where taxes are too high, or where nationalism is rampant. Instead, we will pick a nation where the economic climate is more favorable to capital investment.

Even when an investment opportunity, whether domestic or foreign, looks good, there is still the question: Where shall we get the money?

As you know, there are several avenues open to a corporation seeking funds. It can use equity financing or issue notes or bonds. It can sell some of its assets. It can use retained earnings. We have no rigid idea about how our company should be financed, but choose the method most desirable at the time when the money is needed. Since the war we have used all these methods. In recent years, when the oil industry has had to meet tremendous demands all over the world, an important factor in providing the enormous amounts of capital required has been a favorable level of earnings. These earnings have helped productivity and employment. In addition to reinvesting earnings, however, we have issued notes and bonds, and increased our outstanding stock, and sold assets.

As members of an industry that provided four-fifths of the private investment made by American interests abroad last year—totaling $1,500,000,000—we are disturbed by the worsening of the investment climate in many countries. It seems to us that such factors as the inconvertibility of currencies—particularly the pound sterling—and the growth of restrictive controls on private enterprise are steadily working against private investment.

Speaking as oilmen, we are specifically concerned by the world-wide problems of dollar oil and sterling oil. We know that part of the solution is up to us, but the final solution can only come with the cooperation of the governments involved. If this final solution does not provide full protection to American companies but results in substantial losses in their foreign business, it will strike a hard blow against American private investment abroad and, as you gentlemen realize, one of the most important means of balancing the position between the dollar and nondollar areas is through the outward flow of American investment capital.

In our opinion, other actions by the United States Government can aid in improving the foreign investment climate. Many good ones have been suggested under the Point 4 program. One of the best is for arrangements between this Government and others to insure fair treatment for American private investment abroad. This would help to strengthen friendly nations and to lessen their social and political problems.

We know that such actions would greatly increase our interest in putting money to work in other countries, to the benefit not only of those nations but our own. We feel that some salutary action by the United States Government is urgently needed if companies like ours are going to be able to continue foreign investment—if other companies are going to be attracted to a policy of foreign investment which is so badly needed and which now presents a very discouraging prospect indeed. We strongly support a United States Government policy which will encourage private investment abroad of American funds and techniques.

Upon the assessment by Jersey Standard's Board of the many factors I have mentioned depends our decision concerning investment of stockholders' funds. Usually each question cannot be answered by a straight "yes" or "no." If it could be, investment would not be the complex subject that it is.

Naturally, we try to make every investment a good one. But being human, we sometimes make mistakes. Further, there are conditions affecting investments over which the investor has no control—actions by other companies, wars, changes in tax rates, imposition of controls which, while perhaps well-intentioned, may have the result of actually depressing business. We believe that in our company we have able men who make as good forecasts as any that can be made. But the conditions existing at the time an investment decision is taken may change in a way that is entirely unforeseeable. In such circumstances, an investment may result in loss.

In this connection, I should like to emphasize that the profit expected from an investment cannot be precisely known in advance. In some instances, an investment may turn out to be more profitable than was

anticipated. In others, the return may be less than expected, or longer in arriving. In still others, the investment may prove to be a losing proposition. A successful investment policy is one under which a company can sustain losses but make a profit on the whole.

Plainly, we should like nothing better than to be able to read the future so clearly that every investment decision would be to the greatest possible benefit of our stockholders, our customers, our employees, and society as a whole. But in this world, risk is inevitable. It is, perhaps, what makes human life human. By careful study, we do our best to minimize risk, but to think we could eliminate it entirely would be unrealistic.

The matter of careful study relates not only to the "where" of investment but also to the "when." We should like nothing better than to make our investment at periods when our money would buy the most—in other words, at times of low price levels. Under the profit system, managements have every incentive to minimize capital outlays when the costs of what they have to buy are high and maximize them when such costs are low.

But here again, many factors which a company cannot foresee, or over which it has no control, come into play. For example, during the war Jersey Standard and its affiliates were not able to undertake normal investments for replacement and for expansion to take care of the normal growth in civilian demand. Thus, at the end of the war, there was a great backlog of work to be done. A similar situation faced other oil companies. Materials were hard to get then, and prices were high. Yet the industry felt obliged to embark on major capital projects to meet consumers' wants. To have deferred investment in the hope of lower prices would have imposed hardship on consumers.

Finally, let me repeat what I have said earlier—a continuing flow of investment funds is basic to the health of our economy. It is vital to employment, production, and the creation of purchasing power. It is my earnest conviction that in America we have proved that the system of private competitive economy, providing many different centers of imagination, initiative, and judgment, and offering the incentive of reward for success, is by far the best way to assure investment flow.

So far as Jersey Standard is concerned, I can say that we believe that people's use of oil will continue on an upward trend far into the future. Under this circumstance, and while we continue to operate in a free private economy, Jersey Standard and its affiliates expect to continue investing on a very substantial scale in productive facilities here and overseas. We believe that such investment will be of real benefit to society.

THE POSITION-CLASSIFICATION AND PAY ACT OF 1949

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of Senate bill 2379. If we complete consideration of that bill this afternoon, I shall move to take up calendar No. 843, House bill 3191.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois [Mr. LUCAS].

Mr. SALTONSTALL. Mr. President, may I ask the Senator from Illinois to repeat the second part of his statement? What bill is proposed to be taken up following the bill to which the Senator referred?

Mr. LUCAS. If we complete consideration of the classified service pay bill this afternoon, I propose to ask the Senate to consider calendar No. 843, House bill 3191, a bill reported from the Committee on Labor and Public Welfare by my colleague [Mr. DOUGLAS]. That will be the last pay bill.

Mr. SALTONSTALL. What is the title of the bill?

Mr. LUCAS. The title of the bill is:

A bill to amend the act approved September 7, 1916 (ch. 458, 39 Stat. 742), entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," as amended, by extending coverage to civilian officers of the United States and by making benefits more realistic in terms of present wage rates, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois that the Senate proceed to the consideration of calendar 850, Senate bill 2379.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2379) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes.

Mr. LONG. Mr. President, I desire to make a brief explanation of Senate bill 2379.

This bill was drawn originally as an administration measure to reclassify Federal personnel, with the exception of those in the postal service and a few other exceptions which will be seen on page 2 of the bill, such as employees of the District of Columbia, the Foreign Service, and certain other categories listed there.

The bill originally introduced was referred to the Committee on Post Office and Civil Service. It would have cost $51,000,000 if passed. That bill attempted to rectify some of the inequities and absurdities of the classification schedule as they existed by reason of the fact that since the Congress enacted the original classification bill in 1923, there have been a great number of flat, across-the-board increases, with no attempt to line up what a supervisor should be paid with relation to those under him, and what a person's salary should be in terms of this responsibility.

The committee studied the subject for some time, and thought it would be in order to add something in the way of pay increases to the bill. Therefore, the cost of the bill was boosted to about $110,000,000, and the schedule of compensation was so arranged that the average Federal employee would receive a pay increase of about $125.

In working out this schedule an attempt was made to consider the increase in cost of living, and to have the benefit of the additional money fall primarily in the family brackets, which are the middle GS grades, as proposed in the bill. That has been done, and the committee recommends the bill as one which will not be too expensive to the Federal Government, and which will take into consideration the increase in wages in the country generally since the last pay increase. The committee also believes the bill will improve the Federal service by paying supervisors salaries more nearly commensurate with their responsibilities.

Furthermore, the committee attempted to eliminate some of the overlapping. It attempted to improve the performance rating plan of the Government and to simplify that plan; and also to devise a proposal for efficiency awards for supervisors and for the employees themselves at the grass-roots, who are able to save the Federal Government money and are able to prove that it has been done. The committee believes that this particular proposal will save the Government untold millions of dollars in the future by making it to the personal financial advantage of every Federal employee covered by the bill to save money for the Federal Government, and to find ways of effecting economies, from the top to the bottom of the Federal service. We have high hopes for this section.

The bill would improve the Federal service generally, and would tie in with the top pay bill which has been passed. The top pay bill was scaled down by the Senate upon its consideration of that measure. The committee had felt that the top-pay bill should start at $15,000 and go up from that point, and that the classification bill should have a ceiling of $15,000. However, since the top-pay bill has been scaled down, I now propose that the ceiling in the classification bill be reduced to $12,500. I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. On page 15, in the table following line 18, it is proposed to strike out the items relating to GS–14 and GS–15.

On page 23, lines 5 and 6, it is proposed to strike out "(except grade 15 of the General Schedule)."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was agreed to.

Mr. LONG. Mr. President, I offer an additional amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The additional amendment offered by the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. On page 16, between lines 10 and 11, it is proposed to insert a new subsection as follows:

(e) To each of the rates of compensation prescribed by subsections (b) and (c), or computed pursuant to subsection (d), there shall be added an amount, to be determined by the Director of the Bureau of the Budget, which will increase each such rate by an amount equal to the amount by which the average increase in compensation (including uniform allowance) granted officers and employees of the field service of the Post Office Department under the provisions of H. R. 4495, Eighty-first Congress, exceeds the average increase in compensation granted by this section. No rate of compensation shall, by reason of this subsection, be increased to an amount in excess of $12,500 per annum.

The PRESIDING OFFICER (Mr. MCFARLAND in the chair). The question is

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on agreeing to the amendment of the Senator from Louisiana.

Mr. LONG. Mr. President, this amendment proposes to tie the benefits provided by this bill, for the purpose of this session of Congress, to the benefits provided by the postal pay bill, in order to assure that the classified service workers shall ultimately receive the same benefits as the postal workers receive.

The House has passed a postal pay bill and a classified service pay bill. In the postal pay bill the House of Representatives has provided for pay increases approximately two or three times as great as those provided in the classified service pay bill which the House passed.

Today the Senate has just passed a postal service pay bill, and now has before it a classified service pay bill; and each bill provides, relatively speaking, the same salary increase. In other words, Senate bill 1772 provides for the equivalent of a salary increase averaging approximately $125 for each postal worker; and the bill now pending would, likewise, provide a salary increase of approximately $125 for each classified service worker. If the conferees find it necessary to agree to some of the additional benefits which the House provided for the postal workers, then this amendment would make it possible to have additional benefits for the classified service generally considered. So the amendment is drawn in an effort to see to it that we do not arrive at the conclusion at which we arrived at the previous session of Congress, when Congress awarded a salary increase of $120 more, on the average, for the postal workers, as compared to the salary increase provided the classified service employees. So, Mr. President, if Congress finds that it does not wish to abide by the provisions of the Senate bill, but wishes to have additional benefits provided for the postal workers, then the amendment will have the effect of seeing to it that the classified service workers are not foreclosed from being considered, in conference, for similar additional benefits. In other words, the result will be that both groups of employees will receive equal consideration and treatment.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WILLIAMS. Does the Senator's amendment propose that the salary increase provided by the bill now before us for classified workers be increased by the same percentage as the conferees might agree to increase the salary increase provided by Senate bill 1772, the Senate version of the postal bill, which could be anywhere from 0 to 300 percent?

Mr. LONG. That is right. In other words, this amendment would not at all change the salary schedule now provided in the pending measure for the classified-service workers, unless we subsequently decide to increase the compensation of the postal workers, under Senate bill 1772, over and above what we already have proposed to give them.

Mr. WILLIAMS. I understand that the postal service bill passed by the House of Representatives would cost approximately $181,000,000, whereas Senate bill 1772, just passed by the Senate, would cost approximately $60,000,000.

Mr. LONG. Approximately $61,000,000.

Mr. WILLIAMS. The result is that the House bill provides salary increases approximately 300 percent more than those provided by Senate bill 1772. Therefore, if the conferees were to agree on the salary increases provided by the House bill for the postal employees, it then would be necessary to make a 300-percent increase in the benefits provided by the pending bill for the classified workers.

Mr. LONG. That is correct.

Mr. WILLIAMS. Then, under the provisions of this amendment, assuming the Senate accepts the House version of the postal service pay bill, the cost of the bill now before us would be increased 300 percent or from $110,000,000 to around $330,000,000.

Mr. LONG. That is correct.

Mr. WILLIAMS. Does not the Senator think that it would be extremely unwise to vote here on a bill without the slightest idea whether it will cost $110,000,000 or $330,000,000?

Mr. LONG. Of course, under this amendment, if it is adopted, the Senate and the House would not provide salary increases for the classified-service employees in addition to those carried by the pending measure, unless the conferees when reporting on Senate bill 1772 recommended additional salary benefits for the postal workers. If at that time the Congress increased the salary benefits granted postal workers, then every Member of Congress who voted to do that would know that he was voting a similar increase for the classified-service employees. In other words, if at that time an additional $50,000,000 were voted in the form of further salary increases for the postal workers, each Member of Congress who voted to do that would know that, of necessity, under the provisions of this amendment, he would be voting for a similar additional increase in the salaries of the classified-service workers.

Mr. WILLIAMS. Yes. Of course the effect could be to double or treble the total amount of salary increases, in terms of the cost to the Government. Under the provisions of the amendment the Senator proposes, we would be conferring on the conferees the power which the Senate itself should exercise. I cannot support such an amendment.

Mr. LONG. Of course, I point out that the amendment would go to conference and would be considered there in connection with the provisions of the postal pay bill. Only by making a provision of this sort can we make it possible for the classified workers to receive whatever additional benefits the House might provide for the postal workers.

Mr. FERGUSON. Mr. President, does not the Senator think it would be better to wait until the postal pay bill has been enacted into law, instead of attempting to make such an arrangement as that provided by the amendment?

Mr. LONG. I do not think so. I believe this amendment provides about the only way by which we can leave the door open for the classified-service employees to receive whatever additional benefits may be provided the postal workers.

Mr. FERGUSON. Could not any situation such as that be rectified in January, if necessary? Does not the Senator think the conferees should act on the postal service pay bill; and then, after that bill is enacted into law, the Senate could decide what it wished to do in regard to the bill now pending—instead of adding at the last moment, when only a few Senators are present, an amendment such as the one the Senator from Louisiana has now submitted. It seems to me that the amendment, if adopted, would grant to the conferees a power which should not be granted to them.

Mr. LONG. Mr. President, in reply, let me say that there will be an enormous amount of pressure upon the conferees on the postal pay bill to give in to the demands for additional benefits for the postal employees. Accordingly, I believe that in fairness and justice we should not shut the door in respect to a pay raise for one branch of the service, and yet leave the door wide open in respect to a pay raise for another branch of the Federal service.

Mr. FERGUSON. I agree; but the amendment would provide for a further increase up to $300,000,000, I believe.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WILLIAMS. If the Senate conferees accept the House version of Senate bill 1772, then the amount carried by Senate bill 2379 will be tripled. Therefore, this amendment would cost an additional $330,000,000 the first year. I agree with the Senator from Louisiana that a pattern established for one group should be applied to the other groups. The other evening in the Senate debate during which I offered my amendment to the executive pay bill I said I was discussing the over-all policy which I thought should be applied to all the pay bills. I still feel the same way. But I do not like this amendment, which, if adopted, would confer upon the conferees the power to provide additional awards ranging up to $300,000,000 on this one bill.

So I think the Senate should reject the amendment.

Mr. LONG. Of course, the House of Representatives has provided benefits for the postal employees three times as large as those the Senate has recommended for them. This amendment provides that after final decision is made in regard to the benefits which will be granted the postal employees, comparable benefits will be provided the classified service employees, who obviously are just as much entitled to salary increases as the postal employees are.

Of course, if the amendment is taken to conference, the conferees will have a right to decide whether they will include it in the conference report. If it is included, then the conferees on the postal-pay bill will realize that if they provide any additional benefits for the postal workers, similar additional benefits will

automatically be provided for the classified-service workers. I think that is a good arrangement to make.

Mr. WILLIAMS. I disagree, Mr. President. The Senate has passed the postal-service-pay bill with certain amendments, and we have instructed our conferees to insist upon those amendments. In the passage of that bill, Senate bill 1772, we did so with the idea that the conferees on the part of the Senate would, in conference, insist upon the Senate amendments. The amendment now before us could nullify that interpretation, and might well, if adopted, cost an additional three hundred to four hundred million dollars annually more than the Senate intends or understands.

Mr. LONG. I assure the Senator I personally will try to defend the Senate version of the bill.

Mr. WILLIAMS. I do not question the Senator's intentions.

Mr. LONG. I assure the Senator it is the idea of the junior Senator from Louisiana that both services should be equal and alike. I believe that one class of workers is just as much entitled to consideration as another, that the unorganized are just as much entitled to be treated equally as are the organized employees. I wanted to be sure, and to have the opportunity to protect the unorganized employees. That is why the amendment was offered. I have no personal feeling about it. If the Senate desires to vote down the amendment, I do not have any great objection. I should, however, like to be able to put the Senate conferees in position to bargain for the unorganized classified employees, just as much so as they would be able to bargain for the postal employees.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. KNOWLAND. I think I understand the position of the Senator from Louisiana, who is very ably handling the legislation on the floor, but, in view of the very controversial nature of the amendment it seems to me it would be necessary for us to have a quorum call. Under the circumstances, because of the wide latitude here, I am wondering whether it would be better to proceed without the amendment. If there is this difference, I quite agree with the Senator, and with the suggestion made by the Senator from Michigan, that we could then rectify the situation in January; but latitude is so wide and makes the matter highly controversial, that I would feel we would have to have a quorum call.

Mr. LONG. I ask unanimous consent to withdraw the amendment.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

Mr. LONG. Mr. President, I send to the desk another amendment, purely of a perfecting nature.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 14, it is proposed to strike out lines 6 to 8 inclusive, and in line 9, to change the section number from 506 to 505.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was agreed to.

Mr. LUCAS. Mr. President, I send to the desk an amendment, which I ask to have read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 21, after line 12, it is proposed to insert:

SEC. 607. Compensation of the superintendents of the House and Senate Press Galleries shall be at the basic rates of $5,820 per annum and the superintendents of the House and Senate Periodical Galleries at the basic rates of $4,500 per annum. Basic compensation of the four assistants in each of the House and Senate Press Galleries shall be, one position at $4,500, one at $2,940, one at $2,940, and one at $2,100 per annum.

Mr. LUCAS. Mr. President, I should like to speak briefly on the amendment. The amendment, of course, could be placed in a legislative bill, but I think it is proper to consider it in connection with the pending bill. Here is a situation, it seems to me, which requires a remedy on the basis of equity and equality, as we move along increasing the salaries in other classes of employees. The superintendent and assistants are men who have made a career of public service; in most instances their service ranges from 10 to 35 years. The Senate superintendent has served for 27 years, the House for 37. They are paid basic salaries of $4,320.

The background knowledge that they have acquired of Congress, their know-how in serving the press, their usefulness as references, the detailed record of votes and other matters which they maintain each day, constitute invaluable assistance to the press and to the Congress itself.

Congress benefits greatly by their background and work. They are invaluable as political references, and hardly a day passes that they do not answer a score or more of inquiries in regard to congressional history.

It is impossible to overemphasize their value in this respect. On a normal working day there are from 50 to 100 reporters in the Senate Press and Periodical Galleries, and nearly that many in the House Galleries. The Press Gallery itself has a membership of 800 reporters, the Periodical Gallery 200. There are eight trunk telephone lines to the galleries, and spot checks have shown that there will be as many as 240 telephone calls a day, for information, from downtown Washington newspaper offices by reporters who need information. The galleries serve every newspaper and magazine of any size or importance in the United States. The combined circulation of magazines alone represented exceeds 100,000,000 copies a month.

Before outlining the detailed duties performed by the attendants, we should like to point out that their assistance has been sought and their value generally recognized by both major political parties. Both parties leave to the standing committees and the gallery attendants the entire task of allotting credentials and handling press facilities at the national conventions.

The Department of State requested the standing committees and galleries to perform this same responsibility at international conferences including the United Nations Conference in San Francisco.

Mr. President, I state these facts to demonstrate to the Senate and to the country the invaluable services rendered by the men in these particular positions, and the great responsibility which is theirs. As I said in the beginning, they are career men. We hear very little about them. We come and go in the Senate, and sometimes we fail to realize what the responsibility is, the tremendous importance of this particular group, and the valuable service they render to the Congress, to the press, to the country, and to the world. I think it nothing more than fair, right, and equitable that these few gentlemen should get these slight increases in salary.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois.

The amendment was agreed to.

Mr. LONG. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 38, between lines 13 and 14, it is proposed to insert a new section, as follows:

SEC. 1202. Section 604 (d) of the Federal Employees Pay Act of 1945, as amended, is amended to read as follows:

"(d) (1) Hereafter, for all pay computation purposes affecting officers or employees in or under the executive branch, the judicial branch, or the District of Columbia municipal government, basic per annum rates of compensation established by or pursuant to law shall be regarded as payment for employment during 52 basic administrative workweeks of 40 hours.

"(2) Whenever for any such purpose it is necessary to convert a basic monthly or annual rate to a basic biweekly, weekly, daily, or hourly rate, the following rules shall govern:

"(A) A monthly rate shall be multiplied by 12 to derive an annual rate;

"(B) An annual rate shall be divided by 52 or 26, as the case may be, to derive a weekly or biweekly rate;

"(C) A weekly or biweekly rate shall be divided by 40 or 80, as the case may be, to derive an hourly rate; and

"(D) A daily rate shall be derived by multiplying an hourly rate by the number of daily hours of service required.

"(3) All rates shall be computed to the nearest cent, counting one-half cent and over as a whole cent."

On page 3, line 8, after "act" insert "except title XII)."

On page 16, line 7, after "weekly," insert "biweekly,".

On page 38, line 14, strike out "SEC. 1202" and insert in lieu thereof "SEC. 1203."

Mr. LONG. Mr. President, the purpose of the amendment is to make it easier to compute the amount of money to be paid each week and each month. In other words, we have an annual wage rate, and it is necessary for the supervisors and accountants to break it down into a weekly pay roll, to get it down to the right penny, and not have to vary it

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or to change it from day to day and from week to week. The amendment is offered to simplify the computations.

Mr. KNOWLAND. The amendment deals purely with computations, and does not make any change in the basic rates of pay. Is that correct?

Mr. LONG. It will save the Government a great deal of bookkeeping by simplifying the computations.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was agreed to.

Mr. LONG. Mr. President, I send to the desk another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 6 it is proposed to insert new clause (16) in section 202, reading as follows: "(16) the corporations under the supervision of the Farm Credit Administration."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was agreed to.

Mr. LONG. Mr. President, in view of the fact that the ceiling has been lowered from $15,000 to $12,500, there is an officer whose salary would have been $15,000, and the bill lowered it to $12,500 with the rest. There are certain corporations whose employees have never been under the Classification Act, and this would simply leave them out.

Mr. President, I now offer an additional amendment which I send to the desk and ask to have stated. It would leave out certain employees of the United Nations who have never been under the civil service. I ask that the two amendments be voted on en bloc.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. In section 202, on page 3, line 17, it is proposed to insert after the semicolon the following: "and positions in or under the Department of State which are (a) connected with the representation of the United States to international organizations; or (b) specifically exempted by law from the Classification Act of 1923, as amended, or any other classification or compensation law."

Mr. LONG. Mr. President, from an examination of the bill Senators will see that it is broad and inclusive, including every one in the Federal service except those persons who are specifically exempted from it by the terms of pages 2, 3, 4, and 5. Therefore these are two or three minor categories which should have been exempted and which we did not catch in studying the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was agreed to.

Mr. LANGER. Mr. President, an examination of page 15 of the report shows numerous employees who will receive almost no increase under the Classification Act. One group will receive $1.72; another group will receive $6.48; another group will receive $42, and another group will receive $14.

I offer, therefore, Mr. President, an amendment providing that the first four groups shall receive an increase of $100 each. That is to take care of employees in the lower brackets.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 15 it is proposed to strike out the first four lines in the table and insert in lieu thereof the following:

GS–1	$2,200	$2,280	$2,360	$2,440	$2,520	$2,600	$2,680
GS–2	2,450	2,530	2,610	2,690	2,770	2,850	2,930
GS–3	2,700	2,780	2,860	2,940	3,020	3,100	3,180
GS–4	3,000	3,080	3,160	3,240	3,320	3,400	3,480

Mr. LANGER. I believe, Mr. President, that a man should not be called upon to support a family on $2,100 a year.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. FERGUSON. Can the Senator state the number of employees involved?

Mr. LANGER. In one grade there are 12,000; in another grade there are 123,817.

Mr. FERGUSON. Will the Senator state what the cost will be?

Mr. LANGER. I cannot tell, because I have not computed it. I am simply offering an amendment from the floor. But I believe that in simple justice and equity, when the report shows that the increase is so trifling for some of the employees who have worked for years and years, the increase should be made applicable to them.

Mr. LONG. Mr. President, if the Senator will yield, I believe I can tell him into what grades these persons would fall.

Mr. LANGER. I yield.

Mr. LONG. Grades GS–1 and GS–2 are the only 2 grades that would be affected. There are 19,000 persons who would be in the proposed grade GS–1. As a rough estimate I would say it would probably cost approximately $1,000,000.

In grade GS–2 the lowest increase is $66. The next lowest increase is $80. Therefore the increase would not be very great. I should estimate that it would cost an additional $1,000,000. It would cost approximately $2,000,000 to take care of the situation.

Mr. President, I would say that the reason those grades were left out was because it was felt that in many cases those persons are actually receiving much more than the going rate in private employment for similar work. Any person in the entire classified service would receive a minimum in his grade of $2,100. If we hired an office boy to work in the office we could not pay him any less than $175 a month, even though that boy might merely lick stamps, fold literature, and put it into envelopes and close them. So it was felt that we should leave a low entrance salary so that the Government could pay a salary comparable with that which would be paid in private employment for comparable work. These persons are not married. They are, for the most part, youngsters, or young ladies just coming out of business college. It was felt that they were being paid 60 or 70 percent more than they would receive in private employment. So, in order to make it a little bit lighter on the taxpayers, it was thought these people should receive salaries somewhat comparable to those which they would receive in private employment.

If the Senate is disposed to increase it, we have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. LANGER].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there are no further amendments, the question is on the third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent that the Senate consider Calendar No. 1129, House bill 5931.

There being no objection, the Senate proceeded to consider the bill (H. R. 5931) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President, I move that House bill 5931 be amended by striking out all after the enacting clause and inserting in lieu thereof Senate bill 2379, as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Carolina.

The motion was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The PRESIDING OFFICER. Without objection, Senate bill 2379 is indefinitely postponed.

Mr. JOHNSTON of South Carolina. Mr. President, I move that the Senate insist upon its amendment, request a conference with the House of Representatives thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. JOHNSTON of South Carolina, Mr. LONG, Mr. GRAHAM, Mr. LANGER, and Mr. THYE conferees on the part of the Senate.

Mr. JOHNSTON of South Carolina. Mr. President, I ask that the bill as amended be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG subsequently said: Mr. President, I was mistaken as to the effect of the amendment of the Senator from North Dakota because I had felt that he was moving to bring GS–1, GS–2, GS–3, and GS–4, in the classification bill, up to $100. Only a relatively small number were receiving an increase of less than $100, and I thought that the Senator's purpose was to bring those people up to a gross of $100. I now find that the

effect of his amendment was to add $100 on top of the increase those people will be receiving, which was entirely different from what I had estimated. I would judge that would cost about $38,900,000, just as an off-hand estimate, taking into consideration the number of people involved.

Since the bill has already been passed, I will not move that it be reconsidered, but I will state that I feel that in conference the conferees should consider the fact that the Senate did not fully understand what it was voting on when the amendment was agreed to, and should not be bound in an ironclad fashion by the amendment.

Mr. LANGER. That is entirely satisfactory, Mr. President.

COMPENSATION FOR EMPLOYEES INJURED IN THE PERFORMANCE OF THEIR DUTIES

Mr. LUCAS. Mr. President, I move that the Senate proceed to consider Calendar No. 843, House bill 3191.

The PRESIDING OFFICER. The clerk will state the bill by title.

The CHIEF CLERK. A bill (H. R. 3191) to amend the act approved September 7, 1916 (ch. 458, 39 Stat. 742), entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," as amended, by extending coverage to civilian officers of the United States and by making benefits more realistic in terms of present wage rates, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois.

The motion was agreed to, and the Senate proceeded to consider the bill (H. R. 3191) to amend the act approved September 7, 1916 (ch. 458, 39 Stat. 742), entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," as amended, by extending coverage to civilian officers of the United States and by making benefits more realistic in terms of present wage rates, and for other purposes, which had been reported from the Committee on Labor and Public Welfare, with amendments.

The PRESIDING OFFICER. The clerk will proceed to state the amendments of the committee.

The amendments were, on page 3, line 5, before the word "shall", to strike out "or of any two thereof"; on page 5, line 2, after the word "or", to insert "involves"; in line 8, after "(b)", to insert "and in cases involving disfigurement"; on page 12, line 21, after the word "capacity", to insert a colon and the following proviso: "*Provided*, That for any period of temporary total disability the augmentation of his basic compensation for disability payable under section 3 shall be limited to that part of his monthly pay which is not in excess of $420"; on page 14, line 12, after the word "for", to strike out "total"; in line 15, after the word "be", to insert "more than $525 per month and in cases of total disability shall not be"; in line 18, after the word "compensation", to insert "for total disability"; on page 16, line 17, after the numerals "12", to insert "or the sum of $525"; on page 19, line 5, after "United States", to strike out "but not including Members of Congress"; on page 20, line 25, after the word "occurred", to insert "before May 1, 1943, in the cases of persons employed in the postal service whose compensation was affected by the act of April 9, 1943 (57 Stat. 59), or"; on page 21, line 3, after the numerals "1941", to insert "in all other cases"; in line 6, after the word "in", to strike out "neither" and insert "no"; after line 16, to strike out:

(b) The remedy afforded to any person under this act with respect to his own injury or the death of another individual shall be the exclusive remedy against, and be in place of any other legal liability of the United States or any of its instrumentalities on account of such injury or death, where such liability is determinable by direct judicial proceedings in a civil action or in admiralty, or by proceedings, whether administrative or judicial, under any other workmen's compensation law or under any Federal tort liability statute.

And in lieu thereof to insert the following:

(b) The liability of the United States or any of its instrumentalities under this act or any extension thereof with respect to the injury or death of an employee shall be exclusive, and in place, of all other liability of the United States or such instrumentality to the employee, his legal representative, spouse, dependents, next of kin, and anyone otherwise entitled to recover damages from the United States or such instrumentality, on account of such injury or death, in any direct judicial proceedings in a civil action or in admiralty, or by proceedings, whether administrative or judicial, under any other workmen's compensation law or under any Federal tort liability statute.

On page 22, line 15, after "SEC. 202.", to insert "(a)"; on page 23, after line 13, to insert:

(b) Section 9 of the Federal Employees' Compensation Act, as so amended, is further amended by inserting immediately before the last sentence of subsection (a) of such section the following: "The Administrator may, under such limitations or conditions as he shall deem necessary, authorize employing establishments of the United States to provide for the initial furnishing of medical and other benefits under this section, and the Administrator may certify for payment out of the Employees' Compensation Fund vouchers for expenses thus incurred for such benefits, upon certification by the person required by section 24 to make reports of injury that the expense was incurred in respect to injury which was accepted by the employing establishment as probably compensable under this act. The form and content of such certification shall be prescribed by the Administrator."

On page 32, after line 20, to insert:

ACCIDENT PREVENTION AND ANNUAL REPORTS

SEC. 209. Section 33 of the Federal Employees' Compensation Act, as amended, is further amended by designating the first two paragraphs thereof, respectively, subsections "(a)" and "(b)" and by adding a new subsection designated as "(c)," as follows:

"(c) In order to reduce the number of accidents and injuries among Government officers and employees, encourage safe practices, eliminate work hazards and health risks, and reduce compensable injuries, the heads of the various departments and agencies are authorized and directed to develop, support, and foster organized safety promotion, and the President may also establish by Executive order a safety council composed of representatives of Government departments and agencies to serve as an advisory body to the Administrator in furtherance of the safety program carried out by the Administrator pursuant to this section, and the President may undertake such other measures as he may deem proper to prevent injuries and accidents to persons covered by this act. Departments and other agencies of the United States shall keep such records of injuries and accidents to persons covered by this act, whether or not resulting in loss of time or the payment or furnishing of benefits, and make such statistical or other reports and upon such forms as the Administrator may by regulation prescribe."

And on page 38, after line 22, to strike out:

ACCIDENT PREVENTION AND ANNUAL REPORTS

SEC. 305. Section 33 of the Federal Employees' Compensation Act, as amended, is further amended by designating the first two paragraphs thereof, respectively, subsections "(a)" and "(b)" and by adding a new subsection designated as "(c)," as follows:

"(c) In order to reduce the number of accidents and injuries among Government officers and employees, encourage safe practices, eliminate work hazards and health risks, and reduce compensable injuries, the heads of the various departments and agencies are authorized and directed to develop, support, and foster organized safety promotion, and the President may also establish by Executive order a safety council composed of representatives of Government departments and agencies to serve as an advisory body to the Administrator in furtherance of the safety program carried out by the Administrator pursuant to this section, and the President may undertake such other measures as he may deem proper to prevent injuries and accidents to persons covered by this act."

The amendments were agreed to.

The PRESIDING OFFICER. That completes the committee amendments. The bill is open to further amendment.

Mr. KNOWLAND. Mr. President, I wonder if for the RECORD the junior Senator from Illinois will not make a brief explanation as to the changes.

Mr. DOUGLAS. Mr. President, this bill is to revise the Compensation Act for disabling accidents suffered by Federal employees. The original act was passed in 1916. The last amendment to the bill was adopted in 1927, or nearly a quarter of a century ago. At that time the maximum monthly benefit which could be paid to any Federal employee was fixed at $116.66, which amounted to $1,400 a year. The standard scale of benefits was to be 66⅔ percent of earnings. Therefore, the imposition of the $1,400 a year maximum meant that all earnings in excess of $2,100 were not protected.

The 1927 scale was relatively adequate for the 1920's, because the average salary of a Government employee was then within the $2,000–$2,500 scale. Since then, with the increase in the cost of living and the general upward movement of salaries, Federal salaries have also markedly increased, but the ceiling of compensation rates has not. So that today the maximum amount a person can receive in case of injury is still $1,400 a year, or $116.66 a month. That means that in the case of the $4,000 a year man, the protection is not 66⅔ percent of his earnings, but only 35 percent, and in the case of the $5,000 a year man the protection is slightly less than 30 percent.

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We have raised this ceiling very markedly, to $525 a month. In this connection we have also added, instead of the straight benefit of 66⅔ percent, an additional benefit of 8⅓ percent if the injured worker has a dependent. Therefore, an injured worker with one dependent will receive 75 percent of his pay as accident compensation if and when injured. But we provide that this 8⅓ percent is taken off in the case of all earnings in excess of $420 a month, or approximately $5,000 a year. By imposing the limit of $525 a month, we have insured that no worker will receive more when injured than his net pay, minus income tax, would be if employed and that there will always be an appreciable difference between the two. This is, of course, done to prevent malingering and to give the injured worker an inducement to recover as quickly as possible from temporary disabilities.

In addition to this, in the case of death we have increased the scales for widows and children, raising them by 10 and 5 percent, respectively, but keeping the maximum of 75 percent.

We have revised the schedule for permanent partial disability, to make it conform to the schedule provided in the Longshoremen's Act.

We have increased burial benefits by from $200 to $400.

We have provided additional care where a person is totally disabled and needs an attendant. There are other improvements which are outlined in the committee report.

In all, we estimate that the added cost will be approximately $7,000,000 a year, and to this will be added a total of approximately $7,000,000 more spread over a 6-year period, if we accept, as the committee proposes, the House amendment. This provides that in case of serious disability, such as the loss of an eye, a foot, an arm, or like injury, if the person has been injured since 1941, the benefits will be raised to the scale outlined in the bill.

I understand that the Senator from Oregon [Mr. MORSE] has an amendment on coverage to apply to merchant seamen, and at the appropriate time I can say that the committee is ready to accept his amendment. But I shall first be glad to try to answer any questions which the Senator from California may have to ask.

Mr. KNOWLAND. I thank the Senator for his very clear explanation.

Mr. DOUGLAS. I thank the Senator very much for his courtesy.

Mr. WHERRY. Did the Senator say the bill would be retroactive to 1941?

Mr. DOUGLAS. Only in the case of permanent partial disabilities. Those who have suffered such disabilities since 1941 are to be allowed the new scale in the future.

Mr. WHERRY. Does the Senator have any idea of what amount of money that would involve?

Mr. DOUGLAS. Seven million dollars, spread over a 6-year period.

Mr. WHERRY. Is that what it would amount to retroactively?

Mr. DOUGLAS. That is correct; a total of $7,000,000, spread over a 6-year period. That is an item of cost added by the House. The ordinary increase will amount to about $7,000,000 a year.

Mr. WHERRY. I am not asking about that.

Mr. DOUGLAS. The retroactive feature is estimated to cost a total of $7,000,000, distributed over a period of 6 years, or an average of about $1,200,000 a year. I should now be glad to have the Senator from Oregon present any amendment which he may have in mind.

Mr. MORSE. Mr. President, I wish to say, first, that I appreciate the Senator's courtesy in calling my office and notifying me that this bill was before the Senate so that I might come to the Senate Chamber and present my amendment. I offer the amendment and ask that it may be stated. I understand that the Senator from Illinois is willing to accept the amendment.

The PRESIDING OFFICER. The clerk will state the amendment of the Senator from Oregon [Mr. MORSE].

The LEGISLATIVE CLERK. On page 22, at the end of line 14, it is proposed to insert a colon and the following: "*Provided, however,* That this subsection shall not apply to a master or a member of the crew of any vessel."

On page 37, beginning with line 24, strike out all to and including line 6, page 38, and insert in lieu thereof the following:

(g) The amendment made by section 201 of this act to section 7 of the Federal Employees' Compensation Act, making the remedy and liability under such act exclusive except as to masters or members of the crew of any vessel, shall apply to any case of injury or death occurring prior to the date of enactment of this act: *Provided, however,* That any person who has commenced a civil action or an action in admiralty with respect to such injury or death prior to such date, shall have the right at his election to continue such action notwithstanding any provision of this act to the contrary, or to discontinue such action within 6 months after such date before final judgment and file claim for compensation under the Federal Employees' Compensation Act, as amended, within the time limited by sections 15 to 20 of such act (including any extension of such time limitations by any provision of this act), or within 1 year after enactment of this act, whichever is later. If any such action is not discontinued and is decided adversely to the claimant on the ground that the remedy or liability under the Federal Employees' Compensation Act is exclusive, or on jurisdictional grounds, or for insufficiency of the pleadings, the claimant shall, within the time limited by sections 15 to 20 of such act (including any extension of such time limitations by any provision of this act), or within 1 year after final determination of such cause, whichever is later, be entitled to file a claim under such act.

On page 39, between lines 17 and 18, insert the following new section:

SEAMEN

SEC. 305. (a) Nothing contained in this act shall be construed to affect the exclusion of certain seamen (as defined in the act of March 24, 1943, ch. 26, 57 Stat. 45, as amended; 50 U. S. C., Appendix, sec. 1291) from the terms of the Federal Employees' Compensation Act, as provided by such act of March 24, 1943, as amended.

"(b) Nothing contained in this act shall be construed to affect any maritime rights and remedies of a master or member of the crew of any vessel.

Mr. MORSE. Mr. President, I understand the Senator from Illinois is willing to accept the amendment. In effect it continues the seamen in exactly the same legal position which they presently enjoy.

This matter was fought out in 1941, when an attempt was made to bring the seamen under the act, and it was defeated at that time. This amendment continues the historical legal pattern, as far as the seamen are concerned, in respect to workmen's compensation rights. All my amendment does, in effect, is to leave the seamen exactly in the position in which they now are in respect to their legal rights to compensation, giving them, under admiralty law, the right to sue for their compensation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon.

Mr. MAGNUSON. Mr. President, I want to associate myself with the amendment offered by the Senator from Oregon. This is a matter which has been before the Merchant Marine and Fisheries Subcommittee. We had previously submitted a similar amendment of the same tenor, and I understand from the Senator from Oregon that his amendment is in similar language. I have had several discussions with the junior Senator from Illinois about the matter, and I think it is a proper amendment. What it does, of course, as the Senator from Oregon has said, is to leave the seamen in their tort right of compensation just as they are now without placing them under the act. I think that is fair and equitable, and the matter should be left in that way. As I said, I want to take this opportunity to thank the Senator from Oregon, and to associate myself with the amendment he has offered.

THE PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. MORSE].

The amendment was agreed to.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the explanation of my amendment just agreed to, as I intend the purpose of my amendment to be. The Senator from Illinois [Mr. DOUGLAS] wishes to obtain unanimous consent to have printed without prejudice at this point in the RECORD also, immediately following my explanation, his interpretation of the amendment.

The PRESIDING OFFICER. Without objection, the two statements will be printed in the RECORD.

The statements are as follows:

STATEMENT BY SENATOR MORSE

The amendments being offered to H. R. 3191, the bill amending the Federal Employees' Compensation Act, are concerned with two subjects: (1) the status of seamen under the Compensation Act, and (2) the status of pending suits against the Government by Federal employees, brought under the Federal Tort Claims Act and other statutes.

The bill, as passed by the House and reported with amendments, by the Senate Committee on Labor and Public Welfare, provides that as to all Federal employees the Compensation Act benefits shall be exclusive and in place of any other liability of the United States or its instrumentalities. Thus, by section 201 of the bill, a new subsection is added to section 7 of the Compensation Act, reading as follows:

"(b) The liability of the United States or any of its instrumentalities under this act

or any extension thereof with respect to the injury or death of an employee shall be exclusive, and in place of all other liability of the United States or such instrumentality to the employee, his legal representative, spouse, dependents, next of kin, and anyone otherwise entitled to recover damages from the United States or such instrumentality, on account of such injury or death, in any direct judicial proceedings in a civil action or in admiralty, or by proceedings, whether administrative or judicial, under any other workmen's compensation law or under any Federal tort liability statute."

In the report of the Senate committee, this provision is explained as follows:

"SEC. 201. Section 7 of the act would be amended by designating the present language as subsection '(a)' and by adding a new subsection '(b).' The purpose of the latter is to make it clear that the right to compensation benefits under the act is exclusive and in place of any and all other legal liability of the United States or its instrumentalities of the kind which can be enforced by original proceeding whether administrative or judicial, in a civil action or in admiralty or by any proceeding under any other workmen's compensation law or under any Federal tort liability statute. Thus, an important gap in the present law would be filled and at the same time needless and expensive litigation will be replaced with measured justice. The savings to the United States, both in damages recovered and in the expense of handling the lawsuits, should be very substantial and the employees will benefit accordingly under the Compensation Act as liberalized by this bill.

"Workmen's compensation laws, in general, specify that the remedy therein provided shall be the exclusive remedy. The basic theory supporting all workmen's compensation legislation is that the remedy afforded is a substitute for the employee's (or dependent's) former remedy at law for damages against the employer. With the creation of corporate instrumentalities of Government and with the enactment of various statutes authorizing suits against the United States for tort, new problems have arisen. Such statutes as the Suits in Admiralty Act, the Public Vessels Act, the Federal Tort Claims Act, and the like, authorize in general terms the bringing of civil actions for damages against the United States. The inadequacy of the benefits under the Employees' Compensation Act has tended to cause Federal employees to seek relief under these general statutes. Similarly corporate instrumentalities created by the Congress among their powers are authorized to sue and be sued, and this, in turn, has resulted in filing of suits by employees against such instrumentalities based upon accidents in employments.

"This situation has been of considerable concern to all Government agencies and especially to the corporate instrumentalities. Since the proposed remedy would afford employees and their dependents a planned and substantial protection, to permit other remedies by civil action or suits would not only be unnecessary, but would in general be uneconomical, from the standpoint of both the beneficiaries involved and the Government."

Under existing law, Government-employed seamen have been accorded the right to assert their maritime rights against the United States under the Suits in Admiralty Act and Public Vessels Act, and, moreover, have been permitted an election to accept the benefits of the compensation in lieu of their maritime rights. The benefits to seamen under maritime law, which would be wiped out prospectively and to some extent retroactively by section 201 of the bill, are regarded as valuable rights by federally employed seamen, whose numbers exceed 16,000 at the present time. The representatives of maritime unions are now strongly urging, since the bill was placed on the Senate Calendar, that their right to sue the United States under maritime law be preserved and that they be kept in status quo. It would appear that none of the seamen's representatives were apprised of the implications of the bill insofar as it affects their maritime rights. Consequently none of the representatives of maritime labor appeared before the committees which considered the bill, and upon a perusal of the hearings I find no evidence that the effect of the bill upon seamen was explored on the merits. I think this is particularly unfortunate, although undoubtedly inadvertent, in view of the fact that seamen for years have opposed exclusive coverage under workmen's compensation.

Because I think there is merit in their position, and because I feel they should not be deprived of benefits they have enjoyed for many years without opportunity to have their arguments carefully considered by the appropriate committees of the Congress, I am proposing these amendments which are intended, insofar as possible, to preserve the rights of federally employed seamen under existing law to proceed against the United States apart from the Compensation Act. The purpose is likewise to preserve the status quo as to choice of remedies by seamen.

The first amendment, therefore, proposes to add the following proviso to section 7 (b) of the Federal Employees' Compensation Act, which subsection would be inserted in that act by section 201 of the bill: *"Provided, however,* That this subsection shall not apply to a master or a member of the crew of any vessel."

By this proviso, it is intended that the special provision, as added to the Compensation Act by this bill, declaring the liability of the United States under that act to be exclusive, shall not apply to seamen employed by the United States. It is not intended that the right of federally employed seamen, as heretofore recognized by the courts, to maintain suits against the United States, shall be lessened by this bill. In short, the amendment is intended merely to preserve the status quo as to seamen. If the Congress should decide to go into this matter further at some future session, it could then do so without delaying the enactment of this urgently needed bill.

I propose further that a new section, section 305, be added to the bill on page 39, between lines 17 and 18, as follows:

"SEAMEN

"SEC. 305. (a) Nothing contained in this act shall be construed to affect the exclusion of certain seamen (as defined in the act of March 24, 1943, chapter 26, 57 Stat. 45, as amended; 50 U. S. C. Appendix, sec. 1291) from the terms of the Federal Employees' Compensation Act, as provided by such act of March 24, 1943, as amended.

"(b) Nothing contained in this act shall be construed to effect any maritime rights and remedies of a master or member of the crew of any vessel."

Subsection (a) of the proposed section 305 is necessary because of the special status of seamen on vessels that were operated under General Agency agreements with the War Shipping Administration, now succeeded by the Maritime Commission. By the so-called Clarification Act of March 24, 1943, as amended (50 U. S. C., Appendix, Sec. 1291), seamen on vessels so operated are excluded from coverage under the Federal Employees' Compensation Act, and it is not intended to supersede the Clarification Act by these amendments. While the House report on the bill (House Rept. No. 729, p. 13) states that it is not intended to repeal this specific statutory exclusion, doubts have been expressed as to whether the bill and the explanation in the House report would have the intended effect. Consequently, to resolve doubts on this score, subsection (a) of section 305 is proposed, in order to maintain the status quo under the Clarification Act.

Subsection (b) of the proposed new section 305 is intended out of caution, to reaffirm what is accomplished by the proposed amendment to section 201 of the bill, lest some other provision of the bill which, in some way not now foreseen, might be construed to take away any election of remedies that seamen might now have. The new subsection would make clear that no provision of this amending act, as distinguished from the existing Compensation Act itself, shall be construed to affect any maritime rights or remedies of seamen. The purpose is to reserve to seamen whatever rights they now have, or may be held to have, under maritime law, and to allay the fears that have been expressed that the amendments to the Compensation Act being made by this bill will be construed to negate or reduce any of the maritime rights and remedies of seamen.

2. It will be observed that section 303 (g) of the bill, on pages 37 and 38, states that the exclusive remedy under the Compensation Act, as provided in the amendment made by section 201 of the bill, shall not apply to cases of injury or death in which liability under laws other than the Compensation Act was "finally determined" prior to the enactment of the present bill. The effect of this provision is to substitute the remedies provided in the Compensation Act for remedies being pursued by Federal employees in a large number of civil and admiralty actions. Thus rights, if any, presently existing and being asserted in pending court proceedings would be wiped out, automatically. It appears to me that such retroactive effect is not desirable or equitable. Claimants merit better treatment from their Government.

The amendment I propose, as a substitute for section 303 (g) of the bill, reads as follows:

"(g) The amendment made by section 201 of this act to section 7 of the Federal Employees' Compensation Act, making the remedy and liability under such act exclusive except as to masters and members of the crew of any vessels, shall apply to any case of injury or death occurring prior to the date of enactment of this act: *Provided, however,* That any person who has commenced a civil action or an action in admiralty with respect to such injury or death prior to such date, shall have the right at his election to continue such action notwithstanding any provision of this act to the contrary, or to discontinue such action within 6 months after such date before final judgment and file claim for compensation under the Federal Employees' Compensation Act, as amended, within the time limited by sections 15 to 20 of such act (including any extension of such time limitations by any provision of this act), or within 1 year after enactment of this act, whichever is later. If any such action is not discontinued and is decided adversely to the claimant on the ground that the remedy or liability under the Federal Employees' Compensation Act is exclusive, or on jurisdictional grounds, or for insufficiency of the pleadings, the claimant shall, within the time limited by sections 15 to 20 of such act (including any extension of such time limitations by any provision of this act), or within 1 year after final determination of such cause, whichever is later, be entitled to file a claim under such act."

The effect of this amendment would be to give Federal employees, for a limited period, a right to elect, in certain situations, whether to pursue their remedies (if they have any) sought in pending cases or to come under the terms of the Compensation Act. Thus, the exclusive remedy provision of section 201 would not automatically apply with respect to an injury or death occurring prior to the date of enactment of this bill if a civil action or an action in admiralty had been commenced with respect thereto prior to the date of enactment of this bill. Persons maintaining such actions could discontinue them within 6 months, before final judgment, and

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be entitled to file a claim for compensation within the time limits provided in the Federal Employees' Compensation Act, as amended, or within 1 year after the enactment of this bill, whichever is later. Moreover, in recognition of the fact that some legal actions might be decided adversely to the claimant on grounds other than the merits of the claim, it is provided that persons whose pending claims are dismissed on jurisdictional grounds, insufficiency of the pleadings, or because the remedy under the Compensation Act is exclusive, may file claim under the Compensation Act within similar time limitations.

STATEMENT BY SENATOR DOUGLAS

Mr. President, I should like to state my ground for agreeing to the amendments offered by the Senator from Oregon. The primary consideration for accepting the Senator's amendments preserving the maritime rights and other statutory remedies of seamen is the fact that no hearings were held, no arguments were heard, and no discussion was had on this aspect of the pending bill.

Rather than make a summary disposition of these seamen's rights at this time, or to delay for additional hearings the whole measure affecting compensation rights of all Government employees, it seems wiser, as these amendments do, to preserve the status quo as to such rights of seamen. It is my understanding that we do this pending, and without prejudice to, a full consideration by the Congress on the basis of adequate hearings (a) of the alleged merits or demerits of the Compensation Act benefits as compared with traditional and statutory maritime remedies and (b) of the justice or injustice of, or specific circumstances for, permitting these Federal employees to have an election of remedies denied to others.

It is my further understanding that this bill as amended will only change the status quo of seamen to the extent that it increases compensation rights of those Government-employed seamen covered by the act. For the same reason, namely, that we have had no hearings on the matter, we are not seeking to legislate affirmatively as to certain claims and denials of a right of election of remedies under existing laws, which claims and denials have not yet been adjudicated by the Supreme Court, although various other Federal courts have, in effect, held that federally employed seamen have such an election.

In short, until the matter may be more fully considered by Congress, we seek by the amendments merely to make sure that seamen shall lose no existing rights.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill H. R. 3191 was read the third time and passed.

Mr. DOUGLAS. Mr. President, I move that the Senate insist upon its amendment, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. DOUGLAS, Mr. NEELY, Mr. WITHERS, Mr. TAFT, and Mr. DONNELL conferees on the part of the Senate.

STABILIZATION OF PRICES OF AGRICULTURAL COMMODITIES

Mr. LUCAS. Mr. President, in line with the previous statements I have made, I now move that the Senate proceed to consider Senate bill 2522, to stabilize prices of agricultural commodities.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2522) to stabilize prices of agricultural commodities.

The bill is as follows:

Be it enacted, etc., That this act may be cited as the "Agricultural Act of 1949."

TITLE I—BASIC AGRICULTURAL COMMODITIES

SEC. 101. The Secretary of Agriculture (hereinafter called the "Secretary") is authorized and directed to make available through loans, purchases, or other operations, price support to cooperators for any crop of any basic agricultural commodity, if producers have not disapproved marketing quotas for such crop, at a level not in excess of 90 percent of the parity price of the commodity nor less than the level provided in subsections (a), (b), and (c) as follows:

(a) For tobacco (except as otherwise provided herein), corn, wheat, and rice, if the supply percentage as of the beginning of the marketing year is:	The level of support shall be not less than the following percentage of the parity price:
Not more than 102	90
More than 102 but not more than 104	89
More than 104 but not more than 106	88
More than 106 but not more than 108	87
More than 108 but not more than 110	86
More than 110 but not more than 112	85
More than 112 but not more than 114	84
More than 114 but not more than 116	83
More than 116 but not more than 118	82
More than 118 but not more than 120	81
More than 120 but not more than 122	80
More than 122 but not more than 124	79
More than 124 but not more than 126	78
More than 126 but not more than 128	77
More than 128 but not more than 130	76
More than 130	75

(b) for cotton and peanuts, if the supply percentage as of the beginning of the marketing year is:	The level of support shall be not less than the following percentage of the parity price:
Not more than 108	90
More than 108 but not more than 110	89
More than 110 but not more than 112	88
More than 112 but not more than 114	87
More than 114 but not more than 116	86
More than 116 but not more than 118	85
More than 118 but not mare than 120	84
More than 120 but not more than 122	83
More than 122 but not more than 124	82
More than 124 but not more than 125	81
More than 125 but not more than 126	80
More than 126 but not more than 127	79
More than 127 but not more than 128	78
More than 128 but not more than 129	77
More than 129 but not more than 130	76
More than 130	75

(c) For tobacco, if marketing quotas are in effect, the level of support shall be 90 percent of the parity price.

(d) Notwithstanding the foregoing provisions of this section—

(1) the level of support to cooperators shall be 90 percent of the parity price for a crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect immediately following a crop for which neither marketing quotas nor acreage allotments were in effect;

(2) the level of price support to cooperators for any crop of a basic agricultural commodity, except tobacco, for which marketing quotas have been disapproved by producers shall be 50 percent of the parity price of such commodity; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;

(3) the level of price support for corn to cooperators outside the commercial corn-producing area shall be 75 percent of the level of price support to cooperators in the commercial corn-producing area;

(4) price support may be made available to noncooperators at such levels, not in excess of the level of price support to cooperators, as the Secretary determines will facilitate the effective operation of the program.

TITLE II—DESIGNATED NONBASIC AGRICULTURAL COMMODITIES

SEC. 201. The Secretary is authorized and directed to make available (without regard to the provisions of title III) price support to producers for shorn wool, mohair, tung nuts, Irish potatoes, milk, and butterfat as follows:

(a) The price of shorn wool shall be supported through loans, purchases, or other operations at such level, not in excess of 90 percent nor less than 60 percent of the parity price therefor, as the Secretary determines necessary in order to encourage an annual production of approximately 360,000,000 pounds of shorn wool;

(b) The price of mohair, tung nuts, and early, intermediate, and late Irish potatoes, respectively, shall be supported through loans, purchases, or other operations at a level not in excess of 90 percent nor less than 60 percent of the parity price therefor;

(c) The price of whole milk and butterfat, respectively, shall be supported at such level not in excess of 90 percent nor less than 75 percent of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply. Such price support shall be provided through loans on, or purchases of, the products of such commodities.

TITLE III—OTHER NONBASIC AGRICULTURAL COMMODITIES

SEC. 301. The Secretary is authorized to make available through loans, purchases, or other operations price support to producers for any nonbasic agricultural commodity not designated in title II at a level not in excess of 90 percent of the parity price for the commodity.

SEC. 302. Without restricting price support to those commodities for which a marketing quota or marketing agreement or order program is in effect, price support shall, insofar as feasible, be made available to producers of any storable nonbasic agricultural commodity for which such a program is in effect and who are complying with such program. The level of such support shall not be in excess of 90 percent of the parity price of such commodity nor less than the level provided in the following table:

If the supply percentage as of the beginning of the marketing year is:	The level of support shall be not less than the following percentage of the parity price:
Not more than 102	90
More than 102 but not more than 104	89
More than 104 but not more than 106	88
More than 106 but not more than 108	87
More than 108 but not more than 110	86
More than 110 but not more than 112	85
More than 112 but not more than 114	84
More than 114 but not more than 116	83
More than 116 but not more than 118	82
More than 118 but not more than 120	81
More than 120 but not more than 122	80
More than 122 but not more than 124	79
More than 124 but not more than 126	78
More than 126 but not more than 128	77
More than 128 but not more than 130	76
More than 130	75

Provided, That the level of price support may be less than the minimum level provided in the foregoing table if the Secretary, after examination of the availability of funds for mandatory price-support programs and consideration of the other factors specified in section 401 (b), determines that such lower level is desirable and proper.

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TITLE IV—MISCELLANEOUS

SEC. 401. (a) The Secretary shall provide the price support authorized or required herein through the Commodity Credit Corporation and other means available to him.

(b) Except as otherwise provided in this act, the amounts, terms, and conditions of price-support operations and the extent to which such operations are carried out, shall be determined or approved by the Secretary. The following factors shall be taken into consideration in determining, in the case of any commodity for which price support is discretionary, whether a price-support operation shall be undertaken and the level of such support and, in the case of any commodity for which price support is mandatory, the level of support in excess of the minimum level prescribed for such commodity: (1) the supply of the commodity in relation to the demand therefor, (2) the price levels at which other commodities are being supported and, in the case of feed grains, the feed values of such grains in relation to corn, (3) the availability of funds, (4) the perishability of the commodity, (5) the importance of the commodity to agriculture and the national economy, (6) the ability to dispose of stocks acquired through a price-support operation, (7) the need for offsetting temporary losses of export markets, and (8) the ability and willingness of producers to keep supplies in line with demand.

(c) Compliance by the producer with acreage allotments, production goals, and marketing practices (including marketing quotas when authorized by law), prescribed by the Secretary, may be required as a condition of eligibility for price support.

(d) The level of price support for any commodity shall be determined upon the basis of its parity price as of the beginning of the marketing year or season in the case of any commodity marketed on a marketing year or season basis and as of January 1 in the case of any other commodity.

SEC. 402. Notwithstanding any other provision of this act, price support at a level in excess of the maximum level of price support otherwise prescribed in this act may be made available for any agricultural commodity if the Secretary determines, after a public hearing of which reasonable notice has been given, that price support at such increased level is necessary in order to prevent or alleviate a shortage in the supply of any agricultural commodity essential to the national welfare or in order to increase or maintain the production of any agricultural commodity in the interest of national security. The Secretary's determination and the record of the hearing shall be available to the public.

SEC. 403. Appropriate adjustments may be made in the support price for any commodity for differences in grade, type, staple, quality, location, and other factors. Such adjustments shall, so far as practicable, be made in such manner that the average support price for such commodity will, on the basis of the anticipated incidents of such factors, be equal to the level of support determined as provided in this act. Middling seven-eights inch cotton shall be the standard grade for purposes of parity and price support.

SEC. 404. The Secretary, in carrying out programs under section 32 of Public Law No. 320, Seventy-fourth Congress, approved August 24, 1935, as amended, and section 6 of the National School Lunch Act, may utilize the services and facilities of the Commodity Credit Corporation (including but not limited to procurement by contract) and make advance payments to it.

SEC. 405. No producer shall be personally liable for any deficiency arising from the sale of the collateral securing any loan made under authority of this act unless such loan was obtained through fraudulent representations by the producer. This provision shall not, however, be construed to prevent the Commodity Credit Corporation or the Secretary from requiring producers to assume liability for deficiencies in the grade, quality, or quantity of commodities stored on the farm or delivered by them, for failure properly to care for and preserve commodities, or for failure or refusal to deliver commodities in accordance with the requirements of the program.

SEC. 406. Nothing in this act shall prevent the announcement of the level of price support for any agricultural commodity in advance of the beginning of the marketing year or season (January 1 in the case of commodities not marketed on a marketing year or season basis) if the level of price support so announced does not exceed the estimated maximum level of price support specified in this act, based upon the latest information and statistics available to the Secretary when such level of price support is announced; and the level of price support so announced shall not be reduced if the maximum level of price support, when determined, is less than the level so announced.

SEC. 407. The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. It shall not sell any such commodity at less than the current support price for such commodity, except that this restriction shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts and oilseeds for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or as to which there is danger of loss or waste through deterioration or spoilage; (E) sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool and mohair; and (H) sales for other than primary uses.

SEC. 408. For the purposes of this act—

(a) A commodity shall be considered storable upon determination by the Secretary that, in normal trade practice, it is stored for substantial periods of time and that it can be stored under the price-support program without excessive loss through deterioration or spoilage or without excessive cost for storage for such periods as will permit its disposition without substantial impairment of the effectiveness of the price-support program.

(b) A "cooperator" with respect to any basic agricultural commodity shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938, as amended, or in the case of price support for corn to a producer outside the commercial corn-producing area, a producer who complies with conditions of eligibility prescribed by the Secretary. For the purpose of this subsection, a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded such allotment.

(c) A "basic agricultural commodity" shall mean corn, cotton, peanuts, rice, tobacco, and wheat, respectively.

(d) A "nonbasic agricultural commodity" shall mean any agricultural commodity other than a basic agricultural commodity.

(e) The "supply percentage" as to any commodity shall be the percentage which the estimated total supply is of the normal supply as determined by the Secretary from the latest available statistics of the Department of Agriculture as of the beginning of the marketing year for the commodity.

(f) "Total supply" of any nonbasic agricultural commodity for any marketing year shall be the carry-over at the beginning of such marketing year, plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins and the estimated imports of the commodity into the United States during such marketing year.

(g) "Carry-over" of any nonbasic agricultural commodity for any marketing year shall be the quantity of the commodity on hand in the United States at the beginning of such marketing year, not including any part of the crop or production of such commodity which was produced in the United States during the calendar year then current. The carry-over of any such commodity may also include the quantity of such commodity in processed form on hand in the United States at the beginning of such marketing year, if the Secretary determines that the inclusion of such processed quantity of the commodity is necessary to effectuate the purposes of this act.

(h) "Normal supply" of any nonbasic agricultural commodity for any marketing year shall be (1) the estimated domestic consumption of the commodity for the marketing year for which such normal supply is being determined, plus (2) the estimated exports of the commodity for such marketing year, plus (3) an allowance for carry-over. The allowance for carry-over shall be the average carry-over of the commodity for the five marketing years immediately preceding the marketing year in which such normal supply is determined, adjusted for surpluses or deficiencies caused by abnormal conditions, changes in marketing conditions, or the operation of any agricultural program. In determining normal supply, the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary.

(i) "Marketing year" for any nonbasic agricultural commodity means any period determined by the Secretary during which substantially all of a crop or production of such commodity is normally marketed by the producers thereof.

(j) Any term defined in the Agricultural Adjustment Act of 1938 shall have the same meaning when used in this act.

SEC. 409. (a) Section 301 (a) (1) (B) of the Agricultural Adjustment Act of 1938, as amended by the Agricultural Act of 1948 (defining "adjusted base price"), is amended by adding at the end thereof the following: "As used in this subparagraph, the term 'prices' shall include wartime subsidy payments made to producers under programs designed to maintain maximum prices established under the Emergency Price Control Act of 1942."

(b) Section 301 (a) (1) (C) of such act, as so amended (defining "parity index"), is amended (1) by inserting after the word "buy" a comma and the following: "wages paid hired farm labor," and (2) by inserting after "such prices" a comma and the word "wages."

(c) Section 301 (b) (10) (A) of such act, as so amended (defining "normal supply"), is amended by striking out "7 percent in the case of corn" and inserting in lieu thereof "10 percent in the case of corn."

SEC. 410. Section 4 of the act of March 8, 1938, as amended (15 U. S. C., 1946 ed., 713a-4), is amended by substituting a colon for the period at the end of the next to the last sentence thereof and adding the following: "*Provided*, That the foregoing shall not limit the authority of the Corporation to issue obligations for the purpose of carrying out its annual budget programs submitted to and approved by the Congress pursuant to the Government Corporation Control Act (31 U. S. C., 1946 ed., sec. 841)."

SEC. 411. Section 32, as amended, of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes," approved August 24, 1935 (U. S. C., title 7, sec. 612c), is amended by inserting before the last sentence thereof the following: "The sums appropriated under this section shall be devoted principally to perish-

able nonbasic agricultural commodities (other than those designated in title II of the Agricultural Act of 1949) and their products."

SEC. 412. The President shall appoint, by and with the advice and consent of the Senate, an Assistant Secretary of Agriculture in Charge of Sales Operations. It shall be the duty of such Assistant Secretary, subject to the supervision and direction of the Secretary, to plan and carry out, through the Production and Marketing Administration, the Commodity Credit Corporation, and other agencies within the Department of Agriculture, programs for marketing and otherwise disposing of agricultural commodities and products acquired through price support and other activities of the Department. In planning and carrying out such programs such Assistant Secretary shall strive to make such commodities and products available for purchase in areas of the country in which they are in short supply and in which prices for such commodities and products are above support levels. Such Assistant Secretary shall, ex officio, be one of the directors of the Commodity Credit Corporation provided for by law. Programs affecting the disposition of property of the Commodity Credit Corporation shall be subject to the approval of its board of directors and the Secretary. Such Assistant Secretary shall be compensated at the same rate as the other Assistant Secretary of the Department of Agriculture, and shall perform such additional functions as the Secretary may assign.

SEC. 413. Determinations made by the Secretary under this act shall be final and conclusive.

SEC. 414. This act shall not be effective with respect to price-support operations for any agricultural commodity for any marketing year or season commencing prior to January 1, 1950, except to the extent that the Secretary of Agriculture shall, without reducing price support theretofore undertaken or announced, elect to apply the provisions of this act.

SEC. 415. Section 302 of the Agricultural Adjustment Act of 1938, as amended, and any provision of law in conflict with the provisions of this act are hereby repealed.

Mr. LUCAS. Mr. President, I send to the desk an amendment to the bill and ask that the amendment be printed and lie on the table. I also request that it be printed in the RECORD at this point following the printing of the bill.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table, and, without objection, will be printed in the RECORD at this point.

The amendment intended to be proposed by Mr. LUCAS is as follows:

On page 13, line 12, before the period, insert a comma and the following: "and shall exclude any abnormal consumption or exports resulting from export or diversion operations of the Department of Agriculture or any other agencies (other than operations pursuant to an international agreement ratified by the Senate) which result in losses to such Department or agencies."

On page 14, line 10, after "is amended", insert "(1)."

On page 14, line 12, before the period insert a comma and the following: "and (2) by inserting before the period at the end of the last sentence thereof a comma and the following: 'and shall exclude any abnormal consumption or exports resulting from export or diversion operations of the Department of Agriculture or any of its agencies (other than operations pursuant to an international agreement ratified by the Senate) which result in losses to such Department or agencies.'"

RECESS TO MONDAY

Mr. LUCAS. Mr. President, in connection with the understanding with the minority leader and other Senators that the farm bill would not be taken up for consideration until Monday, so far as any amendments to it are concerned, if there is no other business to be transacted, I move that the Senate take a recess until Monday at 12 o'clock noon.

The motion was agreed to; and (at 4 o'clock and 15 minutes p. m.) the Senate took a recess until Monday, October 3, 1949, at 12 o'clock meridian.

SENATE

MONDAY, OCTOBER 3, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O Thou whose approval we seek above the hollow applause of men, we pause in the midst of thronging duties and confused issues that Thou might lift upon us the light of Thy countenance. Grant that those who by the people's choice have been called to high places of state in this hour when such vast issues are at stake, conscious of the great tradition in which they stand, may rise to greatness of vision and soul as the anxious eyes of all the nations are upon this Chamber. Maintain in us the fidelity of those to whom much has been given and from whom much will be required. We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. ANDERSON, and by unanimous consent, the reading of the Journal of the proceedings of Friday, September 30, 1949, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

LEAVE OF ABSENCE

On request of Mr. IVES, Mr. DULLES was excused from attendance on sessions of the Senate during the present week.

CALL OF THE ROLL

Mr. ANDERSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Douglas	Hickenlooper
Anderson	Downey	Hoey
Baldwin	Eastland	Holland
Brewster	Ecton	Hunt
Bricker	Ferguson	Ives
Butler	Frear	Johnson, Colo.
Byrd	Fulbright	Johnson, Tex.
Cain	George	Johnston, S. C.
Capehart	Gillette	Kefauver
Chapman	Graham	Kem
Chavez	Green	Kerr
Connally	Gurney	Kilgore
Cordon	Hayden	Knowland
Donnell	Hendrickson	Langer
Leahy	Morse	Stennis
Lucas	Mundt	Taylor
McCarthy	Neely	Thomas, Okla.
McClellan	O'Conor	Thomas, Utah
McFarland	O'Mahoney	Thye
McKellar	Pepper	Watkins
McMahon	Robertson	Wherry
Magnuson	Russell	Wiley
Martin	Saltonstall	Williams
Maybank	Schoeppel	Withers
Miller	Smith, Maine	Young
Millikin	Sparkman	

Mr. LUCAS. I announce that the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Pennsylvania [Mr. MYERS], and the Senator from Montana [Mr. MURRAY] are absent on public business.

The senior Senator from Louisiana [Mr. ELLENDER] is absent because of a death in his family.

The junior Senator from Louisiana [Mr. LONG] is attending the funeral services of Mrs. Helen Donnelly Ellender, wife of the senior Senator from Louisiana [Mr. ELLENDER], and is, therefore, necessarily absent.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], the Senator from Vermont [Mr. FLANDERS], the Senator from Massachusetts [Mr. LODGE], the Senator from Kansas [Mr. REED], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The senior Senator from New Hampshire [Mr. BRIDGES], the Senator from Ohio [Mr. TAFT], and the junior Senator from New Hampshire [Mr. TOBEY] are necessarily absent.

The Senator from Indiana [Mr. JENNER] and the Senator from Nevada [Mr. MALONE] are absent on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The VICE PRESIDENT. A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that Senators be permitted to introduce bills and resolutions and routine matters for the RECORD, without debate.

The VICE PRESIDENT. Without objection, it is so ordered.

REPORTS ON CERTAIN CLAIMS SETTLED BY FARMERS HOME ADMINISTRATION

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of Agriculture, transmitting, pursuant to law, reports showing the names of all persons against whom claims in excess of $1,000 have been settled during the fiscal year 1949 by the Farmers Home Administration, which, with the accompanying reports, was referred to the Committee on Agriculture and Forestry.

MEMORIALS

Memorials were laid before the Senate, and referred as indicated:

By the VICE PRESIDENT:

The memorial of Sylvia Sklar Farber, of Prattsville, N. Y., remonstrating against the

enactment of House bill 3113, to amend title 28 of the United States Code ("Judiciary and Judicial Procedure") and incorporate therein provisions relating to the United States Tax Court; to the Committee on the Judiciary.

The memorial of Harry E. Mansfield, of Greenville, S. C., remonstrating against the enactment of legislation granting pay raises to civilian and military employees of the Government; ordered to lie on the table.

ADDITIONAL FUNDS FOR USE OF COMMITTEE ON JUDICIARY

Mr. KILGORE. Mr. President, from the Committee on the Judiciary, I report an original resolution, providing additional funds for the use of the Committee on the Judiciary, and I submit a report (No. 1120) thereon.

The VICE PRESIDENT. The report will be received, and, under the rule, the resolution will be referred to the Committee on Rules and Administration.

The resolution (S. Res. 177) was referred to the Committee on Rules and Administration, as follows:

Resolved, That the Committee on the Judiciary hereby is authorized to expend from the contingent fund of the Senate, during the Eighty-first Congress, $10,000 in addition to the amount, and for the same purposes, specified in section 134 (a) of the Legislative Reorganization Act approved August 2, 1946.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senat messages from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. KILGORE, from the Committee on the Judiciary:

Sherman Minton, of Indiana, to be Associate Justice of the Supreme Court of the United States, vice Wiley B. Rutledge, Jr., deceased.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. YOUNG:

S. 2629. A bill for the relief of Marianne Bruchner; to the Committee on the Judiciary.

By Mr. SALTONSTALL:

S. 2630. A bill for the relief of Jean Stepanoff and Alessandra Stepanoff; to the Committee on the Judiciary.

By Mr. MUNDT:

S. 2631. A bill designating Indian Day; to the Committee on the Judiciary.

(Mr. MORSE introduced Senate bill 2632, to authorize the District Court of the United States for the District of Columbia to hear and determine a motion for a new trial for Thomas Jordon, which was referred to the Committee on the Judiciary, and appears under a separate heading.)

SUSPENSION OF DUTIES AND IMPORT TAXES ON METAL SCRAP—AMENDMENT

Mr. JOHNSON of Colorado submitted an amendment intended to be proposed by him to the bill (H. R. 5327) to continue until the close of June 30, 1950, the suspension of duties and import taxes on metal scrap, and for other purposes, which was ordered to lie on the table and to be printed.

STABILIZATION OF PRICES OF AGRICULTURAL COMMODITIES—AMENDMENTS

Mr. BUTLER submitted an amendment intended to be proposed by him to the bill (S. 2522) to stabilize prices of agricultural commodities, which was ordered to lie on the table and to be printed.

Mr. STENNIS (for himself, Mr. SPARKMAN, Mr. EASTLAND, Mr. KEFAUVER, and Mr. CHAPMAN) submitted amendments intended to be proposed by them, jointly, to Senate bill 2522, supra, which were ordered to lie on the table and to be printed.

ADDRESS BY SENATOR MARTIN BEFORE AMERICAN SOCIETY OF MECHANICAL ENGINEERS

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an address delivered by him before the annual convention of the American Society of Mechanical Engineers, at Erie, Pa., on September 29, 1949, which appears in the Appendix.]

BUILDING A BRIDGE FOR THE FUTURE—ADDRESS BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD an address entitled "Building A Bridge for the Future," delivered by him at the dedication of the new bridge at Neenah, Wis., on October 1, 1949, which appears in the Appendix.]

EMPLOYMENT OF PHYSICALLY HANDICAPPED—STATEMENT

[Mr. WILEY asked and obtained leave to have printed in the RECORD a statement prepared by him on the subject of national employ the physically handicapped week, which appears in the Appendix.]

ANOTHER "MIRACLE" — ARTICLE BY THOMAS L. STOKES AND STATEMENT BY SENATOR MYERS

[Mr. MAGNUSON asked and obtained leave to have printed in the RECORD an article entitled "Another 'Miracle'," by Thomas L. Stokes, published in the Washington Star of September 30, 1949, together with a statement by Senator Myers dealing with the article, which appear in the Appendix.]

POLITICS WITH THE ATOM—EDITORIAL COMMENT

[Mr. LUCAS asked and obtained leave to have printed in the RECORD an editorial entitled "Politics With the Atom," published in the New York Times of October 1, 1949, and an editorial entitled "Gutter Politics," published in the Washington Daily News of October 1, 1949, which appear in the Appendix.]

WE'RE ON THE ROAD TO BANKRUPTCY—ARTICLE BY SENATOR BYRD

[Mr. MCCLELLAN asked and obtained leave to have printed in the RECORD an article entitled "We're on the Road to Bankruptcy," written by Senator BYRD and published in a recent issue of the American magazine, which appears in the Appendix.]

EXCHANGE OF STUDENTS WITH FOREIGN COUNTRIES

[Mr. FULBRIGHT asked and obtained leave to have printed in the RECORD an article entitled "Shining Side of Mankind's Coin," written by Hodding Carter and published in the Washington Post of October 2, 1949, which appears in the Appendix.]

THERE STANDS VIRGINIA—EDITORIAL FROM THE NORTHERN VIRGINIA DAILY

[Mr. BYRD asked and obtained leave to have printed in the RECORD an editorial entitled "There Stands Virginia," from the Northern Virginia Daily, of Strasburg, Va., which appears in the Appendix.]

BIG BUSINESS AND GOVERNMENT—EDITORIAL FROM THE CHARLESTON GAZETTE

[Mr. KILGORE asked and obtained leave to have printed in the RECORD an editorial entitled "Big Business and Government," from the Charleston (W. Va.) Gazette, of October 2, 1949, which appears in the Appendix.]

YOUTHFUL CRIMINALS—EDITORIAL FROM THE WASHINGTON POST

[Mr. KILGORE asked and obtained leave to have printed in the RECORD an editorial entitled "Youthful Criminals," from the Washington Post of October 3, 1949, which appears in the Appendix.]

OIL AND GAS ROYALTIES IN THE UNITED STATES

[Mr. MARTIN asked and obtained leave to have printed in the RECORD a newspaper article entitled "Oil, Gas Royalties Amount to Over Billion Annually," which appears in the Appendix.]

STRONG AMERICA, THE WORLD'S HOPE—BROADCAST BY HENRY J. TAYLOR

[Mr. MUNDT asked and obtained leave to have printed in the RECORD a radio address entitled "Strong America, the World's Hope," delivered by Henry J. Taylor, on August 29, 1949, which appears in the Appendix.]

THE WISCONSIN PLAN FOR MEDICAL TREATMENT

[Mr. MCCARTHY asked and obtained leave to have printed in the RECORD questions and answers regarding the Wisconsin plan for medical attention, prepared by the State Medical Society, of Wisconsin, which appears in the Appendix.]

THE WISCONSIN PLAN FOR MEDICAL TREATMENT

[Mr. MCCARTHY asked and obtained leave to have printed in the RECORD a letter from C. H. Crownhart enclosing a statement regarding the Wisconsin plan for medical attention, which appears in the Appendix.]

INTERFERENCE BY TAXATION—REVIEW OF BOOK BY LUDWIG VON MISES

[Mr. O'CONOR asked and obtained leave to have printed in the RECORD an article by Gordon W. Nelson, published in the New York Times of October 2, 1949, reviewing the publication entitled "Human Action," in which under the caption "Interference by taxation," the question of the effect of high taxation on venture capital is discussed, which appears in the Appendix.]

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. LUCAS and by unanimous consent, the Committee on the Judiciary was authorized to sit during the session of the Senate today.

SALARIES OF JUDICIAL EMPLOYEES

Mr. LUCAS. Mr. President, before the Senate proceeds to debate on the farm bill, which is the unfinished business, I desire to make a brief statement with respect to the postal pay bill and the classified pay bill, which we passed last Friday with unprecedented speed. The

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Senator from Illinois overlooked a matter which he now wishes to call primarily to the attention of the conferees. I intended to bring this subject to the attention of the distinguished Senator from South Carolina [Mr. JOHNSTON] at the time the bills were under consideration, but overlooked it.

It deals with the pay-raise problem of the judiciary system.

This is not the type of problem that requires congressional action in the usual form. The compensation of most employees of the Federal court system is fixed by the Director of the United States Courts, the Judicial Conference, or the Supreme Court. The pay levels of the office workers of the Federal court system are established by these officials.

It has always been the practice of these officials to correlate the salaries of the employees of the Federal courts with the civil-service classification. It seems only equitable that comparable work should receive comparable pay. This administrative practice is well outlined in a paragraph from a letter I received from Mr. Chandler, Director of the United States Courts; and the problem this practice presents is stated in a letter I received from Mr. Justice Black.

I ask unanimous consent to have these letters printed in the RECORD at this point in my remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

ADMINISTRATIVE OFFICE OF THE
UNITED STATES COURTS,
Washington, D. C., September 23, 1948.

Hon. SCOTT W. LUCAS,
United States Senate,
Washington, D. C.

DEAR SENATOR LUCAS: This is in response to your request for information with regard to the procedure followed in fixing salaries of personnel of the United States courts other than judges. * * *

Although supporting personnel of the courts are not subject to the Classification Act of 1923, as amended, it has been the practice to follow the act in placing personnel of the courts in grades for the purpose of fixing their salaries. Also, it has been the practice when legislation has been enacted affecting the compensation of classified employees in the executive branch for parallel action to be taken adjusting the salaries of court personnel on a comparable basis. Thus, when the Ramspeck Act was passed in 1941 (55 Stat. 613) providing for within-grade promotions of classified employees in the executive branch, a similar promotional plan was adopted by the judicial conference of the United States applicable to personnel of the courts. In the event that pending legislation which amends the Classification Act is enacted by Congress, undoubtedly action will be taken by the director of the administrative office, under the supervision and direction of the judicial conference, to adjust the salaries of court personnel in line with the provisions of such legislation.

Sincerely yours,

HENRY P. CHANDLER.

SUPREME COURT OF THE UNITED STATES,
Washington, D. C., September 8, 1949.

Hon. SCOTT LUCAS,
United States Senate Office Building,
Washington, D. C.

DEAR SENATOR LUCAS: Acting as the legislative committee for the Supreme Court and pursuant to our telephone conversation with you of September 6, we invite your consideration of what will be the status of employees of the Supreme Court and of the other Federal courts in the event of the passage of pending legislation which provides expressly for an increase in the compensation of employees in the executive and legislative branches of the Government, but makes no mention of employees of these courts.

We refer to: S. 2379 (LONG), and H. R. 5931 (MURRAY), each entitled "A bill to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes," and to S. 2396 (LUCAS), entitled "A bill relating to the compensation of employees of the Senate and the House of Representatives."

We assume that if these bills become law Congress would wish employees of the Supreme Court and of the other Federal courts to receive comparable increases in their compensation.

In this connection, it has been suggested to us that the new Judicial Code, in 28 United States Code, sections 671 to 675 as to employees of the Supreme Court and in 28 United States Code section 604 (a) (5) as to employees of the other Federal courts, already has granted the necessary authority for making comparable or other increases to these employees without further congressional action. It likewise has been suggested that such action would not conflict with the antideficiency law (31 U. S. C. sec. 665). However, our purpose in mentioning this matter to you is to make sure that these employees have been considered and that they may, without difficulty, receive increases in pay comparable to any that Congress may authorize for the executive and legislative employees. We have no doubt that you will take whatever action, by express reference to them or otherwise, as shall be appropriate to enable these employees to receive treatment comparable to that accorded to those in the other branches of the service.

Thanking you for your consideration, we remain,

Cordially yours,

HUGO L. BLACK.
HAROLD H. BURTON.

Mr. LUCAS. The Classification Act approved last Friday raises the civil-service pay level in many instances. No mention is made of judicial employees. The problem which presents itself to the Director of the United States Courts and the Supreme Court is whether the salaries of the employees of the Federal court system may be increased to correlate with the new Classification Act without fear of a violation of the 80-year old Antideficiency Act. This act provides that no Government establishment shall commit itself to the expenditure of funds during any fiscal year in excess of the funds appropriated.

With a very small organization, such as the Federal court system, it is extremely difficult to absorb completely the increased costs resulting from these pay increases. I know that every effort will be made to absorb these costs, but these officials should not be forced to operate under the pressure of a possible statutory violation.

This problem is slightly different from the operation of a pay-raise act on the executive departments. The heads of these departments are specifically authorized by Congress to increase pay levels. Therefore, there can be no question of a violation of the Antideficiency Act.

Where pay levels have been correlated to the Classification Act as a matter of administrative practice, as in the judicial system, the officials making the pay increases must rely on past administrative interpretation or inferred congressional intent to protect themselves from possible prosecution under this old act. A letter I received from Mr. F. J. Lawton, Acting Director of the Bureau of the Budget, explains that it has been the policy of that Bureau to treat the Administrative Office of the United States Courts the same as other agencies, and to allow adjusting appropriations where it becomes impossible for that office to absorb the total increased cost of a pay raise. I ask unanimous consent to have this letter printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., September 23, 1949.

Hon. SCOTT W. LUCAS,
United States Senate,
Washington, D. C.

MY DEAR SENATOR LUCAS: * * * Should the Congress enact pay legislation of the type proposed in S. 2379, the Bureau of the Budget would propose to follow the same procedure it has in the past in making funds available for the payment of increased salaries. Subsequent to the enactment of the pay acts of 1945, 1946, and 1948, the Bureau of the Budget made every effort to see that the various departments and agencies absorbed as much of the increased cost as possible. In those cases where complete absorption was not possible, the apportionment of available funds was made on an unequal basis, and supplemental estimates of appropriations were transmitted to the Congress in the latter part of the fiscal year. The view was adopted that such unbalanced apportionments did not violate the spirit of the antideficiency act and they were not included in our quarterly reports on the operation of that act. In each instance the chairmen of the Appropriations Committees were advised of this procedure.

As you are no doubt aware, each of these pay acts has had a resulting effect on certain groups of employees whose salaries are fixed administratively by the head of the agency or, as in the case of the administrative office of the United States courts in the judiciary, the administrative authority has seen fit to pay salaries in accordance with the Classification Act of 1923, as amended. In such cases, we have treated agencies of this type on the same basis as those directly under the provisions of the Classification Act, provided that the increases granted as a result of the pay acts did not cause the salaries for positions to exceed the rate which would be prescribed for comparable positions under the Classification Act.

In the case of the three pay acts mentioned, the chairmen of the Appropriations Committees did not object to the method proposed by the Bureau of the Budget for handling any increased costs resulting from the passage of these acts.

Should S. 2379 become law, the Bureau would propose to follow the same procedures to the extent that additional funds might be necessary to defray the resulting increased cost of salaries.

Sincerely yours,

F. J. LAWTON,
Acting Director.

Mr. LUCAS. However, Mr. President, these officials are entitled to more than a mere reliance on past practice. A statement by the distinguished Senator who handles this bill at conference that it is the intention of Congress to authorize pay increases where it has been the administrative practice, as in the judicial system, to correlate pay levels to the classified pay grades would suffice.

I respectfully submit that this problem needs clarification, and I ask that the conferees consider and report upon it. Mr. President, it is the suggestion of the Senator from Illinois that when the conferees meet, they take these letters and this statement by the Senator from Illinois, and if possible make some report from the conference with respect to those who are on the pay roll of the Supreme Court, the other Federal courts, and the administrative offices of the judicial branch of the Government.

STABILIZATION OF PRICES OF AGRICULTURAL COMMODITIES

The Senate resumed the consideration of the bill (S. 2522) to stabilize prices of agricultural commodities.

Mr. ANDERSON. Mr. President, in beginning the debate of the farm bill, I wish to say that I do not intend to hold the floor for any great length of time in presenting a prepared statement. What I hope to do is to discuss briefly some of the changes proposed by the bill, yield to other Senators for as many questions as they may desire to ask, and give other Senators ample opportunity to discuss the bill within the limits of their own desires.

First of all, question has been raised as to why we constantly have to have discussions of farm legislation. One of the reasons is that thus far we have not enacted a definite farm law which has duration, a law which can last and can have permanent status. That is the first point upon which I wish to comment.

The bill which has been reported to the Senate is not a temporary bill. It is a bill which we think can operate during the years and can operate successfully. It is not designed to take advantage of any particular group of high-price-level years, nor is it something which can work only in cases where agricultural prices have reached the bottom. We believe it will, if enacted, constitute legislation which can continue in operation for many, many years to come. I mention that because there is before the Senate, or at least it is pending in the Senate Committee on Agriculture and Forestry, what is commonly known as the Gore bill. One of the reasons why the Senate Committee on Agriculture and Forestry tried hard to report a bill of the sort which is now before the Senate was that the Gore bill applied only to 1950 production; and subsequently, in 1951, Congress would be faced again with the necessity of trying to enact adequate and proper farm legislation. Therefore, by means of the bill now before the Senate, we hope to be able to make some solution of the farm problem, so that it will not recur year after year after year.

Mr. President, the bill now before the Senate will make no change in the basic commodities.

Mr. LUCAS. Mr. President, will the Senator yield, or does he prefer not to yield?

Mr. ANDERSON. I prefer to yield as we go along.

Mr. LUCAS. With respect to permanent legislation, I am sure the Senator from New Mexico will agree with me that since the cessation of hostilities in the last war, we have had sufficient time to be able now to write permanent legislation, so far as a farm bill is concerned, and that the people of the country—especially the farmers—are demanding that there be placed upon the statute books a farm bill which will be permanent and basic, not a year-to-year proposition which will tell them nothing so far as the future is concerned.

Mr. ANDERSON. I thank the Senator from Illinois for reminding me of that.

Mr. President, I wish to point out that never before in the history of farm legislation has there been so intensive a study of desirable permanent farm legislation as there has been in this postwar period. It began, as a matter of fact, so far as the Department of Agriculture was concerned, with the appointment of a committee on postwar farm legislation. That committee worked for a number of years. Then, at the end of the time during which it was to make its study, it reported to the Congress, to both the House of Representatives and the Senate, upon the necessity of a postwar farm program. That program was carefully considered during 1946, 1947, and 1948. It takes a long time to be certain that it is possible to present a program which has some semblance of permanency to it.

Both the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry went over the country holding meetings, trying to find out what the farmers wanted, and trying to make sure that the legislation which finally would be enacted would be of a permanent character because it represented what the committees believed to be the ultimate desires of the farmers for long-range legislation.

It so happened at the end of 1948 that it was difficult to bring together the divergent points of view of the House of Representatives and of the Senate. There was no meeting of minds. When the compromise farm bill was finally passed, it provided that the House bill would go into effect for a certain period and the Senate bill would go into effect thereafter. But prior to that decision, a long series of meetings was held throughout the country, and many hearings were held in Washington. Back of the testimony of the Department of Agriculture itself there were, I should say, many years of study by committees, set up within the Department, embracing all the policy-making officials within the Department, in an endeavor to make sure that the program which was proposed would be one which had been carefully considered and studied.

I may say that the program which was adopted by the Senate in 1948, and which is reflected in the bill now before the Senate, is based upon the principle of flexible price supports. I wish to remind the Senate that that principle is not simply something which had been favored by the Department of Agriculture and was written into the Senate bill, but it appeared in both political party platforms in 1948. Both parties pledged themselves to the enactment of legislation embracing flexible price supports. Therefore, when we now come forward with a bill which continues flexibility, which makes it possible to continue flexible price supports, we are certainly acting in the best of faith so far as concerns the people throughout the country who had reason to believe that that sort of a bill would come before the Congress.

As to price levels, as I have already indicated, I shall not take a great deal of time in discussing many of these points; but if there are questions by various Senators, I hope we shall be able to dispose of them as we proceed.

The price levels provided by this bill run from 75 to 90 percent of a modernized parity formula. That does not mean that they are fixed at the old 90-percent level of wartime prices. The modernized formula, which was introduced for the first time in the Agricultural Act of 1948, and particularly in title 2 of the Senate version of that act, provided for modernizing the parity formula. I may say there seemed to be no subject on which the farm organizations were in more complete agreement than that the parity formula should be modernized. Regardless of whether it was or was not doing it, there were many persons who said the parity formula was tying agriculture to the horse-and-buggy age or to some other forgotten, bygone period—that it was tying agriculture back to 1909 and 1914. Those persons would point out that tremendous changes had occurred in agriculture in the intervening years, that mechanization had come into the picture; that whereas in the period 1909–14, there was practically no use of tractors on farms, yet today in certain sections of the country agriculture is using tractors almost entirely and it was pointed out very generally that it was certainly desirable to have that formula modernized.

For the purposes of this bill, we have picked up exactly the modernized version of the so-called Aiken bill of 1948, with the exception that we have added the wages of hired labor. I admit that at the beginning we do thus increase in some degree the parity formula. I am not certain it will always increase the parity formula as much as it now does, because the parity formula has been long overdue for an overhauling. The weights which are arbitrarily assigned in the calculation of the parity formula I think have needed examination and review. I believe the inclusion of hired labor will require the Department of Agriculture to make a study of that subject again in an effort to try and find out whether the calculations need to be changed upwards or downwards. Therefore I say it is not possible clearly to indicate that the inclusion of hired labor will always amount to a substantial increase in the operation of the bill so far as the parity formula is concerned. But I do not want to mislead anyone. It does

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now increase the parity level by about 6 percent.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. LUCAS. The Senator has just answered a question I intended to ask, as to how much the inclusion of farm labor would increase the parity formula, by saying, it would increase it 6 percent. I should like to ask this question, does the Senator have any tables to show the actual increases in the case of the basic and nonbasic commodities, a table showing what this particular factor does toward increasing these, and what would happen if it were omitted?

The Senator well knows that from the very beginning I have been one who has always opposed inclusion of labor as a factor in defining parity. It is an old, old story. Everyone knows that in the beginning those who made up the parity formula excluded labor, because at that time labor was cheap. Now that labor is high, those who want to include labor are taking this opportunity to increase the price of the product through purchases and loans at higher price-support levels. The Senator expresses it correctly when he says the inclusion of hired labor may not always have the effect of causing a substantial increase in the parity price this way. In other words, if the time ever comes when agricultural labor is cheap again—and that may never be—the support level would go down rather than up. I am not so sure the Senator from Illinois, in view of what has happened in the past, may not offer, before the debate is concluded, an amendment to strike out the provision in respect to the inclusion of labor as a factor.

Mr. ANDERSON. I may say to the Senator that different factors enter into the equation, because we are using a transitional period, which, because of the new modernized version, drops the parity only about 5 percent each year. That has to be taken into consideration to some degree. But quite obviously it will increase the prices of corn, wheat, cotton, rice, and all the other agricultural commodities.

I think I should say to the Senator from Illinois that the question of the inclusion of hired labor has been brought into prominence more by the development of mechanization than perhaps it otherwise would have been. At a time when a great many of the wheat farmers in the North did a great deal of their own work, when the threshing season arrived, as I can well testify, all the farmers of the neighborhood assisted in the threshing. Many times I have looked at the stairs going from the lower floor to the upper floor, and I have found a pie upon every step. The housewife was preparing to make sure she had enough food when the threshers arrived. Therefore, there was no necessity of worry about the amount of money spent for the threshing bill, because one neighbor helped another. But no neighbor now does that. The wheat farmer depends upon a combine coming to his place, or he must own his own combine. Regardless of how it is done, hired labor is necessary, and it must be hired at rather high rates. So I should say the inclusion of hired labor has been made more urgent by the development of mechanization on the farm. Any farmer who is now operating knows that labor is expensive, and that he is not able to operate as he once did when the farmers traded a great deal of the labor.

Mr. THYE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. THYE. Following up the discussion between the majority leader the Senator from Illinois [Mr. LUCAS] and the able Senator from New Mexico [Mr. ANDERSON], I should like to comment merely in this respect, that if hired labor is included in the parity formula, at the stage of high labor cost, it may likewise affect the producer's parity figures drastically in depressed eras when the prices are low and when wages are low, since a cut would be necessary in the parity formula, to the extent that it is increased at the present time. If the increase is 6 percent now, there may be a decrease of 4, 5, or 6 percent in the parity formula in depressed times.

The philosophy and thought on the part of agricultural economists has been that under the inflationary prices it would be better not to have labor costs included; it would be better to have that credit when depressed conditions and prices may again visit the land. There have been many arguments, some of them rather intelligent and sound, advanced on the question of whether farm labor should be included in the parity formula.

Mr. ANDERSON. If I may reply to the Senator at that point, I regret I do not have the table in front of me, but I assure the Senator I know what is in the table. We made a study going back some 35 years—40 years, as I remember it; at least 30 years—to see what effect the inclusion of hired labor would have had upon the parity formula during all those years. It would have added several points during the periods of high prosperity, the present period being the highest of all. It is true that in periods of depression it would have dropped, but at no time would it have taken away more than 1 percent, and in most of the years it would have changed it only 1 or 2 percent. It does give an opportunity, however, as years go by, to adjust the parity formula and the various weights that enter into it, if agriculture continues to become more and more mechanized as now threatens to be the case in this country. So I assure the Senator that, while it is true the formula would drop in periods of depression, an analysis of the weights over a long period of years did not reveal a single year in which it would drop more than 1 percent.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. YOUNG. Under the argument of some of the farm organizations and others, if labor prices were reduced it would have a tendency to reduce the support levels. I doubt if we can make any comparison with the past in this respect. Labor is now so highly organized that I think there is small chance of farm labor cost ever going down very much. I believe another way could be found to readjust the parity formula to reflect to better relationship. As a wheat farmer, I am certainly not happy about what the formula does to wheat. For example, full parity under the Anderson formula on wheat, is $1.90 a bushel. Our present program calls for $2.15 a bushel. I am speaking of full parity now. Wheat takes a harder rap than any other farm commodity. In fact, dairy products and different other products, pork and many others, are raised under the new formula.

Mr. ANDERSON. I grant that, but I only say the thinking, certainly, behind the belief that it is not wholly bad, was that it does raise the prices of the commodities which I think contribute most toward the finest type of agriculture. There is no better agriculture for our country than dairying if an impetus were given to dairy products. There is nothing that can be more damaging to us than if we always hold to row crops such as corn, without the intervening periods when we might be able to bring in other commodities.

Mr. YOUNG. Mr. President, will the Senator yield for one more question?

Mr. ANDERSON. I yield.

Mr. YOUNG. I think the Senator from New Mexico agrees with me the 4.2 percent weight which farm machinery is given in all these formulas is far too low for wheat producers.

Mr. ANDERSON. I not only agree with the Senator but I went to the Department of Agriculture and pointed out to them in a hearing that I thought the Senator from North Dakota was right; that we had far too low a weight for farm machinery for a wheat farmer. There was a time when a binder was all he really needed for the wheat harvest once he had sown the grain. But that situation does not apply now when thousands of dollars' worth of heavy machinery is needed. One of the reasons for my saying the inclusion of hired labor may not work out exactly as we have contemplated is that when we come to review the weightings the very thing the Senator from North Dakota has mentioned will come into play, namely, there will be a review of how much the machinery ought to cost that ought to be on a large wheat farm. It will be found to be far above 4 percent.

Mr. YOUNG. The Secretary of Agriculture has discretionary powers to change that weighting if he wants to, has he not?

Mr. ANDERSON. Yes; and I think he should.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from Virginia.

Mr. ROBERTSON. The Senator from New Mexico no doubt recalls that during the war the House adopted, perhaps twice, an amendment to require labor to be included in computing the parity formula. The Senator from New Mexico will recall that the administration was very much opposed to that. The OPA Director estimated that it would add 10 percent to the ceiling price and would be inflationary, increasing the cost of living. At the same time the inclusion of farm labor was supported by the Farm Bureau

Federation. An official of that organization called on me today and asked me to vote for an amendment which would take that provision out of the pending bill. I said, "How do you explain your change of position, and how am I to explain my change of position, because the first time you asked me about it I said it would be inflationary, and I voted against it. The next time you asked me I said the Office of Price Administration had not, in my opinion, carried out the promise to control wages, and the farmer was getting it in the neck on prices."

He said, "When the Farm Bureau Federation supported that position it was with a view to the ceiling prices fixed by OPA which were based upon the parity formula, and in order to give the farmer at that time a proper basis with respect to the prices he paid for the items he bought it was necessary to include labor."

He said, "But now you are dealing with support prices, and while for the moment the inclusion of labor would bring about slightly higher support prices, the Farm Bureau Federation feels that in the long run it would be detrimental to the farmer, because he anticipated that farm labor costs would eventually fall, and when that should happen they might fall enough to reduce the support-price formula."

He also made this interesting observation, for whatever it may be worth. He said he was a little disturbed over the fact that the American Federation of Labor was actively behind this amendment and had accompanied it with a resolution providing that the Government should control the wages paid agricultural workers. There are only two ways by which the Government could do that. One would be to put agricultural workers under the wage-and-hour law, which we debated pretty thoroughly recently and decided we did not want to do. The other would be to make the Walsh-Healey Act apply to farm products when the Government bought them through the Commodity Credit Corporation. Then the farmer could sell to the Government, and the Government could apply the wage scale to anyone selling to the Government, just as is done on contracts above $10,000 for industrial products under the Walsh-Healey Act.

I have made no commitment, but I shall be very glad if, before the debate is concluded, we thoroughly explore the pros and cons of this subject. I was glad to hear the majority leader indicate some doubt about the soundness of this item, and he indicated, I believe, the possibility that he might offer an amendment to take this provision out of the bill. It is an issue which may lead into serious consequences in the future.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. ANDERSON. I promised to yield to the Senator from Vermont.

Mr. AIKEN. If the Senator will yield, I should like to comment on the statement made by the Senator from North Dakota [Mr. YOUNG] in which he stated that the modernized parity formula incorporated in the 1948 act, and which is continued on almost the same basis in the Anderson bill, raps wheat pretty hard. The fact is that the formula does not rap any commodity hard. It puts each in proper relationship to the others. It takes from wheat some of the advantages which for a number of years wheat has had over other commodities. The cost of producing wheat has not increased, as I understand, to the same extent as has the cost of producing other commodities. That is borne out by the statistics furnished by the Department of Agriculture for last year. Under the old parity formula, the parity for wheat last year was approximately $2.20 a bushel. The support price is approximately $2 a bushel, and the average cost of production was $1.34 a bushel. I do not think there is any other commodity which enjoyed such a guaranty of cost-plus profit. I am not sure about that, but I do not think there was any other commodity which enjoyed greater advantages than did wheat. Why should we continue those advantages which one commodity has over another commodity?

The manner of producing wheat has been almost completely revolutionized in the past 40 years. I do not see how there is anything unfair in this modernized parity formula. It certainly would be unfair to continue giving commodities special advantages over the other approximately 150 commodities. Wheat will be reduced approximately 5 percent this year. Whether that reduction will continue until it is reduced approximately 15 or 18 percent remains to be seen. It depends on conditions. But certainly other crops, such as fruits, tobacco, soybeans, and so forth ought not to be penalized in order to give producers of one commodity a particular advantage.

One other point which probably should be made is this: The total cost for producing a crop is 100 percent. When we give farm labor a weighting, and keep it within the 100 percent, we simply have to adjust the weightings of other costs, including farm machinery, taxes, insurance, and so forth. So, in giving farm labor a weighting we shall simply have to reduce the weighting given other cost factors.

Mr. ANDERSON. I believe we all recognize the fact that in bringing anything into adjustment we are bound seemingly to hurt certain commodities. But the parity formula was not modernized with the intent of hurting wheat or the wheat farmers; it was intended to bring commodities into proper relationship, and if it did result in some injury to wheat, it was perhaps because wheat had enjoyed a position of preference for a while.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. YOUNG. Because a farmer on practically free land in Montana can raise wheat cheaply, it does not follow that all farmers generally can raise wheat cheaply. I received a table from the Department of Agriculture last week indicating a steady rise in costs. In 1946, in Ohio, Indiana, and Michigan, the cost was $1.62 per bushel. The lowest producing area for 1946 was Nebraska, Kansas, and Texas which had a per bushel cost of $1.34 and the cost has risen sharply since. In fact there has been a steady increase in cost according to the Department of Agriculture for many years.

So I disagree completely with the statement made by the Senator from Vermont. If he would come out to North Dakota and raise wheat alongside of me, I think he would change his view.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. PEPPER. I should like to make a brief observation on the matter of the inclusion of out-of-pocket wage payments in the parity price. The Senate will recall that in 1946, when it was considering the minimum wage bill, at the instance of the junior Senator from Georgia [Mr. RUSSELL] the so-called Pace amendment was incorporated in the minimum wage bill, and there were included in the parity formula the out-of-pocket wages paid by the farmer. As was stated by the Senator from Virginia, the Farm Bureau at that time opposed the inclusion of out-of-pocket wages in the formula, and the able Senator from New Mexico, if I remember correctly, then the distinguished Secretary of Agriculture, agreed in that view. However, since that time no doubt the Senator has found justification for a different point of view, and I am inclined to agree with him that out-of-pocket charges for labor on the part of the farmers should be included in the parity formula.

I think the postulate of the past has been that labor costs would fall down to a very low level, and the farmer would have his parity diminished when labor costs did fall. I think we must not anticipate and should not contemplate that farm labor costs should fall. For myself, I am not willing indefinitely to endorse support prices for the agricultural proprietor and see wages fall, with no kind of protection for the farm worker. It seems to me that in this matter we should have some regard for the men and women who make their living as farm laborers, as well as for the proprietor, who has his important place in the picture.

Mr. President, in our recent hearings with respect to minimum wages quite a determined effort was made by the advocates of the farm laborer to protect them by a floor, in other words, given a minimum wage. If the figures are wrong, I should like to have them corrected by the Senator from New Mexico, who has been more actively engaged in this study than I have been, but I think the figures show that about one-tenth of the farmers produce in value about 50 percent of the farm products of the country. So in many respects there is big business on the farm. There are big corporate farms. There are many of them in the State represented by my distinguished colleague and myself, where for all practical purposes the farm proprietor is just like any other big corporation engaged in a corporate enterprise.

I am not in any sense of the word opposed to that, but in the case of sugar, as the Senator from New Mexico will recall, because the sugar producer does get certain benefit payments from the Government, the Secretary of Agriculture has something to say about the wages the workers in that enterprise receive, and

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quite properly so, because the proprietors receive public benefits.

I merely say that I think the decision arrived at by the committee on this question is correct, but I am projecting my vision into the future, anticipating that the time is not so far distant when we shall have to give consideration to a floor for wages of the workers, at least in the large farm enterprises, which have corporate character, and the economic strength to pass a decent wage level on to the consuming public.

I merely wanted to make this observation.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from Virginia.

Mr. ROBERTSON. I am very happy that the distinguished senior Senator from Florida has made this statement, because I was in some doubt, when I talked with a representative this morning of the Farm Bureau Federation, as to whether a serious move was on foot to organize in unions and have Government control of farm workers. We now have the issue definitely presented to us that this is a part of such a program as is presented.

Mr. PEPPER. Mr. President, will the Senator from New Mexico further yield?

Mr. ANDERSON. I yield to the Senator from Florida.

Mr. PEPPER. I do not want the Senator to interpret anything I said to indicate that anyone I know of is suggesting Government control of the farm workers. I merely spoke about the possibility of a minimum wage, some time or other, for the workers engaged on the large farms. I am speaking only about a floor, not about any regimentation, the same kind of a floor for the farm worker that we voted recently for the agricultural worker, even in some instances the worker engaged in the processing of agricultural commodities, if it is done off the farm and by somebody other than the farmer.

Mr. ANDERSON. I have been interested in the inclusion of farm labor costs for a long time, as the Senator knows, but, as was pointed out, I was against the inclusion of these costs on the part of those in the controlled economy. If we had changed the parity formula on each of the products, it would have started a change in living costs, and thrown out of kilter the wage agreement, which was at that time frozen, but the problem was then wholly different from what it is at the present time.

Mr. SCHOEPPEL. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield to the Senator from Kansas.

Mr. SCHOEPPEL. Since some reference was made to the advantage the farmers have been receiving in the parity payments under the program over a number of years, I should like to ask the Senator about how many years the Senator from New Mexico thinks the farmers have enjoyed such an advantage. Has it been confined only to the war years, or was it before that?

Mr. ANDERSON. I do not know exactly what the Senator means, but I may say to him that the farmer has never, in my opinion, enjoyed any real advantage because of the operation of the parity formula. He has enjoyed protection. I think the most important single thing support prices do is to prevent the dumping of agricultural commodities at the harvest period. One can imagine what it would be like if all automobiles came off the assembly line in March or September, and no automobiles could be sold except at those periods. Everyone would be attempting to move the entire stock of automobiles, and the buyers would be in good shape. The farmer faces that very condition. He harvests his crops at certain specific periods, and in nearly all the cases they move to the elevators at that time. If there is a floor under the general level, then he does not fear a too-rapid decline in a certain period, but has a chance to bring about an orderly marketing of his crops. It seems to me the greatest benefit of the formula has been in the orderly marketing of crops.

Mr. SCHOEPPEL. Mr. President, will the Senator yield further?

Mr. ANDERSON. I yield to the Senator from Kansas.

Mr. SCHOEPPEL. I should like to ask the Senator from New Mexico one further question. Does the Senator from New Mexico think that the percentage allowed on farm machinery is adequate, under all considerations, in view of the price increases which have been apparent in the machinery field?

Mr. ANDERSON. I am not sure it is, but I would say to the Senator that if we should find it was not, we could not just add that on. As the Senator from Vermont very well pointed out, it would compress certain other items. We must still stay to 100 percent, and if the parity formula should be too low in the case of one item, we could not raise the general parity formula, but would have to compress certain other items to change the total. The inclusion of the wage costs makes a difference in the parity formula, not because it adds anything, but because of the inclusion. We include an item which has gone up nearly 400 percent since 1914. Wage costs in agriculture have been rising, in the case of some farmers, as the junior Senator from North Dakota has found where wheat was produced in his area, and it has been the rise in labor costs that has complicated the picture in many parts of the country. Farm machinery has increased in cost, but it has not increased comparably to the increase in farm wages. That is the one thing which has been causing trouble, and in my opinion it will continue to cause trouble as mechanization grows.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the majority leader.

Mr. LUCAS. I desire to make an observation in reply to what the Senator from Florida said with respect to the labor costs being included in the parity formula as an aid to the man working on the farm. In my judgment the working man will get very little if any benefit as a result of including labor as a factor. It will merely increase what the farmer will receive for his product. If a man who is working for the farmer is able to convince his employer, as a result of this formula, that he is entitled to more wages, he will be a very lucky man, in my opinion. There is nothing in this bill which directly benefits the agricultural worker himself. I think that should be made clear. This proposal is merely something which is going to help increase the price of the commodity the farmer is producing at the present time, and nothing more, unless by some means the man who works for the farmer can convince him that, as the result of this program he is entitled to a little more money. That is a remote possibility.

While I am speaking I should like to make one other statement with respect to labor. I think Members of the Senate know I am fairly close to responsible labor leaders in the United States. Not a single labor leader has contacted the majority leader with respect to either the farm bill, as reported by the Senate Committee on Agriculture and Forestry, or the parity formula, with respect to including labor as a factor in the formula. If labor leaders were very much interested, I believe they would not proceed through the Farm Bureau and in that manner have their views reach the floor of the Senate. I believe if they were interested in this matter they would come directly to the Senator from Illinois.

Mr. ANDERSON. I thank the Senator from Illinois for his statement.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. ROBERTSON. In connection with the comment of the junior Senator from Kansas [Mr. SCHOEPPEL] about farm machinery and other things farmers buy, I was interested in learning last week from the Bureau of Agricultural Economics that the wholesale price of farm products this year had fallen 18 percent, while the wholesale price of the items he buys had fallen only 6 percent. The Bureau of Agricultural Economics also advises me that in 1948, which was practically a peak year, including Government payments, the income of the farm group, which we are generally told is 20 percent of the population, was 10.5 percent of the total national income. For the 1935–39 period the percentage was 9.4 percent.

We frequently hear it said that during the war and since the war the farmers have been profiteers. That is not true. They have received on the average only one-half the cash income the nonfarmer group has received. And but for the price-support program we would no doubt have had a repetition of the postwar deflation of 1920, when farm prices fell 56 percent, and soon dragged down industrial prices by 44 percent, and we were in a depression.

Mr. ANDERSON. Mr. President, I may say to the Senator from Virginia that out of the anxiety and his care which I know he has for agricultural income, he can help me retain in the bill the provision for farm wage rates, which will hold such income to a very decent level.

Mr. AIKEN rose.

Mr. PEPPER. Mr. President, will the Senator from Vermont permit me to ask the Senator from New Mexico to yield first?

Mr. AIKEN. Certainly.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. PEPPER. I desire to corroborate what was said by the distinguished majority leader, because I, too, am pretty close to the labor leaders of the country. But I do not want anybody to interpret what I said, speaking for myself, as containing any representation that the labor leaders have contacted me directly or indirectly in support of the inclusion of farm labor in the parity price. I do not want anybody on the Senate floor who may not be disposed to follow the recommendations of the labor leaders, to discover in this proposal any unseen hand of others or to draw any such inference from anything I have said which was an expression of my individual views.

Mr. ROBERTSON. Mr. President, will the Senator from New Mexico yield to me for a question that can be relayed to the senior Senator from Florida?

Mr. ANDERSON. I yield.

Mr. ROBERTSON. The Senator from Virginia did not directly or indirectly refer to any unseen hand. I merely said that an official of the Farm Bureau Federation today told me that the American Federation of Labor had officially endorsed this provision of the bill. Is or is not that true?

Mr. PEPPER. I may say to the Senator that I am not informed upon the subject, and I am not able to give him any other information.

Mr. ANDERSON. If the American Federation of Labor ever endorsed the inclusion of wage rates they kept it a secret from me, and, so far as I know, from every other member of the committee.

I now yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, I should like to point out, before the Members of the Senate make up their minds, and before they vote for inclusion of the cost of labor in the parity formula, or do not so vote, that the inclusion of the cost of labor in the parity formula will not affect the commodity which is produced largely by hand labor to a greater degree than it will the commodity which is produced through complete mechanization of the farm. The Senator from New Mexico has pointed out that the cost of farm labor has increased from 350 to 400 percent since 1939. When this tremendous cost of farm labor is included or given a weighting in a parity formula somewhere from 5½ percent to 6 percent is added to the value of all farm commodities as of today. That means that the farmer who has converted almost entirely to mechanization would receive the 6-percent increase in the parity value of his commodities.

It also means that the farmer who produces his commodities by hand, such as the fruit grower, the poultryman, and the dairy farmer, would also receive exactly the same increase in the parity value of his commodities, percentage-wise speaking, as the producer, the farmer, who during the past 20 years has largely done away with hand labor, and is producing his crop almost wholly by machinery.

To that extent there would be a discrepancy created which would be greatly to the advantage of the mechanized farm, and, we might almost say, to the detriment of those farmers who still produce their crops by means of hand labor.

Mr. ANDERSON. I thank the Senator from Vermont. I am going to skip on, if I may.

Mr. ECTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McMAHON in the chair). Does the Senator from New Mexico yield to the Senator from Montana?

Mr. ANDERSON. I yield.

Mr. ECTON. Before he continues, I should like to have the distinguished former Secretary of Agriculture, who now is a very able colleague in the United States Senate, clear up a little point which causes me much mental grief when I think of it. I will say to the Senator from New Mexico that I cannot understand why it is necessary to quibble over whether one farmer should have his labor costs figured in his parity formula or whether he should not. I have always understood parity to mean equality between the agricultural producer and the industrial producer. We have tried to work out a formula whereby the agricultural producer could purchase as much of commodities and goods in the market as the industrial producer could in a certain period which was presumed to be favorable to the purchaser.

Mr. ANDERSON. The Senator is absolutely correct; with this——

Mr. ECTON. So I cannot see why it is necessary to wonder what is favorable to one and unfavorable to another. The agricultural producer is an agricultural producer and the industrial producer is an industrial producer.

Mr. ANDERSON. No; I think there has been a change in the manner in which agriculture is now conducted. What I am trying to say is that parity is a relationship between what the farmer sells his product for and the cost of the things he has to buy. There was a time in American agriculture—and 1909 was almost a part of that period—when he bought very little agricultural labor. Now he buys a great deal of agricultural labor, and therefore it is more appropriate to include higher labor costs than it was in the beginning. That is the only point I am trying to make.

Mr. ECTON. I agree with the Senator.

Mr. ANDERSON. Conditions have changed. We cannot say that just because we did not include agricultural labor in 1930, we must exclude it in 1950. Dairying operations, for example, have entirely changed; and the same is true of other farming operations. There has been a change in the amount of hired labor. The Senator from Montana knows very well that there was a time when a man who did not set his own eggs and hatch his own chickens was regarded as a lazy man. That is not true today.

Mr. THYE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. THYE. Twenty or twenty-five years ago one could go into almost any farmyard in the spring of the year and find the housewife setting anywhere from 5 to 30 or 40 hens at a time. Now it is a matter of going to the commercial hatchery and buying the baby chicks, which is an absolute cash outlay for services which the farmer's wife formerly rendered in the farmyard.

Mr. ANDERSON. I used that only as an example, to show how conditions have changed. In my opinion the inclusion of hired farm labor becomes necessary with the change in mechanization. There was a time when a man who operated a dairy milked his own cows or had a hired man who did the milking, and who received $30 a month. That condition has entirely changed. Now a farmer must have a milking parlor, or certainly milking machines. He employs higher types of labor, and they draw much higher salaries than farm labor ever did before.

Mr. ECTON. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. ECTON. Whether a farmer hires the work done, or whether his son does it, or whether he himself or some other member of the family performs the work, should not that member of the family receive for his services an amount equal to what an outsider would be paid?

Mr. ANDERSON. That starts anew the argument on the inclusion of all farm labor. We are talking about the things the farmer buys. We are trying to establish a proper relationship between the things the farmer buys and the things he sells. When he hires labor, that scale comes into the picture.

Mr. ECTON. Mr. President, I should like to ask one further question.

Mr. ANDERSON. I am delighted to have the Senator do so, because I think we will get further by means of questions than if we tried to proceed without them.

Mr. ECTON. I wonder if the Senator would agree with me that to some extent this type of legislation is misnamed, in that it is always designated as a bill for the farmers, when in reality it is a bill for the general welfare of the entire country. I wonder if the Senator agrees with me that the only justification for this so-called farm bill is to bolster up and hold up our entire national economy, including not only industrial prices, but wages which labor receives from industry, as well as the wages of labor on the farms.

Mr. ANDERSON. I thoroughly agree with the Senator.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. LUCAS. I agree with what the Senator from Montana has said, but I think there is a little danger in using the expression "general welfare." He had better watch that pretty closely. There may be serious objection to that phrase on the part of some.

Mr. ECTON. I do not mean statism.

Mr. LUCAS. There is a serious question as to what is welfare and what is statism.

Mr. ANDERSON. Mr. President, I am not going to let the Senator from Illinois get me into a discussion of welfare and statism in connection with a discussion of the farm program.

Mr. MUNDT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CHAPMAN in the chair). Does the Senator from New Mexico yield to the Senator from South Dakota?

Mr. ANDERSON. I yield.

Mr. MUNDT. In connection with the discussion as to what the inclusion of labor does to the farm program, it seems to me that there is general agreement that if we increase the parity value 5 or 6 percent, we meet the situation which the Senator from Montana has been discussing. This bill gives recognition to the farmer and his family who do the work on the farm. They are entitled to some pay for their labor. It brings them additional income for their products.

Mr. ANDERSON. I think it does. I want to say to the Senator from South Dakota that I try to be fair in these answers. The matter of the inclusion of all farm labor is a much-discussed problem, and which some of us are not in agreement with others, who are just as sincere as we are. At this time, at least, I do not believe in the inclusion of all farm labor, but I have felt, just as the Senator from South Dakota has pointed out, that if one man hires work done, and the parity formula is raised to that extent, the family which does the work itself benefits because of that increase in price.

Mr. MUNDT. It is correct, is it not, that the inclusion of labor, as provided in the bill, will mean an increase of 5 or 6 percent in the parity value?

Mr. ANDERSON. That is true.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. LUCAS. I should like to make one further observation with respect to the last question propounded and answered. We can talk all we like about getting different factors into the formula; but if the price of labor were not high at the present time there would be no one advocating that labor be included as a part of the parity formula.

Mr. ANDERSON. That is true; and if living costs were not high, there would not be any postal increase bill.

Mr. LUCAS. I understand that; but it seems to me that we had better be fair with the people of the country and admit, without any equivocation, that the real reason we are including farm labor as a part of parity is to raise the prices of farm commodities. That presents a serious question so far as parity prices are concerned. We have had a farm program for a long time. I want to keep the farm program going. I do not want to see the basic structure of it struck down, and I do not think this bill will do it. But there is always an attempt to get just a little more for this particular product or that particular product. So long as the Government continues to subsidize just a little more this particular group or that particular group, which grows this commodity or that commodity, what I have said applies. I fear that sooner or later, if we continue raising the level of supports, the great farm program dealing with the basic commodities may finally break down. This is only a small factor pointing in that direction. The point of it is that it raises the price of the commodity. Perhaps that is a good thing.

Mr. ROBERTSON. Mr. President, will the Senator yield to me in order to clear up an issue which he and I previously discussed.

Mr. ANDERSON. I yield.

Mr. ROBERTSON. The distinguished Senator from New Mexico said that he was not aware of the position of the American Federation of Labor on this part of his bill.

Mr. ANDERSON. That is correct.

Mr. ROBERTSON. I read from page 152 of the printed hearings on the Senator's bill:

STATEMENT FILED BY THE AMERICAN FEDERATION OF LABOR

To: The Senate Committee on Agriculture.
On: Including costs of hired farm labor in the parity price index.

Mr. Chairman and members of the committee, your committee is considering legislation to stabilize prices of agricultural commodities. Among the matters recommended by your subcommittee is a proposal to redefine the parity price index to include the costs of hired farm labor (Committee print, p. 14, lines 14–18).

The American Federation of Labor believes that the labor costs of a farm operator should be taken into account in figuring the Government guaranties of farm prices. However, the American Federation of Labor believes that it is only fair that Congress should also provide a means whereby wages paid farm workers may be set.

I interpolate that, of course, they would have to be set by the Government.

We therefore urge that the procedures for establishing a minimum wage and other conditions of employment for farm labor incorporated in the present Sugar Control Act be extended to all agricultural products on which the Government guarantees the farmer a fair price under the parity formula.

Mr. ANDERSON. Yes. I understand that they recommend that the right to fix prices and wages be extended through other legislation. I still do not know what that has to do with the inclusion of hired labor in this section. I assume that that statement was filed with the committee, but no representative of the American Federation of Labor testified before the committee. No one has ever communicated with me in that connection.

Mr. ROBERTSON. This statement was filed with the committee and printed on the last page of the hearings. I can understand that the Senator may not have been aware of it.

Mr. ANDERSON. I was not.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. JOHNSTON of South Carolina. To illustrate the complications involved in dealing with agriculture at the present time, I agree with the Senator from New Mexico when he says that the fact of machinery entering into the picture at this time is one of the great problems. I should like to quote what Secretary of Agriculture Charles F. Brannan had to say before the committee:

Back in 1929 there were only 827,000 tractors on American farms. At this time last year there were 3,250,000. In 1929 we had about 37,000 combines. Last year we had 540,000. The number of corn pickers has jumped from less than 9,000 to more than 300,000. These are only a few examples.

That illustrates how the farms are becoming mechanized at the present time.

Mr. ANDERSON. I thank the Senator.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. What is displaced in the parity formula by the inclusion of an allowance for the wages of hired labor?

Mr. ANDERSON. I might illustrate that in this way: Previously, a number of items made up 100 percent in the parity formula. By the inclusion in that total of some allowance for wage rates—we have included it at 6 percent—we obtained a total which exceeded 100 percent. Therefore, that necessitated reducing proportionately by approximately one-sixteenth every other item in this schedule; we squeezed each one down that much.

Mr. FULBRIGHT. Is that all that the Senator contemplates will be taken off of the items previously included in the parity formula?

Mr. ANDERSON. I tried to indicate that in the process of squeezing down the various items which are to comprise the 100 percent, we include one item which has been very volatile and has moved up very rapidly; and it multiplies out times 3¼ or times 4 when it produces its results, where as some of the others multiply out only times 1 or times 2. Therefore, we have actually decreased all items by approximately 5 or 6 percent.

Mr. FULBRIGHT. As to the actual distribution of the items and the weight to be given to them, is discretion to be left entirely to the Secretary of Agriculture, under this bill?

Mr. ANDERSON. Yes.

Mr. FULBRIGHT. Will he have the power to change the weight of the items in the formula?

Mr. ANDERSON. Yes; he will.

Mr. FULBRIGHT. At any time?

Mr. ANDERSON. Yes, at any time. But, actually, that will be done by the Bureau of Agricultural Economics; and, generally speaking, the Secretary of Agriculture would not presume to pit his judgment against the combined statistical information of the Bureau of Agricultural Economics. When I was Secretary of Agriculture, I accepted the judgment of the Bureau of Agricultural Economics, even though I did not always agree with its judgment. But I thought it was more important for us to rely on their judgment at all times, rather than for me to attempt to impose my own judgment at times.

Mr. FULBRIGHT. Has the Bureau of Agricultural Economics changed its judgment frequently or changed the formula frequently?

Mr. ANDERSON. No. As a matter of fact, they have been very slow in changing it. The last change brings it up to about 1926. The last item they dropped out was horse collars; so we can see how far they are. I know of no farmer who has bought a pad to put under a horse collar for a long time; but the Bureau of Agricultural Economics dropped out that item only last year. Probably it has been wise for them to proceed slowly.

Mr. FULBRIGHT. One item in which I am interested in is the price of chickens. There is no means, in the parity formula, of changing the price of chickens quickly, but it is a slow process. Is that correct?

Mr. ANDERSON. Yes.

Mr. FULBRIGHT. That is due, is it not, to the reluctance within the Department to make changes quickly?

Mr. ANDERSON. No; the price itself multiplies out; and that is why parity moves up or down as prices change. But since other prices change in about the same proportion, we do not get very much difference.

Mr. FULBRIGHT. But they do not change only a little and slowly; they change very rapidly. That was particularly true two or three years ago.

Mr. ANDERSON. I think perhaps it would be appropriate to refer at this point to the discussion we had on the price support program. In the committee hearings, at page 145, will be found a table which was inserted in that connection. It shows the commodities used for family living and the commodities used for production. Senators will observe that the commodities used for family living constitute 48.6 percent, and the commodities used for production constitute 37.4 percent.

Mr. FULBRIGHT. The wages of labor are still a large factor, of course. What is the relationship there?

Mr. ANDERSON. The Department of Agriculture takes a country-wide sampling, and then says that the result of that sampling is typical of every farmer. Of course, all of us immediately recognize that such a procedure can produce some of the most peculiar results, because the results of the sampling will not be typical at all of some types of agriculture.

Mr. FULBRIGHT. Yes.

Mr. ANDERSON. However, the immediate allowance of six percent for hired farm labor applies to all agriculture, even though some branches of agriculture may not rely very much upon hired farm labor. But there seems to be no way of arriving at a practical procedure except by saying, "Here is a general rule which will apply fairly well in all cases."

I am sure that many Senators will be surprised how well the plan here outlined fits into hundreds and hundreds of farm situations which have been examined. It is soundly based upon the studies which have been made of farming and upon the statistics which have been developed in that connection. Of course I do not trust all statistics; but, generally speaking, I think we can safely rely upon them as a rule.

Mr. MAYBANK. Mr. President, will the Senator yield? I was called away from the Chamber, to go to the telephone when the Senator from New Mexico was discussing parity prices and the inclusion of wages for farm labor with which I am in accord. I wonder whether the Senator discussed to any extent section 407 and the right of the Commodity Credit Corporation to sell farm commodities.

Mr. ANDERSON. I have not discussed it as yet.

Mr. MAYBANK. I have an amendment which I should like to offer in that connection; and when the Senator does discuss that point, I should like to ask him a few questions, if that will be agreeable to him.

Mr. ANDERSON. I should be glad to do so now.

Mr. MAYBANK. I simply wish to make certain whether, under section 407, the Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. Of course, the provisions include restrictions on byproducts, peanuts, oil seeds, and so forth.

I can appreciate the fact that since the distinguished Senator from New Mexico has served as Secretary of Agriculture, he can well understand the damage that could be done to the farmers and to the people of the United States, and private interests generally, if the Commodity Credit Corporation were able to sell any commodity which it owns or controls at any price it wishes. I ask this question: Would 90 percent of parity be all that the farmer could eventually expect to receive if he put his commodity under loan at 90 percent to the Commodity Credit Corporation, if the Commodity Credit Corporation had the power to sell that commodity at any price it wished? I think the Senator from New Mexico will agree with me, in view of his experience as Secretary of Agriculture, that the success of the Commodity Credit Corporation has been based upon the loan basis on which the farmer in selling his wheat or cotton or other commodity, to some private merchant, could sell it later at a price above the 90 percent of parity at which he had placed the commodity under loan to the Commodity Credit Corporation, and subsequently could pay out the loan and then have some surplus left for himself by selling to private interests.

Mr. ANDERSON. I say that is precisely the way we hope the Commodity Credit Corporation will continue to operate.

Mr. MAYBANK. Is it more than a hope? It is a necessity.

Mr. ANDERSON. There is nothing in this language that is intended to encourage the Department of Agriculture to depart from its former policy in that regard.

Mr. MAYBANK. Could the Department of Agriculture do so?

Mr. ANDERSON. I believe it could; yes. We had considerable discussion of that matter in the committee. We tried various devices. There was a proposal to require the Commodity Credit Corporation to sell at a price half way between the support level and 90 percent of parity or full parity. We had many discussions as to what the level might be. I suppose if anyone is at fault for writing the language the way it is, I am at fault, because I assumed that a Secretary of Agriculture would not do otherwise.

Mr. MAYBANK. I would never differ with the distinguished Senator from New Mexico as to that. I knew the Senator's feelings when he was the Secretary of Agriculture and I knew his desire to help the farmer who put his wheat or cotton or corn under loan at 90 percent of parity, knowing he could have the opportunity to sell it later at 105 or 110 percent of parity. The farmer thus gained that benefit for himself, and at the same time kept the private businesses of the United States operating, wherever possible, which, in the end, aided the farmers.

Mr. ANDERSON. I agree with that statement entirely. We did not intend and we do not intend by this language to make it either possible or probable that the Commodity Credit Corporation may buy some commodity—for example, cotton—at 90 percent parity and then turn around, after carrying it for several months, paying carrying charges, interest, and insurance, and dump it back on the market at 90 percent. If it did that, no mill would ever buy cotton from the farmer directly. They would wait to buy it from the Commodity Credit Corporation, months later, at a lower price.

Mr. MAYBANK. That is the fear I had, because in North Carolina and South Carolina the farmer drives his wagon loaded with cotton to the cotton mill door, or at other times he may drive it to a merchandise store. If the Senator could clarify section 407 for me, I should be very appreciative. I talked to the Senator earlier this morning. I think he said he would accept an amendment, if I offered it, to include the insurance, storage, transportation and other costs to the Corporation. If such charges are not included, the farmer or the Government is going to suffer a loss on commodities of this kind.

Mr. ANDERSON. I would accept such an amendment quickly, because I know the Secretary of Agriculture will operate in that way. He will not sell the commodities below that figure.

Mr. MAYBANK. I am not questioning the intentions of the present Secretary of Agriculture.

Mr. ANDERSON. No; I refer to any Secretary of Agriculture.

Mr. MAYBANK. I am not questioning the intentions of any past Secretary of Agriculture. I merely want to make certain that under section 407 commodities are not going to be sold at a 90 percent of parity ceiling. It would, in the end, limit the farmer's income to 90 percent of parity, and do away with all the private steps in between. That is why I have asked the Senator the question.

Mr. ANDERSON. I am sure such action as the Senator fears would not be taken. I am sure the Commodity Credit Corporation has tried to operate constantly for the protection and benefit of the farmer, and we want to keep it operating in that way always.

Mr. MAYBANK. I agree with that thoroughly. I may say it was never better operated than under the distinguished former Secretary of Agriculture. But I merely want to make certain the farmers will have this protection in the future.

Mr. ANDERSON. I turn now to another section, which provides mandatory price supports for basic and nonbasic commodities. We have added to the bill for the first time, whole milk and butterfat, at from 75 to 90 percent of modernized parity. I think that is important, because, again, we have come to realize that dairy products are of tremendous importance to every farmer, and, we also recognize that the dairy farmer is a good type of farmer. The dairy farmer is certainly saving the soil. He is preserving it. I think he should be encouraged, and if he has not been encouraged, I think this section of the bill will afford encouragement. Therefore I am very glad we have added this section to the bill.

I realize there will be some controversy when we get to the subjects of shorn wool, mohair, tung nuts, and a few things of that nature. There will be amendments proposed covering these things, and, if so, we shall be glad to discuss them when the time comes. We have prepared a new list of commodities to be supported, and I think that is desirable.

I am particularly happy about one amendment in the bill. It is the provision that section 32 funds shall be used primarily for the support of certain types of perishable commodities. We have used section 32 funds for new industrial uses. We have been trying to devise new ways of using various commodities, and I think the effort has been worth while. But I believe it is also important to recognize that the producer of perishables has no fixed market for some of his commodities, if he produces them in abundance. They are highly seasonable, and it is I think extremely important that a portion of section 32 funds should hereafter be used for that purpose. It is because of that that we have tried to add it to the bill.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. ANDERSON. I am glad to yield.

Mr. HOLLAND. I express my deep appreciation of the statement just made by the distinguished Senator from New Mexico, as to his view of the importance of the provision which earmarks section 32 funds primarily and preferentially for use in the field of fruits and vegetables. I believe they are described in the bill and the report as "nonbasic perishable commodities," which are not supported by a mandatory support price. I wish to say to the distinguished Senator that in my mind, this provision will go further than any other provision in the bill toward meeting the feeling of many producers in many industries in the Nation that heretofore have been practically excluded from the program.

By the very nature of things tree crops, for instance, are not susceptible of the year-to-year control of increase in volume, or control of the actual volume produced, as are crops which are planted annually. By the very nature of things, crops which are highly perishable, such as vegetable crops, are not susceptible of being supported in the normal way because they cannot be preserved for any great period of time and therefore have to be used in their fresh state. The existence of section 32 funds in substantial amounts to be used in such ways as may be indicated as wise in the particular case, either to increase purchase of supplies for free distribution to the schools, or for many other available objectives will be the greatest safeguard and the surest anchor to windward, which could be afforded to those agricultural producers who produce fruits and vegetables which make up 9 to 10 percent, by value, of our total agricultural production.

I, for one, in sitting through the committee hearings, have been deeply grateful not only to the distinguished Senator from New Mexico, who presided as chairman of the subcommittee which worked out the bill, but to those who came from areas of the Nation where basic commodities are principally produced, because they seemed to realize and recognize that the plight of those who have been engaged in the production of tree crops and vegetables has frequently been a difficult one in years behind us. I want to say gratefully speaking for the producers of that type of crops, that we are happy about the inclusion of the item which the Senator has mentioned, and we think it will make us feel that we are for the first time substantially and actually included in the far-reaching program for the protection of agriculture in the Nation. I thank the Senator.

Mr. ANDERSON. I thank the Senator from Florida, and I am happy to testify that he, along with other members of the committee, certainly showed the finest kind of cooperation in trying to prepare an agricultural bill to which we might subscribe.

I should like to call attention finally to section 412. I have heard a good deal of comment about the section recently.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. WILLIAMS. Perhaps I missed something the Senator said, but I wondered whether the Senator had explained what he meant by section 410.

Mr. ANDERSON. I shall have to go back and get the original section which now applies.

Mr. WILLIAMS. Mr. President, I shall withhold the question and bring it up later, if the Senator prefers. I was wondering what effect it would have on the borrowing power of the Commodity Credit Corporation.

Mr. ANDERSON. The matter arose out of discussion the distinguished Senator from Vermont had with the budget officers of the Department of Agriculture over some of their programs.

Mr. AIKEN arose.

Mr. ANDERSON. I shall be glad to yield to the Senator from Vermont.

Mr. AIKEN. I am not satisfied with the language. I have offered an amendment to put it into proper shape. I am not satisfied with that, either, as yet. I may say section 410 amends the act of March 8, 1938, and there is a question as to whether the amendment as worded would prohibit the Commodity Credit Corporation from going way beyond the limitation of $4,750,000,000 in obligating the Government.

Mr. ANDERSON. That was not the intention.

Mr. AIKEN. It was not so intended, was it?

Mr. ANDERSON. No; it was not so intended.

Mr. AIKEN. I am sure no member of the committee intended it that way. I am at this moment having a little research done on that. But there is a possibility that this wording, "by amending the act of March 8, 1938," instead of the Commodity Credit charter of 1948, as amended by the act of this year, would not make the old act of March 1938 the most recent legislation relating to this limitation of funds, available for the use of the Commodity Credit Corporation. And if that proved to be the fact, it would mean that, on that question, the overall effect would be—I may explain it a little more in detail later on—to raise the limitation from $4,750,000,000 to about $2,000,000,000 higher.

I hope to have accurate information. I do not want to say that is the purpose of the Department in asking for this amendment to the act of 1938 instead of to the CCC Charter Act of 1948, as amended by the Charter Act of 1949, but we want to make sure about it. I, for one, am willing to vote for $5,000,000,000, $10,000,000,000, $15,000,000,000, or any amount necessary to enable the Commodity Credit Corporation to carry out the directions of the Congress as expressed in the legislation which we pass, but I do want that legislation to be in such shape that the Corporation shall always have to keep Congress accurately informed as to its financial standing. That is why I thank the Senator from New Mexico for giving me an opportunity to make this explanation. I hope to have it more fully accurate within a short time.

Mr. ANDERSON. I cannot believe that there was any thought of increasing the borrowing capacity of the Corporation. It was increasing its large stocks and moving them on, and sometimes it was not preparing its financial records as rapidly as it should. There is no thought of extending the borrowing capacity. I am glad to know that the Senator is working on another revision in order that we may accomplish the purpose we seek to accomplish. I should be in favor of increasing the capital stock of the Commodity Credit Corporation, but I want it done openly by the Congress.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. WILLIAMS. I am glad to have the statement of the Senator that the purpose of the provision was not to permit the Commodity Credit Corporation to exceed the amount stated.

Mr. ANDERSON. It was not the intention of the committee, and it will be clarified.

Mr. AIKEN. Mr. President, will the Senator yield further?

Mr. ANDERSON. I yield.

Mr. AIKEN. I am sure no member of the committee intended to permit the Commodity Credit Corporation to exceed its limitations. I want to say that it has been my privilege to work with the Senator from New Mexico, and I do not think we see things very far apart in any respect as regards agricultural legislation. I certainly shall take up with him the information which I expect to receive shortly.

Mr. ANDERSON. I thank the Senator from Vermont.

Let me say, with reference to section 412, that there seems to be a feeling that it is directed primarily against cooperatives. That is certainly not the purpose at all. The purpose was to try to find some method by which one official in the Department of Agriculture could be held responsible for moving goods which the Department takes under loan programs and to which it finally acquires title. We were discussing the case of dried eggs which had been acquired in enormous quantities. There are more than 70,000,000 pounds of them. There is no existing market for them at the present time. Manufacturers of noodles, for instance, would be glad to get these dried eggs, but the price is approximately $1.26 a pound, and the noodle manufacturers can buy dried Chinese eggs for $1.10 a pound. So they buy the Chinese dried eggs. That is certainly not a very wise way of handling the matter. The Senator from Oklahoma [Mr. THOMAS] proposed this amendment. He thought that some person in the Department should be responsible for moving stocks of goods, once they were acquired. It seemed desirable for the committee to call up and say, "We should like to have the Assistant Secretary appear before the committee today. We want to ask him questions." It did not seem satisfactory for someone in the Department to say "That is a matter relating to prunes. We shall have to refer the request to the fruit and vegetable branch"; or "That is a matter of cotton linters, and we shall have to refer it to the cotton branch." We did not feel it desirable to have the request referred all around. We felt that some one person should be able to say, "Yes; I know what the Commodity Credit Corporation has on hand, and I know what it is trying to do with regard to moving it."

When we got into the discussion of dried eggs the statement was made, "Plans are being developed whereby we can keep them indefinitely." I asked if it would not be better to find some way of selling them, rather than repackaging them and holding on to them forever.

If there is some other purpose in this amendment I do not know what it is. I do know it provides that commodities shall be moved from surplus areas to deficit areas. I do not think that involves anything unusual or extraordinary. We have been doing that for a long time. The Department of Agriculture has participated several times, recently, in demonstrations indicating how commodities may be moved. With reference to peaches, at one time there was a great surplus in one area and a great scarcity in another area. The peaches were moved to the great satisfaction of those people who had a surplus and those who needed the peaches.

There is no desire to establish another organization contrary to the existing organization.

I desire to make it clear that there is some declaration of legislative intent. The intention is that the Department of Agriculture shall use the accepted channels of trade in carrying out the provision.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. BUTLER. I was very much interested in the Senator's explanation of section 412. I may say that I intend to offer an amendment to eliminate that section. I shall speak at some length upon it a little later. I agree with the junior Senator from New Mexico 100 percent in what he says in his interpretation of the intent of Congress and as to how the Department should operate under section 412 if it should become a part of the law. But I personally can see no occasion for the creation of a permanent Assistant Secretary of Agriculture to do a job which the Secretary of Agriculture is already authorized to do.

Mr. ANDERSON. The Department of Agriculture has some very widespread operations. Sometimes, when I look over the list of assistant secretaries who have been granted to other departments, and realize that the Department of Agriculture has one Under Secretary and one Assistant Secretary I feel that injustice is being done that Department. I think there should be an Assistant Secretary in charge of agricultural credit, one in charge of some such program as this, and certainly one who might have supervision over the far-flung responsibilities of soil conservation and water and land utilization. I shall not argue that point. I merely happen to feel that the Department is badly understaffed in that particular, and we are asking individuals to carry a load which I think is more than their share.

I did want the Senate, however, to understand that this section of the bill, so far as I am concerned, is a mandate to the Secretary of Agriculture only to move commodities and not to store them forever, and that wherever it is possible to find a way of implementing the program, he should do it. If it were left to me, I think I would have added some words which I have written, but which I have not proposed, which would have made it a part of the responsibility of the Department of Agriculture to devise programs for moving commodities before they got into the hands of the Department of Agriculture. I think that would be entirely possible.

Mr. BUTLER. Mr. President, will the Senator further yield?

Mr. ANDERSON. I yield.

Mr. BUTLER. To my way of looking at the over-all problem, it has been the province of the established grain trade—I mean by that, the farmer cooperatives very definitely, because they are a large percentage of the merchandising system of the country today and that is well understood in all channels, so that my remark is not intended to depreciate the great ability and great service they have rendered—but the farm cooperatives, along with the privately operated companies, be they incorporated or operated by individuals, have been, over the years, free to distribute from surplus areas to areas which are in short suuply. I cannot see, for the life of me, how anyone could be selected to operate in the capacity of Assistant Secretary of Agriculture and attempt to do a job which has been learned through a lifetime of experience by men who are operating cooperatives as well as individual companies.

Mr. ANDERSON. I am sure that when the Senator presents his amendment, the distinguished chairman of the full committee, the Senator from Oklahoma [Mr. THOMAS], the author of this particular section, will be anxious to hear it explained, and to discuss it.

Mr. LUCAS. Mr. President——

The PRESIDING OFFICER (Mr. FULBRIGHT in the chair). Does the Senator from New Mexico yield to the Senator from Illinois?

Mr. ANDERSON. I yield.

Mr. LUCAS. I wish to confirm what the Senator has said. As I recall, in the hearings before the Committee on Agriculture and Forestry the question of interfering with the cooperatives in their operations was never mentioned. As I recall, there was no thought of any injury. I certainly would like to listen to the reply of the Senator from New Mexico to the Senator from Oklahoma on that question.

I should like now to turn to section 101 of the bill. That section provides:

> The Secretary of Agriculture (hereinafter called the "Secretary") is authorized and directed to make available through loans, purchases or other operations, price support to cooperators for any crop of any basic agricultural commodity, if producers have not disapproved marketing quotas for such crop, at a level not in excess of 90 percent of the parity price of the commodity nor less than the level provided in subsections (a), (b), and (c) as follows—

Then follow tables on page 2. What I should like to know is whether or not the Secretary of Agriculture is compelled to follow the tables, under the broad language of section 101, or can he ignore the tables?

Mr. ANDERSON. The answer to that I think would be the same as to the question about the particular section in the so-called Aiken bill. The Secretary of Agriculture is given a range. He must support these commodities at some point between 90 percent, which is the top, and the figures in this table, which are the bottom. He has discretion to decide what figure he will choose between those figures. He could make use of these tables if he felt impelled to do so. I think it is clearly understood, from the discussion, that he would have to find, in his own mind, at least, a good reason why he should deviate from the tables in case he wished to do so. He is not required to live up to them at all.

Mr. LUCAS. I will say to the Senator frankly that that has always disturbed me. When the distinguished Senator says that the Secretary of Agriculture can ignore these tables if necessary, and support every commodity at 90 percent if he so desires, it seems to me we give him power and discretion to which he is really not entitled. If he can do that, we have practically the Gore bill, have we not? Am I correct in that?

Mr. ANDERSON. No; in the Gore bill he is tied to 90 percent. In the case of eggs under the Gore bill, he would have to stay at 90 percent, and he would have to stay at 90 percent even though he knew it would cost the Government $200,000,000. But eggs would be in another section. I do think it is necessary that the Secretary have a right to set the figures at various levels. It might develop that there was a possibility of a large output of a certain crop, and he might find he wanted to put it down in the scale. I am willing to trust the ordinary Secretary of Agriculture to administer the law within that framework, feeling sure that wherever possible he will make use of the tables, but that when he is convinced he should not use the tables, he will lift the price to some other figure.

Mr. LUCAS. I am willing to trust the Secretary of Agriculture also, and it was always a question in my mind what the value of the tables was.

Mr. ANDERSON. The value is that they indicate to the Secretary an indication that when supplies are extremely good, the price level can be dropped, and if the condition does not correct itself, he certainly would hold to the lower levels set forth in the price tables. But many times he might want to say, "I know it calls for putting the level at 86 percent, but I think 90 percent will serve just as well, and will accomplish the purpose." He has to reach that decision if he deviates from the tables.

Mr. LUCAS. The tables will have some effect, or should have some effect, in the making of his decisions. It would have to be an unusual case that would cause him to deviate from the tables.

Mr. ANDERSON. That is correct. He should have a very clear explanation, to himself and I think to the public, as to why he departs from the tables.

Mr. LUCAS. I should like to ask the Senator a question with respect to the tables. In table (a) I find this language:

> For tobacco (except as otherwise provided herein), corn, wheat, and rice, if the supply percentage as of the beginning of the marketing year is:
> Not more than 102.

Then we come down to the second part of the table, and we find this:

> For cotton and peanuts, if the supply percentage as of the beginning of the marketing year is:
> Not more than 108.

I wish the Senator would explain to the Senate why cotton and peanuts are in a different category, and get an advantage over tobacco, corn, wheat, and rice, as a result of this other table, providing the Secretary follows the table.

Mr. ANDERSON. I think I can explain it for cotton more easily than for peanuts. The cotton supply has not been as fluctuating as the supplies of many other commodities. Cotton is not a product which can be diverted on the farm. The Senator will recognize that a farmer can very quickly change the supply table as to corn or wheat by merely moving it to a spot and feeding it to animals at a later date, and reporting that that is not on the farm. He cannot do that with cotton. It is moved to the gin, and we know how many bales there are in the country. We are not sure how much corn, wheat, or rice there is. Tobacco is added to the table merely in case quotas are asked for. Whenever quotas are asked for, tobacco remains at 90 percent or zero. It cannot be between.

Mr. LUCAS. That is the present law.

Mr. ANDERSON. That is the present law, and that provision will be in the proposed law. But tobacco is moved in case there is a year in which quotas are not asked for. I cannot imagine there will be a year when they are not asked for, but if there were such a year, there would be a table applicable.

As to cotton, I feel, and I am sure others feel, that cotton will move to a percentage of 108 before quotas are put on it.

The situation is somewhat different as to peanuts, but the peanut program has been in operation for a long time, and I have hope that it again will be brought back into better relationship to actual supply than at the present time. At present there is a much greater production of peanuts than is needed.

Mr. LUCAS. Mr. President, I am glad to have the explanation, because I do not want any one commodity in the program getting any preferred benefit over another commodity. I think the bill should be written so that every commodity would get its just share with respect to support prices on a parity basis. If cotton and peanuts belong with tobacco, corn, and wheat, that is where I want them. If, as the Senator has explained, there is a real, basic reason for cotton being down where it is, in this separate category, and getting that advantage, I am willing to go along with that. If the producers of peanuts can make the same kind of an argument, I wish to go along with it also, but if they cannot, I want peanuts put back where they belong, with cotton, wheat, and rice.

The peanut situation in my section of the country is pretty serious so far as candy makers are concerned. Peanuts are pretty high in price. Instead of putting one peanut in the Hershey bar, the candy makers would like to put two in if they could. That is the truth of the matter. I could not quite understand why peanuts were down with cotton. We have tobacco, corn, wheat, and rice in another category. In other words, these commodities are taking the worst of it, so far as these tables are concerned. That is why I went into the original question with the distinguished Senator, as to whether or not the Secretary of Agriculture, irrespective of these tables, would have a right, for instance, to support all these prices at 90 percent, and the Senator says he would. Yet at the same time the Senator says he should adhere to these tables unless there is a very unusual or extraordinary situation.

Mr. ANDERSON. Mr. President, I shall go back to cotton. I think there is a vast difference between the cotton program and the program as to corn and wheat. I believe we will all recognize that the cotton program has been more effective in its limitation of acreage and its limitation of production than is the program affecting wheat and corn.

Mr. LUCAS. The Senator is absolutely correct in that.

Mr. ANDERSON. Therefore, merely because the cotton producers had more effective operating programs, they were allowed some leeway before the program started. I regret that I cannot give the Senator a better explanation, but to me that is a practical explanation. In the case of cotton there are work programs which are effective. The farmers know how to measure their acreage. They measure it accurately year by year. A record of such measurements has been kept. Because of that I felt that with respect to cotton we could start at a different jumping-off place than with respect to other commodities about which we do not have such an accurate history in the planting program.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. WILLIAMS. I agree thoroughly with what the Senator from Illinois has just pointed out, namely, that we should work out a farm program which would place all agricultural commodities on a basis of equality. The Senator just pointed out how peanuts and cotton were set aside in a special group and given preferential treatment.

I desire to call attention to the fact that corn, wheat, and rice are also given preferential treatment over other commodities in that they are guaranteed 90 percent over the next 12 months, along with cotton and peanuts, whereas the other commodities were placed in a flexible program.

I want to go further than did the Senator from Illinois, and ask why this preferential treatment is given to corn, wheat, and rice, or any commodities? Why not put the whole flexible program into effect on January 1?

Mr. LUCAS. Apparently the Senator from Delaware is for the Gore bill.

Mr. WILLIAMS. No; I am not for the Gore bill. Why not put the flexible provision into effect now? The Gore bill projects the 90-percent formula for another 12 months. The Anderson bill is for projecting the 90-percent formula for another on certain commodities only. I feel that the time has come when we should recognize the 90-percent formula is unrealistic and should be lowered.

Mr. ANDERSON. Actually the provision of 90 percent on the first year of limitations applies to cotton, wheat, and corn. It does not apply to rice because there probably will not be quotas on rice. It does not apply to peanuts and tobacco.

Mr. WILLIAMS. Is it not true that the pending bill projects the same support level for the next fiscal year on cotton, wheat, and corn as does the Gore bill?

Mr. ANDERSON. Yes, if quotas be put on, and I assume they will be; that is true. But I want to give an explanation as to cotton, for example, and I think the same explanation will apply straight through to all other commodities. For a long time we have had on the statute books a provision that cotton should have a minimum of about 27,500,000 acres. That is not the way it was stated in the law. The law said there should be a certain base, and then there were certain so-called gadgets which provided that a man who had a certain acreage could not have his acreage cut; so the Solicitor of the Department of Agriculture has steadily advised that the minimum acreage that could be had for cotton was about 27,500,000 acres.

This year the Congress of the United States passed a law which drops that down to 22,500,000 acres as a base, and then goes beyond that and provides that if it is necessary to cut further the cut can be made on a horizontal basis. So next year the base for cotton will be 21,000,000 acres. That is a reduction of more than 6,000,000 acres for cotton acreage, which means a very substantial reduction in bales. It probably will result in reducing the number of bales 4,000,000 in the total crop of next year. That means that something in the neighborhood of from $300,000,000 to $400,000,000 will have been taken out of cotton income. If it is dropped again down to the level that is indicated, it will result in the reduction of another $175,000,000.

We really felt that a blow of $400,000,000 reduction to the cotton farmer in 1 year was enough; that there might be another reduction of $175,000,000 or $200,000,000 the next year, and then a further reduction in the next year as acreage is reduced, and as this provisional parity is permitted to apply, and then finally bring down the cotton category, to be sure, but gradually, and not all in one chunk. The same thing applies to other commodities, but I think the case of cotton illustrates the situation perfectly well.

Peanuts are another gamble. A peanut-acreage reduction from 2,700,000 acres to 2,100,000 acres may come about next year. That represents a substantial reduction in income. While I admit that it could in justice be said that it was desired to slash the cotton farmer's acreage and put him exactly on a parity with everyone else, a reduction in income of from $800,000,000 to $1,000,000,000 in 1 year is not, in my opinion, wise. I think we should go at it a litle more carefully.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. WILLIAMS. I want to point out to the Senator from New Mexico that when the Aiken-Hope bill was passed the same argument was used. That projected the 90 percent through another year as stated then for the purpose of allowing the farmers 1 year to readjust themselves. How do we know that 12 months from now the cotton growers will not find themselves in the same position, and that they will then ask another extension of the 90-percent formula? I am afraid that unless we lower these support levels to a more realistic level we are eventually going to destroy our entire farm program. Besides we cannot maintain high support prices without rigid Government controls.

Mr. ANDERSON. I could argue with the Senator for a substantial period of time on that subject. If anyone wants to accomplish that all he has to do is to vote for the Aiken amendment. That will probably result in limiting to the point where there remains only the support called for in the bill.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. AIKEN. Simply removing this part of the bill and inserting the amendment which I had printed does not mean that the support will necessarily be below 90 percent for the first year the commodities are under quota, because the Secretary of Agriculture will have the full authority to fix the support anywhere between the 90-percent and the minimum level which will be provided for by the formula in the bill. That will very likely be somewhere between 80 and 90 percent. That gives the Secretary of Agriculture himself a chance to cushion any reduction in the support price in order to offset the drop in farm income which a reduced acreage would naturally bring about.

For one, I am quite confident, inasmuch as the Secretary has expressed the opinion that the cotton farmer should have 100-percent support, that he would not hesitate at all, and probably would not fail, to fix the support at 90 percent or very close to it. We should never assume that the Secretary would give the farmers or the producers of each commodity the lowest possible support price under whatever legislation the Congress passed on the subject.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. YOUNG. I am not quite sure as to the support levels certain nonbasic storable commodities would receive under the provisions of the bill. For example, with respect to oats, barley, flax, and rye, is the support level mandatory at from 75 to 90 percent of parity, or is it optional with the Secretary?

Mr. ANDERSON. It is optional with the Secretary.

In response to the point that was raised a moment ago with reference to section 412, I think I ought to say to the Senator from Nebraska [Mr. BUTLER] that I have received a message from the Cotton Producers Association, Atlanta, Ga., urging that the section be eliminated, and that the following language be substituted therefor:

> In acquiring, storing, and disposing of commodities through loans, purchases, and otherwise, the Secretary of Agriculture shall employ usual and customary channels of trade unless after due notice and hearing he finds that such usual and customary channels are inadequate for the acquisition, handling, storage, and disposition of such commodities.

I do not say to the Senator from Nebraska that this would cure in any way the difficulty he has in mind, but I hope that if he moves to strike out the section, he will seek to retain something that will make it certainly evident that the Senate, and I hope the House, intend that surplus commodities now being acquired in very large quantities shall be disposed of.

Mr. BUTLER. Mr. President, I assure the Senator from New Mexico that that is exactly my intention at the moment, and the wording of my amendment is exactly as the quotation the Senator read from the telegram.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. YOUNG. A moment ago the Senator from New Mexico said that support levels of certain nonbasic storable commodities that I mentioned were optional. Did the Senator mean by that that it is optional for the Secretary of Agriculture to support oats, barley, rye, flax, and so on at 75 to 90 percent of parity, or it is optional that he may support them from nothing to 90 percent?

Mr. ANDERSON. I am sure I am correct in saying that it is optional whether there is any support program at all for some of the nonbasic commodities. We had started with the theory of making support more or less mandatory for a great many products, but we reach the point where we are not sure whether the Secretary is going to be able to support more than the basic commodities, plus the mandatory provision for dairy products and certain other things.

Mr. YOUNG. I am not so sure about it myself. I started in favor of this bill. I may oppose it in the end.

Mr. ANDERSON. Mr. President, I should like to give some other Senator an opportunity to discuss the bill. I wish to say that I am highly appreciative of the cooperation we have had from all sides. It is not an easy thing to try to write an agricultural bill. I have no assurance that we have written a good one now, but we have done the best we could to try to get a bill that will be to some degree workable.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. WILLIAMS. Do I correctly understand that the basic difference between the Anderson bill, if it should go into effect on January 1, 1950, and the Aiken bill, which is now on the books, is that under the Anderson bill we are projecting for another 12 months 90 percent of parity on certain basic commodities, whereas if the Aiken bill is allowed to go into effect, the same commodities will be in a flexible support program beginning January 1, 1950?

Mr. ANDERSON. I think I would have to say that there are vastly greater differences than that between the two proposals; and I think the Senator from Vermont would agree that definitely, if this bill should be enacted, it would require that cotton, wheat, and corn, if quotas are in effect, would be supported at 90 percent, whereas under the Aiken bill they might be supported at 90 percent by the Secretary, or might be supported at some lower level. There is that slight difference.

Moreover, in the pending bill there is a mandatory provision with reference to dairy products, which is not contained in the other legislation; and there are many other minor changes of that nature.

I will say to the Senator from Delaware that I had hoped that when we wrote farm legislation we would not start by trying completely to destroy what had gone before but would try to build on what had gone before. Therefore the purpose of this proposed legislation was to utilize as much as possible of the Agricultural Act of 1948, and to repeal just as little of it as possible. We have tried to see if we could not go from year to year holding to permanent programs in agricultural legislation. Therefore a great deal of this bill has utilized provisions which were included in the Aiken Act.

For example, it would have been quite easy to start with an entirely new concept of modernizing parity. At the time the modernized parity was submitted to the Senate by the Department of Agriculture, a little over a year and a half ago, there was great argument then as to whether some other formula would not work just as well. However, it was decided that this particular formula, carried forward from the Aiken bill, was a very good one; and I am extremely happy that the Senate adopted it and that it was finally enacted into law. Therefore I did not start with something which I thought might be just as good, but tried to hold to something which was reasonably good, and probably in time will prove to be extremely good. That has been the philosophy under which we have tried to work throughout.

Mr. CHAPMAN. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. CHAPMAN. I have listened with deep interest to the very able exposition by the distinguished author of the bill, the Senator from New Mexico. Before he concludes I should like to ask one question. Does this bill change in any way the existing price support for fire-cured, dark air-cured, and Virginia sun-cured tobacco as provided by the act of July 28, 1945, Public Law 163 of the Seventy-ninth Congress, and extended by title I of the Agricultural Act of 1948?

Mr. ANDERSON. Only insofar as the inclusion of hired labor and other things of that nature change the general formula. There is no specific change otherwise.

Mr. SALTONSTALL. Mr. President, will the Senator yield for two questions with respect to the eastern agricultural section?

Mr. ANDERSON. I am glad to yield.

Mr. SALTONSTALL. If I correctly understand the Senator from New Mexico, in his opinion this bill is an improvement on the so-called Aiken bill of 2 years ago, and adopts its principles and tries to improve it where improvements can be reasonably made. Is it correct to say that it adopts the theory of agricultural supports as provided in the Aiken bill?

Mr. ANDERSON. That is a rather large question, I will say to the Senator from Massachusetts, but in general I think the answer is yes. It does not adopt, for example, the theory that we should set forth a scale of price supports and then say, "If you vote quotas we will add 20 percent to the level of your price support." I do not think the Senator from Vermont intended it to work that way. However, the proposal was presented to the committee, and was soon on its way over to the House. A table was set forth, which I think the Senator from Vermont perhaps felt was too low. Personally I feel that it is better to say clearly in the beginning that the 20 percent is to be added. So if the Senator from Massachusetts means that this bill adopts all the principles of the Aiken bill, the answer is no. Fundamentally the Department of Agriculture had been urging that there be permanent legislation, and that the parity formula be modernized. The Aiken bill did modernize the parity formula. Therefore the committee accepted and adopted what had been done as a useful and worthwhile step.

Secondly, it had been the policy of the Department of Agriculture, up to the time this bill was considered by the Senate committee, that there should be flexible supports. It was felt that there should be a program of flexible supports. The Aiken bill encompassed a program of flexible supports. It went below the level I would have suggested; and there was attached a rider which said, in effect, "If you vote quotas, you will get an increase of 20 percent." It seems to me that that is rather rewarding a person for getting into trouble. It was not the intention of the Senator from Vermont that it should be so regarded.

I was not willing to go quite so low as those supports go, but I am attached to the principle of flexible price supports, so I do not want to chop into that section of the Aiken bill which provides for flexible price supports, except to change the table.

That is a long-winded way of saying to the Senator from Massachusetts that in general we accepted the principles in the Aiken bill as related to flexible price supports and modernization of parity, and we tried to build on that experience.

Mr. SALTONSTALL. Mr. President, may I ask two more questions? I had intended to ask only one more.

Mr. ANDERSON. I am delighted to yield.

Mr. SALTONSTALL. My next question is this: The success of the bill depends, does it not, to a great extent upon the integrity, intelligence, and capacity of the Secretary of Agriculture?

Mr. ANDERSON. I think most farm bills must depend upon that factor, because he has the final decision of a great many questions.

When we come to the question of what level the Secretary shall apply, I do not know how many would agree with me, but I know that my distinguished friend from Minnesota agrees that establishing a flax price-support far beyond the cost of production of flax was a good thing, even if we were caught with some surplus flax, because we broke the back of a movement which was going on in the Argentine to ask extravagant and extortionate prices for linseed oil. The very fact that we have proved that we can do the same thing any time we want to do it has leveled off the world price of oil, even though it involved the Department in a loss. I think it was worth while. Any program must depend to a great degree upon the integrity with which the Secretary of Agriculture administers it.

Mr. SALTONSTALL. In legislating a program of this kind, Congress must establish a very flexible program, depending upon the integrity and character of the administration.

Mr. ANDERSON. I think so; and I think it can safely do so.

Mr. THYE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. THYE. I should like to comment at this point. I do not think we should interpret the flexibility of this program as being adjusted to the integrity of the Secretary. The way the question was stated, I think it is subject to a misinterpretation. I believe the flexibility was to meet the problem of unpredictable crop yields. A person may plant 10 acres of corn with the expectation that he will get 35 bushels to the acre. When he harvests the crop he may get 60 bushels to the acre. He had no expectation that that would be the result. The program for the entire United States might be constructed on the basis of that 10-acre plot. The result might be a total yield of 30 or 40 percent greater than was anticipated. Without the flexibility, the whole farm program might be placed in jeopardy. If every producer experienced a yield per acre 20, 30, or 40 percent more than was anticipated, there would be such a volume of production in the United States that if an effort were made to support such production at a rigid 90-percent support, or even a higher figure than 90 percent, the ultimate cost to the United States Treasury might be too great.

Potatoes are an example. The large potato production in 1948 was not the result of increased acreage. It was realized with practically a 40-percent reduction in the total acreage planted. However, there was a tremendous yield because of favorable weather conditions, the insecticides which were used, and other factors which lent themselves to extremely high production.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. THYE. Mr. President, if the Senator from Michigan will permit, I should like to conclude first, if that meets with the agreement of the Senator from New Mexico.

Let me say that, flexibility enters the picture in the attempt to safeguard the program against a reaction by the general public which might set back the program so drastically that it would take a number of years to regain what an adverse public opinion might have done in cutting off the appropriations necessary for the program.

Mr. SALTONSTALL. In other words, if the Senator from New Mexico will permit me to finish, the Senator says that the results of a very productive year—a large crop, and so forth—would lead to decisions which would be practically automatic on the part of the Department of Agriculture, and that in such a situation the use of discretion would not be required to any great extent, but certain things would more or less automatically be done. Is that correct?

Mr. THYE. For instance, if the Senator will consult the table which shows the prices of tobacco, corn, wheat, and so forth, he will see that when the supply percentage is 102, the support level is to be not less than 90 percent of parity; and then farther down in the table, he will see that when the supply percentage is 130, the support level will be not less than 75 percent of parity. If there were a 130-percent supply of wheat, that would be a tremendous volume of wheat, and the result would be that not only would much of it have to be put under Commodity Credit Corporation loan, but the Department of Agriculture would have to try to search the world over for a market for some of the wheat, or else it would be necessary to reduce so drastically the wheat acreage planted the next year that the farmer would be confronted with a terrific reduction in the possibility of income for him, because if the number of acres which are planted is reduced, the farmer's actual income is cut right there, and there is no possibility for him to overcome that change. If a farmer is allowed a 130-percent production, at a price of 75 percent of parity, he has just as much money, if not more, with that big volume of 130 percent to be sold at 75 percent of parity, than if his volume were cut below normal and if he received a price of 90 percent or even 100 percent of parity.

So the purpose is to adjust to the unforeseen developments which may occur, so far as they affect the farmers. For instance, a farmer may save 10 pigs for breeding, but if 1 or 2 of the pigs die, then his future production is cut, right then and there.

The same thing is true with respect to the number of acres planted. In the case of a crop of corn, there may be a hailstorm just a few days before the crop is ready for harvest, and the hailstorm may result in a total loss of the crop. I have known of hailstorms striking on a Sunday and leveling an entire crop which was to be harvested on Monday.

So the purpose is to provide an allowance for unforeseen conditions and developments over which the farmers have no control. This provision states what shall be done then.

In connection with perishables, the matter of storage enters the picture. There may be a question of whether the producer wishes to plant more radishes or some other crop which will be ready for market in just a few weeks after planting. In such case, I do not think we can write a law which will place a mandatory requirement on the Secretary of Agriculture in respect to what he shall do with those perishable crops, because there is such a short time between planting the crop and harvesting the crop that such a requirement would absolutely swamp the Secretary of Agriculture, for the situation would be beyond anything with which he could cope.

Aside from the basic commodities, there are certain commodities or crops which are relatively so unimportant that provision for them cannot be written into the law, and yet they have an important function in the whole scheme of agriculture. I have introduced an amendment which would involve honey as a product as to which the administration of certain provisions of the law on the part of the Secretary of Agriculture would be mandatory. The only reason in the world that I introduced an amendment to have honey treated in that way is that, although honey is unimportant in respect to the total agricultural cash income of the Nation, yet honey is tremendously important from the point of view of whether seeds are to be produced from various plants. Bees are needed to properly pollenize various crops, through their flowers—for instance, various grains or various fruits. If the price of honey goes down so far that the producer cannot afford to bother with one colony of bees or perhaps several hundred colonies of bees, and if he goes out of business so far as the production of honey is concerned, the result is to place the clover seed crop, the alfalfa seed crop, and all kinds of fruit crop in jeopardy, because there will be a reduction of the number of bees which are able to do the physical job of pollenizing the flowers of those plants or fruits.

Therefore, in the case of perishables, it is impossible to have a requirement that the Secretary of Agriculture shall enforce certain provisions.

But basic commodities can be put in storage, so that the loss will not be taken until the next year's crop is reached, by way of an acreage reduction sufficient to take care of the surplus. That is true of corn, wheat, tobacco, cotton, peanuts, and rice, because all of them are subject to storage.

Mr. SALTONSTALL. I thank the Senator.

I should like to ask the Senator from New Mexico if there is any basis for an estimate of the cost of the bill for an average year or, let us say, to be specific, for 1950?

Mr. ANDERSON. I am sorry that it is impossible to do that, because it is not easy to estimate what the crops will be. Therefore, I must say to the Senator that I cannot answer his question.

Mr. SALTONSTALL. There is no basis of knowing what the bill will cost the Government; is that correct?

Mr. ANDERSON. No; I think not.

Mr. AIKEN. Mr. President, I wonder whether I may answer the Senator from Massachusetts.

Mr. ANDERSON. Certainly; I yield.

Mr. AIKEN. There can be no direct estimate of the cost of the bill. However, it is my guess that it will not be very different from the cost of administering the price-support program provided in the 1948 act. There was an estimate of the cost of that act. It will be found in the Commodity Credit Corporation's Charter Act. It was determined by the committee, after months of study that the sum of $4,750,000,000, plus $100,000,000 capital, would be adequate to carry on the farm program for a great many years to come, so far as anyone could see into the future. However, at the time we set the limitation of $4,750,000,000, we did not anticipate that we would have the difficulty we have had with the House of Representatives. As a result, approximately $2,000,000,000 more than we had anticipated is not obligated for carrying out the rigid 90-percent-of-parity provision.

It is entirely possible that this year's crops—those for 1949—may use the entire $4,750,000,000 so, that the amount will be inadequate. But had the long-range provisions of the 1948 act been permitted to take effect this year or had the proposal of the Senator from New Mexico been in effect this year—they are very much the same—then I am sure the sum of $4,750,000,000 would have been adequate for many years to come.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. FERGUSON. The Senator was speaking about the discretion of the Secretary of Agriculture. I wanted to get the Senator's view on this matter. Suppose the Secretary fixes quotas; that is, he determines the amount of land which may be planted by the respective farmers, and we then find a great increase in crops, such as the Senator from Minnesota has mentioned, with respect to potatoes. Has the Secretary the right from time to time during the year to change the amount of payment, between 90 and 75, as indicated? After he assigns the quota and says, "This is the quota," is he then bound to abide by it?

Mr. ANDERSON. I may say to the Senator from Michigan, that is the very question which has arisen now in connection with the potato support program. It has been suggested that the potato program be stopped right at this point, and that it be said, "It has cost $40,000,000 or $50,000,000, or may cost that, and therefore there will be no further price supports in the program, because production is high." I certainly feel, and I believe others feel, that having announced a program, and farmers having made plantings and prepared crops and fertilized the crops, and in some instances, having harvested the crops, the Secretary cannot at that time change the rules in the middle of the game.

Mr. FERGUSON. I had in mind not the elimination of the rule entirely, but the change in the program between 90 percent and 75 percent, as indicated in the bill. Does the Secretary have the discretion under the bill to change it? Suppose he said, "It will be 90 percent of the crop you were allowed to plant." They plant the crop, and they discover there is an enormous production during the period. Can the Secretary then say, "Under the circumstances, I will make the percentage 80 instead of 90, because of the increase in the crop?"

Mr. ANDERSON. I think he could then say he would reduce it from 90, if he had fixed it at 90, down to the lower range that is carried in the table, which

might be 81, 82, or 83. But I think, having made announcement at the beginning of the crop year, he would be a very foolish Secretary if he changed it during the crop year. The farmers who had harvested first would have received the benefit of the support price. Those in the northern fringe of States would not have received the support price, and they would not have felt they were fairly treated. So therefore I think he must adhere to the program, once he announces it.

Mr. FERGUSON. So, notwithstanding the wording of the bill, we might expect the Secretary to adhere to what he determines in advance. Am I correct in that? I can see how it would be very unfair to remove it entirely.

Mr. ANDERSON. It would be just about as unfair, I may say to the Senator, to remove it partially, because if a support program for wheat is announced, and winter wheat from the great producing areas of Texas, Oklahoma, and other States, get the benefit of it, and later the spring wheat harvested in the northern part of Nebraska, the two Dakotas, and so forth, should not get the benefit of it and should sell at a lower price, the Secretary of Agriculture would never be able to explain it to the farmers.

Mr. FERGUSON. Then, does the Senator say that the Secretary of Agriculture should be a man who understands agriculture and possesses wisdom to determine about what the crop should be?

Mr. ANDERSON. I am afraid by that the Senator starts to disqualify me for the time I spent in the Department of Agriculture.

Mr. FERGUSON. It should not be what could be called a guess, should it?

Mr. ANDERSON. No.

Mr. FERGUSON. We would not want to place it on a guessing basis, would we?

Mr. ANDERSON. No.

Mr. FERGUSON. There must be wisdom in the determination as to the size of the crop, weather, and certain other things excepted. So far as fertilization, the killing of insects, and so forth are concerned, the Secretary should be able to judge pretty well. Is that not true?

Mr. ANDERSON. No; he is not able to do that, I am sorry to say. He comes pretty close to it, but he is not able to judge it completely.

Mr. FERGUSON. Of course, he cannot judge what the weather is going to be.

Mr. THYE. Mr. President, will the Senator permit me to interrupt the discussion at this point?

Mr. FERGUSON. I wish the Senator would do so.

Mr. THYE. From the standpoint of what becomes the mandatory responsibility of the Secretary of Agriculture, or of what he might do in his discretion, I might say all we have to do is to consider the potato situation of 1948 and what the producers themselves did. They sat down with the Secretary before the actual planting season began, last spring, or early in the winter, since the early plantings start in the winter time, and agreed they would accept 60 percent as the support price for the calendar year and the marketing period for the 1949 crop. The marketing of some of the potatoes carries over into the following year, the potatoes being harvested late in the fall of the year. So the agreement has been made for the crop to be grown in 1949, and the percentage has been fixed at 60. It was understood and agreed between the producers on the one hand and the Secretary of Agriculture on the other. Therefore, the Secretary availed himself of the flexibility of the act, but he did not break faith with the producer. The former Secretary, the able Senator from New Mexico, was entirely correct when he said no Secretary would be so unwise as to change the rule in the midst of a harvesting or growing season. Neither should we, as Members of the Congress, permit the Secretary to do such a thing. We should at some future session of the Congress restrain him through congressional action, so that he may not do such an unjust thing at some future time.

In connection with flexibility, let me say that at the present time in the United States we know we have more than 350,000,000 bushels of wheat as a possible surplus. Next year's planning must be gaged by the actual carry-over of wheat and the factors of production, including moisture conditions in the Southwest and in the extreme West. Taking all those factors into consideration, it is anticipated the crop will be so much, plus the carry-over. That would become the basis of the price to be determined for the crop.

Mr. ANDERSON. In closing, I may merely say to the Senator from Michigan that while the question he raises could arise, it probably never will. But there is also provision in the bill for forward pricing, and if the Secretary announces his prices and the forward pricing, he is then by law prevented from changing it in the course of the season. I think that would cover nearly all the cases that can possibly arise.

Mr. FERGUSON. Mr. President, will the Senator yield for a question?

Mr. ANDERSON. I yield.

Mr. FERGUSON. Is the Senator familiar with the articles which were published in the Washington Post in relation to the payment of large sums to individual growers of potatoes?

Mr. ANDERSON. Yes.

Mr. FERGUSON. Under what particular law was that done? What was the date of the law?

Mr. ANDERSON. That happened under the so-called law, which provided that where increased production had been requested for a specific commodity, it would be supported, during the war and for 2 years thereafter, at 90 percent of parity. The first section of the Agricultural Act of 1948 carried it through the year 1949. The payments to which the Senator refers were made under the Steagall legislation passed in 1947 and 1948.

Mr. HUNT. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. HUNT. I have a problem in my State, with respect to which I should like the Senator's opinion. It is with reference to new land, which has no crop-production history. As the Senator knows, there have been opened up in my State of Wyoming in the past 3 or 4 years several thousand acres of new land, which, I say, has no crop-production history. The new lands are occupied mostly by ex-servicemen who settled on them. They are writing, telegraphing, and telephoning me with reference to the quotas, saying that practically, under existing rules and regulations, they will be prohibited from planting certain crops, or will certainly be very greatly limited as to acreage. Under the pending bill, would the Secretary of Agriculture have a right to make an adjustment of quotas in such a situation?

Mr. ANDERSON. No, not under the pending bill. The only provision which would have permitted him to do that was Senate bill 1962, an acreage-limitation bill. In that bill there was some provision for the improvement of wheat acreage in certain sections, including the State represented by the Senator. But almost entirely it would have to be said that in the case of settlers who have occupied new land and broken it, if quotas are put on, they certainly have not too great rights, and may not have rights at all. I shall give the Senator an example. In a certain area in my own State only a few years ago there were planted 500 acres of cotton. Then the acreage increased to 2,000. The next year it increased to 20,000; and last year to 60,000. That particular section should return to approximately 2,000 acres of cotton.

To go back to a section of a bill of which I was the sponsor, I supposed I would hear something from those people. I kept warning them that the day would come when they would suffer from overproduction. It is very difficult to control matters of that nature, but some day we shall have to go back again to a type of agriculture which is easy on the soil and will conserve the soil. We are planting millions of acres of wheat and millions of acres of corn on land which should go back to pasture land. The sooner it is done, I think, the better it will be. In the operation of some particular law sometimes what seems to be an injustice is worked upon persons who have lately ripped up pasture land, tried to make farm land out of it, and undertaken to grow crops. It happens after every war, and there is not much that we can do about it.

Mr. HUNT. It is an unbearable hardship. The men to whom I have referred have applied for their units of land. They have very little cash resources and are not in a position to change their mode of farming. They are not in a position to put these lands into pasturage and make any appreciable amount of money from them the first year. They must have some help so they can plant crops. Has the distinguished Senator any suggestion as to how that can be accomplished?

Mr. ANDERSON. There are not limitations on all crops. There are possibilities of switching to other crops. It is not always necessary to plant wheat. Oats and barley may be a hazard, but there are possibilities in that direction.

The only thing I can think of is to transfer to crops which are not under acreage limitations.

Mr. HUNT. The crops, primarily, are sugar beets, potatoes, beans, and wheat. With the crop limitations, they are suffering under a severe hardship.

Mr. THYE. Mr. President, will the Senator yield, so that I may answer the distinguished Senator from Wyoming?

Mr. ANDERSON. Mr. President, I ask unanimous consent that the Senator from Minnesota may be permitted to answer the question of the Senator from Wyoming.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Without objection, it is so ordered.

Mr. THYE. The Senator from Wyoming made mention of sugar beats, beans, and other such crops. That indicates, to me, that the land to which he refers is irrigated land.

Mr. HUNT. Yes.

Mr. THYE. If it is irrigated land, a variety of crops can be planted, and wheat becomes a minor crop. I think the Senator from New Mexico will bear me out in that statement. The producer can turn to alfalfa, to barley, or he can produce soy beans or a dozen other crops just as profitably as he can produce wheat. I was thinking that maybe the group of producers referred to by the Senator might be in the arid area, and therefore would naturally summer-fallow one year and plant a crop of wheat the following year. In that situation their hands would be tied. But if it is strictly an irrigated area, there are a dozen avenues besides that wheat avenue.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. MILLIKIN. I remind the distinguished Senator from Wyoming that so far as wheat is concerned the distinguished senior Senator from Colorado, the junior Senator from Colorado, and the Representative from Colorado succeeded in getting amendments through this year which restore equities to the situation for a limited period of time. That is, when they follow fallowing practice they will not be penalized more than the national average. That is good for one year.

I agree entirely with the distinguished Senator from Wyoming that there is a possibility of very grave damage to the arid States unless there is some kind of relief, so far as producing wheat on arid land is concerned. Practically speaking, the production of grass is a long and highly speculative operation. A man may be able to plant wheat, but he may not be able to stock his farm with livestock.

I think the Senator has raised a very pertinent question. I should like to identify myself with his apprehensions.

Mr. HUNT. I thank the Senator from Colorado.

It was my hope that this bill would give to the Secretary sufficient authority to take care of isolated cases. This is certainly an isolated case and not an extensive situation, but it is one which is vital to the ex-servicemen who have settled on these new units. I am hoping we can exempt these lands without crop-production history from the provisions of the bill.

Mr. ANDERSON. The lands referred to would not be subject to the coverage of this bill. Public Law 272, which Congress passed earlier, does provide for quotas insofar as cotton, wheat, and peanuts are concerned. In other laws there is some leeway on the part of the Secretary of Agriculture as to making allotments from Washington and taking into consideration items of this nature. As a matter of fact, a percentage of the total national acreage was set aside so that he might take care of conditions such as this. I believe there is a possibility of extending some help to the persons to whom the Senator has referred.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. ANDERSON. I have been trying to yield the floor, but I am glad to yield to the Senator from Delaware.

Mr. WILLIAMS. I should like to ask the Senator this question: In the case of a farmer who has increased his acreage of cotton or some other commodity during the war, suppose the Government wants him to return to his previous production, and he refuses to cut his acreage back and is willing to forfeit his rights under the support program, but he says he is going to keep on growing cotton. What means of enforcement does the Secretary of Agriculture propose to adopt in a situation such as that?

Mr. ANDERSON. The law provides that when the farmer markets his crop he does so under a penalty amounting to 50 percent of the value of his cotton.

Mr. WILLIAMS. Even though the farmer elects not to participate in the support program, there are penalties and fees which can be levied against him. Is that correct?

Mr. ANDERSON. Yes; because we still operate under a theory of majority rule. When two-thirds of the farmers vote for the proposition, it becomes operative across the country.

Mr. WILLIAMS. Then it is possible that if a group of farmers decide not to cooperate, they could be penalized to the extent of losing their farms?

Is not that rather drastic here in America?

Mr. ANDERSON. Not under this bill.

Mr. WILLIAMS. But under the law they could lose their farms through fines and various penalties being assessed against them for their lack of cooperation.

Mr. ANDERSON. I do not know whether they could or not. I never heard of any farmer losing his farm under those circumstances.

Mr. THYE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr THYE. If a farmer refused to do what two-thirds of the farmers have agreed to do, he would be practically trying to give away his farm, would he not?

Mr. WILLIAMS. No. I am trying to point out what may be the result if we continue this authority in the hands of the Secretary of Agriculture.

Mr. ANDERSON. The virtue of it is that in this country it is not in the hands of the Secretary of Agriculture. It is in the hands of the farmers themselves. They have voted affirmatively for control of cotton, peanuts, and tobacco before the authority becomes effective. That is one thing I have liked about the program.

I might say to the distinguished Senator from Delaware that a couple of years ago it was my privilege to attend a meeting in Germany at which the farmers there were trying to understand the AAA program in this country, because they had been told by their leader, Hitler, how much they should plant and what variety they should plant, and they thought it was a wonderful thing that the farmers in America had a chance to express themselves and say whether they did or did not want to be under the control program.

Mr. WILLIAMS. I was trying to bring out the fact that under existing legislation it is impossible for any farmer to operate as an individual unit any longer, unless he complies with these laws and participates in the program he can be subjected to fines and perhaps imprisonment. This is something which I do not feel the farmers will stand for. It certainly is different from anything American.

Mr. ANDERSON. It depends on the penalty provision applicable to the particular law, As a matter of fact, in the potato program it is the violator of the program who I think has caused the most trouble, the individual who says "I do not care what the acreage allowed is, I am going right ahead and plant." A great majority of—should I say—the old-time potato producers, farmers in the Red River Valley, for instance, have not increased their acreage and their output so tremendously. We have to go to the new areas where they say "We do not care anything about history," and have planted hundreds of thousands of acres to potatoes, and marketed them in competition with the other farmers who have been staying with the program. That is one of the greatly puzzling things in the endeavor to determine what to do with the potato program. Where there is cotton going into a cotton gin, we can put a red tag on it, and we can work the program out pretty well, but there are conditions under which it does not work at all.

Mr. WILLIAMS. Under the present plan the farmer in the Red River Valley, or wherever he is, will first obtain a permit from the local representative of the Department of Agriculture, stating just how many acres of a given crop he can plant before planning his year's work if this bill is passed. Is that not true?

Mr. ANDERSON. No; if he wants to come within the program, he does; but he can plant all the potatoes he wishes to plant.

Mr. WILLIAMS. But you said before that in certain instances it could be done. I was assuming that the farmer had elected to stay outside of the program and not read any of the benefits under the program. Could he be forced by law to comply with the acreage control placed on farmers under the program, who participated in the program?

Mr. ANDERSON. It depends entirely on the type of program. We could if it

were cotton; we could not if it were potatoes.

Mr. LUCAS. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield to the majority leader.

Mr. LUCAS. While we are discussing potatoes, I invite the Senator's attention to page 4, title II, "Designated Nonbasic Agricultural Commodities." In the first paragraph the section refers to Irish potatoes, but in paragraph (b) the reference is to "late Irish potatoes." There is some difference, I presume.

Mr. ANDERSON. In the first place, we refer to "Irish potatoes," and in the next place, in order to be sure, we say, "early, intermediate, and late." There was assertion to the effect that all we could support was late Irish potatoes, on the ground that earlier potatoes had too much water in them and were hard to store, and the intermediate so much water that it was dangerous to attempt to store them, but the late potatoes could be safely stored. It was pretty difficult to handle the matter, therefore the language clearly spells out that it is "early, intermediate, and late," to cover the whole Irish-potato crop.

Mr. LUCAS. Is that an amendment to the bill?

Mr. ANDERSON. No.

Mr. LUCAS. In the bill I have, it speaks of "late Irish potatoes."

Mr. ANDERSON. I call the Senator's attention to the language on line 15, page 4, "early, intermediate, and late."

Mr. LUCAS. The Senator is correct, and I am wrong.

Mr. ANDERSON. It covers the whole crop.

Mr. LUCAS. I think there is much to be said with respect to the failure to support early and intermediate potatoes, because of what the Senator said in the explanation he gave a while ago. One of the troubles we have had with potatoes, so far as adverse publicity has been concerned, has been due to the early potatoes, which would spoil before they arrived at market.

Mr. ANDERSON. Unquestionably that is one of the questions.

Mr. LUCAS. I was not able to attend all the hearings on the bill, which is the reason why I am asking some of these questions. With all the trouble we have had with potatoes, why could not potatoes be placed under section 301?

Mr. ANDERSON. If the Senator will wait a day or two, there will be before the Congress, certainly there will be introduced a bill which I think will offer possibilities of real control of the potato situation. It is the bill which was sent to the Senate in conformity with the request of a special subcommittee appointed to consider dried eggs, the various problems that arose about the egg program, and the Irish potato program. The Department has submitted legislation which I assume will be introduced, indeed which may have been introduced already, but it is a bill which I think deals more adequately with the potato situation than any legislation thus far proposed. In the pending bill we left the matter about as it was, in the anticipation that later there would be something in the way of permanent legislation affecting potatoes.

Mr. LUCAS. I should not like to see the potato and egg program destroy the basic agricultural program. In view of what the Senator has said with respect to those who turn over thousands of acres of sod here and there in order to plant potatoes, it seems to me that if penalties were attached they could still make money through the support price, and it should be absolutely discretionary with the Secretary of Agriculture as to what support he would fix on potatoes. Those who have planted the extra acreages have done every conceivable thing in order to defeat the law, from the standpoint of their own selfish interests. That does not apply to all the old-time potato growers, to whom the Senator has referred, such as those in the Red River Valley and in other places, but when we see farmers put in potatoes, row after row, more than they did before, and use fertilizer to produce more potatoes, and at the same time turn over for the production of potatoes thousands of acres which were not so used before, we have to do something about that particular program in order to keep the American public enjoying a major degree of confidence in our great general agricultural program.

Mr. ANDERSON. I agree with the Senator, but I say to him that I think the subject is going to be treated in separate legislation. Legislation is now ready, and has been submitted to the committees of the Senate and the House, and I believe that something still can be done which will bring this situation under control.

Mr. MAYBANK. Mr. President, I understand the Senator has completed his speech on the bill. In view of our discussion this morning, I wondered if it would meet the Senator's view to consider a slight amendment on page 10, line 11, to add the words "(plus all costs and expenses to the Corporation, including interest, storage, insurance and transportation charges, as determined and approved by the Secretary of Agriculture)." I should like to send the amendment to the desk and have it stated.

The PRESIDING OFFICER. The clerk will state the amendment for the information of the Senate.

The LEGISLATIVE CLERK. On page 10, line 11, after the word "commodity" it is proposed to insert the words "(plus all costs and expenses to the Corporation, including interest, storage, insurance and transportation charges, as determined and approved by the Secretary of Agriculture)."

Mr. MAYBANK. Mr. President, that would save the Government from losing and would save the farmer from losing.

The PRESIDING OFFICER. Does the Senator desire to have the amendment printed?

Mr. MAYBANK. I ask for the adoption of the amendment, if it is in order. I understand it is agreeable to the Senator from New Mexico.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. MAYBANK].

The amendment was agreed to.

Mr. ANDERSON obtained the floor.

Mr. BUTLER. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield to the Senator from Nebraska.

Mr. BUTLER. I wish to refer to the remarks made by the distinguished majority leader. He is quite concerned about a few American producers growing more potatoes than the market can take care of, or the planting of potatoes by some of our own citizens who do not sign up for the program. The Senator has taken exception to them, as I gather from his remarks, and he thought something should be done about it.

In that connection I desire to ask whether the Senator felt that the importations of potatoes from Canada, to the extent of several hundred thousand bushels, was conducive to a successful potato program in the United States.

Mr. LUCAS. Mr. President, I care not to what extent they are imported as a result of this support program, the housewife is still paying quite a little money for the spuds she buys at the grocery store. It does not make any difference what quantity is imported so long as we have the price-support program on potatoes. It does not make any difference to the Treasury, and it does not make any difference in what the housewife has to pay.

I am not going to be drawn into an argument as to what may or may not happen with respect to the importation of potatoes into this country. It may be that they are coming in from Canada. I should want to know more than I do about the facts with respect to that situation before I ventured an opinion. But certainly the Senator's question is wholly irrelevant to the issue before the Senate, because we have a support program. It would not make any difference if 10,000,000 or 100,000,000 bushels of potatoes were imported into this country; the Government would still support potatoes at a certain price, and the money for that purpose would still come out of the Treasury of the United States.

Mr. President, I say the program is indefensible. We cannot continue such a program and expect to retain public confidence in the farm program as a whole. I have continually stated, over a period of years, that our support programs for the basic crops, such as cotton, wheat and corn and tobacco and rice, with respect to which the product can be absolutely controlled, through quotas and acreage allotments, must not be jeopardized under any circumstances, by some other type of support program which is impractical. Support of the nonbasic commodities, which everyone does want to help, of course, where it is practicable, such as potatoes, poultry, eggs, and so forth, over which we have no control whatsoever, is the sort of thing which I am afraid will ultimately destroy the real basic program. That is all I am trying to say.

Mr. BUTLER. I think the Senator is interested, as we all are, in the success

of any crop the American producer is growing.

Mr. LUCAS. I certainly am.

Mr. BUTLER. Potatoes are one of those crops, and when importations come in from Canada over the low tariff or no tariff, it certainly does not make easier the lot of the American producer, be he a producer of wheat, of cattle, or of any other form of farm product.

Mr. LUCAS. Under the price-support program it makes no difference how many potatoes may come in. It might help the consumer a tremendous amount, in view of the price the housewife has to pay for potatoes at the present time under our present support-price program.

Mr. ANDERSON. Mr. President, I yield the floor.

Mr. MAGNUSON. Mr. President, I submit two amendments to the bill and ask that they be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be received, printed, and lie on the table.

The Chair calls attention to the fact that the bill is now open to amendment.

Mr. MAGNUSON. Mr. President, I ask that my amendments lie on the table for a while. I wish to say that one of the amendments relates to the question of agricultural imports and exports a subject which the Senator from Nebraska has just brought up. I hope we will be able to include it in the bill. Its general effect would be to allow the Secretary of Agriculture to make determination so that, for instance, if too many potatoes were coming into the United States, or too many apples were coming into the United States, or too much of some other crop, the President in turn could act upon the information furnished him by the Secretary of Agriculture, rather than that the matter should go through the long, tedious, and laborious process of passing through the Tariff Commission. I will say to the Senator from Nebraska that it is significant that all the tariff agreements signed at Geneva by the 53 nations contain exactly such a clause as my amendment. The nations think the purpose should be accomplished in this way, but the State Department has never put the action of the Geneva nations into effect. It would be much simpler to handle the question of imports as they affect the agricultural economy and stability of a crop, if the Secretary of Agriculture, who knows the problem and has all the facts, could attend to the matter directly through the President. I hope the amendment will be adopted.

We have had a great deal of trouble in my section of the country because of the way matters have to be handled. We are not against reciprocal trade agreements or against importations, but there are times when the importations of fruit knock the fruit market out completely. The language of my amendment would result in bringing about a very simple determination and keeping the situation more stable.

Mr. WATKINS. Mr. President, I understand the bill is open to amendment?

The PRESIDING OFFICER. The bill is open to amendment.

Mr. WATKINS. I call up the amendment I submitted on September 21, to Senate bill 2522, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 8, after the word "Nuts", it is proposed to insert the word "honey."

On page 4, line 15, after the word "nuts", it is proposed to insert the word "honey."

Mr. THYE. Mr. President, I wonder if the bill does not read "tung nuts" instead of just plain "nuts." I had a similar amendment which I submitted some days prior to the day the Senator submitted his amendment. That is the reason why I know the language of the bill, and that the language of the bill is "tung nuts."

The PRESIDING OFFICER. The Senator from Minnesota is correct, in that the article described is "tung nuts." But as the Chair understands, the amendment simply refers to the one word "nuts."

Mr. THYE. I think the amendment would be more understandable if the words "tung nuts" were used.

The PRESIDING OFFICER. Does the Senator from Utah wish to have his amendment modified accordingly?

Mr. WATKINS. It is a question whether that is proper or not. As the language appears in the bill, the words are separated. The words are "tung nuts." All I was trying to do was to identify the place where the amendment should be made. The language is two words. The two words are not joined into one. If it is necessary that the two words be used in connection with my amendment, so as to make it proper, of course, I shall not object.

By the way, Mr. President, I did not know that the Senator from Minnesota had submitted an amendment several days before I submitted mine. I thought mine was submitted before his was.

The PRESIDING OFFICER. The Chair suggests that the word "nuts" in the first part of the amendment be decapitalized. Then it would correspond with the language of the bill.

Mr. WATKINS. I accept that suggestion. I take it the amendment submitted by the Senator from Minnesota is to the same effect as mine.

Mr. THYE. If the junior Senator from Utah would refer to the committee discussion during the preparation of the language of the Anderson bill and would read the hearings on the bill, he would know that the senior Senator from Minnesota had advocated that honey be included as one of the mandatory commodities under the bill. There is an amendment on the desk which would amend the bill so that honey would be included in the Anderson bill as a mandatory responsibility on the part of the Secretary of Agriculture.

Mr. WATKINS. In view of that record I should be very happy to yield to the Senator at this time and permit him to call up his amendment, and then I shall be glad to join with him.

The PRESIDING OFFICER. Does the Senator from Minnesota desire to call up his amendment now?

Mr. THYE. Mr. President, absolutely not. If the junior Senator from Utah would amend his amendment so that it would refer to the two words "tung nuts" as the language appears in the bill, then, of course, I would support his amendment, because the two amendments then would be identical in every sense.

Mr. WATKINS. Mr. President, the Senator from Utah has already indicated that he would be very glad to have the amendment amended to fit the situation. In view of the way the words were printed in line 8, on page 4, I had some doubt that the wording should be as the Senator from Minnesota suggests. However, if it is necessary to change the wording in line 8, on page 4, and in line 15, on page 4, I shall be very happy to have the amendment made to conform. It is simply a question of the phraseology. It is a technical situation. The Chair might be able to enlighten us upon that subject, after consultation with the Parliamentarian.

The PRESIDING OFFICER. The Chair suggests that in order to bring the amendment into line—and certainly to bring the thinking into line—the Senator might well modify his amendment to include the word "tung," so as to read "tung nuts," with a lower case "n" and a comma following the words "tung nuts."

Mr. WATKINS. Is that agreeable to the Senator from Minnesota?

Mr. THYE. It is.

The PRESIDING OFFICER. Without objection the amendment is so modified.

Mr. WATKINS. Mr. President, I accept the modification proposed.

I take it that this proposal requires no long argument. It has already been stated very well by the Senator from Minnesota [Mr. THYE] that honey production does not concern itself merely with the crop of honey, valuable as that crop is. It has a profound effect upon other crops grown in this country. One honey producer has informed me that there are approximately 50 crops in the United States which are affected by the activity of the bee in the matter of pollenization, and that if we do not do something now to make the production of honey more attractive to the producers, in view of the many obstacles which are placed in their way by modern methods of spraying nearly all crops, honey production will soon be a thing of the past. That would be very damaging to the production of many other crops.

In my State, for example, it would be difficult to produce alfalfa seed, clover seed, and other crops without the aid of the honey bee. Most fruits are pollenized by the activities of the honey bee.

We have already seriously handicapped the honey producers by spraying methods and the types of sprays used. It has been very difficult indeed for them to keep going under the high costs and heavy losses they meet because of sprays used on most orchards, and now used upon many of the alfalfa and clover fields in my State. I understand that the same situation prevails in other Western States, particularly on irrigated land, where the same types of crops are grown. It is of great importance to the other basic crops that honey production be kept up to a high standard.

I am also informed by those who should know that we have been importing approximately 42,000,000 pounds of honey each year. I think that was the importation for a year ago. If foreign honey had been kept out of the United States, this situation might not have arisen. There are those who urge that the most effective remedy for the desperate situation in which the honey producers find themselves at the present time would be a tariff to provide protection. But inasmuch as we are to have this type of legislation, calling for a support-price program, honey production ought to be taken care of in this bill.

As the Senator from Minnesota has stated, we urged this amendment before the committee. I do not know why it was eliminated from the bill in committee, but I think it ought to be placed in the bill. It is of great importance not only to honey producers, but to all the American people who buy the other crops which will be in short supply if we do not protect the production of honey.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Utah [Mr. WATKINS].

Mr. ANDERSON. Mr. President, I do not wish to detain the Senate long, and I promise the Senator from Utah that I shall not do so. I agree with much that he has said. I merely point out that it so happens that the great difficulty in the honey business is that hives are not always available where they are needed.

The theory of making the price of honey so attractive that the person who owns a hive does not have to try to find a person who wants it is somewhat new. Heretofore we have tried to support the honey industry by sales of honey and by the renting of colonies of bees for pollenization.

Unfortunately, about 50,000,000 pounds of honey are produced annually in the United States. We can use probably 15,000,000 pounds in the school lunch programs. Under the terms of this amendment 35,000,000 pounds will have to be bought by the Government and turned into livestock feed. While the cost would be only about $1,900,000, I do not feel that I could accept the amendment, because it involves that much money. I do not feel very keenly about it, but it seems to me that it is an extraordinary expense.

Mr. LUCAS subsequently said: Mr. President, I ask that there be inserted in the RECORD, immediately just prior to the adoption of the amendment dealing with the price support on honey, a short statement. I was off the floor of the Senate at the time the amendment was agreed to.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT ON AMENDMENT FOR HONEY PRICE SUPPORT

Mr. President, it is my firm conviction that mandatory price support must be placed upon honey if one of the most essential industries in America is to survive.

The honeybee industry is doomed if the prices of honey continue at their present level. Since the close of the war, the number of honeybee colonies in the United States has substantially decreased. The reason is clear; the present market price for honey is less than the cost of production. The more colonies that a keeper maintains, the more money he loses. The effect of this has been to reduce seriously the number of honeybee colonies throughout the United States.

This can be disastrous to our whole agricultural economy as there are some 50 different crops that depend upon honeybees for pollination.

The Bureau of Entomology and Plant Quarantine of the Department of Agriculture, in a letter printed in the House Agriculture Hearings, recognized the importance of the honeybee industry. I quote directly:

"It is perhaps difficult to overemphasize the importance of honeybees in the agricultural economy of the country."

The Bureau then lists in this letter the crops that are dependent upon bees for pollination. Among these are alfalfa, red clover, nearly all fruits, and many vegetables. This letter goes on to state, and I quote again:

"Inasmuch as 80 percent of all pollination is done by honeybees, they are truly indispensable."

The Bureau of Entomology of the Department of Agriculture concludes its letter with these words:

"Considering the agricultural economy of the country as a whole, some plans or means must be provided to maintain a thriving and vigorous beekeeping industry. Honey is really a byproduct of this industry and, until the beekeeper is paid for pollination services by his bees, he must receive enough for his honey to encourage him to stay in business."

I am aware that there is opposition in some quarters to supporting the price of honey. Those who oppose such a program, however, do not deny or try to underestimate the importance of the honeybee industry in our agricultural enecomy. They oppose price support on the grounds that it is not a permanent solution to the problem. They argue that price supports will result in a greater production of honey and, as a consequence, an expansion of the bee industry beyond the needs of pollination.

I submit that this is not a sound basis for opposing price supports. We have an immediate problem before us that requires an immediate solution. This amendment provides that solution. The placing of price supports on honey will save the honeybee industry and prevent the deterioration of numerous farm crops. I have been advised that if the price of honey continues at its present low level, we can expect a decline in this industry on such a scale that it will take 10 years to rebuild it. Our first responsibility is to assure the survival of the honeybee industry; after that the Department of Agriculture, cooperating with the bee industry, can work out a permanent solution to the whole problem.

Any time that it is recommended that mandatory price supports be extended, it is proper that we consider the likely cost to the taxpayers of such an extension. I have made this investigation in respect to honey. I have been advised by the Department of Agriculture that we may expect the production of 200,000,000 pounds of honey in the coming year. The proportion of this which would be surplus, in the sense that the Government would be required to take title to it, depends largely upon the level of price support which is maintained. The lower the level of support, the smaller will be the surplus.

The Department of Agriculture has estimated that if the support price were set at 75 percent of parity it would not be likely that the cost to the United States Government would be much over one and three-quarters million dollars for the whole program. If the price were set as low as 60 percent of parity, which is permissible under this amendment, the cost to the Government should be very slight.

I do not believe that any Senator can disagree with me that a million dollars is an unreasonable price to pay for the survival of an industry essential to our whole agricultural economy.

I want to emphasize again that the beekeeping industry will welcome a permanent solution to its problems. The Department of Agriculture, however, has not come forth with such a solution. What we propose here can keep the industry alive until such time as the Department does propose a workable program.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Utah [Mr. WATKINS].

The amendment was agreed to.

Mr. WILLIAMS. Mr. President, on behalf of my colleague [Mr. FREAR], the Senator from Maryland [Mr. O'CONOR], and myself, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Delaware will be stated.

The LEGISLATIVE CLERK. At the appropriate place in the bill it is proposed to insert the following:

SEC. 303. Should price support operation be undertaken with respect to any poultry or meat animal, those chickens known as broilers shall also be supported (1) at a percentage of the parity price for broilers which is not less than the percentage of parity at which the price of such other poultry or meat animal is supported, and (2) in a manner which is not less favorable to broiler producers than that in which the price of such other poultry or meat animal is supported.

Mr. WILLIAMS. Mr. President, I discussed this amendment with the Senator from New Mexico [Mr. ANDERSON], and while he has not agreed to accept the amendment, for reasons he will explain, I feel that it is no more than fair. It will still be optional with the Secretary of Agriculture either to support or not support meats, but the amendment merely provides that if he decides to place in operation a support program in relation to any type of meats, he must make available the same offer to the broiler producers, and thus recognize them as meat producers. For years the broiler producer has not received the recognition from the Department of Agriculture accorded other groups of farmers. However, I want it understood that even though this amendment is accepted I shall feel under no obligation to vote for this bill upon its final passage.

I reserve the right to make that decision on the bill itself later and my decision will not be based upon any action taken by the Senate here on this amendment.

Mr. ANDERSON. Mr. President, I agree with the distinguished Senator from Delaware when he says that the amendment does not change the present situation. However, I submit that the amendment provides that if there is any sort of support program on any type of meat, it must be extended to broilers. If we were to say that if one type of meat were to be supported, all meats should be supported, there might be some room for argument. I do not believe it is correct

to say that if there is to be a support price on any type of meat whatever, it must be extended to broilers. In all kindness I suggest to the Senator from Delaware that I find it impossible to decide that this amendment ought to go in the bill.

Mr. WILLIAMS. Mr. President, the reason why this amendment is necessary is that for some reason which I have never been able to understand, the Secretary of Agriculture has defined a broiler as not being a chicken. In the definition of "chickens" as the Secretary of Agriculture defines them, he says, "All types of chickens except broilers." If a broiler is not a chicken, I do not know what it is. Besides if other types of meat are supported why shouldn't broilers be supported. I think the amendment should be adopted. It is very important to the broiler producers of the Delmarva Peninsula. There are broiler growers in Arkansas, Georgia, Virginia, and many other sections of the country. The production of broilers is just as important to those farmers as the production of wheat is to farmers in the Midwest, and if we are going to spend the taxpayers' money on a farm program why should these farmers be discriminated against?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS], for himself and other Senators. [Putting the question.] The Chair is in doubt.

Mr. LUCAS rose.

Mr. WILLIAMS. Mr. President, I ask for a division.

On a division, the amendment was agreed to.

Mr. LUCAS. Mr. President, I rose to suggest the absence of a quorum.

Mr. WILLIAMS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WILLIAMS. Has not the announcement been made?

Mr. FULBRIGHT. The announcement has been made.

Mr. LUCAS. Mr. President, I was on my feet.

Mr. WILLIAMS. The announcement was made, Mr. President.

Mr. LUCAS. I announce that I should like to have had recognition. That amendment was put pretty fast.

The PRESIDING OFFICER. The Senator can ask for reconsideration of the vote. The Chair must say that the announcement was put rather fast, but the Chair did not see the Senator from Illinois on his feet prior to making the announcement.

Mr. LUCAS. I recall that recently the distinguished Vice President made one of those fast announcements and got into a little trouble.

Mr. President, I move to reconsider the vote just taken.

Mr. FULBRIGHT. Mr. President, there were two votes.

Mr. LUCAS. I move that the vote just taken be reconsidered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois.

Mr. WILLIAMS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hayden	Miller
Anderson	Hendrickson	Millikin
Baldwin	Hickenlooper	Morse
Brewster	Hoey	Mundt
Bricker	Holland	Neely
Butler	Hunt	O'Conor
Byrd	Ives	O'Mahoney
Cain	Johnson, Colo.	Pepper
Capehart	Johnson, Tex.	Robertson
Chapman	Johnston, S. C.	Russell
Chavez	Kefauver	Saltonstall
Connally	Kem	Schoeppel
Cordon	Kerr	Smith, Maine
Donnell	Kilgore	Sparkman
Douglas	Knowland	Stennis
Downey	Langer	Taylor
Eastland	Leahy	Thomas, Okla.
Ecton	Lucas	Thomas, Utah
Ferguson	McCarthy	Thye
Frear	McClellan	Watkins
Fulbright	McFarland	Wherry
George	McKellar	Wiley
Gillette	McMahon	Williams
Graham	Magnuson	Withers
Green	Martin	Young
Gurney	Maybank	

The PRESIDING OFFICER. A quorum is present.

Mr. AIKEN. Mr. President, I should like to make a short statement.

Mr. MAGNUSON. Mr. President, I have two amendments.

Mr. AIKEN. If the Senator from Washington has the floor, of course I shall wait until he concludes.

The PRESIDING OFFICER. The Chair forgot that the Senator from Washington was prepared to speak before we began on this other matter.

Mr. AIKEN. Mr. President, I thought the Senator from Washington had concluded, and that a vote had been taken on a certain amendment.

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. What is the question before the Senate?

The PRESIDING OFFICER. The Chair understood the Senator from Illinois to move that the Senate reconsider the vote by which the amendment of the Senator from Delaware [Mr. WILLIAMS] was agreed to.

Mr. LUCAS. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the motion to reconsider.

Mr. CAPEHART. Mr. President, I move to lay on the table the motion to reconsider.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that I may yield the floor for the purpose of having the vote on the motion taken.

The PRESIDING OFFICER. Without objection, the Senator from Washington will be allowed to yield the floor for that purpose, and to assume the floor after the motion is disposed of.

Mr. CAPEHART. Mr. President, I have moved to lay on the table the motion of the able Senator from Illinois to reconsider the vote by which the last amendment, that of the Senator from Delaware, was adopted.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Indiana to lay on the table the motion to reconsider offered by the Senator from Illinois.

Mr. PEPPER. Mr. President——

The PRESIDING OFFICER. The motion is not debatable.

Mr. PEPPER. Mr. President, I wonder whether the Senator will withhold the motion to lay on the table long enough for some Senator to state what the issue involved in the subject is. Some of us came on the floor after the motion was made, and we desire to know exactly what the point at issue is at this time. Mr. President, will the Senator withhold his motion long enough to permit an explanation from both sides?

Mr. CAPEHART. I have no objection to doing that, by unanimous consent—say for 2 minutes.

The PRESIDING OFFICER. Is there objection to the request? The Chair hears none, and for 2 minutes some Senator will be recognized to explain the situation.

Mr. WILLIAMS. Mr. President, if the amendment is not adopted, and if the Anderson bill passes, the law, as defined by the Department of Agriculture, will include all types of poultry, except broilers. If a broiler is not a chicken, I do not know what kind of animal it is. My argument is that the protection of broilers is just as important to the broiler producers as it is to the producers of meat of any other description. I agree with the Senator from New Mexico it is a little difficult to support meats. I first approached him with the proposition and told him I would go along with striking out the support on all types of meats if he would do it. Then the broiler grower could compete on a basis of equality. But if we are going to support all other types of meats, then let us support the broiler grower on the same basis as turkeys and other types of meats which are sold in competition with broilers. A broiler is a commercial meat-producing animal. The support under this amendment is not made mandatory. It merely says if the Secretary of Agriculture decides to support any of these types of meats, he shall give to the broiler producer the same consideration he gives to them. I see no reason why he should not do so.

Mr. CAPEHART. Mr. President, the amendment offered by the able Senator was agreed to, after which the able Senator from Illinois, the majority leader, moved to reconsider the vote by which the amendment was agreed to. I moved to lay on the table the motion to reconsider; so the question is on agreeing to the motion to lay on the table.

Mr. PEPPER. Mr. President, it was understood, I think, that both sides should have an opportunity to explain. We would like to hear the other side, if there is another side of it.

The PRESIDING OFFICER. Does anyone desire recognition?

Mr. HOLLAND. Mr. President, briefly the objection to the amendment offered by the Senator from Delaware is not to the accomplishment of what he seeks to accomplish, but the accomplishment of what he will accomplish if the amendment is adopted. The amendment says

"should price support operations be undertaken with respect to any poultry or meat animal, chickens known as broilers shall also be supported." It then goes ahead to recite the basis upon which that shall be done. The result would be a completely inconsistent situation, for instance, in the event any meat, say beef or hogs, were supported, broilers would be mandatorily supported without necessarily involving chickens at all. Speaking only for the junior Senator from Florida, I am quite willing that the amendment be rejected, to have the Senator reoffer it in the form of supporting broilers in the event chickens generally are supported, which I think would be reasonable and logical. But to have it in the present form would bring about the most illogical sort of result, anything but the result which the Senator from Delaware I am sure wishes to accomplish.

Mr. WILLIAMS. Mr. President, if the Senator will yield a moment, I may say chickens in general can be supported, and eggs are supported. Broilers are used for the production of meat. They sell in direct competition with other meats. I feel that we should either extend the support program to all kinds of meats, or eliminate them all.

Frankly, I think our whole farm-support program is too high and unfair both to the taxpayers and the consumer. But we cannot correct this by discriminating against just one segment of agriculture. We cannot correct the situation by eliminating the eastern farmers.

Mr. HOLLAND. Mr. President, since there has been a following-up of the original explanation, let me simply say the bill, as presented, permits any one of the meat animals to be supported, in the event the need for it exists. For instance, if we should have a heavy crop of turkeys supported, it would not follow at all that there was a shortage or need to support any other crop; and just so, here there is certainly no real reason or consistency at all in saying that broilers shall be supported if some other meat crop—any other meat crop—is supported at the time.

Mr. WILLIAMS. Mr. President——

The PRESIDING OFFICER. The time has expired, under the unanimous-consent agreement. The question is on agreeing to the motion to lay on the table the motion to reconsider the vote by which the amendment of the Senator from Delaware was agreed to. [Putting the question.] In the opinion of the Chair the "noes" have it.

Mr. CAPEHART and Mr. WILLIAMS requested a division.

On a division, the motion to lay on the table was rejected.

The PRESIDING OFFICER. The question is on agreeing to the motion to reconsider the vote by which the amendment of the Senator from Delaware was agreed to.

The motion was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Delaware.

Mr. WILLIAMS. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays having been ordered, the clerk will call the roll.

The Legislative Clerk proceeded to call the roll, and called the name of Mr. AIKEN.

Mr. AIKEN. Mr. President, I have not yet responded to my name, and before I do so I want to say the surest way to kill the permanent farm program will be to load it up with mandatory supports for any and all commodities for which there is sufficient influence with the Congress to have them included in the list.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. FULBRIGHT. The Senator knows a great deal about this subject. Can he explain why the distinction has been made between chickens and broilers? I am unable to follow it.

Mr. AIKEN. If there is any distinction between chickens and broilers, it is a distinction made by the administrative branch of the Government, not by the Congress.

Mr. FULBRIGHT. That is correct.

Mr. AIKEN. The solution is not that we should confuse our legislation; it is to change the interpretation of the administrative branch. We cannot undertake to interpret the law and to state what is intended.

Mr. FULBRIGHT. I was asking the Senator to explain why there should be such a distinction made by the administrative branch. I realize it is a distinction which has been made by the administrative branch.

Mr. AIKEN. I do not undertake to say why the administrative branch makes the rules and regulations it makes, or why it applies them in the manner it does. The Congress ought not to be required to legislate in detail; which is apparently what we have to do.

I have every sympathy for the producers of broilers, I think they should have protection; but, as a matter of fact, I think we should have such administration of our agricultural laws as will give fair and equal protection to everyone. I do not believe we can load up this bill with mandatory supports for commodities. I realize fully why these demands are made. It is because someone does not get supports when others apparently do.

Mr. FULBRIGHT. If the Senator will yield, this is not mandatory. It does not say he must support broilers. It is only that he must do so when he supports other kinds of meat.

Mr. AIKEN. The bill which was enacted last year provided that when other poultry was supported, broilers should be supported. I think that would be better, but I would not say that when hogs are supported, broilers should be supported also, or that when beef is supported, broilers should be supported.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. WILLIAMS. Is it not a face that if this amendment is rejected and the Anderson bill is passed as it is, it will be optional with the Secretary of Agriculture to support any type of poultry except broilers?

Mr. AIKEN. That is true; but I cannot conceive of the Secretary of Agriculture doing that and remaining Secretary very long, if the broiler industry is in such position as to warrant similar support.

Mr. WILLIAMS. If the Senator will yield further, I might point out that the Secretary of Agriculture has got away with that definition of a broiler for 5 years. Last year we redefined it, and now this bill proposes to repeal our definition, and for no reason except to discriminate against the producer of broilers.

Mr. AIKEN. I believe the Secretary of Agriculture of 3 years ago is on the floor of the Senate and perhaps can give a better explanation of why it was done than I can. I believe the shortage of grain had a great deal to do with it during the war years.

Mr. ANDERSON. I have no criticism at all of what the Senator from Delaware has said, but his amendment does not so provide. It says that if any kind of meat is supported, broilers must be supported.

Mr. AIKEN. That is also my objection.

Mr. WILLIAMS. Will the Senator yield further?

Mr. AIKEN. I yield the floor.

Mr. THYE. Mr. President, will the Senator yield at this point?

The PRESIDING OFFICER. The Senator from Vermont has yielded the floor.

Mr. AIKEN. I have yielded the floor, unless there are further questions.

Mr. THYE. The point I wanted to bring out is simply this, that the amendment provides that if there is any suport price on any meats, broilers must also be supported. A broiler can be produced in 16 weeks. The Secretary may find himself compelled, because of a depressed condition in beef, pork, turkeys, or chickens, at any future time, to announce that, as Secretary of Agriculture, he will support pork or beef or turkeys at a certain period in the growing season, which may be in August or September. Before the Secretary can carry out what he is hoping to accomplish in supporting the price of pork and beef, producers of broilers have already put another flock of broilers in the baby chick house, and they will go on the market before the Secretary could ever execute the support price on pork or on beef. When it comes to the question of a product which can be produced in anywhere from 16 to 20 weeks, it can defeat any support program which has ever been announced by any Secretary of Agriculture in the past, or which can be announced by any Secretary in the future, so far as the support of pork or beef is concerned, because, by the time relief could be given to the producers of pork or beef, the broilers would undermine it to a point at which the Secretary could not afford to pay the bill from the standpoint of the general public and the Treasury of the United States.

I think the senior Senator from Vermont is absolutely and wholly correct when he says that if we want to load this bill up with 101 amendments we could not do anything which would defeat the bill any more quickly than that.

I was asked by the junior Senator from Utah why I was not successful in the Committee on Agriculture and Forestry in getting honey included in the mandatory support level. The Secretary of Agriculture recognized that if we commenced to spell out categorically support items in the committee, we could defeat ourselves in the attempt to write farm legislation before the bill ever got out of the committee room. That was one reason why the Committee on Agriculture and Forestry would not accept support on honey at the time the subject was being discussed in committee.

So I come back to the point and say to the able Senator from Delaware that if we were to include broilers in a mandatory provision for the Secretary of Agriculture to carry out, nothing in the world could any more quickly defeat this permanent farm legislation.

Mr. WILLIAMS. If this were a crop produced in Minnesota I think perhaps the Senator would be a little more familiar with it, because on the Delmarva Peninsula the broiler producers produce only broilers. That is their entire business. Last year the entire farm-support program cost approximately $500,000,000, according to the statement of June 30. Thus the farm program cost the taxpayers in the State of Delaware last year five and a half million dollars, since we pay about 1 percent of the operating expenses of the Government. Our farmers are primarily producers of broilers. If we are to have a price-support program, then let us treat the eastern farmer on a par with the others. As I said before, I would vote to strike out all meats, but if we are going to support the price of pork, lamb, turkeys, and other animals all over the country, then the broiler growers on the Delmarva Peninsula, Georgia, Arkansas, and the other areas are entitled to equal protection in the same type of support. That is all we are asking.

Mr. President, since it is apparent that I will be defeated in my amendment as written, I should like to modify my amendment. I ask unanimous consent to modify it by striking out "meat animals" and make it apply to any type of poultry. That would merely mean that if the Secretary of Agriculture inaugurates support of any type of poultry or turkeys he must offer the same terms to the broiler growers. If the Department should come out with a program of production controls I do not know that they would even vote to accept it but I think it should be offered to them on the same terms as it is offered to any other farm product produced in the other 47 States. Our farmers are taxpayers and I remind the Senators from the western farm area that a successful farmer in the East is just as important to the economy of our country as is a successful farmer in the West.

Our farmers in the East are really being penalized by all these support programs. Under both the present law and the proposed law the price of feed they purchase will be held at artificially high levels while their finished product is allowed to sell on a free market. To make the situation even more unbearable the Department insists upon supporting competitive meats. This situation must be corrected and it is with great reluctance that I ask unanimous consent to modify my amendment in the manner in which I have stated.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment offered by the Senator from Delaware is so modified.

Mr. ANDERSON. Mr. President, as modified, I have no objection to the amendment.

Mr. WILLIAMS. Mr. President, the yeas and nays have been ordered. I ask unanimous consent to withdraw the request for the yeas and nays since the modified amendment seems agreeable.

The PRESIDING OFFICER. Without objection, the request is withdrawn.

The question is on agreeing to the amendment, as modified, offered by the Senator from Delaware [Mr. WILLIAMS].

The amendment was agreed to.

Mr. MAGNUSON. Mr. President, I have two amendments which I previously sent to the desk which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendments offered by the Senator from Washington.

The CHIEF CLERK. On page 16, line 16, it is proposed to insert:

SEC. 416. Subsection (f) of section 22 of the Agricultural Adjustment Act, as reenacted by section 3 of the Agricultural Act of 1948 (Public Law 897, 80th Cong.) is hereby amended to read as follows:

"(f) No treaty, trade agreement, or other international obligation shall be hereafter entered into by the United States which does not reserve to the United States the unconditional right to unilaterally impose the fees and quantitative limitations on imports provided for in this section; and no such treaty, trade agreement, or other international obligation now in force shall be renewed, extended, or allowed to extend beyond its permissible termination date, without the inclusion of such reservation."

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the reading of the other amendment be suspended, because I can explain it. Both amendments relate to the same subject.

The PRESIDING OFFICER. Is it the purpose of the Senator to have the two amendments voted on en bloc?

Mr. MAGNUSON. The two amendments relate to the same subject, and they should be voted on en bloc.

Mr. HICKENLOOPER. Has the amendment been printed?

Mr. MAGNUSON. No. I submitted it just today.

The PRESIDING OFFICER. Without objection, the second amendment will not be read, but the two amendments will be voted on en bloc.

Mr. MAGNUSON'S second amendment is as follows:

On page 16, line 16, insert the following:

"SEC. 416. Section 22 of the Agricultural Adjustment Act, as added by section 31 of the act of August 24, 1935 (49 Stat. 773), and reenacted by section 3 of the Agricultural Act of 1948 (Public Law 897, 80th Cong.) is hereby amended to read as follows:

"'SEC. 22. (a) Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or threaten to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with or threaten to make necessary, any program or operation undertaken, or authorized to be undertaken, under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law No. 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken, or authorized to be undertaken, by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the production in the United States of any agricultural commodity or the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken or is authorized to be undertaken, he shall cause, on his own motion or on the motion of interested producers or processors, an immediate investigation to be made by the appropriate office or agency responsible for the administration of the affected program in the United States Department of Agriculture, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the Secretary of Agriculture shall specify.

"'(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the Secretary of Agriculture finds the existence of such facts, he shall certify to the President such facts, and the President may by proclamation impose such fees not in excess of 50 percent ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds shown by such investigation to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, or threaten to make necessary, any program or operation referred to in subsection (a) of this section, or reduce substantially the production in the United States of any agricultural commodity or the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being, or threatens to be, undertaken: *Provided*, That no certification under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 percent of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption during a representative period as determined by the Secretary of Agriculture: *And provided further*, That in designating any article or articles, the Secretary of Agriculture may describe them by physical qualities, value, grade, use, or upon such other bases as he shall determine.

"'(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law No. 320, Seventy-fourth Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees or quantitative limitations shall not be considered as duties or trade barriers for the purpose of granting any preferential or other concession under any treaty, trade agreement, or other international obligation of the United States: *Provided*, That so long as any proclaimed quantitative limitation provided for in this section is in effect

on an imported article, any duties imposed on such article by the Tariff Act of 1930 or import excise taxes imposed on such article by any revenue act shall not be assessed and collected.

"'(d) After investigation, report, finding, certification, and proclamation issued pursuant to subsection (c) of this section, any proclamation or provision of such proclamation may be suspended or terminated by the President whenever the Secretary of Agriculture finds and certifies to the President that the circumstances requiring the proclamation or provision thereof no longer exists or may be modified by the President whenever the Secretary of Agriculture finds and certifies to the President that changed circumstances require such modification to carry out the purposes of this section.

"'(e) Any decision, findings, or certification of facts and required fees or quantitative limitations of the Secretary of Agriculture under this section shall be final.'"

Mr. MAGNUSON. Mr. President, these two amendments relate to the agricultural program in its relationship to our reciprocal trade program.

Section 22 of the Agricultural Adjustment Act, as reenacted by the Agricultural Act of 1948, contains a subsection (f) which reads as follows:

(f) No proclamation under this section shall be enforced in contravention of any treaty or other international agreement to which the United States is or hereafter becomes a party.

If my amendment shall be adopted, the section will read:

(f) No treaty, trade agreement, or other international obligation shall be hereafter entered into by the United States which does not reserve to the United States the unconditional right to unilaterally impose the fees and quantitative limitations on imports provided for in this section; and no such treaty, trade agreement, or other international obligation now in force shall be renewed, extended, or allowed to extend beyond its permissible termination date without the inclusion of such reservation.

The language presently contained in subsection (f) has been seized upon by certain executive departments as a means of nullifying—for all practical purposes—the protection from excessively injurious imports section 22 was designed to give agricultural industries. Let me illustrate with a specific case.

Mr. President, the case I am about to mention is used merely as an illustration. It does not refer to a crop raised in my area of the country. It is merely a good illustration.

In September 1948 the tree nut industry formally requested an investigation of the effect of imports. In conformity with Executive Order 7233 the application was filed with the Department of Agriculture. That order, together with section 22, established the following routine The Department was given the responsibility of making a preliminary study, and if warranted, recommending to the President that detailed investigation be undertaken by the Tariff Commission.

If the facts presented to him so dictated, the President would direct the Commission to make the investigation. The Commission would report the results of its investigation to the President and the President would decide whether and in what permissible amounts import fees or quotas should be applied. This then was the long and somewhat tortuous path upon which the tree nut industry embarked when it filed application in September 1948.

The request to recommend an investigation was denied by the Department in a letter dated December 31, 1948. The industry appealed the decision March 23, 1949. The appeal was dismissed May 19, 1949 via a letter signed by the Administrator of Production and Marketing Administration.

Mr. MILLIKIN. Mr. President——

The PRESIDING OFFICER (Mr. STENNIS in the chair). Does the Senator from Washington yield to the Senator from Colorado?

Mr. MAGNUSON. I yield.

Mr. MILLIKIN. Does this amendment apply to trade treaties which have already been made?

Mr. MAGNUSON. It applies to those which have already been made. The language fits right into language now in existing treaties. The treaties of Geneva, for instance, contain such clauses as we are suggesting, modifying section 22. The 52 other nations which entered into the treaties with us at Geneva expected us to go through a procedure whereby we would change the quotas and the fees when they became injurious to our agricultural products. Every treaty at Geneva contains that clause, but we have never been able to get any action.

Mr. President, I do not care to take too much of the time of the Senate. I have used the tree nut industry as an example, because the officials in Washington discussed that matter for about a year and a half. The amendment would allow the Secretary of Agriculture to make the finding to the President of the United States, and then the President could act, according to the terms of the bill as it is now drawn.

Mr. MILLIKIN. Mr. President, will the Senator permit me to ask unanimous consent to be excused from the remainder of the session today in order that I may attend a conference at 4 o'clock?

Mr. MAGNUSON. Certainly.

Mr. MILLIKIN. I am very much interested in the subject being discussed, but I must go to the conference.

The PRESIDING OFFICER. Without objection, the leave is granted.

Mr. MAGNUSON. Mr. President, as I was saying, the request to recommend an investigation was denied by the Department in a letter dated December 31, 1948. The industry appealed the decision March 23, 1949. The appeal was dismissed May 19, 1949, via a letter signed by the Administrator of the Production and Marketing Administration.

Shortly after denial of the appeal, several Senators joined me in asking for a conference on the subject with the Secretary of Agriculture. I am sure the Senators from Oregon, the senior Senator from Colorado, and the junior Senator from Georgia, will recall that meeting. The Secretary agreed to reexamine the case personally, and rumors reaching us indicate there is good possibility for a favorable decision.

In denying the industry's appeal, the Department gave as its chief reason the following statement, and I quote from the letter:

The general agreement on tariffs and trade, entered into by 23 nations in Geneva on October 30, 1947, to which the United States is a party, prohibits the imposition by any party of any restriction other than duties, taxes, and other charges, whether through quotas, import or export licenses, or other measures, on the importation of any product of the territory of any other contracting party. Exceptions to this provision are contained in the agreement, but they do not seem to cover the situation of the four kinds of nuts, as it is at present.

The issue placed before us by that paragraph is double-barreled: First, would a Presidential proclamation establishing import fees or quantitative limitations, as provided in section 22, be in conflict with the general agreements on tariff and trade negotiated at Geneva in 1947; and, second, if so, which should prevail, the statute—in this case section 22—or the agreement negotiated under authority of the Trade Agreements Act? We contended in discussion with the Secretary, and I assert now, that a provision in a trade agreement cannot repeal or render ineffective provisions of section 22. Legislation passed by the Congress and signed by the President cannot be repealed, superseded, or abrogated except by consent of the Congress itself. I admit it can be circumvented by administrative officialism.

The second part of this double-barreled issue, then, is so clearly absurd I will dwell on it no longer. But how about the first? Let me state the issue again in a different way. Is section 22 in basic conflict with the general agreements on trade and tariffs negotiated at Geneva in 1947, or with the proposed International Trade Organization Charter?

To answer that question we need to have in mind the general intent of section 22 and to examine certain general provisions of GATT. In so doing I am laying aside for present purposes the very serious question, namely, whether general provisions of GATT have any status at all, since Congress itself has not ratified them.

Section 22 says in effect: Whenever the Secretary of Agriculture, pursuant to authority granted by the Congress, has placed in effect on a particular commodity a marketing agreement, a price-support program, an export-subsidy program, a school-lunch purchase program, or similar operation, imports shall not be permitted to defeat the purposes of those efforts. In addition it states: Even though such programs may not actually be in effect, action may be taken by the President, if excessive imports seriously threaten to make them necessary. However, before the President takes action, the Tariff Commission shall ascertain the facts—the extent of imports, their effect upon domestic farm producers. The President may impose fees up to 50 percent ad valorem or quantitative limitation within specified limits, if the facts, both domestic and international, convince him such action is warranted.

These, then, are the substance and objectives of section 22. Now what does GATT provide, when a nation, party to

the agreements, has in operation programs such as I have described?

The applicable provisions of GATT are as follows.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. I was curious about the significance of the amendment. Has the effect of the amendment on reciprocal trade agreements ever been considered by the Committee on Foreign Relations?

Mr. MAGNUSON. No; it has not.

Mr. FULBRIGHT. Is this the first time it has ever been submitted?

Mr. MAGNUSON. I believe it was submitted on the floor to an agricultural bill and discussed, but it was not agreed to.

Mr. FULBRIGHT. If I understand the language "unconditional right to unilaterally impose the fees and quantitative limitations" correctly, that means the unconditional right to do as we please about any agreement we have already made. Is that correct?

Mr. MAGNUSON. No; to do so within the agreements and within the 50-percent flexibility permitted the President, which section 22 says shall be done.

Mr. FULBRIGHT. Section 22 of the Agricultural Act.

Mr. MAGNUSON. Of the Agricultural Act.

Mr. FULBRIGHT. Not of the Reciprocal Trade Agreements Act.

Mr. MAGNUSON. No. I will read article XI of the Reciprocal Trade Agreements Act.

Mr. FULBRIGHT. If the Senator is willing to tell us, I should be interested in knowing what effect this would have on reciprocal trade.

Mr. MAGNUSON. Yes. I want to read article XI signed by 23 nations. Article XI says:

ARTICLE XI

1. No prohibitions or restrictions other than duties, taxes, or other charges, whether made effective through qoutas, import, or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any products of the territory of any other contracting party or on the exportation or sale for export of any product destined to the territory of any other contracting party.

That is section 1. I now read section 2 of article XI:

2. The provisions of paragraph 1 shall not extend to the following:

* * * * *

(c) import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operate—

(i) to restrict the quantities of the like domestic product permitted to be marketed or produced, or, if there is no substantial domestic production of the like product, of a domestic agricultural or fisheries product for which the imported product can be directly substituted; or

(ii) to remove a temporary surplus of the like domestic product, or, if there is no substantial domestic production of the like product, or a domestic agricultural or fisheries product for which the imported product can be directly substituted, by making the surplus available to certain groups of domestic consumers free of charge or at prices below the current market level.

It is clearly evident from this language that each of the 23 nations which negotiated at Geneva recognized the necessity, under certain circumstances, of reserving for itself the right of protecting certain domestic farm programs from being rendered ineffective by excessive imports. To do otherwise would have been unrealistic and in all probability would have resulted in no agreement.

Some will argue that invocation of the relief provided in section 22 would violate the spirit, if not the written word—I do not think it follows the written words as I have read them—of our trade agreements. To them I say: "Let us be honest. Let us either tell our foreign friends we intend to use section 22 whenever circumstances justify it; or, by writing section 22 off the books, let us tell the American agricultural producer we have judged unnecessary the safety valve it represents."

The amendment I am proposing seeks to clarify the relationship between section 22 and trade agreements hereafter negotiated or extended, to which we are a party.

I will say to the Senator from Arkansas, that, of course, it would affect only the language as it would be interpreted, of the trade agreements now in existence.

I have always supported the reciprocal trade program. I expect to continue doing so. Reluctantly, however, I have come to the conclusion this amendment is necessary. If the intent of Congress on the subject is not spelled out, great segments of agriculture desperately in need of section 22 relief will be denied it. The pressure resulting from such relief, consistently refused, will ultimately destroy the very program this safety valve was designed to protect, the very program some of our blindest free traders think they are promoting, when they resist indiscriminately all efforts to utilize section 22 machinery.

Mr. President, the second amendment which is a part of what we are attempting to do in clarifying section 22, also relates to section 22, but it changes administrative procedure. I shall place in my remarks an explanation and argument for the amendment simplifying administrative procedure under section 22, so it will not be necessary to go through the rigmarole of passing through the Tariff Commission, of going through various departments, which usually take so long that by the time the evil desired to be corrected is attempted to be corrected, the evil has already done its work, and the industry or the product involved has been seriously hurt.

I ask unanimous consent to have the explanation placed in the RECORD at this point.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

EXPLANATION AND ARGUMENT FOR AMENDMENT SIMPLIFYING ADMINISTRATIVE PROCEDURE UNDER SECTION 22

The amendment I have just offered is designed to simplify the administrative procedure under section 22. It places the responsibility for determining facts related to agricultural imports entirely in the hands of the Secretary of Agriculture.

Under section 22, as presently written, responsibility for making a thorough investigation to determine the facts on imports resides in the Tariff Commission. Records of the Commission show that minimum time required by them for making investigations in the past, under section 22, is from 10 to 11 months. In the case of perishables, this time lag is so excessive the marketing season is over, the damage is done before the Commission ever gets around to acting. Aside from the time lag, there is sound reason for placing the responsibility with the Secretary of Agriculture.

Section 22 is a part of our over-all farm program. It is intimately related to price supports, marketing agreements, acreage allotments, school lunch purchases of surplus commodities and all of the several activities authorized by section 32, such as export subsidy or diversion programs. The statutes which give the Secretary authority to institute such programs I have just mentioned, center entire responsibility in the Department of Agriculture.

There is no doubt that the magnitude in dollar cost of these programs is affected by imports. For example, last year the Secretary was supporting the price of potatoes at 90 percent of parity. Substantial quantities were shipped into this country from Canada. In effect, taxpayers of this country were placed in the position of supporting not only our own production, which was excessive almost to the point of disaster, but also the quantities shipped into our markets by our Canadian friends. I am not saying that section 22 should have been invoked against Canadians last year, but I do believe any reasonable man would admit there should be an expeditious method of investigating such a situation and, on the facts, determine whether some import restriction should be imposed.

Since domestic production, plus imports, constitute the over-all supply with which the Secretary has to deal, it seems only logical he should have authority to meet the situation in its entirety—subject, of course, to concurrence by the President in any recommendation the Secretary transmits after determining the facts. In my judgment the Secretary cannot discharge the great responsibility resting upon him in connection with the over-all farm program, without the revision of section 22 along the line contemplated by my amendment.

Briefly, here's what the amendment does. First, it transfers the fact-finding function from the Tariff Commission to the Secretary of Agriculture. Second, the Secretary of Agriculture will conduct an investigation of the effect of imports upon agricultural programs, either on his own motion or in response to application by the affected industry. Third, he must give public notice of such investigation and give all parties at interest an opportunity to be heard. Fourth, if the facts warrant such action he will report to the President the results of his investigation, together with recommendations for appropriate action.

Appropriate action may include imposition of an import fee or quota, within the limits already defined in section 22. Fifth, if the President concurs, the President by proclamation will place those recommendations in effect for whatever period of time circumstances require.

I recognize there is one reasonably valid argument which may be used against this procedure. Supposedly the Tariff Commission is an independent body, a creature of the Congress, established to deal specifically with tariff matters. In theory any investigation conducted by the Commission would be unbiased—would take into account the over-all public interest in such matters. This ar-

gument, however, in my judgment, is not sufficiently compelling to outweigh the advantages of having undivided authority over the supply situation, centered in the Secretary of Agriculture, whenever imports, as a part of that total supply, threaten the effectiveness of a farm program, such as a marketing agreement, price support, school lunch purchase, or similar operations.

In determining initially whether such farm operations were justified, the Congress certainly considered the over-all public interest in stabilization of farm prices. Hence, having determined that price supports and related operations are in the over-all public interest, it seems appropriate for the Congress through section 22 to insure that those programs are not rendered ineffective and that their cost is held to a minimum.

I hope members of the Agriculture Committee and every other Senator will examine carefully this simplifying amendment and will conclude as I have that section 22 machinery must be made usable if the objectives of that section are to be realized.

Mr. MAGNUSON. The other section merely provides that instead of such procedure as I have described, the matter shall go to the Secretary of Agriculture and he shall then determine the facts for presentation to the Tariff Commission, which in turn will report to the President. We say that on agricultural matters the Secretary of Agriculture can make the determination and the President can act as he sees fit under the act and under section 22, on the facts received by him from the Secretary of Agriculture, rather than to receive the information from the Tariff Commission, which sometimes requires so much time that before the facts are presented the harm is done.

For instance, there was some discussion on the floor of the Senate today about Canadian potatoes. If the amendment should be adopted, the Secretary of Agriculture, who knows most about the subject, and who can quickly determine the facts, could directly report to the President and say, "Here are the facts. You can act as you see fit to correct the situation."

So far as the importation of Canadian potatoes is concerned, the result is to make our market situation worse, and cost us more to support it. Under present procedure nearly 2 years would be required before the Tariff Commission could act. Sometimes in similar cases more time would be required. Our amendment would simplify the procedure. I think it would clarify section 22, and is in the spirit and the intent of the reciprocal-trade agreements.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. CORDON. I should like to make an inquiry of the senior Senator from Washington, as to whether or not the legal effect of the amendment offered would be to give to the President, upon recommendation of the Secretary of Agriculture, the information as to the true condition of surpluses in this country, the true condition as to the effect the imports would have on those surpluses, and to put in the President's possession the knowledge which would permit him to correct a condition which in this country might well result in bankruptcy in certain segments of agriculture if the surpluses were allowed to accumulate, and then the whole product must still have foreign competition added to an already glutted market?

Mr. MAGNUSON. That is correct. Of course, it does not give the President any added power. It is only the power the President now has, within the agreements we have made, and the power he has to lower the tariff by 50 percent. It does not give him any additional power. It merely clarifies the administrative procedure for obtaining the information upon which the President may act, and it clarifies the spirit of section 22 if there is any difference in effect between section 22 and the Reciprocal Trade Agreements Act. Some departments claim there is and that therefore they cannot act, such as in the case of the tree-nut industry with which the Senator from Oregon had much to do.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. CAPEHART. Is not this provision similar to the so-called peril-point amendment we discussed some weeks ago in the Senate?

Mr. MAGNUSON. I would say it is not similar. It calls attention to a situation in agriculture which might be classified as a peril-point situation.

Mr. CAPEHART. Would not the end result of the Senator's amendment be practically the same as the end result had we adopted the peril-point amendment offered by the Senator from Colorado [Mr. MILLIKIN]?

Mr. MAGNUSON. That is the end result as to the information; but there would be no change in whatever authority the President now has.

Mr. CAPEHART. In other words, this amendment, in effect, would say to the President, through the Secretary of Agriculture, "You must impose a certain tariff, and you should not permit more than X amount of imports."

Mr. MAGNUSON. No. Let us take the potato situation as an example. There is a large surplus. The Secretary of Agriculture would say to the President, "Here are the facts. Canada is shipping in so many potatoes. In effect, it is making the market even worse, and it is therefore costing us more to support the price of potatoes." The President's authority to do something about it would be only the authority which now exists.

Mr. CAPEHART. What might the President do under those circumstances?

Mr. MAGNUSON. If he followed out the intent of section 22, he could reduce the amount of imports of potatoes.

Mr. CAPEHART. And also raise the tariff.

Mr. MAGNUSON. Up to 50 percent.

Mr. CAPEHART. If I remember correctly, the peril-point provision which we debated not so very long ago applied equally and with exactly the same effect to manufactured products—in fact, to all imports—just as this amendment applies to agricultural products.

Mr. MAGNUSON. The peril-point provision was different in this respect: As I recall the main amendment, we said that the President would report to the Congress when an item reached the condition which we called the peril-point. In this case the Congress has nothing to do with it.

Mr. CAPEHART. I understand that; but the end result and the purpose are one and the same. The peril-point amendment was offered in order to prevent imported goods being sold in this country in competition with our goods when there was a surplus, or when our costs were so high that our people could not compete. This amendment would do the same thing so far as agricultural products are concerned, would it not?

Mr. MAGNUSON. I think the two have something in common, except that the peril-point provision involved congressional action. This amendment involves only action by the Secretary, and the authority which the President now has.

Mr. CAPEHART. My point is that if a peril-point amendment in this instance—and I regard the proposed amendment of that nature—is a good thing, it likewise should be a good thing for all imports, should it not?

Mr. MAGNUSON. I think a great deal depends on how we determine the peril point. I voted against the peril-point provision in connection with the Reciprocal Trade Agreements Act for one reason, and that was that the decision was put up to Congress. In my opinion that would lead back to the old logrolling days in Congress.

Mr. CAPEHART. As I recollect, the peril-point amendment provided that the President was to notify Congress as to his reasons for doing certain things. He did not put the decision up to Congress. As I read the Senator's amendment, the end result would be, and the purpose is, to establish with respect to agricultural products a peril point beyond which the President or the Tariff Commission may not go. Is that correct?

Mr. MAGNUSON. The Senator's interpretation is not quite correct. I am merely clarifying what is done now. If a peril-point administrative procedure exists now, I do not change it. I merely clarify it. Under section 22 there is, in effect, almost a peril point on agricultural products when there are surpluses. All I do is to clarify the situation in relation to the Reciprocal Trade Agreements Act. Second, I simplify the procedure. Under the present law the Tariff Commission can act. I say that the Secretary of Agriculture, who knows more about the subject than any other man, shall report to the President. Under the present arrangement he reports to the Tariff Commission, which, in turn, studies the situation and reports to the President, and in turn the report comes back to the Secretary of Agriculture.

Mr. CAPEHART. If the President finds a surplus, he may well increase the tariff. He may likewise decrease the amount of the product coming in.

Mr. MAGNUSON. Whatever authority he now has would still continue.

Mr. CAPEHART. That, in essence, is the same as the peril-point provision which we debated some time ago.

Mr. MAGNUSON. Yes; but my amendment is not that. That provision

is already in the law, in section 22 of the 1948 act.

Mr. President, I wish to ask the Senator from New Mexico a question. This is an important amendment, and I am sure that many Senators would like to consider it. Unfortunately the amendment was not ready until today. I wonder if the Senator from New Mexico would agree to reserve action on this amendment until later, unless we are to finish consideration of the bill tonight.

Mr. ANDERSON. If we are to finish consideration of the bill tonight, we shall have to take action on the Senator's amendment; but if we do not, I shall be glad to postpone action on the Senator's amendment.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 934. An act to provide for the detention, care, and treatment of persons of unsound mind in certain Federal reservations in Virginia and Maryland; and

S. 2085. An act to amend the Employment Act of 1946 with respect to the Joint Committee on the Economic Report.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 5328) authorizing the Secretary of the Army to convey certain lands to the city and county of San Francisco.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1407) to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 1437) to authorize the composition of the Army of the United States and the Air Force of the United States, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VINSON, Mr. BROOKS, Mr. KILDAY, Mr. SHORT, and Mr. ARENDS were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 1639) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MURRAY of Tennessee, Mr. MORRISON, Mr. MILLER of California, Mr. REES, and Mrs. ST. GEORGE were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 4495) to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, and promotion, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MURRAY of Tennessee, Mr. DAVIS of Georgia, Mr. WILLIAMS, Mr. REES, and Mr. HAGEN were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5332) to amend section 3 of the act of June 18, 1934, relating to the establishment of foreign-trade zones; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. COOPER, Mr. BOGGS of Louisiana, Mr. WOODRUFF, and Mr. BYRNES of Wisconsin were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 5931) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MURRAY of Tennessee, Mr. MORRISON, Mr. MILLER of California, Mr. REES, and Mr. SADLAK were appointed managers on the part of the House at the conference.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following bills and joint resolution, and they were signed by the Vice President:

S. 2042. An act to authorize the Secretary of the Interior to complete construction of the irrigation facilities and to contract with the water users on the Buffalo Rapids project, Montana, increasing the reimbursable construction cost obligation, and for other purposes;

S. 2372. An act to amend the Atomic Energy Act of 1946;

H. R. 165. An act to authorize the American River Basin development, California, for irrigation and reclamation, and for other purposes;

H. R. 605. An act for the relief of the estate of James B. Stirling;

H. R. 733. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Frank Haegle;

H. R. 752. An act conferring jurisdiction upon the United States District Court for the Eastern District of Michigan to hear, determine, and render judgment upon the claim of Edward Gray, Sr.; Edward Gray, Jr.; Bertha Mae Gray; Bertha Patmon; and Lindsay Gardner, all of the city of Hamtramck, Wayne County, Mich.;

H. R. 1106. An act for the relief of King V. Clark;

H. R. 1458. An act for the relief of Joseph R. Gregory;

H. R. 1474. An act to confer jurisdiction upon the United States District Court for the Southern District of New York to hear, determine, and render judgment upon the claim of Miguel A. Viera for damages sustained as the result of an accident involving a United States Army truck at Leghorn, Italy, on January 11, 1946;

H. R. 1864. An act for the relief of the legal guardian of Mitsuo Higa, a minor, and Hilo Sugar Company;

H. R. 1950. An act for the relief of certain consultants formerly employed by the Technical Industrial Intelligence Committee of the Foreign Economic Administration, and for other purposes;

H. R. 3081. An act for the relief of the estate of Maurice G. Evans;

H. R. 3598. An act for the relief of Mrs. Katherine Gehringer;

H. R. 4029. An act to authorize the Secretary of the Interior to procure for the Everglades National Park with available funds, including those made available by the State of Florida, the remaining lands and interest in lands within the boundary agreed upon between the State of Florida and the Secretary of the Interior, within and a part of that authorized by the act of May 30, 1934 (48 Stat. 816), and within which the State has already donated its lands, and for other purposes;

H. R. 4094. An act for the relief of Bunge North-American Grain Corp., the Corporacion Argentine de Productores de Carnes, Herman M. Gidden, and the Overseas Metal and Ore Corp.;

H. R. 5134. An act to promote development in cooperation with the State of Colorado of the fish, wildlife, and recreational aspects of the Colorado-Big Thompson Federal reclamation project;

H. R. 5148. An act to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon the claim or claims, of Hilda Links and E. J. Ohman, partners, and Fred L. Kroesing, all of Anchorage, Alaska;

H. R. 5764. An act to authorize the granting to the city of Los Angeles, Calif., of rights-of-way on, over, under, through, and across certain public lands; and

S. J. Res. 53. Joint resolution to provide for the reforestation and revegetation of the forest and range lands of the national forests, and for other purposes.

THOMAS JORDON

Mr. MORSE. Mr. President, I ask unanimous consent, out of order, to introduce a bill at this time, and have it appropriately referred. I think it will be referred to the Committee on the Judiciary.

There being no objection, the bill (S. 2632) to authorize the District Court of the United States for the District of Columbia to hear and determine a motion for a new trial for Thomas Jordon, introduced by Mr. MORSE, was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. MORSE. Mr. President, in explanation of the bill I wish to make a few brief comments.

The bill which I have introduced would authorize the District Court of the United States for the District of Columbia to hear and determine on its legal merits a motion for a new trial for Thomas Jordon, now serving a life sentence for the murder of Elizabeth Joynes in the city of Washington on April 4, 1931. My reason for sponsoring this bill is that after examining the records of the case I think serious doubt exists that Jordon is guilty of the murder for which he has already been in prison over 15 years and for which he was originally sentenced to death, and which death sentence was commuted by President Roosevelt to life

imprisonment on the then-announced grounds of doubt of his guilt.

The President's action followed and was the direct result of an investigation of Jordon's trial by a special congressional committee appointed for that specific purpose which sat for several days behind closed doors, heard the testimony of eyewitnesses to the supposed shooting and murder who were never called at Jordon's trial. Immediately following that exhaustive closed hearing, what was in effect a retrial of the murder charges, the committee reported that if those witnesses had been called Jordon would have been acquitted. I am informed that the members of that committee went in a body before the Attorney General a few days before the date scheduled for execution in protest of such conviction and sentence with the result that Jordon was commuted to life imprisonment.

Several months later an article concerning the case was published in a national magazine in which the United States district attorney and his trial assistant were charged with willfully suppressing vital evidence to convict Jordon. Also, one of Jordon's lawyers was accused of acting in collusion with the district attorney to effect his own client's conviction and execution. I understand that the two United States attorneys and Jordon's former attorney filed a $400,000 libel action in the Supreme Court of New York against the publishers of the article and that case came on for trial before a jury in 1940 and lasted 4 weeks.

The defense set-up was truth of the accusations. The jury verdict was for the defendant publishers. Immediately after the verdict the 12 jurors prepared, signed, and sent a petition to the President of the United States which is probably one of the most remarkable documents that ever came out of a trial. Omitting the names of the two United States attorneys and the lawyers who brought the action for libel it reads as follows:

To the PRESIDENT OF THE UNITED STATES:

We, the undersigned, are members of the jury in the cases of suits by (names omitted) against Macfadden Publications, Inc., for having allegedly libeled them in a story in True Detective magazine. This told the story of Thomas Jordon, now serving life sentence for murder, after reprieve by the President of sentence of death.

The above-named lawyers, one of them formerly district attorney of the District of Columbia, another the assistant who prosecuted Jordon, and the third Jordon's counsel, claimed that the article libeled them in its criticism of their handling of the case, charging them with suppression of evidence and gross negligence. Our finding for the defendant is a clear indication of our views in the matter.

In the trial there was presented to us the evidence in the Jordon case, the evidence in the Barrett case, which was related thereto, and the statements of witnesses before the pardon attorney. We have not the slightest question that if all the evidence had been presented at Jordon's trial, it would have raised at least a reasonable doubt which would have led to his acquittal. We are clear that Jordon did not have a fair trial. We think this case is an illustration of what happens to a poor man when a district attorney is not solicitous to see justice done, and where the man is not properly defended. We respectfully request that if Thomas Jordon cannot be given a new trial, that he be released.

So we have in this case the report of a congressional committee and the verdict and petition of a trial jury both found that Jordon should have been acquitted. Jordon, though still a comparatively young man, recently became paralyzed and speechless from a stroke no doubt brought about by this appalling and amazing miscarriage of justice.

At the time of Jordon's trial there was in force a Federal court rule, then but recently enacted, which provided that any motion for a new trial on the ground of newly discovered evidence must be made within 6 months of date of judgment. The newly discovered evidence including the several eyewitnesses who might have cleared Jordon was not unearthed by his new counsel who took over his defense until just before his final scheduled execution date. Over a year had then passed since the date when he was first sentenced to death. Because of the 6-month limitation, the courts were then powerless to act. It was then that his counsel appealed to congress for the appointment of a special congressional committee, which was granted with the result and action by that committee which saved Jordon from the electric chair. I am advised that is a direct result of the Jordon case, the 6 months' limitation in which to move for a new trial on grounds of newly discovered evidence has been amended and extended to 2 years in the case of capital-punishment cases, which in itself shows the injustice of the 6-month rule which prevented the courts from giving Jordon a new trial.

The purpose of this bill is to remedy a possible injustice in Jordon's case and to permit him to move for a new trial, the granting thereof to be purely and solely on its merits. Nothing that man or law can do will ever repay Jordon for the 15 years he has passed in prison, the best years of his life, nor undo the indescribable agonies of months of waiting in the death house to be executed, if, in fact, he is innocent. Paralyzed and speechless, he has little to live for. The least the law can do will be to give him an opportunity to prove his innocence if he can.

I am introducing this bill at the request of Mr. John M. Holzworth who, for many years, has been attorney for Jordon. Mr. Holzworth now lives in Fairbanks, Alaska, and recently came back to Washington to make another attempt to secure a review of Jordon's case. He came to my office, and presented at length his contentions in respect to the case, and asked me if I would be willing to introduce this bill.

I am satisfied that Mr. Holzworth is acting out of the sincerity of his own conviction in respect to the case, and is not motivated in any way by any monetary consideration, because, as I understand it, his representing Jordon as attorney is a labor of philanthropic service in the interest of what Holzworth thinks are the demands of justice. I know nothing about the case other than what Mr. Holzworth has told me and what I have read concerning it from the records Mr. Holzworth has left in my office. However, I am satisfied from those documents that a prima facie case exists in support of the provisions of the bill I am introducing.

It seems to me that Mr. Holzworth should be given an opportunity to present his contentions in respect to the case to a subcommittee of the Senate Judiciary Committee, to the end of securing the passage of this bill, so that a court can review whatever new evidence Mr. Holzworth can present in support of his contentions as to the innocence of Jordon.

Basic to American criminal jurisprudence is the principle that innocence shall be presumed until guilt is established beyond a reasonable doubt. Equally basic is the principle that it is better that 10 guilty men escape punishment of the law rather than to have 1 innocent man unjustly convicted and languish in prison.

I appreciate the fact that this session of Congress is very near its adjournment. However, Mr. Holzworth petitions the Judiciary Committee of the Senate, through me, to appoint a subcommittee which will agree to meet this week or next for just one session, at which he shall be given an opportunity to present his case in support of this bill. I sincerely hope the Judiciary Committee will appoint such a subcommittee this week and that the subcommittee will hear Mr. Holzworth's story. I shall be perfectly willing to leave the future of this bill up to the sound judgment of the Judiciary Committee. If, after hearing Mr. Holzworth, a subcommittee of the Judiciary Committee is not convinced that the bill should pass, I shall accept its judgment. However, I am satisfied that a hearing on the bill by a subcommittee of the Judiciary Committee will result in a recommendation that the bill be passed.

I have told Mr. Holzworth that upon the introduction of this bill, all responsibility for contacting the Judiciary Committee and presenting the case to it rests with him, because he is the one who is thoroughly familiar with the facts of the case.

Arthur Garfield Hays in his autobiography, City Lawyer, commented on the Jordon case in chapter 14 of his book; and I ask unanimous consent to have that chapter printed at this point in my remarks, because it presents a summary of Arthur Garfield Hays' analysis of the Jordon case.

There being no objection, the chapter was ordered to be printed in the RECORD, as follows:

HOW TOMMY JORDON ESCAPED THE ELECTRIC CHAIR

Criminal cases or those involving fundamental principles, such as free speech, these would seem to be the most interesting to a man of my disposition, but almost any law case has its own compulsion for me.

A case which is very much alive at this writing, though it stemmed from events in 1931, and which still, in my opinion, cries aloud for adjudication, is that of Tommy Jordon, now serving a life term in a Washington, D. C., penitentiary. It was a libel suit, brought 6 years after a hold-up that sent

Jordon behind the bars, which developed evidence to show that the man is now unjustly imprisoned. The suit arose out of the printing of an article in True Dective, a monthly magazine of the Macfadden Publications, my clients. The article, which appeared in the December 1937 issue of the magazine, was entitled, "Why President Roosevelt Saved This Prisoner's Life—An Intimate Story of the Jordon Case."

Three Washington lawyers, Leslie Garnett, former district attorney of the District of Columbia; Roger Robb, his assistant, and Harry T. Whelan, Jordon's lawyer, brought suits against Macfadden Publications claiming that the article libeled them to the tune of $400,000. The story was written mostly by William Gilman, a staff writer, but had been published under the name of his collaborator, John M. Holzworth, a Washington lawyer, formerly an assistant district attorney of Westchester County, N. Y., who took a prominent and courageous part in the Jordon case. The article said:

"I [meaning Holzworth] drew up a long letter to the Attorney General. * * * I stressed that new developments indicated most conclusively that the United States attorney for the District of Columbia had willfully suppressed vital evidence in efforts to win a conviction in the Jordon case."

Again:

"I prepared supplemental affidavits to show that Whelan had acted in collusion with Garnett in shuttling Jordon to the electric chair."

As the court put it during the libel trial:

"As I understand the charge, reading the article as a whole, these three men are charged with a conspiracy to suppress evidence for the purpose of bringing about the conviction of Thomas Jordon, an innocent man."

Here is the Jordon story:

On April 3, 1931, two bandits held up the Garden T Shoppe, in Washington, D. C. The cashier, Elizabeth Jaynes, was shot. At the time she was not aware that she was hit, probably because of tight stays which held back the blood from a wound in her abdomen. She talked to a Mrs. Bell, the janitor's wife, described her assailant as a man who had been in the shop that afternoon, 6 feet tall, blue eyes, and of fair complexion. She was taken home and only found she was wounded when she went to bed. She died a few days later.

There were several persons in the tearoom at the time of the robbery—Mr. and Mrs. F. E. Schneider, Carvie Mason, Mildred Colt, and half a dozen others. They were so confused that their descriptions, as appeared from the police report, agreed only to the effect that the bandits were about 6 feet in height.

Detective Sergeant Robert Barrett was put in charge of the police investigation. I quote from True Detective magazine:

"Later that morning, after some sleep, the detectives' trail led them to the Marne Apartments, at 2400 Thirteenth Street NW. The get-away car had been stolen from Leo Finn, a man living at that building, the sleuths had learned.

" 'We're trying to crack this Jaynes case,' Barrett told the building manager, Mrs. Dorothy Dienelt. 'Ever notice anybody else than Finn in that car?'

" 'Why, yes,' she replied, 'those two men in Apartment 205.'

" 'What're they like?'

" 'You mean how do they act? Frankly, I don't trust them. They had a bad party there 2 nights ago and we had to call in the police. I've been thinking of putting them out. One of them hangs around in the daytime—he looks like a dope fiend * * *.'

" 'I meant,' interrupted Barrett, 'what size men are they?'

" 'Oh, they're big fellows—these men * * *.'

" 'They home now?'

" 'No, but they will be tonight.'

"Into his notebook Barrett jotted down the names, Mahlon Milburn, Jr., and George Baber.

" 'We're coming back later,' Barrett informed Mrs. Dienelt.

"At 4:30 p. m., they returned with ideas of laying a trap for the suspects.

" 'Can you let us into Baber's flat?' Barrett asked Mrs. Dienelt.

" 'I'm afraid not,' she replied. 'You see, a few days ago they had a special lock put on their door. I don't have the key.'

" 'Wonder what they're so cautious for?' Barrett remarked. " 'We can't be too careful with those guys.'

"But the detectives got into the apartment just the same—by entering the flat just below, getting out on the window ledge, hoisting themselves to the ledge above, and climbing in through the window.

"They made a quick search. There was only one helpful find—a hat and overcoat which tallied with a description given of clothes worn by one of the bandits. They found no gun.

"The hours passed. The sleuths killed time. There was testimony later to the effect that the quartet had a merry party and Barrett, at least, did some drinking.

"At any rate, he was in the bedroom of the flat at 10:30 p. m., sitting on the bed resting his feet, when the four waiting in the darkened apartment heard a key grating in the front door.

"There was a commotion as the door opened and the sleuths sprang at the figure that entered. About 20 seconds later, Mahaney turned on the lights. Exactly what happened to the newcomer—who was George Baber—in that interval is a matter of conflicting testimony. But Baber was a badly beaten man, husky as he was. His lip was cut, his eyes blackened, an eardrum fractured, and his nose nearly broken, he contended."

Baber and Milburn were soon released. Barrett was later tried for having assaulted Baber—and was convicted. This was reversed, on retrial the jury disagreed, whereupon Barrett was reinstated on the police force. Harry T. Whelan had been one of Barrett's lawyers.

Along in August 1931, a taxi driver appeared at police headquarters. In an argument with a woman fare, he said, she had threatened him—"I know just the tough guy to take care of you. I'll get the fellow who held up the Garden T Shoppe." The police took the woman, Edith Dodsworth, into custody. She was a waitress who some time before had worked in the Imperial Cafe where Tommy Jordon was employed as a bus boy. Said she, "I once had a talk with Jordan about sticking up the Garden T Shoppe, but we were only fooling." The police found Jordan in Atlantic City. He was a little fellow, about 25 years old, with brown eyes and black hair. He was gaunt and gentle-looking, but he had a criminal record, having spent a year in jail in West Virginia for forging his employer's name to a $10 check, the amount representing wages he was unable to collect. Jordon was grilled continuously for 3 days and nights. He admitted that one day he had said to Edith that he was so broke he'd like to hold up a bank, and that she said she knew something better—the Garden T Shoppe—"but," explained Jordon, "it was all said in fun and didn't mean anything." But the police wore Jordon down. "Edith gave us the story," they said. "You, she, and another man stuck up the Garden T Shoppe. Come on, Jordon, just say you did it and we'll get you a good meal and let you go to bed." Finally Jordon blurted out, "O. K., I did it." He said that another man, Edith, and he had planned the hold-up; that Edith had waited outside with a get-away car and that the three had then divided the loot. Ralph Aiken was taken into custody as the other man. Edith denied the story. Aiken was released. No one identified Jordon. Yet Jordon pleaded guilty in the police court to a conspiracy to rob, apparently under the impression that his conversation with Edith Dodsworth made him guilty of some crime. Nevertheless, the grand jury threw out the whole thing and refused to indict anybody. Jordon was set free. He stayed in Washington for a time, then went to New York.

The year 1935 found Jordon in Mount Vernon, N. Y., working in a restaurant. An accident (he was cut on a dish) sent him to a hospital where he met and fell in love with another patient, Jean Beierholm. He little knew that this love might send him to the electric chair. But it did—almost.

In proposing marriage to Jean, he told her about his West Virginia experience and his difficulties in Washington. "Are you sure you're quite clear of any charges?" asked Jean. "Sure," said Tommy. "Hadn't you better write to the authorities and make certain?" asked Jean. "O. K. with me," said Tommy. They composed a letter addressed to District Attorney Garnett in Washington:

"DEAR SIR: About the 15th of August 1931, I was arrested as a suspect in the Garden T Shoppe murder case. The grand jury did not indict me and I was freed. Since that time I have tried to stay out of trouble and have succeeded. Now to the point of this. I am thinking of getting married and, of course, I have told the girl the truth. The only cloud on my name is my past connection with that case. I'd like to know if there is a possibility of my going through another investigation. I am confident that it would not hurt me, but in fairness to the girl I would like to know definitely whether or not I am through completely with that case. Trusting that you will give me this information as soon as is convenient, I remain,

"THOMAS JORDON."

Back came the reply:

"DEAR SIR: Receipt is acknowledged of your letter on the 5th instant, and in reply thereto I beg to advise you that your letter has been referred to Superintendent of Police Ernest W. Brown, for reply.

"Very truly yours,

"LESLIE C. GARNETT,
"District Attorney."

The ineffable Sergeant Barrett was sent to Mount Vernon. Again Jordon was in the net. At the police station he was grilled for hours. "Who is the girl I hear about?" persisted Barrett. "Is she Dodsworth?" "No, no," said Tommy. "Leave her out of this, will you? She's a nice girl. I won't tell you who she is." "Oh, I'll find out. We've got you this time, all right." Poor Tommy Jordon's main thought was to get the detective out of Mount Vernon. He had an inspiration. Why not confess? He would then be brought to Washington and Jean would be safe. He had confessed before and was released. Jordon signed a statement implicating himself in the robbery. But he took the precaution to say that the other man had held the gun. Jordon was taken to Washington and the next day signed another confession to correct this little error. This time he held the gun. Jordon was indicted for murder in the first degree.

Months passed. Harry T. Whelan had been recommended to Jordon as a lawyer, but Whelan was too busy and referred Jordon to his brother-in-law, Richard Bowman, a novitiate, 1 year out of law school. Jail life palled on Jordon, and he kept insisting on trial. Finally, in March 1936 the case was tried. Evidence consisted of a recital of the brutal murder, of Jordon's confessions, and of damaging testimony by Jean Beierholm. His former fiancée had been brought to Washington at Jordon's request. Before that, however, Roger Robb, the assistant district attorney who tried the case, had visited her in Mount Vernon. Witnesses did not identify Jordon, but testified that there were two bandits—"a tall man and one who was shorter."

Jordon was found guilty and sentenced to the electric chair. Bowman died shortly after. Rumor had it that he had committed suicide. Whelan represented Jordon on appeal. His contention was not that Jordon was innocent but that the facts justified no more than a verdict of murder in the second degree. The judgment was affirmed. A petition for executive clemency was filed, a formal one, but along with this, Tommy Jordon sent a statement continuing his story, insisting that he was innocent. The application was denied.

In April 1937 John M. Holzworth was in Washington. He is a dominant, egregiously fearless person, known as a big-game hunter. Some months before he had clashed with the Washington police and the United States district attorney over their prosecution methods. So he was sympathetic when he heard the story of Tommy Jordon, whom he had met during the trial. "Keep your chin up. Maybe I can help sometime," he had said.

Now Holzworth was reading a Washington newspaper headline: "Jordon to die in chair."

He went into immediate action. May 14 was very literally the dead line. Holzworth looked up the newspaper stories of the case in the 1931 files. He sought out the people who had been in the tea shop. He searched for the original police reports. After 3 days he found in the files of the Washington Police Department, the first report of the holdup, called an incidental. He read:

"Extract from volume 16 of the record book of the sixth precinct, Washington, D. C.:

"Friday, April 3, 1931. Midnight report:

"Mrs. Lizzie Jaynes, cashier of the Garden T Shoppe, reports that at about 11:25 this p. m. she was held up at the point of a pistol and robbed of $90 by two young white men who fired one shot at her when they demanded the money. No. 1 is 23 to 25 years old, 6 feet tall, wearing a mask, blue suit, No. 2, about 6 feet tall, gray eyes, fair hair, no weight given, who held the gun."

Jordon was dark in color, had black hair, and his height was 5 feet 6½ inches.

Holzworth looked up the minutes of the Barrett case. The defense there was that Barrett's assault on Baber was excusable since Baber and Milburn—6 feet and 5 feet 9¼ respectively in height—were suspects who answered the description of the bandits.

Holzworth, acting as Jordon's lawyer with the consent of Whelan, moved for a new trial. Motion denied. He appealed to a higher court with no success. He tried to get a writ of habeas corpus from the Supreme Court. He hounded the offices of the President, the Attorney General, and the pardon attorney.

The days passed with heartbreaking speed. On May 3 Holzworth made a motion to postpone the execution set for May 14. He claimed that the district attorney had not produced available evidence, that the police "incidental" had been suppressed, that witnesses had not been called who were prepared to testify that Jordon was not one of the bandits. Robb and Garnett opposed this motion and it was denied. On May 10, when the motion was heard, Holzworth made an affidavit attacking Whelan. The next day, 3 days before the scheduled execution, Jordon appeared in court with Whelan, Garnett, and Robb, and there formally discharged Holzworth as his attorney because, "Holzworth is making unfair accusations against my lawyer and reputable public officials." Holzworth, protesting, was thrown out of court. The petition for the stay of execution was withdrawn.

Did Holzworth quit? He did not. He went right up to Capitol Hill and got together the Congressional Committee on Crime for the District of Columbia. He told them the story. The committee reconvened immediately and behind closed doors heard again most of the witnesses of the murder. For the first time in history a congressional committee had taken evidence in a murder case. They did not stop there. They went in a body to the United States Attorney General and persuaded him to intervene with the President. The execution was postponed for a month. Then President Roosevelt commuted the sentence to life imprisonment.

Even then Holzworth wasn't through. He approached True Detective magazine to write up the story, and in December 1937, it appeared. The suit for libel brought me in as lawyer for the defense and put Tommy Jordon in the lap of Macfadden Publications.

There were three separate cases, but they were tried together before Mr. Justice Benvenga in the New York Supreme Court in May 1940.

First came the impaneling of the jury. Obviously, I sought to get kindly, softhearted, emotional people. Fortunately, I caught two or three of Latin or southern European descent. Besides this, I wanted poor people, or, at any rate, people with little money who would sympathize with a poor man in the toils of the law. This was not difficult in the city of New York at that time.

George Gordon Battle opened his case for the plaintiffs. I followed, stating what the defense would prove.

Leslie C. Garnett took the stand and told his story. He recommended himself highly as a man of repute, standing, and respectability. He testified that he had been district attorney of the District of Columbia for years;[1] that he had had little to do with the Jordon case; that he had merely done his duty in prosecuting crime in the District of Columbia. It was unthinkable, he went on, that he would conspire to do injustice to any man. To him, Holzworth was an unstable, highly emotional, overbearing bully, out for publicity, gratuitously interfering with public business. "Yes, I did tell him to go to hell," admitted Garnett complacently.

My cross-examination of Garnett began:

"Question. Before you became district attorney you were an experienced lawyer, weren't you?

"Answer. That is a question of opinion, I think. I had been practicing for quite a long time.

"Question. You mean the question of experience is a matter of opinion?

"Answer. Yes.

"Question. What is your judgment, were you or weren't you an experienced lawyer when you became district attorney?

"Answer. I don't know that my judgment is worth anything on it. I had practiced a long time.

"Question. I didn't ask you that; I asked what is your judgment, were you or were you not an experienced lawyer when you became district attorney?

"Answer. I had been a practicing attorney for nearly 40 years—no, 30-odd years.

"Question. Then can't you answer the question 'yes'?

"Answer. I think I was an experienced lawyer.

"Question. Now then, in view of all that has transpired in the Jordon case, will you tell us anything that you would have done differently if you had known all the facts as you know them today?

"Answer. There is nothing in connection with Jordon that I would have done differently than I recall right now.

"Question. You are sure of that?

"Answer. Well, reasonably. If you have any specific matter in mind, I am trying to answer it.

"Question. I have several in mind. This case first came to your attention when you got the Jordon letter in 1935, is that right?

"Answer. Yes, sir. Jordon first came to my attention at that time. I had heard about the Garden T Shoppe murder case long before that.

"Question. You read the papers, don't you?

"Answer. I do sometimes, usually.

"Question. I assume that when this matter came into your office you had somebody look up the files at the time of the Garden T Shoppe murder, didn't you?

"Answer. Yes. I referred it to my chief clerk, as I recall it.

"Question. Did you get any report from him as to what the newspapers had said about the murder at that time?

"Answer. No, the newspapers were not trying the case. I didn't have any report from the newspapers.

"Question. Did you think it was important to find out when a man was charged with murder as to whether there were a dozen witnesses there at the time the robbery and the murder occurred, or don't you think that was important?

"Answer. That might have been important under certain circumstances. I do not see that it is particularly important where he had made eight confessions that had come to me.

"Question. Did you look up the facts in connection with the Garden T Shoppe murder as reported at the time when the case first came to your attention?

"Answer. Personally I did not.

"Question. Did you direct any of your assistants to do it?

"Answer. I did not.

"Question. Do you take the responsibility today, Mr. Garnett, for what your office did in that case?

"Answer. I do.

"Question. Isn't it the duty of the district attorney to protect the innocent as well as to prosecute the guilty?

"Answer. Generally, yes.

"Question. Are there any exceptions?

"Answer. I don't think it is always the duty of the district attorney to be on each side of each case, Mr. Hays.

"Question. Are you familiar with the Canons of Ethics of the Bar Association?

"Answer. Oh, I've generally read them.

"Question. I refer to Section 5 of the Canon of Ethics of the American Bar Association, 'The primary duty of a lawyer engaged in public prosecution is not to convict but to see that justice is done'?

"Answer. I agree that that is true.

"Question. It goes on, 'Suppression of facts or the secreting of witnesses capable of establishing the innocence of the accused is highly reprehensible'—do you agree with that?

"Answer. I agree with that.

"Question. What was the date that President Roosevelt refused to commute the sentence of death of life imprisonment, Mr. Garnett, was it not April 14?

"Answer. Right.

"Question. As the case stood at that time Jordon would have been electrocuted on May 14, wouldn't he, if nobody had done anything?

"Answer. If that was the date set for his execution, that is true.

"Question. What were you contemplating doing at that time?

"Answer. Nothing.

"Question. You were just going to let him die, weren't you?

"Answer. I was.

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[1] I think I should mention that while Garnett was district attorney he wrote a letter to the Women's Bar Association of the District of Columbia in which he stated his refusal to employ women lawyers in his office and facetiously told why. There were four women on the jury, I do not like to suggest that this may have helped our case. In a libel case the plaintiff never gets a verdict if the jury doesn't like him.

"Question. And this bully, Holzworth, got after you, didn't he?

"Answer. He did.

"Question. Holzworth, you said, this bully, who was about 6 feet 2 or 3 in height?

"Answer. Yes.

"Question. Height is the thing that makes considerable impression on a person, don't you think so?

"Answer. Sometimes. His made some on me, certainly.

"Question. You know now that there existed a police 'incidental,' don't you?

"Answer. Yes.

"Question. And that the police 'incidental,' made the night of the murder, referred to the fact that Mrs. Jaynes described the bandits as 6 feet in height, you know that now, don't you?

"Answer. The police 'incidental' says that one was 6 feet tall, the other about 6 feet tall.

"Question. How tall is Jordon?

"Answer. The record says he is 5 feet 6½.

"Question. Mr. Robb went into court to oppose the stay of execution with your knowledge, consent, and at your direction, didn't he?

"Answer. If I didn't advise it, I approved of it.

"Question. That was within a few days of the date when Jordon was to be electrocuted, isn't that right?

"Answer. It may be.

"Question. At that time you knew of this police 'incidental,' didn't you?

"Answer. Yes.

"Question. Did you know what witnesses had testified to before you opposed the stay?

"Answer. I knew that I had taken a great many statements from witnesses and sent them to the pardon attorney at that time.

"Question. Did you read the statements of all the witnesses before the pardon attorney?

"Answer. I did not. They were never submitted to me.

"Question. Then you tell us that you went into court and opposed a stay of execution without reading the statements of witnesses made before the pardon attorney?

"Answer. I do.

"Question. You stated that if you had this to do over again, you would not do anything differently. Won't you state now, Mr. Garnett, that if you had to do it over again, that before opposing a motion for a stay of execution, you would read the testimony of all the witnesses?

"Answer. No, not under the circumstances under which I opposed that.

"Question. You in the District Attorney's office had records of what had happened in the Jordon case in 1931, didn't you?

"Answer. The only record we had was the ignoring of the case by the grand jury in the district court.

"Question. Yes?

"Answer. What the police-court records were at that time I do not know, but they were afterward found and examined.

"Question. Well, you knew that in spite of a confession in 1931 Jordan was released, didn't you?

"Answer. Yes I think that was a mistake. You may strike that out.

"Question. No; I want to leave it in, Mr. Garnett. When did you discover that that was a mistake, Mr. Garnett, was it after Jordon had written your office?

"Answer. Yes, sir.

"Question. You say it was a mistake to have released Jordon in 1931, from which I assume you looked up the proceedings in 1931; am I right?

"Answer. Generally I was familiar with them. I had discussed them with my assistants.

"Question. Did you know that in the inquiries of 1931 a number of people who were in the Garden T Shoppe at the time had been called as witnesses?

"Answer. I generally knew it, but I didn't look up the record myself.

"Question. Did you direct anyone else to look up the record?

"Answer. Why, I turned the matter over to efficient assistants and assumed that they would take all necessary steps to make all the necessary investigations.

"Question. You know that the case was thoroughly investigated in 1931, don't you?

"Answer. I know it was investigated, I do not know how thoroughly. The police made investigation, how thorough it was I do not know.

"Question. Did you ever look into it to find out if they made a thorough investigation?

"Answer. No; I was not called upon to do it and I didn't at that time.

"Question. Don't you think it was important to look that up when a man's life was at stake?

"Answer. I think it was important that he had a fair trial, and I think Mr. Jordon got it.

"Mr. HAYS. I move to strike that out, the last part.

"The COURT. Strike it out.

"Question. Let me ask you this, Mr. Garnett, if you had this thing to do over again in view of what you know, wouldn't you look up the proceedings in 1931 and find out who the witnesses were before the grand jury?

"Answer. I do not know. I cannot project myself now from the past. I might have done it, but what occasion was there for looking it up when Jordon had said what he said, when Jordon had confessed eight times.

"Question. Oh, you mean that Jordon having confessed, that ended the matter so far as you were concerned?

"Answer. It depends upon the nature of the confession and to whom it was made and how often it was made and how unsolicited it was made and upon Jordon himself, his own testimony.

"Question. Oh, you mean that Jordon had come out and confessed without any persuasion or pressure; is that right?

"Answer. He said so.

"Question. Take the 1935 confession in Mount Vernon, did you read his statement that he denied that he had anything to do with this and that Barrett kept pressing him for the name of the girl whom he wanted to marry, that he wouldn't give the name of the girl and said, 'Take me to Washington'?

"Answer. Yes; I read that.

"Question. Did you read his statement that this thing was kept up by Barrett for 4 or 5 or 6 hours and then he finally made his confession?

"Answer. Yes.

"Question. Well, Mr. Garnett, as an experienced lawyer do you know what the courts have said about the value of confession testimony that is uncorroborated?

"Answer. Yes.

"Question. What?

"Answer. I know they are received very scantily and with very great care and caution.

"Question. Confessions ordinarily are received with considerable suspicion; isn't that right?

"Answer. Yes.

"Question. Particularly when uncorroborated?

"Answer. Yes.

"Question. Was there any evidence in this case against Jordon on which he was sentenced to death other than his confession?

"Answer. I think that was the main evidence.

"Question. Tell we what other evidence there was. Did anybody identify him as one of the robbers?

"Answer. The robbers were both masked and they could not be identified, of course.

"Question. Can't you identify a man by height?

"Answer. You can approximate it.

"Question. Well, if a man is described as 6 feet you know that a fellow 5 feet 6 is not the man, don't you?

"Answer. Well, I don't think he'd fit that description.

"Question. Mr. Garnett, you are familiar with Jordon's confession's, aren't you, as they appehr in the record?

"Answer. I have read them.

"Question. Is there anything in those confessions inconsistent with any of the facts that existed on April 3 as you know them now?

"Answer. I don't think so.

"Question. The original car as referred to in the police incidental was a Chrysler car; is that right?

"Answer. Yes.

"Question. What make car did Jordon's confession say was used?

"Answer. I think he said a Chevrolet.

"Question. Doesn't the record show that after the murder the police were looking in various drugstores for rubber bathing caps that were used as masks?

"Answer. Yes.

"Question. What kind of material did the Jordon confession say the masks were made of?

"Answer. Stockings, I believe.

"Question. So there were physical facts of which you had knowledge in 1937 before you argued against the stay of execution that were different from the statements in Jordon's confessions; isn't that right?

"Answer. Perhaps so; yes.

"Question. Well, taking your statement that you thought nothing further was necessary in view of the confessions, and your statement that confessions alone are regarded as unreliable evidence, do you still insist that if you were doing it over again you wouldn't look into the other facts?

"Mr. BATTLE. I object to it as irrelevant and immaterial.

"The COURT. I think the question has been answered more than once.

"The WITNESS. I am sure it has.

"Question. Now we will come to March 1935, Mr. Garnett, and see whether you would have handled this thing any differently on further reflection. After you received the letter from Jordon I think you said you saw Barrett?

"Answer. Right.

"Question. He told you that he had had trouble in connection with this Jordon matter, with this Garden T Shoppe robbery, didn't he?

"Answer. He said the case had nearly broken him, as I remember.

"Question. What did he say?

"Answer. Well, I am generally familiar with the fact that Barrett had been prosecuted arising out of some alleged assault in which the Garden T Shoppe was brought in.

"Question. Well, tell us what you knew about it, Mr. Garnett, in 1935.

"Answer. All I knew about it was that Barrett had been prosecuted.

"Question. For what?

"Answer. For assault, on a man named Baber or Milburn, or one of them, I don't remember which.

"Question. Did you know at that time that his defense in that case was that Mrs. Jaynes had reported that the bandits had been men 6 feet tall and that Baber and Milburn filled the description of these bandits?

"Answer. No, and I don't know it now.

"Question. Do you mean to say that in taking a position as to whether Jordon should die or not you never inquired into the Barrett case?

"Answer. Oh, generally, I suppose I did, but I was not at all interested in hearsay statements about the height of the bandits.

"Question. Didn't you inquire sufficiently to find out whether Barrett's defense con-

sisted in looking for men who were 6 feet tall?

"Answer. I say I didn't know it then and I don't know it now. I have not read the record in the Barrett case through. I don't know that that was his defense.

"Question. I suppose records on appeal are kept in the district attorney's office in Washington, aren't they, in Washington?

"Answer. They are, if they are appeals in criminal cases.

"Question. Did you ever look into that record?

"Answer. I never read that record.

"Question. Have you ever looked up, even today, the record of the Barrett trial?

"Answer. No, sir.

"Question. You say Barrett told you that he had been almost broken by this Garden T Shoppe murder?

"Answer. Right.

"Question. Didn't it occur to you as an experienced lawyer that almost the last man to be sent to investigate as to whether a fellow committed this crime, then unsolved, was a man who had been almost broken by the crime?

"Answer. No, not at all. I think it's a matter of fact if you want a man to make an investigation he has got to have an interest in the case. * * * I think he will make a more thorough investigation than if he were merely casual.

"Question. Do you think he is as likely, Mr. Garnett, to make an impartial investigation?

"Answer. I don't know about that. That did not occur to me at that time.

"Question. Don't you know that Jordon fired Holzworth as his attorney because Holzworth criticized your office for not having brought evidence out at the trial?

"Answer. I think Jordon did say that that was one of the reasons.

"Question. You think Jordon had more sense not to criticize your office than Holzworth had to criticize, is that it?

"Answer. I do."

Referring to an appealing letter from Jordon, I asked:

"Question. You know in that letter, Mr. Garnett, he says, 'Please look into my case very carefully and you will see that I am innocent.' Did you look into his case carefully at that time?

"Answer. My office did; I personally did not.

"Question. Do you know whether your office did or not?

"Answer. I think the result speaks for itself.

"Question. You mean the result that they got a conviction speaks for itself, does it?

"Answer. Yes, sir.

"Question. Does that show that they looked into the facts carefully?

"Answer. Yes.

"Question. You know now, don't you, that they did not present some of the eyewitnesses who were present in the Garden T Shoppe the night of the murder?

"Answer. Yes.

"Question. And you still think they looked into the case carefully?

"Answer. Yes.

"Question. You objected to Holzworth's criticism of you when he applied for a stay of execution, didn't you?

"Answer. I certainly did.

And you were present in court with Whelan and Robb on May 11 when Jordan fired Holzworth?

"Answer. I was.

"Question. That was just 3 days before Jordon was to die?

"Answer. Yes.

"Question. Immediately after Holzworth was out of the case the motion to stay the execution was withdrawn, wasn't it?

"Answer. Yes, yes; I think that is correct, the day after."

The next witness was Roger Robb, also a plaintiff. He was born in Vermont, was graduated from Yale in 1928, from law school in 1931, was appointed an assistant district attorney on November 1, 1931. He was the prosecuting attorney in the Jordon case. Robb was an attractive, cultured chap.

Said he: "The case of Jordon, as nearly as I can recall, Mr. Battle, took the usual course. The assignment clerk told me that he would bring in witnesses, and he brought them in."

I cross-examined along these lines:

"Question. This article ends, "There is every reason to believe Thomas Jordon is innocent, though he still is under sentence of life imprisonment following the President's commutation of the death sentence." You say that is a reflection on you?

"Answer. And also on the President, yes, sir; because if he was innocent, the President ought to turn him loose.

"Question. Mr. Robb, would it be a libel on anybody if I said that in my judgment a man in jail was innocent? Is that a libel on anybody?"

[Objection made and sustained.]

"Question. Now, this case in 1935, I suppose, seemed to you just ordinary routine business; isn't that right?

"Answer. That is right; yes.

"Question. It was just one of your cases?

"Answer. That is right.

"Question. Your jacket contained references to certain witnesses?

"Answer. Yes.

"Question. Was there anything to prevent your looking up other witnesses?

"Answer. No.

"Question. You had time, didn't you?

"Answer. Oh, yes.

"Question. Among other witnesses who came to you at that time who were mentioned in the jacket was a man named Schneider, wasn't he?

"Answer. Yes.

"Question. Did Schneider tell you that his wife was with him on the night of the murder?

"Answer. I think so; yes.

"Question. Did he tell you that a Mr. and Mrs. Long were with them?

"Answer. No, he did not. He did not want to give me the names of these people. He afterward did, however.

"Question. Did you see his wife and examine her?

"Answer. I saw her subsequently, yes, sir.

"Question. No; I mean before the trial?

"Answer. No.

"Question. The same is true of Mr. and Mrs. Long?

"Answer. Yes.

"Question. But you knew that they had been there the night of the murder?

"Answer. Yes.

"Question. I think you also told us that the very first information obtained in connection with any crime is by police officers, who take down a statement from witnesses; is that right?

"Answer. Yes.

"Question. So that you knew that the first information in the records of the District of Columbia that the police had would be in a police 'incidental,' didn't you?

"Answer. The first records?

"Question. That the police had?

"Answer. Oh, yes.

"Question. Yes. And you had plenty of time to look that up, didn't you?

"Answer. Yes.

"Question. But you didn't, did you?

"Answer. No.

"Question. Now let me ask you whether Heide or Haack, who signed the police 'incidental,' appeared at your office or you took any statements from them before Holzworth appeared on the scene?

"Answer. I don't think so; no, sir. They hadn't even been brought in to question before that.

"Question. I asked you yesterday whether there was anything in the case other than Jordon's confessions, anyone to identify Jordon. I think you said the answer to that was "No."

"Answer. Oh, no, nobody could identify him, Mr. Hays.

"Question. You knew, of course, that Jordon had been arrested and held in jail in 1931, didn't you?

"Answer. You mean I knew it in 1931?

"Question. No, in 1936, you knew that in 1931 he had been in jail for 3 months?

"Answer. Yes.

"Question. And you knew that he had been released, didn't you?

"Answer. Yes.

"Question. And you knew that the grand jury had refused to turn in a charge against him, to make a charge against him?

"Answer. That is right; refused to indict; yes, sir.

"Question. Did you look up the records of the grand jury?

"Answer. I did not.

"Question. Did you find out what witnesses had appeared before that grand jury?

"Answer. I did not.

"Question. You also knew that there had been a police-court investigation at that time, didn't you; inquiry?

"Answer. I knew there had been a hearing in the police court.

"Question. A hearing in the police court?

"Answer. Or, at least, that Jordon had been arraigned over there. What happened there I didn't know.

"Question. Now, then, when you went up to Mount Vernon you saw Jean Beierholm, didn't you?

"Answer. Yes, sir.

"Question. You had first heard of Jean Beierholm, I think you said, from the fact that Jordon had asked that she be brought to the trial, is that right?

"Answer. Yes.

"Question. And I presume, in the District of Columbia, when defendants are poor and haven't any money, the Government often helps them bring witnesses, doesn't it?

"Answer. That is right.

"Question. Of course. And is it your custom, when a poor defendant mentions to you the names of his witnesses, to go to see his witnesses before his counsel has a chance; is that the custom?

"Answer. Sometimes I did; yes, sir.

"Question. And you went to see Jean Beierholm, whose name you had got from Jordon, Jordon wanting her as a witness, not alone, but with Sergeant Barrett and Tierney, didn't you?

"Answer. Yes.

"Question. And the three of you got a statement from her, is that right?

"Answer. No, we did not get a statement; she gave us a statement.

"Question. Now, having all the evidence before you that has been presented to the jury, all the evidence that was before the pardon attorney—the fact of the police 'incidental,' the fact of the statements of Ellen Yates, of Mildred Colt, of Carvie Mason, and Mrs. Bell—do you want to tell us now, from your knowledge of the case, that there do not seem to you to have been some fishy [3] angles to that Jordon trial?

"Answer. Absolutely.

"Question. You don't think so.

"Answer. Absolutely.

"Question. None whatever?

"Answer. That is right.

"Question. If you had to do it all over again, having in mind all you know now, and

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[3] One of the alleged libels was a statement that there were "fishy" angles to the case.

were to put Jordon on trial, you would conduct the trial the same way, is that it?

"Answer. I would; yes, sir."

The third plaintiff, Harry T. Whelan, then testified. He had practiced law in the District of Columbia for many years, handling important criminal cases. He had referred Jordon to Bowman, who had acted as Jordon's trial lawyer. At the time of the trial, Whelan was on a sickbed but he nevertheless conferred with Bowman and advised him. All this he did, according to his story, without recompense, as he thought it was his duty as a lawyer to do what he could for a poor man. After Bowman's unfortunate death, he had taken the case over, worked on the papers on appeal, and had handled the case before the appellate court. The few hundred dollars Jordon could raise went for disbursements, printing of the record, and briefs. He had thought Jordon guilty, but the verdict in his opinion should have been murder in the second, not in the first, degree.[3] After the affirmance of the judgment, he had filed a petition for executive clemency. When Holzworth appeared upon the scene, Whelan had welcomed his assistance and had readily consented that Holzworth act as associate counsel.

Direct examination by Mr. Battle:

"Mr. BATTLE. Throughout that case, Mr. Whelan, did you serve the interests of your client to the best of your ability in every respect?

"Answer. I tried to.

"Question. Did you suppress any evidence of any kind?

"Answer. I absolutely did not.

"Question. Did you collude or conspire with Mr. Garnett or Mr. Robb to shuttle Jordon to the electric chair?

"Answer. Absolutely not.

"Question. Did you enter into a conspiracy or agreement of any sort with Mr. Garnett or Mr. Robb to betray the interests of your client?

"Answer. I did not.

"Question. You did the best you could for him in every respect?

"Answer. Yes, sir.

"Question. After Holzworth came into the case, he made various motions and applications?

"Answer. Yes, and without letting me, supposedly his associate counsel, know anything about it, and he and I had quite a heated argument one day which resulted in us going to the district jail to see Jordon about it, and then Jordon discharged him as his attorney."

I started my cross-examination.

"Question. Now, Mr. Whelan, I suppose you handled this case in just the same manner as if you received a fee of $25,000, is that right?

"Answer. Yes, sir.

"Question. You knew of the Barrett case in 1931?

"Answer. I knew all about it. I was one of his counsel.

"Question. When Barrett was tried for assault on Baber, the police had information, did they not, to support Barrett's statement made in his defense that two men, both of them 6 feet tall and in general answering the description of the men arrested, entered the Garden T Shoppe that night?

"Answer. Yes, sir.

"Question. So you knew, of course, in 1933, at the time of the Barrett trial, that Barrett was looking for two tall men, didn't you?

"Answer. That is correct.

"Question. And Jordon, 5 feet 6½ inches, was tried in May 1936?

"Answer. Yes, sir.

"Question. Now, I point out the petition for clemency. You helped prepare this?

"Answer. What is that you refer to, Mr. Hays?

"Question. The application for executive clemency?

"Answer. Yes, sir.

"Question. I want you to turn to the page, which in my photostatic copy is numbered 3, right after the printed part: 'Petitioner states that the facts in his case are as follows: On Friday night, April 3, 1931, the Garden T Shoppe, 1835 Columbia Road NW., Washington, was held up and money amounting to $101 taken by two men. Only vague descriptions were given the police, "a tall man and a short man."' That statement in that petition is quite different, is it not, from the descriptions given at the time of the Barrett trial?

"Answer. Well, it was general——

"Question. Isn't it a fact that the information the police had at that time, the information first given to the police, was not of a tall man and a short man?

"Answer. Well, my information——

"Question. Now, Mr. Whelan, can't you answer my question? Isn't it a fact that that was not the information given to the police?

"Answer. Not exactly, I must admit, not exactly as you put it, Mr. Hays, but that was put in there——

"Question. Now, you say that Jordon wrote out a long statement that went to the President?

"Answer. Yes, sir.

"Question. In that he claimed he was innocent, didn't he?

"Answer. He did.

"Question. Is there anything in your petition for clemency that said he was innocent?

"Answer. No; my theory was that he was guilty of murder only in the second degree.

"Question. You thought your client was guilty of murder?

"Answer. Yes; I did, and the jury found him guilty.

"Mr. HAYS. I move to strike out the last part as not responsive.

"The COURT. Motion granted.

"Question. Now, let us compare your petition for clemency and Jordon's statement further. You didn't put in your petition anything about the Barrett case?

"Answer. I don't know what you mean, Mr. Hays.

"Question. In your petition for clemency you didn't say that the police were originally looking for men of 5 feet 9½ and 6 feet?

"Answer. No; I did not.

"Question. You eliminated all question of the perjury of witnesses, did you not?

"Answer. I said there was a conflict of testimony in the record.

"Question. You eliminated a statement made by Jordon that he had tried to see Mr. Garnett and that Mr. Garnett was discourteous in refusing to see him?

"Answer. Yes.

"Question. Now, there was another thing that Jordon wrote out that you eliminated. One of Jordon's grounds in his statement was that he thought it ought to be pointed out that the district attorney had done something unethical in going to see his witness, Jean Beierholm; isn't that correct?

"Answer. Yes, sir.

"Question. I suppose you regard it as perfectly ethical when a defense lawyer gives the name of one of his chief witnesses to the district attorney for the district attorney to go to see that witness with two detectives, without the defendant having a chance to see that witness? Do you regard that as ethical?

"Answer. Mr. Hays——

"Question. I just asked you a question. Do you regard that as ethical on the part of the district attorney?

"Answer. To do what?

"Question. To go to see a witness whose name is filed by the defense and get a statement from her before the defendant has a chance to see the witness himself?

"Answer. It would depend on——

"Question. Do you regard that as ethical?

"Answer. I would say the way you put it, it would be unethical.

"Question. I notice that in May 1937, after Holzworth first appeared in the picture, your office made a motion for a new trial for Jordon, didn't you?

"Answer. After Holzworth appeared?

"Question. Yes.

"Answer. After Holzworth——

"Question. Can't you answer that yes or no?

"Answer. I am answering. After Holzworth appeared we did file a motion in the court of appeals to recall the mandate and to grant a new trial.

"Question. You met Holzworth the latter part of April 1937?

"Answer. I agree with that.

"Question. And you had been in this case ever since the spring of 1936, had you not?

"Answer. That is right.

"Question. And you never made a motion for a new trial for Jordon, until after Holzworth appeared on the scene, did you?

"Answer. That is correct.

"Question. Now when you made your motion for a new trial, among other things you did it on the ground that the police 'incidental' was discovered, didn't you?

"Answer. That is correct.

"Question. And on the ground that there were various witnesses who were available, who were not called at the Jordon trial?

"Answer. That is right.

"Question. As a matter of fact, won't you tell the jury why you did not look into these matters before this case was decided by the appellate court and before Holzworth appeared on the scene, that is, if you were acting in the same way as you would have acted had you received a $25,000 fee?

"Answer. Well, Mr. Hays, I talked with Mr. Bowman when he was preparing this Jordon trial, Mr. Bowman had talked to Jordon any number of times, Mr. Bowman had gone through the Barrett cases and he was to conduct the trial in court, and he worked very diligently on the case. Now the motion to recall that mandate and grant a new trial caused some personal disagreements between Mr. Holzworth and myself and Jordon.

"Question. The differences between you and Holzworth arose from the fact that you objected to Holzworth criticizing the District Attorney's office, didn't they?

"Answer. Oh, no, no.

"Question. You, Jordon's lawyer, tried to offset allegations made by Holzworth, didn't you?

"Answer. When he said and filed vicious charges against certain officials in the District of Columbia, and Jordon in writing asked that it be done.

"Question. After Holzworth came into the picture and you filed your motion for a new trial, more than 60 days had elapsed, and the court had lost jurisdiction, hadn't it?

"Answer. That is right.

"Question. When you were first retained the court still had jurisdiction to grant a new trial, didn't it?

"Answer. That is right.

"Question. Wouldn't you, if you had been paid a $25,000 fee, have looked up every witness to a hold-up if your client was charged with murder?

"Mr. BATTLE. I object to that.

"Answer. Not if I had the information I had in this case.

"The COURT. Well, we can strike out all reference to $25,000. Some people would jump off the Woolworth Building for that.

"Mr. HAYS. I prefer not to strike it out, Your Honor.

"Mr. BATTLE. I move to strike it out as improper.

[3] In New York any party engaged in a felony where a murder occurs is guilty of murder in the first degree. This is not so in the District of Columbia.

"Question. When Holzworth first came to your office, the date of Jordon's execution was fixed for May 14, wasn't it?

"Answer. That is right.

"Question. And it was just a few weeks before that that Holzworth came in?

"Answer. Yes, sir.

"Question. Tell me what you did between the time that the President refused to commute Jordon's sentence and set the date for execution for May 14 and the time Holzworth appeared. Did you do anything?

"Answer. Everything possible under the sun that could humanly be done before that was done, and there wasn't anything that we could do then, except one thing. We were talking to Jordon and the reporter Love, who really discovered this 'incidental.'

"Question. Do you mean to say that you were looking into these things before Holzworth appeared on the scene?

"Answer. Looking into what things, Mr. Hays?

"Question. Into the question of witnesses who had been in the Garden T Shoppe the night of the murder?

"Answer. No; we were not. We were groping at straws at the time.

"Question. I know you groped at straws after Holzworth came in. I want to find some straws you groped at before Holzworth appeared on the scene.

"Answer. I would be glad to tell you what we did for a period of 3 months before the office of the pardon attorney, if you will permit me.

"Question. I am more interested in what you didn't do, Mr. Whelan.

"Answer. Very well, sir.

"Question. Now, you testified that you at no time neglected Jordon's case, right?

"Answer. I did.

"Question. That you did everything you could for him?

"Answer. I tried to.

"Question. After you came into the case in the early part of June 1936, did you go to the police station to look up the first report made to the police?

"Answer. I did not.

"Question. Did you look up the list of witnesses which was on the police reports?

"Answer. I did not.

"Question. Did you look up the evidence given at the Barrett trial?

"Answer. You are talking now after the conviction?

"Question. Yes, when you first came into the case.

"Answer. No, sir.

"Question. Did you ever go to see Ellen Yates, an eyewitness?

"Answer. No, sir; I did not.

"Question. Did you ever talk to the witnesses who had testified in the Jordon trial, Mason and Colt?

"Answer. I personally did not.

"Question. Did anyone from your office after you came into the case?

"Answer. No.

"Question. Did you look up the police-court records of 1931 when Jordon, Aiken, and Dodsworth were held?

"Answer. No, sir.

"Question. Did you look up the witnesses who had been before the grand jury in 1931, among them Schneider and Yates?

"Answer. No, sir.

"Question. Did you look for Mrs. Bell?[1] [A pause.] What is the answer?

"Answer. I didn't get your question.

"Question. Did you look for Mrs. Bell?

"Answer. No, sir.

"Question. Did you look up the newspaper files of April 3, 1931, to see what light they would throw on this murder?

"Answer. No, sir.

"Question. Did you, immediately after you came into this case, or at any time before May 1937, talk to reporters to find out what they knew about the case?

"Answer. No, sir.

"Question. In your petition for clemency you didn't say that the police were originally looking for two men about six feet in height, did you?

"Answer. No, I did not.

"Question. And you didn't make a motion for a new trial?

"Answer. I told you I didn't.

"Question. Or for a stay of execution?

"Answer. Not before May with Holzworth.

"Question. And then you quarreled with Holzworth and your client fired him?

"Answer. Yes.

"Question. And then the motion for a stay was withdrawn?

"Answer. The record shows that.

"Question. You didn't go to any congressional committee?

"Answer. I did not.

"Question. And still you say that you did everything possible to protect Jordon's interests, do you?

"Answer. Yes, sir."

It is evident that most of our defense was developed during the plaintiff's case. Holzworth was in the far West, so he was not available to either side. We called Bill Gilman, the Macfadden writer, who had made a careful investigation of the facts, and who had written the article in collaboration with Holzworth. Our defense rested on the grounds, first, "fair comment"; secondly, privilege; and thirdly, truth.

The summations to the jury were lengthy. Mr. Battle argued that these respectable lawyers of high standing in Washington were maliciously maligned by a charge of suppression of evidence and that there was nothing that tended "to show that Whelan had acted in collusion with Garnett in shuttling Jordon to the electric chair." He pointed out that Jordon's misfortunes were his own doing, that it was not the duty of a district attorney to produce exculpating evidence where a defendant admitted guilt, and that Whelan had not come into the case until after Jordon's conviction. He characterized Holzworth as an interloper who from the beginning was trying to get even with a district attorney with whom he had previously clashed.

I was anxious not only to obtain a verdict for the defendant, but if possible to persuade the jury to do something to help the miserable Jordon. In my summation, I said in part:

"I have said that this is an important case. Jordon was a poor man. And I say, men and women, the story of this case is the story of what happens to a man when he gets in the grip of the law and hasn't money to pay attorneys. I don't know what would happen to poor people in this country if we could not stir up public opinion. Instead of being criticized for our article, I think we are to be commended. And I want to tell you people that I am not through with this case, this Jordon case, after this trial. I expect you to bring in a verdict that will help to release this poor devil Jordon from jail.

"As I see Jordon, there is just one characteristic which is responsible for his misfortune. He was a 'cop-pleaser.' There are men of that type. He confessed in 1931. He pleaded guilty in 1931. He came from Atlantic City without extradition. He came from Mount Vernon without extradition. He made a confession in Mount Vernon in 1935. He made a confession in Washington the very next day. He insists on trial and is convicted. Finally in 1937, Jordon gets a friend to help him, and then fires him because the friend criticizes the district attorney's office. That's the kind of fellow Jordon is.

"Jordon was in the shadow of the electric chair for months, and is now in jail for life, unless you, or we, do something about it. He is there because he is poor, because he was naive, because he was ignorant, because he was in love, because he wanted to keep his girl's name secret, because he thought he could lie his way out of a predicament by making confessions, which he thought no one would or could believe.

"You have heard the record of Jordon's trial. The judge of the court made a statement that there was nothing to the case except the confessions. The court of appeals said the same thing. Mr. Robb puts it that Jordon wouldn't have been convicted without the confessions. I go further. I agree with the trial judge and the Court of Appeals. I say there is nothing to that trial but the confessions—nothing.

"Confessions are given scant credit and are regarded with very great suspicion, particularly when uncorroborated." This is from Garnett's testimony.

"These confessions are absurd. In criminal history where three persons are involved in a robbery and a murder, it is almost unknown that you catch one or two of them without getting some line or clue on the third. It just doesn't happen. In the Sacco-Vanzetti case, the police charged the defendants with murder, claiming they were two out of five. One of the circumstances which always persuaded me, among others, of the innocence of Sacco and Vanzetti was that almost never will the police catch two and have no line on the others.

"We have the same situation here. Jordon named Dodsworth, who had named him. Who was the other man? In 1931 the third man was Aiken. Aiken was vindicated. When the police found they had nothing on Aiken, they should have known the confessions were false.

"Who is the third man today? He hasn't yet shown up. How about Edith Dodsworth today?

"Jordon wrote his letter to Garnett on May 5, 1935. On May 1, 1935—of course, Jordon didn't know it—but 4 days before he wrote his fateful letter, a subcommittee of the House of Representatives had recommended that Garnett should be removed as district attorney of the District of Columbia because of the negligence of his office, because of the number of unsolved murders in the District. That was an unfortunate time for Jordon to have written Garnett. This may provide some explanation as to why the officials were particularly interested in trying to 'get' Jordon. I never realized the significance of those dates until I put the facts in chronological order, when this circumstance stood out like a revealing signpost.

"Why didn't Mr. Garnett throw these confessions out of the window? He needed a victim.

"The beginning of perjury in this case, men and women of the jury, started with the Barrett trial. Barrett was looking for two 6-foot men. He caught one fellow about 6 feet, and the other, 5 feet 9¼. Those, he says, were the men he was looking for, those were their heights, that was the information he received. Barrett at that time, men and women of the jury, was committing perjury.

"Curious coincidence that that just happened to fit the description of these two men he arrested, whereas the information that Barrett originally had was that the two men were, one, 6 feet, and the other about 6 feet. There you have not only the beginning of the perjury, but there you have for the first time any mention made of a tall and a short man. And that is the genesis of what happened at the trial in the Jordon case, where witnesses referred to a tall and a short man. These witnesses who were called afterwards against Jordon began to talk of a tall and a short man, whereas the actual evidence was that they were 2 tall men—6-foot men.

[1] Mrs. Bell was the woman to whom the dying cashier described the holdup men.

"Do I make my point clear? That is where you first hear of a tall and a short man, and that is why on Jordon's trial you had that description. This was vitally important. When the court of appeals affirmed the Jordon conviction, that court referred to a tall and a short man. That idea, ladies and gentlemen, originated in Barrett's mind. The only information the police had that night was that the bandits were two tall men.

"Holzworth did what anybody of intelligence would have done, and what Whelan would have done if he had been paid a $25,000 fee. He looked up the newspaper files of 1931. He went to see Philip Love, a Washington reporter who knew all about the case. And he found in an April 1931 newspaper the description the police had of 6-foot bandits. And then he said, 'Where is that incidental?' You know the rest.

"Holzworth immediately made a motion for a new trial. On May 8 he asked that the execution set for May 14 be stayed. I have told you before that Mr. Robb, at Mr. Garnett's direction, opposed a stay of execution—opposed a motion that this man be kept alive while an investigation was under way. This reminds me of a statement of Mr. Robb at the Jordon trial. 'Convict this man and we will try the others when we get them.' In other words, 'Don't let this man live in order that justice may be done, in order to help us solve this whole thing. Convict this man and don't worry about the others.' And believe me, that jury didn't worry about the others.

"I wish I had time to read again the stenographic proceeding of what happened in court on May 8. To me, it was one of the most shocking incidents in the Jordon case, when I found these lawyers—men connected with the district attorney's office—asking a court that a man should be put to death, after all this evidence had been unearthed and while an investigation was still going on.

"Holzworth filed a writ of habeas corpus in the Supreme Court of the United States. Mr. Battle said in his opening that Holzworth's legal activities were foolish. Mr. Garnett said they were foolish. Foolish? The Supreme Court has held now for 10 years that if evidence is suppressed, with the knowledge of the authorities, a writ of habeas corpus can be allowed.

"The issue first came to the Supreme Court, as to whether the court would interfere in a state case, in the Leo Frank case in Georgia many years ago, when an innocent man was found guilty. The court there held—with Judge Holmes dissenting—that the United States Supreme Court could not interfere. Then along came a case of some Negroes in the South who were rushed to their doom. The court reversed itself, because that trial had been so raw. The Supreme Court of the United States there held that if you produce evidence showing that the District Attorney has been so grossly unfair that defendant did not have a fair trial, that that is contrary to due process of law. This rule was applied in the Tom Mooney case. Holzworth did just what any intelligent lawyer would have done when he filed this writ of habeas corpus in the Supreme Court of the United States. And since when is one so sensitive about lawyers doing things which may not bring results? When a man's life is at stake you do everything you can.

"On the tenth of May, Holzworth makes a further affidavit again attacking Whelan. On the eleventh of May, Jordon appears in court with Whelan, and with District Attorney Garnett and Robb, and discharges the man who saved his life. They say that these men were not acting together. They certainly were acting together to get Holzworth out of the case, the one man who had done anything to save Jordon.

"And do you know what happened when Holzworth was thrown out of the case? These men say they were not acting together! When Holzworth is out, his petition for a stay of Jordon's execution is withdrawn. And that was on May 11, three days before Jordon was to die!

"Holzworth complains to the Congressional Committee on Crime in the District of Columbia. The committee made an investigation and heard witnesses. They are moved to action. Jordon's life is saved."

I ended:

"Mr. Garnett and Mr. Robb said that Jordon had a fair trial. You know that that isn't so. They apparently think Jordon is guilty. I think he is innocent. And I expect you people not only to hand in a verdict for the defendant, but also when you get through here, to get together and sign some kind of petition to the President, which will bring this whole matter again to the attention of the Department of Justice. Jordon should have a new trial or, if that is impossible, he should be released. I expect you to go that far.

"In the face of the holocaust in Europe, with men dying by thousands, it is interesting to find how the fate of one poor unfortunate affects our emotions. But, after all, Jordon is a symbol—a symbol of injustice. He is in the ranks with Dreyfus, Leo Frank, Sacco and Vanzetti, the Scottsboro boys, and all others who suffer, not because of what they have done, but because of what they are. Jordon is no hero. He is a simple, plain individual whom you can multiply by tens of thousands. And that in itself makes this case so much more important than where a great person is the martyr. Jordon is the 'forgotten' man.

"There is no higher duty a citizen can perform than that of sitting as a juror. You people are almost gods today, you are to render judgment on your fellow men. In giving that judgment I hope you will realize the implications of this case. * * * Public opinion is a mighty force. When Holzworth first went to all these people, Whelan, Robb, Garnett, they said, 'It's all over. Jordon must die. There is nothing to be done.' Holzworth said, 'There is something to be done.' And he wasn't through even when the sentence was commuted. He brought the facts to a magazine; the magazine brought the facts to public attention; and I am hopeful that the future, through you, will make our work effective.

"But even more important than all this is the question of democracy and free speech in our country. I was listening over the radio the other night to the President of the United States. He referred to dictatorship as contrasted with democracy. Roosevelt said:

" 'In contrast [with dictatorship], in other parts of the world, teachers and scholars are not permitted to search for truth lest the truth when made known might not suit the designs of their masters.

" 'Too often they are not allowed to teach the truth as they see it, because truth might make men free. Yes, they become objects of suspicion if they speak openly, if they show an interest in new truth, for their very tongues and minds are supposed to be mobilized for other ends.'

"I plead not only for Jordon, not only for Macfadden Publications. I plead for support of those people who make public the facts leading to injustice. I plead with you for a free press."

Judgment was for the defendant. The men and women of the jury met later and prepared this petition to the President of the United States:

"To the PRESIDENT OF THE UNITED STATES:

"We, the undersigned, are members of the jury in the cases of suits by Leslie Garnett, Roger Robb, and Harry Whelan against Macfadden Publications, Inc., for having allegedly libeled them in a story in True Detective magazine. This told the story of Thomas Jordon, now serving life sentence for murder, after reprieve by the President of sentence of death.

"The above named lawyers, one of them formerly district attorney of the District of Columbia, another the assistant who prosecuted Jordon, and the third Jordon's counsel, claimed that the article libeled them in its criticism of their handling of the case, charging them with suppression of evidence and gross negligence. Our finding for the defendant is a clear indication of our views in the matter.

"In the trial there was presented to us the evidence in the Jordon case, the evidence in the Barrett case, which was related thereto, and the statements of witnesses before the pardon attorney. We have not the slightest question that if all the evidence had been presented at Jordon's trial, it would have raised at least a reasonable doubt which would have led to his acquittal. We are clear that Jordon did not have a fair trial. We think this case is an illustration of what happens to a poor man when a district attorney is not solicitous to see justice done, and where the man is not properly defended. We respectfully request that if Thomas Jordon cannot be given a new trial, that he be released.

"Rae Kadison, 280 Fort Washington Avenue, New York City; Irving Setlow, 262 East Broadway, New York City; Nancy A. Barzilay, 710 West End Avenue, New York City; Robert Moser, 545 West End Avenue, New York City, N. Y.; Irving W. Modick, 255 West Eighty-fourth Street; Sadye T. Cohen, 150 West Eighty-seventh Street, New York City; Elisa Bianchi, 127 East One Hundred and Sixth Street, New York City; Wm. Meyer, 180 Riverside Drive; James A. McDonald, 229 East Sixty-second Street, New York City; John Jay Carlton, 500 West 177 Street; Edw. Bell Moor, 140 West Fifty-seventh Street, New York, N. Y.; Frank Cohen, 714 West One Hundred and Eighty-first Street, New York."

Tommy Jordon is still in jail. It's incredible but it's true. The term is for life. Jordon has written from behind the bars:

"I am a trusty in one of the best prisons in the country. I have a warden who is a 'regular guy.' Ten million men are out of work but I have a comfortable bed and eat regularly. Half the world is at war but I am in no danger of being shot. But I fear I will never be able to put my foot outside the stone walls, never be able to lie on the grass in the sunshine without a guard watching from a peephole, never know the softness of a woman. You who work and play and love, who have jobs and homes and families, can scarcely realise the tortured thoughts of a life prisoner, a man condemned to a death in life—whose only expectation of leaving the prison is in his own coffin."[1]

Why isn't something done about the Jordon case? Ask yourself. You can do something about it. A letter to the President asking a pardon for Jordon, for instance, would help at this time. Our officials in Washington are busy men, but there's always time for righting a wrong.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, October 3, 1949, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 2042. An act to authorize the Secretary of the Interior to complete construction of the irrigation facilities and to contract with the water users on the Buffalo Rapids project, Montana, increasing the reimbursable construction cost obligation, and for other purposes;

[1] Quoted from "The Case of Tommy Jordon, Told by Himself," True Story magazine, October 1941.

S. 2372. An act to amend the Atomic Energy Act of 1946; and

S. J. Res. 53. Joint resolution to provide for the reforestation and revegetation of the forest and range lands of the national forests, and for other purposes.

ESTABLISHMENT OF FOREIGN-TRADE ZONES

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 5332) to amend section 3 of the act of June 18, 1934, relating to the establishment of foreign-trade zones, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. GEORGE. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. GEORGE, Mr. CONNALLY, Mr. BYRD, Mr. MILLIKIN, and Mr. WILLIAMS conferees on the part of the Senate.

COMPOSITION OF ARMY AND AIR FORCE

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 1437) to authorize the composition of the Army of the United States and the Air Force of the United States, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. CHAPMAN. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD, Mr. CHAPMAN, Mr. JOHNSON of Texas, Mr. GURNEY, and Mr. SALTONSTALL conferees on the part of the Senate.

REHABILITATION OF NAVAJO AND HOPI TRIBES OF INDIANS—CONFERENCE REPORT

Mr. McFARLAND. Mr. President, I submit a conference report on Senate bill 1407, to promote the rehabilitation of the Navajo and Hopi Tribes of Indians, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The report was read.

(For conference report, see House proceedings of October 3, 1949, pp. 13659–13661.)

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the report was considered and agreed to.

STABILIZATION OF PRICES OF AGRICULTURAL COMMODITIES

The Senate resumed the consideration of the bill (S. 2522) to stabilize prices of agricultural commodities.

Mr. AIKEN. Mr. President, I should like at this time to make a brief over-all statement in regard to the bill sponsored by our colleague, the Senator from New Mexico.

First, I should like to say that up until 1948 all price-support legislation, so far as I know, had been emergency legislation. We had enacted legislation to get the farmers and our national economy out of trouble after they had gotten into trouble. Congress was well aware of that situation. In 1947, when it became clear that emergency war legislation should not continue indefinitely, Congress authorized the Agricultural Committees of both Houses to make a study of the needs and trends of agriculture and to recommend legislation to their respective Houses. The Agricultural Act of 1948 was the outgrowth of that directive on the part of both Houses of Congress. Title I of that act, as all of us know, is the part insisted upon by the House of Representatives, and it continued 90-percent rigid supports for the crop year 1949. Title II of the act is the long-range price-support program which was approved by the Senate by a vote of 78 to 3—practically a unanimous vote. That legislation was nonpartisan in nature; no question of partisanship ever entered into it. It was formulated as far as possible from any election. It appeared to those of us who formulated the bill that we had done the best that it was possible to do in the field of permanent farm price-support legislation. We knew what we meant by the bill and its provisions.

More recently—within the last few months—it has appeared, however, that the Secretary of Agriculture might be placing upon some provisions of the act a different interpretation than the one which the Congress which formulated the act had intended to have placed upon it. It was quite disturbing to find such different interpretations hinted at or actually brought out.

The intepretation of the act as originally made by the Office of the Solicitor of the Department of Agriculture followed almost exactly the intent of Congress. When it appeared that the Secretary of Agriculture might be placing different interpretations upon certain provisions of the act, it also appeared that the Congress could, if it so wished, enact further legislation which would strengthen the 1948 act and make certain that the Secretary of Agriculture would carry out the purposes of that act by spelling out the provisions.

The 1948 act was based upon two principles for which all major farm organizations and the Department of Agriculture had been working for years, namely, a revised parity formula and a flexible support floor for basic commodities. Those principles were written into the act. They are continued in the Anderson bill which is now before us.

I wish to say that I have frequently been in conference with the author of this bill, and I do not find myself in disagreement with his purposes. There are a few changes which in my opinion would improve the Anderson bill, and I should like to point them out here.

Before doing so, I wish to say there has been a great deal of propaganda throughout the country, particularly through the great agricultural regions of the Midwest, intended to convince the farmers of that region that under title II of the 1948 act, effective on January 1, 1950, they would find their supports cut to 60 percent of parity. As has frequently been pointed out by the Senator from New Mexico, that is not the case. The range of price supports for basic commodities under the 1948 act is from 72 percent to 90 percent of parity. Seventy-two percent is the minimum or the floor which can be put under a basic commodity.

It is true the formula in the act runs from 60 to 90 percent of parity, but the area between 60 and 72 percent is always inoperative. It is used only as a base for determining the actual floor; and the lowest actual floor is 72 percent. The Secretary at all times under the 1948 act could fix a support for a basic commodity up to 90 percent; but he could never go below the floor as fixed by the formula in the bill. I shall not here undertake to elaborate on that. The bill we are now considering provides a range of 75 to 90 percent, in comparison with the 72 to 90 percent of the 1948 bill. I think the 75 to 90 percent is perfectly all right. In fact, the minimum probably would not be dropped below 75 percent under the bill passed last year, anyway. I should have preferred a single formula in the Anderson Act, but I see no serious harm in having the three formulas included in it.

I should like to point out a few of the weaknesses of the bill as I see them. The first is found on page 2, where there is a requirement that cotton and peanuts shall be supported at 90 percent, if the supply percentage as of the beginning of the marketing year is not more than 108 percent. I can see no reason for giving cotton the 90-percent support with 108-percent supply. I can see no reason for including peanuts in the same category as cotton. Peanuts rank somewhere around eighteenth to twentieth in importance among our crops. They have been favored by being placed with the top six. That, as the Senator from New Mexico said, is due to the good operations of the peanut growers. I almost asked him whether he meant cultural operations only. Nevertheless, peanuts should not be put at the top of the list, because we have so many other commodities far more important.

On page 3, there is a provision which says "the level of support to cooperators shall be 90 percent of the parity price for a crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect immediately following a crop for which neither marketing quotas nor acreage allotments were in effect."

The effect of the provision will be to guarantee 90-percent support to wheat, corn, cotton, and tobacco for this coming year. The rigid 90-percent support provided in title I of the Agricultural Act of 1948 has got us already into a good deal of trouble. In fact, I shall be very much surprised if title I of the 1948 act does not result in completely exhausting the borrowing power of the Commodity Credit Corporation before next spring.

The effect of the provision would be to continue title I of the 1948 act for another year, as far as basic commodities are concerned.

I have disagreed with the over-all philosophy of the Brannan plan as expressed by the Secretary of Agriculture, but that does not mean that I always disagree with the Secretary of Agriculture; I do not. I certainly do not disagree with that part of the Brannan plan which was lifted bodily out of the Agricultural Act of 1948; and a considerable part of it was. I do not disagree with the attitude of the Secretary of Agriculture toward a continuation of the rigid 90-percent supports for another year, although, for the life of me, I cannot see how it would be more dangerous than 100-percent support.

I was interested in reading in the United States News and World Report of April 29, 1949, an interview which the editors had with the Secretary of Agriculture. The last question, on page 35, of that issue, addressed to the Secretary of Agriculture, reads as follows:

Question. Isn't the Congress likely to continue the 90-percent of parity without doing anything else?

The answer of Secretary Brannan reads as follows:

If they do, all I can say is that the year after this we will have an awfully drastic program of some kind. We will have powers vested in the Secretary of Agriculture, whoever he may be, that go way beyond anything used so far.

Another year of big production, with the present program continued, would show so much money involved in farm programs that I don't think any taxpayer could stand it.

With that statement of the Secretary of Agriculture I am in full agreement. I would say further, Mr. President, it is hardly consistent on the part of anyone to cry "statism" at the Brannan plan and support high rigid 90-percent incentive supports which would have the effect of bringing about as much statism, or almost as much any way, as the Brannan plan itself would bring about. I will let anyone put his own definition on statism; I have not learned the correct definition yet.

Going to page 4 of the Anderson bill, I find another place where I think it could have been improved. Under section 201—

The Secretary is authorized and directed to make available (without regard to the provisions of title III) price support to producers for shorn wool, mohair, tung nuts, Irish potatoes, milk, and butterfat, as follows—

It then continues. I do not think we ought to include all the lesser commodities in the list of commodities which should receive mandatory supports. There is some reason for including tung nuts, because tung oil is a strategic material. However, I would not have included that; I would have given full authority to the Secretary to support the price of tung oil.

Mr. HOLLAND. Mr. President, will the Senator yield for a question at that point?

Mr. AIKEN. I yield.

Mr. HOLLAND. Does the Senator not think another reason for including tung nuts and for justifying the inclusion of tung nuts is that the most of the world production, other than here in the United States, is south of the Yangtze River, in that portion of China which is now being overrun by the Communists, and that in the event of international trouble later, we would shortly, and almost certainly, find ourselves cut off entirely from that outside source?

Mr. AIKEN. The Senator from Florida has stated the situation correctly. If it were not for the strategic value of the tung nut and its need in our plans for national security, I would not approve including tung nuts and tung oil in the list, because they are not of sufficient economic importance. However, in view of the statement made by the Senator from Florida, and the fact that tung oil is a military necessity, I think it might be well not to become dependent on some remote part of the world for our supply. I am not objecting to the inclusion of tung nuts.

Mr. HOLLAND. Mr. President, will the Senator yield for one more question?

Mr. AIKEN. I yield.

Mr. HOLLAND. Does not the Senator think another good reason for the inclusion of tung nuts and tung oil in the program of mandatory control in addition to the best reason, which he has already stated, is that it is a tree crop, which, if it is allowed to become unprofitable, so that the trees are neglected, might easily bring us to a stage where it would take us several years to come back into commercial production?

Mr. AIKEN. I think the second reason stated by the Senator from Florida ties into the first reason he has given.

Mr. President, I have every sympathy in the world for the producers of mohair, but, as a matter of fact, the value of that crop is somewhat less than the value of the maple syrup crop and approximately 75 other commodities.

Then there is honey, on which supports have been made mandatory by an amendment which has just been adopted by the Senate this afternoon. Honey is necessary to the production of many other crops, which are very important. Bees and bugs are actually necessary to the existence of human beings. I do not believe honey producers would have asked for mandatory support of honey; I doubt if the mohair producers would have asked for mandatory support for mohair, except for one reason, and that is that the Secretray of Agriculture had intimated to them that he was not going to support the price of honey and many other nonbasic commodities. Probably during the next 2 or 3 months he will not have the money to do so, but he will have full authority to do it. After the 1st of January 1950, he can support mohair, honey, or almost any nonbasic commodity. He can use funds for that purpose under the Agricultural Act of 1948 or under the Anderson bill, without having the commodities specifically written into the bill. But the fact is that after these producers have been given to understand they are not likely to get supports, no matter how distressed they may become, they come to the Congress and ask to have supports for their commodities made mandatory.

I received a letter from the president of the American Beekeeping Federation, which, I think, explains very clearly why we are asked to write mandatory supports into the bill for certain nonbasic commodities.

The letter discusses the troubles of the beekeepers, stating that they have complimented the Senator from New Mexico [Mr. ANDERSON] on his recent stand in opposition to the Brannan proposal.

I come to this paragraph:

Secretary Brannan has told us that, if his program was accepted, honey might well find a place in it. Mr. Overby's committee of 20 top officials of the Department asked PMA to consider a price-support program for honey. Mr. Trigg replied that the Department did not think it advisable at this time to assume the obligation of a price-support program for honey.

Maybe I should read the next sentence:

We can only think that there is possible political significance in their so doing favoring our supporting the Brannan proposal.

That is the reason, Mr. President, that the lesser commodity producers are asking for support prices. They do not want to make support of their commodities contingent upon support of a philosophy in which they do not believe. That is what they are being asked to do.

There is also involved, Mr. President, a matter of milk and dairy products. In the Agricultural Act of 1948 it was held that a fair over-all interpretation of the act would make supports for dairy products and other products comparable to the Steagall commodities mandatory if those commodities should become distressed. But the Secretary indicated his doubt as to his ability to support animal products, including meats, dairy products, and poultry products under the 1948 act. There was no doubt at all in the minds of the men who formulated the act, and I do not think there was any doubt in the mind of the Solicitor of the Department of Agriculture. But when the Secretary announced his doubt, and did it on more than one occasion, and listed meats, in the literature which he sent out, as nonstorable commodities, it appeared that to insure supports for the most important of all farm commodities, if they needed it, mandatory supports would have to be written into the act. Therefore, milk and butterfat, which are the most important of all farm commodities, are included among the commodities having mandatory support.

On page 10 of the bill we find section 407 which provides:

The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. It shall not sell any such commodity at less than the current support price for such commodity—

And so forth.

Then some exemptions are made. The cotton producers have been very much disturbed over that provision, which would permit the Commodity Credit Corporation to dispose of cotton at the current support price. If the Commodity Credit Corporation were so minded, it could, of course, break the price of cotton immediately. The support price would be less than the market price. It would have a tendency to make the support price the price for cotton, and would make it impossible to receive any price higher than that.

I think that section needs correcting, and I believe the amendment which is to be offered by the Senator from South Carolina [Mr. MAYBANK], who is now in the Chair, would correct that shortcoming in the bill.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. BUTLER. A moment ago the Senator touched on the items mentioned in section 201 of title II which provides for price support for the producers of shorn wool and a few other items, omitting the item of pulled wool which has been included in all support programs up to this time. I wonder if the Senator has anything to say with reference to how that happened in the committee.

Mr. AIKEN. I did not comment on the supports for wool, because I understood that other Senators would do so later on. In the act of 1948 there is a provision for the support of wool at levels ranging from 60 to 90 percent of parity, or at such level as would induce the production of 360,000,000 pounds of wool annually. The provision in the 1948 act was not intended to and did not cover pulled wool. That would be in addition to the 360,000,000 pounds. If the Senate should decide to provide a support which would amount to 90 percent to induce the production of 360,000,000 pounds of wool, exclusive of pulled wool, it would simply have to delete the word "shorn" in a couple of places in this provision.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. ANDERSON. I think the Senator will find that the amendment offered by the Senator from Nebraska changes the first part but does not change the latter part. I did not spend much time discussing the amendment. I hope the Senator from Vermont has in mind the fact that the great bulk of the wool which we now acquire and hold in stock under the Government program is pulled wool and not shorn wool. The amount of wool which is now held is 25 percent of the crop, of which shorn wool is only 13 percent. There is a real difference between what it costs to support pulled wool and what it costs to support shorn wool, which I am sure the Senator from Nebraska and I shall discuss when his amendment is reached.

Mr. AIKEN. I was not aware that we had that amount of pulled wool on hand. The reason for putting in the provision last year was that wool is a strategic material. We must have wool if the country gets into war, just as we must have airplanes or other materials of war.

It seemed to the committee that until the world became more settled we should not be dependent for our wool on a source of supply 10,000 miles away. That is the reason for the provision reading as it did last year. It is in a position somewhat similar to that regarding tung nuts. It is a strategic material, but when rated for domestic importance among our agricultural commodities, it is well down the scale.

Mr. President, that is all I have to say on that subject. I now turn to page 14, section 410, which reads:

SEC. 410. Section 4 of the act of March 8, 1938, as amended (15 U. S. C., 1946 ed., 713a–4), is amended by substituting a colon for the period at the end of the next to the last sentence thereof and adding the following: "*Provided*, That the foregoing shall not limit the authority of the Corporation to issue obligations for the purpose of carrying out its annual budget programs submitted to and approved by the Congress pursuant to the Government Corporation Control Act (31 U. S. C., 1946 ed., sec. 841)."

As I stated earlier today, I desire to make certain that this language will not permit the Commodity Credit Corporation to obligate itself for large sums above the limit set upon it by Congress last year. I expect momentarily to get accurate information on that.

The last provision of Senate bill 2522, the Anderson bill, on which I should like to comment, is section 412, which provides for an Assistant Secretary of Agriculture in charge of sales operations.

Mr. President, I think this is a matter which would well come under any revision of the administrative structure of the Department of Agriculture as recommended by the Hoover Commission. I think perhaps the Secretary of Agriculture should have another assistant, but I would not tie him down to being a market man, a merchant man in charge of disposing of surplus commodities which the Commodity Credit Corporation might acquire. I am a little afraid of that. I am afraid that there might be a tendency to get the Government more and more into the field of marketing if the provision were adopted.

I have no fixed opinion on it now, however, except that I do feel it is something which should be taken up under the proposed reorganization of the United States Department of Agriculture, and should not be considered in connection with the pending bill at this time.

Mr. President, I do not think I have anything more to say. I spoke this morning on the effect of including the cost of hired labor in the parity formula. There are definitely two sides to that. It might help, but I am afraid it would help the farmer most when he needed help least, and help him least when he needed it most.

I might say I am in almost complete accord with the purposes of the Senator from New Mexico. I wish to make it clear that the Anderson bill does not repeal the Agricultural Act of 1948, nor was it intended to. There are 13 pages in the act. The Anderson bill rewrites four of the pages, but does not upset the provisions even of those four pages. I believe it is intended to clarify and strengthen the legislation which has been put upon the books up to this time. I think the Senator from New Mexico is entirely correct when he states that we should never undertake to wipe out legislation which we have been building over a long period of years, and go back to the beginning. The farmers of this country are getting very sick of temporary legislation, and I think that temporary legislation is not only wearing on the nerves of farmers, but also wearing upon the sinews of the taxpayers.

Mr. President, I do hope the pending bill will be amended so as to make it better, and not be amended so as to make it provide any harmful effects in any way.

Mr. LUCAS. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Washington [Mr. MAGNUSON] is the pending question.

Mr. ANDERSON. Mr. President, the Senator from Washington asked that his amendment go over until tomorrow, if the bill should not be passed tonight, because it had not yet been printed. So I feel it need not be regarded as the pending question.

The PRESIDING OFFICER. Without objection, the consideration of the amendment of the Senator from Washington is temporarily postponed.

The clerk will state the amendment offered by the Senator from Illinois [Mr. LUCAS].

The CHIEF CLERK. On page 13, line 12, before the period, it is proposed to insert a comma and the following: "and shall exclude any abnormal consumption or exports resulting from export or diversion operations of the Department of Agriculture or any of its agencies (other than operations pursuant to an international agreement ratified by the Senate) which result in losses to such Department or agencies."

On page 14, line 10, after "is amended" insert "(1)."

On page 14, line 12, before the period, insert a comma and the following: "and (2) by inserting before the period at the end of the last sentence thereof a comma and the following: 'and shall exclude any abnormal consumption or exports resulting from export or diversion operations of the Department of Agriculture or any of its agencies (other than operations pursuant to an international agreement ratified by the Senate) which result in losses to such Department or agencies'."

Mr. LUCAS. Mr. President, this is an extremely important amendment. I have offered it to the bill under consideration with the intention of clarifying the meaning of the term "normal supply." The amendment would exclude from normal supply the quantities of a commodity which the Government must dispose of at a loss.

I want to emphasize that this amendment is not designed to change in any way the intended operation of the proposed bill. Its purpose is to clarify the meaning of one of the factors upon which is based the operation of the sliding scale of price supports. The amendment meets the approval of the distinguished Senator from New Mexico, the author of the bill before us. It also has the endorsement of the Department of Agriculture. I have not discussed it with other members of the committee.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WILEY. Will the Senator give us a concrete example as to how the amendment would operate?

Mr. LUCAS. I shall do that later. Let me proceed in my own way, if I may.

I am sure that, after I have explained the effects of this amendment and have pointed out its necessity, there will be complete agreement that it should be adopted.

The importance of this amendment is brought out when we consider the manner in which flexible price supports are intended to operate under this bill. Price supports under this bill will generally be at a lower level when the total estimated supplies of the commodity exceed our normal domestic and export requirements. The greater our estimated total supplies in relation to our normal requirements, the lower will be the level at which the Secretary is required to support prices. The level of support moves up or down on a sliding scale based upon the relation of our estimated total supplies to our normal requirements.

That can be found in tables 1 and 2 on the second page of the bill.

This flexible system permits price supports to be the lowest during the years of large surpluses. It is proper that price supports should be lower during these periods. Farm income will not suffer since the farmers will have a greater abundance of a particular commodity which will be entitled to the benefits of the support program; and also lower price supports in such periods will decrease the over-all cost of the price-support program. If the price supports were extremely high during the periods of the largest surpluses, the cost to the Government would become almost unbearable. A workable system of price supports requires that they be at a lower level during periods of abundance.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. LUCAS. Yes; but I should like to proceed with my statement.

Mr. KNOWLAND. So far as he has gone the able Senator appears to have a meritorious amendment. So I can follow the presentation a little better, I ask the Senator if the amendment was presented by him to the Committee on Agriculture and Forestry?

Mr. LUCAS. No; it was not , I will say to the Senator from California, that I did not discover what I am now attempting to correct until after the bill had reached the floor of the Senate. This matter has been pointed out to me in a forceful way. I believe it represents an error in the bill which should be corrected.

Under the flexible system of price supports provided for in the bill, the Secretary, in determining normal domestic and export requirements for the coming year merely takes the total consumption and exports for the preceding year. The bill as it now reads might be interpreted as requiring the Secretary to include in this calculation of normal supply the quantities of a commodity which the Government the previous year disposed of at a loss.

It should be quite apparent how such an interpretation would cripple the whole program. The theory of flexible price supports is based upon our estimated production in relation to our normal demands.

If, in defining normal requirements, we include an amount for which there is no normal demand, we will strike at the basis of our flexible system. Surpluses which the Government must dispose of at a loss are not a part of our normal requirements, although they have been considered such by the Department in the past on many different occasions.

The amendment which I have proposed, corrects this problem by providing that, in determining normal supply, there shall be excluded any abnormal consumption or exports resulting from disposal operations of the Government which were carried out at a loss. This amendment makes it clear, however, that commodities exported under international agreements, such as the wheat agreement, are not to be excluded in determining normal supply. Also, disposals made by the Government which do not result in losses are not to be excluded. This is as it should be since in these cases the Government is meeting normal demands at market prices.

Price supports for peanuts provides a very good example of the practical effects of this amendment. Under the proposed bill, without this amendment, the Secretary of Agriculture has estimated that the total supply of this commodity for the next year will amount to only 91 percent of our normal requirements. This would mean that peanuts could not be supported at any level under 90 percent.

This result is contrary to the facts. Actually, peanut production in 1950 will greatly exceed our normal requirements. The reason for this is that Congress this session enacted Public Law 272 prohibiting the Secretary from reducing acreage allotments for peanuts under 2,100,000 acres. I have been advised by the Department of Agriculture that, if they had had a free hand, they would have cut peanut acreage to 1,800,000 acres. This would have brought supply and demand closer together.

In other words, this bill in its present form would force the Secretary to conclude that production of peanuts next year will not meet our normal requirements when the fact of the matter is production for the coming year will actually exceed normal domestic export consumption by 15 or 20 percent. Those figures are based upon figures furnished me by the Department of Agriculture.

The adoption of this amendment will enable the Secretary to exclude from his estimate of normal supply the amount of this commodity which the Government will have to dispose of at a loss. With these quantities excluded, estimated total supply of peanuts for next year will exceed our normal requirements by 15 or 20 percent, which will mean that price support on the sliding scale need not be above 86 or 87 percent of parity.

I believe firmly that farm income must be maintained at a high level if we are to have the abundant production which is today so necessary to all the world, and if we are to have continuing prosperity in the United States. But, we must not, through a support program, price a product completely out of the consumer market at a tremendous cost to the taxpayers. This is exactly what we would do in the case of peanuts if the meaning of "normal supply" is not clarified.

Through our price-support program, we would be supporting the price of peanuts at a level almost beyond the reach of the consumers despite the fact that the production of this commodity is far above our immediate demands. This result must be avoided.

I want to emphasize that this amendment will not only make more realistic and workable our price-support program for peanuts but it will have the same effect upon other commodities. This amendment is general in its application. It will put price supports where they properly belong in the case of every product to which the sliding scale applies.

If the Congress of the United States does not place the price supports upon all commodities where they properly belong in connection with the total amount produced in line with the demand, we are going to break down the farm program. For 2 years I have been talking about certain particular commodities having an advantage over others. The advantage they have obtained over other commodities has been the source of all the trouble and all the annoyance the Congress of the United States has had by way of public reaction to the farm program as a whole.

If we do not make this change in the bill, we might just as well not have a sliding scale, as this system of flexible supports is based directly upon the relation of estimated production to normal demands. If we include in our normal demands surpluses which the Government must dispose of at a loss, we shall destroy the basis of our flexible system of price supports.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. MUNDT. Does the distinguished majority leader have at hand the facts and figures to indicate what, if any, impact his amendment would have on wheat? It seems to me that it might also scale down the support price for wheat.

Mr. LUCAS. I do not think it will, but on that point I yield to the Senator from New Mexico.

Mr. ANDERSON. Mr. President, if I followed the Senator correctly, I am quite sure that it will be found that wheat is sold, and is not disposed of at a loss. Even the sales under the international wheat agreement are protected by the amendment, so they would not be involved. The amendment would apply only when there was a loss in connection with a disposable commodity.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. GURNEY. I should like to be sure that the answer applies to purchases of wheat with Marshall-plan funds. Would purchases of wheat by the ECA be considered a part of the wheat sold at a loss?

Mr. LUCAS. What was the question?

Mr. GURNEY. The ECA is purchasing several hundred million bushels of wheat each year. The Senator's amendment provides that that part which is sold at a loss shall not be considered in making the flexible price. Would purchases by ECA be excluded under the terms of the Senator's amendment?

Mr. LUCAS. Mr. President, I yield to the Senator from New Mexico.

Mr. ANDERSON. As I read the amendment, it says "which results in losses to such department or agencies." As I understand, Marshall plan wheat is always sold at cost. It certainly was until recently. It moves on into the Marshall plan or is credited back on the basis of what it costs the Department of Agriculture.

Mr. LUCAS. It is only when the surplus is sold or dumped at a loss that it cannot be considered in the estimates as being a part of the normal supply.

Mr. GURNEY. My concern is that the ECA is taking practically the entire surplus of wheat, and has done so for a number of years. If ECA were not buying the wheat, countries overseas which are getting it now would have to make some arrangement to purchase our wheat. Therefore I would not want our wheat price to be penalized merely because the ECA is doing the buying.

Mr. ANDERSON. As I read the amendment, it would not have that result at all, because the wheat is handled through the ECA without a loss.

Mr. GURNEY. I think there should be some assurance that it is not included.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. AIKEN. I am sure that ECA wheat is not sold at a loss by the Commodity Credit Corporation. That has been a source of considerable irritation to the ECA. The only wheat likely to be sold at a loss is that which enters into the international wheat agreement plan, which is specifically exempted by the amendment proposed by the Senator from Illinois. If I am correctly informed, some of the wheat sold to ECA has been sold at a little more than cost.

Mr. LUCAS. I do not understand that any ECA wheat has been sold at a loss; but if the time ever comes when we have to sell wheat at a loss, irrespective of how we sell it, we shall find that the supply is greater than the demand, and we shall have to dispose of it in some way. All this amendment would do would be merely to provide that the surplus disposed of at a loss cannot be used in considering what the normal supply is when it is lined up with the estimate of total supply.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. GURNEY. I am in accord with the Senator. It is not a question whether ECA sells it at a loss. It is a question whether the Commodity Credit Corporation sells it to ECA at a loss. I should like to ask the Senator if it is his intention that wheat sold by the Commodity Credit Corporation to ECA shall be excluded.

Mr. LUCAS. No; my understanding is that it is not being sold at a loss.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. ANDERSON. It seems to me that the statement just made by the Senator from Illinois [Mr. LUCAS] and that made by the Senator from Vermont [Mr. AIKEN], together with my own remarks, possibly would be sufficient to fix the legislative history, so that it will be known that wheat sold to ECA is not to be regarded as coming within the terms of this amendment.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. MUNDT. In the Senator's amendment he has specifically excluded portions of wheat sold under the international wheat agreement. I wonder if, in order to make it clear, he could not exclude the portions of wheat sold by the Commodity Credit Corporation to ECA. While it is true that up to now the Commodity Credit Corporation has not been selling such wheat at a loss, it is equally true that ECA is in a bargaining mood, and would like to buy wheat at a cheaper price if possible.

Mr. LUCAS. I do not believe I would want to change the amendment on that basis. I think I am entitled to use the international wheat agreement as the exception to the rule, because of what has been done in the way of treaties with other countries. As I understand, up to the present time there has been no loss in the sale of wheat through the ECA program, and I do not think there will be.

Mr. MUNDT. If we were to write it in the amendment, we could be sure that there would not be such loss.

Mr. LUCAS. I would not want to accept that modification. I think we have gone far enough.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. AIKEN. Let me add that the only wheat sold overseas at a loss is possibly wheat which has come actually into the possession of the Commodity Credit Corporation, and perhaps deteriorates and must be disposed of anyway. If we ever reach that point, that wheat should not be counted in with the regular consumption of wheat. But so far as I can see, there is no inclination or intention on the part of the Commodity Credit Corporation to sell to any other agencies, ECA or any others, at a loss. As I say, it has been a source of irritation to some that the Commodity Credit Corporation would not sell at a lower price.

Mr. LUCAS. The Senator is correct. To my mind this is basic and fundamental so far as the future of this program is concerned. If we get the kind of surplus crop in wheat or in cotton that we are likely to get at any time in the future, and this sort of amendment is not adopted, giving to the Secretary of Agriculture definite instructions with respect to what a normal supply is, and if he continues to do what he has done in the past with some other crops, the amount of money which the program will cost taxpayers on a large crop will absolutely break the farm program in two. We can get away with it in the case of a smaller crop, where there is not so much involved. It is only when we get into one of the basic crops, with a tremendous surplus that should the Secretary of Agriculture continue to base his figures upon the present interpretation, we will be caused a great amount of trouble so far as taking money out of the Treasury is concerned. Wheat and cotton are the two basic crops which may cause such trouble.

Mr. AIKEN. I believe the Senator from Illinois is entirely correct in his statement that if we undertake to support crops which are constantly being produced in excessive quantities and sold at heavy losses overseas, we shall be supporting by artificial means a completely unrealistic situation which will eventually result in breaking down the entire farm program and defeating the purpose of the price-support program.

Mr. LUCAS. Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. LUCAS].

The amendment was agreed to.

Mr. CHAPMAN obtained the floor.

ANNOUNCEMENT AS TO LEGISLATIVE PROGRAM

Mr. LUCAS. Mr. President, will the Senator yield, in order that I may make a brief announcement?

Mr. CHAPMAN. I yield.

Mr. LUCAS. We are not going to run very late tonight—probably until 6 o'clock or a little after that—and then we shall take a recess until tomorrow, because I doubt whether we can vote on the bill tonight. Does the Senator from New Mexico think we can?

Mr. ANDERSON. No; but I was going to suggest that we might be able to dispose of all but approximately two or three amendments—probably two—which are somewhat controversial. The Senator from Georgia and the Senator from North Dakota jointly have an amendment; and the Senator from Vermont [Mr. AIKEN] has an amendment which is the reverse of theirs. Whichever way we move in regard to either of those amendments we shall dispose of both of them. I wonder whether we might agree to vote at a definite hour tomorrow on them, and then bring up the two amendments of the Senator from Nebraska, which are controversial—one affecting pulled wool and one relating to section 412. Those are the only ones which I think will take any time. If we carry them, along with the amendments of the Senator from Washington [Mr. MAGNUSON] over until tomorrow, and if in the meantime we can agree as to a time when we shall vote on them, that would be very much appreciated.

Mr. LUCAS. Mr. President, I wish to make this brief announcement: It is my understanding that the Committee on the Judiciary has made a favorable report on the nomination of Judge Sherman Minton, who has been nominated to be an Associate Justice of the Supreme Court of the United States, and I understand that the nomination is now on the calendar. I wish to state that tomorrow we shall take up that nomination, following the disposition of the pending farm bill.

Following that, we shall consider House bill 2960, the rural telephone bill.

I wish to state now the bills which we are seriously thinking about considering before final adjournment: The bill providing grants for State-aid programs for school construction; the bill, reported from the Committee on Banking and

Currency, to amend the National Housing Act; the bill, reported from the Foreign Relations Committee in relation to Korean aid; and also the bill to amend the United Nations Participation Act of 1945. Then there is the possibility that we shall take up the point 4 bill, S. 2197, which has been reported from the Committee on Banking and Currency; the bill, reported from the Committee on Armed Services to authorize the construction of certain military and naval installations, which is a tremendously important bill; the bill, introduced by the Senator from Wyoming [Mr. O'MAHONEY], dealing with strategic materials; the cigarette-tax bill, as reported by the Finance Committee; and possibly then the motion to discharge the Committee on the Judiciary from the further consideration of the displaced-persons bill.

There may be one or two other bills which will be considered; but the ones I have just stated are the bills we shall certainly consider. It seemed to me that I should make that announcement. There will be no civil-rights legislation at this session, but there will be at the beginning of the next session.

Mr. HOLLAND. Mr. President, if the Senator will yield, let me say that I entered the Chamber while the distinguished majority leader was listing the measures to be considered. Did he refer to the omnibus flood-control and river and harbor bill?

Mr. LUCAS. No; I did not. It has not yet been reported; has it?

Mr. HOLLAND. No; it has not.

Mr. LUCAS. I hope it will be reported and is placed on the calendar, because it is an important bill; all omnibus bills are very important.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. CHAPMAN. I yield.

Mr. MILLIKIN. Is there any intention to bring up the point 4 bill (S. 2197) this week?

Mr. LUCAS. There is a possibility that it will be brought up this week, if it is brought up at all; but I cannot say definitely as to that. The reason I make this announcement is that any of the bills I have mentioned are likely to be taken up at any time. I shall try to give the Senate advance notice, insofar as possible, and I shall discuss the matter again with the policy committee tomorrow. But the ones I have stated are the bills within range in the next 2 or 3 weeks; and I give that notice.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CHAPMAN. I yield.

Mr. WHERRY. What the majority leader has just stated, it seems to me, is the general program, but not that the bills will be considered in the order in which he has listed them, and not that any one of them has priority over the others. Is that correct?

Mr. LUCAS. The Senator is correct, aside from the rural telephone bill, which will follow the farm bill which is now before the Senate, and the nomination of Judge Minton.

Mr. WHERRY. The rural telephone bill will come up tomorrow afternoon, I believe.

The Senator made a statement regarding the nomination of Judge Minton to be an Associate Justice of the Supreme Court. I understood the distinguished majority leader to say that nomination will come before the Senate tomorrow.

Mr. LUCAS. Yes; it was reported today.

Mr. DONNELL. Mr. President, will the Senator repeat the statement he has just made; it was difficult for some of us to hear.

Mr. LUCAS. I said that tomorrow, after we dispose of the farm bill, we will consider the nomination of Judge Sherman Minton to be an Associate Justice of the Supreme Court of the United States.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. SALTONSTALL. The majority leader said the point 4 bill—S. 2197—might come up. That bill concerns the Export-Import Bank. My question is this: A bill on that subject is pending before the Foreign Relations Committee. In regard to that program I believe there is a bill which will be considered tomorrow in the House of Representatives. I wonder whether the two bills are so closely related that for us to bring up this one, without having a knowledge of the other one, would make it rather difficult for proper consideration to be given to the entire subject.

Mr. LUCAS. It is my understanding that the bill now on the calendar deals with the guaranty of United States investments abroad, whereas the bill to be considered by the House of Representatives deals with technical assistance for foreign countries. I think that is the difference. The bills relate to two different phases of point 4, really. They relate to different phases of the plan for guaranteeing investments.

Mr. MAYBANK. Mr. President, I wish to say to the Senator from Illinois, if the Senator from Kentucky will yield to me, that the bill we have on the calendar simply deals with the guaranteeing of investments abroad with respect to the convertibility of currency by the Export-Import Bank, not by increasing the capital of the bank, but by allowing it to use any of its present capital which it may have available to guarantee investments.

The other bill deals with the technical assistance which will be required under the point 4 program and will need an appropriation in the amount of $40,000,000. That bill has yet to be reported by the Foreign Relations Committee.

Mr. SALTONSTALL. Mr. President, I read a little of the hearings before the committee, and it seemed to me that the Secretary of the Treasury connected the two bills intimately.

Mr. MAYBANK. Mr. President——

The PRESIDING OFFICER. The Senator from Kentucky has yielded only for an announcement.

Mr. MAYBANK. Mr. President, will the Senator yield to me at this time?

Mr. CHAPMAN. I yield to the Senator from South Carolina.

Mr. MAYBANK. I wish to say that what the distinguished Senator from Massachusetts has said is correct, namely, one bill is dependent upon the other. It is the hope of those who were at the recent monetary meeting at the Shoreham Hotel and it is the hope of the governors and of the business interests of the country that Senate bill 2197 will be passed soon. Passage of this bill at this session would enable the directors of the bank to determine the extent to which this country may hope to participate in this program. Of course, everything would be dependent upon the signing of investment treaties. However, I wish to say that prompt passage of Senate bill 2197 is desired, so that the actual figures involved may be worked out and definitely ascertained.

Mr. WHERRY. Mr. President, I should like to ask the majority leader a question, if the Senator from Kentucky will yield to me for that purpose.

Mr. CHAPMAN. I yield.

Mr. WHERRY. Does the majority leader intend to have any night sessions this week?

Mr. LUCAS. I seriously doubt it. Judging from the way we are proceeding, I do not believe that will be necessary.

Mr. WHERRY. Does the distinguished majority leader believe there will be any votes tonight on the farm bill?

Mr. LUCAS. No, not tonight.

Mr. WHERRY. May I ask one or two other questions, with the permission of the distinguished Senator from Kentucky?

Mr. CHAPMAN. I yield for that purpose.

Mr. WHERRY. Does the distinguished Senator from Illinois, the majority leader, in announcing the program, have in mind any date—I am not asking him to fix a date; I am not endeavoring to get him to set a date, because I realize that is difficult—but does he have in mind any date when he expects the first session of the Eighty-first Congress to adjourn?

Mr. LUCAS. I may say to my friend from Nebraska, I have no specific date. One's guess is about as good as another's. I can only say the bills I have submitted here are the ones we shall consider, and possibly there may be one or two other small bills, and the conference reports which will come in from time to time. But I would say, within about 2 or 3 weeks we ought to get through.

Mr. WHERRY. Mr. President, will the Senator yield for one more question?

Mr. CHAPMAN. I yield to the Senator from Nebraska.

Mr. WHERRY. I hoped the majority leader in answering the question would have some date in mind. I may make this observation, if he will permit, that I understand a delegation from the Appropriations Committee plans to leave here on October 11 to go to the ECA countries. I am doing my level best to keep a quorum here, to wind up the session. I ask the distinguished majority leader whether he knows that that is contemplated, and whether that has anything to do with an adjournment date, or should these Senators if possible make their departure date somewhat later than that, in order that we may maintain quorums in the Senate until the session is concluded?

Mr. LUCAS. I have had no one come to me with respect to attempting to shorten the session on the basis of his wanting to go to Europe, although I have heard it mulled over in the cloakrooms and on the Senate floor. Obviously I do not want to keep anyone from going to Europe who wants to go. However, there are several measures, which we feel are necessary to be considered before final adjournment. I cannot fix any definite day. I should like to do that, but I do not believe it is advisable or wise to do it. But if Senators continue the spirit of cooperation which has been evidenced during the past 2 weeks, I do not see why we cannot finish practically all the measures to which I have referred within pretty close to October 11, but it might be the 14th, or it might be the 17th.

Mr. WHERRY. Mr. President, I thank the majority leader for his observation. I humbly submit, however, that if in some way a date could be fixed and plans could be made, it would be helpful to the Senate. I hope members of the delegation to which I referred and any other Senator who wants to leave will consult the majority leader. If some approximate date could be set, I think it would not only expedite the work of the Senate, but would also facilitate the making of plans by Senators.

Mr. LUCAS. I might make this additional statement, Mr. President, in the time of the good Senator from Kentucky——

Mr. CHAPMAN. I yield for the purpose.

Mr. LUCAS. Tomorrow, Speaker RAYBURN and Majority Leader MCCORMACK are coming to have luncheon with the Democratic policy committee of the Senate and we hope we may be able to give a little more definite information after the meeting.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CHAPMAN. I yield.

Mr. AIKEN. May I inquire whether the majority leader contemplates night sessions all this week?

Mr. LUCAS. No; I do not think we shall have night sessions. I do not believe it is necessary. We might have to hold night sessions next week, if it is necessary to accommodate some Senators who wish to get away. I should be glad to do that, but I doubt very much whether we are going to have any night sessions this week.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed a joint resolution (H. J. Res. 368) further amending an act making temporary appropriations for the fiscal year 1950, as amended, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 368) further amending an act making temporary appropriations for the fiscal year 1950, as amended, and for other purposes, was read twice by its title, and referred to the Committee on Appropriations.

STABILIZATION OF PRICES OF AGRICULTURAL COMMODITIES

The Senate resumed the consideration of the bill (S. 2522) to stabilize prices of agricultural commodities.

Mr. CHAPMAN. Mr. President, on behalf of my colleague [Mr. WITHERS], the Senator from Tennessee [Mr. KEFAUVER], and myself, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Kentucky will be stated.

The LEGISLATIVE CLERK. It is proposed to amend section 409 of title IV of the bill by adding a new subsection, as follows:

(d) Notwithstanding any other provision of law, any reduction made in farm marketing quotas or acreage allotments for any kind of tobacco because of a reduction from the last-established national marketing quota or State acreage allotments shall be applied to all farms, except that any farm acreage allotment for burley tobacco established pursuant to Public Law 276, Seventy-eighth Congress, as amended by Public Law 302, Seventy-ninth Congress, shall not be reduced for any year by more than one-tenth of an acre below the allotment last established for the farm and no reduction shall be made in any burley allotment of five-tenths of an acre or less. This provision shall become effective for the 1950 crop.

Mr. CHAPMAN. Mr. President, the amendment which I have offered would affect burley tobacco, and no other type of tobacco and no other farm product covered in the pending bill. It can scarcely be gainsaid that the tobacco program which has been developed and built up during the past 15 years is probably the most successful and beneficial farm program in the history of this or any other country, and yet those who have lived close to the subject, those most thoroughly conversant with burley tobacco growers' problems, are apprehensive of its future unless some such amendment as this which I have offered on behalf of the Senator from Kentucky [Mr. WITHERS], the Senator from Tennessee [Mr. KEFAUVER], and myself prevails. It is a modification and a moderate form of an amendment that was urgently proposed to the Congress in April 1947 by the distinguished author of this bill during the period of his splendid service as Secretary of Agriculture.

In substance it provides, stated briefly, that no allotment of burley tobacco for nine-tenths of an acre or less "shall be reduced for any year by more than one-tenth of an acre below the allotment last established for the farm and no reduction shall be made in any burley allotment of five-tenths of an acre or less. This provision shall become effective for the 1950 crop."

During the recent war, when the Food Administrator, Judge Marvin Jones, and other officials of the Department of Agriculture were properly urging all-out, around-the-clock production of all farm products, quotas were taken from all crops except burley and flue-cured tobacco. They were exempted by a bill supported by the representatives of tobacco growers, which I had the honor of introducing in the House at that time. As a part of the Congress' response to that urging for greater production, we enacted a law exempting from reduction allotments of 1 acre for burley growers. That was all right at the time, but it has come now to constitute the principal trouble that confronts us in our anxiety for the continuing and successful operation of this great tobacco program that has meant so much to the burley tobacco-producing area of the country.

In 1946 we recognized the need for a 10-percent reduction, and we did that by act of Congress, making a straight cut across the board which reduced the exempted growers of 1 acre to a nine-tenths of an acre minimum. In 1947 we had another 20-percent reduction that was made by the Department of Agriculture, which resulted in an over-all reduction of only 16 percent, because of the exempted class.

There is contemplated another reduction of the present crop that was grown this year. I hope it will not be necessary to cut another 20 percent, but it is not improbable that that percentage, or a percentage approximating 20 percent, will be cut. That would result in only a 13 percent over-all cut because every time there is a cut it adds thousands of growers to the exempted class. All of the cuts have brought about a condition in which 55 percent of the growers belong to the exempted class. A 20-percent cut this year would raise to approximately 65 percent those who would be exempted.

In other words, 65 percent would be riding the backs of the remaining 35 percent. Thirty-five percent is too small and weak a foundation on which to base such a colossal superstructure.

The next thing is that if there is another cut next year—and it is not unlikely that one will be necessary, because improved methods of cultivation, the use of fertilizer, closer planting, and disease-free plants have brought about a great increase in the yield of burley tobacco—there will be left to bear the burden and carry the load only about 25 percent of the growers while 75 percent will be riding free.

In the period from 1934 to 1938, the average yield was 819 pounds per acre; that had grown in 1948 to 1,396 pounds per acre, and is estimated by the Department of Agriculture as 1,308 pounds for the current crop.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. CHAPMAN. I yield.

Mr. ANDERSON. On the basis of the figures just given, the burley tobacco producer would get almost as much tobacco out of his five-tenths of an acre as he would get at this time, would he not?

Mr. CHAPMAN. The Senator is entirely correct.

Mr. ANDERSON. I want to say to my distinguished friend that I do not like this type of legislation, but when the Senator quotes me as having said it should be enacted, I am in no position to resist.

Mr. CHAPMAN. I thank the Senator. If we do not remedy this situation it will be a case of one man milking his neighbor's cow through a crack in the fence.

I know the tobacco growers do not want to do that to their neighbors or have it done to them by their neighbors.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. CHAPMAN].

Mr. WILLIAMS. Mr. President, is the amendment to be voted on tonight?

The PRESIDING OFFICER. The Chair so understands.

Mr. WILLIAMS. A number of Senators who would like to discuss the amendment are not on the floor at this time, so I would suggest the absence of a quorum. I am not concerned with this particular amendment, but I ask that it go over until tomorrow.

Mr. CHAPMAN. Mr. President, I have not found any opposition to it at all.

Mr. ANDERSON. Mr. President, I suggest that the amendment go over until tomorrow.

The PRESIDING OFFICER. Without objection, the amendment will go over until tomorrow.

Mr. YOUNG. Mr. President, I wish at this time to call up an amendment offered by the Senator from Georgia [Mr. RUSSELL] and myself.

Mr. RUSSELL. Mr. President, notice has been given that the Senate will shortly adjourn for the day. I should like to have the Senator from North Dakota have a larger audience when he explains his amendment.

The PRESIDING OFFICER. Does the Senator from North Dakota wish to call up his amendment at this time?

Mr. YOUNG. I withdraw my request.

Mr. ANDERSON. Mr. President, there are two amendments which are designed to be merely clarifying amendments. If it should develop that there is opposition to them, I shall withdraw them and offer them tomorrow. One amendment was the subject of a bill introduced by the distinguished Senator from Vermont [Mr. AIKEN]. It was passed by the Senate, but the House did not see fit to take action upon it. Therefore I desire to incorporate by amendment the provision of his bill into the pending bill. It provides for the scheduling of certain things carried in the Agricultural Act of 1948.

I ask that the amendment be stated at this time.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to add at the end of the bill the following new section:

SEC. 416. (a) Except to the extent superseded by Public Law 272, Eighty-first Congress, sections 201 (b), 201 (d), 201 (e), 203, 204, 206, 207, and 208 of the Agricultural Act of 1948 shall be effective for the purpose of taking any action with respect to the 1950 and subsequent crops upon the enactment of this act. If the time within which any such action is required to be taken shall have elapsed prior to the enactment of this act, such action shall be taken within 30 days after the enactment of this act.

(b) No provision of the Agricultural Act of 1948 shall be deemed to supersede any provision of Public Law 272, Eighty-first Congress.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico.

Mr. AIKEN. Mr. President, this amendment, as the Senator from New Mexico has said, carries out the provisions of a bill which I introduced and which was unanimously passed by the Senate months ago, in the hope of keeping corn and wheat out of quotas for next year. Whether it would have done so or not I am unable at this time to say. Certainly the chances would have been much better. Whether corn will be kept out of quotas next year remains to be seen. I presume it depends largely upon the type of legislation which we enact at this time. The House did not see fit to act upon my bill. The only way to get action is to incorporate it into this bill, and I am in favor of it.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. SALTONSTALL. Do I correctly understand that, as the Senator from Vermont has said, this is a bill which was passed by the Senate but was not passed by the House, and the Senator now wants to add the substance of it to the pending bill by way of an amendment? What is the effect of not establishing quotas on corn or other commodities?

Mr. ANDERSON. I shall let the Senator from Vermont answer, because it involves his bill. But there is a difference in the requirement for the establishment of a quota in the previous legislation and in the act of 1948. The earlier application of the act of 1948 might not have required quotas on wheat and corn, but at least it liberalizes the situation.

The Senate Committee on Agriculture and Forestry adopted the Aiken bill unanimously. It was passed unanimously, I am sure, on the floor of the Senate. It went to the House and was not acted upon there. I thought of adding it to this bill so as to give us a chance to review it again in conference, and see if it is desired.

Mr. AIKEN. Mr. President, the effect of the bill was to set forward certain provisions of the Agricultural Act of 1948 in the hope that quotas on corn and wheat might be avoided next year. The House took no action on it.

Mr. YOUNG. Mr. President, I am still not clear with regard to this amendment. I should like to have a little more complete explanation.

Mr. AIKEN. The effect of it would be that under the existing law under which the Secretary would be required to proclaim quotas, that action would be necessary if the total supply and estimated production of wheat amounted to approximately 1,400,000,000 bushels. Under the Agricultural Act of 1948 the total production and carry-over of wheat might amount to approximately 1,600,000,000 bushels before quotas would be required. The Secretary, however, has to operate under the old law until January 1 of next year, and as a matter of legality, he might have to ask growers to operate on quotas for wheat next year, whereas he would not have to if the bill passed by the Senate and which is now offered by the Senator from New Mexico as an amendment to the bill which is now before us, had been passed by the House.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico.

The amendment was agreed to.

Mr. ANDERSON. Mr. President, I send to the desk, to lie over until tomorrow, an amendment which has to do with corn. I desire to invite the attention of the distinguished Senator from Vermont and other Senators who may be interested in it to the fact that the amendment, which was printed in the CONGRESSIONAL RECORD on Friday, was prepared by the Department of Agriculture in an attempt to work out a difficulty which arose under one section in the Aiken portion of the bill and another in the Hope portion of it. I hope the amendment which I send to the desk will clear up the situation.

The PRESIDING OFFICER. Does the Senator ask that it be printed and lie on the table, and also be printed in the RECORD?

Mr. ANDERSON. If it could be printed in the RECORD also, I think it would be helpful.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from New Mexico will be received, printed, lie on the table, and also printed in the RECORD.

Mr. ANDERSON'S amendment is as follows:

On page 14, line 12, strike out "10 percent in the case of corn" and insert in lieu thereof "15 percent in the case of corn."

On page 14, between lines 12 and 13, insert the following:

"(d) Section 322 (a) of such act, as so amended (relating to corn marketing quotas), is amended (1) by striking out "20 percent" and inserting in lieu thereof "10 percent," and (2) by adding at the end thereof the following: "With respect to the 1950 crop of corn the determination and proclamation required by this section may be made, notwithstanding the foregoing, at any time prior to February 1, 1950, using 1949 as 'such calendar year' for the purposes of (1) and (2) of the preceding sentence."

"(e) Section 328 of such act, as so amended (relating to corn acreage allotments), is amended by striking out "reserve supply level" and inserting in lieu thereof "normal supply."

"(f) Notwithstanding any other provision of law, section 201 (b), 201 (d), 201 (e), and 203 of the Agricultural Act of 1948 shall be effective for the purpose of taking any action with respect to the 1950 crop of corn upon the enactment of this act."

RECESS

Mr. LUCAS. Mr. President, it is 6 o'clock, and there are two or three important amendments which the Senator from New Mexico desires to have presented toworrow. In the circumstances I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock p. m.) the Senate took a recess until tomorrow, Tuesday, October 4, 1949, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate October 3 (legislative day of September 3), 1949:

IN THE ARMY

The following-named persons for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

Donald I. Abbott, O1340248.
Alan B. Abt, O1165621.
Sidney W. Achee, O528072.
Ivan B. Acker, O1585401.
Marvin L. Adams, O1020531.
Robert L. Adcock, O1341715.
Aaron C. Adkins, O2006130.
Herbert B. Allen, O443202.
Philip J. Allen, Jr., O945696.
William E. Allen, O1338670.
John D. Allis, O948717.
Robert W. Allyn, O1295648.
Richard F. Amity, O1560332.
Richard L. Anderson, O1338040.
Gabriel C. Anselmo, O2020779.
Vern R. Arnett, O1308287.
Emmett R. Arnold, O1634081.
Gus Backhaus III, O1061047.
Paul O. Bailey, O1342359.
Richard A. Bailey, O1331803.
James O. Baker, O502276.
John J. Balitis, O1019095.
William R. Ballou, O1340972.
Stanley Baran, Jr., O2020377.
Richard J. Barbero, O1333918.
Edmund J. Barker, O1311963.
Howard J. Barnett, O1648266.
Gerald W. Barnitz, O1338300.
George B. Barrett, Jr., O1799872.
Thomas M. Barrick, O2020105.
William E. Bartholdt, O531992.
James O. Baxter, O1950154.
Daryl A. Beard, O1061313.
William A. Bearden, O553076.
Robert K. Bein, O2016997.
Lucien C. Benton, O1693139.
Bent E. Berner, O1331594.
Charles Berry, O544587.
William A. Blackburn, O1339036.
Thomas G. Blair, O1110932.
Frank J. Blankenship, O552237.
Rexford J. Blodgett, O2000647.
George M. Boone, Jr., O443750.
Harry W. Borgia, O1315772.
Charles C. Bourquardez, O535934.
Robert A. Brandewie, O2033550.
Walter R. Braun, O1326223.
Vincent M. Brazier, O1036416.
William N. Bringham, O1331810.
Donald Broida, O1055226.
Bruce Bromley, Jr., O1340982.
Glenn P. Brooks, O1304494.
Roland St. J. Brooks, Jr., O1341624.
Albert J. Brown, O1323528.
William D. Brown, O537004.
Edward J. Bruger, O449500.
Frank E. Bullock, O1178725.
Robert E. Bundy, O1535563.
Hugh W. Bush, Jr., O440207.
Walvin M. Cadman, O1336758.
Winfred D. Cagle, O1318648.
Raymond L. Call, O2017197.
Vincent J. Callahan, O1324838.
Leland R. Cantlebary, O1182794.
David L. Cantor, O1331472.
Howard W. Cantrell, Jr., O1951581.
Charles V. Carney, O1951464.
William D. Carr, O1560341.
Stephen J. Carrig, O2019137.
James T. Carter, O1313339.
Sherman F. Carter, O1340985.
Floyd A. Chase, Jr., O1291075.
James H. Chisholm, O2033249.
George H. Christianson, O1599025.
Harlow G. Clark, Jr., O2007706.
Harry E. Clark, O541280.
William R. Clark, O1334686.
Frank W. Clayton, O1342368.
Thomas F. Clendenin, O1341402.
Henry L. Cody, O2039435.
William D. Coffey, Jr., O1580767.
Jack H. Cole, O1185839.
Clarence J. Coles, O2019712.
Paul D. Conlin, O1339433.
George C. Connor, O1342319.
Carroll M. Cook, Jr., O1341857.
DeWitt Cook, O1319105.
David R. Correll, O1186767.
Roger A. Corrington, O1340631.
Kenneth L. Cowan, O1540923.
O'Dean T. Cox, O2055220.
Floyd G. Craft, O1179046.
William J. Cribb, Jr., O1535877.
Creston W. Crockett, O556656.
Kenneth M. Cummings, O1342323.
George M. Daniel, O1693140.
Cecil E. Daniels, O1341637.
Jack M. Darden, O519371.
Charles E. Davis, O1342247.
David L. Davis, O1309916.
Harry P. Davis, Jr., O1341756.
Ralph J. Davis, O438781.
Theodore J. DeFranco, O491558
Darel D. Denney, O1300459.
Joseph A. DeSantis, O1316043.
Lowell B. Dezarn, O1120006.
Leonard P. Dileanis, O546702.
Oliver W. Dillard, O1342168.
Donald P. Doerflein, O2020273.
John Domenech, O927405.
Richard E. Donahue, O1013760.
John E. Dougherty, O1341758.
William T. Drake, O1289708.
Elbert E. Drane, O541534.
James O. Duke, O1328981.
Donald W. Duliy, O1307676.
Samuel K. Duncan, O1030873.
William H. Dunham III, O525369.
Clyde Dunn, Jr., O533851.
Joseph A. Dyer, O552677.
Joseph A. Edmunds, O550761.
Robert B. Edwards, O1340642.
Eugene C. Egg, O1540938.
George D. Eggers, Jr., O1336355.
Howard H. Eichelsdoerfer, O1340872.
Jean R. Emery, O1342372.
Edward P. Endres, O1699983.
Robert L. Engelien, O1016559.
Jones N. Epps, Sr., O537790.
Albert R. Escola, O1338698.
George W. Everett, O1307286.
John C. Fairlamb, O1309053.
William K. Farmer, O2010374.
Russell E. Felix, O1174569.
Bruce C. Fisher, O2019154.
Joseph E. Fix III, O1330402.
Joseph A. Fontana, O1117856.
Benedict L. Freund, O1289895.
Azel G. Frye, Jr., O1169966.
Ejner J. Fulsang, Jr., O1167845.
James S. Gaines, O1049162.
Bernard W. Galing, O1340763.
Felix R. Garrett, O528084.
John K. Garrett, O1798922.
Shirley D. Garrett, O1017883.
Charles E. Garwood, O2033142.
William L. Gerardy, O1329701.
Thomas B. Giboney, Jr., O556795.
Frederick W. Giggey, O1648127.
John P. Gillis, O1796074.
Leroy H. Glunt, O470133.
Lewis H. Goad, O2010516.
Carl E. Goldbranson, O2046319.
Roscoe H. Goodell, Jr., O1576032.
Will H. Gordon, Jr., O1336207.
Robert T. Grant, Jr., O1947197.
Harvey W. Gray, Jr., O1341421.
Maurice C. Greene, O521991.
Joseph Grezaffi, O1691953.
Girvan H. Griffith, O1540864.
Alfred J. Grigsby, Jr., O1341878.
James A. Grimsley, Jr., O461018.
Charles E. Hall, O1327142.
James P. Hamlet, O548505.
William O. Hanle, O1104815.
Adam W. Harper, O1573259.
William H. Harper, O1333461.
LeRoy O. Harstad, O885739.
Sidney S. Haszard, O2008781.
Leander R. Hathaway, Jr., O1322446.
William S. Hathaway, O1341166.
Oakes M. Hayden, O1101026.
Rodney G. Hayler, Jr., O2018342.
Earl C. Haynes, O1308511.
Daniel P. Heilman, O1340459.
John L. Helms, O1619674.
Allen T. Hendren, O1308952.
James E. Hilmar, O1316754.
Norman P. Hinges, O552811.
Fremont B. Hodson, Jr., O1950879.
Earl W. Hoffman, O1291276.
John D. A. Hogan, Jr., O1341224.
Daniel H. Hopping, O585585.
Frederick R. Huck, O1294479.
George R. Hurd, Jr., O887463.
Alfonso J. Iaderosa, O1058031.
Chester P. Irby, Jr., O1169175.
Robert W. Jamison, O1294316.
John M. Jennings, O1186820.
Wesley H. Johnson, O1337960.
Edward P. Johnston, O1120501.
Merle A. Johnstonbaugh, O1540838.
Werner C. Jones, O927790.
Horst K. Joost, O1307027.
William F. Jordan, O1317594.
Jerome H. Kaczmarowski, O1315321.
Raymond Kalgren, O1287541.
Raymond L. Kampe, O1323437.
Philip E. Karl, Jr., O1341012.
Thomas F. Keegan, Jr., O1550831.
Jack E. Kelley, O494469.
Robert W. Kennedy, O545687.
David A. Kimball, O945690.
Leonard Kimmick, Jr., O1342337.
Monroe D. King, O1116987.
Pierre P. Kirby, O1557030.
Henry C. Kirk, O550825.
Flayious W. Kirksey, O1339069.
Henry L. Klim, O1319843.
Charles J. Kling, O2040953.
Albert J. Knechtel, O1340381.
Jerry A. Kneisl, O2011716.
Frederick C. Krause, O1298968.
Robert J. Kriwanek, O537966.
Donald E. Lamb, O2033282.
Stephen E. Lance, O1951657.
Jack C. Langston, O1688273.
Donald H. Lanier, O1335433.
William S. Lawton, Jr., O1693126.
Roy J. Lechner, O2016908.
Albert R. Levingston, O533839.
John D. Lewis, O544992.
Henry A. Lind, O1111193.
Gordon J. Lippman, O2026356.
Joseph R. Loftin, O1170062.
Arthur E. Lomax, O1290096.
Joseph H. London, O2037999.
Herlihy T. Long, O1998499.
Alma G. Longstroth, O2037565.
Douglas W. Losito, O1341277.
Charles B. Lowden, O1597622.
Phillip E. Lowry, O1342091.
Edward G. Luce, O1845623.
Angus B. MacLean, A2005941.
William A. MacLeod, O1186187.
Arthur E. Mahoney, O2018717.
William L. Maloney, Jr., O2018905.
Max D. Manifold, O1314161.
Kenneth T. Manning, O1295048.
William E. Manning, O1335322.
Robert D. Marsh, O441163.
Phillip L. Mason, O1341176.
John J. Masters, O1327642.
Harry T. Mathews, O1320147.
Stanley L. Matthews, O448374.
Charles R. May, O1693118.
Henry J. McAllister, O1318563.
Harvey O. McAlpin, O946190.
James C. McAmis, Jr., O514048.
John F. McAuliffe, O1635059.
Thomas R. McCandless, O538210.
Nevin L. McCartney, O558781.
James L. McCravey, O1062017.
Robert C. McCulloch, O1341990.
George L. McFadden, Jr., O1342097.
Kenneth T. McFall, O1170857.
Robert R. McFarland, O1059201.
Horace S. McGahee, O557529.
John O. McGann, O1558596.
James McKee, O2017427.
Robert P. McMath, O545205.
Frank J. McNeese, O1032779.
Edward S. Mehosky, O1284551.
Robert A. Mesick, O1120725.
Donald J. Metcalf, O2018550.
William M. Millar, O1341565.
Alfred J. Millard, O2017733.

Darwin C. Miller, O2019199.
Winfred E. Mitchem, O1111248.
Raymond J. Montgomery, O1325231.
Herbert S. Moore, Jr., O1286106.
Russell E. Moore, O1118774.
Carroll Moreton, O1335676.
Herbert E. Morse, O1062028.
Robert E. Morton, O1291311.
Nard L. Moseley, O2018553.
Floyd R. Mulvany, O1341355.
James A. Murphey, Jr., O1185830.
Charles M. Murray, O1051303.
Robert J. Nelson, O1056488.
Thomas P. Noble, O1330581.
Hubert E. Nolde, O1337078.
Albert T. Noreen, Jr., O1330582.
Wayne D. Norwood, O1295418.
William R. Notbohm, O438774.
Clifford C. Nunn, Jr., O1341901.
Leonard K. Olvis, O1044329.
Joseph J. Ondishko, Jr., O1341464.
George A. Orfalea, O1116513.
John R. Osborne, O2020194.
Frank S. Osiecki, O1047709.
Alexander C. Page, O1120727.
Charles G. Payne, Jr., O1341576.
Eugene L. Peale, O1332858.
William G. Penrod, O1333256.
James R. Perkins, O569732.
Hartwin R. Peterson, O1337750.
John Petrelli, O1307847.
William J. Pfeffer, O1540880.
Edwin W. Piburn, Jr., O519766.
Albert A. Piccirilli, O1042394.
Howard W. Pierson, O1326877.
Joseph Piserchia, O1055700.
Harry B. Plowman, O1102427.
James E. Poe, O1329278.
Donald K. Polifka, O514866.
William A. Ponder, O1540850.
James R. Porta, O531987.
Alton G. Post, O1583520.
Richard T. Pumphrey, O1335052.
Edward C. Radcliff, O2025226.
Sammy E. Radow, O888438.
Claude H. Rawlins, O518769.
William A. Rawn, O1342296.
William B. Ray, O1341469.
Robert A. Reade, O1596954.
Wallace G. Reid, O1170157.
James F. Reidy, O547168.
Barton F. Richards, O2033222.
Theodore S. Richards, O1321595.
Melvin E. Richmond, O1281510.
Vance D. Rider, O1120133.
Evan F. Riley, O1017662.
Frank P. Ringenbach, Jr., O526761.
Neal H. Roach, O1182948.
Jack L. Robertson, O1338513.
Eric O. Rodenbeck, O1062056.
Donald E. Rogers, O1340931.
Ernest R. Rogers, Jr., O537803.
George M. Roper, Jr., O441717.
Charles W. Rose, O1286366.
Charles G. Ross, O1302199.
John P. Ross, O1055443.
Wadie J. Rountree, O946996.
Henry C. Row, Jr., O2046390.
Newton C. Royce, O1018468.
James W. Russell, O1645963.
Jay V. Russell, Jr., O1288624.
William H. Sachs, Jr., O2001041.
Benjamin B. Safar, O1167609.
Robert A. Satterfield, O1796703.
Melvin D. Schiller, O1328642.
Beverly S. Scott, O1341124.
Ebbin P. Scott, Jr., O546875.
Robert E. Sears, O489364.
Wallace R. Sears, O1182000.
Paul A. Seymour, Jr., O1340318.
James R. Shelnut, O1341372.
Jerome Sheppard, O1081812.
Selvin E. Shields, O1309974.
Harold E. Shilling, O1327773.
Kenneth Shipman, O1017867.
John W. Shoemaker, O1334035.
Rowland B. Shriver, Jr., O1182254.
Arthur E. Sikes, O528573.
Homer H. Sittner, O554292.
Victor L. Sitton, O1180238.
Charles A. Smith, O1340916.
Jack E. Smith, O1291534.
Lowell H. Smith, O1822742.
Richard C. Smith, O1018621.
Wilfrid K. G. Smith, O1338754.
William A. Smith, Jr., O945842.
James A. Snow, O1059301.
John T. Southerland, O443873.
James T. Staples, O546095.
Robert N. Starr, O529980.
Harold Stein, O558372.
Charles B. Stevenson, O1591464.
Frank J. Stone, O1285328.
William M. Stone, Jr., O556874.
Stanley E. Tabor, O1329178.
Thomas H. Tackaberry, O1338154.
Lawrence M. Thomas, O532761.
Wesley E. Thomas, O947568.
Wray R. Thomas, O1328420.
Lawrence D. Thompson, O945585.
Joseph V. Tittone, O1540873.
John A. Todd, O1339584.
Harry W. Townsend, O1339017.
Francis A. Travers, O2015020.
Harry E. Trigg, O1326945.
Elwin B. Tudder, O2033237.
Jack M. Tumlinson, O1339229.
Guy I. Tutwiler, O1331449.
Hiram S. Tye, O436949.
Milton F. Uffmann, O1053405.
James R. Urquhart, Jr., O1296612.
John H. Van Eaton, O1338761.
Charles E. Van Zant, O1168120.
Richard Vanderploeg, O1535985.
James B. Vaught, O1340722.
Ernest J. Vogelgesang, O2050684.
Brady L. Vogt, Jr., O1057296.
Robert L. Vogt, O1176833.
Robert L. Vranish, O1049683.
Perry W. Wales, O1540925.
Norman H. Wampler, O2049139.
David E. Ward, O1314856.
Duane L. Wayman, O1342316.
Lloyd E. Webb, O1340602.
Raymond L. Welide, O1536235.
Ernest E. Wheeler, O1059328.
Harold L. Wheeler, O1688396.
Herman E. Wienecke, O527185.
Dudley A. Williams, O1010536.
John D. Williams, O1169398.
Edwin C. Wilson, O1335213.
James F. Wilson, O1824406.
Jack W. Woltmon, O1594471.
Edwin Wood, O1062980.
Samuel C. Wood, O550338.
Charles D. Wright, O2020864.
George E. Yarberry, O2016989.
Michael S. Yaskin, O1321859.
Deverne R. Yost, O1180782.
James W. Young, O1054169.
Raymond E. Young, O2017163.
William V. Young, O1038330.
Gordon F. Zeitz, O1056956.
Charles W. Zuppann, O1331586.

IN THE AIR FORCE

The following-named officers for promotion in the United States Air Force, under the provisions of sections 502 and 509 of the Officer Personnel Act of 1947. Those officers whose names are preceded by the symbol (×) are subject to examination required by law. All others have been examined and found qualified for promotion.

To be captains, USAF

×Abrams, Stuart McCall, 12442A.
×Alston, Archer Sills, 12516A.
Ambos, William Glen, 12404A.
Amundson, Maynard Nelson, 12501A.
Anderson, John Bowman, 12485A.
Andrews, Ralph Preston, 12420A.
Bailey, Richard Francis, 12414A.
Baranowski, Walter Stanley, 12512A.
Bertie, Gilbert Hector, 12471A.
Blake, Robert Joseph, 12398A.
×Boland, Joseph Edward, 12497A.
Brehm, John Charles, 12476A.
Brown, Donald Harold, 12507A.
Brown, Howard Oren, 12482A.
Bryant, Billie Bensman, 12402A.
Bullock, John Kiser, 12474A.
Carlson, Howard Arthur, 12456A.
Carson, Russell Victor, 12520A.
Carwile, Ernest Dean, 12392A.
Chapman, Paul Vincent, 12407A.
Clark, Joseph John Finley, 12525A.
Clements, Ross Leo, 12460A.
Copenhaver, Donald Lyle, 12495A.
×Cruse, Marshal Holman, 12431A.
Cummings, James Oliver, 12508A.
Deckman, Robert, 12464A.
Doty, Edward Andrew, 12523A.
Drake, Leo Allen, Jr., 12489A.
Draper, William Grafton, 12383A
Dreyer, Arthur, 12513A.
Drubek, Gene Erwin, 12522A.
Dwyer, James Gerard, 12496A.
Evans, Harry Kenneth, 12416A.
Farrington, Raymond Francis, Jr., 12493A.
Feuerstein, Donald Warren, 12433A.
×Frisco, Leonard Anthony, 12465A.
Grider, Arthur Piner, Jr., 12447A.
Gwaltney, Laverne, 12396A.
Haddock, Dudley Welz, 12408A.
Hamilton, Ralph William, 12449A.
Harkness, Orlo Victor, 12424A.
Healy, Warren Richard, 12487A.
Heft, Lee Vernon, 12417A.
Heifner, George Edward, 12410A.
Herrington, William Carroll, 12468A.
Hinkley, Eugene Lloyd, 12454A.
Horr, Wayne Laverne, 12430A.
Howard, Harold Edward, 12387A.
Hulen, William Perry, Jr., 12527A.
Irby, Shelby Laveer, 12446A.
Jensen, Wiley Otto, 12503A.
Johnson, Forrest Dean, 12463A.
Kane, Randall Sturgis, 12510A.
Karas, Philip, 12459A.
Keefer, Irvin Joseph, 1293A.
Kelly, Francis Andrew, 12509A.
Kendall, Gardner Warren, 12511A.
Kern, William Scott, 12488A.
Kirklin, John Mannon, 12419A.
Kuhn, Robert William, 12428A.
Lakin, John Willis, 12470A.
×Latta, Farley Adams, 12395A.
Lee, John Joseph, 12411A.
Linck, John Jay, 12484A.
Locke, William Davis, 12455A.
Luke, Ernest Pemberton, 12518A.
×McBrayer, James Ray, 12437A.
McCarroll, Billy Jerome, 12504A.
McIver, James Calvin, 12413A.
McMillan, Clinton, Jr., 12498A.
Mamalis, Solon, 12453A.
Marriott, William Barr, 12401A.
Meeker, Roy Lee, 12388A.
Mielke, Alton Carl, 12400A.
Minietta, Eugene Debs, 12421A.
Misner, Richard Foreman, 12445A.
Mote, Amos Monroe, 12394A.
Neighbors, Robert Otis, 12406A.
Nicholson, Robert James, 12492A.
Noyes, Arnold Vincent, 12472A.
Oldham, Charles Boyd, 12391A.
Olstein, Irving Louis, 12479A.
×Parello, Thomas Louis, 12390A.
Pashco, Henry Jerome, 12423A.
Pedigo, John Hamilton, 12439A.
Penrod, James Byron, 12389A.
Poling, Don L., 12521A.
Power, William David, 12505A.
Quigley, Edward Christopher, 12491A.
Richardson, Robert Frederick, 12462A.
Schmelz, Richard Ervin, 12412A.
Schmitz, Frederick Hugo, 12448A.
Schueler, Eldor Henry, 12384A.
Seargeant, Billy Maddux, 12475A.
Shaeffer, William Floyd, 12515A.
Sloan, Samuel 3d, 12452A.
Smith, Emerson Warren, 12425A.
Smith, Richard Byron, 12444A.
Smith, Robert Luther, 12481A.
Snell, Robert Martin, 12490A.
Staudenmayer, Marion William, 12466A.
Steiner, Everett Woodrow, 12418A.
Stevens, Richard Don, 12434A.
Stout, Loren R., Jr., 12477A.
×Swanger, Joe Neal, 12450A.
×Tarbell, Swift, Jr., 12499A.
Taylor, James Lasley, 12483A.
Taylor, Merrill Edward, 12500A.

Tilley, Douglas Gilbert, 12415A.
Trimble, William Whitfield, 12514A.
Twomey, Thomas Arthur, 12441A.
Voorhees, Alen Victor, 12427A.
Wagner, Robert Miles, 12478A.
Watts, Ernest Lee, 12486A.
Westfall, Russell Blayney, 12409A.
Wilds, Walter Clyde, 12467A.
Willems, Raleigh Charles, 12506A.
Willner, William Frederick, 12399A.
Willson, Harry Wroten, 12458A.
Wilson, Ronald Claude, 12524A.
Woodall, Merle Powell, 12526A.
Woodward, Charles Horace, 12435A.
Yarbrough, Thomas Edgar, 12443A.
Zaharevitz, Walter, 12517A.
Ziegler, John Henry, 12469A.
Zimmerman, Arnold Edmund, 12385A.

NOTE.—The officers nominated for promotion to captain will complete 7 years' service for promotion during the month of November. Dates of rank will be determined by the Secretary of the Air Force.

HOUSE OF REPRESENTATIVES

MONDAY, OCTOBER 3, 1949

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We praise Thee, Heavenly Father, that we are still abiding in Thy love and mercy. Thou who didst touch this earth with Thy holy feet and made a sacrament of labor, send us forth as champions of a new day, that shall bring rest and peace throughout the borders of our country until all discontent be overthrown.

Thou supreme example for all ages, grant that Thy sacrifice shall make us humble, Thy sympathy make us social, and Thy love make us benevolent. Deepen our conviction that we are debtors to our fellow men, and must add to the moral and spiritual wealth of our land. In every relation enable us to stand squarely up to our obligations to our homes, our church, and our country, and Thine shall be the praise. In our Redeemer's name. Amen.

The Journal of the proceedings of Thursday, September 29, 1949, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 4495. An act to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, and promotion, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JOHNSTON of South Carolina, Mr. LONG, Mr. HUMPHREY, Mr. LANGER, and Mr. THYE to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5931. An act to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JOHNSTON of South Carolina, Mr. LONG, Mr. GRAHAM, Mr. LANGER, and Mr. THYE to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 3191. An act to amend the act approved September 7, 1916 (ch. 458, 39 Stat. 742), entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purpcses," as amended, by extending coverage to civilian officers of the United States and by making benefits more realistic in terms of present wage rates, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. DOUGLAS, Mr. NEELY, Mr. WITHERS, Mr. TAFT, and Mr. DONNELL to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 1285) entitled "An act for the relief of the legal guardian of Lena Mae West, a minor," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. GRAHAM, Mr. MAGNUSON, and Mr. JENNER to be the conferees on the part of the Senate.

COMMUNICATION FROM THE CLERK

The SPEAKER laid before the House the following communication, which was read by the Clerk:

SEPTEMBER 30, 1949.

The honorable the SPEAKER,
House of Representatives.

SIR: Pursuant to authority heretofore granted, the Clerk received today from the Secretary of the Senate the following message:

That the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H. R. 4830, entitled "An act making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes"; be it further

Resolved, That the Senate agree to the amendments of the House of Representatives to the amendments of the Senate numbered 1, 8, 10, and 16 to the above-entitled bill; and

That the Senate had passed with an amendment the bill H. R. 1689, entitled "An act to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies"; that the Senate insist upon its amendment to said bill and request a conference with the House on the disagreeing votes of the two Houses thereon and appoints Mr. JOHNSTON of South Carolina, Mr. LONG, Mr. HUMPHREY, Mr. LANGER, and Mr. FLANDERS managers on the part of the Senate at said conference; and

That the Senate insist upon its amendment to the bill H. R. 3826 entitled "An act to amend the act of January 16, 1883, an act to regulate and improve the civil service of the United States," and agree to the conference asked by the House on the disagreeing votes of the two Houses thereon and appoints Mr. JOHNSTON of South Carolina, Mr. HUMPHREY, and Mr. ECTON managers on the part of the Senate at said conference; and

That the Senate has passed, without amendment, House Concurrent Resolution 126 entitled "Concurrent resolution authorizing the Committee on Ways and Means to have printed for its use 1,000 additional copies each of part 1 and part 2 of hearings on the Social Security Act amendments of 1949"; and

The the Senate had passed, without amendment, House Concurrent Resolution 132, entitled "Concurrent resolution authorizing the Ways and Means Committee to have printed 10,000 additional copies of House Report 1300."

Very truly yours,

RALPH R. ROBERTS,
Clerk of the House of Representatives.

ENROLLED BILLS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had on September 30, 1949, examined and found truly enrolled a bill of the House of the following title:

H. R. 4830. An act making appropriations for foreign aid for the fiscal year ending June 30, 1950.

The SPEAKER. The Chair desires to announce that pursuant to the authority granted him on Thursday, September 29, 1949, he did, on September 30, 1949, sign the following enrolled bill of the House:

H. R. 4830. An act making appropriations for foreign aid for the fiscal year ending June 30, 1950.

THE SOCIAL SECURITY BILL

Mr. SABATH, from the Committee on Rules, reported the following privileged resolution (H. Res. 372), providing for the consideration of the bill, H. R. 6000, to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes (Rept. No. 1359), which was referred to the House Calendar and ordered printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes, and all points of order against said bill are hereby waived. That after general debate which shall be confined to the bill and continue not to exceed 4 days, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by the direction of the Committee on Ways and Means, and said amendments shall be in order, any rule

of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

SICK AND EMERGENCY LEAVE FOR CERTAIN DISTRICT OF COLUMBIA EMPLOYEES

Mr. ABERNETHY submitted a conference report and statement on the bill (H. R. 4381) to provide cumulative sick and emergency leave with pay for teachers and attendance officers in the employ of the Board of Education of the District of Columbia, and for other purposes.

SPECIAL ORDER VACATED

Mr. ARENDS. Mr. Speaker, I ask unanimous consent on behalf of the gentleman from Ohio [Mr. VORYS] that the special order he had for today may be vacated.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

EXTENSION OF REMARKS

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the Appendix of the RECORD in two separate instances, in each to include excerpts.

Mr. KEARNEY asked and was given permission to extend his remarks in the Appendix of the RECORD and include a resolution.

Mr. GRAHAM asked and was given permission to extend his remarks in the Appendix of the RECORD and include a resolution.

Mr. MILLER of Nebraska asked and was given permission to extend his own remarks in the Appendix of the RECORD.

Mr. RICH asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. BURDICK asked and was given permission to extend his own remarks in the RECORD.

THE HORSE AND THE UNBALANCED DIET

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I received a letter which starts out like this:

> Remember the junkman who started feeding his old horse sawdust. One part sawdust, eight parts oats. Each week one part more sawdust and one part less of oats. The seventh week Mr. Horse dropped dead. Yes, had the horse lived another week he would have been on a 100 percent sawdust diet.
>
> Perfect planning—but?
>
> The Government of the United States is the biggest business in the world and cannot be run any different than can the smallest business in the United States.
>
> No business, large or small, can stay in business spending more than its income.

Let me call your attention to the fact that we have gone in the red this year about two and one-half billion dollars. By the end of the year at the rate we are going I predict that we will be in the red $10,000,000,000. Remember the story of the old horse. And for goodness sake try, try—yes do cut down on this spending new deal raw deal spree or our Nation will die.

PERMISSION TO ADDRESS THE HOUSE

Mr. MURRAY of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

[Mr. MURRAY of Wisconsin addressed the House. His remarks appear in the Appendix.]

INVESTIGATION OF B–36'S

Mr. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. FORD. Mr. Speaker, a newspaper article in the Washington Post last Thursday, entitled "Navy Cramps Admirals in B–36 Inquiry" and another article in the same newspaper on Saturday, entitled "Navy Tells Crommelin What Not To Say on Telecast Tonight" convinces me that gag-rule pressure and bully tactics by top Department of Defense officials might well curtail any effective presentation by the Navy before the House Committee on Armed Services in the B–36 probe. The facts seem to be this:

The Secretary of the Navy and possibly others in authority are telling the House Committee on Armed Services what Members of Congress can hear about certain conditions in the various military departments. It seems to me Secretary Matthews is overstepping his prerogatives to a considerable degree for certainly the military security of the United States is the responsibility of Congress as well as that of the executive branch of the Government. The American people and particularly members of the House committee have a solemn responsibility to hear all points of view on: First, the question of whether or not two of the three armed services can properly determine the weapons of a third, and second, the question of whether our present concept of strategic bombing is correct. I think the House probe should continue as scheduled without being stymied by any gag rulings or bullyism by the executive branch of the Government. I trust the committee will not change its plans for a full-fledged, uninhibited hearing.

EXTENSION OF REMARKS

Mr. DAVIS of Wisconsin asked and was given permission to extend his remarks in the RECORD in four instances and include newspaper articles and a letter.

COMPOSITION OF THE ARMY OF THE UNITED STATES AND THE AIR FORCE OF THE UNITED STATES

Mr. VINSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1437) to authorize the composition of the Army of the United States and the Air Force of the United States, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Georgia? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. VINSON, BROOKS, KILDAY, SHORT, and ARENDS.

COMPENSATION OF HEADS AND ASSISTANT HEADS OF EXECUTIVE DEPARTMENTS AND INDEPENDENT AGENCIES

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1689) to increase rates of compensation of the heads and assistant heads of executive departments and independent agencies, with Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. MURRAY of Tennessee, MORRISON, MILLER of California, REES, and Mrs. ST. GEORGE.

COMPENSATION OF CERTAIN EMPLOYEES OF THE FEDERAL GOVERNMENT

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5931) to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes, with Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. MURRAY of Tennessee, MORRISON, MILLER of California, REES, and SADLAK.

ADDITIONAL BENEFITS FOR CERTAIN POSTMASTERS, OFFICERS, AND EMPLOYEES IN THE POSTAL SERVICE

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4495) to provide additional benefits for certain postmasters, officers, and employees in the postal field service with respect to annual and sick leave, longevity pay, and promotion, and for other purposes, with Senate amendment thereto, disagree to the Senate amendment,

and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. MURRAY of Tennessee, DAVIS of Georgia, WILLIAMS, REES, and HAGEN.

REHABILITATION OF THE NAVAJO AND HOPI TRIBES OF INDIANS

Mr. MORRIS. Mr. Speaker, I call up the conference report on the bill (H. R. 1407) to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 1338)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1407) to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment, as follows: In lieu of the matter inserted by the House amendment, insert the following: "That in order to further the purposes of existing treaties with the Navajo Indians, to provide facilities, employment, and services essential in combating hunger, disease, poverty, and demoralization among the members of the Navajo and Hopi Tribes, to make available the resources of their reservations for use in promoting a self-supporting economy and self-reliant communities, and to lay a stable foundation on which these Indians can engage in diversified economic activities and ultimately attain standards of living comparable with those enjoyed by other citizens, the Secretary of the Interior is hereby authorized and directed to undertake, within the limits of the funds from time to time appropriated pursuant to this Act, a program of basic improvements for the conservation and development of the resources of the Navajo and Hopi Indians, the more productive employment of their manpower, and the supplying of means to be used in their rehabilitation, whether on or off the Navajo and Hopi Indian Reservations. Such program shall include the following projects for which capital expenditures in the amount shown after each project listed in the following subsections and totaling $88,570,000, are hereby authorized to be appropriated:

"(1) Soil and water conservation and range improvement work, $10,000,000.

"(2) Completion and extension of existing irrigation projects, and completion of the investigation to determine the feasibility of the proposed San Juan-Shiprock irrigation project, $9,000,000.

"(3) Surveys and studies of timber, coal, mineral, and other physical and human resources, $500,000.

"(4) Development of industrial and business enterprises, $1,000,000.

"(5) Development of opportunities for off-reservation employment and resettlement and assistance in adjustments related thereto, $3,500,000.

"(6) Relocation and resettlement of Navajo and Hopi Indians (Colorado River Indian Reservation), $5,750,000.

"(7) Roads and trails, $20,000,000.

"(8) Telephone and radio communication systems, $250,000.

"(9) Agency, institutional, and domestic water supply, $2,500,000.

"(10) Establishment of a revolving loan fund, $5,000,000.

"(11) Hospital buildings and equipment, and other health conservation measures, $4,750,000.

"(12) School buildings and equipment, and other educational measures, $25,000,000.

"(13) Housing and necessary facilities and equipment, $820,000.

"(14) Common service facilities, $500,000.

"Funds so appropriated shall be available for administration, investigations, plans, construction, and all other objects necessary for or appropriate to the carrying out of the provisions of this Act. Such further sums as may be necessary for or appropriate to the annual operation and maintenance of the projects herein enumerated are hereby also authorized to be appropriated. Funds appropriated under these authorizations shall be in addition to funds made available for use on the Navajo and Hopi Reservations, or with respect to Indians of the Navajo Tribes, out of appropriations heretofore or hereafter granted for the benefit, care, or assistance of Indians in general, or made pursuant to other authorizations now in effect.

"SEC. 2. The foregoing program shall be administered in accordance with the provisions of this Act and existing laws relating to Indian affairs, shall include such facilities and services as are requisite for or incidental to the effectuation of the projects herein enumerated, shall apply sustained-yield principles to the administration of all renewable resources, and shall be prosecuted in a manner which will provide for completion of the program, so far as practicable, within ten years from the date of the enactment of this Act. An account of the progress being had in the rehabilitation of the Navajo and Hopi Indians, and of the use made of the funds appropriated to that end under this Act, shall be included in each annual report of the work of the Department of the Interior submitted to the Congress during the period covered by the foregoing program.

"SEC. 3. Navajo and Hopi Indians shall be given, whenever practicable, preference in employment on all projects undertaken pursuant to this Act, and, in furtherance of this policy, may be given employment on such projects without regard to the provisions of the civil-service and classification laws. To the fullest extent possible, Indian workers on such projects shall receive on-the-job training in order to enable them to become qualified for more skilled employment.

"SEC. 4. The Secretary of the Interior is authorized, under such regulations as he may prescribe, to make loans from the loan fund authorized by section 1 hereof to the Navajo Tribe, or any member or association of members thereof, or to the Hopi Tribe, or any member or association of members thereof, for such productive purposes as, in his judgment, will tend to promote the better utilization of the manpower and resources of the Navajo or Hopi Indians. Sums collected in repayment of such loans and sums collected as interest or other charges thereon shall be credited to the loan fund, and shall be available for the purpose for which the fund was established.

"SEC. 5. Any restricted Indian lands owned by the Navajo Tribe, members thereof, or associations of such members, or by the Hopi Tribe, members thereof, or associations of such members, may be leased by the Indian owners, with the approval of the Secretary of the Interior, for public, religious, educational, recreational, or business purposes, including the development or utilization of natural resources in connection with operations under such leases. All leases so granted shall be for a term of not to exceed twenty-five years, but may include provisions authorizing their renewal for an additional term of not to exceed twenty-five years, and shall be made under such regulations as may be prescribed by the Secretary. Restricted allotments of deceased Indians may be leased under this section, for the benefit of their heirs or devisees, in the circumstances and by the persons prescribed in the Act of July 8, 1940 (54 Stat. 745; 25 U. S. C., 1946 edition, sec. 380). Nothing contained in this section shall be construed to repeal or affect any authority to lease restricted Indians lands conferred by or pursuant to any other provision of law.

"SEC. 6. In order to facilitate the fullest possible participation by the Navajo Tribe in the program authorized by this Act, the members of the tribe shall have the right to adopt a tribal constitution in the manner herein prescribed. Such constitution may provide for the exercise by the Navajo Tribe of any powers vested in the tribe or any organ thereof by existing law, together with such additional powers as the members of the tribe may, with the approval of the Secretary of the Interior, deem proper to include therein. Such constitution shall be formulated by the Navajo Tribal Council at any regular meeting, distributed in printed form to the Navajo people for consideration, and adopted by secret ballot of the adult members of the Navajo Tribe in an election held under such regulations as the Secretary may prescribe, at which a majority of the qualified votes cast favor such adoption. The constitution shall authorize the fullest possible participation of the Navajos in the administration of their affairs as approved by the Secretary of the Interior and shall become effective when approved by the Secretary. The constitution may be amended from time to time in the same manner as herein provided for its adoption, and the Secretary of the Interior shall approve any amendment which in the opinion of the Secretary of the Interior advances the development of the Navajo people toward the fullest realization and exercise of the rights, privileges, duties, and responsibilities of American citizenship.

"SEC. 7. Notwithstanding any other provision of existing law, the tribal funds now on deposit or hereafter placed to the credit of the Navajo Tribe of Indians in the United States Treasury shall be available for such purposes as may be designated by the Navajo Tribal Council and approved by the Secretary of the Interior.

"SEC. 8. The Tribal Councils of the Navajo and Hopi Tribes and the Indian communities affected shall be kept informed and afforded opportunity to consider from their inception plans pertaining to the program authorized by this Act. In the administration of the program, the Secretary of the Interior shall consider the recommendations of the tribal councils and shall follow such recommendations whenever he deems them feasible and consistent with the objectives of this Act.

"SEC. 9. From and after the effective date of this Act, all Indians within the tribal or allotted lands of the Navajo and Hopi Reservations shall be subject to the laws of the State wherein such lands are located, and shall have access to the courts of such State for the enforcement of their rights and the redress of wrongs to the same extent and in the same manner as any other citizen thereof: *Provided, however,* That all classes and character of property now exempt from taxation shall continue to be and remain

exempt from taxation by the State until otherwise provided by Congress; and that, until otherwise provided by Congress, all Federal and tribal laws and regulations respecting the management, assignment, inheritance, or disposition of lands shall be recognized and enforced where such laws or regulations are in conflict with State laws: *Provided further*, That nothing herein contained shall be construed as authorizing the State to interfere in any manner with the administration of the school system as provided and administered by the Federal Government for such Indians, except that the respective State school curricula shall be installed and followed in the Navajo schools so far as feasible: *Provided further*, That beginning with the quarter commencing July 1, 1950, the Secretary of the Treasury shall pay quarterly to each State (from sums made available for making payments to the States under sections 3 (a), 403 (a), and 1003 (a) of the Social Security Act) an amount, in addition to the amounts prescribed to be paid to such State under such sections, equal to 80 per centum of (1) the total amounts expended during the preceding quarter by the State, under the State plans approved under the Social Security Act for old age assistance, aid to dependent children, and aid to the needy blind, to Navajo and Hopi Indians residing within the boundaries of the State on reservations or on allotted or trust lands, with respect to whom payments are made to the State by the United States under sections 3 (a), 403 (a), and 1003 (a), respectively, of the Social Security Act, not counting so much of such expenditure to any individual for any month as exceeds the limitations prescribed in such sections, reduced by (2) the total amounts paid to such State by the United States for such quarter under sections 3 (a), 403 (a), and 1003 (a) of the Social Security Act with respect to such Indians: *And provided further*, That nothing in this Act provided shall be deemed to impair the terms and obligations of any existing statute or treaty between the United States Government and the said Indians, nor take away the jurisdiction now exercised by the Federal Government or the tribes, but in all cases the jurisdiction of the State, the Federal, and the tribal courts shall be concurrent.

"SEC. 10. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Navajo-Hopi Indian Administration (hereinafter referred to as the "committee"), to be composed of three members of the Committee on Interior and Insular Affairs of the Senate to be appointed by the chairman thereof, not more than two of whom shall be from the same political party, and three members of the Committee on Public Lands of the House of Representatives to be appointed by the chairman thereof, not more than two of whom shall be from the same political party. A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman from among its members.

"(b) It shall be the function of the committee to make a continuous study of the programs for the administration and rehabilitation of the Navajo and Hopi Indians, and to review the progress achieved in the execution of such programs. Upon request, the committee shall aid the several standing committees of the Congress having legislative jurisdiction over any part of such programs, and shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. The Commissioner of Indian Affairs at the request of the committee, shall consult with the committee from time to time with respect to his activities under this Act.

"(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this subsection.

"(d) The committee is authorized to appoint and, without regard to the Classification Act of 1923, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

"(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, to be disbursed by the Secretary of the Senate on vouchers signed by the chairman."

And the House agree to the same.

TOBY MORRIS,
JOHN R. MURDOCK,
COMPTON I. WHITE,
WM. LEMKE,
WESLEY A. D'EWART,
Managers on the Part of the House.

ERNEST W. MCFARLAND,
CLINTON P. ANDERSON,
ROBT. S. KERR,
ZALES N. ECTON,
ARTHUR V. WATKINS,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (S. 1407) to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

The conferees agreed to all the text of sections 1, 2, 3, 4, 5, 6, 7, and 8 proposed by the House, except item 7 of section 1, for "Roads and trails" which item was increased from $10,000,000 to $20,000,000.

The conferees agreed to section 9 proposed by the House, which provides that all Indians within the Navajo and Hopi Reservations shall be subject to the laws of the State in which they live, which would be Arizona, New Mexico, and Utah, with the following amendment:

"*Provided further*, That beginning with the quarter commencing July 1, 1950, the Secretary of the Treasury shall pay quarterly to each State (from sums made available for making payments to the States under sections 3 (a), 403 (a), and 1003 (a) of the Social Security Act) an amount, in addition to the amounts prescribed to be paid to such State under such sections, equal to 80 per centum of (1) the total amounts expended during the preceding quarter by the State, under the State plans approved under the Social Security Act for old age assistance, aid to dependent children, and aid to the needy blind, to Navajo and Hopi Indians residing within the boundaries of the State on reservations or on allotted or trust lands, with respect to whom payments are made to the State by the United States under sections 3 (a), 403 (a), and 1003 (a), respectively, of the Social Security Act, not counting so much of such expenditure to any individual for any month as exceeds the limitations prescribed in such sections, reduced by (2) the total amounts paid to such State by the United States for such quarter under sections 3 (a), 403 (a), and 1003 (a) of the Social Security Act with respect to such Indians."

The effect of this amendment is to give to the State, in addition to the sums already contributed by the Federal Government, other than for administrative purposes, up to the limitations provided in the Social Security Act. For instance, the Social Security laws of Arizona provide for a maximum expenditure for the aged of $60 per month and a maximum expenditure for the blind of $70. An aged Indian under this law could receive $60. Of the first $50, which is the maximum provided for matching under Federal law, the Federal Government would pay through the regular provisions of the existing law $30 and the State $20. The Federal Government under this amendment would pay 80 percent of the $20, which would be an additional $16. The State would have to pay all amounts above $50, the same as it does now with off-reservation Indians, which would be $10 additional. Therefore the Federal Government would actualy contribute $46 and the State $14. The same would be true in regard to the blind in Arizona, where there is a maximum of $70, except that the State would pay the last $20, which would make the Federal Government pay $46 and the State $24. The House conferees insisted upon section 9, but the Senate conferees wanted it eliminated for the reason that the extension of State laws would obligate the States to make available the benefits of the State social-security laws to reservation Indians, an obligation which has not been assumed made by New Mexico and Arizona for two reasons: First, they have not admitted their liability, claiming that under the enabling acts and Federal laws the Indian was an obligation of the Federal Government. Second, because of the large Indian population, the States strenuously urged their financial inability to meet this obligation.

According to the 1940 census, Arizona had an Indian population of 55,076, or approximately one-sixth of the total Indian population of the United States. This Indian population has increased until at the present time there are between 60,000 and 65,000 Indians in the State of Arizona. The Indian lands in Arizona aggregate some 20,263,183 acres, or about 35 percent of the total Indian reservation lands in the United States, while the lands belonging to the other citizens of the State amount to 18,091,618 acres. Over 27 percent of the area of Arizona is embraced within Indian reservations, and over 73 percent of the State of Arizona is Indian or federally owned land.

In New Mexico the situation is similar. The 1940 census showed the Indian population of that State to be 34,510, over 10 percent of the total Indian population of the United States. It is estimated by officials of the State of New Mexico that the Indian population has increased to 42,000. In New Mexico there are approximately 6,488,418 acres of Indian reservation lands, which is almost 12 percent of the total Indian reservation lands in the United States.

Less than 20 percent of the Navajo and Hopi Indians speak the English language. The States have indicated their willingness to assume the burden of administering the social-security laws on the reservations with this additional help. The conference committee was of the opinion that this was a fair arrangement, particularly in view of the large area of tax-free land and the difficulty in the administration of the law to non-English-speaking people, sparsely settled in places where there are not adequate roads; and that it would be of particular advantage to the Indians themselves. This arrangement can and no doubt will be changed as soon as the Indians are rehabilitated. Both States assume full responsibility for nonreservation Indians at the present time.

The percentage to be paid by the States under this section, other than the cost of administration, is the same as was worked out in a conference at Santa Fe, N. Mex., between representatives of the Federal Security Agency, Bureau of Indian Affairs, the offices of the attorney general of the States of Arizona and New Mexico, and the State Departments of Welfare of the States of Arizona and New Mexico, on April 28 and 29, 1949. At this conference it was agreed that the net cost to the State would not exceed 10 percent of the total cost incurred by the Federal and State Governments in aid to needy Indians (aged, blind, and dependent children). This is the agreement under which the States are now operating. However, it is the opinion of the conference committee that the Indians would be greatly benefited by the States assuming full responsibility for the administering of this law, and it would assure a continued assistance which would not be dependent upon appropriations through the Bureau of Indian Affairs from year to year.

Before the passage of the Social Security Act, the Federal Government assumed full responsibility for needy reservation Indians, and there is strong argument that the Federal Government still has full responsibility for their care. The additional cost of the extension of social-security benefits not heretofore assumed by New Mexico and Arizona is only part of the cost of the extension of State laws to the reservations. Therefore, the conference committee is of the opinion that the amendment which was adopted is a fair and equitable division of this expense.

The House recede from its disagreement as to section 9 of the Senate bill and agree to the same, which section provides for the establishment of a joint congressional committee to be known as the Joint Committee on Navajo-Hopi Indian Administration, which committee shall make continuous study of the programs for the administration; shall hold hearings and require the attendance of witnesses; shall review the progress achieved in the execution of such programs; shall, upon request, aid the committees of Congress having legislative jurisdiction over any part of such programs; and shall report to Congress from time to time concerning the results of its studies, together with such recommendations as it may deem desirable. It provides further that the Commissioner of Indian Affairs at the request of such committee shall consult with the committee from time to time with respect to his activities under this act.

It provides further that such sums as are necessary to carry out the provisions of this section are authorized to be appropriated.

TOBY MORRIS,
JOHN R. MURDOCK,
COMPTON I. WHITE,
WM. LEMKE,
WESLEY A. D'EWART,
Managers on the Part of the House.

Mr. MORRIS (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. HOFFMAN of Michigan. I object, Mr. Speaker.

(The Clerk completed the reading of the statement.)

Mr. MORRIS. Mr. Speaker, I hope the conference report will be adopted.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. MORRIS. I yield.

Mr. CASE of South Dakota. The reason for asking this question is that section 9 of this bill proposes that following July 1, 1950, the United States shall pay 80 percent of the payments made heretofore by the State for old-age assistance, aid to dependent children, and aid to the needy blind, for the Navajo and Hopi Indians residing within the States concerned.

There are some tribes of Indians in the United States other than the Navajo and Hopi Tribes where treaty obligations placed upon the United States the responsibility for taking care of the needy Indians. But to date these other States have sought to meet the obligation imposed upon them by the Federal Social Security Acts to match funds under penalty of losing social security funds if they did not.

Two questions ought to be answered. First, should we make an exception for the Navajos and the Hopis, and, second, is this establishing a precedent so that the States where there are other tribes of Indians may expect that they can come in with similar legislation and get 80 percent of the State's social security payments accepted by the Federal Government?

Mr. MORRIS. The percentage to be paid by the States under this section, other than the cost of administration, is the same as was worked out in the conference at Santa Fe, N. Mex., between representatives of the Federal Security Agency, Bureau of Indian Affairs, the offices of the attorneys general of the States of Arizona and New Mexico, and the State departments of welfare of Arizona and New Mexico, on April 28 and 29, 1949.

In further answer to the gentleman's question, may I say that the Navajo is the largest tribe of Indians in the United States. We know that the States affected have very small populations compared to other States, and the impact of the social-security program without this amendment would be unreasonable for those States to bear, in my judgment. The whole program is a national program, it seems to me, as affecting the Indians. In view of the fact especially that these States are so sparely settled and there are so many Indians within them, it certainly would be unreasonable, in my judgment, to ask these States of Arizona, New Mexico, and Utah to bear the same social-security burden as might be borne in other instances.

In addition to that, may I make this further statement:

The social-security proviso of section 9 is intended to apply only to the Navajo and Hopi Reservations, and was not intended to relieve the States of their responsibilities, if any, for social security payments on reservations other than Navajo-Hopi in the three States affected by this bill. It is not intended as permanent legislation, but merely as a stopgap until Congress can act on permanent legislation.

Mr. CASE of South Dakota. I recognize that the proportion of Navajo and Hopi Indian population to the total population of these States is large, but at the same time the percentage of Indian population is large in some other States as well. I do not know the population figure for those States, but in my own district the ratio of Indian population to white is about 1 to 8, which is certainly a most heavy burden on the State. I am sure the gentlemen who represent these States of Arizona and New Mexico are aware of the fact that they have been given additional representation in Congress because of the fight which the gentleman from Arizona [Mr. MURDOCK] and I and some others put up a few years ago to have Indians counted for purposes of congressional representation. I am not opposed to recognizing this unusual burden on these two States, but I do feel recognition should be given to the unusual burden in some other States, too; and, in particular, I might mention that when the Sioux Indians went before the Court of Claims to ask for compensation for the Black Hills which was taken from them, the argument which the Government put up and which the Supreme Court cited in refusing to review the case, was that the treaty of cession provided that the Government should take care of the needy Sioux Indians. The Supreme Court cited with approval the language of the Court of Claims which said that Congress had been appropriating to take care of the needy Indians and would continue to do so. That rested upon the assumption Congress would provide for rations for the needy Indians as it had been prior to that time. But instead of that Congress had adopted the social-security program which put upon the State the responsibility for originally matching Federal funds on a 50–50 basis, and said if you do not include the Indians, you will not get social security for the balance of the State's needy.

So the States of North Dakota, South Dakota, Montana, as well as other States, accepted the burden imposed upon them by the Federal Government to take care of these needy Indians in spite of the fact that the Government itself pleaded, and the Supreme Court accepted the plea, that the United States Government had the responsibility of taking care of these needy Indians.

So if this bill goes through, and I am not going to say anything more or object, because I do think there is a special burden resting upon these States out of proportion to their capacity or their population, I do think, and I am serving notice now, that I believe the Committee on Indian Affairs should regard this as a precedent and take cognizance of similar situations in other States. I thank the gentleman from Oklahoma very much for yielding to me.

Mr. MORRIS. I appreciate the gentleman's observation very much. I understand there is general legislation pending in both branches of the Congress relative to a general over-all program on this particular matter of social security as it affects Indians. I assure the gentleman that our committee will be happy to give the gentleman or anyone else, who wants to present the matter, the most careful, thorough, and sincere consideration and hearing. Also for the record I wish to state in regard to section 9 of the bill, as follows: The original form of section 9 of the bill was added by the House Public Lands Committee. Its purpose is described in House Committee

Report 963, under the title "Application of State Law," pages 5 and 6, which accompanied H. R. 5208.

Section 9 is not intended to enlarge the jurisdiction of any courts over the United States or its property, or property held by it as trustee for the Indians, including water rights.

The provision in section 9 subjecting the Navajos and Hopis to the State laws of the States affected was definitely intended to be beneficial to these Indians, and was and is offered as a trial in this respect, but if it should, in practice, work a hardship upon them, then the conferees would be willing and anxious to sponsor legislation to amend or, if necessary, repeal this provision.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. MORRIS. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. Mr. Speaker, I rise to a question of privilege of the House.

The SPEAKER. What is the gentleman's question of privilege?

Mr. HOFFMAN of Michigan. The question of privilege is that, although we have been in session here something like 9 months, ever since we came back it has been almost impossible, in spite of the efforts of the Speaker, for the Members to hear what is going on. And I have a resolution which I want to offer, and which is as follows:

Be it resolved, That the legislative business of the House be suspended until order in the House is obtained so that Members may be informed as to the measures which are being considered.

The SPEAKER. The Chair cannot recognize the gentleman for that purpose inasmuch as there is another matter pending before the House.

CALL OF THE HOUSE

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 208]

Abbitt	Chudoff	Goodwin
Albert	Clemente	Gossett
Andresen,	Cole, N. Y.	Granahan
August H.	Cooley	Green
Bailey	Corbett	Gregory
Barden	Coudert	Gwinn
Baring	Crosser	Hall,
Barrett, Pa.	Davenport	Edwin Arthur
Bland	Davies, N. Y.	Hall,
Blatnik	Deane	Leonard W.
Bolton, Ohio	Dingell	Hand
Bonner	Dollinger	Harvey
Boykin	Donohue	Hays, Ohio
Brambiett	Douglas	Hébert
Brehm	Eaton	Heffernan
Buchanan	Elston	Heller
Buckley, N. Y.	Engle, Calif.	Hoffman, Ill.
Bulwinkle	Feighan	Hope
Burnside	Fellows	Huber
Byrne, N. Y.	Flood	Irving
Canfield	Fogarty	Jacobs
Carroll	Fulton	James
Case, N. J.	Furcolo	Javits
Cavalcante	Gamble	Jenison
Celler	Garmatz	Jonas
Chatham	Gary	Keating
Chelf	Gilmer	Kelley
Kennedy	Morton	Sikes
Keogh	Multer	Smathers
Kilburn	Murphy	Smith, Ohio
King	Nelson	Smith, Va.
Klein	Norblad	Stanley
Kunkel	Norton	Taurlello
Lane	O'Hara, Ill.	Taylor
Larcade	O'Neill	Thomas, N. J.
Lichtenwalter	Pfeiffer,	Thompson
Lodge	William L.	Towe
Lovre	Phillips, Calif.	Underwood
Lyle	Poage	Vorys
McConnell	Poulson	Walsh
McGrath	Powell	Walter
McGuire	Price	Weichel
McMillan, S. C.	Quinn	Whitaker
McMillen, Ill.	Reed, Ill.	White, Calif.
McSweeney	Reed, N. Y.	White, Idaho
Mack, Ill.	Regan	Whitten
Macy	Rhodes	Willis
Mansfield	Ribicoff	Wilson, Tex.
Marcantonio	Richards	Withrow
Martin, Iowa	Riehlman	Wolcott
Martin, Mass.	Rogers, Mass.	Woodhouse
Merrow	Roosevelt	Worley
Miller, Calif.	St. George	Yates
Miller, Md.	Scott,	Young
Morgan	Hugh D., Jr.	
Morrison	Short	

The SPEAKER. On this roll call 267 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

REHABILITATION OF THE NAVAJO AND HOPI TRIBES OF INDIANS

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. RANKIN asked and was given permission to extend his remarks in the RECORD.

Mr. MITCHELL asked and was given permission to extend his remarks in the RECORD in three instances and include extraneous material.

Mr. BOLLING asked and was given permission to extend his remarks in the RECORD in two instances and include in one an address by the President of the United States and in the other a column by Thomas L. Stokes.

Mr. FUGATE asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. KEE asked and was given permission to extend his remarks in the RECORD and include an editorial from the Washington Post.

Mr. EVINS asked and was given permission to extend his remarks in the RECORD and include a statement regarding a recent regulation by the Veterans' Administration.

Mr. BUCKLEY of Illinois (at the request of Mr. TRIMBLE) was given permission to extend his remarks in the RECORD.

Mr. CASE of South Dakota asked and was given permission to extend his remarks in the RECORD and include an editorial.

DEMOCRATIC CONFERENCE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I desire to announce for the benefit of the Democratic Members that tomorrow morning at 10:30 in this Chamber there will be a party conference. This announcement will be supplemented by the ordinary notice that will be sent to the Democratic Members this afternoon.

CONVEYANCE OF CERTAIN LANDS TO CITY AND COUNTY OF SAN FRANCISCO

Mr. HAVENNER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5328) authorizing the Secretary of the Army to convey certain lands to the city and county of San Francisco, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That the Secretary of the Army is authorized to convey by quitclaim deed to the city and county of San Francisco, for public park and recreational purposes, 42 acres of land, more or less, in the city and county of San Francisco, State of California, being that portion of the Fort Funston Military Reservation situated north of the northerly boundary of land heretofore transferred by the Secretary of the Army to the Veterans' Administration, the exact description of land to be conveyed to be determined by the Secretary of the Army.

"SEC. 2. The deed of conveyance authorized by section 1 of this act shall provide as follows:

"a. That the United States shall reserve to itself the right to use and occupy for so long as is necessary all those living quarters and appurtenances thereto now located within the area to be conveyed, together with the free and full right of ingress to and egress from said quarters.

"b. That the city and county of San Francisco shall grant to the State of California the use, for a period of 99 years, of approximately 7 acres of the land herein provided for conveyance or the purpose of erection thereon by the State of California of National Guard facilities, such grant to be upon condition that the activities of the National Guard on such land shall not be of such nature as would, in the judgment of the Administrator of Veterans' Affairs, interfere with the care and treatment of patients in the Veterans' Administration hospital to be erected on land adjacent to the 42-acre tract referred to in section 1 of this act, not precluding, however, the following activities: (1) The construction of National Guard facilities; (2) the operation of motor vehicles; (3) the assembling, moving, or passage of uniformed personnel: *Provided,* That such grant shall not be effective until the Governor of the State of California shall certify in writing to the Secretary of Defense that such land is needed by the State of California for the purpose of a site for a National Guard armory and for training the National Guard or for other related military purposes and that such land is suitable for such purposes.

"c. That there shall be reserved to the United States the existing water lines running through the property for so long as the use thereof may be required.

"d. That there shall be reserved to the United States, for use by the Veterans' Administration, a 25-foot easement along the easterly portion of the property, the exact location of which to be determined by the city and county of San Francisco, the Department of the Army, and the Veterans' Administration.

"e. That there shall be reserved to the United States such additional easements, of whatsoever nature, as may be determined necessary by the Secretary of the Army.

"f. That there shall be reserved to the United States all interest in and to any oil, mineral, or fissionable material in said land.

"g. For such other terms, conditions, restrictions, and reservations as the Secretary of the Army shall deem necessary to protect the interests of the United States.

"SEC. 3. In the event of breach by the grantee of any of the terms, conditions, restrictions and reservations contained in said deed, or if the property authorized for conveyance by section 1 of this act is used for any purpose other than mentioned in this act, then title to the property shall revert to the United States and, in addition, all improvements made by the city and county of San Francisco or the State of California shall vest in the United States without payment of compensation therefor."

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

ESTABLISHMENT OF FOREIGN-TRADE ZONES

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5332) to amend section 3 of the act of June 18, 1934, relating to the establishment of foreign-trade zones, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. DOUGHTON, COOPER, BOGGS of Louisiana, WOODRUFF, and BYRNES of Wisconsin.

PARLIAMENTARY INQUIRY

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RICH. Mr. Speaker, we were interrupted in the consideration of the conference report on the bill S. 1407. The gentleman who had charge of the legislation promised that he would give me an opportunity to ask him some questions about it. As soon as the roll call was over I was paying particular attention to the legislation when some of the Members informed me that the legislation was passed. I asked the gentleman in charge in reference to the legislation and he said that it was passed. I would like to know how we get things through here so fast. It is not right.

The SPEAKER. The conference report was agreed to by the Chair putting the question and asking for the ayes and noes. The ayes had it, and the matter was passed. Of course the Chair knew nothing of the agreement between the gentleman from Oklahoma and the gentleman from Pennsylvania. The Chair, as usual, put the question and the conference report was agreed to.

Mr. RICH. Mr. Speaker, it seems to me that after the gentleman made a statement that he was going to recognize me, there ought to be some way by which the Members who are trying to find out about this legislation could do so. It does not seem right. The gentleman had the floor before the roll call was ordered. Why did he not have the floor after the call of the House was determined?

EXTENSION OF REMARKS

Mr. HERTER asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. HILL asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. JUDD asked and was given permission to extend his remarks in the RECORD in three instances, and in each to include extraneous matter.

Mr. BIEMILLER asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. GATHINGS asked and was given permission to extend his remarks in the RECORD and include an article from the Christian Science Monitor.

FOOD PRICES ARE HIGH

Mr. KEEFE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KEEFE. Mr. Speaker, I recall with great interest when the President accepted the nomination in Philadelphia he severely castigated the Eightieth Congress because it had done nothing, so he said, to reduce the cost of living.

On Saturday I paid 89 cents for a dozen eggs, and I am advised that they will be a dollar a dozen before the 1st day of December. What are you doing with your overwhelming vote in the Eighty-first Congress to reduce the cost of living?

Mr. O'TOOLE. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. O'TOOLE. Why do you not buy in the A & P? They are only 69 cents a dozen there.

Mr. KEEFE. Well, I do not suppose we will be able to buy in the A & P very much longer, if your crowd has its way, because I understand you are busting them up because they are charging too little for food to suit you.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

HON. CORDELL HULL

Mr. GORE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. GORE. Mr. Speaker, yesterday a great American celebrated his seventy-eighth birthday. This was more than a milestone in a notable life and career. It marked the victory in a gallant fight for life and regained health. After being stricken low, on yesterday he appeared hale and hearty for his age.

In the life and service of Cordell Hull, America and the world takes pride, and I am sure the membership of this body, in which he served so long and with such great distinction, joins with me in wishing him many more happy birthdays.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. GORE. I yield to the gentleman from Tennessee.

Mr. COOPER. I am happy to concur in the remarks of my distinguished colleague from Tennessee and to convey congratulations and felicitations to the Honorable Cordell Hull, who, in my opinion, stands out in bold relief as one of the foremost statesmen of all the world.

The SPEAKER. The time of the gentleman from Tennessee [Mr. GORE] has expired.

SPECIAL ORDER GRANTED

Mr. MASON. Mr. Speaker, I ask unanimous consent that the special order which I have for today be vacated and that the same be transferred to Thursday of this week.

The SPEAKER. Without objection, the request of the gentleman is granted.

There was no objection.

ADJOURNMENT OF CONGRESS

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, there has been a rumor that Members of the House would like to finish their work and go home. I do not know whether there is any foundation for that rumor. But I do believe from the bottom of my heart that if the Republicans will follow the lead of the gentleman from Wisconsin [Mr. KEEFE] and tell the administration what it is doing and what it is trying to do to the people of America, and to our form of government, we will not only get an early adjournment but we will actually be kicked out of Washington without delay.

The SPEAKER. The time of the gentleman from Michigan has expired.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the calendar.

RESIDENT COMMISSIONER FROM THE VIRGIN ISLANDS

The Clerk called the first bill on the calendar, H. R. 2988, to provide for a Resident Commissioner from the Virgin Islands, and for other purposes.

The SPEAKER pro tempore (Mr. MILLS). Is there objection to the present consideration of the bill?

Mr. TRIMBLE. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

BENEFITS FOR RETIRED CIVIL-SERVICE EMPLOYEES

The Clerk called the bill (H. R. 4295) to provide certain benefits for annuitants who retired under the Civil Service Retirement Act of May 29, 1930, prior to April 1, 1948.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. CUNNINGHAM. Mr. Speaker, this bill calls for an appropriation of approximately $147,000,000, and it is entirely too large an amount to be considered on the Consent Calendar. I therefore ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

MUSEUM AT KLUKWAN, ALASKA

The Clerk called the bill (H. R. 2012) to authorize the erection and operation of a museum at Klukwan, Alaska.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. FORD]?

There was no objection.

PRECIOUS METALS EXPERIMENT STATION, RENO, NEV.

The Clerk called the bill (H. R. 2386) to provide for the establishment and operation of a rare and precious metals experiment station at Reno, Nev.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PRACTITIONERS BEFORE ADMINISTRATIVE AGENCIES

The Clerk called the bill (H. R. 4446) to protect the public with respect to practitioners before administrative agencies.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. CUNNINGHAM. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa [Mr. CUNNINGHAM]?

There was no objection.

MILITARY REAL PROPERTY, FORT LOGAN, COLO.

The Clerk called the bill (H. R. 4548) to provide for the utilization as a national cemetery of surplus Army Department-owned military real property at Fort Logan, Colo.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PUBLIC AIRPORTS IN NATIONAL PARKS

The Clerk called the bill (S. 1283) to authorize the Secretary of the Interior to acquire, construct, operate, and maintain public airports in, or in close proximity to, national parks, monuments, and recreation areas, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. SCRIVNER. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas [Mr. SCRIVNER]?

There was no objection.

FEDERAL AIRPORT ACT

The Clerk called the bill (H. R. 4239) to amend section 6 of the Federal Airport Act.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

FOREIGN AGRICULTURAL LABOR

The Clerk called the bill (H. R. 5557) to provide for coordination of arrangements for the employment of agricultural workers, admitted for temporary agricultural employment from foreign countries in the Western Hemisphere, to assure that the migration of such workers will be limited to the minimum numbers required to meet domestic labor shortages, and for other purposes.

Mr. SUTTON. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

AUTHORIZING DEPARTMENTS OF THE ARMY, NAVY, AND AIR FORCE TO PARTICIPATE IN THE TRANSFER OF CERTAIN REAL PROPERTY

The Clerk called the bill (H. R. 5368) to authorize the Departments of the Army, Navy, and Air Force to participate in the transfer of certain real property or interests therein, and for other purposes.

There being no objection the Clerk read the bill, as follows:

Be it enacted, etc.—

SHORT TITLE

That this Act, divided into titles and sections according to the following table of contents, may be cited as the "National Military Establishment Lands Act of 1949".

TABLE OF CONTENTS

Title I—Navy Easements

Sec. 101. (a) City of New York (New York Naval Shipyard).
(b) Southern Counties Gas Co. of California (Camp Joseph H. Pendleton, Calif.).
(c) Carteret-Craven Electric Membership Corp. (Cherry Point, N. C.).
(d) State of Missouri (Lambert Field, Mo.).
(e) Atchison, Topeka & Santa Fe Railroad Co. (Camp Joseph H. Pendleton, Calif.).
(f) Virginia Electric & Power Co. (Marine Corps Barracks, Quantico, Va.).
(g) Johnson County, Kans. (naval air station, Olathe, Kans.).
(h) State of California (naval auxiliary air station, Miramar, Calif.).
(i) State of Oregon (naval air station, Tillamook, Oreg.).
(j) County Sanitation District No. 2, Los Angeles County, Calif. (naval fuel annex, San Pedro, Calif.).
(k) City of Warren, Ohio (Trumbull County, Ohio).
(l) Public Service Co. of Indiana, Inc. (naval ammunition depot, Crane, Ind.).

Title II—Army Easement

Sec. 201. San Diego and Arizona Eastern Railway Co. (Fort Emory Military Reservation, Calif.).

Title III—Miscellaneous Land Transfers

Sec. 301. Navy Department (Plancor 226-A1, Maspeth Annex, New York Naval Shipyard—Reconstruction Finance Corporation).
Sec. 302. Navy Department (Naval Training Station, Great Lakes, Ill.—Veterans' Administration).
Sec. 303. Luz, Maria, and Raquel Porrata Doria (Ceiba, Puerto Rico—Navy).
Sec. 304. Navy Department (Plancor 1931, Industrial Plant Facilities, St. Paul, Minn.—War Assets Administration).
Sec. 305. State of Kentucky (Hardin and Jefferson Counties, Ky.—Army).
Sec. 306. Department of the Army (Denver Medical Depot—Veterans' Administration).
Sec. 307. Department of the Air Force (Camp Phillips Military Reservation, Kans.—Veterans' Administration).
Sec. 308. Navy Department (Oahu Cemetery Association, Hawaii).

TITLE I—NAVY EASEMENTS

SEC. 101. The Secretary of the Navy is hereby authorized to grant, under such terms and conditions as he may deem appropriate, a perpetual easement, in the lands or portions thereof hereinafter mentioned (metes and bounds description of which are on file in the Navy Department), to—

(a) The city of New York for public-highway purposes in, over, and across a parcel of land containing twenty-nine one-hundredths acre, more or less, lying between the New York Naval Shipyard, Hudson Avenue and York Street in the borough of Brooklyn, city of New York.

(b) The Southern Counties Gas Co., of California, in, over, and across a parcel of land five feet in width within Camp Joseph H. Pendleton, Oceanside, Calif., for purposes of laying and constructing a 12¾-inch gas pipe line for transporting and conveying natural gas only and for purposes of maintaining, repairing, operating, using, replacing, and removing said line.

(c) The Carteret-Craven Electric Membership Corp., of North Carolina, in, over, and across three segments of land at the United States Marine Corps Air Base, Cherry Point, N. C., containing seventy-nine one-hundredths, one and sixty-seven one-hundredths, and nineteen one-hundredths acres, respectively, for purposes of constructing, maintaining, operating, and repairing electric transmission lines, including the necessary poles and fixtures.

(d) The State of Missouri for public-highway purposes in, over, and across two parcels of land situated within the boundaries of the United States naval air station, Lambert Field, St. Louis County, Mo., one of said parcels being south of and contiguous to Natural Bridge Road, and the other north of and contiguous to said Natural Bridge Road, each containing four-hundred-twenty-two one-thousandths, and two and forty-nine one-thousands acres, respectively: *Provided*, That said grant shall contain an express reservation on behalf of the United States that the rights granted will not interfere with the operation and maintenance of existing utility and drainage lines or the pedestrian underpass serving said naval air station or with that portion of the station's reservoir located on said lands: *Provided further*, That said grant shall be made subject to the rights of the city of St. Louis as reserved in its deed to the United States dated February 24, 1941.

(e) The Atchison, Topeka & Santa Fe Railroad Co. for purposes of constructing, maintaining, operating, and repairing telephone and signal lines and appurtenances in, over, and across the right-of-way area at Camp Joseph H. Pendleton, Oceanside, Calif., now occupied by said company for such purposes under a revocable permit from the Navy Department, in exchange for the grant of a perpetual easement by the Atchison, Topeka & Santa Fe Railroad Co. to the United States for purposes of constructing, maintaining, operating, and repairing an access road, including a viaduct or overpass over the said company's railroad tracks, within a right-of-way area at Camp Joseph H. Pendleton now occupied by the Navy Department under a permit from the said company.

(f) The Virginia Electric & Power Co. for purposes of constructing, maintaining, operating, and repairing electric transmission lines, including poles, cables, and other fixtures necessary or convenient for the transmission of electric current, in, over, and across a parcel of land one hundred feet in width, more or less, within the boundaries of the United States Marine Corps Barracks, Quantico, Va., in exchange for the conveyance to the United States by the said company of all of its right, title, and interest in and to the right-of-way area within the boundaries of the said Marine Corps barracks heretofore occupied by the said company but which was vacated by the said company in order to relocate its facilities to meet Navy Department requirements.

(g) Johnson County, Kans., for public-highway purposes in, over, and across a parcel of land ten feet in width and one thousand three hundred twenty-five and seventy-eight one-hundredths feet in length, lying within and along the westerly side of flying field No. 2, United States Naval Air Station, Olathe, Kans.

(h) The State of California for public highway purposes in, over, and across a strip of land two hundred feet in width for the southerly twenty-one thousand two hundred twenty-four and seventy-five one-hundredths feet of its length and of varying width for the northerly one thousand feet, more or less, of its length, containing one hundred three and seven-tenths acres, more or less, at the United States Naval Auxiliary Air Station, Miramar, San Diego County, Calif.

(i) The State of Oregon or its agency, the highway commission of said State, for public highway purposes in, over, and across a strip of land forty feet in width running along the westerly boundary of the United States Naval Air Station, Tillamook, Oreg.

(j) County Sanitation District Numbered 2 of Los Angeles County, Calif., for sewer purposes, including the right to lay, construct, maintain, reconstruct, use, and operate a sewer line in, over, and across a twenty-foot strip of land within the United States Naval Fuel Annex, San Pedro, Calif.: *Provided*, That in addition to such other terms and conditions as the Secretary of the Navy may deem proper, the grant shall provide that the said sewer line shall be at a depth of not less than seventy feet below the surface of the ground and that there shall be no outlets to the surface within the limits of the said naval fuel annex.

(k) The city of Warren, Ohio, for sewer purposes, including the right to lay, construct, maintain, reconstruct, use, and operate a sewer line in, over, and across a ten-foot strip of land located in the city of Warren, county of Trumbull, Ohio.

(l) The Public Service Company of Indiana, Inc., for the construction, operation, patrolling, and maintenance of a one-hundred-thirty-two-kilovolt transmission line, including towers, wires, poles, anchors, guys, and fixtures, in, over, and across a strip of land one hundred feet wide and thirty-five thousand one hundred and ninety and two-tenths feet long at the United States Naval Ammunition Depot, Crane, Ind., containing eighty and eight-tenths acres of land, more or less: *Provided*, That in addition to such other terms and conditions as the Secretary of the Navy may deem proper, the grant shall require payment by the grantee to the United States of a sum equal to the market value of the easement herein authorized.

TITLE II—ARMY EASEMENT

SEC. 201. The Secretary of the Army is hereby authorized to grant, under such terms and conditions as he may deem appropriate, a perpetual easement to the San Diego and Arizona Eastern Railway Co., for railroad right-of-way purposes in, over, and across a strip of land comprising eight and forty-one one-hundredths acres, more or less, located near San Diego Bay and the northeasterly boundary of Fort Emory Military Reservation, Calif., in exchange for the relinquishment, to the United States, of all the said company's interest (including a right-of-way easement for railroad purposes), in a parcel of land comprising four hundred twelve and fourteen one-hundredths acres and forming a part of the Fort Emory Military Reservation, Calif., metes and bounds description of which parcels are on file in the Department of the Army.

TITLE III—MISCELLANEOUS LAND TRANSFERS

SEC. 301. Notwithstanding any other provision of law, all right, title, and interest of Reconstruction Finance Corporation in the real property situated at 47–01 Grand Avenue, Maspeth, Long Island, N. Y., referred to as "Plancor 226–A1" and known as the Maspeth Annex, New York Naval Shipyard, containing approximately one hundred acres of land together with all improvements thereon, which was acquired by Defense Plant Corporation in accordance with authority contained in the Reconstruction Finance Corporation Act (15 U. S. C. 601–617), shall be transferred by Reconstruction Finance Corporation (or by War Assets Administration if such property has been declared surplus), to the Navy Department, without exchange of funds.

SEC. 302. Notwithstanding the provisions of the Surplus Property Act, 1944, as amended, the Administrator of Veterans' Affairs is authorized to transfer to the Navy Department, without exchange of funds, all of the lands at the naval training station, Great Lakes, Illinois, which the Navy Department now occupies under revocable permit from the Veterans' Administration, except the portion thereof which lies between the Elgin, Joliet and Eastern Railroad and Morrow Avenue, together with all improvements thereon; the specific area hereby authorized to be transferred comprising a parcel lying between the Elgin, Joliet and Eastern Railroad and Sheridan Road and a parcel lying north of Morrow Avenue.

SEC. 303. The Secretary of the Navy is hereby authorized to convey to Luz, Maria, and Raquel Porrata Doria a parcel of land, containing one and fifty-six one-hundredths acres, more or less, located in the muncipality of Ceiba, Puerto Rico, metes and bounds description of which are on file in the Navy Department, said conveyance being hereby authorized in conformity with the election of said Luz, Maria, and Raquel Porrata Doria, under an alternative award of the court in condemnation proceedings pending in the United States District Court for Puerto Rico, to accept the conveyance of said parcel together with the payment of $5,000 as just compensation for their lands taken by the United States in said proceedings.

SEC. 304. Notwithstanding any other provision of law, all right, title, and interest of War Assets Administration in the real property situated at 1902 West Minnehaha Avenue, Saint Paul, Minnesota, referred to as "Plancor 1931," and known as the (Northwestern Aeronautical) Industrial Plant Facilities, containing approximately fourteen and ninety-nine one-hundredths acres of land together with all improvements thereon, shall be transferred without exchange of funds, by War Assets Administration to the Navy Department.

SEC. 305. The Secretary of the Army is hereby authorized and directed to convey to the State of Kentucky, by quitclaim deed, title to that land, comprising approximately 100 acres, acquired by the United States in the case entitled *"United States of America v. Certain Lands Situated in Hardin and Jefferson Counties, Kentucky, the West Point Brick Company, et al."*, Civil No. 362, in the District Court of the United States for the Western District of Kentucky at Louisville.

SEC. 306. The Administrator of Veterans' Affairs is hereby authorized and directed to transfer, without exchange of funds, to the Department of the Army, the following-described portion of the former Denver Medical Depot located in the city and county of Denver, Colorado:

Beginning at the southwest corner of section 24, township 3 south, range 68 west, sixth principal meridian; thence westerly forty-seven and ninety-four one-hundredths feet to the east line of York Street; thence northerly along the east line of York Street 661 feet; thence easterly forty-seven and ninety-four one-hundredths feet to a point on the west line of said section 24; thence southerly along said west line of section 24 a distance of 50 feet; thence easterly along the south right-of-way line of the Chicago, Burlington and Quincy Railroad three hundred sixty-eight and fifty-six one-hundredths feet; thence southerly and at right angle three hundred sixty-eight and sixty-eight one-hundredths feet to the point of beginning, containing five and eighty-nine one-hundredths acres, more or less.

SEC. 307. The Administrator of Veterans' Affairs is hereby authorized and directed to transfer, without exchange of funds, to the Department of the Air Force that land in section 19, township 15 south, range 3 west, and section 24, township 15 south, range 4 west, of the sixth principal base and meridian, Kansas, formerly utilized by the Department of the Army as a part of Camp Phillips Military Reservation, Kans., for a warehouse and industrial area, a sewage disposal area and a drainage ditch designated as No. 2, together with all Government-owned water lines, now under the control and jurisdiction of the Veterans' Administration.

SEC. 308. The Secretary of the Navy is hereby authorized to sell to the Oahu Cemetery Association, Honolulu, Oahu, Territory of Hawaii, a parcel of land containing 22,409 square feet and known as lots Nos. V–3 and V–5, section 15, in Nuuanu Cemetery, Honolulu, Oahu, Territory of Hawaii, for the sum

of $44,818, this being the same property acquired by the United States from the said association by deed dated May 21, 1942, for the sum of $44,818.

With the following committee amendments:

On page 5, line 22, delete item (h) and insert the following new item:

"(h) The State of California for public highway purposes in, over, and across a strip of land 13,795.34 feet long, more or less, and varying in width, together with an adjacent strip of land 60 feet wide and 420 feet long, more or less, running westward to Mission Road, containing in all, 61 acres, more or less, metes and bounds description thereof being on file in the Navy Department."

On page 10, beginning at line 23, strike lines 23, 24, and 25, and on page 11, strike lines 1 to 12, inclusive, substituting the following new language:

"Beginning at the southwest corner of section 24, township 3 south, range 68 west, sixth principal meridian; running thence west along the south line of section 23 a distance of 47.94 feet to the east line of York Street; thence north along said east line of York Street a distance of 586 feet to a point; thence east parallel to the south line of sections 23 and 24 a distance of 408 feet to a point on the east line of a certain building, designated as Building No. 3, extended; thence south along the east line of said Building No. 3, extended, a distance of 170 feet to a point; thence east a distance of 8.5 feet to a point; thence south parallel to the east line of York Street a distance of 416 feet to a point on the south line of section 24; thence west along the south line of section 24 a distance of 368.56 feet to the southwest corner of section 24, the point of beginning; containing 5.57 acres.

"Upon the transfer of the above-described portion of the former Denver Medical Depot to the Department of the Army, the Secretary of the Army is authorized to enter into such agreements as he may deem necessary, and under such terms and conditions as in his judgment will be in the public interest, with the lessee or ultimate purchaser of the surplus portion of the installation, for the joint use and operation of the water-distribution system, sanitary and storm sewers, and the central heating plant."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time; was read the third time, and passed, and a motion to reconsider laid on the table.

THE SENECA NATION OF INDIANS OF NEW YORK

The Clerk called the bill (H. R. 4942) to regulate the collection and disbursement of moneys realized from leases made by the Seneca Nation of Indians of New York, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GAVIN and Mr. GORSKI of New York objected.

Mr. BYRNE of New York. Mr. Speaker, will these gentlemen withhold their objection in order that the author of the bill, the gentleman from New York [Mr. REED], may have an opportunity to explain it?

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GAVIN, Mr. GORSKI of New York, and Mr. O'SULLIVAN objected.

TO ADJUST AND DEFINE THE BOUNDARY BETWEEN GREAT SMOKY MOUNTAINS NATIONAL PARK AND THE CHEROKEE-PISGAH-NANTAHALA NATIONAL FORESTS

The Clerk called the bill (H. R. 5866) to adjust and define the boundary between the Great Smoky Mountains National Park and the Cherokee-Pisgah-Nantahala National Forests, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the portion of the boundary of the Great Smoky Mountains National Park that is common to and between the park and the Pisgah-Nantahala-Cherokee National Forests hereafter shall be as follows:

(a) Between the Pisgah National Forest and Great Smoky Mountains National Park the boundary shall be as follows: Beginning at a point where North Carolina State Highway Numbered 284 first crosses the Cataloochee Divide, said point being common to the boundary of said forest as described in Proclamation Numbered 2187 of July 10, 1936, and the boundary of said park, as authorized by the act of May 22, 1926 (44 Stat. 616), as amended; thence following the divide northeasterly to the summit of Bent Knee Knob; thence northwesterly and northerly following Trail Ridge and White Oak Mountain to a point where the present national forest boundary leaves White Oak Mountain and running with same northwesterly across Cataloochee Creek to the southeast corner of a tract of national park land and northwesterly through the same following the crest of the ridge next south of the east boundary of the said tract to the old road on the summit of Longarm Mountain; thence southwesterly and northwesterly following the said road running with the top of Scottish Mountain and through a tract of national forest land to the south boundary of a tract of national park land just east of Mount Sterling Gap; thence northerly following the south and east boundaries of the said tract of national park land to the northeast corner thereof; thence northeasterly through a tract of national forest land, following the crest of the ridge parallel to and east of Mount Sterling Creek to the summit of the ridge terminated by the juncture of Mount Sterling Creek with its south prong; thence northwesterly across Mount Sterling Creek to the summit northeast of Ivy Gap; thence westerly to a point where the westerly boundary of a tract of Forest Service land diverges from North Carolina State Highway Numbered 284; thence with the highway northerly to a point where North Carolina Highway Numbered 284 joins Tennessee Highway Numbered 75 at the State line;

(b) Between Nantahala National Forest and Great Smoky Mountains National Park, the boundary shall follow the boundary of said forest as described in Proclamation Numbered 2185 of July 9, 1936;

(c) Between Cherokee National Forest (Unaka Division) and Great Smoky Mountains National Park, the boundary shall follow the boundary of said forest as described in Proclamation Numbered 2183 of July 8, 1936.

SEC. 2. That, subject to valid existing rights, all lands within the boundaries of Great Smoky Mountains National Park, as redefined by this act, hereafter shall be a part of the national park and shall be subject to all laws, rules, and regulations applicable to the national park. All federally owned lands eliminated from the national park by this act shall hereafter be a part of the Pisgah National Forest and shall be subject to all laws, rules, and regulations relating to such national forest.

SEC. 3. That so much of the twenty-five-acre tract of land in Forney's Creek Township, Swain County, North Carolina, lying north of Lake Cheoah, proposed to be donated to the United States by the Carolina Aluminum Company, as now lies outside of the park boundaries authorized by the act of May 22, 1926 (44 Stat. 616), as amended, shall, upon acceptance by the Secretary of the Interior, become a part of Great Smoky Mountains National Park and shall be subject to all laws, rules, and regulations applicable to said park.

The bill was ordered to be engrossed and read a third time; was read the third time and passed, and a motion to reconsider laid on the table.

DETENTION, CARE, AND TREATMENT OF PERSONS OF UNSOUND MIND IN CERTAIN FEDERAL RESERVATIONS IN VIRGINIA AND MARYLAND

The Clerk called the bill (S. 934) to provide for the detention, care, and treatment of persons of unsound mind in certain Federal reservations in Virginia and Maryland.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That any United States commissioner specially designated for that purpose by the United States District Court for the Eastern District of Virginia or by the United States District Court for the District of Maryland shall have jurisdiction and authority to commit to St. Elizabeths Hospital in the District of Columbia, for observation and diagnosis, any person found in any place over which the United States has exclusive or concurrent jurisdiction in Arlington County, Fairfax County, or the city of Alexandria, in the State of Virginia, or in Montgomery County or in Prince Georges County, in the State of Maryland, who is alleged, and is believed by the commissioner, to be of unsound mind. Any United States commissioner specially designated for that purpose by the United States District Court for the District of Columbia shall have like jurisdiction and authority in the case of any person temporarily detained in St. Elizabeths Hospital, pursuant to section 2 hereof. Any such commitment shall be for a period not exceeding 30 days and may be made only after a hearing before the commissioner upon the testimony under oath of at least two witnesses who shall testify as to their belief that the said person is of unsound mind and, in addition, upon the testimony under oath or affidavit of two physicians, at least one of whom is skilled in the treatment and diagnosis of nervous and mental disorders, who shall testify or certify in writing that they have examined the said person alleged to be of unsound mind and believe said person to be of unsound mind and not fit to remain at liberty and go unrestrained, and that such person should be in custody in a hospital for the treatment of mental or nervous disorders for his own safety and welfare and for the preservation of the peace and good order. It shall be the duty of the head of the agency of the United States in control of the place where such person is apprehended to forthwith notify the husband or wife or some near relative or friend of the person so apprehended whose address may be known to said agency head or whose address can by reasonable inquiry be ascertained by him: *Provided further*, That in the case of any person described in section 5, the agency head shall notify the head of the department having jurisdiction over the service to which the individual belongs. The agency of the United States in control of the place where such person is apprehended is authorized to employ physicians for the aforesaid purpose and to pay compensation

for their services and to pay expenses of witnesses in such proceedings out of funds available therefor. Physicians who are officers or employees of the United States or who are members of the armed forces of the United States are hereby authorized to render such services without additional compensation.

SEC. 2. Any officer or employee of the United States authorized to make arrests, and any guard or watchman employed by the United States is hereby authorized and empowered to apprehend and detain any person whom he believes to be of unsound mind and found in any of the aforesaid places and, except as provided in section 3 hereof, to bring such person for a hearing before a United States commissioner for the district where such person was apprehended and designated as provided in section 1 hereof. If an immediate hearing before a commissioner cannot be had, such officer or employee is authorized and empowered to take such person to St. Elizabeths Hospital and the Superintendent of St. Elizabeths Hospital is authorized to detain such person pending a hearing before a United States Commissioner for the District of Columbia, designated as provided in section 1 hereof, for a period not exceeding 72 hours. Such commissioner shall hold a hearing as promptly as practicable after the apprehension of such person and in any event not later than 72 hours thereafter. Such hearing shall be conducted at St. Elizabeths Hospital if the Superintendent thereof shall certify that in his opinion it would be prejudicial to the health of the patient or unsafe to produce the patient at a hearing elsewhere. If, after any hearing at a place other than St. Elizabeths Hospital, the commissioner commits a person to St. Elizabeths Hospital, any officer, employee, guard, or watchman above-mentioned is authorized to transport such person to St. Elizabeths Hospital in accordance with the order of the commissioner.

SEC. 3. Any person in any of the places described in section 1 hereof may, upon his written application, be admitted for observation and diagnosis to St. Elizabeths Hospital in the discretion of the Superintendent thereof for a period not exceeding 30 days. Any such person expressing a desire for release from St. Elizabeths Hospital shall be released within 72 hours thereafter, unless proceedings for his adjudication as a person of unsound mind shall have been instituted as provided for in section 5 hereof.

SEC. 4. The Superintendent of St. Elizabeths Hospital is hereby authorized and directed to receive for observation and diagnosis any person apprehended or committed as provided in sections 1 and 2 hereof for the periods therein prescribed, unless such person is sooner discharged or returned to his home or to the State of his residence.

SEC. 5. The Superintendent of St. Elizabeths Hospital shall promptly examine any person committed as provided in sections 1 and 2 of this act and (a) if found to be of sound mind, shall forthwith discharge said person, or (b) if found to be of unsound mind, shall return such person to the State of his residence or to his relatives, if practicable. Proceedings for the adjudication of such person, or of any person admitted to the hospital pursuant to section 3 hereof, as a person of unsound mind and for the appointment of a committee of his person or property may be instituted in the United States District Court for the District of Columbia by the Federal Security Administrator or by any party interested. The laws of the District of Columbia shall be applicable to such proceedings. Nothing in this act shall be construed as imposing upon the District of Columbia the expense of care and treatment of any person apprehended, detained, or committed under this act unless such person be a resident of the District of Columbia as defined in section 8 of the act entitled "An act to provide for insanity proceedings in the District of Columbia," approved August 9, 1939.

SEC. 6. Any person belonging to the Army, Navy, Air Force, Marine Corps, or Coast Guard arrested, apprehended, detained, or committed under the provisions of this act shall, upon the request of the head of the department having jurisdiction over the service to which the individual belongs, be transferred forthwith to the custody of such department.

SEC. 7. If any person adjudicated to be of unsound mind under the provisions of this act is entitled to care and treatment in a Veterans' Administration facility, he may be committed by the United States District Court for the District of Columbia to the custody of the Administrator of Veterans' Affairs for placement in an available facility or may be transferred by the Superintendent of St. Elizabeths Hospital to any such facility: *Provided*, That nothing in this act shall limit, restrict, or deprive the courts of any State or the District of Columbia of jurisdiction to commit to the Veterans' Administration any insane person entitled to care and treatment by the Veterans' Administration in accordance with the laws so made and provided by such States or the District of Columbia.

SEC. 8. The Superintendent of St. Elizabeths Hospital is authorized to arrange for and pay the expenses of the transfer of any person committed to his custody pursuant to the provisions of this act or admitted to the hospital pursuant to section 3 hereof, to his relatives or to a hospital in the State of his residence and in connection with such transfer is authorized to pay the transportation and expenses of attendants necessary to insure safe travel.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

QUARTERS FOR UNITED STATES DISTRICT COURT, BRUNSWICK, GA.

The Clerk called the bill (H. R. 3793) to provide for the furnishing of quarters at Brunswick, Ga., for the United States District Court for the Southern District of Georgia.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the limitations and restrictions contained in section 142, title 28, of the United States Code, shall be waived insofar as pertains to holding court for the Brunswick division of the United States District Court at Brunswick, Ga.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

QUARTERS FOR UNITED STATES DISTRICT COURT AT THOMASVILLE, GA.

The Clerk called the bill (H. R. 5191) to provide for the furnishing of quarters at Thomasville, Ga., for the United States District Court for the Middle District of Georgia.

Mr. FORD. Mr. Speaker, reserving the right to object, I wish to ask the author of the bill a question.

Mr. DENTON. Mr. Speaker, I am not the author of the bill, but I believe I may be able to answer the gentleman's question.

Mr. FORD. I understand from the report that the Public Buildings Administration is contemplating the erection of a post-office building in this area. Is that over and above the bill that was reported out of the Committee on Public Works this year?

Mr. DENTON. I understand it is part of that bill. They are making plans for the building, but they cannot provide for the inclusion of the courtroom without the passage of this law, because when the court was established it was provided that the local community would furnish facilities. Plans are being made for the post office, and they want to make plans to include the court in the same building, but with that provision in the law they cannot make plans for the courtroom; that is why the court is separate at the present time. A new judge has been appointed, and is stationed there. This will permit the inclusion of the courtroom in the building.

Mr. FORD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection the Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding the provisions of section 142 of title 28, United States Code, quarters and accommodations for holding court for the United States District Court for the Middle District of Georgia may be furnished in Thomasville, Ga., in any proposed Federal building construction project.

The bill was ordered to be engrossed and read a third time; was read the third time and passed, and a motion to reconsider laid on the table.

EXTENDING THE LAWS OF THE UNITED STATES RELATING TO JUDICIAL JURISDICTION ON THE HIGH SEAS TO CERTAIN OFFSHORE TERRITORY

The Clerk called the bill (H. R. 5166) to extend the laws of the United States relating to civil acts or offenses consummated or committed on the high seas on board a vessel belonging to the United States, to the Midway Islands, Wake Island, Johnston Island, Sand Island, Kingman Reef, Kure Island, Baker Island, Howland Island, Jarvis Island, Canton Island, and Enderbury Island, and for other purposes.

There being no objection the Clerk read the bill, as follows:

Be it enacted, etc., That the laws of the United States relating to civil acts and offenses consummated or committed on the high seas on board a vessel belonging to the United States are hereby extended to the Midway Islands, Wake Island, Johnston Island, Sand Island, Kingman Reef, Kure Island, Baker Island, Howland Island, and Jarvis Island, and to Canton Island and Enderbury Island, having regard to the special status of Canton and Enderbury Islands pursuant to an agreement of April 6, 1939, between the Governments of the United States and the United Kingdom to set up a regime for their use in common. Any civil act consummated or offense committed on any of said islands shall be deemed to have been consummated or committed on the high seas on board such a vessel and shall be adjudicated and determined, or adjudged and punished, acordingly.

SEC. 2. The jurisdiction of the United States District Court for the District of Hawaii is hereby extended to all civil and criminal cases arising on the islands aforesaid and the provisions of the Constitution and laws of the United States relating to juries and

jury trials shall be applicable to the trial of such cases before said district court.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That the jurisdiction of the United States District Court for the District of Hawaii is hereby extended to all civil and criminal cases arising on or within the Midway Islands, Wake Island, Johnston Island, Sand Island, Kingman Reef, Kure Island, Baker Island, Howland Island, Jarvis Island, and, having regard to the special status of Canton and Enderbury Islands pursuant to an agreement of April 6, 1939, between the Governments of the United States and of the United Kingdom to set up a regime for their use in common, the said jurisdiction is also extended to all civil and criminal cases arising on or within Canton Island and Enderbury Island: *Provided*, That such extension to Canton and Enderbury Islands shall in no way be construed to be prejudicial to the claims of the United Kingdom to said islands in accordance with the agreement. All civil acts and deeds consummated and taking place on any of these islands or in the waters adjacent thereto, and all offenses and crimes committed thereon, or on or in the waters adjacent thereto, shall be deemed to have been consummated or committed on the high seas on board a merchant vessel or other vessel belonging to the United States and shall be adjudicated and determined or adjudged and punished according to the laws of the United States relating to such civil acts or offenses on such ships or vessels on the high seas, which laws for the purpose aforesaid are extended over such islands, rocks, and keys.

"The situs for the trial of such civil and criminal cases shall be the situs of the United States District Court for the District of Hawaii.

"The laws of the United States relating to juries and jury trials shall be applicable to the trial of such cases before said district court."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FOREST RECREATIONAL RESOURCES

The Clerk called the bill (H. R. 2419) relating to the disposition of moneys received from the national forests.

Mr. ELLSWORTH. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

Mr. TACKETT. Mr. Speaker, reserving the right to object, I would like to have the opportunity to explain this bill. There are 220,000,000 acres of forestry lands within 38 of the 48 States of this Union. This bill provides that 10 percent of the moneys derived from the sales of timber from forestry land will be used by the forestry department for recreational purposes.

Mr. Speaker, you will recall that back in the old CCC and WPA days millions of dollars were spent within the forest areas of the United States to provide swimming pools, roads, trails, camping sites, playgrounds, parks, and other recreational facilities for the use of our people. In 1948 there were 78,000,000 visitors to the parks in the forest areas of the United States, yet we have only $1,000,000 to maintain and restore those parks that are now deteriorating. The CCC money ran out and the parks were not completed. Many facilities costing a half million dollars have been left three-quarters constructed. This bill provides that 10 percent of the forestry timber sale funds would be used to provide and maintain recreational facilities within the forest areas of this country for the use, benefit, and welfare of all the people. These forestry lands were taken by purchases from our people and removed from the tax books. Surely our States and counties are entitled to some benefits from these tax-free areas which would be afforded by the passage of this bill.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. TACKETT. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I note that the gentleman's bill provides this may be used for water development. Since the bill by its title refers to recreation, would it be the gentleman's position that the use of the money for water development would be creational or might it be water development to provide water for wild game and also for stock raised in the forests?

Mr. TACKETT. Recreational purposes would cover the game and wildlife. The bill does provide that game and wildlife be taken care of.

Mr. CASE of South Dakota. The water development would not be limited to wildlife but would cover also stock that might have access to the water?

Mr. TACKETT. Yes.

Mr. JOHNSON. Mr. Speaker, will the gentleman yield?

Mr. TACKETT. I yield to the gentleman from California.

Mr. JOHNSON. This bill is directed to the national forests under the jurisdiction of the Department of Agriculture?

Mr. TACKETT. Right.

Mr. JOHNSON. Do they construct these recreational facilities?

Mr. TACKETT. As they are constructed at the present time, yes.

Mr. JOHNSON. Including camp sites and things like that for people who want to visit there?

Mr. TACKETT. Yes.

Mr. JOHNSON. Can they lease the lots out to people who may want to build on them?

Mr. TACKETT. No; we have recreational parks throughout the United States Forest Service and this is only to keep those up. Let me give you an example. There are many lakes, there are many camps that are deteriorating and falling apart. They do not even have money to clean the leaves out of these lakes. The sum of $1,000,000 will not take care of the recreational areas in the forests of the United States. We are just asking for a means whereby some $3,200,000 of the timber sales, which amounted to approximately $32,000,000 in 1948, may be used to provide and maintain recreational facilities and salvage the millions previously expended for such purposes. Otherwise we shall lose the constructive efforts of the CCC and WPA within our forests at a time when the facilities are most needed. It will be false economy in failing to provide these funds.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. TACKETT. I yield to the gentleman from Pennsylvania.

Mr. RICH. Is it not a fact that we appropriate money now to take care of these forests and recreational areas?

Mr. TACKETT. We appropriate about one-fifth enough money to take care of the forest recreational needs. Not even enough to maintain these areas—to say nothing of the assets which will be lost daily without sufficient funds.

Mr. RICH. I think we are taking care of our people pretty well in an effort to give them recreation. The fact of the matter is that the gentleman is trying to take this money and have it spent without the Congress having any say-so over it. That is not the right way to spend the money. The Congress should make the appropriations for all these activities.

Mr. TACKETT. Let me explain. This bill proposes to amend the law that now provides for 25 percent of the money derived from timber sales in the forest areas to be used for school and county purposes, so as to in like fashion make 10 percent of the timber sale funds available for the purpose of taking care of the recreational areas within these forest lands. This bill would not alter or affect the amount of forest funds being made available to schools and counties, but would amount to an additional deduction being retained for the people's benefit.

Mr. RICH. That 10 percent goes back to the Federal Treasury now?

Mr. TACKETT. It does.

Mr. RICH. If we keep on taking 10 percent and 15 percent and 20 percent out of the Federal Treasury we will have no Treasury. As a matter of fact, the Treasury now is as bare as old Mother Hubbard's cupboard. We should not permit these bureaucrats to do that. The Congress should make the appropriations. This is not good legislation.

Mr. TACKETT. Let me point out where the gentlemen is in error. We would be taking nothing from the Treasury—merely retaining funds for the purposes previously outlined. Millions of acres have been taken from 38 States in the United States. These affected areas are entitled to some consideration for the loss of such land. A part of the money derived from the land should be used upon the same land for the benefit of all the people. The Government never intended to profit from the property.

Mr. GRANGER. Mr. Speaker, will the gentleman yield?

Mr. TACKETT. I yield to the gentleman from Utah.

Mr. GRANGER. It should be pointed out that this 10 percent is after all other obligations are met. It is not an additional 10 percent. It will not interfere in any way with the others.

The regular order was demanded.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon [Mr. ELLSWORTH], that the bill be passed over without prejudice?

There was no objection.

Mr. TACKETT. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to make an explanation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. TACKETT. It is easy to get up here and holler economy, but there are times when you have economies that are detrimental to the people for whom you are hollering economy. It is all right for some of these gentlemen to get up here and make demagogic speeches about economy and at the same time vote for a bill that raises the salaries of a lot of voters such as postal service employees, and you know who you are.

Mr. RICH. Mr. Speaker, if the gentleman will yield, I want to say this to the gentleman, if he is trying to stick his finger at me——

Mr. TACKETT. I certainly am.

Mr. RICH. Well, I voted for the things that I believed we needed in this country, but I am against the things that the gentleman voted for and spending all the money in foreign countries.

Mr. TACKETT. I have not voted for one foreign-aid bill. The gentleman stands here and hollers against everything, yet he votes for expenditures that will give him votes; that is his record to date.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has expired.

ELIMINATE LANDS FROM FLATHEAD INDIAN IRRIGATION PROJECT

The Clerk called the bill (H. R. 2196), to authorize the elimination of lands from the Flathead Indian irrigation project, Montana.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized and directed to eliminate from the Flathead Indian irrigation project, on application by the owner thereof, 12 acres, more or less, of land in the northwest quarter of northwest quarter of section 6, township 22 north, range 23 west, of the Montana meridian: *Provided*, That the landowner shall pay all accrued irrigation charges heretofore assessed against the land and relinquish the water right to the United States for the benefit of the Flathead irrigation project, and no further charges shall be assessed against the land.

With the following committee amendments:

Page 1, line 3, strike out "and."

Page 1, line 4, strike out "directed."

Page 1, line 7, strike out "22" and insert "21."

Page 1, line 12, at the end of the line insert the following: "*Provided further*, That the obligations of the Flathead irrigation district for the repayment of the reimbursable construction costs of the Camas division of the Flathead Indian irrigation project shall not be reduced or otherwise affected by reason of the elimination of the land, and such elimination shall not be made until the board of commissioners of that district has consented thereto: *And provided further*, That notwithstanding the elimination of said land from the Flathead irrigation project there shall be reserved to the United States a right-of-way for ditches and canals now or hereafter needed for the operation and maintenance of the project works, and the owner of said land shall release the United States and its assigns from all liability for damage to said land by reason of the operations of the project."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

VETERANS' ADMINISTRATION HOSPITALS

The Clerk called the bill (H. R. 5965), to provide for the construction of certain Veterans' Administration hospitals, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. SHAFER and Mr. RICH objected.

SETTLE CERTAIN PARTS OF ALASKA BY WAR VETERANS

The Clerk called the bill (H. R. 4424), to provide for the settlement of certain parts of Alaska by war veterans.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. TRIMBLE. Mr. Speaker, I understand permission has been obtained to take up this bill under suspension of the rules; therefore, I ask unanimous consent that it be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

HOSPITAL SURVEY AND CONSTRUCTION ACT

The Clerk called the bill (H. R. 5903) to amend the Hospital Survey and Construction Act (title VI of the Public Health Service Act), to extend its duration and provide greater financial assistance in the construction of hospitals, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. CUNNINGHAM. Mr. Speaker, I am advised that this bill is on the calendar today to be called up under suspension of the rules; therefore, I ask unanimous consent that it be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

DISCONTINUE THE OPERATION OF VILLAGE DELIVERY SERVICE IN SECOND-CLASS POST OFFICES

The Clerk called the bill (S. 1479) to discontinue the operation of village delivery service in second-class post offices, to transfer village carriers in such offices to the city delivery service, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. H. CARL ANDERSEN. Mr. Speaker, I would like to have this bill explained by the author. In view of the absence of the author of the bill, I ask unanimous consent that the bill be passed over without prejudice.

Mr. KARST. Mr. Speaker, reserving the right to object, I am not the author, but I was the chairman of the subcommittee. In answer to the gentleman I will say that it will not affect the second-class post offices at all. It will give the opportunity to these village carriers to carry on as they have been. It was more or less a corrective measure.

Mr. H. CARL ANDERSEN. Do I understand correctly that this bill will not deprive any present carriers in cities of the second class of any advantages they now have?

Mr. MURRAY of Tennessee. Reserving the right to object, Mr. Speaker, may I say to the gentleman from Minnesota that this bill changes the status of these delivery carriers in second-class offices to that of regular city carriers. No service is abolished by the bill. Every village carrier in a small second-class office now will become a regular city carrier and will be entitled to his automatic promotions as a city carrier. These village carriers have been in the service in the small towns for years. They have reached the top of their salary range, which is $2,550 a year. By this bill they will become city carriers, and they will go into the lowest salary bracket as city carriers and then advance $100 a year for the next 10 years in automatic promotions. So there is no service discontinued.

Mr. H. CARL ANDERSEN. Do I correctly understand the gentleman to say, then, that no second-class cities will lose the service they have today?

Mr. MURRAY of Tennessee. Not at all.

Mr. H. CARL ANDERSEN. The gentleman's answer to that question is that these cities will not lose any present services enjoyed today through the passage of this legislation?

Mr. MURRAY of Tennessee. That is correct; I can assure the gentleman of that.

Mr. H. CARL ANDERSEN. I withdraw my objection, Mr. Speaker. I am satisfied from what the gentleman from Tennessee [Mr. MURRAY] has stated that our village carriers will be fully protected and that our second-class cities will not have their delivery services curtailed.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 9 of the act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913, and for other purposes," approved August 24, 1912 (U. S. C., title 39, sec. 153), is amended by striking out the words "second or."

SEC. 2. The operation by the Post Office Department of village delivery service in second-class post offices shall be discontinued. All such post offices, which on the effective date of this act have village delivery service, shall hereafter have city delivery service and all carriers of the village delivery service in such offices shall be classified as carriers in the city delivery service in accordance with the provisions of this act.

SEC. 3. (a) In assigning carriers in the village delivery service to salary grades in the city delivery service, each village carrier shall be assigned to the grade in the city delivery

service to which he would have advanced had his original appointment as a carrier in the village delivery service been as a carrier in city delivery service. Each village carrier shall retain credit in his position in the city delivery service for all annual and sick leave which he has accrued, for compensatory time off due for service performed, and for any period of service creditable toward a promotion to a higher grade.

(b) No village carrier transferred to the city delivery service by this act shall, by reason of such transfer, be entitled to any additional compensation for services performed prior to the effective date of this act.

SEC. 4. This act shall take effect on the first day of the first calendar month following the date of enactment.

With the following committee amendment:

Page 2, line 6, strike out all down to and including line 16, and insert in lieu thereof the following:

"SEC. 3. (a) In assigning carriers in the village delivery service to salary grades in the city delivery service, each village carrier shall be assigned to the lowest grade provided for regular positions in the city delivery service. Each such carrier shall retain credit in his position in the city delivery service for all annual and sick leave which he has accrued and for compensatory time off due for service performed."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MAIL EQUIPMENT SHOPS

The Clerk called the bill (S. 1825) to amend the Postal Pay Act of 1945, approved July 6, 1945, so as to provide promotions for temporary employees of the mail equipment shops.

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

Mr. McCARTHY. Reserving the right to object, Mr. Speaker, would the gentleman accept an explanation of the bill?

Mr. BYRNES of Wisconsin. I would be glad to have the gentleman explain it, but I do not know whether or not it is going to be acceptable.

Mr. McCARTHY. This bill takes care of 138 employees in the mail-equipment shops. The bill has been approved by the Post Office Department, the Bureau of the Budget, and the Comptroller General. The situation is this, that these employees have been working in the mail-equipment shops but have not been given civil-service examinations. Many have been working for several years with people who are classified and doing the same work, but they have not been receiving the pay increases as they have gone on from one year to another. It would cost about $14,000 to give them the pay increase they deserve.

Mr. BYRNES of Wisconsin. If I may add further to my request, I think there is definitely something amiss in the operation of the Post Office Department in connection with these temporary employees. I have had several situations in my district where permanent jobs have for years—2, 3, and 4 years—been filled by temporary appointees when the Post Office Department has had before it certified lists from the Civil Service Commission from which it could make permanent appointments, but the Department is not making permanent appointments. I think that situation has to be corrected. I believe we can certainly let things go on as they are today until these employees become permanent appointees.

Mr. REES. If the gentleman will yield, this situation is somewhat different from that of ordinary employees of the postal service. These men are working in an equipment repair shop here in Washington, and they are employed part time. Some of them work for a month others 2 or 3 months, or longer. All this bill does is pay these temporary employees the same money that is being paid to those in permanent status doing exactly the same kind of work. What you are going to do, as I see it, if you do not pass this legislation, is get more, not less, of these people on permanent status. It is better to keep them where they are because it is part-time employment, and you will save money in the long run if you pass this bill.

Mr. BYRNES of Wisconsin. I appreciate the views of the gentleman from Kansas, but I must insist on my request, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

INCREASING RETIRED PAY OF CERTAIN MEMBERS OF THE FORMER LIGHTHOUSE SERVICE

The Clerk called the bill (H. R. 5305) to increase the retired pay of certain members of the former Lighthouse Service.

Mr. FORD. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

Mr. POTTER. Mr. Speaker, reserving the right to object, if the gentleman will withhold his request, may I say that this bill authorizes, or will allow retirements benefits to retire lighthouse keepers in accordance with the benefits allowed to other civil-service employees. At present they are not covered under the Civil Service Retirement Act. They are not covered under the military pay scale, or retirement provisions. This is a special provision to allow them an increase in retirement benefits, which have been allowed to other Federal employees.

Mr. FORD. Mr. Speaker, I notice that the Coast Guard has not made a report on this.

Mr. POTTER. The Coast Guard reported on this, and reported favorably.

Mr. FORD. I do not see that referred to in the committee report.

Mr. POTTER. I can assure the gentleman that the Coast Guard favor this legislation.

Mr. FORD. Mr. Speaker, I withdraw my request.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the annual rate of retired pay received by any person who was retired on or before June 30, 1949, under section 6 of the act of June 20, 1918, as amended and supplemented (33 U. S. C., 1946 ed. 763–765), shall be increased by $360 effective on the first day of the calendar month following enactment of this act.

With the following committee amendment:

Page 1, line 4, strike out "June 30, 1949" and insert in lieu thereof "June 29, 1949."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the able.

JOINT COMMITTEE ON THE ECONOMIC REPORT

The Clerk called the bill (S. 2085) to amend the Employment Act of 1946 with respect to the Joint Committee on the Economic Report.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That subsection (e) of section 5 of the Employment Act of 1946 (60 Stat. 25), as amended, is amended by striking out "$50,000" and inserting in lieu thereof "$125,000."

SEC. 2. Section 5 of such act is further amended by inserting at the end thereof the following:

"(f) Service of one individual, until the completion of the investigation authorized by Senate Concurrent Resolution 26, Eighty-first Congress, as an attorney or expert for the joint committee, in any business or professional field, on a part-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, or 284 of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING TRAVEL EXPENSE ACT OF 1949

The Clerk called the bill (H. R. 5951) to amend section 3 of the Travel Expense Act of 1949.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 3 of the Travel Expense Act of 1949 (63 Stat. 166) is hereby amended by adding the following proviso: "*Provided*, That civilian officers and employees who become incapacitated due to illness, not due to misconduct, while in travel status away from their designated posts of duty, shall be allowed per diem allowance and transportation expenses in accordance with regulations promulgated and approved under this act."

With the following committee amendments:

Page 1, line 4, after the word "adding", insert "at the end thereof"; line 5, after the word "That", insert "such"; line 6, after the word "illness", strike the "," and insert "or injury,"; line 6, after the words "not due to", insert "their own"; line 7, strike the words "in travel status" and insert "traveling on official business and"; line 8, after the word "duty", insert ","; line 8, after the word "allowed", insert "such"; line 8, strike the word "allowance" and insert "allowances,"; line 9, after the word "expenses", insert "to their designated posts of duty,".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ARCHITECT OF THE CAPITOL

The Clerk called House Joint Resolution 340, to clarify the status of the Architect of the Capitol under the Federal Property and Administrative Services Act of 1949.

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That the term "the Senate and the House of Representatives," as used in the Federal Property and Administrative Services Act of 1949, shall be construed to include the Architect of the Capitol and any activities under his direction, and any of the services authorized by such act shall (as far as practicable) be made available to the Architect of the Capitol, upon his request.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NOVEMBER 19, ANNIVERSARY OF LINCOLN'S GETTYSBURG ADDRESS—DEDICATION DAY

The Clerk called House Joint Resolution 23, designating November 19, the anniversary of Lincoln's Gettysburg Address, as Dedication Day.

There being no objection, the Clerk read the joint resolution, as follows:

Whereas the Gettysburg Address of President Abraham Lincoln is an outstanding classic and will touch the hearts of men and inspire them with faith in our matchless democracy as long as time endures; and

Whereas in that address Mr. Lincoln adjured his fellow countrymen to dedicate themselves to the principles of democracy in order that government "of the people, by the people, and for the people shall not perish from the earth": Therefore be it

Resolved, etc., That November 19, the anniversary of the delivery of the Gettysburg Address, be, and hereby is, designated in our calendar of special days as Dedication Day.

That the President of the United States is requested to proclaim November 19, as Dedication Day and to suggest that the address be read on that day in schools and public assemblages throughout the United States and its possessions, on our ships at sea and wherever the American flag flies.

With the following committee amendments:

Page 1, line 3, after "November 19", insert "1949,".

Page 2, line 4, after "November 19", add a comma and insert "1949."

The committee amendments were agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill designating November 19, 1949, the anniversary of Lincoln's Gettysburg Address, as Dedication Day."

A motion to reconsider was laid on the table.

NATIONAL CHILDREN'S DENTAL HEALTH DAY

The Clerk called House Joint Resolution 184, authorizing the President of the United States of America to proclaim the first Monday of February as National Children's Dental Health Day.

There being no objection, the Clerk read the joint resolution, as follows:

Resolved, etc., That the President of the United States is hereby authorized and directed to issue annually a proclamation setting aside the first Monday of February as National Children's Dental Health Day and to invite all agencies and organizations interested in child welfare to unite upon that day in the observance of such exercises as will call to the attention of the people of the United States the fundamental necessity of a continuous program for the protection and development of the dental health of the Nation's children.

With the following committee amendments:

Page 1, line 4, strike out "annually"; page 1, line 5, strike out "the first Monday of February" and insert in lieu thereof "February 6, 1950."

The committee amendments were agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

The tile was amended so as to read: "A bill authorizing the President of the United States of America to proclaim February 6, 1950, as National Children's Dental Health Day."

A motion to reconsider was laid on the table.

MERCHANT SHIP SALES ACT OF 1946

The Clerk called the bill (H. R. 3419) to amend the Merchant Ship Sales Act of 1946.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

TOIYABE NATIONAL FOREST, NEV.

The Clerk called the bill (H. R. 5872) to extend the boundaries of the Toiyabe National Forest in the State of Nevada.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the boundaries of the Toiyabe National Forest are hereby extended to include the following-described lands in Washoe County, Nev., and, subject to valid and existing claims, all lands of the United States within the described area are hereby made parts of the Toiyabe National forest and hereafter shall be subject to all laws, rules, and regulations relating thereto:

MOUNT DIABLO BASE AND MERIDIAN

Township 15 north, range 19 east: Sections 1; 2; 11; section 12, northeast quarter, south half; section 13, north half; section 14, north half.

Township 16 north, range 18 east: Sections 1 to 4, inclusive; section 5, south half northwest quarter, north half southwest quarter; section 7, lots 1, 2, 3, 4, northeast quarter, southeast quarter; section 8; section 9, south half north half, northwest quarter southwest quarter, southeast quarter; sections 10 to 15, inclusive; section 16, south half northeast quarter, northwest quarter, south half; section 17; section 18, northeast quarter, southeast quarter; section 19, northeast quarter, southeast quarter; section 20; section 21, east half northeast quarter, north half northwest quarter, southwest quarter northwest quarter; sections 22, 23; section 24, north half, north half southwest quarter, northeast quarter southeast quarter; section 26; section 27, south half; sections 28, 29; section 30, northeast quarter, southeast quarter; section 31, lots 1, 2, 3, 4, northeast quarter, southeast quarter; sections 32, 33, 34.

Township 17 north, range 18 east: Sections 4 and 5; section 6, lot 2, south half northeast quarter, southeast quarter.

Township 19 north, range 18 east: Section 5; section 6, that part in Nevada; section 13, that part south of the Truckee River; section 14, that part south of the Truckee River; section 19, that part in Nevada; sections 20 to 29, inclusive; section 30, that part in Nevada; section 31, that part in Nevada; sections 32 to 36 inclusive.

Township 20 north, range 18 east: Section 4, southwest quarter; section 5, south half; section 6, lots 18 to 24, inclusive; section 7, lots 21 to 26, inclusive; sections 8, 9, 16, 17; section 18, lots 21 to 26, inclusive; section 19, lots 21 to 26, inclusive; sections 20, 21; section 28, north half; section 29; section 30, lots 21 to 26, inclusive; section 31, lots 21 to 26, inclusive; section 32.

Township 15 north, range 19 east: Section 5; section 6, north half, northeast quarter southwest quarter, southeast quarter; section 7; those parts of sections 3, 4, 8, 9 in Washoe County; section 17, north half northwest quarter; section 18, northeast quarter northeast quarter, north half, lot 2.

Township 16 north, range 19 east: Section 4, west half east half, west half; section 5; section 6, east half; sections 7, 8; section 9, west half east half, west half; section 16, west half east half, west half; sections 17, 18, 19, 20; section 21, west half east half, west half; sections 27 to 33, inclusive; section 34, that part in Washoe County; section 35, that part of west half and southeast quarter in Washoe County.

Township 17 north, range 19 east: Sections 2, 3, 10, 11, 14, 15, 22; section 27, west half; section 33; section 34, northwest quarter.

Township 18 north, range 19 east: Sections 4 to 9, inclusive; sections 16 to 19, inclusive; section 20, north half northwest quarter; section 21.

Township 19 north, range 19 east: Section 19, that part of northwest quarter south of Truckee River, south half; section 20, south half; sections 29 to 33, inclusive.

With the following committee amendment:

Page 3, line 16, strike out the comma following the words "north half."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time; was read the third time and passed, and a motion to reconsider laid on the table.

The SPEAKER. That is the last eligible bill on the Consent Calendar.

NATIONAL SAFETY COUNCIL

Mr. HOBBS. Mr. Speaker, I ask unanimous consent that I may call up the next bill on the calendar, H. R. 1185, to incorporate the National Safety Council, although it has not been on the calendar for 3 days.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That Winthrop W. Aldrich, of New York; Melvin H. Baker, of New York; Lawrence D. Bell, of New York; James B. Black, of California; S. Bruce Black, of Massachusetts; Morgan B. Brainard, of Connecticut; John W. Carpenter, of Texas; Thomas C. Cashen, of Washington, D. C.; William G. Chandler, of New York; Kenneth B. Colman, of Washington; Howard Coonley, of New York; Frederick G. Crawford, of Ohio; Walter J. Cummings, of Illinois; Richard R. Deupree, of Ohio; Benjamin F. Fairless, of Pennsylvania; Francis J. Gavin, of Minnesota; Will Green, of Washington, D. C.; E. Roland Harriman, of New York; William A. Irvin, of New York; William M. Jeffers, of California; Horace P. Liversidge, of Pennsylvania; Philip Murray, of Washington, D. C.; Henry E. North, of California; Thomas I. Parkinson, of New York; Arthur V. Rohweder, of Minnesota; William A. Simpson, of California; Lee E. Skeel, of Ohio; Robert C. Stanley, of New York; Ray Carr, of Oregon; John Stilwell, of New York; Juan T. Trippe, of New York; Harry C. Weiss, of Texas; and their successors, are hereby created a body corporate, the name of which shall be the National Safety Council.

SEC. 2. The purposes of this corporation shall be (a) to further, encourage, and promote methods and procedures leading to increased safety, protection, and health, in industries, in homes, on streets and highways, and in other public and private places; (b) to collect, correlate, distribute, and disseminate educational and informative data, reports, and all other data relative to safety methods and procedures; (c) to encourage the adoption and institution of safety methods by all persons, corporations, and other organizations; (d) to organize, establish, and conduct programs, lectures, and other activities for the education of all persons, corporations, and other organizations in safety methods and procedures; (e) to organize, and to aid in the organization of, local safety chapters throughout the Nation, and to provide organizational guidance and materials to promote the national safety; (f) to cooperate with, enlist, and develop the cooperation of and between all persons, corporations, and other organizations and agencies, both public and private, engaged or interested in, or in any manner connected with, any or all of the foregoing purposes; (g) to do any and all lawful acts which may be necessary, useful, suitable, desirable, and proper for the furtherance, accomplishment, and attainment of any or all of the foregoing purposes.

SEC. 3. The corporation (a) shall have perpetual succession; (b) may charge and collect membership dues and receive contributions of money or property to be devoted to carrying out the purposes of the organization; (c) may sue or be sued; (d) may adopt a corporate seal and alter it at pleasure; (e) may adopt and alter a constitution and bylaws not inconsistent with the Constitution and laws of the United States or of any State; (f) may establish and maintain offices for the conduct of its business; (g) may appoint or elect officers and agents; (h) may choose a governing board, of not less than 15 persons, to conduct the business and exercise the powers of the corporation; (i) may acquire, by purchase, devise, bequest, gift, or otherwise, and hold, encumber, convey, or otherwise dispose of such real and personal property as may be necessary or appropriate for its corporate purposes; and (j) generally may do any and all lawful acts necessary or appropriate to carry out the purposes for which the corporation is created.

SEC. 4. The corporation shall, on or before the 1st day of December in each year, transmit to Congress a report of its proceedings and activities for the preceding calendar year, including the full and complete statement of its receipts and expenditures. Such reports shall not be printed as public documents.

SEC. 5. The right to alter, amend, or repeal this act at any time is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

Mr. HOBBS. Mr. Speaker, I also ask unanimous consent to call up the next following bill on the calendar, H. R. 5002, to incorporate the Reserve Officers Association of the United States.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the following-named persons, to wit, Col. Clarence E. Barnes, Military Intelligence Reserve, Guthrie, Okla.; Col. Henry G. Nulton, Infantry Reserve, 2 Broad Street, Elizabeth, N. J.; Col. Horace B. Hanson, Jr., Corps of Engineers Reserve, 700 Eighth Terrace, West Birmingham 4, Ala.; Brig. Gen. Donald B. Adams, Organized Reserve Corps, 391 Beachmont Drive, New Rochelle, N. Y.; Commander John P. Bracken, United States Naval Reserve, 2107 Fidelity-Philadelphia Trust Building, Philadelphia 9, Pa.; Capt. Robert A. Hall, United States Marine Corps Reserve, 4229 Emerson Street, Dallas, Tex.; Capt. Jesse Draper, United States Naval Reserve, Grant Building, Atlanta, Ga.; Col. Morris J. Brummer, United States Air Force Reserve, 2017 Mariposa Street, Fresno, Calif.; Capt. Milton Zacharias, United States Air Force Reserve, 241 North Broadview, Wichita, Kans.; Capt. Richard L. Wynes, United States Air Force Reserve, 2360 Coates Street, Dubuque, Iowa; Lt. Col. Thomas H. King, Judge Advocate Generals Corps, Reserve, 5024 Bradley Boulevard, Chevy Chase, Md.; Maj. Guilford D. Cummings, Jr., Corps of Engineers Reserve, 2317 Stary Avenue, Schenectady, N. Y.; Lt. Col. Harry P. Abbott, Chaplain Reserve, 6510 Cautrell Road, Little Rock, Ark.; Col. Edward M. Silverberg, Dental Corps Reserve, 809 Republic Building, Denver 2, Colo.; Col. Eugene P. Walters, Field Artillery Reserve, First Military Government Battalion, A. P. O. 154, care of Postmaster, New York, N. Y.; Lt. Comdr. L. R. Smith, United States Naval Reserve, E. S. S.-IND-GHQ-SCAP, A. P. O. 500, San Francisco, Calif.; Col. William H. Neblett, United States Air Force Reserve, 815 Fifteenth Street NW., Washington, D. C.; Brig. Gen. E. A. Evans, Organized Reserve Corps, 6336 Thirty-first Place NW., Washington, D. C.; Col. C. M. Boyer, Honorary Reserve, 3518 South Utah Street, Fairlington, Va.; Col. John P. Oliver, Judge Advocates General Corps, Reserve, 4524 Fulton Avenue, Van Nuys, Calif.; Col. John T. Carlton, Armored Cavalry Reserve, 1617 Crestwood Drive, Alexandria, Va., their successors, and persons admitted to membership pursuant to the provisions of this act, are hereby created a body corporate by the name of Reserve Officers Association of the United States (hereinafter referred to as the "corporation"), and by such name shall be known, and have perpetual succession and the powers, limitations, and restrictions contained in this act.

SEC. 2. A majority of the persons named in the first section of this act and other persons selected from the membership of the Reserve Officers Association of the United States, an unincorporated association with national headquarters in the District of Columbia, met in national convention in Denver, Colo., on June 16, 17, 18, and 19, 1948, and then and there, by and through duly elected delegates, adopted a national constitution and bylaws, elected national officers for such association, and did other acts and things necessary to the organization and continuance of the association. Such meeting in national convention, and the doing of such acts and things, on such dates, shall be held and considered to be a completion of the corporate organization of the Reserve Officers Association of the United States, the corporation created by this act.

SEC. 3. The object and purpose of the corporation shall be to support a military policy for the United States that will provide adequate national security and to assist in the development and execution thereof.

SEC. 4. The corporation shall have perpetual succession and power—

(1) to sue and be sued;

(2) to acquire, hold, lease, and dispose of such real and personal property as may be necessary to carry out the corporate object and purpose;

(3) to accept gifts, legacies, and devises in furtherance of the corporate object and purpose;

(4) to adopt and alter a corporate seal;

(5) to adopt and alter a constitution and bylaws not inconsistent with the laws of the United States or of any State;

(6) to establish, regulate, and discontinue subordinate departmental subdivisions and local chapters;

(7) to adopt and alter emblems and badges;

(8) to publish a newspaper, magazine, or other publications; and

(9) to do any and all acts and things necessary and proper to carry out the object and purpose of the corporation.

SEC. 5. Eligibility for membership in the corporation shall be determined according to the constitution and bylaws of the corporation.

SEC. 6. Officers of the corporation shall be a president, three vice presidents, three junior vice presidents, three national executive committeemen, an executive director, a national treasurer, judge advocate, surgeon, chaplain, historian, public relations officer, and such other officers as may be determined in national convention by the corporation.

SEC. 7. (a) The governing body of the corporation shall be a national executive committee consisting of the president, the last past president, three vice presidents, three junior vice presidents, three national executive committeemen, and the executive director. Each of such persons constituting the national executive committee, except the executive director, shall have one vote upon all matters determined by the committee.

(b) The national officers of the corporation shall be elected at an annual national convention and shall hold office for 1 year or until their successors have been duly elected and qualified, except the executive director, the national treasurer, and the national public relations officer, who shall be appointed by the national executive committee. In the event of the death, inability to serve, or resignation of any member of the national executive committee, other than the last past president or the president, the vacancy shall be filled by the existing members of the national executive committee. Any person appointed by the committee to fill a vacancy shall serve until the next national convention when his successor shall be elected for the unexpired term, if any, caused by the vacancy. The national vice president of the same service as the president shall assume the duties and have the powers of the president in the event of his death, inability to serve, resignation, or absence.

(c) The national convention shall be composed of delegates elected by the various departments.

(d) The present national executive committee is composed of the following: Col. Clarence E. Barnes, Military Intelligence Reserve, Guthrie, Okla.; Col. William H. Neblett, United States Air Force Reserve, 815 Fifteenth Street Northwest, Washington, District of Columbia; Col. Henry G. Nulton, Infantry Reserve, 2 Broad Street, Elizabeth, N. J.; Commander John P. Bracken, United States Naval Reserve, 2107 Fidelity-Philadelphia Trust Building, Philadelphia 9, Pa.; Col. Morris J. Brummer, United States Air Force Reserve, 2017 Mariposa Street, Fresno, Calif.; Col. Horace B. Hanson, Jr., Corps of Engineers Reserve, 700 Eighth Terrace, West Birmingham 4, Ala.; Capt. Robert A. Hall, United States Marine Corps Reserve, 4229 Emerson Street, Dallas, Tex.; Capt. Milton Zacharias, United States Air Force Reserve, 241 North Broadview, Wichita, Kans.; Brig. Gen. Donald B. Adams, Organized Reserve Corps, 391 Beachmont Drive, New Rochelle, N. Y.; Capt. Jesse Draper, United States Naval Reserve, Grant Building, Atlanta, Ga.; Capt. Richard L. Wynes, United States Air Force Reserve, 2360 Coates Street, Dubuque, Iowa; and Brig. Gen. E. A. Evans, Organized Reserve Corps, 6336 Thirty-first Place Northwest, Washington, D. C.

(e) In conducting the official business of any department or chapter each active member of such department or chapter shall have one vote.

SEC. 8. The corporation may acquire any or all of the assets of the unincorporated association, known as the Reserve Officers Association of the United States, upon discharging or satisfactorily providing for the payment and discharge of all the liabilities of such unincorporated association.

SEC. 9. The corporation shall have no power to issue capital stock or to engage in business for pecuniary profit or gain.

SEC. 10. The corporation, and its members and officers as such, shall not contribute to or otherwise support or assist any political party or candidate for elective public office.

SEC. 11. No part of the income or assets of the corporation shall inure to any member or officer thereof, or be distributable to any such person except upon dissolution and final liquidation of the corporation when, after the discharge or satisfaction of all outstanding obligations and liabilities, the remaining assets of the corporation shall be divided equally among the then active members and officers.

SEC. 12. The corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

SEC. 13. The corporation shall keep current and complete books and records of account and shall also keep minutes of the proceedings of the national conventions, the national executive committee, and the national council. It shall keep at its principal office a record of the names and addresses of its members entitled to vote. All books and records of the corporation may be inspected by any member or his agent or attorney for any proper purpose at any reasonable time.

SEC. 14. The corporation shall not make any loans to its officers or members of the national executive committee. Any member of the national executive committee who votes for or assents to the making of a loan or advance to an officer of the corporation, and any officer who participates in the making of such a loan or advance, shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof.

SEC. 15. (a) The financial transactions shall be audited annually by an independent certified public accountant in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where the accounts of the corporation are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the corporation and necessary to facilitate the audit shall be made available to the person or persons conducting the audit; and full facilities for verifying transactions with the balances or securities held by depositors, fiscal agents, and custodians shall be afforded to such person or persons.

(b) A report of such audit shall be made by the corporation to the Congress not later than January 15 of each year. The report shall set forth the scope of the audit and shall include a verification by the person or persons conducting the audit of statements of (1) assets and liabilities, (2) capital and surplus or deficit, (3) surplus or deficit analysis, (4) income and expense, and (5) sources and application of funds.

SEC. 16. The national headquarters of the corporation shall be located in the District of Columbia. The corporation shall maintain at all times in the District a designated agent authorized to accept service of legal process for the corporation. Notice to or service upon such agent shall be deemed to be notice to or service upon the corporation.

SEC. 17. As a condition precedent to the exercise of any power or privilege granted or conferred under this act, the corporation shall file in the office of the secretary of state, or similar officer, in each State and in each Territory or possession of the United States, in which subordinate departments and local chapters are organized, the name and post-office address of all authorized agent in such State upon whom legal process or demands against the corporation may be served.

SEC. 18. The corporation and its subordinate departmental subdivisions and local chapters shall have the sole and exclusive right to have, and to use in carrying out its object and purpose, the name of "Reserve Officers Association of the United States", and such seals, emblems, and badges as the corporation may lawfully adopt.

SEC. 19. The right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. HOBBS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOBBS: Page 9, strike out the following language in lines 16, 17, and 18: "and under such rules and regulations as may be prescribed by the Comptroller General of the United States."

The amendment was agreed to.

Mr. WILSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. WILSON of Oklahoma. Mr. Speaker, I feel I speak for the Members of the House in noting with much pleasure and satisfaction that the gentleman from Alabama [Mr. HOBBS], the distinguished chairman of the great Judiciary Committee of the House, has at this time moved for the suspension of the rules for the immediate consideration of H. R. 5002, a bill to incorporate the Reserve Officers Association of the United States. I further feel that, although a new Member of this Congress, I can extend hearty thanks to the Judiciary Committee for the very careful and prompt consideration and handling of this legislation. I was personally privileged to appear before the Judiciary Committee on August 8, 1949, to testify and give my statement in support of H. R. 5002, introduced by my very able colleague and a member of the Judiciary Committee, the gentleman from Texas [Mr. TEAGUE], as well as to support an identical bill, H. R. 5256, introduced by the gentleman from Michigan [Mr. DONDERO], and my own identical bill, H. R. 5266, on this same subject.

The purpose of this bill is to provide a Federal charter for incorporation of the Reserve Officers Association of the United States. This organization, although it is not technically a veterans' organization, is composed of several hundred thousand, most of whom are veterans. The requirement for membership is that an individual must hold a Reserve commission in one of the various branches of the armed services except that association memberships are open to those who have held a Reserve commission and have been honorably separated from the service, including warrant officers and flight officers. It is well to note that many of the members of the Reserve Officers Association are young men who have received Reserve commissions as a result of the Reserve Officers Training Corps established in many of the colleges and universities throughout the country. It is further noted that all members who hold Reserve commissions are subject to being ordered to extended active duty in any emergency declared by the Congress.

The Reserve Officers Association has been in existence for many years. The efforts of the association in the past indicate that it has been one of the most unselfish organizations in requests from Congress, since it is believed that all requests have been made on the basis of adequate national security and the elimination of discriminatory practices. The granting of a Federal charter of incorporation will constitute a proper recognition of this organization which has for its stated purpose, as set forth in section 3 of the bill, "objective and purpose of the corporation shall be to support a military policy for the United States that will provide adequate national security and assist in the development and execution thereof." The granting of the Federal charter will afford continuous and perpetual legal life to the association, but as a corporation. I call specific attention to the Members of the House that this legislation contains specific provisions requiring an annual audit of the corporation by an independent certified public accountant, in accordance with the procedures applicable to the corporate transaction and under such rules and regulations as may be prescribed by the Comptroller of the United States. Further, that a report of it shall be made annually by the corporation to the Congress.

I urge favorable action on H. R. 5002.

The bill was ordered to be engrossed and read a third time; was read the third time and passed, and a motion to reconsider was laid on the table.

SPECIAL ORDER GRANTED

Mr. HARDY asked and was given permission to address the House today for 15 minutes, following disposition of business on the Speaker's table and any other special orders heretofore entered.

EXTENSION OF REMARKS

Mr. LIND asked and was given permission to extend his remarks in the RECORD and include two speeches.

GEN. OMAR N. BRADLEY

Mr. SHAFER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. SHAFER]?

There was no objection.

Mr. SHAFER. Mr. Speaker, I am constrained to offer to the Congress within a day or so legislation to raise Gen. Omar N. Bradley to the rank of a five-star general. For years I have waited for this just and proper recognition to be awarded to this great soldier. I have at length lost my patience and now call upon the legislative branch of the Government to grant the reward so well earned and so richly deserved.

The story of General Bradley is the story of the American soldier. While others of higher rank forged grand strategy involving efforts of various nations, he led his fellow countrymen in delivering the decisive blows in the western European campaign of World War II. The life he led was the life of the American soldiers he accompanied to victory. He is the successor to Grant and Sherman and to Lee and Jackson; not the successor to Napoleon, Caesar, Hannibal, or Alexander.

During the late war General Bradley grew while many other generals swelled their chests for medals. He did not leap into the field of Mars a full-blown general. From his first days in Africa, Bradley profited from the lessons of war and his own mistakes. He grew the American way, until at the end of the war there was no finer soldier in Europe.

Bradley had tactical skill, energy, leadership, and loyalty, all admirable qualities in or out of military life. Above all, he had common sense in his devotion to duty. He was no seeker of the limelight. He did not dramatize himself, nor did he make a fetish of audacity which makes for headlines. The right way was the only way for Bradley.

Bradley in war was a man on whom his superiors placed utmost reliance and he did not disappoint them. Nor did he crowd them by projecting himself into the center of the stage. Bradley in peace is content with a soldier's role and has not sought to advance his personal or political fortunes. He never shirked command at the front and he has not shirked his duty at home.

Mr. Speaker, I have long wondered why this leader of American troops was not honored with five-star rank in his combat days. Leaders of other national armies were marshals. American leaders at home wore five stars, including one who pulled every string in his power to keep from being sent to take command in Europe. In the Navy, fleet admiral rank was given to William F. Halsey, combat leading subordinate to Fleet Adm. Chester W. Nimitz.

Whether this omission was due to service jealousy or service politics, I do not know. I am inclined to think not, because the leaders have passed from the scene and General Bradley is still unhonored. It would seem that the fault lies in the executive branch of the Government where promotion of favorites of no military accomplishment has not been uncommon. By the same token, promotion has been withheld from many who have dared to speak the truth when the truth was unpleasant to the Pentagon, the State Department, or the White House.

I ask for the promotion to five-star rank for General Bradley for his war service and not for his present position, although it might well be argued that he deserves it on that score. Until recently General Bradley has been Chief of Staff of the Army. He succeeded a five-star general when he took over that post. Within the past few weeks he became chairman of the Joint Chiefs of Staff, made up of men of four-star rank like himself. Here again his predecessor held five-star rank.

I believe we can waive his claim to five stars on the ground of present position. I am sure that Democrats and Republicans can join in giving a long-deserved honor to a fellow American, the American soldier's soldier in Europe, Omar N. Bradley.

Mr. Speaker, a few moments ago I mentioned politics and the military in the same breath. No one regrets this more than I do. I do not believe that the best interests of the country can be served when our high command is engaged in playing service politics or when our civil leaders play politics within the Defense Establishment. Our Federal courts, not excluding the United States Supreme Court, lost distinction and respect when political expediency became the acid test for appointment.

I fervently hope and pray this will not become true of our Military Establishment, but I detect signs and portents which distress me. Too many civilians are getting too much power among our military. Too many bright young men, who gathered their military luster in the bombproof reaches of the Pentagon or other areas where seldom was heard the sound of anything like exploding guns, have been placed in places of power.

Mr. Speaker, many of us have been distressed by stories of men who missed their general's stars or admiral's stars. I know of a colonel who gave his superiors the soundest advice on Soviet Russia and equally sound advice on the Communist affiliations of the forces opposed to Generalissimo Chiang Kai-shek. Stars were about to fall on his shoulders when White House influences shunted them to other shoulders. We could expect that when this officer's counsel proved correct, he would be called to posts of high responsibility and given the promotion that is his due. But this has not been done. This administration does not like to be confronted with its mistakes, nor is it celebrated for honoring prophets, other than those who predict its political successes.

At this moment Lt. Gen. Albert C. Wedemeyer is on his way to take over command of the west coast units of the Army with headquarters at the Presidio at San Francisco. This is a command of which he and any other general can justly be proud. However, it seems most unusual to me that he should be transferred out of war planning shortly after the State Department's white paper believed him to be right and Gen. George Catlett Marshall, holder of five stars and former Secretary of State, to be wrong on China.

Marshall attempted to force the Chinese Communists and the Chinese Nationalists into forming a coalition government, during a special Presidential mission to the Far East. When the mission proved a failure Marshall scolded both Chinese factions with more enthusiasm than understanding. Later, as Secretary of State, he ordered General Wedemeyer on a special mission to the same area. When Wedemeyer's report not only failed to support the Marshall report but warned that the Communist forces would engulf China unless checked by a vigorous American policy, Marshall suppressed the report.

Now the man who had the best plan for China is being removed from our planning. Men more acceptable to Marshall are in the saddle. It can be assumed that the administration has seen to this. This I deplore. Too often the administration has played upon men, brought up to a stern sense of duty, to accept political orders as the voice of duty.

TO AMEND THE MERCHANT SHIP SALES ACT OF 1946

Mr. HART. Mr. Speaker, I ask unanimous consent to return to the consideration of the bill H. R. 3419, Calendar No. 391, a bill to amend the Merchant Ship Sales Act of 1946.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. HART]?

Mr. CASE of South Dakota. Reserving the right to object, Mr. Speaker, at the time this bill was called on the Consent Calendar, I asked unanimous consent that it be passed over without prejudice, in view of the fact that I did not know the contents of the bill and the further fact that there has been so much come up before the Appropriations Committee in connection with ship sales by the Maritime Commission.

The gentleman from New Jersey [Mr. HART] has pointed out to me that what this bill is designed to do is to bring about equality of taxation as between those ships sold before and after the date of the Ship Sales Act.

With his explanation, I wish to withdraw my reservation of objection.

Mr. HART. I thank the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 8 of the Merchant Ship Sales Act of 1946, as amended, is hereby amended by adding at the end thereof the following new subsection:

"(e) The Commission shall accept from the purchaser of a Liberty type war-built tanker sold under section 4 a retransfer thereof and cancel any unpaid notes and mortgage for the balance of the sales price and allow the purchaser the cash payment and installment payments made on the sales price of the tanker and the expenditures made by the purchaser to fireproof the tanker in accordance with the requirements of the United States Coast Guard (provided a court hereafter determines that the Commission is liable to reimburse the purchaser therefor) as a credit on cash payment and on the installment payments on the sales price of a Liberty dry-cargo war-built vessel to be purchased under section 4, notwithstanding anything to the contrary contained in this act.

With the following committee amendments:

Page 1, line 3, after the word "section", delete the figure "8" and insert "9 (b)".

Page 1, line 5, after the word "new", delete the word "subsection" and insert the word "paragraph."

Page 1, line 6, strike out the entire section through line 8 on page 2, and insert in lieu thereof the following new paragraph:

"From and after March 8, 1946, the cost basis of a vessel in respect of which the price adjustment is made shall be the undepreciated original purchase price reduced by the net amount of such adjustment in favor of the applicant resulting from the application of all of the foregoing provisions of this subsection."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING THE HOSPITAL SURVEY AND CONSTRUCTION ACT

Mr. PRIEST. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 5903) to amend the Hospital Survey and Construction Act (title VI of the Public Health Service Act), to extend its duration and provide greater financial assistance in the construction of hospitals, and for other purposes, as amended.

The Clerk read the bill, as follows:

Be it enacted, etc., That this Act may be cited as the "Hospital Survey and Construction Amendments of 1949."

EXTENSION OF DURATION AND INCREASE IN AUTHORIZED APPROPRIATIONS

SEC. 2. (a) The first sentence of section 621 of the Public Health Service Act is amended to read as follows: "In order to assist the States in carrying out the purposes of section 601 (b), there is hereby authorized to be appropriated for the fiscal year ending June 30, 1950, and for each of the five succeeding fiscal years, the sum of $150,000,000 for the construction of public and other nonprofit hospitals; and there are further authorized to be appropriated for such construction the sums provided in section 624."

(b) The paragraph "Grants for hospital construction" under the heading "Public Health Service" in the Federal Security Agency Appropriation Act, 1950, is amended by striking out "$75,000,000" and inserting in lieu thereof "$150,000,000."

ADDITIONAL FEDERAL AID IN CONSTRUCTION OF HOSPITALS

SEC. 3. (a) Section 623 of the Public Health Service Act is amended by adding after subsection (d) the following new subsection:

"(e) The State plan may include standards for determination of the Federal share of the cost of projects approved in the State. Such standards shall provide equitably (and, to the extent practicable, on the basis of objective criteria) for variations between projects or classes of projects on the basis of the economic status of areas, relative need as between areas for additional hospital facilities, and other relevant factors. No such standards shall provide for a Federal share of more than 66⅔ percent or less than 33⅓ percent of the cost of construction of any project. The Surgeon General shall approve any such standards and any modifications thereof which comply with the provisions of this subsection."

(b) Sections 624 and 625 (b) of such act are each amended by striking out "33⅓ percent" and inserting in lieu thereof "the Federal share."

(c) Section 625 (e) of such act is amended by striking out "33⅓ percent of the then value of such hospital, as determined by agreement of the parties or by action brought in the district court of the United States for the district in which such hospital is situated" and inserting in lieu thereof the following: "an amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the district court of the United States for the district in which such hospital is situated) of so much of the hospital as constituted an approved project or projects, as the amount of the Federal participation bore to the cost of the construction of such project or projects."

(d) Section 625 of such act is amended by adding at the end thereof the following new subsection:

"(f) If the Surgeon General finds with respect to an application for a hospital project that—

"(1) the project is for the completion of a hospital the construction of which was commenced prior to the effective date of this subsection and without Federal aid under this title;

"(2) completion of construction is necessary for use of the completed portion as a hospital;

"(3) the State agency has certified that the applicant is unable, by use of all available funds and by exercise of reasonable effort in obtaining additional funds, to pay the non-Federal share (determined without regard to this subsection) of the cost of completing the hospital but will be able to complete construction with the additional Federal aid provided by this subsection;

"(4) the plans and specifications for the entire hospital are in accord with the regulations prescribed pursuant to section 622, or if not in accord with such regulations, meet substantially the objectives of such regulations;

"(5) the application meets all the requirements of subsection (a) of this section except in the respects covered by clauses (3) and (4) hereof and contains assurances applicable to the operation and maintenance of the entire hospital which meet the requirements of such subsection; and

"(6) the unobligated balance of the sum allotted to the State is equal to or greater than the Federal share of the estimated cost of construction of such project plus the additional amount specified below in this subsection;

he shall approve the application. Upon such approval the Federal share of the estimated cost of such project plus an additional amount not to exceed (1) 33⅓ percent of the necessary cost to the applicant of the construction completed prior to such approval, or (2) the amount certified by the State agency as necessary to complete the construction of the hospital, whichever is less, shall constitute a contractual obligation of the Federal Government, and certifications for payment under subsection (b) of this section shall be on the basis of the Federal share plus such additional amount: *Provided*, That the total amount certified for payment shall not exceed the cost of construction of such project."

ADMINISTRATION OF STATE PLANS

SEC. 4. Section 632 (a) of such act is amended by inserting after "under section 625," in clause (4) thereof the following: "or (5) that adequate State funds are not being provided annually for the direct administration of the State plan,".

STUDIES AND DEMONSTRATIONS RELATING TO COORDINATED USE OF HOSPITAL FACILITIES

SEC. 5. Part D of title VI of such act is amended by adding after section 635 the following new section:

"STUDIES AND DEMONSTRATIONS RELATING TO COORDINATED USE OF HOSPITAL FACILITIES

"SEC. 636. In carrying out the purposes of section 301 with respect to hospital facilities, the Surgeon General is authorized to conduct research, experiments, and demonstrations relating to the effective development and utilization of hospital services, facilities, and resources, and, after consultation with the Federal Hospital Council, to make grants-in-aid to States, political subdivisions, universities, hospitals, and other public and private nonprofit institutions or organizations for projects for the conduct of research, experiments, or demonstrations relating to the development, utilization, and coordination of hospital services, facilities, and resources. Any award made under this section for any such project in any fiscal year may include amounts for not to exceed the four succeeding fiscal years, and such amounts for such succeeding fiscal years shall constitute contractual obligations of the Federal Government: *Provided*, That the total expenditures for all such projects may not exceed $1,200,000 in any fiscal year."

PURPOSE OF ACT

SEC. 6. Section 601 of such act is amended to read as follows:

"SEC. 601. The purpose of this title is—

"(a) to assist the several States to inventory their existing hospitals (as defined in section 631 (e)), to survey the need for construction of hospitals, and to develop programs for construction of such public and other nonprofit hospitals as will, in conjunction with existing facilities, afford the necessary physical facilities for furnishing adequate hospital, clinic, and similar services to all their people;

"(b) to assist in the construction of public and other nonprofit hospitals in accordance with such programs; and

"(c) to authorize the Surgeon General to conduct, and make grants for the conduct of, research, experiments, and demonstrations relating to the effective development and utilization of hospital services, facilities, and resources, and to promote the coordination of such experiments and demonstrations and the useful application of their results."

MINIMUM ALLOTMENT

SEC. 7. Section 624 of such act is amended by striking out "$100,000" and inserting in lieu thereof "$200,000."

FILING OF APPLICATIONS

SEC. 8. Section 625 (a) of such act is amended to read as follows:

"(a) For each project for construction pursuant to a State plan approved under this part, there shall be submitted to the Surgeon General through the State agency an

application by the State or a political subdivision thereof or by a public or other nonprofit agency. If two or more such agencies join in the construction of the project, the application may be filed by one or more of such agencies. Such application shall set forth (1) a description of the site for such project; (2) plans and specifications therefor in accordance with the regulations prescribed by the Surgeon General under section 622 (e); (3) reasonable assurance that title, as defined in section 631 (j), to such site is or will be vested in one or more of the agencies filing the application or in a public or other nonprofit agency which is to operate the hospital; (4) reasonable assurance that adequate financial support will be available for the construction of the project and for its maintenance and operation when completed; (5) reasonable assurance that the rates of pay for laborers and mechanics engaged in construction of the project will be not less than the prevailing local wage rates for similar work as determined in accordance with Public Law 403 of the Seventy-fourth Congress, approved August 30, 1935, as amended; and (6) a certification by the State agency of the Federal share for the project. The Surgeon General shall approve such application if sufficient funds to pay the Federal share of the cost of construction of such project are available from the allotment to the State, and if the Surgeon General finds (A) that the application contains such reasonable assurance as to title, financial support, and payment of prevailing rates of wages; (B) that the plans and specifications are in accord with the regulations prescribed pursuant to section 622; (C) that the application is in conformity with the State plan approved under section 623 and contains an assurance that in the operation of the hospital there will be compliance with the applicable requirements of the State plan and of the regulations prescribed under section 622 (f) regarding the provision of facilities without discrimination on account of race, creed, or color, and for furnishing needed hospital facilities for persons unable to pay therefor, and with State standards for operation and maintenance; and (D) that it has been approved and recommended by the State agency and is entitled to priority over other projects within the State in accordance with the regulations prescribed pursuant to section 622 (d). No application shall be disapproved until the Surgeon General has afforded the State agency an opportunity for a hearing."

DEFINITIONS

SEC. 9. (a) Subsection (g) of section 631 of such act is amended to read as follows:

"(g) the term 'nonprofit hospital' means any hospital which is owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual;"

(b) Such action is further amended by striking out "and" at the end of paragraph (h), by striking out the period at the end of paragraph (i) and inserting in lieu thereof a semicolon, and by inserting after paragraph (i) the following new paragraphs:

"(j) the term 'title,' when used with reference to a site for a project, means a fee simple, or such other estate or interest (including a leasehold on which the rental does not exceed 4 percent of the value of the land) as the Surgeon General finds sufficient to assure for a period of not less than 50 years undisturbed use and possession for the purposes of construction and operation of the project;

"(k) the term 'Federal share' with respect to any project means the proportion of the cost of construction of such project to be paid by the Federal Government under part C. In the case of any project approved prior to the effective date of this subsection, the Federal share shall be 33⅓ percent of the cost of construction of such project. In the case of any project approved on or after the effective date of this subsection, the Federal share shall be determined as follows:

"(1) if the State plan, as of the date of approval of the project application, contains standards approved by the Surgeon General pursuant to section 623 (e), the Federal share with respect to such project shall be determined by the State agency in accordance with such standards;

"(2) if the State plan does not contain such standards, the Federal share shall be the amount (not less than 33⅓ percent and not more than either 66⅔ percent or the State's allotment percentage, whichever is the lower) established by the State agency for all projects in the State: *Provided*, That prior to the approval of the first project in the State during any fiscal year, the State agency shall give to the Surgeon General written notification of the Federal share established under this paragraph for projects in such State to be approved by the Surgeon General during such fiscal year, and the Federal share for projects in such State approved during such fiscal year shall not be changed after such approval."

EFFECTIVE DATE

SEC. 10. This act shall take effect upon the date of its enactment.

The SPEAKER. Is a second demanded?

Mr. O'HARA of Minnesota. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. PRIEST. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, I shall not attempt to review the history of the present legislation nor shall I attempt at this time to go into any discussion of the need, particularly, because the time is limited, and I believe these matters are adequately dealt with in the report issued by the Committee on Interstate and Foreign Commerce.

Let me state very briefly, however, that the Hospital Survey and Construction Act was passed by the Seventy-ninth Congress. Under the terms of that bill which was passed in July of that year, I believe, but did not actually go into effect until the beginning of the next fiscal year so far as appropriations were concerned, the Federal Government made available to the States $75,000,000 per year on a 5-year program to assist the States in surveying their hospital needs and in constructing hospitals.

You will recall that under the terms of that bill the Federal share of the cost of any project was one-third, and no more; it was a flat rate of 33⅓ percent. The money was allocated to the States under the terms of that bill on a formula that had been carefully worked out, based on need, population, and on per capita income, and the relationship of these factors to the total population and per capita income of the United States.

Experience under the Hospital Survey and Construction Act up to this time indicates very strongly that some amendments are required if we are to build hospitals where hospitals are most needed; and that, primarily, is the purpose of the bill now before the House. This bill does three important things, and I shall enumerate them: In the first place, it extends the provisions of the act for 4 years. The present act expires in June 1951, but the pending bill extends it until 1955.

The second major matter taken up in the pending amendment is that the annual appropriation authorized is doubled. We have authorized previously $75,000,000 a year; the present bill doubles that authorization, making it $150,000,000 a year.

The third major change that would be brought about by the pending bill relates to the Federal share of the cost of a hospital project. As I stated in the beginning, under the present act there is a rigid formula of one-third of the cost of the project that has been included in a State plan and approved. The experience of the past few years indicates that under this formula a great many of the high, top-priority areas that need hospitals most are unable to get them because they are unable to raise two-thirds of the cost of the project. In order to meet that condition, in order to help us better to accomplish the real purposes of this legislation—and that was to supply more hospital beds for the Nation as a whole—we have written into the pending bill a formula which I shall explain very briefly, because there may be some confusion in the minds of the Members with reference to how that formula would operate.

Under the terms of the House bill now pending a State agency may elect to allocate the funds allotted by the Federal Government on the basis of a variable formula which may range from one-third of the cost of a project up to two-thirds of the cost of a project. Bear in mind that this does not affect the total amount of money going to any State; it simply affects what the State may do with those Federal funds once they are appropriated and allocated. A State is not required to change from the present law. If the State desires to continue to operate under a plan calling for payment of one-third of the cost of a project from Federal funds the State may do so. The State may, however, elect to allocate those funds on a percentage basis varying from one-third to two-thirds of the cost of a project.

If a State agency in charge of the program decides they want the cost per project within that State to remain uniform, then they may pick a figure anywhere between this floor of one-third and the ceiling of two-thirds, except for this one instance: If the ceiling of two-thirds is higher than the Federal allotment percentage for that State, the lower figure must prevail.

The bill provides for a uniform share of Federal funds for all projects if that is the basis upon which the State agency elects to proceed.

Mr. RAINS. Mr. Speaker, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from Alabama.

Mr. RAINS. I note in the report of the committee this statement:

The bill makes it clear that the new Federal share is applicable only to projects ap-

proved on and after the date of the enactment of the bill, thus if a project is approved before such date Federal payment must be on the basis of 33⅓ percent.

I would like the gentleman to inform us as to what constitutes approval or what does the word "approve" mean in this particular instance?

Mr. PRIEST. This project first must be submitted to the State agency in charge. The State agency submits a plan to the Surgeon General of the Public Health Service, including all of the projects within the State. These projects are approved or disapproved. To answer the question of the gentleman directly, final approval would come on each individual project when the Surgeon General, having reviewed that project, determines that it meets the necessary standards and says, "This is all right; go ahead and build it."

Mr. RAINS. Then unless the community, the county or the State, that is participating and unless provision is made in the plans which have been submitted to the Surgeon General to provide for the necessary share of contribution on the part of the cities or counties, it could not be approved?

Mr. PRIEST. That is correct. When the plan is submitted there would have to be a showing that the community, the sponsor of the project, whoever that might be, a community, municipality, county or State, is able to meet its share of the construction costs.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from Arkansas.

Mr. HARRIS. The gentleman was chairman of a committee in the Seventy-ninth Congress when the Hospital Construction Act was passed and became law. He is now chairman of the Public Health Committee that brings this legislation to the House to expand that hospitalization program. I have served on the Interstate and Foreign Commerce with the distinguished gentleman for several years. I want to commend him for the outstanding work and service he has performed on our committee. He is thoroughly familiar with problems of public health and hospital programs. With reference to the retroactive feature; this will not be retroactive, is that correct?

Mr. PRIEST. That is correct.

Mr. HARRIS. Pursuant to what the gentleman from Alabama [Mr. RAINS] has just said, approval would not be considered final until the agreement had actually been entered into between the States as the sponsor of the project and the Public Health Service; that is the Surgeon General, head of Public Health Service, is that not true?

Mr. PRIEST. That is correct.

Mr. HARRIS. If there are projects being worked up now or in the process of being considered, yet not finally approved—that is, entered into by formal agreement between the Public Health Service and the sponsor of the project—then the State agency would have the authority to resurvey and reconsider the project pursuant to this provision and determination by the State agency.

Mr. PRIEST. That is correct and the final go-ahead signal on the project would not be given until an agreement had been entered into and signed.

Mr. PICKETT. Mr. Speaker, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from Texas.

Mr. PICKETT. As I understand it, under existing law the Federal contribution is one-third while the local community's share or contribution is two-thirds. Under the proposal as set forth in this bill, the Federal share must be one-third and may be two-thirds. That would be for new construction or for propositions that have not yet been approved. Now, is that not a rank discrimination against those communities that have already put up two-thirds and have built their hospital?

Mr. PRIEST. Of course, that question has been raised and it will be raised again today I am quite sure by the gentleman from Minnesota [Mr. O'HARA].

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. PRIEST. Mr. Speaker, I yield myself three additional minutes.

Here is a program designed to meet a deficiency of 900,000 hospital beds in the United States; that is the purpose of the program. We find that it has been falling down because many communities could not meet the requirement of raising two-thirds of the cost. Granting that it might in some sense penalize the progressive community that has proceeded under the act, we have to think about the future of the program, rather than about what has happened in the past. We believe that in order to meet the needs we must amend the present law and provide for this variable formula on a discretionary basis.

Mr. PICKETT. Would the gentleman yield for one further question?

Mr. PRIEST. I yield.

Mr. PICKETT. Would the gentleman from Tennessee care to speculate on how long it is going to be before the Congress is called upon to pass legislation that will authorize the expenditure of Federal funds only and completely to start the road to the socialization of the medical profession in this country?

Mr. PRIEST. May I state to the gentleman that in this hospital construction program I feel very frankly that we have the finest single answer to the question of socialization of medicine. Let us carry a program of this sort through, and provide medical care in nonprofit hospitals that this act is supposed to provide through increased facilities and then there will be no cry for socialized medicine.

Mr. BIEMILLER. Mr. Speaker, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from Wisconsin.

Mr. BIEMILLER. I think the RECORD should show, in partial answer to the remarks just made by the gentleman from Texas, that the pending legislation has the endorsement of the American Hospital Association and the American Medical Association.

Mr. PRIEST. Quite correct.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I would like to have the gentleman consider further the point raised about the discrimination against what you agree are progressive communities. I know of one community which needed a hospital very bady, so it stretched every point to qualify and it did qualify, but getting into the construction came so early after the war it suffered by reason of the high cost of construction. Consequently, it found itself pushed to meet the advanced costs of construction, and it sits there with a hospital project with approval and all, but not able to finish the hospital the way it ought to have been finished, because it did try to meet the needy situation and raise the two-thirds cost. But it is penalized for its commendable efforts. It seems to me that the provision, if adopted, ought to be retroactive. The law has been in operation such a very short time, and only a few projects are involved. That would recognize the great need which existed in those communities that tried to be first.

Mr. PRIEST. May I say to the gentleman and all Members that the subcommittee had a great deal of sympathy for all of those cases such as the gentleman from South Dakota has mentioned. We went into it very thoroughly. In the other body, where a similar bill has been passed, it has been gone into very thoroughly. There are so many obstacles to doing that sort of thing that the subcommittee and the entire committee felt that it would not be feasible at this time. I hope that in the future maybe something can be worked out.

We have included in this bill what we call the hardship clause provision that I shall not have time to discuss. Some of the other members of the committee may discuss that later. It applies to a different type of hospital.

But, may I say in further response to the gentleman from South Dakota that it was found by the subcommittee that we would have to call immediately for an additional appropriation of $74,000,000 if we put in the retroactive clause. It would have required $74,000,000 immediately, and that is nearly as much as we have been allocating each year for the entire program.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has expired.

Mr. O'HARA of Minnesota. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, I beg the indulgence of the House for the reason that I am speaking with some difficulty today, but I do want to say now that I disagree with this part of the program which changes the formula or changes the rules in the middle of the game with reference to this Hospital Act, which has been an excellent piece of legislation.

When the Hospital Act was adopted in the Seventy-ninth Congress it was adopted, I believe, with the unanimous support of the Committee on Interstate and Foreign Commerce. Some of us directed the attention of the committee in

the discussion before the committee to the fact that the formula of 33⅓ percent would be subject to attack at some future date, and many expressed themselves at that time to the effect that that was a consistent figure and certainly the State and local communities should take care of two-thirds of the cost of these hospital projects.

Reluctantly I have felt compelled to oppose changing the formula to increase the Federal benefit from 33⅓ to 66⅔ percent. I say to you very candidly that the next step, as the gentleman from Texas has said, will be that they will be coming in asking the Federal Government to operate entirely the hospitals in these local communities.

The American Medical Association has never approved this change of formula, and neither has the American Hospital Association, and very wisely.

We all recognize that the thing being driven at now is the question of hospital construction so that we can have hospital beds, but the average community that cannot afford to contribute at least 60 percent of the cost of that hospital is not in a position to operate that hospital and will not be in a position to operate it. I warn you as we pass upon this subject today that that is exactly the thing that will be haunting you in a year or so.

I thoroughly agree that the hospital program has been excellent and has been well administered. In my own State I take pride in the fact that we have had improvements on the program over a long period of time, and a long-range study has been made. We have some places that will not be able to build under the 33⅓ percent formula which now exists. Very frankly, if we contribute 66⅔ percent some of those same communities will not be able to operate the hospitals, and I say that to you in all candor.

In my own congressional district we built three hospitals under this program. One of them begged, borrowed, and raised the money in every shape and manner to construct its hospital. They did construct the hospital. Now you are passing a bill that will permit a neighboring community that wants a hospital to get 66⅔ percent, or approximately 60 percent of the cost of the hospital. I say it is entirely discriminatory and entirely unfair.

There is another provision in this bill which I think is absolutely unnecessary. I am sorry that it has been necessary to bring this bill in under a motion to suspend the rules, with the bill not being subject to the test of amendment. But you have another provision in here which is just a waste of time and money. There is a provision on page 6 of the bill which authorizes the expenditure of $1,200,000 every fiscal year for studies and demonstrations relating to coordinating the use of hospital facilities. That is pure poppycock, a pure waste of money. There is no need for that money to be spent. The people who build hospitals know what they want in the operation of hospitals, and they do not need somebody down in Washington or some group running around giving them demonstrations. If we are going to have a hospital program, let us do it on a sound basis and not on a "whoopty-doo" basis.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield.

Mr. BROWN of Ohio. As the gentleman may recall, I was a member of the committee and the subcommittee at the time the original hospital bill was passed by the Congress.

Mr. O'HARA of Minnesota. The gentleman is correct.

Mr. BROWN of Ohio. I call the gentleman's attention to page 8, and make inquiry as to why item 5, beginning on line 21, was written into the bill as is. I am wondering why this particular language.

I have watched with a great deal of interest the operation of the original act, because of my connection with its passage. In fact, in my own district and in my own county we had a rather sad experience in an endeavor to construct a county memorial hospital under the original law where the Federal officials did not require the bid to be let at local wage rates, but rather went far afield and way over the line and into a city which had the highest construction wage rate in the State, and said that the wage rate had to be at that figure. The result was that the bids were so high that the hospital could not be built and the contract had to be relet. I think, perhaps, it is being constructed now without any Federal aid because it could be built cheaper by local labor than it could under that provision. I wonder what could be done to restrict that sort of practice.

Mr. O'HARA of Minnesota. I see no necessity for that language in the bill whatsoever. I do not know why it was put in. It is one of those things that was not discussed in committee.

Mr. BROWN of Ohio. I think there should be some restriction with reference to local wage rates. Where local wage rates are available, why should they go somewhere else?

Mr. PRIEST. Mr. Speaker, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield.

Mr. PRIEST. That simply refers to the existing law, which I believe is the Walsh-Healey Act. No new provision is being written here. Reference is simply being made to existing law.

Mr. BROWN of Ohio. I believe it is a very poor administration of the law when they go clear across the State in order to make the construction of a public and much-needed project such as this cost a great deal more than it would if it were built on the basis of local union wage rates. I hope your committee will look into that situation and see that that reprehensible practice is stopped, because it was not the intent or the purpose of the law, and it certainly was not the intent of the legislators who enacted the law in the first place.

Mr. PRIEST. I simply want to clear the point with reference to the American Hospital Association. The gentleman said they were opposed to this particular formula. The gentleman recalls, however, that the American Hospital Association did favor an increase in the Federal share. They wanted it at a fixed figure, I believe, of 40 percent.

Mr. O'HARA of Minnesota. I believe that is correct, 40 percent.

I may say that my own administrator in Minnesota felt that 40 percent was as far as it should go. He said if we went above that, there would be trouble administratively and that they had terrific headaches and unfair discrimination with these hospitals which have been built. The original Hospital Act was a good bill under the original formula—that formula should continue.

Mr. PRIEST. Mr. Speaker, I yield 4 minutes to the gentleman from Oklahoma [Mr. WILSON].

Mr. WILSON of Oklahoma. Mr. Speaker, I rise in support of H. R. 5903 and urge favorable consideration and passage of this proposed amendment to the Hospital Survey and Construction Act. The House Committee on Interstate and Foreign Commerce, of which I have the privilege of being a member, having before it numerous proposals, conducted hearings and, having received testimony, became convinced that the hospital survey and construction program not only was soundly conceived but is being carried out in a satisfactory manner and particularly that certain changes should be made in the program in order that the purposes of the act may be more fully achieved.

Mr. Speaker, H. R. 5903, similar in several important respects to S. 614 as passed by the Senate, would expand the present program by extending the time for annual allotments through the fiscal year 1955 (rather than letting it end in 1951) and would increase the annual authorization for appropriation from $75,000,000 to $150,000,000 beginning with the fiscal year ending June 30, 1950. This legislation would increase the minimum allotment from the present $100,000 to $200,000 and would increase the amount of Federal participation in most individual projects. This legislation would give the Surgeon General authority to conduct and make grants for the conduct of research, experiments, and demonstrations relating to the effective development and utilization of hospital services, facilities, and resources; and would give the Surgeon General authority to withhold certification of payment from a State failing to provide sufficient funds for administration of the State plan; and would make certain technical amendments with regard to the title to be held by applicants for Federal assistance, filing of joint applications, and the assurances to be given by applicants for assistance.

In particular as to the proposed change in the Federal share of funds to be made available in the cost of construction of individual projects, it will be remembered that under the existing law the Government contributes one-third of the cost of all approved projects. The bill, as reported, would retain the figure of 33⅓ percent as a minimum for Federal participation but would increase it in some cases up to a maximum of 66⅔ percent. The bill deletes the reference to a flat 33⅓ percent participation in section 624 and subsections (a)

and (b) of section 625, substituting therefor a new term, "the Federal share," which is defined in section 9 of the bill. It also adds a new subsection (e) to section 623 of the act allowing the State, where it believes such a course to be desirable, to include in its State plan standards for determining the amount of the Federal share for projects approved in the State, on a variable basis. Under such standards, within an upper limit of 66⅔ percent and a lower limit of 33⅓ percent, the State agency may determine the Federal share for individual projects on the basis of economic status of the areas involved, relative need for additional hospital facilities, and other relevant factors. However, if the State does not adopt this sliding-scale system of determining the Federal share, then in that event the bill provides that the Federal share for any project shall be an amount determined in accordance with the uniform rate of Federal participation for all projects within a State established by the State agency. If the latter course is followed, the Federal share cannot be lower than 33⅓ percent, cannot be higher than 66⅔ percent or the State's allotment percentage, whichever is the lower. Presently allotment percentages for the several States range from 33⅓ percent to 75 percent in inverse ratio to their relative per capita incomes. Mr. Speaker, the proposed bill would vest more discretion in State agencies to fix the amount of Federal participation according to the needs of the individual States and individual projects.

It may be well to remember that the Hospital Survey and Construction Act, which became law on October 13, 1946, had two main purposes: First, to assist the States in surveying their needs for hospitals and health centers and in developing programs for the construction of the facilities of this type required for adequate health care of the population; second, to aid in the construction of the hospitals and health centers in accordance with these programs. To assist the several States in making surveys and developing construction plans, the Congress authorized an appropriation of $3,000,000 to be alloted among the States on a population basis and provided these funds could be drawn upon to pay one-third of the State's expenditures for surveys and planning. The act authorized an appropriation of $75,000,000 each year for 5 years (ending June 30, 1951) to aid in the construction of hospitals, health centers, and related facilities. These funds have been and are being allotted among the several States according to a formula prescribed in section 631 of Public Law 725, of the Seventy-ninth Congress, second session based on population and per capita income which works to give considerably larger amounts per capita to low- than to high-income States. At present, one-third of the construction costs of approved projects may be met from these allotments, with the balance supplied by non-Federal funds. It is particularly important that the present law, as well as the proposed amendment, provide specifically that in being eligible for allotments, a State must submit a State plan for construction and have it approved. The State plan is required to designate a single State agency to administer or supervise administration of the plan and provides for the designation of a State advisory council. The State plan must set forth a hospital construction program based on State-wide inventory of hospital and survey of need. The law requires that the plan would provide for construction insofar as financial resources permit in the order of relative need; provide appropriate methods of administration; and provide minimum standards (to be fixed at the discretion of the State) for the maintenance and operation of the hospitals constructed under the program.

Congress has appropriated $1,800,000 for allotment to the States for surveys and planning. Practically all of the States heretofore have taken advantage of this Federal aid with a greater portion of the appropriated fund having been paid out for that purpose, with 11 States and 2 Territories having utilized in full their available allotments.

It is significant that all the States and Territories have submitted State plans which have been approved by the Surgeon General and are now participating in the program. These State plans taken together probably provide the most authoritative statements thus far available for the Nation's supply of acceptable hospitals, health centers, and related facilities. The composite of these State plans reveals that the Nation has approximately 880,000 acceptable beds; and the State agencies throughout the several States estimate that 897,000 additional beds are needed to provide adequate care to the population.

It is extremely interesting to observe progress thus far made in this program, particularly the distribution of projects, construction costs, and Federal share by type of facility in the various States; but it is more important to cope with the fact emphasized by the testimony before the House committee that the program on its present basis only begins to provide the country with the hospital facilities it needs. That is to say that of the approximately 900,000 additional hospital beds, shown by the State plans to be needed, the present program can be expected to help build only about 9,000 beds or 10 percent of the total needed. Since the passage of the original act, construction costs have increased by 30 to 40 percent with the result that Federal aid now provided will build considerably fewer facilities than was originally contemplated.

Mr. Speaker, it is extremely significant that, if headway is to be made in overcoming the deficit of hospital facilities, the scope of the program heretofore embarked upon must be expanded and its duration extended. Of primary importance, the proposed legislation, H. R. 5903, will double the annual amount of Federal allotments from $75,000,000 to $150,000,000 and will extend the duration of the program for four additional years from the date on which the program would otherwise end, on June 30, 1950, to June 30, 1955. It is believed that it is desirable to extend the duration of the program and provide greater financial assistance in the construction of hospitals, to enable State agencies and local communities to plan ahead on a firm basis. In this connection I recall that there appeared before the committee one of our able colleagues of the Congress who is very outspoken in observing and dealing with matters touching upon the economy of the country and, when questioned upon his opinion as to the soundness of the financial policy for the Government to go ahead at this time and make increased appropriations for the construction of hospitals, expressed his emphatic and firm conviction and opinion that there are sound reasons for the approval of the proposed legislation which provides for greater financial assistance in the construction of hospitals. Further, in this connection, there appeared on September 30, 1949, in the Enid Morning News, one of the leading daily newspapers in my congressional district, an editorial entitled "Medical Care for Aged," wherein one of the applicants for financial assistance under this program is ably congratulated for recognizing the needs in northwestern Oklahoma of the hosptial-building program and for making plans to meet such needs. I quote in part from that editorial:

MEDICAL CARE FOR AGED

With an $850,000 hospital building project in the offing, the Sisters of the Most Precious Blood are planning to fill some of northwest Oklahoma's greatest needs in the way of medical facilities. The new construction will contain a physiotherapy department, for long badly needed. When the Sisters' long-range program is completed at the main hospital, the St. Mary's annex on West Randolph will be converted to a home for the aged and for convalescing patients, it is planned.

Care of the aged is becoming an increasingly difficult medical problem in northwest Oklahoma as in the Nation as a whole. Science has increased the average life span greatly with the result that older persons with chronic ailments are much more numerous than in former decades.

* * * * *

The Sisters of the Most Precious Blood are to be congratulated for recognizing this need in northwest Oklahoma and for making plans to meet it as it should be met.

Mr. Speaker, there is another difference between the bill under consideration and the bill as passed by the Senate which properly deserves some explanation as has been referred to on the floor of the House and that is the provision relating to so-called hardship cases. These cases are those of hospitals on which construction was begun without Federal assistance prior to the effective date of these amendments but which cannot be completed without receiving Federal aid in addition to the usual Federal share of the cost of the construction. In such a case, additional Federal aid not to exceed one-third of the cost of the construction already completed may be made available in an amount necessary to enable completion of the building. It should not be forgotten that this provision will depart from the pattern established in the original act; and in the event this legislation is finally signed into

law with such a hardship case provision contained therein, then and in that event there should be and there must be very careful administration and this provision should then be applied only in the few cases where clear cogent and valid argument could be presented for such special Federal aid. All to the end that there would not be created undue administrative complications or establish undesirable precedent for the future.

As to the definition of the term "nonprofit hospital" appearing in section 9 of the bill, it is well to note that the words "including cooperatives" were not included parenthetically after the word "associations," it being the expressed opinion of the committee, as contained in its report, that the inclusion of such words is unnecessary for the reason that the definition in the present law has been interpreted to include cooperative hospitals otherwise eligible under the act; and further that the fact cooperatives have and are being considered as applicants and receiving benefits under the program. Thus it appears intended and clear that hereafter a hospital may be owned by one nonprofit corporation or association and operated by a different such corporation or association and further that cooperatives which own or operate hospitals may be included if they meet the nonprofit test.

The SPEAKER. The time of the gentleman from Oklahoma has expired.

Mr. O'HARA of Minnesota. Mr. Speaker, I yield 4 minutes to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Speaker, the legislation now before us as it has been presented by the committee has my full and unqualified support. As you know, I have been a member of the Committee on Interstate and Foreign Commerce for many years. I have been greatly gratified at the attitude which the committee has taken all through the years in providing for the health of the Nation insofar as it came within the jurisdiction of our committee. I was intensely interested in the passage of the original bill presented for hospital construction some years ago. Before the passage of that act our committee gave very careful and studied consideration to the matter. The hearings were long and they were complete. There was a genuine desire upon the part of all members of the committee to pass legislation that would prove helpful. While there may have been some differences as to particular details, yet, as a whole, the committee was in favor of the passage of the legislation.

The legislation that comes before us today is the result of the experiences that have been gained in the administration of the original act. Every suggested change in the original bill that appears in the bill now before us is the result of the experience gained in administration of the act. Hearings have been held in which all interested parties were given an opportunity to testify. The committee sought the aid, counsel, and advice of those who were most able to be helpful to the committee in a matter of this kind. Therefore, the changes which have come in the form of this new legislation are solely and entirely the result of the administrative experience that has been gained since the act was originally passed. I know of no organization that is opposed to this legislation.

Some members of the committee, one or more, may have suggested some different way of approach, but not any substantial change in what the committee was seeking to do. After hearing all of the witnesses desiring to be heard the committee then revised the bill that had been originally presented; a new bill, the one now before us, was drawn in accordance with the last-minute advice that had been given to the committee by those who were so well qualified to give it. The committee realized that if we were to accomplish what was intended under this legislation in the best way possible that these changes should be made.

It has been most gratifying to realize that even those Members who speak against it are in accord with the purpose of the bill and its provisions with the exception of the one detail to which reference was made, namely the provision permitting State agencies to increase the present one-third allowance up to two-thirds in individual cases that needed the additional amount. Of course it is understood that this does not require any additional amount to the State from the Federal Government.

I believe that the justification which has already been given by the esteemed chairman of the subcommittee, the gentleman from Tennesssee [Mr. PRIEST] is a sufficient answer to that question to that single objection.

Mr. Speaker, the pending bill to provide for Federal aid in construction of hospitals is one of the most worthy and timely bills to come before Congress. Hospital facilities throughout the Nation are far below the demand. This is especially true in the rural sections. In these and the poorer areas of the Nation hospitals are woefully lacking. The purpose of this bill is to give Federal aid to the several States to make possible the furnishing of hospitals to those places in need. The report of the committee sets forth clearly and distinctly the need for this legislation.

The bill amends the Hospital Survey and Construction Act—title VI of the Public Health Service Act—so as to: First, extend the program for an additional 4 years, that is, to June 30, 1955; second, double the annual authorization for appropriations, from the present $75,000,000 to $150,000,000, beginning with the fiscal year ending June 30, 1950; third, change the Federal share in the cost of projects from the present uniform 33⅓ percent to a basis wherein each State would have the alternative of determining (a) that the Federal share may vary between projects or classes of projects on the basis of equitable standards set forth in the State plan, in which case the Federal share for any particular project may be set within the range of 33⅓ percent and 66⅔ percent of the cost of the project, or (b) that the Federal share shall be uniform for all projects within the State, in which case the State agency would have discretion to fix the Federal share for projects approved in any given year at a rate between a floor of 33⅓ percent and a ceiling of 33⅓ percent to 66⅔ percent depending upon the State's per-capita income; fourth, provide for special aid to complete the construction of hospitals which were commenced without Federal aid and cannot be completed with the usual Federal assistance; fifth, authorize the Surgeon General to withhold Federal aid from a State if he finds that the State is not providing adequate funds for administration of its program; and sixth, authorize the Public Health Service to conduct and to make grants for the conduct of research, experiments, and demonstrations relating to the effective development, utilization, and coordination of hospital services, facilities, and resources. The bill also makes a number of less important changes which are explained below.

PROGRESS OF THE HOSPITAL CONSTRUCTION PROGRAM

From the testimony given before the committee I am convinced that the hospital survey and construction program is soundly conceived and is being carried out in a satisfactory manner.

SURVEYS AND PLANNING

The Federal aid made available to the States for surveys and planning has enabled the States to make a comprehensive inventory and appraisal of their hospital and health center facilities, to determine their need for additional facilities, and to develop a program for the constructon of these facilities in the order of their urgency of need. All the States and Territories, except Delaware, the District of Columbia, and the Virgin Islands, have thus far availed themselves of the aid for surveys and planning. Of the $1,800,000 appropriated for this purpose, $1,135,394 has been paid out to the various States by June 30, 1949.

All of the States and Territories have submitted State plans which have been approved by the Surgeon General, and are now participating in the program. These State plans contain the most definite statement thus far available of the Nation's supply of hospital and health-center facilities and of the additional facilities and beds which would be required to provide adequate health care to the whole population. As set forth below the State plans show the Nation as a whole has approximately 1,000,000 hospital beds, exclusive of beds in Federal hospitals, and exclusive of beds in institutions for epileptics and mental defectives. Of these beds some 145,000 have been classified by the State agencies as nonacceptable because of obsolescence, unsuitable design, fire hazard, or other reasons. All told the Nation has approximately 880,000 acceptable beds. The State agencies estimate that 897,000 additional beds are needed to provide adequate care to the population.

CONSTRUCTION PROGRESS

As shown, 76 percent of the construction projects approved thus far have been for the construction of general hospitals. These projects account for 79 percent of the total beds in all projects and 84 percent of the total construction costs of all projects. Approximately three out of every five of the general hospital projects are for completely new facilities;

the remainder are for additions or alterations to existing facilities.

The great majority of the general hospital projects being constructed are for relatively small hospitals. Thus, of all new general projects 60 percent are for hospitals of less than 50 beds and only 13 percent are for hospitals which will have more than 100 beds. Most of the general hospital projects, including both new hospitals and additions to existing hospitals, are located in small towns—of all such projects 50 percent are in communities of less than 5,000 population and only 16 percent of the projects are in cities of more than 25,000 population. The approved general hospital projects are divided roughly equally between those sponsored by private nonprofit groups and those sponsored by governmental units, mainly county governments.

NEED FOR CHANGES IN THE PROGRAM

The testimony before the committee has convinced it that certain changes should now be made in the program in order that its purposes may be more fully achieved. The major changes and the reasons for recommending them are as follows:

EXTENSION AND EXPANSION OF THE PROGRAM

The program on its present basis will only begin to provide the country with the hospital facilities it needs. Of the approximately 900,000 additional hospital beds shown by the State plans to be needed, the present program—$75,000,000 of Federal funds for 5 years to pay one-third of the cost of approved projects—can be expected to help build only about 90,000 beds, or 10 percent of the total needed. Since the passage of the original act, construction costs have increased by 30 to 40 percent, with the result that the Federal aid now provided will build considerably fewer facilities than was originally contemplated. If significant headway is to be made in overcoming the deficit of hospital facilities, the scope of the program must be expanded and its duration extended. The present bill will double the annual amount of Federal allotments—from $75,000,000 to $150,000,000—and will extend the duration of the program for four additional years, that is, from June 30, 1951, to June 30, 1955. I believe that it is desirable to extend the program at this time, so that State agencies and local communities may plan ahead on a firm basis.

NEED FOR INCREASING FEDERAL SHARE IN THE COST OF PROJECTS

If the program is completely to achieve its objectives—of building hospitals where they are most needed—the Federal Government will need to bear a larger proportion of the cost of projects than the present one-third. The Public Health Service reports that whereas the great majority of the projects thus far are located in high priority areas—areas which are largely rural and of low per capita income—nevertheless projects are not being received from the very poorest areas.

The committee has given much study to the basis on which increased Federal aid should be made available. It believes that it is wise in this matter to give discretion to the State agency, allowing each State to use its allotment as it thinks best. There are relatively wealthy communities in poor States and some relatively poor communities in wealthy States. Your committee therefore believes it would be desirable for the State agency to be able to vary the Federal share as between projects or classes of projects in the State so as, for example, to give a high proportion of Federal aid in poor communities and a low proportion in wealthy ones. Accordingly, the bill provides that where the State agency desires to adopt this policy it may set the Federal share for particular projects at between one-third and two-thirds of the cost of the project. If a State wishes to adopt this policy it must submit, as part of its State plan, standards which provide equitably—and, to the extent practicable, on the basis of objective critera—for variation between projects or classes of projects on the basis of economic status of areas, relative need for additional hospital facilities and other relevant factors. These standards must be approved by the Surgeon General before variation of the Federal share as between projects or classes of projects will be sanctioned.

NEED FOR RESEARCH AND DEMONSTRATION

The provision of hospital care in the United States is an activity which affects millions of people annually and for which almost $3,000,000,000 is spent each year. Yet despite the magnitude of this service there is comparatively little organized research relating to hospital operation, planning, and maintenance. Such research, resulting in the development of more effective or less costly methods of providing care can pay large dividends. I believe that it is desirable to expand the purpose of the act so as to confirm the authority of the Public Health Service to carry on research of this character, either directly or through grants to hospitals, universities, or other appropriate agencies.

Chief among the fields in which research and demonstrations are needed is that of the coordination of hospitals and hospital service on a regional basis. There is wide agreement among hospital and medical authorities that only through such coordination can adequate hospital and medical care be extended to all of the population. The small hospital serving a rural area or small town cannot, by itself, provide a complete service to its patients.

With the above aim in view, the bill authorizes the Surgeon General to conduct, and to make grants for the conduct of, research, experiments, and demonstrations relating to the effective development, utilization, and coordination of hospital services, facilities, and resources. Grants for these purposes may be made to States, political subdivisions, universities, hospitals, and other public and nonprofit organizations. Prior consultation with the Federal Hospital Council is required. In order to provide for necessary continuity in projects, the bill provides that any award made for a project in any fiscal year may include amounts for not to exceed the next four succeeding years, and such amounts for such succeeding years shall constitute contractual obligations of the Federal Government. A ceiling of $1,200,000 is placed on the total expenditures for all such projects in any fiscal year.

SPECIAL AID FOR PARTLY COMPLETED HOSPITALS

A number of cases have come to the attention of the committee and the Public Health Service of partly completed nonprofit hospitals—hospitals the construction of which was begun without Federal aid, and where the sponsoring group has entirely exhausted its funds and cannot raise additional money. As a result, the partly completed hospital stands idle. We believe it would be worth while for the Federal Government to give some special aid in order to make possible the completion of these few hospitals. Accordingly, the bill provides that in the case of projects of this character begun prior to the passage of this amendment, which are certified and approved by the State agency and conform to the State plan, the State may draw upon its allotment in order to provide some or all of the funds necessary to complete the hospital.

We anticipate that there are only a few projects which will need and obtain this special aid. The control of possible abuse lies in the fact that all such projects must be approved by the State agency on the same basis as other projects, and as having first priority, so that the State agency must balance the need for assistance to these hospitals against other applications for Federal aid.

The Subcommittee on Health of the Committee on Interstate and Foreign Commerce has made a most thorough and complete study of this subject over a period of years. Its report is filled with data bearing on the subject. I am certain that a reading of the report and the testimony taken by the committee in its hearings will justify the approval of the House of this legislation. I sincerely hope it will have the approval of the House.

The SPEAKER. The time of the gentleman from New Jersey has expired.

Mr. O'HARA of Minnesota. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. DOLLIVER].

Mr. DOLLIVER. Mr. Speaker, I regret to find myself in disagreement with my esteemed colleague the gentleman from Minnesota [Mr. O'HARA] because I rise in support of this legislation. I make no pretension to being an expert in this field, but I do know that the hospital aid legislation which over a number of years has been the subject of the interest of the Congress has been a very beneficial type of legislation as far as the health of the people of the United States is concerned.

In my own State it has been a very helpful thing, and there are numerous communities which have taken advantage of the provisions of the law. I believe that applies to every congressional district of the State of Iowa.

The one particular segment of this amended bill which seems to have caused a little controversy is that provision which permits an increase in the share of the Federal participation in the cost

of the hospital construction. That is a very active subject of discussion and comes to the forefront whenever we consider any Federal-aid program: What should be done in those States which are not so fortunately situated as others?

Here in this body we do recognize that there are certain States which are more fortunate than others financially. Recognizing that fact, the Committee on Interstate and Foreign Commerce by this bill—and this is but one provision of the bill, the only one I think that is controversial—permits an additional amount to be allocated to the local body for hospital construction. I recognize that there is room for a difference of opinion upon this matter, but as far as I am concerned I believe this differentiation is justified. Those who live in the less fortunate parts of the country need hospital construction and the facilities of modern hospitalization just as much as those who live in the more fortunately situated areas. So I support this bill, recognizing that probably my own State of Iowa, which we consider to be among the more fortunate States, financially at least, will not benefit one iota by the passage of this additional Federal-aid provision.

I trust that the House will pass this legislation by the required majority.

Mr. PRIEST. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. BENNETT].

Mr. BENNETT of Florida. Mr. Speaker, I rise in support of this legislation and expect to vote for it. I consider that more hospital facilities are greatly needed and that this legislation will help materially in making such facilities available. I believe that the controversial feature of this bill is not so much the increased percentage ratio that the Government is to put up, but the fact that in so providing, the bill omits any retroactive provisions. Perhaps there are some who do not want the increased percentage at all. But as I have talked to Members of the House, I find that some of them see a great inequity in the way in which this bill has been drawn because it does not take into consideration the hospitals which have already been built during the short life of this Federal assistance program. They have had only the lesser percentage of help. If it had been a long-time proposition, if these hospitals had been built over a period of years, it might present a different situation, but this construction has been going on for only a very short period of time.

If the parliamentary situation before us would allow me to introduce an amendment, I would introduce an amendment providing for retroactive application of the new ratios of Federal contribution in all of the hospitals so far built under the Federal Hospital Construction Act. As the parliamentary situation now stands, however, this cannot be done without defeating the bill. Therefore, I support this bill and hope to introduce separate legislation to bring about the retroactive application.

The SPEAKER. The time of the gentleman from Florida has expired.

Mr. O'HARA. Mr. Speaker, I yield such time as he may desire to the gentleman from Montana [Mr. D'EWART].

Mr. D'EWART. Mr. Speaker, although we have in my district, at Cut Bank, Mont., one of the first hospitals to be completed under the Hospital Survey and Construction Act, the program in the remainder of the State is still in its initial stages. There remains much to be done and I therefore endorse the sections of this bill which provide for a 4-year extension of the program and an increased authorization.

I am opposed, however, to the provision which increases the Federal share of the cost of each hospital.

I will vote for the measure because I believe its merits outweigh other considerations.

However, I feel very strongly that any provision to increase the Federal share of the construction of a hospital should apply equally to all hospitals which are being built or will be built under the act. I believe that any increase in Federal aid should be made retroactive to include hospitals now under construction. I regret that the committee did not see fit to make this fair and just provision.

The failure to make this additional aid retroactive is inconsistent in my opinion with the decision to use Federal funds to complete nonprofit hospitals which are now only partly completed because the sponsors exhausted their funds. One hospital in my district now under way with the Federal aid provided under this act is in danger of running out of money. Apparently there is nothing in this amendment which will be helpful to this project. The hardship clause which provides for completing private nonprofit hospitals would not seem to apply. Certainly it is not the intention of the Congress that hospitals started under this act should be allowed to stand uncompleted because local circumstances unforeseeable when the project commenced make it impossible for a community to bear its full share of the program. I hope the Surgeon General, in the absence of any help from this legislation, may be able to find a practical solution to the problem.

Mr. O'HARA. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. VURSELL].

Mr. VURSELL. Mr. Speaker, when we passed this legislation a couple of years ago we had a good bill. Now that the camel has his nose under the tent he wants to get two-thirds of the way in. The Congress, in this legislation passed a couple of years ago, provided the Federal Government would only pay one-third for hospital construction, matched against the other two-thirds by local interests and the State. Those who support it now provide that the Government be put in a position to pay two-thirds of the cost.

I helped pass the previous bill granting the Federal Government $1 matched against $2 by State and local interest. This bill increases the Federal Government's share to two-thirds. That is unnecessary for the Government to bear. I am willing to support the bill if the old ratio of $1 to $2 is not changed. There is not a community that wants a hospital, and is able to operate one if it had one, that could not do so under the present bill on the one-third basis.

The State and local communities under the old bill on the one-third Federal grant basis, are more able to put up their contribution for the construction of hospitals than is the Federal Government at the present time.

I am wondering when this Congress will get the notion that the people will be stronger, better, and happier if they are allowed to do for themselves the things that they are capable of doing, and which they will sacrifice to do, and be proud of having done them.

It has been stated that everyone is for this bill. Why, certainly, when you open the floodgates of spending down here and the people get the idea they are going to get something for nothing from the Federal Government, unfortunately most of the people of the Nation are willing to embrace that opportunity with open arms.

I hope the bill will be defeated or that the formula will be changed so that we can go back to the one-third which, in my judgment, is all that is necessary. At the time this bill was passed we had a far greater shortage of hospitals than we have today. Now with more hospitals and the people being more accessible to hospitals you want to have the Government go further into the building of hospitals.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. O'HARA. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Speaker, I am heartily in favor of this legislation. I appreciate the remarks of the gentlemen—Mr. PRIEST, Mr. WOLVERTON, Mr. DOLLIVER, and others—in its behalf. They know its importance to thousands of communities in all the States, and coming from a district that had many excellent hospitals before any Federal aid was ever provided, but more are needed. There are some sections in my district which without Federal aid will not have modern hospitals for many years.

In these days when the highways and the automobiles are sending more and more hurried patients into hospitals, it is necessary to have a far greater number of hospitals to accommodate the local people as well as the transients that are brought in. Local communities therefore are expected to provide for thousands of patients from distant places as well as from their own territories.

The hospitalization program now in effect is proving highly beneficial. It should be expanded to insure its further successes. I approve the measure and I hope that it will pass.

Mr. O'HARA of Minnesota. Mr. Speaker, I yield the balance of my time to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Speaker, it is very difficult for me to oppose this bill because my whole life's interests and training have been in the field of working for the improvement of man's medical care to which adequate hospital facilities are essential. I worked for the passage of the original act which this bill amends and I have been exceedingly proud of

the way it has worked in the past. I have regarded it as the best example we have achieved for proper Federal-State cooperation in the whole welfare field. When it is working as well and we are making so much headway under it, I cannot for the life of me believe that it is wise to come along now and change the rules in certain ways that I feel will mean steps backward, not forward. If the bill had been brought up under an ordinary rule instead of under suspension, we could perhaps have amended it to limit the increase in Federal participation to 40 percent, which is a lot different from 66⅔ percent; to provide equity for those communities which have done their full share and are penalized for it under the bill as presently written; to strike out section 5 which can only lead to Federal interference, regulation, and pressure on hospitals to do what a Federal agency wants them to do and so on. But when the bill is brought up under suspension, we have to take it as is or defeat it here so it can come up regularly under a rule. I feel compelled to vote for the latter. I approve the policy of the Federal Government's making nonrecurring grants for facilities; I am opposed to anything that will lead to annually recurring grants, which means subsidies for operation of those facilities. The latter cannot but lead to steadily increasing control. To go beyond this the present 33⅓ percent, not just to 40 percent but up to 66⅔ percent for some hospitals means that States or communities which cannot or will not raise more than one-third of the cost of construction, cannot or will not in most cases provide the costs of operation. We must then let them run down or even close down, or else vote Federal funds for their operation. Of course, the Congress will then vote for operating them and we are far down a road from which there is no turning back. We must not start down that road. The decision on this bill today will determine whether we are going to restrict ourselves to nonrecurring grants for facilities or whether we are to embark on a program under which the Federal Government must make annual recurring grants for operation, which inevitably means more and more Federal control and loss of local independence. On that issue there can be no compromise, in my own mind, and therefore, reluctantly, I am compelled, the bill coming up under suspension, to vote against it. I hope it will be voted down today and then come back under a rule whereby we can work our genuine will on the bill to amend it so that it can achieve its proper objectives, and no more.

Mr. PRIEST. Mr. Speaker, I yield such time as he may desire to the gentleman from North Carolina [Mr. DURHAM].

Mr. DURHAM. Mr. Speaker, the hospital construction bill before us today is, in my opinion, most profitable and helpful to all of the citizens throughout the United States.

In my own State of North Carolina, after the passage of the Hill-Burton Act, the State board immediately took action and began the construction of hospitals badly needed. The program has advanced rapidly and counties and communities have taken advantage of the assistance of the Federal Government. The measure before us today extends this program as there still exists a great need for hospital-bed facilities. I am very glad we brought this legislation out in order to continue further this program.

Mr. PRIEST. Mr. Speaker, I yield such time as he may desire to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Speaker, I am intensely and keenly interested in this type of legislation. It was my privilege in the Seventy-ninth Congress to bring the first Federal aid to hospital construction bill the floor of the House from the Committee on Rules. I believe that I might have some small contribution to the passage of that legislation. However, as interested as I am, I cannot refrain from giving voice to what appears to be a gross inequity in this bill. Under the provision of the bill to which I just referred, the Federal Government allocated 33⅓ percent of the cost of construction of the hospitals constructed under the provisions of that bill. The local communities put up the other two-thirds. Under the provisions of this bill under consideration, the Federal Government would be authorized to put up as much as 66⅔ percent as its share.

Many of the hospitals authorized under the previous legislation, are now under construction. Some of them have not even begun construction. Therefore, I contend it is manifestly unfair to these communities which have undertaken and recently completed construction of their units to have received only one-third of the cost thereof as a grant from the Federal Government and then to have other communities who might have been slow in getting up their plans, take advantage of this offer and come in and receive twice as much in the way of Federal grant as the neighboring communities who had already begun construction or completed construction of their units. It would appear that the former are being penalized.

Since, however, there is no opportunity to amend this bill under the suspension procedure under which it is now being considered, I can only go along with the bill with the hope that the Senate may see fit to correct this apparent injustice.

Mr. PRIEST. Mr. Speaker, I yield the remainder of my time to the gentleman from Wisconsin [Mr. BIEMILLER].

NEED FOR INCREASING FEDERAL SHARE IN THE COST OF HOSPITAL CONSTRUCTION PROJECTS

Mr. BIEMILLER. Mr. Speaker, I, think it advisable to recall to the House that during the hearings on this legislation there were three reasons advanced as to why changes should be made in the present laws, reasons advanced by the American Hospital Association as well as by other groups.

First, the present law expires in 1951, and all parties concerned agree that this act should be extended.

Secondly, the present Federal appropriation is $75,000,000 a year. All parties concerned agree that the lump sum should be doubled so that more hospitals could be built.

Thirdly, and this is the controversial issue, on this issue the extension of the percentage of Federal grants, there was agreement that some changes should be made, but just how they should be made caused the only real argument in the committee. The American Hospital Association argued that the Federal grant should be increased to a flat 40 percent instead of the existing 33⅓ percent. Your committee, after considerable discussion of the matter, felt that it was wise to allow discretionary power within the States. The gentleman from Illinois [Mr. VURSELL] a few moments ago gave us an erroneous argument.

This bill does not dictate that there shall be a higher percentage than 33⅓ to any given project. On the contrary, I repeat, it leaves that up to the States so that the State boards can make their decision on the basis of information available to them, so that certainly the poor communities in any given State may be granted within the discretion of that State, a grant of from 40 to 66⅔ percent, depending upon the formula, which relates to the wealth of the State, the population, area, and the immediate need for facilities.

I think this is a good bill. I think that it has been given a lot of consideration, as our esteemed subcommittee chairman, the gentleman from Tennessee [Mr. PRIEST] and the gentleman from New Jersey [Mr. WOLVERTON] have said.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. BIEMILLER. I yield to the gentleman from Wisconsin.

Mr. KEEFE. I would like to get this point perfectly clear that if the amount of the total authorization or appropriation is increased to $150,000,000, that amount is allocated to the various States for their utilization under the formula that presently exists, as I understand. Then the State, itself, within the State, acting under its own hospital construction plan, may determine whether it wants to allocate within the 33⅓ to 66⅔ to any individual project within the State. Is that the way it works?

Mr. BIEMILLER. That is correct, with this one additional point, that the 66⅔ does not apply in all States. In some States the highest they may go is on the original formula of the Federal appropriation. In our own State of Wisconsin, for example, the highest permissible grant would be 50.75 percent. Otherwise the gentleman is correct.

Mr. Speaker, both of the bills under consideration by the Congress would increase the Federal share of the cost of aided hospital construction projects. S. 614, as passed by the Senate, provides that the Federal share in the cost of projects will vary from State to State in accordance with each State's allotment percentage—this varies from 33⅓ percent for the wealthiest State to 75 percent for the poorest State—of 66⅔ percent, whichever is the lower. Under our committee's proposal, the Federal share for 7 States would be between 33⅓ percent and 40 percent; for 12 States between 40 and 50 percent; for 26 States between 50 and 66⅔ percent, and for 8 States 66⅔ percent.

H. R. 5903 as reported out favorably by the House Committee on Interstate and Foreign Commerce would give the

States considerable discretion in determining the Federal share. The State agency has two alternatives. It may vary the Federal share as among different projects or classes of projects, in which case in accordance with equitable standards, it may fix the Federal share for different projects within a range of 33⅓ and 66⅔ of the cost—for example it could fix the Federal share for a project in a low-income area at 60 percent, and for a project in a high-income area at 40; and it could fix the Federal share for general hospitals at 40 percent and for chronic-disease projects at 60 percent. Or the State agency may determine that the Federal share shall be uniform for all projects within the State. In this case the State agency may itself determine the Federal share for the State within a range of 33⅓ percent and the State's allotment percentage or 66⅔ percent, whichever is the lower. For example, Mississippi which has an allotment percentage of 75 could fix the Federal share at 66⅔ percent, or any percentage between 66⅔ and 33⅓. Minnesota, which has an allotment percentage of 56, could set the Federal share at that figure or at any level in between that figure and 33⅓ percent.

SHOULD FEDERAL SHARE BE INCREASED?

There are many communities which apparently need hospital facilities but cannot take advantage of the present program because they are unable to raise two-thirds of the cost of a project. These communities generally are rural communities and others of low income, precisely those to which the act directs such special consideration shall be given. It should be borne in mind that the present act while requiring special consideration for rural and low-income areas makes no provision by which such special consideration shall be given. While the allotment formula does provide more Federal funds per capita in the low-income States, the poorest communities in such States have no special assistance not likewise provided for the wealthier communities.

Although the majority of projects approved during the first year of the program's operation were from the highest priority areas, the percentage dropped below 50 for such communities in the second year of the program's operation. This indicates that the remaining high-priority communities are experiencing increasing difficulty in raising two-thirds of the construction cost. Current information indicates that lack of financial ability is the principle reason why the percentage of applications from the most needy communities is on the decrease.

DOES INCREASING THE FEDERAL SHARE WORK A HARDSHIP ON PREVIOUSLY APPROVED PROJECTS?

It may appear that to increase the Federal percentage at this time would work an injustice on those communities which had previously financed two-thirds of the cost of their hospital construction. This viewpoint, however, must be carefully studied. It is almost inevitable in any far-reaching Federal-State program that changes must be made to accommodate conditions unforeseen in the beginning of the program. If the objectives of any program are to be met, such changing conditions must be recognized.

The objective of Public Law 725 is to provide facilities where they are most needed in order that the benefits of modern medical and hospital care may be available to all. The advantages to be derived from this objective must, therefore, be weighed against any seeming inequities which may result. The communities which have had projects approved thus far in the program were aware of the conditions of assistance and were able to accept them. A great many others have not been able to accept these conditions, and it is to meet the problems in these communities that increased benefits have been provided in the House bill.

It should be borne in mind further that H. R. 5903 does not make an increased percentage mandatory upon the States in all cases. It does, however, allow sufficient flexibility to meet the variety of problems occurring in the individual States and communities.

Mr. Speaker, I believe we are all agreed that the present law has brought great benefits to all sections of our great country. I believe the amendments which our committee has proposed would bring even greater benefits, and I trust the House will suspend the rules and pass this bill.

The SPEAKER. The time of the gentleman from Wisconsin has expired. All time has expired.

The question is, Will the House suspend the rules and pass the bill, as amended?

The question was taken; and on a division (demanded by Mr. O'HARA of Minnesota) there were—ayes 100, noes 28.

Mr. TABER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 237, nays 43, not voting 152, as follows:

[Roll No. 209]

YEAS—237

Abernethy	Brooks	Delaney
Addonizio	Brown, Ga.	Denton
Albert	Brown, Ohio	D'Ewart
Allen, La.	Bryson	Dolliver
Anderson, Calif	Buckley, Ill.	Doughton
Andresen, August H.	Burdick	Doyle
	Burke	Durham
Andrews	Burleson	Eaton
Angell	Burton	Eberharter
Aspinall	Camp	Elliott
Auchincloss	Cannon	Ellsworth
Barrett, Wyo.	Carlyle	Engel, Mich.
Bates, Ky.	Carnahan	Evins
Battle	Carroll	Fallon
Beall	Case, S. Dak.	Fenton
Beckworth	Chesney	Forand
Bennett, Fla.	Christopher	Ford
Bennett, Mich.	Cole, Kans.	Frazier
Bentsen	Colmer	Fugate
Biemiller	Combs	Gathings
Bishop	Cooper	Gavin
Blackney	Cox	Gillette
Boggs, La.	Crook	Golden
Bolling	Cunningham	Gordon
Bolton, Md.	Dague	Gore
Bosone	Davis, Ga.	Gorski, Ill.
Boykin	Davis, Tenn.	Gorski, N. Y.
Breen	DeGraffenried	Graham
Granger	Lyle	Rees
Grant	Lynch	Rivers
Gross	McCarthy	Rodino
Hagen	McCormack	Rogers, Fla.
Hale	McCulloch	Rooney
Harden	McDonough	Sabath
Hardy	McGrath	Sadowski
Hare	McGregor	Sanborn
Harris	McKinnon	Sasscer
Harrison	Mack, Wash.	Saylor
Hart	Macy	Scott, Hardie
Havenner	Madden	Secrest
Hays, Ark.	Magee	Sheppard
Hedrick	Marsalis	Simpson, Ill.
Herlong	Marshall	Simpson, Pa.
Herter	Meyer	Sims
Heselton	Michener	Smathers
Hill	Miles	Spence
Hinshaw	Miller, Nebr.	Staggers
Hoeven	Mills	Steed
Holifield	Mitchell	Stefan
Holmes	Monroney	Stigler
Hope	Morris	Stockman
Horan	Moulder	Sullivan
Howell	Murdock	Sutton
Hull	Murray, Tenn.	Tackett
Jackson, Wash.	Murray, Wis.	Talle
Jacobs	Noland	Teague
Jenkins	Norrell	Thomas, Tex.
Jones, Ala.	O'Brien, Ill.	Thornberry
Jones, Mo.	O'Brien, Mich.	Tollefson
Jones, N. C.	O'Konski	Trimble
Karst	O'Sullivan	Velde
Karsten	O'Toole	Vinson
Kean	Pace	Wagner
Kearns	Passman	Walsh
Kee	Patman	Welch
Keefe	Patten	Wheeler
Kerr	Patterson	White, Calif.
Kilday	Perkins	Whittington
King	Peterson	Wickersham
Kirwan	Philbin	Wier
Kruse	Phillips, Tenn.	Wigglesworth
Lanham	Polk	Williams
Latham	Potter	Wilson, Okla.
LeCompte	Preston	Winstead
LeFevre	Priest	Withrow
Lemke	Rabaut	Wolverton
Lesinski	Rains	Wood
Lind	Ramsay	Zablocki
Linehan	Rankin	
Lucas	Redden	

NAYS—43

Allen, Calif.	Dondero	Rich
Allen, Ill.	Fisher	Scrivner
Andersen, H. Carl	Gossett	Scudder
	Halleck	Shafer
Arends	Hoffman, Mich	Smith, Kans.
Bates, Mass.	Jackson, Calif.	Smith, Wis.
Boggs, Del.	Jensen	Taber
Byrnes, Wis.	Johnson	Vursell
Chiperfield	Judd	Wadsworth
Church	Mahon	Werdel
Clevenger	Mason	Wilson, Ind.
Cotton	Nicholson	Wilson, Tex.
Crawford	O'Hara, Minn.	Wolcott
Curtis	Pickett	Woodruff
Davis, Wis.	Regan	

NOT VOTING—152

Abbitt	Dingell	Hoffman, Ill.
Bailey	Dollinger	Huber
Barden	Donohue	Irving
Baring	Douglas	James
Barrett, Pa.	Elston	Javits
Bland	Engle, Calif.	Jenison
Blatnik	Feighan	Jennings
Bolton, Ohio	Fellows	Jonas
Bonner	Fernandez	Kearney
Bramblett	Flood	Keating
Brehm	Fogarty	Kelley
Buchanan	Fulton	Kennedy
Buckley, N. Y.	Furcolo	Keogh
Bulwinkle	Gamble	Kilburn
Burnside	Garmatz	Klein
Byrne, N. Y.	Gary	Kunkel
Canfield	Gilmer	Lane
Case, N. J.	Goodwin	Larcade
Cavalcante	Granahan	Lichtenwalter
Celler	Green	Lodge
Chatham	Gregory	Lovre
Chelf	Gwinn	McConnell
Chudoff	Hall, Edwin Arthur	McGuire
Clemente		McMillan, S. C.
Cole, N. Y.	Hall, Leonard W.	McMillen, Ill.
Cooley		McSweeney
Corbett	Hand	Mack, Ill.
Coudert	Harvey	Mansfield
Crosser	Hays, Ohio	Marcantonio
Davenport	Hébert	Martin, Iowa
Davies, N. Y.	Heffernan	Martin, Mass.
Dawson	Heller	Merrow
Deane	Hobbs	Miller, Calif.

Miller, Md.	Powell	Tauriello
Morgan	Price	Taylor
Morrison	Quinn	Thomas, N. J.
Morton	Reed, Ill.	Thompson
Multer	Reed, N. Y.	Towe
Murphy	Rhodes	Underwood
Nelson	Ribicoff	Van Zandt
Nixon	Richards	Vorys
Norblad	Riehlman	Walter
Norton	Rogers, Mass.	Weichel
O'Hara, Ill.	Roosevelt	Whitaker
O'Neill	Sadlak	White, Idaho
Pfeifer, Joseph L.	St. George	Whitten
	Scott, Hugh D., Jr.	Willis
Pfeiffer, William L.	Short	Woodhouse
Phillips, Calif.	Sikes	Worley
Plumley	Smith, Ohio	Yates
Poage	Smith, Va.	Young
Poulson	Stanley	

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Gilmer with Mr. Martin of Massachusetts.
Mr. Engle of California with Mr. Towe.
Mr. Price with Mr. Leonard W. Hall.
Mr. Keogh with Mr. Canfield.
Mr. Murphy with Mr. Van Zandt.
Mr. Huber with Mr. Reed of Illinois.
Mr. Mansfield with Mr. Hand.
Mr. Pfeifer, Joseph L., with Mr. Kearney.
Mr. Feighan with Mr. Keating.
Mr. Morrison with Mr. Miller of Maryland.
Mr. Green with Mr. Coudert.
Mr. Gregory with Mr. Quinn.
Mr. McMillan of South Carolina with Mr. Taylor.
Mr. Blatnik with Mr. Hoffman of Illinois.
Mrs. Douglas with Mr. Cole of New York.
Mr. Bonner with Mr. Brehm.
Mr. Fogarty with Mr. McConnell.
Mr. Tauriello with Mr. Elston.
Mrs. Norton with Mr. Jonas.
Mr. Heller with Mr. Corbett.
Mr. Garmatz with Mr. Lichtenwalter.
Mr. Multer with Mr. Kunkel.
Mr. Ribicoff with Mrs. Bolton of Ohio.
Mr. Walter with Mr. William L. Pfeiffer.
Mr. Barrett of Pennsylvania with Mr. Bramblett.
Mr. Granahan with Mr. McMillen of Illinois.
Mr. Willis with Mr. Weichel.
Mr. O'Neill with Mr. Smith of Ohio.
Mr. Powell with Mr. James.
Mr. Worley with Mr. Vorys.
Mr. Sikes with Mr. Hugh D. Scott.
Mr. Stanley with Mr. Short.
Mr. Klein with Mr. Fellows.
Mr. Lane with Mr. Gamble.
Mr. Donohue with Mr. Case of New Jersey.
Mr. Chelf with Mr. Kilburn.
Mr. Dollinger with Mr. Lovre.
Mr. Hébert with Mr. Merrow.
Mr. Deane with Mr. Martin of Iowa.
Mr. Hays of Ohio with Mr. Nelson.
Mr. Kelley with Mr. Phillips of California.
Mr. Celler with Mr. Harvey.
Mr. Byrne of New York with Mrs. St. George.
Mr. Buchanan with Mr. Morton.
Mr. Davenport with Mr. Norblad.
Mr. Whitaker with Mr. Poulson.
Mr. Whitten with Mr. Reed of New York.
Mr. Chudoff with Mr. Sadlak.
Mr. Dingell with Mr. Riehlman.
Mr. Morgan with Mr. Nixon.
Mr. Miller of California with Mrs. Rogers of Massachusetts.
Mr. Heffernan with Mr. Jenison.
Mr. Roosevelt with Mr. Edwin Arthur Hall.
Mr. McGuire with Mr. Fulton.
Mr. Richards with Mr. Jennings.
Mr. Young with Mr. Plumley.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

Mr. PRIEST. Mr. Speaker, I ask unanimous consent for the immediate consideration of a similar Senate bill (S. 614), to amend the Hospital Survey and Construction Act (title VI of the Public Health Service Act), to extend its duration and provide greater financial assistance in the construction of hospitals, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That this act may be cited as the "Hospital Survey and Construction Amendments of 1949."

EXTENSION OF DURATION AND INCREASE IN AUTHORIZED APPROPRIATIONS

SEC. 2. (a) The first sentence of section 621 of the Public Health Service Act is amended to read as follows: "In order to assist the States in carrying out the purposes of section 601 (b), there is hereby authorized to be appropriated for the fiscal year ending June 30, 1950, and for each of the five succeeding fiscal years, the sum of $150,000,000 for the construction of public and other nonprofit hospitals; and there are further authorized to be appropriated for such construction the sums provided in section 624."

(b) The paragraph "Grants for hospital construction" under the heading "Public Health Service" in the Federal Security Agency Appropriation Act, 1950, is amended by striking out "$75,000,000" and inserting in lieu thereof "$150,000,000."

ADDITIONAL FEDERAL AID IN CONSTRUCTION OF HOSPITALS

SEC. 3. (a) Sections 624, 625 (a), and 625 (b) of such act are each amended by striking out "33⅓ percent" and inserting in lieu thereof "the Federal share."

(b) Section 625 (e) of such act is amended by striking out "33⅓ percent of the then value of such hospital, as determined by agreement of the parties or by action brought in the district court of the United States for the district in which such hospital is situated" and inserting in lieu thereof the following: "an amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the district court of the United States for the district in which such hospital is situated) of the hospital, or of that portion of the hospital which constituted an approved project, as the amount of the Federal participation bore to the cost of the construction of such project."

(c) Section 631 of such act is amended by changing the designation of "(a)" and "(b)" to "(a) (1)" and "(2)," respectively, and by adding a new paragraph (b) to read as follows:

"(b) The Federal share of the cost of a project shall be the State's allotment percentage, but not in excess of 66⅔ percent."

Paragraph (g) of section 631 is amended to read as follows:

"The term 'nonprofit hospital' means any hospital owned and operated by a corporation or association (including cooperatives), no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual;".

SEC. 4. Section 632 (a) of such act is amended by inserting after "under section 625" in clause (4) thereof a comma and the following: "or (5) that adequate State funds are not being provided annually for the direct administration of the State plan."

STUDIES AND DEMONSTRATIONS RELATING TO COORDINATED USE OF HOSPITAL FACILITIES

SEC. 5. Such act is further amended by adding after section 635 the following new section:

"STUDIES AND DEMONSTRATIONS RELATING TO COORDINATED USE OF HOSPITAL FACILITIES

"SEC. 636. In carrying out the purposes of section 301 with respect to hospital facilities, the Surgeon General is authorized to conduct research, experiments, and demonstrations relating to the effective development and utilization of hospital services, facilities, and resources, and, after consultation with the Federal Hospital Council, to make grants-in-aid to States, political subdivisions, universities, hospitals, and other public and private nonprofit institutions or organizations for projects for the conduct of research, experimentā, or demonstrations relating to the development, utilization, and coordination of hospital services, facilities, and resources. Any award made under this section for any such project in any fiscal year may include amounts for not to exceed the four succeeding fiscal years, and such amounts for such succeeding fiscal years shall constitute contractual obligations of the Federal Government: *Provided*, That the total of such obligations for all such projects to be paid in any such succeeding fiscal year may not exceed $1,200,000."

PURPOSE OF ACT

SEC. 6. Section 601 of such act is amended to read as follows:

"SEC. 601. The purpose of this title is—

"(a) to assist the several States to inventory their existing hospitals (as defined in section 631 (e), to survey the need for construction of hospitals, and to develop programs for construction of such public and other nonprofit hospitals as will, in conjunction with existing facilities, afford the necessary physical facilities for furnishing adequate hospital, clinic, and similar services to all their people;

"(b) to assist in the construction of public and other nonprofit hospitals in accordance with such programs; and

"(c) to authorize the Surgeon General to conduct, and make grants for the conduct of, research, experiments, and demonstrations relating to the effective development and utilization of hospital services, facilities, and resources, and to promote the coordination of such experiments and demonstrations and the useful application of their results."

MINIMUM ALLOTMENT

SEC. 7. Section 624 is hereby amended by deleting the figure "$100,000" and substituting therefor "$200,000".

TITLE; FILING OF APPLICATIONS

SEC. 8. (a) Section 625 (a) of such act is amended to read as follows:

"SEC. 625. (a) For each project for construction pursuant to a State plan approved under this part, there shall be submitted to the Surgeon General through the State agency an application by the State or a political subdivision thereof or by a public or other nonprofit agency. If two or more such agencies join in the construction of the project, the application may be filed by one or more of such agencies. Such application shall set forth (1) a description of the site for such project; (2) plans and specifications therefor in accordance with the regulations prescribed by the Surgeon General under section 622 (e); (3) reasonable assurance that title, as defined in section 631 (j), to such site is or will be vested in one or more of the agencies filing the application or in a public or other nonprofit agency which is to operate the hospital; (4) reasonable assurance that adequate financial support will be available for the construction of the project and for its maintenance and operation when completed; and (5) reasonable assurance that the rates of pay for laborers and

mechanics engaged in construction of the project will be not less than the prevailing local wage rates for similar work as determined in accordance with Public Law 403 of the Seventy-fourth Congress, approved August 30, 1935, as amended. The Surgeon General shall approve such application if sufficient funds to pay the Federal share of the cost of construction of such project are available from the allotment to the State, and if the Surgeon General finds (a) that the application contains such reasonable assurance as to title, financial support, and payment of prevailing rates of wages; (B) that the plans and specifications are in accord with the regulations prescribed pursuant to section 622; (C) that the application is in conformity with the State plan approved under section 623 and contains assurance that in the operation of the hospital there will be compliance with the applicable requirements of the State plan and of the regulations prescribed under section 622 (f) regarding provision of facilities without discrimination on account of race, creed, or color, and for furnishing needed hospital facilities for persons unable to pay therefor, and with State standards for operation and maintenance; and (D) that it has been approved and recommended by the State agency and is entitled to priority over other projects within the State in accordance with the regulations prescribed pursuant to section 622 (d). No application shall be disapproved until the Surgeon General has afforded the State agency an opportunity for a hearing."

(b) Subsection (g) of section 631 of such act is amended to read as follows:

"(g) the term 'nonprofit hospital' means any hospital which is owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or private individual;".

(c) Such section is further amended by striking out "and" at the end of paragraph (h), by striking out the period at the end of paragraph (i) and inserting in lieu thereof "; and", and by inserting after paragraph (i) the following new paragraph:

"(j) the term 'title' means a fee simple, or such other estate or interest (including a leasehold on which the rental does not exceed 4 percent of the value of the land) as the Surgeon General finds sufficient to assure for a period of not less than 50 years undisturbed use and possession for the purposes of construction and operation of the project."

EFFECTIVE DATE

SEC. 9. This act shall take effect upon the date of its enactment.

Mr. PRIEST. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PRIEST: Strike out all after the enacting clause of S. 614 and insert in lieu thereof the provisions of H. R. 5903, as passed.

The amendment was agreed to.

The bill was ordered to be read a third time was read the third time, and passed, and a motion to reconsider was laid on the table.

Without objection the proceedings whereby the bill H. R. 5903 was passed, were vacated, and said bill laid on the table.

BRIDGE ACROSS THE MISSOURI RIVER AT BROWNVILLE, NEBR.

Mr. WELCH. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 5674) to extend the authorized maturity date of certain bridge revenue bonds to be issued in connection with the refunding of the acquisition cost of the bridge across the Missouri River at Brownville, Nebr.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the first sentence of section 18 (d) of the Act of August 30, 1935 (relating to the construction of certain bridges), as amended, is hereby amended by striking out "twenty years" and inserting in lieu thereof "thirty years."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to extend the time for the collection of tolls to amortize the cost, including reasonable interest and financing cost, of the construction of a bridge across the Missouri River at Brownville, Nebr."

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. RANKIN asked and was given permission to extend his remarks in the RECORD and include a list of the boys from Mississippi who lost their lives in the Army, Navy, Marine Corps and Coast Guard during World War II.

Mr. WOODRUFF asked and was given permission to extend his remarks in the RECORD in two instances and include in one a bill he introduced today and in the other an address by Cathrine Curtis.

Mr. STIGLER and Mr. MURRAY of Wisconsin asked and were given permission to extend their remarks in the RECORD.

Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD and include a resolution recently adopted by the Thirty-first Annual National Convention of the American Legion.

CALENDAR WEDNESDAY BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of this week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

ADVANCE PLANNING OF NONFEDERAL PUBLIC WORKS

Mr. WHITTINGTON. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2116) to provide for the advance planning of non-Federal public works, by striking out all of the Senate bill after the enacting clause and inserting in lieu thereof the provisions of the bill (H. R. 5739) to provide for the advance planning of public works, with amendments.

The Clerk read the bill, as follows:

Be it enacted, etc., That in order (a) to encourage States and other non-Federal public agencies to maintain a continuing and adequate reserve of fully planned public works (exclusive of housing) readily available for use so as to permit the immediate commencement of construction of such public works when the economic situation may make such action desirable, (b) to enable the United States, through reference to such reserve of fully planned public works as reflected by records maintained and reports issued by the Administrator of General Services to adapt, insofar as practical and desirable, the planning and construction of needed Federal public works to the particular public works objectives of individual States and other non-Federal public agencies, and (c) thereby to attain maximum economy and efficiency in the planning and construction of local, State, and Federal public works, the Administrator of General Services is hereby authorized, during the period of 2 years immediately following the date upon which this act becomes effective, to make loans or advances, from funds appropriated for that purpose, to the States, their agencies, and political subdivisions (hereinafter referred to as "public agencies") to aid in financing the cost of architectural, engineering, and economic investigations and studies, surveys, designs, plans, working drawings, specifications, procedures, and other action preliminary to the construction of public works (exclusive of housing): *Provided*, That the making of loans or advances hereunder shall not in any way commit the Congress to appropriate funds to undertake the construction of any public works so planned.

SEC. 2. Funds appropriated for the making of loans or advances hereunder shall be allocated by the Administrator of General Services among the several States in the following proportion: 75 percent in the proportion which the population of each State bears to the total population of all the States, as shown by the latest available United States census, and 25 percent in accordance with the needs of the States as determined by the said Administrator: *Provided*, That the allotments to any State shall aggregate not less than one-half of 1 percent of the total funds available for allotment hereunder.

SEC. 3. No loan or advance shall be made hereunder with respect to any individual project unless it conforms to an over-all State, local, or regional plan approved by a competent State, local, or regional authority.

SEC. 4. Loans or advances under this act to any public agency shall be repaid without interest by such agency if and when the construction of the public works is undertaken or started. If the construction of the public works is not undertaken or started within 3 years after the full amount of the loan or advance therefor has been made and the Administrator of General Services shall determine (which determination shall be conclusive), after due notice and hearing, that the public agency has not acted in good faith either in obtaining the loan or advance or in failing to undertake or start the construction of such public works, the Administrator shall demand prompt payment of such loan or advance. In the event the loan or advance shall not have been repaid within said 3-year period, such public agency shall not be eligible to apply for loans or advances on any other public works. All sums so repaid shall be covered into the Treasury as miscellaneous receipts.

SEC. 5. The Administrator of General Services is authorized to prescribe rules and regulations to carry out the purposes of this act.

SEC. 6. The Administrator of General Services shall submit quarterly to the Congress a report of his administration of the act, including all expenditures and repayments made thereunder. Such reports shall, when submitted, be printed as public documents.

SEC. 7. There are hereby authorized to be appropriated such amounts, not to exceed a total of $100,000,000, as may be necessary to effectuate the purposes of this act. Amounts so appropriated shall remain available until expended.

SEC. 8. As used in this act, the term "State" shall include the District of Columbia, Alaska, Hawaii, and Puerto Rico.

The SPEAKER. Is a second demanded?

Mr. DONDERO. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, public works are normal functions of government. Federal public works for normal construction and planned Federal works, when required by the economic situation, have been provided by the Congress. The bill under consideration makes provision for the planning of State and other non-Federal public works. The method is to provide for loans to the non-Federal agencies to enable them to make plans for the construction of these works. The purpose is to encourage the State and local agencies to provide for a reserve of public works whenever the economic situation arises and secondly to enable the coordination and adaption of State public works to those of the Federal Government. The advances for plans are to be repaid when the works are started. Every safeguard has been adopted to protect the Federal Treasury and at the same time to promote this vastly important plan so essential if the occasion should arise. The loans are authorized for a period of 2 years. Hearings were held and published. They are available to the Members of the House. The bill was reported on the 26th of July. There was no opposition to the reporting of the bill by any person who appeared before the committee. A few members of our committee are opposed to it.

This bill will provide for $3,000,000,000 of public construction by the local agencies and States that now have surpluses to supplement the public works that are to be done by the Federal Government. The testimony shows it takes 2 years to prepare plans. The provisions of this bill have been tested. In the Reconversion Act of 1944 provisions were made for advance planning. Sixty-five million dollars were appropriated. The term for the appropriations expired on June 30, 1947. The provisions of that act were most satisfactory. Fortunately for the country the anticipated unemployment which was looked for following World War II, such as followed World War I, did not occur. But these plans are still on the shelf. They are available. The loans will be repaid when, in the future, work is begun.

About 6 months ago, when unemployment was rather widespread, the repayments were stepped up. The repayments are to be made whenever the work is started. At the time this bill was reported $15,000,000 had been repaid. Since the bill was reported $2,600,000 have been repaid. It is estimated that 90 to 95 percent of every dollar loaned by the Federal Government under the former bill will be repaid. There are objections. What are those objections? In my judgment, they are unsound. It is said, first, that nobody appeared before our committee and asked for the bill. The answer is that the Congress of the United States made provision for just such appearances. The President of the United States, under the Employment Act, submits semiannual messages. He speaks for the country. In the semiannual message in July 1949 the President of the United States recommended advance planning.

Secondly, when the act expired on June 30, 1947, there were 2,300 applications pending, as shown by the hearings, and the amount of the loans aggregated $33,000,000. This is a complete answer. The Congress had made provision and directed the President to advise us about unemployment; and in order to provide for the situation if an emergency should arise, the President submitted his recommendation for planning to the Congress. The Public Works Committee overwhelmingly reported the bill. It is said that now private employment is increasing; that there is not as much unemployment as there was a few months ago. That is true generally, but the record shows that in the construction industry unemployment is still increasing.

I opposed this bill last year. We had not used the money that was provided in 1947 and constructed the planned works. There was full employment. But when it appeared this year that we had unemployment, I favored reporting this bill and following the recommendations of the President I asked those who opposed this bill what their plan or program was: "Do you advocate nothing? Do you want to stand by and do nothing, as was done in 1930 and 1932, so that an emergency may arise without any plans?"

I tell you that, in my judgment, this bill is constructive. The situation is different now from what it was in the last Congress. I further tell you that the provisions of this bill have been safeguarded in every way so that money that is appropriated will be utilized.

It is estimated by the General Services Administration that 95 percent of these loans advanced to the States will be repaid. The States cannot make their plans until they issue bonds. It is necessary in order to enable the States to make plans that these advances be made and that provision be made so as to safeguard repayment.

The amendments provide first that there shall be a screening; that if any agency has gotten a loan in bad faith in 3 years it shall be repaid, and that after 3 years, if any agency has gotten a loan, no other loan will be permitted to that agency until it has repaid the other.

I say this as a constructive bill. It was passed by the Senate, a few days ago, unanimously. It was introduced in the Senate by 10 Senators and in the House by a number of Members.

This committee, after full consideration, and with no other program to provide for the enormous State and local works that have been unable to be constructed following World War II and during World War II, because of the scarcity of labor and materials, approved this bill. This bill should be passed in order that the unemployment may be met when it arises. I trust that the bill will be promptly passed.

Mr. Speaker, at the risk of repeating, I extend to say this is an authorization bill to provide for the advance planning of non-Federal public works.

The House Public Works Committee, after careful consideration and after full hearings, which have been published and are available to Congress and the country, reported the bill on July 26, 1949. The report of the committee analyzes the bill and contains the reasons for its passage.

President Truman, in transmitting the midyear economic report of the Council of Economic Advisers, which is also available to Congress, recommends the passage of advance planning for public works.

Title V of the War Mobilization and Reconversion Act of 1944, which expired on June 30, 1947, was substantially the same authorization. According to the hearings, the results were most beneficial.

OBJECTIONS

A few members of the House Committee on Public Works opposed the bill. Some opposed it because they saw no need for the legislation. Others opposed it because they alleged there was no request for it. These are the two principal grounds of the opposition. The complete answer is that applications for loans aggregating some $32,000,000 for planning were pending when the Reconversion and Mobilization Act expired on June 30, 1947.

Again it is maintained that the works that were planned under the previous authorization and appropriations have not all been started or completed. Personally I think this is fortunate for the country. At the time of the Reconversion Act Congress was undertaking to provide against unemployment. We had in mind the widespread unemployment following the First World War. Congress was endeavoring to be constructive and to provide in advance. However, the widespread unemployment did not obtain. The costs of labor were high, costs of material were high. The public agencies are to be commended for planning on not beginning construction until more employees were available. What better plan have the opponents to propose?

THE PURPOSE

The purpose of the legislation, as disclosed by the report of the committee, is to encourage non-Federal public agencies to make plans in advance so that needed public works may be done when materials and labor are available. It takes substantially 2 years to prepare plans. I emphasize that the public works are to be done by non-Federal agencies. Most of the States have surpluses. The Federal Government is faced with deficits. The States and other non-Federal agencies should do public construction when unemployment is general and, while there is always need for normal construction, there is need for more construction to provide for unemployment.

PROPOSED AUTHORIZATION

Under the previous authorization approximately $61,000,000 was advanced or loaned to the public agencies. It provided for approximately $2,000,000,000 worth of works. Construction has begun. The loans are being repaid. Some of the

plans are not yet completed. At the time the report was submitted 23 percent, or approximately $15,000,000, had been repaid, but in the past few months, as unemployment increased, the repayments have been stepped up. At present the repayments aggregate $17,600,000 or 28.6 percent of the amounts advanced.

PENDING AUTHORIZATIONS

The previous authorization had no limit. It did expire on June 30, 1947. The pending authorization has a limit of $100,000,000. The loans or advances must be made within 2 years from the date of this act.

THE BILL

The purpose of the bill is to encourage the States and other non-Federal agencies to maintain a continuing and adequate reserve of fully planned public works—exclusive of housing—if and when the economic situation makes such action desirable. It will enable the United States to adapt its program of Federal works so that the maximum efficiency and economy may obtain. More work and hastily planned works are to be avoided. The public interest will be promoted by careful and advance planning.

LOANS AND ADVANCES

The funds appropriated under the bill will be largely repaid. I emphasize that they are loans and not grants. The hearings disclosed that 90 percent of the loans made under the previous authorization will be repaid. The Federal Government is interested in employment and in promoting employment in periods of unemployment. The Government can, therefore, wisely advance funds to enable public agencies to plan. The Government can afford to waive the matter of interest as it did in the previous act, not only to prevent discrimination between loans under that act and the pending bill, but in order to discharge the Federal obligation to promote employment throughout the country.

INTEREST

Some suggested that the advances bear interest. As I have indicated the Federal Government can well afford to make the advances without interest to provide for needed employment; but there is another and probably more potent reason why interest should not be charged. On the previous advances no interest was charged. It would be a discrimination if interest were charged in the pending bill. The present session has removed discrimination in the last appropriation at $12,500,000 under the previous act.

SAFEGUARDS

The bill does not provide for grants. It does not provide for Federal construction. It contemplates the repayment of all amounts appropriated except for administration. I emphasize that it provides for loans. Jess Larson, the Administrator of the General Services Administration, and his staff point out that every application would be carefully screened, that no loans or advances will be made unless there is reasonable evidence that there would be construction.

The hearings disclosed that under the previous act and the previous loans $5,000,000 had been repaid by public agencies after they had obtained commitments when the public agencies decided not to construct. The committee investigated not only the matter of interest but every other safeguard that could reasonably be provided to insure the repayment of the loans. It was suggested that the bill should provide that the loans would be repaid at all events within a specified period. It will be kept in mind that the bill provides that the loans are to be repaid when the works are begun. The committee gave careful consideration to a provision in the bill that would have required the public agencies definitely to repay. The committee was advised that under the laws of substantially all of the States, municipalities could not incur indebtedness for public construction because they were limited to expenditures for operations except by bond issues. Payments for plans could only be made by using bond issues for plans and construction. There would be delay in the making of plans. Voters want to know what the plans are before bonds are voted. The program with a definite requirement of reimbursement whether the works were constructed or not would have really prevented the operation of the bill. However the committee went just as far as it could to safeguard the return of the payments and I have included in the motion to suspend the rule and pass the bill an amendment that if the construction of the public works is not undertaken or started within 3 years, then the Administrator of General Services may conduct a hearing and, if it appeared that the loan was not obtained in good faith, he could demand the repayment of the loan immediately. The amendment further provides that if any loan is not repaid within 3 years no other loans for any other purpose by the same public agencies can be considered. Again to promote efficient administration, the amendment provides that quarterly reports should be submitted by the Administrator of General Services Administration and published.

I repeat to emphasize that the bill specifically provides that there is no commitment by Congress in any way to appropriate funds to undertake the construction of the works planned.

The Senate passed a similar bill in the Eightieth Congress. There was no unemployment then. It was intended to provide for plans against unemployment. The Senate a few days ago passed by voice vote and without opposition almost the identical bill that we have under consideration. We are approaching the end of the session. There may not be another suspension day. The House cannot do less than the Senate and I trust that the bill will be promptly and overwhelmingly passed.

Mr. Speaker, I reserve the remainder of my time.

Mr. DONDERO. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I am opposed to this legislation. It is not new legislation. Heretofore we have appropriated $65,000,000 for the same purpose. This bill contains a philosophy that I do not believe in sound; nor do I believe that it is American: It goes on the premise that the American people have lost their initiative, their pride, their interest, their self-reliance, and their public spirit in their own community. Why is it that our people must look to Washington for everything? Can you think of a single subject that the American people are not invited and urged to come to Washington for a dip in the Federal Treasury? We have a Treasury that is empty, with $5,000,000,000 deficit staring us in the face. This means one of two things: Either to increase the national debt or increase the burden of taxes on the people.

Why is it necessary that a little town in your district or in my district has got to come to Washington to ask for money to pay for plans to build a schoolhouse, or a waterworks, or a sewer system? If they cannot pay for the planning of the work how are they going to pay for the work itself? But that is the philosophy of this bill; it is paternalistic government, urging the people back home to come to their Nation's capital for enough money to pay for plans to build the things they need at home and for which they should pay themselves.

Just recently a city in a midwestern State, a prosperous city that could afford everything that it needed, had before it the proposition of building a schoolhouse. A member of the school board asked: "Why should we raise any money at home when we can get it in Washington for nothing?" And they are waiting to see whether this bill passes in order that they may get something for nothing.

Mr. Speaker, there is no such thing on this earth as "free lunch"; and that is what this bill provides. When is it going to stop? Unless public opinion stops the modern trend, which leads people to believe that if it comes from Washington it costs nothing, economic collapse will be the unhappy fate of our Nation. We have a national income of $220,000,000,000 and still we are saying to the people in the States: "Why, you must come to Washington and get something for nothing."

Under previous legislation passed in 1945, $65,000,000 was provided. Since that time how much do ycu think has been paid back? About $18,000,000 out of $62,000,000. What is the answer? The answer is that more than 71 percent of the loans or advances made have been used for plans that have been put on the shelf gathering dust. The law does not provide and this bill does not provide for repayment of the money. In the committee I suggested that these loans or advances should bear interest. It was rejected. I asked that a provision be included in this bill whereby if a community borrowed the money but did not build the facility it should return the money. That provision is not in this bill.

We are almost penalizing the thrifty. We are making the communities which get the money under this bill and build the facility pay back what they borrow; but any community that does not build the facility does not have to repay the money. The record shows that out of the $62,000,000 advanced for this purpose,

71 percent or $44,000,000 is still outstanding. Uncle Sam pays the bill. Something for nothing.

This type of legislation was introduced in the Eightieth Congress. No hearings were held, but I remember that the chairman was immediately flooded with many letters from architects and engineers—and I do not criticize them for asking for that work; that is human nature—but it showed who was interested in the legislation. Nobody appeared before our committee from any community or political subdivision in the Nation asking for this legislation. Only the agency that was going to administer the bill appeared.

The SPEAKER. The gentleman from Michigan has consumed 5 minutes.

Mr. DONDERO. Mr. Speaker, I yield myself two additional minutes.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. CASE of South Dakota. What would the gentleman say was the meaning of this language: "That no loan or advance shall be made unless it is approved by a competent regional authority"?

Mr. DONDERO. I do not know that I can answer the gentleman's question. I suppose the loan is to be passed upon by the agency administering this bill. The people should determine those matters rather than have them determined at Washington.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. WHITTINGTON. With respect to that question, it is fair to say that the evidence before our committee showed that the local agencies would benefit by construction in other parts of the country, and that the Federal Works Agency here in Washington was receiving the benefit of construction experience.

Mr. DONDERO. This whole bill rests upon the philosophy that the initiative and self-reliance of the American people has been lost; that they do not have pride enough in their own communities to do the things that should be done at the local level.

Mr. REES. Mr. Speaker, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Kansas.

Mr. REES. Do I understand that under this proposal the sponsors will not be required to pay the money back after they have used the services and borrowed the money?

Mr. DONDERO. If they build the facility, they are required to pay it back, but there is no interest.

Mr. REES. Otherwise it is lost?

Mr. DONDERO. That is correct. Under previous legislation 71 percent has not been paid back, or over $40,000,000 out of $62,000,000.

Mr. HALE. Mr. Speaker, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Maine.

Mr. HALE. Would not the effect of this legislation be to stimulate extravagant and irresponsible spending on the part of State, local, and regional authorities?

Mr. DONDERO. There is no question that would be true.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. DONDERO. Mr. Speaker, I yield myself one additional minute.

The testimony before our committee was to the effect that in a number of cases the people themselves voted down the bond issues rather than go through with the plans that were prepared with the money received from the Federal Government. The Rules Committee did not grant a rule on this bill and that is why it is being called up here under suspension.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Georgia.

Mr. COX. The gentleman refers to the Rules Committee. It is for that reason I ask him to yield. I regret that the author of the bill has found it necessary to call this up under suspension of the rules in order to get consideration. The Rules Committee did decline to grant a rule which the gentleman applied for a number of times. When objections were raised the author of the bill, the gentleman from Mississippi [Mr. WHITTINGTON] came in with two proposed amendments. Considering those amendments in light of the objections that had formerly been raised, the committee concluded they did not meet the objections that had been advanced.

I favor the granting of a rule in order that we might have orderly consideration of the bill and in my opinion it is regrettable that it comes up this way because, in my judgment, it should not be considered under suspension of the rules.

Mr. DONDERO. I do not think this bill should be here at all, because there is no necessity for it.

The SPEAKER. The time of the gentleman from Michigan expired.

Mr. DONDERO. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. MCGREGOR].

Mr. MCGREGOR. Mr. Speaker I join with my distinguished colleague from the State of Michigan in his wish that we might have this legislation, H. R. 5739, before us for our consideration under an open rule. In this way we would have sufficient time to express our views and familiarize the membership with the full content of this bill.

However, I do disagree with the gentleman from Michigan [Mr. DONDERO] relative to the effect and content of this bill. I definitely am for it because, in my opinion, it is one piece of legislation that is badly needed and one piece of legislation in which local people will have a definite voice.

I noted the distinguished gentleman from Michigan stated that no one appeared before the committee in behalf of this legislation, except heads of bureas here in Washington. This might be true, but certainly the department heads here in Washington are not the only ones who favor this legislation. School boards, city councils, and other interested people of my district did not come to Washington to appear in behalf of this bill for two reasons. First, they probably could not afford to come over here and act as lobbyists and, second, they left it up to their Congressman to take care of their interest, and that is what I am trying to do.

I might say to the distinguished gentleman from Michigan that in his great State alone there are 341 applications before the Federal bureau asking for aid which could be granted under this legislation. This legislation is needed for a number of reasons. It will definitely give assistance for the preparation of plans for projects that later on could be presented to the voters for their consideration. Many of our officials of cities, villages and school districts of our communities do not have the money to draw plans and they cannot ask the voters to vote for a bond issue on the project until plans for the project have been completed. This will allow them to present a clear and definite picture for their decision.

I might call to your attention that this money will be paid back to the Federal Government when the plans are accepted and the projects are started through a vote of the people. This legislation is simply giving aid to the communities where aid is definitely needed. I have listened to the argument that only approximately 28 percent of the previous program has been repaid; however, they did not tell you, Mr. Speaker, that many of the projects have not been started, as set forth and planned under the original program, because local school boards and local officials are delaying actual construction until construction costs are reduced. Our local officials should be praised for such a procedure instead of condemned.

May I call to your attention that the administration of this act will be under the control of the General Services Department, a department that has proved that it is sincere in its endeavors to have a businesslike administration and to save the taxpayers every dollar they can save. This certainly is not logrolling legislation, but it is legislation to correct an evil that existed during the last depression, namely, a program of employment that was not bringing in definite results.

If this bill becomes a law, then we will have the opportunity of drafting plans for a definite construction program that has merit and in the end will save many millions of dollars. This legislation will permit the development and maintenance of a reserve of fully planned non-Federal public works ready to be constructed as economic conditions warrant, and it will enable the local public bodies to finance the construction of public works at lower costs.

We have been helping the nations of Europe and the people of Europe for many, many years and here is an opportunity for us to give some aid and assistance to our own people.

I certainly hope this rule will be adopted and this legislation passed by an overwhelming vote.

Mr. DONDERO. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Speaker, this bill comes before the House under most peculiar circumstances. Reference was made a few moments ago to the fact that the Rules Committee had given it consideration. It is true that the Rules Committee did give it consideration several days ago, and in conference with the chairman of the standing committee is was agreed that before we would grant a rule a proposed amendment would be submitted to us that in the judgment of some members of the committee would make it more acceptable to the House.

We did not receive copies of that proposed amendment until this morning. But, in the meantime and prior to our meeting this morning, we received notice from the whips, both Democratic and Republican, that this bill was going to be brought up under suspension of the rules. That is what happened. The Committee on Rules had no chance.

Now, let us look at the amendment which is proposed by the chairman of the standing committee. None of you have a copy of it. So far as I know, there is only one copy, and I hold it in my hand, the chairman of the standing committee having been courteous enough to let me have it.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. In all fairness, a copy has been furnished to the members of our committee and to all other Members who requested it, and it was furnished to the members as soon as it was adopted last week. And, furthermore, if the gentleman will permit me, pardon me for saying that this amendment, in substance, was submitted promptly 5 days ago—on September 28—to the chairman of the Committee on Rules, and 3 days ago I submitted the second amendment to the chairman of the Rules Committee.

Mr. WADSWORTH. I can merely say that the Committee on Rules never saw this amendment until this morning.

Mr. WHITTINGTON. The gentleman said I had not submitted it.

Mr. WADSWORTH. Very well.

As I understand, the purpose of this legislation is to assist the States and municipalities to make plans for the construction of State public works and municipal public works of one kind or another; that those plans are to be placed upon the shelf to await a possible depression, and that if we are overtaken with an economic depression then those plans will be ready, and the States and the municipalities can go to work promptly with construction.

Now, what does this amendment do? Let me read it to you, if I may have your attention, because this is important. In my judgment it is completely contradictory to the whole theory of this bill and inconsistent with it.

Loans or advances under this act to any public agency shall be repaid without interest—

Of course, the Government will pay the interest; it will have to borrow the money; we are in debt now—

by such agency if and when the construction of the public works is undertaken or started. If the construction of the public works is not undertaken or started within 3 years after the full amount of the loan or advance therefor has been made and the Administrator of General Services shall determine (which determination shall be conclusive), after due notice and hearing, that the public agency has not acted in good faith either in obtaining the loan or advance or in failing to undertake or start the construction of such public works, the Administrator shall demand prompt payment of such loan or advance.

In other words, whether we have a depression or not, within 3 years they have got to start to build. Am I right in that conclusion? This is not depression protection. This is to compel these people to go on and build even though the country might be at the height of prosperity. It is completely inconsistent with the alleged purposes of this bill.

In the event the loan or advance shall not have been repaid within said 3-year period, such public agency shall not be eligible to apply for loans or advances on any other public works.

All sums so repaid—

Of course, none will be repaid—

shall be covered into the Treasury as miscellaneous receipts.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from California.

Mr. McDONOUGH. The gentleman did not emphasize the last paragraph he read, which is a precautionary measure against the possibility of not building and the necessity of repaying in the event it is not built.

Mr. WADSWORTH. There is a 3-year limitation here. If they do not start building in 3 years they are held up.

Mr. WHITTINGTON. Mr. Speaker, I yield myself 1 minute to say in all kindness that the gentleman from New York [Mr. WADSWORTH] wholly misinterprets the amendment to the bill. It does not require that these works be started in 3 years, it gives applicants 3 years to start their works. If the Administrator finds out that some agency got the loan for the purpose of giving an architect a job, not in good faith, then the Administrator must make a demand for the repayment of the loan within 3 years; but if they still believe the agency got it in good faith and is going to do the work, it can go ahead after 3 years. It provides that if within 3 years no work is started they cannot ask for another loan. We put that provision in there because it was suggested by the Rules Committee that we ought to have some kind of prohibition against applicants getting more than one loan when they were not doing construction.

Secondly, the former law does not provide for interest. If we provided for interest it would be a discrimination.

Thirdly, I have stated that the General Services Administration informed us that it would absolutely defeat the purpose of the bill if we put in the bill a definite requirement that they had to pay it back, because it would be a debt, and that debt could not be paid except by the issuance of a bond or a special tax levy.

I repeat my challenge; it is easy to criticize, but no member of our committee or of any other committee of the House has suggested a constructive substitute, unless it absolutely defeated the purpose of the pending bill.

I repeat that at the request of the Rules Committee to amend the bill to provide definitely for repaying the loans without any contingencies, I wrote to the chairman of the Rules Committee, immediately after appearing before the committee on last Wednesday, September 28, and again on Thursday, the 29th, and submitted to him the amendments to safeguard the repayments and to provide for quarterly reports.

I advised the chairman of the committee by letter that the General Services Administration informed me that a definite promise to repay in all events was a debt, and that it would defeat the purpose of the bill, inasmuch as municipalities are without authority to incur debts for plans unless the municipalities issued bonds or levied a special tax. Experience, according to the hearings, shows that the plans, where there is a bond issue, cannot be prepared until there has been an election in favor of the bonds. The loan by the Federal Government would enable plans to be made so that voters would know just what construction they are voting for. The General Services Administration advised that it would create a debt if an amendment provided for an unconditional repayment. The Federal Government has an interest in public works to relieve unemployment. The hearings show that while about 28.6 percent of the loans under the previous act have been repaid, the plans are still on the shelf, available for future needs, and the testimony shows that at least 90 percent will be repaid. The testimony further shows that many States had pending, at the time the act expired, applications for loans or advances. In the amendments I transmitted to the chairman of the Rules Committee last week, 5 years was mentioned. Subsequently, I submitted to the Committee on Public Works and the General Services Administration the amendment. Both the Committee on Public Works and the General Services Administration advised that the 3-year limit would be satisfactory.

I repeat that the gentleman from New York [Mr. WADSWORTH] is in error. He has misinterpreted the amendment that I have offered to the pending bill. It was offered to do the very thing that he and others on the Rules Committee urged. Its purpose was to provide for collecting loans where the loan was not obtained in good faith; and to protect further and safeguard, the amendment stipulates that another application by the same public agency cannot be entertained unless the first loan is repaid within 3 years.

I repeat that while the loans under the former act, amounting to 65 or 70 percent of the total loans, have not been repaid, the obligation to repay obtains,

that the plans for works are available as contemplated, and that the principal reason they have not been repaid is that there has been full employment prior to 1949 and thus no occasion to step up the works to provide for additional employment.

Mr. Speaker, I yield 1 minute to the gentleman from Indiana [Mr. DENTON].

Mr. DENTON. Mr. Speaker, I rise in support of H. R. 5739, which the House of Representatives is considering today.

This bill calls for a program of advanced planning for public works and provides $100,000,000 which is to be loaned to State and local governments to begin blueprints of worth-while projects. The money is to be repaid to the Federal Government when the projects are undertaken. I would like to emphasize that this is a loan and that there is absolutely no obligation on the part of the Congress to appropriate money for these projects.

The program is to be administered by the General Services Administration and the money is to be allocated to the States, 75 percent in accordance with population and 25 percent in accordance with needs.

This legislation is similar to the War Mobilization and Reconversion Act of 1944 which appropriated $63,000,000 for blueprinting worth-while projects. This fund was exhausted in 1947 when the General Services Administration had on the shelf plans for about $2,500,000,000 worth of construction. State and local communities, however, have taken advantage of the projects planned under the program and today this shelf has shrunk to approximately $1,000,000,000.

I believe the legislation should be enacted for the following reasons:

First, as I said, the stock pile of plans for worth-while projects is becoming exhausted and should be replenished.

Second, we all have seen the danger signals that show we have reached, and passed, the peak of our wartime and postwar boom and there was, a couple of months ago, a definite trend toward a recession. We had nearly 4,000,000 persons unemployed, industrial production was down slightly, and profits had fallen somewhat. While developments in the past 2 months have changed this situation somewhat, I believe it is only good business to prepare a cushion to break the shock of a serious business decline, if and when it comes. We should prevent a depression at its inception—not when we are in the midst of one.

Third—and perhaps even more important—is the undeniable fact that during the past decade we have built up a $100,000,000,000 backlog of needed public improvements. During the war years both labor and material flowed into our war output. There has been virtually no construction of Federal buildings—not even post offices—in 10 years. As a matter of fact, the House Public Works Committee has been asked to consider more than 200 bills for post-office buildings alone this session.

Federal and independent surveys have showed that State and local communities have estimated their total national needs as follows:

Schools	$10,500,000,000
Public roads	60,000,000,000
Public buildings	5,000,000,000
Airports	3,500,000,000
Dock and warehouse facilities	2,500,000,000
Recreation facilities	2,000,000,000

These projects are genuinely needed. I want to emphasize again that this construction program is not to be started at once. It is enough work to last for a period of 10 or 15, perhaps even 20 years. But I do believe that the job of planning and blueprinting these projects should be started at once, so that they can be pulled from the shelf when they are needed.

There is still another great advantage to this legislation, and that is the cooperation and assistance the Federal Government can expect from the State and local governments. It always is difficult for local communities to obtain money to pay for blueprints and specifications of public works. These projects usually are financed by local bond issues. While this work of blueprinting the contemplated construction can be paid for on a contingent basis, it is not as satisfactory as a cash payment and I am confident that it would encourage many communities to go ahead with their plans if they could obtain the money from the Federal Government for the blueprints.

During my visits home, both labor and business groups spoke to me about the need for a public-works program. The mayor of my home town, Evansville, also suggested such legislation as is being considered today and assured me that the city would be more than willing to cooperate on any such plan. Gov. Henry F. Schricker has promised the full cooperation of the State of Indiana.

If we have millions of unemployed men in this country and, at the same time, many needed projects, I believe it is a waste and extravagance not to give jobs to those men and let them build the very things we need.

This bill has received the approval of the General Services Administration and the Bureau of the Budget. President Truman, in his state of the Union message, recommended the legislation. The President repeated this recommendation in his midyear economic report.

Mr. WHITTINGTON. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana [Mr. BOGGS], the author of one of the bills introduced on this subject.

Mr. BOGGS of Louisiana. Mr. Speaker, I appreciate the opportunity of speaking in behalf of H. R. 5739. I introduced on March 1 of this year the first bill on this subject; the present bill is substantially the same as my bill.

Mr. Speaker, unfortunately in the past we made the mistake, in my opinion, of failing to intelligently plan for needed public works. The net result has been that in many cases millions of dollars were wasted on ill-conceived projects. We all remember the so-called made-work of the depression years and we do not want any repetition of this waste of public funds and human reserves.

The legislation before us calls for very little expenditure by the Federal Government. The Government would make loans to cities and other political subdivisions for planning purposes. All of these grants to cities, States, and other groups would be repaid to the Government as soon as the projects got under way.

The bill in my opinion will stimulate advance planning of non-Federal public works by authorizing the General Services Administrator (formerly Federal Works) to make advances to the States or local divisions thereof for the purpose of preparing plans and specifications.

The bill is very similar to the title V of the War Mobilization and Reconversion Act of 1944 which expired on June 30, 1947. The advance planning program under that act was widely approved by States and local officials, and engineers, architects and contractors, economists, and the general public. Under it the Federal Works Administration advanced $56,000,000 to State and local governments which was sufficient to start in motion the blueprinting of public works at an estimated construction cost of $2,100,000,000, and presently over $300,000,000 worth of planned projects have been placed under construction. There remains about $1,700,000,000 of projects as reserves. This is a small figure, a pitifully small figure. The total value of new construction during 1948 was $17,700,000,000, of which $13,400,000,000 was private, and $4,000,000,000 public, and of the public portion, $2,700,000,000 was on the State and local side, and the balance of it, consisting principally of flood-control projects and construction for the armed forces.

The reserve shelf, under the Federal Works Administration advance planning program is only about two-thirds the amount of the local public construction expenditures for the year 1948 alone, and that was a year in which private construction was very substantial. If the volume of private construction declines sharply—and in the past it has frequently fallen—we would need $10,900,000,000 of public construction in the construction industry to implement employment, and our present reserves now on the shelf could not begin to take care of the demand, and therefore it is vital that we start again to build up an adequate reserve shelf of further city and local public works upon which construction can be started as quickly as conditions warrant. And the existence of such a store of plans will permit the continuation of our national economy at a high level, and the use of employment on public works without the expenditure of Federal funds.

These projects will not be made-work which has been hastily designed in order to cope with unemployment. They will be so designed that they will return to the people the maximum of worth-while capital improvement.

This type of program in my judgment, Mr. Speaker, provides for one of the best forms of economic insurance that could be devised. As all of the Members of this House realize, frequently the planning of

projects requires more time than the actual construction of the project if it is not properly planned and worked into the over-all program. In every city in the United States there is need for these advance planning programs in the development of the cities, year by year, and these communities have come to see the wisdom of employing these forms of municipal community planning in working out their streets and sewage program, their public buildings and other installations on an over-all program basis.

This legislation, which is not a new thing, has been used for several years very successfully, and in my opinion it is a sensible way to provide for public works without a great deal of cost to the Federal Government, and it is now definitely needed.

In addition to that, prior to this time many of the cities, States, and local governments have refrained from any public-works program because of inflation and because of the pressure on obtaining material and labor. Those pressures are now receding, the inflationary spiral seems to have run its course, and it seems to me to be the part of vision for us, who are Members of Congress, to plan for the future at this time.

Mr. WHITTINGTON. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. CHESNEY].

Mr. CHESNEY. Mr. Speaker, I am supporting the bill on advance planning of public works. I feel that the Federal Government should set aside a reserve shelf of needed blue prints for public works.

It has been the general custom in business to set aside a contingent fund for future expansion of plant equipment, sales, and general development of a business organization. It is known that private industry invests annually fifteen billions of dollars in plants and equipment. This bill, for the future security of the Nation, is only $100,000,000.

It is about time we incorporate some of the sound practices of our successful business organizations into the operation of our vast and complicated governmental institutions.

Grass roots opinion on the whole has a tendency not to support any advance planning program but when an emergency arises there is a complete reversal of opinion. This comes solely from people who did not support advance planning for their communities. An excellent example is in the areas where the closing down of plants has created unemployment and caught the local authorities unprepared to fill the gap with needed public works projects which in many cases have lain dormant because of general economic conditions in the country.

This bill specifically provides that all contemplated programs for projects will be thoroughly investigated and carefully scrutinized so that previous mistakes will not be repeated.

There are communities in every congressional district throughout the United States which, if it were not for the Readjustment Act of 1944, would never have had the opportunity to start public improvements in their locality. The aid provided by this act gave these communities the impetus and chance to make improvements.

This bill is not a solution to unemployment ills. It is only one of the means to take up the slack of spotty unemployment in areas of large population, primarily cities and towns where such public works projects as sewers, building of roads within the cities and towns, school improvements, and so forth, would take up the temporary lull of unemployment.

We must understand that the building of public works alone is not a solution to unemployment problems. It takes many factors to solve the deficiencies in the economic cycle of a community. The advance planning of public works is only a means of preparedness.

It is about time the many individuals who condemn the Federal Government for not preparing for the future look back into their own local communities. They will find that their own local communities have never made any provisions for curbing unemployment in time of real prosperity. If local municipalities would institute local improvement programs there would be no need for the Federal Government to provide primary help to encourage public works. But, as such is the case and many people are looking forward to the Federal Government for aid, it is unfortunate that we have to authorize moneys to communities for advance planning of public works.

If we are to go forward to build up and reconstruct the thousands of small communities throughout this vast Nation with new schools, hospitals, and other public buildings, then we must set aside a small part of our Government expenditures in order to have a sound Government.

In the last few years we have been very generous in helping foreign countries but when it comes to our own domestic problems we have encountered great opposition. There is a place for help in the reconstruction of foreign countries but there is a greater need to have our cities and towns up-to-date with the best equipment and facilities that this Nation can provide.

The American taxpayer will never condemn any Congress which promulgates a program for the planning of a future and prosperous America.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. CHESNEY. I yield.

Mr. WHITTINGTON. Is it not true that the General Services Administration advised our committee that of the $61,000,000 appropriated some years ago, from 90 to 95 percent would be reimbursable or be collected by the Government?

Mr. CHESNEY. The gentleman is correct.

Mr. WHITTINGTON. We have already collected 28.6 percent.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. DONDERO. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PICKETT].

Mr. PICKETT. Mr. Speaker, I am opposed to this bill. This bill is not necessary. The gentleman from Indiana [Mr. DENTON] a moment ago mentioned the fact that there is a $100,000,000,000 backlog of needed public works for construction by States and municipal subdivisions today. Somebody made that estimate. It comes from the General Services Administration. Their testimony was to that effect during the course of the hearings. They had some information upon which to base that estimate. Therefore, there must have been some sort of planning to use as a basis for that estimate.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. PICKETT. I yield.

Mr. WHITTINGTON. In all fairness, would it not be a correct answer to the question that the gentleman raises to state that they said one hundred billion was needed for State and Federal works, but it had not been authorized and provision had been made for only a small percent of the one hundred billions of works needed?

Mr. PICKETT. I understand that, Mr. Speaker. I think the gentleman and I are in complete accord on that. They are not asking at this time for the Federal Government to provide funds. If the States have the need for these public works, then they are expected, under this program, to provide their own money for it.

Mr. Speaker, I feel I owe some responsibility to the Federal Treasury, which is now more than $250,000,000,000 in the red and to the Federal taxpayers. I do not feel this program is needed or necessary under the circumstances. The program, which was initiated in 1944 and which expired in 1947 and by which there was some $65,000,000 appropriated, of which $61,700,000 was advanced, resulted in planning a backlog of public works for the States and municipal subdivisions estimated to cost $2,300,000,000. As a result of the initiation of construction of some of these public-works programs, that $2,300,000,000 backlog has been reduced by $400,000,000 since the expiration of the authorization date of June 30, 1947.

That leaves projects estimated to cost $1,900,000,000 of municipal and other State subdivision funds not yet initiated. Therefore we have a backlog of needed construction already planned. It may be called small by some persons, but it is a substantial amount to me.

There are hundreds of towns in this country today which are planning their own public works. There is a little city of Corsicana, Tex., not 60 miles from where I live, with approximately 25,000 population. They have used $2,500 of their own money to hire some engineers to come down and plan some municipal utility extensions. This happened not long ago. There are hundreds of towns in this country doing that. They will continue to do so unless we offer them some sort of hand-out in the form of this type of legislation. There is not a State or subdivision of a State in the Nation that is not in a better position fiscally than the Federal Government.

The average loan in the original program was $8,000. I offered an amendment to this bill in committee which required the repayment of the sums ad-

vanced under this program with interest at the rate of 2 percent. I know of no reason why that could not be done. Any town that can afford to construct public works can afford to pay 2 percent interest on this loan. That would amount to $160 per year, if it were an $8,000 loan.

There is not any reason why a provision should not be written into this bill requiring repayment with interest on a fixed time basis.

Under this $100,000,000 program, 3 percent of it will go for administration. That leaves $97,000,000 to lend. The Federal Treasury is paying interest on the money that is to be loaned to these various cities and towns, at approximately 2 percent. What you will have is $102,000,000 of indebtedness with $97,000,000 of planning money, a loss of $5,000,000.

Another factor that should be considered in passing this legislation is that its very nature invites municipal subdivisions and States to come to Washington and ask for the money to construct the project that you are loaning funds to plan for.

The only guaranty of repayment of the money loaned in this bill is the provision that it shall be repaid when construction of the planned project is commenced. If construction is never begun, the money will never be repaid, unless the Administrator finds at the end of 3 years the applicant did not act in good faith. That vests in one man too large a discretion, since his findings are the final word. The record made under the old program, which expired in June 1947, indicates more than 70 percent of the money then loaned, over $40,000,000, has not yet been repaid. The plans drawn are still in cold storage, and the work done is a loss to everybody to date.

In my judgment the present backlog is sufficient to operate on, if it should be needed, until further plans can be provided in event of a recession.

I hope a majority of you will agree with me that a more strict requirement for repayment with interest should be written in the bill and vote against this bill.

The SPEAKER. The time of the gentleman from Texas [Mr. PICKETT] has expired.

Mr. WHITTINGTON. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. MCDONOUGH].

Mr. McDONOUGH. Mr. Speaker, as a member of the House Public Works Committee which reports this bill I sat in on all the hearings on this bill. I questioned the Administrator, Mr. Jess Larsen, of the General Service Administration, at length about the investigation that his office would conduct before he would approve the plans of any project by any city, county, or State under the terms of this bill. He told me that they make a very exhaustive investigation with the city council, the mayors, and other officials, and they are certain before they approve any project or plans that it is needed and that it will be built as soon as the funds can be budgeted.

The gentleman from Texas [Mr. PICKETT] my colleague on the Public Works Committee made the same argument that I made in the Public Works Committee. I think there should be a 2 percent rate of interest charged for any deferred plans, because I think there is a certain obligation on the part of the cities, counties, and States to assume some of the obligation of preparing the plans of projects that they later decide not to build, after the funds have been advanced and spent in good faith for the construction of some public-works project. But I notice in the compilation of these projects that are now deferred as the result of no further authorization of this legislation that there are 155 projects in the State of Texas, which represents $72,160,467 of deferred public-works projects that will be held up in Texas if this bill is not passed. I cannot understand his opposition to this bill.

That summary is in the hearings of this bill and, for the benefit of any Member of the House who wants to know how their State will participate look at the summary and see what your State will suffer if this bill is not passed.

I definitely favor this legislation, Mr. Speaker.

There are a total of 65 projects in California. The estimated cost of these projects is $19,584,498, which are deferred and will be held in suspense if this bill does not pass. This bill will provide funds for the preparation of plans for public works, such as, highways, bridges, airports, sewers, schools, hospitals, courthouses, city halls, fire stations, and other public buildings when applications are filed with the General Services Administrator.

I recall the very beneficial use that was made of such funds by Los Angeles County when I was a member of the Board of Supervisors of Los Angeles County before I became a Member of Congress from California.

I urge the House to vote favorably on this important bill.

The SPEAKER. The time of the gentleman from California [Mr. MCDONOUGH] has expired.

Mr. WHITTINGTON. Mr. Speaker, I yield 1 minute to the gentleman from Georgia [Mr. LANHAM].

Mr. LANHAM. Mr. Speaker, I am very much in favor of this legislation. I think it would be almost criminal negligence if we should let a depression slip upon us without having made preparation for the public works that must sustain our economy during such a period. As a matter of fact, it is the automobile industry and public building in America that has sustained us during this slight recession that we have had. No doubt this public building is the result of this planning program that has previously been in effect.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. WHITTINGTON. Is it not a fact that after having appeared before the Rules Committee I reported the amendments that I had submitted to the Rules Committee on the 27th or 28th of September to our committee? We investigated every possible avenue and we learned that to make a straight-out requirement of repayment of this loan for planning would defeat the purposes of the bill, because the municipalities of practically every State in the Union do not have the power to incur a debt for planning, and only have power to incur debts for operating expenses, without a bond issue. I included in the pending amendment 3 years instead of 5 at the request of the Committee on Public Works.

Mr. LANHAM. I am sure the gentleman is correct.

The SPEAKER. The time of the gentleman from Georgia [Mr. LANHAM] has expired.

Mr. WHITTINGTON. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. FORD].

Mr. FORD. Mr. Speaker, I favor the enactment of this legislation because it will provide a shelf of sound public-works projects which may in turn help us ease unemployment in time of depression. By having planned public-works projects in moth balls in local communities throughout the United States, good results will accrue instead of a reenactment of another WPA.

It should be emphasized that the Federal Government is only advancing funds, not giving them to the communities as grants. It is estimated that 90 to 95 percent of Federal funds will be repaid. Has the previous law been helpful? I say "Yes," and the best evidence is a communication dated July 25, 1949, from Robert Briggs, the vice president of the University of Michigan. Mr. Briggs states that the university had planning advances for six buildings. The Federal funds advanced for three of these buildings have already been repaid and the rest will be repaid when the other structures are erected.

Mr. Briggs states the best argument for the bill in his letter, and I quote:

> Planning funds not only make it possible to have many plans and specifications ready to fight depression but also make possible to plan new public works in an orderly manner. This results in a more efficient use of tax dollars. Under the old system, the appropriation of the planning and construction funds at one time resulted in buildings being designed hastily and sometimes inefficiently.

The above reasons seem sound, and consequently I advocate the passage of the bill.

Mr. WHITTINGTON. Mr. Speaker, I yield 1 minute to the gentleman from Oregon [Mr. ANGELL].

Mr. ANGELL. Mr. Speaker, as a member of the committee I sat in on all of the hearings. I am very much in favor of this legislation; as a matter of fact, practically all of the members of the committee both Republican and Democratic favor it; unfortunately, those of us on the Republican side who are in favor of it are not given time to discuss it.

The reason that this is good legislation is that it permits the Federal Government to help in a small way States and other non-Federal public agencies in the preparation of plans for local public-works projects that will be built by local money and which will save money

for the Federal Government in the long run.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield? Is it not true that the bill specifically states that there is no obligation on the part of the Federal Government to provide for construction?

Mr. ANGELL. Absolutely. It saves money for the Federal Treasury in that when sound public works become necessary the local governments will have the plans ready for construction of such projects. All the Federal Government does under the bill is to make a small advance for the preparation of plans, which advance will be repaid according to information before the committee perhaps to the extent of 95 percent of all the money advanced. In the long run the Federal Government will benefit from this policy as the projects will be constructed with local funds and not money from the Federal Treasury. So I am very much in favor of the legislation and I hope that all Members on both sides will vote for it.

Mr. WHITTINGTON. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Speaker, I am 100 percent in favor of this bill (H. R. 5739), to provide this money for these small communities throughout the Nation with plans for public works. All of us remember the last depression; we remember how we had to put people to work raking leaves and piling dirt here, and then piling it there, absolutely made work from the standpoint of giving them a chance to earn a little money to keep their families alive. We might just as well be prepared for any possible depression that might occur in the future; and the way to do it is to proceed in an orderly manner to have these towns and States prepare real public works that will have real value to the people of the State, and be ready so that when a depression comes such as came before, they will be in a position to do a job and get a 100-percent value out of their money.

Mr. WHITTINGTON. Mr. Speaker, I yield to the gentleman from Arkansas [Mr. TRIMBLE], one-half a minute.

Mr. TRIMBLE. Mr. Speaker, I am heartily in favor of this legislation. The people back home are paying the bills for our national defense. It seems tragic that we quibble over authorizing a little money to permit them to plan something they need back home since they are paying the bills. I hope the bill passes unanimously.

Mr. WHITTINGTON. Mr. Speaker, I yield one-half minute to the gentleman from Colorado [Mr. MARSALIS].

Mr. MARSALIS. Mr. Speaker, I favor the enactment of this legislation as I feel it reflects a far-sighted and sensible approach to the policy of being prepared for any economic set-back that is now anticipated or which may yet be anticipated in the reasonably near future. This represents a continuation of the program instituted in 1945 which has proved its worth at this time. As soon as the slow-down in private building became acute, municipalities and States were prepared to and did go ahead with projects, the studies, surveys, designs, and plans for which had been previously made and were awaiting construction.

An advance planning program of this nature enables local public bodies to go forward with plans for future projects which they might not otherwise do. At those times they do not have the money available for the drawing of plans and designs, they are not in position to go before the taxpayer on a bond issue or in position to sell the bonds they might have issued unless such plans and drawings are available. This kind of program is also very helpful to the Federal Government for the reason that in event of a recession and there is a Federal public-works program, the same can be adapted to the particular public-works objective of the States and other municipal, Federal, or public agency, thereby obtaining the maximum economy and efficiency in the planning and construction of local, State, and Federal public-works projects.

Mr. WHITTINGTON. Mr. Speaker, I yield the remainder of my time to the gentleman from Massachusetts [Mr. MCCORMACK].

Mr. McCORMACK. Mr. Speaker, a careful legislator is one who looks to the future. This bill is aimed at any future situation that might develop. It is one of concern to all of us without regard to party affiliation.

We see here today one of the ablest and one of the soundest and one of the most highly respected Members of the House, the gentleman from Mississippi [Mr. WHITTINGTON], chairman of the standing committee, not only proposing this bill but fighting for its passage. Certainly the views of the gentleman from Mississippi [Mr. WHITTINGTON], one of the greatest legislators who has ever served in the Congress of the United States, are worthy of very careful consideration. There is no man we know who has a more profound knowledge of the interest of the country as a whole when it comes to matters of this kind or on rivers and harbors projects than does the distinguished gentleman from Mississippi [Mr. WHITTINGTON].

The gentleman from Michigan [Mr. DONDERO], says he is opposed to the philosophy of this bill. The gentleman is honest, and that is all right. He states his position clearly, and I thoroughly respect his views. He is opposed to any legislation of this type. I presume that also applies to my friend the gentleman from Texas [Mr. PICKETT]. I assume that also applies to my friend the gentleman from New York [Mr. WADSWORTH]. Those gentlemen I assume are opposed to the philosophy behind this bill, but those of us who are not opposed to the philosophy believe it is a sound bill. It is the philosophy of a sound legislator, the able gentleman from Mississippi [Mr. WHITTINGTON]. It anticipates the future in relation to unemployment.

The suggested amendments restrict the bill in a way that is not unfavorable. This bill is more restrictive than the law we passed 3 or 4 years ago. That law has operated with a great degree of success. It has been shown by experience that it is a wise investment. I agree that I would much prefer that the bill come up under the regular Rules of the House. I recognize the logic of that argument and I am not going to close my eyes to it.

Mr. Speaker, the leadership did everything possible to get this bill considered in the regular way, but this session is drawing to a close. It is either today or 2 weeks from today. I hope we will not be sitting here 2 weeks from today, although I cannot predict anything with complete confidence. However, I am hoping we will not be here. Therefore, this is the last day in the present session probably that we can take this bill up under suspension of the rules.

Mr. Speaker, I hope that those who believe in the philosophy behind the bill will vote to suspend the rules and pass the bill.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. DONDERO. Mr. Speaker, I yield the balance of the time on this side to myself.

Mr. Speaker, in all the debate we heard here this afternoon not one Member has taken the floor and said to the House and to the country that the States and the municipalities that would come under the provisions of this bill could not do the very things we are offering to pay for through the Federal Government.

There were 5,827 projects that reached the blueprint stage under previous legislation and out of that number only 1,540 have been paid back to the United States. That is strong evidence that a great many of these projects were prepared at the local level, then put in the pigeonhole where the dust has gathered on them since. We wonder whether it was ever intended to construct the facilities.

Mr. Speaker, I am afraid this is nothing more or less than an invitation to repeat that kind of performance and I think it ought to stop.

Mr. McCORMACK. Is it not true that the American Municipal Association supports this bill, and also the United States Chamber of Commerce?

Mr. DONDERO. When you come from the Federal Government with a proposition of something for nothing, of course that is the trend in the country today.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and on a division (demanded by Mr. DONDERO) there were—ayes 77, noes 37.

Mr. TABER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 211, nays 69, answered "present" 1, not voting 151, as follows:

[Roll No. 210]

YEAS—211

Abernethy	Battle	Boggs, La.
Addonizio	Beall	Bolling
Albert	Beckworth	Bolton, Md.
Allen, La.	Bennett, Fla.	Bosone
Andrews	Bennett, Mich.	Boykin
Angell	Bentsen	Breen
Aspinall	Blemiller	Brooks
Bates, Ky.	Bishop	Brown, Ga.

Bryson	Hope	Pace
Buckley, Ill.	Horan	Passman
Burke	Howell	Patman
Burton	Hull	Patten
Camp	Jackson, Calif.	Patterson
Cannon	Jackson, Wash.	Perkins
Carlyle	Jacobs	Peterson
Carnahan	Johnson	Philbin
Carroll	Jones, Ala.	Phillips, Tenn.
Chesney	Jones, Mo.	Polk
Christopher	Jones, N. C.	Potter
Colmer	Judd	Preston
Combs	Karst	Priest
Cooper	Karsten	Rabaut
Crook	Kearns	Rains
Cunningham	Kee	Ramsay
Davis, Ga.	Keefe	Rankin
Davis, Tenn.	Kerr	Rivers
Davis, Wis.	Kilday	Rodino
Dawson	King	Rogers, Fla.
DeGraffenried	Kirwan	Rooney
Delaney	Kruse	Sabath
Denton	Lanham	Sadowski
D'Ewart	Latham	Sasscer
Dolliver	LeCompte	Scott, Hardie
Doughton	LeFevre	Scudder
Doyle	Lemke	Secrest
Durham	Lesinski	Sheppard
Eberharter	Lind	Sims
Elliott	Linehan	Spence
Ellsworth	Lyle	Staggers
Evins	Lynch	Steed
Fallon	McCarthy	Stigler
Fenton	McCormack	Stockman
Fernandez	McCulloch	Sullivan
Forand	McDonough	Sutton
Ford	McGrath	Tackett
Frazier	McGregor	Talle
Fugate	McKinnon	Thomas, Tex.
Gathings	Madden	Thompson
Gordon	Magee	Thornberry
Gore	Mahon	Tollefson
Gorski, Ill.	Marsalis	Trimble
Gorski, N. Y.	Marshall	Velde
Granger	Meyer	Vinson
Grant	Michener	Wagner
Gross	Miles	Walsh
Hagen	Miller, Nebr.	Welch
Harden	Mills	Wheeler
Hardy	Mitchell	White, Idaho
Hare	Monroney	Whittington
Harris	Morris	Wickersham
Harrison	Moulder	Wier
Hart	Murdock	Williams
Havenner	Murray, Tenn.	Wilson, Ind.
Hays, Ark.	Murray, Wis.	Wilson, Okla.
Hedrick	Nixon	Winstead
Herlong	Noland	Withrow
Hinshaw	O'Brien, Ill.	Wolverton
Hobbs	O'Brien, Mich.	Wood
Hoeven	O'Konski	Zablocki
Holifield	O'Sullivan	
Holmes	O'Toole	

NAYS—69

Allen, Calif.	Dague	Norrell
Allen, Ill.	Dondero	O'Hara, Minn.
Andersen, H. Carl	Engel, Mich.	Pickett
	Fisher	Rees
Anderson, Calif.	Gavin	Regan
Andresen, August H.	Gillette	Rich
	Golden	Sanborn
Arends	Gossett	Scrivner
Auchincloss	Graham	Shafer
Bates, Mass.	Hale	Simpson, Ill.
Blackney	Halleck	Simpson, Pa.
Boggs, Del.	Herter	Smathers
Brown, Ohio	Heselton	Smith, Kans.
Burdick	Hill	Smith, Wis.
Burleson	Hoffman, Mich.	Stefan
Byrnes, Wis.	Jenkins	Taber
Case, S. Dak.	Jensen	Teague
Chiperfield	Kean	Vorys
Church	Lucas	Wadsworth
Clevenger	Mack, Wash.	Wigglesworth
Cole, Kans.	Macy	Wilson, Tex.
Cotton	Martin, Mass.	Wolcott
Crawford	Mason	Woodruff
Curtis	Nicholson	

ANSWERED "PRESENT"—1

Cox

NOT VOTING—151

Abbitt	Bramblett	Celler
Bailey	Brehm	Chatham
Barden	Buchanan	Chelf
Baring	Buckley, N. Y.	Chudoff
Barrett, Pa.	Bulwinkle	Clemente
Barrett, Wyo.	Burnside	Cole, N. Y.
Bland	Byrne, N. Y.	Cooley
Blatnik	Canfield	Corbett
Bolton, Ohio	Case, N. J.	Coudert
Bonner	Cavalcante	Crosser
Davenport	Jonas	Poage
Davies, N. Y.	Kearney	Poulson
Deane	Keating	Powell
Dingell	Kelley	Price
Dollinger	Kennedy	Quinn
Donohue	Keogh	Redden
Douglas	Kilburn	Reed, Ill.
Eaton	Klein	Reed, N. Y.
Elston	Kunkel	Rhodes
Engle, Calif.	Lane	Ribicoff
Feighan	Larcade	Richards
Fellows	Lichtenwalter	Riehlman
Flood	Lodge	Rogers, Mass.
Fogarty	Lovre	Roosevelt
Fulton	McConnell	Sadlak
Furcolo	McGuire	St. George
Gamble	McMillan, S. C.	Saylor
Garmatz	McMillen, Ill.	Scott, Hugh D., Jr.
Gary	McSweeney	Short
Gilmer	Mack, Ill.	Sikes
Goodwin	Mansfield	Smith, Ohio
Granahan	Marcantonio	Smith, Va.
Green	Martin, Iowa	Stanley
Gregory	Merrow	Tauriello
Gwinn	Miller, Calif.	Taylor
Hall, Edwin Arthur	Miller, Md.	Thomas, N. J.
	Morgan	Towe
Hall, Leonard W.	Morrison	Underwood
	Morton	Van Zandt
Hand	Multer	Vursell
Harvey	Murphy	Walter
Hays, Ohio	Nelson	Weichel
Hébert	Norblad	Werdel
Heffernan	Norton	Whitaker
Heller	O'Hara, Ill.	White, Calif.
Hoffman, Ill.	O'Neill	Whitten
Huber	Pfeifer, Joseph L.	Willis
Irving	Pfeiffer, William L.	Woodhouse
James		Worley
Javits	Phillips, Calif.	Yates
Jenison	Plumley	Young
Jennings		

So, two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Canfield and Mr. Lichtenwalter for, with Mr. Keating against.

Additional general pairs:

Mr. Young with Mr. Towe.
Mr. Gilmer with Mr. Hand.
Mr. Buchanan with Mr. Gwinn.
Mr. Mansfield with Mr. Eaton.
Mr. Price with Mr. Hugh D. Scott, Jr.
Mr. Huber with Mr. Van Zandt.
Mr. Kelley with Mr. Taylor.
Mr. Heller with Mr. Elston.
Mr. Keogh with Mr. Coudert.
Mr. Murphy with Mr. Case of New Jersey.
Mr. Klein with Mr. McConnell.
Mr. Multer with Mr. Miller of Maryland.
Mr. Green with Mr. Reed of New York.
Mr. Davenport with Mr. Riehlman.
Mr. Granahan with Mr. Weichel.
Mr. Gregory with Mr. Jonas.
Mr. Richards with Mr. Goodwin.
Mr. McMillan of South Carolina with Mr. Brehm.
Mr. Morrison with Mr. Kunkel.
Mr. Hays of Ohio with Mr. Plumley.
Mr. Sikes with Mr. Cole of New York.
Mr. Ribicoff with Mrs. Bolton of Ohio.
Mr. Stanley with Mr. Merrow.
Mr. Lane with Mr. William L. Pfeiffer.
Mr. Donohue with Mrs. St. George.
Mr. Powell with Mr. James.
Mr. Taureillo with Mr. Vursell.
Mr. Walter with Mr. Werdel.
Mr. Deane with Mr. Norblad.
Mr. Dollinger with Mr. Gamble.
Mrs. Douglas with Mr. Hoffman of Illinois.
Mr. Morgan with Mr. Martin of Iowa.
Mr. McGuire with Mrs. Rogers of Massachusetts.
Mr. McSweeney with Mr. Smith of Ohio.
Mr. Larcade with Mr. Bramblett.
Mr. Heffernan with Mr. Lovre.
Mr. Cooley with Mr. Kilburn.
Mr. Chudoff with Mr. Nelson.
Mr. Cavalcante with Mr. Short.
Mr. Bonner with Mr. Jenison.
Mr. Blatnik with Mr. Edwin Arthur Hall.
Mr. Hébert with Mr. Sadlak.
Mr. Gary with Mr. Reed of Illinois.
Mr. Garmatz with Mr. Poulson.
Mr. O'Neill with Mr. Phillips of California.
Mr. Whitaker with Mr. Morton.
Mr. Yates with Mr. Corbett.
Mr. Willis with Mr. Jennings.
Mr. Fogarty with Mr. Kearney.
Mr. Whitten with Mr. Fellows.
Mr. Feighan with Mr. Fulton.
Mr. Engle of California with Mr. Leonard W. Hall.
Mr. Roosevelt with Mr. Harvey.
Mr. Miller of California with Mr. Saylor.

The result of the vote was announced as above recorded.

A motion to reconsider and the bill H. R. 5739 were laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

TEMPORARY APPROPRIATIONS

Mr. CANNON. Mr. Speaker, I move to suspend the rules and pass House Joint Resolution 368, further amending an act making temporary appropriations for the fiscal year 1950, as amended, and for other purposes.

The Clerk read as follows:

Resolved, etc., That Public Law 154 (81st Cong.), making temporary appropriations for the fiscal year 1950, and for other purposes, as amended, is hereby further amended by striking out, in section (c) thereof "October 1, 1949" and inserting in lieu thereof "October 10, 1949."

The SPEAKER pro tempore. Is a second demanded?

Mr. TABER. Mr. Speaker, I demand a second.

Mr. CANNON. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON. Mr. Speaker, due to failure to pass the annual supply bills by the end of the fiscal year it was necessary to pass a continuing resolution on June 30 extending the operation of current appropriations to July 31. On July 31 the bills had not yet become law so it was necessary to pass a further continuing resolution extending the time until August 15. Subsequently it was necessary to pass a resolution extending the time to September 15, then to October 1, which was last Saturday.

Mr. Speaker, at this time four of the supply bills are still in conference, the civil functions, Department of the Interior, armed service, third deficiency, and a supplemental appropriation bill.

This is an unprecedented situation. Never before has the enactment of the supply bills been so delayed and never before in the history of the Congress has it been necessary to pass such a resolution for the fifth time. This is all the more surprising in view of the fact that the House made a historical record in

passing all of the supply bills prior to April 15. The delay has not been the fault of the House. However, we must accept the situation as it is; therefore, Mr. Speaker, we offer this continuing resolution extending the time for 10 days or until next Monday. We trust that within the 10 days we will be able to dispose of all of the annual appropriation bills for the current fiscal year.

Mr. WHITE of Idaho. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. The gentleman's resolution extends the time from today until next Monday. Does he think that we can get all of the appropriation bills passed by that tome?

Mr. CANNON. Mr. Speaker, in view of the past record I must concede that may look a little optimistic, but we believe we now have the bills in shape to be disposed of by next Monday; at least, that is our hope and our intention at this time.

Mr. WHITE of Idaho. I thank the gentleman for the information and for his courtesy.

Mr. TABER. Mr. Speaker, we have before us for a vote the fifth continuing resolution with regard to appropriations for the various departments and agencies.

There are presently in conference the appropriations for:

Civil functions of the War Department which passed the House on March 2 the Senate on May 20, and went to conference on June 1. It has only been in conference 4 months and 2 days.

Interior Department which passed the House on March 30, the Senate on August 25, and went to conference on September 20.

National Military Establishment which passed the House on April 13, the Senate on August 29, and went to conference on September 21.

Third deficiency which passed the House on June 24, the Senate on August 25, and went to conference September 21.

First supplemental which passed the House on August 19, the Senate on September 26, and went to conference on September 27.

The long delays that have taken place in the completion of the legislative action on these appropriation bills is something absolutely unprecedented. Whether it indicates that the Democratic leadership is filibustering against the completion of these bills, it is difficult to say. At the very least, it indicates, and is absolute proof, of the total constitutional incapacity of the Democratic Party to govern.

Proper attention to our duties and proper attention to the conferences should have resulted in the disposal of all of these bills long ago.

The total appropriations this year on the bills that have so far passed the House run, on the House figures, $36,191,-839,511, and on the Senate figures $37,-061,351,454.

A year ago, in the Eightieth Congress, $32,699,063,929 was appropriated indicating an increase in the appropriation for this year over last, on the lowest basis, of $3,492,225,582. Last year the appropriations were $2,750,000,000 below the budget. In the first session of the Eightieth Congress they were $3,650,000,-000 below the budget or a total reduction for the Eightieth Congress of $6,350,000,-000. This year the appropriations have been reduced from the President's request, in the House, $1,501,150,716 while contract authorizations have been substantially increased.

It has been my privilege to serve in Congress for 27 years. In all my experiences I have never seen such procrastination and such delays in the completion of the appropriation bills. Many a time I have thought that it did not look as if the Truman administration wanted to complete the bills. The departments and agencies of the Government are now proceeding before the Bureau of the Budget to get their 1951 appropriation estimates without knowing what their 1950 appropriations are going to be.

Perhaps as good a commentary on this disgraceful performance was made by Raymond Moley—probably the most influential of the preinauguration New Dealers with the late Mr. Roosevelt—in an article in the September 5 issue of Newsweek magazine, which I shall insert in the RECORD as part of my remarks. Mr. Moley begins his article with this paragraph:

President Truman was apparently looking far into the future when he said last year that the Eightieth Congress was the second worst in history. He was saving first place for the Eighty-first. And it is becoming quite clear that in 1950 we shall again hear an angry President asking for another Congress.

The article continues:

Presidents used to run on their legislative record. Mr. Truman apparently will run indefinitely on his lack of a legislative record. That is not to say that he intended in January to have a do-nothing Congress. But it is either great ineptness or deep deliberation that has moved the White House to pile more and more into the mill of a frustrated Congress and so add to the certainty that nothing will be done. Congress thus has become a mere political instrument of White House strategy, rather than an agent of representative government.

The record as it stands is without precedent.

Only three legislative measures of importance have been passed: The extension of rent control, the ECA extension, and the Housing Act. Two of these were extensions and commanded the support of both parties. The third was in part the creation of Republican Senators, including TAFT.

Each year Congress passes 10 appropriation bills which supply various departments, bureaus, and agencies with funds. The House finished passing those bills on June 9. Two months after the beginning of the new fiscal year the largest appropriation bill—carrying $15,000,000,000 for the military services—had not passed the Senate. The Interior Department bill is also unfinished business. It was passed by the House 5 months ago. The huge civil-functions bill was passed by the two Houses and went to conference on June 1. There it rests.

A special appropriations measure known as the third deficiency bill passed the House on June 24. It was not until last week, more than 2 months later, that it was finally acted upon by the Senate. To meet the emergencies caused by this unheard-of delay, an unprecedented series of stop-gap resolutions was passed. In anticipation of the midnight June 30 deadline, a continuing resolution was passed by both Houses. It permitted departments to continue to spend on the basis of old appropriations until July 31. When it was apparent that more time would be needed, another resolution was passed making an extension to August 15. Then another was passed, with September 15 as the terminal date. Last week the House passed still another resolution with the date October 1.

In all, almost half the money necessary to run the Government is yet to be appropriated.

This record justifies the conclusion that the Senate has been more dilatory than the House of Representatives. Democratic leadership in the House has been in abler and more experienced hands. The failure of the Senate to perform at the proper time what should have been purely routine functions is indefensible.

But above all else is the absence of almost any definitive and constructive legislation. In the face of this, it was almost ludicrous to hear Speaker SAM RAYBURN and Senator SCOTT LUCAS say soberly over radio that the record of this session of Congress would be constructive.

Everybody, of course, wants to go home. The leaders first mentioned a July adjournment. Then August. Then LUCAS said Labor Day. Finally he said Thanksgiving. At the moment, Members seem to be taking matters into their own hands. The House is going through the formality of 3-day recesses, but because of the great number of absentees there is a gentleman's agreement among the Members to transact no business whatsoever for the next month.

On October 7, 1948, the President said to the people of Elizabeth, N. J.: "The only way you can get the kind of government you need is * * * by voting the straight Democratic ticket. * * * Then you will get a Democratic Congress and I will get a Congress that will work with me."

The President has had a lot of fun about other people's predictions. But here is one of his own that didn't turn out so well.

We will probably have to pass this continuing resolution, but I wonder how many more we will be asked to vote on before the end of this session. If the military had run the war in Europe in the same inefficient manner which the Democratic leadership has run this Congress we would still be fighting the Battle of the Bulge.

Mr. Speaker, I ask unanimous consent to include in my remarks the article by Mr. Raymond Moley to which I have referred.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. The question is, Will the House suspend the rules and pass the joint resolution?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the joint resolution was passed.

A motion to reconsider was laid on the table.

CIVIL FUNCTIONS APPROPRIATION BILL, 1950

Mr. CANNON. Mr. Speaker, I offer a privileged motion.

The Clerk read as follows:

Mr. CANNON moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill H. R. 3734 be, and they are hereby,

instructed to insist on disagreement to the allocation of any funds for the proposed flood-control project on the Missouri River at Gavins Point.

Mr. CASE of South Dakota. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. CASE of South Dakota. Mr. Speaker, I make the point of order that the proposed motion of instruction would instruct the conferees in excess of the authority of the conferees.

The SPEAKER pro tempore. The Chair reads the motion offered by the gentleman from Missouri, as follows:

They are hereby instructed to insist on disagreement to the allocation of any funds for the proposed flood-control project on the Missouri River at Gavins Point.

The Chair feels that the matter is in conference and the point of order does not lie. For that reason, the Chair overrules the point of order.

Mr. CASE of South Dakota. Mr. Speaker, would the Chair indulge me for just a moment to state the situation?

The SPEAKER pro tempore. Of course, the Chair is always glad to indulge any Member of the House, particularly the distinguished gentleman from South Dakota.

Mr. CASE of South Dakota. I appreciate the kind reference of the Chair.

The situation is this, Mr. Speaker: In the civil functions appropriation bill as it passed the House of Representatives there was an over-all amount for flood control and flood-control planning. In the table of budget estimates which was early inserted in the RECORD by the gentleman from North Carolina [Mr. KERR], who was chairman of the committee which reported the bill in the House, under the head of "Planning" there was an item of $150,000 for planning for the Gavins Point Reservoir. The House approved it that way. When the bill went to the other body they there placed the Gavins Point Dam under the construction section, and included a footnote which stated:

This includes the $150,000 for planning for the Gavins Point Reservoir provided by the House.

The House could very well instruct its conferees to disagree to the proposal of the Senate for construction funds but, as I have informally heard the situation, there has been an objection on the part of the House conferees to agreeing to even the $150,000 for planning. If it is the interpretation that this instruction merely refers to the proposal for construction funds, of course no point of order would lie, but it seems to me that any interpretation which would deny even the planning funds for Gavins Point would be out of order in view of the fact that the action of both the House and Senate contemplated $150,000 for planning.

The SPEAKER pro tempore. The Chair has ruled on the basis that the matter is now in conference and is a matter within the province of the House to consider. The motion is in order at this time.

Mr. CASE of South Dakota. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state the parliamentary inquiry.

Mr. CASE of South Dakota. Does the Speaker hold that the instruction only goes to that portion of the Senate amendment which is in disagreement with the proposal of the House?

The SPEAKER pro tempore. Of course, the proposition with which the Chair is now confronted is this particular motion. The Chair holds that this motion is in order.

Mr. CASE of South Dakota. That is to disagree to the Senate amendment, or, rather, to the Senate addition to the House proposal?

The SPEAKER pro tempore. The motion has been read by the Clerk. It is that "Mr. CANNON moves that the managers on the part of the House at the conference of the disagreeing votes of the two Houses on the bill H. R. 3734 be, and they are hereby, instructed to insist on disagreement * * *." That is the only matter before the Chair at the moment. The ruling of the Chair is confined to this particular motion.

Mr. CASE of South Dakota. Mr. Speaker, the gentleman from South Dakota would be perfectly satisfied with a statement of the Chair that the instruction refers only to insisting on what is in actual disagreement.

Mr. STEFAN. Mr. Speaker, may the motion be read again, for the information of the House? A number of us do not quite understand it.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The Clerk again read the motion.

Mr. CASE of South Dakota. Mr. Speaker, that language does not conform exactly to the last statement of the Chair, as I understood it. The language just read by the Clerk was "to insist on the disagreement to the allocation of any funds for the proposed flood-control project on the Missouri River at Gavins Point.

I would like to call the attention of the Chair to the fact that as the bill passed the House it carried $150,000 for the flood-control project at Gavins Point in the nature of planning funds. There was no disagreement on that. That was in the bill as it passed the House. Consequently, I would then make the point of order that it is exceeding the power of the conferees to instruct them to disagree to the allocation of any funds whatsoever for Gavins Point because that amount for planning was in the bill as it passed the House and also in the bill as it passed the Senate.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. RANKIN. Mr. Speaker, the House included $150,000 for planning on this project. The Senate included that in its provision and agreed to it. They so stated in their report.

Therefore the House has no right to go back and strike out a provision for this planning, which has been approved by both Houses; and the conferees have no right to do it.

The SPEAKER pro tempore. The Chair has passed upon the preferential motion made by the gentleman from Missouri [Mr. CANNON]. Twenty days having elapsed, with the bill in conference, the motion is in order. The ruling of the Chair is confined to the pending motion. The Chair has overruled the point of order made by the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Speaker, I respectfully appeal from the decision of the Chair.

The SPEAKER pro tempore. The question is, Shall the decision of the Chair stand as the judgment of the House?

Mr. CASE of South Dakota. Mr. Speaker, may I be heard on the question?

The SPEAKER pro tempore. The gentleman from South Dakota [Mr. CASE] is recognized for 1 hour.

Mr. CASE of South Dakota. Mr. Speaker, this is certainly an unusual procedure.

CALL OF THE HOUSE

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count. [After counting.] A quorum is not present.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 211]

Abbitt	Flood	Magee
Arends	Fogarty	Mansfield
Bailey	Fulton	Marcantonio
Barden	Furcolo	Martin, Iowa
Baring	Gamble	Merrow
Barrett, Pa.	Garmatz	Miller, Md.
Bentsen	Gary	Monroney
Bland	Gilmer	Morgan
Blatnik	Goodwin	Morrison
Boggs, La.	Granahan	Morton
Bolton, Ohio	Green	Multer
Bonner	Gregory	Murphy
Boykin	Gwinn	Nelson
Bramblett	Hall,	Noland
Brehm	Edwin Arthur	Norblad
Buchanan	Hall,	Norton
Buckley, N. Y.	Leonard W.	O'Neill
Bulwinkle	Hand	Pfeifer,
Burnside	Harvey	Joseph L.
Byrne, N. Y.	Hays, Ohio	Pfeiffer,
Canfield	Hébert	William L.
Case, N. J.	Heffernan	Phillips, Calif.
Cavalcante	Heller	Poage
Celler	Herlong	Poulson
Chatham	Hoffman, Ill.	Powell
Chelf	Huber	Price
Chudoff	Irving	Quinn
Clemente	James	Redden
Cole, N. Y.	Javits	Reed, Ill.
Cooley	Jenison	Reed, N. Y.
Corbett	Jennings	Rhodes
Coudert	Jonas	Ribicoff
Cox	Kearney	Rich
Crosser	Keating	Richards
Davenport	Kelley	Riehlman
Davies, N. Y.	Kennedy	Rogers, Mass.
Dawson	Keogh	Roosevelt
Deane	Kilburn	Sadlak
Dingell	Kilday	St. George
Dollinger	Klein	Saylor
Donohue	Kunkel	Scott,
Douglas	Lane	Hugh D., Jr.
Doyle	Larcade	Scudder
Durham	Lodge	Shafer
Eaton	Lovre	Sheppard
Elston	McConnell	Short
Engle, Calif.	McGuire	Sikes
Fallon	McMillan, S. C	Smathers
Feighan	McMillen, Ill.	Smith, Ohio
Fellows	McSweeney	Smith, Va.
Fisher	Mack, Ill.	Staggers

Stanley	Vinson	Whitten
Taurielio	Vorys	Willis
Taylor	Wadsworth	Woodhouse
Thomas, N. J.	Walter	Worley
Towe	Weichel	Yates
Underwood	Whitaker	Young
Van Zandt	White, Calif.	

The SPEAKER pro tempore. On this roll call 263 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. BECKWORTH and Mr. VELDE asked and were given permission to extend their remarks in the RECORD.

Mr. DAVIS of Georgia asked and was given permission to extend his remarks in the RECORD and include a resolution.

VACATING SPECIAL ORDER

Mr. POTTER asked and was given permission to vacate the special order granted him for today.

CIVIL FUNCTIONS APPROPRIATION BILL, 1950

The SPEAKER pro tempore. Prior to the quorum call the matter pending before the House was an appeal by the gentleman from South Dakota [Mr. CASE] from a decision of the Chair on a point of order advanced by the gentleman from South Dakota [Mr. CASE].

The question is, Shall the decision of the Chair stand as the judgment of the House?

The gentleman from South Dakota [Mr. CASE] is recognized for 1 hour on his appeal.

Mr. CASE of South Dakota. Mr. Speaker, this is a very unusual situation. If it were not, I certainly would not inflict myself upon the House at this time of day. May I say that I did not make it nor did I request the quorum call, and I shall not use the full hour to which I may be entitled under the rule.

One must make these decisions at the instant the issue is raised if he is to protect his rights, and it seemed to me the issue should be raised here because the issue that is now raised does not concern me personally nor does it concern a particular project that is in question; it concerns the integrity of the proceedings of the House.

I shall not take the time of the House here this evening to debate the particular merits of the project that may be involved. I shall devote my remarks entirely to the question at issue which involves the integrity of the proceedings of the House because that is a question which concerns every single Member.

It is proposed by the gentleman from Missouri to make a privileged motion, to wit, a motion to instruct the conferees on the disagreeing votes of the House and Senate on the civil-functions bill, to this effect, "and they are hereby instructed to insist on disagreement to the allocation of any funds"—note it says "any funds"—"for the proposed flood-control project on the Missouri River at Gavins Point."

I made a point of order against the motion when it was first read. The Chair overruled the point of order and I was inclined to accept the ruling under the impression that it was a simple motion to instruct to insist upon an actual disagreement. But upon hearing the motion read by the Clerk the second time and examining the phraseology of the motion more closely I realized that it was an instruction to disagree to any funds for this particular project. I was forced, then, to appeal from the decision of the Chair. That is the situation as it now stands.

I appeal from the decision of the Chair because those are the simple facts, and I shall support my appeal with definite citations. Those are the simple facts.

When the House considered the appropriation bill for the civil functions it included $150,000 under the heading "Flood-control planning for the Gavins Point Reservoir." The Gavins Point Reservoir is one of the authorized projects on the Missouri River in the comprehensive flood-control plan, and it is listed under the heading of Nebraska in the reports and references dealing with it. Actually, the Missouri River at that particular point is the boundary line between the States of Nebraska and South Dakota. It happens that it does not even touch my district. Gavins Point Reservoir at that part of the Missouri River is the boundary line between the district represented by the gentleman from Nebraska [Mr. STEFAN] and my colleague the gentleman from South Dakota [Mr. LOVRE] who at this time is on a committee trip in the Far East. It is only because he is absent that I have injected myself into this question at this time.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. CASE of South Dakota. I yield to the gentleman for a question.

Mr. TABER. The fact is that on this question of appeal from the decision of the Chair, the question is not as to whether or not one favors Gavins Point, but whether one believes that the parliamentary ruling has been correct.

Mr. CASE of South Dakota. That is correct. The vote will not come upon a particular project. The vote comes on the question as to whether or not the decision of the Chair shall be sustained. Personally I believe that had all the facts been before the Chair or the Parliamentarian the ruling would have been otherwise, because I cannot conceive of a situation where the presiding officer of the House of Representatives would knowingly rule that the conferees could be instructed to disregard an item which was in the bill as it passed both the House and the Senate.

My point of order is raised against an instruction to conferees not to allocate any funds for a project when funds were approved for that project by both the House and Senate versions of the bill. My point is that it is exceeding the power of the conferees. That is why I felt, in justice, not to myself but to the integrity of the House, that I should challenge the decision of the Chair.

Mr. HOEVEN. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. HOEVEN. I hope the gentleman will cover the information found at page 260 of the House Rules and Manual of the Eighty-first Congress where we will find near the bottom of the page the following language:

> And instructions may not direct the managers to do that which they cannot otherwise do so as to affect a change in parts of a bill not in disagreement or change the text to which both Houses have agreed.

Mr. CASE of South Dakota. Yes. I thank the gentleman from Iowa. His citation is directly in point—that a motion to instruct may not instruct the conferees to change a matter which is not in disagreement between the two Houses.

I have here this little green volume entitled "Cannon's Rules of Procedure," edited by the gentleman from Missouri. I have found it very useful on many occasions. On page 128 I find the following precedent cited:

> Where one House has designated a figure and the other House has named no figure, the difference in conference is between the figure designated by the one House and zero indicated by the other House having failed to take action on the subject. However, if after all after the enacting clause has been stricken from the bill by amendment or if the section has been stricken from the bill, any figure is admissible.

And again—

> When a bill is sent to conference, matters in disagreement between the Houses, and only matters in disagreement between the Houses, are before the conferees, and so forth.

It goes on with various precedents which supports the proposition that where both Houses have designated a figure for a project or have agreed in their action, the conferees cannot be instructed to disregard what is in agreement.

When this bill was under consideration by the House of Representatives it was presented by the gentleman from North Carolina [Mr. KERR]. He moved that the House resolve itself into the Committee of the Whole House on the State of the Union, and he was in charge of the bill at the time it came before the House. Members of the House were entitled to trust his statements with respect to what was in the bill.

On page 3179 of the CONGRESSIONAL RECORD for March 24, 1949, we find that the gentleman from Missouri [Mr. SHORT] was interested in knowing whether a couple of items were in the bill, because the bill itself carries a total figure. He wanted to know whether that total figure covered certain items. He was asking about two projects. They were both planning projects—$8,000 in one instance, and $125,000 for Table Rock Dam. The gentleman from North Carolina [Mr. KERR] responded that if they were approved by the budget he thought they were in the bill. Then the gentleman from Missouri [Mr. SHORT] said:

> I would like to know whether or not they are. I do not find that in the bill, and I cannot find it in the report.
>
> Mr. KERR. The budget estimates are right in front of the gentleman from Michigan.

The gentleman from Michigan [Mr. RABAUT], also a member of the committee reporting the bill, then said:

If they are approved, they are in.

Mr. SHORT. So we will have to refer to the hearings?

Mr. RABAUT. There are two tables in the hearings on different pages.

And he then cited the tables by which the gentleman from Missouri [Mr. SHORT] was to know what projects were included and made up the appropriation carried in the bill.

I have here a copy of the hearings to which reference was made. I find under the heading of "Nebraska," in flood control planning: "Gavins Point Reservoir, Nebraska and South Dakota, $150,000."

Now, that was the presentation and designation of funds upon which the bill passed the House. As a matter of fact, there was another reference to planning money made by the gentleman from Michigan [Mr. RABAUT] at page 206 of the record, where he also referred to the planning references in the hearings and said that that was in the bill.

So that that was the situation when the item left the House and went to the other body. In the other body they proceeded with this project, as they did with some others, and took it out of the planning category and placed it in the construction category. I have before me a copy of the Senate report on the Army civil-functions bill for 1950, presented by Mr. MCKELLAR, from the Committee on Appropriations. On page 44 of that report, I find, under the heading "Flood-control construction—Nebraska":

Gavins Point Reservoir, Nebr. and S. Dak.

Then in the column giving the amount of the budget estimate a footnote, keyed 7. Then the footnote reads:

Estimate of $150,000 for planning appears in planning table.

Then under the heading "Amount allowed by the House as allocated by the Corps of Engineers," again footnote 7:

Estimate of $150,000 for planning appears in planning table.

Then under the heading "Amount recommended by Senate committee, $3,000,000," there appears a key to a footnote, No. 8, and No. 8 reads:

Includes $150,000 allowed by the House for planning.

In other words, the bill as it passed the House, on the statement of the gentleman from North Carolina [Mr. KERR], included the table set forth in the hearings, which included $150,000 for Gavins Point plans. The reference by the gentleman from Michigan [Mr. RABAUT] also referred to this table on planning as being incorporated in the bill.

That is what we were approving in the House. It goes to the other body. There they want to go a step further, and they say, "We will make it $3,000,000 under construction"; but they have it keyed with footnote No. 8: "Includes $150,000 allowed by the House for planning."

If this were a motion to disagree to the construction money proposed by the other body, I would not have raised the point of order, but it was my point of order that you cannot, under the facts prevailing, instruct the conferees to disagree to the allocation of any funds whatsoever. In other words, it is my contention that the House, by its action, approved $150,000 for planning. The Senate, by its action, included $150,000 allowed by the House for planning, and added to that additional money for construction. So it is my contention that the Chair was not correct, and I want to say that I think the Chair was not informed or aware of all these details, and the ruling might have been different. But to permit this ruling to stand without question will jeopardize the dollar amount that may involve your project next time.

If the conferees can be instructed not to allocate any funds whatsoever to a particular project when both bodies have approved of an allocation and in a definite amount as is indicated by all the specific references, then all integrity of the proceedings of the House and Senate hereafter on this particular matter can be questioned.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Mississippi.

Mr. RANKIN. I call attention to the fact also that in the Senate report, on page 54, under the title "Planning," there is this item: "Gavins Point Reservoir, South Dakota-Nebraska, $150,0000." In other words, the Senate approved, and in no uncertain terms, the planning funds of $150,000 that were provided by the House.

Mr. CASE of South Dakota. I think the gentleman is correct.

Mr. WIGGLESWORTH. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. Is it not a fact that the House in approving the bill approved every item in the table to which the gentleman from South Dakota has referred with the exception of items which were specifically deleted?

Mr. CASE of South Dakota. It is. The report of the committee on the bill so stated.

Mr. COLMER. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Mississippi.

Mr. COLMER. That was one question that was bothering me just a bit—as to just how the House did approve this table. Was this item set out in the appropriation bill, or was it approved by referring to the table? I fear some of us may be a little confused on that point.

Mr. CASE of South Dakota. It was approved by referring to the table. That reference to the table was made by the gentleman from North Carolina [Mr. KERR], who was in charge of the bill on the floor, and also by the gentleman from Michigan [Mr. RABAUT], who was a member of the particular Appropriations Subcommittee reporting the bill.

Mr. COLMER. Mr. Speaker, will the gentleman yield further? I am seeking information.

Mr. CASE of South Dakota. I yield.

Mr. COLMER. Then the only reference to it was that brought out in debate, but it was not set out in the bill.

Mr. CASE of South Dakota. The committee's report also referred to the tables in the hearings.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Nebraska.

Mr. STEFAN. It was generally understood that $150,000 for planning the Gavins Point Reservoir was included in the program, and it was so stated in the debate. Whether or not the item which was in the table and considered in the hearings was made a part of the bill by specific language in the bill, the fact is that the figures in the bill include that $150,000, and that was the general understanding.

Mr. CASE of South Dakota. That is true. The whole included its parts, and it was more than a general understanding; it was a definite designation; $150,000 was designated; the designation appears in the table; and the table was cited by those in charge of the bill when it was under consideration.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. CURTIS. I may say to the gentleman from South Dakota that I was present at the time this measure was considered before, and this item was included in the House bill because it was what made the total carried in the bill; the total included this figure.

Mr. CASE of South Dakota. The gentleman is absolutely correct.

Mr. CURTIS. Let me state that at the time I raised a question about another matter relating to the percentage cut and as to what projects were in and what were out; and the record was definitely established that all those projects carried in the table referred to by the gentleman from South Dakota were in the bill and appropriation was being made for them.

Mr. CASE of South Dakota. They were all included except those that were specifically deleted by mention in the report.

Mr. O'SULLIVAN. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Nebraska.

Mr. O'SULLIVAN. The committee recommended and allowed $150,000 for planning for the Gavins Point Reservoir, and that passed the House of Representatives.

Mr. CASE of South Dakota. That is correct.

Mr. O'SULLIVAN. Then the other body allocated $150,000 for construction.

Mr. CASE of South Dakota. The other body allocated $3,000,000 for construction but carried with it a footnote which said that it included the $150,000 for planning; and at the same time they included a footnote there for reference to the House version and said that it included $150,000. So the $150,000 was included in the House and in the Senate, both.

Mr. O'SULLIVAN. Then by this motion it is intended to instruct the conferees not to give anything at all for the Gavins Point Reservoir; is that it?

Mr. CASE of South Dakota. The language of the motion that was pending which occasioned the point of order reads:

Mr. CANNON moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill H. R. 3734 be and they are hereby instructed to insist on disagreement to the allocation of any funds for the purposes of flood-control projects on the Missouri River at Gavins Point.

Mr. O'SULLIVAN. In view of that fact, much as I hate to do so, I will have to be against this resolution. If the gentleman's contention is correct, it is more far reaching than this particular case.

Mr. CASE of South Dakota. That is true, and as I stated at the outset, that is the only justification I would have in imposing myself on this body at this late hour. It is more far reaching than this single project.

Now, Mr. Speaker, I am not going to discuss the merits of this particular project. The Army engineers have passed on it and included in their budget estimate $150,000 for planning. The Bureau of the Budget approved it and that amount for planning was approved by both bodies.

And bear in mind that in all civil-functions bills historically there is carried a total amount, but that total amount is built up of the items and allocations set forth in the hearings, in the reports, and in the statements made on the floor during consideration of the bill. If this proposed instruction can be legally made by the House of Representatives, hereafter it will never be safe to permit flood-control funds to be carried only by a total figure in the bill with allocations left to tables cited by the committee. Each particular project will have to be spelled out in the bill itself. We have never done that. We have used this method of designating, and I use the word "designating" because the word "designation" is used in Cannon's Precedents. When both Houses have designated amounts, the area of disagreement is between those two figures.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Minnesota.

Mr. JUDD. It is the gentleman's contention that if the motion had said that our conferees could not agree to more than $150,000 for the project, that would be in order?

Mr. CASE of South Dakota. That would be in order.

Mr. JUDD. But when the motion says they cannot agree to any funds at all, that is overruling the action taken by the House, is it not?

Mr. CASE of South Dakota. That is correct, and of the Senate, too. If we instructed to disagree to construction funds, that would have been in order, but to say that there should be no agreement at all, it is my contention, exceeds the instructions that can be given the conferees.

Mr. CUNNINGHAM. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Iowa.

Mr. CUNNINGHAM. If the ruling of the Chair is sustained, it will be in effect a veto of action already taken by the House and Senate through a technicality?

Mr. CASE of South Dakota. That is correct and a dangerous precedent to establish.

Mr. FERNANDEZ. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from New Mexico.

Mr. FERNANDEZ. This is exactly the same objection or point of order I raised when a motion offered by the gentleman from Mississippi was before the House, in which motion New Mexico items were completely left out of the motion. The Chair ruled against me. Am I right about that?

Mr. CASE of South Dakota. I do not know about that. I did not understand the situation to be the same in that instance; I thought the Senate had mentioned a different project and the gentleman preferred the project named by the House.

Mr. FERNANDEZ. It was the same in that instance and I did not hear the gentleman appealing from that ruling.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Indiana.

Mr. HALLECK. Inquiry was made as to whether or not, in the event the ruling of the chair is overruled, the item for this project will be stricken out. The gentleman answered it would be. Would this not be the situation, that if the ruling of the chair is sustained, the vote still comes on the motion and the House would have it within its power to vote down the motion, if it saw fit?

Mr. CASE of South Dakota. That is true. If any debate were permitted going to the merits of the project, the House would probably do so.

Mr. HALLECK. I may say at this point that it is strange to me that such a motion as this would be made on an occasion like this when the House very definitely stated its position in the action it took and in the subsequent action of the other body which indicated approval of the action of the House.

Mr. CASE of South Dakota. It would be more surprising if the gentleman knew that the mimeographed copy of the motion to instruct conferees which the gentleman from Missouri [Mr. CANNON] offered on the floor last week—the one which was interrupted before it was concluded by his request to withdraw it, also included the $150,000 for planning for Gavins Point. I have a copy of the complete mimeographed motion in my files.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. If the gentleman is in error in this matter it would be proper to move to amend his motion by adding a clause instructing the conferees to strike out, for instance, Tombigbee or any other project?

Mr. CASE of South Dakota. It would be, if you could get recognition to offer that motion, but I am afraid the gentleman from Missouri might control the situation by refusing to yield and by moving the previous question.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Mississippi.

Mr. RANKIN. Let me say at this point that the gentleman from South Dakota is entirely correct, and I make that statement not in any personal criticism of the Chair. This item, along with the item for the finishing of the planning of the Tennessee-Tombigbee was approved by both Houses. Now, let us see what the rule says: Hinds' Precedents, brought down through Cannon's Precedents, has this reference:

Conferees may not go beyond the limits of the disagreement confined to them, and where the differences involve numbers the conferees are limited to the range between the highest figures proposed by one House and the lowest proposed by the other.

That is so plain that I do not see how anybody can misunderstand it. If this procedure is going to be followed, it is going to destroy the confidence of the Congress in the members of the Committee on Appropriations that follow this kind of devious method in order to destroy projects that they do not approve. I say that the appeal from the Chair is entirely correct; that the House has no right to adopt a resolution to strike out the provisions, this amount for the planning that had been adopted by both Houses, and the same thing applies to the item with reference to the Tennessee-Tombigbee Inland Waterway.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Is this not true, that if the decision of the Chair is sustained, that there will be then pending this motion on which the membership of the House will be permitted to vote?

Mr. CASE of South Dakota. That is true.

Mr. WHITTINGTON. On that motion I would like to ask the gentleman if there could be a division of the question so that the House might vote to sustain the House Committee on Appropriations, when that committee included planning in the original bill that passed the House, and vote against the appropriation in the Senate bill for construction?

Mr. CASE of South Dakota. I am frank to say, so far as I am concerned, I will be perfectly satisfied if the conferees merely respect the position of both bodies in regard to planning money, and if the gentleman from Missouri would amend his motion to provide against allotting construction funds at this time, I would have nothing further to say in the matter.

I might say this, that I raised the question here so that I could get the issue involved before the House. I hope you will sustain the position I have taken. If, by any chance, you should not, and still want to preserve the integrity of the action of the House, you can still vote against the motion offered by the gentleman from Missouri [Mr. CANNON].

Mr. COLMER. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Mississippi.

Mr. COLMER. Of course, as a practical matter, if the Chair is sustained, and then the House voted down the resolution offered by the gentleman from Missouri, you would get the same result.

Mr. CASE of South Dakota. That is correct. If the House should sustain the Chair and then vote down the motion of the gentleman from Missouri, the immediate end is the same, except as to precedent.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Nebraska.

Mr. CURTIS. However, precedent would be established and all future projects would be in jeopardy.

Mr. CASE of South Dakota. I doubt if this ruling would have been made if all the facts had been brought before the Chair.

Mr. WERDEL. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I will yield to the gentleman from California and then I will move the previous question, unless the gentleman from Missouri [Mr. CANNON], who is involved in this, wants some time.

Mr. WERDEL. I merely wanted the gentleman to clear up this point. Remarks have been made that if the gentleman is not sustained, then the resolution may be voted upon. I think it is an important vote, whether or not the gentleman is sustained, from the standpoint of precedent, because with this precedent and the House sustaining this ruling it will, in the future, become a very important precedent.

Mr. CASE of South Dakota. Of course, I think that is true, but the prestige of one little Member from South Dakota is not equal to the prestige of the Chair. If anyone felt that, I would not want him to feel that he had to vote for the appeal. I hope the Members will sustain the position I have taken on the appeal because an important issue is involved.

The SPEAKER pro tempore. The Chair would like to ask a question of the gentleman from South Dakota. Is there any place in the bill where Gavins Point is specifically mentioned?

Mr. CASE of South Dakota. No, nor any other project covered by and included in the total for flood control general construction and planning.

The SPEAKER pro tempore. Does the gentleman contend that the report of the debates on the floor goes into conference, or the bill itself? The Chair is talking now to the point of order rather than to the merits of the motion.

Mr. CASE of South Dakota. Yes; directly.

The House and the Senate both have designated a figure, and in the precedent which I cited from Cannon's Procedure in the House of Representatives the word "designation" is used. It has been the historic practice of the House that the total amount there has been interpreted to include the projects which were set forth in the committee's report or in the tables in the hearings or the table that might be included in the remarks appearing in the proceedings of the House, made by the chairman in charge of the bill. There has been no other way of arriving at individual allocations other than by the tables which have been cited in the consideration of the bill. My point is that if a specific project so listed in those tables, and approved by both bodies, can be deleted by the conferees contrary to the statements that were made to the House, then the integrity of the House and its proceedings is destroyed, and that applies to the Senate as well.

The SPEAKER pro tempore. Anyway, there is no reference to it in the bill at any point?

Mr. CASE of South Dakota. No.

Mr. RANKIN and Mr. CHURCH rose.

Mr. CASE of South Dakota. I am not going to yield further except to the gentleman from Missouri, because I think that as a matter of good faith to him and to the Members who have been waiting here I should yield to him and then bring this to a close. How much time does the gentleman from Missouri want?

Mr. CANNON. Ten minutes.

Mr. CASE of South Dakota. Mr. Speaker, I yield 10 minutes to the gentleman from Missouri, and at the conclusion of his remarks, regardless of what he says, I shall move the previous question.

Mr. CANNON. Mr. Speaker, the decision of the Chair is unquestionably correct. There can be no informed doubt about it.

Let us look first at the bill itself. On page 9, line 7, the House made an appropriation of $321,000,000 for flood control, a lump-sum appropriation, allocated to no project. Gavins Point is not mentioned. That is all there is in the House bill—an appropriation of $321,000,000 for flood control. I stop there. If anybody wishes to question my interpretation at any point, I trust they will interrupt me.

Now let us take up the Senate amendments.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Illinois.

Mr. CHURCH. Were there not certain exceptions stated in the report, in connection with the gentleman's own statement?

Mr. CANNON. There was nothing of that character in the House report—nothing specific in the bill and nothing in the report. There was merely a lump sum appropriation of $321,000,000.

The Senate amended the House bill in two particulars. They increased the amount from $321,000,000 to $415,000,000. That was the first amendment.

Is there any question about that?

Their second amendment, as included in their report, allocated the funds. That is the first time there was any allocation of funds by either House. The Senate proposed two things. First, they proposed to increase the amount and, second, they proposed to allocate the funds. So when the conferees met there was in disagreement between the two Houses, the difference between the two sums and the question as to whether or not they would allocate specific amounts to various items. The conferees could have allocated all of them or they could have allocated part of them or they could have declined to allocate any of them. Both the amount and the allocation are in conference between the two Houses and the decision of the Speaker is correct and should be sustained. It could not be otherwise.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. Was this allocation made in the Senate bill?

Mr. CANNON. In the Senate report. There was no allocation in the House bill and none in the House report. Therefore, it is in difference between the two Houses.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from California.

Mr. McDONOUGH. As I understood the gentleman a moment ago he said that the specific sum was provided for in the bill and that the Senate increased that amount.

Mr. CANNON. The gentleman is correct.

Mr. McDONOUGH. And then proceeded to allocate the total sum.

Mr. CANNON. That is right.

Mr. McDONOUGH. And that in the allocation of those funds Gavins Point was left out.

Mr. CANNON. No; the Senate included Gavins Point among many other projects. But the House did not include any of them. So, when the conferees met that was one of the points at issue between them.

Mr. McDONOUGH. In the committee report the specific allocation of these funds is provided for, but not in the legislation which passed the House. Is that not true?

Mr. CANNON. That is true. Only in the Senate report and not in the House report.

Mr. McDONOUGH. That applies only in the form of the bill as it comes to the House on rivers and harbors, but it does not apply in the form of a bill as it comes to the House on flood control, because, as I recall, the flood-control bills are specific and they designate where the money shall go and the amount follows it.

Mr. CANNON. The allocation applies only to the Senate amendment.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Mississippi.

Mr. RANKIN. Does the gentleman from Missouri mean to tell the House it was not understood here that there was $150,000 in the House bill for the planning of the Gavins Point project?

Mr. CANNON. I do not know what was understood here, but I do know what was in the bill. I have the bill here before me.

Mr. RANKIN. The truth is that is what we voted on.

Mr. CANNON. It is not in the bill.

Mr. RANKIN. I will ask the gentleman this question. How do you think

the gentlemen would have known what it was they were voting on.

Mr. CANNON. The Members of the House can read the bill and I take for granted they did read the bill and knew what they were voting on.

Mr. RANKIN. The House understood then, and it was said on the floor and it was said in committee. It was understood by every member of the committee and every Member of the House that $150,000 of this money was for the planning of the Gavins Point project. The Senate says so in two places in its report.

Mr. CANNON. I trust no one will make the suggestion that under the Rules of the House, the interpretation of any bill before the House, is to be affected by a casual remark or by any response to a question submitted on the floor.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Minnesota.

Mr. JUDD. If the Senate had passed the bill exactly as the House did, with $320,000,000 in a lump sum, would the Gavins Point planning have been carried on under that bill?

Mr. CANNON. Not unless the Board of Engineers had met and decided to carry on.

Mr. JUDD. But they had already met and decided and we voted upon it.

Mr. CANNON. No; this allocation by the Board of Engineers, to which the Senate report refers, was made after the bill passed the House.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. The gentleman has said that he trusted the Members could read. I have the report of the committee of the House of Representatives which says, on page 6:

> The approved figure is arrived at by deducting from the amount of $415,500,000, estimated for construction the amount of $5,500,000, representing estimated cost of construction during the fiscal year 1950 on three projects subsequently discussed.

Then it subsequently discusses the three projects which were deleted, none of which was Gavins Point.

Mr. CANNON. And nowhere in the House report or in the bill is there any reference whatever to Gavins Point.

Mr. CASE of South Dakota. Will the gentleman say, then, that the table printed in the hearings, which was cited by the gentleman from North Carolina [Mr. KERR] meant nothing in answer to direct questions as to what the figure covered, and the gentleman from North Carolina referred to a certain table in the hearings?

Mr. CANNON. I do not know what the gentleman from North Carolina may have said on the floor. He is one of the ablest Members of the House and has had long and distinguished experience on this committee. But no statement made in debate by any Member can put into the bill what is not in the bill.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Nebraska.

Mr. CURTIS. What projects were appropriated for in the House?

Mr. CANNON. No specific projects were appropriated for. We merely provided a lump sum to be used for flood control—$321,000,000. We certainly did not mention Gavins Point.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. CANNON. With pleasure.

Mr. RANKIN. If that had been the case, it would have been merely making a dictator out of the gentleman from Missouri.

Mr. CURTIS. I did not get the gentleman's answer to what projects were appropriated for in the House.

Mr. CANNON. We did not appropriate for any specific projects. We merely provided money to be used for flood control, without any specification as to what projects it should be used for.

Under the laws of conference, Mr. Speaker, you compare the two bills, the House bill and the Senate bill, and those points upon which they do not agree go to conference. In this instance they do not agree on the amount or on the allocations. Consequently those two issues are in disagreement and are submitted to the managers on the part of the two Houses.

The SPEAKER pro tempore (Mr. MCCORMACK). The time of the gentleman from Missouri has expired.

Mr. CASE of South Dakota. Mr. Speaker, in view of the lateness of the hour and the general situation, and recognizing that the merits have been well covered, I am willing to have this matter settled on one vote. I would therefore like to withdraw my appeal, and let the vote come on the motion offered by the gentleman from Missouri [Mr. CANNON].

The SPEAKER pro tempore. The gentleman from South Dakota withdraws his appeal.

The Clerk will report the preferential motion offered by the gentleman from Missouri.

The Clerk again reported the motion offered by Mr. CANNON.

The SPEAKER pro tempore. The gentleman from Missouri [Mr. CANNON] is recognized for 1 hour.

Mr. RANKIN. Mr. Speaker, a point of order. That was under suspension of the rules, was it not?

The SPEAKER pro tempore. No. The Chair will state that this was a preferential motion and was not offered under suspension of the rules.

Mr. CANNON. Mr. Speaker, the House has just passed a continuing resolution extending appropriations for 10 days. The Congress ought to adjourn within that 10 days. If we have proper cooperation we can do it.

This motion is made in order to expedite adjournment. The committee of conference on this bill has been in session I think longer than in any conference within the memory of any Member of the House. It has been in conference from June 1 to October 3—more than 4 months. After 4 months of debate on this bill between the conferees on the part of the House and the conferees on the part of the Senate we have agreed on everything in the bill except this one point, the Gavins Point Dam; everything else has been disposed of.

If anyone has any curiosity as to what has delayed the conferees in reaching an agreement on the bill it may be said that the delay was due to the unanimous objection of the managers on the part of the House to agreeing to exorbitant and unwarranted expenditure of public funds proposed by the other body. They proposed to add to the bill as it passed the House unbudgeted and sometimes unauthorized projects—projects the full cost of which aggregate $459,000,000. Anyone familiar with such matters knows that would eventually mean a cost in excess of half a billion dollars. The House objected. The Senate demanded. It was a question of spending money we did not have for something we could get along without. It was a question of trying to economize sufficiently to warrant a reduction in taxes.

But a great bill was waiting. It involved appropriations both imperative and essential in projects all over the United States. The conferees on the part of the other House refused to let it pass until their unbudgeted expenditures were added in. Finally, in order to secure the enactment of this important bill, the House reluctantly capitulated. We now have left only the Gavins Point Dam. The reason we did not also agree to that project was because the gentleman from Michigan, who served as chairman of the committee handling this bill last year, and who knows more about the bill than any other Member of the House or Senate did not feel that it was needed or that the expenditure was justified. On his advice we asked the managers of the other House to yield on this one item. They refused. So we come to the House for instructions.

The Gavins Point Dam is one of a series of dams within a few hundred of miles of each other in South Dakota, including the Fort Peck Dam, the Garrison Dam, the Oahe Dam, the Fort Randall Dam, and the Gavins Point Dam. The Gavins Point Dam is something like 75 miles below the Fort Randall Dam. We have been led to believe all along that the final cost of the Gavins Point Dam would be $23,300,000. We have been authoritatively informed in the last hour or two that it will be a minimum of $42,725,000. The expenditures in this area are estimated to cost when completed $903,480,100, which means that eventually we will spend approximately $1,000,000,000 in this area alone.

Our objection to appropriating for this dam is, first, that it is not needed. The gentleman from Michigan [Mr. ENGEL] believes that the dams already under construction will absorb the complete surplus flow of the river.

Second, that even if needed, it is entirely too early to make a survey. It will be 5 years before the Fort Randall Dam is completed and 8 years more before the Oahe Dam is completed. So it will be 12 or 13 years before construction can adequately begin on the Gavins Point Dam and there is no need for planning funds until opportunity is afforded to see what the other dams will do.

It might be said in this connection that the President in his 1950 budget message called for a reexamination of the Missouri River Basin because of high costs. Surely we can await the results of this reexamination.

Furthermore, as indicated by the gentleman from New York [Mr. TABER] in his protest against these appropriations on the floor recently, there is serious doubt as to the authorization of expenditures on this dam. Corroborating the conclusions of the gentleman from New York, the House Committee on Public Works, in its report of July 6, 1949, on the bill H. R. 5472 said:

Additional authorization: The committee notes that the cost of work completed and under way under the basin plan approval exceeds the monetary authorization for the approved basin plan by $391,363,600. Thus monetary authorizations are not sufficient to cover the completion of work now under way; and there is no backlog of authorizations for the initiation of new projects. In order that work may be planned and programed to insure the highest degree of efficiency at the most economical cost of construction, the committee reccommends that a minimum additional authorization of $250,000,000 be made. This additional authorization would permit continuation but not completion of projects now under construction, but would not permit the initiation of new projects.

Our third reason may not appeal to many but we list it for consideration. The third reason is that we cannot afford it. We do not have the money and every dollar put in the Gavins Point Dam at this time will be deficit spending.

Mr. Speaker, at the risk of being tedious, permit me to call attention to our depleted Treasury.

On September 2, after only 2 months of the fiscal year, the Treasury was $2,593,476,078.83 in the red. Should this rate continue the deficit on June 30 next would be nearly $15,500,000,000. In other words, we will be spending billions we do not have and that we must either get from the people in the form of increased taxes or by selling bonds. Government spending is at the rate of slightly more than $3,000,000,000 a month. But here is the significant thing, the approximate cost of running the Government during July and August of this year was $6,300,000,000 as against $5,215,000,000 for July and August of 1948.

In other words, Mr. Speaker, the war has been over for several years, but during the period in which we are supposed to be dropping down from wartime expenditures and while our national revenues are declining, we are spending more money this year on these annual supply bills, than we spent in the same period last year.

Since July 1, when we started a new fiscal year, the Government has spent $10,000,000,000, $2,300,000,000 more than it spent in the same period last year.

The Congress has passed up to this time, in addition to the ECA bill, seven appropriation bills aggregating $14,000,000,000, which were $453,000,000 under the budget. But this is the alarming feature of the situation: While the bills passed so far are slightly under the budget, they carry more money than we spent for the same purpose last year.

Mr. TACKETT. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Arkansas.

Mr. TACKETT. Did I understand the gentleman to say that this is the only point that is in disagreement in conference, that we have not an agreement on?

Mr. CANNON. Yes. We have agreed on everything else in the bill except on the Gavins Point Dam. The Senate insists on putting it in and we insist on leaving it out.

Mr. TACKETT. What about the Dardanelle Dam in Arkansas?

Mr. CANNON. I cannot discuss with the gentleman the details of a bill in conference.

Mr. TACKETT. I will ask the gentleman whether or not the Senate has receded with reference to the Dardanelle Dam.

Mr. CANNON. The committee cannot discuss that matter at this time.

Mr. WILSON of Indiana. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Indiana.

Mr. WILSON of Indiana. The gentleman is chairman of the Appropriations Committee, and I think he was when the bill was passed. Every argument that he has given was just as true when the bill passed the House as it is now. Where was the gentleman, who is chairman of the Appropriations Committee, when the bill passed the House; why was he not on the floor of the House making this same argument in favor of saving the taxpayers' money?

Mr. CANNON. That is very easily answered. When the bill passed the House no one dreamed such reckless expenditures would be proposed by anybody in either House. But the House conferees have all been unanimous protesting against them ever since the Senate amendments were received in the House and the bill sent to conference June 1. That is why a conference report had not been agreed upon 4 months ago. During those 4 months we have from time to time yielded and yielded and yielded, and every time we have yielded it has cost the taxpayers a huge sum of money and has put further away the reduction of taxes. Now we have come down to the very last item in the bill. Do you still want us to yield and authorize further charges on the Treasury?

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Indiana.

Mr. HALLECK. I just wanted to say that I always applaud the gentleman's statement when he talks for governmental economy, because a lot of us are for economy. Now, we had a couple of measures here today under suspension of the rules that involved some considerable sums of money. I wonder if the gentleman would care to enlighten us as to how he voted on those measures.

Mr. CANNON. I am glad to hear the gentleman say he is for economy. I take for granted that means he will vote for this motion and against this expenditure. So far as the issues to which he refers are concerned I have never voted without being entirely willing to give my reasons.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Mr. Speaker, it is clear to me that when this bill passed the House it provided for planning money for this project; that it has been provided in the Senate for construction money. Personally I want to sustain the view of the House. I want to vote for the planning money and want to vote against the construction money, and I am willing to cooperate with the gentleman. But it strikes me that this motion will not effectuate that end. It will prevent both planning and construction.

Mr. CANNON. This motion will enable us to reach an agreement after 4 months of debate.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I gladly yield to the gentleman from Michigan, and I take off my hat to him for the votes he cast for economy.

Mr. HOFFMAN of Michigan. Does the gentleman want to shake hands on that?

Mr. CANNON. I certainly do. And I trust he will not be weary of well doing.

Mr. HOFFMAN of Michigan. The gentleman said earlier in his remarks, or he intimated, that if we went along in an orderly, constructive way, we would get out of here in about 10 days. Now, what information has the gentleman as to what the other body is going to do about adjournment? Will he give us that, so that I may know how I should vote and whether or not I get something in return for my vote?

Mr. CANNON. I think I can assure the gentleman that unless something unforeseen arises, we can get out of here by the middle of the month or thereabout—sooner if we have cooperation.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. Will the gentleman yield me 1 minute at the conclusion of his remarks?

Mr. CANNON. I will yield to the gentleman and reserve the balance of my time.

Mr. CASE of South Dakota. I merely wish to say this. Increasing appropriations above the budget is not an issue here. This dam was in the budget estimates. It was recommended by the Bureau of the Budget for planning funds in the amount of $150,000. It was requested by the Army engineers. It was requested because this is the regulating dam farthest downstream below the major storage dams. The engineers want this dam so that they can regulate the flow of the river and properly use the water stored upstream. These storage dams happen to be located in the Dakotas in order to take the floods off Iowa, Kansas, Nebraska, Missouri, and all the rest of the southern States along the Mississippi below St. Louis, but they do not protect the Dakotas from floods. They flood us for all time. This small Gavins Point does not touch my district. It is on the lower boundary line with Nebraska. That is all.

Mr. CANNON. Let me say in response to what the gentleman just said, that the gentleman from Michigan [Mr. ENGEL], who was chairman of the committee who handled this bill last year, and who in my opinion knows more about civil functions appropriations than any other man in either the House or the Senate, told me a half hour ago that the present dams that we have up there will hold all the surplus water in the Missouri River, and that we do not need to spend this money, and the House knows the gentleman from Michigan so well and has such confidence in his integrity and judgment that I am convinced the Members believe he knows whereof he speaks.

In conclusion, why should we spend money we do not have on this dam when it is unnecessary, is unauthorized by law; when it cannot be built for 12 years and when the country is passing through an international crisis of unplumbed possibilities.

A nation fights with the purse. We were drawn into the First World War because we were unprepared and the Kaiser did not believe we would or could fight. We were precipitated into the Second World War because we were unprepared and neither Tojo nor Hitler believed we could defend ourselves.

The only way to keep out of a third war is to be prepared and unless we conserve our finances we will be handicapped in financing an adequate defense program.

As Speaker RAYBURN said just last week: "We cannot continue this deficit spending indefinitely."

Here is the place to begin to cut. We do not need the dam. We cannot pay for the dam without deficit spending. At least let us wait until we see how the other dams in the group work.

Mr. Speaker, unless someone else desires to be heard, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Missouri [Mr. CANNON].

The question was taken; and on a division (demanded by Mr. CANNON) there were—ayes 59, noes 104.

Mr. CANNON. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

Mr. CANNON. Mr. Speaker, I object to the vote that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and seventy-nine Members are present, not a quroum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 102, nays 154, answered "present" 1, not voting 175, as follows:

[Roll No. 212]

YEAS—102

Aspinall	Boggs, La.	Bryson
Bates, Ky.	Bolling	Buckley, Ill.
Bates, Mass.	Bolton, Md.	Burke
Beckworth	Breen	Burleson
Biemiller	Brooks	Burton
Camp	Jacobs	Polk
Cannon	Jones, Mo.	Preston
Carlyle	Jones, N. C.	Priest
Carnahan	Karst	Rabaut
Carroll	Karsten	Ramsay
Chesney	Kee	Rooney
Christopher	Kerr	Sabath
Combs	King	Sims
Crook	Kruse	Spence
Delaney	Lesinski	Staggers
Denton	Linehan	Steed
Durham	Lynch	Stigler
Eberharter	McCarthy	Sullivan
Engel, Mich.	McGrath	Taber
Fisher	McKinnon	Teague
Forand	Magee	Wagner
Fugate	Mahon	Walsh
Gordon	Mills	Welch
Gore	Mitchell	White, Calif.
Gorski, Ill.	Moulder	White, Idaho
Gorski, N. Y.	Murdock	Wickersham
Granger	Noland	Wier
Harris	Norrell	Wilson, Ind.
Harrison	O'Brien, Ill.	Wilson, Okla.
Hart	O'Brien, Mich.	Wilson, Tex.
Havenner	O'Hara, Ill.	Wood
Hedrick	O'Toole	Zablocki
Holifield	Patman	
Howell	Perkins	
Jackson, Wash.	Pickett	

NAYS—154

Abernethy	Graham	Miles
Addonizio	Grant	Miller, Nebr.
Albert	Gross	Morris
Allen, Calif.	Hagen	Nicholson
Allen, Ill.	Hale	Nixon
Allen, La.	Halleck	O'Hara, Minn.
Andersen, H. Carl	Harden	O'Konski
	Hardy	O'Sullivan
Anderson, Calif.	Hare	Passman
Andresen, August H.	Hays, Ark.	Patten
	Herlong	Patterson
Andrews	Herter	Peterson
Angell	Heselton	Philbin
Auchincloss	Hill	Phillips, Tenn.
Barrett, Wyo.	Hinshaw	Potter
Battle	Hobbs	Poulson
Beall	Hoeven	Rains
Bennett, Fla.	Hoffman, Mich.	Rankin
Bennett, Mich.	Holmes	Rees
Bentsen	Hope	Rivers
Bishop	Horan	Rodino
Boggs, Del.	Hull	Rogers, Fla.
Boykin	Jackson, Calif.	Sanborn
Brown, Ga.	Jenkins	Saylor
Brown, Ohio	Jennings	Scott, Hardie
Burdick	Jensen	Scrivner
Byrnes, Wis.	Johnson	Scudder
Case, S. Dak.	Jones, Ala.	Secrest
Chiperfield	Judd	Shafer
Church	Kearns	Simpson, Ill.
Clevenger	Keefe	Simpson, Pa.
Cole, Kans.	Kilday	Smathers
Colmer	Lanham	Smith, Kans.
Cooper	Latham	Smith, Wis.
Cotton	LeCompte	Stefan
Cunningham	LeFevre	Sutton
Curtis	Lemke	Tackett
Dague	Lichtenwalter	Talle
Davis, Ga.	Lind	Thompson
Davis, Wis.	Lucas	Thornberry
DeGraffenried	Lyle	Tollefson
D'Ewart	McCulloch	Trimble
Dondero	McDonough	Velde
Elliott	McGregor	Vursell
Ellsworth	Mack, Wash.	Werdel
Evins	Macy	Wheeler
Fenton	Madden	Whittington
Fernandez	Marsalis	Wigglesworth
Ford	Marshall	Williams
Frazier	Martin, Mass.	Winstead
Gathings	Meyer	Withrow
Gillette	Michener	Wolcott

ANSWERED "PRESENT"—1

Crawford

NOT VOTING—175

Abbitt	Buckley, N. Y.	Coudert
Arends	Bulwinkle	Cox
Bailey	Burnside	Crosser
Barden	Byrne, N. Y.	Davenport
Baring	Canfield	Davies, N. Y.
Barrett, Pa.	Case, N. J.	Davis, Tenn.
Blackney	Cavalcante	Dawson
Bland	Celler	Deane
Blatnik	Chatham	Dingell
Bolton, Ohio	Chelf	Dollinger
Bonner	Chudoff	Dolliver
Bosone	Clemente	Donohue
Bramblett	Cole, N. Y.	Doughton
Brehm	Cooley	Douglas
Buchanan	Corbett	Doyle
Eaton	Kilburn	Redden
Elston	Kirwan	Reed, Ill.
Engle, Calif.	Klein	Reed, N. Y.
Fallon	Kunkel	Regan
Feighan	Lane	Rhodes
Fellows	Larcade	Ribicoff
Flood	Lodge	Rich
Fogarty	Lovre	Richards
Fulton	McConnell	Riehlman
Furcolo	McCormack	Rogers, Mass.
Gamble	McGuire	Roosevelt
Garmatz	McMillan, S. C.	Sadlak
Gary	McMillen, Ill.	Sadowski
Gavin	McSweeney	St. George
Gilmer	Mack, Ill.	Sasscer
Golden	Mansfield	Scott, Hugh D., Jr.
Goodwin	Marcantonio	
Gossett	Martin, Iowa	Sheppard
Granahan	Mason	Short
Green	Merrow	Sikes
Gregory	Miller, Calif.	Smith, Ohio
Gwinn	Miller, Md.	Smith, Va.
Hall, Edwin Arthur	Monroney	Stanley
	Morgan	Stockman
Hall, Leonard W.	Morrison	Tauriello
	Morton	Taylor
Hand	Multer	Thomas, N. J.
Harvey	Murphy	Thomas, Tex.
Hays, Ohio	Murray, Tenn.	Towe
Hébert	Murray, Wis.	Underwood
Heffernan	Nelson	Van Zandt
Heller	Norblad	Vinson
Hoffman, Ill.	Norton	Vorys
Huber	O'Neill	Wadsworth
Irving	Pace	Walter
James	Pfeifer, Joseph L.	Weichel
Javits		Whitaker
Jenison	Pfeiffer, William L.	Whitten
Jonas		Willis
Kean	Phillips, Calif.	Wolverton
Kearney	Plumley	Woodhouse
Keating	Poage	Woodruff
Kelley	Powell	Worley
Kennedy	Price	Yates
Keogh	Quinn	Young

So the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Joseph L. Pfeifer for, with Mr. Keating against.

Mr. Crawford for, with Mr. Lovre against.

Additional general pairs:

Mr. Hébert with Mr. Corbett.
Mr. Heller with Mr. Coudert.
Mr. Walter with Mr. Gamble.
Mr. Whitten with Mr. Rich.
Mr. Young with Mrs. St. George.
Mr. Klein with Mr. Leonard W. Hall.
Mrs. Norton with Mr. Hoffman of Illinois.
Mr. Mack of Illinois with Mr. Kunkel.
Mr. Murphy with Mr. Dolliver.
Mr. Willis with Mr. Harvey.
Mr. Whitaker with Mr. Smith of Ohio.
Mr. McGuire with Mr. Vorys.
Mr. McMillan of South Carolina with Mr. Van Zandt.
Mr. Richards with Mr. Stockman.
Mr. Deane with Mr. Reed of Illinois.
Mr. Quinn with Mr. William L. Pfeiffer.
Mr. McSweeney with Mr. Golden.
Mr. Clemente with Mr. Edwin Arthur Hall.
Mr. Powell with Mr. Jenison.
Mr. Multer with Mr. Sadlak.
Mr. Worley with Mr. Phillips of California.
Mr. Miller of California with Mr. Reed of New York.
Mr. Yates with Mr. Goodwin.
Mr. Buchanan with Mr. Arends.
Mr. Roosevelt with Mr. Wolverton.
Mr. Bonner with Mr. Towe.
Mr. Gilmer with Mr. Hand.
Mr. Huber with Mr. Canfield.
Mr. Price with Mr. Case of New Jersey.
Mr. Mansfield with Mr. Woodruff.
Mr. Feighan with Mr. Kean.
Mr. Morrison with Mr. Short.
Mr. Gregory with Mr. Hugh D. Scott, Jr.
Mr. Sikes with Mrs. Bolton of Ohio.
Mrs. Douglas with Mr. Weichel.
Mr. Fogarty with Mr. James.
Mr. Tauriello with Mr. Gavin.
Mr. Garmatz with Mr. Fellows.
Mr. O'Neill with Mr. McConnell.
Mr. Ribicoff with Mr. Brehm.

Mr. Donohue with Mr. Cole of New York.
Mr. Lane with Mr. Eaton.
Mr. Blatnik with Mr. Gwinn.
Mr. Kelley with Mr. Kearney.
Mr. Hays of Ohio with Mr. Wadsworth.
Mr. Engle of California with Mr. Taylor.
Mr. Abbitt with Mr. Blackney.
Mr. Bailey with Mr. Elston.
Mrs. Bosone with Mr. Fulton.
Mr. Chelf with Mr. Jonas.
Mr. Barrett of Pennsylvania with Mrs. Rogers of Massachusetts.
Mr. Larcade with Mr. Plumley.
Mr. Morgan with Mr. Riehlman.
Mr. Vinson with Mr. McMillen of Illinois.
Mr. Stanley with Mr. Kilburn.
Mr. Gary with Mr. Norblad.
Mr. Irving with Mr. Merrow.
Mr. Cavalcante with Mr. Nelson.
Mr. Granahan with Mr. Martin of Iowa.
Mr. Cooley with Mr. Miller of Maryland.
Mr. Davies of New York with Mr. Morton.
Mr. Green with Mr. Mason.
Mr. Davenport with Mr. Murray of Wisconsin.
Mr. Dollinger with Mr. Bramblett.
Mr. Chelf with Mr. Thomas of New Jersey.

Mr. CRAWFORD. Mr. Speaker, I have a live pair with the gentleman from South Dakota [Mr. LOVRE]. If he were present he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

SPECIAL ORDERS GRANTED

Mr. PATMAN asked and was given permission to address the House for 20 minutes on both Wednesday and Thursday next, at the conclusion of the legislative program of the day and following any special orders heretofore entered.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 20 minutes.

THE GREAT A & P RUNS FOR COVER

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include certain decisions of the district court and circuit court of appeals and other statements and excerpts.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, some time ago, in criminal proceedings under the antitrust laws, the Great Atlantic & Pacific Tea Co. was convicted of violation of the antitrust laws. The court made them pay fines as provided by law, but the fines provided are so small and so ineffective in stopping the unfair practices engaged in by A & P that they paid the amount out of their small-change pocket and went right on as before. However, this criminal suit was the first round won by the Department of Justice for the folks. The second round began the other day when Attorney General J. Howard McGrath filed civil proceedings to break up this great colossus in the retail grocery field—the colossus which was shown in the criminal suit to have operated almost 30 percent of its stores at a loss in order to force the hometown merchant out of business and to have the whole grocery field for itself or for some of its friendly juniors in the chain-store field. It was shown, too, that store managers were required to return a stated percentage above the retail prices at which stock was charged into any given store. The Great A & P was shown to have around 6,000 stores in 40 States. The number of stores fluctuates because they are constantly enlarging their individual units into what they call super markets. In the 40 States in which A & P operates, a recent survey indicates stores in 1,238 counties and in 2,960 cities and towns within those counties. Immediately upon the filing of the Attorney General's suit to break up this colossus in the grocery business, which includes a fully integrated operation from manufacturing on through to retailing, the A & P bought full-page ads in papers in every city and town in which they operate. That is my information. And these ads are designed to try their case in the newspapers and to influence the outcome in civil proceedings when they already stand convicted in the courts and in public opinion of criminal action under the antitrust laws. It is the old technique of big business, of the chains, to immediately rush to the newspaper offices with full-page ads when they have been found guilty of violating the antitrust laws. Think of the cost which the chain-store customers must pay for these full-page advertisements.

I have publicly commended the Attorney General for filing the civil suit designed to break up the A & P monopoly. I hope that this suit will be successful, and I hope that many similar suits will be filed. It is only by breaking up these great chain-store and other combinations that the backbone of our business economy, the small-business institution—whether manufacturer, wholesaler, or retailer—will be able to afford us an opportunity to buy in a fair and free competitive market place.

Later on this week I expect to discuss fully the case of the Department of Justice against the A & P Tea Co., possibly Wednesday or Thursday.

I am inserting herewith excerpts from the criminal complaint filed by the Department of Justice against the A & P Tea Co. in the eastern district of Illinois. The principal parts of the complaint are as follows:

8. The food industry consists of the activities of persons and concerns involved in producing, preparing for consumption, and moving farm crops, livestock, and other food products from producers to consumers.

9. * * * In the course of the stream of food flowing from producers to consumers, large quantities are packed in containers, or transmuted by manufacturing operations into new food products * * *. Food distributing agencies are in effect a conduit through which food and food products continually flow * * *. The services performed by such distributors are essential in the distribution of food.

15. The A & P group are the largest purchasers, manufacturers, processors, wholesalers, and retail distributors of food and food products in the United States. Besides retailing food through retail stores, the A & P manufactures, processes, cans, packs, wholesales, and engages in the brokerage business through subsidiaries; viz:

a. The defendant, the Great A & P Tea Co. of Vermont, Inc., operates retail liquor stores in the State of Vermont, where wines, liquors, and cordials are sold.

b. The defendant, the Quaker Maid Co., Inc., operates food manufacturing plants at Brockport (Long Island), N. Y.; Brooklyn, N. Y.; and Terre Haute, Ind. In these plants several hundred items of food and food products are manufactured, canned, packed, and processed * * *. Such products are put up in packages, cans, and containers, and cases. Where some are put up for resale in A & P stores, they are put up and advertised under the A & P, Ann Page, Sultana, Iona, Sunnyfield, Flight, Worthmore, Crestmont, Round Trip, Carnival, Mello Wheat, White House, Rajah, Victoria, Encore, Cold Stream, Nectar, Our Own, Mayfair, Matinee, and other private brands and labels owned and controlled by the A & P group.

c. The defendant, American Coffee Corp., owns and maintains organizations in Brazil, Colombia, and other coffee-producing countries where green coffee is purchased direct from growers and on the spot market * * *. Transported to exports points where it is transferred to the name of the Great A & P Tea Co., and imported * * * into the United States. * * * It is blended, roasted and put up in packages under A & P's private brands, "Red Circle," "Eight O'Clock," and "Bokar." It is distributed through retail stores of A & P and is also sold to others.

d. The defendant, White House Milk Co., purchases raw milk near its plants in Wisconsin, causes same to be transported to its plants where it undergoes a dehydrating process, after which it is canned and labeled with A & P's private brand, "White House" label. The evaporated milk so canned and labeled is distributed through A & P wholesale warehouses and retail stores, and is also sold to others.

e. The defendant, Nakat Packing Corp., owns and leases salmon fishing grounds off the coast of Alaska and the Pacific Northwest. It also owns and operates fleets of fishing boats and canneries wherein salmon is packed and canned. The salmon so caught, packed, and canned is sold to others engaged in the salmon canning and packing business, and is also distributed under A & P's private brand labels through A & P warehouses and retail stores.

f. The defendant, Altantic Commission Co., Inc., was organized in 1925 primarily to purchase fresh fruits and vegetables for A & P retail stores. It operates in divisions comparable to the A & P divisions * * * and does business in most of the States of the United States. It also operates packing plants and storage warehouses in the principal producing areas of the country, in which fresh fruits and vegetables are sorted, graded, packed, and stored. About 75 percent of the fresh fruits and vegetables acquired by said defendant are distributed in carlots through A & P wholesale warehouses and retail stores. The fresh fruits and vegetables acquired by A & P through the Atlantic Commission Co. comprise about 25 percent of the fresh fruits and vegetables sold in A & P retail stores, the remainder being purchased through the Atlantic Commission Co. in less than carloads from local produce jobbers. Twenty-five percent of the fresh fruits and vegetables purchased by the Atlantic Commission Co. is sold by it to the independent produce jobbing trade. The Atlantic Commission Co. also engages in a general produce brokerage business, handling fresh fruits and vegetables for growers in producing areas and at the same time acting as a buying broker for produce dealers who operate in terminal markets.

The grocery purchasing department of the A & P group is located at the company headquarters in New York, where the purchase of all supplies of food and food products

manufactured, acquired, and sold by the A & P organization is controlled.

21. The manufacturing, processing, canning, packing, purchasing, jobbing, and brokerage business engaged in by the A & P group * * * are entirely controlled and dominated by the headquarters defendants. * * * Among other things, said headquarters defendants determine what products shall be manufactured, processed, canned or packed by the A & P group. They dominate and control the buying, selling, and advertising policies of the entire A & P group. They determine when and where retail stores shall be located and operated and prescribe the gross profits and expense programs for all of said stores.

22. The A & P group employ the defendants, Business Organization, Inc., and Carl Byoir, as public relations counsel. [They] advise and participate in programs of the A & P group in the fostering of false comparisons of prices charged by the A & P group with prices of competitors and prices paid, values and services rendered by the A & P group to suppliers, and the formation of false front organizations and inducement of statements prepared by the defendants, Business Organization, Inc., and Carl Byoir, from suppliers in support of such false comparisons. The A & P group with the assistance of said Carl Byoir secure control of large volumes of fresh fruits and vegetables in interstate commerce by secretly organizing and dominating the operation of supposedly independent cooperative associations of growers and shippers and by inducing outside growers and shippers to become members of such associations, thereby increasing their control of a larger portion of interstate commerce in produce.

23. The defendants by virtue of the horizontal and vertical integration of their functions and business, and centralization of the control thereof as aforesaid, have and exercise the power to dominate and control the production, prices, and distribution of a substantial part of the food and food products produced, marketed, sold, and consumed in the United States.

COMBINATION AND CONSPIRACY TO RESTRAIN TRADE

24. For many years prior to the filing of this information, and continuously up to and including the day of the filing of this information, defendants and other persons to the United States attorney unknown, well knowing all the facts alleged in this information, have willfully and unlawfully formed and carried out, in part within the eastern district of Illinois, a wrongful and unlawful combination and conspiracy to unduly, unreasonably, and directly restrain interstate trade and commerce in food and food products, produced, distributed, and sold throughout the United States in violation of section 1 of the act of Congress of July 2, 1890, * * * as amended, commonly known as the Sherman Act.

COMBINATION AND CONSPIRACY TO MONOPOLIZE

30. For many years prior to the filing of this information, and continuously up to and including the day of the filing of this information, defendants and other persons to the United States attorney unknown, well knowing all the facts alleged in this information, have willfully and unlawfully formed and carried out, in part within the eastern district of Illinois, a wrongful and unlawful combination and conspiracy to monopolize a substantial part of the aforesaid interstate trade and commerce in food and food products, produced, distributed, and sold throughout the United States in violation of section 2 of the act of Congress of July 2, 1890, * * * as amended, commonly known as the Sherman Act.

ALLEGATIONS UNDER PARAGRAPHS 24 AND 30

25 and 31. The aforesaid combination and conspiracy has consisted in a continuing agreement and concert of action among the defendants, the substantial terms of which have been:

a. That the defendants select local areas throughout the United States wherein they use their dominant advantage to injure and destroy the competition of independent grocers, meat dealers, and small local food chains.

(1) By selling at retail in those areas sufficiently lower than elsewhere, until control or the desired percentage of total retail business is obtained, using the income from other areas, from operations of the business other than retail and from retail stock gains to offset the losses or reductions in profits incident to such price cutting;

(2) By combining with other national food chains, operating in such selected areas, to fix, maintain, and follow the prices established by defendants, during such price wars;

b. That defendants systematically prevent competition in selected trade areas throughout the United States.

(1) By combining with the independent grocers and local and national food chains operating therein to fix the retail prices and terms upon which food would be sold in such areas;

(2) By combining with manufacturers of food and food products and others to fix and maintain the resale prices and policies in such selected areas and to aid and assist such manufacturers and others in enforcing the resale prices so fixed and established.

c. That defendants obtain for themselves a systematic discriminatory buying preference over competitors by controlling the terms and conditions upon which manufacturers, processors, packers, and other suppliers of food and food products shall sell to them and to their competitors.

(1) By coercing suppliers to sell to other wholesalers and retailers on terms and conditions dictated by defendants;

(2) By coercing suppliers, through threats of withdrawal of their patronage and otherwise, to secretly maintain two price structures on their products, the lower of which would be charged to the defendants and the higher to their competitors;

(3) By requiring suppliers to give defendants secret preferential discounts and prices in connection with purchases of defendants;

(4) By requiring suppliers secretly to give defendants protection against price increases and price declines;

(5) By coercing suppliers to discontinue selling direct to their competitors while secretly continuing to sell direct to the defendants at lower prices;

(6) By inducing suppliers to divert a large portion of their plants and facilities to filling defendants' orders and then threatening to withdraw their patronage unless such suppliers secretly give defendants lower prices and larger discounts on their purchases;

(7) By demanding and obtaining options to purchase and handle substantially entire crops of growing fresh fruits, vegetables, and produce, thereby substantially depriving their competitors of access to such products;

(8) By securing possession of large shipments of produce from growers, shippers, and suppliers, for purchase for their own accounts, or for resale to others, at defendant's election, at prices to be determined after arrival in markets selected by them, and accounting to shippers, growers, and suppliers upon the basis of market prices controlled and established by defendants;

(9) By secretly organizing, controlling, and dominating cooperative associations of produce growers and shippers handling substantial portions of the annual fresh fruit and vegetable crop of the United States, and inducing such associations to turn over such produce to defendants for disposal to defendants or others on such terms, conditions and prices as defendants elect;

(10) By organizing contact committees of growers and shippers of produce in producing areas and requiring through such committees the fixing of market levels satisfactory to the defendants.

(11) By registering for export from the largest coffee-producing country the entire balance of the coffee quota available for export in a year, 6 months before the termination of such year, thereby shutting off from their competitors and cornering the principal supply of coffee available for importation into the United States during said 6-month period, and artificially increasing the price of coffee in the United States;

(12) By coercing suppliers to grant preferential discounts and rebates upon various pretexts unrelated to any actual saving or service to the supplier.

(a) By systematically exacting from suppliers large and arbitrarily fixed rebates called "advertising allowances" for pretended services;

(b) By collecting brokerage on produce transcations among others than defendants where no brokerage service is rendered by defendants;

(c) By engaging in the brokerage business for the purchase on their own account of produce, meat, canned goods, food and food products, and coercing sellers into paying them a so-called "brokerage" on defendants' own purchases;

(d) By requiring independent produce jobbers to buy from and pay defendants a profit on carlots of produce as a condition of selling less than carlots of produce to A & P warehouses and retail stores;

(e) By acting as a selling agent for growers and competing shippers and as a buying agent for competing jobbers, charging brokerage fees and commission on all such transactions;

(f) By creating excessive accumulations of produce through planned withdrawals from, and failure to enter markets for, the purchase of their normal requirements of produce until prices are abnormally depressed;

(g) By demanding discounts and allowances for so-called "floor space rentals," "stores sales service," "feature payments," "label and container allowances," "sign space rentals," and "mass displays," for pretended services rendered to suppliers but in reality performed in the ordinary course of selling the defendant's own merchandise at retail, and so-called "special newspaper supplement space sales" and "special circular supplement sales" in which defendants advertise only their own merchandise for sale.

d. That defendants foster false comparisons of their prices with the prices charged by competitors and false reports calculated to conceal their activities and perpetuate their dominance and control of the distribution of food and food products.

(1) By inspiring and publishing statements calculated and intended to foster false comparisons of their prices with prices charged by independents and small local chains;

(2) By organizing, financing, and preparing publicity and propaganda for false-front farmer, consumer, and housewife organizations, civic clubs and other organizations, and using the statements of such organizations in support of such false comparisons and reports as to prices, values, and services offered by defendants and their competitors;

(3) By demanding and requiring suppliers and others obligated to and subsidized by them, to make and publish oral and written statements and testimonials, and to give as their own, testimony prepared and inspired by defendants, in support of such false comparisons and reports;

(4) By the systematic practice of secretly enhancing their actual prices above their advertised prices through short-changing, short-weighing, and marking up prices on store tags and purchases.

26 and 32. During the period of time covered by this information, and for the purpose of forming and effectuating the aforesaid combination and conspiracy, the defendants, by agreement and concert of action, have done the things which, as hereinbefore alleged, they conspired to do.

EFFECTS OF THE CONSPIRACY

27. The effect of said combination and conspiracy has been, as intended by defendants, to directly, substantially, and unreasonably restrain a large part of the trade and commerce in food and food products among most of the States of the United States; to injure and destroy food manufacturers, processors, canners, wholesalers, and thousands of independent retail food dealers; to depress prices paid to growers for fresh fruits, vegetables, and other farm crops; to vest in the defendants dominance and control of the distribution of food and food products in a preponderance of the largest trade areas of the United States; and to make it impossible for hundreds of thousands of nonintegrated independents and small chains to enter into or remain in competition with defendants.

EFFECTS OF THE COMBINATION AND CONSPIRACY

33. The effect of said combination and conspiracy has been, as intended by defendants, to directly, substantially, and unreasonably monopolize a substantial part of the trade and commerce in food and food products among most of the States of the United States; to injure and destroy food manfacturers, processors, canners, wholesalers, and thousands of independent retail food dealers; to depress prices paid to growers for fresh fruits, vegetables, and other farm crops; to vest in the defendants dominance and control of the distribution of food and food products in a preponderance of the largest trade areas of the United States; and to make it impossible for hundreds of thousands of nonintegrated independents and small chains to enter into or remain in competition with defendants.

After 24 weeks of trial, Judge Walter C. Lindley found practically all of the defendants guilty. He gave most of them the maximum fine, which was $5,000 in each of the two counts. These fines represented no punishment. They were too small. It was not as much punishment as the ordinary person receives when he pays $1 for overparking his car. A & P is not paying any attention to the law and has not for the last 20 years. It has defied every law on every level. Now it is so large that the Government of the United States does not have sufficient police power to police it and keep it on the side of the right and prevent it from unfairly destroying independent local business. The fines that were imposed were as follows:

Defendants in information

	Amount of fine
The New York Great A & P Tea Co., Inc	$10,000
The Great A & P Tea Co. of America	10,000
The Great A & P Tea Co. (New Jersey)	10,000
The Great A & P Tea Co. (Arizona)	5,000
The Great A & P Tea Co. (Nevada)	5,000
The Great A & P Tea Corp. (Delaware)	(1)
The Great A & P Tea Co. of Vermont	(1)
The Quaker Maid Co., Inc	5,000
The American Coffee Corp	(1)
White House Milk Co., Inc	5,000
Nakat Packing Corp	5,000
Atlantic Commission Co., Inc	10,000
George L. Hartford	10,000
John A. Hartford	10,000

[1] Not guilty.

Defendants in information—Continued

	Amount of fine
R. N. Burger	$10,000
Robert B. Smith (deceased)	(2)
David T. Bofinger	10,000
A. G. Ernst	5,000
Francis M. Kurtz	(1)
H. A. Baum	10,000
O. C. Adams	5,000
N. F. Leach	5,000
N. M. Byrnes	5,000
J. J. Byrnes	5,000
R. M. Smith	5,000
O. I. Black	5,000
T. A. Connors	5,000
A. N. Vogt	5,000
Carl Byoir	15,000
Better Business Organization, Inc	10,000

[1] Not guilty.
[2] Dismissed.

The fines were imposed on September 27, 1946, and were upheld by the circuit court of appeals.

DECISION OF COURT IN A & P CASE

Although it is rather lengthy, I believe the decision in the District Court of the United States for the Eastern District of Illinois, by Judge Walter C. Lindley, should be inserted in the CONGRESSIONAL RECORD in view of the fact that the A & P Tea Co. is now guilty of trying to mislead the American people, and especially the consumers, in believing that the courts have treated them unfairly and that they are helping the consumers by their unfair tactics. The opinion is as follows:

[In the District Court of the United States for the Eastern District of Illinois]

UNITED STATES OF AMERICA v. THE NEW YORK GREAT ATLANTIC & PACIFIC TEA CO., INC., ET AL. CRIMINAL NO. 16153

Lindley, judge:

The information in this cause charges, in the first count, that defendants unlawfully formed and carried out, in part within the eastern district of Illinois, a combination and conspiracy unreasonably to restrain interstate commerce in food products; and, in count two, that they entered into and carried out, in the same manner, a conspiracy to monopolize a substantial part of such products in interstate commerce, all in violation of the Sherman Act.

The corporate defendants are: The New York Great Atlantic & Pacific Tea Co., Inc., a New York corporation; the Great Atlantic & Pacific Tea Co. of America, a Maryland corporation; the Great Atlantic & Pacific Tea Co., a New Jersey corporation; the Great Atlantic & Pacific Tea Co., an Arizona corporation; the Great Atlantic & Pacific Tea Co., a Nevada corporation; the Great Atlantic & Pacific Tea Corp., a Delaware corporation; the Great Atlantic & Pacific Co., of Vermont, Inc., a Vermont corporation; the Quaker Maid Co., Inc., White House Milk Co., Inc., Nakat Packing Corp., and Atlantic Commission Co., Inc., all New York corporations; and the American Coffee Corp., a New Jersey corporation.

Certain individuals comprise the so-called headquarters defendants, as follows: George L. Hartford, president of the first above-named corporation; chairman of the board of directors of the second; president and director of the Great A & P Tea Co., Ltd., Canada, secretary and director of the Atlantic Warehouses, Inc., New York, Great American Tea Co., New York, and the Arizona corporation; treasurer and director of the New Jersey and Nevada corporations and director of the Delaware corporation; John A. Hartford, first vice president and director of the first-named corporation, president and director of the Maryland, the Arizona, the New Jersey, the Nevada, and the Delaware corporations and of the Great American Tea Co., New York; treasurer and director of Atlantic Warehouses, Inc., New York, vice president and director of the Great Atlantic & Pacific Tea Co., Ltd., Canada; R. W. Burger, assistant secretary of the Arizona, the New York, and the Nevada corporations, the American Coffee Corp., Nakat Packing Corp., the Atlantic Commission Co., the Great American Tea Co., the Atlantic Warehouses, Inc., and the Great Atlantic & Pacific Tea Co., Ltd., secretary of the New Jersey and Maryland corporations, secretary and director of the Delaware corporation, assistant secretary and director of the Quaker Maid Co., secretary-treasurer and director of White House Milk Co., vice president, Stores Publishing Co., Inc., New York; Robert B. Smith (now deceased), vice president and director of the Maryland, New Jersey, and Nevada corporations, and of the White House Milk Co.; president and director of Nakat Packing Corp., the Atlantic Commission Co., and the Quaker Maid Co. and vice president of Stores Publishing Co.; David T. Bofinger, vice president and director of the New Jersey corporation and the Stores Publishing Co.; R. G. Ernst, vice president of the Quaker Maid Co.; Francis M. Kurtz, vice president, American Coffee Corp., New Jersey; H. A. Baum, vice president, general manager, and director of Atlantic Commission Co., New York.

Other defendants are: O. C. Adams, chairman of the board of the Atlantic division; W. F. Leach, president of the Atlantic division; W. M. Byrnes, president of the Eastern division; J. J. Byrnes, president, New England division; R. M. Smith, president, southern division; O. I. Black, general superintendent of Dallas unit; T. A. Connors, agent in charge of the national meat department of A & P; A. W. Vogt, agent in charge of the buying office, Milwaukee, Wis.; Business Organization, Inc., a New York corporation, and Cary Byoir, chairman of its board.

The information sets forth at some length the respective participating activities of the members of A & P group in the food industry of the United States. It avers and the fact is that the New York corporation and the Maryland corporation are holding companies, the first holding the stock of the other and the latter that of the other corporate defendants except the Vermont corporation which is owned by the New Jersey corporation; that defendants George and John Hartford, as trustees of the George H. Hartford trust hold all the authorized and issued voting stock of the New York corporation and, individually and as trustees, 99.97 percent of the authorized capital stock of that corporation; that besides retailing food through retail stores, the group processes, packs, and wholesales food products and engages in brokerage business in such products.

It is charged that headquarters control the buying; that the purchasing department is located at headquarters where food products to be retailed are purchased; that in various States, there are located other offices, known as buying and brokerage offices, where A & P's agents and employees, under the direction of the grocery purchasing department, purchase various products, all of which are shipped to A & P warehouses and from there forwarded in interstate commerce to the retail stores, and that the stores, 6,412 in number, in 3,436 cities, constitute the conduit through which food products are moved in commerce from producers to consumers. It is charged that headquarters also control the selling and advertising of the entire group, dictate where stores shall be located and suggested profit rates and expense rates for all the stores.

All defendants [1] entered pleas of not guilty and both sides waived trial by jury. Voluminous evidence was submitted, both oral

[1] In using the word defendants generally I shall include all defendants, named in the information, except Robert B. Smith who is now deceased.

and documentary. The Government relies upon the records made by defendants in their corporate and group meeting minutes, their communications with each other and with others, testimony of suppliers from whom A & P bought food products, and that of producers of fruits and vegetables and the officers or agents of cooperatives producing and selling such produce. Defendants produced controverting evidence, both oral and documentary, submitting portions of its records as part of the res gastae.

The Government has not offered evidence of any expressed undertaking to restrain interstate trade or to create a monopoly. It insists, however, that the policies and practices of the allied corporations and their officers from the year 1925 until the time the information was filed have remained constant, namely, lower buying prices for A & P than those of its competitors, realized largely through discriminatory preferences to A & P from suppliers, enabling A & P to undersell retail competitors and to offset losses incurred in selected areas at a profit rate below cost of operation. It complains, not of the size of the defendants' enterprise but that, through vertical and horizontal integration reflected by the evidence, defendants have acquired and used tremendous power in such manner and employed such means as inherently involve unreasonable restraint of competition. It insists that A & P, in meeting competition in certain sections has so lowered prices as to result in stores in those sections being operated at a loss; that, to reimburse them for losses or lessened profits, stores have received allotments of other earnings which are first received at headquarters and then allocated to the stores; that these include, not only earnings of the wholly owned subsidiaries but also stock gains, advertising allowances received from suppliers and various other "headquarters" profits, and contribute to an illegal result, i. e., they bar or handicap open competition; and that in certain sections, defendants have agreed with others to fix prices. It insists that there is adequate proof of illegal action by Atlantic Commission Co. in that it acts as buying agent for A & P and at the same time as broker for vendors selling to other distributors and as buying broker for others and eventually turns over all its profits to A & P. It insists that defendants have engaged in false front activities, the nature of which I shall discuss hereafter. In short, it is the Government's position that it has proved beyond reasonable doubt that all of the actions of defendants disclosed by the evidence in the end amount inevitably to illegal restraint of trade as charged in the first count and to an attempt to create a partial monopoly as charged in the second count, while defendants insist that proper analysis of the evidence can lead only to a conviction that they never at any time intended to violate the law; that their recorded policy over a period of years has been to live within the law, and that they have studiously attempted at all times to meet competition fairly, without threat to its healthy open existence, all in order to achieve their only purpose—to furnish the consuming public with good goods at cheap prices and a low profit.

It is obvious, therefore, that determination of which is the correct view, or a reconciliation of one with the other, involves the issue of whether the evidence points inevitably, beyond all reasonable doubt, to guilt, or whether it discloses such facts as are consistent only with innocence. In order to answer satisfactorily to myself the resulting collateral questions, it has been necessary to give careful attention to a vast amount of evidence and, as the question to be solved has frequently been, from the viewpoint of each of the parties, one of determination of inevitable implications of largely undisputed facts, I have found it essential to scrutinize many minutes, resolutions, contracts, letters, and other documents. To attempt to summarize the evidence fully and accurately would extend this memorandum to an unreasonable length. I shall attempt only to point out some representative or typical features in the hope that my complete consideration will be reflected by what I say.

HISTORICAL DEVELOPMENT AND PRESENT STATUS OF A & P

A & P, as a genus, came into existence some 75 years ago. Defendants John A. and George L. Hartford, sons of one of the original founders, George H. Hartford, connected with the enterprise since early manhood, control the corporations forming the group, through the George H. Hartford trust, of which they are trustees. The group first operated only "economy stores," run by one man, with no deliveries, no credit, no advertising, and no telephones; later it opened various "combination stores," carrying meats and vegetables as well as groceries, "special development stores," and still later "supermarkets." In 1920 there were 4,638 A & P stores in the United States, with sales of $235,303,000 and earnings, before taxes, of $4,806,000. At the end of 1924, there were 11,413 stores, sales of $352,093,000, and earnings of $13,165,000. In 1925 occurred what the Government terms a reorganization and the defense a decentralization, under which all territory in which A & P operated was divided into divisions, of which, since 1938, there have been seven as charged in the information. On June 1, 1926, sales aggregated some 26.6 percent of the total United States food business done by all chain stores, which, as a group, were doing 23.6 percent of the total grocery business of the United States. At that time A & P had 14,220 stores out of a total of all chain stores of 46,800.

The controlling stock of the New York corporation is owned by the two Hartfords as trustees and that of the Maryland corporation by the New York corporation. The Maryland corporation owns the controlling stock of all other subsidiaries except the Great Atlantic & Pacific Tea Co. of Vermont, Inc., which is owned by the New Jersey corporation, a subsidiary of the Maryland corporation. The relative positions of the executive officers is stipulated as hereinbefore set forth.

The New York corporation does not handle merchandise. The Maryland corporation helps finance the operating companies—its subsidiaries or subsidiaries of its subsidiaries. The New Jersey corporation operates retail food stores in 24 States, the Arizona in 13 States, other than those in which New Jersey operates, and Nevada in 3 States, in addition to those in which New Jersey and Arizona operate. The Delaware corporation does not buy, manufacture, or sell food products, but seems to have been created for the purpose of protecting the company's name in States where A & P is not yet doing business. The Vermont corporation merely conducts liquor departments in the retail stores operated by the New Jersey corporation in the State of Vermont. Quaker Maid Co., Inc., maintains four manufacturing plants and ships its products to A & P warehouses, packed under A & P labels. The American Coffee Corporation buys green coffee in South America from producers and on the spot market which it sells to the New Jersey corporation at the ports of export and which is then imported and turned over to the national coffee department, roasted and distributed under A & P labels. The White House Milk Co., Inc., operates plants in Wisconsin, selling and shipping its products to the warehouses under A & P brands. The Nakat Packing Corporation packs and cans in four canneries in Alaska salmon which is sold and shipped to A & P warehouses. The Atlantic Commission Co., Inc., is qualified to do business in 36 States. It is commonly referred to as Acco and will be so designated here. Organized primarily to purchase fresh fruits and vegetables for A & P, it purchases from growers and shippers in the various producing parts of the country produce which it delivers to A & P warehouses and stores. By 1940 approximately 70 percent of the merchandise purchased by Acco was shipped to A & P and about 30 percent sold to competing trade, from which is derived profits in the form of brokerage. The Government claims that its chief purpose was to procure for A & P select quality at special prices and to divert relatively low quality produce to the outside trade at higher prices. Previous to passage of the Robinson-Patman Act and the court decision enforcing it against A & P in 1940, Acco enjoyed substantial profits from brokerage collected from suppliers on products purchased for A & P.

The mechanical set-up and business methods of all divisions seem to have been substantially the same, with perhaps the exception of the eastern, which operates entirely in metropolitan New York more nearly as a unit than the other divisions, in which diverse units are located, frequently widely separated. Divisions are not incorporated, but each has a president, one or more vice presidents, a treasurer, secretary, director of sales, director of purchases and director of operation. Each has, also an advisory board of directors, of which the officers are members, and an executive committee, which meets frequently to decide questions of current nature which cannot wait for a full board meeting. Each division is subdivided into units, in each of which are located retail stores and, in most instances, warehouses which serve the stores. The units are not incorporated but each of them, too, has officers, including the general superintendent, who is often a vice president of the division, office manager, sales manager, unit buyer and warehouse superintendent, all of whom jointly constitute the unit executive committee. Supervisors, working under the general superintendents, visit, check and report upon the stores in the unit. Each store has a manager.

Since 1925 the presidents of the divisions, together with the Hartfords, and Bofinger and others, have constituted the general policy-making body. They meet quarterly at headquarters in what they term president's meetings. Usually present have been the two Hartfords, until his death, R. B. Smith, vice president; Burger, secretary; Bofinger, vice president in charge of purchases and chairman of the merchandising committee; the division presidents and representatives of the national accounting and statistical departments and various other employees. All attending vote upon matters presented. Also meeting at headquarters are the merchandising committee, the sales directors, the purchasing directors and the comptrollers. At presidents' meetings open discussion prevails, but it is obvious from the many records submitted that the voice of the Hartfords is a valued guide, indeed, the determining factor in deciding what is to be done. Any attendant may express his opinion but, in the end, I think it clear, the wishes of the two joint heads of the group constitute at all times the controlling factor in determination of policies for the entire A & P set-up.

By 1942 A & P retail sales had expanded to $1,444,718,000. In 1941 principal chain stores figures were: A & P $1,354,018,000; Safeway, $475,125,000; Kroger, $302,766,000; American Stores, $157,677,000; First National Stores, $121,949,000; National Tea, $72,182,000. For the year 1930, 11 years earlier, the sales were: A & P, $1,059,099,000; Kroger, $257,094,000; American Stores, $142,770,000; National Tea, $85,236,000. The number of A & P stores advanced from 4,598, in 1920 to 15,422 in 1930 and then declined to 5,821 in 1942 and 5,751 in 1943, principally because of replace-

ment of smaller service stores with supermarkets, where volumes handled are much greater. Thus the tons per store increased from 2.73 tons per week in 1925 to 6.40 tons in 1937. The average dollar weekly sales per store rose from $678 per week to $1,175. A & P total tonnage in 1941 had become 7,200,000 tons, an average weekly per store of approximately 19 tons. In 1941 the average weekly sales for all stores were $4,662, for all supermarkets $12,128 and for all special development stores $5,753.

The defense introduced a chart disclosing the comparative amounts of national food sales over a period of years compiled from Department of Commerce statistics. This shows that in 1933, of the total sales of stores engaged primarily only in sale of food at retail, independent sales amounted to 61.7 percent of the total, those of all chain stores to 38.8 percent, and those of A & P to 11.6 percent and that in 1943 the sales of the independent stores constituted 70.2 percent of the total, those of all food chains, 29.8 percent, those of food chain stores other than A & P 22.7 percent, and those of A & P 7.1 percent.

The Government contends that any persuasive effect of the figures shown is completely negatived upon proper analysis; that Nation-wide comparisons do not take into consideration expansion in territories occupied by A & P. It deduces from the record that in 1925–26 A & P had some 33 units, that, of these, 1 unit only had more than 15 percent of the total available business in its territory, 11 units from 10 to 15 percent, 12 from 5 to 10 percent, and 9 less than 5 percent; whereas in 1941 A & P had 39 units with the following percentages of the total available business in the respective communities; 8 with from 15 to 20 percent; 18, 10 to 15 percent; 10, 5 to 10 percent; and 3 less than 5 percent. It insists that A & P's percentage of total available business in the areas occupied by A & P is shown to be much larger when limited to cities of certain sizes within the divisions. It refers to the board of directors meeting of the central division in May 1941, when a program of supermarkets and special development stores was outlined aiming at obtaining 20 percent of the available food business in cities where there was an available volume of $20,000 or more per week. That record discloses that at that time A & P had more than 20 percent of the total available business in approximately three-fourths of the cities in the division. There were in the division 8 cities where A & P had over 50 percent of the available business, 15 cities from 40 to 50 percent, 51 from 30 to 40 percent, 51 from 20 to 30 percent, 55 from 10 to 20 percent, 7 with less than 10 percent. In short, the Government contends that the chart is wholly valueless in determining A & P's true growth in that it does not reflect development in areas actually occupied by A & P, but is built upon a national basis, which is misleading, inasmuch as A & P does not participate in business in all communities.

The sales of Quaker Maid, White House Milk, Nakat, fish department, tea, etc., expanded from a total of $41,960,000 in 1931 to $88,720,000 in 1941. In 1941 the bakery sales, as compared with the well known national bakers, were as follows: A & P $55,077,000, Continental $69,427,000, General $42,067,000, Purity $41,414,000, Ward $36,721,000. A & P increased sales of its own coffee from 60,928,000 pounds in 1925 to 270,503,757 in 1941, and those of outside brands from 1,972,251 pounds in 1925 to 28,817,109 pounds. An increase of 43 percent in A & P brands of coffee in 1940 over 1930, compares with a national increase in coffee sales of 18 percent. This latter fact, says the Government, further proves the undependability of comparisons of A & P statistics with national statistics. The Government's calculation is that, after taking into consideration the coffee consumed in hotels, restaurants, etc., and the fact that A & P covered only 78 percent of the population, its coffee sales were equivalent to 20 percent of the available retail business. Purchases of soap in 1937 were $4,997,355 and in 1941 $9,529,633. The national meat department of A & P purchased 685,770,383 pounds in 1940. This represented an increase of 36.6 percent over 1939. Acco handled in 1938, 8.41 percent of the total national movement of fresh fruits and produce—in 1940, 11.62 percent. Total sales of Acco for the fiscal years 1940 and 1941 were $79,294,969 and $103,503,250. Of this, in 1940, $6,490,146 represented sales to the outside trade.

John Hartford testified that the division presidents hold their positions at the will of himself and his brother, and I believe it the only proper inference that this is true as to all officials of the various corporations, resulting, for all substantial purposes, in unification of ownership and of control in the two Hartfords. The board of directors of the New Jersey corporations pass upon and approve the appointment of division presidents and approve or ratify the actions of the presidents' meetings. The various officers of the corporations have at all times recognized this unification; so Parr, in charge of field buying, said: "It is all the A & P Tea Co. to me." Burger did not known which corporation handled the merchandising. The officials and employees quite generally do not distinguish one corporation from another. They recognize John Hartford as president, George Hartford as chairman of the board and treasurer and Burger as assistant to John Hartford. Everyone seems to have considered the total operation of the A & P group as the operation of one company; all net earnings eventually reached the two Hartfords.

Mr. Hartford stated to the presidents in 1937 that responsibility for determining programs rests in headquarters; that the presidents' meetings control the conduct of the business, although carrying out details is left to division keymen and the headquarters buying committee. He cautioned the conference to make sure that company policies were carried down to the employees of the system. Minutes of meetings are sent to unit heads and thereafter the boards of directors of the divisions attempt to carry out the enunciated policies. One president testified that occasionally decisions were made at the presidents' meetings not in accord with the views of the two Hartfords but, upon cross-examination, he failed to recall any instance of such action. Operation of manufacturing plants and expansion programs are likewise controlled by decisions of the presidents' meetings. Compliance by the operating organization with company policy is checked by reports of the auditing department. Any violation of policies must be reported to headquarters. Employees of subsidiaries receive stenciled copies from the New York office which serve as statements of policies approved by headquarters.

The merchandising committee at headquarters coordinates the general advertising for and merchandising of retail operations, including subsidiary manufactured products and their competing nationally and sectionally known brands. Bofinger, in charge of buying operations, was chairman of the committee, which included the general manager of Acco, public-relations counsel, representatives of Quaker Maid and American Coffee, advertising counsel, Connors, in charge of the meat department, Gundry, assistant to Bofinger, Gilb, head of the national bakeries division, and Kling of White House Milk and Nakat Packing corporations. This committee does not fix policies but interprets and carries out those prescribed at the presidents' meetings. It helps guide the retail organizations in handling A & P's own products and those purchased from outside manufacturers, supervises the advertising activities, acts as headquarters sales department, and recommends policies to the presidents' meetings. In addition, there are meetings of the directors of purchases of the divisions and the divisional directors of sales, under, apparently, the directing hand of Bofinger, who is also head of the grocery department at headquarters, which, in turn, directs the activities of the purchasing directors. These meetings, too, are attended, at least at times, by the two Hartfords, Bofinger, and the headquarters buyers, and by assistants to Bofinger. The division sales directors' meetings are attended by sales directors of the divisions and headquarters representatives and concern themselves with national sales programs.

The complete buying organization consists of the headquarters purchasing department, field buying offices, purchasing directors for each division, and unit buyers for the respective units. Bofinger, head of the first of these, has some 10 or 12 assistants, each of whom has to do with one particular group of products. Purchases are also executed by field buyers and division purchasing directors. The latter are accountable to headquarters and the unit buyers to the divisional purchasing directors. The purchasing director for each division purchases goods produced within the division and goods produced outside the division but sold by the manufacturer only within the division. The same rule is applicable to unit buyers. If a manufacturer desires to sell more than one division, he must deal with headquarters or one of the field buying offices.

Some 75 percent of the fruits and vegetables purchased for A & P are purchased by Acco. The remainder consists of small purchases made by store managers from local producers and other purchases made by the units to fill in or supplement other purchases. National purchases are made by the egg and poultry department at headquarters. The purchasing department buys produce not only for the retail stores but also for the manufacturing system. New commodities are not stocked generally without permission of division headquarters. If they are competitive with products manufactured by A & P subsidiaries, the retail stores must first make an effort to have the A & P products take care of the demand.

The Government presents an analysis of profits. There is some controversy as to the correctness of the figures presented, but I deem them sufficiently truly illustrative of the facts. The total profits of A & P in 1939 were $21,312,000, in 1940 $23,409,000, in 1941 $26,025,000. Of these the net retail profit in 1939 was 6.31 percent of the total, in 1940 9.37 percent, and in 1941, 10.98 percent. In the same years the manufacturing subsidiaries' profits were, in 1939 $5,009,067 or 23.50 percent of the total; in 1940 $5,310,890 or 22.69 percent of the total and in 1941 $6,359,012 or 24.43 percent. The earnings in coffee were, in 1939, $3,092,760 or 14.51 percent of the total; in 1940, almost $4,000,000 or 16.80 percent; in 1941, $3,274,348 or 12.59 percent. Thus it is evident that the profits from coffee alone in each of the 3 years was in excess of those from retail earnings of all the several thousand retail stores.

The headquarters' allocation of profits exceeded the net profit of the retail stores in 1939, being more than three times as much as retail earnings, and in 1940 and 1941 more than two times as much. The manufacturing companies' earnings in 1939 were more than three times net retail earnings, and in 1940 and 1941 more than two times. The earnings of Acco alone very closely approached the total retail earnings of all the stores. In 1939 its profits were $1,082,336 or 5.08 percent as compared to 6.31 percent for net retail profits; in 1940, $1,316,374 or 5.62 percent of all profits as compared with 9.37 percent for the net profit of the retail stores and in 1941 profits of Acco were $1,863,697, or 7.16 percent of the total profits as compared with 10.98 percent for net retail profits from

the stores. It thus appears that if the retail stores of the A & P system had operated without any profit, the net earnings from all other sources would have equaled, in 1939, 93.69 percent of what was realized including retail profits; in 1940, 90.63 percent; and in 1941, 89.08 percent.

Before discussing further details of evidence, I shall refer briefly to certain pertinent decisions. The purpose of the Sherman Act is to prevent restraints of interstate commerce, to maintain its appropriate freedom in the public interest, to afford protection from the subversive or coercive influence of monopolistic endeavor. As a charter of freedom, the act has a generality and adaptability comparable to that found to be desirable in constitutional provisions. It does not go into detailed definitions which might either work injury to legitimate enterprise or through particularization defeat its purposes by providing loopholes for escape.

"Combination which unreasonably limits competition which would otherwise exist between persons in similar businesses is illegal. A suppression of competition necessarily restrains commerce. (*Board of Trade* v. *United States* (246 U. S. 231).) In *Paramount Famous Lasky Corp.* v. *United States* (282 U. S 30), it was said: 'In order to establish violation of the Sherman Antitrust Act, it is not necessary to show that the challenged arrangement suppresses all competition between the parties * * *. The interest of the public in the preservation of competition is the primary consideration.' The restraint of trade contemplated by the statute means restraint of competition. (*United States* v. *Eastern States Retail L. D. Assn.* (234 U. S. 600).)" (*William Goldman Theatres, Inc.* v. *Loew's, Inc.* (150 F. 2d. 738).)

The court said further:

"The statutory prohibition is against any course of conduct which monopolizes 'any part' of interstate trade. We know of no authority which sanctions what would otherwise be an illegal monopoly simply because it operates in a single city or a particular part of a city and affects only a part of an industry involved. There is no such limitation on the effect of the antitrust laws. *Addyston Pipe & Steel Co.* v. *United States* (175 U. S. 211, 20 S. Ct. 96, 44 L. Ed. 136); *Standard Oil Co.* v. *United States,* (221 U. S. 1, 31 S. Ct. 502, 55 L. Ed. 619, 34 L. R. A., N. S., 834, Ann. Cas. 1912D, 734); *Indiana Farmer's Guide . ub. Co.* v. *Prairie F. P. Co.,* (293 U. S. 268, 55 S. Ct. 182, 79 L. Ed. 356); *Oxford Varnish Corp* v. *Ault & Wiborg Corp.,* (6 Cir., 83 F. 2d. 764); *Peto* v. *Howell,* (7 Cir., 101 F. 2d. 353); *Truck Drivers' Local No. 421* v. *United States,* (8 Cir., 128 F. 2d. 227); *White Bear Theatre Corp.* v. *State Theatre Corp.,* (8 Cir., 129 F. 2d., 600); *Louisiana Farmers' Protective Union* v. *Great A & P Tea Co.,* (8 Cir., 131 F. 2d. 419); *Bigelow* v. *Calamet & Hecla Mining Co.,* (6 Cir., 167 F. 704)."

Combination that leads directly to lower prices to the consumer may, even as against the consumer, be restraint of trade; and combination that leads directly to higher prices may, as against the producer, be restraint of trade. The statute, thus interpreted, has no concern with prices, but looks solely to competition, and to the giving of competition full play, by making illegal any effort at restriction upon competition. Whatever combination has the direct and necessary effect of restricting competition is, within the meaning of the act as now interpreted, restraint of trade. *United States* v. *Swift & Co.,* (122 F. 529.) In *United States* v. *American Oil Co,* (262 U. S. 371, the court said (p. 388)):

"The Sherman Act was intended to secure equality of opportunity and to protect the public against evils commonly incident to monopolies and those abnormal contracts and combinations which tend directly to suppress the conflict for advantage called competition—the play of the contending forces ordinarily engendered by an honest desire for gain. Nor is it determinative in considering the policy of the act that petitioners may not yet have achieved a complete monopoly. For it is sufficient if it really tends to that end and to deprive the public of the advantages which flow from free competition." *Fashion Guild* v. *Trade Commission,* (312 U. S. 457); *United States* v. *E. C. Knight Co.,* (156 U. S. 1, 16); *Eddyson Pipe & Steel Co.* v. *United States,* (175 U. S. 211, 237.)

In *American Tobacco Co.* v. *United States* (— U. S. —), June 10, 1946, the court said: "It is not the form of the combination or the particular means used but the result to be achieved that the statute condemns. It is not of importance whether the means used to accomplish the unlawful objective are in themselves lawful or unlawful. Acts done to give effect to the conspiracy may be in themselves wholly innocent acts. Yet, if they are part of the sum of the acts which are relied upon to effectuate the conspiracy which the statute forbids, they come within its prohibition. * * * The essential combination or conspiracy in violation of the Sherman Act may be found in a course of dealings or other circumstances as well as in any exchange of words. * * * Neither proof of exertion of the power to exclude nor proof of actual exclusion of existing or potential competitors is essential to sustain a charge of monopolization under the Sherman Act. * * * A combination may be one in restraint of interstate trade or commerce or to monopolize a part of such trade or commerce in violation of the Sherman Act, although such restraint or monopoly may not have been actually attempted to any harmful extent. See *United States* v. *International Harvester Co.* (214 Fed. 987, id., 274 U. S. 693) * * * the material consideration in determining whether a monopoly exists is not that prices are raised and that competition actually is excluded but that power exists to raise prices or to exclude competition. * * * It is not necessary that the power thus obtained should be exercised Its existence is sufficient."

"With respect to defendant's purpose, we find no warrant for determining that they were other than those they declared. Good intentions will not save a plan otherwise objectionable, but knowledge of actual intent is an aid in the interpretation of facts and prediction of consequences." *Appalachian Coals Inc.* v. *U. S.* (288 U. S. 344 at 372). The inquiry must be whether, despite the objective of good intentions, the inherent nature of the plan was such as to create an undue restraint upon interstate commerce. *Appalachian Coals Inc.* v. *U. S.* (288 U. S. 344 at 372).

In *Wardell* v. *Union Pacific Railroad Co.* (103 U. S. 651, 26 L. Ed. 509), discussing fiduciary relationship, the court said: "The same person cannot act for himself and at the same time, with respect to the same matter, as the agent for another, whose interests are conflicting. Thus a person cannot be a purchaser of property and at the same time the agent of the vendor. The two positions impose different obligations, and their union would at once raise a conflict between interest and duty; and, 'Constituted as humanity is, in the majority of cases duty would be overborne in the struggle.' *Marsh* v. *Whitmore* (21 Wall. 178, 22 L. Ed. 482). The law, therefore, will always condemn the transactions of a party on his own behalf when, in respect to the matter concerned, he is the agent of others, and will relieve against them whenever their enforcement is seasonably resisted. * * * all persons who stand in a fiduciary relation to other parties and are clothed with power to act for them are subject to this rule; they are not permitted to occupy a position which will conflict with the interest of parties they represent and are bound to protect. They cannot, as agents or trustees, enter into or authorize contracts on behalf of those for whom they are appointed to act, and then personally participate in the benefits."

All who participate in a Sherman Act violation, or who aid or abet in its commission are indictable as principals. *United States* v. *MacAndrews and Forbes Co.* (149 F. 823). Individual defendants who have cognizance of and participate in carrying out policies and practices inherently involving unreasonable restraint of trade or monopoly are criminally liable for the acts and practices of their superiors or their employees although they may not have specific knowledge of each act done or know all the details of the carrying into effect of such policies and practices. An individual is criminally liable if he actually participates in an unlawful act, or if he authorizes another to participate in an unlawful act, or if he ratifies the unlawful act of another after knowledge of it. *United States* v. *Winslow* (195 F. 578, aff'd 227 U. S. 202). *United States* v. *Lancaster* (44 F. 896); *McGrath* v. *Mathues* (6 F. 2d 149); *Lawlor* v. *Loewe* (209 F. 721 aff'd 235 U. S. 522).

The act of a corporation's governing officials, when they act on behalf of the corporation and within the scope of the general powers delegated to them, including acts which such officials assume to do while performing duties actually delegated, are properly attributable to the corporation for criminal purposes. *New York Central R. R. Co.* v. *United States* (212 U. S. 481).

DEFENDANTS' BUYING PRACTICES

The Government finds nothing inherently wrong in defendants' intercorporate integration but contends that by means of horizontal integration, that is, combination under one management of a number of similar industries on the same level, and vertical integration, that is, combination under one management of different business functions at more than one level, both of which have existed since 1925, defendants have so acted as, inherently, by their misuse of such integrated power, unreasonably to restrain interstate trade. For example, says the Government, in 1925 A & P received $624,560.97 in profits from the American Coffee Corporation and exhibited an intent to dominate the coffee business in these words: "Desire to see A & P gain and retain a supremacy in coffee * * * with a holeproof organization from tree to cup, we shall have nothing to fear from future competition." The Government also refers to the fact that in 1934, profits of the central division were reduced from $1,300,000 for the first quarter of 1933 to $700,000 for the first quarter of 1934, in order to permit the division, and particularly the two Pittsburgh units, to pursue an aggressive sales policy. The earnings referred to include profits from source outside of retail sales, such as advertising allowances and income of subsidiary companies. It was said: "This unique advantage of the company over competitors should be explored to the limit." This is one of many such instances which, the Government claims, illustrate abuse of vertical and horizontal integration, with ruinous effects on competition.

The Government claims that defendants have forced preferences unavailable to competitors by threats to withhold or withdraw purchases and to engage in manufacture of competing products on their own account, thereby creating unreasonable restraint of food processing and distribution; that crediting profits realized from manufacture and other nonretail sources to A & P's income so operates as to subsidize wrongfully its retail operations and that Acco's inconsistent roles bring to A & P profits which in turn work an illegal advantage in it over competitors.

Whether defendants would manufacture products in any instance was quite naturally based upon whether A & P could obtain such prices from suppliers as would make it

imprudent, as a business proposition, to engage in manufacturing itself. As early as 1927, at the request of John Hartford for an expression on pushing A & P's own brands, the minutes recite that the time has arrived for making a "demonstration in order to safeguard the arrangements which we now have with national manufacturers. * * * national manufacturers * * * will be anxious to keep their arrangements with us attractive so that we would not consider it necessary to go into their lines. * * * coffee would be the best commodity to start out with and White House milk next." The Government submitted evidence of certain events in this respect, some of them occurring many years ago, including defendants' action in New Orleans in rice, shrimp, and canned oysters, their dealings with Campbell as to beans and spaghetti in 1925, when Hartford suggested that A & P could afford to cease to make those products, inasmuch as it could resume its own manufacture, if Campbell's terms should prove satisfactory, and A & P's decision to continue to manufacture gelatin products until it could consummate a satisfactory arrangement with the Jello Company. In March 1927 Canada Dry had withdrawn from sales to A & P because of the latter's alleged price cuts in Indianapolis. John Hartford said that an organization with 15,000 stores was too big to be dictated to, and A & P decided to select one of its own competing products, advertise it extensively and price it attractively, to demonstrate that it could establish a competing product. Canada Dry returned to the A & P fold and it was announced in 1928 that A & P's emphasis on its private brand had achieved its purpose.

In 1939 A & P sought to secure from large soap companies allowances on Crisco and Spry shortening so that A & P could profit by ordering in straight carload lots. The manufacturers rejected the suggestion and A & P advised its buyer that when A & P got ready to go into the shortening business the retail price would be made very attractive as compared with that of Spry or Crisco and that thereby A & P would be able to secure greater concessions than it then could and that, consequently, the soap manufacturers should not, at that time, be pushed.

In February 1926 it was decided that more favorable relationship with the great millers could be established by purchasing A & P's entire requirement of flour on an allowance basis through one source, "thereby taking advantage of our buying power."

The national meat department, in Chicago, under the management of Conners, made carload purchases from western packers for the entire system. Headquarters advised that it was to A & P's interest to "exercise our buying power" through the Chicago purchasing office. In 1940 Conners was given complete authority over all meat purchases.

The effect of correspondence with Ralston Purina Co., was that A & P would have to have a lower price for corn flakes or it would enter into manufacture of cereal itself. A & P had considered opening a plant in the Corn Belt, obtained cost quotations and had made a survey, all of which indicated that it could manufacture flakes with a saving of 21 cents per case on the price it was then paying Ralston. Ralston finally offered an additional allowance of 10 cents per case or a total of 17½ cents and A & P did not build its plant. Defendants explain this alleged duress of Ralston Purina Co., as in no wise coercive, but as merely a definite statement on the part of A & P that it was "paying too high a price to Ralston and that, if it could not obtain a better rate, it would go into business," all with the intent to secure a fair sales price, rather than to force the supplier to sell goods at A & P's dictated price. Defendants point to the incomparable portion of Ralston's business which went to A & P, "as proof in support of our contention."

The Government suggests that concentration of purchases of salmon resulted in price preference to A & P of from 5 to 10 cents per case. Other instances of the alleged misuse of A & P's buying power are cited but the ones discussed are illustrative.

Defendants admit that they have been aggressive in carrying out their merchandising policies but deny that A & P ever attempted to manipulate its power in order to realize an unwarranted discrimination or preference. They refer to Parr's language to the effect that "there should be no tactics employed which would even hint of being coercive," and to that of Hensley in 1940, stating that no pressure was to be brought to bear other than a mere statement of A & P's policy and to counsel's letter of October 28, 1936.

RETAIL OPERATIONS

The Government contends that A & P used its wide-flung horizontal integration to maintain leadership in retail business by supplementing unduly reduced retail prices in competition by subsidies or profits from sources other than retails, and offset losses incurred in selected areas, because of fixed low prices or low gross profit rates in order to force volume, by profits from other localities, or by diversion of headquarters profits to retail stores; that retail price leadership was sought and maintained for the purpose of injuring retail competitors and that the methods employed were such as inherently to injure nonintegrated retail competitors. It contends that A & P insisted, in all situations, that its prices be kept as low as, or lower than, prices of its competitors and that, inasmuch as increased sales of subsidiary products meant more money to A & P with which to reduce gross profits, on products which were available to competitors, it thus made it, as defendants said, "very hard for the average supermarket to compete with us." It claims that in A & P's desire to attain a position which would make it possible for it to sell food more cheaply than any competitor, it undersold others but refused to be undersold and that competitors suffered, citing instances in various divisions. This program the Government says, by 1941 had placed A & P in a position to fix its operation at a gross profit rate impregnable to competition. An A & P sales director did say that competition as it was known in the old days does not exist today; that "there is no one in the industry selling food at a mark-up as low as ours." John Hartford said that profit rates should be held at a level whereby the business would be in an "impregnable position against competitive supermarket invasion." Defendants used this language: "When it comes right down to brass tacks we have no competition from a price point of view." Sales of meats were frequently "at substantial loss" John Hartford said early in 1942 that headquarters desired a 0.0022 retail operating profit; that subsidiary profits and headquarters' allowances would take care of the rest; that this was excellent for the company and that everyone should be interested in seeing "that this situation be perpetuated."

SELLING PRACTICES—PROFIT RATES

The Government presents a prolonged discussion of defendants' suggested profit rates. It is perfectly obvious, as defendants point out, that these were merely programs, but equally obvious that they were goals which defendants expected divisions to strive to attain. The Government construes expansion under low gross profit rates as intentionally building up volume at the expense of competition, relying upon evidence that below average low gross profit rates were fixed in certain territories where competition was severe until competition had been overcome.

From 1929 to 1936, A & P programs for net profit rates ranged from 0.0271 in the middle western division to 0.0382 in the eastern division. Central western division was directed to operate on a net profit basis of 1½ to 2 percent, including nonretail profits. If results were satisfactory, Hartford believed, the plan should apply to all divisions. The division was authorized to "plough back into Cincinnati whatever is necessary in the way of a drastic sales campaign" in order to bring the unit up to par with the rest of the division. A & P's percentage of available business in Cincinnati was 5 percent while that in the entire division was 9 percent, including Grand Rapids with 14 percent and Detroit with 10 percent. Appropriations of $52,000 for Louisville and $14,950 for Cincinnati were approved in order to help them continue low gross profit rates. At the same time, the southern division was earning 34¼ percent of the company's retail profits with only 23¼ percent of the company's investment. Pittsburgh placed more than 100 stores in a special BB zone in which special low prices prevailed and some stores operated at a loss.

In opening supermarkets, the gross profit rate, Mr. Hartford directed, should not exceed 10 percent, though the company's average supermarket expense rate then was 11.97 percent. He said "establish them on a low gross profit and maintain them on this basis until we feel that their security has been definitely fixed." In this program to gain additional volume, some supermarkets lost money. In the central division, the organization was advised not to be concerned about losses and that supermarkets should continue to work on a low rate and brought to a higher volume. The middle western division, in November 1938, was informed that it should reduce gross profit rates wherever volume had not materialized, regardless of expense rate.

The New England and Atlantic divisions were in an unfavorable position, the losses being $15,000 per week in New England, and $11,000 per week in Atlantic. New England division lost $252,665 on sales in 1939 and Atlantic $288,752. It was A & P's plan to earn $7 per share on its stock out of all operations including retail sales, headquarters' and subsidiaries' earnings. In order to do this, it was suggested that the five divisions other than New England and Atlantic should earn $5,750,000. In 1940 over 75 percent of the system's profits came from subsidiaries and advertising allowances. Oklahoma City had deficits for three years, Kansas City for four years and Cincinnati, Seattle and Los Angeles for varying periods.

It is the Government's contention that the evidence discloses a plan to obtain, in the communities in which A & P operated, 25 percent of the available business. I shall content myself with saying that I think it clear that the amount of available business in any given area was the starting point on which A & P's activity in that territory was planned and that, in many instances, it was A & P's definite program that its supermarket merchandising should eventually enjoy 25 percent of the available business. I think it clear, too, that, attempting to reach this goal, reduction of gross profit rates was continuously made in various places and subsidiary profit consistently used to supplement the earnings; that the system's overall annual programs under each goal set by headquarters inherently contemplated subsidization of retail operations generally and of retail operations in areas with unsatisfactory volume in particular by profit from other sources. Inevitably reduction in gross rates lowered the profits from retail sales while nonretail profits increased by virtue of the large volume of A & P's products, resulting in A & P being able to sell merchandise cheaper than competitors. Retail profits became a minor matter. Mr. Hartford said

"When we open * * * a new territory * * * generally the new unit operates at a loss. Periodically comparisons were made of A & P's volume in any area with that of its chief competitor, for the purpose, as the Government says, to determine the extent of aggressiveness which A & P should exercise in achieving or maintaining supremacy in the territory. Growth by a competitor at a more rapid rate than A & P was considered "a direct challenge to our (A & P's) ability, and something must be done to change" that trend. John Hartford testified "We had a pattern * * * if we could get a certain volume * * * we should have a certain expense rate, that would allow us to make a certain gross. If we did not get that, we were just out of luck." And he added "We would not change our prices to bring a store into black ink." The Government contends that the evidence rebuts any favorable inference from Mr. Hartford's statement that the company did not anticipate a loss in selected areas. It argues that the express recorded assignment of definite operating losses in the programs for selected areas could not have been effective without anticipating losses and that A & P's aim of ultimate profit did not justify the means used to achieve that end.

Defendants insist that the evidence reflects no concerted plan to select areas for special treatment for the purpose of injuring competition, i. e., for the purpose of injuring or destroying competitors by cutting prices in one area lower than those elsewhere until control of the retail business in that area has been obtained and offsetting the losses of reduction in profit from such price lowering by the use of income from other areas and from nonretail operations. They offered evidence to show that the primary reason why stores lost money was not low prices but poor management, lack of volume, and other factors having nothing to do with prices and that, although there were some losing supermarkets, the majority of losing stores were the small regular stores, and that the prices in these were higher than in the supermarkets. They argue that the fact that every unit always had a number of red stores make it unrealistic to conclude that selected areas were thrown into the red systematically for the purpose of destroying competition; and insist that the record shows that there was strong competition wherever A & P operated and that there is no evidence that A & P unreasonably interfered with competition or obtained a monopoly anywhere. At Springfield, Mo., defendants insist, A & P failed to succeed and closed its store because of the competition of Safeway. They point to other instances where A & P failed to succeed and closed stores. Since 1933 A & P has withdrawn from over 1,000 towns and has opened in only 140 new towns. They argue that there is no instance where A & P drove any competitor out of business and that the evidence of competitors' store openings and closings proves nothing. They admit that in determining the over-all profit of A & P, the profit and loss account was made up by placing in it all income and deducting from it all expenses, including income and expenses from losing as well as successful stores. To this extent, they agree income from profitable stores offset the losses from unsuccessful stores. But, they aver, this is one of the incidents of any business operating more than one unit.

The Government concedes that A & P may lawfully employ subsidiary manufacturing operations. Defendants insist that if that is true, it forecloses any objection to A & P's manner of distributing its manufacturing profits. They assert that since 1934 the produce manufactured by defendants has been billed at market prices which has usually resulted in manufacturing profit; that manufacturing profits or losses are paid as dividends to the parent corporation, which makes no accounting distribution of them to divisions or units. A statistical allocation is made to the several units, but defendants insist that "according to the testimony in this case, it does not in any way favor an unsuccessful or unprofitable store or a store whose prices may be lower than elsewhere and no violation of the Sherman Act can be spelled out of the allocation of A & P's subsidiary profits or losses."

Integration, whether vertical or horizontal or both, is not per se unlawful. So the Government here must show that the size of A & P, its integration, both vertical and horizontal, its resulting power in the industry, were so employed as to bring about inevitably unreasonable advantages over competitors not similarly integrated. The charge is that defendants have so utilized their power and integration as unreasonably to restrain commerce. This means more than meeting competition, more than price cutting, more than coming to prices on even terms with competitors. It means that in their integrated industrial effort, defendants must have overstepped the line by injecting into their competitive methods and into their integrated competitive power, illegal factors of such importance as to taint the entire operation.

I am not concerned with any question as to the wisdom or lack of wisdom of the policy of A & P or any other chain-store organization but am confronted with the question whether A & P's methods, even though they look to a legitimate end, have in them an inherent factor of such legal malevolence as to taint the operation. Dealers have the right to sell freely without restraint. Have defendants unreasonably crippled that right? Such is our real question. Defendants have the right to set prices at such figures as to meet competition. It is only when price cutting extends to destruction or unreasonable restraint of competition or taking losses in order to attain an ultimate monopoly or partial monopoly that the law is violated. If the methods employed are such as necessary to employ a factor which reflects inevitably an intent to injure or destroy competition, we have something illegal. The Government must prove either that there was a specific wrongful intent to effect restraint of trade or that the acts of defendants had the inherent tendency necessarily unreasonably to restrain trade. As Mr. Justice Lurton said (*United States* v. *Reading Co.* (226 U. S. 324, 57 L. ed. 243)): "Whether a particular act, contract, or agreement was a reasonable and normal method in furtherance of trade and commerce may, in doubtful cases, turn upon the intent to be inferred from the extent of the control thereby secured over the commerce affected; as well as by the method which was used. Of course, if the necessary result is materially to restrain trade between the States, the intent with which the thing was done is of no consequence." See also *Industrial Assn. of San Francisco* v. *United States* (268 U. S. 64); *Hopkins* v. *United States* (171 U. S. 578, 43 L., ed. 290); *Anderson* v. *United States* (171 U. S. 604, 43 L. ed. 300).

The Antitrust Act was not intended to prevent normal expansion of business. It offers no objection to the mere size of a corporation, or to the continued exertion of its lawful power, when that size and power have been obtained, by lawful means and developed by natural growth, although its resources, capital, and strength may give to such corporation a dominating place in the business and industry with which it is concerned. It is entitled to maintain its size and the power that legitimately goes with it, provided no law has been transgressed in obtaining it (*United States* v. *U. S. Steel Corp.* (251 U. S. 417); *U. S.* v. *International Harvester Co.* (274 U. S. 693, 708); *Appalachian Coals* v. *United States* (288 U. S. 344)). Only such contracts and combinations are within the act as, by reason of intent or the inherent nature of the contemplated acts, prejudice the public interests by unduly restricting competition or unduly obstructing the course of trade (*United States* v. *U. S. Steel Corp.* (251 U. S. 417)).

STOCK GAINS

Much is said concerning stock gains. I shall not discuss the evidence in detail. There were, in certain stores, substantial stock gains, sometimes due to improper methods, which defendants promptly attempted to correct. There were losses likewise. I cannot convince myself that the evidence is conclusive that stock gains were intentional or other than what might happen from any number of reasonable causes. I think that such gains must be eliminated as a factor contributing in any way to violation of the antitrust laws.

ALLEGED COERCION IN PURCHASES OF MANUFACTURED AND PROCESSED FOOD PRODUCTS

The Government insists that defendants have consistently obtained unjustified substantial buying preferences from food suppliers. We are only incidentally interested in concessions procured before 1940, for the illegality of what had been done largely before that time was established by the United States Circuit Court of effect * * * will be healthy for the canning business as a whole by the elimination by the Federal Trade Commission. *Great A. & P. Co.* v. *F. T. C.* (106 F. 2d 667, cert. den. 308 U. S. 208). Earlier in 1933, the Secretary of Agriculture had issued an order against a supplier to cease paying brokerage fees to A. & P. which was approved by the court in *Trunz Pork Stores* v. *Wallace, Secy* (70 F. 2d 688 (C. C. A. 2)) when it said: "The practice followed may well have been considered discriminatory and deceptive and therefore violative of the act. By the payment of the commission, the Great Atlantic & Pacific Tea Co. received an advantage over competitors."

While the third circuit litigation was pending, special concessions were placed in escrow pending the decision. During this period, the Government contends, defendants placed on an unfair list, various suppliers with whom they would not do business because such persons would not accede to A & P terms. Zoller commented that there was nothing that would bring a manufacturer around like "putting him on the bench," and Parr, that, when customers declined to work on a net basis, they should be placed on the "unsatisfactory" list.

The Supreme Court having refused to review the decision of the third circuit, defendants determined that they would not, if they could avoid doing so, buy from suppliers who dealt with brokers. A company memorandum, apparently not finally issued but considered by various officials, said that the company had decided to adhere to the direct-selling method, that "Manufacturers who decide to adopt the direct-selling method should be careful that they do so without reservation. Some may feel that if they sell the great bulk of their goods direct, * * * it will do no harm to make an occasional sale through a broker * * * this would make the method illegal unless the seller increased the price charged direct buyers by the amount of brokerage, which would defeat the whole purpose of the arrangement."

Certain brokers complained as to the propriety of the attitude of A & P, and Zoller, Baltimore buying agent, said February 3, 1940, that a certain broker had threatened "that canners who come in exclusively direct will be running afoul of the antitrust law, also triple damages. * * * These brokers are dying hard."

On January 30, 1940, all buyers were instructed to urge all suppliers to abandon all broker sales and to report suppliers who agreed to comply. Vogt and counsel attended the national canners convention in Chicago and discussed the subject with persons attending. Counsel wrote Bofinger that he had interviewed a cross section of suppliers and that Vogt was doing "a swell job" in his territory. Counsel's interpretation of the situation was disclosed in his report of an interview with the Morgan Packing Co. "If Morgan would lower his prices to all buyers by the amount of brokerage and make the buyer pay the broker, he would have a perfect set-up." If "his price through brokers was $1 and he paid 5 cents brokerage, he could sell to all buyers at 95 cents and let them pay the broker. Small buyers who purchase through brokers would still be paying $1 for their goods (95 cents to Morgan and 5 cents to the broker), but A & P, Kroger, etc., would not have to pay a broker and would hence be able to lay their goods in at a net price of 95 cents. This would be perfectly legal. However, the brokerage fraternity would oppose it tooth and nail. * * * Morgan remarked on the change of attitude on the part of packers. * * * Several years ago many of them wanted to get out of passing along brokerage to A & P. Now that the court has told them they cannot do it, however, they realize the error in their thinking."

It was perfectly natural that this campaign by the largest buyer in the industry resulted in a great number of suppliers becoming exclusively direct sellers. Wilson, New Orleans buying agent, wrote on April 4, 1940, that he had almost completely lined up his suppliers on a direct-buying basis. Zoller said on March 1, 1940, that he was buying 90 percent of his products from exclusively direct sellers. One supplier said that he did not understand just what A & P wanted but was ready to comply, saying: "The effect * * * will be healthy for the canning business as a whole by the elimination from A & P patronage of small, weakly financed and poorly operated canners who have constituted the chief pest to legitimate packers in the past, these being the little plants operated through and by the commission houses."

Field buyers who gave orders to suppliers who were not committed to direct selling were criticized. Thus, August 20, 1940, Parr wrote Vogt that "it is very important that we place all our business as far as possible, with concerns who do not employ brokers at all." Southern States Foods, Inc. was informed that A & P would buy no potato salad from it if it used any brokers, regardless of location. Concerning a packer of mushrooms, Zoller wrote: "If he does not elect to come direct with us we should spread our business around a little more than we have been doing." And on March 2, 1940, Zoller advised Parr: "If Musselman and National do not line up exclusively direct we feel that other canners will be equipped to supply the products which we are now buying from them." Other instances of like expression appear in the record. Apparently the direct appeal to suppliers was not put in writing. Diehl, National Butter Department, wrote to Parr, March 26, 1940, saying: "We have not requested (in writing) any shipper to stop using a broker."

United States Products Corp. received this advice from its counsel: "I have given careful consideration to your problems arising out of the announcement of the Great Atlantic & Pacific Tea Co. * * * that it will purchase its products only direct from manufacturers, and then only from manufacturers who do not sell to brokers." He suggested formation of a second corporation saying: "Those persons who desire to buy from you direct would place their orders direct, and you would sell them at your established prices. The corporation to be formed would buy from you its requirements of your products for the purpose of resale to such portion of your former trade as was sold through brokers. * * * No brokerage whatsoever will be allowed by yourselves; the brokerage, if any, shall be allowed by the corporation to be formed." Parr expressed approval. Thereupon the supplier created a second corporation, the United States Products Corp., Ltd., which took on the brokerage sales and left to the other company direct selling. The buyer reported to Parr, saying: "The United States Products Corp. have decided * * * to eliminate all their brokers, which will give us a wonderful source of supply for a great many items." Obviously to run the second corporation, pay the expense of extra bookkeeping, invoicing, and so forth, necessitated additional expense to the stockholders of the supplier which somebody had to pay; the Government insists that it must have been those competing customers who bought from the new corporation through brokers.

This distinction between broker and direct buying naturally resulted in two price levels. Zoller February 8, 1940, said: "With exclusively direct selling and selling through brokers, two price levels will develop of which the direct will average lower." Parr replied "We think * * * the difference between the two will be considerably more than the brokerage rate itself, because the direct sellers are going to save and be able to pass on to their customers a great deal more than mere brokerage. In addition to the brokerage differential, exclusively direct sellers will have for their customers only large concerns who buy in quantity lots, pay promptly, and immediately put the merchandise into consumption." On February 17, 1940, Zoller said: "As the direct sellers will get the cream of the business, carrying with it the volume, they will build up and will be in a position to materially undersell indirect sellers." All this could mean only that defendants contemplated gradual evolution of a group of exclusively direct suppliers who would have for customers only large concerns and who would materially undersell indirect suppliers. The spread between the two price levels Zoller estimated at 5 percent. There is a letter in this respect, not dated, but which I think it can safely be said was written in 1940, from Vogt to Parr in which he said: "* * * I am sure headquarters will figure out a way for us to continue to collect brokerage either as we have in the past or some other form. Don't kid yourself about A & P not having any friends amongst these sellers. I am really surprised the way they come in and offer suggestions to permit us to get the brokerage or its equivalent." The plan worked to an advantage in A & P over retailers who were compelled to buy through brokers. They were restrained from purchasing from any supplier who agreed to refrain from selling through brokers and compelled of necessity to turn to suppliers who necessarily sold at a price level higher than that of the class from which they were excluded as purchasers, says the Government. Further, as a result, it contends, the commerce of brokers was curtailed and diminished and restraints effected also on the supplier level, for suppliers who did not agree to sell direct and to abandon brokers were cut off of A & P's supplier list and thus denied the opportunity of competing with suppliers who agreed to adopt A & P's suggestion of selling only direct. Moreover, says the Government, suppliers who agreed to sell only directly, restricted trade by narrowing their own market possibilities.

Defendants insist that all they did and said in this respect amounted merely to statement and maintenance of policy, but the Government answers that Zoller on September 6, 1940, said: "In reference to Sizk & Son, we not only have their letter, but * * * had a conference with them in which they assured us that they were going to sell exclusively direct and pay brokerage to no one. We have no knowledge of them violating this agreement." Zoller on April 26, 1940, also wrote a supplier who had elected to sell canned grapefruit exclusively direct, saying: "You have also agreed in the event that you decide to change your selling policy that you will give us a written notice of 30 days in advance."

ALLEGED PREFERENTIAL CONCESSIONS, ALLOWANCES AND DISCOUNTS

There is a sharp controversy as to so-called preferential purchase prices. Obviously, a buyer who buys in larger amounts is entitled to reasonable proportionately lower prices and defendants contend that all preferences enjoyed are consistent with this economic fact, while the Government insists that defendants have continuously attempted to secure discounts not justified by quantity purchases.

In the early stages A & P's discounts were of various types. One provided for graduated percentage discounts upon ascending totals of annual purchases; another for a flat percentage upon attainment of a specified amount of purchases over the year. In each, quantities were computed by totaling all orders given by all units in the course of a year. Another arrangement purported to commit defendants to a total dollar purchase figure but covered such varied products that there is doubt as to whether the figure had any significance. Still another procedure was employed where a supplier offered A & P a lower price which had no apparent justification other than avoidance of loss of A & P's account.

Defendants were reluctant to and seldom did bind themselves to buy specific quantities. Thus in 1939 it was said: "We cannot commit the company for any definite quantity nor book any firm orders in order to obtain a quantity price." The discount form recited that A & P agreed "to buy * * * a large quantity of merchandise," and that, in view of purchases of "large quantities," the manufacturer agreed to allow a quantity discount. In 1939 counsel advised that the statement that a discount was given because of "large quantities" was "definitely misleading." Headquarters suggested that instead of separate contracts with two of Consolidated Biscuit Co.'s subsidiaries, it would be preferable to have one with the parent corporation, permitting A & P to pool the quantities bought from the separate subsidiaries and "reach a higher bracket." Thus, the purchases by all units of different products from all Consolidated plants were combined, and at the end of the year a discount based on the total paid to headquarters. Coca-Cola of New York's 25 branches were delivering to A & P stores as they did all other retailers, direct from trucks and had quantity discount agreements with A & P's respective units, which in 1941 were supplanted by a headquarters contract whereby the discount to each unit was replaced by straight invoice prices subject to a discount to be determined by the combined purchases of all units. Thus, the Government points out, A & P received, in the first quarter of 1941, a discount of 7½ cents per case on 7,107 cases, from five branches which also sold a small chain, Bohack Co., which received 5½ cents on 6,122 cases. In the second quarter Bohack received from the same branches 6½ cents per case of 13,000 cases; and A & P 10 cents on 15,900 cases. However, A & P purchased from other branches also and its total purchases were much larger than Bohack's.

A contract proposed by Armour provided that purchases should be at current "list" prices but, at A & P's request, this was changed to read, current "market" prices. A & P had contracts with Illinois Meat Co.

for 1941 and 1942, details of which I do not term it necessary to mention. In each case, it is impossible to say there was either a manufacturing, delivery, or appreciable sales expense saving.

Hills Bros. Co. gave defendants 2 percent provided they purchased 60,000 cases of citrus products in 1941–42. Hills called it competitive discount; A & P, quantity discount. A & P, the largest purchaser, alone received the discount. Hills' president testified that he found that he was losing A & P purchases to competitors quoting lower prices. But competitive situations with other customers were not met by similar discounts. I think it clear that fear of losing the A & P purchases led this manufacturer to grant a preferential discount even though he felt he was selling a product superior to that of his competitors.

Walker's Austex Chile Co. gave a quantity discount of 5 percent to A & P from 1936 through 1943. Originally Wilson said that the discount "will naturally take the place of the brokerage which we had previously enjoyed." Walker's representative testified that his company believed the discount justified by the fact that on sales to other customers salesmen called upon retail stores, whereas A & P contacts were made only with distributing warehouses. However, Walker paid A & P another 2½ percent for advertising services as well as special allowances to many of the units. Walker never, so far as the record shows, offered the same terms to others. The 1941, 1942, and 1943 contracts were drawn on a cost savings basis. Counsel objected to the verbiage, saying that, whereas the agreement as drawn speaks of "large volume" and "large shipments," the real saving is in the quantity of each shipment and not in the total of yearly purchases. However, apparently the idea of the change from "large quantities" to "large shipments" was abandoned, as it was found that, whereas total annual purchases might be large, shipments were usually comparatively small. Parr thought that the agreement was the best type because a "manufacturer can justify a savings in his own cost in manufacture, sale of, or delivery on our business" and desired to supplant sliding scale quantity discount arrangements with cost savings. While Walker agreed to go along, many suppliers preferred the old form. Cranberry canners wrote that the new contract might lead to an uncomfortable position for both supplier and purchaser and that "any amount of people are taking the same large shipments you do and you are not buying by any different method than the others. * * * We cannot * * * show * * * economy * * * it would be unwise to claim it. * * * We simply give you the discount and when the time comes to prove it is justified we are not handicapped in any way." The sliding scale contract continued. Hunter Packing Co. accepted the savings agreement only after a change in wording from "regular prices to quoted prices," requested by Hunter because the prices at which it sold A & P were generally lower than those to others; as a result A & P received not only the discount but lower prices. Hunter received orders from each A & P store each day, delivered as to other customers, and made no deliveries to warehouses. The sales manager discussed with A & P the latter's special price list each Friday. Hunter's president testified that he told his salesmen to seek other contracts on a price basis equivalent to A & P's, and one invoice was produced showing one item sold one day at the same price A & P had paid, before taking the discount into account.

A & P received 10 percent from Sylmar Packing Corp. under a cost savings agreement in 1939–40, the only discount in Sylmar's records for that year. The contract was renewed for 1940–41, when Sylmar created a subsidiary, the Los Angeles Olive Growers' Association, which sold the same olives that Sylmar sold to A & P at 5 percent under the price Sylmar charged its customers for the same olives, though it did allow two comparable discounts to other wholesalers. It is difficult to apprehend any reason for creation of a subsidiary selling the same goods and granting special discounts to A & P other than to avoid the appearance of special privileges to A & P. Beckmann in 1939 arranged a discount of 15 to 20 percent and another of 10 percent on pineapple juice saying "if not kept confidential we will have difficulty in securing such concessions." Other favorable purchases were made without formal contracts.

The Wisconsin Honey Farm offered honey at $4.25 per dozen in carload lots f. o. b. Oconomowoc. In May 1940, Vogt demanded explanation of a low price by a retail competitor at Madison. The supplier replied that it had sold the rival at $4.25 f. o. b. Oconomowoc; that it would gladly sell A & P at that figure with a 5 percent advertising allowance, as it would like its product back on A & P's shelves. Vogt replied that the price should be $4, saying, however, that an advertising allowance could not be used to reduce the cost of merchandise. Though the original proposed purchases were in carload lots, the parties finally agreed that A & P could buy l. c. l. at $4.10 f. o. b. Oconomowoc for Boston and $4.25 delivered to Chicago warehouses. The supplier made and offered to make no sales to others at those prices. Most sales through brokers at that time at the same place were from $4.50 to $4.75.

A & P bought potato salad from Wheatley in 1941 at 90 cents per dozen for the 14-ounce size and $1.10 per dozen for the 16-ounce size, less 5 percent discount for promotional work. Wheatley said that the quotation was based on volume and that he made the same price to all distributors in position to give him the volume.

A & P bought milk from a New York Dairymen's League subsidiary in Buffalo from 1937 on. Myiott informed the divisional director that "confidentially, our arrangements with the league call for their paying us a discount of 5 percent on purchases made from Weckerle, but, since they do not want Weckerle to know * * * payments price to others in a price list issued April 15 was 95 cents on the 14-ounce size and $1.15 on the 16-ounce size.

Crocker, general superintendent at Dallas from 1927 to August 1939, testified that local suppliers paid discounts, after enactment of the Robinson-Patman legislation, in cash, which, under instructions of Adams, was kept in a safety deposit box and did not become a part of the general funds. Crocker thought this was a general practice throughout his division, but he had no first-hand knowledge of that fact and, hence, I have ignored his testimony in that respect. He said that he called Houston to see if it had any money in the special fund when his own ran short. The president, of Mrs. Baird's Co. in Dallas, testified that he made quarterly payments in cash until early in 1938, when he desisted, but that shortly after Black succeeded Crocker, Black said that he believed Baird owed a discount for the period after its discontinuance and that he, the witness, promised to resume payment as of July 1, including some past months; that he did so and made payments through the second quarter of 1941. Black denied the conversation but not that the unit received the discount. A report of Los Angeles in 1937 disclosed payments of discount by one bakery in cash, but without the divisional purchasing agent's approval. The divisional treasurer testified, however, that these discounts passed through the records in normal fashion.

In purchasing from Hills Bros., A & P refused to accept Hills Bros. practice of offering premiums for purchases of more than a stated lot but agreed to accept 3-percent discount in lieu of premiums. Hills' president testified that he thought he had offered this alternative to two others but that he did not offer it to everyone because it simply would have upset things.

Quaker Oats, in the last half of 1943, sold A & P private labeled packaged oats at $1.80 after deduction of 10 cents for label allowance. It sold all others except American Stores at $2. This, the controller said, was done to meet competition. One of its competitors was Ralston Purina. At the same time Quaker was selling to A & P bulk-rolled oats in bales, containing ten 5-pound bags while 42 out of 53 other purchasers received bales of 9 bags; 40 of these were paying more than A & P paid for 10-bag bales.

Ball Bros. gave special prices to A & P as it said, to meet competition and to represent savings. It placed most of its goods on consignment but sold A & P for cash. Cash customers, including A & P, received a discount of 2 percent of total purchases and an additional 5-percent discount. In 1939 an extra 4½-percent discount on caps was given A & P, but not to other purchasers, as Ball said, to meet competition. Kroger received 2½ percent. In 1940 A & P requiring allowances to meet competition, received a rebate check for 7 cents per gross. This was not given all customers. In 1941 A & P received a retroactive price adjustment on 50,000 gross of caps. This was not quoted to others but was made, Ball said, to retain the business. All the special payments went to headquarters. Defendants offered evidence that whenever they told Ball of competitive offers, they named the competitors, but there is no evidence as to the character of the competition.

In the quantity discount contract the manufacturer avowed willingness to make "the same agreement * * * with any other purchaser similarly situated on proportionally equal terms." After the third circuit's decision, this was revised to read: "The seller warrants that the quantity discount * * * does not reflect any brokerage or brokerage savings whatsoever, and is available on proportionally equal terms to all other buyers, after making due allowance for differences in the seller's costs (other than brokerage) and for the seller's right to select his customers or to change his prices in response to market conditions or to meet competitors' price." Defendants' counsel advised: "The next clause is important. It places the burden on the manufacturer to make the discount available on proportionally equal terms to any other competing buyers * * *. In the absence of actual knowledge on the company's part, this clause would protect it from liability under section 2 (f) of the Robinson-Patman Act in the event the manufacturer failed to accord the discount to some deserving buyer. * * * In the absence of actual knowledge that the discount was no longer justified by savings, the company could sit tight until the manufacturer gave notice to the contrary."

I have not been greatly interested in what either defendants or their suppliers said in this respect. I am essentially interested in what they did, and, considering all the evidence in this respect carefully and drawing from it only such inferences as I think inevitable, it seems to me that, though defendants have been careful to secure from their vendors avowals of compliance with the Robinson-Patman Act, they have been far from meticulous in acceptance of preferences which, under the facts and circumstances, they knew or should have known other purchasers did not receive and that they so acted as to procure preferential discounts either under that term or other terms resulting in an unfair competitive advantage.

GENERAL ADVERTISING ALLOWANCES

The Government claims that advertising allowances have been obtained by A & P, in lieu of brokerage, rebates, or discounts, affording A & P advantages tending to suppress competition. In 1927 defendants eliminated rebate and confidential allowance and substituted advertising allowance which they treated as confidential. Defendants admit that there is voluminous evidence that many suppliers violated the law in granting A & P buying preferences but they say that they had no knowledge of such preferences.

Defendants take the position that they were at all times opposed to promotional advertising. They say they well knew that section 13 (d) of title 15 of the United States Code makes payments for advertising to one customer improper unless made available on proportionally equal terms to all other competing customers. Defendants aver that, though they were opposed to advertising allowances, they found them prevalent and difficult of eradication and, therefore, pursued the line of least resistance and of necessity accepted the practice in order to meet competition. They claim to have performed the promised services, pointing to the minutes reciting that their policy was to give the most complete cooperation possible to the manufacturers with whom they had advertising deals. It was said in a letter from Bofinger to all buyers on October 29, 1936: "Advertising allowances are prohibited under the Robinson-Patman law unless services are rendered. Our policy, therefore, demands that the company be found acting in good faith in administering the services."

From Albany Packing Co., A & P had been receiving a discount of 1 cent per pound, allowed other customers also, and an additional 1 cent per pound advertising allowance, not offered others. In 1941 it asked the supplier to withdraw the advertising allowance and quote a price reflecting both discount and advertising allowance so that the price would be 2 cents per pound less than the price list sent others. Albany later advised A & P that other customers had complained and the contracts were not renewed. Obviously such an allowance deducted from the invoice amounted to reduction in cost.

A & P was receiving an advertising allowance from Armour. In February 1941, its meat department reported that it had tried to persuade Armour to deduct advertising allowance from the invoices and that Armour had refused, saying that it could not afford to offer the allowance to all customers and was therefore restricting it to those chain stores in position to render advertising service. A & P apparently did not approve, saying: "Since it is being offered to our chain competitors, we are submitting it to the organization without recommendation."

The standard form of advertising allowances read: "Certain special advertising and special distribution service, supplementing the national, sectional, and local advertising of the advertiser, which special service includes periodic newspaper advertising, handbill advertising, periodic store displays with advertiser's merchandise in a prominent position readily accessible to consumers, and periodic notifications to branches of support to be rendered advertiser's products at point of sale." Obviously this permitted indefinite flexible performance and, from the record, the contract was phrased thus loosely intentionally. The director of purchases of central warned "we will advertise the product in keeping with the support we feel it is entitled to." Myiott wrote August 6, 1941, "We do not think [we] should be pinned down to any specific-sized add." Earlier, April 6, 1927, Bofinger stated, "We never agree to any specific support until we have exhausted all possibilities of effecting a deal otherwise." Gundrey, in October 1940 said, "Our agreements are drawn broadly, with no specific performances required but some general support is a legal requisite to justify acceptance of the allowances * * * if you see the minimum is given, everything should be satisfactory." In other words, the contracts were specific as to what should be paid but vague as to performance.

This evidence, with circumstances in the record, is convincing that advertising allowances frequently performed the same function as allowances in lieu of brokerage, rebates or discounts and were, in view of the fact that in many instances correspondence with suppliers shows clearly that the terms were not given others, frequently infractions of the Robinson-Patman Act. It is difficult to attribute good faith to one who requires allowance of a specific sum of money by one who sells him merchandise when the purported consideration for that allowance is indefinite, uncertain, and incapable of being enforced.

True, many suppliers avowed that others were offered the same proportionately equal terms; but, in view of the fact that defendants knew, indeed, could not help knowing, that frequently other distributors did not receive the same beneficial treatment the formal language fades in significance. An illustrative case is that of Larsen who in 1937 had offered a 10-cent per case allowance to all customers "deemed to have proper facilities for advertising." In 1939 Larsen was willing to make an allowance of $10,000, provided A & P featured his products twice a year. Bofinger wished to eliminate the covenant to advertise twice a year. Larsen insisted upon two features but said he was willing to leave the time of performance to A & P's discretion. Myiott replied that, if Larsen persisted, it would be necessary to pass up the contract. Larsen eventually signed the form desired by A & P, which would have been difficult to enforce because of vagueness. Myiott's instruction in January 1940 was that "we have agreed to support the product whenever and wherever possible." In November negotiations for renewal began, Larsen indicated he could not pay more than $11,000 "considering legal requirements and the arrangements * * * with other distributors." This was plain enough to put defendants upon notice that arrangements different from those proposed by A & P were being made with other distributors. Eventually, the contract was continued in nonspecific form and the allowance raised to $12,500. Similar events occurred at the end of 1941 when Parr demanded $20,000, Larsen insisted that it was too high; finally the allowance was fixed at $17,500. From October 1, 1939, to September 30, 1942, A & P collected $40,000 from Larsen or .08918 cents per case, whereas all other customers collected .03315 cents per case. The record indicates also that other customers signed contracts for definite and specific service.

Concerning A & P's three forms of advertising contracts on April 22, 1938, it was said that since the enactment of the Robinson-Patman Act, headquarters had effected advertising deals of three types: One, affording flexible conditions of compliance; another, including manufacturers' provisions for a specific performance; and the third, such as the soap deals, where, without signing contracts, "we are at a distinct disadvantage under the third type of agreement," A & P attempted to procure more favorable terms from the soap companies. It said, April 11, 1939, "We have no obligations to the soap companies and no more cooperation should be given them than necessary in order to qualify for whatever allowances it is felt to be good business to earn. * * * No opportunity should be passed to let the soap companies know that we are not at all satisfied with their present policy."

Bofinger testified that he is opposed to advertising allowances on principle and certain representatives of the soap companies corroborated him; but, of course, they knew nothing of his attitude toward allowances under the first two types of contracts because, in dealing with Bofinger, the soap companies declined to give him preference. One other witness, a representative of General Mills, Inc., testified that Bofinger expressed himself as averse to advertising allowances.

Defendants constantly strove to do away with advertising contracts made by divisions and units and to have only contracts with headquarters. When a manufacturer refused to make a headquarters allowance in the belief he could secure better results by dealing with units, headquarters advised in May 1940: "Headquarters does not like their attitude * * * if any of their representatives should contact you, discourage any attempt on their part to try to make local arrangements."

Virginia Dare Extract Co. contracted with headquarters to make an allowance of 5 percent to be paid to A & P's central western division by Virginia Dare's representatives. There is no evidence that the same offer was made to others. One of Dare's distributors, McKinzie of Danville, Ill., was instructed to sell Dare's regular retail customers at 45 cents per dozen but A & P stores at 45 cents less 5 percent, upon proof of advertising. McKinzie sold A & P stores throughout the summer of 1941 on the reduced basis and all other retailers in his territory at the regular price. As the record stands, there was clearly a preferential allowance for advertising by this house.

The Wheatley Mayonnaise Co. incident illustrates a retroactive allowance agreement. A contract signed in September 1941, made allowances from January 1941 to December 1941. Counsel advised that contracts for advertising services to be rendered are wholly different from those providing compensation for services already voluntarily rendered; that there could be no way to establish a proportionally equal basis in such a contract, for it was a gratuity, obnoxious to the law. The arrangement seems to have been corrected later with the exception, on January 15, 1942, of a contract for 5 percent from January 1, 1942, to December 31, 1942.

Wheatley sold Albrecht Grocery Co., a chain of 84 stores, with a 3-percent advertising allowance upon proof of performance. His contract with A & P required no such proof. He said that in large chains, "we have always offered 5 percent—where there was no brokerage connections"; that when there was a broker he split the brokerage, allowing the broker 2 percent and the chain 3 percent and that where the chain was not in position to give him proper service, he did not allow this special arrangement or special discount. Apparently it was his policy that, whether the allowance was brokerage or advertising expense, it would not exceed 5 percent and where brokerage was allowed, only the remaining balance of the 5 percent was allowed. This bears all the signs of being an intentional allowance in lieu of brokerage.

On April 29, 1941, Wheatley wrote quoting a special price 5 cents under its price list. In addition he offered a 5-percent advertising allowance, which he described as "available to all distributors in position to give us the volume." Vogt replied that allowance could not be based on volume but could be based on amount of advertising furnished. Wheatley wrote that the 5 percent did not reflect brokerage, as he knew it was impossible to use volume of goods as a basis for advertising allowance. The change in words indicates clearly that the allowance was not based upon service rendered but rather on quantity purchased. The connotation of the correspondence and the circumstances is such as to produce a conviction that here were clear, plain, though equivocal, preference allowances.

In June 1938, Utley, of Capital City Products Co., wrote that the 1 percent per pound so-called quantity discount he was allowing was too high and that his attorneys advised him that he was not justified in continuing it. Mylott replied that Utley might sign either a quantity discount or advertising contract or both. Utley replied offering one-half cent per pound advertising allowance but not one-half cent per pound quantity discount. Mylott refused to "go along on the basis suggested." On August 9, 1938, Mylott wrote to Utley: "Before making several contemplated changes in our merchandising policy surrounding the sale of margarine, we should appreciate your calling to see Mr. Bofinger and the writer" as soon as possible. So Utley went to New York and there Bofinger told him that if he was not interested in paying 1 cent per pound A & P was not anxious to do business with him and walked out of the room. Mylott told Utley that he had angered Bofinger but that he, Mylott, would talk to Bofinger and see if he could not straighten things out. Utley returned home. A & P forwarded him a contract calling for 1 cent allowance and Utley signed it. Headquarters then said in a bulletin: "We have been negotiating for sometime past with the Capital City Products Co. * * * we have concluded an advertising arrangement whereby it is possible for our company to earn a substantial sum of money by pushing the sale of Dixie Brand margarine." Utley testified he did not know whether this allowance was offered to others, but that he did know that no other customer received it; that other chain customers received temporary advertising allowances but that A & P received that type of allowance also in addition to its exclusive 1 cent per pound advertising allowance. Apparently similar contracts were tendered to Kroger and First National stores and others. None of these accepted. In 1939 Utley again questioned the legality of the allowance, but Mylott assured him that it was perfectly legal and thereafter, by successive renewals, the allowance was paid through February 1944. It is clear what defendants wanted was a 1-cent discount and it was immaterial to them whether this was a quantity discount or an advertising allowance or in part, one, and in part the other.

In August 1941, Minnesota Valley Canning Co. discussed allowances, proposing $150,000; Bofinger insisted upon $175,000, and Minnesota finally agreed to pay that sum. There was extended negotiation concerning the amount and the circumstances are such that unless similar arrangements were made with others, undoubtedly what A & P was receiving was preferential. Again, I think the circumstances such that A & P was put on such notice as required it to inquire and to ascertain. Thus, when in September, Minnesota proposed to omit A & P's suggested clause of compliance and to incorporate instead the clause: "The distributor agrees that the charges are comparable to those made other advertisers for other comparable services," A & P replied, "The company is definitely opposed to incorporating the clause you refer to. Frankly, this suggested clause is * * * an attempt to place on us the responsibility which rightly belongs to the shipper. * * * It is up to Minnesota * * * to justify whatever arrangements they have on their books." The contract, as finally drawn, contained the avowal clause of A & P's standard contract. Minnesota did not expect the A & P to furnish advertising at actual cost of printing or in the actual amount it paid the newspaper; A & P paid the national rate, not the local rate. It was expected to and did receive the margin above the lineage rate. Some customers got more than 10 cents a case for advertising and others less. Minnesota's records disclose that in 1941 A & P purchased 1,120,934 cases and received an allowance per case of over 15 cents; that Kroger purchased 106,667 cases and an allowance at 9 cents; that Safeway purchased 276,091 cases and received less than 2 cents; that American purchased 100,012 cases and received 13 cents; that First National purchased 32,507 cases and received 10 cents; that N. R. O. G. purchased 187,421 cases and received 10 cents; that all other customers purchased 1,628,873 cases and received an allowance of 7 cents. It is hard to reconcile the negotiations had with this company, the protest over the language used, and all other circumstances with the direction of Bofinger to "continue to exercise the greatest of care that none of their activities violates the Robinson-Patman Act."

A & P has required certain suppliers to file with it letters framed by A & P and forwarded to them for signature certifying that no concessions were tendered A & P violating the Robinson-Patman Act. The facts do not square with utter sincerity on the part of defendants in this respect. Thus in April 1940 Morrow wrote Brillo Manufacturing Co., who had signed a regular A & P form, asking if he used a form with the rest of the trade differing from A & P's. Brillo replied that his advertising allowances in no event exceeded 6 percent, enclosing his form which specified definite amounts of newspaper space, the names of newspapers to be used and detailed descriptions of posters, circulars, and radio advertising to be furnished, provided that no payments would be made without supporting evidence by the customer and required that no similar products be featured during the periods in which Brillo was advertised. Brillo had "varying percentages and payments under that contract," the lowest being 2 percent and the highest 10 percent. A & P's rate was 10 percent; that of First National 9½ percent; Paxton Wholesale Grocery Co. of Danville, a chain store organization, had an allowance of 5 percent. A & P was then collecting a 10-percent advertising allowance from Brillo under a contract originally made in 1938 and renewed each year automatically until 1944, in which the service prescribed was far from specific and which did not contain any requirement that proof of performance be furnished or that products similar to Brillo's were not to be featured. It did contain an avowal of the same terms to other distributors. Morrow asked the president, Loeb, why he was paying A & P 10 percent when his maximum allowance to others was 6 percent and says Loeb replied that he considered A & P's services worth more. However, it must have been obvious to defendants upon comparing the Brillo form with the A & P's form that performance required of A & P under its contract was much less than that imposed on other customers and that A & P's allowance was proportionately greater than that received by other customers. The difference between a 10-percent allowance and a 6-percent allowance is a differential of 40 percent, which in any commodity is of tremendous advantage in competition.

In 1939 A & P tendered the Grass Noodle Co. an advertising contract calling for 5-percent allowance on the invoice. This was executed and the allowance continued in successive contracts through 1942. No other Grass customer received a straight 5 percent advertising allowance. Grass testified that he never offered it to any customer other than A & P but was willing to do so.

A strong circumstance against the premise that so-called advertising allowances were not in fact discriminatory allowances arises from the fact that A & P avoided, whenever it could, any specific advertising commitments, and frequently collected allowances of percentages of quantities purchased rather than allowances for services rendered.

ALLEGED ALLOWANCES FOR PRETENDED SERVICES TO SUPPLIERS

A & P has collected allowances for floor space rentals, special newspaper supplement sales, special circular space sales, mass displays, sign space rentals and labels. Frequently the services rendered were essentially ordinary services carried on by A & P in promotional efforts to improve its own sales and only collaterally, if at all, of benefit to supplier who paid for them. And the question at once arises, if they were beneficial to suppliers, why not, instead of asking for allowances that eventually go to reduce costs or to supplement retail profits, keep account of the cost of the special services rendered suppliers and render them bills for the actual cost? That would be the open, aboveboard business method. If advertising is to be rendered suppliers, why should it be turned into a profit? A & P is a grocer, not an advertiser. Thus, Gundrey, assistant to Bofinger, said: "In connection with collateral merchandising support; it is not intended that this be an exceptional activity but merely what is usually done in the ordinary course of business and, in your negotiations, not emphasized too heavily." I refer to the further statements of Gundrey and the Boston Sausage & Provision Co., Brillo, and Capital City incidents.

It is clear that defendants were receiving preferential allowances. They assert, however, that this fact was unknown to them. However, suppliers in certain instances brought to defendants notice or knowledge of facts sufficient to charge them with notice that other customers were not receiving the same proportional treatment. Thus a letter from one supplier complained that it had experienced embarrassing situations with other traders who had asked why it did not "do something similar for them."

As to label allowances, Vogt said in 1940 that certain sellers were "making different allowances, in many cases less than ours" to other customers. True he insisted that this did not involve discrimination but, despite his protest, upon all the evidence, I cannot escape the conviction that there was discrimination known to A & P constituting an advantage employed by A & P in its competition with others. Some suppliers protested. One thought canners were opening themselves to criticism by paying more than the usual $1.50 allowance for labels. Parr commented: "This places us in a rather embarrassing position * * * we dislike being put in the position where we must ask a higher rate from this particular canner than he allows to other customers. * * * if he declines to use the $2 rate there is little more than can be done, except * * * to discontinue placing orders with him."

Admittedly A & P was opposed to premiums. It earnestly desired to discourage them. The Government claims that some steps taken in that direction were unlawful because they amounted to coercion of suppliers to refuse to deal with people who made use of premiums. Counsel on March, 1941, wrote that he had heard that one association with which A & P cooperated was compelling manufacturers to refrain from the use of premiums "by recommending boycotts" and that, if true, the practice amounted to violation of the antitrust laws. Leach denied compulsion, but counsel advised him to be "very cagey," adding "it might be that an implied agreement not to handle manufacturers' deals could be read into the activities of this group."

About 1938 certain manufacturers began to deliver shipments at the doors of independent retail stores who had no warehouses and had been unable to get direct deliveries without additional cost. Store door delivery benefited these retailers by removing the advantage A & P had enjoyed in deliveries made to it. Again, the Govern-

ment asserts, A & P, by its threats, prevailed upon manufacturers to eliminate such deliveries. Certain suppliers had made deliveries to A & P's supermarkets rather than to its warehouse. A & P said, "we are thus able to handle huge volumes of merchandise into consumer use by taking direct shipment of fast-moving items * * * right to the store." A & P announced that it hoped to persuade manufacturers to "widen the spread where there was a justification for doing so" and "to discourage drop shipment selling" and thus "force the trade generally to put merchandise through the normal and legitimate channels * * * which would * * * find us enjoying an advantage over the independent as far as the net delivered cost" was concerned. Thus, on March 4, 1941, it was said: "We are selling between 75 and 100 cases per week of the Tobin * * * Canned Hams, and are buying these at a delivered price in our stores equal to that which we would ordinarily pay for warehouse delivery. * * * The Oswald & Hess line presents a very satisfactory arrangement for us, inasmuch as we buy the line always as low or lower than warehouse quotations." Apparently A & P protested direct deliveries to others but accepted them itself with the purpose of preventing retailers who enjoyed no warehouse facilities from enjoying delivery except through jobbers or wholesale houses. Thus, on December 9, 1939, we have this report: "We have expanded the * * * direct delivery * * * to our supermarkets * * * in order to effect economies. * * * we are not wholly consistent in that, for the past few years we have attempted to have them widen the spread between direct delivery and warehouse delivery, inasmuch as you know a practice developed whereby manufacturers were delivering direct to retail stores at the carload price. * * * This procedure, of course, resulted in a tremendous savings to the retailers in that it eliminated warehouse handling and cartage charges to the stores. * * * A number of manufacturers, of course, were prevailed upon to widen the spread in order that our warehouses would not be at a disadvantage." A & P has every right to enjoy its legitimate advantages, but it has no legal right to take affirmative steps to prevent others from enjoying their economic rights.

ATLANTIC COMMISSION CO.

The Atlantic Commission Co., a subsidiary incorporated in 1926, ostensibly to purchase produce for A & P, from the beginning acted with the full approval of headquarters, as purchasing agent for A & P and as sales agent for certain suppliers. In other words, while buying A & P's needs from producers, it was also representing as broker for outside sales the same producers or others similarly situated as well as buying broker for competing produce dealers and as merchandising jobber, in the general market. During its first 10 years, it collected from suppliers brokerage on purchases for A & P; during the next 4 years it collected quantity discounts or bought at net prices. In 1940, after the third-circuit decision, it adopted a cash differential buying system under which it bought outright for cash for A & P and sold to others as brokers on regular terms. Its practices over the years leave a bad odor. It exploited its inconsistent positions; it collected brokerage from others for A & P's coffers; its position and its practices created a sharp differential between A & P's purchases of produce and those of its competitors. It persistently selected the highest quality of produce for A & P and the less desirable for its outside buyers, thus securing for A & P not only a buying-price differential but also a preference in quality. Obviously the larger the volume Acco handled for customers other than A & P the larger were A & P's subsidiary earnings, inevitably reducing A & P's costs and increasing its annual income. This in turn served to give to A & P's retail units a preferential position in competition with other retailers, at the expense of the latter, who indirectly at least contributed brokerage and other earnings to Acco which in the end came to A & P. Restraint of competition, it seems to me must follow conclusively from the multiple irreconcilable, inconsistent functions of Acco, including its obligation as an agent for sellers to sell high and its obligation as buying agent for A & P to buy as cheaply as possible. Any attempt to perform these and other inconsistent functions, I think it is obvious, must have inevitably resulted in illegal restraint of competition, when we keep in mind that Acco was the arm of A & P and that all its profits redounded to the credit of A & P.

Sufficient indication of the earlier practices is evident in certain letters. Baum, the general manager, wrote in March 1937, thus: "Of course, our customary brokerage and commission rates for regular trade sales are to be continued as in the past." In June 1939, Williams said: "Our brokerage would be $25 per car on regular trade sales, or 5 cents per bushel in carlots, 7 cents on consignments and 5 cents quantity discount on trucklots or carlots for Teaco requirements." In August 1939, he wrote: "We are returning herewith the quantity discount agreement executed by Coleman & Roy. You have used the word 'rebate' in this quantity discount. * * * We wish you to use the phrase 'solicitor's fees.'"

Subsequent to the decision upholding the Federal Trade Commission in early 1940 Acco, abandoning quantity discounts, tried out the cost-saving plan suggested by counsel. It suggested to suppliers that this agreement should net them greater return on merchandise delivered through Acco than on that sold through the broker outlet, and that Acco desired to share in the savings it thus made possible to the shippers. Baum remarked that Acco purchased direct on a cash f. o. b. shipping-point basis or on a cash f. o. b. basis for acceptance upon arrival as compared with regular-term basis, thus necessitating the seller carrying the responsibility of in-transit risks, credit, and collection costs. Wehman wrote, "Hereafter purchase for account of A. C. Co. requirements of the Teaco on a cash basis shipping point, obtaining the best price possible and continuing to sell regular trade consumers on a regular term brokerage basis, collecting brokerage from the sellers for the service. * * *"

Baum, in April 1940, discussing the difference between the cash purchaser and the regular term purchaser and the differential resulting in favor of Acco, said: "As to your communication regarding inferences of the inconsistency of A & P buyers mailing cost-savings agreements to sellers with the cost savings indicated, * * * we have decided to only use the cost-savings agreement in very few instances as we have adopted our new procedure on the established customary differential in cash prevailing f. o. b. shipping point prices versus regular term transactions, and it is generally understood that these differentials embody the various cost savings. * * * We have the customary advantage of procuring practically 75 percent of our supplies for the Tea Co. on a cash shipping-point basis." Later he directed his employees to "carry out your consummation of purchases on a cash basis versus regular terms. In other words, the recognized trading principles of the differentials carried by cash transactions." Though Acco was advised by counsel that so long as A & P and Acco had no actual knowledge that a preference existed, the burden of complying with the law was on the seller, the fact remained that all corporate officials and employees were well aware that Acco was actually taking brokerage on goods it sold for shippers to outsiders and buying brokerage on purchases made for outside buyers, the earnings of which eventually became a part of A & P's annual net profits.

Counsel advised Acco that "so long as a cash discount is available to everyone on the same terms, its size is immaterial." But Acco's officers knew from the complaints of shippers that a previous 5-cent discount which Acco had received on purchases of apples in Washington in 1939, apparently on the net-price basis, was not enjoyed by the rest of the market, and Egan had reported to Baum that if shippers were to give a cash discount to everyone, it would cost the northwestern apple producers millions of dollars. When in March 1941 Acco's representative reported that the shippers would no longer allow the discount, Baum advised him that he should tell the sellers that Acco would confine its business to those who extended to it the customary differential price on cash purchases as against regular terms. The obvious implication was that if the producers did not desire to go along, they would have to find other outlets. As defendants remarked in their communications, the differential was not built upon the exact cost savings; it frequently amounted to exactly the same thing as the regular quantity discount formerly in vogue.

Acco took aggressive steps to see that its suppliers acceded to cash buying. In April 1940 Ward wrote Baum: "I instructed Mr. Kellam to forward you a list of the shippers in the Norfolk section whom we recommend be approved so that we be authorized to purchase merchandise from them on a cash basis with the understanding that in the event we are unable to inspect the merchandise f. o. b. shipper will protect U. S. No. 1 arrival." He recommended that certain shippers be listed as having approved the cash buying preferential and as agreeing to apply the idea to sales made f. o. b. but guaranteeing quality to Acco upon arrival. A part of the savings claimed to result to the buyer was lost because of the assumption by the buyer of liability for losses in transit. Baum wrote on April 25, "I wish to change the last instructions * * * stating that in the absence of such personal inspection merchandise is to be bought for acceptance as to grade and quality upon destination arrival. We are somewhat doubtful that this would constitute a cash purchase, hence we have decided that * * * we have a selected list of shippers and effect an agreement with them to the extent that in the absence of our inspection * * * they will protect this merchandise (although we have paid for same) as equivalent to U. S. No. 1 upon arrival at destination, and, should there be any losses sustained * * * they will assume any losses suffered by us in making adjustments or resale of this merchandise. This list must be approved by this office and the shippers that you wish placed in this category are to be furnished to this office and approved by us." Similar arrangements were made elsewhere. No explanation is made by Acco as to why it should not have reimbursed the shippers by way of increased purchase price for this risk of standing behind the grade. Some shippers were not satisfied. Taylor reported to Ward concerning celery on March 22, 1941: "We shall find it hard trying to buy celery, selecting the 'cream' and at the same time insisting on a net cash price as low or lower than that price which other cash buyers pay, and also asking the shipper to guarantee a certain grade on arrival."

Baum directed field buyers to secure produce "on either a straight outright purchase basis, or * * * in the event market conditions are anticipated as treacherous and supplies cannot be secured from shippers, on a price arrival basis." Under this arrangement Acco did not commit itself to purchase until it had examined the produce after arrival. As Acco's field vice president expressed it, "If the shippers don't want the price we offer when the merchandise arrives,

they are at liberty to go elsewhere." Baum said, "We have discontinued the term price arrival and handle all of our purchases price arrival and arrival sales under the combination term of arrival sales, usually the price is determined according to supply and demand. When the merchandise arrives Acco wires the offer, if agreeable, well and good—if not, other disposition is made of their merchandise."

When complaints as to Acco's terminal low price determinations on arrival appeared, Baum defined his policy thus: "It will be necessary for your shippers to accept the price we place on this merchandise at the time of arrival and discontinue this bartering over 5-cent differential and if the shippers find that this procedure is not in accordance with their ideas or they are not given a fair deal on the average over a period of time, then of course it is their privilege to discontinue these arrival sales or price arrivals." These circumstances are material when we consider what Acco was doing in behalf of other purchasers where no such preferences, no such guaranty, and no such advantages as A & P enjoyed accrued to the other purchasers and the outside patrons of Acco were contributing to A & P's earnings.

I shall not attempt to review all of the evidence. The inevitable result is that the cash differential with shipping protection, quality preferences, buying at net prices for A & P and at regular prices for their competitors, Acco's policy of charging A & P one price and its other customers another, all worked to create restrictions upon competition and to handicap the competitors of A & P in view of the fact that competitors paid Acco earnings which went to A & P who did the competitive retailing.

The Government introduces a letter dated July 3, 1940, wherein Acco acknowledged receipt of $81.60 covering a rebate in price, saying: "This shipper found it necessary to reduce his price this amount to other buyers that same day and, therefore, reduced our price accordingly." The auditor found this and inquired and on November 18, 1940, the refund was explained thus: "It so happened that we booked this car of peaches with Mr. Duke at a price, with the understanding that if it developed that this price was too high and that the shippers were forced to reduce their price on any other sales that day, he would protect us against any such decline. Subsequently, it developed that it was necessary for him to sell the balance of his fruit that day at a price 10 cents lower than our price and he voluntarily reduced our price, although we had already paid him for our car." A similar incident occurred with regard to celery where the cost was reduced from $2.25 per crate to $2 and from $2 per crate to $1.75.

After May 1940, Acco entered into two types of deals with jobbers. Under one, it agreed to sell carload produce to jobbers and repurchase part of it for A & P in l. c. l. quantities at the same price, waiving its brokerage charges on the latter. This practice obviously permitted A & P to acquire l. c. l. produce without any jobber mark-up, whereas, when others bought from the same brokers in l. c. l. quantities, they paid the higher price. The second type consisted of selling to jobbers without agreeing to rebuy any specific l. c. l. commitment but agreeing to give them preference in patronage if they purchased through Acco in carload lots. Acco then repurchased from the jobbers but did not waive brokerage because it contended that such repurchases in l. c. l. lots were no part of a specific repurchase contract. In both deals Acco secured some brokerage revenue which in turn went to A & P.

Under both of these arrangements A & P received a preferential l. c. l. buying advantage over other retailers in that it rebought either at flat carload prices or at l. c. l. prices less brokerage. In carrying out the second plan Acco promised its repurchasing patronage preference to jobbers who used its brokerage service and endeavored to persuade produce shippers to refuse to sell to jobbers except through Acco. This widened further the differential between the A & P's l. c. l. cost and that of computing retailers, inasmuch as Acco received a brokerage revenue which was necessarily imposed on A & P's retail competitors in the form of their higher purchase prices.

The multiple roles of Acco taint the whole fabric of defendants' operations. It has continually sold carloads of produce to jobbers throughout the country as a sellers' broker, collecting brokerage which goes into its treasury and eventually into A & P's treasury and its buying power, thus giving a competitive advantage to the operation of A & P stores competing with other retailers who have bought from Acco and paid Acco its brokerage. Concurrently, in its capacity as buyer of less than carload lots for A & P, Acco buys on spot markets in which these same customer jobbers compete with other independent jobbers for Acco's patronage. The average broker in competition with Acco cannot market car-lot produce as successfully as Acco, for he sells with no repurchase inducements attached. Dealers who buy car-lot produce through Acoc know that by so trading they acquire a preferential status with respect to resales of less-carload produce to Acco. The resulting ills are obvicus.

Brokers, in order to retain the good will of Acco and A & P, paid Acco a second brokerage. Vetter at Louisville bought the same merchandise through both Macaluso and Acco, although the purchases had been completed through Macaluso. Vetter testified that after he had Acco peas at $2 and lemons at $6.25, he was required to bill the peas as $1.75 and the lemons at $6.65, indicating that Acco exercised its buying power to control jobbers' terms to A & P to the end that A & P might retail particular items of produce in their stores at less than the current wholesale market levels without showing a loss thereon. Other dealers paying unearned brokerages to Acco were the Gordon Fruit & Produce Co., of New Haven, and DeCarlo, of Buffalo, and the Mercurio Co., of Providence. These odorous unjustified transactions cannot be excused in any manner. However, defendants disclaim any knowledge of or ability to learn of or to prevent them. They insist that it was Acco's policy to charge a brokerage only when service was rendered; that of thousands of cars handled in the markets only an inconsiderable few were questionable; but they overlook apparently the fact well known to all defendants, that brokerage earned by Acco in representing other vendors, buyers, and distributors eventually is paid into the treasury of A & P and appears in the net earnings of A & P, who is in competition with others not enjoying such earnings.

I have no doubt that these specific illegal transactions had the disapproval of headquarters, but the incidents are illuminating as to the extent to which others dealing with Acco, observing its trade practices, were willing to go either in fear of losing its patronage or in order to cultivate its good will. These brokers evidently thought it expedient for them to contribute this unearned tribute and, though some defendants attempted to stop the practice, it seems to me they cannot close their eyes to the consequences, for they were engaged upon a plan of operation whereby A & P through Acco, its own agent, so dealt in the produce market as to create a preferential price to it and a higher price to its competitors, upon the latter of which it received brokerage which in turn became a part of A & P's earnings as a retailer in competition with other customers of Acco who paid the higher prices. This wide scope of operation was entered into deliberately with knowledge of what would happen to the resulting profits and with knowledge that such profits could be used as defendants wished in competing with others. This is misuse of a material factor in competition between retailers, preventing free competition in that it limits the profits of the competitor and increases those of A & P.

CONTACT COMMITTEES

In addition to its interest in and influence over cooperatives, Acco created contact committees of producers in various parts of the country, selecting the chairman and, through the chairman, the members. Upon these committees its competitors had little or no representation. Government agencies were attempting to coordinate distribution. Acco, for some reason, deemed it necessary to form its own contact committees. Among these was the Northwest apple advisory committee, which was in fact largely Baum's child. He named the chairman and the members. Another was the Stockton advisory committee for handling California grapes. Egan established this committee at Baum's suggestion and named Sanguinetti as chairman. The latter had for many years shipped through Acco, had quarreled with it, but in the end had renewed his association with it. Baum appointed his friend Snively chairman of the Florida citrus committee and Snively selected the other members of the committee, though there was a very active Government-sponsored national citrus committee in operation. In North Carolina, Baum created the eastern shore advisory committee and made Mann, who had been the manager of a cooperative closely allied with Acco, the chairman. Baum suggested to Mann the members of the committee. Acco paid the bills for food at the meetings of various committees. Seven such contact committees are mentioned in the record. The Government does not claim that there was anything evil per se in such actions, but it does contend that the control exercised by Acco and its officers over the activities of the growers' cooperatives helped inevitably in the end to bring about discriminatory preferentials to Acco which other purchasers of fruits and vegetables did not receive. I think that such was the inevitable result. One reading the evidence can only conclude that Acco's intention was to bring producer sellers more closely within Acco's influence and to bring about a situation whereby growers and shippers relied more and more and more on Acco's facilities and advice, all of which served to increase Acco's advantageous preferential relationship, its business as selling broker and as buying broker, and its resultant profits at the expense of A & P's retail competitors, all of which went into A & P's treasury and eventually into competition with other retailers.

The Government presented evidence of what it terms "deliberate manipulation and demoralization of the retail market." Illustrative are the communications of Connors, head of the national meat department, with other officials, in which he said, among other things, that retail prices on certain meat products should "reflect a sharp advance in order to reduce the demand, which will enable packers to lower the market and stimulate receipts." Without discussing the details, it is apparent, I think, that A & P did initiate a retail price of 35 cents for Maine potatoes in Cleveland early in January 1940, when its cost was 34 cents, in the face of the statement of the sales director of one division, July 10, 1941, that "no produce department can be operated at much less than 10 percent gross profit without showing a tremendous loss." The Government does claim that defendants should have agreed with producers on retail prices, but insists that such low retailing, at prices which A & P's competitors could not meet without loss, demonstrates the power and willingness of A & P so to depreciate prices as to prevent competitors from dealing in the same article.

COOPERATIVES

Acco made a determined and persistent effort to establish a persistent effort to establish a close relationship with and influence over growers' cooperatives, among them the Florida Citrus Exchange, Northwest Apple Growers, Sowega Products, handling watermelons, and Farmers' Cooperative Exchange of North Carolina. The expressions of Baum at various times and places indicate a desire to delve into the cooperative business of his producers and, if not to control it, at least to guide and influence it. Indeed, the transaction with the Florida Citrus Exchange came dangerously near being an agreement in restraint of trade in itself. The relationship with the Farmers' Cooperative of North Carolina has been the subject of investigation, indictment, and trial, resulting in a directed verdict of not guilty, but the circumstances of that relationship, where Baum named the sales manager and supplied employees for the cooperative, disclose without question that Acco was in effective control of the manager of the cooperative and dangerously near a restraint of trade. In some instances the cooperative managers were on Acco's pay roll, and in at least one instance, when not engaged by the cooperative, the manager was employed by Acco. In various and divers matters, Acco came to enjoy a singularly close influence over, if not, indeed, control of, various cooperatives.

The National Cooperative Fruit and Vegetable Association emerged as the result of suggestions of Acco and its officials beginning as early as 1938. Baum reported that in a conference with Hartford it was suggested that a national distributive institute of fruit and vegetable shippers would be excellent for shippers; that Hartford and Byoir expressed interest and that Byoir would be willing to assist in setting up the organization. It was suggested that this sounded something like an earlier organization, Associated Shippers, the principal difficulty of which had been its connection with Acco and that perhaps the new organization would be hindered by any similar connection. At an Acco executive committee meeting June 1, 1939, it was reported that Baum had advised that he had discussed with Byoir and Wehman a suggestion of profit-sharing, under which 50 percent of Acco's net profit would be distributed to cooperatives. Baum said that the plan would reduce Acco's expense, increase its tonnage, pare operating expenses by at least $5 a car and insure a greater availability of supplies for A & P and that, thereby, Acco would obtain intimate contacts and close working arrangements with representatives of all shippers in all principal fruit and vegetable producing States. Baum put the proposition tentatively to various distributors and Byoir prepared a press release for announcement by Hartford and Smith. However, Hartford suggested that the plan be cleared with counsel, and, as a result, it was never put into effect in its then suggested form.

But Baum was not discouraged. He contacted local cooperatives, including an association of citrus growers in Florida. In May 1940 he suggested that an advisory board be organized consisting of the heads of large cooperative organizations with whom Acco did business; that the company assume transportation and hotel expenses of these men at a meeting once a year. The suggestion seems to have borne fruit, for, the following month, definite arrangements were made looking to the formation of a national cooperative. On July 9, 1940, Baum said that he had obtained approval of the plan from John Hartford and Byoir. He suggested a nonprofit corporation controlled by shippers to whom Acco, handling sales to trade customers, would refund its earnings in excess of the expense of handling the business. This, he thought, would materially increase Acco's outside business. He issued letters to shippers, recalling the important role played by Acco in distribution of produce, Acco's service to producers in saving distribution costs, resulting in increased consumption and more profitable return for all. He asserted that this would be a "further advanced step in our company's operation," whereby, said he, "the services now being rendered by the company would be extended appreciably" and suggested a meeting of shippers to consider the idea, at Acco's expense. He summoned a smaller group as a steering committee, consisting of nine leading shippers in various parts of the country with whom Acco had frequently dealt, asking them to attend a meeting preliminary to the one proposed in the first letter. At the same time he wrote to Acco field men sending them a copy of the first letter and a list of those to whom it had been mailed. Counsel advised Baum that the chief problem revolved around the type of organization to be set up; that, in a trade association limited to cooperation of shippers, wherein Acco merely performed the mechanical function of repaying Acco profits back to cooperative members, there was nothing in restraint of trade but that a possible violation might arise if Acco secured a monopoly or near monopoly. Toolin wrote on July 24, 1940, that Baum's plan would spread like wildfire but inquired "Is there any danger of this movement eventually reaching the point where the commission company would be handling so much business that they might be accused of becoming a monopoly?" John Hartford also had some reservation, for he thought the plan should have the approval of the Department of Agriculture" * * * and not be in conflict with any regulation or law. Baum and Byoir consulted the Department of Agriculture and the Under Secretary advised them that the cooperative must be independent, grower controlled.

Until then Baum had referred to the program as an advanced step in his company's progress and had suggested procedures to his field men. Evidence is lacking that any shipper had suggested such an organization or was aware of the proposal, but, following the expressions of doubt above enumerated, Baum's tone changed; he began to talk of an independent organization. On August 8, he explained that the shippers would form an organization which would in turn contract with Acco for sale of merchandise to trade customers, and that Acco's net profits from the sales would be refunded to the organization; that the plan would return a greater share of sales prices to producers and be equally advantageous to Acco in increase of volume. He declared that the conference was the shippers', not Acco's, although the latter was paying the expense. French called for election of a chairman. Parrish, an Acco cooperative supplier and at times its employee, nominated McDaniel, an old customer of Acco. Nothing in the record discloses improper word or action by McDaniel but he was at all times friendly with Acco and sold it the merchandise of Mutual Orange Distributors Association. His election was unanimous. He stated that Baum had acted for shippers in calling the meeting; that after the organization is set up, we should see if we cannot get an effective merchandising organization to handle * * * products for us; and that in a nutshell, we believe the Atlantic Commission Company * * * should be willing to forego any profit which it might make from its operations if it could handle the merchandise. Snively, another supplier of Acco, said that Acco will give us this service at cost and is prepared to give us adequate distribution.

Three shippers expressed doubt as to the feasibility of the scheme of operation, one suggesting that it might inspire resentment on the part of smaller produce buyers; another inquiring what would happen to A & P's competitors on the buying market. McDaniel replied that the cooperative would not be the shippers' exclusive selling agency and that economic pressure probably would weed out those who were most inefficient. Byoir said that the problem was whether producers, "handling probably 30 or 40 percent of all the fruits and vegetables produced and marketed in the country, should form one great cooperative for the purpose of improving the machinery of distribution," that "any opponent to such an organization would be a damn fool"; that if the distributors formed an organization completely independent of A & P, the Hartfords would go further than anyone would expect them to, to make their machinery available; that Acco was eager to dispose of its profits from its trade sales and at the same time anxious to increase its volume in order to reduce its expense on A & P merchandise and motivated partly by a desire to make 7,000,000 farm friends to assist A & P in fighting off attacks of those who resented its low-pricing policies. Baum said that Acco was handling produce at a cost of $16 a car; that the program would mean reimbursement to the cooperative of $7 or $8 a car. "However," said he, "that is an estimate, no definite promise." A delegation then consulted John Hartford, who stated that he was willing to give the cooperative profits on Acco's trade sales, if it was legal to do so.

Despite the expressed independence of the shippers, the members of the final organization committee were selected by Baum. He asked his field men to confer with suggested members and advise them that the chairman had asked Acco to interview them, inasmuch as Acco was in better position to make recommendations as to who they should be. He wrote McDaniel that he was enclosing suggested representative personnel list for the organization meeting and that he desired McDaniel to communicate with those on the list who agreed to serve. After he received Baum's list, McDaniel sent out letters. Baum wrote some other shippers asking them to attend. He described the August 9 meeting as one where "we condescended to allow these groups to set up a cooperative organization." At the organization meeting Snively was chairman, and took a committee to the Secretary of Agriculture, who told the delegation that he could not grant a permit or license. The attendants considered various formalities and employed an attorney from the Florida Citrus Exchange.

Baum attended the meeting, but says he attended none thereafter. He received, October 30, a wire from John Hartford advising him to have no connection with the movement until he saw Hartford. Baum replied that he would comply with the request. Thereafter, though the new organization had its own counsel, it was made up of people selected by Baum, who frequently advised with him and his superiors concerning their actions. When it was reported to Hartford that Secretary Wickard had advised that he could give no approval, according to Snively, Hartford said that "they were not going to stick their necks out and tell us to go ahead" but that if the arrangement could be approved by A & P's counsel, he would "permit us to go ahead." The members of the executive committee frequently consulted Baum, advised other members to consult him and were in frequent communication with him and Byoir. The latter prepared a statement addressed to the growers that "the Atlantic Commission Co. will make its facilities available to us on a nonprofit basis" and that others might also do so.

John Hartford, evidently disturbed by developments, on December 5, wrote Baum that rumors persisted that Acco and A & P were still supporting the cooperative and that he was making it clear that any plan must have the approval of the Government and be equally available to all other outlets. But after receipt of this letter Baum and Snively

prepared press releases concerning the cooperatives for produce journals. Baum received a report from King on the membership drive in south Texas. He set Acco's annual meeting on April 3 and 4 and the shippers' meeting on April 5. On March 14, 1941, he wrote his field executives to submit a list of men to be invited to the shippers' meeting, saying that he would defray hotel expenses. When a shipper complained that he understood that he could not deal with Acco unless he joined the cooperative, Baum replied that he regretted that such an "insinuation" had been made, but that "at the same time we feel it would be beneficial for all shippers and large growers to become members of their own organization." He suggested that McDaniel and Snively meet him in Washington prior to the shippers' meeting.

King, referring to the criticism of the cooperative's so-called alliance with and control by Acco, stated that "although Acco had perhaps been in a position to have their influence upon this thing," it had never "suggested control" though "they perhaps expected friendship." He reported that, under a contract with Acco in preparation, the cooperatives would collect Acco's trade brokerage from its members, retaining a fixed portion of approximately 20 percent; that Acco would not pay 20 percent on trade sales not made on a brokerage basis but merchandised by Acco but would pay $2.50 per car. King testified that the meeting did not discuss distributing contracts with other chains but that he had found others willing to discuss cooperation.

On April 16 Baum forwarded to the organization a copy of the proposed contract with a brokerage schedule and letters to the members confirming the brokerage schedule. Counsel for A & P had insisted on avowal of availability of similar contracts to others and deletion of the provision for payments on merchandised cars. He said that if the cooperative honestly intended to enter into similar arrangements with others, much of the danger could be avoided by withholding signing the contract until others had signed and that an important consideration was that the plan might invite an investigation into the entire subject of Acco's buying practices.

King apparently continued to feel that Acco should fulfill its original promise to give the cooperative the profit on its trade sales, saying that the contract "does not constitute a substantial compliance with the original promise of Acco" and adding "as you know, they expressed repeatedly and publicly a willingness to give this association all their profit on trade sales." Acco eventually agreed to pay the cooperative 1 percent on Acco's commission sales.

It was again suggested that the committee contact other selected brokers, and apparently the cooperative made two contracts with others. One was Deegan, a small dealer who afterward came into the employ of Acco. Baum himself contacted a broker in New Orleans on behalf of the cooperative. On June 9, 1941, a shipper wrote Baum saying that he could not see "much advantage to be derived except for the tie-in with Acco on trade business." Baum advised him to join. The intimate contact between Baum and his selected members of the organization committee and officials of the cooperative continued until the contract was canceled in February 1942 as a result of a statement by John Hartford that, owing to legal complications, A & P and Acco "could not help the cooperative any more." However, upon termination, A & P gave the cooperative unconditionally $35,000. Thereafter the cooperative became a trade association. However, Acco still had its contact committees, its friendly committees and officers of the cooperative, and its close relationship with various smaller cooperatives.

Defendants claim that nothing improper was done by Acco or A & P, but that everything transpiring was inspired by a desire to help growers eliminate middleman cost and reduce prices to consumers. They stress the fact that no member of any cooperative or other organization was required to sell any merchandise to or through Acco. They admit that public relations counsel for A & P did encourage growers to create organizations, but deny that Acco dominated them, relying upon evidence that Acco said at meetings of the growers, that under no circumstances would Acco have anything to do with operation or management of the supercooperative. They point to the fact that Baum was expressly cautioned by Hartford against exercising or attempting to exercise any control of or influence over the cooperative.

I have gone somewhat into detail as to the activities of Acco in the negotiations and transactions with the national supercooperative not because those matters standing alone necessarily amount to violation of the antitrust law but primarily to show, what I think is beyond question, the dominating position of Acco, principally through Baum, in smaller cooperatives and with the attempted national cooperative. It may well be that this intimate relationship, this pragmatic control of producer organizations, was not improper standing alone; and I have no doubt that the various cooperatives themselves were honestly striving to help shippers and, indeed, such undoubtedly was one of the purposes of A & P and Acco. The difficulty growing out of all this, when considered with all other circumstances, lies in the fact that in the end, by the use of its integrated power and control, defendants purchased merchandise at prices that they would not otherwise have obtained, at prices less than those of competitors, with a resulting handicap to competitors. But even this, again, might not, standing alone, have constituted violation of the law. There is the further fact that Acco, in its predominating position in the produce industry, acting as a buyers' broker, a sales broker, a direct buyer for A & P, through its intimate relationship, was realizing profits for A & P as a result of its inconsistent legal positions. Acco owed one employer a duty to get all that it could for the seller and to another the duty to buy merchandise from the seller as cheaply as possible, with choice of quality. Add to this the undisputed fact that the earnings and profits of Acco received as buyer broker, or as seller broker, or otherwise, eventually became a part of the profit of A & P and eventually a substantial help to the local stores to supplement their net earnings.[2] Competing retailers were confronted with sales prices and profit rates added to, supplemented and increased by the profits of A & P upon merchandise sold to those competing retailers. The resulting restraint of competition and commerce seems to me obvious.

MEETING COMPETITION

The Government speaks at length of red-ink campaigns, low gross-profit rates, and price wars, claiming that at times, prices were so lowered as to bring events into accepted definitions of price wars. It claims also proof of conduct of so-called price wars in one unit or in one division, through the means of reduction of profit rates with the idea of increasing sales and reimbursement of units or divisions for losses or small profits by payments from headquarters. It insists that reimbursements from headquarters enabled A & P as retailer to cut prices and injure competition.

Defendants insist that the evidence reflects no concerted plan to select areas for special treatment for the purpose of injuring competition, that is, for the purpose of injuring or destroying competitors by cutting prices in one area lower than those elsewhere until control of the retail business in that area has been obtained and offsetting the losses or reduction in profit from such price lowering by the use of income from other areas and from nonretail operations. They offered evidence to show that the primary reason why stores lost money was not low prices but poor management, lack of volume, and other factors having nothing to do with prices and that, although there were some losing supermarkets, the majority of unprofitable stores were small regular stores where prices were higher than in the supermarkets. They argue that the fact that every unit always had a number of red stores makes it unrealistic to conclude that selected areas were thrown into the red systematically for the purpose of destroying competition; and insist that A & P had strong competition everywhere and that there is no evidence that it unreasonably interfered with competition or obtained a monopoly anywhere. They contend that the only logical inference to be drawn from the evidence is that stores were in the red contrary to the desires and efforts of defendants. There is no question but that aggressive campaigns were waged or that certain units and certain divisions were from time to time favored by planned low gross-profit rates and low prices with the purpose of increasing volume of sales. Such efforts were, if they succeeded, at the expense of competitors, but this, says the defense, was merely an economic incidental not intended to injure competition.

Perhaps it is well to examine some of the facts. Units and divisions whether they make a profit or a loss from actual retail operation, receive allotments of subsidiary profits, headquarters and local advertising allowances. In those areas operating at a retail profit, the allocation of outside profit increases the total earnings. In those operating at a retail loss, the outside profits and allowances constitute reimbursement for losses incurred. For example, in 1942 the southern division, while aiming at a net-profit return of 2 percent on sales, was actually earning only 0.0022, its remaining profit being derived from headquarters and advertising allowances. The Albany unit in 1941 reported a net profit of $425,014, including allocated subsidiary profits $244,741, and advertising allowances $161,700, leaving an actual net operating profit of $18,000. The stock gains in the unit for that year amounted to $47,000, which, when deducted from profits, results in the astonishing actual retail operation of the entire unit at a net loss of $28,999.

In the central western division, Toledo operated at a loss from 1932 to 1938, inclusive; Indianapolis in all the same years except 1936; Detroit in the years from 1932 to 1937, inclusive; Cincinnati from 1932 to 1937, inclusive. In each of these units aggressive sales campaigns were conducted at low gross-profit rates. In 1936 it was decided that all units in the division should operate with a profit except Detroit, which was permitted to plan operations at a loss of $3,000 per week for 20 weeks. In 1935 the executive committee received from headquarters approval to continue the low gross-profit policy at Cincinnati and Louisville, and an appropriation of $52,000 for Louisville and $14,950 for Cincinnati was approved. Earlier the same division had stated "we would be in position to plough back into the Cincinnati territory whatever is necessary in the way of a drastic sales campaign in order to bring that unit up to a par with the balance of the division." The policy was expressed by Hartford and

[2] Davidson said that the profits of "Acco are those of the Tea Co. and are to be absorbed by the units in which Acco is operating."

Toolin as follows: "experience * * * has always shown that an aggressive sales policy with a steady increase in volume of business turns the expense rate in the right direction and, with the generous attitude of headquarters giving us permission to, literally speaking, swap dollars, the organization should be imbued with a new spirit of confidence." Toolin wrote May 28, 1941, to Indianapolis "we were successful in staying off the other competitor there whose days I now think are numbered." On cross-examination he stated that this was a figure of speech.

Boston operated at a loss from 1934 to 1941; Providence from 1934 to 1940. Other units showed similar losses. Hartford, attending a meeting of the advisory board said, "Now is the time for us to go after business more aggressively than ever before * * * even though to accomplish this means to substantially cut into the rate of return on the invested capital." In the New England division, it was the Hartfords' feeling in 1934 that Davidson should go after business very aggressively with alteration of profit rates from time to time. Conditions being unsatisfactory, in November 1934 Byrnes was put in control of the division. He promptly cut the gross profit rate to an operating loss. The treasurer of First National Stores, A & P's principal competitor in the division, testified that after Byrnes came, A & P instituted lower prices in many items, including meats. Losses continued through 1940. The underlying thought was expressed by Byrnes: "When you consider our Quaker Maid allowance, and the advertising money that the purchasing department is able to collect for us each 13 weeks, you will readily see that this promise of $73,000 net profit actually provides for us being in red on our weekly operations."

In the southern division at times extremely low gross-profit rates were arbitrarily set without regard to the expense rate, frequently causing the stores to operate at a loss. Price zones were established carrying varied prices and stores shuffled from zone to zone, as the guiding officials deemed best. Carlton said: "Where stores need special attention because of unusually active competition * * * the stores in those towns should be put into a special zone and given the benefit of lower than average prices. In other towns, * * * a little better gross-profit rate can be obtained, with the result that the total for the unit will be in line with the program." Smith expressed concern: "I sometimes wonder if 11 percent and 12 percent gross-profit rates will not at some time in the future cause us embarrassment. * * * when they are so much lower than competition I am just wondering if this does not give the 'sharp-shooters', * * * an opportunity to make a target of us. * * * some of our produce departments and meat departments are operated at substantial losses." Smith commented "Undoubtedly there will be some red figures until you have been able to build up your sales and reduce your expenses to offset the low gross. It is an absolute program, however, and must be accomplished." At times buying brigades were formed to buy merchandise from competitors at special prices offered. Thus Morgan, writing an A & P retail manager said: "Your action in organizing a 'buying brigade' to purchase below-cost specials was most excellent * * * A few weeks of this and we doubt if you will have much trouble over below-cost selling on the part of your competitors." And still later: "* * * turn on the most heat in the Houston stores. We have already done this to some extent as indicated by the returns for last week which ran .1149, .1177 and .1101 respectively, for the three Houston supers." Morgan's proposal applied to the locality where Carlton had suggested to Morgan that he might be able to sell groceries with a gross profit of .1000 or .1050; it seems obvious that when he used the expression "turning on the heat" Carlton meant lowering the gross-profit rate.

Black, in charge of Birmingham from 1932 to 1939, increased volume substantially. Some methods employed were low gross-profit rates resulting in sales below cost, brigades to buy merchandise in competitors' stores on sale days, shuffling stores from zone to zone, sacrifice of profits in selected areas, and sale of meats and produce below cost. It was suggested that certain stores buy as many of "these two items from your competitors as possible." When Hartford inquired of Adams at the presidents' meeting as to what plans he had made to carry our the program, Adams replied: "Some competitor may * * * make a drive for business, cutting the gross and reducing prices, where we, to protect ourselves, would have to follow suit. But if this were done in one part of the division, some other unit should be able to pick up the loss." This he explained, on the witness stand, as follows: "The loss—well they would have predicted figures also, and would make a better profit than they predicted, a better operating profit and they would take care of the less profit that the other unit sustained, and we would get the total predicted profit for the division." Black said in 1936: "even though we have to operate with no profit, it is necessary to hold our volume. * * * You know there are times when we can operate with a big gross and there are times when we must meet competitive conditions." Concerning the shifting of stores from one zone to another Dees testified "Well, in certain zones, they (competitors), probably would be selling staples very, very cheap, and those zones were set up to meet that competition in that particular locality. If there was a particular zone where the volume of A & P was low and competition keen, we would reduce certain items in that zone so that it would not effect a price change over the entire system. That works both ways. They could advance prices in certain zones where they felt competition was weak, and they hadn't much competition * * *." Apparently zoning at times had nothing to do with differentials in transportation and such differentials were not the underlying cause for different zones.

From 1927 to 1939, Crocker was in charge at Dallas. In August 1939 Black was transferred from Birmingham to Dallas. Crocker's sales in Dallas were then about $12,200,000. Crocker testified he was released because, as the president of the division told him, "he was not ruthless enough." This was denied. After Black's arrival again we find low gross-profit rates at various points and A & P buying brigades. In December 1939, Adams wrote Smith that he was surprised to see the very low gross at Dallas for the week of December 2; that heavy reductions must have been made, and asked what was happening. Smith replied that a new store had been opened at Wichita Falls, saying: "Then, too, Safeway, * * * is beginning to feel the effect of our increased business in Dallas and, as a consequence, have made some price reductions. * * * Mr. Black a few days ago stated that he was proud of the showing * * * I am going to permit him to give Safeway a run for their money." Adams cautioned Smith to keep an eye on Black and not allow the gross-profit rate to get out of hand. He anticipated no criticism unless it should become "unreasonably low" but, he did not think "we should have to give our produce away." Black reported: "The wives * * * were formed into a brigade * * * to purchase below-cost specials of competition. * * * When the manager or the clerk tries to do this, the competitor's store usually refuses to sell them, but in the case of the wives, they cannot identify them from their regular customers." Adams reported: "Mr. George Hartford gave me a pretty rough time on Houston * * * spent a lot of time on Dallas. * * * Mr. John and Mr. George * * * would like to see you operating * * * on a 12-percent gross * * * they would not care how much money we lost as long as we kept our gross profit down. * * * I told Mr. John and Mr. George that you felt we could go too low on gross profit in the South, that you probably would not believe that opening five stores in Chattanooga would hurt us as much in a public relations way as getting our gross down to 12 percent in some places where it would make competition feel that we were trying to put them out of business." John Hartford testified that Dallas had operated at a loss, but that as soon as it could get on a proper operating basis "we would have every reason to believe we would get the volume that would take care of it." Black reported concerning the second quarter at the Greenville store in 1941: "You will notice that these figures reveal a small profit * * * When you consider the kick-in at the end of the year, I believe you will agree that we have at last achieved a fine result. I would appreciate your asking Mr. Adams to please take this store off his board."

In Dallas, a competitor, Clark, had a combination store one-half block from an A & P store. He testified that A & P's low prices on national brands were about 1 cent above his cost. His sales declined from $95,000 in 1938 to $75,000 in 1941, net income falling to $1,350 in 1941; in 1942 he went into receivership. A & P had closed its store near him prior to the receivership, but had opened a supermarket four and one-half blocks away. Clark testified that his credit losses, which amounted to one-half of 1 percent of his sales, were not the cause of his failure.

Culwell, owner of a Clover Farm store located next door to an A & P store, testified that he compared A & P's advertised prices with his own and that A & P conducted every day sales at retail prices below his cost. His sales in 1937 were $73,000, profit $4,000; his sales in 1938 $65,000, his profit $3,000; 1939 sales were $62,000, net profit $2,000; 1940, $60,000, net profit $2,000; 1941, $59,000, net profit $1,100. In June 1942 A & P moved its neighboring store 14 blocks away. Culwell's business jumped from $59,000 in 1941 to $80,000 in 1942, net profit to $3,000.

In the central division Buffalo operated at a loss in 1937, 1938, and 1939; Cleveland in 1932 and 1934, and, if we do not consider inventory gains, in 1933, 1935, 1936, 1937, and 1939. The situations at Columbus, Youngstown, and Altoona were similar in 1932. Here, too, there was store zoning for competitive purposes. Indeed, probably the most striking instances are found in this division. In Pittsburgh, in 1939, an A & P store was placed in a new zone allowing it a lower price classification in order to meet competition. Reduction in prices was made the day before the competitor's, Giant Eagle's, opening. A & P lowered the gross-profit rate in markets adjacent to the Streamline Markets, recouping losses with profits from other division markets not in proximity to Streamline and from profits passed on from headquarters. An attorney brought this to the attention of John Hartford, threatening suit if it continued, saying: "On Friday, Mr. King, vice president of your company and head of the local unit, called on two executives of the Streamline Markets in one of their new stores * * * and in a loud voice, publicly, before the employees and customers, threatened to commence a campaign to bring about the financial ruin of Streamline Markets"; that Mr. King boasted of "past achievement of financial ruin" to other competitors; and said that he was going to cut the meat and produce to cost in A & P stores nearest the

Streamline Markets; that he would "put a store in Kittanning that will take care of that store of yours. I will put one in Butler right opposite your store that will finish that store. I am going to turn all my guns on you." Rezoning followed. "In the case of Streamline we set up a special price zone called zone 'M.' We zoned all of the Streamline points, every one of them, and the prices in the zone 'M' were lower than in any of our regular supermarket zones." Various other acts were attributed to King. Hartford ordered an investigation. He concluded that the facts had been properly reported, and counsel announced that "A & P could better afford the loss of $500,000,000 in sales than to let the Streamline story be made public, and a recurrence of such a thing would simply be ruinous beyond measure." Hartford attempted to correct the situation, but King continued in the employment of the company. As to the King incident, defendants insist that what King did was without the authority of the executive heads and cite evidence that Hartford asked for King's resignation and testimony that, pursuant to A & P's counsel's appeal to Mr. Hartford to reconsider, King was allowed to remain with the company.

With regard to an Oberlin store, Hartford commented: "It rather looks as if this store was placed in this zone shortly after Mr. Keller opened his grocery store. * * * and rather has an appearance of being planned that way." Keller had complained and Hartford said: "I feel * * * that we did exactly what Mr. Keller described in his letter as having taken place."

Defendants contend that all they did amounted merely to steps taken to meet competition and not to injure it. They point to records of minutes reciting that the practice of low-cost selling is undesirable. Thus, it was said on April 9, 1936: "We must not by word or deed let the impression get abroad that we are at any time attempting to put anyone out of business. One or two instances of this have come to our attention and represent something that is strictly contrary to the company's policies"; and "a recent instance of the flagrant violation of the company's policy in respect to the strict observance of fair-trade practices was discussed. In this case a former manager had set up in business for himself and was harassed by our local supervision as if in retaliation for leaving us and going into business as a competitor. It is important that our supervision thoroughly understand the company's policy of strict adherence to fair competitive practices and of noninterference with a competitor's business."

There were zones within zones. A 1940 review of the Pittsburgh unit reflected striking inconsistency in this respect. Some combination stores were carrying supermarket prices on all items; others on produce and meats only; and still others on meats alone. Twenty-five straight grocery stores were quoting grocery retail prices higher than those in regular service stores. Four of the seven straight grocery stores had higher prices than the other three. The Government cites certain evidence as proof of stores closing as a result of A & P's campaigns. Thus it was reported from Monongahela, where stores closed: "This was an old competitor of ours now down to one store."

For 2 years after 1938 the Atlantic division was operated at a loss, resulting in an increase in volume from $108,000,000 to $151,000,000 in 1941; in that year it realized a profit. During the years when losses were planned, millions of dollars in headquarters allowances and subsidiary profits were received. Richmond had losses in 1938 and 1940; Baltimore from 1937 to 1939, inclusive; Philadelphia from 1934 to 1941, inclusive. The division was allotted a gross-profit rate below the cost of doing business. John Hartford proposed that supermarkets operate at a gross-profit rate of not to exceed 10 percent even though the expense rate in the division for 1938 was .1775. Hodgson said: "* * * it might be necessary for us to operate unprofitably for several weeks. * * * reducing our line by 10 percent several weeks prior to the time the competitor plans to open so that people in the community will be impressed with our low prices and will continue to shop with us after the competitor has opened shop." On January 17, 1939, the executive board met to determine whether the results justified continuation of the policy, as losses had been heavy, and concluded: "were we to retrench * * * competitors would very quickly resume an offensive position which undoubtedly would seriously retard further progress. It is preferred to keep competitors in a defensive position, so that we continue to maintain our merchandising leadership." In Scranton, Washington, Endicott, Kingston, and Stroudsburg, the program was continued in anticipation of opening competing stores. In Endicott, the gross profit on meat was .0025 in one opening week and the accumulated meat gross in Scranton up to March 1939 was .0842. Leach advised Gallagher: "It was decided to subsidize our territory * * * and allow for a loss in the Atlantic division of $11,000 per week during the fiscal year 1939. * * * the loss does not include the .0010 headquarters interest credit or the profit distribution which is estimated at .0131. * * * The Atlantic division, as you will note, is expected to show about a .0046 loss weekly but, inclusive of overages and distributions, a profit of .0119 will be realized." The $11,000 weekly loss was allocated as follows: "Baltimore, $500; Philadelphia, $6,500; Richmond, $500; and Washington, $6,000. These losses, totaling $13,500 were to be offset by a profit of $2,500 in Scranton, or a net loss of $11,000." In Allentown one store showed a gross profit rate of 10 percent and an expense rate of .1750; another a gross profit rate of .1037, and expense rate of .1480; in Easton, one a rate of .1219 and expense rate of .1764; in Richmond in July 1939 a rate of .1161 and expense rate of .1351.

In 1939 the division lost $108,000 as compared with a net profit of $52,000 in 1938. When a competitor in Richmond, a former A & P manager, opened a store, a special 6 weeks' competitive campaign was inaugurated by A & P. Divisional headquarters said: "The hotter we can make our program, the quicker this outfit will realize that they have no place in the supermarket business in Richmond." Concerning the opening of Food Fair, another competitor, Hodgson said: "No doubt you * * * have given your supermarket competitive with those of Food Fair * * * the kind of price ammunition they need to keep the competitor from doing any damage. Whenever we get wind of the opening of one of their stores now we set up a special program 3 weeks ahead of time, so that by the time they are ready to open their doors for business there isn't very much they can do to entice trade from us. Maybe we are not living up to the letter of the law with regard to company policy in this respect, but we would much prefer to be criticized for digressing a little from the policy than we would about competitors having taken our business." On the witness stand Hodgson testified that his program of eliminating competition only meant strengthening supermarkets with attractions and sales of meat, groceries, and produce at a lower rate in that store than in others. The aim of Richmond was, if possible, an even break or a slight operating profit, "relying on subsidiary profits to return us a modest net." Many stores were operating meat departments at a heavy loss. At Plymouth the meat gross profit was .0081 with an expense rate of .1601. In Harrisonburg, Va., the meat gross .0266, the expense rate .2122. In another city the gross loss on meat was .0268 and profit on produce .0402. Leach wrote Gallagher: "I feel that the meats have been an excellent thing to help us get volume, and if a store is doing a good job, I do not have any objection to the meat department being somewhat in red." At a meeting in Richmond in 1941, it was said: "Nothing should be left undone to defeat competitors' plans to share in our business in these towns. * * * Superintendents are asked to notify the sales department sufficiently in advance of such openings in order that competition may have no opportunity to affect our business." In July 1941, Hodgson advised Vice President Bieber: "You have two weapons at your disposal to combat their merchandising below cost and those two so-called weapons are meats and produce. The hotter you make your prices on these lines the quicker you'll discourage Safeway's development."

Hartford advised, concerning New England and Atlantic, "that these two divisions * * * carry on more aggressive sales policies by establishing their 1940 profit programs at the break-even point." Adams said: "He would much prefer to see the 1940 program exceeded in sales even though * * * we might experience some little operating loss." And at the divisional presidents' meeting December 17, 1940, it was decided that "the New England and Atlantic divisions could cut their gross to .1100 since these are the divisions which most need this help in building their volume * * * other divisions will operate at a .1156 gross figure. The result will be a rate of .1142 for all divisions combined." When cross-examined as to whether this meant that units would operate at a loss, Adams answered that it did. Upon redirect examination he said "we had been losing sales * * * and we knew the only way to get them back was to go after the volume." When asked by what means he proposed to increase the volume, he said by "a lower gross profit." He finally testified that the program did not mean that the division was to operate at a loss but "to regain our advantage in sales which would reduce expenses and get back into the business and make some profit." Unfortunately it is difficult to reconcile his statements on cross-examination and redirect.

At a meeting in September 1937 Byrnes reported that the Hartfords' had expressed an opinion that a very aggressive sales policy should be established in the eastern division. In 1939, Shea, vice president, wrote McCarthy, enclosing a weekly list of special prices showing four items sold at no profit and others at an extremely low-gross profit. The next week five were sold without profit. Concerning a competitor on January 3, 1940, a sales manager wrote: "The Food Fair and the Big Bear were going to move out of North Bergen. Thought you would be interested in knowing that through confidential sources we understand that the Food Fair feels they are very much bottled up. * * * As soon as we can open in Clifton * * * we should be able to give them a clipping there." On October 23, 1940, Garden City issued a list of special prices in three self-service stores. On six listed articles there were no profit; on other items the profit substantially lower than regularly. These low prices were extended to A & P stores because of the opening of Dan's Market. On October 23, 1940, other items were added at a low-gross profit. These prices were extended for another week, and on November 28, 1940, had been allowed eight stores due to the opening of a new supermarket. Carlton wrote Byrnes: "Of course, there is no doubt about the effect of a continuous low-price policy on our competition. * * * I think if we maintain our present gross-profit policy we would have to expect to see quite a few weeks in red." Garden City thought that the low gross-profit policy should be continued, "the length of time depending entirely upon the results

which we are able to achieve." The division reported for 1941 a net profit of $4,366,790, but of this $3,388,965 was derived from subsidiary profits and advertising allowances.

In the middle western division the record cannot be vitally differentiated from that relating to divisions previously discussed. The subsidiary profits distributed to this division in 1935 amounted to $558,000. The division then had 152 stores which had lost money for 2 years, 84 of them for 4 years—the losses for 4 years amounting to $485,786. Apparently some 43 percent of the division's profit in 1937 came from retails, 28 percent from headquarters allowances, and 29 percent from subsidiary profits. The amount of the latter sent the division was $704,617. In 1937 John Hartford emphasized the necessity of regaining volume and the presidents' meeting recommended a decrease in gross profit for 1939 of 1 percent. "There was considerable discussion as to how we would distribute the 1-percent reduction in gross to the units. It was agreed that in certain territories it would be unwise to reduce a large number of items, as our prices are already well in line. However, there are territories which need medicine badly, and an aggressive campaign of lowering the price of our shelf commodities should retrieve volume lost." In the first 10 weeks of 1938, 19 supermarkets operated in the red, the gross-profit rate being 2 percent lower than the expense rate. Here, too, we find creation of zones and shifting of stores from zone to zone with varied gross-profit rates to meet competition. The division aimed at a goal of over 20 percent of the business in cities of over 10,000 population in which it operated.

At Springfield, Mo., gross-profit rate was .0750. The manager wrote: "The Safeway superintendent * * * wanted to know how we ran our prices so low * * * He said we were selling much merchandise cheaper than they could buy it." This situation was discussed June 27, 1940: "Competition met the supermarket prices efficiently to prevent our procuring anticipated volume. In an attempt to secure business we put our gross profit too low and spent considerable amounts of money on advertising. Still we did not secure the business. It was decided, therefore, that in no case in the future will we lower our gross profit below 10 percent." Defendants insist that A & P failed to succeed at Springfield and closed its store because of the competition of Safeway. They point to other instances where A & P failed to succeed and closed stores. Since 1933 A & P has withdrawn from over 1,000 towns and has opened in only 140 new towns. They argue that there is no instance where A & P drove any competitor out of business and that the evidence of competitors' store openings and closings proves nothing. They admit that, in determining the over-all profit of A & P, the profit and loss account was made up by placing in it all income and deducting from it all expenses, including income and expenses from losing as well as successful stores. To this extent, they agree, income from profitable stores offsets the losses from unsuccessful stores. But, they aver, this is one of the incidents of any business operating more than one unit.

December 4, 1940, Chicago requested permission to operate meat departments at three points, "at a 5-percent gross for the next 4 or 6 weeks in view of competitive conditions." In November 1941, St. Louis, which supplied stores within the eastern district of Illinois, instituted a special price zone for problem stores in which they placed Murphysboro, saying: "While Cape Girardeau and Murphysboro are new stores and will probably develop satisfactorily, we should, for the present, arrange to group stores with an unsatisfactory volume in a special category for special treatment." This, a combination special-development store, replaced in 1941 a straight grocery store and operated for the first year on a gross profit rate of 10½ percent. Volume did not develop and defendants accordingly reduced the gross profit rate to .0806 in the second quarter of 1942, resulting in a loss of $2,185. Loses continued through the fourth quarter. Defendants were operating in Carbondale, West Frankfort, Mattoon, and Centralia, but the stores there received no such special treatment. Carbondale first had a gross profit rate of .1078 and then .1283 and operated profitably. Similar profitable operations occurred in West Frankfort, Mattoon, and Centralia; in each volume grew and defendants felt no necessity to reduce the gross profit rate. The final profit-and-loss statement did show a loss in some towns and a profit in others, but defendants say the losses were not planned for the purpose of unduly injuring or destroying competition. The special treatment accorded Murphysboro is strongly persuasive that defendants deliberately took losses to increase the volume of sales. Defendants say there is no significance in any of this evidence and insist that they may sell their merchandise at different prices and indeed, give it away. Of course, as a legal proposition, this is true. Defendants insist further that, as business grows, expense rates go up and "if you keep on raising gross-profit rate, eventually one has to go out of business," that by reducing prices "we get enough additional business to reduce the expense rate and thus develop those stores to a proper place"; and that there was no intent to injure competition.

FIXING PRICES WITH COMPETITORS OR SUPPLIERS

The Government charges that defendants have used their dominant position advantage to injure competition in selected trade areas by combining with manufacturers of food products to fix and maintain prices. With respect to alleged retail price maintenance, defendants depend upon such cases as *United States* v. *Colgate* (250 U. S. 300). The evidence really falls under three headings, namely, alleged agreements with competitors; alleged agreements with manufacturers and suppliers; and membership in food distributors associations. Beyond question there were agreements or understandings on prices in certain local territories. One such was between A & P and the American Stores at Scranton in 1939, one between A & P and Hill Grocery Co., at Montgomery, and another between A & P and Grant Union at Scranton. At Miami A & P was a participant in the activities of the Miami Retail Grocers' Association. Lists suggesting prices for retail were distributed and brought to the attention of A & P division officers. Prices quoted by A & P were generally in line with those suggested.

Closely connected with this phase of evidence are the activities of local agencies of A & P in connection with trade associations. Thus Richmond was a member of an organization enforcing the Virginia Unfair Sales Act until March 1941 and made contributions to its expense of operation. In Maryland, Peltz of the Baltimore sales department, was treasurer of Maryland Food Council, which wrongfully assumed the right to enforce the Maryland statute and to prevent sales of articles at cost. Though the law was declared unconstitutional, the association continued its activities over the protest of counsel for defendants. A & P was a member of the Food Distributors' Association of Philadelphia formed in 1935 after invalidation of the National Industrial Recovery Act by the Supreme Court. The association engaged in efforts to maintain prices, to eliminate premiums and to enforce invoice mark-ups and retained an attorney in charge of policing. The Pennsylvania law having been declared unconstitutional in October 1939 the association adopted a policy of a mark-up of 5 percent above cost on meats and produce.

Hartford thought that these matters should be left to the local organizations, but counsel wrote that the price lists went much further than the law permitted and warned against A & P becoming involved in a violation of the Antitrust Act. In 1940 he said: "Sales-below-cost laws are not inherently bad. * * * The difficulty lies in the misuse of these laws by trade groups of wholesalers and retailers who seek to fix prices arbitrarily. The customary procedure of these groups is to establish an arbitrary mark-up under color of a 'cost survey' and seek to force it down the throats of all retailers by threats of expensive long-drawn-out litigation." I think there is no question that the declared general policy of the company was against participation in organizations looking to a mark-up for fixing retail prices in pursuance of State laws enacted for the purpose of promoting so-called fair trade. Thus, in 1939 the minutes of the middle western division recite that "We have had several requests recently from different food groups to attend meetings at which they propose to discuss retail mark-ups. It was felt that we should refrain from participating in these meetings, as we do not want to be part of any arrangement which has to do with the fixing of retail prices." Counsel Ewing testified that the policy was that under no circumstances should there be agreement or understanding with respect to sales prices and that A & P should belong to no association, organization, or council which in its operations, whatever they might be, had to do with fixing such prices. On September 23, 1937, concerning a letter received about a trade association in the State of Minnesota, regarding the dangers of concerted action, he quoted a decision of the Supreme Court to the effect that an act harmless when done by one may become a public wrong when done by many and concluded that however apparently innocent might be the actions of this trade association, he could readily anticipate unpleasant possibilities. On November 18, 1938, he wrote: "This thing of banding together to control or maintain prices is a very dangerous venture and we are keeping out of associations having such purposes." Similar expressions are contained in letters of later dates.

On April 8, 1941, at a divisional presidents' meeting in New York a resolution was adopted that the company refrain from participating in the activities of any nongovernmental organizations which discuss or are concerned with fixing retail food prices. A similar resolution was adopted by the central western division on April 15, 1941. Other representatives expressed similar ideas. Counsel Feldman testified about A & P bringing an injunction suit in Minnesota where the State law was held invalid. *Great Atlantic & Pacific Tea Co.* v. *Ervin* (23 F. Supp. 70). The company was interested in another suit in California where the United States brought into court certain defendants resulting in a decision in accord with A & P's attitude. *United States* v. *Food & Grocery Bureau of Southern California* (43 F. Supp. 966). Defendants refused to join associations in Illinois, Ohio, Wisconsin, and Nebraska. They did join associations in Baltimore, Philadelphia, Pa., and in some of the New England States but claimed that nothing transpired in any of these with the knowledge of headquarters that resulted in violation of the antitrust law, that is, fixing prices or otherwise. A & P pleaded nolle contendere in one or more instances, though it contended that there had been no violation of law. On the whole, it must be agreed that headquarters' policy was against fixing prices. Irrespective of this, however, various representatives of the group did engage in certain activities that participated in and promoted fixed prices.

Defendants offered evidence that memberships were unauthorized and insist that the associations were not active beyond the State.

In this respect, defense relies upon *Truck Drivers' Local No. 421, etc.* v. *United States* (128 F. 2d 227 (C. C. A. 8th)), where the court said: "We do not believe that * * * the actions of the milkmen's division and its members, the efforts of the president of the union and the hearings held by the disputes committee and the executive board could be imputed to the union as a matter of general agency. To bind the union in a situation such as this, actual and authorized agency was necessary; mere apparent agency would not be sufficient * * * unless the circumstances were so strong as competently to support an inference of actual authority." In *Nobile* v. *United States* (284 F. 253, 255 (C. C. A. 3d)), the court said: "Criminal liability of a principal or master for the act of his agent or servant does not extend so far as his civil liability. He cannot be held criminally for the acts of his agent, contrary to his orders, and without authority, express or implied, merely because it is in the course of his business and within the scope of the agent's employment, though he might be liable civilly." See also *Paschen* v. *United States* (70 F. 2d, 491, 503 (C. C. A. 7th)); *United States* v. *International Fur Workers Union* (100 F. 2d 541 (C. C. A. 2d)).

There is some evidence of understandings with suppliers fixing resale prices. When the Staley Co. in May 1939 suggested a retail price upon its products, defendants agreed to maintain the suggested price, inasmuch as headquarters had an advertising agreement with the manufacturer. In 1940 they agreed with Hormel to advance retail price to 25 cents per can on Spam, in view of the fact that Hormel's other customers were doing so. There were similar instances with the Birds Eye Frozen Foods, Gulf Coast Tobacco Co., Stephans Bros., and others. The activities were in the fact of legal advice "that the company will be reasonably safe if it wishes to adhere to a suggested price, so long as it has no conversations or correspondence with the manufacturer concerning it. The company should refuse to give the manufacturer any assurances that it will follow his suggested price, even if it intends to do so."

There can be no doubt but that some of A & P's agents' activities went beyond what could legally be done. But the question confronting me is whether there is evidence to charge defendants with knowledge and responsibility therefore. Apparently A & P's counsel were at all times desirous of preventing activities from overreaching the law but just as apparently their advice was not always followed. I shall not elaborate upon the evidence in this respect for I think it unnecessary to consider at length this disputed factual situation in view of my ultimate conclusion.

ALLEGED FALSE FRONT ACTIVITIES

There is no question that A & P through Better Business Organization, Inc., and Carl Byoir, built up associations for the purpose of protecting what were conceived to be the rights of A & P and that those associations appeared to the public as independent organizations, even though they were financed, in some cases, entirely by defendants. These included a State-wide campaign against special taxes on supermarkets in New Jersey called the Emergency Tax Council of New Jersey, apparently the idea of Byoir. Though it was stated openly that A & P was contributing to the cost, it was never revealed to the public that it was the sole responsible party back of the organization. The National Consumers Tax Commission was incorporated under the laws of the State of Illinois in June 1938 for the ostensible purpose of studying taxes. This, too, was the creature of defendants through the instrumentality of Byoir. MacKeachie said: "It has never been quite clear in our minds as to how definite this National Consumers Tax Commission can be in actual fight, nor as to whether or not the financial support of this organization by our company is in the open. If this is not the case and the NCTC should take a position against the chain store tax question and if it later came out that the organization was formed under the auspices of Carl Byoir and Associates and financed by our company, we feel this would have a very detrimental effect on our cause." I shall not prolong this memorandum with further recital of the details. Suffice it to say, the organization was in effect the creation of defendants and the public could not have been and was not aware of the full extent of their sponsorship or of A & P's responsibility for its existence.

Byoir also proposed to Hartford the establishment of an agricultural relations department to operate on a national scale in educating farm groups on the problems of mass distribution. The record is persuasive that this proposal contemplated serving the interest of defendants and that the true nature of their sponsorship was not publicized. A & P's interests in neither the Pennsylvania Chain Store Council in 1941 nor the National Drainage Levee and Irrigation Association was announced. The evidence elaborating upon these activities I think it unnecessary to discuss, for there can be no question but that defendants did build up organizations, make contacts, and engage in other activities behind cover. What if anything these activities have to do with innocence or guilt is another question.

DEFENDANTS' EXPRESSED POLICIES

Defendants' expressed policy is reflected by its letters, minutes, and documents over the years. I shall refer to a few of these as fairly illustrative. Concerning gross-profit rates, August 15, 1934, at an executive committee meeting of the New England division, it was said: "With competition as aggressive as it is in this territory at the present time, we cannot increase our gross-profit rate. Prices must be kept in line at all times with competition. * * * Our only salvation is increased volume, which will automatically reduce our expense rate and thus improve the general picture for the division." At an executive committee meeting of the central western division on April 9, 1936, concerning coercion, it was announced: "We must not by word or deed let the impression get abroad that we are at any time attempting to put anyone out of business. One or two instances of this have come to our attention and represent something strictly contrary to the company's policies."

Concerning buying policy, counsel's letter of October 28, 1936, advised: "There should be no tactics employed which would even hint at being coercive. Quite naturally we want to buy our merchandise on the best possible basis, but this does not mean you should 'go after' a seller, or trade in such a manner that he might accuse us of attempting to induce him to sell you at a lower price."

As to the policy as to brokers, a memorandum of general conference on January 25, 1938, recited that "the meeting decided to move in an orderly fashion toward procuring supplies of merchandise through sellers who they do not employ brokers. This would remove the hazard of the Federal Trade Commission, interpreting a lower legal price which we pay for an article as one which reflects the brokerage or allowance in lieu of brokerage. * * * our acceptance of 'allowances and discounts in lieu of brokerage' in whatever form is not permitted. It developed that it was not beyond the Commission's power to interpret an advertising allowance as one 'in lieu of brokerage.' The chairman, therefore, ordered a close scrutiny of all existing advertising contracts to satisfy the company that these were regular in every way. Quantity-discount agreements will likewise be subject to the same inspection." Zoller wrote Parr March 6, 1940: "Our aim in all moves is to comply with the law and the best way to do it is to buy from exclusively direct sellers." And Bofinger said to his purchasing directors, September 15, 1941: "* * * about meeting competition, it is to be noted that any statements about competitive quotations made by a buyer for the purpose of inducing a seller to discriminate in price would violate both the act and our company's instructions and would subject us to possible prosecution."

Discussing below-cost selling, at the sales directors' meeting March 30–31, 1927, it was said: "We would not sell below cost. Sometimes competition sells below cost and it was questioned whether we should meet such prices." At a divisional presidents' meeting February 20, 1939, it was recorded: "A previous ruling that we not sell merchandise below our net replacement cost has been taken advantage of by some competitors. It was therefore decided that each president should decide when he considered it necessary to meet such competition within his division." At an executive committee meeting of the central division, June 2, 1931, it was declared: "Regardless of the action of competitors, we should not sell below cost of replacement. Our competitors cannot continue such practices. We should feature other commodities and sell the entire line as low as is consistent." And at a division presidents' meeting June 25, 1931, it was said that "any man in the organization who knowingly permits wholesaling will be discharged."

As to price zoning, it was said "consideration should be given those cities in which prices vary in different stores of the same type. Difficulties may arise if these different prices cannot be satisfactorily explained by a difference in costs—such as trucking—or by proof that we are meeting legitimate competition."

Concerning competition, it was asserted at the executive committee meeting of the New England division on July 19, 1932: "We should not permit any competitor, whether chain or voluntarily chain, to present a better proposition to the public that we do. This is a matter to be regulated locally by the various unit heads. * * * considerably leeway has been granted to the unit heads in the fixing of prices to meet competition. We must not sell under cost, but beyond this the unit head has greater flexibility in meeting competition than heretofore has been the case, provided we stay within the budget predictions for net profit." On October 20, 1932, it was said "It is important that the sales department in each unit keep a close check on the prices charged by voluntary chains and see that our prices are at least in line with theirs, if not lower." The presidents' meeting August 31, 1937, announced: "It was decided to decrease the gross profit for the third quarter 1 percent below that of the second quarter in an effort to increase average sales $100. The decrease is to be initiated by an immediate reduction of shelf goods items not exceeding an average of $100 per store; and on June 24, 1941, the chairman recommended a lower gross profit program for the balance of the second quarter. Such action would further the policy of passing on to its customers in retail prices all possible savings in the operation of the business."

Discussing price-fixing the divisional presidents' meeting in February 1926, recorded in its minutes: "The consensus of opinion was that it was bad to enter into an agreement with any manufacturer to maintain a fixed retail price. * * * Our policy of not making any deals with manufacturers who dictate retail prices was mentioned, and the meeting went on record for continuance of this policy." Headley wrote on February 10, 1939, "Pressure from several groups outside the company tending toward maintenance of retail-price program, suggests again outlin-

ing the company's policy in opposition to joining any such group." Counsel wrote on November 25, 1940, "Sheridan's statement necessarily implies the adoption and circulation of price lists. It has been our uniform position, that such a course is violative of the antitrust laws and would ultimately involve us in hurtful litigation. * * * Our position was and is that the wholesale grocers could not fix resale prices of a commodity wherein they had no element of good will to protect, but that resale prices can only be fixed by those who are financially interested in not cheapening or destroying the good will attached to the name of the producer or manufacturer of a certain commodity." On April 8, 1941, at a divisional president's meeting, it was stated that "the company should refrain from participating in these organizations and withdraw from those which it now belongs to where the legal department feels there is any question as to the legality of the activities engaged in." And the merchandising committee meeting, the following month announced, "While the distinction between agreeing to a resale price and simply following a suggested price is sometimes difficult, we feel that the company will be reasonably safe if it wishes to adhere to a suggested price, so long as it has no conversations or correspondence with the manufacturer concerning it. The company should refuse to give the manufacturer any assurances that it will follow his suggested price, even if it intends to do so." French wrote on July 14, 1942, "neither this company nor A & P will discuss its retail prices or retail-price policies with anyone outside of company personnel; under no circumstances will either company make any agreement, expressed or implied, with any competitor or person representing competitors on the subject of prices. To enter into such discussions or agreements would subject the companies to possible prosecution for violation of the antitrust laws. Apart from this, it is fixed company policy to establish our prices and price policies in our own discretion without seeking or accepting advice, suggestions, or instructions from outside sources."

As I approach the conclusion of my consideration, it may be helpful to take note of certain general facts. To buy, sell, and distribute to a substantial portion of 130,000,000 people, $1,750,000,000 worth of food annually, at a profit of 1½ cents on each dollar, is an achievement one may well be proud of. No place in the world, I take it, are people so well fed as in the United States. Nowhere else, I suppose, do food distributors accomplish efficient distribution at so low a margin of profit. In contrast, we are told, in other nations the problem is not one of an adequate diet but one of any diet at all.

The Nation of Thomas Jefferson or even of Abraham Lincoln was largely an agricultural domain. In contrast we are now a nation containing tremendously congested metropolitan centers. A hundred and thirty million people breakfast, lunch, and dine daily, usually without discomfort or lack of nourishing food. Daily to our congested centers come products from California, Florida, Texas, and every other State in the Union. Our national life has lost its simplicity. Our problems have multiplied—our suggested remedies for resulting ill-fits in society and political economy multitudinous. For years our Congress and courts have struggled with the problem of preservation of free competition; prevention of preferential treatment. The enactment of the Interstate Commerce Act saw the end of illegal rebates by railroads to shippers. The Sherman Act enacted into Federal law common-law offenses in restraint of trade and monopoly and attempted to keep the lines of competition free and open. Other acts of similar or supplemental character have become a part of the regulation of industry in this country, necessitated, as Congress has thought, by the growing complexities of our industrial and economic operations.

Centralization of industry and population have led to centralization of governmental authority and a greater extension of governmental participation in our private affairs. Over a period of years, legislation has been the congressional remedy, resulting in more and more regulation. Whether this greatly centralized regulation constitutes a wise policy, of course, is not for the courts to decide, for it is by the standard of policy established by our policy makers, our Congress, that we must test the legality of alleged transgressions. Questions as to social and economic philosophy or political ideology are not for the Court.

So the chain-store system, as compared with independents, is not in issue in this case; nor is A & P's size, alone, of importance. The latter becomes material only when the facts disclose illegal use of such power. Integration, whether longitudinal or vertical, or both, is not, of itself, a violation of the law, but as I conceive the applicable legal formula, if the nature and actions of that integration are of such character as to reflect the inherent vice of unreasonable restraint of commerce or the inevitable evil of an attempted monopoly, then a violation of the law occurs. In other words, if, in spite of a declaration of innocence of purpose, conscious acts of a group are such as inevitably to work undue restraint of trade or a monopoly, in whole or in part, the actors thereby bring about transgression of the congressional rule of conduct.

Sometimes I doubt whether we ever needed the Robinson-Patman law, with all its elusive uncertainty. I have thought that the Sherman Act, properly interpreted and administered, would have remedied all the ills meant to be cured. More comprehensive language than that found in the Sherman Act is difficult to conceive. Declared illegal in section 1 is "every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States * * *;" and every person who shall make such a contract or engage in such a combination or conspiracy is deemed guilty of a misdemeanor. Section 2 is not less sweeping. Every person who monopolizes, or attempts to monopolize, or conspires with any other person to monopolize, any part of the trade or commerce among the several States is, likewise, deemed guilty of a misdemeanor. The text reveals a carefully studied attempt to bring within the act every person engaged in business whose activities might restrain or monopolize commercial intercourse among the States. That Congress desired to go to the utmost extent of its constitutional power in preventing restraints of trade and attempts to monopolize, such as the information charges here, appears very clear. The obvious purpose was to use that power to preserve a competitive business economy. This plan, this mechanism did not break down; it has never needed more than proper execution and proper enforcement. Too often, I fear, we enact a new law to cure maladministration of an old one. So Congress enacted the Robinson-Patman Act. I doubt if any judge would assert that he knows exactly what does or does not amount to violation of the Robinson-Patman Act in any and all instances. Mr. Chief Justice Hughes exclaimed to the Federal Bar Association in 1931: "How difficult it is to secure legislation that is simple and unequivocal." The early comment of Bentham is applicable: "* * * * these lawbooks must be made up into sentences of moderate length, such as men use in common conversation, and such as the laws are written in in France, with no more words than are necessary; not like the present statutes in which I have seen a single sentence take up 13 such pages as would fill a reasonable volume, and not finished after all * * *."

Later Congress enacted the Miller-Tydings law, so that now the American merchant must steer his course between the perils of Scylla on one side and Charybdis on the other, for, under the Fair Trade Acts of various States and the Antitrust Act of the Federal Government, the merchant must steer his course between two fatal hazards. He must fix his retail prices in accord with the State law and avoid the slightest deviation therefrom, lest, in doing so, he violate the Federal law.

But I am not concerned with any legislation other than the Antitrust Act. My question is whether the sayings and actions of defendants, whether violations of the Robinson-Patman Act or other legislative enactment or not, amount inherently to a violation of the Sherman Act. We must bear in mind that the same act or the same course of conduct may violate two statutes (*Burton* v. *United States* (202 U. S. 344, 377, 380, 381); *Gavieres* v. *United States* (220 U. S. 38, 342–344); *Morgan* v. *DeVine* (237 U. S. 623, 639–641); *Blockburger* v. *United States* (284 U. S. 299, 304); *Montrose Lumber Co.* v. *United States* (124 F. 2d 573, 575, C. C. A. 10)).

It is clear from this record that retail distributors of food products in the United States are engaged in a close contest. Profit margins are slight. The difference between profitable operation and loss is fractional in character; between success and failure, astonishingly small. There is constant incessant struggle for advantages. In such a situation, where margins between profit and loss are so small, any dealer engaged in the contest, having secured an unfair advantage over his competitors, however small it may be, will be likely to upset or reverse a small percentage of profit in his competitor and convert it into a loss. When the net profit is in the neighborhood of 2 percent, an advantage of 5 percent in buying in one dealer immediately places him in an overpowering position so far as his competitors are concerned. So if any element of A & P's profits in competition with others arises from an illegal factor or an illegal function, even though the percentage resulting from the use of that factor or that function is small, it may be sufficient to change a competitor's profit into losses. Such a result, of course, is interference with open competition, undue restraint of trade.

As I view this evidence there can be no dispute but that an illegal factor exists in the operating relationship between A & P and Acco. The illegal acts of Acco, A & P's other self, the reception of benefits by A & P from such illegal action, permeating the entire group's activities, wherein all participants knowingly aid and promote the admitted operation of Acco and A & P, results in practices violative of the true conception of the Antitrust Act. If I assume for the purpose of disposition of this case that in general the policy of A & P was to operate within the law and attribute to defendants a desire to comply with the law, there still remains the conscious, knowing adoption by all defendants of a plan of action by Acco affecting every department of A & P and every retail store, which cannot be squared with the intent and purposes of the act. It must be admitted that all defendants knew what Acco was doing. There is no question but that all defendants acceded to Acco's practice or but that all defendants, representing one or more of the allied corporate entities, being fully aware of what was being done, tacitly agreed to and did go along with such plan of operation. They cannot be heard to say that they did not intend to violate the Antitrust Act, when they voluntarily accepted and adopted a plan of operation which inevitably and inherently tends to restrain trade and to create a partial monopoly. Thus in *Crews* v. *United States* (325 U. S. 91, at p. 96), the court repeated what it had said in *Ellis* v. *United States* (206 U. S. 246, 257),

saying: "If a man intentionally adopts certain conduct in certain circumstances known to him, and that conduct is forbidden by the law under those circumstances, he intentionally breaks the law in the only sense in which the law ever considers intent." In *Bigelow* v. *RKO Radio Pictures* (150 F. 2d 877), the Circuit Court of Appeals for the Seventh Circuit said: "Knowing participation by competitors without previous agreement in a plan, the necessary consequence of which if carried out is unreasonable restraint of interstate commerce, is sufficient to establish an unlawful conspiracy." *Interstate Circuit, Inc.*, v. *United States* (306 U. S. 208, 59 S. Ct. 467, 83 L. Ed. 610). While it is true in a very general sense that one can dispose of his property as he pleases, he cannot "go beyond the exercise of this right, and by contracts or combinations, express or implied, unduly hinder or obstruct the free and natural flow of commerce in the channels of interstate trade." *United States* v. *Bausch & Lomb Co.* (321 U. S. 707, 722).

It is probably true that many actions of defendants of which the Government complains, standing alone, are devoid of wrongful character, but when the fabric woven from them is considered as a whole and it appears contaminated by a corrupt thread running throughout the completed texture, the whole becomes a tainted product and all partaking in its creation, having voluntarily contributed to the structure, are charged with responsibility for the fabrication. The conduct of Acco is the rotten thread of the fabric, and it so permeates the entire texture and ties together the other threads as to result in an imperfect, and illegal product—unreasonable interference with competition and power to monopolize. With the flaw of Acco's tainted record permeating all the operations of A & P's integrated system, the activities of A & P other than those directly-involving Acco take on a polluted colored light. Manipulation of gross-profit rates, at times sufficiently to do away entirely with retail profit, in competition, procurement and enjoyment of buying preferences heretofore discussed, whether in the form of discriminatory discounts, advertising allowances, or otherwise, supplementing retail earnings or overcoming deficits with earnings of manufacturing subsidiaries, the coffee department, and Acco, and other actions heretofore mentioned, even though some one or all of them standing alone might not amount to a violation of the law, when coupled and inextricably interwoven with the activities of Acco, reflect inevitably the misuse of defendants' power in competition with others to such an extent as to create undue interference with commerce—undue restraint of trade—of such character as to result in monopoly.

Despite the claim of high character of the general business and economic policy of defendants, I cannot escape the conviction that, by their cooperation in the promotion of the plan of operation which involved illegal action, illegal restraint of trade, they rendered themselves subject to the penalties of the law. Congress did not condone good trusts and condemn bad ones; it forbade all. It is no excuse for unreasonable restraint or monopoly that such interference with free competition has not been utilized to extract from consumers more than a fair profit. *United States* v. *Aluminum Co.* (148 F. 2d. 416 (CCA 2)). As I view it each and every defendant, corporate and individual, was aware of the plan, consciously participated in it, and must be held to have violated the law in both respects mentioned in the information. In this connection I think it only proper to say that usually a violation of the Sherman Act is not an ordinary crime. Violation is ordinarily an economic offense, the seriousness of which is not related to the moral turpitude of the offender.

It is charged that the offenses were carried out partially within the eastern district of Illinois. Defendants question the sufficiency of the proof to show that the court has jurisdiction, in other words, whether there is evidence of acts within the district sufficient to give the court the right to decide the issue presented. In *United States* v. *Socony-Vacuum Oil Co.* (310 U. S. 150), the Supreme Court had under consideration a similar question under a charge of unreasonable restraint of commerce through the fixing of prices for oil. Defendants insisted that there was no evidence to support jurisdiction in the western district of Wisconsin. The Supreme Court said: "Respondents, though agreeing that there were such sales in the midwestern area and that the prices on such sales were affected by the rise in the spot markets, deny that they were overt acts in pursuance of the conspiracy. Rather, they contend that each of such sales was an individual act of a particular conspirator in the ordinary course of his business by which he enjoyed the results of a conspiracy carried out in another district. That is to say, they take the position that the alleged conspiracy was limited to a restraint of competition in buying and selling on-the-spot markets and included no joint agreement or understanding as respects sales in the midwestern area. * * * Conspiracies under the Sherman Act are on the common-law footing; they are not dependent on the doing of any act other than the act of conspiring as a condition of liability. *Nash* v. *United States* (299 U. S. 373, at p. 378). But since there was no evidence that the conspiracy was formed within the western district of Wisconsin, the trial court was without jurisdiction unless some act pursuant to the conspiracy took place there. *United States* v. *Trenton Potteries Co.* (273 U. S. 392, pp. 402–403, and cases cited)." The Court concluded: "In sum, the conspiracy contemplated and embraced, at least by clear implication, sales to jobbers and consumers in the midwestern area at the enhanced prices. The making of those sales supplied part of the continuous cooperation necessary to keep the conspiracy alive. See *United States* v. *Kissel* (218 U. S. 601, 607). Hence, sales by any one of the respondents in the midwestern area bound all. For a conspiracy is a partnership in crime; and an overt act of one partner may be the act of all without any new agreement specifically directed to that act. *United States* v. *Kissel*, supra, (p. 608.) A more complete exposition of the reason for such a conclusion appears in *Hyde* v. *United States* (225 U. S. 347), on pages 362, 363, 364, and 365, where the Court discussed the problem at some length. See also *Brown* v. *Elliott* (225 U. S. 392; 28 U. S. C., secs. 42 and 103).

Here, in view of the facts previously referred to concerning the Brillo, McKinzie, Hunter Packing Co., and Ralston-Purina incidents and of defendants' practice in their retail stores within this district, all partaking of the inherent vice I find in defendants' activities, acts in pursuance of the illegal undertaking occurred within the district and this court has jurisdiction.

In view of what I have said, it follows that all defendants are guilty in manner and form as charged in the information. I reach this conclusion after careful objective consideration of all facts presented to me. What I have said is not intended to be a scholarly exposition of the law, but it is, I hope, sufficient indication of the method I have used and the reasoning I have employed to reach my conclusion.

THE CIRCUIT COURT OF APPEALS OPINION

The case was appealed from the ruling of Judge Lindley to the United States Court of Appeals for the Seventh Circuit. It was unanimously affirmed by an opinion written by Circuit Judge Sherman Minton. It will be recalled that since this opinion was written by Judge Minton, and the other opinion which helped small business, which involved the Standard Oil Co. of Indiana and the small gasoline dealers in Michigan, Judge Minton was promoted to the Supreme Court of the United States. Incidentally, Judge Walter C. Lindley, a Republican, who tried the A & P case, has been promoted by President Harry Truman to the United States Court of Appeals, to succeed Judge Minton. These two appointments represent strong indications that our President is on the side of small business, the hometown merchants, and against monopolies. The opinion is as follows:

[In the United States Court of Appeals for the Seventh Circuit, October term, 1948, January session, 1949]

No. 9221—THE UNITED STATES OF AMERICA, PLAINTIFF-APPELLEE, *v.* THE NEW YORK GREAT ATLANTIC & PACIFIC TEA CO., INC., ET AL., DEFENDANTS-APPELLANTS

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF ILLINOIS

(February 24, 1949)

Before Major, chief judge, and Kerner and Minton, circuit judges.

Minton, circuit judge: This case comes to us on appeal from the eastern district of Illinois. The defendant the New York Great Atlantic & Pacific Tea Co., Inc., herein called A & P, several of its subsidiary and affiliated companies, and certain officers of the A & P chain were found guilty by the district court of a conspiracy to restrain and to monopolize trade, in violation of sections 1 and 2 of the Sherman Act. The defendants, Carl Byoir, the public-relations counsel of A & P, and Business Organization, Inc., a corporation through which Byoir conducted such public relations, were also found guilty. The last two defendants have filed separate briefs, while all the other defendants have filed a joint brief. The appeals, however, are separate appeals. We will consider first the appeal of all the defendants except Byoir and Business Organization, Inc.

The first question raised by these defendants is whether the alleged standard of proof employed by the district court was erroneous. The district court filed a memorandum opinion in the case, which is published in 67 Federal Supplement 626–680. In that memorandum the district court, after describing the general position of the Government, stated that the Government insisted that under the evidence it had proved beyond all reasonable doubt that the defendants were guilty as charged "while defendants insist that proper analysis of the evidence can lead only to a conviction that they never at any time intended to violate the law," that their studied policy was to obey the law, to meet competition fairly, and to sell their merchandise cheaply at a low profit. After stating the contentions of the parties, the district court said: "It is obvious, therefore, that determination of which is the correct view, or a reconciliation of one with the other, involves the issue of whether the evidence points inevitably, beyond all reasonable doubt, to guilt, or whether it discloses such facts as are consistent only with innocence." This is the statement complained of by the defendants and which they assert shows that the district court employed an erroneous standard of proof.

This contention of the defendants seems quite unsubstantial to us. As we understand Judge Lindley, he was not laying down any standard of proof. He was simply stating that the issue was whether the defendants were guilty or innocent as the parties had respectively contended. We do not think Judge Lindley was attempting to instruct himself as to the burden of proof in a criminal case and did so erroneously. Especially

when we remember what we know judicially, that Judge Lindley is one of the ablest of trial judges, with more than 25 years of experience. He was not talking about standard of proof; he was talking about the contention or issue between the parties of guilt on the one hand, and the contention of innocence on the other. Undoubtedly, the attorneys for the defendants in the trial court were contending as they did here, for the complete innocence of the defendants When the statement complained of is considered in its context, we think it is not subject to the attack leveled at it by the defendants. Furthermore, even if we were to concede that Judge Lindley was discussing standards of proof, an examination of his entire memorandum clearly indicates that he applied the correct standard, namely, that the defendants could not be convicted unless their guilt was established by the evidence beyond all reasonable doubt.

The most important question presented in this case arises upon the motion of the defendants for acquittal, made at the conclusion of all the evidence. This raises the question as to the sufficiency of the evidence to support the finding of guilt made by the court, which tried the case without a jury. It needs the citation of no authority to support the proposition that if there is any substantial evidence to support the court's finding, it must be sustained. In this consideration, we look only to the evidence which is favorable to the court's finding and such reasonable inferences as may be drawn from the facts proved. Furthermore, we consider the case here as a whole and not piecemeal. If viewing the evidence as a whole there emerges an over-all pattern of guilt as charged, the finding must be sustained.

This is a charge of a conspiracy to restrain trade and to monopolize. Some of the things done by the defendants, when examined and considered separately may be perfectly legal, but when used to promote or further a conspiracy to do an unlawful thing, that which when considered alone is lawful, when used to further the conspiracy becomes unlawful. *American Tobacco Co.* v. *U. S.* (328 U. S. 781, 809, 66 S. Ct. 1125, 90 L. Ed. 1575); *Associated Press* v. *United States* (326 U. S. 1, 14, 65 S. Ct. 1416, 89 L. Ed. 2013).

The issue is whether there is substantial evidence to show a conspiracy by the defendants to restrain and monopolize trade in commerce in food and food products by controlling the terms and conditions upon which the defendants and their competitors might do business and by oppressing competitors through the abuse of the defendants' mass buying and selling power. The Government insists that this case is not an attack upon A & P because of its size or integration and the power that may rightly go with such size and integration, but it is an attack upon the abuse of that power.

There is substantial evidence in this voluminous record to show the following. The A & P system is comprised of 14 corporations, 12 of which were named defendants and 3 of which defendants were ultimately acquitted. The system is completely integrated, both horizontally and vertically. A & P is engaged in the food industry as buyer, manufacturer, processor, broker, and retailer. It operates 5,800 retail stores in 40 States and the District of Columbia, and 37 warehouses serve these stores.

The top holding company is the defendant A & P, a New York corporation. The George H. Hartford Trust, of which John A. and George L. Hartford are trustees, owns approximately 99 percent of A & P. This top holding company owns and controls the whole hierarchy, with very tight control in the hands of the Hartfords. The wholesale warehouses and retail operation of the A & P system are divided up into divisions, units, and stores. The division presidents control the policy of the system, but the Hartfords control the appointment of the division presidents. The Hartfords sit with them in the quarterly division policy-making meetings and are a dominating influence at these meetings. On the whole, it is a well-disciplined organization, from top to bottom. Ultimate control of buying, with unimportant exceptions, is centralized in headquarters of A & P. In this way A & P controls the buying policy for the entire system and hence the purchase price of its merchandise. This centralized control also gives A & P control of such things as advertising allowances and label and bag allowances, which are related to the buying.

The buying policy of A & P was to so use its power as to get a lower price on its merchandise than that obtained by its competitors. This policy, as implemented by "direct buying," was referred to by the top officers of A & P as a two-price level, the lower for A & P and the higher for its competitors. It used its large buying power to coerce suppliers to sell to it at a lower price than to its competitors on the threat that it would place such suppliers on its private blacklist if they did not conform, or that A & P would go into the manufacturing business in competion with the recalcitrant suppliers.

The following are some of the techniques used by A & P to get a lower price than its competitors. As early as about 1925, A & P sent its buyers into the field to buy merchandise for it under strict control of headquarters. These buyers were on A & P's pay roll and were operating out of its establishments, in offices mostly under their individual names. Their primary object was to get the merchandise for A & P as cheaply as they could, and for this the supplier was compelled, if he obtained the business, to pay A & P a seller's brokerage of from 1 to 5 percent. These so-called brokerage fees went into the coffers of A & P as a further reduction in price. Except on brokerage received from meat packers, which was outlawed in 1934,[1] this system continued until 1936, when it was made illegal by the Robinson-Patman Act. In 1935 gross revenues from this source amounted to $2,500,000.

After 1936, the buyers, instead of getting credit for alleged brokerage, induced their suppliers to reduce their price further to A & P by the amount of the brokerage fee. Thus the allowance became a mark-down of the price on the invoice. This was called net buying. When this was outlawed by a decision of the Third Circuit upholding a cease-and-desist order of the Federal Trade Commission directed at this practice,[2] A & P adopted a policy of direct buying. It thereafter would buy from no one who sold through a broker. Not only would it not buy from suppliers who offered to sell to it through brokers; it would not buy from a supplier who sold to anyone else through brokers. This clearly affected the business of brokers, who resisted as best they could, and as one of the defendant officers said, "these brokers are dieing (sic) hard." This policy also affected the trade that was unable to buy directly. Suppliers were in effect told that if they did not sell direct to all customers, A & P would withdraw its patronage. This policy of direct buying was broadcast to all the trade in a national press release by A & P, and A & P continued to get its usual lower price, which was supposed to be justified by cost savings in such direct buying and because A & P bought in large quantities. This system continued until the trial.

A substantial amount of the discounts A & P received rarely bore a relationship to cost savings. A & P got the largest discount on the basis of "large quantities" purchased, but as pointed out by A & P's attorney, the use of the expression "large quantities" was "definitely misleading." The large discounts A & P got were not for taking large quantities at one time but were based on a large volume purchased over a period of time and delivered in many small shipments. The defendants' attorneys pointed out to them that, "A large volume ordered out in many small shipments rarely involves any savings in and of itself * * *." Whatever the system used or by whatever name designated, A & P always wound up with a buying price advantage. This price advantage given A & P by the suppliers was, it is fairly inferable, not "twice blessed" like the quality of mercy that "droppeth as the gentle rain from heaven." It did not bless "him that gives and him that takes." Only A & P was blessed, and the supplier had to make his profit out of his other customers at higher prices, which were passed on to the competition A & P met in the retail field.

One cannot escape the conclusion on the very substantial evidence here, as one follows the devious manipulations of A & P to get price advantages, that it succeeded in obtaining preferential discounts not by force of its large purchasing power and the buying advantage which goes therewith, but through its abuse of that power by the threats to boycott suppliers and place them on its individual blacklist, and by threats to go into the manufacturing and processing business itself, since it already possessed a considerable establishment and experience that would enable it to get quickly and successfully into such business if a recalcitrant supplier, processor, or manufacturer did not yield. The A & P organization was urged to keep secret whatever preferences it received. These predatory discounts and other preferences amounted to 22.15 percent of A & P's total profits in 1939; 22.47 percent in 1940; and 24.59 percent in 1941.

The influence of this ruthless force in the food-buying field was also used to compel suppliers to discontinue practices in their business which might be detrimental to A & P. For instance, some A & P suppliers were making store-door deliveries to A & P competitors. Since A & P had to deliver to its own store doors from the warehouses it maintained, it was unable to get the full benefit of its warehousing policy if the suppliers continued the store-door deliveries. A & P forced some manufacturers to "widen the spread" between store-door deliveries and warehouse deliveries and thus perpetuated its purchasing advantage. Also, it forced other suppliers to discontinue merchandising by aid of premiums given the customers. A & P did not want to be bothered with the premium details, and it did not want its competitors to have the advantage thereof, so it forced many suppliers to give up the premium aid to merchandising.

To do their buying of fruits, vegetables, and produce, A & P set up a wholly owned subsidiary, the Atlantic Commission Co., herein referred to as Acco. It acted as buyer for A & P and selling and buying broker for the rest of the trade, and for this latter service, Acco received the usual broker's fees, which went into the pocket of A & P, since the latter was the sole owner of Acco. Acco was the largest single operator in its field. For a time it took brokerage from the seller for the merchandise it sold to A & P. These funds went, of course, to A & P. That system was abandoned. But the technique used by A & P in the purchase of merchandise other than fresh fruits, vegetables, and produce, in order to receive preferential treatment as to price, was used by Acco in its field and with like success. And due to the fact that Acco was dealing in perishable products, it used other techniques as well.

One of them was termed cash buying. Cash was paid at point of shipment. Such

[1] *Trunz Pork Stores* v. *Wallace* (70 F. 2d 688).

[2] *Great Atlantic & Pacific Tea Co.* v. *Federal Trade Com'n* (106 F. 2d 667).

buying was always on a lower basis than term buying because cash buyers put up the money at once and took the merchandise with full assumption of the risks thereafter, while term buyers paid on delivery and the risks up to that point were borne by the shipper. This term buying was at a higher rate. What A & P did through Acco was to get the cash buying rate without assuming the risks between point of shipment and destination. Outside of paying cash for the merchandise, one of the other reasons for a lower price on cash sales was present, as the shipper had to guarantee the arrival at destination of the merchandise as United States No. 1 grade. Purchases on this basis were not made by Acco for buyers other than A & P.

Another advantage was obtained by A & P through Acco's purchases of A & P's requirements on the "sales arrival" basis. Under this arrangement, Acco did not obligate itself to purchase or to pay a stated price until the goods arrived at their destination. On arrival Acco would wire the price offer to the shipper, on a take-it-or-leave-it basis. "Sales arrival" purchases were made when falling markets were anticipated and compelled the shipper to assume the risk of price change from date of shipment to date of arrival. If the market slumped in the meantime, A & P was protected and the shipper took the loss or had to look for another buyer. When the perishability of the product and costs of diversion to another market, when such diversion was necessary, are considered, the superiority of Acco's and A & P's bargaining position against the shipper becomes apparent. Acco's aggressiveness and insistence upon its prerogative to fix prices unilaterally are evidenced by a statement of the defendant Baum, an executive officer and director of Acco:

"* * * it will be necessary for your shippers to accept the price we place on this merchandise at the time of arrival and discontinue this bartering over 5 cents differential and if the shippers find that this procedure is not in accordance with their ideas or they are not given a fair deal on the average over a period of time then of course it is their privilege to discontinue these arrival sales or price arrivals."

Acco occupied the dual position of buyer for A & P and seller for the purchaser. This dual relationship was known to both parties. This may have been legal between Acco and its client, but it was all to the advantage of A & P. Where Acco acted as buyer for A & P, it might at the same time be acting as seller to the trade. In this kind of a transaction, Acco had the opportunity to choose for A & P the choicest product, and as buyer obtain the produce for A & P at the lowest price in the market. The balance, which might be and often was an inferior grade, it sold to the trade; and in selling this produce, it always got the highest price it could get in the market. Because of the preferential discounts which A & P enjoyed in this field, it got a lower price than others and a higher quality of merchandise. When Acco purchased in the open market for A & P, even though it paid the market price, it always came out with an advantage, not only in the quality of merchandise but in price. Suppose an item was selling in the market at 100. Acco could buy it for A & P and have its choice of the quality at 95. The balance of the trade could buy at 100 and pay Acco a 5 percent brokerage. Thus, the price to A & P was 95 and to A & P's competitors 105.

Acco was able to sell carloads of produce to jobbers at the carload price, acting then as the jobber's buying broker, with an agreement that it might buy back less than carload lot shipments for A & P at the same price the jobber had paid for the carload. Thus, A & P got l. c. l. shipments at carload price, and the jobber passed on the loss to A & P's competitors in higher prices. Acco had another arrangement whereby it disposed of carloads to jobbers, earning a brokerage thereby, and simultaneously repurchased l. c. l. lots as buying agent for A & P. The sellers of the l. c. l. shipments were jobbers, including those who had originally procured the produce from Acco. It was Acco's established practice to give its l. c. l. business to jobbers who gave their carload business to A & P, price and quality being equal. This repurchase inducement was a very effective weapon in the hands of Acco. It could be used to expand its carload business with jobbers almost at will, since the jobbers had to purchase from Acco in order to hold its l. c. l. patronage. As indicative of the coercive power of Acco in the trade, it was able in some instances to compel a jobber who had already bought a shipment through a broker and incurred or paid brokerage thereon, to buy it also through Acco and pay it brokerage too. This brokerage, of course, went to A & P. This was the price sometimes exacted by Acco for its goodwill, and the price was added to A & P's competitors' costs, and the brokerage went to A & P.

Acco also sought to control some cooperatives by controlling their managers, and there is evidence that "Acco" obtained and benefited from such control to some extent.

Acco also took merchandise on consignment. It always had the advantage of choice as to whether it would take the shipment for A & P. If it took it for A & P, the preferential price was obtained because it was A & P, and in its dual capacity of representing both buyer and seller, its conflicting obligations at least put Acco in a position to favor A & P. If the consignment went to the trade, Acco got a brokerage and then, representing only the seller, it is a safe inference that it got all it possibly could for the merchandise. The result was a top price for the merchandise, and brokerage which went to A & P.

From this evidence, we see that Acco collected brokerage from the trade, which increased the price to A & P's competitors, and the brokerage went into A & P's coffers to increase its competitive advantage. Secondly, Acco got the best quality for A & P and passed on the inferior to A & P's competitors and, of course, Acco got preferential treatment as to prices under one scheme or another. Acco's profits constituted 5.08 percent of A & P's total profit in 1939; 5.62 percent in 1940; and 7.16 percent in 1941.

Closely related to the policy and the purpose to establish a two-price level by the abuse of its power and position, A & P by the same methods forced its suppliers to give it advertising and space allowances that bore no relation to the cost of the service rendered in the matter of advertising or display of merchandise in A & P's stores. Indeed, the evidence showed that in many instances, if not uniformly, token performance was all that was rendered the suppliers who ostensibly were seeking point of sale advertising. For instance, newspaper space advertising allowances were contracted for, not alone at the cost of the advertising but at the cost plus 100 percent to A & P. In its contracts with suppliers, A & P would contract for a percentage allowance and agree in the vaguest terms that it would display the suppliers' products on the shelves in just such fashion as it would ordinarily be expected to display the goods in the usual course of merchandising. For this pretended and overpaid service, certain percentage allowances on the commodity price were allowed A & P. It was its policy, and a usually successful one, to get a larger allowance of this kind than its competitors. If it did not get the allowance it sought, the threats to take away the business of A & P were used and brought the supplier into line with one notable exception—the soap manufacturers. Procter & Gamble, Lever Bros., and Colgate-Palmolive-Peet Co. gave no more advantage to A & P than to other customers by way of advertising and display allowances. A & P expressed its displeasure at the policy of the soap manufacturers, but their position in the trade was invulnerable to A & P's policy. A & P's general policy of obtaining an advantage is high-lighted by this failure in the soap industry. The profits from these allowances were substantial and amounted in 1939 to 5.93 percent of A & P's total profit; in 1940 to 6.23 percent; and in 1941 to 5.46 percent.

Another but smaller item was the bag and label allowances. A & P furnished bags and labels to processors and manufacturers, for which it received an allowance. For instance, in the canning industry, the standard allowance for labels was $1.50 per thousand, but A & P insisted upon and received $2 per thousand. It was claimed that A & P's labels were more attractive and expensive. However that may be, the fact remains that A & P was not in the label business any more than it was in the advertising business, but it managed in both to realize a substantial difference between the cost to it and what it realized out of the transaction from other suppliers. Everything was grist to the mill that was grinding down prices to A & P to enable it to maintain the two-price level to its advantage. The bag and label allowances amounted to 1939 to 83 percent of the total profit of A & P; in 1940 to 75 percent; and in 1941 to 38 percent.

As we have indicated, A & P owned and controlled, through the vertical integration of its system, certain corporations that were engaged in the manufacturing and processing of merchandise for sale by A & P in its stores. For instance the defendant the Quaker Maid Co., Inc., made many items sold in A & P retail stores. The defendant White House Milk Co., Inc., manufactured canned milk. The defendant Nakat Packing Corp. canned fish. These companies were satellites of the A & P system. Their products were sold only to A & P stores and were invoiced at a mark-up above the cost of production. These corporations were tools in the hands of A & P, used and useful in maintaining the two-price level to enable it to maintain its position of dominance in the retail food business. Whatever the spread between cost to these defendants in processing and manufacturing and what they invoiced the goods to A & P for, was credited on the books to A & P. This, of course, was a bookkeeping transaction between A & P and its satellites and was a paper profit which eventually went to reduce the cost of the products to the retail stores when allocated to their credit on a fair method of allocation based upon use employed by the retail stores. In fact, all the paper profits of these manufacturing and processing satellites, together with the real profits of Acco, the preferential discounts and buying allowances, the advertising allowances, the bag and label allowances, and certain other profits and gains throughout the system, were all kept track of by a system of what the defendants designate statistical accounting, for their own guidance to enable them to determine what the satellites, departments within the system as well as the retail stores, were doing. These accumulated profits and allowances at headquarters amounted in 1939 to 93.69 percent of A & P's total profits; in 1940 to 90.63 percent; and in 1941 to 89.02 percent. The difference between these accumulated profits and allowances and the total profits left the profits shown by the retail stores to be 6.31 percent in 1939; 9.37 percent in 1940; and 10.98 percent in 1941.

No question is raised about the fairness of the method of allocation of the accumulated profits and allowances. When made, they have the effect of reducing to the retail stores the cost of merchandise sold. It is the predatory method through which this accumulation of profits and allowances is obtained and not the method of allocation or statistical handling of them that is challenged by the Government. With this large

fund accumulated at the buying and supplying level and allocated to the advantage of low cost of merchandise to the retail or selling level, A & P's enormous power or advantage over competitors emerges more clearly when we consider the evidence on the retail level. Here the price advantage A & P has enjoyed through the coercive use of its power enables it to undersell its competitors and to pick and choose the locations in which the price advantage shall be used. For instance, if a division, unit, or store is selected for attention, whether on the basis of its experience historically in that community or some other basis sufficient to the policy makers of A & P, these policy makers have only to give their attention to gross-profit percentages. If area X is having a tough experience competitionwise, or the area looks prospective in which to increase the volume of business, the gross-profit percentage in this area is lowered. This lowers the price at which goods may be sold and the volume increases at the expense of somebody. Sometimes the gross-profit rate is fixed so low that the store runs below the cost of operation, even with all the advantage derived by the store in reduction of the cost of its merchandise occasioned by the headquarters' allocation of its predatory profits and accumulations. When the gross-profit rate is reduced in area X, it is an almost irresistible conclusion that A & P had the power to compensate for any possible decline in net profits by raising the gross-profit rate and retail prices in area Y, where it was in a competitive position to do so. The record is replete with instances of deliberate reductions of gross-profit rates in selected areas. Thus, area Y, at the desire of the policy makers of A & P, can be brought to aid in the struggle in area X, which in numerous instances, as the record shows, sustained heavy net losses for periods extending over a substantial number of consecutive years. There must inevitably be a compensation somewhere in the system for a loss somewhere else, as the over-all policy of the company is to earn $7 per share per annum on its stock.

On this record it seems apparent that the goal of the conspiracy to establish a two-price level at the buying level, which enables A & P to meet its competitors with an enormous advantage at the retail level, has been realized.

When Congress enacted the Sherman Act it did not undertake to regulate business in commerce, which so often leads to price or rate fixing. Just a few years before the Sherman Act was enacted, Congress passed the Interstate Commerce Act whereby it did fix rates through an instrumentality of its own creation and within limits which Congress prescribed. The Sherman Act sought to avoid, not only for reasons of policy but for considerations of power, any regulation of business not in the category with railroads, which were supposed to be affected with the public interest, and to establish a punitive or corrective system for other business in commerce. Congress evidently believed that if competition were preserved in this field, free enterprise would regulate itself. The purpose of Congress was to see to it that competition was not destroyed. To this end, in the most comprehensive and sensitive terms, Congress provided among other things that a conspiracy to restrain trade in commerce and to monopolize it in part should be a criminal offense. That is the offense of which these defendants stand convicted.

No court has yet said that the accumulation and use of great power is unlawful per se. Bigness is no crime, although "size is itself an earmark of monopoly power. For size carries with it an opportunity for abuse." *United States v. Paramount Pictures* (334 U. S. 131, 174, 68 S. Ct. 915, 92 L. Ed. 882). That there was an accumulation of great power by A & P cannot be denied. How it used that power is the question. When A & P did not get the preferential discount or allowance it demanded, it did not simply exercise its right to refuse to contract with the supplier. It went further and served notice on the supplier that if that supplier did not meet the price dictated by A & P, not only would the supplier lose the business at the moment under negotiation, but it would be put upon the unsatisfactory list or private blacklist of A & P and could expect no more business from the latter. This was a boycott and in and of itself is a violation of the Sherman Act. *Schine Theatres* v. *United States* (334 U. S. 110, 116, 68 Ct. 947, 92 L. Ed. 871; *United States* v. *Griffith*, 334 U. S. 100, 108–109, 68 S. Ct. 941, 92 L. Ed. 864; *Fashion Guild* v. *Trade Commission* (312 U. S. 457, 61 S. Ct. 703, 85 L. Ed. 949; *Binderup* v. *Pathe Exchange* (263 U. S 291, 311, 44 S. Ct. 96, 68 L. Ed. 308).

While it is not necessary to constitute a violation of sections 1 and 2 of the Sherman Act that a showing be made that competitors were excluded by the use of monopoly power—*American Tobacco Co.* v. *United States, supra*, at page 809—there is evidence in this record of how some local grocers were quickly eliminated under the lethal competition put upon them by A & P when armed with its monopoly power. As the evidence showed in this case, A & P received quantity discounts that bore no relation to any cost savings to the supplier. While A & P tried to rig up various contracts with its suppliers that would give the suppliers a semblance of compliance with the Robinson-Patman Act, by colorably relating the discriminatory preferences allowed to cost savings, the primary consideration with A & P seemed to be to get the discounts, lawfully, if possible, but to get them at all events. The conclusion is inescapable on this record that A & P was encouraging its suppliers to violate the Robinson-Patman Act. The unlawful discounts were to be received by A & P as its due, regardless. Whether or not A & P in inducing and knowingly receiving these price discriminations was in violation of the Robinson-Patman Act, as its suppliers certainly were, the advantage which A & P thereby obtained from its competitors is an unlawful restraint in itself. (*United States* v. *Paramount Pictures, supra*, pp. 159–160.) The purpose of these unlawful preferences and advantages was to carry out the avowed policy of A & P to maintain this two-price level which could not help but restrain trade and tend toward monopoly. Furthermore, to obtain these preferences, pressure was put on suppliers not by the use but by the abuse of A & P's tremendous buying power. The means as well as the end were unlawful: (*United States* v. *Griffith, supra*, pp. 104–107); *Schine Theatres* v. *United States, supra*, pp. 117–118.) With the concessions on the buying level acquired by the predatory application of its massed purchasing power, A & P was enabled to pressure its competitors on the selling level even to the extent of selling below cost and making up the loss in areas where competitive conditions were more favorable. The inevitable consequences of this whole business pattern is to create a chain reaction of ever-increasing selling volume and ever-increasing requirements and hence purchasing power for A & P, and for its competitors hardships not produced by competitive forces, and, conceivably, ultimate extinction. Under all the cases, this is a result which sections 1 and 2 of the Sherman Act were designed to circumvent.

The individual defendants are so high in the hierarchy of the A & P system that the policy of A & P, that is, the conspiracy here charged, was fully and well known to all of them, and they cooperated with each other and with the satellite corporations in carrying out the policy. The satellite corporations were officered and controlled by interlocking directorates composed largely of these individual defendants. What these individuals knew and did, their corporations knew and did. Satellites like the Quaker Maid Co., Inc., Nakat Packing Corp., and White House Milk Co., Inc., were mere puppets of the individual defendants. The individual defendants were the corporations, and the corporations were in a very real sense the individuals. One cannot disassociate the corporations from the individual defendants, who largely made up the interlocking directorates. These corporate satellites were a part and parcel of the economic power wielded by the other defendants to further the cause of the conspiracy. Their activities considered in vacuo, if possible, may not be unlawful in themselves, but when used to further the conspiracy become illegal (*American Tobacco Co.* v. *U. S., supra*, (p. 809); *Bigelow* v. *R. K. O. Radio Pictures* (162 F. 2d 520, 523)). See *White Bear Theatre Corp.* v. *State Theatre Corp.* (129 F. 2d 600).

We turn now to the defendants' contention concerning certain evidence offered by the defendants and excluded by the district court. The defendants offered evidence that it was the custom in the trade for retailers to seek and suppliers to offer the same type of concessions obtained by the defendants, without attempting to show that the circumstances and methods by which these concessions were obtained were the same. The court did not err in excluding this proffered evidence. That others engaged in the same practices as the defendants certainly would not exonerate the defendants or tend to disprove their guilt. Certainly trade customs and practices not shown to have been practiced in the same manner as the defendants were shown to have practiced them would not be competent to show that the defendants' practices were not illegal (*United States* v. *General Motors Corporation* (121 F. 2d 376, 406); *Hills Bros.* v. *Federal Trade Commission* (9 F. 2d 481, 484–485)).

The district court also excluded evidence of the defendants' attempts to comply with the Robinson-Patman Act and with the cease and desist order of the Federal Trade Commission.[3] There are several reasons why this evidence was properly rejected. In the first place, the defendants were not charged here with the violation of either the Robinson-Patman Act or the cease and desist order. The charges against the defendants were not met by showing good-faith attempts to comply with other laws. Secondly, the evidence was only cumulative, as the record is replete with admitted evidence of like kind which the defendants were permitted to introduce on the issue of whether the defendants had forced preferential concessions, and whether in the dealings of Acco the defendants were treated like others. Furthermore, the evidence offered and rejected attempted to show compliance with the Robinson-Patman Act and the cease and desist order by statements of some of the defendants as to how they had intended and endeavored to obey the same. As such, they were merely self-serving declarations, and for this reason no error was committed in excluding them. (*American Tobacco Co.* v. *United States* (147 F. 2d 93, 120, affirmed 328 U. S. 781, 66 S. Ct. 1125, 90 L. Ed. 1575).)

At best, these were offers to prove collateral matters, and the trial court, as to these, had a broad discretion. (*U. S.* v. *Socony-Vacuum Oil Co.* (310 U. S. 150, 230–231, 60 S. Ct. 811, 84 L. Ed. 1129).) There is no showing here of an abuse of discretion by the district court. We could hardly imagine such a showing being made when we consider the wide range the evidence was permitted to take in this trial, which consumed several months. The objection to the exclusion of collateral issues "is a purely

[3] *Great Atlantic & Pacific Tea Co.* v. *Federal Trade Com'n, supra*, note 2.

practical one, a concession to the shortness of life." [4]

We turn, finally, to the contention of the defendants Byoir and Business Organization, Inc., that there is no substantial evidence that they were parties to and furthered the illegal objectives of A & P's over-all conspiracy to restrain and monopolize trade in commerce. These two defendants are dealt with together, for there is no question that Business Organizations, Inc., which was organized to promote the public relations of A & P, was Byoir's alter ego, Byoir in the habiliments of the corporate fiction, and chargeable with Byoir's words and deeds.

The evidence shows that Byoir was thoroughly familiar with the policies of A & P. Byoir is no babe in the woods, likely not to understand what goes on around him. Not only did he understand but under the contract of his corporate puppet with A & P it was his duty to counsel, guide, and direct the policy-making officers of his client. This obligation he faithfully performed even to the extent of initiating policy and personally participating in its adoption and implementation. The most glaring instance of this disclosed in the record is Byoir's role in the organization and direction during its brief life of Super-Co-op, a cooperative of growers and shippers of fresh fruits and vegetables.

It will serve no good purpose to describe the origin and operation of Super-Co-op. Suffice it to say that it was formed to secure a larger and more effective control of the shippers by Acco, A & P's operator in the fruit and vegetable field. From this control Acco was to benefit in the form of a lower expense rate resulting from the larger volume handled, a greater availability in quantity and selection of supplies for A & P, and an organization readily useful as a propaganda agency to fight A & P's enemies; while the shippers were to receive as their quid pro quo a share of Acco's profits. The founding fathers of the plan were Acco's Baum, Byoir, and John Hartford, although when Hartford expressed doubt as to its legality, it was camouflaged to make it appear as though the shippers were the moving force in the organization. There can be no doubt that Acco actively promoted and launched Super-Co-op, and that Byoir's skillful hand was always present and directing. It was Byoir who expressed willingness to assist financially in setting it up; who attemtped to secure the Department of Agriculture's approval thereof; who sought to disguise Acco's sponsorship; and who authored a statement of its policy. Stripped of all nonessentials, Super-Co-op is revealed as an attempt by Acco to induce the movement of all fruits and vegetables through it. It was abandoned by Acco precisely because of the fear that it was too apparent an attempt to monopolize the fresh fruit and vegetable industry. There can be no doubt on this record that the defendant Byoir had full knowledge of the monopolistic purpose of Super-Co-op and of A & P's over-all conspiracy which it was intended to further, and such knowledge notwithstanding, took a large personal part in its formation and development.

The defendant Byoir argues that even if the conspiracy did exist, which he does not admit, that he did not become a member of it by rendering services to the conspirators, citing *Di Bonaventure* v. *United States* (15 F. 2d 494), *United States* v. *Dellaro* (99 F. 2d 781), *United States* v. *Dubrin* (93 F. 2d 499), and *United States* v. *Falcone* (311 U. S. 205, 61 S. Ct. 204, 85 L. Ed. 128). These authorities indicate the rule to be as the defendant Byoir contends, but the rule is against the defendant Byoir if he knew of the conspiracy. Of course, there is no direct evidence that Byoir knew of the conspiracy. There was no formal agreement. The conspiracy is spelled out by what the defendants said and did. But it is a fairly conclusive inference from the evidence in this record that Byoir, who testified he was familiar with A & P's policies, could not have been ignorant of the thread of this conspiracy, which runs through the whole fabric of A & P's dealings, especially when consideration is given to Byoir's damaging participation in the direction of and his cooperation with Acco in setting up Super-Co-op. We think the evidence and the reasonable inferences to be drawn therefrom are sufficient to show that Byoir and Business Organization, Inc., with knowledge of the conspiracy, cooperated to further it.

On the whole record, we think that there is substantial evidence to support the finding as to the guilt of all the defendants. The other errors complained of have all been considered and found unsubstantial, and the judgment is affirmed.

[4] Justice Holmes in *Reeve* v. *Dennett*, 145 Mass. 23, 28, 11 N. E. 938, 944.

A & P UNTRUTHFUL ADS

The A & P Tea Co. continues to carry on its untruthful campaign by inserting whole-page advertisements throughout the Nation. It is therefore important that the other side be told. In other words, the truth should be told to the people. Therefore, I am inserting herewith a speech I delivered in May 23, 1945, shortly after the verdict was rendered against A & P and 17 officers of A & P companies by Judge Walter C. Lindley, at Danville, Ill. This speech is as follows:

CONSUMERS TO EAT ON TERMS OF A & P

(Address of Hon. WRIGHT PATMAN, of Texas, in the House of Representatives, Wednesday, May 23, 1945)

A & P, LARGEST FOOD CORPORATION IN UNITED STATES, GETS ONE-THIRD OF ITS NET PROFITS VIOLATING ROBINSON-PATMAN ACT THROUGH PRICE DISCRIMINATIONS AND SHORT WEIGHTING, OVERCHARGING, BOOSTING PRICES AT CHECK-OUT COUNTERS, ETC.

Mr. PATMAN. Mr. Chairman, may I direct the attention of Members of the Congress to the charges made by the Department of Justice in the trial that is now going on in Danville, Ill., in the United States district court before Judge Walter C. Lindley, in the case of the United States against the New York Great Atlantic & Pacific Tea Co., Inc., involving 11 subsidiaries and 17 officers of these companies. This involves a sordid story of monopoly to destroy competition through the employment of unscrupulous methods, much of it at the expense of housewives though professing to be public benefactors.

In this presentation I shall treat only one phase—that of the source of illicit profits which shows this gigantic integrated corporation operating as manufacturers, wholesalers, and retailers. This one angle, however, proves the need of legislation along the lines of H. R. 135 which I have introduced in the House to prevent manufacturers of consumer goods from offering for sale and selling the same at retail in certain cases, and for other purposes, if monopoly in food is to be avoided.

CONSUMERS TO EAT ON A & P TERMS

This giant among chain-store corporations with sales totaling $1,379,000,000 in 1941, controls 13.5 percent of the total retail grocery business of this country through something like 6,400 supermarkets strategically located. This leaves the balance for 345,631 independent grocers and 36,950 other chain-grocery stores. This company is charged by the Department of Justice with operating its stores with practically no profit but realizes its profits through allowances, stock gains—short weighting, overcharging, and boosting of prices at check-out counters, etc.—through allowances forced from manufacturers and other sources of revenue foreign to operating such stores.

In his statement to the court, Horace L. Flurry, special assistant to the Attorney General and chief of Government counsel, emphasized the point that "even integrated competitors whose operations have not yet reached the same level as those of A & P cannot compete." Also under the A & P policy of operations, it is charged, "no competition can survive in any retail area in which A & P decided to occupy either a part or the entire area." Moreover, the Government's attorney charged in his presentation to the court that "if such practices are continued, consumers of food in the United States will eat on terms imposed by the A & P."

LARGEST FOOD ORGANIZATION IN COUNTRY

The A & P group constitutes the largest organization in the food industry. Its manufacturing units manufacture a substantial part of the packed and processed foods sold in the United States, including several hundred items. These are distributed and sold through A & P stores. It also buys manufactured products from others, and as such is the largest single buyer of such food products in the United States. Its produce-buying unit is the largest in the United States. This unit dominates cooperative associations of produce growers and shippers in handling for their members substantial portions of the annual fresh fruit and vegetable crops of the United States.

A & P is the largest baker, the largest salmon canner, the largest milk canner, and the largest buyer of green coffee, as well as the largest coffee roaster in the United States. Its meat, egg, butter, and cheese buying departments are the largest buyers of those products in the United States. It is the largest retail grocery concern in the United States operating stores in 38 States and in the District of Columbia, with sales totaling $1,379,000,000 in 1941, or 13.5 percent of the national total.

OPERATES STORES WITHOUT PROFIT

This large food corporation operates its business on an over-all basis; that is, as a retail organization, but it obtains its profits from other than retail operations. It has 13 sources of profit from which A & P received $26,025,000 net in 1941 after all other charges, including taxes. Yet only $4,199,347.82 were derived from store operations, which just about covered store-operating costs, or as the Government pointed out, to be exact, one-third of 1 percent profit. No going retail business can exist on that margin indefinitely unless there are other sources of revenue.

$21,825,652 PROFITS COME FROM OTHER SOURCES

In other words, $21,825,652 profit had to come from other than retail-store avenues to attain a profit of 0.22998 percent per dollar of retail sales, whereas the actual profit derived from stores was only $4,199,347.82. If it were not for juggling profits from other sources of operations and applying them to the retail stores the A & P could not exist. Through this integration process, however, the business as a whole becomes highly profitable though the stores themselves would be a losing venture. Low-priced store operations without profit are used to destroy independent competitors, including chains, to force rebates or allowances from manufacturers to gain control of food production and distribution.

ALLOWANCES TOTAL $6,400,000 OR 24.59 PERCENT OF PROFIT

The Department of Justice in presenting its statement to the Federal District Court, submitted a table of these various sources of profits together with the percentages they

represented to the profits as a whole, as follows:

Source	Amount	Percent of total
Headquarters allowances (preferences secured from suppliers)	$4,984,000.00	19.15
Quaker Maid	3,474,131.82	13.35
American Coffee Corp.	3,274,347.57	12.58
Atlantic Commission Co.	1,862,351.18	7.16
White House Milk Co.	1,609,365.05	6.18
Nakat Packing Corp.	1,275,515.37	4.91
Bakery	943,000.00	3.62
Miscellaneous	857,260.02	3.22
Stores Publishing Co.	65,561.23	.25
Great American Tea Co.	131,110.94	.50
Stock gains	1,953,000.00	7.50
Local allowances	1,416,000.00	5.44
Remaining profit for stores	4,109,347.82	16.14
Total net profit	26,025,000.00	100.00

These figures show that $4,984,000 were allowances exacted at the main office from manufacturers declared by the Government attorney to be violations of the Robinson-Patman Act, and another $1,416,606,000 from seven division offices in 1941, or a total of $6,400,000. The Robinson-Patman Act became a law June 10, 1936. These allowances represented 24.59 percent of the total net profits of 1941.

SHORT WEIGHTS, OVERCHARGING $1,953,000, OR 7.5 PERCENT PROFIT

In addition to this, Judge Lindley was informed $1,953,000 or 7.5 percent of the profits came from stock gains which Mr. Flurry explained are secured by such practices in the retail stores as short-weighting, short-changing, boosting of prices at the check-out counters, and so forth. This money came out of the pockets of housewives who were cheated out of that much money in 1 year, and totaled almost $2,000,000. Combining the allowances wrung from manufacturers, who had to charge other buyers that much more, with stock gains, they amounted to a total of $8,353,000 in the 1 year, or 32.19 percent of all profits.

Viewed from another angle these illicit profits represented an average of $1,305 per store based on the 6,400 units A & P operates in 3,436 cities in 38 States.

The total net profit per store in 1941 was $4,066.

The profit outside of store operations was $3,410.

The profit from store operations was $656.

WHERE STORE PROFITS CAME FROM

Of these profits per store, there was received, in 1941, from allowances in violation of the Robinson-Patman Act, $1,000; stock gains, short-weighting, overcharging, etc., $305; from other sources, $2,761; total, $4,066.

$21,714,000 SHORT WEIGHTS, ETC., IN 7 YEARS

Almost a third of the $26,025,000 net profits realized in 1941, therefore, came from violation of the Robinson-Patman Act, or illegitimately from consumers through stock gains. Yet this largest food corporation in the United States professes to be a public benefactor through allegedly selling at low prices. In his statement to the court at Danville, Ill., the Government attorney further pointed out that "A & P secured a total stock gain of $21,714,000 for its entire retail system during the period 1935 to 1941, inclusive." This is at the rate of $3,393 per unit a year in the 7 years. In 1935, the Government charges, "the total stock gains were $4,723,000."

EMBARRASSED BY PROSECUTIONS

Continuing its charges against this chain corporation, the Department of Justice maintains that—

"During the period of 1930 to 1935 the A & P group was embarrassed by prosecutions of its employees for short weights and measures. Headquarters agreed that such stock gains could be achieved only through conduct which was unjustified. Hence headquarters decided that no store could consistently have stock gains in excess of 2 percent. This was reduced later to 1 percent. Thereafter many stores continued to enjoy stock gains of 2 to 3 percent. Such gains continued to be treated by headquarters as a part of operating store profit."

STOCK GAINS 46 PERCENT OF STORE PROFITS

"After supermarkets were developed headquarters agreed that no legitimate stock gains could be had from such operations. Such gains were made, however, and headquarters accepted them. In 1940 A & P received retail stock gains of $2,168,000. In 1941 stock gains totaled $1,953,000, or 46 percent of the total retail store operating profit."

In 1940, it is charged by the Department of Justice, "such stock gains were 58 percent of retail store operating profits and in 1939 were 100.15 percent of retail store operating profits."

MANAGERS SHOWING STOCK GAIN LOSSES FIRED, THOSE WITH GAINS RETAINED

Until about 1930, the Department's statement relates, stock gains as high as 3 percent of sale in A & P stores "were accepted without condemnation of store managers. These gains represented profits after absorbing losses resulting from shrinkage, spoilage, stealing, and wastage. Hence, the actual stock gain was sufficient to take care of these items of loss and still show a net gain of 3 percent. Some stores experienced net retail stock losses. Reasonable stock losses result from many causes inherent in the operation of A & P stores, as in all retail grocery stores. Store managers were not told the stock results in the stores, but managers sustaining successive stock losses were fired. Those experiencing consistent stock gains were retained. In many years these stock gains have constituted a substantial part of the retail store operating profit.

HOW STOCK GAINS ARE OBTAINED

The statement to the court further asserted that stock gains are achieved in the following manner:

"Grocery items are billed to the retail stores by the warehouse at the retail price. No allowance is made for shrinkage, spoilage, or wastage, etc. Any sums secured on the sale of these items over and above the price billed by the warehouse are stock gains. They are secured by such practices in the retail stores as short-weighting, short-changing, boosting of prices at check-out counters, etc.

"Such gains," it is stated, "became an integral part of the rate on which the final earnings of the total A & P system operations are based. Stock gains become a part of the integrated rate which is manipulated as among different areas to produce lower gross-profit rates in favored stores."

A SHOCKING OPERATION

Here we have a shocking statement of how this chain corporation operated through millions of dollars of ill-gotten gains at the expense of store customers, forced tribute from manufacturers through price discriminations in violation of the Robinson-Patman law, used tactics through integrated corporation profits which competition cannot meet, regardless of efficiency, and of creating a monopoly that will ultimately give it control of production and distribution and make consumers subservient to its demands.

A monopoly of this type must be crushed in the interest of public welfare and common decency in business dealing. The free-enterprise system is being destroyed by the A & P.

HOW A & P BEAT THE CHAIN-STORE TAX BILL

Mr. Speaker, on January 19, 1939, I filed a bill providing for a graduated tax on national chain stores. It was for the purpose of restricting the number of stores to an area of reasonable size where net profits would not be sent out of the country and would be used to help the local community. I had announced in the summer of 1938 that I expected to introduce such a bill. In the fall of 1938 the A & P carried on a vicious campaign against me in full-page advertisements in newspapers throughout the Nation. There was a hearing on the bill in 1940 lasting for many weeks. The committee failed to make a favorable report on the bill and it was killed.

In a trial of the A & P criminal case at Danville, Ill., some interesting evidence was brought to light which disclosed the tactics used by A & P to stop the bill. In a speech that I made September 19, 1945, I discussed this matter, and in view of the fact that the information contained in it is timely now, I am inserting it herewith. It is as follows:

HOW A & P BEAT THE CHAIN-STORE TAX BILL—NOW IT CAN BE TOLD

(Extension of remarks of Hon. WRIGHT PATMAN, of Texas, in the House of Representatives Wednesday, September 19, 1945)

Mr. PATMAN. Mr. Speaker, I submit herewith an article from the NARD Journal, which is published by the National Association of Retail Druggists, written by former Gov. Theodore Christianson, of Minnesota, who is also a former Member of Congress, on Now It Can Be Told How A & P Beat the Chain-Store Tax Bill, which was introduced by me in 1940. It is a comprehensive statement of the facts, based on documentary evidence introduced in the trial of the Great Atlantic & Pacific Tea Co., in Danville, Ill., in the United States district court for 3 months. The trial was scheduled to be resumed September 17 after a recess.

During the trial the Department of Justice has presented in evidence 4,445 exhibits, the greater preponderance of which were obtained from the files of this chain corporation. These exhibits show the unscrupulous methods employed to create a monopoly, destroy competition, and show how the company even resorted to short-changing, short-weighting, and price-boosting at the check-out counter.

TWENTY-ONE MILLION SEVEN HUNDRED AND FOURTEEN THOUSAND DOLLARS FROM SHORT WEIGHTS, ETC.

On the floor of the House, on May 24, I presented definite figures showing how this company obtained $1,953,000 in 1941 through "stock gains," which in more understandable language is through short weights, overcharges, and price boosting. The Government also charged, and produced evidence to that effect, that between 1935 and 1941 $21,714,000 was obtained from patrons of the A & P stores through such practices. Hundreds of letters from this company's files prove these charges, and all with the knowledge of the officials of the company of this practice, over a period of 10 years.

"Stock gains" are the creation of the chain-store system to promote fictitious profits. It is not possible, for instance, to get 100 pounds out of a sack of sugar, or 50 pounds out of a can of lard. There is heavy shrinkage and spoilage in fresh fruits and vegetables. These are all charged to stores at their full weight or retail value and naturally cause a loss. They are not taken into consideration, but are to be recovered through "stock gains." These are achieved in the following manner as charged by the Government in the criminal information against the Great Atlantic & Pacific Tea Co.:

"Grocery items are billed to the retail stores by the warehouse at the retail price.

No allowance is made for shrinkage, spoilage, waste, etc. Any sums secured on the sale of these items over and above the price billed by the warehouse are 'stock gains.' They are secured by such practices in the retail stores as short weighting, short changing, boosting of prices at check-out counters, etc. Such gains become an integral part of the rate on which final net earnings of the total A & P system operations are based. 'Stock gains' become a part of the integral rate which is manipulated as among different areas to produce lower gross-profit rates in favored areas."

In addition it obtained $6,400,000 through allowances from manufacturers despite the provisions of the Robinson-Patman Act, after a cease and desist order had been issued by the Federal Trade Commission, which was upheld by the United States Supreme Court. Its stores, the record of the trial shows, were conducted with practically no profit but reliance is placed on subsidiary profits, allowances, and "stock gains."

STORES OPERATED AT A LOSS

In fact, Mr. Speaker, if it were not for the outside profits, the store operations in 1941 would have been conducted at a loss of $4,199,347. Yet in that year the over-all profit was $26,125,000. Moreover, the court record proves from documents taken from A & P's files, that 4,374 stores were operated during 1933 at a net loss, despite short-weighting, overcharging, and allowances. In one division as much as 40 percent of the stores were operated in the red.

FAKE CONSUMERS TAX COMMISSION

The article from the NARD Journal, however, speaks in definite terms how H. R. 1 introduced by me was defeated by means of the use of money in entertaining witnesses, in preparing their speeches before the subcommittee of the House Ways and Means Committee. Also, it shows how this chain corporation formed the National Consumers Tax Commission, conducted by women who were misled as to the real purpose to disclose hidden taxes, when in fact the company had hidden taxes of its own, by charging the consumer five points on sales to pay the expense of this so-called tax commission, which amounted to as much as $300,000 a year. Specific denial was made of any knowledge of this tax commission by those who organized, directed, and approved the expense bills.

The article written by Governor Christianson on how A & P beat the chain-store tax bill is as follows:

"Whatever the final outcome of the prosecution of the Great Atlantic & Pacific Tea Co., now under way at Danville, Ill., may be, one thing is certain—the evidence introduced by the Government and now of public record will make it impossible henceforth for that or any other national chain-store corporation to assume the mien of injured innocence when confronting a legislative committee.

"The mask has been torn off. The defendant is seen to be what many have long thought it to be—an organization that does not allow squeamish sentiment to stand in the way of its accomplishment of any purpose that may contribute to its own aggrandizement or the elimination of its competitors.

"Whether the jury finds the defendant guilty or not, whether the Government forces the corporation to unscramble, are of minor consequence as compared to the verdict the public will return once the facts have been made generally known.

"CONCENTRATE ON CHAIN BILL

"The whole record of deception and evasion, of circumvention of the Robinson-Patman law, of operating retail units at loss and depending on buying subsidiaries to provide the profits, of ruthless price wars waged to put competitors out of business, would fill a large book. So the scope of this article must be merely to summarize the methods used to prevent the passage of the bill to impose a Federal tax on chain stores.

"It will be recalled that the bill was under consideration by a subcommittee of the House Ways and Means Committee in the early months of 1940. The proponents of the measure presented a powerful argument for its passage, buttressed by an unprecedented amount of factual evidence. The chain-store executives were alarmed. They summoned to Washington scores of witnesses, dragged the hearings on for weeks, and finally defeated the measure by a vote of 5 to 4. It was a narrow escape, but the threat was averted.

"MANY HAD A REASON

"Many of the witnesses who appeared for the chains were officers of corporations supplying these mass distributors, landlords leasing premises to them, men who were under obligation for favors extended or anticipated. It is not difficult to see how these witnesses could be induced or intimidated to pull the chains' chestnuts out of the fire.

"But there were other types of witnesses—college professors and self-styled economists, representatives of consumer groups, officers of tax councils, spokesmen for labor and farm organizations, fruit growers and livestock men, producers of poultry and dairy products. These witnesses seemed to be impartial and unbiased, and their testimony must have impressed the committee.

"It is not our purpose to impugn the motives of all of them. Doubtless many of them thought they were rendering a public service. They were the unwitting victims of persistent and insidious propaganda continued over a period of years and heavily financed by the chains. This the evidence in the A & P case now clearly shows.

"DUMMY ORGANIZATIONS

"The story, so far as this article is concerned, starts with the appointment of Carl A. Byoir, of New York, as public-relations counsel for the Great Atlantic & Pacific Tea Co. Mr. Byoir was a high-powered publicity man, one of the most highly paid in the United States. He had important clients at home and abroad, among which, before our entry into the war, were German interests alleged to have been close to the Hitler regime. Mr. Byoir is now one of the defendants in Danville—he tried to avoid standing trial there but the court denied his motion.

"One of the first acts of Carl Byoir in execution of his commission from A & P was to set up a corporation known as Business Organizations, Inc., through which to carry out the public-relations program of his client. The name was carefully selected. There was nothing in it to indicate that the corporation had any relationship to either Mr. Byoir or his principal. The public might assume that it was one set up to serve any business organization that sought its services. Business Organizations, however, in this case, included only the Great Atlantic & Pacific Tea Co. and its affiliates.

"ORGANIZE STUDY GROUPS

"Business Organizations, Inc., in turn set up the National Consumers Tax Commission, ostensibly established to oppose all taxes affecting the cost of living but actually to fight chain-store taxes. The Tax Commission set up more than 6,000 'study groups' throughout the country, one-tenth of them in New England, headed by club leaders who, in most instances, did not know what the ultimate objective of their activity was. How many of these leaders were paid and how much they got, does not appear in the data at hand.

"The Commission prepared a textbook discussing taxes in general, and their impact on the cost of living—taxes on oils, gasoline, electricity, fire arms, liquor, tobaccos; manufacturers' excise taxes, State excises, corporate franchise and property taxes, taxes on transportation, unemployment and old-age benefit taxes, processing taxes, severance taxes, unjust enrichment taxes, stamp taxes, et cetera. The whole led up to chain store taxes, the evils of which were fully set forth.

"The sponsorship of this campaign against hidden taxes was hidden, too. It would not do to let it be known that A & P was paying the cost—which mounted to $300,000 in 1 year. Nor would it do to let the consumers in on the secret that they were footing the bill. The special fund was obtained by adding five points to the sales of each of the A & P divisions. The fund was designated, euphemistically, a reserve for national advertising.

THEY DENY THEIR CHILDREN

"The propagandists were not satisfied with keeping their A & P connection secret—they lied about it. Thus C. F. Small, who acted as liaison between A & P and Carl Byoir, told one inquirer that 'we do not have anything to do with the operation of the National Consumers Tax Commission'—and that despite the fact that he was the individual who passed on its bills for salaries and expenses.

"The National Consumers Tax Commission was not the only false front A & P adopted. Carl Byoir organized the Business Property Association, to induce the owners of property rented to chain stores to oppose all chain store taxes and specifically the Patman bill. A group known as the National Grange Association was formed to influence the attitude of members of the oldest and one of the most respectable of farm organizations. A labor news service in Washington was paid $80,000 for distributing chain-store propaganda among workingmen.

"Like the National Consumers Tax Commission, the Business Property Association sought to conceal its true character as an A & P instrumentality. 'This organization is not connected with any chain or group of chains' wrote O. E. Dooley, its president, to an official of the First National Stores of Boston, 'but is the result of a desire of chain store renters to protect themselves.'

KILL COMPETITION AT ANY COST

"It is an interesting sidelight that at the very time the president of the Business Property Association was soliciting the support of First National Stores, a New England food chain, the A & P division managers in that area were under instructions from the Hartfords to operate their stores without profit in carrying on a price war against the First National and other competitors.

"Now, with the scenery set, the Hartfords and Carl Byoir were ready for the great show at Washington. They certainly put on a grand act. The chains called in more than a hundred witnesses, representing almost every segment of the population. There presentation, dragging over many weeks and highly repetitious, had all the appearance of a filibuster. The chains' plan seemed to be to awe the committee with numbers and to tire its members out. What the chains' advocates lacked in facts and sound argument, they more than made up in the voluminous record they built. Some of the most impressive statements, we now know from the Government's case, were written in Carl Byoir's office. Perhaps the most notable instance is the argument by Daniel Bloomfield, representing the Boston Chamber of Commerce, which was prepared by George . eldman, counsel for the Great Atlantic & Pacific Tea Co.

"Elaborate plans were made for the entertainment of this army of witnesses. The nature of the entertainment and the lavishness of it were brought out in one of the exhibits of the Government's case. George W. Diehl, who is said to direct the buying of butter for the great food chain, wrote a letter to Charles W. Parr, an A & P official at

the New York office, which lifts the curtain on what happened behind the scenes.

"Butter manufacturers, shippers, and growers were coming in from all parts of the United States and it seemed the decent thing to do to entertain them in the approved butter-and-egg-man style. Mr. Diehl tells "Dear Charles" about the trials and tribulations of a host on such an occasion:

THE WITNESSES ARE ENTERTAINED

"'It has been the most strenuous 2 weeks I have ever put in and J. Brennan and (name of man since deceased) E. French and Mr. Byoir must be on a ragged edge. We have had a constant stream of shippers, producers, manufacturers, politicians—in and out.

"'These people were requested to be in Washington from 1 to 2 days before appearing, so they could receive help and advice on their written statements. W. A. Klepper, of Decatur, Ind., our big shipper, testified, without a prepared statement as he wanted to do it that way—and the Fort Wayne independents and wholesale grocers put in a boycott on his goods and the Kraft line and if it spreads throughout the United States of America Kraft will be in a fine mix-up.

"'Klepper's own company is owned by Kraft. He (Klepper) came in and went out the same day and did not do as I requested—that is, prepare a letter for the record. I had shippers on my hands all the time, starting with W. A. Gordon the day I left, Tuesday, April 23, and returning with Gus Mueller of Denver, Iowa, this week. About all any of my men paid was room rent in Washington and I paid that for one of them. All meals, taxi excursions, sightseeing, etc., entertainment, drinks, likewise I handled many Atlantic Com. Co., and others—flour men—sardine men, growers, etc. In short it was a steady 2 weeks of expense for us on my part.

"'Carl Byoir told me to get a parlor—but did not see need of it and could not get it when I tried because of so many conventions and people in Washington. The parlor would have been $15 to $20 a day. I assure you that I did try and be as careful as I could both on expense and account of my family and my health. I feel O. K. but terribly nervous and jittery from it all. Mrs. Diehl said I look O. K. but if she ever knew what I went through she would be out of my life, I am sure.

"'However, all these men gave up many days of their time from business and we should show them A & P appreciates their help and support under such an attack. This off-the-record and personal note is so you will understand. I enjoyed (please destroy when you read) most of the shippers I met. The two "cowboys" from Texas —— 61 years and ——— 41—a relative of a prominent Texas politician—were the best drinkers, never stopped.'

SHOWING A & P'S APPRECIATION—DRINKS—SEX

"'I had them to ball game and they were drunk then, even, and also killed a bottle the morning on the witness stand. Some wanted the other sex and had it, of course, because plenty available at all hours. It is funny now that I review happenings as when C. Byoir said D. stay on, I replied had better have Mrs. D. join me. He said no, don't do that. His advice was sound. (She would not like to see all that took place.) At times our party were very numerous, as high as 12 people.

"'At any rate we had good support from all, A & P had come in. We have many good friends who think very highly of our company. Some will have some very sad moments if "independents"' start retaliating, such as Kraft Co. The Mayflower meals expensive—very high as main dining room and room service ice cream 45 to 60 cents a portion, grapefruit 25 to 50 cents for half, etc. However, I did all I could to be decent and appreciative of those who came in for us, and I know our efforts were not in vain.

"'Please destroy, Charley, as this is only a personal note so you will know our problems. I would not care to write a business letter and explain such a trip to anyone. I am sure our executives realize that such a hearing and defense costs money.'

"HOW LAWS ARE KILLED

"Such were the methods used to defeat the Patman chain-store-tax bill in the early months of 1940. It does not appear that they were different from the methods used by the big chains whenever they wish to head off legislation designed to curb them. The procedure was expensive, as George Diehl complained, but they brought results, and only results count in the reckoning of big business.

"Space limitations prevent covering the A & P case adequately. The daily newspapers should have covered it, for the trial at Danville has been real news. But the big newspapers are supported by A & P and other chain-store advertising and their publishers are not in the habit of biting the hand that feeds them.

"Only one comprehensive coverage of the case has been given, and that has appeared in the Interstate Merchant published by George J. Schulte, one of the most effective witnesses in behalf of the Patman bill in the hearings 5 years ago. The testimony adduced by the Government at Danville has amply sustained the charges he then made and he stands fully vindicated."

EXTENSION OF REMARKS

Mr. CANNON asked and was given permission to revise and extend his remarks and include certain newspaper clippings.

Mr. BOYKIN (at the request of Mr. PRIEST) was given permission to extend his remarks in the RECORD in two instances and include newspaper excerpts.

Mr. PATTERSON asked and was given permission to extend his remarks in the RECORD and include a letter.

Mr. GRANT asked and was given permission to extend his remarks in the RECORD.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Virginia [Mr. HARDY] is recognized for 15 minutes.

UNWISE CHANGES IN PEANUT PRICE-SUPPORT PROGRAM

Mr. HARDY. Mr. Speaker, of all the various price supporting programs operated by the Department of Agriculture there can be little doubt that the peanut program has been one of the most satisfactory—if not the most satisfactory. A possible exception is the program on tobacco. When I say "satisfactory" I speak in terms of considering the points of view of everyone affected—the producers, the millers, the warehousemen, the buyers, the manufacturers, the consumers, the Government.

I know something about the subject from personal experience. I produce peanuts on my own farm. My farm is located just a few miles from Suffolk, Va., which is the world's largest peanut market. It was in my district and in the neighboring counties of North Carolina that United States peanut production began, and the history of the peanut as a commercially important agricultural commodity is closely associated with Virginia and North Carolina. In this area the finest quality peanuts are grown—only from this area do we get the Jumbos and Fancies that you buy at the ball games—or the extra large blanched salted nuts that are so popular in many uses.

Suffolk, the hub of peanut marketing, is a small but prosperous and progressive community. Nearly every peanut miller of consequence has a plant there. A great many of these substantial citizens are my personal friends. And so I have a reasonably intimate knowledge of the manner in which they have received the peanut price support program and I know their attitudes toward it.

Also, I have had some experience with the governmental side of developing and operating this program. When peanuts first became a basic commodity I was chairman of my county AAA committee, and later became chairman of the State AAA committee. In the latter capacity I had, in a measure, responsibility for operation of the program in the State. Also I had a responsibility for participating in the development of changes in the program for operational improvements. In those days changes were made after thorough discussions and were designed to correct weaknesses. Such a procedure should continue, but I do not believe any radical innovation should be tried just to satisfy someone's whim, or unless there is clear evidence that it will make the total program better. The views of the people affected—the people with a vast store of experience should be given weight in the decision making. In other words, it is my judgment that practical considerations of opinions and advice of people with long experience should be used as a check against someone's theoretical brain child.

In a large part of the peanut-producing area the Department of Agriculture accomplishes price support through Commodity Credit Corporation contractual arrangements with millers and warehousemen who have long been in business and whose buyers know intimately the producers in their trade territory. Under these contracts the millers and warehousemen acting as CCC agents agree to pay producers not less than the support price, and among other provisions the contracts commit the CCC to a diversion program on No. 2 shelled peanuts and to bail out the miller if he should find himself overloaded with farmers' stock peanuts which he does not need to fill his normal trade requirements. This procedure holds down the volume of peanuts which the CCC must buy.

By and large this arrangement has worked well, and actually, since the beginning of price support for peanuts there has been only a nominal net loss to the Government until this current year. Some loss will occur this year due to curtailment of foreign demand, and declining oil and meal prices, coupled with an acreage goal that was somewhat too large for the curtailed outlets. This loss can and should be reduced or eliminated in future years through production adjustments.

Peanut prices to farmers are based on grade. Heretofore the buyer has determined the grade and has negotiated a price with the producer. Now the CCC proposes that every load of farmers' stock peanuts shall be inspected by a licensed

Federal-State inspector. The contracts with the millers provide for this.

Now I am a strong proponent of grading and inspection. I am glad we have a splendid Federal-State inspection service, and I support the use of that service wherever an independent, impartial inspection serves any sound economic need. Insofar as the sale of farmers' stock peanuts are concerned in the Virginia-North Carolina area, there is no economic justification for Federal-State inspection and this requirement of the CCC will result in virtually a total economic waste. It will add to the public pay roll a great number of people who will serve no useful purpose whatever. Moreover, it will add to the cost of the peanuts to the manufacturers, the end-users, and the ultimate consumers. It is estimated that the amount paid for inspection alone in North Carolina and Virginia will exceed $200,000 and will have absolutely no value.

Moreover, in addition to the cost of this activity, it will cause grave difficulties for both producers and buyers. It will slow up marketing to less than half the present speed. Warehouse handling costs will mount proportionately. Many farmers will get weary of waiting in line at the mills, many will have to spend the night on their trucks. There is no farm storage space, and if the peanuts cannot move quickly to market they will have to stay in the fields until the trucks can haul them away. This is likely to cause tremendous losses in weather damage.

In order to understand some of these practical things I am telling you about, you have to know something about the marketing processes that have grown up through the years. Let me describe them to you briefly.

Virginia peanuts are sold in bags—they have always been. Harvesting machinery, receiving and handling machinery, storage and milling equipment are all built around handling farmers' peanuts in bags. The bags are large and bulky. They weigh about 100 pounds.

When a farmer's peanuts are ready to market, he pulls his mechanical picker into the field and hauls the shocks of peanuts to it. After the machinery has been adjusted the producer calls one or several buyers who come out to his farm. These men are experienced peanut buyers. They watch the peanuts come through the picker. They inspect the field to check variations in quality and get a representative sample run through the picker. Then they take a sample and determine the grade. The next step is to negotiate a price with the farmer. They make a price for the entire lot and when they have reached agreement on the price, the buyer sends his truck to the farm and hauls the peanuts to his warehouse. As the peanuts are picked the bags are stacked on the ground near the picker. The buyer's truck picks them up from the field each day. If they cannot go immediately to market they have to stay in the field. Perhaps the farmer may find a tarpaulin to put over them, but this is meager protection if it should rain.

It is difficult to see how this practice of selling an entire lot at the farm can be continued under the new procedure. If we assume it is possible, the expense will be great, the extra time for inspection at the mill will be enormous and the Federal-State inspection will simply be useless duplication of effort.

The conclusion that Federal-State inspection will be useless duplication is inescapable. Is it logical to expect that the inspection service can quickly train new men to do a better job of grading than can be performed by experienced buyers who have spent a lifetime doing it? And another thing—Federal-State grades are based on meat content. Buyers and millers of Virginia peanuts are concerned with factors in excess of those required to meet Federal-State grades. Virginia peanuts are sold mainly to the edible trade. Buyers look for extra qualities. They seek extra size—they are concerned with brightness of the hull so necessary in the familiar bag of peanuts in the hull. And so, even if the nuts are graded by a Federal-State inspector, the buyer in North Carolina and Virginia still has to make his own inspection to determine whether the peanuts meet his requirements for his particular trade.

Also, see how much simpler is field inspection than platform inspection. In the field the buyer gets a cross-sectional picture of the whole crop. When the Federal-State inspector takes his sample as the truck unloads at a warehouse he has to open every tenth bag. Thus he can't even begin to determine the grade until the truck is practically unloaded. This will be done at some buyer's platform. If the farmer and the buyer then fail to agree on a price, the truck has to be reloaded and carried to another mill where the farmer again take his turn in line and perhaps spends his second night on the truck. And this goes on for each load.

It should be pointed out that this same marketing system does not prevail in all areas. In the newer areas where production methods are different and where a different type of peanut is grown, the new requirement of inspection may not create great disturbance in well established marketing methods. In most of the Southeast and Southwest peanuts are sold primarily on the basis of meat content and are used more largely for processing. They are not competitive with Virginia's for the higher class edible trade. Most of these smaller varieties are marketed in bulk and it is a simple matter for an inspector to use his probe from the top of a load and draw a representative sample quickly. Thus the delay is inconsequential and since the buyer is not concerned with factors in excess of the grade specifications, duplication of effort may not result in large degree.

At the request of representatives of both millers and growers in the Virginia-North Carolina area, I arranged a conference with Agriculture Department officials for Tuesday of last week. A large delegation from both of the States arrived in Washington last Monday night. The gentleman from North Caroline, Judge KERR, and I met with this group of about 100 men at the Raleigh Hotel on Monday night, and the problem was discussed in detail as a preliminary to the meeting for the next morning.

Last Tuesday morning I joined the group at the Department of Agriculture. Representative ABBITT and Senator ROBERTSON were also present. Also there were representatives from the offices of Representatives KERR and BONNER and Senators BYRD, HOEY, and GRAHAM.

The Department of Agriculture was represented by Mr. Ralph Trigg, president of CCC, Mr. S. R. Smith, Chief, Fruits and Vegetable Branch, Mr. Conklin, Chief, Inspection Service, and others.

The group of farmers and millers requested that the requirement for Federal-State inspection prior to a sale to licensed buyers be removed in the Virginia-North Carolina area. Previously the matter had been discussed with interested people from the Southeast and Southwest, and in each case it was agreed that this inspection should not be imposed with respect to Virginia type peanuts.

In the discussion it was pointed out that the only two reasons for the new requirements were to protect the farmer against receiving a price below support and to protect the Government against paying too high a price. In the case of the Virginia-North Carolina area neither of these reasons has validity.

Mr. Trigg admitted that in no case had any farmer from this area ever complained that a buyer paid him less than the support price. The farmers present testified that in practically every case the farmers get in excess of the support price because of the larger size of the nuts and because of the light color.

With respect to protecting the Government, there was unanimous agreement that whenever CCC bought peanuts these should be federally inspected. This would be accomplished by having Federal-State inspectors at CCC warehouses, but it would be unnecessary to federally inspect peanuts going directly into commercial channels. The Government never takes title to any of these peanuts unless a miller has overbought. Then when he sells to the Government it is always of Federal-State inspection. And so from the standpoint of protecting the Government this new requirement is totally superfluous.

Mr. Trigg claimed the growers and millers were worrying about something they had not tried, and said he felt it could be worked out. However, he agreed to present the matter to the CCC Board which met the following day.

Thursday morning I received a phone call from a Mr. Offutt in Mr. Trigg's office. He told me the CCC had turned down this unanimous plea of both farmers and millers from Virginia and North Carolina. He said the action was on the ground that we had not tried it and on the statement from the inspection service that they could make it work.

My purpose in bringing this to the attention of the House is twofold. I believe it indicates a desire of a Federal agency to force extension of its service in an area where no good will be accomplished and where an economic loss will result.

Secondly, and more important, I see many pitfalls ahead for this change in the program. The movement of the new crop is bound to be greatly slowed up. This is going to increase costs all along

the line and may cause losses in damaged nuts. I fear that the complications may cause unrest and dissatisfaction to such an extent that it may result in reflection upon and widespread criticism of the entire peanut program. I want, here and now, to remove myself from any responsibility for what could be a colossal state of confusion and even marketing chaos in the season that lies just ahead. If this thing backfires—and I sincerely hope it does not—the responsibility will rest squarely upon officials of the Department of Agriculture, and I shall remind you of it if we encounter subsequent efforts to change a good program because of a sad experience this year.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. KEATING (at the request of Mr. MICHENER), to and including October 15, 1949, on account of official business.

To Mr. WHITTEN (at the request of Mr. ABERNETHY), indefinitely, on account of illness.

ENROLLED BILLS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 165. An act to authorize the American River Basin development, California, for irrigation and reclamation and for other purposes;

H. R. 605. An act for the relief of the estate of James B. Stirling;

H. R. 733. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Frank Haegle;

H. R. 752. An act conferring jurisdiction upon the United States District Court for the Eastern District of Michigan to hear, determine, and render judgment upon the claim of Edward Gray, Sr.; Edward Gray, Jr.; Bertha Mae Gray; Bertha Patmon; and Lindsay Gardner, all of the city of Hamtramck, Wayne County, Mich.

H. R. 1106. An act for the relief of King V. Clark;

H. R. 1458. An act for the relief of Joseph R. Gregory;

H. R. 1474. An act to confer jurisdiction upon the United States District Court for the Southern District of New York to hear, determine, and render judgment upon the claim of Miguel A. Viera for damages sustained as the result of an accident involving a United States Army truck at Leghorn, Italy, on January 11, 1946;

H. R. 1864. An act for the relief of the legal guardian of Mitsuo Higa, a minor, and Hilo Sugar Co.;

H. R. 1950. An act for the relief of certain consultants formerly employed by the Technical Industrial Intelligence Committee of the Foreign Economic Administration, and for other purposes;

H. R. 3081. An act for the relief of the estate of Maurice G. Evans;

H. R. 3598. An act for the relief of Mrs. Katherine Gehringer;

H. R. 4029. An act to authorize the Secretary of the Interior to procure for the Everglades National Park with available funds, including those made available by the State of Florida, the remaining lands and interest in lands within the boundary agreed upon between the State of Florida and the Secretary of the Interior, within and a part of that authorized by the act of May 30, 1934 (48 Stat. 816), and within which the State has already donated its lands, and for other purposes;

H. R. 4094. An act for the relief of Bunge North-American Grain Corp., the Corporacion Argentine de Productores de Carnes, Herman M. Gidden, and the Overseas Metal & Ore Corp.;

H. R. 5134. An act to promote development in cooperation with the State of Colorado of the fish, wildlife, and recreational aspects of the Colorado-Big Thompson Federal reclamation project;

H. R. 5148. An act to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon the claim or claims, of Hilda Links and E. J. Ohman, partners, and Fred L. Kroesing, all of Anchorage, Alaska; and

H. R. 5764. An act to authorize the granting of the city of Los Angeles, Calif., of rights-of-way on, over, under, through, and across certain public lands.

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 2042. An act to authorize the Secretary of the Interior to complete construction of the irrigation facilities and to contract with the water users on the Buffalo Rapids project, Montana, increasing the reimbursable construction cost obligation, and for other purposes;

S. 2372. An act to amend the Atomic Energy Act of 1946; and

S. J. Res. 53. Joint resolution to provide for the reforestation and revegetation of the forest and range lands of the national forests, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on September 30, 1949, present to the President, for his approval, bills of the House of the following titles:

H. R. 524. An act to provide for the release of all the right, title, and interest of the United States in a certain portion of a tract of land conditionally granted by it to the county of Los Angeles;

H. R. 540. An act to provide terminal leave pay for certain officers of the Navy and Marine Corps, and for other purposes;

H. R. 554. An act to provide for the construction, extension, and improvement of school buildings in Hoopa, Calif;

H. R. 584. An act for the relief of Mike Clipper;

H. R. 588. An act for the relief of Col. David R. Wolverton, United States Army, retired;

H. R. 683. An act for the relief of Louise Peters Lewis;

H. R. 695. An act for the relief of Mrs. Mary A. Bailey;

H. R. 734. An act for the relief of Curtis R. Enos;

H. R. 1019. An act for the relief of George M. Ford;

H. R. 1020. An act for the relief of the legal guardian of Moody L. Smitherman, Jr., a minor, and Moody L. Smitherman;

H. R. 1033. An act for the relief of Mrs. Ethel Barrington MacDonald;

H. R. 1097. An act for the relief of Edgar Barbre;

H. R. 1447. An act for the relief of Ethel Roth;

H. R. 1484. An act for the relief of Mrs. Mary Capodanno, and the legal guardian of Vincent Capodanno;

H. R. 1620. An act for the relief of Robert E. Bridge and Leslie E. Ensign;

H. R. 1666. An act for the relief of Maurice J. Symms;

H. R. 1672. An act for the relief of Jack Phillips;

H. R. 1694. An act to provide for the return of rehabilitation and betterment costs of Federal reclamation projects;

H. R. 1746. An act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes;

H. R. 1794. An act for the relief of Cohen, Goldman & Co., Inc.;

H. R. 1800. An act for the relief of Howard E. Giroux;

H. R. 2015. An act to authorize the Secretary of Agriculture to convey and exchange certain lands and improvements in Grand Rapids, Minn., for lands in the State of Minnesota, and for other purposes;

H. R. 2075. An act for the relief of Frank G. Moore;

H. R. 2418. An act to promote effectual planning, development, maintenance, and coordination of wildlife, fish, and game conservation and rehabilitation in the Eglin Field Reservation;

H. R. 2437. An act to amend the act entitled "An act to fix and regulate the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia, and for other purposes," approved July 7, 1947;

H. R. 2457. An act for the relief of Helen Morren;

H. R. 2538. An act to authorize completion of the land development and settlement of the Angostura unit of the Missouri Basin project, notwithstanding a limitation of time;

H. R. 2619. An act to extend the benefits of the annual and sick leave laws to part-time employees on regular tours of duty and to validate payments heretofore made for leave on account of services of such employees;

H. R. 2678. An act to amend section 5 of the act approved July 10, 1890, as amended, relating to the admission into the Union of the State of Wyoming, so as to permit the leasing of school lands within such State for mineral purposes for terms in excess of 10 years;

H. R. 2876. An act to effect an exchange of certain lands in the State of North Carolina between the United States and the Eastern Band of Cherokee Indians, and for other purposes;

H. R. 2921. An act for the relief of Nicholas C. Kalcoutsakis;

H. R. 2928. An act for the relief of Dr. Leon L. Konchegul;

H. R. 2944. An act to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide survivorship benefits for widows or widowers of persons retiring under such act;

H. R. 3252. An act to confer jurisdiction upon the United States Court of Claims to hear, determine, and render judgment upon the claim of Mrs. Zelma Inez Cheek;

H. R. 3404. An act for the relief of Vivian Newell Price;

H. R. 3413. An act for the relief of Alfred Baumgarts;

H. R. 3420. An act to authorize the exchange of wildlife refuge lands within the State of Washington;

H. R. 3499. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Mabel Colliver;

H. R. 3534. An act for the relief of Eleanor P. Simmonds, as administratrix of the estate of Norman B. Simmonds, deceased;

H. R. 3618. An act for the relief of the legal guardian of Marcia Moss Carroll, a minor, and Charles P. Carroll;

H. R. 3810. An act for the relief of Cecil E. Gordon;

H. R. 3863. An act for the relief of Carl C. Ballard;

H. R. 3864. An act to convey certain lands taken from W. W. Stewart by the United States;

H. R. 3926. An act to rename a game sanctuary in the Harney National Forest as the "Norbeck Wildlife Preserve," and for other purposes;

H. R. 4050. An act to authorize advances of pay to personnel of the armed services upon permanent change of station, and for other purposes;

H. R. 4165. An act for the relief of Katherine H. Clagett;

H. R. 4186. An act for the relief of Jan Liga;

H. R. 4306. An act for the relief of Zora B. Vulich;

H. R. 4556. An act for the relief of the estate of Elmo Sodergren;

H. R. 4563. An act for the relief of Mrs. Sarah E. Thompson;

H. R. 4564. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Eunice Hayes, Kathryn Hayes, and Florence Hayes Gaines;

H. R. 4585. An act to authorize the purchase of additional farming land for Leavenworth Penitentiary;

H. R. 4767. An act to clarify the active-duty status of certain officers of the Army of the United States and the Air Force of the United States, and for other purposes;

H. R. 4777. An act for the relief of J. D. Lecky;

H. R. 4792. An act for the relief of Harry Fuchs;

H. R. 4829. An act to authorize the President to appoint Paul A. Smith as representative of the United States to the Council of the International Civil Aviation Organization without affecting his status and perquisites as a commissioned officer of the Coast and Geodetic Survey;

H. R. 4830. An act making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes;

H. R. 4875. An act to amend title 28 of the United States Code relating to travel-expense allowances for Government employee witnesses;

H. R. 4889. An act for the relief of Mrs. Jack J. O'Connell;

H. R. 4943. An act to amend the act providing for the admission of the State of Idaho into the Union by increasing the period for which leases may be made of public lands granted to the State by such act for educational purposes;

H. R. 4986. An act to amend an act entitled "An act to provide for the adjustment of irrigation charges on the Flathead Indian irrigation project, Montana, and for other purposes," approved May 25, 1948;

H. R. 5007. An act to provide pay, allowances, and physical disability retirement for members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, the Reserve components thereof, the National Guard, and the Air National Guard, and for other purposes;

H. R. 5299. An act for the relief of Mrs. Giovanna Follo Discepolo;

H. R. 5342. An act to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment to the Boy Scouts of America for use at the Second National Jamboree of the Boy Scouts;

H. R. 5353. An act for the relief of Max Schlederer;

H. R. 5356. An act to provide for the conveyance of land to the Norfolk County Trust Co. in Stoughton, Mass.;

H. R. 5375. An act for the relief of Mrs. Hilda De Silva;

H. R. 5465. An act to amend section 4 (e) of the Civil Service Retirement Act of May 29, 1930, as amended;

H. R. 5539. An act for the relief of Mrs. Claudia Weitlanner;

H. R. 5582. An act for the relief of the Belle Isle Cab Co., Inc.;

H. R. 5598. An act to increase compensation for World War I presumptive service-connected cases, provide minimum ratings for service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and redefine the terms "line of duty" and "willful misconduct";

H. R. 5773. An act to authorize the carrying out of the provisions of article 7 of the treaty of February 3, 1944, between the United States and Mexico, regarding the joint development of hydroelectric power at Falcon Dam, on the Rio Grande, and for other purposes;

H. R. 5777. An act for the relief of Joe D. Dutton;

H. R. 5851. An act for the relief of Mrs. Toshiko Keyser;

H. R. 5895. An act to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations;

H. R. 6006. An act for the relief of Anthony Charles Bartley; and

H. R. 6022. An act to increase the rates of compensation of certain employees of the Department of Medicine and Surgery of the Veterans' Administration, and for other purposes.

ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 22 minutes p. m.) the House adjourned until tomorrow, Tuesday, October 4, 1949, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

955. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated August 1, 1949, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of Twitch Cove and Big Thoroughfare River, Md., with a view to the construction of a boat basin at Ewell, authorized by the River and Harbor Act approved March 2, 1945, and of Levering Creek at Ewell, Md., authorized by the River and Harbor Act approved July 24, 1946 (H. Doc. No. 340); to the Committee on Public Works and ordered to be printed, with one illustration.

956. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated July 28, 1949, submitting a report, together with accompanying papers and illustrations, on a review of reports on the inland waterway, Beaufort to Cape Fear River, N. C., including waterway to Jacksonville, N. C., with a view to deepen and provide at this time a stabilized channel from Bank's Channel to the ocean by way of Masonboro Inlet. This investigation was requested by the Committee on Public Works, House of Representatives, adopted on July 8, 1947 (H. Doc. No. 341); to the Committee on Public Works and ordered to be printed, with two illustrations.

957. A letter from the Comptroller General of the United States, transmitting a report on the audit of Federal Public Housing Authority for the fiscal year ended June 30, 1946 (H. Doc. No. 342); to the Committee on Expenditures in the Executive Departments and ordered to be printed.

958. A letter from the Acting Secretary of State, transmitting a draft of a bill entitled "A bill to provide certain authorizations for the Department of State and the United States section of the International Boundary and Water Commission, United States and Mexico, in carrying out the functions of the Commission and to facilitate compliance with the provisions of the treaty between the United States of America and the United Mexican States signed in Washington on February 3, 1944, relating to the utilization of the waters of the Colorado and Tijuana Rivers and of the Rio Grande below Fort Quitman, Tex., and for other purposes"; to the Committee on Foreign Affairs.

959. A letter from the Chairman, United States Civil Service Commission, transmitting the Twenty-eighth Annual Report of the Board of Actuaries of the Civil Service Retirement and Disability Fund, for the fiscal year ended June 30, 1948; to the Committee on Post Office and Civil Service and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SABATH: Committee on Rules. House Resolution 372. Resolution for consideration of H. R. 6000, a bill to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes; without amendment (Rept. No. 1359). Referred to the House Calendar.

Mr. ABERNETHY: Committee of conference. H. R. 4381. A bill to provide cumulative sick and emergency leave with pay for teachers and attendance officers in the employ of the Board of Education of the District of Columbia, and for other purposes; without amendment (Rept. No. 1360). Ordered to be printed.

Mr. ASPINALL: Committee on Public Lands. S. 1385. An act providing that excess-land provisions of the Federal reclamation laws shall not apply to certain lands that will receive a supplemental water supply from the San Luis Valley project, Colorado; without amendment (Rept. No. 1361). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRIS: Committee on Public Lands. H. R. 2736. A bill to subject Indians and Indian reservations in the State of Wisconsin to the laws of the State, with certain exceptions; with an amendment (Rept. No. 1362). Referred to the Committee of the Whole House on the State of the Union.

Mr. PETERSON: Committee on Public Lands. H. R. 4390. A bill to authorize the conveyance, for school purposes, of certain land in Acadia National Park to the town of Tremont, Maine, and for other purposes; without amendment (Rept. No. 1363). Referred to the Committee on the Whole House on the State of the Union.

Mr. CANNON: Committee on Appropriations. House Joint Resolution 368. Joint resolution further amending an act making temporary appropriations for the fiscal year 1950, as amended, and for other purposes; without amendment (Rept. No. 1364). Referred to the Committee of the Whole House on the State of the Union.

Mr. REDDEN: Committee on Public Lands. H. R. 4499. A bill to provide a civil government for Guam, and for other purposes; with an amendment (Rept. No. 1365). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHITTINGTON: Committee on Public Works. H. R. 5934. A bill to amend the Second Supplemental National Defense Appropriation Act, 1943, approved October 26, 1942 (56 Stat. 990, 999), and for other pur-

poses; without amendment (Rept. No. 1366). Referred to the Committee of the Whole House on the State of the Union.

Mr. BLATNIK: Committee on Public Works. H. R. 5956. A bill to provide a method of financing the acquisition and construction by the city of Duluth of certain bridges across the St. Louis River, and for other purposes; with an amendment (Rept. No. 1367). Referred to the House Calendar.

Mr. PETERSON: Committee on Public Lands. H. R. 6230. A bill to direct the Secretary of the Interior to convey certain land to school district No. 5, Linn County, Oreg.; without amendment (Rept. No. 1368). Referred to the Committee of the Whole House on the State of the Union.

Mr. PETERSON: Committee on Public Lands. H. R. 6259. A bill to provide for the installation of a carillon in the Arlington Memorial Amphitheater, Arlington National Cemetery, Fort Myer, Va., in memory of World War II dead; without amendment (Rept. No. 1369). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHITTINGTON: Committee on Public Works. House Joint Resolution 353. Joint resolution authorizing the Commission on Renovation of the Executive Mansion to preserve or dispose of material removed from the Executive Mansion during the period of renovation; with an amendment (Rept. No. 1370). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOODRUFF:

H. R. 6290. A bill to increase revenues by raising the national income, creating new jobs and new wealth, and for other purposes; to the Committee on Foreign Affairs.

By Mr. ANDERSON of California:

H. R. 6291. A bill providing that on and after the date of enactment of this act, for pension purposes, any person who served under contract with the War Department as acting assistant or contract surgeon between April 21, 1898, and February 2, 1901, shall be considered to have been in the active military service of the United States for the period of such contract service between those dates; to the Committee on Veterans' Affairs.

By Mr. BARRETT of Wyoming:

H. R. 6292. A bill to provide that payments to States under the Oil Land Leasing Act of 1920 shall be made biannually; to the Committee on Public Lands.

By Mr. DOYLE:

H. R. 6293. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended; to the Committee on Post Office and Civil Service.

By Mr. EVINS:

H. R. 6294. A bill relating to education or training of veterans under title II of the Servicemen's Readjustment Act (Public Law 346, 78th Cong., June 22, 1944); to the Committee on Veterans' Affairs.

By Mr. FORAND:

H. R. 6295. A bill to provide for the continuance of family benefits to civil-service employees separated after 5 years' service; to the Committee on Post Office and Civil Service.

By Mr. HAVENNER:

H. R. 6296. A bill to provide a suitable citation for members of the armed services killed or injured in "Operation Hayride or Snowbound"; to the Committee on Armed Services.

By Mr. KEAN:

H. R. 6297. A bill to extend the coverage of Federal old-age and survivors insurance system, to increase benefits payable under such system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes; to the Committee on Ways and Means.

By Mr. MILLS:

H. R. 6298. A bill to provide for the conveyance of certain land in Monroe County, Ark., to the State of Arkansas; to the Committee on Public Lands.

H. R. 6299. A bill to permit any veteran of both world wars to elect to have his service in World War I counted as service in World War II for the purpose of determining eligibility for certain benefits; to the Committee on Veterans' Affairs.

By Mr. O'BRIEN of Michigan:

H. R. 6300. A bill to amend the Trading With the Enemy Act; to the Committee on Interstate and Foreign Commerce.

By Mr. RANKIN (by request):

H. R. 6301. A bill to provide for parity in awards of disability compensation; to the Committee on Veterans' Affairs.

By Mr. VINSON:

H. R. 6302. A bill to amend the act of June 12, 1948 (Public Law 626, 80th Cong.), and the act of June 16, 1948 (Public Law 653, 80th Cong.), to authorize the construction of single- or duplex-type family quarters for the Department of Defense; to the Committee on Armed Services.

H. R. 6303. A bill to authorize certain construction at military and naval installations, and for other purposes; to the Committee on Armed Services.

By Mr. BENTSEN:

H. R. 6304. A bill to provide certain authorizations for the Department of State and the United States section of the International Boundary and Water Commission, United States and Mexico, in carrying out the functions of the Commission and to facilitate compliance with the provisions of the treaty between the United States of America and the United Mexican States signed at Washington on February 3, 1944, relating to the utilization of the waters of the Colorado and Tijuana Rivers and of the Rio Grande below Fort Quitman, Tex., and for other purposes; to the Committee on Foreign Affairs.

By Mr. SPENCE:

H. R. 6305. A bill to give effect to the international wheat agreement signed by the United States and other countries relating to the stabilization of supplies and prices in the international wheat market; to the Committee on Banking and Currency.

By Mr. COOLEY:

H. Res. 373. Resolution granting 6 months' salary and $250 funeral expenses to the estate of Ruth B. Phillips, late an employee of the House Committee on Agriculture; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CASE of South Dakota:

H. R. 6306. A bill authorizing the issuance of a patent in fee to Robert Lloyd White Horse; to the Committee on Public Lands.

H. R. 6307. A bill authorizing the issuance of a patent in fee to David R. Medicine Bear; to the Committee on Public Lands.

H. R. 6308. A bill authorizing the issuance of a patent in fee to Mercy Vassar Moose; to the Committee on Public Lands.

H. R. 6309. A bill authorizing the issuance of a patent in fee to James Kills Alive; to the Committee on Public Lands.

By Mr. HORAN:

H. R. 6310. A bill for the relief of James B. Reidy; to the Committee on the Judiciary.

By Mr. LARCADE:

H. R. 6311. A bill for the relief of Rivers Fontenot; to the Committee on the Judiciary.

By Mr. MARSHALL:

H. R. 6312. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon a certain claim of Joseph Lundborg and others against the United States; to the Committee on the Judiciary.

By Mr. JOSEPH L. PFEIFER:

H. R. 6313. A bill for the relief of Mrs. Leonarda Montalbano Cartafalsa; to the Committee on the Judiciary.

By Mr. REDDEN:

H. R. 6314. A bill for the relief of the State Trust Co., Hendersonville, N. C.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1511. By the SPEAKER: Petition of Mrs. Dora E. Miller and others, Lewistown, Pa., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1512. Also, petition of T. S. Kinney and others, Orlando, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1513. Also, petition of Mrs. Mary Schnell and others, Orlando, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1514. Also, petition of Mrs. Viola M. Campbell and others, Sanford, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

SENATE

TUESDAY, OCTOBER 4, 1949

(Legislative day of Saturday, September 3, 1949)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O God, whose mercies are new every morning, into Thy merciful and guiding hand we this day commit our wills and our work, in confidence and calm. Open our ears, we beseech Thee, to hear the call of far horizons and the stirring trumpets of challenge sounding the advance to a new era for mankind.

In these days in which the souls of men are sorely tried, when so much is demanded of those who would serve the present age, grant us the divine strength and grace that we may prove worthy of every trust the Nation commits to our hands as on the anvil of vast issues there slowly takes shape the new and better world that is to be. We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. EASTLAND, and by unanimous consent, the reading of the Journal of the proceedings of Monday, October 3, 1949, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 614. An act to amend the Hospital Survey and Construction Act (title VI of the

Public Health Service Act), to extend its duration and provide greater financial assistance in the construction of hospitals, and for other purposes; and

S. 2116. An act to provide for the advance planning of non-Federal public works.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 1185. An act to incorporate the National Safety Council;

H. R. 2196. An act to authorize the elimination of lands from the Flathead Indian irrigation project, Montana;

H. R. 3419. An act to amend the Merchant Ship Sales Act of 1946;

H. R. 3793. An act to provide for the furnishing of quarters at Brunswick, Ga., for the United States District Court for the Southern District of Georgia;

H. R. 5002. An act to incorporate the Reserve Officers Association of the United States;

H. R. 5166. An act to extend the laws of the United States relating to civil acts or offenses consummated or committed on the high seas on board a vessel belonging to the United States, to the Midway Islands, Wake Island, Johnston Island, Sand Island, Kingman Reef, Kure Island, Baker Island, Howland Island, Jarvis Island, Canton Island, and Enderbury Island, and for other purposes;

H. R. 5191. An act to provide for the furnishing of quarters at Thomasville, Ga., for the United States District Court for the Middle District of Georgia;

H. R. 5305. An act to increase the retired pay of certain members of the former Lighthouse Service;

H. R. 5368. An act to authorize the Departments of the Army, Navy, and Air Force to participate in the transfer of certain real property or interests therein, and for other purposes;

H. R. 5674. An act to extend the time for the collection of tolls to amortize the cost, including reasonable interest and financing cost, of the construction of a bridge across the Missouri River at Brownsville, Nebr.;

H. R. 5866. An act to adjust and define the boundary between Great Smoky Mountains National Park and the Cherokee-Pisgah-Nantahala National Forests, and for other purposes;

H. R. 5872. An act to extend the boundaries of the Toiyabe National Forest in the State of Nevada;

H. R. 5951. An act to amend section 3 of the Travel Expense Act of 1949;

H. J. Res. 23. Joint resolution designating November 19, 1949, the anniversary of Lincoln's Gettysburg Address, as Dedication Day; and

H. J. Res. 184. Joint resolution authorizing the President of the United States of America to proclaim February 6, 1950, as National Children's Dental Health Day.

LEAVE OF ABSENCE

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the Senator from Indiana [Mr. JENNER] be permitted to be absent from the session of the Senate today because of the illness of his father, as the Senator desires to be with him today.

The VICE PRESIDENT. Without objection, leave is granted.

CALL OF THE ROLL

Mr. EASTLAND. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hendrickson	Millikin
Anderson	Hickenlooper	Morse
Baldwin	Hill	Mundt
Bricker	Hoey	Murray
Bridges	Holland	Myers
Butler	Hunt	Neely
Byrd	Ives	O'Conor
Cain	Johnson, Colo.	O'Mahoney
Capehart	Johnson, Tex.	Pepper
Chapman	Johnston, S. C.	Robertson
Chavez	Kefauver	Russell
Connally	Kem	Saltonstall
Cordon	Kerr	Schoeppel
Donnell	Kilgore	Smith, Maine
Douglas	Knowland	Sparkman
Downey	Langer	Stennis
Eastland	Long	Taylor
Ecton	Lucas	Thomas, Okla.
Ferguson	McCarthy	Thomas, Utah
Flanders	McClellan	Thye
Fulbright	McFarland	Watkins
George	McKellar	Wiley
Gillette	McMahon	Williams
Graham	Magnuson	Withers
Green	Martin	Young
Gurney	Maybank	
Hayden	Miller	

Mr. MYERS. I announce that the Senator from Louisiana [Mr. ELLENDER] is absent because of a death in his family.

The Senator from Delaware [Mr. FREAR], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Rhode Island [Mr. LEAHY], are absent on public business.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from Ohio [Mr. TAFT] and the Senator from New Hampshire [Mr. TOBEY] are necessarily absent.

The Senator from Indiana [Mr. JENNER] is absent by leave of the Senate because of illness in his family.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from Nevada [Mr. MALONE] is absent on official business.

The VICE PRESIDENT. A quorum is present.

TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that Members of the Senate be permitted to introduce bills and joint resolutions, submit resolutions, petitions, and memorials, and incorporate routine matters in the RECORD, without debate.

The VICE PRESIDENT. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. LUCAS, and by unanimous consent, the Committee on Territories and Insular Affairs was authorized to hold a hearing this afternoon during the session of the Senate.

On request of Mr. NEELY, and by unanimous consent, the Committee on the District of Columbia was authorized to meet this afternoon during the session of the Senate.

On request of Mr. THOMAS of Oklahoma, and by unanimous consent, the Subcommittee on Military Appropriations of the Senate Appropriations Committee was authorized to meet during the session of the Senate this afternoon from 1:30 p. m. on.

PRICE SUPPORTS FOR FARM PRODUCTS—LETTER FROM MARYLAND FARM BUREAU

Mr. O'CONOR. Mr. President, in connection with the debate on the bill to stabilize prices of agricultural commodities, I have a letter from the Maryland Farm Bureau, outstanding organization vitally interested in the welfare of our agricultural people, indicating its opposition to rigid price supports for farm products.

I ask unanimous consent that it be appropriately referred and inserted in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

MARYLAND FARM BUREAU, INC.,
Baltimore, Md., July 27, 1949.

Hon. HERBERT R. O'CONOR
Senate Office Building,
Washington, D. C.

DEAR SENATOR O'CONOR: The delegates of the Maryland Farm Bureau are on record as opposed to rigid price supports for farm products. They unanimously endorsed the flexible farm price-support principles contained in the 1948 act.

In the recent House action we backed the Gore bill to defeat the Brannan plan, which we consider even worse than the rigid support plan.

The Senate Agricultural Committee is revising the flexible support plan in the existing legislation. Farm Bureau recommendations were presented to this committee and a copy sent you for your information.

We urge you to oppose rigid price supports and to back the enactment of flexible farm price supports with the improvements suggested.

Respectfully yours,

C. E. WISE, Jr.,
Secretary-Treasurer.

FIXED PARITY PROGRAM FOR AGRICULTURAL COMMODITIES—RESOLUTION OF FARMERS COOPERATIVE ASSOCIATION, INC., FREDERICK, MD.

Mr. O'CONOR. Mr. President, as another indication of the opposition to a fixed parity program for agricultural commodities, the Farmers Cooperative Association, Inc., of Frederick, Md., has forwarded to me a resolution adopted by the board of directors of that association favoring a sliding scale of parity payments and registering unalterable opposition to any Government controls of agriculture. I ask unanimous consent that the resolution be appropriately referred and printed in the RECORD.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas the Congress of the United States is considering two major farm plans, i. e., 90 percent or fixed parity and 60 percent to 90 percent or the sliding scale plan; and

Whereas the 90-percent plan has demonstrated a tendency to encourage overproduction; and

Whereas overproduction of farm products under fixed parity will either deplete the Treasury of the United States or be an invitation to socialistic controls of farm prac-

tices, and the beginning of the end to free enterprise: Now, therefore, be it

Resolved by the members of Farmers Cooperative Association, Inc., in annual meeting assembled this 29th day of January 1949, That we recommend the adoption of a sliding scale of parity payments since we are unalterably opposed to any governmental controls of agriculture; and be it further

Resolved, That copies of this resolution be sent to Senators TYDINGS and O'CONOR and Representative BEALL.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. ANDERSON, from the Committee on Agriculture and Forestry:

S. Res. 173. Resolution to investigate means of stimulating surplus agricultural commodity exports; without amendment (Rept. No. 1121); and, under the rule, referred to the Committee on Rules and Administration.

By Mr. YOUNG, from the Committee on Agriculture and Forestry:

S. 2034. A bill to amend the provisions of the Perishable Agricultural Commodities Act, 1930, relating to practices in the marketing of perishable agricultural commodities; without amendment (Rept. No. 1122).

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. CONNALLY, from the Committee on Foreign Relations:

Selden Chapin, of the District of Columbia, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to the Netherlands;

Myron Melvin Cowen, of New York, to be the representative of the United States to the fifth session of the Economic Commission for Asia and the Far East established by the Economic and Social Council of the United Nations March 28, 1947; and

Jacob D. Beam, and sundry other routine appointments in the Diplomatic and Foreign Service.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KNOWLAND (for himself and Mr. DOWNEY):

S. 2633. A bill to give effect to the Convention for the Establishment of an International Commission for the Scientific Investigation of Tuna, signed at Mexico City, January 25, 1949, by the United States of America and the United Mexican States, and the Convention for the Establishment of an Inter-American Tropical Tuna Commission, signed at Washington, May 31, 1949, by the United States of America and the Republic of Costa Rica, and for other purposes; to the Committee on Foreign Relations.

By Mr. THOMAS of Oklahoma:

S. 2634. A bill to provide price support for potatoes and to regulate the marketing thereof;

S. 2635. A bill to amend the Soil Conservation and Domestic Allotment Act, as amended; and

S. 2636. A bill to amend the Soil Conservation and Domestic Allotment Act, as amended, and the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture and Forestry.

By Mr. SALTONSTALL (for himself and Mr. LODGE):

S. 2637. A bill to authorize the attendance of the United States Marine Band at a celebration commemorating the one hundred and seventy-fifth anniversary of the Battle of Lexington, to be held at Lexington, Mass., on April 19, 1950; to the Committee on Armed Services.

Mr. THYE. Mr. President, I introduce for appropriate reference a bill for the relief of William J. Ryan, a disabled honorably discharged soldier.

The VICE PRESIDENT. The bill will be received and appropriately referred.

By Mr. THYE:

S. 2638. A bill for the relief of William J. Ryan; to the Committee on Labor and Public Welfare.

PROPOSED AMENDMENT OF FOOD AND DRUG ACT

Mr. O'CONOR. Mr. President, because of the many inquiries that have been made concerning the proposal which I have offered as a substitute to H. R. 562, the so-called Van Zandt bill, to amend the export requirements of the Federal Food, Drug and Cosmetics Act, a memorandum has been prepared explaining the reasons and the purposes of the amendment.

I ask unanimous consent that it be inserted in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

The substitute to H. R. 562, proposed by Senator O'CONOR, is designed completely to prevent the exportation of foods, drugs, devices, and cosmetics which are injurious to health or falsely labeled, but other detailed regulation of the labeling of exported articles covered by the Food, Drug and Cosmetic Act would be left to the country to which the articles were exported.

Testimony before the House and Senate Commerce Committees on H. R. 562 has made it clear that foreign requirements, foreign customs, and foreign tastes are often entirely different from the requirements, customs and tastes in the United States and that to attempt to impose all of the domestic labeling requirements upon products sold abroad would not only place an unwarranted handicap upon American exporters but would also cause conflict with foreign requirements and customs.

Section 801 (d) of the Food, Drug and Cosmetic Act now provides that a food, drug, device or cosmetic shall not be deemed to be adulterated or misbranded if it (1) complies with the specifications of the foreign purchaser, (2) is not in conflict with the laws of the country to which it is being exported, (3) and is labeled as being for export on the outside of the shipping package.

On the whole this section has worked out well. There have been a few reported instances, however, where articles, principally drug products, have been falsely labeled and shipped to countries which either do not have regulations prohibiting such labeling or do not enforce them. As a result of complaints of such instances, H. R. 562 was introduced to protect foreign consumers of American products.

In their zeal to prevent the sale of falsely labeled goods in foreign countries, however, the proponents of H. R. 562 in its original form and as it passed the House have gone far beyond the correction of such abuses and have placed an impossible burden upon the American manufacturer who exports his goods. Under H. R. 562 as it passed the House, the American exporter must comply with all the detailed labeling requirements for products sold in the United States unless he can prove that his product complies with some different but corresponding requirement in some law in the country to which the product is being exported.

Testimony at the hearings has shown that in most cases it is impossible to determine in advance what the requirements of the foreign law are. In practical effect this means that the American exporter must comply with all of the detailed labeling requirements applicable to products sold domestically, while his foreign competitor needs to comply only with the regulations in the country where the products are sold. As a result the American exporter is placed at a tremendous disadvantage.

In many cases the labeling required by our American law may completely confuse the foreign consumer, and officials in the foreign country may require that the labels complying with American law be stripped from the articles to be replaced with labels meeting the local requirements. The hearings on this bill indicate that a common-sense approach to this problem is needed and that laudable though it may be to attempt to legislate for foreign consumers everywhere, the most that Congress should do on this problem is to prevent the exportation from the United States of foods, drugs, devices, or cosmetics which are injurious to health or falsely labeled.

The O'Conor substitute provides, first, that a food, drug, or cosmetic intended for export shall not be deemed to be adulterated or misbranded if it is labeled on the outside of the shipping package with the name of the foreign consignee or the words "For Export" and if it is prepared and labeled in accordance with official action or local custom and usage in the foreign country to which it is destined. Under this latter provision an exported article could be made and labeled to conform to foreign requirements and tastes or customs without violating the provisions of the Food, Drug and Cosmetic Act. This provision avoids the unrealistic attempt in H. R. 562 as it passed the House to impose American definitions and labeling requirements upon all American-made products sold in foreign markets.

In addition to these two provisions, which apply to all exported foods, drugs, and cosmetics, the O'Conor bill also lays down certain basic requirements which must be met by each type of exported article. In the case of food, the bill provides that exported articles must not be unfit for food or injurious to health. These are matters which can be determined irrespective of foreign tastes and requirements, and although such food products are seldom, if ever, exported, it should be made clear that food products in fact unfit for food or injurious to health cannot be exported.

Food to be exported must also meet the requirements of sections 403 (a) and (d) and section 404 of the act. Section 403 (a) provides that a food shall be deemed to be misbranded if its labeling is false or misleading in any particular. For example, under this provision a food which was labeled as containing 60 units of a certain vitamin when it actually contained only 30 units could not be exported. Exported foods would also have to comply with section 403 (d) which provides that a food shall be deemed to be misbranded if its container is so made, formed or filled as to be misleading. Thus under the bill a food packed in a container with a false bottom could not be exported. Finally, a food product could not be exported which did not comply with section 404 of the act, which authorizes the Administrator to set up an emergency permit control system to check the distribution of contaminated food which may be injurious to health. As far as can be determined, this authority has never been used, but this provision merely complements the requirement in the bill that no food shall be exported which is injurious to health. In summary, the O'Conor bill provides with respect to foods to be exported that the article must meet certain basic requirements of

health and honest labeling and packaging which apply the world over, but the detailed regulations defining foods and required labeling, which vary from country to country, are left to the individual countries in which the articles are sold.

Drugs and devices to be exported must also meet certain basic requirements under the O'Conor bill. Section 501 of the act sets forth the factors which will cause a drug or device to be deemed to be adulterated, and a drug or device to be exported must comply with this section. An exported drug or device must also comply with section 502 (a) which provides that a drug or device shall be deemed to be misbranded if its labeling is false or misleading in any particular. For example, under this provision a product labeled "Russian mineral oil," when in fact the oil was obtained from sources outside Russia, could not be exported. Exported drugs would also have to comply with section 502 (i), which states that a drug shall be deemed to be misbranded if its container is so made, formed or filled as to be misleading or if it is an imitation of another drug or if it is offered for sale under the name of another drug. This provision would prohibit misrepresentation as to the identity of the drug but would not prevent the use of the foreign rather than the American name for the product.

Section 502 (j) of the present act provides that a drug or device shall be deemed to be misbranded "if it is dangerous to health when used in the dosage, or with the frequency or duration prescribed, recommended or suggested in the labeling thereof." Exported drugs and devices under the O'Conor bill would be required to comply with this section. This provision parallels the requirement for food cited above prohibiting the export of food injurious to health.

Under the proposed substitute section 502 (k) and 502 (l) requiring insulin, penicillin, and streptomycin to be certified by the Food and Drug Administration, would also apply to exports of these drugs, as well as sections 506 and 507 describing the certification procedure for drugs containing insulin, penicillin, and streptomycin. The requirement in section 505 that new drugs must be approved by the Food and Drug Administration would also apply to exports under the O'Conor bill.

Cosmetics to be exported would be required to meet substantially the same basic requirements as drugs and devices under the bill. Thus cosmetics would be required to comply with section 601 setting forth the factors which cause a cosmetic to be deemed to be adulterated; section 602 (a) prohibiting labeling which is false or misleading in any particular; and section 602 (d) prohibiting the use of a container for a cosmetic which is so made, formed, or filled as to be misleading.

The O'Conor bill concludes with two provisos. Under the first it is made clear that the bill does not prohibit any article "from complying with any established legal or pharmaceutical requirements or prevailing tolerances in the foreign country to which it is to be exported." Testimony at the hearings on H. R. 562 showed that there are at least 18 different drug formularies in existence at the present time and that legal requirements for foods and drugs vary from country to country. This proviso makes it clear that a product which meets established foreign requirements will not be prohibited from being exported. The second proviso, which is substantially the same as the proviso in the present section 801 (d), makes all the provisions of the present act applicable to any article which is shipped in interstate commerce though originally intended for export.

The O'Conor bill would prevent the exportation of drugs, devices, and cosmetics which do not meet certain basic requirements. As with foods, these exported articles could not be injurious to health and could not be falsely labeled or packed in a deceptive container. But the regulation of the details of labeling would be left to the country where the product is sold—the only authority, after all, which can formulate requirements which will protect its own consumers. Thus such matters as the requirement in our act that the common or usual name be used on a drug, that the label shall bear adequate directions for use, that drugs shall be labeled and packaged as prescribed in a United States pharmacopeia are not made applicable to exports. Clearly, such regulations can only be drafted by the country where the product is sold in the light of the customs and language of the country, the type of medicine practiced, the formularies in use, the education of the overage consumer, etc.

The O'Conor bill protects the integrity of food, drugs, devices and cosmetics exported from the United States by requiring compliance with certain basic requirements of health and honesty, but there is no attempt to usurp the functions of the governments of the countries where the products are consumed by prescribing detailed labeling for such products. This bill will prevent whatever abuses there may be at the present time in the exportation of American foods, drugs, devices, and cosmetics, without crippling the ability of the American manufacturer to compete in foreign markets.

THE GREAT DECEPTION—ADDRESS BY SENATOR CAPEHART

[Mr. CAPEHART asked and obtained leave to have printed in the RECORD a radio address entitled "The Great Deception," delivered by him on October 2, 1949, which appears in the Appendix.]

DR. JEKYLL AND MR. HYDE—EDITORIAL FROM THE WASHINGTON (IND.) HERALD

[Mr. CAPEHART asked and obtained leave to have printed in the RECORD an editorial entitled "Dr. Jekyll and Mr. Hyde," published in the Washington (Ind.) Herald of September 20, 1949, which appears in the Appendix.]

THE REAL STRUGGLE: THE BATTLE OF IDEAS—ADDRESS BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD an address entitled "The Real Struggle: The Battle of Ideas," delivered by him and reprinted in Daughters of the American Revolution magazine for October 1949, which appears in the Appendix.]

THE WELFARE STATE—EDITORIAL BY ALBERT S. GOSS

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an editorial entitled "The Welfare State," written by Albert S. Goss, National Grange master, and published in the National Grange Monthly for September, 1949, which appears in the Appendix.]

NOTICE OF HEARING ON NOMINATION OF WALTER C. LINDLEY TO BE JUDGE, UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Mr. MAGNUSON. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Tuesday, October 11, 1949, at 10:30 a. m., in room 424, Senate Office Building, upon the nomination of Walter C. Lindley, of Illinois, to be judge of the United States Court of Appeals for the Seventh Circuit, vice Sherman Minton, elevated. At the indicated time and place, all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from Washington [Mr. MAGNUSON], chairman, the Senator from North Carolina [Mr. GRAHAM], and the Senator from Indiana [Mr. JENNER].

NOTICE OF HEARING ON NOMINATION OF CASPER PLATT TO BE UNITED STATES DISTRICT JUDGE, EASTERN DISTRICT OF ILLINOIS

Mr. MAGNUSON. Mr. President, on behalf of the Committee on the Judiciary, and in accordance with the rules of the committee, I desire to give notice that a public hearing has been scheduled for Tuesday, October 11, 1949, at 10:30 a. m., in room 424, Senate Office Building, upon the nomination of Casper Platt, of Illinois, to be United States district judge for the eastern district of Illinois, vice Walter C. Lindley, elevated. At the indicated time and place, all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from Washington [Mr. MAGNUSON], the Senator from North Carolina [Mr. GRAHAM], and the Senator from Indiana [Mr. JENNER].

DEATH OF RUSSELL E. WEVER, CUSTODIAN OF THE SENATE OFFICE BUILDING

Mr. CAIN. Mr. President, the Senate lost a good friend and a trusted and highly competent employee last night when Russell E. Wever passed away. He died as he had always lived, quietly and with an abiding confidence and faith in the future.

Known to his wide circle of confidants and acquaintances as Rex, he has been the custodian of the Senate Office Building since 1946. Before that he worked for several years as an assistant to Mr. David Lynn, the Architect of the Capitol. He became Senate Office Building custodian because Mr. Lynn recognized his outstanding capacity and talent for the assignment. It will be a long time before any individual is qualified to render the character of service which was so willingly and graciously provided to all of us and our office staffs by Rex Wever.

Rex Wever was more than merely the custodian for the brick and steel and paraphernalia which comprises the physical characteristics of the Senate Office Building. Rex Wever was a custodian of persons and sought always to care for the needs and wants and pleasures of the many persons whom he served. He liked to do little things which made each day the more pleasant. The warmth of his smile and the utter friendliness of his approach brought keen satisfaction to all those with whom he came in daily contact. If Rex Wever could not fill a request made by any one of us, it was only for the single reason that there was no human way in which to satisfy his constant wish to be of assistance. It can safely and surely be said of Rex Wever, as it can be said of so few, that he loved life and people.

Rex Wever has fully earned a right to the reward he went up above to receive last night. He will be a compliment to those whose company he now keeps.

Though Mrs. Wever's distress and grief will continue to be keen for all time, she can derive a full measure of satisfaction for having been for years the wife of a friendly, talented, and honest man. Our sympathy is extended to Rex Wever's family and our hope, by way of compliment, is that others will aspire, as Rex Wever always did, to give more of themselves than they seek to receive.

ONE HUNDRED AND SEVENTIETH ANNIVERSARY OF DEATH OF GENERAL PULASKI

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement prepared by me in commemoration of the one hundred and seventieth anniversary of the death of the Revolutionary War hero, Brig. Gen. Casimir Pulaski.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. President, one week from today will mark the one hundred and seventieth anniversary of the death of the Revolutionary War hero, Brig. Gen. Casimir Pulaski.

It seems most appropriate that we pay tribute this year to General Pulaski, the man who led in the fighting for the freedom of three countries.

At the age of 20, Pulaski joined his father in an open revolt against the foreign domination of Poland by Stanislaus II.

When Pulaski's forces were crushed in Poland he fled to Turkey in 1772 and urged that nation to fight against Russian domination.

Again he found his cause defeated and the freedom-loving Pulaski found his way to America where he was welcomed into another fight for freedom.

On October 9, 1779, General Pulaski was mortally wounded during the siege of Savannah. Two days later he died.

It is a duty and a privilege to pay our respects to this hero of freedom whose own native land today is under the very domination against which he fought so valiantly.

CHINA—NOTE TO SOVIET GOVERNMENT—YALTA AGREEMENT

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, as a part of my remarks, an editorial entitled "China and Recognition," published in this morning's New York Times.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CHINA AND RECOGNITION

The Chinese Communist proclamation of a government for China and the prompt Soviet recognition of that regime give additional gravity to the Chinese charges against the Soviet Union in the United Nations. The findings of the United Nations Assembly will necessarily have an important bearing on the question of recognition of the new regime, and it is extremely unlikely that precipitate action will be taken by any nations other than the Soviet satellites before those findings are established.

It is the position of the Chinese Communists, and especially of their apologists in the United States, that they represent a genuine, indigenous revolutionary movement. They assert, and the Soviet Union has now officially concurred in the assertion, that they represent the will of the majority of the Chinese people. They declare that they are in control of a large part of the country, are a working government and are entitled, as such, to international recognition. If all of these claims are taken at their face value it will be difficult for the United States and the United Nations to withhold eventual recognition, however reluctant it may be.

It is the position of the Chinese Government, on the other hand, that the Communist revolution is an instrument of the policy of the Soviet Union. It has been formally charged before the United Nations that the Soviet Union has violated its treaty commitments to China and the spirit of the Charter of the United Nations by giving assistance to the Communist aggression. If the United Nations upholds this charge the recognition of the new regime will be placed in an entirely different light.

The moral, if not the legal, position of the United States is still a commitment to the so-called Stimson doctrine, promulgated in 1932, in which it was stated that this country did not propose to recognize political and territorial changes brought about in contravention of the Pact of Paris. That pact pledged the outlawing of war as an instrument of national policy and the doctrine presumably voiced our determination not to recognize the fruits of aggression. The Pact of Paris has been superseded, in effect, by the Charter of the United Nations, which is likewise a renunciation of aggressive policy and a commitment to peaceful means of international settlement.

The Chinese charge, however, involves an alleged violation of the charter by the Soviet Union and will, therefore, impose upon us, if it is sustained, the moral obligation to reaffirm the Stimson principle or satisfactorily to explain why we have departed from it. The decision of the United Nations, therefore, will have a decisive bearing upon the moral position of the United States. If the Assembly does find that the Chinese revolution was, in part, an act of aggression by a foreign power we shall be obliged to decide whether we can give countenance to it by recognition of the Communist regime.

The Chinese Communists, meanwhile, will be obliged to walk a tightrope. They are already required to pose as a completely Chinese movement, standing on its own merits. In so doing they run the risk of incurring the Kremlin's wrath against Titoism, unless it has all been agreed upon beforehand, and they also run into grave contradiction. It was only a few weeks ago that Mao Tze-tung proclaimed his undying gratitude to the glorious Soviet Union without whose aid and support our victory would have been impossible. But now the Soviet Union has to deny having given that aid and support if its newest puppet state is to hope for even a tolerant reception in the family of nations.

Mr. KNOWLAND. Mr. President, I also ask unanimous consent to have printed in the body of the RECORD the text of the note handed by the Chinese Government to the representatives of the Soviet Union, as it appears in the New York Times of October 4, 1949.

There being no objection, the note was ordered to be printed in the RECORD, as follows:

TEXT OF CHINESE NOTE

The text of the Chinese note to the Soviet Union follows:

"Recognition by the Soviet Union of the bogus regime recently set up in Peiping is a natural culmination of a long series of violations of the Sino-Soviet Treaty of Friendship and Alliance of 1945 of the Soviet Union.

"It constitutes further evidence of Soviet infringement of China's political independence and territorial integrity.

"No stronger proof of this can be furnished than China's charge now pending before the General Assembly of the United Nations. There is thus all the more reason for the case to receive full and immediate attention.

"By the treaty of 1945 the Soviet Union solemnly pledged to recognize the National government as the only government of China and engaged to give the National government moral and material support. In recognizing the regime in Peiping now in rebellion against the National government the Soviet Union not only is tearing the 1945 treaty to pieces, she is committing an act contrary to the recognized principles of international law and practice.

"That the regime set up in Peiping is Soviet-sponsored should now be clear to all the world. It is a puppet regime forced upon the people against their free will and its ideology is alien to Chinese civilization and the Chinese pattern of life.

"The Chinese Government in concluding the treaty (of friendship with Russia) in 1945 hoped the foundation of peace and security in the Far East would be laid. For this reason China always observed all her obligations therefrom, in spite of repeated Soviet violations.

"Recognition of the Peiping regime by the Soviet Union, therefore, not only is an act of aggression against China but also a threat to the peace and security of the Far East.

"The Chinese Government, in view of the utter disregard on the part of the Soviet Union of sanctity of treaty obligations, has decided to sever diplomatic relations with the Soviet Union and is taking steps to recall its diplomatic mission and consular posts in the Soviet Union."

Mr. KNOWLAND. I also ask unanimous consent, Mr. President, to have printed in the body of the RECORD the official State Department release dated February 9, 1946, giving the terms of the Yalta agreement.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

Following is the text of the agreement between the President of the United States, Franklin D. Roosevelt, the Prime Minister of Great Britain, Winston Churchill, and Generalissimo Stalin, signed at Yalta on February 11, 1945. For simultaneous release in London, Moscow, and Washington:

"The leaders of the three great powers—the Soviet Union, the United States of America, and Great Britain—have agreed that in 2 or 3 months after Germany has surrendered and the war in Europe has terminated the Soviet Union shall enter into the war against Japan on the side of the Allies on condition that—

"1 The status quo in Outer Mongolia (the Mongolian People's Republic) shall be observed;

"2 The former rights of Russia violated by the treacherous attack of Japan in 1904 shall be restored, viz:

"(a) the southern part of Sakhalin as well as all the islands adjacent to it shall be returned to the Soviet Union,

"(b) the commercial port of Dairen shall be internationalized, the preeminent interests of the Soviet Union in this port being safeguarded and the lease of Port Arthur as a naval base of the U. S. S. R. restored,

"(c) the Chinese-Eastern Railroad and South Manchurian Railroad which provides an outlet to Dairen shall be jointly operated by the establishment of a joint Soviet-Chinese company, it being understood that the preeminent interests of the Soviet Union shall be safeguarded and that China shall retain full sovereignty in Manchuria;

"3. The Kuril Islands shall be handed over to the Soviet Union.

"It is understood that the agreement concerning Outer Mongolia and the ports and railroads referred to above will require concurrence of Generalissimo Chiang Kai-shek. The President will take measures in order to

obtain this concurrence on advice from Marshal Stalin.

"The heads of the three great powers have agreed that these claims of the Soviet Union shall be unquestionably fulfilled after Japan has been defeated.

"For its part the Soviet Union expresses its readiness to conclude with the National Government of China a pact of friendship and alliance between the U. S. S. R. and China in order to render assistance to China with its armed forces for the purpose of liberating China from the Japanese yoke.

"J. STALIN.
"FRANKLIN D. ROOSEVELT.
"WINSTON S. CHURCHILL.

"FEBRUARY 11, 1945."

Mr. KNOWLAND. Mr. President, I merely wish to say in conclusion that it seems to me, in view of the unilateral violation by the Soviet Union of the Yalta agreement, that this is the time for the Government of the United States to denounce the Yalta pact.

STABILIZATION OF PRICES OF AGRICULTURAL COMMODITIES

The Senate resumed the consideration of the bill (S. 2522) to stabilize prices of agricultural commodities.

Mr. MURRAY. Mr. President, on behalf of the junior Senator from Minnesota [Mr. HUMPHREY] I submit an amendment to the pending bill and ask that it be printed and lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

Two amendments were offered yesterday, and went over until today. Does the Senator from New Mexico wish to indicate which one of those amendments he desires to have considered first?

Mr. ANDERSON. Either one of them.

First I should like to clear up one item. The amendment proposed by the distinguished Senator from South Carolina [Mr. MAYBANK] provided for the inclusion of all expenses and costs of the Commodity Credit Corporation, including interest, storage, and so forth. His amendment would work very well for certain commodities, but we find upon checking that it may not work for others. I was wondering if it was the understanding of the sponsor of the amendment that in the conference it might be possible for the conferees to deal with it and try to accomplish what I am sure was his purpose.

Mr. MAYBANK. Mr. President, my purpose in offering the amendment was to have the amendment apply to the major crops, cotton, wheat, corn, rice, tobacco, and peanuts. It was not intended to apply to perishable crops which could not be stored, and could not be easily handled. I trust the Senator from New Mexico feels as I do. I discussed the question with him. As a former Secretary of Agriculture, he knows the hardships which would be inflicted on the taxpayers and the Government if the Commodity Credit Corporation were allowed to sell the major crops at 90 percent of parity and not even collect storage, warehouse, and other charges.

Mr. ANDERSON. I thank the Senator. That is the point I wished to clear up. In my own mind, at least, the amendment was not necessarily designed to apply to perishable commodities.

Mr. MAYBANK. It was not. It was intended to apply to the major crops.

Mr. ANDERSON. Mr. President, I think it will be satisfactory if the Senator from North Dakota [Mr. YOUNG] offers at this time an amendment on behalf of himself and the Senator from Georgia [Mr. RUSSELL].

Mr. YOUNG. Mr. President, on behalf of the Senator from Georgia [Mr. RUSSELL] and myself I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from North Dakota will be stated.

The LEGISLATIVE CLERK. On page 3, beginning with the word "immediately" in line 6, it is proposed to strike out down to and including the word "effect" in line 8.

Mr. YOUNG. Mr. President, this amendment merely provides that 90 percent of parity shall be mandatory when producers are under either acreage control or quotas, and it applies only to the basic farm commodities.

Mr. President, I wish first to review briefly our past price-support programs, which will require only about 5 minutes, and then I shall speak to the amendment which is proposed.

Mr. President, the distinguished Senator from New Mexico [Mr. ANDERSON] and the members of the Senate Committee on Agriculture and Forestry are to be commended for the work and good thinking they have put into the Anderson long-range farm-price-support legislation, now the pending business before the Senate. It represents a long step forward in the field of long-range price-support legislation. While in my opinion it is far from a perfect bill, it is a great improvement over any previous legislation of its kind. I intend to support it unless more amendments are adopted which will tend to decrease the support level rather than increase it. I have particular reference to the amendment which was adopted yesterday, offered by the Senator from Illinois [Mr. LUCAS], which tends to reduce the support levels.

To my knowledge, the first long-range price-support legislation was enacted in 1938. Briefly, this provided for 52 to 75 percent supports for basic commodities—wheat, cotton, tobacco, corn, rice, and peanuts.

Its parity formula used as a base period 1910 to 1914. These particular years were used because it was thought to be a period when there was a favorable balance between the income of farmers, labor, and industry. It sought to help give farmers the same percentage of the national income as they had during that period.

Price supports from 1938 to the enactment of the Steagall amendment were maintained largely by loans to farmers on the basic commodities. A part of the program was very similar to the present proposal of Secretary Brannan, better known as the Brannan plan.

Through this legislation, the Congress authorized the Secretary of Agriculture to pay—through parity payments— the difference between what the farmer actually received for his basic farm commodities in the market place and what was deemed to be parity or a fair price. While Congress made sizable appropriations to make up this difference, it appropriated only enough money to make full compensation to the farmers in one of these years.

The years that this price-support program was in operation were 1938, 1939, 1940, 1941, and 1942. The last year, 1942, was the only year during this period when Congress appropriated enough to make up this difference I have just pointed out; and this was largely because, as a result of the war, prices of farm commodities had risen to such an extent that only a very small appropriation was necessary fully to compensate farmers.

I wish to present a few figures on parity payments made to farmers during this period, and the amount appropriated each year for that purpose. These figures were obtained from Secretary Brannan under his signature, dated August 31, 1949. I ask unanimous consent that the full text of his letter and the tables that accompanied the letter be printed at the end of my remarks as part of the RECORD.

The VICE PRESIDENT. Without objection, the letter and tables will be printed as requested.

(See exhibit 1.)

Mr. YOUNG. While these tables give figures on all the basic farm commodities, for the sake of brevity I shall give only figures on the over-all program—that of appropriations necessary to make the full parity subsidy checks for all the basic farm commodities—rather than figures of the parity payments on individual basic farm commodities.

For the first crop year of this program, 1938, the Congress appropriated $211,742,000. It would have required an appropriation of $666,601,631 to pay the parity which was authorized under the legislation. This left a difference of $454,859,631 which the farmers were entitled to under the parity-payment program which they never received. For the year 1938 Congress actually appropriated only 31.8 percent of the amount needed.

For the crop year 1939, to carry out the parity-payment program to farmers would have required an appropriation of $598,550,956. The Congress appropriated for this purpose only $196,761,000, leaving a balance of $401,789,956 which the farmers were entitled to under this program, but never received. These payments for 1939 represented 32.9 percent of the total amount to which the farmers were entitled under this program.

I am giving these figures to indicate what would happen to the farm program if we again adopted a subsidy-payment program such as is now being proposed under another plan.

Mr. THYE. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. THYE. The Senator refers to what would happen if the type of legislation which is being proposed were adopted. The Senator does not mean the Anderson bill, does he?

Mr. YOUNG. No. I have particular reference to the Brannan plan.

Mr. THYE. The Senator is referring entirely to the Brannan proposal rather than the Anderson bill?

Mr. YOUNG. Yes.

Mr. THYE. I was afraid the Senator's statement might be misunderstood unless that point were clarified. I understood the Senator to mean the Brannan program, but he spoke as though he meant the Anderson bill.

Mr. YOUNG. I am happy to have that point brought to my attention. The Anderson bill seeks to support prices in the market place through an authorization to the Commodity Credit Corporation to borrow $4,750,000,000 from the Treasury, rather than be dependent upon annual appropriations.

For the crop year 1940, the program would have required a total appropriation of $584,042,337, and Congress actually appropriated $196,908,000, leaving a difference which the farmers were supposed to get under this parity-subsidy program of $387,134,337. The payments made represented only 33.7 percent of the total amount authorized.

For the crop year 1941, when prices on basic farm commodities had risen sharply because of the war, it would have required appropriations in the amount of $212,172,317. Congress actually appropriated $201,719,000, leaving a difference of $10,453,137. In percentage figures this was 95.1 percent of the total amount authorized by law for 1941.

For the crop year 1942, Congress appropriated $159,947,000, which was the total amount authorized by law to meet these parity payments.

It is important to note that for the years 1938, 1939, and 1940, when farmers' net income, largely because of poor prices, was very low, Congress made the smallest appropriations to meet its commitments to farmers.

The fact that Congress for most of this period appropriated only approximately 35 percent of the amount necessary to meet these subsidy payments during the operation of this program, has a great amount of significance should a similar program be adopted in the future. We could expect that the Congress in future years would follow much the same course as it did during the operation of this program.

It is worth noting, Mr. President, that in only one of the years I have mentioned did the Bureau of the Budget even ask for an appropriation from Congress to carry out the provisions of that price-support legislation. It is noteworthy, too, that the Appropriations Committee also took a hand in writing legislation on the price-support program, by inserting limiting provisions of all kinds.

The support program under the act of 1938 was temporarily suspended when the so-called Steagall support-price program went into effect. That was during the war, and its purpose was to provide higher supports to encourage increased production, and to protect farmers against undue loss in the reconversion to peacetime production.

Mr. President, the next great step forward in farm-price-support legislation was the enactment of the so-called Aiken-Hope Act. In contrast to the 52 to 75 percent support levels of the 1938 act, the Hope-Aiken Act provided support levels of 60 to 90 percent of parity, using a new, modernized parity formula. While the act of 1948 provided flexible supports from 60 to 90 percent of parity, it extended the price supports to practically all farm crops, within the discretion of the Secretary of Agriculture. While, unfortunately, this program is often called the 60-percent-support program, it actually gave the Secretary authority to support all farm commodities at 90 percent of parity if he deemed it advisable. In this connection, Mr. President, I wish to quote a paragraph from a letter I received from the Under Secretary of Agriculture, A. J. Loveland, dated January 7, 1949:

> With respect to your question as to whether the Secretary of Agriculture may support all farm commodities at 90 percent of parity if he deems it advisable, the answer is "Yes," except when producers have disapproved marketing quotas.

My question was directed to the provisions of the Hope-Aiken Act.

The act of 1948, more commonly known as the Hope-Aiken Act, was approved almost unanimously by the Senate only a little more than a year ago, with only three Senators voting against it. At that time it had the support of all the major farm organizations.

The Anderson bill now before us, Mr. President, again represents considerable improvement, in my opinion, over the act of 1948. While it, too, authorizes the Secretary of Agriculture to support farm commodities up to 90 percent of parity if he deems it advisable, the great difference between the two programs lies in the fact that the Anderson bill makes mandatory higher support levels and leaves less discretion with the Secretary of Agriculture. It provides support levels from 75 to 90 percent of parity, as compared to 60 to 90 percent in the act of 1948. It makes mandatory support levels for milk and butterfat between 75 and 90 percent of parity. Its mandatory price-support provisions, so far as shorn wool and Irish potatoes are concerned, are comparable to those of the act of 1948. It authorizes support levels of 75 to 90 percent of parity for such major nonbasic storable commodities as oats, barley, rye, flax, pork, beef, eggs, and poultry. It is estimated by many authorities that the more rigid supports in the Anderson bill, together with the inclusion of farm-labor costs in its parity formula, represent an increase of nearly 20 percent in support levels over the act of 1948. This is a great step forward, I believe, but still is not all that the farmer is entitled to.

The Anderson bill presently provides support levels at 90 percent of parity for basic farm commodities for only the first year that they are under acreage control of quotas. In my opinion, rigid 90 percent supports should be mandatory at all times when farmers are under either acreage control or quotas.

It is for that reason that the able Senator from Georgia [Mr. RUSSELL] and I have submitted the pending amendment to require these rigid 90-percent supports when a farmer is under either acreage control or quotas.

In justification of this amendment, I wish to point out that in the Anderson bill now before us, 90 percent of parity under its new parity formula on most basic farm commodities gives price-support levels considerably below 90 percent of parity using the old 1910–14 base-period formula, which has been used in all previous agricultural programs in recent years.

For example, 90-percent supports for wheat under the Anderson bill would make the support price $1.71 a bushel, in contrast to $1.94 under our present program, or a reduction of 23 cents a bushel.

The 90-percent support in the Anderson bill on wheat next year is held to $1.84 because of the 5-percent transitional provision in the bill. For example, the 100-percent parity for wheat under the modernized parity would be $1.90, and the 100-percent parity under the present formula would be $2.15. Since $1.90 is more than a 5-percent reduction from $2.15, the transitional parity for wheat under the Anderson bill would be $2.04; and the support price, at 90 percent of parity, would be $1.84, rather than 90 percent of $1.90, or $1.71.

I do not know whether I make myself clear on this point, Mr. President. I know that many farmers are certainly confused about it. Few realize, when considering price supports, that each of the parity formulas in the various programs to which they apply vary in dollar levels. When speaking of price supports, we take whatever percentage of support is provided, and apply it to the parity formula.

This same reduction in support levels in wheat applies to other basic farm commodities, as well, although in a somewhat lower amount. For example, 90 percent support prices under the Gore bill, our present program, for cotton would be 0.2723 cent per pound. Under the Anderson bill it would be 0.2557 cent, or a reduction of about 10 percent. Ninety percent for corn under the present program is $1.41, and under the Anderson bill $1.36.

There is a somewhat similar drop, Mr. President, also in respect to eggs, potatoes, oats, barley, rye, and particularly oranges. In the case of oranges, our present support program would be dropped from $3.29 a box to $2.05 a box. Because of the transitional provision which prevents a drop in parity of more than 5 percent a year, the support level at 90 percent under the Anderson bill for the first year would be $3.13 a box but, eventually, at the end of the transitional period, the support level for oranges would be $2.05 a box.

Barley is another good example of the drastic drop in parity; I am speaking of full parity now, under the Anderson bill. Our present parity formula at 100 percent calls for $1.50 a bushel, in contrast to $1.24 a bushel under the Anderson bill. To be completely fair, I should point out that the Brannan formula would drop full parity for barley even lower, or to $1.20 a bushel.

Presently the wheat farmers are required to reduce their acreage or production of any given commodity, thereby greatly reducing their income. In my opinion they are entitled to 90 percent of parity, especially under the new lowered support level.

Presently the wheat farmer is required to reduce his acreage 17 percent.

If a wheat farmer also raises corn, which is often the case, he will be required to reduce his corn acreage; and, eventually, if surpluses become sizable, as was the case before the war, the same farmer will undoubtedly be required to reduce his acreage of other important crops, such as oats, barley, and rye.

In many States farmers may produce three or four basic commodities, such as cotton, tobacco, wheat, and corn. Such a farmer would be required to reduce his acreage of all the commodities he produces.

Certainly, under such conditions which greatly reduce income, in order to maintain financial solvency, farmers will have to have 90 percent of parity, particularly should the Anderson bill become law, which, as I previously pointed out, considerably reduces the support levels on these major crops in the United States.

Unless the amendment offered by the Senator from Georgia [Mr. RUSSELL] and myself is adopted, the support levels, after the first year of operation will range from 75 to 90 percent of parity. From a practical point of view—that is with respect to the operations of this price-support program—it is my belief that 90-percent supports when under acreage control or quotas are a must.

For example, farmers are presently required to reduce wheat acreage 17 percent. In all probability most wheat farmers will comply with this directive from the Secretary of Agriculture, largely because they will be assured, under the Anderson bill or our present program—which is represented by the Gore bill passed by the House—90 percent supports for next year's crop.

After the first year of operation of the Anderson bill, if it should become law, the farmer even while under acreage control or quotas would receive a support price ranging from 75 to 90 percent of parity. I doubt very much, Mr. President, whether the great majority of the farmers would comply with the directive of the Secretary of Agriculture to reduce the acreage 17 percent if they were only assured a support price of from 75 to 90 percent of parity. In all probability, there would be great numbers of farmers who would stay outside the program and continue to produce at their present rate—or even at a greater rate.

With our dwindling exports of basic commodities, undoubtedly the surpluses will be so high that under the provisions of the pending bill the support levels probably will range little above 80 percent of parity. Eighty percent of parity will not give to the wheat farmer, I am sure, even the cost of production. This support level, which is a great improvement over prewar years, undoubtedly would prevent a farmer from going into bankruptcy for a few years; but it would certainly not allow him to make the profit to which he is entitled.

Thus, if the farm income should be only sufficiently high to take care of part of the cost of operation, the buying power of the farmers, compared to that of the past few years, would be vastly reduced. This great reduction in purchasing power on the part of farmers would go a long way toward leading the Nation into another depression.

I should like to point out that these support levels would provide a market price of approximately only 50 percent of the price the farmers received for wheat, pork, beef, flax, oats, barley, rye, dairy products, and other products during the war, and until a year ago when prices broke sharply.

To those who believe the farmers were receiving exorbitant prices, I wish to point out that the prices would have been far higher had it not been for export controls and other governmental actions. For example, the Argentine was selling wheat at from $5 to $6 a bushel for a long while after the war, while the United States was selling wheat for a little over $3 a bushel. Through export controls, the United States Government effectively held the price of wheat to a little more than $3 a bushel. The same situation affected many other products. Only in the last year has the executive department of our Government lifted export controls on fats, oils, pork, and many other products. By foreclosing the farmer to the European market, the price has been held to much lower levels than the farmers of many other agricultural nations have been able to receive.

There would be at least some small justification for lowered support levels if there were any prospect of a reduction in prices of the industrial goods which a farmer must buy in large quantities.

As we are discussing the problem in the Senate today, large segments of labor are securing increased wages and benefits which are denied to farmers, such as $100 a month pensions upon retirement.

With these increased labor costs to the manufacturers of farm machinery, and the attitude of the great industries of the United States to maintain exorbitantly high prices for their products at a time when they have record net incomes, there is little likelihood that farm machinery or other industrial goods which the farmer has to buy in large quantities will be reduced in price in the immediate foreseeable future.

After all, Mr. President, it seems to make little difference to the consumers whether wheat is selling for $3.50 a bushel, as it once was, or $2, as it is now. I have yet to find a city in the United States where the price of bread has been reduced even one cent a loaf. The same situation applies to almost every other farm commodity.

Mr. RUSSELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HOEY in the chair). Does the Senator from North Dakota yield to the Senator from Georgia?

Mr. YOUNG. I yield.

Mr. RUSSELL. The Senator commented on the fact that industrial wages have increased greatly, much more so than has the parity on farm commodities. He has also commented on the security plans being adopted by various concerns employing thousands of industrial laborers, who also secure high wages. I am sure the Senator, when he is considering the disparity between farmers and other groups, does not overlook the fact that the farmer is also not under the present social-security system of the United States.

Mr. YOUNG. I appreciate that remark, coming, as it does, from one who is, I believe, the best friend the farmers have in Congress. The benefits to labor are coming at a time when farm prices have dropped as much as 50 percent. Still, in the farm program we are proposing to give the farmer less than he has had in the past, though labor has had three rounds of wage increases and is now seeking the fourth.

The hearings presently conducted by the Senator from Iowa [Mr. GILLETTE], chairman of the special committee looking into new uses for agricultural surpluses and other problems in agriculture—a committee of which I am proud to be a member—has effectively demonstrated some very obnoxious and unfortunate business practices. During one of the recent hearings, a large milk distributor from New York City testified he was selling milk at 20 cents a quart. He told the committee that his net profits were $26,000,000 last year or approximately 10 percent, even after certain questionable deductions. One of these which I believe is unreasonable is the $150,000-a-year salary for the head of this company, and the $90,000 and $110,000 salaries of his assistants. Farmers are riding no such gravy train.

There are some who think and believe that the farmers are receiving large subsidies from the Government. As a matter of fact, Mr. President, during all the operations of the price-support program, and up until about 2 years ago, there was a net profit to the Government. It is true there have been some rather heavy commitments under the $4,750,000,000 borrowing authority to support farm prices, but this does not indicate that all, or even any large part of this sum, will result in a net loss.

While I am speaking of subsidies, it appears it is not common knowledge that business and labor are receiving far larger subsidies than the farmer. Business is protected by many tariffs.

The newspaper and magazine industries are subsidized by the Postal Department. They receive rates far below the cost to the Government. This yearly subsidy, I am told, exceeds $200,000,000.

The air lines are subsidized by mail contracts to protect them against loss. The rates of power companies and telephone companies are fixed by the Government to guarantee them against loss. Railroads were subsidized by hundreds of millions of dollars worth of land grants and through other methods.

According to Government figures, during the war business was subsidized to the tune of more than $6,000,000,000 to guarantee them against loss. Contrast this to Government operations in the farm price-support field where there was actually a profit to the Government at the close of the war.

Business in general is subsidized through marine shipping rates, and through Government pay for harbor and river development. Business is further helped through subsidies to mining interests. Mr. President, these are only a part of the subsidies which business receives.

Labor, too—while highly organized and able to secure several rounds of wage increases since the war, and other benefits such as pensions—receives large subsidies from the Government. One example of such subsidy comes under retirement benefits, when half the cost is paid by the employee, and half by the Government.

Mr. President, I was very much dismayed and disappointed to hear three Senators yesterday attack the cost to the Government of the farm price-support program. I particularly regretted to hear such statements coming from farm-State Senators.

It is true there have been some rather bad examples of price-support operations, but this can be largely charged to the Congress itself and to the Department of Agriculture. There has been much bad publicity of the potato-support program. I wish to point out that potato growers themselves asked that the support levels be reduced below 90 percent of parity. As Congress failed to act on their request, the Congress can rightly be charged with a part of the responsibility. I believe the Secretary of Agriculture also acted unwisely in this instance in the price-support program.

I may point out again that the basic farm commodities in the amendment the Senator from Georgia [Mr. RUSSELL] and I are sponsoring providing 90-percent supports will not result in excessive expenditures since the production of these commodities is quite easily controlled by either acreage allotments or quotas.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. MUNDT. In view of the statement of the Senator from North Dakota calling attention to the subsidies enjoyed by various branches of industry, such as air lines and ship lines, I think it should be emphasized in the argument that it is just as easy to justify subsidies for agriculture as it is to justify subsidies for ship lines or air lines, because we have repeatedly heard from the Chiefs of Staff that the great agricultural industry contributed not only to winning the war, but it is one of the great contributing factors to maintaining the peace.

Mr. YOUNG. The Senator is exactly correct. I think that in the event of another war the stock piling of wheat will be just as essential as will be that of any other commodity. I may say that we are presently stock piling castor oil. If there should be another war we would probably need the castor oil.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. AIKEN. I wonder if the Senator will clarify the statement which he made a few moments ago to the effect that if the support prices were dropped to 75 or 80 percent acreage allotments would be affected, and now he says that with the support price at 90 percent it would be a comparatively simple matter to control acreage allotments. I wonder if he means that there is less temptation to exceed acreage allotments at the higher price than at the lower price, or what the point is the Senator wishes to bring out?

Mr. YOUNG. Supposing the Anderson bill did not contain a provision such as I have been discussing. I know that so far as the wheat farmers are concerned, many of the larger producers would stay out of the program. The fact that they are assured of 90 percent support if they come under it, will cause most of them to do so.

Mr. AIKEN. But if they did not comply with acreage allotments they would receive no support whatever.

Mr. YOUNG. That is correct.

Mr. AIKEN. Of course, the purpose of the flexible support level is to avoid controls to the maximum extent possible. We are producing in eastern United States and probably in other sections of the country a great amount of wheat, produced by wheat growers who are tempted by the 90 percent guaranty and who would not be tempted by the 80 percent figure. I was told by one grower who had planted a large acreage that he would not have planted any if there had been a lower support price. What we tried to do was to get the production of each commodity back into the areas in which it can be best produced. In the case of wheat there is no State, probably, which excels the State of North Dakota in ability to produce wheat. During the past 3 or 4 years, as I have driven from Washington to Vermont, I have passed thousands of acres of wheat which is produced wholly in response to the urging of the Government and the incentive price offered. The wheat is grown on land which naturally would not otherwise be raising wheat.

Mr. YOUNG. I should like to point out to the able Senator from Vermont that under the Anderson bill, if we have 80 percent supports at the end of the transitional period, which would be in 2 years, the support price of wheat would range around $1.60 a bushel or less. I do not think the farmers in the East would care to produce wheat for $1.60 a bushel.

Mr. AIKEN. I believe it has been estimated that the support price of wheat for 1950, under title II of the 1948 act, would have to be fixed between 82 and 90 percent of transitional parity. I do not recall what that is. I think it is approximately $1.86 a bushel maximum. I believe the Senator has said it could go down to $1.71. I have the feeling that it will be raised slightly, because I suspect that the yield has been slightly overestimated, and there is likely to be a small reduction. But the Secretary would have that range within which to fix the support price for wheat next year. I am not sure that that would discourage the growing of wheat in the eastern areas, even if it were fixed at the very lowest, 82 or 83 percent. But the Secretary has already declared acreage allotments. We hope he will be able to control production without having to resort to quotas. The goal aimed at in 1948 was to reduce Government controls to a minimum, because some Government controls lead to more Government controls. Government controls over agriculture lead to Government controls over something else. We want to get away, so far as we can, from a Government-controlled economy generally. I do not think wheat will be too badly affected next year. The support which it will receive will not be far from 90 percent, under whatever law has been proposed or whatever law is already on the books.

Mr. YOUNG. In my opinion, having been a farmer all my life, rather than to receive a price below the cost of production, a farmer would gladly accept acreage control.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. MUNDT. I wonder if the significance of the point which the Senator is so effectively making does not lie in the single comment of the Senator from Vermont when he said that in the Eastern States areas now raising wheat may go into raising something else, because they are not normally wheat-raising areas. So we must recognize that the flexible support price works differently in different parts of the country. In the East I think it is entirely conceivable that a low support price would discourage a farmer from raising wheat altogether, but in the great wheat-raising areas in North Dakota, South Dakota, and Montana, where the entire agricultural industry is geared to the capacity to raise wheat, if the price is dropped too low the farmer will have to raise all the wheat he can, while a comparatively low price in the East might discourage farmers from raising wheat.

Mr. YOUNG. I believe that is a very good observation.

Mr. AIKEN. Mr. President, if the Senator will yield, let me say that we are trying to encourage conversion to a greater animal industry in this country. The new parity formula raises the parity price of animal products and lowers the parity price of grains somewhat. Those who defend it feel that the result will be not only better dietary levels, more adequate supplies of meats—I am told that round steak is still priced at 90 cents a pound on the market—but it will provide a market for from 4 to 7 bushels of grain where only 1 bushel could be marketed in the form of cereal. I do not think we should depend indefinitely on the occupied areas using our surplus grains as much as they now use them. It has seemed to me for some time that the greatest potential increase in the market for grain lies in our domestic use. If we can market 4 to 7 bushels instead of one, it would contribute to the broadening of the grain market. That is one of the principal objectives we have all been working for. I think we all agree to that.

In the East we have had a good many acres put into wheat and other grains which probably should have remained in pasture, or even woodland. It seems to me that if this program works out, we will have the wheat growing concentrated in the areas best suited to raising wheat, the growing of apples concentrated in the areas best suited to the growing of apples, and the raising of cotton in areas best suited to the growing of cotton. That necessitates adjustment.

Above all else, let us not look for a check from the Government or a loan from the Government as the first line of attack in the battle for farm prosperity.

Let us regard that as the last resort instead of the first resort and work first of all for a decent price in the market place. If we are unable to get that, then let us use the Government loan, or purchase, as the last line of defense. I agree with the Senator from North Dakota, we have to hold that line.

Let us get away from controls as far as we can. I do not want to see the people of North Dakota have to cut their wheat acreage. The cost per bushel goes up very rapidly as acreage is reduced. The Department of Agriculture, or the BAE, has figures showing the effects of the reduction of crops on what they call a model wheat farm, consisting of about 675 acres, of which about 175 or 180 acres is annually planted to wheat. They found that if the acreage were cut 25 percent, which at that time we feared wheat acreage would have to be cut, the over-all cost of operating the farm would be reduced only 10 percent, due to the high depreciation of the mechanized equipment, with which the Senator from North Dakota is very familiar. We have certain fixed costs on the wheat farm now, and other farms, which cannot be reduced when acreage is reduced.

Mr. YOUNG. I would agree with the Senator that that looks good on paper, but my experience is that it does not work out in practical application.

Mr. AIKEN. The BAE found that on the farm referred to raising the normal acreage of wheat, at $1.55 a bushel, the net return to the farmer was a few hundred dollars more than it would have been raising 75 percent of the normal acreage of wheat at $2 a bushel.

Mr. YOUNG. That would apply if the support level of wheat were above the cost of production, but when the support level is reduced below the cost of production, it does not make any difference whether the farmer produces one bushel or a hundred thousand bushels, he is going to lose money.

Mr. AIKEN. The more we reduce below the cost of production the more the farmer loses, but I am using the figures of the BAE as I think they were developed about last January. I am not sure what the date was.

Mr. MUNDT. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG. I yield to the Senator from South Dakota.

Mr. MUNDT. If I understand the argument of the Senator from Vermont, the figures from the BAE indicate that the reduction in the cost of producing wheat does not correspond to the number of acres which have been cut.

Mr. AIKEN. That is correct.

Mr. MUNDT. That would constitute a rather strong argument in support of the amendment of the Senator from North Dakota and the Senator from Georgia, because if the costs of producing do not fall correspondingly with the reduction in production, it would tend to justify the 90-percent support level when provisions are in operation requiring reduced production.

Mr. AIKEN. The sequel to the story is that the BAE necessitates controls and a continuous cut in the better wheat areas, because the 90 percent continues the production in the marginal-producing areas.

Mr. MUNDT. The amendment provides that the 90-percent floor becomes operative only at such time as there are in operation either controls or quotas.

Mr. RUSSELL. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG. I yield to the Senator from Georgia.

Mr. RUSSELL. The distinguished Senator from South Dakota made one of the points I planned to make when I sought to interrupt the Senator from North Dakota.

The other comment I wish to make is that the Senator from Vermont talks about how distasteful controls are, and how much he dislikes to see controls. I am sure that that feeling is widespread, not only among Members of Congress, but among the farmers themselves. But this amendment is not to take effect until, by the dire force of circumstances, we have been compelled to apply controls. So it has nothing to do with whether we are reluctant to impose controls, because the amendment will not apply unless the controls have actually been imposed.

Mr. AIKEN. Mr. President will the Senator from North Dakota yield so that I may reply to the remarks of the Senator from Georgia?

Mr. YOUNG. I yield.

Mr. AIKEN. The amendment offered by the Senator from North Dakota and the Senator from Georgia would mean permanent 90 percent support of corn, wheat, rice, peanuts, and tobacco. Up until a few months ago it would have meant permanent 90 percent support for cotton also. However, cotton would have acreage allotments wherever quotas are in effect. Tobacco has what amounts to continuing quotas unless voted down by growers.

The reason for my statement is that in the Agricultural Act of 1938 there is a requirement that the Secretary proclaim acreage allotments each year for corn, wheat, rice, and peanuts, and when quotas are in effect acreage allotments would be proclaimed for tobacco and cotton. Therefore the Secretary is required, except in times of national emergency, to proclaim acreage allotments for corn, wheat, rice, and peanuts every year, and for cotton and tobacco when quotas are in effect.

The provisions of the act of 1938 were never repealed. They are on the books today. The Secretary is complying with them, and has already proclaimed acreage allotments for wheat for next year. He will have to do the same for rice, peanuts, and corn. Therefore, under the amendment offered by the Senator from Georgia and the Senator from North Dakota, 90 percent support for those four commodities will be mandatory indefinitely, and not merely for 1 year, or any period of years.

Mr. YOUNG. Mr. President, I am sorry to disagree with my good friend from Vermont, but I do not think that would be the case at all. There may be quotas next year, and the output may be reduced. We may export more, or we may have a poor crop.

Mr. RUSSELL. Mr. President, if the Senator will yield, I do not see that the argument of the Senator from Vermont is applicable at all to the point I made, which was that the amendment would not apply unless there were controls. The Senator has not refuted that statement, I hope.

Mr. AIKEN. No, and I think this is a good time to make the matter plain. If the bill shall be amended as recommended by the Senator from North Dakota and the Senator from Georgia, item 1 on page 3 will read as follows:

> The level of support to cooperators shall be 90 percent of the parity price for a crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect.

Acreage allotments are required to be in effect for four of the basic commodities every year, except that they may be suspended during a period of national emergency. Therefore, the effect of the amendment which is offered will be a permanent 90-percent support for these basic commodities. There is no qualification to that statement. It is correct.

Mr. YOUNG. Mr. President, I should like to point out to the Senator from Vermont that the Secretary of Agriculture may ask for a 25-percent reduction in wheat acreage if he cares to. In my judgment the farmer would rather have that and get the cost of production.

Mr. AIKEN. That is not the point. Even if there is not a normal supply, the Secretary is required to proclaim each year acreage allotments as to the four basic commodities I have named.

Mr. MUNDT. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG. I yield.

Mr. MUNDT. The curtailment of the production the Senator envisages occurs each year, depending on the unpredictability of the weather and Mother Nature. But we may have the Secretary asking for a stimulus of production rather than a curtailment.

Mr. AIKEN. Mr. President, will the Senator from North Dakota yield?

Mr. YOUNG. I yield.

Mr. AIKEN. When the supply begins to get lower, 90 percent supports are automatically in effect, and if the supply gets so low as to jeopardize our national security, the Secretary can fix the support at such level above 90 percent as he deems necessary to assure adequate crops. The point I am trying to make is that acreage allotments have to be in effect for four basic commodities every year, regardless of supply, unless suspended by reason of national emergency. Those provisions of the law have been suspended during the war years. This year they are in effect again, and I am sure the Secretary of Agriculture will be glad to tell Senators that he was simply complying with the law when he proclaimed acreage allotments for wheat. It is hoped that acreage allotments will control the wheat surplus. If they do not, the Secretary will have to ask the farmers to vote on quotas.

Mr. YOUNG. Mr. President, I should like to point out with reference to the remarks made by the able Senator from

South Dakota [Mr. MUNDT], what nature does in the way of surpluses; that she did a pretty good job in taking care of my surplus this year. I received just enough to pay my insurance and the taxes on my farm buildings.

Mr. President, the farmer is caught between highly organized labor on the one hand, which does a pretty good job of getting the things it wants, and on the other side by large business monopolies which are reaping tremendous profits at the expense of the farmer and the consumer.

In steel and other industries, there is little competition left, since almost every segment of the steel industry raises its prices straight across the board at the same time.

A fair income to the farmer, which this 90 percent mandatory provision would provide, would go a long way toward stabilizing the economy of this Nation. Certainly we have not forgotten the lessons of the late twenties and early thirties, when the bankruptcy of the farming industry caused a Nation-wide depression.

Farmers are looking for friends to help give them a little security in this economy where free enterprise has practically disappeared—except in his business. In my opinion, farmers are the most independent thinkers in the entire Nation. For the past several years they have sat as referees, so to speak, in the great fight between labor and industry. They have tried to be fair. Sometimes they have voted for Presidents favorable to labor, and at other times for Presidents favorable to industry. What farmers do in the future will determine largely the type of government we will have.

In my opinion, farmers in the Midwest voted in the last election for a Democratic President largely because of the constant attacks made by spokesmen for industrial interests upon the farm price-support programs and other programs which the farmers deemed highly essential to their future security.

While I have been a farmer all my life until I came to the United States Senate, the farmers in my State probably no longer would classify me as an actual farmer. Many of them, I am sure, now rightfully call me a "sidewalk farmer."

Because my entire life was spent on a farm, and because I have experienced years of poverty and adversity, I believe that my thinking and sympathy are still with the farmers; and to a considerable extent I believe I can speak for them.

I have probably ridden tractors more hours than any other member of the Senate. Although there are some Members of the Senate who were formerly in the dairy business, I believe I have had more cows' tails wrapped around my ears in fly time than any other Senator.

I am sure that I have custom threshed more hours than all the rest of the Members put together, and during the years of custom threshing no doubt spike-pitched more hours than any other Senator. I doubt if more than a dozen Members of the Senate even know what spike-pitching means.

Unless the farmer is given assurance of at least the cost of production under the provisions of this bill, the farmer will not only lack the opportunity which he deserves to sell at a fair price his farm commodities, which, after all, represent the fruits of his labor, but, in my opinion, we shall be headed for another depression.

As I view the farm vote in the last election, I am certain that there was no mandate to reduce price-support levels. On the contrary, the mandate was to increase these levels of support.

My observations at the Republican farm conference held recently in Sioux City, Iowa, were that the farmers there, while willing to accept some flexibility in a farm price-support program, were not thinking of lower support levels, and particularly when under either acreage control or quotas.

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point as a part of my remarks a table prepared by the Department of Agriculture giving price-support levels under the various proposals now before Congress.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Specified commodities: Estimated maximum support levels for 1950 based on parity index for July 15, 1949, and estimated average prices received by farmers, 1940–49

Commodity	Unit	90 percent present parity (Gore bill)	90 percent title II 1948 act (Aiken Act)		90 percent title II 1948 act including wage rates [1] (Anderson plan)		Income support standard (Brannan plan)
			Including transitional [2]	Excluding transitional [3]	Including transitional [2]	Excluding transitional [3]	
		(1)	(2)	(3)	(4)	(5)	(6)
Basic commodities:		*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*
Wheat	Bushels	1.94	1.84	1.62	1.84	1.71	1.86
Corn	do	1.41	1.34	1.29	1.36		1.45
Cotton	Pounds	.2723	.2587	.2418	.2587	.2557	.2776
Rice	Bushels	1.78	1.96		2.07		2.24
Peanuts	Pounds	.105	.100	.081	.100	.085	.0937
Tobacco:							
Flue-cured	do	.422	.428		.453		.487
Burley	do	.410	.435		.460		.490
Nonbasic commodities:							
Butterfat	do	.578	.586		.657		.663
Milk, wholesale	Hundredweight	3.51	3.69		4.09		4.19
Hogs	do	15.90	16.60		17.50		18.80
Eggs	Dozens	.472	.448	.400	.448	.423	.454
Chickens	Pounds	.250	.257		.272		.288
Flaxseed	Bushels	3.71	3.78		3.99		4.27
Soybeans	do	2.11	2.24		2.37		2.52
Beans, dry edible	Hundredweight	7.40	7.44		7.87		8.38
Potatoes	Bushels	1.61	1.53	1.40	1.53	1.47	1.57
Beef cattle	Hundredweight	11.90	14.70		15.60		16.70
Lambs	do	12.90	15.80		17.00		18.20
Oats	Bushels	.877	.833	.731	.833	.773	.818
Barley	do	1.36	1.29	1.08	1.29	1.14	1.21
Apples	do	2.11	2.31		2.44		2.59
Wool	Pounds	.402	.446		.471		.492
Oranges	Boxes	3.29	3.13	1.94	3.13	2.05	2.06

[1] Adjusted base prices for beef cattle, lambs, milk, and butterfat include wartime subsidy payments. Farm wage rates combined with the present parity index. Farm wage rates are weighted 7.8 percent and the present parity index is weighted 92.2 percent.

[2] Transitional parity prices for 1950 are 95 percent of parity prices according to the present formula. Transitional parity prices would apply for wheat, corn, cotton, peanuts, eggs, potatoes, oats, barley, and oranges in column 2. For all these commodities except corn transitional parity prices also apply in column 5.

[3] Prices appear in these columns only for those commodities for which the transitional parity price is higher than the parity price according to the new formula. The transitional parity prices appear in columns 2 and 4. Prices in columns 3 and 5 are parity prices according to the new formulas disregarding the transitional feature.

Mr. YOUNG. Also, Mr. President I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a news story I have prepared which gives a detailed analysis of the various price-support programs now being proposed—the Gore bill, Brannan plan, Aiken Act of 1948, and the Anderson bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Farm-price-support legislation is probably among the most complicated and difficult pieces of legislation for lawmakers as well as the general public to understand. As a result, most farmers who request 90- or 100-percent supports rarely indicate under which program they desire this support level. Since all of the four price-support plans use a different parity formula, it is obvious that 100-percent-support levels under one formula mean wholly different support prices than under another formula.

For example, under the Brannan plan, 100-percent supports for wheat are 10 cents a bushel lower as of September 1, 1949, than our present 90-percent-support program. To help give a better understanding of price-support levels, I am presenting a brief analysis of the four different plans and the support levels they seek to provide.

To determine what support price would be attainable, it is necessary to apply the percentage support under the provisions outlined below to the parity price formula to which it is applicable. It is important, too, in calculating supports, to remember that both the Anderson plan and the Aiken Act have a transitional parity-price provision which prevents a drop in the parity price of not more than 5 percent a year in changing from the present formula.

For example, the parity price for wheat under the modernized parity formula would be $1.90 and the parity price under the present formula of the AAA Act of 1938 would be $2.15. Since $1.90 is more than a 5-percent reduction from $2.15, the transitional parity price for wheat under the Anderson bill would be $2.04 and the support price—at 90 percent of parity—would be $1.84 rather than 90 percent of $1.90, or $1.71.

With the wide flexibility of provisions in all the price-support programs, it is obvious

that the level of support, with the exception of a few basic commodities, is determined largely by the attitude of the Secretary of Agriculture and the amount of money made available by Congress for this purpose.

Important, too, is the degree of efficiency in which he operates the price-support program; how much advantage he takes of ECA and other appropriations to expand exports; his alertness in finding foreign markets for surpluses; the use he may make of legislation to prohibit excessive imports of farm commodities when they are interfering with the price-support program; and the amount which tariffs are lowered to permit a flood of cheaply produced foreign agriculture commodities.

The following analysis was prepared with the assistance of a staff Member of the Senate Agriculture Committee, and the legislative counsel of the United States Senate:

"ANDERSON BILL

"(Permanent legislation)

"(See Anderson parity formula)

"The Anderson bill provides:

"1. Mandatory price supports for the basic commodities, wheat, corn, cotton, tobacco, rice and peanuts, for the first year when under either acreage allotments or marketing quotas at 90 percent of parity, and in all other years between 90 and 75 percent, the minimum varying within such limits as the supply varies from 102 (108 in the case of peanuts and cotton) to 130 percent of normal supply. The Secretary of Agriculture would have authority to set the support at 90 percent or at any level down to the minimum in the case of any basic of nonbasic commodity.

"2. Mandatory price supports for shorn wool and Irish potatoes between 60 and 90 percent of parity. In the case of wool other provisions would assure certain 90 percent supports for several years.

"3. Mandatory price supports for whole milk and butterfat between 75 and 90 percent of parity.

"4. Oats, barley, rye, flax and other storable nonbasics to be supported at between 75 and 90 percent of parity, and support is mandatory at such levels whenever production controls are in effect.

"5. Pork, beef, eggs, and poultry to be supported at between 75 and 90 percent of parity.

"GORE BILL

"(1-year extension of present program only)

"(Use Gore parity formula)

"The Gore bill provides:

"1. Mandatory price supports for the basic commodities, wheat, corn, cotton, tobacco, rice, and peanuts, at 90 percent of parity for the 1950 crop.

"2. Mandatory price supports for milk and its products, hogs, chickens, and eggs at 90 percent of parity during 1950.

"3. Mandatory price supports during 1950 for turkeys, Irish potatoes, flaxseed, soybeans and other Steagall commodities at not less than 60 percent of parity and not more than the level at which the commodity was supported in 1948.

"4. All other commodities to be supported between 0 and 90 percent of parity at the discretion of the Secretary.

"AIKEN ACT

"(Permanent legislation)

"(Use Aiken parity formula)

"The Aiken Act provides:

"1. Mandatory price supports for the basic commodities, wheat, corn, cotton, tobacco, rice, and peanuts, between 90 and 60 percent of parity, the minimum varying within such limits as the supply varies from 70 to 130 percent of normal supply. Whenever acreage allotments or marketing quotas are in effect, the support level would be increased 20 percent, which would make the minimum level no lower than 72 percent in actual operation. The Secretary has ruled that if he deems it advisable, he can set the level of support at 90 percent in any year, but in no event can the level be set at less than the minimum provided.

"2. Mandatory price supports for shorn wool and Irish potatoes between 60 and 90 percent of parity. Other conditions of support same as Anderson bill.

"3. All other nonbasics including rye, barley, oats, flax, eggs, poultry, dairy products, beef, and pork to be supported between 0 and 90 percent of parity, at the discretion of the Secretary.

"4. Allows perishable farm commodities to be supported by subsidy payment to farmers but limited by the funds it may use for that purpose.

"BRANNAN PLAN

"(Permanent program)

"(Use Brannan parity formula)

"The Brannan plan provides:

"1. Mandatory price supports for the basic commodities, wheat, corn, cotton, tobacco, whole milk, eggs, chickens, hogs, beef cattle, and lambs, at 100 percent of parity (or the income-support standard). The support price of whole milk, eggs, chickens, hogs, beef cattle, and lambs may be reduced by not more than 15 percent at the discretion of the Secretary to maintain proper feed ratios.

"2. All other agricultural commodities can be supported from 0 to 100 percent of parity at the discretion of the Secretary.

"In addition, the Brannan plan limits price supports to individual farms to 1,800 units or approximately $20,000. Any production above that limit would be ineligible for support.

"3. Allows unlimited practice of supporting perishables by subsidy payment. Secretary Brannan's many statements to the Senate Agriculture Committee and public statements make plain his purpose to allow prices of perishable commodities to drop to any level the supply-and-demand market would provide and make up the difference to the farmers by a subsidy check which would be subject to yearly appropriations by Congress. The major perishables coming under this program would be pork, beef, dairy products, poultry, potatoes, vegetables, and fruits."

The following table was prepared by the United States Department of Agriculture:

Estimates of 100-percent parity for selected commodities under various alternative plans [1]

Commodity	Unit	100 percent parity under—			
		Aiken (title II), Public Law 897	Anderson plan, S. 2622 [2]	Brannan plan support standard	Gore bill, H. R. 5345
(1)	(2)	(3)	(4)	(5)	(6)
Wheat	Bushel	[3] $1.80	[3] $1.90	$1.84	$2.15
Corn	do	[4] 1.40	1.49	1.44	1.56
Butterfat	Pound	.642	.716	.658	.639
Milk	Hundredweight	4.06	4.48	4.16	3.80
Hogs	do	18.10	19.20	18.60	17.70
Eggs	Dozen	[5] .439	[5] .465	.450	.522
Chickens	Pound	.278	.295	.285	.277
Flaxseed	Bushel	4.13	4.37	4.23	4.11
Potatoes	do	[6] 1.55	1.64	1.57	1.78
Beef cattle	Hundredweight	16.20	17.30	16.60	13.20
Lambs	do	17.60	18.90	18.10	14.30
Oats	Bushel	[7] .792	[7] .838	.812	.970
Barley	do	[8] 1.17	[8] 1.24	1.20	1.50
Wool	Pound	.479	.507	.491	.445

[1] Based upon index of prices paid, including interest and taxes, as of Sept. 1, 1949, and estimate of 1940–49 average prices received by farmers, where appropriate.
[2] Based upon index of prices paid, including interest, taxes, and hired farm wage rates, as of Sept. 1, 1949, and estimate of 1940–49 average prices received by farmers, where appropriate.
[3] Transitional parity price of $2.04 (95 percent of $2.15) would apply.
[4] Transitional parity price of $1.48 (95 percent of $1.56) would apply.
[5] Transitional parity price of $0.496 (95 percent of $0.522) would apply.
[6] Transitional parity price of $1.69 (95 percent of $1.78) would apply.
[7] Transitional parity price of $0.922 (95 percent of $0.970) would apply.
[8] Transitional parity price of $1.42 (95 percent of $1.50) would apply.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. AIKEN. May I ask the Senator which table he expects to place in the RECORD? There were two tables issued by the Department of Agriculture, one showing the best deal possible for the farmers under all these plans, including the 1948 act and the Anderson plan, and the other table showing the worst possible deal the farmers could receive under the Anderson bill and the Agricultural Act of 1948. I am wondering which table the Senator is placing in the RECORD.

Mr. YOUNG. I am pleased to inform the Senator from Vermont that I am inserting in the RECORD the table which Secretary Brannan presented to the Committee on Agriculture and Forestry, showing 90-percent support under all four programs; also a table which I have recently received from the Department of Agriculture showing 100-percent parity under all four proposals.

Mr. AIKEN. I thank the Senator for the information. Having seen so many different tables come from the Department of Agriculture, I wanted to make sure which one was going in the RECORD.

Mr. GILLETTE. Mr. President, will the Senator yield to me for a very brief statement?

Mr. YOUNG. I yield.

Mr. GILLETTE. In the early part of the Senator's remarks he alluded to some work which was being done by a subcommittee in connection with the investigation of the cost of the spread, which the general public to a large extent was ascribing to the farmers because of this subsidy program. The Senator also alluded to the fact that the testimony before the committee, of which he is an honored member, showed that one company, a milk company, had earned 10 percent in the previous year, after deduction of salaries running from $90,000 to $150,000 for some of its top officers.

Mr. YOUNG. Those were net profits.

Mr. GILLETTE. I wonder if the Senator would allow me at this point to refer to some supplementary figures which

were received by me this morning for the purpose of inclusion in the record of our hearings.

Mr. YOUNG. I should appreciate it very much if the able Senator from Iowa would insert them in the RECORD.

Mr. GILLETTE. This material came from the Beatrice Food Co., of Chicago. In a report which was made to the subcommittee that company reported an increase, after all the expenses to which reference has been made, from $3,838,000 plus, according to its financial statement for 1945, to $5,902,000 for 1949, or almost 60 percent. As the Senator will recall, the subcommittee asked the witnesses to detail the increase, and this report came to me in the mail this morning for inclusion in the hearings.

Office salaries were increased between 1945 and 1949 from $2,281,000 plus to $3,445,000-plus, or an increase of more than $1,000,000. In addition, salaries of officers and directors were increased from $264,720 to $365,178, or an increase of more than a third in 4 years in office salaries, and also salaries of the directors. This, of course, explains why there was a 60-percent increase in the administrative expenses of this one company, which is reflected in the cost to the consumer, and which, in the consumer's mind, is largely attributable to the so-called excessive subsidies to the farmer.

I thank the Senator for giving me this opportunity.

Mr. YOUNG. I appreciate having the able Senator from Iowa make these remarks, because I believe they are very appropriate in connection with the legislation which we are considering. It is of utmost concern, not only to consumers, but to the farmers as well, to note the great spread between what the producer receives and what the consumer has to pay. I am happy that the distinguished Senator from Iowa has decided to continue the hearings next January, when we hope to do a very thorough job of going into the matter of exorbitant profits on foods, to the misery of the poor people and the disadvantage of the farmer.

Mr. THYE. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. THYE. The company which the able Senator from Iowa mentioned is a fluid milk marketing company, is it not?

Mr. GILLETTE. If the Senator from North Dakota will yield to me, I will say that it is not solely that. Its activities cover fluid milk marketing, and also the marketing of cheese, butter, and soybean processed articles, as well as various other commodities.

Mr. THYE. But the major operations are in fluid milk marketing. The surpluses coming from the producers during the flush period of the year are diverted into manufactured products. The cheese and soybean products are a sort of side line. I think the major operation is in fluid milk.

The reason I make mention of this is so that we may not becloud the fact that the dairy producer who is dependent upon the manufacture and sale of his product in the form of butter and powdered milk receives no such profits as are indicated in the great fluid milk centers. The butter producer is absolutely confronted with a depressed market. So is the powdered milk producer. However, the producer who is fortunate enough to be in an area near a large metropolitan center such as Washington or Boston, or other such centers up and down the seaboard or in the Midwest, is the one who has been receiving what might be called inflated dairy prices. Those prices are not received by the producer who is dependent upon the sale of butter as the outlet for his milk production.

So I wish to be certain that it is made plain in the RECORD that although the enormously high prices paid in metropolitan centers are reflected in the prices paid to what may be called milk distributors or companies engaged in milk distribution, that does not necessarily mean that the producers of milk for butter sales and powdered milk sales are the ones who are enjoying such high prices. In the last year the Midwest has been suffering depressed powdered milk prices and depressed butter prices; but the price of the quart of milk which is offered in the big metropolitan fluid milk market looks exceptionally high to the man who is selling his dairy products to the manufacturer of butter and powdered milk.

Mr. GILLETTE. Mr. President, will the Senator from North Dakota permit me to impose a little further on his time, so that I may make a further comment?

Mr. YOUNG. Certainly.

Mr. GILLETTE. Of course, there is some merit in what the distinguished Senator from Minnesota has said. My only purpose in alluding to the figures which were submitted to me this morning was to show their interpretation of the increased costs of administration, which the witnesses had testified to before the committee, and about which we asked them to detail. In fairness to the Beatrice Foods Co. I may say to the Senate that, as the Senator well knows, the figures which have been presented were the ones which came this morning; but at our previous hearing we heard the representatives of the National Dairy Co., of the Borden Co. and of the Beatrice Co., who testified regarding a somewhat similar situation. I did not want any deduction drawn that this company alone is the one that is responsible. All the companies whose representatives have appeared before us have shown a similar situation, and their situation is one which in my opinion does not at all justify the current belief in regard to margin of profit which the public ascribes to the subsidy paid to the farmers.

Mr. YOUNG. I thank the Senator.

Mr. President, I yield the floor.

EXHIBIT 1

DEPARTMENT OF AGRICULTURE,
Washington, August 31, 1949.

Hon. MILTON R. YOUNG,
United States Senate.

DEAR SENATOR YOUNG: This is in further reply to your letter of August 3, requesting detailed information on parity payments made under section 303, title III, of the Agricultural Adjustment Act of 1938. I am enclosing the series of tables which you requested. The tables have been prepared covering the programs which applied to the 1938–42 crops of the basic commodities.

You will note that item 9 in your letter has been subdivided in the tables to indicate the additional amount that would have been necessary to bring the returns to cooperators up to the full parity prices as well as the total amount that would have been necessary to cover the full difference between the price received plus other payments and the parity prices.

These tables were prepared from the dockets which authorized the parity payment programs and utilize the information on prices received, parity prices, payments, etc. that was available at the time the dockets were prepared. There have been revisions in some of the data but for your request it seemed desirable to use the same data that were actually used in the original determination.

The total amounts indicated are mainly the amounts that would have been necessary to bring returns to cooperators up to full parity prices. For the 1941 and subsequent fiscal years the appropriation act provided that parity payments could be made to producers who exceeded their allotments but that the rate of payment should be reduced by 10 percent for each 1 percent or fraction thereof by which the acreage planted to the commodity is in excess of such allotment. Payments to noncooperators were undoubtedly relatively small, however. The amounts necessary to bring returns on the total production of all producers up to full parity would have been somewhat larger.

For your information, the appropriation acts contained special directions regarding these payments. The appropriation acts for the 1939 and 1940 fiscal years provided that the rate of payment should not exceed the amount by which the average price received was less than the 75 percent of the parity price. Neither for these 2 years nor for fiscal year 1941 did the acts provide for taking payments under the Soil Conservation and Domestic Allotment Acts into account in the determination of the rate of parity payments.

For fiscal 1942 the parity payment could not exceed the amount by which the sum of the basic-loan rate or the average farm price, whichever was higher, plus the agricultural-conservation program payment, was less than the parity price.

For fiscal 1943, the unobligated balances from the 1941 and 1942 fiscal years were reappropriated. In addition, the Secretary was authorized to make such additional commitments as were necessary to provide for full parity payments for the crop year 1942. The 1944 fiscal year appropriation act contained an item of $170,281,000 to carry out the commitment made under the 1943 act.

The parity payment budget requests and the actual appropriations for the fiscal years were as follows:

Parity payments—budget estimates and amounts appropriated

	Budget estimates	Appropriation
Fiscal year—		
1939		$212,000,000
1940		225,000,000
1941		212,000,000
1942	$49,866,160	212,000,000
1943		(1)
1944	193,623,000	170,281,000

[1] Unobligated balance estimated at $5,652,901 reappropriated for 1943.

Very truly yours,

CHARLES F. BRANNAN,
Secretary.

Specified commodities: Data on parity payments under sec. 303, title III, of the Agricultural Adjustment Act of 1938

1938 CROPS

Item	Wheat, per bushel (1)	Corn, per bushel (2)	Cotton, per pound (3)	Rice, per hundredweight (4)	Tobacco: Flue-cured (11–14), per pound (5)	Tobacco: Fire-cured (21–24, 35–37), per pound (6)	Tobacco: Cigar (41), per pound (7)	Tobacco: Other cigar (42–44, 46, 51–55), per pound (8)	Total, all items (9)
(1) Season average price received by farmers	$0.534	[1] $0.473	$0.086	$1.340	$0.224	$0.085	$0.150	$0.112	
(2) Payments other than parity	.120	.100	.024	.125	.010	.005	.010	.010	
(3) Sum of (1) and (2)	.654	.573	.110	1.465	.234	.090	.160	.122	
(4) Parity price	1.122	[2] .722	.157	2.289	.182	.098	.106	.141	
(5) Difference between parity price and price received plus "other payments" (4) minus (3)	.468	.149	.047	.824		.008		.019	
(6) Parity payment	.110	.060	.016	.120					
(7) Difference between parity payment and amount which would have been required to equal difference between parity price and price received plus "other payments" (5) minus (6)	.358	.089	.031	.704					
(8) Total sum of parity payments [2]	53,614,000	60,131,000	96,195,000	1,802,000					$211,742,000
(9) Sum which would have been required to equal the difference between parity price and price received plus "other payments": (a) Additional amount	199,380,940	85,787,324	159,834,032	9,857,335					454,859,631
(b) Total (8) plus (9a)	252,994,940	145,918,324	256,029,032	11,659,335					666,601,631
(10) Sum of parity payments as a percent of total required to equal the difference between parity price and price received plus "other payments" (a) (8) divided by 9 (a)	21.2	41.2	37.6	15.5					31.8

[1] Price in North Central States.

[2] Based on 1938 crop but paid in 1939 fiscal or program year.

1939 CROPS

(1) Season average price received by farmers	$0.676	[3] $0.523	$0.0890	$1.718	$0.151	$0.0900	$0.120	$0.156	
(2) Payments other than parity	.170	.090	.0180	.090	.008	.0126	.010	.010	
(3) Sum of (1) and (2)	.846	.613	.1070	1.808	.159	.1026	.130	.166	
(4) Parity price	1.132	[4] .730	.1587	2.313	.182	.098	.107	.142	
(5) Difference between parity price and price received + "other payments" (4) − (3)	.286	.117	.0517	.505					
(6) Parity payment	.100	.050	.0155	.093					
(7) Difference between parity payment and amount which would have been required to equal difference between parity price and price received + "other payments" (5) − (6)	.186	.067	.0362	.412					
(8) Total sum of parity payments [3]	55,884,000	43,826,000	95,752,000	1,299,000					$196,761,000
(9) Total sum which would have been required to equal the difference between parity price and price received + "other payments": (a) Additional amount	106,048,272	65,210,327	224,115,105	6,416,252					401,789,956
(b) Total (8) + (9a)	161,932,272	109,036,327	319,867,105	7,715,252					598,550,956
(10) Sum of parity payments as a percent of total required to equal the difference between parity price and price received + "other payments" (a) (8) divided by (9a)	34.5	40.2	29.9	16.8					32.9

[3] Commercial.

[4] Based on 1939 crop but paid in 1940 fiscal or program year.

1940 CROPS

(1) Season average price received by farmers	$0.667	[5] $0.610	$0.0938	$1.7380	$0.161	$0.0930	$0.1250	[6] $0.132	
(2) Payments other than parity	.081	.090	.0144	.0585	.009	.0108	.0084	.009	
(3) Sum of (1) and (2)	.748	.700	.1082	1.7965	.170	.1038	.1304	.141	
(4) Parity price	1.132	[7] .730	.1587	2.313	.185	.1050	.1090	.142	
(5) Difference between parity price and price received plus "other payments" (4) minus (3)	.384	.030	.0505	.5165	.015	.0012		.001	
(6) Parity payment	.100	.050	.0138	.2000	.006	.0020		.007	
(7) Difference between parity payment and amount which would have been required to equal difference between parity price and price received plus "other payments" (5) minus (6)	.284	−.020	.0367	.3165	.009	−.0008		−.006	[8]
(8) Total sum of parity payments [6]	58,226,000	43,915,000	87,706,000	2,481,000	1,832,000	595,400		2,152,600	$196,908,000
(9) Total sum which would have been required to equal the difference between parity price and price received plus "other payments": (a) Additional amount	162,433,800	−18,896,926	234,478,153	3,948,340	5,703,736	−47,981		−484,785	387,134,337
(b) Total (8) plus (9a)	220,659,800	25,018,074	322,184,153	6,429,340	7,535,736	547,419		1,667,815	584,042,337
(10) Sum of parity payments as a percent of total required to equal the difference between parity price and price received plus "other payments" (a) (8) divided by (9a)	26.4	175.5	27.2	38.6	24.3	108.8		129.1	33.7

[5] Commercial.

[6] Based on 1940 crops but paid in 1941 fiscal or program year.

Specified commodities: Data on parity payments under sec. 303, title III, of the Agricultural Adjustment Act of 1938—Continued

1941 CROPS

Item	Wheat, per bushel (1)	Corn, per bushel (2)	Cotton, per pound (3)	Rice, per hundredweight (4)	Tobacco: Flue-cured (11–14), per pound (5)	Tobacco: Fire-cured (21–24, 35–37), per pound (6)	Tobacco: Cigar (41), per pound (7)	Tobacco: Other cigar (42–44, 46, 51–55), per pound (8)	Total, all items (9)
(1) Season average price received by farmers	[1] $0.980	[1] $0.753	$0.1680	$2.980	$0.281	$0.140	$0.132	[7] $0.155	
(2) Payments other than parity	.099	.055	.0120	.024	.005	.013	.004	[7] .006	
(3) Sum of (1) and (2)	1.079	.808	.1800	3.004	.286	.153	.136	[7] .161	
(4) Parity price	1.221	.925	.1756	2.591	.250	.125	.130	[7] .168	
(5) Difference between parity price and price received plus "other payments" (4)−(3)	.142	.117	−.0044	−1.413	−.036	−.028	−.006	[7] .007	
(6) Parity payments	.135	.111						[7] .007	
(7) Difference between parity payment and amount which would have been required to equal difference between parity price and price received plus "other payments" (5) minus (6)	.007	.006						[7] .000	
(8) Total sum of parity payments [6]	79,741,000	121,385,000						[7] 593,000	$201,719,000
(9) Total sum which would have been required to equal the difference between parity price and price received plus "other payments:" (a) Additional amount	4,091,318	6,361,819							10,453,137
(b) Total (8) plus (9a)	83,832,318	127,746,819						[7] 593,000	212,172,317
(10) Sum of parity payments as a percent of total required to equal the difference between parity price and price received plus "other payments" (a) (8) divided by (9a)	95.1	95.0							95.1

[1] Commercial. [2] Loan rate. [6] Based on 1941 crops but paid in 1942 fiscal or program year. [7] Excluding type 46.

1942 CROPS

(1) Season average price received by farmers	[1] $1.140	[2] $0.857	[3] $0.1888	$3.578	$0.384	$.171	$.137	[7] $0.187	
(2) Payments other than parity	.099	.055	.0120	.024	.005	.013	.004	[7] .006	
(3) Sum of (1) and (2)	1.239	.912	.2008	3.602	.389	.184	.141	[7] .193	
(4) Parity price	1.376	[9] .984	.1916	2.838	.283	.137	.143	[7] .203	
(5) Difference between parity price and price received plus "other payments" (4) minus (3)	.137	.072					.002	[7] .010	
(6) Parity payments	.137	.072					.002	[7] .010	
(7) Difference between parity payments and amount which would have been required to equal difference between parity price and price received plus "other payments" (5) minus (6)									
(8) Total sum of parity payments [10]	80,774,000	78,284,000				889,000			$159,947,000
(9) Total sum which would have been required to equal the difference between parity price and price received plus "other payments": (a) Additional amount	0	0				0			0
(b) Total (8) plus 9 (a)	80,774,000	78,284,000				889,000			159,947,000
(10) Sum of parity payments as a percent of total required to equal the difference between parity price and price received plus "other payments" (8) divided by (9a)	100.00	100.00				100.00			100.00

[1] Loan rate. [7] Excluding type 46. [8] North Central States. [9] Average price through Mar. 15, 1943. [10] Based on 1942 crops but paid in 1943 fiscal or program year.

On request of Mr. YOUNG, and by unanimous consent, the following remarks made during the course of his speech were ordered to be transposed to this point in the RECORD:

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. THOMAS of Oklahoma. Due to the fact that the subcommittee of the Appropriations Committee handling the military appropriations bill is scheduled to meet at 1:30 o'clock today, and inasmuch as that bill carries about $15,000,000,000, and it is important that the bill be finally acted upon, I now ask that I and the members of that subcommittee may be excused from attendance on the session of the Senate from 1:30 o'clock this afternoon and for the remainder of the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS of Oklahoma. Mr. President, inasmuch as I will not be present in the Senate after 1:30, I desire to present a small amendment for the information of the Senate. The amendment is very simple. I send the amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

SEC. —. That in order to prevent the waste of food commodities acquired through price-support operations and in danger of loss through deterioration or spoilage and to assist needy persons, the Secretary of Agriculture and the Commodity Credit Corporation are directed to make such commodities available at no cost to the Bureau of Indian Affairs, to school-lunch programs when approved by the Secretary, and to State and local welfare organizations for the assistance of needy Indians and other needy persons.

Mr. THOMAS of Oklahoma. Mr. President, I have a report from the Department of Agriculture showing the quantities of food products which have been acquired under the support-control program. I ask unanimous consent that the report and the letter accompanying it be printed as a part of my remarks at this point in the RECORD.

There being no objection, the report and letter were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, August 5, 1949.

Hon. ELMER THOMAS,
Chairman, Committee on Agriculture and Forestry, United States Senate.

DEAR SENATOR THOMAS: This refers to your letter of July 26, 1949, and subsequent telephone advice, in which you requested certain data on stocks of commodities held by the Commodity Credit Corporation for use by the Committee on Agriculture and Forestry.

The following tabulations are enclosed:

1. "Price support inventories," in which are listed the inventories as recorded on the books of the Corporation as of May 31, 1949, together with the quantities and cost values of the commodities which it was estimated were available for sale as of July 29, 1949.

2. "Price support loans outstanding as of May 31, 1949," which indicates the position of the Corporation in its loan programs on that date and includes loans held by lending agencies under guaranty to purchase by the Corporation.

Every effort is made to dispose of commodities acquired in price-support operations on a basis which will not affect current market prices to the detriment of producers. Of the commodities listed, the following have been declared surplus agricultural commodities under section 112 (e) of the Foreign Assistance Act of 1948: Prunes, raisins, dried eggs, flax fiber, flaxseed, linseed oil, potato starch, hay and pasture seed (Alyce clover), turpentine, and wool.

Major problems concerning the disposition of commodities held are being encountered in flaxseed and linseed oil, and in dried eggs. The following tabulation indicates our operations under the 1948 price-support program on flaxseed and linseed oil:

	Flaxseed	Linseed oil
	Thousand bushels	*Thousand pounds*
Direct acquisitions	26,000	313,800
Acquisitions through conversion		77,829
Total acquisitions	26,000	391,629
Sales:		
For export	4,099	8,940
Domestic commercial	715	2,638
For conversion to oil	3,991	
Total sales	8,805	11,578
Inventory held July 29, 1949	17,195	380,051

We have been converting flaxseed to linseed oil to release elevator space for new crop grains and oilseeds and because linseed oil can be stored longer and more cheaply than flaxseed.

Both flaxseed and linseed oil were made available for sale to domestic users at prices which, through June 30, 1949, reflected cost to the corporation of $6 per bushel for flaxseed and 28 cents per pound for linseed oil, Minneapolis basis. On June 30, 1949, this Department announced that Commodity Credit Corporation would sell flaxseed at $5.25 and linseed oil at 23½ cents, Minneapolis basis. Even at these reduced prices, it is obvious that the only sales which will be made will involve minimum quantities to meet the immediate needs of purchasers until the new flax crop begins to move at its lower price level.

As previously indicated, both flaxseed and linseed oil have been declared surplus under section 112 (e) and the ECA, Army, and other agencies have been and are being urged to purchase these commodities.

With regard to dried eggs, our operations on the 1948 and 1949 calendar year programs have been as follows:

	1948 program	1949 program
	Thousand pounds	*Thousand pounds*
Purchases	28,441	55,904
Programed to school lunch and sec. 32	9,330	
Sales:		
To commercial exporters at reduced prices	1,165	
To Army and ECA (at 50% subsidy)	1,746	[1] 6,160
Total disposition	12,241	6,160
Inventory held July 29, 1949	16,200	49,744

[1] Sales to British through ECA.

At the moment we have no additional firm outlets for dried eggs but we are attempting vigorously to channel additional quantities through ECA and through section 32 program outlets. In addition, we recently announced that the Corporation would accept offers on its inventory of 1948 dried eggs for sale in export. The lowest prices at which offers are being accepted are 65 cents per pound when packed in export barrels and 67 cents per pound when packed in 14-pound cartons (56-pound master cases) strapped for export.

Meanwhile, efforts are being made to exchange any of the surplus commodities in the inventory of the Corporation for strategic materials outside the country.

Sincerely yours,

CHARLES F. BRANNAN,
Secretary.

Price-support loans outstanding May 31, 1949

Commodity and crop	Unit of measure	Quantity	Amount
1948 cotton, upland	Bale	4,003,752	$628,057,162.63
1948 cotton, American-Egyptian	do	550	157,214.91
1948 flaxseed	Bushel	531,334	2,972,990.88
1948 peanuts	Pound	97,087,139	10,327,632.19
1948 soybeans	Bushel	3,494,917	7,764,411.63
1948 potatoes, Irish	Hundredweight	3,474,556	4,461,238.93
1948 barley	Bushel	17,076,874	18,658,106.76
1948 beans, dry edible	Hundredweight	648,984	5,055,001.17
1948 corn [1]	Bushel	252,551,741	349,693,420.34
1948 grain sorghum	Hundredweight	2,014,838	4,512,766.21
1948 oats	Bushel	11,164,002	7,316,234.08
1948 peas, dry edible	Hundredweight	803	2,810.50
1948 rice	do	2,208	8,578.00
1948 rye	Bushel	453,397	564,673.49
1948 wheat	do	52,442,050	102,506,979.31
1948 tobacco	Pound	206,830,412	94,685,775.83
1947 tobacco	do	85,277,391	24,563,591.12
1946 tobacco	do	66,555,328	19,744,049.15
1949 naval stores:			
Rosin	do	1,783,650	120,438.43
Turpentine	Gallon	7,990	3,196.00
Total			1,281,176,271.56

[1] Estimated at 341,000,000 bushels at approximately $472,000,000 as of June 30, 1949.

Price-support inventories [1]

Commodity and crop	Unit of measure	May 31, 1949, per CCC books [1]		July 29, 1949 (estimated available for sale) [1]	
		Quantity	Value (cost)	Quantity	Value (cost)
Cotton:					
Samples (owned)	Bale	1,316	$138,356.77	1,316	$138,356.77
Pickings (owned)	do	2	40.55	2	40.55
1947 upland (pooled)	do	12	1,852.98	12	1,852.98
1947 American-Egyptian (pooled)	do	32	7,087.34	32	7,087.34
Flax fiber, 1946	Pound	307,159	144,757.94	235,728	110,792.16
Butter, 1949	do	2,427,922	1,452,529.16	10,295,120	6,156,481.76
Milk, dried, 1949	do	21,652,464	2,467,890.62	127,930,184	16,068,031.11
Fats and oils:					
Flaxseed, 1948	Bushel	20,081,333	126,027,294.62	[2] 17,195,000	107,984,600.00
Linseed oil, 1948	Pound	219,280,135	59,903,920.14	[2] 380,051,000	102,613,770.00
Peanuts, 1948	do	202,543,915	24,152,548.88		
Soybeans, 1948	Bushel	3,811,514	9,073,779.78	1,600,000	3,808,000.00
Dried fruits:					
Prunes, 1948	Pound	8,431,200	683,501.09	24,747,500	2,432,325.74
Raisins, 1948	do	2,461,110	195,445.14	11,289,830	1,098,365.79
Potato starch, 1948	do	10,876,949	517,389.20	10,632,360	617,740.12
Potatoes, Irish, 1948	Hundredweight	1,815,131	4,214,725.23		
Grains:					
Barley, 1948	Bushel	11,918,196	15,415,948.39	7,465,947	9,331,071.63
Beans, dry edible, 1948	Hundredweight	3,265,278	27,473,164.10	5,000,000	42,050,000.00
Corn, 1948	Bushel	438,583	729,194.69	936,811	1,555,106.26
Grain sorghum, 1948	Hundredweight	17,868,484	49,509,825.79	15,000,000	41,550,000.00
Oats, 1948	Bushel	2,286,063	1,579,753.16	1,117,392	771,000.48
Rice, 1948	Hundredweight	3,582	15,362.18	4,000	17,160.00
Rye, 1948	Bushel	249,050	336,802.57	373,816	504,651.60
Seeds, hay and pasture	Pound	833,922	162,994.60	833,972	162,624.54
Wheat, 1948	Bushel	174,638,057	392,201,388.76	182,000,000	409,500,000.00
Wool, various years	Pound	95,430,659	76,442,093.35	91,500,000	73,293,547.50
Eggs:					
Dried, 1949	do	37,087,388	47,278,249.36	49,744,510	66,110,453.79
Dried, 1948	do	19,493,869	24,814,539.86	16,200,217	21,530,088.39
Liquid or frozen, 1947	do	180	57.78		
Naval stores:					
Rosin, 1948	do	210,880,028	16,993,878.16	210,880,028	16,996,930.26
Turpentine, 1948	Gallon	2,811,362	1,440,518.70	2,737,255	1,402,569.46
Turpentine, 1947	do	686,143	455,535.55	603,018	400,343.65
Tobacco, 1947	Pound (dry weight)	6,385,297	1,744,318.22		
Total			885,574,744.66		926,512,991.88

[1] Data as of May 31, 1949, represent price-support inventories and include commodities committed to sale or otherwise obligated, while estimates as of July 29, 1949, denote commodities available for sale on that date and, in the case of grains, include some supply inventories.

[2] Quantities shown reflect sales of 3,900,000 bushels of flaxseed to processors under contract whereby CCC will acquire the resultant linseed oil.

Mr. THOMAS of Oklahoma. Mr. President, this is the situation: At the present time the Government has expended approximately $4,000,000,000 in support of prices. A large part of this money is in the form of loans, for which the Government has taken a vast amount of food products. For example it has acquired millions of pounds of first class meat from Mexico. This meat is canned, and it is of a character which I think is not in demand in this country. The cans in which the meat is placed are now rusting. If the meat is not disposed of very shortly, the rust will eat through the cans, the meat will be spoiled, and it will be of no value whatever.

The amendment I have just submitted provides that when the Government has acquired food products, such as canned meat, or dried eggs, or any other product, if there is no sale for it, and it is going to spoil, the Department then is authorized and directed to make any part of or all such products available to the Bureau of Indian Affairs.

I do not have to go into detail to explain the purpose of the suggestion, save to say that there are on reservations many Indians who have no buying power, and no way to achieve any buying power. If the commodities referred to could be made available to the Bureau of Indian Affairs, then the Bureau would know where it could send them and make distribution of them. If that is done the commodities will serve a good purpose. That would be especially true of canned meat. It would also be true of dried eggs.

The table I have submitted shows that the Government has on hand a very large amount of the various products I have spoken of. For example, it has butter on hand to the value of $6,000,000. It seems to me it would be a humane act to make distribution of this butter to those in real need. If it is not distributed it will spoil. Distribution can be made to needy persons through the Bureau of Indian Affairs, and through State welfare organizations. It would be better to make such distribution than to let the butter spoil, when it would be necessary to cart it off and destroy it.

The table shows that the Government has on hand $16,000,000 worth of dried milk, $2,400,000 worth of dried prunes, and $1,100,000 worth of dried raisins. It has on hand a vast amount of dried eggs, to the value of $66,000,000 in one category and $21,000,000 in another.

Mr. President, my amendment simply provides that if the Department becomes aware that these food products are about to spoil, and will spoil if not disposed of, then the Secretary is not only authorized but is directed to make such products available to the Bureau of Indian Affairs and to State welfare organizations.

I was advised a few minutes ago that there exists a welfare organization in the State of Utah which has $7,000,000 in its fund. Of course, that organization could spend a portion of that $7,000,000 in paying the freight or express charges on any of these products for the use of needy persons in the State of Utah.

I have stated the whole purpose of the amendment. It provides a means of getting rid of some of our surplus food which will certainly spoil if not disposed of. It would seem to me to be an act of humaneness to adopt such an amendment in order to get rid of as great a part of these commodities as we can before they actually spoil.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. FULBRIGHT. I did not understand whether the school-lunch program was included.

Mr. THOMAS of Oklahoma. Yes, it was.

Mr. FULBRIGHT. And the food was also to be made available to State welfare organizations?

Mr. THOMAS of Oklahoma. The Bureau of Indian Affairs first, the school-lunch program second, and State welfare organizations third. Of course, the officials in charge must become convinced that the applications are genuine and legitimate. That will be a matter to be passed upon by the Secretary of Agriculture.

Mr. FULBRIGHT. I believe the local relief agencies have qualified under the category of State programs, to act in such a case.

Mr. THOMAS of Oklahoma. That would be up to the Secretary, and I am sure he would administer the amendment in a humane and proper way if he were given the authority.

Mr. FULBRIGHT. It was the intention that local relief agencies should be included in the carrying out of such State programs.

Mr. THOMAS of Oklahoma. Yes. Mr. President, the Senator from Mississippi rose a while ago. I yield to him if he wishes me to do so.

Mr. STENNIS. Mr. President, the question I had intended to answer has just now been answered by the Senator from Oklahoma.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. MUNDT. Did the Senator's amendment contain the words "at no cost" or "at low cost"?

Mr. THOMAS of Oklahoma. "At no cost" to the Government. In other words the welfare organizations or the Bureau of Indian Affairs have funds which they can perhaps use to pay the freight charges or express charges to the point where the food products are desired to be sent. That will save the Government the expense of shipment, as well as the maintenance charges, and so forth.

Mr. MUNDT. That was the point I wished to have brought out, that the food products were to be distributed "at no cost." It seems to me the Senator should include a statement that that means f. o. b. at the point of storage. Otherwise it might be interpreted as meaning that the Government would have to pay the cost of delivery to point of consumption.

Mr. THOMAS of Oklahoma. The amendment contains the language "at no cost." I would interpret that to mean no cost to the Government. The food products would be made available on approval of application. The application would have to be approved. Those applying for the food products would have to pay the freight charges or express charges.

Mr. MUNDT. I think it should be clearly understood that the food products will be made available f. o. b. at the point of storage, otherwise the cost would be increased.

Mr. THOMAS of Oklahoma. I think the remarks of the Senator from South Dakota as they appear in the RECORD will constitute an interpretation of that provision.

Mr. President, I submit the amendment, and I shall ask to call it up at the proper time for appropriate action.

Mr. YOUNG. Mr. President, I ask unanimous consent that the proceedings in connection with the submission of the amendment by the Senator from Oklahoma may appear at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ANDERSON. Mr. President, I wonder whether the acting minority leader will agree that we might stop discussing this amendment at half past two, and vote on it then. I discussed that question with the junior Senator from Georgia, and he discussed it with the junior Senator from North Dakota. I am anxious to have the Senate reach the Magnuson amendment soon, because it involves foreign trade. I wonder if we may reach an agreement to come to it within an hour.

Mr. SCHOEPPEL. Mr. President, there are so few Senators in attendance at this time that I would suggest we have a quorum call, and thereafter take up this matter immediately. That would provide an opportunity for a considerable number of Senators who are off the floor at this time to be present and to familiarize themselves with the situation; and then we might be able to reach an agreement.

So, if there is no objection, I suggest the absence of a quorum for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hendrickson	Millikin
Anderson	Hickenlooper	Morse
Baldwin	Hill	Mundt
Bricker	Hoey	Murray
Bridges	Holland	Myers
Butler	Hunt	Neely
Byrd	Ives	O'Conor
Cain	Johnson, Colo.	O'Mahoney
Capehart	Johnson, Tex.	Pepper
Chapman	Johnston, S. C.	Robertson
Chavez	Kefauver	Russell
Connally	Kem	Saltonstall
Cordon	Kerr	Schoeppel
Donnell	Kilgore	Smith, Maine
Douglas	Knowland	Sparkman
Downey	Langer	Stennis
Eastland	Long	Taylor
Ecton	Lucas	Thomas, Okla.
Ferguson	McCarthy	Thomas, Utah
Flanders	McClellan	Thye
Fulbright	McFarland	Watkins
George	McKellar	Wiley
Gillette	McMahon	Williams
Graham	Magnuson	Withers
Green	Martin	Young
Gurney	Maybank	
Hayden	Miller	

The PRESIDING OFFICER. A quorum is present.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that I may be

excused for the remainder of the day. I have to be absent on official business.

The PRESIDING OFFICER. Without objection, the leave is granted.

Mr. ANDERSON. Mr. President, I wonder whether the minority leader will agree to have a vote taken on the Young-Russell amendment at, say, the hour of 2:30, the time to be equally divided?

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. SALTONSTALL. I have discussed the matter with the Senator from North Dakota and other Senators who are interested. So far as I can ascertain, if the time is equally divided between the Senator from New Mexico and the junior Senator from North Dakota, it is entirely agreeable, unless some Member on this side of the aisle objects. I know of objection, as a result of having made inquiry. But I hope the Senator from New Mexico will not ask for any further agreement on any other vote, at the present time.

The PRESIDING OFFICER. Is there objection to the request? The Chair hears none, and it is so ordered. The vote on the Young-Russell amendment will be taken at 2:30, the time between now and 2:30 to be equally divided between the Senator from New Mexico and the junior Senator from North Dakota.

Mr. LANGER. Mr. President, I wish to offer an amendment.

The PRESIDING OFFICER. The time having been allotted, it will be necessary for the Senator from North Dakota to have time yielded to him for the purpose, and to do it now.

Mr. LANGER. I shall offer the amendment later.

The PRESIDING OFFICER. Very well.

Mr. ANDERSON. Mr. President, the Young-Russell amendment is an extremely important one. I think we should recognize that right here we probably come to an important decision on the farm program. I do not wish to put any undue emphasis on it, but I think I should remind Senators that the amendment pretty well takes the flexibility out of the support prices on the basic crops. As the Senator from Vermont has pointed out, we now have in the law a provision for acreage allotments every year on wheat, corn, and rice, and so, for those crops at least, since the level of support is to be 90 percent when acreage allotments or marketing quotas are in effect, the amendment would effectively establish 90 percent for those three crops, from now on. The law already provides 90 percent for tobacco. Therefore, the only basic crops that would be left without an absolute agreement on 90 percent would be cotton and peanuts.

I merely suggest that the absolutely mandatory support at 90 percent on both wheat and corn in the next year can be extremely embarrassing to the Government. The reports indicate we shall have something like a 131-percent supply of corn, with another very large crop coming along, and if we continue to have absolute rigidity in support prices, I think it will imperil the whole support-price program of the farmer.

There will be offered today, I imagine—if not today, then certainly at some time within the next year—an amendment to strike out the whole potato program. I have been advised that someone is going to offer such an amendment or make such a motion this afternoon, though I am not in a position to guarantee it. But, surely, there has been steadily increasing opposition to the potato program, and one of the reasons why there has been increasing opposition to it is that it was tied in by the Steagall amendment to a flat 90-percent support, which cost the country $250,000,000 in 1948.

In 1949, because of a change in the legislation—suggested, I am happy to say, by the potato growers themselves—it was possible to reduce the support level to 60 percent. It was possible to diminish greatly the incentive to tremendous overplanting of potatoes, and therefore we were able to effect a reduction which ran down to about $50,000,000.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. YOUNG. Is it not true that the potato acreage was at nearly an all-time low, and we still had great production? Does not that indicate that the cost of producing a bushel of potatoes has gone away down, and that 90 percent was cost-plus by a long way? Did not the potato growers themselves ask for a lower support level? I do not think it will be possible to find a parallel in the potato situation. The cost of wheat certainly has not gone down. The cost of producing a bushel of wheat certainly has not gone down in proportion to the cost of producing a bushel of potatoes.

Mr. ANDERSON. No; I agree to that. But I say the very reason why the potato program was under such steady and persistent fire was that the rigid 90-percent supports absolutely cost more than the Treasury of the United States could bear. If it is desired to expose the farm program to the steady and persistent fire to which the potato program has been subjected, this is the way to do it.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. DONNELL. I have in my hand a letter—I do not know whether it has been mentioned—dated September 27, 1949, from Mr. Roger Fleming, director of the Washington office of the American Farm Bureau Federation, which contains this statement:

> It is our firm belief that an amendment requiring that the basic commodities be supported at 90 percent of parity whenever acreage allotments or marketing quotas are in effect would seriously impair the workability of the programs contained in this bill.

May I ask the Senator whether he concurs in that view, and if so, why?

Mr. ANDERSON. I concur in that view. Let me say to the distinguished Senator from Missouri that in the same letter there is a reference to the favored amendment, which the Senator from Vermont is shortly to offer with reference to another section. I do not want to tie myself to support it, but I do agree with the American Farm Bureau Federation.

We have been talking about flexible price supports. Both the Republican Party and the Democratic Party met in convention and endorsed flexible price supports. I wonder what the pledge means, if we then come here and vote for absolutely rigid supports.

I agree with the logic of the statement read. What the American Farm Bureau Federation has said is, they know that high, rigid supports are bound to be the rocks on which the whole farm program will be scuttled, if it shall be scuttled in our generation.

Mr. DONNELL. Mr. President, that is precisely the question. I should like to get a further answer, if the Senator will give it. Why would the rigid provision of 90 percent of parity seriously impair the workability of the programs contained in this bill?

Mr. ANDERSON. To begin with, we have coming along a crop of 3,500,000,000 bushels of corn. If the support price is set at 90 percent, and the Department of Agriculture establishes acreage allotments, because the price is so high and so attractive, all the factors we have been talking about in connection with the potato program come into play.

It is possible to spend additional money for special preparation and fertilization of the soil when there is a very high support price, but we steadily find ourselves more and more involved in larger and larger crops. I have consistently contended that I do not believe rigid supports are desirable. I recognize that occasionally we must provide an extension of the law, as we did with reference to the Hope section of the law last year, finding it necessary temporarily to provide rigid supports. We did that during the period of the Steagall legislation, but all the time in which that legislation was on the books we kept holding on for $500,000,000. There are Senators present who would have been glad to see that taken away from the Department of Agriculture, and perhaps it should have been taken away; but the Department of Agriculture hung on to the $500,000,000 and said, "We are going to need it some day. When the Government removes price supports, we shall need it to cushion our descent down the ladder slowly."

I say to the Senate that while I am willing to concede that the two authors of this amendment are as fine friends of agriculture as can be found in this body, I hope, regardless of the fine personalities of the Senators who have offered the amendment, that the Senate will vote against it. I have long recognized that the Senator from North Dakota truly represents his people and is truly their friend. I have made that statement openly in gatherings in his State. I have recognized the distinguished work which the junior Senator from Georgia does on agricultural appropriation bills. The farmers of the Nation will never cease to thank him for the fine things he has done. But regardless of those contributions—and I would not minimize them—there is this conflict of opinion as to whether we should have high, rigid supports or whether there should be flexibility in our agricultural system. I think we shall strike at the basis of the whole program if we adopt this amendment and say that there shall be 90-percent sup-

port, for many years to come, for all basic agricultural commodities. I think we have gone a long way in this bill in trying to meet divergent points of view. We have gone further than many Members thought we should go, but we have realized that it was important to pass a bill which would carry along with it a permanent status. I think we must be careful not to pass a bill containing provisions which will start a request for its immediate repeal when the people find that the supports are too high.

There was a tremendous wheat crop 2 years ago, and if it is announced that again 90-percent price support shall be provided, we shall find some persons rushing into the wheat-growing business and a great deal of embarrassment will be caused. What we need at this time is less wheat, not more wheat. We need more of the type of farming which will tend to replenish the soil. Farmers in areas in which wheat grows well should be given an opportunity to grow wheat.

We should not, in my opinion, put into this bill rigid price supports. I cannot conceive of the possibility that the Congress would try to undo what we have been working so hard for several years to accomplish, by writing into the bill the rigidity to which I have referred. Remember how long we have been trying to get to a new farm program. Remember that we have been holding hearings since 1946 on this program. Remember that members of the committees of the Congress have been going all over the country asking farmers what they wanted. I am frank to admit that in many areas they have given the answer, "We should like to have 90 percent." I admit they would like to have it. Many farmers would like to have it forever. But I invite attention to the fact that the American Farm Bureau Federation, after studying the subject carefully, has come to the conclusion that it is dangerous to have 90-percent support, and they have specifically asked that Congress enact flexible support price legislation. I also invite attention to the fact that the Grange has virtually the same viewpoint on this question. The National Council of Farmer Cooperatives, the American Institute on Cooperation, and almost every agricultural group that can be named have said they did not want a rigid program. The only exception is the Farmers Union, which has asked for 100-percent price supports, a still higher figure.

I suggest to the Senate that we should be very careful on this vote. I do not know what will happen to the program involved in this bill if this amendment should be adopted. I cannot imagine any reason why the President of the United States should sign such a bill, because it strikes at the very thing which the administration has been crying out against. It has taken a long while to provide a substantial program. It would take a long time to regain the ground we would lose.

I want the Senate to remember that the subcommittee which has been working on the bill has tried its best to go a long way toward meeting the points of view of various groups and individuals. We have not tried to hold back discussion of any sort of agricultural program, but we have been unanimous on the question of opposing high, rigid price supports. Therefore, I think it would be unwise for the Senate to adopt this amendment, which provides that there shall be 90 percent of parity with reference to every kind of acreage allotments and marketing quotas. That suggests that from now until the law is repealed, if this bill should be enacted, we shall have rigid 90-percent support. I think the best and easiest way to scuttle the program is to adopt this particular type of amendment.

Mr. AIKEN. Mr. President, if no other Senator desires to speak in favor of the amendment, I should like to say a few words at this time.

This amendment, as I pointed out a short time ago, would provide permanent, rigid, 90-percent support for corn, wheat, and rice, and some of the time for cotton and peanuts. Tobacco, as has been pointed out by the Senator from New Mexico, already enjoys a 90-percent support level. There is some reason for a 90-percent support level for tobacco and cotton. The reason is that the market for those two commodities is controlled to a considerable extent by foreign nations. Therefore, there is some reason for putting cotton and tobacco in a class by themselves. But, Mr. President, although I hope, indeed, no one hopes so more than I do, that the farmers can get a 100-percent income for their crops, I want them to get it as freemen who operate their farms in their own way, think for themselves, and have the right to act for themselves.

We have been working for some time, Mr. President, to convert our agriculture more into an animal industry. We have been doing that not only because it would mean a much higher dietary level for all the people of the country, but it would also provide a much wider market for growers of grain. If we guarantee permanent 90 percent of parity as support for corn, wheat, and rice, it means that there will be no incentive in the Corn Belt and the Wheat Belt to market more of that grain in the form of animal products. It will defeat the very thing for which we have been working for many years. It will encourage a soil-mining agriculture rather than a soil-building agriculture, which an animal industry is. It will be an incentive for the grain grower to raise grain for the Government rather than to raise meat, poultry products, and dairy products for the 150,000,000 consumers in the United States who would use a great deal more if those commodities were available.

We must remember, too, as has been pointed out by the Senator from New Mexico that we are inviting the wrath of the consuming public if we try to get too much in the name of the farmer. We felt last year that we went as far as we could go in getting support for the farmer and still have the program approved by the general public. Seventy-two to 90 percent of parity is not so very different from the 75 to 90 percent of parity provided for by the bill of the Senator from New Mexico. But let us remember that when we legislative for agriculture we are legislating for less than 20 percent of the population of the country. Speaking as a farmer, we have at the present time political power far out of proportion to our numbers. But we can reach so far and reach for so much that we will lose that which we already have. This fear is voiced by the Secretary of Agriculture.

I wish again to read, as I read yesterday, the reply which he made in his interview which is printed in the United States News of April 29. When asked the question, "Isn't the Congress likely to continue the 90 percent of parity without doing anything else?" Secretary Brannan answered, "If they do, all I can say is that the year after this we will have an awfully drastic program of some kind. We will have powers vested in the Secretary of Agriculture, whoever he may be, that go way beyond anything used so far.

"Another year of big production, with the present program continued [the 90-percent program] would show so much money involved in farm programs that I don't think any taxpayer could stand it."

Secretary Brannan makes it perfectly clear that a 90-percent guaranty—a fixed, rigid guaranty—would mean complete controls over farming operations.

Mr. President, I think this amendment is not good for the farmers; it would not be good for the Government; it would not be good for consumers if it were adopted; and I believe, as the Senator from New Mexico believes, that if we adopt any rigid 90-percent legislation, in view of what the Secretary of Agriculture has said, we could not expect it to become law. I certainly hope it would not become law because it would be one of the worst things that had happened to American agriculture in a long period of time.

For more than 10 years now all our major agricultural organizations and the Department of Agriculture have been working for a flexible floor for price supports and a revised parity formula. Although the leaders of the Farmers Union have since come out against the flexible support program, yet I think I should say here that no stronger testimony was given in favor of flexible support last year before the Committee on Agriculture and Forestry than was given by the president of the Farmers Union himself. I am sorry they saw fit to change their position a few months ago.

Mr. President, I hope the amendment will be defeated.

The PRESIDING OFFICER. The proponents of the amendment have 23 minutes remaining. Does any Senator wish to speak for the proponents?

Mr. YOUNG. Have the opponents any more speakers?

The PRESIDING OFFICER. They have used all except about 3 minutes of their time. The opponents have 3 minutes.

Mr. YOUNG. I yield the remainder of my time to the distinguished junior Senator from Georgia [Mr. RUSSELL].

Mr. RUSSELL. Mr. President, how much time remains?

The PRESIDING OFFICER. Twenty-three minutes for the proponents.

Mr. RUSSELL. Under the usual practice, the proponents of the amendment are entitled to the closing of the debate.

The PRESIDING OFFICER. The Senator from New Mexico has 3 minutes left.

Mr. RUSSELL. I shall not quibble over that, and I do not think I shall use the 23 minutes.

Mr. President, the pending amendment is based on the philosophy of existing farm legislation. In my opinion, if the amendment shall be rejected it will be considered by the farmers as a step backward in the efforts which have been made by the Congress to bring the farmers into something like parity with the other citizens of the United States. This is a matter which is very serious to the farmers, and I hope that Senators will not be confused in their minds, in voting on the amendment, by the statements which have been made as to the great losses which have been incurred by the Commodity Credit Corporation in carrying out the farm program, because the fact is that there have been no substantial losses on any of the basic commodities, and the amendment applies only to the basic commodities.

Mr. President, the flexible loan idea has its place in the farm program, but it should apply to perishables and not to basic commodities, because if we adopt the provisions of the pending bill, and reject the pending amendment, it will mean that in the future the farmers will be allowed only 75 percent of a loan instead of 90 percent which they are obtaining at the present time, so far as loans on these basic commodities are concerned. I do not have the latest figures, but the last time the matter was presented to the Senate Committee on Agriculture and Forestry for appropriations, it was shown that instead of losing money on the basic commodities, the Government had a profit, as I recall, of somewhere in the neighborhood of $200,000,000, which had accrued to the Treasury by virtue of the basic commodities.

Mr. President, I would not discuss the political implications of the pending measure, but in my judgment the farmers will be aggrieved, and justly aggrieved, if the Senate rejects the amendment. Bear in mind that this bill reduces the parity figures by way of change in the formula. It reduces them from 10 to about 14 or 15 percent, as I recall. I do not have the exact figures, but it reduces the parity figures as to basic commodities.

The pending amendment will apply only in the case of a reduction in acreage. In addition to the reduction of the parity figure, there will be a reduction in acreage, and then superimposed upon those two reductions it is proposed to reduce the loans to as low as 75 percent.

I cannot believe that the farmers will feel that they have been treated fairly by the Congress if the parity figure is reduced, their acreage and production are reduced, and then on top of that the loans are reduced. Senators will hear from their farmer constituents if this amendment shall be defeated and the bill enacted into law.

Mr. President, the bill provides for a 90-percent loan on tobacco, a commodity which is produced in considerable quantities in my State. How are we to explain to the producers of the other basic commodities why tobacco is permitted to have a preferred status under the terms of the bill? It should not be done, and it would be impossible to explain to a wheat farmer, a corn farmer, a rice farmer, or a cotton farmer, why a change is being made. These commodities have traveled together since the inception of the Agricultural Act of 1933, which represented the first step forward the Democratic administration made in its efforts to give the farmer a fair break in the American scheme of things.

Mr. THYE. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield briefly. I have only a few minutes.

Mr. THYE. I have listened to the discussion of the able junior Senator from Georgia, and I have wondered if we could not consider eggs as being an important part of the farmer's income-producing crops, and why we should not likewise consider pork. Why could we not get beef, pork, poultry, turkeys, and eggs into that same category so that there would be no question about the livestock industry in our farm operations, because those are the best kinds of farm operations that can possibly be conceived of? Those are the farm operations which bring about soil conservation and soil building. Such operations certainly lend themselves to a family-size farm operation. I should like to be able to include eggs, turkeys, pork, beef, and similar operations in the mandatory provision. Such operations certainly have as much of a place in the bill as peanuts and rice, from the standpoint of their importance in our whole agricultural economy.

Mr. RUSSELL. Mr. President, the distinguished Senator from Minnesota, as I understand, is a member of the Committee on Agriculture and Forestry. He was last year, and I believe he still is a member of that committee.

Mr. THYE. I still am a member, I will say to the Senator.

Mr. RUSSELL. If the Senator thinks the commodities he has mentioned are entitled to a square deal or to an even break with other commodities, I should like to know why the Senator from Minnesota has not been fighting in the committee and on the floor of the Senate today for those commodities. I am willing to consider whether or not what the Senator has suggested should be done. But I am discussing the commodities with which I am familiar. If the Senator from Minnesota believes that the commodities produced in his State are discriminated against he should be here offering an amendment to remedy that situation. He should not ask me to do so because I am offering one which applies to the basic commodities, and I am undertaking in my poor way to say why I think it should be adopted.

Mr. THYE. I will say to the Senator from Georgia that we produce, in the State of Minnesota, wheat and all the other products I have mentioned, except peanuts and cotton. We produce some tobacco, although tobacco is not a major crop in Minnesota. What I am thinking about is the establishment of a farm program which can stand up through a period of years, through what we may term difficult times from the standpoint of international trade and international demands. I do not want a program which is exceedingly favorable simply for 1 or 2 or 3 years, after which we may find ourselves in a situation where the program is in discredit, making it difficult or impossible to obtain the appropriations which will support the necessary loans or the purchase agreements to carry on the program, with the result that each year the farmers will become a little more difficult to deal with as a producer group by reason of cuts being made year after year, a situation which has faced the farmers in recent years since the war.

In my State there are 9,000 GI farm operators. If we fail them now or 2 or 3 years from now by not giving them adequate protection under a farm program, we will be letting them down when they least can afford to be let down. It is for that reason that I look upon the entire agricultural question with an eye to its soundness and durability and the public's reaction to it.

Consider the history of the potato program. A year ago we spent some $225,000,000 in supporting a small geographically spotty crop. Potatoes are grown in Maine, potatoes are grown in the Red River Valley to a limited amount, some are grown in the South to a limited amount, and some are grown in Idaho and in California. Yet, we spent $225,000,000 trying to support a small geographically spotty crop. Public opinion crystallized against that program and it was ridiculed to the point where the producers themselves walked into conferences and begged to be considered on a basis of 60 percent of parity.

Mr. RUSSELL. Mr. President, my time is limited.

Mr. THYE. Mr. President, I am sorry that I have imposed so long on the time of the able Senator from Georgia.

Mr. RUSSELL. Mr. President, I wish to be courteous to the Senator, but I feel that I should be permitted to conclude my statement, which I will do in a few minutes.

Mr. THYE. Mr. President, I realize that I have imposed upon the time of the able Senator, and I apologize.

Mr. RUSSELL. That is all right.

Mr. THYE. The Senator has been very kind in yielding, and I overstepped.

Mr. RUSSELL. The Senator need not apologize, because the Senator from Georgia had the floor and was delighted to hear the Senator from Minnesota.

Mr. President, I have never been impressed with the argument that if the Senate should undertake to give a small share to the farmer, the rest of the Nation would rise up and strike him down. I am not, by my vote, going to put the farmers of the country on a subsistence level merely because someone raises a bugaboo about what may be done somewhere else. That argument has never been raised in the Senate during the 16 years I have been a Member, except in the case of the farmer. It has never been raised in the case of labor. Bills are brought before Congress to increase the

minimum wage to 75 cents an hour, and those who claim to be friends of those who toil do not stand around saying, "If we increase the minimum wage to 75 cents an hour there will be a great reaction, there will be a wave of public sentiment which will sweep the Nation, and it will militate against labor."

When we are considering bills to provide for other lines of industry we do not hear Senators or Representatives saying, "If you give this subsidy to those who carry the mails, or to those who publish periodicals, you are going to create so much resentment that Congress will be forced to pass such drastic laws as to put them completely out of business."

It is only when a plea is made that the farmer not be compelled to take three reductions at one time in his income that we hear it said, "If you give the farmer this little measure of assistance"—which means that we would give him only a little look-in in the matter of bettering his means of livelihood, merely affording him a small part of the blessings of our modern-day civilization and our greatly expanded income in the United States—"there will be so much resentment over the land that the farmer will be put completely out of business."

I say if the farmer is going to be put out of business, put him out at one fell swoop. Do not starve him to death by degrees by whittling down his loans from 90 to 75 percent and placing him on a subsistence level, as is proposed to be done by the pending bill. Put him out of business all at once instead of putting him down on a subsistence level where he cannot possibly survive.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. McFARLAND. Does not the Senator from Georgia believe that the entire population will profit by the prosperity of the farmer? Has not that been the history of our country?

Mr. RUSSELL. Mr. President, every depression we have ever had has started on the farm when farm prices fell so low that the farmers could not buy. The result was that the little merchants had to close their stores; the small country banks started to fail, and eventually the great financial institutions became distressed.

Mr. President, those who do not want to give the farmer justice, even as others are given justice, are short-sighted. It is of the greatest importance for the welfare of all the people of the United States that the farmer should be accorded the full meed of the justice.

The bill, if it be enacted in its present form, will take away from the farmer instead of giving to him. I ask the Senate, What other group has had anything taken away from it during the present session of the Congress? We have passed legislation to improve the lot of practically all the other people of the United States. We have increased the wages of all the Government employees. We have increased the pay of those in the armed forces. Practically every piece of legislation which has been enacted has been to add to the opportunities in life of the American people in some group or class, other than the farmer. Now we are at last considering a farm bill, and the bill, instead of adding to the farmer's opportunities and giving him a chance to share in the national income, to let him, forsooth, have a screen on his window, and maybe, perchance, send his child, as other children are sent, to college, proposes to take such things away from him and to reduce his income.

Mr. President, I made a poor argument in the Senate when the so-called Aiken bill was on its passage late one night in the dying days of the Eightieth Congress. It was proposed then to reduce the parity formula. It was proposed then to bring down the loan value of the farmers' commodities. I stated then and there on the floor that simply because the heads of some few farm organizations had approved that bill, in my opinion, the Senate was making a mistake in passing it. I spoke for a much longer time than I am accustomed to speak. I spoke for several hours. I made the prediction then and there—I did not make it once, but I made it time and again—that when the farmers of the United States realized what was done to them in that bill by way of reducing their parity payments and their loan values, and thereby reducing their income, the farmers would resent it, and they would be heard from.

Mr. AIKEN. Mr. President, will the Senator yield for a question which will take not more than 30 seconds?

Mr. RUSSELL. I am afraid the Senator will divert me, but I yield.

Mr. AIKEN. Did not the Senator from Georgia vote for the bill last year?

Mr. RUSSELL. Of course, but, that in my opinion the fact that my friends on the other side could not produce any better argument for that bill contributed greatly to the change in the vote in the farm States of the West at the last election. Of course I voted for the bill, because we were running out of any bill at all. We had an agreement to carry on for 1 year under the existing law—under a Democratic law, if the Senator wishes to raise that issue. We were carrying it on for another year. I hoped and prayed that we would have the opportunity which we have at this good moment to rectify the wrongs done in that bill, so that we could avoid marching backward in a farm program. Senators listened to a few heads of farm organizations, but when it came to the rank and file of those who went to the polls, they expressed their resentment.

Mr. THYE. Mr. President, will the Senator yield?

Mr. RUSSELL. Mr. President, how much time have I?

The VICE PRESIDENT. The Senator has 6 minutes.

Mr. RUSSELL. I yield. I did not realize that I had that much time.

Mr. THYE. I thank the distinguished Senator from Georgia for yielding.

I could not help but catch the remark about a Democratic program. I invite the Senator's attention to the fact that it was an incentive program, a program conceived under the war cloud, for the specific purpose of authorizing the Department of Agriculture to offer incentive payments to producers to increase crops which were in short supply. It was a wartime-conceived measure, and we tried to deal with it in a peacetime manner, so as to assure continuity in the farm program. It was for that reason that the Aiken bill was passed last year. It was not the intention to draw away from what we might call a permanent program. It was an effort to remedy or correct a wartime measure, or an incentive-conceived legislative measure.

Mr. RUSSELL. The Senator makes a fine argument from the standpoint of an economist; but when we get down to the forks of the creek or the end of the road and try to make that argument to a man who has had the loans on his basic commodities cut from 90 to 60 percent at a time when all other incomes are going up, when we are striving to increase the national income by leaps and bounds, he is bound to resent it. We tell him, "We are sorry, but the prices of your crops went up during the wartime, and we had wartime legislation. We must cut you back, although the income of everyone else is continuing to rise."

I still say that the farmers will not be impressed by any argument which is made to the effect that it is found necessary to sound retreat for the farmers of the Nation at a time when we are sounding the advance for every other group of people who live under the flag.

Mr. President, there is an improper impression abroad in the land that the farmers are all becoming rich, that they are getting entirely too much for their commodities. It so happens that the proportion of the total income going to the farmers of the United States during the war years, as compared with the total national income increased only 1 percent over the average from 1935 to 1939. The 20 percent of our people who live on the farm have now been brought up to the magnificent share of 9.9 percent of the national income. Yet it is said that the farmers are becoming rich.

It is strange to hear all this talk about legislation which will penalize and destroy the farm program and leave the farmer in absolute peasantry and serfdom. Yet there has been very little change in the amount of the total income which is necessary to feed the American people. It increased 2 percent in 1948 over the 1935–39 average.

Who is there to deny that the American people are eating better today than they ever have before. The national consumption of sugar has increased by leaps and bounds. The national consumption of meats doubled or trebled in the war years; and yet the part of the national income which goes to pay for food is only 2 percent above the 1935–39 average.

Mr. President, I respectfully submit that any step now to reduce loans on the basic commodities is absolutely indefensible when we consider that we are trying to push forward with all other groups.

The farmers never had a better friend in the Nation, let alone in the Senate, than the distinguished Senator from North Dakota [Mr. YOUNG], who has outlined the benefits which have gone to other groups. He has pointed out that the farmers represent the only large group excluded from the social-security

program. Yet if we reject this amendment, it is proposed to go further and cut his income in three ways. First, it is proposed to reduce his parity from 10 to 14 percent. Second, it is proposed to reduce his acreage, because the amendment does not apply except in the case of controls. Third, it is proposed to reduce the loans to be made on his basic commodities. I insist that such a program cannot possibly be justified.

The VICE PRESIDENT. The time of the Senator from Georgia has expired.

Mr. RUSSELL. I thank the Senator from New Mexico [Mr. ANDERSON] for his generosity. I hope the Senate will not confuse this proposal with all the tales and propaganda which have gone the rounds about potatoes. That subject was alluded to by the Senator from Minnesota. This amendment does not apply to potatoes or to any perishable crops. It applies only to basic commodities.

Mr. THYE. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Senator's time has expired.

Mr. THYE. I understood that the Senator from Georgia was given the remainder of the time allotted to the proponents of the amendment.

Mr. RUSSELL. I was speaking at the sufferance of a very distinguished Republican. The Senator from North Dakota [Mr. YOUNG] gave me time.

Mr. THYE. I should like to answer——

The VICE PRESIDENT. The time of the Senator from Georgia has expired. The Senator from New Mexico has 3 minutes. All other time has expired. Does the Senator from New Mexico wish to use the 3 minutes?

Mr. ANDERSON. I will, Mr. President, in order to yield to the Senator from Minnesota.

Mr. THYE. Mr. President, I heard the distinguished Senator from Georgia refer to the remarks which I made concerning potatoes. My only reference to potatoes was for the purpose of clarifying the question of whether we could get support prices so high that public opinion would turn against us. That was the only reason I made mention of potatoes. I did not mention potatoes for the purpose either of advocating a lower support price on them or of having potatoes included among the basic commodities. I referred to potatoes specifically in order to use them as an example, to show how we can make mistakes, and in what manner those mistakes may, in a sense, injure the producer group at some future time in connection with farm price-support programs.

Mr. President, I cannot help but go back to the years just prior to World War II. In the year 1939 we had a crop of wheat of 741,000,000 bushels, and 167,700,000 bushels went in under commodity loans. At that particular time the commodity loan on wheat was only 56 cents a bushel. At that time we were getting wheat under commodity loans to such an extent that we were quite concerned as to what we were going to do with it at 56 cents a bushel. In the year 1940, when we had a wheat production in the United States of only 814,600,000 bushels, there were placed under loan 278,400,000 bushels, and the actual value of the loan on that wheat was 58 cents a bushel. I am referring to what were normal prewar years, in calling attention to what the program did and the problems with which we were confronted so far as concerns the huge surpluses which were piling up. I make mention of those facts in connection with the statement that too high a support price might be injurious to the farm program.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a table showing the figures to which I have referred.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Price-support operation, 1939 and 1940—wheat, corn, and cotton

	Pledged for loans	Total United States production	Support level (percent of parity)	Support price	Weighted average market price
Wheat:	*Million bushels*	*Million bushels*		*Cents per bushel*	*Cents per bushel*
1939	167.7	741.2	56	[1] 77	[1] 74.1
1940	278.4	814.6	58	[1] 77	[1] 81.9
Corn:					
1939	302.0	2,600.0	71	57	[2] 54.3
1940	103.0	2,500.0	76	61	[2] 66.9
Cotton:	*Million bales*	*Million bales*		*Cents per pound* [3]	*Cents per pound* [3]
1939	.03	11.5	57	8.95	10.09
1940	3.18	12.3	57	9.15	11.00

[1] No. 2 hard wheat at Kansas City.
[2] No. 3 yellow at Chicago.
[3] Middling 15/16 inch.

Mr. RUSSELL. Mr. President, much as we might like to do so, it is impossible for the Nation to go back to prewar years in agriculture or in any other activity. We might as well recognize that we are living in a different age than the period before the war. We cannot go back to it, even if it were desirable to do so.

There has been a great deal of talk about potatoes. The potato catastrophe occurred before the war. We were encouraging farmers to plant potatoes. They planted potatoes. Then the war ended and we had too many potatoes, too many acres planted in potatoes. That situation lasted for a couple of years. There was a loss of $200,000,000.

What did we do with industry? We poured tens of billions of dollars into war plants which are now occupied by bats. No one complains about the war losses in connection with industry. The farmers must bear the brunt of criticism for everything that happened.

The VICE PRESIDENT. All time has expired.

The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. YOUNG] for himself and the Senator from Georgia [Mr. RUSSELL].

Mr. RUSSELL. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WILLIAMS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Donnell	Gurney
Anderson	Douglas	Hayden
Baldwin	Downey	Hendrickson
Bricker	Eastland	Hickenlooper
Bridges	Ecton	Hill
Butler	Ferguson	Hoey
Byrd	Flanders	Holland
Cain	Fulbright	Hunt
Capehart	George	Ives
Chapman	Gillette	Johnson, Colo.
Connally	Graham	Johnson, Tex.
Cordon	Green	Johnston, S. C.
Kefauver	Martin	Saltonstall
Kem	Maybank	Schoeppel
Kerr	Miller	Smith, Maine
Kilgore	Millikin	Stennis
Langer	Morse	Taylor
Long	Mundt	Thomas, Okla.
Lucas	Murray	Thomas, Utah
McCarthy	Myers	Thye
McClellan	O'Conor	Watkins
McFarland	O'Mahoney	Wiley
McKellar	Pepper	Williams
McMahon	Robertson	Withers
Magnuson	Russell	Young

The VICE PRESIDENT. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. YOUNG] for himself and the Senator from Georgia [Mr. RUSSELL]. On this question the yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from West Virginia [Mr. NEELY] are detained on official business.

The Senator from Louisiana [Mr. ELLENDER] is absent because of a death in his family.

The Senator from Delaware [Mr. FREAR], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Rhode Island [Mr. LEAHY], and the Senator from Alabama [Mr. SPARKMAN] are absent on public business.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

I announce that on this vote the Senator from Alabama [Mr. SPARKMAN] who would vote "yea" if present, is paired on this vote with the Senator from New York [Mr. DULLES], who would vote "nay," if present.

I announce further that on this vote the Senator from West Virginia [Mr. NEELY], who would vote "yea" if present, is paired on this vote with the Senator from Ohio [Mr. TAFT], who would vote "nay" if present.

I also announce that on this vote the Senator from Minnesota [Mr. HUMPHREY], who would vote "yea" if present, is paired on this vote with the Senator from New Jersey [Mr. SMITH], who would vote "nay" if present.

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Massachusetts [Mr. LODGE], the Senator from Kansas [Mr. REED], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent. If present and voting, the Senator from New Hampshire would vote "nay."

The Senator from Indiana [Mr. JENNER] is absent by leave of the Senate because of illness in his family.

The Senator from Nevada [Mr. MALONE] and the Senator from California [Mr. KNOWLAND] are absent on official business.

The Senator from Ohio [Mr. TAFT], who is necessarily absent, is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting the Senator from Ohio would vote "nay" and the Senator from West Virginia would vote "yea."

The Senator from New York [Mr. DULLES], who is absent by leave of the Senate, is paired with the Senator from Alabama [Mr. SPARKMAN]. If present and voting, the Senator from New York would vote "nay," and the Senator from Alabama would vote "yea."

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate and is paired with the Senator from Minnesota [Mr. HUMPHREY]. If present and voting, the Senator from New Jersey would vote "nay," and the Senator from Minnesota would vote "yea."

The result was announced—yeas 37, nays 38, not voting 21, as follows:

YEAS—37

Butler	Johnson, Tex.	Murray
Connally	Johnston, S. C.	Myers
Cordon	Kefauver	O'Mahoney
Downey	Kerr	Pepper
Eastland	Langer	Russell
Ecton	Long	Stennis
Fulbright	McCarthy	Taylor
George	McClellan	Thomas, Okla.
Gurney	McFarland	Watkins
Hayden	McKellar	Wiley
Hill	Maybank	Young
Hunt	Miller	
Johnson, Colo.	Mundt	

NAYS—38

Aiken	Gillette	Martin
Anderson	Graham	Millikin
Baldwin	Green	Morse
Bricker	Hendrickson	O'Conor
Bridges	Hickenlooper	Robertson
Byrd	Hoey	Saltonstall
Cain	Holland	Schoeppel
Capehart	Ives	Smith, Maine
Chapman	Kem	Thomas, Utah
Donnell	Kilgore	Thye
Douglas	Lucas	Williams
Ferguson	McMahon	Withers
Flanders	Magnuson	

NOT VOTING—21

Brewster	Knowland	Smith, N. J.
Chavez	Leahy	Sparkman
Dulles	Lodge	Taft
Ellender	McCarran	Tobey
Frear	Malone	Tydings
Humphrey	Neely	Vandenberg
Jenner	Reed	Wherry

So the amendment offered by Mr. YOUNG, for himself and Mr. RUSSELL, was rejected.

ANNOUNCEMENT AS TO REMAINDER OF PROGRAM FOR THE DAY

Mr. LUCAS. Mr. President, I desire to make this brief announcement with respect to the program this afternoon. We hope to finish the farm bill this afternoon, and following that we shall take up the nomination of Judge Minton. I made this announcement yesterday, and I repeat it at this time in view of the fact that nearly all Senators are present. It is necessary to dispose of the nomination of Judge Minton today, even if we have to hold a night session.

Mr. SALTONSTALL. Mr. President, does that mean that we shall work continuously, or will there be a dinner hour?

Mr. LUCAS. We shall meet that question when we reach it. If we have to have a night session, I presume we shall have an hour for dinner, because I know the Senator from Massachusetts loves his dinner.

Mr. SALTONSTALL. Mr. President, I shall make no comment on that.

NOMINATION OF LELAND OLDS TO BE A MEMBER OF THE FEDERAL POWER COMMISSION

The VICE PRESIDENT. The Chair lays before the Senate a communication from the President of the United States, enclosing a copy of a letter from him to the Senator from Colorado [Mr. JOHNSON], chairman of the Committee on Interstate and Foreign Commerce. The Secretary will read both the communication and the enclosure.

The Chief Clerk read as follows:

THE WHITE HOUSE,
Washington, October 3, 1949.

Hon. ALBEN W. BARKLEY,
Vice President of the United States,
Washington, D. C.

DEAR MR. VICE PRESIDENT: I transmit herewith a copy of a letter I have sent to Senator JOHNSON of Colorado concerning the nomination of Leland Olds to be a member of the Federal Power Commission.

I shall be grateful if you will bring this letter to the attention of the Senate.

Very sincerely yours,

HARRY S. TRUMAN.

OCTOBER 3, 1949.

Hon. EDWIN C. JOHNSON,
United States Senate,
Washington, D. C.

DEAR SENATOR JOHNSON: Your committee is considering the nomination of Leland Olds to be a member of the Federal Power Commission. Because of the nature of the opposition that has been expressed to his confirmation, I would like to take this means of emphasizing the great importance which attaches to this nomination as a matter of the public interest.

The decision on this nomination will have an important influence on the future effectiveness of the public regulation of the great interstate public utilities in this country.

Mr. Olds is a nationally recognized champion of effective utility regulation; his record shows that he is also a champion of fair regulation. He has already served two full terms as a member of the Federal Power Commission. In this capacity he has served ably and loyally in regulating the basic power and gas industries. The quality of his service is attested by the witnesses who have appeared in his behalf before your committee. These witnesses represent millions of people throughout the Nation including labor, agriculture, municipal officials, State regulatory bodies, educators, and experts in the utility field.

However, Mr. Olds has also made enemies during his service on the Federal Power Commission. The powerful corporations subject to regulation by the Commission have not been pleased with Mr. Olds. They now seek to prevent his confirmation for another term. It will be most unfortunate if they should succeed. We cannot allow great corporations to dominate the commissions which have been created to regulate them.

I am aware of the efforts that have been made to discredit Mr. Olds before your committee. Nothing has been presented in testimony there which raises any doubt in my mind as to his integrity, loyalty, or ability. Much that has been said about him is largely beside the point. The issue before us is not whether we agree with everything Mr. Olds may have ever said or even whether we agree with all of his actions as a member of the Federal Power Commission. The issue is whether his whole record is such as to lead us to believe that he will serve the Nation well as a member of the Federal Power Commission. I believe that he has provided us with the answer to that question beyond any reasonable doubt during his two terms on the Commission where he has labored diligently in the service of all the people and has earnestly sought to protect the public against the narrow interests of special groups.

I feel sure that you will agree with me that the nomination of Leland Olds should be confirmed. I hope that you will call this letter to the attention of your committee and, in view of the great importance of this matter, I am sending a copy of this letter to the Vice President with the request that he bring it to the attention of the Senate.

Very sincerely yours,

HARRY S. TRUMAN.

Mr. JOHNSON of Colorado. Mr. President, the letter which was just read into the RECORD was received in my office last evening, in fact, after I had left my office. I have written a reply to the President, and have dispatched it by special messenger, and in order to have the RECORD complete I should like to read into the RECORD my reply to the President. It is dated today. The President's letter was dated yesterday. My letter is as follows:

OCTOBER 4, 1949.

Hon. HARRY S. TRUMAN,
The President, Washington, D. C.

DEAR MR. PRESIDENT: This will acknowledge with appreciation your letter of yesterday with respect to the nomination of Leland S. Olds to the Federal Power Commission. No nomination referred to the Interstate and Foreign Commerce Committee within my memory has been considered more thoroughly than has the nomination of Mr. Olds.

A subcommittee has just completed hearings in which everyone desiring to testify was given a full opportunity. Thirty-four witnesses were heard, and numerous written statements, letters, and telegrams for and against Mr. Olds were placed in the RECORD. No representative of the corporations which you classify as being under regulation by the Power Commission asked to be heard and none was heard. I was lobbied by numerous persons on behalf of Mr. Olds and by no representatives of any corporation opposed to him. Other members of the committee assure me that is their experience also.

After weighing all the testimony with great care and most painstaking consideration this subcommittee voted 7 to 0 against his confirmation. Before a vote was taken your letter was read and reread and thoroughly discussed. Most members of the committee are reluctant to oppose a Presidential nomination.

The subcommittee was shocked beyond description by the political and economic views expressed by Mr. Olds some years ago. We cannot believe that a person under our democratic capitalistic system holding such views is qualified to act in a quasi-judicial capacity in the regulation of industry.

I feel very certain these radical views have never been brought to your attention and I will therefore include herewith a few excerpts:

"Capitalism in the United States is rapidly passing into the stage which has marked the decay of many earlier social orders, the stage in which a dominant owning class ceases to perform a function in the business of society. * * * The owners exist only, a privileged class of parasites whose idleness and dissipation become an increasing stench in the nostrils of the people." (Leland Olds, Federated Press Labor Letter, January 24, 1929, p. 1.)

"The manipulation of democratic institutions by this wealthy autocracy forces labor to seek other than constitutional processes." (Leland Olds, Federated Press Labor Letter, May 11, 1927, p. 1.)

"Here is certainly a breach which may widen until the sanctity of private property in the capitalist sense follows the divine right of kings into discard. Inevitable changes in the economic organizations of society are exposing it as just another myth preached in the interest of a small class seeking to retain power and privilege." (Leland Olds, Federated Press Labor Letter, July 28, 1927, p. 1.)

"The opposition of the United Mine Workers to competitive wages can only be made effective through the elimination of competitive private capitalism. The miners have two alternatives: To develop, along with the rest of organized labor, political power sufficient to put over nationalization, or to seek control by the workers themselves under a worker government." (Leland Olds, Federated Press Labor Letter, April 6, 1927.)

"Lenin knew what would take the place of political partyism when he made his bid for power in Russia with the slogan 'All Power to the Soviets.' * * * That change is coming in America. Upon labor's advance preparation will depend its share in the new apportionment of authority." (Leland Olds, Federated Press Labor Letter, November 11, 1925.)

"To millions of workers slaving throughout the world to provide the tribute enacted by the American dollar empire the Fourth of July will loom as anything but the birthday of liberty. They will view it as the day set apart by the world's greatest exploiters to glorify their rise to power." (Leland Olds, Federated Press, the Daily Worker, July 5, 1928.)

Mr. President, all the quotations which I have read were published by the Federated Press and the Daily Worker, and they were written by Leland Olds.

I now continue reading from my letter to the President:

The committee found Mr. Olds glib of tongue and very convincing. Like many crusaders for foreign ideologies, he has an attractive personality and is disarming to a very high degree.

It is very distressing to me personally to oppose anyone whom you have nominated for high office and I have gone along on many occasions, but after hearing all of the testimony and reading the evidence I could not in good conscience vote to report this nomination favorably.

With great respect, I am,

Faithfully yours,

ED. C. JOHNSON.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 1834) for the relief of the widow of Robert V. Holland.

The message also announced that the House had passed the bill (S. 1479) to discontinue the operation of village delivery service in second-class post offices, to transfer village carriers in such offices to the city delivery service, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed a joint resolution (H. J. Res. 340) to clarify the status of the Architect of the Capitol under the Federal Property and Administrative Services Act of 1949, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 934. An act to provide for the detention, care, and treatment of persons of unsound mind in certain Federal reservations in Virginia and Maryland;

S. 1407. An act to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes;

S. 2085. An act to amend the Employment Act of 1946 with respect to the Joint Committee on the Economic Report; and

H. R. 5328. An act authorizing the Secretary of the Army to convey certain lands to the city and county of San Francisco.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles, and referred, as indicated:

H. R. 1185. An act to incorporate the National Safety Council;

H. R. 3793. An act to provide for the furnishing of quarters at Brunswick, Ga., for the United States District Court for the Southern District of Georgia;

H. R. 5002. An act to incorporate the Reserve Officers Association of the United States;

H. R. 5166. An act to extend the laws of the United States relating to civil acts or offenses consummated or committed on the high seas on board a vessel belonging to the United States, to the Midway Islands, Wake Island, Johnston Island, Sand Island, Kingman Reef, Kure Island, Baker Island, Howland Island, Jarvis Island, Canton Island, and Enderbury Island, and for other purposes;

H. R. 5191. An act to provide for the furnishing of quarters at Thomasville, Ga., for the United States District Court for the Middle District of Georgia;

H. J. Res. 23. Joint resolution designating November 19, 1949, the anniversary of Lincoln's Gettysburg Address, as Dedication Day; and

H. J. Res. 184. Joint resolution authorizing the President of the United States of America to proclaim February 6, 1950, as National Children's Dental Health Day; to the Committee on the Judiciary.

H. R. 5368. An act to authorize the Departments of the Army, Navy, and Air Force to participate in the transfer of certain real property or interests therein, and for other purposes; to the Committee on Armed Services.

H. R. 5951. An act to amend section 3 of the Travel Expense Act of 1949; and

H. J. Res. 340. Joint resolution to clarify the status of the Architect of the Capitol under the Federal Property and Administrative Services Act of 1949; to the Committee on Expenditures in the Executive Departments.

H. R. 2196. An act to authorize the elimination of lands from the Flathead Indian irrigation project, Montana; to the Committee on Interstate and Foreign Commerce.

H. R. 5866. An act to adjust and define the boundary between Great Smoky Mountains National Park and the Cherokee-Pisgah-Nantahala National Forests, and for other purposes; and

H. R. 5872. An act to extend the boundaries of the Toiyabe National Forest in the State of Nevada; to the Committee on Interior and Insular Affairs.

H. R. 3419. An act to amend the Merchant Ship Sales Act of 1946; and

H. R. 5305. An act to increase the retired pay of certain members of the former Lighthouse Service; to the Committee on Interstate and Foreign Commerce.

H. R. 5674. An act to extend the time for the collection of tolls to amortize the cost, including reasonable interest and financing cost, of the construction of a bridge across the Missouri River at Brownsville, Nebr.; to the Committee on Public Works.

SICK AND EMERGENCY LEAVE WITH PAY FOR TEACHERS, ETC., OF THE DISTRICT OF COLUMBIA—CONFERENCE REPORT

Mrs. SMITH of Maine. Mr. President, I submit a conference report on House bill 4381, and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4381) to provide cumulative sick and emergency leave with pay for teachers and attendance officers in the employ of the Board of Education of the District of Columbia, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3 and 4.

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2, and agree to the same.

MARGARET CHASE SMITH,
ROBERT C. HENDRICKSON,
J. ALLEN FREAR, JR.,
Managers on the Part of the Senate.

T. G. ABERNETHY,
HOWARD W. SMITH,
A. L. MILLER,
Managers on the Part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the conference report?

There being no objection, the report was considered and agreed to.

STABILIZATION OF PRICES OF AGRICULTURAL COMMODITIES

The Senate resumed the consideration of the bill (S. 2522) to stabilize prices of agricultural commodities.

Mr. MAGNUSON. Mr. President, I have two amendments on the desk, and although one complements the other, I should like very briefly to discuss them separately. I ask that the clerk state the first amendment.

The VICE PRESIDENT. The Chair understands that the two amendments are to be voted or together?

Mr. MAGNUSON. In view of the discussion yesterday, I ask that the amendments be voted on separately.

The VICE PRESIDENT. Without objection, it is so ordered, and the Secretary will state the first amendment offered by the Senator from Washington.

The LEGISLATIVE CLERK. On page 16, line 16, it is proposed to insert the following:

SEC. 416. Subsection (f) of section 22 of the Agricultural Adjustment Act, as reenacted by section 3 of the Agricultural Act of 1948 (Public Law 897, 80th Cong.), is hereby amended to read as follows:

"(f) No treaty, trade agreement, or other international obligation shall be hereafter entered into by the United States which does not reserve to the United States the unconditional right to unilaterally impose the fees and quantitative limitations on imports provided for in this section; and no such treaty, trade agreement, or other international obligation now in force shall be renewed, extended, or allowed to extend beyond its permissible termination date, without the inclusion of such reservation."

Mr. MAGNUSON obtained the floor.

Mr. ROBERTSON. Mr. President, will the Senator yield for two brief questions I should like to have him discuss in explaining his amendment?

Mr. MAGNUSON. I yield to the Senator from Virginia.

Mr. ROBERTSON. Is it not true that under the Senator's amendment all the reciprocal trade agreements, the three Geneva treaties, the subsequent Geneva treaties, and the Annecy treaties, when promulgated, will have to be renegotiated, because the three Geneva treaties contain provision for a 6 months' period of notice, the subsequent Geneva treaties contain a 60-day notice period, and, of course, I do not know what the Annecy treaty contains, but I take it that it will be not less than 60 days?

Secondly, under existing law, when damage is threatened to American agriculture as a result of foreign imports, it is the privilege of the Secretary of Agriculture, who is a member of the Interdepartmental Committee, in recommending trade agreements, to make representations to the President of existing threatened injuries, who is then required to refer the question to the Tariff Commission for its recommendations, and then he takes final action. As I understand the Senator's amendment, the Tariff Commission will be completely eliminated. The Secretary of Agriculture can make the recommendations to the President, and he is to be bound by them, although he is the one to put them into effect.

Mr. MAGNUSON. Mr. President, I can answer the two questions very briefly. The first question is whether or not the amendment affects the reciprocal trade agreements now in effect. The answer to that is no. It affects none of the agreements, and its only effect on the over-all basic agreement at Geneva would be to carry out what the representatives at Geneva themselves agreed to and understood the United States would have as an agricultural policy relating to import fees and exports, the so-called escape clause, whereby the President could impose import fees when he thought any agricultural product was being seriously damaged, either through domestic conditions, foreign imports, or through a combination of both.

The second question relates to the second amendment, which I am not pressing too hard. I believe it does circumvent the Tariff Commission in these matters. I believe the Secretary of Agriculture would know more about the matter. He would be able to act more quickly, and foreign importation questions are usually matters in which action should be had quickly. The second amendment applies only to that. I am primarily concerned with the first amendment which I hope to discuss.

Mr. ROBERTSON. When the distinguished Senator from Washington says that his amendment would not require the renegotiation of these treaties, will he tell us whether he has consulted with any official of the State Department or the Tariff Commission on that technical issue?

Mr. MAGNUSON. I have consulted on many occasions with the Tariff Commission. I have not asked the State Department directly, but insofar as I know, there is no intention to interfere with the reciprocal trade agreements now in effect, and if the language of the amendment can be so interpreted, I do not know how anyone can come to that conclusion from reading it.

Mr. ROBERTSON. The Chairman of the Tariff Commission told me expressly today, on this very point, after the debate yesterday on the Senator's amendment, that it would require the renegotiation, so far as he knew, of all trade agreements.

Mr. MAGNUSON. I disagree with him, and it is not so intended.

Let me say to the Senate that this is a very simple amendment, although the words may be technical. Under the clear mandate and the intent of Congress in section 22 of the Agricultural Act, as amended in 1948, the President has a right to impose import duties or import fees when he feels that imports of a certain product are coming into this country to a degree which seriously impairs the price-support program of the United States as to any basic product. He can do that now. It does not interfere with any tariff in existence, and it is of a temporary nature, to meet only a specific situation which may occur; for instance, the situation last year involved the importation of Canadian potatoes.

Section 22 of the act, as it now reads, provides:

No part of the relief provided for in section 22 may be enforced in contravention of a trade agreement.

My amendment merely turns that around and says that no trade agreement shall be made in the future which will be in contravention of this express and mandatory policy toward American agriculture. That is all the amendment does.

It does not involve the tariff agreements at all. It merely says that in making tariff agreements in the future, there shall be taken into consideration the expressed intention of section 22, that in cases where the importation of an agricultural product seriously jeopardizes not only our price-support program, but the economy of a basic agricultural product in this country, the President shall have the right then, which he has now, to impose import fees. They are limited, under his present authority, to 50 percent ad valorem. That is the maximum. That was all that is intended by the amendment.

The second amendment, supplementing the first, was offered by me and others supporting it with whom I talked because we have thought that in many cases, where a price-support program looked as if it were going to be jeopardized because of a great volume of imports of agricultural products, the Government would have to act quickly. We have found from sad experience that when the Secretary of Agriculture makes his findings, the case must then go to the Tariff Commission, which makes findings, then the case is referred back to the President and to the Interdepartmental Committee—which is the Secretary of Agriculture—and it sometimes takes so much time that the price-support program on an agricultural product may be completely handicapped.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. MORSE. As I understand, the Senator from Washington is offering two amendments, which, for the sake of description, I shall call his long amendment and his short amendment. Am I correct in my understanding that the Senator from Washington is primarily interested in the adoption of his short amendment?

Mr. MAGNUSON. That is correct.

Mr. MORSE. The short amendment reads as follows, does it not?—

No treaty, trade agreement, or other international obligation shall be hereafter entered into by the United States which does not reserve to the United States the unconditional right to unilaterally impose the fees and quantitative limitations on imports provided for in this section; and no such treaty, trade agreement, or other international obligation now in force shall be renewed, extended, or allowed to extend beyond its permissible termination date, without the inclusion of such reservation.

Mr. MAGNUSON. That is correct.

Mr. MORSE. That is the short amendment?

Mr. MAGNUSON. Yes.

Mr. MORSE. Does the Senator from Washington agree with me that there is not a word or syllable in his short amendment which seeks in any way to limit or interfere with the operation of the present procedures of the Tariff Commission so far as collecting data in respect to reciprocal-trade problems is concerned?

Mr. MAGNUSON. Nothing whatsoever.

Mr. MORSE. Practically the same procedure will be followed in the future, if the amendment shall be agreed to, as that presently followed?

Mr. MAGNUSON. That is true.

Mr. MORSE. Is it true that the Senator from Washington is offering this amendment because he has had many experiences similar to those of the junior Senator from Oregon, that when we find that a reciprocal-trade agreement being negotiated by the State Department, or having been negotiated by the State Department, threatens to or does do injury to various segments of the domestic agricultural industry, and we raise the issue with the State Department, we get the uniform answer that of course the State Department is simply carrying out the terms and provisions and conditions of the Reciprocal Trade Agreements Act?

Mr. MAGNUSON. That is correct.

Mr. MORSE. Has it been the experience of the Senator from Washington that when it comes to seeking to call the attention of officials of the State Department to the deleterious effect upon the agricultural industry of some of these negotiations and agreements, we run into what might be described as a surprising lack of understanding and information within the State Department as to the economic problems of American farmers?

Mr. MAGNUSON. I would say that that is a fair analysis of their seemingly continuing attitude on these matters.

Mr. MORSE. At least has it not been the experience of the Senator from Washington, similar to the experience of the junior Senator from Oregon, that attempts to induce the State Department to modify their negotiations in respect to reciprocal trade agreeemnts affecting agricultural products have never borne fruit?

Mr. MAGNUSON. They have never borne fruit.

Mr. MORSE. Is it the experience of the Senator from Washington, as it is that of the Senator from Oregon, that the common reply from the State Department is that, "Of course, if we are going to carry on international trade relations there are bound to be some losses according to American industry, including American agriculture"; and that they use that as their stock argument and answer in an attempt to rationalize and justify a reciprocal trade agreement which in effect discriminates unfairly against the American farmer?

Mr. MAGNUSON. The Senator is correct. That is why I think the proposed clarification of section 22 should be made. In the Agricultural Act we have given the President the right to impose import fees of a temporary nature when there is some threatened jeopardy to an American agricultural product. That does not have anything to do with the tariff on the product. The tariff on the product is set. The President is given the right to impose a temporary import fee on a product when our price-support program is being jeopardized. The tariff on the product already exists.

Let us consider, for instance, the tree nut industry. State Department officials say, "We cannot do anything but follow the reciprocal trade agreement." They in effect hide behind it. There was no such intent in the original Agricultural Act. I wish the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Virginia [Mr. ROBERTSON] who asked questions about the effect of the amendment on reciprocal trade agreements, were present. The amendment does not touch trade agreements at all. It merely provides that in the future, when reciprocal trade agreements with other countries are being negotiated or agreements which are in effect are being extended, attention shall be paid to section 22 and to the mandate and intent of Congress, as set forth in section 22, and that if an agricultural product is placed in jeopardy the President shall have the right, as a temporary matter, to impose import fees up to 50 percent ad valorem.

Mr. MORSE. Will the Senator yield and permit me to ask a few questions? I think we could handle the situation in a better manner if I were to ask the Senator questions and he were to answer them, than if I were to deliver the speech on this program which I have in my system. I think we can take care of the situation in a better way by handling it in question and answer form.

It is true, is it not, that the application of the Senator's amendment is in futuro?

Mr. MAGNUSON. That is correct.

Mr. MORSE. It is not the intent and the language does not provide for having any effect on existing negotiated reciprocal trade agreements?

Mr. MAGNUSON. As a matter of fact, if my amendment is adopted, section 22 will read:

> No treaty, trade agreement, or other international obligation shall be hereafter entered into by the United States—

And so on.

Mr. MORSE. Mr. President, does the Senator from Washington agree with the Senator from Oregon that one of the best effects of his amendment will be to serve a clear notice on the State Department and, incidentally, on the Secretary of Agriculture, too, that it is the intent of the Congress of the United States that those two departments, in connection with the reciprocal trade program in the future, shall take clear note of the intent of the Congress that reciprocal trade agreements shall be negotiated on a basis that does not discriminate to the detriment of American agriculture?

Mr. MAGNUSON. That is correct. It will also serve notice on them that section 22, which has been for a long time carried in the act, but has never been clarified, is clarified by this amendment.

Mr. MORSE. In terms of specific products based upon the experienced of the Senator from Washington and the Senator from Oregon in relation to both the State Department and the Department of Agriculture, I should like to ask the Senator from Washington if it has not also been his experience, as it has been mine, that in connection, for example, with the tree nut industry, we have not been able to get to first base with either department, and particularly with the State Department, in the past few years, in trying to bring about the reasonable protection to which the farmers producing tree nuts are entitled, insofar as the negotiating of reciprocal trade agreements in respect to their product is concerned?

Mr. MAGNUSON. That is correct. On yesterday, using that particular illustration, I placed in the RECORD a chronological history of the attempted steps of many of us, including the Senator from Oregon, to get something done on this matter, and it took us almost 15 months. By that time it was too late.

Mr. MORSE. I am familiar with the material which the Senator placed in the RECORD, and I wish to say that he performed a great service by placing it in the RECORD. But, in order to enlarge a little further upon this specific problem—and the amendment should be considered in its relation to specific problems, and if we study it in that way I think we will see its clear merits—in respect to the nut industry, affecting many thousands of acres of nut trees existing in the State of Washington and in the State of Oregon, as well as in other States, is it not true that it requires from 5 to 12 years, depending upon climatic conditions, and the particular type of nut involved, for the farmer to get his orchard in producing condition?

Mr. MAGNUSON. That is correct.

Mr. MORSE. Is it not true that once the farmer gets his orchard into producing condition, officials in the State Department, sitting at Geneva, apparently without the slightest comprehension of the problems involved in producing an orchard of trees bearing nuts, can in a very short space of time in effect wipe out, destroy, and confiscate the productive value of a farmer's orchard because they negotiate an agreement which affects the market in this country to such an extent that the farmer cannot even afford to pick the products of his trees?

Mr. MAGNUSON. That is correct; but I do not want to limit our experience in that regard to the tree nut. It applies to a great many other products.

Mr. MORSE. I will come to them in a minute.

Mr. MAGNUSON. For instance, we have negotiated a trade agreement, with which I am in favor, with Canada. In many respects it is a good trade agreement. But let us consider Canadian fruit. Congress has said in the basic law that when perishable Canadian fruit is dumped into the United States, the President shall have the right to impose import fees which are not in violation of the trade agreement, the import fees to protect the situation temporarily. But the State Department says, "We cannot touch this. We do not want to touch it, because we have a reciprocal trade agreement." This program is independent of the reciprocal trade agreements, and was

so designated by the Congress when we wrote section 22 in the original act.

Mr. MORSE. Mr. President, I have only two or three additional questions to ask the Senator, because his last statement, in broad outline, answers other questions which I had intended to ask him.

Let me put this general question: Is not the illustration which I have used in connection with the tree nut industry equally true of the fruit industry in general, and equally true of all other agricultural products in relation to which reciprocal trade agreements have been negotiated to the detriment of the American farmers concerned?

Mr. MAGNUSON. Yes; and I will say to the Senator from Oregon further that we are now talking about agricultural products not under the price support program. The situation described is doubly applicable to the basic products which are under the price support program, which costs us a great deal of money, and which we are willing to support. However, the real reason for section 22, and the real reason for this attempted clarification, is that unless the President has the right to take such action and do it quickly and in a temporary way, we can waste all the money which we spend for price supports in connection with basic agricultural products.

Mr. MORSE. Does the Senator from Washington agree with the junior Senator from Oregon on a point of view expressed by him some months ago in a speech in the Senate on the general question of the effect of reciprocal trade agreements upon agricultural products, namely, that among the farm population of America there is a rising tide of criticism and out-and-out opposition to the reciprocal trade program as a matter of national policy, because more and more farmers are becoming convinced that American agriculture is being discriminated against in connection with the reciprocal trade program?

Mr. MAGNUSON. I could join partially with the Senator from Oregon in that statement. However, I wish to point out that there has been the feeling that agricultural products are in a different category than other products which are the subject of negotiation. That is why, in the original act, we allowed flexibility. We allowed the President to impose import fees when an agricultural product or a price-support program was being damaged or jeopardized.

I know how these things happen in negotiations. We are for reciprocal trade agreements, and want to continue them. This amendment does not affect them at all. It simply provides that in future negotiations the negotiators shall pay attention to the intent of Congress as expressed in section 22. The President would have the right to impose import fees on an agricultural product the imports of which might be jeopardizing the price-support program which we are attempting to enact.

Strangely enough, in the basic Geneva agreement, which is perhaps the blueprint for all other trade agreements, and which was signed by the 23 nations involved, there is a paragraph in which it is recognized that this is our farm policy, and that even though we negotiate trade agreements, they are still subject to the exception that if some agricultural product is being jeopardized, the President shall have the right, supplementing the trade agreement, to add import fees as a temporary measure. This action is only temporary. It does not affect the tariff at all. It does not affect at all the trade agreements in existence.

Mr. MORSE. Mr. President, I should like to ask two additional questions

Of course, the Senator is aware that since he has been in the Senate the junior Senator from Oregon has always supported the reciprocal trade agreements program, and intends to continue to support the principle of a reciprocal trade agreements program.

Mr. MAGNUSON. That is also true of the Senator from Washington.

Mr. MORSE. We have always joined in support of the principle of reciprocal trade agreements. But does not the Senator agree with me that that places upon us the added responsibility, as proponents of reciprocal trade policies, to do everything within our power to see to it that procedure is written into the law so that those who negotiate reciprocal trade agreements may not negotiate agreements to the unreasonable injury and detriment of American farmers?

Mr. MAGNUSON. That is correct—or in violation of any other law enacted by Congress which establishes a basic agricultural policy.

Mr. MORSE. I agree with the Senator.

The last question I wish to ask the Senator is this: Does the Senator from Washington agree with the junior Senator from Oregon that if our Government is to persist in negotiating reciprocal trade agreements which result in unfair discrimination and gross injustice to American agriculture, then it is the duty of the Government to see to it that the burden of such losses is spread over the American population as a whole, and not borne to such an unreasonable degree by one segment of our population, namely, the American farmer?

Mr. MAGNUSON. The Senator is correct. This amendment would provide machinery for action in that field.

In one paragraph the National Grange has stated what this amendment involves. I have before me a copy of a telegram sent by the National Grange to the chairman of the Senate Committee on Agriculture and Forestry. I quote from the telegram:

> We favor Magnuson amendment to section 22, paragraph (f), Agricultural Act, for without such provision way is open for other nations to take advantage of our support-price programs, making them practically ineffective.

If I were to add to that, I could cite specific instances in which that has happened.

Mr. MORSE. I thank the Senator from Washington. I intend to support his brief amendment, and I completely agree with the telegram which the Grange has sent.

Mr. MAGNUSON. The telegram is signed by A. S. Goss, master of the National Grange. I presume it was sent to other members of the Committee on Agriculture and Forestry.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. CAIN. If the short amendment which has been offered by my colleague is adopted, will not the actual result be that the State Department's theory that executive trade agreements can either repeal or nullify section 22 will be denied by the Congress?

Mr. MAGNUSON. I hope that will be the effect. That is my intention.

Mr. CAIN. That is the purpose of the amendment, is it not?

Mr. MAGNUSON. That is the purpose of the amendment.

Mr. CAIN. I should like to ask one further question, if I may. Has the junior Senator from Washington been correctly informed, that his senior colleague's pending amendment was suggested during the debate on the extension of the Reciprocal Trade Agreements Act? As I understand, the senior Senator from Georgia [Mr. GEORGE] expressed considerable sympathy with the amendment, but thought it should more properly be offered at this time, to the farm bill, than to the bill extending the Reciprocal Trade Agreements Act.

Mr. MAGNUSON. I deeply appreciate having my colleague recall that matter to my attention. We had this amendment prepared in connection with the Reciprocal Trade Agreements Act extension, and I discussed it with several Senators. Because it really has nothing to do with reciprocal trade agreements, its proper place is in the farm bill. It merely carries out what Congress said previously in section 22.

Mr. CAIN. I wish to associate myself with the views which the Senator has expressed in support of his short amendment.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. FULBRIGHT. I think the senior Senator from Georgia, who is present, had better speak for himself on this question. I am reliably informed that he does not agree that this is a proper amendment to the pending bill. I do not think this is the proper place for it, and I do not believe the Senator from Georgia thinks so. However, I should like to have him speak for himself.

Mr. MAGNUSON. A few moments ago I spoke briefly with the senior Senator from Georgia. He said that he had not read all of the amendment, but we discussed this question at the time when the extension of the Reciprocal Trade Agreements Act was under consideration. At that time he thought that the proper place for this type of amendment was in another bill, and not in the bill for the extension of the Reciprocal Trade Agreements Act.

Mr. FULBRIGHT. Mr. President, will the Senator further yield?

Mr. MAGNUSON. I yield.

Mr. FULBRIGHT. From what I understand as to the position of the senior

Senator from Georgia, I do not believe that he favors the amendment in this bill. I think he favors provisions of this kind being inserted in agreements as they are made. This amendment is similar to the provision contained in present agreements, which provide that whenever an article is under restriction in this country—which is apparently true of practically all basic commodities which are supported—the President has the power to take the action proposed. That provision is in existing treaties. That is the place for such a provision, rather than in this legislation.

Mr. MAGNUSON. If the Senator feels that way about it, then section 22 should be entirely eliminated from the bill. Congress has considered this matter many times. Inasmuch as section 22 is now in the bill, certainly my amendment is clearly not only germane, but proper.

Section 22 now reads:

No proclamation under this section—

Which provides authority for the President to impose import fees—

shall be enforced in contravention of any treaty or other international agreement to which the United States is or hereafter becomes a party.

If my amendment were carried out, it would reverse that, and would say that an agreement in contravention of section 22 could not be entered into.

Mr. FULBRIGHT. If the amendment were agreed to, no agreements could be made; no other country would accept an agreement in which the United States reserved the right to act unilaterally in such respects. I do not know of any existing treaty in which the United States reserves the right to act unilaterally in such a way; but that is what the amendment would permit.

Mr. MAGNUSON. Of course, Mr. President, may I say to the Senator from Arkansas that the authority now vested in the President in connection with this matter is a very limited authority, and is a temporary one, which would be used only after public hearings were held, as now provided in the law, and only when there would be serious jeopardy to a United States agricultural product; and the fee then imposed could not exceed 50 percent ad valorem; it could not touch the tariff at all, and would be only of a temporary nature.

Mr. FULBRIGHT. The Senator's amendment has nothing of that sort in it, but it is an unconditional right unilaterally to impose fees and quantitative limitations.

Mr. MAGNUSON. If the Senator will read the bill in the full, he will observe that section 22 has many provisions. I have referred to the general provision regarding this matter, but section 22 has many provisions in regard to how the matter would be carried out.

Mr. KEFAUVER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Does the Senator from Washington yield to the Senator from Tennessee?

Mr. MAGNUSON. I yield.

Mr. KEFAUVER. Will the Senator inform us whether any other country with whom we do business under a reciprocal trade agreement has the right unilaterally to impose import fees on products which we may send to that country?

Mr. MAGNUSON. Some do yes; but they negotiate ahead of time with the other party to the treaty, and such arrangements are agreed to.

Mr. KEFAUVER. But unless they are negotiated, no country has a right arbitrarily to add, unilaterally, an additional fee which in essence would violate the terms of the agreement or would be contrary to its terms. Is not that correct?

Mr. MAGNUSON. No. Many countries who are parties to such agreements retain the right, just as we have done, to do certain things within certain limitations; and when they negotiate the treaty it is understood that that may be done in certain emergency cases.

I have not read all the reciprocal trade agreements, but I know that some countries which have flexibility in their agricultural economies reserve the right to do certain things under certain conditions; and we negotiate treaties with them with that understanding. For instance, we have with Canada a treaty based on a sliding scale by which we establish quotas. We have negotiated reciprocal trade agreements with Canada and with Mexico, and in those treaties a sliding scale is provided; and in that connection we can unilaterally say, "This year only so much of product X can come in. Next year, so much of it can come in"—provided we do that within the framework of the treaty.

All the amendment does is to say that, within the framework of the treaty, in the future section 22 may be taken into consideration, where emergency action by the President is needed, but within the limitations here provided, so as to provide protection for a product within the price-support provisions, in connection with the expenditure of the taxpayers' funds, as provided.

Mr. KEFAUVER. But, of course, under the agreement, each country must know its rights in that connection; and unless it is agreed in the agreement that one of the parties to it may unilaterally place fees and limitations and restrictions on imports, the amendment would seem to me almost to negative the entire trade agreements program.

Mr. MAGNUSON. I agree entirely that such an understanding should be had at the time when the agreements are negotiated. The other party to the agreement would have to know of that situation, and perhaps it would not agree to accept such a provision. But if we are not to have this as part of our basic agricultural policy, then we should delete all of section 22 from the bill, and should remove all the power of the President to do this. At present, it is completely nullified.

The amendment has nothing to do with the tariffs which are arrived at in the reciprocal trade agreements.

Mr. KEFAUVER. I cannot see that section 22, as set forth in the memorandum I have, gives the President the authority which the Senator says it does.

Mr. MAGNUSON. If the Senator will read section 22 of the Agricultural Adjustment Act of 1948, as amended, including all the provisions of the section, he will see that the President now has vested in him by Congress the power and the authority to impose import fees. This amendment has nothing to do with the tariff now in existence on a particular product. But the Senator will see that under section 22 of the Agricultural Adjustment Act of 1948, as amended, the President now has the power to impose import fees if in his opinion the importation of a given product would seriously jeopardize the economy of that particular agricultural product in the United States. But the State Department holds to the contrary; it is hiding behind the cloak of the reciprocal trade agreements.

In the future when we negotiate these agreements, if we are to have this policy—and if we are not, let us throw it out of the bill—all the amendment will do is to say that when the parties sit down to negotiate, they should know that that is a part of the agricultural policy of the United States. If it can be worked into the reciprocal trade agreement, that will be fine. Naturally it would not be done without the agreement of the other country.

Mr. KEFAUVER. I am afraid there would not be much negotiation with other countries in that case.

Mr. MAGNUSON. Why not? The amendment provides only limited authority. It does not involve changes in connection with products on which agreements already are negotiated, but it only involves emergency situations affecting our agricultural economy.

Mr. KEFAUVER. I simply say that there would not be very much negotiation if this amendment were written into a reciprocal trade agreement proper. If the Senator's amendment were adopted, it would not be possible, in my opinion, to enter into an agreement saying that the import fee would be 10 cents or $1, or whatever amount might be determined upon, because under the Senator's amendment the right to fix the import fee is expressly reserved to the President, and nothing in the agreement could take away his right to change it or modify it in the future.

Mr. MAGNUSON. The President does not have to act in these matters at all; and he will not act unless he determines that he should do so, after the facts are presented to him. This provision is not mandatory. The President may or may not act.

Mr. KEFAUVER. But the other party to the negotiation would not know whether the President would act or would not act.

Mr. MAGNUSON. The other party to the agreement would simply have taken that possibility into consideration, in negotiating the agreement.

The Senator is a good lawyer, and I know he has drawn many contracts in which flexibility is provided for under a provision whereby one party may take certain unilateral action if certain conditions develop.

Mr. FULBRIGHT. Mr. President, if the Senator will yield, let me say that the amendment is mandatory, in that it reserves that right.

Mr. MAGNUSON. The Senator is correct; the reservation of the right is mandatory. But the action is permissive.

Mr. FULBRIGHT. I was pursuing the point raised by the Senator from Tennessee, namely, that if it is mandatory to put this reservation into every agreement, then I do not think we could make any agreements, if such an arbitrary reservation were to be included, namely, the unconditional right unilaterally to impose fees and quantitative limitations. Quantitative limitations, Mr. President, are the most stringent of all obstructions to the movement of trade. They are worse than fees and tariffs.

Mr. MAGNUSON. We have entered into all kinds of agreements containing such a provision, and also provision for quotas.

Mr. FULBRIGHT. As I tried to point out, it is possible to reserve in our present Geneva agreements—and we do—quantitative restrictions, when we have restrictions at home. That is a very different thing from including a blanket provision, that, without any condition, any kind of quota may be imposed. It seems to me no reasonable nation would ever accept such an agreement.

Mr. MAGNUSON. If the Senator will read all of section 2, he will find that all kinds of conditions are imposed, before the President can even exercise his permissive authority.

Mr. FULBRIGHT. The Senator is changing section 2, by taking the authority away from the President and giving it to the Secretary of Agriculture.

Mr. MAGNUSON. No; that relates to my second amendment, which, as I said, I am not pressing. It merely simplifies the procedure. I have had the experience of taking matters to the Tariff Commission, and having them held for at least a year, during which time the damage usually has been done.

Mr. FULBRIGHT. What the Senator is really complaining about is the administration of the Tariff Commission, is it not?

Mr. MAGNUSON. No.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. MORSE. Will the Senator permit me to read a portion of article XI of the General Agreement on Tariffs and Trade, and then to ask the Senator whether his amendment is not entirely consistent with that article? Article XI reads as follows:

VOLUME I. GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XI. GENERAL ELIMINATION OF QUANTITATIVE RESTRICTIONS

1. No prohibitions or restrictions other than duties, taxes, or other charges, whether made effective through quotas, import or export licenses, or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party.

2. The provisions of paragraph 1 of this article shall not extend to the following:

(a) export prohibitions or restrictions temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting contracting party;

(b) import and export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading, or marketing of commodities in international trade;

(c) import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operate:

(i) to restrict the quantities of the like domestic product permitted to be marketed or produced, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted; or

(ii) to remove a temporary surplus of the like domestic product, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted, by making the surplus available to certain groups of domestic consumers free of charge or at prices below the current market level—

I ask the Senator from Washington whether his amendment is not in fact in conformity with the principles of those procedures of the tariff agreement itself?

Mr. MAGNUSON. I appreciate the observation by the Senator from Oregon. I had the basic agreement with me yesterday. I do not have it in my papers today. But 23 nations said, "We are going into a world-wide program of reciprocal agreements and economic agreements." They laid out a basic blueprint as to how the agreements should be effected. In the basic blueprints they specifically say they will reserve the right to do this for agricultural products in an emergency. That is what I asked for in my amendment.

Mr. FULBRIGHT. If it is already in the agreements, why does the Senator seem to think it necessary to include it in the pending legislation?

Mr. MAGNUSON. Because the law provides certain methods of procedure, which have to be clarified, and because the State Department, whenever we have tried to do this, whenever the Congress has said it should be done, always hides behind a cloak and says, "Not the basic agreement, but an agreement with the particular country is causing this; we have a trade agreement, and we cannot act," or "we will not act." That is what happens. For instance, at the present time, Canada is flooding our market with apples. A specific trade agreement with Canada is cited, and we are told by the State Department, "Section 22 does not require anything to be done about it." We are told that the trade agreement itself—not the basic agreement—supersedes section 22. All I am trying to do is to reverse the procedure so that in the future the Department will not only pay attention to the basic policy, but will pay attention to their own restrictions included in the basic agreement.

Mr. MUNDT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from South Dakota?

Mr. MAGNUSON. I yield.

Mr. MUNDT. As I understand the purpose of the two amendments, I believe I can concur in them.

Mr. MAGNUSON. I am not pressing the second amendment, which is procedural in nature.

Mr. MUNDT. By the "second amendment", the Senator refers, does he not, to the longer of the two amendments?

Mr. MAGNUSON. I refer to the so-called long amendment. It is the amendment which provides the manner in which the facts are to be determined.

Mr. MUNDT. Is the Senator pressing the shorter amendment?

Mr. MAGNUSON. Yes.

Mr. MUNDT. It provides, as I understand, a twofold protection. In the first place, it protects the farmer against an undue influx of foreign competitive farm products, and it also protects the Treasury against having to put a support price on products which would maintain the level of the foreign imports.

Mr. MAGNUSON. It is to meet such situation as took place in connection with the potato program, for example.

Mr. MUNDT. In other words, briefly, it seems to apply the peril-point philosophy, which we were discussing the other day, to agricultural products.

Mr. MAGNUSON. I think it is something in the nature of a peril point. The difference is that in the peril-point provision discussed the other day, in the event of the peril point becoming an actuality, the matter came to Congress. In this case we follow the procedure laid down in the Agricultural Adjustment Act, which allows the President to act in an emergency. The peril-point legislation dealt with set tariffs. We are not dealing with set tariffs at all. We are not touching trade agreements.

Mr. MUNDT. The amendment provides a more vigorous and realistic protection than the peril-point philosophy, because when we reached the peril point, the President could still accept or reject the recommendations of the Tariff Commission, whereas the pending amendment creates a congressional policy which the President is expected to follow. Am I correct in that understanding?

Mr. MAGNUSON. He may do it. It is permissive with him. I think perhaps the best example I could cite is that of the potato program. The State Department said in effect, "We have a trade agreement with Canada providing that so many potatoes shall come into the United States." Whatever the tariff is on them, I do not know. In the meantime, we were loaded with domestic potatoes, and, as the Senator from New Mexico said, it cost the Treasury $250,000,000. In such a case the President could act by requiring an import fee on potatoes. The existing tariff is not affected, nor does it affect, except indirectly, the reciprocal trade agreement. It only follows out what has been said in the Congress.

Mr. MUNDT. I may say it so closely approximates the peril-point protective philosophy that it makes me think I am 100 percent in favor of the suggestion. I think it is worth while.

Mr. MAGNUSON. I might be thought to be inconsistent about the matter. I voted against the peril point, as I said yesterday, simply for the reason that it

required the matter to come back to Congress. I did not want to see a recurrence of the old log-rolling days in Congress in connection with tariffs. It dealt only with tariffs and it set amounts. This does not deal at all with tariffs. It does not touch them.

Mr. CAPEHART. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Indiana?

Mr. MAGNUSON. I yield.

Mr. CAPEHART. The Senator just made the statement that under the peril-point amendment the matter was referred back to Congress.

Mr. MAGNUSON. It did, as I understood the amendment.

Mr. CAPEHART. I am certain the able Senator did not understand it, because, if the President wanted to change it, all he had to do was to notify the Congress of his reasons, in which case the Congress would have had no dictatorial power over the matter at all. We simply asked the President, in the event he did certain things, to notify the Congress in writing, without any veto resting in the Congress. The pending amendment is exactly the same as the peril-point amendment we fought so hard to get through about 2 weeks ago, to protect all industry in America. The able Senator now wants to apply the peril-point principle to agricultural products. I am for the amendment. I shall vote for it, because I believe in its application to agriculture, just as I believe in its application to all other products of America. I think the amendment should be agreed to, as I thought the peril-point amendment should have been agreed to. I think it is only fair, equitable and honest that we protect all industry and protect everyone in America alike. If the time comes when the tariff is so low that imports imperil industry, and men and women are thrown out of work, our Government should protect industry and should protect men and women in their jobs.

Mr. MAGNUSON. I may say to the Senator from Indiana that I do not quite agree with him that my amendment is on all fours with the peril-point amendment. That amendment dealt with a matter on which Congress had never acted. My amendment deals with a matter as to which the Congressional intent has been long established, namely, agricultural products. It does not deal with tariffs; it merely deals with the permissive authority which the President now has to apply import fees of a temporary emergency nature to agricultural imports. Although it deals, of course, with the whole problem of reciprocity in trade agreements, it is an entirely different amendment.

Mr. President, I have with me the endorsement of this amendment by the National Grange. When the subject was being considered, prior to the reciprocal-trade-agreement debate, I talked with other agricultural leaders and representatives of agricultural organizations, and I have yet to find anyone opposed to my amendment. It seemed to me that it would clarify the situation and offer a means of permissive protection for American agriculture and would deal with many little knotty situations in which imports seriously jeopardize domestic agricultural products.

The Senator from New Mexico has said that if the last amendment offered had been adopted, the bill itself might as well not be passed. I can envision a situation in which the price-support program, which may be costing us a great deal of money, may be itself wrecked. As the Senator from New Mexico has pointed out, unless it be flexible and adjustable to the conditions of the economic situation at the time, we shall have trouble. Because of imports, we had a great deal of trouble, particularly with regard to certain items which were not even under the price-support program. Our reciprocal-trade agreements are flexible, and my amendment would make the operation of the law flexible with respect to agricultural products.

I shall not press my second amendment, because it merely changes the procedure. My "beef," to use a slang expression, regarding the Tariff Commission, is their seeming inability to arrive at a fundamental decision.

I hope my amendment will be adopted.

Mr. President, I do not like to put into the RECORD the whole basic agreement, but I should like to have printed in the RECORD article XI of the trade agreement entered into at Geneva, which specifically allows flexible unilateral action in trade agreements when they are negotiated.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ARTICLE XI. GENERAL ELIMINATION OF QUANTITATIVE RESTRICTIONS

1. No prohibitions or restrictions other than duties, taxes, or other charges, whether made effective through quotas, import or export licenses, or other meaures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party.

2. The provisions of paragraph 1 of this article shall not extend to the following:

(a) Export prohibitions or restrictions temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting contracting party.

(b) Import and export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading, or marketing of commodities in international trade.

(c) Import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operate—

(i) To restrict the quantities of the like domestic product permitted to be marketed or produced, or if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted; or

(ii) To remove a temporary surplus of the like domestic product, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted, by making the surplus available to certain groups of domestic consumers free of charge or at prices below the current market level; or

(iii) To restrict the quantities permitted to be produced of any animal product the production of which is directly dependent, wholly or mainly, on the imported commodity, if the domestic production of that commodity is relatively negligible.

Any contracting party applying restrictions on the importation of any product pursuant to subparagraph (c) of this paragraph shall give public notice of the total quantity or value of the product permitted to be imported during a specified future period and of any change in such quantity or value. Moreover, any restrictions applied under (i) above shall not be such as will reduce the total of imports relative to the total of domestic production, as compared with the proportion which might reasonably be expected to rule between the two in the absence of restrictions. In determining this proportion, the contracting party shall pay due regard to the proportion prevailing during a previous representative period and to any special factors which may have affected or may be affecting the trade in the product concerned.

Throughout articles XI, XII, XIII, and XIV the terms "import restrictions" or "export restrictions" include restrictions made effective through state trading operations.

Mr. FULBRIGHT. Mr. President, I do not want to take much time on this question, because we argued it only a short time ago. This amendment is quite similar to the peril-point proposal, except that it is restricted to a very special program. I suspect it could be restricted to other than agricultural products.

I oppose the amendment on two or three grounds. My first ground is that I do not think a matter which is so important as is this one should be brought in at the last moment in connection with an agricultural bill without having been examined very closely and considered by the proper committee, which, in my opinion, would be the Finance Committee, dealing with our reciprocal trade agreements.

I am not at all sure that I understand all its implications, but I think it is very clear that this kind of a provision of an unconditional right unilaterally to impose fees and quantitative limitations would be unacceptable to practically all countries seeking to make any kind of an agreement. I am quite sure our own country would not accept such an agreement, and I cannot imagine that other nations would accept it.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MAGNUSON. It is not an unconditional right. It is subject to conditions which the nations agreed to themselves in the basic Geneva agreement. It is conditioned on many things. They agreed to it in article XI of the basic trade agreement, if I correctly read it.

Mr. FULBRIGHT. I certainly do not want to pose as knowing all the answers in this field, but there is a disagreement between us as to whether this amendment should be included in the bill at the last minute. I do not think we appreciate all its implications.

On its face the language is very clear. I should like to read it:

(f) No treaty, trade agreement, or other international obligation shall be hereafter entered into by the United States which does not reserve to the United States the unconditional right to unilaterally impose the fees and quantitive limitations on imports provided for in this section.

That is an unconditional right unilaterally to impose fees and import

quotas. It is the right completely to stop all trade.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MUNDT. Of course, I agree with what the Senator has said about the amendment's being very closely analogous to the peril-point amendment, but because of that I feel that the Senator from Washington is certainly justified in offering it. It is not something new which is brought in as a last-minute amendment to a bill, because we argued peril points for 10 days on the floor of the Senate. This seeks not to extend them to all types of industry, but simply to agriculture. As the Senator has pointed out, using the term "import fees" instead of "tariffs" is a good deal like referring to excise taxes as Federal sales taxes.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MAGNUSON. I am only carrying out the terms of what has been the practice for a long time. It is not unconditional at all.

Mr. MUNDT. I am supporting the Senator in his position. I think agriculture is entitled to this protection, although I must confess that the peril-point amendment was a little bit more moderate and workable, because it permitted the President to establish tariffs which would still permit a certain amount of imports. This amendment provides for an embargo of agricultural imports.

Mr. FULBRIGHT. The amendment is not so clear as I thought it was, and that is what led me to say that it required further study by the proper committee which is familiar with our reciprocal trade program. I think it should be submitted to the proper committee for study, even though it may be a small peril-point amendment.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. WILEY. A rose by any other name would smell as sweet.

Mr. FULBRIGHT. Or as sour; yes.

Mr. WILEY. Whether it is in the nature of an executive protective tariff or in the nature of a provision contained in the original agricultural act, for the protection of American producers, it does not make any difference what we call it. Are we not getting around to the point where we begin to realize that, after all, the American market is the best market in the world and that we had better utilize it for the American producer? Is not that about the size of it?

Mr. FULBRIGHT. With some qualifications. We also have quite an interest in foreign markets. The producers of a good many of the basic commodities which are in the program we are considering, and which we support, have a very substantial interest in their foreign markets. That is one thing some seem never to be able to admit—that in order to sell anything abroad we have to buy something. That part is always left out. As has often been remarked, we are all for protection for what is produced in our particular communities, but we are free traders for every other article, and this is just another instance.

In one sense, there is nothing new about this whole program. My basic objection is that here, in a really domestic agricultural bill, we are seeking to rewrite in a very substantial sense the reciprocal trade program which a short time ago we fought out at great length. The peril-point provision was defeated, whether Senators like it or not, and now there is an attempt to fight it all over again in connection with this agricultural bill, under another name, as the Senator from Wisconsin says.

I am quite unable to see the difference between an import fee and a tariff, though the Senator from Washington insists there is a great difference. On a particular commodity that is brought in there are so many dollars to be paid, whether it is a fee or a tariff. One may be permanent and the other may be temporary, but the effect on trade is just the same.

Mr. MAGNUSON. Mr. President, if the Senator will yield, in the case of the peril point, we were talking about a matter which was going to be enacted as a new intent of Congress. The provision we are discussing has been in the law for 2 years. It was a law for which the Senator from Arkansas himself voted, I imagine. I have not checked the record, but I know the Senator has always been a great friend of agriculture and the farmers, and he probably voted for the AAA bill. I am sure he did.

Mr. FULBRIGHT. I did.

Mr. MAGNUSON. If he did, he voted for the policy I am advocating.

Mr. FULBRIGHT. I am still for that law. In the long run, for all agriculture, not specifically tree nuts, or apples, or something else, but for all agriculture, including wheat, especially wheat, cotton, and tobacco, I think this provision would be a very bad thing, while it might have a very beneficial effect temporarily on apples or something else in excess supply.

American agriculture has two very great interests. The domestic market is not the only one. There is the export market. Both are important, and our foreign policy should be designed and administered to give maximum opportunity to farmers for both markets.

I happen to come from a section whose principal product is exported. Mine is not the only community, either, in that category. We are exporting a considerable quantity of wheat these days, and wheat is just as important as potatoes or apples.

Mr. MAGNUSON. Mr. President——

The PRESIDING OFFICER (Mr. HUNT in the chair). Does the Senator from Arkansas yield to the Senator from Washington?

Mr. FULBRIGHT. I yield.

Mr. MAGNUSON. I am sure the Senator would not want to create the impression that this is some sort of a sectional amendment. Potatoes and apples were used only as examples.

Mr. FULBRIGHT. I was citing them because the Senator did. I was not trying to be personal. The Senator used those examples. I did not originate the examples.

Mr. MAGNUSON. There is nothing sectional about the amendment.

Mr. FULBRIGHT. I was using the same examples the Senator had originated. I was merely calling attention to the fact that agriculture in this country has a very important stake in the foreign market. The matter of the peril point, which the Senate decided not so long ago, is inconsistent with our over-all objective of bringing about a greater amount of trade. I would say it is against the long-term interest of agriculture as a whole.

The quota proposition is the most difficult and most restrictive of all the obstacles to trade. We were told within the last week of the effort the ECA is making to get rid of quotas as among the European nations. That is the most encouraging thing they have told us, that they are now, as part of their recovery program, in the midst of a negotiation in which the Europeans are agreeing, as among themselves, to take off quotas on 50 percent of the articles which now bear them.

At the time we are asking these very countries to take off quotas, and to tear down the obstacles to international trade, if we now inject this mandatory provision into our law, and revert back to a provision which would make it possible for us to use the very quotas which we are asking them to discard, we are put in a completely hypocritical position with regard to the other countries.

I call the attention of Senators again to the fact that in the existing agreements, and in pursuance of the basic law, which the Senator has quoted, our negotiators have included in the various trade agreements the right to impose quotas in cases where domestic production is restricted. In other words, in all these instances, or practically all of them—I think all those involving the major crops—we are restricting where we provide support prices. We intend, we think—and as a practical matter that is the way it will operate, though there may be exceptions—that in those cases there shall be the right to impose quotas. But there is a great difference between imposing them in a trade agreement in general with the countries, and putting a mandatory provision in the law which applies to all international trade, without any restrictions at all. I cannot imagine that the other countries would be willing to accept this kind of a provision.

There is one other thing which bears directly on that, namely, the escape clause which is included in the agreements, which provides an orderly way by which all additional fees can be adopted under the procedures set up. I think that is ample protection.

I should like to make one other observation in that respect. I think the Senator may be complaining more about the way the provision is administered than the actual protections which are now included in the trade agreements, because they would appear to me to be ample, purely as a matter of provisions in the treaties themselves.

Mr. MUNDT. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield to the Senator from South Dakota.

Mr. MUNDT. The Senator from Arkansas has made much of what he calls the unilateral advantage which this would give the United States, if we take action independently. I do not believe that is the proper interpretation of the amendment, as I read it. I think this is simply a warning light which is run up in advance of the negotiations which would still be made multilaterally.

The Senator's repeated reference to unilateral action and its bearing upon international trade gives me a thought whereby perhaps we can justify now reconsidering the peril-point philosophy which we rejected by a close vote a week or two ago. Since our other vote, the British unilaterally have reduced the value of the pound, thereby reducing the protective capacity of our reciprocal trade agreements by some 33⅓ percent. We are therefore confronted with a different situation today.

Mr. MILLIKIN. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I wish to answer first the Senator from South Dakota, then I shall yield.

Mr. MUNDT. Let me conclude the sentence. I wanted to protect the Senator from Washington from any false charge of inconsistency, by virtue of the fact that we are faced with a different situation from that confronting us when we last voted on peril points. The devaluation of foreign currencies has changed conditions. There is a more acute situation today. Unilaterally the British have started that by the change in the value of their pound, and therefore I think the Senate is justified in reconsidering its decision and the debate regarding the peril point, which, I agree with the Senator, the pending amendment involves.

Mr. FULBRIGHT. The use of the word "unilaterally" in this connection is rather a strained one, because the British have been under great pressure from this country to reduce the value of the pound, and I doubt whether it is accurate to say it was unilateral.

Mr. MUNDT. The Senator is aware of the fact that the French are complaining it was not multilateral, is he not? At the very least, it was bilateral.

Mr. MAGNUSON. Mr. President, I hope, again, that we can get this matter clear. The peril-point provision was defeated in connection with the Reciprocal Trade Extension Act. We are now talking about whether we are for a peril point, or whatever one may call it, a matter which the Congress has already decided, for which the Senator from Arkansas voted. If he calls this a peril point, he voted for the peril point when we passed the AAA bill. So did I.

Mr. MUNDT. A year ago.

Mr. MAGNUSON. A year ago.

Mr. MUNDT. A year ago we also had the peril point writtten into the law.

Mr. FULBRIGHT. I do not agree with the Senator at all that I voted for a peril point. It is very different from section (f).

Mr. MAGNUSON. Mr. President, we all voted for section 22. I am only proposing to carry out what we voted for.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Colorado.

Mr. MILLIKIN. I merely wanted to make the observation, in connection with the remarks of the distinguished junior Senator from South Dakota [Mr. MUNDT] about the unilateral devaluation and its effects on our imports, that it also touches a subject about which the junior Senator from Arkansas [Mr. FULBRIGHT] is very tender, to wit, exports. It is in fact limiting our exports.

Mr. FULBRIGHT. It limits competition; that is true.

Mr. MILLIKIN. Whatever the Senator may call it, it reduces the hurdle over which imports have to pass into our market by 30 percent.

Mr. FULBRIGHT. There is no doubt about that.

Mr. MILLIKIN. It heightens the hurdle to our exporters by about 30 percent. Yes; it increases competition all right. It destroys a great amount of our business.

Mr. FULBRIGHT. There is no doubt about that. I think the Senator from Colorado has been entirely consistent in his view all along, ever since I have known him, with respect to the matter of international trade. But there is a difference, and the difference is that the objective of these reciprocal trade programs is to increase international trade. The objective is to increase both exports and imports; that is, to have a greater flow of trade. In enabling other countries to be competitive or to import we have actually been giving them the difference. Actually that is about what the ECA has done, except in its initial stages, when it was engaged to a great extent in affording relief.

But now it has become a program of giving away dollars, because other countries could not sell goods here for various reasons, one of which is our tariffs, and the practices which had grown up under the shelter of tariffs. If we do not want to have international trade I agree that we ought to keep the tariffs high and ought to place every barrier possible around us. There are two different schools of thought on the matter. We cannot sell abroad and buy nothing. I consider that for about 25 years it was the basic philosophy of this country that we would sell abroad and buy nothing. That represents a very simple difference between us. But if we want to sell abroad and if we want to have international trade we must buy something and, of course, it is going to hurt somebody to some extent. It is a question of balancing the over-all good of the whole country against some particular—usually smaller—segment of the economy.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. The argument has always been that we have got to increase our exports and that in consideration of increasing our exports we must open our markets to imports.

Mr. FULBRIGHT. That is correct.

Mr. MILLIKIN. Would the Senator from Arkansas be good enough to tell us what has happened on the international scene lately that helps our exports? We are subject to almost 300 bilateral agreements which check our exports. Now we are subject to a devaluation which increases the hurdles, which heightens the hurdles over which are exports must go. Great Britain is over here asking that she be permitted not to take our wheat with the dollars we are lending her to purchase wheat. Then can the Senator tell us what encouraging thing there is toward increasing our exports?

Mr. FULBRIGHT. I unfortunately cannot tell the Senator about any encouraging things in any field.

Mr. MILLIKIN. Give me one, please?

Mr. FULBRIGHT. There is nothing very encouraging whatever in the whole scene. But the effort of this country and its policy is to try to reestablish conditions under which we can trade. The whole objective of giving away approximately $5,000,000,000 a year to Europe is to try to get her on her feet. The Senator from Colorado logically should never have permitted us to agree to an ECA program which would rebuild Europe, because that inevitably is going to assist her to get into a position to compete with us. Our whole policy has been directed toward re-creating a stronger Europe, which in turn can manufacture goods, which in turn can sell in competition with ours. ECA and lower tariffs and reciprocal trade are all consistent as an over-all policy. To be consistent with the Senator's point of view we should not have any ECA at all.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. The announced purpose of ECA was to make a one market western Europe, to make interconvertible currencies, and to stop economic autocracy in Western Europe. Mr. Hoffman himself admits that those objectives have failed. If they have not failed, if the Senator has a different opinion, let him tell how the objectives have succeeded.

Mr. FULBRIGHT. I think the Senator from Colorado will recall that he and I had an exchange of views about that last spring when I offered an amendment to the ECA Act which would afford the use of funds to bring about freedom of trade and convertibility within the ECA area, so that those nations would be strong enough to stand on their own feet, and I hoped would be freed from the necessity of artificial respiration from us. But that amendment was rejected. I think that objective has failed. Within the last 2 weeks Mr. Hoffman came before the Senate Committee on Banking and Currency and said that at last the western European nations have seen the light and are trying to break down the restrictions on trade within the western European area, and that he proposes to devote $150,000,000 for that purpose. The amendment I offered last spring, which the Senator opposed, contained such a provision. I think the Senator recalls the amendment which he opposed.

Mr. MILLIKIN. As I recall, the Senator from Arkansas was trying to coerce a customs union, or something of that kind.

Mr. FULBRIGHT. No; I was trying to enable the western European nations to achieve a union which they already said they desired.

Mr. MILLIKIN. I did not like the political inference involved in the Senator's amendment.

Mr. FULBRIGHT. The Senator's position is consistent. I have never seen the Senator in this field or in any other field that I know of take a position which has been inconsistent with the one he is now taking. He does not believe in international trade. He does not believe we should import anything which can be made in the United States, and I think he believes we ought to live apart. If I thought it were possible for us to do so I would agree with the Senator entirely; I wish it were possible to pursue such a course; but I think the penalty for that view is the recurrence of wars, and the weakening of the western European countries. That is my reason for disagreeing with the Senator from Colorado.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. The Senator has said several things. He has said that I would surround this world with a Chinese wall.

Mr. FULBRIGHT. I said "this country."

Mr. MILLIKIN. This country. On the contrary, I want imports on a fair competitive basis. The Senator would convey the impression that I am opposed to exports. I am quarreling with the Senator because we have not obtained exports as the quid pro quo for what we have given to secure them. Every day the hurdles are being raised higher against them.

Mr. FULBRIGHT. We have exports to the extent we have given away our money. But we cannot continue to give away to Europe dollars to be spent in this country.

Mr. MILLIKIN. I hope we do not form a permanent national policy of exports supported by give-away dollars.

Mr. FULBRIGHT. No. That is why I want to loosen up the channels of trade, and avoid putting quota restrictions on international trade.

Mr. MILLIKIN. But when the give-away policy is stopped there will still remain all the quotas, there will still be the import licenses, there will still be the bilateral agreements, there will still be the preference areas, and then what will we do with our export goods?

Mr. FULBRIGHT. The Senator may be right. Many of the efforts we have put forth have failed. As I said a moment ago, I cannot say that we have achieved all our objectives. But I still insist that our objective is to get rid of the import quotas other countries have placed on our goods, including in many countries our agricultural commodities, by reason of the fact that they are trying to conserve their dollars. I agree that the policy has not been a great success. If it had, we would not have all the troubles with which we are plagued. I think many of the surpluses with which we are now faced would not be bothering us if there was freer trade. I believe agriculture has a great stake in enabling other countries to purchase agricultural products. Part of that is dependent upon our permitting them to sell us goods in order to enable them to secure dollars. The Senator knows better than I that the people of western Europe want our products, but they do not have dollars to pay for them.

Mr. MILLIKIN. They do not want to pay for them.

Mr. FULBRIGHT. They do not want to pay for them——

Mr. MILLIKIN. They have the dollars to pay for them but they do not want to pay for them—period.

Mr. FULBRIGHT. Perhaps none of us would want to pay for anything if we could get it free. But if they had the dollars and wanted to eat, why they would usually pay for the food they needed.

Mr. MILLIKIN. We are all devoted to free enterprise, but the term has come to mean to be enterprising is to get everything one can for free from the Government.

Mr. FULBRIGHT. That particular difficulty is not restricted to foreigners. The Senator will find a little of that inside our own country.

Mr. MILLIKIN. Oh, yes; I agree.

Mr. FULBRIGHT. That is a sort of a characteristic common to many people.

Mr. MILLIKIN. I agree.

Mr. FULBRIGHT. I do not know that this Congress has a very good record in protecting itself from that particular inclination in the past few years.

Mr. MILLIKIN. It has a very bad record.

Mr. FULBRIGHT. Mr. President, I have been diverted from the main objective. I can only say that I hope the Senate will not accept this amendment to this bill at this time. I do not think it is a proper bill in which to try to rewrite our foreign-trade policy. Certainly, in a very sense, this proposal is very similar to the peril-point idea in a restricted field. We fought that battle out. The only thing I am afraid of is that Members of this body will not realize its importance. They did in connection with the reciprocal trade program, because the subject was thoroughly debated and every Member of the Senate was aware of the implications of that proposal. A clean-cut decision was made by the Senate. I do not believe it is proper to offer such an amendment in connection with this bill, in which no one was expecting a reconsideration of our basic foreign economic policy. It seems to me that it would be a great mistake to adopt the amendment and make it a part of this bill. If this sort of thing is to be done, the question certainly ought to be submitted to the committee of the distinguished Senator from Colorado, and the proposal should be brought in as a part of a bill in which its full significance is recognized. I think it has implications which might be extremely serious to the entire program of trying to promote a greater flow of international trade. If we are going to do it, it ought not to be done in an offhand way in connection with a bill the substance of which goes in an entirely different direction than international trade.

That is my basic objection to the amendment. It might well be that after due consideration and certain qualifications of this sort of thing might be incorporated into our policy. I feel a little hesitancy in saying positively that there is no merit in this amendment, but I do say positively that it ought not to be accepted in this very precipitate manner, on this kind of bill. I think that part of my position is entirely sound. I would welcome comments from members of the Finance Committee who considered this proposal.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. MAGNUSON].

Mr. MILLIKIN. Mr. President, I am in favor of the amendment, for several reasons which move others to oppose it.

This amendment is one more illustration of the break-down in the handling of our reciprocal trade system. Within the past 2 weeks three or four groups of American producers have had to come to Congress to try to obtain relief from situations which should have been handled under the intelligent administration of our trade agreement system. One group was the fur farmers. The proposal with respect to that group was defeated. But we hope to get some relief for them from a later amendment, which was agreed to. Oil narrowly missed being given a quota; and I have no doubt that the oil question will be before us again. Now we have this amendment, which covers a wide agricultural field, but which probably was motivated by acute distress among those who grow tree crops.

If relief cannot be obtained through the intelligent handling of our reciprocal trade agreement system, we have no alternative but to consider these questions on the floor of the Senate, the avoidance of which motivated the reciprocal trade systems.

The repeated requests by distressed industries for special and separate relief illustrates, as I said before, how badly this system has bogged down. But that does not, I respectfully suggest, warrant us in confirming ourselves to the lament "It is too bad." If the reciprocal trade system is not handled efficiently, we have no alternative but to consider these problems as they arise. I shall give the pending amendment my support.

I wish to say—and I think I am in disagreement with the distinguished Senator from Washington [Mr. MAGNUSON] when I say—that in my opinion the amendment is in conflict with GATT. It is in conflict in the Annecy agreement. It is possibly in conflict with other trade agreements.

I believe that it would compel the renegotiation of all those agreements. If we must renegotiate those agreements to avoid the mismanagement of reciprocal trade matters, we have no alternative.

Let me repeat my point that this amendment does violate our present reciprocal trade agreement system.

When we had the provisions of GATT, the so-called Geneva agreement, before the Senate Finance Committee last February and March we took the provisions

of that agreement one by one and heard testimony on them. In article XI, which has been read, but which I do not believe has been read far enough, there is the following requirement when we wish to impose a quota to protect a domestic agricultural program which limits production in connection with a price-support program:

Any contracting party applying restrictions on the importation of any product pursuant to subparagraph (c) of this paragraph shall give public notice of the total quantity or value of the product permitted to be imported during a specified future period and of any change in such quantity or value. Moreover, any restrictions applied under (1) above shall not be such as will reduce the total of imports relative to the total of domestic production as compared with the production which might reasonably be expected to rule between the two in the absence of restrictions. In determining this proportion, the contracting party shall pay due regard to the proportion prevailing during a previous representative period and to any special factors which may have affected or may be affecting the trade in the product concerned.

This does not give us the complete right to stop all imports in order to support our price-support program. We have to reduce our domestic production proportionately with the reduction of imports and is in conflict with the amendment before us. That was all made clear in the examination of Mr. Brown, who was a witness for the State Department. We were discussing article XI of GATT. Let me read a few excerpts from his testimony. I am reading from page 1218 of the hearings to which I have referred:

Senator MILLIKIN. Will you be good enough to give us a rather full explanation of this article?

Mr. BROWN. This is a very important article, Senator MILLIKIN. It sets forth one of the basic principles of the agreement, which is a principle which has been contained in all of our trade agreements that quotas should not be used on the importation of products covered by the agreement.

That is the main principle.

This is broader because it applies to all products. The same is true of export quotas. That is a fundamental principle of the agreement which is modified by a series of exceptions which appear in later articles.

On page 1219, the junior Senator from Colorado asked the following question:

Senator MILLIKIN. Now, bring that prohibition—

That is, the prohibition against quotas, the prohibition against exports—

bring that prohibition against the exceptions so that we can determine the scope of the exceptions, and what is left after you get through with the exceptions. And give us some examples as you go along.

After discussing certain exceptions in article XI, which are not relevant here, Mr. Brown said, on page 1220:

Then, in (c) we have had had cases and other countries have had cases where it has been necessary for the Government to take action to reduce surpluses, and to prevent disastrously low farm prices by acreage control; and it would obviously be unfair in such a case to permit imports to come in and to contribute to the very same surplus situation which the Government was stepping in to correct. In that case a quota could be used.

Senator MILLIKIN. We have authority to go into many acreage limitations. We can go into acreage limitation on a number of products. If we imposed acreage limitations, does that automatically permit us to fix quotas on the same product?

Mr. BROWN. Yes, sir.

Senator MILLIKIN. Anywhere along the line? There is no exception to that?

Mr. BROWN. We couldn't fix the import quota at an arbitrarily minute amount.

In other words, they cannot entirely exclude imports.

Then he said:

I mean, there must be a reasonably proportional amount.

Mind you, Mr. President, our farmers are being subjected to a reduction of acreage because we have a surplus, but we cannot exclude the importation of everything that is necessary to be excluded in order to keep from adding to the surplus. We cannot do that; but we have to reduce the imports proportionally to our own reduction and thus we subsidize those imports so that they may add their weight to overburdened price-depressing markets.

Then the following occurred:

Senator MILLIKIN. Where does it say that?

Mr. BROWN. Where it says [reading]:

"Moreover, any restrictions applied under (1) above shall not be such as will reduce the total of imports relative to the total of domestic production, as compared with the proportion which might reasonably be expected to rule between the two in the absence of restrictions."

And the test given there, the one objective test, is the previous representative period.

Senator MILLIKIN. That is another way of saying that if we were actually applying acreage restrictions, we could not exclude completely the similar product from a foreign country.

Mr. BROWN. That is correct, sir.

Senator MILLIKIN. But our exclusion would be measured by what would be considered as a fair proportion under normal conditions.

Mr. BROWN. That is correct, sir.

Mr. MAGNUSON. Mr. President, will the Senator yield at this point?

Mr. MILLIKIN. I yield.

Mr. MAGNUSON. Of course, that is section 22; and the limited authority to do that falls within what was the interpretation of the basic agreement. Is not that correct?

Mr. MILLIKIN. I think the Senator's amendment goes further than that, because under it a complete quota could be imposed; and Mr. Brown made it clear that that could not be done under this provision of GATT.

Now I read from page 1221:

Senator MILLIKIN. Let us take the case of the limitation on the production of agricultural products in this country. If we came into sharp limitation of acreage in any field, or any other type of limitation, limitation on the end product, for example, any sharp limitation of that kind, you can see at once what the political repercussions would be here at home.

We are getting those repercussions in the Senate in connection with the parade of specific products that now are coming before us for protection.

I read further:

You would have a hard time selling the farmer of this country on the proposition that while he is undergoing those limitations, at the same time foreign stuff should come in here and take its part of a market which, under those circumstances, he might well feel belonged to him.

Now I suggest that that is a very important policy that you have here. I suggest that only Congress can establish a policy of that kind. I suggest that the Congress might not agree with that kind of a policy. I suggest that there is no authority in your enabling statute to impose that kind of a limitation.

I add at this point that that is one of the reasons why I am supporting the Senator's amendment, because he is trying to do congressionally what the Congress has a right to do and which GATT does not have the right to forbid.

Then I said:

What is your theory?

Mr. BROWN. My theory is that there is, Senator.

Senator MILLIKIN. Well, that is a simple disposition of the matter, Mr. Brown.

I am not so sure that the Congress would feel itself bound to follow your lawmaking, here.

And now we have caught up with that prediction.

I read further:

Mr. BROWN. Of course not, sir. I would never suggest that Congress was bound by anything which I stated.

Senator MILLIKIN. Do you intend to bring back any part of this article to the Congress?

Mr. BROWN. We intend to ask the Congress to repeal the prohibition—

On what, Mr. President? The prohibition on this proportional quota business? No. The answer is—

on the export of tobacco seed, which would be clearly prohibited by paragraph 1 of this agreement. And I think, although I am not yet completely sure on this point, that we shall ask the Congress sharply to modify if not repeal the manufacturing clause in the copyright law, based partly on this article and partly on article III. Because that operates as an absolute prohibition upon the importation into this country of any book in the English language.

Senator MILLIKIN. Anything else?

Mr. BROWN. No, sir.

Senator MILLIKIN. You do not intend to ask the approval of Congress of that part of the article which proposes a restriction on its congressional power to establish a quota if it feels that it should be established, in connection with its domestic production regulations?

Mr. BROWN. No, sir; there have been quota provisions in our agreements from the very beginning.

I read now from page 1224:

Senator MILLIKIN. What I had in mind was that there is quite a little agitation for a rigid support price policy.

The CHAIRMAN. Yes.

We just finished that about half an hour ago.

I read further:

Senator MILLIKIN. And if we have a rigid support price policy, then, as a matter of sound procedure, I suggest we have to have legislative authority for rather rigid controls on production.

And after we have had these years of encouragement of production, to bring our farmers down to rigid controls on production, and a substantial lessening of production, would be something that I think as a practical matter would cause a lot of pressure around here not to lessen the market by importations of any kind.

Mr. BROWN. May I make one further observation on this, Senator?

Senator MILLIKIN. Yes.

Mr. President, we are discussing now the reciprocal nature of these restrictions and exceptions. I call this matter particularly to the attention of the senior Senator from Arkansas:

Mr. BROWN. We have been discussing thus far the point of view purely of looking inward into the United States. The quota, of course, is the device which is most used against the exports of the United States, and very heavily against the agricultural exports of the United States as well as the industrial exports. And it has been and still is one of the primary objectives of our efforts to limit the use of that very effective weapon against our exports.

Therefore, I think this article must be looked at very carefully from that point of view as well. We must recognize that in this article we have protection against the complete embargo by another country of our products which we would like to send in to it. And in view of the very great importance of our exports to that segment of the community, and to the Nation as a whole, that is a tremendously important aspect of this. I mention that only to balance the consideration.

Senator MILLIKIN. This is entirely in the field of opinion, but I think you will find that as food production increases in the rest of the world, the nationalistic tendencies, which are growing rather than contracting, will result in quotas and all other restrictions necessary to keep our farm products out of competition with domestic production in those foreign countries.

Mr. President, in closing, I wish to say again that I am in favor of the Magnuson amendment. I believe it is based on the proper authority of Congress. I believe it is a suitable amendment to correct and protest what in my opinion has been invalidity done at Geneva and Annecy to restrict our right to safeguard our production-control and price-support programs.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. MAGNUSON].

Mr. WILLIAMS. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hendrickson	Martin
Anderson	Hickenlooper	Maybank
Baldwin	Hill	Miller
Bridges	Hoey	Millikin
Butler	Holland	Morse
Byrd	Humphrey	Mundt
Cain	Ives	Murray
Capehart	Johnson, Colo.	Myers
Chapman	Johnson, Tex.	Neely
Connally	Johnston, S. C.	O'Mahoney
Cordon	Kefauver	Pepper
Donnell	Kem	Robertson
Douglas	Kerr	Russell
Downey	Kilgore	Saltonstall
Eastland	Langer	Schoeppel
Ecton	Long	Smith, Maine
Ferguson	Lucas	Stennis
Flanders	McCarthy	Taylor
Fulbright	McClellan	Thomas, Okla.
George	McFarland	Thye
Gillette	McKellar	Wiley
Graham	McMahon	Williams
Green	Magnuson	Withers
Hayden	Malone	Young

The VICE PRESIDENT. A quorum is present. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. MAGNUSON].

Mr. WILLIAMS and other Senators asked for the yeas and nays, and they were ordered.

Mr. LUCAS. Mr. President, I should like to say a word or two in opposition to the amendment. The amendment, in my judgment, has absolutely no place in the agricultural bill. It is an amendment which really should be considered by the Committee on Foreign Relations. I shall read the amendment, and I ask Senators to listen attentively to its reading:

(f) No treaty, trade agreement, or other international obligation shall be hereafter entered into by the United States which does not reserve to the United States the unconditional right to unilaterally impose the fees and quantitative limitations on imports provided for in this section; and no such treaty, trade agreement, or other international obligation now in force shall be renewed, extended, or allowed to extend beyond its permissible termination date, without the inclusion of such reservation.

Either the Committee on Foreign Relations or the Committee on Finance, which reported the reciprocal trade agreement bill, should consider this kind of an amendment.

I am a little bit surprised that my good friend from Washington would offer an amendment of this kind, in view of the position which he took when the Senate had under consideration the reciprocal trade agreements bill. This is an important amendment. The Chairman of the Tariff Commission goes further in his interpretation of this amendment than I do. He takes the position that every trade agreement we have at the present time would have to be renegotiated if this amendment should become a part of the law. Under any circumstances the most rigid construction or the most liberal construction of the amendment indicates definitely that when one of the trade agreements expires, it is the duty of the United States to renegotiate that trade agreement with respect to the language in this bill. The amendment would have a tendency practically to kill the trade-agreement program. I can understand how my good friend from Colorado [Mr. MILLIKIN], one of the most able Senators on the floor, can rise and speak for this amendment. When my friend from Colorado speaks in behalf of an amendment dealing with this kind of a question, it is in line with his basic philosophy with reference to the question of trade agreements, and I know it is time to be concerned so far as my thinking upon this question goes.

I sincerely hope the Senate of the United States will not at this time fall by the wayside and support the amendment offered by my distinguished friend from Washington. I hope my friend, when he realizes what he is doing with respect to the trade-agreement program, will withdraw his amendment. I am somewhat curious to know where he found it. He has not explained that in the debate. It is of such transcendent importance that I really cannot quite understand——

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. ROBERTSON. I wish to ask the distinguished Senator from Illinois a question. With our farmers producing 40 percent more cotton, 40 percent more tobacco, and more wheat and more of every commodity than we can consume at home, is there any single group more vitally interested in the success of the reciprocal trade agreement program than are our farmers; and if we, in the name of American farmers, wreck that program, what greater injury could we inflict upon them?

Mr. LUCAS. The Senator is eminently correct.

I want to make this statement in respect to the reciprocal trade agreement bill which we passed in the Senate not long ago. The president of one of the largest farm organizations of the United States came to my office, along with his assistant, a few days after we had passed the bill, and offered sincere congratulations to the Senate of the United States for what we had done with respect to maintaining the Hull-Roosevelt theory of reciprocal trade agreements. This amendment is right in the teeth of what we did a few days ago.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from Washington.

Mr. MAGNUSON. The Senator from Illinois would like to know where I found this amendment. I shall be glad to tell the Senate where I found it. The policy is in the Agricultural Adjustment Act for which the Senator from Illinois voted. The Congress said, insofar as agriculture is concerned, that when we use the money of the American taxpayers for price supports, placing limitations on our farmers, the products affected are in a different category, and when we negotiate trade agreements we should consider them as such. That is in section 22 of the Agricultural Adjustment Act for which the Senator from Illinois voted and for which I voted. It has nothing to do with trade agreements now in existence.

That is where I found the amendment. When the Senators says he does not know why it is offered to this bill, I ask the Senator to read section 22 of the bill, and he will find the same thing in reverse; I am offering the amendment only in order to change the language around. That is why it was offered as an amendment to the bill. If it is not proper in this bill, then section 22 should not be in the bill for which we all voted. It is a subject which has been discussed many times. The only purpose of the amendment is to carry out a policy. If we do not want that policy, if we do not want the State Department to consider it in negotiating agreements, we should repeal section 22 of the Agricultural Adjustment Act.

I say to the Senator from Illinois that I do not know whether Mr. Brown is correct in his statement that we will have to renegotiate all our treaties if my amendment should be agreed to. If an extension should become necessary, I suppose we should renegotiate some of our treaties. I do not know that there is anything particularly wrong in that. Possibly some of them should be renegotiated. If we do not carry out the policy of section 22 we may possibly wreck our price-support program.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. LUCAS. The only point I want to raise in respect to what the Senator has said is in connection with section 22. I am using the language he used yesterday:

> No proclamation under this section shall be enforced in contravention of any treaty or other international agreement to which the United States is or hereafter becomes a party.

Mr. MAGNUSON. I want to change it around.

Mr. LUCAS. Certainly. The Senator wants to do just the opposite.

Mr. MAGNUSON. That is correct. In one part of the bill it is said that we should not do it. I say we should do it.

The VICE PRESIDENT. The question is on the amendment of the Senator from Washington [Mr. MAGNUSON] on which the yeas and nays have been ordered. The Secretary will call the roll.

The legislative clerk proceeded to call the roll, and several Senators voted when their names were called.

Mr. MALONE. Mr. President, because of unavoidable delay, by the weather at St. Paul, I missed the vote on the Young-Russell amendment.

The VICE PRESIDENT. The Senator can make no statement on another matter while the roll call is in progress. The Secretary will resume the call of the roll.

The legislative clerk resumed and concluded the call of the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Wyoming [Mr. HUNT] and the Senator from Maryland [Mr. O'CONOR] are absent on official business.

The Senator from Louisiana [Mr. ELLENDER] is absent because of a death in his family.

The Senator from Delaware [Mr. FREAR], the Senator from Rhode Island [Mr. LEAHY], and the Senator from Alabama [Mr. SPARKMAN] are absent on public business.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Utah [Mr. THOMAS] is necessarily absent.

The Senator from Alabama [Mr. SPARKMAN] is paired on this vote with the Senator from New Hampshire [Mr. TOBEY]. If present and voting, the Senator from Alabama would vote "nay," and the Senator from New Hampshire would vote "yea."

The Senator from Utah [Mr. THOMAS] is paired on this vote with the Senator from Ohio [Mr. TAFT]. If present and voting, the Senator from Utah would vote "nay," and the Senator from Ohio would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from New York [Mr. DULLES], the Senator from Massachusetts [Mr. LODGE], the Senator from Kansas [Mr. REED], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from Indiana [Mr. JENNER] is absent by leave of the Senate because of illness in his family.

The Senator from California [Mr. KNOWLAND] and the Senator from Ohio [Mr. BRICKER] are absent on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "yea."

The Senator from Ohio [Mr. TAFT], who is necessarily absent, is paired with the Senator from Utah [Mr. THOMAS]. If present and voting, the Senator from Ohio would vote "yea," and the Senator from Utah would vote "nay."

The Senator from New Hampshire [Mr. TOBEY], who is necessarily absent, is paired with the Senator from Alabama [Mr. SPARKMAN]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from Alabama would vote "nay."

The Senator from South Dakota [Mr. GURNEY] and the Senator from Utah [Mr. WATKINS] are detained on official business.

The result was announced—yeas 35, nays 37, as follows:

YEAS—35

Aiken	Flanders	Millikin
Baldwin	Gillette	Morse
Bridges	Hendrickson	Mundt
Butler	Hickenlooper	Murray
Byrd	Ives	Saltonstall
Cain	Johnson, Colo.	Schoeppel
Capehart	Kem	Taylor
Cordon	Langer	Thye
Donnell	McCarthy	Wiley
Downey	Magnuson	Williams
Ecton	Malone	Young
Ferguson	Martin	

NAYS—37

Anderson	Humphrey	Miller
Chapman	Johnson, Tex.	Myers
Connally	Johnston, S. C.	Neely
Douglas	Kefauver	O'Mahoney
Eastland	Kerr	Pepper
Fulbright	Kilgore	Robertson
George	Long	Russell
Graham	Lucas	Smith, Maine
Green	McClellan	Stennis
Hayden	McFarland	Thomas, Okla.
Hill	McKellar	Withers
Hoey	McMahon	
Holland	Maybank	

NOT VOTING—24

Brewster	Jenner	Sparkman
Bricker	Knowland	Taft
Chavez	Leahy	Thomas, Utah
Dulles	Lodge	Tobey
Ellender	McCarran	Tydings
Frear	O'Conor	Vandenberg
Gurney	Reed	Watkins
Hunt	Smith, N. J.	Wherry

So Mr. MAGNUSON'S amendment was rejected.

Mr. WITHERS. Mr. President, I desire to make a motion to reconsider the vote by which the so-called Young-Russell amendment was rejected.

The VICE PRESIDENT. The Senator from Kentucky moves to reconsider the vote by which the so-called Young-Russell amendment was rejected.

Mr. LUCAS. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LUCAS. Am I to understand the Senator from Kentucky voted for the amendment?

Mr. WITHERS. Yes.

Mr. LUCAS. I make a point of order that the Senator cannot make the motion to reconsider.

The VICE PRESIDENT. The Senator from Kentucky voted on the prevailing side, and therefore is in a position to make a motion to reconsider.

Mr. MALONE. Mr. President——

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. MALONE. May I have recognition?

The VICE PRESIDENT. If the Senator desires recognition. The question is on agreeing to the motion of the Senator from Kentucky that the vote on the so-called Young-Russell amendment be reconsidered.

Mr. WILLIAMS. Mr. President, I move to lay that motion on the table.

The VICE PRESIDENT. That motion is not debatable.

Mr. MALONE. Mr. President——

The VICE PRESIDENT. The Chair cannot recognize the Senator at this time, because the motion is not debatable.

Mr. WILLIAMS. I withhold the motion.

Mr. LUCAS. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LUCAS. When I asked him the question, I was under the impression that the junior Senator from Kentucky had advised me he had voted for the Young-Russell amendment.

Mr. WITHERS. I voted against the Young-Russell amendment.

Mr. LUCAS. I misunderstood the Senator. I apologize to him.

The VICE PRESIDENT. The Senator from Kentucky voted against the amendment. He voted on the prevailing side. The amendment was lost by one vote.

Mr. MALONE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MALONE. Is the question before the Senate the motion to reconsider the vote by which the Young-Russell amendment was agreed to?

The VICE PRESIDENT. That is the pending question.

Mr. MALONE. Can a motion be made legitimately——

The VICE PRESIDENT. There is a motion now pending.

Mr. MALONE. I wish to join in the motion to reconsider.

The VICE PRESIDENT. It is not necessary to join in it. Only one Senator can make a motion to reconsider.

Mr. MALONE. I understood the Senator who made the motion was ruled to be out of order because he voted with the prevailing side.

The VICE PRESIDENT. Only a Senator who votes on the prevailing side can move to reconsider, or a Senator who was not present.

Mr. MALONE. I was not present, and I join in the motion.

The VICE PRESIDENT. The question is on the motion to reconsider the vote by which the Young-Russell amendment was rejected.

Mr. WILLIAMS. I move to lay the motion on the table.

The VICE PRESIDENT. The Senator from Delaware moves to lay the motion on the table, and that motion is not debatable.

Mr. WILLIAMS and other Senators asked for the yeas and nays, and they were ordered.

The legislative clerk proceeded to call the roll, and Mr. AIKEN voted "yea" when his named was called.

Mr. DOUGLAS. Mr. President——

The VICE PRESIDENT. The Chair will state the question for the information of Senators. The question is on the motion of the Senator from Delaware [Mr. WILLIAMS] to lay on the table the motion made by the Senator from Kentucky [Mr. WITHERS] to reconsider the vote by which the Young-Russell amendment was rejected.

Mr. RUSSELL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Georgia will state his parliamentary inquiry.

Mr. RUSSELL. My parliamentary inquiry is: If the motion of the Senator from Delaware should prevail, the Senate would have no opportunity then to vote upon the motion to reconsider, would it?

The VICE PRESIDENT. If the motion of the Senator from Delaware to lay the motion to reconsider on the table should prevail, that would end the motion to reconsider.

The Secretary will continue with the call of the roll.

The legislative clerk resumed and concluded the call of the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Wyoming [Mr. HUNT], and the Senator from Maryland [Mr. O'CONOR] are absent on official business.

The Senator from Louisiana [Mr. ELLENDER] is absent because of a death in his family.

The Senator from Delaware [Mr. FREAR], the Senator from Rhode Island [Mr. LEAHY], and the Senator from Alabama [Mr. SPARKMAN] are absent on public business.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Utah [Mr. THOMAS] is necessarily absent.

The Senator from Alabama [Mr. SPARKMAN] is paired on this vote with the Senator from New York [Mr. DULLES]. If present and voting, the Senator from Alabama would vote "nay," and the Senator from New York would vote "yea."

The Senator from Utah [Mr. THOMAS] is paired on this vote with the Senator from Wyoming [Mr. HUNT]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Wyoming would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Massachusetts [Mr. LODGE], the Senator from Kansas [Mr. REED], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from Ohio [Mr. TAFT] and the Senator from New Hampshire [Mr. TOBEY] are necessarily absent. If present and voting, the Senator from Ohio [Mr. TAFT] and the Senator from New Hampshire [Mr. TOBEY] would each vote "yea."

The Senator from Indiana [Mr. JENNER] is absent by leave of the Senate because of illness in his family.

The Senator from Ohio [Mr. BRICKER] and the Senator from California [Mr. KNOWLAND] are absent on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "yea."

The Senator from New York [Mr. DULLES], who is absent by leave of the Senate, is paired with the Senator from Alabama [Mr. SPARKMAN]. If present and voting, the Senator from New York would vote "yea," and the Senator from Alabama would vote "nay."

The yeas and nays resulted—yeas 37, nays 37, as follows:

YEAS—37

Aiken	Flanders	Magnuson
Anderson	Gillette	Martin
Baldwin	Graham	Millikin
Bridges	Green	Morse
Byrd	Hendrickson	Myers
Cain	Hickenlooper	Robertson
Capehart	Hoey	Saltonstall
Chapman	Holland	Schoeppel
Donnell	Ives	Smith, Maine
Douglas	Kem	Thye
Downey	Kilgore	Williams
Eastland	Lucas	
Ferguson	McMahon	

NAYS—37

Butler	Kefauver	Neely
Connally	Kerr	O'Mahoney
Cordon	Langer	Pepper
Ecton	Long	Russell
Fulbright	McCarthy	Stennis
George	McClellan	Taylor
Gurney	McFarland	Thomas, Okla.
Hayden	McKellar	Watkins
Hill	Malone	Wiley
Humphrey	Maybank	Withers
Johnson, Colo.	Miller	Young
Johnson, Tex.	Mundt	
Johnston, S. C.	Murray	

NOT VOTING—22

Brewster	Knowland	Taft
Bricker	Leahy	Thomas, Utah
Chavez	Lodge	Tobey
Dulles	McCarran	Tydings
Ellender	O'Conor	Vandenberg
Frear	Reed	Wherry
Hunt	Smith, N. J.	
Jenner	Sparkman	

The VICE PRESIDENT. On this question the yeas are 37, the nays are 37, which defeats the motion. But the Chair will vote, as he has a right to. The Chair votes "nay."

The question now is on agreeing to the motion to reconsider the vote by which the Russell-Young amendment was rejected.

The motion was agreed to.

The VICE PRESIDENT. The question recurs on agreeing to the amendment offered by the Senator from North Dakota [Mr. YOUNG] for himself and the Senator from Georgia [Mr. RUSSELL].

Mr. LUCAS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. WILEY (when his name was called). I have a pair with the distinguished junior Senator from New York [Mr. DULLES]. If he were present he would vote "nay." If I were at liberty to vote I would vote "yea." I therefore withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Maryland [Mr. O'CONOR] are absent on official business.

The Senator from Louisiana [Mr. ELLENDER] is absent because of a death in his family.

The Senator from Delaware [Mr. FREAR], the Senator from Rhode Island [Mr. LEAHY], and the Senator from Alabama [Mr. SPARKMAN] are absent on public business.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Utah [Mr. THOMAS] is necessarily absent.

The Senator from Alabama [Mr. SPARKMAN] is paired on this vote with the Senator from Utah [Mr. THOMAS]. If present and voting, the Senator from Alabama would vote "yea," and the Senator from Utah would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Massachusetts [Mr. LODGE], the Senator from Kansas [Mr. REED], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from Ohio [Mr. TAFT] and the Senator from New Hampshire [Mr. TOBEY] are necessarily absent. If present and voting, the Senator from Ohio [Mr. TAFT] and the Senator from New Hampshire [Mr. TOBEY] would each vote "nay."

The Senator from Indiana [Mr. JENNER] is absent by leave of the Senate because of illness in his family.

The Senator from California [Mr. KNOWLAND] and the Senator from Ohio [Mr. BRICKER] are absent on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from New York [Mr. DULLES] is absent by leave of the Senate, and his pair has been previously announced by the Senator from Wisconsin [Mr. WILEY].

The yeas and nays resulted—yeas 37, nays 37, as follows:

YEAS—37

Butler	Johnson, Tex.	Murray
Connally	Johnston, S. C.	Neely
Cordon	Kefauver	O'Mahoney
Downey	Kerr	Pepper
Ecton	Langer	Russell
Fulbright	Long	Stennis
George	McCarthy	Taylor
Gurney	McClellan	Thomas, Okla.
Hayden	McFarland	Watkins
Hill	McKellar	Withers
Humphrey	Malone	Young
Hunt	Maybank	
Johnson, Colo.	Mundt	

NAYS—37

Aiken	Gillette	Martin
Anderson	Graham	Miller
Baldwin	Green	Millikin
Bridges	Hendrickson	Morse
Byrd	Hickenlooper	Myers
Cain	Hoey	Robertson
Capehart	Holland	Saltonstall
Chapman	Ives	Schoeppel
Donnell	Kem	Smith, Maine
Douglas	Kilgore	Thye
Eastland	Lucas	Williams
Ferguson	McMahon	
Flanders	Magnuson	

NOT VOTING—22

Brewster	Leahy	Thomas, Utah
Bricker	Lodge	Tobey
Chavez	McCarran	Tydings
Dulles	O'Conor	Vandenberg
Ellender	Reed	Wherry
Frear	Smith, N. J.	Wiley
Jenner	Sparkman	
Knowland	Taft	

The VICE PRESIDENT. On this question the yeas are 37 and the nays are 37. Before voting, the Chair would like to ask the Senate for the privilege of doing what a Senator may not do, and that is to explain his vote.

The position of the Chair heretofore has been in favor of support at 90 percent. In every speech he made last year he declared the same position. He cannot now repudiate it and, therefore, votes "yea." [Applause.]

So the amendment offered by Mr. YOUNG for himself and Mr. RUSSELL was agreed to.

Mr. AIKEN. Mr. President, the Senate has now "out-Brannaned" the Brannan plan. The cost of the 90-percent program will be more than the Brannan plan would cost. The controls over the farmers of the United States will be just as much as they would have been under the Brannan plan. The Senate has now voted to discriminate against every cattle raiser, every sheep raiser, every dairyman in the United States. The Senate has voted against the fruit growers, the vegetable growers, and all other agricultural commodity producers except the wheat and cotton producers, who have ganged up successfully on the rest of agriculture in the United States.

With this result, which we now have, and which we in the Senate cannot now reconsider again, it seems to me that the only course left is to vote against this bill; or, if the bill passes, to hope that the President of the United States will do what any good President would be bound to do.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question at this point?

Mr. AIKEN. I yield.

Mr. SALTONSTALL. The Senator from Vermont has stated that the bill, as just now amended, would cost more than the Brannan plan would cost.

Mr. AIKEN. That is correct.

Mr. SALTONSTALL. Does the Senator from Vermont have any estimate as to what the bill with this amendment in it will cost the Government of the United States?

Mr. AIKEN. The 90-percent-support program for last year increased the obligations of the United States something over $2,000,000,000 above what they otherwise would have been. This year's crops probably will mean considerably more than that. I daresay that this year's crops will completely exhaust the $4,750,000,000 borrowing power of the Commodity Credit Corporation. Next year, with 90-percent support, it will be necessary to have controls and penalties over the producers of all the basic commodities, if we are not to increase the cost away beyond anything we have ever seen so far.

Let me read again the statement of the Secretary of Agriculture as to what the effect of continuing rigid 90-percent supports another year will be. In answer to the question—

Is not the Congress likely to continue the 90 percent of parity without doing anything else?

Secretary Brannan said:

If they do, all I can say is that the year after this we will have an awfully drastic program of some kind. We will have powers vested in the Secretary of Agriculture, whoever he may be, that go way beyond anything used so far. Another year of big production, with the present program continued, would show so much money involved in farm programs that I do not think any taxpayer could stand it.

Mr. President, it is my own opinion—purely my own opinion, but I think I have some experience upon which to base it—that we should make available another $5,000,000,000 to the Commodity Credit Corporation if we expect the rigid 90-percent support program to be carried on another year.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a further question?

Mr. AIKEN. I yield.

Mr. SALTONSTALL. Will the program, including the amendment which has just been adopted, increase the cost of living—particularly the cost of food to consumers—and keep it up on a higher level than might otherwise be the case?

Mr. AIKEN. My answer is "Yes," because unless we are to incur expenditures for supports far beyond anything dreamed of so far, it will be necessary to restrict production. Of course, restricted production does not help the consumers.

Mr. President, I realize that there are those who will take exception to the remarks I have just made; but I should like to have every farmer in the United States take the record of this day's action by the Senate and fasten it up somewhere in his barn, along with the record of the vote, and then look back at it, 2 or 3 years hence, because I am satisfied that today the Senate has taken action which will start the downfall of farm commodity price-support programs in the United States.

Mr. YOUNG. Mr. President, I am sorry to disagree with my good friend, the Senator from Vermont. The Brannan plan would give rigid support levels for wheat at $1.86 a bushel. The Anderson bill, at the end of the transitional period, which would be reached in about 2 years, would give wheat support at $1.71 a bushel, and that would be only when acreage control or quotas were imposed. That is a reduction of 23 cents a bushel over the present support price. Only a little over a year and a half ago wheat was selling at about $3.50 a bushel.

I notice that in the East, about which the Senator from Massachusetts [Mr. SALTONSTALL] has spoken, the price of bread has not dropped 1 cent a loaf. After a 50-percent drop in the price of wheat, I think the price of bread in Boston could drop at least half a cent a pound. The consumers in the New England States will get wheat much cheaper than they have gotten it in the past.

Oats are only 60 cents a bushel, whereas they were $1.25 a bushel 2 years ago. The amendment will apply only to basic commodities when they are under acreage controls or quotas.

Mr. THYE. Mr. President, I move to amend the bill—the Anderson bill—so as to make price supports mandatory on pork, poultry, eggs, and turkeys, at from 90 to 75 percent of parity.

The VICE PRESIDENT. Will the Senator submit the amendment in writing, so that it can be stated by the clerk?

Mr. THYE. The amendment has not been prepared in writing; I have just stated it.

The VICE PRESIDENT. Where does the Senator from Minnesota intend to have the amendment inserted in the bill? Does he wish it to be inserted wherever such language would be appropriate?

Mr. THYE. I wish to have it inserted in the most appropriate place in the bill where such language can be inserted.

The VICE PRESIDENT. The Chair understands that the amendment provides that the words "pork, poultry, eggs, and turkeys" are to be inserted as an amendment.

Mr. THYE. The amendment would insert provision for mandatory support of pork, poultry, eggs, and turkeys at from 90 to 75 percent.

The VICE PRESIDENT. They are to be included in the mandatory support provisions; is that correct?

Mr. THYE. That is correct.

The VICE PRESIDENT. At from 90 percent down to 75 percent of parity. Is that correct?

Mr. THYE. That is correct.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. THYE].

Mr. THYE. Mr. President, the amendment has been laid before the Senate.

I now yield the floor.

Mr. LUCAS. Mr. President, this is exactly what I thought would happen in event the other amendment was adopted. It is impossible to defend the previous action, unless one goes along with what the Senator from Minnesota is now saying.

Mr. THYE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Minnesota?

Mr. LUCAS. I yield.

Mr. THYE. The majority leader is entirely correct. That was the reason for my offering the amendment. The Senator is right. If there is any justification for doing what we have done this afternoon, certainly we must protect that which produces the major portion of our agricultural income, and that can well include pork, poultry, eggs, and turkeys. That was the reason I offered the amendment.

Mr. LUCAS. There is no reason why any other Senator who has some peculiar commodity which he thinks needs supports should not offer an amendment and have it included in the bill. We would be getting right back to where we were, to the wartime supports, and would be supporting everything at 90 percent. That seems to be the trend in the Congress. If it is desired to do that, then, regardless of what the commodities are,

let us support all of them, the 126 agricultural commodities, regardless of how much is produced, turn everything loose, and give them a 90-percent support price. Then, Mr. President, see what happens to the farm program in about 2 years from now.

The thing that surprises me is, the economy-minded Senators upon my side of the aisle, and some Senators on the other side of the aisle, who are constantly talking about economy in Government, and have been doing so all through the session, who have no hesitancy in getting off the economy bandwagon—no hesitancy whatever. When they are concerned with price supports on products grown in their own communities they bring up all this tommy rot about economy, and they try to force the majority leader to do a great many things with respect to resolutions of one kind and another; yet, when the time comes to support the basic commodities under a guaranty of 90 percent, Senators do not hesitate to take care of their people, the people in their own communities, with that kind of a proposition, regardless of what the cost may be in the future.

Mr. President, I live in the heart of the corn-growing section of the country, where we produce a good deal of corn and soybeans, where we raise hogs and cattle, and so forth. The farmers in my section of the country are not a selfish group. They want to save the basic agricultural program that was initiated by a Democratic administration in 1935. They are willing to make sacrifices in order to save the fundamentals and the basic principles of that program. There are certain individuals who want to keep raising support prices higher and higher, until the program is finally broken down. Such people are never satisfied with a decent, honorable support price. They want more and more. In the pending bill there is provided an increase of 6 percent as a result of adding labor to the cost of parity, and now the proposal is offered to support at a high level practically everything—to kill the farm bill. That is what some people want to do—to kill farm supports. Public opinion will not stand up under the constant pressure of taking money from the Treasury of the United States as we have been doing on the chicken program and the egg program and the potato program. The same thing will be done in respect to many other things, before we get through, if this kind of bill becomes the law of the land.

I believe I know something about my section of the country. I cannot speak for any other section, but I know exactly what the farmers in my section desire and what they believe in with respect to a farm program. No one ever dreamed, when during war times we adopted the Steagall amendments supporting everything at 90 percent because of war, that we would ever continue it, on and on and on; and that is exactly what we are doing. Senators eventually cannot get away with it. It may be possible for a while, but it cannot continue. As far as my section of the country is concerned, the 90 percent of parity had little or nothing to do with the election of Mr. Truman in Illinois. The thing that elected him or did more to assist him than anything else in that section of the country was the fact that there were no storage facilities to take care of the corn that had been produced. I believe I know something of the political situation in down-State Illinois, in respect to whether 90 percent of parity was the prevailing theme in the campaign. Definitely, it was not the theme in Illinois.

I offer a suggestion to the distinguished Senator from New Mexico, who, I think, knows more about agricultural questions and problems than any other man in America today, barring none. I suggest to him that he take every amendment to conference, regardless of what the amendment is; that he take the bill to conference, to see what can be done there.

Mr. ANDERSON. Mr. President, I subscribe in principle to what my distinguished colleague has said about the amendment offered by the Senator from Minnesota. Certainly the Senator from Minnesota, by his work on the committee, has demonstrated that his first interest is in presenting to the country a decent and sensible farm bill. I commend the distinguished senior Senator from Minnesota for his work in that regard.

I cannot subscribe to the amendment that has just been offered. Bad as the bill is going to be, I hope to salvage something out of it by the possibilities of going to conference. But I am delighted that the distinguished majority leader talked for a moment about economy. These measures look different when we are voting glibly, round by round. But let me remind the Senate that the vote today on corn alone, represents $600,000,000 every year the bill continues in effect. People have been talking about cutting salaries and cutting expenses, 5 percent here, 10 percent there. Then, a thing that would cost $600,000,000 is suggested without the batting of an eye. The wheat cost will be about $250,000,000 a year. I do not know exactly what the cotton cost will be, but certainly it will increase the price of cotton 3½ cents a pound, $17.50 a bale. If we have 15,000,000 bales—we will have at least 14,000,000 bales—but if we have 15,000,000 bales, that will cost the Government $250,000,000. The tragedy of it is that every time the prices are raised, all the private trade is taken out of the market. The producers are unable to wait forever. They merely say, "Let the Government have it. We will get it out of the Government loan, when the time comes."

The vote already taken today will cost at least $2,000,000,000, perhaps more.

The Senator from Vermont is as right as he can be when he suggests the first order of business ought to be to increase the borrowing power of the Commodity Credit Corporation by $5,000,000,000, because if the bill stays on the books, if the amendment, as now placed in the bill, could be enacted into law and remain on the books 3 years, it would use the $5,000,000,000 and all that remains.

I hope the Senate, much as I admit the fairness of all the Senator from Minnesota has proposed, will not accept his amendment. I grant it may be justified.

Mr. THYE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. THYE. I offered the amendment because hogs are listed in thirteenth place in the United States agricultural economy. Peanuts are included in the basic guaranty of 90 percent. We cannot find peanuts in the first 17 commodities in the agricultural economy of the Nation; they are not listed among the first 17 products. Rice is included as receiving 90 percent mandatory support. Rice is not to be found among the first 17 agricultural commodities listed as important in the agricultural economy of the Nation. Poultry and eggs are listed fourth in our national agricultural economy, with pork third. Turkeys are certainly important in the agricultural economy.

So I say, Mr. President, if there is any justification in guaranteeing support to peanuts and rice, when they are not placed anywhere near the top in our national agricultural economy, why am I not justified in asking for consideration for pork, poultry, eggs, and turkeys?

Mr. ANDERSON. I suggest to the Senator from Minnesota that he has been entirely too modest. He asks that these products be put into the 75-to-90-percent pattern. He should have demanded that eggs be supported 90 percent. Is there any Senator here today in whose State eggs are produced who voted to raise the support price on peanuts and did not vote to raise it on eggs? If we give 90-percent support to eggs it will cost the Government $150,000,000 a year.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. YOUNG. Did I correctly understand the Senator to say that the Commodity Credit Corporation will have to have $5,000,000?

Mr. ANDERSON. In 3 years.

Mr. YOUNG. Would the Senator care to make an estimate as to how much it would amount to if the Brannan plan should go into effect, when it provides 15 cents more a bushel for wheat and 9 cents more a bushel for corn?

Mr. ANDERSON. I want to say to the Senator from North Dakota that we shall discuss those figures when we get to the Brannan plan, as we shall be discussing it if we require tremendous quantities of surpluses to be held in warehouses, because people will begin to talk about the disposal of surplus commodities, and we shall make a very good case for the persons who want to talk about it.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. SALTONSTALL. If this amendment should become law, along with the amendment which has just been adopted, will it ever be possible for the consumer to get lower prices?

Mr. ANDERSON. It will be possible, because there will always be a day when Congress can rectify this sort of thing.

If the Senate will pardon a personal reference, I left the Department of Agriculture with 15,000 bales of cotton on hand. We had tried to get rid of the cotton, and we had got rid of it except the amount which was required to be shipped back and forth across the country. We cleaned our shelves. Today there are 19,000,000 bales of cotton, 5,000,000 bales of which are in carry-over. Next year we shall have 9,000,000 bales in carry-over. What will the cotton farmer do? He will do the same as have the potato growers. He will say, "Every inch of ground I have must be fertilized in order to plant more cotton."

Did not the distinguished Senator from Kentucky [Mr. CHAPMAN] remark that the production of tobacco had increased to 1,300 pounds to the acre? Why is that? Because the price is extremely good, and with respect to tobacco we have been able to enforce controls. There is not a Senator who does not know that our experience with wheat and corn has been uniformly tragic and disastrous.

I am making this statement because there will be persons who will wonder why 37 Senators apparently voted against the best interests of the farmer, although we may say that the farmers, with the exception of one organization, recognize that 90 percent of parity will break the whole program. The American Farm Bureau Federation, the National Grange, and every other group except one, have realized that the constant purchase of dried-egg powder at $1.26 a pound, in order to store it away in a warehouse until we get 70,000,000 pounds which we cannot use, is not the last word in human wisdom.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from Virginia.

Mr. ROBERTSON. If Senators who have voted against the amendment will follow the advice of the majority leader and vote for the bill on final passage with the hope that the Senator from New Mexico can take it to conference and get a proper bill, can the Senator from New Mexico give us definite assurance that if he fails in conference to get a suitable bill, he will bring it back to the floor of the Senate so that we shall have an opportunity to vote against the conference report if at that time we do not have the kind of bill we should have?

Mr. ANDERSON. My distinguished friend starts out with a number of hypotheses which I cannot answer. In the first place, I am at the very foot of the list of members of the Senate Committee on Agriculture and Forestry, and there is no assurance that I shall attend the conference. I say to the Senator that there is no assurance as to what will come out of the conference. The last conference in which I took part went on day after day and finally ended up with what I suppose should be called a "dog fall."

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. SALTONSTALL. The Senator stated in answer to a question of mine a few moments ago that prices to the consumer might be reduced in the future because of future congressional action. Does he mean by that answer that every bit of food which the consumer in any industrial community must buy will be either under quota or such price control that future congressional action must be taken before we can expect a price reduction?

Mr. ANDERSON. No; I did not mean that. I meant something similar to that which happened in 1924 or 1925, when there had been a great wave of veterans' legislation, and along came the Economy Act and wiped out much of it. We can pass bills, raise the costs, and provide for price supports for almost every commodity, but the day will come when we shall have to answer to the American taxpayers if we put all these commodities under control.

Mr. SALTONSTALL. If the amendment of the Senator from Minnesota, plus the amendment of the Senator from North Dakota and the Senator from Georgia, are in the bill, it means that the cost of living to the average consumer will be practically stabilized by Government supports, does it not?

Mr. ANDERSON. I do not want to answer that, because I do not know.

Mr. SALTONSTALL. Why is it not a fair question?

Mr. ANDERSON. I think it probably might be stabilized. I am not nearly so much worried about that as I am about the final loss of the farm program. I can see that today we have taken the first step toward destroying the farm program. It has made the farmer more prosperous and it has made industrial areas prosperous. I hope we recognize that as we move along. There can be, in my opinion, no greater disservice to the farmers of the Nation than to saddle them with fixed, rigid 90-percent supports year after year, from now on.

Mr. SALTONSTALL. Mr. President, will the Senator yield for one more question?

Mr. ANDERSON. I yield.

Mr. SALTONSTALL. If this bill should become law in its present form, in an effort to be fair to the farmer are we not being unfair to the consumer?

Mr. ANDERSON. I do not think the bill will become law in this form. I think it has brought back again the alternative we had sometime ago of letting the Aiken bill become effective January 1 or adopting some new program. I do not believe this bill can become law. I should be greatly surprised if it could. I think there are differences between the House and the Senate which it would be difficult to reconcile, and I cannot imagine, in view of the budget situation, that the Congress would feel that this is a good bill for the President to sign.

Mr. CHAPMAN. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. CHAPMAN. The Senator referred a moment ago to a remark I made yesterday about the tobacco program, and he also discussed the price-support program in relation to tobacco.

At this time I should like to remind the Senate that the Treasury of the United States has never sustained a loss of a single dollar as a result of the tobacco support program. It is one product which ultimately pays approximately a billion and a half dollars of revenue into the Treasury.

Mr. ANDERSON. Mr. President, one of the reasons why I was almost willing to accept the amendment of the Senator—I did not accept it, but I was going to say that it was not a bad amendment—was because the people who produce tobacco found ways of controlling tobacco, and the Senator from Kentucky was taking a brave step yesterday. He was stating that tobacco allocations already had been cut to nine-tenths of an acre, and should be reduced still further to five-tenths of an acre in order to bring harmony. I say that is a good step, it is a step in the right direction, it is a step in which controls should be applied.

Mr. President, I did not intend to go into a long discourse, but I believe the Senate should realize that it is not merely a minor action it has taken. It runs into the billions of dollars at a time when the Bureau of the Budget is trying to attain economy.

I am glad to say that whatever the Committee on Agriculture and Forestry, and the subcommittee which studied the bill, did, was in an effort to find something which would not suddenly develop extremely high supports. I am happy there have been 37 Senators this afternoon who believe that what was recommended might have been a good step and one in the right direction.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. AIKEN. The Senator from New Mexico knows I had intended to be in opposition to the amendment offered by the Senator from Minnesota, believing that the support for animal products, with the exception of milk and butterfats, should be left entirely flexible, so that the Secretary could at all times keep the prices of animal products in line with the prices of grain. However, by the action this afternoon we have put the price of grain at a fixed high elevation, and have completely unbalanced the situation as between animal products and grain products. Therefore the only thing I wish to do now, in fairness to the producers of poultry products, dairy products, and meat animals, is to accept, on my part, the amendment of the Senator from Minnesota.

Before I conclude, I wish to say that no one ever worked harder to produce good legislation for the farmers of America than has the Senator from New Mexico. I agree with the Senator from Illinois, who has also conscientiously helped toward a permanently prosperous stabilized agriculture. The Senator from New Mexico probably is in a better position to know what is a good farm program than anyone else in the United States today.

The Senator from Minnesota [Mr. THYE] also worked very hard to keep the farm program on an even balance, so that it would not be lost to us.

I know that there is some opposition to the 1948 law because my name was connected with it. Personally I care little what title is given a law so long as it is a good law. We had a very hard fight last year to get the House to agree

even to let any permanent legislation go on the books. As a matter of fact, the present chairman of the House committee and the present ranking member on the majority side of the House committee never did sign the conference report, even though failure to pass that law last year meant going back to 52 percent support for the farmers.

I do wish to take this occasion to pay a deserved tribute to the Senator from New Mexico for his nonpartisan and very diligent though possibly futile efforts in behalf of the farmers of the United States.

Mr. THYE. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield to the Senator from Minnesota.

Mr. THYE. At this point I thank the very able and distinguished former Secretary of Agriculture, now one of our colleagues in the Senate, the Senator from New Mexico [Mr. ANDERSON], for the sincere, unbiased, impartial, hard service he has rendered in the development of the bill which has been under consideration yesterday and today. The only reason why I offered the amendment I have presented to the bill was that, looking over the cash farm income for specific commodities, and the total percentages the various commodities contribute to the national agricultural income, I find that cattle and calves are listed at the top. They total 16.5 percent; dairy products, 14.5; hogs, 13.2; poultry and eggs, 9.9; wheat, 9.9. Cotton lint is next with 6.8. Then come the truck crops, followed by corn, tobacco, fruit, potatoes, soy beans, cottonseed, sheep and lambs, citrus fruits, oats, and flaxseed. The flaxseed is figured in the seventeenth place in our national agricultural income.

Mr. President, I ask that this list be printed in the RECORD, in order that all Senators may read it.

The VICE PRESIDENT. Is there objection?

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Cash farm income from specified commodities: Total and percentage distribution, United States, 1948

Commodity	1948 [1]	
	Cash receipts	Percentage of total
	Millions of dollars	
Cattle and calves	5,131	16.5
Dairy products	4,507	14.5
Hogs	4,110	13.2
Poultry and eggs	3,061	9.9
Wheat	2,767	8.9
Cotton lint	2,126	6.8
Truck crops	1,228	4.0
Corn	1,073	3.5
Tobacco	1,012	3.3
Deciduous fruits	901	2.9
Potatoes	499	1.6
Soybeans	475	1.5
Cottonseed	402	1.3
Sheep and lambs	402	1.3
Citrus fruits	287	.9
Oats	273	.9
Flaxseed	267	.9
Total cash receipts, all commodities	31,019	100.0

[1] Preliminary.

Source: Bureau of Agricultural Economics.

Mr. ANDERSON. Mr. President, I wonder if the Senator from Minnesota will not put his amendment in some spot where I think it should belong, in title II, item (c) where the price of whole milk is supported. Did the Senator mean to put it under basic commodities?

Mr. THYE. At the time I offered the amendment I said I would like to have it appear in the bill at the appropriate place, and the most appropriate place would be following dairy products, I think.

Mr. ANDERSON. Line 20, on page 4, after the word "butterfat." I am merely trying to put it in a place; I am still not happy about it.

Mr. THYE. This amendment was drawn by Mr. Harker T. Stanton, assistant counsel in the Office of the Legislative Counsel of the Senate, and it proposes on page 4, line 8, after the word "potatoes", to insert a comma and the following:

Hogs, eggs, turkeys, other poultry.

On page 5, line 6, to strike out the period and insert a semicolon.

On page 5, between lines 6 and 7, to insert the following:

(d) The price of hogs, eggs, turkeys, and other poultry, respectively, shall be supported through loans, purchases, or other operations at a level not in excess of 90 percent nor less than 75 percent of the parity price therefor.

Mr. ANDERSON. Mr. President, I do not care to detain the Senate; therefore, I hope we shall have a vote.

Mr. MORSE. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield to the Senator from Oregon.

Mr. MORSE. The Senator from Oregon wishes to know if he correctly understands the Senator from New Mexico. Is it the opinion of the Senator from New Mexico the so-called Russell-Young amendment, adopted by the Senate this afternoon, discriminates unfairly against those segments of American agriculture not covered by the amendment?

Mr. ANDERSON. I think it would. I had not put it in just that way, but any time when we require 90-percent supports on all the basics, there is no money left for anything else.

Mr. MORSE. Mr. President, I wish to pay the Senator from New Mexico [Mr. ANDERSON], the Senator from Vermont [Mr. AIKEN], and the Senator from Minnesota [Mr. THYE], my sincere compliments for the leadership and the statesmanship they have exhibited throughout the consideration of a new farm-program bill in this session of Congress. I have followed their leadership, because I thought it was sound, and that they were placing the interests of the people of the United States above the selfish interests of any particular segment of agriculture.

Mr. ANDERSON. I thank the Senator.

Mr. MORSE. Because I think the amendment which has been adopted is discriminatory in an unfair way against other segments of agriculture, I have sent to the desk an amendment which provides that a mandatory support price of 90 percent of parity shall be provided for fruit, tree nuts, and fish, including shellfish, because I think it is only fair to have a uniform program in respect to these agricultural products. I shall be very glad at any time to withdraw my amendment if we can get back to a principle of uniform treatment for all segments of American agriculture. I completely agree with the Senator from Vermont [Mr. AIKEN] that this afternoon we have permitted by action of the Senate certain segments of agriculture to have legislation discriminatory in their favor. But I shall press for the adoption of my amendment in the interest of uniform treatment to all sections of the country.

Mr. BALDWIN. Mr. President, will the Senator from New Mexico yield to me so that I may ask a question of the Senator from Oregon?

Mr. ANDERSON. I would prefer to yield the floor. However, I will yield to the Senator for that purpose if he desires.

Mr. BALDWIN. Mr. President, I simply wanted to ask the Senator from Oregon if in his amendment covering fruit, fish, and so forth, he included lobsters, clams, and oysters? I presume the term "shellfish" would include lobsters, clams, and oysters.

Mr. MORSE. The words "all fish, including shellfish" include oysters and clams.

Mr. BALDWIN. Would they include lobsters?

Mr. MORSE. I am not an expert on fish, but I would say that under the terms of my amendment the words "all shellfish" would include lobsters.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LANGER. Does the Senator's amendment also include spring lambs and mutton?

Mr. MORSE. I think they are already covered.

Mr. HOLLAND. Mr. President, I think every Senator is entitled to and should vote his opinions on a matter of this kind, and I have nothing but respect and consideration for the vote cast by any and every Senator. At the same time, since the adoption of the amendment a situation is created under which I feel that I should and will vote against the bill with the amendment in it. I feel that perhaps a brief statement should be in the RECORD to indicate clearly just what my feelings are upon the matter.

In the first place, I should like to place in the RECORD, Mr. President, with unanimous consent, a table prepared by the staff of the Senate Committee on Agriculture and Forestry, of which I am cutting out all but three of the tables which, in parallel columns, show for each of the basic agricultural commodities the figures for next year first, under the Gore bill as passed by the House; second, under the Aiken Act, or title II of the bill passed last year; and, third, under the so-called Anderson bill which was reported to the floor of the Senate and is now under debate. Mr. President, I ask unanimous consent that the table may be placed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Specified commodities: Estimated maximum support levels for 1950 based on parity index for July 15, 1949, and estimated average prices received by farmers, 1940–49

Commodity	Unit	90 percent present parity (Gore bill)	90 percent title II 1948 act (Aiken Act)	90 percent title II 1948 act including wage rates (Anderson plan)
Basic commodities:				
Wheat	Bushel	$1.94	$1.84	$1.84
Corn	do	1.41	1.34	1.36
Cotton	Pound	.2723	.2587	.2587
Rice	Bushel	1.78	1.96	2.07
Peanuts	Pound	.105	.100	.100
Tobacco:				
Flue-cured	do	.422	.428	.453
Burley	do	.410	.435	.460

Mr. HOLLAND. Mr. President, and Senators, without attempting to quote in great detail from that table, I merely want to call to the attention of the Senate the fact that in two of the basic agricultural commodities out of six the action which has been taken here by the Senate means that the wartime support prices as they would have applied under the Gore bill will be much greater for those two particular commodities in the next year's production than would even have been true under the Gore bill. The two commodities I mention are rice, which instead of being $1.78 per bushel as it would have been under the Gore bill, will be $2.07 per bushel.

Tobacco, both flue-cured and burley. Flue-cured, instead of 42.2 cents as it would have been under the Gore bill, will be 45.3 cents, and burley, instead of being 41 cents, as it would have been under the Gore bill, will be 46 cents. I call attention to these figures, and, along with them, to the figures applicable to wheat, corn, cotton, and peanuts, which are not quite so large under this program as they would be under the Gore bill, though they are larger than they would have been under any other plan that has been proposed.

I do this because it should be perfectly manifest to the Members of the Senate and to the public that the support of the agricultural program upon a basis of that kind means clearly three things. First, the discrimination which has been mentioned here already upon the floor, because if there are large crops in these various basic commodities, there is no way in the world to support them with anything like the funds that have customarily been made available by Congress except by leaving nothing whatever for all the crops which are not under mandatory support prices.

Mr. President, we people who have raised tree crops and vegetable crops have gotten used to going along without any support prices, but nevertheless we had hoped that the new day which was promised through this bill would have a greater meaning to the producers of about 10 percent of the agricultural volume of the Nation, who produce fruits and vegetables, and that we would have some active, some real help under this program.

I think it would be wholly illusory for anyone to think for a moment that with a support price list for the basic commodities of the type shown here, and which has just been voted by the Senate, there would be any hope whatever within the amount of any contribution which will be made by the Federal Government or appropriations which can be passed here for the support of fruits or vegetables and many other important crops which are not within the category of basic agricultural commodities.

So in the first place, Mr. President, I shall vote against the bill as amended, because I think it is highly discriminatory. It is more discriminatory than the measure which we passed last year against the chance to secure a little part in the national farm agricultural program for those millions of growers who are not producing basic agricultural commodities.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. SALTONSTALL. In trying to be fair to every farmer, is not the bill in its present form, if the amendment of the Senator from Minnesota [Mr. THYE] is adopted, being utterly unfair to the consumer?

Mr. HOLLAND. Mr. President, the Senator is exactly correct, and I was coming to that point later in my remarks.

Mr. THYE. Mr. President, will the Senator yield?

Mr. HOLLAND. Permit me to complete my answer. At least in the judgment of the junior Senator from Florida the amendment adopted is, of course, highly unfair to the consumers of the Nation.

I now yield to the Senator from Minnesota.

Mr. THYE. Mr. President, I do not understand how the senior Senator from Massachusetts could charge the bill to be absolutely unfair to the consumers, because the amendment I have offered relating to pork, poultry, eggs, and turkeys only calls for a mandatory support from 75 percent as the minimum, up to 90 percent. In my opinion that certainly is absolutely fair and reasonable; because we start out with a minimum of 75 percent and go up to 90 percent, whereas other proposals make it mandatory that the support is absolutely 90 percent. I was talking entirely about some of the commodities which are very high in the list of the national agricultural income. I think my amendment contains very reasonable requirements when compared with other items.

Mr. HOLLAND. Mr. President, I certainly want to make it clear that in no sense did I mean to infer in the slightest that the support program on the commodities mentioned by the senior Senator from Minnesota in a range of 75 to 90 percent of parity as defined in the Anderson bill, is unfair to consumers. I was speaking instead—and I believe the senior Senator from Massachusetts so understood me—about the program as it affects the basic agricultural commodities under the amendment which was just adopted a short while ago.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. SALTONSTALL. In answer to the Senator from Minnesota I wish to say that I had utterly no criticism to make of him. I had in mind what the situation of the consumer would be if all the amendments proposed were adopted. The Senator from Oregon has offered an amendment, and the Senator from Minnesota has offered an amendment, in an effort to try to get a bill which would be fair to the farmer. If all these amendments are placed in the bill, does not the bill then become unfair to the consumer? That is my question.

Mr. THYE. I thank the Senator for clarifying his statement.

Mr. HOLLAND. Mr. President, if I may continue my statement, I shall try to make it brief.

In addition to being discriminatory, may I say that this program, in my opinion, will result in the greatest degree of regimentation which has ever been imposed upon the producers of basic agricultural commodities. For that reason I oppose the program as amended, and will vote against the bill as amended.

This is not a temporary program. This is a permanent program. It is guaranteed not on the basis of 1 year. It is absolutely impossible for the Federal Government to support a program of this size without bringing about a need eventually—and I think it would be very soon—for a restriction of production and a very careful regulation of production which would bring a regimentation to the producers of basic commodities such as I believe no real farmer wants. If there has ever been any group in our Nation who are independent individualists, it is the farmers. I take off my hat to them. In my opinion, this program will bring to them a degree of regimentation such as they have never suffered before, and such as no farmer has wanted to endure. That is the second reason which I think makes this bill such that I must vote against it.

In passing let me say that I fully and completely approve of the statement made a few minutes ago by the distinguished chairman of the subcommittee a former distinguished Secretary of Agriculture, who I think has done a wonderful job in supplying leadership for working out this bill. His statement was to the effect that every responsible farm group and farm leader in this Nation, with the exception of one—and I think he meant the National Farmers Union—believes that such a program as that included within the amendment which was adopted, is unsound, unsafe to the Nation, and particularly dangerous to the farmers themselves.

I call attention to the fact that every member of the Committee on Agriculture and Forestry, and I believe every Member of the Senate, has in his file very specific expressions on this subject from the National Farm Bureau Federation, the National Grange, and the National Council of Cooperatives. I

think there cannot be the slightest doubt that those who have the real right to speak for agriculture as it is organized, and as it is fighting for the rights of the farmers from one end of the Nation to the other, have spoken out in no uncertain way against the adoption of the amendment which was adopted a short while ago.

The third point I wish to make is this: I realize that these points cannot all be operating at the same time. For example, if a high degree of regimentation is imposed, we may meet the first point I made, about the over-great expense and the discrimination which results. But one or the other of those things will undoubtedly result. However, the third point is bound to result in any case, in my humble judgment. It is for that added reason that I wanted to make this statement for the RECORD. I refer to the point which was brought out by the question of the senior Senator from Massachusetts [Mr. SALTONSTALL], namely, that the rights of the consumers, the citizens from one end of this country to the other who live upon the products produced by our farmers and who clothe themselves with the products of our farms, are going to have to pay larger prices because of such an artificially high, continuing, permanent, inflexible support program such as the one which has just been adopted.

So with great respect for those who differ with me, and conceding to them good conscience and the right to express that conscience in their vote, I wished to make this statement for the RECORD. I believe the Senate has just made a tragic mistake, and I believe that events will so show clearly as we move along into the future.

Mr. WILLIAMS. Mr. President, earlier in the afternoon I discussed with the Senator from New Mexico the question whether or not he would accept an amendment to section 413, which now reads as follows:

Determinations made by the Secretary under this act shall be final and conclusive.

At that time I stated that in my opinion this was conferring upon the Secretary of Agriculture entirely too much power. We had practically agreed on an amendment which would circumscribe his power. I do not feel now that I can offer that amendment at this time, because in view of the action the Senate has taken this afternoon, we might just as well recognize the fact that the Secretary of Agriculture must have the power of a dictator in order to carry out the 90-percent parity program the Senate has just approved. Therefore, much as I dislike to confer upon him such power I do not see how we can cut it down. I think we should tell the American farmers frankly that if they are to have a 90-percent support level projected over the indefinite future, it will mean the regimentation of every farm in America. I think that unless we are willing to confer upon the Secretary of Agriculture the power to carry out the provisions of this program, we cannot afford to adopt it.

Last year the Senate included in the Aiken bill a provision extending the 90-percent parity formula through the calendar year 1949. Now in order that the Senate might know how this has resulted in the excessive accumulation in Government storage houses of agricultural commodities I shall quote from the June 30, 1949, report of the Commodity Credit Corporation.

On June 30, 1948, the inventories of the Commodity Credit Corporation were a little more than $247,000,000. During this year of operations under the 90-percent support formula, the purchases of the Commodity Credit Corporation were such that it was left on June 30, 1949, with an inventory of $1,132,531,000, or an increase of approximately $1,000,000,000. Since June 30, they have still further increased our inventories until today I understand they are over $3,000,000,000.

As the Senator from New Mexico pointed out, we might just as well be ready to extend additional borrowing power to the Commodity Credit Corporation of many billions of dollars during the next 2 or 3 years if we are to carry out this program maintaining the 90-percent parity.

Speaking of economy, I agree with the Senator from Illinois [Mr. LUCAS]. We might as well stop talking about economy if we are going to protect a 90-percent price-support level on agricultural commodities into the indefinite future.

Mr. President, I come from a State which is looked upon by many as being an industrial State. What is often overlooked is that Sussex County in the southern part of our State ranks third in agricultural production among counties east of the Rocky Mountains.

I think I know the farmers in my State. They do not want a gift from the Government. They are not asking for any subsidies. I believe that the Government does have an obligation to safeguard the interests of the American farmers, but it has always been my contention that a support price on any agricultural commodity should never exceed the cost of production and all farmers, regardless of geographical location or type of crops produced, must be treated on a basis of equality. I do not believe that the support price of any agricultural commodity can successfully be maintained above the cost of production without the adoption of strict acreage controls and the complete regimentation of the American farmer and the loss of his freedom.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a table showing the list of commodities which, as of June 30, 1949, the Commodity Credit Corporation has been forced to buy and accumulate during the previous fiscal year.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Commodity inventories and commodities under contract to purchase as of June 30, 1949

A. COMMODITY INVENTORIES

Program, commodity branch, and commodity	Quantity	Unit of measure	Value (cost)	Reserve for losses	Net book value
Price-support program:					
Cotton:					
American-Egyptian	32	Bale	$7,107.34		$7,107.34
Upland	459	do	49,160.14		49,160.14
Flax fiber	235,728	Pound	110,825.73	$37,700	73,125.73
Dairy:					
Butter	6,386,177	do	3,766,559.51		3,766,559.51
Milk, dried	83,410,414	do	10,339,342.94		10,339,342.94
Fats and oils:					
Flaxseed	17,524,698	Bushel	109,725,121.15	43,617,000	66,108,121.15
Linseed oil	295,835,870	Pound	81,895,696.16	29,533,000	52,362,696.16
Peanuts:					
Farmers' stock	72,639,445	do	7,994,529.27	1,685,000	6,309,529.27
Shelled	14,726,383	do	2,436,548.38	442,000	1,994,548.38
Soybeans	10,343,048	Bushel	25,674,268.03		25,674,268.03
Fruit and vegetable:					
Fruit, dehydrated or dried:					
Prunes	10,756,200	Pound	919,312.32	117,600	801,712.32
Raisins	4,150,080	do	387,636.78	6,000	381,636.78
Potato starch	10,636,258	do	600,755.18	402,000	198,755.18
Grain:					
Barley	24,934,271	Bushel	33,204,949.40	5,348,000	27,856,949.40
Beans, dry edible	4,824,860	Hundredweight	39,807,151.77	6,417,000	33,390,151.77
Corn	5,648,231	Bushel	9,925,813.94	1,130,000	8,795,813.94
Grain sorghum	13,659,380	Hundredweight	37,736,605.61	9,562,000	28,174,605.61
Oats	9,880,619	Bushel	7,780,929.63	1,482,000	6,298,929.63
Peas	402,821	Hundredweight	1,943,162.69	624,000	1,319,162.69
Rice	10,744	do	44,713.66	9,200	35,513.66
Rye	777,890	Bushel	1,128,304.73		1,128,304.73
Seeds, hay and pasture	725,422	Pound	144,898.24		144,898.24
Wheat	227,178,163	Bushel	529,281,549.82	56,795,000	472,486,549.82

Commodity inventories and commodities under contract to purchase as of June 30, 1949—Continued

A. COMMODITY INVENTORIES—continued

Program, commodity branch, and commodity	Quantity	Unit of measure	Value (cost)	Reserve for losses	Net book value
Price-support program—Continued					
Livestock:					
Wool:					
Appraised	[1] 71,509,623	Pound	$62,298,136.90	$9,859,000	$65,845,008.03
Unappraised	24,510,619	do	13,405,871.13		
Poultry:					
Eggs:					
Dried	63,183,456	do	81,328,091.27	38,963,000	42,345,091.27
Liquid or frozen	3,939	do	1,769.69	1,150	119.69
Tobacco:					
Naval stores:					
Rosin	210,875,650	do	17,017,619.76	3,163,000	13,854,619.76
Turpentine	3,409,990	Gallon	1,856,066.11	509,000	1,347,066.11
Tobacco	[2] 3,534,420	Pound	952,476.49		952,476.49
Total price-support program			1,081,764,473.77	209,722,650	872,041,823.77
Supply program:					
Dairy: Milk, dried	69,104,456	Pounds	8,825,798.49		8,825,798.49
Fats and oils:					
Cottonseed oil	10,010	do	3,273.95		3,273.95
Soybean oil	4,733,545	do	678,196.38		678,196.38
Soybeans	70,650	Bushels	170,835.06		170,835.06
Fruit and vegetables: Flour, potato	1,425,900	Pounds	99,759.11		99,759.11
Grain:					
Barley	8,106	Bushels	29,021.54		29,021.54
Flour, wheat	14,977,900	Pounds	694,695.90		694,695.90
Rye	499,463	Bushels	814,659.68		814,659.68
Sorghum starch	3,900,000	Pounds	144,300.00		144,300.00
Wheat	5,678,146	Bushels	12,727,724.87		12,727,724.87
Livestock:					
Lard and other animal fats	6,567,226	Pounds	480,347.36		480,347.36
Mexican meat, canned	90,628,873	do	26,073,088.66		26,073,088.66
Pork, salted	219,016	do	25,819.80		25,819.80
Total supply program			50,767,520.80		50,767,520.80
Total			1,132,531,994.57	209,722,650	922,809,344.57

[1] Grease wool 30,505,730 pounds: scoured/carbonized 41,003,893 pounds.
[2] Dry weight.

NOTE: Inventories of commodities as shown in this report include commodities committed to sale or otherwise obligated. Thus, the quantities shown do not represent the quantities available for sale or other disposition.

B. COMMODITIES UNDER CONTRACT TO PURCHASE

Commodity	Quantity	Unit of measure	Value (cost)	Reserve for losses	Net book value
Eggs, dried	5,025,503	Pound	$6,338,572.02	$3,518,000	$2,820,572.02
Linseed oil	56,185,768	do	15,592,361.23	5,647,000	9,945,361.23
Prunes	58,790,300	do	4,543,315.21	1,052,000	3,491,315.21
Raisins	51,939,740	do	4,133,032.90	113,000	4,020,032.90
Total			30,607,281.36	10,330,000	20,277,281.36

NOTE.—Firm contracts to purchase are reflected in the accounts for only those commodities on which it is estimated losses will be sustained upon disposition of the inventory to be acquired.

Mr. WILLIAMS. Mr. President, I wish to call attention to one or two of these items. For instance we have in storage more than 6,000,000 pounds of butter. We have on hand over 63,000,000 pounds of dried eggs, the equivalent of over 180,000,000 dozen shell eggs, we have stored away over 10,000,000 pounds of dried prunes, over 4,000,000 pounds of raisins, nearly 15,000,000 pounds of peanuts. We have stored in these warehouses over 140,000,000 pounds of dried milk.

All of these commodities were purchased with the taxpayers' dollars and removed from the normal market channels, thus creating an artificial shortage, thereby forcing the consumer to pay excessive high prices. Such a program is economically unsound and must be corrected. If this bill is not recommitted and resubmitted upon a more realistic level I shall vote against its passage.

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. THYE].

AGRICULTURAL PRODUCTS PRICE SUPPORT VERSUS EFFECT OF POLICIES UNDER THE TRADE AGREEMENTS ACT

Mr. MALONE. Mr. President, in the opinion of the junior Senator from Nevada, the entire agricultural program lacks one important feature, and that is protection from agricultural imports from the lower wage and lower-living-standard nations of the world.

No price support of farm prices can possibly be successful unless farm products are protected from such imports.

I am personally in accord with the purpose of legislation which seeks to maintain a price on farm products at the American cost level. In connection with this bill, I want to point out that the bill will not provide a permanent program for agriculture without a provision which makes mandatory such import fees or quotas which may be required to prevent imports from underselling our American price level.

For example, the distinguished Senator from New Mexico [Mr. ANDERSON] in the debate on this bill called attention to the fact that dried eggs which were processed for the Commodity Credit Corporation under the support program were unsalable at $1.26 per pound because the trade could buy China dried eggs for $1.10 a pound. Our dried eggs go into storage, and yet we are buying dried eggs from China, while China is on a starvation diet. The same principle will apply to many other products; it is just a question of degree. The remarks of the distinguished Senator about eggs can be applied to all farm products and raw meats.

Without protection against imports, the United States is placed in the position of having to support the farm price structure throughout the world in order to protect our own producers.

We should have import fees which can be and should be flexible, so as to represent the difference between our price-support level and the world price levels, and such import fees should automatically become mandatory when imported products undersell our own.

Unless we do have such an import fee we shall find ourselves in the rather ridiculous position of buying food away from the starving people of other na-

tions, while our own agricultural products go into storage.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an address on this important subject which I delivered yesterday at St. Paul, Minn., before the American Federation of Labor.

In the address I described the effect of the selective "free trade" policy of the State Department, which is based upon the 1934 Trade Agreements Act, as extended.

I described the effect of that policy upon the American workingmen and upon the American investors. I said that the more than 80-year-old tariff and import fee policy of establishing a floor under wages is being abandoned and we are importing unemployment. I said that we have placed the fate of the American workingmen and American investors in the hands of a State Department which permits the lower wage and lower living standard foreign competitors to have a voice in determining our own living and wage standards—and I said that such a procedure amounts to a conspiracy to lower the wage-living standard of the American people.

Mr. President, I submit the address for printing in the RECORD as a part of my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

AMERICAN WORKER VERSUS FREE TRADE

IMPORTING UNEMPLOYMENT

In a recent issue of Time magazine, I was rather contemptuously quoted as saying that due to the so-called reciprocal trade treaties which the President now has the power to make, America was importing unemployment.

That quotation was accurate.

I did say it, and I mean every word of it.

I am glad for this opportunity to spell out exactly what I mean and why I am correct.

It is particularly fitting that this speech should be made on this occasion before the most important labor group in the entire world.

I want to talk to you about your own future and the future of your family and children.

When I say that your standard of living has been put in jeopardy by the State Department's policies, I ask that you not make up your minds that I am wrong until you have heard my reasons.

AMERICAN COMPETITION

How do you and your members make your living?

You do it by producing things that other workers are willing and able to buy.

These other workers exchange their hours of labor for your production, and you, in turn, exchange your hours of labor for the things they produce.

You are each other's customers, and you give each other employment.

And if there are no other workers willing and able to employ you, there is nothing on God's green earth that can prevent your being out of a job.

The corporations and organizations for which you work can't do anything about it.

Their only source of money with which to meet your pay roll is the customer—no customer, no pay roll.

Now, whether or not these customers will continue to buy depends upon two things: Whether they have that much money—and whether the thing you produce is the best bargain in the market.

Every group of workers in a given business is in competition with every other group of workers in the same business.

Chevrolet workers are in competition with Ford workers—Swift workers are in competition with Cudahy workers.

That is good healthy competition, and even if Ford can't compete (as he was unable to do when he persisted in stringing along with the model T), the Ford workers can go across the street and make the Chevrolets that Ford's ex-customers have decided to buy, until he designs a car that brings the customers back.

But even when things like this are not happening, the competition does not hurt the workers because no one company can substantially undersell any other company and drag away large groups of customers.

The reason for this is that all the workers involved make about the same wages, which means that the price asked from the customer is about the same for an equivalent product, because wage rates are the overwhelming factor of cost.

As long as the wages of competing workers are about the same their standard of living is not in danger.

AMERICAN WAGE-LIVING STANDARDS VERSUS FOREIGN CHEAP-LABOR COMPETITION

Now, let's see what happens when we get into foreign trade.

Let's take Joe America, who is making watches in Massachusetts.

He gets $1.25 an hour, and he can compete with every other watchmaker who gets $1.25 per hour.

But what happens when he gets into competition with Joe Switzerland, who is a watchmaker in Geneva and is getting only 50 cents an hour?

The answer to that is what actually happened: Joe America up in Waltham found his plant shut down—and 75 percent of the watch movements sold through other American companies are coming from Switzerland.

Now, what can Joe America do?

He has two choices: Go to work for 50 cents an hour and compete with Joe Switzerland, or he can learn a new trade.

Neither is a good choice—he is out of luck simply because the low tariff or import fee on foreign watches pulled the rug out from under him.

AMERICAN UNIONS AND MANAGEMENT AND FOREIGN CHEAP-LABOR COMPETITION

Now, let's go back for a minute and see why men join unions.

First of all, they want to be sure of a wage that is in line with the wages of the other workers who make the things they have to buy.

Second, they want job security.

The unions and management can give the men both of those things as far as the domestic situation is concerned, but what happens when cheap foreign-made products cascade into American markets?

The answer is quick and simple: The floor that has taken 50 years to build under the American workers' standard of living and job security collapses.

The customers find better values in foreign-made goods, and they would not be human if they did not take advantage of them.

And the American workers who would have made those products are out of a job.

That is why I said, and will keep on saying as long as I have breath in my body: "When we import cheaply made competitive goods—we import unemployment."

Why is it that so many politicians who would not dream of voting for unrestricted immigration of cheap labor go right ahead and vote for the unrestricted importation of the products they make? There is no essential difference between the two policies.

President Truman says he is not going to allow that to happen, even though he has the power to make it happen.

Well, it has already happened under the emergency legislation (which emergency by the way, has been kept alive for 15 years) and can happen again and much more seriously.

Already the pottery workers, the glass workers, bicycle workers, carpet workers, woolen workers, workers who produce silver, zinc, lead, mercury, tungsten, manganese, copper, aluminum, paper, chemicals, and textiles are feeling the pinch that has already squeezed the watchmakers. And only for the agricultural price-support program—many agricultural products and agricultural workers and farmers would also be severally affected by this time.

As I said, the President promised that this would never be allowed to become serious, but when my group in the Senate wanted him to give up the power to make it serious, he put the heat on his majority, and we were snowed under.

FAIR AND REASONABLE COMPETITION

One of the excuses given by the administration for hamstringing American workers is that the foreign workers are in distress.

Let's look at this argument, not through the confused eyes of our foreign policy makers, but just plain common sense.

My proposal, known as the flexible import fee, would, for example, put enough tariff on Swiss watch parts to make them competitive with American parts of equal quality.

Nobody wants to prevent all foreign products from entering our markets; we just want them to be fair competition.

The bleeding hearts in the State Department believe that an equalizing import-fee on Swiss watch movements would have been bad for the Swiss watchmaker.

Let's see if it would.

At present his employers are sweating him to get cheap watches into America.

Suppose his employer could no longer get away with this because the import-fee equalized his cost with American prices?

Here is what would happen.

Under those conditions there would no longer be any incentive for the employer to sweat the Swiss worker, and his wages could be raised painlessly because, as the cost of the parts went up, due to wages, the equalizing import-fee would go down.

The only loser would be the United States customs.

That point is very important, and I want to explain it in detail.

Suppose a Swiss watch movement now enters this country for $5 and sells for $7.50, while an equivalent American watch movement must sell for $10.

The flexible import-fee on this movement would be about $2.50 and then each of the two watches would then sell to the public for $10—the largest factor in this differential of cost is, of course, the difference in the wages of $1.25 per hour for the American worker and the 50 cents per hour for the Swiss worker.

The Swiss employer would soon see that there was no sense in giving $2.50 to the United States customs when he could just as easily give most of it to his own workers and keep a little extra for himself.

That is the best way I know of to really help the Swiss worker raise his standard of living.

And if his employer raised the price and tried to keep the entire $2.50, the Swiss Watchmakers Union would have a perfect set-up for a strike that would get real results.

CONSTRUCTIVE INTERNATIONALISM

It is supposed to be treason nowadays to oppose the pouring out of America's heart blood to the war-torn world; but I can't help but wish there were some court that could forget about getting out injunctions against give-away radio programs and worry about our give-away foreign-policy program.

I'm just a freshman Senator from Nevada, and have worked like blazes for everything I ever got, and I'm old-fashioned enough to believe that charity begins at home.

Of one thing I am sure:

If our program to help the world involves weakening America and destroying the standard of living of the American worker, that program is bad for the entire world, including the people getting the help, because without a strong America, the world is headed straight for the kind of a slavery government that the foreign nations are trying so desperately to avoid.

I claim that we can be intelligent, honest internationalists without subscribing to the crippling of America's strength and vitality. In fact, it is, to my mind, the essence of constructive internationalism.

Make no mistake. We face, in Moscow, a fanatical enemy that would rather have its millions of people perish in the blast of a superatom bomb than give up their dream of world conquest.

It is only the health and productivity of American industrial production that stands between them and the realization of that dream.

I would not say, and I do not believe, that the administration in Washington would deliberately do anything to aid Moscow, but when you lie on your deathbed, it doesn't make you feel any better to know that the doctor honestly did not know that he was giving you the wrong medicine.

THE TARIFF OR IMPORT FEE—A FLOOR UNDER WAGES

Let's look at the subject of tariffs, just as if we knew nothing at all about them.

A tariff is an amount of money that an importer has to pay before he can sell a given product.

Why do we have tariffs?

There are only two legitimate reasons: One, to raise money for the Government, and two, to put a floor under wages, under the price for which the product can be sold.

Any other reason for imposing a tariff is not a legitimate reason.

What is our present tariff policy?

It is being carried on under what is called the Reciprocal Trade Act, which is a misnomer because there is no such act on our statute books. The phrase "reciprocal trade" does not occur in the Trade Agreements Act.

We do have the 1934 Trade Agreements Act, as extended in 1949, and from that comes the President's authority to give away your shirt if he so decides.

This Reciprocal Trade Act title is really a slogan, and a phony one, to sell free trade to the American worker.

The other day I looked up the word "reciprocal" in the dictionary.

It means mutual, shared alike by both sides.

Now, if there's anything reciprocal about most of the deals made under the so-called Reciprocal Trade Act, I'd like to know what it is.

The truth is that, since 1934, America's tariff policy has been a political football to bolster up half-baked diplomatic schemes, to reward or punish different governments who have or have not acted as our State Department wanted them to act, and to curry favor with governments which needed a little sweetening up.

The principal purpose for tariffs in the United States—namely, to put a floor under the workers' standard of living—has been largely ignored.

EIGHTY-YEAR-OLD POLICY OF PROTECTING AMERICAN LABOR'S WAGES DISCARDED

I have often said that America's tariff policy should return to the traditional purposes for which it was intended.

What are these purposes?

The actual revenue that we collect on imports is not particularly important.

What is this primary purpose?

I will give it to you right out of the political platforms of times when America developed into a big-league Nation:

Here's 1860. "While providing revenue for the support of the general government, by duties upon imports, sound policy requires such an adjustment on tariffs as to encourage the development of the industrial interests of the whole country."

Here's 1872: "(Tariffs) should be adjusted as to aid in securing remunerative wages to labor."

Here's 1876: "Duties on imports should, as far as possible, be adjusted to promote the interests of American labor and advance the prosperity of the whole country."

Here's 1880: "We reaffirm the belief that duties levied for the purpose of revenues should so discriminate as to favor American labor."

Here's 1884: "(Tariffs) shall be so levied as to afford security to our diversified industry and protection to the rights and wages of the laborer."

In 1888 the country was dabbling with free trade, and Benjamin Harrison was elected with the following plank: "We are uncompromisingly in favor of the American system of protection, and we protest its destruction by the President and his party. They serve the interests of Europe: We will support the interests of America. The abandonment of the protective system has always been followed by general disaster to all interests, except those of the money lender and the sheriff."

In 1892 came first mention of the flexible import-fee principle: "We believe that all articles which cannot be produced in the United States * * * should be admitted free of duty, and that on all imports coming into competition with products of American labor, there should be levied duties equal to the difference between wages abroad and at home."

That is the traditional tariff principle that built America into the world's greatest Nation and made American labor the aristocracy of the world's workers.

That is the traditional principle that is being abandoned and without which—as sure as sunrise—the American worker cannot maintain his standard of living.

Under the selective "free trade" principle adopted by the State Department, based upon the 1934 Trade Agreements Act as extended, the low-wage living standard and slave labor throughout the world is placed in direct competition with American workingmen.

Between 1918 and 1921 America had a taste of what happens without protective tariffs or import fees.

In the 2 years of 1918 and 1919, protective tariffs were reduced 33 percent, and domestic prices and employment fell off so sharply that on May 28, 1921, an emergency tariff was rushed through the Senate.

It is true that the farmer was the chief beneficiary of this emergency tariff, but in our closely interrelated economy, no one group can suffer without affecting all other groups.

When the farmers are unable to buy their share of the factory output, some of the factory workers must stop work.

That was the last time America monkeyed with the tariff machinery until 1934.

At that time emergency powers were given to the President to call the signals as he saw them.

This act authorized him to lower any tariff up to 50 percent.

It was supposed to last for 3 years, but it has been extended, extended, and extended, and if the recent vote of the Senate is any clue, we will have it for a long time to come—unless the American worker sees his interests in their true light.

As matters now stand, your future, as it is affected by tariffs, is no longer in the hands of your elected representatives: It has been delegated by Congress to the State Department without any reservations whatsoever.

And it is my conviction that if something isn't done about it, the administration will abolish all tariffs and change to a system of quotas based on strictly political situations.

And where will that leave the American worker?

THE FATE OF AMERICAN WORKINGMEN AND INVESTMENTS IN FOREIGN COMPETITORS' HANDS

In closing I would like to point out the fallacy of putting the fate of the workingmen and the investments of America into the hands of a State Department which permits our foreign competitors a voice in determining our own standard of living.

It amounts to a conspiracy to lower American wage-living standards—and destroy American investments.

FREE IMPORTS—FREE IMMIGRATION

There is no effective difference between importing the products of foreign low-wage living standard labor and in importing the labor itself. In either case we are importing unemployment.

It would be very difficult to justify a vote against free immigration if we vote for importing the products of the low-cost foreign labor.

LABOR'S MONTHLY SURVEY

I quote from your own August–September 1949 American Federation of Labor Monthly Survey—"Also we can only lift our tariff barriers when production of other countries is of high quality and made under similarly high labor standards."

I subscribe to that statement 100 percent.

The greatest service that the American Federation of Labor can render the foreign low-paid worker is to support the flexible import fee principle—so that the incentive would no longer exist for foreign governments to hold their workers pay down in order to enter the American markets by circumventing tariff rates.

This Nation is in dire need of an American policy for the American worker.

ABOLISH TRADE-AGREEMENTS ACT

But before any policy can be effective we must abolish this Trade Agreements Act, which is used solely to flood this country with the products of cheap foreign labor. This importation of unemployment must stop.

Congress can then lay down a principle to encourage legitimate foreign trade by establishing a definite market for the products of all nations but on a fair and reasonable competitive basis with our own products.

ADOPT THE FLEXIBLE IMPORT-FEE PRINCIPLE—FAIR AND REASONABLE COMPETITION

I do not think it unreasonable to demand that American products be protected from unfair, slave-labor, foreign competition in our own market.

The flexible import fee principle would guarantee fair and reasonable competition since import fees would be fixed on that basis in the same manner as the Interstate Commerce Commission fixes freight rates for carriers, namely, on a basis of a reasonable return on investment.

Through the flexible import-fee principle, a market is immediately established on a definite basis for the products of all foreign nations, and as they raised their general wage-living standards the flexible import fee would be lowered accordingly.

NO HIGH OR LOW IMPORT FEE

Under the flexible-import fee principle, there would be no consideration of a high or a low tariff or import fee, but the import fee would at all times correctly represent the differential in labor standards between here and abroad.

ONE POLICY FOR ALL

We must have one tariff and import policy for all sections of our country and all sectors

of our population. The Congress of the United States cannot longer allow a foreign-minded State Department to make discriminatory trade agreements which have the effect of favoring one section of the Nation or one sector of the population over another. The flexible-import-fee principle would protect all sections and sectors alike.

WELCOMES FAIR, REJECTS UNFAIR COMPETITION

The greatest factor in the cost of almost any imported product is labor. Well, this flexible-import fee would continually measure the difference between the cheap foreign labor rates and our own.

It would prevent the foreign product from gaining an unfair price advantage over the American product in our own market.

The flexible-import-fee principle would accept and welcome all competition on our wage-living standards, but it would automatically reject all unfair competition with American labor standards.

EQUAL ACCESS TO OUR MARKETS—CANNOT ASK FOR MORE

All of the foreign nations of the world would immediately be offered equal access to the American markets on a basis of our wage-living standards. They cannot in good faith ask for more.

Mr. MALONE. Mr. President, unless we have such a flexible import-fee system in connection with our price-support program, we face the necessity of supporting the prices of agricultural products throughout the world in order to support our own.

In this connection, I offer for printing in the RECORD an Associated Press dispatch from the Baltimore Evening Sun, headed "Senator alleges importation of unemployment."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SENATOR ALLEGES IMPORTATION OF UNEMPLOYMENT

ST. PAUL, October 3.—Labor was told by Senator MALONE, Republican, Nevada, today to be on guard against importation of unemployment.

"When we import cheap competitive goods, we import unemployment," MALONE said in an address prepared for delivery at an AFL meeting.

Tariff policies which permit unequal, unfair, and injurious treatment of United States products affect the pocketbook, the standard of living and the general welfare of every American worker, MALONE said.

IMPORTING UNEMPLOYMENT

"We are now importing unemployment under the trade-agreements program of the State Department," he added. "We are permitting underpaid and slave labor products from foreign nations to compete on an unfair basis with our higher paid workingmen for our own rich, domestic markets."

He referred to difficulties of the Waltham Watch Co. which he said was overwhelmed with imported watches made by underpaid Swiss labor.

"Already," he said, "the pottery makers, the glass workers, bicycle workers, carpet workers, woolen workers, workers who produce silver, zinc, lead, mercury, tungsten, aluminum, paper, chemicals, and textiles are feeling the pinch that has already squeezed the watchmakers."

FLEXIBLE TARIFF PROPOSED

He described his own proposal to substitute a flexible import fee for the present tariff system.

It would, he said, put enough tariff on Swiss watch parts to make them competitive with American parts of equal quality. The competition then, he said, would be on a basis of value.

Under his system, if wages or other costs of producing the foreign article should go up, the import fee would drop in proportion.

"That," he added, "is the best way I know of to help the Swiss worker raise his standard of living."

WORLD NEEDS STRONG UNITED STATES

"If our program to help the world involves weakening America and destroying the standard of living of the American worker, that program is bad for the entire world, including the people getting the help, because, without a strong America, the world is headed straight for the dogs."

Mr. MALONE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a dispatch from the Minneapolis Star, of Minneapolis, Minn., dated October 3.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LOW TARIFFS CALLED BLOW TO UNITED STATES LABOR

Senator GEORGE MALONE, Nevada Republican, called today for scrapping reciprocal trade agreements to prevent slave-labor products from competing with American workers' output.

He said in St. Paul the policy of cutting United States tariffs to help goods get into this country and expand our exports in return has been entirely one-sided—against American industry.

He spoke at the American Federation of Labor convention in St. Paul auditorium this afternoon.

"When we import cheap competitive goods, we import unemployment," MALONE said.

He used Swiss watches as an example of products, he said, were cutting into American employment.

He advocated a flexible import fee for the present tariff laws. If wages or other costs of producing the foreign article should increase, the import fee would be reduced in proportion.

This would force the foreign country to compete on similar wages and quality basis, he said, and "is the best way I know of to help the Swiss worker raise his standard of living."

MALONE said the tariff plan has hurt pottery makers, glass workers, bicycle workers, carpet workers, woolen workers, and people who produce silver, zinc, lead, mercury, tungsten, aluminum, paper, chemicals, and textiles.

Mr. MALONE. Mr. President, I also ask unanimous consent to have printed at this point in the RECORD an article from the St. Paul (Minn.) Dispatch, dated October 3, 1949.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TRADE PACTS THREAT TO UNITED STATES LABOR CITED

Labor was told by Senator MALONE (Republican, Nevada), today to be on guard against importation of unemployment.

"When we import cheap competitive goods, we import unemployment," MALONE said in an address prepared for delivery at an AFL meeting.

Tariff policies which permit unequal, unfair, and injurious treatment of United States products affect the pocketbook, the standard of living and the general welfare of every American worker, MALONE said. He added:

"We are now importing unemployment under the trade agreements program of the State Department. We are permitting underpaid and slave labor products from foreign nations to compete on an unfair basis with our higher paid workingmen for our own rich, domestic markets."

He referred to difficulties of the Waltham Watch Co. which he said was overwhelmed with imported watches made by underpaid Swiss labor.

"Already," he said, "the pottery makers, the glass workers, bicycle workers, carpet workers, woolen workers, workers who produce silver, zinc, lead, mercury, tungsten, aluminum, paper, chemicals, and textiles are feeling the pinch that has already squeezed the watchmakers."

He described his own proposal to substitute a flexible import fee for the present tariff system.

It would, he said, put enough tariff on Swiss watch parts to make them competitive with American parts of equal quality. The competition then, he said, would be on a basis of value. Under his system, if wages or other costs of producing the foreign article should go up the import fee would drop in proportion.

He added:

"That is the best way I know of to help the Swiss worker raise his standard of living.

"If our program to help the world involves weakening America and destroying the standard of living of the American worker, that program is bad for the entire world, including the people getting the help, because, without a strong America, the world is headed straight for the dogs."

Mr. MALONE. Mr. President, I have received a letter from Mr. Francis Church Lincoln, a distinguished consulting engineer, who many years ago made an admirable record as director of the Mackay School of Mines, of the University of Nevada.

He includes in his letter an editorial from the San Diego Union, dated September 22. I ask unanimous consent to have his letter and the enclosed editorial printed at this point in the RECORD.

There being no objection, the letter and editorial were ordered to be printed in the RECORD, as follows:

CHULA VISTA, CALIF., *September 26, 1949.*

HON. GEORGE MALONE,
Senator from Nevada,
Senate Chamber,
Washington, D. C.

DEAR SENATOR MALONE: This letter will undoubtedly come as a surprise to you, but ever since I left Nevada, I have continued to take an interest in your career, and recent events lead me to take this time to express my encouragement and commendation of your work.

I believe that the stand you have taken on the reciprocal-trade program and the devaluation of the pound is fully justified; and am sorry that there are apparently so few in Washington who agree with you as to the adverse effects upon our economy which seem certain to ensue. It seemed to me that Time—with which I am usually in agreement—did not treat this matter with the seriousness it deserved in its issue of September 26, but seemed more interested in belittling your efforts than in giving the subject the attention it deserved. Our local paper did better in an editorial which I enclose.

Last year I retired from the South Dakota School of Mines and I am now conducting a consulting business from my new home in Chula Vista. Be sure to look me up if you are ever down this way, as I should greatly enjoy seeing you.

Sincerely yours,

F. C. LINCOLN.

[From the San Diego Union of September 22, 1949]

GOAT, UNCLE SAM?

It is not hard to understand the feelings of Senator MALONE, of Nevada, who has been an ardent champion of protection for our own industries, and agriculture, when he characterizes the action of the British Government in devaluing the pound sterling as a blow below the belt for the United States.

A particular grievance of the Nevada Senator is that during the very period of the British-Canadian-American negotiations on the British financial dilemma, the administration was pushing through Congress the bill renewing the reciprocal trade-agreements legislation. This legislation, he contends, and the International Trade Organization agreements, were predicated on the pound at its $4.03 valuation. The devaluation, he contends, pulls the rug from the United States.

While Senator MALONE may be guilty of some extravagance in his comments on the recent financial coup, it is only fair to quote his statements as representing the views of a large number of Americans:

"They (the British) will buy in bulk from Russia and her satellites and unload the products to advantage in markets which will be closed to the United States.

"They will also unload their products here and in South America, where with the reduced value of the pound American goods will be priced out of the market.

"The simple answer is that they will be able to export more and buy less in the dollar market.

"They will promote commerce with the communistic world at the expense of this country. Our State Department was sympathetic, if not in collusion. They knew all of this when they rammed the reciprocal-trade agreements through. * * *

"The whole transaction was dishonest, and I regard it as a form of piracy."

These are strong words. But they come from a legislator who has been diligent in trying to protect American industry and labor against foreign encroachments.

For the present the only thing we can do is to await the effects of the combination of British devaluation and our own unprecedented concessions to British trade. It may be set down for a certainty that we shall have less gain than loss from the arrangement.

Mr. MALONE. Mr. President, the cumulative evidence and debate is overwhelming that no price-support program can be successful, while the agricultural products of the lower wage living standard nations are allowed to come into this Nation without any equalizing tariff or import fee.

The embarrassing situation of witnessing the purchasing of Chinese dried eggs for consumption in the United States at lower than the support price—and storing our dried eggs—can occur in many price-supported products, and finally defeat any such program through the billions of dollars required to support it.

The flexible import fee principle—which I introduced in the United States Senate in 1948 and again in 1949—and later as a substitute for the proposed extension of the Trade Agreements Act would prevent such a condition.

The 1934 Trade Agreements Act as extended is responsible for the lowering of the tariffs and import fees to the point where there is no protection to the American standard of living—and which has rendered any agricultural products price-support program impractical—unless we adopt the flexible import fee principle of bringing such products in on our level of costs.

Mr. President, in closing let me say that there are only a very few agricultural products that such a flexible import fee, properly administered, would not fully protect without a price-support program.

Wheat and cotton are examples of products that would need price support in addition to the flexible import-fee principle—but the funds collected from other imports would be more than sufficient to pay for such support.

The time has long since arrived when the Senate of the United States must consider the people's ability to pay, before voting large appropriations for any purpose.

Mr. President, I ask unanimous consent to have printed in the RECORD following my remarks an editorial entitled "How Near Are We to Free Trade?" published in the News-Sentinel of Fort Wayne, Ind., September 20, 1949.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

HOW NEAR ARE WE TO FREE TRADE?

Senator GEORGE W. MALONE, of Nevada, has offered a flexible import-fee bill as a substitute for the proposed 3-year extension of the 1934 Trade Agreements Act. In our opinion, it was to be preferred over the latter, which the Senate approved last Thursday.

It would have established a clear-cut American policy as a basis for cooperation among the nations of the world. As a result of the administration's "free-trade" program, under which we openly encourage a large increase in imports from the European countries and urge them to become self-sufficient and to manipulate the price of their currency for trade advantage, this Nation may be heading into a serious depression.

No small part of the more than 3,000,000 unemployed in this country are without work because of the actual and threatened imports of products from low-wage standard-of-living European and Asiatic countries.

Under Senator MALONE'S flexible import-fee adjustment of rates, to have been set by the Tariff Commission, a definite market basis would be established in the United States for goods of foreign nations; yet those nations would remain the judges of their own living standards.

Senator MALONE thinks—and there is good reason to agree—that under his plan they would be encouraged to raise their wage-living standards because they would immediately get credit by a corresponding reduction in the tariff or import fee; and when their standards of living approximated our own, then the objective of free trade would be an almost automatic and immediate result. In the meantime, our own standard of living and wage level would be protected.

Our import fees are a floor under the American wage and living standards. What happens if, as the administration appears to want, we must meet the competition of some foreign products? We must reduce production costs, and that means cutting wages. The alternative is unemployment.

We are for the slogan "Competition is the life of trade"; but we're talking about fair competition. Why kid ourselves? American manufacturers just cannot meet the competition of products made at the hands of workers in other countries paid at rates so low they must live on a near-subsistence level.

Senator MALONE'S idea is to reconstitute the Tariff Commission as the Foreign Trade Authority, which would bring in foreign items on a reasonable competitive level with our own products. The Authority would consider such factors as currency manipulation, foreign-exchange juggling, and Government bloc buying.

As foreign countries raised their wage-living standards the import fee which measures these differentials would decrease accordingly; when any country's living standard approximates our own, free and unhampered trade could, in Senator MALONE'S opinion, be realized.

The criterion "fair and reasonable" competition under the flexible import fee would parallel the function of the Interstate Commerce Commission in fixing and periodically adjusting freight rates, as an example. It is high time for the removal of import fees from the realm of logrolling, lobbying, and international horse trading. If the Malone measure will do all this, it merits support.

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). The question is on agreeing to the amendment of the Senator from Minnesota [Mr. THYE].

Mr. RUSSELL. Mr. President, I dislike exceedingly to delay the Senate for even one moment at this hour. I realize that nothing which can be said here will affect the amendment which has been agreed to or will change the mind of any Senator as to the vote which has been cast. But I cannot permit the record to be closed in its present condition without saying a few words to correct what might have been a false impression created by some remarks. I am sure that was not intentional; but because of the present condition of the record, it is necessary for me to make this brief statement.

I yield to no man in my admiration for the distinguished junior Senator from New Mexico [Mr. ANDERSON]. He was one of the greatest Secretaries of Agriculture of all time. He knows more about the details of agriculture throughout the Nation than perhaps any other living American does. But I cannot agree with him on the views he has set forth about the bill. I regret that I cannot. The distinguished Senator from New Mexico in his statement left the impression that the adoption of the Young-Russell amendment by the Senate will increase the prices of some of the basic commodities. Mr. President, that simply is not a fact. The amendment retains some of the prices which the bill sponsored by the Senator from New Mexico would have taken away from the farmer; but the amendment does not increase the cost of any basic commodity by one dime.

This is not a bill which merely deals with loans, Mr. President; this is a comprehensive farm bill. It rewrites the entire parity formula. The Senator from New Mexico referred to the fact that this bill, as now amended, will increase the price of cotton by $17.50 a bale, and the price of wheat by some 35 cents a bushel. The truth of the matter is that this bill will reduce the price of cotton by nearly $10 a bale and will reduce the parity value of wheat by several cents a bushel.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. ANDERSON. If the Senator from Georgia is correct, then I made an incorrect statement to the Senate. I ask him to examine Senate bill 2522, as now amended, and see whether the amendment which the Senator from Georgia and the Senator from North Dakota [Mr. YOUNG] have succeeded in having added to the bill will not increase the price of cotton $17.50 a bale.

Mr. RUSSELL. How could that be? How is it possible?

Mr. ANDERSON. It is possible because the Senator from Georgia and the Senator from North Dakota have, by their amendment, added 3½ cents a pound to the price of cotton, or an addition of $17.50 a bale.

Mr. RUSSELL. How could the amendment do that?

Mr. ANDERSON. By raising the support price of cotton from a minimum of 72 percent to a mandatory 90 percent of the parity price.

Mr. RUSSELL. So the statements and insertions which have been made in regard to the parity values are in error. Is that what the Senator from New Mexico is saying?

Mr. ANDERSON. Yes; three different tables have been presented, and all of them are in error, so far as I know. One of them says, for example, what the support price of tobacco will be, either with quotas or without quotas, under my bill. My bill provides that if there are no quotas the support price for tobacco is zero. Yet the table has been circulated as if it were a correct one.

The amendment of the Senator from Georgia and the Senator from North Dakota, which as been added to the bill, will increase the price of cotton, the price of wheat, and the price of corn. There can be no controversy on that subject.

Mr. RUSSELL. How can it increase those prices when the amendment does not relate at all to the parity formula, but merely to the support price of the parity formula.

Mr. ANDERSON. With the high level we have in the supply of corn—131 percent, or some such figure as that; the Senator has the figure there, I believe——

Mr. RUSSELL. Oh, the Senator from New Mexico means that the amendment will increase the price over what the price would have been under his bill. Is that correct?

Mr. ANDERSON. That is correct.

Mr. RUSSELL. But not over what the present legislation would allow.

Mr. ANDERSON. No; I question that statement, because the present legislation, which is to become effective in January, is the Aiken bill.

Mr. RUSSELL. I mean the legislation which is in existence at the present time.

Mr. ANDERSON. Of course, the bill which is in existence at the present time terminates on January 1, 1950.

Mr. RUSSELL. I was referring to existing law, the law in effect today.

Mr. ANDERSON. On that basis, I agree with the Senator from Georgia.

Mr. RUSSELL. That is the point I am making, exactly: That if we do not intend to cut the prices the farmers receive today, this bill, as it stands at this very moment, will still mean—with the 90 percent of parity—a substantial reduction in what the farmer is receiving under the law which is in effect today; and unless we intend to commence an economic retreat with the farmer, by cutting the prices he receives for his products, the Senate was correct in adopting the amendment.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. YOUNG. I wish to point out that the table the Senator holds in his hand was given to the Committee on Agriculture and Forestry by the Secretary of Agriculture, Mr. Brannan. I also wish to point out that the Anderson bill provides that for the first year of its operation the farmer shall automatically get 90 percent of parity when his crops are under acreage controls or quotas.

Mr. RUSSELL. I thank the Senator.

Mr. AIKEN and other Senators addressed the Chair.

Mr. RUSSELL. Mr. President, I shall yield first to the distinguished author of the Aiken bill, the Senator from Vermont [Mr. AIKEN].

Mr. AIKEN. The Senator has pointed out merely that the revised parity formula incorporated in the 1948 act and continued by the Anderson bill reduces somewhat the parity price of cotton. I should like to point out that, although it reduces somewhat the parity price of cotton lint——

Mr. RUSSELL. And wheat.

Mr. AIKEN. And wheat—it increases the price of cottonseed about 20 percent, which I believe offsets any reduction in the price of the lint.

Mr. RUSSELL. I am delighted to hear that.

Mr. AIKEN. The parity price on cottonseed would be in the neighborhood of from $65 to $67 a ton under the revised parity formula, whereas I think it is around $54 under the present parity.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. PEPPER. Mr. President, if I understand correctly, the amendment offered by the Senator from Georgia, which was adopted by the Senate a while ago, arrests the severity of the cut in basic farm products, which otherwise would have occurred, under the Aiken bill of 1948.

Mr. RUSSELL. It does not eliminate the reduction, because the bill will reduce the parity from what it is at the present time, and what it has been for some time, by the revision of the formula. But it does prevent adding to that reduction another reduction, which could amount over a period of time to 15 percent more, in what the farmer would have as a support price.

I wish, again, to say to the Senator from New Mexico that I hope I did not misquote him. The Senator was speaking about his bill, and I was talking about the law as it is. I tried to make that perfectly clear when I opened my remarks. Of course, if we are going on the assumption we are to use the date the Aiken bill took effect, the Senator from New Mexico is correct. The amendment would assure that the farmer would get much more under the amended bill than under the Aiken bill, but it would not increase his return over what he is receiving at the present time. As a matter of fact, he would take a reduction.

Mr. ANDERSON. I do not dispute that at all. I simply point out, as everyone recognizes, that the legislation terminates December 31, 1949, and the amendment deals with what is going to happen after December 31, 1949. That would be under either the Aiken bill or the pending bill or some other bill. The amount of increase in the case of cotton prices which I indicated would be the effect of this amendment to the bill is, I think, correct.

Mr. RUSSELL. Using the Senator's bill or the Aiken bill as a basis, that is correct. But the figure the Senator uses would increase the price of cotton by the figure, I think it was, of $17 a bale. But the Senator was referring to the fact that it was increased in his bill, rather than under the present law.

Mr. ANDERSON. That is correct.

Mr. RUSSELL. The same thing applies to corn.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. HOLLAND. Is it not true that the point which the Senator has just made applies, though in a limited way, to wheat, corn, and cotton, but that exactly the opposite is true in the case of rice and both kinds of tobacco, both burley and flue-cured, in that the price which would be supported by his amendments would be considerably greater in both cases than the price under the present law?

Mr. RUSSELL. In the case of rice, there is a slight increase, and there is a minute increase in the price of tobacco. In fact, it is less than 2½ cents a pound. I am talking now about the arguments relative to increasing the living costs of the American people. I am not speaking about tobacco. Mr. President, I hope that is clarified. I did not make that statement for the benefit of the Senate; I made it for the benefit of the record, because I did not want to leave the impression that the vote of the Senate this afternoon had increased the living costs to the consuming public in America. As a matter of fact it amounts to a reduction to the consuming public, when considered in connection with the program which has been written into the bill. It not only reduces the cost to the consuming public; it reduces the amount of the income of the farmer. Despite the implication that he is getting wealthy out of what he is earning, he still is dragging along with his 8 or 9 percent of the national income, though he is a member of a group that constitutes almost 20 percent of the entire population of the United States.

Mr. President, I now wish to advert briefly to the statements of the distinguished Senator from Illinois. He twitted Members of the Senate who had talked about economy, and said the advocates of economy had voted for the pending bill. The so-called advocates of economy, those he has thus labeled, at

least, are merely trying to prevent an unwarranted reduction in the incomes of the farmers of the country. I would the Senator had made his economy speech some time earlier in the session. I should have welcomed it when the Senate had under consideration the European-aid program, and also when the arms-to-Europe program was being considered. I should have welcomed it when we increased the salaries of Federal employees, when I was trying to bring about some little reduction in them, and when the Senator voted for the higher salaries.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. LUCAS. The Senator will not deny that cotton and peanuts are getting a pretty good deal under the amendment, will he?

Mr. RUSSELL. No, they are not getting so good a deal as wheat is getting under it.

Mr. LUCAS. I am not talking about wheat. I am talking about peanuts and cotton.

Mr. RUSSELL. Yes. I am not ashamed to say I think the cotton farmer is entitled to 25 cents a pound for the cotton he produces.

Mr. ANDERSON. Does the amendment give cotton close to 25 cents a pound, or does it go to 30?

Mr. RUSSELL. The Senator has disavowed these figures, so I have had to use those which were furnished by the Secretary of Agriculture. I shall accept the Senator's figures as being correct, but I wish to say I know the feeling that exists elsewhere in the country because the cotton farmers are permitted to share in the farm program. I say the cotton farmer is entitled to 30 cents a pound for his cotton. I would not be ashamed to vote for such a proposition here on the floor of the Senate. I know the feeling that exists against cotton, because it is largely produced in a section of the country that does not stand too high in some circles, but I say the statistics which have been prepared by the Bureau of Agricultural Economics over a long period of years show that it takes 1 hour to produce a pound of cotton. I am not ashamed to say I would favor 30 cents a pound, that being 30 cents an hour for work that is back-breaking beyond the realization of those who refer to the cotton farmer as if he were getting special consideration. No more difficult work is done by man than that which is done in the cotton fields. It is done by hand. The cotton farmer goes to his field to plant the crop. He must run around it twice with the plow. He must chop it out once or twice with the hoe, and then go into the field and break his back, picking it by hand. It is worth 30 cents a pound.

Mr. THYE. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. THYE. I feel sure that the Senator from Georgia is familiar with the sugar-beet operation, the care of the sugar-beet field and the harvesting of sugar beets.

Mr. RUSSELL. No, I do not know so much about that as does the Senator from Minnesota, but I may say that I have never sought to beat down a bill that was recommended by the sugar-beet growers. I have supported every bill they have ever caused to be introduced, though the farmers from other areas who produce sugar beets complained because they said the cotton farmer would get the equivalent of 30 cents a pound.

Mr. THYE. I want to say to the very able and distinguished junior Senator from Georgia, there is no feeling other than that of sympathy for any agricultural producer, whether he be a cotton producer or a sugar-beet producer, or whether he operates a dairy farm, or whatever his product may be. I personally would do my utmost to assure the producer of any agricultural commodity that he shall have parity with all other crops in the economy of the entire Nation, but I do not want to begin writing legislation that I can see is doomed in about 2 or 3 years from now. Senators, including myself, who are gray-haired and baldheaded can carry on, regardless of what happens in agriculture; but the lad who came out of the Army, who started out in the past 2 or 3 years buying farm machinery and equipment at inflated prices, and who assumed $3,000, $4,000, to $10,000 in the way of obligations—if we let him down, it will mean 2 or 3 years from now that that young man will be bankrupt and will be ruined. He has already given too much in the terms of years of sacrifice in the military service. I am thinking about that young man. I am not thinking about ourselves, those of us who have made our stake in the past 10 years in farm operations.

Mr. RUSSELL. I want to say I do not propose to let down the farmer who is a veteran, who returned from the wars, within 3 years, and I do not propose to cast a vote today that will fix it so he cannot pay for the farm machinery he has bought, or so that he cannot pay for the land he has bought. I shall not say to those 9,000 veterans in the State of Minnesota who have returned to their farms, if any of them have engaged in the production of an absolutely basic commodity, "You are here burdened with this debt for the land, you are here burdened with the debt for this expensive machinery. I will help you pay that debt. I shall cut your income 40 percent." That is what would happen if the Senate had passed the bill. I shall hang on as long as I can to see that he has a chance to pay his debt.

Mr. THYE. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. THYE. I would say to the able Senator that I do not believe, when we establish price controls to meet changes in economic conditions which may occur, it is not cutting the farmer's price. I dare say pork will be selling in Sioux City and St. Louis markets tomorrow, no matter what we may do this afternoon. The only time we need price supports is when we need them to act as a shock absorber if the price of a commodity happens to break. But the Senator from Georgia and I want to see the economy of the Nation remain at a point where we shall never use the mechanics of price support except in the event of an economic situation in the Nation which compels the floor to be there to receive the commodity when it slides back. In the harvesting season we want the mechanics of price support to be there to hold the market against a drastic drop. When the great combine which starts in the Panhandle of Texas and harvests millions of bushels of grain all across the Nation begins to operate, it is then that we need price supports to hold the market. But we do not want to hold the entire economy of the United States in that way.

Mr. RUSSELL. I do not claim to be an economist. The Senator from Minnesota is representing himself as an economist. I am speaking as one who has had a little experience with farm problems. I have never claimed to be an economist. I know the difference between wheat which sells for $1.50 a bushel and wheat which sells for $1.85 a bushel. I know the feeling of the farmer and the prosperity of a farm community when the cotton farmer receives 25 cents a pound for his cotton as compared with 18 cents a pound.

The Senator talks about having a cushion in time of stress. The 90 percent parity loan does not take effect unless there is acreage control in operation. It never applies unless there is some control program in force and effect. I submit that if we leave it to the sense of fair play of the American people, if the farmer is to surrender to a department or bureau in Washington which tells him how many acres of a commodity he can produce, the Government of the United States owes it to him to see that he at least gets a fair parity in the value of his product.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. YOUNG. The Senator has spoken of the increased cost to consumers if the support level of beef and pork is increased.

Mr. RUSSELL. The Senator from Minnesota was talking about discrimination. This bill does a great deal more than juggle loan values in connection with these commodities. The Senator has a new parity figure which he has written. I am not complaining about it. I would not adopt a dog-in-the-manger attitude and try to strike down the whole bill by writing an amendment to it which would absolutely invalidate it. But the Senator and his committee have apparently written a figure indicating that under the present law 90 percent of parity on butterfat is 57 cents. This raises it to 65 cents. What does it do to milk, wholesale? Under the present law 90 percent is $3.51. Under the new bill it is $4.09.

We talk about the consumers of the country. Here is a bill which is increasing the price of butterfat, milk, hogs, chickens, beef cattle, and lambs, while on the basic commodities—wheat, cotton, and corn—the price is reduced. That makes it all the more fair that we should take care of the producers of the basic commodities, so that they shall not be required to take this three-way cut, namely, reduced parity value, reduction

in acreage, and reduction in the loan value——

Mr. THYE. Mr. President, will the Senator yield?

Mr RUSSELL. I yield.

Mr. THYE. It so happens that when we figured all the costs involved in the production of these various commodities and the weight at which they find themselves, the Senator from Minnesota had nothing to do with the yardstick that was developed in figuring the weight or the parity of those commodities; but I will say to the very able and distinguished Senator from Georgia—and I have the greatest admiration for him, and I wish I could argue as facilely as he does——

Mr. RUSSELL. I thank the Senator from Minnesota.

Mr. THYE. I will say to the Senator that the commodities to which the Senator referred have always been at the mercy of the Secretary of Agriculture, and the Secretary was bound by mandatory provisions in connection with the six basic commodities to spend all the money that Congress made available to him.

If there happened to be any money left, if there happened to be a little money in the section 32 fund or in the school-lunch fund, the Secretary might use a little of that money in the support of nonbasic agricultural commodities into which pork and certain other commodities happen to fall. The same thing is true of the citrus crop and the various nut crops. It was entirely in the discretion of the Secretary of Agriculture as to whether he would spend a penny in the support of those commodities, but peanuts, rice, tobacco, cotton, wheat, and corn were on the mandatory list.

Mr. RUSSELL. I am glad the Senator has named the two largest crops first.

Mr. THYE. They happen to be the ones which had a claim upon the fund at the outset.

Mr. RUSSELL. They are the commodities, with the exception of cotton, which have brought a return to the United States. When there has been money spent on the basic commodities it was advanced as loans. At the last hearing held by the Senate subcommittee on Agricultural Appropriations the Secretary of Agriculture testified that there had not been any loss on the basic commodities. Perhaps the Senator wants to stir up a little sectional feeling, but let him show where there has been any loss in dealing with those commodities.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. DOUGLAS. Is it not true that it was the war which came along and baled out the surplus which has accumulated?

Mr. RUSSELL. I think that is true.

Mr. DOUGLAS. If it had not been for the war there would have been large losses.

Mr. RUSSELL. I do not know. I hope and pray that we shall not have another war. But the fact that we had a reasonable supply of agricultural commodities was one of the best things that ever happened to the United States when the foul blow was struck at Pearl Harbor. We cannot win a war only with tanks and machine guns. We must have something for the soldiers to eat. Napoleon said that an army travels on its belly.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. ANDERSON. There have been losses on peanuts. I do not know when the Secretary testified, but there have been losses right along. Sometimes we have disposed of the product to the American Army at prices that pulled us out. Last year the cost of the peanut program was $10 an acre. If we had the same kind of a program for cotton, wheat, and corn, it would cost the country $2,000,000,000 a year.

Mr. RUSSELL. I should like to see the figures to which the Senator refers.

Mr. ANDERSON. I shall be very glad to get them.

Mr. RUSSELL. I should like to see the testimony of those who handled the program in the Department that established any such fact, because I never heard of it. The testimony before the committee last year, or the year before, was that they had made some $9,000,000 on the peanut program. They may have sold them to the Army; I do not know about that.

Mr. ANDERSON. I wish to say to the distinguished Senator, who, I recognize, is just as sincere as anybody could be, that the same story was told to me when I was in the Department of Agriculture, that there had been no loss on the peanut program. It was not until I went into the story that I found there had been losses on the peanut program, and very substantial losses.

Mr. RUSSELL. I shall not controvert the Senator's statement. If he will get the figures for the RECORD and vouch for them, I will accept them as accurate, because the Senator was Secretary of Agriculture; but I know the statement I have repeated has been made, and I know the Senator from New Mexico has heard it.

Mr. ANDERSON. I have.

Mr. DOUGLAS. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. DOUGLAS. I should like to ask the very able Senator from Georgia if he is not unintentionally giving the wrong impression when he implies that the flexible price formula results in a smaller income to the farmer. As I understand the formula, it provides that for every 2 percent increase in total production and total supply there is a fall of 1 percent in price, or in the parity ratio. That means that the farmers gain in total income by 1 percent for every 2 percent increase in their production. For if the increase in production is 2 percent, the price per unit falls only 1 percent, so the total income, or price times quantity, increases by 1 percent.

What the flexible price formula, as begun by the Senator from Vermont [Mr. AIKEN] in 1948 and continued by the Senator from New Mexico [Mr. ANDERSON] does, as I see it, is to divide the gains of increased production evenly between the producers and the consumers.

For every 2 percent increase in output, or supply, the consumers get a reduction in price per unit of 1 percent while the farmers get an increase in total income of 1 percent. When we impose a fixed parity of 90 percent, or the same price no matter how much is produced or supplied, that means that all the gains of increased production go to the farmers and no gains go to the consumers. I submit that this is not a proper policy, and I hope very much that some Senator will make a motion to recommit the bill.

I beg the Senator's pardon for making a speech on his time.

Mr. RUSSELL. I must confess I could not follow the first part of the Senator's argument, because I did not exactly understand it, but I shall not ask him to repeat it. I understand the latter part. The Senator's argument must be predicated on the fact that some Secretary of Agriculure will not do his duty, because 90 percent of parity does not apply except where commodities are under controls, and the Secretary of Agriculture, if he is going to place a commodity under controls, would certainly try to control it to such an extent that the farmer could not produce all he wanted and get the 90 percent of parity therefor.

Mr. DOUGLAS. But in order to get out of your difficulties you are therefore putting a ceiling on the production of agriculture, whereas the flexible price formula permits production to increase and allows prices to fall. It does not require production quotas to anywhere near the same degree.

Mr. RUSSELL. Mr. President, in my judgment nothing could bankrupt the farmer quicker than to reduce his prices proportionately as we let him produce his commodities. If we are going to reduce the prices he is to receive and then to increase his production, the farmer, of course, will get to the point where he will be producing at a loss, and the more he produces the faster he will go broke.

Mr. DOUGLAS. That may be true in an uncontrolled market, but the flexible price formula simply says that price per unit shall fall by only 1 percent for each increase of 2 percent in production or supply. The price per unit does not fall more rapidly, or even as rapidly as, the increase in output. It falls only half as fast.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I merely wish to call attention to the difference. The Senator keeps saying production. We want the word "supply" used. There is a great deal of difference, if it is only properly explained.

Mr. LUCAS. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. LUCAS. I move that the Senate take a recess for 1 hour.

Mr. RUSSELL. Mr. President, I was about to conclude.

Mr. LUCAS. I withdraw the motion. I thought the Senator had concluded.

Mr. ANDERSON. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the Senator from New Mexico.

Mr. ANDERSON. I wish to put into the RECORD, from the report of the financial condition of the Commodity Credit Corporation as of June 30, 1949, the statement that the loss on peanuts for that fiscal year was $23,784,910.31. I wish to say to the Senator from Georgia that I recognize that he has had the same sort of information I have received, and there had not been any great loss in peanuts up until the time stated here.

Mr. RUSSELL. Prior to 1949.

Mr. ANDERSON. That is correct.

Mr. RUSSELL. The figures I had must have been for the period prior to that time.

I recognize that it avails nothing to debate the issue before the Senate, as has been disclosed by the vote. I hope the Senate will not defeat the bill because of this amendment. I think it would be a great mistake. Senators may think the idea of reducing production and reducing parity values and reducing their loan value, as is provided in the Aiken bill, meets with the approval of the farmers of the Nation. The Senator from Illinois says it meets with the approval of the farmers of Illinois. Of course, I cannot speak for them, but I venture the assertion that if there were submitted to a referendum or plebiscite throughout the Farm Belt the question whether the farmers approved of a program which cut down the parity value of their commodities, cut down the production of their commodities, and reduced the loan value of their crops, few would approve except the aristocrats of agriculture, the top 5 percent, who have the best lands and best equipment, and can profit by a program of reduced loans, which puts the small farmer out of business. I do not believe anyone besides the aristocrats would support it.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Is not the flexible parity based upon the concept that where there is a shortage of supply there is the highest percentage of parity, and where there is an abundance of supply, there is a low percentage of parity?

Mr. RUSSELL. I made my lengthy speech on that subject when the Aiken bill was pending, and I pointed out how it failed the farmer when he needed it most. When his prices were being depressed, and he was having surpluses, the program failed him because it allowed him less for what he produced.

Mr. HUMPHREY. Is it not the philosophy of the flexible parity program to control production by the law of supply and demand?

Mr. RUSSELL. I assume it follows the law of supply and demand.

Mr. HUMPHREY. If that be the case, that there is a control of production through the flexible parity, or at least if that is the theory of it, which I doubt from some personal observation, is it not true that instead of the 90-percent parity which was advanced by the distinguished Senator from Georgia, a more accurate and more controllable means of production is available under acreage allotment and quotas?

Mr. RUSSELL. Unquestionably. However, it would bankrupt the farmer by requiring him to produce a great deal of a commodity and sell it below the cost of production.

Mr. HUMPHREY. I should like to ask the Senator whether in his analysis of the Anderson bill, mandatory support for commodities went further than the basic commodities including butterfat and milk, where the Secretary of Agriculture must apply price supports on the basic commodities.

Mr. RUSSELL. I think that was correct.

Mr. HUMPHREY. I thank the Senator.

Mr. RUSSELL. I refer the Senator from Minnesota to the Senator from New Mexico, the author of the bill. Frankly, I have not studied it in all its details as closely as I should have. My chief concern was that we did not drive down agricultural prices so rapidly as to break the integrity of the economy of the farmers.

Mr. HUMPHREY. Has not the Congress seen fit this last year, since the third day of January, to bolster up other segments of the economy?

Mr. RUSSELL. The Senator was not here this afternoon when I referred to the fact that we voted to increase the income of every group in the Nation in our drive toward a $300,000,000,000 income. It would be impossible, however, to achieve that goal if we started a retreat in the case of the farmer, because all the depressions in this country have originally started with the reduction in farm income.

Mr. HUMPHREY. Will the Senator from Georgia permit me to make an observation, in view of what the distinguished majority leader stated that those of us who voted for the 90-percent parity are literally scuttling the financial solvency of this country. Yet the 90-percent parity will do much to protect the economy of the United States. It puts a reasonable floor under agricultural prices. Mr. President, I lived in South Dakota in the depression days when the law of supply and demand was really operating. The law was the sheriff, and he came down on the poor farmer. There was demand, all right, but the people did not have money to satisfy their demand. That argument with relation to the law of supply and demand does not go over very strong with the junior Senator from Minnesota. The law of supply and demand has not successfully regulated agricultural production. Low farm prices have not in the past discouraged surpluses; in fact, low prices encourage surpluses. Flexible parity sounds good in theory, but the record reveals no positive results in controlling surpluses.

I charge that the flexible parity formula may well be more expensive to the Treasury than the 90-percent parity. I say this because flexible parity relies on control over surpluses by the so-called forces of supply and demand. The 90-percent parity support has the machinery of acreage allotments and quotas to control surpluses. This not only protects the farmer in his price, but may well protect the Treasury through placing a check on undue surpluses.

I make this observation: The solvency of our country does not rest in the Treasury of the United States. It rests in the farmers and the workers, rather than in the United States Treasury.

Mr. President, the amendment I voted for this afternoon is an amendment which, in effect, says we are not relying upon the orthodox economic law of supply and demand. Reliance upon such orthodox economic theory has brought distress to the American farmer in the past. What we have done this afternoon is to say to the farmer, "We want you to have an adequate income, but if the Government is going to put a floor under your income it is not going to rely upon the uncertainties of automatic operation of the law of supply and demand. We are going to rely on price supports."

Mr. RUSSELL. And price supports.

Mr. HUMPHREY. Yes; and price supports, 90 percent of parity.

The junior Senator from Minnesota had an amendment which was presented in his behalf by the Senator from Montana [Mr. MURRAY], dealing with what my colleague, the senior Senator from Minnesota, has presented—an amendment relating to eggs, chickens, turkeys, and hogs. I urge support of that amendment. I shall support it, and I will tell the Senate why. I shall support it by reason of the very argument that my colleague has so ably presented, because though we have mandatory price supports for many basic commodities, it appears to me we ought not to leave any discretion in reference to some of these most vital commodities which affect great sections of American agriculture.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. ANDERSON. Will the Senator please explain why he favors a provision relating to pork and not to beef?

Mr. HUMPHREY. I am willing to include beef.

Mr. ANDERSON. Very well. If the Senator favors a provision respecting pork and beef, how about lambs?

Mr. HUMPHREY. All I want to say to the distinguished Senator from New Mexico is that these are vital agricultural commodities. I want a flexible 75 to 90 percent parity on them, unless it is desired to go into full-production quotas, and if we want to go into such a program we ought to have the Brannan plan which, by the way, the junior Senator from Minnesota favors, but on which he cannot get a chance to vote.

Mr. ANDERSON. Mr. President, I move that Senate bill 2522 be recommitted to the Committee on Agriculture and Forestry.

RECESS

Mr. LUCAS. Mr. President, before the motion is voted on, I ask unanimous consent that the Senate take a recess—it is now a quarter after seven—to 8:30 p. m.

Mr. ROBERTSON. Mr. President, reserving the right to object, as I understood, the Senator from New Mexico

made a motion to recommit the bill. Is that correct?

Mr. ANDERSON. Yes.

Mr. ROBERTSON. Frankly, I cannot see any reason why we should not vote on the motion. With all due respect to our distinguished majority leader, I cannot see how a recess of an hour is going to illuminate our understanding on that issue. I hope the majority leader will reconsider, and let us vote now on the motion made by the Senator from New Mexico, and take a recess afterward.

The VICE PRESIDENT. It is not necessary to ask unanimous consent for a recess. A motion can be made to take a recess.

Mr. ROBERTSON. A motion to recess can be made, but I simply offer that as a friendly suggestion. I do not see how a recess is going to put us in any better shape to know what we are going to do respecting the motion to recommit.

Mr. ANDERSON. I think some Senators are under the impression that a vote would not be taken until after we had a recess. I should like to keep faith with Senators who have such an understanding.

Mr. ROBERTSON. Very well. I have no objection.

Mr. SALTONSTALL. Mr. President, in the interest of clarity of procedure, I ask the Senator from Illinois if it is his intention to consider the Minton nomination tonight?

Mr. LUCAS. It is. It is my purpose to ask the Senate to consider the Minton nomination after we have concluded action on the farm bill. The nomination is an extremely important one.

Mr. SALTONSTALL. I thank the Senator. That is all I wanted to know.

The VICE PRESIDENT. Is there objection to the unanimous consent request of the Senator from Illinois that the Senate take a recess until 8:30 o'clock tonight?

There being no objection, the Senate (at 7 o'clock and 15 minutes p. m.) took a recess until 8:30 p. m.

EVENING SESSION

On the expiration of the recess, the Senate reassembled, and was called to order by the Presiding Officer (Mr. ROBERTSON in the chair).

Mr. STENNIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hayden	Malone
Anderson	Hendrickson	Martin
Baldwin	Hickenlooper	Maybank
Bridges	Hill	Millikin
Butler	Holland	Morse
Byrd	Humphrey	Mundt
Cain	Hunt	Murray
Capehart	Ives	Myers
Chapman	Johnson, Colo.	Neely
Connally	Johnson, Tex.	O'Mahoney
Cordon	Johnston, S. C.	Pepper
Donnell	Kefauver	Robertson
Douglas	Kem	Saltonstall
Downey	Kerr	Schoeppel
Eastland	Kilgore	Smith, Maine
Ecton	Langer	Stennis
Ferguson	Long	Taylor
Flanders	Lucas	Thomas, Okla.
Fulbright	McCarthy	Thye
George	McClellan	Watkins
Gillette	McFarland	Wiley
Graham	McKellar	Williams
Green	McMahon	Young
Gurney	Magnuson	

The VICE PRESIDENT. A quorum is present.

The question is on agreeing to the motion of the Senator from New Mexico [Mr. ANDERSON] to recommit Senate bill 2522.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

Mr. LUCAS. Mr. President, this is a very important question. I think perhaps the Senate should not vote on this question until tomorrow. A number of Senators are away. In view of the importance of the question, I believe every Senator who possibly can be present to participate in the vote should have an opportunity to be in attendance.

There is a nomination on the Executive Calendar which is also very important. It may take some time to dispose of it. It is the nomination of Hon. Sherman Minton to be Associate Justice of the Supreme Court. I have given notice that the Senate would consider the nomination before we finished tonight. It is now 20 minutes to 9. I believe the best interests of farm legislation will be served by forgetting the farm bill until tomorrow and proceeding to the consideration of the Executive Calendar. I ask unanimous consent——

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. CAPEHART. Will it be possible to get unanimous consent to vote at a certain hour tomorrow?

Mr. LUCAS. I should be delighted to do that. Of course, if the motion to recommit should prevail, probably some other parliamentary moves might be made. I should be glad to enter into any reasonable agreement.

Mr. CAPEHART. Will the majority leader consider 5 o'clock as the hour for voting on all amendments?

Mr. LUCAS. If the motion to recommit prevails, that will end the question for the moment.

Mr. CAPEHART. Can we get unanimous consent to vote on the motion to recommit at 2 o'clock?

Mr. LUCAS. I am not sure I want to enter into such an agreement. There is another motion that can be made, namely, a motion to reconsider the vote recently taken, which is probably the best parliamentary move to be made. I hope we may more or less suspend debate on the farm bill until tomorrow at 12 o'clock, and then, upon convening, take up the motion of the Senator from New Mexico to recommit, or, if the Senator should desire to withdraw the motion, to take up the motion to reconsider the vote by which the Young-Russell amendment was adopted.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. SALTONSTALL. Have we not already reconsidered it once?

Mr. LUCAS. We reconsidered it under a different premise from that on which we would reconsider it now. So I am informed. I took the matter up with the Parliamentarian.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. YOUNG. Reserving the right to object, I believe if we are to get a farm bill at this session we must act very soon. I can see no logic in voting to recommit the bill. I think those who would favor such action would be voting simply to kill the bill entirely and to put into effect the Aiken law.

Mr. LUCAS. I do not agree with the Senator from North Dakota. The bill can be reported within 48 hours after it is recommitted, assuming the Senate will vote to recommit it.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. YOUNG. I do not know what it would accomplish to recommit the bill, unless the 90-percent amendment were eliminated, which is the purpose of the motion, and if that were done we would have the whole fight over again on the Senate floor.

Mr. LUCAS. We would have the fight all over again, but I am certain Senators are a little better informed as to what is involved in the bill now than they were when they voted 2 hours ago.

Mr. YOUNG. I think if Senators would inform themselves a little further, they would be more strongly for the 90-percent amendment than before.

Mr. LUCAS. I have great affection for my friend from North Dakota, but I must violently disagree with his conclusion.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to my friend from North Dakota.

Mr. YOUNG. How does the Senator expect to overcome the opposition of the House, when every conferee on the part of the House is for 90-percent support?

Mr. ANDERSON rose.

Mr. LUCAS. The Senator and I realize why the Gore bill was passed. Very few of the Representatives who voted for the Gore bill really wanted it. They voted for it for the sole purpose of killing the Brannon plan.

I do not anticipate too much trouble in conference on agreeing on a farm bill, but I do not want to go to conference on the Gore bill with a 90-percent parity on everything, and a Senate bill with 90-percent parity on all basic commodities, and a great many other guarantees, from 75 to 90, that may be written into the bill through amendments. In that event we should probably have a farm bill which in my opinion would not be in the best interests of either the farmers, the consumers, or the country as a whole.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from New Mexico.

Mr. ANDERSON. Does the Senator know any conferee on the part of the House who was obligated to support a 90-percent bill? It seems to me the Representative from North Carolina, Mr. COOLEY, has advocated the Brannan bill. Mr. PACE had advocated the Brannan bill. Mr. POAGE had advocated the Brannan bill. They certainly were not tied to a 90-percent bill. There is a possibility that if something other than a 90-percent bill were to go to conference, we could remedy the situation in conference.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. YOUNG. I think the statement made by the distinguished Senator from New Mexico is absolutely correct. The House conferees will want 90-percent parity on basic commodities. That is more than the figure stated in the amendment, though not very much. It is more rigid because there would be 90-percent parity all the time.

Mr. LUCAS. I know the Senator from North Dakota is for 100-percent parity. He has expressed himself in committee, off the Senate floor, and on the Senate floor. I know he wants 100 percent; 90 percent is not sufficient for the Senator from North Dakota. I am surprised he has not offered an amendment to make it 100 percent. I am really surprised that he agreed with the Senator from Georgia on 90 percent because the Senator from North Dakota has continually talked about 100-percent parity.

Mr. YOUNG. Mr. President, will the Senator yield that I may answer his observation?

Mr. LUCAS. I yield.

Mr. YOUNG. I wish the Senator would inform the Farmers' Union in my State that I favor 100-percent parity. They are still calling me a 60-percenter.

Mr. LUCAS. I do not care about 60-percenters or 5-percenters. [Laughter.] But the Senator from North Dakota is a 100-percenter, from what I have heard him say in committee meetings, and from the expressions he has made from day to day.

Mr. ECTON rose.

The VICE PRESIDENT. The question is——

Mr. LUCAS. Mr. President, if I may, I yield to the Senator from Montana.

The VICE PRESIDENT. The Chair was going to put the question on agreeing to the unanimous-consent request of the Senator that the bill go over until tomorrow, and that the Senate take up the consideration of the Executive Calendar.

Mr. LUCAS. In the meantime, I yield to the Senator from Montana.

Mr. ECTON. I should like to ask the distinguished majority leader one or two questions.

Mr. LUCAS. I shall be glad to answer them, if I can.

Mr. ECTON. Before I proceed, Mr. President, I should merely like to say I appreciate, and the other Senators who voted with me this afternoon appreciate, the discernment and knowledge and judgment of the distinguished Vice President when he broke the tie by voting "yea" on the amendment.

Mr. LUCAS. I am very happy to know that. It is the first time the Senator from Montana has ever said any good thing about a Democrat in all the time he has been here. [Laughter.] It is wonderful.

Mr. ECTON. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator for another question, not for a speech.

Mr. ECTON. I may say I have paid the distinguished Vice President compliments on various other occasions.

Mr. LUCAS. Then it must have been spoken to the wife of the Senator from Montana, and to no one else. No one has ever heard of it before.

Mr. ECTON. I should like to ask the majority leader one or two questions.

Mr. LUCAS. I am ready to listen. I am in a mood to listen.

Mr. ECTON. Is it not true that the amendment adopted this afternoon, commonly known as the Young-Russell amendment, applies to basic commodities only, and then only when they are under a quota system?

Mr. LUCAS. The Senator is of course correct. There is no doubt about that.

Mr. ECTON. That is the way I understand it, also.

My next question is this——

Mr. LUCAS. Did I satisfactorily answer the Senator's question?

Mr. ECTON. Yes; I wanted to acknowledge it. That is the way I understand it.

Mr. LUCAS. Then we are agreed upon that. We are getting along wonderfully well.

Mr. WILEY. There is real harmony existing.

Mr. LUCAS. Yes; we are very much in harmony.

I am willing to listen to the Senator's next question.

Mr. ECTON. I could pay a compliment to the distinguished majority leader.

Mr. LUCAS. I should be glad to have it, because I get so few of them.

Mr. ECTON. This is my question——

Mr. LUCAS. I thought the Senator was going to pay a compliment to the majority leader. I yield for a question.

Mr. ECTON. When a cotton producer, a tobacco producer, a corn producer, a wheat producer, or a peanut producer is operating under the quota system and is required, under the law, to make a reduction in acreage, bushelage, or poundage, or whatever unit may be designated, when he is required to reduce his production 10, 15, 20, 30, or maybe 50 percent——

Mr. LUCAS. That last figure is a little high.

Mr. ECTON. Why is it not fair and just to guarantee a support of 90 percent of parity on his production when he is asked to make such a reduction?

Mr. LUCAS. I do not want to go into that.

Mr. ECTON. The Senator has to go into it.

Mr. LUCAS. I have been into it all day long, and I have been into it before the Senator from Montana ever reached the Senate of the United States.

Mr. ECTON. The junior Senator from Montana knows farm programs from "A to Izzard." I have been an actual producer, so that I know how farmers operate.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. AIKEN. I should like to correct the impression of the Senator from Montana. The Russell-Young amendment does not provide 90-percent support only when farmers are required to reduce production. It makes 90-percent support mandatory whenever acreage allotments are proclaimed. The law requires the Secretary to proclaim acreage allotments every year. In other words, he has to proclaim acreage allotments when it may mean an increase in acreage or it may mean a decrease. He is required to proclaim them every year. Therefore the effect of the Russell-Young amendment is to make 90 percent of parity permanently mandatory.

Mr. LUCAS. To guarantee it, regardless.

Mr. AIKEN. Yes. The amendment does not apply only when quotas are in effect; it applies all the time.

Mr. ECTON. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. ECTON. If a farmer reduces his production either voluntarily or under a mandatory provision, why should he not receive 90 percent of parity on his remaining production?

Mr. LUCAS. Mr. President, I do not care to debate the question any longer, but if the Senator from Montana desires to ask one more question I shall be glad to try to answer it.

In all seriousness, it seems to me that this question is of tremendous importance. I should like to ask unanimous consent that the motion made by the distinguished Senator from New Mexico be considered at 12 o'clock tomorrow and that in the meantime the Senate proceed to the consideration of the Executive Calendar and take up the nomination of Judge Minton to be Associate Justice of the Supreme Court of the United States.

The VICE PRESIDENT. Is there objection?

Mr. YOUNG. Mr. President, reserving the right to object, I should like to clear up a little more of the misinformation which seems to exist. I think the sweetest deal——

Mr. LUCAS. The sweetest deal?

Mr. YOUNG. The best deal—any farmer gets under this program is that given to the dairy industry. For the first time it will get a mandatory support of 75 to 90 percent of parity. Anyone in that situation who would advocate recommittal, it seems to me, would be voting to cut his own throat.

The VICE PRESIDENT. Is there objection to the request that the Senate proceed to the consideration of executive business and that the Senate vote on the motion to recommit at 12 o'clock tomorrow?

Mr. SALTONSTALL. Mr. President, reserving the right to object, I did not understand that was the request.

The VICE PRESIDENT. The Chair did so understand.

Mr. SALTONSTALL. I understood that it was to be taken up at 12 o'clock tomorrow.

The VICE PRESIDENT. That is not the way in which it was phrased.

Mr. LUCAS. Mr. President, I said there was a motion to recommit and that there were probably other motions that could be made. What I intended to say, if I did not say it—and I apologize to the distinguished Vice President for my lack of clarity—was simply to suggest that the motion to recommit be further considered tomorrow.

Mr. ANDERSON. Mr. President, reserving the right to object, I think we may as well vote on it at this time. If we are going to recommit the bill, fine.

If we are not, I think we might as well know it and proceed to some other business. I think it is time to vote on a motion to reconsider, with due deference to the distinguished majority leader, for whom I have the greatest affection.

Mr. LUCAS. I do not know that any Senator wanted to make a motion to reconsider.

The VICE PRESIDENT. The motion pending is the motion to recommit the bill. There is no other motion pending.

Mr. ANDERSON. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The VICE PRESIDENT. The Secretary will call the roll.

Mr. YOUNG. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hayden	Malone
Anderson	Hendrickson	Martin
Baldwin	Hickenlooper	Maybank
Bridges	Hill	Millikin
Butler	Holland	Morse
Byrd	Humphrey	Mundt
Cain	Hunt	Murray
Capehart	Ives	Myers
Chapman	Johnson, Colo.	Neely
Connally	Johnson, Tex.	O'Mahoney
Cordon	Johnston, S. C.	Pepper
Donnell	Kefauver	Robertson
Douglas	Kem	Saltonstall
Downey	Kerr	Schoeppel
Eastland	Kilgore	Smith, Maine
Ecton	Langer	Stennis
Ferguson	Long	Taylor
Flanders	Lucas	Thomas, Okla.
Fulbright	McCarthy	Thye
George	McClellan	Watkins
Gillette	McFarland	Wiley
Graham	McKellar	Williams
Green	McMahon	Young
Gurney	Magnuson	

The VICE PRESIDENT. A quorum is present.

Mr. ANDERSON. Mr. President, I ask unanimous consent to modify my motion, so that the motion will be to recommit the bill to the Committee on Agriculture and Forestry with instructions to report back to the Senate within 48 hours.

The VICE PRESIDENT. Is there objection to the request of the Senator from New Mexico for leave to modify his motion? The Chair hears none, and the question now is on the motion as modified.

Mr. AIKEN. Mr. President, that does not mean that action will be taken in 48 hours. It merely means that the Committee on Agriculture and Forestry has to make some kind of a report in 48 hours.

Mr. ANDERSON. That is correct.

The VICE PRESIDENT. May the Chair inquire whether that means 48 hours from now, or from the time when the bill is recommitted, if it shall be recommitted?

Mr. ANDERSON. From the time the bill is recommitted, if it shall be.

Mr. SALTONSTALL. Does that mean that the bill will have to have its place newly set on the calendar? It simply comes at the foot of the calendar?

Mr. ANDERSON. That is correct.

Mr. MUNDT. Mr. President, am I to understand that by reporting back the Senator means that the Committee on Agriculture and Forestry is to report back another bill, or simply to bring back a report to the Senate?

Mr. ANDERSON. To bring back a report to the Senate.

Mr. MUNDT. It does not mean the committee is going to bring back a bill?

Mr. ANDERSON. To bring back a bill; yes.

The VICE PRESIDENT. If the Chair may make a suggestion without offending anyone, the ordinary motion is to recommit a given bill with instructions to report that bill back to the Senate within a given length of time.

Mr. ANDERSON. Thanking the Vice President, I so modify my motion, so that it will be a motion to recommit Senate bill 2522 with instructions to report that bill back within 48 hours.

Mr. AIKEN. That does not mean we will have to report it back without changing it, does it?

The VICE PRESIDENT. Of course not; report it back by number.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MAYBANK. The report the committee would bring in would have priority before any other bill that might be before the Senate, would it not?

The VICE PRESIDENT. No; it comes back as if it had never been previously reported. It goes to the calendar.

Mr. MAYBANK. In other words, if the Senate recommits the bill, it goes to the foot of the calendar, and other bills will have so-called priority?

The VICE PRESIDENT. Any Senator can move at any time to bring up any bill that is on the calendar. That will apply to this bill, and to any other bill.

Mr. LUCAS. Mr. President, I wish to disabuse the mind of the distinguished Senator from South Carolina if he thinks that we are recommitting a bill which will not be taken up, because when this bill comes back it will be given high priority. When it comes back it will be taken up immediately.

Mr. MAYBANK. I think it should be given the highest priorty.

Mr. LUCAS. I do not know whether it is high or highest.

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McCLELLAN. I should like to have the motion to recommit restated.

The VICE PRESIDENT. The motion is that pending bill by number, the bill be recommitted to the Committee on Agriculture and Forestry, with instructions to report it back to the Senate within 48 hours.

Mr. McCLELLAN. Report "it" back, or report "a bill" back?

The VICE PRESIDENT. Report it back by number. The committee may change everything in the bill, but it will still be that bill.

Mr. LUCAS. It merely identifies the number of the bill.

The VICE PRESIDENT. That is correct. Is there objection to the modification of the motion? The Chair hears none. The question now is on the motion to recommit.

Mr. YOUNG. Mr. President, obviously the reason for the motion to recommit is to eliminate the 90 percent of a mandatory support price amendment. It is in effect a motion to bring back a bill with lower support levels, which I believe is contrary to the mandate of the last elections. But in all probability it would mean that in the end the Aiken Act would be in effect for next year. We will have enough trouble now trying to get anything through on long range price support legislation before the end of this session. The House conferees definitely are for 90 percent supports and I am sure cannot be persuaded to take lower supports which are more sought.

Mr. ANDERSON. The motion is not designed to do any such thing. The motion is designed to write legislation in the committee, and not on the floor of the Senate. It is on that basis, I think, the bill should be recommitted.

Mr. MAYBANK. I merely wish to make certain that I understand the record clearly. If the Senate votes to recommit the bill, it will be brought back in one form or another within 48 hours, but the bill no longer will have any precedence in the Senate. It goes on the calendar with all the other bills which are now on the calendar, including many other bills, the displaced-persons bill and others. Am I incorrect?

The VICE PRESIDENT. Yes and no. [Laughter.]

Mr. MAYBANK. Mr. President——

The VICE PRESIDENT. If the Senator will permit the Chair to state the parliamentary situation, when a bill is recommitted to a committee, it goes back as if it had not been reported. It is reported ab initio to the Senate, takes its place on the calendar, and any Senator can move immediately to proceed to consider it; but it has no priority merely because it has once been before the Senate.

Mr. MAYBANK. Any Senator can proceed to move that another bill be taken up, and if a majority of the Senate vote for the motion, the agricultural bill would be displaced; would it not?

The VICE PRESIDENT. No; any Senator can move to take up any bill, but if a motion is made, for instance, to take up this agricultural bill when it is reported back, a motion to take up some other bill will not be in order. The motion to take up the agricultural bill would have to be voted down in order that a Senator might move to take up another bill.

Mr. MAYBANK. I thank the Chair.

Mr. LUCAS. Mr. President, I can assure the Senator from South Carolina and other Senators that the moment this bill comes out of the Committee on Agriculture and Forestry, regardless of what form it may be in, the Senate will proceed to consider it, irrespective of whether it has priority over other bills or has not priority over other bills. Furthermore, Mr. President, we are going to get a farm bill of some kind passed at this session, regardless of how long we may have to stay here.

The VICE PRESIDENT. The Chair should modify his answer to the Senator

from South Carolina by stating that under the rule a bill must lie over 1 day if there is objection to taking it up on the day it is reported by unanimous consent.

Mr. MAYBANK. I thank the distinguished Vice President, because as I understand, under the motion to recommit the bill is to be reported back within 48 hours, and I understand the majority leader says it will be given the highest priority, for which all of us from the farm States are grateful. But I also understand that one objection can delay the bill further for another day, which would make in all 72 hours. Therefore it might be some time before we get to this bill again. I merely wanted the record to show that.

The VICE PRESIDENT. The question is on agreeing to the motion to recommit the bill. The yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRAHAM (when his name was called). I have a pair with the junior Senator from Georgia [Mr. RUSSELL], who is unavoidably detained. If he were present he would vote "nay." If I were permitted to vote I would vote "yea." I withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Maryland [Mr. O'CONOR] are absent on official business.

The Senator from Louisiana [Mr. ELLENDER] is absent because of a death in his family.

The Senator from Delaware [Mr. FREAR], the Senator from North Carolina [Mr. HOEY], the Senator from Rhode Island [Mr. LEAHY], and the Senator from Alabama [Mr. SPARKMAN] are absent on public business.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

The Senator from Idaho [Mr. MILLER], the Senator from Utah [Mr. THOMAS], and the Senator from Kentucky [Mr. WITHERS] are necessarily absent.

The Senator from Alabama [Mr. SPARKMAN] is paired on this vote with the Senator from New York [Mr. DULLES]. If present and voting, the Senator from Alabama would vote "nay," and the Senator from New York would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Massachusetts [Mr. LODGE], the Senator from Kansas [Mr. REED], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from Ohio [Mr. TAFT] and the Senator from New Hampshire [Mr. TOBEY] are necessarily absent. If present and voting, the Senator from Ohio and the Senator from New Hampshire would each vote "yea."

The Senator from Ohio [Mr. BRICKER] and the Senator from California [Mr. KNOWLAND] are absent on official business.

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate. If present and voting, the Senator from New Jersey would vote "yea."

The Senator from Indiana [Mr. JENNER] is absent by leave of the Senate because of illness in his family.

The Senator from New York [Mr. DULLES], who is absent by leave of the Senate, is paired with the Senator from Alabama [Mr. SPARKMAN]. If present and voting, the Senator from New York would vote "yea," and the Senator from Alabama would vote "nay."

The result was announced—yeas 41, nays 29, as follows:

YEAS—41

Aiken	Green	Martin
Anderson	Hendrickson	Millikin
Baldwin	Hickenlooper	Morse
Bridges	Holland	Myers
Butler	Hunt	O'Mahoney
Byrd	Ives	Robertson
Cain	Johnson, Colo.	Saltonstall
Capehart	Kem	Schoeppel
Cordon	Kilgore	Smith, Maine
Donnell	Lucas	Thye
Douglas	McCarthy	Watkins
Eastland	McMahon	Wiley
Ferguson	Magnuson	Williams
Flanders	Malone	

NAYS—29

Chapman	Humphrey	Maybank
Connally	Johnson, Tex.	Mundt
Downey	Johnston, S. C.	Murray
Ecton	Kefauver	Neely
Fulbright	Kerr	Pepper
George	Langer	Stennis
Gillette	Long	Taylor
Gurney	McClellan	Thomas, Okla.
Hayden	McFarland	Young
Hill	McKellar	

NOT VOTING—26

Brewster	Knowland	Sparkman
Bricker	Leahy	Taft
Chavez	Lodge	Thomas, Utah
Dulles	McCarran	Tobey
Ellender	Miller	Tydings
Frear	O'Conor	Vandenberg
Graham	Reed	Wherry
Hoey	Russell	Withers
Jenner	Smith, N. J.	

So Mr. ANDERSON's motion to recommit Senate bill 2522 with instructions to report it back within 48 hours was agreed to.

Mr. BUTLER. Mr. President, in view of the fact that the farm bill is expected to be reported back to the Senate within 48 hours, I ask unanimous consent to have printed in the RECORD statements made relative to farm legislation, particularly relating to several items contained in the farm bill, made by several leaders in the cooperative marketing movement, including the declaration of national marketing policy made at Chicago, on September 29 and 30, by representatives of farm cooperative marketing associations in the fields of cotton, grain, tobacco, and wool.

There being no objection, the statements and declaration were ordered to be printed in the RECORD, as follows:

STATEMENT BY AKSEL W. NIELSEN, GENERAL MANAGER, WESTCENTRAL COOPERATIVE GRAIN CO., OMAHA, NEBR., BEFORE THE REPUBLICAN NATIONAL FARM CONFERENCE, SIOUX CITY, IOWA, SEPTEMBER 23–24, 1949

Mr. Chairman and members of the committee, I am Aksel W. Nielsen, general manager of the Westcentral Cooperative Grain Co., a cooperative grain marketing association with headquarters at Omaha, Nebr. I am also secretary-treasurer of the National Federation of Grain Cooperatives, made up of similar organizations in all major grain-producing areas.

I appreciate this opportunity to express my views respecting national agricultural policy, especially as it relates to the marketing of grain. To the best of my ability, I will attempt to express the views of other grain cooperative organizations also.

If the Commodity Credit Corporation proceeds as rapidly as it has in the past 12 months, it will soon have monopoly control over all grain merchandising in this country. We will then have a nationalized system of grain marketing.

It is, perhaps unconsciously, making an unnecessary and undesirable invasion of a field of private enterprise which is already well served by individuals, partnerships, incorporated firms, and farm cooperatives. There is vigorous competition among those in this field, and no real need for an additional entry by CCC has been proved.

Apparently legislation will be necessary to restrain the Commodity Credit Corporation—certainly there is little or no evidence of self-restraint. The legislation under which the CCC functions is broad, often very general, and unless some specific curbs are enacted into law, we can expect it to move steadily into a dominant, controlling position with respect to all aspects of grain marketing. This does not appear to have been the intent of Congress—but it is happening anyhow.

Individuals, partnerships, incorporated grain firms, and farm cooperatives can compete with one another, and those whose existence is justified will survive. Meantime, through competition, they provide an efficient, low-cost marketing service for producers and consumers.

But they cannot compete with the Government and survive. If they are wiped out of the picture and the Government, through CCC, monopolizes more and more grain-marketing functions, the service realized by farmers and consumers will certainly become poorer. I am sure that it is not necessary to destroy the existing marketing system. The present CCC trend should be halted.

What has happened to support my conclusion?

Already, in 2 years' time, the trend in the expansion of CCC's functions has become unmistakable.

Two years ago grain supplies were relatively short. In view of that situation, cataloged as "an emergency," CCC had assumed a monopoly in the export of wheat, flour, and other grains. However, it utilized domestic marketing facilities in procuring grain for export, and it left the field of domestic selling strictly alone. But all that underwent change as grain supplies became more ample this year.

Last May, for the first time in many years, CCC acquired large quantities of wheat under the price-support programs through the maturing of loans and purchase agreements.

Normally the movement in grain is from the farm to country elevators, then to subterminals and terminals, and then to seaports for export or domestic mills for processing This "normal" pattern of handling and marketing grew up over a period of many years with heavy investment in facilities for efficient, low-margin handling. Few commodities are handled at such low unit marketing costs as is bulk grain.

Last spring, however, CCC decided to introduce radical changes in this system of handling. It found most elevators filled with loan grain. Instead of emptying terminals and subterminals, thus opening the system to full functioning, CCC decided to take possession first of loan grains on farms and in country elevators, sending these directly to ports. It arranged to have these grains mixed, blended, and processed as necessary at ports; it simply bypassed the subterminal and terminal facilities. It reduced its procurement program. As a result, subterminal and terminal facilities were unable to do

their part in handling the new crop. Many were filled to the eaves through most of the new-crop movement.

This movement, as directed by CCC, disturbed the whole system of handling grain, rendered the system less efficient, and tied up transportation facilities with an uneven flow to ports which resulted in congestion one week and a shortage of supplies during other periods. Except for the fact that the wheat crop deteriorated greatly in the latter part of the growing season, the situation would have been far worse, but it was seriously wasteful in any case.

Meantime, CCC invaded the domestic selling or merchandising field in a subtle camel-in-the-door-of-the-tent manner. It began trading lots of grain in one position, say, at an interior point, for another lot in store at or near a port. These trades are known to have taken place in substantial volume, but it is difficult to establish the specific terms applicable to each. They are veiled in mystery.

The result is that open competition has been bypassed, too. The trades have disturbed protein premiums and other price factors in the various markets without warning of any kind and without traders having an equal opportunity to participate in the trades. It is obvious that this development will lead in these directions:

1. To trades that will result in favoritism.

2. This type of trading will lead to a weakening of the demand for millers and other users of grain as they turn from their regular suppliers more and more to CCC.

No private business, whether it is owned by one individual or 100,000 farmers, can afford to take the losses that are involved in competing with a Government agency which has financial resources running into the billions. A business loss that might wipe out an old partnership or a co-op with 25,000 members could be just an unnoticed series of ciphers on the books of CCC.

In the case of corn, the expansion of Government-owned storage facilities, now under way, poses another series of problems that may prove disastrous to country elevators, cooperatively owned by farmers or otherwise. Large bins are being erected on hundreds of sites in the Corn Belt, with CCC entering into real-estate rental agreements with options to buy the land. Plans for putting in scales and handling equipment are being made. Country elevators soon will find themselves competing with a new system of establishments owned and operated by the Government.

If CCC is not restrained, it is easy to see who is in the best position to win that struggle.

It is restraint, not destruction, of CCC that I propose. There is a substantial difference.

Our farmer-members believe price supports are helpful to them. But they believe also that a system of price supports does not mean that the Government needs to invade and occupy the whole field of grain marketing any more than a system of price supports requires the Government to invade and occupy the field of grain production.

Congress has said on occasions in the past that "normal trade channels shall be employed so far as is practical," or words to that effect. Such langauge has been intended to restrain CCC, to instruct it to use existing trade facilities.

But, unless that word "practical" is defined, its power of restraint will be only a thin whisper. It will be of no significance while the march on to nationalization of grain marketing proceeds quietly, undramatically.

In the case of farm marketing cooperatives, many of you are aware of the many sacrifices made by farmers over the years to establish co-ops as a competitive force. Farmers have been encouraged by the Government to cooperate, to reduce marketing margins, to employ good business methods, to improve grading, and to stress quality factors. A lot of progress has been made.

Is all that which has been sacrificed and achieved to be forgotten now? Is it sensible for all to stand idly by as the Government, through CCC, gradually pre-empts this field of marketing activity?

In the fields of tobacco, cotton, peanuts, and other farm commodities developments somewhat similar are to be noted.

An investigation should bring out the facts. There is no substitute for a painstaking congressional study of this development. Call in the people who are living with this development and get the facts.

Such an investigation needs to be undertaken without delay as the basis for a remedy which must find expression in legislation that will definitely and finally instruct CCC as follows: "Here is the line; here you come to a dead stop before invading the field of existing individual, corporate, and cooperative enterprise."

To tell the CCC in general terms to stop, to restrain itself at a point which it considers practical is to exercise no restraint at all. It will find excuses for substituting itself for others. It will drift on into this field as has been so evident in many countries abroad. For Congress to leave this matter to the judgment of CCC officials, who come and go, would be a serious mistake, costly to correct. Indeed, if you leave it to CCC, count CCC in right now; and when CCC is in, everyone else is out.

Action before 1949 crop loans and purchase agreements mature next April is essential

For Congress, it is no impossible task. It has written restraints before into legislation to cool the ambitions of power-hungry bureaucrats. It has legislated restraints in the grain marketing field which corrected abuses of the past. It can save the existing values of our present grain marketing system. I hope it will act promptly.

STATEMENT BY ROY F. HENDRICKSON, WASHINGTON REPRESENTATIVE, NATIONAL FEDERATION OF GRAIN COOPERATIVES, WASHINGTON, D. C., BEFORE THE REPUBLICAN NATIONAL FARM CONFERENCE, SIOUX CITY, IOWA, SEPTEMBER 23–24, 1949

Mr. Chairman and members of the committee, the present trend of agricultural legislation and administrative action is rapidly moving the United States Government into the business of farm marketing. The approach may seem subtle to those who have not studied this subject, but to those who are in the business of marketing commodities on behalf of farmers—and I am now speaking of grain marketing cooperatives—the process is about as subtle as an ax.

The Commodity Credit Corporation is now directly responsible for handling an increasing volume of wheat, corn, and other grains; it is deeply involved in the handling of tobacco, wool, cotton, potatoes, and many other commodities. Its business in handling farm products is marked by less and less restraint.

And now it is proposed, by law, to establish a general sales manager for this whole operation of marketing in which the Government has become so deeply engaged. There is pending in the Senate at this time S. 2522, the so-called Anderson bill. Section 412 of this proposal reads as follows:

"The President shall appoint, by and with the advice and consent of the Senate, an Assistant Secretary of Agriculture in Charge of Sales Operations. It shall be the duty of such Assistant Secretary, subject to the supervision and direction of the Secretary, to plan and carry out, through the Production and Marketing Administration, the Commodity Credit Corporation, and other agencies within the Department of Agriculture, programs for marketing and otherwise disposing of agricultural commodities and products acquired through price support and other activities of the Department. In planning and carrying out such programs such Assistant Secretary shall strive to make such commodities and products available for purchase in areas of the country in which they are in short supply and in which prices for such commodities and products are above support levels. Such Assistant Secretary shall, ex officio, be one of the directors of the Commodity Credit Corporation provided for by law. Programs affecting the disposition of property of the Commodity Credit Corporation shall be subject to the approval of its board of directors and the Secretary. Such Assistant Secretary shall be compensated at the same rate as the other Assistant Secretary of the Department of Agriculture, and shall perform such additional functions as the Secretary may assign."

Here we have the formal step to consolidate the invasion of the marketing and merchandising fields, which is under way using different methods and different techniques for the different commodities. This is the capstone of the new edifice called "nationalized farm product marketing."

The establishment of this additional Assistant Secretary in Charge of Sales Operations, a kind of super-duper sales manager for the Nation, means that in a relatively short time we will have district and regional sales managers, sales managers in the various States and Territories, and, ultimately, sales managers for the commodities acquired in the various counties of this country.

What methods is this sales manager to employ? Is he to supervise the new system of trading which has been carried on more or less in secret for some months past by the Commodity Credit Corporation, involving the trading of lots of grain in an interior position for lots of grain at port positions?

I read of no requirement in the proposed legislation which would establish this sales-manager position requiring that there should be competitive bidding, open bidding, or anything else. So one can only conclude that, in addition to spawning a vast new bureaucracy of United States sales managers, the new system will spawn a whole new hierarchy of 5-percenters. There will be 5-percenters specializing in contacts with Government sales managers for cabbage; another batch for corn, and a dozen or more flitting around, if not in, the rye. A new era for playing favorites in the disposition of the produce of the land will come with overtones of onions and hamburgers all in the raw.

It will mean that sales will be made by stealth, in secret, without any consideration for those who are already engaged in this field of activity, including cooperatives which farmers have established in many localities and terminal markets over a period of many years.

Note again the language of section 412, which states that the new General Sales Manager-Assistant Secretary "shall strive to make such commodities and products available for purchase in areas of the country in which they are in short supply and in which prices for such commodities and products are above support levels."

Trying to find customers for wheat, corn, grain sorghums, oats, barley, and rye in any section of the country or, for that matter, in any section of the world is the function which those now engaged in the marketing of grain are doing to the best of their ability. Has there been a demonstrated failure on their part which requires that the Commodity Credit Corporation enter into competition with them so that customers in search of cereal or feed grains might better be served? There is not one single bit of evidence to that effect

No one—whether an individual, a partnership, a corporate firm, or a cooperative backed and supported by loyal farmer-members—can compete with a Government agency headed by a general sales manager with the rank of Assistant Secretary of Agriculture, with wide-open authority to invade this field of marketing without regard to the effect or influence upon those who are already engaged in this work.

Perhaps the establishment of this general sales manager's position in the Government of the United States is to be a forerunner of the establishment of such positions as the following: United States general sales manager for copper; United States general sales manager for coal; United States general sales manager for oil; United States general sales manager for office furniture; United States general sales manager for printing and binding; United States general sales manager for steel and iron.

Just because the Government is in the field of supporting farm prices—an activity which can be well and separately justified—is no excuse for invading the whole field of marketing activity which is now rapidly underway.

Without prejudice with respect to other provisions of S. 2522, the Anderson bill, I sincerely request that prompt steps be taken to defeat section 412. That will put an end not only to this provision for establishing a sales manager with the rank of Assistant Secretary of Agriculture but also to the vast implications of substituting Government for those who are now engaged in serving the farmer in the marketing and handling of his commodity.

Let us take a look also at what is happening in the field of grain storage, where the Department of Agriculture recently announced the acquisition through purchase of steel, wood, and aluminum bins with a storage capacity exceeding 190,000,000 bushels. At the same time the Department announced that it is prepared to expand this volume to 500,000,000 bushels. Remember that these steel, wood, and aluminum bins are the property of the United States Government and are being erected on land with a rental agreement of from 5 to 10 years, with an option for the Government to buy.

The Government has decided, apparently, to go into the storage business in a big way.

Why was the field of grain storage and handling so selected?

The practice of the United States Government for some years past has been that, where production or handling capacity in some line or other was lacking and where the national interest would be served, the RFC would make loans to those already trained and experienced in that field of activity to expand plants or facilities.

During the war, our capacity to produce steel was thus expanded; our capacity to acquire and stockpile materials from abroad was increased; similarly, the capacity of our shipyards was increased, and ditto for airplane plants and many other lines of activity.

Why should we now, in peacetime, abandon the principle of utilizing and mobilizing know-how, experience, background, and training—which was invoked during wartime when the need for speed and sure action was even greater than it is at present?

No offer has been made by the Commodity Credit Corporation to make loans to individuals, businesses, partnerships, corporations, or farm cooperatives to expand storage of corn, of wheat, or any other grain by a single bushel. It is true that offers have been made of loans to individual farmers to finance up to 85 percent of the cost of construction of storage bins with 5 years or more to pay at 4 percent interest. It is true that, if 6 farmers or 66 farmers desire to go together and build in the aggregate and more cheaply such storage as they might individually build under this loan program, they are disbarred from thus associating themselves together.

So CCC goes ahead on its own, investing millions of dollars in storage without trying to induce anyone else to do it more cheaply by offering a loan program of any kind.

Millions of dollars have been invested in storage capacity over the years. Cooperatives have built privately very substantial storage facilities in the last several years, including this present year, and they will build storage during the coming year.

But they are uncertain as to how far they should go because, while they are not eligible for CCC loans to expand storage in a field in which they have background and know-how, they cannot be certain but that America's capacity to store grain might by sudden decision of the Commodity Credit Corporation be doubled or even tripled irrespective of the volume that is certain to be stored in the years to come. They cannot compete with the Government, least of all with a whimsical Government.

Why is the Government permitted to compete in this unhampered way?

Why is the RFC approach, which is considered to be good enough for steel, shipbuilding, and many other lines of activity, estopped from being utilized as an arm of national policy in the grain storage field?

Gentlemen, it all adds up to this. We are drifting, subconsciously or by design—I can't tell you which—steadily and rapidly in the direction where the Government through CCC will dominate the whole field of farm marketing and the handling of farm products once they leave the farm. This trend is not confined to grain.

If this is to be the design of the future, let it be adopted as a conscious policy and not as the product of drift and confusion.

It is much more nearly honest, if the policy is to be one of socialization or nationalization of these functions, for the Government to issue interest-bearing bonds to buy out those who are in the business now. Let those now in the business be at least honorably discharged from their chosen fields of activity. That would be the more honorable course instead of steadily, day-by-day, week-by-week beating a stealthy invasion of the farm marketing field to a point where, faced by the impossible threat of governmental competition, those who are now in the field are dishonorably discharged from their activities through processes of attrition and bankruptcy.

You cannot compete with the Government. That has been demonstrated repeatedly, and farm cooperatives understand the consequences of a governmental invasion of their fields of activity as surely as any other private enterprise.

No finding has been made as to the necessity of the establishment by the Government of a yardstick of competition in this field. None whatsoever. Nevertheless, we find the CCC engaged in grain trading, tremendously increasing its storage and handling capacity and, to crown it all, legislation on the calendar of the Senate calling for the creation of a great new position of general sales manager of farm commodities acquired by CCC. Is that utilizing the normal channels of trade?

These developments have come so steadily that it is hard not to believe that they come as a result of a careful plan of design. Someone must have concluded that a yardstick of competition is necessary and that the Government should quietly move into this field. Someone. Somewhere.

Let's hear from him. Let him state his case. Let's look at the facts instead of just drifting along.

But if he does not speak, if he does not present evidence for the need of nationalizing the marketing of farm products, let this program be challenged here and now. The first great opportunity to arrest this trend will come in the next few weeks in Congress. Section 412 of the Anderson bill can be stricken out, and a new section written that will insure the use of normal channels of trade.

If a stop is not put to this business of setting up a general sales manager, it is just a matter of time before you will have a Government sales manager for surplus farm products in every county and township in the Nation.

And then we can have 5-percenters, not in Washington alone, but everywhere that Government bins and cribs and storehouses are filled with corn or lard or pork. That will be decentralization with a bang.

There is time to halt this trend toward the creation of a new and unnecessary marketing system for farm products. Call in the men who have been servicing farmers over the years. They will supply the facts. The principle to be written into law is not complicated. It is simply that the Government shall stop, back up, and cease and desist, once and for all, from invading a field of activity that is already well served.

DECLARATION OF NATIONAL MARKETING POLICY

At a meeting jointly sponsored by the National Council of Farmer Cooperatives and the National Federation of Grain Cooperatives, in Chicago, September 29 and 30, representatives of farm commodity marketing associations in the fields of cotton, grain, tobacco, and wool agreed upon the following declaration of national marketing policy:

We are convinced after careful study that the Department of Agriculture, through the Commodity Credit Corporation, is steadily invading the field of farm marketing to an extent where the best interests of American agriculture are in jeopardy.

We have come reluctantly to this conclusion. We feel further that this development does not follow the conscious design or intent of the President, the Secretary of Agriculture, or of Congress.

Farmers and consumers will not gain by the substitution of programs of action by the Government for the exercise of free-enterprise activity by individuals, partnerships, corporations, and by farmers themselves through their cooperative marketing associations. Instead, such activity by the Government will lead to inefficiency, high costs, and to abuse.

The many problems incident to price-support-and-purchase programs, including the handling of surpluses, whether of cotton, grain, wool, tobacco, or any other farm products, does not require substituting Government activity for private enterprise. Instead, these problems require teamwork of the highest order between Government and skill, wisdom, and know-how acquired through long experience by men and institutions specialized in finding markets for the many products of American farms.

The policy of the Government moving into the farm marketing field also marks the reversal of the long-standing policy of the Government to foster and encourage self-help and cooperation among farmers.

We urge that the Department of Agriculture reexamine all of its commodity programs with a view of withdrawing from the field of farm marketing to the greatest extent possible at the earliest possible time.

Instead, it should employ usual and customary channels of trade and avoid needless and costly governmental action.

There is a critical need for reexamination by Congress and the Administration of the trend toward a Government monopoly of farm marketing. Day by day and week by week evidence piles up of a further drift in this direction by the Commodity Credit Corporation that leads on only to ultimate nationalization.

Action by Congress is required. As an example of this, the Senate has under consid-

eration this week in S. 2522 (the Anderson bill) a proposal, section 412, which would legitimatize the present trend toward nationalization and advance it substantially.

This section would establish an additional Assistant Secretary of Agriculture "in charge of sales operations." Creation of this new and unnecessary position would result in the expansion of commercial activities by Commodity Credit Corporation.

The Senate should defeat this section, and to arrest, once and for all, this trend it should adopt a substitute section reading:

"In acquiring, storing, and disposing of commodities through loans, purchases, and otherwise, the Secretary of Agriculture shall employ usual and customary channels of trade unless, after due notice and hearing, he finds that such usual and customary channels are inadequate for the acquisition, handling, storage, and disposition of such commodities."

Such positive legislative action would assist materially in a mobilization of the energies and resources of private enterprise in selling farm products. It would give new heart to those dismayed and discouraged by the consistent growth of the socialization of farm marketing.

EXECUTIVE SESSION

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The VICE PRESIDENT. If there be no reports of committees, the nomination on the calendar will be stated.

NOMINATION OF SHERMAN MINTON TO BE ASSOCIATE JUSTICE, SUPREME COURT OF THE UNITED STATES

The legislative clerk read the nomination of Sherman Minton, of Indiana, to be Associate Justice of the Supreme Court of the United States.

The VICE PRESIDENT. The question is: Will the Senate advise and consent to this nomination?

Mr. FERGUSON. Mr. President, I do not rise at this time to oppose confirmation of the nomination of Sherman Minton to be an Associate Justice of the Supreme Court on the strength of any convictions which I may have arrived at as to his qualifications or lack of qualifications for that office.

It is rather because of an absence of any certain knowledge which would permit me to arrive at definite conclusions that I am moved to record my disapproval.

The Constitution imposes upon the Senate of the United States an obligation to advise the President on his appointments to the Supreme Court. In the absence of such information as is usually brought forth in committee proceedings, upon which I might conscientiously base my advice, I feel obliged to withhold my consent.

The Judiciary Committee has an obligation to the Senate to hold hearings, to hear Judge Minton, and to get all pertinent information which will enable the Senate as a whole to perform its constitutional function. How can the Senate as a whole advise and consent if it is not in possession of all the pertinent facts? The Senate should now recommit the nomination of Judge Minton to the Judiciary Committee so that it may faithfully perform its true functions.

It is quite true that on the basis of his past record in public office and certain utterances by him which had the appearance of stating a political philosophy, I would be inclined to question Judge Minton's fitness for the Supreme Court. I think it is very pertinent to know whether a nominee to the lifetime office of Justice of the Supreme Court holds a philosophy which may be contrary to the foundations of the Republic.

I think that any nominee's views on freedom of the press, for instance, are vital. If they should prove in any way contrary to the institutions provided in the Constitution, it is doubly vital to know also whether a nominee may entertain the notion that his personal political views should prevail over the supreme law of the land as it is stated in the Constitution.

For my own part, I have always held to the belief that a judge construes the law and does not make it. To do otherwise is to take over the legislative functions. It is my belief that a judge must base his decisions on what the law is, not on what his own political inclinations may lead him to feel the law should be. It is the will of the Legislature which is to be construed and squared with the Constitution and not the will of the Justice.

In short, I have never subscribed to the theory that the Constitution is but wax in the hands of the judiciary. I believe the Constitution must be respected for what it is, the supreme law of the land.

There is enough in the public record of Sherman Minton to indicate grounds for serious doubts as to his present position on such vital matters as these. It is his present position which is the sole concern of the Senate at this time. To be sure, it is possible that one could deduce his present beliefs from the past record. But the process of deduction cannot be satisfactory in a case of this nature. Such doubts as may exist on his present beliefs could only be resolved by the personal, direct, and current expression of the nominee himself. Such an expression we have not had.

The circumstances under which Judge Minton's nomination has reached the floor are, of course, familiar to Senators. In the light of various representations with respect to Judge Minton's fitness for the appointment under consideration, the Judiciary Committee of the United States Senate requested his attendance before it in order that he might be personally interviewed.

I supported the motion to request Judge Minton's attendance before the committee because I consider it altogether fitting for this body to ascertain to its own satisfaction and by such means as it thinks proper the basis upon which it is to extend its constitutional "advice and consent" to any appointment.

I am informed that Judge Minton agreed to appear and that his appearance was set down for last Monday morning at 10:30 o'clock. But when the committee assembled on Monday to hear Judge Minton there was delivered to it a letter, signed by the nominee, in which he stated his disinclination to attend. The committee thereupon reconsidered its previous direction and order, which was on a motion which had been carried. That order required his personal appearance. The committee then set aside the order and proceeded to report the nomination favorably to the Senate, without hearing from the judge.

A research has not indicated whether or not there are precedents for the refusal of a nominee to the Supreme Court to appear before a Senate committee, and particularly the Judiciary Committee. Any such incident, if it has occurred in the past, apparently is not a matter of record.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. KILGORE. I beg to refresh the Senator's recollection on that matter. There was no refusal. He asked, after the facts were brought out, if the committee still insisted upon his appearance. There was no refusal.

Mr. FERGUSON. The letter will speak for itself.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. DONNELL. I have in my file a copy of his letter. There is no statement indicating that he was willing to come if the committee should so decide.

Mr. FERGUSON. I recall nothing of that nature in the letter.

Mr. KILGORE. Mr. President, will the Senator further yield?

Mr. FERGUSON. I yield.

Mr. KILGORE. The Senator from Missouri misquoted me. I did not say that. I said that in the end he did not refuse to come. He simply——

Mr. FERGUSON. Did not come.

Mr. KILGORE. Mr. President, will the Senator yield to me long enough to read the last paragraph of the letter into the RECORD, so as to get the truth before the Senate?

Mr. FERGUSON. The Senator from Michigan is very anxious that the truth be brought out. I wish the Senator would read it. I shall be glad to place the letter in the RECORD at the conclusion of my remarks.

Mr. KILGORE. May I read the concluding paragraph of the letter at this time?

Mr. FERGUSON. Yes; I shall be glad to have the Senator do so.

Mr. KILGORE. The concluding paragraph of the letter is as follows:

> While it is my desire to comply with any reasonable request of the committee, I am constrained at this time to call to its attention the serious questions of propriety and policy which I have endeavored to outline in this letter.

Mr. FERGUSON. And the judge did not appear. Any such incident—that is, the failure of a person to appear after he had been requested to appear and the time had been set in accordance with his expression as to when he should appear—that has occurred in the past, apparently—is not a matter of record, which fact should be noted by the Senate.

The closest approach to such a circumstance was in connection with the nomination of Justice Felix Frankfurter, who

appeared before the committee in 1939 and answered certain questions relating to his past record, although in a preliminary statement he had said:

I should think it not only bad taste but inconsistent with the duties of the office for which I have been nominated for me to attempt to supplement my past record by present declarations.

Judge Minton's letter, read to the Judiciary Committee, adopts a line of reasoning which closely parallels that statement of Justice Frankfurter's. I have studied both statements with care. I can only say that it is not possible for me to agree with their conclusions.

Each Senator must decide for himself how he will vote on this question, but I can only repeat that I consider it my constitutional obligation to satisfy myself completely before I can give my advice or my consent to any nomination, including one to the Supreme Court. If I can satisfy myself only by requiring the personal attendance of a nominee, to explore with him the record and the philosophies which in my opinion bear upon his qualifications, I feel it my duty to insist upon such an appearance, and to withhold advice and consent if the duty is not discharged.

Mr. President, this is the second instance within recent weeks when the Senate of the United States has been foreclosed from an opportunity to fully satisfy itself in advance of extending advice and consent to a nomination to the Supreme Court of the United States. I draw no further parallel between the nomination of Judge Thomas C. Clark and Judge Sherman Minton. However, there is suggested in both cases a development which I think is a most dangerous threat to the processes of representative government: It is the break-down which occurs whenever the legislature is required to act through a blind spot.

On numerous occasions in the past, I have called attention to this development as it has arisen from an executive department policy of withholding vital information from the Congress. I am informed that just recently the FBI reports were withheld from the Committee on Interstate and Foreign Commerce, in connection with the nomination of Leland Olds. The present situation, however, involves the question of whether Congress itself will set up barriers against the obtaining of full and proper information for its own guidance and for the enlightenment of the public.

Both circumstances have arisen, of course, through the imposition of majority will. I say, however, that such an imposition of majority will is treading dangerously toward the suppression of minority expression, which is the certain road to totalitarianism.

It is most regrettable, Mr. President, that the present incident should again involve the judiciary, and the highest court in the land. I am keenly sensitive to a feeling throughout the Nation which is assigning to the Federal judiciary and to the Supreme Court a stature far below that which good policy, as pronounced in the doctrine of separated powers, and tradition, based on respect for the law as an institution, have always reserved for the courts.

The kind of proceeding with which we are confronted here, in which parties of interest have been shut off from making a record on the qualifications of the nominee, is of the sort which causes the public to say "What is the use?" It is a proceeding of the sort which creates an apathy on the part of the public. Apathy is one of the most dangerous of all ailments that may beset a people, for it simply is not good that the public should lose interest in its judiciary or in its government.

One possible explanation of the derogatory sentiment for the judiciary and of the present public apathy, as I see it, is the dominance on the bench of representation from one political party.

It has been made a part of the Judiciary Committee record that since 1933, 184 out of 192 appointments to the Federal bench, or about 96 percent, have been from one political party, the Democratic Party. This is an unbalance which undermines full faith in the judiciary.

I am not suggesting, of course, that membership in a political party should be a qualification or a test of disqualification for the judiciary. Political parties are unknown in the Constitution. But as they have evolved in the United States into an effective two-party system, they represent an expression of majority and minority interests whose interplay was guaranteed by the Constitution as the genus of American Government.

A fair balance in the judiciary between political parties is vital. It is vital, not because of any concern for party representation as such, but because the balance is a source of public faith in the integrity of the judicial system as the protector of all interests.

No political party should ever say in its appointment to the judiciary that "To the victors belong the spoils," for that would only lead to having political parties control the courts without regard for justice.

I believe it is the function of the minority to bring matters such as these to public attention.

The system of checks and balances which characterizes our Constitution is a reflection of this Nation's dedication to the rights and interests of minorities. The first 10 amendments to the Constitution are, in particular, limitations upon the majority. The spirit in which the Constitution and the Bill of Rights were formed is given expression in the challenging statement by John Stuart Mill in his Essay on Liberty:

If all mankind minus one were of one opinion, and only one person were of a contrary opinion, mankind would be no more justified in silencing that one person than he, if he had the power, would be justified in silencing mankind.

The fear that an unbridled majority would lead to tyranny of a sort worse than that imposed by any autocracy, may be read throughout the debates in the Constitutional Convention, in the Federalist Papers, and in the Constitution itself.

No. 51 of the Federalist Papers, presumably written by Madison, because it so closely follows his reasoning on other occasions, perfectly describes the principal characteristic of the representative Republic which the Constitution created:

It is of great important in a Republic not only to guard the society against the oppression of its rulers, but to guard one part of the society against the injustices of the other part. Different interests necessarily exist in different classes of citizens. If a majority be united by a common interest, the rights of the minority will be insecure. Justice is the end of government. It is the end of civil society. It ever has been and ever will be pursued until it be obtained, or until liberty be lost in the pursuit. In a society under the forms of which the stronger faction can readily unite and oppress the weaker, anarchy may as truly be said to reign as in a state of nature, where the weaker individual is not secured against the violence of the stronger.

Alexis de Tocqueville, the French political scientist, made the first objective study of American democracy in action in 1831. Throughout that study he expressed the fear which was common to all prior political scientists and the founding fathers, a fear of the tyranny of the majority. He was led to say, "If ever the free institutions of America are destroyed, that event may be attributed to the unlimited authortiy of the majority."

De Tocqueville's fears have not proved justified, however. This has been so because the philosophical considerations which motivated the founding fathers have been translated into a simple doctrine which lacks any formality of expression except in its history and its tradition. Yet it is the practical core of American Government in operation. It takes form in the functions of the two-party system. It is the doctrine that significant minorities should be persuaded, not coerced. It rests on the theory that no group should be able to impose its own opinions, views, or interests on others if, by so doing, the vital interests of other groups are not at all respected.

The fundamental means of according respect to the interests of the minority is affording it an opportunity for expression. That is the meaning of free speech. Having expressed its own interest, views, or opinions, the minority must then defer to the majority if it is not to block operations of the political machinery unreasonably.

Given its chance for expression, the minority trusts that it may so enlighten a necessary portion of the majority that in the mechanism of a representative republic its views, if they are right, will at least have an opportunity to prevail eventually.

The American theory which gives protection to the minority does so not because the minority is making a significant contribution or can claim the right for its own, but because it is always possible that it may do so. That theory has been the touchstone from which has sprung American progress. The practical operation of the theory has been most clear in the organization of Congress. Representation on committees, at the principal working level in the legislative process, is designed to approximate majority and minority representation. Except in rare instances, which

rightfully have provoked vigorous protests that in at least one case were sustained by action of the Senate in the present session, minorities on any committee are given full opportunity to submit their views and contributions to any legislation under consideration. If their views do not prevail, they are at least heard, and the facts are obtained.

From such operations has grown the strength of the American political system. From such operations throughout history the public has been given its opportunity to evaluate all the facts, so that their representatives may be held accountable to them.

Now we are faced with a situation in which Congress deliberately shuts off those who think the public interest demands full exploration of pertinent facts on a vital matter.

It is a dangerous trend and one of far more serious implications than merely requiring me to withhold my own advice and consent on the pending nomination. I am informed a motion is to be made to recommit the nomination. I shall vote to recommit the nomination to the Judiciary Committee, that it may get the facts for the Senate, that the Senate may intelligently exercise its function of advice and consent to an appointment to the highest judicial office in this great Republic.

Mr. SALTONSTALL. Mr. President, the junior Senator from Indiana [Mr. JENNER] obtained unanimous consent to be absent today because of the serious illness of his father in Louisville, Ky. Over the telephone he dictated a statement to his office, and requested me, as the acting minority leader, to read it. I shall now do so:

OCTOBER 4, 1949.

Mr. President, serious illness of my father in Deaconess Hospital, Louisville, Ky., prevents my attendance at Senate session today during consideration of confirmation of Judge Sherman A. Minton as Associate Justice of United States Supreme Court. I had hoped the Senate would extend the privilege of holding over this action to permit me to be present.

The nomination of Judge Sherman Minton, of Indiana, to be an Associate Justice of the United States Supreme Court has come before me as a member of the Senate Committee on the Judiciary.

Under any circumstance the selection of any person from my home State for such a responsible post is an honor and reflects credit on the State of Indiana. I consider it regrettable that in his selection to fill the seat on the Supreme Bench made vacant by the death of Justice Wiley Rutledge, the President did not return to the traditional custom of maintaining as equitable a balance as possible between the two major political parties.

Judge Minton attained a Nation-wide reputation for being one of the leading New Dealers in the United States Senate during his tenure in that body from 1935 to 1941.

My office has received many telegrams, letters, and telephone calls protesting this appointment because of the political record of Judge Minton. I have been reminded, in these communications, of his leading effort to "pack" the very Court to which he has now been appointed. My correspondents have reminded me of his statement in utter disregard of the suffering of the American people that "you can't eat the Constitution." In that statement he referred to that great document which he has on two other occasions sworn to defend and uphold and in event of his confirmation must reiterate should he be seated on the Supreme Bench.

Many references have been made also to his effort while a Member of the Senate to "gag" the press.

On the other hand, I have been importuned by many leading attorneys of Indiana, who, disregarding the political record of Judge Minton, assert the opinions which he has written or in which he has participated as a judge of the Seventh Circuit Court of Appeals, of which he has been a member since May 29, 1941, have been of high judicial caliber.

My interest lies solely in what is best for the general welfare of the people of my country. If I thought for a moment the membership of Judge Minton on the United States Supreme Court would be inimical to the country's welfare and to our system of government I would have no hesitancy in opposing his confirmation. I believe, however, that time and his judicial experience have tempered his judgment and there is every indication he has abandoned his radical beliefs.

Judge Minton received unanimous confirmation by the United States Senate of his appointment to the court of appeals—second highest judicial bench in the United States. I have balanced his political record against that which he has made as an appeals court judge, adding the weight of the honor that comes to Indiana in his present appointment. I earnestly desired to participate in the proceedings and cast my vote for confirmation. Please record me as voting aye.

That, Mr. President, is the statement of the junior Senator from Indiana [Mr. JENNER]. In addition, I ask unanimous consent that if, when the Senator returns, he desires to make a further statement, he may have leave to have it printed in the permanent RECORD, after the conclusion of the debate on the nomination of Judge Minton.

The PRESIDING OFFICER (Mr. NEELY in the chair). Without objection, it is so ordered.

Mr. MORSE. Mr. President, at the close of my very brief remarks I shall move to recommit the nomination. But I first wish to explain my position in regard to the motion. At the outset, I desire to say that unless at hearings before the Judiciary Committee evidence is brought forward, of which I know nothing at the present time, that would justify a contrary vote, I intend to vote for the confirmation of Judge Minton. I intend to vote for his confirmation, based upon my brief, summary study of his record as a Federal judge, which, as the Senator from Indiana [Mr. JENNER] has said in his statement read by the Senator from Massachusetts [Mr. SALTONSTALL], has demonstrated that Judge Minton has good judicial quality.

I think it is also true, Mr. President, that we have had example after example of members of the bar, elevated to the bench, who, previous to their elevation to the bench, were engaged in partisan politics and held very pronounced views on various controversial subjects, but when they put on the robe they rose to the ethics of their profession, as every good lawyer does, and demonstrated that on the bench partisanship was outside the courtroom and that they would administer and adjudicate the law in accordance with what the law is.

I say that, Mr. President, by way of preface, because I want to say that I am satisfied that Judge Minton will, on the Supreme Court, as he has on the lower Federal bench, live up to the high qualifications and professional demands of the bench.

I am moving to recommit this nomination, Mr. President, on entirely different grounds, because I say it is of great importance that in the Senate of the United States we should try always to base our actions on sound principles of representative government. I think the Senator from Michigan [Mr. FERGUSON] has put it exceedingly well in the very able speech he has just delivered, in his discussion of the principles of representative government and of the part which the Senate of the United States must play under the Constitution in giving its advice and consent. I think we, as Senators, need to reexamine the true historical meaning and intent of the advice-and-consent clause of the Constitution. It certainly was never the intention of the founding fathers, if I correctly understand my constitutional history, that we should close the door of a Senate committee to a thorough and full opportunity on the part of all our colleagues in the Senate to use the committee iself as the only available instrumentality prior to the Senate floor debate itself for an investigation into and a consideration of the record of any nominee of the President to any office to which the advice and consent of the Senate is required by the Constitution.

So I shall move to recommit this nomination, Mr. President, as the only way I can protest the action of the Judiciary Committee in this instance, an action of which I thoroughly disapprove, because there not only are men on the Judiciary Committee who desire to pursue a study and investigation of Judge Minton's qualifications, but there are other Members of the Senate who are not favorable or who are inclined to be unfavorable to the nomination who, in my judgment, should have had the right of the open door to the Judiciary Committee to appear before that committee and receive the courtesy which I am sure they would have received had hearings been held and had they asked for an opportunity to appear before the committee to pursue an inquiry into the qualifications of Judge Minton.

Mr. President, the tendency in the Senate to build up precedent after precedent of reporting nominations to the floor of the Senate without inquiry on the part of the Judiciary Committee in the sense of calling the nominee himself before the committee, so that all Members of the Senate may use the committee as an instrumentality for an inquiry into his qualifications, is a precedent and a trend that should be stopped, because I do not think it is consistent with the true spirit of the advice-and-consent clause of the Constitution.

The statement that a judge should not be called before the Judiciary Committee because some improper question might be asked him is, I think, a reflection on the Senate itself. The Members of this body know the proprieties. They are not going to ask a judicial

nominee improper questions. If one Member should, by lapse of good judgment, unthinkingly, do so, we all know that it is very easy to handle such situations as they arise in the committee. No, Mr. President, the danger of the policy we are following in this instance is a danger that we are going to weaken the confidence of the American people in democratic processes. It is this sort of thing which gives rise to suspicions and distrust among our people. It creates the impression that the Senate of the United States is operating a steam roller in regard to nominations.

My next point, Mr. President, is that it is unfair to the President of the United States. The President of the United States, I am satisfied, when he sends a nomination to the Senate, is sufficiently confident that the nomination is a good one, that he does not wish to have any doors of inquiry closed on the nomination. I think the type of procedure followed in this case does an injustice to the President of the United States. I think the inquiry should have been held, irrespective of Judge Minton's letter. I shall say something about that in a moment.

I say that this procedure, in my judgment, is not fair to Judge Minton, because we cannot erase the fact that the failure to hold the inquiry is going to shroud him in suspicion and criticism on the part of a great many Americans. If there is anything the Senate ought always to be careful about doing it is to see to it that we give support to the judicial arm of the Government. We are not well supporting the judicial arm of the Government tonight, Mr. President, when we proceed with this nomination, knowing that there are several colleagues in this body who desire to appear before the committee and proceed with an inquiry into the qualifications of Judge Minton. The very fact that we knew that situation existed should have resolved all doubts in favor of proceeding with the inquiry.

The Senator from Michigan pointed out the steps taken in regard to this matter. The committee, so we are advised, did vote at one time to call the judge before the committee, and apparently, if I understand correctly, decided that last Monday morning at 10 o'clock or thereabouts was the time for the inquiry. That was the formal action of the committee. Then the judge filed his letter with the committee in which he raised a question as to the propriety of calling before the committee a nominee to the Supreme Court.

There is the seed of the bad precedent, Mr. President, that we should uproot tonight, because I do not see how we can get away from the fact that the subsequent action of the Judiciary Committee is going to be interpreted as a sanctioning of the theory of the judge in his letter, and I protest that theory. We shall do a disservice to the judicial system of this country tonight if we let the precedent of the Minton letter stand. I say that the Senate of the United States tonight must make very clear the fact that it puts its stamp of approval and sanction on the principle that when the President of the United States nominates a man to the United States Supreme Court there is nothing improper about calling the nominee before the Judiciary Committee for an inquiry into his qualifications. If we do not make that clear tonight, great disservice will be done this country.

If we are to come to grips with the principle of the obligation of the Senate under the advice-and-consent clause of the Constitution, I do not see how we can justify in effect supporting Judge Minton in his letter, which, when we boil it all down, leaves only the principle for which he contends, that a nominee for the United States Supreme Court should not be called before the Committee on the Judiciary for inquiry because it might violate the proprieties. I say that is a dangerous precedent, and I say we have to consider these matters from the standpoint of the principles, and not of the individuals concerned.

Therefore, Mr. President, as one who intends to vote for the confirmation of the nomination of Judge Minton, but as one who is irreconcilably opposed to the thesis of his letter, and further because there are colleagues of mine in the Senate who want to ask questions of Judge Minton, and further because I think it is unfair to the President of the United States to close the door of the Committee on the Judiciary to the inquiry that is being asked by our colleagues, I shall make the motion to recommit the nomination. I care not how small the number, be it one or more, if any number of our colleagues believe that the record of a man should be subject to examination before the Committee on the Judiciary, in my judgment we owe it to the advice-and-consent clause of the Constitution to see that a hearing is held and the nominee called before the committee.

Mr. President, that is the principle for which I am standing here tonight, and I do not want anyone to misunderstand that principle. There is no basis for any view that I am opposed to Judge Minton. I am opposed to the basic principle of his letter, and I am opposed to the growing trend of appointing men to the High Bench and not subjecting them to that safe judicial process of a fair, open inquiry before the Committee on the Judiciary of the United States Senate, as I think was clearly contemplated and intended by the founding fathers when they wrote that section into the Constitution of the United States.

Therefore, Mr. President, I move that the nomination be recommitted to the Committee on the Judiciary, with the instruction that the committee call the judge before the committee for a hearing on his nomination.

Mr. KILGORE. Mr. President, I wish briefly to reply, but before doing so I desire to read into the RECORD a statement which the junior Senator from Maryland [Mr. O'CONOR] asked me to have placed in the RECORD with reference to the nomination of Judge Minton. I think the statement is so clear that I ask permission to read it, as did the acting minority leader ask permission to read the statement of the Senator from Indiana [Mr. JENNER]. The statement of the junior Senator from Maryland is as follows:

Yesterday the Committee on the Judiciary voted to report favorably the nomination of Judge Sherman Minton to be an Associate Justice of the Supreme Court of the United States. I wish to comment briefly upon his qualifications for this high office.

Since his appointment to the United States Circuit Court of Appeals for the Seventh Circuit in 1941, Judge Minton has written 283 opinions. An examination and analysis of these opinions clearly reveals that he possesses ability and legal scholarship of an exceptionally high order. The opinions are written in a clear and concise manner and exhibit a mastery of the facts, technical proficiency, and an unusual grasp of difficult and complicated legal principles.

Furthermore, these opinions also disclose a scrupulous effort to limit the jurisdiction of his court to those matters confined to it by statute, extreme care with respect to criminal cases involving due process of law, and strict adherence to the facts and the law involved in the particular case. Nowhere has a tendency been exhibited to base an opinion upon social or economic doctrines.

Mr. President, I submit that the record of these opinions, written over a period of 8 years and involving a large number of important legal matters, reveals beyond any question that Sherman Minton is eminently qualified to occupy the high post to which he has been nominated by the President of the United States.

Mr. President, I ask to have this statement go into the RECORD as the statement of the junior Senator from Maryland [Mr. O'CONOR], and I wish to comment briefly on it and on the remarks of the distinguished Senator from Oregon.

To my knowledge the junior Senator from Maryland took the collected decisions written by Judge Minton, and together with some eminent lawyers went over them with a fine-tooth comb before he wrote the statement I have just read, and before he made his statement in the committee.

I may say that the action of the committee in deciding not to request the presence of the nominee was largely based upon the fact that practically the entire argument before the committee on the subject of his appearing went into the fact that there was a desire to cross-examine him as to certain votes he had cast in the Senate and certain speeches he had made in the Senate when he was assistant majority whip. Most stress was laid upon the so-called Court-packing bill.

No charge was made that went to the nominee's character, no charge was made that showed him unfitted. It is true the question was brought up as to a bill he had at one time introduced which provided for punishing criminally any newspaper publisher who knowingly published a falsehood about anyone, knowing it was false in advance, it being contended that that was against freedom of the press. Those were about the only two matters brought up at the first meeting.

The Monday meeting, I may say in order to correct the wrong impression, was originally scheduled for Thursday, and was postponed to Monday at the request of the Senator from Indiana [Mr. JENNER], who said he had to be in Indiana on Thursday. It was not set by

Judge Minton. On that occasion, after hearing the arguments, the Committee on the Judiciary passed on the protest which was quoted by Judge Minton in his letter, the protest of Associate Justice Frankfurter against the idea of trying to call a nominee to the Supreme Court before the committee and commit himself on various matters, recant his political doctrines, and all that sort of thing. That was the reason for my vote, and the reason for the vote of every other member of the committee on the motion to reconsider, although I had before that time also voted against requesting Judge Minton's appearance, because we do not follow such a practice in that committee, and never have since I have been a member of it. We give notice that we will hear any protests, and if no protests are filed that go to the character or fitness of the nominee, we merely report the nomination.

Mr. MORSE and Mr. FERGUSON addressed the Chair.

The PRESIDING OFFICER. (Mr. NEELY in the chair). Does the Senator from West Virginia yield, and if so, to whom?

Mr. KILGORE. Not at present. I may be wrong as to the number of Justices, but I have stated the information I was given. I also know that in none of the three cases I have mentioned had the man been on the Federal bench in any capacity before that. I do not think Justice Hughes had been on the Federal bench before. We were considering the nomination of a man who had a record of 8 years on the Federal bench, a man recommended by the American Bar Association, after complete investigation by its committee on judicial selections, recommended also by the National Bar Association, a smaller group, and by the Lawyers Guild. We also had before us numerous letters from leading lawyers who recommended Judge Minton.

Mr. President, I hope and trust that the motion of the Senator from Oregon, which I feel is utterly unwarranted, will not prevail.

I will now respond to a question by the Senator from Michigan.

Mr. FERGUSON. I understood the Senator from West Virginia to say that Justice Jackson had not appeared before the committee.

Mr. KILGORE. No; I said they all appeared, but Justice Frankfurter was not asked any questions, and merely read a prepared statement, a portion of which is quoted in the letter to which I referred.

Mr. FERGUSON. I think Senator Borah asked Justice Jackson some questions, and that the record will so show.

Mr. KILGORE. That is not the information I have. I may say that Judge Minton had been investigated by the Committee on the Judiciary in 1941. If I recollect correctly, at that time the distinguished Senator from Wisconsin [Mr. WILEY] moved to report his nomination after a very brief hearing, a copy of which I have obtained from the Archives, if any Senator wishes to read it.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KILGORE. I yield.

Mr. MORSE. I am sweeping away some cobwebs now as I go back through my recollections of the history of the United States Supreme Court. I am satisfied that the Senator from West Virginia has not even started to name all the nominees for the United States Supreme Court who have been called before the Committee on the Judiciary in the history of the Court.

Mr. KILGORE. I may say to the distinguished Senator from Oregon that I did not state that was my knowledge. I stated I had been so informed, but that I had not made an investigation. Certainly the Archives could have given me the full information had I asked for it. The question happened to come up tonight because somebody informed me that only three nominees had appeared before the committee.

Mr. MAGNUSON. Mr. President, I had not intended to say anything on this nomination tonight, but in view of the very able speeches made by the Senator from Michigan [Mr. FERGUSON] and the Senator from Oregon [Mr. MORSE] in respect to the action of the committee, I think it is proper that not only should I make my own position clear, but that I should make clear what I think was the position of the members of the committee who voted to report the nomination.

I will say to the Senator from Oregon, with whom I always hate to disagree, and to the Senator from Michigan, with whom I have had many disagreements in the Committee on the Judiciary, that I voted to report favorably the nomination of former Senator Minton, because I was ready to vote on the confirmation of the nomination. I had made up my mind on that subject. I thought I had fulfilled in committee any duties I have as a Senator. I further voted to report the nomination despite the fact that the Senator from Michigan and the Senator from Missouri [Mr. DONNELL]—I believe the Senator from Wisconsin [Mr. WILEY] voted with them—had openly expressed a desire to cross-examine Judge Minton in person. I voted to report his nomination from the committee because I felt that it would serve no purpose that I knew of to call him before the committee. No other witnesses had asked to appear. No other communications were before the committee.

Senator Minton's record as a United States Senator was a matter of public record. His 283 decisions were before the committee, and had been analyzed to a great extent by the Senator from Maryland [Mr. O'CONOR], who submitted a synopsis of them.

I had made up my mind how to vote on the nomination, and I am sure the other members of the committee had also made up their minds how they would vote. I felt it was my duty as a United States Senator to express my mind in committee, and I did so.

The nomination now before the Senate is different in character from that of other nominations considered by the committee. I am not familiar with all the cases, but we have had occasion to go into rather extensive investigations of nominees who had not previously served in public bodies, in which event their records would have been a matter of public record. In most cases they were men who had not been on the bench for so long a period of time as Judge Minton had, nor had they served on such a high level as the United States circuit court of appeals, on which Judge Minton has served with great distinction.

Mr. President, I do not believe our action will set a precedent. I am sure that the Committee on the Judiciary will in the future call nominees before them in cases where the committee believes some matter should be probed into in connection with a judicial nomination.

The majority of the members of the committee voted because we were ready to vote. We voted also because all the discussions respecting Judge Minton in the committee were based upon his record as a United States Senator, which stands as an open book and a public record. He had made many speeches in the Senate, and expressed himself on various subjects.

Very little was said by those who wished to examine Judge Minton further about the best evidence in the case, the best evidence being a mass of decisions brought before the committee, 283 in number, some of them minority opinions approved by the Supreme Court itself, some of them classics, so say some lawyers who have read them. I read only about 12 of the opinions. I could not read the 283. Those who analyzed the opinions, however, said there was no evidence whatsoever that in the 8 years previous to his present nomination to a position in which the country is going to call upon him to do the same type of work, upon the Supreme Court Bench, that he has done in the Federal court, had he ever injected any partisanship into any of his decisions, though obviously he had been partisan when he was in the Senate. He was an advocate in the Senate. He is a judge now, and has been a judge for 8 years.

As the Senator from Oregon, who is a great scholar and who was a distinguished teacher of jurisprudence, knows, one of the cardinal principles in our approach to problems of evidence and jurisprudence is that we should use the best evidence, and the best evidence was not discussed at all. There was no mention that I recall—and I attended all the discussions—that anyone wanted to probe Judge Minton about anything personal, about his integrity, his character, or himself, as an individual.

Those who voted to report his nomination from the committee felt that his record in Congress was before us. It has been available since his nomination. We had before us 283 decisions rendered by him as a judge of the United States circuit court of appeals, by which we could judge the man's ability to serve well on the Supreme Court. That is why we voted as we did. If there is something about him personally that the two Senators wish to have gone into, I do not know about it. We are ready to vote. The Congress is about ready to adjourn. The Court is now in session. It met on Monday. We thought it was the duty of the Senate to expedite this matter as quickly as possible.

If I thought some good purpose could be served by having Judge Minton come

before the committee I would not object to him coming before us. I must say in fairness to the Senator from Michigan and the Senator from Missouri that, in their motion they said the judge should appear before the committee in executive session. I do not think there was any attempt on their part to drag anything Judge Minton may have done years ago, or some statement he had made years ago, into public hearing. But all of us felt that everything was of record before the committee. We had made up our minds, and therefore we voted to report his nomination.

Mr. President, I wanted my position made clear in the RECORD.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. MORSE. I will say to the Senator from Washington that I am always as much disconcerted when I find myself in disagreement with him, as is the Senator from Washington when he finds himself in disagreement with me. I think the Senator from Washington has made a fine speech in support of confirmation of Judge Minton. I wish to say, however, most respectfully, that I do not think it bears upon the major point upon which the Senator from Oregon bases his motion, which is that hearings before the Senate Committee on the Judiciary are one of the safeguards of our democratic process. Any man in our democracy who is appointed to high office should be willing to and should expect to go through the procedure of senatorial inquiry when Members of the Senate express a desire to subject him to examination. I know just how the Senator from Washington felt. I have been on committees when I was ready to vote in favor of an individual or a proposal.

Mr. MAGNUSON. If a motion is made, one cannot sit silent.

Mr. MORSE. If a colleague or several colleagues say that they would like to have a further inquiry into the matter, I feel that they are entitled to the courtesy of that opportunity. I think that is one of the checks we have in the Senate. Although it is not a right on the part of any Senator, nevertheless I think it is one of those—shall I say unwritten prerogatives which we ought to consider to be ours? When the Senator from Michigan or the Senator from Missouri says in the Judiciary Committee, "I want him here, I have some questions I should like to ask him," I do not think any nominee should be placed above that type of investigation. That is the point on which I base my motion. I say that so long as the Senator from Michigan and the Senator from Missouri wanted to examine the nominee, if we are to give full-bloom meaning to the "advice and consent" clause of the Constitution, they should have had their opportunity to make their record in committee.

As the Senator from Washington has just said, they certainly were being very careful to stay within the proprieties, in that they wanted this examination in executive session. Apparently they felt, out of the depths of their convictions, that there was a certain examination to which the nominee should be subjected. I say that in the best interests of the judiciary itself we ought to hold fast to that procedure in the Senate. That is why I think the nomination should go back to the committee.

Mr. MAGNUSON. I do not disagree with what the Senator says at all. I do not think the committee felt that it was establishing any precedent. It was voting on this case as it stood, as it has done in connection with other cases. But sometimes in commmittee, despite the fact that there is a perfectly legitimate request, when we have sat through all the discussions, if a Senator feels that such a request would serve no further purpose, particularly when the record is there, written in black and white for all to see, one must temper senatorial courtesy by making a decision, which I did.

Mr. LUCAS. Mr. President, I yield to no individual in the Senate or in the country in my deep respect for and devotion to the judicial branch of our Government. From the time I started to practice law in a farm community in central Illinois, I have maintained that irrespective of what individuals may think of either the legislative or the executive branch of the Government, there always must be a high respect for and a confidence in the judicial branch of the Government, if the people of America are to have confidence in their judgment.

I am not so sure that I am one of those who believe that if the Democrats are in power, all appointments of judges should be within the Democratic Party. However, that has been the custom; and while the distinguished Senator from Michigan complains about what has happened since the Democrats have been in power, one needs only to go back to the time when the Republicans were in control of the Government to ascertain that the same system prevailed, and that at that time Republicans were appointed in preference to Democrats.

I feel that the judicial branch of the Government, which to me is the cornerstone of all that is worth-while in America, must have a more or less balanced court, and not an unbalanced court. However, in the case before the United States Senate tonight, it seems to me that those who are complaining about members of the Judiciary Committee not being able to cross-examine the nominee of the President of the United States overlook a very important fact, and that is that Judge Sherman Minton was appointed to the circuit court of appeals in 1941, after he had served one term in the United States Senate.

Certain Senators are now seeking the opportunity to cross examine Judge Minton. At the time his nomination to the circuit court of appeals was before the Senate this body unanimously agreed to his appointment. In the opinion of the Senator from Illinois qualifications for appointment to the Supreme Court of the United States are quite similar to those required of nominees to the circuit court of appeals or a district judgeship, so far as the caliber, quality, integrity, and ability of the appointee are concerned.

It seems to me that the case is more or less res judicata. If, when the distinguished former Senator from Indiana was appointed to the circuit court of appeals there had been opposition to him upon the same grounds as are now being urged by the Senator from Michigan and the Senator from Missouri, surely Senators who were close to him at that time, Senators who served with him on the floor of the United States Senate, Senators who thoroughly understood his philosophy, Senators who heard him day after day and month after month stand up as assistant majority whip for the Democratic principles propounded by Franklin D. Roosevelt would have found an opportunity to clear up any question for the record at that time. Surely Senators on the Republican side of the aisle, or even those on our side who disagreed with his philosophy, would have sought an opportunity to examine him before the Judiciary Committee.

Now, years afterward, new men are on the scene in the Senate, men who never served with him in this body, and they ask for the opportunity to cross-examine this man in executive session. Anyone who has ever been in an executive session before a committee of the Congress knows that there is no such thing as an executive session, unless it be a session of the Joint Committee on Atomic Energy. In my time I have served on many committees, and I have been in executive sessions. Although I kept the faith with respect to what went on in executive session, the next day I found on the front pages of the daily newspapers an account of everything that had happened in the executive session. So there is no such thing as an executive session, so far as keeping information confidential is concerned.

Mr. President, it was my privilege to serve in the United States Senate with the distinguished former Senator from Indiana. I know his ability. I know his worth. I know of his patriotism. I know about his integrity, his honor, and his ability. He will serve with credit on the Supreme Court of the United States. He will serve his country well in the faithful performance of his duties under the oath which he will take in accordance with the Constitution of the United States.

Mr. President, we cannot safely judge a man by what he does in the United States Senate, so far as his judicial temperament, his deportment, and his character are concerned. We must take into consideration the decisions he has rendered; and even those who oppose him, either in the Senate or out of the Senate, do not maintain that in any of the judgments or decisions he has rendered on the circuit court of appeals he has not followed the evidence and the law, as it applied to that evidence, as he conscientiously and seriously saw it.

So, Mr. President, without attempting to cast reflection upon the motives of any person in connection with the proposed investigation, at least it may be said that nothing good could come from a cross-examination of this distinguished jurist. I wish to congratulate the junior Senator from Indiana for the letter he wrote, which was read here tonight by the act-

ing minority leader, the able Senator from Massachusetts. The junior Senator from Indiana is a distinguished Republican who, living in the State of Indiana, should know Sherman Minton better than any other Member of the Senate of the United States, not from the State of Indiana, could know him. I am informed by the other distinguished Republican Senator from Indiana that he, too, will support the confirmation of the nomination of this distinguished jurist. Certainly Members of the Senate need no better testimony than that of the two Republican Senators from the State of Indiana, the State from which Judge Minton comes, who have stated that they will vote for confirmation of his nomination.

Mr. President, to say that this distinguished jurist should be compelled to come before a congressional committee to be excoriated and cross-examined, no one knows for how long, in regard to something which happened years ago in the Senate of the United States, is to me absurd and ridiculous and not in keeping with the best tenets and the dignity of the Senate of the United States.

I sincerely hope the nomination will be confirmed.

Mr. DONNELL. Mr. President, I rise to support the motion made by the Senator from Oregon that the nomination of Judge Minton be recommitted to the Committee on the Judiciary.

The steps which thus far have been taken in the committee have been clearly stated, and they can be briefly reenumerated for the benefit of any Senator who may not have been present when they were stated.

The nomination was sent to the Judiciary Committee. It was presented to that committee. A motion was made, and was carried by the committee, that Judge Minton be requested to appear before it in executive session. A date was set, as I understand from the acting chairman of the committee, for the Thursday preceding last Monday, and subsequently the date was changed to Monday of this week, at the request of the junior Senator from Indiana [Mr. JENNER]. On the last-mentioned date—Monday of this week—the committee convened, and there was read to it a letter from Judge Minton, which I understand the senior Senator from West Virginia [Mr. KILGORE] has with him tonight. If the letter has not already been incorporated in the RECORD, I now ask unanimous consent that it may be incorporated in the RECORD at the conclusion of my remarks. I have in my hand a copy of the letter as printed in the Washington Post of today, October 4.

There being no objection, the letter was ordered to be printed in the RECORD. (See exhibit A.)

Mr. DONNELL. Mr. President, the distinguished senior Senator from Illinois, whom I do not see in the Chamber at the moment, although I should like to have him here at this time, referred in his remarks to the fact that the nomination of Judge Minton, some 8 years ago, to the office of judge of the United States circuit court of appeals, had been unanimously approved by the Senate. The argument made by the distinguished Senator from Illinois, as I understood its implications, was that because 8 years ago—when the personnel of the Senate included a very few of the Members of the Senate who are present on the floor of the Senate tonight, and included very few of the present membership of the Senate—the appointment of Judge Minton to an intermediate court was approved unanimously by the Senate, therefore it is ludicrous that any Member of the Senate should see fit to request that Judge Minton be examined at this time by the Judiciary Committee. I do not know whether he was examined on that prior occasion.

Mr. President, I was elected a Member of the United States Senate as an individual to perform my duties as an individual; and when as a member of the Judiciary Committee, I have the duty to investigate and consider and advise the Senate upon a course of conduct, I do not consider myself bound by the actions of men who sat here 8 years ago, who were passing upon an appointment to a different court, a court whose decisions are in many instances, as was indicated in the committee a few days ago by the Senator from Michigan, subject to review by the highest court of the land. I say, therefore, that I do not consider myself bound, nor would I consider myself as doing my duty if I did consider myself bound, by the decisions and views of men who have long since passed from the scene of action in the Senate.

Of course, I pay due deference and respect to the actions of those who preceded us here; but, after all, I do not consider that I, at any rate, can be a mere rubber stamp for what some other committee did 8 years ago in respect to an appointment to a court, the decisions of which are subject to review, if error occurs, when I am now called upon to consider the capacity and qualifications of a person for appointment to the court of last resort, the decisions of which are not subject to review by any human power.

So, Mr. President, when the Senator from Illinois so eloquently exclaims as to the ludicrous nature, if you please, as I recall his words—or something to that effect—of a request that at this time we should again go into the question of the qualifications of this nominee, I must say that I cannot and I do not agree with the sentiments expressed by him.

Incidentally, I might add that when he tells us that Judge Minton, had he come before our committee, would have been excoriated, I know of no basis on which the Senator from Illinois could make or should have made such a charge. I have faith in the members of the Judiciary Committee that they, as would other Members of the Senate, would conduct themselves with due propriety and would keep their questions and their conduct within proper bounds.

Finally, with respect to remarks of the Senator from Illinois, when he tells us that nothing good could come from a cross-examination of Judge Minton, I assert that he has the ability of discerning and of prophecy which I do not claim to possess. I do not believe any Senator can tell us what would come from such an examination by the committee, or what expressions would be made within the committee.

If the nomination should not be recommitted to the Senate Committee on the Judiciary, I shall cast a vote against the Senate's giving its advice and consent to the appointment of Sherman Minton to the office of Associate Justice of the Supreme Court of the United States. The reason for my vote to that effect is that the Senate Committee on the Judiciary, by its rescission of its request previously communicated to the nominee, that he appear before the committee, has so restricted the opportunity for me to make adequate study of his suitability for membership on the Supreme Court that I do not consider that sufficient information is available to me to enable me to vote in favor of giving such advice and consent.

Mention was made this evening by two of the speakers, I believe, of the obligation of the Senate to give advice and consent. I digress for an instant to emphasize the very interesting and important fact that, according to the Constitution of the United States, although the Congress may by law vest the appointment of certain inferior officers, as they may think proper, in the President alone, thus dispensing with the duty of the Senate to give its advice and consent to the appointment, not so with Justices of the Supreme Court; for the Constitution, in article II thereof, provides that the President "shall nominate, and by and with the advice and consent of the Senate, shall appoint * * * judges of the Supreme Court." It follows that the Senate cannot, the Congress cannot by any statute or action that may be taken, dispense with the solemn duty which devolves upon the Senate in the case of Justices of the Supreme Court to advise and consent with respect to such appointments. This I say emphasizes the tremendously solemn duty and responsibility resting upon us in the case of men who are nominated to a position upon the highest court of the land.

Mr. President, I thought I had completed my observations in regard to the remarks of the Senator from Illinois, but again my mind recalls the fact that he stated that, in his opinion, the lower courts are—I have forgotten the exact words, but—of no less importance than the Supreme Court. Of course, in a sense it is true, because of the fact that we must have lower courts, trial courts, intermediate appellate courts. But I undertake to say the framers of the Constitution recognized the fact that the Supreme Court possesses a dignity and an importance which transcends that of any other court within the Federal judicial system, by making it an absolute prerequisite to membership on the Court that the Senate shall have advised and consented to the appointment of the nominee who shall have been nominated by the President.

Mr. President, we have been told here tonight about the 283 decisions, of which the Senator from Washington has read, I understood, 12. I did not understand the Senator from Maryland to say in our meeting of the committee that he, together with other lawyers, had read all the other 271 decisions. I understood

him to say in substance that he had caused the opinions to be read by members of same staff, and possibly that he himself had read some of them. I am not questioning the statement as to the contents of the 283 decisions. They may be the finest decisions pen can write. But, Mr. President, I submit very respectfully that in determining whether the Judiciary Committee should recommend that the Senate give advice and consent to the appointment of Judge Minton, the committee should not only consider the judicial record which the nominee has made—and I emphasize the word "judicial"—but should use also all other reasonable efforts to ascertain whether the qualities of the nominee as indicated by all reasonably available evidence derived both from his nonjudicial record—yes, and from personal examination of the nominee by the committee—are such as to cause the committee to believe that the advice and consent of the Senate to the appointment should be made. All these elements should be considered by the committee.

Mr. President, the nominee in this case has in the past made expressions of opinion which are relevant in the consideration by the committee of whether he would be likely to allow his views on partisan or political matters to influence his decisions on legal questions coming before the Supreme Court. Among the subjects on which he has hitherto so expressed himself—and it will be noted I said "among the subjects," for there are others I might mention and shall be glad to mention if anyone desires them—among the subjects on which he has hitherto so expressed himself is the bill which Judge Minton, in his letter to which I have referred, received yesterday by the committee, referred to as "the bill presented in 1937 to increase the membership of the Supreme Court." In the letter, Judge Minton does not state to the committee what his present view is respecting the contents of that bill. That Judge Minton's omission to state what his present view is respecting those contents is not due to any failure on his part to realize that the Judiciary Committee was concerned with his view on the contents, appears from the third sentence of the letter, which sentence reads:

> I am informed that the principal question with which the committee is concerned is my position with regard to the bill presented in 1937 to increase the membership of the Supreme Court.

But, Mr. President, notwithstanding Judge Minton's full realization as I have indicated by reading from his letter, that the committee was concerned with his position with regard to the bill presented in 1937 to increase the membership of the Supreme Court, he does not in his letter enlighten the committee as to what his position is. He points out, however, that at the time the bill was under discussion he was assistant majority whip and strongly supported the legislative measures recommended by the administration. He further states in his letter that, as assistant majority whip of the Senate, he was a strong partisan, and supported the administration. He states that the record was made and he stands upon it. He says, also, that he may have made mistakes.

In his letter there also occur two sentences reading as follows:

> It might be pertinent at this point to invite the committee's attention to the fact that at least three nominees to the Court who were confirmed in due course had strongly advocated the Court plan. The committee did not see fit to query any of these gentlemen on this matter.

Mr. President, by the statement in his letter of the possibility of his having made mistakes, on the one hand, and calling attention, on the other hand, to the fact that at least three nominees to the Court, who had strongly advocated the Court plan, were confirmed without query by the committee, Judge Minton leaves the Senate uninformed as to his present position.

Mr. President, in my opinion, it is certainly appropriate in inquiring as to Judge Minton's qualifications for membership on the Supreme Court that members of the Committee on the Judiciary be permitted to interrogate him in the endeavor to ascertain whether his conception is that the Court should be a free and independent branch of the Government or should be subject to executive or legislative influences. It is of high importance also to ascertain his opinion on whether, in order to insure that the majority of the Supreme Court shall consist of members who hold views in harmony with those which are held by Congress or the Executive, it is proper that Congress enact legislation increasing the membership of the Court to such an extent as will enable the President to appoint to the Court such number of persons who favor such views as will cause the majority of the Court to consist of Justices holding those views.

These, Mr. President, as I understand, were substantially the issues presented in 1937 on the bill so definitely described by Judge Minton in his letter as the bill presented in 1937 to increase the membership of the Supreme Court.

Mr. President, reference has been made tonight to the bill introduced by Senator Minton with respect to the press. I shall not take the time of the Senate to go into that. I do not have on the floor this evening, but I have and can produce, a record of what Judge Minton had to say on the day he introduced the bill, his reading of the bill, and his presentation of it to the Senate, and I take it that inquiry into what the reasons were in his mind for introducing that bill would be entirely relevant and proper for the committee to make.

He proposed also a plan by which no act could be declared unconstitutional by the Supreme Court of the United States unless seven of the nine members should vote to the effect that the bill was unconstitutional. This, of course, at once raises numerous important constitutional questions, and an inquiry of him as to his views thereon might well be illuminating as determining something of his attitude as to the power of the Court, as to the power of Congress, and as to the meaning of the constitutional provisions relative to the Court.

It may be suggested, incidentally, that if Congress can declare that seven members of the Court are necessary to concur in order that an act of Congress be declared unconstitutional there seems to be no reason why Congress would not have the power to say that nine members of the Court must concur in order to produce a declaration of unconstitutionality.

It is not my purpose tonight, however, to argue the question as to the validity of such a law, but I submit, Mr. President, that a man who has devoted the attention which Judge Minton has devoted to topics relative to the power of the Supreme Court, with respect to the power of the Congress, concerning the decisions of the Supreme Court, with respect to the membership of the Supreme Court being built up for certain particular reasons—a man who has studied all those various subjects and has considered the matter of freedom of the press—I say that if he shall be nominated and is nominated to membership on the Supreme Court, it is proper and important that any Senator who deems it advisable in his capacity as a member of the Judiciary Committee to interrogate the nominee concerning his general principles of constitutional philosophy and law should have the right to do so, and that the results of such an examination might very well be illuminating and important in determining his capacity and in determining his ability and qualifications.

Mr. President, in addition to the fact that because of the rescission of the previous request for the attendance of Judge Minton before the Senate Committee on the Judiciary the committee is not able now to make inquiry of him to develop information along the lines previously indicated, I invite attention to the fact that such rescission likewise has made it impossible for those of the members of the committee who are not acquainted with the demeanor and the personality of Judge Minton to become acquainted with his demeanor and his personality, and it has made it impossible for us to judge from such personal contact as to his ability and other qualities, and as to whether he would be moved in the performance of his official judicial duties by either partisan or political considerations when acting upon a court whose decisions are not subject to review. The court of which he has been a member, as I have previously indicated, in large part is a court whose decisions are subject to review, and the decisions made by a member of that court are not at all necessarily conclusive as to the type of decisions which will be made upon a court whose decisions are not subject to review, as the Senator from Michigan so well pointed out before the Judiciary Committee a few days ago.

Mr. President, the committee, in considering whether it would recommend the giving of the advice and consent of the Senate to the appointment, was subject to a profound responsibility. Judge Minton's presence could have been secured. In the light of all existing circumstances it is my opinion that without his attendance the committee did not have before it all such relevant and important evidence as it should have considered in arriving at its decision concerning the appointment.

Judge Minton, though expressing in his letter a desire to cooperate fully with the committee and to comply with any reasonable request of the committee, felt constrained to call to the attention of the committee what he termed "the serious questions of propriety and policy" which he endeavored to outline in his letter. But, Mr. President, with the exception of a statement quoted by Judge Minton from Justice Frankfurter, I do not find that in the letter of Judge Minton he specifies any of what he terms "the serious questions of propriety and policy," except that he states that he feels that personal participation by the nominee in the committee proceedings relating to his nomination presents a serious question of propriety "particularly when I might be required to express my views on highly controversial and litigious issues affecting the Court." I do not know, of course, what issues Judge Minton had in mind when he used the terms "highly controversial and litigious issues affecting the Court." It may be that those which he so had in mind were the issues which are involved in the bill I have mentioned presented to Congress in 1937 to increase the membership of the Supreme Court. I submit that an inquiry by the committee into whether Judge Minton still holds the same opinions which he advanced in connection with that bill contains no impropriety, and his answer to such an inquiry would be helpful in enabling the Senate to form an estimate of him by knowing whether in his judgment the number of members of the Court, and the persons selected as Justices, should be caused to be such as to insure decisions favoring the views of either the President or of Congress.

I see no impropriety in appearance before the Judiciary Committee by either a nominee to the Supreme Court or a nominee to the court of appeals or any district court or other Federal court, to the appointment of a member of which the advice and consent of the Senate are requisite. The committee is charged with a responsibility, in the case of the judge of any such court, to recommend to the Senate whether advice and consent to the appointment shall be granted. A subcommittee of the committee has in the past held hearings at which a nominee for a district judgeship has appeared before it. I am not informed whether that has occurred in the case of a nominee for the court of appeals. It is, however, entirely proper that a practice of having before the Judiciary Committee, or a subcommittee of it, a nominee for any such Federal court as I have mentioned, whether Supreme or below Supreme, should prevail. It is, whenever the circumstances indicate that adequate inquiry can best be made through personal appearance of the nominee before the committee, no less important that the committee have before it a nominee to a higher court or the highest Court than that the committee, or a subcommittee thereof, have before it a nominee to a lower court.

Mr. President, as the junior Senator from Oregon [Mr. MORSE] so clearly emphasized, for the Senate now to act upon this nomination by accepting the reasoning of the letter from Judge Minton stating that there was a serious question of propriety, particularly when he might be required to express his views on highly controversial and litigious issues affecting the Court, and to accept his further view that while it is his desire to comply with any reasonable request of the committee, he is constrained to call to the attention of the committee the serious questions of propriety and policy which he considers he has endeavored to outline, would certainly inferentially, put our stamp of approval upon the principal that a nominee for judgship on the Supreme Court should not be called before the committee because of some alleged impropriety, which, so far as I can see, does not exist.

Mr. President, in conclusion, no adequate reason appears why the presence of Judge Minton before the committee should not have been had. For the reasons hitherto stated, I shall, unless the motion to recommit prevails, vote against the Senate giving its advice and consent to the appointment of Judge Minton to the office to which he has been nominated.

EXHIBIT A

OCTOBER 1, 1949.

HON. HARLEY M. KILGORE,
Acting Chairman,
Committee on the Judiciary,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: I have received your request to appear before the committee.

I, of course, desire to cooperate fully with the committee at all times but I feel that personal participation by the nominee in the committee proceedings relating to his nomination presents a serious question of propriety, particularly when I might be required to express my views on highly controversial and litigious issues affecting the Court.

I am informed that the principal question with which the committee is concerned is my position with regard to the bill presented in 1937 to increase the membership of the Supreme Court.

You will recall that at the time the bill in question was under discussion I was assistant majority whip and, understandably, I strongly supported those legislative measures recommended by the administration.

My record as a Senator is a public record and open to scrutiny by the committee. It of course, has no relationship to my record as a judge of the seventh circuit court of appeals. However, my judicial record is also available for examination. In my opinion, that record speaks for itself, as does my record as a Senator. The latter record was open to your committee and to the Senate in 1941 when I was unanimously confirmed by the Senate to the second highest court in the land.

As assistant majority whip of the Senate, I was a strong partisan and supported the administration. I do not deny this. The record was made and I stand upon it. I may have made mistakes. I likewise may have made mistakes as a judge, but I think no man can point to one of my more than 200 opinions in the past 8 years and truthfully say it was characterized by partisanship of any kind. When I was a young man playing baseball and football, I strongly supported my team. I was then a partisan. But later, when I refereed games, I had no team. I had no side. The same is true when I left the political arena and assumed the bench. Cases must be decided under applicable law and upon the record as to where the right lies. I have never approached a case except to try to find the answer in the law to the question presented on the record before me.

As Members of the Senate you will agree, I am sure, that the proper exercise of the duties of the senatorial office requires freedom of speech with which to express those convictions honestly arrived at and sincerely believed in. Under our representative system of government, the Members of both legislative bodies, the Senate and the House, are the channels through which local public opinion is brought to bear upon proposed legislation. To inhibit Members for any reason from the full expression of their views on any given measure would be to seriously hamper the effectiveness of our legislative structure.

As a Senator and an elected representative of the people, I considered it my duty and privilege to aid in the enactment of those proposals which I honestly believed to be of value to the country as a whole. That my belief in regard to some of these proposals was not shared by the majority of my colleagues, and that the measures failed of enactment, does not alter this fact. Nearly everything a Senator does is of a controversial nature. He must take a firm position on legislation, without regard to the possible unpopularity of his stand.

It might be pertinent at this point to invite the committee's attention to the fact that at least three nominees to the Court, who were confirmed in due course, had strongly advocated the Court plan. The committee did not see fit to query any of these gentlemen on this matter.

In conclusion I should like to refer to a statement submitted by Justice Frankfurter when he was asked to appear before the Senate Judiciary Committee in 1939, and read to the committee last Tuesday by you:

"I am very glad to accede to this committee's desire to have me appear before it. I, of course, do not wish to testify in support of my own nomination. * * * While I believe that a nominee's record should be thoroughly scrutinized by this committee, I hope you will not think it presumptuous on my part to suggest that neither such examination nor the best interests of the Supreme Court will be helped by the personal participation of the nominee himself.

"I should think it improper for a nominee no less than for a member of the Court to express his personal views on controversial political issues affecting the Court. My attitude and outlook on relevant matters have been fully expressed over a period of years and are easily accessible. I should think it not only bad taste but inconsistent with the duties of the office for which I have been nominated for me to attempt to supplement my past record by present declarations."

While it is my desire to comply with any reasonable request of the committee, I am constrained at this time to call to its attention the serious questions of propriety and policy which I have endeavored to outline in this letter.

Yours sincerely,

SHERMAN MINTON.

Mr. LANGER. Mr. President, as a member of the Committee on the Judiciary, I wish to call the attention of the Senate to something which has not been mentioned or has been forgotten. One of the reasons why I voted in favor of reporting the nomination of Mr. Minton favorably, without interrogating him upon votes he cast in this body, as the two distinguished Senators tried to do time and again, was because of the Constitution of the United States. Section 6 of article I reads as follows:

The Senators and Representatives shall receive a compensation for their services, to be ascertained by law, and paid out of the

Treasury of the United States. They shall in all cases, except treason, felony, and breach of the peace, be privileged from arrest during their attendance at the session of their respective Houses, and in going to and returning from the same; and for any speech or debate in either House, they shall not be questioned in any other place.

Mr. President, are we to lay down the principle here that when Mr. Minton is nominated, the members of the Committee on the Judiciary are to ask him questions, as the distinguished Senator from Michigan [Mr. FERGUSON] and the distinguished Senator from Missouri [Mr. DONNELL] tried to do time and time again in the proceedings, which have been laid before the Senate?

Mr. President, what does the record show? First of all, that Mr. Minton has been an outstanding citizen. As the testimony showed, he served as public counsellor, with the responsibility of protecting the people in the communities of Indiana in all public-utility rate issues. During the 15 months of service in 1933 and 1934 he obtained rate reductions for 259 Indiana communities, at a saving of $300,000 to the consumers, and the overall rate-saving throughout the State during his term of office was $3,215,000.

D'd any member of the committee want to examine him about that? No. An invitation was given for a period of 7 days when anybody could appear in opposition to him. The distinguished Senator from Oregon said many Senators wanted to appear. If they did, why did they not notify the Committee on the Judiciary? No Senator came forward and offered to give any testimony against the nominee or for him, except the distinguished majority leader.

Mr. President, what does the record show? About what matters did Senators desire to examine the nominee? On page 15 of the report of the hearing appears the following question from the distinguished junior Senator from Michigan [Mr. FERGUSON]:

Are you familiar with the record of Judge Minton as a Senator?

Mr. President, is every one of us in this body who is a lawyer, who may some day get a chance to be appointed to an appellate court or the Supreme Court, to be interrogated as to what votes we cast, expressing our honest convictions, 10 or 12 years before? Are we to be asked "Did you believe in the packing of the Court 8 or 9 or 10 years ago?" Are we to be asked, "Did you believe that the press should be shackled 8 or 10 years ago?" Are we to be asked, "Did you believe at that time, 8 or 9 years ago, that it should take seven members of the Supreme Court to declare an act unconstitutional?"

Mr. President, I for one am proud of the fact that a majority of the minority party on the committee, the distinguished Senator from Wisconsin [Mr. WILEY], the Senator from Indiana [Mr. JENNER], and myself were in favor of reporting the nomination. The Senator from Indiana, not being present, announced that he was in favor of reporting the nomination. I shall vote against the motion to recommit.

Mr. CAPEHART. Mr. President, I have known Judge Minton for many years, and when I first learned that the President had appointed him I made the statement that I was delighted to see the appointment go to the State of Indiana. I shall vote for the confirmation of the nomination of Judge Minton, but because I find myself in agreement with the able Senator from Oregon [Mr. MORSE] and the able Senator from Missouri [Mr. DONNELL], I must say that, if I understand the situation correctly, the committee voted to ask Judge Minton to appear before it. Rather than appear before the committee, Judge Minton wrote a letter to the committee, and as a result of that letter the committee then voted that it would not request the judge to appear.

There is no question in my mind that had the judge appeared before the committee he could have answered the questions of the able Senators to their entire satisfaction. Judge Minton belongs to the opposite party from mine, and I have not always agreed with him, in fact, I have found him quite a hard fighter for that in which he believes, and I have disagreed with him on a number of occassions, and have had occasion to be in campaigns against him, but I am certain he would have been able to satisfy the Senators.

Mr. President, I shall vote tonight for confirmation of Judge Minton's nomination. I am satisfied that nothing would have transpired, had Judge Minton appeared before the committee, which would have kept me from voting for the confirmation of his nomination. But I believe there is a principle involved, and that principle, as has been ably brought out by the distinguished Senators from Oregon and Missouri, is that if any single Senator wishes to question a nomination or appointment to the Supreme Court or any other appointment which requires confirmation by the Senate, he should have the right to do so. I honestly and sincerely believe a Senator should have that right. I believe that if we as a Senate depart from that principle we will make a mistake.

While in this particular instance I do not think any harm will result, for I feel that Judge Minton would have been able to take care of himself had he appeared before the committee, and that he would have satisfied the members of the committee, it might sometime happen that as a result of a committee denying an individual Senator the right to question a nominee, great harm might be done.

I must say that I do not like the idea that Judge Minton took it upon himself to write a letter to the committee rather than to appear in person, as I understand he was supposed to have done.

Mr. President, I do not think I shall vote to recommit the nomination, because I do not believe anything can be gained by doing so at this time. I believe the remarks which have been made in the Senate tonight by the able Senator from Oregon and the able Senator from Missouri have made a record which will be just as helpful to the Senate in the future, if the question of denying an individual Senator the right to question any nominee should arise, as it would be to recommit the nomination to the committee.

I shall vote for Judge Minton's nomination. I shall vote against recommitting the nomination. We in Indiana are proud of the fact that Judge Minton was nominated to be a Member of the Supreme Court, the first instance in the history of our State when an Indiana man was placed on the Supreme Court bench.

Mr. President, I am standing before the Senate tonight saying what I am in order to make a record as being opposed to any committee reporting any nomination to the floor of the Senate, regardless of whether it be to the Supreme Court of the United States, or any other appointment, when there is a single Senator who desires to question the nominee. I think such a practice is bad; I think it is wrong. If any Senator were denied the right to question an individual who was nominated from his home State, I believe he would feel very bad about it. I must register my objections to such a practice. Again I say that I am sorry Judge Minton did not appear before the committee, because I am certain he could have answered all questions asked him to the entire satisfaction of the committee.

Mr. MORSE. Mr. President, I shall take a half minute to answer my very dear friend from North Dakota [Mr. LANGER] who cited section 6 of article I of the Constitution, and laid particular stress on one clause, the so-called exemption clause, "and for any speech or debate in either House they shall not be questioned in any other place."

I think it is perfectly obvious that that section has absolutely no application whatsoever to the case before the Senate. That section obviously refers to a Senator while in office, and certainly does not apply at all to a Senator who served back in 1941, and is now nominated to the United States Supreme Court. It would be an interpretation of the Constitution of the United States, more elastic than the Supreme Court itself has ever stretched that great document.

I desire to say furthermore, Mr. President, in answer to my good friend from North Dakota, that, of course, the record a man makes in the Senate of the United States, if he is subsequently nominated to the United States Supreme Court, is a record which should be reviewed as to his qualifications. I think we can take judicial notice of the fact that in the history of this country there have been Members of the United States Senate who have made a record in the Senate of the United States which clearly disqualified them for appointment to the United States Supreme Court, a record which showed clearly that they did not have the judicial qualifications essential to the protection of the ideals and standards of the American judiciary.

I simply do not want the RECORD to be closed tonight without an answer to the observations of the Senator from North Dakota, because so long as many of us present here tonight are in the Senate of the United States I am sure we will hold fast to the proposition that the public record of a man in the Senate of the United States shall be subject to review

when it comes to passing upon his qualifications for subsequent appointment to the Supreme Court.

Mr. WILEY. Mr. President, I will detain the Senate for only a few minutes. I simply want to make the record clear so far as I am personally concerned. I attended the meeting of the Committee on the Judiciary when the vote stood 5 to 4 in favor of having Judge Minton appear before the committee. I was one of the five. I want to make my point crystal clear, that while I have known Judge Minton for many years, and while in 1940 or 1941 I served on a subcommittee with former Senator Hatch, now Judge Hatch, which voted favorably on Judge Minton's nomination to be a Federal judge, I feel that when a Senator of the United States—and in this case there were two Senators—asks that the nominee come before the committee, such a request should be granted as a matter of right. During the 2 years I served as chairman of the Committee on the Judiciary we had a universal practice that no matter if only one Senator made a request, it heeded.

Mr. President, I wish to speak for just a moment to that particular point, to the subject of the Senate being careful to maintain, so far as it can, the system of checks and balances. When the committee met last Monday morning, and our Democratic friends came into the committee room, it was very plain they came in with a united purpose. They were all set, and the motion was made to reconsider. I voted against that motion, so the vote was 3 to 8. However, when the committee finally voted on the question of approving the nomination, I voted to approve.

I personally feel, Mr. President, that in this period it is very important that we in the Senate do not give ground to the domination of the Executive. We are called upon in this case and in similar cases to advise and consent. I believe with my whole soul that an imperative duty rests upon all of us to make the words "advice and consent" really vital and living. If we regard the process as merely mechanical, and the nominee of the party is automatically approved, we are not doing our job.

I believe it was suggested that the action of the committee was a disservice to Judge Minton. I believe that if Judge Minton had been called and interrogated as to his present philosophy in relation to government, especially his philosophy in relation to sustaining constitutional government in this atomic age, this age of communism, he would have met the issue four-square, and it would have been a healthy thing for the public to read his statement. So I think there has been a disservice to Judge Minton, but I believe there has also been a disservice to the Senate. I believe that when the committee votes, as it did, to have Judge Minton appear before it, and he later submits a letter suggesting that perhaps it is not the proper thing, and immediately upon that suggestion the committee reverses its former action, we are acting more like school boys than like statesmen.

Mr. President, I shall vote to confirm the nomination of Judge Minton. I doubt whether it would do any good to recommit the nomination. I think the debate on the floor of the Senate has served a very useful purpose. I compliment Senators who have spoken. I think they have brought very clearly to the attention of the country the fact that at long last the Senate recognizes that it is not simply the tool of the Executive, but that it is a separate and distinct branch of the Government and has its responsibility to perform its functions without dictation from the Executive.

Mr. FERGUSON. Mr. President, on the question of the meaning of the Constitution, I beg to differ with my distinguished colleague from North Dakota [Mr. LANGER]. Section 6 of article I clearly has no reference to questioning a former Senator under the circumstances in this case when such an examination was requested. I wish to read from the annotated Constitution. Under the heading "Privilege of speech or debate," under the general heading "Rights of Members," we find the following:

> These privileges are granted not with the intention of protecting the Members against prosecutions for their own benefit, but to support the rights of the people, by enabling their representatives to execute the functions of their office without fear of prosecutions, civil or criminal.
>
> *Coffin* v. *Coffin* (4 Mass. 1 (1808)), referred to with approval in *Kilbourn* v. *Thompson* (103 U. S., 168, 204 (1881)).

I did not have time to examine those two cases in detail, but it has always been my understanding that the law was clear, that questioning "in any other place" meant that the Member was not liable and could not be prosecuted, either civilly or criminally, for his remarks, his votes, or any of his actions in the Senate. There was no attempt to do that in the case of Judge Minton.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Oregon [Mr. MORSE] to recommit the nomination to the Committee on the Judiciary with instructions.

Mr. MORSE. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. CORDON (when his name was called). I have a pair with the Senator from Nebraska [Mr. BUTLER]. I transfer that pair to the Senator from Maine [Mrs. SMITH], and will vote. I vote "yea."

The roll call was concluded.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Maryland [Mr. O'CONOR] are absent on official business.

The Senator from Louisiana [Mr. ELLENDER] is absent because of a death in his family.

The Senators from Arkansas [Mr. FULBRIGHT and Mr. MCCLELLAN], the Senator from Iowa [Mr. GILLETTE], the Senator from Idaho [Mr. MILLER], and the Senator from Utah [Mr. THOMAS] are necessarily absent.

The Senator from Delaware [Mr. FREAR], the Senator from North Carolina [Mr. HOEY] the Senator from Rhode Island [Mr. LEAHY], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Kentucky [Mr. WITHERS] are absent on public business.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

On this vote, the Senator from Utah [Mr. THOMAS], who would vote "nay," if present, is paired with the Senator from New York [Mr. DULLES], who would vote "yea," if present.

I announce further that if present and voting, the Senator from Louisiana [Mr. ELLENDER], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from North Carolina [Mr. HOEY], the Senator from Rhode Island [Mr. LEAHY], the Senator from Idaho [Mr. MILLER], the Senator from Maryland [Mr. O'CONOR], and the Senator from Alabama [Mr. SPARKMAN] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Kansas [Mr. REED], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from Indiana [Mr. JENNER], who is absent by leave of the Senate because of illness in his family, is paired with the Senator from Ohio [Mr. TAFT], who is necessarily absent. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Ohio would vote "yea."

The Senator from New Jersey [Mr. SMITH] is absent on official business, by leave of the Senate.

The Senator from Ohio [Mr. BRICKER] and the Senator from California [Mr. KNOWLAND] are absent on official business.

The Senator from Maine [Mrs. SMITH] is paired with the Senator from Nebraska [Mr. BUTLER]. If present and voting, the Senator from Maine would vote "nay," and the Senator from Nebraska would vote "yea." Both Senators are detained on official business.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Pennsylvania [Mr. MARTIN], and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

The Senator from New York [Mr. DULLES], who is absent by leave of the Senate, is paired with the Senator from Utah [Mr. THOMAS]. If present and voting, the Senator from New York would vote "yea," and the Senator from Utah would vote "nay."

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent.

The result was announced—yeas 21, nays 45, as follows:

YEAS—21

Baldwin	Hendrickson	Mundt
Byrd	Hickenlooper	Robertson
Cain	Ives	Schoeppel
Cordon	Kem	Thye
Donnell	McCarthy	Watkins
Ecton	Millikin	Wherry
Ferguson	Morse	Williams

NAYS—45

Aiken	Gurney	Langer
Anderson	Hayden	Lodge
Capehart	Hill	Long
Chapman	Holland	Lucas
Connally	Humphrey	McFarland
Douglas	Hunt	McKellar
Downey	Johnson, Colo.	McMahon
Eastland	Johnson, Tex.	Magnuson
Flanders	Johnston, S. C.	Malone
George	Kefauver	Maybank
Graham	Kerr	Murray
Green	Kilgore	Myers

Neely	Russell	Taylor
O'Mahoney	Saltonstall	Thomas, Okla.
Pepper	Stennis	Wiley

NOT VOTING—30

Brewster	Hoey	Smith, Maine
Bricker	Jenner	Smith, N. J.
Bridges	Knowland	Sparkman
Butler	Leahy	Taft
Chavez	McCarran	Thomas, Utah
Dulles	McClellan	Tobey
Ellender	Martin	Tydings
Frear	Miller	Vandenberg
Fulbright	O'Conor	Withers
Gillette	Reed	Young

So the motion to recommit the nomination was rejected.

The VICE PRESIDENT. The question now is, Will the Senate advise and consent to the nomination of Sherman Minto, of Indiana, to be Associate Justice of the Supreme Court of the United States?

Mr. LUCAS and other Senators asked for the yeas and nays, the yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. CORDON (when his name was called). I have a pair with the senior Senator from Nebraska [Mr. BUTLER]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Maryland [Mr. O'CONOR] are absent on official business.

The Senator from Louisiana [Mr. ELLENDER] is absent because of a death in his family.

The Senators from Arkansas [Mr. FULBRIGHT and Mr. MCCLELLAN], the Senator from Iowa [Mr. GILLETTE], the Senator from Idaho [Mr. MILLER], and the Senator from Utah [Mr. THOMAS] are necessarily absent.

The Senator from Delaware [Mr. FREAR], the Senator from North Carolina [Mr. HOEY], the Senator from Rhode Island [Mr. LEAHY] the Senator from Alabama [Mr. SPARKMAN], and the Senator from Kentucky [Mr. WITHERS] are absent on public business.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Maryland [Mr. TYDINGS] are absent by leave of the Senate on official business.

On this vote, the Senator from Utah [Mr. THOMAS], who would vote "yea," if present, is paired with the Senator from New York [Mr. DULLES], who would vote "nay," if present.

I announce further that if present and voting, the Senator from Louisiana [Mr. ELLENDER], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from North Carolina [Mr HOEY], the Senator from Rhode Island [Mr. LEAHY], the Senator from Idaho [Mr. MILLER], the Senator from Maryland [Mr. O'CONOR], and the Senator from Alabama [Mr. SPARKMAN] who would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Kansas [Mr. REED], and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from Indiana [Mr. JENNER], who is absent by leave of the Senate because of illness in his family, is paired with the Senator from Ohio [Mr. TAFT], who is necessarily absent. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Ohio would vote "nay."

The Senator from New Jersey [Mr. SMITH] is absent on official business with leave of the Senate.

The Senator from Ohio [Mr. BRICKER] and the Senator from California [Mr. KNOWLAND] are absent on official business.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Nevada [Mr. MALONE], the Senator from North Dakota [Mr. YOUNG], and the Senator from Maine [Mrs. SMITH] are detained on official business. If present and voting, the Senator from Maine [Mrs. SMITH] would vote "yea."

The Senator from New York [Mr. DULLES], who is absent by leave of the Senate, is paired with the Senator from Utah [Mr. THOMAS]. If present and voting, the Senator from New York would vote "nay," and the Senator from Utah would vote "yea."

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent.

The Senator from Nebraska [Mr. BUTLER] is detained on official business. His pair has been previously announced by the Senator from Oregon [Mr. CORDON].

The result was announced—yeas 48, nays 16, as follows:

YEAS—48

Aiken	Holland	Magnuson
Anderson	Humphrey	Maybank
Baldwin	Hunt	Millikin
Capehart	Johnson, Colo.	Morse
Chapman	Johnson, Tex.	Murray
Connally	Johnston, S. C.	Myers
Douglas	Kefauver	Neely
Downey	Kerr	O'Mahoney
Eastland	Kilgore	Pepper
Flanders	Langer	Russell
George	Lodge	Saltonstall
Graham	Long	Stennis
Green	Lucas	Taylor
Gurney	McFarland	Thomas, Okla.
Hayden	McKellar	Thye
Hill	McMahon	Wiley

NAYS—16

Byrd	Hickenlooper	Schoeppel
Cain	Ives	Watkins
Donnell	Kem	Wherry
Ecton	McCarthy	Williams
Ferguson	Mundt	
Hendrickson	Robertson	

NOT VOTING—32

Brewster	Hoey	Smith, Maine
Bricker	Jenner	Smith, N. J.
Bridges	Knowland	Sparkman
Butler	Leahy	Taft
Chavez	McCarran	Thomas, Utah
Cordon	McClellan	Tobey
Dulles	Malone	Tydings
Ellender	Martin	Vandenberg
Frear	Miller	Withers
Fulbright	O'Conor	Young
Gillette	Reed	

So the Senate advised and consented to the nomination.

The VICE PRESIDENT. Without objection, the President will be notified forthwith of the confirmation of the nomination.

RURAL TELEPHONES

Mr. LUCAS. Mr. President, as in legislative session, I move that the Senate proceed to the consideration of the bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Illinois.

The motion was agreed to, and the Senate proceeded to consider the bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with amendments.

THE AMERICAN MERCHANT MARINE—RESOLUTION OF VETERANS OF FOREIGN WARS

Mr. MAGNUSON. Mr. President, I ask unanimous consent to present for appropriate reference and printing in the RECORD a resolution adopted by the Veterans of Foreign Wars, in convention assembled at Miami, Fla., August 25, 1949, relating to the American Merchant Marine.

There being no objection, the resolution was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

RESOLUTION 423

Whereas it is necessary for the national security and development of its foreign and domestic commerce that the United States shall have a merchant marine sufficient to carry all of its domestic water-borne commerce and at least one-half of its exports and imports, backed by a fleet of modern passenger vessels which can be converted to naval auxiliaries and troop transports in event of emergency; and

Whereas our present American merchant marine is not sufficiently well balanced to serve the needs of our national security, and our commerce: Now, therefore, be it

Resolved by the Fiftieth Annual Convention of the Veterans of Foreign Wars, That it urge:

ENCOURAGE PRIVATE INDUSTRY

1. That the United States Government adopt a sound and continuous policy which will encourage private industry to construct, maintain, and operate American merchant ships adequate to meet the needs of our domestic and foreign commerce and necessary to meet the national security requirements of the Nation.

2. That Congress make sufficient funds available to preserve and maintain the National Defense Reserve Fleet to the end that it may be immediately available in event of emergency.

CARGOES FOR AMERICAN SHIPS

3. That as a national policy American-flag ships should carry at least one-half of the Nation's foreign trade including all grants-in-aid and goods and services financed by taxpayers' funds and shipped abroad or purchased overseas.

4. That the merchant shipping of Germany and Japan be limited to an extent consistent with their domestic economic recovery, and that neither again be allowed to threaten the peace.

PREVENT DISCRIMINATIONS ABROAD

5. That the Government take such action as will guarantee fair and equitable treatment of American ships in foreign ports in handling international commerce, free from discriminations of all character as is already provided foreign merchant ships in American ports.

6. That the Government recognize the national defense value of the Panama Canal, and that private commercial shipping of all nations be charged only such tolls as reflect the actual operating costs of transiting such vessels.

7. That the Government take action to remove and/or remedy discriminatory practices and unfair and noncompensatory rate

schedules by other forms of transportation which presently are prohibiting the full re-establishment of domestic shipping.

RECESS

Mr. LUCAS. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 11 o'clock and 40 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, October 5, 1949, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate October 4 (legislative day of September 3), 1949:

SUPREME COURT OF THE UNITED STATES

Sherman Minton to be Associate Justice of the Supreme Court of the United States.

HOUSE OF REPRESENTATIVES

TUESDAY, OCTOBER 4, 1949

The House met at 12 o'clock noon.

Dr. C. E. Matthews, secretary of evangelism, Home Mission Board of the Southern Baptist Convention, offered the following prayer:

Our heavenly Father, it is with deepest gratitude in our hearts for Thy mercy to us, and with the sincerest humility that we are capable of, that we approach Thy throne of grace today.

We recognize the fact that we not only stand in the presence of an august assembly of people but that we are in the holy presence of the One who spoke the worlds into existence, who holds the destiny of nations in His hand and who shall someday judge all men without regard to race or color.

Because of Thy power and ability to supply all the needs of mankind regardless of conditions or circumstances, we earnestly beseech Thee now to give wisdom, health, and moral courage to those who are in authority in this Nation and to all who are trusted servants of the people.

In these testing times, help that the decisions on the part of leaders of all nations that affect the peace of the world be made in the fear of God and for the welfare of humanity the world over.

These blessings we ask in the name of Christ our Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H. R. 1437) entitled "An act to authorize the composition of the Army of the United States and the Air Force of the United States, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD, Mr. CHAPMAN, Mr. JOHNSON of Texas, Mr. GURNEY, and Mr. SALTONSTALL to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 5332) entitled "An act to amend section 3 of the act of June 18, 1934, relating to the establishment of foreign-trade zones," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. GEORGE, Mr. CONNALLY, Mr. BYRD, Mr. MILLIKIN, and Mr. WILLIAMS to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1407) entitled "An act to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes."

COMMITTEE ON BANKING AND CURRENCY

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may sit today during general debate on the bill H. R. 6000.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. MILLER of Nebraska. Mr. Speaker, reserving the right to object, what bill is the committee considering?

Mr. SPENCE. We are considering the bill that guarantees foreign investments.

Mr. MILLER of Nebraska. Mr. Speaker, I object.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first bill on the Private Calendar.

WADE H. NOLAND

The Clerk called the first bill on the Private Calendar, H. R. 2854, for the relief of Wade H. Noland.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Wade H. Noland, Waynesville, N. C., the sum of $145.50, in full settlement of all claims against the United States for services rendered as United States commissioner, western district of North Carolina, during the quarters ending October 31, 1946, and January 31, 1947, but not paid because the account covering such services was not rendered within the time prescribed by law: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ERNEST J. JENKINS

The Clerk called the bill (S. 377) for the relief of Ernest J. Jenkins.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. DOLLIVER. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

WIDOW OF ROBERT V. HOLLAND

The Clerk called the bill (S. 1834) for the relief of the widow of Robert V. Holland.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Air Force shall cause to be paid, out of funds appropriated for pay of the Air Force current at the time of payment, to the widow of Robert V. Holland (ASN O-32325), late a major in the United States Air Force, who died on December 5, 1947, such sum as would otherwise have been paid to said widow as a death gratuity under the act of December 17, 1919, as amended (U. S. C., title 10, sec. 903), had the said Robert V. Holland died while in a pay status and while holding the rank of major on the date of his death.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SEAMAN SECOND CLASS JOSEPH T. SYPKO

The Clerk called the bill (H. R. 2087) for the relief of S2c Joseph T. Sypko.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $412.50 to S2c Joseph T. Sypko in full settlement of all claims against the United States for allowances in lieu of quarters for the period from February 7, 1944, to January 1, 1946, while serving as seaman second class in the United States Navy.

With the following committee amendments:

Page 1, line 6, strike out "Seaman Second Class."

Page 1, line 9, strike out "as seaman second class."

Page 1, line 10, after the word "Navy:", insert: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Joseph T. Sypko."

A motion to reconsider was laid on the table.

PATENT TO PAUL HIGH HORSE AND ANNA HIGH HORSE

The Clerk called the bill (H. R. 2919) authorizing the issuance of a patent in

fee to Paul High Horse and Anna High Horse.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to issue to Paul High Horse and Anna High Horse, of Wanblee, S. Dak., a patent in fee to the following-described land situated on the Rosebud Indian Reservation in the State of South Dakota: Allotment No. 6902, northwest quarter, section 24, township 36 north, range 25 west, of the sixth principal meridian, South Dakota, containing 160 acres.

With the following committee amendment:

Page 1, line 10, after the word "acres:", insert: "*Provided,* That when the land herein described is offered for sale, the Rosebud Sioux Tribe of Indians of the Rosebud Reservation of South Dakota, or any Indian who is a member of said tribe, shall have 90 days in which to execute preferential rights to purchase said tract at a price offered the seller by a prospective buyer willing and able to purchase."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PATENT TO JESSIE AMERICAN HORSE

The Clerk called the bill (H. R. 5105) authorizing the issuance of a patent in fee to Jessie American Horse.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to issue to Jessie American Horse, of Kyle, S. Dak., a patent in fee to the following described land situated on the Pine Ridge Indian Reservation in the State of South Dakota: Allotment No. 645, south half, section 2, township 37 north, range 41 west, of the sixth principal meridian, South Dakota, containing 320 acres.

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That the Secretary of the Interior is hereby authorized and directed to sell the trust allotment No. 645 of Returns Warrior, deceased Pine Ridge allottee, described as the south half of section 2, township 37 north, range 41 west, sixth principal meridian, South Dakota, containing 320 acres, conveyance to be made by deed or the issuance of a patent in fee to the purchaser and to disburse the proceeds of such sale to Jessie American Horse for her benefit."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to authorize the sale of certain allotted inherited land on the Pine Ridge Reservation, S. Dak."

A motion to reconsider was laid on the table.

CANADIAN-BUILT VESSEL "NORTH WIND"

The Clerk called the bill (H. R. 3605) to provide for the documentation of the Canadian-built vessel *North Wind,* owned by a citizen of the United States.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Commissioner of Customs is authorized and directed to cause to be documented under the laws of the United States the Canadian-built vessel *North Wind,* bearing Coast Guard motorboat identification No. 10F1350, and owned by Joseph F. Kutis, a citizen of the United States, in order that such boat may be operated as a commercial fishing vessel.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. That concludes the bills eligible for call on the Private Calendar.

SOCIAL SECURITY ACT AMENDMENTS OF 1949

Mr. SABATH. Mr. Speaker, I call up House Resolution 372 and ask for its immediate consideration.

CALL OF THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 213]

Abbitt	Gregory	Norblad
Bailey	Hall,	Norton
Barden	Edwin Arthur	O'Hara, Minn.
Baring	Hall,	O'Neill
Bland	Leonard W.	Patman
Blatnik	Hardy	Pfeifer,
Bolton, Md.	Harrison	Joseph L.
Bolton, Ohio	Harvey	Pfeiffer,
Bonner	Hays, Ohio	William L.
Bosone	Hébert	Phillips, Calif.
Brambiett	Heffernan	Poage
Brehm	Hinshaw	Powell
Buckley, N. Y.	Huber	Reed, Ill.
Bulwinkle	Irving	Reed, N. Y.
Burnside	Jackson, Calif.	Rhodes
Byrne, N. Y.	Javits	Ribicoff
Carlyle	Jennings	Richards
Chatham	Jonas	Richlman
Chudoff	Jones, N. C.	Roosevelt
Cole, N. Y.	Keating	Scott,
Cooley	Keogh	Hugh D., Jr.
Coudert	Kilburn	Smathers
Crosser	Klein	Smith, Ohio
Davies, N. Y.	Kunkel	Staggers
Deane	Larcade	Stanley
Dingell	Lovre	Stockman
Donohue	McConnell	Tauriello
Douglas	McMillan, S. C.	Taylor
Elston	McMillen, Ill.	Thomas, N. J.
Engle, Calif.	McSweeney	Towe
Feighan	Mack, Ill.	Underwood
Fellows	Mansfield	Wadsworth
Fernandez	Merrow	Walter
Furcolo	Miller, Calif.	Whitaker
Garmatz	Miller, Md.	Whitten
Gary	Morrison	Willis
Gilmer	Morton	Withrow
Gorski, N. Y.	Multer	Woodhouse
Granahan	Murphy	Worley
Green	Nelson	

The SPEAKER. On this roll call 311 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FILIPINO REHABILITATION COMMISSION

The SPEAKER. Pursuant to the provisions of Public Law 381, Seventy-eighth Congress, the Chair appoints as a member of the Filipino Rehabilitation Commission the gentleman from Michigan [Mr. CRAWFORD] to fill the existing vacancy thereon.

TERRITORIAL EXPANSION MEMORIAL COMMISSION

The SPEAKER. Pursuant to the provisions of Public Resolution 32, Seventy-third Congress, the Chair appoints as a member of the United States Territorial Expansion Memorial Commission the gentleman from California [Mr. WHITE] to fill the existing vacancy thereon.

SOCIAL SECURITY ACT AMENDMENTS OF 1949

The SPEAKER. The Clerk will report the resolution offered by the gentleman from Illinois [Mr. SABATH].

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 4 days, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by the direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Illinois [Mr. SABATH] is recognized for 1 hour.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SABATH. This rule makes in order H. R. 6000, the social security bill amendments, which both parties have endorsed. It is a closed rule providing for not to exceed 4 days general debate and waives all points of order. Only the Committee on Ways and Means has the right under this rule to offer amendments.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. MICHENER. This is a short rule. All it does is to permit the House to talk for 4 days and then do nothing about it. Is that right?

Mr. SABATH. Oh, no. I differ with the gentleman. The House will have plenty of opportunity to do something about it, as I shall point out later. I concede it is a closed rule, and I presume some of the gentlemen on the other side will say, "You have been opposed to closed rules." I admit that I opposed closed rules, but this was before I became well informed as to the activities and procedures of the House. However, since I have acquired greater knowledge on legislation in the interest of the people and the country as the years went by, I concluded that sometimes it is necessary on important legislation such as this and on tariff and revenue measures to bring in a closed rule. Yes; I shall oppose closed rules again whenever they do not provide for legislation in the best interest of the people and the country, as you Republicans usually bring in. As I shall point out, if I may proceed without interruption, without a closed rule the orderly procedure of the House would be jeopardized.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I am indeed sorry but I do not have the time.

Mr. BROWN of Ohio. The gentleman will yield to me, will he not?

Mr. SABATH. Yes, I yield.

Mr. BROWN of Ohio. What the gentleman is trying to tell the House is that for the first 40 years of his service he opposed gag rules, and the last 2 years he has been in favor of them.

Mr. SABATH. The gentleman is again wrong as it is very easy for him to be wrong——

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I wish I could yield to everybody but I do not have the time.

Mr. Speaker, lest I forget, I wish to state that I am indeed proud of my Democratic colleagues, Chairman DOUGHTON of the Ways and Means Committee, Mr. COOPER, Judge MILLS, and Mr. CAMP, because never before have I witnessed such an able presentation by a committee on behalf of a rule. Nearly every provision in the bill was thoroughly and intelligently explained. Every query propounded to these gentlemen was answered most satisfactorily—and there were many, especially on the part of the gentleman from Ohio [Mr. BROWN], and others.

The bill will extend and improve the Federal Old-Age and Survivors Insurance System and amend the public assistance and child welfare provisions of the Social Security Act. It consists of 201 complicated pages. The Ways and Means Committee devoted nearly 6 months of tireless effort, toil, study, and consideration to this bill, hearing over 250 witnesses both for and against. The bill was reported by the Ways and Means Committee by a vote of 22 to 3. I as well as the majority of the Committee on Rules believed that such effort, study, and consideration, placed the Ways and Means Committee in the best position to determine the type of rule that would be required. The able chairman of the Ways and Means Committee, the gentleman from North Carolina [Mr. DOUGHTON], was instructed by his committee to request a closed rule which the Committee on Rules finally reported. For years tariff and other complicated revenue bills emanating from the Ways and Means Committee always were considered by the House under a closed rule. During the hearings before my committee it was contended that some Members have amendments that they would like to offer and under a closed rule they would be precluded. As a matter of fact, my colleague from Illinois [Mr. MASON] said he would personally like to offer some 40 or 50 amendments to this bill. Now then if only one-tenth of the Members offered one-tenth of the amendments that the gentleman from Illinois [Mr. MASON] would like to offer, we would have over 220 amendments, and if on the average, each amendment offered had two Members making 5-minute speeches for and against—that being 20 minutes on each amendment—almost 4,400 minutes or months of time would be consumed thereon. Is any nonmember of the Ways and Means Committee so conceited and vain to believe that he would be in a better position, without having the advantage of 6 months of hearings and deliberations, to improve the bill? Surely, I doubt whether this is possible.

Certainly this is not a perfect bill; it is rather a compromise bill, as is all legislation. Personally, I would like to see the bill broadened so as to include some of the exclusions made by the Ways and Means Committee. All things being equal, however, the Ways and Means Committee, under the very able leadership of Chairman DOUGHTON, did a splendid job on their difficult and arduous task and deserve the praise and gratitude of the House and the country.

Mr. Speaker, my Republican friends and particularly the gentleman from Michigan [Mr. MICHENER], contend that they will have no opportunity to register their views under this rule. On the contrary they will have four chances to vote, namely: First, on the previous question; second, on the rule, and those who are desirous of seeing the bill killed can vote against the rule; third, again, those opposed to social security can vote to recommit and if they fail, and I hope they will; fourth, they can vote against the bill.

Answering the gentleman from Ohio [Mr. BROWN], who complained about a closed rule, the chairman of the Committee on Ways and Means, the gentleman from North Carolina [Mr. DOUGHTON], made a statement before the Rules Committee on October 1, pointing out the record of the two parties on this legislation.

Mr. DOUGHTON stressed his deep interest in this legislation since 1935, and pointed out that nothing was done in amending the Social Security Act from 1939 to 1946 because the Congress was dealing with far more important problems, namely, the war. When the Republicans took over control of Congress in January 1947, it was not until June 1948, the second session of the Eightieth Congress, that they gave any consideration to social security and this was 18 days before final adjournment when they reported a bill upon which no hearings were held because it was not considered important enough to hold hearings. In the Eighty-first Congress, however, under Democratic control, we introduced two bills as the basis for study during the second month of this session.

I wish to point out further that on the very day the bill was reported by the Republican Eightieth Congress in June 1948, Mr. REED went before the Committee on Rules of which I was ranking minority member, requesting a closed rule—a closer rule than in the present instance.

Here is the rule Mr. REED requested at that time:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 6777, to extend the coverage of the old-age and survivors insurance system, to increase certain benefits payable under such system, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

No one can justly deny the facts presented by the gentleman from North Carolina, Chairman DOUGHTON. All this proves that the action of the majority surely is more liberal and democratic than the action taken when the Republicans were in control, unfortunately, in the Seventy-first Congress and in the years before.

Consequently, I feel that the attack and opposition to this rule and the bill which will be forthcoming on the part of the Republicans, is purely for political purposes so as to mislead the people of our country. Notwithstanding that they claim they are for the bill, their acts belie the facts. The opposition will tell you that more time should have been given to consideration of this bill and its subject matter on the part of the

Members and their constituents. Personally, I feel that if all the Members of the House, who are not instructed for political reasons to oppose this legislation, had an opportunity to observe the sincerity and hear the testimony of Chairman DOUGHTON, Mr. COOPER, Judge MILLS, and Mr. CAMP, they would be thoroughly satisfied that this bill and every provision contained therein has been carefully considered and sufficient justification for every provision was made before the committee reported out the bill.

Mr. Speaker, as I said before, this rule should and will be adopted in order to insure orderly procedure and it will, at the same time, give the country and the Senate sufficient additional time to familiarize themselves more thoroughly with the bill and resultant approval when the Senate meets next session.

As a matter of fact, the bill, H. R. 6000, was reported on August 22, 1949, and the report was available on August 23, 1949. Copies have been available to each and every Member of the House. The gentleman from North Carolina, Chairman DOUGHTON, issued a press release on August 15, 1949, setting forth in detail all the provisions of the bill, and which press release was embodied in the CONGRESSIONAL RECORD for the information of the Members and the country. Therefore, Mr. Speaker, none can claim or justly maintain that they had insufficient time to familiarize themselves with the bill and its provisions.

I fully appreciate the fact that the life-insurance companies have been busy with their propaganda and lobby efforts in an attempt to defeat this bill. They are not satisfied with over $55,000,000,000 worth of assets and the fact that they have outstanding over 193,100,000 policies with a face value of $207,000,000,000. Notwithstanding this, they still oppose this worth-while legislation which the people demand. The average life expectancy has increased considerably, yet the premiums have not decreased proportionately. It took the American life insurance companies almost 50 years to adopt a new experience of mortality in revising rates.

Mr. Speaker, the record is very clear that private insurance companies have not accepted their responsibilities in providing the benefits outlined in this bill. It becomes clearly the responsibility of the Government so to do.

Mr. Speaker, on March 28, 1912, I was privileged to introduce a resolution in the Sixty-second Congress, House Joint Resolution 283, which was for the purpose of creating a committee to investigate the various systems of old-age pensions and annuities in the hope that favorable action would be obtained in the then very near future. I take the liberty of inserting at this point:

[H. J. Res. 283, 62d Cong., 2d sess.]

Joint resolution for the appointment of a committee to investigate the various systems of old-age pensions and annuities

Resolved, etc., That a joint committee be, and it is hereby created, consisting of three Members of the Senate to be appointed by the President of the Senate and three Members of the House of Representatives to be elected by the House, for the purpose of making a thorough investigation of the subject of old-age pensions and annuities, said committee to submit a report to the Congress of the United States not later than December first, nineteen hundred and thirteen.

SEC. 2. That to carry out the purpose of this resolution the committee hereby created is authorized to employ persons who are familiar with the subject and to take such other steps as are necessary to make a thorough examination into the matter.

SEC. 3. That all expenses of said committee, for all time in which said committee shall be actually engaged in this investigation shall be paid, out of any funds in the Treasury of the United States not otherwise appropriated, on a certificate of the chairman of said committee, who shall be selected from the membership of the committee named under this resolution, and the sum necessary for carrying out the provisions of this resolution is hereby appropriated: *Provided*, That the total expenses authorized by this resolution shall not exceed the sum of $15,000.

SEC. 4. That any vacancy occurring on said committee shall be filled in the same manner as the original appointments were made.

SEC. 5. That to carry out and give effect to the provisions of this resolution the committee hereby created shall have power to issue subpenas, administer oaths, summon witnesses, require the production of books and papers, and receive testimony taken before any proper officer in any State or Territory of the United States.

This subject is very close to my heart, and I naturally am interested in the bill before us which broadens the Social Security Act passed by us in 1935 and amended in 1939. I hope that in the next session and in future Congresses we can still further broaden the benefits and scope of the Social Security Act so as to include everyone.

I am confident that the rule will be adopted and the bill will be passed.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself 5 minutes.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I am amazed and deeply grieved to see the dean of the House, the chairman of the important Committee on Rules [Mr. SABATH], known for more than four decades as a great liberal, come into the House and sponsor one of the most reactionary pieces of legislation which has ever been presented to this body—a closed rule or a gag rule on an important piece of legislation in which will be fixed public policy in perpetuity, or for as long as this Government stands. I am amazed, chagrined, and grieved that a man of his reputation as a liberal, and others who are supporting him, would come to this House and say to you Members "We cannot trust you; we cannot accept your judgment on this important legislation; we cannot permit you to pass upon the public policies of this country; instead, we must insist that you accept a gag which will require you to vote for or against this legislation in its entirety; that you must either be branded as opposed to all social security or you must accept many of the provisions of this bill which are, indeed, questionable."

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I am sorry; I cannot yield.

You say that 15 men, a bare majority of the Committee on Ways and Means, must do the thinking for this great House of Representatives, that we must pass this legislation quickly and hurriedly; and then if any errors are found after it goes over to the Senate, where they tell frankly that it will not be considered until January, February, March, April, May, June, or July—only the Lord knows when—that if any mistakes are found, the Senate can correct them.

I believe the Members of this House want the right kind of social-security legislation, and I also believe that the membership of this House has the judgment and the wisdom to pass a good social-security bill. I believe there is a recognition among all of us that if we make a mistake on this bill the result may easily be the wreckage of the whole Social Security System, or bankruptcy for our National Treasury. So we want to be sure as to what we do here.

Some talk about the use of gag rules before. Mr. Speaker, the original Social Security Act which was passed in 1935 was considered under an open rule. Oh, that was a great legislative body back in 1935; you could trust the Members of the House of that day to use good judgment in passing upon an important bill. And then in 1939 when the legislation was amended it was considered under an open rule. The House of that day was also a great legislative body, with men of responsibility and judgment. You could trust them to legislate. Then in 1946 again the Social Security Act was amended under an open rule—by another great legislature. The men and women of the House in 1946 could be trusted to work their will, for they were men and women of sound judgment, sufficient to pass upon policies of the Government at that time. But not in this Congress.

In the Eightieth Congress there was a piece of legislation providing certain amendments to the Social Security Act which had been reported, if you please, by the unanimous vote of the Committee on Ways and Means. There was no opposition at all to that bill. It was taken up under suspension of the rules, and there was no real opposition to it. Everyone supported the bill. There was no question of public policy involved, and there were no basic fundamental concepts of the Government's responsibilities to the people involved in that legislation.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself two additional minutes.

Mr. Speaker, in this case, however, we are being told, despite the fact the great Committee on Ways and Means of this House worked for 6 months in considering this legislation, 4 months of which were in executive session where the rest of us did not know what was going on, that we cannot be given time to read or study the bill or discuss it with our constituents, and that the American people

generally should not be given time to consider it. We are told that we must accept this bill as is under a gag rule, and, as in the days of the German Reichstag, we sit here and just vote "ja."

Mr. Speaker, it will be a sad day for the United States of America and for representative government in this country and elsewhere when you bind and gag this House, the most deliberative body in the world, under a rule like this which will not permit us to even pass upon the questions of policy involved in a bill of the utmost importance to the people and to the economy of this Nation.

The SPEAKER pro tempore. The time of the gentleman from Ohio has again expired.

Mr. SABATH. Mr. Speaker, I yield 4 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, it is rather interesting and amusing to watch the outward indignation of my good friend from Ohio [Mr. BROWN]. Last year as a member of the Committee on Rules the gentleman from Ohio voted for the same kind of a rule. Now he protests against the same kind of a rule when a Democratic controlled Rules Committee reports its out.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield for a question?

Mr. McCORMACK. The gentleman would not yield to me.

Mr. BROWN of Ohio. I mean for a correction.

Mr. McCORMACK. I yield to the gentleman.

Mr. BROWN of Ohio. I would like to correct the gentleman and say that I was not in Washington and did not participate in the meeting of the Rules Committee and did not vote for that rule. I happened to be up in Philadelphia trying to save the country by endeavoring to get the right kind of a candidate for President.

Mr. McCORMACK. If the gentleman had been here would he have voted in the Rules Committee for that rule?

Mr. BROWN of Ohio. I would have probably done the same thing the gentleman did; I would have supported the legislation under suspension of the rules.

Mr. McCORMACK. And would have voted for the gag rule. So the argument of the gentleman from Ohio falls to the ground because he is completely inconsistent.

Last year both the Democrats and Republicans of the Committee on Ways and Means asked for the closed rule. It was unanimous last year. There was no partisan fight made last year. We did not fight the closed rule, because we recogized that in legislation of this kind there is a practical situation that confronts the House and this type of legislation is an exception to the general rule of bringing legislation up under the regular rules of the House. But after the rule was reported out, not content with bringing it up under a closed rule, with both parties in agreement, and preserving to the Democratic Party its inherent right to a motion to recommit, the purpose of which is to enable the minority party to establish its record for the country, the Republican leadership brought that bill up under suspension of the rules in 1948.

When my friend from Ohio talks about putting anybody behind the eight ball, certainly that was putting this House behind the eight ball: an agreement was made for a closed rule in the committee, a rule was reported out, it reserved the right to recommit, and then the Republicans took it away from us Democrats under suspension of the rules. That is one thing the Democratic Party has never done, and it is one thing that the Democratic Party would never sink to a political low to do. What about the housing bill last year? The Republicans reported that out. Did they give us even a closed rule, reserving to the Democrats the right to recommittal, which we are doing in this rule? No. They brought it up under suspension of the rules because they knew if they brought it up even under a closed rule, with a motion to recommit, we would have put public and low-cost housing in there, and they knew that they could not have controlled their own membership, and a motion to recommit would have carried.

So, the talk of the gentleman from Ohio is just outward. Inwardly he knows that he is talking inconsistent with his own expressions.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts has expired.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, now that we have gotten through with a lot of oratory, I hope we will get down to the serious aspects of this situation, because it is serious. We are considering one of the most important pieces of legislation that any Congress has ever been called upon to consider. It involves more than 50,000,000 of our people and their families.

Let us just for a minute trace the origin and the genesis of this proposed legislation. This proposed legislation came up to the House of Representatives in two bills. They were not prepared by any member of the Committee on Ways and Means. Who prepared them? I cannot tell you who prepared it, but I think it is safe to say that Mr. Altmeyer prepared it. He no doubt prepared it and sent up two bills. They were H. R. 2892 and H. R. 2893. He expected them to be considered by the committee as two bills. There is no doubt about that. And that is the way that they were considered. One of them was a bill that took care of public assistance, such as old-age pensions, and the blind, and the dependent children, but this other one took care of what we call old-age and survivors' insurance. Now, the committee sat for 6 months considering these two bills. They considered them separately, but when the time came to present them to the House the Democrat members of the committee combined them for no other reason than to take the old-age pension and the blind pension and add those to the other bill to make it more palatable, so that the Members of this House would have to take the bad features of the bill in order to get the good features.

It has been said on this floor today that this bill is in the same category as the Reed bill of last year. This is not accurate. There is no comparison with it. As to the Reed bill of last year, the Committee on Ways and Means, both Democrats and Republicans, as far as I know, unanimously agreed that we would recanvass this whole proposition and bring in some necessary amendments. The old-age people needed to be taken care of, as well as the blind people, and many other problems had arisen, and a subcommittee containing some of the best men on the Committee on Ways and Means was appointed. The subcommittee consisted of some of the finest men on both sides. What did they do? They did not indulge in any partisan politics of any kind. They brought forth a bill that everybody could agree with. Every Democrat and every Republican on the committee supported it. And, they went before the Committee on Rules near the end of the session. The session was about to close, and no doubt they wanted to bring up that bill and do something about it. Within a few days the session did close. We went before the Rules Committee to get a rule, and everybody agreed, and there was not a Democrat there to dispute it that I know of, except one who objected, I think, because he wanted a more liberal bill than the Reed bill. After the rule was voted out by the Rules Committee it was never called up for consideration by the House.

It was not necessary. We decided that the Reed bill was so popular that it would carry through on a suspension of the rules on a two-thirds vote. Who was there to object on a two-thirds vote? Who stood up on the Democratic side and opposed the Reed bill, on a two-thirds vote? Nobody did. They were, no doubt, present and agreed to this procedure. The bill passed, as I remember, by a vote of more than 200 to 2. There were only two opposed to it.

Heretofore it has been the custom, and a lot of you Members have never liked it, for the Committee on Ways and Means to ask for a closed rule because they were purely tax bills. Some of you voted against all these gag rules. Some of you did not vote against them, but you felt in your heart that you should, because it really was not the American way to legislate. The Committee on Ways and Means has never, so far as I know, asked for a closed rule unless it was practically a unanimous matter or unless it was a tax matter or a tariff matter. This is not a tax matter, this is not basically a tax matter, it is a social-security matter. You take the provisions relating to the blind and the provision relating to old-age pensions and you throw them all in this one bill to make it popular enough so that you can pass something that Altmeyer wants to put over on you. That program is not a great deal short of the great welfare state we hear talked about so much. This gag rule is an intrusion on the rights of every Member of

this House. The laboring men have always stood up in their union meetings and advocated local autonomy. They want self-autonomy; they want the right to speak. Now you give them and all the other Members of this House 4 days to talk in general debate, but you do not give them the right to amend any portion of this bill. This is not right. In all my service I have never seen such brazen usurpation of the rights of Members of Congress. In effect, you say to every Member that unless you are a member of the Ways and Means Committee you do not count.

Mr. Speaker, every Member in this House represents a congressional district and no Member represents more than one district.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. COX.]

Mr. COX. Mr. Speaker, in spite of my very great misgivings about this social-security bill, I can find no reason why I should oppose the request of the Committee on Ways and Means for a closed rule for its consideration. There is nothing extraordinary about the request of that committee and nothing unusual in the action of the Rules Committee. Most measures of a highly technical nature that come from the Ways and Means Committee are considered under a closed rule, and this is a technical and complicated bill.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield to the gentleman from Indiana.

Mr. HALLECK. Is it any more technical than exactly the same sort of bill that comes from the Committee on Interstate and Foreign Commerce covering railroad workers?

Mr. COX. I do not know that it is, but my faith in the soundness of the judgment of the Committee on Ways and Means was the basis of my going along and favoring a closed rule.

The law of the majority is the law that governs all human activity. The majority of the Committee on Ways and Means asked for this closed rule, and the Committee on Rules, in keeping with its record on similar matters, acceded to that request.

I have been a member of the Committee on Rules for a long time and I do not recall a single instance where the Committee on Ways and Means requested a rule of a particular type that the Committee on Rules did not accede to that request and accommodate the desire of the Ways and Means Committee.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield to the gentleman from Nebraska.

Mr. CURTIS. Does the gentleman believe we should extend social security, including total and permanent disability insurance, to the Virgin Islands and Puerto Rico, without the House of Representatives voting on that particular issue?

Mr. COX. Let me say in response to the gentleman that if I had been writing the bill or had participated in the preparation of the bill, I would have favored a measure of a different type in some particulars. But the Committee on Ways and Means requested this kind of rule in order to protect the integrity of the measure—a measure which the committee insists is a good bill.

Mr. Speaker, I have been a reasonably close follower of important debates in the House of Representatives and I want to say that in my long experience as a Member of this body I have never seen Members exhibit so fine an understanding of the questions at issue as was evidenced by the members of the Committee on Ways and Means who came before the Committee on Rules on the application for this rule.

The membership of this House will be richly compensated for the time they devote to sitting here and listening to the debate that will follow because, if the members of the Committee on Ways and Means measure up in any degree to the high standard set in their appearances before the Committee on Rules, it will be the finest debate that has been held in either House of Congress in many years.

The leadership in its judgment thought it well that this measure be considered under a closed rule. They are convinced that the Committee on Ways and Means in the 6 months of devoted study that it has given to the whole question has come up with a sound, conservative, and workable bill and for that reason thought it well that it be considered as an entity, and I think it well that it be considered at this time because, as was observed by the chairman of the Committee on Rules, it will give the country an opportunity to inform itself on all of its particular provisions and afford the Senate the benefit of public reaction by the time that consideration is had in that body.

The SPEAKER pro tempore. The time of the gentleman from Georgia has expired.

Mr. BROWN of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Speaker, I have long been an advocate of broadening our old-age and survivors' insurance law and sharply increasing the benefits thereof. I introduced three bills for this purpose. I voted to report the bill H. R. 6000 to the House. I expect to vote for the bill on final passage.

However, there are many grave defects in the bill which ought to be corrected. Most of these are outlined in the views of the minority on page 157 of the committee report. Our recommendations are not unimportant. Our suggestion No. 2 will save the taxpayers of this country $800,000,000 annually. Our suggestion No. 9 will save the taxpayers over $1,000,000,000 annually. There are grave questions of policy which should be decided by the Congress itself. Certainly we should not have a gag rule and deny the Members of the House an opportunity to improve this bill.

Mr. Speaker, I yield back the balance of my time.

Mr. HOLMES. Mr. Speaker, I listened with a great deal of interest to the remarks of the distinguished chairman of the Rules Committee when he was presenting the resolution. If I remember correctly, he made the statement that the Republicans had nothing to offer in relation to this legislation. I would like to call the attention of the membership of the House to H. R. 6297, introduced by the gentleman from New Jersey [Mr. KEAN] as a basis of legislation which I think should be considered by the membership of the House. Hence I am against the gag rule, which permits no amendments. In the content of H. R. 6297 you will find some important suggestions and changes over and above the administration bill. This statement I make as an advocate of the broadening of social-security coverage and of increasing social-security benefits. I think it would be only right and just to have the will of the majority work itself in relation to this piece of legislation, as well as other amendments that may be offered, as well as the legislation contained in H. R. 6000. Being a member of the committee that worked some 28 weeks upon H. R. 6000, I hope that the membership of the House will pay close attention during the general debate on the bill to the suggestions made in the Kean bill, H. R. 6297.

The SPEAKER pro tempore. The time of the gentleman from Washington [Mr. HOLMES] has expired.

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. MCGREGOR].

Mr. MCGREGOR. Mr. Speaker, I am opposed to the resolution which is now before us for consideration, known as House Resolution 372, which certainly can be categoried as a gag rule. This resolution prevents any amendments being offered to the social-security bill, known as H. R. 6000.

I am of the opinion if we continue to follow the procedure of adopting gag rules, we will soon have dictatorship. We have 435 Members of this House of Representatives. Each of us has been elected by our respective districts to come to the Congress so that the people will have an opportunity to express their views through us as their Representatives. House Resolution 372 definitely hinders that orderly procedure. As it is drawn, we are not given the opportunity to submit, in the form of amendments, any suggestions or opinions that we might have. In other words, we have to accept H. R. 6000 as it is written and recommended by the Ways and Means Committee without the crossing of a "t" or the dotting of an "i". In my opinion, we are yielding our rights and prerogatives to the Ways and Means Committee of 25 members and by our actions state that their views are absolutely correct and should not be changed in any manner.

Mr. Speaker, this kind of action certainly is not a symbol of the freedoms for which many of us have fought. I have just finished conferences in my district and over 600 people came to the courthouses to express their views and many of them on the subject of social

security, and may I say, Mr. Speaker, many of their suggestions merit the consideration of this Congress. Yet, under this rule I am not allowed in the form of amendments to submit their views as well as my own for the consideration of this body.

I am going to vote against House Resolution 372 because I firmly believe it is the right of all of us, as Members of this Congress, to express on the floor of this House the suggestions, recommendations, and opinions of the people which it is our honor to represent.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Speaker, I realize that what I may say here will not be too well received by many of my friends and colleagues on my right.

As a member of the Rules Committee I did not oppose bringing out this rule to which, in my heart, I was opposed, because I thought, out of deference to those who requested it, that the House should have an opportunity to pass upon that question.

I realize further that what I may say will have no effect upon the ultimate issue to be decided today. I am in favor of most of the provisions of this bill. I want to go further in some respects than the committee went, but regardless of what effect or what reaction may come from what I have to say, I do realize that I have to live with myself, and somewhere down the line a man has got to be a man and express his own honest convictions regardless of party affiliations and expediency.

It is said that this is the only way that you can consider this type of bill. I do not agree with that at all. Let me remind you that when the original social-security bill was brought out on the floor of the House in 1935 by a Democratic Party, it was brought out under an open rule. Again, when the Democratic Party was in power amendments to that bill were considered under an open rule. It is also said that the Republicans brought out an even worse gag rule in the Eightieth Congress. I do not deny that; I am inclined to affirm it. I think they were wrong, yet we are asked today to do another wrong to retaliate.

I do not want to see remain in this bill the provision about domestic servants. Every one of you is going to hear about this when you get home.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I am sorry. I will yield if the gentleman will yield me a little further time.

Mr. SABATH. I have not got it.

Mr. COLMER. Then, I am sorry but I cannot yield. I do not like that provision of the bill; I want an opportunity to strike it out. I do not like that provision of the bill which provides for the inclusion of Puerto Rico and the Virgin Islands into this system, a people who have possibly the lowest type of economy in the world, and yet, we would further burden our people by including them.

More than that, Mr. Speaker, we are legislating for the next 50 years or more, and yet we are not given an opportunity to dot an "i" or cross a "t." Mr. Speaker, I mentioned my objection to the provision for domestic servants and the inclusion of the peoples of the Virgin Islands and Puerto Rico. Under the provisions of our social-security system, these are some of the provisions of the bill that I, as a Member of Congress representing a section of these United States, would like to have an opportunity to strike from the bill, but which, if this rule is adopted, I will not have.

I am sure that this House could be trusted to write a fair bill expressing the judgment of a majority of its Members. As I pointed out a moment ago, this body was trusted on two previous occasions to write this type of legislation and did a pretty fair job. But we are told in effect that the majority of Members of the House cannot be trusted, that we must rely on the judgment of the members of the Ways and Means Committee and take it or leave it. The only other consolation offered us is that the other body will consider the bill next year and that over there, the Members of that body will have every opportunity to express themselves under the rules of unlimited debate that prevail there and that maybe they will improve the bill.

In other words, a Member of the Senate will have an opportunity to strike these objectionable features from the bill on the floor of that body or to offer an amendment that any Senator may see fit to offer. But the Members of the House, although sharing equal responsibility with the Members of the Senate, must gag themselves and take the bill as reported by the Ways and Means Committee or leave it. This just does not make good sense.

Therefore, Mr. Speaker, realizing as I do that my course of action is not the popular one to pursue here, I shall nevertheless, on my own responsibility as a representative of more than 350,000 people, vote against this rule. I cannot, feeling as keenly as I do about this matter, yield to expediency. I make no appeal to any of my colleagues to vote as I do. You will be guided by your own conscience as I shall. I prefer your confidence and respect to your approbation.

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

Mr. BROWN of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Speaker, I have confidence in the House of Representatives. Down through the years the great pieces of legislation that have stood out have been those measures that have been debated here on this floor where the great minds of this House have clashed and submitted the issue to you, the Representatives of the people. In the last Congress it was the Taft-Hartley Act, before that, the original Social-Security Act and Current Payment Tax Act—I am not going to take my time to enumerate them all now. Do not deceive yourselves, this is not a technical tax bill; you do not need to be a tax expert to decide whether or not social security, including disability insurance, should be extended to the Virgin Islands and Puerto Rico. It is not right to gag this House on issues that come here from the committee with a vote of 13 to 12.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield?

Mr. CURTIS. If the gentleman will give me some more time.

Mr. DOUGHTON. Cannot the Virgin Islands proposition be taken care of in a motion to recommit?

Mr. CURTIS. Not adequately.

Mr. DOUGHTON. Can you not debate that for 4 days?

Mr. CURTIS. Too many Members of this House consider a motion to recommit as a vote against the legislation.

If I wanted to take a political position I would vote for this closed rule. But we are voting for all time to come; the social-security law will go on, and on, and on, or it will bankrupt this Government. I know from where the dissatisfaction is going to come. The people of the country are not satisfied with what has been done about domestic servants and the coverage of many other groups. You Members who support a closed rule here are going to hear from them. I have a telegram from an osteopath living in a little town of less than a thousand people. He is not satisfied. He wants an amendment presented. The citizens do not like gag rules.

Mr. Speaker, every small-business man in the country is in jeopardy under this bill. Let some little business spring up, started by GI's, for instance, which sells its product to people all over the country, who in turn sell the product to the public; years later the Social Security Administrator and the Treasury may come along and say that all of those salesmen were employees of this business and must pay a tax. They may have to go back and pay a tax for many years, even though it may break that business. Such language ought to be corrected by amendment, but with this gag rule no corrections can be made.

You Members who support a closed rule are subjecting yourselves to the criticism of every little-business man in the country because of the definition of an employee carried in this bill.

The SPEAKER pro tempore. The time of the gentleman from Nebraska has expired.

Mr. BROWN of Ohio. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. CURTIS. Mr. Speaker, I do not worry about the big employers. They can take care of themselves. It is the little fellow you are kicking around here. I disagree with the gentleman from Georgia when he says that this House should not pass on the question of extending social security to the Virgin Islands and Puerto Rico, where the benefits may exceed the annual income of many of their people. The House should be allowed to vote on that issue.

Mr. Speaker, we are voting a program for all time to come. It is not right that

we have a gag rule in the consideration of such far-reaching legislation.

What are you going to say when you go back home as to why you put the grocer under the Social Security Act and left the editor of the local paper out?

That is not a complicated tax question. All this talk about this being such a complicated matter that you cannot trust the Members of the House, is not justified. Is there anyone who doubts that when you insure the health of the people of this country through permanent and total disability insurance you are making a definite new step in social security? Yet the gentlemen of the Rules Committee have recommended a gag rule which makes it impossible for the House to vote on that step.

Mr. Speaker, the injustices in our old-age-assistance program are not cured by this bill. Many of us want to vote for amendments that will help our old people, but we cannot under a gag rule. The criticism of this gag rule will not fall upon the Republicans. If you Democrats are interested in a sound social-security system, if you believe in this bill, open up your rule and defend it. You do not need to worry about the great chairman of this committee or the gentleman from Tennessee being able to defend anything that is sound and worthy of passage. You gentlemen on the Democratic side have the votes. Why not vote down the previous question and defeat the gag rule.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, the chairman and the members of the Ways and Means Committee are deserving of the highest commendation for the outstanding service they have rendered the Congress and the country in bringing to the floor of the House H. R. 6000. The members of the committee have devoted the major part of their time since Congress convened last January, holding open hearings and closed executive sessions to perfect this social-security bill consisting of 200 printed pages.

The provisions of this bill as it pertains to various phases of the highly involved social-security legislation, are the result of long days of study and deliberation by the members of the committee covering a period of over 6 months.

H. R. 6000 was voted favorably out of the Ways and Means Committee by 22 out of 25 of its members. On last Thursday, Friday, and Saturday, various members of this committee appeared before the Committee on Rules and gave comprehensive testimony regarding the numerous and intricate provisions set out in this bill. Chairman DOUGHTON, Congressmen COOPER, MILLS, CAMP, FORAND, and other members of this great committee presented lengthy and exhaustive opinions and revealing statements in explaining the contents of this bill. Members of Congress who have not had the opportunity of attending the committee hearings on social-security legislation this session, should not fail to hear these committee members when they explain H. R. 6000 on the floor of the House during the 4-day debate which this rule calls for.

Every one of the above-mentioned Members specifically emphasized the necessity for the Rules Committee to report out a closed rule for the consideration of this legislation. It has been the policy of the House in years past, on all complicated legislation pertaining to tax matters and legislation involving complex provisions and restrictions, to consider the same under a closed rule.

In the long committee hearings held on this legislation, numerous organizations and individuals testified in open hearings as to their recommendations and opinions on practical social-security legislation. Old-age and survivors' insurance, public-assistance, and child-welfare provisions, and all phases concerning future economic insecurity and dependency were considered by the committee. Our Government has had 10 valuable years' experience in the administration of social security and this practical knowledge is embodied in the various phases of the legislation set out in the present bill. The enactment of this legislation expanding the present social-security law is a certain and natural step in the progress of our economy.

During the debate on this bill, arguments will be presented alleging that we are following a socialistic trend—the same arguments that were heard 10 years ago when the original social-security bill was enacted.

Today the opponents of a social-security program are so far in the minority that their opinions are not given serious consideration. Of course, there are honest differences of opinion in regard to the practical application and methods to be used in the installation of social-security regulations.

When I was home during the recent temporary recess, one of the questions that was uppermost in the minds of numerous citizens was why the Eighty-first Congress had not acted on a social-security program. The consideration of this bill today is the answer to their question. H. R. 6000 should be considered by this Congress in a thoroughly unpolitical manner. Partisan politics should not enter into the consideration of social-security expansion. Both great political parties last fall set out in their platform the endorsement and need for social-security expansion. President Truman and Governor Dewey in their campaign speeches on numerous occasions advocated and insisted that the country must take this progressive step to provide additional security and protection for the aged, disabled, and unemployed.

Had an expanded and practical social-security system been in operation during the 1920's, the deplorable depression of the early thirties would by no means have been as devastating as it was.

The enactment of this legislation will be the greatest step toward public contentment, future security for the home, and elimination of the fear of old-age want.

This legislation will be a great step toward curbing the spread of communism and the arguments used by radical communistic agitators.

By enacting H. R. 6000, this Congress is merely carrying out a promise made to the people last fall and also a compliance with the wishes of a vast majority of American millions who wish to be insured for the future protection of themselves and families.

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as he may desire to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, there has been much time spent in debating this unusual rule. It is said that we may talk about the rule for 4 days but can do nothing about it. That is true if the rule is adopted without change. The time will arrive within 10 minutes when we can do something about it, and what is that something? Vote down the previous question and then amend the rule so that the House may work its will in writing this bill.

It must be admitted that closed or gag rules have at times been sponsored by the party in power, regardless of whether it was Republican or Democrat. Be that as it may, the practice is not a wholesome one. I served on the Rules Committee for many years and have at times voted for closed rules. These rules were granted at the unanimous request of the Ways and Means Committee, regardless of the political affiliations of the members. In those cases the rule was used as it was intended to be used; that is, in the best interests of good legislation and of all the pepole.

I still believe that a comprehensive tax bill cannot be written on the floor of the House; must be written in committee; and that a closed rule is an instrument of efficiency when agreed upon unanimously by the committee and voted by the House. In contrast, the bill which this bill makes in order is most controversial. The committee report on the bill is 207 pages long and one seldom finds more divergent, individual committee views. In these circumstances, the House should have an opportunity to pass upon these questions of policy. If theoretical figures, taxes, or mathematics were involved, it might be different.

Now, assuming that closed rules have wrongfully been passed in the past, such wrongful action then does not justify a repetition of those same mistakes now. No one in this debate has attempted to justify gag rules; in fact, every speaker has condemned them. It is certainly inconsistent to criticize the Republican Party for its action in bygone days and then follow the very procedure which the speaker so loudly condemns. This is especially true with the distinguished chairman of the Rules Committee, the gentleman from Illinois [Mr. SABATH], with whom I served so many years.

Mr. Speaker, within the next few minutes an opportunity will be given to the House to say to the world whether or not it wants to do its own thinking and its own legislating or meekly and sub-

missively respond to the crack of the party leadership whip, and jump through the hoop and pass this gag rule. For one, I believe in the extension of social-security benefits and shall vote accordingly; however, I shall insist upon and vote for the right to be permitted to offer amendments to correct apparent injustices and inconsistencies in the pending bill. What is wrong about that?

Mr. BROWN of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. HERTER].

Mr. HERTER. Mr. Speaker, there is only one issue involved here and that is whether or not we are going to give a closed rule or an open rule on this bill, not what we have done in the past and not what we are going to do in the future.

This bill provides a compact between the Government of the United States and 50,000,000 people in the United States. They are going to be asked to pay their money for specified returns which are promised them, a contract and a compact which could not be abrogated unless the Nation goes bankrupt.

Mr. Speaker, it seems to me it is the height of arrogance to assume that 15 men in this House have the answer in perpetuity to that compact. Let me just give some figures that were given before the Rules Committee in regard to the vote taken in the Ways and Means Committee. Many votes were taken. Thirty-five of them were within 5 votes, more than 30 were within 4 votes or less, 25 were within 3 votes or less, 20 were by 2 votes or less, and 10 important votes by 1 vote or less within the committee. Yet with that division of opinion in the committee itself even the minority of that committee are prohibited from bringing up a single amendment on the floor of the House so that the Members can judge for themselves whether or not they want to enter into this abiding contract.

As I said before, it seems to me that it is the height of arrogance to assume that all the wisdom of the House reposes in those 15 men, and that the 10 men who have sat through all the hearings, who are strongly in favor of increasing the benefits and the coverage of social security, cannot be allowed to offer the amendments they think would make this a better bill.

Even in the Committee on Rules, I offered such an amendment and it was turned down, and turned down on the ground that the leadership was against allowing any amendment to be offered of any kind whatever. If that is the case, the leadership has to take the responsibility before the American people for everything that stands in this bill, without changing one line. When they say to us and say to us frankly, "We will send this bill over to the other body and sometime next year they will correct all the mistakes," in my opinion that is an absolute insult to the Members of this House.

Mr. BROWN of Ohio. Mr. Speaker, before yielding time to the concluding speaker on this side, I wish to announce I shall ask for a roll call on ordering the previous question. I hope the House of Representatives will vote down the previous question so the rule may be amended and an opportunity given to the Members of the House to properly consider this measure, to offer amendments thereto, and to vote upon them in their own best wisdom.

Mr. Speaker, I yield the remainder of the time on this side to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, I am for the consideration of the social security measure, but I am opposed to this closed rule. I shall attempt to explain why I think the previous question should be voted down and the rule amended.

Some reference has been made to the action in the House here in the last Congress in considering a bill alleged to be similar under a suspension of the rules. First of all, there is a wide difference in the bills. Let me point out to you that in the debate on that bill in the last Congress the ranking Democrat on the Committee on Ways and Means, now the chairman of that committee, said this:

> This bill reflects the mature judgment of both the Committee on Ways and Means and the Subcommittee on Social Security headed by the distinguished gentleman from New York.

The provisions of that bill were overwhelmingly approved, but there is very substantial opposition to many provisions of this bill.

On a division vote, the vote was 237 to 2. May I also emphasize that it came under a suspension of the rules, a procedure by which a vote of one-third of the Members present and voting could have and would have defeated the measure.

To my mind, there is a marked difference between calling up a bill about which there is general agreement, under suspension of the rules, and calling up such a comprehensive bill as this, about which there is substantial difference of opinion, under a closed rule. There is a vast difference between calling up a bill under a procedure that requires a two-thirds majority to pass and under a procedure that requires only a simple majority to pass, and no one can change a single word in it. The procedure followed in the last Congress is not a precedent for what is here proposed.

I served on the Committee on Rules quite a while. I recall that as various tax bills were presented it was said that they needed a closed rule because of their technical nature and the interrelationship of the various provisions. As a Republican in a Democratic Congress, I supported many of those rules. I recognized that tax legislation presented many technical legal provisions not characteristic of the average bill. Well, I have witnessed some strange conversions since those days. In the Eightieth Congress we had a tax bill—the Revenue Act of 1948. As had been customary, it was called up under a closed rule, which had been the practice of the Democratic majorities in previous Congresses. But the Democratic leadership suddenly abandoned its own practice. It protested a closed rule even on a tax bill. It was violently contended on the floor by the then minority whip, now the Democratic majority leader, and the ranking Democrat on the Committee on Rules, now the chairman of that committee, that on a tax bill—mind you, not a social-security bill, but a tax bill, from which came this very practice that they previously advocated—that the closed rule under which we then proposed to act was wrong.

Here is what the gentleman from Illinois [Mr. SABATH] said in speaking on the gag rule:

> To my mind, this is the most drastic and unjustifiable gag rule that could possibly be brought in. In the first place, the rule waives points of order against the bill. It then provides that the bill shall be considered as having been read for amendment, precluding it being read, after the debate, but no amendment shall be in order to the bill except amendments offered by the committee, and even the amendments offered by the committee are not subject to amendment.

That is exactly the kind of a rule you have here today and against which the gentleman from Illinois [Mr. SABATH] at that time fought. May I point out again that was not a social-security bill, but on a tax bill, a revenue bill, which did not include anything else. Why the sudden flip-flop of the gentleman from Illinois.

Then what did the gentleman from Massachusetts [Mr. MCCORMACK] say about the closed rule in the last Congress? And I remind you again that the bill in question was a tax bill. This is what he said:

> The gentleman from Illinois [Mr. ALLEN] admits that he takes away from the minority every right under the rules; that under the rules they could not take away from us the right of a motion to recommit. So that in this rule they have ruthlessly taken away from the minority every legislative right that the general rules provide for, and when the gentleman refers to a motion to recommit, he knows that the Rules Committee, under the rules of the House, could not take that right away from the minority. So they have taken away everything they could from the minority party in the consideration of this bill, under the general parliamentary procedure.

Is that not clear evidence that there has been some strange sort of a conversion even in respect to tax bills, because that was the position they took in connection with consideration of the Revenue Act of 1948.

To my good friends sitting on the right side of the aisle: Rise to the challenge of that day; rise to the admonition of a former day by the gentlemen who have here spoken today for this rule. If you really follow their advice you will vote against the previous question.

Beyond that, my friends—and let me speak to all of you—I am not going into the details of this bill except to say this: I favored the original Social Security Act. I spoke on the floor for old-age assistance and social security. Let no one say that there were great numbers of people who were opposed to such back

in 1935. There was only a handful opposed to it. I, too, have believed in certain increases in amount and increases in payments and coverage. But here is the thing that is difficult if this rule is adopted as it applies to this particular bill. As has been pointed out there are good provisions in this bill and then there are a great many provisions which, in my opinion, are completely wrong and dangerous. There are some very substantial questions of policy involved in many of the provisions. There are provisions which, if they were subject to amendment on the floor of the House, would be stricken out by decisive majorities of the Members here present and voting. This is a comprehensive measure. It does not involve the intricacies found in a technical tax bill. Tax legislation embodies a great body of court decisions. Tax law is a specialty in itself.

Under those circumstances, why not proceed under an open rule? I, too, on occasion have chafed at the insistence of the Committee on Ways and Means that its measures, its tax measures, come in under closed rules. Like many others, as I have pointed out, I thought that tax measures necessarily had to have that sort of consideration. But here the tax matter is completely incidental. Oh, it is a very important part, to be sure, but you figure out what you are going to do in the way of coverage, and what you are going to do in the way of benefits, and then it simply becomes a matter of arithmetic as to what the tax shall be. It involves no technical complications and exacting language as found in income taxes or estate taxes. Hence, does it not follow that this bill ought to come up for consideration just like a bill from the Committee on Interstate and Foreign Commerce? You remember the so-called Crosser bill. This is no more complex nor any more technical. I say give us a chance to work out a good bill. Do not put us in the position of having either to vote for a lot of bad things, or vote against things that are good.

The SPEAKER. The time of the gentleman from Indiana has expired.

Mr. SABATH. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Speaker, social security means pensions, to provide some protection against the economic hazards of disability, old age, and the death of a bread winner in a family.

It is insurance against destitution.

It also provides for unemployment compensation.

In the legislation under discussion, however, we are concerned with an expansion of coverage and benefits to the disabled, the aged, to the aged wife and young children of a living beneficiary, to the widow, children, and, in some cases, the dependent parents of an insured worker who dies.

The Social Security Act was passed by Congress in 1935. It was intended under the Constitution, to enable people to do for themselves as a group, what they could not do for themselves as individuals. It is based, like all insurance, upon the pooling of certain resources and risks.

The economic collapse of 1929 brought forcibly to our attention the fact that a person's ability to earn a living and, at the same time, provide against the unexpected is not completely within his own control. It also taught us, through tragic experience, how we need one another. The depression became world-wide because so many could not buy what others produced. The issue of "have's versus have-not's" exploded in war. By this same line of reasoning, the victors are now engaged in the job of restoring the vanquished. Business cannot prosper in a vacuum. It needs markets, and markets depend upon purchasing power in the hands of individuals. Our objective, through social-security legislation, is both humane and practical. Long before this century, our Government gave aid to business in times of stress. More recently, the Congress has embarked upon a large-scale program to sustain the income—and purchasing power—of agricultural producers. But business and agriculture also need the sustained purchasing power of consumers, not some consumers but all consumers. A dynamic economy will fall flat on its face if it tries to limp along on one leg.

Other nations had made a beginning on social security, but the need for it struck us overnight and under the pressure of a Nation-wide paralysis. A vast program could not be legislated at once. We had to feel our way.

Fourteen years have passed, and we have learned much in the meantime. With the experience gained, we must get on with the building of a more comprehensive program. It is manifestly unfair to protect some workers and exclude others.

The face value of old-age and survivors insurance benefits—separated from the old-age assistance program—is about $80,000,000,000. These contributions are made up from a percentage levied on wages received. In turn, benefits are paid on the basis of past wages earned, and thus compensate for some of the wage loss sustained when the worker retires or dies.

At this point, I think we should compliment the Social-Security Agency for its administration of a difficult and responsible job. The cost of administration is 3 percent of contributions collected and less than 10 percent of benefit payments. Contributions for the year 1949 are being collected at the rate of $1,800,000,000 a year and disbursements will reach the vicinity of $700,000,000. Of course, benefits will increase, and administration costs will decrease, as we go into the future.

In 1935, faced with this new and compelling need, there were those who opposed the program, fearful of how it would work out. That opposition has practically disappeared. Those very same voices now rate social security, in a very businesslike manner, as one of the cushions which will prevent a depression. The only issue is: How far and how fast should we go in extending the program?

With certain exceptions, the present program covers employers of one or more employees.

Account cards have been issued to some 90,000,000 persons, of whom 80,000,000 have some wage credits in their accounts, because of work in insured employment. Breaking down these figures, we find that many people alternate between insured and uninsured employment, so that, in 1948, only 35,000,000 were engaged in insured employment at any one time. Of the grand total, 13,000,000 have reached the stage where they are permanently insured. The fate of the remainder who have acquired some wage credits depends upon their continuance in covered employment, their return to it, or by inclusion of their present, uncovered employment within the benefit system by congressional action.

It is encouraging to note that the House Ways and Means Committee by a 22 to 3 margin, has approved a bill whose major provisions include:

First. Blanketing of 11,000,000 more workers into the old-age and survivors insurance program.

Second. Boosting by 70 percent the present benefits of 2,500,000 persons already retired, or their survivors if they have died, and increasing by an average of 80 percent the insurance benefits of persons yet to retire, or their survivors.

Third. An increase of $160,000,000 a year in Federal participation with the States in public assistance or home relief for needy persons. The Government already contributes $1,100,000,000 annually for this program from general revenues. It is important to clearly distinguish the old-age and survivors insurance program under which the workers and their employers pay for the benefits which the worker gets later on and—public assistance. The public-assistance program is direct relief to the needy who have not qualified because they have no resources and have not worked long enough in covered employment. As coverage is extended, the costs of public assistance will decrease. This will be helpful for the agricultural States where public-assistance costs are heavy because so little of the outright burden of dependency is borne by the contributory social-insurance plan. Due to medical progress and other factors, the number of aged is increasing. Public-assistance costs will therefore rise until such time as all people—during their working years—are covered by deductions, shared by worker and employer, for the eventual retirement of the worker.

Fourth. Increase the pay-roll taxes supporting the insurance program, currently 1 percent of employee's pay and employer's pay roll, to 1½ percent on each, next January 1, to 2 percent on January 1, 1951, to 2½ percent in 1960, to 3 percent in 1964, and to 3½ percent on each in 1970.

Fifth. Create a new category of aid to totally and permanently disabled persons under both the insurance and public assistance approaches to the problem.

Extended coverage proposed would embrace the self-employed, with the ex-

ception of doctors, lawyers, dentists, and certain other professional categories; domestic workers with earnings exceeding $26 in a 3-month period; employees of nonprofit institutions, State and local government employees where there is a Federal-State agreement, and several smaller groups.

In the House of Representatives, we will work for passage of this bill before Congress adjourns. Due to the backlog of work facing the Senate, it is unlikely that this legislative body will have an opportunity to approve of this much-needed legislation until next year. Personally, I favor more security for more people, and it is my opinion that the Congress as a whole, in line with the President's recommendation and request, will provide for this need before another year has passed.

Apart from all considerations of humanity, or of economics, it is apparent that the people want extended coverage to provide a minimum of security for all against the major uncertainties of life.

A poll among farmers reveals that 60 percent favor extension of social-security benefits to them. Small-business men, professional workers, and others who comprise the nonfarm self-employed are asking that they themselves also be included. Farm operators number about 6,000,000. Urban self-employed stand at about 7,700,000.

Originally, the self-employed were left out of the Social Security Act because there seemed to be no feasible way of taxing their income for contributory purposes. However, experience has since demonstrated that there are no administrative problems which will preclude their coverage. It is suggested that reports would be required only from self-employed persons with gross cash incomes from all sources of $500 or more in a year, and with net incomes from self-employment of $200 or more. Income due to self-employment would have to be separated from return on investment. However, net income from self-employment could be gaged on the basis of two figures already included in the income-tax return, namely, income from business or profession—schedule C—and income from partnerships—schedule E.

Altogether, some 4,700,000 persons are excluded from the present coverage as agricultural labor. About 3,000,000 domestic workers in private homes are also frozen out of benefits.

These two low-income groups are more in need of protection than regular industrial workers and, due to the greater degree of economic uncertainty surrounding their employment, they should have been among the first groups to be covered. This ironic oversight has heretofore been excused on the basis of administrative difficulties concerning them. Most of the small employers of such help do not keep books, and there seemed to be no way of keeping records on such employees. To overcome this lack, a set-up is suggested whereby such an employee would receive a stamp book in which stamps would be placed by his employer as evidence of contributions made by the employer and the worker. These stamps could be purchased at post offices or from rural mail carriers. This plan could also be used in small industrial and commercial establishments. Either the stamp-book system, or the simplified pay roll report system developed by the Treasury Department and the Social Security Administration could be used for the coverage of agricultural workers and employees in domestic service. Either offers a practical solution to the original objection which was based on administrative difficulties and extra cost.

It is also advisable that employees of the Federal, State, and local governments—adjusting their special retirement systems where they exist, to the basic social-insurance system—members of the armed forces, and employees of religious, educational, charitable, and similiar nonprofit organizations, should also be included. Also, those independents, such as salesmen, taxicab operators, insurance agents, and homeworkers.

In order to bring newly covered workers up to an even status with those previously covered, the existing law should be changed to permit such workers to be deemed insured if they had covered wages in one out of each of the four quarters elapsing since 1936, or since the age of 21. Anyone who already has 40 quarters (or 10 years of covered employment) would continue to be fully insured.

Since the present level of benefits is inadequate, even in the light of the lower economic level of 1939 when these provisions were enacted, and since the higher cost of today's living will not recede to that level, benefits should be increased.

Furthermore, the qualifying age for women should be reduced from 65 years to 60. Women are generally younger than their husbands and, on the average, live longer. If women are allowed to draw benefits at 60, about three-fifths of the married men would have wives immediately eligible for wife's benefits when the men reach the age of 65. This would also help widows. Women workers themselves should, as a matter of consistency, be eligible for benefits at the same age that other women qualify for dependent's benefits.

The most serious lack in our social-security program is that it fails to provide adequate safeguards against the distress and poverty which follow disability.

Over 2,000,000 Americans are disabled for 6 months or longer each year. In June 1948, 83,000 persons were receiving aid to the blind; 90,000 families were receiving aid to dependent children. Disability insurance is part of the social-insurance system of practically all countries except the United States.

Loss of income delivers the same cruel blow to the wage earner and to the wife and children dependent upon him whether it is caused by unemployment beyond his control, or by illness or injury. We are providing insurance against the one but we have neglected the other.

This dangerous gap must be filled in by providing disability insurance through a contributory system.

The cost?

Actuarial estimates of an expanded old-age, survivors, and extended disability insurance program, based on present employment and wage levels, hits an intermediate figure of 7.4 percent of pay rolls.

This is the financial cost, which would not cripple any earnings.

But what about the cost in terms of destitution and despair which the financial cost would eliminate? Would not this represent a real gain in human dignity, freedom from unnecessary worry, and as a prop to the economy upon which we all rely?

Basic security for all is the foundation for the next advance of civilization. For no man can live unto himself alone whether it concerns his material needs or the opportunity for developing his immortal spirit.

Mr. SABATH. Mr. Speaker, I yield the balance of the time to the gentleman from Tennessee [Mr. COOPER].

The SPEAKER. The gentleman from Tennessee is recognized for 6½ minutes.

(Mr. COOPER asked and was given permission to extend and revise the remarks he expected to make in Committee of the Whole and include certain excerpts and quotations.)

Mr. COOPER. Mr. Speaker, for those of us who have been here a while, it has been interesting to hear this debate and hear the remarks made by our distinguished colleagues and good friends on the left of the Chamber.

I was initiated in the House of Representatives on a demand to vote for a closed rule, offered by the Republican Party, for the consideration of the Smoot-Hawley tariff bill. Fifteen Republican members of the Ways and Means Committee, behind closed doors, with all the Democrats locked out, 15 Republican members of the Ways and Means Committee wrote the Smoot-Hawley tariff bill, and then brought in a closed rule for its consideration. Hon. John Tilson, of Connecticut, then Republican leader of the House, publicly stated:

> We do not propose to allow every Tom, Dick, and Harry to offer amendments to this bill.

That is the history of your own actions, and yet we see these crocodile tears shed here today about this type of rule.

As I say, I was initiated in the House of Representatives, the first session, my first term, by that situation that you presented. Any man who was here then knows that is true.

As has been stated, the Ways and Means Committee has worked for 6 months on the pending bill, and it is reported to the House today by a vote of 22 to 3. Only three minority members of the Ways and Means Committee voted against favorably reporting this bill. All 15 of the Democratic members voted for it, and 7 of the 10 Republican members voted for it. I say to you that this is a good bill. It is a far better bill than I ever thought we would be able to present to you because of the many difficult problems involved in it. It is a bill of such nature that the best

interests of the House of Representatives and the best interests of the country will be served by considering it under this type of rule. There are certain provisions in this bill that extend all through the measure, and if a change is made here and not made in some other related provisions of the bill, the whole thing will be thrown out of joint. It is far more important, in my humble judgment, to consider this bill under this type of rule than it is a tax bill. Everybody of experience in this House knows that we have found that a tax bill must be considered under this type of rule.

Last year, when our Republican friends were in control and brought in a very limited revision of social security—extremely limited—they went before the Rules Committee and requested and received exactly this same type of rule for the consideration of that bill. They provided for only 2 hours general debate; this rule provides not for 2 hours, but for not to exceed 4 days. Then, after the Committee on Rules had granted the rule their leadership decided to bring the bill up under a suspension of the rules where there was only 20 minutes debate on the side and no chance for any amendment and not even a motion to recommit was in order. That is the history of this situation.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield very briefly.

Mr. MICHENER. Assuming that that is the history, does not the gentleman believe that it was wrong and that we cannot win tomorrow if we spend today quarreling with yesterday?

Mr. COOPER. I merely cite the history. The gentleman has been here most all this time; he knows that what I have said is true. I did not oppose that type of rule last year. The chairman of the Committee on Ways and Means now, who was then the ranking minority member, went with the gentleman from New York [Mr. REED] and other Republican members before the Committee on Rules and requested that type of rule because in all honesty he knew it was the best way to consider the legislation. This time, with a far more difficult bill, much more far-reaching than the measure last year we are simply asking the same thing, that the House consider this bill under the type of rule that the members of the Committee on Ways and Means honestly believe will be in the interest of best legislation and orderly procedure.

This bill is before you, as I say, after 6 months' diligent effort. It broadens the coverage of the Social Security Act, extending coverage to about 11,000,000 people not now covered. It extends and increases the benefits under the present program. It is a well-balanced and carefully prepared bill; and I say to you frankly as my best judgment, having served on the original subcommittee, having worked all through the years since the very inception of social-security legislation, that this bill before you today does meet the problem better than it could be met after weeks and weeks of consideration here in the House winding up possibly with a bill that would have to be recommitted. So I submit it to you for your consideration.

Mr. SABATH. Mr. Speaker, I move the previous question.

The SPEAKER. The question is on the motion.

Mr. BROWN of Ohio. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 175, nays 154, answered "present" 2, not voting 101, as follows:

[Roll No. 214]

YEAS—175

Addonizio	Gore	O'Brien, Ill.
Albert	Gorski, Ill.	O'Brien, Mich.
Allen, La.	Gorski, N. Y.	O'Hara, Ill.
Aspinall	Gossett	O'Konski
Barrett, Pa.	Granger	O'Sullivan
Bates, Ky.	Hardy	O'Toole
Beckworth	Hare	Pace
Bennett, Fla.	Harris	Passman
Bentsen	Harrison	Patten
Biemiller	Hart	Perkins
Boggs, La.	Havenner	Peterson
Bolling	Hays, Ark.	Philbin
Bosone	Hedrick	Polk
Boykin	Heller	Powell
Breen	Herlong	Preston
Brooks	Holifield	Price
Brown, Ga.	Howell	Priest
Bryson	Hull	Quinn
Buchanan	Jackson, Wash.	Rabaut
Buckley, Ill.	Jacobs	Rains
Burke	Jones, Ala.	Ramsay
Burleson	Jones, Mo.	Redden
Burton	Karst	Regan
Camp	Karsten	Rodino
Cannon	Kee	Rooney
Carnahan	Kelley	Sabath
Carroll	Kerr	Sadowski
Cavalcante	Kilday	Sasscer
Celler	King	Secrest
Chelf	Kirwan	Sheppard
Chesney	Kruse	Sims
Christopher	Lane	Spence
Clemente	Lanham	Staggers
Combs	Lesinski	Steed
Cooper	Lind	Stigler
Crook	Linehan	Sullivan
Davenport	Lucas	Sutton
Davis, Tenn.	Lyle	Tackett
Dawson	Lynch	Teague
DeGraffenried	McCarthy	Thomas, Tex.
Delaney	McCormack	Thompson
Denton	McGrath	Thornberry
Dollinger	McGuire	Trimble
Doughton	McKinnon	Vinson
Doyle	Madden	Wagner
Durham	Magee	Walsh
Eberharter	Mahon	Welch
Elliott	Marcantonio	Wheeler
Evins	Marsalis	White, Calif.
Fallon	Marshall	Whittington
Fernandez	Miles	Wickersham
Fisher	Mills	Wier
Fogarty	Mitchell	Wilson, Okla.
Forand	Monroney	Wood
Frazier	Morgan	Yates
Fugate	Morris	Young
Furcolo	Moulder	Zablocki
Gathings	Murdock	
Gordon	Noland	

NAYS—154

Abernethy	Boggs, Del.	Davis, Ga.
Allen, Calif.	Brown, Ohio	Davis, Wis.
Allen, Ill.	Burdick	D'Ewart
Andersen, H. Carl	Byrnes, Wis.	Dolliver
Anderson, Calif.	Canfield	Dondero
Andresen, August H.	Case, N. J.	Eaton
Andrews	Case, S. Dak.	Elsworth
Angell	Chiperfield	Engel, Mich.
Arends	Church	Fenton
Auchincloss	Clevenger	Ford
Barrett, Wyo.	Cole, Kans.	Fulton
Battle	Colmer	Gamble
Beall	Corbett	Gavin
Bennett, Mich.	Cotton	Gillette
Bishop	Crawford	Golden
Blackney	Cunningham	Goodwin
Bland	Curtis	Graham
Bloom	Dague	Grant
Bonner	Davis, Ga.	Green
Bradley, Mich.	Davis, Wis.	Gross
Bradley, Pa.	D'Ewart	Gwinn
Brehm	Dolliver	Hagen
Brown, Ohio	Dondero	Hale
Bryan	Eaton	Hall, Leonard W.
Buck	Elsworth	Halleck
Bulwinkle	Engel, Mich.	Hand
Burdick	Fenton	Harden
Byrnes, Wis.	Ford	Herter
Canfield	Fulton	Heselton
Case, N. J.	Gamble	Hill
Case, S. Dak.	Gavin	Hinshaw
Chiperfield	Gillette	Hobbs
Church	Golden	Hoeven
Clevenger	Goodwin	Hoffman, Ill.
Cole, Kans.	Graham	Hoffman, Mich.
Colmer	Grant	Holmes
Corbett	Gross	Hope
Cotton	Gwinn	Horan
Crawford	Hagen	James
Cunningham	Hale	Jenison
Curtis	Hall, Leonard W.	Jenkins
Dague	Halleck	Jennings
Davis, Ga.	Hand	Jensen
Davis, Wis.	Harden	Johnson
D'Ewart	Herter	Judd
Dolliver	Heselton	Kean
Dondero	Hill	Kearney
Eaton	Hinshaw	Kearns
Elsworth	Hobbs	Keefe
Engel, Mich.	Hoeven	Latham
Fenton	Hoffman, Ill.	LeCompte
Ford	Hoffman, Mich.	LeFevre
Fulton	Holmes	Lemke
Gamble	Hope	Lichtenwalter
Gavin	Horan	Lodge
Gillette	James	McConnell
Golden	Jenison	McCulloch
Goodwin	Jenkins	McDonough
Graham	Jennings	McGregor
Grant	Jensen	Mack, Wash.
Green	Johnson	Macy
Gross	Judd	Martin, Iowa
Gwinn	Kean	Martin, Mass.
Hagen	Kearney	Mason
Hale	Kearns	Meyer
Hall, Leonard W.	Keefe	Michener
Halleck	Latham	Miller, Nebr.
Hand	LeCompte	Murray, Tenn.
Harden	LeFevre	Murray, Wis.
Herter	Lemke	Nelson
Heselton	Lichtenwalter	Nicholson
Hill	Lodge	Nixon
Hinshaw	McConnell	Norrell
Hobbs	McCulloch	O'Hara, Minn.
Hoeven	McDonough	Patterson
Hoffman, Ill.	McGregor	Phillips, Tenn.
Hoffman, Mich.	Mack, Wash.	Pickett
Holmes	Macy	Plumley
Hope	Martin, Iowa	Potter
Horan	Martin, Mass.	Poulson
James	Mason	Rankin
Jenison	Meyer	Rees
Jenkins	Michener	Rich
Jennings	Miller, Nebr.	Rivers
Jensen	Murray, Tenn.	Rogers, Fla.
Johnson	Murray, Wis.	Rogers, Mass.
Judd	Nelson	Sadlak
Kean	Nicholson	St. George
Kearney	Nixon	Sanborn
Kearns	Norrell	Saylor
Keefe	O'Hara, Minn.	Scott, Hardie
Latham	Patterson	Scrivner
LeCompte	Phillips, Tenn.	Scudder
LeFevre	Pickett	Shafer
Lemke	Plumley	Short
Lichtenwalter	Potter	Sikes
Lodge	Poulson	Simpson, Ill.
McConnell	Rankin	Simpson, Pa.
McCulloch	Rees	Smathers
McDonough	Rich	Smith, Kans.
McGregor	Rivers	Smith, Va.
Mack, Wash.	Rogers, Fla.	Smith, Wis.
Macy	Rogers, Mass.	Stefan
Martin, Iowa	Sadlak	Stockman
Martin, Mass.	St. George	Taber
Mason	Sanborn	Talle
Meyer	Saylor	Tollefson
Michener	Scott, Hardie	Van Zandt
Miller, Nebr.	Scrivner	Velde
Murray, Tenn.	Scudder	Vorys
Murray, Wis.	Shafer	Vursell
Nelson	Short	Weichel
Nicholson	Sikes	Werdel
Nixon	Simpson, Ill.	White, Idaho
Norrell	Simpson, Pa.	Wigglesworth
O'Hara, Minn.	Smathers	Williams
Patterson	Smith, Kans.	Wilson, Ind.
Phillips, Tenn.	Smith, Va.	Wilson, Tex.
Pickett	Smith, Wis.	Winstead
Plumley	Stefan	Withrow
Potter	Stockman	Woodruff
Poulson	Taber	
Rankin	Talle	
Rees	Tollefson	
Rich	Van Zandt	
Rivers	Velde	
Rogers, Fla.	Vorys	
Rogers, Mass.	Vursell	
Sadlak	Weichel	
St. George	Werdel	

ANSWERED "PRESENT"—2

Cox Wolcott

NOT VOTING—101

Abbitt	Gilmer	Murphy
Bailey	Granahan	Norblad
Barden	Green	Norton
Baring	Gregory	O'Neill
Bates, Mass.	Hall, Edwin Arthur	Patman
Bland	Harvey	Pfeifer, Joseph L.
Blatnik	Hays, Ohio	Pfeiffer, William L.
Bolton, Md.	Hébert	Phillips, Calif.
Bolton, Ohio	Heffernan	Poage
Bonner	Huber	Reed, Ill.
Bramblett	Irving	Reed, N. Y.
Brehm	Jackson, Calif.	Rhodes
Buckley, N. Y.	Javits	Ribicoff
Bulwinkle	Jonas	Richards
Burnside	Jones, N. C.	Riehlman
Byrne, N. Y.	Keating	Roosevelt
Carlyle	Kennedy	Scott, Hugh D., Jr.
Chatham	Keogh	Smith, Ohio
Chudoff	Kilburn	Stanley
Cole, N. Y.	Klein	Taurielle
Cooley	Kunkel	Taylor
Coudert	Larcade	Thomas, N. J.
Crosser	Lovre	Towe
Davies, N. Y.	McMillan, S. C.	Underwood
Deane	McMillen, Ill.	Wadsworth
Dingell	McSweeney	Walter
Donohue	Mack, Ill.	Whitaker
Douglas	Mansfield	Whitten
Elston	Merrow	Willis
Engle, Calif.	Miller, Calif.	Wolverton
Feighan	Miller, Md.	Woodhouse
Fellows	Morrison	Worley
Flood	Morton	
Garmatz	Multer	
Gary		

So the previous question was ordered.

The Clerk announced the following pairs:

On this vote:

Mrs. Douglas for, with Mr. Towe against.

Mr. Keogh for, with Mr. Keating against.

Mr. Huber for, with Mr. Smith of Ohio against.

Mr. Ribicoff for, with Mr. Brehm against.

Mr. Byrne of New York for, with Mr. Elston against.

Mr. Garmatz for, with Mr. Riehlman against.

Mr. Patman for, with Mr. Wolcott against.

Mrs. Norton for, with Mr. Coudert against.

Mr. Morrison for, with Mr. Hugh D Scott, Jr., against.

Mr. Bailey for, with Mr. Kunkel against.

Mr. Bonner for, with Mrs. Bolton of Ohio against.

Mr. Mansfield for, with Mr. Reed of New York against.
Mr. Joseph L. Pfeifer for, with Mr. Reed of Illinois against.
Mr. Cox for, with Mr. Wadsworth against.
Mr. Gilmer for, with Mr. Kilburn against.
Mr. Tauriello for, with Mr. Cole of New York against.
Mr. Granahan for, with Mr. Fellows against.
Mr. Green for, with Mr. Harvey against.
Mr. Chudoff for, with Mr. Jackson of California against.
Mr. Multer for, with Mr. Jonas against.
Mr. Murphy for, with Mr. Taylor against.
Mr. Walter for, with Mr. William L. Pfeiffer against.
Mr. Klein for, with Mr. Merrow against.
Mr. Roosevelt for, with Mr. McMillen of Illinois against.
Mr. Hays of Ohio for, with Mr. Lovre against.
Mr. O'Neill for, with Mr. Bramblett against.
Mr. Heffernan for, with Mr. Morton against.

General pairs until further notice:

Mr. Whitten with Mr. Wolverton.
Mr. Whitaker with Mr. Norblad.
Mr. Feighan with Mr. Miller of Maryland.
Mr. Engle of California with Mr. Bates of Massachusetts.
Mr. Hébert with Mr Edwin Arthur Hall.
Mr. Richards with Mr Phillips of California.

Mr. COX. Mr. Speaker, I have a pair with the gentleman from New York, Mr. WADSWORTH. I voted "aye." If present, he would have voted "nay." I, therefore, withdraw my vote and vote "present."

Mr. WOLCOTT. Mr. Speaker, I voted "no." I have a pair with the gentleman from Texas, Mr. PATMAN, who, if present, would have voted "aye." I, therefore, withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. The question is on agreeing to the resolution.

Mr. BROWN of Ohio. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 189, nays 135, answered "present" 2, not voting 106, as follows:

[Roll No. 215]

YEAS—189

Abernethy	Camp	Fernandez
Addonizio	Cannon	Fisher
Albert	Carnahan	Fogarty
Allen, La.	Carroll	Forand
Andrews	Cavalcante	Frazier
Aspinall	Celler	Fugate
Barrett, Pa.	Chelf	Furcolo
Bates, Ky.	Chesney	Gathings
Battle	Christopher	Gordon
Beall	Clemente	Gore
Beckworth	Combs	Gorski, Ill.
Bennett, Fla.	Cooper	Gorski, N. Y.
Bennett, Mich.	Crook	Gossett
Bentsen	Davenport	Granger
Biemiller	Davis, Tenn.	Grant
Boggs, La.	Dawson	Hardy
Bolling	DeGraffenried	Hare
Bosone	Delaney	Harris
Boykin	Denton	Harrison
Breen	Dollinger	Hart
Brooks	Doughton	Havenner
Brown, Ga.	Doyle	Hays, Ark.
Bryson	Durham	Hedrick
Buchanan	Eberharter	Heller
Buckley, Ill.	Elliott	Herlong
Burke	Engel, Mich.	Holifield
Burleson	Evins	Howell
Burton	Fallon	Hull
Jackson, Wash.	Marsalis	Rooney
Jacobs	Miles	Sabath
Jones, Ala.	Miller, Nebr.	Sadowski
Jones, Mo.	Mills	Sasscer
Judd	Mitchell	Secrest
Karst	Monroney	Sheppard
Karsten	Morgan	Sikes
Kee	Morris	Sims
Keefe	Murdock	Smathers
Kelley	Noland	Spence
Kennedy	O'Brien, Ill.	Staggers
Kerr	O'Brien, Mich.	Steed
Kilday	O'Hara, Ill.	Stigler
King	O'Sullivan	Sullivan
Kirwan	O'Toole	Sutton
Kruse	Pace	Tackett
Lane	Passman	Thomas, Tex.
Lanham	Patten	Thompson
Lesinski	Perkins	Thornberry
Lind	Peterson	Tollefson
Linehan	Philbin	Trimble
Lucas	Polk	Vinson
Lyle	Potter	Wagner
Lynch	Powell	Walsh
McCarthy	Preston	Welch
McCormack	Price	Wheeler
McDonough	Priest	White, Calif.
McGrath	Quinn	Wickersham
McGuire	Rabaut	Wier
McKinnon	Rains	Wilson, Okla.
Mack, Wash.	Ramsay	Withrow
Madden	Redden	Wood
Magee	Regan	Yates
Mahon	Rodino	Young
Marcantonio	Rogers, Fla.	Zablocki

NAYS—135

Allen, Calif.	Gross	Nelson
Allen, Ill.	Gwinn	Nicholson
Andersen, H. Carl	Hagen	Nixon
	Hale	Norrell
Anderson, Calif.	Hall, Leonard W.	O'Hara, Minn.
Andresen, August H.		Patterson
	Halleck	Phillips, Tenn.
Angell	Hand	Pickett
Arends	Harden	Plumley
Auchincloss	Herter	Poulson
Barrett, Wyo.	Heselton	Rankin
Bates, Mass.	Hill	Rees
Bishop	Hinshaw	Rich
Blackney	Hobbs	Rivers
Boggs, Del.	Hoeven	Rogers, Mass.
Brown, Ohio	Hoffman, Ill.	Sadlak
Burdick	Hoffman, Mich.	St. George
Byrnes, Wis.	Holmes	Sanborn
Canfield	Hope	Saylor
Case, S. Dak.	Horan	Scott, Hardie
Church	James	Scrivner
Clevenger	Jenison	Scudder
Cole, Kans.	Jenkins	Shafer
Colmer	Jennings	Short
Corbett	Jensen	Simpson, Ill.
Cotton	Johnson	Simpson, Pa.
Crawford	Kean	Smith, Kans.
Cunningham	Kearney	Smith, Va.
Curtis	Kearns	Smith, Wis.
Dague	Latham	Stefan
Davis, Ga.	LeCompte	Stockman
Davis, Wis.	LeFevre	Taber
D'Ewart	Lemke	Talle
Dolliver	Lichtenwalter	Van Zandt
Dondero	Lodge	Velde
Eaton	McConnell	Vorys
Ellsworth	McCulloch	Vursell
Fenton	McGregor	Weichel
Ford	Macy	Werdel
Fulton	Martin, Iowa	White, Idaho
Gamble	Martin, Mass.	Wigglesworth
Gavin	Mason	Williams
Gillette	Meyer	Wilson, Ind.
Golden	Michener	Wilson, Tex.
Goodwin	Murray, Tenn.	Winstead
Graham	Murray, Wis.	Woodruff

ANSWERED "PRESENT"—2

Cox Wolcott

NOT VOTING—106

Abbitt	Burnside	Dingell
Bailey	Byrne, N. Y.	Donohue
Barden	Carlyle	Douglas
Baring	Case, N. J.	Elston
Bland	Chatham	Engle, Calif.
Blatnik	Chiperfield	Feighan
Bolton, Md.	Chudoff	Fellows
Bolton, Ohio	Cole, N. Y.	Flood
Bonner	Cooley	Garmatz
Bramblett	Coudert	Gary
Brehm	Crosser	Gilmer
Buckley, N. Y.	Davies, N. Y.	Granahan
Bulwinkle	Deane	Green
Gregory	Mansfield	Ribicoff
Hall, Edwin Arthur	Marshall	Richards
	Merrow	Riehlman
Harvey	Miller, Calif.	Roosevelt
Hays, Ohio	Miller, Md.	Scott, Hugh D., Jr.
Hébert	Morrison	
Heffernan	Morton	Smith, Ohio
Huber	Moulder	Stanley
Irving	Multer	Tauriello
Jackson, Calif.	Murphy	Taylor
Javits	Norblad	Teague
Jonas	Norton	Thomas, N. J.
Jones, N. C.	O'Konski	Towe
Keating	O'Neill	Underwood
Keogh	Patman	Wadsworth
Kilburn	Pfeifer, Joseph L.	Walter
Klein		Whitaker
Kunkel	Pfeiffer William L.	Whitten
Larcade		Whittington
Lovre	Phillips, Calif.	Willis
McMillan, S. C.	Poage	Wolverton
McMillen, Ill.	Reed, Ill.	Woodhouse
McSweeney	Reed, N. Y.	Worley
Mack, Ill.	Rhodes	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Cox for, with Mr. Wadsworth against.
Mr. Keogh for, with Mr. Towe against.
Mr. Huber for, with Mr. Keating against.
Mr. Ribicoff for, with Mr. Smith of Ohio against.
Mr. Byrne of New York for, with Mr. Brehm against.
Mr. Garmatz for, with Mr. Elston against.
Mrs. Norton for, with Mr. Riehlman against.
Mr. Patman for, with Mr. Wolcott against.
Mr. Morrison for, with Mr. Coudert against.
Mr. Bailey for, with Mr. Hugh D. Scott, Jr., against.
Mr. Bonner for, with Mr. Kunkel, against.
Mrs. Douglas for, with Mrs. Bolton of Ohio, against.
Mr. Mansfield for, with Mr. Fellows against.
Mr. Multer for, with Mr. Harvey against.
Mr. Murphy for, with Mr. Jonas against.
Mr. Klein for, with Mr. Kilburn against.
Mr. Roosevelt for, with Mr. Lovre against.
Mr. Hays of Ohio for, with Mr. McMillen of Illinois, against.
Mr. Heffernan for, with Mr. Merrow against.
Mr. Donohue for, with Mr. William L. Pfeiffer against.
Mr. Engle of California for, with Mr. Taylor against.
Mr. Feighan for, with Mr. Cole of New York against.
Mr. Teague for, with Mr. Reed of Illinois against.
Mr. Davies of New York for, with Mr. Reed of New York against.

Additional general pairs:

Mr. Gilmer with Mr. Miller of Maryland.
Mr. Miller of California with Mr. Wolverton.
Mr. Bolton of Maryland with Mr. Case of New Jersey.
Mr. Tauriello with Mr. Chiperfield.
Mr. Granahan with Mr. Bramblett.
Mr. Whittington with Mr. Edwin Arthur Hall.
Mr. Chudoff with Mr. Jackson of California.
Mr. O'Neill with Mr. Norblad.
Mr. Deane with Mr. Morton.
Mr. Dingell with Mr. Phillips of California.

Mr. WOLCOTT. Mr. Speaker, I have a live pair with the gentleman from Texas, Mr. PATMAN. If he were present, he would vote "yea." I voted "nay." I withdraw my vote and answer "present."

The result of the vote was announced as above recorded.

(Mr. DOUGHTON asked and was given permission to extend his remarks in the

RECORD and include certain tables in connection with the bill H. R. 6000.)

(Mr. JENKINS asked and was given permission to extend his remarks in the RECORD and include extraneous matter.)

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from North Carolina.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 6000, with Mr. KILDAY in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

Mr. DOUGHTON. Mr. Chairman, it was my privilege to introduce the original social-security bill in 1935; also, the only two social-security-revision bills to become law since then—the social-security amendments of 1939 and the social-security amendments of 1946. The social-security bill of last year was introduced by the able and distinguished gentleman from New York, a member of our committee [Mr. REED], but that bill did not pass the House until the closing days of the Eightieth Congress, and there was no time for its consideration by the Senate.

There were no hearings conducted on that bill, and that bill, unlike ours which was introduced and taken up early in the first session of the Eight-first Congress, was not introduced until the last days of the Eightieth Congress. The Congress adjourned, as I recall, on June 20. That bill, without any hearings, mind you, was introduced on June 2 and reported on June 2. The report on that bill was filed in two installments. One was on June 2 and the other was on June 4. Remember, the Congress adjourned on June 20, less than 3 weeks later.

As has been stated, application was made to the Rules Committee for a closed rule, and a rule was granted. It was similar to the rule granted today, except that it provided for only 2 hours' general debate. That was not tight enough to suit the majority at that time, so they brought the bill up under suspension of the rules on June 14, just 6 days before the Congress adjourned. So it was too late for the bill to be given consideration in the other body. You can judge from this record the degree of sincerity on the part of the party then in power with respect to the social-security program. They knew, and everyone knew, that there was not time even for the other body to consider that bill because, as I say, it was considered under suspension of the rules on June 14, and the Congress adjourned on June 20. That is the record of the then majority, now the minority party, with respect to their interest in social security.

Both parties are committed in their 1948 platforms to certain amendments or revisions of the present Social Security Act. The Democratic Party platform in 1948 made this declaration:

> We favor the extension of the social-security program established under Democratic leadership, to provide additional protection against the hazards of old age, disability, disease, or death.

That was our platform.

The Republican platform promised:

> Extension of the Federal old-age and survivors insurance program and increase of the benefits to a more realistic level.

What these words "more realistic level" mean I do not know, but social-security benefits certainly did not have a very realistic level in the Eightieth Congress in 1948. The record of the Eightieth Congress was not a very realistic approach to the matter, but that is the last action of the Republicans up to now on social-security legislation.

NECESSITY FOR THE BILL

In the debate on the original bill in 1935 I stressed that "we do not claim that the bill under consideration to be a perfect measure nor one that will not require amendment from time to time in the light of experience."

Experience since 1939, the date of the last comprehensive revision of the Social Security Act, has developed practical plans for extending the coverage of the old-age and survivors insurance program. It is clear that the benefit scale established in 1939 does not now provide an adequate floor of protection against economic insecurity from old age or premature death of the family breadwinner. There is now no protection against the hazard of permanent and total disability. The purpose of the pending legislation is to widen the scope and increase the protection afforded by both the old-age and survivors insurance and the public assistance programs; yet, as stated in the committee report, it is designed "to speed the day when most of the aged and the Nation's dependent families will look to the insurance program for protection and when the role of public assistance can be drastically curtailed."

Yet in expanding coverage and increasing benefits, your committee has ever kept in mind the warning of President Roosevelt on January 17, 1935, about the importance of avoiding "any danger of permanently discrediting the sound and necessary policy of Federal legislation for economic security by attempting to apply it on too ambitious a scale before actual experience has provided guidance for the permanently safe direction of such efforts."

For reasons stated on pages 2 and 3 of the committee report on H. R. 6000, "The Congress is faced with a vital decision which cannot long be postponed." This decision is whether the insurance program of the social-security system can be strengthened and reenforced against the assaults of proponents of general old-age pensions out of the Federal Treasury, and against the challenge of the private retirement plans financed solely by the employer. Since both the Democratic and Republican 1948 national platforms pledged extension of the Federal old-age and survivors insurance program and increase of benefits to a more realistic level, it is possible to approach this decision with a minimum of, if not free from, partisanship.

BACKGROUND OF THE BILL, H. R. 6000

The Committee on Ways and Means has thoroughly considered all phases of the social-security system except unemployment insurance. On February 21, 1949, at the request of the President, I introduced H. R. 2892, relating to public assistance, and H. R. 2893, dealing with old-age, survivors, and disability insurance These bills provided the basis for consideration and discussion during the 2 months of hearings that followed in which 2500 pages of testimony were received from more than 250 witnesses. In addition to the views of the Social Security Administration, the committee has had the advantage of competent testimony from witnesses representing all schools of thought on this very important subject of social security, including employers, employees, and the self-employed, from agriculture, industry, and the professions, as well as State and local officials. The committee has also had the benefit of a very thorough study prepared by its special staff of experts in 1945, headed by Mr. Leonard Calhoun, as well as the extensive and exhaustive report of the Social Security Advisory Council of the Senate Committee on Finance, which investigated this subject last year. We have had the benefit of all shades of thought on the subject.

After nearly 4 months of study and discussion of all available information and opinion, the committee, with the assistance of an able technical staff, proceeded to draft its own bill, H. R. 6000, combining its best-considered judgment on both the public-assistance and old-age and survivors insurance programs. Every provision in this bill of 200 pages was agreed upon, if not unanimously, by a majority vote of the committee, and I am pleased to report that the decisions were as free of politics as any legislation I have ever known. Although H. R. 6000 does not go so far in certain respects as some members of the committee desired, other members felt that some parts of the bill go too far. In my opinion, the

lengthy deliberations and discussions have resulted in a bill that is free from extremes either way. And that is the legislative road I have always considered it wisest to follow.

The report on the bill contains over 200 pages and is a full and detailed explanation of the bill. Much of the bill is quite technical, and therefore somewhat complicated and difficult to understand. I am certain that all Members of the House are familiar with the complexities and intricacies of a life-insurance contract, and a program of social insurance involves many of the same basic policy questions.

Therefore, I would suggest to those who are anxious to know what the bill contains that they read very carefully the report of the committee, a copy of which was delivered last week to the office of every Member of the House. A general knowledge of the bill can be acquired by reading pages 5 to 8 of the report, and a detailed explanation of every provision is available elsewhere in the report. I am certain that any Member who may be in doubt as to the contents of the bill will very easily be able to satisfy himself on almost any point by consulting this report.

I shall now try to summarize very briefly some of the principal features of the bill.

A. OLD-AGE AND SURVIVORS INSURANCE

First. Extension of coverage: Old-age and survivors insurance coverage would be extended to add approximately 11,000,000 new persons to the 35,000,000 persons now covered during an average week. The groups added to the system under the bill are as follows:

(a) Self-employed: About 4,500,000 nonfarm self-employed persons other than physicians, lawyers, dentists, osteopaths, veterinarians, chiropractors, optometrists, Christian Science practitioners, and aeronautical, chemical, civil, electrical, mechanical, or mining engineers. Self-employed persons whose net earnings from self-employment are less than $400 per year would be excluded. The contribution rate for the self-employed would be 1½ times the rate for employees.

In extending coverage to the self-employed two considerations were kept in mind:

First. The desire of members of a particular business group or profession; and second, the probability of retirement in old age and therefore, need in old age for social-security benefits. Moreover, the inclusion of large groups of people who do not desire social-security coverage would make most difficult the administration of the system.

The proposed revision is not the last word in social-security legislation, and further study can, and should, be given to the problems of coverage of other groups whenever this may be desirable and practicable.

(b) State and local employees: About 3,600,000 employees of State and local governments, if the State enters into a voluntary compact with the Federal Security Agency, provided that such employees who are under an existing retirement system shall be covered only if such employees and adult beneficiaries of the retirement system shall so elect by a two-thirds majority.

(c) Household workers: About 950,000 domestic servants in private homes, not on farms operated for profit, who work at least an average of 2 days a week for, and earn at least $25 cash per quarter from, any one employer.

(d) Nonprofit institutions: About 600,000 employees of nonprofit institutions other than ministers and members of religious orders, but if the employer does not elect voluntarily to pay the employer's tax, the employee would receive credit with respect to only one-half his wages for the employee's tax which is compulsorily imposed upon him.

(e) Miscellaneous: Smaller groups, including processing workers off the farm, Federal employees not under civil service, Americans employed by American firms outside the United States, residents of Puerto Rico and the Virgin Islands, and salesmen and others who technically are not employees at common law, totaling one and one-fourth to one and one-half millions.

Second. Liberalization of benefits: (a) About 2,600,000 persons currently receiving old-age and survivors insurance benefits would have their monthly benefit increased on the average by about 70 percent. Increases would range from 50 percent for highest benefit groups to as much as 150 percent for lowest benefit groups. The present average primary benefit of approximately $26 per month for a retired insured worker would be increased to nearly $45.

(b) Persons who retire in the future would have their benefits computed under a new formula, with resulting benefits approximately double the average benefits payable today. The minimum primary benefit under existing law of $10 per month would be increased to $25. The maximum family benefit under existing law of $85 per month would be increased to $150, but not more than 80 percent of the average monthly wage of the insured person. Lump-sum death payments would be made upon the death of all insured persons. Under present law, lump-sum death benefits are payable only if the deceased insured person does not leave a survivor who could become immediately entitled to benefits.

The following tables taken from the committee report give a comparison of the individual benefit payments under existing law and under the provisions of the pending bill.

Table 1 sets forth the amounts of old-age insurance benefits payable to regularly employed workers at various levels of average monthly wage and for various numbers of years of coverage, under the present law and under the bill, without showing supplementary benefits for dependents.

TABLE 1.—*Illustrative monthly primary amounts*

[All figures rounded to nearest dollar]

Monthly wage while working	10 possible years of coverage		20 possible years of coverage		40 possible years of coverage	
	Present law	H. R. 6000	Present law	H. R. 6000	Present law	H. R. 6000
	Covered in all possible years					
$50	$22	$26	$24	$28	$28	$30
$100	28	52	30	55	35	60
$150	33	58	36	60	42	66
$200	38	63	42	66	49	72
$250	44	68	48	72	56	78
$300	[1]	74	[1]	77	[1]	84
	Covered in half of possible years					
$50	$10	$25	$11	$25	$12	$25
$100	21	26	22	28	24	30
$150	24	29	25	30	27	33
$200	26	32	28	33	30	36
$250	29	34	30	36	33	39
$300	[1]	37	[1]	38	[1]	42

[1] Present law includes wages only up to $250 per month.

Table 2 shows illustrative monthly benefits for a retired worker with an eligible wife, while table 3 gives corresponding figures for various survivor categories.

TABLE 2.—*Illustrative monthly benefits for retired workers*

[All figures rounded to nearest dollar]

Average monthly wage	Present law		H. R. 6000	
	Single	Married [1]	Single	Married [1]
	Insured worker covered for 5 years			
$50	$21	$32	$26	$38
$100	26	39	51	77
$150	32	47	56	85
$200	37	55	62	92
$250	42	63	67	100
$300	[2]	[2]	72	108
	Insured worker covered for 10 years			
$50	$22	$33	$26	$39
$100	28	41	52	79
$150	33	50	58	87
$200	38	58	63	94
$250	44	66	68	102
$300	[2]	[2]	74	110
	Insured worker covered for 20 years			
$50	$24	$36	$28	$40
$100	30	45	55	80
$150	36	54	60	91
$200	42	63	66	99
$250	48	72	72	107
$300	[2]	[2]	77	116
	Insured worker covered for 40 years			
$50	$28	$40	$30	$40
$100	35	52	60	80
$150	42	63	66	99
$200	49	74	72	108
$250	56	84	78	117
$300	[2]	[2]	84	126

[1] With wife 65 or over.

[2] Present law includes wages only up to $250 per month.

NOTE.—These figures are based on the assumption that the insured worker was in covered employment steadily each year after 1949 (or after 1936 as the case may be).

TABLE 3.—*Illustrative monthly benefits for survivors of insured workers*

[All figures rounded to nearest dollar]

Average monthly wage	Aged widow [1]		Aged parent [1] or 1 child alone		Widow and 1 child		Widow and 2 children		Widow and 3 children	
	Present law	H. R. 6000	Present law	H. R. 6000	Present law	H. R. 6000	Present law	H. R. 6000	Present law	H. R. 6000
	Insured worker covered for 5 years									
$50	$16	$19	$10	$19	$26	$38	$37	$40	$40	$40
$100	20	38	13	38	33	77	46	80	52	80
$150	24	42	16	42	39	85	55	113	63	120
$200	28	46	18	46	46	92	64	123	74	150
$250	32	50	21	50	52	100	74	133	84	150
$300	[2]	54	[2]	54	[2]	108	[2]	144	[2]	150
	Insured worker covered for 10 years									
$50	$16	$20	$11	$20	$28	$39	$38	$40	$40	$40
$100	21	39	14	39	34	79	48	80	55	80
$150	25	43	16	43	41	87	58	116	66	120
$200	29	47	19	47	48	94	67	126	77	150
$250	33	51	22	51	55	102	77	137	85	150
$300	[2]	55	[2]	55	[2]	110	[2]	147	[2]	150
	Insured worker covered for 20 years									
$50	$18	$21	$12	$21	$30	$40	$40	$40	$40	$40
$100	22	41	15	41	38	80	52	80	60	80
$150	27	45	18	45	45	91	63	120	72	120
$200	32	50	21	50	52	99	74	132	84	150
$250	36	54	24	54	60	107	84	143	85	150
$300	[2]	58	[2]	58	[2]	116	[2]	150	[2]	150
	Insured worker covered for 40 years									
$50	$21	$22	$14	$22	$35	$40	$40	$40	$40	$40
$100	26	45	18	45	44	80	61	80	70	80
$150	32	50	21	50	52	99	74	120	84	120
$200	37	54	24	54	61	108	85	144	85	150
$250	42	58	28	58	70	117	85	150	85	150
$300	[2]	63	[2]	63	[2]	126	[2]	150	[2]	150

[1] Age 65 or over.
[2] Present law includes wages only up to $250 per month.

NOTE.—These figures are based on the assumption that the insured worker was in covered employment steadily each year after 1949 (or after 1936 as the case may be).

The increase in benefit amounts for persons now on the rolls will be accomplished by the use of a table included in the bill. A summary of this table is presented in table 4.

TABLE 4.—*Summary of conversion table for computing new benefits for those now on the roll*

[All figures rounded to nearest dollar]

Present primary insurance benefit	New primary insurance amount	Maximum family benefits payable
$10	$25	$40
15	31	50
20	36	58
25	44	78
30	51	113
35	55	145
40	60	150
45	64	150

EXAMPLES

1. Retired worker now receiving $25 per month will receive $44 after effective date. Supplementary benefits for his eligible benefits or survivors cannot exceed $78.

2. Widow age 65 or over now receiving $30 per month (based on three-fourths of deceased husband's primary benefit of $40) will receive $45 after effective date (three-fourths of $60.)

Third. Limitation on earnings of beneficiaries: The amount a beneficiary may earn after retirement in covered employment without loss of benefits would be increased from $14.99 to $50 per month. After age 75, benefits are payable regardless of amount of earnings from employment.

B. PERMANENT AND TOTAL DISABILITY INSURANCE

First. Coverage: All persons covered by the old-age and survivors insurance program would be protected against the hazard of enforced retirement and loss of earnings caused by permanent and total disability.

Second. Benefits: Permanently and totally disabled workers would have their benefits and average wage computed on the same basis as for old-age benefits, but no payments would be available for dependents of disabled workers.

Third. Eligibility for benefits: An individual would be insured for disability benefits if he had both (a) 6 quarters of coverage out of the 13-quarter period ending when his disability occurred, and (b) 20 quarters of coverage out of the 40-quarter period ending when his disability occurred.

C. VETERANS

World War II veterans would be given wage credits under the old-age, survivors, and disability insurance program of $160 per month for the time spent in military service between September 16, 1940, and July 24, 1947.

D. FINANCING OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Last but not least, I should like to deal with taxes for the old-age and survivors insurance system since it is an essential feature of social insurance that there should not only be benefit rights but also contribution obligations. The insurance tax has been frozen at 1 percent on both employee and employer for 13 years, 1937 to 1949. Under present law and under the bill, this rate would rise to 1½ percent in 1950. It is an essential sound matter of financing that the contribution rate should rise steadily over the future because the benefit disbursements will of a certainty rise for perhaps the next 40 or 50 years. In all its considerations, the Committee on Ways and Means was firm in its conviction that this system should be soundly financed so that the benefits promised could be paid.

Under present law, the 1½-percent tax rate would be effective for 2 years and thereafter the rate would be 2 percent. The committee was of the opinion that such a low tax schedule could not support adequate benefits.

Further the committee concluded that this system should be on a sound actuarial basis and should be completely self-supporting from the contributions of the participating persons and their employers. Accordingly, the bill provides that the tax rate on employers and employees should be increased to 2 percent in 1951 and then to 2½ percent in 1960, 3 percent in 1965, and 3¼ percent in 1970. These contribution rates will result in the building up of a fairly sizable trust fund, which will be invested in that soundest investment of all—United States Government securities. In answer to the critics of this method of investing the trust fund moneys, I might point out that Government bonds are purchased by banks, insurance companies, and individuals when they want to invest surplus funds in the soundest investment in the world. The investments of the trust fund will earn interest just as any other Government bonds, which will help to finance the large benefit disbursements. The bill would repeal the provision in present law authorizing appropriations to the trust fund from general revenues. Before reaching this conclusion, the committee satisfied itself not only that the tax schedule would provide sufficient funds to finance the system but also ascertained that workers insured under the system would receive protection valued in excess of their individual contributions.

E. PUBLIC ASSISTANCE AND WELFARE SERVICES

Thus far I have discussed the insurance provisions of the bill. The provisions in the bill relating to the State-Federal public-assistance programs are also of great importance to those persons who are unable, for one reason or another, to be eligible for insurance benefits. While the old-age, survivors, and disability insurance program that I have outlined will decrease the need for public assistance in the future, we should not forget the needy aged, the blind, the permanently and totally disabled, and the dependent children who do not have social insurance protection. Accordingly, the bill would strengthen and improve the public-assistance programs for these needy individuals, as follows:

First. Extension of State-Federal public assistance programs: Aid would be extended to the following persons not now eligible for assistance:

(a) Permanently and totally disabled needy persons. The Federal Government would share in the costs in the same manner as for old-age assistance and aid to the blind.

(b) The mother, or other adult relative with whom an eligible dependent child is living. The Federal Government would share in the costs of the aid furnished such mother or relative.

Second. Increase in Federal share of public assistance costs: The bill would strengthen financing of public assistance in all States, and, particularly, would enable the low-income States to raise the level of payments to needy recipients under the State-Federal program. Federal funds would be made available to the States under the following matching formula:

(a) For old-age assistance, aid to the blind and aid to the totally and permanently disabled: Federal funds will equal four-fifths of the first $25 per recipient plus one-half of the next $10 plus one-third of the next $15 with a maximum of $50 on individual assistance payments.

(b) For aid to dependent children: Federal funds will equal four-fifths of the first $15 per recipient—including one adult in each family—plus one-half of the next $6, plus one-third of the remainder, with maximums on individual assistance payments of $27 for the adult plus $27 for the first child plus $18 for each additional child in the family.

Third. Public medical institutions: The Federal Government would share in the costs incurred by the States and localities in furnishing assistance to the needy aged, blind, and permanently and totally disabled recipients in public medical institutions, instead of limiting Federal participation to costs incurred for recipients residing in private institutions as provided in present law.

Fourth. Direct payment for medical care: States would be authorized to make direct payments to doctors or others furnishing medical care to recipients of State-Federal public assistance.

Under existing law the Federal Government does not participate in the cost of medical care for recipients unless payment for such care is made directly to the recipient.

Fifth. Child welfare services: Authorization for child welfare services would be increased from $3,500,000 per year to $7,000,000, for service in rural areas or areas of special need. The use of child welfare funds would be authorized for purposes of returning interstate runaway children to their homes.

Sixth. Puerto Rico and the Virgin Islands: The four categories of public assistance would be extended to Puerto Rico and the Virgin Islands, but the Federal share of assistance payments would be limited to 50 percent. The maximum Federal payment would be $15 for a recipient of old-age assistance, aid to the blind, or aid to the permanently and totally disabled, and $9 for the first child and $6 for each additional child in an aid to dependent children family.

Seventh. Cost: The over-all estimated additional cost to the Federal Government for the public assistance and welfare services amendments would be $256,000,000 annually.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. I would like to ask what, exactly, is the status of an employee? For example, there are several paper mills in my district, and in my State, and in reading over this bill I wonder where the operators of the paper mills' responsibility begins and where it ends. There is considerable pulp cut by contractors. Who would be responsible for keeping track of that particular situation?

Mr. DOUGHTON. Of course, that was one of the most controversial problems that we had to deal with. We had before us the Treasury officials, representatives of the Social Security Administration, and heard testimony from the taxpayers. We heard all shades of thought on that subject. If the Treasury administers the law as it says it will, there will be no trouble about who is covered. As to exactly who will be covered and who will not be covered, I do not believe you could write that into statutory law. There must be some discretion, as you know, if this law is to be administered according to the intent of the Congress. The benefits of any law depend upon its administration. You might take the Ten Commandments to administer, but if they are not understood and not lived up to, what would be the result? We have to leave it to those who administer this law, and give them some discretion as to who is covered as an employee and who is not. In the same way, we have to leave it to the local welfare boards to determine who is in need; we have to leave it to the doctors to say who is permanently and totally disabled.

Mr. LYNCH. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from New York.

Mr. LYNCH. I think the answer to the gentleman's question is this, that if the subcontractor is in reality a real contractor, if he has money invested in his equipment, if he does not do any work personally, if he has employees, he does not come in under this bill as an employee but would probably come in under the provision of self-employed. I do not know whether that answers the question precisely.

Mr. MURRAY of Wisconsin. I want to get the facts in the case. If we pass a bill we ought to know what we are passing.

Mr. DOUGHTON. I agree with the gentleman.

Mr. MURRAY of Wisconsin. Here is a company, regardless whether it is a paper mill or any other company, but it has subcontractors and it contracts with these men for so much pulp, we will say. Does the corporation assume the responsibility, keep track of the social-security numbers and payments for instance, or does the subcontractor have that responsibility?

Mr. DOUGHTON. I am not a lawyer, and I do not understand the technical and legal terms as well as my good friend the gentleman from New York [Mr. LYNCH], the gentleman from Tennessee [Mr. COOPER], and the gentleman from Arkansas [Mr. MILLS] and others.

Mr. LYNCH. I think the answer is simply this, that if the subcontractor, for instance, is a corporation and that corporation employs loggers, there is no question as to who pays the social-security tax. The corporation pays and the individual pays insofar as social security is concerned. When the gentleman said a subcontractor, I assumed he meant an individual. If the individual to whom he refers does all the work himself, then he ordinarily would be considered in the capacity of an employee of whoever it was that engaged him. If, on the other hand, the subcontractor has money invested and there are tools and equipment so that in truth and in fact it might be said in your own mind that he is the real employer, then he is an employer insofar as he pays, say 1 percent social security as an employer and 1 percent is deducted from the wages of his employees. If he is an individual, then he himself under this bill may be included as one who is self-employed and pays 1½ percent, approximately, for his social-security insurance. Does that answer the gentleman's question?

Mr. MURRAY of Wisconsin. Let us get it straight now. The gentleman is a corporation and I am going to cut some pulpwood for him. I have three fellows working for me. Is it the gentleman's responsibility to see that they have their consideration, or is it mine?

Mr. LYNCH. It all depends upon the facts involved. If you are one who has money involved in that business and if you in turn have equipment, and if you supply the equipment to these three workingmen that you have——

Mr. MURRAY of Wisconsin. Axes, for instance.

Mr. LYNCH. Axes, and all the other equipment that might come with doing contract work, then under those circumstances you would be looked upon as the employer. There is no question about that whatsoever, if you in turn are the one who, as I say, has the capital investment, who has the equipment and supplies and those other necessary things.

Mr. MURRAY of Wisconsin. Mr. Chairman, I would not want to leave the impression that I am opposed to social security.

Mr. DOUGHTON. I understand that.

Mr. MURRAY of Wisconsin. Before I became a Member of Congress even when I had only one fellow working for me, I always saw to it that he got his social security.

Mr. DOUGHTON. He was working for you or he was working with you?

Mr. MURRAY of Wisconsin. He was working for me.

Mr. DOUGHTON. When I work on the farm, when I work in my office, or when I work anywhere, and somebody else works we work together. I always feel that he is working with me and not for me.

Mr. MURRAY of Wisconsin. I paid my share of social security so he could build up his social security standing.

How about the farmers, then? They do not come under it at all?

Mr. DOUGHTON. Whenever a majority of them signify their desire to be covered, I think it would be appropriate to cover them. So far we have had no evidence that a majority of them have such a desire. There is little interest or enthusiasm among the farm organizations about it.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Tennessee.

Mr. COOPER. May I invite the attention of the gentleman from Wisconsin to pages 86 and 87 of the committee report, which gives some specific examples on the very question about which the gentleman is inquiring.

Mr. DOUGHTON. I thank the gentleman from Wisconsin for inquiring and I thank my colleague, the gentleman from New York [Mr. LYNCH], and my colleague, the gentleman from North Carolina [Mr. COOPER], for their contributions.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Illinois.

Mr. CHURCH. On this question of employees, I feel that I should rely on the chairman's statement that in the last analysis it is the department's regulations that will make the definitions that will affect the situation as to who is the employee.

Mr. DOUGHTON. Within certain definite limitations.

Mr. CHURCH. The gentleman said it would be left to the department.

Mr. DOUGHTON. Yes.

Mr. CHURCH. In view of the statement of the gentleman from Tennessee, I think it is clear that it would be left to the department. However, if the department does not settle that question in its regulations, and then 5, 10, or 15 years from now it changes its definition or changes its regulations, what kind of chaos will you have then? How much does this little logroller and these other people have by way of uncertainty as to back wages, back claims, and such, keeping in mind that it is the department that makes the definition and it is the department that next year and the next will change its mind?

Mr. DOUGHTON. The gentleman has raised a very pertinent question. Does he have a definition which he can give to the House?

Mr. CHURCH. If I did, I could not get it into this bill because I would have no opportunity to offer it as an amendment. Yes, I think your committee should have defined the word "employee" in every instance as it is affected in this bill.

Mr. DOUGHTON. This bill has to go to the other body. We do not claim it is perfect. The gentleman will have an opportunity to make his case over there. No doubt they will have extensive hearings on this subject as we had. I am sure every provision of the bill will be gone over carefully.

Mr. CHURCH. Does the gentleman want the other body to do our thinking for us?

Mr. DOUGHTON. No, no, that is not the situation at all. If the gentleman wants to appeal his case, why there is another court to which he can take his appeal.

Mr. LYNCH. In answer to the gentleman I might say that when the department makes regulations, it must make regulations within the confines of the definitions set forth in this bill. When the gentleman says that he did not have an opportunity to offer a substitute for what we have in the bill, I must point out, Mr. Chairman, that we have had more than 6 months of public hearings. Every Member of Congress had an opportunity to come in and express their own opinion, or give any kind of a definition that they wanted to give. Nobody has done so. The committee has worked out this definition to a certain extent in accordance with the interpretation of the Supreme Court. This is a definition that the committee has given and within this definition and no other can the department make any regulations.

Mr. DOUGHTON. Has the gentleman from Illinois [Mr. CHULCH], read our committee report? If he has, I think he will find the information he seeks in the report.

Mr. CHURCH. I have tried to rush through it. I understand that we may have three more days' debate on this measure, then I understand when we have let the other body do our thinking for us next year, we can undo what we are doing now.

Mr. DOUGHTON. Well, another Congress, of course, can undo what we are doing now. The gentleman knows that this Congress cannot bind the next Congress. We cannot tell what the next administration will do. Of course we cannot tell that.

Mr. LYNCH. Mr. Chairman, it is apparent that the gentleman has not done any thinking on this bill up to the present time. Now, if he has not done any thinking up to the present time on this bill, or if he has not read this report, it would seem to me when he states that he has not had an opportunity to present his views, that is not in accord with the actual situation.

Mr. DAVENPORT. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. DAVENPORT. I would like to ask this question, because I have been asked it so many times back home. We have thousands and thousands of insurance agents in Pittsburgh and outside salesmen engaged in the wholesale trade. How does this bill affect them?

Mr. DOUGHTON. I yield to the gentleman from Arkansas [Mr. MILLS]. He is a lawyer and he knows more about the legal technicalities of the bill than I do.

Mr. MILLS. It is quite difficult, as the distinguished chairman of our committee knows, to answer a question such as the gentleman from Pennsylvania puts with a straight yes or no. The definition of the term "employee" will take in under social security as employees some 500,000 or 750,000 people who would not be employees under the strict technical terms of a common-law definition. It is the purpose of the committee, as I understand, to take in these outside salesmen for wholesale companies on a commission basis as employees and to take in these life-insurance salesmen that he has referred to on the basis of being employees. To say that everyone in that occupation in Pittsburgh would come in as an employee, no one could do. It will depend largely upon the actual facts of the relationship, rather than the technical, legal definition of the common-law rule.

For the information of the gentleman from Pennsylvania, I suggest that he read particularly pages 81 and 82 of the report.

Mr. DOUGHTON. I thank the gentleman from Arkansas [Mr. MILLS].

The CHAIRMAN. The gentleman from North Carolina [Mr. DOUGHTON] has consumed 1 hour.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to continue.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. ROGERS of Florida. I would like to know the interpretation of the committee with reference to bringing self-employed individuals under the provisions of this bill. I understand that they must pay up to $3,600.

Mr. DOUGHTON. That is taxable self-employment income base. Anything above $3,600 is not taxed. All up to that would be subject to tax, if he comes under the provisions of the act. He must have a certain income, at least $400 a year, before he is covered.

Mr. ROGERS of Florida. Suppose an individual makes $10,000 and does not want to come in. Has he any right to elect?

Mr. DOUGHTON. No. He has no discretion. He ought to be willing to pay the small amount he has to pay for the support of the fund in order to be eligible for benefits.

Mr. ROGERS of Florida. Was there any evidence of a desire on the part of that class to come under this act?

Mr. DOUGHTON. Yes, sir.

Mr. Chairman, I have described very briefly the major accomplishments of the present social-security law as to old-age and survivors insurance and public assistance. Correspondingly, I have set forth the improvements which the bill would accomplish. Our committee has worked long and diligently on this matter and has done the very best work possible. What we have done will not satisfy everybody—some will want more and some will want less—but we do feel that we have set before you a well-considered, financially sound plan which will be of great benefit to the country. We do not claim that we have reached ultimate perfection in social-security systems, but we do claim that we have approached the subject as fairly and practically as humanly possible at this time. Social security is a matter which will always require continuous study and improvement; but if this measure is enacted into law, the United States will have a social-security system of which it can well be proud and which will be of lasting benefit to the stability and prosperity and well-being of the Nation.

The CHAIRMAN. The gentleman from North Carolina has consumed 1 hour and 2 minutes.

Mr. CHURCH. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. CHURCH. Mr. Chairman, in this period of so much selfishness, greed, and disregard for others, it is indeed inspiring to learn of an extraordinary act of heroism by a small girl at the risk of her own life to save the lives of those she loved.

It is with immeasurable pride that I wish to call the attention of the House to such love, devotion, and valor on the part of Roberta Lee Mason, only 14 years of age, who lives near Des Plaines, Ill. And I take considerable pride in the manner in which the fine people of this area responded to her unselfish act.

She is a member of a family of modest circumstances. But it is apparent from her action that in their love and devotion to each other the family had more than all the riches in the world could bring.

Although only 14 years of age, she was left in charge of the Mason children—four brothers and sisters—while the parents were at work. An explosion of an oil burner sent flames racing through the frame house, leaving little chance for anyone to escape.

But this little girl found a way. Even though her own clothing was on fire, she brought her brothers and sisters to safety. In her outstanding heroism, she suffered severe burns on her hands, arms, face and hair, for which she has been hospitalized. There are no words that can describe her suffering, as there are no words adequately to describe the love and unselfishness that make her an example of all that is humanly fine and great.

This girl's deed touched the heart of Des Plaines and the entire Chicago area. Without pay, a new home was completed for the Mason family by all the unions involved in building construction. All the building materials and home furnishings were supplied by business concerns. I cannot recount how the friends, neighbors and strangers gave assistance to this brave girl and her stricken family. Around $12,000 was donated in cash to be put in a trust fund for Roberta Lee's education.

This is a remarkable story, and I consider it worthy of national attention. In commemoration of this brave girl's deed I have introduced a bill authorizing the Postmaster General to issue a special postage stamp. I hope that the Committee on Post Office and Civil Service will give favorable consideration to this proposed legislation, or that the Postmaster General will, by virtue of the authority he already has, proceed to have such a stamp issued.

Mr. Chairman, in conclusion I should like to express my commendation of the city council of Des Plaines, Ill., who by formal resolution brought this matter to my attention and suggested the resolution I have introduced.

Mr. JENKINS. Mr. Chairman, I yield myself such time as I may require.

I ask unanimous consent to revise and extend the remarks that I make at this time, Mr. Chairman.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. JENKINS. Mr. Chairman, I shall further develop the discussion between Mr. DOUGHTON and Mr. MURRAY of Wisconsin. The distinguished gentleman from Wisconsin [Mr. MURRAY] has just propounded a very profound question to my distinguished chairman [Mr. DOUGHTON] and has touched upon one of the sore spots in this bill. He got no conclusive answer. The answers that he got show conclusively that nobody knows who is an employer as defined in this bill.

A year or two ago there developed a severe conflict between the Social Security Board and the Treasury over this matter of who is an employee and who is not. The Social Security Board felt that it had the right to determine who should draw benefits, regardless of whether or not the employer of that individual felt that that person should draw benefits. In other words, under the law, two parties, the employer and the employee, must agree, that there is the relationship of employer and employee existing between them. They must agree, and then one pays 1 percent of his wages into the social-security fund and the other pays 1 percent. No money should be paid into the United States Treasury nor out of the United States Treasury on this program to anybody unless the relationship of employer and employee has been established. But the Social Security Board paid money to thousands of people whom the Treasury held had no right to receive that money and that the Board had no right to order that money paid. Many so-called employees drew benefits upon whose so-called employment nobody had paid any tax. So out of that great conflict between them came this bill. Those were the people that Mr. Truman referred to in his campaign when he said we, the Republicans, had taken off the pay roll to the extent of 750,000. The 750,000 persons had been put on illegally, by the Social Security Board. The Treasury, in effect, said so. The Treasury was then as it is now a Democratic Treasury. Of course the Social Security Administration was thoroughly Democratic. However, the Social Security Board refused to heed the warning of the Treasury and went right ahead anyway—spent the money illegally.

In the Ways and Means Committee and in the legal profession throughout the country there arose great concern over the action of the Social Security Board arbitrarily ordering money to be paid to these men who had no legal right to receive it. From this arbitrary and illegal action of the Social Security Board and the resentment that the people felt about it, the Gearhart amendment was prepared. It passed the Ways and Means Committee and in due time this amendment was passed by the Congress of the United States. This was all done to prevent the bureaucratic and unlawful activity of the Social Security Board. The present law referring to this matter and including the Gearhart amendment is as follows:

(1) Employee: The term "employee" includes an officer of a corporation, but such term does not include (1) any individual who, under the usual common-law rules applicable in determining the employer-employee relationship, has the status of an independent contractor or (2) any individual (except an officer of a corporation) who is not on employee under such common-law rules.

That amendment supported the Treasury of the United States in its viewpoint. But the Social Security Board was never satisfied; that group will never be satisfied until they bring everybody under their control, and that is what the Social Security Board was trying to do then just simply by its own edict, to bring people under the law when the Treasury said they had no right to be there. The Gearhart amendment was worded very simply but it was sufficient. It clarified what we call the common law. Some principles of law are so old and have been recognized by the courts so long they become as immutable as the law of the Medes and the Persians of the Bible. The law of master and servant is so well recognized as to be known as the common law. What is the common law in these social-security matters? The common law is that the relationship of master and servant must be established, the relationship of employer and employee. How do you establish or prove the relationship of employer and employee? You establish it by some kind of contract, either express or implied. If I walk into a store and buy a suit of clothes and take it home without asking the price I am presumed to be willing to pay the price, impliedly. If the clerk and I agree on a price then I pay that agreed price. If I have a dentist do some work for me and do not ask him how much his work will cost, then impliedly I have agreed to pay the price he asks, and that is a contract. There has to be an arrangement of some kind. It is the same with a man who wants to pick the other fellow's beans, tomatoes, or whatever it is; there the same principle applies. If a difference arises between the buyer and the seller over the contract, then the judge decides; if a difference arises between the merchant and me over the price of a suit of clothes or between the dentist and me over the price of the work he did for me, then the judge and the jury hear it and decide what the facts are. So, of course, somebody must decide these matters. Let us see how this bill proposes to decide who is an employee. Turn to page 48 of this bill and see how much space it takes, how many words it takes, to define the word "employee." It states:

Employee:
(k) The term "employee" means—
(1) Any officer of a corporation—

That language was put in that bill, of course, so that there might be no misunderstanding as to the status of an officer of a corporation; otherwise he might not be considered to be an employee eligible to come under the Social Security System even though he would be drawing a salary. Then it goes on—

Or—
(2) Any individual who, under the usual common-law rules applicable in determining the employer-employee relationship, has the status of an employee.

That would have been enough had the definition stopped right there. But this Social Security Board was not satisfied with the courts; it wants to decide everything. Let us see how much space it

takes in this bill before us to define this one word "employee." It starts on page 48. It continues throughout the entire page 49, through all of page 50, and most of page 51. They designate a whole lot of groups as employees just to be sure they keep them in; otherwise, probably even the Social Security Board would not have the conscience to put them in as it had done before. But they are included in the law by the language of this bill. Then we go over on page 51 and this is where the gentleman from Wisconsin [Mr. MURRAY] comes in if he comes in at all. I do not know that there are any two lawyers on the committee or any place else who can agree on what this language on page 51 means. This is the language to which I refer:

The term "employee" means—

(4) Any individual who is not an employee under paragraph (1), (2), or (3) of this subsection but who, in the performance of service for any person for remuneration, has, with respect to such service, the status of an employee, as determined by the combined effect of (A) control over the individual, (B) permanency of the relationship, (C) regularity and frequency of performance of the service, (D) integration of the individual's work in the business to which he renders service, (E) lack of skill required of the individual, (F) lack of investment by the individual in facilities for work, and (G) lack of opportunities of the individual for profit or loss.

This language is most confusing. The committee recognizing this fact sought to clarify the language by inserting in its report filed with this bill a number of hypothetical illustrations to show what would be required in order for a person to be entitled to be considered to be an "employee."

Let us look further as to what that language means.

(4) Any individual who is not an employee under paragraph (1), (2), or (3).

Let us see what is going to happen to any individual that does not come within paragraph (1), (2), or (3). Under paragraph (4) they seek to include any persons who cannot come under paragraph (1), (2), or (3). They are going to take all such persons in with one fell swoop if they do not come in under (1), (2), or (3).

This is what the bill says in paragraph (4):

But who, in the performance of service for any person for remuneration, has, with respect to such service, the status of an employee.

How can you determine what is the meaning of status of an employee as in that paragraph? It is very confusing. And again let us read further in paragraph (4):

As determined by the combined effect of (A) control over the individual, (B) permanency of the relationship, (C) regularity and frequency of performance of the service, (D) integration of the individual's work in the business to which he renders service, (E) lack of skill required of the individual.

In other words, if you are not skillful you cannot be an employee any place, but if you are too skillful you are liable to be included when you do not want to be included. Let us consider category (F).

(F) Lack of investment by the individual in facilities for work.

The poor man who has no money cannot get into that status at all. If he has money invested; if he can put in some money he is included.

And category (G).

(G) Lack of opportunities of the individual for profit or loss.

Mr. Chairman, it seems to me that in this effort to include every possible individual they have so confused the subject that it will be difficult for any man being subject to these provisions to tell whether he is included or excluded. I am sure that any lawyer reading this attempted definition of an employee would throw up his hands in despair if he were asked to render an opinion as to whether a certain individual was an employee. This wordy definition is too confusing. The small-business man will be at a loss to know what to do.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Nebraska.

Mr. CURTIS. Referring to the language that the gentleman just read, particularly to line 8 on page 51, it says "as determined." As determined by whom?

Mr. JENKINS. The gentleman asks a very pertinent question. I answer him by asking him "determined by whom?"

Mr. CURTIS. As determined by the Social Security Administrator and the Treasury?

Mr. JENKINS. Certainly so.

Mr. CURTIS. Lawyers could not look at that and advise a client. The people we are dealing with here are employees or not employees.

Mr. JENKINS. The gentleman is exactly right.

Mr. CURTIS. There is nothing in there to prevent the Treasury from coming in years afterward and saying that by this hocus-pocus of (A), (B), (C), (D), and (E) they all come in. They put any value or any effect they want to on those sections and come up with the answer that these people are employees and therefore you owe 5, 6, or 10 years' taxes.

Mr. JENKINS. Yes. This confusion should not obtain. This matter must be clarified. This confusion comes up because of the disposition of the Social Security Board to overstep its jurisdiction last year.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Tennessee.

Mr. JENNINGS. Here is the manner in which a governmental agency might very well construe this language under subparagraph (4) page 51:

Any individual may be held to be an employee, although he is not such under paragraph (1), (2), or (3) of this subsection but who, in the performance of service for any person for remuneration, has, with respect to such service, the status of an employee, as determined by the combined effect of (A) control over the individual, (B) permanency of the relationship, (C) regularity and frequency of performance of the service.

Here is the joker that could bring them all in as employees.

Integration of the individual's work in the business to which he renders service.

A man's service may be held to become an integral part of, his services may mesh in with and contribute to or affect in some remote direct or indirect manner the combined labor of all these people, and an administrative interpretation and finding will make him an employee, certainly so, when a bureaucrat bent on making him such would construe him to occupy the relationship of an employee.

Mr. JENKINS. That is true. I will ask the gentleman a question. He has been a judge and everybody knows he is a learned man.

I will put this question. Let us be serious.

This section says "as determined by the combined effect of" seven different tests. Then, how would you determine how much weight you would give to each test; would you divide 100 percent by 7 and give to each test 14 percent?

Mr. JENNINGS. All these provisions become a part of the whole, and any one of these elements, in my opinion, leaves the door open for Federal agency construction and for bureaucratic interpretation, and then the citizen who never intended to enter the relationship of an employer finds himself years later held to be such. In other words, here is a circus tent and this is the entrance. You get the camel's head under the tent, and then the whole animal is under the tent by interpretation, fact findings, and decrees by some appointed Federal bureaucrat.

Mr. JENKINS. Let me ask another question. Suppose your client has been put through this searching test and he has failed to qualify on about one-third of these and he is aggrieved by the finding of the board, what is he going to do about it?

Mr. JENNINGS. He cannot effectively do anything. Ordinarily when you get caught by one of these agencies and it finds the facts against you, and you undertake to relieve yourself in the courts of the land, you enter the court with three strikes on you, because if there is any evidence at all to sustain the finding of the agency on the evidence, the court will not pay any attention to you on the facts. The findings of the agency are binding on the aggrieved citizen and conclusive on the court.

Mr. JENKINS. I doubt very much whether you could get into any court.

Mr. JENNINGS. You might get into court, but you could get no relief.

Mr. JENKINS. You might have to show fraud or some other legal reason.

Mr. CURTIS. Mr. Chairman, if the gentleman will yield further, I would like to ask the learned jurist from Tennessee a question that I propounded in the committee, and I was unable to get any enlightenment on, referring to section (b)

line 10, permanency of the relationship. If an individual is in truth and in fact an employee or not an employee, how can permanency of the relationship change it one way or the other?

Mr. JENNINGS. I do not think it would make any difference, but no man can assure himself that there exists a yardstick or any criteria or any certainty about the interpretation of any law of Congress, because a member of the present Supreme Court said that because the Congress in an act or in a law it passes uses clear and unambiguous language, it by no means follows that in the interpretation of such an act, is a simple matter; that for the Court to so hold, he said, would be "oversimplification."

Mr. JENKINS. Yes.

Mr. JENNINGS. In other words, the construction of an act never gets simple.

Mr. JENKINS It is too good.

Mr. JENNINGS. You never know what the Court will hold from past decisions.

Mr. CURTIS. Is it the gentleman's understanding of this paragraph 4 that the Treasury and the Social Security Administrator will say that you are an employee or you are not one? Is that what it boils itself down to?

Mr. JENKINS. That is the way it seems to me. I do not see how you could ever get out of it. Anyway you proceed you will become entangled in it and I do not see how you can get out of it.

Mr. CURTIS. In one of the preceding paragraphs, suppose there is a relationship between the parties and one is not the employee of the other, but they write a contract that is contrary to the facts that recite that they are employees; what about that contract?

Mr. JENKINS. Well, I think in the discussion in the committee, did we not decide that he would be considered an employer under those circumstances?

Mr. CURTIS. Yes.

Mr. JENKINS. I think regardless of what the facts were, they would hold him in anyway.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Arkansas.

Mr. MILLS. In response to the suggestion of the gentleman from Tennessee that there would be no recourse on the part of any employer or employee regarding the interpretation placed upon this language by the Treasury Department, I am sure my friend from Ohio would not want the record to suggest that the man would have no right of appeal to any court at all.

Mr. JENKINS. I do not know. I am just asking the gentleman whether he has.

Mr. MILLS. The gentleman from Ohio knows that this is a matter involving the payment of a tax, and that the taxpayer, the employer, has the right to go to court any time he is not satisfied with the interpretation by the Treasury Department of what the law is as applied to the facts.

Mr. JENKINS. The gentleman is wrong about that.

Mr. MILLS. The gentleman from Ohio knows that the gentleman from Arkansas is right, because 20 percent of the cases in Federal court today involve interpretations of the tax law, and that is what is involved here.

Mr. JENKINS. Let us get our minds together now. This is the proposition that I think the gentleman has in mind. Of course, any taxpayer, if the tax authorities are not administering the law properly, and it involves an amount of money to be collected or it involves the question of whether or not the item the Government is seeking to hold him for is taxable, and he maintains it is not, or it is a matter of a credit or an offset, or things like that, then he can get into court. But this is not that kind of a matter. This is a matter that is fixed by the law. The law assumes to give a man a fixed status. If the law says he is an employer then he can do nothing about that. Somebody has the final authority to say who is an employee. He is an employee when that somebody says he is or he is an employer when that somebody says he is. They have already said it, and the law then says that that employee has to pay his 1 percent and that employer has to pay his 1 percent. That is all there is to it,

Now, who decides it? I will tell you who is going to decide it under this law. The law goes around and around, about four pages, trying to say who is an employer. It finally says it shall be the Social Security Board that shall determine it. There it is. You have to take it or leave it.

While I am talking about that, if we had had a chance to amend this bill that would have been one of the things we would have changed. We would not have passed that on to the Senate of the United States to change it, because that is a matter that belongs to us. It ought not to be easy for us to say that we will pass it on to the other body and let them take care of it. It is our responsibility under the Constitution, and we have frittered it away. We have a right to say who shall pay taxes, and we have frittered it away. We have given it to the Social Security Board to say who shall pay taxes. When that Board says that a certain man is an employer the tax authorities will hold him to pay the tax.

Mr. MILLS. Let us look at the record.

Mr. JENKINS. I am satisfied with the record, as far as I am concerned.

Mr. MILLS. The gentleman keeps referring to the Social Security Administrator in connection with this question. This is a matter within the province of the Treasury Department, because it involves a question of tax collection.

Let me ask the gentleman this question: If it was possible for the silk people to get into the Supreme Court, Bartels and the rest of them, how does he think this language will prevent any taxpayer who does not agree with the interpretation of the Treasury regarding that language from getting into Federal court over the question of the payment of social-security taxes? The gentleman knows they will be permitted to get into court.

Mr. JENKINS. That is exactly the reason this has been put in this bill, so they can fix the responsibility, and they will fix it.

Mr. MILLS. The gentleman knows that you cannot keep a man from going to court in connection with a tax.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Nebraska.

Mr. CURTIS. The people who will be kicked around under this provision are the little folks who cannot go to the Supreme Court of the United States.

Mr. JENKINS. Of course.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Michigan.

Mr. FORD. I think it is correct to say that there is opportunity for a person who is accused of not paying the tax to either pay the tax and sue to collect it or contest it in the first instance. If my recollection is correct, there are two possibilities, one before the Tax Court, and the other in the United States district court.

Mr. MILLS. That is right in the case of income and estate and gift taxes. Controversies over employment taxes are not within the scope of jurisdiction of the tax courts, however.

Mr. FORD. The problem, however, is that you have a small-business man who comes to you as a lawyer and asks for an interpretation, "Are my employees covered? If they are, I have to pay the tax. If they are not covered, I do not have to pay the tax." You as a lawyer have the responsibility of making a decision based on provisions in the law. It was a most difficult job to advise anyone with any degree of certainty. You will find, if you check the reports of the Tax Court and of the various district courts, that there are a number of cases based on a multitude of fact situations, and you cannot pick out any line of decisions on a specific decision that will be of material help to a practicing lawyer or to the businessman. Until the Gearhart resolution it was virtually impossible to determine whether certain employees were covered.

Mr. MILLS. The gentleman from Michigan has put his finger on a very important thing. It has been difficult in the past, without any definition whatsoever of the term "employee" except the resolution we passed in the Eightieth Congress, for a lawyer to advise an employer whether this man is an employee or not, because it is a factual situation.

The gentleman knows that a common-law rule as applied in the Federal courts in the State of Michigan may differ considerably from the common-law rule as applied in the Federal courts of the State of Arkansas. There is a considerable difference among Federal courts. The purpose of the committee here was, for the purpose of tax collections, to lay down a definable standard which applied across the board in all States.

Mr. FORD. May I ask the gentleman one more question?

Mr. JENKINS. I yield.

Mr. FORD. I happen to have had some personal experience as an attorney with the law prior to the change made in 1948. Before 1948 the law was a maze. The changes made in 1948 aided all concerned. Is this definition in H. R. 6000 materially different from the act as it was prior to the Gearhart amendment?

Mr. JENKINS. Certainly it is entirely different, because there was no spoken word about it. We just relied upon the matter of the contractual relationship of master and servant. Then the Department of Public Welfare went on, as I told you before, to take the law in its own hands, and finally we passed the Gearhart amendment which clarified the situation. But we did not clarify it to suit them, because we took the power away from them. Now they want us to give it back and reassert that power. Did I answer the gentleman?

Mr. FORD. In part.

Mr. MILLS. There was no definition, as the gentleman from Ohio pointed out, until the Gearhart resolution. All we had to go upon were these multiple cases in the courts and finally a few cases in the Supreme Court. The Silk case was decided, which based the question of employment on economic reality. The Congress rightly decided that we did not want any such indefiniteness in any law relating to taxation, so we passed the Gearhart resolution. This bill does not undo and restore that interpretation of the Supreme Court to the effect that this matter of status of employee depends entirely upon economic reality. It is more restrictive than the decision in that case.

Mr. JENKINS. The very purpose of this program was to nullify the Gearhart amendment.

Mr. MILLS. Yes.

Mr. JENKINS. That was preached in the last campaign all over the Nation. That is what beat Mr. Gearhart. That is how the President of the United States beat Mr. Gearhart, by going out over the country and talking about his resolution. And with all the power that the President had over a poor Congressman, poor Mr. Gearhart went down. That is what happened. If his constituents had appreciated the great service he had done, they should have rallied to his support.

Mr. MILLS. My point is that by undoing the Gearhart resolution we did not go back as far as the Supreme Court went in its dicta in the Silk case.

Mr. JENKINS. No; that is the trouble. You do not go back at all. You go forward; you go forward and claim territory which you are not entitled to.

Mr. MILLS. We do not go as far as we should.

Mr. FORD. If I may ask one more question, Is this provision in the bill a modification of the administrative rulings or the Treasury's ruling plus an expansion of the coverage?

Mr. JENKINS. I hardly know how to answer the gentleman. These provisions sought to nullify the Gearhart amendment and to supplant the common-law rule that had previously obtained.

Mr. MILLS. Will the gentleman yield?

Mr. JENKINS. I yield.

Mr. MILLS. My good friend the gentleman from Tennessee [Mr. JENNINGS], for whom we all have great respect, as a lawyer and former judge, knows that these very factors mentioned here all appear in the restatement of agency as the factors which determine agency to exist.

Mr. JENNINGS. Mr. Chairman, may I ask the gentleman this question?

Mr. JENKINS. I yield.

Mr. JENNINGS. Does anybody know who the author of this bill is, or is it a composite product of a number of minds residing in different craniums, none of which are identified and none of whom can we put our finger on, unless somebody just comes up and makes a full disclosure as to who is the author of this measure?

Mr. JENKINS. I do not think anybody wants to claim that honor.

Mr. JENNINGS. Can anybody know and can anyone forecast what the decision of the present Court of last resort would be on any given set of facts? I do not mean to assail that Court or any other court, but if I were going to, I would just adopt the language of the members of the Court with respect to one another. Mr. Justice Roberts said, not so long ago, with respect to a decision which overturned a line of precedents, which had been the law of the land for some 75 years:

> The decisions of this Court have now become like a limited railroad ticket—good for this day and this train only.

No lawyer, with respect to the interpretation of a Federal statute, could, with any degree of security, advise his client what would happen to him under this new law. We are writing a new law. Nobody knows what the actual authors of this bill had in view, except I am inclined to suspect that their purpose is to make this all-embracive measure cover everybody who works for anybody.

Mr. JENKINS. Perhaps I can help you a little in that respect. I think the majority report goes to great length to cite some illustrations or instances that would be outside of this definition. In other words, they recognized fully that this definition did not mean anything without some collateral explanations. Their report is full of instances showing who they think would be in and who would be outside the purview of these definitions on pages 44 to 51 of the bill H. R. 6000.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. SIMPSON of Pennsylvania. Is there any assurance under this bill H. R. 6000 that a man will be held by the Social Security Board and by the Treasury Department as being an employee? Might he not find himself as a person employed under one department and not under the other?

Mr. JENKINS. Yes. I think we would have some illustrations where a man would have trouble determining whether he is an employee of somebody or whether he is employed by himself.

Mr. SIMPSON of Pennsylvania. Several thousand people have been held by the Social Security Board to be employees and the Treasury Department held they were not.

Mr. JENKINS. Yes. That is a profound and distressing fact. I am afraid that those who have attempted to wreck the Gearhart amendment have set up a legislative device that may yet prove very troublesome to them.

Mr. MACK of Washington. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. MACK of Washington. I want to ask the gentleman concerning the exclusion of newspaper publishers from the benefits of this act. Page 54, line 19, reads:

> There shall be excluded income derived from a trade or business of publishing a newspaper or other publication having a paid circulation, together with the income derived from other activities conducted in connection with such trade or business.

There are about 20,000 or 25,000 weekly newspapers in the United States. They are published by small publishers. Nearly all of those businesses are not incorporated businesses. They are operated as partnerships or private businesses. Under this act these publishers will be entirely excluded from the benefits of this act, although the baker, the butcher, the laundryman will get these benefits. I am going to be asked when I go home why we were excluded and marked out as a class not to enjoy the benefits of this legislation.

Mr. JENKINS. I cannot answer that, and that is just another instance where, if we had an opportunity to discuss this bill and offer amendments, the gentleman could have presented his claim and probably made out a good case. But this gag rule has prevented him from doing anything but point out this glaring inconsistency.

Mr. MACK of Washington. I am the publisher of a daily newspaper. I own 99 percent of the stock. It is an incorporated business. I am covered by social security. These little weekly newspaper publishers, oftentimes operated by a man and his wife, would be excluded from the benefits of this act, which I enjoy; and that is not right.

Mr. JENKINS. The gentleman is correct.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. HARRIS. Speaking again to the definition of "employer," the gentleman referred to the fact that there was a difference of opinion as to the interpretation that might be placed on the definition as included in the bill in two different places. The gentleman also referred to the fact that the committee did not themselves perhaps know what the proper definition was that might be placed on it and left it to some board,

and, consequently, had to give some examples in the committee report.

Mr. JENKINS. That is right.

Mr. HARRIS. Now, can the gentleman tell the House—incidentally, those involved in various types of businesses, as has been set out in these examples, in the administration of the law would the Board necessarily have to follow and act in accordance with the definition in those examples as set out here, with reference to automobile dealers, contract loggers, book-plant operators, and so forth, on pages 86 and 87? There are several examples outlined. In the administration of them, even if there are differences of interpretation of the definition, would the Treasury Department, for social-security tax-collection purposes, agree and administer the act in accordance with those examples here?

Mr. JENKINS. I am one lawyer who has maintained consistently that we ought not in a congressional act leave any interpretation of the law to the report of the committee. The report has no binding force on any court. The courts have at different times interpreted legislative action by the intention of the legislature if there is something in the report that shows what the intention was. But the courts are not bound to give any weight to a report of a conference committee. Neither will the Treasury be bound to follow the suggestions of the committee as they may appear in hypothetical cases set out in the report, when the committee, as they do, cite certain examples in their report. If I were on the tax board I would not consider that these suggestions had any binding control over me, because they just simply say that these are examples of cases that might come up in the administration of this statute. I would determine whether they were examples of this statutory enactment myself and I would follow the statutory amendment and not follow something in the report. That is why I say they are so indefinite about the law, but the result is that when a man reads it he will say to himself: I do not come under this law but I come under this illustration. This is a hodgepodge. Statutes ought not to have to be clarified by examples given in a report; they should be stated in the clear and unambiguous language so clear as not to need interpretation by illustration.

Mr. HARRIS. Mr. Chairman, will the gentleman yield further?

Mr. JENKINS. I yield.

Mr. HARRIS. The gentleman heard all of the testimony; evidently he heard the witnesses from the Treasury Department testify on this provision. Did the gentleman get the impression from what they said that they would administer it in accordance with these examples set out here in the report?

Mr. JENKINS. I do not know that anyone from the Treasury came before the committee and made any promises as to how they would administer the law. If one did come and made promises I do not know how he could possibly bind anyone else, and especially he could not bind a future Treasury official. I remember that the Treasury officers did come up to the committee whenever they thought the Social Security Board was running away with that law; the Treasury did fine to come up and complain about it. I have no complaint against the action of the Treasury. I think the Treasury officials know that I have held up for them on many occasions, but I do not want to ascribe to them the powers of a United States court.

But I now see on his feet a man whom we hope is soon to become a Federal judge. I think when he gets on the bench and looks back on the law that we are about to enact, his reaction will be amazement at how fearfully and wonderfully laws are made. I refer to my colleague, the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. I have learned a great deal from listening to the gentleman from Ohio both in the committee and on the floor dealing with these affairs, but is it not a fact that representatives of the Social Security Administration and the Treasury Department have stated that they would have no difficulty whatever with this definition and that they both agreed it was the best that could be gotten, the finest that had ever been written into a statute of the United States insofar as the employer and employee relationship was concerned?

And also, I think the gentleman will agree that we follow very largely the definition as established by the Supreme Court of the United States in the Silk and Greyvan cases. The common law is different in practically every State in the Union. The Federal Government and the courts generally follow the State law; so, in the administration of the Social Security Act pertaining to a population over the entire country, if you follow the State statutes and the State common law you would be treating people in one State different from what you would be treating them in another State; therefore, you have to have a definition in a Federal statute, and that is what we are trying to do, to have the legislation clarify the definition of the employer-employee relationship.

Mr. JENKINS. No; there is the difficulty. You have 5 or 6 pages of definitions in this bill and then you have 10 or 15 illustrations. Nobody can understand it. When the gentleman from Pennsylvania takes his place on the Federal bench he would not permit me or any other lawyer to appear before him and say when we wanted to exercise some prerogative of the Court: "Judge, I can do this thing as well as you can; give me the authority and I will do it for you." But that is what we are doing here. We, the Congress of the United States, are passing this power over to the Federal bureaucrats. Why? Because they say they are able to do it. I do not believe the gentleman believes that. I do not want to think that he believes it. I will tell the gentleman I do not know what it means; I will grant that, but now we will turn to Judge EBERHARTER and see what he thinks about it.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield for one more comment?

Mr. JENKINS. I yield.

Mr. EBERHARTER. What we are doing is to take away from the bureaucrats the right of interpretation; we are not giving them the right of interpretation, we are writing in the new statute a definition of what an employee is. Heretofore we have allowed the bureaucrats to make the decision.

Mr. JENKINS. No. No, Judge.

Mr. EBERHARTER. Here we are writing it clearly, in understandable terms which the Court has already passed upon, the Supreme Court of the United States. So here we are taking something away from the bureaucrats and we are reasserting the power of Congress to define and state what an employee relationship is.

Mr. JENKINS. Judge, I will have to say something to you which I could not say to you if you were on the bench and I had a case before you. I think, Judge, in regard to this matter you are almost so wrong that it makes me think you are purposefully wrong, because you are.

Mr. Chairman, how much time have I consumed?

The CHAIRMAN. The gentleman from Ohio has consumed 39 minutes.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Arkansas.

Mr. MILLS. I think it would be a great help to the membership if the gentleman, as the ranking Republican member of our committee, now addressing the committee, would discuss some of the features of the bill which he does not like and which might constitute a motion to recommit to be offered by the gentleman from Ohio.

Mr. JENKINS. The gentleman is presuming something I am not ready to assume. I do not know anything except my own mind and I am not sure of that, especially in connection with this maze of intricate inconsistencies.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from California.

Mr. JOHNSON. Does the gentleman think he can offer any definition that would not be subject to all kinds of variation? I am thinking about the fact that in California, for instance, about 30 years ago we passed a workmen's compensation act, written in very clear-cut, concise language, which defined "employer" and "employee." Yet hundreds of cases have gone to the Supreme Court interpreting the different variations which would apply to all kinds of factual situations. I do not get the point of the gentleman's argument. Does he believe he could offer better language than they have here or simpler language?

Mr. JENKINS. I know I could not make it more complicated.

Mr. JOHNSON. Does not the gentleman recognize there are many different situations where employee and employer

designations apply that you cannot get an all-embracing definition that is clear and simple?

Mr. JENKINS. No. When the State assumes to pass a workmen's compensation law that State can say what it wants to in the law. It can say what will constitute an employee.

Mr. JOHNSON. We said that in what I thought was clear language; yet we have dozens of different categories that require interpretation.

Mr. JENKINS. The gentleman does not think this language is clear; does he?

Mr. JOHNSON. No; it is not clear; but you have to have some definition of employee. I do not want to argue with the gentleman because he is very learned in this particular field, but it does seem to me we have to be frank enough to recognize that you cannot get a clear-cut definition of every situation that will not be subject to some twilight zones and subject to interpretation and in the end of things you have to resolve it to the courts.

Mr. JENKINS. As far as I am concerned, I am willing to depend on the courts which have been established by the Constitution, instead of some bureaucrat that has no powers that will permit him to make and enforce legal decisions.

Mr. JOHNSON. I agree with the gentleman on that.

Mr. DOLLIVER. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Iowa.

Mr. DOLLIVER. I want to direct the gentleman's attention to a different part of the bill than he has been discussing, namely coverage of State and local municipal employees. Would the gentleman explain just how that group of employees may or may not come in under the provisions of this bill?

Mr. JENKINS. I would be glad to try it. That is rather complicated, too. That is another provision that if we had our way about it we would have left out. We would have left all of these teachers, State employees, and municipal employees outside because they all have their own retirement systems. Here is what this does, as I understand it: This law is another one of those all-inclusive things. The Social Security Board has written it so it says they can come in if they want to.

Mr. DOLLIVER. By what method?

Mr. JENKINS. The Governor of the State can call a referendum of those organizations and if they by a two-thirds majority indicate their desire to come in then he can ask the Social Security Board to take them in.

Mr. DOLLIVER. Let me give the gentleman a specific example and ask him how it would work out. In my own State there are certain municipalities which have established pension systems for police and firemen.

Mr. JENKINS. That is right.

Mr. DOLLIVER. Other municipalities have not done so. It is an optional matter under the laws of our State. Who would vote on whether they come in under this, those who are covered, or those who are not covered, or both?

Mr. JENKINS. It applies only to those who are already organized—that is, those who have a retirement organization—but if an uncovered group comes along and wants to organize, in that case I think they could make an application to come in, although I am not sure about that. If they organize as a private group without any connection whatever with the State, county, or municipality, they might qualify. But it is not likely that they would want to separate themselves from the political subdivision which employed them.

Mr. DOLLIVER. Would a school district where the teachers were not included in any voluntary plan under the State statute for retirement benefit automatically come under this?

Mr. JENKINS. No; they would not automatically come in.

Mr. DOLLIVER. How would they come in?

Mr. JENKINS. In the first place, it would depend on how they are organized. If they organized with all their own funds, I do not know what would happen; but if they are organized with State contributions or contributions from the county or school district or State authority, or if they come in under a State law that gives them authority to organize and the State contributes, then they could not come in unless there was a referendum and the two-thirds vote.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Nebraska.

Mr. CURTIS. Here is the general pattern for State and municipal employees. For the moment we will not consider those that already have their own plan. The Federal Government cannot tax a State or its subdivisions; consequently this is an approach from the angle of a compact between the Federal Government and the State, and it would require action by the State legislature. Then they could enter into a compact wherein the State or the subdivisions would agree to collect the employee's tax and remit it to the Treasury and pay a sum in lieu of the employer's tax, and the Social Security Administrator in turn would agree to treat their employees as all other employees. Now, of course, that does not cover all of the details. The State is vested with authority to determine what classes of employees would come in, with as much local control as you have. Now, that is the general pattern. As to the situation in the State of Iowa, we are dealing with some municipal employees that have their own retirement program. The majority bill calls for a referendum, and the people who are beneficiaries and are under it would have a right to vote in that referendum. Now, the Kean bill, which will be offered in the motion to recommit, takes those that have their own system entirely out of the provisions of the bill.

Mr. DOLLIVER. It does not permit them to come into it.

Mr. CURTIS. That is right.

Mr. DOLLIVER. But under the majority bill which we are now discussing they can come in, and any given municipality can say that as to policemen or firemen retirement funds, if two-thirds of the men on the force vote for it, they can come in.

Mr. CURTIS. Then it has to be determined by referendum.

Mr. DOLLIVER. And it does not require any State or municipal action.

Mr. CURTIS. Oh, yes. No one in a sovereign State can come in without appropriate State action, so that in any event the issue has to be threshed out in the State legislature.

Mr. DOLLIVER. And there would have to be enabling legislation passed by the State legislature.

Mr. CURTIS. That is right.

Mr. JENKINS. Here is the way I understand it, and here is how the teachers and the firemen and the policemen feel about it. They feel very much protected so far and so long as the State legislature and the State Governor remain loyal to them. But, if they should ever have a Governor or State legislature who would say, "You had better get ready and come under Federal social security or we will cut you off; we are going to repeal the law and cut you down," they could, under those circumstances, break up a lot of these fine organizations that are already functioning and entirely satisfied with what they are doing. That is the pressure that may come along. They will say that "Social security has its arms open and is ready to welcome you, and you fellows better get in, because we will cut you off."

Mr. McGREGOR. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Ohio.

Mr. McGREGOR. I am certain that the dean of the Ohio delegation is familiar with our laws in Ohio relative to firemen and policemen. Would his description be applicable to our firemen and policemen in Ohio?

Mr. JENKINS. Absolutely, and they are scared to death. I assured all of them that I could come in contact with, that if two-thirds maintained their loyalty to their organization, the Governor or nobody else could shake them loose. I am glad to say that we Republicans on the Ways and Means Committee were not in favor of forcing these groups to come in. And I, myself, have been strongly opposed to any plan that would force the teachers or the policemen and firemen to give up their retirement systems.

Mr. Chairman, I favor a fair social-security system. I helped write the first social-security law. Without boasting, I think it is generally conceded that I am the author of the blind pension provisions of the first social-security law. I shall vote for this bill because I am for social security and in spite of a number of provisions in the bill that I think should be excluded.

Mr. JENKINS. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, my dissent from the bill reported out does not stem from opposition to a liberalized social-security program. Instead, it arises from the fact that the bill reported out fails in some major respects to do the very things a liberal and effective social-security program should do.

The old-age and survivors insurance program is a grossly unsound and ineffective tool for the social-security purposes it attempts to accomplish. Because it is so unsound and ineffective I cannot agree that the mere extension of its coverage or a mere numerical revision of its benefit formula, such as the majority of the committee proposes, can bring about significant improvement. Instead, the very fundamentals of the program should be objectively reexamined, and to the extent that such reexamination indicates the need for drastic overhauling of the program, that overhauling should be done, even though it proves necessary to abandon completely those concepts on which the present program rests.

I should like to outline what I consider the major shortcomings of the old-age and survivors insurance program, both in its present form and as it would be amended by the reported bill. At the same time I shall indicate what I believe is the necessary remedy.

I. THE OLD-AGE AND SURVIVORS INSURANCE PROGRAM FAILS TO PROVIDE AUTOMATIC BENEFITS FOR THE MAJORITY OF THOSE PERSONS WHO ARE IN NEEDY CATEGORIES NOW

The program makes grandiose promises for the future. Even with its coverage excluding certain occupations, as under the reported bill, the great majority of the aged population of a half century from now will be eligible for the program's benefits, since most of the young men starting out to work now or in recent years will have full opportunity to get the required calendar quarters in covered employment at some time during their working lifetime. Most of today's young women either will similarly succeed in getting these calendar quarters or will be married to men who so succeed, so that they, too, will qualify for benefits either in their own right or on behalf of their husbands.

But what of today's older population? Of the 5,200,000 men now aged 65 and over, only one-third are insured under the program; and of the 5,500,000 women of these ages, only one-fourth are either insured themselves or are the wives or widows of insured men. This is because only those who are still fortunate enough to have remained at work for much of the time since the program actually started in 1937 could obtain the calendar quarters of employment needed to be insured today. Many of the men over 65 today were already too old to be at work back in 1937, or were already disabled or unemployed. Many of the women are wives or widows of men who had already left work by 1937; in fact, many of today's widows had already become widows by that date or before 1940 and so could not qualify for benefits.

True, the Social Security Act includes a program of old-age assistance said to be designed for the benefit of those who were too old to qualify under the insurance program. But old people do not want the stigma of receiving assistance benefits which are based on a needs test. They want automatic benefits, even though modest in amount, that they can call their own. The old-age assistance programs, even when conscientiously administered, have proved shamefully dishonest in their results. Some old people of the most deserving type have remained in need rather than go on assistance. Other old people have become a burden upon their conscientious but poor children. Those who get assistance benefits have, in some cases, concealed their assets in order to qualify for the benefits; on the other hand, hundreds of thousands of even more deserving people have declined to do this and at the same time have suffered harsh deprivations. Other deserving individuals without assets of any kind have finally had to apply for this assistance, but it has broken their spirit, destroyed their independence, and changed their entire outlook on life.

The men now aged 65 or over who are eligible for social-security insurance benefits come, by and large, from the more well-to-do portion of the aged population, since these men either have worked recently or are still working. If we were to remove from consideration the more opulent one-third of the older male population and concern ourselves only with the poorer two-thirds who might be said to be in the economic levels of qualifying for public assistance in the more liberal assistance States, we would find that probably only about one-fifth of this poorer group have qualified for benefits under the insurance program. This indicates the degree to which the insurance program has failed to take care of those older persons for whom its benefits should be primarily available.

It is said that the extension of coverage, as provided in the bill reported by the committee, will tend to remedy this situation. The majority of those of today's old people who are ineligible for insurance benefits are no longer regularly employed, so that the mere extension of coverage to those occupations not now covered cannot help them. Such extension of coverage may make it even more probable for future generations of old people to become insured, but it cannot take today's old people off public-assistance rolls or help those old people who are now in distressing circumstances because they cannot get insurance benefits and refuse to apply for public assistance.

What is needed is an extension of automatic benefits—that is, benefits available without a needs test—to the millions of old people who could not qualify under a wage-record insurance program and yet who, over their past working lifetime, have worked just as faithfully as the more fortunate few who now qualify. No other way can possibly provide these deserved benefits.

There are those who frown upon the idea of paying every citizen an old-age benefit. These critics should examine the present program. Under this program, we are now paying a privileged few, some of whom are independently wealthy, amounts that are many, many times more than what they have paid in. Under our old-age assistance program, which is part of social security, one State has now on the assistance rolls 8 out of every 10 of its inhabitants over 65 years of age. Every taxpayer in the country is helping to carry these loads.

What we say of the old people is equally true of the other categories in need. Mere extension of coverage will not put onto the insurance-benefit rolls those orphan children whose fathers have already died. Should the Congress decide to go into the field of permanent disability benefits, the method provided for in the bill of the majority is unsound, costly, and very inequitable and unjust. Mere provision of disability insurance on a wage-record basis cannot put on the benefit rolls the large number of people under age 65 who are now permanently disabled. It can never help the hopeless cripple who has been such all his life. The administration's proposal offers nothing but relief for the crippled individual who as a child never knew what it was to run and play. It can never help the individual who is stricken by some dreaded disease before he reaches his working age and never gets the chance to hold a job. Such provisions may help some of the disabled of later generations, but we should not overlook today's needy or leave them to the mercy of public assistance, if the field of total disability benefits is going to be entered by the Federal Government.

II. THE OLD-AGE AND SURVIVORS INSURANCE PROGRAM FAILS TO MAKE THE MOST SOCIALLY ADVANTAGEOUS DISTRIBUTION POSSIBLE OF FUNDS AT ITS DISPOSAL

Social-security funds are necessarily limited in amount, since they depend upon the amount of economic productivity in the Nation and the possibility of drawing off a portion of this productivity for social-security purposes that is not too large to injure the Nation's economic health. Because of this limitation, it is of the utmost importance that these funds be distributed wisely.

But the insurance program fails to make this wise distribution because it is tied down by the concept that benefit amounts should vary directly with the worker's former wage level. This concept of the higher the wage, the higher the benefit has generally been rationalized on the ground that a greater wage loss is suffered when a higher paid worker dies or retires than when a lower paid worker does. But I feel that this concept results in a maldistribution of social-insurance funds and ignores the important fact that the higher paid worker should be expected to accumulate far greater resources than the lower

paid with which to supplement his social-insurance benefit. In fact, this concept is so inconsistent with the social-insurance objective set forth above, that the reverse concept of the lower the wage, the higher the benefit would be more nearly correct.

It is my belief that benefits should be uniform in amount and independent of previous wage history. A system providing uniform benefits would recognize the fact that since the amounts available for social security are necessarily limited in total, it is far better to divide up these amounts without discrimination than to pinch one man's benefit in order to deal more generously with another man.

A social-security system, subsidized as it intrinsically is from public funds, should not be the medium for continuing the higher paid worker's differential in living standard over that of his lower paid fellow citizen. It is the function of the higher paid man's greater personal resources to provide a supplemental benefit for the purpose of continuing this differential. While the higher paid man may not wish to make such provision, he has the choice to do so. And he has a choice of methods by which to do it. If he prefers not to use private channels, such as thrift or insurance organizations, or union or other cooperative funds, he should have the opportunity of using public, but not subsidized, channels.

A claim which has been made for the variable benefit concept is that under it are reflected geographic differences in living costs. This claim can hardly be taken seriously since benefit variations within almost any fair-size town will be much greater than variations in benefit averages as between different towns or different parts of the country. It has been well established that variations in average expenditures between one locality and another reflect variations in living standards much more than they do variations in living costs. And to the extent that an individual's need for a higher benefit is due to a genuine local variation in living cost, it is the function of his own community or State, whose increased living cost is matched by increased fiscal capacity, to make up that benefit differential to him by means of State-financed, public assistance, and not the function of the Nation-wide social-security program.

The benefit differential cannot be justified on the ground of individual equity. Primary insurance benefits which would be awarded in 1950 under the bill proposed here by the majority, for a worker who has been steadily employed at an average of $250 a month, are $16 a month greater than the benefits for a worker steadily employed at $100 a month. Yet, less than $2.47 differential in primary benefit amounts can be justified actuarially by the higher contributions of the $250-a-month man. In other words, the higher paid man has paid for $2.47 more in benefits but receives $16 more in benefits. This small actuarially justified differential is due in part to the newness of the program, for, at present, contributions pay only a small part of the benefit costs. But it is doubtful whether, even in the long run and under the higher contribution rates of the committee bill, the differential in employee contributions will ever justify the differential in benefits between the lower paid and the higher paid worker. While it is true that the higher paid worker derives a benefit which is lower relative to his previous earnings than that of the lower paid worker, and also that the higher paid worker pays a larger relative share of the cost of his benefits than does the lower paid worker, the important fact is that the higher paid worker derives a greater dollar profit than the lower paid worker.

A case in point showing that the present system does not make a proper social distribution of funds is that of the corporation official, whose salary is somewhere above $250 a month, who has been under social security since it started, who retired in 1949, and whose wife is the same age. Under existing law, this husband and wife are drawing $67.80. This man has paid into the trust fund a total in his lifetime of $390, or less than the amount that he and his wife are drawing out in 6 months. The measure before us would raise this man's benefits to $64.40 and the wife's benefits to $32.20 or a total of $96.60. This increase is given to them without any needs test.

The pending measure so departs from a social program as to make the insurance benefits for an orphan, in some instances, conditioned on whether or not that orphan was born in wedlock; yet, this same program makes possible old-age-retirement benefits as a matter of right to the professional gambler or any other person who makes his livelihood in an unlawful enterprise.

A widow, whose husband was not under social security, or whose husband died prior to 1940, receives no payments from the Federal Government without going on relief.

Take another case of a young lady who, upon reaching her majority, gives up her career and her opportunity for marriage, to care for her invalid mother. Suppose the mother lives until she is 80, and by that time the small resources of the family are exhausted. This daughter will never be entitled to any social-security payments as a matter of right based on a wage record. She can only look to relief.

A system of uniform benefits would remove these inequities and correct this socially adverse distribution.

III. THE OLD-AGE AND SURVIVORS INSURANCE PROGRAM FAILS TO PROVIDE THE FLEXIBILITY NECESSARY TO KEEP ITS BENEFITS IN LINE WITH SOCIAL AND ECONOMIC CHANGES

A major purpose of the committee bill is that of adjusting the benefits of the insurance program to meet the changes in living costs which have transpired since the present law's benefit formula was adopted. I cannot view the remedy as a satisfactory one, and I view the very problem as evidence of the program's basic unsoundness.

Can the benefit-formula revision of the committee bill, coupled with the special-adjustment schedule for benefits already on the rolls, rectify the benefit-wage relationship for a substantial number of years to come? Obviously not. In view of the constantly changing levels of prices and wages, the revision would only be a temporary expedient. If wage and price levels fall substantially in future years, the ratio of benefits to wages could be disastrously high, both socially and economically. The more probable long-term trend, however, is upward, and not many years may elapse before this trend will give rise to a demand for further adjustment. It should be remembered, too, that the real urgency in such times is that of the situation of those who will already be on the beneficiary rolls. Those who will still be working will see their benefit amount (as it appears on paper) rise somewhat with rising wage levels and can, of course, hope that Congress will make further revision in the benefit formula before their retirement or death.

Does not this need for continual revision of the benefit formula, and in particular the even more urgent need for repeated special-adjustment schedules for benefits for those already on the rolls, point clearly to the absurdity of basing benefits on wage histories? Will it not, in fact, soon make a shallow mockery of the claim that benefits are based on wage histories? Can a social-insurance system presume to meet social needs of the future on the basis of records of the past and present? Not only in terms of benefit levels but also in terms of various other economic and social factors, we are powerless to outline properly tomorrow's needs and to promise benefits accordingly. A retirement age of 65, for example, may well become obsolete in a future population whose age composition and health characteristics could be such that 65 would be too low an age, both biologically and economically, for superannuation.

A private insurance company or a privately funded pension system cannot readily do other than to promise those now insured or covered in such company or system specific future benefits dependent upon present premiums or contributions, which in turn may be dependent upon present income levels. But a social-insurance system need not have the limitation of this inflexibility. And, in fact, this very limitation on the part of private insurance and private pensions makes it the more urgent that social insurance possess the flexibility to be automatically adaptable to economic and social change.

As will be shown further on, this flexibility does not connote instability; nor need it be achieved through the medium of public assistance. In fact, today's dual system of Federal insurance benefits for the selected few and Federal-supported public assistance for many of the remainder is responsible for much of today's instability. At the present time the average old-age assistance monthly payment exceeds the average primary

insurance benefit by about $18. The passage of this measure would probably put the insurance benefit amount in the lead, but the race would only have begun. The insurance beneficiary, misled into thinking he has paid for his own benefit, is resentful of the assistance recipient's receiving a comparable amount without having paid contributions toward it; and the latter, who suspects the actual truth that the insurance beneficiary has paid only an infinitestimal portion of the cost of his benefit, rightly resents the fact that he himself has had to submit to a needs test in order to get assistance. The two systems will therefore compete with each other for increasing political favor, and this competition, combined with the extreme long-range cost increases inherent in the measure before us, could prove to be a major inflationary factor in the Nation's economy.

Under the present system, this Government is saying to a young man 21 years of age that they will pay him a definite amount upon retirement at his retirement age. He is not only promised the exact amount that he will receive upon retirement, if his age is then 65, but how much he will receive each month if he lives to be 90. What the price level will be at the time he is 90, what he will need, or what the taxpayers can afford to pay at that time, are all factors that are totally disregarded. What will happen is that future Congresses will have to revise his benefit formula. What, then, is the value of all these wage records? Why maintain a huge, staggering bureaucracy to maintain wage records that will have to be disregarded later?

On frequent occasions Congress has voted a very costly program, such as in the field of veterans' legislation or housing. There is an end to such programs. They do expire. There is no end to our social-security program. It runs into perpetuity. We bind oncoming generations to pay untold billions of dollars not only 50 years from now, or 100 years from now, but so long as the Government of the United States stands. It is totally unmoral.

Let us permit our children and our grandchildren to decide how much per year they of their generation will pay for social security. We should not bind them by contract to pay untold billions each year, as the present system does. The right of self-government means not only freedom from kings, tyrants, and dictators, but it means freedom from the past.

IV. THE OLD-AGE AND SURVIVORS INSURANCE PROGRAM IS ABSOLUTELY LACKING IN SOUND FINANCIAL STRUCTURE

For the old-age and survivors insurance program to be truly effective, it must not only be effective now but also give the assurance of being effective in the future. Such assurance cannot possibly be given, it seems to me, when, as in the case of either the present law or the measure before us, the following conditions are present:

First. Annual benefit disbursements of future years will be vastly greater than those of the immediate future, in fact, possibly 10 or more times as great, due primarily to the fact that the number of beneficiaries will greatly increase.

The committee's actuary advises me that the best estimated cost of our old-age and survivors and disability insurance program for future years is as follows:

In 10 years the annual cost will be $3,800,000,000.

In 20 years the annual cost will be $6,200,000,000.

In 30 years the annual cost will be $8,400,000,000.

In 40 years the annual cost will be $10,600,000,000.

In 50 years the annual cost will be $11,700,000,000.

The above is based upon the limited coverage that we will have after the pending bill becomes law. Should the coverage be made universal, our actuary advises me that the best estimated cost would be as follows:

In 10 years the annual cost will be $4,200,000,000.

In 20 years the annual cost will be $6,800,000,000.

In 30 years the annual cost will be $9,500,000,000.

In 40 years the annual cost will be $11,900,000,000.

In 50 years the annual cost will be $13,000,000,000.

The foregoing tables make no allowance for possible liberalization of benefits which may be made in the future.

Second. No definite scheme for meeting these greatly increasing costs has been established. The alleged reserve now in the trust fund is already $7,000,000,000 short, and the program is new.

Third. Proposed combined rates of employer and employee contributions are so small that acturial costs are not met even with respect to the youngest workers now covered, for whom contributions will be paid throughout their working lifetime.

In addition to the above conditions, which spell uncertainty for the program's future, the following conditions also seem incorrect for a social-insurance program:

Fourth. The present tax structure is highly regressive.

Fifth. Incomplete coverage, by which I mean not only incomplete coverage of the working population but more particularly the exclusion from benefits of most of those now old, disabled, or orphaned, means that the cost of employer contributions and eventual Government subsidy are borne by those who cannot benefit from the program.

The fact that the cost of the program will so greatly increase over future years, or rather that the number of beneficiaries is so small now as compared to future years, is unfortunate in a number of respects. It signifies the fact, as indicated at the beginning of this report, that the program is not doing its job now and will not be for some decades to come. But it also means, I am convinced, that no suitable method of financing can be found. To adopt a method requiring contributions of the level actuarial type would be a political impossibility, and even if it could be achieved it would have the adverse effect that in the early years of the program much more would be taken out of the Nation's economy than would be put back into it in the form of benefits. On the other hand, not to require level actuarial contributions would mean, as is now the case, that—even with respect to the youngest workers—benefit costs would be underfunded and the public would have no real appreciation of the true costs of the program.

Another objection to a program in which the number of beneficiaries is much smaller in the early years than in the later years is that, regardless of what financing method is adopted, there will be an uncontrollable tendency toward undue liberalization of individual benefit amounts. With only relatively few beneficiaries on the rolls now and in the immediate future, it is only too simple a matter to propose that individual benefit rates be approximately doubled; that primary benefit amounts in excess of $100 a month be promised, as well as combined husband-and-wife amounts of $150 a month. With only a relatively small number of present beneficiaries and with present benefit disbursements far below contribution receipts, the ability to fulfill these promises over the next few years seems to be all that matters, and the tremendous future cost, which will result when there is a much larger number of persons for whom we have made commitment of these benefit amounts, is too easily ignored.

I insist that a realistic program be established in which the number of beneficiaries now will be at least comparable to the number in the future. Under such a program, careful thought would necessarily be given to any liberalization of benefit amounts, for the cost of any such liberalization would be felt immediately.

Under such a plan, disbursements from the program would require matching by incoming revenue, either over each year or over a short period of years, thus affording a definite program of financing.

It has been frequently pointed out that those now in receipt of primary insurance benefits under the program have paid but a very small portion of their cost. Of the primary beneficiaries now on the rolls, virtually none have paid more than $400 in employee contributions, some have paid less than $10, and the average amount of total employee contributions for these benefits has been less than $150. Yet the actuarial value of the benefits, as of the time of the beneficiary's being placed on the benefit rolls, has averaged about $3,000, and if allowance were made for the value of possible wife's and other benefits, the value would be much greater. While over the long run employee-contribution totals will become much higher than at present, they will not pay for a significant portion of benefit costs.

Let us consider the case of a man who is now 40 years of age. Let us assume that he has been under old-age and survivors' insurance since it started in 1937, that he and his wife are the same age,

and that both will reach 65 at the same time. We will also assume that his average monthly wage has been $200. This man will have paid in in taxes according to the schedule in present law the sum of $1,440, and his employer a like amount, or a total of $2,880.

This amount would have purchased him a monthly benefit of $14.10 on an actuarial basis. However, under existing law he would draw $47.95 a month and his wife would draw $23.98, or a total of $71.93. In less than 3½ years he and his wife would draw out everything that he and his employer have paid in, even though he would have been covered for 37 long years. The actuaries say that the total value of all these benefits under existing law is $9,770. Under the pending measure his benefits will be raised to $71.10 a month, his wife's to $35.60 a month, or a total of $106.70 a month.

Now let us take the case of a much older man, one who reached 65 years of age on January 1 of this year, and has been under social security since it started, at an average monthly wage of $100. We will also assume that his wife is the same age. This man has only paid in a total of $144 in taxes and his employer has paid a like amount. Actuarially, this would have purchased for him a monthly benefit of only $1.45. Under the present law he receives $28 a month as long as he lives and his wife receives $14. Should his wife live longer than he does, she will draw $21 a month as long as she lives.

The actuarial value of this man's benefits is $3,460 and the wife's and widow's benefit is $2,240 or a total actuarial value of $5,700. This is provided at a cost to the man and his employer of $288. The measure before us will raise this man's monthly benefit to $49 a month and his wife's benefit to $24.50 a month, and if he dies first the widow will then receive $36.80 a month—all of this for the total cost of $288.

The proponents of the present program, as liberalized by the pending measure, claim to prefer insurance payments to assistance, and a contributory program to a noncontributory one. What they propose, however, is just the reverse of this stated preference. They favor a program which would leave for large numbers of needy persons only needs-test assistance, while at the same time favoring others with virtually noncontributory insurance benefits. A plan which would provide automatic benefits for all those now old, or otherwise entitled to benefits, would require the portion of the population now working to pay a cost equivalent to the value of their own benefits, and such a plan would therefore be contributory in its effect. The generation now working would be paying for the benefits of those now old—or the survivors of those now dead—with the assurance that when they become old their benefits—or if they are then dead, the benefits to their survivors—would be paid for by the generation then working. Such a program, I feel, would be both sound socially and sound financially.

I submit that in any given year, those individuals who are so blessed as to have a job and good health so that they can produce, should carry the load for those unable to produce for themselves in that particular year, that the cost should be paid in full in that year, and that when the year closes, nothing is owed and nothing is promised.

Such a method will eliminate this huge bureaucracy now administering social security, it will eliminate the use of a costly and useless system of wage records, and it will not be committing future generations of taxpayers of 20 years, 50 years, or 70 years from now, to the untold billions to which the present system is committing them.

I propose a program of modest benefit amounts, one that could be borne by a present tax rate not much greater in total effect than the cost of Federal grants for public assistance plus the combined amounts of employer and employee contributions at present. But I would prefer that this tax be in the form of an addition to the current normal income tax rates. The pay-roll tax, as noted above, is regressive in effect. The employer portion of the pay-roll tax can probably be adequately justified for financing hazards directly related to current employment, such as loss of wages due to temporary absence from work, but we cannot see its rationale as a method for financing long-term benefits relating to the one-time hazards of death, or old age.

How much can the Nation spend in any 1 year for social security? If we pay our social-security bill each year as we go, and a specific tax is levied for that purpose, the taxpayers—through the powerful medium of public opinion—will prevent those payments from getting too high. On the other hand, the aged, the orphaned, and the widowed, likewise can exert a great influence on public opinion and thus prevent benefits from becoming too low. These two forces should balance each other. This is not accomplished under the present program because of its cumbersomeness, alleged reserve system, and the binding commitments it makes on future generations.

V. THE OLD-AGE AND SURVIVORS INSURANCE PROGRAM IS ADMINISTRATIVELY COMPLEX

Under the present law, it is claimed, the wage-record system has worked well and with little cost in comparison with the benefits of the program. Yet it appears that the system is a wasteful one if, as I believe, a program at least as satisfactory can be developed without the use of wage records. Moreover, even though the most modern labor-saving devices have been applied in the operation of the wage-record system, the cost is substantial.

Let us consider how a wage record is used in our present social-security law. If a young lady 18 years of age goes to work in an office, she must apply for and receive a social-security number. Every time her employer pays her he deducts her tax and adds the employer's tax and sends a record of this tax and wage paid, to the Government. The Social Security Administration opens an account for her and the taxpayers must employ Government workers to handle, preserve, and maintain that record, probably for 70 or 80 years. This young lady may work a few months and get married. Years later she may go back to work for a month or two, further social-security taxes are paid and a further report of wages paid; this results in some more expensive Government bookkeeping. She may work periodically several times during her life but never enough to qualify for old-age insurance. Yet the taxpayers must maintain this expensive wage record for her.

Or take the case of a man who starts to work and works continuously, the keeping of his wage record by the Government is expensive. It is very likely that several times before he dies the cost of living and prices generally will change to the extent that the benefits that he is to receive have to be changed, thereby rendering these past wage records entirely useless. We must also not forget that many very fine citizens, who lead productive lives and make their contribution to society, never have a wage record. It is exceedingly difficult, and in some cases almost impossible, to apply the present program to those citizens.

Approximately 8,000 of the 15,000 employees engaged in the administration of the present program are directly concerned either with the enforcement of the pay-roll tax or the processing of the quarterly employer reports and the maintenance of the many millions of wage accounts. Practically all of these operations, and some portions of the remaining operations, could be dispensed with, if benefits were independent of wage records.

Under extension of coverage, the administrative effort required in employment-tax enforcement will be greatly increased, and the percentage increase in administrative costs will be much greater than the percentage increase in the number of persons covered. The definition of the term "employee," which proved so difficult for the committee, and the definitions of "covered wages" and "self-employment income," likewise difficult, are problems which are not necessary if we follow a system that is not based upon wage records.

On the other hand, financing old-age and survivors insurance benefits by an income tax method, without wage records, would not only eliminate the above costs but would add practically no cost to the present expense of collecting income taxes.

CONCLUSION

I have, in the foregoing, presented only some general ideas of how I would overhaul the insurance program. To put these ideas in somewhat more concrete, but not at all final, form, I am submitting the following outline of tentative benefit proposals:

First. Payment of old-age benefits to all citizens who have reached retirement age or over, to the widows of deceased citizens, and to their orphaned children under age 18.

Second. Payments within each category (aged, orphaned, and so forth) to be uniform in amount, though amounts for different categories may differ.

Third. No needs test or work clause, except that other federally supported benefits programs would be offset.

Fourth. Federal grants-in-aid for old-age assistance and aid to dependent children would cease, and all such assistance payments would be State financed.

Fifth. Benefits provided would be financed by addition of a flat percentage rate, especially designated in the return, to the normal income tax rate.

Sixth. Benefit amounts would be included as taxable income in the ordinary income-tax return. This would discourage many who do not need it from applying for the benefits; at the same time, evils of the present system would be eliminated and the costly burden of supporting thousands and thousands of welfare workers, inspectors, record offices, and the like would be eliminated.

I would repeat, however, my earlier statement that such overhauling must be preceded by an objective and thorough reexamination, such as has not been done to this time. I do not disparage the work of previous congressional groups on this subject, and particularly not the work of the present Ways and Means Committee, which is to be congratulated on its rejection of some of the most extravagant and visionary proposals contained in the original administration request for legislation. The committee has perhaps done the job as well as possible by patching up a hopeless program, and trying to make an untenable program work.

On the other hand, with due regard to the high caliber and public spirit of the individuals comprising the various advisory councils on social security, I feel it regrettable that these councils have not been able to make more thorough reexamination of fundamentals. Each council has been made up of individuals who were experts in their own outside fields and who, being extremely busy men in these outside fields, could not take the necessary time to make such reexamination; consequently, acceptance of the proposals developed by the Social Security Administration staff members became an almost inevitable course. I feel that a study should be made by a group consisting largely of persons who can devote full time for several months to the work, who are largely technicians in this field, and who at the same time are fully independent of administration pressure. Only in this way can a wholly objective and thorough chart be laid for future development.

Mr. DOUGHTON. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. LESINSKI].

Mr. LESINSKI. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. LESINSKI. Mr. Chairman, as chairman of the House Committee on Education and Labor my name has been mentioned in the public press on numerous occasions. Up to this time I have never seen fit to answer any press stories. However, in the October 3 issue of the magazine Newsweek there appeared a story to the effect that I would resign my position as Representative in Congress and as chairman of the House Education and Labor Committee to accept a Federal administrative position.

The article reads as follows:

Representative LESINSKI, of Michigan, will be offered a Federal administrative post after Congress adjourns. Democratic leaders think morale of the House Labor Committee will improve if LESINSKI, its hard working but stubborn chairman, resigns in favor of another Member.

I do not feel that I can let this story go unchallenged. This item concerning me is evidently based on a malicious and false statement made for political purposes. I am confident that it will suffer the fate of any statement which is not based upon fact. I want to say that I have no intention of resigning my seat in the House of Representatives. The only way that I will be removed from my position as chairman of the House Committee on Education and Labor will be by the verdict of the voters of the Sixteenth District of Michigan.

Mr. JENKINS. Mr. Chairman, I yield 35 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Chairman, there are many defects in H. R. 6000. Most of these are corrected in H. R. 6297, the bill which I introduced yesterday, but I do not want to talk this afternoon about the exact details of my bill. I will do that at a later stage of the debate.

What I will discuss today is H. R. 6000 and why I am in favor of the general philosophy behind this bill.

Can we provide reasonable social security for the less fortunate among us without in any way sacrificing that liberty which is the essence of the American system?

Of course we can.

Both the Democratic and Republican platforms of 1948 urged broader coverage under OASI and extension of benefits to a more realistic level. An adequate old-age insurance program, and reasonable aid to the unfortunate, is not statism, nor is it socialism.

The first and most important decision with which our committee was faced was whether care for the aged should be based on a pension system or on the insurance system.

We are at the crossroads. The old-age assistance program has grown by leaps and bounds. More than twice as many of our older citizens are receiving old-age assistance as are receiving payments under OASI.

The average benefit under old age assistance is $42.02, against an average of only $24.35 under OASI, and about $31 for new beneficiaries. Many are saying, What is the use of our paying payroll taxes when those who pay none receive greater benefits?

Of course it is true that the chief reason for the low benefits under the insurance program is that so many worked only part time in covered employment, thus making their average wage very low, but this narrow coverage is a fault of the system, and it is difficult to explain to the general public as they retire why their benefits are so low.

Old-age assistance is relief only for those in need. Its concept is somewhat that of charity. Under this program the aged who, themselves, have saved for their old age must pay additional taxes to support those who have not.

Under OASI benefits are given as a matter of right, based somewhat on the amount of taxes which each individual has paid and which his employer has paid for him. It is a system geared to maintain the self-respect of the individual.

The committee made the vital decision that the insurance system should be the basic one; that coverage should be broadened; and that benefits should be sharply increased. A worker who would now retire at $31 monthly, which is the average payment, will under the new bill get approximately $56 monthly.

Though from eight to ten million more workers will be taken into the system under H. R. 6000, unfortunately the majority of the committee would not agree to extend coverage to the extent which I have always advocated. The result is that the system will still continue to be inadequate. Many people will continue to move from covered to uncovered employment, and as a result will receive only small benefits.

The majority first voted to include all self-employed, and then whittled it down by taking out lawyers, doctors, dentists, and engineers.

They first voted to take in those in domestic service, and then took out nearly three-quarters of them, and I might add those who will need protection most, by changing the definition of employment to one who is employed for at least 26 days in one quarter by one employer. There are not many people in this country, with the present cost of living, who can afford to employ a full-time maid. And the majority of the committee, through their definition, have taken out from under covered employment all those maids who work for 1 day a week for one family. A maid would not be under covered employment if she worked 5 days a week 1 day a week for five different families.

Of course the most important exclusion from coverage provided in the majority bill is that of farmers and farm labor. You cannot have a truly comprehensive system if you leave out such an important segment of our population. I

believe that if those engaged in farming understood the benefits of the system, they would be pleading with their Representatives to admit them.

However, farmers are rugged individualists, and it is evident from the attitude of those Congressmen representing the farm districts that the benefits of the system have not been sold to farmers.

As a result the burden of old-age assistance is very heavy in the States which have a large farm population, and will grow heavier.

Farmers are not only paying for the benefits which industrial workers are receiving, because the pay-roll tax is inevitably added to the cost of the goods which they buy, but they are also paying higher and higher State taxes to meet their local old-age assistance burdens.

Someday I think the governors of these States will be down in Washington begging us to admit farmers to the system. I think they would be today if they understood what was going on.

I believe that all gainfully employed, except public employees who have their own pension systems, should be included under our old-age and survivors insurance program.

The next major decision which the committee had to make was on the question of financing. You may remember that the original law as envisioned by President Roosevelt called for a step-up in the tax for both employer and employee which would have made the system carry itself; but in 1941 the Democratic Congress accepted the suggestion of a Senator that the tax be frozen at 1 percent.

This freeze was, unfortunately, continued by two Democratic and one Republican Congress until the present time.

Mr. Altmeyer testified before our committee last February that the result was an actuarial deficit of $7,000,000,000 in the fund.

Several years ago when one of the freezing resolutions was before the Senate, Senator MURRAY, of Montana, arguing that continued freezing might cause some doubt among the beneficiaries as to the soundness of the whole system, had an amendment passed which was later accepted in conference by the House—providing that if at any time the trust fund was insufficient to pay benefits that the United States would pay them out of the general revenue.

The situation which faced our committee, after they had agreed on increased benefits, was that the cost of the new bill would be over 6 percent of pay roll.

The problem we then faced was: Should we make the system financially sound, make it a system which carried itself; or should we provide only a moderate increase in tax and follow Mr. Altmeyer's recommendation which was that ultimately the Federal Government should assume one-third of the burden of paying benefits from the general tax revenue.

Such a system would have been very unfair to everyone who was not in covered employment.

It certainly would have been unfair to farmers, to doctors and lawyers, to railroad workers, to State and Government employees who were not covered in the system but would be paying their Federal taxes for benefits paid to others, none of which they would ever receive.

So the committee, I believe very wisely, decided to make the system carry itself by setting up a schedule of taxes rising in 1970 to 3¼ percent on employee and 3¼ percent on employer. At the same time we repealed the Murray amendment.

The decision of the committee was that we were not justified in now promising benefits to workers in the future and leaving it up to our children and grandchildren to find the money to pay the benefits which we had promised. It was a sound decision.

Of course, it is impossible to tell what conditions will be 50 years from now. If we continue the same increase in pay rolls which we have had over the last 50 years; if the dollar, over a long period, continues to decline in value as it has in the past 50 years, the taxes which we have set up may well yield twice what we have anticipated. However, if this is so, the buying power of our schedule of benefits will be too low and they will have to be increased.

The third major decision which the committee had to make was whether this was to be a system through which people could retire in comfort or whether benefits were merely to be of a basic subsistence level.

The formula suggested in the bill introduced for the administration would have provided that a steadily employed worker with high wages during his working lifetime, with a wife over 65, might have received upon his retirement over $2,200 a year. The administration's suggestions were thus that we build up a retirement system rather than a social-security system.

The proposed benefits were geared to favor the steadily employed—the man who had received high wages—the very one who would most be able to put money aside in savings or insurance for his own protection in his old age.

At the same time the benefits for the lower-income group remained niggardly, so that there would still be need for supplementing their income through old-age assistance.

The committee rejected this basic theory of the Administration, changed the formula so that it would give greater benefits to the lower-income group and less to the more fortunate.

However, I do not think that the committee went as far as they should in this direction.

The bill now provides two rewards for steady employment. Those steadily employed are not subject to what is known as the continuation factor, which is a deduction in benefits for each year that a worker is not employed. Then, in addition, there is the so-called increment—a percentage increase of one-half of 1 percent in primary benefits for every year in which a worker is in the system.

Thus, the luckiest individuals—those who have been steadily employed and who probably have also been able to put aside savings and buy life insurance—will doubly benefit under the bill, while those who need assistance most, who have been irregularly employed, or who have changed jobs in and out of covered employment, would be doubly penalized.

In the bill as originally drafted we did not have this important factor, but under pressure from certain outside sources the administration supporters put it in.

As actuaries told them this provision would cost on the average $800,000,000 a year they looked around for ways to save some of the cost, and changed the formula which was in our first draft granting benefits on a basis of the 10 best consecutive years of a working life to one figured on the average wage over all of a working life. Actuaries said this latter change would save the system $600,000,000.

Where does this saving come from? It comes from those who have been irregularly employed, and thus will need protection most in their old age.

By this action the committee majority have taken away annually $600,000,000 in benefits from those who need it most, and given it to those who need it least—those who at all times have had steady employment. This provision benefits the "economic royalists" among the workers.

The new bill also makes it easier to qualify for insurance. The committee approved a provision which was in the bill which I introduced last year, making it possible for a worker to qualify if he had been employed for 20 quarters out of the last 40 before his retirement.

We also raised the minimum benefit to $25 a month, changed the work clause so that an individual, instead of being limited to $14.99 a month, can earn $50 a month between age 65 and 75, and anything he can earn after that, and still receive benefits.

We also increased the benefits of those who have already retired by an average of about 70 percent.

The committee felt that it was proper for the Federal Government to consider the question of permanent and total disability. This is handled in two ways in the bill. It provides a fourth category under the assistance program by adopting title 14 of the proposed bill. Of course, as under all the assistance programs, these benefits would only go to those in need.

At the same time the committee included total and permanent disability in the insurance program. Benefits would be the same as those provided for the retired worker, except that there would be no benefits for dependents.

Some of us wonder whether it is wise to include permanent and total disability in the insurance program at the present time.

It is an untried field and perhaps it might be better for the present to ex-

periment with the new provisions along this line, in the old-age assistance program. The cost of this insurance program is unknown. Estimates have been that it may well be more than a billion dollars a year. This, of course, would be taken out of the trust fund which was set up for old-age and survivors insurance.

The experience of private insurance companies in this type of coverage has been most unfavorable. Claims increased by leaps and bounds during periods when unemployment was high and were sharply reduced in times of full employment.

The determination of when a worker is totally disabled is a marginal one. It is usually a question of judgment. The theory of the insurance system is that benefits are a matter of right. Would not everyone feel that having paid the insurance premium he was entitled to these benefits, even if only slightly disabled? A permanent lifetime pension is so attractive that it would be difficult for many workers to resist the temptation to try to make out that they were disabled in order to get the benefits which they felt that they had paid for through their pay-roll taxes.

There are other items in the bill approved by the committee which I question.

A lump sum payment for all who die, of three times the primary benefit, is provided. Under present law lump-sum payments are only granted to those who have no survivors. This was originally put into the law because it was felt that those who had paid the tax and would receive no benefits should at least get something back. This new provision has been characterized as being the "grave" part of protection from "cradle-to-the-grave."

Of course, in most cases the money will in no way benefit survivors, but it will only benefit undertakers. If we are going to make these payments, why do we limit them to funeral expenses? Why not expenses of the last illness?

It seems to me that this lump-sum payment changes the whole philosophy of OASI and that this provision in the bill should be eliminated.

I hope that the old-age assistance program will gradually taper off as more and more people become qualified under OASI. I hope that some day as all the gainfully employed become covered by the insurance system that old-age assistance, as far as the Federal Government is concerned, can be completely abolished and that the few cases where assistance is needed will be taken care of by the States.

I was hopeful that such an eventuality might occur in about 15 years. However, the failure of the committee to include farmers and farm labor puts this far in the future.

The cost of the proposed program is tremendous. Additional benefits which we have granted under the assistance programs will amount to $256,000,000 annually. It is difficult to place this annual drain on the taxpayers especially at a time when the budget is so out of balance, but it seems to me that these new benefits are so desirable that I am glad to support these provisions of the proposed law.

When we come to considering the cost of the old-age and survivors program you reach figures that are so astronomical that they are frightening.

We must remember that the taxes necessary to carry our social-security program must be borne by those who are working, by the producers. They must carry those who are not producing.

Today the working population is estimated to be approximately 64,000,000, or about 43 percent of our population. With the probable increase in the number of our aged which all experts envision, this proportion will probably soon drop to about 40 percent. We cannot place too heavy a burden upon them.

If all the programs recommended by the Administration were adopted, the over-all cost of all social security, pensions, health and welfare programs would amount, within the next few decades, to somewhere between thirty or forty billion dollars a year.

Add this to our present budget, and you can see that it is proposed to take from our producers a total of from seventy to eighty billion dollars, and this sum does not include State and municipal taxes.

No nation in the past has been able to survive and maintain a sound currency with any such rate of taxation. The only way that it could be carried would be through inflation, and devaluation in the buying power of the dollar. But if this occurred, beneficiaries would demand—and rightly be entitled to—more benefits. Thus, the merry-go-round would start up again.

We must stop, look, and listen. In expanding social security we must advance cautiously.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from Arkansas.

Mr. MILLS. I am particularly interested in the gentleman's bill, H. R. 6297, in view of the statement made by the gentleman from Nebraska [Mr. CURTIS], that this bill might well be the motion to recommit offered from the minority side. Am I correct in my understanding of the gentleman's bill that it embodies practically all of the features of H. R. 6000, the majority bill, with the exception of the recommendations contained on page 158 of the report; that is, the summary of the minority position.

Mr. KEAN. Plus the tax feature.

Mr. MILLS. Yes; I was coming to that. Under the bill H. R. 6297, what is the estimate of the net level premium cost?

Mr. KEAN. 5.45.

Mr. MILLS. Which is about seven-tenths of 1 percent under the cost of the bill, H. R. 6000, 6.15 percent.

Mr. KEAN. That is correct.

Mr. MILLS. The gentleman fixes the tax, therefore, at a maximum of 6 percent in 1980. In the course of reducing the cost below the cost of the committee bill you do four or five different things. First of all, you increase the cost by continuing the wage base at $3,000, whereas the committee bill proposes to increase that base to $3,600.

Mr. KEAN. That is correct.

Mr. MILLS. That action by itself raises the level premium cost of the program.

Mr. KEAN. That is correct.

Mr. MILLS. You eliminate the increment, however, which is eight-tenths of 1 percent.

Mr. KEAN. This saves $800,000,000.

Mr. MILLS. Then you change the method of computing the wage base.

Mr. KEAN. Which increases the cost by $600,000,000.

Mr. MILLS. By $600,000,000.

Mr. KEAN. And benefits go to the right people.

Mr. MILLS. Then the gentleman increases the number of domestic servants who would be brought under the program from the number involved in the committee bill of about 950,000 to approximately how many?

Mr. KEAN. About 2,000,000 in all.

Mr. MILLS. Two million.

Mr. KEAN. And that also goes to those who need it most.

Mr. MILLS. Do not misunderstand me; I am not arguing with the gentleman. I am merely trying to find out what the bill does. The gentleman would then place under social security 1,100,000 more than the committee bill would place under social security.

Then the gentleman provides a prohibition in his bill against those who are locally employed by municipal or State governments and who are already included under a pension plan being included in the program by any action, even though more than two-thirds of such employees may desire to have social security coverage.

Mr. KEAN. Correct.

Mr. MILLS. They cannot come in at all.

Then the gentleman eliminates the extension of title II social security coverage to residents of Puerto Rico and the Virgin Islands.

Mr. KEAN. Correct.

Mr. MILLS. Those are the primary changes between this bill, H. R. 6297, and the committee bill?

Mr. KEAN. No. The gentleman left out the permanent and total disability under the insurance program and the definition of employee which we were talking about with the gentleman from Ohio [Mr. JENKINS], paragraph 4.

Mr. MILLS. The gentleman leaves out paragraph 4 of the language defining the term "employee"?

Mr. KEAN. Right.

Mr. MILLS. How many people would that exclude as employees as compared to the language in the committee bill?

Mr. KEAN. It would not exclude any. All it does is give a determination by law as to who should pay the tax, instead of putting that up to the

Social Security Administrator and the Treasury to decide.

Mr. MILLS. But the gentleman is satisfied with the first three paragraphs of the committee definition of the term "employee"?

Mr. KEAN. I am not a lawyer. My best advice is that it is correct, but I am not a lawyer, so the gentleman will have to ask somebody else about the details of that one.

Mr. MILLS. Then, of course, the gentleman's proposition does eliminate this matter of total and permanent disability?

Mr. KEAN. In the insurance program.

Mr. MILLS. In the insurance program, but retains it for the public-assistance program?

Mr. KEAN. That is right.

Mr. MILLS. So that it is the gentleman's philosophy, then, that these people who become totally and permanently disabled should be taken care of by the public treasury of the Federal and State governments rather than being taken care of out of this fund into which they pay from their wages?

Mr. KEAN. At the moment, yes. Does not the gentleman believe it is a question whether we should take the money from the trust fund which has been contributed by people for protection in their old age and give it to the disabled, which may cost two or three billion dollars? We do not know what it is going to cost.

Mr. MILLS. The gentleman knows that the tax increase recommended by the committee includes one-half of 1 percent of pay rolls for this specific purpose?

Mr. KEAN. It is not enough. With all due respect to our actuary, I am not sure that that is enough.

Mr. MILLS. The gentleman says that by eliminating disability from title II we can save around a billion dollars a year in the future. How much can we save when we put all of these disabled cases on public assistance?

Mr. KEAN. Does the gentleman believe the permanently and totally disabled who are in need now are not being taken care of by their local communities? All we are doing is helping the local communities, so the local communities can pay more. Today what is happening is that the local communities are only paying $20 or some small amount to these permanently and totally disabled. The same people will be taken care of under this kind of Federal Government contribution. They will get twice what they are getting, and they will be able to live in a decent way.

Mr. MILLS. The gentleman from New Jersey and the gentleman from Arkansas are both in favor of extending public assistance to these totally and permanently disabled cases.

Mr. KEAN. Yes.

Mr. MILLS. My point is this: Is it cheaper to do it that way than it is to do it the way the committee provides?

Mr. KEAN. Very much cheaper, because it goes only to those in need, and the State and local people will police those payments so that they are not given to people who are not entitled to them.

Mr. MILLS. The gentleman thinks a better job will be done if it is left to public assistance?

Mr. KEAN. Yes.

Mr. MILLS. And less expensive?

Mr. KEAN. Yes.

Mr. JOHNSON. In your bill do you have a simpler definition of the word "employee" than they have in the committee bill?

Mr. KEAN. Yes; we lef tout that remarkably complicated definition based on the Supreme Court decision.

Mr. JOHNSON. And the courts will finally resolve the twilight cases?

Mr. KEAN. Yes.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield.

Mr. MILLS. Mr. Chairman, I could not let this colloquy come to an end after having asked the gentleman to yield in this extended manner, without recalling to the membership the very fine cooperative spirit the gentleman from New Jersey manifested in committee. He is one of the best-informed men with whom I have discussed social-security questions. I take my hat off to him. I know of his deep and abiding interest in the welfare of the very people affected by this bill. The gentleman has placed his finger on the real differences which arose in the committee. He has called attention to the primary differences and those are matters which the House will have to pass judgment on in the final analysis.

The gentleman is striving, as the gentleman from Arkansas has strived, to hold down the cost of this program. I take issue with the gentleman as to the method of holding down the cost of this program. But I certainly must pay him a well-deserved tribute for his knowledge and the fine work that he has done on this bill.

Mr. KEAN. Mr. Chairman, I want to reciprocate and say that the gentleman from Arkansas was always one who was striving in committee to write a sound bill. He has a very great knowledge of his subject. It was always a pleasure to work with him.

Mr. DOLLIVER. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield.

Mr. DOLLIVER. The gentleman made some remarks earlier in his speech concerning the cost of this program as presently written, both in the gentleman's proposed substitute and the committee bill as it affects the farmer. It evidently is the gentleman's feeling that at this time the farmers cannot be included either in his bill or in the committee bill.

Mr. KEAN. That is correct.

Mr. DOLLIVER. Will the gentleman develop that thought a little to explain why it is that this burden is upon the farmer and they are not aware of it?

Mr. KEAN. The reason is that the cost of the social-security program is added to the cost of the goods that the farmers buy.

Mr. DOLLIVER. It is indirect, rather than a direct tax?

Mr. KEAN. It is indirect. Every time the farmer buys a tractor he is paying for the social security of all the workers in the factory that made the tractor. That is one thing.

Then the second thing is that the burden of old-age assistance is so great in those States where they have a lot of farmers that they are paying an inordinately high tax.

Mr. DOLLIVER. But that for the most part is going to their own people, is it not?

Mr. KEAN. It is going to their own people; that is correct.

Mr. DOLLIVER. In other words, they are paying for old-age assistance by way of taxation to people locally rather than sending it to the Social Security Board by way of a pay-roll tax.

Mr. KEAN. That is right.

Mr. DOLLIVER. Can the gentleman give us any idea how those two figures might compare; that is, the amount they might have to pay in pay-roll taxes if the agricultural elements of the country were covered, and the relative amount they would have to pay for old-age assistance?

Mr. KEAN. No; I do not think I can give those figures.

Mr. DOLLIVER. Are there any figures available with respect to that, or are there any estimates?

Mr. KEAN. I do not think so. Of course, 45 percent of the farmers have already paid social-security taxes out of which they will never get anything because they have gone to work in the towns, for example, for a short time. Some may have gone to clerk in a store for a little while. Some of them have had war work and worked in a factory for a short time. Some of their sons have gone to the city for a year or so, and then have gone back on the farms. As a result 45 percent of the farmers have already had some social-security coverage, but they are never going to get a nickel back in the way of benefit from what they have paid in.

Mr. DOLLIVER. Why is that?

Mr. KEAN. Because they have paid so little that they cannot qualify.

Mr. DOLLIVER. In other words, that coverage has lapsed; is that it?

Mr. KEAN. Yes; it has lapsed.

Mr. HESELTON. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield.

Mr. HESELTON. I would like to ask the gentleman two questions. The second one possibly should be addressed to a member of the majority rather than to a member of the minority. I have a communication from a constituent who advises me that they have several individuals who represent them in selling their products on a straight commission basis. They say these individuals act as independent contractors insofar as we have always interpreted it, because they represent not only us but in several cases three or four other concerns. He has

asked me whether or not, under H. R. 6000, those individuals will be covered.

Mr. KEAN. The self-employed are covered. I should think they would be independent contractors and would be self-employed.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield.

Mr. MILLS. I think the gentleman from Massachusetts [Mr. HESELTON] would have to submit a few more facts to the gentleman from New Jersey [Mr. KEAN] before he could give you a concrete answer. House-to-house salesmen of the type you are talking about are specifically excluded. We had testimony before our committee that it would be practically impossible to collect the tax.

Mr. HESELTON. If the gentleman will let me add this further statement, that this is an industrial concern which has these salesmen, selling their products in large amounts.

Mr. MILLS. And they are paid on a commission basis?

Mr. HESELTON. That is right.

Mr. MILLS. As outside salesmen working either for a manufacturer or wholesaler, they would be included under the definition of the term "employee" in the bill, on the basis of the information which the gentleman submits, either under paragraph 3 or paragraph 4. Even though paid on a commission basis, such salesmen would be included, depending upon the presence of the other factors listed in these two paragraphs.

Mr. HESELTON. And under the gentleman's bill they would not be included, by reason of the definition in the gentleman's bill?

Mr. MILLS. The gentleman from New Jersey accepts the definition as to paragraphs 1, 2, and 3, and the gentleman's situation would be included under paragraph 3, as well as paragraph 4.

Mr. HESELTON. Then, how will this operate in terms of the payment of the tax? Assume that these salesmen earn $3,600 from each of these concerns? Each of the concerns are required to file a return and pay a tax.

Mr. MILLS. That is right.

Mr. HESELTON. How would they determine who would get a refund and what they would get?

Mr. KEAN. Why a refund?

Mr. HESELTON. Certainly he is not going to be able to collect on five times 3,600. He has paid it into the Treasury, but he cannot get it out.

Mr. KEAN. That is right. He should be entitled to a refund. You are correct. But how could we go about it, if he was working for all three at the same time? The gentleman from Arkansas [Mr. MILLS] seems to think he knows.

Mr. MILLS. It is my understanding of existing law, which is not affected in this respect, if this individual is working for three employers, all three of the employers will be called upon to pay a tax. No one of the three employers, even though the over-all amount may exceed $3,600 wage, would be entitled to a return. The employee, however, is permitted to receive a refund on that part of his salary in excess of $3,600.

Mr. HESELTON. Then I am correct in stating that this concern might have to pay anywhere from three to fifteen times, and there is no way, under the bill, by which they can reclaim from the Treasury money that will never be of any benefit to the employee.

Mr. MILLS. That is in existing law, I might say.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield to me?

Mr. KEAN. I yield.

Mr. EBERHARTER. This definition of "employee" takes into account seven or eight different factors. I do not think members of the committee should be asked to say definitely whether, under a few facts given, a person can be classified as an employee.

Mr. KEAN. That is right. You cannot do it.

Mr. EBERHARTER. You have to know all the facts before you can make a decision.

Mr. KEAN. That is right.

Mr. EBERHARTER. I want to say this further. I am delighted that so many Members were present when the gentleman spoke, because I agree heartily with what the gentleman from New Jersey [Mr. KEAN] has said about the gentleman from Arkansas [Mr. MILLS] and what the gentleman from Arkansas has said about the gentleman from New Jersey with respect to the intense interest they took in this measure. I am delighted that the gentleman from New Jersey [Mr. KEAN] indicated that he wanted more extended coverage. That matter, particularly the matter of the inclusion of farmers and farm laborers was certainly not a partisan question in the committee. As far as I am concerned, I am thoroughly in agreement with the position of the gentleman from New Jersey that the farmers, the doctors, the dentists, and lawyers should be included, and we should not have made those exclusions.

I further want to state there are other members of the majority who feel the same as I do. I further want to state to the gentleman that I agree with him that it was a mistake when we froze the tax in the first place. I do not, of course, blame the majority for that because during those days the minority party voted almost solidly for that freezing of the tax. But I was against it all the time. This colloquy here, however, between the gentleman from New Jersey and the gentleman from Arkansas will indicate, I believe, to the Members here how confused this subject is and how differences of opinion occur. It is not particularly a partisan question; it is really a very important question to be decided. This bill, as the chairman has said, is not the product of one mind; it is the product of all the members of the committee. I venture to say that the bill contains a suggestion from every member of the committee, both minority and majority. It was not a bill that was pushed out because of votes on one side or the other. So I feel sure that it is a good bill. There may be some differences of opinion. It did not suit me in every respect; I wanted to include farmers and domestics and all self-employed. But it was the best we could get under the circumstances, and I hope it will receive a good heavy supporting vote.

I thank the gentleman.

The CHAIRMAN. The gentleman from New Jersey has consumed 45 minutes.

Mr. WOODRUFF. Mr. Chairman, I yield to the gentleman from Oregon [Mr. ANGELL] such time as he may desire.

Mr. ANGELL. Mr. Chairman, as one of the authors of the Townsend legislation in the House, H. R. 2136, I deeply regret that the Rules Committee saw fit to present this legislation, H. R. 6000, under a so-called closed or gag rule. This procedure will compel the House to swallow the bill as is without amendment.

The bill does help the insured and disabled but it does not offer any substantial relief to the aged citizens of America who have not been able or who will not be able to qualify as a covered employee under the social-security program except those in a few favored States. Even with the amendments proposed in H. R. 6000 millions of our elderly citizens are without the mantle of protection under this law. Under the philosophy of the present social-security law it was believed that as time passed it would cover most of our elderly citizens needing aid. However, the law has been in effect over 10 years and experience under it shows that this philosophy was false and that the breach is widening between those covered and those not covered by the law, the majority being left without its protection. In October of last year the number granted cash on the basis of need was 2,469,372 as against only 1,016,303 retired workers receiving old-age insurance.

It is significant that the fact-finding board appointed by the President recently to consider the wage dispute between the United States Steel Corp. and its workers reported as follows:

> The concept of providing social insurance and pensions for workers in industry has become an accepted part of modern American thinking. Unless Government provides such insurance in adequate amount, industry should step in to fill the gap.
>
> Government * * * has failed to provide social insurance for industrial workers generally, and has supplied old-age-retirement benefits in amounts which are not adequate to provide an American minimum standard of living.

This is in line with the findings of many commissions and social-security experts who have considered the problem of social security not only for workers but for the aged, handicapped, and disabled. Ex-President Hoover, Chairman of the Commission for the Organization of the Executive Department, in considering this important problem in a letter to the gentleman from North Carolina, Chairman DOUGHTON, of the Ways and

Means Committee, under date of April 6, 1949, said:

I wish to say at once that I strongly favor Government provision for protection of the aged and their dependents.

The problem before the Nation is to obtain a workable system, with a minimum of administrative cost, a minimum of bureaucracy, adjusted to the economic strength of the country which gives an assurance of security to this group. In my view, we have not yet found that system.

I should like to make two general observations:

1. There is an illusion about the whole Federal old-age and survivors insurance. Because the taxes on pay rolls are paid into a trust fund and paid out without appropriation by Congress, there is an idea that these are neither taxes nor Federal expenditures. They are just as much a burden upon our national economy as any other tax or any other Government expenditure. Also, pay-roll taxes, however justifiable, are, like all other taxes, a burden on the standard of living of the whole Nation. A considerable part of the pay-roll taxes paid by employers in the long run is passed to the people as a whole in prices, and a considerable part of the taxes paid by wage earners is passed on by demands for increased wages.

2. The old-age problem has been thrust upon the Federal Government largely by the great increase in longevity. Its dimensions are indicated by the fact that there will be by 1950 about 11,000,000 persons over 65 years of age. They will increase in numbers absolutely and relatively, both with the increase in population and with the constantly advancing protections to health.

Recently, Mr. Arthur J. Altmeyer, Commissioner of the Social Security Administration, said:

When the Social Security Act was passed in 1935, the basic idea was that contributory social insurance would be a first line of defense against destitution. It was expected that, as time went on, Federal and State governments would have less and less of a burden under the public-assistance laws. Today, however, the number of needy persons receiving public assistance is greater than it has been at any time since the passage of the Social Security Act. Moreover, the number of aged persons receiving public assistance is nearly twice as great as the number of persons receiving benefits under the Federal old-age and survivors insurance system.

It is also true that the largest proportion of persons receiving what we call general assistance, as distinguished from old-age assistance, aid to the blind and aid to dependent children, consists of persons who are suffering from physical disability. If our social-insurance system covered disability, we would be able to reduce considerably the burden on States and localities for providing this general assistance.

Mr. Chairman, while this bill, H. R. 6000, does extend its coverage to give protection to a large number of employees not now covered, it is wholly lacking in providing security for the elderly citizens of America who are not able to qualify as an insured employee. This group is a large one. It is for those I plead. Every State in the Union has a long list of elderly people knocking in vain at the doors of public-welfare offices seeking some protection under the social-security law. To a large extent their cries are going unheeded by reason of the fact that existing legislation, Federal and State, fails to provide the minimum of social security insuring shelter, food, and medical care for America's aged. This great Nation, with the greatest productive power of any nation throughout all history, with the facilities, manpower, and know-how to produce the necessities of life not only for our own people but for half the world besides, cannot be excused for its neglect of its aged citizens. It has taxed its people to send overseas since the war ended over $21,000,000,000 to help to rehabilitate the nations of the Old World and thereby insure a stable and peaceful world and protect our own country, yet it falters in meeting its responsibility for its aged citizens at home.

This bill, H. R. 6000, we are considering seeks to amend and extend social security for the employed and disabled but continues to leave unprotected the millions of other aged citizens in need who cannot qualify as employees under it.

The United States is a nation with only one-sixteenth of the earth's population and only 6 percent of the world's area, but it produces nearly seven-sixteenths of the world's goods. Our people own 46 percent of the world's electric power, 48 percent of its radios, 54 percent of the telephones, 59 percent of its steel capacity, 60 percent of its life insurance, 85 percent of its automobiles, with the most schools, the most churches, and the best health record. Yet we refuse to provide meager subsistence for millions of our aged in need.

Mr. Chairman, I will repeat some of the arguments I presented to the Ways and Means Committee when the proponents of the Townsend legislation were granted a hearing on March 14 of this year in which I discussed the merits of the Townsend legislation and compared its provisions and objectives with those of the existing social-security plan which H. R. 6000 seeks to amend and extend.

As a Member of Congress for over 10 years I have been deeply interested in old-age and disability security, and am the author of H. R. 2136.

We in America can be justly proud of our achievements in the development of our industrial production which enables us to stand in the forefront of all nations in the ability to produce food, clothing, shelter, and other necessities of life in abundance, not only for our own people but to help other nations in need. This was a major factor in winning the war. However, with machine labor and mass production, we have found that the elderly people in America, by reason of the very success we have achieved in production, are outcasts and have been deprived of remunerative employment in their declining years.

Existing social and economic conditions force upon us the complex question of security for the individual in our modern industrial civilization. Since 1919 the number of self-employed individuals in the United States, including farmers, has remained fairly constant at about 9 or 10 million. During the same period the number of employees in the American labor force has risen from 32,600,000 to over 60,000,000, almost double. Since population has been increasing during this entire period, the percentage of self-employed persons in the United States has declined from about 22 percent in 1919 to about 16.6 percent in 1946. In other words, we are facing an age-old problem under rapidly changing conditions.

The young and vigorous are on the pay rolls of this machine age and the elderly citizens are relegated to the side lines. As a result of this maladjustment, we find the aged unemployed increasing in numbers and in want, and we are faced with the problem of social security to meet the needs for livelihood of this large group.

To meet this problem the Congress passed Public Law 271 in the Seventy-fourth Congress, setting up a social-security program not only for the aged but for the blind, dependent, crippled children, and with certain assistance to maternal and child welfare and public health. The Seventy-sixth Congress made extensive amendments to the law, and as a result we now have two major programs governing social security—title I, providing grants to States for old-age assistance, and title II, setting up a program for Federal old-age and survivors insurance benefits. For over 10 years now these laws have been in operation, and we find that they fail, in many important particulars, to meet the problems we are seeking to solve in providing adequate social security for the aged and disabled.

The Advisory Council on Social Security to the Senate Committee on Finance made its report and recommendations last year. The council consisted of 18 outstanding leaders, representing practically all segments of our industrial and social life. Their recommendations are significant in that they point out the deficiencies of the existing program for social insurance. The council found three major deficiencies in this old-age and survivors insurance program, which I quote verbatim:

1. Inadequate coverage—only about three out of every five jobs are covered by the program.

2. Unduly restrictive eligibility requirements for old workers—largely because of these restrictions, only about 20 percent of those aged 65 or over are either insured or receiving benefits under the program.

3. Inadequate benefits—retirement benefits at the end of 1947 averaged $25 a month for a single person.

In order to remedy these deficiencies, this advisory council recommended that the coverage be extended to include the self-employed, farm workers, household workers, employees of nonprofit institutions, Federal civilian employees, railroad employees, members of the armed services, and employees of State and local governments, all of which are now excluded from the benefits of the act. The council further recommended extending greater liberality in eligibility and increased benefits and survivors' protec-

tion. The findings of this council clearly disclose that the present social-security program is basically inadequate and must be completely overhauled or supplanted by a more effective program.

There were more than 100 bills pending in the Eightieth Congress proposing changes in the social-security law. Several sought to increase old-age and survivors insurance. Forty-one urged increases in old-age assistance. Thirteen dealt with aid to dependent children. These all pointed to the inadequacy of the present system and the need for drastic changes or the enactment of a new plan.

I will discuss some of the failings of the present system of old-age security and compare it with the proposal embodied in H. R. 2135 and H. R. 2136.

The problem of caring for the aged, the disabled, and dependent children, as seen today in the eyes of proponents of the Townsend plan, and others, is that there are millions of such persons in need among us who are not now, and cannot in the future, be cared for in an honorable and just way by the present system of social security. Under this system, millions of old people receive either no support or hopelessly inadequate support. The system which has been set up is extremely cocmplicated. To supply these deficiencies we propose H. R. 2135 and H. R. 2136.

In the Eighty-first Congress, several bills identical in language, propose the Townsend plan. They are H. R. 2135, BLATNIK; H. R. 2136, ANGELL; H. R. 2677, WITHROW; H. R. 2743, VAN ZANDT; H. R. 2792, PETERSON.

This is a self-financing noncontributory retirement system under which beneficiaries will receive annuities as a matter of right without reference to need or prior contributions. It is Nation-wide and covers all citizens 60 years of age or over. It is a pay-as-you-go system. Annuities will be paid currently out of currently raised revenues. Sums received by annuitants must be spent within 30 days. The existing system of old-age and survivors insurance and old-age assistance is abolished, together with the pay-roll tax for financing old-age and survivors insurance.

OASI, United States Code, title 26, sections 1400–1432; title 42, sections 401–410a, is a self-financing contributory Federal retirement system under which the insured and their dependent survivors receive annuities as a matter of right in an amount which depends on the length of the period of membership in the system and the amount of wages received by the insured during such period. It is a system under which a reserve is built up against the accumulating liabilities for persons who will retire in later years. The reserve, however, is more in the nature of a contingency reserve than a full reserve. Individual accounts are kept for each worker.

United States Code, title 42, sections 301–306, 601–606, 1201–1206, contains provisions corresponding to those provided under the Townsend proposal giving grants to States for old-age assistance without contribution.

This is a noncontributory State system, aided by Federal grants, under which payments are made to beneficiaries on a basis of need in an amount fixed by State law. The State programs, though they must conform to the requirements of title I of the Social Security Act, differ widely in type from State to State.

The philosophy and objectives of the Townsend proposal as compared with the philosophy and objectives of the existing system have much in common, but there are marked differences. The Townsend proposal would give recognition to the past labors of the aged and would offer them dividends from the wealth they helped to create. It would give this as a matter of right without any direct relation to specific monetary contributions. The existing old-age and survivors insurance program gives benefits as a matter of right but ties them to a principle of insurance—something that each prospective annuitant and his employer buys as he participates in the productive processes of the country. Finally, old-age assistance is provided to the aged who, because of the lateness of starting the program of old-age and survivors insurance or because of inadequate coverage or benefits, are in need and should be helped.

Townsend plan: Annuities should be offered with neither the stigma of charity nor the aroma of poverty. They should be offered as a matter of right as dividends from the national wealth the aged have helped to create. The system should be one to replace the complicated, arbitrary, and inequitable provisions of the existing law. It should be one which will have a stimulative effect upon our economy and one which will help to make available jobs to all the young who will replace the aged as the latter move into retirement at a decent standard of living.

Only noncontributory pensions will meet the needs of those now grown old who are in need because of past neglect in providing an adequate contributory retirement system. Since at the time the system was adopted most of the States were financially unable to assume the burden of so many aged who moved onto Federal relief rolls; it was deemed proper to continue to provide Federal aid to States to provide relief to those aged who were in need.

Much of the argument in support of the Townsend plan stems from the limited coverage and inadequate benefits of the present system. For example, most of today's aged who are not working left the labor force before they could build up rights to benefits under OASI. And even among the young and still employed, under the present OASI system, there is no coverage for jobs in agriculture, domestic service in private homes, Federal, State, and local government employees, and workers in religious, charitable, and certain other nonprofit organizations, the self-employed, and others as well. About one-third of the workers engaged in employment are not covered by the system; and of the 78,700,000 living persons with OASI wage credits at the end of 1948, about 40,500,000 were neither fully nor currently insured on the basis of their wage records, and hence were not protected under the programs. In the Federal Security Agency, Social Security Administration, Annual Report, 1947, section 1, page 7, 18, 39, it is said:

> Under our present provisions it would be possible for an individual to work at some time during the course of his working life in jobs covered by Federal old-age and survivors insurance, the Railroad Retirement Act, the Civil Service Retirement Act, and the retirement plan of a State or locality. According to the length and timing of such employments, he might become eligible to receive retirement benefits under one or more or all of these plans. Another man, with similar earnings under several of the programs, may go through a working life without ever acquiring retirement rights under any. Conceivably the survivors of a worker who dies might be eligible for benefits under a Federal old-age and survivors insurance system as well as under a State workmen's compensation law and under general veterans' legislation. Another family, equally in need of income to replace the father's earnings, may have had no opportunity to gain protection under any of these programs.

No Federal provision is made to care for the disabled other than the needy blind. In the same report, pages 21 and 22, it is said:

> The United States is unique among major industrial nations in its lack of a general disability insurance system. Compensation for wage loss due to incapacity is confined in this country to work-connected accidents or diseases in industry and commerce, to service in the armed forces, and to employment in the railroad industry or by government. Two States provide benefits for temporary disability under arrangements similar to unemployment insurance and with the same coverage. In June 1947 these special systems, in the aggregate, reached very few of the 2,000,000 to 2,500,000 persons disabled on an average day and recently in the labor force, who but for their incapacity would be working or seeking work.

The Social Security Administration in this report, pages 1 to 63, concedes the limitations of the present law and strongly urges extension of coverage. The present law was and continues to be considered simply as a cornerstone of a structure which was to be expanded. Approach has been piecemeal and dictated by practical considerations. There has been the fear that in attempting to accomplish too much all would be lost.

Under the existing law under old-age and survivors insurance the average benefits are approximately $25 per month according to the latest data available from Social Security records. To obtain this payment the worker and the employer would have to make contributions over a long period of time. On the other hand the average of old-age assistance—not available to those under the retirement plan but given only on a claim of need—was some $16 more per month than the old-age and survivors insurance payments. According to late figures payments in Colorado reached

$67.08, in California $70.55, in Washington $67.11, in my own State of Oregon, $48.21. It is thus shown that those receiving assistance who did not contribute to the program received very substantially more than those who through the years contributed taxes based on monthly incomes.

It is reported that recipients of relief now exceed by nearly 1,500,000 the insured workers who are drawing benefits. In the month of October last the number granted cash on the basis of need totaled 2,469,372 as against 1,016,303 retired workers receiving old-age insurance. This experience is directly opposite to that contemplated when the Social Security Act was enacted. It was believed that gradually all old-age beneficiaries would come under the provisions of the old-age and survivors insurance program and those receiving assistance on the basis of need would be gradually reduced and eventually eliminated.

Mr. Arthur J. Altmeyer, Commissioner for Social Security, in an article appearing in the Social Security Bulletin for December 1948, said:

> Today we have Federal old-age and survivors insurance and a railroad social insurance system that covers the risk of wage loss from old age, premature death, temporary and permanent disability, maternity, and unemployment. We have unemployment insurance laws in all the States and Territories. We have 1,800 permanent full-time public employment offices. We also have temporary disability laws in three States, covering loss of wages due to nonindustrial accident and sickness. Besides these forms of social insurance, we have in effect federally aided State-wide old-age assistance programs in all the States, aid to dependent children in all States but one, and aid to the blind in all but four States * * *.
>
> Benefits paid under the various forms of social insurance are for the most part inadequate. The increase in the benefits that have occurred have not kept pace with the increased cost of living. Moreover, as I have already indicated, only three States provide protection against loss of wages resulting from nonindustrial accidents and diseases. There is no protection under Federal old-age and survivors insurance against permanent total disability. There is no protection under either Federal or State law against the costs of medical care.
>
> As far as the various forms of public assistance are concerned, the Federal Government has provided increased participation in the costs. This increased participation has enabled the States to provide more financial assistance to needy persons than they otherwise would have been able to do. Therefore, the increase in Federal participation is desirable in itself. At the same time, however, that more Federal participation has been provided in meeting the cost of public assistance, there has been a lopsided development of our total social-security system.

A major defect in the present system is the smallness of individual payments, and their inadequacy in providing a decent standard of living. As one of my colleagues has said, the old-age insurance program is allegedly based, in respect to the payments to the recipients, upon the contributions made by the workers, the employees, and their employers. A vast actuarial scheme has been set up, requiring the attention and deliberation of highly trained actuaries. Great shelves are being filled with volumes of statistics, weighted averages, median lines, maximums, minimums, involved and intricate forms. At the end, what happens? At the end, the average worker comes out with about $25 a month, far less than he would get if he were under the old-age assistance program. This plan actually contemplates that these actuarial calculations will become effective against a boy 16 years of age who is in a covered occupation, and that for 50 years, until he is 65 years of age, the Social Security Board will keep track of his employers and of the tax payments made from his wages; also of his wife, his children, his job, and his compensation; and then, as a result of those calculations, it will determine what that young man will receive 50 years from now. In other words, these actuarial calculators are now calculating whether 50 years from now that boy will get $10.50, or $19, or $20. In the next 10 or 20 years we are going to have crisis after crisis; what these crises may be, no one can readily predict; but certain it is that many of them will bring widespread economic dislocation. And here is a group of men who solemnly assert that by means of this actuarial system they are at this time determining how much workers will be paid 10 to 20 to 50 or even 100 years from now. The sad and pathetic aspect of it is that these payments will amount to only approximately $10 a month, which is the minimum, or up to approximately $60 a month, which is the maximum. As a matter of fact, these payments are so meager and so low that they nauseate and sicken the human heart. It is true H. R. 6000 increases these payments, which is commendable.

Subject to particular attack has been the fact that the average payments under public assistance, for which a showing of need is required, exceed on the average payments under OASI toward which the beneficiaries have actually made payments as shown in the Social Security Bulletin, November 1947, pages 34 to 36, and in Social Security Bulletin, October 1947, page 33. It is also pointed out that it is rash to attempt to fix by statute and provide through reserves the payments that will be paid many years hence. Changes in the purchasing power of the dollar are so great that attempts of one generation to set minimum decent standards of living for succeeding generations cannot but prove fruitless and just waste motion.

It is not possible to estimate definitely the per capita annuity that would be available under the Townsend proposal should it be enacted. Its virtue is its elasticity, the monthly payments keeping pace with the purchasing power of the dollar. The tax formula could be changed by the Congress from time to time to meet the existing needs. Since the amount of the monthly payments for the beneficiaries depends upon the tax collected and the number of eligible citizens who apply for the annuities, it is not possible to determine with any degree of accuracy what these payments would be without knowing the national gross income and the number of recipients. However, amounts payable under the Townsend plan will be found by subtracting administrative costs from tax receipts and dividing by number of beneficiaries. Proponents of the plan have variously estimated the benefits that would be payable monthly.

At the present time old-age-assistance payments are financed through congressional and State, and sometimes local, appropriations. No special Federal levy is made to finance the Federal share. Payments to the recipients are actually made by the States. The Federal contribution for payments to the aged and blind is three-fourths of the first $20, plus one-half of the remainder up to $50. It is three-fourths of the first $12 for each child, one-half of the next $15 for the first child and one-half of the next $6 for each additional child. The maximum Federal contribution is $50 for the aged and blind, $27 for the first dependent child, and $18 for each additional child.

Under the Townsend plan, each installment of the annuity received must be spent within the United States by the end of 30 days after its receipt. The proceeds from the sale of real property acquired through the use of money received as an annuity must be spent within 6 months. The purpose of this is to keep the money in circulation, stimulate the economy, and stabilize production. There is no comparable provision applicable to payments under OASI or public assistance.

Complications involved in the administration of old-age and survivors insurance are frequently pointed to as one of the arguments against that system. "Illusory," "sheer fraud," "swindle" are favorite epithets for attacking the reserve. A discussion of this appears in Legislative Reference Public Affairs Bulletin No. 46, 1946, Financing Social Security, pages 41–61. A more recent further attack has been made by John T. Flynn in his Our Present Dishonest Federal Old-Age Pension Plan, Reader's Digest, May 1947. This is reprinted in the CONGRESSIONAL RECORD, May 5, 1947, page 4613.

The great objection to the public assistance programs is that, being State administered, amounts paid vary greatly not only as between States but also as between localities within the same State. So far as the Townsend proposal is concerned, none of the foregoing would present a problem, but the proposal would have some problems of its own to be worked out. Some of the foregoing points I will now consider in further detail.

The Bureau of Internal Revenue is to collect the tax under the proposed Townsend plan law. Every person having a personal income in excess of $250 and all other persons or corporations having any gross receipts would be required to make monthly returns. Much of this

work of collection could be eliminated if a method of collection at the source were devised. Another administrative problem would be the sending out of the checks each month to the pensioners. A similar problem is now being met under the Social Security Act.

Under old-age and survivors insurance, the Social Security Administration in the Federal Security Administration administers the payment of benefits, while the Bureau of Internal Revenue collects the tax. The cost of administering this program is now running around $50,000,000 per year. Total costs through 1947 were about 15 percent of benefits paid out and a little more than 2 percent of total receipts—taxes plus interest on assets. For the fiscal year 1947, administrative costs were 2.5 percent of receipts and 9.6 percent of benefit payments. Part of the administrative chore is keeping the wage records of 78,700,000 living persons and determining the amount of benefit each—and his family—is entitled to if and when he or they become eligible for a benefit payment.

Though old-age and other public assistance plans are State administered, the Federal Government contributes to the administrative costs. The contribution is 5 percent of the grant for old-age assistance and one-half the cost of administering aid to dependent children and the blind. The total Federal and State administrative costs in the fiscal year 1947 ran approximately as follows: Old-age assistance, $50,026,000; dependent children $21,289,000; needy blind $2,396,000. The costs ran higher for the year 1948 but the break-down is not yet available.

Proponents of the Townsend plan believe that the economy of the Nation will benefit by reason of the expenditure of the annuity within 30 days after its receipt. According to the bill (a) the annuity shall be spent within the confines of the United States, its Territories, and possessions; (b) each installment of the annuity shall be spent by the annuitant within 30 days after the time of its receipt; (c) an annuitant shall not engage in any occupation, business, or other activity from which a profit, wage, or other compensation is realized or attempted, except that nothing in this title shall be construed to prohibit an annuitant from collecting interest, rents, or other revenues from his own investments. No annuitant shall support an able-bodied person in idleness except a spouse; (c) any sum received by an annuitant which represents the proceeds of a sale of any real property acquired through the use of money received as an annuity under this title shall be expended by the annuitant within 6 months after the receipt of such proceeds of such a sale.

The thought behind this proposal is that in the years before the war people in general tended to hoard their earnings. Consumption did not keep pace with our ability to produce. The result was that we had underproduction, underconsumption, and unemployment. Under the Townsend plan there will be no incentive for elderly people of limited income to hoard their meager earnings as the haunting fear of old age and destitution will have been removed. The proceeds of the tax will go to people who will move out of employment. They will be required to spend the proceeds of their annuities within 30 days. This will stimulate production, production will promote employment, the younger will move into jobs vacated by the aged, and we will have prosperity.

The old-age and survivors insurance program, being a contributory plan based upon contributions by both employers and employees, each paying a tax of 1 percent of the first $3,000 of wages, to be increased to 1½ percent in 1950–51 and 2 percent thereafter, is, in effect, a tax on production and a burden on all citizens. The plan gives inadequate relief to those covered and is unjust to those not covered. These taxes go into what is called a trust fund which, on June 30, 1949, amounted to $11,200,000,000. The Government spends the trust funds as received for the regular expenses of Government, and replaces the funds with Government securities bearing interest paid by the Government, which encourages deficit spending. It follows that when these funds are needed, in lieu of the bonds the Government will be obliged to levy another tax on all taxpayers to meet the demands upon the fund. Notwithstanding this huge balance in the trust fund on December 31, 1948, there had been paid to beneficiaries under the program up to that date, only $2,328,606,000. The cost of administering this program is now running approximately $50,000,000 a year. For the fiscal year 1948 administrative costs were 10.8 percent of the benefit payments. A major part of the heavy administrative work is in keeping the wage records of 78,700,000 living people and determining the amount of benefits each—including his family—is entitled to if and when he becomes eligible for benefit payments. To be fully insured for life a worker must have 40 calendar quarters of covered employment. Minimum benefits for a worker are $10 a month, and for a worker and his wife, $15. Maximum benefits currently paid are $45.20 for a worker and $67.80 for a worker and his wife. The average payments as of December 1948 were $25.40 for a worker and $38.10 for a man and his wife. This old-age and survivors insurance plan contemplates these actuarial calculations would become effective for a boy 16 years of age in a covered occupation and that for 50 years or until he is 65 years of age, the Social Security Board will keep track of his employers' and his tax payments made from his wages and other essential data covering the case, and based thereon will determine what he will receive in benefits 50 years from now which, according to present average payments, would be about $25 a month. With the ups and downs in the economic conditions of our Nation and the fluctuation in the value of the dollar, it is at once apparent that the whole scheme is unworkable and, in fact, offers little social security to our workers. These workers, who, with their employers have been taxed through the years and who are now receiving only an average payment of $25 a month, are receiving less than many of the old-age beneficiaries who pay no tax to the fund. In the meantime, the Federal Government is piling up a huge so-called reserve fund which, in reality, is only a paper fund as the actual moneys are expended as received by Government bureaus, and only I O U's are left in the fund.

All of these difficulties would be avoided by the enactment of legislation of the type we propose in H. R. 2135 and H. R. 2136 which, as I have said, is a pay-as-you-go plan and is financed from current receipts, to which all contribute who come within the tax formula. Particularly, it would eliminate the unsound reserve fund, the bureacratic spenders' paradise for inflation and deficit spending. Furthermore, our proposal would be elastic so that monthly annuities necessary to enable the recipient to maintain himself in decency and health, would be determined currently, based on existing conditions and tax revenues collected, and which would be adequate to meet necessary living expenses.

While it is true H. R. 6000 provides additional funds to carry on the old-age assistance program, the revised method of allocation of the funds to the recipients is so arranged that the additional Federal assistance will go to those States in the Union which have provided the least help to the aged. As shown by the tables on page 41 of the committee report in the "Old age groups receiving from $20 to $45 per month" of which only $5 to $17.50 is contributed by States and local funds, recipients may receive an increase from Federal funds of from $5 down to $1.25 a month, providing the States make the same contributions heretofore given. However, the States such as California, Colorado, Washington, and my own State of Oregon, which have contributed more generously to the welfare of these people, will receive no additional Federal funds.

It is apparent, therefore, that the Pacific Coast States will receive no additional Federal contributions under this law to pass on to old-age annuitants under the old-age assistance provisions of social security and they will be relegated to the existing inadequate allowances for the needy citizens.

The old-age assistance program under the present social-security law is also wholly inadequate to provide a decent annuity to old people of our Nation who come within its provisions. It is a starvation allowance. There is little uniformity in the payments made in the several States. Many old-age annuitants are suffering from malnutrition and starvation. In my own home city this news item appeared:

OLD-AGE PENSIONER FOUND CRITICALLY ILL

Leonard Dow, 79, Lind Hotel, old-age pensioner who was found seriously ill in his room Friday, was taken to the Emergency Hospital. Attendants said he is suffering from pneumonia and malnutrition. He later

was admitted to Permanente Hospital, where his condition is reported critical. Dow is the third elderly person found this week in need.

Many of our aged citizens throughout the United States are similarly situated. If we are to preserve the American way of life and our economic and democratic processes under free enterprise, we must find a solution not only for our unemployment problems but also for the problems of providing adequate care for the aged and disabled. With an accelerating advance in technology in the post-war era, and with the commercial development of atomic energy presaging more rapid transitions in mass production, the social risks and hazards of unemployment and old age are increased. Rather than see workers pushed from the active labor force, hit or miss, the logical policy to follow is one of selection. The older group has earned retirement. Many of them are not covered by the Social Security Act. By covering the entire group, the whole process of business activity will be stabilized. Retirement payments will provide continuous buying power, will provide the needed balance in market demand, and will help to provide mass consumption without which our mass-production economy cannot function successfully. It will lead the way to greater prosperity in our Nation.

It was by reason of these deficiencies in the old-age security program that those of us in the Congress interested in the problem introduced the Townsend legislation, which is embodied in H. R. 2135 and H. R. 2136. The closed rule by which we are bound does not permit an amendment being offered embodying our proposal.

The aged, through no fault of their own, through the fiat of industry, are denied a part in production. They toiled the longest in production and should not, when old, be deprived of taking part in consumption. They are the victims of an industrial system for which they are not responsible. Society owes a duty to these old folks, and it can only perform this duty by establishing a national annuity system providing against the hazards of old age and disability. There are now millions among us 60 years of age and over who are not now being cared for in an honorable and just way by the present system of social security, and are receiving no support from any source or hopelessly inadequate support. Our plan would replace the complicated, arbitrary, and inequitable provisions of the existing law. It is financed by a gross income tax in which all participate. As I have already said, it is a pay-as-you-go system, and annuities will be paid currently each month out of currently raised revenues, and the sums so received by annuitants must be spent within 30 days. Under the plan the existing system of old-age and survivors insurance and old-age assistance will be abolished and a new program substituted therefor. This proposal gives recognition to the past labors of the aged and would offer them dividends from the wealth of American industry which they helped to create. These annuities are provided for these self-respecting American citizens as a matter of right, without reference to need or prior contributions, and with neither the stigma of charity or the aroma of poverty.

Mr. Chairman, I regret, as I have said before, that the Rules Committee has brought this legislation before the House under a gag rule which will not permit any amendments and which will not give the House an opportunity to vote upon an amendment embodying the Townsend legislation. I trust that if the bill passes the House the Senate will make it possible for the Congress to pass judgment upon a Federal social-security program which will eliminate State lines and make it possible for all of the aged and disabled citizens and dependent widows and children of the United States to have adequate social security protection, which they are not accorded under the present social-security law, even after it is amended by the provisions of H. R. 6000.

Mr. WOODRUFF. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. REES].

Mr. REES. Mr. Chairman, I consider it to be absolutely unfair and undemocratic for the majority leadership to bring the social security bill to the floor of the House under a gag rule.

This bill contains 600 pages. There are a number of controversial features in the bill. It is far reaching in its effect upon the people of this country. It is a bill that determines permanent policy on the broad question of social security and is entitled to full consideration and debate by the membership of the House.

Furthermore, Mr. Chairman, there are many Members who would like to offer amendments to this bill, and yet, by adopting this gag rule, 435 Members must approve or reject the bill as written and in entirety. Do not forget the bill was written by 15 Members of a House committee.

I have no fault to find with the fact that the bill was written by a majority of the House committee. My criticism is that the bill is of such vast importance and of Nation-wide interest that Members ought to have a right to submit amendments and have them discussed.

This procedure is autocratic, to say the least. Furthermore, to say that some other Congress in the past followed this kind of procedure with respect to some other bill is not sufficient excuse or reason for following such policy on this legislation. The problem is too important to be considered under a gag rule where no one is even given an opportunity to offer amendments of any kind.

Let me repeat, the question I am raising now is not with respect to the approval or disapproval of the bill. The question I raise is that of placing the House in a strait-jacket whereby we must take the bill in its entirety as written or vote against all of its provisions.

Mr. Chairman, we were called back 2 weeks ago and have been in session only 4 or 5 days. It seems to me that since you have seen fit to insist on bringing the bill to the floor of the House, then you ought to permit plenty of time for discussion and amendments.

Let me say further that since this bill will not even be considered in the Senate during the present session, the right thing to do is to have it printed and then let it go over until the first of the year so the people may have a chance to examine its provisions in the meantime. The reason I make this suggestion is because of an agreement that has been made by the majority party not to consider it in the Senate until next year.

Mr. WOODRUFF. Mr. Chairman, I yield 11 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, you have just listened to a very excellent, statesmanlike discussion of our social security set-up and the problems contained therein. I fully agree with what the gentleman from Arkansas said about the gentleman from New Jersey: He is one of the best posted men in the Congress on social-security problems. He has, however, given you a description of the social-security set-up and its problems from the standpoint of an enthusiastic supporter of the problem. Now, I am going to give you a description of the social-security set-up as a whole, not the ramifications of it, from the standpoint of a man who is violently opposed to the way the social-security set-up is being administered, and the law under which it is being administered.

Mr. Chairman, social security is a splendid thing. It is supposed to provide financial independence for old folks no longer able to work. Properly administered, it would do just that. But the New Deal politicians who invented the plan wanted the tax money to spend at once; so, through political cunning and sharp practice, they put across on the American worker and employer this scheme to collect taxes now for old-age security benefits, spend the money for other things, and then levy additional taxes upon future generations to pay the old-age benefits that present-day workers have already paid for. The social-security objective is excellent; the plan for financing it is "phony."

Social security taxes are paid to insure security in our old age. Uncle Sam has collected some $15,000,000,000 for that purpose, but he has spent every cent collected for current needs. It was spent as fast as it rolled into the Treasury. Instead of putting the money into the vault for future use when it was needed, Uncle Sam spent it and put his I O U's into the vault. When you are past 65 and are entitled to monthly benefit payments from the social-security fund Uncle Sam will have to tax your children and your grandchildren to get the money to pay what you have coming to you—what you and your employer have already paid for.

YOU PAY TWICE FOR SOCIAL SECURITY

Mr. Chairman, the premium you pay for your old-age security insurance—the dollars taken out of your pay envelope

each month—goes into the Federal Treasury and is spent for the general running expenses of the Government. Into the old-age security insurance reserve fund—in lieu of the cash collected—are placed Government bonds from which future old-age security insurance benefits are to be paid. But Government bonds only represent an obligation on the part of the Federal Government to pay out at some future time an equivalent number of dollars. And where will these dollars come from to pay this obligation or debt? From future taxation. There is no other source. Therefore, you are taxed to pay for your old-age security insurance during the time you work, and then when you retire at 65 years of age your children must pay new taxes to redeem the bonds to furnish the cash that the old-age security insurance hands out to you in the form of benefits. It is a fraudulent system, a "phony" system.

To illustrate: John Smith decides to operate his own security program and puts into his safety-deposit box a certain amount each week out of his wages as a fund to provide an annuity in his old age. After John has accumulated, let us say, $5,000 in his safety-deposit box he finds he needs money for other expenses, so he takes cash out of the box and replaces it with I O U's to himself. If he keeps on using cash out of his fund he will eventually have in his box $5,000 worth of I O U's signed by John Smith and payable to John Smith. This is exactly the kind of reserve fund Uncle Sam has set up as a social-security fund, and Uncle Sam must levy a second tax to pay future benefits.

The Federal Government wound up June 30, 1949, $1,500,000,000 in the red. Congress turned down President Truman's request for higher income taxes. Increasing the old-age security insurance taxes will bring in extra billions for current expenses. So, since President Truman cannot "soak" the rich to balance the budget he proposes to "soak" the poor to balance the budget through increased old-age security insurance taxes. Has the Federal Government either the responsibility or the right under our form of government to force its citizens to buy "phony" old-age insurance?

Now, Mr. Chairman, what does H. R. 6000, the bill now before the House for debate and action, propose to do? What are its provisions? Briefly, the following is an analysis of the general features of the bill, boiled down and stated in simple language.

The bill has 201 pages and the report has 207 pages, all technical language and terminology. The committee labored 6 months (February 15 to August 15) to overhaul our social security set-up. Half the time was given to open public hearings and half to executive committee consideration and debate. H. R. 6000 is the result of the 6 months' labor, being voted out of the committee favorably by a 22-to-3 vote. The following are the principal provisions of the bill:

A. COVERAGE

President Truman asked that 23,000,000 people not now covered be taken into the system—farmers, farm help, all professional people, such as doctors, dentists, lawyers, civil engineers, and so forth, and all self-employed. The bill takes in between ten and twelve million people not now covered, but leaves out farmers, farm help, and all professional people.

B. BENEFITS

Present benefits, under the provisions of the bill, will be in general doubled. For example: Present primary benefits run from $10 per month to $45 per month. Under the bill they will run from $25 to $64, while family benefits under the bill will run from $40 per month to $150 per month.

C. TAXES

The present 2 percent pay-roll tax for social security—1 percent on employee and 1 percent on employer—will be increased to 3 percent January 1950, 4 percent January 1951, 5 percent January 1960, 6 percent January 1965, 6½ percent January 1970. Since it will require at least 8 percent to cover accrued benefits by that time, the general treasury will be drawn upon for the balance needed.

All self-employed people will be required to pay 1½ times the rate employees are required to pay.

The taxable amount of a person's salary or wages for social-security purposes has been upped under the bill from $3,000 to $3,600.

D. ADMINISTRATION

H. R. 6000 has many technical revisions of the present law to simplify, clarify, and expand the present powers of the Social Security Administration.

E. DEFINITION OF EMPLOYEE

The definition of employee is very technical and complicated. It repeals the Gearhart bill which reinstated the common-law definition of "master and servant" for social-security purposes. I cannot explain this new definition, and I do not know anyone who can explain it. In reality H. R. 6000 permits the Social Security Administrator to use his own judgment in deciding who is an employee and who is not. The definition is not spelled out in the bill.

Mr. Chairman, H. R. 6000, in my opinion, is a long step down the road to a welfare state. It is the initial or preliminary step toward socialized medicine—a cradle-to-grave program that will eventually cost the taxpayers of this Nation between fifteen and twenty billion dollars per year.

This social security expansion program is both immoral and unsound. It is immoral because it proposes to hand out benefits now and charge most of the cost to future generations. It is unsound because it dodges entirely the expenses eventually involved. I am opposed to H. R. 6000 on many counts.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. HARRIS].

Mr. HARRIS. Mr. Chairman, I too have enjoyed the discussion today on the highly complicated and most interesting subject of social security. I am for the expansion of social security because I believe, out of the experience gained since 1935, that when this program was first enacted, there must be some changes that could be brought about that would make it a better program.

I should like to refer, as many others have here, to a particular provision that gives me some concern, however. There are a number of provisions here that cause me grave doubt. I believe that is true of other Members. As a member of the committee has said, this represents somewhat of a compromise on some highly important issues, and this is what we have.

I am from the southern part of Arkansas, where we have tremendous timber, sawmill, pulp, paper, and logging industries, which mean much to the economy of our area and to thousands and thousands of employees, and their welfare. This is why I am making an effort to try to clarify what seems to be a very important definition as contained in this bill with far-reaching effect, and one that seems to have created a great deal of interest among many people and particularly in the timber, sawmill, pulp, and paper industries.

I refer particularly to the definition of "employee," which is proposed in the bill to include—

(1) Any officer of a corporation; or

(2) Any individual who, under the usual common-law rules applicable in determining the employer-employee relationship, has the status of an employee. For purposes of this paragraph, if an individual (either alone or as a member of a group) performs service for any other person under a written contract expressly reciting that such person shall have complete control over the performance of such service and that such individual is an employee, such individual with respect to such service shall, regardless of any modification not in writing, be deemed an employee of such person (or, if such person is an agent or employee with respect to the execution of such contract, the employee of the principal or employer of such person); or

(3) Any individual (other than an individual who is an employee under paragraph (1) or (2) of this subsection) who performs services for remuneration for any person—

(A) As an outside salesman in the manufacturing or wholesale trade;

(B) As a full-time life-insurance salesman;

(C) As a driver-lessee of a taxicab;

(D) As a home worker on materials or goods which are furnished by the person for whom the services are performed and which are required to be returned to such person or to a person designated by him;

(E) As a contract logger;

(F) As a lessee or licensee of space within a mine when substantially all of the product of such services is required to be sold or turned over to the lessor or licensor; or

(G) As a house-to-house salesman if under the contract of service or in fact such individual (i) is required to meet a minimum sales quota, or (ii) is expressly or impliedly required to furnish the services with respect to designated or regular customers or customers along a prescribed route, or (iii) is prohibited from furnishing the same or

similar services for any other person—If the contract of service contemplates that substantially all of such services (other than the services described in subparagraph (F)) are to be performed personally by such individual; except that an individual shall not be included in the term "employee" under the provisions of this paragraph if such individual has a substantial investment (other than the investment by a salesman in facilities for transportation) in the facilities of the trade, occupation, business, or profession with respect to which the services are performed, or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed; or

(4) any individual who is not an employee under paragraph (1), (2), or (3) of this subsection but who, in the performance of service for any person for remuneration, has, with respect to such service, the status of an employee, as determined by the combined effect of (A) control over the individual, (B) permanency of the relationship, (C) regularity and frequency of performance of the service, (D) integration of the individual's work in the business to which he renders service, (E) lack of skill required of the individual, (F) lack of investment by the individual in facilities for work, and (G) lack of opportunities of the individual for profit or loss.

I have carefully read the explanation of the committee in paragraph 9, page 14, of the committee report and also the explanation in the section-by-section analysis of the bill, beginning on page 80, including examples applicable under the definition. I appreciate the determined effort the committee has made to clearly explain the meaning of this proposed definition.

However, much speculation has arisen and there are grave doubts in the minds of some people whose businesses will be affected by the definition, and the actual application to their own operation.

I think it should be and I believe it is the purpose and intention of the committee in bringing to the Congress this definition for business as well as employees to know whether or not they would apply to their own operation which is an established operation. In other words, I believe the gentleman would concur with me that this definition should be clear and explicit so this company or that company or this employee or that employee would know if it is applicable to his own situation.

In that there is some doubt and apprehension in the minds of some, I should like in order to clarify this meaning further to propound to my colleague from Arkansas [Mr. MILLS], a member of the committee, some further hypothetical questions of actual and existing operations of some businesses in the sawmill, lumber, pulp, paper-mills, timber, and contract operation. I thoroughly concur in the high compliment paid him by other members. The gentleman is so familiar with the meaning of the definition, his answer would no doubt be the determining factor in the administration, if this becomes law, of these specific and existing contractual operations between company and independent contractors.

For instance, there is a company I could name in my district. It contracts logging.

The contractors own their truck and furnish all equipment, which usually consists of a truck and trailer, a team and saws. The company may or may not own the timber lands; most of the time it does and some of the time under timber contracts the contractor merely cuts down the trees, saws the logs, loads them and hauls them to the mill. These contractors handle their own pay rolls. They handle and report social security and income-tax deductions. The company simply pays them under a written contract, different prices depending on the amount of timber, the distance from the mill and other factors. They too are perfectly free to make a contract to haul for any other mill that they see fit, although most of them haul for this particular company most of the time.

Under this statement of fact, and actual situation, would, under this definition, these men in the administration of it be considered contractors or employees of the company and would any of the men that might be working for the parties entered into the contract to deliver the timber to the mill be considered under this definition employees of the company?

Mr. MILLS. Mr. Chairman, if the gentleman will yield?

Mr. HARRIS. I am delighted to yield to my colleague.

Mr. MILLS. On the basis of the information the gentleman has submitted, it is quite clear to me that the intention is that the definition of the term "employee" does not include this individual, this contractor, as an employee of this lumber company. That individual, under this definition, is intended to remain an independent contractor. Let me point out why.

First of all, it is hard to find control over that individual. Second, there is no permanency of relationship. The relationship is based upon a contract that may be for 2 weeks or 3 months or a year, but it is not within the meaning of the language on line 11, page 51, "permanency of relationship." The integration of the individual's work, of course, is present.

But on the other hand, this individual has an investment in the tools of his trade. In your case he owns trucks. He certainly owns axes and saws. In the last line of paragraph (4), on page 51, you find this language: "lack of opportunities of the individual for profit or loss," denoting the status of employee where there is that lack.

This individual is in a business of his own, where he runs the risk of suffering a loss and anticipates making a profit.

Mr. HARRIS. In other words, the contractor would be responsible for the social-security tax?

Mr. MILLS. As an employer; yes, sir.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. CURTIS. I am not familiar with the type of industry that has been described. Is this person known as a contract-logger?

Mr. MILLS. Yes. He is known as a contract-logger. I know enough about the situation which exists in the territory of the gentleman from Arkansas to be able to advise the gentleman from Nebraska that he is known as a contract-logger. That is his business.

Mr. CURTIS. If the gentleman will refer to paragraph (3), would not that bring them in as employees?

Mr. MILLS. Paragraph (3) would not bring this individual in because of the language which is found beginning on line 16, page 50 of the bill. As the gentleman knows, the contract-logger is mentioned by category in line 3, page 50, but in order for him to be an employee, he has to come within this language beginning on line 16, page 50, and extending over through line 3, page 51, this particular individual would not come within that definition.

Mr. CURTIS. But he would have to meet the test of being employed.

Mr. MILLS. That is correct.

Mr. HARRIS. Here is another case. I regret to have to take up so much of the time of the committee, but it is highly important and a specific operation and typical, not only in my district, so far as the lumber, sawmill, pulp and paper industry is concerned, but it is typical all over the South where we have southern pine operations. It is also important throughout the United States in the timber and mill industry. I am not indicating the question of employee coverage, but clearly determining the responsibility. The taxes must be paid. It is not right, nor is it the intention of an employer or company, to proceed under one ruling or interpretation for years and find he must pay thousands of dollars by administrative ruling, thus vitally affecting the company's economic status and relationship with its employees.

This case also is actual, concerning a certain company in my district and a typical one in our area.

This company enters into a contract with an independent logging contractor who employs some 15 men. He owns and operates, saws, two trucks and trailers, one tractor, perhaps one mechanical saw and odd tools. His investment is approximately $10,000. He complies with all State and Federal laws, such as wage-hour, social security, workmen's compensation, and so forth. He has contracted with this major lumber company for 12 to 15 years. He may or may not have ever contracted with any other company. In carrying out the contract with the company, he will probably cut from the company's own timber or a timber deed owned by the company. His contracts are entered into after negotiation with the company as to terms, price, products to be cut, and so forth. His contracts are for bids ranging from 2 weeks to 3 months. He

most usually owns his own home and a small plot of land in the rural areas. He may own some livestock and farm some, but his contract-logging operations constitute his main business. His employees usually live in the area, too. They do some farming and raise livestock, but depend largely on woods work for their livelihood.

As described by this actual existing operation, would—under the definition in the bill—the so-called independent contractors of the company be actual independent contractors or employees of the company, and would the employees of the alleged contractor be actual employees of the company under the definition?

Mr. MILLS. Under this definition of either paragraph 3 or 4, that individual would be an independent contractor and not an employee for this reason: The fact that he may have been under contract over a period of 12 or 15 years is still not establishing a permanency of relationship, because those contracts are of short duration, and, as you have indicated, the man has a perfect right to contract with other individuals. He has capital invested. He runs the risk of loss as well as the possibility of profit. He would be an independent contractor.

Mr. HARRIS. I understand the committee in its study and formulation of this provision of the bill became familiar with the case of *Crossett Lumber Co.* v. *U. S.* (79 F. (Supp.) 20, 1948), which case involved the meaning of the term "employee" for the purposes of pulpwood operations, and decided by the Federal district court in Arkansas. In that case it was held that the individuals employed by the contract loggers were not employees of the lumber company but of the contract loggers.

Is it the intention of the committee under this employee definition that the individuals employed by contract loggers under circumstances such as those involved in that case be considered employees of the lumber company for the purposes of social-security taxes?

Mr. MILLS. As the gentleman knows, the Crossett Lumber Co. case was decided in the western district of Arkansas by my predecessor in Congress. I had occasion to talk to him about this specific case—not before the decision but long after the decision. On the basis of the information that I received from him, it appears that in the course of arriving at his conclusion he gave consideration to the very factors which the Supreme Court had used in the Silk case, and the other cases. It is true that at the time that decision was handed down, the Congress had passed the Gearhart resolution, and the common law was the law insofar as this definition is concerned. But in arriving at the meaning of the common-law rule, the judge analyzed all of those factors and found that the man was an independent contractor, and that his employees were not employees of the Crossett Lumber Co. To my mind, this does not change that decision.

Mr. HARRIS. One further question with reference to insurance. What is the status, under the definition of "employee" of a local property agent selling fire insurance, surety, fidelity insurance, who owns his business, which he may sell at his will?

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. MILLS. The status of the local property insurance agent referred to by the gentleman was considered by the committee in connection with this definition, and the committee does not intend, and I am reliably informed that the Treasury does not contemplate, that they should be included as employees, under this definition. The answer I obtained from those people in the Treasury, who will be charged with the responsibility of collecting this tax, is that those people clearly are not employees.

Mr. HARRIS. Will the gentleman advise the House if he also has information as to whether or not the attitude of the Treasury as he has just explained will be the same with reference to answers to the questions I asked regarding the sawmill, paper mill, and timber industries?

Mr. MILLS. I can assure the gentleman as much as anyone can assure him concerning the action of a bureau that the people in the Internal Revenue Service and in the Treasury will attempt as best they can to follow what they consider to be the Committee's intention regarding these definitions. The people in the Bureau of Internal Revenue and in the Treasury Department have been with our Committee during the course of all our consideration of these definitions and I think they know full well what our Committee intends, and that the Committee does not intend to give a blank check to any department.

Mr. HARRIS. I appreciate the gentleman's categorical answer to these questions.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. JENKINS. Does the gentleman think there is any finality in that? That just because one man in the Treasury says what he will do the man who succeeds him will be similarly bound? In future years the Treasury will be officered by other men; there is no permanency there. These men down in the Treasury cannot take the place of a judge on the bench; they are not the judiciary; and I tell you we ought not to pass any legislation based on what an official in the Treasury might or might not do.

Mr. HARRIS. I, too, have had some doubt about administrative procedures but I assume most agencies are endeavoring to administer the laws as Congress intends them. There are certainly some exceptions, but we do not anticipate this to be one of them.

I thank the gentleman from Arkansas for his categorical answers to my questions, but from these actual operations we must recognize that such independent contractors are integrated with the business. It is just an actual reality that cannot be avoided in such operations. Many contract with the company only and they take one contract after another. Therefore, some question the meaning of these interrelated provisions of paragraph 4, under the definition pertaining to the so-called economic dependents.

But it is the committee's interpretation that such actual operations would not be included in the employee definition and the contractors will be the ones responsible for the tax and the compliance with the social security provision.

Mr. MILLS. That is correct.

Mr. HARRIS. I appreciate your clear and frank answers in clarifying this as it affects this industry.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. KILDAY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes, had come to no resolution thereon.

HOUR OF MEETING TOMORROW

Mr. COOPER. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock a. m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. I may state, Mr. Speaker, that it is the hope and expectation that we will reach a vote on the pending bill tomorrow afternoon.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4381) entitled "An act to provide cumulative sick and emergency leave with pay for teachers and attendance officers in the employ of the Board of Education of the District of Columbia, and for other purposes."

EXTENSION OF REMARKS

Mr. BIEMILLER (at the request of Mr. COOPER) was given permission to extend his remarks in the RECORD.

Mr. EVINS (at the request of Mr. COOPER) was given permission to extend his remarks in the RECORD and to include three addresses by the President of the United States.

Mr. LANE asked and was given permission to extend his remarks in the Appendix of the RECORD and to include extraneous matter.

ERNEST J. JENKINS

Mr. WHEELER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 377) for the relief of Ernest J. Jenkins, which was on today's Private Calendar but was passed over.

The Clerk read the title of the bill.

Mr. DOLLIVER. Mr. Speaker, reserving the right to object, will the gentleman from Georgia consent to an amendment?

Mr. WHEELER. Yes.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Ernest J. Jenkins, of Brunswick, Ga., the sum of $21,600, in full satisfaction of his claim against the United States for compensation for loss of earnings and for expenses incurred as a result of personal injuries sustained in an airplane crash on October 8, 1942, while on active duty with the Civil Air Patrol, Sixth Task Force, at St. Simons Island, Ga.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shal be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. DOLLIVER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DOLLIVER: On page 1, line 6, strike out "$21,600" and insert in lieu thereof "$10,000."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF FEDERAL FOOD, DRUG, AND COSMETIC ACT, AS AMENDED

Mr. SADOWSKI. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 160) to amend section 801 of the Federal Food, Drug, and Cosmetic Act, as amended, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan? The Chair hears none, and appoints the following conferees: Messrs. ROGERS of Florida, WILSON of Oklahoma, HINSHAW, and LEONARD W. HALL.

EXTENSION OF REMARKS

Mr. O'HARA of Illinois asked and was given permission to extend his remarks in the RECORD and include an article by Ludwig Lesinski.

Mr. QUINN asked and was given permission to extend his remarks in the RECORD and include a newspaper article appearing in the Long Island Star Journal on Monday, October 3, 1949.

A SELECT COMMITTEE ON INTERNATIONAL INFORMATION AND PSYCHOLOGICAL WARFARE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, the introduction of a resolution to conduct a full and complete investigation and study of peacetime international information services as conducted by the Federal Government, and to examine the means by which our national interest may best be served by a civilian psychological warfare agency in the event of war or the threat of war, has occupied my attention for many months.

To accomplish this end, I have introduced House Resolution 374.

At no other time in the history of the United States has there been assembled on these shores so many vitally concerned American citizens with such a variety of experience in both peacetime information and psychological warfare as there are today.

The testimony of these Americans before the proposed select committee of the House of Representatives would create a storehouse of skills and know-how in intricate and highly specialized skills. Such essential information cannot be collected on short notice. But, should a need arise for such information, each minute wasted would create a corresponding figure on casualty lists. No one can tell what will come to pass. So we must bulwark ourselves against what might come to pass.

It is sincerely felt, and it is devoutly hoped, that no occasion will arise where all of this mass of knowledge must, of necessity, be tapped and used. Nevertheless, it would indeed be fatal overconfidence should we fail to utilize this reserve of ability which is at hand ready for use; awaiting only the mechanical processes of committee procedure, to accumulate it, analyze it, and concentrate it.

My primary aim in introducing my resolution to create a House select committee to study and investigate peacetime international information services and, in the case of war or the threat of war, to study and investigate how our national best interest could be served by a parallel study and investigation of psychological warfare.

My stand on this resolution is tersely and powerfully expressed in the motto of that vigorously American organization—the Boy Scouts of America. Their motto—and, in connection with the resolution I have introduced on the select committee for the study of our international information services and psychological warfare, my motto—"Be Prepared."

The resolution follows:

Resolved, That there is hereby created a select committee to be composed of seven Members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occuring in the membership of the committee shall be filled in the same manner in which the original appointment was made.

The committee is authorized and directed to conduct a full and complete investigation and study for the purpose of ascertaining the means by which the national interest may best be protected and served in time of peace by the conduct of international information services and in time of war or threat of war by a civilian psychological warfare agency.

The committee shall report to the House (or to the Clerk of the House if the House is not in session) as soon as practicable during the present Congress the results of its investigation and study, together with such recommendations as it deems advisable.

For the purpose of carrying out this resolution the committee, or any subcommittee thereof authorized by the committee to hold hearings, is authorized to sit and act during the present Congress at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, to hold such hearings, and to require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as it deeems necessary. Subpenas may be issued under the signature of the chairman of the committee or any member of the committee designated by him, and may be served by any person designated by such chairman or member.

EXTENSION OF REMARKS

Mr. ANGELL asked and was given permission to include in the remarks he made in the Committee of the Whole today certain extraneous matter.

Mr. SHORT asked and was given permission to extend his remarks in the RECORD and include two speeches delivered at the commissioning of the Naval Reserve Center in Joplin, Mo., on Thursday last.

Mr. MURRAY of Wisconsin asked and was given permission to extend his remarks in the RECORD in two instances and to include in one a newspaper article, in the other a letter.

Mr. McDONOUGH asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. WOODRUFF asked and was given permission to extend his remarks in the RECORD and include an address by Kathrine Curtis before the Utah Federation of Womens Republican Clubs at Salt Lake City, Utah, on September 30, 1949, notwithstanding that it exceeded two pages of the RECORD and, according to the Public Printer, cost $218.68 to print.

Mr. HILL asked and was given permission to extend his remarks in the RECORD and include an article entitled "Why Does Uncle Sam Pick On Us" notwithstanding that it exceeded two pages of the RECORD and, according to the Public Printer, cost $184.50 to print.

Mrs. ROGERS of Massachusetts asked and was given permission to include in her remarks a resolution she introduced today to create a committee to investigate the best means of conducting psychological warfare in peace and war.

Mr. SADOWSKI asked and was given permission to extend his remarks in the RECORD in two instances and include excerpts.

COMMITTEE ON APPROPRIATIONS

Mr. CANNON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a conference report on the civil functions appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. GARY, indefinitely, on account of illness.

ENROLLED BILLS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 5328. An act authorizing the Secretary of the Army to convey certain lands to the city and county of San Francisco.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 934. An act to provide for the detention, care, and treatment of persons of unsound mind in certain Federal reservations in Virginia and Maryland;

S. 1407. An act to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes; and

S. 2085. An act to amend the Employment Act of 1946 with respect to the Joint Committee on the Economic Report.

BILLS PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on October 3, 1949, present to the President, for his approval, bills of the House of the following titles:

H. R. 165. An act to authorize the American River Basin development, California, for irrigation and reclamation, and for other purposes;

H. R. 605. An act for the relief of the estate of James B. Stirling, deceased;

H. R. 733. An act to confer jurisdiction upon the United States District Court for the Central Division of the Southern District of California to hear, determine, and render judgment upon the claim of Frank Haegele;

H. R. 752. An act conferring jurisdiction upon the United States District Court for the Eastern District of Michigan to hear, determine, and render judgment upon the claim of Edward Gray, Sr.; Edward Gray, Jr.; Bertha Mae Gray; Bertha Patmon; and Lindsay Gardner, all of the city of Hamtramck, Wayne County, Mich.;

H. R. 1106. An act for the relief of King V. Clark;

H. R. 1458. An act for the relief of Joseph R. Gregory;

H. R. 1474. An act to confer jurisdiction upon the United States District Court for the Southern District of New York to hear, determine, and render judgment upon the claim of Miguel A. Viera for damages sustained as the result of an accident involving a United States Army truck at Leghorn, Italy, on January 11, 1946;

H. R. 1864. An act for the relief of Mitsuo Higa and Hilo Sugar Co.;

H. R. 1950. An act for the relief of certain consultants formerly employed by the Technical Industrial Intelligence Committee of the Foreign Economic Administration, and for other purposes;

H. R. 3081. An act for the relief of the estate of Maurice G. Evans;

H. R. 3598. An act for the relief of Mrs. Katherine Gehringer;

H. R. 4029. An act to authorize the Secretary of the Interior to procure for the Everglades National Park with available funds, including those made available by the State of Florida, the remaining lands and interest in lands within the boundary agreed upon between the State of Florida and the Secretary of the Interior, within and a part of that authorized by the act of May 30, 1934 (48 Stat. 816), and within which the State has already donated its lands, and for other purposes;

H. R. 4094. An act for the relief of Bunge North-American Grain Corp., the Corporacion de Productores de Carnes, Herman M Gidden, and the Overseas Metal and Ore Corp.;

H. R. 5134. An act to promote development in cooperation with the State of Colorado of the fish, wildlife, and recreational aspects of the Colorado-Big Thompson Federal reclamation project;

H. R. 5148. An act to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon the claim or claims, of Hilda Links and E. J. Ohman, partners, and Fred L. Kroesing, all of Anchorage, Alaska; and

H. R. 5764. An act to authorize the granting to the city of Los Angeles, Calif., of rights-of-way, on, over, under, through, and across certain public lands.

ADJOURNMENT

Mr. COOPER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 49 minutes p. m.), under its previous order, the House adjourned until tomorrow, Wednesday, October 5, 1949, at 10 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

960. A letter from the Comptroller General of the United States, transmitting a report on the audit of the financial statements and records of the Federal home loan banks and the Home Loan Bank Board for the fiscal year ended June 30, 1948 (H. Doc. No. 343); to the Committee on Expenditures in the Executive Departments and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BROOKS: Committee on Armed Services. H. R. 2895. A bill to authorize the sale of select base material, at the Fort Benning Military Reservation, to Muscogee County, State of Georgia, for use on county roads; with an amendment (Rept. No. 1373). Referred to the Committee of the Whole House on the State of the Union.

Mr. WILLIAMS: Committee on Post Office and Civil Service. H. R. 5265. A bill to require certain information to appear on matter mailed by or on behalf of certain Communist, Fascist, totalitarian, subversive, and other organizations; with an amendment (Rept. No. 1374). Referred to the Committee of the Whole House on the State of the Union.

Mr. DURHAM: Committee on Armed Services. H. R. 5876. A bill to amend the Army-Navy Nurses Act of 1947, to provide for additional appointments, and for other purposes; with an amendment (Rept. No. 1375). Referred to the Committee of the Whole House on the State of the Union.

Mr. DURHAM: Committee on Armed Services. S. 1267. An act to promote the national defense by authorizing a unitary plan for construction of transsonic and supersonic wind-tunnel facilities and the establishment of an air engineering development center; with an amendment (Rept. No. 1376). Referred to the Committee of the Whole House on the State of the Union.

Mr. KERR: Committee of conference. H. R. 3734. A bill making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1950, and for other purposes; without amendment (Rept. No. 1377). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BROOKS: Committee on Armed Services. S. 509. An act to provide for the advancement of commissioned Warrant Officer Chester A. Davis, United States Marine Corps (retired) to the rank of lieutenant colonel on the retired list; without amendment (Rept. No. 1371). Referred to the Committee of the Whole House.

Mr. BROOKS: Committee on Armed Services. S. 1560. An act to authorize the appointment of Col. Kenneth D. Nichols, O–17498, professor of the United States Military Academy, in the permanent grade of colonel, Regular Army, and for other purposes; without amendment (Rept. No. 1372). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CASE of South Dakota:

H. R. 6315. A bill to require that Government motor vehicles be identified as such; to the Committee on Expenditures in the Executive Departments.

By Mr. SPENCE:

H. R. 6316. A bill to amend the National Housing Act, as amended; to the Committee on Banking and Currency.

By Mr. WHITE of California:

H. R. 6317. A bill to provide for the carrying out of the recommendations of the Commission on Organization of the Executive Branch of the Government relating to the Department of the Interior; to the Committee on Expenditures in the Executive Departments.

By Mrs. BOSONE:

H. R. 6318. A bill to extend the boundaries of the Wasatch National Forest, in the State

of Utah, to include certain lands of the United States therein, and for other purposes; to the Committee on Public Lands.

By Mr. HAGEN:

H. R. 6319. A bill to authorize a $100 per capita payment to members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation; to the Committee on Public Lands.

By Mr. JOHNSON:

H. R. 6320. A bill to clarify and extend the authority of the Commissioner of Internal Revenue with respect to unavoidable losses of wine; to the Committee on Ways and Means.

By Mr. McDONOUGH:

H. J. Res. 369. Joint resolution to provide for a study to determine the urgency of the need for, and the feasibility of, installing in underground parking facilities equipment which could be used for the protection of the civilian population or for military purposes; to the Committee on Armed Services.

By Mr. CHURCH:

H. J. Res. 370. Joint resolution to provide for the issuance of a special postage stamp in commemoration of the heroism and outstanding valor of Roberta Lee Mason; to the Committee on Post Office and Civil Service.

By Mrs. ROGERS of Massachusetts:

H. Res. 374. Resolution creating a select committee to conduct an investigation and study to determine means by which the national interest may best be served in time of peace by the conduct of international information services and in time of war by a civilian psychological warfare agency; to the Committee on Rules.

By Mr. MARCANTONIO:

H. Res. 375. Resolution creating a select committee on American military government in Germany; to the Committee on Rules.

By Mr. HAND:

H. Res. 376. Resolution for the relief of Mrs. Emma Shewell; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mrs. BOLTON of Ohio:

H. R. 6321. A bill for the relief of Harry F. Murphy; to the Committee on the Judiciary.

By Mr. FALLON:

H. R. 6322. A bill for the relief of Dino Di Luca; to the Committee on the Judiciary.

By Mr. GOSSETT:

H. R. 6323. A bill for the relief of Raymond B. White; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1515. By the SPEAKER: Petition of C. Chambers and others, Orlando, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1516. Also, petition of Herbee Morris and others, St. Petersburg, Fla., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

1517. Also, petition of Mr. and Mrs. Murphy Lanier and others, Coolidge, Ga., requesting passage of House bills 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.